ITALMOBILIARE

2013 Annual Report

Draft

ITALMOBILIARE

2013 Annual Report

March 26, 2014

ITALMOBILIARE
Società per Azioni

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

Contents

Presentation

This is an english courtesy translation of the original documentation prepared in italian language.
Please refer to the original document. In case of discrepancy, the italian version will prevail

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

Board of Directors

(Term ends on approval of financial statements at 12.31.2013)

Giampiero Pesenti	1-2	Chairman - Chief Executive Officer
Italo Lucchini	1-3	Deputy Chairman
Carlo Pesenti	1	Chief Operating Officer
Mauro Bini	4-5-6-8	
Giorgio Bonomi	4	
Gabriele Galateri di Genola	3-6	
Sebastiano Mazzoleni		
Luca Minoli		
Gianemilio Osculati	6	
Giorgio Perolari	1-3-4-5-6	
Clemente Rebecchini		
Paolo Domenico Sfameni	5-6-9	
Livio Strazzera	1-7	
Laura Zanetti	6	
Graziano Molinari	10	Secretary to the Board

Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2013)

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

Manager in charge of preparing the company's financial reports

Giorgio Moroni

Independent Auditors

KPMG S.p.A.

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

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

Board of Directors

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

Italo Lucchini – Director since June 17, 1999
Born in Bergamo, December 28, 1943
Degree in economics & commerce – Bocconi University, Milan.
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 at Unione di Banche Italiane S.c.p.a. and Chairman of the Board of Statutory Auditors of BMW Italia S.p.A. and of three of its subsidiaries, and of Fedrigoni S.p.A. and San Colombano 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 May 14, 2001, Chief Operating Officer of Italmobiliare S.p.A.
Member of the Executive Committee of Confindustria since 2003, in 2012 he was appointed Chairman of the Confindustria Reforms Commission.
In 2013 he joined the Corporate Governance Committee promoted by ABI, Ania, Assonime, Assogestioni, Borsa Italiana and Confindustria.

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

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

Gabriele Galateri di Genola – Director since May 19, 2005
Born in Rome, January 11, 1947
Married with a daughter. Cavaliere del lavoro.
Chairman of Assicurazioni Generali S.p.A. since April 8, 2011.
After the Master in business administration from Columbia University Business School, began his career in 1971 at Banco di Roma, in the Central Division, first as head of the Financial Analysis Office and later as head of the International Financing Office.
1974 joined the Saint Gobain Group, first in Italy as Finance Director, later in Paris, where he stayed until 1976.
1977, joined Fiat S.p.A., holding increasingly senior posts: from North-Central-South America Area Manager of the International Financial Division to head of the International Financial Division, ultimately Chief Financial Officer.
1986 appointed CEO of IFIL S.p.A., and in 1993, CEO and General Manager of IFI, holding the posts until 2002.
June 2002, appointed CEO of FIAT S.p.A..
April 2003 to June 2007, Chairman of the Board of Directors of Mediobanca S.p.A., from December 3, 2007 to April 12, 2011 Chairman of Telecom Italia S.p.A., where he is still a member of the Board of Directors.
Non-executive member of the Board of Directors of Azimut – Benetti S.p.A., Saipem S.p.A., Lavazza S.p.A., Fondazione Giorgio Cini – Onlus, Edenred S.A. and Fondazione Studium Marcianum.
Chairman of the Istituto Italiano di Tecnologia and member of the International Advisory Board of the Columbia Business School.

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 & 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 from 1987 to 1992.
Currently Chairman, CEO and director in a number of Italian and international industrial, financial and insurance companies.

Giorgio Perolari – Director since September 11, 1990
Born in Bergamo, January 5, 1933
Degree in economics & commerce.
Chairman and CEO of Perofil S.p.A.
Previous posts as Director of Banca Popolare di Bergamo, Director B.P.U., Banca 24.7 and supervisory Director of U.B.I. Banca.

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 directorr of Mediobanca S.p.A., chairman of Telco S.p.A., Vice Chairman of Assicurazioni Generali S.p.A. and non-executive director of Atlantia S.p.A.

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

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

Laura Zanetti – Director since November 14, 2013

Born in Bergamo on July 26, 1970, she is married with two children.

Degree in Corporate Economics from the 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.

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 Tatozzi 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 Italmobiliare S.p.A., 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.

Has spoken at conferences in Italy and abroad and has published articles in Italian and international business dailies, specialist reviews and other law reviews.

Angelo Caso'

Born in Milan, August 11, 1940

Degree in economics & commerce – Bocconi University, Milan.

Registered on the Milan Order of Certified Accountants and the Register of Account Auditors.

Chaired the Fédération des Experts Comptables Européens (F.E.E.) from 1991 to 1993, after serving as Deputy Chairman for six years.

Since 1993 cooperates with the International Federation of Accountants (IFAC), in a variety of roles on committees and the Board of Directors. Currently a member of the IFAC - Compliance Advisory Panel Committee.

Member of the Milan Arbitration Chamber from 1998 to 2005.

Since 2008 chairs the Management Committee of the Organismo Italiano Contabilità (OIC), and from 2004 to 2008 chaired the OIC Scientific Technical Committee.

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

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

Leonardo Cossu

Born in Verona, May 23, 1958

Degree in economics & commerce – Brescia University.

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

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

Has particular professional experience in the corporate field and, since around twenty years, has served as a director or independent director of a company listed on the Milan stock exchange, following the admission to trading procedure having regard to legal/operational aspects as well as to the relations of the Company and its Committee with the shareholders in general.

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

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

Notice of Call

Those who are entitled to the voting rights at Italmobiliare S.p.A. Annual General Meeting are hereby called to attend the Ordinary and extraordinary General Meeting on single call on May 27, 2014 at 10.30 a.m., in Milan, 1, Piazza Belgioso, at Intesa Sanpaolo meetings' room, to resolve upon the following:

Agenda

Extraordinary Items

Proposal to reduce the revaluation reserves and other tax-deferred reserves. Consequent and ensuing resolutions.

Ordinary Items

1) Board of Directors and Board of Statutory Auditors Reports on 2013 fiscal year: examination of financial statements as at December 31, 2013 and ensuing resolutions;
2) Remuneration Report;
3) Authorization to purchase and dispose of treasury shares;
4) Appointment of the Board of Directors, upon determination of the term of office and the number of its members. Consequent and ensuing resolutions;
5) Determination of the remuneration to be granted to the Board members;
6) Appointment of the Statutory Auditors, of the Chairman of the Board of Statutory Auditors and determination of its compensation

* * *

Entitlement to take the floor

Those who prove to be entitled to the voting rights at the end of the seventh open market day before the meeting date on single call (May 16, 2014 – Record date), have the right to take the floor.

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

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

Entitlement to take the floor at the Meeting and to exercise the voting right is proved by a notice served by the authorized Intermediary to the Company, according to its accounting records, in favour of the person/entity who is entitled to the voting right. The captioned notice must reach the Company before the end of the third open market day (i.e. by May 22, 2014) prior to the scheduled Meeting date. No prejudice to the right to take the floor and vote at the Meeting will be suffered should the Company receive the notice after the above mentioned deadline, provided that it is received before the beginning of the Meeting.

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

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

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

Vote by proxy

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

* * *

Supplements to the agenda

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

The supplement to the items on the agenda will be disclosed to the public, following the same procedure provided for the publication of this notice of call, at least fifteen days before the Meeting date (i.e. by May 12, 2014); at the same time, the report drafted by shareholders who made the request will be publicly available, along with relevant remarks, if any, made by the Board of Directors.

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

Right to raise questions on the items on the agenda

Those who are entitled to the voting rights can also submit questions on the items on the agenda before the Meeting. In order to facilitate the appropriate development and preparation of the Meeting, the questions must be received by the Company by May 24, 2014 by means of a registered letter sent to the headquarters (Corporate Affairs Department– at the above mentioned address) or by sending notice to the address of certified e-mail: *affarisocietari.italmobiliare@legalmail.it* along with proper documentation issued by an authorized Intermediary providing evidence of the entitlement to the voting right. Questions submitted before the Meeting will be answered during the Meeting at the latest. The Company can provide with a sole answer to questions having the same content.

* * *

Appointment of the Board of Directors

The appointment of the Board of Directors shall occur on the basis of lists.

Lists may be presented only by shareholders who, alone or together with other shareholders, can prove they hold, as at the filing date, an overall percentage of the share capital with voting rights no lower than 2.5%.

No shareholder may present or participate in the presentation of more than one list, neither through third parties or trust company.

Shareholders belonging to the same group and shareholders who are party to a shareholders' agreement on the Company shares may not present or vote for more than one list, neither through third party or trust companies.

Any lists filed in violation of these restrictions are not accepted.

In each list the names of candidates must be listed in sequential order.

Being the first application of the regulation on gender balance among corporate bodies of listed companies, lists including a number of candidates equal to or greater than three must be composed of candidates representing both genders, so that one or the other gender represents at least one fifth (rounded upwards) of candidates.

Each candidate may be presented on one list only under penalty of ineligibility.

Lists must be filed 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* at least 25 days before the Meeting date (i.e. by and not later than May 2nd, 2014) along with the following documentation:

a) statements by which individual candidates accept their candidature and, under their own responsibility, state the non-existence of ineligibility causes and possession of the integrity requirements established by law;
b) a brief resume concerning personal and professional skills of each candidate, with indication of their position as director and statutory auditor in other companies;
c) statements of each candidate about the possession of the independence requisites required by the law and the Code of Conduct;
d) information on the identity of shareholders who have submitted the lists;
e) 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 documentation issued by the authorized Intermediary and providing evidence of the entitlement to the voting right as at the filing date of the lists can be produced also afterwards, but in any case at least 21 days prior to the scheduled Annual General Meeting (i.e. by and not later than May 6th, 2014).

Lists filed in breach of the above provisions are considered as not filed.

* * *

Appointment of the Board of Statutory auditors

The appointment of the Board of Statutory Auditors shall occur on the basis of lists.

Lists may be presented only by shareholders who, alone or together with other shareholders, can prove they hold, as at the filing date, an overall percentage of the share capital with voting rights no lower than 2,5%.

No shareholder may present or participate in the presentation of more than one list, neither through third parties or trust company.

Shareholders belonging to the same group and shareholders who are party to a shareholders' agreement on the company shares may not present or vote for more than one list, neither through third party or trust companies.

Lists presented in violation of these restrictions will not be accepted.

Each list shall be made up of two sections: one for candidates for the office of Acting Auditor, the other for the candidates for the office of Substitute Auditor.

The names of no more than three candidates for the office of Acting Auditor and no more than three candidates for the office of Substitute Auditor must be listed in each section, by means of a progressive number.

Being the first application of the regulation on gender balance among corporate bodies of listed companies, lists including a number of candidates equal to or greater than three must be composed of candidates representing both genders, so that one or the other gender represents at least one fifth (rounded upwards) of candidates to the post of Acting Auditor and at least one fifth (rounded upwards) of candidates to the post of Substitute Auditor.

Each candidate may be presented on one list only under penalty of ineligibility.

Lists must be filed with the company head office (Corporate Affairs Department – to the above mentioned address) or by sending notice to the address of certified e-mail: *affarisocietari.italmobiliare@legalmail.it*, at least 25 days before the meeting date on first call (i.e. by May 2nd, 2014), along with the following documentation:

a) statements by which individual candidate accept their candidature and, under his/her own responsibility, state the non-existence of causes for ineligibility or incompatibility as well as the entitlement of further requirements established by the law, company bylaws and Code of Conduct;
b) a brief resume on the personal and professional skills of each candidate with indication of their position as director and statutory auditor in other companies;
c) information on the identity of shareholders who have presented lists;
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 intermediary certification proving ownership of the shareholding prescribed at the date on which lists are presented may also be produced after the filing of the list provided that it reaches the company within 21 days before the meeting date on first call (i.e. by May 6th, 2014).

A list presented not in compliance with the above provisions will be considered as not presented.

In the event, by the deadline of 25 days before the date of the Meeting (i.e. by May 2nd, 2014), a single list has been filed, or only lists presented by shareholders who are connected to each other under current regulations, further lists can be presented until the following third day, and the threshold of 2,5% above mentioned will be halved.

* * *

Disclosure information

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

In particular:

Extraordinary session

* sole item on the agenda: 30 days prior to the Meeting

Ordinary session

* 1st item on the agenda: before April 30, 2014;
* 2nd and 3rd item on the agenda: 21 days prior to the Meeting.
* 5th item on the agenda: 30 days prior to the Meeting;
* 4th and 6th item on the agenda: 40 days prior to the Meeting;

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

* * *

Information concerning the share capital and shares with voting rights

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

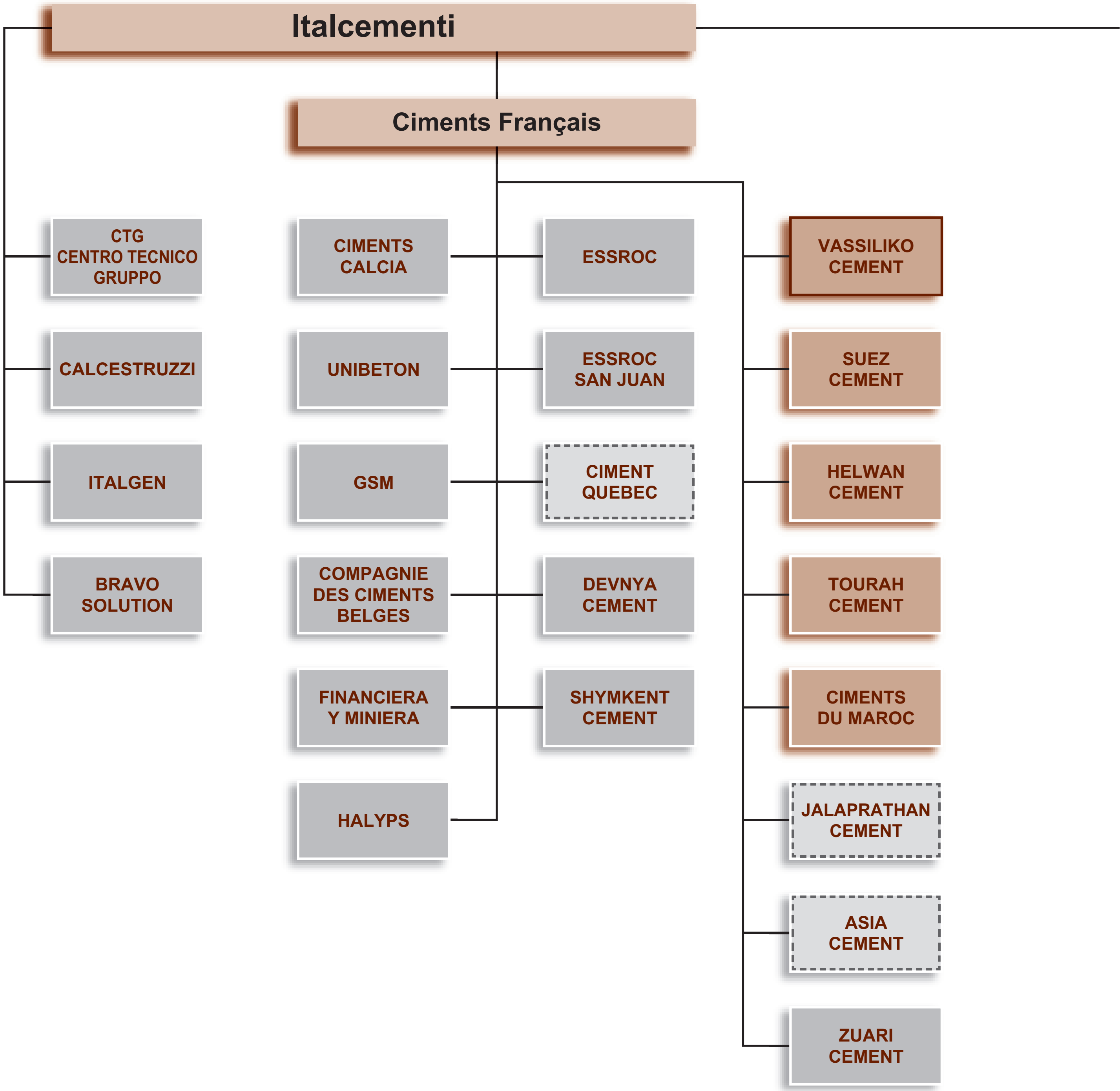
Only ordinary shares are vested with voting rights at ordinary/extraordinary General Meetings.

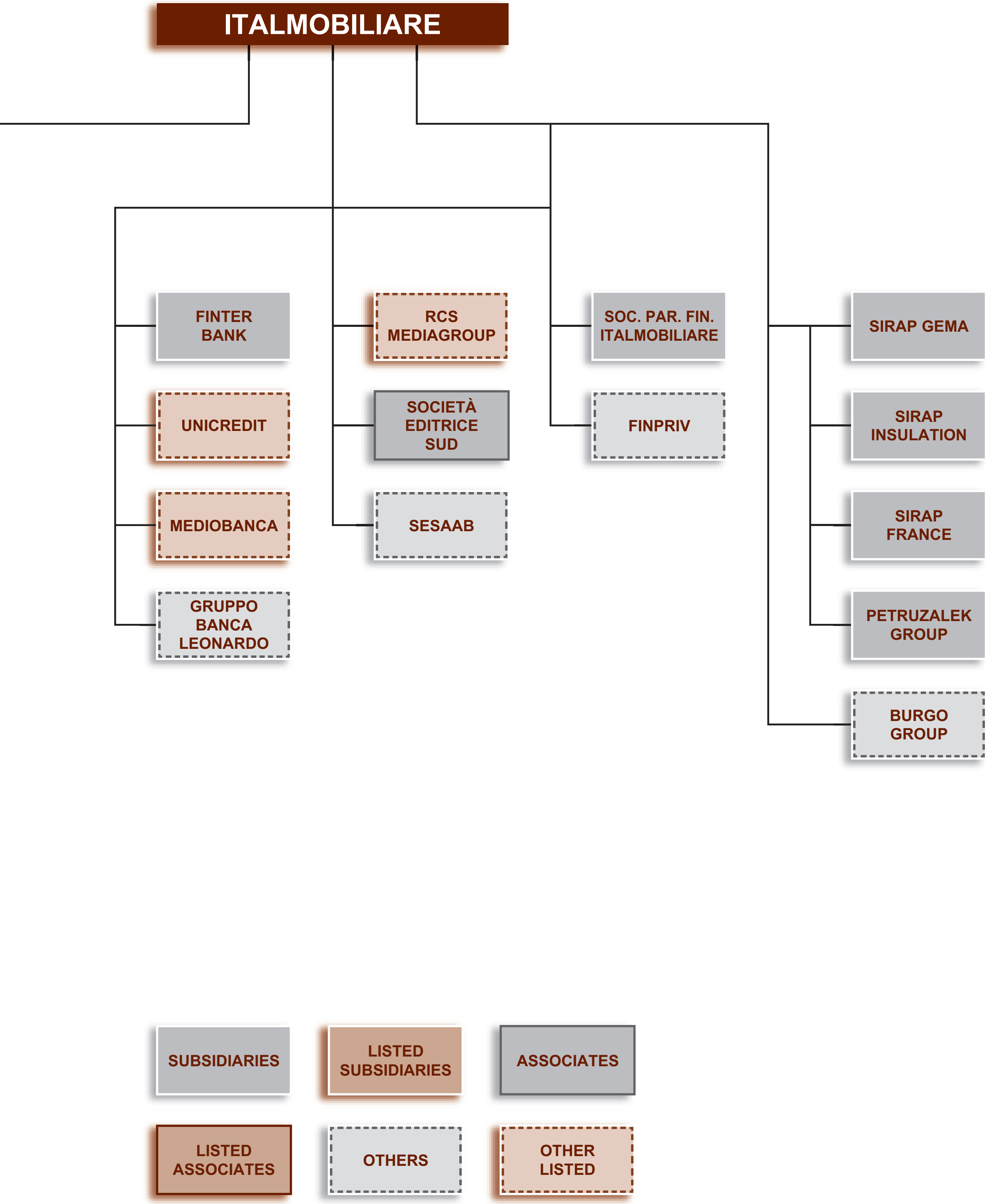
As at the date of publication of this notice of call, the number of ordinary shares representing share capital with voting rights, therefore net of 871,411 ordinary treasury shares, is equal to 21,311,172.

On behalf of the Board of Directors
The Chairman
Giampiero Pesenti

(Notice published on the Company's website on April 15, 2014 and, by extract, on "Il Sole - 24 Ore" on April 16, 2013)

Group structure
(as of December 31, 2013)



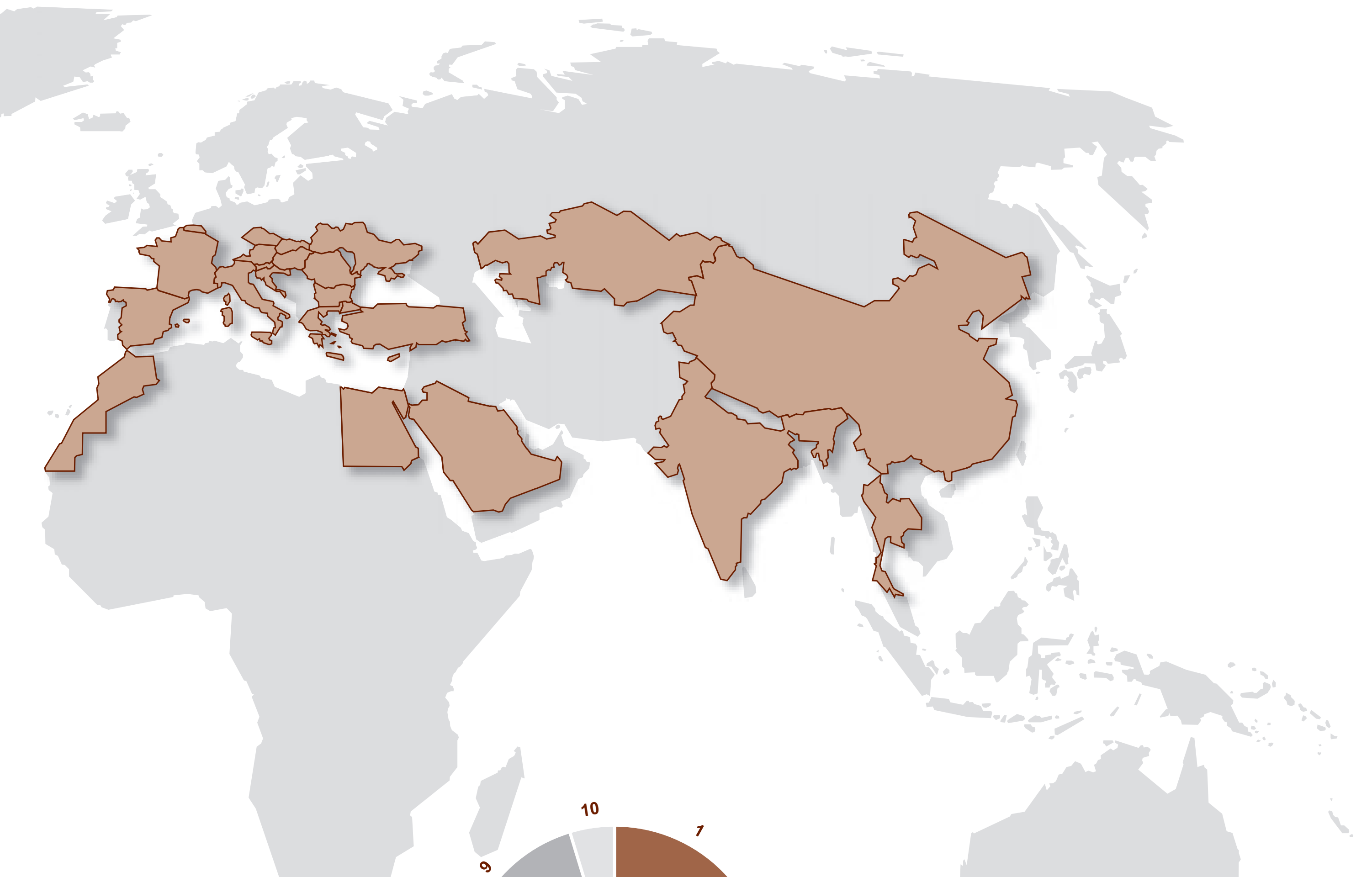


ITALMOBILIARE
FINTER BANK
UNICREDIT
MEDIOBANCA
GRUPPO BANCA LEONARDO
RCS MEDIAGROUP
SOCIETÀ EDITRICE SUD
SESAAB
SOC. PAR. FIN. ITALMOBILIARE
FINPRIV
SIRAP GEMA
SIRAP INSULATION
SIRAP FRANCE
PETRUZALEK GROUP
BURGO GROUP
SUBSIDIARIES
LISTED SUBSIDIARIES
ASSOCIATES
LISTED ASSOCIATES
OTHERS
OTHER LISTED

