

# ITALMOBILIARE

## 2015 Annual Report





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## 2015 Annual Report



March 3, 2016

**ITALMOBILIARE**  
**Società per Azioni**

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

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## Corporate bodies

### Board of Directors

(Term ends on approval of financial statements at 12.31.2016)

Giampiero Pesenti	1	Chairman
Italo Lucchini	1-3	Deputy Chairman
Carlo Pesenti	1-2-6	Chief Executive Officer Chief Operating Officer
Anna Maria Artoni	5-7	
Giorgio Bonomi	4	
Carolyn Dittmeier	4-5-7	
Sebastiano Mazzoleni	6	
Luca Minoli		
Gianemilio Osculati	6-7	
Clemente Rebecchini		
Paolo Domenico Sfameni	3-4-5-7-10	
Livio Strazzera	1-6-8	
Massimo Tononi	6-7-9	
Laura Zanetti	1-3-6-7	
Graziano Molinari	11	Secretary to the Board

### Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2016)

#### Acting auditors

Francesco Di Carlo	Chairman
Angelo Casò	
Luciana Ravicini	

#### Substitute statutory auditors

Barbara Berlanda
Paolo Ludovici
Maria Rachele Vigani

### Manager in charge of financial reporting

Giorgio Moroni
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### Independent Auditors

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

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## 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, since 2014 Chairman.

Also currently director on the boards of Compagnie Monegasque de Banque, Crédit Mobilier de Monaco, Fondazione Cav. Lav. Carlo Pesenti and Immobiliare Albenza S.p.A..

#### **Italo Lucchini – Director since June 17, 1999**

Born in Bergamo, December 28, 1943

Degree in economics & commerce – Bocconi University, Milan.

Firstly Assistant lecturer at Bocconi University and then non-tenured lecturer at Bergamo University, works as a public accountant with a successful practice in Bergamo.

Director of Ciments Français till March 2013, he is currently Director of the subsidiary Italcementi S.p.A. and of Unione di Banche Italiane S.c.p.a., as well as Chairman of the Board of Statutory Auditors of ALMAG S.p.A.

He is also involved in bankruptcy proceedings at Bergamo court in particular as judicial Liquidator of the composition with creditors procedures of Locatelli Geom. Gabriele S.p.A. and three of its subsidiaries.

#### **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 2001 he has also been appointed Chief Operating Officer of Italmobiliare S.p.A., becoming Chief executive Officer in May 2014.

Member of the Executive Committee of Confindustria since 2003, in 2012 he was appointed Chairman of the Confindustria Reforms Commission. Since 2014 Vice Chairman of Confindustria, in charge of the Educational center.

In 2013 he joined the Corporate Governance Committee promoted by ABI, Ania, Assonime, Assogestioni, Borsa Italiana and Confindustria.

In 2013, he was appointed Co-Chairman of the CSI (Cement Sustainability Initiative) under the WBCSD (World Business Council for Sustainable Development).

He is also member of the Board of directors of IEO (European Institute of Oncology) and of CESVI foundation.

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### **Anna Maria Artoni – Director since May 27, 2014**

Born in 1967

Sole Director of Artoni Group S.p.A., Italy's leading player in transport and integrated logistics. She also holds posts in other family Group companies.

Independent director of Prelios S.p.A. and MutuiOnLine S.p.A..

Member of the General board of Fondazione Cassa di Risparmio di Reggio Emilia Pietro Manodori.

Since April 2015, Chairman of Fidindustria Emilia Romagna soc. Coop.

In November 2013 she became a member of the Permanent Committee of global consulting and guarantee for the Privatization of the MEF.

Member of the Board of Directors of Linkiesta S.p.A, an online publisher.

Member of the Investment Committee of Credem Private Equity SGR and the Strategic Committee of 21 Investimenti.

Member of the Management Committee and Board of Assonime and Industriali Reggio Emilia.

Member of the Advisory Board of Alma Graduate School (Bologna).

### **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.

### **Carolyn Dittmeier – Director since May 27, 2014**

Born on November 6, 1956, in the USA; she holds Italian and US nationality.

Degree in economics at the Wharton School, University of Pennsylvania, USA.

Chairman of the Statutory Auditors of Assicurazioni Generali S.p.A. since 2014.

Independent director of Autogrill S.p.A. since 2013 and Chairman of the Control and Risk Committee.

Chairman of the UN Food and Agriculture Organization Audit Committee since 2015.

From 2002 to 2014, Controller and Chief Audit Officer of Poste Italiane Group. From 1999 to 2002, she introduced and led the internal audit and risk assessment consultancy services practice at KPMG in Italy, as associate partner. From 1987 to 1999, she was a senior executive at the Montedison Group, in charge of Group Financial reporting till 1995, becoming later Head of Internal Auditing.

From 1986 to 1987 she was Financial Manager for the holding company Iniziative Industriali S.p.A.

From 1978 until 1986 auditor at KPMG (formerly Peat, Marwick & Mitchell) first in the United States in Philadelphia, Pennsylvania, then moving to Italy as Senior Manager at the headquarters in Milan.

Has been Vice Chairman of the Institute of Internal Auditors (IIA), a professional association worldwide reference for internal auditing, (2013-2014) and president of the European Confederation of Institutes of Internal Auditing-ECIIA (2011-2012) and of 'Italian Association of Internal Auditors-AIIA (2004-2010).

From 2010 until 2014 professor at LUISS Guido Carli University for courses in Corporate Governance and Internal Auditing.

Author of "The Governance Risk" (Egea, 2015) and "Internal Auditing. Key to Corporate Governance" (Egea 2007, 2011).

Statutory Auditor, Certified Public Accountant (register of chartered accountants US), Certified Internal Auditor (CIA), Certified Risk Management Assurance (CRMA).

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## **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 department “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*, 1985 – 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, Agostinelli & 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 Monza 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 Managing director from 1994 to 2004 and Chairman from 2004 to 2007.

CEO of Bank of America and of Italy, of Intesa San Paolo Vita, Chairman of Eurizon Capital.

Beneficial owner of Osculati and Partner S.p.A.

## **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.

Currently central director of Mediobanca S.p.A., Vice Chairman of Assicurazioni Generali S.p.A. and non-executive director of Atlantia S.p.A. and of IEO (European Institute of Oncology)



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### **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, bond holders' representative and member of compliance committees of relevant joint stock companies.

Associate professor of commercial law at the economics faculty of Aosta University, where he also was full professor of European and private law.

Joint professor in financial brokerage law at Bocconi University, Milan.

Professor of the Master of Corporate criminal law F. Stella at Milan Catholic university

Member of the editorial committee of law journals and author of papers on corporate law.

### **Livio Strazzerà – 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.

Deputy chairman of Banca Popolare Commercio e Industria.

### **Massimo Tononi – Director since May 27, 2014**

Born in Trento, August 22, 1964.

Graduated in Business Economics - Bocconi University, Milan in 1988.

Began his career in 1988 at the London office of Goldman Sachs, mainly focusing on mergers and acquisitions.

From 1993 to 1994, he was personal assistant to the Chairman of IRI, before going back to Goldman Sachs in 1994, where he became a Partner managing director, first in Milan and later in London.

From May 2006 to May 2008, he was Vice-Secretary of State at the Ministry of the Economy & Finance, with responsibility for public debt and State-owned companies. He subsequently went back to Goldman Sachs, until July 2010.

He was Chairman of Borsa Italiana (2011-2015), Cassa di Compensazione e Garanzia (2013-2015), Euro TLX (2013-2015) and Director of the London Stock Exchange Group (2010-2015) and Sorin (2010-2015).

Currently Chairman of Monte dei Paschi di Siena and non-executive Chairman of Prysmian and Istituto Atesino di Sviluppo. He is also member of the Management Committee of Assonime, the Italian Committee for Corporate Governance and the Board of European Issuers

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## **Laura Zanetti – Director since November 14, 2013**

Born in Bergamo on July 26, 1970.

Degree in Corporate Economics at Bocconi University, where she graduated with honors and her dissertation was recommended for publication.

Certified Accountant and Account Auditor, and author of many articles on corporate finance and corporate valuation.

Associate professor of corporate finance at the Bocconi University in Milan, where she teaches Corporate Valuation.

Research Fellow of CAREFIN, Center for Applied Research in Finance, and director of the degree's course in Economics and Finance at Bocconi.

Previously, she was director of the Master of Science in Finance at the Bocconi University, and a Visiting Scholar at the Massachusetts Institute of Technology and at the London School of Economics and Political Science.

## **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.

Charter member of the Craca Di Carlo Guffanti Pisapia Tatzozzi studio, started his career in 1995. In 1996 joined Studio Pirola, Pennuto, Zei e Associati and in 2000 was charter member of Studio Annunziata e associate where he worked till December 2013.

For many years he has worked as a consultant with Italian and international corporations 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 since 2007. Among others, he is currently Chairman of the Board of Statutory auditors of Equita SIM S.p.A., Idea Capital SGR S.p.A., Acting Auditor of Clessidra SGR S.p.A. and Chairman of the Compliance committee of Kairos Partners SGR S.p.A.

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.

### **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.

Board member of EFRAG since January 1<sup>st</sup>, 2015.

Milan court-appointed receiver, judicial receivership commissioner, extraordinary commissioner and liquidator of insurance companies, company liquidator appointed by shareholders and the court of Milan.

Has been a certified accountant since 1965 with offices in Milan.

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### **Luciana Ravicini**

Born in Milan, January 10, 1959.

Degree in economics & commerce – University of Brescia.

Registered on the roll of certified accountants of Brescia.

Registered on the roll of auditors.

Practicing accountant and Statutory auditor.

The professional assignments carried out have allowed her to gain experience especially in financial, fiduciary and industrial companies and to mature depth knowledge in legal and tax matters.

She holds offices as Statutory Auditor in companies listed on the Italian Stock Exchange, chairman of the Board of Statutory Auditors, standing auditor and external auditor in industrial and financial companies and in the tertiary sector.

She also gained experience as a director in a company listed on the Milan Stock Exchange, where she held the role of Chairman of the Committee of Independent Directors as well as Full Member of the Audit and Risk Committee.

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## Notice of Call

Those who are entitled to the voting rights at Italmobiliare S.p.A. Annual General Meeting are hereby called to attend the Ordinary General Meeting on single call on **April 21, 2016 at 10.30 a.m.**, in Milan, via Filodrammatici no. 3, at Mediobanca office, to resolve upon the following:

## Agenda

- 1) Board of Directors and Board of Statutory Auditors Reports on 2015 fiscal year: examination of financial statements as at December 31, 2015 and ensuing resolutions;
- 2) Remuneration Report;
- 3) Authorization to purchase and dispose of treasury shares;

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### 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 (April 12, 2016 – *Record date*), have the right to take the floor.

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 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 April 18, 2016) 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](http://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](mailto: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.

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### **Supplements to the agenda and presentation of new resolutions' proposals**

Shareholders who, even jointly, own at least one fortieth of the share capital, can request, 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 or for further resolutions' proposals on the items already on the Agenda. 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](mailto:affarisocietari.italmobiliare@legalmail.it), along with the certification issued by an authorized Intermediary providing evidence of the ownership of the above mentioned percentage of the share capital. A report on the items whose examination is proposed or the reason relating to additional proposed resolutions presented on items already on the agenda 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 or the presentation of new resolutions' proposals on items already 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 April 6, 2016); 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.

Those who are entitled to the voting rights may submit proposal resolutions' at the Meeting.

### **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. The questions must be received by the Company by April 18, 2016 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](mailto:affarisocietari.italmobiliare@legalmail.it) along with proper documentation issued by an 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., the authorized storage system NIS-STORAGE and on the Company website [www.italmobiliare.it](http://www.italmobiliare.it) under section Governance/General Meetings.

In particular, the documents related to the items on the agenda will be made available to public at least 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.

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## **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 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 853,261 ordinary treasury shares, is equal to 21,329,322.

On behalf of the Board of Directors  
The Chairman  
Giampiero Pesenti

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## Group financial highlights

(in millions of euro)	2015	2014	2013	2012	2011
	<b>IFRS 5</b>				
Revenue	402.0	415.3	4,516.1	4,772.2	4,952.9
Recurring gross operating profit	33.0	66.4	613.6	650.4	684.8
Gross operating profit (loss)	(2.0)	64.2	602.8	622.2	722.5
Operating profit (loss)	(19.0)	43.4	129.8	(183.8)	89.4
Profit (loss) for the year	54.8	(50.1)	(154.2)	(474.2)	(60.6)
Profit (loss) attributable to owners of the parent	7.0	(44.8)	(129.7)	(272.4)	(147.7)
Capital expenditure	32.3	28.9	356.2	399.2	454.2
Total equity	4,329.5	4,286.4	4,333.4	4,715.2	5,539.6
Equity attributable to owners of the parent	1,838.6	1,806.3	1,656.2	1,781.9	2,108.4
Net financial debt	2,081.7	2,114.8	1,830.0	1,930.5	2,039.6
Net financial debt / Equity	48.08%	49.34%	42.23%	40.94%	36.82%
Net financial debt / Recurring gross operating profit	(-1.69)*	3.11	2.98	2.97	2.98
(unit values)					
(Diluted) earnings (losses) per ordinary share	0.151	(1.191)	(3.448)	(7.239)	(3.926)
(Diluted) earnings (losses) per savings share	0.229	(1.191)	(3.448)	(7.239)	(3.926)
Equity attributable per share <sup>1</sup>	48.864	48.006	44.018	47.359	56.036
Dividend paid per share:					
ordinary		0.250	0.150	-	-
savings		0.390	0.255191	-	-
Employees (headcount)	1,917 *	1,905 *	19,865	20,357	20,965

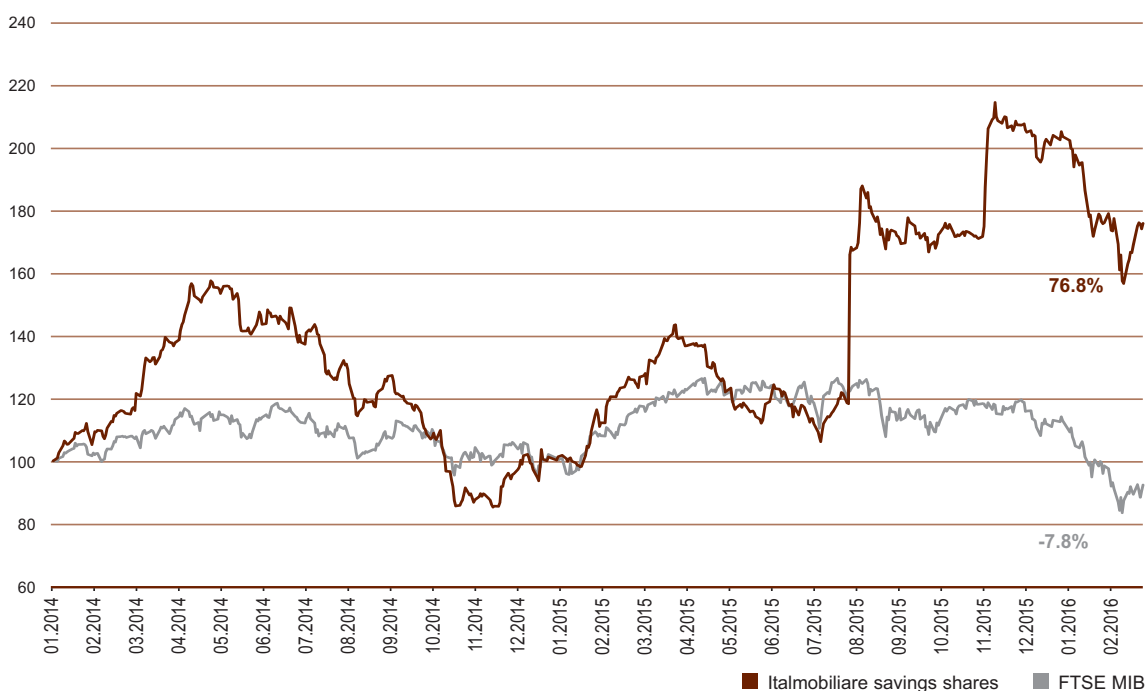
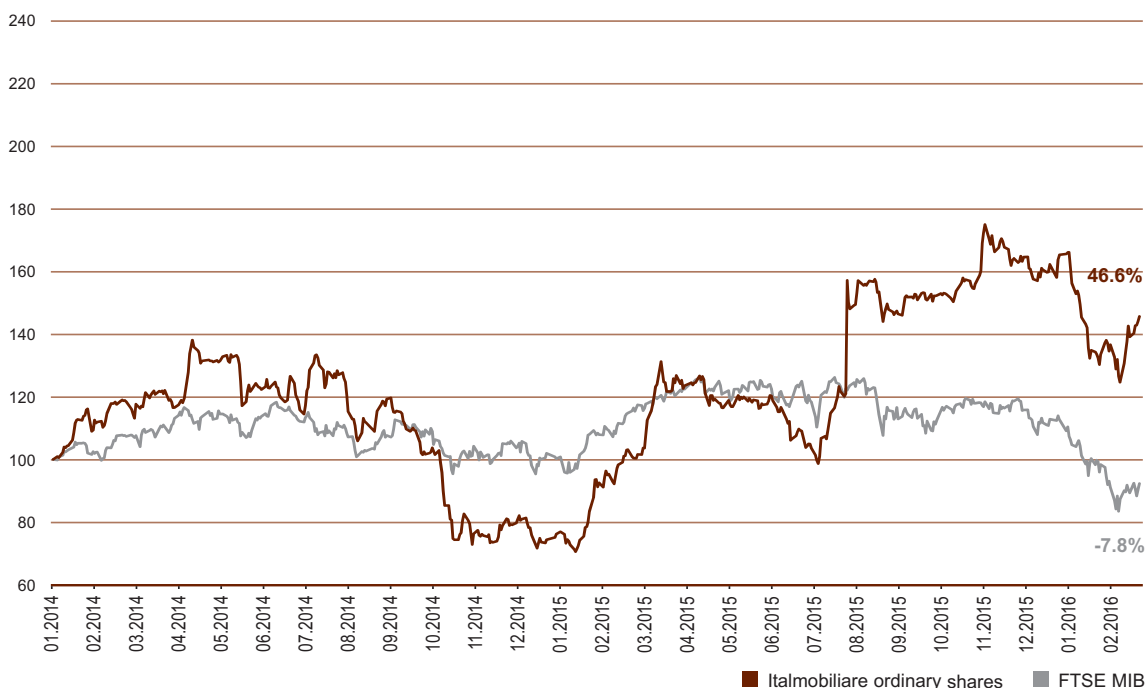
\* relating to continuing operations

<sup>1</sup> net of treasury shares in portfolio

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

### Share prices from January 2014 February 2016

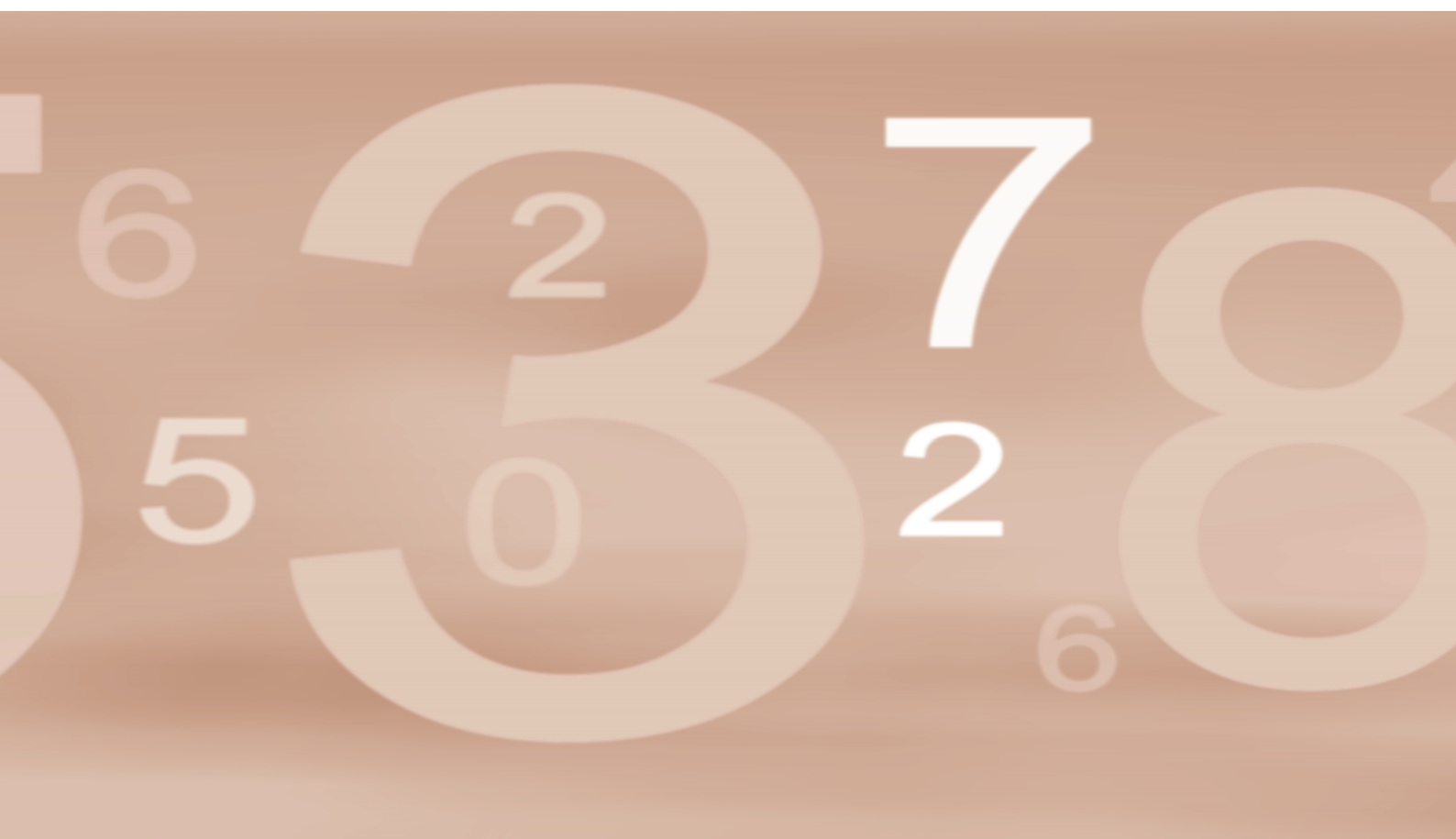
(euro)	high		low		12/30/2013	02/26/2016	performance
Ordinary shares	43.8086	11/06/2015	17.3824	01/13/2015	24.8256	36.3877	46.6%
Savings shares	31.1563	11/11/2015	12.2612	11/13/2014	14.4271	25.5124	76.8%
FTSE MIB	24,031.19	07/20/2015	15,773.00	02/11/2016	18,967.71	17,483.76	-7.8%





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Italmobiliare Group



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## Directors' report

### Foreword

Following the adoption by the European Union of Regulation no. 1606 of 2002, the Italmobiliare S.p.A. consolidated financial statements as at and for the year ended December 31, 2015, and the corresponding figures for 2014, 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, 2015, 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 changes in standards and interpretations with respect to the financial statements as at and for the year ended December 31, 2014 had no significant impact on this report and concern the application as from January 1, 2015, of:

- “Annual improvements cycle 2011-2013”. The changes introduced constitute clarifications, corrections (IFRS 3 “Business combinations” and IFRS 13 “Fair value measurement”) and involve changes in current requirements or provide additional indications regarding their application (IAS 40 “Investment property”);
- IFRIC 21 “Levies”. The interpretation indicates that levies are to be recognized only when the obligating event, specified by law, that generates the liability occurs.

As described in the previous financial reports as at and for the periods ended June 30, 2015 and September 30, 2015, on July 28 Italmobiliare, S.p.A. signed an agreement with HeidelbergCement to sell its entire equity stake in Italcementi. In connection with the transaction, Italmobiliare has undertaken to purchase from Italcementi the equity investments held in e-procurement (BravoSolution group), renewable energy (Italgen group) and some properties located in Rome, which will continue to be consolidated on a line-by-line basis.

Consequently, the operations to be sold have been accounted for in compliance with IFRS 5, showing income statement items under a single specific caption (“Profit (loss) relating to discontinued operations”) both for the year under review and for 2014, whose interim results therefore differ from those published last year. The consolidated statement of financial position for the year ended December 31, 2015 also presents separate specific line items for the assets and the liabilities included in the “disposal group” and respectively classified as “discontinued operations”.

The application of IFRS 5 also involved the re-statement of the results of operations and equity of the disposal Italcementi group at December 31, 2015 to reflect the suspension of amortization and depreciation and of impairment losses on non-current assets net of the tax effect for the period October 1 – December 31, 2015. The date October 1, 2015 follows the first presentation of the figures of the Italcementi group as a discontinued operation, in the interim financial statement at September 30, 2015. This generated a positive change in Italcementi results of operations and equity for an overall amount of 105 million euro (of which 93.8 million euro attributable to owners of the parent and 11.2 million euro to non-controlling interests).

The application of IFRS 5 did not entail in either the separate financial statements of Italmobiliare S.p.A. or the Group consolidated financial statements recognition of any

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impairment losses for alignment with the lower of the carrying amount of the assets held for sale and their fair value less costs to sell.

On September 30, 2015 the Finter Bank Zürich group was sold to Vontobel Holding AG; this also involved the application of IFRS 5.

There were minor changes in the scope of consolidation compared with 2014, consisting mainly of three small companies acquired by the construction materials segment and a new company established in the food packaging and thermal insulation segment, all based in France and consolidated on a line-by-line basis, and the sale at the end of July of Sirap Insulation S.r.l., the thermal insulation arm of the Sirap Gema group.

## Performance indicators

To assist understanding of its financial data, for several years the Group has consistently employed a number of widely used indicators, which are not contemplated by the IAS/IFRS. In particular, the income statement presents the following intermediate indicators/results: recurring gross operating profit (loss), gross operating profit (loss), operating profit (loss), computed as the sum of the preceding items. On the face of the statement of financial position, similar considerations apply to net financial 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 position and performance, in relation to comparative amounts and to other amounts from the same year (e.g., change in revenue, recurring gross operating profit (loss) and operating profit (loss) with respect to the previous year, and change in their incidence on revenue). The use of amounts not directly reflected in the financial statements (e.g. the exchange rate effect on revenue and on profit or loss for the year) 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 years. 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 operating segments, trends in sales prices and cost factors, acquisitions and disposals, other significant events in the year, organizational developments, the introduction of laws and regulations, etc.. In the notes, the section on net financial 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.

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## General overview

During 2015 there was an overall consolidation of the global economic recovery, mainly in the principal advanced economies outside the eurozone, in particular in the United States and in the United Kingdom. On the other hand, growth remained below expectations in emerging countries, while the Commonwealth of Independent States fell into deep recession. The epicenter of the fall was Russia, due to low oil prices, restrictions on external financing and low business confidence. In Latin America too, especially in Brazil, the economy contracted over the year in question, reflecting not only the deterioration of trade due to the drop off in raw materials, but the internal political imbalances.

In the European countries, the weak economic recovery recorded in 2015 was supported by internal demand, the monetary policy measures of the ECB and their favorable impact on financial conditions, as well as the progress on correcting public accounts and structural reforms. A positive contribution to growth came from the low oil price, which sustained the disposable income of both companies and households and consequently helped investments and private consumption. Nonetheless, the economic recovery in the eurozone continues to be held back by the prospect of limited growth in emerging markets and moderate global trade.

In Italy a moderate recovery continues, thanks basically to domestic demand and the increase in consumption and services. There was also a positive contribution from the manufacturing sector together with the stabilization of the property market, after a prolonged recession. After recovering in the first half of 2015, investments weakened in the second part of the year, especially in exporting companies.

In the final quarter of 2015 conditions on the financial markets in the eurozone gradually improved, after a period of sharp volatility linked to the Chinese market. The improvement was supported by the markets' expectations of further monetary stimulus in Europe, which provoked significant falls in the yields on sovereign bonds in the various countries of the eurozone. The stock markets in the eurozone and the United States made a good recovery, largely offsetting the falls seen in the summer; unfortunately, from mid-December a new period of uncertainty caused a fall in share prices as a reaction to the tensions on global financial markets.

Since the start of September the euro has weakened against the main economies, in particular against the US dollar, the Chinese renminbi, the pound sterling, and the Japanese yen as well as against the currencies of many emerging economies, while it has remained stable against the currencies of the countries of central and eastern Europe.

In this economic context, in 2015 the Italmobiliare Group recorded **profit for the year** of 54.8 million euro (a loss of 50.1 million euro in 2014), of which 7.0 million euro was attributable to owners of the parent (-44.8 million euro in 2014).

As explained in the foreword, the results relating to sold operations (Finter Bank Zürich) and to discontinued operations (companies in the Italcementi group active essentially in the production of construction materials) are presented in compliance with IFRS 5, both for the year under review and for 2014, including the respective quarters, whose interim results are therefore different from the published versions.

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## Breakdown of consolidated profit (loss) by segment

(in millions of euro)	December 2015	% of total	December 2014	% of total
Construction materials	(11.9)	(171.2)	(43.6)	97.3
Food packaging and thermal insulation	(17.1)	(246.2)	(1.3)	2.9
Banking	3.5	49.8	(2.8)	6.2
Finance	50.2	722.0	19.2	(42.9)
Property, services and other	(0.4)	(6.2)	-	-
Inter segment eliminations	(17.3)	(248.2)	(16.3)	36.5
<b>Profit (loss) for the year attributable to owners of the parent</b>	<b>7.0</b>	<b>100.0</b>	<b>(44.8)</b>	<b>100.0</b>

The other main results for the year ended December 31, 2015, relating to continuing operations were:

- **Revenue:** 402.0 million euro compared with 415.3 million euro for the year ended December 31, 2014 (-3.2%);
- **Recurring gross operating profit:** 33.0 million euro compared with 66.4 million euro for the year ended December 31, 2014 (-50.3%);
- **Gross operating loss:** 2.0 million euro compared with a gross operating profit of 64.2 million euro for the year ended December 31, 2014 (negative change >100%);
- **Operating loss:** 19.0 million euro compared with an operating profit of 43.4 million euro for the year ended December 31, 2014 (negative change >100%);
- **Profit (loss) from continuing operations:** loss of 26.1 million euro compared with profit of 12.4 million euro for the year ended December 31, 2014 (negative change >100%);

At December 31, 2015, **total equity** stood at 4,329.5 million euro compared with 4,286.4 million euro at December 31, 2014.

In 2015, **capital expenditure** relating to continuing operations totaled 32.3 million euro, up by 11.8% compared with 2014 (28.9 million euro).

Total **net financial debt** at December 31, 2015, including debt relating to discontinued Italcementi operations, was 2,081.7 million euro, down compared with 2,114.8 million euro at the end of December 2014, while the net financial position relating to continuing operations was positive at 55.6 million euro.

As a result of the changes in equity and net financial debt, the **gearing** ratio (consolidated net financial debt equity) decreased from 49.34% at the end of 2014 to 48.08% at the end of 2015.

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

- as a result of the agreement to sell the entire equity stake in Italcementi, the **continuing construction materials segment** is represented by the segment operations that are not to be sold, held in the BravoSolution group and in the Italgem group. The results of the Italcementi group operations that are to be sold are represented in a single caption on the income statement (Profit (loss) relating to discontinued operations net of tax effects). The BravoSolution group, which is an international leader in supply management solutions, closed 2015 with revenue up by 12.1% compared with 2014, while its operating results were down on the previous year mainly due to the higher costs incurred following implementation of the plan to enhance the group's corporate structure, with the creation of central marketing, human resources, strategy and global sales functions, which should

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bring benefits in coming years. Specifically: gross operating profit was 8.0 million euro (9.3 million euro in 2014), operating profit was 1.8 million euro (3.9 million euro in 2014) and there was a small loss for the year of 0.2 million euro (profit of 1.2 million euro in 2014). The Italgas group, which operates in electricity production and distribution on both the national and international market, closed 2015 with profit of 6.7 million euro, down by 2.6 million euro on the prior year, largely due to the fall in production and energy sales volumes, fewer green certificates, as well as increased energy purchases from third parties, partly mitigated by the positive price effect and savings on overheads. In this context revenue fell by 3.0% compared with 2014, while operating results fell more sharply: gross operating profit -34.6% (14.2 million euro compared with 21.7 million euro in 2014), operating profit -40.3% (11.0 million euro compared with 18.4 million euro in 2014).

Overall, continuing operations in the segment reported a profit for the year of 6.5 million euro (10.5 million euro in 2014).

The discontinued operations of the Italcementi group closed the year with a loss of 75.8 million euro, of which a loss of 124.2 million euro was attributable to owners of the parent (a loss of 59.4 million euro in 2014, of which a loss of 116.4 million euro attributable to owners of the parent);

- the **food packaging and thermal insulation segment**, consisting of the Sirap group, saw changes in the scope of consolidation during 2015: on the one hand, the inclusion in the pro forma consolidated financial statements of the results of operations and financial position relating to Sirap Remoulins for 11 months; on the other, the departure from the scope of consolidation of Sirap Insulation S.r.l. and consequently the inclusion only of its results of operations for the first half of 2015 in the pro forma consolidated financial statements. Despite a still difficult market situation as regards demand in key countries, 2015 saw an increase in turnover and profitability for ASA packaging; the year's earnings were very seriously impacted by the fine imposed by the European Commission for breaches of EU competition laws on the foamed tray market, which entailed an additional provision for risks of 27.1 million euro. Group net turnover in 2015 was 233.8 million euro (-0.8% compared with 2014), while recurring gross operating profit rose by 2.8%. After non-recurring expense of 28.6 million euro (1.2 million euro in 2014), deriving mainly from the aforementioned fine of the European Commission, the segment posted a gross operating loss of 7.7 million euro (profit of 19.1 million euro in 2014). After amortization, depreciation and impairment for a total of 7.1 million euro (11.8 million euro in 2014), the operating loss was 14.8 million euro (operating profit of 7.3 million euro in 2014). Financial items reflected net income of 0.3 million euro, thanks to the gain of 4.1 million euro realized on the sale of Sirap Insulation S.r.l. and the lower impact of finance costs, largely due to the reduction in the average level of debt. Income tax expense rose to 2.6 million euro compared with 2.4 million euro in 2014 and the segment posted a loss for the year of 17.1 million euro (loss of 1.3 million euro in 2014);
- the **financial segment**, represented by the parent Italmobiliare and the subsidiary Franco Tosi S.r.l., into which merged the Luxembourg-based Société de Participation Financière Italmobiliare S.A. was merged in July, recorded a profit of 50.2 million euro for 2015 (19.2 million euro in 2014). This result arose largely from the gain of 51.4 million euro realized on the sale of the entire equity investment held in Finter Bank Zürich to the Swiss group Vontobel Holding AG, and from higher dividends received in 2015 compared with the previous year (+7.5 million euro). The increase in volatility on the financial markets in 2015 and the fall in yields on treasury bonds in the main advanced economies, in particular in the countries of the eurozone due to the easing of the ECB's monetary policy, contributed to the decrease in net gains on investments of cash and cash equivalents, which fell by 10.9

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million euro compared with 2014. Operating expense rose by 9.4 million euro mainly due to non-recurring costs relating to the project to sell the entire shareholding held in Italcementi and the prudential provisions set aside in 2015 against risks outstanding at the reporting date. The profit for the year benefited from a positive tax effect of 2.5 million euro (expense of 2.9 million euro in 2014), thanks to the recognition of tax assets against prior year tax losses;

- the **continuing banking segment** consists of the operations of Crédit Mobilier de Monaco, while the results of operations of the Finter Bank Zürich group, which was sold at the end of September, are shown under "Profit (loss) relating to discontinued operations net of tax effects". The revenue for the year ended December 31, 2015 of the Monaco-based bank totaled 1.6 million euro in line with the corresponding figure in 2014, while gross operating profit and operating profit were down by 11.6% and 13.4%, respectively. Consequently, the profit for the year of 0.2 million euro was down 22.2% from 2014.

The sold operations, represented by the Finter Bank Zürich group, presented a profit for 2015 of 3.2 million euro compared to the loss of 3.1 million euro for the year ended December 31, 2014;

- the **property, services and other segment** is not of great importance within the global context of the Group and its results are therefore not normally of material significance. In 2015 the segment recorded a loss of 242 thousand euro (loss of 28 thousand euro in 2014).

The parent **Italmobiliare S.p.A.** closed 2015 with profit of 19.5 million euro (18.2 million euro in 2014), despite a revenue decrease of 4.8% and significant non-recurring expense in the year relating to non recurring transactions.

Italmobiliare **Net Asset Value** (NAV) at December 31, 2015 was 2,086.2 million euro (1,165.4 million euro at December 31, 2014) against a capitalization of 1,400.9 million euro, reflecting a discount of 32.8% compared with 43.7% at December 31, 2014.

(in millions of euro)	December 2015	% of total	December 2014	% of total
Construction materials	1,666.0	79.9%	778.3	66.8%
Publishing	28.7	1.4%	38.5	3.3%
Banking	194.9	9.3%	211.6	18.2%
Cash and cash equivalents	139.8	6.7%	77.6	6.7%
Other	56.8	2.7%	59.4	5.0%
<b>Total Net Asset Value</b>	<b>2,086.2</b>	<b>100.0%</b>	<b>1,165.4</b>	<b>100.0%</b>

NAV was computed considering:

- the sale price for the equity investment in Italcementi S.p.A.,
- the year-end market price of other 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 in accordance with IFRS, where available, or with local accounting policies,
- the increased value of real estate assets;

taking account of the tax related effect.



**Key consolidated figures**

(in millions of euro)	2015 IFRS 5	2014 IFRS 5	% change	2014 published
<b>Revenue</b>	<b>402.0</b>	<b>415.3</b>	<b>(3.2)</b>	<b>4,451.3</b>
<b>Recurring gross operating profit <sup>1</sup></b>	<b>33.0</b>	<b>66.4</b>	<b>(50.3)</b>	<b>681.0</b>
% of revenue	8.2	16.0		15.3
Other expense, net	(35.0)	(2.2)	n.s.	(5.6)
<b>Gross operating profit (loss) <sup>2</sup></b>	<b>(2.0)</b>	<b>64.2</b>	<b>n.s.</b>	<b>675.4</b>
% of revenue	(0.5)	15.5		15.2
Amortization and depreciation	(19.7)	(19.9)	0.7	(420.6)
Reversal of impairment losses (impairment losses) on non-current assets	2.7	(0.9)	n.s.	(10.2)
<b>Operating profit (loss) <sup>3</sup></b>	<b>(19.0)</b>	<b>43.4</b>	<b>n.s.</b>	<b>244.6</b>
% of revenue	(4.7)	10.4		5.5
Net finance costs	(0.9)	(6.8)	86.5	(144.5)
Impairment losses on financial assets	(0.4)	(7.0)	93.5	(33.9)
Share of profit (loss) of equity-accounted investees	(1.6)	(1.8)	11.6	10.4
<b>Profit (loss) before tax</b>	<b>(21.9)</b>	<b>27.8</b>	<b>n.s.</b>	<b>76.6</b>
% of revenue	(5.5)	6.7		1.7
Income tax expense	(4.2)	(15.4)	72.5	(126.7)
<b>Profit (loss) relating to continuing operations</b>	<b>(26.1)</b>	<b>12.4</b>	<b>n.s.</b>	<b>(50.1)</b>
Profit (loss) relating to discontinued operations, net of tax effects	80.9	(62.5)	n.s.	
<b>Profit (loss) for the year</b>	<b>54.8</b>	<b>(50.1)</b>	<b>n.s.</b>	<b>(50.1)</b>
<i>attributable to:</i>				
<b>Owners of the parent</b>	<b>7.0</b>	<b>(44.8)</b>	<b>n.s.</b>	<b>(44.8)</b>
Non-controlling interests	47.8	(5.3)	n.s.	(5.3)
Cash flow from operating activities relating to continuing operations	21.8	9.3		386.8
Capital expenditure relating to continuing operations	32.3	28.9		543.1

n.s. not significant

(in millions of euro)	December 31, 2015	December 31, 2014
Total equity	4,329.5	4,286.4
Equity attributable to owners of the parent	1,838.6	1,806.3
Overall net financial debt	(2,081.7) *	(2,114.8)
Number of employees at year end - continuing operations	1,917	1,905

\* of which continuing operations a positive balance of 55.6 million euro and discontinued operations debt of 2,137.3 million euro

<sup>1</sup> Recurring gross operating profit is the difference between revenue and costs excluding: other non-recurring income (expense), amortization and depreciation, reversals of impairment losses (impairment losses) on non-current assets, finance income (costs), share of profit (loss) of equity-accounted investees and income tax.

<sup>2</sup> Gross operating profit corresponds to recurring gross operating profit plus other non-recurring income (expense).

<sup>3</sup> Operating profit (loss) corresponds to gross operating profit plus amortization and depreciation and reversals of impairment losses (impairment losses) on non-current assets



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## Revenue and operating performance for 2015 relating to continuing operations

### Contribution to consolidated revenue

(net of intragroup eliminations)

(in millions of euro)	2015		2014		Change	
	%		%		%	
<b>Operating segment</b>						
Construction materials continuing operations	138.4	34.4	131.6	31.7	5.2	5.2
Packaging and insulation	233.8	58.2	235.7	56.7	(0.8)	6.0
Finance	28.0	7.0	45.6	11.0	(38.7)	(38.7)
Banking-continuing operations	1.6	0.4	1.6	0.4	(1.4)	(1.4)
Property, services and other	0.2	n.s.	0.8	0.2	(70.9)	(77.0)
<b>Total</b>	<b>402.0</b>	<b>100.0</b>	<b>415.3</b>	<b>100.0</b>	<b>(3.2)</b>	<b>0.3</b>
<b>Geographical area</b>						
European Union	308.3	76.7	330.4	79.6	(6.7)	(4.0)
Other European countries	14.1	3.5	13.8	3.3	1.6	33.2
Other countries	79.6	19.8	71.1	17.1	12.1	12.1
<b>Total</b>	<b>402.0</b>	<b>100.0</b>	<b>415.3</b>	<b>100.0</b>	<b>(3.2)</b>	<b>0.3</b>

<sup>1</sup> on a like-for-like basis and at constant exchange rates.  
n.s. not significant.

### Revenue and operating performance by operating and geographical segment

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	2015	% change vs. 2014	2015	% change vs. 2014	2015	% change vs. 2014	2015	% change vs. 2014
<b>Operating segment</b>								
Construction materials continuing operations	138.4	5.2	22.2	(29.6)	22.2	(28.4)	12.7	(42.9)
Packaging and insulation	233.8	(0.8)	20.9	2.8	(7.7)	n.s.	(14.8)	n.s.
Finance	95.2	49.4	56.1	81.2	49.7	60.5	49.5	61.5
Banking-continuing operations	1.6	(1.4)	0.5	(10.3)	0.5	(11.6)	0.4	(13.6)
Property, services and other	0.2	(86.5)	(0.2)	n.s.	(0.2)	n.s.	(0.3)	n.s.
Reclassifications and inter-segment eliminations	(67.2)	n.s.	(66.5)	n.s.	(66.5)	n.s.	(66.5)	n.s.
<b>Total</b>	<b>402.0</b>	<b>(3.2)</b>	<b>33.0</b>	<b>(50.3)</b>	<b>(2.0)</b>	<b>n.s.</b>	<b>(19.0)</b>	<b>n.s.</b>
<b>Geographical segment</b>								
European Union	360.2	8.8	74.9	34.1	40.0	(25.5)	29.3	(23.3)
Other European countries	14.1	1.0	1.4	17.4	1.3	15.4	1.3	17.7
Other countries	79.6	12.1	8.0	(14.1)	8.0	(14.1)	1.8	(54.7)
Reclassifications and intersegment eliminations	(51.9)	n.s.	(51.3)	n.s.	(51.3)	n.s.	(51.4)	n.s.
<b>Total</b>	<b>402.0</b>	<b>(3.2)</b>	<b>33.0</b>	<b>(50.3)</b>	<b>(2.0)</b>	<b>n.s.</b>	<b>(19.0)</b>	<b>n.s.</b>

n.s. not significant.

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The downturn of 3.2% in **revenue** compared with 2014 reflected:

- a negative consolidation effect, for 2.5%,
- a negative exchange rate effect, for 1.0%,
- a turnover improvement of 0.3% at constant exchange rates and on a like-for-like basis.

The business slowdown arose in the financial segment (-38.7%), the banking segment (-1.4%) and, marginally, property, services and other. The contribution of the Group's industrial segments was positive, notably food packaging and thermal insulation (+6.0%), largely thanks to positive performance in France, Italy and Poland and the BravoSolution Group, which reported healthy growth in the UK, the Arab Emirates, Australia, Benelux and Germany.

The positive exchange-rate effect refers to the foreign subsidiaries of the Sirap Gema group, arising in particular from the depreciation of the Ukrainian hryvnia against the euro.

**Recurring gross operating profit**, at 33.0 million euro, was down 50.3% from 2014. The contribution of continuing operations in the construction materials segment was negative, due to expense for the ongoing expansion of the corporate structure of the BravoSolution Group and increased purchases of energy and vectoring services at the Italgen Group. There was a significant improvement in profitability in the finance segment, thanks to the gain realized on the sale of Finter Bank Zürich (51.4 million euro). The reduction in the average cost of raw materials used in production processes in the food packaging segment contributed to the 2.8% increase in recurring gross operating profit at the Sirap Gema Group.

The 2015 consolidated results reflected the negative impact of significant non-recurring expense, which, net of non-recurring income, amounted to 35.0 million euro (net expense of 2.2 million euro in 2014). Non-recurring expense referred essentially to the fine imposed on the Sirap group by the European Commission for breaches of community competition laws on the foamed tray market and, to a lesser extent, to the finance segment (balance of 6.4 million euro) after provisions set aside at the end of the year against risks on which future outlay is deemed probable.

These items had a strong impact, reflected in the **gross operating loss** of 2.0 million euro, compared with gross operating profit of 64.2 million euro in 2014.

After amortization and depreciation in line with 2014, and reversals of impairment losses on non-current assets of 2.7 million euro, relating to plant in the food packaging segment, the Group posted an **operating loss** of 19.0 million euro (profit of 43.4 million euro in 2014).

## Finance costs and other items

**Net finance costs** amounted to 0.9 million euro, a decrease of 5.9 million euro from 2014, largely thanks to the gain realized at the Sirap group (4.1 million euro) after the sale of the thermal insulation division represented by the equity investment in Sirap Insulation S.r.l.. Expense and interest on net financial debt decreased by 17.3%, to 3.6 million euro (4.4 million euro in 2014). Exchange-rate differences net of hedges reflected a loss of 0.8 million euro, in line with 2014.

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

**Impairment losses on financial assets** amounted to 0.4 million euro (losses of 7.0 million euro in 2014) and referred to the finance segment; specifically, an impairment loss of 0.3 million euro was applied to the equity investment in RCS MediaGroup to align the carrying amount to the share price on the Italian Stock Exchange at December 31, 2015.

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The **share of profit (loss) of equity-accounted investees** reflected a loss of 1.6 million euro (loss of 1.8 million euro in 2014). The figure reflects the loss of 1.2 million euro from the equity investment held by the finance segment in Società Editrice Siciliana, a slight improvement on 2014 (loss of 1.3 million euro), and of 0.4 million euro from the investees of the Italgen group (loss of 0.5 million euro in 2014).

## Profit for the year

The Group posted a **loss before tax** of 21.9 million euro (profit of 27.8 million euro in 2014).

After income tax expense of 4.2 million euro (15.4 million euro in 2014), the **loss for the year relating to continuing operations** was 26.1 million euro (profit of 12.4 million euro in 2014).

The **profit for the year relating to discontinued operations net of tax effects** was 80.9 million euro, arising from:

- the gain of 48.5 million euro on the sale of Finter Bank Zürich and the bank's profit for the period of 3.2 million euro (loss of 3.1 million euro in 2014),
- discontinued operations in the construction materials segment, which had a profit of 29.2 million euro (loss of 59.4 million euro in 2014). As required by IFRS 5, the segment's consolidated result includes, in addition to the loss of 75.8 million euro relating to discontinued operations, the effect net of tax arising from suspension of amortization and depreciation and from reversal of impairment losses on non-current assets in the fourth quarter of 2015. These adjustments generated a positive effect of 105.0 million euro.

The total **profit for the year** was 54.8 million euro, of which 7.0 million euro attributable to owners of the parent (non-controlling interests 47.8 million euro), compared with a loss of 50.1 million euro for 2014, of which 44.8 million euro attributable to owners of the parent (non-controlling interests 5.3 million euro).

## Total comprehensive income

In 2015, other comprehensive income relating to continuing operations amounted to 9.0 million euro (income of 5.4 million euro in 2014) arising from the following positive items:

- fair value gains on available-for-sale assets and on derivatives for a total of 26.3 million euro,
- measurement gain of 0.5 million euro on the net liability (asset) for employee benefits,

and the negative effect of translation losses of 19.8 million euro; the related tax effect was positive at 2.0 million euro.

Discontinued operations had other comprehensive income of 90.0 million euro (income of 190.6 million euro in 2014).

Considering the profit for the year of 54.8 million euro and the aforementioned items, total comprehensive income in 2015 was 153.8 million euro (income of 50.8 million euro attributable to owners of the parent and income of 103.0 million euro attributable to non-controlling interests). This compared with total comprehensive income of 145.9 million euro in 2014 (income of 7.2 million euro attributable to owners of the parent and income of 138.7 million euro attributable to non-controlling interests).

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

## Quarterly performance

	Full year 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
(in millions of euro - IFRS 5 data)					
<b>Revenue</b>	<b>402.0</b>	<b>107.2</b>	<b>87.3</b>	<b>112.9</b>	<b>94.7</b>
% change vs. 2014	(3.2)	0.9	(8.4)	2.5	(8.8)
<b>Recurring gross operating profit (loss)</b>	<b>33.0</b>	<b>16.2</b>	<b>(3.0)</b>	<b>8.5</b>	<b>11.4</b>
% change vs. 2014	(50.3)	14.7	n.s.	(64.5)	(44.0)
% of revenue	8.2	15.0	(3.5)	7.5	12.0
<b>Gross operating profit (loss)</b>	<b>(2.0)</b>	<b>10.6</b>	<b>(4.9)</b>	<b>(18.8)</b>	<b>11.1</b>
% change vs. 2014	n.s.	(25.4)	n.s.	n.s.	(44.9)
% of revenue	(0.5)	9.8	(5.6)	(16.6)	11.7
Amortization and depreciation	(19.7)	(5.1)	(4.7)	(5.2)	(4.8)
Reversals of impairment losses on non-current assets	2.7	-	-	2.8	-
<b>Operating profit (loss)</b>	<b>(19.0)</b>	<b>5.5</b>	<b>(9.6)</b>	<b>(21.2)</b>	<b>6.3</b>
% change vs. 2014	n.s.	(29.7)	n.s.	n.s.	(58.8)
% of revenue	(4.7)	5.0	(11.0)	(18.8)	6.7
<b>Profit (loss) before tax</b>	<b>(21.9)</b>	<b>3.8</b>	<b>(7.1)</b>	<b>(23.9)</b>	<b>5.3</b>
<b>Profit (loss) relating to continuing operations</b>	<b>(26.1)</b>	<b>7.7</b>	<b>(9.0)</b>	<b>(27.1)</b>	<b>2.3</b>
Profit (loss) relating to discontinued operations, net of tax effects	80.9	40.4	36.1	61.3	(56.9)
<b>Profit (loss) for the period</b>	<b>54.8</b>	<b>48.1</b>	<b>27.1</b>	<b>34.2</b>	<b>(54.6)</b>
<b>Profit (loss) attributable to owners of the parent</b>	<b>7.0</b>	<b>17.7</b>	<b>28.4</b>	<b>(7.9)</b>	<b>(31.3)</b>
Net financial debt	(2,081.7)	(2,081.7)	(2,260.0)	(2,188.4)	(2,288.6)
n.s. not significant					

In the fourth quarter, the Group posted a 0.9% improvement in **revenue** from the corresponding prior year period, reflecting positive contributions from the financial segment and continuing operations in the construction materials segment; in the latter segment, the BravoSolution Group achieved 31% of its annual revenue in the fourth quarter. The contributions of the other segments were negative. Although revenue in the food packaging segment was down 11.7% from the fourth quarter of 2014, it showed an improvement with respect to the third quarter, the first to consist solely of food packaging operations after the sale of the thermal insulation unit.

**Recurring gross operating profit** improved from 14.1 million euro to 16.2 million euro in the fourth quarter of 2015, thanks to the positive performance of the finance segment.

After non-recurring expense of 5.6 million euro, essentially in the financial segment due to provisions in the quarter for current risks where a future outlay is deemed probable, operating results for the fourth quarter were down on the corresponding prior year period, specifically:

- **gross operating profit** decreased from 14.2 million euro in the fourth quarter of 2014 to 10.6 million euro in 2015, a reduction of 25.4% from the corresponding prior year period;
- **operating profit** amounted to 5.5 million euro (7.8 million euro in the fourth quarter of 2014), after amortization and depreciation of 5.1 million euro (a decrease of 5.9% from the corresponding prior year period).

After a material improvement in net finance costs from the fourth quarter of 2014 (a reduction of 55.7%), impairment losses on financial assets of 0.2 million euro (6.9 million euro in 2014) and the loss of 0.3 million euro from equity-accounted investees (loss of 0.2 million euro in the fourth quarter of 2014), the Group posted profit before tax of 3.8 million euro (a loss before tax of 1.8 million euro in the fourth quarter of 2014).

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The above items and a fourth-quarter positive income tax effect of 3.9 million euro generated a **profit for the period relating to continuing operations** of 7.7 million euro (a loss of 6.1 million euro for the fourth quarter of 2014).

**Discontinued operations showed a consolidated profit** for the fourth quarter of 40.4 million euro (11.9 million euro in the corresponding prior year period), including suspension of amortization and depreciation and reversals of impairment losses on non-current assets in compliance with IFRS 5. These adjustments totaled 105.0 million euro.

The **overall profit for the fourth quarter of 2015** was 48.1 million euro, of which 17.7 million euro attributable to owners of the parent (profit of 5.8 million euro in the corresponding prior year period, of which a loss of 7.3 million euro attributable to owners of the parent).

## Condensed statement of financial position

	December 31, 2015	December 31, 2014
	IFRS 5	
(in millions of euro)		
Property, plant and equipment + investment property	137.7	4,295.1
Intangible assets	44.4	1,725.2
Other non-current assets	282.5	798.1
<b>Non-current assets</b>	<b>464.6</b>	<b>6,818.4</b>
<b>Current assets</b>	<b>461.8</b>	<b>2,905.6</b>
Non-current discontinued operations	8,598.0	
<b>Total assets</b>	<b>9,524.4</b>	<b>9,724.0</b>
Equity attributable to owners of the parent	1,838.6	1,806.3
Non-controlling interests	2,490.9	2,480.1
<b>Total equity</b>	<b>4,329.5</b>	<b>4,286.4</b>
Non-current liabilities	110.9	3,139.0
Current liabilities	352.0	2,298.6
<b>Total liabilities</b>	<b>462.9</b>	<b>5,437.6</b>
Liabilities directly relating to discontinued operations	4,732.0	
<b>Total equity and liabilities</b>	<b>9,524.4</b>	<b>9,724.0</b>

## Equity

**Total equity** at December 31, 2015, was 4,329.5 million euro, an increase of 43.1 million euro from December 31, 2014. The overall change arose from:

- the profit for the year of 54.8 million euro,
- a positive exchange-rate effect of 66.1 million euro, and a gain of 19.0 million euro in the fair value reserve on equity investments and derivatives,
- the gain of 15.3 million euro arising from the adjustment of assets and liabilities relating to employee benefits,
- dividends paid for 105.4 million euro,
- other negative changes of 6.7 million euro.

## Net financial debt

At December 31, 2015, net financial debt including that of the discontinued operations of the Italcementi group, stood at 2,081.7 million euro, a reduction of 1.6% compared to the situation at December 31, 2014 (2,114.8 million euro); the net financial position on continuing operations was positive at 55.6 million euro.

The balance on the year's cash flows relating to continuing operations was positive at 99.9 million euro, thanks mainly to the flows from operating activities for 21.8 million euro, gains of 114.7 million euro on the sale of non-current assets, translation differences and structure differences for 10.6 million euro, net of capital expenditure of 32.3 million euro and dividends paid for 11.7 million euro.

Cash flows relating to discontinued operations were negative at 66.8 million euro.

## Breakdown of net financial debt

(in millions of euro)	December 31, 2015	December 31, 2014
Current financial assets	299.4	1,139.7
Current financial liabilities	(228.4)	(1,009.9)
Non-current financial assets	27.8	135.0
Non-current financial liabilities	(43.2)	(2,379.6)
<b>Net financial position (debt) relating to continuing operations</b>	<b>55.6</b>	<b>(2,114.8)</b>
Net financial debt relating to discontinued operations	(2,137.3)	
<b>Overall net financial debt</b>	<b>(2,081.7)</b>	<b>(2,114.8)</b>

## Financial ratios

(amounts in millions of euro)	December 31, 2015	December 31, 2014
Overall net financial debt	(2,081.7)	(2,114.8)
Consolidated equity	4,329.5	4,286.4
<b>Gearing</b>	<b>48.08%</b>	<b>49.34%</b>
Net financial position (debt) relating to continuing operations	55.6	(2,114.8)
Recurring gross operating profit	33.0	681.0
<b>Leverage</b>	<b>(1.69)</b>	<b>3.11</b>

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## Condensed statement of cash flows

	December 31, 2015 IFRS 5	December 31, 2014 IFRS 5
(in millions of euro)		
<b>Overall net financial debt at beginning of year</b>	<b>(2,114.8)</b>	<b>(1,830.0)</b>
Cash flow from operating activities	21.8	9.3
Capital expenditure:		
<i>PPE, investment property and intangible assets</i>	(22.6)	(14.8)
<i>Non-current financial assets</i>	(9.7)	(14.1)
Capital expenditure	<b>(32.3)</b>	<b>(28.9)</b>
Gains from sale of non-current assets	114.7	106.8
Dividends paid	(11.7)	(7.4)
Translation differences	10.6	(1.3)
Other	(3.2)	2.3
<b>Net cash flows for the year</b>	<b>99.9</b>	<b>80.8</b>
Cash flows relating to discontinued operations	(66.8)	(365.6)
<b>Overall net financial debt at end of year</b>	<b>(2,081.7)</b>	<b>(2,114.8)</b>

## Capital expenditure

	Non-current financial assets		PPE and invest- ment property		Intangible assets	
(in millions of euro)	2015	2014	2015	2014	2015	2014
<b>Operating segment</b>						
Construction materials continuing operations	0.2	0.5	6.6	3.2	6.1	4.7
Packaging and insulation	0.2	-	10.2	5.9	0.5	0.5
Finance	9.2	13.5	0.1	0.1	-	-
Banking continuing operations	-	-	-	-	0.2	-
Property, services and other	-	-	0.1	-	-	-
<b>Total</b>	<b>9.6</b>	<b>14.0</b>	<b>17.0</b>	<b>9.2</b>	<b>6.8</b>	<b>5.2</b>
Change in payables	0.1	0.1	(1.2)	0.4	-	-
<b>Total capital expenditure</b>	<b>9.7</b>	<b>14.1</b>	<b>15.8</b>	<b>9.6</b>	<b>6.8</b>	<b>5.2</b>

Group capital expenditure in 2015 relating to continuing operations amounted to 32.3 million euro, up 3.4 million euro from 2014.

Capital expenditure in non-current financial assets amounted to 9.7 million euro (14.1 million euro in 2014) and related mainly to investments made by the finance segment in Vontobel Holding AG shares, for a stake of 0.349% in the share capital of the Swiss banking group. The investment of 10 million Swiss francs is part of the sale of Finter Bank Zürich to Vontobel Holding AG, which operates in private banking and is listed on the Zurich Stock Exchange.

Capital expenditure in property, plant and equipment and investment property totaled 15.8 million euro and related mainly to the Group's industrial segments, in particular the production facilities of the Sirap group and the industrial investments of the Italgas group. Capital expenditure in intangible assets largely related to the BravoSolution group for 6.1 million euro in regard to the development of software for the technological platform.

## Reconciliation between the parent's profit for the year and equity, and the profit for the year and equity attributable to owners of the parent

(in millions of euro)	December 31, 2015
<b>Profit for the year of the parent Italmobiliare S.p.A.</b>	<b>19.5</b>
Consolidation adjustments	
• Loss for the year at consolidated companies (attributable to owners of the parent)	(20.1)
• Adjustment to the carrying amount of equity-accounted investees	(1.2)
• Elimination of dividends recognized in the year	(29.4)
• Elimination of intragroup (profit) or loss and other changes	38.2
<b>Profit for the year attributable to owners of the parent</b>	<b>7.0</b>
<b>Equity of the parent Italmobiliare S.p.A.</b>	<b>944.9</b>
• Elimination of carrying amount of consolidated equity investments	(892.8)
<i>in fully-consolidated companies</i>	<i>(883.5)</i>
<i>in equity-accounted investees</i>	<i>(9.3)</i>
• Recognition of equity of consolidated equity investments	1,707.4
<i>in fully consolidated companies</i>	<i>1,690.0</i>
<i>in equity-accounted investees</i>	<i>17.4</i>
• Gains allocated to equity of equity-accounted investees	34.3
• Elimination of intragroup transactions and other changes	44.8
<b>Consolidated equity attributable to owners of the parent</b>	<b>1,838.6</b>

## Risks and uncertainty

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

## Information on personnel and 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.



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## Construction materials segment

As a consequence of the agreement to sell the equity investment held in Italcementi to the HeidelbergCement group, the results of continuing operations in the construction materials segment refer to the activities of the BravoSolution Group, international leader in supply management solutions, and the Italgem Group, which operates internationally in electricity production from renewable sources.

	2015	2014		2014
(in millions of euro)	IFRS 5	IFRS 5	% change	published
<b>Revenue</b>	<b>138.4</b>	<b>131.6</b>	<b>5.2</b>	<b>4,155.6</b>
<b>Recurring gross operating profit</b>	<b>22.2</b>	<b>31.6</b>	<b>(29.6)</b>	<b>649.1</b>
% of revenue	16.1	24.0		15.6
Other (expense) and income	0.0	(0.6)	n.s.	(5.0)
<b>Gross operating profit</b>	<b>22.2</b>	<b>31.0</b>	<b>(28.4)</b>	<b>644.2</b>
% of revenue	16.1	23.6		15.5
Amortization and depreciation	(9.5)	(8.7)	(8.6)	(408.3)
Impairment losses on non-current assets	-	-	-	(9.2)
<b>Operating profit</b>	<b>12.7</b>	<b>22.3</b>	<b>(42.9)</b>	<b>226.7</b>
% of revenue	9.2	16.9		5.5
Net finance costs	(1.9)	(1.4)	(34.7)	(139.2)
Impairment losses on financial assets	-	-	-	(26.8)
Share of profit (loss) of equity-accounted investees	(0.3)	(0.5)	21.9	11.7
<b>Profit before tax</b>	<b>10.5</b>	<b>20.4</b>	<b>(48.7)</b>	<b>72.4</b>
% of revenue	7.6	15.5		1.7
Income tax expense	(4.0)	(9.9)	59.8	(121.3)
<b>Profit relating to continuing operations</b>	<b>6.5</b>	<b>10.5</b>	<b>(38.1)</b>	<b>(48.9)</b>
Loss relating to discontinued operations, net of tax effects	(75.8)	(59.4)	(27.6)	
<b>Loss for the year</b>	<b>(69.3)</b>	<b>(48.9)</b>	<b>(41.7)</b>	<b>(48.9)</b>
attributable to:				
- Owners of the parent *	(120.0)	(107.1)	(12.0)	(107.1)
Non-controlling interests	50.7	58.2	(12.9)	58.2
Capital expenditure	363.3	522.8		522.8

n.s. not significant.

	December 31, 2015	December 31, 2014
Total equity	3,799.8	3,891.0
Equity attributable to owners of the parent *	3,009.1	3,082.8
Net financial debt	(2,169.7)	(2,156.7)
Number of employees at year end - continuing operations	728	679

\* Italcementi S.p.A.

## BravoSolution group

(in millions of euro)	2015	2014	% change
<b>Revenue</b>	<b>79.6</b>	<b>71.0</b>	<b>12.1</b>
<b>Gross operating profit</b>	<b>8.0</b>	<b>9.3</b>	<b>(14.1)</b>
<i>% of revenue</i>	<i>10.1</i>	<i>13.2</i>	
Amortization and depreciation	(6.2)	(5.4)	(15.5)
<b>Operating profit</b>	<b>1.8</b>	<b>3.9</b>	<b>(54.7)</b>
<i>% of revenue</i>	<i>2.2</i>	<i>5.5</i>	
Net finance costs	(1.7)	(0.7)	n.s.
<b>Profit before tax</b>	<b>0.1</b>	<b>3.2</b>	<b>(95.9)</b>
Income tax expense	(0.3)	(2.0)	81.6
<b>Profit (loss) for the year</b>	<b>(0.2)</b>	<b>1.2</b>	<b>n.s.</b>
Capital expenditure	6.7	5.3	
n.s. not significant.			
	<b>December 31, 2015</b>	<b>December 31, 2014</b>	
Total equity	34.1	34.3	
Net financial debt	(5.6)	(7.0)	
Number of employees at year end	633	596	

The BravoSolution Group, which was established and has been controlled by the Italcementi group since June 2000, over the years has become an international leader in web-based supply management, with particular reference to e-sourcing, e-procurement and spend analysis. The business is focused on Europe (mainly in Italy, France, Spain, Germany, Holland, and the United Kingdom), China, United States, Mexico, Arab Emirates, and Australia. Compared with 2014, the scope of consolidation expanded to include the newly established BravoSolution Nordics OY, a Finnish company based in Helsinki wholly owned by BravoSolution S.p.A., tasked with developing the group's business in Scandinavia and the Baltic region.

During 2015, BravoSolution Group Management Company Inc. was also set up, in Chicago (USA). It is wholly-owned by BravoSolution S.p.A.. The company has not yet started trading and its financial figures are negligible; therefore, it has not been included in the scope of consolidation.

With effect from January 1, 2015, BravoSolution S.p.A. transferred to BravoSolution Italia S.p.A., a wholly owned subsidiary, the business division comprising the personnel and the commercial assets and liabilities relating to the Italian market and some non-technical corporate functions. BravoSolution S.p.A. acts as the parent, providing services relating to the corporate and technical functions it controls directly (mostly software development, management of the hardware infrastructure and business intelligence).

The consolidated results for 2015 saw a solid increase in turnover at the BravoSolution group (+12.1%), an improvement compared to the increases recorded in previous years (+8.1% in 2014 and +6.5% in 2013), despite the trend in the national and international economy continuing to be influenced by the consequences of the financial and industrial stagnation that started in 2008 and is without precedent in the second post-war era. In recent years, this has had particularly severe effects in many countries in the eurozone and most recently also the economies of some developing countries, causing declines in turnover and earnings, also in companies in the same segment.

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In 2015, BravoSolution group revenue was 79.6 million euro, up 12.1% on 2014 (71.0 million euro). Growth was recorded in most of the group companies, with marked progress at BravoSolution UK, TejariSolution (UAE), BravoSolution APAC (Australia), BravoSolution Benelux and BravoSolution GmbH (Germany).

Gross operating profit was down at 8.0 million euro (9.3 million euro in 2014), operating profit was 1.8 million euro (3.9 million euro in 2014), profit before tax was 0.1 million euro (3.2 million euro in 2014); the group posted a loss for the year of 0.2 million euro (profit of 1.2 million euro for 2014).

The reduction in results from 2014, both in absolute terms and as percentages, was largely attributable to the expansion of the group corporate structure, with the creation of central functions for marketing, human resources, strategy and global sales, accompanied by a further consolidation of product and software development operations. The new group structure and the greater commercial focus on technology sales are designed to generate a strong increase in revenue and higher and more stable profitability, over a number of years, although in the short term the group is experiencing a transitory, if foreseeable, reduction in its business results, which nevertheless are positive for the most part.

BravoSolution group capital expenditure in the year totaled 6.7 million euro (5.3 million euro in 2014), of which 6.1 million euro in intangible assets (4.7 million euro in 2014), the latter mostly for software development for the technological platform, realized partly with external resources and partly in-house.

## Research and development

In 2015 the BravoSolution group did not undertake research activities.

The BravoSolution group develops its software with both internal and external resources. Over time, the division between the use of in-house staff and external resources has largely changed in favor of the former, with a key turning-point in 2008 following the direct recruitment of staff dedicated to software development in Italy and the acquisition of the US company Verticalnet, which already had an adequately structured function on site. The human resources dedicated to software development are therefore now mainly resident in the United States (in the offices in Vestal, N.Y.) and in Italy (offices in Milan).

## Environment and human resources

Given the nature of the companies in the BravoSolution group, no significant environmental problems exist.

At December 31, 2015 the BravoSolution group had 633 employees, an increase of 38 from the end of 2014. The increase referred largely to BravoSolution UK Ltd. (UK), BravoSolution US Inc. (USA) and TejariSolution FZ (United Arab Emirates-Dubai).

## Risks and uncertainties

The BravoSolution group operates in web-based supply management solutions, with particular reference to e-sourcing, strategic sourcing, collaborative sourcing, e-procurement and spend analysis, offering its customers its own software platform which is mainly made available in SaaS (Software as a Service) mode, as well as support services and professional consultancy.

The group prepares annual budgets and business plans, periodically checks its business and financial performance in order to reduce and control the risks and uncertainties to which it is

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exposed in the conduct of its operations; such risks and uncertainty derive from increases in operating expense or unexpected falls in revenue or the excessive growth of working capital with a consequent reduction in liquid funds.

The BravoSolution group does not undertake speculative transactions.

Since its proprietary software platform is its core business, the group dedicates appropriate resources and makes the necessary investments to develop and improve the platform, being particularly careful to reduce IT risks, with specific reference to the risk of hacking.

The BravoSolution group is not exposed to particular financial risks. Its financial assets mainly consist of sight deposits or short-term deposits at banks regulated at variable market rates, while the main financial liabilities, which are in any case limited in terms of the group's financial structure, consist of a floating-rate, short-term line of credit used by BravoSolution US, Inc., a medium/long-term floating-rate loan used by the parent and intragroup current accounts with the parent Italcementi S.p.A. The group also has its own liquid funds which, together with the existing lines of credit, enable it to ensure its ongoing operations.

The segment is not exposed to significant currency risks.

With regard to credit risk, customers are preliminarily vetted for creditworthiness. Concentrations of trade credit risks are limited by virtue of the group's broadly based and largely uncorrelated customer portfolio, over different geographical segment and consisting of both private-sector companies and public-sector and entities. Allowances for impairment are quantified in relation to bad and doubtful receivables and provided mainly with regard to the overdue amounts.

### **Significant events after the reporting period**

There were no significant events after the reporting period.

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## Italgen group

(in millions of euro)	2015	2014	% change
<b>Revenue</b>	<b>58.7</b>	<b>60.5</b>	<b>(3.0)</b>
<b>Gross operating profit</b>	<b>14.2</b>	<b>21.7</b>	<b>(34.6)</b>
<i>% of revenue</i>	<i>24.1</i>	<i>35.8</i>	
Amortization and depreciation	(3.2)	(3.3)	2.7
<b>Operating profit</b>	<b>11.0</b>	<b>18.4</b>	<b>(40.3)</b>
<i>% of revenue</i>	<i>18.6</i>	<i>30.3</i>	
Net finance costs	(0.2)	(0.7)	66.8
Share of loss of equity-accounted investees	(0.4)	(0.5)	21.9
<b>Profit before tax</b>	<b>10.4</b>	<b>17.2</b>	<b>(39.7)</b>
Income tax expense	(3.7)	(7.9)	54.2
<b>Profit for the year</b>	<b>6.7</b>	<b>9.3</b>	<b>(27.4)</b>
Capital expenditure	6.1	5.7	

	December 31, 2015	December 31, 2014
Total equity	34.0	35.5
Net financial debt	(26.7)	(19.1)
Number of employees at year end	95	84

Italgen was set up by Italcementi in 2001 and operates as an electricity producer and distributor both nationally and internationally. Currently in Italy, the company generates electricity through 14 hydroelectric plants in Lombardy, Piedmont and Veneto, and through a photovoltaic plant in Emilia Romagna. Through subsidiaries it is developing a 320 MW wind farm in Egypt (on the Red Sea coast). Through an associate it operates a wind farm in Bulgaria.

The revenue of the Italgen S.p.A. group of 58.7 million euro (excluding green certificates for around 7.7 million euro classified under other recurring operating income and expense) was down by 3.0% compared with 2014. The trend in revenue was affected by contrasting trends: negative in terms of volumes, the fall in energy sales (-14.6% to 390.5 GWh) was not offset by the rise in vectored volumes (+4.6% to 631.5 GWh); positive in terms of prices, thanks to the increase in unit tariffs/revenue for vectoring services (+3% to 56.8 euro/MWh) and the broad stability of energy unit prices/revenue (-0.3% to 58 euro/MWh).

Gross operating profit in 2015 was 14.2 million euro, down 34.6% compared with 2014 (21.7 million euro). The positive price effect and savings on overheads only partly offset the negative impact of the reduction in production and in energy sale volumes, as well as the growth in energy purchases and fewer green certificates.

After amortization and depreciation of 3.2 million euro in line with 2014, operating profit was 11.0 million euro, down 40.3% compared to 2014.

After a reduction of 66.8% in finance costs, a loss of 0.4 million euro for equity-accounted investees (0.5 million euro in 2014) and income tax expense of 3.7 million euro, the profit for the year was 6.7 million euro (9.3 million euro in 2014).

**Capital expenditure** totaled approximately **6.1 million euro** (industrial, 5.9 million euro; financial, 0.2 million euro).

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During 2015, the Italgen group continued work on the projects launched in previous years and coordinated management of plants in operation. A brief description of initiatives in the various countries is provided below.

## Italy

Hydroelectric power production in the year from the 14 largely run-of-the-river plants (56 MW) was approximately 295.6 GWh (-22% on 2014, which was 379 GWh, a new production record). The average availability rate and plant use rate were approximately 98% and 85%, respectively.

With regard to Major Channels, the three power plants continue to operate on a “temporary” basis until the concessions are put out for bids, while for the new hydroelectric plant in Vetra (0.5 MW) civil works have been completed and mechanical installations have begun. The plant is due to begin operations in June 2016.

The 6 MW photovoltaic plant in Guiglia (Modena) owned by the associate i.Fotoguiglia S.r.l. (Italgen share 30%), reported total production for the year of 7.9 GWh, with an availability rate of more than 90%.

## Morocco

In 2015, function tests were conducted on the pilot concentration solar plant in Ait Baha.

The Lâayoune wind farm (5 MW) produced 16.5 GWh in 2015, with average plant availability of more than 98%, while the Safi wind farm development project (10 MW) was abandoned since the compensation measures requested by the authorities to obtain use of the land were too onerous.

## Bulgaria

The Kavarna wind farm (18 MW) owned by the associate Gardawind S.r.l. (Italgen share 49%) produced 37.5 GWh with an availability rate of approximately 97% in 2015. The 3.6 GWh reduction in production from 2014 was due to the decision to stop the turbines in the last two months of the year, since the incentivized rate ends when 36 GWh per year is reached (under Energy Authority resolution no. CП 1/07.31.2015).

## Egypt

The Gulf El Zeit wind farm project was kept within the Italgen group. During the year, following the agreement between HeidelbergCement AG and Italmobiliare S.p.A., the planned sale of Italgen Misr for Energy to Suez Cement was canceled.

With regard to Phase 1 (120 MW), the initial civil works on the access infrastructure and the electric sub-station area were completed. Based on the recent meetings with the Egyptian authorities, Italgen was granted authorization to change its business model, from merchant (i.e. selling to third parties) to Build, Own and Operate, selling to the national grid. At the moment, therefore, all the documentation required for the release of the generation licenses (Phase 1: 120 MW + Phase 2: 200 MW) is being prepared and will be presented to the authorities by the end of March.

## Sustainable development and environmental policies

The sustainable development and environmental policy initiatives of the Italgen group confirm its commitment to protect the environment through harmonious integration of its facilities with

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the territory and development of innovative technologies to save natural resources and use renewable energy sources.

The parent Italgem, which produces and distributes hydroelectric power, has implemented an integrated quality, environmental and safety management system with ISO 14000 certification since 2008 and EMAS registration since 2011. Also, since 2009, it has published an annual environmental statement presenting the results of its hydroelectric plants after the introduction of management systems geared to continuous improvement of its environmental performance.

