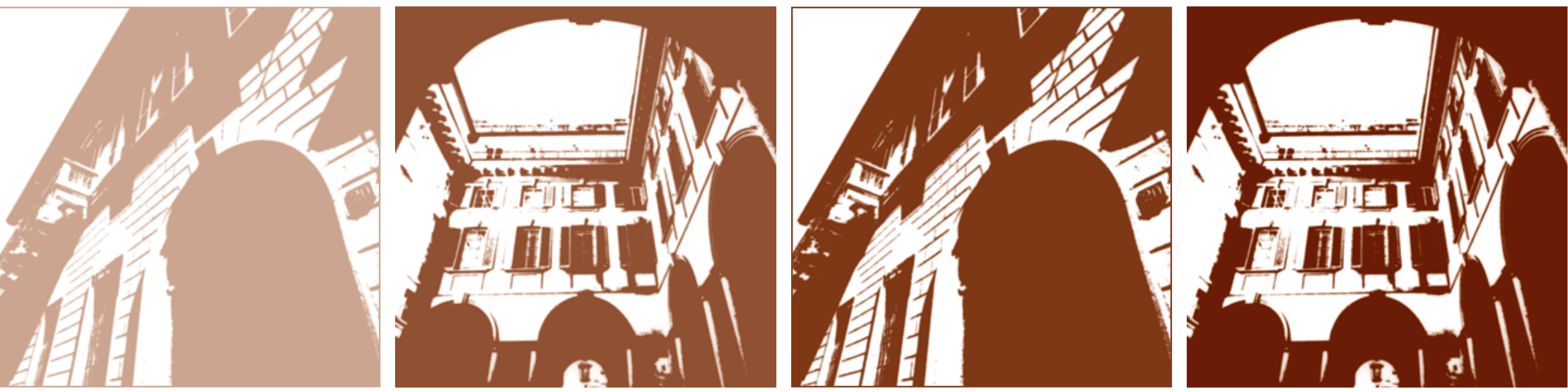
ITALMOBILIARE

2012 Annual Report

Draft



ITALMOBILIARE

2012 Annual Report

Draft

March 26, 2013

ITALMOBILIARE
Società per Azioni

Head Office: Via Borgonuovo, 20
20121 Milan - Italy
Share Capital € 100,166,937
Milan Companies Register

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This Annual Report has been prepared in English for the convenience of international readers.
The original Italian documents should be considered the authoritative version.

Italmobiliare S.p.A. Directors, Officers and Auditors

Board of Directors

(Term ends on approval of financial statements at 12.31.2013)

Giampiero Pesenti	1-2	Chairman - Chief Executive Officer
Italo Lucchini	1-3	Deputy Chairman
Carlo Pesenti	1	Chief Operating Officer
Mauro Bini	4-5-6-8	
Giorgio Bonomi	4	
Gabriele Galateri di Genola	3-6	
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Paolo Sfameni	6-9	
Livio Strazzera	1-7	
Graziano Molinari	10	Secretary to the Board

Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2013)

Acting auditors	
Francesco Di Carlo	Chairman
Angelo Casò	
Leonardo Cossu	
Substitute auditors	
Luciana Ravicini	
Enrico Locatelli	
Paolo Ludovici	

Manager in charge of preparing the Company's financial reports

Giorgio Moroni

Independent Auditors

KPMG S.p.A.

1 Member of the Executive Committee
2 Director in charge of the internal and risk management system
3 Member of the Remuneration Committee
4 Member of the Risk and Control Committee
5 Member of the Committee for Transactions with Related Parties
6 Independent director (pursuant to the Voluntary Code of Conduct and Legislative Decree no. 58, February 24, 1998)
7 Independent director (pursuant to the Legislative Decree no. 58, February 24, 1998)
8 Lead independent director
9 Member of the Supervisory body
10 Secretary to the Executive Committee

PROFESSIONAL PROFILES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

Board of Directors

Giampiero Pesenti – Director since December 5, 1967
Born in Milan, May 5, 1931
Degree in mechanical engineering – Milan Polytechnic.
1958, began working in the Technical Division of Italcementi S.p.A., the family firm established in 1864.
1983, appointed Chief Operating Officer; 1984, Chief Executive Officer; since 2004 Chairman of Italcementi S.p.A..
1984, appointed Chairman-Chief Executive Officer of Italmobiliare S.p.A..
Also currently a director on the boards of Mittel S.p.A., Compagnie Monegasque de Banque, Finter Bank Zurich and other companies in the Italmobiliare Group.

Italo Lucchini – Director since June 17, 1999
Born in Bergamo, December 28, 1943
Degree in economics & commerce – Bocconi University, Milan.
Assistant lecturer at Bocconi University and non-tenured lecturer at Bergamo University, works as a public accountant with a successful practice in Bergamo.
Supervisory Director at Unione di Banche Italiane S.c.p.a. and Chairman of the Board of Statutory Auditors of BMW Financial Services Italia S.p.A. and three of its subsidiaries, and of Fedrigoni S.p.A. and San Colombano S.p.A. (ex Cartiere Fedrigoni & C. S.p.A.).

Carlo Pesenti – Director since June 17, 1999
Born in Milan, March 30, 1963
Degree in mechanical engineering – Milan Polytechnic.
Master in economics & management – Bocconi University, Milan.
After joining the Italcementi group, gained significant experience in a variety of group production units and especially in the Corporate Finance, Administration & Control Division.
Having held the post of Joint Chief Operating Officer, in May 2004 he was appointed Italcementi Chief Executive Officer.
Since May 14, 2001, Chief Operating Officer of Italmobiliare S.p.A.

Mauro Bini – Director since May 3, 2002
Born in Milan, October 20, 1957
Degree in economics & commerce – Bocconi University, Milan.
Full professor in corporate finance at the Bocconi University, Milan. Chairman of the Management Committee of the OIV (Organismo Italiano di Valutazione). Member of the Professional Board of the IVSC (International Valuation Standard Council). Author of articles and books on corporate finance, financial reporting valuations and business assessment.
Previously taught at the Ca' Foscari University, Venice.

Giorgio Bonomi – Director since May 3, 2002
Born in Bergamo, November 2, 1955
Degree in law – Milan State University.
Law practice in Bergamo. Public accountant.

Gabriele Galateri di Genola – Director since May 19, 2005

Born in Rome, January 11, 1947

Married with a daughter. Cavaliere del lavoro.

Chairman of Assicurazioni Generali S.p.A. since April 8, 2011.

Master in business administration from Columbia University Business School, Began his career in 1971 at Banco di Roma, in the Central Division, first as head of the Financial Analysis Office and later as head of the International Financing Office.

1974 joined the Saint Gobain Group, first in Italy as Finance Director, later in Paris, where he stayed until 1976.

1977, joined Fiat S.p.A., holding increasingly senior posts: from North-Central-South America Area Manager of the International Financial Division to head of the International Financial Division, ultimately Chief Financial Officer.

1986 appointed CEO of IFIL S.p.A., and in 1993, CEO and General Manager of IFI, holding the posts until 2002.

June 2002, appointed CEO of FIAT S.p.A..

April 2003 to June 2007, Chairman of the Board of Directors of Mediobanca S.p.A., from December 3, 2007 to April 12, 2011 Chairman of Telecom Italia S.p.A., where he is still a member of the Board of Directors.

Chairman of TIM Brasil Serviços e Participaçoes S.A. and non-executive member of the Board of Directors of TIM Participações S.A., Azimut – Benetti S.p.A., Saipem S.p.A., Lavazza S.p.A., Accademia Nazionale di Santa Cecilia – Fondazione, Fondazione Giorgio Cini – Onlus, Edenred S.A..

President of the Istituto Italiano di Tecnologia and member of the International Advisory Board of the Columbia Business School.

Jonella Ligresti – Director since April 30, 2008

Born in Milan, March 23, 1967

After high school, attended business courses at LUISS University in Rome and at Bocconi University in Milan. Professional experience in the SAI Group, whose companies operate in various sectors (insurance, finance, real estate, tourism and hotels, agriculture).

Continued to gain practical experience in insurance at SAI S.p.A.. 1996, joined the SAI Board of Directors, 2001, appointed Chairman. July 2007 awarded an honorary degree in economics & commerce from Turin University.

Has held posts in other companies, such as Mediobanca and RCS.

Close attention to social issues, assisted the realization of the “Fondazione Fondiaria – Sai” of which she is Deputy Chairman.

Sebastiano Mazzoleni – Director since May 25, 2011

Born in Milan, May 11, 1968

Degree in Geology – Milan State University.

Master in Business Administration – Bocconi Business School, Milan.

Began his professional career in 1996 with CTG S.p.A. as a research geologist in charge of assessing raw materials for cement production, coordinating work groups in Italy, France, Spain and Thailand.

2000, moved to Italcementi S.p.A. as Project Manager in the Marketing Division, with joint responsibility for drawing up new product marketing plans and benchmark analyses for development of competitive positioning models.

2003 involved in the creation of the new Group New Product Marketing Division, as head of innovation for USA, Greece, Bulgaria, Turkey, Egypt, Thailand, Kazakhstan and India until 2009. Group manager in charge of the new project for enhancement of recoverable resources.

Since 2010 has been involved in non-profit and consultancy on innovation.

Luca Minoli – Director since May 3, 2002
Born in Naples, January 29, 1961
Degree in law, *magna cum laude,* 1955 – Milan State University.
Registered on Order of Lawyers in 1988. Registered on Order of Cassation Lawyers in 2006.
1986 to 1987, associate of Hughes Hubbard & Reed in New York. First associate, later partner from 1991 of the Ardito law firm. Partner, from 2004 to 2012, of the Dewey & LeBoeuf law firm. Partner of the Gattai, Minoli & Partners law firm.

Gianemilio Osculati – Director since May 25, 2011
Born in Monza, May 19, 1947
Degree in Business Economics – Bocconi University, Milan.
MBA from Indiana University Graduate School of Business; Fulbright Scholar - University Fellow, Teaching Assistant of Finance.
Registered on the Milan Order of Certified Accountants and is a registered account auditor.
Extensive experience in leading Italian and international consultancy firms, first with The Boston Consulting Group and subsequently at McKinsey & Company, Mediterranean Complex of which he was CEO from 1994 to 2004 and Chairman from 2004 to 2007.
Currently Chairman, CEO and director in a number of Italian and international industrial, financial and insurance companies.

Giorgio Perolari – Director since September 11, 1990
Born in Bergamo, January 5, 1933
Degree in economics & commerce – Perugia University.
Chairman of Perofil S.p.A. and Surveillance Director of Unione di Banche Italiane S.c.p.a.
Previous posts, Chief Executive Officer Perofil S.p.A., Director Banca Popolare di Bergamo, Director B.P.U., Director Banca 24.7.

Clemente Rebecchini – Director since May 25, 2011
Born in Rome, March 8, 1964
Degree in economics & commerce- La Sapienza University, Rome.
Registered on the Order of Certified Accountants.
Current central manager of Mediobanca S.p.A. Non-executive director of Gemina S.p.A., ADR S.p.A., Assicurazioni Generali S.p.A..
Chairman of Telco S.p.A..

Livio Strazzera – Director since May 3, 2002
Born in Trapani, July 23, 1961
Degree in economics & commerce – Bocconi University, Milan.
Accountant in Milan and registered public accountant.
Tax consultant and auditor in many business corporations. Previously worked as a financial consultant in London, New York and Miami.
Acting deputy chairman of Banca Regionale Europea.

Paolo Domenico Sfameni – Director since May 25, 2011
Born in Milan, November 25, 1965
Degree in economics & commerce – Bocconi University, Milan.
Registered on the Order of Certified Accountants and the Roll of Account Auditors.
From 2000-2002, corporate law consultant at Assonime.
Independent consultant on corporate law, and banking and financial market law.
Director, statutory auditor, savings shareholder representative and member of compliance committees of joint stock companies.
Associate professor of commercial law at the economics faculty of Aosta University, where he is also full professor of private law.
Contract professor in financial brokerage law and lecturer in corporate law PhD at Bocconi University, Milan.
Member of the editorial committee of law journals and author of papers on corporate law.

Board of Statutory Auditors

Francesco Di Carlo
Born in Milan on October 4, 1969
Degree in economics & commerce – Milan Catholic University.
Registered on the Milan Order of Certified Accountants and the Roll of Account Auditors.
Partner of the Annunziata e Associati studio, for many years he has worked as a consultant with Italian and international banks, asset managers, investment and insurance companies on issues relating to corporate, banking, financial market and insurance law.
Chairman of the Regulatory & Legal and Fiscal Consultancy Commission at the Italian Private Banking association and member of the Listed Companies Governance Commission of the Milan Order of Certified Accountants.
He has served and serves as a director, statutory auditor, liquidator and member of the compliance committee of joint stock companies and brokerage firms.
Has lectured at the Milan Catholic University and Bologna University, in the economics faculty.
Has lectured on juridical issues at the Bocconi University business school.
Has spoken at conferences in Italy and abroad and has published articles in Italian and international business dailies, specialist reviews and other law reviews.

Angelo Caso’
Born in Milan, August 11, 1940
Degree in economics & commerce – Bocconi University, Milan.
Registered on the Milan Order of Certified Accountants and the Register of Account Auditors.
Chaired the Fédération des Experts Comptables Européens (F.E.E.) from 1991 to 1993, after serving as Deputy Chairman for six years.
Since 1993 cooperates with the International Federation of Accountants (IFAC), in a variety of roles on committees and the Board of Directors. Currently a member of the IFAC - Compliance Advisory Panel Committee.
Member of the Milan Arbitration Chamber from 1998 to 2005.
Since 2008 chairs the Management Committee of the Organismo Italiano Contabilità (OIC), and from 2004 to 2008 chaired the OIC Scientific Technical Committee.
Has worked as a Milan court-appointed receiver, a judicial receivership commissioner, an extraordinary commissioner and liquidator of insurance companies, a company liquidator appointed by shareholders and the court of Milan.
Has been a certified accountant since 1965 with offices in Milan.

Leonardo Cossu

Born in Verona, May 23, 1958

Degree in economics & commerce – Brescia University.

Registered on the Roll of Certified Accountants and the Register of Account Auditors.

Works as a certified accountant, company assessor and technical consultant for the court of Brescia, providing corporate clients with consultancy on consolidation, change, development and growth in general.

Has particular professional experience in the corporate field, and for than fifteen years has served as a director or independent director of a company listed on the Milan stock exchange, following the admission to trading procedure and relations with shareholders in general.

Chairman of the Board of Statutory Auditors and standing statutory auditor, director and CEO of many companies including companies active in finance, banking and industry listed on the Milan stock exchange.

Chairman and coordinator for more than fifteen years of the Fee Settlement Advisory Commission of the Order of Certified Accountants of Brescia, elected a director of the Order of Certified Accountants of Brescia in 2012.

Notice of Call

Those who are entitled to the voting rights at Italmobiliare S.p.A. Ordinary General Meeting are hereby called to attend the Annual General Meeting on single call on May 29, 2013 at 10.30 a.m., in Milan, 1, Piazza Belgioso, at Intesa Sanpaolo meetings' room, to resolve upon the following:

Agenda

1) Board of Directors and Board of Statutory Auditors Reports on 2012 fiscal year: examination of financial statements as at December 31, 2012 and ensuing resolutions;
2) Remuneration Report;
3) Authorization to purchase and dispose of treasury shares.

..*

Entitlement to take the floor

Those who prove to be entitled to the voting rights at the end of the seventh open market day before the meeting date on single call (May 20, 2013 – Record date), have the right to take the floor.

Those who will result to be holders of ordinary shares of the Company after such a date will not be entitled to take the floor and vote at the Meeting.

Credit and debit entries registered in the Intermediary accounts' after the above mentioned deadline do not affect the entitlement of the voting right's exercise at the Meeting.

Entitlement to take the floor at the Meeting and to exercise the voting right is proved by a notice served by the authorized Intermediary to the Company, according to its accounting records, in favour of the person/entity who is entitled to the voting right. The captioned notice must reach the Company before the end of the third open market day (i.e. by May 24, 2013) prior to the scheduled Meeting date. No prejudice to the right to take the floor and vote at the Meeting will be suffered should the Company receive the notice after the above mentioned deadline, provided that it is received before the beginning of the Meeting.

Shareholders who own ordinary shares that have not been yet dematerialized must previously deliver them to an Intermediary, in time to be centralized in a dematerialization system and ask for the above mentioned notice.

No voting procedures by correspondence or by means of electronic devices are provided for.

The regularity of the Meeting and the validity of its resolutions on the items on the agenda are governed by law.

Vote by proxy

Those who are entitled to take the floor at the Meeting can be represented by means of written proxy under current law provisions, and can use the form available at our headquarters (**20, Via Borgonuovo, 20121 Milan**) and on the Company website *www.italmobiliare.it* under section *Governance/General Meetings*. The proxy can be notified to the Company by means of registered letter sent to the headquarters (Shareholders' Office, at the above mentioned address) or by sending it to the address of certified e-mail *soci.itamobiliare@legalmail.it*. The proxy-holder can also deliver or send to the Company a copy of the proxy in place of the original, also on an IT support, stating, under his/her own responsibility, that the proxy is a copy of the original, and the identity of the delegating person.

..*

Supplements to the agenda

Shareholders who, even jointly, own at least one fortieth of the share capital represented by shares with voting rights, can request in writing, within ten days as of the publication of this notice of call, for supplements to the Meeting agenda, stating in their application which further issues are being suggested. Requests must be sent by means of registered letter to the headquarters (Corporate Affairs Department – to the above mentioned address) or by sending notice to the address of certified e-mail: *affarisocietari.italmobiliare@legalmail.it*, along with proper documentation issued by an authorized Intermediary providing evidence of the ownership of the above mentioned percentage of the share capital, as well as the legitimacy to supplement the items on the agenda. A report on the items whose examination is proposed must be delivered to the Board of Directors by the same deadline and following the same procedure.

The supplement to the items on the agenda will be disclosed to the public, following the same procedure provided for the publication of this notice of call, at least fifteen days before the Meeting date (i.e. by May 14, 2013); at the same time, the report drafted by shareholders who made the request will be publicly available, along with relevant remarks, if any, made by the Board of Directors.

A supplement to the agenda is not accepted for those items the Meeting, under the applicable law, resolve upon proposal of the directors or based on Board's project or report.

Right to raise questions on the items on the agenda

Those who are entitled to the voting rights can also submit questions on the items on the agenda before the Meeting. In order to facilitate the appropriate development and preparation of the Meeting, the questions must be received by the Company by May 27, 2013 within working hours, by means of a registered letter sent to the headquarters (Corporate Affairs Department– at the above mentioned address) or by sending notice to the address of certified e-mail: *affarisocietari.italmobiliare@legalmail.it* along with proper documentation issued by an authorized Intermediary providing evidence of the entitlement to the voting right. Questions submitted before the Meeting will be answered during the Meeting at the latest. The Company can provide with a sole answer to questions having the same content.

* . * . *

Disclosure information

Documentation related to the items on the agenda, draft of Resolutions proposals as well as the Board reports and the other information required by applicable laws and regulations will be made publicly available, within the deadlines set forth by the law, at the headquarters, Borsa Italiana S.p.A. and on the Company website *www.italmobiliare.it* under section Governance/General Meetings.

In particular:

* 1st item on the agenda: before April 30;
* 2nd and 3rd item on the agenda: 21 days prior to the Meeting.

Shareholders have the right to review all the documents filed with the headquarters and to obtain a copy thereof.

* . * . *

Information concerning the share capital and shares with voting rights

The company share capital is equal to Euro 100,166,937, divided into 22,182,583 ordinary shares and 16,343,162 savings shares with a face value of Euro 2.60 each.

Only ordinary shares are vested with voting rights at ordinary/extraordinary General Meetings.

As at the date of publication of this notice of call, the number of ordinary shares representing share capital with voting rights, therefore net of 871,411 ordinary treasury shares, is equal to 21,311,172.

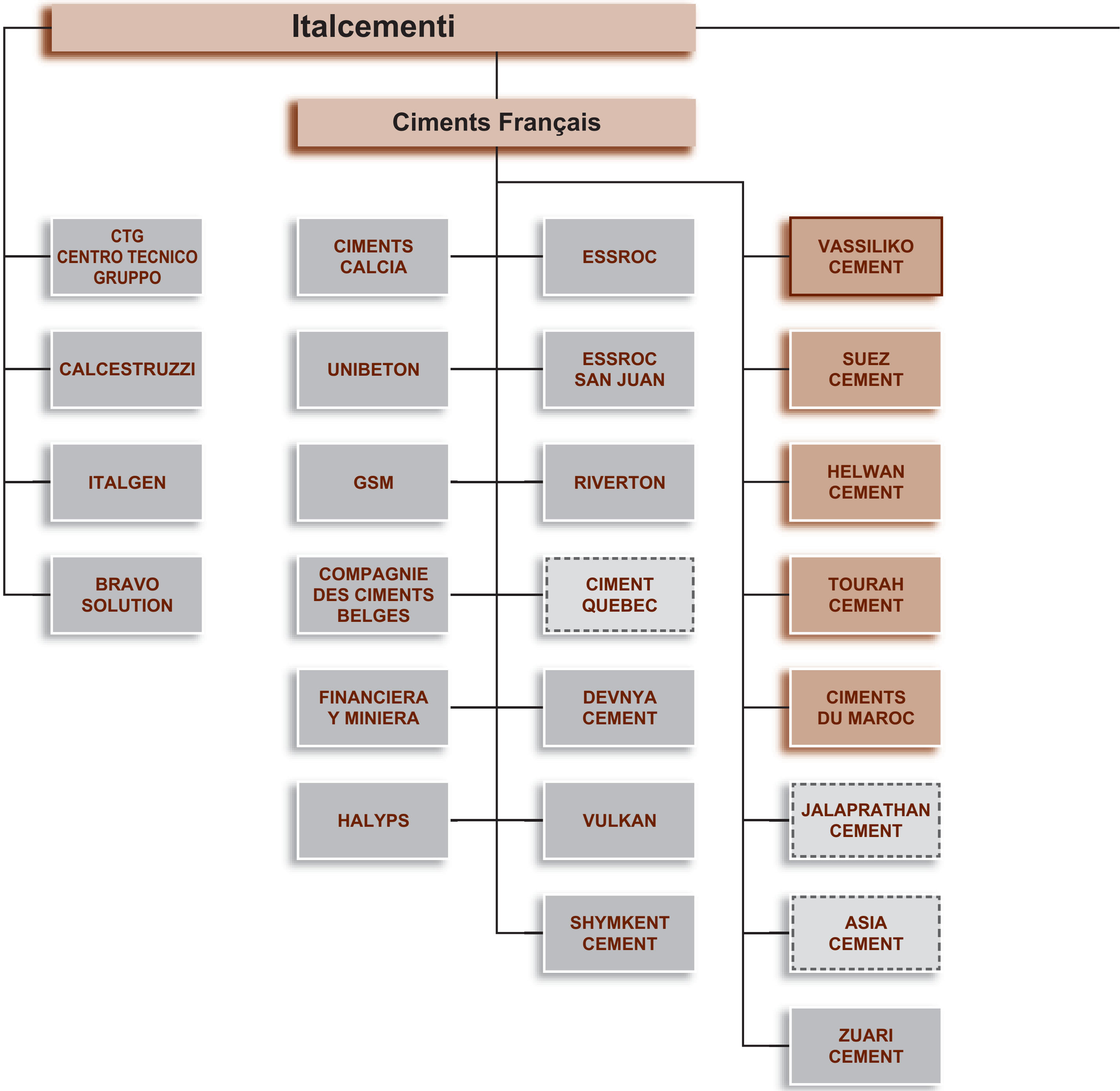
On behalf of the Board of Directors

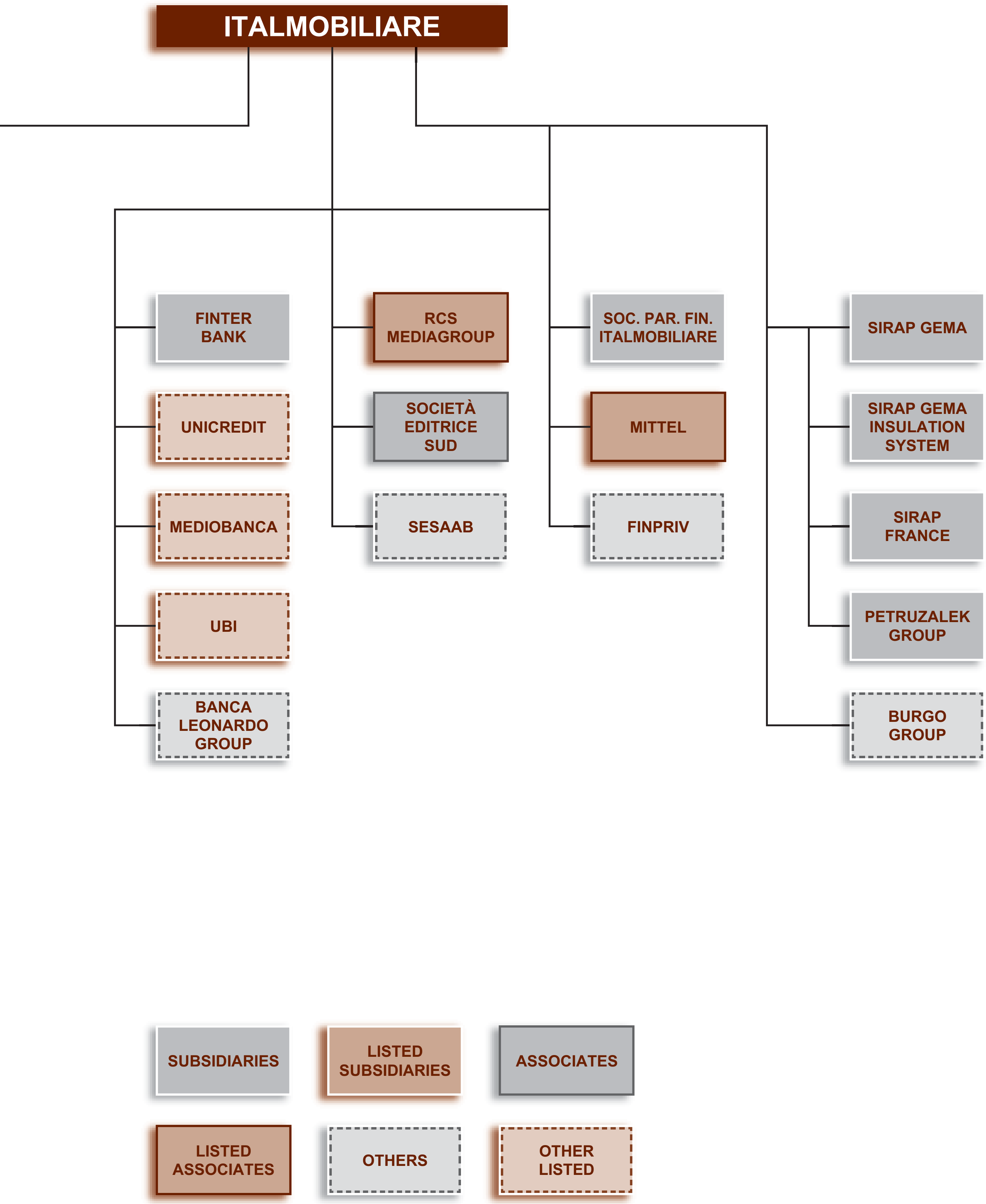
The Chairman

Giampiero Pesenti

(Notice published on the Company's website on ____ __, 2013 and, by extract, on "Il Sole - 24 Ore", "Corriere della Sera" and "Milano Finanza" on ____ __, 2013)

Group structure
(as of December 31, 2012)

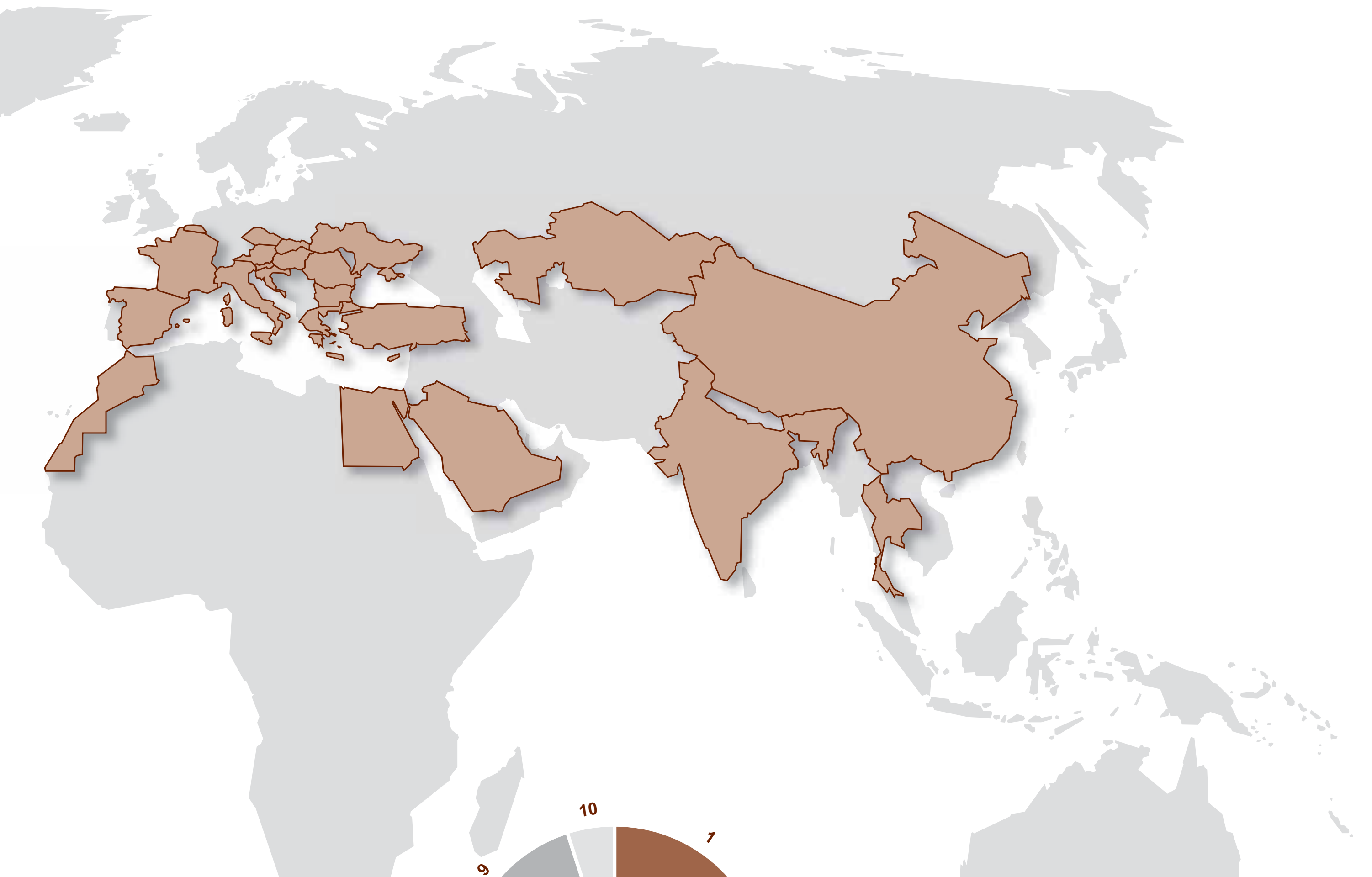



ITALMOBILIARE
FINTER BANK
UNICREDIT
MEDIOBANCA
UBI
BANCA LEONARDO GROUP
RCS MEDIAGROUP
SOCIETÀ EDITRICE SUD
SESAAB
SOC. PAR. FIN. ITALMOBILIARE
MITTEL
FINPRIV
SIRAP GEMA
SIRAP GEMA INSULATION SYSTEM
SIRAP FRANCE
PETRUZALEK GROUP
BURGO GROUP
SUBSIDIARIES
LISTED SUBSIDIARIES
ASSOCIATES
LISTED ASSOCIATES
OTHERS
OTHER LISTED

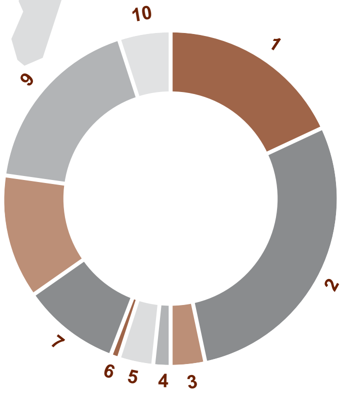
Group financial highlights

(in millions of euro)	**2012**	**2011**	**2010**	**2009**	**2008**
Revenue	4,775.7	4,952.9	5,016.4	5,365.4	6,157.0
Recurring EBITDA	641.8	684.8	884.2	1,055.7	1,020.7
EBITDA	613.6	722.5	881.6	1,044.0	1,010.7
EBIT	(192.4)	89.4	396.7	514.7	501.1
Profit (loss) for the year	(472.6)	(60.6)	187.8	284.3	116.2
Profit (loss) attributable to owners of the parent	(270.3)	(147.7)	21.3	97.3	(104.6)
Capital expenditure	399.2	454.2	574.7	758.6	1,042.9
Total equity	4,799.0	5,539.6	5,932.8	5,767.1	5,488.2
Equity attributable to owners of the parent	1,815.7	2,108.4	2,359.4	2,397.6	2,179.5
Net debt	1,930.5	2,039.6	2,095.5	2,200.8	2,571.9
Net debt/Equity	40.23%	36.82%	35.32%	38.16%	46.86%
Net debt/Recurring EBITDA	3.01	2.98	2.37	2.08	2.52
(unit values)					
(Diluted) earnings per ordinary share	(7.184)	(3.926)	0.531	2.517	(2.778)
(Diluted) earnings per savings share	(7.184)	(3.926)	0.609	2.673	(2.778)
Equity attributable per share [1]	48.256	56.036	62.708	63.723	57.926
Dividend paid per share:					
ordinary			0.532	0.856	
savings			0.610	0.934	
Employees (headcount)	20,357	20,965	21,638	22,758	23,864

[1] net of treasury shares in portfolio



Country revenue 2012
(net of intercompany trading)



1	Italy 18.2%	**6**	Other European countries 1.1%
2	France 28.7%	**7**	North America 9.2%
3	Belgium 3.1%	**8**	Asia and Middle East 12.1%
4	Spain 1.7%	**9**	Africa 17.6%
5	Other EU countries 3.3%	**10**	Trading and other countries 5.0%

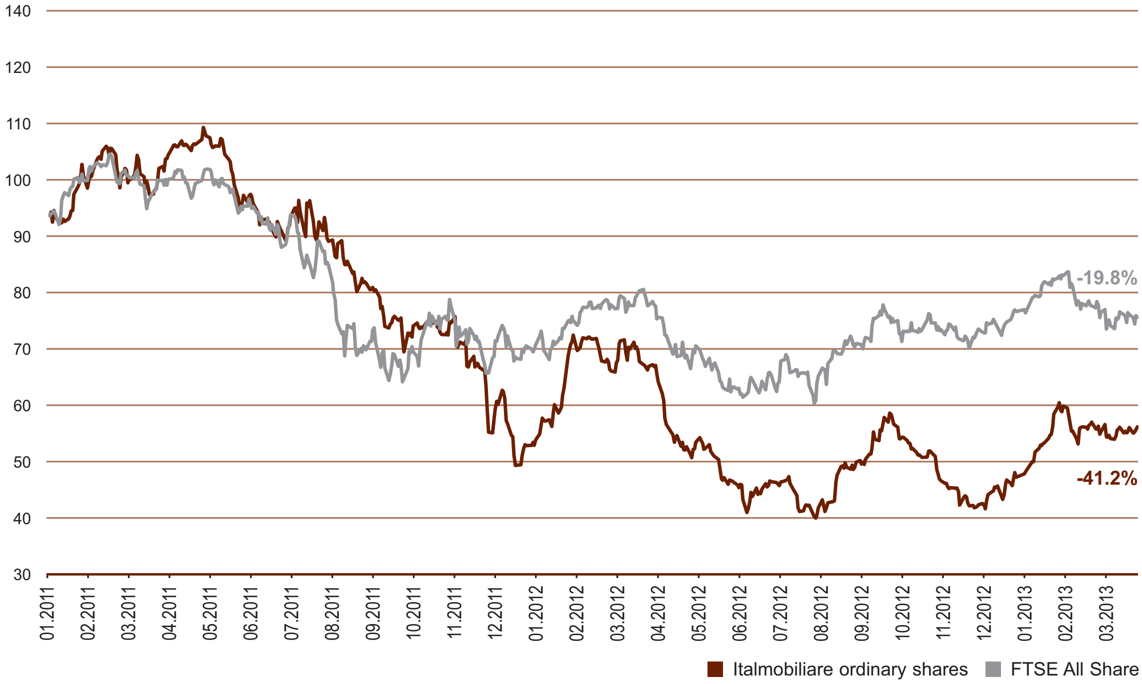
Country revenue 2011
(net of intercompany trading)

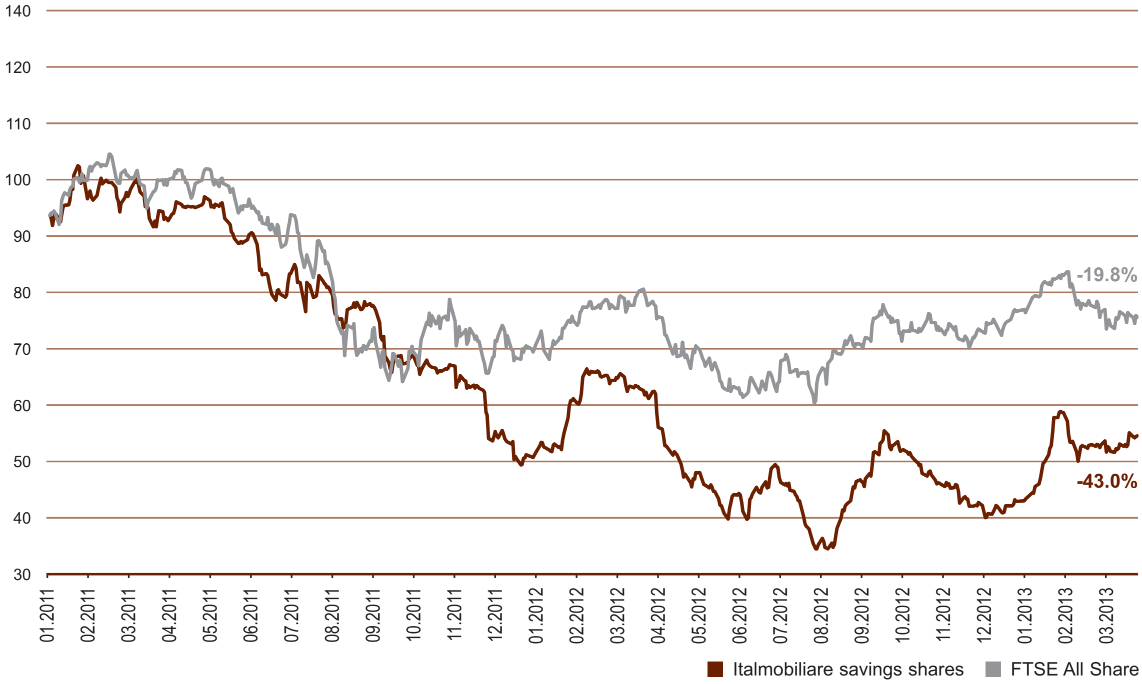
1	Italy 20.2%	**6**	Other European countries 1.0%
2	France 29.1%	**7**	North America 8.2%
3	Belgium 3.2%	**8**	Asia and Middle East 10.3%
4	Spain 2.5%	**9**	Africa 17.9%
5	Other EU countries 3.3%	**10**	Trading and other countries 4.3%

Italmobiliare S.p.A. on the stock exchange

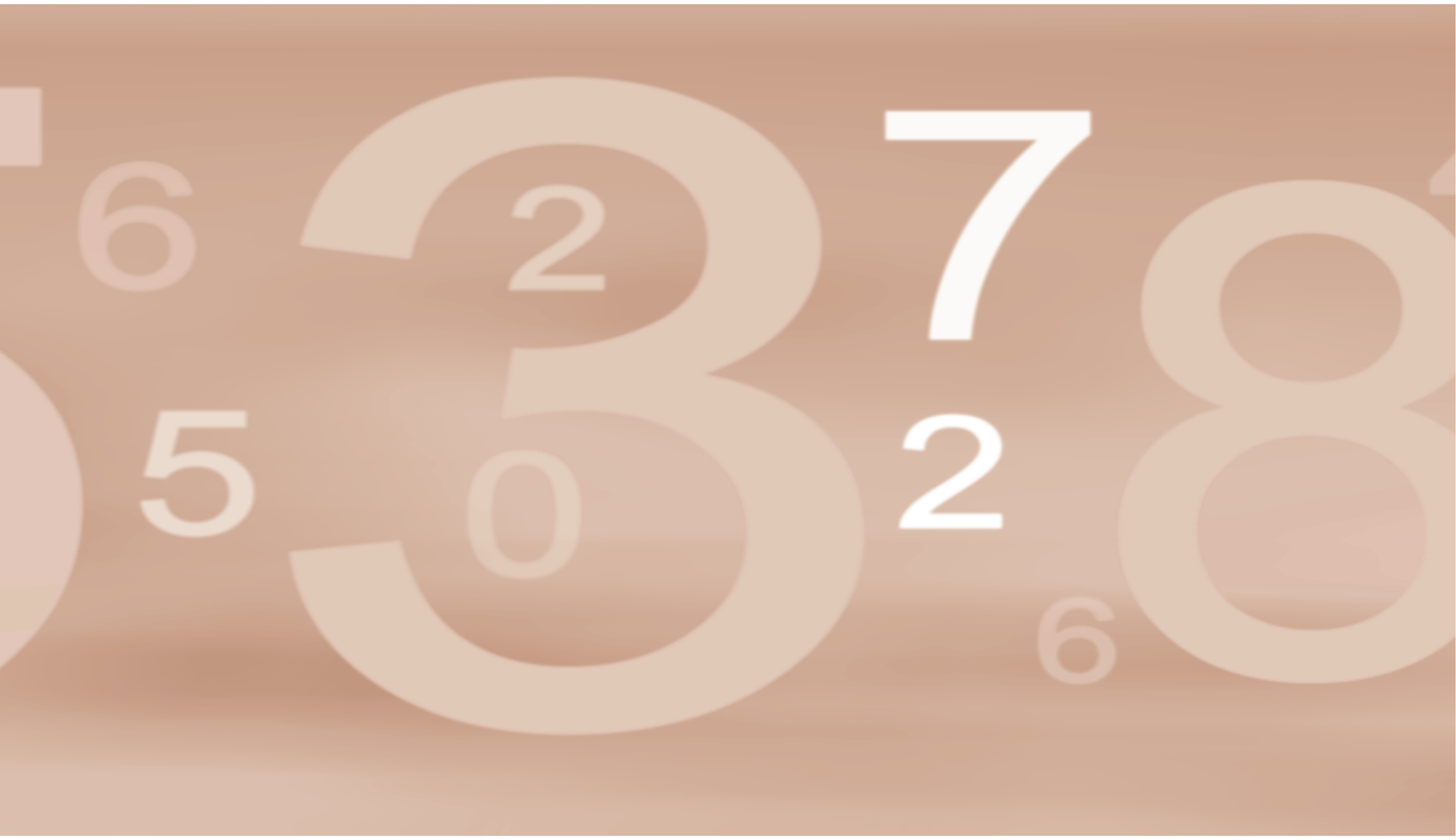
Share prices from 01.03.2011 to 03.21.2013

(euro)	high		low		01.04.2010	03.23.2012	performance
Ordinary shares	29.9609	04.27.2011	10.4732	07.25.2012	25.5645	15.0223	-41.24%
Savings shares	19.5899	01.24.2011	6.2398	08.03.2012	17.8574	10.1803	-42.99%
FTSE All-Share	23,740.79	02.17.2011	13,427.41	07.24.2012	21,196.58	16,994.43	-19.82%





Italmobiliare Group



Directors' report on Group operations

Foreword

Following the adoption by the European Union of Regulation no. 1606 of 2002, the Italmobiliare S.p.A. consolidated financial statements for 2012, and the comparatives for financial year 2011, have been drawn up in compliance with the International Financial Reporting Standards (IFRS).

In accordance with the aforementioned Regulation, the principles to be adopted do not include the standards and interpretations published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) at December 31, 2012, but not endorsed by the European Union at that date. Furthermore, the European Union has endorsed additional standards/interpretations that Italmobiliare S.p.A. will apply at a subsequent time, having decided not to elect early application.

The main changes with respect to the financial statements as at and for the year ended December 31, 2011, are set out in detail in the notes, in the section "Statement of compliance with the IFRS".

In the first half of 2012 the Group sold the remaining 51% of the capital held in Afyon Cimento (Turkey) and the entire equity investment in Fuping Cement (China) to West China Cement; simultaneously, the Group acquired a share of approximately 6.25% in West China Cement. The sold operations have been treated in compliance with **IFRS 5** with the presentation of the profit or loss as a separate income statement line item ("Profit (loss) relating to discontinued operations") both for the year under examination and for 2011, whose interim results therefore differ to the data published last year. A similar presentation has been used for cash flows.

In addition to the above, the main **changes in the scope of consolidation** largely concerned the Axim-branded cement and concrete additives operations, which were sold at the end of 2011, and to Silos Granari della Sicilia S.r.l., sold in January 2012. The list of the most important changes is provided in the notes.

To assist comprehension of its financial data, the Group employs a number of widely used indicators, which are not contemplated by the IFRS.

Specifically, the income statement presents the following intermediate results/indicators: recurring EBITDA, EBITDA, and EBIT, computed as the sum of the preceding items. On the face of the statement of financial position, similar considerations apply to net debt, whose components are detailed in the specific section of the notes.

Since the indicators employed by the Group are not envisaged by the IFRS, their definitions may not coincide with and therefore not be comparable to those adopted by other companies/groups.

This report contains many financial and non-financial earnings indicators, including those indicated above. The financial indicators, taken from the financial statements, are used in the tables summarizing the Group's financial performance, in relation to comparative amounts and to other amounts from the same period (e.g., change in revenue, recurring EBITDA and EBIT with respect to the previous year, and change in the return on revenue). The use of amounts not directly reflected in the financial statements (e.g., the exchange-rate effect on revenue and on profit and loss) and the presentation of comments and assessments assist qualification of the trends in the amounts concerned.

The directors' report also provides a series of financial ratios (gearing and leverage) that are clearly of importance for a better understanding of the performance of the Group, especially with respect to previous periods. The non-financial indicators refer to external and internal elements: the situation of the general economy and the industries in which the Group operates, trends on the various markets and lines of business, trends in sales prices and cost factors, acquisitions and disposals, other significant events in the period, organizational developments, the introduction of laws and regulations, etc.. In the notes, the section on net debt provides information about the effects of changes in interest rates and the main exchange rates on the statement of financial position and the income statement.

General overview

The negative signs in the international economic cycle observed in the second half of 2011 intensified in 2012, leading to an open recession in the euro zone. The consequences of the financial difficulties that hit some euro zone countries during the year, the action taken to restore state finances, the weakness of the labor market and the deterioration in confidence continued to slow growth, especially in the advanced economies. In the emerging countries too, economic growth slowed, reflecting both the restrictive measures adopted last year and weak international demand. As a result of these trends the growth rate of the global economy, which was estimated at just over 3%, fell back in 2012 to below its long-term average, while the rate in advanced countries was just over 1%.

The high level of unemployment and the limited use of production capacity kept inflation in check in the industrialized area; given lower demand from emerging countries, raw material prices also tended to fall. Oil prices, however, remained high owing to continuing geopolitical problems in the Middle East and contingent supply problems in some producer countries, thus affecting international energy costs.

In the second half of 2012, in the euro zone the initiatives to strengthen financial stability through banking union, the progress in restructuring the Spanish banking sector and the agreement to the bailout of Greece contributed to a positive market climate. In fact, with the improvement in the conditions on financial markets, yields on treasury instruments fell in the countries most affected by the problems and capital inflows resumed toward some of the economies worst hit by the sovereign debt crisis.

Share indices in the main advanced countries rose, confirming the trend that had been seen since the end of June. The strongest recoveries took place in the euro zone and Japan, while concerns over the drastic budget cuts in the United States slowed down the recovery in share prices which occurred only toward the end of 2012.

In the euro zone the yields on long-term treasury instruments fell slightly in the final quarter of the year, while yields on the corresponding US instruments were largely stable. In this period perception of risk in the euro zone continued to fall thanks to the measures put in place to safeguard the due application of European monetary policy, progress in planning European banking union, and the greater credibility earned through the action of national governments in the countries worst affected by the tensions.

Trends on the currency markets were broadly affected by the mood of financial instability; in particular the dollar exchange rate, which rose against the euro by almost 20% in the twelve months to August 2012, has since lost around half of its previous gains.

In this economic scenario, where the Group industrial segments were adversely affected by the long recession and the finance and banking segments were exposed to continuous market tension, the Italmobiliare Group closed 2012 with a total **loss** of 472.6 million euro and a **loss attributable to owners of the parent** of 270.3 million euro, compared respectively with a total loss of 60.6 million euro and a loss attributable to owners of the parent of 147.7 million euro in 2011.

Breakdown of consolidated profit by segment

(in millions of euro)	December 2012	% of total	December 2011	% of total
Construction materials	(160.1)	*59.2*	3.6	*(2.4)*
Food packaging and thermal insulation	(38.2)	*14.1*	(9.0)	*6.1*
Banking	(8.7)	*3.2*	(23.1)	*15.6*
Finance	(70.6)	*26.1*	(96.2)	*65.1*
Property, services, other	0.3	*(0.1)*	0.4	*(0.3)*
Inter-segment eliminations	7.0	*(2.5)*	(23.4)	*15.9*
Profit (loss) for the year attributable to owners of the parent	**(270.3)**	***100.0***	**(147.7)**	***100.0***

The other main results for the year to December 31, 2012, were:

- **Revenue**: 4,775.7 million euro from 4,952.9 million euro at December 31, 2011 (-3.6%);
- **Recurring EBITDA**: 641.8 million euro from 684.8 million euro at December 31, 2011 (-6.3%);
- **EBITDA**: 613.6 million euro from 722.5 million euro at December 31, 2011 (-15.1%);
- **Impairment**: -334.1 million euro from -148.1 million euro at December 31, 2011 (change >100%);
- **EBIT**: -192.4 million euro from +89.4 million euro at December 31, 2011;
- **Finance income/costs** (including exchange-rate differences and derivatives): net costs of 87.9 million euro compared with 103.6 million euro at December 31, 2011 (-15.2%);
- **Impairment on financial assets**: -32.2 million euro compared with -86.6 million euro at December 31, 2011 (-62.8%);
- **Share of profit/(loss) of equity-accounted investees**: loss of 20.0 million euro compared with profit of 9.7 million euro at December 31, 2011;
- **Profit (loss) relating to continuing operations**: loss of 480.6 million euro compared with loss of 155.0 million euro at December 31, 2011 (change >100%).

At December 31, 2012 **total equity** was 4,799.0 million euro compared with 5,539.6 million euro at December 31, 2011.

In 2012 **capital expenditure** totaled 399.2 million euro, down on 454.2 million euro in 2011.

Net debt at December 31, 2012 was 1,930.5 million euro, down compared with 2,039.6 million euro at the end of 2011.

As a result of the changes in equity and net debt, the **gearing** ratio (net debt/consolidated equity) rose from 36.82% at the end of 2011 to 40.23% at the end of 2012.

Performance in the individual segments of the Italmobiliare Group was as follows:

- the **construction materials segment**, consisting of the Italcementi group (Italmobiliare's main industrial investment) was affected by the economic crisis which seriously impacted demand for construction materials in advanced countries, a factor which was counterbalanced by the positive trend in some emerging countries, in particular in Asia. Sales volumes were down sharply in the first nine months of the year but saw an improvement in the final quarter of the year, thanks to a markedly more limited fall in overall volumes. Revenue of 4,480.1 million euro (4,657.4 million euro in 2011) fell by 3.8% (-4.9% on a like-for-like basis and at constant exchange rates), mainly due to the negative impact on volumes. Recurring EBITDA of 632.4 million euro (701.1 million euro in 2011) fell by 9.8%. After net non-recurring expense of 17.5 million euro (net non-recurring income of 40.8 million euro in 2011), amortization and depreciation of 456.4 million euro (468.7 million euro in 2011) and material impairment of 309.4 million euro (134.3 million euro), EBIT was -150.9 million euro (+138.9 million euro in 2011). This trend is reflected in the loss before tax of 224.2 million euro (profit of 65.5 million euro in 2011). After income tax expense of 146.2 million euro (69.1 million euro in 2011), the loss relating to continuing operations was 370.4 million euro (loss of 3.6 million euro in 2011). The loss for the year was 362.4 million euro (profit of 91.2 million euro in 2011). The loss attributable to owners of the parent was 395.8 million euro (loss of 3.1 million euro in 2011), while the profit attributable to non-controlling interests fell from 94.3 million euro in 2011 to 33.4 million euro;
- the **food packaging and thermal insulation segment**, consisting of the Sirap Gema group, saw the continuation of the economic crisis and recorded a fall in consumption in its main markets. In particular, the fall in demand for food packaging triggered heightened competition with a negative impact on sale prices. Against this background, the group reported revenue of 239.8 million euro, slightly better than 2011 (235.6 million euro). Recurring EBITDA fell by 9.3% and was affected by the marked increase in the costs of raw materials, together with the increase in energy taxes. EBIT in the year was negative for 31.0 million euro (-2.1 million euro in 2011) and was heavily affected by the goodwill impairment losses of 24.0 million euro relating mainly to the "Rigid Containers Division", and non-recurring expense for 8.5 million euro. After net finance costs for 4.8 million euro, down by 10.1% compared with 2011, and income tax expense for 2.4 million euro, the loss for the period was 38.2 million euro (a loss of 8.9 million euro in 2011);
- the **financial segment**, which includes the parent Italmobiliare and the wholly owned financial companies, was affected by financial tensions, which hit some countries in the euro zone in the first half of the year but diminished in the final part of 2012. The result for the period was a loss of 70.6 million euro (-96.2 million euro in 2011) due largely to the lower dividends paid by the main equity investments held by the segment, material impairment on equities (-55.5 million euro) and the loss recorded by the segment's equity-accounted investees (-31.1 million euro), only partially offset by positive cash operations (+26.5 million euro). Since the financial segment is 100% owned by the Group, its loss for the year is reflected in full as a loss attributable to owners of the parent;
- the **banking segment** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. Operating income in 2012 was 30.5 million euro, down 8.4% compared with 2011 (33.3 million euro), mainly due to the fall in commission income and third-party assets under management. The fall in income was accompanied by a marked reduction in operating expense, enabling achievement of gross operating profit for 1.6 million euro (loss of 3.5 million euro in 2011). After allowances for impairment of trade receivables, amortization, depreciation and impairment of assets, the segment posted a loss of 8.7 million euro (-23.1 million euro at December 31, 2011);

- the **property segment, services, other** is not of great importance within the global context of the Group and its results are therefore not normally of material significance. In 2012 the segment recorded profit of 0.3 million euro in line with 2011 due to capital gains from the sale of an equity investment and of some land in Punta Ala.

The parent **Italmobiliare S.p.A.** ended 2012 with a loss of 66.7 million euro (a loss of 57.3 million euro in 2011), largely due to impairment on equity investments and equities for 62.7 million euro and a reduction in revenue due to lower dividends received during 2012 compared with 2011 (-52.8%).

Italmobiliare's **Net Asset Value** (NAV) at December 31, 2012 was 1,075.8 million euro (1,138.5 million euro at December 31, 2011) on capitalization of 413.7 million euro, reflecting a discount of 61.5% compared with 58.2% at December 31, 2011.

(in millions of euro)	**December 2012**	**% of total**	**December 2011**	**% of total**
Construction	504.5	*46.9%*	542.6	*47.7%*
Publishing	102.1	*9.5%*	81.6	*7.2%*
Banking	266.5	*24.8%*	296.1	*26.0%*
Cash and cash equivalents	115.5	*10.7%*	105.2	*9.2%*
Other	87.2	*8.1%*	113.0	*9.9%*
Total Net Asset Value	**1,075.8**	***100%***	**1,138.5**	***100%***

NAV was computed considering:

- year-end market price of investments in listed companies,
- the value of non-listed companies determined, when possible, on the basis of market multiples or specific valuations or, alternatively, on the basis of equity, determined with IFRS, where available, or with local accounting policies,
- the increased value of any real estate assets;

taking account of the tax effect.

Key consolidated figures

(in millions of euro)	2012	2011 (IFRS 5)	% change	2011 (published)
Revenue	**4,775.7**	**4,952.9**	***(3.6)***	**5,016.0**
Recurring EBITDA [1]	**641.8**	**684.8**	***(6.3)***	**681.0**
% of revenue	*13.4*	*13.8*		*13.6*
Other income (expense)	(28.2)	37.7	*n.s.*	37.7
EBITDA [2]	**613.6**	**722.5**	***(15.1)***	**718.7**
% of revenue	*12.8*	*14.6*		*14.3*
Amortization and depreciation	(471.9)	(485.0)	*(2.7)*	(491.1)
Impairment	(334.1)	(148.1)	*n.s.*	(148.1)
EBIT [3]	**(192.4)**	**89.4**	***n.s.***	**79.5**
% of revenue	*(4.0)*	*1.8*		*1.6*
Finance income (costs)	(87.9)	(103.6)	*(15.2)*	(106.1)
Impairment on financial assets	(32.2)	(86.6)	*(62.8)*	(86.6)
Share of profit (loss) of equity-accounted investees	(20.0)	9.7	*n.s.*	9.7
Profit (loss) before tax	**(332.5)**	**(91.1)**	***n.s.***	**(103.5)**
% of revenue	*(7.0)*	*(1.8)*		*(2.1)*
Income tax (expense)	(148.1)	(63.9)	*n.s.*	(63.6)
Profit (loss) relating to continuing operations	**(480.6)**	**(155.0)**	***n.s.***	**(167.1)**
Profit (loss) relating to discontinued operations	8.0	94.4	*(91.5)*	106.5
Profit (loss) for the period	**(472.6)**	**(60.6)**	**n.s.**	**(60.6)**
attributable: **Owners of the parent**	**(270.3)**	**(147.7)**	***83.0***	**(147.7)**
Non-controlling interests	(202.3)	87.1	*n.s.*	87.1
Cash flow from operating activities	497.4	416.8	*19.3*	404.3
Capital expenditure	399.2	454.2	*(12.1)*	458.3

n.s. not significant

(in millions of euro)	December 31, 2012	December 31, 2011
Total equity	4,799.0	5,539.6
Equity attributable to owners of the parent	1,815.7	2,108.4
Net debt	1,930.5	2,039.6
Number of employees at period end	20,357	20,965

[1] Recurring EBITDA is the difference between revenue and costs excluding: other non-recurring income (expense), amortization and depreciation, impairment, finance income (costs) and income tax expense.
[2] EBITDA corresponds to recurring EBITDA net of other non-recurring income (expense).
[3] EBIT corresponds to EBITDA plus amortization and depreciation.

Quarterly trend

(in millions of euro)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenue	**4,775.7**	**1,158.2**	**1,170.8**	**1,309.4**	**1,137.2**
% change vs. 2011	*(3.6)*	*(2.5)*	*(2.5)*	*(3.3)*	*(6.0)*
Recurring EBITDA	**641.8**	**129.8**	**178.2**	**197.9**	**135.9**
% change vs. 2011	*(6.3)*	*(7.3)*	*(0.8)*	*(14.8)*	*2.3*
% of revenue	*13.4*	*11.2*	*15.2*	*15.1*	*12.0*
EBITDA	**613.6**	**85.9**	**179.1**	**204.2**	**144.4**
% change vs. 2011	*(15.1)*	*(46.4)*	*(0.1)*	*(12.3)*	*(3.8)*
% of revenue	*12.8*	*7.4*	*15.3*	*15.6*	*12.7*
Amortization and depreciation	(471.9)	(120.9)	(116.9)	(117.8)	(116.3)
Impairment	(334.1)	(317.9)	(0.2)	(15.8)	(0.3)
EBIT	**(192.4)**	**(352.9)**	**62.0**	**70.6**	**27.8**
% change vs. 2011	*n.s.*	*n.s.*	*-*	*(36.1)*	*(21.2)*
% of revenue	*(4.0)*	*(30.5)*	*5.3*	*5.4*	*2.4*
Profit (loss) relating to continuing operations	**(480.6)**	**(437.0)**	**16.1**	**(26.4)**	**(33.3)**
Profit (loss) relating to discontinued operations	8.0	(0.3)	(0.1)	13.3	(4.9)
Profit (loss) for the period	**(472.6)**	**(437.3)**	**16.0**	**(13.1)**	**(38.2)**
Profit (loss) attributable to owners of the parent	**(270.3)**	**(204.4)**	**(0.1)**	**(42.3)**	**(23.5)**
Net debt (at period end)	1,930.5	1,930.5	2,134.4	2,225.4	2,129.3

n.s. not significant

The fourth quarter of the year reported **revenue** down by 2.5% compared with the year-earlier period. Reductions were reported by all Group segments, except for the food packaging and thermal insulation segment (+2.5%), as follows:

- the construction materials segment -1.9%, mainly due to the negative performance of European markets,
- the financial segment -47.8%, owing to lower finance income,
- the banking segment -11.9% following lower commission income.

The fall in revenue caused **recurring EBITDA** to fall by 10.2 million euro on the fourth quarter of 2011, while non-recurring expenses of 43.9 million euro, relating largely to the construction materials segment for 33.8 million euro and to the food packaging and thermal insulation segment for 8.2 million euro, led to **EBITDA** of 85.9 million euro, markedly down on the fourth quarter of 2011 (+160.2 million euro).

After a reduction of 7.2% in amortization and depreciation from the fourth quarter of 2011 and major restructuring charges and impairment losses by the Group's industrial segments for 317.9 million euro (-148.3 million euro in the fourth quarter of 2011), **EBIT** in the fourth quarter was negative for 352.9 million euro (-118.4 million euro in the fourth quarter of 2011).

In the fourth quarter the Group also applied impairment on financial assets for 10.0 million euro relating to the equity investment in Burgo Group held by the financial segment, following the re-determination of fair value, using the evaluation technique based on estimated present value of future cash flows, with the assistance of an independent professional.

The result for the fourth quarter of 2012 of the equity-accounted investees was a loss of 5.1 million euro (+0.4 million euro in the fourth quarter of 2011), mainly due to the losses made by the equity-accounted investees held by the financial segment.

After finance costs that were sharply down on the fourth quarter of 2011 (net costs of 7.2 million euro compared to 29.9 million euro in the fourth quarter of 2011), the **loss** for the fourth quarter was 437.3 million euro (loss of 227.9 million euro in the fourth quarter of 2011) as a consequence of the negative contribution of all the segments in the Group.

The share of the **loss** in the fourth quarter **attributable to owners of the parent** was -204.4 million euro (-155.1 million euro in the fourth quarter of 2011), and the share of the loss **attributable to non-controlling interests** was 232.9 million euro (-72.8 million euro in the fourth quarter of 2011).

Revenue and operating results at December 31, 2012

Contribution to consolidated revenue

(net of intragroup eliminations)

(in millions of euro)	2012		2011		Change	
		%		%	%	%[1]
Operating segment						
Construction materials	4,470.5	*93.6*	4,648.9	*93.9*	*(3.8)*	*(5.0)*
Packaging and insulation	239.8	*5.0*	235.6	*4.7*	*1.8*	*0.9*
Finance	32.4	*0.7*	33.8	*0.7*	*(3.9)*	*(3.9)*
Banking	32.5	*0.7*	33.8	*0.7*	*(3.8)*	*(6.0)*
Property, services, other	0.5	-	0.8	-	*(48.6)*	*(48.6)*
Total	**4,775.7**	***100.0***	**4,952.9**	***100.0***	***(3.6)***	***(4.7)***
Geographical area						
European Union	2,624.5	*55.0*	2,889.0	*58.3*	*(9.2)*	*(8.8)*
Other European countries	54.5	*1.1*	52.5	*1.0*	*3.9*	*2.8*
North America	439.1	*9.2*	404.7	*8.2*	*8.5*	*4.3*
Asia and Middle East	580.0	*12.2*	508.7	*10.3*	*14.0*	*12.9*
Africa	839.9	*17.6*	885.9	*17.9*	*(5.2)*	*(9.0)*
Trading	164.5	*3.4*	138.6	*2.8*	*18.6*	*15.9*
Other countries	73.2	*1.5*	73.5	*1.5*	*(0.5)*	*(7.5)*
Total	**4,775.7**	***100.0***	**4,952.9**	***100.0***	***(3.6)***	***(4.7)***

[1] on a like-for-like basis and at constant exchange rates

Revenue and operating results by segment and geographical area

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	2012	% change vs. 2011	2012	% change vs. 2011	2012	% change vs. 2011	2012	% change vs. 2011
Operating segment								
Construction materials	4,480.1	*(3.8)*	632.4	*(9.8)*	614.9	*(17.1)*	(150.9)	*n.s.*
Packaging and insulation	239.8	*1.8*	13.2	*(9.3)*	4.7	*(61.2)*	(31.0)	*n.s.*
Finance	56.2	*(9.9)*	19.3	*n.s.*	16.5	*n.s.*	16.1	*n.s.*
Banking	33.4	*(4.2)*	(5.3)	*(50.2)*	(4.8)	*(43.4)*	(9.1)	*(62.6)*
Property, services, other	1.6	*(23.9)*	(0.2)	*n.s.*	(0.1)	*n.s.*	(0.1)	*n.s.*
Inter-segment eliminations	(35.4)	*(10.2)*	(17.6)	*(22.7)*	(17.6)	*(29.4)*	(17.4)	*(29.7)*
Total	**4,775.7**	***(3.6)***	**641.8**	***(6.3)***	**613.6**	***(15.1)***	**(192.4)**	***n.s.***
Geographical area								
European Union	2,721.2	*(8.7)*	264.1	*(20.7)*	235.4	*(35.2)*	(245.9)	*n.s.*
Other European countries	55.4	*3.5*	(4.4)	*(57.2)*	(4.0)	*(52.1)*	(8.4)	*(65.5)*
North America	439.5	*8.5*	44.5	*n.s.*	51.3	*n.s.*	(16.3)	*(64.0)*
Asia and Middle East	580.7	*13.8*	90.4	*(0.1)*	89.7	*(2.2)*	36.1	*(24.8)*
Africa	889.2	*(1.7)*	264.3	*(6.2)*	264.9	*(6.3)*	76.4	*(56.8)*
Trading	213.0	*16.1*	8.9	*(16.4)*	8.7	*(17.9)*	5.6	*(17.9)*
Other countries	342.2	*(19.3)*	(25.5)	*(24.4)*	(31.9)	*(8.6)*	(39.6)	*(31.8)*
Other + inter-area eliminations	(465.5)	*(8.4)*	(0.5)	*(85.1)*	(0.5)	*(91.3)*	(0.3)	*(95.4)*
Total	**4,775.7**	***(3.6)***	**641.8**	***(6.3)***	**613.6**	***(15.1)***	**(192.4)**	***n.s.***

n.s. not significant

The fall in **revenue** of 3.6%, compared with 2011, was the result of the following factors:

- fall in business performance of 4.7%,
- positive exchange-rate effect of 1.6%,
- negative change in the scope of consolidation of 0.5%.

The fall in business was seen in all Group segments, except for a positive contribution from the food packaging and thermal insulation segment for 0.9%, in particular the banking segment (-6.0%), the construction materials segment (-5.0%), and the financial segment (-3.9%). There was a marginal negative contribution from the property, services, and other segment.

The positive exchange-rate effect was mainly connected to the appreciation of the US dollar, the Egyptian lira, the Thai baht, the Swiss franc and the Ukrainian hryvnia, while the Indian rupee and the Polish zloty depreciated against the euro.

The consolidation effect referred to the construction materials segment for the sale of the Axim-branded operations in various countries which occurred at the end of 2011.

Net of inter-segment eliminations, the geographical revenue breakdown showed a fall in the European Union, Egypt and Morocco due to the fall in sales volumes in the construction materials segment, while sales increased in India, Thailand and North America thanks to the recovery in public and private investment and in the countries of Eastern Europe due to the positive contribution from the food packaging and thermal insulation segment.

Recurring EBITDA was 641.8 million euro and fell by 43.0 million euro compared with 2011 (684.8 million euro). This was the result of all the segments, with the sole exception of the financial segment, which reported an increase of 17.1 million euro compared with 2011. The biggest fall in absolute terms was in the construction materials segment (-68.7 million euro) penalized by the fall in sales volumes and by the negative trend in variable costs.

By geographical area there were sharp falls in European countries and, to a lesser extent, countries in Africa, while there was a marked improvement on the North American market due to higher revenue driven by the recovery of the residential and commercial sectors and the containment of fixed costs.

Non-recurring items had a negative balance of 28.2 million euro (net income of 37.7 million euro in 2011), mainly in regard to the construction materials segment for 17.5 million euro as a result of corporate restructuring expense and capital gains on the sale of assets, to the food packaging and thermal insulation segment for 8.5 million euro against outstanding risks and to the financial segment for 2.8 million euro.

This trend impacted **EBITDA** which was down by 108.9 million euro (613.6 million euro compared with 722.5 million euro in 2011).

After a reduction in amortization and depreciation (471.9 million euro compared with 485.0 million euro in 2011) and significant impairment (334.1 million euro compared with 148.1 million euro in 2011), **EBIT** was -192.4 million euro (+89.4 million euro in 2011). Impairment referred to goodwill (267.9 million euro), property, plant and equipment (65.4 million euro) and intangible assets (0.8 million euro), as follows:

- the construction materials segment for 309.4 million euro (134.3 million euro in 2011) reflecting the result of the impairment test on the cash-generating units of the Italcementi group, which led mainly to impairment losses on goodwill in Spain and Egypt and on property, plant and equipment in Greece,
- the food packaging and thermal insulation segment for 24.8 million euro (2.4 million euro in 2011) mainly due to impairment testing which led to goodwill impairment losses on some

cash-generating units in the Sirap group, of which 20.4 million euro for the Rigid Containers CGU.

Finance costs and other items

Net finance costs fell by 15.7 million euro, from 103.6 million euro in 2011 to 87.9 million euro at December 31, 2012. Interest expense on net debt totaled 90.0 million euro, up by 3.4% compared with 2011, while exchange-rate differences, net of hedging, showed a gain of 4.7 million euro (a loss of 11.3 million euro in 2011). There was a positive contribution from the sale of some equity investments held by the construction materials segment (capital gain of 25.3 million euro).

The caption does not include finance income and costs in the financial and banking segments, which are part of these segments' core businesses and therefore classified under the line items constituting recurring EBITDA.

Impairment on financial assets recorded a loss of 32.2 million euro (-86.6 million euro in 2011) relating chiefly to impairment by the financial segment on bank stocks in the first half of 2012 (22.0 million euro) and on the equity investment held in Burgo Group (10.0 million euro) which was written down at year end following the re-determination of its fair value, using the evaluation technique based on estimated present value of future cash flows.

The **share of profit (loss) of equity-accounted investees** reflected a loss of 20.0 million euro (+9.7 million euro in 2011). The figure refers to the losses reported by the equity-accounted investees in the financial segment (-31.1 million euro), partially offset by the profit reported by the investees in the construction materials segment, with a balance of 11.1 million euro.

Profit (loss) for the year

The Group posted a **loss before tax** of 332.5 million euro (-91.1 million euro in 2011).

Continuing operations reflected a loss of 480.6 million euro (loss of 155.0 million euro in 2011).

The **loss** for the period was 472.6 million euro (loss of 60.6 million euro in 2011) with a **loss attributable to owners of the parent** of 270.3 million euro (loss of 147.7 million euro in 2011) and a loss attributable to non-controlling interests of 202.3 million euro (profit of 87.1 million euro in 2011).

Total comprehensive income

In 2012, other comprehensive income showed a net negative balance of 131.3 million euro (161.8 million euro in 2011) arising from the following negative factors:

- fair value losses on available-for-sale assets and on derivatives for a total of 43.7 million euro,
- translation losses for 91.3 million euro,

and the following positive factors:

- the share of other comprehensive income of equity-accounted investees for 1.2 million euro,

and the related tax effect, a gain of 2.5 million euro.

Considering the loss for the period of 472.6 million euro, described in the previous section, and the components indicated above, total comprehensive expense in 2012 was 603.9 million euro (expense of 297.0 million euro attributable to owners of the parent and expense of 306.9 million euro attributable to non-controlling interests) compared with expense of 225.3 million euro in 2011 (expense of 271.8 million euro attributable to owners of the parent and income of 46.5 million euro attributable to non-controlling interests).

The statement of comprehensive income is included with the consolidated financial statements.

Condensed statement of financial position

(in millions of euro)	December 31, 2012	December 31, 2011
Property, plant and equipment and investment property	4,255.1	4,575.5
Intangible assets	1,751.9	2,098.4
Other non-current assets	983.8	1,062.7
Non-current assets	**6,990.8**	**7,736.6**
Current assets	**3,431.1**	**3,765.8**
Non-current discontinued operations	2.1	3.4
Total assets	**10,424.0**	**11,505.8**
Equity attributable to owners of the parent	1,815.7	2,108.4
Non-controlling interests	2,983.3	3,431.2
Total equity	**4,799.0**	**5,539.6**
Non-current liabilities	2,940.8	3,047.4
Current liabilities	2,683.9	2,918.4
Total liabilities	**5,624.7**	**5,965.8**
Liabilities directly linked to discontinued operations	0.3	0.4
Total equity and liabilities	**10,424.0**	**11,505.8**

Equity

Total equity at December 31, 2012 of 4,799.0 million euro, fell by 740.6 million euro compared with December 31, 2011. The overall change arose from:

- the loss for the year of 472.6 million euro;
- dividends paid for 104.5 million euro;
- the negative exchange-rate effect for 91.7 million euro
- the negative change in the fair value reserve on equity investments and derivatives for 41.3 million euro;
- other changes arising from purchases/sales of interests in consolidated companies with a negative impact of 30.5 million euro.

Net debt

At December 31, 2012 **net debt** of 1,930.5 million euro was down by 109.1 million euro compared with the situation at December 31, 2011, mainly thanks to the control over cash flows from operations and by the rigorous investment policy.

Breakdown of net debt

(in millions of euro)	December 31, 2012	December 31, 2011
Cash, cash equivalents and current financial assets	(1,505.1)	(1,693.2)
Short-term financing	1,405.1	1,567.5
Medium/long-term financial assets	(199.3)	(167.4)
Medium/long-term financing	2,229.8	2,332.7
Net debt	**1,930.5**	**2,039.6**

Financial ratios

(asbolute values in millions of euro)		December 31, 2012	December 31, 2011
Net debt		1,930.5	2,039.6
Consolidated equity		4,799.0	5,539.6
	Gearing	**40.23%**	**36.82%**
Net debt		1,930.5	2,039.6
Recurring EBITDA		641.8	684.8
	Leverage	**3.01**	**2.98**

Summary of cash flows

(in millions of euro)	December 31, 2012	December 31, 2011 (IFRS 5)
Net debt at beginning of period	**(2,039.6)**	**(2,095.5)**
Cash flow from operating activities	497.4	416.8
Capital expenditure:		
PPE, investment property, intangible assets	*(380.3)*	*(407.2)*
Non-current financial assets	*(18.9)*	*(47.0)*
Capital expenditure	**(399.2)**	**(454.2)**
Proceeds from sale of non-current assets	110.4	188.0
Dividends paid	(104.8)	(147.8)
Net debt Calcestruzzi group	-	(217.7)
Cash flow relating to discontinued operations	44.2	259.2
Other	(38.9)	11.6
Change in net debt	109.1	55.9
Net debt at end of period	**(1,930.5)**	**(2,039.6)**

Capital expenditure

(in millions of euro)	Non-current financial assets		PPE and investment property		Intangible assets	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Operating segment						
Construction materials	0.5	2.9	331.2	334.1	16.8	25.4
Packaging and insulation	1.9	-	8.5	8.9	1.3	1.5
Finance	17.1	44.1	0.2	0.1		-
Banking		-	0.6	1.3		-
Property, services, other		-	-	-		-
Total	**19.5**	**47.0**	**340.5**	**344.4**	**18.1**	**26.9**
Change in payables	(0.6)	-	21.7	35.9	-	-
Total capital expenditure	**18.9**	**47.0**	**362.2**	**380.3**	**18.1**	**26.9**
Geographical area						
European Union	19.3	47.0	204.2	188.5	12.6	22.4
Other European countries		-	0.6	0.8	-	-
North America		-	26.5	18.4	0.1	0.1
Asia and Middle East		-	55.2	59.2	0.2	0.1
Africa		-	49.9	73.7	-	0.2
Trading		-	3.0	3.8	0.6	0.1
Others and intraroup	0.2	-	1.1	-	4.6	4.0
Total	**19.5**	**47.0**	**340.5**	**344.4**	**18.1**	**26.9**
Change in payables	(0.6)	-	21.7	35.9	-	-
Total capital expenditure	**18.9**	**47.0**	**362.2**	**380.3**	**18.1**	**26.9**

Group capital expenditure for the period totaled 399.2 million euro, a decrease of 55.0 million euro compared with 2011.

Investments in property, plant and equipment and investment property, mainly regarding the Group's industrial segments, totaled 362.2 million euro and largely concerned France, Belgium, and Italy, while investments in intangible assets (18.1 million euro) concerned the development of software in the Italcementi group and IT systems in the Sirap group.

Investments in financial assets totaled 18.9 million euro (47.0 million euro in 2011) and referred largely to the financial segment for equity investment purchases in France and Italy made by the parent Italmobiliare.

Reconciliation between parent loss for the year and equity with Group loss for the year and equity

(in thousands of euro)		December 31, 2012
Loss for the period of the parent Italmobiliare S.p.A.		**(66,737)**
Consolidation adjustments:		
• Profit (loss) of consolidated companies (Group share)		(141,072)
• Adjustment to the carrying amount of equity-accounted investees		(51,292)
• Elimination of dividends recognized in the year		(72,272)
• Elimination of intercompany gains or losses and other changes		61,079
Loss for the period attributable to owners of the parent		**(270,294)**
Equity of the parent Italmobiliare S.p.A.		**840,983**
• Elimination of carrying amount of consolidated equity investments		(958,607)
in companies consolidated line-by-line or proportionately	*(883,224)*	
in equity-accounted investees	*(75,383)*	
• Recognition of equity of consolidated equity investments		1,878,457
in companies consolidated line-by-line or proportionately	*1,802,224*	
in equity-accounted investees	*76,233*	
• Gains allocated to equity of subsidiaries and investees		34,328
• Elimination of intragroup transactions and other changes		20,530
Consolidated equity attributable to owners of the parent		**1,815,691**

Risks and uncertainty

Risks and uncertainty are examined in the sections on the individual segments, since they are specific to each Group line of business. Consequently, it is not possible to provide an overview.

Information on personnel and on the environment

Information on personnel and on the environment is provided in the sections on the individual segments, since each segment presents its own specific characteristics.

Construction materials segment

This segment constitutes Italmobiliare's industrial core business. It comprises the cement, ready mixed concrete and aggregates operations of the Italcementi group.

(in millions of euro)		2012	2011 (IFRS 5)	% change	2011 published
Revenue		**4,480.1**	**4,657.4**	***(3.8)***	**4,720.5**
Recurring EBITDA		**632.4**	**701.1**	***(9.8)***	**697.3**
% of revenue		*14.1*	*15.1*		*14.8*
Other income (expense)		(17.5)	40.8	*n.s.*	40.7
EBITDA		**614.9**	**741.9**	***(17.1)***	**738.1**
% of revenue		*13.7*	*15.9*		*15.6*
Amortization and depreciation		(456.4)	(468.7)	*(2.6)*	(474.8)
Impairment		(309.4)	(134.3)	*>100*	(134.3)
EBIT		**(150.9)**	**138.9**	***n.s.***	**129.0**
% of revenue		*3.4*	*3.0*		*2.7*
Finance income (costs)		(84.5)	(99.6)	*(15.2)*	(102.1)
Impairment on financial assets		-	7.5		7.5
Share of profit (loss) of equity-accounted investees		11.1	18.6	*(40.4)*	18.6
Profit (loss) before tax		**(224.2)**	**65.5**	***n.s.***	**53.0**
% of revenue		*(5.0)*	*1.4*		*1.1*
Income tax (expense)		(146.2)	(69.1)	*>100*	(68.8)
Profit (loss) relating to continuing operations		**(370.4)**	**(3.6)**	***(>100,0)***	**(15.8)**
Profit (loss) relating to discontinued operations		8.0	94.8		106.9
Profit (loss) for the period		**(362.4)**	**91.2**	***n.s.***	**91.2**
attributable	**Owners of the parent ***	**(395.8)**	**(3.1)**	***n.s.***	**(3.1)**
	Non-controlling interests	33.4	94.3	*(64.6)*	94.3
Cash flow from operating activities		496.2	430.2	*15.3*	417.7
Capital expenditure		370.3	398.3	*(7.0)*	402.4

n.s. not significant

(in millions of euro)	December 31, 2012	December 31, 2011
Total equity	4,239.8	4,894.9
Equity attributable to owners of the parent *	2,966.7	3,494.9
Net debt	1,998.3	2,093.0
Number of employees at period end	18,886	19,462

* Italcementi S.p.A.

Performance in the construction materials segment

In the European area, the construction cycle, already in a long-standing recessionary phase, was affected by the sudden worsening in the macroeconomic situation, and slowed at a faster rate. Although trends varied from one country to another, low creation of income, growing unemployment, squeeze on credit, tightening of state budgets and surplus construction in previous years were all factors contributing to the slackening in all segments of the building construction industry, at double-digit rates in some cases. Unlike 2011, the France-Belgium area also reported a contraction, in part as a result of a decrease in public-sector support for the industry.

Trends were decidedly more comforting in North America, especially in the USA, where the recovery in the residential sector finally consolidated, although the latest figures show levels of activity at little more than half the levels recorded in the previous expansionary peak. While there was an upturn in private investment, the downturn continued in infrastructure investment due to state and federal budget restrictions.

The picture in construction investments in the emerging countries where the group operates was substantially favorable, although the differences between Asia and North Africa widened. In Asia, business activity was sustained by a dynamic general economic climate together with specific public incentive policies; in North Africa the uncertainty surrounding the political transition in Egypt has not been entirely dispelled, and in Morocco there was a sharp decline in activity, although this seems to be temporary.

Sales volumes

	FY 2012[1]	% change on FY 2011 historic	% change on FY 2011 like-for-like basis
Cement and clinker *(millions of metric tons)*	45.9	*(6.6)*	*(6.6)*
Aggregates [2] *(millions of metric tons)*	34.0	*(10.8)*	*(10.8)*
Ready mixed concrete *(millions of m^3)*	12.9	*(10.8)*	*(11.6)*

[1] amounts refer to companies consolidated and proportionately consolidated

[2] excluding decreases for processing

In **cement and clinker**, Central Western Europe recorded a significant and generalized slowdown, with the key factors being the contraction in sales in Italy (where consumption returned to the levels at the end of the 1960s), Spain and France-Belgium. In North America, the marginal progress of the fourth quarter confirmed a situation of stability for the full year compared with 2011. In Emerging Europe, North Africa and Middle East, the reduction caused in particular by Egypt and by a market decline in Morocco was offset in part by progress in Bulgaria. A good increase in sales volumes was reported in Asia thanks to Thailand and India and a strong increase was reported in Trading.

In **aggregates**, the decline was largely due to Central Western Europe, penalized above all by the sharp fall in Spain. Performance was positive in North America and Morocco.

In **ready mixed concrete**, the fall arose from the general negative situation in Central Western Europe. On other markets, with more limited sales volumes, progress was reported in North America, in Emerging Europe, North Africa and Middle East, thanks to Egypt and Kuwait, and in Asia.

The 3.8% decline in **revenue** from 2011 was caused by the business slowdown (-4.9%) and a negative consolidation effect (-0.6%), countered by a positive exchange-rate effect (+1.7%). A factor in the revenue downturn was the fall in sales volumes, countered in part by a favorable sales prices trend in some countries, notably Italy, Egypt and North America. On a like-for-like basis and at constant exchange rates, the most significant progress in absolute terms came in India, cement and clinker Trading, Thailand and North America. There was a fall in Central Western Europe (Italy, France-Belgium and Spain), Egypt and Morocco.

The consolidation effect arose largely from the sale at the end of 2011 of Axim operations (additives for cement and ready mixed concrete) in a number of countries.