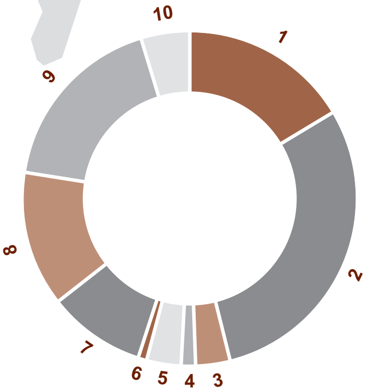
Group financial highlights

(in milions of euro)	2013	2012 re-stated	2011 IFRS 5	2010 IFRS 5	2009
Revenue	4,519.9	4,772.2	4,952.9	5,016.4	5,365.4
Recurring gross operating profit	615.3	650.4	684.8	884.2	1,055.7
Gross operating profit	604.5	622.2	722.5	881.6	1,044.0
Operating profit (loss)	129.8	(183.8)	89.4	396.7	514.7
Profit (loss) for the year	(154.4)	(474.2)	(60.6)	187.8	284.3
Profit (loss) attributable to owners of the parent	(129.7)	(272.4)	(147.7)	21.3	97.3
Capital expenditure	356.1	399.2	454.2	574.7	758.6
Total equity	4,332.8	4,715.2	5,539.6	5,932.8	5,767.1
Equity attributable to owners of the parent	1,662.1	1,781.9	2,108.4	2,359.4	2,397.6
Net financial debt	1,835.0	1,930.5	2,039.6	2,095.5	2,200.8
Net financial debt/Equity	42.35%	40.94%	36.82%	35.32%	38.16%
Net financial debt/Recurring EBITDA	2.98	2.97	2.98	2.37	2.08
(unit values)					
(Diluted) earnings (losses) per ordinary share	(3.448)	(7.239)	(3.926)	0.531	2.517
(Diluted) earnings (losses) per savings share	(3.448)	(7.239)	(3.926)	0.609	2.673
Equity attributable per share [1]	44.174	47.359	56.036	62.708	63.723
Dividend paid per sharee:					
ordinary				0.532	0.856
savings				0.610	0.934
Employees (headcount)	19,815	20,357	20,965	21,638	22,758

[1] net of treasury shares in portfolio

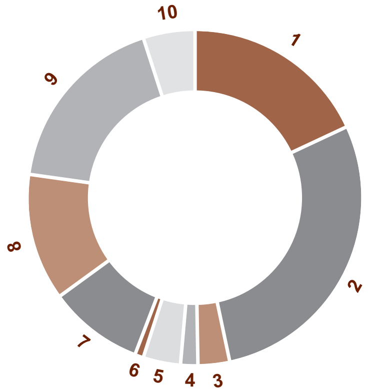


Country revenue 2013
(net of intercompany trading)



1	Italy 16.5%	6	Other European countries 0.8%
2	France 29.7%	7	North America 9.5%
3	Belgium 3.3%	8	Asia and Middle East 13.1%
4	Spain 1.4%	9	Africa 17.8%
5	Other EU countries 3.3%	10	Trading and other countries 4.6%

Country revenue 2012
(net of intercompany trading)

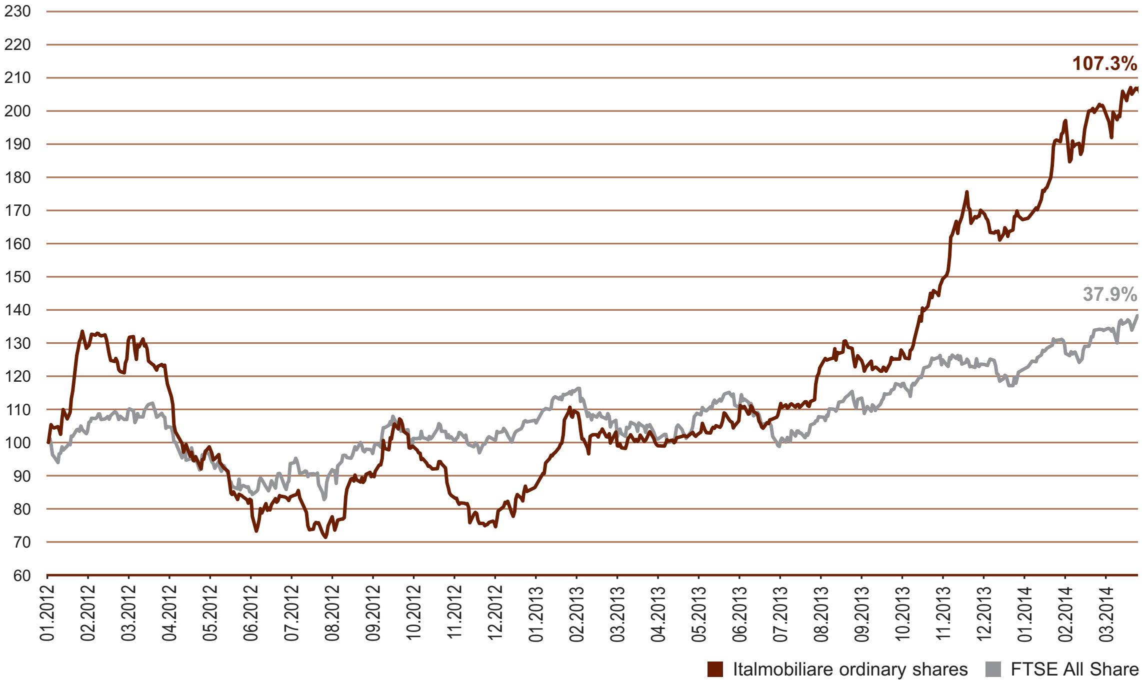


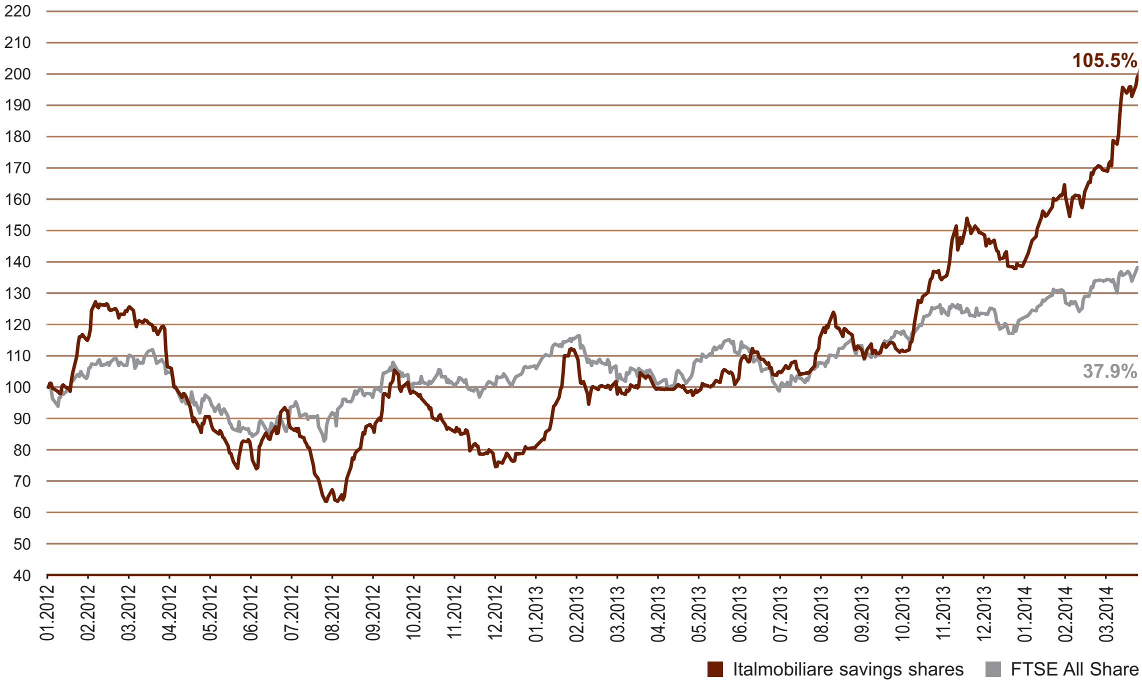
1	Italy 18.2%	6	Other European countries 1.0%
2	France 28.7%	7	North America 9.2%
3	Belgium 3.1%	8	Asia and Middle East 12.2%
4	Spain 1.7%	9	Africa 17.6%
5	Other EU countries 3.4%	10	Trading and other countries 5.0%

Italmobiliare S.p.A. on the stock exchange

Share prices from 01.02.2012 to 03.21.2014

(euro)	high		low		01.02.2012	03.21.2013	performance
Ordinary shares	30.4196	03.21.2014	10.4732	07.25.2012	14.6718	30.4196	107.33%
Savings shares	20.1954	03.21.2014	6.2398	08.03.2012	9.8252	20.1954	105.55%
FTSE All-Share	22,482.47	03.20.2014	13,427.41	07.24.2012	16,220.97	22,374.27	37.93%





Italmobiliare Group

Directors' report on Group operations

Foreword

Following the adoption by the European Union of Regulation no. 1606 of 2002, the Italmobiliare S.p.A. consolidated financial statements for 2013, and the corresponding figures for 2012, 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, 2013, 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, 2012, are set out in detail in the notes. The main impact is from the application as from January 1, 2013, of IAS 19 "Employee benefits" revised, which mainly entailed an increase in the net obligation for "defined benefit plans" owing to the recognition of net actuarial losses and the difference in the accounting treatment of interest on plan assets.

The Group also modified the accounting treatment of green certificates attributed to Italgen S.p.A.; previously, revenue relating to green certificates was recognized at the time of sale, whereas, as from 2013, it is recognized on an accruals basis when the electricity is produced from renewable sources and proportionately to the quantity produced.

For the purposes of consistent presentation with the previous year, the impact arising from the application of IAS 19 revised and from the new accounting treatment of green certificates entailed the re-statement of the financial statements for 2012. The presentation of the carrying amounts was also modified in accordance with the amendments to IAS 1 "Presentation of Financial Statements", which changed the presentation of the items of other comprehensive income, without impacting on the Group's financial position and results of operations.

Finally, as regards the **scope of consolidation**, there were no significant changes compared with 2012.

Earnings indicators

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

Specifically, the income statement presents the following intermediate results/indicators: recurring gross operating profit (loss), gross operating profit (loss), and 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 return on revenue). The use of amounts not directly reflected in the financial statements (e.g., the exchange-rate effect on revenue and on profit or loss) and the presentation of comments and assessments assist qualification of the trends in the amounts concerned.

The directors' report also provides a series of financial ratios (gearing and leverage) that are clearly of importance for a better understanding of the performance of the Group, especially with respect to previous 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.

General overview

After the slowdown seen in 2012 and the start of 2013, the global economy shows signs of recovery with differing trends among the various countries. While growth is consolidating in the United States and Japan, a slowdown has been recorded in China with repercussions on the emerging economies, especially those with structural and short-term financing problems.

Despite the continued reduction in average GDP in the euro zone over 2013, in the second part of the year the first signs of economic recovery emerged, albeit tepid and not uniform across all the countries. Economic indicators suggest, however, that the process of cyclical consolidation has continued in the first few months of 2014. In Italy industrial production, which has been falling since 2011, rose by around 1% in the last four months of 2013, driven by exports after a long period of declining market share.

The improvement in the euro zone financial markets reflects the progress in the governance of the European Union, the determination to maintain an accommodating monetary policy, and the correction of national imbalances with significant improvements in the countries hardest hit by the crisis. In the final part of 2013, yields rose on long-term treasury instruments with a high rating in the euro zone and in the United States, mainly due to the publication of some very positive economic data on the American economy and the gradual reduction in bond purchases by the Federal Reserve. The spreads on sovereign securities in the euro zone countries narrowed slightly in 2013, due to the increase in the yield on long-term instruments in countries with the highest rating and the decrease in most of the countries that were struggling. Meanwhile, the continuing credit crunch was a brake on a more rapid recovery in business levels.

In the final few months of 2013, share prices rose in most of the sectors and countries of the euro zone, with bank shares recording the best performance. In the United States, share price performance was similar overall across the various sectors, with bank stocks rising slightly more than non-banking stocks.

In this economic scenario, where the Group's industrial segments have been negatively affected by the long recession and the finance and banking segments exposed to tension on the financial markets, the Italmobiliare Group closed 2013 with a total **loss** of 154.4 million euro and a **loss attributable to owners of the parent** of 129.7 million euro. This compared respectively with a total loss of 474.2 million euro and a loss attributable to owners of the parent of 272.4 million euro in 2012.

Breakdown of consolidated loss by segment

(in millions of euro)	2013	% of total	2012	% of total
Construction materials	(63.8)	*49.2*	(159.8)	*58.7*
Food packaging and thermal insulation	(6.9)	*5.3*	(38.2)	*14.0*
Banking	(17.6)	*13.6*	(8.9)	*3.3*
Finance	(32.1)	*24.7*	(72.7)	*26.7*
Property, services and other	0.6	*(0.5)*	0.3	*(0.1)*
Inter-segment eliminations	(9.9)	*7.7*	6.9	*(2.6)*
Loss for the year attributable to owners of the parent	**(129.7)**	***100.0***	**(272.4)**	***100.0***

The other main results for the year ended December 31, 2013, were:

- **Revenue**: 4,519.9 million euro compared with 4,772.2 million euro for the year ended December 31, 2012 (-5.3%);
- **Recurring gross operating profit**: 615.3 million euro compared with 650.4 million euro for the year ended December 31, 2012 (-5.4%);
- **Gross operating profit**: 604.5 million euro compared with 622.2 million euro for the year ended December 31, 2012 (-2.8%);
- **Operating profit**: 129.8 million euro compared with an operating loss of 183.8 million euro for the year ended December 31, 2012;
- **Finance income and costs** (including exchange-rate differences and derivatives): net costs of 129.3 million euro compared with 98.2 million euro for the year ended December 31, 2012 (31.7%);
- **Impairment losses on financial assets**: 22.1 million euro compared with 32.2 million euro for the year ended December 31, 2012 (-31.4%);
- **Share of profit (loss) of equity-accounted investees**: a loss of 11.0 million euro compared with a loss of 20.0 million euro for the year ended December 31, 2012 (-44.9%);
- **Loss relating to continuing operations**: 154.4 million euro compared with 482.4 million euro for the year ended December 31, 2012 (-68.0%).

At December 31, 2013, **total equity** stood at 4,332.8 million euro compared with 4,715.2 million euro at December 31, 2012.

In 2013, **capital expenditure** totaled 356.1 million euro, down on 399.2 million euro in 2012.

Net financial debt at December 31, 2013 was 1,835.0 million euro, down from 1,930.5 million euro at the end of 2012.

As a result of the changes in equity and net financial debt, the **gearing** ratio (net financial debt/consolidated equity) rose from 40.94% at the end of 2012 to 42.35% at the end of 2013.

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

- the **construction materials segment**, consisting of the Italcementi group (Italmobiliare's main industrial investment) continued to be affected by the repercussions of the economic crisis, which conditioned demand for construction materials in Central Western Europe, while the positive contribution of the Asian markets was confirmed and a recovery emerged in North America, although trends were not uniform in all areas. The situation remained difficult in Egypt, where strong potential domestic demand was contrasted by limited energy availability, which reduced cement production capacity. Overall, the scenario generated a reduction in sales volumes in the main operating segments compared with 2012. Revenue, at 4,235.4 million euro, was down 5.4% (-2.2% on a like-for-like basis and at constant exchange rates) due to the negative sales volumes effect set against an overall positive sales prices dynamic. Recurring gross operating profit, at 631.0 million euro, was down 1.9%. Operating profit, after net non-recurring expense of 13.0 million euro, amortization and depreciation of 426.5 million euro and impairment losses on non-current assets of 32.1 million euro, totaled 159.3 million euro (a loss of 140.2 million euro in 2012). This trend was reflected in the profit before tax of 27.5 million euro (a loss of 223.5 million euro in 2012). After income tax expense of 115.9 million euro, the group posted a loss for the year of 88.4 million euro (a loss of 361.7 million euro in 2012). The loss attributable to owners of the parent was 165.0 million euro (loss of 395.2 million euro in 2012), while profit attributable to non-controlling interests was up from 33.5 million euro in 2012 to 76.6 million euro;
- the **food packaging and thermal insulation segment**, consisting of the Sirap Gema group, experienced difficult market conditions in its main countries and high procurement costs for polystyrene raw materials, which continued to have a negative impact on the segment's profit margins. In this context, after revenue of 239.7 million euro in line with 2012 (239.8 million euro), the group successfully improved its recurring gross operating profit (+12.0%) thanks to commercial action and the important financial benefits arising from restructuring and cost-cutting measures. After amortization, depreciation and impairment losses totaling 11.1 million euro (-35.7 million euro in 2012, which included significant goodwill impairment losses), operating profit was 1.1 million euro (operating loss of 30.8 million euro in 2012). Net finance costs of 6.3 million euro (an increase of 24.3%) and income tax expense of 1.7 million euro (2.4 million euro in 2012) were negative factors, with the Group reporting a loss for the year of 6.9 million euro (a loss of 38.2 million euro in 2012);
- performance in the **financial segment**, which includes the parent Italmobiliare and the wholly owned financial companies, reflected the gradual economic improvement in the euro zone and the first signs of stabilization in Italy. The segment posted gains from liquidity management and gains on the sale of equity investments, set against losses on the sale of shares, largely in connection with the share swap organized by Mittel, losses at associates and an impairment loss on the equity investment in Burgo Group. After these transactions, the segment posted a loss for the year of 32.1 million euro (a loss of 72.7 million euro for the year ended December 31, 2012). The financial segment is owned 100% by the Group and its profit or loss is therefore reflected in full in the profit or loss attributable to owners of the parent;
- the **banking segment** consists of the operations of Finter Bank Zürich and Crédit Mobilier de Monaco. Its performance was negatively affected by the slowdown in the economic and financial recovery in Europe and international pressure on tax issues. This situation contributed to the reduction of 9.2 million euro in total income compared with 2012, largely due to the decrease in commission income and in net trading revenue. The significant reduction in services and personnel expense (-17.3%) kept the gross operating loss to 2.7

million euro (gross operating profit of 1.4 million euro in 2012). After amortization and depreciation, extraordinary provisions and impairment losses on assets, the segment posted a loss for the year of 17.6 million euro (a loss of 8.9 million euro for the year ended December 31, 2012);

- 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 2013 the segment recorded profit for the year of 0.5 million euro, up compared with 2012 (0.3 million euro) due to gains on the sale of some land in Punta Ala.

The parent **Italmobiliare S.p.A.** closed 2013 with profit for the year of 1.7 million euro (a loss for the year of 66.7 million euro in 2012), driven by a revenue increase of 53.7%. 2012 was affected by significant impairment losses of 62.7 million euro on equity investments, offset by small gains on the sale of securities and equity investments.

Italmobiliare **Net Asset Value** (NAV) at December 31, 2013 was 1,283.1 million euro (1,075.8 million euro at December 31, 2012) on capitalization of 786.5 million euro, reflecting a discount of 38.7% compared with 61.5% at December 31, 2012.

(in millions of euro)	**December 2013**	**% of total**	**December 2012**	**% of total**
Construction	733.7	*57.2%*	504.5	*46.9%*
Publishing	51.9	*4.1%*	102.1	*9.5%*
Banking	282.7	*22.0%*	266.5	*24.8%*
Cash and cash equivalents	146.6	*11.4%*	115.5	*10.7%*
Other	68.2	*5.3%*	87.2	*8.1%*
Total Net Asset Value	**1,283.1**	***100%***	**1,075.8**	***100%***

NAV was computed considering:

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

taking account of the tax effect.

Key consolidated figures

(in millions of euro)	2013	2012 re-stated	% change	2012 published
Revenue	**4,519.9**	**4,772.2**	***(5.3)***	**4,775.7**
Recurring gross operating profit [1]	**615.3**	**650.4**	***(5.4)***	**641.8**
% of revenue	*13.6*	*13.6*		*13.4*
Other expense	(10.8)	(28.2)	*(61.7)*	(28.2)
Gross operating profit [2]	**604.5**	**622.2**	***(2.8)***	**613.6**
% of revenue	*13.4*	*12.9*		*12.8*
Amortization and depreciation	(442.1)	(471.9)	*(6.3)*	(471.9)
Impairment losses on non-current assets	(32.6)	(334.1)	*(90.2)*	(334.1)
Operating profit (loss) [3]	**129.8**	**(183.8)**	***n.s.***	**(192.4)**
% of revenue	*2.9*	*(4.0)*		*(4.0)*
Net finance costs	(129.3)	(98.2)	*31.7*	(87.9)
Impairment losses on financial assets	(22.1)	(32.2)	*(31.4)*	(32.2)
Share of profit (loss) of equity-accounted investees	(11.0)	(20.0)	*(44.9)*	(20.0)
Loss before tax	**(32.7)**	**(334.2)**	***(90.2)***	**(332.5)**
% of revenue	*(0.7)*	*(7.2)*		*(7.0)*
Income tax expense	(121.7)	(148.2)	*(17.8)*	(148.1)
Loss relating to continuing operations	**(154.4)**	**(482.4)**	***(68.0)***	**(480.6)**
Profit relating to discontinued operations	-	8.2	*n.s.*	8.0
Loss for the year	**(154.4)**	**(474.2)**	**(67.4)**	**(472.6)**
attributable: **Owners of the parent**	**(129.7)**	**(272.4)**	***(52.4)***	**(270.3)**
Non-controlling interests	(24.7)	(201.8)	*(87.8)*	(202.3)
Cash flow from operating activities	432.2	497.4		497.4
Capital expenditure	356.1	399.2		399.2

n.s. not significant

(in millions of euro)	December 31, 2013	Dec 31,2012 re stated	Dec 31,2012 published
Total equity	4,332.8	4,715.2	4,799.0
Equity attributable to owners of the parent	1,662.1	1,781.9	1,815.7
Net financial debt	1,835.0	1,930.5	1,930.5
Number of employees at year end	19,815	20,357	20,357

[1] 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), share of profit (loss) of equity-accounted investees and income tax expense.
[2] Gross operating profit corresponds to recurring gross operating profit plus other non-recurring income (expense).
[3] Operating profit (loss) corresponds to gross operating profit plus amortization and depreciation and impairment losses on non-current assets.