## Human resources

At December 31, 2015 the Italgem group had 95 employees, an increase of 11 from the end of 2014. The increase refers to the Italgem parent, which had 93 employees at December 31, 2015 (82 at the end of 2014).

## Risks and uncertainties

Italgem S.p.A. operates in some emerging countries (Egypt and Morocco) through subsidiaries, some of which have financial assets denominated in currencies other than the local currency, with no hedges. Adverse political or economic developments in those regions could have a negative impact on the company's prospects and operations, and on its results of operations and financial position.

In terms of sources of financing, Italgem S.p.A. has an existing arrangement with the parent Italcementi S.p.A.. Management of the interest rate risk by Italcementi S.p.A. has a dual purpose, to minimize the cost of net financial debt and reduce exposure to fluctuation. The floating rate net financial debt is chiefly indexed at the year's "Euribor" rate.

With regard to credit risk, although Italgem S.p.A. is consolidating the move toward sales to customers outside the Italcementi group, it is exposed to a limited credit risk.

## Events after the reporting period

There were no significant events after the reporting period.

\* \* \* \*

Overall, the **continuing operations** described generated a profit for 2015 of 6.5 million euro, of which 4.2 million euro attributable to owners of the parent; this compared with profit of 10.5 million euro in 2014, of which 9.3 million euro attributable to owners of the parent.

Equity of continuing operations amounted to 73.2 million euro, of which 70.4 million euro attributable to owners of the parent.

Net financial debt stood at 32.3 million euro.

\* \* \* \*

The **discontinued operations** of the construction materials segment consist of the Italcementi group companies that operate essentially in the production of cement, aggregates and ready mixed concrete. Wide disparities in cyclical conditions continued in 2015. In the eurozone countries where the group is present, except for Belgium and Spain, the recessionary phase

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continued, driven by the persistence of the factors that have been constraining demand for months: weak household available income, high unemployment, low levels of confidence.

Meanwhile, construction activities progressed in the USA, although attainment of even better results was precluded by the contraction in investments in the shale oil sector, due to the fall in oil prices. Very disparate trends were also observed in the emerging area. On one hand, growth continued, if at significantly slower rates than in the past, in the Asian countries of the Italcementi group. On the other hand, market weakness continued in North Africa, notably in Morocco.

The discontinued operations of the Italcementi group closed the year with a loss of 75.8 million euro, of which a loss of 124.2 million euro was attributable to owners of the parent (a loss of 59.4 million euro in 2014, of which -116.4 million euro attributable to owners of the parent).

In 2015, thanks to an overall positive performance in the fourth quarter, group sales volumes improved in aggregates and were substantially stable in cement, clinker and ready mixed concrete, recovering the fall reported in the nine months to the end of September.

Revenue, at 4,163.3 million euro (4,024.1 million euro in 2014), rose by 3.5%. The trend in revenue was affected by negative effects from sales prices and, to a lesser extent, sales volumes. At constant exchange rates and on a like-for-like basis, progress was reported by North America, India and Bulgaria, while the largest downturns were in Europe (specifically France-Belgium and Italy), Egypt and Trading. The positive exchange-rate effect arose from the appreciation of all the main currencies (especially the US dollar and the Indian rupee) against the euro. The Kazakh tenge depreciated.

Recurring gross operating profit, at 614.1 million euro, was down 1.7% compared with 2014 due to the reduction in revenue (effect of sales prices and, to a lesser extent, sales volumes), but benefited from significant income (50 million euro compared with 11.5 million euro) on carbon emission rights. The effect of the revenue decline was also mitigated by a positive exchange-rate effect and overall containment of operating expense.

After net non-recurring expense of 52.3 million euro (4.4 million euro in 2014), amortization and depreciation of 403.2 million euro (399.5 million euro) and impairment losses on non-current assets of 23.0 million euro (9.2 million euro), operating profit was 135.7 million euro (211.7 million euro), a reduction of 35.9%.

In 2015 capital expenditure amounted to 351.8 million euro and related in the main to investments in property, plant and equipment in France, Belgium, Italy, North America and India.

No other significant events have taken place since the end of the year whose effects require changes to or additional comments on the Italcementi group's financial position and results of operations as at and for the year ended December 31, 2015.

### Engineering, technical assistance, research and development

In 2015, through the subsidiary CTG S.p.A., the Italcementi group carried out engineering, investment project management, technical assistance, and R&D activities for the group companies in Italy and abroad, providing services for 38.3 million euro (45.4 million euro in 2014). Important activities at CTG in 2015 included:

- technological innovation for further reduction of the carbon emission/t cement factor and production technology projects to capture carbon dioxide produced by the kiln process,
- studies on production methods for new cement to limit production costs.



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In 2015, innovation activities were largely concerned with management of transfer of know-how to Group companies, completion the validation and industrialization of products whose development began in 2014, and start-up of new projects.

### Risks and uncertainties

A summary of the main risks in the discontinued construction materials segment is set out below.

- Sustainable development and risk management: sustainable development favors a corporate approach that balances economic growth, protection of the environment and social sustainability. The discontinued Italcementi 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.
- Risks relating to the general economic and industry situation: the economic and financial situation represents an element of risk for the discontinued Italcementi group, also in relation to its specific business segment, 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 relating to seasonality: the construction industry is affected by meteorological conditions and in many countries is subject to seasonal trends.
- Risks associated with energy factors: the cost of energy factors, which represents a large portion of the discontinued Italcementi group's variable costs of production, may vary significantly due to external factors beyond the group's control.
- Risks relating to the availability of raw materials: the availability of raw materials is a strategic factor in investment decisions.
- Environmental risks: with regard to carbon emissions, the discontinued Italcementi group's European companies are exposed to price fluctuations on emission rights depending on their own rights surplus or deficit.
- 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.
- Ratings risks: the ability of the discontinued Italcementi group to compete successfully in the marketplace for funding depends on various factors, including its credit ratings assigned by recognized ratings agencies.
- Legal risks: suitable provisions and impairment losses have been applied with regard to existing risks and their related economic effects. Estimates and measurements are based on available information and are in any case regularly reviewed.
- Compliance risks: the discontinued Italcementi group is subject to specific regulations concerning the quality of the products it markets, quarry concessions, operating licenses, environmental regulations and remediation of industrial sites.
- Political risks: the discontinued Italcementi 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 the companies of the discontinued group, Italcementi S.p.A. 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.

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- Protection of intellectual property: the discontinued Italcementi group develops products and technologies in some cases on the basis of protected intellectual property rights (patents, trademarks).
  - Risks associated with information systems: the efficiency and continuity of the information systems of the discontinued Italcementi group are essential for the operations of the production plants, sales and all other general services, including accounting, planning and financial operations.

### Human resources

The reduction in the workforce in 2015 affected all the main areas, except for Asia and North America, where there was a small increase on the previous year. The largest workforce decreases were in the Italian production plants. The total number of employees in Italy includes staff for the equivalent of 310 people on state-subsidized layoff. The downsizing took place largely through restructuring agreements drawn up with the unions, special exit or retirement incentives, and with attention to limiting social impact. This enabled a correct internal climate to be maintained, as confirmed by the immaterial level of strikes and union unrest, despite the significance of the measures taken.

\* \* \* \*

The contribution of the construction materials segment to the overall consolidated financial statements of the Italmobiliare Group was determined as required by IFRS 5, which also involved the re-statement of the results of operations and equity of the discontinued Italcementi group as at and for the year ended December 31, 2015 to take account of the suspension for the period October 1 – December 31, 2015 of amortization and depreciation and of impairment losses on non-current assets net of tax effects. The date October 1, 2015, refers to the first presentation of the figures of the Italcementi group as a discontinued operation, interim at September 30, 2015.

The adjustments generated a positive change in the results of operations and equity of the discontinued operations for an overall amount of 105.0 million euro (of which 93.8 million euro attributable to owners of the parent and 11.2 million euro to non-controlling interests).

Consequently, the construction materials segment contributed to the overall consolidated profit for the year with profit of 35.7 million euro (loss of 48.9 million euro for 2014), and a loss of 26.2 million euro attributable to owners of the parent (loss of 107.1 million euro in 2014).

The segment's total equity at December 31, 2015, was 3,904.8 million euro, up by 13.8 million euro from December 31, 2014 (3,891.0 million euro).

Overall net financial debt stood at 2,169.7 million euro, an increase of 13.0 million euro from December 31, 2014.

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## Quarterly performance

	Full year 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
(in millions of euro - IFRS 5 data)					
<b>Revenue</b>	<b>138.4</b>	<b>39.6</b>	<b>32.6</b>	<b>35.3</b>	<b>30.8</b>
% change vs. 2014	5.2	5.0	10.4	5.8	(0.3)
<b>Recurring gross operating profit</b>	<b>22.2</b>	<b>8.4</b>	<b>4.0</b>	<b>6.2</b>	<b>3.6</b>
% change vs. 2014	(29.6)	(12.5)	(32.1)	(40.3)	(36.3)
% of revenue	16.1	21.1	12.4	17.7	11.6
<b>Gross operating profit</b>	<b>22.2</b>	<b>8.4</b>	<b>4.0</b>	<b>6.3</b>	<b>3.6</b>
% change vs. 2014	(28.4)	(7.3)	(32.1)	(40.2)	(36.3)
% of revenue	16.1	21.1	12.4	17.7	11.6
<b>Operating profit</b>	<b>12.7</b>	<b>5.9</b>	<b>1.6</b>	<b>3.9</b>	<b>1.3</b>
% change vs. 2014	(42.9)	(15.3)	(56.5)	(52.4)	(61.2)
% of revenue	9.2	14.8	4.9	11.1	4.3
<b>Profit (loss) relating to continuing operations</b>	<b>6.5</b>	<b>4.1</b>	<b>(0.3)</b>	<b>2.2</b>	<b>0.5</b>
Profit (loss) relating to discontinued operations, net of tax effects	(75.8)	(65.3)	(11.6)	58.4	(57.3)
<b>Profit (loss) for the period</b>	<b>(69.3)</b>	<b>(61.2)</b>	<b>(11.9)</b>	<b>60.6</b>	<b>(56.8)</b>
<b>Profit (loss) for the period attributable to owners of the parent*</b>	<b>(120.0)</b>	<b>(64.7)</b>	<b>(22.7)</b>	<b>40.8</b>	<b>(73.4)</b>
Net financial debt (at period end)	-2,169.7	-2,169.7	2,297.8	2,237.6	2,343.9

\* Italcementi

## BravoSolution Group

At the BravoSolution Group, the fourth quarter of the year was characterized by a high concentration of revenue, around 31% of the annual total, with a healthy increase compared to the corresponding prior year period, from 23.0 million euro to 24.6 million euro (+6.9%).

The positive trend in revenue was reflected in operating results, which also improved, with gross operating profit in the quarter going from 5.4 million euro to 6.1 million euro and operating profit at 4.4 million euro (4.1 million euro in the fourth quarter of 2014).

## Italgen Group

In the fourth quarter of 2015, the Italgen Group saw a small revenue improvement (+1.9%) compared with the fourth quarter of 2014. Revenue in the quarter for electricity sales and vectoring services was respectively 5.5 and 9.5 million euro.

The increase in variable costs in the quarter was reflected in gross operating profit, which was down 36.2% compared with the fourth quarter of 2014, with a return on revenue of 15.4% (24.6% in the corresponding prior year period). This result was influenced by lower production volumes and energy sales and, in particular, by larger purchases of both energy and vectoring services; the positive evolution in vectoring prices and savings on overheads only partly mitigated the previous negative effects.

After amortization and depreciation of 0.8 million euro in line with the fourth quarter of 2014, operating profit was 1.5 million euro, down by 1.3 million euro compared with the corresponding prior year period.

\* \* \* \*

The aforementioned **continuing operations** generated a profit for the fourth quarter of 4.1 million euro, of which 3.3 million euro attributable to owners of the parent; this compared with

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profit of 2.2 million euro in the corresponding prior year period (1.8 million euro attributable to owners of the parent).

\* \* \* \*

The discontinued operations of the Italcementi group, consisting of the companies active essentially in the production of cement, aggregates and ready mixed concrete, posted a loss for the fourth quarter of 65.3 million euro (profit of 12.6 million euro in the corresponding prior year period).

In the fourth quarter, revenue was 1,045.1 million euro, up 4.3% from the corresponding prior year period. At constant exchange rates and on a like-for-like basis, performance was positive in North Africa and the Middle East, with a positive trend in all the countries. North America was stable, while Trading, Europe and Asia fell, but this fall was limited in absolute terms.

In the cement and clinker segment, sales volumes in the fourth quarter rose compared with the prior-year period, thanks above all to the sharp increase in Egypt, given marginal progress in Europe (Spain and Bulgaria) and North America. This more than offset the downturns in Trading and in Asia, caused by India and Kazakhstan.

Greater progress was recorded in the aggregates segment, thanks to all the macro areas with the sole exception of North America. Europe was supported by Greece and Spain. There was significant growth in Morocco and Thailand, the latter a country where there was practically no business in 2014.

The healthy progress in ready mixed concrete was driven by the emerging countries, notably Egypt and Morocco. Europe saw a fall, while North America was stable.

Recurring gross operating profit, at 145.0 million euro, decreased by 18.3% from the fourth quarter of 2014. This trend, given the broad stability in operating expense, is the consequence of a negative price effect, only partly offset by positive sales volumes and exchange rates.

Gross operating profit, at 109.2 million euro (173.2 million euro in the fourth quarter of 2014), was affected by non-recurring expense of 35.7 million euro (4.3 million euro in the fourth quarter of 2014) due to reorganization costs; gains realized on the sale of fixed assets were offset by other non-recurring expense.

The operating loss was 23.1 million euro (profit of 66.2 million euro in the fourth quarter of 2014) after amortization and depreciation of 104.1 million euro (106.9 million euro in the year-earlier period) and impairment losses on non-current assets of 28.2 million euro (0.2 million euro in the fourth quarter of 2014).

\* \* \* \*

As described in the comments on full-year 2015, the contribution of the construction materials segment to the general consolidated financial statements for the fourth quarter of 2015 of the Italmobiliare Group was also determined as required by IFRS 5, which involved the re-statement of the results of operations and equity of the discontinued Italcementi group at December 31, 2015 in connection with the suspension for the period October 1 – December 31, 2015 of amortization and depreciation and of impairment losses on non-current assets net of tax effects.

Therefore, the changes in results of operations and equity are included in full in the loss for the quarter of discontinued operations, generating gains of 105.0 million euro (of which 93.8 million euro attributable to owners of the parent and 11.2 million euro to non-controlling interests).

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Overall, the construction materials segment recorded a profit of 43.8 million euro for the fourth quarter of 2015 (profit of 14.8 million euro in the same quarter of 2014), of which 29.1 million euro attributable to owners of the parent (+5.5 million euro in the fourth quarter of 2014).

## Outlook

### BravoSolution Group

In some European countries and in North America the economic recovery following the long post-2008 recession is providing encouraging if still weak signals, while in other geographical segment where the group is present positive and negative phases alternate. In 2016, in implementation of the strategic guidelines for an enhancement of the central functions and an increase in revenue from technology, the BravoSolution group will continue to operate with a view to achieving further growth in the business in order to increase revenue and improve profitability.

### Italgen Group

Recurring gross operating profit for 2016, considering all the plants in operation during the year and the obtainment of the green certificates due in relation to the production from plants which have recently been revamped, should be in line with 2015.

### Discontinued operations

The discontinued operations of the Italcementi group, consisting of the companies active essentially in the production of cement, aggregates and ready mixed concrete, expect a slight improvement in sales volumes from 2015, with a rise in price levels in almost all areas, with the exception of India and Thailand, due to local competitive dynamics. The further improvement in operating expense, particularly for energy, and efficient and full use of the newly constructed facilities will permit an improvement in operating profit margins compared with 2015.

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## Food packaging and thermal insulation segment

The corporate structure at December 31, 2015 compared with that in force at the end of the previous year presented the following changes:

- on January 19, 2015, a new company wholly controlled by Sirap France S.a.s., named Sirap Remoulins S.a.s., was established to acquire some foamed tray manufacturing assets from “Vitembal Société Industrielle”, a company under receivership (*redressement judiciaire*) since 2013; the new company has been operational since February 1, 2015;
- on July 30, 2015, as noted in previous reports, the equity investment held in Sirap Insulation S.r.l. was sold to Holding Soprema S.A.; following this transaction, the Sirap Group no longer had operations in thermal insulation and so concentrated its resources on food packaging, rebalancing the financial situation seriously affected by the fine imposed by the European Commission.

Due to these changes, the Sirap Gema Group, through its subsidiaries in Italy and abroad, is active in the production and sale of products for the packaging of fresh food.

There was also a redefinition in the distribution of the share capital of the Turkish company Petruzalek Ltd. among the shareholders Petruzalek G.m.b.H. (Austria) and Petruzalek Com S.r.l. (Romania), due to a share capital increase of 1,480 million Turkish lira, equivalent to approximately 0.5 million euro, which was undertaken in the third quarter entirely by the parent Petruzalek G.m.b.H. (Austria).

## Results and significant events

On January 19, 2015, a new company wholly controlled by Sirap France S.a.s., named Sirap Remoulins S.a.s., was established to acquire some foamed tray manufacturing assets from “Vitembal Société Industrielle”, a company under receivership (*redressement judiciaire*) since 2013. On January 27, 2015, the court of Nimes authorized the transaction and as from February 1, 2015 the business became fully part of the Sirap Gema group. It is of strategic importance since it will enable the group to become the market leader in the foamed container sector in France too.

After a preliminary sale contract signed in December 2014, on February 12, 2015 the notarial deed was signed for the sale of the Corciano property (Perugia), where production closed at the end of 2011, for a total amount of 1 million euro.

On July 30, 2015, the Sirap Group closed the sale of its equity investment in Sirap Insulation S.r.l. to the French company Holding Soprema S.A.. The sale will enable the Sirap group to focus its resources on food packaging.

On September 22, 2015, after the parent Sirap Gema S.p.A. at June 30, 2015 found itself in the financial position circumstances envisaged by art. 2447 of the Italian Civil Code, the single member Italmobiliare S.p.A. made a payment to cover the losses and replenish the share capital of 15.0 million euro.

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## Business and financial performance

(in millions of euro)	2015	2014	% change
<b>Revenue</b>	<b>233.8</b>	<b>235.7</b>	<b>(0.8)</b>
<b>Recurring gross operating profit</b>	<b>20.9</b>	<b>20.3</b>	<b>2.8</b>
% of revenue	8.9	8.6	
Other expense, net	(28.6)	(1.2)	n.s.
<b>Gross operating profit (loss)</b>	<b>(7.7)</b>	<b>19.1</b>	<b>n.s.</b>
% of revenue	(3.3)	8.1	
Amortization and depreciation	(9.9)	(10.8)	8.1
Reversals of impairment losses (impairment losses) on non-current as	2.8	(1.0)	n.s.
<b>Operating profit (loss)</b>	<b>(14.8)</b>	<b>7.3</b>	<b>n.s.</b>
% of revenue	(6.4)	3.1	
Finance income (costs)	0.3	(6.2)	n.s.
<b>Profit (loss) before tax</b>	<b>(14.5)</b>	<b>1.1</b>	<b>n.s.</b>
% of revenue	(6.2)	0.5	
Income tax expense	(2.6)	(2.4)	(8.5)
<b>Loss for the year</b>	<b>(17.1)</b>	<b>(1.3)</b>	<b>n.s.</b>
attributable to:			
<b>Owners of the parent</b>	<b>(17.1)</b>	<b>(1.3)</b>	<b>n.s.</b>
Non-controlling interests	n.s.	n.s.	
Capital expenditure	10.7	6.4	

n.s. not significant.

(in millions of euro)	December 31, 2015	December 31, 2014
Total equity	10.0	12.2
Equity attributable to owners of the parent	9.6	11.9
Net financial debt	58.7	107.6
Number of employees at year end	1,149	1,179

Reflecting the events described above, during 2015 the scope of consolidation of the Sirap group changed: on the one hand, the inclusion in the consolidated financial statements of the results of operations and financial position relating to Sirap Remoulins for 11 months; on the other, the departure from the scope of consolidation of Sirap Insulation S.r.l. and consequently the inclusion only of its results of operations for the first half of 2015 in the consolidated figures. For this reason, the comparison with the consolidated figures for 2014 is not consistent.

Despite a still difficult market in terms of demand in key countries, 2015 saw an increase in turnover and profitability in the packaging segment, also thanks to the entry into the scope of consolidation of the French subsidiary Sirap Remoulins S.a.s..

The polystyrene used in the manufacturing process over the year experienced a downward, albeit fluctuating, price trend: the significant fall recorded in the first quarter was canceled out by the sudden realignment to the values of 2014 in the second and third quarters; in the fourth quarter there was another significant fall. In the year the average purchase price was 1,217 euro/ton, compared to 1,396 euro/ton in 2014 (a reduction of approximately 13%).

While industrial performance was positive, the year's earnings were extremely badly affected by the decision of the European Commission published on June 24, 2015, in connection with the charge against some companies in the Sirap group, together with other European companies in the foamed tray sector, of continued unfair trading practices over the period 2002 to 2008. The European Commission imposed on the companies involved in the proceedings, Sirap Gema S.p.A., Sirap France S.a.s. and some subsidiaries of the Petruzalek group, a total fine of 35.9



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million euro, against which the parent adjusted the related provision for risks with an amount of 27.1 million euro. This provision is reflected under “Other income (expense)” in the consolidated income statement.

Group **revenue** in 2015 was 233.8 million euro, down by 1.9 million euro compared with 2014 (235.7 million euro), of which 27.9 million euro was from Sirap Remoulins S.a.s.; 26.2 million euro was from Sirap Insulation S.r.l. which was sold, as noted, on July 30, 2015.

Group **recurring gross operating profit** in 2015 was 20.9 million euro, of which 1.5 million euro was from Sirap Remoulins S.a.s. and 1.7 million euro from Sirap Insulation S.r.l. only in the first half of the year; the improvement compared to 20.3 million euro in the corresponding prior year period was 0.6 million euro, equal to 2.8%.

After non-recurring expense of 28.6 million euro (1.2 million euro in 2014), deriving mainly from the aforementioned European Commission fine, the **gross operating loss** was 7.7 million euro, compared with gross operating profit of 19.1 million euro in 2014.

**Amortization and depreciation** (9.9 million euro) fell by 8.1% compared with 2014 (10.8 million euro).

The group posted an **operating loss** of 14.8 million euro in 2015, compared with operating profit of 7.3 million euro in 2014.

**Net finance income** amounted to 0.3 million euro, thanks mainly to the gain of 4.1 million euro realized on the sale of the equity investment in Sirap Insulation S.r.l. and the lower impact of finance costs and expenses, largely due to a reduction in the average level of debt.

**Income tax expense**, at 2.6 million euro, rose by 0.2 million euro compared with the figure recorded in 2014 due to a general increase in the taxable base of the group companies.

The consolidated **loss for the year** was 17.1 million euro, compared with a loss of 1.3 million euro for 2014.

Consolidated **net financial debt** at December 31, 2015 was 58.7 million euro, down by 48.9 million euro compared to 107.6 million euro at December 31, 2014. There were some important non-recurring cash flows in the year: the change in the scope of consolidation (the entry of Sirap Remoulins S.a.s.: +0.4 million euro; the sale of Sirap Insulation S.r.l.: -26.4 million euro), the payment of 15.0 million euro to cover losses and replenish the share capital of Sirap Gema S.p.A. made by the single member Italmobiliare S.p.A.. The net financial position includes 15.0 million euro deposited as partial cover of the EU fine with the benefit of lower finance costs on the bank guarantee and on the potential amount due to the European Commission.

Consolidated **equity** at December 31, 2015, was 10.0 million euro, compared with 12.2 million euro at December 31, 2014. The net decrease of 2.2 million euro was due on the positive side to:

- the payment of 15.0 million euro to cover losses and replenish the share capital made on September 22, 2015 by the single member , Italmobiliare S.p.A., in favor of Sirap Gema S.p.A.,

and on the negative side to:

- the loss for the year of 17.1 million euro,
- the decrease of 0.1 million euro in the translation and consolidation reserves.

Group **capital expenditure** in 2015 sought to balance the need to recover efficiency in manufacturing processes with the need for financial coverage. Capital expenditure was 10.2



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million euro on property, plant and equipment and 0.5 million euro on intangible assets, for a total of 10.7 million euro compared to 6.4 million euro in 2014.

In compliance with IAS 36, the group's investments were tested for impairment. The test confirmed the recoverability of the carrying amounts.

## Revenue and operating performance by segment and geographical segment

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	2015	%change vs. 2014	2015	%change vs. 2014	2015	%change vs. 2014	2015	%change vs. 2014
<b>Food packaging</b>								
- Italy	91.9	1.4	9.0	(0.6)	(18.8)	n.s.	(24.6)	n.s.
- France	49.7	n.s.	3.8	43.4	3.5	31.2	4.5	n.s.
- Other EU countries	69.3	2.8	5.2	50.8	4.7	50.4	3.0	n.s.
- Other non-EU countries	14.0	0.7	1.3	15.3	1.3	13.4	1.3	15.5
Eliminations	(17.1)		(0.1)		(0.1)		-	
<b>Total</b>	<b>207.8</b>	<b>15.5</b>	<b>19.2</b>	<b>18.2</b>	<b>(9.4)</b>	<b>n.s.</b>	<b>(15.8)</b>	<b>n.s.</b>
<b>Thermal insulation - Italy</b>	<b>26.2</b>	<b>n.s.</b>	<b>1.7</b>	<b>n.s.</b>	<b>1.7</b>	<b>n.s.</b>	<b>1.0</b>	<b>n.s.</b>
Eliminations	(0.2)		-		-		-	
<b>Total</b>	<b>233.8</b>	<b>(0.8)</b>	<b>20.9</b>	<b>2.8</b>	<b>(7.7)</b>	<b>n.s.</b>	<b>(14.8)</b>	<b>n.s.</b>

n.s. not significant

### Food packaging

In Italy and France, in 2015, the demand for products in the food packaging segment remained weak, while performance was positive in Poland.

In Eastern Europe, where the Sirap group operates with the Petruzalek subsidiaries, demand did not show particular signs of recovery.

In this context, thanks above all to the inclusion in the group of the new company Sirap Remoulins, total net turnover produced by the group in the food packaging segment in 2015 was 207.8 million euro, up from 180.0 million euro in 2014.

The trends on the main markets are analyzed below:

- In Italy, the trend in sales of internally manufactured foamed containers (xps) saw an increase in revenue: 55.0 million euro compared to 53.7 million euro in 2014 due to higher volumes (+4.8%). Turnover in rigid containers at 19.6 million euro was 5.9% higher than in 2014 (18.5 million euro), also due to higher volumes (+8.5%) and a similar trend for average sale prices (-2.4%). The parent Sirap Gema S.p.A. (which manages the Italian foamed and rigid container business with the subsidiary Universal Imballaggi S.r.l.) reported overall turnover of 89.6 million euro in 2015, up on the 88.2 million euro recorded in 2014. Recurring gross operating profit was 9.0 million euro, in line with 2014.
- In France, where the stagnation in consumption continues, 2015 saw a significant rise in turnover thanks to the new activities of Sirap Remoulins S.a.s.. Turnover in 2015 totaled 49.7 million euro compared with 23.6 million in 2014; most of the 26.1 million euro increase was due to the first eleven months of business of Sirap Remoulins S.a.s.. Recurring gross operating profit totaled 3.8 million euro, compared to 2.6 million euro due to Sirap France S.a.s. alone in 2014; operating profit reached 4.6 million euro compared to 1.6 million euro

in 2014, in part thanks to the reversal of impairment losses on the assets in Sirap Remoulins S.a.s. for 2.8 million euro.

- In Poland, helped by growing domestic demand, Inline Poland recorded total turnover of 31.5 million euro in 2015, up by 12.9% compared to 27.9 million euro in 2014, with volumes up by 15.4%; gross operating profit and operating profit were respectively 3.3 and 2.1 million euro and were markedly up on 2014 (respectively 2.6 and 1.5 million euro).
- Turnover at the Petruzalek group, from operations in Central Eastern Europe with generally weak demand and significant tensions in some countries, such as Ukraine and Turkey, was 52.6 million euro compared to 54.2 million euro in 2014. Gross operating profit in the year was 2.7 million euro, well up on 1.6 million euro in 2014, thanks above all to the results achieved through reorganization and restructuring. Turnover was influenced partly by the negative exchange-rate effect; in Ukraine, owing to the political and economic situation, compared with December 31, 2014, the hryvnia depreciated against the euro by 53.1%.

## Thermal insulation

As already noted, Sirap Insulation S.r.l. was sold during 2015 and the consolidated income statement includes the results of the thermal insulation segment only for the first half of 2015, with turnover of 26.2 million euro, gross operating profit of 1.7 million euro and operating profit of 1.0 million euro.

## Quarterly performance

The comparison is unequal due to the differences in the scope of consolidation: the data include Sirap Remoulins S.a.s. starting from the second quarter and include Sirap Insulation S.r.l. only in the first and second quarters.

	Full year 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
(in millions of euro)					
<b>Revenue</b>	<b>233.8</b>	<b>55.0</b>	<b>52.1</b>	<b>71.8</b>	<b>54.9</b>
% change vs. 2014	(0.8)	(11.7)	(13.7)	20.0	3.1
<b>Recurring gross operating profit</b>	<b>20.9</b>	<b>4.7</b>	<b>4.3</b>	<b>7.3</b>	<b>4.6</b>
% change vs. 2014	2.8	(23.1)	(14.5)	29.0	29.8
% of revenue	8.9	8.6	8.2	10.2	8.4
<b>Gross operating profit (loss)</b>	<b>(7.7)</b>	<b>3.8</b>	<b>3.8</b>	<b>(19.9)</b>	<b>4.6</b>
% change vs. 2014	n.s.	(31.0)	(23.7)	n.s.	39.2
% of revenue	(3.3)	7.0	7.3	(27.7)	8.4
<b>Operating profit (loss)</b>	<b>(14.8)</b>	<b>1.3</b>	<b>1.6</b>	<b>(19.9)</b>	<b>2.1</b>
% change vs. 2014	n.s.	(2.4)	(34.1)	n.s.	n.s.
% of revenue	(6.4)	2.3	3.1	(27.7)	3.9
<b>Profit (loss) for the period</b>	<b>(17.1)</b>	<b>0.6</b>	<b>4.7</b>	<b>(22.9)</b>	<b>0.6</b>
<b>Profit (loss) for the period attributable to owners of the parent</b>	<b>(17.1)</b>	<b>0.6</b>	<b>4.7</b>	<b>(22.9)</b>	<b>0.6</b>
Net financial position (debt)	58.7	58.7	(61.6)	(107.0)	(107.3)
n.s. not significant					

**Revenue** in the fourth quarter (55.0 million euro) improved on the 52.1 million euro of the third quarter, which was the first relating solely to the food packaging segment.

**Recurring gross operating profit** in the fourth quarter also improved in absolute terms compared with the previous quarter (from 4.3 million euro to 4.7 million euro).

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**Gross operating profit** in the fourth quarter of 2015 was 3.8 million euro and slightly better than the fourth quarter of 2014, but the benefit was lower than for recurring gross operating profit due to non-recurring expense in the quarter, mainly relating to the reorganization (0.9 million euro compared to 0.6 million euro in the fourth quarter of 2014).

**Operating profit**, after higher amortization and depreciation than in the third quarter (from 2.2 to 2.6 million euro), stood at 1.3 million euro and was in line in absolute terms with the albeit not comparable figure for the fourth quarter of 2014.

The segment posted a **profit** for the fourth quarter of 0.6 million euro, a strong improvement from the loss of 1.2 million euro in 2014. The improvement was driven by lower finance costs, in total 0.9 million euro compared to 1.9 million euro in the corresponding prior year period of 2014, thanks mainly to the reduction in average debt and the lower impact of translation differences and the discounting of provisions (the latter being 0.7 million euro lower).

## Risks and uncertainties

As is clear from the above comments, great uncertainty remains regarding the price trend for polystyrene raw materials used in production processes, which fluctuates significantly on the basis of the degree of use of styrene polymerization plants. The group will continue to monitor the price trend in order to optimize its procurement policy and to reduce, as far as possible, the impact of these items on its performance.

The Sirap Gema group operates through a number of subsidiaries in countries outside the eurozone and is therefore exposed to the risk of fluctuation in the exchange rates of local currencies, for which effective hedging is not possible. This risk is carefully monitored by the parent with a special internal procedure; in particular, where considered opportune, derivatives are used to hedge interest rate and currency risk.

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 2015. This area is kept under careful and constant control by all group companies to minimize risk.

## Environmental initiatives

Since January 1, 2012, the Sirap Gema group has had an Environmental Policy document providing visibility on its commitment and the action taken to safeguard the environment in the countries where it operates. Guidelines have been established and made known to personnel summarizing the group's intention of complying with local regulations and applying the best 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.

During 2015, extraordinary maintenance work was carried out to partially replace some roofing, the cost for which had already been provided for.

## Safety initiatives

In its factories, the Sirap group adopts the necessary measures to ensure maximum safety for its workers and property. Development continued of the group safety culture project introduced in 2009, with the involvement of all senior managers: this involves extensive reporting on accidents and accident statistics, and also on potential risk situations and promotion of measures to mitigate the risk accidents.

## Research and development

Projects to support the improvement of manufacturing performance in the plants of the Sirap group continued for the two main technologies of extrusion and thermoforming.

## Human resources and organization

At December 31, 2015 the group workforce numbered 1,149 employees, down by 30 compared with December 31, 2014. The difference was largely due to the combined effect of the entry into the scope of consolidation of Sirap Remoulins S.a.s. (+103 employees, out of an overall increase in the food packaging segment of 158) and at the same time the removal of the insulation segment represented by Sirap Insulation S.r.l. (-187 employees).

	December 31, 2015		December 31, 2014		Change	
	headcount	%	headcount	%	headcount	% on 2014
Senior managers	27	2.3	32	2.7	(5)	(15.6)
White collars	392	34.1	396	33.6	(4)	(1.0)
Blue collars	730	63.5	751	63.7	(21)	(2.8)
<b>Total</b>	<b>1,149</b>	<b>100.0</b>	<b>1,179</b>	<b>100.0</b>	<b>(30)</b>	<b>(2.5)</b>

### By segment

Food packaging	1,149		992	84.1	157	15.8
Thermal insulation	-		187	15.9	(187)	(100.0)
<b>Total</b>	<b>1,149</b>	<b>-</b>	<b>1,179</b>	<b>100.0</b>	<b>(30)</b>	<b>(2.5)</b>

## Disputes and pending proceedings

On June 24, 2015, the final decision of the European Commission was published in regard to the proceedings started in 2008 for breaches of EU competition laws on the market for plastic wrapping for food. The Commission imposed a fine totaling 35.9 million euro. As previously reported, Sirap Gema S.p.A. considers the fine excessive and disproportionate. On September 10, 2015, assisted by its lawyers, it filed an appeal against the fine on its own behalf and on behalf of the subsidiaries concerned. In order to suspend execution of the decision, on September 30, within the term of three months from notification, the company arranged the required financial covers. On January 25, 2016, the European Commission filed a counter-appeal at the European General Court in response to which Sirap Gema S.p.A. may present a brief by March 7, 2016, on which its representatives are working, with the support of their legal advisors.

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## Events after the reporting date

On January 26, 2016 an agreement was negotiated with the associate Franco Tosi S.r.l. regarding the expiry dates for the outstanding principal of 15 million euro to be repaid for a loan received in 2007 for an original amount of 56 million euro. Under the agreement, an amount of 9 million euro reflected as a current financial liability in the financial statements as at and for the year ended December 31, 2015 has been recognized as a non-current finance liability.

## Outlook

Following the sale of Sirap Insulation, the Sirap Gema group is now solely focused on the food packaging segment. Demand for food packaging continues to be influenced by the low level of food consumption and the promotions offered by supermarkets. Against this background there has been a consolidated improvement in operating profit due to efficiency gains achieved through restructuring, greater automation in manufacturing processes and the constant focus on costs. In addition, the recent acquisition in France is part of the consolidation of Sirap Gema on its main markets.

## Finance segment

The finance segment includes the parent Italmobiliare S.p.A. and the subsidiary Franco Tosi S.r.l., into which the Luxembourg-based company Société de Participation Financière Italmobiliare S.A. was merged in July.

## Business and financial performance

(in millions of euro)	2015	2014	% change
<b>Revenue</b>	<b>95.2</b>	<b>63.7</b>	<b>49.4</b>
<b>Recurring gross operating profit</b>	<b>56.1</b>	<b>31.0</b>	<b>81.2</b>
Other income (expense), net	(6.4)	-	n.s.
<b>Gross operating profit</b>	<b>49.7</b>	<b>31.0</b>	<b>60.5</b>
Amortization and depreciation	(0.2)	(0.4)	26.5
<b>Operating profit</b>	<b>49.5</b>	<b>30.6</b>	<b>61.5</b>
Net finance costs	(0.1)	(0.1)	n.s.
Impairment losses on financial assets	(0.5)	(7.0)	93.5
Share of profit (loss) of equity-accounted investees	(1.2)	(1.3)	8.0
<b>Profit before tax</b>	<b>47.7</b>	<b>22.2</b>	<b>n.s.</b>
Income tax (expense)	2.5	(3.0)	n.s.
<b>Profit for the year</b>	<b>50.2</b>	<b>19.2</b>	<b>n.s.</b>

n.s. not significant

(in millions of euro)	December 31, 2015	December 31, 2014
Equity	1,112.6	1,046.7
Net financial position	139.8	77.6
Number of employees at year end	26	29

The monetary policy measures adopted by the ECB during 2015 helped improve cash and credit indicators, as well as more generally the transmission of monetary policy. In particular the bond purchase program is proving effective in supporting economic activity in the eurozone, in particular the cost of bank lending has settled at historically low levels and the banks have gradually passed this reduction on to clients through lower interest rates on loans.

The easing of the ECB's monetary policy was reflected in the yield on sovereign bonds: the biggest falls involved the eurozone countries with lower ratings, reflecting a narrowing in the spread compared to bonds issued by Germany.

In December, the start of rate rises by the Federal Reserve had limited impact overall on the yields of 10-year treasury bonds in the United States, which, in anticipation of the move, had recorded an increase of around 25 basis points in mid-October.

The stronger expansionary mood in ECB monetary policy and the start of rate rises in the United States were reflected in the exchange rate of the euro, which as from mid-October fell by around 4% against the dollar.

In this context the financial segment reported good operating results, also following the gain realized on the sale of Finter Bank Zürich, and closed 2015 with a profit of 50.2 million euro (19.2 million euro in 2014).

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## Results and significant events

On February 27, 2015 the Boards of Directors of Franco Tosi S.r.l. and Société de Participation Financière Italmobiliare S.A. (Soparfi), both of which are wholly controlled by Italmobiliare S.p.A., approved the upstream merger of Soparfi into and with Franco Tosi. This is a cross-border merger, since the companies were established in two different member States of the European Union.

The merger is part of the plan to rationalize the Group's corporate structure with a view to increasingly transparent disclosure, eliminating arrangements that no longer seem cost-effective when managed separately or that no longer fit with the Group's strategic plans. The transaction, which was completed on July 9, 2015, enables greater efficiency and consistency in decision-making processes, as well as a reduction in overheads and the simplification of cash flows.

On July 28, 2015 Italmobiliare signed an agreement with HeidelbergCement to sell the entire equity investment held in Italcementi. The agreement creates significant value for both Groups and creates a key player for the whole construction materials segment, which is currently undergoing broad consolidation at global level. The strategic rationale of the transaction is confirmed by the perfect geographical match with the current portfolio of HeidelbergCement, the significant potential synergies and the aggregations of the respective R&D and innovation capabilities. The new Group can count on 2014 pro forma turnover of around 16.8 billion euro in more than 60 countries on five continents.

The agreement signed with HeidelbergCement provides for:

1. the purchase of the equity investment held by the parent Italmobiliare in Italcementi (45.0% of the share capital, represented by 157.2 million shares) at a price per share of 10.60 euro, which represents a premium of 70.6% on the average weighted stock market price in the three months prior to the announcement of the agreement, for a total amount of 1.67 billion euro, subject to any negative events before closing, which would trigger specific contractual mechanisms to reduce the consideration;  
the granting to Italmobiliare, as part of the purchase consideration, of a share in the capital of HeidelbergCement of between 4.0% and 5.3%, at Italmobiliare's discretion, through a reserved share capital increase, ranging between 560 and 760 million euro. With this equity investment Italmobiliare will become the second biggest industrial shareholder of HeidelbergCement;
2. the value of the new HeidelbergCement shares issued in favor of Italmobiliare will be the higher of the established value of 72.5 euro per share and the weighted average stock market price for HeidelbergCement shares recorded in the month prior to closing. Once the price per share and the number of HeidelbergCement shares that Italmobiliare decides to receive have been established, the difference compared with the total consideration agreed for the Italcementi shares set at 10.60 euro (subject to the possible review mentioned above) will be paid in cash by HeidelbergCement to Italmobiliare;
3. closing is subordinate to approval by the anti-trust authorities by the end of 2016.

Subsequent to the closing of the transaction, HeidelbergCement will be required to make a public tender offer in cash for the outstanding Italcementi shares at the same price per share paid to Italmobiliare.

As part of the transaction, Italmobiliare agreed to buy from Italcementi the equity investments held in e-procurement (BravoSolution group) and in renewable energy (Italgen group), as well as some properties, confirming its role as a holding for industrial investments. These transactions, the total value of which is around 241 million euro (net of the respective financial

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position), will take place at the same time as the closing of the sale of Italcementi. The purchase of these equity investments by the company is a transaction with a related party that is exempt from application of the Procedure for transactions with related parties adopted by the company in compliance with the regulatory provisions of CONSOB, since it is a transaction undertaken with a subsidiary. Nonetheless, Italmobiliare wished that the transaction in question be supported by adequate analysis of its cost-effectiveness and substantial correctness. To this end, the Committee for Transactions with Related Parties was involved and an independent expert, Partners S.p.A., was called on to express a fairness opinion on the overall value of the investment. In light of the company's broader interest to conclude the sale of the Italcementi group to HeidelbergCement and the opinion of the independent expert, the Committee for Transactions with Related Parties reassured the Board of Directors regarding the cost-effectiveness and substantial correctness of the purchase of the Italgen group, the BravoSolution group and some Italcementi properties located in Rome.

Overall, the transaction agreed with HeidelbergCement will generate liquidity for Italmobiliare of around 670-870 million euro, depending on the amount underwritten in HeidelbergCement shares.

On September 4, 2015 Franco Tosi S.r.l. and the Swiss group Vontobel reached an agreement to enhance their activities in private banking. The agreement for the purchase by Vontobel of Finter Bank Zürich was concluded on September 30, with the sale of the entire stake held by Franco Tosi in the Swiss bank. The transaction valued the entire equity investment in Finter Bank Zürich at around 85.0 million Swiss francs, with a realized gain of 51.4 million euro. The sale price is subject to an adjustment mechanism connected to the total amount of assets under management. As part of the same transaction, Franco Tosi invested around 10 million Swiss francs in Vontobel Holding AG shares, equivalent to 0.349% of the share capital of the Swiss group. Vontobel Holding AG operates in private banking, is listed in Zurich, and specializes in asset management and tailored investment solutions for its clients. With around 1,400 employees worldwide, it manages total assets of around 181 billion Swiss francs.

On September 29, the Italmobiliare Board of Directors voted to partially exercise the right of withdrawal from the Mediobanca shareholders' agreement for 4,826,272 shares, representing 0.56% of the share capital. Italmobiliare confirmed its membership of the agreement for a stake equal to 1% of the bank's share capital.

In relation to the tax assessment report (PVC, *Processo Verbale di Constatazione*) served by the Italian tax authorities on completion of the tax inspection into 2010 (for direct taxes and VAT), and notified to Italmobiliare S.p.A. on July 31, 2015, relating in particular to the Italmobiliare companies in the banking and financial segments, there are no substantial changes except for the fact that, on December 4, 2015, the company, through its consultants, presented its written observations under art. 12, para. 7 of Law no. 212/2000 in response to the charges set out in the PVC. The company is also collecting further documentation that can be used, if necessary, to draft further responses to support the validity of its conduct, in relation to the disputed matters.

No tax assessment notice has been served to date for the year in question, which the tax authorities may present up to the end of 2019, due to the doubling of the deadlines for assessment notices envisaged by art. 43 of Presidential Decree no. 600/73.



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## 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, gains/(losses) 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 expenses and operating expense for the financial structure, net of amounts recovered from other Group companies and movements in provisions for risks.

(in millions of euro)	2015	2014	% change
Net gains on equity investments	74.3	30.2	<i>n.s.</i>
Net gains on investments of cash and cash equivalents	1.5	12.4	(87.8)
Net borrowing costs	(1.4)	(3.2)	53.9
<b>Net finance income</b>	<b>74.4</b>	<b>39.4</b>	<b>88.6</b>
Other expense	(26.7)	(17.3)	(54.3)
Income tax (expense)	2.5	(2.9)	<i>n.s.</i>
<b>Profit for the year</b>	<b>50.2</b>	<b>19.2</b>	<b><i>n.s.</i></b>

*n.s.* not significant

The financial and economic context in which the Group's financial companies operated and the significant gains posted in the year contributed to the segment's positive results. In particular, the **net gains on equity investments** of 74.3 million euro (30.2 million euro in 2014) were mainly generated by:

- gains realized on the sale of shares, essentially the sale of Finter Bank Zürich shares, for 51.4 million euro as described above, and the sale of part of the banking stocks for 4.0 million euro;
- dividends for 19.5 million euro, up by 7.5 million euro compared to 2014 due to greater dividends paid by the subsidiary Italcementi and by the equity investments in Italian banks;

partially offset by:

- impairment losses of 0.5 million euro on equity investments (losses of 7.0 million euro in 2014), referring mainly to the impairment loss on RCS MediaGroup shares (6.9 million euro) to align the carrying amount to fair value on the basis of Italian Stock Exchange prices (0.3 million euro);
- losses of the equity-accounted investees of 1.2 million euro (losses of 1.3 million euro in 2014), as a result of the loss recorded by the associate Società Editrice Sud S.p.A..

The fall in the yield on sovereign bonds both in the Eurosystem countries and in the United States, despite the fact that the start of rate rises by the Federal Reserve saw a slight increase in rates as from mid-October, and the sharp volatility of financial markets recorded mainly in the

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second half of 2015, caused a strong contraction in **net gains on investments of cash and cash equivalents**, which totaled 1.5 million euro compared with 12.4 million euro in 2014. The decrease mainly reflects measurement losses on bonds for 2.0 million euro (gains of 4.8 million euro in 2014) and the marginal gains realized on the sale of trading shares (0.1 million euro compared with 4.6 million euro in 2014).

**Net borrowing costs** fell significantly, to 1.4 million euro (3.2 million euro in 2014), helped by average segment debt of 157.8 million euro, which was down compared to December 31, 2014 (175.8 million euro).

**Other expense**, net of other income, totaled 26.7 million euro, up 9.4 million compared to 2014, mainly due to non-recurring costs relating to the project to sell the entire equity investment held in Italcementi agreed at the end of July 2015 with HeidelbergCement, and to provisions prudentially made in the year against outstanding risks for which future outlay is considered probable. Net of these non-recurring items, operating expense fell 11.4%.

The segment posted a profit for 2015 of 50.2 million euro (19.2 million euro in 2014), after a positive income tax effect of 2.5 million euro (expense of 2.9 million euro in 2014), arising largely from the recognition of deferred tax assets against prior year tax losses that are expected to reverse.

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 losses 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 2015 the consolidated balance on this reserve in the financial segment was positive at 33.0 million euro (a positive balance of 4.6 million euro at December 31, 2014), due to the rise in share prices.

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## Quarterly performance

	Full year	Q4	Q3	Q2	Q1
(in millions of euro)	2015	2015	2015	2015	2015
<b>Revenue</b>	<b>95.2</b>	<b>13.1</b>	<b>53.0</b>	<b>20.1</b>	<b>8.9</b>
% change vs. 2014	49.4	n.s.	n.s.	(46.2)	(42.5)
<b>Recurring gross operating profit</b>	<b>56.1</b>	<b>3.9</b>	<b>39.4</b>	<b>9.4</b>	<b>3.4</b>
% change vs. 2014	81.2	n.s.	n.s.	(67.3)	(52.3)
% of revenue	59.0	30.1	74.3	46.6	38.0
<b>Gross operating profit (loss)</b>	<b>49.7</b>	<b>(0.8)</b>	<b>38.0</b>	<b>9.4</b>	<b>3.1</b>
% change vs. 2014	60.5	n.s.	n.s.	(63.4)	(56.7)
% of revenue	52.2	(5.9)	71.6	46.6	34.7
<b>Operating profit (loss)</b>	<b>49.5</b>	<b>(0.8)</b>	<b>38.0</b>	<b>9.3</b>	<b>3.0</b>
% change vs. 2014	61.5	n.s.	n.s.	(63.6)	(57.4)
% of revenue	52.0	(6.3)	71.6	46.2	33.7
<b>Profit for the period</b>	<b>50.2</b>	<b>3.8</b>	<b>37.2</b>	<b>8.0</b>	<b>1.2</b>
<b>Net financial position (at period end)</b>	<b>139.8</b>	<b>139.8</b>	<b>93.0</b>	<b>85.5</b>	<b>87.4</b>

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 performance depends chiefly on dividend flows and trends on the financial markets.

Between early October and the end of November, share prices in the advanced economies and emerging countries recovered a good part of the losses they had recorded during the summer, while in December a new period of uncertainty caused a fall in share prices, affected by the tensions on global finance markets.

In the fourth quarter of 2015, the yields on sovereign bonds fell in the whole eurozone as a reaction to the expectations of further easing in ECB monetary policy. After an increase in the yield recorded in September, sovereign bonds also saw a fall in the rest of the fourth quarter.

In Italy too, the yields on treasury bonds fell, albeit slightly, on all maturities. The further narrowing of the spread between Italian and German 10-year bonds helped strengthen expectations of an intensification in the Eurosystem securities purchase program.

In this context, fourth-quarter revenue rose by 6.8 million euro compared with the fourth quarter of 2014, mainly thanks to the positive management of equity investments, generating income of 9.8 million euro compared with 2.3 million euro in the corresponding prior year period.

After non-recurring expense of 4.7 million euro in connection with the provisions made by the parent in the year against risks for which a future outlay is considered probable, and the significant costs incurred on the project to sell the entire stake held in Italcementi, the segment reported an operating loss for the quarter of 0.8 million euro (profit of 0.1 million euro in the fourth quarter of 2014).

The aforementioned components and the positive tax effect of 4.8 million euro led to profit of 3.8 million euro, compared to a loss of 6.9 million euro for the fourth quarter of 2014.

## Franco Tosi S.r.l.

As already detailed in the paragraph “Results and significant events”, following the merger of Société de Participation Financière Italmobiliare S.A. into Franco Tosi S.r.l., the 2015 results of operations of Franco Tosi S.r.l. represent financial operations since the merger date of July 9, 2015, while the asset and liability balances of the merged company were transferred to Franco Tosi and continue to be recognized at their carrying amount. The data set out below refers to 2015 only, since it is not comparable with the previous year. In 2014 Franco Tosi only provided general and IT services for the Italmobiliare Group, an operation that was spun off on December 15 to the newly established company Italmobiliare Servizi S.r.l..

(in millions of euro)	2015
Net gains on equity investments	51.3
Net losses on investments of cash and cash equivalents	(2.2)
Net borrowing costs	(0.1)
<b>Net finance income</b>	<b>49.0</b>
Other expense	(2.5)
Income tax expense	(0.6)
<b>Profit for the year</b>	<b>45.9</b>

	December 31, 2015
(in millions of euro)	
Equity	301.4
Net financial position	278.7

Net gains on equity investments of 51.3 million euro refer essentially to the gain realized on the sale of Finter Bank Zürich to Vontobel Holding AG. The transaction was completed on September 30, 2015 and is described in the section “Results and significant events”.

The net losses of 2.2 million euro on investments of cash and cash equivalents arose from losses of 3.1 million euro on trading securities offset in part by interest income and net income on derivatives totaling 0.9 million euro.

Operating expense totaled 2.5 million euro and included non-recurring costs (2.1 million euro) relating to the sale of Finter Bank Zürich and the upstream merger of Société de Participation Financière Italmobiliare S.A..

After income tax expense of 0.6 million euro the profit for the year was 45.9 million euro.

Besides managing a trading portfolio, Franco Tosi S.r.l. holds the foreign equity investments of the financial segment: Crédit Mobilier de Monaco S.A., Société d'Etudes de Participations et de Courtage S.A., both based in the Principality of Monaco, and Finimage 15 Sagl (Switzerland). As part of the sale of Finter Bank Zürich, Franco Tosi invested around 10 million Swiss francs in Vontobel Holding AG shares, equivalent to 0.349% of the share capital of the Swiss group. In addition, the “Investments in other companies” portfolio includes the 11.68% holding in Burgo Group S.p.A..

Among non-current assets, besides the aforementioned shareholdings, a commercial property located in Chiasso is carried at a total amount of 8.8 million euro. Its management is entrusted to a local specialist agency. Most of the properties are let and the related amounts are aligned with the market prices in force at the contract dates.

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## Société de Participation Financière Italmobiliare S.A.

The Luxembourg-based company contributed to the results of the segment from January 1, 2015 until July 9, 2015, when it was merged into and with Franco Tosi S.r.l..

The table below shows the company's operating results for 2015, that is, for the period of just over six months, together with full-year 2014.

	Period from 1.1.2015 to 7.9.2015	2014 (12 months)
(in millions of euro)		
Net gains on equity investments	0.5	0.2
Net gains on investments of cash and cash equivalents	3.4	11.8
Net borrowing costs	(0.1)	(0.1)
<b>Net finance income</b>	<b>3.8</b>	<b>11.9</b>
Other expense	(0.9)	(1.3)
Income tax expense	(0.2)	(0.2)
<b>Profit for the year</b>	<b>2.7</b>	<b>10.4</b>

\* \* \*

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

**Net financial position of Italmobiliare and the financial segment**

(in millions of euro)	December 31, 2015		December 31, 2014	
	Italmobiliare	Financial segment	Italmobiliare	Financial segment
Current financial assets	9.5	278.6	8.1	216.8
Current financial liabilities	(133.9)	(133.3)	(139.5)	(140.5)
<b>Current net financial position (debt)</b>	<b>(124.4)</b>	<b>145.3</b>	<b>(131.4)</b>	<b>76.3</b>
Non-current financial assets	5.5	14.5	6.3	21.3
Non-current financial liabilities	(20.0)	(20.0)	(20.0)	(20.0)
<b>Non-current net financial position (debt)</b>	<b>(14.5)</b>	<b>(5.5)</b>	<b>(13.7)</b>	<b>1.3</b>
<b>Net financial position (debt)</b>	<b>(138.9)</b>	<b>139.8</b>	<b>(145.1)</b>	<b>77.6</b>

At December 31, 2015, the current financial assets of the financial segment totaled 278.6 million euro and were up by 61.8 million euro, thanks mainly to the liquidity generated by the sale of Finter Bank Zürich; they consisted mainly of bonds (50.8%) and cash/money market instruments (23.7%). The bond portfolio consisted of floating-rate instruments for 25% and fixed-rate instruments for the remaining 75% with a Moody's Aa2 rating (source: Bloomberg). The bond portfolio is diversified on a geographical basis and a operating segment basis, and maximum exposure to a single instrument was 7.9% (BBB), while maximum exposure to a single issuer (Italian bonds) was 28.6% (BBB) out of the total bond portfolio at December 31, 2015. In this portfolio, treasury government instruments amounted to 64.7 million euro, with an average A rating.

Italmobiliare had net financial debt of 138.9 million euro (145.1 million euro at December 31, 2014), an improvement of 6.2 million euro, while the financial segment had a positive net financial position of 139.8 million euro (77.6 million euro at December 31, 2014), up by 62.2 million euro.

The changes in the net financial position (debt) of Italmobiliare and the financial segment are set out in the table below.

(in millions of euro)	Italmobiliare	Financial segment
Equity investments sold	18.5	97.4
Equity investments acquired	(17.9)	(27.1)
Dividends paid	(11.7)	(11.7)
Dividends received	33.2	18.5
Net finance costs	(2.0)	(1.0)
Current operations and non-current items	(13.9)	(13.9)
<b>Total</b>	<b>6.2</b>	<b>62.2</b>

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## Risks and uncertainties

The main risks of the financial segment are described below.

### Risks relating to general economic conditions

The forecasts for the global economy suggest a modest acceleration in 2016 compared with 2015; at the start of 2016, however, new and significant tension emerged on the financial market in China, accompanied by fears about the growth of the country's economy. In the eurozone, growth continues, but remains fragile. The Eurosystem securities purchase program is proving effective in supporting economic activity overall, with effects so far in line with the initial assessments. However, the weakening of foreign demand and the drop in oil prices have led to the emergence of new downside risks for inflation and growth, which have become clear in recent months. In December, the ECB introduced further expansionary measures and broadened the bond buying program.

Should the markets' expectations not be realized, and also taking into account the possible economic repercussions of geopolitical tensions, the Group's business and financial outlook could be uncertain.

### Risks for holding operations

Directly and through its subsidiaries Italmobiliare carries out investment activities involving risks arising from difficulty in identifying new investment opportunities that respond to objectives, or difficulty in divesting because of changes in general financial and economic conditions. The risks connected to effective management of these activities could have negative effects on the companies' financial positions and result of operations.

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; nevertheless, an adverse change in the share prices of its equity investments could affect its financial position and results of operations.

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 performance may not follow a linear and/or significantly comparable trend from one year to the next.

Italmobiliare S.p.A. is present in the construction materials, food packaging and thermal insulation, finance, banking, publishing, property and other segments. 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, 2015, the equity investment in Italcementi (45.0% of share capital) represented 79.9% of the current net asset value (NAV).

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## 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' financial positions and results of operations.

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 approaches, and selection of counterparties 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, however, that there is no guarantee that divestment strategies can be executed as and when planned.

## Interest and currency risks

Italmobiliare net financial 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 measurement of the bond portfolio. To mitigate this risk, hedging transactions may be arranged when the market presents opportunities assessed on the basis of the Italmobiliare asset and liability structure.

Despite possible hedges, sudden fluctuations in interest rates could have a negative impact on the segment's financial position and results of operations.

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 measurements 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 future negative impacts connected to these risks on the financial positions and results of operations of Italmobiliare and/or of its subsidiaries and associates.

## 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 is concentrated in 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, powers and processes).



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## Events after the reporting date

There were no significant events after the reporting period.

## Outlook

The international financial markets have been experiencing a new period of uncertainty since last December, in particular in emerging countries. In January sharp tensions re-emerged on the Chinese market triggered by macroeconomic data that was below expectations and by the depreciation of the Chinese currency against the dollar. Significant losses were also recorded on the stock exchanges of advanced countries and other emerging economies, also due to the sudden fall in the oil price.

The expansionary policies introduced by the ECB should contribute to improving the credit market and the gradual growth in domestic demand in the countries of the eurozone, which is offset by lower foreign trade caused by the slowdown in the global economy.

In this context, the main risk factors derive from the international situation, in particular the slowdown of emerging economies could be stronger and last longer than expected, with currently unforeseeable repercussions on the financial markets and consequently on the segment's results for 2016.

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## Banking segment

Following the sale of the Finter Bank Zürich group on September 30, 2015, the results of the banking segment refer exclusively to Crédit Mobilier de Monaco. The Swiss banking group that was sold contributed profit of 3.2 million euro to the profit of the banking segment.

### Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. In 2015, despite the improvement in net interest income (+0.8% compared with 2014), the reduction in total income led to a decrease of 10.1% in gross operating profit compared with 2014, from 537 thousand euro to 483 thousand euro for 2015.

After impairment losses on non-current assets and income tax expense for a total of 248 thousand euro (235 thousand euro in 2014), the profit for the year was 235 thousand euro, down by 22.2% compared with 2014 (302 thousand euro).

After payment of the dividend, equity stood at 5.9 million euro, in line with the figure at the end of December 2014.

The net financial position fell by 0.2 million euro from 5.7 million euro at December 31, 2014 to 5.5 million euro at December 31, 2015.

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

### Main risks and uncertainties

The bank is not exposed to specific risks with respect to customers, 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 six months and can therefore be revalued at suitably frequent intervals. The guarantees are adequate 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 149 thousand euro at the end of 2015 (down by 9 thousand euro compared with December 31, 2014). They related to two cases (one dating back to January 2004, which has been gradually reduced and is now being settled for 101 thousand euro, and a case that arose in 2014 for 48 thousand euro). Collection of the doubtful receivables in question is covered by the collateral (pledges) available to the bank.

Security procedures are adequate.

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## 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, 2015, it had 5 employees (1 manager, 1 supervisor and 3 white collars). All employees have open-end employment contracts.

During 2015, Crédit Mobilier de Monaco used the services of two full-time independent specialists.

## Events after the reporting date

There were no significant events after the reporting date.

\* \* \* \*

Overall, including the activities sold during the year, the banking segment contributed profit of 3.5 million euro to Group earnings (loss of 2.8 million euro in 2014).

## Outlook

The performance of the bank in 2016 will depend on the quantity and quality of the guarantee-backed loans it provides to customers, as well as its constant commitment to a careful policy of optimizing costs and the quality of the services provided. These trends will influence its performance and make it impossible to make reliable forecasts about the results for the current year.

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## Property, services and 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.

Segment revenue for 2015 totaled 0.2 million euro, down from 2014 (1.8 million euro). It consisted largely of gains realized in the property arm.

After operating expense of 0.5 million euro, the segment recorded a loss of 0.2 million euro (a loss of 28 thousand euro in 2014).

Equity at December 31, 2015 stood at 1.5 million euro (2.3 million euro at December 31, 2014) and the net financial position was at 1.4 million euro (2.2 million euro in 2014).

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

## Main risks and uncertainties

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

- the intragroup services company (Italmobiliare Servizi S.r.l.), which charges clients on the basis of costs incurred and therefore is not subject to material risks;
- 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 they have reduced considerably.

## Information on personnel and the environment

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

## Events after the reporting date

There were no significant events after the reporting date.

## Outlook

In view of the uncertainty affecting the real estate market, it is difficult at the present time to provide reliable guidance on 2016 performance.

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## Human resources

The number of employees at December 31, 2015 relating to continuing operations was 1,917, up by 12 compared with 2014.

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

(headcount)	December 31, 2015		December 31, 2014	
	%		%	
<b>Operating segment</b>				
Construction materials continuing operations	728	38.0	679	35.7
Packaging and insulation	1,149	59.9	1,179	61.9
Finance	26	1.3	29	1.5
Banking continuing operations	5	0.3	6	0.3
Property, services and other	9	0.5	12	0.6
<b>Total</b>	<b>1,917</b>	<b>100.0</b>	<b>1,905</b>	<b>100.0</b>
<i>Construction materials discontinued operations</i>	16,797		17,100	
<i>Banking sold operations</i>	-		68	
<b>Total</b>	<b>18,714</b>		<b>19,073</b>	

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## 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;
- associates and their subsidiaries;
- other related parties.

The figures at December 31, 2015 for transactions with related parties are 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 2015 as defined by Consob Communication no. DEM/6064293 of July 28, 2006.

## Transactions with subsidiaries, joint ventures, associates and the subsidiaries of such companies

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

## Transactions with other related parties

Transactions with other related parties in 2015 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 361 thousand euro. A similar contract, for an annual consideration of 11 thousand euro, exists between Finsise S.p.A. and the subsidiary Azienda Agricola Lodoletta S.r.l.;
- legal consultancy, judicial and extrajudicial assistance provided to the Italmobiliare Group by the Gattai Minoli Agostinelli & Partners law firm, of which the director Luca Minoli is a partner, for considerations of approximately 1.3 million euro;

During 2015, the Italmobiliare Group made an endowment of 900 thousand euro to the Italcementi Cav. Lav. Carlo Pesenti foundation. Italcementi S.p.A. charged the foundation 169 thousand euro for administrative and corporate services and other services.

Transactions with related parties are illustrated in the notes; 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 specific sections in the directors' report and the notes to the parent's separate financial statements.

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## 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

The recovery in the world economy is moving ahead gradually and in an uneven manner. The prospects for the advanced economies are underpinned by low oil prices, favorable borrowing conditions, an improvement in labor costs and the positive effects of the reduction in private-sector debt and, in part, progress in public finances. On the other hand, the international situation presents a number of key risk factors: the sharper than expected deceleration in the emerging economies and geopolitical risks, in the Middle East in particular, are slowing the expansion of international trade. The fragile growth of the eurozone countries could be undermined by the rapid weakening of exports, which until now has been offset in part by the upbeat mood in internal demand.

In this context, the Group's industrial segments, excluding discontinued operations, are reporting improvements in operating margins, thanks to the efficiencies achieved through restructuring measures and the strategic direction taken by the Group, as well as constant attention to costs.

The financial segment continues to be exposed to extreme volatility on the financial markets in the early months of 2016, despite the expansionary policies introduced by the ECB to support economic activity and improve the credit market and the moderate impact of the small interest-rate rise implemented by the Federal Reserve in mid-December.

2016 will be a year of significant change for the Group with the current sale of the equity investment in Italcementi S.p.A. and the consequent re-definition of its strategic focus; therefore, providing reliable guidance on the consolidated results of the Italmobiliare Group is of little significance.

Milan, March 3, 2016

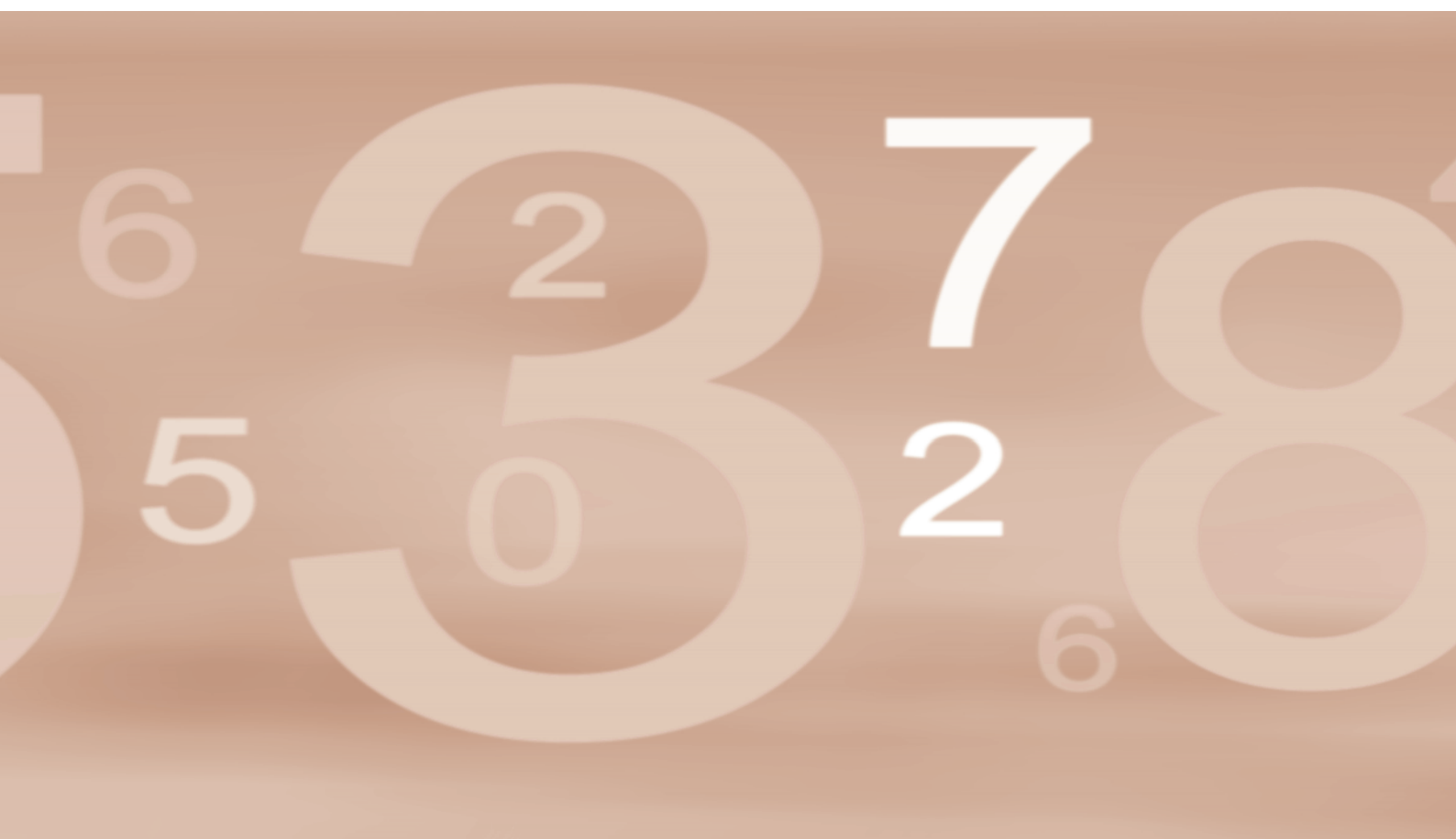
For the Board of Directors  
The Chief Executive Officer  
(Carlo Pesenti)  
*(signed on the original)*





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Italmobiliare Group - Consolidated financial statements as  
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## Financial statements

### Statement of financial position

	Note	12.31.2015 IFRS 5	12.31.2014	Change
(in thousands of euro)				
<b>Non-current assets</b>				
Property, plant and equipment	1	131,238	4,266,608	(4,135,370)
Investment property	2	6,510	28,464	(21,954)
Goodwill	3	24,423	1,629,505	(1,605,082)
Intangible assets	4	20,009	95,737	(75,728)
Equity-accounted investees	5	17,735	226,317	(208,582)
Other equity investments	6	204,387	227,561	(23,174)
Trade receivables and other non-current assets	7	37,270	242,969	(205,699)
Deferred tax assets	21	23,047	101,024	(77,977)
Non-current amounts due from employees			224	(224)
<b>Total non-current assets</b>		<b>464,619</b>	<b>6,818,409</b>	<b>(6,353,790)</b>
<b>Current assets</b>				
Inventories	8	33,459	758,253	(724,794)
Trade receivables	9	108,001	701,474	(593,473)
Other current assets including derivatives	10	25,006	349,449	(324,443)
Tax assets	11	3,782	19,967	(16,185)
Equity investments, bonds and loan assets	12	173,395	212,886	(39,491)
Cash and cash equivalents	13	118,173	863,537	(745,364)
<b>Total current assets</b>		<b>461,816</b>	<b>2,905,566</b>	<b>(2,443,750)</b>
<b>Non-current discontinued operations</b>	37	<b>8,598,004</b>		<b>8,598,004</b>
<b>Total assets</b>		<b>9,524,439</b>	<b>9,723,975</b>	<b>(199,536)</b>
<b>Equity</b>				
Share capital	14	100,167	100,167	
Share premium	15	177,191	177,191	
Reserves		85,747	54,704	31,043
Treasury shares	16	(20,792)	(21,226)	434
Retained earnings		1,496,244	1,495,438	806
<b>Equity attributable to owners of the parent</b>		<b>1,838,557</b>	<b>1,806,274</b>	<b>32,283</b>
Non-controlling interests	17	2,490,918	2,480,106	10,812
<b>Total equity</b>		<b>4,329,475</b>	<b>4,286,380</b>	<b>43,095</b>
<b>Non-current liabilities</b>				
Financial liabilities	19	43,242	2,339,173	(2,295,931)
Employee benefits	18	11,444	324,324	(312,880)
Provisions	20	50,295	234,381	(184,086)
Other liabilities		1,637	52,686	(51,049)
Deferred tax liabilities	21	4,282	188,394	(184,112)
<b>Total non-current liabilities</b>		<b>110,900</b>	<b>3,138,958</b>	<b>(3,028,058)</b>
<b>Current liabilities</b>				
Bank loans and borrowings	19	156,851	397,599	(240,748)
Financial liabilities	19	62,971	300,268	(237,297)
Trade payables	22	58,215	619,494	(561,279)
Provisions	20	986	1,111	(125)
Tax liabilities	23	1,846	39,320	(37,474)
Other liabilities	24	71,112	940,845	(869,733)
<b>Total current liabilities</b>		<b>351,981</b>	<b>2,298,637</b>	<b>(1,946,656)</b>
<b>Total liabilities</b>		<b>462,881</b>	<b>5,437,595</b>	<b>(4,974,714)</b>
<b>Liabilities directly linked to discontinued operations</b>	37	<b>4,732,083</b>		<b>4,732,083</b>
<b>Total equity and liabilities</b>		<b>9,524,439</b>	<b>9,723,975</b>	<b>(199,536)</b>

Pursuant to Consob Resolution no. 155519 of July 27, 2006, the effects of transactions with related parties on the financial position and results of operations are set out in the relevant annexes.