The positive exchange-rate effect arose from the appreciation of the US dollar, Egyptian pound and Thai baht and the depreciation of the rupee against the euro.

Operating results were penalized by the fall in sales volumes, the negative trend in variable costs, largely as a result of the increase in prices, in some countries, for fuel and electricity, and the smaller contribution from CO_2 emission rights. These effects were counterbalanced in part by an overall positive trend in sales prices and by incisive measures to recover efficiency on operating expense. The positive exchange-rate effect was largely offset by a negative consolidation effect, especially with regard to the sale of Axim.

Recurring EBITDA, at 632.4 million euro, was down 9.8% from 2011.

Non-recurring items reflected a negative net balance of 17.5 million euro (net income of 40.8 million euro in 2011) arising from corporate restructuring expense (56.1 million euro, mainly in Italy), net of net gains on the sale of assets (38.5 million euro) also relating largely to Italy, specifically the gains at Italcementi S.p.A. on the sale of Silos Granari della Sicilia S.r.l. and the Pontassieve cement plant.

EBITDA, at 614.9 million euro, was down 17.1% from 2011.

After amortization and depreciation of 456.4 million euro (468.7 million euro) and impairment of 309.4 million euro (134.3 million euro), **EBIT** was negative at 150.9 million euro (positive EBIT of 138.9 million euro). Impairment related almost entirely to goodwill (243.9 million euro) and property, plant and equipment (64.2 million euro). To a large degree, it was recognized as a result of impairment tests on the group cash-generating units, which, as illustrated in the notes, determined the main goodwill impairment in Spain (156.2 million euro) and Egypt (83.7 million euro) and property, plant and equipment impairment in Greece (35.0 million euro). For property, plant and equipment, impairment was also recognized in connection with the current production re-organization as a result of which use of the facilities is not foreseeable in the immediate future (in Italy in particular).

Progress in recurring EBITDA was reported in North America and Thailand, while the largest reductions were in France-Belgium, Spain, Morocco and Bulgaria.

Overall, **finance costs net of finance income** decreased from 99.6 million euro to 84.5 million euro (-15.2%).

This trend was also determined by net exchange-rate gains of 4.4 million euro (net exchange-rate losses of 10.5 million euro in 2011) with a positive increase of 14.9 million euro from 2011, and by net derivatives for hedges on CO_2 emission rights and Certified Emission Reductions (CER) with a positive effect of 2.3 million euro; net interest expense on net debt increased to 86.5 million euro (84.3 million euro in 2011).

The **share of profit (loss) of equity-accounted investees** at 11.1 million euro was down by 40.4% from 2011 (18.6 million euro).

Impairment on financial assets was not present in 2012; a gain of 7.5 million euro was posted in 2011, as a result of the reversal, in the 2011 income statement after the consolidation of the Calcestruzzi group as from 1 January 2011, of the impairment loss on the Calcestruzzi group posted in the fair value reserve for available-for-sale financial assets on December 31, 2010.

The group posted a **loss before tax** of 224.2 million euro compared with a profit of 65.5 million euro in 2011.

Profit (loss) relating to continuing operations reflected a loss of 370.4 million euro (a loss of 3.6 million euro in 2011).

There was a **loss for the period** of 362.4 million euro (profit of 91.2 million euro in 2011) with a loss attributable to owners of the parent of 395.8 million euro (loss of 3.1 million euro) and profit attributable to non-controlling interests of 33.4 million euro (94.3 million euro).

2012 **capital expenditure** amounted to 370.3 million euro, a decrease of approximately 28 million euro from 2011 (398.3 million euro).

Investments in property, plant and equipment and investment property totaled 352.8 million euro, down by 17.2 million euro from 2011 (370.0 million euro) and were mainly in France-Belgium and Italy.

Investments in intangible assets amounted to 16.8 million euro and were down by 8.6 million euro from 2011 (25.4 million euro); they were chiefly for software development.

Investments in financial assets were marginal, at 0.7 million euro (2.9 million euro in 2011).

Despite the adverse economic situation, **net debt** at December 31, 2012 was 1,998.3 million euro, a reduction of 94.7 million euro from the end of 2011, due in part to efficient control of cash flow from operating activities and the rigorous investment policy to boost industrial and environmental efficiency.

Total **equity** at December 31, 2012 was 4,239.8 million euro, down by 655.1 million euro from December 31, 2011 (4,894.9 million euro) mainly due to the loss for the period (362.4 million euro), other components of comprehensive income (143.7 million euro) and dividends paid (120.2 million euro).

At December 31, 2012 there were no changes in treasury shares in portfolio with respect to December 31, 2011. Italcementi S.p.A. held 3,793,029 ordinary treasury shares (2.14% of ordinary share capital) servicing stock option plans and 105,500 savings treasury shares (0.1% of savings share capital).

Quarterly trend

(in millions of euro)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenue	**4,480.1**	**1,084.4**	**1,095.9**	**1,236.5**	**1,063.4**
% change vs. 2011	*(3.8)*	*(1.9)*	*(3.3)*	*(3.4)*	*(6.7)*
Recurring EBITDA	**632.4**	**132.0**	**171.8**	**199.9**	**128.8**
% change vs. 2011	*(9.8)*	*(2.9)*	*(11.2)*	*(16.8)*	*(2.0)*
% of revenue	*14.1*	*12.2*	*15.7*	*16.2*	*12.1*
EBITDA	**614.9**	**98.2**	**172.7**	**206.4**	**137.6**
% change vs. 2011	*(17.1)*	*(37.6)*	*(11.3)*	*(14.3)*	*(7.7)*
% of revenue	*13.7*	*9.1*	*15.8*	*16.7*	*12.9*
EBIT	**(150.9)**	**(310.6)**	**59.1**	**76.1**	**24.5**
% change vs. 2011	*n.s.*	*(>100.0)*	*(27.3)*	*(37.8)*	*(35.9)*
% of revenue	*(3.4)*	*(28.6)*	*5.4*	*6.2*	*2.3*
Profit (loss) relating to continuing operations	**(370.4)**	**(379.1)**	**16.4**	**22.0**	**(29.7)**
Profit (loss) for the period	**(362.4)**	**(379.5)**	**16.3**	**35.4**	**(34.6)**
Profit (loss) attributable to owners of the parent*	**(395.8)**	**(356.1)**	**(2.3)**	**11.6**	**(49.0)**
Net debt (at period end)	1,998.3	1,998.3	2,199.9	2,283.5	2,179.1

* Italcementi
n.s. not significant

In **cement and clinker**, the fall in sales volumes from the year-earlier period was slower than in the previous quarters, largely thanks to strong progress in Asia and the almost complete recovery in Egypt, which was steady with the levels of the 2011 fourth quarter. In Central Western Europe the percentage fall from the 2011 fourth quarter was substantially in line with the third quarter, while in North America there was a small increase. In Emerging Europe, North Africa and Middle East the decline was smaller than in the first nine months due to progress in Bulgaria and Kuwait and, as noted, the recovery in Egypt. The growth in Asia was supported by the sharp increase in sales volumes in Thailand and India, while significant progress continued to be made in cement and clinker trading.

In **aggregates**, the fall was caused by Central Western Europe due above all to the sharp contraction in Italy and Spain. On the other markets Morocco made healthy progress, while North America was stable.

Also in **ready mixed concrete**, the fall was largely due to Central Western Europe, with a negative trend in all countries, with the exception of France-Belgium. In relation to more limited volumes, North America reported a slowdown, while Emerging Europe, North Africa and Middle East reported growth, as did Asia.

In the fourth quarter, **revenue** was 1,084.4 million euro, down 1.9% due to the negative performance of Central Western Europe, counterbalanced by sharp growth in Asia (thanks above all to Thailand) and cement and clinker trading, and more modest progress in Emerging Europe, North Africa and Middle East (growth in all countries except Morocco) and North America. On a like-for-like basis and at constant exchange rates, revenue would have been down 2.3% from the fourth quarter of 2011.

Recurring EBITDA, at 132.0 million euro, was down 2.9% from the year-earlier period.

EBIT, which reflected restructuring expense (46.4 million euro), impairment losses of 293.0 million euro (impairment losses of 134.4 million euro in the fourth quarter of 2011), was negative at 310.6 million euro and compared with negative EBIT of 103.2 million euro in the year-earlier period.

With the impact of the above-mentioned impairment losses, the fourth quarter showed a loss of 379.5 million euro (121.6 million euro).

Significant events in the year

Significant events in the first nine months of the year, previously illustrated in the half-year report and the quarterly reports, are summarized briefly below.

Italcementi S.p.A. sold to third parties **Silos Granari della Sicilia S.r.l.** (January) and, under its production re-organization, the **Pontassieve cement plant** (June).

In March the revamping program began at the **Devnya Cement** cement plant, which is expected to begin operations in 2015, delivering significant efficiency gains and cutting environmental impact.

In April the new Italcementi **i.lab.** Research & Innovation Center was opened: situated in the Kilometro Rosso science park in Bergamo, the center houses engineers, technical specialists and researchers from CTG S.p.A. and the Italcementi S.p.A. Innovation Division.

At the end of May, the Standard and Poor's ratings agency amended the Italcementi long-term rating from BBB- to BB+, and the short-term rating from A-3 to B; the outlook is stable. An identical review was adopted for the subsidiary Ciments Français.

On May 31 Ciments Français S.A. closed the sale to Cimsa Cimento Sanayi ve Ticaret A.S. of the outstanding 51% of the capital of **Afyon** Cimento Sanayii Turk A.S..

On June 26 the investment in **Fuping Cement**, including the 35% equity interest in **Shifeng Cement,** was sold to **West China Cement** (WCC), a company listed in Hong Kong; simultaneously, through a reserved share capital increase at WCC, the Italcementi group became the third-largest shareholder of the company, with a stake of 6.25%.

Significant events in the fourth quarter of 2012 are illustrated below.

In November, Moody's Investor Services reviewed the corporate rating assigned to Italcementi from Ba1 to Ba2 with negative outlook. It also downgraded the rating of the Italcementi Finance senior unsecured bond (maturing in 2020) to Ba2, while all the ratings relating to Ciments Français were unchanged at Ba1/negative.

In December, the group announced Project 2015, to be implemented in the two years 2013-2014, for the re-organization and strengthening of group operations in Italy. The aim is to rationalize industrial and distribution activities and intervene on corporate structures and on the sales network. After implementation in the cement segment, similar initiatives will be adopted for CTG S.p.A. and steps will be taken to align the Calcestruzzi system with the industrial and employment parameters set for Italcementi S.p.A..

Performance by geographical area

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	2012	% change vs. 2011	2012	% change vs. 2011	2012	% change vs. 2011	2012	% change vs. 2011
Geographical area								
Central Western Europe	2,417.9	*(9.8)*	232.4	*(24.3)*	214.9	*(36.9)*	(223.6)	*(>100.0)*
North America	439.5	*8.5*	44.5	*>100.0*	51.3	*>100.0*	(16.3)	*64.0*
Emerging Europe, North Africa and Middle East	1,008.7	*(0.1)*	287.2	*(9.8)*	287.8	*(9.9)*	88.6	*(54.9)*
Asia	520.9	*14.2*	85.4	*1.8*	84.5	*(0.4)*	34.8	*(22.3)*
Cement and clinker trading	213.0	*16.1*	8.9	*(16.4)*	8.7	*(17.9)*	5.6	*(17.9)*
Others	342.2	*(19.3)*	(25.5)	*24.4*	(32.0)	*8.6*	(39.6)	*31.8*
Eliminations	(462.2)	*n.s.*	(0.5)	*n.s.*	(0.4)	*n.s.*	(0.3)	*n.s.*
Total	**4,480.1**	***(3.8)***	**632.4**	***(9.8)***	**614.9**	***(17.1)***	**(150.9)**	***n.s.***

n.s. not significant

In Central Western Europe the decrease in revenue was largely due to the significant fall in sales volumes. Overall, operating results were down, penalized above all by the reduction in sales volumes in the three business segments and the rise in the cost of fuel, countered only in part by satisfactory containment of operating expense, in part thanks to the action taken to cut overheads.

In the USA, although cement consumption on the group markets fell slightly in the second half of the year, it was positive overall thanks to healthy progress in the first half, sustained by very favorable meteorological conditions and by a moderate upturn in the residential and commercial sectors. Recurring EBITDA made a strong improvement compared with 2011 due to growth in revenue (volume and price effect) and containment of operating expense, and also thanks to the measures taken to cut overheads, which began at the end of 2011.

In the emerging countries, the fall in operating results was closely tied to the contraction in revenue (sales volumes and prices), offset only in part by the effects of the action taken to raise the efficiency of variable costs.

In Asia despite higher revenue, operating results were down, largely because of the increase in energy costs.

Risks and uncertainties

The Risk Management Department formed in 2010 by Italcementi S.p.A. to report to the Chief Executive Officer, is part of the **"Risk & Compliance"** program launched in 2008, inspired by the methodology of the Committee of Sponsoring Organizations of the Tradeway Commission (COSO) and consisting of the following phases:

1. identification of the main areas of risk for group strategic goals and development of methods and tools to analyze and assess correlated risk events;
2. assessment, at country level and at aggregate level, of identified risk events in terms of impact, probability and timeframe, in order to acquire an overall vision of the group risk portfolio;
3. selection of priority risks and definition of response strategies, group governance rules and action to integrate and improve risk management systems; some operating risks are managed at individual company level, while others requiring specific competences or involving a variety of responsibilities are managed at group level;
4. implementation of defined mitigation strategies and action and development of the Enterprise Risk Management process;
5. reporting to Top Management and the governance bodies on the main risks, and their management and evolution; in this phase quantification of risks and opportunities is integrated with the enterprise management process, for example in the budget, in results forecasting reviews and in assessment of strategic projects.

Sustainable development and risk management: protection of people and assets

Sustainable development favors a corporate approach that balances economic growth, protection of the environment and social sustainability. By constantly pursuing an optimal balance among these elements and ensuring that benefits extend to everyone involved, companies enhance their long-term value, ability to survive and competitive advantage, thus helping to prevent industrial risks.

The group checks that its protection and prevention programs are consistently applied to all personnel in production sites (employees and other) and to all operations in its companies.

Regulatory limits and group sustainable development goals and initiatives are examined in a special "Sustainability Report" published by Italcementi S.p.A..

The Asset Protection Program continued in 2012; it qualifies the importance of risks and develops a suitable prevention and protection policy, thereby limiting damage to assets and consequent operating losses. The program is now a consolidated group process.

The main risks in the construction materials segment are illustrated below.

Risks relating to the general economic and industry situation

The economic and financial situation represents an element of risk for the group, also in relation to its specific area of business, which is sensitive to changes in the economic situation. Household and business propensity to invest in construction is affected by the uncertainty and constraints of the general scenario.

Risks associated with energy factors

The cost of energy factors, which represents a large portion of group variable costs of production, can vary significantly as a result of external factors beyond the group's control. The group has adopted measures to mitigate risks for certain energy factors by entering into medium-term supply contracts. Furthermore the centralized procurement organization enables the group to benefit from more efficient relations with suppliers, optimizing management of stocks and obtaining competitive purchase conditions.

Risks relating to availability of raw materials

The availability of raw materials is a strategic factor in investment decisions. The group generally sources its raw materials – limestone, clay, gypsum, aggregates and other materials used in the production of cement, ready mixed concrete and aggregates – from quarries it owns (the majority) or quarries rented from third parties. For these and other significant materials, the group has also reached specific agreements with suppliers to guarantee continuous, stable procurement, under terms and conditions at the best market levels.

Environmental risks

The "Sustainability Report" published by Italcementi S.p.A. illustrates the measures taken by the group to manage environmental risks and control and reduce emissions. With regard to CO_2 emissions, the group's European companies are exposed to price fluctuations on emission rights depending on their own rights surplus or deficit. The group's position is therefore constantly monitored to ensure correct risk management.

Financial risks

The current period of crisis puts corporate cash flows at risk, endangering companies' self-financing ability and creating difficulties for normal, orderly operations on the financial market.

The group procures sources of finance and manages interest rates, exchange rates and counterpart risk, for all the companies in the scope of consolidation. The group uses derivatives to reduce the risk of fluctuations in interest rates and exchange rates with respect to debt and its international operations

Ratings risk

The group's ability to compete successfully in the marketplace for funding depends on various factors, including its credit ratings assigned by recognized ratings agencies. Its credit ratings may change to reflect changes in its results, financial situation, credit structure and liquidity profile. As a result, a rating downgrade may have negative repercussions on the group's ability to raise funding.

Legal risk

Suitable provisions and write-downs have been applied with regard to existing risks and their related economic effects. Estimates and valuations are based on available information and are in any case regularly reviewed, with immediate recognition in the financial statements of any variations.

Compliance risks

The group is subject to specific regulations concerning the quality of the products it markets; special monitoring activities have been set up to ensure compliance with the regulations in the countries where it operates.

At a general level, the “Risk and Compliance” program has introduced specific training and circulates procedures and recommendations in the group countries, to ensure compliance with legislation and with tax, social and environmental regulations. The program is reviewed on an annual basis to take account of regulatory changes.

Political risks

The group has taken out insurance covers to limit the financial consequences of possible political measures that might prevent normal management of some subsidiaries in emerging countries.

Insurance

In the interest of all group subsidiaries, Italcementi has taken out policies with leading insurance companies to cover risks to people and assets, as well as product and general third-party liability covers. As part of its risk coverage policy, the group aims to optimize risk management costs by assessing direct assumption and transfer to the market. All policies are negotiated under a frame agreement to ensure a balance between the probability of a risk occurring and the damage that would ensue for each subsidiary.

Engineering, technical assistance, research and development

In 2012 CTG S.p.A. carried out engineering, investment project management, technical assistance, and R&D activities for the group companies in Italy and abroad, providing services for 49.6 million euro (55.2 million euro in 2011).

R&D work focused on materials and processes; seven patent applications were filed during the year.

Assistance operations included activities to improve product quality and boost efficiency at a number of cement plants, and support for the fine-tuning of the most recent projects that have gone into operation.

Regarding reduction of CO_2 emissions, the group continued monitoring new technologies and assessing their applications in the cement sector, while constant attention was devoted to the formulation of cements and to production of clinker with lower emissions.

Innovation

2012 focused on achieving greater proximity to the markets on which the group operates by transferring new-product know-how, providing assistance to improve existing products and support for promotion and marketing operations. The result was an extension of the portfolio of innovative projects with attention to strengthening the group’s image as industry leader in innovation, and to renewing the offer of services and products for application, to flank standard production.

During the year the study of the new group Product Branding strategy was completed; the portfolio of products, innovative and not, will be presented with a consistent image, highlighting the performance offered by the various product families.

A new proposal introduced in 2012 was i.idro DRAIN, the new draining cement. With its many qualities, management of rainwater, reduction of urban heat islands, aesthetic value and mechanical properties, the new cement has been used in many projects, winning unanimous approval.

Looking ahead, the aim will be to achieve a strong increase in revenue from new products by focusing on the concept of differentiation in order to offer specific products for each type of application. This process is already well underway in some mature countries, and will be extended to all group operations, and specifically to the emerging markets.

E-business

In 2012 BravoSolution group revenue was 61.8 million euro, an increase of 11.3% from 2011 (55.5 million euro). EBITDA was 6.9 million euro, a small increase from 2011, while EBIT was 1.8 million euro (2.7 million euro). Profit before tax was 1.2 million euro (2.2 million euro) and profit for the year was 0.5 million euro (1.1 million euro).

The group maintained its economic performance thanks to the healthy improvement in revenue and to a cost structure compatible with business levels, as well as to measures to contain costs.

Disputes and pending proceedings

A summary of the main current disputes is provided below.

Europe

Regarding the investigation begun in November 2008 by the European Commission into some cement producers, including Italcementi S.p.A. and the subsidiaries Ciments Français S.A., Ciments Calcia S.A. and Compagnie des Ciments Belges (CCB) S.A., in December 2010 the European Commission notified the decision for the formal opening of the proceeding to Italmobiliare S.p.A. (and, indirectly through Italmobiliare, to the above-named group companies and the Spanish subsidiary Financiera Y Minera). Subsequently, in April 2011, the Commission served a further formal notice on Italmobiliare of its decision to request extensive additional economic, financial and commercial information. Italmobiliare provided the information within the required term and, simultaneously, lodged an appeal with the EU Tribunal against the decision. Both the investigation and the proceedings are still underway.

Belgium

The investigation begun in 2009 by the local Antitrust Authority into some cement producers, including CCB, of the national industry association and the national technical certification body, for allegedly preventing an operator from importing cement produced with ground-granulated blast-furnace slag deemed not to be compliant with national technical regulations, was completed. A decision is expected in the first quarter of 2013.

Turkey

Regarding the proceeding begun by **Sibconcord** against **Ciments Français** for the non-closure of the 2008 agreement for the sale of the Turkish operations (Set group), in Russia, the Supreme Court overturned the three previous rulings in favor of Sibconcord, and the case was sent back to the court of first instance. With regard to the proceeding begun in Turkey by Sibcem to annul the arbitration award envisaged by the contract and already found in favor of Ciments Français, the Court of Appeal overturned the ruling of first instance of the court of Kadikoy, which upheld the appeal, and ordered the case to be sent to the court of Istanbul, deemed territorially competent; the hearings are currently underway. The arbitration ruling has been recognized in France, Belgium and Kazakhstan, and proceedings for the recognition of the award are underway in Italy, Bulgaria and Egypt.

Significant events after December 31, 2012

On February 14, 2013, Italcementi placed a 5-year fixed-rate bond on the European market for a nominal amount of 350 million euro, maturing on February 21, 2018, under its Euro Medium-Term Note Program.

The issue by the subsidiary Italcementi Finance S.A., guaranteed by Italcementi S.p.A., was largely placed with international institutional investors, with requests heavily outweighing the offer.

The notes, reserved exclusively for accredited investors with a minimum investment of 100,000 euro, were issued at a price of 99.477. The gross yield to maturity is 6.25%, corresponding to a yield of 515.5 basis points above the reference rate.

Performance at Italcementi S.p.A.

(in millions of euro)	2012	2011	% change
Revenue	**554.7**	**613.8**	***(9.6)***
Recurring EBITDA	**(5.1)**	**(0.5)**	***(>100.0)***
% of revenue	*(0.9)*	*(0.1)*	
Other income (expense)	(26.4)	8.2	*n.s.*
EBITDA	**(31.5)**	**7.7**	*n.s.*
% of revenue	*(5.7)*	*1.3*	
Amortization and depreciation	(75.9)	(81.6)	*(7.0)*
Impairment	(27.4)	(0.7)	*n.s.*
EBIT	**(134.7)**	**(74.6)**	***(80.6)***
% of revenue	*(24.3)*	*(12.2)*	
Finance income (costs)	80.1	109.8	*(27.0)*
Impairment on financial assets	(141.4)	(52.3)	*n.s.*
Profit (loss) before tax	**(195.9)**	**(17.1)**	***(>100.0)***
% of revenue	*(35.3)*	*(2.8)*	
Income tax (expense)	(6.9)	24.1	*n.s.*
Profit (loss) for the period	**(202.9)**	**7.0**	***n.s.***
% of revenue	*(36.6)*	*1.1*	
Cash flow from operating activities	105.2	36.1	*>100.0*
Capital expenditure	82.1	131.6	*(37.6)*

n.s.: not significant

(in millions of euro)	December 31, 2012	December 31, 2011
Equity	1,476.2	1,784.6
Net debt	987.2	839.0

Outlook

In 2013 consumption of construction materials is expected to continue to contract on West European markets, whereas it should show a slight upturn in the USA, and continue to be healthy in most of the emerging countries. In this context, EBITDA could reflect an overall negative impact from the decline in sales volumes, which will be heavier in the first half; this effect could, however, be countered by a positive trend in sales prices in some markets and by current industrial efficiency measures and rigorous control over fixed costs.

Based on currently foreseeable market hypotheses, the group expects EBITDA to improve in 2013.

Food packaging and thermal insulation segment

The Group operates in the food packaging and thermal insulation segment through Sirap Gema S.p.A. and its subsidiaries. The condensed income statement for 2012 is set out below, together with key financial data. In 2012 the consolidation of the purchase of Dorner Pack GmbH was not significant in terms of comparing the data.

(in millions of euro)		2012	2011	% change
Revenue		**239.8**	**235.6**	***1.8***
Recurring EBITDA		**13.2**	**14.5**	***(9.3)***
% of revenue		*5.5*	*6.2*	
Other income (expense)		(8.5)	(2.5)	*n.s.*
EBITDA		**4.7**	**12.0**	***(61.2)***
% of revenue		*1.9*	*5.1*	
Amortization and depreciation		(10.9)	(11.7)	*(7.1)*
Impairment		(24.8)	(2.4)	*n.s.*
EBIT		**(31.0)**	**(2.1)**	***n.s.***
% of revenue		*(12.9)*	*(0.9)*	
Finance income (costs)		(4.8)	(5.4)	*(10.1)*
Profit (loss) before tax		**(35.8)**	**(7.5)**	***n.s.***
% of revenue		*(14.9)*	*(3.2)*	
Income tax (expense)		(2.4)	(1.4)	*64.2*
Profit (loss) relating to continuing operations		**(38.2)**	**(8.9)**	***n.s.***
Profit (loss) relating to discontinued operations		-	-	
Profit (loss) for the period		**(38.2)**	**(8.9)**	***n.s.***
attributable	**Owners of the parent**	**(38.2)**	**(9.0)**	***n.s.***
	Non-controlling interests	n.s.	0.1	
Capital expenditure		9.9	10.4	*(4.0)*

n.s. not significant

(in millions of euro)	December 31, 2012	December 31, 2011
Total equity	2.6	40.0
Equity attributable to owners of the parent	2.2	39.6
Net debt	127.2	128.6
Number of employees at period end	1,305	1,302

2012 results were significantly affected by the continuing economic crisis, which saw a fall in consumption on the key markets.

The trend in prices for polymer raw materials derived from styrene, which was favorable compared with 2011 in the first half of 2012, saw a sharp reversal, with significant rising purchase costs which it was not possible to immediately offset with an adequate increase in sale prices. In addition, in Italy, the group's main manufacturing base, there was a considerable rise in the cost of energy mainly due to a higher level of taxes.

In this difficult situation the insulation business maintained its production volumes and was partly able to make its commercial operations more effective, while in food packaging the aforementioned factors (above all the protracted crisis in consumption which worsened on the Italian market) particularly affected the results of the Italian rigid container division.

In this context **group consolidated revenue** (239.8 million euro), nonetheless, improved slightly (+1.8%) compared with the previous year (235.6 million euro).

EBITDA (4.7 million euro) fell sharply compared with 2011 (12.0 million euro), since it includes non-recurring expense for 8.5 million euro (2.5 million euro in 2011) mainly for provisions for risks.

EBIT was negative for 31.0 million euro (-2.1 million euro in 2011) and reflected, in addition to the above effects, the impact of impairment losses for 24.8 million euro arising mainly from the results of impairment testing, which entailed the impairment of goodwill of some cash-generating units (CGUs) of the group with an overall impact of around 24.0 million euro, of which 20.4 million euro related to the rigid container division.

Net finance costs (4.8 million euro) fell compared with 2011 (5.4 million euro) mainly due to the positive exchange-rate effect for 0.2 million euro (-1.0 million euro in 2011), stemming mainly from subsidiaries in East Europe, partly offset by the increase in interest expense.

Income tax expense for the year rose in relation to the change in the taxable base and the recognition of lower deferred tax assets.

The **group posted a loss** for 2012 of 38.2 million euro (-8.9 million euro in 2011).

Consolidated equity at December 31, 2012 fell to 2.6 million euro.

Net debt was 127.2 million euro and fell compared with the prior-year figure (128.6 million euro) thanks to the reduction in working capital.

Capital expenditure was 9.9 million euro (10.4 million euro in 2011), for automation projects, efficiency improvements and replacement of obsolescent assets.

* * *

The impairment of goodwill and equity investments in subsidiaries and the year's provisions for risks impacted negatively on the result of **Sirap Gema S.p.A.**, which at December 31, 2012 recorded a loss of 34.7 million euro and, consequently, equity of 1.2 million euro, and was forced to adopt the provisions envisaged by art. 2446 of the Italian Civil Code.

Significant events in the year

It should be recalled that the re-organization of the Italian rigid containers division led at the end of 2011 to the closure of the Corciano factory (Perugia) with the elimination of some technologies and the re-allocation of some machinery to the Castelbelforte site (Mantua).

In order to make further improvements in operating efficiency, marketing and logistics support operations were transferred to the central Sirap Gema S.p.A. site in Verolanuova, and the corresponding functions in Castelbelforte were discontinued. On April 23, an agreement was signed with the unions for the gradual transfer of surplus workers to a mobility scheme, with up to a maximum of 12 people; so far 11 people have been involved.

On April 23 the Petruzalek company completed the acquisition for a total of 2.9 million euro of an interest representing the entire share capital of the Austrian company Interpack GmbH, which in turn is the sole owner of the Austrian company Dorner Pack GmbH. The latter assembles and markets food packaging machinery and, in Austria in particular, complements the product offer of the Petruzalek group. Interpack was subsequently incorporated by the purchasing company.

Quarterly trend

(in millions of euro)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenue	**239.8**	**61.4**	**62.4**	**62.1**	**53.9**
% change vs. 2011	*1.8*	*2.5*	*4.2*	*0.8*	*(0.5)*
Recurring EBITDA	**13.2**	**2.5**	**3.9**	**4.2**	**2.6**
% change vs. 2011	*(9.3)*	*(56.6)*	*(11.4)*	*0.5*	*n.s.*
% of revenue	*5.5*	*4.0*	*6.3*	*6.8*	*4.8*
EBITDA	**4.7**	**(5.7)**	**3.9**	**3.9**	**2.6**
% change vs. 2011	*(61.2)*	*n.s.*	*43.1*	*(7.5)*	*n.s.*
% of revenue	*1.9*	*(9.3)*	*6.3*	*6.2*	*4.8*
EBIT	**(31.0)**	**(33.6)**	**1.2**	**1.5**	**(0.1)**
% change vs. 2011	*n.s.*	*n.s.*	*n.s.*	*10.4*	*(97.1)*
% of revenue	*(12.9)*	*(54.8)*	*2.0*	*2.4*	*(0.1)*
Profit (loss) for the period	**(38.2)**	**(35.7)**	**(0.7)**	**(0.4)**	**(1.4)**
Profit (loss) for the period attributable to owners of the parent	**(38.2)**	**(35.7)**	**(0.7)**	**(0.5)**	**(1.4)**
Net debt (at period end)	127.2	127.2	129.8	130.8	127.6

n.s. not significant

The difficult situation further affected results in the fourth quarter, in which recurring EBITDA was badly affected by the increase in the cost of polystyrene compared to the previous quarters in the year. EBIT was seriously affected by impairment losses.

Performance by operating segment and geographical area

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	2012	**% change vs. 2011**	**2012**	**% change vs. 2011**	**2012**	**% change vs. 2011**	**2012**	**% change vs. 2011**
Food packaging								
- Italy	87.6	*(3.6)*	2.3	*(36.4)*	(6.0)	*n.s.*	(33.5)	*n.s.*
- France	24.7	*2.9*	2.8	*19.2*	2.8	*19.2*	1.8	*n.s.*
- Other EU countries	61.8	*2.3*	2.5	*5.9*	2.5	*4.8*	(2.8)	*n.s.*
- Other non-EU countries	23.4	*18.2*	1.3	*n.s.*	1.3	*n.s.*	1.1	*n.s.*
Eliminations	(14.2)	-	-	-	-	-	-	*n.s.*
Total	**183.3**	***2.3***	**8.9**	***(0.2)***	**0.6**	***(91.4)***	**(33.4)**	***n.s.***
Thermal insulation - Italy	56.9	*0.1*	4.3	*(23.6)*	4.1	*(26.6)*	2.4	*(29.7)*
Eliminations	(0.4)	-	-	-	-	-	-	-
Total	**239.8**	***1.8***	**13.2**	***(9.3)***	**4.7**	***(61.2)***	**(31.0)**	***n.s.***

n.s. not significant

Food packaging

As in the previous year, in general the complex economic situation affected consumption trends, reducing purchases of fresh food produce and consequently demand for the related packaging.

In Italy revenue totaled 87.6 million euro and fell slightly compared with the previous year (-3.6%) thanks to the positive trend in sales of foamed containers which partly offset the fall in volumes of rigid containers (also due to the closure of some production located in Corciano – Perugia) which were more seriously affected by the fall in consumption. EBIT was negative (-33.5 million euro) since it was penalized by the high level of non-recurring expense (around 21.2 million euro for impairment and 8.3 million euro mainly for a provision for risks).

In France, the subsidiary Sirap France recorded revenue that was above the previous year (+2.9%) despite falling consumption, thanks to a significant change in the mix in favor of products with higher added value; this factor, together with improvements in production efficiency and containment of overheads, enabled an increase in EBITDA (+19.2%). As for EBIT it should be recalled that 2011 benefited from significant reversals of impairment losses (2.9 million euro).

Inline Poland Sp. z o.o. recorded revenue (22.4 million euro), up by 11.4% thanks mainly to the increase in volumes (new products). EBIT was 0.5 million euro and fell compared with the previous year (1 million euro) owing to the increase in the cost of raw materials and a less favorable sales mix.

The Petruzalek group, which operates mainly on the markets of East Europe, recorded revenue of 62.6 million euro, up by 5.7% (of which 4% was due to the entry into the scope of consolidation of Dorner Pack). Turnover in 2012 was characterized by a recovery in the sales of machines and by substantially unchanged sales of containers. EBITDA was 2.1 million euro and improved compared with the previous year thanks mainly to the reduction in overheads, while EBIT was negative for 2.2 million euro due to impairment for 3.6 million euro.

Total capital expenditure in the food division totaled 8.1 million euro (9.3 million euro in 2011) and was largely for operations aimed at regaining efficiency and productivity.

In food packaging, R&D continued in 2012 with testing of materials and the shapes of containers in order to find innovative solutions and to optimize product performance.

R&D work was performed essentially by Sirap-Gema S.p.A. by a team of 8 employees at a total cost of 0.9 million euro.

Thermal insulation

Despite the general slowdown in the building segment and after a difficult start to the year, revenue from insulation products (56.9 million euro) was stable thanks to the increase in exports (+35% compared with 2011), which offset the fall in sales on the Italian market, in particular prefabricated products for roof insulation.

Exports rose sharply in particular to Switzerland, Germany and Austria, countries which represent 80% of the company’s exports, and regarded above all extra-thick extruded panels.

EBIT (2.4 million euro) fell by 29.7% owing to the effects of significant increases in energy costs and the price of polymer raw materials, only partially offset by positive changes in sale prices.

Capital expenditure was 1.8 million euro (1.1 million euro in 2011) and focused mainly on the replacement of some machines and the completion of the warehouse area.

During 2012 R&D work focused on the use of new polymer mixes with varying degrees of fluidity for the production of extruded panels.

Risks and uncertainty

The main risks for the food packaging and thermal insulation segment are described below.

As noted above, in the second part of 2012 there was a significant increase in the price of polystyrene, the material used in the production of food packaging and insulation, due mainly to the closure of the production plant for the polymerization of styrene; during the year there were also significant increases in the price of utilities, mainly due to tax increases. The group will continue to monitor the trend in these prices in order to optimize its procurement policy and to reduce, as far as possible, the impact of these items on results.

The Sirap Gema group also operates through a number of subsidiaries in countries outside the euro zone and is therefore exposed to the risk of fluctuation in the exchange rates of local currencies. The situation is carefully monitored by the parent Sirap Gema S.p.A. with a special internal procedure.

Another area of uncertainty is the collection of receivables. The companies in the Sirap Gema group expect critical situations to intensify in the coming months, a trend that began to emerge in 2012.

This area is kept under careful and constant control by all group companies to limit risk.

The group companies operate in areas with low environmental impact and consequently have no particular risks worthy of note.

Sirap Gema S.p.A. has derivatives (interest-rate swaps) hedging interest-rate risk on bank borrowings. In the 2012 financial statements, the derivatives are treated in compliance with IAS 32 and 39. At consolidated level, the effects of the derivatives are immaterial.

Finally, in regard to outstanding disputes, reference should be made to the section on “Disputes and pending proceedings”.

Environmental initiatives

As from January 1, 2012 the Sirap Gema group formally approved an Environmental Policy document, in order to raise the visibility of its commitment and activities aimed at safeguarding the environment in countries where the group operates. Guidelines have been established and brought to the attention of staff, which enshrine the group's desire to comply with local regulations and apply the top ecological standards for sustainable and responsible development; in addition, appropriate initiatives in this field are being implemented or are planned with set procedures and deadlines.

As regards the presence of fibers containing asbestos at some company sites, the companies Sirap Gema S.p.A. and Sirap Insulation S.r.l. have engaged an expert to carry out a thorough inspection.

Safety initiatives

In its factories, the Sirap Gema group adopts the necessary measures to ensure maximum safety for its workers and property.

With reference to the group's Italian companies, the "Organizational, Management and Control Model" has been supplemented with crimes relating to workplace safety.

Development continued of the group safety culture project introduced in 2009, with the involvement of all senior managers: extensive reporting is performed on accidents and accident statistics, and also on potential risk situations and promotion of measures to prevent accident risk.

Human resources and organization

At December 31, 2012 the group workforce numbered 1,305 heads, up by 3 from December 31, 2011 (a reduction of 19 heads on a like-for-like basis, taking account of the 22 heads of Dorner Pack GmbH). The turnover rate was 19.6% (9.37% at December 31, 2011).

	December 31, 2012		December 31, 2011		Change	
	heads	**%**	**heads**	**%**	**heads**	**% on 2011**
Managers	39	*3.0*	39	*3.0*	-	-
White collars	450	*34.5*	429	*32.9*	21	*4.9*
Blue collars	816	*62.5*	834	*64.1*	(18)	*(2.2)*
Total	**1,305**	***100.0***	**1,302**	***100.0***	**3**	***0.2***

The figure at December 31, 2012 includes 30 employees at the Corciano site (Perugia) receiving state-subsidized layoff benefits (46 employees at December 31, 2011).

Disputes and pending proceedings

In reference to the proceedings started in 2008 by the European Commission regarding supposed violations of EU competition laws on the market for plastic wrapping for food, and subsequently, to notification of the Statement of Objections by the European Commission on September 28, 2012, the company and subsidiaries that received the Statement, with the support of their legal advisors, completed their written observations on the contents of the Statement, and presented these to the Commission by the deadline it had indicated (January 18, 2013).

As of present, the Commission has informed the companies involved in the proceedings only of the provisional scheduling for the oral hearing, which is indicatively planned for June 2013.

Events after December 31, 2012,

In addition to the information set out in the section above, the parent Sirap Gema S.p.A., following a loss of 34.7 million euro, is in the situation as set out in art. 2446 of the Italian Civil Code, and therefore evaluations are underway with the parent Italmobiliare S.p.A. to assess the most appropriate action to enhance equity.

Outlook

In general in 2013 it is likely that average prices for polystyrene will rise and should reach a higher level than in 2012. The group will constantly monitor these prices in order to optimize its procurement policy and minimize as far as possible the impact of this item on the result.

As for food packaging, the persisting weakness of the European markets means the outlook for food consumption, and consequently demand for packaging materials, is uncertain.

In a situation of particularly fierce competition the group has started begun commercial action to mitigate the forecast price increases for raw materials, and to continue the expansion of its product range, shift its sales mix to products with higher added value and search for new customers and markets. On the production and industrial front, in addition to the action already taken, new re-organization measures are underway to cut costs and raise efficiency.

In thermal insulation, the forecasts for 2013 are quite uncertain given the continuing negative trend in the construction market. In this context the group intends to continue as far as possible with a policy to protect profits with incisive commercial action and initiatives on the product range.

Financial segment

The financial segment includes the parent Italmobiliare and the Luxembourg-based company Société de Participation Financière Italmobiliare S.A.

(in millions of euro)	2012	2011	% change
Revenue	**56.2**	**62.4**	***(9.9)***
Recurring EBITDA	**19.3**	**2.2**	***n.s.***
Other income (expense)	(2.8)	(0.6)	*n.s.*
EBITDA	**16.5**	**1.6**	***n.s.***
Amortization and depreciation	(0.4)	(0.1)	*n.s.*
EBIT	**16.1**	**1.5**	***n.s.***
Finance income (costs)	(0.2)	(0.2)	*n.s.*
Impairment on financial assets	(55.5)	(94.1)	*(41.0)*
Share of profit (loss) of equity-accounted investees	(31.1)	(8.9)	*n.s.*
Profit (loss) before tax	**(70.7)**	**(101.7)**	***(30.5)***
Income tax (expense)	0.1	5.5	*(98.0)*
Profit (loss) for the period	**(70.6)**	**(96.2)**	***(26.6)***

n.s. not significant

(in millions of euro)	December 31, 2012	December 31, 2011
Equity	1,002.5	1,060.8
Net financial position	115.5	105.2
Number of employees at period end	58	56

Given a very difficult economic context which affected all of 2012, the financial markets were in flux. The financial tensions which affected some countries in the euro zone in the first half of the year eased significant in the final part of 2012 thanks to the measures adopted by the European Central Bank, the renewed support for Greece and the restructuring of the Spanish banking sector.

Stock market indices in the main industrialized countries rose in the second part of the year, confirming the ongoing trend since the end of June. The increases were strongest in Japan and the euro zone, while in the United States the handling of the budget deficit saw indices only recover toward the end of the year. The yields on sovereign bonds issued by most of the countries in the euro zone fell in the final part of the year. This trend was also reflected on commercial bond markets.

This situation affected the results of the segment, where the positive management of liquidity was contrasted by the significant impairment applied in the first half of the year to bank stocks, to the equity investment in the subsidiary Sirap Gema which was written down at the end of the year on the basis of an evaluation carried out by an independent professional, and to the equity investment in Burgo Group, after re-determination of fair value, using the evaluation technique based on estimated present value of future cash flows.

Quarterly trend

(in millions of euro)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenue	**56.2**	**9.3**	**9.3**	**21.3**	**16.3**
% change vs. 2011	*(9.9)*	*(47.8)*	*n.s.*	*(18.9)*	*8.0*
Recurring EBITDA	***19.3***	***(1.6)***	***3.1***	***12.0***	***5.9***
% change vs. 2011	*n.s.*	*n.s.*	*n.s.*	*7.7*	*56.0*
% of revenue	*34.3*	*(17.3)*	*33.0*	*56.2*	*35.9*
EBITDA	**16.5**	**(4.1)**	**3.1**	**12.0**	**5.6**
% change vs. 2011	*n.s.*	*n.s.*	*n.s.*	*7.7*	60.9
% of revenue	*29.4*	(43.7)	*33.0*	56.2	34.1
EBIT	**16.1**	**(4.2)**	**3.0**	**11.9**	**5.5**
% change vs. 2011	*n.s.*	*n.s.*	*n.s.*	*7.2*	*59.5*
% of revenue	*28.7*	*(44.7)*	*32.0*	*55.7*	*33.5*
Profit (loss) for the period	**(70.6)**	**(41.7)**	**1.0**	**(29.5)**	**(0.4)**
Net financial position (at period end)	**115.5**	**115.5**	**116.3**	**114.9**	**96.0**

n.s. not significant

Given the particular nature of the operations of Italmobiliare and the financial segment, the comparative quarterly analysis is not always significant, since results depend chiefly on dividend flows and trends on the financial markets.

The loss in the fourth quarter was 41.7 million euro (-88.0 million euro in the year-earlier quarter), mainly due to the marked fall in revenue (9.3 million euro compared to 17.8 million euro in the fourth quarter of 2011) and impairment on equity investments for 33.3 million euro (84.6 million euro in the fourth quarter of 2011). These adjustments refer mainly to the adjustments to the values computed by an independent professional on the equity investment in Sirap Gema S.p.A. for 22.6 million euro; in reference to the equity investment in Burgo Group, fair value was re-determined using the evaluation technique based on estimated present value of future cash flows, which led to an impairment loss of 10.0 million euro.

Results in accordance with the financial model

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

- "Net gains (losses) on equity investments", which includes, with regard to available-for-sale investments, dividends received, gains and losses realized on sales of equity investments, and impairment losses on these financial assets;
- "Net gains (losses) on investments of cash and cash equivalents", which includes interest income on bank coupons and deposits, impairment losses on securities and trading equities, capital gains/losses on the sale of trading securities, income/expense on trading derivatives;
- "Net borrowing costs" which consists essentially of interest expense on financing, bank commissions and costs;
- "Other income and expense", which includes personnel expense and operating expenses for the financial structure, net of amounts recovered from other Group companies and movements on provisions for risks.

(in millions of euro)	2012	2011	% change
Net gains (losses) on equity investments	(69.6)	(69.1)	*(0.6)*
equivalents	25.3	(5.5)	*n.s.*
Net borrowing costs	(7.1)	(8.6)	*(17.7)*
Total finance income(loss)	**(51.4)**	**(83.2)**	***(38.3)***
Other income and expense	(19.3)	(18.5)	*4.6*
Income tax (expense)	0.1	5.5	*(98.0)*
Profit (loss) for the period	**(70.6)**	**(96.2)**	***(26.6)***

n.s. not significant

The financial and economic context in which the Group's financial companies operated and the losses reported by some subsidiaries and equity-accounted investees, had a negative impact on the results of the segment. In particular **net losses on equity investments** of 69.6 million euro (69.1 million euro in 2011) were mainly generated by:

- lower contribution from dividends for 13.7 million euro compared with 2011 (18.5 million euro compared to 32.2 million euro in 2011), due to a restriction in the dividend distribution policy of the main equity investments held by the financial segment,
- impairment losses on bank stocks in the first half of 2012 (22.0 million euro),
- adjustment to the values determined by an independent professional on the equity investment in Sirap Gema S.p.A. (100% owned subsidiary) for 22.6 million euro,
- re-determination of the fair value of the equity investment in Burgo Group (in which an 11.68% stake is held) using the evaluation technique based on estimated present value of future cash flows, which led to an impairment loss of 10.0 million euro,
- the losses of the equity-accounted investees for 31.1 million euro (8.9 million euro in 2011). In particular, note should be taken of the loss of the equity-accounted investee RCS MediaGroup for 28.7 million euro, corresponding to the share of the loss reported by the publishing group attributable to the Italmobiliare Group.

There was a marked improvement in **net gains (losses) on investments of cash and cash equivalents** with a gain of 25.3 million euro compared with a loss of 5.5 million euro in 2011, thanks to capital gains and impairment reversals on trading shares for a total of 19.5 million euro (losses of 14.3 million euro in 2011).

Net borrowing costs of 7.1 million euro fell compared with 2011 (8.6 million euro), given average debt in the segment of 292.7 million euro (370.3 million euro in 2011).

Despite the fall in fixed costs recorded in the year (-8.1% compared with 2011), as a result of the program to reorganize the non-Italian companies and the policy of operating expense at the parent Italmobiliare, **other expense** net of other income rose by 4.6% due to the provision of 2.6 million euro against outstanding risks for which a future outlay is considered likely.

After positive income tax of 0.1 million euro the **loss for the period** was 70.6 million euro (-96.2 million euro at December 31, 2011).

The companies in the financial segment hold substantial equity investments, the majority classified as "Available for sale". The fair value changes on these investments, excluding consolidated investments carried at cost less impairment in the separate financial statements, are recognized in equity under the "Fair value reserve", or in the income statement if the correlated financial assets have been impaired, in line with the accounting standards adopted by the Italmobiliare Group. At the end of 2012 the fair value reserve of the financial segment, albeit with a negative balance of 65.7 million euro, improved by 9.4 million euro compared with December 31, 2011, due to the rise in share prices in the second half of the year, which was particularly marked for financial and banking stocks.

Significant events in the year

With regard to the share capital increase approved by UniCredit at the end of 2011 and executed during January 2012, Italmobiliare S.p.A. exercised 2,876,645 rights to subscribe 5,753,290 shares for a total outlay of 11.2 million euro, financed in full through the sale of the remaining rights at its disposal. After this increase Italmobiliare S.p.A. directly holds 0.272% of Unicredit ordinary capital.

During 2012 Italmobiliare acquired Ciments Français shares with a total outlay of 4.9 million euro. After this purchase the direct percentage held in the subsidiary's share capital was 2.729%.

As part of optimization of its sources of funds Italmobiliare arranged loans backed by shares, including 2,660,000 Italcementi ordinary shares representing 1.502% of the shares in portfolio, also transferring the voting rights. This loan matures on March 28, 2013.

On completion of the tax audit undertaken on the 2007 tax period, in December the Italian Tax Agency notified Italmobiliare S.p.A. of a tax assessment in which, on the one hand, it alleged a violation of withholding tax obligations, in the, in our view mistaken, belief that this role is held by the parent; and, on the other, it contested a small IRES tax loss due to an equally mistaken assessment of the non-eligibility of a negative income item. Although Italmobiliare considers the assessment illegitimate, since it is based on entirely erroneous grounds with no legal basis, it decided in the first few months of 2013 to examine compliance with the aforementioned notice by activating the procedure envisaged by Leg. Decree 218/1997 which, moreover, suspended the term for presentation of an appeal.

During 2012 the corporate reorganization which was started in 2010 in the financial segment and which mainly involved non-Italian companies was completed. In particular during the year the Luxembourg-based subsidiary Société de Participation Financière Italmobiliare S.A. took responsibility for managing liquidity and trading investments on international markets, a function which was previously undertaken essentially by Italmobiliare International Finance Ltd (100% owned by Société de Participation Financière Italmobiliare S.A. and sold to third parties in December 2012). This process enables achievement of important corporate objectives in the short and medium term, including:

- reduction in overheads,
- better control of risks linked to financial management under a single operating entity,
- improvement in Group compliance and simplification of the flow of information through a reduction in the shareholding chain.

The aim of this program is to concentrate in Société de Participation Financière Italmobiliare S.A. all the non-Italian activities of the financial segment, with interests in banking, through control of the Finter Bank group, and in the industrial, property and financial sector.

At the consolidated segment and Group level the operation had no material impact.

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

(in millions of euro)	2012	2011	Change (in millions of euro)
Net gains (losses) on equity investments	43.1	16.1	*27.0*
equivalents	10.0	(6.6)	*16.6*
Net borrowing costs	-	-	-
Total finance income (loss)	**53.1**	**9.5**	*43.6*
Other income and expense	(0.9)	(0.8)	*(0.1)*
Income tax (expense)	(0.2)	-	*(0.2)*
Profit (loss) for the period	**52.0**	**8.7**	***43.3***

(in millions of euro)	December 31, 2012	December 31, 2011
Equity	462.1	422.4
Net financial position	392.1	49.9

As described in the previous section, during 2012 the corporate reorganization of the non-Italian companies into Société de Participation Financière Italmobiliare S.A. was completed, including control over the non-Italian investees operating in the banking and financial segment, as well as management of liquidity and the segment's trading activities.

In particular during the year the following operations took place:

- Italmobiliare International Finance Ltd. (Dublin) transferred to the parent Société de Participation Financière Italmobiliare S.A. the equity portfolio consisting mainly of corporate bonds and treasury instruments,
- in December 2012, Italmobiliare International Finance Ltd. was sold to third parties after distributing in the form of dividends the profits made in 2012 and retained earnings, and reimbursing its own equity reserves to the parent Société de Participation Financière Italmobiliare S.A..

This transaction had a positive impact on the results of the period and on the company's net financial position, which, as from July, include the activities of the Irish subsidiary and consequently the related finance income. Therefore, profit and loss for 2012 is not comparable with the corresponding values in 2011.

Net gains on equity investments totaled 43.1 million euro (16.1 million euro in 2011) and mainly included dividends for 56.1 million euro, of which 55.9 million euro relating to the dividend received by Italmobiliare International Finance Ltd. (20.1 million euro in 2011), and impairment losses for 11.3 million euro (-7.1 million euro in 2011). Impairment losses refer essentially to the equity investment in Burgo Group (10.0 million euro) following the re-determination of fair value with the assistance of an independent professional using the evaluation technique based on estimated present value of future cash flows.

Investments of cash and cash equivalents generated a gain of 10.0 million euro (-6.6 million euro in 2011) thanks to capital gains and impairment reversals on trading securities for a total of 6.4 million euro (losses of 9.4 million euro in 2011) and interest income for 3.6 million euro (2.8 million euro in 2011).

After operating expense of 0.9 million euro (0.8 million euro in 2011) and income tax expense for 0.2 million euro, the profit for the period was 52.0 million euro (8.7 million euro in 2011).

The positive net financial position of 392.1 million euro (49.9 million euro in 2011) includes the liquidity contributed by Italmobiliare International Finance Ltd..

Equity increased compared with December 31, 2011 by 39.7 million euro, going from 422.4 million euro to 462.1 million euro, due to the profit for the period of 52.0 million euro and the reduction in the fair value reserve for 12.3 million euro.

After the transactions described above, investments in subsidiaries amounted to 32.3 million euro (326.2 million euro at December 31, 2011, of which 293.5 million euro was the carrying amount of the equity investment held in Italmobiliare International Finance Ltd.), while non-listed investments included an 11.68% interest in Burgo Group S.p.A., classified as "Available-for-sale".

Italmobiliare International Finance Limited

The profit for the period reported by the company before transfer of its assets to the subsidiary Société de Participation Financière Italmobiliare S.A. (Luxembourg) was positive for 13.8 million euro. This result arose mainly from net gains from investment of cash for 15.1 million euro and operating expense and income tax expense of 1.3 million euro.

* * *

Operations and results for the parent **Italmobiliare S.p.A.** are described in the specific section in the directors' report and in the notes in the separate financial statements.

Investments in listed companies held by the financial segment

The table below sets out the investments in listed companies held by the financial segment.

	Quantity	% [1]	Holder
Subsidiaries			
Italcementi ordinary	106,914,000	60.363	Italmobiliare S.p.A.
Italcementi savings	3,011,500	2.856	Italmobiliare S.p.A.
Ciments Français	977,051	2.729	Italmobiliare S.p.A.
Equity-accounted investees			
Mittel	8,790,702	10.000	Italmobiliare S.p.A.
Rcs MediaGroup ordinary	54,691,627	7.465	Italmobiliare S.p.A.
Other companies			
UniCredit ordinary	15,732,683	0.272	Italmobiliare S.p.A.
Mediobanca	22,568,992	2.621	Italmobiliare S.p.A.
Ubi Banca	2,818,792	0.313	Italmobiliare S.p.A.
Trading investments in other companies [2]			
Ubi Banca	244,260	0.027	Soparfi S.A.

[1] The % refers to the total number of instruments issued in the corresponding category

[2] Trading investments are included in the net financial position

Net financial position of Italmobiliare and the financial segment

(in thousands of euro)	December 31, 2012		December 31, 2011	
	Italmobiliare	Financial segment	Italmobiliare	Financial segment
Cash, cash equivalents and current financial assets	17,565	314,679	21,780	345,107
Short-term financing	(150,313)	(85,220)	(119,371)	(101,965)
Short-term net financial position	**(132,748)**	**229,459**	**(97,591)**	**243,142**
Medium/long-term financial assets	4,687	34,691	6,628	41,628
Medium/long-term financial liabilities	(148,549)	(148,665)	(179,531)	(179,531)
Medium/long-term net financial position	**(143,862)**	**(113,974)**	**(172,903)**	**(137,903)**
Net financial position	**(276,610)**	**115,485**	**(270,494)**	**105,239**

Cash, cash equivalents and current financial assets at December 31, 2012 totaled 314.7 million euro, of which 85% were bonds (57%) and cash/money market instruments (28%). The bond portfolio consisted of floating-rate instruments for 44.69% and fixed-rate instruments for the remaining 55.31% with an average A+ rating. The portfolio was diversified on a geographical basis and a segment basis, and maximum exposure to a single issuer was the 5.37% (triple A rating) on the total bond portfolio at December 31, 2012. In this portfolio, treasury instruments amounted to 70.9 million euro, with an average rating of AA+.

Italmobiliare had net debt of 276.6 million euro (270.5 million euro at December 31, 2011), up by 6.1 million euro, while the financial segment had a positive net financial position of 115.5 million euro (105.2 million euro at December 31, 2011), up by 10.3 million euro.

The changes in the net financial position of Italmobiliare and the financial segment are set out in the table below:

(in millions of euro)	Italmobiliare	Financial segment
Equity investments sold	18.0	19.4
Equity investments acquired	(21.8)	(16.5)
Dividends paid	17.6	17.8
Finance income (costs)	(6.8)	15.0
Current operations and extraordinary items	(13.1)	(25.4)
Total	**(6.1)**	**10.3**

Risks and uncertainty

The main risks of the financial segment are described below.

Risks relating to general economic conditions

The scenario of the financial markets is characterized at a global level by an economic cycle showing moderate growth and a process of stabilization of financial conditions supported by the ultra-expansive monetary policies put in place by the main central banks.

This context is threatened, nonetheless, by the risks generated by the economic policies themselves, which are accentuated by the uncertain political situation in some countries. In particular, the fiscal restrictions applied in most of the industrialized countries where production capacity is underused may cause an over-evaluation and stagnation of growth which affects the sustainability of public debt not only in the euro zone. Monetary policies may in their turn "go off the rails" and lead to inflation of financial operations and transform into unexpected consumer price rises. The joint effect of both aspects also tends to increase the instability of exchange rates.

Therefore, the risks of unexpected events and consequent adverse trends on the financial markets cannot be underestimated in terms of repercussions on the operations and the financial and business outlook of the Group.

Risks for holding operations

Directly and through the subsidiaries Italmobiliare transacts investment activities involving risks arising from difficulty in identifying new investment opportunities that respond to objectives, or difficulty in divesting as a result of changes in general financial and economic conditions. The risks connected to managing these activities, such as unexpected costs and liabilities, could have negative effects on the companies' business, equity and financial positions.

Italmobiliare holds material investments in listed stocks. Exposure to this type of investment is part of its core business as a long-term investor, and consequently Italmobiliare does not apply short-term approaches to management of its equity portfolio. Risk is monitored constantly, but nevertheless an unexpected change in the share prices of its equity investments could affect its business, financial and equity position.

The business performance of the financial segment also depends on:

- the creation and realization of gains on equity investments, which characteristically are not of a periodical and/or recurring nature,
- collection of dividends from the equity investments in portfolio, whose distribution and payment policies are independent of the beneficiary.

Consequently, the segment's business results may not follow a linear trend from one year to the next and/or may not be significantly comparable.

Through its equity investments Italmobiliare S.p.A. is present in construction materials, food packaging and thermal insulation, finance, banking, property and other. It is therefore exposed to the typical risks on the markets and in the segments in which its investees operate.

Investment concentration risks

At December 31, 2012 the equity investment in Italcementi (accounting for 38.90% of share capital) represented more than 42.0% of the current net asset value (NAV).

The performance of the Italcementi group therefore has a high material impact on the business, financial and equity position of Italmobiliare.

Financing risks

Access to the capital market and to other forms of financing, and related costs, depends on companies' creditworthiness and on the general economic conditions of the market and the credit system. Any downgrade in creditworthiness and/or a general credit squeeze can restrict access and raise the cost of borrowing, with negative repercussions on the companies' business, financial and equity positions.

The liquidity of the equity and bond portfolio may be influenced by contingent market situations that reduce market variety and efficiency. The group concentrates on maintaining a high level of liquidity in its portfolio by diversifying investments, using financial instruments with systematic pricing, daily evaluation of resources using prudential means, and selection of counterparts on the basis of creditworthiness and reliability. The volatility of the markets and, in particular, contractions in the variety of trading in the presence of systemic events mean there is no guarantee that divestment strategies can be executed according to the planned time, manner and conditions.

Risks of fluctuation in interest and exchange rates

Italmobiliare net debt involves payment of finance costs determined on the basis of floating interest rates linked to money market trends. Also, a significant portion of liquidity is invested in bonds. Consequently a rise in interest rates could determine a rise in borrowing costs and debt refinancing costs, and a negative effect on the valorization of the bond portfolio. To mitigate this risk, hedging transactions are arranged when the market presents opportunities assessed on the basis of the Italmobiliare asset and liability structure.

Despite these hedges, sudden fluctuations in interest rates could have a negative impact on the segment's business and financial results.

The financial segment does not have a material exposure to the currency risk.

Legal and tax risks

Suitable provisions and impairment losses have been recognized with regard to existing legal and tax risks and their related economic effects. Estimates and valuations are based on available information and are in any case regularly reviewed, with immediate recognition in the financial statements of any variations. Nonetheless, it is not possible to exclude negative impacts in the future connected to these risks on the business, equity and financial situation of Italmobiliare and/or of its subsidiaries and equity-accounted investees.

Insurance

Italmobiliare S.p.A. has taken out policies with leading insurance providers to cover risks to people and property, as well as general third-party liability cover.

Environment and human resources

Given the nature of the companies in this segment, no significant environmental problems exist.

The majority of human resources are located in Italy, at Italmobiliare S.p.A. As part of the initiatives to improve the corporate governance system, priority has been given, at Italmobiliare S.p.A., to the development and updating of an integrated corporate governance system (organization, job description, powers and processes).

With regard to Privacy, the Italmobiliare Data Protection Document was updated for 2012, in compliance with Legislative Decree no. 196/2003 and Technical Regulations governing minimum security levels.

Significant events after December 31, 2012

At the reporting date 2,100,000 Unicredit ordinary shares were sold, generating a capital gain of 2.1 million euro.

Outlook

The conditions of the financial markets improved in the final part of 2012 due to new agreements at European level, in particular the progress toward the realization of European banking union, as well as the achievement of a partial agreement on the fiscal cliff in the United States. Despite this, the risks linked to a global economic situation which has still not stabilized and to the process of correcting the imbalances in the euro zone will continue to influence the financial markets in 2013. This may lead to a restriction in the dividend distribution policy of the main equity investments held in the financial segment.

As for the management of liquidity, we expect yields on risk-free assets to reach historical lows. It will, therefore, be necessary to carefully assess investment opportunities in riskier assets, such as global shares, which are currently supported by high dividends and buy-back operations, such as high yield obligations.

Ultimately, the risks affecting financial markets in the current situation are twofold: on the one hand, they regard the effects of the austerity policies in place in most of the industrialized countries, on the other, they directly regard the uncertainties of the political situation in some countries. In these conditions, the formulation of reliable forecasts on the results of the financial segment in 2013 is an extremely hazardous exercise.

Banking segment

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

(in millions of euro)	2012	2011	% change
Revenue	**33.4**	**34.9**	***(4.2)***
Recurring EBITDA	**(5.3)**	**(10.6)**	***(50.2)***
EBITDA	**(4.8)**	**(8.4)**	***(43.4)***
Amortization and depreciation	(4.3)	(4.5)	*(3.0)*
Impairment	-	(11.4)	*n.s.*
EBIT	**(9.1)**	**(24.3)**	***(62.6)***
Profit (loss) before tax	**(9.1)**	**(24.3)**	***(62.6)***
Income tax (expense)	0.4	1.2	*(68.9)*
Profit (loss) for the period	**(8.7)**	**(23.1)**	***(62.2)***

n.s. not significant

(in millions of euro)	December 31, 2012	December 31, 2011
Equity	78.5	86.8
Equity attributable to owners of the parent	78.1	86.3
Net financial position	77.5	72.4
Number of employees at period end	95	131

Quarterly trend

(in millions of euro)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenue	**33.4**	**7.5**	**8.9**	**8.9**	**8.2**
% variation vs. 2011	*(4.2)*	*(11.9)*	*1.0*	*3.1*	*(9.0)*
Recurring EBITDA	***(5.3)***	***(2.7)***	***1.0***	***(2.8)***	***(0.8)***
% variation vs. 2011	*(50.2)*	*(37.4)*	*n.s.*	*(49.8)*	*n.s.*
% of revenue	*(15.8)*	*(35.4)*	*10.9*	*(32.0)*	*(9.3)*
EBITDA	**(4.8)**	**(2.3)**	**1.0**	**(2.7)**	**(0.8)**
% variation vs. 2011	*(43.4)*	*9.6*	*n.s.*	*(51.7)*	n.s.
% of revenue	*(14.3)*	*(30.3)*	*11.0*	*(30.8)*	(9.2)
EBIT	**(9.1)**	**(4.2)**	**0.2**	**(3.5)**	**(1.5)**
% variation vs. 2011	*(62.6)*	*(70.8)*	*n.s.*	*(48.4)*	*n.s.*
% of revenue	*(27.2)*	*(56.8)*	*2.2*	*(39.5)*	*(18.5)*
Profit (loss) for the period	**(8.7)**	**(3.8)**	**0.2**	**(3.5)**	**(1.5)**
Net financial position at period end	**77.5**	**77.5**	**76.6**	**72.3**	**76.8**

n.s. not significant

The contraction in revenue in the fourth quarter compared with the prior-year period and compared with the previous quarters in 2012, and the allowances for impairment on receivables made in the period by the Swiss bank affected operating margins, which, although negative, were an improvement on the fourth quarter of 2011, thanks to the marked reduction in services (-41.0%) and employee expense (-43.9%).

After positive income tax posting of 0.5 million euro the loss for the quarter was 3.8 million euro (-12.9 million euro in the fourth quarter of 2011).

Results in accordance with the banking model

Given the specific nature of the banking segment, to permit full understanding of performance, the table below sets out the results of the segment in the format normally used for banks, as follows:

- "Net interest income", which reflects the balance on interest income and dividends received, net of interest expense and dividends paid;
- "Operating income", which includes commission income and expense on lending transactions, on securities trading, other financial services and income on trading transactions. The caption also includes insurance operations conducted through the subsidiary Finter Life;
- "Gross operating profit (loss)", which also includes personnel expense and overheads for the banking organization;
- "Profit (loss) from operations", which includes amortization and depreciation, impairment losses and provisions.

(in millions of euro)	2012	2011	% change
Net interest income	5.3	7.0	*(24.4)*
Operating income	30.5	33.3	*(8.4)*
Operating expense	(28.9)	(36.8)	*(21.5)*
Gross operating profit (loss)	1.6	(3.5)	*n.s.*
Profit (loss) from operations	(9.2)	(24.3)	*(62.3)*
Profit (loss) for the period	**(8.7)**	**(23.1)**	***(62.2)***

n.s. not significant

The results of the banking segment consisted almost entirely of the results of Finter Bank Zürich.

Finter Bank Zürich

The table below sets out group results denominated in millions of Swiss francs, i.e., without the exchange-rate effect.

(in millions of CHF)	2012	2011	% change
Net interest income	5.1	7.4	*(31.6)*
Operating income	35.3	39.8	*(11.3)*
Operating expense	(33.9)	(44.4)	*(23.7)*
Gross operating profit (loss)	1.4	(4.6)	*n.s.*
Profit (loss) from operations	(11.5)	(30.3)	*(62.0)*
Profit (loss) for the period	**(10.8)**	**(28.6)**	***(62.3)***

n.s. not significant

2012 saw a marked reduction in operating expense thanks to the improvement in operating processes within the bank and the reduction in employee expense, which allowed the reduction in finance income from asset management to be mitigated.

The fall in third-party assets under management, caused by an increasingly competitive market in Switzerland and by international pressure on foreign assets, caused a fall in commission income from 29.4 million Swiss francs in 2011 to 23.8 million Swiss francs in 2012. This is reflected in the fall in operating income of 11.3% (35.3 million Swiss francs in 2012 compared to 39.8 million Swiss francs in 2011), partly offset by the increase in net trading revenue (+37.4% compared with 2011).

Given the decline in business, during 2012 the bank started a program to rationalize fixed costs, thus allowing achievement of gross operating profit of 1.4 million Swiss francs (a loss of 4.6 million Swiss francs in 2011), thanks to the marked fall in expense for services (-25.2%) and employee expense (-22.7%).

The consolidated loss, after amortization and depreciation for 5.1 million Swiss francs, non-recurring extraordinary expense (allowances for credit risks and impairment) for 7.8 million Swiss francs and a positive income tax posting, was 10.8 million Swiss francs compared with a loss of 28.6 million Swiss francs in 2011.

Consolidated equity fell from 98.5 million Swiss francs at December 31, 2011 to 87.7 million Swiss francs at December 31, 2012.

Third-party assets under management at the end of 2012 amounted to 2.6 billion Swiss francs (excluding assets invested in own funds), a decrease from 2011 (3.7 billion Swiss francs), due to capital outflows and the sale of Finter Bank & Trust (Nassau).

Significant events in the year

With a view to rationalizing the corporate structure, during the year the equity investment in Finter Bank & Trust (Nassau) was sold and a preliminary sale contract was signed for the equity investment in Finter Life (Liechtenstein), which was formalized during the first few months of 2013. Following these sales of operations no longer considered of core importance for the bank's business, the group intends to focus its business on the Swiss banking market.

Risks and uncertainty

The risk policy is regularly reviewed and approved by the Board of Directors and provides the basis for risk management for the bank and the group. Management is responsible for implementing risk policy. Clear limits are set for individual risks.

The Group Risk Committee enforces compliance with regulations and monitors all key risks. The Chief Risk Officer is the committee chairman. The other members of the committee are other senior managers.

Trading positions are assessed on a daily basis. Management keeps responsibility for risk control separate from responsibility for trading.

Management receives regular reports on the group's equity, financial position, liquidity and income and on related risks.

Below are the main risks of the Finter Bank group.

Counterpart risks

The credit policy covers all commitments that could generate losses in the event of default by counterparts. Counterpart risks are managed through a system of limits and qualitative requirements.

The credit competences system regulates the loan provision process, which assesses solvency and credit worthiness on the basis of the customary criteria applied by banks. Most loan transactions are conducted as a part of asset management activities.

Interest-rate risks

Interest-rate risks on balance-sheet and off-balance-sheet transactions are monitored at central level by the bank's Asset and Liability Management committee, chaired by the Chief Investment Officer. Interest-rate risk policy focuses on the risk of fluctuation in new interest rates. Computation of present value of all interest-rate transactions provides input for sensitivity analyses.

Market risks

Other market risks, primarily risks on securities, currency and precious metal positions, are limited by application of a volume and losses control system. Trading positions are monitored on a daily basis.

Liquidity risks

Solvency is monitored and guaranteed in compliance with banking laws. The bank also reviews the marketability of its positions on a regular basis.

Operating risks

Operating risks are defined as "the danger of direct or indirect losses arising from inadequacies or errors in internal processes, people or systems, or from external events". These risks are limited by directives and internal regulations governing organization and control. Internal reviews on the adequacy and effectiveness of internal controls are conducted regularly and findings are reported directly to the Audit Committee.

Compliance and legal risks

The Legal & Group Compliance Officer operates from the head office in Zurich and reports directly to the CEO. The Branch Compliance Officer at the Finter Bank Zürich branch in Lugano conducts compliance functions in loco and reports to the Legal & Group Compliance Officer.

The Group Compliance Officer and the Lugano Branch Compliance Officer ensure that the bank's operations comply with today's increasingly strict regulations and the obligation of bank diligence. Group Compliance is responsible for monitoring requirements and new regulations established by the compliance authorities, lawmakers or other organizations.

Human resources

Personnel data is set out below.

(heads)	2012	2011	Esercizio 2011	
Categories	**HDC [1]**	**FTE [2]**	**HDC [1]**	**FTE [2]**
Executive	5.0	5.0	6.0	6.0
Management	25.0	23.8	39.0	38.2
Middle Management	44.0	41.6	50.0	47.0
Clerical staff	16.0	14.4	31.0	27.3
Total	**90.0**	**84.8**	**126.0**	**118.5**

[1] Number of people
[2] Full Time Equivalent

Data security and personnel safety

Data protection and personnel safety activities are summarized below:

- the EDP center is compliant with the latest security standards;
- data is stored in high-security environments.

Environmental information

Environmental issues are of marginal importance given the nature of the company's core business.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. In 2012 the improvement in net interest income (+10.3% compared with December 31, 2011) and overall containment of costs generated a 57.7% increase in the gross operating profit, from 284,000 euro at December 31, 2011 to 448,000 euro at the end of 2012.

After income tax expense for the year which rose by 31.0%, profit for the year was 234,000 euro, up by 6.8% compared with December 31, 2011 (142,000 euro).

Crédit Mobilier de Monaco's importance within the Italmobiliare Group is not such as to require further comment on its results.

Main risks and uncertainty

The bank is not exposed to specific risks with respect to clients, suppliers and competitors (Crédit Mobilier de Monaco conducts its guarantee-backed loan business on a monopoly basis) and its business does not present particularly critical elements since its loans have a duration of 6 months and can therefore be revalued at suitably frequent intervals. In 2012, the stability of the price of gold enabled the pledge guarantees to be kept at very significant levels with respect to the loans provided.

Overall, no material problems exist with regard to regulations and procedures applied in the operations of Crédit Mobilier de Monaco.

Doubtful receivables on guarantee-backed loans totaled 232,000 euro at the end of 2012 (down by 45,000 euro compared with December 31, 2011). They related in the main to a single case (for a total which fell from 224,000 euro at the end of 2011 to 185,000 euro at the end of 2012). This dispute, which dates back to January 2004, is gradually being reduced and should be resolved during 2013. The collection of the doubtful receivables in question is covered by the collateral (pledges) available to the bank.

The security procedures are adequate.

Environment and human resources

Given the bank's line of business, environmental issues are immaterial.

Compliance levels are excellent.

Crédit Mobilier de Monaco has a stable workforce but is exposed to the risk of critical difficulties arising from long-term unavailability or resignation of key resources. At December 31, 2012, it had 5 employees (1 manager, 1 supervisor and 3 white collars). All employees have open-end employment contracts.

In 2012, Crédit Mobilier de Monaco used the services of a full-time independent specialist.

Significant events after December 31, 2012

No significant events took place.

Outlook

The prospects for the segment in 2013 remain highly uncertain and closely linked to the financial markets and the increased competition, which is particularly marked on the Swiss banking market, especially in the private banking sector.

Property segment, services, other

This segment includes a number of real estate companies and services companies essentially providing services within the Group. The segment is of marginal importance within the Italmobiliare Group.

At December 31, 2012 segment revenue totaled 1.6 million euro, a slight decrease compared with 2011 (2.0 million euro) and arose mainly from services and the sale of land in Punta Ala.

After operating expense of 1.8 million euro (1.6 million euro in 2011) and finance income of 0.4 million euro (0.1 million euro in 2011), profit for the year totaled 0.3 million euro in line with 2011.

Subject to exceptional situations, the segment is of marginal importance to Group results.

Main risks and uncertainty

As noted above, the segment is of marginal importance within the Italmobiliare Group as a whole; it comprises two types of company, each of which deals with specific risks and uncertainty:

- the intercompany services company (Franco Tosi S.r.l.), which charges clients on the basis of costs incurred and therefore is not subject to material risks, with the exception of a very low credit risk on collection of invoices;
- the real estate companies (such as Punta Ala Promozione e Sviluppo Immobiliare S.r.l.), whose assets include buildings, land, and small investments in non-listed companies, are exposed to market trends, which can affect the value of their assets, although at the moment asset values have fallen considerably.

Information on personnel and the environment

Personnel are adequate for the needs of the companies in the segment. No material environmental issues exist.

Significant events after December 31, 2012

No significant events took place.

Outlook

Although this segment is of marginal importance within the Italmobiliare Group as a whole, in view of the uncertainty on all markets it is difficult at the present time to provide reliable guidance on 2013 full-year results.

Human resources

The number of employees at December 31, 2012 was 20,357, compared with 20,965 at December 31, 2011.

The following table provides a breakdown of employees by business segment.

(headcount)	December 31, 2012		December 31, 2011	
		%		%
Operating segment				
Construction materials	18,886	*92.8*	19,462	*92.8*
Packaging and insulation	1,305	*6.4*	1,302	*6.2*
Finance	58	*0.3*	56	*0.3*
Banking	95	*0.5*	131	*0.6*
Property,services, other	13	*0.1*	14	*0.1*
Total	**20,357**	***100.0***	**20,965**	***100.0***

Transactions with related parties

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

- subsidiaries not consolidated on a line-by-line basis;
- joint ventures and their subsidiaries;
- equity-accounted investees and their subsidiaries;
- other related parties.

The summary of dealings with related parties at December 31, 2012, is provided in the notes.

All transactions with related parties, whether for the exchange of goods and services or of a financial nature, are conducted at normal market conditions and in compliance with the Code of Conduct.

No atypical or unusual transactions took place in 2012 as defined by Consob Communication no. DEM/6064293 of July 28, 2006.

Transactions with subsidiaries, joint ventures, equity-accounted investees and the subsidiaries of such companies

Transactions with subsidiaries, joint ventures, equity-accounted investees and non-consolidated subsidiaries of such companies are of a commercial nature (exchange of goods and/or services) or a financial nature.

Italmobiliare also provides an “administrative service” for some equity-accounted investees associates, regulated on the basis of the costs attributable to performance of the service.

Transactions with other related parties

Transactions with other related parties in 2012 were as follows:

- administrative, financial, contractual and tax consultancy services, as well as support for the organization of corporate restructuring operations, supplied to the Italmobiliare Group by Finsise S.p.A., whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare, for considerations totaling 360,000 euro. A similar contract, for an annual consideration of 11,000 euro exists between Finsise S.p.A. and the subsidiary Azienda Agricola Lodoletta S.r.l. For the parent Italmobiliare, a service is provided for the preparation and transmission of monthly data to the Tax Office Database for an annual consideration of 0.6 thousand euro;
- legal consultancy, judicial and extrajudicial assistance provided to the Italmobiliare Group by Studio Legale Grimaldi, of which Italmobiliare director Luca Minoli was a partner, for considerations of around 502,000 euro;

In 2012 the Italmobiliare Group made an endowment to the Italcementi Cav. Lav. Carlo Pesenti foundation of 900,000 euro and allocated a further 300,000 to cover operating expense. Italcementi S.p.A. charged the foundation 191,000 euro for administrative and corporate services and other services. CTG S.p.A. provided the foundation with services for 42,000 euro.

Transactions with related parties are illustrated in the notes, and remuneration of the Italmobiliare S.p.A. directors, statutory auditors, chief operating officer and manager in charge of financial reporting is illustrated in the remuneration report.

For details of Italmobiliare S.p.A. transactions with related parties, the reader is referred to the directors’ report on operations and the notes to the parent’s company separate financial statements.

Disputes and pending proceedings

Appropriate provision has been made on an accruals basis for legal and tax disputes concerning Group companies, in cases where, with respect to risks that have emerged and assessment of related risks, contingent liabilities are probable and measurable.

Details of the main disputes are provided in the sections on the individual segments.

Outlook

Despite the signs of recovery seen in some emerging countries in recent months, the prospects for global growth remain subject to considerable uncertainty. In particular in the euro zone there are still risks connected to the slow implementation of structural reforms and to imbalances in various member States. These factors could impact on confidence for longer than had been thought and further delay the recovery in public and private investment, consumption and employment.

In this context the Group's industrial segments could be negatively affected, especially in the countries of west Europe, due to the contraction in sales volumes and the likely increase in the costs of raw materials and energy; on the other hand, there is the prospect of a solid recovery in most of the emerging countries where the construction materials segment is present.

The results of the financial and banking segments will, in their turn, be conditioned by the ability of economic and financial policy, especially in Europe, to guarantee market stability and an improvement in growth prospects.

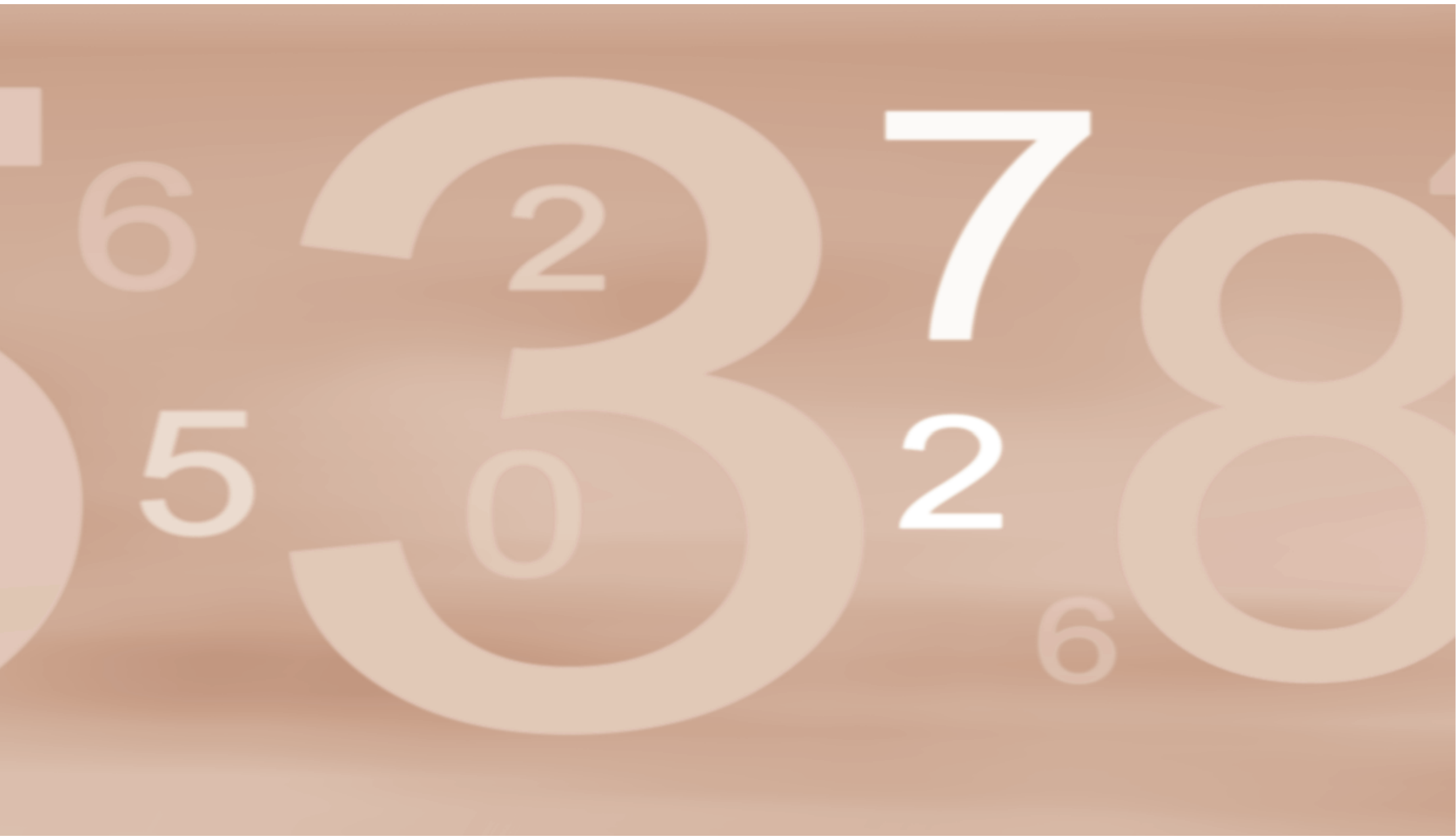
For its part, the Group, besides completing the existing efficiency plans, remains committed in 2013 to starting new rationalization programs as well as promoting further initiatives aimed at containing costs.

All factors considered, the difficulties in the real economy and the uncertainty in financial conditions are significant and difficult to quantify, with the result that it is not possible at the present time to provide reliable guidance on the Group overall results for the current year.