Quarterly performance

(in millions of euro)	Full year 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	**4,519.9**	**1,096.1**	**1,130.9**	**1,263.8**	**1,029.1**
% change vs. 2012	*(5.3)*	*(5.2)*	*(3.3)*	*(3.5)*	*(9.5)*
Recurring gross operating profit	**615.3**	**155.9**	**158.1**	**210.3**	**91.0**
% change vs. 2012	*(5.4)*	*18.1*	*(11.7)*	*4.6*	*(34.2)*
% of revenue	*13.6*	*14.2*	*14.0*	*16.6*	*8.8*
Gross operating profit	**604.5**	**159.8**	**148.9**	**204.0**	**91.8**
% change vs. 2012	*(2.8)*	*81.4*	*(17.3)*	*(1.6)*	*(37.4)*
% of revenue	*13.4*	*14.6*	*13.2*	*16.1*	*8.9*
Amortization and depreciation	(442.1)	(114.7)	(108.1)	(110.9)	(108.6)
(Impairment losses) reversal on impairment losses on non-current assets	(32.6)	1.9	(30.8)	(3.7)	0.1
Operating profit (loss)	**129.8**	**47.0**	**10.0**	**89.4**	**(16.7)**
% change vs. 2012	*n.s.*	*n.s.*	*(84.1)*	*21.2*	*n.s.*
% of revenue	*2.9*	*4.3*	*0.9*	*7.1*	*(1.6)*
Loss for the period	**(154.4)**	**(23.2)**	**(42.4)**	**(12.8)**	**(76.0)**
Loss attributable to owners of the parent	**(129.7)**	**(26.0)**	**(24.8)**	**(29.9)**	**(49.1)**
Net financial debt (at period end)	1,835.0	1,835.0	1,946.6	1,929.7	1,930.5

n.s. not significant

The fourth quarter of the year reported **revenue** down by 5.2% on the year-earlier period, in particular:

- the construction materials segment -6,0%, a general fall but influenced by a negative exchange-rate effect,
- the banking segment -29.4%, owing to lower commission income and net revenue trading.

Positive contributions came from the financial segment (+66.1%), food packaging and thermal insulation (+0.5%) and, albeit marginal, property, services and other (+57.8%).

Despite a significant containment of overheads, the revenue decline led to a decrease of 23.9 million euro in **recurring gross operating profit** from the 2012 fourth quarter, while non-recurring income of 3.9 million euro arising largely in the financial segment generated a **gross operating profit** of 159.8 million euro, an improvement of 71.7 million euro from the year-earlier period, which reflected material restructuring charges. There was a particularly positive contribution from the construction materials segment, largely thanks to a positive sales price effect, which counterbalanced the fall in sales volumes, and from the financial segment with gains on the sale of assets.

After a reduction of 5.2% in amortization and depreciation for the fourth quarter compared with the year-earlier period, **operating profit** totaled 47.0 million euro (an operating loss of 350.7 million euro in the fourth quarter of 2012).

During the fourth quarter, the Group also re-measured financial assets, generating an impairment loss of 7.2 million euro; this arose from the impairment loss of 18.0 million euro applied to the investment in Burgo Group, offset in part by the reversal of impairment on RCS MediaGroup to align the carrying amount with share fair value as ascertained from prices on the Italian stock exchange.

In the fourth quarter of 2013, the share of profit (loss) of equity-accounted investees reflected a profit of 5.7 million euro (a loss of 5.1 million euro in the year-earlier period), largely as a result of profit reported by associates in the construction materials segment.

After an increase in finance costs compared with the fourth quarter of 2012 (net costs of 39.4 million euro compared with 10.0 million euro in the fourth quarter of 2012), mainly arising from the reduction in net income on equity investments, the Group posted a **loss** for the fourth quarter of 23.2 million euro (a loss of 437.8 million euro in the fourth quarter of 2012).

The share of the fourth-quarter **loss attributable to owners of the parent** was a loss of 26.0 million euro (a loss of 204.9 million euro in the year-earlier period), while a profit of 2.8 million euro was **attributable to non-controlling interests** (a loss of 232.9 million euro in the year-earlier period).

Revenue and operating performance for 2013

Contribution to consolidated revenue

(net of intragroup eliminations)

(in millions of euro)	2013		2012		Change	
		%		%	%	%[1]
Operating segment						
Construction materials	4,225.9	*93.5*	4,469.2	*93.7*	*(5.4)*	*(2.2)*
Packaging and insulation	239.6	*5.3*	239.8	*5.0*	*(0.1)*	*0.4*
Finance	31.3	*0.7*	30.3	*0.6*	*3.4*	*3.4*
Banking	21.7	*0.5*	32.5	*0.7*	*(33.1)*	*(31.8)*
Property, services and other	1.4	-	0.4	-	*n.s.*	*n.s.*
Total	**4,519.9**	***100.0***	**4,772.2**	***100.0***	***(5.3)***	***(2.2)***
Geographical area						
European Union	2,449.9	*54.2*	2,627.4	*55.1*	*(6.8)*	*(6.8)*
Other European countries	37.4	*0.7*	48.1	*1.0*	*(22.3)*	*(19.6)*
North America	428.3	*9.5*	439.1	*9.2*	*(2.4)*	*0.8*
Asia and Middle East	591.6	*13.2*	580.0	*12.2*	*2.0*	*8.8*
Africa	805.0	*17.8*	839.9	*17.6*	*(4.1)*	*5.9*
Trading	132.2	*2.9*	164.5	*3.4*	*(19.6)*	*(16.7)*
Other countries	75.5	*1.7*	73.2	*1.5*	*3.2*	*4.9*
Total	**4,519.9**	***100.0***	**4,772.2**	***100.0***	***(5.3)***	***(2.2)***

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

n.s. not significant

Revenue and operating performance by segment and geographical area

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	2013	% change vs. 2012	2013	% change vs. 2012	2013	% change vs. 2012	2013	% change vs. 2012
Operating segment								
Construction materials	4,235.4	*(5.4)*	631.0	*(1.9)*	618.0	*(1.2)*	159.3	*n.s.*
Packaging and insulation	239.7	-	15.0	*12.0*	12.2	*n.s.*	1.1	*n.s.*
Finance	48.3	*(10.6)*	(6.0)	*n.s.*	(1.9)	*n.s.*	(2.3)	*n.s.*
Banking	22.5	*(32.6)*	(14.2)	*n.s.*	(13.3)	*n.s.*	(18.0)	*94.1*
Property, services and other	2.5	*57.8*	0.6	*n.s.*	0.6	*n.s.*	0.6	*n.s.*
Inter-segment eliminations	(28.5)	*(19.3)*	(11.1)	*(37.0)*	(11.1)	*(37.0)*	(10.9)	*(37.2)*
Total	**4,519.9**	***(5.3)***	**615.3**	***(5.4)***	**604.5**	***(2.8)***	**129.8**	***n.s.***
Geographical area								
European Union	2,542.4	*(6.6)*	251.5	*(6.2)*	237.7	*(0.8)*	(8.6)	*(96.4)*
Other European countries	38.2	*(22.0)*	(13.8)	*n.s.*	(12.9)	*n.s.*	(17.6)	*n.s.*
North America	428.7	*(2.5)*	55.0	*12.7*	61.1	*9.9*	(3.8)	*(68.9)*
Asia and Middle East	592.6	*2.1*	85.5	*(6.0)*	86.9	*(3.6)*	33.2	*(9.3)*
Africa	823.9	*(7.3)*	253.2	*(4.2)*	253.4	*(4.3)*	159.1	*n.s.*
Trading	176.1	*(17.3)*	6.8	*(23.7)*	6.8	*(22.0)*	2.7	*(52.5)*
Other countries	308.5	*(9.9)*	(22.9)	*(8.8)*	(27.7)	*(12.1)*	(34.8)	*(11.4)*
Other + inter-area eliminations	(390.5)	*(15.9)*	-	*(97.5)*	(0.8)	*46.1*	(0.4)	*70.1*
Total	**4,519.9**	***(5.3)***	**615.3**	***(5.4)***	**604.5**	***(2.8)***	**129.8**	***n.s.***

n.s. not significant

The fall in **revenue** of 5.3% compared with 2012 was the result of the following factors:

- fall in business performance of 2.2%,
- negative exchange-rate effect of 3.1%.

The business slowdown arose in the banking segment (-31.8%) and construction materials (-2.2%). Positive contributions came from the financial segment (+3.4%) and (marginally) from the property, services and other segment, while food packaging and thermal insulation was substantially in line with 2012.

The negative exchange-rate effect arose mainly from the depreciation against the euro of the Egyptian pound and, to a lesser extent, the Indian rupee, US dollar, Ukrainian grivnia, Turkish lira and Swiss franc.

Revenue performance reflected the fall in sales volumes in construction materials, whose effect was offset by a positive dynamic in sales prices, while revenue in the financial segment benefited from gains on liquidity management and gains on the sale of securities and equity investments. At constant exchange rates, the strongest growth was in Thailand and Egypt. North America reported a small improvement and the largest reductions were in the European countries.

Recurring gross operating profit was 615.3 million euro, down by 35.1 million euro from 2012 (650.4 million euro). The reduction arose in the construction materials segment (-12.1 million euro) penalized by a negative exchange-rate effect, the financial segment (-23.2 million euro) and banking (-8.7 million euro). The contribution of food packaging and thermal insulation was positive, with an increase of 12% despite the high price of polystyrene raw materials used in production.

Among the geographical areas, sharp reductions were reported in the European countries, Egypt and India, while the strongest progress was in North America, Thailand and Morocco.

Non-recurring items generated net non-recurring expense of 10.8 million euro (expense of 28.2 million euro in 2012), relating largely to the industrial segments for 15.8 million euro as a result of corporate restructuring charges and gains from the sale of non-current assets, while the financial segment posted income of 4.1 million euro on the release of risk provisions.

This dynamic was reflected in **gross operating profit**, which fell by 17.7 million euro (to 604.5 million euro from 622.2 million euro in 2012).

After amortization and depreciation of 442.1 million euro, a decrease of 6.3% from 2012, and impairment losses of 32.6 million euro (334.1 million euro in 2012), **operating profit** was 129.8 million euro (an operating loss of 183.8 million euro in 2012). The impairment losses related in the main to plant in Italy, Spain and Bulgaria, net of the reversal of impairment previously applied in Greece in construction materials, and also to impairment losses on companies in the Petruzalek group in food packaging.

Finance costs and other items

Net finance costs rose by 31.1 million euro from 98.2 million euro in 2012 to 129.3 million euro in 2013. This was largely the result of:

- interest expense on net financial debt, which increased by 13.3%,
- exchange-rate differences which, net of the hedging effect, reflected a loss of 2.5 million euro (a gain of 4.7 million euro in 2012),
- lower net income from equity investments for 24.8 million euro compared with 2012, which benefited from the gain on the sale of Goltas securities (Turkey) in the construction materials segment,

offset only in part by the 12.4 million euro improvement on net hedging derivatives on CO_2 emission rights and Certified Emission Reductions.

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 22.1 million euro (losses of 32.2 million euro in 2012); they included impairment losses of 16.0 million euro in the construction materials segment on the equity investment in the Al Badia company (Syria) and of 6.0 million euro in the financial segment. The latter referred to the equity investment in Burgo Group on which an impairment loss of 18.0 million euro was applied at the end of the year using the measurement method based on the estimated present value of future cash flows; this impairment loss was offset in part by the impairment reversal on RCS MediaGroup (12.0 million euro) to align the carrying amount of the shares with fair value as ascertained from Italian stock exchange prices at October 30, 2013. The measurement method was changed after early termination of the RCS MediaGroup shareholders' agreement, as a result of which the equity investment in the publishing group no longer qualifies for classification as an associate and therefore for measurement with the equity method.

The **share of profit (loss) of equity-accounted investees** reflected a loss of 11.0 million euro (a loss of 20.0 million euro in 2012). The figure arose from the losses reported by the associates in the financial segment (-19.1 million euro) offset in part by the profit of 8.1 million euro reported by the investees in the construction materials segment. Specifically, there was a loss of 17.7 million euro at RCS MediaGroup, accounted for with the equity method until September 30, 2013; after that date, the associate was measured at fair value, as described in the previous paragraph.

Loss for the year

The Group posted a **loss before tax** of 32.7 million euro (a loss of 334.2 million euro in 2012).

After income tax expense of 121.7 million euro, the **loss for the year** was 154.4 million euro (a loss of 474.2 million euro in 2012), of which a **loss attributable to owners of the parent** of 129.7 million euro (a loss of 272.4 million euro in 2012) and a loss attributable to non-controlling interests of 24.7 million euro (a loss of 201.8 million euro in 2012).

Total comprehensive expense

In 2013, other comprehensive expense amounted to 140.8 million euro (147.8 million euro in 2012) arising from the following negative items:

- translation losses of 235.5 million euro,
- share of other comprehensive expense of equity-accounted investees of 0.4 million euro,

and the following positive items:

- fair value gains on available-for-sale assets and on derivatives for a total of 63.1 million euro,
- measurement gain of 29.5 million euro on the net liability (asset) for employee benefits,

and the related positive tax effect of 2.5 million euro.

Considering the loss for the year of 154.4 million euro, described above, and the aforementioned items, total comprehensive expense in 2013 was 295.2 million euro (expense of 109.0 million euro attributable to owners of the parent and of 186.2 million euro attributable to non-controlling interests). This compared with total comprehensive expense of 622.0 million euro in 2012 (expense of 305.8 million euro attributable to owners of the parent and of 316.2 million euro attributable to non-controlling interests).

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

Condensed statement of financial position

(in millions of euro)	December 31, 2013	Dec 31, 2012 re-stated	December 31, 2012
Property, plant and equipment + investment property	4,039.4	4,255.1	4,255.1
Intangible assets	1,652.2	1,751.9	1,751.9
Other non-current assets	854.1	980.4	983.8
Non-current assets	**6,545.7**	**6,987.4**	**6,990.8**
Current assets	**2,947.3**	**3,427.9**	**3,431.1**
Non-current assets held for sale	-	2.1	2.1
Total assets	**9,493.0**	**10,417.4**	**10,424.0**
Equity attributable to owners of the parent	1,662.1	1,781.9	1,815.7
Non-controlling interests	2,670.7	2,933.3	2,983.3
Total equity	**4,332.8**	**4,715.2**	**4,799.0**
Non-current liabilities	2,966.6	3,018.0	2,940.8
Current liabilities	2,193.6	2,683.9	2,683.9
Total liabilities	**5,160.2**	**5,701.9**	**5,624.7**
Liabilities associated with non-current assets held for sale	-	0.3	0.3
Total equity and liabilities	**9,493.0**	**10,417.4**	**10,424.0**

Equity

Total equity at December 31, 2013 of 4,332.8 million euro fell by 382.4 million euro compared with December 31, 2012. The overall decrease arose from:

- the loss for the year of 154.4 million euro;
- the negative exchange-rate effect for 235.5 million euro
- dividends paid of 74.1 million euro;
- the positive change in the fair value reserve on equity investments and derivatives of 69.9 million euro;
- other changes with a positive impact of 11.7 million euro.

Net financial debt

At December 31, 2013, **net financial debt** of 1,835.0 million euro fell by 95.5 million euro compared with the situation at December 31, 2012, thanks mainly to the control over cash flows from operating activities and from the rigorous investment policy.

Breakdown of net financial debt

(in millions of euro)	December 31, 2013	December 31, 2012
Current financial assets	(1,213.4)	(1,505.1)
Current financial liabilities	963.9	1,405.1
Non-current financial assets	(130.9)	(199.3)
Non-current financial liabilities	2,215.4	2,229.8
Net financial debt	**1,835.0**	**1,930.5**

Financial ratios

(absolute amounts in millions of euro)	December 31, 2013	December 31, 2012
Net financial debt	1,835.0	1,930.5
Consolidated equity	4,332.8	4,715.2
Gearing	**42.35%**	**40.94%**
Net financial debt	1,835.0	1,930.5
Recurring gross operating profit	615.3	650.4
Leverage	**2.98**	**2.97**

Condensed statement of cash flows

(in millions of euro)	December 31, 2013	December 31, 2012
Net financial debt at beginning of year	**1,930.5**	**2,039.6**
Cash flow from operating activities	(432.2)	(497.4)
Capital expenditure:		
PPE, investment property and intangible assets	*342.2*	*380.3*
Non-current financial assets	*13.9*	*18.9*
Capital expenditure	**356.1**	**399.2**
Proceeds from sale of non-current assets	(87.1)	(110.4)
Dividends paid	74.2	104.8
Cash flow relating to discontinued operations	-	(44.2)
Other	(6.5)	38.9
Change in net financial debt	(95.5)	(109.1)
Net financial debt at end of year	**1,835.0**	**1,930.5**

Capital expenditure

(in millions of euro)	Non-current financial assets		PPE and investment property		Intangible assets	
	2013	2012	2013	2012	2013	2012
Operating segment						
Construction materials	3.6	0.5	402.6	331.2	12.7	16.8
Packaging and insulation		1.9	6.0	8.5	0.2	1.3
Finance	10.0	17.1	0.1	0.2		
Banking			0.1	0.6		
Property, services and other				-		
Total	**13.6**	**19.5**	**408.8**	**340.5**	**12.9**	**18.1**
Change in payables	0.3	(0.6)	(79.5)	21.7	-	-
Total capital expenditure	**13.9**	**18.9**	**329.3**	**362.2**	**12.9**	**18.1**
Geographical area						
European Union	13.6	19.3	259.4	204.2	7.6	12.6
Other European countries			0.1	0.6		-
North America			31.2	26.5	0.3	0.1
Asia and Middle East			48.4	55.2	-	0.2
Africa			64.2	49.9	0.2	-
Trading			4.2	3.0	0.3	0.6
Others and intragroup		0.2	1.3	1.1	4.5	4.6
Total	**13.6**	**19.5**	**408.8**	**340.5**	**12.9**	**18.1**
Change in payables	0.3	(0.6)	(79.5)	21.7	-	-
Total capital expenditure	**13.9**	**18.9**	**329.3**	**362.2**	**12.9**	**18.1**

Group capital expenditure for the year totaled 356.1 million euro, a decrease of 43.1 million euro from 2012.

Investments in property, plant and equipment and investment property, mainly regarding the Group's industrial segments, totaled 329.3 million euro and largely concerned Italy, France, Belgium and Bulgaria, while investments in intangible assets (12.9 million euro) mainly concerned licenses and software development costs in the Italcementi group.

Investments in non-current financial assets totaled 13.9 million euro (18.9 million euro in 2012) and mainly referred to the underwriting of the share capital increase at RCS MediaGroup by the parent Italmobiliare (10.0 million euro).

Reconciliation between parent profit for the year and equity with loss for the year and equity attributable to owners of the parent

(in thousands of euro)		December 31, 2013
Profit for the year of the parent Italmobiliare S.p.A.		**1,716**
Consolidation adjustments		
• Loss for the year consolidated companies (Group share)		(99,209)
• Adjustment to the carrying amount of equity-accounted investees		(19,120)
• Elimination of dividends recognized in the year		(18,815)
• Elimination of intercompany gains or losses and other changes		5,693
Loss for the year attributable to owners of the parent		**(129,735)**
Equity of the parent Italmobiliare S.p.A.		**900,054**
• Elimination of carrying amount of consolidated equity investments		(907,245)
in consolidated or proportionately consolidated companies	*(897,971)*	
in equity-accounted investees	*(9,274)*	
• Recognition of equity of consolidated equity investments		1,632,970
in consolidated or proportionately consolidated companies	*1,612,328*	
in equity-accounted investees	*20,642*	
• Gains allocated to equity of subsidiaries and associates		34,328
• Elimination of intragroup transactions and other changes		1,970
Consolidated equity attributable to owners of the parent		**1,662,077**

Risks and uncertainty

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

Information on personnel and on the environment

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

Construction materials segment

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

(in millions of euro)		2013	2012 re-stated	% change	2012 published
Revenue		**4,235.4**	**4,478.8**	***(5.4)***	**4,480.1**
Recurring gross operating profit		**631.0**	**643.1**	***(1.9)***	**632.4**
% of revenue		*14.9*	*14.4*		*14.1*
Other expense		(13.0)	(17.5)	*25.9*	(17.5)
Gross operating profit		**618.0**	**625.5**	***(1.2)***	**614.9**
% of revenue		*14.6*	*14.0*		*13.7*
Amortization and depreciation		(426.5)	(456.4)	*(6.5)*	(456.4)
Impairment losses on non-current assets		(32.1)	(309.4)	*(89.6)*	(309.4)
Operating profit (loss)		**159.3**	**(140.2)**	***n.s.***	**(150.9)**
% of revenue		*3.8*	*(3.1)*		*3.4*
Net finance costs		(123.9)	(94.5)	*31.1*	(84.5)
Impairment losses on financial assets		(16.0)	0.0	*n.s.*	-
Share of profit (loss) of equity-accounted investees		8.1	11.1	*(27.2)*	11.1
Profit (loss) before tax		**27.5**	**(223.5)**	***n.s.***	**(224.2)**
% of revenue		*0.6*	*(5.0)*		*(5.0)*
Income tax expense		(115.9)	(146.3)	*(20.8)*	(146.2)
Loss relating to continuing operations		**(88.4)**	**(369.9)**	***(76.1)***	**(370.4)**
Profit relating to discontinued operations		-	8.2	*n.s.*	8.0
Loss for the year		**(88.4)**	**(361.7)**	***(75.6)***	**(362.4)**
attributable:	**Owners of the parent ***	**(165.0)**	**(395.2)**	***(58.2)***	**(395.8)**
	Non-controlling interests	76.6	33.5	*>100*	33.4
Cash flow from operating activities		429.5	496.2		496.2
Capital expenditure		339.4	370.3		370.3

n.s. not significant

(in millions of euro)	December 31, 2013	Dec 31, 2012 re-stated	Dec 31, 2012 published
Total equity	2,603.8	2,903.0	4,239.8
Equity attributable to owners of the parent *	1,172.7	1,261.7	2,966.7
Net financial debt	1,939.0	1,998.3	1,998.3
Number of employees at year end	18,434	18,886	18,886

* Italcementi S.p.A.

In the construction sector, the broad variations in cyclical conditions were confirmed. In the group's euro zone countries, with the partial exception of France and Belgium, the intense recession underway since 2007-08 continued, generating declines in business levels of sometimes more than 50% with respect to the previous expansionary peaks. Although the downturns recorded in 2013 varied from country to country, a common factor was an easing in intensity during the course of the year. Meanwhile, the construction recovery in the United States that began in 2011 strengthened. Progress was however slower in the countries where most of the group sites are located. Significant differences in cyclical trends were also seen in the emerging area. On one hand, growth continued in the group's Asian countries, although rates were significantly slower than in the past. On the other hand, the expansion of the North African markets came to a halt, although this is considered temporary since it is not due to structural causes.

Significant events in the year

In February, Italcementi placed a 5-year fixed-rate bond on the European market for a nominal amount of 350 million euro, under its Euro Medium-Term Note Program. The bond, issued by Italcementi Finance S.A. and guaranteed by Italcementi S.p.A., is listed on the Luxembourg Stock Exchange and matures on February 21, 2018. In May, the issue described above was re-opened and bonds for an additional nominal amount of 150 million euro were placed on the European market.

At the end of May, the Standard and Poor's rating agency confirmed the Italcementi BB+ long-term rating and B short-term rating, with the outlook passing from stable to negative. An identical review was adopted for the subsidiary Ciments Français. The rating and outlook were confirmed at the end of October.

In August, the Moody's Investor Services rating agency reviewed the corporate rating given to Italcementi S.p.A. and the rating of the Italcementi Finance SA senior unsecured bond from Ba2 to Ba3, with the outlook passing from negative to stable. Meanwhile, Moody's downgraded the Ciments Français rating from Ba1 to Ba2.

September saw the presentation of the i.nova project, which introduces an innovative group branding strategy. Each type of cement or ready mixed concrete is classed by performance, which thereby becomes the criterion for the selection of the most suitable product for a specific requirement. The project has identified 11 performance families and assigned a specific color and graphic symbol to each one, to make visual recognition of the product even easier and more immediate for clients, in all the countries where the group operates.

Quarterly trend

Sales volumes in the fourth quarter

	Q4 2013[1]	% change vs. Q4 2012 historic	on a like-for-like basis
Cement and clinker *(millions of metric tons)*	10.5	*(7.2)*	*(7.2)*
Aggregates [2] *(millions of metric tons)*	7.8	*(6.9)*	*(6.9)*
Ready mixed concrete *(millions of m^3)*	3.0	*(6.5)*	*(6.5)*

[1] amounts refer to consolidated companies and proportionately consolidated companies
[2] excluding decreases for processing

In **cement and clinker**, the fall in sales volumes from the year-earlier period emerged in all the macro areas, with the sole exception of Asia, which was buoyed by the upbeat market in Thailand. In Central Western Europe, the downturn was largely due to performance in Italy, while Emerging Europe, North Africa and Middle East reflected the decline in Egypt and Bulgaria.

In **aggregates**, there was a general downturn, with the exception of France–Belgium, which reported a small improvement.