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## Income statement

	Note	2015 IFRS 5	%	2014 IFRS 5 re-stated	%	Change	%
(in thousands of euro)							
<b>Revenue</b>	25	<b>401,969</b>	<b>100.0</b>	<b>415,284</b>	<b>100.0</b>	<b>(13,315)</b>	<b>-3.2</b>
Other revenue		8,355		9,233		(878)	
Change in inventories		(1,373)		(1,535)		162	
Internal work capitalized		5,691		4,534		1,157	
Raw materials and supplies	26	(170,996)		(176,239)		5,243	
Services	27	(69,656)		(60,059)		(9,597)	
Personnel expenses	28	(133,102)		(118,713)		(14,389)	
Other operating expense	29	(7,913)		(6,098)		(1,815)	
<b>Recurring gross operating profit</b>		<b>32,975</b>	<b>8.2</b>	<b>66,407</b>	<b>16.0</b>	<b>(33,432)</b>	<b>-50.3</b>
Net gains from the sale of non-current assets	30	10		1,297		(1,287)	
Non-recurring personnel expense for re-organizations	30	(124)		(1,391)		1,267	
Other non-recurring expense	30	(34,848)		(2,070)		(32,778)	
<b>Gross operating profit (loss)</b>		<b>(1,987)</b>	<b>-0.5</b>	<b>64,243</b>	<b>15.5</b>	<b>(66,230)</b>	<b>n.s.</b>
Amortization and depreciation	31	(19,749)		(19,891)		142	
Reversal of impairment losses on (impairment losses) on non-current assets	32	2,770		(977)		3,747	
<b>Operating profit (loss)</b>		<b>(18,966)</b>	<b>-4.7</b>	<b>43,375</b>	<b>10.4</b>	<b>(62,341)</b>	<b>n.s.</b>
Finance income	33	4,237		193		4,044	
Finance costs	33	(4,343)		(6,068)		1,725	
Exchange rate differences and net gains (losses) on derivatives	33	(808)		(876)		68	
Impairment losses on financial assets	34	(457)		(7,028)		6,571	
Share of profit (loss) of equity-accounted investees	35	(1,590)		(1,798)		208	
<b>Profit (loss) before tax</b>		<b>(21,927)</b>	<b>-5.5</b>	<b>27,798</b>	<b>6.7</b>	<b>(49,725)</b>	<b>n.s.</b>
Income tax expense	36	(4,218)		(15,360)		11,142	
<b>Profit (loss) relating to continuing operations</b>		<b>(26,145)</b>	<b>-6.5</b>	<b>12,438</b>	<b>3.0</b>	<b>(38,583)</b>	<b>n.s.</b>
Profit (loss) relating to discontinued operations, net of tax effects	37	80,932		(62,549)		143,481	
<b>Profit (loss) for the year</b>		<b>54,787</b>	<b>13.6</b>	<b>(50,111)</b>	<b>-12.1</b>	<b>104,898</b>	<b>n.s.</b>
Attributable to:							
Owners of the parent		6,954	1.7	(44,813)	-10.8	51,767	n.s.
Non-controlling interests		47,833	11.9	(5,298)	-1.3	53,131	n.s.
Earnings (losses) per share	39						
Basic ordinary shares		0.151 €		(1.191) €			
Basic savings shares		0.229 €		(1.191) €			
Diluted ordinary shares		0.151 €		(1.191) €			
Diluted savings shares		0.229 €		(1.191) €			

**Statement of comprehensive income**

	Notes	2015 IFRS 5	%	2014 IFRS 5 re-stated	%	Change	%
(in thousands of euro)							
<b>Profit (loss) for the year</b>		<b>54,787</b>	<b>13.6</b>	<b>(50,111)</b>	<b>-12.1</b>	<b>104,898</b>	<b>n.s.</b>
<b>Other comprehensive income (expense) relating to continuing operations</b>	38						
<b>Items that will not be reclassified to profit or loss subsequently</b>							
Re-measurement of the net liability/(asset) for employee benefits		504		(1,438)		1,942	
Re-measurement of the net liability (asset) for employee benefits - investments in equity-accounted investees							
Income taxes		(107)		283		(390)	
<b>Total items that will not be reclassified to profit or loss subsequently</b>		<b>397</b>		<b>(1,155)</b>		<b>1,552</b>	
<b>Items that might be reclassified to profit or loss subsequently</b>							
Translation reserve on foreign operations		(19,843)		1,781		(21,624)	
Translation reserve on foreign operations - investments in equity-accounted investees							
Fair value gains (losses) on cash flow hedging		83		(211)		294	
Fair value gains (losses) on cash flow hedging - investments in equity-accounted investees							
Fair value gains (losses) on available-for-sale financial assets		26,196		2,235		23,961	
Fair value gains (losses) on available-for-sale financial assets - investments in equity-accounted investees							
Income taxes		2,213		2,763		(550)	
<b>Total items that might be reclassified to profit or loss subsequently</b>		<b>8,649</b>		<b>6,568</b>		<b>2,081</b>	
<b>Total other comprehensive income (expense) relating to continuing operations net of tax effect</b>		<b>9,046</b>		<b>5,413</b>		<b>3,633</b>	
Other comprehensive income relating to discontinued operations		89,977		190,576		(100,599)	
<b>Total other comprehensive income</b>		<b>99,023</b>		<b>195,989</b>		<b>(96,966)</b>	
<b>Total comprehensive income</b>		<b>153,810</b>	<b>38.3</b>	<b>145,878</b>	<b>35.1</b>	<b>7,932</b>	<b>5.4</b>
Attributable to:							
owners of the parent		50,834		7,158		43,676	
non-controlling interests		102,976		138,720		(35,744)	

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## Consolidated statement of changes in equity

	Attributable to owners of the parent										Non-controlling interests	Total equity
	Share capital	Reserves					Treasury shares	Translation reserve	Retained earnings (losses carried forward)	Total share capital and reserves		
		Share premium	AFS fair value reserve	Hedging reserve	Actuarial gain/losses on defined benefit plans	Other reserves						
(in thousands of euro)												
Balance at December 31, 2013	100,167	177,191	6,036	-1,656	-96	56,126	-21,226	-53,730	1,393,419	1,656,231	2,677,192	4,333,423
Profit (loss) for the year									-44,813	-44,813	-5,298	-50,111
Total other comprehensive income (expense)			13,242	-7,365	-19,229			65,323		51,971	144,018	195,989
Total comprehensive income (expense)			13,242	-7,365	-19,229			65,323	-44,813	7,158	138,720	145,878
Stock options						4,190				4,190	-4,106	84
Dividends									-7,360	-7,360	-73,539	-80,899
% change in control and scope of consolidation			-1,047	-137	384	4,256		-19,648	162,247	146,055	-258,161	-112,106
Balance at December 31, 2014	100,167	177,191	18,231	-9,158	-18,941	64,572	-21,226	-8,055	1,503,493	1,806,274	2,480,106	4,286,380
Profit (loss) for the year									6,954	6,954	47,833	54,787
Total other comprehensive income (expense) continuing operations			28,409	38	349			-20,422		8,374	672	9,046
Total other comprehensive income (expense) discontinued operations			-2,530	-1,759	6,308			33,487		35,506	54,471	89,977
Total comprehensive income (expense)			25,879	-1,721	6,657			13,065	6,954	50,834	102,976	153,810
Stock options												
Dividends									-11,694	-11,694	-93,755	-105,449
Purchase of treasury shares							434			434		434
% change in control and scope of consolidation and reclassifications					1,428	-1,200			-7,519	-7,291	1,591	-5,700
Balance at December 31, 2015	100,167	177,191	44,110	-10,879	-10,856	63,372	-20,792	5,010	1,491,234	1,838,557	2,490,918	4,329,475

## Statement of cash flows

(in thousands of euro)		2015 IFRS 5	2014 IFRS 5 re-stated
	Notes		
<b>A) Cash flow from operating activities:</b>			
Profit (loss) before tax		(21,927)	27,798
Adjustments for:			
Amortization, depreciation and impairment losses		17,436	28,495
Reversal of share of profit (loss) of equity-accounted investees		1,163	2,041
Net gains from the sale of non-current assets		(9,857)	(20,447)
Change in employee benefits and other provisions		33,920	1,248
Stock options			83
Reversal of net finance costs and income		(2,387)	2,266
<b>Cash flow from operating activities before tax, finance income/costs and change in working capital</b>		<b>18,348</b>	<b>41,484</b>
<b>Change in working capital:</b>			
Inventories		(4,441)	4,197
Trade receivables		(3,727)	2,055
Trade payables		12,438	(11,576)
Other receivables/payables, prepayments and accrued income, accrued expense and deferred income		12,214	(12,105)
<b>Cash flow from operating activities before tax, finance income/costs</b>		<b>34,832</b>	<b>24,055</b>
Net finance costs paid		(1,614)	(258)
Dividends received		5,224	4,284
Taxes paid		(16,653)	(18,758)
		<b>(13,043)</b>	<b>(14,732)</b>
Cash flow from operating activities of discontinued operations		433,943	377,445
<b>Total A)</b>		<b>455,732</b>	<b>386,768</b>
<b>B) Cash flow used in investing activities:</b>			
Capital expenditure:			
PPE and investment property		(15,768)	(9,515)
Intangible assets		(6,784)	(5,245)
Financial assets (equity investments) net of cash acquisitions (*)		(12,304)	(14,342)
<b>Total capital expenditure</b>		<b>(34,856)</b>	<b>(29,102)</b>
Proceeds from sale of non-current assets and loan repayments		113,785	103,753
<b>Total sales</b>		<b>113,785</b>	<b>103,753</b>
Cash flow used in investing activities of sold operations		(227,936)	
Cash flow used in investing activities of discontinued operations		(302,673)	(495,118)
<b>Total B)</b>		<b>(451,680)</b>	<b>(420,467)</b>
<b>C) Cash flow from (used in) financing activities:</b>			
Change in financial liabilities		(20,754)	(112,393)
Change in financial assets		(56,674)	170,366
Change in current equity investments		1,057	(1,057)
Purchase of treasury shares		434	
Percentage change in interests in consolidated companies			77,675
Dividends paid		(11,694)	(7,360)
Other changes in equity		356	5,080
Cash flow from (used in) financing activities of discontinued operations		(136,490)	(20,167)
<b>Total C)</b>		<b>(223,765)</b>	<b>112,144</b>
<b>D) Translation differences and other changes</b>			
Translation differences and other changes		718	(630)
Translation differences and other changes relating to discontinued operations		10,723	44,083
<b>Total D)</b>		<b>11,441</b>	<b>43,453</b>
<b>E) Cash flows for the year</b>	<b>(A+B+C+D)</b>	<b>(208,272)</b>	<b>121,898</b>
<b>F) Cash and cash equivalents at beginning of the year</b>		<b>863,537</b>	<b>741,639</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(E+F)</b>	<b>655,265</b>	<b>863,537</b>
cash and cash equivalents at end of year relating to discontinued operations		537,092	
cash and cash equivalents at end of year relating to continuing operations	<b>13</b>	118,173	863,537
(*) cash and cash equivalents from acquired and consolidated companies			

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

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## Notes

The consolidated financial statements of Italmobiliare S.p.A. as at and for the year ended December 31, 2015 were approved by the Board of Directors on March 3, 2016. At the meeting, the Board authorized publication of a press release dated March 3, 2016, 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 legal 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 (with both continuing and discontinued operations), food packaging, finance, banking (with both continuing and discontinued operations) and other minor segments.

## Accounting policies

These consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2015 as endorsed by the European Union, and with the dispositions for enactment of article 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 IFRIC.

The Italian laws that enact EEC Directives IV and VII also apply, where compatible, to companies that draw up financial statements in accordance with 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, the legally-required audit and the publication of the financial statements. The consolidated 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 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, 2015, that had not been endorsed by the European Union at that date.

Since January 1, 2015, the Group has adopted the new standards and changes described below, including the changes arising therefrom applied to other standards.

- "Annual improvements cycle 2011-2013". The changes introduced constitute clarifications, corrections (IFRS 3 "Business combinations" and IFRS 13 "Fair value measurement") and involve changes in current requirements or provide additional indications regarding application (IAS 40 "Investment property").
- IFRIC 21 "Levies". The interpretation indicates that levies are to be recognized only when the obligating event specified by law that generates the liability occurs.

Application of the above standards, amendments and interpretations did not have a material impact on the Group financial statements.

As from January 1, 2015, with regard to the application by the Group of IAS 16 "Property, plant and equipment", attention is drawn to the fact that in the discontinued construction materials segment the list of the components and

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the useful lives of industrial assets has been updated to reflect technological developments and the benefits expected to accrue from use of the assets in question.

The discontinued construction materials segment has also amended the accounting treatment of the French tax "*Cotisation sur la valeur ajoutée des entreprises*" (CVAE), which has been classified under other income tax rather than under operating tax expense. For comparative purposes, the income statement of the previous period has been re-stated accordingly.

### Standards and interpretations to come into force in 2016

- Amendments to IAS 19 "Employee benefits" with regard to "Defined benefit plans: employee contributions; the amendments are designed to simplify and clarify the accounting treatment of employee or third-party contributions relating to defined benefit plans.
- "Annual improvements cycle 2010-2012". The changes to IFRS 8 "Operating segments", IFRS 13 "Fair value measurement", IAS 16 "Property, plant and equipment", IAS 24 "Related party disclosures" and IAS 38 "Intangible assets" set out clarifications or corrections to the current texts. The changes to IFRS 2 "Share-based payment" and IFRS 3 "Business combinations" involve changes to current requirements or provide additional indications regarding application.
- Changes to IAS 1 "Presentation of financial statements" in connection with the "Disclosure initiative" to improve disclosure effectiveness and encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The changes to IAS 1 have necessitated adjustments to IAS 34 "Interim financial reporting" and IFRS 7 "Financial instruments: disclosures" to ensure consistency among the various standards.
- "Annual improvements cycle 2012-2014". The changes to IFRS 5 "Non-current assets held for sale and discontinued operations", the afore mentioned IAS 34 and IFRS 7, IFRS 1 "First-time adoption of International Financial Reporting Standards" and IAS 19 are part of the normal rationalization measures designed to eliminate inconsistencies or provide terminological clarifications.
- Changes to IAS 27 "Separate financial statements" entitled "Equity method in separate financial statements" to permit application of the equity method to investments in subsidiaries, joint ventures and associates in separate financial statements. These changes, which also necessitated adjustments to IFRS 1 and IAS 28 "Investments in associates and joint ventures", contain references to IFRS 9 "Financial instruments", which currently cannot be applied since IFRS 9 has not yet been endorsed by the European Union. Consequently, any reference to IFRS 9 must be read as a reference to IAS 39 "Financial instruments: recognition and measurement".
- Changes to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" entitled "Agriculture: bearer plants" with related changes to a number of other standards.
- Amendments to IAS 16 and IAS 38 "Intangible assets" entitled "Clarification of acceptable methods of depreciation and amortization", in which methods based on revenue are described as inappropriate.
- Amendments to IFRS 11 "Joint arrangements" concerning "Accounting for acquisitions of interests in joint operations", with new indications regarding accounting treatment.

The above new standards or changes are not expected to have material impacts on the Group consolidated financial statements.



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## Standards and interpretations published by the IASB and the IFRIC at December 31, 2015, but not endorsed by the European Union at that date

- IFRS 9 "Financial instruments".
- IFRS 14 "Regulatory Deferral Accounts", for which the European Commission has not yet begun the approval process, pending issue of the definitive standard.
- IFRS 15 "Revenue from contracts with customers".
- IFRS 16 "Leases".
- Changes to IFRS 10 "Consolidated financial statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28 with the title "Investment entities - applying the consolidation exception".
- Changes to IFRS 10 and IAS 28 with the title "Sale or contribution of assets between an investor and its associate or joint venture".

## Measurement criteria and basis of presentation

The consolidated financial statements 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 year, while the second statement, beginning with the profit (loss) for the year, 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, 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 IFRS requires management to make discretionary 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.

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Since the Italmobiliare Group applies IAS 34 “Interim financial reporting” to its interim reports, with consequent identification of a six-month interim period, any impairment losses are recorded at period end.

## **Basis of consolidation**

The consolidated financial statements are based on the financial statements as at and for the year ended December 31, 2015 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 is exposed to variable returns, or holds rights to such returns, by virtue of its relationship with the companies in question, and simultaneously has the ability to affect such returns by exercising its power.

The Group ascertains the existence of control on the basis of the existence of three elements:

- power: the current ability of the Group, arising from substantial rights, to determine the key operations of operations that have a material impact on the company's returns;
- the exposure of the Group to the variability of the returns of the investee;
- correlation between power and returns, the Group has the ability to exercise its power to affect the returns arising from the relationship.

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. Investments in associates are measured using the equity method, whereby they are recognized initially at cost, and subsequently adjusted to reflect changes in the value of 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 line item from the date at which the Group exerts significant influence until it relinquishes such influence.

## **Joint arrangements**

A joint arrangement is a contractual arrangement that attributes joint control of the arrangement to two or more parties.

A joint arrangement may be a “joint operation” or a “joint venture”.

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## Joint operations

A joint operation is a joint arrangement in which a Group company, together with other parties who hold joint control, has rights to the assets and obligations for the liabilities to which the arrangement refers; the parties are called joint operators.

With regard to recognition in the consolidated and separate financial statements, the joint operator recognizes, in relation to its interest, its assets and liabilities, including its share of assets held jointly and liabilities incurred jointly, its revenue and expense relating to its part of the output and its share of the revenue and expense relating to the output obtained jointly.

A party to a joint operation that does not hold joint control recognizes its interest in the arrangement as illustrated in the previous paragraph if it has rights to the assets and obligations for the liabilities relating to the joint operation.

## Joint ventures

Joint ventures are companies regarding which the Group has entered into a joint arrangement giving it rights to the net assets of the arrangement.

Joint ventures are accounted for with the equity method, except in cases when there is evidence that the interest has been acquired and is held with the intention of selling it within twelve months of purchase and that the Group is actively seeking a buyer.

Furthermore, if the Group has an interest in a joint venture without holding joint control, since such control is held by other parties, the joint venture is accounted for in accordance with:

- IAS 28, if significant influence is exercised;
- IAS 39, in the case of a simple financial asset.

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 in full. 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 in respect of third parties deriving from transactions with associates are eliminated against the equity investment carrying amount. 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 consolidated companies, proportionately consolidated companies and companies consolidated using 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 will be 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.

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In the consolidated income statement, profit (loss) relating to discontinued operations, together with fair value gains (losses) less costs to sell and profit or loss arising from the sale of the operation, are reflected in a single item separately from profit (loss) relating to continuing operations.

Cash flows relating to discontinued operations are shown separately in the statement of cash flows.

A similar disclosure is also presented for the comparative period.

## **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 using 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 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, and
- the net amount of identifiable assets acquired and liabilities assumed at the acquisition date.

Negative differences are recognized immediately in profit or loss.

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 profit or loss.

## **Purchase of non-controlling interests**

Acquisitions of additional shares after acquisition of control do not require re-determination of identifiable asset and liability amounts. 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 owners of the parent.

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## 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 acquisition amount as a liability, since the amount in question is the present value of the put option exercise price.

The complementary acquisition of non-controlling interests with put options is recognized 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 carrying amount of the non-controlling interests is recognized under equity attributable to owners of the parent;
- subsequent changes in liabilities are recognized under equity attributable to owners of the parent with the exception of adjustments to the present value, which are taken to profit or loss.

## Transactions in currencies other than the functional currency

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

## Transactions in currencies other than the functional currency

Foreign currency transactions are initially translated into the functional currency using the exchange rate at the transaction date. At the reporting date, foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. Exchange-rate gains and losses are taken to profit or loss.

Non-monetary foreign currency assets and liabilities measured 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.

## Translation of the financial statements of foreign operations

At the end 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 such date. Income statement items are translated at the average rate for the year. Gains and losses arising from the translation of opening equity at the closing rates and those arising from the different method used to translate profit or loss for the year are recognized in a specific equity item. In the event of subsequent disposal of a foreign operation, the cumulative translation differences are taken to profit or loss.

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 profit or loss 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 where necessary within the following twelve months.

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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 carrying amount of the replaced component is eliminated with a balancing entry in profit and loss.

## **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 year 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.

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## 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 through 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 any gain or loss arising from the transaction.

## Intangible assets

Intangible assets acquired 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.

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 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 suitable 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 profit or loss.

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 or 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 profit or loss.

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



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discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to profit or loss. Impairment losses are recognized when there is objective evidence that one or more events subsequent to initial recognition of an asset have had a negative effect on the estimated future cash flows of that 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, 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 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 profit or loss. The two thresholds are considered separately and only one threshold needs to be reached for an impairment loss to be recognized:

- loss of market value of more than 60% for bank stocks (35% for non-bank stocks) of the original cost at the reporting date;
- a market value seen to be continually lower than original cost over a period of three years for bank stocks (two years for non-bank stocks).

With regard to assets on which impairment losses were recognized in previous periods, additional losses are automatically recognized as impairment losses.

Subsequent reversals losses of /(impairment losses) on available-for-sale assets recognized in profit or loss are not taken to profit or loss 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 write-down off 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 non-current assets**

Trade receivables and other non-current assets are initially recognized at fair value plus transaction costs, and subsequently measured at amortized cost less allowances for impairment, which are provided as doubtful debts are identified.

Allowances for impairment losses on trade receivables are determined in accordance with Group procedures. The calculation takes account of bank guarantees and collateral provided. At the end of the reporting period, the Group companies conduct a customer-by-customer analysis of doubtful overdue receivables and, accordingly, adjust the carrying amount of overdue receivables that present risks accordingly.



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## 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 statement of cash flows 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 an 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 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 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.

## Employment termination plans

Employment termination plans include provisions for restructuring costs recognized when the Group company in question has approved a detailed formal plan that has already been implemented or notified to the third parties concerned.

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## 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 years 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 year.

Actuarial gains and losses are recognized immediately under other comprehensive income (expense).

Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service benefits) and to early retirement benefits are recognized in profit or loss immediately.

## Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized in profit or loss for the year, as are costs that vest immediately upon changes to a plan.

## Curtailment and settlement

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized as profit or loss 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.

## Net finance cost

Net finance cost on defined benefit plans consists of the following measurements:

- finance costs computed on the present value of the defined benefit plan liability;
- finance income arising from measurement of the plan assets;
- finance costs or income arising from any limits on recognition of plan surpluses.

Net finance cost is determined by applying the discount rate adopted at the beginning of the year to all the above items to measure the defined benefit plan obligation.

Net finance costs on defined benefit plans are recognized under finance income/(cost) on the income statement.

## 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 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 at the grant date 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 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

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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 in profit or loss for the year in which the change occurs.

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 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 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 finance 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 cost and revenue matching principle.

### Interest income

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

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## 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 finance 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 non-current assets (grants related to assets) are recognized as deferred income and taken to profit or loss 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 counterparty 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 or 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 derivative and on the underlying item are taken to profit or loss.

For hedged items measured at amortized cost, the carrying adjustment is amortized through profit or 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 or 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.

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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 profit or loss. Fair value changes of a hedged instrument are also taken to profit or 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 or loss. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized under comprehensive income (expense), while the non-effective component is recognized in profit or loss.

Amounts deferred in equity are transferred to profit or loss when the hedged transaction affects profit or 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 profit or loss. 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 profit or loss.

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 or loss. On disposal of the foreign operation, the cumulative gain or loss recognized in equity is taken to profit or loss.

## 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, except when such goodwill is tax deductible;
- 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 reversed.
- Deferred tax assets are reviewed at each reporting date 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 in profit or loss.

Deferred tax assets and deferred tax liabilities are not discounted to present value.

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## 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 assets. 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 planned 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 and purchase/sell equity investments.

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## Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

Currencies	Average rate		Closing rate	
	2015	2014	December 31, 2015	December 31, 2014
Thai baht	38.02781	43.14687	39.24800	39.91000
Ghanian cedi	4.12364		4.13096	
Czech crown	27.27918	27.53586	27.02300	27.73500
Swedish crown	9.35346	9.09852	9.18950	9.39300
Gambian dalasi	46.71636	54.91143	43.45000	54.67090
Kuwaiti dinar	0.33397	0.37804	0.33052	0.35558
Libyan dinar	1.51826	1.64626	1.51012	1.45389
Serbian dinar	120.68668	117.23088	121.45100	121.12200
UAE dirham	4.07334	4.87957	3.99662	4.45942
Moroccan dirham	10.81397	11.16302	10.78810	10.98020
Australian dollar	1.47766	1.47188	1.48970	1.48290
Canadian dollar	1.41856	1.46614	1.51160	1.40630
US dollar	1.10951	1.32850	1.08870	1.21410
Hungarian florin	309.99563	308.70612	315.98000	315.54000
Swiss franc	1.06786	1.21462	1.08350	1.20240
Ukrainian hryvnia	24.28141	15.86431	26.15870	19.20600
Croatian kuna	7.61370	7.63442	7.63800	7.65800
Albanian lek	139.68217	139.95452	137.02000	140.09500
Moldavian leu	20.87194	18.61587	21.40220	18.95840
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Egyptian pound	8.55177	9.41554	8.52049	8.68519
Syrian lira	237.24573	203.69370	239.46000	218.88600
Bosnian mark	1.95583	1.95583	1.95583	1.95583
Mozambican metical	42.32918	40.71317	49.12210	38.43840
New Turkish lira	3.02546	2.90650	3.17650	2.83200
New Romanian leu	4.44541	4.44372	4.52400	4.48280
Mauritanian ouguiya	360.16988	401.62913	369.86900	380.52300
Mexican peso	17.61573	17.65504	18.91450	17.86790
Brazilian real	3.70044	3.12113	4.31170	3.22070
Chinese renminbi	6.97333	8.18575	7.06080	7.53580
Qatar riyal	4.03903	4.83737	3.96287	4.42155
Saudi riyal	4.16202	4.98307	4.08624	4.55733
Russian ruble	68.07203	50.95184	80.67360	72.33700
Indian rupee	71.19561	81.04062	72.02150	76.71900
Sri Lankan rupee	150.93086	173.48069	156.99200	159.34700
Pound sterling	0.72585	0.80612	0.73395	0.77890
Kazakh tenge	247.33694	238.15509	370.34900	221.46000
Japanese yen	134.31402	140.30612	131.07000	145.23000
Polish zloty	4.18412	4.18426	4.26390	4.27320

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.



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## Significant events and changes in the scope of consolidation

As disclosed in the 2015 interim report, as a consequence of the agreement signed with HeidelbergCement on July 28, 2015, the construction materials segment at December 31, 2015 has been accounted for in accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”.

With regard to the scope of the assets and liabilities in the “disposal group” classified as held for sale in accordance with IFRS 5, the agreement with HeidelbergCement envisages that such scope include all the assets and liabilities of Italcementi with the exception of the following non-core assets:

- Italgel S.p.A.;
- BravoSolution S.p.A.;
- some properties in Rome.

These non-core assets will be sold at a pre-established price by Italcementi to the parent Italmobiliare, before the parent transfers its entire controlling equity investment in Italcementi to HeidelbergCement. Consequently, the above non-core assets remain as continuing operations of the Italmobiliare Group and are consolidated on a line-by-line basis.

This method has had material impacts, in particular on the presentation of the consolidated financial statements as at and for the year ended December 31, 2015, since the assets and liabilities classified as held for sale and subject to application of IFRS 5 are no longer consolidated on a line-by-line basis; instead:

- the consolidated statement of financial position presents separate specific line items for the assets and, respectively, the liabilities included in the “disposal group” classified as held for sale;
- on the income statement, the overall profit (loss) for the year attributable to the “disposal group” classified as held for sale is presented under a specific line item (“Profit (loss) relating to discontinued operations, net of tax effects”) separately from the profit (loss) relating to continuing operations;
- on the statement of cash flows, cash flow from (used in) operating activities relating to discontinued operations, cash flow used in investing activities relating to sold and discontinued operations and cash flow from (used in) financing activities relating to discontinued operations are shown separately from cash flows relating to continuing operations.

IFRS 5 also envisages specific measurement criteria for profit or loss and the assets and liabilities in the “disposal group” and a specific disclosure.

With regard to the measurement criteria for the “disposal group” classified as held for sale, IFRS 5 requires the entire “discontinued group” to be recognized at the lower of carrying amount and fair value less costs to sell.

In this specific case, fair value less costs to sell was determined with reference to the sale price for the entire Italcementi equity investment in Heidelberg Cement, adjusted to take account of the acquisition of the above-mentioned non-core assets and the amount of the costs to sell.

Application of IFRS 5 also extends to goodwill of 34.3 million euro relating to Italcementi recognized in the Italmobiliare consolidated financial statements, which is included in the overall carrying amount of the “disposal group”. Therefore, impairment testing of goodwill in accordance with IAS 36 is no longer necessary, since IAS 36 does not apply to the “disposal group”, which is treated as required by IFRS 5 (under which the overall carrying amount of the “disposal group” may not exceed its fair value less costs to sell).

The application of IFRS 5 also involved the re-statement of the results of operations and equity of the disposal Italcementi group at December 31, 2015 in connection with the suspension, for the period October 1 – December 31, 2015, of amortization and depreciation and of impairment losses on the non-current assets in the disposal group net of the tax effect. The date October 1, 2015, refers to the first presentation of the figures of the Italcementi group as a discontinued operation, on the quarterly closure at September 30, 2015.

This generated a positive change in Italcementi results of operations and equity for an overall amount of 105 million euro (of which 93.8 million euro attributable to owners of the parent and 11.2 million euro to non-controlling interests).



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The overall amount of Italcementi group equity relating to the “disposal group”, attributable to Italmobiliare, plus goodwill relating to Italcementi recognized in the Italmobiliare consolidated financial statements and adjusted for suspension of amortization, depreciation and impairment losses as described above, generated a “discontinued carrying amount of the disposal group” of 1,418 million euro at December 31, 2015, with respect to a fair value less costs to sell of 1,452 million euro.

Since fair value (less costs to sell) is higher than the carrying amount, it was not necessary to adjust the carrying amount in the Italmobiliare consolidated financial statements.

On September 3, 2015, an agreement was signed for the sale of the subsidiary Finter Bank Zurich to the Swiss group Vontobel Holding AG. The sale took place on September 30, 2015. This operation too has been classified as a discontinued operation in accordance with IFRS 5; consequently, the related profit or loss, including the gain realized on the sale, is presented in a single line item of the income statement (“Profit (loss) relating to discontinued operations, net of the tax effect”) separately from profit (loss) relating to continuing operations.

For both operations described above, the income statement, the statement of comprehensive income and the statement of cash flows presented for comparative purposes have been re-stated to present the discontinued operations separately from continuing operations.

The classification of assets and liabilities held for sale under a single line item on the statement of financial position in compliance with IFRS 5 was not applied to the balances at December 31, 2014; consequently, the individual line items of the statement of financial position are not comparable.

## Changes in the scope of consolidation

The main changes with respect to December 31, 2014 are as follows:

- the establishment of BravoSolution Nordics OY (Finland), consolidated on a line-by-line basis, as part of the BravoSolution e-business group;
- the sale of the equity investment Finter Bank Zurigo (Switzerland), as illustrated in the previous section;
- the sale of the equity investment in Sirap Gema Insulation S.r.l. (Italy), which operated in thermal insulation.

The following transactions also took place in the scope of consolidation:

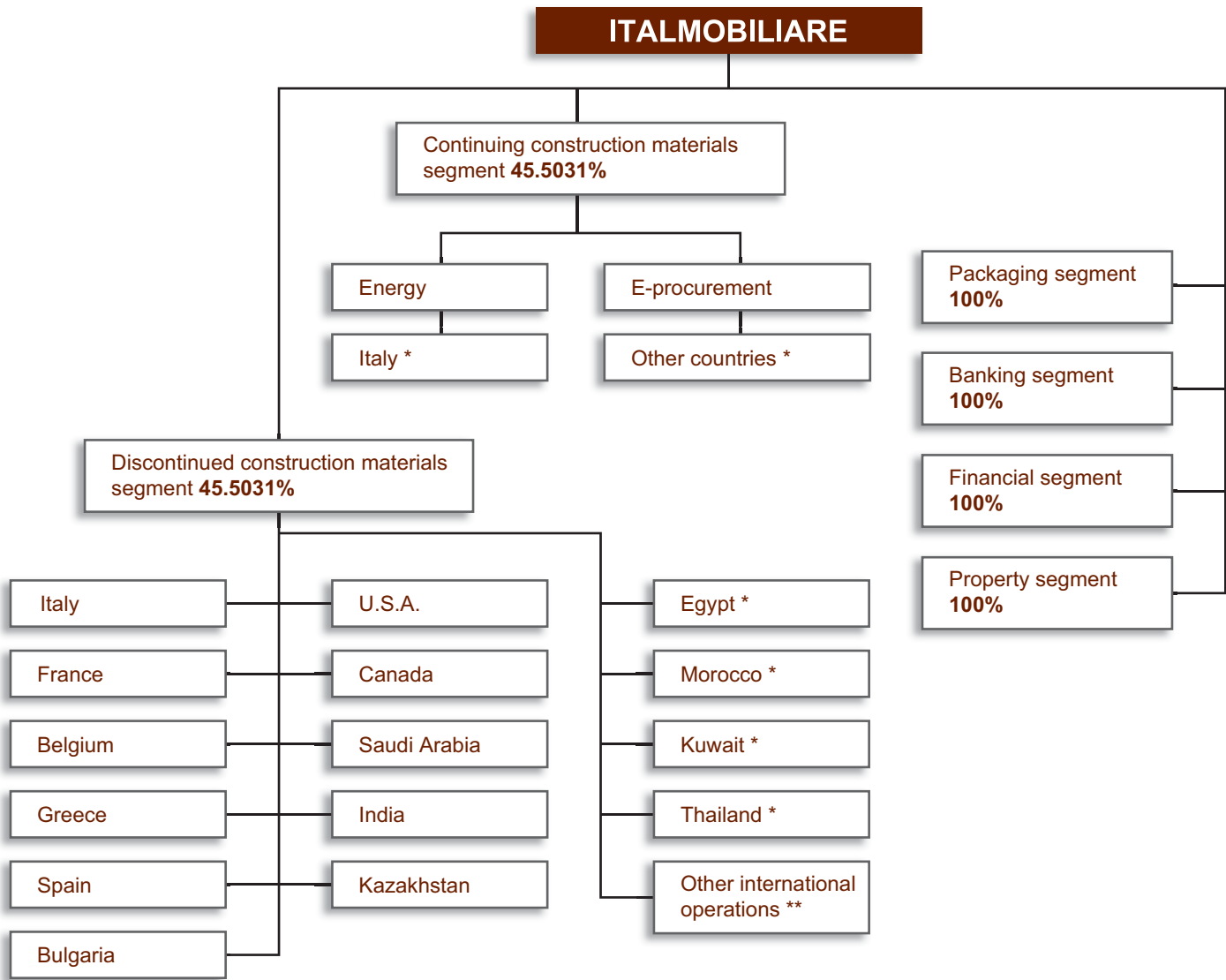
- the upstream merger of Société de Participations Financières (Luxembourg) into and with Franco Tosi S.r.l. (Italy);
- the spin-off of the general services and information technology operations from the subsidiary Franco Tosi to the newly established Italmobiliare Servizi s.r.l. (Italy), a wholly owned subsidiary of the parent.

The following changes took place in the scope of consolidation in the discontinued construction materials segment:

- two small companies purchased in the aggregates segment in France and consolidated on a line-by-line basis starting from the first quarter: Dragages du Port de St Leger and Garonne Labo;
- the Teracem Ltd. company (Ghana), a terminal operating, in the cement and clinker trading segment, consolidated on a line-by-line basis.

Subsidiaries with non-controlling interests

The chart below illustrates the structure of the Italmobiliare group:



\* countries with non-controlling interests  
\*\* the segment also operates in Mauritania, Albania, Gambia, Sri Lanka and Mozambique

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The parent Italmobiliare S.p.A. controls Italcementi S.p.A. with 45.5031% of ordinary shares (net of treasury shares). Consequently, significant non-controlling interests exist directly with reference to Italcementi S.p.A. and indirectly to Italcementi S.p.A.'s subsidiaries. Key financial data and the results of operations of the Italcementi sub-group are set out below, including the data of the BravoSolution and Italgem groups, which are not discontinued.

	Italcementi group	
	2015	2014
(in millions of euro)		
Revenue	4,301.6	4,155.6
Loss for the year	(69.3)	(48.9)
Profit attributable to non-controlling interests of the Italcementi group	50.7	58.2
Loss attributable to non-controlling interests of the Italmobiliare group	(14.7)	(0.2)
Total comprehensive income	22.2	143.1
Total comprehensive income attributable to non-controlling interests of the Italcementi group	62.6	120.5
<b>Total comprehensive income attributable to non-controlling interests of the Italmobiliare group</b>	<b>40.6</b>	<b>132.8</b>
Non-current assets	6,264.5	6,422.4
Current assets	2,343.7	2,261.1
Non-current liabilities	(2,858.3)	(3,053.7)
Current liabilities	(1,950.1)	(1,738.8)
Net assets	3,799.8	3,891.0
Net assets attributable to non-controlling interests of the Italcementi group	790.7	808.2
<b>Net assets attributable to non-controlling interests of the Italmobiliare group</b>	<b>2,430.6</b>	<b>2,488.2</b>
Dividends paid	107.9	81.6
Dividends paid attributable to non-controlling interests of the Italcementi group	76.8	64.9
<b>Dividends paid attributable to non-controlling interests of the Italmobiliare group</b>	<b>93.7</b>	<b>74.0</b>

In the Italcementi group, there are material non-controlling interests in the following countries:

- Egypt: Suez Cement Company, Tourah PCC, Helwan Cement Co. and Al Mahaliya Ready Mix Concrete;
- Morocco: Ciments du Maroc;
- Thailand: Asia Cement Public Co., Asia Cement Products Co., Jalaprathan Cement Public Co. and Jalaprathan Concrete Products Co.

The table below sets out key figures for the countries with material non-controlling interests:

	Egypt		Morocco		Thailand	
	2015	2014	2015	2014	2015	2014
(in millions of euro)						
Revenue	580.7	588.8	345.3	309.3	303.6	271.1
Profit (loss) for the year	(13.0)	35.9	120.9	84.2	43.5	39.0
Profit (loss) attributable to non-controlling interests of the Italcementi group	(7.5)	18.3	42.9	29.1	20.6	18.4
Profit (loss) attributable to non-controlling interests of the Italmobiliare group	(10.5)	27.9	94.9	65.8	38.6	34.6
Total comprehensive income	4.2	126.2	131.8	99.6	48.4	83.5
Total comprehensive income attributable to non-controlling interests of the Italcementi group	0.2	59.2	46.1	33.8	22.2	34.1
<b>Total comprehensive income attributable to non-controlling interests of the Italmobiliare group</b>	<b>2.4</b>	<b>95.7</b>	<b>103.2</b>	<b>77.6</b>	<b>42.8</b>	<b>73.0</b>
Non-current assets	963.9	950.2	655.4	644.2	262.8	268.0
Current assets	276.6	350.6	229.2	222.9	234.2	213.7
Non-current liabilities	(97.2)	(94.3)	(31.3)	(36.1)	(11.7)	(10.1)
Current liabilities	(234.5)	(245.5)	(103.6)	(90.1)	(57.6)	(71.7)
Net assets	908.8	961.0	749.7	740.9	427.7	399.9
Net assets attributable to non-controlling interests of the Italcementi group	351.3	380.2	232.8	233.7	156.5	143.7
<b>Net assets attributable to non-controlling interests of the Italmobiliare group</b>	<b>655.1</b>	<b>696.7</b>	<b>577.1</b>	<b>571.5</b>	<b>370.0</b>	<b>345.4</b>
Dividends paid	56.1	53.5	103.8	82.6	20.5	10.3
Dividends paid to non-controlling interests of the Italcementi group	27.9	27.8	39.7	22.7	9.4	4.7
<b>Dividends paid to non-controlling interests of the Italmobiliare group</b>	<b>43.3</b>	<b>41.8</b>	<b>82.4</b>	<b>62.6</b>	<b>18.1</b>	<b>9.1</b>

## Joint operations

The Italcementi group has a limited number of joint arrangements relating to several entities in France, one in Belgium and one in Spain. These arrangements, whose value is immaterial, largely refer to quarrying operations in the aggregates segment (a sub-segment of the construction materials segment).

The table below sets out the main aggregate figures for the share reflected in the Group consolidated financial statements:

	December 31, 2015	December 31, 2014
(in millions of euro)		
Current assets	6.5	14.2
Non-current assets	40.1	59.6
<b>Total assets</b>	<b>46.6</b>	<b>73.8</b>
Current liabilities	10.5	32.7
Non-current liabilities	5.4	18.7
<b>Total liabilities</b>	<b>15.9</b>	<b>51.4</b>
	<b>2015</b>	<b>2014</b>
Revenue	7.3	16.0
Expense	(7.6)	(15.3)
<b>Profit (loss) for the year</b>	<b>(0.3)</b>	<b>0.7</b>

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## Operating segment disclosure

The businesses in which the Group operates that constitute its reportable segments as required by IFRS 8 are: continuing construction materials segment (energy and e-procurement), other industrial segments (packaging), financial segment, continuing banking segment, and property, services and 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 segments: European Union, Other European countries, Other countries.

"Other countries" corresponds to the BravoSolution group operating in the e-procurement segment.

See note 37 for the segment disclosure relating to the discontinued operations in the construction materials segment and the sold operations in the banking segment.

## Operating segment disclosure

The table below sets out segment revenue and performance for 2015:

	Revenue	Intragroup sales	Contribution revenue	Recurring gross operating profit (loss)	Gross operating profit (loss)	Operating profit (loss)	Finance income (costs)	Impairment losses on financial assets	Share of profit (loss) of equity-accounted investees	Profit (loss) before tax	Income tax expense	Profit (loss) for the year
(in thousands of euro)												
Construction materials continuing operations	138,368		138,368	22,210	22,219	12,735			(361)			
Packaging and insulation	233,808		233,808	20,910	(7,667)	(14,848)						
Finance	95,168	(67,179)	27,989	56,135	49,715	49,466		(457)	(1,229)			
Banking continuing operations	1,582		1,582	463	464	399						
Property, services and other	239	(17)	222	(229)	(227)	(229)						
Unallocated items and adjustments	(67,196)	67,196		(66,514)	(66,491)	(66,489)	(914)			(21,927)	(4,218)	(26,145)
<b>Total</b>	<b>401,969</b>		<b>401,969</b>	<b>32,975</b>	<b>(1,987)</b>	<b>(18,966)</b>	<b>(914)</b>	<b>(457)</b>	<b>(1,590)</b>	<b>(21,927)</b>	<b>(4,218)</b>	<b>(26,145)</b>
Construction materials discontinued operations	4,163,272		4,163,272	614,065	561,804	135,676	(129,812)		14,502	20,366	(96,182)	(75,816)
Banking discontinued operations	10,193		10,193	(331)	3,296	3,180	(22)			3,158	72	3,230
Reversal of amortization, depreciation and impairment losses in the construction materials segment discontinued operations						132,330				132,330	(27,336)	104,994
Gain in banking segment discontinued operations												48,524
<b>Total</b>	<b>4,575,434</b>		<b>4,575,434</b>	<b>646,709</b>	<b>563,113</b>	<b>252,220</b>	<b>(130,748)</b>	<b>(457)</b>	<b>12,912</b>	<b>133,927</b>	<b>(127,664)</b>	<b>54,787</b>

The table below sets out segment revenue and performance for 2014:

	Revenue	Intragroup sales	Contributive revenue	Recurring gross operating profit (loss)	Gross operating profit (loss)	Operating profit (loss)	Finance income (costs)	Impairment losses on financial assets	Share of profit (loss) of equity-accounted investees	Profit (loss) before tax	Income tax expense	Profit (loss) for the year
(in thousands of euro)												
Construction materials continuing operations	131,567		131,567	31,559	31,023	22,288			(462)			
Packaging and insulation	235,735	(7)	235,728	20,345	19,058	7,255						
Finance	63,683	(18,060)	45,623	30,982	30,976	30,637		(7,028)	(1,336)			
Banking continuing operations	1,604		1,604	516	525	462						
Property, services and other	1,766	(1,004)	762	240	40	27						
Unallocated items and adjustments	(19,071)	19,071		(17,235)	(17,379)	(17,294)	(6,751)			27,798	(15,360)	12,438
<b>Total</b>	<b>415,284</b>		<b>415,284</b>	<b>66,407</b>	<b>64,243</b>	<b>43,375</b>	<b>(6,751)</b>	<b>(7,028)</b>	<b>(1,798)</b>	<b>27,798</b>	<b>(15,360)</b>	<b>12,438</b>
Construction materials discontinued operations	4,024,074		4,024,074	617,578	613,147	204,417	(137,796)	(26,844)	12,157	51,934	(111,376)	(59,442)
Banking discontinued operations	18,028		18,028	(2,942)	(2,039)	(3,167)	(8)			(3,175)	68	(3,107)
Reversal amortization, depreciation and impairment losses in the construction materials segment discontinued operations												
Gain in disposal banking segment												
<b>Total</b>	<b>4,457,386</b>		<b>4,457,386</b>	<b>681,043</b>	<b>675,351</b>	<b>244,625</b>	<b>(144,555)</b>	<b>(33,872)</b>	<b>10,359</b>	<b>76,557</b>	<b>(126,668)</b>	<b>(50,111)</b>

The table below sets out other segment data at December 31, 2015:

	December 31, 2015		December 31, 2015			
	Total assets	Total liabilities	PPE, inv. prop. and intangibles	Non-current financial assets	Amortization and depreciation	Impairment losses on non-current assets
(in thousands of euro)						
Construction materials continuing operations	142,485	103,611	12,657	185	(9,485)	
Packaging and insulation	190,848	180,881	10,680	250	(9,948)	2,770
Finance	1,303,807	191,185	97	9,172	(249)	
Banking-continuing operations	13,376	7,515	210		(65)	
Property, services and other	2,474	943	166		(2)	
Inter segment eliminations	(726,555)	(21,254)				
<b>Total</b>	<b>926,435</b>	<b>462,881</b>	<b>23,810</b>	<b>9,607</b>	<b>(19,749)</b>	<b>2,770</b>
From assets held for sale	8,598,004	4,732,083				
	<b>9,524,439</b>	<b>5,194,964</b>				

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The table below sets out other segment data at December 31, 2014:

	December 31, 2014		December 31, 2014			
	Total assets	Total liabilities	PPE, inv. prop. and intangibles	Non-current financial assets	Amortization and depreciation	Impairment losses on non-current assets
(in thousands of euro)						
Construction materials	8,683,549	4,792,568	7,894	476	(8,736)	
Packaging and insulation	206,512	194,304	6,444		(10,826)	(977)
Finance	1,231,979	185,284	52	13,535	(339)	
Banking	366,659	313,164	3		(63)	
Property, services and other	3,731	1,416	15		(13)	
Inter segment eliminations	(768,455)	(49,141)			86	
<b>Total</b>	<b>9,723,975</b>	<b>5,437,595</b>	<b>14,408</b>	<b>14,011</b>	<b>(19,891)</b>	<b>(977)</b>
From assets held for sale						
	<b>9,723,975</b>	<b>5,437,595</b>				

## Additional disclosure by geographical segment

	Contributive revenue		PPE, investment property and intangible assets		Non-current financial assets		Total assets		Total liabilities	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
(in thousands of euro)										
European Union	308,271	330,401	16,906	9,104	420	14,011	864,778	7,438,872	406,182	2,883,342
Other European countries	14,060	13,841	170	9	9,172		6,114	358,500	4,301	309,664
North America								1,161,086		635,708
Asia and Middle East								1,189,164		433,342
Africa								2,169,062		466,087
Other	79,638	71,042	6,734	5,295	15		92,569	5,498,572	54,534	3,616,344
Inter segment eliminations							(37,026)	(8,091,281)	(2,136)	(2,906,892)
<b>Total</b>	<b>401,969</b>	<b>415,284</b>	<b>23,810</b>	<b>14,408</b>	<b>9,607</b>	<b>14,011</b>	<b>926,435</b>	<b>9,723,975</b>	<b>462,881</b>	<b>5,437,595</b>
From assets held for sale							8,598,004		4,732,083	
	<b>401,969</b>	<b>415,284</b>	<b>23,810</b>	<b>14,408</b>	<b>9,607</b>	<b>14,011</b>	<b>9,524,439</b>	<b>9,723,975</b>	<b>5,194,964</b>	<b>5,437,595</b>

## Assets

### Non-current assets

#### 1) Property, plant and equipment

	Land and buildings	Quarries	Technical plant, materials and equipment	Other property, plant and equipment	Total
(in thousands of euro)					
Gross amount	2,327,572	649,666	8,251,195	1,061,756	12,290,189
Accumulated depreciation	(1,280,646)	(276,995)	(6,023,075)	(442,865)	(8,023,581)
<b>Carrying amount at December 31, 2014</b>	<b>1,046,926</b>	<b>372,671</b>	<b>2,228,120</b>	<b>618,891</b>	<b>4,266,608</b>
Additions	2,388		8,381	6,257	17,026
Change in scope of consolidation, reclassifications and other	(6,715)		(10,006)	(617)	(17,338)
Disposals	(3)		(470)	(36)	(509)
Depreciation and impairment losses	(1,624)		(7,123)	(1,126)	(9,873)
Translation differences	52		23	269	344
Reclassification to assets held for sale	(990,271)	(372,671)	(2,159,193)	(602,885)	(4,125,020)
<b>Carrying amount at December 31, 2015</b>	<b>50,753</b>		<b>59,732</b>	<b>20,753</b>	<b>131,238</b>
Gross amount	81,337		198,720	52,307	332,364
Accumulated depreciation	(30,584)		(138,988)	(31,554)	(201,126)
<b>Carrying amount at December 31, 2015</b>	<b>50,753</b>		<b>59,732</b>	<b>20,753</b>	<b>131,238</b>

Additions were mainly in Italy, France and Poland.

“Depreciation and impairment losses” includes reversals of impairment losses of 2,770 thousand euro (impairment losses of 8,700 thousand euro in 2014) on non-current assets arising from the purchase at favorable conditions of the assets of Vittembal Société Industrielle, which were taken to Sirap Remoulins S.a.s..

Non-current assets held under finance leases and rental contracts were carried at 747 thousand euro at December 31, 2015 (6,200 thousand euro at December 31, 2014). They consisted solely of buildings.

No expense was capitalized under “Property, plant and equipment” at December 31, 2015 (39,000 thousand euro at December 31, 2014).

No finance costs were capitalized in 2015 (4,900 thousand euro in 2014).

Non-current assets pledged as security for bank loans were zero at December 31, 2015 (224,400 thousand euro at December 31, 2014).

“Other property, plant and equipment” includes assets under construction for 17,218 thousand euro, of which in Italy for 16,926 thousand euro.



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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	88,029
Accumulated depreciation	(59,565)
<b>Carrying amount at December 31, 2014</b>	<b>28,464</b>
Depreciation and impairment losses	(169)
Reclassifications and other changes	872
Reclassification to assets held for sale	(22,657)
<b>Carrying amount at December 31, 2015</b>	<b>6,510</b>
Gross amount	10,603
Accumulated depreciation	(4,093)
<b>Carrying amount at December 31, 2015</b>	<b>6,510</b>

Investment property is carried at amortized cost.

Fair value at December 31, 2015 was 10,348 thousand euro (84,700 thousand euro at December 31, 2014).

## 3) Goodwill

(in thousands of euro)	
<b>Carrying amount at December 31, 2014</b>	<b>1,629,505</b>
Translation differences and other changes	638
Reclassification to assets held for sale	(1,605,720)
<b>Carrying amount at December 31, 2015</b>	<b>24,423</b>

The change in goodwill arose mainly from the reclassification to assets held for sale, and the residual amount from translation differences generated by the appreciation of some currencies against the euro.

## 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)		Carrying amount of goodwill	
Cash-generating units	December 31, 2015	December 31, 2014	
Construction materials segment-discontinued operations (*)		1,605,720	
Construction materials segment-continuing operations	14,115	13,477	
Food packaging segment	10,308	10,308	
<b>Total</b>	<b>24,423</b>	<b>1,629,505</b>	

(\*) of which 34,328 thousand euro at December 31, 2014 arising from prior-year purchases by Italmobiliare S.p.A. of Italcementi S.p.A. shares and 1,584,870 thousand euro at December 31, 2014 relating to goodwill allocated by the parent Italcementi to its own CGUs.

## Construction materials segment-continuing operations

For the continuing construction materials segment, the caption refers entirely to the BravoSolution group. The individual goodwill amounts are allocated to five CGUs corresponding to the respective legal entities: annual impairment testing to verify goodwill recoverability was based on the carrying amounts and cash flows relating to the CGUs in question.

(in thousands of euro)		Carrying amount of goodwill		
Cash-generating units	December 31, 2015	December 31, 2014	Change	
BravoSolution S.p.A.	3,966	3,966		
BravoSolution US, Inc	6,587	5,984	603	
BravoSolution France S.a.s.	2,989	2,989		
BravoSolution Benelux B.V.	42	42		
BravoSolution Mexico S.r.l. de C.V.	193	193		
TejariSolution FZ	338	303	35	
<b>Total</b>	<b>14,115</b>	<b>13,477</b>	<b>638</b>	

The tests did not find any impairment losses on goodwill at December 31, 2015.

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The methods used to determine recoverable amount were based on the following assumptions:

in %	Discount rate before tax		Growth rate	
	2015	2014	2015	2014
<b>Cash-generating units</b>				
BravoSolution S.p.A.	6.4		1.6	1.5
BravoSolution US	6.7	6.7	1.5	1.5
BravoSolution Espana	7.9	6.7	1.5	1.5
BravoSolution Mexico	10.8	12.4	1.5	2.0
BravoSolution GmbH	6.4	5.1	2.0	2.0
BravoSolution China Co	11.5	10.5	1.5	2.0
BravoSolution APAC Pty	9.1	7.3	2.0	2.0

Impairment testing did not generate any impairment losses.

With reference to the current and forecast industry situation and to the results of the impairment tests for 2015, a sensitivity analysis was conducted on recoverable amount, using the discounted cash flow method. At December 31, 2015, a 1% increase in WACC would not determine a surplus in carrying amount with respect to recoverable amount in any of the CGUs identified. Furthermore, an eventual decline in conditions with respect to those used for the impairment tests would not determine a surplus in carrying amount with respect to recoverable amount in any of the CGUs identified. The discount rates that would equate the CGUs' recoverable amount with their carrying amount are immaterial under normal operating conditions.

## Packaging segment

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

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

(in thousands of euro)	Carrying amount of goodwill	
Cash-generating units	December 31, 2015	December 31, 2014
Petruzalek group CGU	1,589	1,589
Rigid (division) CGU	8,719	8,719
<b>Total</b>	<b>10,308</b>	<b>10,308</b>

For all the CGUs with allocated goodwill, recoverable amount was estimated by an independent expert using the value in use, based on analytical future cash flow projections taken from 2016 budget data and from statement of financial position and profit and loss projections for the period 2017-2020. 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 2016 budget.

The Rigid (division) CGU, to which approximately 85% of the overall goodwill of the Sirap Gema group had been allocated before the impairment test at December 31, 2015, consists of two lower-level CGUs: the Sirap Gema S.p.A. unit active in rigid containers ( Rigid (Division) Italy CGU) and the Inline Poland CGU ( Rigid Poland CGU). The value in use of the net operating assets of the Inline Poland CGU was estimated using cash flow projections, the discount rate and the nominal growth rate 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, 2015.

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

in %	Discount rate after tax		Growth rate on terminal value	
	2015	2014	2015	2014
<b>Cash-generating units</b>				
Petruzalek group CGU	10.7	9.2	1.0	2.0
Rigid Division Italy CGU	6.7	6.7		
Rigid Poland CGU	7.5	6.4		

The test did not generate any impairment losses on goodwill.

With reference to the current and forecast industry situation and to the results of the impairment tests for 2015, a sensitivity analysis was conducted on recoverable amount, using the discounted cash flow method.

In the packaging segment, at December 31, 2015, a 0.5% increase in WACC, with the same growth rate, in the Rigid division CGU, would determine a decrease of 2.0 million euro in the incremental value of the CGU without generating an impairment loss.

## Market capitalization

During the year, Italmobiliare S.p.A. recorded an increase in market capitalization with respect to 2014; NAV also showed an appreciable increase albeit, at lower levels than market capitalization. Both indicators were positively affected by the planned sale of the Italcementi group.

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

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## 4) Intangible assets

	Patents, IT development	Concessions and other intangible assets	Total
(in thousands of euro)			
Gross amount	202,433	103,141	305,574
Accumulated amortization	(157,426)	(52,411)	(209,837)
<b>Carrying amount at December 31, 2014</b>	<b>45,007</b>	<b>50,730</b>	<b>95,737</b>
Additions	1,862	4,922	6,784
Change in scope of consolidation and other	3,977	(4,038)	(61)
Disposals	(1)		(1)
Amortization and impairment losses	(5,589)	(1,348)	(6,937)
Translation differences	269	393	662
Reclassification to assets held for sale	(32,156)	(44,019)	(76,175)
<b>Carrying amount at December 31, 2015</b>	<b>13,369</b>	<b>6,640</b>	<b>20,009</b>
Gross amount	60,222	17,665	77,887
Accumulated amortization	(46,853)	(11,025)	(57,878)
<b>Carrying amount at December 31, 2015</b>	<b>13,369</b>	<b>6,640</b>	<b>20,009</b>

Software licenses and development expense in the e-procurement segment, included under "Patents, IT development", amounted to 11,146 thousand euro (9,995 thousand euro at December 31, 2014) and referred essentially to the development of the IT platform in part by internal personnel hired specifically for the purpose. The year's additions refer to additional functionalities implemented on the technology platform to make its use more flexible, an extension of parameter setting options and methods of use.

"Concessions and other intangible assets" includes 2,732 thousand euro for the share of the merger deficit on the acquisition of BravoSolution US, Inc., allocated to customer relations. The item also includes assets under formation, carried at 3,885 thousand euro, specifically capitalization of development expense on software not yet available for use.

## 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:

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Raw materials, consumables and supplies	10,425	375,006	(364,581)
Work in progress and semifinished goods	5,700	206,683	(200,983)
Finished goods	16,968	131,744	(114,776)
Payments on account and contract work in progress	366	44,820	(44,454)
<b>Total</b>	<b>33,459</b>	<b>758,253</b>	<b>(724,794)</b>

Inventories are carried net of allowances totaling 2,807 thousand euro (84,547 thousand euro at December 31, 2014) mainly against the risk of slow-moving supplies, spare parts and other consumables.

Spare parts at December 31, 2015 were carried at 331 thousand euro (151,090 thousand euro at December 31, 2014).

### 9) Trade receivables

See the section on IFRS 7.

### 10) Other current assets including derivatives

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Amounts due from employees and social security authorities	209	15,746	(15,537)
Indirect tax assets	4,634	75,493	(70,859)
Concessions and licenses paid in advance		54,566	(54,566)
Prepaid expenses	2,634	28,110	(25,476)
Accrued income	449	2,725	(2,276)
Short-term derivatives	1,251	7,498	(6,247)
Bank derivatives		2,878	(2,878)
Other amounts due from banks and financial instruments	6,449	50,232	(43,783)
Other amounts due	9,380	112,201	(102,821)
<b>Total</b>	<b>25,006</b>	<b>349,449</b>	<b>(324,443)</b>

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

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## 11) Tax assets

Tax assets totaled 3,782 thousand euro (19,967 thousand euro at December 31, 2014) and consisted largely of tax assets.

## 12) Equity investments, bonds and loan assets

See the section on IFRS 7.

## 13) Cash and cash equivalents

See the section on IFRS 7.

## Equity and liabilities

### Share capital, reserves and retained earnings

#### 14) Share capital

At December 31, 2015, the parent's 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:

	December 31, 2015	December 31, 2014	Change
Number of shares			
Ordinary shares	22,182,583	22,182,583	-
Savings shares	16,343,162	16,343,162	-
<b>Total</b>	<b>38,525,745</b>	<b>38,525,745</b>	

#### 15) Reserves

##### Share premium

The reserve stood at 177,191 thousand euro, unchanged from December 31, 2014.

#### 16) Treasury shares

At December 31, 2015 treasury shares in portfolio stood at 20,792 thousand euro, a decrease from December 31, 2014 due to the exercise of stock options. 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
<b>At December 31, 2014</b>	<b>871,411</b>	<b>20,830</b>	<b>28,500</b>	<b>396</b>	<b>21,226</b>
Increases					
Decreases	(18,150)	(434)			(434)
<b>At December 31, 2015</b>	<b>853,261</b>	<b>20,396</b>	<b>28,500</b>	<b>396</b>	<b>20,792</b>

Ordinary treasury shares in portfolio at December 31, 2015, service stock option plans for directors and managers.



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## Dividends paid

The parent Italmobiliare S.p.A. paid the following dividends in 2015 and 2014:

	2015 (euro per share)	2014 (euro per share)	2015 (000 euro)	2014 (000 euro)
Ordinary shares	0.250	0.150	5,331	3,197
Savings shares	0.390	0.255	6,363	4,163
<b>Total dividends</b>			<b>11,694</b>	<b>7,360</b>

## Translation reserve

This reserve reflects differences on the translation of the financial statements of consolidated foreign operations. At December 31, 2015, the balance on the reserve was positive, at 5,010 thousand euro, referring to the following currencies:

(in millions of euro)	December 31, 2015	December 31, 2014	Change
Egypt (Pound)	(44.3)	(48.2)	3.9
USA and Canada (Dollar)	33.1	19.8	13.3
Thailand (Baht)	25.7	24.2	1.5
Morocco (Dirham)	7.4	3.5	3.9
India (Rupee)	(20.0)	(28.3)	8.3
Switzerland (Franc)		21.0	(21.0)
Other countries	3.1	(0.1)	3.2
<b>Net amount</b>	<b>5.0</b>	<b>(8.1)</b>	<b>13.1</b>

The change for the Swiss franc was entirely due to the sale of the subsidiary Finter Bank Zurigo.

## 17) Non-controlling interests

Equity attributable to non-controlling interests at December 31, 2015, amounted to 2,490,918 thousand euro, up by 10,812 thousand euro from December 31, 2014.

The increase arose largely from the profit for the year of 47,833 thousand euro (an improvement of 53,131 thousand euro compared with the loss of 5,298 thousand euro for 2014); the positive change of 53,019 thousand euro in the translation reserve (a positive balance of 185,864 thousand euro at December 31, 2014), reflecting the performance of the euro against the currencies in the countries with material non-controlling interests, such as Egypt, Morocco and Thailand; dividends paid for 93,755 thousand euro.

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## Non-current and current liabilities

### 18) Employee benefits

Employee benefits at December 31, 2015 amounted to 11,444 thousand euro (324,324 thousand euro at December 31, 2014).

The Group's main employee benefit plans are described below.

#### Defined benefit plans

The Group operates pension plans and other long-term plans; in the discontinued construction materials segment, post-employment medical care plans also operate.

Plans in favor of employees are not funded in the main.

All the other plans envisage payment of a one-off benefit on termination of employment, in some cases before retirement, or payment of a bonus during the period of employment, once a specific length of service has been reached.

With regard to the post-employment benefits for personnel of the Group's Italian companies, liabilities in respect of post-employment 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.

In some companies in Austria 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.

In the tables set out below, the column "Pension plans and other long-term benefits" includes, besides pension plans, post-employment benefits other than medical care, termination benefits and employee length-of-service bonuses.

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The movements in defined benefit obligations during the year are shown below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14
(in millions of euro)						
<b>Defined benefit obligations at end of previous year</b>	<b>267.9</b>	<b>223.3</b>	<b>116.5</b>	<b>92.3</b>	<b>384.4</b>	<b>315.6</b>
Reclassification to liabilities held for sale	(259.1)		(116.5)		(375.6)	
Service cost:						
current service cost	0.3	4.4		1.8	0.3	6.2
past service cost		1.4		(0.7)		0.7
settlement (gains)/losses		(1.2)				(1.2)
Finance costs	0.1	8.8		3.3	0.1	12.1
Cash flows:						
amounts paid from plans		(8.0)				(8.0)
amounts paid by employer	(0.5)	(13.1)		(3.7)	(0.5)	(16.8)
settlement of plans		(2.8)				(2.8)
employee contributions						
administrative expense included in defined benefit obligations						
tax included in defined benefit obligations						
insurance premiums for pure risk benefits						
Other significant events:						
(increase)/decrease due to business combinations, investments and disposals	1.0	0.3			1.0	0.3
(increase)/decrease due to combinations of plans						
Changes arising from remeasurement:						
effects due to change in demographic assumptions		7.6		3.8		11.4
effects due to change in financial assumptions	(0.4)	28.5		17.3	(0.4)	45.8
experience adjustments (change since previous measurement not in line with assumptions)	(0.1)	1.1		(2.6)	(0.1)	(1.5)
Exchange-rate effect		17.6		5.0		22.6
<b>Closing defined benefit obligations</b>	<b>9.2</b>	<b>267.9</b>	<b>116.5</b>	<b>9.2</b>	<b>384.4</b>	

The movements in plan asset fair values during the year are shown below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14
(in millions of euro)						
<b>Fair value of plan assets at end of previous year</b>	<b>104.5</b>	<b>91.5</b>			<b>104.5</b>	<b>91.5</b>
Reclassification to liabilities held for sale	(104.5)				(104.5)	
Finance income		4.1				4.1
Cash flows:						
contributions paid by employer:						
employer contributions		5.4				5.4
payments made directly by employer	0.5	13.1		3.7	0.5	16.8
contributions paid by employees						
benefits paid from plan		(8.0)				(8.0)
benefits paid by employer	(0.5)	(13.1)		(3.7)	(0.5)	(16.8)
payments for plan settlements		(2.8)				(2.8)
administrative expense for plan assets		(0.5)				(0.5)
tax on plan assets						
insurance premiums for pure risk benefits						
Other significant events:						
increase/(decrease) due to business combinations, investments and disposals						
(increase)/decrease due to combinations of plans						
Changes arising from remeasurement:						
yield of plan assets (excluding finance income)		3.5				3.5
Exchange-rate effect		11.3				11.3
<b>Closing fair value of plan assets</b>		<b>104.5</b>				<b>104.5</b>

The net liability arising from defined benefit obligations recognized in the statement of financial position is shown below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14
(in millions of euro)						
Plans for defined benefit obligations	9.2	267.9		116.5	9.2	384.4
Fair value of plan assets		(104.5)				(104.5)
<b>Carrying amount of funded plans</b>	<b>9.2</b>	<b>163.4</b>		<b>116.5</b>	<b>9.2</b>	<b>279.9</b>
Effect of cap on interest-bearing assets/liabilities (excluding finance income)						
<b>Carrying amount of liabilities/(assets)</b>	<b>9.2</b>	<b>163.4</b>		<b>116.5</b>	<b>9.2</b>	<b>279.9</b>

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The components of cost of services of defined benefit plans are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14
Service cost:						
current service cost	0.3	4.4		1.8	0.3	6.2
reimbursements						
past service cost		1.4		(0.7)		0.7
settlement (gains)/losses		(1.2)				(1.2)
<b>Total service cost</b>	<b>0.3</b>	<b>4.6</b>		<b>1.1</b>	<b>0.3</b>	<b>5.7</b>
Net finance costs:						
finance costs on defined benefit plans	0.1	8.8		3.3	0.1	12.1
finance (income)/costs on plan assets		(4.1)				(4.1)
finance (income)/costs on reimbursement rights						
finance costs on change in cap						
<b>Total net finance costs</b>	<b>0.1</b>	<b>4.7</b>		<b>3.3</b>	<b>0.1</b>	<b>8.0</b>
Effect of new treatment on other long-term benefits		0.3				0.3
Administrative expense and tax		0.5				0.5
<b>Defined benefit plan costs reflected in income statement</b>	<b>0.4</b>	<b>10.1</b>		<b>4.4</b>	<b>0.4</b>	<b>14.5</b>
Gains (losses) reflected in other comprehensive income:						
effects due to change in demographic assumptions		7.6		3.8		11.4
effects due to change in financial assumptions	(0.4)	27.4		17.3	(0.4)	44.7
experience adjustments (change since previous measurement not in line with assumptions)	(0.1)	1.8		(2.5)	(0.1)	(0.7)
yield on plan assets (excluding finance income)		(3.5)				(3.5)
(yield) on reimbursement rights (excluding interest income)						
changes in cap on interest-bearing assets/liabilities (excluding finance income)						
<b>Total gains (losses) reflected in other comprehensive income (expenses)</b>	<b>(0.5)</b>	<b>33.3</b>		<b>18.6</b>	<b>(0.5)</b>	<b>51.9</b>
<b>Total defined benefit plan costs reflected in the income statement and in other comprehensive income (expenses)</b>	<b>(0.1)</b>	<b>43.4</b>		<b>23.0</b>	<b>(0.1)</b>	<b>66.4</b>

Service cost is a component of "Personnel expenses"; while net finance costs are recognized under "Finance costs"; gains and losses on remeasurement are reflected in other comprehensive income.

The movements in the net liability for defined benefit obligations during the year are shown below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14
(in millions of euro)						
<b>Defined benefit obligations (assets) at end of previous year</b>	<b>163.3</b>	<b>131.8</b>	<b>116.6</b>	<b>92.3</b>	<b>279.9</b>	<b>224.1</b>
Reclassification to liabilities held for sale	(154.5)		(116.6)		(271.1)	
Defined benefit plan costs reflected in income statement	0.4	10.1		4.4	0.4	14.5
Total gains (losses) reflected in other comprehensive income (expense)	(0.5)	33.3		18.6	(0.5)	51.9
Other significant events:						
net transfers (including effects of business combinations/sales)	1.0	0.4			1.0	0.4
amounts arising from combinations of plans						
Cash flows:						
employer contributions		(5.4)				(5.4)
benefits paid directly by employer	(0.5)	(13.1)		(3.7)	(0.5)	(16.8)
Receivables for reimbursement						
Exchange-rate effect		6.2		5.0		11.2
<b>Closing defined benefit obligations</b>	<b>9.2</b>	<b>163.3</b>		<b>116.6</b>	<b>9.2</b>	<b>279.9</b>

Distribution of defined benefit obligations among plan participants:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14	Dec.31, 15	Dec.31, 14
(in millions of euro)						
Employees on payroll	9.2	159.8		55.8	9.2	215.6
Former employees with unvested right		14.0				14.0
Retirees		94.1		60.7		154.8
<b>Closing defined benefit obligations</b>	<b>9.2</b>	<b>267.9</b>		<b>116.5</b>	<b>9.2</b>	<b>384.4</b>

Fair value of plan assets:

	December 31, 2015	December 31, 2014
(in millions of euro)		
Cash and cash equivalents	-	5.0
Equities	-	51.8
Bonds and securities	-	42.8
Insurance assets	-	3.8
Other	-	1.1
<b>Total</b>		<b>104.5</b>

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Fair value of assets with a listed market value:

	December 31, 2015	December 31, 2014
(in millions of euro)		
Cash and cash equivalents	-	5.0
Equities	-	51.8
Bonds and securities	-	42.8
Insurance assets	-	0.3
<b>Total</b>		<b>99.9</b>

### 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 %)	2015	2014	2015	2014	2015	2014
Inflation rate	2.0	2.0	n.a.	n.a.	n.a.	2.0 - 8.0
Future wage and salary increases	2.00 - 3.61	1.00 - 3.25	n.a.	n.a.	n.a.	3.5 - 10.0

n.a.: not applicable

Discount rates:

Discount rate in %	2015	2014
<b>Europe</b>		
Italy	2.00	1.50
Belgium	-	0.70-1.50
Spain	-	1.50
France	1.50	0.90-1.50
Austria	2.00	1.50
Greece	-	1.50
Bulgaria	-	2.90
<b>North America</b>		
USA	-	1.55-3.70
Canada	-	3.80
<b>Other countries</b>		
Egypt	-	16.00
Morocco	-	4.00
Kuwait	-	3.60
Thailand	-	2.75
India	-	7.80
Kazakhstan	-	6.75

The discount rate was determined by reference to market yields on high-quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds was used.

## Future cash flows

The table below sets out expected plan contributions for next year and a year-by-year breakdown of benefit payments:

	Pension plans and other long-term benefits	Post-employment medical benefits	Total
(in millions of euro)	Dec.31 15	Dec.31 15	Dec.31 15
Expected plan contributions for next year	0.3		0.3
Benefit payment maturities:			
2016	0.3		0.3
2017	0.3		0.3
2018	0.3		0.3
2019	0.5		0.5
2020	0.5		0.5
2021-2025	2.9		2.9
<b>Total</b>	<b>5.1</b>		<b>5.1</b>

## Sensitivity analysis

The table below sets out the sensitivity analysis for the key assumptions at December 31, 2015:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
Change	-0.25%	+0.25%	-0.25%	+0.25%	-0.25%	+0.25%
Discount rate	9.5	9.0			9.5	9.0
Average duration of defined benefit obligation (in years)	11.8	11.6				
Inflation rate	9.1	9.4			9.1	9.4
Wage and salary increases	9.1	9.3			9.1	9.3

## Defined contribution plans

The Group's defined contribution plans are pension plans and medical care plans; expense relating to these plans in 2015 was 996 thousand euro (50,000 thousand euro in 2014).

## Termination plans

At December 31, 2015, provisions for termination plans totaled 247 thousand euro (39,429 thousand euro at December 31, 2014).



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## 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.s..

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, 2015, are set out below:

Grant date	No. of options granted	Exercise period	Exercised options	Canceled options	Unexercised options	Unit subscription price
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	3,900		15,450	€ 20.5260
March 24, 2010	124,385	3/24/2013 - 3/23/2020	14,250		110,135	€ 28.8340
March 30, 2011	112,900	3/30/2014 - 3/29/2021			112,900	€ 27.4690
<b>Total</b>	<b>613,194</b>		<b>18,150</b>	<b>-</b>	<b>595,044</b>	

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:

	2015		2014	
	Number of Options	Average subscription price	Number of Options	Average subscription price
<b>Unexercised options at beginning of year</b>	<b>721,631</b>	<b>€ 52.9357</b>	<b>817,711</b>	<b>€ 50.8517</b>
Exercised during year	(18,150)			
Expired during year	(108,437)		(96,080)	
<b>Unexercised options at end of year</b>	<b>595,044</b>	<b>€ 52.6528</b>	<b>721,631</b>	<b>€ 52.9357</b>
<b>Vested options at end of year</b>	<b>595,044</b>		<b>721,631</b>	

The average ordinary share price in 2015 was 32.2442 euro (27.204 euro in 2014).

The average residual life of unexercised options is one year and two months.

The option exercise price at December 31, 2015 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 IFRS.

The following table sets out the details of all Group stock option plans and their cost, carried under "Personnel expenses".

(in thousands of euro)		No. options granted	Vesting period maturazione	Personnel expenses	
Grant date	Company			2015	2014
30 marzo 2011	Italmobiliare	112,900	3 years		83
<b>Total</b>				<b>-</b>	<b>83</b>

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 past 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:

	2010 Plan	2009 Plan	2008 Plan	2007 Plan	2006 Plan	2005 Plan
Option value at grant date	8.81	9.28	3.78	17.21	23.64	22.05
Share value	28.39	31.10	21.59	65.10	87.41	73.57
Exercise price	27.469	28.834	20.526	59.908	86.068	65.701
Volatility in %	26.2%	24.3%	25.0%	17.5%	17.5%	17.5%
Option term (years)	10.00	10.00	10.00	10.00	9.75	9.75
Dividends in %	3.01%	2.75%	7.41%	2.23%	1.45%	1.50%
10-year BTP risk-free rate	4.775%	3.920%	4.485%	3.889%	3.652%	3.462%

## 19) Non-current and current financial liabilities and bank loans and borrowings

See the section on IFRS 7.

## 20) Provisions

Non-current and current provisions totaled 51,281 thousand euro at December 31, 2015, a decrease of 184,211 thousand euro from December 31, 2014.

	Opening amount	Increases	Decreases	Reversed unused amounts	Reclassifica- tion to liabilities held for sale	Other changes	Total changes	Closing amount
(in thousands of euro)								
Environmental restoration	80,559	518	(78)		(80,260)	(24)	(79,844)	715
Disputes	80,403	35,248	(73)	(2,808)	(70,662)	5,012	(33,283)	47,120
Other provisions	74,530	2,680	(149)		(66,331)	(7,284)	(71,084)	3,446
<b>Total</b>	<b>235,492</b>	<b>38,446</b>	<b>(300)</b>	<b>(2,808)</b>	<b>(217,253)</b>	<b>(2,296)</b>	<b>(184,211)</b>	<b>51,281</b>
Non-current portion	234,381	34,708	(298)		(216,200)	(2,296)	(184,086)	50,295
Current portion	1,111	930	(2)		(1,053)		(125)	986
<b>Total</b>	<b>235,492</b>	<b>35,638</b>	<b>(300)</b>		<b>(217,253)</b>	<b>(2,296)</b>	<b>(184,211)</b>	<b>51,281</b>

“Disputes” largely reflects provisions for tax risks deemed probable as a result of tax audits and adjustments to tax returns, provisions relating to antitrust proceedings and provisions for disputes with employees. The largest increase was an additional provision of 27,094 thousand euro in connection with the fine of 35,888 thousand euro imposed by the European Commission on some companies in the food packaging segment; Sirap Gema S.p.A. increased the relevant risk provision, which stood at 8,794 thousand euro at December 31, 2014.

“Other provisions” reflects amounts provided in connection with contractual and commercial liabilities.

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## 21) Deferred tax assets and deferred tax liabilities

Total deferred tax assets net of deferred tax liabilities amounted to 18,765 thousand euro at December 31, 2015, as follows:

	December 31, 2014	Profit (loss)	Other changes	Reclassification to assets/ liabilities held for sale	December 31, 2015
(in thousands of euro)					
Benefit on tax loss carryforwards	68,715	5,612	192	(55,400)	19,119
Property, plant and equipment	(297,520)	316	(740)	294,700	(3,244)
Inventories	(10,773)	(55)	39	11,200	411
Financial liabilities	(330)	13			(317)
Non-current provisions and Employee benefits	123,729	(72)	408	(123,200)	865
Other	28,809	79	(1,781)	(25,176)	1,931
<b>Total</b>	<b>(87,370)</b>	<b>5,893</b>	<b>(1,882)</b>	<b>102,124</b>	<b>18,765</b>
of which:					
Deferred tax assets	101,024				23,047
Deferred tax liabilities	(188,394)				(4,282)
<b>Total</b>	<b>(87,370)</b>				<b>18,765</b>

At December 31, 2015 net deferred tax liabilities reflected in equity reserves amounted to 9,607 thousand euro (9,584 thousand euro at December 31, 2014).

Unrecognized deferred tax relating to losses for the year and previous years amounted to 13,680 thousand euro (318,240 thousand euro at December 31, 2014); they referred to Group company losses, the reversal of which is not considered probable today.

## 22) Trade payables

See the section on IFRS 7.

## 23) Tax liabilities

Tax liabilities amounted to 1,846 thousand euro (39,320 thousand euro at December 31, 2014) and reflected amounts due to tax authorities for income taxes accrued in the year.

## 24) Other liabilities

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2015	December 31, 2014	Change
Due to employees	23,300	104,464	(81,164)
Due to social security authorities	6,720	56,114	(49,394)
Due to tax authorities	6,151	74,991	(68,840)
Accrued expenses and deferred income	17,862	37,235	(19,373)
Derivatives	1,680	24,443	(22,763)
Amounts due in banking segment	6,890	287,580	(280,690)
Advances from customers	581	103,827	(103,246)
Due to suppliers for non-current assets	2,797	137,925	(135,128)
Purchase commitments on non-controlling interests	-	23,344	(23,344)
Other liabilities	5,131	90,922	(85,791)
<b>Total</b>	<b>71,112</b>	<b>940,845</b>	<b>(869,733)</b>

## Commitments

(in millions of euro)	December 31, 2015	December 31, 2014
Collateral given	150.2	168.1
Deposits, guarantees, sureties, commitments and other	278.0	227.9
<b>Total</b>	<b>428.2</b>	<b>396.0</b>

Of total commitments at December 31, 2015, 268.5 million euro (271.4 million euro at December 31, 2014) refer to commitments relating to discontinued operations.