Milan, March 26, 2013

For the Board of Directors
The Chairman
(Giampiero Pesenti)

Gruppo Italmobiliare - Consolidated financial statements as at and for the year ended December 31, 2012



Financial statements

Statement of financial position

(in thousands of euro)	Notes	12.31.2012	12.31.2011	Change
Non-current assets				
Property, plant and equipment	1	4,220,901	4,546,850	(325,949)
Investment property	2	34,162	28,596	5,566
Goodwill	3	1,644,299	1,986,488	(342,189)
Intangible assets	4	107,643	111,914	(4,271)
Equity-accounted investees	5	283,721	324,662	(40,941)
Other equity investments	6	306,397	338,886	(32,489)
Trade receivables and other non-current assets	7	262,921	224,219	38,702
Deferred tax assets	22	127,240	172,466	(45,226)
Non-current amounts due from employees		3,548	2,476	1,072
Total non-current assets		**6,990,832**	**7,736,557**	**(745,725)**
Current assets				
Inventories	8	735,519	775,622	(40,103)
Trade receivables	9	810,437	925,843	(115,406)
Other current assets including derivatives	10	397,522	411,129	(13,607)
Tax assets	11	64,771	71,972	(7,201)
Equity investments, bonds and financial assets	12	465,300	759,715	(294,415)
Cash and cash equivalents	13	957,573	821,478	136,095
Total current assets		**3,431,122**	**3,765,759**	**(334,637)**
Non-current discontinued operations	14	**2,104**	**3,445**	**(1,341)**
Total assets		**10,424,058**	**11,505,761**	**(1,081,703)**
Equity				
Share capital	15	100,167	100,167	
Share premium	16	177,191	177,191	
Reserves		(523)	4,438	(4,961)
Treasury shares	17	(21,226)	(21,226)	
Retained earnings		1,560,082	1,847,828	(287,746)
Equity attributable to owners of the parent		**1,815,691**	**2,108,398**	**(292,707)**
Non-controlling interests	18	2,983,284	3,431,166	(447,882)
Total equity		**4,798,975**	**5,539,564**	**(740,589)**
Non-current liabilities				
Financial liabilities	20	2,196,608	2,318,948	(122,340)
Employee benefits	19	240,501	210,548	29,953
Provisions	21	249,288	261,053	(11,765)
Other non-current liabilities		40,652	29,830	10,822
Deferred tax liabilities	22	213,800	226,991	(13,191)
Total non-current liabilities		**2,940,849**	**3,047,370**	**(106,521)**
Current liabilities				
Loans and borrowings	20	652,629	349,436	303,193
Financial liabilities	20	225,935	538,579	(312,644)
Trade payables	23	651,591	690,831	(39,240)
Provisions	21	612	2,123	(1,511)
Tax liabilities	24	33,539	44,753	(11,214)
Other current liabilities	25	1,119,637	1,292,733	(173,096)
Total current liabilities		**2,683,943**	**2,918,455**	**(234,512)**
Total liabilities		**5,624,792**	**5,965,825**	**(341,033)**
Liabilities directly linked to discontinued operations	26	**291**	**372**	**(81)**
Total equity and liabilities		**10,424,058**	**11,505,761**	**(1,081,703)**

Income statement

(in thousands of euro)	Notes	2012	%	2011 (IFRS 5)	%	Change	%	2011 Published	%
Revenue	27	**4,775,658**	**100.0**	**4,952,864**	**100.0**	**(177,206)**	**-3.6**	**5,016,035**	**100.0**
Other revenue		51,380		44,430		6,950		44,438	
Change in inventories		21,128		1,933		19,195		1,216	
Internal work capitalized		32,545		32,229		316		32,229	
Raw materials and supplies	28	(2,001,922)		(2,053,585)		51,663		(2,105,741)	
Services	29	(1,168,063)		(1,188,278)		20,215		(1,194,331)	
Employee expense	30	(1,003,244)		(1,027,551)		24,307		(1,033,649)	
Other operating income (expense)	31	(65,708)		(77,280)		11,572		(79,183)	
Recurring EBITDA		**641,774**	**13.4**	**684,762**	**13.8**	**(42,988)**	**-6.3**	**681,014**	**13.6**
Net gains from of non-current assets	32	39,057		66,315		(27,258)		66,274	
Non-recurring employee expense for re-organizations	32	(56,453)		(26,467)		(29,986)		(26,467)	
Other non-recurring income (expense)	32	(10,751)		(2,097)		(8,654)		(2,097)	
EBITDA		**613,627**	**12.8**	**722,513**	**14.6**	**(108,886)**	**-15.1**	**718,724**	**14.3**
Amortization and depreciation	33	(471,859)		(485,001)		13,142		(491,101)	
Impairment	34	(334,140)		(148,099)		(186,041)		(148,099)	
EBIT		**(192,372)**	**-4.0**	**89,413**	**1.8**	**(281,785)**	**n.s.**	**79,524**	**1.6**
Finance income	35	58,677		73,754		(15,077)		74,372	
Finance costs	35	(145,286)		(159,224)		13,938		(162,280)	
Exchange-rate differences and derivatives	35	(1,278)		(18,140)		16,862		(18,230)	
Impairment on financial assets	36	(32,208)		(86,562)		54,354		(86,562)	
Share of profit (loss) of equity-accounted investees	37	(20,017)		9,709		(29,726)		9,709	
Profit (loss) before tax		**(332,484)**	**-7.0**	**(91,050)**	**-1.8**	**(241,434)**	**n.s.**	**(103,467)**	**-2.1**
Income tax (expense)	38	(148,129)		(63,919)		(84,210)		(63,659)	
Profit (loss) relating to continuing operations		**(480,613)**	**-10.1**	**(154,969)**	**-3.1**	**(325,644)**	**n.s.**	**(167,126)**	**-3.3**
Profit (loss) relating to discontinued operations	39	7,992		94,345		(86,353)		106,502	
Profit (loss) for the period		**(472,621)**	**-9.9**	**(60,624)**	**-1.2**	**(411,997)**	**n.s.**	**(60,624)**	**-1.2**
Attributable to:									
Owners of the parent		(270,294)	-5.7	(147,707)	-3.0	(122,587)	83.0	(147,707)	-2.9
Non-controlling interests		(202,327)	-4.2	87,083	1.8	(289,410)	n.s.	87,083	1.7
Earnings per share	41								
- Basic									
ordinary shares		(7.184) €		(3.926) €				(3.926) €	
savings shares		(7.184) €		(3.926) €				(3.926) €	
- Diluted									
ordinary shares		(7.184) €		(3.925) €				(3.925) €	
savings shares		(7.184) €		(3.925) €				(3.925) €	

Statement of comprehensive income

(in thousands of euro)	Notes	2012	% of rev.	2011 (IFRS 5)	% of rev.	Change	%	2011 Published	% of rev.
Profit (loss) for the period		**(472,621)**	**-9.9**	**(60,624)**	**-1.2**	**(411,997)**	**n.s.**	**(60,624)**	**-1.2**
Fair value gains (losses) on:									
Available-for-sale financial assets		(14,694)		(154,229)		139,535		(154,228)	
Derivatives		(28,971)		20,144		(49,115)		20,144	
Translation differences		(91,343)		(24,580)		(66,763)		(27,502)	
Tax on other comprehensive income (expense)		2,519		(2,408)		4,927		(2,400)	
Share of other comprehensive income (expense) of equity-accounted investees		1,184		(712)		1,896		(712)	
Other comprehensive income (expense)	40	**(131,305)**		**(161,785)**		**30,480**		**(164,698)**	
Other comprehensive income (expense) relating to discontinued operations				(2,913)		**2,913**			
Total comprehensive income (expense)		**(603,926)**	**-12.6**	**(225,322)**	**-4.5**	**(378,604)**	**n.s.**	**(225,322)**	**-4.5**
Attributable to:									
owners of the parent		(297,054)		(271,817)		(25,237)		(271,817)	
non-controlling interests		(306,872)		46,495		(353,367)		46,495	

Consolidated statements of changes in equity

(in thousands of euro)	Attributable to owners of the parent										Non-controlling interests	Total equity
		Reserves										
	Share capital	Share premium	General bank risk reserve	Fair value reserve per la vendita	Hedging reserve	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total share capital and reserves		
Balance at December 31, 2010	**100,167**	**177,191**	**19,714**	**68,790**	**-3,979**	**52,943**	**-21,226**	**24,567**	**1,941,268**	**2,359,435**	**3,573,350**	**5,932,785**
Profit (loss) for the year									-147,707	-147,707	87,083	-60,624
Total other comprehensive income			564	-120,654	5,972	-1,361		-8,631		-124,110	-40,588	-164,698
Total comprehensive income			**564**	**-120,654**	**5,972**	**-1,361**		**-8,631**	**-147,707**	**-271,817**	**46,495**	**-225,322**
Stock options						907				907	-179	728
Dividends									-21,289	-21,289	-126,874	-148,163
% change in control and scope of consolidation			-18,509			51		564	59,056	41,162	-61,626	-20,464
Balances at December 31, 2011	**100,167**	**177,191**	**1,769**	**-51,864**	**1,993**	**52,540**	**-21,226**	**16,500**	**1,831,328**	**2,108,398**	**3,431,166**	**5,539,564**
Profit (loss) for the year									-270,294	-270,294	-202,327	-472,621
Total other comprehensive income			12	1,586	-10,145	1,675		-19,888		-26,760	-104,545	-131,305
Total comprehensive income			**12**	**1,586**	**-10,145**	**1,675**		**-19,888**	**-270,294**	**-297,054**	**-306,872**	**-603,926**
Stock options						777				777	-54	723
Dividends											-104,491	-104,491
% change in control and scope of consolidation						1,134		12	2,424	3,570	-36,465	-32,895
Balances at December 31, 2012	**100,167**	**177,191**	**1,781**	**-50,278**	**-8,152**	**56,126**	**-21,226**	**-3,376**	**1,563,458**	**1,815,691**	**2,983,284**	**4,798,975**

Statement of cash flows

(in thousands of euro)	Notes	2012	2011 IFRS 5
A) Cash flow from operating activities:			
Profit (loss) before tax		(332,484)	(91,050)
Adjustments for:			
Amortization, depreciation and impairment		843,516	720,735
Reversal of share of profit (loss) of equity-accounted investees		32,952	6,856
Capital (gains)/losses on sale of non-current assets		(64,435)	(91,854)
Change in employee benefits and other provisions		37,623	(6,643)
Stock options		723	653
Reversal of net finance costs		106,876	92,929
Cash flow from op. activities before tax, finance income/costs, change in wkg capital		**624,771**	**631,626**
Change in working capital:			
Inventories		15,917	(24,124)
Trade receivables		101,576	(26,290)
Trade payables		(3,600)	35,844
Other receivables/payables accruals and deferments		(3,853)	(17,358)
Cash flow from op. activities before tax, finance income/costs		**734,811**	**599,698**
Net finance costs paid		(110,312)	(100,943)
Dividends received		3,694	12,539
Taxes paid		(129,998)	(86,774)
Proceeds from derivatives		(813)	(7,740)
		(237,429)	**(182,918)**
Total A)		**497,382**	**416,780**
B) Cash flow from investing activities:			
Capital expenditure			
PPE and investment property		(362,156)	(380,281)
Intangible assets		(18,133)	(26,923)
Financial assets (equity investments) net of cash from acquired subsidiaries (*)		(18,848)	(46,745)
Total capital expenditure		**(399,137)**	**(453,949)**
Proceeds from sale of non-current assets and loan repayments		114,430	182,503
Total sales		**114,430**	**182,503**
Total B)		**(284,707)**	**(271,446)**
C) Cash flow from financing activities:			
Increase in non-current financial liabilities		(326,923)	(234,329)
Changes in financial receivables		371,362	35,813
Changs in equity investments		10,163	7,357
Percentage change in interests in consolidated companies		20	24,766
Dividends paid		(104,756)	(147,805)
Other changes in equity		(9,936)	2,035
Total C)		**(60,070)**	**(312,163)**
D) Translation differences and other changes			
Translation differences and other changes		(22,916)	(7,805)
Transl.differences and other changes relating to discontinued operations		6,406	256,895
Total D)		**(16,510)**	**249,090**
E) Cash flows for the period (A+B+C+D)		**136,095**	**82,261**
F) Cash and cash equivalents at beginning of period		**821,478**	**739,217**
Cash and cash equivalents at end of period (E+F)	**13**	**957,573**	**821,478**
(*) cash and cash equivalents from acquired and consolidated companies		112	195

Cash flows from investing activities and sales of non-current assets are discussed in the relevant section of the notes.

Notes

The Italmobiliare S.p.A. consolidated financial statements as at and for the year to December 31, 2012 were approved by the Board of Directors on March 26, 2013. At the meeting the Board authorized publication of a press release dated March 26, 2013, containing key information from the financial statements.
As required by IAS 10, attention is drawn to the fact that these consolidated financial statements may be amended by the Shareholders' Meeting.
The financial statements have been drawn up on a going-concern basis. Despite the difficult economic and financial situation, the Group has no material uncertainties about its going-concern status, by virtue of the action already taken to respond to the changes in demand, and its industrial and financial flexibility.

Core businesses

Italmobiliare S.p.A. is a corporate entity established in accordance with the laws of the Republic of Italy. It has been listed on the Milan Stock Exchange since 1980.
Italmobiliare S.p.A. and its subsidiaries form the "Italmobiliare Group" an international player in construction materials, food packaging and thermal insulation, finance, banking and other minor segments.

Accounting policies

These financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2012 endorsed by the European Union, and with the dispositions for enactment of article 9 of Law no. 38/2005. The term IFRS also includes all revised international accounting standards (IAS) and all the interpretations issued by the IFRIC.
The Italian laws that enact EEC Directive IV also apply, where compatible, to companies that draw up financial statements in accordance with the IFRS. Consequently, the financial statements are compliant with the Italian Civil Code and the corresponding indications of the Consolidated Finance Act (TUF, *testo unico della finanza*) for listed companies with regard to the directors' report on operations, the legally-required audit and the publication of the financial statements. The separate financial statements and related notes also set out the details and additional disclosures required under the articles of the Italian Civil Code governing financial statements, since such requirements are not in conflict with the IFRS, and under other Consob regulations and dispositions governing financial statements.
In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2012, that had not been endorsed by the European Union at that date.
Compared with December 31, 2011, in 2012 the amendment to IFRS 7 "Financial instruments: disclosures" relating to the disclosures required on the transfer of financial assets came into force; it did not have a material impact.

At December 31, 2012, the European Union endorsed the following standards and interpretations which have not yet come into force, for which early application has not been elected.
Specifically:

Standards and interpretations to come into force in 2013

- Amendments to IAS 1 “Presentation of financial statements” relating to the presentation of other comprehensive income.
- Amendments to IAS 19 “Employee benefits”. The main changes refer to treatment of past service costs that have not vested and the actuarial gains/losses to be immediately recognized respectively in profit/loss for the period and in other comprehensive income (elimination of the corridor method), the adoption, for plan assets, of the discount rate used to determine the defined benefit liability.
- Amendments to IFRS 7 “Financial instruments: disclosures” regarding offsetting of financial assets and liabilities.
- Amendments to IAS 32 “Financial instruments: presentation” regarding offsetting of financial assets and liabilities.
- Amendments to IFRS 1 “First-time adoption of IFRS” regarding severe hyperinflation and removal of fixed dates for first-time adopters.
- Amendments to IAS 12 “Income taxes” with regard to deferred tax and recovery of underlying assets.
- IFRS 13 “Fair value measurement”. This new standard sets out guidelines to determine fair value and disclosures to be made.
- IFRIC 20 “Stripping costs in the production phase of a surface mine”.

Adoption of the above-listed standards, amendments and interpretations is not expected to produce material impacts on the Group financial statements, with the exception of IAS 19 “Employee benefits” revised, whose application, with the elimination of the corridor method, will result in a reduction in opening equity at January 1, 2013 estimated at approximately 96.5 million euro (approximately 29.7 million euro relating to financial year 2012 and approximately 66.8 million euro to previous years) due to recognition of the net actuarial losses existing at December 31, 2012. The impact arising from the changes in treatment of past service costs and from the changes in plans is immaterial. Overall, application of the new standard in 2012 would have had a modest impact on the income statement, with income of approximately 1-2 million euro as a result of elimination of amortization of the corridor and adoption of the rate used to determined defined benefit liabilities as the rate of return on plan assets.

Standards and interpretations to come into force in 2014

- Amendments to IAS 32 “Financial instruments: presentation” regarding offsetting of financial assets and liabilities.
- IFRS 10 “Consolidated financial statements”. The new standard replaces IAS 27 “Consolidated and separate financial statements” and SIC 12 “Consolidation – Special-purpose entities.
- IFRS 11 “Joint arrangements”. The new standard replaces IAS 31 “Interests in joint ventures” and SIC 13 “Jointly controlled entities – Non-monetary contributions by venturers”; it sets out the accounting standards for entities taking part in joint arrangements.
- IFRS 12 “ Disclosure of interests in other entities” which organizes, strengthens and replaces disclosure requirements concerning interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- As a result of the introduction of the above standards, IAS 27 will be renamed “Separate financial statements”, which deals exclusively with the preparation of separate financial statements, and the amendments to IAS 28 “Investments in associates and joint ventures”.

At the date of this report the Group is assessing the possible effects arising from the introduction of these accounting policies. To date the main effect arising from application of the above standards and amendments concerns identification of the type of joint arrangement, jointly controlled operation or joint venture, in order to establish the appropriate accounting treatment. Currently the Group consolidates joint ventures with the proportionate method, whereas the new IAS 28 and IFRS 11 contemplate only the equity method.

Standards and interpretations published by the IASB and the IFRIC at December 31, 2012, but not endorsed by the European Union at that date

- IFRS 9 "Financial instruments" and amendments thereto and to IFRS 7.
- "Government loans" (amendments to IFRS 1).
- Amendments to a number of IFRS issued in 2009-2011.
- "Transition guidance" (amendments to IFRS 10, 11 and 12).
- Investees (amendments to IFRS 10, 12 and IAS 27).

The Group will assess the possible effects of endorsement of the above policies.

Measurement criteria and basis of presentation

The consolidated accounts adopt the cost principle, with the exception of derivatives and financial assets held for trading or for sale, which are stated at fair value. The carrying amounts of hedged assets and liabilities are adjusted to reflect changes in fair value on the basis of the hedged risks. The consolidated financial statements are presented in euro, the functional currency of the parent Italmobiliare S.p.A.. All amounts in the accounting schedules and in the notes are rounded to thousands of euro, unless otherwise specified.
The basis of presentation of the Group financial statements is as follows:

- current and non-current assets and current and non-current liabilities are presented as separate classifications on the face of the statement of financial position. Current assets, which include cash and cash equivalents, are assets that the Group intends to realize, sell or consume during its normal business cycle; current liabilities are liabilities that the Group expects to settle during the normal business cycle or in the twelve months after the end of the reporting period;
- on the income statement, costs are analyzed by the nature of the expense;
- with regard to comprehensive income, the Group presents two statements: the first statement reflects traditional income statement components and the profit (loss) for the period, while the second statement, beginning with the profit (loss) for the period, presents other comprehensive income, previously reflected only in the statement of changes in consolidated equity: fair value gains/losses on available-for-sale financial assets and derivatives, currency translation differences;
- on the statement of cash flows, the indirect method is used.

Use of estimates

The preparation of the consolidated financial statements and the notes in conformity with the international financial reporting standards requires management to make discretional assessments and estimates that affect the values of assets, liabilities, income and expense, such as amortization and depreciation, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates are determined on a going-concern basis, using the information available at the time, they could diverge from the actual future results. This is particularly evident in the present financial and economic crisis, which could generate situations diverging from those estimated today and require currently unforeseeable adjustments, including adjustments of a material nature, to the carrying amounts of the items in question.
Assumptions and estimates are particularly sensitive with regard to measurement of non-current assets, which depends on forecasts of future results and cash flows, measurement of contingent liabilities, provisions for disputes and restructurings and commitments in respect of pension plans and other long-term benefits. Management conducts regular reviews of assumptions and estimates, and immediately recognizes any adjustments in the financial statements.
Given that the Italmobiliare Group applies IAS 34 "Interim financial reporting" to its half-year reports, with consequent identification of a six-month interim period, any reductions in value are recorded at closure of the half year.

Basis of consolidation

The consolidated financial statements are based on the financial statements as at and for the year ended December 31, 2012, of the parent Italmobiliare S.p.A. and the consolidated companies, in compliance with the Group accounting policies.

Subsidiaries

Subsidiaries are companies in which the Group has the power to determine, directly or indirectly, administrative and management decisions and to obtain the benefits thereof. Generally speaking, control is assumed to exist when the Group holds, directly or indirectly, more than one half of voting rights, including potential voting rights deriving from convertible securities.
Subsidiaries are consolidated on a line-by-line basis as from the date at which control is obtained and until control is transferred out of the Group.

Associates

Associates are companies in which the Group has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the Group holds, directly or indirectly, at least 20% of voting rights or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in shareholders' agreements or other forms of material exercise of rights of governance. Equity investments in associates are measured using the equity method, whereby they are recognized initially at cost, and subsequently adjusted to reflect changes in the Group's interest in the associate's equity. The Group's share of an associate's profit or loss is recognized in a specific income statement caption from the date at which the Group exerts significant influence until it relinquishes such influence.

Joint ventures

Joint ventures are companies whose business operations are controlled by the Group jointly with one or more other parties, under contractual arrangements. Joint control presupposes that strategic, financial and management decisions are taken with the unanimous consent of the parties that control the venture.
Interests in joint ventures are consolidated on a proportionate basis, whereby assets, liabilities, income and expense are recognized line-by-line proportionately to the Group's interest.
The statements of financial position and income statements of joint ventures are consolidated from the date on which joint control is assumed and until such control is relinquished.

Transactions eliminated during consolidation

All intragroup balances and transactions, including any unrealized gains in respect of third parties, are eliminated. Unrealized losses in respect of third parties deriving from intragroup transactions are eliminated, except in cases where it will not subsequently be possible to recover such losses.
Unrealized gains deriving from transactions with associates are eliminated against the equity investment carrying amount, while losses are eliminated proportionately to the Group's interest, unless it will not subsequently be possible to recover such losses.

Scope of consolidation

A list of the companies consolidated, proportionately consolidated and consolidated with the equity method is provided in the annex to these notes.

Non-current assets held for sale and discontinued operations

Assets and liabilities held for sale and discontinued operations are classified as such when their carrying amount is recovered chiefly through sale rather than through continuing use; such operations must be an important autonomous business operation or geographical area of operation.
The conditions indicated are deemed to exist when the sale is considered highly likely and the assets and liabilities are immediately available for sale in their current condition.
Available-for-sale assets are recognized at the lower of carrying amount and fair value less costs to sell.
Once property, plant and equipment and intangible assets have been classified as available-for-sale, no further amortization and depreciation may be applied.

Business combinations

On first-time adoption of the IFRS, as allowed by IFRS 1, the Group elected not to apply IFRS 3 retrospectively to business combinations that took place before January 1, 2004.
Until December 31, 2009, business combinations were accounted for with the purchase method in IFRS 3.
Since January 1, 2010, business combinations have been accounted for with the acquisition method in IFRS 3 revised.

Cost of business combinations

Under IFRS 3 revised, acquisition cost is the sum of the acquisition-date fair value of the contingent consideration and the amount of any non-controlling interests in the acquired entity. For each business combination, any non-controlling interests in the acquired entity must be measured at fair value or in proportion to the non-controlling interests in the identifiable net assets of the acquired entity.
IFRS 3 revised provides that costs relating to the acquisition be expensed in the periods in which they are incurred and the services are received.

Allocation of the cost of business combinations

Goodwill is measured as the positive difference between:

- the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquired entity, the acquisition-date fair value of the acquirer's previously held equity interest in the acquired entity, with respect to
- the net value of identifiable assets acquired and liabilities assumed at the acquisition date.

If the difference is negative, it is recognized in the income statement.
If on initial recognition the acquisition cost of a business combination can only be determined provisionally, the allocated amounts are adjusted within twelve months of the acquisition date (measurement period).

Business combinations achieved in stages

When a business combination is achieved in stages, through a series of share purchases, for each transaction the fair value of the previously held interest is re-determined and any gain or loss is taken to the income statement.

Purchase of non-controlling interests

Acquisitions of additional shares after acquisition of control do not require re-determination of identifiable asset and liability values. The difference between the cost and the acquired equity interest is recognized as equity attributable to owners of the parent. Transactions that reduce the percentage interest held without loss of control are treated as sales to non-controlling interests and the difference between the interest sold and the price paid is recognized in equity attributable to the owners of the parent.

Commitments to purchase non-controlling interests

A put option granted to non-controlling interests of a company controlled by the Group is initially recognized by recording the purchase value as a liability, since the value in question is the present value of the put option exercise price.
The complementary purchase of non-controlling interests to whom put options have been granted is anticipated in the financial statements:

- the non-controlling interests to which the put refers are eliminated from equity and reclassified under liabilities and the difference between the fair value of the purchase commitment liabilities and the net carrying amount of the non-controlling interests is recognized under equity attributable to owners of the parent;
- subsequent changes in liability values are recognized under equity attributable to owners of the parent with the exception of adjustments to the present value, which are taken to the income statement.

Transactions in currencies other than the functional currency

The functional currency of the subsidiaries located outside the euro zone is usually the local currency.

Translation of foreign currency postings

Foreign currency transactions are initially translated into the functional currency using the exchange rate at the transaction date. At closure of the reporting period, foreign currency monetary assets and liabilities are translated into the functional currency at the closing exchange rate. Exchange-rate gains and losses are taken to the income statement.
Non-monetary foreign currency assets and liabilities valued at cost are translated at the exchange rate ruling at the transaction date; those valued at fair value are translated with the exchange rate at the date fair value was determined.

Translation of the financial statements of foreign operations

At closure of the reporting period, the assets, including goodwill, and liabilities of consolidated companies that report in currencies other than the euro are translated into the presentation currency of the Group's consolidated accounts at the exchange rate ruling at close. Income statement items are translated at the average rate for the period. Gains and losses arising from the translation of opening equity at the closing exchange rates and those arising from the different method used to translate profit and loss for the period are recognized in a specific equity item. In the event of subsequent disposal of a foreign operation, the cumulative translation differences are taken to the income statement.
As allowed under IFRS 1, cumulative translation differences at the date of first-time adoption of the IFRS have been reclassified in "Retained earnings" under equity and therefore will not be taken to the income statement in the event of subsequent disposal.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and the directly attributable costs of bringing the asset to the location and the conditions required for its operation. Production cost includes the cost of materials and direct labor costs. Finance costs relating to the purchase, construction and production of qualifying assets are capitalized. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2004, reflects revaluations applied in prior periods in connection with specific local laws, based on the real economic value of the assets in question. The revalued amount recognized in accordance with IFRS 1 was assumed as cost at the IFRS transition date.

Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the acquisition date and subsequently adjusted within the following twelve months.
Subsequent to initial recognition, property, plant and equipment are carried at cost and depreciated over the asset's useful life, less any impairment losses.
Assets under construction are recognized at cost; depreciation begins when the assets enter useful life.
When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are carried out separately for each component.

Subsequent expense

Repair and maintenance expense is normally recognized as incurred. Component replacement costs are treated as separate assets and the net carrying amount of the replaced component is eliminated with a balancing entry in income.

Depreciation

Depreciation is generally calculated on a straight-line basis over the estimated useful life of each component of an asset. Land is not depreciated, with the exception of land used for quarrying operations.
Asset useful life determines the depreciation rate until a subsequent review of residual useful life. The useful life range adopted for the various categories of assets is disclosed in the notes.

Quarries

Costs for the preparation and excavation of land to be quarried are amortized as the economic benefits of such costs are obtained.
Quarry land is depreciated at rates reflecting the quantities extracted in the period in relation to the estimated total to be extracted over the period in which the quarry is to be worked.
The Group makes specific provision for quarry environmental restoration obligations. Since the financial resources required to settle such obligations are directly related to the degree of use, the charge cannot be defined at inception with a balancing entry to the asset cost, but is provided to reflect the degree of use of the quarry.

Leases

Finance leases, which substantially transfer to the Group all risks and rewards incidental to ownership of the leased asset, are recognized from the lease inception date at the lower of the leased asset fair value or the present value of the lease payments. Lease payments are apportioned between finance costs and reductions against the residual liability so as to obtain a constant rate of interest on the outstanding liability.
The policies used for depreciation and subsequent measurement of leased assets are consistent with those used for the Group's own property, plant and equipment.
Leases where all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.
Operating lease payments are recognized as expense on a straight-line basis over the lease term.

Investment property

Investment property is land and/or buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods and services. Investment property is initially recognized at purchase cost, including costs directly attributable to the purchase. Subsequent to initial recognition, investment property is measured at amortized cost, based on the asset's useful life less any impairment losses.

Goodwill

Goodwill recognized in accordance with IFRS 3 revised is allocated to the cash-generating units that are expected to benefit from the synergies created by the acquisition. Goodwill is stated at the original value less any impairment losses identified as a result of tests conducted on an annual basis or more frequently if indications of impairment emerge.
When goodwill is allocated to a cash-generating unit part of whose assets are disposed of, the goodwill associated with the sold assets is taken into account when determining the gain or loss arising from the transaction.

Intangible assets

Intangible assets purchased separately are capitalized at cost, while those acquired through business combinations are recognized at provisionally estimated fair value at the acquisition date and adjusted where necessary within the following twelve months.
Subsequent to initial recognition, intangible assets are carried at cost amortized over asset useful life.
Other than goodwill, the Group has not identified intangible assets with an indefinite useful life.

Impairment

Goodwill is systematically tested for impairment on an annual basis or more frequently if indications of impairment emerge.
Property, plant and equipment and investment property, and amortizable intangible assets, are tested for recoverability if indications of impairment emerge.
Impairment is the difference between the asset net carrying amount and its recoverable amount. Recoverable amount is the greater of fair value, less costs to sell, of an asset or cash-generating unit, and its value in use, determined as the present value of future cash flows. Fair value less costs to sell is determined through application of relevant valuation models adopting appropriate income multipliers, quoted share prices on an active market for similar enterprises, comparable transactions on similar assets or other available fair value indicators applicable to the assets being measured.
In determining value in use, assets are measured at the level of cash-generating units on the basis of their operating attribution. Estimated future cash flows are discounted at a rate determined for each cash-generating unit using the weighted average cost of capital method (WACC).
If an impairment loss on an asset other than goodwill subsequently reverses in full or in part, the asset carrying amount is increased to reflect the new estimated recoverable amount, which may not exceed the amount that would have been reflected in the absence of the impairment loss. Impairment losses and reversals of impairment losses are taken to the income statement.
Impairment losses on goodwill may not be reversed.

Financial assets

All financial assets are recognized initially at cost at the trade date. Cost corresponds to fair value plus additional costs attributable to the purchase with the exception of financial assets held for trading (fair value through profit and loss).
Subsequent to initial recognition, assets held for trading are classified as current financial assets and carried at fair value; any gains or losses are taken to the income statement.
Held-to-maturity investments are classified as current financial assets, if they mature within one year; otherwise they are classified as non-current assets and subsequently carried at amortized cost. Amortized cost is determined using the effective interest rate method, taking account of any acquisition discounts or premiums, which are apportioned over the entire period until maturity, less any impairment losses.
Other financial assets are classified as available for sale, under current and non-current assets, and recognized at fair value. Any gains or losses are shown in a separate equity item until the assets are sold, recovered or discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to the income statement. Impairment losses are recognized when there is objective evidence that one or more

events subsequent to initial recognition have had a negative effect on the estimated future cash flows for the asset. Objective evidence of impairment of a financial asset includes debtor insolvency or default, indications of debtor or issuer bankruptcy, adverse changes in the payment status of debtors or issuers, economic conditions relating to default or disappearance of an active market for the asset. For equity instruments classified as available-for-sale, a material and prolonged reduction in fair value to below cost is considered objective evidence of impairment. On this question, the Group has adopted a specific accounting policy, which establishes materiality and duration thresholds for loss of market value with respect to the carrying amounts; once such thresholds have been reached, the impairment loss is taken to the income statement. The two thresholds are considered separately and only one threshold needs to be reached for an impairment loss to be recognized.
Considering the exceptional effects of the financial crisis, which has led to a significant and generalized reduction in share prices, as well as a considerable increase in share price volatility, especially for bank stocks, as noted in the quarterly report as at March 31, 2012, and the half-year report as at June 30, 2012, the Group has conducted a detailed analysis of share price dynamics over the past ten years, on a sector-by-sector basis. This has enabled it to reformulate more precisely the materiality and duration thresholds beyond which a reduction in the value of equity investments classified as available-for-sale financial assets is deemed objective evidence of impairment.
The exceptional circumstances created by the sharp rise in volatility on the financial markets in general and among stocks in the bank sector in particular, stemming in part from the anomalous divergence in spreads on treasury instruments as a result of the sovereign debt difficulties of some European countries, indicated the need for a review of the method used to identify impairment losses, with particular reference to the two thresholds mentioned above.
As a result of the review, the thresholds applicable to individual capital instruments have been diversified according to the specific risk of the sector to which they belong.
This diversification was supported with a quantitative analysis based on the Value at Risk (VaR) method, which determines the maximum loss an instrument or portfolio of instruments may reflect in a specific period, given by a certain "probabilistic" confidence level.
As a result of these analyses, the materiality threshold for bank stocks has been re-established at 60%, while the threshold for non-bank stocks has been confirmed at 35%.
On the basis of the qualitative and quantitative analyses described above, the criterion used to define the duration threshold for loss of value has also been amended for stocks in the bank sector, from 24 to 36 months. The limit of 24 months remains valid for non-bank companies.
As a result of the review described above, without prejudice to the indications set out in the half-year report as at June 30, 2012, the impairment losses on bank stocks recognized in the 2012 income statement were not lower than those that would have been recognized had the previous 35% materiality threshold been applied.
The review described above was necessary to respond to the current economic situation; in the future, should the exceptional conditions and sector-specific risk conditions no longer apply, the materiality and duration thresholds will need to be re-examined.

With regard to assets on which impairment losses were recognized in previous periods, additional losses of value are automatically regarded as impairment losses.
Subsequent reversals of impairment losses on available-for-sale assets recognized in the income statement are not taken to the income statement but to equity, even in cases where the reasons that caused the loss no longer exist.
Only equity instruments that are not listed on an active market and whose fair value cannot be measured reliably are carried at cost.

Inventories

Inventories are measured at the lower of purchase/production cost (using the weighted average cost method) and net realizable value.
Purchase cost includes costs incurred to bring assets to the warehouse, less allowances for obsolete and slow-moving items.

Production cost of finished goods and semi-finished goods includes the cost of raw materials, direct labor and a portion of general production costs, determined on the basis of normal plant operations. Financial costs are not included.
The net realizable value of raw materials, consumables and supplies is their replacement cost.
The net realizable value of finished goods and semi-finished goods is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs to sell.

Trade receivables and other receivables

Trade receivables and other receivables are initially recognized at fair value plus transaction costs, and subsequently valued at amortized cost less allowances for uncollectible amounts, which are provided as doubtful debts are identified.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank demand deposits and other treasury investments with original maturity of not more than three months. Current account overdrafts are treated as financing and not as cash and cash equivalents.
The definition of cash and cash equivalents in the cash flow statement is identical to that in the statement of financial position.

Derecognition of financial assets

The Group derecognizes financial assets in whole or in part when:

- the contractual rights attributable to the assets in question have expired;
- it transfers the risks and rewards incidental to ownership of the asset or does not transfer and does not even substantially maintain all the risks and rewards but transfers control of the assets.

Employee benefits

The Group operates pension plans, post-employment medical benefit plans and post-employment benefits. It also has other commitments, in the form of bonuses payable to employees on the basis of length of service in some Group companies ("Other long-term benefits").

Defined contribution plans

Defined contribution plans are structured post-employment benefit programs where the Group pays fixed contributions to an insurance company or pension fund and will have no legal or constructive obligation to pay further contributions if the fund does not dispose of sufficient assets to pay all the employee benefits accruing in respect of services rendered during the current year and in previous years.
These contributions are paid in exchange for the services rendered by employees and recognized as expense as incurred.

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the Group. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the Group uses the unit credit projection method to determine the present value of obligations and the related current service cost.
These actuarial calculations require use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increments on salaries and medical benefits).

When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity or to an insurance company, the plan assets are estimated at fair value.
Benefit obligations are therefore recognized net of the fair value of the plan assets that will be used to settle the obligations.

Treatment of actuarial gains and losses

Actuarial gains and losses on post-employment defined benefit plans may arise as a result of changes in the actuarial assumptions used in two consecutive periods or as a result of changes in the obligation value or in the fair value of any plan asset in respect of the actuarial assumptions used at the beginning of the period.
The Group uses the corridor method whereby actuarial gains and losses are recognized as income or expense when their unrecognized cumulative net value, for each plan, at the end of the previous period exceeds 10% of the larger of present value of the defined benefit obligation or the fair value of plan assets at that date. These gains or losses are taken to profit or loss over the estimated average residual working life of the employees participating in the plans.
Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service benefits) and to early retirement benefits are recognized as income or expense immediately.

Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized as expense on a straight-line basis over an average period until the benefits have vested. Costs for benefits that vest immediately upon changes to a plan are recognized as expense as incurred.

Curtailment and settlement

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized as income or expense when the curtailment or settlement occurs. The gain or loss includes changes in the present value of the obligation, changes in the fair value of plan assets, actuarial gains or losses and past service costs not previously accounted for.
At the curtailment or settlement date, the obligation and the fair value of the plan assets are re-measured using current actuarial assumptions.

Share-based payments

The Group has applied IFRS 2 as from January 1, 2004.
Options for the subscription and purchase of shares granted by Group companies to employees and directors give rise to recognition of a cost classified under employee expense, with a corresponding increase in equity.
In accordance with IFRS 2, only options granted after November 7, 2002, whose rights had not vested at December 31, 2003, have been measured and recognized at the transition date. Options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period. Fair value is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after correction for extraordinary events or factors.
The cost of granted options is reviewed on the basis of the actual number of vested options at the beginning of the exercise period.

Provisions for risks and charges

The Group recognizes provisions for risks and charges when a present or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation. Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the reporting date. If the present value of the financial resources that will be used is material, provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of

the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.
Changes in estimates are recognized as income or expense for the period.
The Group recognizes a separate provision for environmental restoration obligations on land used for quarry work, determined in relation to the use of the quarry in question.
Pending publication of a standard/interpretation on accounting treatment of greenhouse gas emission allowances, after the withdrawal of IFRIC 3 by the International Accounting Standards Board, the Group recognizes a separate provision when emissions are greater than the allowance.
Restructuring costs are provided when the Group company concerned has approved a detailed formal plan that has already been implemented or notified to the relevant third parties.

Loans and borrowings

Loans and borrowings are initially recognized at the fair value of the consideration provided/received less charges directly attributable to the financial asset/liability.
After initial recognition, loans and borrowings are measured at amortized cost using the effective interest-rate method.

Trade payables and other payables

Trade payables and other payables are stated initially at the fair value of the original consideration received and subsequently measured at amortized cost.

Revenue, other revenue, interest income and dividends

Sale of goods and services

Revenue is recognized to the extent that it is probable that the economic benefits associated with the sale of goods or rendering of services are collected by the Group and the amount in question can be reliably determined.
Revenue is recognized at the fair value of the consideration received or due, taking account of any trade discounts given and volume discounts.
Revenue from the sale of goods is recognized when the company transfers the material risks and rewards incidental to ownership of the goods to the purchaser.
Revenue includes dividends received, and interest and commission income earned by the financial and banking companies.

Rental income

Rental income is recognized as other revenue, as received, at constant amounts over the rental period.

Costs

Costs are recognized on an accruals basis in accordance with the matching principle, whereby they are matched with revenue.

Interest income

Interest income earned by companies that are not financial or banking companies is classified as finance income after recognition on an accruals basis using the effective interest rate method.

Dividends

Dividends are recognized as shareholders’ right to receive payment arises, in accordance with local laws, and are classified under “Finance income and costs”, with the exception of dividends earned by banking and financial companies, which are classified under “Revenue”.

Government grants

Government grants are recognized when there is a reasonable certainty that they will be received and all the requirements on which receipt depends have been fulfilled.
Grants related to the purchase or production of fixed assets (grants related to assets) are recognized as deferred income and taken to the income statement over the useful life of the underlying assets.

Derivatives

The Group uses derivatives such as foreign currency forward contracts and interest-rate swaps and options to hedge market risks.
Derivatives are measured and recognized at fair value.
Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.
The fair value of foreign-currency forward contracts is determined on the basis of the current forward exchange rates for contracts with similar maturity profiles.
The fair value of derivatives is determined using the swap curve weighted to take account of the counterpart credit risk.
The fair value of interest-rate contracts is determined on the basis of discounted flows using the zero coupon curve.
Derivatives, with the exception of those that qualify for hedge accounting, are classified under current assets and fair value gains and losses are taken directly to profit or loss.

Hedging transactions

In accordance with IAS 39, derivatives may be designated as hedging instruments when:

- the hedging relationship is formally designated and documented at inception;
- the hedging relationship is expected to be highly effective;
- effectiveness can be reliably measured;
- the hedging relationship can pass effectiveness tests in all the accounting periods in which it is in operation.

For accounting purposes, hedges are classified as "fair value hedges", as "cash flow hedges" or as "hedges of investments in foreign operations".

Fair value hedges hedge Group exposure to fair value changes on a recognized asset or liability or an unrecognized firm commitment, or on an identified portion of such an asset, liability or firm commitment, subject to a particular risk that could affect profit and loss
The carrying amount of the hedged item is adjusted for the gains or losses attributable to the hedged risk, the hedging instrument is re-measured at fair value, and any gains and losses on the instrument and on the underlying are taken to the income statement.
For hedged items valued at amortized cost, the carrying adjustment is amortized through profit and loss over the residual term to maturity. Any adjustment to the carrying amount of a hedged financial instrument, for which the effective interest method is used, is amortized through profit and loss. Amortization may begin as soon as an adjustment arises but no later than when the hedged item ceases to be adjusted for fair value changes attributable to the hedged risk.
When an unrecognized commitment is designated as a hedged item, the subsequent cumulative fair value change attributable to the hedged risk is recognized as an asset or liability, with a corresponding gain or loss in the income statement. Fair value changes of a hedged instrument are also taken to profit and loss.
The Group discontinues fair value hedge accounting if the derivative expires, is sold, is settled or exercised, if the hedge no longer qualifies for hedge accounting or if the Group revokes designation.

Cash flow hedges are hedges of exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or with a highly probable forecast transaction that could affect profit and loss. The

portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in equity, while the non-effective component is recognized in profit and loss.
Amounts deferred in equity are transferred to the income statement when the hedged transaction affects profit and loss. When the hedged item is the cost of a non-financial asset or liability, the amounts recognized in equity are transferred to the initial carrying amount of the non-financial asset or liability.
If the forecast transaction is no longer highly probable, the amounts previously recognized in equity are transferred to the income statement. If the hedging instrument expires, is sold, settled or exercised without replacement, or if the hedge designation is revoked, the amounts previously recognized in equity are retained in equity until the forecast transaction takes place. If the highly probable forecast transaction will no longer take place, the amounts in question are taken to the income statement.

Hedges of net investments in foreign operations, including hedges of a monetary item accounted for as a part of a net investment, are treated in the same way as cash flow hedges. The effective component of the gain or loss on the hedging instrument is recognized in equity, while the non-effective component is recognized in profit and loss. On disposal of the foreign operation, the cumulative gain or loss recognized in equity is taken to the income statement.

Income taxes

Current income taxes are provided in accordance with local tax laws in the countries where the Group operates.
Deferred tax is recognized on the basis of temporary differences between the tax base of assets and liabilities and their carrying amount in the statement of financial position.
Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable income will be available against which such differences, losses or credits may be reversed.
Taxable or deductible temporary differences do not generate recognition of deferred tax liabilities or assets only in the following cases:

- taxable temporary differences arising from the initial recognition of goodwill;
- taxable or deductible temporary differences arising from initial recognition of an asset or a liability in transactions that are not business combinations and affect neither accounting profit nor taxable profit at the transaction date;
- equity investments in subsidiaries, associates and joint ventures when:
  - the Group is able to control the timing of the reversal of the taxable temporary differences and it is probable that such differences will not reverse in the foreseeable future;
  - it is not probable that the deductible temporary differences will reverse in the foreseeable future and that taxable income will be available against which the temporary difference can be used.
- Deferred tax assets are reviewed at the end of every reporting period and reduced to the extent that sufficient taxable income is no longer likely to be available in the future against which the assets can be used in full or in part.

Deferred tax assets and liabilities are determined at tax rates expected to apply when the deferred tax asset (liability) is realized (settled), based on rates that have been enacted or substantially enacted at the reporting date.
Taxes relating to items recognized directly in equity are recognized in equity, not income.
Deferred tax assets and deferred tax liabilities are not discounted to present value.

Management of capital

The Group monitors capital using the gearing ratio (net financial position / equity). The net financial position reflects financial liabilities less cash and cash equivalents and other financial receivables. Equity consists of all the items indicated on the statement of financial position.
The primary objective of Group capital management is to guarantee a solid credit rating and to maintain financial indicators at appropriate levels to ensure smooth running of business operations, funding of investments and creation of maximum shareholder value.
The Group manages and amends the capital structure to take account of changes in economic and financial conditions, in relation to its international presence and growth plans. To maintain or modify its capital structure, the Group may adjust dividends paid to shareholders, reimburse capital, issue new shares, raise or reduce equity investments in subsidiaries, purchase/sell equity investments.

Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

	Average rate		Closing rate	
Currencies	2012	2011	December 31, 2012	December 31, 2011
Thai baht	39.93881	42.43201	40.34700	40.99100
Czech crown	25.14441	24.59142	25.15100	25.78700
Libyan dinar	1.61473	1.71332	1.66508	1.62823
Serbian dinar	113.01900	101.96300	112.60600	106.17700
Kuwaiti dinar	0.36003	0.38460	0.37110	0.36056
Moroccan dirham	11.09850	11.26142	11.14235	11.11290
Canadian dollar	1.28464	1.37598	1.31370	1.32150
US dollar	1.28538	1.39213	1.31940	1.29390
Hungarian florin	289.29800	279.35900	292.30000	314.58000
Swiss franc	1.20525	1.23297	1.20720	1.21560
Ukrainian hrivna	10.35570	11.10830	10.58357	10.36920
Croatian kuna	7.52147	7.43873	7.55750	7.53700
Albanian lek	139.02279	140.32192	139.68570	139.03600
Moldavian leu	15.56014	16.32856	15.91645	15.15860
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Egyptian pound	7.80270	8.27659	8.37831	7.80328
Bosnian mark	1.95583	1.95583	1.95583	1.95583
New Turkish lira	2.30394	2.32564	2.35170	2.45920
New Romanian leu	4.45814	4.23816	4.44450	4.32330
Mauritanian ouguiya	381.32362	391.22452	399.82440	374.09200
Mexican peso	16.90479	17.28784	17.18450	18.05120
Chinese renmimbi	8.10803	8.99687	8.22070	8.15880
Saudi riyal	4.82048	5.22099	4.94838	4.85236
Qatar riyal	4.68005	5.06924	4.80394	4.71164
Russian rouble	39.91680	40.88300	40.32950	41.76500
Indian rupee	68.61914	64.90042	72.56000	68.71300
Sri Lanka rupee	163.97081	153.84847	168.32300	147.38600
Pound sterling	0.81103	0.86785	0.81610	0.83530
Kazakh tenge	191.68530	204.12404	198.62130	191.88500
Polish zloty	4.18379	4.12052	4.07400	4.45800

The exchange rates used to translate the financial statements of foreign operations are those published by the Bank of Italy and the Central Turkish Bank.

Scope of consolidation

Changes in the scope of consolidation

Sold operations

In 2012 the Group sold the following operations:

- May 31 the residual 51% of the capital of Afyon Cimento Sanayi Tas – Turkey, to third parties;
- June 26 the entire equity investment in Shaanxi Fuping Cement Co. Ltd. – China, to West China Cement against a reserved capital increase for an interest of approximately 6.25%;

The operations in question have therefore been accounted for in compliance with IFRS 5 "Non-current assets held for sale and discontinued operations", presenting separate items in the income statement and the statement of cash flows reflecting the earnings and the cash flows arising from the sale.
Also in compliance with IFRS 5, the amounts in the income statement and the statement of cash flows for 2011 have been restated accordingly.
To ensure clarity, the comparative information for 2011 on the face of the income statement and the statement of comprehensive income is presented both restated as required by IFRS 5 and as published in the 2011 consolidated financial statements.

Changes in the scope of consolidation

The main changes in 2012 were:

- the withdrawal of Silos Granari della Sicilia S.r.l. – Italy, after its sale to third parties on January 18, 2012;
- the sale of Afyon – Turkey, completed on May 31, 2012;
- the sale of Fuping Cement – China, completed on June 26, 2012;
- the sale to third parties of the entire 20% interest held in Sider Navi S.p.A. (an equity-accounted investee);
- the sale of the residual 50% of the equity investment in GIST S.r.l. Gamma Iniziative Sportive Turistiche on September 28, 2012;
- the sales of Finter Bank & Trust Ltd. (Bahamas) and Finter Fund Management Company S.A.(Luxembourg) on September 28, 2012;
- the sale of the entire equity investment in Italmobiliare International Finance S.A. (Ireland) on December 6, 2012;
- the line-by-line consolidation of the Dorner Gmbh and Interpack Gmbh companies (Austria) as from April 23, 2012.

The most significant changes in 2011 were:

- line-by-line consolidation as from January 1, 2011 of the Calcestruzzi group – Italy;
- At December 31, 2011 the Calcestruzzi group consisted of the subsidiaries: Calcestruzzi S.p.A., Esa Monviso S.p.A. (consolidated), the associates: Mantovana Inerti S.r.l. and Ecoinerti S.r.l. (consolidated proportionately) and the associates: General Cave S.r.l., Safra S.r.l. and Commerciale Inerti S.r.l. (equity-accounted investees);
- the withdrawal of Set Group Holding – Turkey and its subsidiaries: Set Cimento and Met Teknik Servis, after sale to third parties on March 25, 2011;
- the withdrawal of Bares and Italgen Elektrik – Turkey after sale to third parties on March 31, 2011;
- the withdrawal after sale to third parties in December of the companies in the Axim Group: six companies active in cement and concrete additives in Italy, France, USA, Canada, Morocco and Spain.

Operating segment disclosure

The businesses in which the Group operates that constitute its reportable segments as required by IFRS 8 are: construction materials segment, other industrial segments (packaging and insulation), financial segment, banking segment, property, services, other segment.

The Group management and organizational structure reflects the segment reporting format by line of business described above. Identification of the operating segments is based on the elements used by Group senior management to take decisions regarding allocation of resources and evaluation of results. In addition to the segment reporting required by IFRS 8, information is also disclosed by the following geographical areas: European Union, Other European countries, North America, Asia and Middle East, Africa, Trading and others.

Trading includes cement and clinker marketing activities in the countries where Group terminals are located: Gambia, Mauritania, Sri Lanka and Albania, as well as direct exports to markets not covered by Group subsidiaries. The "Others" segment includes the operations of the Ciments Français S.A. sub-holding, consisting essentially of supply of services to the subsidiaries. It also includes liquid and solid fuel procurement activities for Group companies, the BravoSolution group, Italcementi Finance S.A., other foreign holdings and other minor operations in Italy.

Operating segment disclosure

The table below sets out segment revenue and results at December 31, 2012:

(in thousands of euro)	Revenue	Intra-group sales	Contributive revenue	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Impairment on financial assets	Share of profit (loss) of equity-accounted investees	Profit (loss) before tax	Income tax (expense)
Construction materials	4,480,091	(9,594)	4,470,497	632,415	614,874	(150,860)			11,108		
Packaging and insulation	239,810		239,810	13,173	4,663	(30,980)					
Finance	56,188	(23,761)	32,427	19,276	16,518	16,130		(32,208)	(31,125)		
Banking	33,389	(882)	32,507	(5,281)	(4,779)	(9,072)					
Property, services, other	1,553	(1,136)	417	(242)	(81)	(110)					
Unallocated postings and adjustments	(35,373)	35,373		(17,567)	(17,568)	(17,480)	(87,887)			(332,484)	(148,129)
Total	**4,775,658**		**4,775,658**	**641,774**	**613,627**	**(192,372)**	**(87,887)**	**(32,208)**	**(20,017)**	**(332,484)**	**(148,129)**

The table below sets out segment revenue and results at December 31, 2011:

(in thousands of euro)	Revenue	Intra-group sales	Contributive revenue	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Impairment on financial assets	Share of profit (loss) of equity-accounted investees	Profit (loss) before tax	Income tax (expense)
Construction materials	4,657,371	(8,473)	4,648,898	701,083	741,867	138,860		7,524	18,637		
Packaging and insulation	235,600	(2)	235,598	14,517	12,005	(2,086)					
Finance	62,389	(28,638)	33,751	2,161	1,637	1,525		(94,086)	(8,928)		
Banking	34,859	(1,053)	33,806	(10,611)	(8,441)	(24,275)					
Property, services, other	2,042	(1,231)	811	329	329	271					
Unallocated postings and adjustments	(39,397)	39,397		(22,717)	(24,884)	(24,882)	(103,610)			(91,050)	(63,919)
Total	**4,952,864**		**4,952,864**	**684,762**	**722,513**	**89,413**	**(103,610)**	**(86,562)**	**9,709**	**(91,050)**	**(63,919)**

The table below sets out other segment data at December 31, 2012:

	December 31, 2012		**December 31, 2012**			
(in thousands of euro)	**Total assets**	**Total liabilities**	**PPE, investmt prop and intangibles**	**Non-current financial assets**	**Amortization and depreciation**	**Impairment**
Construction materials	8,889,838	4,649,991	348,003	468	456,381	309,354
Packaging and insulation	228,594	225,964	9,885	1,905	10,855	24,786
Finance	1,355,781	353,303	129	17,142	388	
Banking	621,197	542,699	615		4,293	
Property,services,other	3,739	1,310	10		29	
Inter-segment eliminations	(675,091)	(148,184)			(87)	
Total	**10,424,058**	**5,625,083**	**358,642**	**19,515**	**471,859**	**334,140**

The table below sets out other segment data at December 31, 2011:

	December 31, 2011		**December 31, 2011**			
(in thousands of euro)	**Total assets**	**Total liabilities**	**PPE, investmt prop and intangibles**	**Non-current financial assets**	**Amortization and depreciation**	**Impairment**
Construction materials	9,730,831	4,835,940	359,547	2,871	468,726	134,280
Packaging and insulation	248,689	208,704	10,400		11,682	2,409
Finance	1,490,638	429,820	55	44,146	112	
Banking	755,994	669,210	1,264		4,425	11,409
Property,services,other	6,140	1,364	25		58	
Inter-segment eliminations	(726,531)	(178,841)			(2)	1
Total	**11,505,761**	**5,966,197**	**371,291**	**47,017**	**485,001**	**148,099**

Additional disclosure by geographical area

	Contributive revenue		PPE, investment property and intangible assets		Non-current financial assets		Total assets		Total liabilities	
(in thousands of euro)	**12/31/12**	**12/31/11**	**12/31/12**	**12/31/11**	**12/31/12**	**12/31/11**	**12/31/12**	**12/31/11**	**12/31/12**	**12/31/11**
European Union	2,624,487	2,888,967	216,784	210,945	19,349	47,013	7,558,369	8,225,322	3,128,215	3,164,643
Other Eur countries	54,516	52,452	599	805			617,762	790,953	541,250	677,898
North America	439,088	404,665	26,581	18,521			1,175,396	1,270,260	676,019	743,181
Asia and Mid East	580,049	508,705	55,381	59,229			1,052,636	1,172,541	335,665	385,645
Africa	839,877	885,906	49,958	73,984			2,174,648	2,426,177	431,054	530,086
Trading and others	237,641	212,169	9,339	7,807	166	4	5,163,363	5,138,916	3,144,736	3,051,017
Inter-area elims							(7,318,116)	(7,518,408)	(2,631,856)	(2,586,273)
Total	**4,775,658**	**4,952,864**	**358,642**	**371,291**	**19,515**	**47,017**	**10,424,058**	**11,505,761**	**5,625,083**	**5,966,197**

Assets

Non-current assets

1) Property, plant and equipment

(in thousands of euro)	Land and buildings	Quarries	Technical plant, materials and equipment	Other property, plant and equipment	Total
Gross amount	2,304,014	626,028	7,873,999	961,166	11,765,207
Accumulated depreciation	(1,205,673)	(250,543)	(5,342,998)	(419,143)	(7,218,357)
Net carrying amount at December 31, 2011	**1,098,341**	**375,485**	**2,531,001**	**542,023**	**4,546,850**
Additions	58,799	15,354	141,138	124,857	340,148
Change in scope of consolidation, other	(17,203)	(954)	51,053	(117,670)	(84,774)
Disposals	(4)		(93)	(199)	(296)
Depreciation and impairment losses	(70,024)	(13,534)	(396,288)	(37,200)	(517,046)
Translation differences	(16,394)	(553)	(34,843)	(12,191)	(63,981)
Net carrying amount at December 31, 2012	**1,053,515**	**375,798**	**2,291,968**	**499,620**	**4,220,901**
Gross amount	2,232,754	614,022	7,775,193	921,666	11,543,635
Accumulated depreciation	(1,179,239)	(238,224)	(5,483,225)	(422,046)	(7,322,734)
Net carrying amount at December 31, 2012	**1,053,515**	**375,798**	**2,291,968**	**499,620**	**4,220,901**

Additions were mainly in France-Belgium, Italy, Egypt and India.

"Change in scope of consolidation, reclassifications, other" comprises the sold assets of Afyon and Fuping for a total of 73.5 million euro, and the reclassification under "Investment property" of 6.7 million euro.

"Depreciation and impairment losses" includes net impairment losses of 65.0 million euro arising on assets (33.4 million euro in 2011 of which 27.5 million euro relating to production plants in Italy); they related primarily to Greece for 35 million euro and Italy for 28.7 million euro, of which 27.4 million euro for the transformation of the Vibo Valentia and Porto Empedocle cement plants into grinding centers and plans to terminate clinker production at the Trieste, Monselice and Broni cement plants.

Non-current assets held under finance leases and rental contracts were carried at a net amount of 30.8 million euro at December 31, 2012 (29.9 million euro at December 31, 2011). They consisted of plant and machinery for 26.3 million euro and buildings for 4.5 million euro.

Expenses capitalized under "Property, plant and equipment" at December 31, 2012 amounted to 28.9 million euro (28.9 million euro at December 31, 2011).

Capitalized finance costs amounted to 1.3 million euro in 2012 (0.7 million euro in 2011).

Non-current assets pledged as security for bank loans were carried at a net amount of 207.2 million euro at December 31, 2012 (195.8 million euro at December 31, 2011).

The useful lives adopted by the Group for the main asset categories are as follows:

Civil and industrial buildings	10 – 33 years
Plant and machinery	5 – 30 years
Other property, plant and equipment	3 – 10 years

The range between the above minimum and maximum limits indicates the presence of components with separate useful lives within each asset category.

2) Investment property

(in thousands of euro)	
Gross amount	52,018
Accumulated depreciation	(23,422)
Net carrying amount at December 31, 2011	**28,596**
Additions	361
Disposals	(339)
Depreciation and impairment	(1,117)
Translation differences	(1)
Reclassifications and other	6,662
Net carrying amount at December 31, 2012	**34,162**
Gross amount	93,611
Accumulated depreciation	(59,449)
Net carrying amount at December 31, 2012	**34,162**

Investment property is carried at amortized cost.
Fair value at December 31, 2012 was 114.8 million euro (124.2 million euro at December 31, 2011).
"Reclassifications and other" related largely to sites sold in Italy, including the Pontassieve industrial site with buildings held under a lease.

3) Goodwill

(in thousands of euro)	
Net carrying amount at December 31, 2011	**1,986,488**
Acquisitions and changes in scope of consolidation	(10,948)
Impairment losses	(267,936)
Translation differences and other changes	(63,305)
Net carrying amount at December 31, 2012	**1,644,299**

The material reduction in goodwill arose mainly from impairment losses as a result of impairment testing and from translation differences generated by the depreciation of some currencies against the euro.
"Acquisitions and changes in scope of consolidation" refers mainly to the acquisition of Dorner and Interpack and the reduction following the sale of Fuping and Afyon.

Goodwill impairment testing

Goodwill acquired in a business combination is allocated to the cash-generating units (CGUs). The Group tests goodwill recoverability at least once a year or more frequently if indications of impairment emerge. The method used to determine the recoverable amount of goodwill is described in the section "Basis of consolidation" under the heading "Impairment".

The following table sets out goodwill by operating segment:

(in thousands of euro)	Net carrying amount of goodwill	
Cash-generating units	**December 31, 2012**	**December 31, 2011**
Construction materials segment (*)	1,633,015	1,953,615
Packaging and insulation segment	11,284	32,873
Total	**1,644,299**	**1,986,488**

(*) of which 34,328 thousand euro at December 31, 2012 (34,328 thousand euro at December 31, 2011) arising from purchases made in previous years by Italmobiliare S.p.A. of Italcementi S.p.A. shares and 1,598,687 thousand euro at December 31, 2012 (1,919,287 thousand euro at December 31, 2011) relating to the goodwill allocated by the subsidiary Italcementi to its own CGUs

Construction materials segment

The recovery slowdown that was apparent in 2011 intensified in 2012, especially in the construction industry; consequently, while the measures contemplated in the 2010-2014 Business Plan remain valid, a number of macroeconomic and sector assumptions in the Plan have been revised. For the purposes of impairment testing, determination of the future cash flows to be used was based on the 2013 Budget and, where necessary for subsequent-year projections, on new assumptions and economic assessments deemed to reflect the new conditions on the Group markets.

As in 2011, for the CGUs in the EU countries and North America, a 9-year explicit forecast period was used; in this way Italcementi believes that projected cement consumption is structurally balanced and aligned with the related long-term estimate implicit in the cement structural demand curve for each country.

The CGUs in the emerging countries are also subject in part to a change in cyclical patterns compared with the recent past, but cement consumption is more likely to be influenced by exogenous factors relating to specific macroeconomic events; testing was based on expected growth in cement demand over a five-year period.
Terminal value is generally estimated on the basis of CGU activity on the mid-cycle market and takes account of the market cycle and the changes in the country in question after the explicit forecast period. For a number of countries severely hit by the crisis like Greece, Italy and Spain, account was also taken of the presumed expected level of cement consumption in 10-15 years, and also of a number of positioning indicators: the level of market development, per-capita consumption and technical coefficients.

The projections are management's best estimate of future trends and possible economic conditions in the countries in which the Group operates.

For all CGUs, recoverable value coincides with value in use.

The discount rates, determined country by country, are obtained by applying the estimated long-term inflation rate (source: Global Insight databank), adjusted in some cases with the country-risk premium (based on Moody's ratings) to the weighted average cost of capital (WACC). WACCs are computed on the basis of the market value of own funds (risk-free rate based on 10-year government bonds in the euro zone and the USA – source Bloomberg, average 12 months – except Greece – average 3 months; beta coefficient - average 5 years - source Bloomberg; market premium – average at 10 years – source Bloomberg, broker reports, analyst consensus forecasting) and of sector debt (7Y swap – average 1 month), to which the mean sector coefficient based on the debt/stock market capitalization ratio is applied (source Bloomberg).

Assumptions used for the computation for the CGUs in the main countries:

in %	Discount rate before tax		Growth rate	
Cash-generating units	**2012**	**2011**	**2012**	**2011**
Italy	8.8	8.9	2.0	2.0
France-Belgium	8.3	9.4	2.0	2.0
Spain	8.8	9.3	1.9	2.0
Bulgaria	8.5	8.1	2.6	2.1
Greece	13.5	14.0	1.6	2.0
North America	7.3	7.7	1.8	1.8
Egypt	15.8	13.2	5.4	5.0
Morocco	9.6	10.7	1.5	2.5
India	14.6	14.5	6.3	6.3
Kuwait	7.0	9.8	1.9	3.5
Thailand	9.4	10.6	3.0	3.5

Goodwill impairment testing for 2012 generated a goodwill impairment loss of 156.2 million euro for Spain, 83.7 million euro for Egypt and 4.0 million euro for the Calcestruzzi group. The Italcementi group considered the specific potential risks of the sector of activity, any market values on the basis of comparable transactions and conducted a sensitivity analysis on recoverable amount, illustrated in the next section.

The table below sets out the most significant goodwill amounts for segment CGUs by country:

(in thousands of euro)	Net carrying amount of goodwill	
Cash-generating units	**December 31, 2012**	**December 31, 2011**
Construction materials segment:		
France-Belgium	586,855	587,244
Spain	14,132	171,086
Egypt	456,472	583,980
North America	141,149	144,728
Morocco	108,041	108,327
India	83,339	88,004
Thailand	89,914	88,502
Bulgaria	59,774	59,774
Italy	27,665	31,664
Kuwait	16,007	29,277
Others	15,339	26,702
Total	**1,598,687**	**1,919,288**

A second-level impairment test was conducted on Italmobiliare goodwill allocated to the construction materials segment, to check recoverability for the segment as a whole. The test included all assets and cash flows that cannot be specifically allocated to an individual country. No indications of impairment emerged.

Packaging and insulation segment

In the packaging and insulation segment, whose scope coincides with the Sirap Gema group, impairment testing verified whether the recoverable value of each Sirap Gema S.p.A. CGU with allocated goodwill was higher than the respective CGU carrying amount; for the test, the same level of analytical detail was assumed for the CGUs as that adopted by the Sirap Gema group to test goodwill impairment for its own consolidated financial statements.

With regard to the first-level impairment test, the goodwill amounts allocated to the individual Sirap Gema group CGUs were as follows:

(in thousands of euro)	Net carrying amount of goodwill	
Cash-generating units	**December 31, 2012**	**December 31, 2011**
Packaging and insulation segment:		
Petruzalek group CGU	2,565	3,505
Rigid division CGU	8,719	29,156
Universal Imballaggi CGU		212
Totale	**11,284**	**32,873**

For all the CGUs with allocated goodwill, recoverable value was estimated by an independent expert using the value in use configuration, based on analytical future cash flows projections taken from 2013 budget data and from economic-financial projections for the period 2014-2017. These analytical projections for each CGU are the best estimates of Sirap Gema S.p.A. management consistently with current strategy and trends and the assumptions underlying the 2013 budget.

The Rigid division CGU, to which approximately 89% of the overall goodwill of the Sirap Gema group had been allocated before the impairment test at December 31, 2012, consists of two lower-level CGUs: the Sirap Gema S.p.A. unit active in rigid containers (CGU Rigid Division Italy) and the CGU Inline Poland (CGU Rigid Poland). The value in use of the net operating assets of the CGU Inline Poland was estimated using cash flow projections, the discount rate and the nominal growth rate (rate g) in the terminal value expressed in local currency (zloty); the resulting value in use was then translated into euro at the exchange rate at December 31, 2012.

The table below sets out the discount rates (post tax weighted average cost of capital) and the nominal growth rate (g) used in the terminal value. employed to determine value in use of each CGU (data relating to the CGU Inline Poland refer to cash flows in local currency):

in %	Discount rate after tax		Growth rate on terminal value	
Cash-generating units	**2012**	**2011**	**2012**	**2011**
Petruzalek group CGU	10.0	10.6	2.4	2.4
CGU Rigid Division Italy	8.2	7.9	1.4	2.0
CGU Rigid Poland	8.1	8.7	2.9	2.9
Universal Imballaggi CGU	8.2	7.9	1.4	2.0

The test led to the following goodwill impairment losses:

- 20.4 million euro for the Rigid division CGU;
- 3.3 million euro for the Petruzalek group CGU;
- 0.2 million euro, corresponding to the full amount of goodwill allocated to the CGU, for the Universal Imballaggi CGU.

Sensitivity analysis on goodwill impairment testing

With reference to the current and forecast industry situation and to the results of the impairment tests for 2012, a sensitivity analysis was conducted on recoverable amount estimated using the discounted cash flow method.

Construction materials segment

At December 31, 2012, in the construction materials segment a 1% increment in the weighted average cost of capital would generate a surplus difference in carrying amount with respect to recoverable amount for the following CGUs: Egypt 61.1 million euro, Spain 35.4 million euro, Greece 4.3 million euro.
A 5% reduction in demand in the explicit forecast period with respect to the projections would determine a surplus difference in carrying amount with respect to recoverable amount for the following CGUs: Egypt 23.1 million euro, Spain 10.6 million euro, Greece 3.1 million euro.
A 5% reduction in expected cash flows with respect to projections would determine a surplus difference in carrying amount with respect to recoverable amount for the following CGUs: Egypt 27.4 million euro, Spain 9.5 million euro, Greece 2.2 million euro.
On the basis of this analysis, the Group deems it unnecessary to reduce further the goodwill of the CGUs in question.
The discount rates that equate the CGUs' recoverable amount with net carrying amount for the countries at greatest risk of impairment are: North America 9.7%, Kuwait 9.8%, Italy 10.1%, Bulgaria 12.6%, Thailand 15.4% and India 19.7%.

Packaging and insulation segment

In the packaging and insulation segment, at December 31, 2012, a 0.50% increment in the weighted average cost of capital, with the same growth rate in the Rigid division CGU, would determine a surplus difference in carrying amount with respect to recoverable amount of approximately 5.6 million euro.

Market capitalization

Like most of the listed companies in the mature countries in the sector, during the year Italmobiliare S.p.A. recorded a material reduction in market capitalization with respect to 2011.

Equally, the results of the impairment tests conducted at December 31, 2012, found a significant reduction in recoverable values in the segments in which the Group operates, compared with the tests conducted in 2011; the change in recoverable value, and more generally in NAV, which also decreased, was, however, smaller than the reduction in market capitalization.

We believe however that the difference in the relative evolution of the two valuations is a typical element of the current situation, and that the values found in the tests, which were also based on external and market parameters, confirm consistency with the equity amounts recognized in the Group consolidated financial statements

4) Intangible assets

(in thousands of euro)	Patents, IT development	Concessions and other intangible assets	Total
Gross amount	157,393	103,602	260,995
Accumulated amortization	(116,981)	(32,100)	(149,081)
Net carrying amount at December 31, 2011	**40,412**	**71,502**	**111,914**
Additions	7,254	10,879	18,133
Change in scope of consolidation and other	6,380	(7,048)	(668)
Disposals	(1,090)		(1,090)
Amortization and impairment	(14,248)	(5,652)	(19,900)
Translation differences	(102)	(644)	(746)
Net carrying amount at December 31, 2012	**38,606**	**69,037**	**107,643**
Gross amount	167,144	107,981	275,125
Accumulated amortization	(128,538)	(38,944)	(167,482)
Net carrying amount at December 31, 2012	**38,606**	**69,037**	**107,643**

The year's additions referred essentially to development of projects for standardization of Group internal processes.
Expenditure capitalized under intangible assets as IT development amounted to 3.3 million euro at December 31, 2012.
"Concessions" are amortized over the life of the conventions in question; amortization of quarrying concessions is determined at rates reflecting the ratio of extracted material to the total to be extracted.

5) Equity-accounted investees

See the section on IFRS 7.

6) Other equity investments

See the section on IFRS 7.

7) Trade receivables and other non-current assets

See the section on IFRS 7.

Current assets

8) Inventories

The balance on “Inventories” was as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Raw materials, consumables and supplies	403,049	450,683	(47,634)
Work in progress and semifinished goods	167,396	158,880	8,516
Finished goods	146,682	143,908	2,774
Payments on account and contract work in progress	18,392	22,151	(3,759)
Total	**735,519**	**775,622**	**(40,103)**

Inventories are carried net of allowances totaling 97,920 thousand euro (104,421 thousand euro at December 31, 2011) mainly against the risk of slow-moving supplies, spare parts and other consumables.
Spare parts at December 31, 2012 were carried at 163,521 thousand euro (188,622 thousand euro at December 31, 2011).

9) Trade receivables

See the section on IFRS 7.

10) Other current assets including derivatives

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Amounts due from employees and social security authorities	10,377	9,922	455
Indirect tax credits	77,483	85,296	(7,813)
Concessions and licenses paid in advance	41,591	34,895	6,696
Prepaid expenses	29,614	30,077	(463)
Accrued income	2,950	2,586	364
CO2 derivatives	11,147	22,643	(11,496)
Short-term derivatives	20,752	6,822	13,930
Bank derivatives	313	1,457	(1,144)
Other bank receivablesand financial instruments	55,650	98,730	(43,080)
Other receivables	147,645	118,701	28,944
Total	**397,522**	**411,129**	**(13,607)**

Details on “Short-term derivatives” are provided in the section on IFRS 7 (Derivatives).

11) Tax assets

Tax assets totaled 64,771 thousand euro (71,972 thousand euro at December 31, 2011) and consisted largely of tax credits.

12) Equity investments, bonds and financial assets

See the section on IFRS 7.

13) Cash and cash equivalents

See the section on IFRS 7.

14) Non-current discontinued operations

Discontinued operations, for 2,104 thousand euro, related to the food packaging and thermal insulation segment at the Perugia plant, which has been closed since November 20, 2011; they will be liquidated by the end of next year.

Equity and liabilities

Share capital, reserves and retained earnings

15) Share capital

At December 31, 2012 the parent fully paid-up share capital amounted to 100,166,937 euro represented by 38,525,745 shares with a par value of 2.6 euro each, as follows:

Number of shares	December 31, 2012	December 31, 2011	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

16) Reserves

Share premium

The reserve stood at 177,191 thousand euro, unchanged from December 31, 2011.

17) Treasury shares

At December 31, 2012, treasury shares in portfolio stood at 21,226 thousand euro, unchanged from December 31, 2011. The amount is deducted against equity reserves. Treasury shares were as follows

	N° ordinary shares	Carrying amount (000 euro)	N° savings shares	Carrying amount (000 euro)	Total carrying amount
At December 31, 2011	**871,411**	**20,830**	**28,500**	**396**	**21,226**
At December 31, 2012	**871,411**	**20,830**	**28,500**	**396**	**21,226**

Ordinary treasury shares in portfolio at December 31, 2012, service stock option plans for directors and managers.

Dividends paid

The parent Italmobiliare S.p.A. did not pay a dividend in 2012.

	2012 (euro per share)	2011 (euro per share)	2012 (000 euro)	2011 (000 euro)
Ordinary shares		0.532		11,337
Savings shares		0.610		9,952
Total dividends				**21,289**

Translation reserve

This reserve reflects differences on the translation of the financial statements of consolidated foreign operations. At December 31, 2012 the balance on the reserve was negative, at 3,376 thousand euro, referring to the following currencies:

(in millions of euro)	December 31, 2012	December 31, 2011	Change
Egypt (Pound)	(27.1)	(13.8)	(13.3)
USA and Canada (Dollar)	6.4	7.8	(1.4)
Thailand (Baht)	15.6	14.4	1.2
Morocco (Dirham)	0.1	0.6	(0.5)
India (Rupee)	(16.5)	(11.4)	(5.1)
Turkey (Lira)	(0.1)	(2.1)	2.0
Switzerland (Franc)	15.1	14.7	0.4
Other countries	3.1	6.3	(3.2)
Net amount	**(3.4)**	**16.5**	**(19.9)**

18) Non-controlling interests

Equity attributable to non-controlling interests at December 31, 2012, amounted to 2,983,284 thousand euro, down by 447,882 thousand euro from December 31, 2011.

The result for 2012 decreased by 289,410 thousand euro from profit of 87,083 thousand euro in 2011 to a loss of 202,327 thousand euro in 2012; the translation reserve, reflecting a negative balance of 80,986 thousand euro, decreased by 71,784 thousand euro from December 2011, as a result of the performance of the euro against the currencies in the countries with material non-controlling interests, such as Egypt.

Non-current and current liabilities

19) Employee benefits

Employee benefits at December 31, 2012 amounted to 240,501 thousand euro (210,548 thousand euro at December 31, 2011).
The Group's main employee benefit plans are described below.

Defined benefit plans

The Group operates pension plans, post-employment medical benefit plans and post-employment benefit plans.

The most important pension plans are in the USA and France; they are financed by contributions paid by the company and by employees to external entities responsible for the administration and management of the pension funds; early retirement schemes also operate, pursuant to local laws, in France and Belgium.

With regard to the post-employment benefits for staff of the Group's Italian companies (*Fondo di Trattamento di fine rapporto,* TFR), liabilities in respect of TFR benefits accrued and optioned by employees as from 2007 no longer qualify as defined benefit plans. They are treated as quotas of defined contribution plans.
Some Group companies in the USA operate plans providing post-employment medical and life insurance benefits. In France and, to a lesser extent, in Belgium similar benefits are provided for certain classes of workers, specifically the companies pay a portion of contributions to the insurance company, which then reimburses workers, after retirement, for a portion of medical expenses.

In some companies in France and Italy, the Group also recognizes liabilities in respect of future commitments, in the form of bonuses payable to employees on the basis of length of service; these liabilities are measured with actuarial assumptions. Net liabilities for pension plans and post-employment benefit plans are determined with actuarial calculations performed by independent external actuaries.

Net liabilities determined on the basis of actuarial calculations at December 31, 2012, are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	Dec.31,12	Dec.31,11	Dec.31,12	Dec.31,11	Dec.31,12	Dec.31,11
Discounted value of funded plans	158.2	148.9			158.2	148.9
Fair value of plan assets	(93.6)	(88.1)			(93.6)	(88.1)
Discounted net value of funded plalns	**64.6**	**60.8**			**64.6**	**60.8**
Discounted value of non-funded plans	92.4	74.3	100.9	91.0	193.3	165.3
Net value of obligation	**157.0**	**135.1**	**100.9**	**91.0**	**257.9**	**226.1**
Unrecognized actuarial gains/(losses)	(70.5)	(51.5)	(21.9)	(12.1)	(92.4)	(63.6)
Unrecognized costs past service	(1.1)	(1.3)	(1.2)	(0.7)	(2.3)	(2.0)
Net (assets)/liabilities	**85.4**	**82.3**	**77.8**	**78.2**	**163.2**	**160.5**
of which:						
Liabilities	86.6	82.7	77.8	78.2	164.4	160.9
Assets	(1.2)	(0.4)			(1.2)	(0.4)
Net (assets)/liabilities	**85.4**	**82.3**	**77.8**	**78.2**	**163.2**	**160.5**

With reference to "post-employment medical benefits", a change of +/- 1 percentage point in the rates relating to changes in healthcare spending would generate changes of -4.3 and -3.5 million euro respectively in liabilities and +0.3 and -0.2 million euro respectively in related expenses.

The movements in the net liability are analyzed below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	Dec.31,12	Dec.31,11	Dec.31,12	Dec.31,11	Dec.31,12	Dec.31,11
Opening net liability	**82.3**	**91.2**	**78.2**	**75.5**	**160.5**	**166.7**
Net costs charged to employee expense	13.4	11.3	4.5	5.2	17.9	16.5
Contributions or services paid	(17.1)	(15.4)	(4.1)	(3.6)	(21.2)	(19.0)
Translation differences	(0.1)	(0.1)	(0.8)	1.3	(0.9)	1.2
Plans acquired on change in scope of consolidation	6.9	(4.7)		(0.2)	6.9	(4.9)
Closing net liability	**85.4**	**82.3**	**77.8**	**78.2**	**163.2**	**160.5**

Costs for the period are detailed below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	Dec.31,12	Dec.31,11	Dec.31,12	Dec.31,11	Dec.31,12	Dec.31,11
Current cost of services	(4.4)	(4.0)	(1.7)	(1.8)	(6.1)	(5.8)
Finance costs on obligations	(9.7)	(9.6)	(3.5)	(3.9)	(13.2)	(13.5)
Revenue expected from plan assets	6.2	5.7			6.2	5.7
Net actuarial losses recognized in period	(5.6)	(2.3)	(0.1)	(0.2)	(5.7)	(2.5)
Cost of prior-period services	(0.7)	(0.7)	0.1	0.2	(0.6)	(0.5)
Plan settlement or curtailment gains/(losses)	0.8	(0.4)	0.7	0.5	1.5	0.1
Total recognized under employee expense	**(13.4)**	**(11.3)**	**(4.5)**	**(5.2)**	**(17.9)**	**(16.5)**
Actual yield on assets	**10.9**	**3.7**			**10.9**	**3.7**

The movements in defined benefit obligations during the period are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	Dec.31,12	Dec.31,11	Dec.31,12	Dec.31,11	Dec.31,12	Dec.31,11
Opening present value of defined benefit obligations	**223.3**	**208.7**	**91.0**	**81.7**	**314.3**	**290.4**
Social security costs for period	4.4	4.0	1.7	1.8	6.1	5.8
Finance costs on obligations	9.6	9.6	3.5	3.9	13.1	13.5
Employee contributions			0.3	0.2	0.3	0.2
Cost of prior-period services	0.5	0.5	0.4		0.9	0.5
Actuarial (gains)/losses	29.5	19.8	9.7	6.4	39.2	26.2
Amounts paid	(20.8)	(17.9)	(4.4)	(3.8)	(25.2)	(21.7)
Plan curtailments	(0.7)		(0.7)	(0.5)	(1.4)	(0.5)
Change in scope of consolidation	7.4	(4.4)		(0.2)	7.4	(4.6)
Translation differences and other	(2.6)	3.0	(0.6)	1.5	(3.2)	4.5
Closing present value of defined benefit obligations	**250.6**	**223.3**	**100.9**	**91.0**	**351.5**	**314.3**

The movements in plan asset fair values are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	Dec.31,12	Dec.31,11	Dec.31,12	Dec.31,11	Dec.31,12	Dec.31,11
Opening fair value of plan assets	**88.1**	**86.1**			**88.1**	**86.1**
Expected yield	6.2	5.7			6.2	5.7
Actuarial gains/(losses)	4.6	(2.0)			4.6	(2.0)
Employer contributions	17.2	15.4	4.1	3.6	21.3	19.0
Employee contributions			0.3	0.2	0.3	0.2
Benefits paid	(20.8)	(17.9)	(4.4)	(3.8)	(25.2)	(21.7)
Changes in scope of consolidation		(0.1)				(0.1)
Translation differences and other	(1.7)	0.9			(1.7)	0.9
Closing fair value of plan assets	**93.6**	**88.1**			**93.6**	**88.1**

The Group’s estimated contribution to defined benefit plans in 2013 is 15.4 million euro..

The table below sets out the main plan asset categories as percentages:

	2012	2011
Equities	38.6%	38.4%
Bonds	49.7%	49.5%
Investment property	0.3%	0.4%
Other	8.6%	11.6%

The table below sets out key data for pension plans and other long-term benefits in the last two years:

(in millions of euro)	December 31, 2012	December 31, 2011
Discounted value of funded plans	158.2	148.9
Fair value of plan assets	(93.6)	(88.1)
Net value of funded plans	**64.6**	**60.8**
Change in value of funded plans other than experience adjustments	(7.3)	8.3
Difference between actual asset yield and asset yield expected at beginning of period (experience adjustments)	(4.6)	2.0

Actuarial assumptions

The actuarial assumptions used to determine obligations arising from the Group's pension plans and other long-term benefits are set out below:

	Europe		North America		Other countries	
(in %)	2012	2011	2012	2011	2012	2011
Expected yield on assets		3.50 - 4.70		7.72		7.50
Future wage and salary increases	1.00 - 3.25	1.00 - 3.50	n.a.	n.a.	3.50 - 8.50	3.50 - 8.50

n.a.: not applicable

In 2012 the expected yields on assets for 2013 were not indicated, since the new IAS 19 revised will be applied, which uses the same rates as for defined benefit obligations.

Discount rate in %	2012	2011
Europe		
Italy	2.75	4.60
Belgium	1.75-2.75	4.60
Spain	2.75	4.60
France	1.00-2.75	4.60
Greece	2.75	4.60
Bulgaria	4.25	5.50
North America		
USA	3.50	4.19
Canada	4.25	4.75
Other countries		
Morocco	4.50	4.50
Kuwait	3.35	4.60
Thailand	3.75	3.50
India	8.25	8.40

The discount rate was determined by reference to market yields on high-quality corporate bonds. In countries where there is not deep market in such bonds, the market yields on government bonds was used.

Defined contribution plans

The Group's defined contribution plans are pension plans and medical plans; expense relating to these plans in 2012 was 52.8 million euro (53.4 million euro in 2011).

Termination plans

At December 31, 2012 provisions for termination plans totaled 73.8 million euro (37.7 million euro in 2011) and related mainly to Italy for 69.3 million euro in connection with re-organization plans affecting Italcementi S.p.A., Calcestruzzi and C.T.G..

Stock options

The Group has arranged stock option plans for directors and managers who hold specific posts in Italmobiliare S.p.A., Italcementi S.p.A., some of its Italian subsidiaries and Ciments Français S.A.
The stock options granted by the parent Italmobiliare S.p.A. refer to ordinary shares: they may be exercised between the beginning of the fourth year and the end of the tenth year after the grant date; directors whose term of office is not renewed may exercise their options immediately, and in any case within 10 years of the grant date; as a general rule, unexercised stock options assigned to managers are not recognized in the event of termination of employment in the Group, except in the case of retirement.
Stock options are exercised at a rate of 1 share per option.

The terms and conditions of Italmobiliare S.p.A. stock option plans at December 31, 2012, are set out below:

Grant date	N° options granted	Exercise period	Exercised options	Cancelled options	Unexercised options	Unit subscription price	
March 24, 2003	49,283	3/24/2006 - 3/23/2013	39,720		9,563	€	31.2800
March 30, 2004	96,080	3/30/2007 - 3/29/2014			96,080	€	35.1990
March 30, 2005	108,437	3/30/2008 - 3/29/2015			108,437	€	54.5355
March 21, 2006	109,880	3/21/2009 - 3/20/2016			109,880	€	65.7010
March 21, 2007	122,479	3/21/2010 - 3/20/2017			122,479	€	86.0685
March 28, 2008	124,200	3/28/2011 - 3/27/2018			124,200	€	59.9080
March 25,2009	19,350	3/25/2012 - 3/24/2019			19,350	€	20.5260
March 24, 2010	124,385	3/24/2013 - 3/23/2020			124,385	€	28.8340
March 30, 2011	112,900	3/30/2014 - 3/29/2021			112,900	€	27.4690
Total	**866,994**		**39,720**	**-**	**827,274**		

The grant date is the date of the Board of Directors' meeting that approved the stock option plan.