The reduction in sales volumes in **ready mixed concrete** was due to performance in Central Western Europe, where Italy declined. Positive performance, but relating to smaller amounts, was reported in Morocco, Kuwait and Thailand.

Quarterly performance

(in millions of euro)	Full year 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	**4,235.4**	**1,017.9**	**1,060.9**	**1,191.8**	**964.8**
% change vs. 2012	*(5.4)*	*(6.0)*	*(3.2)*	*(3.6)*	*(9.3)*
Recurring gross operating profit	**631.0**	**157.9**	**174.5**	**210.1**	**88.5**
% change vs. 2012	*(1.9)*	*17.4*	*-*	*3.7*	*(32.7)*
% of revenue	*14.9*	*15.5*	*16.5*	*17.6*	*9.2*
Gross operating profit	**618.0**	**157.9**	**166.5**	**204.9**	**88.7**
% change vs. 2012	*(1.2)*	*56.8*	*(5.1)*	*(2.0)*	*(36.8)*
% of revenue	*14.6*	*15.5*	*15.7*	*17.2*	*9.2*
Operating profit (loss)	**159.3**	**51.2**	**30.7**	**93.9**	**(16.5)**
% change vs. 2012	*n.s.*	*n.s.*	*(50.3)*	*19.1*	*n.s.*
% of revenue	*3.8*	*5.0*	*2.9*	*7.9*	*(1.7)*
Profit (loss) for the period	**(88.4)**	**(8.3)**	**(36.9)**	**15.2**	**(58.2)**
Loss for the period attributable to owners of the parent *	**(165.0)**	**(29.8)**	**(50.1)**	**(6.9)**	**(78.2)**
Net financial debt (at period end)	1,939.0	1,939.0	2,031.1	2,000.7	2,105.9

* Italcementi
n.s. not significant

In the fourth quarter, **revenue** was 1,017.9 million euro, down 6.0% from the year-earlier period. The downturn was generalized, but frequently influenced by a negative exchange-rate effect in North Africa, the Middle East and Asia; net of the exchange-rate effect, revenue in these areas showed significant progress. At constant exchange rates (there was no consolidation effect), the overall fall in group revenue in the fourth quarter was significantly smaller, at around 1.7%.

Recurring gross operating profit, at 157.9 million euro, improved by 17.4% from the fourth quarter of 2012. This growth was the result of a positive price effect, which outweighed the impact of the reduction in sales volumes and the rise in some variable costs, and also reflected the significant containment of overheads. Compared with the year-earlier period, the 2013 fourth-quarter result is particularly satisfying, since the period had no income from CO_2 emission rights sales (7.7 million euro in the fourth quarter of 2012) and was affected by a negative exchange-rate effect for 9.0 million euro. Excluding these two effects, the increase in recurring gross operating profit would have been approximately 32%.

Gross operating profit was 157.9 million euro, up 56.8% from the year-earlier period, when the group posted net non-recurring expense of 33.8 million euro.

Operating profit was positive at 51.2 million euro, compared with an operating loss of 308.1 million euro in the fourth quarter of 2012, arising from restructuring expense of 46.4 million euro and impairment losses of 293.0 million euro.

Performance of the construction materials segment in 2013

Sales volumes

	FY 2013[1]	% change vs FY 2012 historic	on a like-for-like basis
Cement and clinker *(millions of metric tons)*	43.1	*(6.0)*	*(6.0)*
Aggregates [2] *(millions of metric tons)*	32.5	*(4.2)*	*(4.2)*
Ready mixed concrete *(millions of m^3)*	12.3	*(4.7)*	*(4.7)*

[1] amounts refer to consolidated companies and proportionately consolidated companies

[2] excluding decreases for processing

In **cement and clinker**, the decline in Emerging Europe, North Africa and Middle East and in Central Western Europe was a key negative factor in sales volumes; the largest decreases were in Egypt and in Italy. Asia reported overall progress, mainly in Thailand. The progress in North America was contrasted by the reduction in the fourth quarter.

In **aggregates**, the decline was largely the result of the negative performance in Central Western Europe due to a generalized fall in the various countries, except for France-Belgium. Healthy progress in Morocco almost counterbalanced the fall in volumes in North America.

In **ready mixed concrete**, the market decline in Central Western Europe determined the fall in sales volumes in the entire segment, offset in part by healthy performance in North Africa (Egypt and Morocco) and Asia.

Revenue and operating performance by geographical area

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	2013	% change vs. 2012	2013	% change vs. 2012	2013	% change vs. 2012	2013	% change vs. 2012
Geographical area								
Central Western Europe	2.234,8	*(7,5)*	243,9	*2,5*	228,5	*3,7*	3,5	*n.s.*
North America	428,7	*(2,5)*	55,0	*12,7*	61,1	*9,9*	(3,8)	*68,9*
Emerging Europe, North Africa and Middle East	944,0	*(6,4)*	268,0	*(6,7)*	268,5	*(6,7)*	160,7	*81,4*
Asia	532,1	*2,1*	80,2	*(6,5)*	81,4	*(4,1)*	31,4	*(10,6)*
Cement and clinker trading	176,1	*(17,3)*	6,8	*(23,7)*	6,8	*(22,0)*	2,7	*(52,5)*
Others	308,5	*(9,9)*	(22,9)	*8,8*	(27,7)	*12,1*	(34,8)	*11,3*
Eliminations	(388,7)	*n.s.*	-	*n.s.*	(0,7)	*n.s.*	(0,5)	*n.s.*
Total	**4.235,4**	***(5,4)***	**631,0**	***(1,9)***	**618,0**	***(1,2)***	**159,3**	***n.s.***

n.s. not significant

Revenue, at 4,235.4 million euro (4,478.8 million euro in 2012), was down 5.4% from 2012, as a result of the business slowdown (-2.2%) and a negative exchange-rate effect (-3.2%), in the absence of a consolidation effect.

Revenue reflected the decrease in sales volumes, whose effect was offset in part by an overall positive dynamic in sales prices.

At constant exchange rates, the strongest growth in absolute terms was in Thailand and in Egypt. North America made a small improvement, while the largest declines were in Central Western Europe (especially Italy) and Trading. The negative exchange-rate effect related mainly to the Egyptian pound and, to a lesser extent, the Indian rupee and US dollar.

Recurring gross operating profit, at 631.0 million euro, was down 1.9% from 2012. As in the fourth quarter, there was no benefit during the year from income on CO_2 emission rights (40.1 million euro in 2012) and the exchange-rate effect was a negative factor (26.7 million euro). Excluding these effects, growth of approximately 9% would have been achieved. The positive sales prices effect and reduction in overheads more than made up for the negative volume effect and adverse trend in some operating expense, largely the result of the significant increase in the cost of fuel in Egypt.

At country level, the strongest increases in recurring gross operating profit from 2012 were in Thailand, France-Belgium, North America and Morocco, while the largest reductions were in Egypt, India and Italy.

Net non-recurring expense amounted to 13.0 million euro (net expense of 17.5 million euro in 2012) arising from corporate restructuring expense for 30.3 million euro, relating chiefly to Spain and Italy, other expense for 2.9 million euro and net gains from the sale of non-current assets for 20.3 million euro.

Gross operating profit, at 618.0 million euro (625.5 million euro), was down 1.2%.

Operating profit was 159.3 million euro (operating loss of 140.2 million euro in 2012) after amortization and depreciation of 426.5 million euro (456.4 million euro) and impairment losses on non-current assets of 32.1 million euro (309.4 million euro). Impairment losses related, for 27.3 million euro, to plant in Italy, Spain and Bulgaria, net of the reversal of previous impairment losses in Greece.

Finance costs and other items

Overall, **finance costs, net of finance income,** amounted to 123.9 million euro, an increase of 31.1% from 2012 (94.5 million euro). This reflected lower net income from equity investments for 24.3 million euro compared with 2012, when the group posted a gain on the sale of Goltas-Turkey securities, and exchange-rate losses (net of hedges) for 6.2 million euro. These effects were mitigated by the increase of 12.4 million euro on net derivatives for hedges on CO_2 emission rights and Certified Emission Reductions (CER).

Net expense in respect of financing rose to 126.0 million euro (115.5 million euro in 2012) as a result of the increase in interest rates (net interest margin) and the cost of fees for non-utilization.

Impairment losses on financial assets amounted to 16.0 million euro (not present in 2012), and referred entirely to the impairment loss on the equity investment in the Al Badia company in Syria.

The share of profit of equity-accounted investees was 8.1 million euro (11.1 million euro).

Loss for the year

The group posted a **profit before tax** of 27.5 million euro compared with a loss before tax of 223.5 million euro in 2012.

The **loss for the year** was 88.4 million euro (loss of 361.7 million euro in 2012) with a **loss attributable to owners of the parent** of 165.0 million euro (loss of 395.2 million euro) and **profit attributable to non-controlling interests** of 76.6 million euro (profit of 33.5 million euro).

Capital expenditure and net financial debt

2013 **capital expenditure** amounted to 339.4 million euro, a decrease of approximately 30.9 million euro from 2012 (370.3 million euro).

Investments in property, plant and equipment and investment property totaled 323.1 million euro, a decrease of 29.7 million euro from 2012 (352.8 million euro), and were mainly in Italy, France-Belgium and Bulgaria.

Investments in intangible assets amounted to 12.7 million euro and were down 4.1 million euro from 2012 (16.8 million euro); they were chiefly for software licenses and development.

Investments in non-current financial assets totaled a limited amount of 3.6 million euro (0.8 million euro in 2012).

Net financial debt at December 31, 2013 amounted to 1,939.0 million euro, a decrease of 59.2 million euro compared with the end of 2012.

Equity

Total **equity** at December 31, 2013, was 3,776.5 million euro, a decrease of 388.2 million euro from December 31, 2012 (4,164.7 million euro), arising chiefly from the loss for the year (88.4 million euro), other comprehensive expense (203.1 million euro) and dividends paid (83.7 million euro).

At December 31, 2013, there were no changes in treasury shares in portfolio with respect to December 31, 2012. Italcementi S.p.A. held 3,793,029 ordinary treasury shares (2.14% of ordinary share capital) servicing stock option plans and 105,500 savings treasury shares (0.1% of savings share capital).

Risks and uncertainties

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

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

Sustainable development and risk management: protection of people and assets

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

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

The Asset Protection Program continued in 2013; it qualifies the importance of risks and develops a suitable prevention and protection policy, thereby limiting damage to assets and consequent operating losses. The Asset Protection Program was joined in 2013 by a new Environmental Protection Program for a number of industrial facilities. These activities will continue over the coming years, constituting a consolidated group process.

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

Risks relating to the general economic and industry situation

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

Risks associated with energy factors

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

Risks relating to availability of raw materials

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

Environmental risks

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

Financial risks

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

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

Ratings risks

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

Legal risks

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

Compliance risks

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

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

Political risks

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

Insurance

In the interest of all group companies, 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. As part of its risk coverage policy, the group aims to optimize risk management costs by assessing direct assumption and transfer to the market. All policies are negotiated under a framework agreement to ensure a balance between the probability of a risk occurring and the damage that would ensue for each subsidiary.

Engineering, technical assistance, research and development

In 2013, CTG S.p.A. carried out engineering, investment project management, technical assistance, and R&D activities for the group companies in Italy and abroad, providing services for 46.7 million euro (49.6 million euro in 2012).

R&D work focused on materials and processes; eight patent applications were filed during the year. For the new products, i.like, Tx Active, i.tech Cargo, Alipre, Alicem and i.dro Drain, the group is defining new formulations, improving performance and containing production costs.

New formulations were developed and tested for various types of ready mixed concrete, specifically for those based on sulfoalluminate binders.

Regarding CO_2 emissions, research on the biological valorization of CO_2 continued in cooperation with an important French research laboratory; the goal is to re-use carbon dioxide to produce biomass with micro algae.

Innovation

In 2013, the Italcementi group continued development of new products, services and applications, making new solutions and products ready for marketing in 2014 in eight areas: thermal insulation products, acoustic insulation products, conductive products, new solutions in photocatalytic products, i.light products, special applications for high-resistance mortars, architecture products, and sulfoalluminate cement-based products.

Important efforts were devoted to work for EXPO 2015: in terms of the introduction of innovative and standard products for construction work, important results have already been achieved and others are expected. In this connection, in a temporary consortium with a leading producer of luxury prefabricated buildings, Italcementi was awarded the contract to face the external walls of Palazzo Italy with an innovative high-performance cement; this renews the role played at the Shanghai Expo in 2010, when Italcementi launched i.light, with a strong positive impact on its image.

With the effects of the withdrawal of Axim additives from the scope of consolidation fully absorbed, the Innovation Rate (IR, the percentage of revenue from innovation on operating revenue) was around 5.0%, on revenue of more than 220 million euro.

E-business

In 2013, BravoSolution group revenue was 65.7 million euro, an increase of 6.5% from 2012 (61.8 million euro). Gross operating profit was 8.5 million euro, a significant improvement (+23.1%) from 2012. The operating profit dynamic was also very positive, with growth of 69.2% to 3.1 million euro. Profit before tax was 2.3 million euro (1.2 million euro) and profit for the year was 2.4 million euro (0.5 million euro).

The group’s healthy performance compared with 2012 was attributable to the increase in revenue and a limited rise in costs, compatibly with business volumes.

Disputes and pending proceedings

A summary of the main current disputes is provided below.

Italy

On June 18, 2013, the Competition and Market Authority (AGCM) notified Calcestruzzi S.p.A. that a procedure had begun for the re-determination of the fine (10.2 million euro) imposed in 2004 and partially overturned by the Regional Administrative Court of Lazio and the *Consiglio di Stato*, (the appellate body for rulings issued by the regional administrative court). On January 13, 2014, Calcestruzzi was notified that the AGCM had re-determined the fine at 8,125,509 euro, plus payment of increases as per art. 27 paragraph 6 of Law No. 689/81, for an overall amount, based on a preliminary estimate, of more than 7 million euro. Calcestruzzi considers the decision to be entirely inequitable, illegitimate from various viewpoints and contrary to the spirit of the rulings of the administrative courts; it filed an appeal for a suspension with the Regional Administrative Court, which upheld its appeal on February 13, 2014. Consequently, the fine imposed on Calcestruzzi is not currently due, pending a decision on the merits of the case; a hearing has been arranged in November.

The AGCM began a new proceeding in January 2014 alleging unfair trading practices by Calcestruzzi S.p.A. and other industry players, in the Friuli region. The term for the proceeding has been set at January 30, 2015.

Europe

Regarding the investigation begun in November 2008 by the European Commission into some cement producers, including Italcementi S.p.A. and the subsidiaries Ciments Français S.A., Ciments Calcia S.A. and Compagnie des Ciments Belges (CCB) S.A., in December 2010 the European Commission notified Italmobiliare S.p.A. (and, indirectly through Italmobiliare, the above-named group companies and the Spanish subsidiary Financiera Y Minera S.A.) of the decision for the formal opening of the proceeding. Subsequently, in April 2011, the Commission served a further formal notice on Italmobiliare of its decision to request extensive additional economic, financial and commercial information. Italmobiliare provided the information within the required term and, simultaneously, lodged an appeal with the EU General Court against the decision. Both the investigation and the proceedings are still underway. In March 2014, the EU General Court is expected to issue a formal ruling on the appeal filed by Italmobiliare S.p.A..

Turkey / Russia

Regarding the proceeding begun by Sibconcord against Ciments Français for the non-closure of the 2008 agreement for the sale of the group's Turkish operations (Set group) to the subsidiary Sibcem, the various proceedings moved ahead in accordance with the procedural regulations of the countries in question. On July 10, 2013, the court of Kemerovo (Russia) issued a ruling in favor of Ciments Français, stating that the loss of 50 million euro by Sibcem was solely due to the appellant's failure to comply with the agreements. Sibconcord appealed against the ruling and a hearing will be held at the end of March 2014.

With regard to the proceeding begun in Turkey by Sibcem to annul the arbitration award envisaged by the contract and already found in favor of Ciments Français, the Court of Appeal overturned the ruling of first instance of the court of Kadikoy, which upheld the appeal, and ordered the case to be sent to the court of Istanbul, deemed territorially competent; the hearings are currently underway. The arbitration ruling has been recognized in France, Belgium and Kazakhstan, and proceedings for the recognition of the award are underway in Italy, Bulgaria, Egypt and the United States.

Egypt

Lawsuits were brought locally by individuals 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 actually took part in the privatization are involved; they do not include Suez Cement, which acquired Helwan, from other private parties, after its privatization.

Hypotheses regarding the possible outcome of the case cannot be made at this time.

Events after the reporting period

At its meeting on March 6, 2014, the Italcementi S.p.A. Board of Directors examined and approved a plan to streamline its corporate structure and strengthen the group. The plan envisages:

- the mandatory conversion of Italcementi savings shares into ordinary shares at a rate of 0.65 ordinary shares for each savings share (“**Mandatory Conversion**”)
- an increase in Italcementi’s capital through a rights issue for a maximum of 450 million euro (“**Capital Increase**”)
- a voluntary public tender offer by Italcementi on Ciments Français minorities at a price of 78 euro per share (cum dividend), for the purpose of delisting Ciments Français from the Paris Stock Exchange (the “**PTO**”)

The aim of the plan is to streamline the Italcementi group’s present capital structure, governance and control chain, while boosting its capital base and preserving the group’s financial flexibility. The plan also aims to increase Italcementi’s capitalization and overall free float, thereby generating greater share liquidity for the benefit of shareholders and potential investors.

A more detailed analysis of the operation is contained in the joint Italcementi-Italmobiliare press statement “Italcementi approves plan to strengthen and streamline its capital and Group structure. The Italmobiliare Board supports the transaction” of March 6, 2014.

Performance at Italcementi S.p.A.

(in millions of euro)	**2013**	**2012**	**% change**
Revenue	**461.9**	**554.7**	***(16.7)***
Recurring gross operating loss	**(14.2)**	**(3.7)**	***(>100)***
% of revenue	*(3.1)*	*(0.7)*	
Other income (expense)	0.2	(26.4)	*n.s.*
Gross operating loss	**(14.0)**	**(30.1)**	*(53.3)*
% of revenue	*(3.0)*	*(5.4)*	
Amortization and depreciation	(68.0)	(75.9)	*(10.4)*
Impairment losses on non-current assets	(20.5)	(27.4)	*(25.1)*
Operating loss	**(102.5)**	**(133.3)**	***(23.1)***
% of revenue	*(22.2)*	*(24.0)*	
Net finance income	43.2	78.8	*(45.2)*
Impairment losses on financial assets	(50.6)	(141.4)	*(64.2)*
Loss before tax	**(109.9)**	**(195.9)**	***(43.9)***
% of revenue	*23.8*	*(35.3)*	
Income tax expense	(5.3)	(6.9)	
Loss for the year	**(115.2)**	**(202.9)**	***(43.2)***
% of revenue	*(24.9)*	*(36.6)*	
Cash flow from operating activities	20.6	105.2	
Capital expenditure	45.6	82.1	

n.s.: not significant

(in millions of euro)	**December 31, 2013**	**December 31, 2012**
Equity	1,360.2	1,471.0
Net financial debt	1,026.6	987.2

Outlook

Market expectations for 2014 indicate a slowdown in the fall in demand in the euro zone, confirmation of the recovery in North America and Asia, and overall stability in North Africa due to greater domestic market stability in Egypt. The group therefore expects its sales volumes to be substantially stable, with exports also providing a contribution.

The positive sales prices dynamic should continue on the majority of our markets. Combined with the measures to improve industrial efficiency, this will enable us to offset inflationary factors in variable costs.

The on-going rationalization of overheads and structural costs should generate a small improvement in operating profit compared with 2013.

Despite the important investments underway to strengthen the industrial network, which will see the new Devnya and Rezzato cement plants go into production by the end of this year, the increase in net financial debt will be limited, while leverage should remain substantially unchanged.

Food packaging and thermal insulation segment

The Group operates in the food packaging and thermal insulation segment through Sirap Gema S.p.A. and its subsidiaries. The condensed income statement for 2013 is set out below, together with key financial data.

(in millions of euro)		2013	2012 re-stated	% change	2012 published
Revenue		**239.7**	**239.8**	***n.s.***	**239.8**
Recurring gross operating profit		**15.0**	**13.4**	***12.0***	**13.2**
% of revenue		*6.3*	*5.6*		*5.5*
Other expense		(2.8)	(8.5)	*(67.5)*	(8.5)
Gross operating profit		**12.2**	**4.9**	***n.s.***	**4.7**
% of revenue		*5.1*	*2.0*		*1.9*
Amortization and depreciation		(10.7)	(10.9)	*(1.6)*	(10.9)
Impairment losses on non-current assets		(0.4)	(24.8)	*(98.1)*	(24.8)
Operating profit (loss)		**1.1**	**(30.8)**	***n.s.***	**(31.0)**
% of revenue		*0.5*	*(12.8)*		*(12.9)*
Net finance costs		(6.3)	(5.0)	*24.3*	(4.8)
Loss before tax		**(5.2)**	**(35.8)**	***(85.4)***	**(35.8)**
% of revenue		*(2.2)*	*(14.9)*		*(14.9)*
Income tax expense		(1.7)	(2.4)	*(30.9)*	(2.4)
Loss for the year		**(6.9)**	**(38.2)**	***(82.0)***	**(38.2)**
attributable:	**Owners of the parent**	**(6.9)**	**(38.2)**	***(82.0)***	**(38.2)**
	Non-controlling interests	n.s.	n.s.		n.s.
Capital expenditure		6.3	9.9		9.9

n.s. not significant

(in millions of euro)	December 31, 2013	Dec 31, 2012 re-stated	Dec 31, 2012 published
Total equity	9.5	1.6	2.6
Equity attributable to owners of the parent	9.1	1.2	2.2
Net financial debt	116.1	127.2	127.2
Number of employees at year end	1,234	1,305	1,305

2013 performance was significantly affected by the continuing economic crisis, which saw a fall in consumption on the key markets.

The trend in prices for polymer raw materials derived from styrene saw purchase costs rise considerably, drawing close in the fourth quarter to the peak prices recorded in 2012, thus continuing to have a negative impact on margins.

In this difficult context, the Sirap group managed to maintain turnover and to improve margins thanks to increases in sale prices (in particular in the second half for rigid food packaging and thermal insulation) and the positive impact of important restructuring, optimization and cost-cutting measures.

Group consolidated revenue totaled 239.7 million euro and was substantially in line with 2012 (239.8 million euro).

Recurring gross operating profit (15 million euro) improved (+12.0%) compared with the previous year.

Gross operating profit in 2013 was 12.2 million euro, a significant improvement (7.3 million euro) from 4.9 million euro in 2012, assisted in part by a reduction in other expense to 2.8 million euro relating almost entirely to restructuring measures (compared with other expense of 8.5 million euro in 2012, mainly for provisions for risks).

Operating profit was 1.1 million euro (operating loss of 30.8 million euro in 2012, including impairment losses on non-current assets for 24.8 million euro arising from the results of impairment testing).

Net finance costs (6.3 million euro) rose compared with 2012 (5.0 million euro) mainly as a result of the discounting of provisions for risks recorded under non-current liabilities (-0.7 million euro) and the negative exchange-rate effect (-0.7 million euro compared with a positive effect of 0.2 million euro in 2012) stemming mainly from subsidiaries in East Europe.

Income tax expense for the year fell in relation to the change in the taxable base.

The group posted a **loss** for the year of 6.9 million euro (a loss of 38.2 million euro in 2012).

Consolidated **equity** was 9.5 million euro (1.6 million euro). In addition to the loss for the year (6.9 million euro), it included three payments to cover losses for a total of 15 million euro made by the parent Italmobiliare S.p.A. to Sirap Gema S.p.A., while application of the new IAS 19 (Employee benefits) caused a reduction of 1 million euro in opening equity.

Net financial debt was 116.1 million euro (127.2 million euro in 2012) and takes account of the aforementioned 15 million euro paid by the shareholder.

Capital expenditure was 6.3 million euro (9.9 million euro in 2012), for automation projects, efficiency improvements and replacement of obsolete assets.

As envisaged by IAS 36, group capital expenditure was tested for impairment. The test confirmed the recoverability of the carrying amounts.