Collateral given at December 31, 2015 consisted mainly of mortgages and liens securing borrowings at the Indian subsidiaries, provided by the discontinued Italcementi group.

The second item includes guarantees provided by the parent Italmobiliare S.p.A. with respect to sales executed in 2015 and guarantees provided in connection with the ongoing proceeding with the European Commission on breaches of competition laws.

Contracts and orders issued for investments amounted to 72.4 million euro at December 31, 2015 (146.3 million euro at December 31, 2014), commitments relating to long-term lease contracts amounted to 61.6 million euro (90.5 million euro at December 31, 2014); these amounts refer entirely to the discontinued construction materials segment, as follows:

(in millions of euro)	December 31, 2015	< 1 year	1 - 5 years	> 5 years
Non-current asset purchases	72.4	62.1	10.3	
Long-term lease contracts	61.6	23.5	35.1	3.0

The Belgian company CCB has signed a contract with a third party to ensure long-term procurement of limestone for its operations. Under the agreement, CCB purchases limestone from the third-party supplier at a set price and undertakes to sell the same quantity, under equivalent sale conditions, at the request of the supplier.

At December 31, 2015, the Group expected to meet its future commitment using a quarry it owns, which is now being prepared.

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## Income statement

### 25) Revenue

Revenue from sales and services totaled 401,969 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
<b>Industrial revenue</b>				
Product sales	233,895	236,078	(2,183)	-0.9%
Services provided	145,894	136,658	9,236	6.8%
Other revenue	31	34	(3)	-8.8%
<b>Total</b>	<b>379,820</b>	<b>372,770</b>	<b>7,050</b>	<b>1.9%</b>
<b>Financial revenue</b>				
Interest	2,177	3,215	(1,038)	-32.3%
Dividends	5,224	4,284	940	21.9%
Gains and other revenue	13,189	33,270	(20,081)	-60.4%
<b>Total</b>	<b>20,590</b>	<b>40,769</b>	<b>(20,179)</b>	<b>-49.5%</b>
<b>Bank revenue</b>				
Interest	1,473	1,479	(6)	-0.4%
<b>Total</b>	<b>1,473</b>	<b>1,479</b>	<b>(6)</b>	<b>-0.4%</b>
<b>Property and service revenue</b>	<b>86</b>	<b>266</b>	<b>(180)</b>	<b>-67.7%</b>
<b>Grand total</b>	<b>401,969</b>	<b>415,284</b>	<b>(13,315)</b>	<b>-3.2%</b>

### 26) Raw materials and supplies

Raw materials and supplies amounted to 170,996 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
Raw materials and semifinished goods	67,046	80,608	(13,562)	-16.8%
Fuel	724	989	(265)	-26.8%
Materials and machinery	8,848	7,417	1,431	19.3%
Finished goods	46,527	43,030	3,497	8.1%
Electricity and water	49,313	43,367	5,946	13.7%
Change in inventories of raw materials, consumables and other	(1,462)	828	(2,290)	n.s.
<b>Total</b>	<b>170,996</b>	<b>176,239</b>	<b>(5,243)</b>	<b>-3.0%</b>

## 27) Services

Services amounted to 69,656 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
External services and maintenance	10,828	11,186	(358)	-3.2%
Transport	15,079	13,396	1,683	12.6%
Legal fees and consultancy	17,531	10,656	6,875	64.5%
Rents	9,702	8,619	1,083	12.6%
Insurance	2,739	2,448	291	11.9%
Subscriptions	195	256	(61)	-23.8%
Other expense	13,582	13,498	84	0.6%
<b>Total</b>	<b>69,656</b>	<b>60,059</b>	<b>9,597</b>	<b>16.0%</b>

“Legal fees and consultancy” included amounts relating to the project for the sale of the subsidiary Italcementi S.p.A. to HeidelbergCement AG.

“Other expense” consisted largely of commission expense on trading operations, communication and marketing expense, and representation expense, relating mainly to the Group industrial companies.

## 28) Personnel expenses

Personnel expenses totaled 133,102 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
Wages and salaries	94,276	80,047	14,229	17.8%
Social security contributions	27,907	27,683	224	0.8%
Costs of stock option plans		83	(83)	-100.0%
Other expense	10,919	10,900	19	0.2%
<b>Total</b>	<b>133,102</b>	<b>118,713</b>	<b>14,389</b>	<b>12.1%</b>

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

The number of employees is shown below:

(headcount)	2015	2014	Change
Number of employees at year end - continuing operations	1,917	1,905	12
Number of employees at year end - discontinued operations	16,797	17,168	(371)
<b>Total number of employees at year end</b>	<b>18,714</b>	<b>19,073</b>	<b>(359)</b>
Average number of employees - continuing operations	1,986	1,951	35
Average number of employees - discontinued operations	17,041	17,785	(744)
<b>Total average number of employees</b>	<b>19,027</b>	<b>19,736</b>	<b>(709)</b>

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## 29) Other operating income and expense

Other operating expense net of other operating income amounted to 7,913 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
Other taxes	4,336	3,929	407	10.4%
Allowance for impairment	1,899	3,527	(1,628)	-46.2%
Interest expense and other expense for companies in the financial and banking segments	11,003	10,127	876	8.7%
Accruals to provisions	1,737	3,395	(1,658)	-48.8%
Miscellaneous income	(11,062)	(14,880)	3,818	-25.7%
<b>Total</b>	<b>7,913</b>	<b>6,098</b>	<b>1,815</b>	<b>29.8%</b>

"Miscellaneous income" includes net gains of 7,652 thousand euro on green certificates attributed to Italgas S.p.A. (9,039 thousand euro in 2014).

## 30) Non-recurring income (expense)

Net non-recurring expense amounted to 34,962 thousand euro (expense of 2,164 thousand euro in 2014) and arose largely from gains on the sale of property, plant and equipment and intangible assets, personnel expenses for re-organizations and industrial restructurings, fines and penalties.

The item includes an additional provision of 27,094 thousand euro set aside in connection with the fine imposed by the European Commission (see the note on "Provisions"), the partial release (for 2,808 thousand euro) of the risk provision set aside in previous years on the closure of the SAB dispute, and the provision of 7,500 thousand euro for risks on which a future outlay is deemed likely.

Non-recurring income and expense was as follows:

(in thousands of euro)	2015	2014	Change	% change
Net gains from the sale of non-current assets	10	1,297	(1,287)	-99.2%
Personnel expense for re-organizations	(124)	(1,391)	1,267	-91.1%
Other non-recurring income (expense)	(34,848)	(2,070)	(32,778)	n.s.
<b>Total</b>	<b>(34,962)</b>	<b>(2,164)</b>	<b>(32,798)</b>	<b>n.s.</b>

## 31) Amortization and depreciation

The total amount of 19,749 thousand euro (19,891 thousand euro in 2014) reflects depreciation of property, plant and equipment for 12,643 thousand euro (13,495 thousand euro in 2014), depreciation of investment property for 169 thousand euro (202 thousand euro in 2014) and amortization of intangible assets for 6,937 thousand euro (6,194 thousand euro in 2014).

## 32) Reversal of impairment losses (impairment losses) on non-current assets

This caption reflects reversal of impairment losses on non-current assets of 2,770 thousand euro in 2015, referring to property, plant and equipment (impairment losses on goodwill of 977 thousand euro in 2014), illustrated in the note on "Property, plant and equipment".

### 33) Finance income (costs), exchange-rate differences and net gains (losses) on derivatives

Net finance costs amounted to 914 thousand euro, as follows:

	2015		2014	
(in thousands of euro)	Income	Costs	Income	Costs
Interest income	85		83	
Interest expense		(2,761)		(3,423)
Dividends and gains (losses) from equity investments				(485)
Other finance income	4,152	(7)	110	
Capitalized finance costs				
Other finance costs		(1,575)		(2,160)
<b>Total finance income (costs)</b>	<b>4,237</b>	<b>(4,343)</b>	<b>193</b>	<b>(6,068)</b>
Gains/(losses) on interest rate derivatives		(1)		
Gains/(losses) on exchange rate derivatives				
Net exchange-rate differences		(807)		(876)
<b>Net exchange rate differences and net gains (losses) on derivatives</b>		<b>(808)</b>		<b>(876)</b>
<b>Total finance income (costs), exchange rate differences and net gains (losses) on derivatives</b>		<b>(914)</b>		<b>(6,751)</b>

“Other finance income” includes the gain of 4,137 thousand euro on the sale of the subsidiary Sirap Insulation S.r.l..

“Other finance costs” includes net finance costs of 18 thousand euro on employee defined benefit plans (44 thousand euro in 2014).

### 34) Impairment losses on financial assets

(in thousands of euro)	2015	2014	Change	% change
RCS MediaGroup	324	6,895	(6,571)	-95.3%
Other	133	133		
<b>Total</b>	<b>457</b>	<b>7,028</b>	<b>(6,571)</b>	<b>-93.5%</b>

### 35) Share of profit (loss) of equity-accounted investees

(in thousands of euro)	2015	2014	Change	% change
SES (Italy)	(1,229)	(1,336)	107	-8.0%
Other	(361)	(462)	101	-21.9%
<b>Total</b>	<b>(1,590)</b>	<b>(1,798)</b>	<b>208</b>	<b>-11.6%</b>



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## 36) Income tax expense

Income tax expense for the year was 4,218 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
Current tax	8,863	11,613	(2,750)	-23.7%
Prior-year tax and other net prior year tax items	(773)	401	(1,174)	n.s.
Deferred tax	(3,900)	3,041	(6,941)	n.s.
Tax from change in tax rate	28	305	(277)	-90.8%
<b>Total</b>	<b>4,218</b>	<b>15,360</b>	<b>(11,142)</b>	<b>-72.5%</b>

In Italy, the IRES tax rate applied by the parent on estimated taxable income for the year was 27.5% (as in 2014). Taxes for Group companies in other countries are calculated using local tax rates. Current taxes include 0.7 million euro relating to the gain on the sale of Finter Bank Zurigo.

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)	2015
<b>Consolidated loss before tax relating to continuing operations</b>	<b>(21,927)</b>
Current IRES tax rate	27.5%
<b>Theoretical tax charge</b>	<b>6,030</b>
Effect of tax rate reduction for tax relief/allowances	296
Tax effect on permanent differences	
- foreign dividends and other exempt income	12,169
- non-deductible costs	(26,859)
Net effect for the year of unrecognized deferred taxes on temporary differences (*)	(1,980)
Recovery in year of deferred tax not recognized in previous years on deductible temporary differences and/or tax losses	5,664
Effect of change in tax rates	73
Withholdings on foreign dividends	(290)
Effect of difference between Italian and foreign tax rate (**)	766
Other taxes	149
<b>Effective income tax charge</b>	<b>n.s. (3,982)</b>
Effective IRAP tax charge	(390)
Other components not related to the profit (loss) for the year	154
<b>Total income tax relating to continuing operations</b>	<b>n.s. (4,218)</b>

(\*) Refers mainly to unrecognized deferred tax assets on losses for the year in Italy.

(\*\*) The difference between the Italian tax rate and the rates in the foreign countries where the Group operates refers mainly to France, Belgium, Egypt and the USA.

### 37) Profit (loss) relating to discontinued operations, net of tax effects

This caption is analyzed below:

(in thousands of euro)	2015	2014	Change	% change
Profit (loss) of discontinued construction materials segment, net of tax effect	(75,816)	(59,442)	(16,374)	27.5%
Reversal Q4 amortization, depreciation and impairment losses on discontinued construction materials segment, net of tax effect	104,994		104,994	n.s.
Profit (loss) of discontinued banking segment, net of tax effect	3,230	(3,107)	6,337	n.s.
Gain in discontinued banking segment	48,524		48,524	n.s.
<b>Total</b>	<b>80,932</b>	<b>(62,549)</b>	<b>143,481</b>	<b>n.s.</b>

The financial statements of the discontinued construction materials segment are set out below, with a note on the most significant items.

The statement of financial position reflects the assets and liabilities of the discontinued construction materials segment and therefore does not include the assets and liabilities of the investees BravoSolution and Italgem and some properties in Rome, which are not held for sale. The amounts in question have been adjusted to take account of the suspension of the effect of amortization, depreciation and impairment losses net of the tax effect in the fourth quarter of 2015 and the goodwill recognized for Italmobiliare on the discontinued construction materials segment. Similarly, the results reflected in the income statement do not include the operations that are not held for sale.

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## Statement of financial position

### Discontinued Italcementi group

(in thousands of euro)	12.31.2015	Adjustments	Total
<b>Non-current assets</b>			
Property, plant and equipment	4,115,540	132,331	4,247,871
Investment property	22,148		22,148
Goodwill	1,603,107	34,328	1,637,435
Intangible assets	75,805		75,805
Equity-accounted investees	203,224		203,224
Other equity investments	19,310		19,310
Trade receivables and other non-current assets	145,610		145,610
Deferred tax assets	84,331		84,331
Non-current amounts due from employees	177		177
<b>Total non-current assets</b>	<b>6,269,252</b>	<b>166,659</b>	<b>6,435,911</b>
<b>Current assets</b>			
Inventories	705,173		705,173
Trade receivables	558,859		558,859
Other current assets including derivatives	252,527		252,527
Tax assets	24,838		24,838
Equity investments, bonds and current loan assets	83,604		83,604
Cash and cash equivalents	537,092		537,092
<b>Total current assets</b>	<b>2,162,093</b>		<b>2,162,093</b>
<b>Total assets</b>	<b>8,431,345</b>	<b>166,659</b>	<b>8,598,004</b>
<b>Equity</b>			
Share capital	401,715		401,715
Share premium	711,879		711,879
Reserves	66,733		66,733
Treasury shares	(58,690)		(58,690)
Retained earnings	1,817,029	128,143	1,945,172
<b>Equity attributable to owners of the parent</b>	<b>2,938,666</b>	<b>128,143</b>	<b>3,066,809</b>
Non-controlling interests	787,932	11,180	799,112
<b>Total equity</b>	<b>3,726,598</b>	<b>139,323</b>	<b>3,865,921</b>
<b>Non-current liabilities</b>			
Financial liabilities	2,095,528		2,095,528
Employee benefits	287,955		287,955
Provisions	206,243		206,243
Other liabilities	67,784		67,784
Deferred tax liabilities	200,328	27,336	227,664
<b>Total non-current liabilities</b>	<b>2,857,838</b>	<b>27,336</b>	<b>2,885,174</b>
<b>Current liabilities</b>			
Bank loans and borrowings	326,194		326,194
Financial liabilities	321,494		321,494
Trade payables	565,763		565,763
Provisions	1,386		1,386
Tax liabilities	19,075		19,075
Other current liabilities	612,997		612,997
<b>Total current liabilities</b>	<b>1,846,909</b>		<b>1,846,909</b>
<b>Total liabilities</b>	<b>4,704,747</b>	<b>27,336</b>	<b>4,732,083</b>
<b>Total equity and liabilities</b>	<b>8,431,345</b>	<b>166,659</b>	<b>8,598,004</b>

**Income statement**
**Discontinued Italcementi group**

	2015	%	2014	%	Change	%
(in thousands of euro)	IFRS 5					
<b>Revenue</b>	<b>4,163,272</b>	<b>100.0%</b>	<b>4,024,074</b>	<b>100.0%</b>	<b>139,198</b>	<b>3.5%</b>
Other revenue	29,559		30,571		(1,012)	
Change in inventories	(13,550)		30,151		(43,701)	
Internal work capitalized	38,169		39,013		(844)	
Raw materials and supplies	(1,682,820)		(1,639,660)		(43,160)	
Services	(1,079,393)		(1,023,811)		(55,582)	
Personnel expenses	(812,603)		(792,378)		(20,225)	
Other operating income (expense)	(28,569)		(50,382)		21,813	
<b>Recurring gross operating profit</b>	<b>614,065</b>	<b>14.7%</b>	<b>617,578</b>	<b>15.3%</b>	<b>(3,513)</b>	<b>-0.6%</b>
Net gains from the sale of non-current assets	12,805		5,482		7,323	
Non-recurring personnel expense for re-organizations	(58,662)		(7,320)		(51,342)	
Other non-recurring income (expense)	(6,404)		(2,593)		(3,811)	
<b>Gross operating profit</b>	<b>561,804</b>	<b>13.5%</b>	<b>613,147</b>	<b>15.2%</b>	<b>(51,343)</b>	<b>-8.4%</b>
Amortization and depreciation	(403,163)		(399,527)		(3,636)	
Impairment losses on non-current assets	(22,965)		(9,203)		(13,762)	
<b>Operating profit</b>	<b>135,676</b>	<b>3.3%</b>	<b>204,417</b>	<b>5.1%</b>	<b>(68,741)</b>	<b>-33.6%</b>
Finance income	43,480		24,257		19,223	
Finance costs	(160,794)		(159,415)		(1,379)	
Net exchange rate differences and gains (losses) on derivatives	(12,498)		(2,638)		(9,860)	
Impairment losses on financial assets			(26,844)		26,844	
Share of profit (loss) of equity-accounted investees	14,502		12,157		2,345	
<b>Profit before tax</b>	<b>20,366</b>	<b>0.5%</b>	<b>51,934</b>	<b>1.3%</b>	<b>(31,568)</b>	<b>-60.8%</b>
Income tax expense	(96,182)		(111,376)		15,194	
<b>Loss for the year</b>	<b>(75,816)</b>	<b>-1.8%</b>	<b>(59,442)</b>	<b>-1.5%</b>	<b>(16,374)</b>	<b>27.5%</b>
Attributable to:						
<b>owners of the parent</b>	<b>(124,174)</b>	<b>-3.0%</b>	<b>(116,419)</b>	<b>-2.9%</b>	<b>(7,755)</b>	<b>6.7%</b>
<b>non-controlling interests</b>	<b>48,358</b>	<b>1.2%</b>	<b>56,977</b>	<b>1.4%</b>	<b>(8,619)</b>	<b>-15.1%</b>

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## Breakdown of the amount reclassified to the assets held for sale line item:

(in thousands of euro)	2015	2014	Change
<b>Other comprehensive income (expense)</b>			
<b>Items that will not be reclassified to profit or loss subsequently</b>			
Re-measurement of the net liability/(asset) for employee benefits	17,246	(51,506)	68,752
Re-measurement of the net liability (asset) for employee benefits - investments in equity-accounted investees	1	(1)	
Income taxes	(3,765)	8,474	(12,239)
<b>Total items that will not be reclassified to profit or loss subsequently</b>	<b>13,482</b>	<b>(43,033)</b>	<b>56,513</b>
<b>Items that might be reclassified to profit or loss subsequently</b>			
Translation reserve on foreign operations	90,815	224,607	(133,792)
Translation reserve on foreign operations equity-accounted investees	(4,890)	4,896	(9,786)
Fair value losses on cash flow hedging	(6,116)	(15,013)	8,897
Fair value gains (losses) on cash flow hedging equity-accounted investees	83	(211)	294
Fair value gains (losses) on available-for-sale financial assets	(5,567)	19,546	(25,113)
Fair value gains (losses) on available-for-sale financial assets equity-accounted investees			
Income taxes	2,170	(216)	2,386
<b>Total items that might be reclassified to profit or loss subsequently</b>	<b>76,495</b>	<b>233,609</b>	<b>(157,114)</b>
<b>Total other comprehensive income</b>	<b>89,977</b>	<b>190,576</b>	<b>(100,601)</b>

## Goodwill of the discontinued construction materials segment

(in thousands of euro)	
<b>Carrying amount at December 31, 2014</b>	<b>1,619,198</b>
Increases	13,613
Impairment losses	(15,416)
Translation differences and other changes	34,155
Reclassification to continuing operations	(14,115)
<b>Carrying amount at December 31, 2015</b>	<b>1,637,435</b>

The changes in the year refer mainly to the impairment loss on goodwill of 15.3 million euro on Puerto Rico, translation differences generated by the depreciation of some currencies against the euro, and the increases arising from the consolidation of the Dragages du Pont de St Leger company (aggregates, France) for 2.7 million euro, and purchase commitments on non-controlling interests in Ready Mix Concrete Alalamia in Egypt and Hilal in Kuwait for 10.7 million euro.

Goodwill acquired in a business combination is allocated to the cash-generating units (CGUs).

The Italcementi group verifies goodwill recoverability at least once a year or more frequently if indications of impairment emerge. The methods used to determine the recoverable amount of CGUs are described in the section "Basis of consolidation" under the heading "Impairment".

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For the purposes of impairment testing, determination of future cash flows was based on the 2016 Budget, on subsequent-year projections and on new assumptions and economic assessments deemed to reflect current conditions on the segment's markets.

As in previous years, 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 such as 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 specific to the construction materials segment in each country.

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

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

The discount rates, determined country by country, correspond to weighted average cost of capital (WACC).

For CGUs in the European Union and North America, WACCs are computed on the basis of the market value of own funds (risk-free rate based on 10-year government bonds in the Eurozone and the USA – average 12 months – source Bloomberg; beta coefficient – average at 5 years - source Bloomberg; market premium – average at 10 years – sources Bloomberg, broker reports, analyst consensus forecasting) and of segment debt (7Y swap – average 1 month), to which the mean sector coefficient based on the debt/stock market capitalization ratio is applied (source Bloomberg).

For CGUs in the emerging countries, WACCs are determined using the rate computed for the Eurozone, adjusted to include the specific risk premium for each country (determined on the basis of the ratings assigned by Moody's and Standard & Poors) and the estimated long-term inflation rate for each country (source: Global Insight databank).

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The table below shows the assumptions used for the computation for CGUs in the main countries:

in %	Discount rate before tax		Growth rate	
	2015	2014	2015	2014
<b>Cash-generating units</b>				
Italy	8.5	8.2	1.6	1.5
France/Belgium	6.9	8.3	1.7	1.7
Spain	7.5	8.3	1.8	1.8
Greece	13.0	11.1	1.8	1.9
Bulgaria	7.8	9.4	2.1	2.5
North America	8.5	9.0	2.2	2.1
Egypt	16.5	19.4	6.2	5.7
Morocco	9.6	10.7	2.3	2.1
Kazakhstan	12.6	12.5	6.5	5.5
India	12.7	15.4	5.3	6.8
Kuwait	7.8	8.4	3.0	2.9
Thailand	9.6	10.5	3.6	3.4

Testing for 2015 led to the full impairment loss on zero of goodwill of 15.3 million euro relating to the Puerto Rico CGU.

The table below sets out the most significant goodwill amounts for the group's CGUs by country:

(in thousands of euro)	Carrying amount of goodwill		
Cash-generating units	December 31, 2015	December 31, 2014	Change
Italy	27,745	27,745	
France/Belgium	588,267	585,704	2,563
Spain	14,063	14,063	
Bulgaria	59,774	59,774	
North America	154,412	153,749	663
Egypt	449,508	436,095	13,413
Morocco	111,588	109,636	1,952
India	83,962	78,821	
Kuwait	20,538	13,733	
Thailand	92,430	90,897	
Other	820	14,653	(13,833)
<b>Total</b>	<b>1,603,107</b>	<b>1,584,870</b>	<b>4,758</b>
Goodwill allocated to the "Italcementi group" CGU	34,328	34,328	
<b>Total</b>	<b>1,637,435</b>	<b>1,619,198</b>	<b>4,758</b>

Since the Italcementi group has assets and costs not allocated to individual CGUs, a second-level impairment test was conducted to check recoverability for the group as a whole. The test included all assets and cash flows that cannot be specifically allocated to an individual CGU and are therefore included in the second-level impairment test. No indications of impairment emerged from the test.

With reference to the current and forecast industry situation and to the results of the impairment tests for 2015, a sensitivity analysis was conducted on recoverable amount, using the discounted cash flow method.

At December 31, 2015 a 1% increment in the weighted average cost of capital would determine a surplus in carrying amount with respect to recoverable amount for the following CGUs: Puerto Rico of 3.0 million euro and France/Belgium for 126 million euro.

A 10% 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 France/Belgium cement/ready mixed concrete CGU of 557 million euro, the North America CGU (excluding Puerto Rico) of 166 million euro and the Puerto Rico CGU of 21 million euro

A 10% reduction in expected cash flows with respect to projections would determine a surplus in carrying amount with respect to the recoverable amount for the France/Belgium cement/ready mixed concrete CGU of 39 million euro. Were this reduction combined with a 1% increase in the weighted average cost of capital, it would determine a difference in carrying amount with respect to recoverable amount for the France/Belgium cement/ready mixed concrete of CGU 312 million euro, the North America CGU (excluding Puerto Rico) of 38 million euro and the CGU Puerto Rico 6 million euro.

The cash flows used for impairment testing on the Kazakhstan CGU, which include the impact of the new production line that went into operation in 2016, are exposed to significant fluctuations in the local currency.

On the basis of this analysis, the Italcementi group deems it unnecessary to apply additional impairment losses to the goodwill of the CGUs in question.

The pre-tax discount rates that equate the CGUs' recoverable amount with carrying amount for the countries at greatest risk of impairment are: Italy 10.0%, Greece 16.0%, North America 10.4%, Egypt 18.9% and Kazakhstan 16.6%.

#### Equity-accounted investees in the discontinued construction materials segment

This caption reflects the share of equity, including goodwill of 28.1 million euro at December 31, 2015 (28.5 million euro at December 31, 2014), held in associates and joint ventures accounted for with the equity method.

The main equity-accounted investees and related share of profit (loss) are shown below:

	Carrying amount		Share of profit (loss)	
	December 31, 2015	December 31, 2014	2015	2014
(in thousands of euro)				
<b>Associates</b>				
Ciment Québec (Canada)	78,400	84,100	4,100	4,100
Vassiliko Cement Works (Cyprus)	52,500	50,500	2,100	
Asment Cement (Morocco)	41,300	39,400	10,500	8,000
Other	14,100	14,100	(400)	(600)
<b>Total associates</b>	<b>186,300</b>	<b>188,100</b>	<b>16,300</b>	<b>11,500</b>
<b>Joint ventures</b>	<b>16,900</b>	<b>19,500</b>	<b>(2,200)</b>	<b>200</b>
<b>Total</b>	<b>203,200</b>	<b>207,600</b>	<b>14,100</b>	<b>11,700</b>



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Amounts for the main equity-accounted investees, adjusted for compliance with Group policies, are set out below; the 2014 amounts have been adjusted to the final amounts to permit comparison:

	Ciments Québec		Vassiliko Cement Works *		Asment	
(in thousands of euro)	2015	2014	2015**	2014	2015	2014
Revenue	120.9	109.6	66.3	84.1	116.8	110.1
Profit for the year	8.5	8.2	7.2	5.2	28.3	23.9
Other comprehensive income				0.3		
<b>Total comprehensive income</b>	<b>8.5</b>	<b>8.2</b>	<b>7.2</b>	<b>5.5</b>	<b>28.3</b>	<b>23.9</b>
Non-current assets	125.8	124.6	265.7	275.4	48.6	49.8
Current assets	55.4	79.6	31.6	31.5	74.7	64.4
Non-current liabilities	(21.4)	(23.0)	(63.4)	(72.2)	(0.8)	(0.6)
Current liabilities	(14.0)	(11.2)	(10.4)	(14.0)	(33.7)	(28.9)
<b>Net assets</b>	<b>145.8</b>	<b>170.0</b>	<b>223.5</b>	<b>220.7</b>	<b>88.8</b>	<b>84.7</b>
<b>Equity interest</b>	<b>50.0%</b>	<b>50.0%</b>	<b>26.0%</b>	<b>24.7%</b>	<b>37.0%</b>	<b>37.0%</b>
Equity interest at beginning of year	72.9	84.1	58.1	54.5	32.9	31.3
Goodwill			11.5	11.5	9.3	9.2
Adjustment for compliance with Group policies	5.5	(0.9)	(17.1)	(15.5)	(0.9)	(1.1)
<b>Equity interest at end of year</b>	<b>78.4</b>	<b>83.2</b>	<b>52.5</b>	<b>50.5</b>	<b>41.3</b>	<b>39.4</b>
Dividends received in year	4.2	6.5	2.2	0.6	9.2	10.3
Market value			24.7	16.1		

\* listed company

\*\* at September 30, 2015

## Contingent liabilities in the discontinued construction materials segment

The main contingent liabilities relating to disputes and proceedings pending at December 31, 2015 in the discontinued construction materials segment for which amounts were not provided, are listed below. The segment is not aware of other disputes, legal controversies or other exceptional facts that might have a material impact on its financial position and results of operations.

### Europe

With regard to the investigation that commenced in November 2008 into alleged unfair trading agreements/practices by, among others, Italcementi S.p.A. and the foreign subsidiaries Ciments Français S.a.s., Ciments Calcia S.A. and Compagnie des Ciments Belges (CCB) S.A., with a ruling notified on July 31, 2015, the European Commission closed the proceeding without attributing any liability.

### Belgium - Orcem

Following the ruling of the Belgian antitrust authority in November 2014, the Orcem company began a suit in the Brussels commercial tribunal against CCB and four other parties for joint damages of 134 million euro for unfair trading. At the hearing on September 10, 2015, Orcem agreed to suspend the case pending the decision of the Brussels court of appeal, where CCB and the other parties have lodged an appeal against the ruling of the Belgian antitrust authority.

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### France - Arcelor Mittal

In 2005, Calcia stipulated a 15-year contract with Arcelor-Mittal (AM) for the supply of blast-furnace slag with an annually predetermined price but with a “take or pay” clause. In connection with the contract, Calcia acquired a slag processing and grinding facility.

In view of market trends, at the end of 2013, Calcia applied to AM for a re-negotiation of the terms of the contract (price and volume), also with reference to a safeguard clause. AM rejected the application. New negotiations between the parties did not produce a friendly agreement.

At the end of 2014, Calcia asked for the contract to be terminated, which AM refused.

In parallel, AM filed a suit against Calcia for payment of amounts totaling more than 8 million euro (including a sum of approximately 6.5 million euro for savings on carbon rights).

In January 2015, Calcia filed a suit against AM, who challenged the “safeguard” clause and sued for damages of 20 million euro for unjustified termination of the contract.

In July 2015, the commercial tribunal of Dunkirk upheld AM’s appeal and ordered Calcia to pay 3.3 million euro. The tribunal overruled Calcia’s request for early termination of the contract and ordered that the contract continue: Calcia has appealed against this ruling and a judgement is expected shortly.

With regard to the suit for payment of 6.5 million euro, a court-appointed expert was asked to assess the value of the carbon rights.

### Spain

On May 14, 2014, after a petition filed by a local association, the court of Malaga annulled the integrated environmental authorization issued in 2007 for the Malaga production plant of the Spanish subsidiary Financiera Y Minera (“FyM”), on the grounds that the Regional Authority had issued the authorization erroneously in the absence of a prior environmental impact assessment. FyM appealed against the ruling, and is also considering whether to apply for a new authorization subject to execution of an environmental impact assessment.

### Egypt

In 2013, lawsuits were brought locally by individuals seeking to annul the privatizations of Helwan and Tourah, which took place before the companies were acquired by the Italcementi group, through its local subsidiary Suez Cement. Suez Cement is not involved in the lawsuit for the annulment of the Helwan privatization, since to date only the parties that took part in the privatization have been involved; they do not include Suez Cement, which acquired Helwan, from other private parties, after its privatization.

It is still too early to make hypotheses regarding possible developments in the situation.

In 2002, before its acquisition by Suez, Helwan signed an exclusive agency contract with The Globe Corporation, headquartered in California, USA, for cement exports. The contract envisaged commissions for The Globe in proportion to cement export volumes, with a guaranteed minimum, in exchange for a series of promotional and marketing activities. The contract also envisaged a compound weekly interest rate in the event of delayed payment of the commissions.

The Globe has brought a suit against Helwan in the court of Cairo, for payment of more than 17 million US dollars, plus interest as contractually agreed, as from 2002. The merits of the case have not yet been examined since the suit has been suspended pending a decision by the Cairo court of cassation with regard to the preliminary question of jurisdiction, given that the contract is subject to the law and jurisdiction of California (USA). Tahaya Misr Investment Inc. (the new business name of The Globe) recently also filed a suit against Helwan in USA-California, also naming Suez and Italcementi (a date for the hearing has not yet been set).

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## Sibcem – Russia

After numerous rulings by the Russian courts in favor, alternately, of Ciments Français S.a.s. and Sibconcord, the court of cassation recently ruled in favor of Sibconcord, with a decision that is enforceable but not yet final. Ciments Français S.a.s. has filed an appeal with Russia's Supreme Court. Attention is drawn to the fact that on the same matter, the arbitration procedure begun in Turkey pursuant to the contractual clauses establishing jurisdiction for the resolution of disputes found in favor of Ciments Français. That decision has become final in that jurisdiction and has been recognized as final in France, Italy, Kazakhstan, the USA and, at first degree, in Bulgaria. Additional exequatur procedures are underway in other countries in which Ciments Français S.a.s. operates.

## India

The tax dispute arising from an assessment relating to the April 2007- March 2008 tax year was definitively rejected by the supreme court with a ruling on September 27, 2013. The Indian tax authorities did not re-open the assessment before the deadline of March 31, 2015 and the tax period has therefore been definitively closed.

With regard to the dispute for the April 2008 – March 2009 tax year, the court of appeal found in favor of Zuari Cement Limited, and annulled almost in full the findings of the assessment (and in full with regard to transfer pricing).

With regard to the dispute for the April 2009 – March 2010 tax year, the Indian tax authorities allege that an amount equivalent to approximately 6.4 million euro in additional tax, fines and interest is due.

Another assessment, also regarding transfer pricing, for approximately 8 million euro of additional tax with regard to the April 2010 – March 2011 tax year, was challenged in 2015. Counter-observations have been presented to a body responsible for resolving disputes in the Indian financial administration.

**Net financial debt in the discontinued construction materials segment**

An itemized correlation of net debt with the statement of financial position is set out below:

(in thousands of euro)			
<b>Financial asset and liability category</b>	<b>Statement of financial position caption</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Non-current financial assets</b>		<b>(31,703)</b>	<b>(99,272)</b>
Securities, bonds and loan assets	Other non-current assets	(2,146)	(6,348)
Derivatives	Other non-current assets	(29,557)	(92,924)
<b>Current financial assets</b>		<b>(668,792)</b>	<b>(610,597)</b>
Cash and cash equivalents	Cash and cash equivalents	(537,092)	(551,525)
Current financial liabilities	Equity investments, bonds and loan assets	(123,923)	(49,110)
Other current financial assets	Other current assets	(1,381)	(2,762)
Derivatives	Other current assets	(6,396)	(7,200)
<b>Total financial assets</b>		<b>(700,495)</b>	<b>(709,869)</b>
<b>Non-current loans and borrowings</b>		<b>2,138,227</b>	<b>2,337,156</b>
Non-current loans and borrowings	Loans and borrowings	2,095,528	2,296,753
Derivatives	Other non-current liabilities	42,699	40,403
<b>Current loans and borrowings</b>		<b>699,589</b>	<b>529,412</b>
Bank loans and borrowings	Bank loans and borrowings	310,597	219,825
Current loans and borrowings	Loans and borrowings	377,678	285,382
Derivatives	Other current liabilities	11,314	24,205
<b>Total loans and borrowings</b>		<b>2,837,816</b>	<b>2,866,568</b>
<b>Net financial debt</b>		<b>2,137,321</b>	<b>2,156,699</b>

Net financial debt at December 31, 2015, computed in compliance with Consob communication no. DEM/6064293 of July 28, 2006 (i.e., not including non-current financial assets) amounted to 2,169,024 thousand euro (2,255,971 thousand euro at December 31, 2014).

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## Loans and borrowings in the discontinued construction materials segment

Loans and borrowings are shown below by category, subdivided by current and non-current position:

	Effective interest rate	Nominal amount at 12.31.2015	Maturity	12.31.2015	12.31.2014
(in thousands of euro)					
<b>Bank overdrafts and drawings on lines of credit</b>				<b>303,366</b>	<b>464,410</b>
Italcementi S.p.A.				146,663	259,185
Italcementi Finance S.A.				59,704	103,537
Other Group companies				96,999	101,688
<b>Bond loans</b>				<b>1,773,471</b>	<b>1,808,266</b>
Issued by Italcementi Finance: EMTN 750 mln euro 5.375%	5.55%	750,000	2020	758,938	786,569
Issued by Italcementi Finance: EMTN 350 mln euro 6.125%	6.45%	350,000	2018	349,512	349,285
Issued by Italcementi Finance: EMTN 150 mln euro 6.125%	4.34%	150,000	2018	155,285	156,925
Issued by Ciments Français S.a.s.: EMTN 500 mln euro 4.75%	4.84%	500,000	2017	509,737	515,487
<b>Other loans and borrowings</b>				<b>18,366</b>	<b>24,075</b>
Other liabilities				18,366	24,075
<b>Finance lease payables</b>				<b>325</b>	<b>2</b>
<b>Non-current loans and borrowings</b>				<b>2,095,528</b>	<b>2,296,753</b>
Fair value of hedging derivatives				42,699	40,403
<b>Total non-current loans and borrowings</b>				<b>2,138,227</b>	<b>2,337,156</b>
<b>Bank overdrafts and drawings on lines of credit</b>				<b>271,868</b>	<b>181,978</b>
<b>Amounts to Banks loans and borrowings</b>				<b>150,000</b>	<b>85,825</b>
<b>Other</b>					
Other loans and borrowings				6,961	5,996
Billets de trésorerie				169,300	144,900
Finance lease payables				104	1,471
Accrued interest expense				90,042	85,037
<b>Current loans and borrowings</b>				<b>688,275</b>	<b>505,207</b>
Fair value of hedging derivatives				11,314	24,205
<b>Total current loans and borrowings</b>				<b>699,589</b>	<b>529,412</b>
<b>Total loans and borrowings</b>				<b>2,837,816</b>	<b>2,866,568</b>

At December 31, 2015, bank overdrafts and drawings on lines of credit included amounts secured by mortgages and liens on property, plant and equipment for 123.6 million euro (137.8 million euro at December 31, 2014), of which 33.2 million euro short-term and 90.4 million euro medium/long-term; of the total, 111.2 million euro referred to the Group's Indian companies.

Non-current loans and borrowings including fair value adjustments arising from current hedging strategies are shown below:

by currency:

	December 31, 2015	December 31, 2014
(in millions of euro)		
Euro	1,923.2	2,134.4
US and Canadian dollar	59.7	53.5
Indian rupee	89.7	103.0
Other	22.9	5.8
<b>Total</b>	<b>2,095.5</b>	<b>2,296.8</b>

by maturity:

(in millions of euro)	December 31, 2015	December 31, 2014
2016		194.8
2017	565.7	558.1
2018	552.0	551.8
2019	139.3	128.5
2020	786.6	816.2
Beyond	52.0	47.3
<b>Total</b>	<b>2,095.5</b>	<b>2,296.8</b>

### Key non-current loans and borrowings in 2015, 2014 and 2013 of the discontinued construction materials segment:

Bank loans and drawings on available lines of credit at Italcementi S.p.A. and Italcementi Finance

- a) In the first half of 2015, Italcementi Finance renewed a 50 million euro line of credit at 364 days with leading international banks and renegotiated a 50 million euro line of credit, whose maturity was extended from 364 days to 2 years. In the second half of 2015, two other lines of credit at 364 days were renewed, for an overall total of 100 million euro. At December 31, 2015, no drawings had been made on the new lines, which are guaranteed by Italcementi S.p.A.
- b) In 2015, a two-year three-month 50 million euro line of credit matured, part of the 260 million euro multitranches facility renegotiated in June 2013. No drawings had been made on the line at December 31, 2014;
- c) During 2014, a seven-year nine-month line of credit for 200 million euro expired; it was fully drawn at December 31, 2013.
- d) During 2014, Italcementi Finance renewed the committed bilateral lines of credit at 364 days illustrated in point a), for an aggregate amount of 230 million euro.
- e) In September 2014, Italcementi Finance obtained a five-year 65 million US dollar floating-rate amortizing loan, of which 15 million US dollars maturing in September 2017 and 50 million US dollars maturing in September 2019, to be used to refinance a portion of the requirements of Essroc Corp. The loan, guaranteed by Italcementi S.p.A., has been used in full since October 22, 2014 and at December 31, 2015 was recognized for an amount equivalent to 59.7 million euro.
- f) In June 2014, Italcementi Finance negotiated a new five-year syndicated line of credit for 450 million euro, replacing the 920 million euro syndicated line of credit due to expire in September 2015, which was simultaneously terminated. The loan was arranged with an international pool of lenders with Mediobanca and Société Générale Corporate & Investment Banking as Coordinators and Documentation Agents, Banca IMI, BNP Paribas, Crédit Agricole CIB, HSBC, Royal Bank of Scotland and Unicredit as Mandated Lead Arrangers and Bookrunners, and Banca Popolare dell'Emilia Romagna, Banca Popolare di Sondrio, Banco Popolare, Crédit Industriel et Commercial and UBI Banca (Lenders). At December 31, 2015, no drawings had been made on the syndicated line of credit, which is guaranteed by Italcementi S.p.A.
- g) During 2013 seven medium/long-term lines of credit expired in the segment, for an aggregate amount of 430 million euro:
  - a. in February, a bilateral five-year 100 million euro line of credit;
  - b. in March, a bilateral three-year 25 million euro line of credit;
  - c. in July, a bilateral six-year 100 million euro line of credit;
  - d. in July, a bilateral seven-year 50 million euro line of credit;
  - e. in August, a bilateral six-year 50 million euro line of credit;
  - f. in September, a bilateral five-year 30 million euro line of credit;
  - g. in December, a bilateral 5-year and 10-month 75 million euro line of credit.

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- h) In 2013, Italcementi Finance renewed committed bilateral lines of credit at 364 days with leading international banks for an aggregate amount of 150 million euro, and arranged two new bilateral lines of credit at 364 days for an aggregate amount of 80 million euro, refinancing two Ciments Français S.a.s. medium/long-term lines of credit, that expired during the year with the same banks.
- i) In September 2013, Italcementi S.p.A. re-negotiated a bilateral 300 million euro line of credit expiring in July 2014, transforming it into a multi-tranche line for an aggregate amount of 225 million euro:
- a first tranche for 180 million euro at three-years and six-months;
  - a second tranche for 45 million euro at four-years and six-months.

Italcementi Finance is party to 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 two lines at December 31, 2015;

- j) In July 2013, Italcementi S.p.A. obtained from the European Investment Bank a 10-year 90 million euro amortizing loan with the principal to be repaid in seven equal amounts as from the fourth year. The purpose of the loan was to fund the revamping of the Rezzato cement plant; it had been used in full at December 31, 2015.
- k) In June 2013, Italcementi S.p.A. re-negotiated a bilateral multi-tranche line of credit for an aggregate amount of 260 million euro of which:
- the maturity of the 50 million euro tranche was extended for two years, from September 2014 to September 2016;
  - the 150 million euro tranche, expiring in September 2015, was reduced by an amount of 50 million euro. Of the residual 100 million euro, maturity on 50 million euro was extended from September 2015 to September 2016, while the remaining 50 million euro kept the original maturity. No drawings had been made on the line at December 31, 2015;
  - no changes were made to the final 60 million euro tranche, expiring in September 2019.

#### Key bank loans and available lines of credit at other companies in the segment

- l) In March 2015, Zuari Cement Ltd., an Indian subsidiary of Ciments Français S.a.s., obtained a six-year line of credit for 1.8 billion Indian rupees from a local bank. Drawings on the line, guaranteed by Ciments Français S.a.s., totaled 855 million Indian rupees at December 31, 2015.
- m) In December 2014, Shymkent Cement, the Kazakh subsidiary of Ciments Français S.a.s., obtained a line of credit at six years and six months for 5 billion tenge from the European Bank for Reconstruction & Development, to fund the revamping of the Shymkent cement plant. The facility had been fully drawn at December 31, 2015.
- n) In November 2014, Zuari Cement Ltd. obtained a two-year floating-rate loan from a leading international bank for one billion Indian rupees. The loan is guaranteed by Ciments Français S.a.s..
- o) In July 2014, Zuari Cement Ltd. renewed with the same leading international bank an expiring short-term 5 billion line of credit, transforming it into a long-term loan for four-years and six-months. In July 2015, the loan was repaid for half of the total amount, and refinanced through stipulation of a four-year six-month floating-rate loan with a local bank.

#### Bond loans

- a) 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. The program requires the authorization of the Board of Directors of Italcementi S.p.A. and of Italcementi Finance for each new issue.

The program reference material was renewed on September 24, 2014.

Under this program, Italcementi Finance, a French subsidiary of Italcementi S.p.A., issued the following bonds for a total of 1,250 million euro:

- on March 16, 2010, it 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



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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 has been applied as from the annual coupon paid on March 19, 2013;

- b. on February 14, 2013, it closed the placement of a five-year bond at a fixed rate of 6.125% and yield of 6.25% for a nominal amount of 350 million euro. On May 14, 2013, the placement was re-opened with an additional issue for a nominal 150 million euro, at a price of 108.261 and yield of 4.169%. The bonds, intended exclusively for qualified investors and listed on the Luxembourg stock exchange, became tradable as from July 1, 2013. The bond is unconditionally guaranteed by Italcementi S.p.A. and will mature on February 21, 2018.
- b) Ciments Français S.a.s. covers its long-term financial requirements largely through Italcementi Finance. At December 31, 2015, Ciments Français S.a.s. had a 500 million euro ten-year bond issued on April 7, 2007, at a fixed rate of 4.75%.

At December 31, 2015, the public ratings assigned to Italcementi S.p.A. by the Moody's and the Standards & Poor's agencies were Ba3 outlook positive-NP and BB+ outlook negative-B, respectively.

After the announcement of the agreement between HeidelbergCement and Italmobiliare for the purchase of the 45% equity investment held by Italmobiliare in Italcementi S.p.A.:

- o on July 29, 2015, Moody's placed the Italcementi S.p.A. Ba3 rating under review for a possible upgrade, as well as the Ba3 rating of its EMTN program, the Ba3 rating of the Italcementi Finance unsecured senior bonds and the Ba2 rating of the Ciments Français S.a.s. The short-term rating (NP) was not put under review;
- o on July 31, 2015, Standard & Poor's, revised the outlooks on Italcementi S.p.A. and Ciments Français S.a.s. from stable to developing. On October 8, 2015, the outlooks were revised from developing to positive; the long- and short-term BB/B ratings were confirmed.

At December 31, 2014, the public ratings assigned to Italcementi S.p.A. by the Moody's and the Standards & Poor's agencies were Ba3 outlook positive-NP and BB+ outlook negative-B, respectively. The 500 million euro bond issued by Ciments Français S.a.s. in 2007 was given a Ba2 outlook positive rating and a BB+ outlook negative rating by Moody's and Standards & Poor's respectively.

On March 12, 2014, Moody's had placed the Italcementi Ba3 rating under observation for a possible upgrade. On July 31, 2014, Moody's had confirmed the Ba3 rating and modified the outlook from stable to positive. During 2014, the Standard & Poor's rating on Italcementi S.p.A. remained unchanged, at BB+/B outlook negative.

### Billéts de Trésorerie issue program

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. On the annual update of the issue program on June 3, 2013, the maximum amount was reduced to 200 million euro. On October 13, 2014, the maximum authorized amount was raised to a total of 400 million euro. On May 24, 2015, Italcementi Finance renewed the annual program. The program, guaranteed by Italcementi S.p.A., has an NP Moody's rating and a B Standards & Poors rating. The program is sponsored by Natixis with Bred Banque Populaire, Credit Agricole CIB, Credit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis and Société Générale as bookrunners. On October 24, 2011, the program was granted a STEP label (Short Term European Paper, reference no. #0002214). In 2015, the company issued Billets de Trésorerie for a total amount of 1,897.5 million euro of which 169.3 million euro outstanding at December 31, 2015.

### Main intragroup relations

- a) In September 2014, after completion of the U.S. dollar loan by Italcementi Finance, obtained a five-year 65 million US dollar floating-rate amortizing loan Essroc Corp., the U.S. subsidiary of Ciments Français S.a.s. from



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Italcementi Finance, of which 15 million U.S. dollars expiring in September 2017 and 50 million dollars in September 2019. At December 31, 2015, the loan had been used in full.

- b) The new 450 million euro syndicated line of credit negotiated by Italcementi Finance in June 2014, which replaces the previous 920 million euro syndicated facility expiring in September 2015, made it possible to refinance the 700 million euro intragroup line of credit granted to Ciments Français S.a.s. expiring in September 2015 for 450 million euro, subject to cancellation of 250 million euro of credit on the same line. Italcementi Finance also simultaneously canceled the 220 million euro line of credit for Italcementi S.p.A. At December 31, 2015 no drawings had been made on the new intragroup line of credit;
- c) The funds raised by the two bonds issued in 2013 were used by Italcementi S.p.A. through medium/long-term intragroup loans to refinance bank loans and borrowings coming up to maturity;
- d) In January 2013 Ciments Français S.a.s. made early repayment of the 100 million euro loan granted by Italcementi S.p.A. in 2010.

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

As a result of the Moody's rating downgrade on December 15, 2011, the interest-rate increase of 125 basis points applicable under the step-up clause of the 750 million euro bond issued by Italcementi Finance was applied to the loans granted by Italcementi Finance to Italcementi S.p.A. and Ciments Français S.a.s., for aggregate amounts of 210 million euro and 540 million euro, respectively. The rating downgrade did not have other contractual consequences on the cost of Group financing.

## Management of liquidity, credit and counterparty risks in the discontinued construction materials segment

### 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.s. 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.s. obtain refinancing from Italcementi Finance through short- and long-term intragroup loans, arranged at arm's length conditions.

Group companies' cash and cash equivalents, standing at 537.1 million euro at December 31, 2015, consisted largely of short-term assets such as short-term deposits, certificates of deposit and money-market, mutual funds. At December 31, 2015, the maximum exposure to a single counterparty on such cash and cash equivalents was 11%.

Due to currency regulations in Egypt, Morocco, Thailand and India, the cash and cash equivalents of the segment companies in those countries, for a total of 380.8 million euro, are not immediately available for debt service to the holdings and sub-holdings, and are subject to the risk of repatriation in the event of a currency crisis in the countries in question.

The tables below compare net debt by maturity (excluding the fair value of derivatives and financial assets) with available lines of credit at reporting date.

At December 31, 2015, the average maturity of the group's gross debt was two-years and four-months (three-years and two-months at December 31, 2014).

Current liabilities included billets de trésorerie for 169.3 million euro (144.9 million euro at December 31, 2014).

At December 31, 2015, the group had committed lines of credit totaling 1,374 million euro, of which 1,309 million euro undrawn and immediately available (1,474 and 1,310 million euro respectively at December 31, 2014). It is group policy to maintain sufficient funds to cover amounts due and other liquidity requirements over a horizon of approximately 24 months.

At December 31, 2015\*

	Maturity less than 1 year	Maturity 1 to 2 years	Maturity 2 to 3 years	Maturity 3 to 4 years	Maturity 4 to 5 years	Maturity beyond 5 years	Total
(in millions of euro)							
Non-current finance liabilities		565.7	552.0	139.3	786.6	52.0	2,095.5
Current finance liabilities (**)	377.7						377.7
Amounts due to banks	310.6						310.6
<b>Cash and cash equivalents</b>	<b>(537.1)</b>						<b>(537.1)</b>
<b>Total</b>	<b>151.2</b>	<b>565.7</b>	<b>552.0</b>	<b>139.3</b>	<b>786.6</b>	<b>52.0</b>	<b>2,246.7</b>
<b>Cumulative total</b>	<b>151.2</b>	<b>716.8</b>	<b>1,268.8</b>	<b>1,408.1</b>	<b>2,194.8</b>	<b>2,246.7</b>	
	start 2016	end 2016	end 2017	end 2018	end 2019	end 2020	end 2021
<b>Committed lines of credit, available at end of each period</b>	<b>1,309.1</b>	<b>931.9</b>	<b>495.0</b>	<b>450.0</b>	-	-	-

At December 31, 2014\*

	Maturity less than 1 year	Maturity 1 to 2 years	Maturity 2 to 3 years	Maturity 3 to 4 years	Maturity 4 to 5 years	Maturity beyond 5 years	Total
(in millions of euro)							
Non-current finance liabilities		194.8	558.1	551.8	128.5	863.4	2,296.8
Current finance liabilities (**)	285.4						285.4
Amounts due to banks	219.8						219.8
<b>Cash and cash equivalents</b>	<b>(551.5)</b>						<b>(551.5)</b>
<b>Total</b>	<b>(46.3)</b>	<b>194.8</b>	<b>558.1</b>	<b>551.8</b>	<b>128.5</b>	<b>863.4</b>	<b>2,250.4</b>
<b>Cumulative total</b>	<b>(46.3)</b>	<b>148.5</b>	<b>706.6</b>	<b>1,258.4</b>	<b>1,387.0</b>	<b>2,250.4</b>	
	start 2015	end 2015	end 2016	end 2017	end 2018	end 2019	end 2020
<b>Committed lines of credit, available at end of each period</b>	<b>1,310.0</b>	<b>1,048.0</b>	<b>898.0</b>	<b>518.0</b>	<b>473.0</b>	<b>23.0</b>	<b>23.0</b>

(\*) excluding fair value of derivatives

(\*\*) of which "billets de trésorerie" 144.9 million euro

## Covenants

In addition to the customary clauses, some of the financing contracts granted to Italcementi S.p.A., Italcementi Finance and other segment companies such as Zuari Cement (India) and Shymkent Cement (Kazakhstan), include covenants requiring compliance with financial ratios, typically determined on a six-monthly basis. The main financial ratio included in the covenants is "leverage" (consolidated segment net financial debt/recurring gross operating profit (loss)) with a maximum limit of 3.75. For bilateral or syndicated lines of credit and loans and borrowings, failure to comply with covenants leads to termination and consequent early repayment, although the covenants 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 counterparty, 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, 2015, lines of credit and loans subject to covenants stood at 359 million euro of total group gross financial liabilities (2,784 million euro at December 31, 2015 expressed at nominal amount, excluding the fair value effects of derivatives) and 1,038 million euro of total undrawn immediately available lines of credit (1,309 million euro at December 31, 2015).

A number of committed lines of credit and long-term loans available to Italcementi S.p.A. and Italcementi Finance at December 31, 2015, for a total amount of 1,825 million euro including drawings of 260 million euro, contain "change of control" clauses that could potentially be activated on execution of the Italmobiliare/HeidelbergCement

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transaction. Exclusively with respect to that eventuality, Italcementi S.p.A. obtained explicit waivers from the counterparties, which guarantee the continued availability of the facilities and loans over and beyond the transaction date. The waivers were finalized for 1,735 million euro at December 31, 2015, and for 90 million euro during February 2016.

At December 31, 2015, the segment complied with all contractual commitments; covenant-related financial ratios were within the contractual limits agreed by the loans in question. The segment expects to comply with the limits for the next 12 months, and will provide information as appropriate should its financial situation deteriorate.

As a result of the losses at Shymkent Cement, caused in part by the sudden depreciation of the local currency, the minimum capitalization requirement at December 31, 2015, envisaged by the loan contract with the EBRD was suspended; it will be reactivated as from June 30, 2016, the date by which the recapitalization of the company is planned.

#### 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. The procedures also allowances for impairment 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 bad and doubtful receivables.

#### Counterparty risk

Currency and interest-rate instruments are transacted only with counterparties with high ratings. Counterparties are selected on the basis of a number of criteria: ratings attributed by specialist agencies, assets and equity as well as the nature and maturity of transactions. The majority of counterparties are leading international banks.

No financial instruments are contracted with counterparties in geographical segment exposed to political or financial risks. All counterparties are in Western Europe or the USA.

Adoption of IFRS 13 implies credit valuation adjustment (CVA) and debit valuation adjustment (DVA) on derivatives.

## Financial assets and liabilities and fair value hierarchy

The two tables below show the carrying amount and fair value of each financial asset and liability, with the relevant fair value hierarchy level. Information on the fair value of financial assets and financial liabilities not measured at fair value is excluded, when carrying amount is a reasonable approximation of fair value.

December 31, 2015					
(in millions of euro)	Carrying amount	Fair Value	Level 1	Level 2	Level 3
<b>FINANCIAL ASSETS</b>					
<b>Assets originally designated at fair value</b>					
Cash and cash equivalents	188.6	188.6	-	-	-
Mutual funds	100.4	100.4	100.4	-	-
<b>Assets classified as held for trading</b>					
Fair value of derivatives	1.2	1.2	-	1.2	-
Equity investments, bonds and loan assets	17.4	17.4	17.4	-	-
<b>Loans and receivables</b>					
Short-term deposits	248.1	248.1	-	-	-
Trade receivables	562.5	562.5	-	-	-
Other current assets	5.3	5.3	-	-	-
Other non-current assets excluding concessions, licenses paid in advance, derivatives and securities	114.9	114.9	-	-	-
Equity investments, bonds and loan assets	66.2	66.2	-	-	-
<b>Available-for-sale financial assets</b>					
Other equity investments	19.3	19.3	-	-	19.3
<b>Fair value of hedging derivatives</b>	<b>34.8</b>	<b>34.8</b>	<b>-</b>	<b>34.8</b>	<b>-</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Liabilities originally designated at fair value</b>					
<b>Liabilities classified as held for trading</b>					
Fair value of derivatives	8.6	8.6	-	8.6	-
<b>Other financial liabilities</b>					
Trade payables	571.1	571.1	-	-	-
Other current liabilities	92.9	92.9	-	-	-
Finance lease payables	0.4	0.4	-	-	-
Floating-rate non-current finance liabilities	299.8	299.8	-	299.8	-
Fixed-rate non-current finance liabilities	1,795.4	1,837.3	1,837.3	-	-
Other current finance liabilities	688.2	688.2	-	688.2	-
Fair value of hedging derivatives	45.4	45.4	-	45.4	-
Purchase commitments on non-controlling interests	36.9	36.9	-	-	36.9

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		December 31, 2014			
(in millions of euro)	Carrying amount	Fair Value	Level 1	Level 2	Level 3
<b>FINANCIAL ASSETS</b>					
<b>Assets originally designated at fair value</b>					
Cash and cash equivalents	198.6	198.6	-	-	-
Mutual funds	98.6	98.6	98.6	-	-
<b>Assets classified as held for trading</b>					
Fair value of derivatives	2.9	2.9	-	2.9	-
Equity investments, bonds and loan assets	17.4	17.4	17.4	-	-
<b>Loans and receivables</b>					
Short-term deposits	254.4	254.4	-	-	-
Trade receivables	635.7	635.7	-	-	-
Other current assets	3.9	3.9	-	-	-
Other non-current assets excluding concessions, licenses paid in advance, derivatives and securities	114.2	114.2	-	-	-
Equity investments, bonds and loan assets	31.9	31.9	-	-	-
<b>Available-for-sale financial assets</b>					
Other equity investments	46.3	46.3	24.8	-	21.4
<b>Fair value of hedging derivatives</b>	<b>97.2</b>	<b>97.2</b>	<b>-</b>	<b>97.2</b>	<b>-</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Liabilities originally designated at fair value</b>					
<b>Liabilities classified as held for trading</b>					
Fair value of derivatives	7.5	7.5	-	7.5	-
<b>Other financial liabilities</b>					
Trade payables	577.0	577.0	-	-	-
Other current liabilities	138.3	138.3	-	-	-
Finance lease payables	1.5	1.5	-	-	-
Floating-rate non-current finance liabilities	458.5	458.5	-	458.5	-
Fixed-rate non-current finance liabilities	1,838.3	1,909.3	1,909.3	-	-
Other current finance liabilities	503.7	503.7	-	503.7	-
Fair value of hedging derivatives	57.1	57.1	-	57.1	-
Purchase commitments on non-controlling interests	23.3	23.3	-	-	23.3

Trade receivables and payables are current 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 on the basis of discounted 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 assets and liabilities is determined using the closing rates.

The fair value of fixed-rate assets and liabilities is determined using a fixed rate with no credit margin, net of transaction costs directly attributable to the financial assets and financial liabilities.

In determining and documenting the fair value of financial instruments, the segment 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.

No reclassifications from categories measured at fair value to categories measured at amortized cost were made in 2015 or 2014, in the segment's financial asset portfolio.

Reconciliation of the fair value of financial instruments classified in Level 3:

	Other equity investments	Purchase commitments on non-controlling interests
(in millions of euro)		
<b>At December 31, 2014</b>	<b>21.4</b>	<b>23.3</b>
Increases (decreases)	0.3	13.2
Profit (loss) reflected in profit or loss	(2.2)	-
Profit (loss) reflected in other comprehensive income (expense)	-	-
Translation differences	(0.2)	0.4
<b>At December 31, 2015</b>	<b>19.3</b>	<b>36.9</b>

#### Fair value of derivatives

Measurement of derivatives at December 31, 2015 included credit valuation adjustment (CVA) and debit valuation adjustment (DVA).

The method adopted by the segment to determine the impact of credit/counterparty risk on its measurements at the reporting date applies a default probability to each flow in order to incorporate the adjustment for credit/counterparty risk into the measurement.

In the case of positive measurements for the Italcementi group, CVA is based on the default probability of the bank counterparty and translates into a reduction of the amount of the derivative asset to which the group is exposed by virtue of the counterparty risk.

In the case of negative measurements, DVA is based on the default probability of the Italcementi group and translates into a reduction of the amount of the derivative liability by virtue of the credit risk to which the group exposes the counterparty bank.

Default probabilities are computed using secondary bond market data through calculation of the implicit "credit default swaps" (CDS).

The loss given default (LGD) is set at 60% in line with market standards.

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

(in thousands of euro)	December 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
<b>Derivatives - interest rates</b>	<b>1,167</b>	<b>9,822</b>	<b>2,850</b>	<b>6,958</b>
Future cash flow hedges	-	1,342	-	-
Fair value hedges	-	20	-	-
Trading	1,167	8,460	2,850	6,958
<b>Derivatives - exchange rates</b>	<b>5,229</b>	<b>1,492</b>	<b>4,350</b>	<b>17,247</b>
Future cash flow hedges	1,553	338	4,245	110
Fair value hedges	3,639	970	103	16,549
Trading	37	184	2	588
<b>Total current instruments</b>	<b>6,396</b>	<b>11,314</b>	<b>7,200</b>	<b>24,205</b>
<b>Derivatives - interest rates</b>	<b>29,557</b>	<b>42,699</b>	<b>92,924</b>	<b>40,387</b>
Future cash flow hedges	1	27,060	-	25,567
Fair value hedges	29,556	15,639	92,924	14,820
<b>Derivatives - exchange rates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>
Fair value hedges	-	-	-	16
<b>Total non-current instruments</b>	<b>29,557</b>	<b>42,699</b>	<b>92,924</b>	<b>40,403</b>
<b>Total</b>	<b>35,953</b>	<b>54,013</b>	<b>100,124</b>	<b>64,608</b>

Long-term interest-rate derivatives recognized under assets for 29.6 million euro related principally to fixed-rate to Euribor-indexed floating rate interest-rate swaps, of which 9.9 million euro hedging part of the 500 million euro bond issued by Ciments Français S.a.s. and 19.7 million euro hedging part of the 750 million euro bond issued by Italcementi Finance S.A.; both bonds were issued at a fixed rate under the companies' respective EMTN programs. At December 31, 2014, the derivatives were carried under assets at 16.0 million euro and 76.9 million euro, respectively.

Trading interest-rate derivatives and exchange-rate derivatives refer to assets that do not qualify for accounting as future cash flow hedges, although they are transacted for that purpose. They consist largely of interest-rate hedges on US dollar requirements.

The two tables below show the impact of netting agreements relating to derivative assets and derivative liabilities at December 31, 2015 and 2014.

Derivatives are stated at fair value, including the impact of the counterparty risk.

## December 31, 2015

	Gross amounts	Amounts offset in financial statements	Carrying amounts in financial statements	Amounts not offset in financial statements	Carrying amounts in accordance with IFRS 7
				derivatives	collateral
(in millions of euro)					
Derivative assets	36.0	-	36.0	35.7	0.3
Derivative liabilities	54.0	-	54.0	35.7	18.4

## December 31, 2014

	Gross amounts	Amounts offset in financial statements	Carrying amounts in financial statements	Amounts not offset in financial statements	Carrying amounts in accordance with IFRS 7
				derivatives	collateral
(in millions of euro)					
Derivative assets	100.1	-	100.1	31.4	68.7
Derivative liabilities	64.6	-	64.6	31.4	33.2

Fair value of derivatives on management of commodities risk

At December 31, 2015, there were no derivatives relating to EUA and CER/ERU transactions.

## Management of the interest rate risk

Management of the interest rate risk in the segment has a dual purpose, to minimize the cost of net financial 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 profit or loss in the event of liquidation or early repayment of these instruments;
- The future cash flow risk with respect to floating-rate financial 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 profit or loss.

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 leading banks.



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## Interest-rate risk hedging

The notional amount of interest-rate derivatives by expiry date is set out below:

	Maturity less than 1 year	Maturity 1 to 2 years	Maturity 2 to 5 years	Maturity more than 5 years	Total
(in millions of euro)					
<b>Fair value hedges</b>					
<b>SWAPS receive Fixed / pay Floating</b>					
165 million € 4.75% Euribor 3M+0.6265%	-	(165.0)	-	-	(165.0)
100 million € 6.125% Euribor 3M+3.650%	-	-	(100.0)	-	(100.0)
650 million € 5.375% Euribor 3M+2.284%	-	-	(650.0)	-	(650.0)
<b>Total</b>	<b>-</b>	<b>(165.0)</b>	<b>(750.0)</b>	<b>-</b>	<b>(915.0)</b>
<b>Cash flow hedges</b>					
<b>SWAPS receive Floating / pay Fixed</b>					
1073.8 million € Euribor 3M 1.047%	100.0	-	420.0	553.8(*)	1,073.8
<b>Cash flow hedges OPTIONS</b>					
	-	-	-	-	-
<b>Total</b>	<b>100.0</b>	<b>-</b>	<b>420.0</b>	<b>553.8</b>	<b>1,073.8</b>
<b>Trading</b>					
<b>SWAPS receive Floating / pay Fixed</b>					
440 M\$ Libor 3M 1.587%	-	45.9	238.8	119.4	404.2
115 million € Euribor 3M 1.390%	-	-	115.0	-	115.0
<b>Cross Currency Swaps receive Floating / pay Floating</b>					
	-	-	-	-	-
<b>Trading Options</b>					
	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>45.9</b>	<b>353.8</b>	<b>119.4</b>	<b>519.2</b>
<b>Absolute total amount</b>	<b>100.0</b>	<b>210.9</b>	<b>1,523.8</b>	<b>673.2</b>	<b>2,507.9</b>
<b>Net balancing - receive floating / pay fixed</b>	<b>100.0</b>	<b>(119.1)</b>	<b>23.8</b>	<b>673.2</b>	<b>677.9</b>

(\*) of which 150 million € with start deferred to 04/04/2017 and 150 million € with start deferred to 02/21/2018

## Exposure to interest-rate risk

At December 31, 2015, the notional amount of derivative contracts on interest rates represented 378 million euro of the fixed-rate component of the segment's financial commitments. In total, at December 31, 2015, 78% of the segment's gross financial debt and 100% of net financial debt (not considering the fair value of derivatives) was at a fixed rate at inception or hedged against a rise in interest rates.

Of total bond debt at a fixed rate at inception, with a nominal amount of 1,750 million euro, 915 million euro were hedged by interest-rate swaps to floating rates.

Hedges are reflected at nominal amount for each period (consistently with instrument maturity) and do not include fixed- to fixed-rate contracts and floating- to floating-rate contracts.

## Net financial debt at inception and after interest-rate hedging

The table below provides a breakdown of net financial debt at December 31, 2015 showing fixed-rate and floating-rate components at inception and after interest-rate hedging:

(in millions of euro)	12.31.2015	Maturity			
		< 1 year	1 - 2 years	2 - 5 years	Beyond
Fixed-rate financial liabilities	1,797.8	2.4	510.9	1,272.7	11.8
Fixed-rate financial assets	(8.9)	(2.0)	-	(6.9)	-
Fixed-rate NFD at inception	1,788.9	0.4	510.9	1,265.9	11.8
Fixed- to floating-rate hedging	(915.0)	-	(165.0)	(750.0)	-
Floating- to fixed-rate hedging	1,292.9	100.0	45.9	773.8	373.2
<b>Fixed-rate NFD after hedging</b>	<b>2,166.8</b>	<b>100.4</b>	<b>391.8</b>	<b>1,289.7</b>	<b>384.9</b>
Floating-rate financial liabilities	986.0	685.9	54.8	205.2	40.2
Floating-rate financial assets	(615.1)	(619.8)	16.1	(12.4)	1.1
Floating-rate NFD at inception	370.9	66.1	70.8	192.8	41.2
Fixed- to floating-rate hedging	915.0	-	165.0	750.0	-
Floating- to fixed-rate hedging	(1,292.9)	(100.0)	(45.9)	(773.8)	(373.2)
Optional hedges	-	-	-	-	-
<b>Floating-rate NFD after hedging</b>	<b>(7.0)</b>	<b>(33.9)</b>	<b>189.9</b>	<b>169.0</b>	<b>(331.9)</b>
Optional hedges	-	-	-	-	-
Fair value of hedging derivatives	18.1	5.2	(9.8)	16.3	6.4
<b>Net financial debt</b>	<b>2,177.9</b>	<b>71.7</b>	<b>571.9</b>	<b>1,474.9</b>	<b>59.4</b>

(\*) excluding 150 million € with start deferred to 04/04/2017 and 150 million € with start deferred to 02/21/2018

At December 31, 2015, a 0.5% increase in the interest-rate curve would have an immaterial impact on 2015 net finance costs. The impact on interest-rate derivatives in portfolio would be +25.6 million euro on equity and -9.8 million euro on profit before tax; the latter effect would be countered by an effect of +20.5 million euro on fixed-rate liabilities with fair value hedges.

At December 31, 2015, a 0.5% decrease in the interest-rate curve would have an immaterial impact on 2015 net finance costs. The impact on interest-rate derivatives in portfolio would be -27.2 million euro on equity and +10 million euro on profit before tax; the latter effect would be countered by an effect of -20.9 million euro on fixed-rate liabilities with fair value hedges.

## Management of 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 segment companies 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, spare parts 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 Group may adapt this general rule to take account of specific macro-economic conditions in certain geographical areas (hyperinflation, high interest rates, liquidity and, translation).

With regard to financing for subsidiaries, the segment may arrange borrowings in a currency other than that of the loan to the subsidiary.

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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 leading banks.

The impact of currency translation on subsidiaries' equity own funds is recognized as a separate equity component.

#### Exposure to currency risk

The table below details consolidated net exposure by currency at December 31, 2015, showing financial assets and liabilities denominated in currencies other than the local currency.

(in millions of euro)	euro (*)	USD (*)	Other (*)
Financial assets (°)	2.8	482.0	42.1
Financial liabilities (°)	(12.2)	(62.9)	(62.8)
Derivatives	-	(435.5)	62.8
<b>Net exposure</b>	<b>(9.4)</b>	<b>(16.4)</b>	<b>42.1</b>

(\*) assets and liabilities are stated at their nominal amount in euro when the local currency is not the euro

(°) excluding trade payables and receivables

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.

Net exposure in US dollars arises largely from the investment of the cash reserves of the Egyptian divisions in this currency, in order to ensure the availability of the necessary cash to pay import commitments and mitigate possible local currency fluctuations.

At December 31, 2015, a 1% change in the exchange rate with the euro, in cases where the local currency is not euro, would have an impact of 34 million euro on equity, of which 7.8 million euro on non-controlling interests.

At December 31, 2015, a 10% rise in the US dollar would have an impact on currency derivatives in portfolio of 3.6 million euro on equity and -38.8 million euro on profit before tax. A 10% depreciation of the US dollar would have an impact on currency derivatives in portfolio of -3.6 million euro on equity and 38.8 million euro on profit before tax.

## Currency risk hedging

The table below sets out currency risk hedges measured at the closing rates:

(in millions of euro)		December 31, 2015	December 31, 2014
<b>Forward purchases</b>			
Cash flow hedges			
	US dollars	52.2	60.6
	Other	0.1	-
Fair value hedges			
	US dollars	20.1	47.9
	Other	63.0	44.3
Trading			
	US dollars	1.5	-
	Other	-	-
<b>Total</b>		<b>137.0</b>	<b>152.8</b>
<b>Forward sales</b>			
Cash flow hedges			
	US dollars	12.5	5.8
Fair value hedges			
	US dollars	458.6	310.5
	Other	-	10.3
Trading			
	US dollars	16.2	6.6
	Other	-	-
<b>Total</b>		<b>487.3</b>	<b>333.1</b>
<b>Cross currency swaps</b>			
Fair value hedges			
	US dollars	-	123.5
<b>Total</b>		<b>-</b>	<b>123.5</b>
<b>TOTAL</b>		<b>624.2</b>	<b>609.5</b>

At December 31, 2015, expiry of currency risk hedges was less than two years.

## Management of commodity risk

### Carbon emissions

The segment's European subsidiaries are exposed to market fluctuations on carbon emission rights prices, in connection with their surplus or deficit on the quotas allocated by their respective national governments.

In 2015, given the surplus accumulated and the general economic and industry situation, the Group transacted spot sales of European Union Allowances (EUA) for proceeds of 50 million euro. In 2014, a gain of 11.5 million euro had been generated on completion of the optimization of the carbon emission rights portfolio through a spot purchase of Certified Emission Reductions and Emission Reduction Units (CER, ERU) and a spot sale of an equivalent number of EUAs.

Trades on emission rights markets are transacted by Italcementi S.p.A., which since 2010 has also operated on behalf of the Group's other European subsidiaries under an agency basis.

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## Other commodities

The segment does not cover the price risk on other commodities with financial hedging instruments; in some cases of coal, energy and gas procurement, management of market-price fluctuations is covered by medium-term contracts providing for gradual price fixing directly with the supplier.

### Management of the 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 shares" reserve.

Investments corresponding to "available-for-sale" financial assets are carried under "Other equity investments".

The risk of fluctuations in the value of such investments is not actively managed with hedging instruments.

## 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 2015 amounted to +6.2 million euro at December 31, 2015, compared with +6.7 million euro at December 31, 2014. The changes in equity relating to derivatives contracted in 2014 and still in portfolio at December 31, 2015, amounted to -9.3 million euro (-26.3 million euro at December 31, 2014). The overall effect of the new derivatives recognized in equity was -2.4 million euro at December 31, 2015 (+1.0 million euro at December 31, 2014).
- The non-effective component of cash flow hedges in portfolio at December 31, 2015 recognized in profit or loss was immaterial in both 2015 and 2014. With reference to fair value hedges in portfolio at the end of 2015, the amount taken to profit or loss totaled +31 million euro for 2015 (+45.1 million euro for 2014). Recognized amounts attributable to underlying risk hedged during the year totaled -31.2 million euro in 2015 (-48.0 million euro in 2014). These amounts are taken to profit or loss as gains and losses on interest rate and currency derivatives.

The table below sets out the income statement of the banking segment sold in 2015:

(in thousands of euro)	2015	%	2014	%	Change	%
<b>Revenue</b>	<b>10,193</b>	<b>100.0%</b>	<b>18,028</b>	<b>100.0%</b>	<b>(7,835)</b>	<b>-43.5%</b>
Other revenue	67		235		(168)	
Change in inventories						
Internal work capitalized						
Raw materials and supplies						
Services	(3,178)		(6,182)		3,004	
Personnel expenses	(5,960)		(11,344)		5,384	
Other operating income (expense)	(1,453)		(3,679)		2,226	
<b>Recurring gross operating profit (loss)</b>	<b>(331)</b>	<b>-3.2%</b>	<b>(2,942)</b>	<b>-16.3%</b>	<b>2,611</b>	<b>-88.7%</b>
Net gains from the sale of non-current assets	820		903		(83)	
Non-recurring personnel expense for re-organizations						
Other non-recurring income (expense)	2,807				2,807	
<b>Gross operating profit (loss)</b>	<b>3,296</b>	<b>32.3%</b>	<b>(2,039)</b>	<b>-11.3%</b>	<b>5,335</b>	<b>n.s.</b>
Amortization and depreciation	(116)		(1,128)		1,012	
Impairment losses on non-current assets						
<b>Operating profit (loss)</b>	<b>3,180</b>	<b>31.2%</b>	<b>(3,167)</b>	<b>-17.6%</b>	<b>6,347</b>	<b>n.s.</b>
Finance income						
Finance costs	(22)		(8)		(14)	
Exchange-rate differences and net gains (losses) on derivatives						
Impairment losses on financial assets						
Share of profit (loss) of equity-accounted investees						
<b>Profit (loss) before tax</b>	<b>3,158</b>	<b>31.0%</b>	<b>(3,175)</b>	<b>-17.6%</b>	<b>6,333</b>	<b>n.s.</b>
Income tax (expense)	72		68		4	
<b>Profit (loss) relating to continuing operations</b>	<b>3,230</b>	<b>31.7%</b>	<b>(3,107)</b>	<b>-17.2%</b>	<b>6,337</b>	<b>n.s.</b>
Profit (loss) relating to discontinued operations						
<b>Profit (loss) for the year</b>	<b>3,230</b>	<b>31.7%</b>	<b>(3,107)</b>	<b>-17.2%</b>	<b>6,337</b>	<b>n.s.</b>
Attributable to:						
<b>owners of the parent</b>	<b>3,230</b>	<b>31.7%</b>	<b>(3,107)</b>	<b>-17.2%</b>	<b>6,337</b>	<b>n.s.</b>
<b>non-controlling interests</b>						

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## 38) Other comprehensive income

(in thousands of euro)	Gross amount	Tax	Net amount
Fair value gains (losses) on:			
Available-for-sale financial assets	26,196	2,213	28,409
Derivatives	83		83
Translation differences	(19,843)		(19,843)
Actuarial gains (losses) on defined benefit plans	504	(107)	397
<b>Other comprehensive income</b>	<b>6,940</b>	<b>2,106</b>	<b>9,046</b>

## 39) Earnings (losses) per share

Earnings (losses) per share at December 31, 2015 and 2014 are determined on the parent profit (loss) for the respective years and stated separately for ordinary shares and savings shares.