The table below sets out the number and average exercise price of stock options in the periods in question:

	2012			2011		
	N° options	Average subscription price		N° options	Average subscription price	
Unexercised options at beginning of period	**827,274**	**€**	**50.6255**	**714,374**	**€**	**54.2852**
Granted during period				112,900	€	27.4690
Unexercised options at end of period	**827,274**	**€**	**50.6255**	**827,274**	**€**	**50.6255**
Vested options at end of year	**589,989**			**570,639**		

The average ordinary share price in financial year 2012 was 14.081 euro (23.709 euro in 2011).
The average residual life of unexercised options is 2 years and 5 months.
The option exercise price at December 31, 2012 was between 20.526 euro and 86.0685 euro.
Only options granted after November 7, 2002, that had not vested at December 31, 2003, were measured and recognized at the date of transition to the IFRS.
The following table sets out the details of all Group stock option plans and their cost, carried under "Employee expense".

(in thousands of euro) Grant date	Company	N° options granted	Vesting period	Employee expense 2012	2011
March 26, 2008	Italcementi S.p.A.	623,300	3 years		120
March 28, 2008	Italmobiliare	124,200	3 years		178
April 14, 2008	Ciments Français S.A.	152,900	3 years		308
June 4, 2008	Italcementi S.p.A.	1,564,750	3 years		(611)
March 25, 2009	Italmobiliare	19,350	3 years	6	24
March 24, 2010	Italmobiliare	124,385	3 years	385	385
March 30, 2011	Italmobiliare	112,900	3 years	332	249
Total				**723**	**653**

Stock option plan fair value at the grant date is estimated using a binomial model that takes dividends into account. The total option term is ten years. Volatility projections assume that past volatility, computed as the annual average on a historical period of three years net of extraordinary events, is indicative of future trends.
No other stock option plan feature is taken into consideration when measuring fair value,

The following table sets out the assumptions used and results obtained in measuring stock options:

	Plan 2010	Plan 2009	Plan 2008	Plan 2007	Plan 2006	Plan 2005	Plan 2004	Plan 2003	Plan 2002
Option value at grant date	8.81	9.28	3.78	17.21	23.64	22.05	11.41	7.15	6.49
Share value	28.39	31.10	21.59	65.10	87.41	73.57	52.84	35.05	31.80
Exercise price	27.469	28.834	20.526	59.908	86.068	65.701	54.536	35.199	31.280
Volatility in %	26.2%	24.3%	25.0%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Option term (years)	10.00	10.00	10.00	10.00	9.75	9.75	9.75	10.00	10.00
Dividends as %	3.01%	2.75%	7.41%	2.23%	1.45%	1.50%	1.89%	2.68%	2.96%
10-year BTP risk-free rate	4.775%	3.920%	4.485%	3.889%	3.652%	3.462%	3.275%	3.640%	3.790%

20) Non-current and current financial liabilities and loans and borrowings

See the section on IFRS 7.

21) Provisions

Non-current and current provisions totaled 249,900 thousand euro at December 31, 2012, a decrease of 13,276 thousand euro from December 31, 2011.

(in thousands of euro)	Opening amount	Increases	Decreases for use	Reversed unused amounts	Translation differences	Other changes	Total changes	Closing amount
Environmental restoration	91,770	12,438	(7,007)	(4,795)	(701)	(4,871)	(4,936)	86,834
Disputes	95,594	21,722	(14,713)	(7,051)	(2,459)	(6,303)	(8,804)	86,790
Other provisions	75,812	10,916	(7,296)	(3,684)	(1,534)	2,062	464	76,276
Total	**263,176**	**45,076**	**(29,016)**	**(15,530)**	**(4,694)**	**(9,112)**	**(13,276)**	**249,900**
Non-current portion	261,053	44,835	(27,313)	(15,530)	(4,705)	(9,052)	(11,765)	249,288
Current portion	2,123	241	(1,703)		11	(60)	(1,511)	612
Total	**263,176**	**45,076**	**(29,016)**	**(15,530)**	**(4,694)**	**(9,112)**	**(13,276)**	**249,900**

"Disputes" reflects amounts provided for tax risks deemed probable after tax audits and tax return assessments, for risks of a legal nature, for disputes with employees and for restoration of urban and industrial areas.

Contingent liabilities

The main contingent liabilities relating to disputes and proceedings pending at December 31, 2011, for which amounts were not provided, are described below. The Group is not aware of other disputes, legal controversies or other exceptional facts that might have a material impact on its financial debt, earnings and operations.

Europe

Regarding the investigation begun in November 2008 by the European Commission into some cement producers, including Italcementi S.p.A. and the subsidiaries Ciments Français S.A., Ciments Calcia S.A. and Compagnie des Ciments Belges S.A., in December 2010 the European Commission notified the decision for the formal opening of the proceeding to Italmobiliare S.p.A. (and, indirectly through Italmobiliare, to the above-named Group companies and the Spanish subsidiary Financiera Y Minera).
In April 2011, the Commission served a further formal notice on Italmobiliare of its decision to request extensive additional economic, financial and commercial information.
Italmobiliare provided the information within the required term and, simultaneously, lodged an appeal with the EU Tribunal against the decision. Both the investigation and the proceedings are still underway.

Regarding the proceeding begun in 2009 by the General Directorate of the Belgian Competition Authority against cement producers (including Compagnies des Ciments Belges (CCB), a decision is expected from the Belgian Competition Authority by the end of the first quarter of 2013 after the charges were formally notified in April 2010.

Turkey

With regard to the proceedings begun by Sibconcord against Ciments Français as a result of the non-closure of the 2008 agreement for the sale of the Turkish operations (Set Group), the Russian Supreme Court ha overturned the previous three rulings in favor of Sibconcord, and the case has been sent back to the court of first instance. With regard to the proceedings begun in Turkey by Sibcem for the annulment of the arbitration award, contemplated by the contract and already made in favor of Ciments Français, the Court of Appeal overturned the ruling of first instance of the court of Kadikoy upholding the appeal and ordered the case to be sent back to the court of Istanbul, deemed competent to rule on the case; hearings are currently being conducted. The arbitration award was recognized in France, Belgium and Kazakhstan, while procedures for recognition are underway in Italy, Bulgaria and Egypt.

India

The dispute between Zuari and Larsen & Toubro (L&T for short) on the contract for civil and mechanical engineering works at the Yerraguntla cement plant, for which an arbitration proceeding began in August 2011, was resolved in 2012 with an agreement between the parties.

22) Deferred tax assets and deferred tax liabilities

Total deferred tax liabilities net of deferred tax assets amounted to 86,560 thousand euro at December 31, 2012 as follows:

(in thousands of euro)	December 31, 2011	Result	Other changes	December 31, 2012
Benefit on tax loss carryforwards	151,083	5,667	(27,699)	129,051
Property, plant and equipment	(339,298)	1,069	14,841	(323,388)
Inventories	(14,659)	(113)	(33)	(14,805)
Financial liabilities	(379)	(65)		(444)
Non-current provisions and Employee benefits	101,413	1,122	(8,383)	94,152
Other	47,315	(12,862)	(5,579)	28,874
Total	**(54,525)**	**(5,182)**	**(26,853)**	**(86,560)**
of which:				
Deferred tax assets	172,466			127,240
Deferred tax liabilities	(226,991)			(213,800)
Total	**(54,525)**			**(86,560)**

At December 31, 2012 net deferred tax liabilities reflected in equity reserves amounted to 16,654 thousand euro (19,173 thousand euro at December 31, 2011).
Off-balance sheet deferred tax assets relating to tax losses for the period and previous periods amounted to approximately 197.9 million euro (168.0 million euro at December 31, 2011); they referred to Group company losses, reversal of which is not considered probable today.

23) Trade payables

See the section on IFRS 7.

24) Tax liabilities

Tax liabilities amounted to 33,539 thousand euro (44,753 thousand euro at December 31, 2011) and reflected amounts due to tax authorities for income taxes accrued in the year.

25) Other current liabilities

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Due to employees	114,126	116,693	(2,567)
Due to social security authorities	59,531	60,978	(1,447)
Due to tax authorities	73,537	83,101	(9,564)
Accruals and deferred income	35,019	38,235	(3,216)
Derivatives	22,552	37,775	(15,223)
Amounts due in banking and insurance segment	523,908	655,532	(131,624)
Customer advances		73,971	(73,971)
Put options on non-controlling interests	45,803	67,768	(21,965)
Other amounts due	245,161	158,680	86,481
Total	**1,119,637**	**1,292,733**	**(173,096)**

Put options on non-controlling interests refer to 48% of the shares of Universal Co. for Ready Mix Concrete in Egypt, 42% of the shares of Hilal in Kuwait and 26% of the shares of Gulbarga in India.

26) Liabilities directly linked to discontinued operations

The balance on this caption at December 31, 2012 was 291 thousand euro (372 thousand euro at December 31, 2011), reflecting deferred tax liabilities arising on the total difference between the carrying amount and the tax base of discontinued operations, specifically the Sirap Gema S.p.A. plant in Perugia (packaging and insulation segment).

Commitments

(in millions of euro)	December 31, 2012	December 31, 2011
Collateral given	194.4	183.9
Deposits, guarantees, sureties, commitments, other	191.4	192.3
Total	**385.8**	**376.2**

Collateral given at December 31, 2012, consisted mainly of mortgages and liens securing loans and borrowings at the Indian subsidiaries and equities provided as guarantees to credit institutes.

Contracts and orders issued for investments amounted to 228.6 million euro at December 31, 2012; they referred mainly to property, plant and equipment, as follows:

	Nominal values			
(in millions of euro)	December 31, 2012	< 1 year	1 - 5 years	> 5 years
Commitments for non-current asset purchases	228.6	164.4	64.2	

Finter Bank Zürich and its subsidiaries provided guarantees in favor of third parties on behalf of their own clients, for 7,694 thousand Swiss francs (11,006 thousand Swiss francs at December 31, 2011), against which the clients made deposits to cover possible enforcement of the guarantees provided.

Income statement

27) Revenue

Revenue from sales and serviced totaled 4,775,658 thousand euro, as follows:

(in thousands of euro)	2012	2011	Change	% change
Industrial revenue				
Product sales	4,521,611	4,728,648	(207,037)	-4.4%
Services provided	153,709	120,922	32,787	27.1%
Other revenue	35,415	35,430	(15)	0.0%
Total	**4,710,735**	**4,885,000**	**(174,265)**	**-3.6%**
Financial revenue				
Interest	5,986	10,526	(4,540)	-43.1%
Dividends	2,974	11,412	(8,438)	-73.9%
Capital gains and other revenue	24,874	13,044	11,830	90.7%
Total	**33,834**	**34,982**	**(1,148)**	**-3.3%**
Bank revenue				
Interest	4,768	5,954	(1,186)	-19.9%
Commissions	22,329	23,470	(1,141)	-4.9%
Other revenue	3,777	2,789	988	35.4%
Total	**30,874**	**32,213**	**(1,339)**	**-4.2%**
Property and service revenue	**215**	**669**	**(454)**	**-67.9%**
Grand total	**4,775,658**	**4,952,864**	**(177,206)**	**-3.6%**

28) Raw materials and supplies

Raw materials and supplies amounted to 2,001,922 thousand euro, as follows:

(in thousands of euro)	2012	2011	Change	% change
Raw materials and semifinished goods	562,661	618,287	(55,626)	-9.0%
Fuel	406,202	503,838	(97,636)	-19.4%
Materials and machinery	277,390	292,545	(15,155)	-5.2%
Finished goods	171,389	170,260	1,129	0.7%
Electricity, water, gas	529,166	463,948	65,218	14.1%
Change in inventories of raw materials, consumables, other	55,114	4,707	50,407	n.s.
Total	**2,001,922**	**2,053,585**	**(51,663)**	**-2.5%**

29) Services

Services amounted to 1,168,063 thousand euro, as follows:

(in thousands of euro)	2012	2011	Change	% change
External services and maintenance	372,607	374,077	(1,470)	-0.4%
Transport	512,672	512,017	655	0.1%
Legal fees and consultancy	49,775	58,476	(8,701)	-14.9%
Rents	85,221	90,418	(5,197)	-5.7%
Insurance	38,162	38,512	(350)	-0.9%
Subscriptions	10,605	8,974	1,631	18.2%
Other expense	99,021	105,804	(6,783)	-6.4%
Total	**1,168,063**	**1,188,278**	**(20,215)**	**-1.7%**

“Other expense” consisted mainly of expenses for post, telephone, cleaning, surveillance, communication and marketing, chiefly in the construction materials segment.

30) Employee expense

Employee expense totaled 1,003,244 thousand euro, as follows:

(in thousands of euro)	2012	2011	Change	% change
Wages and salaries	672,618	695,896	(23,278)	-3.3%
Social security contributions	218,899	229,684	(10,785)	-4.7%
Costs of stock option plans	723	653	70	10.7%
Other expense	111,004	101,318	9,686	9.6%
Total	**1,003,244**	**1,027,551**	**(24,307)**	**-2.4%**

“Other expense” related mainly to costs of temporary personnel, canteen costs, employee insurance costs and personnel training and recruitment costs.

The number of employees is shown below:

(headcount)	2012	2011	Change
Number of employees at period end	20,357	20,965	(608)
Average number of employees	20,739	21,569	(830)

31) Other operating income (expense)

Other operating expense net of other operating income amounted to 65,708 thousand euro, as follows:

(in thousands of euro)	2012	2011	Change	% change
Other taxes	83,570	80,485	3,085	3.8%
Allowance for doubtful receivables	23,514	27,352	(3,838)	-14.0%
Interest expense and other expense for companies in the financial and banking segments	17,895	39,858	(21,963)	-55.1%
Provision for environmental restoration, quarries, other	57,077	73,207	(16,130)	-22.0%
Miscellaneous income	(116,348)	(143,622)	27,274	-19.0%
Total	**65,708**	**77,280**	**(11,572)**	**-15.0%**

2012 "Miscellaneous income" included net capital gains of 35.9 million euro (59.7 million euro in 2011) on CO_2 emission rights trading and income from reimbursement of "new entry" CO_2 quotas assigned to Italcementi S.p.A. for the period 2008-2012; the amount was 3.7 million euro (18.9 million euro in 2011).

32) Other non-recurring income (expense)

Other expense net of other income amounted to 28,147 thousand euro (income of 37,751 thousand euro at December 31, 2011) and arose largely from gains on the sale of property, plant and equipment and intangible assets, employee expense for re-organizations and industrial restructurings, fines and penalties, as follows:

(in thousands of euro)	2012	2011	Change	% change
Net gains from sale of non-current assets	39,057	66,315	(27,258)	-41.1%
Employee expense for re-organizations	(56,453)	(26,467)	(29,986)	n.s.
Other non-recurring income (expense)	(10,751)	(2,097)	(8,654)	n.s.
Total	**(28,147)**	**37,751**	**(65,898)**	**n.s.**

Net gains included the sale of the Pontassieve cement plant for 13.2 million euro, the sale of the operations of Silos Granari della Sicilia for 8.4 million euro and the sale of a terminal in North America for 6.6 million euro.
In 2012 expense and net allowances set aside for re-organizations referred mainly to Italy, specifically Italcementi S.p.A. for 44.9 million euro and CTG for 6.3 million euro, and to Spain for 3.1 million euro.

33) Amortization and depreciation

The total amount of 471,859 thousand euro (485,001 thousand euro at December 31, 2011) reflects depreciation of property, plant and equipment for 452,063 thousand euro (466,722 thousand euro at December 31, 2011), depreciation of investment property for 708 thousand euro (813 thousand euro at December 31, 2011) and amortization of intangible assets for 19,088 thousand euro (17,466 thousand euro at December 31, 2011).

34) Impairment

Impairment amounted to 334,140 thousand euro at December 31, 2012 (148,099 thousand euro at December 31, 2011) and referred to impairment on intangible assets and goodwill for 268,689 thousand euro (114,503 thousand euro at December 31, 2011) and impairment on property, plant and equipment for 65,451 thousand euro (33,596 thousand euro at December 31, 2011).

35) Finance income (costs), exchange-rate differences and derivatives

Finance costs net of finance income amounted to 87,887 thousand euro, as follows:

	2012		2011	
(in thousands of euro)	**Income**	**Costs**	**Income**	**Costs**
Interest income	12,260		27,315	
Interest expense		(102,412)		(111,582)
Dividends	1,293		1,125	
Income and costs from equity investments	26,101	(2,062)	24,965	(919)
Other finance income	19,023		20,349	
Capitalized finance costs		1,322		670
Other finance costs		(42,134)		(47,393)
Sub total	**46,417**	**(42,874)**	**46,439**	**(47,642)**
Total finance income (costs)	**58,677**	**(145,286)**	**73,754**	**(159,224)**
Gains/(losses) on interest-rate derivatives		(5,930)		(6,799)
Gains/(losses) on exchange-rate derivatives	36,243			(11,066)
Net exchange-rate differences		(31,591)		(275)
Net exchange-rate differences and derivatives		**(1,278)**		**(18,140)**
Total finance income (costs), exchange-rate differences and derivatives		**(87,887)**		**(103,610)**

Net finance costs of 87,887 thousand euro (103,610 thousand euro in 2011) included capitalized finance costs for 1,322 thousand euro (670 thousand euro in 2011).

Gains/losses from sales of equity investments included the gain on the sale of Goltas shares (Turkey for 25.6 million euro).

36) Impairment on financial assets

(in thousands of euro)	2012	2011	Change	% change
Calcestruzzi		(7,524)	7,524	-100.0%
Unicredito	21,136	49,241	(28,105)	-57.1%
RCS MediaGroup		35,506	(35,506)	-100.0%
Burgo Group	10,027		10,027	100.0%
UBI (shares and warrants)	884	9,122	(8,238)	-90.3%
Intek warrants		27	(27)	-100.0%
Other	161	190	(29)	-15.3%
Total	**32,208**	**86,562**	**(54,354)**	**-62.8%**

The caption totals 32,208 thousand euro and refers for 21,136 thousand euro to the impairment loss on the Unicredito equity investment, for 10,027 thousand euro to the impairment loss on the Burgo S.p.A. equity investment, for 884 thousand euro to the impairment loss on the UBI equity investment, for 119 thousand euro to the impairment loss on the Atmos Venture equity investment and for 42 thousand euro to the impairment loss on the Atmos equity investment.

With reference to the Burgo S.p.A. equity investment, fair value was determined by Italmobiliare S.p.A. senior management assisted by an independent expert, using the evaluation technique based on estimated present value of future cash flows, with reference to the best available information.
Specifically, the fair value of Burgo S.p.A. was determined with the asset-side approach, which decreases the recoverable value of the net operating asset (core equity value) by net debt and employee provisions and increases it by the balance on other non-operating assets and liabilities (net surplus assets).
A discount rate (post tax weighted average cost of capital) of 8.13% and a nominal growth rate (g) of 0% were adopted for the terminal value.
The recoverable value of the Burgo S.p.A. equity investment was ascertained as 18,002 thousand euro compared with a carrying amount of 39,719 thousand euro. In compliance with Group policy, an impairment loss of 21,717 thousand euro was recognized, of which 11,689 thousand euro deducted against the fair value reserve and 10,028 thousand euro against the income statement.

37) Share of profit (loss) of equity-accounted investees

(in thousands of euro)	2012	2011	Change	% change
Mittel (Italy)(*)	(1,792)	(6,463)	4,671	-72.3%
RCS MediaGroup (Italy) (*)	(28,719)	(1,372)	(27,347)	n.s.
SES (Italy)	(614)	(1,093)	479	-43.8%
Vassiliko (Cyprus)	(4,021)	154	(4,175)	n.s.
Techno Gravel (Egypt)	525	644	(119)	-18.5%
Asment Cement (Morocco)	5,125	7,904	(2,779)	-35.2%
Ciment Quebec (Canada)	7,675	10,396	(2,721)	-26.2%
Others	1,804	(461)	2,265	n.s.
Total	**(20,017)**	**9,709**	**(29,726)**	**n.s.**

(*) figures at September 30

38) Income tax expense

Income tax expense for the period was 148,129 thousand euro, as follows:

(in thousands of euro)	2012	2011	Change	% change
Current tax	115,188	94,418	20,770	22.0%
Prior-year tax and other net non-recurring tax items	26,124	4,854	21,270	n.s.
Deferred tax	6,817	(44,201)	51,018	n.s.
Tax from change in tax rate		8,848	(8,848)	-100.0%
Total	**148,129**	**63,919**	**84,210**	**n.s.**

In Italy, the IRES rate applied by the parent on estimated taxable income for the period was 27.5%, as in 2011. Taxes for Group companies in other countries are calculated using local tax rates.
The reconciliation between the tax charge reflected in the income statement and the theoretical tax charge does not consider IRAP, since IRAP uses a taxable base other than profit before tax.

The reconciliation between the theoretical tax charge and the tax charge reflected in the income statement is set out below:

(in thousands of euro)		2012
Consolidated profit (loss) before tax		**(332,484)**
Current IRES tax rate		27.5%
Theoretical tax charge		**91,433**
Effect of tax rate reduction for tax relief/allowances		13,426
Tax effect on permanent differences		
- foreign dividends and other exempt income		23,489
- non-deductible costs		(126,347)
Net effect for the period of unrecognized deferred tax on temporary differences (*)		(96,370)
Effect of change in taxrates		
Withholdings on foreign dividends		(4,716)
Effect of estimate adjustments and/or recognition of previously unrecognized deferred tax		(29,522)
Effect of difference between Italian and foreign tax rate (**)		(8,998)
Other taxes		(11,627)
Actual income tax charge	**-44.9%**	**(149,232)**
Actual IRAP tax charge		(3,351)
Other components not related to income for the year		4,454
Total	**-44.6%**	**(148,129)**

(*) Refers mainly to unrecognized deferred tax assets on losses for the period in Italy, USA and Spain.
(**) The difference between the Italian tax rate and the rates in the foreign countries where the Group operates refers mainly to France, Belgium, and USA.

39) Profit (loss) relating to discontinued operations

Afyon - Turkey

On May 31, 2012 the Group sold the Turkish company Afyon to third parties; the net sale price of 24.2 million euro generated a consolidated net gain of 0.2 million euro.

Fuping Cement – China

On June 26, 2012 the Group sold its entire interest in Fuping Cement to West China Cement, a holding listed in Hong Kong, against a reserved capital increase for a share of approximately 6.25%; the market value of the West China Cement shares on the sale date was 44.0 million euro, the transaction generated a consolidated net gain of 12.8 million euro.

The income statement and the statement of cash flows of the discontinued Afyon and Fuping operations are set out below:

(in millions of euro)	2012		2011	
Income statement	**Afyon**	**Fuping**	**Afyon**	**Fuping**
Revenue	1.6	8.4	20.1	43.1
Recurring EBITDA	(0.5)	(2.1)	(1.7)	(2.1)
EBITDA	(0.5)	(2.1)	(1.7)	(2.1)
EBIT	(0.9)	(3.3)	(3.3)	(6.6)
Profit (loss) before tax	(0.8)	(4.2)	(2.9)	(9.5)
Income tax (expense)			0.1	0.2
Profit (loss) relating to discontinued operations	**(0.8)**	**(4.2)**	**(2.8)**	**(9.3)**
Attribuibile a:				
Owners of the parent	(0.3)	(3.5)	(1.2)	(7.8)
Non-controlling interests	(0.5)	(0.7)	(1.6)	(1.5)

In the IFRS 5 income statement for 2011 the line "Profit (loss) relating to discontinued operations" was 94.4 million euro and included the sale of Set Group for 106.5 million euro.

(in millions of euro)	2012		2011		
Statement of cash flows	**Afyon**	**Fuping**	**Set Group**	**Afyon**	**Fuping**
Cash flow from operating activities	(1.2)	1.1		(1.9)	(10.5)
Cash flow from divesting (investing) activities	(0.1)	(0.7)		(1.2)	(2.7)
Cash flow from financing activities		11.6		(0.5)	17.0
Proceeds from sales	22.8	(1.7)			
Sold cash and cash equivalents	(2.6)	(22.8)	262.2		
Translation differences	0.3	(0.3)	(5.3)	(1.2)	1.0
Net cash flows from discontinued operations	**19.2**	**(12.8)**	**256.9**	**(4.8)**	**4.8**

At December 31, 2011, the contribution to the consolidated statement of financial position of 2012 discontinued operations was as follows:

(in millions of euro)	Afyon	Fuping
Non-current assets	22.7	69.2
Current assets	10.4	24.5
Equity	29.3	46.9
Non-current liabilities	1.2	
Current liabilities	2.6	46.8

40) Other comprehensive income (expense)

(in thousands of euro)	Gross amount	Tax	Net amount
Fair value gains (losses) on:			
Available-for-sale financial assets	(14,694)	263	(14,431)
Derivatives	(28,971)	2,256	(26,715)
Translation differences	(91,343)		(91,343)
Share of other comprehensive income (expense) of equity-accounted investees	1,184		1,184
Other comprehensive income (expense)	**(133,824)**	**2,519**	**(131,305)**

41) Earnings per share

Earnings per share at December 31, 2012 and 2011 are determined on the parent profit (loss) for the respective periods and stated separately for ordinary shares and savings shares.

Basic earnings per share

The weighted average number of shares and attributable profit are shown below:

	2012		2011	
(n° shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
N° shares at January 1	22,183	16,343	22,183	16,343
Treasury shares at January 1	(871)	(28)	(871)	(28)
Weighted average number of shares sold in period				
Total	**21,312**	**16,315**	**21,312**	**16,315**
Attributable profit (loss) in thousands of euro	(153,094)	(117,200)	(83,661)	(64,046)
Basic earnings per share	(7.184)	(7.184)	(3.926)	(3.926)

Profit (loss) attributable by share category was determined as follows:

	2012		2011	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)				
Residual profit (loss) apportioned to all shares	(153,094)	(117,200)	(83,661)	(64,046)
Total	**(153,094)**	**(117,200)**	**(83,661)**	**(64,046)**

Diluted earnings per share

Diluted earnings per share are computed in the same way as basic earnings per share, taking account of the dilutive effect of stock options.

The weighted average number of shares and attributable profit are set out below:

(thousands of shares)	2012 Ordinary shares	2012 Savings shares	2011 Ordinary shares	2011 Savings shares
Weighted average number of shares at December 31	21,311	16,315	21,311	16,315
Dilutive effect of stock options			2	
Total	**21,311**	**16,315**	**21,313**	**16,315**
Attributable profit (loss) for period for diluted earnings in 000 euro	(153,094)	(117,200)	(83,665)	(64,042)
Diluted earnings per share in euro	(7.184)	(7.184)	(3.925)	(3.925)

Profit (loss) attributable by share category was determined as follows:

(in thousands of euro)	2012 Ordinary shares	2012 Savings shares	2011 Ordinary shares	2011 Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)				
Residual profit (loss) apportioned to all shares	(153,094)	(117,200)	83,665	(64,042)
Total	**(153,094)**	**(117,200)**	**83,665**	**(64,042)**

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Net debt

Net debt at December 31, 2012 was as follows:

(in thousands of euro)	Line item	Non net debt	Net debt	Current assets	Current liabilities	Non-current assets	Non-current liabilities
Trade receivables and other non-current assets	262,921	63,608	199,313			199,313	
Other current financial assets	397,522	315,067	82,455	82,455			
Financial assets and trading equities	465,300	268	465,032	465,032			
Cash and cash equivalents	957,573		957,573	957,573			
Non-current financial liabilities	(2,196,608)		(2,196,608)				(2,196,608)
Other non-current liabilities	(40,652)	(7,458)	(33,194)				(33,194)
Loans and borrowings	(652,629)		(652,629)		(652,629)		
Current financial liabilities	(225,935)		(225,935)		(225,935)		
Other liabilities	(1,119,637)	(593,142)	(526,495)		(526,495)		
Total	**(2,152,145)**	**(221,657)**	**(1,930,488)**	**1,505,060**	**(1,405,059)**	**199,313**	**(2,229,802)**

Net debt at December 31, 2012 stood at 1,930,488 thousand euro, as follows:

(in thousands of euro)	December 31, 2012		December 31, 2011		Change	
Cash, cash equivalents and current financial assets	**1,505,060**		**1,693,184**		**(188,124)**	
Cash and cash equivalents		957,573		821,478		136,095
Derivatives		21,065		8,279		12,786
Other current assets		526,422		863,427		(337,005)
Short-term financing	**(1,405,059)**		**(1,567,469)**		**162,410**	
Loans and borrowings		(652,629)		(349,436)		(303,193)
Current financial liabilities		(747,322)		(1,193,157)		445,835
Derivatives		(5,108)		(24,876)		19,768
Medium/long-term financial assets	**199,313**		**167,400**		**31,913**	
Non-current financial assets		72,520		72,144		376
Non-current derivatives		126,793		95,256		31,537
Medium/long-term financing	**(2,229,802)**		**(2,332,734)**		**102,932**	
Non-current financial liabilities		(2,196,608)		(2,318,948)		122,340
Non-current derivatives		(33,194)		(13,786)		(19,408)
Net debt	**(1,930,488)**		**(2,039,619)**		**109,131**	

Net debt at December 31, 2012, computed in compliance with Consob communication no. DEM/6064293 of July 28, 2006 (i.e., not including medium/long-term financial assets) amounted to 2,129,801 thousand euro (2,207,019 thousand euro at December 31, 2011).

Comparison between fair value and carrying amount

The table below compares the carrying amount and the fair value of financial assets and liabilities at December 31, 2012 and 2011:

	December 31, 2012		December 31, 2011	
(in thousands of euro)	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Assets at fair value through profit and loss				
Cash and cash equivalents	957,573	957,573	821,478	821,478
Short-term derivatives	*20,752*	*20,752*	*6,822*	*6,822*
Banking derivatives	*313*	*313*	*1,457*	*1,457*
Medium/long-term derivatives	*126,793*	*126,793*	*95,256*	*95,256*
Derivatives	147,858	147,858	103,535	103,535
Equity investments, bonds and financial assets	465,300	465,300	759,715	759,715
Banking and other receivables	71,257	71,257	111,287	111,287
Loans and receivables				
Trade receivables	810,437	810,437	925,843	925,843
Receivables and other non-current assets	135,975	135,975	119,237	119,237
Available-for-sale assets				
Non-current equity investments	306,397	306,397	338,886	338,886
Held-to-maturity investments				
Total	**2,894,797**	**2,894,797**	**3,179,981**	**3,179,981**
Financial liabilities				
Trade payables	651,591	651,591	690,831	690,831
Current financial liabilities	*878,564*	*878,564*	*888,015*	*888,015*
Other financial liabilities	*521,387*	*521,387*	*654,578*	*654,578*
Total short-term financial liabilities	1,399,951	1,399,951	1,542,593	1,542,593
Short-term derivatives	*2,587*	*2,587*	*23,922*	*23,922*
Banking derivatives	*2,521*	*2,521*	*954*	*954*
Medium/long-term derivatives	*33,194*	*33,194*	*13,786*	*13,786*
Total derivatives	38,302	38,302	38,662	38,662
Non-current financial liabilities	2,196,608	2,279,508	2,318,948	2,379,848
Total	**4,286,452**	**4,369,352**	**4,591,034**	**4,651,934**

Trade receivables and payables are short-term assets and liabilities and are carried at amounts that are reasonable approximations of their fair value.
Derivatives are measured and recognized at fair value. The fair value of interest-rate contracts is determined by discounting future cash flows using the zero coupon curve.
The fair value of forward foreign-currency purchase contracts is based on the current exchange rates for contracts with similar maturity profiles.
The fair value of foreign-currency liabilities and receivables is determined using the exchange rates at closure of the reporting period. The fair value of fixed-rate liabilities and receivables is determined using a fixed rate with no credit margin, net of transaction costs directly attributable to the financial assets and financial liabilities.

Fair Value - hierarchy

In determining and documenting the fair value of financial instruments, the Group uses the following hierarchy based on different measurement methods:
level 1: financial instruments with prices quoted on active markets;
level 2: prices quoted on active markets for similar financial instruments, or fair value determined with other measurement methods where all significant inputs are based on observable market data;
level 3: fair value determined with measurement methods where no significant input is based on observable market data.

At December 31, 2012 financial instruments stated at fair value were as follows:

(in thousands of euro)	December 31, 2012	Level 1	Level 2	Level 3
Derivatives - assets	147,858	2,238	145,620	
Equity investments, bonds and financial assets	373,869	215,625	154,504	3,740
Banking and other receivables	9,867			9,867
Receivables and other non-current assets	4,833	146	4,687	
Non-current equity investments	306,397	216,482	10,952	78,963
Derivatives - liabilities	(38,302)	(115)	(37,385)	(802)

	Level 3	Increases						Decreases							Level 3
(in thousands of euro)	12/31/2011	Purchases	Cap gains in income	Other gains in income	Gains in equity	Other increases	Transfers from other levels	Sales	Repayments	Cap losses in income	Other losses in income	Losses in equity	Other decreases	Transfers to other levels	12/31/2012
Derivatives - assets															
Equity investments, bonds and financial assets	4,343		827	14		254		(281)	(379)	(396)			(642)		3,740
Banking and other receivables	7,345		2,523										(1)		9,867
Non-current equity investments	120,857	2,173			47	13		(6,462)	(4,394)		(10,188)	(21,072)	(2,011)		78,963
Derivatives - liabilities	(417)										(385)				(802)

No reclassifications from categories valued at fair value to categories valued at amortized cost were made, in 2012 or 2011, in the Group financial asset portfolio.

Cash and cash equivalents

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Cash and checks in hand	3,856	3,966	(110)
Bank and postal accounts	738,573	565,403	173,170
Short-term deposits	215,144	252,109	(36,965)
Net amount	**957,573**	**821,478**	**136,095**

Short-term deposits have varying maturities within three months, in relation to the Group's financial requirements; interest matures at the respective short-term rates.
As a result of currency regulations in Egypt, Morocco, Thailand and India, the cash and cash equivalents of the Group companies in those countries are not immediately available to the holding Ciments Français S.A.; at December 31, 2012, they amounted to 336.5 million euro (368.1 million euro at December 31, 2011).

Cash and cash equivalents are also shown under "Cash and cash equivalents at end of period" on the statement of cash flows.

Derivatives

The table below shows the fair value of the financial instruments reflected in the statement of financial position, subdivided by type of hedge:

	December 31, 2012		December 31, 2011	
(in thousands of euro)	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives hedging cash flows		(318)	379	(2,728)
Interest-rate derivatives for trading	2,234	(1,827)	829	(728)
Interest-rate derivatives	**2,234**	**(2,145)**	**1,208**	**(3,456)**
Exchange-rate derivatives hedging cash flows	299	(330)	4,237	(37)
Exchange-rate derivatives hedging fair value	18,219	(112)	1,377	(20,301)
Exchange-rate derivatives for trading				(128)
Exchange-rate derivatives	**18,518**	**(442)**	**5,614**	**(20,466)**
Total current instruments	**20,752**	**(2,587)**	**6,822**	**(23,922)**
Interest-rate derivatives hedging cash flows		(19,794)		(5,498)
Interest-rate derivatives hedging fair value	126,793	(13,400)	95,256	(8,288)
Interest-rate derivatives	**126,793**	**(33,194)**	**95,256**	**(13,786)**
Total long-term instruments	**126,793**	**(33,194)**	**95,256**	**(13,786)**
Bank derivatives - forwards	313	(2,521)	1,457	(954)
Bank derivatives	**313**	**(2,521)**	**1,457**	**(954)**
Total	**147,858**	**(38,302)**	**103,535**	**(38,662)**

Long-term interest-rate derivatives reflected under assets for 126.8 million euro related principally to a fixed-rate to Euribor-indexed floating rate interest-rate swap hedging part of a 500 million euro bond issued by Ciments Français S.A. for an amount of 26.1 million euro and hedging part of a 750 million euro bond issued by Italcementi Finance S.A. for 100.7 million euro, both issued at a fixed rate under the companies' respective EMTN programs; at December 31, 2011 the derivatives were carried under assets at 22.0 million euro and 73.2 million euro respectively.

The Group does not transact hedges on equities trading.

Interest-rate derivatives and derivatives on trading currencies refer to assets that do not qualify for hedge accounting.

The fair value of derivatives on commodities risk management is set out below:

	December 31, 2012		December 31, 2011	
(in thousands of euro)	Assets	Liabilities	Assets	Liabilities
Short-term	11,147	(20,791)	22,948	(14,685)
Long-term		(142)	9,559	(11,743)
Total	**11,147**	**(20,933)**	**32,507**	**(26,428)**

The fair value of derivatives relating to EUA and CER transactions was -9.0 million euro at December 31, 2012, of which -20.0 million euro reflected under "Other current liabilities", 11.0 million euro under "Other current assets".
2012 derivative transactions on emission rights had an impact of -4.0 million euro on profit before tax and an impact of -11.4 million euro on equity.
The fair value of derivatives relating to transactions on electric energy at December 31, 2012, was -1.0 million euro, reflected under "Other current liabilities" for -0.8 million euro and under "Other non-current liabilities" for -0.2 million euro.

In 2012 derivative transactions on electric energy had an impact of 46 thousand euro on income and -504 thousand euro on equity (OCI reserve).

Equity investments, bonds and financial assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Securities and bonds	213,020	253,260	(40,240)
Trading equities	3,866	20,147	(16,281)
Amounts due from banks	225,402	454,959	(229,557)
Other financial assets	23,012	31,349	(8,337)
Net amount	**465,300**	**759,715**	**(294,415)**

Trade receivables

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Gross amount	913,737	1,027,367	(113,630)
Allowance for impairment	(103,300)	(101,524)	(1,776)
Total	**810,437**	**925,843**	**(115,406)**

The factoring contracts arranged in December 2011 by Ciments Calcia and Unibeton for five years were revoked in the first quarter of 2013. At December 31, 2012 the two companies' factored receivables totaled 121.5 million euro (133.5 million euro at December 31, 2011); the risk of approximately 90% of the factored amount is transferred when receivables are factored.

After this transaction, the statement of financial position continued to reflect:

- additional subordinate deposits for 23.9 million euro (24.8 million euro at December 31, 2011) under other current assets;
- the portion of receivables, in the form of arranged guarantees, for 10.1 million euro under trade receivables with balancing entries of 8.2 million euro in financial liabilities and 2.0 million euro against miscellaneous receivables.

In December 2012, some French and Belgian Group companies arranged an international factoring program for five years; initially the program envisages an amount of 70 million euro to be raised to 160 million euro by the end of March 2013.
At December 31, 2012 factored receivables amounted to 69.5 million euro and as contractually arranged, in compliance with IAS 39, 100% of risk was transferred.
Receivables factored as guarantees and still reflected on the face of the statement of financial position at December 31, 2012 totaled 16.1 million euro.

At December 31, 2012 Calcestruzzi S.p.A. had factored receivables for 1.9 million euro (4.9 million euro at December 31, 2011).

The allowance for impairment is determined using Group procedures, and taking account of bank guarantees and guarantees on company assets. At closure of the reporting period, the Group companies analyze doubtful overdue receivables on a customer-by-customer basis. The amount of overdue receivables at risk is adjusted accordingly.

Trade receivables and other non-current assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Non-current receivables	38,792	23,399	15,393
Bonds	59,062	58,451	611
Guarantee deposits	35,463	34,724	739
Other	2,663	2,668	(5)
Total financial instruments	**135,980**	**119,242**	**16,738**
Derivatives	126,793	95,256	31,537
Medium/long-term derivatives on commodities and CO2		9,559	(9,559)
Concessions and licenses paid in advance	148	162	(14)
Total	**262,921**	**224,219**	**38,702**

Equity-accounted investees

This caption reflects equity investments, including goodwill of 31.6 million euro at December 31, 2012 (34.4 million euro at December 31, 2011), in equity-accounted investees. The main equity-accounted investees are listed below:

	Value of investments		Share of profit (loss)	
(in thousands of euro)	December 31, 2012	December 31, 2011	2012	2011
Ciment Québec (Canada)	93,600	92,000	7,675	10,396
Vassiliko Cement Works (Cyprus)	57,000	61,200	(4,021)	154
Asment Cement (Morocco)	38,000	40,700	5,125	7,904
RCS Mediagroup (Italy) (*)	18,695	49,222	(28,719)	(1,372)
Mittel (Italy) (*)	34,202	36,515	(1,792)	(6,463)
S.E.S. (Italy)	23,336	22,181	(614)	(1,093)
Techno Gravel (Egypt)	4,600	5,100	525	644
Acquitaine de transformation (France)	4,200	4,100		
Others	10,088	13,644	1,804	(461)
Total	**283,721**	**324,662**	**(20,017)**	**9,709**

(*) consolidated figures at September 30, 2012

The data of the main equity-accounted investees adjusted for compliance with Group policies is set out below:

	Total assets		Total liabilities		Revenue		Profit (loss)	
(in millions of euro)	2012	2011	2012	2011	2012	2011	2012	2011
Ciment Québec	211.5	210.9	35.9	38.9	149.1	139.4	15.3	19.9
Vassiliko Cement Works	352.8	351.4	121.7	130.7	69.5	90.3	(6.2)	0.6
Asment Cement	105.5	114.0	27.1	28.4	92.8	98.0	15.0	21.4
RCS MediaGroup (*)	2,125.9	3,193.3	1,826.3	2,170.0	1,184.1	1,511.9	(384.8)	(29.9)
Mittel	736.7	997.5	339.0	516.2	53.3	20.8	(22.1)	(59.4)
S.E.S.	97.8	103.4	25.7	30.8	22.7	24.6	(1.9)	(3.5)

(*) consolidated figures at September 30

Testing of goodwill recoverability generated an impairment loss of 2.5 million euro on Vassiliko.

Other equity investments

This non-current asset caption reflects equity investments in the "available-for-sale" category, as required by IAS 39.

(in thousands of euro)	
At December 31, 2011	**338,886**
Acquisitions	56,266
Sales and repayments	(41,234)
Fair value changes taken to equity	(13,763)
Translation differences	(70)
Other	(1,480)
Impairment	(32,208)
At December 31, 2012	**306,397**

Acquisitions related mainly to the investment of approximately 6.25% in West China Cement for 44.0 million euro; the value of the company listed in Hong Kong at December 31, 2012 was 42.9 million euro.

Decreases consisted mainly of the sale of the entire equity investment in Goltas Cimento – Turkey; the proceeds of 45.7 million euro generated a capital gain of 25.6 million euro recognized under finance income and the withdrawal from the Group of the equity investment held by Fuping in Shifeng for 5.8 million euro.

"Fair value changes taken to equity" related essentially to Mediobanca S.p.A. for +5.5 million euro, Unicredit S.p.A. for +14.2 million euro, the sale of Goltas shares for -14.9 million euro, the impairment of the equity investments in Al Badia Cement – Syria for -7.7 million euro, West China Cement for 1.1 million euro, UBI S.p.A. for +2.5 million euro and the write-off of the reserve for 11,689 thousand euro of Burgo S.p.A..

Impairment is described in note 36.

Other equity investments at December 31, 2012 were as follows:

(in thousands of euro)		Number of shares	December 31, 2012
Investments in listed companies			
Mediobanca		22,568,992	105,090
Unicredit		15,732,683	58,600
UBI		2,818,792	9,878
West China Cement		284,200,000	42,914
	Total		**216,482**
Investments in non-listed companies			
Fin Priv			10,237
Burgo Group			18,002
Banca Leonardo group			10,444
Sesaab			9,800
Others			41,432
	Total		**89,915**
At December 31, 2012			**306,397**

The fair value of listed companies is determined on the basis of the official share price on the last accounting day.

The methods used to measure non-listed investments depend on the characteristics of the companies and the data available, in accordance with IAS 39.

Trade payables

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Suppliers	627,900	666,573	(38,673)
Bills payable	21,509	19,296	2,213
Other trade payables	2,182	4,962	(2,780)
Total	**651,591**	**690,831**	**(39,240)**

Financial liabilities

Financial liabilities are shown below by category, subdivided by current and non-current liabilities:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Amounts due to banks	721,906	831,932	(110,026)
Bonds	1,335,010	1,318,260	16,750
Other financing entities	136,556	154,539	(17,983)
Finance lease payables	3,136	14,217	(11,081)
Non-current financial liabilities	**2,196,608**	**2,318,948**	**(122,340)**
Fair value of hedging derivatives	33,194	13,786	19,408
Total medium/long-term financial liabilities	**2,229,802**	**2,332,734**	**(102,932)**
Amounts due to banks	652,629	349,436	303,193
Current portion of borrowings	119,843	374,665	(254,822)
Bonds	15,000	15,959	(959)
Other financing entities	554,400	748,842	(194,442)
Finance lease payables	2,418	5,675	(3,257)
Accrued interest expense	55,661	48,016	7,645
Amounts due to banks and current financial liabilities	**1,399,951**	**1,542,593**	**(142,642)**
Fair value of hedging derivatives	5,108	24,876	(19,768)
Total short-term financial liabilities	**1,405,059**	**1,567,469**	**(162,410)**
Total financial liabilities	**3,634,861**	**3,900,203**	**(265,342)**

At December 31, 2012 short-term “Other financing entities” included 8.2 million euro relating to factoring programs (9.1 million euro at December 31, 2011).

At December 31, 2012 under “Amounts due to banks”, loans secured by mortgages and liens on property, plant and equipment and equities amounted to 98.3 million euro, of which 30.5 million euro short-term and 67.8 million euro medium/long-term.
At December 31, 2012 under “Current portion of borrowings”, equity-backed loans amounted to 21.6 million euro.

Medium/long-term financial liabilities by currency are as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Euro	2,099,732	2,173,551	(73,819)
Indian rupee	70,400	77,700	(7,300)
Moroccan dirham		29,700	(29,700)
US and Canadian dollar	16,000	25,800	(9,800)
Polish zloty	2,367	2,596	(229)
Egyptian pound	1,000	1,600	(600)
Hungarian florin	219	267	(48)
Other	6,890	7,734	(844)
Total	**2,196,608**	**2,318,948**	**(122,340)**

Medium/long-term financial liabilities by maturity are as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
2013		425,948	(425,948)
2014	555,455	332,984	222,471
2015	152,104	171,427	(19,323)
2016	58,230	5,960	52,270
2017	529,062		529,062
Beyond	901,757	1,382,629	(480,872)
Total	**2,196,608**	**2,318,948**	**(122,340)**

Main bank loans, drawings on lines of credit, available lines of credit

a) in December 2010 Italmobiliare arranged a 130 million euro loan with Intesa Sanpaolo maturing on December 31, 2015, to service the purchase of two share packages from Italcementi (RCS Mediagroup and Mediobanca); following completion of the first scheduled repayment, the principal was reduced to 111.4 million euro;
b) in November and December 2011, Italmobiliare arranged a new three-year borrowing in two tranches with Société Générale in the form of a loan guaranteed by listed shares (at December 31, 2012, 12.3 million Unicredit shares); at the end of the year it amounted to 37.1 million euro. The borrowing is subject to a daily margin call with respect to a 12% threshold;
c) in December 2011 Italmobiliare arranged a 50 million euro irrevocable line of credit with UBI><Banca Popolare of Bergamo maturing on June 26, 2013. No drawings had been made at December 31, 2012;
d) in May 2012 Italmobiliare renewed its 50 million euro irrevocable line of credit with Intesa Sanpaolo for 18 months less one day with final maturity on October 17, 2013; at December 31, 2012 drawings totaled 10.5 million euro;
e) in December 2012 Italmobiliare arranged with Intesa Sanpaolo an additional irrevocable line of credit for 30 million euro maturing on March 31, 2014; at December 31, 2012 drawings totaled 11.6 million euro;
f) in mid-December 2012 the repo agreement arranged with Banca Leonardo was extended and renewed (355,500 Ciments Français shares, 2.66 million Italcementi shares and 1.4 million UBI Banca shares), maturing on March 28, 2013; at the end of the year the amount was 21.6 million euro. The repo agreement is subject to a daily margin call with respect to a 10% threshold;
g) in May 2012, Italcementi S.p.A. arranged a 200 million euro floating-rate 5-year renewable line of credit to replace a facility expiring in December 2012. In line with the policy introduced, Italcementi Finance S.A. is part of the contract as alternative beneficiary of the facility, in which case Italcementi S.p.A. acts as guarantor. No drawings had been made on the line at December 31, 2012;
h) during 2012, at Italcementi S.p.A., in September and November respectively, a three-year 50 million loan and a fully drawn five-year 75 million committed line of credit expired and were repaid on expiry, without renewal;

i) on September 28, 2012, Italcementi Finance S.A. arranged a new medium-term line of credit (3 years and 6 months) for 100 million euro refinancing two lines of credit due to mature, with the same bank. No drawings had been made on the new facility at December 31, 2012;
j) during 2012, Italcementi Finance S.A. renewed committed bilateral lines of credit at 364 days with leading international banks for a total amount of 150 million euro. Drawings at December 31, 2012 totaled 125 million euro;
k) on April 29, 2011, Italcementi Finance S.A. arranged a 50 million euro floating-rate five-year bilateral line of credit, guaranteed by Italcementi S.p.A.. The facility had been fully drawn at December 31, 2012;
l) the Italcementi group covers its financial requirements through recourse to diversified instruments. It covers its long-term financing requirements largely through bond issues. Specifically, Italcementi S.p.A. has launched a Euro Medium Term Notes program (EMTN) for qualified investors on the European market, for a maximum amount of 2 billion euro. This replaces the program previously in operation at Ciments Français S.A. The launch of the program, on March 9, 2010, is part of a broader project to optimize management of financial operations, under which Italcementi S.p.A. has been assigned a greater role as parent responsible for the coordination and direct implementation of financing programs for all group operations. The program reference material was renewed on June 29, 2012. Under this program, on March 16, 2010, Italcementi Finance S.A., a French subsidiary of Italcementi S.p.A., closed the placement of a ten-year bond at a fixed rate of 5.375%, for a nominal amount of 750 million euro. The bond, guaranteed by Italcementi S.p.A., is listed on the Luxembourg Stock Exchange. The terms and issue conditions of the program include a coupon step-up clause for 125 basis points should the rating go beneath “investment grade”. After the downgrade of the Moody’s rating on December 15, 2011, the clause will be applied as from the next annual coupon due on March 19, 2013. In December 2011 Italcementi S.p.A effected a partial repurchase of the bonds for an overall nominal value of 12 million euro;
m) Ciments Français S.A. covers its long-term financial requirements largely through Italcementi Finance S.A., the company that coordinates and implements programs to provide funding for the entire Italcementi group. Consequently the EMTN program reference material has not been renewed since July 17, 2008. At December 31, 2012, notes issued and still outstanding under the program totaled 515 million euro, of which 500 million euro issued on March 21, 2007 at a fixed rate of 4.75% with a ten-year maturity;
n) on February 24, 2010 Ciments Français S.A. launched an offer for holders of its 2002 and 2006 US private placements to repurchase any and all outstanding notes. On April 7, 2010, the offer obtained an uptake for a nominal amount of 183.5 million US dollars out of a total of 200 million US dollars of notes issued in 2002, and for a nominal amount of 300 million US dollars out of a total of 300 million US dollars of notes issued in 2006. The remaining notes for 16.5 million US dollars relating to the ten-year issue of November 15, 2002 at a fixed rate of 5.63%, were reimbursed in November 2012;
o) on October 17, 2011 Italcementi Finance S.A was authorized by the Bank of France to issue a Billets de Trésorerie program for a maximum amount of 800 million euro. The program, guaranteed by Italcementi S.p.A., has an NP Moody’s rating and a B Standard & Poor’s rating. The transaction was managed by Natixis with Bred Banque Populaire, Credit Agricole CIB, Credit Industriel et Commercial, HSBC France, ING Belgium S.A., Natixis and Société Générale as bookrunners. The program was granted a STEP label on October 24, 2011. The program (reference number #0002214) meets the criteria of the STEP market convention. In 2012, Italcementi Finance S.A. issued Billets de Trésorerie for a total amount of 82.5 million euro of which 6 million euro still outstanding at December 31, 2012;
p) during 2012, Ciments Français reimbursed in full the billets de trésorerie issued under its program, which was not renewed, for a total of 70 million euro;
q) in 2011, after finalization of a bilateral bank line of credit arranged by Italcementi Finance S.A., Italcementi S.p.A. obtained from Italcementi Finance S.A. a 50 million euro five-year renewable line of credit. The line was fully drawn at December 31, 2012;
r) in the first half of 2010, concomitantly with the Italcementi Finance S.A. bond issue, Italcementi S.p.A. obtained two ten-year loans from Italcementi Finance S.A., one at a fixed rate and one at a floating rate, for a total amount of 210 million euro;

s) during the first half of 2010, Italcementi S.p.A. took part in financing the repurchase offer on the Ciments Français S.A. US Private Placements, granting Ciments Français S.A. a long-term 5-year floating-rate intragroup loan for 100 million euro;
t) in the first half of 2010, Ciments Français S.A. financed the repurchase of the US Private Placements and the reimbursement of part of the short-term loans with a five-year long-term floating-rate loan granted by Italcementi S.p.A. for an amount of 100 million euro, reimbursed early in January 2013 with Ciments Français surplus cash reserves, and with a ten-year long-term floating-rate loan granted by Italcementi Finance S.A. for 540 million euro;
u) in the third quarter of 2010, concomitantly with the finalization of the Italcementi Finance S.A. syndicated line of credit, Italcementi S.p.A. obtained from Italcementi Finance S.A. a five-year 220 million euro renewable line of credit. No drawings had been made on the line at December 31, 2012;
v) in the third quarter of 2010, Ciments Français S.A. replaced the 700 million euro five-year syndicated line of credit maturing in May 2012, with a 700 million euro five-year renewable line of credit granted by Italcementi Finance S.A.. At December 31, 2012, no drawings had been made on the line;

All loans and lines of credit arranged between Ciments Français S.A., Italcementi S.p.A. and their subsidiaries are at arm's length conditions.

As a result of the Moody's rating downgrade on December 15, 2011, the intercompany loans granted by Italcementi Finance S.A. to Italcementi S.p.A. and Ciments Français S.A. for total amounts of, respectively, 210 million euro and 540 million euro, will be subject to the applicable interest-rate increase of 125 basis points, in compliance with the step-up clause of the 750 million euro bond issued by Italcementi Finance. The rating downgrade had no other direct consequences on the cost of Group financing.

Significant transactions after December 31, 2012

On January 31, 2013 Ciments Français used 100 million euro of cash to make early repayment of the 100 million euro loan granted by Italcementi S.p.A. in 2010.
On February 14, 2013 Italcementi Finance S.A. closed placement of a five-year fixed-rate bond for a nominal amount of 350 million euro, under the Italcementi S.p.A./Italcementi Finance S.A. EMTN program.
The notes, guaranteed by Italcementi S.p.A., pay a fixed annual coupon of 6.125% and will mature on February 21, 2018. The issue price was 99.477 with yield to maturity of 6.35% corresponding to 515.5 basis points above the reference 5-year swap.

The bond was assigned a Ba2 Moody's rating and BB+ Standard & Poor's rating. Its purpose is to refinance debt maturing in 2012 and reduce recourse to the group back-up lines. In connection with the issue, Italcementi Finance S.A. granted a five-year 350 million euro loan to Italcementi S.p.A., used to meet current maturities and reduce drawings on bank lines of credit and on the short-term intercompany line arranged with Italcementi Finance S.A..
The bond, reserved exclusively for qualified investors, is listed on the Luxembourg Stock Exchange.

Notional amount of derivatives

Financial risk management is an integral part of Group asset management, and is conducted by each segment on the basis of guidelines drawn up with reference to the segment's core business. The Group uses derivatives to optimize its risk/yield profile.

The notional amount of derivative contracts at December 31, 2012, is set out below, subdivided by business segment and expiry date:

(in millions of euro)	Nominal values				
	Construction materials	Packaging and insulation	Finance	Banking	Total
Derivatives on interest rates	2,104.3	1.7	91.1		2,197.1
Derivatives on exchange rates	719.3			509.0	1,228.3
Total	**2,823.6**	**1.7**	**91.1**	**509.0**	**3,425.4**

Nominal amount of derivatives by expiry date was as follows:

(milioni di euro)	Nominal values				
	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Derivatives on interest rates	250.5	258.8	527.0	1,160.8	2,197.1
Derivatives on exchange rates	1,228.3				1,228.3
Derivatives on equities					
Derivatives on commodities					
Total	**1,478.8**	**258.8**	**527.0**	**1,160.8**	**3,425.4**

Currency hedging

The table below sets out currency risk hedging contracts measured at the closing exchange rates:

(in thousands of euro)	Cash flow	Fair value	Trading	Total
Situation at December 31, 2012				
Forward purchases				
US dollars	43.9	48.8	15.3	108.0
Swiss francs			200.7	200.7
Other		46.8	38.5	85.3
Total	**43.9**	**95.6**	**254.5**	**394.0**
Forward sales				
US dollars		555.1	15.1	570.2
Swiss francs			203.1	203.1
Other		10.3	36.4	46.7
Total		**565.4**	**254.6**	**820.0**
Options				
US dollars	14.3			14.3
Total	**14.3**			**14.3**
Total	**58.2**	**661.0**	**509.1**	**1,228.3**

All currency risk hedges expire within 12 months.

Hedge accounting

Hedge accounting is used in the construction materials segment only; see the specific section below for details.

Financial risk management policy and objectives

Introduction

The Italmobiliare Board of Directors defines general Group principles and management policy for the Group financial segment, the segment in which the parent itself operates. In the other Group segments (construction materials, food packaging and thermal insulation, banking, property, services and other), management policy for financial risks and financial instruments is defined by the parent of each segment or by individual companies on the basis of the characteristics of the segment, and consistently with general Group principles. Specifically:

- for the construction materials segment: by Italcementi S.p.A.;
- for the food packaging and thermal insulation segment: by Sirap Gema S.p.A.;
- for the banking segment: mainly by Finter Bank Zürich;
- the property, services, other segment does not present material financial instruments and risks and therefore does not formulate a specific policy.

For discussion of management policy and objectives in each segment, the reader is referred to the specific section.

Financial risks

Credit risk

Credit risk is the risk that a counterpart might default on its obligations and generate a financial loss for the Group.

Credit risk is managed by each segment in relation to its type of business.

Liquidity risk

Liquidity risk is the risk that due to an inability to raise new funds or sell assets on the market, the company might be unable to settle its payment obligations. This would generate effects on income if the company were obliged to sustain additional costs to meet its commitments, or conditions of insolvency putting continuation of the company business at risk.

The table below shows consolidated net debt by maturity (without the fair value of derivatives and financial receivables) compared with undrawn credit lines and cash and cash equivalents.

At December 31, 2012:

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financial liabilities	(1,446.4)	(588.9)	(660.7)	(900.6)	(3,596.6)
Undrawn committed lines of credit	251.5	118.4	1,420.0		1,789.9
Cash and cash equivalents	957.6				957.6

Total undrawn lines of credit consisted of committed lines of credit for 1,789.9 million euro and uncommitted credit for 863.3 million euro.

At December 31, 2011:

(in millions of euro)	Maturity < 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total financial liabilities	(1,547.4)	(415.5)	(514.5)	(1,384.1)	(3,861.5)
Undrawn committed lines of credit	239.5	247.0	1,490.0		1,976.5
Cash and cash equivalents	821.5				821.5

Total undrawn lines of credit consisted of committed lines of credit for 1,976.5 million euro and uncommitted credit for 1,115.1 million euro.

Market risks

Interest-rate risk

The Group is exposed to the risk of changes in market interest rates, as follows:
- the risk of variations in the fair value of fixed-rate financial assets and liabilities. A change in interest rates affects the fair value of fixed-rate assets and liabilities;
- the risk linked to future cash flows on floating-rate financial assets and liabilities. A change in interest rates has a limited impact on the fair value of floating-rate rate financial assets and liabilities, but may affect future cash flows and profits.

In the industrial companies management of the interest-rate risk has a dual purpose, to minimize the cost of net debt and reduce exposure to fluctuation.
In the banking and financial companies, interest-rate risk management is an integral part of the core business, and is based on investment and debt policies established by the governing bodies of the companies in question.
The Group hedges interest-rate risks with derivatives such as interest-rate swaps, forward-rate agreements, futures and interest-rate options. Hedges with options are often asymmetric collars. Since these transactions are generally at zero cost, the net result of option sales never exceeds the value of the underlying (book exposure, future transaction or fixed commitment).

Net debt at inception and after interest-rate hedging at December 31, 2012, was as follows:

(in millions of euro)	
Situation at December 31, 2012	
Fixed-rate financial liabilities	1,411.1
Fixed-rate financial assets	(176.7)
Fixed-rate ND at inception	**1,234.4**
Fixed-rate/Floating-rate hedging	(780.7)
Floating-rate/Fixed-rate hedging	1,289.4
Fixed-rate ND after hedging	**1,743.1**
Floating-rate financial liabilities	2,188.8
Floating-rate financial assets	(1,379.5)
Floating-rate ND at inception	**809.3**
Fixed-rate/Floating-rate hedging	780.7
Floating-rate/Fixed-rate hedging	(1,289.4)
Floating-rate ND after hedging	**300.6**
Other instruments not subject to interest-rate risk	(113.2)
Total ND	**1,930.5**

Currency risk

The table below details consolidated net exposure by currency, showing financial assets and liabilities denominated in currencies other than the local currency.

(in millions of euro)	euro (*)	USD (*)	Others (*)
Financial assets (**)	13.8	660.4	11.9
Financial liabilities (**)	(3.0)	(26.3)	(46.8)
Derivatives		(534.4)	38.0
Net exposure by currency	**10.8**	**99.7**	**3.1**

(*) assets and liabilities are stated at nominal value in euro when the local currency is not euro
(**) excluding trade payables and receivables

The Group companies are structurally exposed to a currency risk on cash flows from operating activities and on financing denominated in currencies other than their respective functional currencies.

The impact of currency translation on subsidiaries' equity is recorded in a separate equity reserve.

Currency exposure is chiefly represented by the US dollar, Thai baht, Moroccan dirham, Egyptian pound and Indian rupee. The net investments in these subsidiaries are not subject to any type of hedging.
Exposure in US dollars arises largely from the investment of the cash reserves of the Egyptian divisions in this currency in order to mitigate possible local-currency fluctuations; also, the US dollar loan granted by Ciments Français to Essroc is hedged against currency risk with a currency swap.

Equity price risk

The Group is exposed to the risk of market fluctuations on unconsolidated listed equities and other securities in portfolio.

Exposure is essentially in the financial segment, to which reference should be made for further details.

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Available-for-sale equity investments	216,482	207,597	8,885
Trading securities	856	11,019	(10,163)
Overall exposure	**217,338**	**218,616**	**(1,278)**

Commodity price risk

The Group is exposed to a commodity price risk on the raw materials and energy products used by its industrial segments.
These risks are managed by the individual segments, through diversification of procurement sources.

Construction materials segment

Risk management policy

The Finance Division of the construction materials parent procures sources of funds and provides management of interest rates, exchange rates and counterpart risk for all the companies in the scope of consolidation. It uses derivatives to hedge interest-rate and currency risks inherent in its international operations and in relation to the nature of its debt.

Credit risk

In compliance with segment procedures, customers electing to trade on credit terms are preliminarily vetted for creditworthiness. In addition, receivable balances are monitored on an on-going basis by the administrative department, which provisions overdue receivables at regular intervals.

Concentrations of trade credit risks are limited, by virtue of the segment's broadly based and uncorrelated customer portfolio. For this reason management believes that no further credit risk provision is required in excess of the allowances normally set aside for uncollectible and doubtful receivables.

Liquidity risk

The segment's centralized financial policy is designed to ensure that at any time debt maturing in less than two years is less than or equal to undrawn committed lines of credit and liquidity.

As from 2010, under the financial policy review, Italcementi S.p.A. and Ciments Français S.A. are the recipients of the fund-raising activities of Italcementi Finance S.A., enabling them to improve their access to credit and benefit from the synergies of a centralized financial policy. The policy aims to obtain loans at competitive conditions and ensure a balance between average debt maturity, flexibility and diversification of sources. Consequently, Italcementi S.p.A. and Ciments Français S.A. obtain refinancing from Italcementi Finance S.A. through short- and long-term intragroup loans, arranged at arm's length conditions.

Cash and cash equivalents, 578.4 million euro at December 31, 2012, consist largely of short-term assets such as short-term deposits, certificates of deposit, mutual funds. At December 31, 2012 the maximum exposure to a single counterpart was 24%.

Due to currency regulations in Egypt, Morocco, Thailand and India, the cash and cash equivalents of the construction materials segment companies in these countries, for a total of 336.5 million euro, are not immediately available to the Ciments Français S.A. holding.

Since 2006, Italcementi S.p.A. has had public credit ratings, from the Moody's and Standards & Poors ratings agencies. At December 31, 2012 the rating was respectively Ba2 outlook negative-NP and BB+ outlook stable-B. During 2012 the ratings were reviewed on, respectively, May 28, 2012 by Standards & Poor's, which revised the long-term rating from BBB- to BB+ and November 15, 2012 by Moody's which downgraded the long-term rating from Ba1 to Ba2.

In addition to the customary clauses, some of the group's financing contracts include covenants requiring compliance with financial ratios, fixed for the most part at the year-end date. The main financial ratios included in the covenants are "leverage" (net debt/recurring EBITDA), and "coverage" (recurring EBITDA/net financial costs, excluding capital gains/losses on the sale of equity investments). For bilateral or syndicated lines of credit and

borrowings, failure to comply with covenants leads to termination and consequent early repayment, however, these clauses also include a stand-by period prior to actual execution. Lines of credit and financing contracts do not contain rating triggers that would lead to early repayment. Some financing contracts involve assumption of negative pledges to the counterpart, although these are limited to specific instances that do not substantially compromise the group's ability to finance or refinance its operations.
At December 31, 2012 lines of credit and loans subject to covenants stood at 498 million euro of total drawings represented by gross financial liabilities (2,640 million euro at December 31, 2012 expressed at nominal value, excluding the fair value effects of derivatives) and 1,575 million euro of total undrawn immediately available lines of credit (1,682 million euro at December 31, 2012).
At December 31, 2012 the group complied with all contractual commitments; covenant-related financial ratios were within the contractual limits established by the loans in question. The group expects to comply with its covenants for the next 12 months and will provide information as appropriate should its financial situation deteriorate.

Counterpart risk

Instruments for management of currency and interest-rate risk are transacted exclusively with highly rated counterparts, selected on the basis of various criteria: ratings attributed by specialist agencies, assets, equity, nature and maturity of instruments. The majority of counterparts are leading international banks.
No financial instruments are contracted with counterparts in geographical regions exposed to political or financial risks (all counterparts are in Western Europe or the USA).

Market risks

Interest-rate risk

Management of the interest rate-risk in the construction materials segment has a dual purpose, to minimize the cost of net debt and reduce exposure to fluctuation. Two types of risk are hedged:

- the fair value risk with respect to fixed-rate financial assets and liabilities. With regard to fixed-rate hedged debt the segment is exposed to an "opportunity cost" in the event of a fall in interest rates. A change in interest rates will affect the fair value of fixed-rate assets and liabilities and impact consolidated earnings in the event of liquidation or early repayment of these instruments;
- the cash flow risk with respect to floating-rate assets and liabilities. A change in interest rates will have a negligible impact on fair value of floating-rate financial assets and liabilities, but will affect the finance cost trend and consequently future earnings.

The segment manages this dual risk as part of its general policy, performance and risk reduction targets, giving preference to hedging of short- and medium-term future cash flows and to hedging of the risk of a change in fair value over the long term, within the defined limits.

It hedges interest-rate risks mainly by arranging interest-rate swaps, forward rate agreements and interest-rate options with top-ranking banks. All derivative exposure may not exceed the value of the hedging underlying.
At December 31, 2012, 89% of the segment's net debt (not considering the fair value of derivatives) was at a fixed rate or a capped rate. 69% of fixed-rate commitments arose from swapped contracts initially arranged at floating rates.
Hedges are reflected at nominal amount for each period (consistently with instrument maturity) and do not include fixed- to fixed-rate contracts.

At December 31, 2012, a +0.5% change in the interest-rate curve would have had an impact of –1.2 million euro, that is, 1.4% of 2012 net finance costs. The impact on interest-rate derivatives in portfolio would be +16.7 million euro on equity and -19.5 million euro on profit before tax; the latter effect would be countered by an effect of +25.6 million euro on fixed-rate liabilities with fair value hedges.

At December 31, 2012, a -0.5% change in the interest-rate curve would have had an impact +1.2 million euro, that is, 1.4% of 2012 net finance costs. The impact on interest-rate derivatives in portfolio would be -17.3 million euro on equity and +20.4 million euro on profit before tax; the latter effect would be countered by an effect of -26.7 million euro on fixed-rate liabilities with fair value hedges.

Currency risk

The companies in the segment are structurally exposed to the currency risk on cash flows from operations and from financing denominated in currencies other than those of the local functional currency.
The companies in the segment operate largely on their respective local markets. Consequently, invoiced amounts and operating expenses are denominated in the same currency, and exposure of operating cash flows to currency risk is not particularly significant, with the exception of fuel, spares and investments relating to construction of new plants.
Segment policy requires subsidiaries to borrow or invest in their local currencies, with the exception of foreign-currency cash flow hedges. Nevertheless, the segment may adapt this general rule to take account of specific macro-economic conditions in certain geographical areas (hyperinflation, high interest rates, liquidity, translation).

With regard to financing for subsidiaries, the segment may arrange borrowings in a currency other than that of the loan to the subsidiary.

Segment policy is to hedge exposure whenever the market makes this possible. The net exposure of each entity is determined on the basis of forecast net operating cash flows over one to two years and financing denominated in currencies other than the local currency.

The segment hedges currency risk with forward currency purchase and sale contracts, and currency swaps to translate financing generally denominated in euro at inception into foreign currency, as well as with options.
These hedging instruments are contracted with top-ranking banks.

The impact of currency translation on subsidiaries' equity is recognized as a separate equity component.

At December 31, 2012, a 1% change in the exchange rate with the euro, in cases where the local currency is not euro, would have had an impact of +32.9 million euro on equity, of which +7.8 million euro on non-controlling interests.
At December 31, 2012, a 10% rise in the US dollar would have had an impact on currency derivatives in portfolio of +5.4 million euro on equity and -52.1 million euro on profit before tax. A 10% decrease in the US dollar would have an impact on currency derivatives in portfolio of -4.4 million euro on equity and +51.8 million euro on profit before tax.

Equity price risk

The segment is exposed to market fluctuations on listed shares held in portfolio recognized under "Other equity investments". Treasury shares held by Italcementi S.p.A are measured at cost and deducted against shareholders' equity under the "Treasury share" reserve.

Investments corresponding to "available-for-sale" financial assets are carried under "Other equity investments" and refer primarily to the listed shares in West China Cement.

The risk of fluctuations in the value of such investments is not actively managed with financial hedging instruments.

Commodity price risk

CO_2

The segment's European subsidiaries are exposed to market fluctuations on CO_2 emission rights prices, in connection with their surplus or deficit on the quotas allocated by their respective national governments.
In 2012, in view of the surplus accumulated and the macroeconomic and industry scenario, the segment sold EUAs on the spot market for 37.2 million euro (62.1 million euro in 2011).

From 2008 to 2012, the segment transacted forward EUA-CER swaps (forward European Union Allowance sales and forward Certified Emission Reduction purchases) distributed in the period 2009-2013, to diversify and optimize its CO_2 emission rights portfolio.
Trades on emission rights markets are transacted by Italcementi S.p.A., which since 2010 has also operated on behalf of the segment's other European subsidiaries under an agency basis.

Electric energy

In 2012, the segment arranged price risk hedges on electric power purchases for 2012 and 2013.

Tin(II) sulfate

In 2012, the segment arranged a modest volume of price risk hedges on tin(II) sulfate purchases for 2012.

Hedge accounting

The effects arising from application of hedge accounting rules are summarized below.

The specific equity reserve reflects fair value gains and losses on the effective component of cash flow hedges only.

The eliminated portion of the reserve relating to instruments that expired in 2011 amounted to -7.1 million euro at December 31, 2012 compared with +12.0 million euro at December 31, 2011. The changes in equity relating to derivatives contracted in 2011 and still in portfolio at December 31, 2012, amounted to -10.9 million euro (-1.8 million euro at December 31, 2011). The overall effect of new derivatives recognized in equity was -11.2 million euro at December 31, 2012 (+3.3 million euro at December 31, 2011).

The non-effective component of cash flow hedges in portfolio at December 31, 2012, recognized in profit and loss was immaterial in both 2012 and 2011.

With reference to fair value hedges in portfolio at December 31, 2012, the amount taken to profit and loss totaled +100.4 million euro for 2012 (+3.1 million euro for 2011). Recognized amounts attributable to underlying risk hedged during the year totaled -112.2 million euro at December 31, 2012 (-3.3 million euro at December 31, 2011). These amounts are taken to profit and loss as gains and losses on interest-rate and currency risk derivatives.

Packaging and insulation segment

Risk management policy

In order to adopt a uniform financial risk management policy for the Sirap group, on July 31, 2008, the Sirap Gema S.p.A. Board of Directors approved a policy to be implemented by all the companies it controls directly and indirectly, in the food packaging and thermal insulation segment.

Objectives

The objective of the policy is to reduce the financial risks to which the Sirap group is exposed in its operations, by indicating application procedures, tools and limits.
Since the Sirap group's activities are mainly business operations in food packaging and thermal insulation, use of tools will be limited to hedging risks associated with its core business, excluding speculative policies or policies designed purely to maximize financial profit.

Financial instruments

The financial instruments adopted in the segment are intended solely to provide the segment with the funds required to conduct its core business. Consequently, amounts, terms and conditions of financial instruments are designed to meet the needs of the operations to which they refer.

Financial risk management

Credit risk

The segment is exposed to credit risk on sales of products and services on its core markets.

Its policy sets out criteria for establishing customer creditworthiness, credit limits and risk containment measures.

The policy also assigns responsibility for approving amounts in excess of such limits and for drafting management reports.

An analysis of overdue receivables for the main companies in the Sirap Gema consolidation produced the following due date situation:

(in millions of euro)	0-30 days	31-60 days	61-90 days	more than 90 days	Total
Sirap Gema	3.2	0.9	0.3	0.1	4.5
Sirap Gema Insulation	1.1	0.5	0.3	0.5	2.4
Sirap Gema France	0.4			0.1	0.5
Inline Poland	0.6	0.1	0.1		0.8
Total	**5.3**	**1.5**	**0.7**	**0.7**	**8.2**

Total non-overdue trade receivables stood at 62.4 million euro.

Since Sirap group trade receivables refer in the main to leading Italian and international mass merchandisers and to food and building material distributors, non-overdue receivables are not analyzed by debtor ratings; the probability of material solvency risks may be reasonably excluded. Individual cases have been systematically reviewed and a specific allowance set aside where necessary.

The generic risk on overall credit exposure is determined on a statistical basis, considering historical annual insolvency and loss, correlated with average uncollectibility percentages computed in relation to the age of the receivable.

Movements on the allowance for impairment of trade receivables in 2012 were as follows:

(in millions of euro)	Opening balance	Additions	Uses	Closing balance
Sirap Gema	1.8	0.1	(0.2)	1.7
Sirap Gema Insulation	1.7	0.6	(0.4)	1.9
Sirap Gema France	0.5	0.1		0.6
Inline Poland	0.1		(0.3)	(0.2)
Petruzalek group	1.4	0.1		1.5
Total	**5.5**	**0.9**	**(0.9)**	**5.5**

As part of action taken to contain the credit risk, during the year almost all the companies in the segment formed credit control committees, which conduct monthly reviews and analyses of situations at greatest risk; also, credit insurance policies were taken out by Sirap Gema S.p.A. and Sirap Insulation s.r.l..

Liquidity risk

The segment is exposed to a liquidity risk (the risk of being unable to settle financial liabilities) on its debt position.

Its policy provides criteria for definition of financing amounts, terms and conditions, in relation to conditions on the markets on which it operates.

Medium/long-term financial liabilities at December 31, 2012, by maturity, are set out below:

(in millions of euro)	December 31, 2012	December 31, 2011	Change
2013		23.9	(23.9)
2014	20.5	18.6	1.9
2015	17.2	15.6	1.6
2016	17.3	9.3	8.0
2017	0.6	0.4	0.2
2018	1.2	0.4	0.8
Total	**56.8**	**68.2**	**(11.4)**

In 2012 two borrowings with financial covenants were arranged with Italian banks, as follows:

1 - Credito Bergamasco, arranged on March 27, 2012, notional capital 10.0 million euro, term 48 months, with the following financial covenants:

Consolidated financial statements	Net debt/equity	Net debt/Ebitda
2011	</= 3.5	</= 8.5
2012	</= 3.5	</= 8.5
2013	</= 3.5	</= 7.3
2014	</= 3.5	</= 6.0

The closing data in the 2012 consolidated financial statements indicate that a covenant (net debt/Ebitda) was not met, despite normalization of the extraordinary entries in the 2012 financial statements; consequently Sirap-Gema S.p.A. will take action in accordance with the contractually agreed deadlines for communication to the lender bank, and also provide information concerning the intention of the sole shareholder to cover the losses and recapitalize the company. As a consequence, an amount of 5.6 million euro representing the outstanding debt initially classified as long-term debt has been reclassified under short-term debt.

2 – Banca Popolare di Milano, arranged on June 28, 2012, notional capital 3.0 million euro, term 36 months, with the following financial covenants:

Parameters	year ended 12/31/2012	year ended 12/31/2013	year ended 12/31/2014
Net debt/Ebitda	</= 10.25	</= 8.05	</= 6.55
Net debt/Equity	</= 4.20	</= 3.80	</= 3.20

In this case the financial covenants were met thanks to normalization of the extraordinary entries in the 2012 financial statements.

Market risks

Interest-rate risk

This is the risk of changes in the value of or future cash flows on a financial instrument, due to changes in interest rates.

The segment policy sets out criteria and procedures to mitigate/neutralize the interest-rate risk, that is, to minimize the difference between payable and receivable rates in relation to operating needs, taking into account that since the segment is structurally in debt, the presence of liquidity may only be temporary.

The Sirap Gema S.p.A. statement of financial position carries a loan with covenants arranged with Société de Participations Financières Italmobiliare S.A. for a total amount of 56 million euro, arranged on April 12, 2007, for 9 years and 6 months, including a 2-year pre-amortization period. The contractual terms of the loan were amended in 2012 and the amortization schedule was reviewed. The financial covenants in the original contract, which contemplated a variable spread, were suppressed in favor of a fixed margin of 250 basis points as from October 12, 2012. The amortization schedule was also amended, although the final maturity date was left unchanged (October 12, 2016).
The outstanding principal at December 31, 2012 amounted to 30 million euro.

Currency risk

The segment is exposed to currency risk largely with regard to the East European currencies.
In 2012 these currencies depreciated against the euro, compared with 2011.
The segment policy sets out criteria and procedures to mitigate/neutralize the effects, and tools and limits on use of hedging derivatives.

Other price risks

This category includes risks related to fluctuations in market prices, which may have a material impact on the value or future cash flows of the operating companies.

Specifically, the segment is exposed mainly to price fluctuations on polymer raw materials and energy, which rose during 2012.
The prices of these production factors and the related market indicators are monitored continually to mitigate risks and negative effects on segment results wherever possible.

Generally speaking, the price risk category also includes the value of equity investments in operating companies (equity risk). In view of the fact that investment in new markets to achieve business growth is a strategic objective in this segment, exposure to equity risk on investments in operating companies is maintained and the segment policy does not envisage specific criteria to reduce risk.

Financial segment

Risk management policies

Introduction

The document "Investment and financial risk management policies" (the "Policies") sets out general strategic guidelines and investment regulations governing management of resources in the financial segment.

Objectives

In the financial segment, management of financial risk is an opportunity to generate profits within the constraints established for the purposes of careful and prudent management of resources.

Financial instruments

The segment Policies define the types of financial instruments allowed, maximum amounts, counterparts, procedures and approval models.

Derivatives may be used as risk management instruments and as instruments for market positioning. The regulations set by the Policies are particularly restrictive with regard to the types of transactions allowed and approval and control processes.

Credit risk

Italmobiliare and the companies in the financial segment are exposed to credit risk with respect to issuers of financial instruments and counterparts on financial transactions.

Segment Policies establish minimum rating levels for individual investments (where applicable), for type of instrument, for rating family and the maximum limit available for individual counterparts.

They indicate management procedures for approving amounts in excess of such limits; a monitoring and reporting system has also been established.

The financial segment is not exposed to material trade credit risks.

The table below illustrates exposure to credit risk on the basis of the average rating of issuers of bonds, other financial assets and of counterparts with which the segment has contracted derivative contracts.

(in millions of euro)	Fair Value	Average rating	Average outstanding life (in years) (*)
Trading bonds	201.8	A+	3.00
Available-for-sale bonds	4.7	BB+ (**)	38.00
Other financial assets	12.2	BBB+ (**)	n.a.
Interest-rate derivatives	1.3	AA (***)	1.97

(*) determined on first call

(**) estimated issue rating

(***) average counterpart rating

n.a. = not available

Assuming a +100 bp parallel instantaneous shift in the credit curve, the overall change in the fair value of financial instruments would be -4.2 million euro, with an overall effect on income.

Other financial assets and derivatives are excluded from the sensitivity analysis since their fair value does not depend on the creditworthiness of the counterpart.

Liquidity risk

Risk management policy in the financial segment is designed to ensure a financial portfolio (total financial assets) that guarantees adequate liquidity and maintains a balance between duration and composition of debt.

The Finance function draws up regular reports for top management analyzing the net debt trend and risks of each company in the financial segment and of the segment as a whole. A daily financial asset valorization and performance report is also available, drawn up by the depositary bank.

The table below sets out debt by maturity (residual life) compared with financial assets and undrawn lines ofcredit.

	Maturity				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total financial liabilities	(121.6)	(74.1)	(38.2)		**(233.9)**
Total financial assets	151.7	28.5	106.1	63.1	**349.4**
Total net debt	**30.1**	**(45.6)**	**67.9**	**63.1**	**115.5**
Committed undrawn lines of credit	89.5	18.4			107.9

Short-term drawings on committed lines of credit are reclassified on expiry of the respective facility.

Total undrawn lines of credit consist of committed lines for 107.9 million euro and uncommitted lines for 153.3 million euro.

Financial covenants are clauses in medium/long-term loan contracts whereby the borrower undertakes to keep certain economic and financial variables within specific ranges so that its capital and financial structure is compatible with its commitments to the lender. Should the covenants be breached, the lender may withdraw from the contract.

Among loans at December 31, 2012, only one loan, guaranteed by securities, included such covenants for 37.1 million euro equivalent to 12.5% of total financial liabilities and 6.3% of overall facilities (available and drawn). The covenant requires Italmobiliare S.p.A. to maintain a debt/asset ratio of not more than 50% during the life of the loan.

Some loan contracts include customary clauses represented largely by negative pledges, which could weaken the borrower’s equity guarantee (e.g., amendments to the by-laws, change of business, reduction of share capital) and cause the lender to withdraw from the contract.

At December 31, 2012 Italmobiliare S.p.A. met all its contractual commitments in full. Specifically, the debt/asset ratio described above has been kept at well below 50%.

Market risks

Interest-rate risk

Fluctuations in interest rates affect the fair value of the segment's financial assets and liabilities and the level of net finance costs.

The Finance function draws up regular reports for senior management with a profile analysis of liability amounts and costs.

The table below illustrates the composition of net debt in the financial segment at December 31, 2011, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of net debt.

(in millions of euro)	
Situation at December 31, 2012	
Fixed-rate financial liabilities	(2.1)
Fixed-rate financial assets	126.2
Fixed-rate net debt at inception	**124.1**
Fixed-rate/Floating-rate hedging	(34.3)
Floating-rate/Fixed-rate hedging	
Fixed-rate net debt after hedging	**89.8**
Floating-rate financial liabilities	(231.5)
Floating-rate financial assets	220.9
Floating-rate net debt at inception	**(10.6)**
Fixed-rate/Floating-rate hedging	34.3
Floating-rate/Fixed-rate hedging	
Floating-rate net debt after hedging	**23.7**
Assets not exposed to interest-rate risk	2.3
Liabilities not exposed to interest-rate risk	(0.3)
Total net debt	**115.5**

Floating-rate assets include cash and cash equivalents, amounts due from Group companies and floating-rate bonds; fixed-rate liabilities include amounts due to third parties and Group companies.