Significant events in the year

Given a situation of continuing economic and financial difficulty, on July 22 the parent Sirap-Gema S.p.A. started a state-subsidized layoff procedure («CIGS») in response to a company crisis, applicable to the head office and the factories, with effect from September 1, 2013, for 12 months and for a maximum of 74 workers.

By December 31, 2013, seven employees from head office and the factories had been placed on CIGS benefits.

In addition, the CIGS procedure started in 2011 following the closure of the Corciano (PG) factory ended on November 27, with the permanent termination of 26 employees (46 people originally).

The sole shareholder Italmobiliare S.p.A. made three payments totaling 15 million euro to cover losses at Sirap Gema S.p.A., which, at closure of the 2012 reporting period, was in the situation envisaged by art. 2446 of the Italian Civil Code.

Quarterly trend

(in millions of euro)	Full year 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	**239.7**	**61.7**	**62.6**	**62.2**	**53.3**
% change vs. 2012	*n.s.*	*0.5*	*0.3*	*0.1*	*(1.3)*
Recurring gross operating profit	**15.0**	**4.3**	**4.2**	**4.2**	**2.4**
% change vs. 2012	*12.0*	*58.6*	*7.4*	*(0.8)*	*(8.4)*
% of revenue	*6.3*	*6.9*	*6.7*	*6.7*	*4.5*
Gross operating profit	**12.2**	**3.1**	**3.1**	**3.7**	**2.4**
% change vs. 2012	*n.s.*	*n.s.*	*(21.2)*	*(5.2)*	*(8.4)*
% of revenue	*5.1*	*5.0*	*4.9*	*5.9*	*4.5*
Operating profit (loss)	**1.1**	**0.1**	**0.5**	**0.8**	**(0.3)**
% change vs. 2012	*n.s.*	*n.s.*	*(60.8)*	*(48.6)*	*n.s.*
% of revenue	*0.5*	*0.2*	*0.8*	*1.2*	*(0.5)*
Loss for the period	**(6.9)**	**(2.3)**	**(1.7)**	**(1.0)**	**(1.8)**
Loss for the period attributable to owners of the parent	**(6.9)**	**(2.3)**	**(1.7)**	**(1.0)**	**(1.8)**
Net financial debt (at period end)	116.1	116.1	130.2	131.9	127.4

n.s. not significant

The fourth-quarter figures, compared with the prior-year period, reflect the stability of sales and an improvement in recurring operating profit (+58.6%). Operating profit in the fourth quarter of 2012 included non-recurring expense of around 33.3 million euro (8.5 million euro for provisions for risks and 24.8 million euro for impairment losses).

Performance by operating segment and geographical area

Revenue and operating performance

(in millions of euro)	Revenue		Recurring gross operating profit		Gross operating profit		Operating profit (loss)	
	2013	% change vs. 2012	2013	% change vs. 2012	2013	% change vs. 2012	2013	% change vs. 2012
Food packaging								
- Italy	88.7	*1.8*	5.3	*n.s.*	3.8	*n.s.*	(2.3)	*n.s.*
- France	24.0	*(2.8)*	3.0	*8.1*	3.0	*8.1*	2.1	*12.7*
- Other EU countries	72.4	*0.6*	2.3	*(19.4)*	2.1	*(26.5)*	(0.1)	*(93.2)*
- Other non-EU countries	17.3	*0.4*	0.8	*(19.7)*	0.8	*(19.7)*	0.6	*(20.6)*
Eliminations	(18.8)		0.3				-	
Total	**183.6**	***0.1***	**11.7**	***30.0***	**9.7**	***n.s.***	**0.3**	***n.s.***
Thermal insulation - Italy	56.5	*(0.7)*	3.2	*(25.4)*	2.5	*(40.1)*	0.8	*(69.7)*
Eliminations	(0.4)							
Total	**239.7**	**-**	**14.9**	***12.0***	**12.2**	***n.s.***	**1.1**	***n.s.***

n.s. not significant

Food packaging

As in the previous year, in general the complex economic situation affected consumption trends, reducing purchases of fresh food produce and consequently demand for the related packaging. The group's total net turnover in food packaging in 2013 was 183.6 million euro, in line with 183.4 million euro in 2012.

In **Italy** revenue totaled 88.7 million euro and improved compared with the previous year (+1.8%) following the positive trend in sales of foamed containers (improvement in the mix), while turnover in rigid containers was penalized by the fall in volumes, but offset by higher sales of semi-finished products (leaf). Despite the sharp increase in raw materials, recurring gross operating profit improved significantly (5.3 million euro compared with 2.4 million in 2012) thanks to the commercial initiatives (selective price rise/improvement in mix), the positive effect of reorganizations (in particular for the rigid container business in Italy), cost optimization (production and structure) and the improvement in efficiency; the operating loss was 2.3 million euro (an operating loss of 33.4 million euro in 2012) and included non-recurring expense of 1.6 million euro relating mainly to lay-offs and other restructuring measures (in 2012 non-recurring expense and impairment losses totaling 29.5 million euro).

In **France**, the subsidiary Sirap France recorded a decrease in revenue from the previous year (-2.8%), with falling consumption and lower volumes partly offset by the change in the mix in favor of products with higher added value; this factor, together with improvements in production efficiency and containment of overheads, fuelled an improvement in operating profit (+12.7%).

Inline Poland Sp. z o.o. recorded revenue of 25.2 million euro, a strong improvement (+12.6%) thanks mainly to acquisition of new customers and markets. Margins were in line with the previous year, partly penalized by a very slow start to the year, the increase in the cost of raw materials and a less favorable mix.

The **Petruzalek** group, which operates mainly on the markets of East Europe, recorded revenue of 60.9 million euro, down by 2.8%, two-thirds of which was due to the exchange-rate effect; the reduction involved food packaging film and high-margin products generally, and some countries in particular (Austria, Turkey, Serbia). Operating profit was 0.1 million euro (an operating loss of

2.2 million euro in 2012) and included non-recurring expense of 0.9 million euro, mainly from lay-offs (0.4 million euro) and impairment losses on buildings (0.5 million euro; in 2012 impairment losses of 3.6 million euro). A re-organization plan was launched at the Petruzalek group in August, which includes a review of the entire organizational structure and more effective definition of commercial strategies in various countries/markets, with the aim of recovering market shares and margin.

Total capital expenditure in the food division was limited to 4.6 million euro (8.1 million euro in 2012) and was largely for operations aimed at regaining efficiency and productivity.

In food packaging, R&D continued in 2013 with testing of materials and the shapes of containers in order to find innovative solutions and optimize product performance.

R&D work was performed essentially by Sirap-Gema S.p.A.

Thermal insulation

Despite the general slowdown in the building segment and after a difficult start to the year, revenue from insulation products (56.5 million euro) fell only slightly (-0.7%) compared with 2012 (56.9 million euro), thanks to the increase in exports (around +8%), which offset the fall in sales on the Italian market (around -3%), and the increase in average sale prices.

Exports – mainly of extra-thick extruded panels – were largely to Switzerland, Germany and Austria, which account for 80% of the company's exports.

The segment's margins were seriously affected by the increase in the prices of raw materials. Recurring operating profit was 3.2 million euro, down compared with 2012 by 25.4%. Operating profit fell more sharply and included expense of 0.7 million euro for a provision set up for possible negative outcomes on a bankruptcy proceeding and lay-offs.

The group is still very focused on credit risk across all its customers with careful monitoring of credit levels.

Capital expenditure was 1.7 million euro (1.8 million euro in 2012) and was focused mainly on new machines and automation.

During 2013, R&D work focused on the use of new polymer mixes with varying degrees of fluidity for the production of extruded panels in order to reduce their density and increase productivity, especially for thick panels.

Risks and uncertainties

As noted above, in the second part of 2013 there was a significant increase in the price of polystyrene, the material used in the production of food packaging and insulation, due mainly to the closure of production plants for the polymerization of styrene. The Sirap group will continue to monitor the trend in these prices in order to optimize its procurement policy and to reduce, as far as possible, the impact of these items on its performance.

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

Another area of uncertainty is the collection of receivables. The companies in the Sirap Gema group expect critical situations to intensify in the coming months, a trend that began to emerge in 2013.

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

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

Sirap Gema S.p.A. has derivatives (interest-rate swaps) hedging interest-rate risk on bank borrowings.

Finally, with regard to outstanding disputes, reference should be made to the section on "Disputes and pending proceedings".

Environmental initiatives

After the approval in 2012 of an Environmental Policy document, during 2013 work continued to raise the level of personnel awareness on environmental issues and ensure group compliance with local regulations and application of the top ecological standards for sustainable and responsible development; in addition, appropriate initiatives in this field are being implemented or are planned with set procedures and deadlines.

During 2013 extraordinary maintenance work was carried out to partially replace some roofing, the cost for which had already been provided in 2012.

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: extensive reporting is performed on accidents and accident statistics, and also on potential risk situations and promotion of measures to prevent accident risk.

Human resources and organization

At December 31, 2013 the group workforce numbered 1,234 employees (of whom 7 under the CIGS procedure), down by 71 compared with December 31, 2012 (1,305 employees of whom 30 in CIGS).

	December 31, 2013		December 31, 2012		Change	
	headcount	%	headcount	%	headcount	% on 2012
Managers	35	*2.8*	39	*3.0*	(4)	*(10.3)*
White collars	417	*33.8*	450	*34.5*	(33)	*(7.3)*
Blue collars	782	*63.4*	816	*62.5*	(34)	*(4.2)*
Total	**1,234**	***100.0***	**1,305**	***100.0***	**(71)**	***(5.4)***

The state-subsidized layoff benefits program (CIGS) relating to the closure of the Corciano site (30 people at the end of 2012) ended at the end of 2013 with the final termination of the remaining employees (26 people).

Disputes and pending proceedings

With reference to the proceedings started in 2008 by the European Commission regarding supposed violations of EU competition laws on the market for plastic wrapping for food, and subsequently, on January 17, 2013, the presentation by the company and its subsidiaries of their written observations on the Statement of Objections, the company and its subsidiaries took part, with their legal advisors, at the oral hearings held from June 10 to 12, during which they presented their final considerations regarding the Statement of Objections to the Commission team that conducted the investigations. At the oral hearings, the Commission did not give any indications regarding the possible continuation of further investigations, or the date of the final ruling.

No further developments have taken place since.

Events after the reporting period

There were no significant events.

Outlook

The general economic situation on the Sirap group's key markets remains weak. In addition, for both of the group's core businesses, there is a continuing high credit risk given the limited liquidity of many operators. This risk will continue to be carefully monitored in order to minimize the negative impact on results and mitigated through appropriate insurance covers.

Food packaging

Demand for food packaging continues to be influenced by falling food consumption. In a situation of particularly fierce competition, the group has adopted commercial measures to expand the product range, shift its sales mix to products with higher added value and search for new customers and markets. On the production and industrial front, re-organization measures continue in order to cut costs and raise efficiency.

Thermal insulation

The situation on the key markets shows no signs of recovery, in particular on the domestic market. The company remains constantly engaged in efforts to consolidate its commercial initiatives, which seek to improve the product/market mix and further enhance turnover from exports.

Financial segment

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

(in millions of euro)	2013	2012 re-stated	% change	2012 published
Revenue	**48.3**	**54.1**	***(10.6)***	**56.2**
Recurring gross operating profit (loss)	**(6.0)**	**17.1**	***n.s.***	**19.3**
Other income (expense)	4.1	(2.7)	*n.s.*	(2.8)
Gross operating profit (loss)	**(1.9)**	**14.4**	***n.s.***	**16.5**
Amortization and depreciation	(0.4)	(0.4)	-	(0.4)
Operating profit (loss)	**(2.3)**	**14.0**	***n.s.***	**16.1**
Net finance costs	(0.2)	(0.2)	-	(0.2)
Impairment losses on financial assets	(6.0)	(55.5)	*(89.1)*	(55.5)
Share of profit (loss) of equity-accounted investees	(19.1)	(31.1)	*(38.6)*	(31.1)
Loss before tax	**(27.6)**	**(72.8)**	***(62.1)***	**(70.7)**
Income tax (expense)	(4.5)	0.1	*n.s.*	0.1
Loss for the year	**(32.1)**	**(72.7)**	***(55.8)***	**(70.6)**

n.s. not significant

(in millions of euro)	December 31, 2013	Dec 31, 2012 re-stated	Dec 31, 2012 published
Equity	1,028.8	997.7	1,002.5
Net financial position	146.6	115.5	115.5
Number of employees at year end	53	58	58

The improvement in the growth prospects of the advanced economies facilitated, in the second half of 2013, an increase in rates on 10-year treasury bonds in the United States and Great Britain, reflecting the gradual improvement in the economic situation, while rates remained unchanged in Japan and Germany.

Sovereign debt tensions in the euro zone continued to recede, thanks to the enhanced prospects for economic recovery, the ECB's monetary policy decisions, the progress in governance of the euro zone and the stabilization of the internal situation in the countries experiencing greatest difficulties. The yields on treasury bonds fell considerably, on both short- and long-term maturities, in all the countries in the euro zone most directly affected by past concerns.

During 2013, conditions on the financial markets improved in Italy too, in terms both of government securities and of shares and private debt. In the final quarter of 2013 share prices rose by 9% (+16.6% in 2013 - FTSE MIB) and covered all the main sectors of the Italian stock exchange, especially insurance and banking.

This situation influenced the results of the financial segment, where gains on the investment of liquidity and on the sale of equity investments were offset by losses on the share swap organized by Mittel, losses at associates and the write-down to zero of the equity investment in Burgo Group on the basis of an appraisal by an independent professional.

Quarterly trend

(in millions of euro)	Full year 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	**48.3**	**14.8**	**7.9**	**16.8**	**8.8**
% change vs. 2012	*(10.6)*	*66.1*	*5.2*	*(22.1)*	*(45.2)*
Recurring gross operating profit (loss)	***(6.0)***	***5.5***	***(17.9)***	***6.0***	***0.5***
% change vs. 2012	*n.s.*	*n.s.*	*n.s.*	*(51.4)*	*(91.7)*
% of revenue	*(12.5)*	*36.8*	*n.s.*	*35.5*	*5.2*
Gross operating profit (loss)	**(1.9)**	**9.7**	**(18.0)**	**5.7**	**0.7**
% change vs. 2012	*n.s.*	*n.s.*	*n.s.*	*(53.8)*	(87.0)
% of revenue	*(4.0)*	65.5	*n.s.*	33.7	7.7
Operating profit (loss)	**(2.3)**	**9.6**	**(18.1)**	**5.6**	**0.6**
% change vs. 2012	*n.s.*	*n.s.*	*n.s.*	*(54.1)*	*(88.4)*
% of revenue	*(4.7)*	*64.9*	*n.s.*	*33.2*	*6.8*
Profit (loss) for the period	**(32.1)**	**0.6**	**(1.0)**	**(16.4)**	**(15.4)**
Net financial position (at period end)	**146.6**	**146.6**	**139.3**	**127.3**	**116.8**

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 depend chiefly on dividend flows and trends on the financial markets.

The gains on the sale of some banking stocks and the sound management of liquidity generated revenue of 14.8 million euro in the fourth quarter of 2013, up by 66.1% compared with the year-earlier period (8.9 million euro).

Despite the impairment losses in the period for a total of 6.0 million euro and income tax expense for 3.0 million euro, the segment posted a profit for the fourth quarter of 0.6 million euro, an improvement compared both to the previous quarters of 2013 and to the year-earlier fourth quarter (a loss of 42.1 million euro, after impairment losses of 33.3 million euro.

Results in accordance with the financial model

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

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

(in millions of euro)	2013	2012 re-stated	% change	2012 published
Net losses on equity investments	(20.5)	(69.6)	*(70.6)*	(69.6)
Net gains on investments of cash and cash equivalents	11.0	23.1	*(52.4)*	25.3
Net borrowing costs	(5.3)	(7.0)	*(24.7)*	(7.1)
Total finance costs	**(14.8)**	**(53.5)**	***(72.4)***	**(51.4)**
Other expense	(12.8)	(19.3)	*(33.7)*	(19.3)
Income tax (expense)	(4.5)	0.1	*n.s.*	0.1
Loss for the year	**(32.1)**	**(72.7)**	***(55.8)***	**(70.6)**

n.s. not significant

The financial and economic context in which the Group's financial companies operated and the losses reported by some subsidiaries and associates, had a negative impact on the performance of the segment. In particular, **net losses on equity investments** of 20.5 million euro (net losses of 69.6 million euro in 2012) were mainly generated by:

- losses of 19.2 million euro (3.1 million euro in 2012) on the sale of securities and equity investments. Attention is drawn to the impact of the share swap organized by Mittel on treasury shares: Italmobiliare received Mittel bonds in exchange for shares tendered, recording a loss of 18.9 million euro,
- losses of the equity-accounted investees of 19.1 million euro (31.1 million euro in 2012). Attention is drawn to the loss of the associate RCS MediaGroup of 17.7 million euro, corresponding to the share of the loss reported by the publishing group attributable to the Italmobiliare Group,
- impairment losses of 6.0 million euro on equity investments. The impairment loss of 18.0 million euro on the equity investment in Burgo Group was partly offset by the measurement gain on RCS MediaGroup (12.0 million euro) to adjust the carrying amount of the shares to reflect fair value as ascertained from Italian stock exchange prices on October 30, 2013. After the early termination of the RCS MediaGroup shareholders' agreement, the measurement method was changed, since the equity investment in the publishing group no longer qualifies for classification as an equity-accounted investee,

partially offset by:

- dividends of 12.0 million euro, down by 6.5 million euro compared with 2012, due to the contraction in the dividend distribution policy of the main equity investments held by the financial segment,
- gains of 11.7 million euro from the sale of equity investments (1.7 million euro in 2012) mainly from the sale of Unicredit and UBI Banca shares.

Net gains on investments of cash and cash equivalents totaled 11.0 million euro and were down 52.4% compared with 2012, mainly due to lower measurement gains and gains on the sale of trading shares (3.2 million euro compared with 17.3 million euro in 2012).

Net borrowing costs fell 24.7% given average debt in the segment of 265.9 million euro (292.7 million euro in 2012).

Other expense, net of other income, totaled 12.8 million euro, down by 33.7%, partly as a result of non-recurring income of 4.1 million euro on the release of existing provisions for which the future risk no longer exists.

After income tax expense of 4.5 million euro (a positive amount of 0.1 million euro in 2012), the **loss for the year** was 32.1 million euro (a loss of 72.7 million euro for the year ended December 31, 2012).

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 2013, although the fair value reserve of the financial segment reflected a negative balance of 7.9 million euro, it showed an improvement of 57.8 million euro compared with December 31, 2012, due to the rise in share prices in the second half of the year, particularly among financial and banking stocks.

Significant events in the year

In order to guarantee an adequate capital structure for Sirap Gema S.p.A., Italmobiliare S.p.A. made a number of capital contributions for a total of 15 million euro to the subsidiary, which, given the heavy losses incurred in 2012, was in the situation contemplated by art. 2446 of the Italian Civil Code.

After the RCS MediaGroup share capital increase, on July 5, 2013 Italmobiliare exercised 2,699,056 rights, on a total of 8,153,495 rights, to subscribe 8,097,168 RCS MediaGroup ordinary shares for an outlay of 10 million euro. The shares were all syndicated to the shareholders' agreement. The unexercised rights were offered on a pre-emptive basis to the shareholders in the RCS MediaGroup shareholders' agreement; those that were not taken up were sold on the stock market. After the operation, Italmobiliare holds 3.824% of RCS MediaGroup ordinary share capital. In October 2013, the members in the shareholders' agreement agreed the early termination of the agreement as from October 30, 2013, and therefore from that date the shares are free of all restrictions.

During the year, in order to optimize its sources of funds and the related costs, Italmobiliare arranged loans backed by equities from its portfolio, including 2,660,000 Italcementi ordinary shares. At the date of approval of this report (March 26, 2014), these loans had been extinguished; consequently, Italmobiliare holds full rights to the shares pledged as security.

With reference to the Mittel S.p.A. public exchange offer on ordinary treasury shares in July, Italmobiliare S.p.A. tendered all Mittel shares in its portfolio in exchange for an equal number of Mittel bonds, held in the trading portfolio for an overall amount equivalent to their nominal amount of 15.4 million euro. During the year, it sold bonds for a nominal amount of 13.9 million euro, for proceeds of 14.1 million euro.

On September 30, 2013 in compliance with the conditions of the Mediobanca shareholders' agreement, Italmobiliare notified its intention to withdraw from the shareholders' agreement shares representing 1.053% of share capital, with effect from December 31, 2013. It continues to hold shares representing 1.568% of share capital syndicated to the shareholders' agreement.

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

(in millions of euro)	2013	2012	% change
Net gains (losses) on equity investments	(17.7)	43.1	*n.s.*
Net gains on investments of cash and cash equivalents	8.7	10.4	*(16.3)*
Net borrowing costs	(0.1)	-	n.s.
Total finance income (costs)	**(9.1)**	**53.5**	*n.s.*
Other expense	(1.4)	(0.9)	*57.8*
Income tax expense	(1.0)	(0.2)	*n.s.*
Profit (loss) for the year	**(11.5)**	**52.4**	***n.s.***

n.s. not significant

(in millions of euro)	December 31, 2013	December 31, 2012
Equity	437.2	457.6
Net financial position	391.7	392.1

After the corporate reorganization of the non-Italian companies, as from July 2012 the income statement for the year ended December 31, 2012 incorporated the operations previously held by Italmobiliare International Finance Ltd., and therefore it reflected the related income and expense only for six months. Consequently, the 2013 figures are not comparable with the corresponding figures for 2012.

Net losses on equity investments of 17.7 million euro (net gains of 43.1 million euro in 2012) were mainly due to:

- the limited dividends received compared with 2012, 0.2 million euro compared with 56.1 million euro in 2012, which benefitted from collection of 55.9 million euro for the extraordinary dividend received from Italmobiliare International Finance Ltd.,
- impairment losses of 18.1 million euro (impairment losses of 11.3 million euro in 2012), arising largely from the impairment loss applied to the equity investment in Burgo Group (18.0 million euro) after re-measurement of fair value with the assistance of an independent professional, using the evaluation method based on the estimated present value of future cash flows.

Net gains on investments of cash and cash equivalents decreased by 16.3%, from 10.4 million euro to 8.7 million euro in 2013, due to lower measurement gains and gains on the sale of trading securities, only partially offset by higher interest income.

After operating expense of 1.4 million euro (0.9 million euro in 2012) and income tax expense of 1.0 million euro, the loss for the year was 11.5 million euro (profit of 52.4 million euro in 2012).

The net financial position of 391.7 million euro was broadly in line with 2012 (392.1 million euro).

Equity of 437.2 million euro fell by 20.4 million euro compared with December 31, 2012, mainly due to:

- dividends paid for 8.8 million euro,
- the loss for the year of 11.5 million euro.

Besides trading securities on financial markets, Société de Participation Financière Italmobiliare S.A. holds the foreign equity investments of the financial segment, including the Finter Bank Zürich A.G. group (Switzerland), Crédit Mobilier de Monaco S.A. and Société d'Etudes de

Participations et de Courtage S.A. (Principality of Monaco). The carrying amount of the equity investments in subsidiaries totaled 32.3 million euro and was unchanged compared with the end of 2012; unlisted equity investments included 11.68% of Burgo Group S.p.A., classified as "Available-for-sale".

* * *

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.

Investments in listed companies held by the financial segment

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

	Quantity	% [1]	Holder
Subsidiaries			
Italcementi ordinary	106,914,000	60.363	Italmobiliare S.p.A.
Italcementi savings	3,011,500	2.856	Italmobiliare S.p.A.
Ciments Français	977,051	2.729	Italmobiliare S.p.A.
Other companies			
UniCredit ordinary	9,482,683	0.164	Italmobiliare S.p.A.
Mediobanca	22,568,992	2.621	Italmobiliare S.p.A.
RCS MediaGroup	16,250,663	3.824	Italmobiliare S.p.A.
Ubi Banca	2,318,792	0.257	Italmobiliare S.p.A.