### Basic earnings (losses) per share

The weighted average number of shares and attributable earnings (loss) are shown below:

	2015		2014	
(n° shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
No. of shares at January 1	22,183	16,343	22,183	16,343
Treasury shares at January 1	(872)	(28)	(872)	(28)
Weighted average number of treasury shares sold in year	12			
<b>Total</b>	<b>21,323</b>	<b>16,315</b>	<b>21,311</b>	<b>16,315</b>
Attributable profit (loss) in thousands of euro	3,219	3,735	(25,382)	(19,431)
Basic earnings (losses) per share	0.151	0.229	(1.191)	(1.191)

Earning (losses) attributable by share category was determined as follows:

	2015		2014	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)		1,272		
Residual profit (loss) apportioned to all shares	3,219	2,463	(25,382)	(19,431)
<b>Total</b>	<b>3,219</b>	<b>3,735</b>	<b>(25,382)</b>	<b>(19,431)</b>

## Diluted earnings (losses) per share

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

The weighted average number of shares and attributable earnings (losses) are shown below:

	2015		2014	
(thousands of shares)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Weighted average number of shares at December 31	21,323	16,315	21,311	16,315
Dilutive effect of stock options	34		5	
<b>Total</b>	<b>21,357</b>	<b>16,315</b>	<b>21,316</b>	<b>16,315</b>
Attributable profit (loss) for the year for diluted earnings in 000 euro	3,221	3,733	(25,384)	(19,429)
Diluted earnings (losses) per share in euro	0.151	0.229	(1.191)	(1.191)

Loss attributable by share category was determined as follows:

	2015		2014	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)		1,273		
Residual profit (loss) apportioned to all shares	3,221	2,460	(25,384)	(19,429)
<b>Total</b>	<b>3,221</b>	<b>3,733</b>	<b>(25,384)</b>	<b>(19,429)</b>

Basic earnings per share relating to continuing operations are set out below:

	2015		2014	
(no. shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
No. of shares at January 1	22,183	16,343	22,183	16,343
Treasury shares at January 1	(872)	(28)	(872)	(28)
Weighted average number of treasury shares sold in year	12			
<b>Total</b>	<b>21,323</b>	<b>16,315</b>	<b>21,311</b>	<b>16,315</b>
Attributable profit (loss) relating to continuing operations in thousands of euro	(17,554)	(13,430)	6,382	4,886
Basic earnings (losses) per share relating to continuing operations	(0.823)	(0.823)	0.299	0.299

Diluted earnings per share relating to continuing operations are set out below:

	2015		2014	
(thousands of shares)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Weighted average number of shares at December 31	21,323	16,315	21,311	16,315
Dilutive effect of stock options	34		5	
<b>Total</b>	<b>21,357</b>	<b>16,315</b>	<b>21,316</b>	<b>16,315</b>
Attributable profit (loss) for the year relating to continuing operations for diluted earnings in thousands of euro	(17,566)	(13,418)	6,383	4,885
Diluted earnings (losses) per share in euro	(0.822)	(0.822)	0.299	0.299



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Basic earnings per share relating to discontinued operations are set out below:

	2015		2014	
(no. shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
No. of shares at January 1	22,183	16,343	22,183	16,343
Treasury shares at January 1	(872)	(28)	(872)	(28)
Weighted average number of treasury shares sold in year	12			
<b>Total</b>	<b>21,323</b>	<b>16,315</b>	<b>21,311</b>	<b>16,315</b>
Attributable profit (loss) relating to discontinued operations in thousands of euro	20,772	17,166	(31,764)	(24,317)
Basic earnings (losses) per share relating to discontinued operations	0.974	1.052	(1.490)	(1.490)

Diluted earnings per share relating to discontinued operations are set out below:

	2015		2014	
(thousands of shares)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Weighted average number of shares at December 31	21,323	16,315	21,311	16,315
Dilutive effect of stock options	34		5	
<b>Total</b>	<b>21,357</b>	<b>16,315</b>	<b>21,316</b>	<b>16,315</b>
Attributable profit (loss) for the year relating to discontinued operations for diluted earnings in 000 euro	20,787	17,151	(31,767)	(24,314)
Diluted earnings (losses) per share in euro	0.973	1.051	(1.490)	(1.490)

**IFRS 7**
**Net financial position**

The net financial position at December 31, 2015 was as follows:

	Statement of financial position caption	Non NFP	NFP	Current assets	Current liabilities	Non- current assets	Non- current liabilities	NFP held for sale
(in thousands of euro)								
Trade receivables and other non-current assets	37,270	9,348	27,922	43		27,879		
Other current financial assets	25,006	17,212	7,794	7,794				
Financial assets and equity investments held for trading	173,395		173,395	173,395				
Cash and cash equivalents	118,173		118,173	118,173				
Non-current finance liabilities	(43,242)		(43,242)				(43,242)	
Other non-current liabilities								
Current bank loans and borrowings	(156,851)		(156,851)		(156,851)			
Current finance liabilities	(62,971)		(62,971)		(62,971)			
Other liabilities	(71,112)	(62,542)	(8,570)		(8,570)			
<b>Total</b>	<b>19,668</b>	<b>(35,982)</b>	<b>55,650</b>	<b>299,405</b>	<b>(228,392)</b>	<b>27,879</b>	<b>(43,242)</b>	
Assets held for sale	8,598,004	7,938,095	659,909					659,909
Liabilities directly linked to assets held for sale	(4,732,083)	(1,934,853)	(2,797,230)					(2,797,230)
<b>Total</b>	<b>3,885,589</b>	<b>5,967,260</b>	<b>(2,081,671)</b>	<b>299,405</b>	<b>(228,392)</b>	<b>27,879</b>	<b>(43,242)</b>	<b>(2,137,321)</b>

At December 31, 2015, the net financial position of continuing operations was positive, at 55,650 thousand euro, whereas the total net financial position reflected debt of 2,081,671 thousand euro, as follows:

(in thousands of euro)	December 31, 2015	December 31, 2014	Change
<b>Current financial assets</b>	<b>299,405</b>	<b>1,139,699</b>	<b>(840,294)</b>
Cash and cash equivalents	118,173	863,537	(745,364)
Derivatives - assets	1,251	10,376	(9,125)
Other current financial assets	179,981	265,786	(85,805)
<b>Current financial liabilities</b>	<b>(228,392)</b>	<b>(1,009,914)</b>	<b>781,522</b>
Bank loans and borrowings	(156,851)	(397,599)	240,748
Current finance liabilities	(69,861)	(587,507)	517,646
Derivatives - liabilities	(1,680)	(24,808)	23,128
<b>Non-current financial assets</b>	<b>27,879</b>	<b>135,018</b>	<b>(107,139)</b>
Non-current financial assets	27,879	42,094	(14,215)
Non-current derivatives		92,924	(92,924)
<b>Non-current financial liabilities</b>	<b>(43,242)</b>	<b>(2,379,576)</b>	<b>2,336,334</b>
Non-current financial liabilities	(43,242)	(2,339,173)	2,295,931
Non-current derivatives		(40,403)	40,403
<b>Net financial position continuing operations</b>	<b>55,650</b>	<b>(2,114,773)</b>	<b>2,170,423</b>
Assets held for sale	659,909		659,909
Liabilities directly linked to assets held for sale	(2,797,230)		(2,797,230)
<b>Net financial debt discontinued operations</b>	<b>(2,137,321)</b>		<b>(2,137,321)</b>
<b>Total net financial debt</b>	<b>(2,081,671)</b>	<b>(2,114,773)</b>	<b>33,102</b>

The net financial position of continuing operations at December 31, 2015, computed in compliance with Consob communication no. DEM/6064293 of July 28, 2006 (i.e., not including non-current financial assets) was positive at 27,771 thousand euro (net financial debt of 1,960,948 thousand euro at December 31, 2014).

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## 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, 2015 and 2014:

(in thousands of euro)	December 31, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
<b>Assets at fair value through profit or loss</b>				
Cash and cash equivalents	118,173	118,173	863,537	863,537
Short-term derivatives	1,251	1,251	7,498	7,498
Banking derivatives			2,878	2,878
Medium/long-term derivatives			92,924	92,924
Derivatives	1,251	1,251	103,300	103,300
Equity investments, bonds and loan assets	173,395	173,395	212,886	212,886
Banking and other receivables	9,563	9,563	57,571	57,571
<b>Loans and receivables</b>				
Trade receivables	108,001	108,001	701,474	701,474
Receivables and other non-current assets	34,579	34,579	111,604	111,604
<b>Available-for-sale assets</b>				
Non-current equity investments	204,387	204,387	227,561	227,561
<b>Held-to-maturity investments</b>				
<b>Total</b>	<b>649,349</b>	<b>649,349</b>	<b>2,277,933</b>	<b>2,277,933</b>
<b>Financial liabilities</b>				
Trade payables	58,215	58,215	619,494	619,494
Current finance liabilities	219,822	219,822	697,891	697,891
Other finance liabilities	6,890	6,890	287,215	287,215
Total current finance liabilities	226,712	226,712	985,106	985,106
Short-term derivatives	1,680	1,680	24,443	24,443
Banking derivatives			365	365
Medium/long-term derivatives			40,403	40,403
Total derivatives	1,680	1,680	65,211	65,211
Non-current finance liabilities	43,242	43,242	2,339,173	2,410,173
Commitments to purchase equity investments			23,344	23,344
<b>Total</b>	<b>329,849</b>	<b>329,849</b>	<b>4,032,328</b>	<b>4,103,328</b>

Trade receivables and payables are current 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 foreign-currency assets and liabilities is determined using the closing rates. The fair value of fixed-rate assets and liabilities is determined using a fixed rate with no credit margin, net of transaction costs directly attributable to the financial assets and financial liabilities.

"Current finance liabilities" includes 40.6 million euro of current-account liabilities with respect to Italcementi S.p.A.'s assets held for sale.

## 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.

Information on the fair value of financial assets and financial liabilities not measured at fair value is excluded, when carrying amount is a reasonable approximation of fair value.

At December 31, 2015, financial instruments measured at fair value were as follows:

	December 31, 2015	Level 1	Level 2	Level 3
(in thousands of euro)				
Cash and cash equivalents	24		24	
Derivatives - assets	1,251		1,251	
Equity investments, bonds and loan assets	172,621	155,762	15,589	1,270
Banking and other receivables	3,020			3,020
Receivables and other non-current assets	8,302		5,564	2,738
Non-current equity investments	204,387	165,820	18,731	19,836
Current finance liabilities	219,822		219,822	
Derivatives - liabilities	1,680		1,680	
Non-current finance liabilities	43,242		43,242	
Commitments to purchase equity investments				

	Level 3 31/12/2014	Increases						Decreases							Level 3 31/12/2015
		Purchase	Gains in income state- ment	Other gains in income state- ment	Gains in equity	Other changes	Transfers from other levels	Sales	Repay- ments	Losses in income statement	Other losses in income statement	Losses in equity	Other changes	Transfers to other levels	
(in thousands of euro)															
Equity investments, bonds and loan assets	2,516			264				(687)	(390)	(43)			(390)		1,270
Banking and other receivables	4,404	119						(642)			(134)		(727)		3,020
Receivables and other non-current assets	191	2,547													2,738
Non-current equity investments	43,351	170						(167)	(931)		(137)	(1,452)	(20,998)		19,836
Derivatives - liabilities	(135)							135							
Commitments to purchase equity investments	(23,344)												23,344		

No reclassifications from categories measured at fair value to categories measured at amortized cost were made, in the Group financial asset portfolio in 2015 or 2014.

The fair value of level 3 non-current equity investments was estimated with reference to market multiples and comparable transactions.

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## Cash and cash equivalents

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Cash and checks in hand	218	3,830	(3,612)
Bank and postal accounts	117,931	761,130	(643,199)
Current bonds	24	98,577	(98,553)
<b>Net balance</b>	<b>118,173</b>	<b>863,537</b>	<b>(745,364)</b>

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

## Derivatives

The method adopted by the Group to determine the impact of credit/counterparty risk on its measurements at the reporting date applies a default probability to each flow in order to incorporate the adjustment for credit/counterparty risk into the measurement.

Default probabilities are computed using secondary bond market data through calculation of the implicit "credit default swaps" (CDS).

The loss given default (LGD) is set at 60% in line with market standards.

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

(in thousands of euro)	December 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives hedging cash flows				
Interest rate derivatives hedging fair value				(101)
Interest rate derivatives for trading	82	(1)	3,148	(7,095)
<b>Interest rate derivatives</b>	<b>82</b>	<b>(1)</b>	<b>3,148</b>	<b>(7,196)</b>
Exchange rate derivatives hedging cash flows			4,245	(110)
Exchange rate derivatives hedging fair value			103	(16,549)
Exchange rate derivatives for trading			2	(588)
<b>Exchange rate derivatives</b>			<b>4,350</b>	<b>(17,247)</b>
Derivatives on shares and securities	1,169	(1,679)		
<b>Total current instruments</b>	<b>1,251</b>	<b>(1,680)</b>	<b>7,498</b>	<b>(24,443)</b>
Interest rate derivatives hedging cash flows				(25,567)
Interest rate derivatives hedging fair value			92,924	(14,820)
<b>Interest rate derivatives</b>			<b>92,924</b>	<b>(40,387)</b>
Exchange rate derivatives hedging cash flows				
Exchange rate derivatives hedging fair value				(16)
<b>Exchange rate derivatives</b>				<b>(16)</b>
<b>Total long-term instruments</b>			<b>92,924</b>	<b>(40,403)</b>
Bank derivatives - forwards			2,878	(365)
<b>Bank derivatives</b>			<b>2,878</b>	<b>(365)</b>
<b>Total</b>	<b>1,251</b>	<b>(1,680)</b>	<b>103,300</b>	<b>(65,211)</b>

Trading interest-rate derivatives refer to assets that do not qualify for accounting as future cash flow hedges, although they are transacted for that purpose.

Derivatives on equities and securities refer to purchases of put options and sales of call options on Mediobanca shares.

Derivatives are stated at fair value, including the impact of the counterparty risk.

## Equity investments, bonds and loan assets

The balance on this caption was as follows:

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Securities and bonds	172,613	121,946	50,667
Trading equities	8	18,505	(18,497)
Amounts banks loans and borrowings	774	46,714	(45,940)
Other financial assets		25,721	(25,721)
<b>Net balance</b>	<b>173,395</b>	<b>212,886</b>	<b>(39,491)</b>

## Trade receivables

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Gross amount	116,052	792,547	(676,495)
Allowance for impairment	(8,051)	(91,073)	83,022
<b>Total</b>	<b>108,001</b>	<b>701,474</b>	<b>(593,473)</b>

There were no receivables factored without recourse at December 31, 2015 (184.1 million euro at December 31, 2014).

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## Trade receivables and other non-current assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2015	December 31, 2014	Change
Non-current receivables	20,476	30,911	(10,435)
Bonds	8,345	32,585	(24,240)
Guarantee deposits	2,756	44,947	(42,191)
Other	3,002	3,161	(159)
<b>Total financial instruments</b>	<b>34,579</b>	<b>111,604</b>	<b>(77,025)</b>
Derivatives		92,924	(92,924)
Concessions and licenses paid in advance		1,189	(1,189)
Other	2,691	37,252	(34,561)
<b>Total</b>	<b>37,270</b>	<b>242,969</b>	<b>(205,699)</b>

## Equity-accounted investees

This caption reflects equity interests in equity-accounted investees. The main equity-accounted investees are listed below:

(in thousands of euro)	Carrying amount		Share of profit (loss)	
	December 31, 2015	December 31, 2014	2015	2014
<b>Associates</b>				
Ciment Québec (Canada)		84,100		
Vassiliko Cement Works (Cyprus)		50,500		
Asment Cement (Morocco)		39,400		
S.E.S. (Italy)	17,357	18,750	(1,229)	(1,336)
Other	378	14,067	(361)	(462)
<b>Total associates</b>	<b>17,735</b>	<b>206,817</b>	<b>(1,590)</b>	<b>(1,798)</b>
<b>Joint ventures</b>		<b>19,500</b>		
<b>Total</b>	<b>17,735</b>	<b>226,317</b>	<b>(1,590)</b>	<b>(1,798)</b>

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

	Società Editrice Sud	
	2015 *	2014 **
(in thousands of euro)		
Revenue	15,059	16,069
Loss for the year	(3,860)	(4,196)
Other comprehensive income (expense)		
<b>Total comprehensive expense</b>	<b>(3,860)</b>	<b>(4,196)</b>
Non-current assets	52,484	24,452
Current assets	16,455	53,626
Non-current liabilities	7,458	10,384
Current liabilities	6,975	8,817
<b>Net assets</b>	<b>83,372</b>	<b>97,279</b>
<b>Equity interest</b>	<b>31.8%</b>	<b>31.8%</b>
Equity interest at beginning of year	18,750	20,642
Goodwill		
Adjustment for compliance with Group policies	(1,393)	(1,892)
<b>Equity interest at the end of year</b>	<b>17,357</b>	<b>18,750</b>
Dividends received in the year		

\* at December 30, 2014

\*\* at December 30, 2013

## 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)	
<b>At December 31, 2014</b>	<b>227,561</b>
Acquisitions	9,592
Sales and repayments	(13,218)
Fair value changes taken to equity reserves	26,749
Others	(53)
Reclassification to assets held for sale	(45,787)
Impairment losses	(457)
<b>At December 31, 2015</b>	<b>204,387</b>

“Sales and repayments” consisted mainly of the partial sale of RCS MediaGroup S.p.A. shares for 8,386 thousand euro and the partial sale of Unicredit S.p.A. shares for 3,734 thousand euro.

“Fair value changes taken to equity reserves” related essentially to Mediobanca S.p.A. securities for +29,013 thousand euro, Fin Priv S.p.A. securities for +4,322 thousand euro, Unicredit S.p.A. securities for -4,653 thousand euro (in part for the release of the reserve), Banca Leonardo group securities for -1,691 thousand euro.

Impairment losses related to RCS MediaGroup S.p.A. for 324 thousand euro and other companies for 133 thousand euro.



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Other equity investments at December 31, 2015 were as follows:

	Number of shares	December 31, 2015
(in thousands of euro)		
<b>Investments in listed companies</b>		
Mediobanca	13,500,732	120,097
Unicredit	7,051,336	36,383
RCS MediaGroup	1,051,102	649
Vontobel	198,238	8,691
	<b>Total</b>	<b>165,820</b>
<b>Investments in non-listed companies</b>		
Fin Priv		18,731
Banca Leonardo group		6,200
Sesaab		9,800
Other		3,836
	<b>Total</b>	<b>38,567</b>
<b>At December 31, 2015</b>		<b>204,387</b>

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 securities 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:

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Suppliers	52,684	592,958	(540,274)
Bills payable		9,637	(9,637)
Other trade payables	5,531	16,899	(11,368)
<b>Total</b>	<b>58,215</b>	<b>619,494</b>	<b>(561,279)</b>

## Finance liabilities

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

(in thousands of euro)	December 31, 2015	December 31, 2014	Change
Amounts bank loans and borrowings	23,241	486,627	(463,386)
Bonds		1,808,266	(1,808,266)
Other loans and borrowings	20,001	44,073	(24,072)
Finance lease payables		207	(207)
<b>Non-current finance liabilities</b>	<b>43,242</b>	<b>2,339,173</b>	<b>(2,295,931)</b>
Fair value of hedging derivatives		40,403	(40,403)
<b>Total non-current finance liabilities</b>	<b>43,242</b>	<b>2,379,576</b>	<b>(2,336,334)</b>
Amounts bank loans and borrowings	156,851	397,599	(240,748)
Current portion of borrowings	21,876	61,502	(39,626)
Other loans and borrowings	47,744	438,925	(391,181)
Finance lease payables		1,484	(1,484)
Accrued interest expense	241	85,596	(85,355)
<b>Amounts bank loans and borrowings and current finance liabilities</b>	<b>226,712</b>	<b>985,106</b>	<b>(758,394)</b>
Fair value of hedging derivatives	1,680	24,808	(23,128)
<b>Total current finance liabilities</b>	<b>228,392</b>	<b>1,009,914</b>	<b>(781,522)</b>
<b>Total finance liabilities</b>	<b>271,634</b>	<b>3,389,490</b>	<b>(3,117,856)</b>

At December 31, 2015, under “Amounts banks loans and borrowings”, there were no loans secured by mortgages and liens on property, plant and equipment (78.4 million euro at December 31, 2014).

Non-current finance liabilities by currency were as follows:

(in thousands of euro)	December 31, 2015	December 31, 2014	Change
Euro	41,997	2,174,757	(2,132,760)
Indian rupee	-	103,000	(103,000)
US and Canadian dollar	-	53,500	(53,500)
Polish zloty	904	1,353	(449)
Hungarian florin	69	117	(48)
Other	272	6,446	(6,174)
<b>Total</b>	<b>43,242</b>	<b>2,339,173</b>	<b>(2,295,931)</b>

Non-current finance liabilities by maturity were as follows:

(in thousands of euro)	December 31, 2015	December 31, 2014	Change
2016		203,900	(203,900)
2017	10,266	563,761	(553,495)
2018	28,562	576,613	(548,051)
2019	3,962	130,880	(126,918)
2020	58		58
2021	50		50
Beyond	344	864,019	(863,675)
<b>Total</b>	<b>43,242</b>	<b>2,339,173</b>	<b>(2,295,931)</b>

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## 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 acquisition of two share packages from Italcementi (RCS Mediagroup and Mediobanca); repayment was completed in full on February 27, 2015;
- b) in 2014, Italmobiliare arranged with Intesa Sanpaolo an irrevocable line of credit for 20 million euro maturing on December 31, 2018; at December 31, 2015 the facility were fully drawn;
- c) in 2014, Italmobiliare arranged with Unicredit a 24-month committed line of credit for 20 million euro; at December 31, 2014 no drawings were made;
- d) during 2015, Italmobiliare made drawings on uncommitted lines of credit which stood at 130.5 million euro at December 31, 2015 (Unicredit, Credito Bergamasco, BNL and Banca Popolare di Bergamo);
- e) BravoSolution S.p.A. arranged a 5-year 7 million euro loan with Banca Popolare di Milano, maturing on April 30, 2018 at a floating market rate, repayable in 8 even equal principal payments as from October 31, 2014, and secured by BravoSolution France SAS and BravoSolution UK Ltd. shares; at December 31, 2015, the non-current position due amounted to 2.6 million euro, the portions due in 2016 amounted to 1.7 million euro;
- f) a 5 million euro loan arranged on July 26, 2011, by Sirap Gema S.p.A., which expires on December 31, 2016;
- g) a 6 million euro loan arranged on October 30, 2014, by Sirap Gema S.p.A., which expires on December 31, 2019;
- h) a 5 million euro loan arranged on June 03, 2014, by Sirap Gema S.p.A., which expires on June 03, 2018;
- i) a 4 million euro loan arranged on June 11, 2015, by Sirap Gema S.p.A., which expires on June 11, 2019;
- j) a 5 million euro loan arranged on July 31, 2013, by Sirap Gema S.p.A., which expires on July 31, 2018;
- k) a 5 million euro loan arranged on December 16, 2014, by Sirap Gema S.p.A., which expires on December 31, 2019;
- l) a 1 million euro loan arranged on May 20, 2013, by Sirap Gema S.p.A., which expires on May 20, 2017;
- m) a 10 million euro loan arranged on March 27, 2012, by Sirap Gema S.p.A., which expires on March 27, 2016;
- n) a 4 million euro loan arranged on March 10, 2015, by Sirap Gema S.p.A., which expires on March 31, 2019;

## 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 the 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, 2015, is set out below, subdivided by operating segment and expiry date:

	Notional amounts			
	Construction materials segment - continuing operations	Packaging and insulation	Financial segment	Banking segment - continuing operations
(in millions of euro)				
Derivatives on interest rates			52.7	
Derivatives on exchange rates		0.4		
Derivatives on equities			65.8	
Derivatives on indices			1.0	
<b>Total</b>		<b>0.4</b>	<b>119.5</b>	<b>119.9</b>

	Notional amounts			
	< 1 year	1 - 2 years	2 - 5 years	> 5 years
(in millions of euro)				
Derivatives on interest rates	52.7			
Derivatives on exchange rates	0.4			
Derivatives on equities	65.8			
Derivatives on indices	1.0			
<b>Total</b>	<b>119.9</b>			<b>119.9</b>

## Currency risk hedges

The table below sets out currency risk hedges contracts measured at the closing rates:

(in thousands of euro)	Cash flow	Fair value	Trading	Total
<b>Balance at December 31, 2015</b>				
<b>Forward purchases</b>				
US dollars		0.4		0.4
Other				
<b>Total</b>		<b>0.4</b>		<b>0.4</b>
<b>Total</b>		<b>0.4</b>		<b>0.4</b>

At December 31, 2015, expiry of currency risk hedges contracts was less than two years.

## Hedge accounting

Hedge accounting is used only in the discontinued construction materials segment.

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## 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-continuing operations, food packaging, banking-continuing operations, 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 "Construction materials-continuing operations": by BravoSolution S.p.A. and by Italgen S.p.A.;
- for "Food packaging": by Sirap Gema S.p.A.;
- for "Banking-continuing operations": with the withdrawal of Finter Bank Zürich from the scope of consolidation, the segment does not present material financial instruments and risks and therefore does not itself formulate a specific policy;
- for "Property, services, other": the segment does not present material financial instruments and risks and therefore does not itself 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 counterparty 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 the profit (loss) for the year if the company were obliged to sustain additional costs to meet its commitments, or conditions of insolvency putting the company's ability to continue as a going concern at risk.

The table below shows consolidated net financial debt by maturity (without the fair value of derivatives and financial assets) compared with undrawn lines of credit and cash and cash equivalents.

At December 31, 2015:

(in millions of euro)	Maturity				Total
	< 1 year	1 - 2 years	2 - 5 years	Beyond	
Total finance liabilities	(247.4)	(1.8)	(20.8)		(270.0)
Undrawn committed lines of credit	20.0				20.0
Cash and cash equivalents	118.2				118.2

Total undrawn lines of credit consisted of committed lines of credit for 20.0 million euro and uncommitted lines of credit for 91.5 million euro.

At December 31, 2014:

(in millions of euro)	Maturity				Total
	< 1 year	1 - 2 years	2 - 5 years	Beyond	
Total finance liabilities	(985.7)	(203.6)	(1,271.1)	(863.9)	(3,324.3)
Undrawn committed lines of credit	1,332.4				1,332.4
Cash and cash equivalents	863.5				863.5

Total undrawn lines of credit consisted of committed lines of credit for 1,332.4 million euro and uncommitted lines of credit for 770.4 million euro.

## Market risk

### 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 financial debt and reduce exposure to fluctuation.

In the financial companies and in the banking segment, 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 may hedge interest-rate risks with derivatives such as interest-rate swaps, forward rate agreements, futures and interest-rate options arranged from time to time with leading banks.

Net financial debt at inception and after interest-rate hedging was as follows at December 31, 2015:

(in millions of euro)	
<b>Balance at December 31, 2015</b>	
Fixed-rate financial liabilities	6.9
Fixed-rate financial assets	(103.6)
<b>Fixed-rate NFP at inception</b>	<b>(96.7)</b>
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	
<b>Fixed-rate NFP after hedging</b>	<b>(96.7)</b>
Floating-rate financial liabilities	263.1
Floating-rate financial assets	(65.6)
<b>Floating-rate NFP at inception</b>	<b>197.5</b>
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	
<b>Floating-rate NFP after hedging</b>	<b>197.5</b>
Net fair value of derivatives	
Other instruments not subject to interest rate risk	(156.4)
<b>Total NFP</b>	<b>(55.6)</b>

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## 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 (**)	0.7		8.7
Financial liabilities (**)	(0.2)		
<b>Net exposure by currency</b>	<b>0.5</b>		<b>8.7</b>

(\*) assets and liabilities are stated at their nominal amount 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.

## 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, 2015	December 31, 2014	Change
Available-for-sale equity investments	165,820	169,085	(3,265)
Trading securities		1,057	(1,057)
<b>Overall exposure</b>	<b>165,820</b>	<b>170,142</b>	<b>(4,322)</b>

## 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-continuing operations: e-procurement

The segment is exposed to the following risks arising from use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Information about group exposure to each of the listed risks, the goals and processes of risk management policy and the methods used to assess risk is provided below.

## Credit risk

Credit risk is the risk that a customer or a counterparty to a financial instrument might default on its obligations and generate a financial loss; the risk arises largely on trade receivables.

In compliance with segment procedures, customers are preliminarily vetted for creditworthiness.

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In addition, receivable balances are monitored on an ongoing basis by the administrative department to highlight delays in payment, issue appropriate reminders and if necessary take action to recover overdue amounts.

Concentrations of trade credit risks are limited by virtue of the segment's broadly based and uncorrelated customer portfolio, over different geographical segment and consisting of both private-sector companies and public-sector agencies and entities.

Allowances for impairment are quantified in relation to bad and doubtful receivables and provided mainly with regard to the most overdue amounts.

## **Liquidity risk**

Liquidity risk is the risk that the segment may encounter difficulties in fulfilling its financial obligations.

The segment's financial debt consists essentially of a line of credit available to a subsidiary and the loan arranged with Banca Popolare di Milano. The segment has its own cash and cash equivalents. At the present time, financial management does not require recourse to additional lines of credit.

## **Market risk**

Market risk is the risk of fluctuation in the fair value or future cash flows of a financial instrument due to changes in market prices caused by variations in exchange rates and interest rates. The aim of market risk management is to keep segment exposure to the risk within acceptable limits and, at the same time, to optimize return on investment.

## **Interest rate risk**

The segment does not present material interest rate risks.

Its financial assets consist largely of bank current accounts.

Its financial liabilities consist of a short-term line of credit at BravoSolution US and a loan arranged with Banca Popolare di Milano, both regulated at a floating market rate. A 100-bp change in the interest rate could generate an increase of approximately 56 thousand euro in net finance costs.

A rise in interest rates, given the level of the net financial position, would not generate a material change in finance costs.

## **Currency risk**

The segment is not exposed to significant currency risks.

The financial statements of the sub-consolidation and of the parent are denominated in euro. Some companies in the segment operate and draw up their financial statements in currencies other than the euro (principally, US dollars and British sterling).

The financial assets and liabilities of the segment companies are denominated for the most part in euro or in the local currencies in which the companies operate, and therefore are substantially not exposed to currency risk.

The trade assets and liabilities of the segment companies are almost entirely denominated in local currency, and therefore are substantially not exposed to currency risk.

Assets and liabilities not denominated in local currency are denominated for the most part in euro, and therefore are not exposed to currency risk at sub-consolidation level.

The impact on consolidated equity of a 10% change in the dollar/euro exchange rate would be a reduction of approximately 2.1% in the event of an appreciation of the euro and an increase of approximately 2.6% in the event of an appreciation of the dollar.



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## Covenants

BravoSolution S.p.A. arranged a five-year 7 million euro loan with Banca Popolare di Milano, maturing on April 30, 2018 at a floating market rate, repayable in 8 even principal payments as from October 31, 2014, and secured by BravoSolution France S.a.s. and BravoSolution UK Ltd. shares; at December 31, 2015, long-term amounts due amounted to 2.6 million euro, the portions due in 2016 amounted to 1.7 million euro;

The loan is subject to covenants, as follows:

NFP/Gross Operating Profit  $\leq$  1.64x

NFP/Equity  $\leq$  0.55x

BravoSolution S.p.A. complied with the covenants.

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## Construction materials segment-continuing operations: energy

The segment is exposed to the following risks arising from use of financial instruments:

- credit risk;
- market risk.

Information about group exposure to each of the listed risks, the goals and processes of risk management policy and the methods used to assess risk is provided below.

### Credit risk

Although Italgem S.p.A. is consolidating the move toward sales to customers outside the Italcementi group, it is exposed to a limited credit risk.

### Market risk

Market risk is the risk of fluctuation in the fair value or future cash flows of a financial instrument due to changes in market prices caused by variations in exchange rates and interest rates. The aim of market risk management is to keep segment exposure to the risk within acceptable limits and, at the same time, to optimize investment yields.

### Interest-rate risk

With regard to sources of finance, Italgem S.p.A. has a current-account overdraft arrangement with Italcementi S.p.A. Management of the interest-rate risk by Italcementi S.p.A. has a dual purpose, to minimize the cost of net financial debt and reduce exposure to fluctuation. The floating-rate net financial liability is chiefly indexed at the year's "Euribor" rate.

### Currency risk

Italgem S.p.A. operates in some emerging countries (Egypt and Morocco) through subsidiaries, some of which have financial assets denominated in currencies other than the local currency, with no hedges. Adverse political or economic developments in those regions could have a negative impact on the company's prospects and operations, and on its results of operations and financial position.

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## Food packaging segment

### Risk management policy

In order to adopt a uniform financial risk management policy for the Sirap group, on July 31, 2013, the Sirap Gema S.p.A. Board of Directors approved the Italmobiliare Group's "Financial Resources Management Regulation: structure of investment process governance and portfolio constraints", to be extended to all companies it controls directly and indirectly in the food packaging segment. An update to the regulation was issued on December 6, 2013, and was adopted by the Board of Directors on February 28, 2014.

#### Objectives

The objective of the above 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, 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	1.9	0.4	0.3	0.2	2.8
Sirap Gema France	1.6	0.2		0.4	2.2
Sirap Gema Remoulins	0.1				0.1
Inline Poland	0.6	0.1		0.1	0.8
<b>Total</b>	<b>4.2</b>	<b>0.7</b>	<b>0.3</b>	<b>0.7</b>	<b>5.9</b>

Total non-overdue trade receivables stood at 46.1 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 are systematically reviewed and a specific allowance is 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 losses on trade receivables in 2015 were as follows:

(in millions of euro)	Opening balance	Additions	Utilization	Closing balance
Sirap Gema	0.6	0.6	(0.1)	1.1
Sirap Gema Insulation	1.4		(1.4)	
Sirap Gema France	0.4			0.4
Sirap Gema Remoulins				
Inline Poland	(0.4)			(0.4)
Petruszalek group	1.8	0.1		1.9
<b>Total</b>	<b>3.8</b>	<b>0.7</b>	<b>(1.5)</b>	<b>3.0</b>

As part of action taken to contain the credit risk, during the year credit control committees continued to operate in almost all the Sirap group companies; the committees conduct monthly reviews and analyses of situations at greatest risk; during the year, credit insurance policies were taken out by Sirap Gema S.p.A. in the manner deemed appropriate.

## Liquidity risk

The Sirap group is exposed to a liquidity risk (the risk of being unable to meet its financial obligations) on its net financial debt.

Its policy provides criteria for definition of credit lines, terms and conditions, in relation to conditions on the markets on which it operates.

Non-current finance liabilities at December 31, 2015, by maturity, are set out below:

(in millions of euro)	December 31, 2015	December 31, 2014	Change
2016	8.5	23.9	(15.4)
2017	7.7	5.7	2.0
2018	4.0	4.8	(0.8)
2019	0.1	2.4	(2.3)
2020	0.1	0.1	
2021	0.1		0.1
Beyond	0.2	0.3	(0.1)
<b>Total</b>	<b>20.7</b>	<b>37.2</b>	<b>(16.5)</b>

In the Sirap group, borrowings have been set up with financial covenants.

Specifically, on November 24, 2008, the subsidiary Inline Poland Sp z o.o. arranged a loan with financial covenants, as follows: BRE Bank loan, arranged on November 24, 2008, for 18,325 thousand Polish zloty, repayment in 114 monthly amounts, the last due on December 31, 2018.

The loan has covenants on: total annual revenue, percentage net profit, current ratio, receivables and current investments/current liabilities.

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With reference to the outstanding amount due of 1,356 thousand euro, the covenants relating to the company financial statements as at December 31, 2015 were met, with the exception of receivables and current investments/current liabilities; nevertheless, this did not determine reclassifications on the financial statements or penalties.

## Market risk

### 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 interest income and expense rates in relation to operating requirements, 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 reflects a loan contracted with the subsidiary Franco Tosi S.r.l. (formerly Société de Participations Financières Italmobiliare S.A., which in 2015 merged into Franco Tosi S.r.l.) 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. The outstanding principal at December 31, 2015 amounted to 15,000 thousand euro, classified, as a current liability under the amortization schedule agreed on September 28, 2012 and ruling at December 31, 2015. The amortization schedule was restructured under a subsequent agreement signed on January 26, 2016, whereby 9,000 thousand euro of the 15,000 thousand euro have been reclassified to non-current financial liabilities in 2016.

### Currency risk

The segment is exposed to currency risk largely with regard to the East European currencies.

In 2015, some currencies, notably the Ukrainian hryvnia, depreciated against the euro compared with 2014.

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 2015. The increase was particularly significant for polymer raw materials.

The prices of these production factors and the related market indicators are monitored continually to mitigate risks and negative effects on segment performance wherever possible.

Generally speaking, the 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.

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## Financial segment

### Risk management policies

#### Introduction

The document “Financial Resources Management Regulation” (the “Regulation”) 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 Regulation defines the types of financial instruments allowed, maximum amounts, counterparties, procedures and approval models.

Derivatives may be used both as risk management instruments and as instruments relating to market positioning. The Regulation is particularly restrictive with regard to the types of transaction 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 counterparties to financial transactions.

The Regulation establishes minimum rating levels for individual investments (where applicable), for type of instrument, for rating class and maximum exposure in relation to individual counterparties.

The Regulation sets out 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 counterparties with which the segment has contracted derivatives.

	Fair Value	Average rating	Average outstanding life (in years) (*)
(in millions of euro)			
Trading bonds	172.0	Aa2	4.78
Available-for-sale bonds	5.6	Baa1	35.00
Other financial assets	0.7	n.a.	n.a.
Interest-rate derivatives	(0.5)	n.a.	< 1

(\*) determined on first call

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Assuming a +100 bps parallel shift in the credit curve, the estimated total change in the fair value of financial instruments would be -4.0 million euro, of which -3.7 million euro in the income statement and -0.3 million euro in equity.

Other financial assets and derivatives are excluded from the sensitivity analysis since their fair value does not depend on the creditworthiness of the counterparty.

## Liquidity risk

Risk management policy in the financial segment is designed to optimize financial resources through effective management (in terms of maturities, costs and liquidity) of the segment's assets and liabilities.

Regular reports are drawn up for top management analyzing the net financial position trend and risk of each company in the financial segment and of the segment as a whole. A daily financial asset measurement 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 of credit.

(in millions of euro)	Maturity				Total
	< 1 year	1 - 2 years	2 - 5 years	Beyond	
Total finance liabilities	(133.9)		(20.0)		(153.9)
Total finance assets	174.0	24.0	36.0	59.7	293.7
<b>Total NFP</b>	<b>40.1</b>	<b>24.0</b>	<b>16.0</b>	<b>59.7</b>	<b>139.8</b>
Undrawn committed lines of credit	20.0				20.0

Short-term drawings on committed lines of credit are reclassified on expiry of the respective facility.

Undrawn uncommitted lines of credit stand at 77.5 million euro.

At December 31, 2015, some loan contracts included customary clauses represented mainly by negative pledges, which could weaken the borrower's equity (e.g., amendments to the by-laws, change in business, reduction in share capital) and cause the lender to withdraw from the contract.

## 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.

Regular reports are drawn up analyzing asset and liability management.

The table below illustrates the net financial position of the financial segment at December 31, 2015, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of the net financial position.

(in millions of euro)	
<b>Balance at December 31, 2015</b>	
Fixed-rate financial liabilities	
Fixed-rate financial assets	(94.1)
<b>Fixed-rate NFP at inception</b>	<b>(94.1)</b>
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	
<b>Fixed-rate NFP after hedging</b>	<b>(94.1)</b>
Floating-rate financial liabilities	151.6
Floating-rate financial assets	(56.3)
<b>Floating-rate NFP at inception</b>	<b>95.3</b>
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	
<b>Floating-rate NFP after hedging</b>	<b>95.3</b>
Assets not exposed to interest-rate risk	(142.7)
Liabilities not exposed to interest-rate risk	1.7
<b>Total NFP</b>	<b>(139.8)</b>

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 the total net financial position caused by an instantaneous shift of 100 bps in forward interest rates (assuming a parallel shift in the curve). Modified Duration was used as the sensitivity criterion.

The analysis found an overall estimated change of -4.0 million euro, arising from -4.2 million euro on the income statement and + 0.2 million euro on the statement of financial position.

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 such as options or collars.

### Currency risk

Investment regulations keep exposure to currency risk very low. Currency positions are limited and used with the objective of de-correlating the risk of traditional financial assets in the liquidity management portfolio.



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## Other price risks

Italmobiliare and the financial segment in general 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, 2015, listed assets exposed to price risk amounted to 165.8 million euro, classified as "available-for-sale".

A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 8.3 million euro, with effect on equity.

	Fair Value	Share price delta	Impact on income statement	Impact on equity
(in millions of euro)				
Available-for-sale equities	165.8	-5%		(8.3)

## Transactions with related parties

Transactions with related parties in 2015 are detailed in the table below:

(in thousands of euro)	Revenue (expense)	Trade receivables (payables)	Finance assets (liabilities)	Finance income (costs)	Other operating income (expense)
<b>Italmobiliare Group</b>					
Subsidiaries and associates not fully consolidated	33,832	27,661	46,532	161	179
	(19,239)	(16,164)	(41,020)	(1)	
Subsidiaries of associates	39	16		419	
	(2,217)	(142)			
Other related parties	116	87			53
	(1,664)	(91)			(900)
<b>Total</b>	<b>33,987</b>	<b>27,764</b>	<b>46,532</b>	<b>580</b>	<b>232</b>
	<b>(23,120)</b>	<b>(16,397)</b>	<b>(41,020)</b>	<b>(1)</b>	<b>(900)</b>
% impact on financial statement items	n.a.	n.a.	n.a.	n.a.	n.a.
	n.a.	n.a.	n.a.	n.a.	n.a.

The impact on the financial statement captions is not shown due to the inconsistency between numerator (transactions with related parties with all group companies) and the denominator (IFRS 5 financial statements data not including assets held for sale).

The comparatives for 2014 are set out below:

(in thousands of euro)	Revenue (expense)	Trade receivables (payables)	Finance assets (liabilities)	Finance income (costs)	Other operating income (expense)
<b>Italmobiliare Group</b>					
Subsidiaries and associates not fully consolidated	31,015	6,850	42,546	136	
	(16,515)	(2,768)	(585)	(37)	
Other related parties	107	76			94
	(791)	(349)			(900)
<b>Total</b>	<b>31,122</b>	<b>6,926</b>	<b>42,546</b>	<b>136</b>	<b>94</b>
	<b>(20,221)</b>	<b>(3,168)</b>	<b>(585)</b>	<b>(37)</b>	<b>(900)</b>
% impact on financial statement items	0.7%	1.0%	3.3%	0.6%	0.2%
	0.5%	5.0%	0.0%	0.0%	1.5%

During 2015, the Italmobiliare Group made an endowment of 900 thousand euro to the Italcementi Cav. Lav. Carlo Pesenti foundation.

The percentage impact of the above-mentioned transactions with related parties on cash flows was negligible.

## Remuneration of key management personnel with strategic responsibilities

The table below sets out amounts accrued during the year by key management personnel with strategic responsibilities: the directors, the chief operating officer and Italmobiliare S.p.A.'s manager in charge of financial reporting, for positions held in the Group:

(in thousands of euro)	2015	2014
Short-term benefits: fees and remuneration	13,167	9,896
Post-employment benefits: provision for Italian post-employment benefits and end-of-term entitlements	644	923
Other long-term benefits: length-of-service bonuses and incentives	2,969	3,059
Share-based payments		68
<b>Total</b>	<b>16,780</b>	<b>13,946</b>

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## Non-recurring transactions

The following tables itemize the most significant non-recurring transactions and their impact on the Group's equity, financial position and results of operations:

	2015					
	Equity		Profit (loss) for the year		Net financial position	
	amount	%	amount	%	amount	%
(in thousands of euro)						
<b>Carrying amounts</b>	<b>4,329,475</b>		<b>54,787</b>		<b>55,650</b>	
Net gains from the sale of non-current assets	10	0.00%	10	0.02%		
Non-recurring personnel expense for re-organizations	(124)	0.00%	(124)	0.23%		
Other non-recurring expense	(34,848)	0.80%	(34,848)	63.61%	(300)	0.54%
Tax on non-recurring transactions						
<b>Total</b>	<b>(34,962)</b>	<b>0.81%</b>	<b>(34,962)</b>	<b>63.81%</b>	<b>(300)</b>	<b>0.54%</b>
<b>Figurative amount without non-recurring transactions</b>	<b>4,364,437</b>		<b>89,749</b>		<b>55,950</b>	

	2014					
	Equity		Profit (loss) for the year		Net financial position (debt)	
	amount	%	amount	%	amount	%
(in thousands of euro)						
<b>Carrying amounts</b>	<b>4,286,380</b>		<b>(50,111)</b>		<b>(2,114,773)</b>	
Net gains from the sale of non-current assets	1,297	0.03%	1,297	2.59%	1,300	0.06%
Non-recurring personnel expense for re-organizations	(1,391)	0.03%	(1,391)	2.78%		
Other non-recurring expense	(2,070)	0.05%	(2,070)	4.13%	(300)	0.01%
Tax on non-recurring transactions						
Non-recurring tax						
<b>Total</b>	<b>(2,164)</b>	<b>0.05%</b>	<b>(2,164)</b>	<b>3.95%</b>	<b>1,000</b>	<b>1.80%</b>
<b>Figurative amount without non-recurring transactions</b>	<b>4,288,544</b>		<b>(47,947)</b>		<b>(2,115,773)</b>	

## Audit fees

The table below sets out details of the fees paid in 2015 by the Italmobiliare Group to the independent auditors KPMG and the foreign companies of the KPMG network, pursuant to CONSOB Resolution May 14, 1999, no.11971, art. 149-duodecies, par 1:

	KPMG S.p.A.	Other Italian companies in the KPMG network	Other foreign companies in the KPMG network
(in thousands of euro)			
Audit services	1,123		1,572
Other attestation services	86		
Other legal, tax and corporate services	354	206	51
<b>Total</b>	<b>1,563</b>	<b>206</b>	<b>1,623</b>

## Statement of cash flows

### B) Cash flow from investing activities

The table below itemizes the main equity investments made by the Group in 2015:

	2015	2014
(in millions of euro)		
Vontobel	9.2	
Aksia	2.5	0.2
Sirap Gema Remoulins	0.3	
Tri Alfa	0.2	0.5
Italcementi S.p.A.		8.8
Assicurazioni Generali		1.7
Atlantia		1.6
Terna		1.4
Other	0.1	0.1
<b>Total</b>	<b>12.3</b>	<b>14.3</b>

Equity investments are shown net of the cash and cash equivalents of the companies acquired and the change in payables for equity investment acquisitions.

## Events after the reporting date

No significant events have taken place since the reporting date that require amendments to or additional comments on the Group's financial position and results of operations as at and for the year ended December 31, 2015.

Reference should be made to the directors' report for additional information on events after the reporting date in the various segments.

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## Annex



Annex

The table below sets out equity investments held in companies when such investments exceed 10% of voting capital. It also indicates the consolidation method and non-controlling interests.

Company	Registered office		Share capital		Interest held by Group companies			Method	Non-controlling interests
					Direct	Indirect	%		
Parent									
<b>Italmobiliare S.p.A.</b>	Milan	I	€	100,166,937.00					
Atmos Venture S.p.A. winding up	Milan	I	€	880,040.00	10.13		10.13	Italmobiliare S.p.A.	Cost
Burgo Group S.p.A.	Altavilla Vicentina	I	€	205,443,391.40	-	11.68	11.68	Franco Tosi S.r.l.	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	I	€	312,000.00	16.67	-	16.67	Italmobiliare S.p.A.	Fair Value
Crédit Mobilier de Monaco S.A.	Montecarlo	MC	€	5,355,000.00	-	99.91	99.91	Franco Tosi S.r.l.	Line-by-line
Finimage 15 Sagl	Lugano	CH	CHF	20,000.00		100.00	100.00	Franco Tosi S.r.l.	Line-by-line
Fin.Priv. S.r.l.	Milan	I	€	20,000.00	14.28	-	14.28	Italmobiliare S.p.A.	Fair Value
Franco Tosi S.r.l.	Milan	I	€	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.r.l.	Rome	I	€	255,000.00	18.04	-	18.04	Italmobiliare S.p.A.	Cost
Inline Poland Sp. z o.o.	Murawana Goslina	PL	PLN	3,846,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Italmobiliare Servizi S.r.l.	Milan	I	€	20,000.00	100.00		100.00	Italmobiliare S.p.A.	Line-by-line
Petruzalek Ltd (Turkey)	Istanbul	TR	TRY	2,806,000.00	-	100.00	99.86 0.14	Petruzalek Gesellschaft mbH (Austria) Petruzalek Com S.r.l. (Romania)	Line-by-line
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 Chiaiina	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	€	1,066,060.09	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Slovenia)	Maribor	SI	€	9,959.08	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek Gesellschaft mbH (Austria)	Tattendorf	AT	€	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 25.00	Petruzalek Gesellschaft mbH (Austria) Petruzalek spol. S.r.o. (Czech Republic)	Line-by-line
Petruzalek o.o.o. (Ukraine)	Odessa	UA	UAH	214,831.00	-	90.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. winding up (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	€	15,269.20	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Czech Republic)	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	I	€	1,300,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Sirap France SAS	Noves	FR	€	3,520,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Gema S.p.A.	Verolanuova (BS)	I	€	5,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Sirap Remoulins S.A.S.	Remoulins	FR	€	500,000.00		100.00	100.00	Sirap France S.A.S.	Line-by-line
S.E.S. Società Editrice Sud S.p.A	Messina	I	€	10,695,505.08	29.36	-	29.36	Italmobiliare S.p.A.	Equity
Société d'Etudes de Participations et de Courtages S.A.	Montecarlo	MC	€	1,290,000.00	-	99.98	99.98	Franco Tosi S.r.l.	Line-by-line
Universal Imballaggi Sr.l.	Palermo	I	€	1,731,588.00	-	92.64	92.64	Sirap Gema S.p.A.	Line-by-line
Italcementi S.p.A.	Bergamo	I	€	401,715,071.15	45.00	1.11	45.00 1.11	Italmobiliare S.p.A. Italcementi S.p.A.	Line-by-line
Azienda Agricola Lodoletta S.r.l.	Bergamo	I	€	10,400.00		75.00	75.00	Italcementi S.p.A.	
B2E Markets France S.A.R.L.	Paris	F	€	20,000.00	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
BravoBloc S.r.l.	Bergamo	I	€	300,000.00		70.00	70.00	Italcementi S.p.A.	Line-by-line
BravoBus S.r.l.	Bergamo	I	€	600,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoEnergy S.r.l.	Bergamo	I	€	10,000.00		100.00	99.90 0.10	Italcementi S.p.A. Italcementi Ingegneria S.r.l.	Line-by-line
BravoSolution APAC Pty.Ltd.	Sydney	AUS	AUD	10.00		100.00	100.00	BravoSolution S.p.A.	Line-by-line

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Company	Registered office		Share capital		Interest held by Group companies				Method	Non-controlling interests
					Direct	Indirect	%			
BravoSolution Benelux B.V.	Almere	NL	€	250,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	58.70
BravoSolution Brasil Serviços de Tecnologia Ltd.	Sao Paulo	BR	BRL	500,000.00	-	100.00	100.00	BravoSolution Mexico S.r.l. de C.V.	Line-by-line	58.70
BravoSolution China Co. Ltd	Shanghai	PRC	CNY	80,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	58.70
BravoSolution Espana S.A.	Madrid	E	€	120,400.00	-	99.99	99.99	BravoSolution S.p.A.	Line-by-line	58.70
BravoSolution France S.a.s.	Boulogne Billancourt	F	€	3,254,150.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	58.70
BravoSolution GmbH	Munich	D	€	1,000,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	58.70
BravoSolution Italia S.p.A.	Bergamo	I	€	50,000.00		100.00	100.00	BravoSolution S.p.A.	Line-by-line	58.70
BravoSolution Mexico S.r.l. de C.V.	Mexico City	MEX	MXN	3,200,000.00	-	100.00	99.99 0.01	BravoSolution S.p.A. BravoSolution Espana S.A.	Line-by-line	58.70
BravoSolution S.p.A.	Bergamo	I	€	32,286,398.00	7.40	75.34	7.40 75.34	Italmobiliare S.p.A. Italcementi S.p.A.	Line-by-line	58.70
BravoSolution Software, Inc.	Wilmington	USA	-	-	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line	58.70
BravoSolution UK Ltd.	London	GB	GBP	50,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	58.70
BravoSolution US, Inc.	Harrisburg	USA	USD	1.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	58.70
BravoSolution Technologies Ltd.	Guildford	GB	GBP	50,000.00	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line	58.70
C.T.G. S.p.A.	Bergamo	I	€	500,000.00		100.00	50.00 50.00	Italcementi S.p.A. Ciments Français S.A.	Line-by-line	55.00 <sup>1</sup>
C.T.G. Devnya EAD	Devnya	BUL	BGN	200,000.00	-	100.00	100.00	C.T.G. S.p.A.	Line-by-line	55.00 <sup>1</sup>
Calcementi Jonici S.r.l.	Siderno (RC)	I	€	3,500,000.00		100.00	99.90 0.10	Italcementi S.p.A. Italcementi Ingegneria S.r.l.	Line-by-line	55.00 <sup>1</sup>
Calcestruzzi S.p.A.	Bergamo	I	€	1,000,000.00		100.00	97.90 2.00 0.10	Italcementi S.p.A. Star.co. S.r.l. Italcementi Ingegneria S.r.l.	Line-by-line	55.00 <sup>1</sup>
Cava delle Capannelle S.r.l.	Bergamo	I	€	31,200.00	-	49.00	49.00	Calcestruzzi S.p.A.		<sup>1</sup>
Cementi della Lucania S.p.A.	Potenza	I	€	619,746.00		30.00	30.00	Italcementi S.p.A.	Equity	<sup>1</sup>
Commerciale Inerti S.r.l.	Casalpusterlengo (LO)	I	€	52,000.00	-	33.33	33.33	Esa Monviso S.p.A.	Equity	<sup>1</sup>
Consorzio Stabile San Francesco S.c.a.r.l.	Foligno (PG)	I	€	100,000.00	-	42.00	42.00	Calcestruzzi S.p.A.		<sup>1</sup>
E.S.A. Monviso S.p.A.	Bergamo	I	€	1,340,000.00	-	100.00	100.00	Calcestruzzi S.p.A.	Line-by-line	55.00 <sup>1</sup>
Ecoinerti S.r.l.	Recanati (MC)	I	€	91,800.00	-	50.00	50.00	Calcestruzzi S.p.A.	Equity	<sup>1</sup>
Gardawind S.r.l.	Vipiteno (BZ)	I	€	100,000.00	-	49.00	49.00	Italgen S.p.A.	Equity	
Generalcave S.r.l. - winding up	Fiumicino (RM)	I	€	31,200.00	-	50.00	50.00	Calcestruzzi S.p.A.	Equity	<sup>1</sup>
Gruppo Italsfusi S.r.l.	Bergamo	I	€	156,000.00		100.00	99.50 0.50	Italcementi S.p.A. Italcementi Ingegneria S.r.l.	Line-by-line	55.00 <sup>1</sup>
i.FotoGuiglia S.r.l.	Milan	I	€	14,290.00	-	30.00	30.00	Italgen S.p.A.	Equity	
I.GE.PO. - Impresa Gestione Porti winding up	Vibo Valentia	I	€	25,500.00		18.00	18.00	Italcementi S.p.A.		<sup>1</sup>
Ing. Sala S.p.A.	Sorisoletto (BG)	I	€	5,858,722.00	-	100.00	99.90 0.10	Nuova Sacelit S.r.l. Italcementi Ingegneria S.r.l.	Line-by-line	55.00 <sup>1</sup>
International City for Concrete	Jeddah	SA	SAR	100,000,000.00		100.00	50.00 50.00	Italcementi S.p.A. Suez Cement Company SAE	Line-by-line	66.10 <sup>1</sup>

Company	Registered office		Share capital		Interest held by Group companies			Method	Non-controlling interests	
					Direct	Indirect	%			
Italcementi Finance	Puteaux	F	€	20,000,000.00		99.99	99.99	Italcementi S.p.A.	Line-by-line	55.00 <sup>1</sup>
Italcementi Ingegneria S.r.l.	Bergamo	I	€	650,000.00		100.00	100.00	Italcementi S.p.A.	Line-by-line	55.00 <sup>1</sup>
Italgen Gulf El Zeit for Energy S.A.E.	Cairo	EGY	LE	35,000,000.00		100.00	98.00	Italgen S.p.A.	Line-by-line	55.44
							1.00	Helwan Cement Co.		
							1.00	Suez Cement Company SAE		
Italgen Maroc Ener S.A.	Casablanca	MAR	MAD	33,500,000.00	-	100.00	99.99	Italgen S.p.A.	Line-by-line	55.00
							0.01	Procimar S.A.		
Italgen Maroc S.A.	Casablanca	MAR	MAD	1,800,000.00	-	99.97	99.97	Italgen S.p.A.	Line-by-line	55.05
Italgen Misr for Energy SAE	Cairo	EGY	LE	65,000,000.00	-	100.00	98.00	Italgen S.p.A.	Line-by-line	55.44
							1.00	Helwan Cement Co.		
							1.00	Suez Cement Company SAE		
Italgen S.p.A.	Bergamo	I	€	20,000,000.00		100.00	99.90	Italcementi S.p.A.	Line-by-line	55.00
							0.10	Italcementi Ingegneria S.r.l.		
Italterminali S.r.l.	Bergamo	I	€	10,000.00		100.00	99.50	Italcementi S.p.A.	Line-by-line	55.00 <sup>1</sup>
							0.50	Italcementi Ingegneria S.r.l.		
Les Ciments de Zouarine S.A. - winding up	Tunis	TN	TND	80,000.00		49.33	49.93	Italcementi S.p.A.		<sup>1</sup>
Mantovana Inerti S.r.l.	Castiglione delle Stiviere (MN)	I	€	702,000.00	-	50.00	50.00	Calcestruzzi S.p.A.	Equity	<sup>1</sup>
Nuova Sacelit S.r.l.	Sorisole (BG)	I	€	7,500,000.00		100.00	100.00	Italcementi S.p.A.	Line-by-line	55.00 <sup>1</sup>
Procalmi S.r.l. - winding up	Milan	I	€	51,000.00	-	11.52	11.52	Calcestruzzi S.p.A.		<sup>1</sup>
Prometeo Lucania S.r.l.	Tortona (AL)	I	€	100,000.00		30.00	30.00	BravoEnergy S.r.l.		<sup>1</sup>
S.A.F.R.A. S.r.l. - winding up	Bologna	I	€	51,480.00	-	33.33	33.33	Calcestruzzi S.p.A.	Equity	<sup>1</sup>
SAMA S.r.l.	Bergamo	I	€	200,000.00		100.00	99.00	Italcementi S.p.A.	Line-by-line	55.00 <sup>1</sup>
							1.00	Italcementi Ingegneria S.r.l.		
San Francesco S.c.a r.l.	Foligno (PG)	I	€	5,000,000.00	-	40.00	40.00	Calcestruzzi S.p.A.		<sup>1</sup>
Shqiperia Cement Company Shpk	Tirana	ALB	LEK	74,250,000.00		100.00	100.00	Italcementi S.p.A.	Line-by-line	55 <sup>1</sup>
Société Internationale Italcementi S.A.	Luxembourg	L	€	1,771,500.00		100.00	99.87	Italcementi S.p.A.	Line-by-line	55.00 <sup>1</sup>
							0.13	Italcementi Ingegneria S.r.l.		
SO.RI.TE. S.r.l.	Turin	I	€	100,000.00	-	100.00	100.00	Calcestruzzi S.p.A.	Line-by-line	55.00 <sup>1</sup>
Star.co S.r.l.	Bergamo	I	€	118,000.00		100.00	100.00	Italcementi S.p.A.	Line-by-line	55.00 <sup>1</sup>
TejariSolution FZ LLC	Dubai	EAU	AED	100,000.00	-	51.00	51.00	BravoSolution S.p.A.	Line-by-line	78.94
Vert Tech LLC	Wilmington	USA	USD	7,632,232.70	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line	58.70
Ciments Français S.a.s.	Puteaux	F	€	142,393,396.00		100.00	100.00	Italcementi S.p.A.	Line-by-line	55.00 <sup>1</sup>
2346401 Ontario Inc.	Ontario	CAN	CAD	100.00	-	100.00	100.00	Innocon Inc.	Equity	<sup>1</sup>
3092-0631 Quebec Inc.	St. Basile	CAN	CAD	6,250.00	-	100.00	100.00	Ciment Quebec Inc.	Equity	<sup>1</sup>
Agadir Atlantique Sarl	Casablanca	MAR	MAD	300,000.00	-	49.00	49.00	Ciments du Maroc S.A.		<sup>1</sup>
Al Badia Cement JSC	Damascus	SY	SYP	9,760,000,000.00	-	12.00	12.00	Menaf S.a.s.		<sup>1</sup>
Al Mahaliya Ready Mix Concrete WLL	Safat	KWT	KWD	500,000.00	-	51.00	51.00	Hilal Cement Company	Line-by-line	94.07 <sup>1</sup>
Al Manar Cement Holding S.a.s.	Puteaux	F	€	3,300,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00 <sup>1</sup>
Asia Cement Energy Conservation Ltd.	Bangkok	TH	BT	1,300,250,000.00	-	99.99	99.99	Asia Cement Public Co., Ltd. (*)	Line-by-line	82.21 <sup>1</sup>



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					Direct	Indirect	%		
Asia Cement Products Co., Ltd.	Bangkok	TH	BT	10,000,000.00	-	99.99	99.99	Asia Cement Public Co., Ltd. (*)	82.21 <sup>1</sup>
Asia Cement Public Co., Ltd.	Bangkok	TH	BT	4,670,523,072.00	-	54.33	25.43	Ciments Français S.A.	82.21 <sup>1</sup>
							28.90	Vaniyuth Co. Ltd. (*)	
Asment Temara S.A.	Temara	MAR	MAD	495,000,000.00	-	37.01	21.38	Procimar S.A.	1 <sup>1</sup>
							15.63	Ciments Français S.A.	
Atlantica de Graneles y Moliendas S.A.	Vizcaya	E	€	5,000,000.00	-	50.00	50.00	Sociedad Financiera y Minera S.A.	1 <sup>1</sup>
Axim for Industrials SAE	Cairo	EGY	LE	15,000,000.00	-	100.00	90.00	Suez Cement Company SAE	77.46 <sup>1</sup>
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company SAE	
Beton.Ata LLP	Almaty	KAZ	TEN	416,966,426.00	-	75.50	75.50	Shymkent Cement JSC	66.10 <sup>1</sup>
Béton Contrôle de Gascogne S.A.	Soorts Hossegor	F	€	40,000.00	-	37.00	37.00	Béton Contrôle du Pays Basque S.a.s.	1 <sup>1</sup>
Béton Contrôle de l'Adour S.a.s.	Bayonne	F	€	150,000.00	-	59.96	59.96	Béton Contrôle du Pays Basque S.a.s.	83.80 <sup>1</sup>
Béton Contrôle des Abers S.a.s.	Lannilis	F	€	104,000.00	-	34.00	34.00	Unibéton S.a.s.	1 <sup>1</sup>
Béton Contrôle du Pays Basque S.a.s.	Bayonne	F	€	120,000.00	-	59.98	59.98	Unibéton S.a.s.	73.00 <sup>1</sup>
Bolton Ready Mix	Brampton	CAN	CAD	100.00	-	100.00	100.00	National East Ready Mix Corp.	1 <sup>1</sup>
Cambridge Aggregates Inc.	Cambridge	CAN	CAD	10.00	-	60.00	60.00	Essroc Canada Inc.	73.00 <sup>1</sup>
Canteras Aldoyar S.L.	Olazagutia	E	€	1,508,510.00	-	20.00	20.00	Hormigones y Minas S.A.	1 <sup>1</sup>
Carrières Bresse Bourgogne	Epervans	F	€	387,189.00	-	66.48	66.48	Dragages et Carrières S.A.	1 <sup>1</sup>
Centro Administrativo y de Servicios de Malaga S.A.	Malaga	E	€	60,200.00	-	99.99	99.99	Sociedad Financiera y Minera S.A.	55.03 <sup>1</sup>
Cie pour l'Investissement Financier en Inde S.a.s.	Puteaux	F	€	7,350,000.00	-	100.00	100.00	Ciments Français S.A.	55.00 <sup>1</sup>
Ciment Quebec Inc.	St. Basile	CAN	CAD	19,461,161.70	-	100.00	100.00	Groupe Ciment Quebec Inc.	1 <sup>1</sup>
Cimento de Bissau Limitada	Guinea Bissau	GNB	XOF	2,000,000.00	-	99.00	99.00	Tercim S.A.	55.45 <sup>1</sup>
Ciment du Littoral S.A.	Bassens	F	€	37,000.00	-	99.99	99.99	Ciments Calcia S.a.s.	55.00 <sup>1</sup>
Ciments Calcia S.a.s.	Guerville	F	€	593,836,525.00	-	99.99	99.99	Ciments Français S.A.	55.00 <sup>1</sup>
Ciments du Maroc S.A.	Casablanca	MAR	MAD	1,443,600,400.00	-	62.31	58.79	Cocimar S.a.s.	71.96 <sup>1</sup>
							3.52	Procimar S.A.	
Ciments du Nord	Nouadhibou	MAU	OUG	1,340,000,000.00	-	15.00	15.00	Ciments du Maroc	1 <sup>1</sup>
CIMFRA (China) Limited	Puteaux	F	€	31,100,000.00	-	100.00	100.00	Ciments Français S.A.	55.00 <sup>1</sup>
Ciminter S.A.	Luxembourg	L	€	53,800,000.00	-	100.00	100.00	Ciments Français S.A.	55.00 <sup>1</sup>
Cocimar S.a.s.	Puteaux	F	€	72,957,690.00	-	100.00	100.00	Ciments Français S.A.	55.00 <sup>1</sup>
Codesib S.a.s.	Puteaux	F	€	55,037,000.00	-	100.00	100.00	Ciments Français S.A.	55.00 <sup>1</sup>
Compagnie des Ciments Belges S.A.	Tournai	B	€	295,031,085.00	-	100.00	78.52	Ciments Français S.A.	55.00 <sup>1</sup>
							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	F	€	18,000,000.00	-	100.00	100.00	Ciments Français S.A.	55.00 <sup>1</sup>
Compania General de Canteras S.A.	Malaga	E	€	479,283.69	-	99.41	96.12	Sociedad Financiera y Minera S.A.	55.29 <sup>1</sup>
							3.29	Sax S.a.s.	
Conglomerantes Hidraulicos Especiales S.A.	Malaga	E	€	2,361,960.00	-	85.00	85.00	Sociedad Financiera y Minera S.A.	61.77 <sup>1</sup>
De Paepe Béton N.V.	Ghent	B	€	500,000.00	-	99.99	99.99	Compagnie des Ciments Belges S.A.	55.04 <sup>1</sup>
DECOM Egyptian Co for Development of	Cairo	EGY	LE	63,526,401.28	-	100.00	100.00	Ready Mix Concrete Alalamia SAE	88.14 <sup>1</sup>

Company	Registered office		Share capital		Interest held by Group companies			Method	Non-controlling interests
					Direct	Indirect	%		
Building Materials SAE									
Development for Industries Co. SAE	Cairo	EGY	LE	15,000,000.00	-	100.00	90.00 5.00 5.00	Suez Cement Company SAE Helwan Cement Co. Tourah Portland Cement Company SAE	Line-by-line 77.46 <sup>1</sup>
Devnya Business Center EAD	Devnya	BUL	LEV	250,000.00	-	100.00	100.00	Devnya Cement AD	Line-by-line 55.04 <sup>1</sup>
Devnya Cement AD	Devnya	BUL	LEV	1,023,956.00	-	99.97	99.97	Sociedad Financiera y Minera S.A.	Line-by-line 55.04 <sup>1</sup>
Devnya Finance A.D.	Devnya	BUL	LEV	5,000,000.00	-	50.00	50.00	Devnya Cement AD	Equity 1
Dobrotitsa BSK A.D.	Dobrich	BUL	LEV	88,954.00	-	26.40	26.40	Devnya Cement AD	1
Dragages et Carrières DEC S.A.	Epervans	F	€	1,000,000.00	-	49.99	49.99	GSM S.a.s.	Equity 1
Dragages Transports & Travaux Maritimes S.A.	La Rochelle	F	€	3,947,894.00	-	50.00	33.33 16.67	GSM S.a.s. Granulats Ouest - GO	Line-by-line 77.5 <sup>1</sup>
Dunkerque Ajouts Snc	Grande Synthe	F	€	6,000.00	-	33.75	33.75	Ciments Calcia S.a.s.	1
Eocim S.a.s.	Casablanca	MAR	MAD	2,000,000.00	-	55.00	30.00 25.00	Ciments du Maroc S.A. Asment Temara S.A.	1
Entreprise Lorraine d'Agriculture ELDA S.A.R.L.	Heillecourt	F	€	10,000.00	-	100.00	100.00	GSM S.a.s.	55.01 <sup>1</sup>
Essroc Canada Inc.	Mississauga	CAN	CAD	221,306,574.00	-	100.00	100.00	Essroc Corporation	Line-by-line 55.00 <sup>1</sup>
Essroc Cement Corp.	Nazareth	USA	USD	8,330,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line 55.00 <sup>1</sup>
Essroc Corporation	Nazareth	USA	USD	283,526.00	-	100.00	100.00	Essroc International	Line-by-line 55.00 <sup>1</sup>
Essroc International	Puteaux	F	€	344,360,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line 55.00 <sup>1</sup>
Essroc Ready Mix Corp	Nazareth	USA	USD	1.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line 55.00 <sup>1</sup>
Essroc San Juan Inc.	Espinosa	P.RICO	USD	10,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line 55.00 <sup>1</sup>
Eurarco France S.A.	Le Crotoy	F	€	1,520,000.00	-	64.99	64.99	GSM S.a.s.	Line-by-line 70.76 <sup>1</sup>
Eurocalizas S.L.	Cantabria	E	€	723,030.00	-	33.33	33.33	Hormigones y Minas S.A.	1
Eurotech Cement S.h.p.k.	Durres	ALB	LEK	273,214,000.00	-	84.00	84.00	Halyps Building Materials S.A.	Line-by-line 62.25 <sup>1</sup>
Frambois Granulats S.A.R.L.	Moncel les Luneville	F	€	75,000.00	-	50.00	50.00	GSM S.a.s.	Equity 1
Gacem Company Limited	Serrekunda	GAM	GMD	4,500,000.00	-	80.00	80.00	Tercim S.A.	Line-by-line 64.00 <sup>1</sup>
Granulats de la Drôme S.a.s.	Saint Jean de Vedas	F	€	645,600.00	-	51.01	51.01	GSM S.a.s.	Line-by-line 77.05 <sup>1</sup>
Granulats Ouest - GO	Saint Herblain	F	€	784,657.44	-	100.00	100.00	GSM S.a.s.	Line-by-line 55.01 <sup>1</sup>
Greyrock Inc.	Nazareth	USA	USD	1,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line 55.00 <sup>1</sup>
Groupe Ciment Quebec Inc.	St. Basile	CAN	CAD	57,000,000.00	-	50.00	50.00	Essroc Canada Inc.	Equity 1
GSM S.a.s.	Guerville	F	€	18,675,840.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line 55.01 <sup>1</sup>
Gulbarga Cement Limited	Bengaluru	IN	INR	802,257,000.00	-	89.91	28.04 61.87	Zuari Cement Ltd. Cie pour l'Investissement Financier en Inde	Line-by-line 59.54 <sup>1</sup>
Gulf Ready Mix Concrete Company WLL	Kuwait	KWT	KWD	100,000.00	-	100.00	99.90 0.10	Al Mahaliya Ready Mix Concrete WLL Hilal Cement Company	Line-by-line 94.07 <sup>1</sup>

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Company	Registered office		Share capital		Interest held by Group companies				Method	Non-controlling interests
					Direct	Indirect	%			
Halyps Building Materials S.A.	Aspropyrgos	GR	€	48,821,060.64	-	99.91	59.89  40.02  59.93  39.99	Ciments Français S.A.  Sociedad Financiera y Minera S.A.  (voting rights: Ciments Français S.A. Sociedad Financiera y Minera S.A.)	Line-by-line	55.05
Helwan Cement Co. SAE	Cairo	EGY	LE	583,456,155.00	-	99.54	99.54	Suez Cement Company SAE	Line-by-line	77.30
Hilal Cement Company KSCC	Safat	KWT	KWD	6,987,750.00	-	51.00	51.00	Suez Cement Company SAE	Line-by-line	88.37
Hormigones Olatzi S.A.	Olazagutia	E	€	283,804.22	-	25.00	25.00	Hormigones y Minas S.A.		
Hormigones Txingudi S.A.	San Sebastian	E	€	240,560.22	-	33.33	33.33	Hormigones y Minas S.A.		
Hormigones y Minas S.A.	Malaga	E	€	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line	55.03
Immobilière des Technodes S.a.s.	Guerville	F	€	8,024,400.00	-	100.00	59.97  40.03	Ciments Français S.A.  Ciments Calcia S.a.s.	Line-by-line	55.00
Industrie Sakia el Hamra "Indusaha" S.A.	Laayoune	MAR	MAD	81,680,000.00	-	91.00	91.00	Ciments du Maroc S.A.	Line-by-line	74.49
Innocon Inc.	Richmond Hill	CAN	CAD	18,300,000.20	-	50.00	50.00	Essroc Canada Inc.	Equity	
Innocon Partnership Agreement Inc.	Richmond Hill	CAN	CAD	2,003.00	-	51.50	48.50  3.00	Essroc Canada Inc  Innocon Inc.	Equity	
Interbulk Egypt for Export SAE	Cairo	EGY	LE	250,000.00	-	100.00	98.00  1.00  1.00	Interbulk Trading S.A.  Menaf S.a.s.  Tercim S.A.	Line-by-line	62.52
Interbulk Trading S.A.	Lugano	CH	CHF	7,470,600.00	-	100.00	85.00  15.00	Ciminter S.A.  Italcementi Ingegneria S.r.l.	Line-by-line	55.00
Intercom Libya F.Z.C.	Misurata	LAR	USD	800,000.00	-	100.00	100.00	Intercom S.r.l.	Line-by-line	55.00
Intercom S.r.l.	Bergamo	I	€	2,890,000.00	-	100.00	94.68  4.84  0.48	Interbulk Trading S.A.  Italcementi S.p.A.  Italcementi Ingegneria S.r.l.	Line-by-line	55.00
Investcim S.A.	Puteaux	F	€	104,205,200.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Italcementi for Cement Manufacturing Libyan J.S. Co	Tripoli	LAR	LYD	11,000,000.00	-	50.00	50.00	Al Manar Cement Holding S.a.s.	Equity	
Italmed Cement Company Ltd.	Limassol	CYP	€	21,063,780.00	-	100.00	100.00	Halyps Building Materials S.A.	Line-by-line	55.05
Jalaprathan Cement Public Co, Ltd.	Bangkok	TH	BT	1,200,000,000.00	-	88.84	88.84	Asia Cement Public Co., Ltd. (*)	Line-by-line	84.20
Jalaprathan Concrete Products Co, Ltd.	Bangkok	TH	BT	280,000,000.00	-	99.99	99.99	Jalaprathan Cement Public Co, Ltd. (*)	Line-by-line	84.20
Kuwait German Company for Ready Mix Concrete WLL	Kuwait	KWT	KWD	824,000.00	-	100.00	99.00  1.00	Al Mahaliya Ready Mix Concrete WLL  Hilal Cement Company	Line-by-line	94.01
Les Calcaires Girondins S.a.s.	Cenon	F	€	100,000.00	-	50.00	50.00	GSM S.a.s.	Equity	
Les Calcaires Sud Charentes	Cherves Richemont	F	€	1,524.50	-	34.00	34.00	GSM S.a.s.		
Les Graves de l'Estuaire S.a.s.	Le Havre	F	€	297,600.00	-	50.00	50.00	GSM S.a.s.	Equity	
Les Quatre Termes S.a.s.	Salon de Provence	F	€	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate	
Les Sables de Mezieres S.a.s	St Pierre des Corps	F	€	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate	
Les Sabliers de l'Odet S.a.s.	Quimper	F	€	134,400.00	-	97.47	94.93  2.54	Dragages Transports & Travaux Maritimes S.A.  GSM S.a.s.	Line-by-line	77.5
Lyulyaka Materials E.A.D.	Devnya	BUL	LEV	759,372.00	-	100.00	100.00	Devnya Cement AD	Line-by-line	55.04