A sensitivity analysis was performed to determine the change in the fair value of financial instruments caused by an instantaneous shift of 100 bp in forward interest rates (assuming a parallel shift in the curve). Modified duration was used to measure sensitivity.

The analysis found an estimated overall change of -3.6 million euro, with overall effect on income.

Symmetrical results would be generated by an instantaneous parallel downward shift in the rate curve, since the financial segment does not employ non-linear instruments like options or collars.

Currency risk

Investment regulations keep exposure to currency risk very low. Currency positions are limited and used with the objective of decorrelating the risk of traditional financial assets in the liquidity management portfolio.

Other price risks

Italmobiliare and the companies in the financial segment are particularly exposed to the risk of fluctuations in the prices of listed equities carried at fair value.

Since Italmobiliare is a holding company, exposure to the equity risk is inherent to its core business. In some cases, for limited amounts, the Policies set out procedures and approvals for the use of derivatives to reduce this risk.

At December 31, 2012 assets exposed to price risk amounted to 174.5 million euro of which 173.6 million euro classified as “available-for-sale” and the remaining 0.9 million euro as “held-for-trading”.
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 8.7 million euro, on equity only.

(in millions of euro)	Fair Value	Share price delta	Impact on income	Impact on equity
Trading equities	0.9	-5%		
Available-for-sale equities	173.6	-5%		(8.7)

Banking segment

The banking segment consists principally of the Finter Bank Zürich group.

The bank’s core business activities are indicated below; the group does not perform any other operations that impact risk and income.

Financing

Financing is a secondary business for the Finter Bank Zürich group. The majority of loans are granted on a hedged basis and refinanced with client deposits.

Commission income and provision of services

Commission income and provision of services represent the main source of income and refer to securities transactions and investments on behalf of clients conducted by the Asset Management, Investment Advisory and Fiduciary Investments services.
Revenue from these activities account for more than two thirds of Finter group total revenue.

Trading transactions

Finter Bank Zürich is active in securities and currency trading. Transactions are conducted within clearly defined limits, as is trading of financial derivatives for clients and for the group itself.

Other activities

For liquidity purposes, the bank holds a portfolio of fixed-rate securities with high ratings.

Financial risk management

Risk policy is regularly reviewed and approved by the Board of Directors. It provides the basis for risk management for the bank and the group. Management is responsible for implementing policy. Specific limits are set for individual risks.

The Risk Management Committee enforces compliance with regulations and monitors all key risks. The Risk Manager (the committee chairman) is responsible for active monitoring and for recommending measures for management approval.

Trading positions are assessed on a daily basis. Management keeps responsibility for risk control separate from responsibility for trading.

Management receives regular reports on the group's equity, financial position, income and liquidity and on related risks.

Credit risk

Credit policy covers all commitments that could generate losses in the event of default by counterparts.
Counterpart risk is managed through risk diversification, a system of limits, qualitative requisites and coverage margins.

The credit directives issued by the authorities regulate the loan provision process, which assesses solvency and creditworthiness on the basis of the customary criteria applied by banks. Most loan transactions are conducted as part of asset management activities.

Liquidity risk

Solvency is monitored and guaranteed in compliance with banking laws.
The bank also reviews the marketability of its positions on a regular basis.

Market risks

Interest-rate risk

Interest-rate risk is monitored at central level by the bank's Asset and Liability Management committee (ALM) and controlled by the Treasurer. Risk management focuses on interest-rate volatility. GAP analyses are conducted to quantify and manage risk within the authorized limits. Computation of present value of all interest-rate transactions provides input for sensitivity analyses.

Interest-rate equilibrium management is not a primary strategy for a bank active in private banking.
The change in the present value of assets as a result of a +/- 100 bp shift in the interest curve and the impact on profit of a +/- 100 bp shift in the interest curve for a duration up to 1 year are used as the internal risk criteria. A 5% limit has been set on the change in the fair value of assets.
The table below illustrates the effect on assets of a +/- 100 bp parallel shift in the interest curve at the end of 2012:

(in millions of euro)	Present value of assets	+ 100 bp	- 100 bp
Swiss francs	370.5	(0.6)	0.6
Euro	43.6	(0.5)	0.5
US dollars	31.8	(0.2)	0.2
Other currencies	54.9	(0.2)	0.2
Total	**500.8**	**(1.5)**	**1.5**

The total impact on profit would be 1.5 million euro.
Compared with the present value of assets, this effect is immaterial (0.30%).

Other price risks

The segment limits other price risks, primarily exposure on securities and precious metals, through a volume and loss control system. Trading positions are monitored daily.

Transactions with related parties

Transactions with related parties in 2012 were not significant. They are detailed in the table below:

(in thousands of euro)	Revenue (expense)	Trade receivables (payables)	Financial receivables (payables)	Finance income (costs)	Other operating income (expense)
Italmobiliare Group					
Subsidiaries and eq.accounted investees not consolidated line-by-line	54,047	8,717	45,532	638	
	(33,762)	(5,147)	(376)	(129)	(1,009)
Other related parties	165	78			25
	(1,762)	(477)			(342)
Total	**54,212**	**8,795**	**45,532**	**638**	**25**
	(35,524)	**(5,624)**	**(376)**	**(129)**	**(1,351)**
% impact on book items	1.1%	1.1%	2.7%	1.1%	0,0%
	0.9%	0.9%	0,0%	0.1%	2.1%

The comparatives for 2011 are set out below:

(in thousands of euro)	Revenue (expense)	Trade receivables (payables)	Financial receivables (payables)	Finance income (costs)	Other operating income (expense)
Italmobiliare Group					
Subsidiaries and eq.accounted investees not consolidated line-by-line	63,284	15,101	38,619	555	25
	(35,799)	(5,156)	(512)	(148)	(1,020)
Other related parties	178	63			30
	(1,144)	(135)			(1,200)
Total	**63,462**	**15,164**	**38,619**	**555**	**55**
	(36,943)	**(5,291)**	**(512)**	**(148)**	**(2,220)**
% impact on book items	1.3%	1.6%	2.1%	0.7%	0.1%
	0.9%	0.8%	0.0%	0.1%	2.8%

Revenue from and purchases of goods and services in respect of subsidiaries and equity-accounted investees consisted mainly of transactions with companies consolidated on a proportionate basis, notably Société des Carrieres du Tournaisis, Medcem S.r.l., Les Calcaires Girondins S.a.s., Medcem Srl, Atlantica de Graneles and Société Parisienne des Sablières S.A., and with equity-accounted investees, including the Ciments Quebec Inc. group, Vassiliko Cement Ltd. and Cementi della Lucania S.p.A..

In 2012 the Italmobiliare Group made a payment of 900 thousand euro to the Italcementi Cav. Lav. Carlo Pesenti foundation and set aside an additional amount of 300 thousand euro to cover operating expense.

The percentage impact of the above mentioned transactions with related parties on cash flows was negligible.

Compensation paid to directors

The table below sets out compensation paid during the financial year to the directors and the chief operating officer of Italmobiliare S.p.A. for positions held in the Group:

(in thousands of euro)	2012	2011
Short-term benefits: compensation and remuneration	9,814	9,537
Post-employment benefits:provision for leaving and end-of-term entitlements	3,918	4,090
Other long-term benefits: length-of-service bonuses and incentives	2,424	2,421
Share-based payments	548	619
Total	**16,704**	**16,667**

Joint ventures

The Group's most significant joint ventures in 2012 were the French construction materials companies, the Medcem S.r.l. shipping company and the Saudi company International City for Ready Mix, active in ready mixed concrete.
The following table sets out the most significant share of assets, liabilities, revenue and expense relating to joint ventures reflected in the Group consolidated financial statements:

(in millions of euro)	December 31, 2012	December 31, 2011
Current assets	35.2	30.7
Non-current assets	94.8	92.0
Total assets	**130.0**	**122.7**
Current liabilities	25.6	23.3
Non-current liabilities	14.9	14.4
Total liabilities	**40.5**	**37.7**

	2012	2011
Revenue	43.2	43.4
Expense	(42.0)	(44.6)
Profit (loss) before tax	**1.2**	**(1.2)**

Non-recurring transactions

The following tables itemize the most significant non-recurring transactions and their impact on Group equity, net debt and profit (loss) for the period:

	2012					
(in thousands of euro)	Equity		Profit (loss) for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	**4,819,196**		**(462,593)**		**(1,930,488)**	
Net capital gains on sale of non-current assets	39,057	0.81%	39,057	8.44%	49,669	2.57%
Non-recurring employee expense for re-organizations	(56,453)	1.17%	(56,453)	12.20%	(341)	-0.02%
Other non-recurring income (expense)	(10,751)	0.22%	(10,751)	2.32%	(300)	0.02%
Discontinued operations	7,992	0.17%	7,992	1.73%	44,236	2.29%
Total	**(20,155)**	**0.42%**	**(20,155)**	**4.36%**	**92,964**	**4.82%**
Figurative value without non-recurring transactions	**4,839,351**		**(442,438)**		**(2,023,452)**	

	2011					
(in thousands of euro)	Equity		Profit (loss) for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	**5,539,564**		**(60,624)**		**(2,039,619)**	
Net capital gains on sale of non-current assets	66,274	1.20%	66,274	n.s.	103,988	5.10%
Non-recurring employee expense for re-organizations	(26,467)	0.48%	(26,467)	43.66%		
Other non-recurring income (expense)	(2,097)	0.04%	(2,097)	3.46%	(600)	0.03%
Income tax on non-recurring transactions	(5,964)	0.11%	(5,964)	9.84%		
Discontinued operations	94,345	1.70%	94,345	n.s.	259,174	12.71%
Total	**126,091**	**2.28%**	**126,091**	**207.99%**	**362,562**	**17.78%**
Figurative value without non-recurring transactions	**5,413,473**		**(186,715)**		**(2,402,181)**	

Audit fees

The table below sets out details of the fees paid in financial year 2012 by the Italmobiliare Group to the independent auditors KPMG and the foreign companies of the same network, pursuant to CONSOB Resolution May 14, 1999, no.11971, art. 149-duodecies, par 1:

(in thousands of euro)	KPMG S.p.A.	Other Italian companies in the KPMG network	Other foreign companies in the KPMG network
Auditing services	1,120		1,858
Other services with issue of attestation	110		210
Other juridical, fiscal, social services	-	215	561
Total	**1,230**	**215**	**2,629**

Statement of cash flows

B) Cash flow from investing activities

The table below itemizes the main equity investments made by the Group in 2012:

(in millions of euro)	**2012**	**2011**
Unicredit - Italy	11.2	
Ciments Français (including treasury shares for 6.4 million in 2009) - France	4.9	41.6
Dorner	1.9	
035 Investimenti	0.3	
Others	0.6	0.3
Commerciale Inerti - Italy		2.3
UBI - Italy		1.4
Italcementi S.p.A.		0.9
Mittel - Italy		0.2
Total	**18.9**	**46.7**

Equity investments are shown net of the cash and cash equivalents of the companies acquired and the change in payables for equity investment acquisitions.

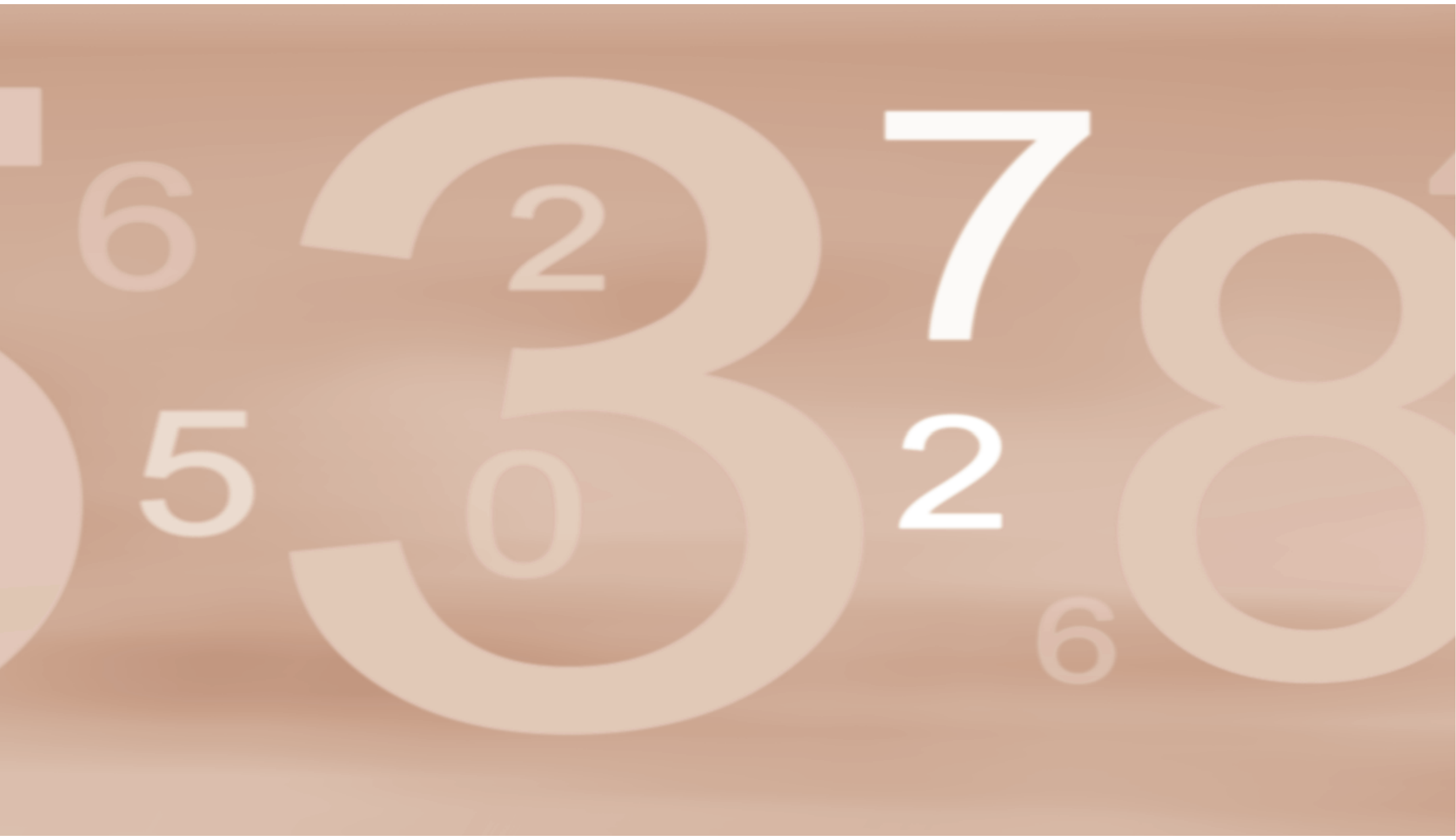
B) Proceeds from sales of non-current assets

The proceeds reflect the net amounts on the full sale of Goltas shares for 45.7 million euro and the sale of Silos Granari della Sicilia for 8.0 million euro, the net sale of Pontassieve for 2.5 million euro, the sale of Unicredito rights for 11.3 million euro and the repayment of the capital of the Banca Leonardo group for 4.4 million euro.

Events after December 31, 2012

No significant events have taken place since the reporting date that require amendments to or additional comments on the Group's business, financial and equity situation at December 31, 2012.

Annex



Annex

The following table sets out equity investments held in companies when such investments exceed 10% of voting capital. It also indicates the consolidation method.

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Parent company									
Italmobiliare S.p.A.	Milan	IT	EUR	100,166,937.00					
Burgo Group S.p.A.	Altavilla Vicentina	IT	EUR	205,443,391.40	-	11.68	11.68	Société de Participation Financière Italmobiliare SA	Cost/Fair Value
CJSC INLINE-R	Moscow	RU	RUB	30,230,640.00		23.99	23.99	Inline Poland Sp. z.o.o.	Cost
Compagnia Fiduciaria Nazionale S.p.A.	Milan	IT	EUR	312,000.00	16.67	-	16.67	Italmobiliare S.p.A.	Cost/Fair Value
Crédit Mobilier de Monaco S.A.	Montecarlo	MC	EUR	5,355,000.00	-	99.91	99.91	Société de Participation Financière Italmobiliare SA	Line-by-line
Dorner Pack GmbH	Tattendorf	AT	EUR	36,336.42	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Enhanced Frontier Limited	Nassau	BS	EUR	100.00	-	100.00	100.00	Finter Bank Zurich S.A.	Cost
Fin.Priv. S.r.l.	Milan	IT	EUR	20,000.00	14.28	-	14.28	Italmobiliare S.p.A.	Cost/Fair Value
Finter Bank Zurich A.G.	Zurich	CH	CHF	45,000,000.00	-	100.00	100.00	Société de Participation Financière Italmobiliare SA	Line-by-line
Finanzgesellschaft Hugo Kahn & Co AG	Zurich	CH	CHF	10,000,000.00	-	100.00	100.00	Finter Bank Zurich A.G.	Line-by-line
FinterLife Lebensversicherungs-Aktiengesellschaft S.A.	Vaduz	LI	CHF	7,000,000.00	-	90.00	90.00	Finter Bank Zurich A.G.	Line-by-line
Franco Tosi S.r.l.	Milan	IT	EUR	260,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
ICS Petruzalek Srl	Chisinau	MD	MDL	81,518.50	-	100.00	100.00	Petruzalek Com S.r.l. (Romania)	Line-by-line
Immobiliare Lido di Classe S.p.A.	Rome	IT	EUR	255,000.00	18.04	-	18.04	Italmobiliare S.p.A.	Cost
Inline Poland Sp. z.o.o.	Murowana Goslina	PL	PLN	3,846,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Mittel S.p.A.	Milan	IT	EUR	87,907,017.00	10.00	-	10.00	Italmobiliare S.p.A.	Equity
Petruzalek Ltd (Turkey)	Istanbul	TR	TRY	40,000.00	-	100.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
							10.00	Petruzalek Com S.r.l. (Romania)	
Petruzalek e.o.o.d. (Bulgaria)	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek Com S.r.l. (Romania)	Ilfov Chiajna	RO	RON	6,374,380.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Croatia)	Zabok	HR	HRK	129,500.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Serbia)	Zemun (Batajnica)	RS	EUR	1,066,060.09	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Slovenia)	Maribor	SI	EUR	9,959.08	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek Gesellschaft mbH (Austria)	Tattendorf	AT	EUR	1,000,000.00	-	99.00	99.00	Sirap Gema S.p.A.	Line-by-line
Petruzalek Kft (Hungary)	Budapest	HU	HUF	300,000,000.00	-	100.00	75.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
							25.00	Petruzalek spol. S.r.o. (Rep. Ceca)	
Petruzalek o.o.o. (Ukraine)	Odessa	UA	UAH	214,831.00	-	90.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.l. (Bosnia)	Sarajevo	BA	BAM	10,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Slovakia)	Bratislava	SK	EUR	15,269.20	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Czech Rep.)	Breclav	CZ	CZK	2,300,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	IT	EUR	1,300,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
RCS MediaGroup S.p.A. [1]	Milan	IT	EUR	762,019,050.00	7.46	-	7.46	Italmobiliare S.p.A.	Equity
Sirap France SAS	Noves	FR	EUR	3,520,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Insulation S.r.l.	Verolanuova (BS)	IT	EUR	2,815,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Gema S.p.A.	Verolanuova (BS)	IT	EUR	17,020,905.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
S.E.S. Società Editrice Sud S.p.A	Messina	IT	EUR	10,695,505.08	32.36	-	32.36	Italmobiliare S.p.A.	Equity
Société d'Etudes de Participations et de Courtages S.A.	Montecarlo	MC	EUR	1,290,000.00	-	99.98	99.98	Société de Participation Financière Italmobiliare SA	Line-by-line
Société de Participation Financière Italmobiliare S.A.	Luxembourg	LU	EUR	127,062,864.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Universal Imballaggi Sr.l.	Palermo	IT	EUR	1,731,588.00	-	92.64	92.64	Sirap Gema S.p.A.	Line-by-line
Italcementi S.p.A.	Bergamo	IT	EUR	282,548,942.00	38.90	1.38	38.90	Italmobiliare S.p.A.	Line-by-line
							1.38	Italcementi S.p.A.	
								(voting rights:	
							60.36	Italmobiliare S.p.A.)	
Aliserio S.r.l.	Bergamo	IT	EUR	2,270,000.00	10.00	90.00	10.00	Italmobiliare S.p.A.	Line-by-line
							90.00	Italcementi S.p.A.	
Azienda Agricola Lodoletta S.r.l.	Bergamo	IT	EUR	10,400.00	-	75.00	75.00	Italcementi S.p.A.	
B2E Markets France S.A.R.L.	Paris	FR	EUR	20,000.00	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
BravoBloc S.r.l.	Bergamo	IT	EUR	300,000.00	-	70.00	70.00	Italcementi S.p.A.	Line-by-line
BravoBus S.r.l.	Bergamo	IT	EUR	600,000.00	-	51.00	51.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Benelux B.V.	Almere	NL	EUR	250,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Brasil Serviços de Tecnologia Ltda	San Paolo	BR	BRL	500,000.00	-	100.00	100.00	BravoSolution Mexico S.r.l. de C.V.	Line-by-line
BravoSolution China Co. Ltd	Shanghai	CN	CNY	80,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Espana S.A.	Madrid	ES	EUR	120,400.00	-	99.99	99.99	BravoSolution S.p.A.	Line-by-line
BravoSolution France S.a.s.	Boulogne Billancourt	FR	EUR	3,254,150.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution GmbH	Munich	DE	EUR	1,000,000.00	-	100.00	100.00	Bravosolution S.p.A.	Line-by-line
BravoSolution Mexico S.r.l. de C.V.	Mexico City	MX	MXN	3,200,000.00	-	100.00	99.99	BravoSolution S.p.A.	Line-by-line
							0.01	BravoSolution Espana S.A.	
BravoSolution S.p.A.	Bergamo	IT	EUR	32,286,398.00	7.40	75.34	7.40	Italmobiliare S.p.A.	Line-by-line
							75.34	Italcementi S.p.A.	
BravoSolution Software, Inc.	Wilmington	US	-	-	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
BravoSolution UK Ltd	London	UK	GBP	50,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution US, Inc.	Harrisburg	US	USD	1.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Technologies Ltd	Guildford	UK	GBP	50,000.00	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line

[1] The percentage interests shown in the table include shares not included in shareholder agreements.

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
C.T.G. S.p.A.	Bergamo	IT	EUR	500,000.00	-	100.00	50.00	Italcementi S.p.A.	Line-by-line
							50.00	Ciments Français S.A.	
C.T.G. Devnya EAD	Devnya	BG	BGN	200,000.00	-	100.00	100.00	C.T.G. S.p.A.	Line-by-line
Calcementi Jonici S.r.l.	Siderno (RC)	IT	EUR	9,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
Calcestruzzi S.p.A.	Bergamo	IT	EUR	40,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
Cava delle Capannelle S.r.l.	Bergamo	IT	EUR	31,200.00	-	49.00	49.00	Calcestruzzi S.p.A.	
Cementi della Lucania S.p.A.	Potenza	IT	EUR	619,746.00	-	30.00	30.00	Italcementi S.p.A.	Equity
Commerciale Inerti S.r.l.	Casalpusterlengo (LO)	IT	EUR	52,000.00	-	33.00	33.00	Esa Monviso S.p.A.	Equity
E.S.A. Monviso S.p.A.	Bergamo	IT	EUR	1,340,000.00	-	100.00	100.00	Calcestruzzi S.p.A.	Line-by-line
Ecoinerti S.r.l.	Recanati (MC)	IT	EUR	91,800.00	-	50.00	50.00	Calcestruzzi S.p.A.	Proportionate
Gardawind S.r.l.	Vipiteno (BZ)	IT	EUR	100,000.00	-	49.00	49.00	Italgen S.p.A.	Equity
Generalcave S.r.l.	Fiumicino (RM)	IT	EUR	31,200.00	-	50.00	50.00	Calcestruzzi S.p.A.	Equity
Gruppo Italsfusi S.r.l.	Bergamo	IT	EUR	156,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	Italcementi Ingegneria S.r.l.	
i.FotoGuiglia S.r.l.	Turin	IT	EUR	14,290.00	-	30.00	30.00	Italgen S.p.A.	Equity
I.GE.PO. - Impresa Gestione Porti S.r.l. - winding up	Vibo Valentia	IT	EUR	25,500.00	-	18.00	18.00	Italcementi S.p.A.	
Ing. Sala S.p.A.	Sorisole (BG)	IT	EUR	5,858,722.00	-	100.00	99.90	Nuova Sacelit S.r.l.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
International City for Ready Mix	Jeddah	SA	SAR	100,000,000.00	-	50.00	50.00	Italcementi S.p.A.	Proportionate
Italcementi Finance	Puteaux	FR	EUR	20,000,000.00	-	99.99	99.99	Italcementi S.p.A.	Line-by-line
Italcementi Ingegneria S.r.l.	Bergamo	IT	EUR	650,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Italgen Maroc Ener S.A.	Casablanca	MA	MAD	8,000,000.00	-	100.00	99.99	Italgen S.p.A.	Line-by-line
							0.01	Procimar S.A.	
Italgen Maroc S.A.	Casablanca	MA	MAD	300,000.00	-	99.87	99.87	Italgen S.p.A.	Line-by-line
Italgen Misr for Energy SAE	Cairo	EG	EGP	35,000,000.00	-	100.00	98.00	Italgen S.p.A.	Line-by-line
							1.00	Helwan Cement Co. SAE	
							1.00	Suez Cement Company SAE	
Italgen S.p.A.	Bergamo	IT	EUR	20,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
Italterminali S.r.l.	Bergamo	IT	EUR	10,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	Italcementi Ingegneria S.r.l.	
Les Ciments de Zouarine S.A. - in liq.	Tunis	TN	TND	80,000.00	-	49.93	49.93	Italcementi S.p.A.	
Mantovana Inerti S.r.l.	Castiglione delle Stiviere (MN)	IT	EUR	702,000.00	-	50.00	50.00	Calcestruzzi S.p.A.	Proportionate
Nuova Sacelit S.r.l.	Sorisole (BG)	IT	EUR	7,500,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Procalmi S.r.l. - winding up	Milan	IT	EUR	51,000.00	-	11.52	11.52	Calcestruzzi S.p.A.	
S.A.F.R.A. S.r.l. - winding up	Bologna	IT	EUR	51,480.00	-	33.33	33.33	Calcestruzzi S.p.A.	Equity
SAMA S.r.l.	Bergamo	IT	EUR	1,000,000.00	-	100.00	99.00	Italcementi S.p.A.	Line-by-line
							1.00	Italcementi Ingegneria S.r.l.	
San Francesco S.c.a r.l.	Foligno (PG)	IT	EUR	5,000,000.00	-	40.00	40.00	Calcestruzzi S.p.A.	
Shqiperia Cement Company Shpk	Tirana	AL	ALL	74,250,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	LU	EUR	1,771,500.00	-	100.00	99.87	Italcementi S.p.A.	Line-by-line
							0.13	Italcementi Ingegneria S.r.l.	
SO.RI.TE. S.r.l.	Turin	IT	EUR	100,000.00	-	25.00	25.00	Calcestruzzi S.p.A.	
Star.co S.r.l.	Naples	IT	EUR	118,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
TejariSolution FZ LLC	Dubai	EAU	AED	100,000.00	-	51.00	51.00	BravoSolution S.p.A.	Line-by-line
Vert Tech LLC	Wilmington	US	-	-	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
Ciments Français S.A.	Puteaux	FR	EUR	143,192,544.00	2,73	84.18	2.73	Italmobiliare S.p.A.	Line-by-line
							83.16	Italcementi S.p.A.	
							1.02	Ciments Français S.A.	
								(voting rights:	
							1.49	Italmobiliare S.p.A.	
							91.12	Italcementi S.p.A.)	
3092-0631 Quebec Inc.	St. Basile	CA	CAD	6,250.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Al Badia Cement JSC	Damasco	SY	SYP	12,200,000,000.00	-	12.00	12.00	Menaf S.a.s.	
Al Mahaliya Ready Mix Concrete WLL	Safat	KW	KWD	500,000.00	-	51.00	51.00	Hilal Cement Company	Line-by-line
Al Manar Cement Holding S.a.s.	Puteaux	FR	EUR	3,300,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Arrowhead Investment Company	Carson City	USA	USD	1,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Asia Cement Energy Conservation Ltd	Bangkok	TH	THB	1,400,000,000.00	-	39.52	39.52	Asia Cement Public Co., Ltd (*)	Line-by-line
Asia Cement Products Co., Ltd	Bangkok	TH	THB	10,000,000.00	-	39.53	39.53	Asia Cement Public Co., Ltd (*)	Line-by-line
Asia Cement Public Co., Ltd	Bangkok	TH	THB	4,670,523,072.00	-	39.53	25.43	Ciments Français S.A.	Line-by-line
							14.10	Vaniyuth Co. Ltd (*)	
Asment Temara S.A.	Temara	MA	MAD	495,000,000.00	-	37.02	19.93	Procimar S.A.	Equity
							17.09	Ciments Français S.A.	
Atlantica de Graneles y Moliendas S.A.	Vizcaya	ES	EUR	5,000,000.00	-	50.00	50.00	Sociedad Financiera y Minera S.A.	Proportionate
Axim for Industrials SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	90.00	Suez Cement Company SAE	Line-by-line
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company SAE	
Betomar S.A.	Casablanca	MA	MAD	84,397,800.00	-	99.99	99.99	Ciments du Maroc S.A.	Line-by-line
Beton.Ata LLP	Almaty	KZ	KZT	416,966,426.00	-	75.50	75.50	Shymkent Cement	Line-by-line
Béton Contrôle de Gascogne S.A.	Soorts Hossegor	FR	EUR	40,000.00	-	37.00	37.00	Béton Contrôle du Pays Basque S.a.s.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Béton Contrôle de l'Adour S.a.s.	Bayonne	FR	EUR	150,000.00	-	59.96	59.96	Béton Contrôle du Pays Basque S.a.s.	Line-by-line
Béton Contrôle des Abers S.a.s.	Lannilis	FR	EUR	104,000.00	-	34.00	34.00	Unibéton S.a.s.	Equity
Béton Contrôle du Pays Basque S.a.s.	Bayonne	FR	EUR	120,000.00	-	59.98	59.98	Unibéton S.a.s.	Line-by-line
Bonafini S.a.s.	Argences	FR	EUR	45,392.00	-	100.00	96.79	Tratel S.a.s.	Line-by-line
							3.21	Larricq S.a.s.	
Cambridge Aggregates Inc.	Cambridge	CA	CAD	10.00	-	60.00	60.00	Essroc Canada Inc.	Line-by-line
Canteras Aldoyar S.L.	Olazagutia	ES	EUR	1,508,510.00	-	20.00	20.00	Hormigones y Minas S.A.	
Carrières Bresse Bourgogne	Epervans	FR	EUR	387,189.00	-	66.48	66.48	Dragages et Carrières S.A.	Proportionate
Centro Administrativo y de Servicios de Malaga S.A.	Malaga	ES	EUR	60,200.00	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line
Cie pour l'Investissement Financier en Inde S.a.s.	Puteaux	FR	EUR	7,350,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Ciment Quebec Inc.	St. Basile	CA	CAD	19,461,161.70	-	100.00	100.00	Groupe Ciment Quebec Inc.	Equity
Cimento de Bissau Limitada	Guinea Bissau	GW	XOF	2,000,000.00	-	99.00	99.00	Tercim S.A.	
Ciment du Littoral S.A.	Bassens	FR	EUR	37,000.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line
Ciments Calcia S.a.s.	Guerville	FR	EUR	593,836,525.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Ciments du Maroc S.A.	Casablanca	MA	MAD	1,443,600,400.00	-	62.31	58.79	Cocimar S.a.s.	Line-by-line
							3.52	Procimar S.A.	
Ciments du Nord	Nouadhibou	MR	OUG	1,340,000,000.00	-	15.00	15.00	Ciments du Maroc	
CIMFRA (China) Limited	Puteaux	FR	EUR	62,116,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Ciminter S.A.	Luxembourg	LU	EUR	53,800,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Cocimar S.a.s.	Puteaux	FR	EUR	72,957,690.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Codesib S.a.s.	Puteaux	FR	EUR	55,037,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Compagnie des Ciments Belges S.A.	Tournai	BE	EUR	295,031,085.00	-	100.00	78.52	Ciments Français S.A.	Line-by-line
							21.40	Ciments Calcia S.a.s.	
							0.08	Compagnie Financière et de Participations S.A.	
Compagnie Financière et de Participations S.a.s.	Puteaux	FR	EUR	18,000,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Compania General de Canteras S.A.	Malaga	ES	EUR	479,283.69	-	99.41	96.12	Sociedad Financiera y Minera S.A.	Line-by-line
							3.29	Sax S.a.s.	
Conglomerantes Hidraulicos Especiales S.A.	Malaga	ES	EUR	2,361,960.00	-	85.00	85.00	Sociedad Financiera y Minera S.A.	Line-by-line
De Paepe Béton N.V.	Ghent	BE	EUR	500,000.00	-	99.99	99.99	Compagnie des Ciments Belges S.A.	Line-by-line
DECOM Egyptian Co for Development of Building Materials SAE	Cairo	EG	EGP	63,526,401.28	-	100.00	100.00	Universal Company for Ready Mix Concrete Production SAE	Line-by-line
Decoux S.a.s.	Beaucaire	FR	EUR	120,000.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Development for Industries Co. SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	90.00	Suez Cement Company SAE	Line-by-line
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company SAE	
Devnya Bulk Services EAD	Devnya	BG	BGN	50,000.00	-	100.00	100.00	Devnya Cement AD	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Devnya Cement AD	Devnya	BG	BGN	1,028,557.00	-	99.97	99.97	Sociedad Financiera y Minera S.A.	Line-by-line
Devnya Finance A.D.	Devnya	BG	BGN	5,000,000.00	-	50.00	50.00	Devnya Cement AD	Equity
Dobrotitsa BSK A.D.	Dobrich	BG	BGN	88,954.00	-	26.40	26.40	Devnya Cement AD	
Dragages et Carrières DEC S.A.	Epervans	FR	EUR	1,000,000.00	-	49.99	49.99	GSM S.a.s.	Proportionate
Dragages Transports & Travaux Maritimes S.A.	La Rochelle	FR	EUR	3,947,894.00	-	50.00	33.33	GSM S.a.s.	Proportionate
							16.67	Granulats Ouest - GO	
Dunkerque Ajouts Snc	Paris	FR	EUR	6,000.00	-	33.75	33.75	Ciments Calcia S.a.s.	
Ecocim S.a.s.	Casablanca	MA	MAD	2,000,000.00	-	55.00	30.00	Ciments du Maroc S.A.	
							25.00	Asment Temara S.A.	
Entreprise Lorraine d'Agriculture ELDA S.A.R.L.	Heillecourt	FR	EUR	10,000.00	-	100.00	100.00	GSM S.a.s.	
Essroc Canada Inc.	Mississauga	CA	CAD	221,306,574.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Essroc Cement Corp.	Nazareth	US	USD	8,330,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Essroc Corporation	Nazareth	US	USD	1,000.00	-	100.00	100.00	Essroc International	Line-by-line
Essroc International	Puteaux	FR	EUR	244,398,096.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Essroc Ready Mix Corp	Nazareth	US	USD	1.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Essroc San Juan Inc.	Espinosa	PR	USD	10,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Eurarco France S.A.	Le Crotoy	FR	EUR	1,520,000.00	-	64.99	64.99	GSM S.a.s.	Line-by-line
Eurocalizas S.L.	Cantabria	ES	EUR	723,030.00	-	33.33	33.33	Hormigones y Minas S.A.	
Eurotech Cement S.h.p.k.	Durres	AL	ALL	273,214,000.00	-	84.00	84.00	Halyps Building Materials S.A.	Line-by-line
Fraimbois Granulats S.A.R.L.	Moncel les Luneville	FR	EUR	75,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Gacem Company Limited	Serrekunda	GM	GMD	4,500,000.00	-	80.00	80.00	Tercim S.A.	Line-by-line
Granulats de la Drôme S.a.s.	Saint Jean de Vedas	FR	EUR	645,600.00	-	51.01	51.01	GSM S.a.s.	Line-by-line
Granulats Ouest - GO	Saint Herblain	FR	EUR	784,657.44	-	100.00	100.00	GSM S.a.s.	Line-by-line
Graves de l'Estuaire de la Gironde L.G.E.G.	St. Jean de Blaignac	FR	-	-	-	50.00	50.00	GSM S.a.s.	Proportionate
Greyrock Inc.	Nazareth	US	USD	1,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Groupe Ciment Quebec Inc.	St. Basile	CA	CAD	57,000,000.00	-	50.00	50.00	Essroc Canada Inc.	Equity
GSM S.a.s.	Guerville	FR	EUR	18,675,840.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Gulbarga Cement Limited	Bengaluru	IN	INR	231,257,000.00	-	74.00	74.00	Zuari Cement Ltd	Line-by-line
Gulf Ready Mix Concrete Company WLL	Kuwait	KW	KWD	100,000.00	-	100.00	99.90	Al Mahaliya Ready Mix Concrete WLL	Line-by-line
							0.10	Hilal Cement Company KSCC	
Halyps Building Materials S.A.	Aspropyrgos	EL	EUR	48,821,060.64	-	99.91	59.89	Ciments Français S.A.	Line-by-line
							40.02	Sociedad Financiera y Minera S.A.	
								(voting rights:	
							59.93	Ciments Français S.A.	
							39.99	Sociedad Financiera y Minera S.A.)	
Helwan Cement Co. SAE	Cairo	EG	EGP	583,875,425.00	-	99.47	99.47	Suez Cement Company SAE	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Helwan Bags Company SAE	Helwan	EG	EGP	6,000,000.00	-	71.00	70.00	Helwan Cement Co. SAE	Line-by-line
							1.00	Development for Industries Co. SAE	
Hilal Cement Company KSCC	Safat	KW	KWD	6,987,750.00	-	51.00	51.00	Suez Cement Company SAE	Line-by-line
Hormigones Olatzi S.A.	Olazagutia	ES	EUR	283,804.22	-	25.00	25.00	Hormigones y Minas S.A.	
Hormigones Txingudi S.A.	San Sebastian	ES	EUR	240,560.22	-	33.33	33.33	Hormigones y Minas S.A.	
Hormigones y Minas S.A.	Malaga	ES	EUR	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line
ICS Danube Cement S.r.l.	Chisinau	MD	MDL	556,008.00	-	100.00	100.00	Devnya Cement AD	Line-by-line
Immobilière des Technodes S.a.s.	Guerville	FR	EUR	8,024,400.00	-	100.00	59.97	Ciments Français S.A.	Line-by-line
							40.03	Ciments Calcia S.a.s.	
Industrie Sakia el Hamra “Indusaha” S.A.	Laayoune	MA	MAD	81,680,000.00	-	91.00	91.00	Ciments du Maroc	Line-by-line
Innocon Inc.	Richmond Hill	CA	CAD	18,300,000.20	-	50.00	50.00	Essroc Canada Inc.	Equity
Innocon Partnership Agreement Inc.	Richmond Hill	CA	CAD	2,003.00	-	51.50	48.50	Essroc Canada Inc	Equity
							3.00	Innocon Inc.	
Interbulk Egypt for Export SAE	Cairo	EG	EGP	250,000.00	-	100.00	98.00	Interbulk Trading S.A.	
							1.00	Menaf S.a.s.	
							1.00	Tercim S.A.	Line-by-line
Interbulk Trading S.A.	Lugano	CH	CHF	7,470,600.00	-	100.00	85.00	Ciminter S.A.	Line-by-line
							15.00	Italcementi Ingegneria S.r.l.	
Intercom Libya F.Z.C.	Misurata	LY	USD	100,000.00	-	100.00	100.00	Intercom S.r.l.	
Intercom S.r.l.	Bergamo	IT	EUR	2,890,000.00	-	100.00	94.68	Interbulk Trading S.A.	Line-by-line
							4.84	Italcementi S.p.A.	
							0.48	Italcementi Ingegneria S.r.l.	
Inversiones e Iniciativas en Aridos S.L.	Malaga	ES	EUR	3,010.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Investcim S.A.	Puteaux	FR	EUR	110,405,840.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Italcementi for Cement Manufacturing Libyian JS CO	Tripoli	LY	LYD	20,000,000.00	-	50.00	50.00	Al Manar Cement Holding S.a.s.	Proportionate
Italmed Cement Company Ltd	Limassol	CY	EUR	21,063,780.00	-	100.00	100.00	Halyps Building Materials S.A.	Line-by-line
Jalaprathan Cement Public Co, Ltd	Bangkok	TH	THB	1,200,000,000.00	-	58.97	12.42	Asia Cement Public Co., Ltd (*)	Line-by-line
							37.00	Ciments Français S.A.	
							9.55	Vesprapat Holding Co, Ltd (*)	
Jalaprathan Concrete Products Co, Ltd	Bangkok	TH	THB	280,000,000.00	-	58.96	58.96	Jalaprathan Cement Public Co, Ltd (*)	Line-by-line
Johar S.a.s.	Luxemont et Villotte	FR	EUR	1,221,632.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Kuwait German Company for Ready Mix Concrete WLL	Kuwait	KW	KWD	824,000.00	-	100.00	99.00	Al Mahaliya Ready Mix Concrete WLL	Line-by-line
							1.00	Hilal Cement Company	
Larricq S.a.s.	Airvault	FR	EUR	508,000.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Les Calcaires Girondins S.a.s.	Cenon	FR	EUR	100,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Calcaires Sud Charentes	Cherves Richemont	FR	EUR	1,524.50	-	34.00	34.00	GSM S.a.s.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Les Graves de l'Estuaire S.a.s.	Le Havre	FR	EUR	297,600.00	-	33.33	33.33	GSM S.a.s.	Proportionate
Les Quatre Termes S.a.s.	Salon de Provence	FR	EUR	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Sables de Mezieres S.a.s	St Pierre des Corps	FR	EUR	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Sabliers de l'Odet S..a.s.	Quimper	FR	EUR	134,400.00	-	97.47	94.93	Dragages Transports & Travaux Maritimes S.A.	Proportionate
							2.54	GSM S.a.s.	
Lyulyaka Materials E.A.D.	Devnya	BG	BGN	759,372.00	-	100.00	100.00	Devnya Cement AD	Line-by-line
Mauritanienne des Batiments et Routes S.A.	Nouakchott	MR	MRO	690,000,000.00	-	99.99	99.99	Mauritano-Française des Ciments	Line-by-line
Mauritano-Française des Ciments S.A.	Nouakchott	MR	MRO	1,111,310,000.00	-	51.11	51.11	Ciments Français S.A.	Line-by-line
Medcem S.r.l.	Naples	IT	EUR	5,500,000.00	-	50.00	50.00	Intercom S.r.l.	Proportionate
Menaf S.a.s.	Puteaux	FR	EUR	352,500,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
MTB - Maritime Trading & Brokerage Srl	Genoa	IT	EUR	70,000.00	-	33.33	33.33	Interbulk Trading S.A.	Equity
Naga Property Co	Bangkok	TH	THB	100,000,000.00	-	58.96	58.96	Jalaprathan Cement Public Co. Ltd (*)	Line-by-line
Neuciclaje S.A.	Bilbao	ES	EUR	396,669.00	-	30.00	30.00	Sociedad Financiera y Minera S.A.	
Novhorvi S.A.	Vitoria	ES	EUR	180,300.00	-	25.00	25.00	Hormigones y Minas S.A.	
Parcib s.a.s.	Puteaux	FR	EUR	34,000,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Procimar S.A.	Casablanca	MA	MAD	37,500,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Société Dijon Béton SA	Dijon	FR	EUR	184,000.00	-	15.00	15.00	GSM S.a.s.	Equity
Saarlandische Zementgesellschaft MBH	Saarbrucken	DE	EUR	52,000.00	-	80.00	80.00	Ciminter S.A.	Line-by-line
Sablimaris S.a.s.	Lanester	FR	EUR	4,094,776.00	-	100.00	66.28	Dragages Transports & Travaux Maritimes S.A.	Proportionate
							33.72	Les Sabliers de l'Odet	
Sas des Gresillons	Paris	FR	EUR	60,000.00	-	35.00	35.00	GSM S.a.s.	Proportionate
Sax S.a.s.	Guerville	FR	EUR	482,800.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
SCI de Balloy	Avon	FR	EUR	20,310.00	-	100.00	100.00	GSM S.a.s.	Line-by-line
SCI de Barbeau	Bray sur Seine	FR	EUR	8,000.00	-	49.00	49.00	GSM S.a.s.	
SCI des Granets	Cayeux sur M.	FR	EUR	4,575.00	-	33.33	33.33	GSM S.a.s.	
SCI du Colombier	Rungis	FR	EUR	2,000.00	-	63.00	63.00	GSM S.a.s.	Line-by-line
SCI Taponnat	Cherves Richemont	FR	EUR	1,500.00	-	50.00	50.00	GSM S.a.s.	
Scori S.A.	Plaisir	FR	EUR	1,092,800.00	-	13.95	13.95	Ciments Calcia S.a.s.	
Seas Co. Ltd	Bangkok	TH	THB	10,000,000.00	-	99.98	99.98	Ciments Français S.A.	Line-by-line
Shymkent Cement JSC	Shymkent	KZ	KZT	380,660,000.00	-	92.88	92.88	Codesib S.a.s.	Line-by-line
Singha Cement (Private) Limited	Colombo	LK	LKR	397,395,770.00	-	80.16	80.16	Ciments Français S.A.	Line-by-line
Sitapuram Power Limited	Hyderabad	IN	INR	480,000,000.00	-	50.99	50.99	Zuari Cement Ltd	Line-by-line
Sociedad Financiera y Minera S.A.	Malaga	ES	EUR	39,160,000.00	-	99.94	96.45	Ciments Français	Line-by-line
							3.02	Hormigones y Minas S.A.	
							0.47	Sociedad Financiera y Minera S.A.	
							99.94	(voting rights:	
								Ciments Français)	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Société Calcaires Lorrains	Heillecourt	FR	EUR	40,000.00	-	49.92	49.92	GSM S.a.s.	Proportionate
Société Civile Bachant le Grand Bonval	Rheims	FR	EUR	1,500.00	-	80.00	80.00	GSM S.a.s.	
Société Civile d'Exploitation Agricôle de l'Avesnois	Rheims	FR	EUR	3,000.00	-	90.00	50.00	Société Civile Bachant le Grand Bonval	
							40.00	GSM S.a.s.	
Société de la Grange d'Etaule	Gray	FR	EUR	3,750.00	-	99.60	99.60	Ciments Calcia S.a.s.	Line-by-line
Société des Calcaires de Souppes sur Loing S.C.S.L.	Souppes sur Loing	FR	EUR	2,145,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Société des Carrières du Tournaisis S.C.T. S.A.	Tournai	BE	EUR	12,297,053.42	-	65.00	42.69	Ciments Français S.A.	Proportionate
							16.31	Ciments Calcia S.a.s.	
							6.00	Compagnie des Ciments Belges S.A.	
Société Foncière de la Petite Seine S.a.s.	Saint Sauveur les Bray	FR	EUR	500,000.00	-	42.25	42.25	GSM S.a.s.	Proportionate
Société Parisienne des Sablières S.A.	Pont de L'Arche	FR	EUR	320,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Socli S.a.s.	Izaourt	FR	EUR	144,960.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line
Sodramaris S.n.c.	La Rochelle	FR	EUR	7,001,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Soficem S.n.c.	Puteaux	FR	EUR	1,000.00	-	100.00	99.00	Ciments Français S.A.	Line-by-line
							1.00	Compagnie Financière et de Partecipations S.a.s.	
Srt Rouennaise de Transformation	Grand Couronne	FR	EUR	7,500.00	-	60.00	60.00	Ciments Calcia S.a.s.	Line-by-line
Ste Aquitaine de Transformation S.a.s.	Saint Cloud	FR	EUR	10,000,000.00	-	40.00	40.00	Ciments Calcia S.a.s.	Equity
Ste Extraction & Amenagement de la Plaine de Marolles S.a.s.	Avon	FR	EUR	40,000.00	-	56.40	56.40	GSM S.a.s.	Proportionate
Stinkal S.a.s.	Ferques	FR	EUR	1,540,000.00	-	35.00	35.00	GSM S.a.s.	Equity
St. Basile Transport Inc.	St. Basile	CA	CAD	9,910.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Suez Bag Company SAE	Cairo	EG	EGP	20,250,000.00	-	57.84	53.32	Suez Cement Company SAE	Line-by-line
							4.52	Tourah Portland Cement Company SAE	
Suez Bosphorus Cimento Sanayi Ticaret	Istanbul	TR	TRY	50,000.00	-	99.99	99.99	Suez Cement Company SAE	Line-by-line
Suez Cement Company SAE	Cairo	EG	EGP	909,282,535.00	-	55.07	26.05	Menaf S.a.s.	Line-by-line
							12.36	Ciments Français S.A.	
							11.66	Ciments du Maroc S.A.	
							5.00	Tercim S.A.	
Suez for Import & Export Company SAE	Cairo	EG	EGP	3,750,000.00	-	100.00	40.00	Axim for Industrials SAE	Line-by-line
							40.00	Development for Industries Co. SAE	
							20.00	Suez for Transportation & Trade SAE	
Suez for Transportation & Trade SAE	Cairo	EG	EGP	10,000,000.00	-	100.00	55.00	Helwan Cement Co.	Line-by-line
							35.00	Suez Cement Company SAE	
							10.00	Tourah Portland Cement Company SAE	
Suez Lime SAE	Cairo	EG	EGP	7,390,000.00	-	50.00	49.00	Suez Cement Company SAE	Proportionate
							1.00	Tourah Portland Cement Company SAE	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Tameer Betoon for Trading and Contracting LLC	Doha	QA	QAR	200,000.00	-	49.00	49.00	Hilal Cement Company KSCC	Equity
Technodes S.a.s.	Guerville	FR	EUR	3,200,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Tecno Gravel Egypt SAE	Cairo	EG	EGP	15,000,000.00	-	45.00	45.00	Suez Cement Company SAE	Equity
Teracem Limited	Accra	GH	GHS	32,000,000.00	-	100.00	100.00	Tercim S.a.s.	
Tercim S.a.s.	Puteaux	FR	EUR	55,539,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Tomahawk Inc.	Wilmington	US	USD	100.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Tourah Portland Cement Company SAE	Cairo	EG	EGP	357,621,000.00	-	71.93	66.12	Suez Cement Company SAE	Line-by-line
							5.81	Menaf S.a.s.	
Trabel Affretement S.A.	Gaurain Ramecroix	BE	EUR	61,500.00	-	100.00	99.84	Tratel S.a.s.	Line-by-line
							0.16	Ciments Calcia S.a.s.	
Trabel Transports S.A.	Gaurain-Ramecroix	BE	EUR	750,000.00	-	100.00	89.97	Tratel S.a.s.	Line-by-line
							10.03	Compagnie des Ciments Belges S.A.	
Tragor S.a.s.	Pessac	FR	EUR	892,048.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Tratel S.a.s.	Guerville	FR	EUR	6,025,580.00	-	100.00	100.00	Ciments Calcia S.a.s.	Line-by-line
Unibéton Luxembourg S.A.	Luxembourg	LU	EUR	35,000.00	-	100.00	100.00	Unibéton S.a.s.	
Unibéton S.a.s.	Guerville	FR	EUR	27,159,732.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Unibéton Var S.a.s.	Lambesc	FR	EUR	40,000.00	-	100.00	100.00	Unibéton S.a.s.	Line-by-line
Universal Co. For Ready Mix Concrete Production SAE	Cairo	EG	EGP	234,857,100.00	-	52.00	52.00	Suez Cement Company SAE	Line-by-line
Uniwerbéton S.a.s.	Heillecourt	FR	EUR	160,000.00	-	70.00	70.00	Unibéton S.a.s.	Line-by-line
Valoise S.a.s.	Pierrelaye	FR	EUR	37,570.00	-	60.00	60.00	GSM S.a.s.	Proportionate
Vaniyuth Co. Ltd	Bangkok	TH	THB	100,000.00	-	48.80	48.80	Investcim S.A.	Line-by-line
Vassiliko Cement Works Ltd	Nicosia	CY	EUR	30,932,457.21	-	24.65	14.94	Italmed Cement Company Ltd	Equity
							9.71	Compagnie Financière et de Participations S.a.s.	
Ventore S.L.	Malaga	ES	EUR	14,400.00	-	100.00	99.56	Sociedad Financiera y Minera S.A.	Line-by-line
							0.44	Hormigones y Minas S.A.	
Vesprapat Holding Co, Ltd	Bangkok	TH	THB	20,000,000.00	-	49.00	49.00	Sax S.a.s.	Line-by-line
Vulkan Cement S.A.	Dimitrovgrad	BG	BGN	452,967.00	-	98.57	70.00	Ciments Français S.A.	Line-by-line
							28.57	Devnya Cement A.D.	
Xinpro Limited	Puteaux	FR	EUR	37,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Yuzhno-Kyrgyzsky Cement	Batken Oblast	KG	KGS	528,317,200.00	-	11.00	11.00	Codesib S.a.s.	
Zuari Cement Ltd	Andra Pradesh	IN	INR	4,279,614,000.00	-	99.99	80.14	Ciments Français S.A.	Line-by-line
							19.85	Cie pour l'Investissement Financier en Inde	
								(voting rights:	
							99.99	Ciments Français S.A.)	

(*) Percentage interest held by Ciments Français Group

ITALMOBILIARE

(Translation from the original Italian text)

Certification pursuant to art. 154-bis, subsection 5 TUF regarding the consolidated financial statements according to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1. The undersigned Giampiero Pesenti, Chief Executive Officer and Giorgio Moroni, Manager in charge of financial reporting of Italmobiliare S.p.A., also taking into consideration art. 154-bis, paragraphs 3 and 4, of the Legislative Decree February 24th, 1998, no. 58, do hereby certify:

   - the adequacy in relation to the company structure and
   - the actual application,

   of the administrative and accounting procedures adopted for the preparation of the **consolidated financial statements**, in the period from January 1st, 2012 to December 31st, 2012.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of consolidated financial statements as of December 31st, 2012 is based on a pattern identified by Italmobiliare according to the CoSO framework (illustrated in the CoSO Report) and also takes into account the document "Internal Control over Financial Reporting – Guidance for Smaller Public Companies", both issued by the Committee of Sponsoring Organizations of the Treadway Commission representing a generally accepted international framework.

3. It is also certified that:

   3.1 the consolidated financial statements as of December 31st , 2012:

   a) were prepared in compliance with applicable international financial reporting standards recognised by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19th, 2002;
   b) correspond to the accounting books and entries;
   c) are suitable to provide a true and fair presentation of the equity, income and financial situation of Italmobiliare S.p.A. and the companies included in the consolidation area;

   3.2 the annual directors' report includes a reliable analysis of the business trend and the operational results of Italmobiliare S.p.A. and the companies included in the consolidation area, together with a description of the main risks and uncertainties to which they are exposed.

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in charge of financial reporting

March 26th, 2013

RELAZIONE REVISORI

RELAZIONE REVISORI

Italmobiliare S.p.A.

Directors' report on operations

The changes in the standards and regulations compared to 2011 are detailed in the notes in the section "Statement of compliance with the IFRS". In accordance with the provisions of European Union Regulation 1606/2002, the principles to be adopted do not include the standards and interpretations published by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC) at December 31, 2012, but not endorsed by the European Union at that date. Furthermore, the European Union has endorsed additional standards/interpretations that Italmobiliare S.p.A. will apply at a subsequent time, having decided not to elect early application.

Earnings indicators

To assist comprehension of its financial data, Italmobiliare S.p.A. employs a number of widely used indicators, which are not envisaged by the IFRS.

In particular, the income statement presents the following intermediate indicators/results: Recurring EBITDA, EBITDA, EBIT, computed as the sum of the preceding items. On the statement of financial position, similar considerations apply to net debt, whose components are detailed in the specific section of the notes relating to IFRS 7.

Since the indicators used by the company are not required by the IFRS, their definitions may not coincide with and therefore may not be comparable to those used by other companies/groups.

In the notes, the section on IFRS 7 provides information on the effects of changes in interest rates and share prices on the income statement and the statement of financial position.

General overview

Italmobiliare S.p.A. closed 2012 with a loss of 66.7 million euro (a loss of 57.3 million euro in 2011), arising largely from impairment losses for 62.7 million euro on investments in subsidiaries and on equities and from a fall in revenue of 44.3% compared with the previous year.

Condensed income statement

(in thousands of euro)	2012	2011	Change
Revenue	**27,410**	**49,239**	**(21,829)**
of which:			
Dividends	*18,320*	*38,823*	*(20,503)*
Gains on sales of investments and securities	*1,435*	*1,234*	*201*
Interest income and other finance income	*1,241*	*2,963*	(1,722)
Services	*6,414*	*6,219*	195
Personnel expenses, services and other operating expense	(19,523)	(20,821)	1,298
Finance costs	(8,078)	(8,499)	421
Capital losses, impairment losses and other expense	(1,509)	(1,583)	74
Recurring EBITDA [1]	**(1,700)**	**18,336**	**(20,036)**
Other income (expense)	(2,893)	(617)	(2,276)
EBITDA [2]	**(4,593)**	**17,719**	**(22,312)**
Amortization and depreciation	(90)	(112)	22
EBIT [3]	**(4,683)**	**17,607**	**(22,290)**
Finance income (costs)	(17)	(40)	23
Impairment on financial assets	(62,684)	(80,412)	17,728
Profit (loss) before tax	**(67,384)**	**(62,845)**	**(4,539)**
Income tax (expense)	647	5,545	(4,898)
Profit (loss) for the period	**(66,737)**	**(57,300)**	**(9,437)**

[1] Recurring EBITDA is the difference between revenue and costs excluding: other non-recurring income (expense), amortization and depreciation, impairment, finance income (costs) and income tax expense.

[2] EBITDA corresponds to recurring EBITDA net of other non-recurring income (expense).

[3] EBIT corresponds to EBITDA plus amortization and depreciation.

At December 31, 2012, Italmobiliare S.p.A. recorded revenue of 27.4 million euro compared with 49.2 million euro in 2011. The marked fall in revenue of 21.8 million euro was largely due to the impact of the difficult economic and financial situation on the stock markets, particularly in the first half of the year, and to tensions over liquidity which caused a contraction in the dividend distribution policy of Italmobiliare's main investees, with dividends down by 52.8% on 2011.

Despite the reduction in operating expense (-6.2% on 2011) and finance costs (-5.0% on 2011), the fall in revenue caused recurring EBITDA to decline to -1.7 million euro compared to +18.3 million euro in 2011.

After provisions of 2.6 million euro for outstanding risks against which future outlay is considered likely, EBITDA and EBIT were both negative, at 4.6 and 4.7 million euro respectively (positive in 2011 at 17.7 and 17.6 million euro).

The material impairment losses of 62.7 million euro applied in 2012 (80.4 million euro in 2011) were mainly the result of:

- losses on listed shares for 21.5 million euro applied in the first half of the year, relating to the investments in Unicredit and UBI Banche, due to the negative performance of the stock markets,

- a loss of 22.6 million euro on the investment held in the subsidiary Sirap Gema S.p.A. This loss arose from the adjustment of the subsidiary's carrying amount to the amounts determined by an independent professional, who evaluated the subsidiary's recoverable amount at 14.9 million euro, based on the estimated present value of expected future cash flows,
- the adjustment of the investment in RCS MediaGroup to the values of the independent evaluation performed by an external professional, who estimated the value in use of the investee at 0.563 euro per share, leading to an impairment loss of 18.4 million euro.
- After a positive tax posting of 0.6 million euro (5.5 million euro at December 31, 2011), the company posted a loss for the year of 66.7 million euro (57.3 million euro in 2011).

The statement of financial position at December 31, 2012 and December 31, 2011 is summarized below:

(in thousands of euro)	December 31, 2012	December 31, 2011
Fixed assets	3,724	3,824
Equity investments in subsidiaries	851,284	871,068
Equity investments in associates	56,953	75,340
Other equity investments	205,879	202,914
Receivables and other non-current assets	70,579	100,080
Non-current assets	**1,188,419**	**1,253,226**
Current assets	**69,729**	**70,595**
Total assets	**1,258,148**	**1,323,821**
Equity	**840,983**	**886,324**
Non-current liabilities	249,607	304,801
Current liabilities	167,558	132,696
Total liabilities	**417,165**	**437,497**
Total equity and liabilities	**1,258,148**	**1,323,821**

Italmobiliare S.p.A. equity fell by 45.3 million euro, from 886.3 million euro at December 31, 2011 to 841.0 million euro; the reduction arose from the loss for the period of 66.7 million euro, which was partially offset by the increase in reserves of 21.4 million euro mainly as a result of the rise in the value of available-for-sale financial assets.

Net debt stood at 276.6 million euro, up on 270.5 million euro at December 31, 2011. The comment on the financial segment in the Directors' report on Group operations analyzes Italmobiliare S.p.A. cash flows.

Transactions on equity investments

For details on transactions on equity investments, reference should be made to the section on the financial segment in the Directors' report on Group operations, under the heading "Significant events in the period".

During the year Italmobiliare S.p.A. did not purchase any treasury shares, therefore the company holds 871,411 ordinary treasury shares (par value of 2,265,668.60 euro), representing 3.928% of ordinary share capital, as well as 28,500 savings shares (par value of 74,100.00 euro), representing 0.174% of total savings shares.

The par value of Italmobiliare S.p.A. ordinary and savings shares is 2.60 euro each.

Research and development

Given its nature, Italmobiliare S.p.A. does not undertake any research and development. Such activities are undertaken within the individual industrial segments (Italcementi group and Sirap Gema group), and reference should be made to the sections on the segments in question for further information.

Human resources and information on personnel

At December 31, 2012 the number of people employed at Italmobiliare S.p.A. was 48.

(headcount)	2012	2011
Senior managers	13	13
Middle managers	7	5
Clerical staff	28	28
Total	**48**	**46**

Turnover on the company workforce is limited.

Italmobiliare S.p.A. as the data owner, states that the Policy Document on Data Safety was updated for 2012, in compliance with Legislative Decree no. 196/2003 and with the Technical Specifications on minimum safety measures.

Information on the environment

The company operations do not have a significant environmental impact.

Risks and uncertainty

The risks connected with Italmobiliare S.p.A.'s operations are illustrated in the corresponding section of the financial segment in the Directors' report on Group operations, to which reference should be made.

Transactions with related parties

Italmobiliare S.p.A. transactions with related parties concerned:

- companies which are subsidiaries and associates of Italmobiliare S.p.A.;
- other related parties.

Transactions with related parties reflect Italmobiliare S.p.A.'s interest in leveraging the synergies within the Group to integrate services, employ competencies efficiently and rationalize use of corporate divisions and financial resources.

No atypical or unusual transactions took place during the year, as defined in CONSOB Communication no. DEM/6064293 of July 28, 2006.

All transactions with related parties, whether financial or relating to the exchange of goods and services, are conducted at normal market conditions and comply with the Voluntary Code of Conduct.

Analytical data on transactions with related parties and the impact of the transactions on the company's equity, income and financial situation are set out in the notes.

As part of the actions taken on corporate governance, Italmobiliare S.p.A. has adopted the "Procedure for transactions with related parties", illustrated in the chapter on "Corporate governance".

Transactions with subsidiaries, joint ventures, associates and their subsidiaries

Italmobiliare provides administrative, fiscal and legal services for subsidiaries and their investee companies and for associates with no specific internal competences.

In addition, it has dealings with some subsidiaries and associates involving the exchange of services, in particular:

- the Italmobiliare S.p.A. legal service provides Group companies with specific assistance;
- Italcementi S.p.A. provides Italmobiliare S.p.A. with personnel administration services, a share register management service, administration services for shareholders' meetings, public relations services and assistance in corporate affairs;
- Italmobiliare S.p.A. leases some of its real estate properties to its subsidiaries;
- Franco Tosi S.r.l. provides Italmobiliare and some of its subsidiaries with IT support services and some general services.

Within the Group, exchanges of personnel take place to optimize overall use of resources.

On the financial front, Italmobiliare provides guidance and assistance for some subsidiaries with regard to financing and the issue of guarantees and optimizes cash management through current accounts and intragroup loans.

Intragroup transactions of a financial nature are conducted at normal market conditions; services are generally regulated on the basis of the costs of providing the services.

Domestic tax consolidation

2012 was the third tax year in the period 2010/2012, under the domestic tax consolidation envisaged by art. 117 ff. of the Income Tax Consolidation Act (TUIR), which was renewed in 2010 by the parent Italmobiliare S.p.A. – which acts as the parent-consolidating company – and by some directly and indirectly controlled subsidiaries.

The list of subsidiaries which renewed their three-year participation in the domestic tax consolidation, net of changes during the previous year due to mergers or transfers to third parties, is as follows:

- Italcementi S.p.A.
- Aliserio S.p.A.
- BravoSolution S.p.A.
- Calcestruzzi S.p.A.
- Cementificio di Montalto S.p.A.*
- Escavazione Sabbia ed affini Monviso S.r.l.
- Gruppo Italsfusi S.r.l.
- Italcementi Ingegneria S.r.l.
- Italgen S.p.A.
- Nuova Sacelit S.r.l.
- Sama S.r.l.
- Società del Gres Ing. Sala S.p.A.,
- Sirap Gema S.p.A.
- Sirap Gema Insulation System S.r.l.
- Franco Tosi S.r.l.

During the year under review, the following significant changes occurred:

- with effect from January 1, Silos Granari della Sicilia S.r.l. left the tax consolidation following its sale on January 18, 2012, to third parties not belonging to the Group;
- *as from December 31, 2012, the merger of the subsidiary Cementificio di Montalto S.p.A. by incorporation into the parent Italcementi S.p.A. became effective.

The above transactions did not have any negative impact on the tax consolidation regime.

Economic and financial relations among the consolidated companies which are directly connected to and derive from participation in the tax unit and the aforementioned tax regime, are governed by a specific "Regulation implementing intercompany dealings deriving from adhesion to the domestic tax consolidation", which is signed by each participating company.

Transactions with other related parties

Transactions with other related parties concern:

- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare S.p.A. by Studio Legale Grimaldi, of which the director Luca Minoli was a partner, for considerations of around 68.9 thousand euro;
- administrative, contractual and tax consultancy services as well as support for corporate operations, provided by Finsise S.p.A., a company whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare S.p.A., for 0.6 thousand euro.

The considerations paid are in line with market conditions for the respective types of professional service supplied.

During 2012 Italmobiliare S.p.A. endowed the "Fondazione Italcementi Cav. Lav. Carlo Pesenti" with 300 thousand euro to cover operating expense.

The equity investments held by Directors, Statutory Auditors, the Chief Operating Officer, and the manager in charge of preparing the financial reports, in Italmobiliare S.p.A. and subsidiaries, as well as their remuneration for the positions they hold in the Group are set out in the Report on Remuneration.

The figures at December 31, 2012, on transactions with related parties are provided in the notes.

Significant events after December 31, 2012

At the reporting date, 2,100,000 Unicredit ordinary shares were sold for a capital gain of 2.1 million euro.

Outlook

For the outlook for Italmobiliare S.p.A. please refer to the relevant section in the financial segment in the Directors' report on Group operations.

Report on Corporate Governance and ownership structure

INTRODUCTION

This Report describes the corporate governance system adopted by Italmobiliare S.p.A. (hereinafter also referred to as "Italmobiliare" or the "Company").

Fulfilling applicable legal and regulatory provisions, this Report contains information on the ownership structure and compliance with the Code of Conduct for listed companies promoted by the Committee for Corporate Governance, as lastly published in December 2011 (hereinafter "Code", available on the Italian Stock exchange website *www.borsaitaliana.it*). This Report also illustrates the reasons underlying the non-implementation of certain, very limited, recommendations of the Code, which the Board of Directors decided not to adopt, it describes the corporate governance practices actually applied and provides for a description of the main characteristics of the Internal Control and Risk Management System, also with reference to the financial reporting process.

This Report, approved by the Board of Directors on March 26, 2013, is published in the section "Governance/General Meetings" on the Company's website.

The information contained in this Report refers to fiscal year 2012 and, in regard of specific topics, was updated as of the meeting of the Board of Directors which approved it.

ITALMOBILIARE S.p.A. PROFILE

Italmobiliare adopts the traditional governance model based on the presence of a Board of Directors and a Board of Statutory Auditors, both appointed by the Shareholders' Meeting, considering it the most suitable governance system to combine "efficient management" with "effective control", and simultaneously pursue the satisfaction of the shareholders' interests and enhancement of the management value.

Furthermore, the Company Corporate Governance system deduces from the following codes and regulations, as well as the By-laws:

1) Code of Conduct promoted by the Committee for Corporate Governance, as lastly published in December 2011;
2) Code of Ethics;
3) Treatment of Confidential Information;
4) Internal Dealing Code of Conduct;
5) Procedure for Transactions with Related Parties;
6) "Insider register" Procedure;
7) Regulation for the manager in charge of preparing the company's financial reports;
8) Organizational, Management and Control Model.

The above documents are available on the Company's website *www.italmobiliare.it*, except for the Code (available on the website of the Italian Stock Exchange *www.borsaitaliana.it*), the Regulation for the manager in charge of preparing the company's financial reports, available to all the Group companies on the company intranet and in respect of the special Part of the Organizational, Management and Control Model, also made available to all employees on the Company intranet.

The Company, as holding company of the Group, has always been actively committed in modernizing its business culture in order to respond to the challenges arising from developments in corporate governance rules. This process fostered and enhanced the sharing of values and the recognition that the adoption of good rules of corporate governance goes hand in hand with the dissemination of a business culture whose aims are transparency, adequate management and effective control.

The corporate governance structure adopted by the Company, as set up in the binding articles of the By-laws and the provisions of the above mentioned codes and policies, confirms and bears witness to Italmobiliare commitment to comply with national and international best practices.

INFORMATION ON OWNERSHIP STRUCTURE

a) *Share capital structure, indicating the various share categories, related rights and obligations, as well as the percentage of share capital represented*

Italmobiliare share capital is equal to 100,166,937 euro, divided into 38,525,745 shares with a face value of 2,60 euro each, of which 22,182,583 are ordinary shares, equal to 57.58% of the entire share capital, and 16,343,162 are savings shares, equal to 42.42% of the entire share capital.

Ordinary shares carry voting rights at the Company's ordinary and extraordinary shareholders' meetings.

Shareholders who, even jointly, own at least one fortieth of the share capital represented by shares with voting rights, may ask, within the deadlines envisaged by the law in force, for the items on the agenda of the shareholders' meeting to be supplemented, stating in their request which further issues are being suggested. In addition, shareholders who, individually or with other shareholders, can prove that they hold an overall stake in the share capital with voting rights that is no lower than that established by the law in force, have the right to present lists for the appointment of the Board of Directors and the Board of Statutory Auditors in accordance with the provisions of the law and the By-laws.

Savings shares do not carry voting rights.

When the profit for the year is allocated, savings shares are entitled to a privileged dividend of up to 5% of the face value, and it is pointed out that, if in a fiscal year a lower dividend is allocated to savings shares, the difference is calculated as an increase to the savings dividend paid in the following two years. The remaining amount is distributed to all Shareholders so that savings shares are granted an overall dividend increased, with respect to that of ordinary shares, by an amount equivalent to 3% of the face value of the shares, unless the shareholders' meeting resolves upon special allocations to the extraordinary reserves or to the Board of directors for other purposes.

In the event of distribution of reserves, savings shares have the same rights as other shares. Reduction in share capital owing to losses does not cause a reduction in the face value of the savings shares, except for that part of the loss in excess of the overall face value of the other shares.

In the event of exclusion from the stock exchange of ordinary and/or savings shares, savings shares retain the rights attributed to them by law and the By-laws, unless otherwise provided by the shareholders' meeting.

In case of dissolution of the Company, savings shares have priority in the repayment of the share capital for the full face value.

The Company does not have outstanding stock option plans either for directors or for officers. However, based on the assignments resolved in the last few years for the stock option plans in force from time to time, cancelled for the unexecuted portion, as at the date hereof 442,500 options on the stock option plan for directors, and 384,774 options on the stock option plan for officers are exercisable.

No additional categories of financial instruments granting rights to subscribe newly issued shares, other than the above mentioned options, have been issued by the Company.

b) *Restrictions on share transfers*

No restrictions exist on share transfers or on acceptance clauses.

c) Significant shareholders as disclosed pursuant to article 120 of TUF (i.e. consolidated law on finance)

Shareholder	Total no. shares	% of share capital	
		overall	ordinary
Efiparind B.V. (indirectly and through Compagnia Fiduciaria Nazionale S.p.A.) This figure does not take into account the 871,411 treasury shares with voting rights held by the Company	10,484,625	27.21	47.26
Serfis S.p.A.	2,228,200	5.78	10.04
Mediobanca S.p.A.	1,805,988	4.69	8.14
First Eagle Investment Management, LLC (as manager, among others, of the «First Eagle Global Fund» which holds 3.99% of the ordinary share capital)	1,109,930	2.88	5,00
Italmobiliare S.p.A. (treasury shares)	871,411	2.26	3.93

d) Shares that confer special control rights

No shares conferring special control rights have been issued.

e) Shareholding of employees: mechanism for exercise of voting rights

There is no specific system for employees to have shareholdings.

f) Restrictions on voting rights

The By-laws do not provide for restrictions on the exercise of voting rights.

g) Agreements among shareholders, pursuant to article 122 of TUF, of which the company is aware

As far as the Company is aware, there are no agreements of any kind regarding the exercise of voting rights and the transfer of such shares or any of the situations envisaged by art. 122 of TUF.

h) Significant agreements which the company or its subsidiaries are parties to, that would become effective, be modified or expire should there be a change in the control of the company and their effects, and By-laws provisions on takeover bid

The Company did not enter into any loan agreements that provides for the right to the lender to terminate the contract in case the majority shareholders would reduce their stake in the Company share capital.

However, some subsidiaries have entered into loan agreements which grant to the lender the right, in case of a change of control of the financed company, to terminate the loan agreement in advance and have the consequent right to demand principal and the accrued interest or, lastly, in the case of derivative-based agreements, the right to terminate the outstanding derivative agreements.

As far as takeover bids are concerned, the Company By-laws do not provide for the waiver of the provisions of TUF related to the passivity rule nor is the breakthrough rule stated therein.

i) Agreements between the company and the directors that envisage compensation in the case of resignation or unfair dismissal or if the office ends following a takeover bid

Please refer to the Report on Remuneration, published in compliance with TUF.

l) Laws applicable to the appointment and replacement of directors and to amendments of the By-laws

Please refer to section "Code of Conduct: corporate governance rules and their implementation".

m) *Delegated powers for share capital increases pursuant to article 2443 of the Italian Civil Code or power granted to directors to issue active financial instruments*

Delegated powers for share capital increases

In execution of the extraordinary shareholders' resolutions of May 29, 2012, the Directors are granted with the powers, in once or more times within the period of five years of the resolution:

a) under art. 2443 of the Italian Civil Code, to increase share capital once or in various times up to a maximum amount of euro 260 million, free-of-charge or against consideration, by issuing ordinary and/or savings shares, also to serve bonds issued by other entities convertible into ordinary and/or savings shares of the company or that are combined with warrants for the subscription of ordinary and/or savings shares of the Company;

b) under art. 2420-*ter* of the Italian Civil Code, to issue once or in various times bonds to be converted into ordinary and/or savings shares or cum warrants to purchase ordinary and/or savings shares, up to a maximum overall amount of euro 260 million, in compliance with the terms and conditions established by the laws and regulations in force from time to time, with the consequent share capital increase to serve such conversion or the exercise of the captioned warrant.

All with the widest powers connected thereto, including those of offering the shares and convertible bonds or cum warrant according to the penultimate clause of art. 2441 of the Italian Civil Code; reserve up to a quarter of them under art. 2441 of the Italian Civil Code, last clause; define the provisions and reserves to enter as capital in the event of free-of-charge increase; define issue price, conversion rates, terms and modes for the execution of the transactions.

Financial equity instruments

The Company has not issued financial equity instruments of any kind, nor do the By-laws grant any power for their issue to directors as of the date hereof.

Authorizations for the purchase of treasury shares

At their ordinary meeting of May 29, 2012, the shareholders renewed the Company's authorization to purchase and dispose of treasury shares for a period of 18 months from the date of the resolution.

Within the scope of the above authorization, the Company has not purchased any ordinary or savings treasury shares, nor have shares held in its portfolio been used to grant them to beneficiaries of stock options, since no vested rights have been exercised by directors or officers.

Therefore, on December 31, 2012, the Company held:

- 871,411 ordinary treasury shares, equal to 3.93% of the share capital represented by ordinary shares, to be used to serve the "Stock option plan for directors" and the "Stock option plan for officers";
- 28,500 savings treasury shares, equal to 0.17% of the share capital represented by savings shares.

MANAGEMENT AND COORDINATION ACTIVITY

As noted at point «C» above, Efiparind B.V. is the relative majority shareholder of Italmobiliare: according to the last notice received as well as to the other Company's information, it held indirectly a shareholding, net of the treasury shares held by Italmobiliare itself, equal to 47.26% of Italmobiliare ordinary shares, representing the share capital with voting right.

According to both art. 2497-*sexies* and art. 2359 of the Italian civil code, any company or entity exercises management and coordination activity over Italmobiliare.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

1. *Introduction*

The Internal Control and Risk Management System of Italmobiliare is an essential part of the corporate governance system and is a set of organizational rules, procedures and structures intended to enable the identification, measurement, management and monitoring of the main risks which the Company and its subsidiaries are subject to.

The Company is currently preparing the «Guidelines» for the Internal Control and Risk Management System which will be submitted to the approval of the Board of Directors upon opinion of the Control and Risk Committee.

The Internal Control and Risk Management System shall contribute to the management of the Company consistently with the corporate objectives set by the Board of Directors by facilitating the adoption of conscious decisions. It contributes to ensure the preservation of the Company's assets, the efficiency and effectiveness of business processes, the trustworthiness, accuracy, reliability and timeliness of financial information, the compliance with laws and regulations as well as with the By-laws and internal procedures.

The System, in line with the best national and international standards and paying constant attention to the provisions set forth in the Organizational, Management and Control Model, consists of the following three levels of control:

- Level 1: first line controls carried out by the heads of operating units that identify and assess the risks and define specific actions for their management;
- Level 2: functions in charge of the definition of methodologies and tools for risk management and performance of risk monitoring activities;
- Level 3: the Internal Audit function, as well as any other parties that provide objective and independent assessments (the so-called assurance) on the design and operation of the overall System.

The structure of the internal control system of Italmobiliare is consistent with the Group structure, which could be defined as "group of the group".

The Board of Directors, with the assistance of the Control and Risk committee, sets the guidelines for the internal control system and risk management so that the main risks regarding the Company and the subsidiaries are correctly identified and adequately measured, managed and monitored. It also sets the criteria to ensure the compatibility of these risks with correct and proper management of the Company and assesses, at least on half-yearly basis, the adequacy, effectiveness and functioning of the internal control system with respect to the characteristics of the Company.

However, some subsidiaries within the Group (Italcementi, Credit Mobilière de Monaco and Finter Bank Zurich) are under the supervision and control of national Authorities and then they have their owns and autonomous internal control functions performing tasks similar to the duties assigned to the Control and Risk committee by the Code. With reference to such subsidiaries, the Control and Risk committee of Italmobiliare reviews and assesses the reports received from the subsidiaries' correspondent functions.

In particular the activities of the internal control and risk management related to the "construction materials" sector are monitored by the Control and Risk committee of Italcementi. Thus Italmobiliare, to the extent of the impairment test of the goodwill allocated to the CGU (cash generating unit) of Italcementi, takes in its consolidated financial statements the losses for value reduction of the goodwill as assessed by Italcementi Group on the basis of a CGU evaluation more detailed of that of its own reporting system.

The Board of directors defines and approves an annual budget, it also monitors and examines the risks which the Company and the Group as a whole are subject to, and that, as specified under the By-laws, are essentially financial.

2. *Description of the main features of the Internal Control and Risk Management System in regard of the financial reporting process*

2.1 Phases of the risk management and internal control system

The risk management and internal control system in relation to the financial reporting process consists of a set of corporate rules and procedures, adopted by the various operating structures, aimed at ensuring trustworthiness, accuracy, reliability and timeliness of financial reporting.

Italmobiliare has defined its own reference Model for the assessment of the Internal Control and Risk Management System related to the financial disclosure (hereinafter, in short, "Operational Model"), detailing the operational approach for the performance of activities. This Model is based on the principles contained in the CoSO framework and in the document "Internal Control over Financial Reporting - Guidance for Smaller Public Companies", also developed by CoSO.

The evaluation process of Italmobiliare is based on the adoption of a system similar to that adopted by the subsidiary Italcementi – subject to the provisions of the Law on Savings as well – in relation to the companies directly belonging to the latter. In this Model, the risk control system is considered together with the internal control system in relation to the financial reporting process.

The Operational Model defined by Italmobiliare is based on the following main elements:

a) **Preliminary analysis.** This activity, carried out on an annual basis and whenever deemed necessary, is aimed at identifying and assessing the risks related to the Internal Control and Risk Management System with regard to financial reporting, in order to determine priorities for the actions related to documentation, assessment and testing of administrative and accounting procedures and related controls. The identification of the relevant quantities and processes is based on quantitative (weight of revenue and assets of a single entity on consolidated amounts, the carrying amount of consolidated financial statement items related to a particular process) and qualitative (the Country in which an entity operates, specific risks, risk levels assigned to the various items) factors;

b) **Operational planning**. Every year the activities are planned on the basis of the priorities identified through the preliminary analysis and other assumptions, if any;

c) **Analysis of controls at company level**. Single entities, within the area of action identified in the preliminary analysis, are responsible for assessing the effectiveness of the internal control system in relation to the governance principles used at entity level (**Entity Level Controls**), as well as for the overall management of the information systems used in the main financial reporting processes and the related IT structure (**Information Technology General Controls**). This must be carried out in accordance with the deadlines established during the operational planning and on the basis of the guidelines, instructions and templates provided by the Manager in charge;

d) **Analysis of controls at process level**. Single entities in the area for action identified in the preliminary analysis are responsible for: a) documenting, with varying levels of detail depending on the level of risk allocated, the identified administrative and accounting processes, b) performing tests to check the effective operation of controls, in accordance with the deadlines established during operational planning and on the basis of guidelines, instructions and templates provided by the Manager in charge;

e) **Assessment of the adequacy and effective operation of the administrative and accounting procedures and the related controls**: in order to guarantee compliance with the key requirements for financial reporting ("financial statement assertions"), the Manager in charge, on the basis of the results of the carried out activities and the obtained documentation, assesses the overall adequacy and effective operation of the system of administrative and accounting procedures and the related controls, and more generally, the Internal Control System for these areas.

The Internal Control and Risk Management System, with reference to the financial reporting process has also benefited from:

- the ongoing development of an integrated Corporate Governance system (Organization notices, delegated powers, corporate processes and procedures) whose operational tools are available in a *Knowledge Management Database,* BEST 2.0 *(Business Excellence Support Tool),* which allows easy access to information and facilitates its dissemination across the Group;
- a more detailed organization and planning in relation to the provisions of Law No. 262 of December 28, 2005, containing "Provisions for the protection of savings and the regulation of financial markets" and the subsequent corrective decrees (hereinafter, in short, the "Savings Law"), enacted by law-makers for the purpose of increasing the transparency of financial reporting and strengthening the internal control system of listed companies.

2.2. Positions and Functions involved

Financial reporting is manned by the following corporate bodies and functions, which operate with roles and responsibilities defined in the broader Internal Control and Risk Management System:

1) ***Board of Directors,*** to which the Code attributes, among other things, the following tasks:
   a) examining and approving the Strategic Plan, monitoring periodically the related implementation;
   b) defining the risk profile, both as to nature and level of risks, in a manner consistent with the Company's strategic objectives, as determined by the same Board at the time of approval, amendment or revision of the Strategic Plan;
   c) evaluating the adequacy of the organizational, administrative and accounting structure of the issuer as well as of its strategically significant subsidiaries in particular with regard to the internal control and risk management system;
   d) upon opinion of the Control and Risk Committee:
      1) defining, in line with the Company's risk profile, the guidelines of the internal control and risk management system, also seeing to its updating, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the Company in a manner consistent with its strategic objectives;
      2) assessing, at least annually, the adequacy and effectiveness of the Internal Control and Risk Management System with respect to the Company's characteristics and the risk profile assumed, ensuring that:
         - duties and responsibilities are allocated in a clear and appropriate manner;
         - control functions, including the Head of Internal Audit, the Manager in charge and the Supervisory Board have been provided with the appropriate resources for the performance of their duties and are granted an appropriate degree of independence within the corporate structure.
      3) approving, at least annually, the plan (which should also address the reliability of information systems) drafted by the Head of Internal Audit, having heard the opinion of the director in charge of the Internal Control and Risk Management System and the Board of Statutory Auditors;
      4) upon proposal of the Director in charge of the Internal Control and Risk Management System, after also hearing the opinion of the Board of Statutory Auditors, appointing and dismissing the Head of Internal Audit, ensuring that the same is adequately provided with the resources to carry out their responsibilities and defining their remuneration in line with corporate policies;
   e) examining and approving the financial statements for the period; assessing the company's operating structure.