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

Net financial position of Italmobiliare and the financial segment

(in thousands of euro)	December 31, 2013		December 31, 2012	
	Italmobiliare	Financial segment	Italmobiliare	Financial segment
Current financial assets	13,478	384,974	17,565	314,679
Current financial liabilities	(226,805)	(228,209)	(150,313)	(85,220)
Current net financial position (debt)	**(213,327)**	**156,765**	**(132,748)**	**229,459**
Non-current financial assets	5,313	27,049	4,687	34,691
Non-current financial liabilities	(37,143)	(37,236)	(148,549)	(148,665)
Net financial debt	**(31,830)**	**(10,187)**	**(143,862)**	**(113,974)**
Net financial position (debt)	**(245,157)**	**146,578**	**(276,610)**	**115,485**

At December 31, 2013, current financial assets of the financial segment totaled 385.0 million euro, of which 90% were bonds (65%) and cash/money market instruments (25%). The bond portfolio consisted of floating-rate instruments for 34.57% and fixed-rate instruments for the remaining 65.43%, with an average "A" rating. The portfolio was diversified on a geographical basis and a segment basis, and maximum exposure to a single issuer was 4.12% (triple A rating) on the total bond portfolio at December 31, 2013. In this portfolio, treasury instruments amounted to 92.11 million euro, with an average rating of AA-.

Italmobiliare had net financial debt of 245.2 million euro (276.6 million euro at December 31, 2012), down by 31.4 million euro, while the financial segment had a net financial position of 146.6 million euro (115.5 million euro at December 31, 2012), up by 31.1 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	48.0	48.2
Equity investments acquired	(25.3)	(25.3)
Dividends paid	19.7	11.1
Finance income (costs)	(2.3)	7.1
Current operations and extraordinary items	(8.7)	(10.0)
Total	**31.4**	**31.1**

Risks and uncertainties

The main risks of the financial segment are described below.

Risks relating to general economic conditions

Despite the increase in general economic uncertainty, the global liquidity situation still supports positive growth prospects and the global economy is accelerating, thanks mainly to the developed markets.

In addition, the healthy performance of the stock markets is in line with the search for returns at a time of excess liquidity and expectations of expansive monetary policies being adopted by central banks.

If these expectations should not be realized, besides the risks of unexpected events and adverse trends on the financial markets, the Group's operations and its business and financial outlook could be negatively affected.

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 trend from one year to the next and/or may not be significantly comparable.

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, 2013, the equity investment in Italcementi (accounting for 38.90% of share capital) represented 52.9% of the current net asset value (NAV).

The performance of the Italcementi group and its capacity to pay dividends therefore has a high material impact on the financial position and results of operations of Italmobiliare.

Financing risks

Access to the capital market and to other forms of financing, and related costs, depends on companies' creditworthiness and on the general economic conditions of the market and the credit system. Any downgrade in credit worthiness 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.

Risks of fluctuation in interest and exchange rates

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 are arranged when the market presents opportunities assessed on the basis of the Italmobiliare asset and liability structure.

Despite these hedges, sudden fluctuations in interest rates could have a negative impact on the segment's financial positions 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 are located in Italy, at Italmobiliare S.p.A. As part of the initiatives to improve the corporate governance system, priority has been given, at Italmobiliare S.p.A., to the development and updating of an integrated corporate governance system (organization, powers and processes).

Events after the reporting period

As already described in the section on the construction materials segment, on March 6, 2014, the Italmobiliare Board of Directors expressed its willingness to convert the Italcementi savings shares it holds (2.856% of the share capital), to subscribe its share of the Italcementi share capital increase and to tender the shares it holds in Ciments Français (2.73% of the share capital) for the public tender offer.

Upon completion of the above transactions, Italmobiliare will maintain a stake of more than 45% of Italcementi voting capital and therefore Efiparind BV, through Italmobiliare, will maintain control of Italcementi pursuant to art. 93 of the Consolidated Finance Act.

A more detailed analysis of the operation is contained in the joint Italcementi-Italmobiliare press release “Italcementi approves plan to strengthen and streamline its capital and Group structure. The Italmobiliare Board supports the transaction” of March 6, 2014.

Outlook

The scenario for 2014 sees stabilization in global growth, generated by an acceleration in the economic cycle in the advanced countries and a slowdown in some emerging areas.

The advanced areas continue, however, to present broad under-utilization of factors of production, high public-sector debt and fragmentation of the credit market.

With regard to management of liquidity, the context of low interest rates and moderate growth supports stock market valuations and loan spreads, while risk-free bond yields are exposed to the process of easing introduced by the Fed.

The main unknown factors, however, relate to the possible concurrence and triggering of a vicious circle stemming from the risk of deflation in some advanced areas and the vulnerability of the main emerging economies.

Therefore, the performance of the financial segment, given limited dividend flows, reflects the uncertainty of the financial markets. It is, therefore, difficult to provide full-year guidance with regard to management of liquidity and to the main equity investments held.

Banking segment

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

(in millions of euro)	2013	2012 re-stated	% change	2012 published
Revenue	**22.5**	**33.4**	***(32.6)***	**33.4**
Recurring gross operating loss	**(14.2)**	**(5.5)**	***n.s.***	**(5.3)**
Gross operating loss	**(13.3)**	**(5.0)**	***n.s.***	**(4.8)**
Amortization and depreciation	(4.7)	(4.3)	*8.9*	(4.3)
Operating loss	**(18.0)**	**(9.3)**	***94.1***	**(9.1)**
Loss before tax	**(18.0)**	**(9.3)**	***92.4***	**(9.1)**
Income tax (expense)	0.4	0.4	*n.s.*	0.4
Loss for the year	**(17.6)**	**(8.9)**	***97.7***	**(8.7)**

n.s. not significant

(in millions of euro)	December 31, 2013	Dec 31, 2012 re-stated	Dec 31, 2012 published
Equity	57.1	75.6	78.5
Equity attributable to owners of the parent	57.1	75.2	78.1
Net financial position	70.9	77.5	77.5
Number of employees at year end	82	95	95

Quarterly trend

(in millions of euro)	Full year 2013	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	**22.5**	**5.3**	**5.0**	**6.3**	**5.9**
% change vs. 2012	*(32.6)*	*(29.4)*	*(43.8)*	*(28.6)*	*(27.6)*
Recurring gross operating loss	**(14.2)**	**(11.6)**	**(1.1)**	**(1.4)**	**(0.1)**
% change vs. 2012	*n.s.*	*n.s.*	*n.s.*	*(49.8)*	*(92.1)*
% of revenue	*(56.9)*	*n.s.*	*(21.8)*	*(22.4)*	*(1.0)*
Gross operating profit (loss)	**(13.3)**	**(10.8)**	**(1.1)**	**(1.7)**	**0.2**
% change vs. 2012	*n.s.*	*n.s.*	*n.s.*	*(38.5)*	*n.s.*
% of revenue	*(53.1)*	*n.s.*	*(21.3)*	*(26.4)*	*3.8*
Operating loss	**(18.0)**	**(13.8)**	**(1.5)**	**(2.3)**	**(0.4)**
% change vs. 2012	*94.1*	*n.s.*	*n.s.*	*(34.2)*	*(76.4)*
% of revenue	*(73.8)*	*n.s.*	*(29.7)*	*(36.2)*	*(6.1)*
Loss for the period	**(17.6)**	**(13.4)**	**(1.5)**	**(2.3)**	**(0.4)**
Net financial position (at period end)	**70.9**	**70.9**	**72.7**	**73.3**	**71.8**

n.s. not significant

The fall in revenue in the fourth quarter, which confirms the negative trend compared with previous periods, and the material allowances provided in the period by the Swiss bank, had a negative impact on margins, generating a gross operating loss of 10.8 million euro, down compared with both the fourth quarter of 2012 and the previous quarters of 2013.

After amortization and depreciation of 3.0 million euro (2.0 million euro in the prior-year period), the operating loss was 13.8 million euro. Despite a positive income tax posting of 0.4 million euro, the above operations led to a loss for the quarter of 13.4 million euro (loss of 4.0 million euro in the fourth quarter of 2012).

Results in accordance with the banking model

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

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

(in millions of euro)	**2013**	**2012 re-stated**	**% change**	**2012 published**
Net interest income	3.4	5.3	*(36.2)*	5.3
Total income	21.3	30.5	*(30.2)*	30.5
Operating expense	(24.0)	(29.1)	*(17.3)*	(28.9)
Gross operating profit (loss)	(2.7)	1.4	*n.s.*	1.6
Loss from operations	(18.1)	(9.4)	*93.6*	(9.2)
Loss for the year	**(17.6)**	**(8.9)**	***97.7***	**(8.7)**

n.s. not significant

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

Finter Bank Zürich

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

(millions of CHF)	2013	2012	% change
Net interest income	2.8	5.1	*(44.4)*
Total income	24.7	35.3	*(29.9)*
Operating expense	(28.6)	(34.1)	*(16.2)*
Gross operating profit (loss)	(3.9)	1.2	*n.s.*
Loss from operations	(22.7)	(11.7)	*93.2*
Loss for the year	**(21.9)**	**(11.0)**	***98.6***

n.s. not significant

The Swiss private banking sector is going through a period of crisis and change fuelled by international lobbying on tax issues, the economic slowdown in the European countries and the consequent erosion in margins.

Against this unfavorable background, the bank saw a fall in client assets, which triggered a decline in revenue, only partially offset by the reduction in operating expense. Total income fell by 29.9% compared with 2012, from 35.3 to 24.7 million Swiss francs. This was mainly due to:

- the fall in commission income from 23.8 million Swiss francs in 2012 to 17.1 million Swiss francs in 2013,
- the reduction of 2.2 million Swiss francs in net trading revenue compared with 2012 (from 4.3 to 2.1 million Swiss francs in 2013).

The cuts in operating expense implemented throughout the year (services -18.9%, personnel expense -14.3%) enabled the bank to limit its gross operating loss to 3.9 million Swiss francs (gross operating profit of 1.2 million Swiss francs in 2012).

The loss for the year was 21.9 million Swiss francs (a loss of 11.0 million Swiss francs in 2012), reflecting the material impact of high one-off expense items.

In particular, the bank provided allowances of 13.2 million Swiss francs for extraordinary costs, and recognized amortization, depreciation and impairment losses totaling 5.7 million Swiss francs. This expense also included prudential provisions for potential fines that might arise from specific international tax issues regarding the private banking industry in Switzerland.

Given these results, consolidated equity fell from 83.7 million Swiss francs at December 31, 2012 to 63.0 million Swiss francs at December 31, 2013.

Third-party assets under management totaled 2.2 billion Swiss francs at the end of 2013, down from 2.6 billion Swiss francs at the end of 2012.

Significant events in the year

With a view to rationalizing the corporate structure, in March the entire equity investment in Finter Life (Liechtenstein) was sold, as it was considered no longer strategic for the bank's business.

Risks and uncertainties

The bank has a risk management policy approved by the Board of Directors, which is in line with the standards imposed by the local supervisory authorities and subject to periodic review by internal and external auditors.

The policy is the basis for the bank's risk management and its implementation is the responsibility of management.

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

Clear limits are set for individual risks. Trading positions are assessed on a daily basis. Management keeps responsibility for risk control separate from responsibility for trading.

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

Counterparty risks

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

The credit competences system regulates the loan provision process: solvency and credit worthiness are assessed by the bank's Loan Office, which operates separately from the front offices that forward loan applications. The procedures set precise and rigorous limits on lending autonomy, and monitoring and control systems check loan positions.

Loan transactions are conducted as a corollary to asset management activities for private clients and are therefore limited to Lombard loans and property mortgages.

Interest-rate risks

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

Market risks

Other market risks, primarily risks on securities, currency and precious metal positions, are limited by application of a volume system on open positions and a stop loss system.

Trading positions are monitored on a daily basis.

Liquidity risks

Solvency is monitored and guaranteed in compliance with banking laws and reported to the compliance authority in accordance with the deadlines and methods prescribed. The bank also reviews the marketability of its positions on a regular basis.

Operating risks

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

Compliance and legal risks

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

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

Human resources

Personnel data is set out below.

(units)	2013		2012	
Categories	**HDC [1]**	**FTE [2]**	**HDC [1]**	**FTE [2]**
Executive	3	3.0	5	5.0
Management	22	20.8	25	23.8
Middle Management	37	36.3	44	41.6
White collars	15	14.0	16	14.4
Total	**77**	**74.1**	**90**	**84.8**

[1] Headcount
[2] Full Time Equivalent

Finter Bank Zürich provides in-house foreign language courses; other training is based on individual needs. All staff receive training, in their division, on the new Swiss Banking Rules.

Data security and personal safety

Data protection and personnel safety activities are summarized below:
- the EDP center is compliant with the latest security standards;
- data is stored in high-security environments.

Environmental information

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

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. In 2013 net interest income of 1,084 thousand euro was in line with the 2012 figure (1,083 thousand euro), while gross operating profit fell by 17.4%, mainly due to the fall in net operating income, from 448 thousand euro for the year ended December 31, 2012 to 370 thousand euro for the year ended December 31, 2013.

After income tax expense of 144 thousand euro (148 thousand euro in 2012), profit for the year was 172 thousand euro, down compared with 2012 (234 thousand euro).

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

Main risks and uncertainties

The bank is not exposed to specific risks with respect to clients, suppliers and competitors (Crédit Mobilier de Monaco conducts its guarantee-backed loan business on a monopoly basis) and its business does not present particularly critical elements, since its loans have a duration of 6 months and can therefore be revalued at suitably frequent intervals. This occurred in 2013 in relation to the fall in the price of gold. Nonetheless, the guarantees remained at very significant levels with respect to the loans provided.

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

Doubtful receivables on guarantee-backed loans totaled 129 thousand euro at the end of 2013 (down by 103 thousand euro compared with December 31, 2012). They related to a single case (for an initial amount of 224 thousand euro which goes back to January 2004), the value of which is gradually being reduced and about to be settled. The collection of the doubtful receivables in question is covered by the collateral (pledges) available to the bank.

The security procedures are adequate.

Environment and human resources

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

Compliance levels are excellent.

Crédit Mobilier de Monaco has a stable workforce, but is exposed to the risk of critical difficulties arising from long-term unavailability or resignation of key resources. At December 31, 2013, it had 5 employees (1 manager, 1 supervisor and 3 white collars). All employees have open-end employment contracts.

During 2013, Crédit Mobilier de Monaco used the services of a full-time independent specialist.

Events after the reporting period

No significant events took place.

Outlook

The segment's prospects for 2014 will be affected by the international financial markets, international lobbying on tax issues as well as by increasingly fierce competition in the Swiss banking market, especially in the private banking segment. Since the Swiss finance sector naturally has an international focus, changes in the international scenario have significant repercussions on the management and margins of banks, especially of smaller players.

In this context, the segment will continue to improve the quality of products and services offered to clients and to cut costs.

Property, services and other segment

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

At December 31, 2013 segment revenue totaled 2.5 million euro, up by 57.8% compared with 2012 (1.6 million euro), and mainly arose from gains on the sale of land in Punta Ala.

After operating expense of 1.9 million euro (1.8 million euro in 2012) and income tax expense of 0.1 million euro (unchanged compared with 2012), profit for the year totaled 0.5 million euro, up by 84.6% compared with 2012 (0.3 million euro).

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 two types of company, each of which deals with specific risks and uncertainty:

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

Information on personnel and the environment

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

Events after the reporting period

No significant events took place.

Outlook

In view of the uncertainties affecting the real estate market, it is difficult at the present time to provide reliable guidance on 2014 performance.

Human resources

The number of employees at December 31, 2013 was 19,815, compared with 20,357 at December 31, 2012.

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

(headcount)	December 31, 2013		December 31, 2012	
		%		%
Operating segment				
Construction materials	18,434	*93.0*	18,886	*92.7*
Packaging and insulation	1,234	*6.2*	1,305	*6.4*
Finance	53	*0.3*	58	*0.3*
Banking	82	*0.4*	95	*0.5*
Property, services and other	12	*0.1*	13	*0.1*
Total	**19,815**	***100.0***	**20,357**	***100.0***

Transactions with related parties

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

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

The summary of transactions with related parties at December 31, 2013, is provided in the notes.

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

No atypical or unusual transactions took place in 2013 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 nature (exchange of goods and/or services) or a financial nature.

Italmobiliare also provides an "administrative service" to some associates, regulated on the basis of the costs attributable to performance of the service.

Transactions with other related parties

Transactions with other related parties in 2013 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 & Partners law firm, of which Italmobiliare director Luca Minoli was a partner, for considerations of around 394 thousand euro.

During 2013, the Italmobiliare Group made an endowment to the Italcementi Cav. Lav. Carlo Pesenti foundation of 800 thousand euro. Italcementi S.p.A. charged the foundation 162 thousand euro for administrative and corporate services and other services. CTG S.p.A. provided the foundation with services for 35 thousand euro.

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

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

Disputes and pending proceedings

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

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

Outlook

The growth trend in the world economy is strengthening thanks to the improvement in private-sector budgets and the more accommodating stance of monetary policy in the advanced economies, while structural obstacles and uncertain financial conditions are causing a deceleration in the emerging countries.

In the euro zone, the economic recovery seems to be slackening and could be adversely affected by the fall in domestic demand, lower than expected export growth and insufficient structural reforms in some countries.

In this context, the Group's industrial segments expect sales volumes to remain substantially steady, assisted by exports and by enhancements to product offers. The financial segments will be exposed to uncertainty on the markets, which in turn will be affected by developments in US monetary policy and by pressure on the government securities of the European countries most committed to adopting measures to boost growth and employment.

Given this economic and financial outlook, it is difficult to formulate forecasts for the Group's consolidated results for the current year. Nevertheless, the Group is constantly committed to action to recover profitability and strengthen its capital base.

Milan, March 26, 2014

For the Board of Directors
The Chairman
(Giampiero Pesenti)

Italmobiliare Group - Consolidated financial statements as at and for the year ended December 31, 2013

Financial statements

Statement of financial position

(in thousands of euro)	Notes	12.31.2013	12.31.2012 re-stated	Change	1.1.2012 re-stated
Non-current assets					
Property, plant and equipment	1	4,009,847	4,220,901	(211,054)	4,546,850
Investment property	2	29,545	34,162	(4,617)	28,596
Goodwill	3	1,553,756	1,644,299	(90,543)	1,986,474
Intangible assets	4	98,419	107,643	(9,224)	111,914
Equity-accounted investees	5	209,867	283,720	(73,853)	324,662
Other equity investments	6	320,386	306,397	13,989	338,886
Trade receivables and other non-current asets	7	199,339	262,921	(63,582)	224,219
Deferred tax assets	22	123,618	127,452	(3,834)	172,466
Non-current amounts due from employeees		913	(48)	961	(904)
Total non-current assets		**6,545,690**	**6,987,447**	**(441,757)**	**7,733,163**
Current assets					
Inventories	8	663,210	735,519	(72,309)	775,622
Trade receivables	9	725,173	810,439	(85,266)	925,849
Other current assets including derivatives	10	344,744	394,258	(49,514)	410,091
Tax assets	11	67,285	64,771	2,514	71,972
Equity investments, bonds and financial assets	12	401,306	465,301	(63,995)	759,715
Cash and cash equivalents	13	745,639	957,573	(211,934)	821,478
Total current assets		**2,947,357**	**3,427,861**	**(480,504)**	**3,764,727**
Non-current discontinued operations	14		**2,104**	**(2,104)**	**3,445**
Total assets		**9,493,047**	**10,417,412**	**(924,365)**	**11,501,335**
Equity					
Share capital	15	100,167	100,167		100,167
Share premium	16	177,191	177,191		177,191
Reserves		60,250	(9,826)	70,076	2,278
Treasury shares	17	(21,226)	(21,226)		(21,226)
Retained earnings		1,345,695	1,535,605	(189,910)	1,825,244
Equity attributable to owners of the parent		**1,662,077**	**1,781,911**	**(119,834)**	**2,083,654**
Non-controlling interests	18	2,670,703	2,933,276	(262,573)	3,390,183
Total equity		**4,332,780**	**4,715,187**	**(382,407)**	**5,473,837**
Non-current liabilities					
Financial liabilities	20	2,192,235	2,196,608	(4,373)	2,318,948
Employee benefits	19	293,707	334,224	(40,517)	276,826
Provisions	21	243,053	249,288	(6,235)	261,053
Other liabilities		30,142	40,652	(10,510)	29,830
Deferred tax liabilities	22	207,466	197,219	10,247	222,015
Total non-current liabilities		**2,966,603**	**3,017,991**	**(51,388)**	**3,108,672**
Current liabilities					
Bank loans and borrowings	20	430,683	652,629	(221,946)	349,436
Financial liabilities	20	275,362	225,936	49,426	538,579
Trade payables	23	563,804	651,591	(87,787)	661,002
Provisions	21	1,771	612	1,159	2,123
Tax liabilities	24	37,658	33,539	4,119	44,753
Other liabilities	25	884,386	1,119,636	(235,250)	1,322,561
Total current liabilities		**2,193,664**	**2,683,943**	**(490,279)**	**2,918,454**
Total liabilities		**5,160,267**	**5,701,934**	**(541,667)**	**6,027,126**
Liabilities directly linked to discontinued operations	26		**291**	**(291)**	**372**
Total equity and liabilities		**9,493,047**	**10,417,412**	**(924,365)**	**11,501,335**

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.