Company	Registered office		Share capital		Interest held by Group companies				Method	Non-controlling interests
					Direct	Indirect	%			
Mauritanienne des Batiments et Routes S.A.	Nouakchott	MAU	OUG	690,000,000.00	-	99.99	99.99	Mauritano-Française des Ciments S.A.	Line-by-line	74.39
Mauritano-Française des Ciments S.A.	Nouakchott	MAU	OUG	1,111,310,000.00	-	56.93	51.11	Ciments Français S.A.	Line-by-line	74.38
							5.82	Tercim S.A.		
Medcem S.r.l.	Naples	I	€	5,500,000.00	-	50.00	50.00	Intercom S.r.l.	Equity	77.50
Menaf S.a.s.	Puteaux	F	€	291,050,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
MTB - Maritime Trading & Brokerage Srl	Genoa	I	€	70,000.00	-	33.33	33.33	Interbulk Trading S.A.	Equity	
Naga Property Co.	Bangkok	TH	BT	100,000,000.00	-	99.99	99.99	Jalapathan Cement Public Co. Ltd. (*)	Line-by-line	84.20
National East Ready Mix Corp.	Ontario	CAN	CAD		-	60.00	60.00	Innocon Inc.	Equity	
Neuciclaje S.A.	Bilbao	E	€	396,669.00	-	30.00	30.00	Sociedad Financiera y Minera S.A.		
Novhorvi S.A.	Vitoria	E	€	180,300.00	-	25.00	25.00	Hormigones y Minas S.A.		
Parcib s.a.s.	Puteaux	F	€	10,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Procimar S.A.	Casablanca	MAR	MAD	37,500,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line	55.01
Ready Mix Concrete Alalamia S.A.E.	Cairo	EGY	LE	234,857,100.00	-	52.00	52.00	Suez Cement Company SAE	Line-by-line	88.14
Recybel	Brussels	B	€	124,000.00		25.50	25.50	Compagnie des Ciments Belges S.A.		
Société Dijon Béton SA	Dijon	F	€	184,000.00	-	15.00	15.00	GSM S.a.s.	Equity	
Saarlandische Zementgesellschaft MBH	Saarbrucken	D	€	52,000.00	-	100.00	100.00	Ciminter S.A.	Line-by-line	55.00
Sablmaris S.a.s.	Lanester	F	€	4,094,776.00	-	100.00	66.28	Dragages Transports & Travaux Maritimes S.A.	Line-by-line	77.50
							33.72	Les Sabliers de l'Odet S.a.s.		
Sas des Gresillons	Paris	F	€	60,000.00	-	35.00	35.00	GSM S.a.s.	Proportionate	
Sax S.a.s.	Guerville	F	€	482,800.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
SCI de Balloy	Avon	F	€	20,310.00	-	100.00	100.00	GSM S.a.s.	Line-by-line	55.01
SCI de Barbeau	Bray sur Seine	F	€	8,000.00	-	49.00	49.00	GSM S.a.s.		
SCI des Granets	Cayeux sur M.	F	€	4,575.00	-	33.33	33.33	GSM S.a.s.		
SCI du Colombier	Rungis	F	€	2,000.00	-	63.00	63.00	GSM S.a.s.	Proportionate	
SCI Taponnat	Cherves Richemont	F	€	1,500.00	-	50.00	50.00	GSM S.a.s.		
Scori S.A.	Plaisir	F	€	1,092,800.00	-	13.95	13.95	Ciments Calcia S.a.s.		
Seas Co. Ltd.	Bangkok	TH	BT	10,000,000.00	-	99.98	99.98	Ciments Français S.A.	Line-by-line	55.01
Shymkent Cement JSC	Shymkent	KAZ	TEN	380,660,000.00	-	99.79	92.88	Codesib S.a.s.	Line-by-line	55.10
							6.91	Ciminter S.A.		
Singha Cement (Private) Limited	Colombo	SRI L.	LKR	397,395,770.00	-	80.16	80.16	Ciments Français S.A.	Line-by-line	63.93
Sitapuram Power Limited	Hyderabad	IN	INR	480,000,000.00	-	50.99	50.99	Zuari Cement Ltd.	Line-by-line	77.06
Sociedad Financiera y Minera S.A.	Malaga	E	€	39,160,000.00	-	99.94	96.45	Ciments Français S.A.	Line-by-line	55.03
							3.02	Hormigones y Minas S.A.		
							0.47	Sociedad Financiera y Minera S.A.		
							99.94	(voting rights: Ciments Français)		
Société Calcaires Lorrains	Heillecourt	F	€	40,000.00	-	49.92	49.92	GSM S.a.s.	Equity	
Société Civile Bachant le Grand Bonval	Guerville	F	€	1,500.00	-	80.00	80.00	GSM S.a.s.		64.01
Société Civile d'Exploitation Agricôle de l'Avesnois	Guerville	F	€	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	F	€	3,750.00	-	99.60	99.60	Ciments Calcia S.a.s.	Line-by-line	55.19

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Company	Registered office		Share capital		Interest held by Group companies				Method	Non-controlling interests
					Direct	Indirect	%			
Société des Calcaires de Souppes sur Loing S.C.S.L.	Souppes sur Loing	F	€	2,145,000.00	-	50.00	50.00	GSM S.a.s.	Equity	1
Société des Carrières du Tournais S.C.T. S.A.	Tournai	B	€	12,297,053.42	-	65.00	42.69 16.31 6.00	Ciments Français S.A. Ciments Calcia S.a.s. Compagnie des Ciments Belges S.A.	Proportionate	1
Société Foncière de la Petite Seine S.a.s.	Saint Sauveur les Bray	F	€	500,000.00	-	42.25	42.25	GSM S.a.s.	Proportionate	1
Société Parisienne des Sablières S.A.	Pont de L'Arche	F	€	320,000.00	-	50.00	50.00	GSM S.a.s.	Equity	1
Socli S.a.s.	Izaourt	F	€	144,960.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line	55.01 1
Sodramaris S.n.c.	La Rochelle	F	€	7,001,000.00	-	50.00	50.00	GSM S.a.s.	Equity	1
Srt Société Rouennaise de Transformation	Grand Couronne	F	€	7,500.00	-	100.00	100.00	Ciments Calcia S.a.s.	Line-by-line	55.01 1
Ste Extraction & Amenagement de la Plaine de Marolles S.a.s.	Avon	F	€	40,000.00	-	56.40	56.40	GSM S.a.s.	Proportionate	1
Stinkal S.a.s.	Ferques	F	€	1,540,000.00	-	35.00	35.00	GSM S.a.s.	Equity	1
Suez Bag Company SAE	Cairo	EGY	LE	20,250,000.00	-	57.84	53.32 4.52	Suez Cement Company SAE Tourah Portland Cement Company SAE	Line-by-line	87.04 1
St. Basile Transport Inc.	St. Basile	CAN	CAD	9,910.00	-	100.00	100.00	Ciment Quebec Inc.	Equity	1
Suez Bosphorus Cimento Sanayi Ticaret	Istanbul	TR	YTL	50,000.00	-	99.99	99.99	Suez Cement Company SAE	Line-by-line	77.20 1
Suez Cement Company SAE	Cairo	EGY	LE	909,282,535.00	-	55.07	26.05 12.36 11.66 5.00	Menaf S.a.s. Ciments Français S.A. Ciments du Maroc S.A. Tercim S.a.s.	Line-by-line	77.19 1
Suez for Import & Export Company SAE	Cairo	EGY	LE	250,000.00	-	100.00	40.00 40.00 20.00	Axim for Industrials SAE Development for Industries Co. SAE Suez for Transportation & Trade SAE	Line-by-line	77.52 1
Suez for Transportation & Trade SAE	Cairo	EGY	LE	10,000,000.00	-	100.00	55.00 35.00 10.00	Helwan Cement Co. Suez Cement Company SAE Tourah Portland Cement Company SAE	Line-by-line	77.77 1
Suez Lime SAE	Cairo	EGY	LE	7,390,000.00	-	50.00	49.00 1.00	Suez Cement Company SAE Tourah Portland Cement Company SAE	Equity	1
Tameer Betocon for Trading and Contracting LLC	Doha	Q	QAR	200,000.00	-	49.00	49.00	Hilal Cement Company	Equity	1
Technodes S.a.s.	Guerville	F	€	3,200,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00 1
Tecno Gravel Egypt SAE	Cairo	EGY	LE	15,000,000.00	-	45.00	45.00	Suez Cement Company SAE	Equity	1
Teracem Limited	Accra	GH	GHC	3,643,434.00	-	100.00	100.00	Tercim S.a.s.		55.00 1
Tercim S.A.	Puteaux	F	€	47,037,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00 1
Terra Cimentos Lda	Mozambique	MOC	MZM	6,106,000.00		100.00	99.00 1.00	Tercim S.A. Menaf S.a.s.	Line-by-line	55.00 1
Teskey Concrete Company Corp.	Ontario	CAN	CAD	2,200.00	-	100.00	100.00	Innocon Inc.	Equity	1
Tomahawk Inc.	Wilmington	USA	USD	100.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line	55.00 1
Tourah Portland Cement Company SAE	Cairo	EGY	LE	357,621,000.00	-	71.93	66.12 5.81	Suez Cement Company SAE Menaf S.a.s.	Line-by-line	82.31 1

Company	Registered office		Share capital		Interest held by Group companies				Method	Non-controlling interests
					Direct	Indirect	%			
Trabel Affretement S.A.	Gaurain Ramecroix	B	€	61,500.00	-	100.00	99.84 0.16	Tratel S.a.s. Ciments Calcia S.a.s.	Line-by-line	55.08 <sup>1</sup>
Trabel Transports S.A.	Gaurain-Ramecroix	B	€	750,000.00	-	100.00	89.97 10.03	Tratel S.a.s. Compagnie des Ciments Belges S.A.	Line-by-line	55.01 <sup>1</sup>
Tratel S.a.s.	Guerville	F	€	4,590,233.00	-	100.00	100.00	Tratel Affretement S.A.	Line-by-line	55.00 <sup>1</sup>
Tratel Affretement S.a.s.	Guerville	F	€	6,025,580.00	-	100.00	100.00	Ciments Calcia S.a.s.	Line-by-line	55.00 <sup>1</sup>
Unibéton Luxembourg S.A.	Luxembourg	L	€	35,000.00	-	100.00	100.00	Unibéton S.a.s.		55.01 <sup>1</sup>
Unibéton S.a.s.	Guerville	F	€	27,159,732.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line	55.01 <sup>1</sup>
Unibéton Var S.a.s.	Lambesc	F	€	40,000.00	-	100.00	100.00	Unibéton S.a.s.	Line-by-line	55.01 <sup>1</sup>
Uniwerbétón S.a.s.	Heillecourt	F	€	160,000.00	-	70.00	70.00	Unibéton S.a.s.	Line-by-line	68.51 <sup>1</sup>
Valoise S.a.s.	Pierrelaye	F	€	37,570.00	-	60.00	60.00	GSM S.a.s.	Equity	<sup>1</sup>
Vaniyuth Co. Ltd.	Bangkok	TH	BT	100,000.00	-	48.80	48.80	Investcim S.A.	Line-by-line	78.04 <sup>1</sup>
Vassiliko Cement Works Ltd.	Nicosia	CYP	€	30,932,457.21	-	24.65	14.94 9.71	Italmed Cement Company Ltd. Compagnie Financière et de Participations S.A.S.	Equity	<sup>1</sup>
Ventore S.L.	Malaga	E	€	14,400.00	-	100.00	99.56 0.44	Sociedad Financiera y Minera S.A. Hormigones y Minas S.A.	Line-by-line	55.03 <sup>1</sup>
Vesprapat Holding Co, Ltd - winding up	Bangkok	TH	BT	20,000,000.00	-	49.00	49.00	Sax S.a.s.	Line-by-line	77.95 <sup>1</sup>
Vulkan Cement S.A.	Dimitrovgrad	BUL	LEV	452,967.00	-	98.60	70.00 28.61	Ciments Français S.A. Devnya Cement A.D.	Line-by-line	55.64 <sup>1</sup>
Zuari Cement Ltd.	Andra Pradesh	IN	INR	2,749,614,000.00	-	100.00	96.91 3.09 96.91	Ciments Français S.A. Cie pour l'Investissement Financier en Inde (voting rights: Ciments Français S.A.)	Line-by-line	55.01 <sup>1</sup>

(\*) Percentage of the Ciments Français group

<sup>1</sup> Consolidated in compliance with IFRS 5

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*(Translation from the original Italian text)*

**Statement pursuant to art. 154-bis.5 of the Italian Consolidated Finance Act (TUF) regarding the consolidated financial statements pursuant to art. 81-ter of the Consob Regulation no. 11971 of May 14, 1999 and subsequent modifications and integrations**

1. The undersigned Carlo 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 of no. 58 February 24, 1998, , 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 1, 2015 to December 31, 2015.
2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of consolidated financial statements at December 31, 2015 is based on a model 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 at December 31, 2015:
    - 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 19, 2002;
    - b) correspond to the accounting books and entries;
    - c) are suitable to provide a true and fair presentation of the equity, financial position, financial performances and cash flows of Italmobiliare S.p.A. and the companies included in the consolidation scope;
  - 3.2 the 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 scope, together with a description of the main risks and uncertainties to which they are exposed.

March 3, 2016

*Carlo Pesenti, Chief Executive Officer (signed on the original)*

*Giorgio Moroni, Manager in charge of financial reporting (signed on the original)*



**KPMG S.p.A.**  
**Revisione e organizzazione contabile**  
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**(Translation from the Italian original which remains the definitive version)**

## **Independent auditor's report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010**

To the shareholders of  
Italmobiliare S.p.A.

### **Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Italmobiliare Group, which comprise the statement of financial position as at 31 December 2015, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### ***Directors' responsibility for the consolidated financial statements***

The directors of Italmobiliare S.p.A. are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Italmobiliare Group as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

### ***Emphasis of matter***

We bring your attention to the “Significant events and changes in the scope of consolidation” note and note 37 which describe the planned transfer of the entire investment in Italcementi S.p.A. to HeidelbergCement and the impacts of applying IFRS 5 on the consolidated financial statements. Our opinion is not qualified in respect of this matter.

### **Report on other legal and regulatory requirements**

#### ***Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and ownership structure with the consolidated financial statements***

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the specific section on the corporate governance and ownership structure included in the directors' report on the separate financial statements of Italmobiliare S.p.A., required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the Italmobiliare S.p.A. directors, with the consolidated financial statements of Italmobiliare Group. In our opinion, the directors' report and the information presented in the specific section on the corporate governance and ownership structure included in the directors' report on the separate financial statements of Italmobiliare S.p.A. referred to above are consistent with the consolidated financial statements of Italmobiliare Group as at and for the year ended 31 December 2015.

Milan, 22 March 2016

KPMG S.p.A.

(signed on the original)

Luisa Polignano  
Director of Audit



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Italmobiliare S.p.A.



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## Directors' report

The changes in the key standards and regulations compared to 2014 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, 2015, 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 understanding of its financial data, Italmobiliare S.p.A. employs a number of widely used indicators, which are not contemplated by IFRS.

In particular, the income statement presents the following intermediate indicators/results: recurring gross operating profit (loss), gross operating profit (loss), operating profit (loss), computed as the sum of the preceding items. On the statement of financial position, similar considerations apply to net financial debt, whose components are detailed in the specific section of the notes relating to IFRS 7.

Since the indicators employed by the company are not required by the IFRS, their definitions may not coincide with and therefore not be comparable to those adopted 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 financial position and results of operations.

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## General overview

### Results

Italmobiliare S.p.A. closed 2015 with a profit for the year of 19.5 million euro, up 7.3% from 2014 (18.2 million euro), despite a revenue decrease of 4.8% and significant non-recurring expense in the year relating to extraordinary transactions.

### Condensed income statement

(in thousands of euro)	2015	2014	Change
<b>Revenue</b>	<b>49,601</b>	<b>52,081</b>	<b>(2,480)</b>
of which:			
<i>Dividends</i>	<i>34,184</i>	<i>11,796</i>	<i>22,388</i>
<i>Gains from sales of equity investments and securities</i>	<i>5,499</i>	<i>34,124</i>	<i>(28,625)</i>
<i>Interest income and other finance income</i>	<i>1,677</i>	<i>360</i>	<i>1,317</i>
<i>Services</i>	<i>8,241</i>	<i>5,801</i>	<i>2,440</i>
Personnel expense, operating expense and other revenue	(24,434)	(19,425)	(5,009)
Finance costs	(3,182)	(2,987)	(195)
Capital losses, impairment losses and other expense	(2,084)	(3,516)	1,432
<b>Recurring gross operating profit <sup>1</sup></b>	<b>19,901</b>	<b>26,153</b>	<b>(6,252)</b>
Other non-recurring income (expense)	(4,992)	(174)	(4,818)
<b>Gross operating profit <sup>2</sup></b>	<b>14,909</b>	<b>25,979</b>	<b>(11,070)</b>
Amortization and depreciation	(57)	(40)	(17)
<b>Operating profit <sup>3</sup></b>	<b>14,852</b>	<b>25,939</b>	<b>(11,087)</b>
Finance income (costs)	(26)	(36)	10
Impairment losses on financial assets	(324)	(6,917)	6,593
<b>Profit before tax</b>	<b>14,502</b>	<b>18,986</b>	<b>(4,484)</b>
Income tax (expense)	5,021	(784)	5,805
<b>Profit for the year</b>	<b>19,523</b>	<b>18,202</b>	<b>1,321</b>

<sup>1</sup> Recurring gross operating profit is the difference between revenue and costs excluding: other non-recurring income (expense), amortization and depreciation, impairment losses on non-current assets, finance income (costs) and income tax expense.

<sup>2</sup> Gross operating profit corresponds to recurring gross operating profit plus other non-recurring income (expense).

<sup>3</sup> Operating profit (loss) corresponds to gross operating profit plus amortization and depreciation.

After the turbulence of the summer months, conditions on the Italian financial markets calmed in the fourth quarter of 2015, helped by the strengthening of the ECB expansionary monetary policy. Since the beginning of December, however, the stock markets have been affected by the new tensions on the global financial markets, which are particularly intense in the emerging countries due to contained growth prospects and moderate world trading volumes. Overall, in 2015 the Italian stock market index showed the most significant growth compared with the markets in the other main eurozone countries.

In the fall, government bond yields declined on all maturities, contributing to a further narrowing in the yield differential between ten-year Italian and German bonds fueled by the gradual strengthening of the Eurosystem treasury instrument purchase program. The differential decreased by approximately 20 basis points, reaching about one percentage point at the end of the year. The securities purchase program is proving effective in supporting economic activity in the eurozone, but global conditions are slowing the return of inflation to levels in line with the objective of price stability.

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In this context, the increase of 20.8 million euro in dividends received from investees (29.2 million euro in 2015 from 8.4 million euro in 2014) enabled the company to limit the reduction in revenue, which totaled 49.6 million euro, compared with 52.1 million euro in 2014. 2014 benefited from material gains on the sale of equities, in part through extraordinary transactions such as the Italcementi public tender offer on Ciments Français shares, which Italmobiliare took up with a gain of 15.2 million euro. Overall gains realized in 2015 amounted to 5.4 million euro, and related to the sale of Unicredit and RCS MediaGroup shares, compared with gains of 33.9 million euro in 2014.

Operating expense rose by 25.8%, including non-recurring expense for the project drawn up with HeidelbergCement at the end of July for the sale of the entire equity investment in Italcementi.

The increase of 6.5% in finance costs from December 31, 2014 arose from the rise in expense relating to hedges and derivatives, which showed a balance of 2.0 million euro (0.2 million euro in 2014), counterbalanced in part by the significant reduction in interest and other borrowings costs (-57.6% from 2014), essentially due to the decrease in average debt from 175.8 million euro to 157.8 million euro in 2015.

Non-recurring expense net of non-recurring income amounted to 5.0 million euro, up by 4.8 million euro from 2014. This was largely due to the provision set aside in the year against current risks on which a future outlay is deemed likely.

The year's impairment losses of 0.3 million euro (-6.9 million euro in 2014) related to the equity investment in RCS MediaGroup, which was impaired to align the carrying amount with fair value ascertained on the basis of the official Italian stock market price at December 31, 2015.

The company posted a profit for 2015 of 19.5 million euro (18.2 million euro in 2014), after a positive income tax effect of 5.0 million euro (expense of 0.8 million euro in 2014), arising largely from the activation of deferred tax assets against carried forward tax losses it expects to reverse.

### **Comprehensive income**

In 2015, starting from the profit for the year, the items that make up comprehensive income reflected comprehensive income of 27.3 million euro (income of 4.2 million euro in 2014), as follows:

- fair value gains of 26.8 million euro on available-for-sale financial assets,
- a loss of 0.1 million euro on the re-measurement of net liabilities/assets for employee benefits,

and the related positive tax effect of 0.4 million euro.

Considering the profit for the year of 19.5 million euro and the above items, 2015 comprehensive income was 46.8 million euro (income of 22.4 million euro in 2014).

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

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## Condensed statement of financial position

The statement of financial position at December 31, 2015 and December 31, 2014 is summarized below.

(in thousands of euro)	December 31, 2015	December 31, 2014
Non-current assets	3,816	3,780
Equity investments in subsidiaries	195,291	863,514
Equity investments in associates	9,274	9,274
Other equity investments	194,219	179,248
Receivables and other non-current assets	26,325	19,174
<b>Non-current assets</b>	<b>428,925</b>	<b>1,074,990</b>
<b>Current assets</b>	<b>21,708</b>	<b>16,890</b>
<b>Assets held for sale</b>	<b>683,223</b>	<b>-</b>
<b>Total assets</b>	<b>1,133,856</b>	<b>1,091,880</b>
<b>Equity</b>	<b>944,942</b>	<b>909,330</b>
Non-current liabilities	33,625	29,610
Current liabilities	155,289	152,940
<b>Total liabilities</b>	<b>188,914</b>	<b>182,550</b>
<b>Total equity and liabilities</b>	<b>1,133,856</b>	<b>1,091,880</b>

## Equity and net financial position

Equity at December 31, 2015 rose 35.6 million euro from December 31, 2014, from 909.3 million euro to 944.9 million euro. The overall change arose from the following positive factors:

- the profit for the year of 19.5 million euro,
- fair value gains of 27.3 million euro on available-for-sale financial assets, gross of the tax effect,
- the sale of treasury shares upon the exercise of stock options, for 0.5 million euro,

and from the negative impact of 11.7 million euro for dividends approved.

Net financial debt amounted to 138.9 million euro, down by 6.2 million euro from December 31, 2014. The comment on the finance segment in the directors' report on Group operations analyzes Italmobiliare S.p.A.'s 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 year".

During 2015, a total of 18,150 options were exercised for the purchase of a corresponding number of Italmobiliare ordinary shares, under stock options granted in 2009 and 2010 at a price per share of euro 20.526 and 28.834 respectively. After these transactions, Italmobiliare holds 853,261 ordinary treasury shares (par value 2,218,478.60 euro), representing 3.846% of ordinary share capital, and 28,500 savings shares (par value 74,100.00 euro), representing 0.174% of total savings shares.

No treasury shares were purchased in 2015.

The par value of Italmobiliare S.p.A. ordinary and savings shares is 2.60 euro each.

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## 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, 2015, the number of people employed at Italmobiliare S.p.A. was 22.

(headcount)	2015	2014
Senior managers	7	7
Middle managers and clerical staff	15	18
<b>Total</b>	<b>22</b>	<b>25</b>

## Information on the environment

The company operations do not have a significant environmental impact.

## Risks and uncertainties

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.



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## Transactions with related parties

Italmobiliare S.p.A. transactions with related parties concerned:

- the 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 competences efficiently and rationalize use of corporate divisions and financial resources.

No atypical or unusual transactions took place in 2015 as defined by Consob Communication no. DEM/6064293 of July 28, 2006.

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.

Analytical data on transactions with related parties and the impact of such transactions on the company's financial position and results of operations 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 section on "Corporate governance".

### Transactions with subsidiaries, joint ventures, associates and the subsidiaries of such companies

Italmobiliare S.p.A. provides administrative, fiscal and legal services for subsidiaries and their investees and for associates with no specific internal competences.

In addition, it has transactions 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 subsidiaries;
- Franco Tosi S.r.l. provided Italmobiliare S.p.A. and some of its subsidiaries with IT support services and some general services. Since December 15, after the partial and proportionate demerger at Franco Tosi S.r.l. with the transfer of the arm responsible for general services and information technology to the new company Italmobiliare Servizi S.r.l., the services in question have been provided by Italmobiliare Servizi S.r.l..

Within the Group, exchanges of personnel take place to optimize overall use of resources.

On the financial front, Italmobiliare S.p.A. 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 specific services.

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## Domestic tax consolidation

2015 was the third tax year of the 2013/2015 three-year period of the Italian tax consolidation system envisaged by art. 117 ff. of the Consolidated Income Tax Act (*TUIR, Testo Unico delle Imposte sui Redditi*), renewed in 2013 by the parent Italmobiliare S.p.A. – which acts as the parent-consolidating company – and by some directly and indirectly controlled subsidiaries.

In 2015 the consolidated company Sirap Insulation S.r.l. was sold by the parent Sirap Gema S.p.A., with the consequent loss of control pursuant to art. 2359, par 1, no. 1, Italian Civil Code, and arts. 117 and 120 of the TUIR. The sale determined the early termination of the tax regime and the deconsolidation of the company concerned, with retroactive effect from January 1, 2015.

The termination did not have any negative effects on the tax consolidation system. In accordance with the TUIR, the parent Italmobiliare S.p.A. defined the current debit/credit positions and attributed to Sirap Insulation S.r.l. its share of receivables due from the tax authorities carried forward in the income tax return.

In 2015, the subsidiary Punta Ala Promozione e Sviluppo Immobiliare S.r.l. elected to join the domestic tax consolidation system with effect from January 1, 2015.

The current scope of the domestic tax consolidation system comprises the following subsidiaries:

- Sirap Gema S.p.A.
- Franco Tosi S.r.l.
- Punta Ala Promozione e Sviluppo Immobiliare S.r.l.

## Transactions with other related parties

Transactions with other related parties concern:

- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare S.p.A. by the Gattai Minoli Agostinelli & Partners law firm, of which the director Luca Minoli is a partner, for considerations of 1.1 million euro;
- administrative, contractual and tax consultancy services as well as support for corporate transactions, provided by Finsise S.p.A., a company whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare S.p.A., for 1.2 thousand euro.

The considerations paid are in line with market conditions for the respective types of professional service provided.

During 2015, the Italmobiliare Group endowed the “Italcementi Cav. Lav. Carlo Pesenti Foundation” 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 financial reporting, 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 Remuneration Report.

The figures at December 31, 2015 for transactions with related parties are provided in the notes.

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## Italcementi Cav. Lav. Carlo Pesenti Foundation

The "Italcementi Cav. Lav. Carlo Pesenti Foundation" is an independent non-profit entity established in 2004 by Italcementi and Italmobiliare, with the aim of promoting education, training and scientific research, with a special emphasis on corporate sustainable development.

The Foundation's main activities are:

- **education, training and scientific research**, after the four three-year cycles of the research doctorate in Logistics and Supply Chain Management at the University of Bergamo funded by the Italcementi Foundation, the study on the "research – university – enterprise relationship" highlighting the transfer of the knowledge produced by the research doctorate. The results of the study are illustrated in a book published in 2015, adopted as the basic text for the final year of the three-year degree in economics at the University of Bergamo. Collaboration continued with the University of Bergamo on another important project, "Bergamo 2.035 – A New Urban Concept", developed in cooperation with the Harvard University Graduate School of Design, on trends and future decisions of urban communities, with a particular focus on Bergamo and the surrounding area. After the results obtained in the first phase of the project, which were published in a book and illustrated at conferences and other events, the Foundation is committed to continuing the project over the two years 2015-2016, with research into models and sustainable developments in logistics and urban mobility. The Foundation has agreed to contribute to this new phase with 100,000 euro, of which 50,000 disbursed in 2015. The cooperation agreements set up last year with the Bocconi University were fully implemented in 2015, regarding support for the "Sustainable Operations Management" course named for the Italcementi Foundation and a program of grants for deserving students who are children of Italcementi employees;
- **enhancement of the country's artistic and cultural heritage**, in addition to the recurring annual backing for the activities of the Bergamo nella Storia foundation, support was provided for the first monographic exhibition on the works of Bergamo artist Palma il Vecchio, with loans of works by the artist from leading museums in other countries. The exhibition, which had many public and private sponsors, was an important attraction and part of the network of events for Expo 2015;
- **cultural events and conferences**, in 2015 the Foundation organized a conference, which opened with a video manifesto by architect Renzo Piano, for a wide-ranging debate on ways to regenerate cities for a new Renaissance by re-linking the suburbs with the urban context, engaging local residents and making use of innovation in technology and materials;
- **humanitarian and social support initiatives**, the Foundation continued to support the planning and supervision of the work to extend the Training Center in Metiyagane, Sri Lanka, an initiative planned after the tragic tsunami at the end of 2004 and built between 2007 and 2010 in cooperation with the local Salesian congregation.

The activities described above generated an overall financial commitment in 2015 of approximately 671,000 euro, covered by the contributions of the founders; this was a reduction of 7.1% from 2014 (approximately 722,000 euro).

## Events after the reporting period

For details on significant events after the reporting period at Italmobiliare S.p.A., the reader is referred to the corresponding section in the finance segment chapter in the directors' report on Group operations.

## Outlook

For the outlook for Italmobiliare S.p.A., the reader is referred to the corresponding section in the finance segment chapter in the directors' report on Group operations.

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## **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, (hereinafter “Code”, available on the Italian Stock exchange website [www.borsaitaliana.it](http://www.borsaitaliana.it)). This Report also illustrates the reasons underlying the non-implementation of certain 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 features 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 3, 2016, is published in the section “Governance/General Meetings” on the Company’s website ([www.italmobiliare.it](http://www.italmobiliare.it)).

The information contained in this Report refers to 2015 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 characterized by 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.

The Company Corporate Governance system deduces from the following codes and regulations, as well as the By-laws:

- 1) Code of Conduct for listed companies promoted by the Committee for Corporate Governance;
- 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 financial reporting;
- 8) Organizational, Management and Control Model.

The above documents are available on the Company’s website, except for the Regulation for the manager in charge of financial reporting, available to all the Group companies on the company intranet and in respect of the Insider register procedure and 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.

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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 or for further resolutions' proposals on the items already on the Agenda. 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 342,500 options on the stock option plan for directors, and 251,544 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.) <small>This figure does not take into account the 853,261 treasury shares with voting rights held by the Company</small>	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 <small>(as manager, among others, of the «First Eagle Global Fund» which holds 3.99% of the ordinary share capital)</small>	1,109,930	2.88	5.00
Italmobiliare S.p.A. (treasury shares)	853,261	2.21	3.85

**d) Shares that confer special control rights**

No shares conferring special control rights have been issued.

**e) Shareholding of employees: mechanism for exercising voting rights**

There is no specific shareholdings' system for employees.

**f) Restrictions on voting rights**

The By-laws do not provide for restrictions on the exercise of voting rights.

**g) Shareholders' Agreements 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 bids**

According to the policy to support its activity, the Company and some of the its subsidiaries entered into loan agreements which grant the lender the right, in case of a change of control of the financed company, to terminate the contract should the majority shareholders reduce their stake in the Company share capital, or, in other cases, 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 waivers to the provisions of TUF related to the passivity rule nor the breakthrough rule is 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**

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### **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 a period of five years from the resolution:

- a) under art. 2443 of the Italian Civil Code, to increase share capital once or more 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 with warrants to acquire 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 with a 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 ratios, terms and modes for the execution of the transactions.

### **Equity instruments**

The Company has not issued equity instruments of any kind, nor do the By-laws grant any power for their issue to directors as of the date hereof.

### **Authorizations to purchase treasury shares**

At their meeting of May 27, 2015, 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; on the other hand it has granted some of the shares held in its portfolio to stock options' beneficiaries, who exercised vested rights.

Therefore, on December 31, 2015, the Company held:

- 853,261 ordinary treasury shares, equal to 3.85% 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 other Company information, Efiparind B.V. holds 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 rights.

Pursuant to both art. 2497-sexies and art. 2359 of the Italian Civil Code, no company or entity exercises management and coordination activity over Italmobiliare.



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## **INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

### **1. Introduction**

The Internal Control and Risk Management System ("SCIGR") 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 defined the «Guidelines» for the Internal Control and Risk Management System upon the favorable opinion of the Control and Risk Committee, in compliance with the recommendations of the Code.

The guidelines, taking into account the peculiar structure of the Group, which includes some companies that are subjects to the supervision of national supervisory authorities with autonomous control bodies (cd. "Group of groups"), seek to ensure consistency and harmonization between various control tools, establishing, therefore, the roles and functions involved in the identification, measurement, management and monitoring of the main risks of the Company and its subsidiaries.

The SCIGR Guidelines have been transmitted to the subsidiaries so that they will take them into account in the establishment and maintenance of its internal control system notwithstanding the autonomy and independence of each company.

The SCIGR 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 SCIGR, 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 Board of Directors, with the assistance of the Control and Risk committee, sets the criteria to ensure the compatibility of the Group risks' with correct and proper management of the Company and assesses, at least on a half-yearly basis, the adequacy, effectiveness and functioning of the internal control system with respect to the characteristics of the Company.

With reference to the subsidiaries that have their own and autonomous internal control functions performing tasks similar to the duties assigned to the Control and Risk committee by the Code, the Control and Risk committee of Italmobiliare reviews and assesses the reports received from the subsidiaries' relevant functions.

The Board of directors monitors and examines the risks which the Company and the Group as a whole are subject to, and that, as given the business activities, are essentially financial.

A risk model, in compliance with best practices for the identification, evaluation and management of company risks, is being implemented by identifying three main areas: trading portfolio, investments and processes / organizational areas of the holding Company.

This process is operating in the main subsidiaries.



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## 2. Positions and Functions involved

The «Guidelines» for the Internal Control and Risk Management System provide for the involvement of the following corporate bodies and functions:

1) **Board of Directors**, with 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 Company 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 of financial reporting 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.

2) **Director in charge of the Internal Control and Risk Management System** (in short "**Director in charge**"), identified by the Board of Directors' meeting of May 27, 2014, in the person of the Chief Executive Officer – Chief Operating 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;
- b) implementing the guidelines defined by the Board of Directors, taking care of the planning, implementation and management of the internal control and risk management 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 thereto;
- d) adjusting such system to the dynamics of the operating conditions and the legislative and regulatory framework;

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- e) 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.

The Director in charge can also ask the 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.

Under the powers granted to him, the Director in charge promoted the development of a Risks Management Model for the identification, assessment and management of the company risks based on various levels.

Moreover, since the two positions coincide, the Director in charge 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, the 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) evaluates together with the Manager in charge of financial reporting, after hearing the external auditors and the Board of Statutory auditors, the correct application of the accounting standards, as well as their consistency for the purpose of preparing of the consolidated financial statements;
  - b) expresses opinions on specific aspects relating to the identification, measurement, management and monitoring of the Company's main risks upon request;
  - c) 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;
  - d) monitors the independence, adequacy, efficiency and effectiveness of the Internal Audit Function;
  - e) 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;
  - f) reports to the Board of Directors at least half-yearly, on the occasion of the approval of the annual and interim financial report, on the activity carried out, as well as on the adequacy and effectiveness of the Internal Control and Risk Management System;
  - g) promptly exchanges information with the Board of Statutory Auditors relevant to the performance of their respective tasks.
- 4) **Manager in charge of financial reporting**, 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 condensed interim financial statements and the consolidated financial statements, as well as any other financial reporting, 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 risks' assessment activities and updating the mapping of financial reporting risks';
  - e) taking part in the development of IT systems that have an impact on the Company's financial positions and

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results of operations.

The Manager in charge of Italmobiliare acknowledges and evaluates the reports on the activities performed by the internal control and risk management corporate bodies of the Group subsidiaries, that are considered relevant.

The Board of Directors meeting held on May 27, 2014, confirmed Mr. Giorgio Moroni, Co-Chief Operating Officer Administration & Finance, as the Manager in charge of financial reporting, 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 2016 financial statements.

Pursuant to the By-laws, the Manager in charge of financial reporting 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.

- 5) **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 and to the Board of Statutory Auditors on the adequacy of the Internal Control and Risk Management System.

The Board of Directors, at its meeting held on May 27, 2014, after hearing the opinion of the Board of Statutory Auditors, confirmed Mrs. Delia Strazzarino as Head of Internal Audit.

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.

Within its "Assurance and Quality improvement Program", the Internal Audit Department is subject, at least every five years, to a Quality Assurance Review by an independent external entity. Last review, performed on late 2011, had an outcome of general compliance with relevant international standards.

The Board of Directors following the opinion served by the Control and Risk Committee and having heard the Board of Statutory Auditors and the Director in charge, approved:

- the Internal Audit Charter during the meeting of November 14, 2013. The Charter, lastly modified by a board resolution dated 13 February 2015, officially defines the mission, objectives, organisational context and responsibilities of the Internal Audit Department, in accordance with the definition of Internal Auditing, with the Code of Ethics of the Institute of Internal Auditors ("IIA") and with the International Standards set by the International Professional Practices Framework of the IIA.
- the 2016 Audit Plan prepared by the Head of Internal Audit during the meeting of January 21, 2016.

The Internal Audit Department performs its activities directly with reference to Italmobiliare group, except for the subsidiaries that have an independent Internal audit function.

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At Group level, the Head of Internal Audit coordinates / connects with the homologous functions of the subsidiaries in order to promote uniformity of approach in working tests and adequacy of SCIGR, taking into account the autonomy, independence and responsibility of those subsidiaries and their corporate bodies.

- 6) **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 no. 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 no. 231/01, the Board of Statutory Auditors, the Control and Risk committee, 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 initiative and control powers within the Company 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 effectiveness of the Model with possible instructions for additions, corrections or changes.
- 7) **Various company Functions**, which must, to the extent of their competence, ensure the identification, measurement, management and supervision of the main risks related to group operations. Those shall ensure the proper performance of group transactions and, in particular, 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 consolidated financial statements of Italmobiliare Group and performing a review of the consolidated financial statements of Italmobiliare Group for the years 2010-2018 was assigned to KPMG S.p.A. at the Shareholders' Meeting held 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 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.

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## 2.2. Description of the main features of the Internal Control and Risk Management System in regard of the financial reporting process

### 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 operating Model to comply with the Law on savings (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 controlled by 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 *i)* 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 *ii)* 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: *i)* documenting, with varying levels of detail depending on the level of risk allocated, the identified administrative and accounting processes, *ii)* 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:

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- the ongoing development of an integrated Corporate Governance system (Organization notices, corporate processes and procedures);
  - 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 "Law on Savings"), enacted by law-makers for the purpose of increasing the transparency of financial reporting and strengthening the internal control system of listed companies.

### **3. Overall Assessment of the Internal Control and Risk Management System**

The Board of Directors, based on the evaluations and information collected with the support of the preliminary activity performed by the Control and Risk Committee, with the assistance of the Director in charge, the Head of Internal Audit and the Manager in charge of financial reporting, notes that there are not been reported issues which would invalidate the overall adequacy and effectiveness of the Internal Control System and Risk Management with respect to the structure of the Company and the Group and the characteristics of the business. Moreover, the architecture of the system of internal control and risk management will be re-evaluated during 2016 taking into account the new group configuration.

The Internal Control and Risk Management System is, in any case, subject to continuous improvement through monitoring and systematic design of improvement initiatives, consistent with international models of reference.



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## **CODE OF CONDUCT: CORPORATE GOVERNANCE RULES AND THEIR IMPLEMENTATION**

Italmobiliare complies with the Code of Conduct for listed companies approved by the Italian Committee for Corporate Governance.

However, the Board of Directors decided not to adhere to two recommendations of the Code on: i) the establishment of the Appointment Committee and ii) the adoption of the Shareholders' Meeting Regulations. Further details in this regard will be provided in this Report, based on the various topics to be illustrated.

Moreover, 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, pursuant 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 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 companies that are fully owned or owned at least ninety percent;
- 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, importance and impact on Italmobiliare financial position and results of operations, put in place by the Company itself and by its subsidiaries;
- transactions with related parties, as governed by specific company procedure 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, under the powers delegated to him by the Board itself, *iii)* the granting of powers to the executive directors and *iv)* the determination of the remuneration of directors vested with special powers and key management personnel.

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 on its own or on behalf of third parties, or is a director or Chief Operating Officer of competitors.

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## **Composition**

The Company by-laws provide that the Company shall be managed by a Board of Directors consisting of 5 up to 15 directors, appointed at Ordinary Shareholders' Meeting, for the period decided at the time of appointment, but in no event for more than three fiscal years and they may be reappointed when their term of office expires.

The Board of Directors currently in office is made up of fourteen members, appointed by the Shareholders' meeting of last May 27, 2014 and whose term of office expires upon approval of the financial statements for the year 2016. Twelve out of fourteen members are non-executive and, among these, seven directors are independent in accordance with the Consolidated Law and Finance (TUF); six of them also have the independence qualification set out by the Code. According to the transitional rules on gender balance, a fifth of the members is reserved for the less represented gender.

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' *curriculum* are also provided, along with their seniority in office.

These *curriculum*, in accordance with the regulations, are promptly published on the Company's website at the time of appointment.

## **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.

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 not lower than that determined by Consob pursuant to the regulations in force.

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 nominee 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, 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 gender may be represented by at least one third (rounded upwards) of the candidates. However, upon the first renewal of the Board of Directors following entry into force of the Law (October 2011), 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 of 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



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outmoded by the Code and which the Company has complied with. The Board of Directors considered it appropriate to keep this principle in line 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 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

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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, due 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.

### ***Executive 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 only 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 remuneration.

The Board of Directors has appointed, among its members, in addition to the Chairman, a Deputy Chairman and a Chief Executive Officer - Chief Operating Officer.

The Chairman and the Chief Executive Officer - 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 for those that pursuant to the Italian 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, the Chief Executive Officer - Chief Operating Officer and the Deputy Chairman, directors and Company managers on the Boards of Directors of the main subsidiaries.

### ***Allocation of responsibilities and delegation of powers***

The granting of powers is based on the principle of segregation of duties.

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 five members of the Executive Committee, two are executive directors; the remaining ones, two of which independents, 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

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adoption of the relevant resolutions. The Code also shares this interpretation provided that, as in this case, the director, member of the Executive Board, is not given individual executive powers.

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**, Mr. Giampiero Pesenti, among others, the duties to supervise and ensure the compliance with Corporate Governance principles approved by the Company proposing any amendment to them at the Board of Directors, to supervise the execution of the investment plans' as defined by The Board and/or the Executive Committee and to propose resolutions to the Board of directors and to the Executive committee. The Chairman was granted, among others, in addition to the representation powers' envisaged by the Bylaws, the powers to undertake any administrative act and measure, among which, to acquire and dispose of equity investments, carry out credit and securities transactions, accept guarantees, grant collateral and guarantees in favor of third parties as long as these are direct or indirect subsidiaries or affiliated of Italmobiliare, within a maximum amount of 20 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 20 million euro for each transaction;; appoint every kind of consultant defining their remuneration, possible deposits, suspending, terminating and modifying the relationship with the latter, with the powers 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 and by the Chief Executive Officer;
- to the **Chief Executive Officer - Chief Operating Officer**, Mr. Carlo Pesenti, among others, the tasks of supervising management policies and business development strategies' of Italmobiliare and the main directly and indirectly controlled companies; supervise and direct the activities of Italmobiliare and its main subsidiaries; establishing guidelines for the management of the main companies in which Italmobiliare holds, directly or indirectly, an interest that allows it to exercise significant influence; taking care of the organization and propose to the Board of Directors the main organizational changes. At the same time were granted, among others, the powers to perform all administrative and disposal acts on the management of the Company among which securities and credit transactions, to undertake on behalf of the Company bonds of any kind, also secured by collateral, accept guarantees, loan collateral and guarantees in favor of third parties as long as these are direct or indirect 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 a maximum amount of 20 million euro, for each transaction.

Other powers for current management activities were granted to the Co-Chief Operating Officer Administration and Finance, to the Secretary of the Board and to other managers, within their respective area of competences.

The Chairman, the Chief Executive Officer - 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 undertaken by the Company or by the subsidiaries with an impact on its financial statements, the main transactions with related parties as well as transactions leading to potential conflicts of interests, have been always 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.

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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 disclosed to the market on occasion of appointment and shown annually in this report 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.

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.

During the year, all the independent members met once in the absence of the other directors, upon initiative of the lead independent director.

### ***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.

On the occasion of the appointment of the Board of Directors for the 2014-2016 mandate, the Board of Directors, at its meeting of 27 May 2014, approved the dissociation of the functions of Chairman and Chief Executive Officer; however, in light of the shareholding structure and in compliance with the best practices, the Board has decided to appoint Mr. Massimo Tononi, independent director, as "Lead Independent Director".

### ***Remuneration for Directors and Key management personnel***

The remuneration for Directors was determined by the Shareholders' Meeting held on May 27, 2014 that, until a new resolution, set such remuneration in the fix amount of 36,000 euro per year for each director, plus attendance fees for participation at the various board committees, as indicated below.

\* € 6,000 for each attendance at meetings of the Executive Committee;

\* € 3,000 for each attendance at meetings of the Remuneration Committee, the Control and Risk Committee and the Committee for Transactions with Related Parties;

\* € 2,500 to each member of the Board of Directors appointed member of the Supervisory Board for each attendance at meetings of the same.

Furthermore, the General meeting of 27 May 2015, has defined in gross € 3,000 the compensation to be granted to each member of the Investments Committee – set up on March 24, 2015 – for the attendance at meetings of the captioned Committee.

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The remuneration of the Chairman, the Chief Executive Officer - Chief Operating Officer, Manager in charge of financial reporting and 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 the Control and Risk Committee.

A significant part of the remuneration of the Chairman, the Chief Executive Officer and 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 adopted by the Company.

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 3, 2016.

### **Limitations on the number of offices**

The Board of Directors in accordance with the Code, resolved that the maximum number of offices that can be held as director or statutory auditor in other companies listed on regulated markets including abroad, in financial, banking, insurance or major companies, considered compatible with the effective performance of the office of Company director, with the exception of its subsidiaries, parents and companies subject to joint control, was the follows:

- five (for the office of executive director) and
- ten (for the office of non-executive or independent director or statutory auditor)

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, at the date of this report, is set out below:

Giampiero Pesenti	* Italcementi S.p.A.	- Chairman
	* Compagnie Monegasque de Banque	- Director
	* Credit Mobilier de Monaco	- Director
Italo Lucchini	* Italcementi S.p.A.	- Director
	* Unione di Banche Italiane S.c.p.a.	- Member of Management Board
	* Almag S.p.A.	- Chairman of the Board of Statutory Auditors
Carlo Pesenti	* Italcementi S.p.A.	- Chief Executive Officer
Anna Maria Artoni	* Artoni Group S.p.A.	- Sole director
	* Artoni Trasporti S.p.A.	- Vice Chairman - CEO
	* Gruppo MutuiOnline S.p.A.	- Director
	* Prelios S.p.A.	- Director
Giorgio Bonomi	* Italcementi S.p.A.	- Director
Carolyn Dittmeier	* Autogrill S.p.A.	- Director
	* Assicurazioni Generali S.p.A.	- Chairman of the Board of Statutory Auditors
Sebastiano Mazzoleni	* Italcementi S.p.A.	- Director
Luca Minoli	* Cemital S.p.A.	- Chairman
	* Finanziaria Aureliana S.p.A.	- Chairman
	* Privital S.p.A.	- Chairman
Gianemilio Osculati	-	
Clemente Rebecchini	* Assicurazioni Generali S.p.A.	- Deputy Chairman
	* Atlantia S.p.A.	- Director

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Paolo Sfameni	* Allianz Bank Financial Advisor S.p.A.	- Director
	* Investitori SGR S.p.A.	- Director
	* La Fenice S.r.l.	- Statutory Auditor
	* Pirelli Tyre S.p.A.	- Statutory Auditor
Livio Strazzera	* Serfis S.p.A.	- Sole Director
	* Banca Popolare Commercio e industria	- Substitute Deputy Chairman
Massimo Tononi	* Banca Monte dei Paschi di Siena S.p.A.	- Chairman
	* Prysmian S.p.A.	- Chairman
	* Istituto Atesino di Sviluppo S.p.A.	- Chairman
Laura Zanetti	* Incofin S.p.A.	- Director

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## **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 set as at least two days the prior notice period to be observed in order to submit the aforementioned documentation. Such prior notice period has always been met during 2015.

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 of the Company.

During 2015, the Board of Directors held a total of eight meetings, two of which at the presence of all Directors. Ten Directors attended all the meetings; thirteen directors attended three meetings; two meetings were attended by twelve directors and one meeting was attended by eleven directors. Six independent directors were always present; an independent director attended six meetings out of eight. Four meetings of the Board of Directors were attended by all members of the Supervisory Board, at the remaining four meetings was absent a Statutory Auditor.

All meetings of the Board of Directors were attended, by invitation, by the Manager in charge of financial reporting. Some meetings were also attended by managers of the Company and of the major subsidiaries to provide additional information on the topics put on the agenda from time to time. In particular, were invited to attend Mr. Enrico Benaglio, Head of Investments department and of Investor relations, Mrs. Delia Strazzarino, Head of Internal Audit, Mr. Silvestro Capitanio, Head of Human Resources and Organizational development, Mr. Mario Fera, assistant to Italcementi S.p.A. CEO, Mr. Giuliano Palermo, Manager of Italcementi Group M&A and Mr. Luigi Carnelli, Managing director of Finter Bank Zürich, Swiss bank, 100% owned and sold during 2015.

The average duration of the meetings of the Board of Directors held during the year was about three hours.

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, assesses the overall company performance by comparing the results achieved with those planned in the annual budget.

During 2016, the Board of Directors has so far met twice, the first time to examine the Audit plan, the second time to approve - among others - the 2015 draft financial statements. At least other three board meetings are scheduled for the current year for the approval of the interim reports.

The corporate calendar is annually disclosed to the market and published on the Company's website in the section Investor / Financial Calendar. The 2016 calendar was published in January.

The Executive Committee met twice in 2015, at the presence of all its members. One meeting of the Executive Committee was attended by all the members of the Supervisory Board, while at the second one were presents two Statutory auditors.

During 2016, the Executive Committee did not met so far.

## **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 a Control and Risk Committee whose resolutions have a consultative and advisory nature and do not bind the Board.



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Moreover, pursuant to the rules applicable to transactions with related parties, the Board established an internal Committee for Transactions with Related Parties, composed of independent directors only.

Lastly, during the year, the Board of Directors has set up, internally, an Investments Committee with the task of supporting and assisting the Chief Executive Officer and the management in the definition of portfolio strategies and in the evaluation of investment opportunities proposed by operating structures, to be approved by the competent administrative body.

In carrying out their functions, the 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.

Considering the stable presence of a relative majority shareholder which is able to significantly influence the Shareholders' meetings, the Company decided, not to proceed with the establishment of an "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 annual and interim financial reports.

The Control and Risk Committee consists of three members, all non-executive, two of which independents and it is chaired by Mrs. Carolyn Dittmeier. As required by the Code with reference to at least one component, it respected the requirement to have adequate expertise in accounting and finance.

During 2015, the Control and Risk Committee met nine times, always with the participation of all its members. The average duration of meetings was about three hours. The Board of Auditors has participated fully in five meetings, to the remaining ones attended two Statutory Auditors.

During fiscal year 2015, the Committee, among other things:

- a) examined and approved the methodology used by the Company for the preparation of impairment tests;
- b) acknowledged the correct implementation of the accounting policies and their consistency for the purposes of preparing the consolidated financial statements;
- c) reviewed and approved the 2015 Audit Plan upon verification of its results;
- d) examined and proposed some amendments at the Internal Audit Charter prior to the approval of the Board of Directors;
- e) analyzed the setting of the risk management at Group level;
- f) examined the reports prepared by the Head of Internal Audit to verify the adequacy, efficiency and effectiveness of the Internal Control System;
- g) met the audit committees of the main subsidiaries;
- h) reported to the Board of Directors, when approving the annual and interim financial reports, on its activities and on the adequacy of the Internal Control and Risk Management System as well as with reference to a specific task assigned by the Board of Directors.

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 financial reporting and the Head of Internal Audit.

During 2016, the Control and Risk Committee has so far met twice to discuss, among other things, the methodology of impairment tests for 2015, the accounting policies adopted for the preparation of the 2015 consolidated financial statements and the Audit Plan for 2016, the latter in turn submitted to the approval of the Board of Directors at its meeting on January 21, 2016.



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On February 25, 2016, the Committee also examined the part of this Report regarding the description of the Internal Control and Risk Management System sharing its content.

**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. During the year, the Chairman of the Committee, Mr. Massimo Tononi, has asked to be relieved from the office of Remuneration Committee member because of prominent professional commitments and it has been appointed, as third member, Mr. Paolo Sfameni.

The Committee, in the absence of the concerned parties, examined, and subsequently approved, the remuneration policy for executive directors and/or directors vested with special powers and key management personnel and submitted proposals to the Board of Directors on the remuneration of directors and managers.

During the year the Committee met three times at the presence of all its members; the average duration of its meetings was approximately two hours. All members of the Board of Statutory Auditors attended two meetings, to the remaining one attended two Statutory Auditors. The Head of Human Resources is regularly invited participate.

During 2016, the Remuneration Committee has so far met once to make proposals to the Board of Directors regarding the remuneration of directors and managers, to evaluate the achievement of performance targets during 2015 and examine the remuneration Report.

**c) Committee for Transactions with Related Parties**

The Committee for Transactions with Related Parties is composed of three members, all non-executive and independent and it's chaired by Mr. Paolo Sfameni.

During 2015, the Committee met four times in order to examine some transactions with related parties executed by the Company evaluating, from time to time, the substantial and procedural correctness of the same. Those transactions, indeed, were exempt from the procedural safeguards adopted in accordance with the regulatory provisions in force but those were nevertheless submitted to the consideration of the Committee for transactions with related parties for enhanced care of the Board of directors.

**d) Investments Committee**

The Investments Committee, established during the year, to support and assist the Chief Executive Officer and management in the definition of portfolio strategies and evaluation of investment opportunities, is composed of six members, four of which are independent, and it is chaired by the Chief Executive Officer, Mr. Carlo Pesenti.

During 2015, the Investment Committee met twice, always with the participation of all its components. The average duration of meetings was about two hours. The Board of Statutory Auditors was present in full at the second meeting.

***Assessment of the functioning of the Board of Directors and its Committees***

As envisaged by the Code, on March 3, 2016, 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-assessment questionnaire made up of statements, for which the respondent had to rate their level of agreement. The questionnaire was returned anonymously by 11 directors out of 14.

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## **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, 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 is not entrusted with the legally-required audit of the company's accounts, which, as required by law, is entrusted to an independent auditor chosen 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 auditors.

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, internal audit and risk management systems; on the audit of the separate 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 procedures 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 concerning the appointment of the Board of Directors.

No shareholder may file or participate in the filing of more than one list, directly or through a nominee 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 nominee 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;
- \* state, under his/her own responsibility:
  - entitlement of the professional requirements envisaged by the By-laws;
  - the non-existence of causes of 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;

b) a brief curriculum on the personal and professional skills of each candidate with an indication of their position as

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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 filed.

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 the lists of candidates which have been submitted by shareholders and the accompanying documentation at its head offices, at the Italian stock exchange and on its website,.

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 simple 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 simple 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 Statutory Auditors, and if elected cease to serve.

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Should an elected Statutory Auditor during his/her term of office no longer meet 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 Statutory 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 Statutory 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 a Statutory 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 Shareholders' list;
- to replace a Statutory 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 Statutory Auditor to be replaced was part of, with a number of Statutory Auditors equal to the number of ceased Statutory 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 Statutory 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.

Statutory Auditors accept their appointment when they believe they can devote the appropriate time to the diligent performance of their duties.

According to the Code, the Statutory auditors are chosen among people who may be qualified as independent according to the criteria that the same states with regard to directors.

### ***Composition and activities***

When renewing the Board of Statutory Auditors by the Shareholders' Meeting of May 27, 2014, the relative majority shareholder presented its own list of candidates while three minority shareholders - RWC Asset management, Amber Global Opportunities Master Fund and Fidelity Funds International – presented together their own list.

Therefore, according to current regulations and Company By-laws, the Chairmanship was granted to Mr. Francesco Di Carlo, from the list presented by the above mentioned minority shareholders while the remaining two Acting Auditors were elected from the list presented by the relative majority shareholder.

All the members are independent pursuant to the TUF and meet, also, the independence requirements provided by the Code for directors. In compliance with the provisions on gender balance a third is reserved for the less represented gender.

The composition of the Board of Statutory Auditors is shown in the table below and in the opening of this report, which also contains the curriculum of its members and their length of service. The curriculum are also published on the Company's website.

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### ***Meetings of the Board of Statutory Auditors***

The Board of Statutory Auditors, during 2015, held a total of fifteen meetings attended by all its members, with the exception of one meeting, attended by two Statutory auditors.

At meetings of the Board of Statutory Auditors have been invited to participate the audit company KPMG, the Manager in charge of financial reporting, the Head of Internal Audit and other department managers of the Company to provide the necessary information on issues from time to time on the agenda.

The average duration of the meetings of the Board of Statutory Auditors held during the year is about two hours.

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## **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 single call, 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 market relations, the Chairman and the Chief Executive Officer - Chief Operating Officer, within their respective responsibilities, provide the 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.

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**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		Investments Committee	
Position	Member	Executive	Non executive	Independent	Attendance	No. of other offices	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance
Chairman	Giampiero Pesenti	•			3/8	3	•	2/2								
Deputy Chairman	Italo Lucchini		•		8/8	3	•	2/2			•	3/3				
Chief Executive Officer - Chief Operating Officer	Carlo Pesenti	•			8/8	1	•	2/2							•	2/2
Director	Anna Maria Artoni		•	•	6/8	4							•	4/4		
Director	Giorgio Bonomi		•		8/8	1			•	9/9						
Director	Carolyn Dittmeier		•	•	8/8	2			•	9/9			•	4/4		
Director	Sebastiano Mazzoleni		•		8/8	1									•	2/2
Director	Luca Minoli		•		7/8	3										
Director	Gianemilio Osculati		•	•	8/8	-									•	2/2
Director	Clemente Rebecchini		•		6/8	2										
Director	Paolo Sfameni		•	•	8/8	4			•	9/9	•	-	•	4/4		
Director	Livio Strazzera		•	•	8/8	2	•	2/2							•	2/2
Director	Massimo Tononi		•	•	8/8	3					•	3/3			•	2/2
Director	Laura Zanetti		•	•	8/8	1	•	2/2			•	3/3			•	2/2

**TABLE 2****STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

Position	Member	Independence according to the Code	Attendance at meetings
Chairman	Francesco Di Carlo	•	15/15
Acting Auditor	Angelo Casò	•	14/15
Acting Auditor	Luciana Ravicini	•	15/15



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## **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 trade 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 job 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 the Company;
- 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 statement of financial position, income statement data, whether on an actual 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.



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## **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 voting right, 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 transactions on the latter's shares of an aggregate amount exceeding 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 separate annual and interim 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 annual 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 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 has been slightly amended on 2013 with i) the extension of the scope of correlation to the members of the Supervisory Board, with the express clarification that, if it is also made up of employees of the Company, these are not to be considered as "Key management personnel" and ii) the introduction of a different *small-amount thresholds* between transactions with individuals and those with legal entities.

Finally, on November 14, 2014, confirming the commitment of the Company to adhere to best practice and guidelines of the Supervisory Authority, the Board of Directors, at the proposal of the Committee for transactions with related parties, deemed appropriate to make further changes to the Procedure in force which took into account

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the inspiring guidelines of the regulation and underlying interests. The amendments concern, in particular: 1) the clarification of the definition of an ordinary transaction; 2) identification of some correlation indexes that allow a specific monitoring by the Company on transactions carried out with counterparts formally unrelated but that, in substance, could exert influence on the decision-making process; 3) the competence to identify transactions with counterparts having an index of correlation; 4) the provision of a quarterly report to be addressed to the members of the Committee with regard to transactions entered into with counterparts with an index of correlation; 5) the possibility of the Committee to identify - based on indices of significance relating to transactions entered into with counterparts having an index of correlation - the transactions to be submitted in advance to the investigation procedure provided for minor transactions.

Therefore, 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 and counterparts having an index of correlation, 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, 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 possibility to request the prior examination of the transactions that the Company will enter into with counterparts having an index of correlation, taking into account some indices of significance;
- the right to seek the assistance, at the Company's expense, of independent experts of its choice.

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.

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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 if carried out with related legal entities and transactions that do not exceed an amount of 300,000 euro if carried out with related private individuals);
- 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 taking part in the transaction;
- urgent transactions.

The Procedure is available on the Company's website [www.italmobiliare.it](http://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 FINANCIAL REPORTING**

As mentioned elsewhere in the Report, the Company, in connection with the provisions of the Law on Savings, appointed a Manager in charge of financial reporting 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 statements of the Manager in charge and of the executives, relating to the financial statements, the condensed and interim financial statements and the consolidated financial statements.

The Regulation, approved by the Board of Directors, 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.

The Board of Directors, at the meeting of May 14, 2013, updated the Regulation so as to give full implementation of the new aspects introduced by the Code of conduct for listed companies (for example, the main amendments refer to the new definitions given to positions, bodies, committees and their tasks, regarding their respective relations with the Manager in charge).

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At the same time, the relevant Operational Model was updated at the same time as the Regulation in order to ensure its optimization and simplification.

## **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 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 no. 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 assessments 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. In March 2011 several amendments were 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 violation of the Model. In October 2012, the Model was extended to offenses related to organized crime, copyright and computer crime and, finally, during 2014, the Model was updated in order to incorporate the new provisions on the prevention and combating of corruption in public administration, corruption between individuals and the use of third-country nationals. 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 their 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 waive 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:

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- 1) disclose the accounts of non-EU subsidiaries drawn up for the purposes of the consolidated financial statements, at least including the statement of financial position 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 provide the parent company's management and external auditor, on a regular basis, with the statement of financial position and income statement figures 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) when 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 certified by the Board of Directors with a detailed reasoned statement 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 18 subsidiaries, located in 10 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 financial statements of Italmobiliare,
- \* have an administrative/accounting system suitable to providing the Company and the external auditor, on a regular basis, with the statement of financial position and income statement figures 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 Efiarind B.V., pursuant to Art. 2359, paragraph no.1, no.2 of the Italian Civil Code, has a sufficient number of voting rights to exercise a dominant influence in the ordinary Shareholders' 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.

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## Resolutions

To the Shareholders,

The profit for the year of 19,523,195.09 euro and the financial situation of the company enable us to propose the distribution of a dividend, gross of withholdings required by law, of 0.400 euro to every ordinary share and of 0.478 euro to every savings share, taking into account the 853,261 ordinary treasury shares and the 28,500 savings treasury shares whose right to earnings is attributed proportionately to the other shares in accordance with art. 2357-ter of the Italian Civil Code.

\* \* \*

To the Shareholders,

if you agree with our proposal, we invite you to carry the following resolution:

The Italmobiliare S.p.A. Annual General Meeting of April 21, 2016,

- having acknowledged the directors' report on operations and the report of the Board of Statutory Auditors after examination of the financial statements as at and for the year ended December 31, 2015,
- considering that the legal reserve has reached one fifth of the share capital and consequently no further provisions are required, pursuant to articles 2430 of the Italian Civil Code and 31 of the company By-laws,

### hereby resolves

- to approve:
  - the directors' report on operations;
  - the 2015 separate financial statements, 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 profit of 19,523,195.09 euro, as presented by the Board of Directors in its entirety, in the individual postings and with the proposed allocations;

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- to apportion the profit for the year as follows:

<b>Profit for the year</b>		<b>19,523,195.09</b>
- 5% of the nominal value of 2.60 euro to the 16,314,662 <sup>1</sup> savings shares equivalent to 0.13 euro per share with reference to financial year 2015	2,120,906.06	2,120,906.06
<b>Balance</b>		<b>17,402,289.03</b>
To the translation reserve		190.80
<b>Balance</b>		<b>17,402,098.23</b>
- to the 21,329,322 <sup>2</sup> ordinary shares 0.400 euro per share	8,531,728.80	8,531,728.80
- to the 16,314,662 <sup>1</sup> savings shares an additional 0.348 euro per share	5,677,502.38	5,677,502.38
<b>Total dividends</b>	<b>16,330,137.24</b>	
<b>Balance</b>		<b>3,192,867.05</b>
<b>Carried forward</b>		<b>3,192,867.05</b>
<b>Total retained earnings</b>		<b>149,774,270.02</b>

<sup>1</sup> net of the 28,500 savings treasury shares held at March 3, 2016

<sup>2</sup> net of the 853,261 ordinary treasury shares held at March 3, 2016

- to severally authorize the Chairman, the Chief Executive Officer-Chief Operating Officer and the Deputy Chairman, should the number of ordinary treasury shares change before the dividend date:
  - to increase "Retained earnings" by the amount corresponding to the dividend entitlement of any purchased ordinary shares,
  - to reduce "Retained earnings" by the amount corresponding to the dividend entitlement of any sold ordinary shares.



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## Remuneration Report

This Remuneration Report, drafted pursuant to Art. 123-ter of Law no. 58 of February 24, 1998 (Consolidated Law on Finance - TUF), illustrates the principles adopted by Italmobiliare S.p.A. in determining the remuneration of its executive Directors or Directors vested with special powers and Officers with strategic responsibilities – identified as the Chairman, the Deputy Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting – as well as of the Head of Internal Audit and of the Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager, as reported hereunder.

The Report has been prepared in accordance with the schedule established by CONSOB resolution no. 18049 of December 23, 2011.

\* \* \*

## **SECTION I**

Hereinafter, the terms Company and/or Italmobiliare shall mean Italmobiliare S.p.A., the term Group shall mean Italmobiliare Group, the term Policy shall mean the general remuneration policy for executive Directors, other Directors vested with special powers, Officers with strategic responsibilities, the Head of Internal Audit and Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting.

- 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:

### **Shareholders' Meeting**

The Company shareholders' meeting defines the remuneration of Directors not vested with special powers.

It is also required to deliberate in favor of or against this section of the Remuneration Report prepared by the Board of Directors pursuant to Art. 123-ter of TUF, without such deliberation being binding.

Lastly, the shareholders' meeting deliberates, upon proposal of the Board of Directors, pursuant to Art. 114-bis of TUF, for the approval of any incentive plans based on financial instruments that the Company wishes to activate.

### **Board of Directors**

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: i) to the Chairman, the Chief Executive Officer/Chief Operating Officer, the Joint Chief Operating Officer/Manager in charge of financial reporting and the Head of Internal Audit, broken down into a fixed amount and a variable amount to be granted on attainment of the annual targets assigned to each of them, and ii) to the Deputy Chairman, whose remuneration is only made up of the fixed amount.

The Board of Directors may also approve the implementation of a Long-Term Incentive to be paid against the attainment of assigned three-year targets.

### **Human Resources and Organization Department**

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, at the time of both monitoring and verifying the full and proper implementation of the same.



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*b) possible participation of a remuneration committee or other responsible committee, describing its composition (with the distinction between non-executive and independent directors), competences and operation*

The Remuneration Committee is established within the Board of Directors and is made up of three non-executive members, the majority of whom are independent, as follows:

Laura Zanetti – Chairman

Italo Lucchini – Deputy Chairman of the Board of Directors

Paolo Sfameni – independent member

Until November 2015, the Remuneration Committee was chaired by Massimo Tononi, who, due, to overriding professional commitments, asked to be exonerated from membership of the Committee. Subsequently, Paolo Sfameni was appointed as the third member.

The Committee carries out its consultative and advisory functions on matters delegated to it, in particular, in the absence of those directly concerned, by:

- submitting to the Board of Directors proposals for the remuneration of executive Directors or 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, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting and for the remuneration of the Head of Internal Audit, supervising their application on the basis of the information provided by the Chairman, the Chief Executive Officer/Chief Operating Officer, the company departments and by the Board's committees possibly involved, formulating general recommendations to the Board of Directors on remuneration;
- 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 and any Board committees that may be involved, analyzes the composition and the positioning of the remuneration packages of executive Directors or Directors vested with special powers, Officers with strategic responsibilities, the Head of Internal Audit and Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting.

In carrying out its duties, it may also engage the assistance of one or more independent consulting firms specialized in the field of executive compensation, and able to make the appropriate comparisons in terms of competitiveness and consistency, with respect to the reference markets and governance systems regarded as current best practice, also having 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.

Subsequently, the Remuneration Committee submits the Policy thus-defined to the Board of Directors for formal approval, or, if the current Policy (after first-time application) is still considered consistent with the Company's needs, market trends and the regulatory environment, it confirms the latter.

Once the Board of Directors has examined and approved the Policy, it submits a Report thereon for the advisory vote of the shareholders.

*c) any independent experts involved in definition of the remuneration policy*

Not applicable.

It is also pointed out that the sources of information for the analysis of the remuneration competitiveness covered by the Policy were in particular the following companies: Hay Consulting and Towers Watson.

*d) aims of the remuneration policy, guiding principles and any amendments to the remuneration policy with respect to the previous financial year*

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The Company believes that the definition and implementation of the 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 by establishing a direct relationship between remuneration and performance.

In implementing the Policy, the Company pursues:

- compliance with both legal and self-regulatory sources;
- linear governance of the Policy definition and implementation process, consistent with current best practice;
- ongoing benchmarking with market practices;
- a close link between remuneration and results and sound risk management as a guarantee of remuneration sustainability.

The definition of the Policy is the result of a fully articulated process in which the Company's Remuneration Committee and Board of Directors play a central role.

On March 22, 2011, the Company's Remuneration Committee examined and approved a Policy consistent with the Code of Conduct for listed companies drawn up by the Corporate Governance Committee; an explanatory memorandum of the Policy was then submitted to the advisory vote of the annual general meeting for the 2010 annual report held on May 25, 2011.

As a result of the new regulations introduced by Consob resolution no. 18049 of December 23, 2011, in connection with the power delegated to it by law 259/2010, the Company deemed it appropriate to draw up a new version of the Policy, which confirms the principles and guidelines of the previous version of the Policy and aligns them with the new regulatory requirements.

The new Policy was adopted by the Remuneration Committee on March 28, 2012; the Board of Directors' Meeting held on the same date resolved to endorse the Policy and to submit an explanatory memorandum concerning the Policy to the advisory vote of the Company's annual general meeting for the 2011 annual report, held on May 29, 2012.

In 2013, while confirming the Policy in force, the Company nevertheless decided, with reference to the Policy's effective implementation and application in the same year, to adopt certain updates, specifically:

- to adopt a new approach to representing the relative impact of the single components of the pay-mix on the total remuneration, by introducing the reference to the achievement of the targets "envisaged in the budget" instead of the previous approach based on the full achievement of targets to describe the impact of the variable remuneration components on total remuneration; given the present difficulties of the economic situation, this approach continues, also with reference to the 2015 financial year, to appear more appropriate than the previous approach; attainment of targets is thus increasingly challenging, since, by avoiding the previous reference to full target achievement, it permits a more realistic representation of the trend in the remunerations to which the Policy refers;
- to establish that one of the targets to be assigned on an individual basis to each of the beneficiaries of the short-term variable component (MBO) of remuneration should compulsorily be linked to the achievement of the profitability target, and that this target should have an appropriate weight with respect to the total weight of the targets; this guideline, too, has been confirmed, indeed it has been reinforced by virtue of the fact that the Company confirms not only that this target should preferably be compulsorily assigned to each of the beneficiaries of the short-term variable component (MBO) but also that it should tend to be the target with the highest % weight compared to the other targets;
- to provide greater details about the non-monetary benefits assigned to the beneficiaries of the Policy. The remuneration Policy for financial years 2015-2017 was drafted in line with the Code of Conduct for listed

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companies drawn up by the Corporate Governance Committee and approved by the Remuneration Committee on February 9, 2015 and by the Board of Directors on February 13, 2015.

With specific reference to the medium/long-term variable component (LTI), it should be noted that in 2014, the Board of Directors took up the proposal of the Remuneration Committee to activate the second three-year cycle of the "Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for directors and officers with strategic responsibilities" and of the "Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for officers", on the basis of the following guidelines: i) containment of the number of beneficiaries, also in consideration of the outcome of the re-organization processes currently being implemented by the Company; ii) confirmation of the minimum and maximum amounts of the individual incentive ranges previously applied.

- e) *description of the policies in terms of fixed and variable components of remuneration, with particular reference to indication of relative weight within 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) Executive directors or directors invested with special powers and Officers with strategic responsibilities

The yearly variable remuneration for executive Directors or 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 they are in any case linked to value creation for the Company and the shareholders in the medium/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, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting

The variable remuneration on an annual basis for officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting is defined by them with the support of the Human Resources and Organization Department, in relation to achievement of the annual targets assigned. Such targets are predetermined and measurable, and they are in any case linked to value creation for the Company and the shareholders in the medium/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.

For executive Directors or Directors vested with special powers and Officers with strategic responsibilities and for direct reports to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting, one of the targets of the short-term variable component (MBO) (usually the target with the highest relative weight) must be the profitability target of reference.

The combined effect of this prescription and of the functioning of the points-based short-term variable component (MBO) will prevent any payment being made should the profitability target not be achieved, unless the achievement level of all the other individual targets is the maximum possible over the budget; in that case, the maximum amount paid may not exceed two thirds of the maximum theoretically payable amount.

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**2) Long-term incentive**

Two different long-term incentive plans are currently in place in the Company: one for executive Directors or Directors vested with special powers and Officers with strategic responsibilities and one for the other officers – officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting.

i) Executive Directors or Directors invested with special powers and Officers with strategic responsibilities

Among the executive Directors or Directors invested with special powers, the Chairman 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 shareholder 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.

This plan provided for one-year cycles.

The shareholders' meeting of May 25, 2011, approved the proposal of the Board of Directors (which, in formulating the proposal, took into account the findings of the analyses conducted on behalf of the Company by independent advisors of international standing with wide experience in executive compensation), to replace the unexecuted portion of the incentive systems for executive Directors or Directors invested with special powers and Officers with strategic responsibilities with a new monetary tool ("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 envisages three-year cycles based on the medium/long-term performance of the Company and/or the Group.

This plan is designed to:

- tie the overall treatment of participants to the Company's medium/long-term performance, by rewarding the achievement of certain strategic targets, and to the corresponding "value creation" for shareholders;
- ensure maximum transparency and compliance with best governance criteria of the overall remuneration package of recipients.

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 the Human Resources and Organization Department.

Under the plan, participants are assigned a number of rights, determined by dividing the MBO Payout by the normal share value at the grant date and then determining the value obtained proportionately to the weight of each individual position, which, multiplied by share value at payment date, will enable participants to obtain payment of an incentive.

The right to obtain the premium linked to the long-term monetary incentive plan vests subject to:

- a) attainment of the annual targets assigned to each participant under the annual incentive tool (MBO) by the Board of Directors on the proposal of the Remuneration Committee in at least one of the years of each cycle. These targets, established consistently with the powers granted to each participant, are linked to the Company's financial position and results of operations and other specific targets for example, targets regarding governance, risk management, sustainable development and the implementation of strategic projects. Target attainment is verified 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 by each individual recipient, for the entire period. Before the

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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.