2) ***Director in charge of the Internal Control and Risk Management System,*** identified by the Board of Directors' meeting of May 25, 2011, in the person of the Chairman-Chief Executive Officer.
   According to the Code, he has the task of:
   a) identifying the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submit them periodically to the review of the Board of Directors at least once a year;

b) implementing the guidelines defined by the Board of Directors, taking care of the planning, implementation and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness;

c) proposing to the Board of Directors, after the favorable opinion of the Control and Risk Committee and after hearing the opinion of the Board of Statutory Auditors, the appointment, removal and remuneration of the Head of Internal Audit ensuring its operating independence and autonomy from each head of operating departments, verifying that the same is provided with adequate resources for the fulfillment of the tasks entrusted there to;

d) adjusting such system to the dynamics of the operating conditions and the legislative and regulatory framework;

e) possibly requesting to internal audit function to carry out reviews of specific operational areas and on the compliance of business operations with rules and internal procedures, giving simultaneous notice to the Chairman of the Board of Directors, the Chairman of Control and Risk committee and the Chairman of the Board of Statutory auditors;

f) promptly reporting to the control and risk committee(or to the Board of Directors) issues and problems that resulted from his/her activity or of which he/she became aware in order for the committee (or the Board) to take the appropriate actions.

Under the powers granted to it, the Director in charge of the Internal Control and Risk Management System, was proactive to identify the main business risks' and to assess the overall adequacy, efficiency and efficacy of the captioned system asking, in particular, to the Head of the Internal audit, to perform specific audit inspections of the Company and subsidiaries procedures'.

Moreover, since the two positions coincide, the Director in charge of the Internal Control and Risk Management System is responsible for issuing, together with the Manager in charge, statements on the adequacy and effective implementation of administrative and accounting procedures, the compliance of documents with applicable international financial reporting standards, compliance of documents with book entries and accounting records, suitability of documents to give a true and fair representation of the financial position and results of operations of the Company and of the Group, etc..

3) ***Control and Risk Committee,*** which, as a body supporting and assisting the Board of Directors, carries out advisory and proactive functions. In particular it:

a) issues opinions to the Board of Directors whenever the Code provides so;

b) evaluates together with the Manager in charge, after hearing the external auditors and the Board of Statutory auditors, the correct application of the accounting principles, as well as their consistency for the purpose of preparing of the consolidated financial statements;

c) expresses opinions on specific aspects relating to the identification, measurement, management and monitoring of the Company's main risks and the definition of the nature and level of risk deemed compatible with the strategic objectives;

d) reviews the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the Internal Audit function that are particularly significant;

e) monitors the independence, adequacy, efficiency and effectiveness of the Internal Audit Function;

f) whenever deemed necessary or desirable for a better management of business risks, requires the Head of Internal Audit to carry out reviews of specific operational areas, giving simultaneous notice to the Chairman of the Board of Statutory auditors;

g) reports to the Board of Directors at least half-yearly, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy and effectiveness of the Internal Control and Risk Management System;

h) promptly exchanges information with the Board of Statutory Auditors relevant to the performance of their respective tasks.

4) The ***Chief Operating Officer***, to whom are entrusted, among others, the duties of coordinating and supervising the operations of both Italmobiliare and its direct and indirect subsidiaries, overseeing the group companies' performance in general as well as proposing and submitting to the Chief Executive Officer organizational proposals aimed at improving the Company efficiency. He is also involved in supervising the process of drafting the Company financial disclosures.

5) ***Manager in charge of preparing the company's financial reports***, who, as provided for in the regulation approved by the Board of Directors, is responsible, among other things, for:
   a) planning adequate administrative and accounting procedures for the drafting of the financial statements, the limited interim financial statements and the consolidated financial statements, as well as any other financial communication, by updating such procedures and ensuring dissemination and compliance, as well as verifying their effective application;
   b) assessing, together with the Control and Risk Committee and the external auditors, the correct application of accounting policies and their uniformity for the purposes of the consolidated financial statements;
   c) handling the periodic reporting to top management and the Board of Directors on the activities undertaken;
   d) managing the periodic review of the assessment activities and updating the risk map relating to financial disclosure;
   e) taking part in the development of IT systems that have an impact on the Company's financial positions and results of operations.

   The Manager in charge of Italmobiliare acknowledges the content of Italcementi's Manager in charge quarterly report on the internal control and risk management performed activities at Italcementi group level. Moreover the Manager in charge receives and evaluates the activities' reports of the Group subsidiaries subject to the control of National Authorities and with their owns controls functions, like Finter Bank Zurich and Credit Mobilière de Monaco.

   The Board of Directors meeting held on May 25, 2011, confirmed Mr. Giorgio Moroni, Co-Chief Operating Officer Administration & Finance, as the Manager in charge of preparing the company's financial reports, pursuant to Art. 154-bis of TUF and Art. 29 of the By-laws.

   The appointment of Mr. Moroni will expire upon completion of the term of office of the current Board of Directors, i.e. with the approval of the 2013 financial statements.

   Pursuant to the By-laws, the Manager in charge of preparing the company's financial reports must:
   1) be qualified as a manager and meet the requirements of good reputation set forth by law for members of the Board of Directors;
   2) have a total of at least three years' experience in performing administrative/accounting and/or financial and/or control activities at the Company and/or its subsidiaries and/or at other joint-stock companies.

   The Board of Directors, upon appointment, provided such Manager with autonomous financial resources to exercise the powers granted to him with the duty to report to the Board of Directors on the financial resources used every six months. Furthermore, the Board of Directors, upon proposal of the Remuneration Committee, defines, at the time of appointment and then annually, the remuneration of the Manager in charge.

6) ***Head of Internal Audit,*** who is entrusted with the task of verifying the functioning and adequacy of the Internal Control and Risk Management System, providing an objective assessment of its suitability to corporate bodies and top management.

   He has direct access to all relevant information for the performance of his duties, is not responsible for any operational area and is under the Board of Directors hierarchically.

   The Head of Internal Audit reports on the Company's risk management process as well as about the compliance with the management plans defined for risk mitigation, and expresses its assessment to the Board of Directors, Control and Risk Committee, to the Director in charge of the Internal Control and Risk Management System and to the Board of Statutory Auditors on the adequacy of the Internal Control and Risk Management System.

Following the deletion of any reference to the "Controller" in the current version of the Code, now uniquely identified as Head of Internal Audit, the Board of Directors at its meeting held on October 16, 2012, after hearing the opinion of the Board of Statutory Auditors, confirmed Mrs. Delia Strazzarino as Head of Internal Audit, who had already been appointed Controller by the Board of Directors on May 25, 2011.

The Head of Internal Audit annually illustrates to the Control and Risk Committee the Internal Audit structure which has been considered appropriate, both in terms of headcount and professional skills, to fulfill the tasks entrusted to it.

The Internal Audit Department at the end of 2011 was subject to a Quality Assurance Review by an independent external entity with an outcome of general compliance with reference international standards.

The Board of Directors meeting of February 20, 2013, having heard the opinion of the Control and Risk Committee, the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System, approved the audit plan prepared by the Head of Internal Audit.

The Internal Audit Department performs its activities with reference to Italmobiliare group, except for the subsidiaries – and their affiliates – that, although controlled by Italmobiliare, are subject to the control of National authorities and having an independent Internal audit function.

The internal Audit mandate is currently under review and will be submitted to the approval of the Board Directors which, upon opinion of the Control and Risk Committee and the Director in charge of the Internal Control and Risk Management System as well as having heard the Board of Statutory Auditors, will formally defines mission, scope, organization structure and responsibilities of the function in line with the extent of the Internal Audit, the Code of Ethics and the International Professional Practices Framework of the Internal Auditors.

7) ***Supervisory Body,*** which is responsible for the ongoing monitoring of the effective operation and compliance with the Organization, Management and Control model pursuant to Legislative Decree 231/01.

As part of its duties, the Supervisory Body, periodically meets with executives of the Company in charge of sensitive areas under Legislative Decree 231/01, the Board of Statutory Auditors, the Manager in charge and the representatives of the independent auditors in respect of any matters relevant to the prevention of offenses specified in the Model, including those relating to financial reporting.

This body is autonomous and independent in the exercise of its functions, and its members have adequate qualifications in the field of risk control associated with the specific activities carried out by the Company and its legal aspects. It reports directly to the Board of Directors, which appoints it with a motivated resolution with respect to each member, chosen solely on the basis of qualifications, integrity, competence, independence and functional autonomy requirements.

The Supervisory Body is granted with autonomous powers within the Company to take initiatives and control in order to efficiently exercise its functions.

The Supervisory Body periodically, and at least every six months, prepares a written report on its activities sending it, together with a documented statement of expenses incurred, to the Chairman of the Board of Directors, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee and the Manager in charge. Such reports contain proposals, if any, for additions and amendments to the Model. The aforementioned periodic report must at least contain or highlight:

i) any problems arising with regard to implementation of the procedures set forth in the Model, adopted in implementation of or in the light of the Model and the Code of Ethics of the Company;

(ii) the warning reports received from internal and external parties in regard of the Model;

(iii) disciplinary procedures and penalties, if any, applied by the Company, with exclusive reference to activities at risk;

(iv)an overall assessment of the functioning of the Model with possible instructions for additions, corrections or changes.

8) *Various* ***company Functions,*** which, as already noted with regard to the Chief Operating Officer, must, to the extent of their competence, ensure the correct representation of the information provided, as well as the efficient and effective implementation of administrative and accounting procedures in the areas under their responsibility.

Lastly, in this context, the ***Board of Statutory Auditors,*** as part of the tasks assigned to it under applicable laws, among other things, oversees the financial reporting process and effectiveness of the internal control, internal audit and risk management systems.

The auditing of the company's accounts, as required by the current applicable laws, was entrusted to independent auditors appointed at the Shareholders' Meeting, upon proposal of the Board of Statutory Auditors. The task of auditing the separate financial statements of Italmobiliare, the condensed interim consolidated financial statements of Italmobiliare Group and performing a review of the consolidated financial statements of the Italcementi Group for the fiscal years 2010-2018 was assigned at the Shareholders' Meeting to KPMG S.p.A. on April 29, 2010.

The sharing and integration of information generated in the various areas is ensured by a structured information flow. In this regard, the quarterly report of the Manager in charge is, for example significant as it reports, among other things, on the results of the performed activities, the problems that emerged, the identified action plans and their state of progress. The same officer, together with the Chief Executive Officer, also supplied the certificate referred to in paragraph 5 of Art. 154-*bis* of TUF.

3. *Overall Assessment of the Internal Control and Risk Management System*

The Board of Directors, based on the information and evidence collected with the support of the preliminary activity performed by the Control and Risk Committee, with the assistance of the Director in charge of the Internal Control and Risk Management System and the Head of Internal Audit, believes that the Internal Control and Risk Management System is appropriate and effective with respect to the structure of the Company and of the Group, the characteristics of the business, including with reference to the organizational, administrative and accounting structure that ensures the trustworthiness, accuracy, reliability, timeliness and completeness of financial reporting.

The Board of Directors, however, points out some weaknesses of the internal control system of the subsidiary Finter Bank Zurich; the board of directors of the bank has been already requested by the Switzerland Authority to remedy to them, improving, if necessary, the corporate governance system of the company.

CODE OF CONDUCT: CORPORATE GOVERNANCE RULES AND THEIR IMPLEMENTATION

Italmobiliare complies with the Code of Conduct for listed companies approved by the Committee for Corporate Governance since its first adoption; the Company has complied with the final version of the Code as last amended by the Committee on December 5, 2011, under the Company board resolution of October 16, 2012. However, since the beginning of the year it has been committed to give full implementation to the new principles and recommendations contained therein, as well as to improve and/or formalize those already contained in previous editions.

Moreover, on such occasion, the Board of Directors decided, on one hand, not to adhere to two recommendations of the Code: i) the establishment of the Appointment Committee and ii) the Shareholders' Meeting Regulations and, on the other hand, to maintain some governance principles set out in its Code of Conduct drawn up in light of previous versions of the Code of Conduct promoted by the Italian Stock Exchange, now outdated. Further details in this regard will be provided in this Report, based on the various topics to be illustrated.

In any case, the Board of Directors is always open to evaluating any new orientations that may occur in the Code and their possible inclusion in the Company's corporate governance system, provided that, consistently with Company policy, the recommendations given by the Code allow the Company to enhance its trustworthiness towards investors.

A) BOARD OF DIRECTORS

Role and Responsibilities

The Board of directors is responsible for defining the strategic direction of the Company and the Group belonging to it and it is in charge of the management. To this end, according to the By-laws, it is vested with all the necessary powers for the ordinary and extraordinary management of the Company, since it is competent on everything that is not expressly reserved by law and the By-laws to the Shareholders' Meeting.

In addition to the powers conferred to it by operation of law and by the By-laws regarding the issue of shares and bonds, the resolutions concerning the following matters are also entrusted to the Board of Directors - without prejudice to the Shareholders' Meeting authority, existing by operation of law -, in compliance with Art. 2436 of the Italian Civil Code:

- incorporation of wholly owned companies or companies Italmobiliare owns ninety per cent of the share capital;
- transfer of the registered office, as long as within the (Italian) national territory;
- establishment or closure of branches, whether in Italy or abroad;
- reduction of share capital in the event of withdrawal of a shareholder;
- amendment of the By-laws to comply with mandatory legal provisions.

The Board of Directors, in compliance with the provisions of the By-laws, meets at least once in each calendar quarter. At such meeting, the delegated bodies report to the same Board and to the Board of Statutory Auditors on significant transactions put in place in the exercise of delegated powers.

The Board of Directors also has the task of passing resolutions regarding:

- transactions with a significant strategic, economic, equity or financial relevance for Italmobiliare, put in place by the Company itself and by its subsidiaries;
- transactions with related parties, as governed by specific company procedures and in compliance with the conditions provided therein.

Moreover, the Board is entrusted with *i)* the assessment on the overall operating performance, *ii)* the assessment of the adequacy of the organizational, administrative and accounting structure with particular reference to the Internal Control and Risk Management System, which is overseen by the Director in charge of such System, under the powers delegated to it by the Board itself, *iii)* the granting of powers to the executive directors and *iv)* the determination of the remuneration of managers with strategic responsibilities and directors invested with special powers.

The directors act and make decisions on an informed basis and independently pursuing the primary objective of creating value for shareholders. They hold their office being aware that they can devote the necessary time for a diligent performance.

No exception to the non-competition provisions under Art. 2390 of the Italian Civil Code has been authorized by the Shareholders' Meeting nor is required by the By-laws. In addition, no Director is a partner with unlimited liability of any competitors, or exercises a competing business or on its own or on behalf of third parties, or is a director or Chief Operating Officer of competitors.

Composition

The Company by-laws provide that the Company shall be managed by a Board of Directors consisting of 5 up to 15 directors who for the period decided at the time of appointment, but in no event for more than three fiscal years and it may be reappointed when their term of office expires.

The Board of Directors currently in office is made up of fourteen members, whose term of office expires upon approval of the financial statements for the fiscal year 2013. Twelve out of fourteen members are non-executive and, among these, seven directors are independent according to the law; out of them, six are also independent according to the criteria of the Code.

Among the fourteen Board members, Mr. Livio Strazzera represents the minority shareholder Serfis S.p.A.

The composition of the Board of Directors is shown in the table infra, as well as at the beginning of this report, where the Directors' *curricula* are also provided, along with their seniority in office.

These *curricula,* in accordance with the regulations, are promptly published on the Company's website at the time of appointment and it is now common practice that, at the Shareholders' Meeting, the Chairman provides information on the professional qualifications of the candidates and their characteristics and suitability to qualify as independent.

Appointment and replacement of Board members

The Company's By-laws, in compliance with the provisions of current legislation, provide that the appointment of the Board of Directors shall occur on the basis of lists that ensure that the minority shareholders obtain the minimum number of directors required by law and should comply with the regulations in force concerning the gender balance.

The lists must be filed at the Company's head offices at least 25 days before the date set for the Shareholders' Meeting on first or single call; this, together with the conditions and minimum stake required to file the lists, must be mentioned in the notice of call.

Lists may be filed only by shareholders who, alone or together with other shareholders, are able to provide evidence that they hold a percentage of the share capital with voting rights no lower than that determined by Consob pursuant to the regulations in force. For 2013, the threshold established for the presentation of candidates' lists for the election of the Board of Directors of Italmobiliare would have been of 4.5% of the ordinary share capital.

No shareholder may file, or participate in filing, even through a third person or trust company, more than one list or vote for different lists. Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement relating to the Company's shares may not file or vote for more than one list, either through a third person or through a trust company.

Lists filed in violation of these restrictions will not be accepted.

Each candidate may be filed on one list only under penalty of ineligibility.

Pursuant to the By-laws, as amended by the Shareholders' Meeting on May 29, 2012, in order to reflect the rules on gender balance, introduced by July 12, 2011 Law No. 120, the lists that have a number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that one or the other of the genders may be represented by at least one third (rounded upwards) of the candidates. However, upon the first renewal of the management body following entry into force of the Law, the relevant transitional provisions provide that the quota of the less represented gender be at least one-fifth of the elected candidates.

At the time of their filing, lists must include:

a) statements whereby individual candidates:
   * accept their candidature;
   * under his/her own responsibility state:
     - the non-existence of causes for ineligibility
     - entitlement to the good reputation requirements established by the law
     - entitlement to the independence qualification required by the law and by the Code of Conduct, if any. The latter is a principle already contained in the Code of conduct originally adopted by the Company, now outmoded by the Code and which the Company has complied with. The Board of Directors considered appropriate to keep this principle to be aligned with the best practices governing the matter.
b) a brief resume on the personal and professional skills of each candidate with an indication of their position as director and statutory auditor in other companies;
c) information on the identity of shareholders who have presented lists. The intermediary certification or statement proving ownership of the shareholding prescribed by the law in force when the list is presented may also be produced after the filing of the list provided that it reaches the Company within the term envisaged by the regulation in force for the publication of lists by the Company;

d) a statement of the shareholders who do not hold, even jointly, a controlling or majority stake, bearing witness to the absence of any connection with the majority shareholder, as defined by the law in force.

The Company By-laws do not provide for good reputation or independence qualification requirements additional to those required for the Statutory Auditors by TUF. Any elected directors whose requirements of good reputation, as set forth by law or the By-laws, become void during their term of office, will forfeit their office.

A list filed not in compliance with the above provisions will be considered as not presented.

At least 21 days before the Shareholders' Meeting date, the Company makes available at the Company premises, at the stock exchange and on its website, the lists of candidates which have been filed by shareholders along with supporting documentation.

In the event of the filing of more than one list:

- all the directors are elected from the list that obtains the highest number of votes at the Shareholders' Meeting, in the order in which they are listed, except for the minimum number reserved by law for the minority shareholders' list;
- the minimum number of directors reserved by law to minority shareholders are elected from the minority shareholders' list that obtains the highest number of votes and is not connected in any way, directly or indirectly, with the majority shareholders;
- should more than one list obtain the same number of votes, a runoff is held on these lists among all the shareholders present at the Shareholders' Meeting, and the candidates are elected from the list that obtains the majority of the share capital represented at the Shareholders' Meeting.

For the purposes of the apportioning of the directors to be elected, the lists that have not achieved a percentage of votes at least equal to half of the percentage required for the presentation of lists will not be considered.

Should a party connected to a majority shareholder vote for a list of the minority shareholders, the connection is significant for the purposes of excluding the minority shareholders' elected director only if this vote was crucial for the election of said director.

Should a single list be presented, all the candidates included in that list are elected with a simple majority vote of the share capital represented at the Shareholders' Meeting.

If as a result of the voting based on lists or the voting of the only list presented, the composition of the Board of Directors does not meet the current regulations regarding gender balance, the necessary replacements will be carried out within the list that has obtained the highest number of votes or within the only list presented, starting from the candidate in the last place of the same list. Subsequently, if compliance with the requirement concerning the balance between genders is not ensured in the minimum number required by law, there will be similar replacements, again within the list that has obtained the highest number of votes, or within the only list presented.

In the absence of lists, and whenever by means of the voting list mechanism, the number of candidates elected is lower than the minimum number envisaged by the By-laws for its composition, the Board of Directors is respectively appointed or supplemented by the Shareholders at their meeting with the legal majority, provided that the gender balance set forth by current legislation in force is ensured and at least the minimum number of directors holding the independence qualification required by the law is guaranteed.

If during the year, following to resignation or other reasons, one or more directors cease to serve, the others, provided that the majority is still represented by directors appointed by the shareholders at their meeting, shall arrange to replace them by means of a resolution approved by the Board of Statutory Auditors.

Directors are replaced, in compliance with the above requirements of good reputation and independence, with the appointment of unelected candidates belonging to the same list as the directors who no longer serve, following the original order of presentation. Should this not be possible, the Board of Directors will act pursuant to the law. All of the above, in any case, in compliance with the current legislation in force regarding gender balance.

Directors appointed in this manner hold office until the following Shareholders' Meeting.

The Shareholders' Meeting resolves upon the replacement of directors, in compliance with the above principles, with a simple majority of the share capital represented at the Shareholders' Meeting.

The term of directors appointed in this way ends at the same time as that of the directors serving at the time of their appointment.

No limits to re-eligibility of directors have been envisaged, although directors holding the same position for more than nine years in the last twelve years could be considered - on a voluntary basis - no longer to meet the independence qualification pursuant to the Code.

Executives Directors

The Company By-laws provide that, unless the Shareholders' Meeting has already done so, the Board is entitled to appoint the Chairman and possibly one or more Deputy Chairmen and to determine their powers.

The Board of Directors, in accordance with law provisions and the By-laws, can delegate its powers to an Executive Committee, made up of some of its members, and determine their number and powers. The Board of directors can also delegate its powers to one of its members, with the title of Chief Executive Officer - CEO - , and determine the limits of such empowerment. The Board of Directors or the Executive committee, if it has been appointed, can appoint, also from outside the Board of directors, a Chief Operating Officer - COO -, and determine his/her term of office and the relevant attributions, powers and remunerations.

The Board of Directors has appointed, among its members, in addition to the Chairman-Chief Executive Officer, a Deputy Chairman and a Chief Operating Officer.

The Chairman-Chief Executive Officer and the Chief Operating Officer to whom the Board of Directors, upon appointment, granted duties and powers identifying any quantitative limits, are considered executive directors.

The Board also granted the Executive Committee all its powers except those that pursuant to the Civil Code and the By-laws may not be delegated. The resolutions of the Executive Committee are reported to the Board of Directors at its next meeting.

The consistency of direction and coordination of activities is ensured by the presence of the Chairman-Chief Executive Officer, of the Deputy Chairman and of the Chief Operating Officer, of directors and Company managers on the Boards of Directors of the main subsidiaries.

Division of responsibilities and delegation of powers

The granting of powers is based on the principle of division of powers.

The delegation of powers, i.e. the assignment of operating powers to one or more persons and/or the Executive Committee, does not exclude the competence of the Board of Directors, which in any case holds a superior steering and controlling power over the Company's general activities as to its various components.

Among the 5 members of the Executive Committee, two are executive directors; the remaining are considered, however, non-executive directors, as the Company's Executive Committee meets without any regularity and, in fact, exclusively to address the timely examination of certain transactions and for the adoption of the relevant resolutions. The Code also shares this interpretation provided that, as in this case, the director, a member of the Executive Board, is not given individual executive powers.

The legal representation of the Company, pursuant to the By-laws, belongs, severally, to the Chairman and, if appointed, to the Deputy Chairman (or Deputy Chairmen) and to the Chief Executive Officer (or Chief Executive Officers).

Within the Board of directors, the allocation of powers is as follows:

- to the **Executive Committee**, consisting of five members, all the powers and the assignments of the Board of Directors, except for those which the law and the By-laws do not allow to be delegated. As specified at the time of its appointment, the resolutions of the Executive Committee must be reported to the next Board of Directors' meeting;

- to the **Chairman-Chief Executive Officer**, Mr. Giampiero Pesenti, among others, the duties to ensure the compliance with Corporate Governance principles approved by the Company and to propose any amendment to them at the Board of Directors, with the assistance of the Group Corporate Affairs department which reports to him; to take care of management policies, business development strategies of Italmobiliare and its main directly and indirectly subsidiaries; to supervise and indicate general strategic guidelines for the business of Italmobiliare and its main directly and indirectly subsidiaries, by issuing the appropriate instructions to the Chief Operating Officer and the other corporate bodies; to define general policies for the management of the affiliated companies whether the interest in the latter is such to grant to Italmobiliare the power to significantly influence them; set guidelines concerning the choice of senior officers and staff management of Italmobiare and of the main direct or indirect subsidiaries as well as, limited to Italmobiliare., manage the personnel. To the Chairman-Chief Executive Officer were granted, among others, in addition to the powers envisaged by the bylaws and the Code, the powers to undertake any administrative act and disposal, among which, to acquire and dispose of shareholdings, carry out credit and securities transactions, accept guarantee, grant real guarantee and guarantee in favor of third parties as long as are directly or indirectly subsidiaries or affiliated of Italmobiliare, within the maximum amount of 150 million euro for each transaction; to enter into real estate sale and purchase agreement, trade-in and real division to settle easements or real estate rights in general, within the maximum amount of 25 million euro for each transaction; recruit staff at all levels defining their remuneration, suspending, terminating and modifying the employment relationship with the latter; appoint every kind of consultant defining their remuneration, possible deposits, suspending, terminating and modifying the relationship with the latter, with the power of granting power of attorney to manage them.
- to the **Deputy Chairman**, Mr. Italo Lucchini, the sole representative powers, according to the By-laws, to be exercised severally by the Chairman-Chief Executive Officer;
- to the **Chief Operating Officer**, Mr. Carlo Pesenti, among others, the responsibility for supervising the performance of the shareholdings in general and to propose to the Chief Executive Officer corporate organization solutions. Among others, to him were granted the duties to undertake any act regarding the management of the Company, among which securities and credits transactions, to undertake on behalf of the Company bonds of any kind, also linked to real guarantee in favor of third parties as long as are directly or indirectly subsidiaries of Italmobiliare, acquire and dispose of government securities, bonds, land, stocks, company shareholdings, performing sale or purchase carry-over and forward transactions on securities within the maximum amount of 75 million euro, for major amounts and up to 100 million euro with the joint signature of the Co-Chief Operating Officer Administration and Finance.

Other powers were granted to the Co-Chief Operating Officer Administration and Finance ant to Secretary of the Board, within their respective area of competences.

The Chief Executive Officer and the Chief Operating Officer have assigned specific and limited powers to employees of the Company for the current management activities.

The Chairman-Chief Executive Officer and the Director-Chief Operating Officer have periodically reported to the Board of Directors and the Board of Statutory Auditors, as envisaged by the Code and by the Company by-laws, about activities undertaken within their assignments and powers. In addition, the most important transactions with an impact on the financial statements undertaken by the Company, the main transactions with related parties as well as transactions leading to potential conflicts of interests, have been submitted to the Board of Directors, even when within the limits of their powers.

Independent Directors

In accordance with the regulations in force, at least one of the members of the Board of Directors, or two in case it is composed of more than seven members, must meet the independence requirements established by law for members of the Board of Statutory Auditors.

The Code also requires that the number and qualifications of independent directors are adequate in relation to the size of the Board and to the Company's activities and such as to allow the establishment of committees within the Board; also under the Code, the independent directors must be two at least.

In compliance with the provisions and recommendations mentioned above, each individual concerned, upon submission of the lists of candidates for the office of director, must declare that he/she meets the requirements for independence under the TUF and pursuant to the Code; the Board of Directors, at its first meeting after the appointment of its members, will, on the basis of information provided by each person or information available to the Company, verify that directors who have declared to be independent actually meet the independence requirements.

Moreover, at the time of preparing the annual Report on Corporate Governance, the Company reiterates its request to all directors in office to declare the existence or not of such requirements. Their responses are annually submitted to the Board for the consequent independency evaluation.

The results of such assessment are communicated to the market on each occasion and shown on the page regarding corporate bodies, which opens this document, and in the table shown below.

In case the independence requirements prescribed by law are no longer met, the director concerned must give prompt communication thereof to the Board of Directors. This circumstance entails the removal from office of such director, except in cases where such requirements are still met by at least the minimum number of directors required by current legislation.

The current Board of Directors consists of seven directors meeting the requirements of independence provided by law, six of which are also considered independent on the basis of the criteria set out in the Code.

With the reference to the criteria provided for by the Code, the Board of directors shared the assessment made by the Directors Mauro Bini and Giorgio Perolari, who considered themselves independent despite having held the directorship for more than nine years over the last twelve years.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its members.

Lead Independent Director

The Code provides that, should the Chairman of the Board of Directors be the main officer in charge of company management, and also when the position of Chairman is held by the person who controls the Company, the Board should appoint an independent director as "*Lead independent director*", to provide a reference for and coordinate requests and contributions of non-executive directors and, in particular, independent directors.

The Board of Directors meeting of May 25, 2011, confirmed Mr. Mauro Bini, an independent director, as "*Lead independent director*".

Remuneration for Directors and Officers with strategic responsibilities

The remuneration for Directors was determined by the Shareholders' Meeting held on May 25, 2011 that, until a new resolution, set such remuneration in the amount of 45,000 euro per year for each director, to be doubled in the event that the same is also a member of the Executive Committee.

The remuneration of the Chairman - Chief Executive Officer, the Chief Operating Officer, the Manager in charge of preparing the company's financial reports and the Head of Internal Audit is determined by the Board of Directors, in the absence of the concerned parties, upon proposal of the Remuneration Committee, having heard the opinion, when required, of the Board of Statutory Auditors and of the Committee for Transactions with Related Parties.

A significant part of the remuneration of the Chairman - Chief Executive Officer and of the Chief Operating Officer is linked to the financial performance and the achievement of specific targets set beforehand and determined in accordance with the remuneration Policy which the Company has adopted.

For detailed information please see the Remuneration Report prepared pursuant to Art. 123-*ter* of TUF and approved by the Board of Directors on March 26, 2013.

Limitations on the number of offices

The Board of Directors meeting of October 16, 2012, in accordance with the Code, resolved that:

- five (for the office of executive director) and
- ten (for the office of non-executive or independent director or statutory auditor)

is to be considered the maximum number of offices as director or statutory auditor held in other companies listed on regulated markets even abroad, in financial, banking, insurance or major companies that can be considered compatible with the effective performance of the office of Company director, with the exception of its subsidiaries, parent companies and companies subject to joint control.

A list of offices as director or statutory auditor held by each director in other companies listed on regulated markets even abroad, in financial, banking, insurance or major companies is set out below:

Giampiero Pesenti	* Italcementi S.p.A.	- Chairman
	* Ciments Français S.A. (representing Italcementi S.p.A.)	- Director
	* Compagnie Monegasque de Banque	- Director
	* Credit Mobilier de Monaco	- Director
	* Finter Bank Zürich	- Director
	* Mittel S.p.A.	- Director
Italo Lucchini	* Italcementi S.p.A.	- Director
	* Unione di Banche Italiane S.c.p.a.	- Supervisory Director
	* BMW Italia S.p.A.	- Chairman Board of Statutory Auditors
	* San Colombano S.p.A.	- Chairman Board of Statutory Auditors
	* Fedrigoni S.p.A.	- Chairman Board of Statutory Auditors
Carlo Pesenti	* Italcementi S.p.A.	- Chief Executive Officer
	* Ciments Français S.A.	- Deputy Chairman
	* Mediobanca S.p.A.	- Director
	* RCS MediaGroup S.p.A.	- Director
Giorgio Bonomi	* Italcementi S.p.A.	- Director
	* IGP - Decaux S.p.A.	- Director
Gabriele Galateri di Genola	* Assicurazioni Generali S.p.A.	- Chairman
	* Edenred	- Director
	* Saipem	- Director
	* Telecom Italia S.p.A.	- Director
Jonella Ligresti	* Sai Holding Italia S.p.A.	- Chairman
Sebastiano Mazzoleni	* Italcementi S.p.A.	- Director
	* Ciments Français S.A. (representing Italcementi Ingegneria S.r.l.)	- Director
Luca Minoli	* Cemital S.p.A.	- Chairman
	* Finanziaria Aureliana S.p.A.	- Chairman
	* Privital S.p.A.	- Chairman
	* Tirrenia – Compagnia italiana di navigazione S.p.A.	- Director
Gianemilio Osculati	* Eurizon Capital S.g.r.	- Chairman
	* Intesa SanPaolo Assicurazioni	- Chairman
	* Osculati & Partners S.p.A.	- Chairman
	* Intesa SanPaolo Vita	- Chief Executive Officer

	* Intesa SanPaolo Previdenza SIM S.p.A.	- Chief Executive Officer
	* Intesa SanPaolo Life Ltd.	- Director
	* Société Générale	- Director
	* Miroglio S.p.A.	- Director
	* Ariston Thermo S.p.A.	- Director
Giorgio Perolari	* Unione Banche Italiane S.c.p.a.	- Supervisory Director
Clemente Rebecchini	* Gemina S.p.A.	- Director
	* ADR S.p.A.	- Director
	* Telco S.p.A.	- Director
	* Assicurazioni Generali S.p.A.	- Director
Paolo Sfameni	* Allianz Global Investors Sgr S.p.A.	- Deputy Chairman
	* Allianz Bank Financial Advisor S.p.A.	- Director
	* Pirelli Tyre S.p.A.	- Statutory Auditor
Livio Strazzera	* Serfis S.p.A.	- Sole Director
	* Banca Regionale Europea	- Director

Meetings of the Board of Directors

The Chairman coordinates the activities and conducts the meetings of the Board of Directors and ensures that the documentation relating to items on the agenda is disclosed to the directors and statutory auditors properly in advance. In particular, the Board of Directors meeting of October 16, 2012, set as at least two working days the prior notice period to be observed in order to submit the aforementioned documentation. Such prior notice period has been not only always met during fiscal year 2012, but on several occasions the documentation was sent to the interested parties before the deadline, often by sending it in two tranches, in order to allow the recipients to examine in advance the material so far prepared for the board meeting.

When the material on certain items on the agenda is particularly complex, specific explanatory notes prepared on each occasion by the competent corporate functions are also sent in order to facilitate the adoption of resolutions by board members on these issues. All documentation is sent by e-mail in files protected by passwords only known to the recipients in order to preserve confidentiality of the data and information provided.

Moreover, the Chairman, through the competent company functions, ensures that directors participate in initiatives aimed at increasing their knowledge of the company's operations and dynamics and are informed on key legislative and regulatory developments having an impact on the Company and its corporate bodies.

The Board meets at least every quarter to approve the financial statements for the period. At such meeting, the delegated bodies report on the activities performed by virtue of their respective powers. Moreover, pursuant to the By-laws, the Board meets anytime deemed necessary by the Chairman, or the Deputy, or upon request of a member of the Board of statutory Auditors to the Chairman.

The Board of Directors, during fiscal year 2012, held a total of six meetings in which nine directors, three of which independent, were always present; three directors, one of which independent, attended five times; an independent director attended four times and, at the end, an independent director attended one time. The meetings of the Board of Directors were always attended by all the members of the Board of Statutory Auditors, except for one meeting attended by two of them .

All meetings of the Board of Directors were attended, by invitation, by the Manager in charge of preparing the company's financial reports. Some meetings were also attended by managers of the Company to provide additional information on the topics put on the agenda from time to time.

The average duration of the meetings of the Board of Directors held during the year was about four hours and ten minutes.

As required by the Code and as per common practice, the Board, when examining and approving the financial statements for the period, taking into particular consideration the information received from the delegated bodies, evaluates the overall performance of the management by comparing the results achieved with those planned in the annual budget.

During 2013, the Board of Directors has so far met twice, the first time to examine the budget for 2013 and the Audit plan, the second time to approve - among others - the 2012 draft financial statements. At least further three board meetings are scheduled for the current fiscal year for the approval of interim accounting reports.

The corporate calendar is annually disclosed to the market and published on the Company's website in the section Investor / Financial Calendar. The 2013 calendar was published in January 2013.

During 2012, the Executive Committee has never met. The Executive Committee has not met yet in 2013.

Establishment of committees

In order to ensure the effective performance of its functions, the Company's Board of Directors has set up an internal Remuneration Committee and an Control and Risk Committee whose resolutions have a consultative and advisory nature and do not bind the Board.

Moreover, pursuant to the rules applicable to transactions with related parties, the Board has, upon adoption of the relevant procedure, established an internal Committee for Transactions with Related Parties, composed of independent directors only.

In carrying out their functions, the above mentioned committees are entitled to access corporate information and functions necessary for the performance of their duties, and may use external consultants at the expense of the Company.

Each Committee appoints a secretary, who does not need to be a member thereof and is entrusted with the task of drawing up the minutes of the meetings.

The Company, although the stable presence of a relative majority shareholder able to significantly influence the Shareholders' meetings, decided, however, not to proceed with the establishment of a "Appointment Committee" as it has always taken its decisions in full autonomy proposing people with the appropriate characteristics of competence, prestige, expertise and availability, as provided for by the Code, for the list of candidates to the Board of Directors.

a) *Control and Risk Committee*

In compliance with the provisions of the Code, the Control and Risk Committee has the task of supporting, through adequate preparatory work, the assessments and decisions of the Board of Directors relating to the Internal Control and Risk Management System, as well as those regarding the approval of interim financial statements.

The Control and Risk Committee consists of three members, all non-executive, two of which independents. All of its members have an adequate expertise in accounting and finance, as required by the Code for at least one of them.

During 2012, the Control and Risk Committee met four times always with the attendance of all of its members. The average duration of its meetings was approximately two hours. The meetings were always attended by all the members of the Board of Statutory Auditors except for one meeting which has been attended by two statutory auditors.

During fiscal year 2012, the Committee, among other things:

a) examined and approved of the methodology used by the Company for the preparation of impairment tests;
b) considered correct the implementation of accounting standards and their uniformity for the purposes of preparing the consolidated financial statements;
c) reviewed and approved the 2013 Audit Plan;

d) was informed about the conduct and outcome of the Quality Assurance Review which the Internal Audit Department was subjected to upon proposal of the Manager in charge of the Internal Control and Risk Management System and in accordance with international audit standards;

e) examined the reports prepared by the Head of Internal Audit to verify the adequacy, efficiency and effectiveness of the Internal Control and Risk Management System;

h) reported to the Board of Directors, when approving the annual and semi-annual financial reports, on its activities and on the adequacy of the Internal Control and Risk Management System.

Managers of the Company responsible for the matters on the agenda are regularly invited to the meetings of the Control and Risk Committee to provide the appropriate in-depth information; first and foremost, the Manager in charge of preparing the Company's financial and business reports and the Head of Internal Audit.

During 2013, the Control and Risk Committee has so far met three times to discuss, among other things, the methodology of the impairment test for fiscal year 2012, the accounting policies adopted for the preparation of the 2012 consolidated financial statements and the Audit Plan for 2013, the latter in turn submitted to the approval of the Board of Directors at its meeting on February 20, 2013.

On March 19, 2013, the Committee also examined the part of this Report regarding the description of the Internal Control and Risk Management System and it gave a positive opinion thereon.

b) *Remuneration Committee*

The Remuneration Committee, under the Code, is responsible for (i) periodically assessing the adequacy, overall consistency and actual implementation of the policy for the remuneration of directors and managers with strategic responsibilities, submitting proposals to the Board of Directors, and (ii) submitting proposals or expressing opinions to the Board of Directors on the remuneration of executive directors and of other directors who hold particular offices, as well as on the setting of performance targets related to the variable portion of such remuneration. The Remuneration Committee is also required to monitor the implementation of the resolutions adopted by the Board, in particular, by verifying the actual achievement of performance targets.

The Remuneration Committee currently in office is made up of three non-executive members, the majority of whom are independent. All of its members are in possession of adequate experience in accounting and finance, as required by the Code for at least one of them.

The Committee, in the absence of the concerned parties, examined, and subsequently approved, the remuneration policy for executive directors vested with special powers and managers with strategic responsibilities and submitted proposals to the Board of Directors on the remuneration of directors and managers also on the basis, with reference to the variable portion, of the degree of achievement of targets assigned for the previous year.

During the fiscal year the Committee met three times; the average duration of its meetings was less than one hour. All the members of the Committee as well as all the members of the Board of Statutory Auditors attended the meetings, to which the Head of Human Resources is regularly invited to take part in.

In the course of 2013 the Remuneration Committee has so far met once to submit proposals to the Board of Directors regarding the remuneration of directors and executives.

c) *Committee for Transactions with Related Parties*

The Committee for Transactions with Related Parties is composed of three members, all non-executive and independent.

During 2012, the Committee has never met.

Assessment of the functioning of the Board of Directors and its Committees

As envisaged by the Code, on March 26, 2012, the Board of Directors assessed the size, composition and functioning of the Board itself and its Committees.

To this extent, the Company circulated among the directors a self-evaluation questionnaire made up of statements, for which their level of agreement has been marked.

The outcome of this assessment and the comments, sometimes expressed, showed a positive judgment on the adequacy of the composition as well as of the efficiency and of the functioning of the Board of Directors and its Committees.

In particular, note was made to the following: (i) the size of the Board is deemed adequate in relation to actual requirements of the Company, (ii) the Chairman ensure the proper management of the discussion granting equal time to each speech, (iii) the minutes of the meetings are clear and accurate. It is nevertheless envisaged a wider distribution of responsibilities and duties among the Board.

B) BOARD OF STATUTORY AUDITORS

Role and responsibilities

The Board of Statutory Auditors oversees compliance with the law and the By-laws and it has management control functions, in particular having to check: i) compliance with the principles of good administration; ii) adequacy of the Company's organizational structure, of the internal control system and the administrative and accounting system; iii) actual implementation of the Code; iv) compliance with the procedure adopted by the Company in respect of transactions with related parties; v) adequacy of the instructions given by the Company to its subsidiaries in respect of the obligations of public disclosure of sensitive information.

It has not been assigned the audit of the company's accounts, which, as required by law, was entrusted to an audit firm chosen from among those enrolled in the appropriate register, while it has the task to submit a reasoned proposal to the Shareholders' Meeting regarding the appointment of such firm.

The Board of Statutory Auditors, in its capacity as Control and Risk Committee, as established by January 27, 2010 Legislative Decree No. 39, is also required to perform additional supervision tasks, as assigned to it by such provisions of law, on the financial reporting process, on the effectiveness of the internal control and internal audit and risk management systems; on the audit of the annual financial statements and consolidated financial statements, on the independence of the audit firm.

Appointment and replacement of statutory auditors

The Board of Statutory Auditors is appointed on the basis of lists aimed at ensuring the appointment of one Acting Auditor and one Substitute Auditor for minority shareholders, as well as compliance with current legislation regulating gender balance.

Lists must be filed at the Company head offices or by sending notice to the certified electronic mail address indicated in the notice of call, at least 25 days before the date set for the Shareholders' Meeting in first or single call; this, together with the means and minimum stake required to file the lists, must be mentioned in the notice of call.

Lists may only be presented by Shareholders who, alone or together with other shareholders, are able to provide evidence that they hold a percentage of the share capital with voting rights no lower than that determined by CONSOB pursuant to the regulations in force for the appointment of the Board of Directors; the threshold for 2012 was of 4.5% of the ordinary share capital.

No shareholder may file or participate in the presentation of more than one list, directly or through a third party or trust company, or vote for different lists.

Shareholders belonging to the same group and shareholders who join a shareholders' agreement on the Company shares may not file or vote for more than one list, neither through a third party or trust companies.

Lists filed in violation of these restrictions will not be accepted.

Each candidate may be on one list only under penalty of ineligibility.

The lists that have a total number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that one or the other gender is represented by at least one third (rounded upwards) of candidates for the office of Acting Auditor and at least one third (rounded upwards) of the candidates for the office of Substitute Auditor. At the time of their filing, lists must include:

a) statements whereby individual candidates:
   * accept their candidature;
   * under his/her own responsibility state:
     - entitlement of the professional requirements envisaged by the By-laws;
     - the non-existence of causes for ineligibility or incompatibility;
     - entitlement of the good reputation requirements established by the law;
     - entitlement of the independence criteria required by the law and by the Code of Conduct, if any;

b) a brief curriculum on the personal and professional skills of each candidate with an indication of their position as director and statutory auditor in other companies;

c) information on the identity of the shareholders who have presented lists. The certification or statement proving ownership of the shareholding prescribed by the law in force when the list is presented may also be produced after the filing of the list provided that it reaches the company within the term envisaged by the regulation in force for the publication of lists by the Company;

d) a statement by the shareholders who do not hold, even jointly, a controlling or majority stake, bearing witness to the absence of any connection, as defined by the law in force.

A filed list that does not comply with the above provisions will be considered as not presented.

In the event that, by the deadline of 25 days preceding the date of the Shareholders' Meeting, a single list has been filed, or only lists presented by shareholders who are connected to each other pursuant to current regulations, further lists can be presented until the following third day and the participation threshold indicated in the notice of call will be halved.

At least 21 days before the date envisaged for the Shareholders' Meeting which is called to appoint the Board of Statutory Auditors, the Company shall make available at the company head offices, at the Italian stock exchange and on its website, the lists of candidates which have been submitted by shareholders and the accompanying documentation.

In the event of filing of more than one list:

- the list that obtains the highest number of votes at the Shareholders' Meeting elects two acting Auditors and two substitute Auditors, in the order in which they are listed in the sections of the list;

- the minority shareholders' list that obtains the highest number of votes among the lists presented and voted by shareholders who are not connected in any way, directly or indirectly, with the majority shareholders, elects the third acting Auditor and the third substitute Auditor, in the order in which they are listed in the sections of the list;

- should more than one list obtain the same number of votes, a runoff is held on these lists among all the shareholders present at the Shareholders' Meeting, and the candidates are elected from the list that obtains the majority of the share capital represented at the Shareholders' Meeting.

Should a party connected to a majority shareholder vote for a list of the minority shareholders, the connection is relevant for the purposes of excluding the minority shareholders' elected Auditor only if this vote was crucial for the election of said auditor.

Should a single list be presented, all the candidates included in that list are elected with a majority vote of the share capital represented at the Shareholders' Meeting.

If, as a result of voting several lists or voting the only list presented, the composition of the Board of Statutory Auditors, as to its acting members, does not meet the current regulations regarding balance between genders, the necessary replacements will be made choosing from among candidates to the office of acting auditor of the list that has obtained the highest number of votes or from within the only list presented starting from the last candidate from that list.

Should no lists be presented, the Shareholders' Meeting appoints the Board of Statutory Auditors with a majority vote of the share capital represented at the Shareholders' Meeting, provided gender balance is ensured as pursuant to current legislation in force. The Chairmanship of the Board of Statutory Auditors lies with the person indicated in first place on the list presented and voted by the minority shareholders, or with the first name in the single list presented or with the person appointed as such by the Shareholders' Meeting should no lists be presented.

Pursuant to the By-laws of Italmobiliare, those who are in situations of incompatibility as envisaged by the law or those who have exceeded the limit to the number of offices held as established by the regulation in force, cannot be elected as Auditors, and if elected cease to serve.

Should an elected Auditor during his/her term of office no longer satisfy the requirements envisaged by the law or the By-laws, his/her office terminates.

When it is necessary to replace an acting Auditor, the substitute Auditor belonging to the same list as the removed auditor takes over.

In the absence thereof, in accordance with the original order of presentation, the candidate from the same list as the ceased Auditor takes over, without taking the initial section into account.

Should the replacement concern the Chairman of the Board of Statutory Auditors, the position will be taken over by the Auditor of the minority shareholders.

Auditors appointed in this manner hold office until the following Shareholders' Meeting.

Should it be necessary to supplement the Board of Statutory Auditors:

- to replace an Auditor elected from the majority shareholders' list, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated in the original majority list;
- to replace an Auditor elected from the minority shareholders' list, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated in the original minority shareholders' list;
- for the simultaneous replacement of Auditors elected in the majority and the minority shareholders' lists, the appointment occurs with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated in the list which each Auditor to be replaced was part of, with a number of Auditors equal to the number of ceased Auditors belonging to the same list.

If it is not possible to proceed as above, the Shareholders' Meeting called to supplement the Board of Statutory Auditors passes a resolution with a simple majority of the share capital represented at the Shareholders' Meeting, without prejudice to the principle whereby one Acting Auditor and one Substitute Auditor must be appointed by minority shareholders. In any case, the Chairmanship of the Board of Statutory Auditors must be assigned to the auditor representing the minority shareholders. The procedures on replacements as indicated in the previous paragraphs must in any case ensure compliance with current legislation regulating gender balance.

Auditors accept their appointment when they believe they can devote the appropriate time to the diligent performance of their duties.

Composition and activities

When renewing the Board of Statutory Auditors by the Shareholders' Meeting of May 25, 2011, the relative majority shareholder presented its own list of candidates while three minority shareholders - Hermes, Amber LB and Amber SGR – presented together its own list.

Therefore, according to the current regulation and Company By-laws, the Chairmanship were granted to Mr. Francesco Di Carlo, from the list presented by the above mentioned minority shareholders while the remaining two Statutory Auditors were elected from the list presented by the relative majority shareholder.

C) SHAREHOLDERS' MEETING AND INVESTOR RELATIONS

The Company endeavors to develop a dialogue with shareholders based on an understanding of each other's roles, and with the market, in accordance with the laws and rules governing the dissemination of price sensitive information. The Company's behaviors and procedures are designed, among other things, to avoid information asymmetries and to ensure the effectiveness of the principle whereby all investors and potential investors are entitled to receive the same information in order to make sound investment decisions.

The Shareholders' meeting is called, according to the laws and regulations provided for companies whose shares are listed on regulated markets, to pass resolutions on matters reserved to it by law. The decisions taken in accordance with the law and the By-laws are binding on all shareholders, including those absent or dissenting, except the right of withdrawal in allowed cases.

The Board of Directors recommends to all of its members to regularly participate in Shareholders' Meetings and seeks to encourage and facilitate the widest possible participation of shareholders and to facilitate the exercise of voting rights.

To this end, the Board of Directors reports to the Shareholders' Meeting on the activities it has carried out and planned and endeavors to ensure that shareholders have adequate information so that they can take the decisions pertaining to the Shareholders' Meeting with knowledge of the facts.

All those who have the right to vote as attested by the communication required by current laws received by the Company by the end of the third trading day prior to the date fixed for the Shareholders' Meeting on first or single call, or such other period as established by applicable regulations in force, are entitled to attend the Shareholders' Meeting. The right to attend and vote is retained if the communications are received by the Company after the deadline, as long as they are received by the beginning of the Shareholders' Meetings proceedings of each call.

The Company may designate a person, giving a clear indication thereof in the notice of call, for each Shareholders' Meeting to whom all eligible parties may grant a proxy with voting instructions on all or some of the proposals on the agenda, in the manner provided for by applicable law.

No Shareholders' Meeting regulation has been set forth since the broad powers that the law and jurisprudence recognize to the Chairman, as well as the provision of the By-laws (Art. 13) that expressly gives the Chairman the power to direct the discussion and establish order and method of the vote, provided it takes place by recorded vote, were considered adequate tools for the orderly conduct of meetings of shareholders.

With regard to relations with the market, the Chairman - Chief Executive Officer and the Chief Operating Officer, within their respective responsibilities, provide the general guidelines that the responsible structures should follow in dealing with institutional investors and other shareholders. To this end, an Investor Relations function whose responsibility has been entrusted to Mr. Enrico Benaglio was established as part of the Shareholdings and investments department.

Moreover, in order to provide timely and easy access to information concerning the Company and, therefore, allow the shareholders to consciously exercise their rights, a special section of the Company's website was set up, easily identifiable and accessible, where information regarding the Shareholders' Meetings is given, with particular reference to the arrangements for attendance and exercise of voting rights at the Shareholders' Meetings, the documentation relating to items on the agenda, including Reports on the items on the agenda and the list of candidates for the positions of director and statutory auditor with an indication of their personal and professional characteristics.

TABLE 1
STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board of directors							Executive Committee		Control and Risk Committee		Remuneration Committee		Committee for Transactions with Related Parties	
Position	**Member**	Executives	Non executives	Independ.	Attendance	No. other posts	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance
Chairman Chief Executive Officer	Giampiero Pesenti	•			6/6	6	•							
Deputy Chairman	Italo Lucchini		•		6/6	5	•				•	3/3		
Chief Operating Officer	Carlo Pesenti	•			6/6	4	•							
Director	Mauro Bini		•	•	6/6	-			•	4/4			•	
Director	Giorgio Bonomi		•		6/6	2			•	4/4				
Director	Gabriele Galateri di Genola		•	•	4/6	4					•	3/3		
Director	Jonella Ligresti		•	•	1/6	1							•	
Director	Sebastiano Mazzoleni		•		6/6	2								
Director	Luca Minoli		•		5/6	4								
Director	Gianemilio Osculati		•	•	5/6	9								
Director	Giorgio Perolari		•	•	6/6	1	•		•	4/4	•	3/3	•	
Director	Clemente Rebecchini		•		5/6	4								
Director	Paolo Sfameni		•	•	6/6	3								
Director	Livio Strazzera		•	•	6/6	2	•							

TABLE 2
BOARD OF STATUTORY AUDITORS

Position	Position	Attendance at meetings
Chairman	Francesco Di Carlo	11/11
Acting Auditor	Angelo Casò	11/11
Acting auditor	Leonardo Cossu	11/11

CODE OF ETHICS

The Code, approved for the first time in 1993 and further modified, envisages that all employees and those who deal with the Group or act to achieve its objectives shall base their dealings and conduct on principles of honesty, fairness, integrity, transparency, confidentiality and mutual respect.

To this end, at its meeting of February 9, 2001, the Italmobiliare Board of Directors approved the current version of the Code of Ethics which defines the rules for loyalty and fidelity, impartiality, protection of privacy and confidentiality of information, protection of people, the environment and company assets. The Code establishes the provisions which are the basis of the control processes and the accounting/operational information, and introduces rules to govern dealings with customers, suppliers, public institutions, political organizations and unions, and the media.

CONFIDENTIAL INFORMATION

Since November 2000, the Company's Board of Directors has approved a specific procedure for the management and processing of confidential information, which also contains the procedures for the disclosure of documents and information concerning the Company and the Group, with particular reference to price sensitive information. This procedure requires strict compliance with the terms and conditions of disclosure of documents and information, while ensuring that disclosure to the market of corporate data is correct, complete, adequate, timely and objective.

The rules of procedure referred to herein bind all Company employees, the members of the Board of Directors and of the Board of Statutory Auditors, and all those who maintain an advisory relationship or collaboration with the Company and/or the Group.

Moreover, since 2006, the Company, as required by CONSOB has established and regularly updated a register of persons who, by virtue of their work or professional duties or by virtue of the functions performed, have access to sensitive information and has prepared the implementation procedure related thereto.

The following persons are required to comply with the said implementation procedure:

a) members of the Board of Directors, of the Board of Statutory Auditors and the Chief Executive Officer of Italmobiliare;
b) those who by virtue of work performed are hierarchically directly under one of the persons referred to in letter a) and are responsible for the organizational unit within which sensitive information originates and/or is handled;
c) employees individually identified who belong to the same organizational unit after being notified in writing by one of the persons referred to in letter b);
d) any third party by virtue of their work, professional duties or functions performed on behalf of the Company, after being notified in writing by one of the persons mentioned in letter b) above;
e) the Chairman, the Deputy Chairman (if any and if equipped with operating powers), the Chief Executive Officer, any other director to whom executive powers have been granted and the Chief Operating Officer (if any) of the principal subsidiaries where sensitive information can be generated.

The procedure identifies two different types of sensitive information:

a) *sensitive information of an ordinary kind:* i.e. information pertaining to an event or set of circumstances relating to activities or transactions falling within the ordinary business administration of the Company or of a Subsidiary, with particular reference to the preparation of accounting, economic, equity and financial data, whether on a final or forecasting basis;
b) *sensitive information of an extraordinary kind:* i.e., information pertaining to a specific event or set of circumstances relating to activities or transactions that do not fall within the ordinary administration of the Company or of a Subsidiary, with particular reference to specific mergers, spin-offs, acquisitions of shareholdings or companies.

Every person registered in the insider register is obliged to maintain confidential all sensitive information they handle or which they have access to until the same has been disclosed to the public in accordance with the principle of equal access to information.

CODE OF CONDUCT

The Company has adopted its own "Code of Conduct", originally in implementation of the provisions issued by Borsa Italiana S.p.A. with its own regulation and also to take account of the new regulatory provisions issued by CONSOB in execution of European provisions (the so-called Market abuse directive) introduced by the Law on Savings of 2005. It regulates the information to be provided to the Company, and by the latter to the market, on any transactions carried out for any reason on their own account by the 'Relevant persons' concerning Italmobiliare shares, Italcementi shares and other financial instruments linked to them.

Pursuant to the 'Code of Conduct', 'Relevant persons' are the members of the Company Board of Directors, Board of Statutory Auditors and the Chief Operating Officer of Italmobiliare and any person who holds a stake of at least 10% of the share capital of Italmobiliare represented by shares with the right to vote, and any other person who controls the Company.

In particular, the persons concerned must inform the Company, so that the latter may inform the market, about the performance of operations on the latter's shares of an aggregate amount crossing the 5,000 euro threshold by the end of the year.

Given the particular structure of the Group, the 'Code of Conduct' is associated with the Code adopted by Italcementi, in the sense that market disclosures made by Italcementi only regarding transactions on Italcementi shares by parties who are 'Relevant persons' for both Italmobiliare and Italcementi, are considered as made also pursuant to the provisions contained in the Code of Conduct adopted by Company when the disclosure obligations are complied with by the subsidiary, which will take care of the disclosure to the market also on behalf of the parent company.

Moreover, the 'Code of Conduct' envisages that 'Relevant persons' must abstain from performing transactions that are subject to disclosure to the Company:

- on listed financial instruments issued by Italmobiliare:
  - during the 30 calendar days preceding the meeting of the Company's Board of Directors called to approve the full-year and half-year financial statements, including the day on which the meeting is held;
  - during the 15 calendar days preceding the meeting of the Company's Board of Directors called to approve the quarterly reports, including the day on which the meeting is held.
- on financial instruments issued by the listed subsidiary Italcementi S.p.A.:
  - within 30 calendar days prior to the Board of Directors' meeting of Italcementi S.p.A. called to approve the financial statements and the limited half-year report, including the day on which the meeting is held;
  - within 15 calendar days prior to the Board of Directors' meeting of Italcementi S.p.A. called to approve the interim management reports, including the day on which the meeting is held.

INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On November 12, 2010, based on the positive opinion of the specifically appointed Committee for Transactions with Related Parties, the Company's Board of Directors adopted the Procedure for Transactions with Related Parties envisaged by the Consob Regulation of March 12, 2010.

The Procedure, in compliance with art. 2391-*bis* of the Italian Civil Code, sets out the measures adopted by the Company to ensure that transactions undertaken with related parties, whether directly or through subsidiaries, are carried out transparently and in compliance with criteria of substantial and procedural correctness.

In particular, with the exception of some situations which are described below, the Procedure provides for the authorization process and the disclosure requirements for transactions between *i)* a party related to Italmobiliare, on the one hand, and *ii)* Italmobiliare, on the other, or one of its subsidiaries when, before completing the transaction, the prior examination or authorization by a corporate body of Italmobiliare or by an officer of Italmobiliare with relevant delegated powers is required. The Procedure also applies to transactions undertaken by Italmobiliare with a subsidiary or associated company, as well as between its subsidiaries, when the transaction involves significant interests of a related party of Italmobiliare.

The Procedure distinguishes «significant» transactions from «minor» transactions on the basis of specific quantitative criteria predetermined by Consob. This distinction is also relevant for determining applicable rules on transparency, which are simplified for minor transactions and more stringent for significant transactions, although both envisage the prior opinion of the Committee for Transactions with Related Parties.

The Committee has:

- the duty to give and explain its opinion on both minor (non-binding opinion) and significant (binding opinion) transactions;
- the right, for significant transactions, to take part in the negotiations and in the preliminary investigation stage through the receipt of a complete and prompt information flow, and the right to ask for information and to submit its remarks to the delegated bodies and to those in charge of the negotiations or the preliminary investigation;
- the right to seek the assistance, at the Company's expense, of independent experts of its choosing.

In the case of minor transactions, the Procedure envisages the right, in any case, to execute the transaction even if the Committee for Transactions with Related Parties expresses a negative opinion, provided that this is disclosed to the market through a specific document setting out the reasons for such divergence.

Moreover, the Company By-laws provide that (i) significant transactions with related parties can be performed despite the negative opinion of the Committee for Transactions with Related Parties provided that the execution of such transactions is authorized by the Shareholders' Meeting on condition that the majority of non-related shareholders do not cast a vote contrary to performance of the transaction and the non-related shareholders present at the Shareholders' Meeting represent at least 10% of the share capital with voting rights (so called *whitewash*); and that (ii) the Company may apply the simplified rules in cases of urgency unless the transaction is under the prerogatives of the Shareholders' Meeting and requires its authorization.

Finally, exercising the powers contained in the Regulations issued by CONSOB, the Company identified the following main grounds for exclusion:

- transactions for smaller amounts (transactions that do not exceed the amount of 500,000 euro);
- ordinary transactions (which fall within the ordinary course of business operations and related financial activities of the Company and of the Group in general) if they are concluded on terms equivalent to market or standard conditions;
- transactions with or between subsidiaries or with associated companies, unless there are *significant interests* of other parties related to the Company in the subsidiaries or associated counterparties in the transaction;
- urgent transactions.

The Procedure is available on the Company's website *www.italmobiliare.it*.

Without prejudice to the provisions contained in the above procedure, transactions with related parties must be carried out transparently and in accordance with criteria of substantial and formal correctness. Therefore, the directors who have an interest, even potential or indirect, in the transaction are required to:

a) promptly and fully inform the Board about the existence of the interest and the circumstances regarding it;

b) leave the board meeting room during the vote.

The Board of Directors, however, under specific circumstances, may allow the director concerned to participate in the discussion and/or vote.

REGULATION OF THE MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

As mentioned elsewhere in the Report, the Company, in connection with the provisions of the Law on Savings, appointed a «Manager in charge of preparing the company's financial reports» and adopted a specific «Regulation» which, in compliance with legal provisions, the By-laws and following current best practices, among other things:

* defines the responsibilities of the Manager in charge of Italmobiliare and specifies his/her related powers;
* identifies the responsibilities and method for the appointment, removal and termination of office of the Manager in charge, the length of service and the requirements in terms of professional skills and good reputation;
* reports on the principles of conduct which the Company Manager in charge must comply with in the event of conflicts of interest as well as the confidentiality obligations to be observed in carrying out his/her activities;
* indicates the responsibilities, powers, and resources granted to the Manager in charge for the exercise of his/her duties, identifying the financial and human resources needed to carry out the mandate;
* defines dealings with other Company bodies/functions, with the Corporate Bodies, the internal and external control Bodies and with subsidiaries, regulating information flows;
* illustrates the internal and external attestation process in reference to: a) the statements of the Manager in charge regarding the correspondence of the Company's acts and communications disclosed to the market with its documents and accounting books and entries; b) the attestations of the Manager in charge and of the executives, relating to the financial statements, the limited half-year financial statements and the consolidated financial statements.

The Regulation has been approved by the Board of Directors and is intended for all the entities, functions, corporate bodies of Italmobiliare, as well as all the companies that it directly or indirectly controls. The Regulation has been circulated to the staff of the Company, the subsidiaries, as well as to all those considered affected by its contents.

ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL

In order to make the control and Corporate Governance systems more effective and prevent corporate offenses and offenses against the Public Administration, during fiscal year 2004, in application of Legislative Decree no. 231/01, the Company Board of Directors adopted an «Organizational, management and control model» (the «Model»). This was subsequently updated in 2006 in line with the law on market abuse and failure to disclose a conflict of interest by directors.

By adopting the Model, the Company intends to disseminate and establish a corporate culture based on legality, with the express censure of all conduct contrary to the law and the regulations contained in the Model itself.

There have been numerous amendments and updates in order to reflect legislative actions, which have gradually expanded the scope of Legislative Decree 231/01 to include further categories of offenses with respect to those included in its original version.

All updates to the Model, except those of a purely formal nature, have been carried out on the basis of targeted risk assessment findings performed by consultants specialized in the matters taken into consideration on each occasion.

In particular, in 2008, the Model was extended to offenses relating to the violation of the legislation on health and safety in the workplace (section later revised in 2010), on cross-border offenses and offenses for receiving stolen goods and money laundering. On March 2011 several amendments have been approved to better design the information flow system among the various compliance corporate bodies of the Group both in the phase of adoption and amendment of the Models of the subsidiaries and in the phase of communicating any eventual violation of the Model. Finally, on October 2012, the Model was extended to offenses related to organized crime, copyright and computer crime. The task of continuously monitoring the effectiveness and enforcement of the Model, as well as proposing updates, is entrusted to a body, the Supervisory Board, equipped with autonomy, professionalism and independence in the exercise of its functions and adequate experience in the field of control of risks associated with the specific activities carried out by the Company or its legal aspects.

The Supervisory Board is, in compliance with the provisions of the Model, currently made up of an independent director (later appointed Chairman), a third-party advisor and the Company's Head of Internal Audit.

The General Part of the Model is available on the Company's website in the section *Governance/Documentation*.

COMPLIANCE WITH SIMPLIFIED RULES PURSUANT TO ARTICLES 70 AND 71 OF THE ISSUERS' REGULATION

By resolution adopted on November 14, 2012, the Company's Board of Directors accepted the opt-out regime provided by the CONSOB Issuers' Regulation, exercising the right to derogate from the obligations to publish disclosure documents required in connection with significant merger transactions, spin-offs, acquisitions and disposals, capital increase by contribution in kind.

On the same date, in accordance with the above-mentioned legislation, the Company provided adequate disclosures to the market.

CONSOB REGULATION ON MARKETS

The Consob Regulation on markets provides for specific rules regarding conditions for the listing of Companies:

A) that control companies incorporated in, and under the law of, Countries not belonging to the European Union («non-EU») (art. 36)
B) that are subject to management and coordination activity by another company (art. 37).

In particular, the companies as set out in letter A) are required to:

1) disclose the accounts of non-EU subsidiaries drawn up for the purposes of the consolidated financial statements, at least including the balance sheet and the income statement;
2) obtain By-laws, composition and powers of the corporate bodies from the non-EU subsidiaries;
3) check that the non-EU subsidiaries:
   * provide the parent company's external auditor with the information needed to audit the annual and interim

accounts of the parent company,

* have an administrative/accounting system suitable to providing the parent company's management and external auditor, on a regular basis, with the business, financial and equity information needed to draft the consolidated financial statements.

The Companies set out in letter B), on the other hand, may be admitted for trading on an Italian regulated market (or maintain their listing) where they:

a) have fulfilled the disclosure obligations envisaged by article 2497-*bis* of the Italian Civil Code;

b) are free to negotiate in dealings with customers and suppliers;

c) do not have a centralized treasury management agreement which is not in their corporate interest with the company that exercises administration and control activity or with any other company of the group to which they belong. The correspondence with the corporate interest is attested by the Board of Directors with a detailed reasoned declaration verified by the Board of Statutory Auditors;

d) have a Board of Directors composed of a majority of independent directors (pursuant to the Code) and a Control and Risk Committee consisting solely of independent directors. Where appointed, also the other committees, as recommended by corporate governance codes of conduct promoted by regulated market managers or by professional associations, will consist solely of independent directors.

With reference to the provisions set out in art. 36, the scope of application as of today involves 25 subsidiaries, located in 11 Countries not belonging to the European Union.

The information flow between the Company and its subsidiaries is suitable to guaranteeing:

* the transmission of the accounts of the subsidiaries drawn up for the purposes of the consolidated financial statements, to enable such accounts to be disclosed;
* the centralized collection and storage of the By-laws, composition and powers of the corporate bodies of the above mentioned subsidiaries and any subsequent amendment.

Therefore, all the By-laws of Subsidiaries located in Countries that do not belong to the European Union, which are relevant according to the last Audit plan, as well as the composition and powers of the corporate bodies have been acquired and are stored in the Company records.

Furthermore, the findings thus obtained have revealed that the subsidiaries based in Countries outside the European Union, relevant with respect to the latest Audit plan:

* provide the company's external auditor with the information needed to verify the annual and interim accounts of Italmobiliare,
* have an administrative/accounting system suitable to providing the Company and the external auditor, on a regular basis, with the business, financial and equity information needed to draft the consolidated financial statements.

With reference to the provisions of art.37 mentioned above, however, not being subject to management and coordination of any other company or entity, Italmobiliare is not subject to the obligations laid down therein.

Although Efiparind B.V., pursuant to Art. 2359 in the Italian Civil Code, paragraph no.1, no.2, has a sufficient number of voting rights to exercise a dominant influence in the ordinary Meeting, albeit indirectly, it does not set, nor has it ever set, the Company's strategic policies to follow in the management of its business. The Board of Directors of Italmobiliare, therefore, has always taken its decisions in full autonomy without any interference whatsoever by the relative majority shareholder.

Resolutions

To the Shareholders,
The period closed with a loss of 66,737,041.28 euro which we propose to cover in full by drawing a similar amount from the reserves available under "Retained earnings".

Since no allocation of a dividend to the ordinary shares or to the savings shares is planned, pursuant to art. 8 of the company by-laws, the preferred dividend entitlement of the savings shares up to 5% of the share nominal value will be computed as an addition to the preferred dividend in the next two financial years.

* * *

To the Shareholders,

If you agree with our proposals, we invite you to adopt the following resolution:
"The shareholders' meeting of Italmobiliare S.p.A. held on May 29, 2013,

- having noted the Directors' report on operations and the report of the Board of Statutory Auditors upon examination of the financial statements as at and for the year ended December 31, 2012

resolves

- to approve:
  - the Directors' report on operations;
  - the separate financial statements for 2012, consisting of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which reflect a loss of 66,737,041.28 euro as presented by the Board of Directors in its entirety, in the individual accounting entries and with the proposed allocations;
- to cover in full the loss for the year of 66,737,041.28 euro by drawing a similar amount from the reserves available under "Retained earnings".

  In particular, the aforementioned loss is replenished as follows:

  a) for 31,417,734.66 euro through full use of the "*Revaluation reserve ex Law 72/83"* (already included in Revaluation reserves), which is thus set to zero;

  b) for 2,163,956.19 euro through full use of the reserve "*Fund for grants related to assets"*, which is thus set to zero;

  c) for 33,155,350.43 euro through partial use of the "*Reserve ex art. 34, Law 576/75"*;
- to supplement Retained earnings for an amount of 18.46 euro taken from the Translation reserve, thereby raising Retained earnings to 151,563,431.65 euro.

Report on Remuneration

This Report on Remuneration, drafted pursuant to Art. 123-*ter* of February 24, 1998 Legislative Decree No. 58 (Consolidated Law on Finance - TUF), illustrates the principles adopted by Italmobiliare S.p.A. with reference to the definition of the remuneration of its Directors vested with special powers and Officers with strategic responsibilities - identified as the Chairman/Chief Executive Officer, the Deputy Chairman, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports - as well as of the Manager in charge of Internal Audit and of the Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, as reported hereunder.

The Report has been prepared in accordance with the schedule established by CONSOB (Italian stock exchange Authority) with resolution No. 18049 of December 23, 2011.

* * *

<u>SECTION I</u>

The term Company and/or Italmobiliare shall hereinafter mean Italmobiliare S.p.A., the term Group shall mean Italmobiliare Group, the term Policy shall mean the Remuneration policy for executive Directors, other directors vested with special powers, Officers with strategic responsibilities, and Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports

a) Bodies or individuals involved in the preparation and approval of the remuneration policy, specifying the respective roles, and bodies or individuals responsible for the proper implementation of such policy

The bodies involved in preparing the remuneration policy are the following:

<u>Shareholders' Meeting</u>

The Company shareholders' meeting defines the remuneration of Directors not vested with special powers.

It is also required to express its advisory opinion upon this section of the Report on Remuneration prepared by the Board of Directors pursuant to Art. 123-*ter* of TUF.

Lastly, the shareholders' meeting, upon proposal of the Board of Directors, pursuant to Art. 114-*bis* of TUF, resolves upon the approval of any incentive plans based on financial instruments that the Company wishes to issue.

<u>Board of Directors</u>

The Board of Directors, upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors, resolves upon the remuneration to be assigned to i) the Chairman/Chief Executive Officer, , the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports and the Manager in charge of Internal Audit, broken down into a fixed and a variable amount to be granted in connection to the achievement of the annual targets assigned to each of them and ii) the Deputy Chairman, whose remuneration is only made up of the fixed amount.

The Board of Directors may also approve a *Long-Term Incentive* to be paid against the achievement of the three-year period targets assigned.

<u>Department of Human Resources and Organization</u>

The Human Resources and Organization Department supports the Remuneration Committee in performing its functions, both in defining and approving proposals concerning the remuneration to be submitted to the approval of the Board of Directors, and at the time of monitoring and at the time of verifying the full and proper implementation of the same.

b) *Possible participation of a remuneration committee or other responsible committee, describing its composition (with the distinction between non-executive and independent directors), competence and functioning conditions*

The Remuneration Committee was established within the Board of Directors, it is made up of three non-executive members, mainly independent, as follows:

Italo Lucchini - chairman

Gabriele Galateri di Genola - member - independent

Giorgio Perolari - member - independent

The Committee carries out its consultative and advisory functions on matters delegated to it, in particular by ensuring the following, in the absence of people directly involved therein:

- submitting to the Board of Directors proposals for the remuneration of Directors vested with special powers and Officers with strategic responsibilities;
- periodically evaluating the criteria adopted for the remuneration of the Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports as well as of the Manager in charge of Internal Audit, supervising their application on the basis of information provided by the Chairman/Chief Executive Officer and by the corporate functions possibly involved in formulating general recommendations on the Board of Directors on this items;
- monitoring the implementation of the Board of Directors' decisions, in particular, by verifying the effective achievement of performance targets.

The Remuneration Committee, with the assistance of the Human Resources and Organization Department, analyzes the composition and disbursement of the remuneration of Directors vested with special powers, Officers with strategic responsibilities, the Manager in charge of Internal Audit and Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports.

In carrying out its duties, it can also request for the assistance of one or more independent firms specialized in the field of *executive compensation,* and able to make the appropriate comparisons between competitiveness and consistency with respect to the reference markets and governance systems required by current best practices, having also regard for i) the weight of their offices within the corporate structure, ii) the powers granted to them and the related range of discretion; iii) the individual economic impact.

Afterwards, the Remuneration Committee submits the so-defined Policy to the Board of Directors for the formal approval of the same, or, if the current Policy (after its first application) is still considered consistent with the Company's needs, market trends and the regulatory environment, it confirms the latter.

Once it has examined and approved the Policy, the Board of Directors submits a report thereupon for the advisory opinion of the shareholders.

c) *Any independent experts involved in the remuneration policy definition*

Not applicable.

It is also pointed out that the sources of information for the analysis of the remuneration competitiveness covered by the Policy, in particular, were provided by the following companies: *Hay Consulting, Mercer Consulting* and *Towers Watson.*

d) *The remuneration policy aims, guiding principles and any amendments to the remuneration policy with respect to the previous financial year*

The Company believes that the definition and implementation of the Remuneration Policy represents a primary tool aimed at:

- attracting, retaining and motivating highly-qualified management personnel within the Company and, more generally, within the Group;
- aligning the interests of management and shareholders;
- promoting the creation of shareholder value in the medium-long term, establishing a direct relationship between remuneration and performance.

By executing the Policy, the Company pursues:

- compliance with regulations of both legal and self-regulatory sources, as well as with the regulators' recommendations;
- governance of the Policy's definition and implementation process, in line and consistent with current best practices;
- an ongoing dialogue with market practices;
- a strong link between remuneration and results and sound risk management as a guarantee of its sustainability.

The definition of the Policy is the result of a fully outlined process in which the Company's Remuneration Committee and Board of Directors play a central role.

The Company's Remuneration Committee held on March 22, 2011 examined and approved a Policy consistent with the provisions of the Code of Conduct issued by the Corporate Governance Committee ; an explanatory memorandum of such Policy (the Remuneration Report) was subsequently submitted to the advisory opinion of the shareholders' meeting called to approve the 2010 financial statements held on May 25, 2011.

Following the new regulations introduced by CONSOB Resolution No. 18049 of December 23, 2011 in execution of the powers granted by Legislative Decree No. 259/2010, the Company has considered worthwhile preparing a new version of its Remuneration Policy which, while confirming the principles and guidelines already expressed in the previous version of the Policy itself, expresses them according to the new legal framework.

This new Policy has been adopted by the Company's remuneration Committee at its meeting held on March 28 2012; the subsequent Company's Board of Directors Meeting held on the same date has resolved to approve it and to submit an overall Remuneration Report concerning the Policy itself to the consultative vote of the Company's annual general shareholders' meeting held on May 29 2012.

The Company now, while confirming the Policy in force, has anyway decided, with reference to the Policy's effective implementation and application in 2013, to adopt certain updates which could be summarized as follows:

1. To adopt a new approach of representing the relative % impact of the single components the pay-mix is made up of on the pay-mix itself, by introducing the reference to the achievement of the targets "forecasted in the budget" instead of the previous approach based on the "full targets achievement" to describe the above mentioned impact; this new approach seems more consistent than the previous one with reference to the present economic situation, when the targets' achievement is becoming increasingly challenging as, by avoiding the previous reference to the full targets achievement, allows a more realistic representation of the remunerations the Policy is focused on;
2. To foresee, for the financial year 2013, that one of the targets to be assigned on individual basis to each of the beneficiaries of the Short Term Variable Component (MBO) of the remuneration should compulsorily be the target linked to the achievement of the profitability target of reference and that this target should have an adequate weight compared to the overall targets weight;
3. To provide even more details about non-monetary benefits the beneficiaries of the Policy are entitled to.

e) *Description of the policies in terms of fixed and variable components of remuneration, with particular reference to the indication of the relative weight within the overall remuneration and distinguishing between short and medium-long term variable components.*

A) VARIABLE COMPONENTS

Under the Policy, the variable components of remuneration are the following:

1) Short-Term Variable Component (MBO)

i) Directors vested with special powers and Officers with strategic responsibilities

The yearly variable remuneration for Directors vested with special powers and Officers with strategic responsibilities is established by the Board of Directors upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors, in relation to the achievement of the annual targets assigned. Such targets are predetermined and measurable, and are in any case linked to value creation for the Company and the shareholders in the medium to long term; by way of example, but not limited thereto, these targets may be linked to the Company's and/or the Group's financial position and results of operations, the adoption of governance best practices, sustainable development and implementation of strategic projects for the Company.

ii) Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports

The variable remuneration on an annual basis in favor of officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports is defined by them with the support of Human Resources and Organization Department, in relation to achievement of annual targets assigned.

Such targets are predetermined and measurable, and are in any case linked to value creation for the Company and the shareholders in the medium to long term; by way of example, but not limited thereto, these targets may be linked to the Company's and/or the Group's financial position and results of operations, the adoption of governance best practices, sustainable development and implementation of strategic projects for the Company.

2) Medium-Long Term Variable Component (LTI)

Two different long-term incentive plans are currently in place: one for Directors vested with special powers and Officers with strategic responsibilities and one for the other officers – Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports.

i) Directors vested with special powers and Officers with strategic responsibilities

Among the Directors entrusted with special powers, the Chairman/Chief Executive Officer was the recipient of a stock option plan for directors, approved by the Company's Board of Directors on May 14, 2002 in execution of the Meeting's resolution of May 3, 2002.

This plan provided for one-year cycles.

The Officers with strategic responsibilities were the recipients of a stock option plan for top management approved by the Company's Board of Directors on March 27, 2001.

Such plan provided for one-year cycles.

The Company's Shareholders Meeting held on May 25, 2011, on the proposal of the Board of Directors (which, in formulating its proposal, took into account the results of analyzes on executive compensation carried out on behalf of the Company by independent advisors having extensive experience and international standing), decided to replace such systems of incentives for Directors vested with special powers and Officers with strategic responsibilities, with respect to the portion not yet executed, with a new tool on a monetary basis ("Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for directors and officers with strategic responsibilities").

The new long-term monetary incentive plan is based on three-year cycles depending on the medium-long term performance of the Company and / or the Group.

This plan aims at:

- tying the overall treatment of participants to the Company's performance in the medium-long term by rewarding the achievement of certain strategic targets, and the consequent "value creation" for shareholders;
- ensuring maximum transparency and compliance with best governance criteria of the overall salary package of participants.

The corporate body responsible for decisions relating to the plan is the Board of Directors, which passes resolutions upon proposals of the Remuneration Committee with the technical and operational support of the Head of Human Resources and Organization Department.

The plan provides for awarding participants a number of rights, determined by dividing the MBO Payout by the normal value of shares at grant date and then proportioning the resulting value to the weight of each individual position, which, multiplied by the value of shares at payment date, will enable participants to obtain payment of an incentive.

The right to obtain the granting of premium linked to the long-term monetary incentive plan is indeed subject to:

a) the achievement of annual targets assigned to each participant under the annual incentive tool (MBO) by the Board of Directors on proposal of the Remuneration Committee in each year making up each cycle. Such targets, defined consistently with the powers granted to each of them, are linked to the Company's financial position and results of operations and other targets specifically attributed such as, for example, targets regarding governance, risk management, sustainable development and related to the implementation of strategic projects. The control over the achievement of such targets is made by the Remuneration Committee and, where appropriate, by independent experts;
b) the expiration of the entire three-year period of each of the plan's cycles and the uninterrupted holding of the office or employment relationship for each individual recipient. Before the expiration of such period no right accrues to partial or pro rata disbursements. The allocation of the amount actually accrued takes place in April of the year following the end of the three-year reference period.

ii) <u>Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports</u>

The Officers reporting directly to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports were the recipient of a stock option plan for officers, approved by the Company's Board of Directors on March 27, 2001.

Such plan provided for one-year cycles.

The Company's Shareholders Meeting held on May 25, 2011, acting on the proposal of the Board of Directors (which, in formulating its proposal, took into account the results of analyzes on executive compensation carried out on behalf of the Company by independent advisors having extensive experience and international standing), decided to replace such systems of incentives for Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports, with respect to the portion not yet executed, with a new tool on a monetary basis ("Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for company officers").

This plan aims at:

- tying the overall treatment of participants to the Company's performance in the medium-long term by rewarding the achievement of certain strategic targets, and the consequent "value creation" for shareholders;
- ensuring maximum transparency and compliance with best governance criteria of the overall salary package of participants.

The corporate body responsible for decisions relating to the plan is the Board of Directors, which passes resolutions upon proposals of the Remuneration Committee with the technical and operational support of the Head of Human Resources and Organization Department.

The Board of Directors delegates the operational management of the plan to the Chairman/Chief Executive Officer.

The Plan provides for awarding participants a number of rights, determined by dividing the MBO Payout by the normal value of shares at grant date and then proportioning the resulting value to the weight of each individual position, which, multiplied by the value of shares at payment date, will enable participants to obtain payment of an incentive.

The right to obtain the granting of premium linked to the long-term monetary incentive plan is indeed subject to:

a) the achievement of annual targets assigned to each participant under the annual incentive tool (MBO) by the Board of Directors on proposal of the Remuneration Committee in each year making up each cycle. Such targets, defined consistently with the powers granted to each of them, are linked to the Company's financial position and results of operations and other targets specifically attributed such as, for example, targets regarding governance, risk management, sustainable development and related to the implementation of strategic projects. The control over the achievement of such targets is made by the Remuneration Committee and, where appropriate, by independent experts;
b) the expiration of the entire three-year period of each of the plan's cycles and the uninterrupted holding of the office or employment relationship for each individual recipient. Before the expiration of such period no right accrues to partial or pro rata disbursements. The allocation of the amount actually accrued takes place in April of the year following the end of the three-year reference period.

B) FIXED COMPONENTS AND OVERALL REMUNERATION

As a result of the foregoing, the overall treatment approved according to the Policy, inclusive of the fixed component of remuneration, may be represented as follows for the different beneficiaries:

a) Remuneration of Officers with Strategic Responsibilities

The Company's Board of Directors identified as Officers with strategic responsibilities, in addition to the Chief Operating Officer, whose remuneration is given ample representation under point 6) above, the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports: the following are principles that currently govern the remuneration of the latter.