Income statement

(in thousands of euro)	Notes	2013	%	2012 re-stated	%	Change	%
Revenue	27	**4,519,899**	**100.0**	**4,772,230**	**100.0**	**(252,331)**	**-5.3**
Other revenue		48,647		51,380		(2,733)	
Change in inventories		(8,542)		21,128		(29,670)	
Internal work capitalized		38,707		32,545		6,162	
Raw materials and supplies	28	(1,821,417)		(2,001,922)		180,505	
Services	29	(1,105,880)		(1,168,063)		62,183	
Personnel expense	30	(938,315)		(992,436)		54,121	
Other operating expense	31	(117,788)		(64,508)		(53,280)	
Recurring gross operating profit		**615,311**	**13.6**	**650,354**	**13.6**	**(35,043)**	**-5.4**
Net gains from the sale of non-current assets	32	21,105		39,057		(17,952)	
Non-recurring personnel expense for re-organizations	32	(30,676)		(56,453)		25,777	
Other non-recurring expense	32	(1,219)		(10,751)		9,532	
Gross operating profit		**604,521**	**13.4**	**622,207**	**13.0**	**(17,686)**	**-2.8**
Amortization and depreciation	33	(442,173)		(471,859)		29,686	
Impairment losses on non-current assets	34	(32,586)		(334,140)		301,554	
Operating profit (loss)		**129,762**	**2.9**	**(183,792)**	**-3.9**	**313,554**	**n.s.**
Finance income	35	41,423		58,677		(17,254)	
Finance costs	35	(166,289)		(155,566)		(10,723)	
Exchange-rate differences and net gains (losses) on derivatives	35	(4,436)		(1,278)		(3,158)	
Impairment losses on financial assets	36	(22,082)		(32,208)		10,126	
Share of profit (loss) of equity-accounted investees	37	(11,035)		(20,017)		8,982	
Loss before tax		**(32,657)**	**-0.7**	**(334,184)**	**-7.0**	**301,527**	**-90.2**
Income tax expense	38	(121,778)		(148,234)		26,456	
Loss relating to continuing operations		**(154,435)**	**-3.4**	**(482,418)**	**-10.1**	**327,983**	**-68.0**
Profit relating to discontinued operations				8,194		(8,194)	
Loss for the year		**(154,435)**	**-3.4**	**(474,224)**	**-9.9**	**319,789**	**-67.4**
Attributable to:							
Owners of the parent		(129,735)	-2.9	(272,362)	-5.7	142,627	-52.4
Non-controlling interests		(24,700)	-0.5	(201,862)	-4.2	177,162	-87.8
Earnings (losses) per share	40						
- Basic							
ordinary shares		(3.448) €		(7.239) €			
savings shares		(3.448) €		(7.239) €			
- Diluted							
ordinary shares		(3.448) €		(7.239) €			
savings shares		(3.448) €		(7.239) €			

Statement of comprehensive income

(in thousands of euro)	Notes	2013	%	2012 re-stated	%	Change	%
Loss for the year		**(154,435)**	**-3.4**	**(474,224)**	**-9.9**	**319,789**	**67.4**
Other comprehensive income (expense) relating to continuing operations	25						
Items that will not be reclassified to profit or loss subsequently							
Re-measurement of the net liability/(asset) for employee benefits		29,543		(29,751)		59,294	
Income tax		(4,172)		11,978		(16,150)	
Total items that will not be reclassified to profit or loss subsequently		**25,371**		**(17,773)**		**43,144**	
Items that might be reclassified to profit or loss subsequently							
Translation reserve on foreign operations		(224,585)		(90,177)		(134,408)	
Translation reserve on foreign operations - investments in equity-accounted investees		(10,948)		(365)		(10,583)	
Fair value gains (losses) on cash flow hedging		14,855		(28,970)		43,825	
Fair value gains (losses) on cash flow hedging - investments in equity-accounted investees		161		(225)		386	
Fair value gains (losses) on available-for-sale financial assets		48,085		(12,847)		60,932	
Fair value gains (losses) on available-for-sale financial assets - investments in equity-accounted investees		(376)		50		(426)	
Income tax		6,681		2,519		4,162	
Total items that might be reclassifed to profit or loss subsequently		**(166,127)**		**(130,015)**		**(36,112)**	
Total other comprehensive expense relating to continuing operations net of tax effect		**(140,756)**		**(147,788)**		**7,032**	
Other comprehensive income (expense) relating to discontinued operations							
Total other comprehensive expense		**(140,756)**		**(147,788)**		**7,032**	
Total comprehensive expense		**(295,191)**	**-6.5**	**(622,012)**	**-13.0**	**326,821**	**-52.5%**
Attributable to:							
owners of the parent		(109,021)		(305,772)		196,751	
non-controlling interests		(186,170)		(316,240)		130,070	

Consolidated statement of changes in equity

	Attributable to owners of the parent											Non-controlling interests	Total equity
		Riserve											
(in thousands of euro)	Share capital	Share premium	General bank risk reserve	AFS Fair value reserve	Hedging reserve	Actuarial gain/losses on defined benefit plans	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total share capital and reserves		
Balance at January 1, 2012	**100,167**	**177,191**	**1,769**	**-51,864**	**1,993**		**52,540**	**-21,226**	**16,500**	**1,831,328**	**2,108,398**	**3,431,166**	**5,539,564**
Application IAS 19 revised and other changes						-2,160			-18	-22,566	-24,744	-40,983	-65,727
Re-stated balance at January 1, 2012	**100,167**	**177,191**	**1,769**	**-51,864**	**1,993**	**-2,160**	**52,540**	**-21,226**	**16,482**	**1,808,762**	**2,083,654**	**3,390,183**	**5,473,837**
Profit (loss) for the year										-272,362	-272,362	-201,862	-474,224
Total other comprehensive income (expense)			12	1,586	-10,145	-7,315	1,847		-19,395		-33,410	-114,378	-147,788
Total comprehensive income (expense)			**12**	**1,586**	**-10,145**	**-7,315**	**1,847**		**-19,395**	**-272,362**	**-305,772**	**-316,240**	**-622,012**
Stock options							777				777	-54	723
Dividends												-104,491	-104,491
% change in control and scope of consolidation							1,134		12	2,106	3,252	-36,122	-32,870
Balance at December 31, 2012	**100,167**	**177,191**	**1,781**	**-50,278**	**-8,152**	**-9,475**	**56,298**	**-21,226**	**-2,901**	**1,538,506**	**1,781,911**	**2,933,276**	**4,715,187**
Profit (loss) for the year										-129,735	-129,735	-24,700	-154,435
Total other comprehensive income (expense)			-30	56,314	6,496	9,219	-486		-50,799		20,714	-161,470	-140,756
Total comprehensive income (expense)			**-30**	**56,314**	**6,496**	**9,219**	**-486**		**-50,799**	**-129,735**	**-109,021**	**-186,170**	**-295,191**
Stock options							176				176	-437	-261
Dividends												-74,173	-74,173
% change in control and scope of consolidation			-1,751				138		-30	-9,346	-10,989	-1,793	-12,782
Balance at December 31, 2013	**100,167**	**177,191**		**6,036**	**-1,656**	**-256**	**56,126**	**-21,226**	**-53,730**	**1,399,425**	**1,662,077**	**2,670,703**	**4,332,780**

Statement of cash flows

(in thousands of euro)	Notes	2013	2012 re-stated
A) Cash flow from (used in) operating activities:			
Loss before tax		(32,657)	(331,798)
Adjustments for:			
Amortization, depreciation and impairment losses		497,686	843,516
Reversal of share of profit (loss) of equity-accounted investees		20,880	32,952
Net gains from the sale of non-current assets		(16,012)	(64,435)
Change in employee benefits and other provisions		791	36,842
Stock options		425	723
Reversal of net finance costs		115,929	106,876
Cash flow from operating activities before tax, finance income/costs, change in working capital		**587,042**	**624,676**
Change in working capital:			
Inventories		44,187	15,917
Trade receivables		60,199	101,576
Trade payables		(71,716)	(3,600)
Other receivables/payables, prepayments and accrued income, accrued expenses and deferred income		17,924	(3,758)
Cash flow from operating activities before tax, finance income/costs		**637,636**	**734,811**
Net finance costs paid		(115,894)	(110,312)
Dividends received		4,727	3,694
Taxes paid		(94,945)	(129,998)
Proceeds from derivatives		455	(813)
		(205,657)	**(237,429)**
Total A)		**431,979**	**497,382**
B) Cash flow used in investing activities:			
Capital expenditure:			
PPE and investment property		(329,277)	(362,156)
Intangible assets		(12,955)	(18,133)
Financial assets (equity investments) net of cash acquisitions (*)		(13,491)	(18,848)
Total capital investments		**(355,723)**	**(399,137)**
Proceeds from sale of non-current assets and loan repayments		83,183	114,430
Total sales		**83,183**	**114,430**
Total B)		**(272,540)**	**(284,707)**
C) Cash flow from (used in) financing activities:			
Change in non-current financial liabilities		(422,046)	(326,923)
Change in financial assets		166,069	371,362
Change in equity investments		856	10,163
Percentage change in interests in consolidated companies		373	(10,280)
Dividends paid		(74,168)	(104,756)
Other changes in equity		4,313	364
Total C)		**(324,603)**	**(60,070)**
D) Translation differences and other changes			
Translation differences and other changes		(46,770)	(22,916)
Translation differences and other changes relating to discontinued operations			6,406
Total D)		**(46,770)**	**(16,510)**
E) Cash flows for the year (A+B+C+D)		**(211,934)**	**136,095**
F) Cash and cash equivalents at beginning of the year		**957,573**	**821,478**
Cash and cash equivalents at end of the year (E+F)	**13**	**745,639**	**957,573**
(*) cash and cash equivalents from acquired and consolidated companies		110	112

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

Notes

The consolidated financial statements of Italmobiliare S.p.A. as at and for the year ended December 31, 2013 were approved by the Board of Directors on March 26, 2014. At the meeting, the Board authorized publication of a press release dated March 26, 2014, 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, food packaging and thermal insulation, finance, banking 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, 2013 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 Directive IV also apply, where compatible, to companies that draw up financial statements in accordance with the IFRS. Consequently, the financial statements are compliant with the Italian Civil Code and the corresponding indications of the Consolidated Finance Act (TUF, *testo unico della finanza*) for listed companies with regard to the directors' report on operations, the legally-required audit and the publication of the financial statements. The 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 the IFRS, and under other Consob regulations and dispositions governing financial statements.
In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2013, that had not been endorsed by the European Union at that date.

Standards and interpretations that came into force in 2013

Since January 1, 2013, the Group has adopted the new standards and changes described below, including the changes arising therefrom applied to other standards.

- IAS 1 “Presentation of financial statements” relating to the presentation of other comprehensive income**.** As a result of the amendments to IAS 1, the Group has modified the presentation of other comprehensive income in the statement reflecting profit/(loss) and other components of comprehensive income. The new presentation shows the items that may in future be reclassified to profit/(loss) for the period (e.g., net gains on net investment hedging, translation gains/losses on the financial statements of foreign operations, net gains on cash flow hedges and net gains/losses on available-for-sale financial assets) separately from items that will never be reclassified (e.g., actuarial gains/losses on defined benefit plans). The comparative information has been reclassified accordingly. The change related solely to the method of presentation and has not had an impact on the Group’s financial position or results of operations.
- IAS 12 – “Income taxes” – recovery of underlying assets. This amendment clarifies determination of deferred tax on investment property measured at fair value. The measurement criterion adopted by the Group after initial recognition is cost net of accumulated depreciation, consequently the change has not had an impact on Group results of operations.
- IAS 34 – “Interim financial reporting” and segment reporting for total assets and liabilities. The amendment clarifies segment disclosure requirements in order to improve consistency with IFRS 8 “Operating segments”.
- Amendments to IFRS 7 “Financial instruments: disclosures” (Offsetting financial assets and financial liabilities) and related amendments to IAS 32 “Financial instruments: Presentation”. The amendments, which require disclosure of offsetting rights and related agreements (e.g., guarantees), have not had impacts on the Group’s financial position or results of operations.
- Amendments to IAS 19 “Employee benefits”. The main changes refer to treatment of past service costs that have not vested and the actuarial gains/losses to be immediately recognized in profit/loss for the year and in other comprehensive income (elimination of the corridor method), and the adoption, for plan assets, of the discount rate used to determine the defined benefit liability. In the Group’s case, the amendments to IAS 19 have had a material impact on the net defined benefit plan liability due to recognition of net actuarial losses and the difference in the accounting treatment of interest on plan assets; the impact with respect to past service costs was smaller. Finance costs relating to the obligations, net of income on asset yields, have been reclassified from “Personnel expense” to “Finance costs”.
- IFRS 13 “Fair value measurement”. This standard introduces a single framework for fair value measurement and for related disclosure when fair value measurement is required or allowed by other standards. Specifically, the standard establishes a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also replaces and extends disclosures required with regard to fair value measurements by other standards, including IFRS 7. In compliance with the transitory indications of IFRS 13, the Group has applied the new fair value measurement method prospectively, without providing comparative information for the new disclosure. Application of IFRS 13 has generated a negative gross effect of approximately 2.2 million euro on the Group’s results of operations and net financial position.
- IFRIC 20 “Stripping costs in the production phase of a surface mine”. This interpretation, which applies to the accounting treatment of stripping costs incurred in surface mine operations during the production phase, has not had an impact on the Group.

The Group has also amended the accounting treatment of green certificates attributed to Italgen S.p.A.. Specifically revenue relating to green certificates is recognized on an accruals basis, at the time of production of electric power from renewable sources, and proportionately to production. Up until the previous financial year, the Group recognized revenue relating to green certificates at the time of sale.
The effects arising from the application of IAS 19 revised and the new accounting treatment of green certificates are set out in the section “Change in accounting policies”.

Standards and interpretations to come into force in 2014

- Amendments to IAS 32 "Financial instruments: presentation", in the application guidance, regarding offsetting of financial assets and financial liabilities.
- IFRS 10 "Consolidated financial statements". The new standard replaces IAS 27 "Consolidated and separate financial statements" and SIC 12 "Consolidation – Special-purpose entities". IFRS 10 introduces a new control model, applicable to all entities in which an investment is held, based on the Group's power over the investee, its exposure or rights to variable returns from its involvement with the investee and its ability to affect those returns through its power over the investee.
- IFRS 11 "Joint arrangements". The new standard replaces IAS 31 "Interests in joint ventures" and SIC 13 "Jointly controlled entities – Non-monetary contributions by venturers"; it sets out the accounting policies for entities taking part in joint arrangements. The standard provides for joint arrangements to be classified as joint operations if the Group has rights to the assets and obligations for the liabilities relating to the arrangement, or as joint ventures if the Group only has rights to the net assets of the arrangement. Classification depends upon the structure of the arrangement, the legal status of any separate entities, the terms of the contractual arrangement and other facts and circumstances.
- IFRS 12 "Disclosure of interests in other entities", which organizes, strengthens and replaces disclosure requirements concerning interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- As a result of the introduction of the above standards, IAS 27 renamed "Separate financial statements", which deals exclusively with the preparation of separate financial statements, and the amendments to IAS 28 "Investments in associates and joint ventures" will come into force.
- Amendments to IAS 36 "Impairment of assets" to modify disclosure requirements relating to recoverable amounts in cases where recoverable amounts are based on fair value less costs to sell and in cases where an impairment loss is recognized.
- Amendments to IAS 39 "Financial instruments: Recognition and measurement" to govern the continuation of hedge accounting in the event of novation of derivatives following the introduction of new legislation/regulations.

The main effect arising from application of the above standards and amendments concerns identification of the type of joint arrangement, joint operation or joint venture, in order to establish the appropriate accounting treatment. Currently the Group consolidates joint ventures with the proportionate method, whereas the new IAS 28 and IFRS 11 envisage consolidation using the equity method.

Application of the above standards, amendments and interpretations is not expected to generate significant impacts on the Group financial statements.

Standards and interpretations published by the IASB and the IFRIC at December 31, 2013, but not endorsed by the European Union at that date

- IFRS 9 "Financial instruments" and amendments thereto and to IFRS 7.
- Amendments to IAS 19R with regard to defined benefit plans: employee contributions.
- Amendments to a number of IFRS issued in 2010-2013.
- IFRIC 21 "Levies", an interpretation concerning levies excluding income tax.

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 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, currency 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 consolidated financial statements and the notes in conformity with the international financial reporting standards requires management to make discretional assessments and estimates that affect the values of assets, liabilities, income and expense, such as amortization and depreciation, and the disclosures on contingent assets and liabilities in the notes.

Since these estimates are determined on a going-concern basis, using the information available at the time, they could diverge from the actual future results. This is particularly evident in the present financial and economic crisis, which could generate situations diverging from those estimated today and require currently unforeseeable adjustments, including adjustments of a material nature, to the carrying amounts of the items in question.

Assumptions and estimates are particularly sensitive with regard to measurement of non-current assets, which depends on forecasts of future results and cash flows, measurement of contingent liabilities, provisions for disputes and restructurings and commitments in respect of pension plans and other long-term benefits. Management conducts regular reviews of assumptions and estimates, and immediately recognizes any adjustments in the financial statements.

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

Basis of consolidation

The consolidated financial statements are based on the financial statements as at and for the year ended December 31, 2013, of the parent Italmobiliare S.p.A. and the consolidated companies, in compliance with the Group accounting policies.

Subsidiaries

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

Associates

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

Joint ventures

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

Transactions eliminated during consolidation

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

Scope of consolidation

A list of the companies consolidated, proportionately consolidated and consolidated 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.

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 under IFRS 3.
Since January 1, 2010, business combinations have been accounted for with the acquisition method under IFRS 3 revised.

Cost of business combinations

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

Allocation of the cost of business combinations

Goodwill is measured as the positive difference between:

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

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

Business combinations achieved in stages

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

Purchase of non-controlling interests

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

Commitments to purchase non-controlling interests

A put option granted to non-controlling interests of a company controlled by the Group is initially recognized by recording the 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 the income statement.

Transactions in currencies other than the functional currency

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

Translation of foreign currency items

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

Translation of the financial statements of foreign operations

At 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 period. 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 the income statement.
As allowed under IFRS 1, cumulative translation differences at the date of first-time adoption of the IFRS have been reclassified in "Retained earnings" under equity and therefore will not be taken to the income statement in the event of subsequent disposal.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and the directly attributable costs of bringing the asset to the location and the conditions required for its operation. Production cost includes the cost of materials and direct labor costs. Finance costs relating to the purchase, construction and production of qualifying assets are capitalized. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2004, reflects revaluations applied in prior periods in connection with specific local laws, based on the real economic value of the assets in question. The revalued amount recognized in accordance with IFRS 1 was assumed as cost at the IFRS transition date.
Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the acquisition date and subsequently adjusted within the following twelve months.
Subsequent to initial recognition, property, plant and equipment are carried at cost and depreciated over the asset's useful life, less any impairment losses.

Assets under construction are recognized at cost; depreciation begins when the assets enter useful life.
When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are carried out separately for each component.

Subsequent expense

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

Depreciation

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

Quarries

Costs for the preparation and excavation of land to be quarried are amortized as the economic benefits of such costs are obtained.
Quarry land is depreciated at rates reflecting the quantities extracted in the 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 capitalized from the lease inception date at the lower of fair value of the leased asset or the present value of the lease payments. Lease payments are apportioned between finance costs and reductions against the residual liability so as to obtain a constant rate of interest on the outstanding liability.
The policies used for depreciation and subsequent measurement of leased assets are consistent with those used for the Group’s own property, plant and equipment.
Leases where all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.
Operating lease payments are recognized as expense on a straight-line basis over the lease term.

Investment property

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

Goodwill

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

Intangible assets

Intangible assets 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 losses are the difference between the asset's carrying amount and its recoverable amount. Recoverable amount is the greater of fair value, less costs to sell, of an asset or cash-generating unit, and its value in use, determined as the present value of future cash flows. Fair value less costs to sell is determined through application of relevant measurement 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 investments, less any impairment losses.
Other financial assets are classified as available for sale, under current and non-current assets, and recognized at fair value. Any gains or losses are shown in a separate equity item until the assets are sold, recovered or discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to the income statement. Impairment losses are recognized when there is objective evidence that one or more events subsequent to initial recognition have had a negative effect on the estimated future cash flows for the asset. Objective evidence of impairment of a financial asset includes debtor insolvency or default, indications of debtor or issuer bankruptcy, adverse changes in the payment status of debtors or issuers, economic conditions relating to default or disappearance of an active market for the asset. For equity instruments classified as available-for-sale, a material and prolonged reduction in fair value to below cost is considered objective evidence of impairment. On this question, the Group has adopted a specific accounting policy, which establishes materiality and duration thresholds for loss of market value with respect to the carrying amounts; once such thresholds have been reached, the

impairment loss is taken to the income statement. The two thresholds are considered separately and only one threshold needs to be reached for an impairment loss to be recognized:
- 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 regarded as impairment losses.
Subsequent reversals of impairment losses on available-for-sale assets recognized in the income statement are not taken to the income statement but to equity, even in cases where the reasons that caused the loss no longer exist.
Only equity instruments that are not listed on an active market and whose fair value cannot be measured reliably are carried at cost.

Inventories

Inventories are measured at the lower of purchase/production cost (using the weighted average cost method) and net realizable value.
Purchase cost includes costs incurred to bring assets to the warehouse, less allowances for obsolete and slow-moving items.
Production cost of finished goods and semi-finished goods includes the cost of raw materials, direct labor and a portion of general production costs, determined on the basis of normal plant operations. Financial costs are not included.
The net realizable value of raw materials, consumables and supplies is their replacement cost.
The net realizable value of finished goods and semi-finished goods is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs to sell.

Trade receivables and other receivables

Trade receivables and other receivables are initially recognized at fair value plus transaction costs, and subsequently measured at amortized cost less allowances for impairment, which are provided as doubtful debts are identified.
Allowances for impairment of trade receivables are determined in accordance with Group procedures. The calculations 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 adjust the carrying amount of overdue receivables that present risks accordingly.

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.

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

Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized in the income statement 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 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 determined 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 to all the above items, the discount rate adopted at the beginning of the year to measure the defined benefit plan obligation.
Net finance costs on defined benefit plans are recognized under finance income/(costs) in 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 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 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 the income statement for the year.
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.

Bank loans and borrowings

Bank 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, bank loans and borrowings are measured at amortized cost using the effective interest-rate method.

Trade payables and other payables

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

Revenue, other revenue, interest income and dividends

Sale of goods and services

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

Rental income

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

Costs

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

Interest income

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

Dividends

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

Government grants

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

Derivatives

The Group uses derivatives such as foreign currency forward contracts and interest-rate swaps and options to hedge market risks.
Derivatives are measured and recognized at fair value.
Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.
The fair value of foreign-currency forward contracts is determined on the basis of the current forward exchange rates for contracts with similar maturity profiles.
The fair value of derivatives is determined using the swap curve weighted to take account of the 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 the income statement.
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.
When an unrecognized commitment is designated as a hedged item, the subsequent cumulative fair value change attributable to the hedged risk is recognized as an asset or liability, with a corresponding gain or loss in the income statement. Fair value changes of a hedged instrument are also taken to profit 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 the income statement 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 the income statement. If the hedging instrument expires, is sold, settled or exercised without replacement, or if the hedge designation is revoked, the amounts previously recognized in equity are retained in equity until the forecast transaction takes place. If the highly probable forecast transaction will no longer take place, the amounts in question are taken to the income statement.

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

Income taxes

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

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

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

Management of capital

The Group monitors capital using the gearing ratio (net financial position / equity). The net financial position reflects financial liabilities less cash and cash equivalents and other financial 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, purchase/sell equity investments.

Change in accounting policies

The tables below set out the material impacts arising from the changes in the accounting policies illustrated above on the Group statement of financial position, on profit/(loss) for the year and other comprehensive income, and on the statement of cash flows.
These impacts arise from application of IAS 19 revised and the change in the accounting treatment of green certificates.