The first cycle of the plan expired on December 31, 2013.

During 2014, the Company decided to activate a new three-year cycle of the plan, for 2014 – 2016, with the Board of Directors' resolution adopted on June 20, 2014, on the proposal of the Remuneration Committee.

ii) Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting

Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting were the recipients of a stock option plan for officers, approved by the Company's Board of Directors on March 27, 2001.

This plan provided for one-year cycles.

The shareholders' meeting of May 25, 2011, approved the proposal of the Board of Directors (which, in formulating the proposal, took into account the findings of the analyses conducted on behalf of the Company by independent advisors of international standing with wide experience in executive compensation), to replace the unexecuted portion of the incentive system for officers reporting directly to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting with a new monetary tool ("Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for Officers").

This plan is designed to:

- tie the overall treatment of participants to the Company's medium/long-term performance, by rewarding the achievement of certain strategic targets, and to the corresponding "value creation" for shareholders;
- ensure maximum transparency and compliance with best governance criteria of the overall remuneration package of recipients.

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 the Human Resources and Organization Department.

The Board of Directors delegates the operational management of the plan to the Chairman.

Under the plan, participants are assigned a number of rights, determined by dividing the MBO Payout by the normal share value at the grant date and then determining the value obtained proportionately to the weight of each individual position, which, multiplied by share value at payment date, will enable participants to obtain payment of an incentive.

The right to obtain the premium linked to the long-term monetary incentive plan vests subject to:

- a) attainment of the annual targets assigned to each participant under the annual incentive tool (MBO) by the Board of Directors on the proposal of the Remuneration Committee in at least one of the years of each cycle. These targets, established consistently with the powers granted to each participant, are linked to the Company's financial position and results of operations and other specific targets for example, targets regarding governance, risk management, sustainable development and the implementation of strategic projects. Target attainment is verified 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 by each individual recipient, for the entire period. Before the expiration of such period, no right accrues to partial or pro rata disbursements.

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The payment of the awarded amount normally takes place within the month of April of the year following the end of the three-year period.

The first cycle of the plan expired on December 31, 2013.

During 2014, the Company decided to activate a new three-year cycle of the plan, for 2014 – 2016, with the Board of Directors' resolution adopted on June 20, 2014, on the proposal of the Remuneration Committee.

## **B) FIXED COMPONENTS AND OVERALL REMUNERATION**

In connection with the foregoing, the overall treatment approved under the Policy, inclusive of the fixed component of remuneration, may be represented as follows for the various categories of beneficiaries:

### **a) Remuneration of Officers with strategic responsibilities**

The Company's Board of Directors has identified as Officers with strategic responsibilities, in addition to the Chief Executive Officer/Chief Operating Officer, whose remuneration is detailed under point n), the Joint Chief Operating Officer/Manager in charge of financial reporting: the principles that currently govern the remuneration of the Joint Chief Operating Officer/Manager in charge of financial reporting are as follows:

The remuneration of the Joint Chief Operating Officer/Manager in charge of financial reporting is established by the Board of Directors upon the recommendation 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 in charge of financial reporting are as follows:

- a) an annual fixed component;
- b) an annual variable component linked to the achievement of specific company targets (Management By Objectives);
- c) a variable long-term component (Long-Term Incentive) in cash linked to the Italmobiliare share price and to attainment of the targets described in point b) above on a three-year basis.

Having defined the overall remuneration package as the sum of the three components above in the event that the targets set out in the budget relating to components b) and c) are achieved, and having specified that such targets and the related remuneration refer to the position of the Joint Chief Operating Officer/Manager in charge of financial reporting, the relative weight of the components may be indicatively represented as follows:

- a) the weight of the yearly fixed component is indicatively equal to 65% of the total remuneration;
- b) the weight of the annual variable component (MBO) is indicatively equal to 20% of total remuneration.  
This variable component may in no case exceed 60% of the fixed component as per letter a) above;
- c) the variable long-term incentive, currently on a three-year basis, in its annual amount has a weight equal to approximately 15% of total remuneration.

This variable component may in no case, during the entire three-year period of each plan, exceed 100% of the fixed component referred to under a) above, as granted throughout the plan's execution periods.

With reference to the variable components of the remuneration of the Joint Chief Operating Officer/Manager in charge of financial reporting referred to under letters b) and c) above, the Remuneration Committee:

- annually, draws up 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 the LTI.



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For the Joint Chief Operating Officer/Manager in charge of financial reporting, the Company currently implements the long-term incentive plan based on financial instruments referred in point e) A) 2) of this Report.

In significant, specific and unforeseen circumstances, the Board of Directors may also exceptionally establish special bonuses to remunerate the Joint Chief Operating Officer/Manager in charge of financial reporting, i) if the total amount of the other elements of remuneration is considered to be objectively inadequate with respect to the results achieved, always within the overall upper limits set out 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 in charge of financial reporting is entitled to receive non-monetary benefits (for example, company car for also personal use) as well as the other benefits described here below under point m), in line with market practice.

#### **b) Remuneration of the Head of Internal Audit**

The remuneration of the Head of Internal Audit is established by the Board of Directors upon the recommendation of the Remuneration Committee based on the opinion of the Director in charge of the Internal Control and Risk Management system and that of the Board of Statutory Auditors.

Such remuneration consists of an annual fixed component and an annual variable component.

The variable component is aligned to the Group's MBO model 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 components (MBO) of the remuneration of the Head of Internal Audit, in the event of achievement of the targets set in the budget relating to the variable components of the remuneration package, is respectively about 75% and 25% of total remuneration.

It should be noted that, in line with market best practices, the greater relative weight of the fixed component of the remuneration of the Head of Internal Audit and the setting of targets related not to business performance but to the full and effective implementation of the function are designed to ensure the best possible conditions for correct performance of duties for this role, also from the point of view of definition of remuneration.

The Head of Internal Audit is entitled to receive non-monetary benefits (for example, company car for also personal use) 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, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting**

The remuneration for officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting is defined by them with the support of the Human Resources and Organization Department.

The components of the remuneration of Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting are as follows:

- an annual fixed component;
- an annual variable component linked to the achievement of specific company targets (Management By Objectives);
- a variable long-term component (Long-Term Incentive) in cash linked to the Italmobiliare share price and to attainment of the targets described in point b) above on a three-year basis.

Having defined the overall remuneration package as the sum of the three components above in the event that the targets set out in the budget relating to components b) and c) are achieved, and having specified that such targets and the related remuneration refer to the officers directly reporting to the Chairman, the Chief Executive

Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting, the relative weight of the components may be indicatively represented as follows:

- a) the weight of the yearly fixed component is indicatively equal to 70% of the total remuneration;
- b) the weight of the annual variable component (MBO) is indicatively equal to 20% of total remuneration.  
This variable component may in no case exceed 70% of the fixed component as per letter a) above;
- c) the variable long-term incentive, currently on a three-year basis, in its annual amount has a weight equal to approximately 10% of total remuneration.

With regard to the variable components of the remuneration for officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting as per points b) and c) above, the Human Resources and Organization Department:

- defines, annually, proposals for the assignment of MBO targets to be submitted to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting for approval, depending on the officer's position within the organizational structure;
- in the following financial year, monitors and submits to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting the degree of achievement of MBO targets and verifies performance;
- at the end of each three-year cycle, verifies the level of achievement of the LTI and submits its findings for the approval of the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting.

The Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting are entitled to receive non-monetary benefits (for example, company car for also personal use) as well as the other benefits described here below under point m), in line with market practice.

*f) Policy 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, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting, and ii) executive Directors or Directors invested with special powers and other Directors.

*g) With reference to variable components, a description of the performance targets based on which such components are assigned, distinguishing between short and medium/long-term variable components, and information on the link between variation of results and variation of remuneration*

Please refer to 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 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 evaluation of performance targets are carried out by 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 pursuit of the company's long-term objectives and its risk management policy, where formalized*

In applying the Policy, the Company pursues a close link between remuneration and results of operations and sound risk management as a guarantee of its sustainability.

In this regard, 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 and any corporate functions involved and formulating general



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recommendations to the Board of Directors.

- j) *Vesting period, any deferred payment system, with indication of periods of deferment and the criteria used for establishing such periods and, if applicable, clawback mechanisms*

Not applicable.

See also Section I – point e) A) 2) for detailed information on the functioning of the long-term incentive, which refers to the related regulations.

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 in 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.

Since these additional conditions defer significantly the time of actual payment, they 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, indicating the periods of maintenance and the criteria used for establishing such periods*

Not applicable.

- l) *Policy on treatment in the event of termination of office or termination of employment, specifying the circumstances that determine the onset of the right and the possible link between such treatment and the company's performance*

The Company has not entered into specific agreements with the executive Directors or Directors invested with special powers and Officers with strategic responsibilities for preliminary regulation of the financial consequences resulting from early termination of employment by the Company or by the individual employee.

With reference to the other officers, in the event of termination of employment 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, and by benchmarks and current good practice for similar positions, without prejudice to rules and agreements in force and, in particular, the national collective employment contract 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 in connection with termination of office.

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 under the same agreement.

- m) *Information on the presence of any insurance, or pension or retirement covers other than mandatory covers*

Specific health and safety insurance policies consistent with the indications of letter n) below are provided for the Chairman and the Chief Executive Officer/Chief Operating Officer.

In line with market practice, supplementary retirement schemes, healthcare insurance plans and life insurance plans in addition to the provisions of the national collective employment contract for Executives of companies producing goods or providing services are envisaged for the Joint Chief Operating Officer/Manager in charge of financial reporting and the officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of financial reporting.

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- n) *Remuneration policy possibly applied 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:

- a) Executive Directors or Directors vested with special powers;
- b) Directors not vested with special powers.

At January 31, 2016, the members of the Company's Board of Directors were:

- a) Giampiero Pesenti Chairman • Italo Lucchini Deputy Chairman • Carlo Pesenti Chief Executive Officer/Chief Operating Officer;
- b) Anna Maria Artoni • Giorgio Bonomi • Carolyn Dittmeier • Sebastiano Mazzoleni • Luca Minoli • Gianemilio Osculati • Clemente Rebecchini • Paolo Domenico Sfameni • Livio Strazzera • Massimo Tononi • Laura Zanetti.

The shareholders' meeting of May 27, 2014 granted an annual fixed remuneration of 36,000 euro to the members of the Board of Directors' members, effective from the date of the meeting and through the following financial years until a new shareholder resolution should be adopted.

The Directors who are also members of the Executive Committee are also granted an additional fixed amount for each Committee meeting they attend.

The Directors who are members of the various committees appointed within the Board of Directors are also granted an additional fixed amount for each meeting they attend of the Committee(s) of which they are members.

In compliance with current best practice for Directors not vested with special powers, no variable component of remuneration is provided, but such Directors are reimbursed for expenses incurred in performing their office.

Finally, in line with existing practice, a third-party liability insurance policy, has been taken out for Directors for events related to the exercise of their functions, in compliance with the provisions set forth with regard to their offices, except in cases of willful misconduct and gross negligence.

The remuneration of executive Directors or Directors vested with special powers, is directly established at the time of appointment, or at a subsequent meeting, by the Board of Directors acting upon the recommendation of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors.

The components of the remuneration of executive Directors or Directors vested with special powers are as follows:

**A) Chairman and Chief Executive Officer/Chief Operating Officer:**

- a) an annual fixed component;
- b) an annual variable component linked to the achievement of specific company targets (Management By Objectives);
- c) a variable long-term component (Long-Term Incentive) in cash linked to the Italmobiliare share price and to attainment of the targets described in point b) above on a three-year basis.

Having defined the overall remuneration package as the sum of the three components listed above in the event that the targets set out in the budget and related to components b) and c) are achieved, and having specified that such targets and the related remuneration refer to the position of Director vested with special powers within the Company, the relative weight of the components may be indicatively represented as follows:

- a) the weight of the annual fixed component is indicatively equal to 60% of the total remuneration of the Chairman and 40% of the total remuneration of the Chief Executive Officer/Chief Operating Officer;
- b) the weight of the annual variable component (MBO) is indicatively equal to 20% of the total remuneration of the Chairman and 30% of the total remuneration of the Chief Executive Officer/Chief Operating Officer.

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The variable component may in no case exceed 60% of the fixed component as per point a) above for the Chairman and 120% of said amount for the Chief Executive Officer/Chief Operating Officer;

- c) the variable long-term incentive, currently on a three-year basis, in its annual amount represents approximately 20% of the total remuneration of the Chairman and 30% of the total remuneration of the Chief Executive Officer/Chief Operating Officer.

This variable component may in no case, during the entire three-year period of each plan, exceed 200% of the fixed component referred to under point a) above, granted through the period of the plan for the Chairman and 400% of said amount for the Chief Executive Officer/Chief Operating Officer.

With reference to the variable components of remuneration of executive Directors or Directors vested with special powers referred to under points b) and c) above, the Remuneration Committee:

- annually, draws up 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 the LTI plan.

For the executive Directors or Directors vested with special powers, the Company currently implements the long-term incentive plan based on financial instruments referred in point e) A) 2) i) of this Report.

The Chairman is not entitled to end of term benefits. Consistently with the benefits usually provided for similar positions, the Chairman is also entitled to an illness and injury policy, and the Board of Directors has approved other benefits relating to performance of the role.

The total remuneration granted to the Chief Executive Officer/Chief Operating Officer includes amounts paid to him by the Company as remuneration approved for 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 Italian post employment benefits.

Benefits are provided for the Chief Executive Officer/Chief Operating Officer in line with those of the Chairman.

In the event of significant, specific and unforeseen circumstances, the Board of Directors may exceptionally grant special awards in order to remunerate executive Directors or Directors invested with special powers, i) if the overall other remuneration components are considered to be objectively inappropriate to the results achieved, within the limits of the upper limits set in the Policy, or ii) in relation to specific activities and / or non-recurring transactions 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 as set out in point 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.

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## **SECTION II**

### **I.1 - PART ONE**

1.1. Full representation of the remuneration components, including the treatment provided in the event of termination of office or termination of employment, and their consistency with the Policy has been provided in Section I of this Report.

With respect to incentive plans based on financial instruments, the following information is provided:

#### **Stock Option Plan for Directors - 2002**

In execution of the shareholders' resolution of May 3, 2002, the Company's Board of Directors at its 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 plan regulation later underwent minor changes.

A total of 442,500 stock options have been granted.

The Board of Directors has decided not to grant any further options under the plan, which, therefore, should be considered closed, except for the terms granted to each beneficiary for exercise of the options already granted.

#### **Stock option plan for officers - 2001**

On March 27, 2001, the Company's Board of Directors approved a stock option plan for officers.

A total of 424,494 options have been granted to Group officers, of which 201,500 to the Chief Executive Officer/Chief Operating Officer.

The Board of Directors has decided not to grant any further options under the plan, which, therefore, should be considered closed, except for the terms granted to each beneficiary for exercise of the options already granted.

In 2015 two Company officers who are beneficiaries of the stock option plan for officers exercised their vested rights.

#### **Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for directors and key management personnel - 2011**

The main features of the Plan are the following.

##### ***a) Reasons for adoption of the plan***

These may be summarized as follows:

- to tie the overall treatment of participants to the Company's medium/long-term performance and to "value creation" for shareholders;
- to reward the achievement of targets by each participant by ensuring the highest involvement of the Company's top management with its performance and enhancing the sense of belonging of participants, encouraging them to remain at the Company.

##### ***b) Plan management***

The decision-making body with respect to the plan is the Board of Directors, with the support of the Remuneration Committee and, where necessary, subject to the opinion of the Committee for Transactions with Related Parties, and the technical support of the head of the Human Resources and Organization Department.

More specifically, the Board will be responsible for:

- identifying the individual participants for each cycle;
- determining the amounts attainable;

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- ascertaining the degree of achievement of the MBO Payout by each participant in each cycle;
- deciding the date of commencement of the Availability Period.

The Board of Directors will report regularly to the shareholders on plan progress, at the annual general meeting.

The need for a review of the plan is left to the discretion of the Board of Directors, in consultation with the Remuneration Committee.

#### **c) Beneficiaries of the plan**

The beneficiaries of the plan are certain Directors and key management personnel 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 with strategic responsibilities are requirements for admittance to the monetary incentive plan.

#### **d) Term and constraints of the plan**

The term of the Plan is three three-year cycles from 2011 to 2019. The term of the second cycle is the three-year period 2014-2016.

On the recommendation of the Remuneration Committee and where necessary with the opinion of the Committee for Transactions with Related Parties, the Board of Directors sets, under the plan, the amounts attainable as an incentive by each participant, based on an overall assessment that, given the general performance of the Company and the strategic position of the role of each participant for the purpose of achieving the Company's long-term goals, will focus on:

- i) the weight of the participant's position with the organizational structure;
- ii) consistency with the principles of "overall remuneration" underlying the Company's remuneration policy.
- iii) the overall Payout of annual MBO plans in the period of the plan.

The incentive vests subject to achievement of at least one MBO Payout in one of the years in the period in which performance is monitored. The incentive amount is proportionate to the sum of the Payouts in each year of the relevant three-year period.

It will be the responsibility of the Board of Directors, after consulting with the Remuneration Committee and, where necessary, the Committee for Transactions with Related Parties, with the support of the Human Resources and Organization Department, to verify and assess the degree of achievement of the MBO Payout in the period of performance monitoring, and consequently determine the number of rights actually accrued by each participant.

#### **e) Plan implementation procedures and conditions**

Under the plan, participants are granted a number of rights, determined by dividing the MBO Payout by the normal share value at the grant date and then determining the value obtained proportionately to the weight of the position of each participant as set out in point d) above, which, multiplied by share value at payment date, 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 conditional upon, the permanence of each participant in the position held at the time of assignment for the entire duration of the cycle.

As a general rule:

- i) in the event of termination or change in the position of Director held: subject to any exceptions for specific cases established by the Board of Directors in consultation with the Remuneration Committee and, when applicable, the Committee for Transactions with Related Parties, the following provisions will be applied

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to the cases set out below:

- a) in the event of the lapse of or change in the 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 lapse or change, consider on an equitable basis the possibility of paying out a compensatory lump-sum bonus, commensurate with the portion of period and the partial degree of achievement of the MBO Payout;
- b) in the event of the death of the participant during the cycle, the above shall apply; should the death occur once the MBO Payout has been achieved, the right to receive any bonus will pass to the heirs of the participant;
- ii) in the event of termination of employment: with the specific exceptions indicated below and without prejudice to the Board of Directors' power to decide otherwise, the rights of the participants with respect to vested rights are intrinsically and functionally linked to and conditional upon the continuation, at the start of the availability period, of the participant's employment contract with the Company.

Without prejudice to any exception for specific cases established by the Board of Directors, the following dispositions apply to the cases set out below:

- a) in the event of termination of the employment contract due to dismissal or resignation, after expiration of the period of performance monitoring but before the availability period, the general principle will apply and the participant will therefore automatically and permanently lose the right to obtain the incentive;
- b) in the event of consensual termination of employment or resignation for retirement or due to invalidity, in whatever circumstances after expiration of the performance monitoring period, or in the event that the participant has reached the MBO Payout, he or she shall retain the right to the incentive if after termination of the employment contract, the rights actually vest;
- c) in the event of the death of the participant after expiration of the performance monitoring period, or if the participant has in any case reached the MBO Payout, any rights vested in accordance with this plan shall be assigned to the participant's heirs, upon presentation by such heirs of documents proving their position.

If during the performance monitoring period, the participant's employment contract is transferred among the Company and its subsidiaries, in whatever manner, or the organizational position and consequently the responsibilities of the participant change, the MBO Payout shall be updated accordingly.

In any case, the Board of Directors is empowered to determine an equitable amount payable to the participant in relation to the activities performed.

The above provisions may be amended by the Board of Directors to ensure equivalent treatment of participants to that offered originally.

**f) Other powers assigned to the Board of Directors**

The Board of Directors after consulting with the Remuneration Committee may temporarily suspend the effects deriving from the vesting of participants' rights in the case of specific and particular needs, for example but not limited to, changes in legal and regulatory provisions, excluding tax provisions, applicable to the legal relationships arising from the Plan.

The effects deriving from the vesting of participants' rights will also be suspended in any case in the event of, for example but not limited to, corporate mergers and demergers having an effect on the Company's share capital, increases and reductions of the Company's share capital, changes to the By-laws 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 point a) above.

The Board of Directors may, in all the cases mentioned above and having consulted with the Remuneration Committee, amend or integrate the plan, the cycle and the regulation, or order its lapse if it is no longer consistent with the Company's situation, subject to any rights that have vested in the meantime as a result of



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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 incentives Fund for employee participation in enterprises, pursuant to Art. 4, paragraph 112, of Law no. 350 of December 24, 2003**

Not applicable.

**Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for key management personnel - 2011**

The main features of the Plan are the following.

**a) Reasons for adoption of the plan**

These may be summarized as follows:

- to tie the overall treatment of participants to the Company's medium/long-term performance and to "value creation" for shareholders;
- to reward the achievement of targets by each participant by ensuring the highest involvement of the Company's top management with its performance and enhancing the sense of belonging of participants, encouraging them to remain at the Company.

**b) Plan management**

The decision-making body with respect to the plan is the Board of Directors, which delegates the Chief Executive Officer to manage the operation of the plan, with the support of the Remuneration Committee and, where necessary, subject to the opinion of the Committee for Transactions with Related Parties, and the technical support of the head of the Human Resources and Organization Department.

Specifically, the Chief Executive Officer will be tasked to:

- identify the individual participants for each cycle;
- determine the amounts attainable;
- ascertain the degree of achievement of the MBO Payout by each participant in each cycle;
- decide the date of commencement of the availability period.

The Chief Executive Officer will report regularly to the shareholders on plan progress, at the annual general meeting.

The need for a review of the plan is left to the discretion of the Chief Executive Officer, who, after consultation with the Remuneration Committee, reports to the Board of Directors.

**c) Plan beneficiaries**

The plan beneficiaries are some Italmobiliare officers.

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 an employee of the Company and not being in a position of working out notice due to dismissal or resignation are requirements for admittance to the monetary incentive plan.

**d) Term and constraints of the plan**

The term of the Plan is three three-year cycles from 2011 to 2019. The term of the second cycle is the three-year period 2014-2016.

On the recommendation of the Remuneration Committee and where necessary with the opinion of the Committee for Transactions with Related Parties, the Chief Executive Officer sets, under the plan, the amounts attainable as an incentive by each participant, based on an overall assessment that, given the

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general performance of the Company and the strategic position of the role of each participant for the purpose of achieving the Company's long-term goals, will focus on:

- i) the weight of the participant's position with the organizational structure;
- ii) consistency with the principles of "overall remuneration" underlying the Company's remuneration policy;
- iii) the overall Payout of annual MBO plans in the period of the plan.

The incentive vests subject to achievement of at least one MBO Payout in one of the years in the performance monitoring period. The incentive amount is proportionate to the sum of the Payouts in each year of the relevant three-year period.

It will be the responsibility of the Chief Executive Officer, after consulting with the Remuneration Committee and, where necessary, the Committee for Transactions with Related Parties, with the support of the Human Resources and Organization Department, to verify and assess the degree of achievement of the MBO Payout in the period of performance monitoring, and consequently determine the number of rights actually accrued by each participant.

**e) *Plan implementation procedures and conditions***

Under the plan, participants are granted a number of rights, determined by dividing the MBO Payout by the normal share value at the grant date and then determining the value obtained proportionately to the weight of the position of each participant as set out in point d) above, which, multiplied by share value at payment date, will enable participants to obtain payment of an incentive.

Without prejudice to the power of the Chief Executive Officer to decide otherwise, and with the exception of the specific cases indicated below, the rights of the participants with respect to vested rights are intrinsically and functionally linked to and conditional upon the continuation, at the start of the availability period, of the participant's employment contract with the Company.

Without prejudice to any exception for specific cases established by the Chief Executive Officer, the following dispositions apply to the cases set out below:

- a) in the event of termination of the employment contract due to dismissal or resignation, after expiration of the period of performance monitoring but before the availability period, the general principle will apply and the participant will therefore automatically and permanently lose the right to obtain the incentive;
- b) in the event of consensual termination of employment or resignation for retirement or due to invalidity, in whatever circumstances after expiration of the performance monitoring period, or in the event that the participant has reached the MBO Payout, he or she shall retain the right to the incentive if after termination of the employment contract, the rights actually vest;
- c) in the event of the death of the participant after expiration of the performance monitoring period, or if the participant has in any case reached the MBO Payout, any rights vested in accordance with this plan shall be assigned to the participant's heirs, upon presentation by such heirs of documents proving their position.

If during the performance monitoring period, the participant's employment contract is transferred among the Company and its subsidiaries, in whatever manner, or the organizational position and consequently the responsibilities of the participant change, the MBO Payout shall be updated accordingly.

In any case, the Chief Executive Officer is empowered to determine an equitable amount payable to the participant in relation to the activities performed.

The above provisions may be amended by the Chief Executive Officer to ensure equivalent treatment of participants to that offered originally.

**f) *Other powers of the Chief Executive Officer***

The Chief Executive Officer, after consultation with the Remuneration Committee, may temporarily suspend the effects deriving from the vesting of participants' rights in the case of specific and particular needs, for example but not limited to, changes in legal and regulatory provisions, excluding tax provisions, applicable to the legal relationships arising from the plan.



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The effects deriving from the vesting of Rights to participate in the plan will also be suspended in any case in such circumstances as, by way of example but not limited to, corporate transactions, mergers and demergers having an effect on the Company's share capital, increases and reductions of the Company's share capital, changes to the By-laws 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 previously defined under point a).

The Chief Executive Officer may, in all the cases mentioned above and having heard the Committee's opinion, amend or integrate the plan, the cycle and this Regulation, or order the lapse of the plan if it is no longer consistent with the Company's situation, subject to any rights that have vested in the meantime as a result of the three-year period of reference having elapsed and the other requirements and conditions of this regulation being met.

**g) Any support for the plan by the special incentives Fund for employee participation in enterprises, pursuant to Art. 4, paragraph 112, of Law no. 350 of December 24, 2003**

Not applicable.

1.2. Section I of this Report provides full representation of the agreements that provide for indemnity in the event of early termination of employment; the following information is also provided:

- the possible existence of such agreements, providing negative information if such agreements are not present;

See section I - letter I);

- the criteria for calculating the benefit payable to each person. If the indemnity is expressed with respect to the annual salary, indicate the components of such annual salary in detail;

See section I - letter I);

- the possible presence of performance criteria to which assignment of the benefit is linked;

Not applicable;

- the possible effects of termination of employment 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 linked to the appreciation of the Italmobiliare share price for directors and key management personnel - letter e); with respect to the long-term monetary incentive Plan linked to the appreciation of Italcementi 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 term of office during the period in which the options had been granted without early resignation being given and without revocation by the shareholders;
- 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 the event of retirement - if employment within the Group is interrupted.

In the event of the death of the holder of options, the options may be exercised by the heirs within six months of the death, provided that such term falls within the option exercise period.

- cases in which the right to benefit accrues;

See section I - letter I);

- 
- possible existence of agreements that provide for granting or maintaining non-monetary benefits in favor of persons who have ceased their assignment or for stipulation of consultancy contracts for a period following termination of employment;

Not applicable;

- possible existence of agreements that provide for remuneration on non-competition commitments;

The Company, in general, does not conclude specific non-competition agreements with its key management personnel, 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 the determination of indemnity with respect to the provisions of the reference agreement;

Not applicable;

- Where specific agreements are not provided, explain the criteria by which the accrued indemnity was determined;

Not applicable.

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## 1.2 - PART TWO

### Remuneration paid to members of the governing and supervising bodies, chief operating officers and other key management personnel

Name, surname	Position	Period during which the position was held	End of office term	Fixed remuneration	Remuneration for attendance at committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	End-of-service bonus or post employment benefits
						Bonuses and other incentives	Profit sharing					
<b>Giampiero Pesenti</b>	Chairman Executive Committee	01.01 – 12-31	2016									
(I) Remuneration in the company that prepares the financial statements				386,000	12,000	400,000		264,318		1,062,318		
(II) Remuneration from subsidiaries and associates				1,037,686		2,909,000		378,324		4,325,010		
			<b>Total</b>	1,423,686	12,000	3,309,000		642,642		5,387,328		
<b>Italo Lucchini</b>	Deputy Chairman Executive Committee Remuneration Committee	01.01 – 12-31	2016									
(I) Remuneration in the company that prepares the financial statements				86,000	21,000					107,000		
(II) Remuneration from subsidiaries and associates				46,200						46,200		
			<b>Total</b>	132,200	21,000					153,200		
<b>Carlo Pesenti</b>	Chief Executive Officer Chief Operating Officer Executive Committee Investment Committee	01.01 – 12-31	2016									
(I) Remuneration in the company that prepares the financial statements				486,000	18,000	761,530		235,205		1,500,735		
(II) Remuneration from subsidiaries and associates (*)				1,245,000		7,666,563				8,911,563		
			<b>Total</b>	1,731,000	18,000	8,428,093		235,205		10,412,298		
<b>Annamaria Artoni</b>	Director Committee for Transactions with Related Parties	01.01 – 12-31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000	12,000					48,000		
(II) Remuneration from subsidiaries and associates												
			<b>Total</b>	36,000	12,000					48,000		
<b>Giorgio Bonomi</b>	Director Control and Risk Committee	01.01 – 12-31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000	27,000					63,000		
(II) Remuneration from subsidiaries and associates				40,000						40,000		
			<b>Total</b>	76,000	27,000					103,000		
<b>Carolyn Dittmeier</b>	Director Control and Risk Committee Committee for Transactions with Related Parties	01.01 – 12-31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000	39,000					75,000		
(II) Remuneration from subsidiaries and associates												
			<b>Total</b>	36,000	39,000					75,000		
<b>Sebastiano Mazzoleni</b>	Director Investment Committee	01.01 – 12-31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000	6,000					42,000		
(II) Remuneration from subsidiaries and associates				40,000	8,000 **					48,000		
			<b>Total</b>	76,000	14,000					90,000		
<b>Luca Minoli</b>	Director	01.01 – 12-31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000					108,418	144,418		
(II) Remuneration from subsidiaries and associates									23,662	23,662		
			<b>Total</b>	36,000					132,080	168,080		
<b>Gianemilio Osculati</b>	Director Investment Committee	01.01 – 12-31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000	6,000					42,000		
(II) Remuneration from subsidiaries and associates												
			<b>Total</b>	36,000	6,000					42,000		
<b>Clemente Rebecchini</b>	Director	01.01 – 12-31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000						36,000		
(II) Remuneration from subsidiaries and associates												
			<b>Total</b>	36,000						36,000		

\* The amounts shown in the line "Remuneration from subsidiaries and associates" refer to amounts sustained by Italcementi S.p.A., paid to Italmobiliare S.p.A. and by Italmobiliare S.p.A. to its Chief Operating Officer. The above amounts are debited inclusive of social security charges relating to company contributions and severance pay.

\*\*of which 4,000 euro for attendance at the Italcementi S.p.A. Strategic Committee meeting held in 2014 as determined by the shareholders' meeting of April 17, 2015

Name, surname	Position	Period during which the position was held	End of office term	Fixed remuneration	Remuneration for attendance at committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	End-of-service bonus or post employment benefits
						Bonuses and other incentives	Profit sharing					
<b>Paolo Sfameni</b>	Director Compliance Committee Control and Risk Committee Committee for Transactions with Related Parties	01.01 – 12.31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000	56,500					92,500		
(II) Remuneration from subsidiaries and associates												
<b>Total</b>				36,000	56,500					92,500		
<b>Livio Strazzera</b>	Director Executive Committee Investment Committee	01.01 – 12.31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000	18,000					54,000		
(II) Remuneration from subsidiaries and associates												
<b>Total</b>				36,000	18,000					54,000		
<b>Massimo Tononi</b>	Director Investment Committee Remuneration Committee	01.01 – 12.31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000	15,000					51,000		
(II) Remuneration from subsidiaries and associates												
<b>Total</b>				36,000	15,000					51,000		
<b>Laura Zanetti</b>	Director Executive Committee Investment Committee Remuneration Committee	01.01 – 12.31	2016									
(I) Remuneration in the company that prepares the financial statements				36,000	27,000					63,000		
(II) Remuneration from subsidiaries and associates												
<b>Total</b>				36,000	27,000					63,000		
<b>Francesco Di Carlo</b>	Chairman of the Board of Statutory Auditors	01.01 – 12.31	2016									
(I) Remuneration in the company that prepares the financial statements				75,000						75,000		
(II) Remuneration from subsidiaries and associates												
<b>Total</b>				75,000						75,000		
<b>Angelo Casò</b>	Standing Auditor	01.01 – 12.31	2016									
(I) Remuneration in the company that prepares the financial statements				50,000						50,000		
(II) Remuneration from subsidiaries and associates												
<b>Total</b>				50,000						50,000		
<b>Luciana Ravicini</b>	Standing Auditor	01.01 – 12.31	2016									
(I) Remuneration in the company that prepares the financial statements				50,000						50,000		
(II) Remuneration from subsidiaries and associates												
<b>Total</b>				50,000						50,000		
<b>Giorgio Moroni</b>	Manager in charge	01.01 – 12.31	2016									
(I) Remuneration in the company that prepares the financial statements				470,000		196,000		9,739	30,000	705,739		
(II) Remuneration from subsidiaries and associates												
<b>Total</b>				470,000		196,000		9,739	30,000	705,739		

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Remuneration for each office when the amount reported in the above table is in aggregate form

#### Fixed remuneration

Giampiero Pesenti	<i>Italmobiliare S.p.A.:</i>	
	Director's remuneration	36,000
	Fixed remuneration	350,000
	<b>Subsidiaries and associates</b>	
	<i>Italcementi S.p.A.:</i>	
	Director's remuneration	40,000
Italo Lucchini	Fixed remuneration	950,000
	<i>Finter Bank Zürich:</i>	
	Director's remuneration	47,686
	<i>Italmobiliare S.p.A.:</i>	
	Director's remuneration	36,000
	Fixed remuneration	50,000
Carlo Pesenti	Remuneration Executive Committee member	12,000
	Remuneration Remuneration Committee member	9,000
	<b>Subsidiaries and associates:</b>	
	<i>Italcementi S.p.A.:</i>	
	Director's remuneration	40,000
	<i>Azienda Agricola Lodoletta S.p.A.</i>	
Remuneration for attendance at Committees	Director's remuneration	6,200
	<i>Italmobiliare S.p.A.:</i>	
	Director's remuneration	36,000
	Fixed remuneration	450,000
Carolyn Dittmeier	Remuneration Executive Committee member	12,000
	Remuneration Investment Committee member	6,000
Paolo Sfameni	Control and Risk Committee	27,000
	Committee for Transactions with Related Parties	12,000
	Compliance Committee	17,500
Livio Strazzera	Remuneration Executive Committee	12,000
	Remuneration Investment Committee	6,000
Massimo Tononi	Remuneration Investment Committee	6,000
	Remuneration Remuneration Committee	9,000
Laura Zanetti	Remuneration Executive Committee	12,000
	Remuneration Investment Committee	6,000
	Remuneration Remuneration Committee	9,000

**Stock options granted to members of the board of directors, chief operating officers and other key management personnel**

			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	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)	(16)
Name, surname	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																
(I) Remuneration in the company that prepares the financial statements		Stock option plan for officers (Board resolution 03.27.2001)	55,000	65.701	03.21.2009 03.20.2016	-	-	-	-	-	-	-	-	-	-	55,000	-
			60,000	86.069	03.21.2010 03.20.2017	-	-	-	-	-	-	-	-	-	-	60,000	-
			60,000	59.908	03.28.2011 03.27.2018	-	-	-	-	-	-	-	-	-	-	60,000	-
			53,000	28.834	03.24.2013 03.23.2020	-	-	-	-	-	-	-	-	-	-	53,000	-
			48,000	27.469	03.30.2014 03.29.2021	-	-	-	-	-	-	-	-	-	-	48,000	-
(II) Remuneration from subsidiaries and associates		ITALCEMENTI S.P.A. Stock option plan for directors (Board resolution 05.09.2001)	171,423	14.78	03.07.2009 03.06.2016	-	-	-	-	-	-	-	-	-	-	171,423	-
			171,423	20.169	03.07.2010 03.06.2017	-	-	-	-	-	-	-	-	-	-	171,423	-
Total			618,846	-	-	-	-	-	-	-	-	-	-	-	-	618,846	
Carlo Pesenti	Chief Executive Officer - Chief Operating Officer																
(I) Remuneration in the company that prepares the financial statements		Stock option plan for officers (Board resolution 03.27.2001)	37,500	65.701	03.21.2009 03.20.2016	-	-	-	-	-	-	-	-	-	-	37,500	-
			40,000	86.069	03.21.2010 03.20.2017	-	-	-	-	-	-	-	-	-	-	40,000	-
			35,500	59.908	03.28.2011 03.27.2018	-	-	-	-	-	-	-	-	-	-	35,500	-
		Stock option plan for directors (Board resolution 03.27.2002)	35,800	28.834	03.24.2013 03.23.2020	-	-	-	-	-	-	-	-	-	-	35,800	-
			30,700	27.469	03.30.2014 03.29.2021	-	-	-	-	-	-	-	-	-	-	30,700	-
(II) Remuneration from subsidiaries and associates		ITALCEMENTI S.P.A. Stock option plan for directors (Board resolution 05.09.2001)	97,140	14.78	03.07.2009 03.06.2016	-	-	-	-	-	-	-	-	-	-	97,140	-
			228,564	20.169	03.07.2010 03.06.2017	-	-	-	-	-	-	-	-	-	228,564	-	
Total			505,204	-	-	-	-	-	-	-	-	-	-	-	-	505,204	
Giorgio Moroni	Manager in charge																
(I) Remuneration in the company that prepares the financial statements		Stock option plan for officers (Board resolution 03.27.2001)	14,150	27.469	03.30.2014 03.29.2021	-	-	-	-	-	-	-	-	-	-	14,150	-
(II) Remuneration from subsidiaries and associates			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			14,150	27.469	-	-										14,150	

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## Incentive plans based on financial instruments other than stock options, in favor of members of the governing body, chief operating officers and other officers with strategic responsibilities

			Financial instruments granted in previous years that did not vest during the year		Financial instruments granted during the year					Financial instruments that vested during the year and were not attributed	Financial instruments that vested during the year and were attributable		Financial instruments for the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name, surname	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 at grant date	Number and type of financial instruments	Number and type of financial instruments	Value at vesting date	Fair value
<b>Giampiero Pesenti</b>	Chairman												
(I) Remuneration in the company that prepares the financial statements	06.20.2014	Monetary incentive plan for directors and managers with strategic responsibilities	Range 13,000 - 23,000	06.20.2014 12.31.2016									604,175
(II) Remuneration from subsidiaries and associates	-												
<b>Total</b>													604,175
<b>Carlo Pesenti</b>	Chief Executive Officer/Chief Operating Officer												
(I) Remuneration in the company that prepares the financial statements	06.20.2014	Monetary incentive plan for directors and managers with strategic responsibilities	Range 23,000 - 35,000	06.20.2014 12.31.2016									906,262
(II) Remuneration from subsidiaries and associates	-												
<b>Total</b>													906,262
<b>Giorgio Moroni</b>	Manager in charge												
(I) Remuneration in the company that prepares the financial statements	06.20.2014	Monetary incentive plan for directors and managers with strategic responsibilities	Range 10,000 - 15,000	06.20.2014 12.31.2016									443,061
(II) Remuneration from subsidiaries and associates	-												
<b>Total</b>													443,061

**Monetary incentive plans in favor of members of the governing body, chief operating officers and other officers with strategic responsibilities**

Name, surname	Position	Plan	Bonus for the year			Bonus for previous years			Other bonuses
			Payable/disbursed	Deferred	Deferment period	No longer payable	Payable/disbursed	Still deferred	
<b>Giampiero Pesenti</b>	Chairman								
(I) Remuneration in the company that prepares the financial statements	February 13, 2015	Annual MBO	150,000						
	March 3, 2016								250,000****
(II) Remuneration from subsidiaries and associates	February 6, 2015	Annual MBO	230,000						
	May 3, 2013	Three-year LTI	494.000*				2.185.000**		
<b>Total</b>			874,000				2,185,000		250,000
<b>Carlo Pesenti</b>	Chief Executive Officer Chief Operating Officer								
(I) Remuneration in the company that prepares the financial statements	February 13, 2015	Annual MBO	260,000						
	March 3, 2016								500,000****
(II) Remuneration from subsidiaries and associates	February 6, 2015	Annual MBO	0						
	May 3, 2013	Three-year LTI	551.563*				2.875.000**		
	November 6, 2015								4.240.000***
<b>Total</b>			811,563				2,875,000		4,740,000
<b>Giorgio Moroni</b>	Manager in charge								
(I) Remuneration in the company that prepares the financial statements	February 13, 2015	Annual MBO	196,000						
(II) Remuneration from subsidiaries and associates									
<b>Total</b>			196,000						

\* Share of 2013-2015 LTI plan recognized in 2015

\*\* Share of 2013-2015 LTI plan recognized in 2013-2014

\*\*\* Remuneration to be paid in 2016, in part subject to conditions precedent

\*\*\*\* Remuneration to be paid in the two years 2016-2017, in part subject to conditions precedent



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## Shareholdings of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and other key management personnel

Name, surname	Position	Investee company	Number of shares held at the end of the previous financial year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current financial year
Giampiero Pesenti	Chairman	ITALMOBILIARE	ordinary shares: 24,700 <sup>1</sup> savings shares: 2,242	ordinary shares: - savings shares: -	ordinary shares: 1,200 <sup>2</sup> savings shares: -	ordinary shares: 23,500 savings shares: 2,242
		ITALCEMENTI	ordinary shares: 42,984 <sup>1</sup>	ordinary shares: -	ordinary shares: 40,922 <sup>2</sup>	ordinary shares: 2,062
Carlo Pesenti	Chief Executive Officer Chief Operating Officer	ITALMOBILIARE	ordinary shares: 0	ordinary shares: 400 <sup>3</sup>	ordinary shares: -	ordinary shares: 400
		ITALCEMENTI	ordinary shares: 4,961 <sup>1</sup>	ordinary shares: 13,641 <sup>3</sup>	ordinary shares: -	ordinary shares: 18,602 <sup>1</sup>
Giorgio Bonomi	Director	ITALMOBILIARE	ordinary shares: 0	ordinary shares: 400 <sup>4</sup>	ordinary shares: -	ordinary shares: 400 <sup>5</sup>
		ITALCEMENTI	ordinary shares: 2,500	ordinary shares: 13,640 <sup>4</sup>	ordinary shares: -	ordinary shares: 16,140 <sup>1</sup>
Sebastiano Mazzoleni	Director	ITALCEMENTI	ordinary shares: 2,895	ordinary shares: -	ordinary shares: -	ordinary shares: 2,895
Livio Strazzera	Director	ITALMOBILIARE	ordinary shares: 100	ordinary shares: -	ordinary shares: -	ordinary shares: 100
Massimo Tononi	Director	ITALCEMENTI	ordinary shares: 464,284	ordinary shares: -	ordinary shares: -	ordinary shares: 464,284
Laura Zanetti	Director	ITALMOBILIARE	ordinary shares: 900 savings shares: 1,430	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 900 savings shares: 1,430
		ITALCEMENTI	ordinary shares: 15,713	ordinary shares: -	ordinary shares: -	ordinary shares: 15,713
Giorgio Moroni	Manager in charge of financial reporting	CREDIT MOBILIER DE MONACO	ordinary shares: 10	ordinary shares: -	ordinary shares: -	ordinary shares: 10

1 shares held in part directly and in part by spouse

2 shares held by spouse and bequeathed to offspring

3 shares received as bequest

4 shares received as bequest from spouse

5 shares held by spouse

\* . \* . \*

To the Shareholders,

We invite you to adopt the following resolution:

"The Shareholders' Meeting of Italmobiliare S.p.A. held on April 21, 2016, having acknowledged the report prepared by the directors,

hereby resolves

**in favor of / against**

the first section of the Remuneration Report illustrated above.

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## Authorization to purchase and dispose of treasury shares

Dear Shareholders,

The ordinary shareholders' meeting of May 27, 2015, 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; on the other side it has sold those some of them held in portfolio to stock option beneficiaries who exercised their options.

As a consequence, as at March 3, 2016, the Company holds 853,261 ordinary treasury shares and 28,500 savings treasury shares. The carrying amount of treasury shares in portfolio at the date thereof is equal to a total of 20,792,335 Euro, as reflected in the accounts in accordance with the applicable laws.

Since the authorization expires on next November 26, 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 non-recurring 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.

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#### **4) Minimum and maximum consideration and market valuations on which such considerations have been determined.**

The purchase price of each share shall not be lower nor exceed 15%, as a maximum, than the average reference share price registered 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 100 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 not 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 the present forecasts, this hypothesis does not apply.

\* \* \*

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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 April 21, 2016,

- 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 27, 2015;
- 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 in one or more transactions, 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 100 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-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;
- 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 current applicable laws and regulations;

- 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 IAS 32 and shall in any case be accounted for in the manner established by the laws in force from time to time;

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- 6) to severally grant to the Chairman, Deputy Chairman, Chief Executive Officer-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 3, 2016

On behalf of the Board of Directors  
The Chief Executive Officer  
Carlo Pesenti



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Italmobiliare S.p.A. - Separate financial statements as at and  
for the year ended December 31, 2015



## Financial statements

### Statement of financial position

(euro)	Note	12.31.2015	12.31.2014	Change
<b>Non-current assets</b>				
Property, plant and equipment	1	3,712,503	3,687,636	24,867
Investment property	2	86,931	88,913	(1,982)
Intangible assets	3	16,728	3,282	13,446
Equity Investments in subsidiaries and associates	4	204,565,320	872,788,293	(668,222,973)
Other equity investments	5	194,218,545	179,247,639	14,970,906
Deferred tax assets	6	17,392,072	12,697,144	4,694,928
Other non-current assets	7	8,932,620	6,476,703	2,455,917
<b>Total non-current assets</b>		<b>428,924,719</b>	<b>1,074,989,610</b>	<b>(646,064,891)</b>
<b>Current assets</b>				
Trade receivables	8	9,504,125	5,162,084	4,342,041
Other current assets including derivatives	9	2,474,995	1,765,938	709,057
Tax assets	10	1,489,962	2,019,023	(529,061)
Equity investments, bonds and loan assets	11	6,793,904	5,939,423	854,481
Cash and cash equivalents	12	1,445,440	2,003,528	(558,088)
<b>Total current assets</b>		<b>21,708,426</b>	<b>16,889,996</b>	<b>4,818,430</b>
<b>Assets held for sale</b>	4	<b>683,222,974</b>	-	683,222,974
<b>Total assets</b>		<b>1,133,856,119</b>	<b>1,091,879,606</b>	<b>41,976,513</b>
<b>Equity</b>				
Share capital	13	100,166,937	100,166,937	-
Share premium	14	177,191,252	177,191,252	-
Reserves	14	57,881,029	30,641,217	27,239,812
Treasury shares	15	(20,792,335)	(21,226,190)	433,855
Retained earnings	16	630,494,889	622,556,672	7,938,217
<b>Total equity</b>		<b>944,941,772</b>	<b>909,329,888</b>	<b>35,611,884</b>
<b>Non-current liabilities</b>				
Financial liabilities	18	20,000,000	20,000,000	-
Employee benefits	17	1,172,419	1,251,996	(79,577)
Provisions	19	10,100,000	5,408,000	4,692,000
Other non-current liabilities	20	1,817,224	2,818,857	(1,001,633)
Deferred tax liabilities	21	535,959	131,009	404,950
<b>Total non-current liabilities</b>		<b>33,625,602</b>	<b>29,609,862</b>	<b>4,015,740</b>
<b>Current liabilities</b>				
Bank loans and borrowings	18	130,494,784	136,561,357	(6,066,573)
Financial liabilities	18	1,749,102	2,858,643	(1,109,541)
Trade payables	22	4,550,577	2,172,887	2,377,690
Provisions		-	-	-
Tax liabilities		182,687	182,687	-
Other current liabilities	23	18,311,595	11,164,282	7,147,313
<b>Total current liabilities</b>		<b>155,288,745</b>	<b>152,939,856</b>	<b>2,348,889</b>
<b>Total liabilities</b>		<b>188,914,347</b>	<b>182,549,718</b>	<b>6,364,629</b>
<b>Liabilities held for sale</b>	4	-	-	-
<b>Total equity and liabilities</b>		<b>1,133,856,119</b>	<b>1,091,879,606</b>	<b>41,976,513</b>

Pursuant to Consob Resolution no. 155519 of July 27, 2006, the effects of transactions with related parties on the statement of financial position, the income statement and the statement of cash flows are set out in the relevant annexes.



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## Income statement

	Note	2015	%	2014	%	Change amount	%
(euro)							
<b>Revenue</b>	24	<b>49,601,209</b>	<b>100.0</b>	<b>52,081,831</b>	<b>100.0</b>	<b>(2,480,622)</b>	<b>-4.8</b>
Other revenue	25	1,682,606		1,733,422		(50,816)	
Raw materials and supplies	26	(86,297)		(104,840)		18,543	
Services	27	(8,955,706)		(5,088,710)		(3,866,996)	
Personnel expenses	28	(17,075,471)		(15,964,211)		(1,111,260)	
Other operating expense	29	(5,265,832)		(6,504,249)		1,238,417	
<b>Recurring gross operating profit</b>		<b>19,900,509</b>	<b>40.1</b>	<b>26,153,243</b>	<b>50.2</b>	<b>(6,252,734)</b>	<b>-23.9</b>
Net gains from the sale of non-current assets (losses)	30	-		1,300,000		(1,300,000)	
Other non-recurring expense	30	(4,991,830)		(1,474,269)		(3,517,561)	
<b>Gross operating profit</b>		<b>14,908,679</b>	<b>30.1</b>	<b>25,978,974</b>	<b>49.9</b>	<b>(11,070,295)</b>	<b>-42.6</b>
Amortization and depreciation	31	(56,398)		(39,808)		(16,590)	
<b>Operating profit</b>		<b>14,852,281</b>	<b>29.9</b>	<b>25,939,166</b>	<b>49.8</b>	<b>(11,086,885)</b>	<b>-42.7</b>
Finance costs	32	(26,314)		(35,894)		9,580	
Impairment losses on financial assets	33	(324,370)		(6,917,419)		6,593,049	
<b>Profit before tax</b>		<b>14,501,597</b>	<b>29.2</b>	<b>18,985,853</b>	<b>36.5</b>	<b>(4,484,256)</b>	<b>-23.6</b>
Income tax (expense)	34	5,021,598		(784,204)		5,805,802	
<b>Profit for the year</b>		<b>19,523,195</b>	<b>39.4</b>	<b>18,201,649</b>	<b>34.9</b>	<b>1,321,546</b>	<b>7.3</b>

## Statement of comprehensive income

	Note	2015	2014	Change amount	%
(euro)					
<b>Profit for the year</b>		<b>19,523,195</b>	<b>18,201,649</b>	<b>1,321,546</b>	<b>7.3</b>
<b>Items that will not be reclassified to profit or loss subsequently</b>					
Re-measurement of the net liabilities/assets for employee benefits		52,031	(150,502)	202,533	
<b>Total items that will not be reclassified to profit or loss subsequently</b>		<b>52,031</b>	<b>(150,502)</b>	<b>202,533</b>	
<b>Items that might be reclassified to profit or loss subsequently</b>					
Fair value gains on:					
Available-for-sale financial assets	5	26,810,212	3,565,902	23,244,310	
Income tax on other comprehensive income		429,600	781,536	(351,936)	
<b>Total items that might be reclassified to profit or loss subsequently</b>		<b>27,239,812</b>	<b>4,347,438</b>	<b>22,892,374</b>	
<b>Total other comprehensive income</b>		<b>27,291,843</b>	<b>4,196,936</b>	<b>23,094,907</b>	
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>46,815,038</b>	<b>22,398,585</b>	<b>24,416,453</b>	<b>n.s.</b>

n.s. = not significant

**Statement of changes in equity**

(euro)	Share capital	Reserves				Treasury shares	Retained earnings	Total equity
		Share premium	AFS fair value reserve	Other reserves	Total reserves			
<b>Balances at December 31, 2013</b>	<b>100,166,937</b>	<b>177,191,252</b>	<b>14,239,883</b>	<b>11,970,985</b>	<b>203,402,120</b>	<b>(21,226,190)</b>	<b>611,865,562</b>	<b>894,208,429</b>
Profit for the year							18,201,649	<b>18,201,649</b>
Total other comprehensive income (expense)			4,347,438		4,347,438		(150,502)	4,196,936
Stock options				82,911	82,911			82,911
Distribution of earnings:								
Dividends							(7,360,031)	(7,360,031)
Other changes							(6)	(6)
<b>Balances at December 31, 2014</b>	<b>100,166,937</b>	<b>177,191,252</b>	<b>18,587,321</b>	<b>12,053,896</b>	<b>207,832,469</b>	<b>(21,226,190)</b>	<b>622,556,672</b>	<b>909,329,888</b>
Profit for the year							19,523,195	<b>19,523,195</b>
Total other comprehensive income			27,239,812		27,239,812		52,031	27,291,843
Distribution of earnings:								
Dividends							(11,694,074)	(11,694,074)
Other changes						433,855	57,065	490,920
<b>Balances at December 31, 2015</b>	<b>100,166,937</b>	<b>177,191,252</b>	<b>45,827,133</b>	<b>12,053,896</b>	<b>235,072,281</b>	<b>(20,792,335)</b>	<b>630,494,889</b>	<b>944,941,772</b>

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## Statement of cash flows

	Notes	2015	2014
(in thousands of euro)			
<b>A) Cash flow from (used in) operating activities:</b>			
Profit before tax		14,502	18,986
Amortization, depreciation and impairment losses		57	39
Net (gains)/losses from the sale of securities, equity investments and PPE		(5,473)	(34,021)
Change in employee benefits and other provisions		4,724	(717)
Stock options		-	83
Reversal of impairment losses on financial assets		324	6,917
Reversal of net finance income/costs		(32,679)	(9,169)
<b>Cash flow used in operating activities before tax, finance income/costs and change in working capital</b>		<b>(18,545)</b>	<b>(17,882)</b>
Change in trade receivables		(4,342)	(1,598)
Change in trade payables		2,378	(80)
Change in other receivables/payables, prepayments and accrued income, accrued expense and deferred income		6,546	(9,696)
<b>Total change in working capital</b>		<b>4,582</b>	<b>(11,374)</b>
Net finance costs paid		(1,628)	(2,656)
Dividends received		34,184	11,796
Net tax paid/refunds		-	57
<b>Total A)</b>		<b>18,593</b>	<b>(20,059)</b>
<b>B) Cash flow from in investing activities:</b>			
Capital expenditure:			
PPE and investment property		(76)	(52)
Intangible assets		(16)	-
Financial assets (equity investments)		(15,974)	(245,655)
Change in payables for equity investment acquisitions		-	(100)
<b>Total capital expenditure</b>		<b>(16,066)</b>	<b>(245,807)</b>
Change in receivables from sale of non-current financial assets		-	-
Proceeds from sale of non-current assets		18,481	364,689
<b>Total sales</b>		<b>18,481</b>	<b>364,689</b>
<b>Total B)</b>		<b>2,415</b>	<b>118,882</b>
<b>C) Cash flow used in financing activities:</b>			
Change in financial liabilities		(7,097)	(103,917)
Change in financial assets		(3,235)	7,443
Change in current equity investments		(32)	606
Change in treasury shares		491	-
Dividends paid		(11,694)	(7,360)
<b>Total C)</b>		<b>(21,567)</b>	<b>(103,228)</b>
<b>D) Cash flows for the year (A+B+C)</b>		<b>(559)</b>	<b>(4,405)</b>
<b>E) Cash and cash equivalents at beginning of year</b>		<b>2,004</b>	<b>6,409</b>
<b>D+E) Cash and cash equivalents at end of year</b>	<b>12</b>	<b>1,445</b>	<b>2,004</b>

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## Notes

The draft financial statements of Italmobiliare S.p.A. as at and for the year ended December 31, 2015 were approved by the Board of Directors on March 3, 2016. At the meeting, the Board authorized publication of a press release dated March 3, 2016, containing key information from the financial statements.

As required by IAS 10, attention is drawn to the fact that these 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, Italmobiliare has no material uncertainties about its going-concern status, in part by virtue of its creditworthiness and solid financial structure.

## Core businesses

Italmobiliare S.p.A. is a legal entity established in accordance with the laws of the Republic of Italy and listed on the Milan Stock Exchange since 1980. 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, trading, 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 up in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2015 endorsed by the European Union, and with the provisions issued in implementation of article 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 also apply, where compatible, to companies that draw up financial statements in accordance with 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, 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 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, 2015, that had not been endorsed by the European Union at that date.

## Standards and interpretations that came into force in 2015

Since January 1, 2015, Italmobiliare S.p.A. has adopted the new standards and changes described below, including the changes arising therefrom applied to other standards.

- "Annual improvements cycle 2011-2013". The changes introduced constitute clarifications, corrections (IFRS 3 "Business combinations" and IFRS 13 "Fair value measurement") and involve changes in current requirements or provide additional indications regarding application (IAS 40 "Investment property").
- IFRIC 21 "Levies". The interpretation indicates that levies are to be recognized only when the obligating event specified by law that generates the liability occurs.

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Application of the above standards, changes and interpretations did not have a material impact on Italmobiliare S.p.A. financial statements.

As from January 1, 2015, with regard to the application of IAS 16 "Property, plant and equipment", attention is drawn to the fact that the list of the components and the useful lives of industrial assets has been updated to reflect technological developments and the benefits expected to accrue from use of the assets in question.

## Standards and interpretations to come into force in 2016

- Amendments to IAS 19 "Employee benefits" with regard to "Defined benefit plans: employee contributions; the amendments are designed to simplify and clarify the accounting treatment of employee or third-party contributions relating to defined benefit plans.
- "Annual improvements cycle 2010-2012". The changes to IFRS 8 "Operating segments", IFRS 13 "Fair value measurement", IAS 16 "Property, plant and equipment", IAS 24 "Related party disclosures" and IAS 38 "Intangible assets" set out clarifications or corrections to the current texts. The changes to IFRS 2 "Share-based payment" and IFRS 3 "Business combinations" involve changes to current requirements or provide additional indications regarding application.
- Changes to IAS 1 "Presentation of financial statements" in connection with the "Disclosure initiative" to improve disclosure effectiveness and encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The changes to IAS 1 have necessitated adjustments to IAS 34 "Interim financial reporting" and IFRS 7 "Financial instruments: disclosures" to ensure consistency among the various standards.
- "Annual improvements cycle 2012-2014". The changes to IFRS 5 "Non-current assets held for sale and discontinued operations", the afore mentioned IAS 34 and IFRS 7, IFRS 1 "First-time adoption of International Financial Reporting Standards" and IAS 19 are part of the normal rationalization measures designed to eliminate inconsistencies or provide terminological clarifications.
- Changes to IAS 27 "Separate financial statements" entitled "Equity method in separate financial statements" to permit application of the equity method to investments in subsidiaries, joint ventures and associates in separate financial statements. These changes, which also necessitated adjustments to IFRS 1 and IAS 28 "Investments in associates and joint ventures", contain references to IFRS 9 "Financial instruments", which currently cannot be applied since IFRS 9 has not yet been endorsed by the European Union. Consequently, any reference to IFRS 9 must be read as a reference to IAS 39 "Financial instruments: recognition and measurement".
- Changes to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" entitled "Agriculture: bearer plants" with related changes to a number of other standards.
- Amendments to IAS 16 and IAS 38 "Intangible assets" entitled "Clarification of acceptable methods of depreciation and amortization", in which methods based on revenue are described as inappropriate.
- Amendments to IFRS 11 "Joint arrangements" concerning "Accounting for acquisitions of interests in joint operations", with new indications regarding accounting treatment.

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The above new standards or changes are not expected to have material impacts on the financial statements.

## **Standards and interpretations published by the IASB and the IFRIC at December 31, 2015, but not endorsed by the European Union at that date**

- IFRS 9 “Financial instruments”.
- IFRS 14 “Regulatory deferral accounts”, for which the European Commission has not yet begun the approval process, pending issue of the definitive standard.
- IFRS 15 “Revenue from contracts with customers”.
- IFRS 16 “Leases”.
- Changes to IFRS 10 “Consolidated financial statements”, IFRS 12 “Disclosure of interests in other entities” and IAS 28 with the title “Investment entities - applying the consolidation exception”.
- Changes to IFRS 10 and IAS 28 with the title “Sale or contribution of assets between an investor and its associate or joint venture”.

## **Measurement criteria and basis of presentation**

The separate financial statements 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 financial statements are presented in euro. All amounts in the accounting schedules and in the notes are rounded to thousands of euro, unless otherwise specified.

The basis of presentation of Italmobiliare S.p.A. 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 statement reflects traditional income statement components and the profit (loss) for the year, while the second statement, beginning with the profit (loss) for the year, presents other comprehensive income, previously reflected only in the statement of changes in equity: fair value gains/losses on available-for-sale financial assets and derivatives, translation differences. Items that might subsequently be reclassified to profit or loss are presented separately from those that will not be reclassified;
- on the statement of cash flows, the indirect method is used.

## **Use of estimates**

The preparation of the financial statements and the notes in conformity with IFRS requires management to make 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.

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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. 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 interim financial reports, with consequent identification of a six-month interim period, any impairment losses are recorded at period end.

## 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' meetings, 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.

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 value whenever, after impairment testing, conditions are found such as to make it necessary to adjust the carrying amount to the effective value 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 provided for by IFRS 3.

Since January 1, 2010, business combinations have been accounted for using the acquisition method provided for by 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 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 amount of identifiable assets acquired and liabilities assumed at the acquisition date.

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Negative differences are recognized immediately in profit or loss.

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**

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 profit or loss.

Non-monetary foreign currency assets and liabilities measured 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**

### **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, 2005, reflects revaluations applied in prior years 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 where necessary 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 carrying amount of the replaced component is eliminated with a balancing entry in profit or loss.

### **Depreciation**

Depreciation is generally calculated on a straight-line basis over the estimated useful life of each component of property, plant and equipment assets. Land is recognized separately from buildings erected on it and is not depreciated.

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 expense on a straight-line basis over the lease term.



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## 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 services. Investment property is initially recognized at purchase cost, including directly attributable costs. 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 acquired separately are capitalized at cost, while those acquired through business combinations are recognized at fair value estimated on a provisional basis 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 their useful life, less any impairment losses.

The company has not identified intangible assets with an indefinite useful life.

## Impairment

Property, plant and equipment, investment property and amortizable intangible assets, are tested for impairment if indications of impairment emerge.

Investments in subsidiaries and associates are tested for impairment if indications of impairment emerge.

Impairment is the difference between the asset 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 or 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 profit or loss.

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 profit or loss. Impairment losses are recognized when there is objective evidence that one or more events subsequent to initial recognition of an asset have had a negative effect on the estimated future cash flows of that 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, 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 fair value to below cost is considered objective evidence of impairment. On this question, Italmobiliare S.p.A. has adopted a specific accounting policy, which 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 profit or loss. The two thresholds are considered separately and only one threshold needs to be reached for an impairment loss to be recognized:

- loss of market value of more than 60% for bank stocks (35% for non-bank stocks) of the original cost at the reporting date;

- 
- a market value seen to be continually lower than original cost over a period of three years for bank stocks (two years for non-bank stocks).

With regard to assets on which impairment losses were recognized in previous periods, additional losses of value are automatically recognized as impairment losses.

Subsequent reversals of impairment losses on available-for-sale assets recognized in profit or loss are not taken to profit or loss 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 non-current assets**

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 treasury 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.

### **Derecognition of financial assets**

The company 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 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 ("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 an 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

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IAS 19, the company 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 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 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.

## Employment termination plans

Employment termination plans include provisions for restructuring costs recognized when the company has approved a detailed formal plan that has already been implemented or notified to the third parties concerned.

## 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 years 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 year.

Actuarial gains and losses are recognized immediately under other comprehensive income (expense).

Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service benefits) and to early retirement benefits are recognized in profit or loss immediately.

## Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized in profit or loss, as are costs for benefits that vest immediately upon changes to a plan.

## 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.

## Net finance cost

Net finance cost on defined benefit plans consists of the following measurements:

- finance costs computed on the present value of the defined benefit plan liability;
- finance income arising from measurement of the plan assets;
- finance costs or income arising from any limits on recognition of plan surpluses.

Net finance cost is determined by applying the discount rate adopted at the beginning of the year to all the above items to measure the defined benefit plan obligation.

Net finance costs on defined benefit plans are recognized under finance income/costs on the income statement.

## Share-based payments

The company has applied IFRS 2 as from January 1, 2004.

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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 at the grant date 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

The company recognizes provisions 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 measurable and 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 profit or loss for the year in which the change occurs.

## 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 stated initially 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, and interest and commission income.

Dividends are recognized as shareholders' right to receive payment arises, in accordance 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 cost and revenues matching principle.

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## Derivatives

The company uses derivatives such as options and 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 profit or loss, 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 each reporting date 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 in profit or loss.

## Assets

### Non-current assets

#### 1) Property, plant and equipment

At December 31, 2015 and at December 31, 2014, property, plant and equipment totaled respectively 3,713 thousand euro and 3,688 thousand euro; the movements on the caption are set out below:

(in thousands of euro)	Land and buildings	Plant and machinery	Office furniture and equipment	Motor vehicles	Total
Gross amount	4,425	634	966	11	6,036
Accumulated depreciation	(967)	(496)	(874)	(11)	(2,348)
<b>Carrying amount at December 31, 2014</b>	<b>3,458</b>	<b>138</b>	<b>92</b>	<b>-</b>	<b>3,688</b>
Additions				76	76
Disposals					
Depreciation		(28)	(8)	(15)	(51)
Use of accumulated depreciation					
<b>Carrying amount at December 31, 2015</b>	<b>3,458</b>	<b>110</b>	<b>84</b>	<b>61</b>	<b>3,713</b>
Gross amount	4,425	634	966	87	6,112
Accumulated depreciation	(967)	(524)	(882)	(26)	(2,399)
<b>Carrying amount at December 31, 2015</b>	<b>3,458</b>	<b>110</b>	<b>84</b>	<b>61</b>	<b>3,713</b>

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 87 thousand euro (89 thousand euro at December 31, 2014) is measured at cost.

The fair value of investment property at December 31, 2015 was 1,755 thousand euro and was determined on the basis of appraisals by independent experts.

(in thousands of euro)	Investment property
Gross amount	133
Accumulated depreciation	(44)
<b>Carrying amount at December 31, 2014</b>	<b>89</b>
Additions	
Disposals	
Depreciation	(2)
<b>Carrying amount at December 31, 2015</b>	<b>87</b>
Gross amount	133
Accumulated depreciation	(46)
<b>Carrying amount at December 31, 2015</b>	<b>87</b>

Investment property is depreciated at an annual rate of 1.50%, which reflects its residual useful life.

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### 3) Intangible assets

Intangible assets consist of capital expenditure in administrative software applications.

(in thousands of euro)	Licenses and various rights	Total
Gross amount	239	239
Accumulated amortization	(236)	(236)
<b>Carrying amount at December 31, 2014</b>	<b>3</b>	<b>3</b>
Additions	17	17
Disposals		
Amortization	(3)	(3)
<b>Carrying amount at December 31, 2015</b>	<b>17</b>	<b>17</b>
Gross amount	256	256
Accumulated amortization	(239)	(239)
<b>Carrying amount at December 31, 2015</b>	<b>17</b>	<b>17</b>

### 4) Investments in subsidiaries and associates

See the specific IFRS 7 section.

As described in the directors' report, on July 28, 2015, Italmobiliare S.p.A. signed an agreement to sell its entire equity investment in Italcementi S.p.A. to Heidelberg Cement.

Consequently, the equity investment in Italcementi S.p.A., which amounted to 683,222,974 euro at December 31, 2015, has been reclassified in accordance with IFRS 5 to "Assets held for sale".

The carrying amount has been maintained since it is lower than the subsidiary fair value less costs to sell.

No amounts are reflected under "Liabilities held for sale".

### 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.

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**Current assets****8) Trade receivables**

See the specific IFRS 7 section.

**9) Other current assets including derivatives**

The balance on this caption was as follows:

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Amounts due from employees	4	4	-
Amounts due from social security authorities	13	75	(62)
Other miscellaneous current amounts due	1,145	1,333	(188)
Options on securities (Mediobanca)	1,169	-	1,169
Accrued income due from subsidiaries	6	21	(15)
Miscellaneous accrued income due from others	27	24	3
Prepayments to others	111	309	(198)
<b>Total</b>	<b>2,475</b>	<b>1,766</b>	<b>709</b>

**10) Tax assets**

Tax assets totaled 1,490 thousand euro (2,019 thousand euro at December 31, 2014). The decrease arose from the partial reimbursement of 2004 group IRAP.

**11) Equity investments, bonds and loan assets**

See the specific IFRS 7 section.

**12) Cash and cash equivalents**

See the specific IFRS 7 section.



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## Equity and liabilities

### Share capital, reserves and retained earnings

#### 13) Share capital

At December 31, 2015, the parent's 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.

	December 31, 2015	December 31, 2014	Change
Number of shares			
Ordinary shares	22,182,583	22,182,583	-
Savings shares	16,343,162	16,343,162	-
<b>Total</b>	<b>38,525,745</b>	<b>38,525,745</b>	<b>-</b>

#### 14) Share premium and other reserves

At December 31, 2015, reserves totaled 235,072 thousand euro, an overall increase of 27,240 thousand euro from December 31, 2014 generated by a rise in available-for-sale financial assets, net of the impact of deferred tax.

#### 15) Treasury shares

At December 31, 2015, the cost of treasury share buy-backs totaled 20,792 thousand euro, deducted against equity. Treasury shares were as follows:

	No. ordinary shares	Carrying amount (000 euro)	No. savings shares	Carrying amount (000 euro)	Overall carrying amount (000 euro)
<b>December 31, 2015</b>	<b>853,261</b>	<b>20,396</b>	<b>28,500</b>	<b>396</b>	<b>20,792</b>

A total of 595,044 ordinary treasury shares were held in portfolio at December 31, 2015, to service stock option plans for directors and managers.

### Dividends paid

Dividends declared and paid in 2015 and 2014 are detailed in the table below:

	2015 (euro per share)	2014 (euro per share)	December 31, 2015 (000 euro)	December 31, 2014 (000 euro)
Ordinary shares	0.250	0.150	5,331	3,197
Savings shares	0.390	0.255	6,363	4,163
<b>Total dividends</b>			<b>11,694</b>	<b>7,360</b>

#### 16) Retained earnings

The overall change of 19,632 thousand euro arose from the 2015 profit for the year for 19,523 thousand euro, from the adjustment of assets/liabilities for employee benefits for 52 thousand euro and from the sale of treasury shares on exercise of stock options for 57 thousand euro.

## Non-current liabilities

### 17) Employee benefits

This caption includes post-employment benefits in accordance with IAS 19 and liabilities relating to future commitments, in the form of bonuses or incentives, to be paid to employees.

Movements on the caption are detailed below:

	Post-employment benefits	Lenght-service bonus	Total
(in thousands of euro)			
<b>At December 31, 2014</b>	1,199	53	<b>1,252</b>
Utilization during year	(705)	-	<b>(705)</b>
Provision for year	657	(32)	<b>625</b>
<b>At December 31, 2015</b>	<b>1,151</b>	<b>21</b>	<b>1,172</b>

Expense for the year included:

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Current cost of services	(71)	(97)	26
Finance costs	(16)	(57)	41
<b>Total</b>	<b>(87)</b>	<b>(154)</b>	<b>67</b>

The assumptions used to determine liabilities arising from long-term benefits are set out below:

	Provision for post- employment benefits	Other employee benefits
Discount rate	2.00%	2.00%
Future wage and salary increases	3.44%	3.44%
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, in the sections on Corporate Governance and Stock Option Plans.

Stock options are exercised at a rate of 1 share per option.

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The terms and conditions of Italmobiliare S.p.A. stock option plans at December 31, 2015, are set out below:

Grant date	No. of options granted	Exercise period	Exercised options	Canceled options	Unexercised options	Unit subscription price
March 21, 2006	109,880	03/21/2009-03/20/2016			109,880	€ 65.7010
March 21, 2007	122,479	3/21/2010-03/20/2017			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	3,900		15,450	€ 20.5260
March 24, 2010	124,385	03/24/2013-03/23/2020	14,250		110,135	€ 28.8340
March 30, 2011	112,900	03/30/2014-03/30/2021			112,900	€ 27.4690
<b>Total</b>	<b>613,194</b>		<b>18,150</b>	<b>-</b>	<b>595,044</b>	

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 years in question:

	12.31.2015		12.31.2014	
	Number of Options	Average subscription price	Number of Options	Average subscription price
(in thousands of euro)				
<b>Unexercised options at beginning of year</b>	<b>721,631</b>	<b>€ 52.9357</b>	<b>817,711</b>	<b>€ 50.8517</b>
Granted during year				
Canceled during year				
Exercised during year	(18,150)			
Expired during year	(108,437)		(96,080)	
<b>Unexercised options at end of year</b>	<b>595,044</b>	<b>€ 53.4390</b>	<b>721,631</b>	<b>€ 52.9357</b>
<b>Vested options at end of year</b>	<b>595,044</b>		<b>721,631</b>	

The average ordinary share price in 2015 was 32.244 euro (27.204 euro in 2014).

The average residual life of unexercised options is 1 year and 2 months.

The option exercise price at December 31, 2015 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 IFRS.

The following table sets out the characteristics of the company's stock option plans and their cost, carried under "Personnel expenses":

(in thousands of euro)	No. of options granted	Vesting period	Personnel expenses	
			2015	2014
<b>Grant date</b>				
March 30, 2011	112,900	3 years		83
<b>Total</b>			<b>0</b>	<b>83</b>

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 past period of three years net of non-recurring events, is indicative of future trends.

The following table sets out the assumptions used and results obtained in measuring stock options relating to the last five plans among those that are still exercisable:

	2010 Plan	2009 Plan	2008 Plan	2007 Plan	2006 Plan
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 in %	26.2%	24.3%	25.0%	17.5%	17.5%
Option term (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 amounted to 10,100 thousand euro at December 31, 2015. The change of 4,692 thousand euro from December 31, 2014 reflects a decrease of 2,808 thousand euro on closure of the SAB dispute and an increase of 7,500 thousand euro for amounts provided for current risks on which a future outlay is deemed probable.

(in thousands of euro)	Opening balance	Increases	Decreases	Closing balance
Provisions	5,408	7,500	2,808	10,100

## 20) Other non-current liabilities

The decrease arose in part from the partial reimbursement of 2004 Group IRAP (453 thousand euro) and in part from use of deferred tax (Sirap Gema IRES 549 thousand euro).

## 21) Deferred tax liabilities

Total deferred tax liabilities amounted to 536 thousand euro at December 31, 2015, as follows:

(in thousands of euro)	December 31, 2015	December 31, 2014	Change
Deferred tax and duties - available-for-sale shares	536	74	462
Deferred tax and duties - available-for-sale bonds	-	57	(57)
Deferred tax and duties - other	-	-	-
<b>Total</b>	<b>536</b>	<b>131</b>	<b>405</b>

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## Current liabilities

### 22) Trade payables

See the specific IFRS 7 section.

### 23) Other current liabilities

(in thousands of euro)	December 31, 2015	December 31, 2014	Change
Amounts due to employees	12,967	7,294	5,673
Amounts due to social security authorities	542	869	(327)
Amounts due to tax authorities	727	801	(74)
Accrued expenses and deferred income	142	128	14
Other amounts due	2,254	1,937	317
Options on securities (Mediobanca)	1,679	-	1,679
Interest-rate derivatives for trading	-	135	(135)
<b>Total</b>	<b>18,311</b>	<b>11,164</b>	<b>7,147</b>

## Commitments

(in thousands of euro)	December 31, 2015	December 31, 2014
Collateral given	6,684	-
Deposits, guarantees, sureties, commitments and other	120,090	103,451
<b>Total</b>	<b>126,774</b>	<b>103,451</b>

The increase in collateral given with respect to December 31, 2014 arose from the assignment of listed stocks to third-party counterparties in connection with current loans.

Total sureties provided are carried at fair value at the reporting date.

The increase in the second item refers to new loans granted and guaranteed by Italmobiliare S.p.A. with respect to guarantees released after sales in 2015 and to guarantees given to subsidiaries in connection with the ongoing proceeding with the European Commission on breaches of competition laws.