The remuneration of Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports is established by the Board of Directors upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors.

The components of the remuneration of the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports are:

a) an annual fixed component;

b) an annual variable component linked to the achievement of specific business targets *(Management By Targets);*

c) a cash medium-long term variable component *(Long Term Incentive)* linked to the performance of Italmobiliare shares and to the achievement of the targets related to the previous point b).

Having defined the overall remuneration package as sum of the three components listed above in the event of targets forecasted in the budget related to components b) and c) are achieved, it is pointed out that such targets and the related remuneration are referred to the position of Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports within the Group, and the relative weight of the same can be approximately represented as follows:

a) the weight of the yearly fixed component is approximately equal to 65% of total remuneration;

b) the weight of the annual variable component *(MBO)* is approximately equal to 20% of total remuneration. Such variable component cannot in any case exceed 60% of the fixed component as per letter a) above;

c) the medium-long term variable component *(LTI),* currently based on three-year cycles as to the annual amount thereof, has a weight equal to about 15% of total remuneration.

Such variable component cannot in any case, over the entire three-year period of duration of each plan, exceed 100% of the fixed component referred to under letter a) above, as granted throughout the plan execution periods.

With reference to the variable components of remuneration for Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports referred to under letters b) and c) above, the Remuneration Committee:

- annually, makes proposals for the assignment of MBO targets to be submitted to the Board of Directors for approval;
- in the following financial year, monitors the degree of achievement of MBO targets and verifies the performance achieved;
- at the end of each three-year reference period, verifies the level of achievement of LTI.

For the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports, the company currently has in place a long-term incentive plan based on financial instruments referred to in e) A) 2) i) of this Report.

The Board of Directors may also grant special awards, exceptionally, upon occurrence of significant, specific and unforeseen, circumstances in order to remunerate Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, i) if the overall remuneration components are considered to be objectively inappropriate to the performance achieved, within the limits of the upper limits set in the Policy, or ii) in relation to specific activities and/or extraordinary transactions in terms of strategic relevance and impact on the Company's and/or the Group's results of operations.

The Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports is entitled to receive non-monetary benefits (for example company car for personal use also) as well as the other benefits described here below under point m), in line with market practice.

b) Remuneration of the Manager in charge of Internal Audit

The remuneration of the Manager in charge of Internal Audit is established by the Board of Directors upon proposal of the Remuneration Committee based on the opinion of the Director in charge of Internal Control and Risk Management system.

The remuneration comprises a fixed annual component and a variable component on an annual basis.

The variable component is aligned to the Group's MBO and does not provide for any target related to the Company's results of operations, but only targets linked to the improvement of the Internal Control system's effectiveness and functionality .

The weight of the annual fixed and variable (MBO) components of the Manager in charge of Internal Audit is respectively 75% and 25% of his/her overall remuneration.

It's important to highlight that, in line with market best practices, the higher relative weight of the fixed component of the remuneration of the Manager in charge of Internal Audit and the setting of targets not related to business performance but instead linked to the full and effective implementation of own tasks are aimed at ensuring to this role, also from the point of view of the definition of the remuneration, the best possible conditions for duly accomplishment of own responsibilities.

The Manager in charge of Internal Audit is entitled to receive non-monetary benefits (for example company car for personal use also) as well as the other benefits described here below under point m), in line with market practice.

c) Remuneration of Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports

The remuneration of Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports is defined by them with the support of Human Resources and Organization Department.

The components of the remuneration of Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports are the following:

a) an annual fixed component;
b) an annual variable component linked to the achievement of specific business targets *(Management By Targets);*
c) a variable medium-long term component *(Long Term Incentive),* cash-based, linked to the performance of "Italmobiliare S.p.A. - Ordinary" shares and also to the achievement of the targets related to the previous point b).

Having defined the overall remuneration package as sum of the three components listed above in the event of targets forecasted in the budget related to components b) and c) are achieved, it is pointed out that such targets and the related remuneration are referred to the Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, and the relative weight of the same can be approximately represented as follows:

a) the weight of the yearly fixed component is approximately equal to 70% of total remuneration;
b) the weight of the annual variable component *(MBO)* is approximately equal to 20% of total remuneration.
   Such variable component cannot in any case exceed 70% of the fixed component as per letter a) above;
c) the medium-long term variable component *(LTI),* currently based on three-year cycles as to the annual amount thereof, has a weight equal to about 10% of total remuneration.

With respect to the variable components of the remuneration of Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports under letters b) e c) above, the Human Resources and Organization Department:

- defines, annually, proposals for the assignment of MBO targets to be submitted to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, depending on the officer's position within the organizational structure;

- in the following financial year, monitors and submits to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports the degree of achievement of MBO targets and verifies the performance carried out;
- at the end of each three-year reference period, verifies the level of achievement of LTI, submitting the results to the approval of the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports.

The Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports are entitled to receive non-monetary benefits (for example company car for personal use also) as well as the other benefits described here below under point m), in line with market practice.

f) *Policy followed with regard to non-monetary benefits*

Please refer to the description under points e) and n) for non-monetary benefits respectively granted to i) Officers with strategic responsibilities and Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, and ii) Directors vested with special powers and other Directors.

g) *With reference to variable components, a description of performance targets based on which they are assigned, distinguishing between short and medium-long term variable components, and information on the link between variation of results and variation of remuneration*

Reference is made to that represented under points e) A) 1) i), e) A) 1) ii), e) A) 2) i) and e) A) 2) ii).

h) *Criteria applied for the evaluation of performance targets forming the basis for the allocation of shares, options, other financial instruments or other variable components of the remuneration*

Consistently with the information provided under points e) B) a), e) B) b) and e) B) c), the definition and verification of the correct implementation of the criteria used for the performance targets' evaluation are on each occasion carried out by of the Remuneration Committee with the support of the Human Resources and Organization Department.

i) *Information aimed at highlighting the consistency of the remuneration policy with the company's long-term objectives' pursue and its risk management policy, where formalized*

By applying the Policy, the Company pursues a strong link between remuneration and results of operations and a sound risk management as guarantee of its sustainability.

According to the above, the Remuneration Committee periodically evaluates, among other things, the criteria adopted for the remuneration of Directors and Officers with strategic responsibilities, supervising their implementation based on information provided by the Chairman/Chief Executive Officer and any corporate functions involved and formulating general recommendations to the Board of Directors on the subject.

j) *Vesting period, any deferred payment system, with the indication of periods of deferment and of the criteria used for the establishing such periods and, if applicable, ex-post correction mechanism*

Not applicable.

See also Section I - letter e) A) 2) for detailed information on the functioning of the Medium-Long term Variable Component (LTI) which make also reference to the related plans rules.

As far as the policy is concerned it should also be highlighted that, on the basis of these rules, a) any payment of the incentive amount is deferred to the first half of the fourth year following the year the beneficiary has been made eligible to participate to the plan, while no amounts could be paid to the beneficiary or anyway accrued by him/her during the three years of the plan cycle duration; b) in any case, the payment of any incentive accrued is subject to the further condition that the beneficiary has completed the three-years cycle duration and is still working for the Company at the date of the payment itself.

These additional conditions, having the effect of significantly deferring the moment of the effective payment, allow the adoption of possible corrective measures if needed.

k) Information about the possibility of introducing provisions for maintaining financial instruments in the portfolio after acquisition thereof, indicating the periods of maintenance and the criteria used for establishing such periods

Not applicable.

l) Policy on treatment provided for termination of office or termination of employment agreement events, specifying the circumstances which determine the onset of the right thereto and the possible link between such treatment and the company's performance;

The Company has not entered into specific agreements with the Directors vested with special powers and Officers with strategic responsibilities aimed at regulating, at the outset, the financial consequences resulting from a possible early termination of employment relationship caused by the Company or the individual employee.

With reference to the other offices, in the event of termination of the employment agreement with the Company for reasons other than just cause, it is considered appropriate to pursue out-of-court settlements on an equitable basis, to the extent allowed by the law, as well as the benchmarks and existing good practice for similar positions, except as may be required by rules and agreements in force, and in particular by the collective bargaining agreement for Executives of companies producing goods or providing services.

There is no provision for the granting of extraordinary remuneration to Directors not vested with special powers due to termination of the office.

The Company does not, in general, enter into specific non-competition agreements with its Officers with strategic responsibilities, designed to pay out financial consideration, during the employment relationship or subsequently to termination thereof, related to the respective fixed remuneration in relation to the term and geographical, business scope and product sector of the constraints arising from same.

m) Information on the presence of any insurance, or pension or retirement, coverage other than the mandatory one

Specific health and safety insurance policies consistent with what represented under letter n) below are provided for the Chairman/Chief Executive Officer and the Chief Operating Officer.

The Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports and the Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports, in line with market practices, are entitled to participate, in addition to what is specifically foreseen by the collective bargaining agreement for Executives of companies producing goods or providing services, to supplementary retirement schemes, healthcare insurance plans and life insurance plans.

n) Remuneration policy possibly followed in regard of: (i) independent directors, (ii) participation in committees and (iii) performance of particular tasks (Chairman, Deputy Chairman, etc.).

The Company's Board of Directors consists of two categories of directors:

a) Directors vested with special powers;
b) Directors not vested with special powers.

As of December 31, 2012, the members of the Company's Board of Directors were divided in the two categories as shown below:

a) Giampiero Pesenti Chairman/Chief Executive Officer • Italo Lucchini Deputy Chairman • Carlo Pesenti Chief Operating Officer;

b) Mauro Bini • Giorgio Bonomi • Gabriele Galateri di Genola • Jonella Ligresti • Sebastiano Mazzoleni • Luca Minoli • Gianemilio Osculati • Giorgio Perolari • Clemente Rebecchini • Paolo Domenico Sfameni • Livio Strazzera.

The shareholders' meeting held on May, 25 2011 granted to the Board of Directors' members an annual remuneration of € 45,000, increased to € 90,000 for those being also members of the Executive Committee.

Such amount is increased for Directors who are members of Board's Committees, and for Chairmen of the latter.

In compliance with best practices in place for Directors not vested with special powers, no variable component of remuneration is provided for, while they are reimbursed expenses incurred in performing their office.

Lastly, an insurance policy, in line with existing practices, has been taken out for civil liability to third parties of Directors for events related to the exercise of their functions, in compliance with the provisions set forth with regard to corporate offices, except in cases of willful misconduct and gross negligence.

The remuneration of Directors vested with special powers, is directly established at the time of appointment, or at a subsequent useful meeting, by the Board of Directors acting upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors.

The components of the remuneration of Directors vested with special powers are as follows:

A) Chairman/Chief Executive Officer and Chief Operating Officer:

a) an annual fixed component;

b) an annual variable component linked to the achievement of specific business targets *(Management By Objectives);*

c) a cash medium-long term variable component *(Long Term Incentive)* linked to the performance of Italmobiliare shares and also to the achievement of the targets related to previous point b).

Having defined the overall remuneration package as sum of the three components listed above in the event of targets forecasted in the budget related to components b) and c) are achieved, it is pointed out that such targets and the related remuneration are referred to the position of Director vested with special powers within the Company, and the relative weight of the same can be approximately represented as follows:

a) the weight of the yearly fixed component is approximately equal to 60% of the Chairman/Chief Executive Officer's and 40% of the Chief Operating Officer's overall remuneration;

b) the weight of the annual variable component (MBO) is approximately equal to 20% of the Chairman/Chief Executive Officer's and 30% of the Chief Operating Officer's overall remuneration;

   Such variable component cannot exceed 60% of the fixed component referred to in letter a) above for the Chairman/Chief Executive Officer and 120% of said amount for the Chief Operating Officer;

c) the medium-long term variable component (LTI), currently based on three-year cycles, in its annual amount, represents about 20% of the Chairman/Chief Executive Officer's and 30% of the Chief Operating Officer's overall remuneration.

   Such variable component cannot in any case, over the entire three-year period of duration of each plan, exceed 200% of the fixed component referred to under letter a) above, as granted throughout the plan execution periods for the Chairman/Chief Executive Officer and 400% of said amount for the Chief Operating Officer.

With reference to the variable components of remuneration of Directors vested with special powers referred to under letters b) and c) above, the Remuneration Committee:

- annually, makes proposals for the assignment of MBO targets to be submitted to the Board of Directors for approval;
- in the following financial year, monitors the degree of achievement of MBO targets and verifies the performance achieved;
- at the end of each three-year reference period, verifies the level of achievement of LTI.

For the Directors vested with special powers, the Company currently has in place a long-term incentive plan based on financial instruments referred to in letter e) A) 2) i) of this Report.

The Chairman/Chief Executive Officer is entitled to a "Severance pay", which will accrue at the end of each term of office.

Such compensation has been calculated so as to not exceed 3 years of remuneration and it will not be granted if termination of office is due to the attainment of objectively inadequate results.

In addition to benefits usually provided for similar positions, the Chairman/Chief Executive Officer is also entitled to an illness and injury policy, and reimbursement of expenses incurred to attend meetings and conferences, etc..

Total compensation granted to the Chief Operating Officer includes fees paid to him by the Company as remuneration voted in favor of Mr. Carlo Pesenti, its Chief Executive Officer, by the subsidiary Italcementi S.p.A., which is charged the full cost including social security charges related to the contributions paid by the company and the legal severance indemnity.

Benefits are provided for the Chief Operating Officer in line with those of the Chairman/Chief Executive Officer.

The Board of Directors may also grant special awards, exceptionally, upon occurrence of significant, specific and unforeseen, circumstances in order to remunerate Directors vested with special powers, i) if the overall remuneration components are considered to be objectively inappropriate to the performance achieved, within the limits of the upper limits set in the Policy, or ii) in relation to specific activities and/or extraordinary transactions in terms of strategic relevance and impact on the Company's and / or the Group's results of operations.

B) Deputy Chairman:

The Deputy Chairman's remuneration consists of a fixed component defined in accordance with the rules under letter n) above.

o) Whether the remuneration policy was defined using the remuneration policies of other companies as a reference and, if so, the criteria used for the selection of such companies

Not applicable.

SECTION II

I.1 – PART ONE

1.1. Full representation of the remuneration components, including the treatment provided for termination of office or termination of the employment agreement, and their consistency with the reference Policy has already been given in Section I of this report;

With respect to incentive plans based on financial instruments, please find below information concerning the plans in place.

Stock Option Plan for Directors 2002

In execution of the shareholders' resolution of May 3, 2002, the Company's Board of Directors meeting of May 14, 2002, approved the stock option plan for directors who are vested with special powers in accordance with the articles of association, or those who perform specific operating duties. The corresponding regulations later underwent non-significant changes.

Overall # 442,500 options were granted.

The Board of Directors decided not to proceed to any further allocation based on the same plan, which, therefore, should be considered closed except for the terms provided to each beneficiary for the exercise of options already granted.

Stock Option Plan for Officers 2001

By resolution of the Board of Directors on March 27, 2001, the Company approved a stock option plan for company officers.

Overall # 424,494 options, # 201,500 of which to the Chief Operating Officer, were granted to Group officers.

The Board of Directors decided not to proceed to any further allocation based on the same plan, which, therefore, should be considered closed except for the terms provided to each beneficiary for the exercise of options already granted.

During 2012, none of the Company Directors and Officers beneficiary of stock option plans exercised the respective rights already accrued.

Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for directors and officers with strategic responsibilities - 2011

The main features of the Plan are the following.

a) Reasons for the Adoption of the Plan

These may be summarized as follows:

- to tie the overall treatment of participants' performance to the Company's medium-long term performance and to "value creation" for shareholders;
- to reward the achievement of targets of each participant, ensuring the highest involvement of the Company's top management on its performance and increasing the sense of belonging of participants, encouraging them to remain at the Company.

b) Plan Management

The corporate body responsible for decisions relating to the plan is the Board of Directors, with the support of the Remuneration Committee and, where necessary, after consulting the Committee for transactions with related parties, including through the support of the Head of the Human Resources and Organization Department.

More specifically, the Board of Directors will be responsible for:

- identifying the individual participants for each cycle;
- determining attainable amounts;
- assessing the degree of achievement of the MBO Payout of each participant in each cycle;
- deciding the date of commencement of the availability period.

The Board of Directors will report periodically on the progress of the plan to shareholders at the ordinary meeting to approve the company's financial statements.

The assessment as to whether to revise the plan is left to the discretion of the Board of Directors, after consultation with the Remuneration Committee.

c) Beneficiaries of the Plan

Beneficiaries of the plan are certain Directors and Officers with strategic responsibilities of Italmobiliare.

The plan is offered to participants considering the relevance of the functions attributed to them for the achievement of the Company's strategic targets.

Being a member of the Company's Board of Directors or having an office within the Company as Officer with strategic responsibilities are eligibility requirements to be admitted to the monetary incentive plan.

d) Term and Constraints of the Plan

The plan term is 3 (three) three-year cycles from 2011 to 2019. The term of the first cycle will be in the period 2011-2013.

The Board of Directors, on the proposal of the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, will establish, under the plan, attainable amounts as incentives for each participant, according to an overall assessment, which, taking into account the general trend of business and each participant's strategic position for the purpose of achieving the Company's long-term goals, will focus on:

i) the weight of the participant's position in the Company's structure,
ii) consistency with the principles of "overall remuneration" underlining the Company's remuneration policy.
iii) overall Payout of annual MBO plans during the relevant period of the plan.

Accrual of the incentive is conditional upon at least achieving one MBO Payout in any year within the period of performance monitoring. The amount of the incentive is proportional to the sum of the Payout for each year of the relevant three-year period.
It will be the responsibility of the Board of Directors, after hearing the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, with the support of Human Resources and Organization Department, to verify and assess the degree of achievement of the MBO Payout in the period of performance monitoring, thus determining the number of rights actually accrued by each participant.

e) Plan Implementation Procedures and Terms

The plan provides a number of rights to the participants, determined by dividing the MBO Payout by the normal value of the shares at grant date and then proportioning the resulting value to the weight of each individual's position in accordance with point d) above, which, multiplied by the value of the shares on the date of payment, will enable participants to obtain payment of an incentive.

Without limitation to the right of the Board of Directors to decide otherwise, participation in the plan is inherently and functionally related to, and conditioned by, the permanence of each participant in the position held at the time of assignment for the entire duration of the cycle.

Generally:

i) in case of expiry of term or changes in the office held as Director: Subject to any exceptions for specific cases established by the Board of Directors having heard the Committee and, when applicable, the opinion of the Committee for Transactions with Related Parties, the following provisions will be applied to the cases mentioned below:

a) in case of revocation of, or change in, position during the cycle, the Board of Directors may, at its discretion, based on the Remuneration Committee's opinion, and in consideration of the reasons motivating the revocation or change, evaluate on an equitable basis the possibility of paying out a compensatory lump sum bonus, commensurate with the portion of period and the transitional partial degree of achievement of the MBO Payout;

b) in case of death of the participant during the cycle, the above will apply; if death occurs once the MBO Payout is obtained, the participant's heirs will be acknowledged the right to obtain payment of any bonus accrued.

ii) in case of termination of employment: except for the specific cases listed below in this paragraph and without limitation to the right of the Board of Directors to decide otherwise, the rights accruing to participants in relation to accrued rights are inherently and functionally related to, and conditioned by, the persistence of the participant's employment relationship with the Company at the time of the beginning of the availability period.

Subject to any exceptions for specific cases established by the Board of Directors, the following provisions will apply to the situations mentioned below:

a) in the event of termination of employment due to dismissal or resignation, which occurred after the expiration of the period of performance monitoring, but before the availability period, the general principle will apply and thus the participant will permanently and automatically lose the right to obtain the incentive;
b) in cases of consensual termination of employment or resignation for retirement, or after becoming an invalid, howsoever occurred after the end of the period of performance monitoring, or if the participant has reached the MBO Payout, he / she will retain the right to obtain the incentive if, after the date of termination, the accrual of rights actually occurs;
c) in case of the participant's death occurring after the end of the period of performance monitoring, or if the participant has reached the MBO payout, the rights possibly accrued by the same under this plan will be awarded to the participant's heirs on production, by the latter, of the necessary documentation proving such qualification.

If, during the period of performance monitoring, the transfer of the participant's employment relationship occurs between the Company and its subsidiaries, regardless of the manner by which such transfer occurred, or the participant's organizational position is changed with a consequent change in the latter's responsibilities, the relevant MBO Payout will also be updated in line with the new position.
In any case, the Board of Directors may define an equitable amount payable to the participant in relation to the activities carried out till then.

The provisions described above may be modified by the Board of Directors to ensure participants a treatment equivalent to the one offered initially.

f) Other Powers Assigned to the Board of Directors

The Board of Directors, having heard the Remuneration Committee, may temporarily suspend the effects deriving from the accrual of rights for participants in case of specific and particular needs such as, by way of example but not limited to, changes in legal and regulatory provisions, excluding tax provisions, applicable to the legal relationships arising from the Plan.

The suspension of the effects deriving from the accrual of rights for participants will also take place in any case in which such circumstances may occur as, by way of example but not limited to, corporate transactions, mergers and demergers having an effect on the Company's share capital, increase and reduction of the Company's share capital, changes to the Bylaws relating to the Shares such as to affect the conditions governing the implementation of the Plan, possibly altering the economic and financial conditions and jeopardizing its aims as defined under the preceding point a).

The Board of Directors may, in all cases mentioned above and having heard the Remuneration Committee's opinion, amend or integrate the plan, the cycle and the Regulation, or order the lapse of the same plan if it is no longer consistent with the Company's situation, subject to any rights acquired in the meantime as a result of the three-year period of reference having elapsed and the other requirements and conditions of the Regulation being met.

g) Any support for the plan by the special Fund for the encouragement of employee participation in enterprises, pursuant to Art. 4, paragraph 112, of Law No. 350 dated December 24, 2003

Not applicable

Long-term monetary incentive plan linked to the performance of Italmobiliare shares, for company officers - 2011

The main features of the Plan are the following.

a) Reasons for the Adoption of the Plan

These may be summarized as follows:

- to tie the overall treatment of participants' performance to the Company's medium-long term performance and to "value creation" for shareholders;
- to reward the achievement of targets of each participant, ensuring the highest involvement of the Company's top management on its performance and increasing the sense of belonging of participants, encouraging them to remain at the Company.

b) Plan Management

The corporate body responsible for decisions relating to the plan is the Board of Directors, which empowers the Chairman/Chief Executive Officer to manage the plan operationally, with the support of the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, also through the technical support of the Head of Human Resources and Organization.

More specifically, the Chief Executive Officer will be responsible for:
- identifying the individual participants for each cycle;
- determine attainable amounts;
- assessing the degree of achievement of the MBO Payout of each participant for each cycle;
- deciding the date of commencement of the availability period.

The Chief Executive Officer will periodically report on the plan to shareholders at the time of the ordinary meeting to approve the financial statements.

The assessment as to whether to revise the plan is left to the discretion of the Chief Executive Officer who, after hearing the Remuneration Committee's opinion, reports to the Board of Directors.

c) Beneficiaries of the Plan

Beneficiaries of the plan are certain Officers of Italmobiliare.

The plan is offered to participants considering the relevance of the functions attributed to them for the achievement of the Company's strategic targets.

To be an employee of the Company without being in the notice period for dismissal or resignation are eligibility requirements to be admitted to the monetary incentive plan.

d) Term and Constraints of the Plan

The plan term is 3 (three) three-year cycles from 2011 to 2019. The term of the first cycle will be in the period 2011-2013.

The Chief Executive Officer will, under the plan, on proposal of the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, establish amounts attainable as an incentive by each of the Participants, in accordance with a comprehensive assessment that, given the general trend of business and strategic position of each participant for the purpose of achieving the Company's long-term goals, will focus

i) on the weight of the participant's position within the Company's structure,
ii) consistency with the principles of "overall remuneration" underlining the Company's remuneration policy.
iii) the overall Payout of annual MBO plans in the relevant period of the plan.

Accrual of the incentive is conditional upon at least achieving one MBO Payout in any year within the period of performance monitoring. The amount of the incentive is proportional to the sum of the Payout for each

year in the relevant three-year period.
It will be the responsibility of the Chief Executive Officer, after hearing the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, with the support of Human Resources and Organization Department, to verify and assess the degree of achievement of the MBO Payout in the period of performance monitoring, thus determining the number of rights actually accrued by each participant.

e) Plan Implementation Procedures and Terms

The plan provides for the grant of a number of rights to participants, determined by dividing the MBO Payout by the normal value of the shares at grant date and then proportioning the resulting value to the weight of each individual's position in accordance with point d) above, which, multiplied by the value of the shares on the date of payment, will enable participants to obtain payment of an incentive.

Without limitation to the right of the Chief Executive Officer to provide otherwise, and except for the specific cases listed below in this paragraph, the rights accruing to Participants in relation to vested rights are intrinsically and functionally related and conditioned to the persistence of the participant's employment relationship with the Company at the beginning of the availability period.

Without prejudice to possible exemptions for specific cases as established by the Chief Executive Officer, the following rules will apply to the cases mentioned below:

a) in the event of termination of employment due to dismissal or resignation, which occurred after the expiration of the period of performance monitoring, but before the availability period, the general principle will apply and thus the participant will permanently and automatically lose the right to obtain the incentive;
b) in cases of consensual termination of employment or resignation for retirement, or after becoming an invalid, howsoever occurred after the end of the period of performance monitoring, or if the participant has reached the MBO Payout, he / she will retain the right to obtain the incentive if, after the date of termination, the accrual of rights actually occurs;
c) in case of the participant's death occurring after the end of the period of performance monitoring, or if the participant has reached the MBO payout, the rights possibly accrued by the same under this plan will be awarded to the participant's heirs on production, by the latter, of the necessary documentation proving such qualification.

If, during the period of performance monitoring, the transfer of the participant's employment relationship occurs between the Company and its subsidiaries, regardless of the manner by which such transfer occurred, or the participant's organizational position is changed with a consequent change in the latter's responsibilities, the relevant MBO payout will also be updated in line with the new position.
In any case, the Chief Executive Officer may define an equitable amount payable to the participant in relation to the activities carried out till then.

The provisions described above may be modified by the Chief Executive Officer to ensure Participants a treatment equivalent to the one offered initially.

f) Other Powers Assigned to the Chief Executive Officer

The Chief Executive Officer, having heard the Remuneration Committee's opinion, may temporarily suspend the effects deriving from the accrual of rights for participants in case of specific and particular needs such as, by way of example but not limited to, changes in legal and regulatory provisions, excluding tax provisions, applicable to the legal relationships arising from the Plan.

The suspension of the effects deriving from the accrual of rights for participants will also take place in any case in which such circumstances may occur as, by way of example but not limited to, corporate transactions, mergers and demergers having an effect on the Company's share capital, increase and reduction of the Company's share capital, changes to the Bylaws relating to the Shares such as to affect the conditions governing the implementation of the Plan, possibly altering the economic and financial conditions and jeopardizing its aims as defined in the preceding point a).

The Chief Executive Officer may, in all cases mentioned above and having heard the Remuneration Committee's opinion, amend or integrate the plan, the cycle and the Regulation, or order the lapse of the same plan if it is no longer consistent with the Company's situation, subject to any rights acquired in the meantime as a result of the three-year period of reference having elapsed and the other requirements and conditions of the Regulation being met.

*g) **Any support for the plan by the special Fund for the encouragement of employee participation in enterprises, pursuant to Art. 4, paragraph 112, of Law No. 350 dated December 24, 2003***

Not applicable

1.2. Full representation in Section I of this Report was given of the agreements that provide for indemnity for early termination of contracts; the following information are also provided:

- the possible existence of such agreements, providing negative information if they are not present;

  See section I - letter l);

- the criteria for calculating the indemnity payable to each person. If the indemnity is expressed in connection with the annual salary, indicate the components of such annual salary in detail;

  See section I - letter l);

- the possible presence of performance criteria which the granting of remuneration is linked to;

  Not applicable;

- the possible effects of the employment contract termination on rights granted under incentive plans based on financial instruments or to be disbursed on a cash basis;

  See section II I.1 - PART ONE - 1.1; with respect to the long-term monetary incentive plan for directors and key management personnel - letter e); with respect to the long-term monetary incentives Plan linked to the appreciation of Italmobiliare shares for officers - letter e).

  Furthermore:

  1) With respect to the Stock option plan for directors - 2002: the exercise of stock option rights was subject to the condition that the director beneficiary of the Plan had regularly concluded his / her office during the term of which the options had been granted without early resignation being given and without a revocation measure being decided by the shareholders' meeting;
  2) With respect to the Stock option plan for officers - 2001: as a general rule, stock option rights not yet exercised will not be recognized - except in case of retirement - in the event of interruption of the employment relationship within the Group.

  In case of death of the holder of options, these may be exercised by successors within six months of his death provided that such term falls within the period of exercisability of the options.

- cases in which the right to indemnity accrues;

  See section I - letter l);

- possible existence of agreements that provide for granting or maintaining non-monetary benefits in favor of persons who have ceased their assignment or entering into consulting contracts for a period following termination of employment;

  Not applicable;

- possible existence of agreements that provide for remuneration due to non-competition commitments;

The Company, in general, does not conclude specific non-competition agreements with its Officers with strategic responsibilities, designed to pay consideration in cash, during the employment or after the termination thereof, related to their respective fixed remuneration in relation to the geographical extent, term and kind of business of the constraints arising from the same agreement;

- with reference to the directors who have terminated their office during the financial year, any deviations in defining their indemnity with respect to the provisions of the reference agreement;

  Not applicable;

- Where specific agreements are not provided, explain the criteria by which accrued indemnity was defined;

  Not applicable.

* * *

Dear Shareholders,

We invite you to adopt the following resolution:

"The Shareholders' Meeting of Italmobiliare S.p.A. held on May __ , 2012,

- having acknowledged the report prepared by the Directors,

hereby resolves

In favor of / against

the first section of the Report on Remuneration illustrated above.

I.2 – PART TWO

Remuneration paid to the Members of the Governing and Supervising Bodies, to the Chief Operating Officers and other officers with Strategic Responsibilities

Name, last name	Position	Period during which the office was held	End of office term	Fixed remunera tion	Remuneration for taking part in committees	Variable non-equity remuneration: Bonuses and other incentives	Variable non-equity remuneration: Profit sharing	Non-monetary benefits	Other remunera tion	Total	Fair value of equity remunera tion	End-of-service bonus and severance indemnity
Giampiero Pesenti	Chairman/Chief Executive Officer Executive Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				690,000		0		241,895		931,895		
(II) Remuneration from subsidiaries and affiliated companies				1,124,518		3,449,750		211,653		4,785,921		
			Total	1,814,518		3,449,750		453,548		5,717,816		
Italo Lucchini	Deputy Chairman Remuneration Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				155,000	15,000					170,000		
(II) Remuneration from subsidiaries and affiliated companies				88,240	15,000					103,240		
			Total	243,240	30,000					273,240		
Carlo Pesenti	Director Chief Operating Officer	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				353,357		9,457		32,140		394,954		
(II) Remuneration from subsidiaries and affiliated companies (*)				1,245,000		587,500				1,832,500		
			Total	1,598,357		596,957		32,140		2,227,454		
Mauro Bini	Director Control and Risk Committee Supervising Body Committee for Transactions with Related Parties	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000	60,000					105,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	45,000	60,000					105,000		
Giorgio Bonomi	Director Control and Risk Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000	35,000					80,000		
(II) Remuneration from subsidiaries and affiliated companies				45,000						45,000		
			Total	90,000	35,000					125,000		
Gabriele Galateri di Genola	Director Remuneration Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000	15,000					60,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	45,000	15,000					60,000		
Jonella Ligresti	Director Committee for Transactions with Related Parties	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000	25,000					70,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	45,000	25,000					70,000		
Sebastiano Mazzoleni	Director	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000						45,000		
(II) Remuneration from subsidiaries and affiliated companies				83,540						83,540		
			Total	128,540						128,540		
Luca Minoli	Director	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000					2,948	47,948		
(II) Remuneration from subsidiaries and affiliated companies									68,617	68,617		
			Total	45,000					71,565	116,565		
Gianemilio Osculati	Director	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000						45,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	45,000						45,000		

* Amounts under "Remuneration from subsidiaries and affiliated companies" are related to the remuneration granted by Italcementi S.p.A., transferred to Italmobiliare S.p.A. and paid out the Chief Operating Officier by the letter. Such amounts are charged on inclusive of welfare burden paid by the company and the TFR.

Name, last name	Position	Period during which the office was held	End of office term	Fixed remunera tion	Remuneration for taking part in committees	Variable non-equity remuneration: Bonuses and other incentives	Variable non-equity remuneration: Profit sharing	Non-monetary benefits	Other remunera tion	Total	Fair value of equity remunera tion	End-of-service bonus and severance indemnity
Giorgio Perolari	Director Executive Committee Control and Risk Committee Remuneration Committee Committee for Transactions with Related Parties	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				90,000	75,000					165,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	90,000	75,000					165,000		
Clemente Rebecchini	Director	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000						45,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	45,000						45,000		
Paolo Sfameni	Director Supervising Body	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000	40,000					85,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	45,000	40,000					85,000		
Livio Strazzera	Director Executive Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				90,000						90,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	90,000						90,000		
Francesco Di Carlo	Chairman of the Board of Statutory Auditors	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				102,000						102,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	102,000						102,000		
Angelo Casò	Regular Auditor	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				68,000						68,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	68,000						68,000		
Leonardo Cossu	Regular Auditor	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				68,000						68,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	68,000						68,000		
Giorgio Moroni	Manager in charge of preparing the company's financial statements	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				470,000		178,440		5,929	30,000	684,369		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	470,000		178,440		5,929	30,000	684,369		

Remuneration for each office when the amount reported in the above table are in aggregate form

Fixed remuneration		
Giampiero Pesenti	*Italmobiliare S.p.A.:*	
	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000
	Fixed remuneration	600,000
	Subsidiaries and affiliated companies:	
	Italcementi S.p.A.:	
	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000
	Fixed remuneration	950,000
	Ciments Français S.A.:	
	Remuneration as Director	47,960
	Finter Bank Zürich:	
	Remuneration as Director	36,558
Italo Lucchini	*Italmobiliare S.p.A.:*	
	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000
	Fixed remuneration	65,000
	Subsidiaries and affiliated companies:	
	Italcementi S.p.A.:	
	Remuneration as Director	45,000
	Ciments Français S.A.:	
	Remuneration as Director	37,040
	Azienda Agricola Lodoletta S.p.A.:	
	Remuneration as Director	6,200
Carlo Pesenti	*Italmobiliare S.p.A.:*	
	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000
	Fixed remuneration	263,357
Sebastiano Mazzoleni	*Italmobiliare S.p.A.:*	
	Remuneration as Director	45,000
	Subsidiaries and affiliated companies:	
	Italcementi S.p.A.:	
	Remuneration as Director	45,000
	Ciments Français S.A.:	
	Remuneration as Director	38,540
Giorgio Perolari	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000
Livio Strazzera	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000

Remuneration for the Board committees' members		
Mauro Bini	Control and Risk Committee	35,000
	Committee for Transactions with related parties	25,000
Giorgio Perolari	Control and Risk Committee	35,000
	Committee for Transactions with related parties	25,000
	Remuneration Committee	15,000

Stock options granted to the members of the Governing and Supervising Bodies, to the Chief Operating Officers and other Officers with Strategic Responsibilities

			Options held at the beginning of the financial year			Options granted during the financial year						Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial	Options accrued in the financial year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) =(2)+(5).11.14	(16)
Name, last name	Position	Plan	Number of options	Exercise price	Period of possible exercise (from-to)	Number of options	Exercise price	Period of possible exercise (from-to)	Fair value as of the grant date	Grant date	Market price of shares underlying the granting of options	Number of options	Exercise price	Market price of underlying shares as of the date of exercise	Number of options	Number of options	Fair value
Giampiero Pesenti	Chairman Chief Executive Officer																
(I) Remuneration in the company preparing the financial statements		Stock option plan for directors (BoD resolution 27.03.2002)	45,000	35.199	01.01.2007 31.12.2013	-	-	-	-	-	-	-	-	-	-	45,000	-
			55,000	54.535	30.03.2008 29.03.2015	-	-	-	-	-	-	-	-	-	-	55,000	-
			55,000	65.701	21.03.2009 20.03.2016	-	-	-	-	-	-	-	-	-	-	55,000	-
			60,000	86.069	21.03.2010 20.03.2017	-	-	-	-	-	-	-	-	-	-	60,000	-
			60,000	59.908	28.03.2011 27.03.2018	-	-	-	-	-	-	-	-	-	-	60,000	-
			53,000	28.834	24.03.2013 23.03.2020	-	-	-	-	-	-	-	-	-	-	53,000	163,956
			48,000	27.469	30.03.2014 29.03.2021	-	-	-	-	-	-	-	-	-	-	48,000	141,000
(II) Compensi da controllate e collegate		ITALCEMENTI S.P.A. Stock option plan for directors (BoD resolution 9.05.2001)	150,000	13.3871	17.03.2008 16.03.2015	-	-	-	-	-	-	-	-	-	-	150,000	-
			150,000	16.89	07.03.2009 06.03.2016	-	-	-	-	-	-	-	-	-	-	150,000	-
			150,000	23.049	07.03.2010 06.03.2017	-	-	-	-	-	-	-	-	-	-	150,000	-
		Total	826,000	-	-	-	-	-	-	-	-	-	-	-	-	826,000	304,956
Carlo Pesenti	Chief Operating Officier																
(I) Remuneration in the company preparing the financial statements		Stock option plan for directors (BoD resolution 27.03.2001)	24,500	35.199	01.01.2007 31.12.2013	-	-	-	-	-	-	-	-	-	-	24,500	-
			37,500	54.535	30.03.2008 29.03.2015	-	-	-	-	-	-	-	-	-	-	37,500	-
			37,500	65.701	21.03.2009 20.03.2016	-	-	-	-	-	-	-	-	-	-	37,500	-
			40,000	86.069	21.03.2010 20.03.2017	-	-	-	-	-	-	-	-	-	-	40,000	-
			35,500	59.908	28.03.2011 27.03.2018	-	-	-	-	-	-	-	-	-	-	35,500	-
		Stock option plan for directors (BoD resolution 27.03.2002)	35,800	28.834	24.03.2013 23.03.2020	-	-	-	-	-	-	-	-	-	-	35,800	110,747
			30,700	27.469	30.03.2014 29.03.2021	-	-	-	-	-	-	-	-	-	-	30,700	90,181
(II) Remuneration from subsidiaries and affiliated companies		ITALCEMENTI S.P.A. Stock option plan for directors (BoD resolution 9.05.2001)	135,000	13.3871	17.03.2008 16.03.2015	-	-	-	-	-	-	-	-	-	-	135,000	-
			85,000	16.89	07.03.2009 06.03.2016	-	-	-	-	-	-	-	-	-	-	85,000	-
			200,000	23.049	07.03.2010 06.03.2017	-	-	-	-	-	-	-	-	-	-	200,000	-
		Total	661,500	-	-	-	-	-	-	-	-	-	-	-	-	661,500	200,928
Giorgio Moroni	Manager in charge of preparing the company's financial statements																
(I) Remuneration in the company preparing the financial statements		Stock option plan for directors (BoD resolution 27.03.2001)	14,150	27.469	30.03.2014 29.03.2021	-	-	-	-	-	-	-	-	-	-	14,150	41,566
(II) Remuneration from subsidiaries and affiliated companies			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Total	14,150	-	-	-										14,150	41,566

Incentive plans based on financial instruments, other than stock options, in favor of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and other Officers with Strategic Responsibilities

			Financial instruments granted in previous fiscal years not vested during the year		Financial instruments granted during the financial year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name, last name	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value as of the grant date	Vesting period	Grant date	Market price as of grant date	Number and type of financial instruments	Number and type of financial instruments	Value as of vesting date	Fair value
Giampiero Pesenti	Chairman Chief Executive Officer												
(I) Remuneration in the company preparing the financial statements	Shareholders' resolution 25.05.2011	Monetary incentive plan for directors and officers with strategic responsibilities	Range 23,000 - 35,000	25.05.2011 31.12.2013									117,356
(II) Remuneration from subsidiaries and affiliated companies	-												
		Total											117,356
Carlo Pesenti	Director Chief Operating Officer												
(I) Remuneration in the company preparing the financial statements	Shareholders' resolution 25.05.2011	Monetary incentive plan for directors and officers with strategic responsibilities	Range 23,000 - 35,000	25.05.2011 31.12.2013									117,356
(II) Remuneration from subsidiaries and affiliated companies	-												
		Total											117,356
Giorgio Moroni	Manager in charge of preparing the company's financial statements												
(I) Remuneration in the company preparing the financial statements	Shareholders' resolution 25.05.2011	Monetary incentive plan for directors and officers with strategic responsibilities	Range 10,000 - 15,000	25.05.2011 31.12.2013									57,374
(II) Remuneration from subsidiaries and affiliated companies	-												
		Total											57,374

Monetary incentive plans in favor of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and other Officers with Strategic Responsibilities

Last name, name	Position	Plan	Bonus for the year			Bonus for previous years			Other bonuses
			Payable/disbursed	Deferred	Deferment period	Not payable any more	Payable/disbursed	Still deferred	
Giampiero Pesenti	Chairman Chief Executive Officer								
(I) Remuneration in the company preparing the financial statements	March 28, 2012	Annual MBO	0						
(II) Remuneration from subsidiaries and affiliated companies	February 3, 2012	Annual MBO	471,500						
	February 3, 2011	Three-year LTI	992,750*				1,985,500**		
		Total	1,464,250				1,985,500		
Carlo Pesenti	Director General Manager								
(I) Remuneration in the company preparing the financial statements	March 28, 2012	Annual MBO	0						
(II) Remuneration from subsidiaries and affiliated companies	February 3, 2012	Annual MBO	587,500						
	February 3, 2011	Three-year LTI	0				0		
		Total	587,500				0		
Giorgio Moroni	Manager in charge of preparing the company's financial statements								
(I) Remuneration in the company preparing the financial statements	March 28, 2012	Annual MBO	176,500						
(II) Remuneration from subsidiaries and affiliated companies									
		Total	176,500						

* Theoretical portion of the 2010-2012 LTI plan accrued in financial year 2012
** Theoretical portion of the 2010-2012 LTI plan accrued in financial year 2010 and 2011

Participations of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and Manager in charge of preparing the company's financial reports

Name, last name	Position	Company held	Number of shares held at the end of previous financial year	Number of shares purchased	Number of shares sold	Number of shares held at the end of current financial year
Giampiero Pesenti	Chairman Chief Executive Officer	ITALMOBILIARE	ordinary shares: 27,623 [1] savings shares: 2,467 [1]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 27,623 [1] savings shares: 2,467 [1]
		ITALCEMENTI	ordinary shares: 10,972 [2] savings shares: 22,698 [1]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 10,972 [2] savings shares: 22,698 [1]
Italo Lucchini	Deputy Chairman	CIMENTS FRANÇAIS	ordinary shares: 50	ordinary shares: -	ordinary shares: -	ordinary shares: 50
Carlo Pesenti	Director Chief Operating Officier	ITALMOBILIARE	ordinary shares: 16,441	ordinary shares: -	ordinary shares: -	ordinary shares: 16,441
		ITALCEMENTI	ordinary shares: 1,500 [2] savings shares: 3,000 [2]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 1,500 [2] savings shares: 3,000 [2]
		CIMENTS FRANÇAIS	ordinary shares: 50	ordinary shares: -	ordinary shares: -	ordinary shares: 50
Giorgio Bonomi	Director	ITALCEMENTI	ordinary shares: 2,500	ordinary shares: -	ordinary shares: -	ordinary shares: 2,500
Sebastiano Mazzoleni	Director	ITALMOBILIARE	ordinary shares: 2,100	ordinary shares: -	ordinary shares: -	ordinary shares: 2,100
		ITALCEMENTI	ordinary shares: 7,352 savings shares: 7,040	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 7,352 savings shares: 7,040
Giorgio Perolari	Director	ITALMOBILIARE	ordinary shares: 16,735 savings shares: 8,800 [1]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 16,735 savings shares: 8,800 [1]
		ITALCEMENTI	ordinary shares: 20,280 savings shares: 130,000 [2]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 20,280 savings shares: 130,000 [2]
Livio Strazzera	Director	ITALMOBILIARE	ordinary shares: 100	ordinary shares: -	ordinary shares: -	ordinary shares: 100
Leonardo Cossu	Regular Auditor	ITALMOBILIARE	ordinary shares: 1,000	ordinary shares: -	ordinary shares: -	ordinary shares: 1,000
Giorgio Moroni	Manager in charge of preparing the company's financial statements	CREDIT MOBILIER DE MONACO	ordinary shares: 10	ordinary shares: -	ordinary shares: -	ordinary shares: 10

[1] Shares in part held directly and in part by spouse
[2] Shares held by spouse

Authorization to purchase and dispose of treasury shares

Dear Shareholders,

The ordinary shareholders' meeting of May 29, 2012, renewed the authorization for the Company to acquire and dispose of treasury shares for a period of 18 months as of the resolution date.

In connection with the aforementioned shareholders' resolution, the Company has not purchased any ordinary and savings shares nor has it sold those held in portfolio to stock option beneficiaries during the fiscal year, since no options were exercised.

As a consequence, as at March 26, 2013, the Company holds 871,411 ordinary treasury shares and 28,500 savings treasury shares. The carrying amount of treasury shares in portfolio at date thereof is equal to a total amount of Euro 21,226,190.39, as reflected in the accounts in accordance with the applicable laws.

Since the authorization expires on next November 28, in order to enable the Company to maintain its right to acquire and dispose of treasury shares, we invite you to resolve upon the renewal of such authorization for the next 18 months.

1) Reasons underlying the proposed authorization to acquire and dispose of treasury shares.

The authorization is requested in order to:

- dispose of treasury shares
  - to be granted to employees and/or directors in connection with stock option plans reserved to them;
  - for medium/long-term investment purposes;
- operate, in compliance with current regulations, directly or through intermediaries, in order to limit anomalous trends in share prices and to regularize stock exchange prices caused by temporary distortions linked to excessive volatility or low trading liquidity;
- create a treasury stock portfolio to serve extraordinary financial transactions or for other purposes deemed to be in the financial, business and/or strategic interest of the Company;
- offer an additional tool to monetize their investments to the shareholders.

2) Maximum number, category and nominal value of the shares which the authorization refers to; compliance with paragraph 3, art. 2357 of the Italian Civil Code.

Purchases refer to Company ordinary and/or savings shares' whose maximum number, including treasury shares already held as at the date hereof by the Company and by the subsidiaries (which will receive specific instructions for timely disclosure of the shares they hold), shall not exceed an overall nominal value of one tenth of the entire share capital.

In any case, purchases shall be made, in accordance with article 2357 of the Italian Civil Code, within the limits of the distributable earnings and available reserves reflected in the latest approved financial statements of the Company.

The consideration paid or received with respect to treasury shares purchase or sale shall be directly reflected in equity in compliance with the international accounting standard IAS 32 and it shall in any case be accounted for in the manner established by the laws in force from time to time.

3) Term of the authorization.

The authorization to purchase treasury shares is requested for a period of 18 months as of the date on which the shareholders adopts the resolution, while the authorization for their disposal is requested without time limits.

4) Minimum and maximum consideration and market values on which such considerations have been determined.

The purchase price of each share shall not be lower nor exceed 15%, as peak, than the average reference share price occurred on the Italian stock exchange in the last three sessions preceding each transaction.

The overall consideration to be paid by the Company for the purchase shall in no case exceed the amount of Euro

50 million.

The shares may be sold, whether or not purchases have been completed, and on one or more occasions (also through public offers or offers to the shareholders or through placement of warrants and depositary receipts representing shares and/or similar securities), at a price no lower than the lowest purchase price.

This price limit shall not apply in the event of sale of shares offered to the employees of Italmobiliare S.p.A. and its subsidiaries, parent companies and the other companies controlled by the latter or to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who are vested with special offices in compliance with the Articles of Association or who perform specific operating duties, in connection with stock option plans for employees and for directors.

5) Terms and Conditions according to which purchases shall be made.

Purchases of treasury shares shall be normally made, unless otherwise indicated below, so that equal treatment of shareholders is ensured and offers to purchase, directly matched with pre-determined offers to sell, are not allowed.

Moreover, in consideration of the various purposes illustrated in this proposal, the Board of Directors proposes to be authorized to purchase in accordance with any other manner allowed under current laws and regulations governing the stock market on which the transaction is performed and, therefore, as at the present time:

- through public tender or exchange offers;
- through the purchase and sale of derivatives traded on regulated markets which provide for physical delivery of the underlying shares;
- through the proportional allocation to shareholders of put options to be exercised within the term of the authorization as per paragraph 3 above.

With regard to sale transactions, the Board of Directors proposes that the authorization shall allow the adoption of any procedure deemed appropriate to achieve the intended objectives to be executed either directly or through intermediaries, in compliance with national and European laws and regulations.

The treasury shares acquisitions and sales which the authorization is requested for will be executed in compliance with applicable laws and, especially, in compliance with national and European laws and regulations including those on market abuse.

Appropriate disclosure of treasury shares acquisitions and sales will be provided in compliance with the applicable disclosure requirements.

6) Acquisition in order to reduce share capital.

In light of these forecasts, this hypothesis does not apply.

* * *

Dear Shareholders,

If you agree with our proposal, we invite you to resolve upon the following resolution:

“Italmobiliare S.p.A. shareholders' meeting held on May 29, 2013,

- having acknowledged the Directors’ proposal,
- taking into account articles 2357 and 2357-*ter* of the Italian Civil Code

hereby resolves

1) to revoke the resolution authorizing the acquisition and disposal of treasury shares adopted by the ordinary shareholders' meeting of May 29, 2012;
2) to authorize, pursuant to art. 2357 of the Italian Civil Code, the purchase of ordinary and/or savings treasury shares, for the amounts, at the price, according to the terms and conditions indicated herein below:

- the purchases shall be made once or in more times, within 18 months of the resolution date;
- the purchase price of each share shall not be more than 15% above or below the average reference price as recorded on the same regulated market in the three sessions preceding each transaction;
- the overall amount paid shall in no case exceed Euro 50 million;
- the maximum number of ordinary and/or savings shares acquired shall not have an overall nominal value, including treasury shares already held as of the date hereof by the Company and by the subsidiaries, in excess of one tenth of the share capital;

3) to authorize, pursuant to art. 2357-*ter*, paragraph 1 of the Italian Civil Code, the Chairman, Deputy Chairman, Chief Executive Officer and Director-Chief Operating Officer in office from time to time to severally dispose of the purchased treasury shares, even if the purchase has not been completed yet, in compliance with current laws and without time limits.

   The sale price shall not be lower than the lowest purchase price.

   This price limit shall not apply, however, in the event of a sale of shares to the employees of Italmobiliare S.p.A. and its subsidiaries, parent companies and the other companies controlled by the latter or to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who are vested with special offices in compliance with the Articles of Association or who perform specific operating duties, in connection with stock option plans for employees and for directors.

4) to establish that:
   - the purchases shall be normally conducted so that equal treatment of shareholders is ensured and offers to purchase directly matched with pre-determined offers to sell are not allowed, or, taking into account the various possible purposes, in any other manner allowed under current laws and regulations governing the stock market on which the transactions are performed;
   - the shares shall be disposed of in any manner deemed appropriate to achieve the objectives pursued, directly or through intermediaries, in compliance with current applicable national and European laws and regulations;
   - treasury shares purchases and sales shall be executed in compliance with applicable laws and, specifically, with laws and regulations governing the stock market on which the transactions are performed;

5) to establish that the consideration paid or received with respect to treasury shares purchases or sales transactions shall be reflected directly in equity in compliance with international accounting standard IAS 32 and shall in any case be accounted for in the manner established by the laws in force from time to time;

6) to severally grant to the Chairman, Deputy Chairman, Chief Executive Officer and Director-Chief Operating Officer in office from time to time any power to proceed with the purchases and sales and in any case to execute the above resolutions, also through attorneys-in-fact, complying with any requirements provided for by the competent authorities".

   Milan, March 26, 2013

On behalf of the Board of Directors
The Chairman
Giampiero Pesenti

Italmobiliare S.p.A. - Separate financial statements as at and for the year ended December 31, 2012

Financial statements

Statement of financial position

(euro)	Notes	12.31.2012	12.31.2011	Change
Non-current assets				
Property, plant and equipment	1	3,617,704	3,622,815	(5,111)
Investment property	2	92,878	138,860	(45,982)
Intangible assets	3	13,279	62,031	(48,752)
Investments in subsidiaries and associates	4	908,237,801	946,408,259	(38,170,458)
Other equity investments	5	205,878,558	202,914,352	2,964,206
Deferred tax assets	6	65,879,222	91,875,552	(25,996,330)
Other non-current assets	7	4,699,793	8,203,685	(3,503,892)
Total non-current assets		**1,188,419,235**	**1,253,225,554**	**(64,806,319)**
Current assets				
Trade receivables	8	6,652,127	3,425,425	3,226,702
Other current assets including derivatives	9	8,230,725	3,817,181	4,413,544
Tax assets	10	37,872,718	42,175,367	(4,302,649)
Equity investments, bonds and financial assets	11	15,353,864	14,668,881	684,983
Cash and cash equivalents	12	1,619,055	6,508,549	(4,889,494)
Total current assets		**69,728,489**	**70,595,403**	**(866,914)**
Total assets		**1,258,147,724**	**1,323,820,957**	**(65,673,233)**
Equity				
Share capital	13	100,166,937	100,166,937	
Share premium	14	177,191,252	177,191,252	
Reserves	14	(31,314,762)	(52,711,444)	21,396,682
Treasury shares	15	(21,226,190)	(21,226,190)	
Retained earnings	16	616,165,598	682,902,643	(66,737,045)
Total equity		**840,982,835**	**886,323,198**	**(45,340,363)**
Non-current liabilities				
Financial liabilities	18	148,549,146	179,530,905	(30,981,759)
Employee benefits	17	1,700,335	1,543,488	156,847
Provisions	19	8,645,188	6,045,188	2,600,000
Other non-current liabilities	20	90,594,757	117,590,425	(26,995,668)
Deferred tax liabilities	21	117,849	91,147	26,702
Total non-current liabilities		**249,607,275**	**304,801,153**	**(55,193,878)**
Current liabilities				
Loans and borrowings		58,823,500	70,451,000	(11,627,500)
Financial liabilities	18	90,687,703	48,502,705	42,184,998
Trade payables	22	3,669,340	3,825,599	(156,259)
Provisions		-	-	-
Tax liabilities		-	-	-
Other current liabilities	23	14,377,071	9,917,302	4,459,769
Total current liabilities		**167,557,614**	**132,696,606**	**34,861,008**
Total liabilities		**417,164,889**	**437,497,759**	**(20,332,870)**
Total equity and liabilities		**1,258,147,724**	**1,323,820,957**	**(65,673,233)**

Pursuant to Consob Resolution no.155519 of July 27, 2006, the impact of transactions with related parties on the statement of financial position, income statement and cash flow statement is shown in the specific annexes.

Income statement

(euro)	Notes	2012	%	2011	%	Change amount	%
Revenue	24	**27,410,616**	**100.0**	**49,239,677**	**100.0**	**(21,829,061)**	**-44.3**
Other revenue	25	1,425,396		936,516		488,880	
Raw materials and supplies	26	(161,748)		(146,261)		(15,487)	
Services	27	(4,669,140)		(5,707,106)		1,037,966	
Employee expense	28	(16,116,704)		(15,904,607)		(212,097)	
Other operating income (expense)	29	(9,586,962)		(10,082,195)		495,233	
Recurring EBITDA		**(1,698,542)**	**-6.2**	**18,336,024**	**37.2**	**(20,034,566)**	**n.s.**
Net gains from sale of non-current assets		7,816		50		7,766	
Other non-recurring income (expense)	30	(2,901,345)		(617,158)		(2,284,187)	
EBITDA		**(4,592,071)**	**-16.8**	**17,718,916**	**36.0**	**(22,310,987)**	**n.s.**
Amortization and depreciation	31	(90,392)		(112,442)		22,050	
EBIT		**(4,682,463)**	**-17.1**	**17,606,474**	**35.8**	**(22,288,937)**	**n.s.**
Finance costs	32	(16,995)		(39,752)		22,757	
Impairment on financial assets	33	(62,684,111)		(80,411,448)		17,727,337	
Profit (loss) before tax		**(67,383,569)**	**n.s.**	**(62,844,726)**	**n.s.**	**(4,538,843)**	**7.2**
Income tax (expense)	34	646,528		5,544,817		(4,898,289)	
Profit (loss) for the period		**(66,737,041)**	**n.s.**	**(57,299,909)**	**n.s.**	**(9,437,132)**	**16.5**

n.s.= not significant

Statement of comprehensive income

(euro)	Notes	2012	2011	Change amount	%
Profit (loss) for the period		**(66,737,041)**	**(57,299,909)**	**(9,437,132)**	**16.5**
Fair value gains (losses) on:					
Available-for-sale financial assets	5	20,428,211	(112,360,315)	132,788,526	
Tax on other comprehensive income (expense)		245,940	741,728	(495,788)	
Other comprehensive income (expense)		**20,674,151**	**(111,618,587)**	**132,292,738**	
TOTAL COMPREHENSIVE INCOME (EXPENSE)		**(46,062,890)**	**(168,918,496)**	**122,855,606**	**-72.7**

n.s. = not significant

Statement of changes in equity

(euro)	Share capital	Reserves: Share premium	Reserves: AFS fair value reserve	Reserves: Other reserves	Reserves: Total reserves	Treasury shares	Retained earnings	Total equity
Balances at December 31, 2010	**100,166,937**	**177,191,252**	**48,086,530**	**9,984,571**	**235,262,353**	**(21,226,190)**	**761,492,044**	**1,075,695,144**
Profit (loss) for the period							(57,299,909)	**(57,299,909)**
Total other comprehensive income (expense)			(111,618,587)		(111,618,587)			(111,618,587)
Stock options				836,042	836,042			836,042
Merger surplus/deficit								
Distribution of earnings:								
Dividends							(21,289,487)	(21,289,487)
Other changes							(5)	(5)
Balances at December 31, 2011	**100,166,937**	**177,191,252**	**(63,532,057)**	**10,820,613**	**124,479,808**	**(21,226,190)**	**682,902,643**	**886,323,198**
Profit (loss) for the period							(66,737,041)	**(66,737,041)**
Total other comprehensive income (expense)			20,674,151		20,674,151			20,674,151
Stock options				722,531	722,531			722,531
Distribution of earnings:								
Dividends								
Other changes							(4)	(4)
Balances at December 31, 2012	**100,166,937**	**177,191,252**	**(42,857,906)**	**11,543,144**	**145,876,490**	**(21,226,190)**	**616,165,598**	**840,982,835**

Statement of cash flows

(migliaia di euro)	Notes	2012	2011
A) Cash flow from operating activities:			
Profit (loss) before tax		(67,384)	(62,845)
Amortization, depreciation and impairment		90	112
(Gains)/losses on securities, equity investments and property, plant and equipment		(1,283)	(955)
Change in employee benefits and other provisions		2,625	80
Stock options		722	836
Reversal impairment losses on financial assets		62,684	80,412
Reversal net finance income		(11,483)	(33,286)
Cash flow from operating activities before tax, finance income/costs and change in working capital:		**(14,029)**	**(15,646)**
Change trade receivables		(3,227)	(55)
Change trade payables		(156)	792
Change other receivables/payables, accruals and deferrals		5,499	(3,856)
Total change in working capital:		**2,116**	**(3,119)**
Net finance costs paid		(6,886)	(5,738)
Dividends received		18,320	38,823
Net tax paid/refunds			
Total A)		**(479)**	**14,320**
B) Cash flow from investing activities:			
Capital expenditure:			
Property, plant and equipment, investment property			(53)
Intangible assets		(5)	(2)
Financial assets (Equity investments)		(22,419)	(44,207)
Change in payables for equity investment acquisitions		750	
Total capital expenditure		**(21,674)**	**(44,262)**
Change in receivables on sale of non-current financial assets			
Proceeds from sale of property, plant and equipment		16,355	1,160
Total sales		**16,355**	**1,160**
Total B)		**(5,319)**	**(43,102)**
C) Cash flow from financing activities:			
Change in financial liabilities		(309)	(47,024)
Change in financial receivables		1,261	2,407
Change in current equity investments		(44)	(996)
Treasury share buybacks			
Dividends paid			(21,289)
Total C)		**908**	**(66,902)**
D) Cash flows for the period (A+B+C)		**(4,890)**	**(95,684)**
E) Cash and cash equivalents at beginning of period		**6,509**	**102,193**
D+E) Cash and cash equivalents at end of period	**12**	**1,619**	**6,509**

Notes

The Italmobiliare S.p.A. draft financial statements as at and for the year ended December 31, 2012 were approved by the Board of Directors on March 26, 2013. At the meeting the Board authorized publication of the financial statements in a press release dated March 26, 2013 containing key information from the financial statements.
The separate financial statements are subject to approval by the shareholders' meeting, which has the power to make changes following publication. The financial statements have been drawn up on a going-concern basis. Despite the difficult economic and financial situation, Italmobiliare has no material uncertainties about its ability to continue as a going concern, in part by virtue of its creditworthiness and solid equity structure.

Core businesses

Italmobiliare S.p.A. is a legal entity established in accordance with the laws of the Republic of Italy. Its core business is the acquisition and management of equity investments in subsidiaries, associates or other companies.
Within this context, the company may conduct financial, commercial, industrial and services transactions that it deems necessary and appropriate to achieve its corporate purposes.
The company also provides subsidiaries and associates with administrative and technical services.

Accounting policies

These separate financial statements have been drawn in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2012, endorsed by the European Union, and with the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. The term IFRS also includes all revised international accounting standards (IAS) and all the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).
The Italian laws that enact EEC Directive IV are also applied, where compatible, to the companies that draw up financial statements in accordance with the IFRS. Consequently, the financial statements are compliant with the Italian Civil Code and the corresponding indications of the Consolidated Finance Act (TUF, *testo unico finanziario*) for listed companies with regard to the directors' report on operations, the legally required audit and the publication of the financial statements. The separate financial statements and notes thereto also set out the details and additional disclosures required under the articles of the Italian Civil Code governing financial statements, since such requirements are not in conflict with the IFRS, or other Consob regulations and provisions on financial statements.
In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2012 that had not been endorsed by the European Union at that date.
With respect to December 31, 2011, the amendment to IFRS 7 “Financial instruments: disclosures” relating to disclosures to be made on the transfer of financial assets came into force in 2012; it did not have a material impact.
At December 31, 2012, the European Union endorsed the following standards and interpretations, which have not yet come into force, for which early application has not been elected:

Standards and interpretations to come into force in 2013

Amendments to IAS 1 “Presentation of financial statements” relating to the presentation of other comprehensive income.
Amendments to IAS 19 “Employee benefits”. The main changes refer to treatment of past service costs that have not vested and the actuarial gains/losses to be immediately recognized respectively in profit/loss for the period and in other comprehensive income (elimination of the corridor method), the adoption, for plan assets, of the discount rate used to determine the defined benefit liability.
Amendments to IFRS 7 “Financial instruments: disclosures” regarding offsetting of financial assets and liabilities.
Amendments to IAS 32 “Financial instruments: presentation” regarding offsetting of financial assets and liabilities.

Amendments to IFRS 1 "First-time adoption of IFRS" regarding severe hyperinflation and removal of fixed dates for first-time adopters.
Amendments to IAS 12 "Income taxes" with regard to deferred tax and recovery of underlying assets.
IFRS 13 "Fair value measurement". This new standard sets out guidelines to determine fair value and disclosures to be made.
IFRIC 20 "Stripping costs in the production phase of a surface mine".

At this preliminary stage, adoption of the above-listed standards, amendments and interpretations, which is still under analysis, is not expected to produce material impacts on the company financial statements. Specifically the impact of the changes in treatment of past service costs and of plan changes will be immaterial.

Standards and interpretations to come into force in 2014

Introduction of amendments to IAS 32 "Financial instruments: presentation" regarding offsetting of financial assets and liabilities.
IFRS 10 "Consolidated financial statements". The new standard replaces parts of IAS 27 "Consolidated and separate financial statements" and SIC 12 "Consolidation – Special-purpose entities".
IFRS 11 "Joint arrangements". The new standard replaces IAS 31 "Interests in joint ventures" and SIC 13 "Jointly controlled entities – Non-monetary contributions by venturers"; it sets out the accounting standards for entities taking part in joint arrangements.
IFRS 12 "Disclosure of interests in other entities" which organizes, strengthens and replaces disclosure requirements concerning interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.
As a result of the introduction of the above standards, IAS 27 renamed "Separate financial statements", which deals exclusively with the preparation of separate financial statements, and the amendments to IAS 28 "Investments in associates and joint ventures" will come into effect.

At the reporting date, the company is evaluating the possible impact of the introduction of the new accounting policies.

Standards and interpretations published by the IASB and the IFRIC through December 31, 2012, but not endorsed by the European Union at that date

IFRS 9 "Financial instruments" and amendments thereto and to IFRS 7.
"Government loans" (amendments to IFRS 1).
Amendments to a number of IFRS issued in 2009-2011.
"Transition guidance" (amendments to IFRS 10, 11 and 12).
Investees (amendments to IFRS 10, 12 and IAS 27).

Measurement policies and basis of presentation

The company financial statements adopt the cost principle, with the exception of derivatives and financial assets held for trading or available-for-sale which are stated at fair value. The carrying amounts of hedged assets and liabilities are adjusted to reflect changes in fair value on the basis of the hedged risks. The financial statements are presented in euro. All amounts in the financial statements and the notes are rounded to thousands of euro, unless otherwise indicated.
The basis of presentation of the company financial statements is as follows:
current and non-current assets and current and non-current liabilities are presented as separate classifications on the face of the statement of financial position. Current assets, which include cash and cash equivalents, are assets that the company intends to realize, sell or consume during its normal business cycle; current liabilities are liabilities

that the company expects to settle during the normal business cycle or in the twelve months after the end of the reporting period;
on the income statement, costs are analyzed by the nature of the expense;
with regard to comprehensive income, the company presents two statements: the first shows the traditional income statement components and profit (loss) for the period, while the second, starting from profit (loss), details the other components of comprehensive income, previously shown only in the statement of changes in equity, i.e., fair value gains/losses on available-for-sale financial assets and derivatives, translation differences; on the cash flow statement, the indirect method is used.

Use of estimates

The preparation of the separate financial statements and the notes in conformity with the international financial reporting standards requires management to make estimates that affect the values of assets, liabilities, income and expense, such as amortization, depreciation, impairment and provisions, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates are determined on a going-concern basis, using the information available at the time, they could diverge from the actual future results.
Assumptions and estimates are particularly sensitive with regard to measurement of financial assets, which depend on forecasts of future results and cash flows, and with regard to provisions for disputes.
Management conducts regular reviews of assumptions and estimates, and immediately recognizes any adjustments in the financial statements.
Since the Italmobiliare Group applies IAS 34 “Interim Financial Reporting” to its half-year financial reports, with consequent identification of a six-month interim period, any reductions in value are recorded at closure of the half year.

Subsidiaries and associates

Subsidiaries are companies in which the company has the power to determine, directly or indirectly, administrative and management decisions and to obtain the benefits thereof. Generally speaking, control is assumed to exist when the company holds, directly or indirectly, more than one half of voting rights, including potential voting rights deriving from convertible securities.

Associates are companies in which the company has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the company holds, directly or indirectly, at least 20% of voting rights at ordinary shareholders' meeting, or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in voting trusts or other forms of material exercise of rights of governance.

Investments in subsidiaries and associates are measured using the cost method, whereby they are initially recognized at cost and subsequently adjusted to reflect changes in amount whenever, after impairment testing, conditions are found such as to make it necessary to adjust the carrying amount to the effective amount of the investment. Original cost is restored in subsequent periods if the grounds for the adjustments no longer exist. Impairment losses and reversals are recognized in the income statement.

Business combinations

On first-time adoption of the IFRS, as allowed by IFRS 1, the company elected not to apply IFRS 3 retrospectively to business combinations that took place before January 1, 2004.
Until December 31, 2009, business combinations were accounted for with the purchase method in IFRS 3.
Since January 1, 2010, business combinations have been accounted for with the acquisition method in IFRS 3 revised.

Cost of business combinations

Under IFRS 3 revised, acquisition cost is the sum of the acquisition-date fair value of the contingent consideration and the amount of any non-controlling interests in the acquired entity. For each business combination, any non-controlling interests in the acquired entity must be measured at fair value or in proportion to their interest in the identifiable net assets of the acquired entity.
IFRS 3 revised provides that costs relating to the acquisition be expensed in the periods in which they are incurred and the services are received.

Allocation of the cost of business combinations

Goodwill is determined as the positive difference between, on the one hand:
the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquired entity, the acquisition-date fair value of the acquirer's previously held equity interest in the acquired entity, and on the other hand:
the net value of identifiable assets and liabilities assumed at the acquisition date.
Negative differences are recognized immediately in the income statement. If on initial recognition the acquisition cost of a business combination can only be determined provisionally, the allocated amounts are adjusted within twelve months of the acquisition date (measurement period).

Transactions in currencies other than the functional currency

Any foreign currency transactions are initially translated into the functional currency using the exchange rate at the transaction date. At the end of the reporting period, foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. Exchange-rate gains and losses are taken to the income statement.
Non-monetary foreign currency assets and liabilities valued at cost are translated at the exchange rate ruling at the transaction date; those measured at fair value are translated with the exchange rate at the date fair value was determined.

Property, plant and equipment

Measurement

Property, plant and equipment are recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and the directly attributable costs of bringing the asset to the location and the conditions required for its operation.
Finance costs relating to the purchase, construction and production of qualifying assets are capitalized. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2005, reflects revaluations applied in prior years in connection with specific local laws, based on the real economic value of the assets in question. Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the acquisition date and subsequently adjusted within the following twelve months.
Subsequent to initial recognition, property, plant and equipment are carried at cost and depreciated over the asset's useful life, less any impairment losses.
Assets under construction are recognized at cost; depreciation begins when the assets enter useful life.
When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are carried out separately for each component.

Subsequent expense

Repair and maintenance expense is normally recognized as incurred. Component replacement costs are treated as separate assets and the net carrying amount of the replaced component is expensed.

Depreciation

Depreciation is generally calculated on a straight-line basis over the estimated useful life of each component of an asset. Land is not depreciated, with the exception of land used for quarrying operations.
Asset useful life determines the depreciation rate until a subsequent review of residual useful life. The useful life range adopted for the various categories of assets is disclosed in the notes.

Leases

The company has no finance leases.
The company leases are operating leases, where all risks and rewards incidental to ownership are retained by the lessor.
Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Investment property

Investment property is land and/or buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods and services. Investment property is initially recognized at purchase cost, including costs directly attributable to the purchase. Subsequent to initial recognition, investment property is measured at amortized cost, based on the asset’s useful life less any impairment losses.

Intangible assets

Intangible assets purchased separately are capitalized at cost, while those acquired through business combinations are recognized at provisionally estimated fair value at the acquisition date and adjusted where necessary within the following twelve months.
Subsequent to initial recognition, intangible assets are carried at cost amortized over the asset’s useful life, less any impairment losses.
The company has not identified intangible assets with an indefinite useful life.

Impairment of assets

Property, plant and equipment, investment property and amortizable intangible assets are tested for impairment if indications of impairment emerge.
Assets represented by equity investments in companies recognized at cost are tested for impairment if indications of impairment emerge.
Impairment is the difference between the asset net carrying amount and its recoverable amount.
Recoverable amount is the greater of fair value, less costs to sell, of an asset, and its value in use, determined as the present value of future cash flows. The discount rate is determined using the weighted average cost of capital method (WACC).

Financial assets

All financial assets are recognized initially at cost at the trade date. Cost corresponds to fair value plus additional costs attributable to the purchase, with the exception of financial assets held for trading (fair value through profit and loss).
Subsequent to initial recognition, assets held for trading are classified as current financial assets and carried at fair value; any gains or losses are taken to the income statement.

Held-to-maturity investments are classified as current financial assets, if they mature within one year; otherwise they are classified as non-current assets and subsequently carried at amortized cost.
Amortized cost is determined using the effective interest rate method, taking account of any acquisition discounts or premiums, which are apportioned over the entire period until maturity, less any impairment losses.
Other financial assets are classified as available for sale, under current or non-current assets, and measured at fair value. Any gains or losses are shown in a separate equity item until the assets are sold, recovered or discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to the income statement. Impairment is recorded when there is objective evidence that one or more events which occurred after initial recognition of the asset have had a negative impact on the estimated future cash flows of that asset. Objective evidence that a financial asset has been impaired includes insolvency or non-payment by the debtor, indications of the bankruptcy of a debtor or issuer, unfavorable changes in the status of payments by debtors or issuers, and business conditions linked to default or disappearance of an active market for the asset. In addition, for equity instruments classified as available for sale, a material and prolonged reduction in the fair value to below cost is considered objective evidence of impairment. To this end, the company has adopted a specific accounting policy. The policy establishes materiality and duration thresholds for loss of stock market value with respect to the carrying amounts; once such thresholds have been reached, the impairment loss is taken to the income statement. These thresholds are considered separately, and only one threshold needs to be reached for an impairment loss to be recognized.
Considering the exceptional effects of the financial crisis, which has led to a significant and generalized reduction in share prices, as well as a considerable increase in share price volatility, especially for bank stocks, as noted in the quarterly report as at March 31, 2012, and the half-year report as at June 30, 2012, the Group has conducted a detailed analysis of share price dynamics over the past ten years, on a sector-by-sector basis. This has enabled it to reformulate more precisely the materiality and duration thresholds beyond which a reduction in the value of equity investments classified as available-for-sale financial assets is deemed objective evidence of impairment.
The exceptional circumstances created by the sharp rise in volatility on the financial markets in general and among stocks in the bank sector in particular, stemming in part from the anomalous divergence in spreads on treasury instruments as a result of the sovereign debt difficulties of some European countries, indicated the need for a review of the method used to identify impairment losses, with particular reference to the two thresholds mentioned above.
As a result of the review, the thresholds applicable to individual capital instruments have been diversified according to the specific risk of the sector to which they belong.
This diversification was supported with a quantitative analysis based on the Value at Risk (VaR) method, which determines the maximum loss an instrument or portfolio of instruments may reflect in a specific period, given by a certain "probabilistic" confidence level".
As a result of these analyses, the materiality threshold for bank stocks has been re-established at 60%, while the threshold for non-bank stocks has been confirmed at 35%.
On the basis of the qualitative and quantitative analyses described above, the criterion used to define the duration threshold for loss of value has also been amended for stocks in the bank sector, from 24 to 36 months. The limit of 24 months remains valid for non-bank companies.
As a result of the review described, the impairment losses on bank stocks recognized in the 2012 income statement were nonetheless not lower than those that would have been recognized had the previous 35% materiality threshold been applied.
The review described above was necessary to respond to the current economic situation; in the future, should the exceptional conditions and sector-specific risk conditions no longer apply, the materiality and duration thresholds will need to be re-examined.

With regard to assets on which impairment losses were recognized in previous periods, additional losses of value are automatically regarded as impairment losses.
Subsequent reversals of impairment losses on available-for-sale assets recognized in the income statement are not taken to the income statement but to equity, even in cases where the reasons that caused the loss no longer exist.

Only equity instruments that are not listed on an active market and whose fair value cannot be measured reliably are carried at cost.

Treasury shares

Treasury shares are deducted against equity. The original cost of treasury shares and income arising from any subsequent sales are treated as movements in equity.

Trade receivables and other receivables

Trade receivables and other receivables are initially recognized at fair value, less allowances for impairment, which are provided as doubtful debts are identified.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, checks, bank demand deposits and other cash investments with original maturity of not more than three months.
The definition of cash and cash equivalents in the statement of cash flows is identical to that in the statement of financial position.

Employee benefits

The company operates pension plans, post-employment medical benefit plans and post-employment benefits.
It also has other commitments, in the form of bonuses payable to employees on the basis of length of service in the company ("Other long-term benefits").

Defined contribution plans

Defined contribution plans are structured post-employment benefit programs where the company pays fixed contributions to an insurance company or pension fund and will have no legal or constructive obligation to pay further contributions if the fund does not dispose of sufficient assets to pay all the employee benefits accruing in respect of services rendered during the current year and in previous years.
These contributions are paid in exchange for the services rendered by employees and recognized as expense as incurred.

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the company. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the company uses the unit credit projection method to determine the present value of obligations and the related current service cost.
This actuarial calculation requires use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increases in salaries and medical benefits).
When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity or to an insurance company, the assets servicing the plan are estimated at fair value.
Benefit obligations are therefore recognized net of the fair value of the plan assets that will be used to settle the obligations.
The post-employment benefits in Italy (TFR, *trattamento di fine rapporto*) are treated in the same way as benefit obligations arising from defined benefit plans.

Treatment of actuarial gains and losses

Actuarial gains and losses on post-employment defined benefit plans may arise as a result of changes in the actuarial assumptions used in two consecutive periods or as a result of changes in the obligation value or in the fair value of any plan asset in respect of the actuarial assumptions used at the beginning of the period.
The company uses the corridor method whereby actuarial gains and losses are recognized as income or expense when their unrecognized cumulative net value, for each plan, at the end of the previous period exceeds 10% of the greater of the defined benefit obligation or the fair value of plan assets at that date. These gains or losses are taken to profit or loss over the estimated average residual working life of the employees participating in the plans.
Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service benefits) and to early retirement benefits are recognized as income or expense immediately.

Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized as expense on a straight-line basis over an average period until the benefits have vested. Costs for benefits that vest immediately upon changes to a plan are recognized as expense as incurred.

Curtailment and settlement

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized as income or expense when the curtailment or settlement occurs. The gain or loss includes changes in the present value of the obligation, changes in the fair value of plan assets, actuarial gains or losses and past service costs not previously accounted for.
At the curtailment or settlement date, the obligation and the fair value of the plan assets are re-measured using current actuarial assumptions.

Share-based payments

The company has applied IFRS 2 as from January 1, 2004.
Options for the subscription and purchase of shares granted by the company to employees and directors give rise to recognition of a cost classified under personnel expenses, with a corresponding increase in equity.
In accordance with IFRS 2, only options granted after November 7, 2002, whose rights had not vested at December 31, 2003, have been measured and recognized at the transition date. Options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period. Fair value is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after adjustment for extraordinary events or factors.
The cost of granted options is reviewed on the basis of the actual number of options that have vested at the beginning of the exercise period.

Provisions for risks and charges

The company recognizes provisions for risks and charges when a present legal or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation.
Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the end of the reporting period. If the present value of the financial resources that will be used is material, provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.
Changes in estimates are recognized in the income statement in the period they occur.

Loans and borrowings

Loans and borrowings are initially recognized at the fair value of the consideration paid/received less charges directly attributable to the financial asset/liability.
After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method.

Trade payables and other payables

Trade payables and other payables are initially recognized at the fair value of the original consideration received, and subsequently measured at amortized cost.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits associated with the sale of goods or rendering of services are collected by the company and the amount in question can be reliably determined.
Revenue is recognized at the fair value of the consideration received or due, taking account of any discounts given.
Revenue from the sale of goods is recognized when the company transfers the material risks and rewards incidental to ownership of the goods to the purchaser.
Revenue includes dividends received, interest and commission income.
Dividends are recognized as finance income as shareholders' right to receive payment arises, in compliance with local laws.

Rental income

Rental income is recognized as other revenue, as received, at constant amounts over the period of the lease.

Costs

Costs are recognized on an accruals basis, in accordance with the matching principle whereby they are matched with revenue.

Derivatives

The company uses derivatives such as interest-rate swaps to hedge the risk of fluctuations in interest rates. Derivatives are measured and recognized at fair value; fair value gains or losses are taken to the income statement, since the derivatives in question do not qualify for hedge accounting, even though they are arranged for hedging purposes.

Income taxes

Current income taxes are provided in accordance with local tax laws.
Deferred tax is recognized on the basis of temporary differences between the tax base of assets and liabilities and their carrying amount.
Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable income will be available against which such differences, losses or credits may be reversed.
Deferred tax assets are reviewed at the end of every reporting period and reduced to the extent that sufficient taxable income is no longer likely to be available in the future against which the assets can be used in full or in part.
Deferred tax assets and liabilities are determined at tax rates expected to apply when the deferred tax asset (liability) is realized (settled), based on rates that have been enacted or substantially enacted at the reporting date.
Taxes relating to items recognized directly in equity are recognized in equity, not income.
As noted in the directors' report on operations, for the three-year period 2010 – 2012 the company together with some subsidiaries applied the Italian tax consolidation system.

Assets

Non-current assets

1) Property, plant and equipment

At December 31, 2012 and at December 31, 2011, these assets totaled respectively 3,618 thousand euro and 3,623 thousand euro; the movements on the heading are set out below:

(in thousands of euro)	Land and buildings	Plant and machinery	Office furniture and machines	Motor vehicles	Total
Gross amount	4,425	473	987	56	5,941
Accumulated depreciation	(967)	(455)	(864)	(32)	(2,318)
Net carrying amount at December 31, 2011	**3,458**	**18**	**123**	**24**	**3,623**
Additions		44			44
Disposals		(2)	(21)	(45)	(68)
Depreciation		(12)	(13)	(9)	(34)
Use accumulated depreciation		2	21	30	53
Net carrying amount at December 31, 2012	**3,458**	**50**	**110**	**-**	**3,618**
Gross amount	4,425	515	966	11	5,917
Accumulated depreciation	(967)	(465)	(856)	(11)	(2,299)
Net carrying amount at December 31, 2012	**3,458**	**50**	**110**	**-**	**3,618**

The decrease in the year was due to the scrapping of obsolete plant and machinery and the sale of motor vehicles.

The useful lives adopted by the company for the main asset categories are as follows:
- Plant and machinery 5 – 10 years
- Other property, plant and equipment 4 – 8 years

2) Investment property

Investment property of 93 thousand euro (139 thousand euro at December 31, 2011) is valued at cost.
The fair value of investment property at December 31, 2012 was 1,365 thousand euro and was determined on the basis of evaluations made by independent external experts.

(in thousands of euro)	Investment property
Gross amount	177
Accumulated depreciation	(38)
Net carrying amount at December 31, 2011	**139**
Additions	
Disposals	(44)
Depreciation	(2)
Net carrying amount at December 31, 2012	**93**
Gross amount	133
Accumulated depreciation	(40)
Net carrying amount at December 31, 2012	**93**

Investment property is amortized at an annual rate of 1.50% which reflects its residual useful life.
The amount of 44 thousand euro for "disposals" relating to completion of assets under construction was reclassified as an addition under Plant and machinery in the previous caption.

3) Intangible assets

Intangible assets are investments in administrative software applications.

(in thousands of euro)	Licenses and various rights	Total
Gross amount	234	234
Accumulated amortization	(172)	(172)
Net carrying amount at December 31, 2011	**62**	**62**
Additions	5	5
Disposals		
Amortization	(54)	(54)
Net carrying amount at December 31, 2012	**13**	**13**
Gross amount	239	239
Accumulated amortization	(226)	(226)
Net carrying amount at December 31, 2012	**13**	**13**

4) Investments in subsidiaries and associates

See the specific IFRS 7 section.

5) Other equity investments

See the specific IFRS 7 section.

6) Deferred tax assets

See the specific IFRS 7 section.

7) Other non-current assets

See the specific IFRS 7 section.

Current assets

8) Trade receivables

See the specific IFRS 7 section.

9) Other current assets including derivatives

"Other current assets" was as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Receivables due from subsidiaries for tax consolidation	5,975	2,006	3,969
Receivables due from employees	4	6	(2)
Receivables due from social security bodies	2	2	
Receivables due from tax authorities for VAT		256	(256)
Other miscellaneous current receivables	1,563	853	710
Accrued income due from subsidiaries	21	18	3
Miscellaneous accrued income due from others	1	32	(31)
Prepaid expenses due from others	665	644	21
Total	**8,231**	**3,817**	**4,414**

Receivables due from subsidiaries included in the domestic tax consolidation rose by 3,969 thousand euro as a result of the higher tax payable of the subsidiaries transferred to the parent Italmobiliare S.p.A..

10) Tax assets

Tax assets totaled 37,873 thousand euro (42,175 thousand euro at December 31, 2011) and were mainly attributable to tax payments on account made in previous years and to withholding taxes on interest and dividends.

11) Equity investments, bonds and financial assets

See the specific IFRS 7 section.

12) Cash and cash equivalents

See the specific IFRS 7 section.

Equity and liabilities

Share capital, reserves and retained earnings

13) Share capital

At December 31, 2012 the fully paid-up share capital of the parent totaled 100,166,937 euro represented by 38,525,745 shares with a par value of 2.6 euro each.