Commitments include a residual amount of 12.3 million euro for subscription of private equity funds.

## Income statement

### 24) Revenue

Revenue from sales and services totaled 49,601 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
Dividends	34,184	11,796	22,388	n.s.
Interest income	1,677	360	1,317	n.s.
Gains on equity investments and securities	5,499	34,124	(28,625)	-83.9%
Services	8,241	5,801	2,440	42.1%
<b>Total</b>	<b>49,601</b>	<b>52,081</b>	<b>(2,480)</b>	<b>-4.8%</b>

n.s.= not significant

The breakdown of the various items was as follows:

Revenue from dividends:

(in thousands of euro)	2015	2014	Change	% change
<b>Subsidiaries</b>				
Italcementi S.p.A.	14,145	6,596	7,549	n.s.
Ciments Français S.A.	-	1,466	(1,466)	-100.0%
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	-	254	(254)	-100.0%
Franco Tosi S.r.l.	15,000	50	14,950	n.s.
<b>Total</b>	<b>29,145</b>	<b>8,366</b>	<b>20,779</b>	<b>n.s.</b>
<b>Associates</b>				
<b>Total</b>				
<b>Other companies</b>				
Assicurazioni Generali S.p.A.	-	45	(45)	-100.0%
Atlantia S.p.A.	-	33	(33)	-100.0%
Emittenti Titoli S.p.A.	184	30	154	n.s.
Fin.Priv. S.r.l.	513	307	206	67.1%
Banca Leonardo S.p.A. group	-	114	(114)	-100.0%
Mediobanca S.p.A.	3,375	2,025	1,350	66.7%
Terna S.p.A.	-	46	(46)	-100.0%
Unicredit S.p.A.	967	818	149	18.2%
Unione di Banche Italiane S.c.p.a.	-	12	(12)	-100.0%
<b>Total</b>	<b>5,039</b>	<b>3,430</b>	<b>1,609</b>	<b>46.9%</b>
<b>Grand total</b>	<b>34,184</b>	<b>11,796</b>	<b>22,388</b>	<b>n.s.</b>

n.s.= not significant

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## Revenue from interest income:

(in thousands of euro)	2015	2014	Change	% change
Interest and finance income from subsidiaries	13	15	(2)	-13.3%
Interest on securities and bonds	495	179	316	n.s.
Bank interest income	-	43	(43)	-100.0%
Options on securities	1,169	123	1,046	n.s.
<b>Total</b>	<b>1,677</b>	<b>360</b>	<b>1,317</b>	<b>n.s.</b>

n.s.= not significant

## Capital gains on equity investments and securities:

(in thousands of euro)	2015	2014	Change	% change
<b>From sale of available-for-sale equity investments</b>				
Banco Popolare Soc. Coop.	-	5	(5)	-100.0%
Ciments Français S.A.	-	15,168	(15,168)	-100.0%
Mediobanca S.p.A.	-	6,766	(6,766)	-100.0%
RCS Mediagroup S.p.A.	1,472		1,472	100.0%
Ubi S.c.p.A.	-	7,885	(7,885)	-100.0%
Unicredit Spa - shares	3,973	4,060	(87)	-2.1%
<b>Total</b>	<b>5,445</b>	<b>33,884</b>	<b>(28,439)</b>	<b>-83.9%</b>
<b>From sale of equity investments held for trading</b>	<b>-</b>	<b>-</b>		
<b>From sale of bonds held for trading</b>	<b>-</b>	<b>-</b>		
<b>From fair value measurement of instruments held for trading</b>				
Mutual funds	52	234	(182)	-77.8%
Mittel fixed rate 6% 07/12/2019	2	6	(4)	-66.7%
<b>Total</b>	<b>54</b>	<b>240</b>	<b>(186)</b>	<b>-77.5%</b>
<b>Grand total</b>	<b>5,499</b>	<b>34,124</b>	<b>(28,625)</b>	<b>-83.9%</b>

## 25) Other revenue

Other revenue amounted to 1,683 thousand euro (1,733 thousand euro in 2014) and included rents and recovery of condominium expenses for 258 thousand euro, directors' pensions for 200 thousand euro, other income for 71 thousand euro and prior year income for 1,154 thousand euro.

## 26) Raw materials and supplies

Expense for raw materials and supplies amounted to 86 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
Materials and machinery	1	1	-	-
Other materials	29	42	(13)	-31.0%
Electricity and gas	56	62	(6)	-9.7%
<b>Total</b>	<b>86</b>	<b>105</b>	<b>(19)</b>	<b>-18.1%</b>

## 27) Services

Expense for services amounted to 8,956 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
Legal fees, consultancy and statutory auditor fees	7,648	3,802	3,846	n.s.
Rents and fees for use of third-party assets	83	99	(16)	-16.2%
Insurance	804	687	117	17.0%
Lease payments and expense of civil buildings	109	109	-	-
Maintenance and repairs	90	112	(22)	-19.6%
Subscriptions	90	84	6	7.1%
Communication and entertainment	34	51	(17)	-33.3%
Post and telephone	18	30	(12)	-40.0%
Cleaning	40	59	(19)	-32.2%
Other expense and residual services	40	56	(16)	-28.6%
<b>Total</b>	<b>8,956</b>	<b>5,089</b>	<b>3,867</b>	<b>76.0%</b>

“Legal fees and consultancy” includes expense of 4,108 thousand euro relating to the project for the sale of the subsidiary Italcementi S.p.A. to HeidelbergCement AG and amounts totaling 184 thousand euro to the Board of Statutory Auditors.

## 28) Personnel expenses

Personnel expenses totaled 17,075 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
Wages and salaries	11,754	8,755	2,999	34.3%
Social security contributions	2,696	2,307	389	16.9%
Provisions and contributions to pension funds	469	2,737	(2,268)	-82.9%
Directors' remuneration	2,126	2,129	(3)	-0.1%
Other miscellaneous expense	30	36	(6)	-16.7%
<b>Total</b>	<b>17,075</b>	<b>15,964</b>	<b>1,111</b>	<b>7.0%</b>

The change arose largely from the increased amounts accrued on the long-term monetary incentive plan for directors and managers, due to the rise in the Italmobiliare S.p.A. share price.

The number of employees is shown below:

(headcount)	2015	2014
Number of employees at year end	22	25
Average number of employees	23.50	39.00



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## 29) Other operating income (expense)

Other operating expense net of other operating income amounted to 5,266 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
<b>Finance costs</b>				
Interest on short-term financing	535	1,294	(759)	-58.7%
Interest on medium/long-term financing	382	1,129	(747)	-66.2%
Current account and financial interest expense due to subsidiaries	1	3	(2)	-66.7%
Commissions	281	401	(120)	-29.9%
Costs for interest rate hedging	3	47	(44)	-93.6%
Costs for exchange-rate hedging	283	-	283	100.0%
Options on securities	1,679	-	1,679	100.0%
Other expense	18	113	(95)	-84.1%
<b>Total</b>	<b>3,182</b>	<b>2,987</b>	<b>195</b>	<b>6.5%</b>
<b>Losses on sales of assets and impairment losses</b>				
Sale of RCS Mediagroup S.p.A. shares	-	1,318	(1,318)	-100.0%
Sale of Atlantia S.p.A.'s shares	-	22	(22)	-100.0%
Sale of Assicurazioni Generali S.p.A.'s shares	-	57	(57)	-100.0%
Sale of Terna S.p.A.'s shares	-	6	(6)	-100.0%
Impairment loss on Atmos S.p.A. winding up	4	-	4	100.0%
Impairment loss on index-linked ETFs	22	-	22	100.0%
<b>Total</b>	<b>26</b>	<b>1,403</b>	<b>(1,377)</b>	<b>-98.1%</b>
<b>Other expense and income</b>				
Condominium expenses on own buildings	140	189	(49)	-25.9%
Other operating expense	33	59	(26)	-44.1%
Non-deductible VAT	1,425	976	449	46.0%
IMU tax	96	96	-	-
Registration tax	4	364	(360)	-98.9%
Other taxes	73	79	(6)	-7.6%
Non-recurring expense	62	100	(38)	-38.0%
Other expense and income	225	251	(26)	-10.4%
<b>Total</b>	<b>2,058</b>	<b>2,114</b>	<b>(56)</b>	<b>-2.6%</b>
<b>Total other operating expense</b>	<b>5,266</b>	<b>6,504</b>	<b>(1,238)</b>	<b>-19.0%</b>

n.s. = not significant

## 30) Other non-recurring income (expense)

The amount of 4,692 thousand euro includes 2,808 thousand euro for the partial release of risk provisions set aside in previous years, after the closure of the SAB dispute, and 7,500 thousand euro set aside for current risks for which a future outlay is deemed probable.

Other non-recurring expense net of other non-recurring income amounted to 300 thousand euro (1,474 thousand euro in 2014) and referred to the amount disbursed to the Italcementi Ing. Carlo Pesenti foundation.

Movements on the heading were as follows:

(in thousands of euro)	2015	2014	Change	% change
Release/provision for risks	(4,692)	-	(4,692)	100.0%
Other income (expense)	(300)	(1,474)	1,174	-79.6%
<b>Total</b>	<b>(4,992)</b>	<b>(1,474)</b>	<b>(3,518)</b>	<b>n.s.</b>

n.s. = not significant

## 31) Amortization and depreciation

The overall amount of 56 thousand euro (39 thousand euro in 2014) reflects depreciation of property, plant and equipment for 53 thousand euro (37 thousand euro in 2014) and amortization of intangible assets for 3 thousand euro (2 thousand euro in 2014).

## 32) Finance income (costs)

Net finance costs amounted to 26 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
Financial services	31	34	(3)	-8.8%
Miscellaneous finance costs (income)	(5)	2	(7)	n.s.
<b>Total</b>	<b>26</b>	<b>36</b>	<b>(10)</b>	<b>-27.8%</b>

n.s. = not significant

## 33) Impairment losses on financial assets

The impairment losses of 324 thousand euro (6,917 thousand euro in 2014) refer to the equity investment in R.C.S. Mediagroup S.p.A.. The R.C.S. Mediagroup S.p.A. investment had already been impaired at December 31, 2014, and continued to impair in 2015. The carrying amount was therefore impaired again to reflect the share price of 0.6173 euro at December 31, 2015. The overall impairment loss was recognized in the income statement for 324 thousand euro.

## 34) Income tax (expense)

This caption reflects a positive effect for the year of 5,021 thousand euro, as follows:

(in thousands of euro)	2015	2014	Change	% change
Current tax	-	-	-	-
Deferred tax	(835)	(841)	6	-0.7%
Deferred tax assets on prior-year tax losses	5,664	-	5,664	n.s.
Prior-year tax	192	57	135	n.s.
<b>Total</b>	<b>5,021</b>	<b>(784)</b>	<b>5,805</b>	<b>n.s.</b>

n.s. = not significant

The release of deferred tax related to the sale of Unicredit shares in connection with effective-yield-to-maturity transactions in previous years.

The amount of 5,664 thousand euro reflects recognition of deferred tax assets on prior-year tax losses that will probably be utilized in the future in connection with the gain expected on the future sale of the investment in Italcementi S.p.A. to HeidelbergCement.

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## IFRS 7

### Risk management policies

#### Introduction

The document "Financial Resources Management Regulation" (the "Regulation") sets out general strategic guidelines and investment limits governing management of Italmobiliare S.p.A. resources.

#### Objectives

For Italmobiliare S.p.A., exposure to financial risk is an opportunity to generate profits within the limits established for the purpose of ensuring prudent management of resources.

#### Financial instruments

The Regulation defines the types of financial instrument allowed, maximum amounts, counterparties and methods of approval.

Derivatives may be used both as risk management instruments and as instruments relating to market positioning. The Regulation is particularly restrictive with regard to the types of transaction allowed and approval and control processes.

#### Financial risk management

##### Credit risk

Italmobiliare S.p.A. is exposed to credit risk with respect to issuers of financial instruments and counterparties on financial transactions.

The Regulation establishes minimum rating levels for individual investments (where applicable), for type of instrument, for rating class and maximum exposure in relation to individual counterparties.

The Regulation sets out management procedures for approving amounts in excess of such limits. A monitoring and reporting system has also been established.

Italmobiliare S.p.A. has no significant exposure to trade credit risks.

The table below illustrates the level of credit risk exposure on the basis of the average rating of bond issues, other financial assets and of counterparties to derivatives.

	<b>Fair value</b> (in millions of euro)	<b>Average rating</b>	<b>Average outstanding life</b> (in years) (*)
Trading bonds	2.6	n.a.	3.50
Available-for-sale bonds	5.6	Baa1	35.00
Other financial assets	0.7	n.a.	n.a.
Fair value-derivatives	(0.6)	n.a.	<1

(\*) determined on first call

n.a.= not applicable

Trading bonds include a harmonized open-end mutual fund set up to generate a positive real yield (with respect to the Eurozone inflation rate); the fund invests primarily in short-term bonds.

Assuming a parallel shift of +100 bps in the credit curve, the estimated overall change in the fair value of financial instruments would be -0.3 million euro, of which -0.3 million euro in equity and no effect 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.

A regular report is drawn up analyzing the net financial position trend and risks.

The table below shows the net financial position by maturity (residual life) compared with undrawn lines of credit:

(in millions of euro)	Maturity				Total
	< 1 year	1 - 2 years	2 - 5 years	Beyond	
Total financial liabilities	(133.9)		(20.0)		(153.9)
Total financial assets	6.2		0.7	8.1	15.0
<b>Net financial position</b>	<b>(127.7)</b>		<b>(19.3)</b>	<b>8.1</b>	<b>(138.9)</b>
Undrawn committed lines of credit	(20.0)				(20.0)
Undrawn non-committed lines of credit	(177.5)				(177.5)

Financial assets with maturity of less than one year consist largely of cash and cash equivalents and amounts due from subsidiaries.

See annex "C" for assets maturing after five years.

Short-term drawings on committed lines of credit are reclassified on expiry of the respective facility.

The main changes in borrowings are described below:

- in December 2010, Italmobiliare arranged a 130 million euro loan with Intesa Sanpaolo maturing on December 31, 2015, to service the acquisition of two share packages from Italcementi (RCS Mediagroup and Mediobanca); repayment was completed in full on February 27, 2015;
- in December 2011 Italmobiliare signed with an uncommitted line of credit for 100 million euro with So.Par.Fi. (now Franco Tosi S.r.l. after the upstream merger of So.Par.Fi. on July 9, 2015); no drawings have been made;
- in 2014, Italmobiliare arranged a 20 million euro irrevocable line of credit with Intesa Sanpaolo maturing on December 31, 2018; at December 31, 2015 the facility had been fully drawn;
- in 2014, Italmobiliare arranged a 24-month committed line of credit with Unicredit for 20 million euro; at December 31, 2015 no drawings had been made;
- drawings on uncommitted lines of credit during 2015 totaled 130.5 million euro at December 31, 2015 (Unicredit, Credito Bergamasco, BNL and Banca Popolare di Bergamo);

At December 31, 2015, some loan contracts included customary clauses represented mainly by negative pledges, which could weaken the borrower's equity guarantee (e.g., amendments to the by-laws, change of business, reduction in share capital) and cause the lender to withdraw from the contract.

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## 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.

A regular report is drawn up analyzing liability amounts, costs and maturities.

The table below illustrates the composition of the net financial position at December 31, 2015, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of the net financial position.

(in millions of euro)

<b>Balance at December 31, 2015</b>	
Fixed-rate financial liabilities	
Fixed-rate financial assets	0.7
<b>Fixed-rate NFP at inception</b>	<b>0.7</b>
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	
<b>Fixed-rate NFP after hedging</b>	<b>0.7</b>
Floating-rate financial liabilities	(152.2)
Floating-rate financial assets	9.8
<b>Floating-rate NFP at inception</b>	<b>(142.4)</b>
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	
<b>Floating-rate NFP after hedging</b>	<b>(142.4)</b>
Assets not exposed to interest-rate risk	4.5
Liabilities not exposed to interest-rate risk	(1.7)
<b>Total NFP</b>	<b>(138.9)</b>

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 simulation was performed to estimate the change in the fair value of the total net financial position caused by an upward shift of 100 bps in the interest-rate curve on all maturities.

The analysis found an estimated overall impact of -0.6 million euro, arising from +0.2 million euro on equity and -0.8 million euro on the income statement.

### Currency risk

The Regulation places a material limitation on exposure to currency risk. Currency positions are limited and used in order to de-correlate the risk of traditional financial assets held 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 equity risk is inherent to its core business. In some cases, for limited amounts, the Regulation sets out procedures and approvals for the use of derivatives to mitigate this risk.

At December 31, 2015, assets exposed to price risk, classified as "Available-for-sale", amounted to 175.9 million euro.

A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 8.8 million euro, all on equity.

(in millions of euro)	Underlying item	Share price delta	Impact on income statement	Impact on equity
Available-for-sale equities	175.9	-5%		(8.8)

## Net financial position

At December 31, 2015, the company had net financial debt of 138,857 thousand euro, a decrease of 6,273 thousand euro from net financial debt of 145,130 thousand euro at December 31, 2014.

The breakdown of the net financial debt is set out below:

(in thousands of euro)	December 31, 2015	December 31, 2014	Change
Cash and cash equivalents	1,428	2,004	(576)
Financial assets due from Group companies	3,479	2,700	779
Treasury Government securities instruments and bonds - current	736	734	2
Treasury Government securities instruments and bonds - non-curre	5,564	6,117	(553)
Mutual funds	668	833	(165)
Index-linked ETFs	1,848	1,844	4
Puts/calls on equities	1,169	-	1,169
Prepayments and accrued income	156	193	(37)
<b>Total financial assets</b>	<b>15,048</b>	<b>14,425</b>	<b>623</b>
Bank loans and borrowings	(150,477)	(156,561)	6,084
Financial liabilities vs subsidiaries	(1,721)	(2,752)	1,031
Interest-rate derivatives	-	(135)	135
Puts/calls on equities	(1,679)	-	(1,679)
Accrued expenses and deferred income	(28)	(107)	79
<b>Total financial liabilities</b>	<b>(153,905)</b>	<b>(159,555)</b>	<b>5,650</b>
<b>Net financial debt</b>	<b>(138,857)</b>	<b>(145,130)</b>	<b>6,273</b>

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## Comparison between fair value and carrying amount

The table below provides a breakdown of the carrying amount and the fair value of financial assets and financial liabilities at December 31, 2015 and December 31, 2014.

	December 31, 2015		December 31, 2014	
	Carrying amount	Fair Value	Carrying amount	Fair Value
(in thousands of euro)				
<b>Financial assets</b>				
<b>Assets at fair value through profit or loss</b>				
Cash and cash equivalents	1,428	1,428	2,004	2,004
Options on securities	1,169	1,169	-	-
Derivatives	-	-	-	-
Equity investments, bonds and current loan assets	6,794	6,794	5,939	5,939
<b>Loans and receivables</b>				
Trade receivables	9,504	9,504	5,162	5,162
Receivables and other non-current assets	8,933	8,933	6,477	6,477
<b>Available-for-sale assets</b>				
Non-current equity investments in other companies	194,219	194,219	179,248	179,248
<b>Held-to-maturity investments</b>				
	-	-	-	-
<b>Total</b>	<b>222,047</b>	<b>222,047</b>	<b>198,830</b>	<b>198,830</b>
<b>Financial liabilities</b>				
Trade payables	4,551	4,551	2,173	2,173
Current financial liabilities	1,749	1,749	2,859	2,859
Bank overdrafts and short-term borrowings	130,495	130,495	136,561	136,561
Non-current financial liabilities	20,000	20,000	20,000	20,000
Options on securities	1,679	1,679	-	-
Interest-rate derivatives	-	-	135	135
<b>Total</b>	<b>158,474</b>	<b>158,474</b>	<b>161,728</b>	<b>161,728</b>

## 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 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, 2015, financial instruments measured at fair value were as follows:

	December 31 2015	Level 1	Level 2	Level 3
(in thousands of euro)				
Equity investments, bonds and current loan assets	3,252	3,252		
Derivatives - assets	1,169	1,169		
Receivables and other non-current assets	5,564		5,564	
Non-current equity investments	194,219	157,129	18,731	18,359
Current finance liabilities	(132,244)		(132,244)	
Derivatives - liabilities	(1,679)	(1,679)		
Non-current finance liabilities	(20,000)		(20,000)	

With reference to the fair value of non-current equity investments shown under level 3, Banca Leonardo fair value was estimated on the basis of market multiples and comparables.

The multiple was applied to the bank's average earnings normalized to exclude non-recurring transactions.

A change of  $\pm 10\%$  in these normalized earnings would generate changes in fair value of approximately +0.6 million euro and -0.7 million euro. The changes would be recognized in the AFS fair value reserve.

For Sesaab, the estimate was determined on the basis of an available transaction.

There were no transfers between levels in 2015.

The change in level 3 is set out in the table below:

	Receivables and other non-current assets	Non-current equity investments	Derivatives liabilities	Total
(in thousands of euro)				
Balance at December 31, 2014	190	20,593	(135)	20,648
Changes due to:				
Fair value changes		(1,319)		(1,319)
Sales/reductions in capital		(911)	135	(776)
Impairment losses		(4)		(4)
Other changes	(190)			
Total changes	(190)	(2,234)	135	(2,289)
Balance at December 31, 2015	-	18,359	-	18,359

## Cash and cash equivalents

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Cash and checks in hand	14	12	2
Bank and postal accounts	1,431	1,992	(561)
Net balance	1,445	2,004	(559)

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 fair value of cash and cash equivalents corresponds to their carrying amount.



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## Equity investments, bonds and current loan assets

The balance on this caption was as follows:

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Trading bonds	3,252	3,220	32
Current financial assets due from subsidiaries	3,479	2,700	779
Financial prepayments	63	19	44
<b>Total</b>	<b>6,794</b>	<b>5,939</b>	<b>855</b>

Trading bonds increased as a consequence of the year-end fair value adjustment.

Details of "Trading bonds" are illustrated in annex "C".

## Trade receivables

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Customers	1	7	(6)
Subsidiaries	9,503	5,155	4,348
<b>Total</b>	<b>9,504</b>	<b>5,162</b>	<b>4,342</b>

Receivables referred in the main to Italian subjects.

## Deferred tax assets

Deferred tax assets amounted to 17,392 thousand euro (12,697 thousand euro at December 31, 2014) and consisted of amounts calculated on the tax losses posted by Italmobiliare S.p.A. and the subsidiaries that adopted the Italian tax consolidation system. Recognition occurred in relation to a forecast made by the companies that adopted the Italian tax consolidation system, whereby it is considered likely that in future years taxable profit will be realized against which the past tax losses can be utilized.

The temporary differences excluded from the determination of deferred tax assets and liabilities are as follows:

	2015 amount	Tax effect	2014 amount	Tax effect
(in thousands of euro)				
Provision for risks	10,100	-	5,408	772

Deferred tax assets have not been recorded since it is not expected that the existing provisions can be reversed over a reasonably predictable timeframe.

Tax losses for which deferred tax assets have not been recognised amounted to 19 million euro.

## Other non-current assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2015	December 31, 2014	Change
Available-for-sale bonds	8,302	6,308	1,994
Guarantee deposits	13	13	-
Receivables on tax consolidation due from subsidiaries	618	156	462
<b>Total</b>	<b>8,933</b>	<b>6,477</b>	<b>2,456</b>

The increase in available-for-sale bonds arose in part from the negative fair value measurement of Unicredit cashes and in part from the increase for amounts paid to the Aksia Fund.

Details of available-for-sale bonds are illustrated in annex "C".

## Investments in subsidiaries and associates

The movements on this caption with respect to December 31, 2014, are illustrated below:

(in thousands of euro)	
<b>At December 31, 2014</b>	<b>872,788</b>
Increases for merger	139,373
Increases for demerger of line of business	119
Increases for capital payment to Sirap Gema S.p.A.	15,000
Decrease for demerger of line of business	(119)
Decreases for merger	(139,373)
Decrease for reclassification to "Non-current assets held for sale"	(683,223)
<b>At December 31, 2015</b>	<b>204,565</b>

The increases and decreases refer for 139,373 thousand euro to the upstream merger of SO.PAR.FI Italmobiliare S.A. into Franco Tosi S.r.l., both 100% held by Italmobiliare S.p.A.; for 119 thousand euro to the demerger of the general services and IT systems line of business from Franco Tosi S.r.l. to Italmobiliare Servizi S.r.l. company. Also, an amount of 15 million euro was paid to Sirap Gema S.p.A. to ensure an adequate financial structure for the subsidiary.

The decrease of 683,223 thousand euro refers to the reclassification in the statement of financial position of the equity investment in the subsidiary Italcementi S.p.A. to "Assets held for sale", as required by IFRS 5.

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 financial 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 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 its own 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 (2016-2020) and on subsequent estimated terminal value.

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The cash flow projections for the first year correspond to the 2016 budget figures; the projections for 2017/2020 are Sirap Gema S.p.A. management's best estimate compatibly with current strategy and trends and with the assumptions underlying the 2016 budget.

The table below sets out the discount rates (after-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 of the Sirap Gema group (data relating to the Inline Poland CGU refers to cash flows in local currency):

	Weighted average cost of capital	Growth rate (g)
Rigid Division Italy CGU	6.72%	
Foamed Container Division CGU	6.93%	
Rigid Poland CGU	7.51%	
Sirap France CGU	6.17%	
Petruszalek group CGU	10.69%	1.00%
Universal Imballaggi CGU	6.93%	0.50%

The nominal growth rates (g) used in the terminal value are aligned with the inflation rate or GDP growth rate forecast for 2020 for the countries/markets in which each CGU operates.

Equity value was ascertained at 73,787 thousand euro against a carrying amount of 50,878 thousand euro. Therefore, no impairment losses were recognized.

Equity investments in subsidiaries and associates at December 31, 2015, are listed below:

Subsidiaries	Registered office	% held
BravoSolution S.p.A.	Bergamo	7.400
Italcementi S.p.A.	Bergamo	45.000
Franco Tosi S.r.l.	Milan	100.00
Italmobiliare Servizi 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
<b>Associates</b>		
Società Editrice Sud S.p.A.	Messina	29.358

Bravosolution S.p.A. is considered a subsidiary since it is also held indirectly through the subsidiary Italcementi S.p.A..

See annexes "A" and "B" for further information on equity investments in subsidiaries and associates.

Although Italmobiliare S.p.A. holds less than one half of the voting rights of the investee Italcementi S.p.A., it believes that it holds *de facto* control; it holds more voting rights than any other shareholder, there are no organized groups of shareholders and the other shareholders are highly fragmented.

## Other equity investments

This non-current asset caption reflects equity investments classified as “available-for-sale”, as required by IAS 39.

(in thousands of euro)	
<b>At December 31, 2014</b>	<b>179,248</b>
Additions	-
Sales	(15,341)
Scrip dividend	974
Capital reimbursement	(909)
Fair value taken to equity	30,575
Fair value taken to profit or loss (impairment losses)	(324)
Impairment losses	(4)
<b>At December 31, 2015</b>	<b>194,219</b>

Sales amounting to 15.3 million euro were as follows: R.C.S. Mediagroup S.p.A. for 8.4 million euro and Unicredit S.p.A. for 6.9 million euro.

Capital reimbursement referred to a partial distribution of equity reserves at the Banca Leonardo S.p.A. group.

Fair value taken to equity for 30.6 million euro mainly reflects amounts for Mediobanca S.p.A. (29 million euro).

Fair value taken to the profit or loss for 324 thousand euro refers to the impairment loss on R.C.S. Mediagroup S.p.A..

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; the fair value of unlisted companies is calculated using the methods envisaged by IAS 39.

Other equity investments at December 31, 2015 were as follows:

	Number of shares	December 31, 2015
(in thousands of euro)		
<b>Equity investments in listed companies</b>		
Mediobanca S.p.A.	13,500,732	120,097
R.C.S. Mediagroup S.p.A..	1,051,102	649
Unicredit S.p.A.	7,051,336	36,384
<b>Total</b>		<b>157,130</b>
<b>Equity investments in unlisted companies</b>		
Ambienta S.p.A.	150	18
Atmos Venture S.p.A.	222,909	80
Compagnia Fiduciaria Nazionale S.p.A.	20,001	862
Emittenti Titoli S.p.A.	209,000	408
Fin Priv S.r.l.	2,857	18,731
Banca Leonardo S.p.A. group	7,576,661	6,200
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	959
<b>Total</b>		<b>37,089</b>
<b>Total equity investments</b>		<b>194,219</b>

The analysis of movements in equity investments is shown in “Annex A”.

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## Trade payables

The balance on this caption was as follows:

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Suppliers	4,461	1,548	2,913
Group companies	90	625	(535)
<b>Total</b>	<b>4,551</b>	<b>2,173</b>	<b>2,378</b>

## Financial liabilities

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

	December 31, 2015	December 31, 2014	Change
(in thousands of euro)			
Non-current amounts due to banks	20,000	20,000	-
Bank overdrafts and short-term borrowings	130,495	136,561	(6,066)
Current financial liabilities	1,749	2,859	(1,110)
Options on securities	1,679	-	1,679
Interest-rate derivatives	-	135	(135)
<b>Total financial liabilities</b>	<b>153,923</b>	<b>159,555</b>	<b>(5,632)</b>

## Main bank loans and lines of credit

The main loans and borrowings were as follows:

		December 31, 2015	December 31, 2014	Change
(in thousands of euro)				
<b>Without collateral security:</b>				
- Intesa San Paolo S.p.A.	maturity 12/31/2018	20,000	20,000	-
- Intesa San Paolo S.p.A.	within 12 months	-	37,143	(37,143)
- Intesa San Paolo S.p.A.	short term	-	15,933	(15,933)
- Banca Popolare di Bergamo	short term	42,477	13,665	28,812
- B.N.L. Brescia	short term	38,000	38,000	-
- B.N.L. (interest)		18	-	18
- Banco Popolare	short term	35,000	31,820	3,180
- Unicredit	short term	15,000	-	15,000
<b>Total</b>		<b>150,495</b>	<b>156,561</b>	<b>(6,066)</b>
<b>Total loans and borrowings</b>		<b>150,495</b>	<b>156,561</b>	<b>(6,066)</b>

The decrease arose from the settlement of loans, the scheduled repayment with Intesa Sanpaolo and new loans granted by Unicredit and Banca Popolare di Bergamo.

## Non-recurring transactions

The following tables itemize the most significant non-recurring transactions and their impact on equity, net financial debt and profit (loss) for the year:

	12/31/2015		
(in thousands of euro)	Equity	Profit (loss) for the year	Net financial debt
	%	%	%
<b>Carrying amounts</b>	<b>944,942</b>	<b>19,523</b>	<b>(138,857)</b>
Net gains from the sale of non-current assets			
Other non-recurring income (expense)	(4,992) -0.53%	(4,992) -25.57%	(300) 0.22%
<b>Total</b>	<b>(4,992) -0.53%</b>	<b>(4,992) -25.57%</b>	<b>(300) 0.22%</b>
<b>Figurative amount without non-recurring transactions</b>	<b>949,934</b>	<b>24,515</b>	<b>(138,557)</b>

	12/31/2014		
(in thousands of euro)	Equity	Profit (loss) for the year	Net financial debt
	%	%	%
<b>Carrying amounts</b>	<b>909,330</b>	<b>18,202</b>	<b>(145,130)</b>
Net gains from the sale of non-current assets	1,300 0.14%	1,300 7.14%	1,300 -0.90%
Other non-recurring income (expense)	(1,474) -0.16%	(1,474) -8.10%	(300) 0.21%
<b>Total</b>	<b>(174) -0.02%</b>	<b>(174) -0.96%</b>	<b>1,000 -0.69%</b>
<b>Figurative amount without non-recurring transactions</b>	<b>909,504</b>	<b>18,376</b>	<b>(146,130)</b>

## Audit fees

The table below sets out details of the fees paid in 2015 to the independent auditors, pursuant to CONSOB Resolution May 14, 1999, no.11971, art. 149-duodecies, par 1:

Services provided (in thousands of euro)	KPMG S.p.A.	Other foreign companies in the KPMG network	Total
Audit services	280	-	280
Non-audit services	25	7	32
<b>Total</b>	<b>305</b>	<b>7</b>	<b>312</b>

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## Transactions with related parties

The figures at December 31, 2015, for transactions with related parties are set out in the table below:

### Receivables and payables with related parties

(euro)	Company	Amount	% impact on carrying amount	Carrying amounts	Reference
Description					
Trade receivables	Franco Tosi S.r.l.	123,617			
subsidiaries	Italcementi S.p.A.	9,098,450			
	Italmobiliare Servizi S.r.l.	725			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	15,780			
	Sirap Gema S.p.A.	264,186			
<b>Total trade receivables</b>		<b>9,502,758</b>	<b>99.99%</b>	<b>9,504,125</b>	<b>Note 8</b>
Other amounts due					
<b>Total other non-current assets</b>		<b>-</b>	<b>0.00%</b>	<b>8,932,620</b>	<b>Note 7</b>
Receivables for tax consolidation					
subsidiaries	Franco Tosi S.r.l.	617,696			
Prepayments and accrued income	BravoSolution S.p.A.	2,762			
subsidiaries	Italcementi S.p.A.	3,338			
<b>Total other current assets including derivatives</b>		<b>623,796</b>	<b>25.20%</b>	<b>2,474,995</b>	<b>Note 9</b>
Current account receivables					
subsidiaries	Sirap Gema S.p.A.	3,478,719			
<b>Total current financial assets</b>		<b>3,478,719</b>	<b>51.20%</b>	<b>6,793,904</b>	<b>Note 11</b>
Current account payables	Franco Tosi S.r.l.	(666,085)			
subsidiaries	Italcementi S.p.A.	(264,307)			
	Italmobiliare Servizi S.r.l.	(192,929)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(597,375)			
<b>Total current liabilities</b>		<b>(1,720,696)</b>	<b>98.38%</b>	<b>(1,749,102)</b>	<b>Note 18</b>

(euro)	Company	Amount	% impact on carrying amount	Carrying amounts	Reference
Description					
Trade payables	BravoSolution S.p.A.	(3,000)			
subsidiaries	Italcementi S.p.A.	(60,667)			
	Italmobiliare Servizi S.r.l.	(26,000)			
	Other related parties	(1,200)			
<b>Total trade payables</b>		<b>(90,867)</b>	<b>2.00%</b>	<b>(4,550,577)</b>	<b>Note 22</b>
Other payables tax consolidation					
subsidiaries	Sirap Gema S.p.A.	(872,576)			
Other liabilities	BravoSolution S.p.A.	(24,802)			
subsidiaries	Gruppo Italsfusi S.r.l.	(7,967)			
	Italcementi S.p.A.	(829,314)			
	Italcementi Ingegneria S.r.l.	(2,413)			
	Italgen S.p.A.	(29,382)			
	Italmobiliare Servizi S.r.l.	(32,300)			
	Sama S.p.A.	(3,346)			
<b>Total other non-current liabilities</b>		<b>(1,802,100)</b>	<b>99.17%</b>	<b>(1,817,224)</b>	<b>Note 20</b>

## COMMITMENTS WITH RELATED PARTIES

Description	Company	Amount
Letters of patronage to		
subsidiaries	Sirap Gema S.p.A.	12,434,445
<b>Total commitments</b>		<b>12,434,445</b>



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(euro)	Company	Amount	% impact on carrying amount	Carrying amounts	Reference
Description					
Dividends	Italcementi S.p.A.	14,145,462			
subsidiaries	Franco Tosi S.r.l.	15,000,000			
<b>Total dividends</b>		<b>29,145,462</b>	<b>85.26%</b>	<b>34,184,443</b>	<b>Note 24</b>
Current account and financial interest income and other income	Italcementi S.p.A.	11			
subsidiaries	Sirap Gema S.p.A.	13,389			
<b>Total interest income</b>		<b>13,400</b>	<b>0.80%</b>	<b>1,676,853</b>	<b>Note 24</b>
Recovery of cost of services	Franco Tosi S.r.l.	169,921			
subsidiaries	Italcementi S.p.A.	7,395,008			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	25,479			
	Sirap Gema S.p.A.	609,062			
	Sirap Insulation S.r.l.	26,827			
	SoParFi S.A.	10,000			
<b>Total services</b>		<b>8,236,297</b>	<b>99.94%</b>	<b>8,241,297</b>	<b>Note 24</b>
<b>Total revenue</b>		<b>37,395,159</b>	<b>84.79%</b>	<b>44,102,593</b>	<b>Note 24</b>
Other revenue	BravoSolution S.p.A.	59,715			
subsidiaries	Franco Tosi S.r.l.	126,858			
	Italcementi S.p.A.	105,131			
	Italmobiliare Servizi S.r.l.	725			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	2,865			
<b>Other revenue</b>		<b>295,294</b>	<b>17.55%</b>	<b>1,682,606</b>	<b>Note 25</b>
Services	Franco Tosi S.r.l.	(959,610)			
subsidiaries	Italcementi S.p.A.	(153,331)			
	Italmobiliare Servizi S.r.l.	(16,500)			
	Other related parties	(1,070,676)			
<b>Total services</b>		<b>(2,200,117)</b>	<b>24.57%</b>	<b>(8,955,706)</b>	<b>Note 27</b>
Current account and financial interest expense	Franco Tosi S.r.l.	(17)			
subsidiaries	Italcementi S.p.A.	(469)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(15)			
<b>Total other operating expense</b>		<b>(501)</b>	<b>0.01%</b>	<b>(5,265,832)</b>	<b>Note 29</b>
Other related parties	(Endowment to Fondazione Italcementi)	(300,000)			
<b>Total other non-recurring expense</b>		<b>(300,000)</b>	<b>6.01%</b>	<b>(4,991,830)</b>	<b>Note 30</b>
Interest expense on trade payables	BravoSolution S.p.A.	(64)			
subsidiaries	Italmobiliare Servizi S.r.l.	(144)			
	Italcementi S.p.A.	(75)			
<b>Total net finance costs</b>		<b>(283)</b>	<b>1.08%</b>	<b>(26,314)</b>	<b>Note 32</b>

n.s. not significant

**Impact of transactions with related parties on cash flows**

(in thousands of euro)	Cash flows	
	Amount	%
Cash flow from operating activities with related parties	32,180	n.s.
Total A) - from statement of cash flows	18,593	
Cash flow used in investing activities with related parties	(15,000)	n.s.
Total B) - from statement of cash flows	2,415	
Cash flow used in financing activities with related parties	(2,272)	10.5%
Total C) - from statement of cash flows	(21,567)	
<b>Change in cash and cash equivalents with related parties</b>	<b>14,908</b>	
<b>Change in cash and cash equivalents from statement of cash flows (A+B+C)</b>	<b>(559)</b>	

n.s. not significant

**Fees paid to directors and the chief operating officer**

The table below sets out amounts accrued during the financial year by the directors, the chief operating officer and the manager in charge of financial reporting (key and management personnel) for positions held:

(euro)	2015	2014
Short-term benefits: fees and remuneration	4,689,757	4,706,777
Post-employment benefits	-	16,882
Other long-term benefits	1,514,052	439,445
Share-based payments (stock options)	-	68,187
<b>Total</b>	<b>6,203,809</b>	<b>5,231,291</b>

**Events after the reporting date**

No significant events have taken place since the reporting date that require amendments to or additional comments on the financial position and results of operations of Italmobiliare S.p.A. as at and for the year ended December 31, 2015.

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Annexes



**Annex A**
**Statement of changes in equity investments in subsidiaries, associates and other companies at December 31, 2015**

(euro)						
Equities and interests	Balance at 1/1/2015		Additions		Decreases	
Subsidiaries	Quantity	Amounts	Quantity	Amounts	Quantity	Amounts
Bravosolution S.p.A.	2,389,332	3,222,666				
Franco Tosi S.r.l.	260,000	258,229		139,373,498 <sup>(5)</sup>		118,849 <sup>(6)</sup>
Italcementi S.p.A.	157,171,807	683,222,974			157,171,807	683,222,974 <sup>(7)</sup>
Italmobiliare Servizi S.r.l.	--	--	1	118,849 <sup>(6)</sup>		
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	1,300,000	1,558,523				
Sirap Gema S.p.A.	5,000,000	35,878,428		15,000,000 <sup>(2)</sup>		
Société de Participation Financière Italmobiliare S.A.	833,333	139,373,498			833,333	139,373,498 <sup>(5)</sup>
<b>Total subsidiaries</b>		<b>863,514,318</b>		<b>154,492,347</b>		<b>822,715,321</b>
<b>Associates</b>						
Società Editrice Sud S.p.A.	27,636	9,273,976				
<b>Total associates</b>		<b>9,273,976</b>		<b>--</b>		<b>--</b>
<b>Other companies</b>						
Ambienta S.p.A.	150	14,843				
Atmos S.r.l. in liquidazione	4,000	13,319			4,000	8,846
Atmos Venture S.p.A.	200,000	73,218	22,909	7,127		
Compagnia Fiduciaria Nazionale S.p.A.	20,001	705,693				
Emittenti Titoli S.p.A.	209,000	179,765				
Fin.Priv. S.r.l.	2,857	14,409,233				
Gruppo Banca Leonardo S.p.A.	7,576,661	8,800,000				909,199 <sup>(3)</sup>
Idrovia Ticino Milano Nord Mincio S.p.A. in liquidazione	100	568				
Immobiliare Lido di Classe S.p.A.	45,991	1				
Immobiliare Astra S.p.A.	12,012	30,016				
Mediobanca S.p.A.	13,500,732	91,084,038				
R.C.S. Mediagroup S.p.A.	10,107,883	9,358,889			9,056,781	8,385,674
Sesaab S.p.A.	700,000	9,800,000				
Unicredit S.p.A. - azioni ordinarie	8,182,683	43,802,720	163,653	967,042 <sup>(4)</sup>	1,295,000	6,946,382
035 Investimenti S.p.A.	1,000,000	975,336				
<b>Total other companies</b>		<b>179,247,639</b>		<b>974,169</b>		<b>16,250,101</b>
<b>Total equity investments</b>		<b>1,052,035,933</b>		<b>155,466,516</b>		<b>838,965,422</b>

(\*) of ordinary capital

(1) controlled through Italcementi S.p.A.

(2) payment for share capital increase

(3) reduction due to distribution of equity reserves

(4) script dividend "

(5) merger of SO.PAR.FI. Italmobiliare S.A. into Franco Tosi S.r.l.

(6) demerged of general services and IT systems line of business

(7) the investment in Italcementi S.p.A. has been reclassified "Assets held for sale" in accordance with IFRS 5 to

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Changes in Fair Value	Impairment losses	Interest held	Balance at 12/31/2015		Gains (losses) on sales	
Amounts	Amounts	%	Quantity	Amounts	Amounts	Subsidiaries
		7.400 <sup>(1)</sup>	2,389,332	3,222,666	--	BravoSolution S.p.A.
		100.000	260,000	139,512,878	--	Franco Tosi S.r.l.
					--	Italcementi S.p.A.
		100.000	1	118,849		Italmobiliare Servizi S.r.l.
		100.000	1,300,000	1,558,523	--	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
		100.000	5,000,000	50,878,428	--	Sirap Gema S.p.A.
			--	--	--	Société de Participation Financière Italmobiliare S.A.
--	--			<b>195,291,344</b>	--	<b>Total subsidiaries</b>
						<b>Associates</b>
		29.358	27,636	9,273,976		Società Editrice Sud S.p.A.
--	--			<b>9,273,976</b>	--	<b>Total associates</b>
						<b>Other companies</b>
3,612		1.000	150	18,455	--	Ambienta S.p.A.
	(4,473)		--	--	--	Atmos S.r.l. in liquidazione
(430)		10.132	222,909	79,915	--	Atmos Venture S.p.A.
156,652		16.668	20,001	862,345	--	Compagnia Fiduciaria Nazionale S.p.A.
227,953		2.549	209,000	407,718	--	Emittenti Titoli S.p.A.
4,321,562		14,285	2,857	18,730,795	--	Fin.Priv. S.r.l.
(1,690,801)		2.751	7,576,661	6,200,000	--	Gruppo Banca Leonardo S.p.A.
		0.200	100	568	--	Idrovia Ticino Milano Nord Mincio S.p.A. in liquidazione
		18.036	45,991	1	--	Immobiliare Lido di Classe S.p.A.
4		1.784	12,012	30,020	--	Immobiliare Astra S.p.A.
29,013,073		1.551	13,500,732	120,097,111	--	Mediobanca S.p.A.
	(324,370)	0.201	1,051,102	648,845	1,472,007	R.C.S. Mediagroup S.p.A.
		7.000	700,000	9,800,000	--	Sesaab S.p.A.
(1,439,896)		0.118 <sup>(*)</sup>	7,051,336	36,383,484	3,972,641	Unicredit S.p.A. - azioni ordinarie
(16,048)		10.000	1,000,000	959,288	--	035 Investimenti S.p.A.
<b>30,575,681</b>	<b>(328,843)</b>			<b>194,218,545</b>	<b>5,444,648</b>	<b>Total other companies</b>
<b>30,575,681</b>	<b>(328,843)</b>			<b>398,783,865</b>	<b>5,444,648</b>	<b>Total equity investments</b>

## Annex B

### List of equity investments in subsidiaries and associates at December 31, 2015 (art. 2427 no.5 Italian Civil Code)

	Registered office		Share capital  (in euro)	Total equity  (in euro)	Profit (loss) for year (in euro)	Interest held %
<b>Subsidiaries</b>						
Bravosolution S.p.A.	Bergamo	€	32,286,398	42,413,758	1,463,314	7.400 <sup>(1)</sup>
Italcementi S.p.A.	Bergamo	€	401,715,071	1,684,868,094	(38,270,373)	45.000
Franco Tosi S.r.l.	Milano	€	260,000	293,203,781	46,359,808	100.000
Italmobiliare Servizi S.r.l.	Milano	€	20,000	250,000	-	100.000
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milano	€	1,300,000	1,359,166	(135,264)	100.000
Sirap Gema S.p.A.	Verolanuova	€	5,000,000	5,941,920	(21,811,217)	100.000
<b>Total subsidiaries</b>						
<b>Associates</b>						
Società Editrice Sud S.p.A.	Messina	€	10,695,505	62,104,452	(3,860,300) <sup>(3)</sup>	29.358
<b>Total associates</b>						

(1) controlled through Italcementi S.p.A.

(2) classified under "Assets held for sale"

(3) data at 12/31/2014

Reasons for negative difference shown in last column

- BravoSolution S.p.A. : carrying amount maintained because lower than recoverable amount
- Punta Ala S.r.l. : carrying amount maintained because lower than recoverable amount
- Sirap Gema S.p.A. : carrying amount maintained because lower than recoverable amount

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Number of shares or quotas	Nominal unit value (in euro)	Overall carrying amount		Value as per art. 2426 no.4 lt. civ. cod. (in thousand of €)	Difference (in thousand of €)	
		Unit	Total			
		(in euro)	(in thousand of €)			
			(A)	(B)	(B) – (A)	
<b>Subsidiaries</b>						
2,389,332	1.00	1.35	3,222,666	3,223	2,329	(894) Bravosolution S.p.A.
157,171,807	–	4.35	683,222,974 <sup>(2)</sup>	683,223	1,446,542	763,319 Italcementi S.p.A.
260,000	1.00	536.59	139,512,878	139,513	300,209	160,696 Franco Tosi S.r.l.
1	20,000	118,849	118,849	119		Italmobiliare Servizi S.r.l.
1,300,000	1.00	1.20	1,558,523	1,559	1,360	(199) Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
5,000,000	1.00	10.18	50,878,428	50,878	13,862	(37,016) Sirap Gema S.p.A.
			<b>878,514,318</b>	<b>878,513</b>	<b>1,764,300</b>	<b>885,906</b>
<b>Total subsidiaries</b>						
<b>Associates</b>						
27,636	56.81	335.58	9,273,976	9,274	17,357	8,083 Società Editrice Sud S.p.A.
			<b>9,273,976</b>	<b>9,274</b>	<b>17,357</b>	<b>8,083</b>
<b>Total associates</b>						

**Annex C**
**Statement of changes in bonds during 2015**

(euro)	Balance at 1.01.2015	Additions	Decreases	Changes in fair value	Balance at 12.31.2015
<b>Available-for-sale portfolio</b>					
Other variable-income securities	6,116,700			(552,600)	5,564,100
Mutual funds	190,708	2,547,323			2,738,031
<b>Total</b>	<b>6,307,408</b>	<b>2,547,323</b>	<b>--</b>	<b>(552,600)</b>	<b>8,302,131</b>

	Position at 1.01.2015	Additions	Decreases	Changes in fair value	Position at 12.31.2015
<b>Trading portfolio</b>					
Other variable-income securities	2,486,372			30,074	2,516,446
Other fixed-income securities	733,645			2,394	736,039
<b>Total</b>	<b>3,220,017</b>	<b>--</b>	<b>--</b>	<b>32,468</b>	<b>3,252,485</b>

The balance at December 31, 2015 was equal to market value at December 31, 2015.



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## Annex D

### Comparison of carrying amount and market prices at December 31, 2015, for equity investments in companies with listed shares

(euro)	Number of shares	Carrying amount	Unit carrying amount	Unit fair value at December 31, 2015	Fair value at December 31, 2015
<b>Equity securities</b>					
<b>Subsidiaries</b>					
Italcementi S.p.A. - ordinary shares	157,171,807	683,222,974	4.347	10.2659	1,613,510,053
		<b>683,222,974</b>			<b>1,613,510,053</b>
<b>Associates</b>		-			-
<b>Other companies</b>					
Mediobanca S.p.A.	13,500,732	120,097,112	8.8956	8.8956	120,097,112
R.C.S. Mediagroup S.p.A..	1,051,102	648,845	0.6173	0.6173	648,845
Unicredit S.p.A. - ordinary shares	7,051,336	36,383,483	5.1598	5.1598	36,383,483
		<b>157,129,440</b>			<b>157,129,440</b>
<b>Treasury shares (allocated as a reduction on equity)</b>					
Italmobiliare Società per Azioni - ordinary shares (*)	853,261	20,396,250	23.904	41.3719	35,301,029
Italmobiliare Società per Azioni - savings shares	28,500	396,085	13.898	29.5659	842,628
		<b>20,792,335</b>			<b>36,143,657</b>

(\*) of which 595,044 servicing stock option plans

**Annex E**
**Reconciliation between the theoretical tax charge and the effective tax charge reflected in the income statement**

(in thousands of euro)		
<b>A) Profit before tax at December 31, 2015</b>		<b>14,502</b>
B) Current IRES tax rate	27.5%	
<b>C) Theoretical IRES (AxB)</b>		<b>(3,988)</b>
D) - non deductible		(6,283)
- non taxable/ exempt		11,517
	tot. D)	5,234
E) Deferred tax assets / liabilities generated in the year:		
- unrecognised deferred tax liabilities on taxable temporary differences		(835)
- unrecognised deferred tax assets on deductible temporary differences		
- unrecognised deferred tax assets on tax loss		(1,246)
	tot. E)	(2,081)
F) Recovery in year of deferred tax assets not recognized in prior years on deductible temporary differences and/or tax losses	tot. F)	5,664
G) Other taxes (prior-year taxes)	tot. G)	
H) Other changes	tot. H)	
<b>Total</b>	<b>(C+D+E+F+G+H)</b>	<b>4,829</b>
I) Other taxes (prior-year taxes)		192
<b>L) Effective tax charge recognized in the income statement for 2015</b>		<b>5,021</b>

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## Annex F

### Analysis of equity line items at December 31, 2015

(in thousands of euro) Nature / description	Amount	Possible uses	Available amount	Summary of uses in three previous years	
				to cover losses	other
<b>Share capital</b>	<b>100,167</b>				
<b>Reserves:</b>					
Share premium	177,191	A, B, C	177,191		
Stock options	12,054	-			
AFS fair value reserve	45,827	-	-		
<b>Total reserves</b>	<b>235,072</b>	<b>-</b>	<b>177,191</b>		
<b>Treasury shares at cost</b>	<b>(20,792)</b>	<b>-</b>			
<b>Retained earnings:</b>					
Revaluation reserves	-	A, B, C	-	( 86,759)	
Reserve for grants related to assets	-	A, B, C	-	( 2,164)	
Negative goodwill	57,715	A, B, C	57,715		
Reserve as per art.55 DPR 597/1973 and 917/86	-	A, B, C	-	( 1,771)	
Reserve as per art.54 DPR 597/1973 and 917/86	-	A, B, C	-	( 185)	
Reserve art.33 Law No. 413/91	-	A, B, C	-	( 3)	
Reserve art.34 Law No. 576/75	60,087	A, B, C	60,087	( 33,155)	
Legal reserve	20,034	B			
Extraordinary reserve	310,815	A, B, C	310,815		
Retained earnings	146,581	A, B, C	146,581		
Translation reserve	-	A, B, C			
Reserve ex art.7 Law No. 38/2005	15,740	A, B, C	15,740		
Profit for the year	19,523		19,523		
<b>Total retained earnings</b>	<b>630,495</b>		<b>610,461</b>	<b>(124,037)</b>	
<b>Total</b>			<b>787,652</b>		
<b>Non-distributable portion</b> <b>- art. 2426 5 Italian Civil Code</b>					
<b>Residual distributable portion</b>			<b>787,652</b>		

Key:

- A: for share capital increase
- B: to cover losses
- C: for distribution to shareholders

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(Translation from the original Italian text)

**Statement pursuant to art. 154-bis, subsection 5 TUF regarding the separate financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent modifications and integrations**

1. The undersigned Carlo 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 no. 58 of February 24, 1998, , 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 1, 2015 to December 31, 2015.
2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of separate financial statements at December 31, 2015 is based on a model 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 at December 31 , 2015:
    - 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 19, 2002;
    - b) correspond to the accounting books and entries;
    - c) are suitable to provide a true and fair presentation of the financial position, financial performances and cash flows of the issuer.
  - 3.2 the directors' report includes a reliable analysis of the business trend and the operational results of Italmobiliare S.p.A., as issuer, together with a description of the main risks and uncertainties to which it is exposed.

March 3, 2016

*Carlo Pesenti, Chief Executive Officer (signed on the original)*  
*Giorgio Moroni, Manager in charge of financial reporting (signed on the original)*

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## **Report of the Board of Statutory Auditors to the Shareholders' Meeting in compliance with art. 153 of Legislative Decree no. 58/1998 and art. 2429, paragraph 2, of the Italian Civil Code**

Milan, Tuesday, March 22, 2016

To the Shareholders,

In compliance with article 153 of Legislative Decree no. 58/1998 ("TUF", consolidated law on finance) 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 the operations performed during the year, as well as on any omissions and questionable 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 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 Italian Professional Associations 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 27, 2014, and its members are Francesco Di Carlo (Chairman), Angelo Casò and Luciana Ravicini. Barbara Berlanda, Paolo Ludovici and Maria Rachele Vigani are substitute auditors.

The Board of Statutory Auditors has held 14 meetings since its previous report (April 16, 2015) and 15 meetings in 2015. The entire Board or in any case some of its members also attended all 8 meetings of the Board of Directors, the 2 meetings of the Executive Committee, the 9 meetings of the Control & Risks Committee (held in some cases jointly by the two company bodies), the 4 meetings of the Committee for Transactions with Related Parties and the 3 meetings of the Remuneration Committee.

### ***Significant events during the year***

During the year the company signed an agreement for the sale of Italcementi to HeidelbergCement: the transaction – approved by the Board of Directors in July 2015, currently underway and due to be completed provided the necessary authorization is obtained from the competent antitrust authorities – will allow the company to sell the entire equity investments in Italcementi to HeidelbergCement for a price of 10.60 euro per share, and therefore for a total of 1,666 million euro. In this regard, please note that:

- part of the sale price will be paid by assigning the company newly issued shares in HeidelbergCement, representing 4% to 5.3% of the company's share capital, at Italmobiliare's discretion;
- under the agreement with HeidelbergCement, the company agreed to purchase certain assets from Italcementi, particularly the subsidiary's shares in Italgen and in BravoSolution and a number of properties in Rome, for a total of 241 million euro.

Considering that Italcementi has represented the biggest share owned by the Company for several years, this transaction could have a significant impact on Italmobiliare's future strategy

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and therefore its organizational structure. The Board of Statutory Auditors will focus its auditing activities on this important time of change in the company.

During the year the company also:

- sold its entire share in Finter Bank Zurich AG to the Swiss banking group Vontobel for a price of approximately 78.5 million euro, broken down into a fixed component of about 60.5 million euro and a variable component – subject to a price adjustment mechanism – of about 18 million euro. The sale price was paid to Italmobiliare partly in cash (75 million Swiss francs, equal to about 69.3 million euro) and partly in Vontobel shares (10 million Swiss francs, equal to about 9.2 million euro). The transaction resulted in net consolidated capital gains for the company of about 48.5 million euro;
- performed the merger of So.Par.Fi. into Franco Tosi S.r.l. (both companies fully owned by the Company). In November 2015, Franco Tosi shareholders resolved on a demerger which led to the creation in the month of January 2016 of Italmobiliare Servizi S.r.l., a company owned entirely by Italmobiliare concerned with general and IT services for Group companies.

For a full description of significant events during the year ended December 31, 2015, the reader is referred to the Directors' Report, which, to the knowledge of the Board of Statutory Auditors, comprehensively outlines the most significant events regarding the Italmobiliare Group.

### **Atypical or unusual transactions**

According to Communication no. DEM/6064293 of July 28 2006, atypical and/or unusual transactions are *those transactions that, in terms of materiality/significance, nature of the counterparts, object of the transaction, manner of determination of the transfer price and timing of the event (proximity to the end of the year), may raise doubts regarding: the correctness/completeness of the information in the financial statements, conflicts of interest, the protection of the company assets, the safeguarding of the minority shareholders.*

The Board of Statutory Auditors found no evidence of atypical or unusual transactions during the course of its supervisory activities.

### **Infra-group transactions or transactions with related parties**

In compliance with article 2391-bis of the Italian Civil Code and the Regulation on transactions with related parties approved by Consob regulation 17221 of March 12, 2010, the company has implemented a "Procedure for Transactions with Related Parties" and has established a "Committee for Transactions with Related Parties".

The Procedure had been updated by the Board of Directors in response to a proposal made by the Committee for Transactions with Related Parties in the course of the previous year. During the year ended December 31, 2015, the work of the Committee for Transactions with Related Parties did not reveal any need for further changes to the Procedure adopted by the company (and published on its internet site), which, in the opinion of the Board of Statutory Auditors, is aligned with the requirements of current legislation, market practice and the characteristics of the company.

In 2015, the Committee met to examine a number of aspects of the company's relations with HeidelbergCement. The Committee focused specifically on transactions with related parties and the correlation index (as defined in the Procedure), and on further aspects of the transaction – which is not inherently subject to the Procedure – in relation to which the Committee had planned a prior investigation of transactions with related parties under the agreement with HeidelbergCement.

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The Board of Statutory Auditors attended all the Committee's meetings and confirms that its work was performed correctly.

In addition to transactions with related parties in the context of the sale of Italcementi to HeidelbergCement (including those connected with the transfer of assets from Italcementi to Italmobiliare under the agreement with HeidelbergCement), to the best of our knowledge, the only other infra-group transactions conducted in 2015 consist primarily of reciprocal providing of administrative services, legal consultation, organizational services, lease and financial services. No anomalies emerged from the Board of Statutory Auditors' analysis of the information made available to it.

A detailed disclosure on transactions with related parties is provided in the Directors' Report, in the notes to the consolidated financial statements as at and for the year ended December 31, 2015, in the Directors' Report and in the notes to the separate financial statements as at and for the year ended December 31, 2015.

### ***Supervisory activities in accordance with the Consolidated Legal Auditing Act "Testo Unico della Revisione Legale dei conti"***

The Board of Statutory Auditors, identified as the "Control and Risks and Legal Audit Committee" under Legislative Decree no. 39/2010, is required 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 financial reporting and with the Head of the internal audit department (who, in turn, monitors the financial disclosure process), with Legal Affairs and with the Manager in charge, each in their own area of concern, obtaining from them evidence about the process used to prepare financial disclosures, about the company's administrative and accounting procedures and about the reporting process adopted by the subsidiaries, also in accordance with article 114, paragraph 2 of Legislative Decree 58/98 and article 36 of Consob regulation no. 16191/2007.

The work of the Board of Statutory Auditors did not reveal any acts or omissions requiring discussion in the Shareholders' Meeting.

#### *ii) Supervision of the effectiveness of the internal control, internal audit and risk management systems*

The entire Board of Statutory Auditors or a number of its members attended all meetings of the Control & Risks Committee. The Board of Statutory Auditors also held joint meetings with the Committee. This work involved a constant exchange of information on the work of the two bodies.

As part of its supervisory duties, the Board of Statutory Auditors periodically met with the Head of the Internal Audit Department, on some occasions jointly with the Control & Risks Committee, and obtained updates on the execution of the audit plan, and on the audits conducted and their

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outcome. The Board of Statutory Auditors also received from the Head of the Internal Audit Department the reports drawn up upon completion of the individual control activities performed by the Internal Audit Department.

Through its meetings with and examination of the documents provided by the Head of the Internal Audit Department, the Board of Statutory Auditors ascertained the adequacy and operation of the company's internal control system, compliance with law and with company procedures and processes, and the implementation of the relevant improvement plans recommended by the Department.

Until the time of sale, the Board of Statutory Auditors paid particular attention to the subsidiary Finter Bank, which has its own Internal Audit Department. The Board of Statutory Auditors continued – jointly with the Control & Risks Committee and through the Head of the Internal Audit Department – to monitor the Bank's control system following the emergence of certain issues in the 2013 Regulatory Report. To the best of the Board of Statutory Auditors' knowledge, the actions taken resulted in an appreciable improvement in the Bank's auditing and governance system. During the period described in this Report, the Head of the company's Internal Audit Department confirmed the adequacy of the flows of information received by Finter Bank's Internal Audit Department and, in general, by the various parties involved in the Bank's auditing system.

The Board of Statutory Auditors received and examined the Audit Plan for 2016, which it deems adequate. Note that during the time period taken into consideration by the audit plan is just one year; the Internal Audit Department agrees with the decision not to prepare a multi-year plan, because of the need to take into account the potential impact of the execution of the agreement for sale of all the company's shares in Italcementi to HeidelbergCement on the company's and the group's future strategy and organization.

The Board of Statutory Auditors has viewed the report prepared by the Independent Auditor under art. 19, paragraph 3 of Legislative Decree no. 39/2010 regarding important issues which emerged during the legal audit, which does not report any significant problems with the company's internal audit system in relation to the financial reporting process.

With regard to the subsidiaries which are excluded from the company's audit plan, as they have their own audit departments, the Head of the Internal Audit Department and the Control & Risks Committee proceeded to examine and assess reports received from the similar audit departments in these companies. The reports prepared by the competent departments in Italcementi, Sirap Gema and Crédit Mobilier revealed that these companies' internal audit and risk management systems are adequate. Monitoring of Finter Bank's follow-up to the 2013 Regulatory Report continued until the bank was sold in September 2015.

In relation to the company's biggest subsidiary, as part of the exchange of information with Italcementi's Board of Statutory Auditors, the company's Board of Statutory Auditors was able to confirm that the internal audit department of Italcementi is adequate and qualified. Moreover, the Board of Statutory Auditors viewed the annual report of Italcementi's Board of Statutory Auditors, issued on March 10, 2016, which reveals no particular critical points in its internal audit system.

As for the information provided in the Board of Statutory Auditors' Report on 2014, we may confirm that in 2015 the company identified and hired a person in charge of internal auditing at Sirap Gema, which now has its own internal audit department. In view of this, the Board of Statutory Auditors obtained confirmation from the head of the company's Internal Audit Department of the adequacy of the available resources and the department's ability to implement the 2015 audit plan.



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On the basis of all of the above, and, specifically, of the information provided to the Board of Statutory Auditors by the Control & Risks Committee and the Head of the Internal Audit Department, the powers, resources and tools made available to the Head of the Internal Audit Department by the company's Board of Directors in the period covered by this Report were adequate and appropriate.

In view of the results of the work performed, the information obtained by the the Control & Risks Committee and the statements made by the Committee in its Annual Report, taking into account the content of the Report prepared by the Independent Auditor under art. 19, paragraph 3 of Legislative Decree no. 39/2010 with the support of discussions with the Committee, and taking into account the information acquired by Italcementi's Board of Statutory Auditors (on the internal audit system of the company's principal subsidiary) and reported in the Annual Report of the subsidiary's Control & Risks Committee, and the information acquired by the competent bodies in Finter Bank (until its sale), Sirap Gema and Crédit Mobilier, the Board of Statutory Auditors considers the internal audit system and the Internal Audit Department substantially adequate and effective. At the same time, during the current year the Board of Statutory Auditors will continue to monitor the adequacy of the company's Internal Audit Department (and particularly the resources allocated) both in the current phase of execution of the contract for sale of the Italcementi shares and following completion of the operation (i) of the impact on Italmobiliare's strategy and organizational structure, and (ii) in view of Italcementi's purchase of shares in Italgem and BravoSolution (in addition to a number of properties in Rome).

The company has not established a specific risk management function, delegating this task to the various operating departments. At the same time, the Board of Statutory Auditors noted the risk management project launched by Italmobiliare – based on a new model that takes into account the specific characteristics of the different businesses in which the company operates – and were informed by the Italcementi Board of Statutory Auditors that the risk management system of the company's main subsidiary continues to be well structured and effective, and was also informed by the Head of the company's Internal Audit Department that an Enterprise Risk Management project has been introduced in the Sirap Group. Consequently, it is our opinion that operating risks are adequately monitored at the Group-wide level, although the need for an autonomous risk management department will need to be re-examined in the future, in the light of developments in the group and the operating environment, so as to ensure adequate control of risks that could potentially arise from the activities of the company and the other subsidiaries.

*iii) Supervision of the legal auditing of the separate financial statements and the consolidated financial statements*

The Board of Statutory Auditors periodically met with the management of the independent auditor (KPMG S.p.A.) to exchange information as planned. During these meetings the Board of Statutory Auditors was provided with information on the important issues which emerged during the audit in relation to the issues of assessment, and particularly impairment, and to the implications of the sale of Italcementi shares to HeidelbergCement, with specific reference to the accounting standards applied. We were advised that, during the audit, no significant deficiencies emerged in the internal control system in terms of the financial reporting process, also with regard to article 19, paragraph 3 of Legislative Decree no. 39/2010.

*iv) Supervision of the independence of the independent auditors, especially with regard to 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 in the

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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. In the year ended December 31, 2015, KPMG S.p.A. and companies in its network received a total of 3,392 thousand euro from the Italmobiliare Group (as compared to 4,419 thousand euro in the year ended December 31, 2014), broken down as follows: 2,695 thousand euro for auditing (as compared to 3,006 thousand euro in the year ended December 31, 2014) and 697 thousand euro for various other services (as compared to 1,413 thousand euro in the year ended December 31, 2014). From January 1, 2016 to the date of this report, the companies in the KPMG network did not provide Italmobiliare S.p.A. with 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, affect the independence of the independent auditors.

### ***Separate and consolidated financial statements***

As regards the separate and the consolidated financial statements for the year ended December 31, 2015, provided that 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 the law in terms of form and structure, and has no observations to make in this regard;
- the separate and the consolidated financial statements for the year ended December 31, 2015 were prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, in force as of December 31, 2015, which are duly illustrated in the notes. The notes also illustrate the standards, amendments and interpretations endorsed by the European Union after December 31, 2014;
- 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 the Executive Committee and in carrying out its supervisory activities;
- once again, in 2015 the company paid particular attention to testing for impairment;
- the provisions of article 154-ter, paragraph 1-ter, Legislative Decree no. 58/98 were complied with.

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 financial statements and the consolidated financial statements for the year ended December 31, 2015, and observed:

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- the opinions on the separate financial statements and the consolidated financial statements for the year ended December 31, 2015 contained therein, from which it emerges that they comply with the regulations governing their preparation and provide true and fair view of the financial position and the results of operations, both of the company and at the consolidated level;
- a reference to the information in the Report on the Consolidated Financial Statement prepared by the independent auditor under art. 16 of Legislative Decree no. 39/2010 regarding the note on “Significant events and changes in the scope of consolidation” and note 37 describing the sale of all the company's shares in Italcementi to HeidelbergCement and its impact on the accounts with application of IFRS accounting standard 5. In this note, motivated by the exceptional nature of the sale of Italmobiliare's principal equity investments, held for many years, and its impact on the accounts as of December 31, 2015, the Independent Auditor notes that its opinion does not contain any significant comments on this aspect.

The note to which the Independent Auditor draws attention is concerned with:

- a. application of the method outlined in IFRS 5 as a result of the sale, which required re-statement of the results of operations and equity of the discontinued Italcementi Group as of December 31, 2015 in connection with the suspension for the period October 1 – December 31, 2015 of amortization and depreciation and of impairment losses on the non-current assets in the discontinued group net of the tax effect. This generated a positive change in the Italcementi Group's results of operations and equity for an overall amount of 105 million euro (of which 93.8 million euro attributable to the Italcementi Group and 11.2 million euro to non-controlling interests).
  - b. the fact that the Directors noted that the overall amount of the Italcementi Group's equity relating to the assets sold by Italmobiliare, plus goodwill recognized in Italmobiliare's consolidated financial statements pertaining to Italcementi, adjusted for suspension of amortization, depreciation and impairment losses as described above, generated a “carrying amount of the disposal group” of 1,418 million euro as of December 31, 2015, with respect to a fair value net of costs to sell of 1,452 million euro. As a result, since fair value (less costs to sell) is higher than the carrying amount, it was not necessary to adjust the carrying amount in the Italmobiliare consolidated financial statements.
- the opinion regarding the consistency of the Directors' Report of the company and the Group 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 Auditors has also viewed the Statements prepared by the Managing Director and by the Manager in charge of financial reporting under art. 154-bis, paragraph 5 of Legislative Decree no. 58/98 regarding the separate and consolidated financial statements and acknowledges the completeness of their content.

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## ***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 the best of 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, supervised compliance with the law and the by-laws, as well as with the principles of proper governance 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 all the meetings of the Board of Directors and the Executive Committee and obtained periodic information from the Directors on general operations, on the expected outlook, as well as on the most significant financial and business transactions performed by the company. It ensured 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 integrity of the company assets. The Board of Statutory Auditors also attended shareholders' meetings and special meetings of savings shareholders.

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 27, 2014 – is made up of 14 directors, 6 of whom possess the requirements of independence envisaged in the Code of Conduct. The Board of Directors held 8 meetings in 2015;
- the Executive Committee is made up of 5 directors and met twice in 2015. 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 3 directors, 2 of whom possess the requirements of independence envisaged in the Code of Conduct. In 2015, the Control & Risks Committee held 9 meetings. Some of the meetings were held as joint meetings of the Board of Statutory Auditors and the Control & Risks Committee;
- the Remuneration Committee is made up of 3 Directors, 2 of whom possess the requirements of independence envisaged in the Code of Conduct. The Remuneration Committee held 3 meetings in 2015, to examine and approve the remuneration policy for executive directors with special powers and key management personnel, and made recommendations to the Board of Directors regarding remuneration of directors and managers. During the time period covered by this Report, following Mr. Tononi's resignation, the Remuneration Committee was completed by appointing Mr. Sfameni and Mr. Zanetti was appointed to chair the Committee;
- the Committee for Transactions with Related Parties is made up of 3 independent directors. The Committee met 4 times in 2015 to examine a number of transactions conducted by the

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Company with related parties. In this regard, as we have seen, the Committee's activities were essentially concerned with the sale of Italcementi to HeidelbergCement. In this context, in addition to transactions with related parties and with parties with a high degree of correlation (as defined in the Procedure), we also examined further aspects of the transaction – which are not in themselves subject to application of the Procedure – in relation to which the Committee for Transactions with Related Parties had ordered a prior assessment on the advice of the advisor asked to express an opinion on the consistency of the price for sale of a number of Italcementi assets to Italmobiliare. The Committee also assessed whether the Procedure for Transactions with Related Parties required revision subject to the Board's approval, and decided that it did not.

By attending the meetings 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 Executive Committee, 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 procedure for transactions 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 2015 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 Head of the Internal Audit Department, receiving from him information on the outcome of his activities;
- the members of the Supervisory Board, formed pursuant to Legislative Decree no. 231 of June 8, 2001, and received from them information on the outcome of their supervisory activities, supported by the Supervisory Board Reports to the Board of Directors. The reports reveal that no anomalies or exceptionable facts were encountered and that the Supervisory Board had 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 financial reporting;
- the Board of Statutory Auditors of Italcementi, which provided information on the subsidiary's management and internal control systems, deemed to be effective and adequate, and on the company's general operations.

During the above supervisory activities, no omissions, questionable facts or irregularities warranting a report to the relevant external supervisory and monitoring bodies or a mention in this report were encountered.

During the 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.

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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 their opinion on the financial statements, has no grounds to oppose the approval of the financial statements as at and for the year ended December 31, 2015 prepared by the Board of Directors 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  
Luciana Ravicini





**KPMG S.p.A.**  
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**(Translation from the Italian original which remains the definitive version)**

## **Independent auditor's report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010**

To the shareholders of  
Italmobiliare S.p.A.

### **Report on the separate financial statements**

We have audited the accompanying separate financial statements of Italmobiliare S.p.A., which comprise the statement of financial position as at 31 December 2015, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### ***Directors' responsibility for the separate financial statements***

The directors of Italmobiliare S.p.A. are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of separate financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the separate financial statements give a true and fair view of the financial position of Italmobiliare S.p.A. as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

## **Report on other legal and regulatory requirements**

### ***Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and ownership structure with the separate financial statements***

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in its specific section on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of Italmobiliare S.p.A. directors, with the separate financial statements. In our opinion, the directors' report and the information presented in its specific section on corporate governance and ownership structure referred to above are consistent with the separate financial statements of Italmobiliare S.p.A. as at and for the year ended 31 December 2015.

Milan, 22 March 2016

KPMG S.p.A.

(signed on the original)

Luisa Polignano  
Director of Audit



## Summary of resolutions

The Annual General meeting, held on May 21, 2016, in Milano, via Filodrammatici no. 3, and attended in person and by proxy by 162 shareholders holding a total of 18,450,147 ordinary shares over 22,182,583 outstanding ordinary shares

**resolved**

### at the ordinary session

- 1) • To approve the Directors' Report on operations and the 2015 financial statements, consisting of the statement on financial position, income statement and explanatory notes, which reflect a profit of 19,523,195.09 euro, as presented by the Board of Directors as a whole, in the individual accounting entries and with the proposed allocations;
  - to allocate the profit for the year as follows:

<b>Profit for the year</b>		<b>19,523,195.09</b>
- 5% of the nominal value of 2.60 euro to the 16,314,662 <sup>1</sup> savings shares equivalent to 0.13 euro per share with reference to financial year 2015	2,120,906.06	2,120,906.06
<b>Balance</b>		<b>17,402,289.03</b>
To the translation reserve		190.80
<b>Balance</b>		<b>17,402,098.23</b>
- to the 21,329,322 <sup>2</sup> ordinary shares 0.400 euro per share	8,531,728.80	8,531,728.80
- to the 16,314,662 <sup>1</sup> savings shares an additional 0.348 euro per share	5,677,502.38	5,677,502.38
<b>Total dividends</b>	<b>16,330,137.24</b>	
<b>Balance</b>		<b>3,192,867.05</b>
<b>Carried forward</b>		<b>3,192,867.05</b>
<b>Total retained earnings</b>		<b>149,774,270.02</b>

<sup>1</sup> net of the 28,500 savings treasury shares held at March 3, 2016

<sup>2</sup> net of the 853,261 ordinary treasury shares held at March 3, 2016

- to authorize the Chairman, the Chief Executive Officer - Chief Operating Officer and the Deputy Chairman, severally, should the number of ordinary treasury shares change before the dividend date:
    - to increase the caption "Retained earnings" by an amount equivalent to the dividend entitlement of any purchased ordinary shares,
    - to reduce the caption "Retained earnings" by an amount equivalent to the dividend entitlement of any sold ordinary treasury shares.
- 2) to agree upon the first section of the Remuneration Report drafted by the Board of directors.
  - 3) Having revoked the resolution authorizing the acquisition and disposal of treasury shares adopted by the ordinary Shareholders' Meeting of May 27, 2015, to authorize, pursuant to art. 2357 of the Civil Code, the purchase of ordinary and/or savings treasury shares, in the amount, against consideration and according to the terms and conditions below:
    - the purchasing can be made once or more times, within 18 months from the resolution date;

- 
- the purchase price of each share shall not exceed nor be lower than 15% of the average reference share price occurred on the same regulated market in the 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 100 million;
  - the maximum number of ordinary and/or savings shares purchased 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.