N° shares	December 31, 2012	December 31, 2011	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

14) Share premium and other reserves

At December 31, 2012 reserves totaled 145,876 thousand euro, an overall decrease of 21,397 thousand euro from December 31, 2011 arising from:
- a fall in the value of available-for-sale financial assets, net of the impact of deferred tax, for 20,674 thousand euro;
- an increase of 723 thousand euro in the stock options reserve.

15) Treasury shares

At December 31, 2012 the cost of treasury share buy-backs totaled 21,226 thousand euro, deducted against equity. Treasury shares were as follows:

	N° ordinary shares	Carrying amount in euro	N° savings shares	Carrying amount in euro	Total carrying amount
December 31, 2012	**871,411**	**20,830**	**28,500**	**396**	**21,226**

A total of 827,274 ordinary treasury shares were held at December 31, 2012, to service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid in 2012 and 2011 are detailed below:

	2012 (euro per share)	2011 (euro per share)	December 31, 2012 (000 euro)	December 31, 2011 (000 euro)
Ordinary shares		0.532		11,338
Savings shares		0.610		9,952
Total dividends			**0**	**21,290**

No dividend was paid in 2012.
Movements in equity are illustrated in the “Statement of changes in equity”.

16) Retained earnings

The overall change, a reduction of 67,737 thousand euro, arose from the result for 2012.

Non-current liabilities

17) Employee benefits

This caption includes TFR post-employment benefits in accordance with IAS 19 and liabilities relating to future commitments, in the form of bonuses, to be paid to employees on the basis of their length of service at the company; these liabilities arise from actuarial valuations at December 31, 2012.

Movements on the caption are detailed below:

(in thousands of euro)	Post-employment benefits	Long-service bonus	Total
At December 31, 2011	1,355	188	**1,543**
Use during period	(418)		**(418)**
Provision for period	552	25	**577**
Present value of TFR post-employment benefits	(2)		**(2)**
At December 31, 2012	**1,487**	**213**	**1,700**

Expenses for the period included:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Current service cost	(86)	(92)	6
Finance costs	(71)	(71)	
Total	**(157)**	**(163)**	**6**

The assumptions used to determine liabilities arising from long-term benefits are set out below:

	TFR post-employ-ment benefits	Other employee benefits
Discount rate	2.75%	2.75%
Future salary rises	3.37%	3.09%
Inflation	2.00%	2.00%

Stock options

The company has arranged stock option plans for directors and managers who hold special posts.
Stock options refer to ordinary shares; the characteristics of stock option plans are illustrated in the directors' report on operations in the section on Corporate Governance and Stock Option Plans.
Stock options are exercised at a rate of 1 share per option.

The terms and conditions of Italmobiliare S.p.A. stock option plans at December 31, 2012, are set out below:

Grant date	N° options granted	Exercise period	Options exercised	Options cancelled	Unexercised options		Unit subscription price
March 24, 2003	49,283	03/24/2006 - 03/23/2013	39,720		9,563	€	31.2800
March 30, 2004	96,080	03/30/2007 - 03/29/2014			96,080	€	35.1990
March 30, 2005	108,437	03/30/2008 - 03/29/2015			108,437	€	54.5355
March 21, 2006	109,880	03/21/2009 - 03/20/2016			109,880	€	65.7010
March 21, 2007	122,479	03/21/2010 - 03/20/2017			122,479	€	86.0685
March 28, 2008	124,200	03/28/2011 - 03/27/2018			124,200	€	59.9080
March 25, 2009	19,350	03/25/2012 - 03/24/2019			19,350	€	20.5260
March 24, 2010	124,385	03/24/2013 - 03/23/2020			124,385	€	28.8340
March 30, 2011	112,900	03/30/2014 - 03/30/2021			112,900	€	27.4690
Total	**866,994**		**39,720**	**-**	**827,274**		

The grant date is the date of the Board of Directors meeting that approved the stock option plan.

The number and average exercise price of stock options in the periods in question are set out below:

(in thousands of euro)	12.31.2012			12.31.2011		
	N° options		Average subscription price	N° options		Average subscription price
Unexercised options at beginning of period	**827,274**	**€**	**50.6255**	**714,374**	**€**	**54.2852**
Granted during period				112,900	€	27.4690
Cancelled during period						
Exercised during period						
Expired during period						
Unexercised options at end of period	**827,274**	**€**	**50.6255**	**827,274**	**€**	**50.6255**
Vested options at end of period	**589,989**			**570,639**		

The average price of ordinary shares for full-year 2012 was 14.081 euro (23.709 euro for full-year 2011).
The average residual life of unexercised options was 2 years and 5 months.
Only options relating to plans granted after November 7, 2002, the rights to which had not vested at December 31, 2003, were valued and recognized at the IFRS transition date.

The following table sets out the characteristics of the company's stock option plans and their cost, carried under "Employee expense":

(in thousands of euro)			Employee expense	
Grant date	N° options granted	Vesting period	2012	2011
March 24, 2003	49,283	3 years		
March 30, 2004	96,080	3 years		
March 30, 2005	108,437	3 years		
March 21, 2006	109,880	3 years		
March 21, 2007	122,479	3 years		
March 28, 2008	124,200	3 years		178
March 25, 2009	19,350	3 years	6	24
March 24, 2010	124,385	3 years	385	385
March 30, 2011	112,900	3 years	331	249
Total	**866,994**		**722**	**836**

Stock option plan fair value at the grant date is estimated using a binomial model that takes dividends into account. The total option term is ten years. Volatility projections assume that past volatility, determined as the annual average on a past period of three years net of extraordinary events, is indicative of future trends.

The following table sets out the assumptions used and results obtained in measuring stock options relating to periods that are still vesting:

	Plan 2010	Plan 2009	Plan 2008	Plan 2007	Plan 2006
Option value at grant date	8.813	9.28	3.78	17.21	23.64
Share value	28.4	31.1	21.59	65.1	87.41
Exercise price	27.469	28.834	20.526	59.908	86.068
Volatility as %	26.2%	24.3%	25.0%	17.5%	17.5%
Option term (in years)	10	10	10	10	9.75
Dividends in %	3.01%	2.75%	7.41%	2.23%	1.45%
10-year BTP risk-free rate	4.775%	3.920%	4.485%	3.889%	3.652%

18) Financial liabilities

See the specific IFRS 7 section.

19) Provisions

Provisions for risks totaled 8,645 thousand euro at December 31, 2012, against 6,045 thousand euro at December 31, 2011, an increase of 2,600 thousand euro with respect to current risks for which future costs are considered likely.

(in thousands of euro)	Opening value	Additions	Decreases	Closing value
Provisions for risks	6,045	2,600		8,645

20) Other non-current liabilities

Other non-current liabilities referred essentially to the amount due to subsidiaries for the tax consolidation, which totaled 90,531 thousand euro at December 31, 2012, (117,527 thousand euro at December 31, 2011).
The decrease arose largely as a result of the decreased contribution of the subsidiaries owing to the reduction in deferred tax assets.

21) Deferred tax liabilities

Total deferred tax liabilities were 118 thousand euro at December 31, 2012, as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Deferred tax and duties - available-for-sale shares	53	60	(7)
Deferred tax and duties - other	65	65	0
Deferred tax assets		(33)	33
Total	**118**	**92**	**26**

The change was largely due to the reduction in the fair value reserve for available-for-sale equities and securities.

Current liabilities

22) Trade payables

See the specific IFRS 7 section.

23) Other current liabilities

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Amounts due to employees	7,772	5,737	2,035
Amounts due to social security authorities	929	881	48
Amounts due to tax authorities	539	404	135
Accruals and deferred income	102	130	(28)
Other amounts due	4,233	2,347	1,886
Interest-rate derivatives for trading	802	417	385
Total	**14,377**	**9,916**	**4,461**

Commitments

(in thousands of euro)	December 31, 2012	December 31, 2011
Guarantees on company assets	77,911	51,957
Deposits, guarantees, sureties, commitments, other	45,134	45,134
Total	**123,045**	**97,091**

The increases with respect to December 31, 2011 arose essentially from the increase in medium/long-term financial transactions secured by equities.
The value of guarantees on company assets shown above reflects fair value at the reporting date.

Income statement

24) Revenue

Revenue from sales and services totaled 27,411 thousand euro, as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
Dividends	18,320	38,823	(20,503)	-52.8%
Interest income	1,241	2,963	(1,722)	-58.1%
Capital gains on equity investments and securities	1,436	1,234	202	16.4%
Services	6,414	6,219	195	3.1%
Total	**27,411**	**49,239**	**(21,828)**	**-44.3%**

The breakdown of the various items was as follows:

Revenue from dividends:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
Subsidiaries				
Italcementi S.p.A.	13,180	13,169	11	0.1%
Ciments Français S.A.	2,542	2,783	(241)	-8.7%
Punta Ala Promozione Sviluppo Immobiliare S.r.l.	440	1,000	(560)	-56.0%
Sirap Gema S.p.A.		2,144	(2,144)	-100.0%
So.Par.Fi. Italmobiliare S.A.		5,000	(5,000)	-100.0%
Italmobiliare International Finance Ltd.		3,000	(3,000)	-100.0%
Franco Tosi S.r.l.	100	100		
Total	**16,262**	**27,196**	**(10,934)**	**-40.2%**
Associates				
Mittel S.p.A.		865	(865)	-100.0%
Total		**865**	**(865)**	**-100.0%**
Other companies				
Unicredit S.p.A.		2,994	(2,994)	-100.0%
Unione di Banche Italiane S.c.p.a.	55	111	(56)	-50.5%
Fin.Priv. S.r.l.	103	348	(245)	-70.4%
Gruppo Banca Leonardo S.p.A.	758	3,182	(2,424)	-76.2%
Intek S.p.A.		97	(97)	-100.0%
Compagnia Fiduciaria Nazionale S.p.A.		170	(170)	-100.0%
Mediobanca S.p.A.	1,128	3,837	(2,709)	-70.6%
Emittenti Titoli S.p.A.	14	23	(9)	-39.1%
Total	**2,058**	**10,762**	**(8,704)**	**-80.9%**
Grand total	**18,320**	**38,823**	**(20,503)**	**-52.8%**

Revenue from interest income:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
Interest and finance income from subsidiaries	7	4	3	75.0%
Interest on securities and bonds	324	786	(462)	-58.8%
Bank interest income	50	1,164	(1,114)	-95.7%
Commissions and other income	307	527	(220)	-41.7%
Options on securities	553	427	126	29.5%
Income from interest-rate hedges		55	(55)	-100.0%
Total	**1,241**	**2,963**	**(1,722)**	**-58.1%**

Gains on equity investments and securities:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
From sale of available-for-sale equity investments				
Unicredit Spa - rights	1,193		1,193	100.0%
Gazzetta del Sud Calabria		450	(450)	-100.0%
Intek	46	202	(156)	-77.2%
KME		59	(59)	-100.0%
Total	**1,239**	**711**	**528**	**74.3%**
From sale of trading equity investments				
Enel		46	(46)	-100.0%
Eni		18	(18)	-100.0%
Intesa		3	(3)	-100.0%
Unipol priv		2	(2)	-100.0%
Total		**69**	**(69)**	-100.0%
From measurement of trading instruments at fair value				
Mutual funds	100	454	(354)	-78.0%
Ubi	97		97	100.0%
Total	**197**	**454**	**(257)**	**-56.6%**
Grand total	**1,436**	**1,234**	**202**	**16.4%**

25) Other revenue

Other revenue amounted to 1,425 thousand euro (937 thousand euro at December 31, 2011) and included rents and recovery of condominium expenses for 286 thousand euro, directors' pensions for 160 thousand euro, other income for 154 thousand euro and non-recurring income for 825 thousand euro.

26) Raw materials and supplies

Expense for raw materials and supplies amounted to 162 thousand euro, as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
Materials and machinery	2	6	(4)	-66.7%
Other materials	71	69	2	2.9%
Electricity, water, gas	89	71	18	25.4%
Total	**162**	**146**	**16**	**11.0%**

27) Services

Expense for services amounted to 4,669 thousand euro, as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
Legal fees, consultancy and compensation	3,410	4,064	(654)	-16.1%
Rentsand fees for use of third-party assets	107	260	(153)	-58.8%
Insurance	529	461	68	14.8%
Lease payments and expense on civil buildings	51	88	(37)	-42.0%
Maintenance and repairs	133	172	(39)	-22.7%
Subscriptions	78	78		
Commuunication and promotions	72	123	(51)	-41.5%
Post and telephone	47	49	(2)	-4.1%
Cleaning	110	108	2	1.9%
Other expense and residual services	132	304	(172)	-56.6%
Total	**4,669**	**5,707**	**(1,038)**	**-18.2%**

Compensation includes amounts paid to the Board of Statutory Auditors totaling 249 thousand euro.

28) Employee expense

Employee expense amounted to 16,117 thousand euro, as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
Wages and salaries	9,145	8,977	168	1.9%
Social security contributions	2,373	2,322	51	2.2%
Provisions and pension funds	550	663	(113)	-17.0%
Directors' remuneration	3,772	3,886	(114)	-2.9%
Other miscellaneous expenses	277	57	220	n.s.
Total	**16,117**	**15,905**	**212**	**1.3%**

n.s.= not significant

The number of employees is shown below:

(headcount)	December 31, 2012	December 31, 2011
Employees at period end	48	46
Average number of employees	47.75	45.08

29) Other operating expense

Other operating expense, net of other operating income, amounted to 9,587 thousand euro, as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
Finance costs				
Interest on short-term financing	2,213	3,309	(1,096)	-33.1%
Interest on medium/long-term financing	4,119	4,184	(65)	-1.6%
Current account and financial interest expense due to subsidiaries	15	51	(36)	-70.6%
Commissions for non-utilization	803	534	269	50.4%
Costs for interest-rate hedging	745	417	328	78.7%
Options on securities	179		179	100.0%
Other expense	4	4		
Total	**8,078**	**8,499**	**(421)**	**-5.0%**
Losses on sale of assets and impairment losses				
Sale Mediobanca warrants		28	(28)	-100.0%
Sale Intek warrants		1	(1)	-100.0%
Sale KME warrants		13	(13)	-100.0%
Sale Unione di Banche Italiane S.c.p.a.		1	(1)	-100.0%
Impairment losses on mutual funds	153	111	42	37.8%
Impairment losses on trading securities		125	(125)	-100.0%
Total	**153**	**279**	**(126)**	**-45.2%**
Other expense and income				
Condominium expenses on own buildings	207	199	8	4.0%
Other operating expense	89	99	(10)	-10.1%
Non-deductible sales tax	726	613	113	18.4%
ICI tax		52	(52)	-100.0%
IMU tax	91		91	100.0%
Other tax	31	26	5	19.2%
Non-recurring expense	39	23	16	69.6%
Other expense	173	292	(119)	-40.8%
Total	**1,356**	**1,304**	**52**	**4.0%**
Total other operating expense	**9,587**	**10,082**	**(495)**	**-4.9%**

The decrease in interest on short-term and medium/long-term financing is mainly due to the reduction in interest rates.

30) Other non-recurring expense

Non-recurring expense net of non-recurring income amounted to 2,901 thousand euro (617 thousand euro at December 31, 2011), as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
Provision for risks	(2,600)		(2,600)	100.0%
Other income (expense)	(301)	(617)	316	-51.2%
Total	**(2,901)**	**(617)**	**(2,284)**	**n.s.**

n.s. = not significant

Other expense included 300 thousand euro for the endowment made to the “Italcementi Cav. Lav. Carlo Pesenti” foundation.

31) Amortization and depreciation

The overall amount of 90 thousand euro (112 thousand euro at December 31, 2011) refers to depreciation of property, plant and equipment for 36 thousand euro (50 thousand euro at December 31, 2011) and amortization of intangible assets for 54 thousand euro (62 thousand euro at December 31, 2011).

32) Finance costs

Finance costs net of finance income amounted to 17 thousand euro, as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
Financial services	15	38	(23)	-60.5%
Miscellaneous finance costs	2	2		
Total	**17**	**40**	**(23)**	**-57.5%**

33) Impairment on financial assets

The income statement reflected impairment losses totaling 62,684 thousand euro (80,411 thousand euro at December 31, 2011), referring largely to:

a) Unione di Banche Italiane S.c.p.a. -345 thousand euro and Unicredit S.p.A. -21,136 thousand euro for alignment at June 30, 2012 with the respective share prices of 2.4998 euro for Unione di Banche Italiane S.c.p.a. and 2.8225 euro for Unicredit S.p.A.. The subsequent measurement at December 31, 2012 generated a positive adjustment for Unione di Banche Italiane S.c.p.a. to 3.5045 euro and for Unicredit S.p.A. to 3.7247 euro, with a corresponding increase in the fair value reserve;

b) the subsidiary Sirap Gema S.p.A. -22,611 thousand euro based on an independent expert evaluation;

c) R.C.S. Mediagroup S.p.A. -18,431 thousand euro based on an independent expert evaluation;

d) the residual losses of 161 thousand euro referred to other minor equity investments.

34) Income tax (expense)

This posting reflected a positive amount of 647 thousand euro, as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change	% change
Deferred tax assets	(239)	4,407	(4,646)	n.s.
Prior-year tax	886	1,138	(252)	-22.1%
Total	**647**	**5,545**	**(4,898)**	**-88.3%**

n.s. = not significant

Deferred tax assets of 4,277 thousand euro were not recognized with respect to estimated negative taxable income of approximately 15.6 million euro, since the company does not expect taxable income against which they can be used to be available over a reasonably certain timeframe.

IFRS 7

Management Policies

Introduction

The document "Policies for investment and financial risk management" ("Policies") sets out general strategic guidelines and investment regulations governing management of Italmobiliare S.p.A. resources.

Objectives

For Italmobiliare S.p.A. exposure to financial risk is an opportunity to generate profits, albeit within the limits established for the purpose of ensuring prudent management of resources.

Financial instruments

The Policies referred to above define the type of financial instruments allowed, the maximum amounts, the counterparts, and the methods and levels of approval.
Derivatives are allowed both as risk management instruments and as instruments relating to market positioning. The regulations included in the Policies are particularly restrictive in terms of both the types allowed and the levels of approval and control.

Financial risk management

Credit risk

Italmobiliare S.p.A. is exposed to credit risk with respect to issuers of financial instruments and counterparts on financial transactions.
The Policies set minimum rating levels for individual investments (where applicable), for types of instrument, for rating class and maximum exposure in relation to individual counterparts.
The Policies set out procedures for approving amounts in excess of such limits. They also establish a monitoring and reporting system.
Italmobiliare S.p.A. has no significant exposure to commercial credit risk.

The table below details the level of credit risk exposure through definition of the average rating for bond issues, other financial assets and the rating of counterparts on derivative contracts.

	Fair value (in millions of euro)	Average rating	Average outstanding life (in years (*))
Trading bonds	4.0	BBB	0.50
Available-for-sale bonds	4.7	BB+ (**)	38.00
Other financial asets	10.2	BBB+ (**)	n.a.
Fair value derivatives	(0.8)	A+	3.00

(*) determined on first call

(**) estimated issue rating

n.a.= not available

Other financial assets consist of a harmonized open-end collective investment scheme set up to generate a positive real yield (with respect to the euro zone inflation rate); the fund invests primarily in short-term bonds.
Assuming a parallel and instantaneous shift of +100 bp in the credit curve, the overall change in the fair value of the financial instruments would be -0.38 million euro, of which -0.37 million euro in equity and -0.01 million euro on the income statement.

Liquidity risk

The Italmobiliare S.p.A. risk management objective is to establish a liability management policy that satisfies funding requirements over time and minimizes opportunity cost.
The Finance division draws up regular reports for top management analyzing the net debt trend and risks.
A daily valorization and performance report on financial assets (including trading, indicated in the table below and AFS) is also available, drawn up by the depositary bank.
The table below shows out net debt by maturity (residual life) compared with undrawn credit lines:

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financial liabilities	(186.6)	(74.1)	(38.2)		**(298.9)**
Total financial assets	5.9		10.2	6.2	**22.3**
Total net debt	**(180.7)**	**(74.1)**	**(28.0)**	**6.2**	**(276.6)**
Committed available lines of credit	*89.5*	*18.4*			***107.9***

Short-term drawings on committed lines of credit are reclassified on expiry of the respective facility.

Total undrawn lines of credit consist of committed lines for 107.9 million euro and uncommitted credit lines for 186.3 million euro.

The main changes in borrowings in 2010, 2011 and 2012 are described below:

a) in December 2010 Italmobiliare took out a 130 million euro loan with Intesa Sanpaolo which expires on December 31, 2015, to service the purchase from Italcementi of RCS Mediagroup and Mediobanca shares; following completion of the first scheduled repayment, the principal was reduced to 111.4 million euro;

b) in November and December 2011, Italmobiliare arranged a new three-year borrowing in two tranches with Société Générale in the form of a loan guaranteed by listed shares (at December 31, 2012, 12.3 million Unicredit shares); at the end of the year it amounted to 37.1 million euro. The borrowing is subject to a daily margin call with respect to a 12% threshold;

c) in December 2011 Italmobiliare arranged a 50 million euro irrevocable line of credit with UBI><Banca Popolare of Bergamo maturing on June 26, 2013. No drawings had been made at December 31, 2012;

d) in December 2011 Italmobiliare signed with SO.PAR.FI an uncommitted line of credit for 100 million euro, with drawings totaling 67 million euro and maturing between September 2013 and January 2014;

e) in May 2012 Italmobiliare renewed its 50 million euro irrevocable line of credit with Intesa Sanpaolo for 18 months less one day with final maturity on October 17, 2013; at December 31, 2012 drawings totaled 10.5 million euro;

f) in December 2012 Italmobiliare arranged with Intesa Sanpaolo an additional irrevocable line of credit for 30 million euro maturing on March 31, 2014; at December 31, 2012 drawings totaled 11.6 million euro;

g) in mid-December 2012 the repo agreement arranged with Banca Leonardo was extended and renewed (355,500 Ciments Français shares, 2.66 million Italcementi shares and 1.4 million UBI Banca shares) maturing on March 28, 2013; at the end of the year the amount was 21.6 million euro. The repo agreement is subject to a daily margin call with respect to a 10% threshold.

Covenants are clauses in medium/long-term financing contracts requiring the borrower to comply with certain economic and financial variables, within specific ranges, to ensure that its financial structure remains compatible with its commitments to the lender. Should the borrower fail to comply with the covenants, the lender may withdraw from the contract.
Borrowings at December 31, 2012, included a single security-backed line of credit with such clauses for 37.1 million euro, equivalent to 12.5% of total financial liabilities and 6.3% of overall facilities (available and drawn). The

covenant requires Italmobiliare S.p.A. to maintain a ratio of not more than 50% between net debt and asset value during the life of the loan.
Some loan contracts include customary clauses represented by negative pledges, which could weaken the borrower's equity guarantee (e.g., amendments to the by-law, change of business, reduction of share capital) and cause the lender to withdraw from the contract.
At December 31, 2012 Italmobiliare S.p.A. met all its contractual commitments in full. In particular, the financial ratio of the covenant described above has been kept well below 50%.

Market risk

Interest-rate risk

Fluctuations in interest rates affect the fair value of financial assets and liabilities and the level of net finance costs.

The Finance function draws up regular reports for senior management with a profile analysis of liability amounts and costs.

The table below illustrates the composition of net debt at December 31, 2012 and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of net debt.

(in millions of euro)	
Situation at December 31, 2012	
Fixed-rate financial liabilities	
Fixed-rate financial assets	
Fixed-rate net debt at inception	
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	(34.3)
Fixed-rate net debt after hedging	**(34.3)**
Floating-rate financial liabilities	(298.6)
Floating-rate financial assets	20.0
Floating-rate net debt at inception	**(278.6)**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	34.3
Floating-rate net debt after hedging	**(244.3)**
Assets not exposed to interest-rate risk	2.3
Liabilities not exposted to interest-rate risk	(0.3)
Total net debt	**(276.6)**

Floating-rate assets include amounts due from Group companies and floating-rate bonds; floating-rate liabilities include amounts due to third parties and Group companies.
A sensitivity analysis was performed to determine the change in the fair value of total net debt caused by an upward instantaneous shift of 100 bp in interest rates on all maturities.
The analysis found an estimated overall change of -1.56 million euro, of which -1.55 million euro on equity and -0.01 on the income statement.

Currency risk

The company investment regulations keep exposure to currency risk very low. Currency positions are limited and used in order to de-correlate the risk of traditional financial assets in the liquidity management portfolio.

Other price risks

Italmobiliare S.p.A. is particularly exposed to the risk of fluctuations in the prices of listed equities carried at fair value.
Since Italmobiliare S.p.A. is a holding company, exposure to the equity risk is inherent to its core business. In some cases, for limited amounts, the Policies set out procedures and approvals for use of derivatives to reduce this risk.
At December 31, 2012 assets exposed to price risk. classified as available-for-sale, amounted to 173.6 million euro.
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 8.7 million euro, on equity only.

(in millions of euro)	Underlying		Share price delta	Impact on income		Impact on equity
Available-for-sale equities	173.6		-5%			(8.7)

Net debt

Net debt at December 31, 2012 was 276,610 thousand euro, an increase of 6,116 thousand euro from 270,494 thousand euro at December 31, 2011.

The breakdown of net debt was as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Cash and cash equivalents	1,619	6,508	(4,889)
Financial receivables due from Group	1,008	327	681
Treasury instruments and bonds - current	2,491	2,394	97
Treasury instruments and bonds - non-current	4,687	6,629	(1,942)
Mutual funds	10,249	10,402	(153)
Index-linked ETFs	1,511	1,411	100
Prepayments and accrued income	687	737	(50)
Total financial assets	**22,252**	**28,408**	**(6,156)**
Bank loans	(228,979)	(274,320)	45,341
Financial liabilities vs subsidiaries	(68,809)	(23,777)	(45,032)
Interest-rate derivatives	(802)	(417)	(385)
Accruals and deferred income	(272)	(388)	116
Total financial liabilities	**(298,862)**	**(298,902)**	**40**
Net debt	**(276,610)**	**(270,494)**	**(6,116)**

Comparison between fair value and carrying amount

(in thousands of euro)	December 31, 2012 Carrying amount	December 31, 2012 Fair Value	December 31, 2011 Carrying amount	December 31, 2011 Fair Value
Financial assets				
Assets at fair value through profit and loss				
Cash and cash equivalents	1,619	1,619	6,508	6,508
Derivatives				
Equity investments, bonds and financial assets	15,354	15,354	14,669	14,669
Loans and receivables				
Trade receivables	6,652	6,652	3,425	3,425
Receivables and other non-current assets	4,700	4,700	100,080	100,080
Available-for-sale assets				
Non-current equity investments other companies	205,879	205,879	202,914	202,914
Held-to-maturity investments				
Total	**234,204**	**234,204**	**327,596**	**327,596**
Financial liabilities				
Trade payables	3,670	3,670	3,826	3,826
Current financial liabilities	90,688	90,688	48,503	48,503
Bank overdrafts and short-term borrowings	58,823	58,823	70,451	70,451
Non-current financial liabilities	148,549	148,549	179,531	179,531
Interest-rate derivatives	802	802	417	417
Total	**302,532**	**302,532**	**302,728**	**302,728**

Fair Value – hierarchy

In determining and documenting the fair value of financial instruments, Italmobiliare S.p.A. uses the following hierarchy based on different measurement techniques:
level 1: financial instruments with prices quoted on an active market
level 2: prices quoted on active markets for similar financial instruments, or fair value determined with other measurement techniques where all significant inputs are based on observable market data;
level 3: fair value determined with measurement techniques where no significant input is based on observable market data.

At December 31, 2012, financial instruments measured at fair value were as follows:

(in thousands of euro)	December 31, 2012	Level 1	Level 2	Level 3
Equity investments, bonds and financial assets	14,251	14,251		
Receivables and other non-current assets	4,687		4,687	
Non-current equity investments	205,879	173,569	10,238	22,073
Derivatives - liabilities	(802)			(802)

The change in level 3 is set out in the table below:

(in thousands of euro)	Receivables and other nc assets	Non-current eq. investments	Interest-rate derivatives	Total
Balances at December 31, 2011	**591**	**26,028**	**(417)**	**26,202**
Changes due to:				
Purchases/subscriptions		1,000		**1,000**
Fair value changes		(560)	(385)	**(945)**
Sales/reductions in capital	(591)	(4,395)		**(4,986)**
Total changes	**(591)**	**(3,955)**	**(385)**	**(4,931)**
Balances at December 31, 2012	**0**	**22,073**	**(802)**	**21,271**

Cash and cash equivalents

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Cash and checks on hand	12	19	(7)
Bank and postal accounts	1,607	6,490	(4,883)
Net amount	**1,619**	**6,509**	**(4,890)**

Short-term deposits have varying maturities within three months, in relation to the company's financial requirements; interest matures at the respective short-term rates.
The variation mainly refers to the cancellation of variable-amount tied deposits correlated to collateralized borrowings, which matured during 2012.
The fair value of cash and cash equivalents corresponds to the carrying amount.

Equity investments, bonds and financial assets

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Trading bonds	14,251	14,207	44
Current financial receivables due from subsidiaries	1,008	327	681
Financial prepayments	68	135	(67)
Total	**15,327**	**14,669**	**658**

Trading bonds increased by 197 thousand euro and decreased by 153 thousand euro as a result of adjustment to year-end fair value.

Details of "Trading bonds" are illustrated in annex "C".

Trade receivables

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Trade	7	7	
Associates		6	(6)
Subsidiaries	6,645	3,412	3,233
Total	**6,652**	**3,425**	**3,227**

Receivables referred in the main to Italian subjects.

Deferred tax assets

Deferred tax assets amounted to 65,879 thousand euro (91,876 thousand euro at December 31, 2011) and consisted of amounts calculated on the tax losses posted by Italmobiliare S.p.A. and the subsidiaries in the Italian tax consolidation. The amount calculated on the tax losses transferred from the subsidiaries, which represents the largest part of the balance, is offset by payables due to subsidiaries, which are recorded under current liabilities. Recognition occurred in relation to a forecast made by the companies in the tax consolidation, whereby it is considered likely that in future years taxable income will be realized against which to use the past tax losses.
The reduction was largely due to the impairment of assets previously reflected by the Group subsidiaries in the Italian tax consolidation.

The temporary differences which are excluded from the determination of deferred tax assets and liabilities are as follows:

(in thousands of euro)	2012 Amount	Tax effect	2011 Amount	Tax effect
Provision for risks	8,645	1,662	6,045	1,662

Deferred tax assets have not been recorded since it is not expected that the existing provisions can be offset over a reasonably predictable timeframe.

Other non-current assets

"Other non-current assets" were as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Receivables due from subsidiaries		1,535	(1,535)
Available-for-sale bonds	4,687	6,629	(1,942)
Guarantee deposits	13	13	
Other receivables		27	(27)
Total	**4,700**	**8,204**	**(3,504)**

The change of 1,535 thousand euro arose from the reclassification of the current trade receivables.
The fall in available-for-sale bonds is due to the fair value measurement of Unicredito cashes.

Investments in subsidiaries and associates

The movements on this heading with respect to December 31, 2011, are illustrated below:

(in thousands of euro)	
At December 31, 2011	**946,408**
Acquisitions	4,962
Decreases for capital repayments	(2,091)
Impairment losses	(41,042)
At December 31, 2012	**908,237**

Acquisitions of 4,962 thousand euro refer to the purchase on the market of Ciments Français S.A. shares for 4,918 thousand euro and Mittel S.p.A. shares for 44 thousand euro, during the year.
The decreases of 2,091 thousand euro arose for 20 thousand euro from the reclassification of the repayment of the Bravosolution S.p.A. convertible bond and for 2,071 thousand euro from the reduction in capital reserves at the subsidiary Punta Ala Promozione and Sviluppo Immobiliare S.r.l..

With reference to the subsidiary Sirap Gema S.p.A., an impairment test was carried out by an independent expert in accordance with IAS 36, to determine recoverable equity value on the basis of the estimated present value of future cash flows.
The recoverable equity value of Sirap Gema S.p.A. was determined using the asset-side approach, which decreases the core equity value by net debt and employee provisions and increases it by the balance on other non-operating assets and liabilities (net surplus assets).
Since the recoverable equity value of Sirap Gema S.p.A. corresponds to the sum of the values of all its cash-generating units, this approach meant it was possible for most of the CGUs to use the estimated recoverable amount already calculated by Sirap Gema S.p.A. for impairment testing.
For the CGUs that were not measured in the Sirap Gema group impairment test, recoverable amount was estimated on the basis of consistent criteria. Specifically, the recoverable amount of all the CGUs was estimated using the value in use configuration based on analytical future cash flow projections for a period of five years (2013-2017) and on subsequent estimated terminal value.
The cash flow projections for the first year correspond to the 2013 budget figures; the projections for 2014/2017 are Sirap Gema S.p.A. management's best estimate compatibly with current strategy and trends and with the assumptions underlying the 2013 budget.

The table below sets out the discount rates (post tax weighted average cost of capital) and the nominal growth rate (g) used in the terminal value that were employed to calculate value in use of each CGU of the Sirap Gema group (the figures for the Inline Poland CGU refer to flows in local currency):

	Weighted average cost of capital	Growth rate (g)
CGU Rigid Division Italy	8.23%	1.40%
CGU Foamed Division	8.18%	1.40%
CGU Rigid Poland	8.09%	2.85%
CGU Sirap France	7.34%	1.00%
CGU Petruzalek group	10.00%	2.36%
CGU Sirap Insulation	9.30%	1.40%
CGU Universal Imballaggi	8.18%	1.40%

The nominal growth rates (g) used in the terminal value are aligned with the inflation rate or GDP growth rate forecast for 2017 for the countries/markets in which each CGU operates.

Equity value was ascertained as 14,878 thousand euro against a carrying amount of 37,489 thousand euro. Consequently an impairment loss of 22,611 thousand euro was recognized.

With reference to the associate R.C.S. Mediagroup S.p.A. (carried at December 31, 2012 before impairment testing at 49,222 thousand euro, equivalent to 0.90 euro per ordinary share), the critical conditions resulting from the estimated loss for 2012, already evident in part in the interim reports published during the year, from the consequent situation ex art. 2446 of the Italian Civil Code, from the measures taken to re-negotiate debt with the bank syndicate and from the restructuring plan, which will require a subsequent share capital increase, are trigger events requiring an impairment test to be conducted pursuant to IAS 36. Moreover, in December 2012 R.C.S. S.p.A. disclosed only some key features of its restructuring plan, postponing a more detailed presentation until the Board meeting of March 27, 2013. Despite the favorable share price trend, in view of the current uncertainty the Italmobiliare S.p.A. Board of Directors deemed it appropriate to conduct an impairment test, as in previous years, based on value in use. It engaged an independent expert to determine the recoverable amount of the investment in the associate R.C.S. S.p.A. using the best public information available and a method compatible with IAS 36.

The impairment test was based on the following assumptions:

a) an asset-side approach was used to determine equity value whereby estimated net operating invested capital was decreased by net debt and other similar liabilities and increased by any surplus assets;

b) net operating invested capital was estimated with the value in use configuration, based on the present value of post-tax future operating cash flows. Cash flow projections were based on the best available public information, specifically on analyst consensus forecasting and on information about the R.C.S. S.p.A. plan projections to 2015 (revenue and EBITDA margin to 2015);

c) the explicit forecast period for the cash flows to be discounted was assumed as five years;

d) the cash flow growth rate beyond the explicit forecast period that was used to determine the terminal value was assumed to be zero;

e) the cash flow discount rate (post-tax WACC) was determined on the basis of standard methods that are also recommended by IAS 36 (Capital Asset Pricing Model) and was 8.0%.

The impairment test found a recoverable amount of 0.563 euro per share, lower than the carrying amount of 0.90 euro per share; consequently an impairment loss of 18,431 thousand euro was recognized, bringing the carrying amount to 0.563 euro per share.

Equity investments in subsidiaries and associates at December 31, 2012, are listed below:

Subsidiaries	**Location**	**% held**
Aliserio S.r.l.	Bergamo	10.000
Bravosolution S.p.A.	Bergamo	7.400
Ciments Français S.A.	Puteaux	2.729
Italcementi S.p.A. - ordinary shares	Bergamo	60.363
Italcementi S.p.A. - savings shares	Bergamo	2.856
Franco Tosi S.r.l.	Milan	100.00
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	100.00
Sirap Gema S.p.A.	Verolanuova	100.00
Société de Partecipation Financière Italmobiliare S.A.	Luxembourg	100.00
Associates		
Mittel S.p.A.	Milan	10.000
R.C.S. Mediagroup S.p.A.	Milan	7.465
Società Editrice Sud S.p.A.	Messina	32.358

Please refer to annexes “A” and “B” for further information on equity investments in subsidiaries and associates.

Other equity investments

This non-current asset heading reflects equity investments classified as “available-for-sale” as required by IAS 39.

(in thousands of euro)	
At December 31, 2011	**202,914**
Acquisitions	21,367
Sales	(18,106)
Fair value taken to reserve	21,346
Fair value taken to income statement (impairment)	(21,642)
At December 31, 2012	**205,879**

Acquisitions of 21,367 thousand euro refer to subscription of new shares and exercise of Unicredit S.p.A. rights for 15,089 thousand euro, to subscription of new Unione di Banche Italiane S.c.p.A. shares for 5,278 thousand euro, and to the incorporation of the 035 Investimenti S.p.A. company for 1 million euro, of which 250 thousand euro paid-in.

Sales include the capital repayment to the Banca Leonardo group for 4,394 thousand euro and the sale of Unicredit S.p.A. rights for 13,565 thousand euro.

Fair value taken to reserves mainly reflects the measurement of Unicredit S.p.A. at 14,194 thousand euro and Mediobanca S.p.A. at 5,527 thousand euro, on the basis of their share price at December 31, 2012.
Fair value taken to the income statement chiefly refers to the impairment losses at Unione di Banche Italiane S.c.p.a. and Unicredit S.p.A., as discussed above.
For the other companies, the fair value of listed companies is determined on the basis of the official share price on the last accounting day of the reporting period, while the fair value of unlisted companies is calculated using the methods envisaged by IAS 39.

The breakdown of other equity investments at December 31, 2012, was as follows:

(in thousands of euro)	N° shares	December 31, 2012
Equity investments in listed companies		
Mediobanca S.p.A.	22,568,992	105,090
Unione di Banche Italiane S.c.p.a.	2,818,792	9,879
Unicredit S.p.A.	15,732,683	58,600
Total		**173,569**
Equity investments in unlisted companies		
Ambienta S.p.A.	150	16
Atmos S.p.A. winding up	4,000	34
Atmos Venture S.p.A.	200,000	81
Compagnia Fiduciaria Nazionale S.p.A.	20,001	507
Emittenti Titoli S.p.A.	209,000	161
Fin Priv S.r.l.	2,857	10,237
Gruppo Banca Leonardo S.p.A.	7,576,661	10,443
Idrovia Ticino - Milano Nord - Mincio S.p.A. winding up	100	1
Imm.re Lido di Classe S.p.A.	45,991	
Immobiliare Astra S.p.A.	12,012	30
Sesaab S.p.A.	700,000	9,800
035 Investimenti S.p.A.	1,000,000	1,000
Total		**32,310**
Total equity investments		**205,879**

The analysis of movements in equity investments is shown in "Annex A".

Trade payables

"Trade payables" were as follows:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Suppliers	2,995	3,154	(159)
Group companies	675	672	3
Total	**3,670**	**3,826**	**(156)**

Financial liabilities

Financial liabilities are shown below by category, subdivided by non-current and current liabilities:

(in thousands of euro)	December 31, 2012	December 31, 2011	Change
Amounts due to banks (medium/long-term)	148,549	179,531	(30,982)
Bank overdrafts and short-term borrowings	58,823	70,451	(11,628)
Short-term financial liabilities	90,688	48,503	42,185
Interest-rate derivatives	802	417	385
Total financial liabilities	**298,862**	**298,902**	**(40)**

The reduction in financial liabilities arose mainly from the cancellation and stipulation of loans.

Italmobiliare loans and borrowings regulated at Euribor-indexed floating rates are hedged by a floating- to fixed interest-rate swap for a notional amount of 34.3 million euro, expiring at December 31, 2015. This contract is classified under trading financial instruments.
The fair value of this derivative at December 31, 2012 stood at -802 thousand euro.

Main bank loans and lines of credit

The main borrowings were as follows:

(in thousands of euro)		December 31, 2012	December 31, 2011	Change
With collateral security				
Other loans				
- Banca Leonardo	maturity 03/28/2013	21,606		21,606
- Sogen Paris fin. Tres	cancelled 01/31/2012		24,338	(24,338)
- Sogen Paris Unicreditshares	maturity 11/21/2014	37,120	49,531	(12,411)
Total		**58,726**	**73,869**	**(15,143)**
Without collateral security				
- Intesa San Paolo S.p.A.	maturity 12/31/2015	111,429	130,000	(18,571)
- Intesa San Paolo S.p.A.	short term	58,823	70,451	(11,628)
Total		**170,252**	**200,451**	**(30,199)**
Total loans and borrowings		**228,978**	**274,320**	**(45,342)**

The change refers to the cancellation of loans that had matured, the decrease in the previous loan arranged with Intesa Sanpaolo and a new loan provided by Banca Leonardo group maturing on March 28, 2013.
Short-term financing includes the Intesa Sanpaolo loan for 58,823 thousand euro and current account amounts and borrowings due to subsidiaries totaling 68,810 thousand euro (23,777 thousand euro at December 31, 2011).

Non-recurring transactions

The tables below itemize the main non-recurring transactions and their impact on equity, net debt and profit:

	December 31, 2012					
(in thousands of euro)	**Equity**		**Profit (loss) for the period**		**Net debt**	
		%		**%**		**%**
Carrying amounts	**840,983**		**(66,737)**		**(276,610)**	
Net gains on sale of non-current assets	8	n.s.	8	-0.01%	21	-0.01%
Other non-recurring income (expense)	(2,901)	-0.34%	(2,901)	4.35%	(301)	0.11%
Tax on non-recurring transactions						
Total	**(2,893)**	**-0.34%**	**(2,893)**	**4.33%**	**(280)**	**0.10%**
Figurative amount without non-recurring transactions	**843,876**		**(63,844)**		**(276,330)**	

	December 31, 2011					
(in thousands of euro)	**Equity**		**Profit (loss) for the period**		**Net debt**	
		%		**%**		**%**
Carrying amounts	**886,323**		**(57,300)**		**(270,494)**	
Net gains on sale of non-current assets						
Other non-recurring income (expense)	(617)	-0.07%	(617)	1.08%	(617)	0.23%
Tax on non-recurring transactions						
Total	**(617)**	**-0.07%**	**(617)**	**1.08%**	**(617)**	**0.23%**
Figurative amount without non-recurring transactions	**886,940**		**(56,683)**		**(269,877)**	

n.s.= not significant

Audit fees

A breakdown is set out below of the fees paid in 2012 to the independent auditors, as per CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, paragraph 1:

Services provided (in thousands of euro)	**KPMG**
Audit services	311
Non-audit services	39
Total	**350**

Transactions with related parties

The figures at December 31, 2012, for transactions with related parties are set out in the table below:

Receivables and payables vs related parties

(euro)	Company	Amount	% impact on book values	Book values	Reference
Description					
Trade receivables	Franco Tosi S.r.l.	45,093			
Subsidiaries	Finter Bank Zurich S.A.	33,094			
	Italcementi S.p.A.	3,048,699			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	23,408			
Trade receivables	Sirap-Gema S.p.A.	423,606			
Associates					
Total trade receivables		**3,573,900**	**53.73%**	**6,652,127**	**Note 8**
Other receivables	Italcementi S.p.A.	3,070,900			
Subsidiaries					
Total other non-current assets		**3,070,900**	**65.34%**	**4,699,793**	**Note 7**
Receivables for tax consolidation	Escavazione Sabbia e Affini Monviso S.p.A.	20,869			
Subsidiaries	Franco Tosi S.r.l.	30,882			
	Gruppo Italsfusi S.r.l.	11,951			
	Italgen S.p.A.	5,282,664			
	Sirap-Gema Insulation System S.p.A.	628,907			
Accrued income	Bravosolution S.p.A.	2,699			
Subsidiaries	Franco Tosi S.r.l.	11,838			
	Italcementi S.p.A.	6,271			
Total other current assets including derivatives		**5,996,081**	**72.85%**	**8,230,725**	**Note 9**
Current account receivables	Sirap-Gema S.p.A.	1,008,222			
Subsidiaries					
Total equity investments, bonds, financial assets		**1,008,222**	**6.57%**	**15,353,864**	**Note 11**
Current account payables	Franco Tosi S.r.l.	(635,818)			
Subsidiaries	Italcementi S.p.A.	(126,095)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(1,047,574)			
Loans and borrowings	SO.PAR.FI Italmobiliare S.A.	(67,000,000)			
Subsidiaries					
Financial accruals	SO.PAR.FI Italmobiliare S.A.	(105,849)			
Subsidiaries					
Total financial liabilities		**(68,915,336)**	**75.99%**	**(90,687,703)**	**Note 18**

(euro) Description	**Company**	**Amount**	**% impact on book values**	**Book values**	**Reference**
Trade payables	Bravosolution S.p.A.	(3,000)			
Subsidiaries	Finter Bank Zurich S.A.	(8,416)			
	Franco Tosi S.r.l.	(584,644)			
	Italcementi S.p.A.	(78,690)			
	Other related parties	(600)			
Total trade payables		**(675,350)**	**18.41%**	**(3,669,340)**	**Note 22**
Payables for tax consolidation	Aliserio S.r.l.	(39,448)			
Subsidiaries	Bravosolution S.p.A.	(197,034)			
	Calcestruzzi S.p.A.	(3,564,116)			
	Ing. Sala S.p.A.	(1,245,384)			
	Italcementi S.p.A.	(72,295,074)			
	Italcementi Ingegneria S.r.l.	(70,491)			
	Nuova Sacelit S.r.l.	(11,268,028)			
	Sama S,p.A.	(455,474)			
	Sirap-Gema S.p.A.	(1,396,314)			
Other payables	Bravosolution S.p.A.	(13,292)			
Subsidiaries	Franco Tosi S.r.l.	(31,152)			
	Italcementi S.p.A.	(16,598)			
Total other non-current liabilities		**(90,592,405)**	**100.00%**	**(90,594,757)**	**Note 20**

COMMITMENTS WITH RELATED PARTIES

Description	**Company**	**Amount**
Letters of patronage to	Sirap Gema S.p.A.	20,125,000
Subsidiaries	Soparfi S.A.	8,283,632
Total commitments		**28,408,632**

REVENUE AND EXPENSE VS RELATED PARTIES

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Dividends	Ciments Français S.A.	2,542,089			
Subsidiaries	Italcementi S.p.A.	13,180,059			
	Franco Tosi S.r.l.	100,000			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	439,873			
Total dividends		**16,262,021**	**88.77%**	**18,319,797**	**Note 24**
Financial and current a/c interest income and other income	Italcementi S.p.A.	49			
Subsidiaries	Sirap-Gema S.p.A.	6,858			
Total interest income		**6,907**	**0.56%**	**1,241,476**	**Note 24**
Recovery cost of services	Ciments Français S.A.	35,540			
Subsidiaries	Finter Bank Zurich S.A.	223,698			
	Franco Tosi S.r.l.	90,470			
	Italcementi S.p.A.	5,081,755			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	50,539			
	Sirap-Gema S.p.A.	721,183			
	Sirap-Gema Insulation Systems S.r.l.	17,000			
Total services provided		**6,220,185**	**96.98%**	**6,413,828**	**Note 24**
Total revenue		**22,489,113**	**86.58%**	**25,975,101**	**Note 24**
Other revenue	Bravosolution S.p.A.	58,569			
Subsidiaries	Franco Tosi S.r.l.	150,797			
	Italcementi S.p.A.	98,718			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	2,864			
Total other revenue		**310,948**	**21.81%**	**1,425,396**	**Note 25**

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Services	Finter Bank Zurich S.A.	(39,086)			
Subsidiaries	Franco Tosi S.r.l.	(1,114,141)			
	Italcementi S.p.A.	(253,316)			
	Other related parties	(69,531)			
Total services		**(1,476,074)**	**31.61%**	**(4,669,140)**	**Note 27**
Financial and current a/c interest expense	Franco Tosi S.r.l.	(2,850)			
Subsidiaries	Italcementi S.p.A.	(1,064)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(8,599)			
	SO.PAR.FI Italmobiliare S.A.	(994,042)			
Total other operating income (expense)		**(1,006,555)**	**10.50%**	**(9,586,962)**	**Note 29**
Other related parties	(endowment to Fondazione Italcementi)	(300,000)			
Total other non-recurring income (expense)		**(300,000)**	**10.34%**	**(2,901,345)**	**Note 30**
Interest expense on trade payables	Bravosolution S.p.A.	(319)			
Subsidiaries	Franco Tosi S.r.l.	(718)			
	Italcementi S.p.A.	(373)			
Total finance income and costs		**(1,410)**	**8.30%**	**(16,995)**	**Note 32**

Impact of transactions with related parties on cash flows

	Cash flows	
(in thousands of euro)	**Value**	**%**
Cash flow from operating activities with related parties	(11,077)	n.s.
Total A) - from cash flow statement	(479)	
Cash flow from investing activities with related parties	(4,918)	92.5%
Total B) - from cash flow statement	(5,319)	
Cash flow from financing activities with related parties	44,352	n.s.
Total C) - from cash flow statement	908	
Change in cash and cash equivalents with related parties	**28,357**	
Change in cash and cash equivalents from cash flow statement (A+B+C)	**(4,890)**	

n.s. not significant

Compensation to directors and the chief operating officer

The table below sets out amounts accrued during the financial year by the directors and the chief operating officer of Italmobiliare S.p.A. (officers with strategic responsibilities) for positions held:

(euro)	**2012**	**2011**
Short-term benefits: fees and remuneration	4,456,916	4,162,494
Post-employment benefits	2,661,465	2,833,118
Other long-term benefits	14,591	11,579
Share-based payments (stock options)	547,450	616,223
Total	**7,680,422**	**7,623,414**

Annex A

Statement of changes in the financial statements of equity investments in subsidiaries, associates and other companies at December 31, 2012

(euro)

Equities and interests	Position at 1/1/2012		Additions		Decreases	
Subsidiaries	**Quantity**	**Amounts**	**Quantity**	**Amounts**	**Quantity**	**Amounts**
Aliserio S.r.l.	227,000	238,788				
BravoSolution S.p.A.	2,389,332	3,243,051				20.385 [3]
Ciments Francais S.A.	870,111	57.588,453	106.940	4.918.801		
Italcementi S.p.A. - ordinary shares	106,914,000	416,155,099				
Italcementi S.p.A. - savings shares	3,011,500	33,092,016				
Franco Tosi S.r.l.	260,000	258,228				
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	1,300,000	3,629,411				2,070,888 [4]
Sirap Gema S.p.A.	3,298,625	37,489,427				
Société de Participation Financière Italmobiliare S.A.	5,294,286	319,373,498				
Total subsidiaries		**871,067,971**		**4,918,801**		**2,091,273**
Associates						
Mittel S.p.A.	8,763,067	15,896,181	27,635	44,091		
R.C.S. Mediagroup S.p.A.	54,691,627	49,222,464				
Società Editrice Sud S.p.A.	30,460	10,221,643				
Total associates		**75,340,288**		**44,091**		**--**
Other companies						
Ambienta S.p.A.	150	16,343				
Atmos S.p.A. winding up	4,000	75,220				
Atmos Venture S.p.A.	200,000	177,185				
Compagnia Fiduciaria Nazionale S.p.A.	20,001	659,871				
Emittenti Titoli S.p.A.	209,000	159,059				
Fin.Priv. S.r.l.	2,857	9,724,374				
Gruppo Banca Leonardo S.p.A.	7,576,661	15,109,677				4,394,463 [2]
Idrovia Ticino Milano Nord Mincio S.p.A. winding up	100	568				
Intek S.p.A.	407,205	146,594			407,205	146,594
Immobiliare Lido di Classe S.p.A.	45,991	1				
Immobiliare Astra S.p.A.	12,012	29,783				
Mediobanca S.p.A.	22,568,992	99,563,108				
Sesaab S.p.A.	700,000	9,800,000				
UniCredit S.p.A. - ordinary shares	9,979,390	64,017,787	5,753,293	15,088,972		13,565,284
Unione di Banche Italiane S.c.p.a.	1,100,292	3,434,782	1,718,500	5,277,514		
035 Investimenti S.p.A.			1,000,000	1,000,000		
Total other companies		**202,914,352**		**21,366,486**		**18,106,341**
Total equity investments		**1,149,322,611**		**26,329,378**		**20,197,614**

(*) of ordinary capital
(1) controlled through Italcementi S.p.A.
(2) capital repayment
(3) decrease as result of reclassification after bond repayment
(4) reduction capital reserves

Changes in Fair Value	Impairment losses	Interest held	Position at 12/31/2012		Gains/(losses) on sales	
Amounts	**Amounts**	**%**	**Quantity**	**Amounts**	**Amounts**	**Subsidiaries**
		10.000 (1)	227,000	238,788	--	Aliserio S.r.l.
		7.400 (1)	2,389,332	3,222,666	--	BravoSolution S.p.A.
		2.729 (1)	977,051	62,507,254	--	Ciments Francais S.A.
		60.363 (*)	106,914,000	416,155,099	--	Italcementi S.p.A. - ordinary shares
		2.856	3,011,500	33,092,016	--	Italcementi S.p.A. - savings shares
		100.000	260,000	258,228	--	Franco Tosi S.r.l.
		100.000	1,300,000	1,558,523	--	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
	(22,610,999)	100.000	3,298,625	14,878,428	--	Sirap Gema S.p.A.
		100.000	5,294,286	319,373,498	--	Société de Participation Financière Italmobiliare S.A.
--	**(22,610,999)**			**851,284,500**	**--**	**Total subsidiaries**
						Associates
		10.000	8,790,702	15,940,272	--	Mittel S.p.A.
	(18,431,078)	7.465 (*)	54,691,627	30,791,386	--	R.C.S. Mediagroup S.p.A.
		32.358	30,460	10,221,643	--	Società Editrice Sud S.p.A.
--	**(18,431,078)**			**56,953,301**	**--**	**Total associates**
						Other companies
54		1.000	150	16,397	--	Ambienta S.p.A.
	(41,570)	1.818	4,000	33,650	--	Atmos S.p.A. winding up
22,815	(119,434)	9.090	200,000	80,566	--	Atmos Venture S.p.A.
(152,595)		16.668	20,001	507,276	--	Compagnia Fiduciaria Nazionale S.p.A.
1,872		2.549	209,000	160,931	--	Emittenti Titoli S.p.A.
513,034		14.285	2,857	10,237,408	--	Fin.Priv. S.r.l.
(271,614)		2.901	7,576,661	10,443,600	--	Gruppo Banca Leonardo S.p.A.
		0.200	100	568	--	Idrovia Ticino Milano Nord Mincio S.p.A. winding up
		0.312	--	--	45,962	Intek S.p.A.
		18.036	45,991	1	--	Immobiliare Lido di Classe S.p.A.
143		1.784	12,012	29,926	--	Immobiliare Astra S.p.A.
5,527,146		2.621	22,568,992	105,090,254	--	Mediobanca S.p.A.
		7.000	700,000	9,800,000	--	Sesaab S.p.A.
14,194,027	(21,135,978)	0.272 (*)	15,732,683	58,599,524	1,192,839	UniCredit S.p.A. - ordinary shares
1,511,213	(345,052)	0.313	2,818,792	9,878,457		Unione di Banche Italiane S.c.p.a.
		10.000	1,000,000	1,000,000		035 Investimenti S.p.A.
21,346,095	**(21,642,034)**			**205,878,558**	**1,238,801**	**Total other companies**
21,346,095	**(62,684,111)**			**1,114,116,359**	**1,238,801**	**Total equity investments**

Annex B

List of equity investments in subsidiaries and associates at December 31, 2012 (art. 2427 no.5 Italian Civil Code)

	Registered office		Share capital (in euro)	Total equity (in euro)	Profit (loss) for period (in euro)	Interest held %
Subsidiaries						
Aliserio S.r.l.	Bergamo	€	2,270,000	2,233,159	2,942	10.000 (1)
BravoSolution S.p.A.	Bergamo	€	32,286,398	40,978,841	1,303,876	7.400 (1)
Ciments Francais S.A.	Puteaux	€	143,193,000	2,547,812,000	50,173,000	2.729 (1)
Italcementi S.p.A. ordinary shares	Bergamo	€	177,117,564	1,476,166,030	(202,882,383)	60.363
Italcementi S.p.A. savings shares	Bergamo	€	105,431,378	1,476,166,030	(202,882,383)	2.856
Franco Tosi S.r.l.	Milan	€	260,000	910,647	72,996	100.000
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	€	1,300,000	1,762,532	202,529	100.000
Sirap Gema S.p.A.	Verolanuova	€	17,020,905	1,153,779	(34,653,471)	100.000
Société de Participation Financière Italmobiliare S.A.	Lussemburgo	€	127,062,864	457,573,151	47,386,580	100.000
Total subsidiaries						
Associates						
Mittel S.p.A.	Milan	€	87,907,017	327,761,283	53,191,216 (2)	10.000
R.C.S. Mediagroup S.p.A.	Milan	€	762,019,050	1,051,425,837	(112,771,537)(3)	7.465
Società Editrice Sud S.p.A.	Messina	€	5,347,753	72,120,239	(1,896,761)(3)	32.358
Total associates						

(1) controlled through Italcementi S.p.A.
(2) as at 09/30/2012
(3) as at 12/31/2011

Reasons for negative difference in final column:
- BravoSolution S.p.A.: carrying amount maintained because lower than recoverable amount
- Sirap Gema S.p.A.: carrying amount maintained because equal to recoverable amount
- R.C.S. Mediagroup S.p.A.: carrying amount maintained because equal to recoverable amount

Number shares or interests	Nominal unit value (in euro)	Carrying amount Unit	(in euro)	Total (000 €) (A)	Value ex art. 2426 no.4 Ital.C.Code (000 €) (B)	Difference (000 €) (B) – (A)	
							Subsidiaries
227,000	1.00	1.05	238,788	239	271	32	Aliserio S.r.l.
2.389.332	1,00	1,35	3.222.666	3.223	2.320	(903)	BravoSolution S.p.A.
977,051	4.00	63.98	62,507,254	62,507	84,453	21,946	Ciments Francais S.A.
106,914,000	1.00	3.89	416,155,099	416,155	1,171,883	755,728	Italcementi S.p.A. ordinary shares
3,011,500	1.00	10.99	33,092,016	33,092	33,092	--	Italcementi S.p.A. savings shares
260,000	1.00	0.99	258,228	258	903	645	Franco Tosi S.r.l.
1,300,000	1.00	1.20	1,558,523	1,559	1,764	205	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
3,298,625	5.16	4.51	14,878,428	14,878	6,498	(8,380)	Sirap Gema S.p.A.
5,294,286	24.00	60.32	319,373,498	319,373	506,036	186,663	Société de Participation Financière Italmobiliare S.A.
			851,284,500	**851,284**	**1,807,220**	**955,936**	**Total subsidiaries**
							Associates
8,790,702	1.00	1.81	15,940,272	15,940	34,201	18,261	Mittel S.p.A.
54,691,627	1.00	0.56	30,791,386	30,791	18,695	(12,096)	R.C.S. Mediagroup S.p.A.
30,460	56.81	335.58	10,221,643	10,222	23,336	13,114	Società Editrice Sud S.p.A.
			56,953,301	**56,953**	**76,232**	**19,279**	**Total associates**

Annex C
Statement of changes in bonds during 2012

(euro)	Position at 01.01.2012	Additions	Decreases	Change in fair value	Position at 12.31.2012
Available-for-sale portfolio					
Other variable-income securities	6,628,169	20,385	1,052,466	(909,088)	4,687,000
Total	**6,628,169**	**20,385**	**1,052,466**	**(909,088)**	**4,687,000**

	Position at 01.01.2012	Additions	Decreases	Change in fair value	Position at 12.31.2012
Trading portfolio					
Other variable-income securities	11,812,516			(53,297)	11,759,219
Other fixed-income securities	2,394,510			96,967	2,491,477
Total	**14,207,026**	**--**	**--**	**43,670**	**14,250,696**

The position at December 31, 2012 was equal to market value at December 31, 2012.

Annex D
Comparison of carrying amounts and market prices at December 31, 2012, for equity investments in companies with listed shares

(euro) Equity securities	Number shares	Carrying amount	Unit carrying amount	Unit fair value at December 31, 2012	Fair value at December 31, 2012
Subsidiaries					
Italcementi S.p.A. - ordinary shares	106,914,000	416,155,099	3.892	4.2505	454,437,957
Italcementi S.p.A. - savings shares	3,011,500	33,092,016	10.989	2.1179	6,378,056
Ciments Français S.A.	977,051	62,507,254	63.975	44.7100	43,683,950
		511,754,369			**504,499,963**
Associates					
Mittel S.p.A.	8,790,702	15,940,272	1.813	1.2898	11,338,247
R.C.S. Mediagroup S.p.A.	54,691,627	30,791,386	0.563	1.2602	68,922,388
		46,731,658			**80,260,635**
Other companies					
Mediobanca S.p.A.	22,568,992	105,090,254	4.6564	4.6564	105,090,254
Unione di Banche Italiane S.c.p.a.	2,818,792	9,878,457	3.5045	3.5045	9,878,457
Unicredito Italiano S.p.A. - ordinary shares	15,732,683	58,599,524	3.7247	3.7247	58,599,524
		173,568,235			**173,568,235**
Treasury shares (deducted against equity)					
Italmobiliare S.p.A. - ordinary shares (*)	871,411	20,830,105	23.904	12.7757	11,132,886
Italmobiliare S.p.A. - savings shares	28,500	396,085	13.898	7.9733	227,239
		21,226,190			**11,360,125**

(*) of which 827,274 servicing stock option plans

Annex E
Reconciliation of theoretical tax charge and income tax expense reflected in the income statement

	(in thousands of euro)			
A)	**Loss before tax at December 31, 2012**			**-67,384**
B)	Current IRES tax rate	**27.5%**		
C)	**Theoretical IRES tax (AxB)**			**18,531**
	Tax effects on permanent differences:			
D)	- non deductible			-19,396
	- non taxable/exempt			5,143
			tot. D)	-14,254
E)	Deferred tax assets/liabilities generated in the period:			
	- unrecorded deferred tax liabilities on taxable temporary differences			-239
	- unrecorded deferred tax assets on deductible temporary differences			
	- unrecorded deferred tax assets on tax loss			-4,277
			tot. E)	-4,516
F)	Recovery in period of deferred tax assets not recognized in prior years on deductible temporary differences and/or tax losses		tot. F)	0
G)	Other changes		tot. G)	
	Total		**(C+D+E+F+G)**	**-239**
H)	Other taxes (prior-year taxes)			886
I)	**Income tax reflected in the 2012 income statement**			**647**

Annex F
Analysis of equity line items at December 31, 2012

(in thousands of euro) **Nature / Description**	**Amount**	**Possible uses**	**Amount available**	**Summary of uses in three previous years**	
				to cover losses	**other**
Share capital	**100,167**				
Reserves:					
Share premium	177,191	A, B, C	177,191		
Stock options	11,543	-			
AFS fair value reserve	(42,858)	-	-		
Total reserves	**145,876**	**-**	**177,191**		
Treasury shares at cost	**(21,226)**	**-**			
Retained earnings:					
Revaluation reserves	31,418	A, B, C	31,418	(55,341)	
Reserve for grants related to assets	2,164	A, B, C	2,164		
Merger surplus	57,715	A, B, C	57,715		
Fund ex art.55 Pres.Decrees 597/1973 and 917/86	-	A, B, C	-	(1,771)	
Fund ex art.54 Pres.Decrees 597/1973 and 917/86	-	A, B, C	-	(185)	
Reserve art.33 law 413/91	-	A, B, C	-	(3)	
Reserve art.34 law 576/75	93,242	A, B, C	93,242		
Legal reserve	20,034	B			
Extraordinary reserve	310,757	A, B, C	310,757	(23,390)	
Retained earnings	151,563	A, B, C	151,563		
Translation reserve	-	A, B, C			
Reserve ex art.7 Law 38/2005	16,009	A, B, C	16,009		
Loss for period	(66,737)		(66,737)		
Total retained earnings	**616,165**		**596,131**	**(80,690)**	
Total			**773,322**		
Non-distributable portion - art. 2426 no. 5 Italian Civil Code					
Residual distributable portion			**773,322**		

Key: A: for share capital increase
B: to cover losses
C: for distribution to shareholders

ITALMOBILIARE

(Translation from the original Italian text)

Certification pursuant to art. 154-bis, subsection 5 TUF regarding the separate financial statements according to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1. The undersigned Giampiero Pesenti, Chief Executive Officer and Giorgio Moroni, Manager in charge of financial reporting of Italmobiliare S.p.A., also taking into consideration art. 154-*bis*, paragraphs 3 and 4, of the Legislative Decree February 24th, 1998, no. 58, do hereby certify:

    - the adequacy in relation to the company structure and
    - the actual application,

    of the administrative and accounting procedures adopted for the preparation of the **separate financial statements**, in the period from January 1st, 2012 to December 31st, 2012.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of separate financial statements as of December 31st, 2012 is based on a pattern identified by Italmobiliare according to the CoSO framework (illustrated in the CoSO Report) and also takes into account the document “Internal Control over Financial Reporting – Guidance for Smaller Public Companies”, both issued by the Committee of Sponsoring Organizations of the Treadway Commission representing a generally accepted international framework.

3. It is also certified that:

    3.1 the separate financial statements as of December 31st , 2012:

    a) were prepared in compliance with applicable international financial reporting standards recognised by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19th, 2002;
    b) correspond to the accounting books and entries;
    c) are suitable to provide a true and fair presentation of the equity, income and financial situation of the issuer.

    3.2 the annual directors' report includes a reliable analysis of the business trend and the operational results of Italmobiliare S.p.A., together with a description of the main risks and uncertainties to which it is exposed.

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in charge of financial reporting

March 26th, 2013

Report of the Board of Statutory Auditors to the shareholders' meeting in compliance with article 153 of Legislative Decree 58/1998 and article 2429, paragraph 2 of the Italian Civil Code

Milan, April 12, 2013

To the Shareholders,
In compliance with article 153 of Legislative Decree 58/1998 ("TUF", consolidated finance act) and article 2429, paragraph 2 of the Italian Civil Code, the Board of Statutory Auditors is required to report to the Shareholders' Meeting called to approve the financial statements on operations during the period, as well as on any omissions and censurable facts that may have been observed. The Board of Statutory Auditors may also formulate proposals pertaining to the financial statements and their approval, as well as to issues within its sphere of competence.
During the financial year, the Board of Statutory Auditors carried out its supervisory activities in compliance with the provisions of current law, the code of conduct recommended by the National Board of Accountants and the Consob guidelines.

* * *

Appointment and meetings of the Board of Statutory Auditors
The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of May 25, 2011, and its members are Francesco Di Carlo (Chairman), Angelo Casò and Leonardo Cossu. Enrico Locatelli, Luciana Ravicini and Paolo Ludovici are substitute auditors.
The Board of Statutory Auditors has held 13 meetings since its previous report (April 16, 2012) and 13 meetings in 2012. It also attended all meetings of the Board of Directors, the Control & Risks Committee (formerly the Internal Control Committee) and the Remuneration Committee held during the period in question; the Executive Committee and the Committee for Transactions with Related Parties held no meetings during this period.

Significant events during the financial year
As regards significant events during the financial year ended at December 31, 2012, the reader is referred to the Directors' Report on Group operations which, to the knowledge of the Board of Statutory Auditors, comprehensively outlines the most significant events regarding the Italmobiliare Group.

Atypical or unusual transactions
The Board of Statutory Auditors found no evidence of atypical or unusual transactions during the course of its supervisory activities.

Intragroup or related party transactions
In compliance with article 2391-bis of the Italian Civil Code and Consob regulation 17221 of March 12, 2010 regarding "Provisions relating to transactions with related parties", the company has implemented a "Procedure for transactions with related parties" and has established a "Committee for Transactions with Related Parties".
The Board of Statutory Auditors examined the procedure for transactions with related parties adopted by the company and published on its website (which has remained unchanged during the period covered by this report), and deemed it essentially adequate with regard to the provisions of current regulations, market practice and the characteristics of the company.

During financial year 2012, no transactions with related parties were entered into that, in compliance with the Procedure for transactions with related parties, required the opinion of the Committee for Transactions with Related Parties.
For financial year 2012, the intragroup transactions we examined essentially consisted of reciprocal administrative services and consultancy on legal, organizational, leasing and financial matters. No anomalies emerged from the Board of Statutory Auditors' analysis of the information made available to it.
Without prejudice to our opinion that the above-mentioned procedure is adequate, we have suggested that the company assess whether the procedure should be updated, in the light of the experience gained to date since adopting the procedure with regard to the type of transactions with related parties entered into by the Company.

Supervisory activities in accordance with the Consolidated Legal Auditing Act "Testo Unico della Revisione Legale dei conti"
The Consolidated Legal Auditing Act (Legislative Decree 39/2010) requires the Board of Statutory Auditors (identified in the Consolidated Legal Auditing Act as the "Control and Risks and Legal Audit Committee") to supervise: (i) the financial disclosure process; (ii) the effectiveness of the internal control, internal audit and risk management systems; (iii) the legal audit of the separate and the consolidated financial statements; (iv) the independence of the auditing company, especially with regard to the provision of services other than legal auditing to the entity being audited.
The supervisory activities carried out by the Board of Statutory Auditors provided the following indications.

i) Supervision of the financial disclosure process
The Board of Statutory Auditors verified the existence of appropriate regulations and processes supporting the process of "preparation" and "publication" of financial disclosures during meetings with the Manager in charge of preparing the company's financial reports and with the Internal Audit Manager (who, in turn, monitors the financial disclosure process), obtaining from them evidence about the process used to prepare financial disclosures, about the company administrative and accounting procedures and about the reporting process adopted by the subsidiary companies, also in accordance with article 114 paragraph 2 of Legislative Decree 58/98 and article 36 of Consob regulation 16191/2007.
The supervisory activities carried out did not reveal any deficiencies or facts to be reported to the shareholders.

ii) Supervisory activities of the effectiveness of the internal control, internal audit and risk management systems
The Board of Statutory Auditors periodically met the Control & Risks Committee to exchange information on the activities carried out by the two bodies and also held joint control meetings with the Committee.
As part of its supervisory duties, the Board of Statutory Auditors periodically met the Internal Audit Manager and obtained updates on the outcome of the audits performed to ascertain the adequacy and operational procedures of the internal control system, compliance with the law, the corporate procedures and processes, as well as the implementation of the related improvement plans. A significant portion of the meetings of the Board of Statutory Auditors with the Internal Audit Manager were held together with the Control & Risks Committee.
The Board of Statutory Auditors also received and examined the Audit Plan for financial year 2013, which it deems adequate.
Also on the basis of the information provided to the Board of Statutory Auditors by the Control &

During financial year 2012, no transactions with related parties were entered into that, in compliance with the Procedure for transactions with related parties, required the opinion of the Committee for Transactions with Related Parties.
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Without prejudice to our opinion that the above-mentioned procedure is adequate, we have suggested that the company assess whether the procedure should be updated, in the light of the experience gained to date since adopting the procedure with regard to the type of transactions with related parties entered into by the Company.

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The supervisory activities carried out did not reveal any deficiencies or facts to be reported to the shareholders.

ii) Supervisory activities of the effectiveness of the internal control, internal audit and risk management systems

The Board of Statutory Auditors periodically met the Control & Risks Committee to exchange information on the activities carried out by the two bodies and also held joint control meetings with the Committee.
As part of its supervisory duties, the Board of Statutory Auditors periodically met the Internal Audit Manager and obtained updates on the outcome of the audits performed to ascertain the adequacy and operational procedures of the internal control system, compliance with the law, the corporate procedures and processes, as well as the implementation of the related improvement plans. A significant portion of the meetings of the Board of Statutory Auditors with the Internal Audit Manager were held together with the Control & Risks Committee.
The Board of Statutory Auditors also received and examined the Audit Plan for financial year 2013, which it deems adequate.
Also on the basis of the information provided to the Board of Statutory Auditors by the Control &

Risks Committee and the Internal Audit Manager, the powers and resources made available to the Internal Audit Manager by the company Board of Directors are deemed adequate and appropriate.
The Board of Statutory Auditors periodically received from the Internal Audit Manager reports drawn up upon completion of the individual control activities performed by the internal audit department.
The Board of Statutory Auditors also took note of the findings of the Quality Assessment Review carried out by PricewaterhouseCoopers S.p.A. on the company's internal control system (the reader is reminded that PricewaterhouseCoopers was appointed to carry out this review by the Internal Audit Manager, in agreement with the Chief Executive Officer, following the guidelines of the Internal Audit Standard Boards of the Institute of Internal Auditors, as adopted by the Italian Association of Internal Auditors).
The review found that the organization and the implementation of Italmobiliare's internal auditing activities generally comply with internal auditing best practice and with the profession's Code of Ethics. At the same time, PricewaterhouseCoopers offered some recommendations – in part already implemented and in part being implemented – primarily regarding the formalization of the audit mandate, the internal audit manual and information flows to the governance bodies.
The Board of Statutory Auditors also examined the report prepared by the independent auditors in accordance with article 19, paragraph 3, Legislative Decree 39/2010, on the fundamental issues arising from the legal audit, which encountered no significant deficiencies in the internal control system in relation to the financial disclosure process.
Regarding the subsidiary companies excluded from the company's audit plan since they have their own audit departments, the following observations are made:

- in relation to Italcementi, as part of the exchange of information, the Board of Statutory Auditors of the subsidiary informed us that the Internal Audit department of Italcementi is adequate;
- in relation to Finter Bank and in light of the information received from the Chief Executive Officer and the Internal Audit Manager of the company, we – together with the Control & Risks Committee – requested a meeting with the corporate officers and the controllers of Finter Bank, since the checks performed by the bank's controllers found weaknesses in the control system. These weaknesses are currently being assessed, also at the request of the Swiss supervisory authority (FINMA). To the best of our knowledge, the bank's governance bodies are carrying out the checks and activities necessary to strengthen the control system. We will monitor that any actions that should be deemed necessary by FINMA upon completion of the verification process are implemented. Also regarding Finter Bank, the Board of Statutory Auditors found a need for better information flows to the company's Internal Audit department.

In light of the results of the activities carried out, the information obtained from the Control & Risks Committee and the disclosures of that Committee in its annual report, the content of the report prepared by the independent auditors in compliance with article 19, paragraph 3, Legislative Decree 39/2010, supported by our discussions with the independent auditors, as well as the information acquired from the Board of Statutory Auditors of Italcementi (regarding the internal control system of the main subsidiary), and with the observations made above regarding Finter Bank, the Board of Statutory Auditors deems the internal control system and the internal audit process to be adequate and effective.
The company has not established a specific risk management function, delegating this task to the various operating departments. At the same time, we learned from the Board of Statutory Auditors of Italcementi that the company's main subsidiary has a detailed and effective risk management system. Consequently, it is our opinion that operating risks are adequately monitored at Group level, although the need for an autonomous risk management department

will need to be re-examined in the future, in the light of Group developments and the operating environment, so as to ensure adequate control of the potential risks arising from the activities of the company and its subsidiaries.

iii) Supervision of the legal auditing of the separate financial statements and the consolidated financial statements

The Board of Statutory Auditors periodically met the senior managers of the independent auditors (KPMG S.p.A.) to exchange information as planned. During the meetings we were informed about the fundamental issues that arose during the audit, which concerned measurement questions and, in particular, impairment procedures. We were advised that, during the audit, no significant deficiencies emerged in the internal control system in terms of the financial disclosure process, also with regard to article 19, paragraph 3 of Legislative Decree 39/2010.

iv) Supervision of the independence of the independent auditors, especially regarding the provision of non-auditing services

The Board of Statutory Auditors monitored the independence of the independent auditors and took note of the authorization procedure adopted by KPMG with respect to the requests for professional services made to companies belonging to the KPMG network by companies of the Italmobiliare Group. The existing procedure provides protection against the acceptance of mandates that might prejudice the independence of KPMG and is in line with the market standards known to the members of the Board of Statutory Auditors.

The Board of Statutory Auditors also received from the independent auditors their annual statement of independence, in compliance with article 17, paragraph 9, clause a), of Legislative Decree 39/2010.

The independent auditors disclosed to the Board of Statutory Auditors the fees it received and those received by Italian and non-Italian companies in the KPMG network, and specified the amounts relating to activities other than auditing. During the financial year to December 31, 2012, KPMG S.p.A. and the companies in the KPMG network received from the Italmobiliare Group a total amount of 4,074 thousand euro, broken down as follows: 2,978 thousand euro for auditing services and 1,096 thousand euro for other services. From January 1, 2013 to the date of this report, the companies in the KPMG network provided Italmobiliare S.p.A. with no services other than legal auditing.

The non-auditing services provided to the Group by companies belonging to the KPMG network do not, in our opinion, prejudice the independence of the independent auditors.

Separate and consolidated financial statements

As regards the separate and the consolidated financial statements as at and for the year ended December 31, 2012, while the duties of the legal audit and, therefore, the opinion on the separate and the consolidated financial statements are the exclusive domain of the independent auditors, KPMG, it should be noted that:

- the Board of Statutory Auditors supervised the Board of Directors' compliance with the procedural regulations regarding the preparation of the separate and the consolidated financial statements, as well as their general layout and their overall compliance with law in terms of form and structure. We have no observations to make in this regard;
- the separate and the consolidated financial statements as at and for the year ended December 31, 2012 were prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, in force at December 31, 2012, which are duly illustrated in the notes, which also illustrate the standards, amendments and interpretations endorsed by the European Union after December 31, 2011;

– the separate and the consolidated financial statements are consistent with the facts and information the Board of Statutory Auditors learned while attending meetings of the Board of Directors and of the Executive Committee and in carrying out its supervisory activities;
– once again, in financial year 2012 the company paid particular attention to testing for impairment, as a result of which significant impairment losses were applied to non-current assets and goodwill for 334.1 million euro, and to financial assets for 62.7 million euro; these postings contributed to the loss for the period of 66.7 million euro for the parent and 472.6 million euro at the consolidated level;
– the provisions of article 154-ter, paragraph 1-ter, Legislative Decree 58/98 were complied with.

Finally, we note that, as recorded in the notes to the separate and the consolidated financial statements as at and for the year ended December 31, 2012, during the year the company amended the materiality and duration thresholds for the purposes of recognizing impairment of equity investments classified as available-for-sale assets.

As stated above, the Board of Statutory Auditors periodically met the independent auditors, KPMG, for an on-going exchange of information on the supervisory activities carried out by both parties. No critical issues worthy of note emerged.

The Board of Statutory Auditors has examined the reports prepared by the independent auditors on the separate and the consolidated financial statements as at and for the year ended December 31, 2012 and takes note of:

– the opinions on the separate and the consolidated financial statements contained therein, from which it emerges that the separate and consolidated financial statements comply with the regulations governing their preparation and give a true and fair view of the financial position and the results of operations, both of the company and at the consolidated level;
– the absence of disclosure recalls;
– the opinion of consistency of the Directors' Report on operations and the Directors' Report on Group operations with, respectively, the separate and the consolidated financial statements, as well as with the information contained in the Report on corporate governance and ownership structure, insofar as they relate to the provisions of article 123-bis, paragraph 1 clauses c), d), f), l) and n) and paragraph 2 clause b), of Legislative Decree 58/98.

The Board of Statutory Auditors also examined the certifications prepared by the Chief Executive Officer and the Manager in charge of preparing the company's financial reports in accordance with article 154-bis, paragraph 5, Legislative Decree 58/98 regarding the separate and the consolidated financial statements and took note of the completeness of their content.

Directors' reports on operations and on Group operations

The Board of Statutory Auditors verified the contents of the Directors' report on operations and the Directors' report on Group operations. The reports summarize the main risks and uncertainties and provide a business outlook for the company and the Group.

Having examined the Reports, the Board of Statutory Auditors, to its knowledge, found them to be complete with respect to the current provisions of law and to the transparency of the disclosures therein.

Other activities of the Board of Statutory Auditors and disclosures required by Consob

In carrying out its activities, the Board of Statutory Auditors, as required by article 2403 of the Italian Civil Code and article 149 of the TUF (consolidated finance act), supervised compliance with the law and the by-laws, as well as with the principles of proper management and, especially, the adequacy of the organizational, management and accounting structure of the company.

In accordance with article 2405 of the Italian Civil Code, the Board of Statutory Auditors attended the meetings of the Board of Directors and obtained periodical information from the Directors on general operations, on the expected business outlook, as well as on the most significant financial and business transactions performed by the company, ensuring that the decisions taken were not manifestly imprudent, risky, in potential conflict of interest, in conflict with shareholder resolutions or such as to compromise the solidity of the company assets.
The Board of Statutory Auditors received and examined the Report on corporate governance and ownership structure, which adequately and fully illustrates the company's compliance with the Code of Conduct for listed companies.
As regards the governance bodies, the following should be noted:

– at the date of this report, the Board of Directors – appointed on May 25, 2011 – is made up of 13 Directors, 6 of whom possess the requirements of independence envisaged in the Code of Conduct. The Board of Directors held 6 meetings in 2012;
– the Executive Committee is made up of 5 Directors and did not meet in 2012. In this regard, we point out that the Executive Committee of the company has the same duties as the Board of Directors – with the sole exception of those that may not be delegated – and therefore only meets when, in the event of urgent matters, organization of a Committee meeting is more practical than calling a meeting of the Board of Directors;
– the Control & Risks Committee is made up of 4 Directors, 3 of whom possess the requirements of independence envisaged in the Code of Conduct. The Control & Risks Committee held 4 meetings in 2012;
– the Remuneration Committee is made up of 4 Directors, 2 of whom possess the requirements of independence envisaged in the Code of Conduct. The Remuneration Committee held 3 meetings in 2012, to define the new remuneration policy, the fixed remuneration component for 2012 and the variable component for 2011, as well as the goals for 2012;
– the Committee for Transactions with Related Parties is made up of 3 independent Directors and did not meet in 2012.

By attending the meeting of the various governance bodies, as indicated by the Code of Conduct, the Board of Statutory Auditors was able to ascertain that the Board of Directors had carried out its various duties; the Board of Statutory Auditors was also able to ascertain the correct functioning of the Control & Risks Committee, the Remuneration Committee and the Committee for Transactions with Related Parties, as regards the provisions of the Code of Conduct and the procedures for dealings with related parties.
The Board of Statutory Auditors met the Lead Independent Director and ascertained that he had received no petitions and/or contributions from the other independent Directors – or from the non-executive Directors in general – during financial year 2012 and up to the date of preparation of this report.

As part of its supervisory activities and for the purposes of constant exchanges of information, the Board of Statutory Auditors periodically met:

– the independent auditors, for an on-going exchange of information regarding activities performed;
– the Internal Audit Manager, receiving from him information on the outcome of his activities;
– the members of the Compliance Committee, formed pursuant to Legislative Decree 231 of June 8, 2001, and received from them information on the outcome of their supervisory activities, supported by the Compliance Committee Reports to the Board of Directors. The reports reveal that no anomalies or exceptionable facts were encountered and that the Compliance Committee received no indications from parties within or outside the company regarding alleged breaches of the Organizational and Management Model or the related procedures;

– the Manager in charge of preparing the company's financial reports;
– the Board of Statutory Auditors of Italcementi, which provided information on the management and internal control systems, deemed to be effective and adequate, and on the general operations of the company.

During the above supervisory activities, no omissions, exceptionable facts or irregularities warranting a report to the relevant external supervisory and monitoring bodies or a mention in this report were encountered.

During the financial year, the Board of Statutory Auditors received no complaints under article 2408 of the Italian Civil Code or petitions, nor was the Board of Statutory Auditors required to provide any of the opinions envisaged by current regulations in force.

* * *

In consideration of the above and to the extent of its competence, the Board of Statutory Auditors, supported by the report prepared by the independent auditors and its opinion on the financial statements, has no grounds to oppose the approval of the financial statements prepared by the Board of Directors for the period ended December 31, 2012 and has no objections to the proposals made to the Shareholders' Meeting by the Board of Directors.

The Board of Statutory Auditors
Francesco Di Carlo
Angelo Casò
Leonardo Cossu

RELAZIONE REVISORI

RELAZIONE REVISORI

SINTESI DELIBERAZIONI

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May 2013
Project by LSVmultimedia
Olginate - Lecco