Statement of financial position

(in thousands of euro)	1.1.2012 re-stated	1.1.2012 published	Change
Non-current assets			
Property, plant and equipment	4,546,850	4,546,850	
Investment property	28,596	28,596	
Goodwill	1,986,474	1,986,488	(14)
Intangible assets	111,914	111,914	
Equity-accounted investees	324,662	324,662	
Other equity investments	338,886	338,886	
Trade receivables and other non-current assets	224,219	224,219	
Deferred tax assets	172,466	172,466	
Non-current amounts due from employeees	(904)	2,476	(3,380)
Total non-current assets	**7,733,163**	**7,736,557**	**(3,394)**
Current assets			
Inventories	775,622	775,622	
Trade receivables	925,849	925,843	6
Other current assets including derivatives	410,091	411,129	(1,038)
Tax assets	71,972	71,972	
Equity investments, bonds and financial assets	759,715	759,715	
Cash and cash equivalents	821,478	821,478	
Total current assets	**3,764,727**	**3,765,759**	**(1,032)**
Non-current discontinued operations	**3,445**	**3,445**	
Total assets	**11,501,335**	**11,505,761**	**(4,426)**
Equity			
Share capital	100,167	100,167	
Share premium	177,191	177,191	
Reserves	2,278	4,438	(2,160)
Treasury shares	(21,226)	(21,226)	
Retained earnings	1,825,244	1,847,828	(22,584)
Equity attributable to owners of the parent	**2,083,654**	**2,108,398**	**(24,744)**
Non-controlling interests	3,390,183	3,431,166	(40,983)
Total equity	**5,473,837**	**5,539,564**	**(65,727)**
Non-current liabilities			
Financial liabilities	2,318,948	2,318,948	
Employee benefits	276,826	210,548	66,278
Provisions	261,053	261,053	
Other liabilities	29,830	29,830	
Deferred tax liabilities	222,015	226,991	(4,976)
Total non-current liabilities	**3,108,672**	**3,047,370**	**61,302**
Current liabilities			
Bank loans and borrowings	349,436	349,436	
Financial liabilities	538,579	538,579	
Trade payables	661,002	690,831	(29,829)
Provisions	2,123	2,123	
Tax liabilities	44,753	44,753	
Other liabilities	1,322,561	1,292,733	29,828
Total current liabilities	**2,918,454**	**2,918,455**	**(1)**
Total liabilities	**6,027,126**	**5,965,825**	**61,301**
Liabilities directly linked to discontinued operations	**372**	**372**	
Total equity and liabilities	**11,501,335**	**11,505,761**	**(4,426)**

Income statement

(in thousands of euro)	2012 re-stated	%	2012 published	%	Change
Revenue	**4,772,230**	**100.0**	**4,775,658**	**100.0**	**(3,428)**
Other revenue	51,380		51,380		
Change in inventories	21,128		21,128		
Internal work capitalized	32,545		32,545		
Raw materials and supplies	(2,001,922)		(2,001,922)		
Services	(1,168,063)		(1,168,063)		
Personnel expense	(992,436)		(1,003,244)		10,808
Other operating expense	(64,508)		(65,708)		1,200
Recurring gross operating profit	**650,354**	**13.6**	**641,774**	**13.4**	**8,580**
Net gains from the sale of non-current assets	39,057		39,057		
Non-recurring personnel expense for re-organizations	(56,453)		(56,453)		
Other non-recurring expense	(10,751)		(10,751)		
Gross operating profit	**622,207**	**13.0**	**613,627**	**12.8**	**8,580**
Amortization and depreciation	(471,859)		(471,859)		
Impairment losses on non-current assets	(334,140)		(334,140)		
Operating loss	**(183,792)**	**-3.9**	**(192,372)**	**-4.0**	**8,580**
Finance income	58,677		58,677		
Finance costs	(155,566)		(145,286)		(10,280)
Exchange-rate differences and net gains (losses) on derivatives	(1,278)		(1,278)		
Impairment losses on financial assets	(32,208)		(32,208)		
Share of profit (loss) of equity-accounted investees	(20,017)		(20,017)		
Loss before tax	**(334,184)**	**-7.0**	**(332,484)**	**-7.0**	**(1,700)**
Income tax expense	(148,234)		(148,129)		(105)
Loss relating to continuing operations	**(482,418)**	**-10.1**	**(480,613)**	**-10.1**	**(1,805)**
Profit relating to discontinued operations	8,194		7,992		202
Loss for the year	**(474,224)**	**-9.9**	**(472,621)**	**-9.9**	**(1,603)**
Attributable to:					
Owners of the parent	(272,362)	-5.7	(270,294)	-5.7	(2,068)
Non-controlling interests	(201,862)	-4.2	(202,327)	-4.2	465
Earnings (losses) per share					
- Basic					
ordinary shares	(7.239) €		(7.184) €		
savings shares	(7.239) €		(7.184) €		
- Diluted					
ordinary shares	(7.239) €		(7.184) €		
savings shares	(7.239) €		(7.184) €		

Statement of comprehensive income

(in thousands of euro)	2012 re-stated	%	2012 published	%	Change	%
Loss for the year	**(474,224)**	**-9.9**	**(472,621)**	**-9.9**	**(1,603)**	**-0.3**
Other comprehensive income (expense) relating to continuing operations						
Items that will not be reclassified to profit or loss subsequently						
Re-measurement of the net liability/(asset) for employee benefits	(29,751)				(29,751)	
Income tax	11,978				11,978	
Total items that will not be reclassified to profit or loss subsequently	**(17,773)**				**(17,773)**	
Items that might be reclassified to profit or loss subsequently						
Translation reserve on foreign operations	(90,177)		(91,516)		1,339	
Translation reserve on foreign operations - investments in equity-accounted investees	(365)		(316)		(49)	
Fair value losses on cash flow hedging	(28,970)		(28,970)			
Fair value losses on cash flow hedging - investments in equity-accounted investees	(225)		(225)			
Fair value losses on available-for-sale financial assets	(12,847)		(12,847)			
Fair value gains on available-for-sale financial assets - investments in equity-accounted investees	50		50			
Income tax	2,519		2,519			
Total items that might be reclassifed to profit or loss subsequently	**(130,015)**		**(131,305)**		**1,290**	
Total other comprehensive expense relating to continuing operations net of tax effect	**(147,788)**		**(131,305)**		**(16,483)**	
Other comprehensive income (expense) relating to discontinued operations						
Total other comprehensive expense	**(147,788)**		**(131,305)**		(16,483)	
Total comprehensive expense	**(622,012)**	**-13.0**	**(603,926)**	**-12.6**	**(18,086)**	**-3.0**
Attributable to:						
owners of the parent	(305,772)		(297,054)		(8,718)	
non-controlling interests	(316,240)		(306,872)		(9,368)	

Statement of cash flows

(in thousands of euro)	2012 re-stated	2012 published	Change
A) Cash flow from (used in) operating activities:			
Loss before tax	(331,798)	(332,484)	686
Adjustments for:			
Amortization, depreciation and impairment losses	843,516	843,516	
Reversal of share of profit (loss) of equity-accounted investees	32,952	32,952	
Net gains from the sale of non-current assets	(64,435)	(64,435)	
Change in employee benefits and other provisions	36,842	37,623	(781)
Stock options	723	723	
Reversal of net finance costs	106,876	106,876	
Cash flow from operating activities before tax, finance income/costs, change in working capital	**624,676**	**624,771**	**(95)**
Change in working capital:			
Inventories	15,917	15,917	
Trade receivables	101,576	101,576	
Trade payables	(3,600)	(3,600)	
Other receivables/payables, prepayments and accrued income, accrued expenses and deferred income	(3,758)	(3,853)	95
Cash flow from operating activities before tax, finance income/costs	**734,811**	**734,811**	
Net finance costs paid	(110,312)	(110,312)	
Dividends received	3,694	3,694	
Taxes paid	(129,998)	(129,998)	
Proceeds from derivatives	(813)	(813)	
	(237,429)	**(237,429)**	
Total A)	**497,382**	**497,382**	
B) Cash flow used in investing activities:			
Capital expenditure:			
PPE and investment property	(362,156)	(362,156)	
Intangible assets	(18,133)	(18,133)	
Financial assets (equity investments) net of cash acquisitions (*)	(18,848)	(18,848)	
Total capital investments	**(399,137)**	**(399,137)**	
Proceeds from sale of non-current assets and loan repayments	114,430	114,430	
Total sales	**114,430**	**114,430**	
Total B)	**(284,707)**	**(284,707)**	
C) Cash flow from (used in) financing activities:			
Change in non-current financial liabilities	(326,923)	(326,923)	
Change in financial assets	371,362	371,362	
Change in equity investments	10,163	10,163	
Percentage change in interests in consolidated companies	(10,280)	(10,280)	
Inflows/Outflows on derivatives			
Dividends paid	(104,756)	(104,756)	
Other changes in equity	364	364	
Total C)	**(60,070)**	**(60,070)**	
D) Translation differences and other changes			
Translation differences and other changes	(22,916)	(22,916)	
Translation differences and other changes relating to discontinued operations	6,406	6,406	
Total D)	**(16,510)**	**(16,510)**	
E) Cash flows for the year (A+B+C+D)	**136,095**	**136,095**	
F) Cash and cash equivalents at beginning of the year	**821,478**	**821,478**	
Cash and cash equivalents at end of the year (E+F)	**957,573**	**957,573**	
(*) cash and cash equivalents from acquired and consolidated companies	112	112	

Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

Currencies	Average rate 2013	Average rate 2012	Closing rate December 31, 2013	Closing rate December 31, 2012
Thai baht	40.79178	39.93881	45.17800	40.34700
Czech crown	25.97397	25.14441	27.42700	25.15100
Libyan dinar	1.67945	1.61473	1.70192	1.66508
Serbian dinar	113.06400	113.01900	114.79100	112.60600
Kuwaiti dinar	0.37687	0.36003	0.38954	0.37110
UAE dirham	4.87640	4.73267	5.06539	4.84617
Moroccan dirham	11.16730	11.09850	11.25385	11.14235
Canadian dollar	1.36747	1.28464	1.46710	1.31370
US dollar	1.32764	1.28538	1.37910	1.31940
Hungarian florin	296.92600	289.29800	297.04000	292.30000
Swiss franc	1.23085	1.20525	1.22760	1.20720
Ukrainian hrivna	10.78280	10.35570	11.32920	10.58357
Croatian kuna	7.57870	7.52147	7.62650	7.55750
Albanian lek	140.29165	139.02279	140.53300	139.68570
Moldavian leu	16.71205	15.56014	18.00690	15.91645
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Egyptian pound	9.12954	7.80270	9.58716	8.37831
Bosnian mark	1.95583	1.95583	1.95583	1.95583
New Turkish lira	2.52634	2.30394	2.96050	2.35170
New Romanian leu	4.41873	4.45814	4.47100	4.44450
Mauritanian ouguiya	399.27700	381.32362	412.68900	399.82440
Mexican peso	16.95204	16.90479	18.07310	17.18450
Chinese renmimbi	8.16286	8.10803	8.34910	8.22070
Brazilian real	2.86477	2.50934	3.25760	2.70360
Qatar riyal	4.83385	4.68005	5.02187	4.80394
Indian rupee	77.81510	68.61914	85.36600	72.56000
Sri Lankan rupee	171.46200	163.97081	180.38600	168.32300
Pound sterling	0.84908	0.81103	0.83370	0.81610
Kazakh tenge	202.03991	191.68530	212.43900	198.62130
Polish zloty	4.19670	4.18379	4.15430	4.07400

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

Scope of consolidation

Changes in the scope of consolidation

There were no material changes in the scope of consolidation in 2013 compared with 2012.

The main changes in 2012 were:

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

Operating segment disclosure

The businesses in which the Group operates that constitute its reportable segments as required by IFRS 8 are: construction materials segment, other industrial segments (packaging and insulation), financial segment, banking segment, 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 areas: European Union, Other European countries, North America, Asia and Middle East, Africa, Trading and others.

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

Operating segment disclosure

The table below sets out segment revenue and performance for 2013:

(in thousands of euro)	Revenue	Intragroup sales	Contributive revenue	Recurring gross operating profit (loss)	Gross operating profit (loss)	Operating profit (loss)	Finance income (costs)	Impair-ment losses on financial assets	Share of profit (loss) of equity-accounted investees	Loss before tax	Income tax expense
Construction materials	4,235,433	(9,524)	4,225,909	630,957	617,952	159,283		(16,048)	8,086		
Packaging and insulation	239,702	(161)	239,541	15,006	12,240	1,088					
Finance	48,340	(17,023)	31,317	(6,043)	(1,928)	(2,262)		(6,034)	(19,121)		
Banking	22,518	(786)	21,732	(14,157)	(13,291)	(17,965)					
Property, services and other	2,451	(1,051)	1,400	612	612	596					
Unallocated items and adjustments	(28,545)	28,545		(11,064)	(11,064)	(10,978)	(129,302)			(32,657)	(121,778)
Total	**4,519,899**		**4,519,899**	**615,311**	**604,521**	**129,762**	**(129,302)**	**(22,082)**	**(11,035)**	**(32,657)**	**(121,778)**

The table below sets out segment revenue and performance for 2012:

(in thousands of euro)	Revenue	Intragroup sales	Contributive revenue	Recurring gross operating profit (loss)	Gross operating profit (loss)	Operating profit (loss)	Finance income (costs)	Impair-ment reversals (losses) on financial assets	Share of profit (loss) of equity-accounted investees	Loss before tax	Income tax expense
Construction materials	4,478,796	(9,594)	4,469,202	643,085	625,544	(140,191)			11,108		
Packaging and insulation	239,810		239,810	13,396	4,885	(30,758)					
Finance	54,055	(23,761)	30,294	17,143	14,385	13,997		(55,523)	(31,125)		
Banking	33,389	(882)	32,507	(5,464)	(4,962)	(9,255)					
Property, services and other	1,553	(1,136)	417	(242)	(81)	(110)					
Unallocated items and adjustments	(35,373)	35,373		(17,564)	(17,564)	(17,475)	(98,167)	23,315		(334,184)	(148,234)
Total	**4,772,230**		**4,772,230**	**650,354**	**622,207**	**(183,792)**	**(98,167)**	**(32,208)**	**(20,017)**	**(334,184)**	**(148,234)**

The table below sets out other segment data at December 31, 2013:

	December 31, 2013		**December 31, 2013**			
(in thousands of euro)	**Total assets**	**Total liabilities**	**PPE, investmt prop. and intangibles**	**Non-current financial assets**	**Amortization and depreciation**	**Impairment losses on non-current assets**
Construction materials	8,220,068	4,443,557	415,287	3,574	(426,549)	(32,121)
Packaging and insulation	218,592	209,085	6,270		(10,687)	(465)
Finance	1,401,426	372,661	78	10,000	(334)	
Banking	333,643	276,529	81		(4,674)	
Property, services and other	4,350	1,678	11		(16)	
Inter-segment eliminations	(685,032)	(143,243)			87	
Total	**9,493,047**	**5,160,267**	**421,727**	**13,574**	**(442,173)**	**(32,586)**

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

(in thousands of euro)	**December 31, 2012** Total assets	Total liabilities	**December 31, 2012** PPE, investmt prop. and intangibles	Non-current financial assets	Amortization and depreciation	Impairment losses on non-current assets
Construction materials	8,891,164	4,726,465	348,003	468	(456,381)	(309,353)
Packaging and insulation	228,683	227,055	9,885	1,905	(10,858)	(24,785)
Finance	1,351,316	353,578	129	17,142	(388)	
Banking	617,601	542,008	615		(4,293)	
Property, services and other	3,739	1,306	10		(29)	
Inter-segment eliminations	(675,092)	(148,187)			90	(2)
Total	**10,417,411**	**5,702,225**	**358,642**	**19,515**	**(471,859)**	**(334,140)**

Additional disclosure by geographical area

	Contributive revenue		**PPE, investment property and intangible assets**		**Non-current financial assets**		**Total assets**		**Total liabilities**	
(in thousands of euro)	**12/31/13**	**12/31/12**	**12/31/13**	**12/31/12**	**12/31/13**	**12/31/12**	**12/31/13**	**12/31/12**	**12/31/13**	**12/31/12**
European Union	2,449,867	2,627,452	266,957	216,814	13,574	19,349	7,271,627	7,558,685	3,000,826	3,161,381
Other European countries	37,409	48,123	125	569			324,617	609,827	271,512	537,894
North America	428,337	439,088	31,454	26,581			1,067,216	1,175,396	648,168	718,450
Asia and Middle East	591,567	580,049	48,445	55,381			958,040	1,052,636	334,665	336,613
Africa	805,047	839,877	64,486	49,958			1,992,757	2,174,648	376,597	432,030
Trading and others	207,672	237,641	10,260	9,339		166	5,215,609	5,123,490	3,334,120	3,148,162
Inter-area eliminations							(7,336,819)	(7,277,271)	(2,805,621)	(2,632,305)
Total	**4,519,899**	**4,772,230**	**421,727**	**358,642**	**13,574**	**19,515**	**9,493,047**	**10,417,411**	**5,160,267**	**5,702,225**

Assets

Non-current assets

1) Property, plant and equipment

(in thousands of euro)	Land and buildings	Quarries	Techint plant, materials and equipment	Other property, plant and equipment	Total
Gross amount	2,232,754	614,022	7,775,193	921,666	11,543,635
Accumulated depreciation	(1,179,239)	(238,224)	(5,483,225)	(422,046)	(7,322,734)
Carrying amount at December 31, 2012	**1,053,515**	**375,798**	**2,291,968**	**499,620**	**4,220,901**
Additions	13,536	7,625	65,276	322,227	408,664
Change in scope of consolidation, reclassifications, other	32,190	20,569	104,260	(163,369)	(6,350)
Depreciation and impairment losses	(49,982)	(15,568)	(349,797)	(28,719)	(444,066)
Translation differences	(44,248)	(4,069)	(88,443)	(32,542)	(169,302)
Carrying amount at December 31, 2013	**1,005,011**	**384,355**	**2,023,264**	**597,217**	**4,009,847**
Gross amount	2,208,527	635,840	7,626,428	1,008,166	11,478,961
Accumulated depreciation	(1,203,516)	(251,485)	(5,603,164)	(410,949)	(7,469,114)
Carrying amount at December 31, 2013	**1,005,011**	**384,355**	**2,023,264**	**597,217**	**4,009,847**

Additions were mainly in Italy, France, Bulgaria and Egypt.

“Depreciation and impairment losses” includes net impairment losses on non-current assets arising from impairment losses of 27.5 million euro (65.0 million euro in 2012), referring mainly to Italy for 23.4 million euro (28.2 million euro in 2012), Spain for 11.3 million euro, Bulgaria for 5.8 million euro, less the reversal of the impairment losses on production plant in Greece for 15.1 million euro (impairment losses of 35 million euro in 2012).

Non-current assets held under finance leases and rental contracts were carried at 18.5 million euro at December 31, 2013 (30.8 million euro at December 31, 2012). They consisted of plant and machinery for 14.6 million euro and buildings for 3.9 million euro.

Expenses capitalized under “Property, plant and equipment” at December 31, 2013 amounted to 34.7 million euro (28.9 million euro at December 31, 2012).

Capitalized finance costs amounted to 1.5 million euro in 2013 (1.3 million euro in 2012).

Non-current assets pledged as security for bank loans were carried at 168.4 million euro at December 31, 2013 (207.2 million euro at December 31, 2012).

“Other property, plant and equipment” includes assets under construction for 519.8 million euro, of which 138.1 million euro in Italy and 124.9 million euro in Bulgaria.

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	93,611
Accumulated depreciation	(59,449)
Carrying amount at December 31, 2012	**34,162**
Additions	108
Disposals	(372)
Depreciation and impairment losses	(4,351)
Translation differences	(2)
Carrying amount at December 31, 2013	**29,545**
Gross amount	88,078
Accumulated depreciation	(58,533)
Carrying amount at December 31, 2013	**29,545**

Investment property is carried at amortized cost.
Fair value at December 31, 2013 was 89.9 million euro (114.8 million euro at December 31, 2012).
"Depreciation and impairment losses" includes an impairment loss of approximately 3.0 million euro on land adjoining the Malaga cement plant.

3) Goodwill

(in thousands of euro)	
Carrying amount at December 31, 2012	**1,644,299**
Acquisitions	410
Translation differences and other changes	(90,953)
Carrying amount at December 31, 2013	**1,553,756**

The reduction in goodwill arose mainly from translation differences generated by the depreciation 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, 2013**	**December 31, 2012**
Construction materials segment (*)	1,542,472	1,633,015
Packaging and insulation segment	11,284	11,284
Total	**1,553,756**	**1,644,299**

(*) of which 34,328 thousand euro at December 31, 2013 (34,328 thousand euro at December 31, 2012) arising from purchases of Italcementi S.p.A. shares by Italmobiliare S.p.A. in previous years, and 1,508,142 thousand euro at December 31, 2013 (1,598,687 thousand euro at December 31, 2012) relating to goodwill allocated by the subsidiary Italcementi to its own CGUs.

Construction materials segment

The recovery slowdown that had emerged in previous years intensified in 2013, especially in the construction industry; consequently, while the measures contemplated in the 2010-2014 Business Plan remain valid, a number of macroeconomic and sector assumptions in the Plan have been revised. For the purposes of impairment testing, determination of the future cash flows to be used was based on the 2014 Budget and, where necessary for subsequent year projections, on new assumptions and economic assessments deemed to reflect the new 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 like Greece, Italy and Spain, account was also taken of the presumed expected level of cement consumption in 10-15 years, and also of a number of positioning indicators: the level of market development, per-capita consumption and technical coefficients 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 the 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 euro zone and the USA – source Bloomberg, average 12 months; beta coefficient – average 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 the CGUs in the emerging countries, the segment determines WACCs using the rate computed for the euro zone, 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).

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

in %	Discount rate before tax		Growth rate	
Cash-generating units	**2013**	**2012**	**2013**	**2012**
Italy	8.8	8.8	2.0	2.0
France/Belgium	8.3	8.3	2.0	2.0
Spain	8.9	8.8	1.8	1.9
Greece	12.6	13.5	2.0	1.6
Bulgaria	8.6	8.6	2.4	2.6
North America	8.3	7.3	1.9	1.8
Egypt	17.8	15.8	5.2	5.4
Morocco	11.2	9.3	2.7	1.5
India	15.2	14.6	6.8	6.3
Kuwait	7.8	7.0	2.4	2.6
Thailand	10.2	9.4	3.4	3.0

Impairment testing for 2013 did not generate any goodwill impairment losses for the Italcementi group CGUs.
The Italcementi group considered the specific potential risks of the sector of activity, any market values on the basis of comparable transactions and conducted a sensitivity analysis on recoverable amount, illustrated in the next section.

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

(in thousands of euro)	Carrying amount of goodwill	
Cash-generating units	**December 31, 2013**	**December 31, 2012**
Construction materials segment:		
France/Belgium	586,745	586,855
Egypt	395,733	456,472
North America	134,060	141,149
Morocco	106,970	108,041
Thailand	80,305	89,914
India	70,837	83,339
Bulgaria	59,774	59,774
Italy	27,665	27,665
Kuwait	16,848	16,007
Spain	14,063	14,132
Others	15,144	15,339
Total	**1,508,144**	**1,598,687**

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

Packaging and insulation segment

In the packaging and insulation segment, whose scope coincides with the Sirap Gema group, impairment testing verified whether the recoverable 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 impairment for its own consolidated financial statements.

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

(in thousands of euro)	Carrying amount of goodwill	
Cash-generating units	**December 31, 2013**	**December 31, 2012**
Packaging and insulation segment:		
Petruzalek group CGU	2,565	2,565
Rigid division CGU	8,719	8,719
Total	**11,284**	**11,284**

For all the CGUs with allocated goodwill, recoverable amount was estimated by an independent expert using the value in use configuration, based on analytical future cash flows projections taken from 2014 budget data and from statement of financial position and income statement projections for the period 2015-2018. 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 2014 budget.
The Rigid division CGU, to which approximately 77% of the overall goodwill of the Sirap Gema group had been allocated before the impairment test at December 31, 2013, 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 (rate g) in the terminal value expressed in local currency (zloty); the resulting value in use was then translated into euro at the exchange rate at December 31, 2013.

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

in %	Discount rate after tax		Growth rate on terminal value	
Cash-generating units	**2013**	**2012**	**2013**	**2012**
Petruzalek group CGU	9.5	10.0	2.2	2.4
Rigid Division Italy CGU	8.1	8.2	0.0	1.4
Rigid Poland CGU	7.4	8.1	2.0	2.9

The test did not generate any goodwill impairment losses.

Sensitivity analysis on goodwill impairment testing

With reference to the current and forecast industry situation and to the results of the impairment tests for 2013, a sensitivity analysis was conducted on recoverable amount estimated using the discounted cash flow method.

Construction materials segment

At December 31, 2013, in the construction materials segment a 1% increase in the weighted average cost of capital would generate a surplus difference in carrying amount with respect to recoverable amount for the following CGUs: Egypt 53 million euro, North America 19.2 million euro and Greece 6.6 million euro.
A 5% reduction in demand in the explicit forecast period with respect to the projections would determine a surplus difference in carrying amount with respect to recoverable amount for the following CGUs: Egypt 25 million euro and Greece 2.4 million euro.
A 5% reduction in expected cash flows with respect to projections would determine a surplus difference in carrying amount with respect to recoverable amount for the following CGUs: Egypt 28.5 million euro and Greece 2.6 million euro.

On the basis of this analysis, the Group deems it unnecessary to reduce further 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: North America 9.2%, Egypt 17.8%, Greece 12.6%, Italy 10.7% and Spain 10.4 %.

Packaging and insulation segment

In the packaging and insulation segment, at December 31, 2013 a 0.25% increase in the weighted average cost of capital, with the same growth rate in the Rigid division CGU, would determine a decrease of 3.7 million euro in the incremental value of the CGU without generating an impairment loss.

Market capitalization

During the year, Italmobiliare S.p.A. recorded a material increase in market capitalization with respect to 2012; although NAV increased, the rise was less strong than the rise in market capitalization.

The results of the impairment tests conducted at December 31, 2013, found a significant reduction in recoverable amounts, particularly in the construction materials segment, compared with the tests conducted in 2012.
On the other hand, impairment testing in the construction materials segment takes into consideration the long-term expectations for cement consumption indicated by the so-called "structural demand curve" and, for this reason, is less subject to the influence of short-term variations. Short-term variations characterize the timeframe now typical of many investors and, together with the volatility in levels of risk propensity, have an incisive impact on stock market prices, with trends showing strong volatility at times of heightened financial tension.

We believe however that the difference in the two measurements, although smaller than in 2012, 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.

4) Intangible assets

(in thousands of euro)	Patents, IT development	Concessions and other intangible assets	Total
Gross amount	167,144	107,981	275,125
Accumulated amortization	(128,538)	(38,944)	(167,482)
Carrying amount at December 31, 2012	**38,606**	**69,037**	**107,643**
Additions	10,247	2,298	12,545
Change in scope of consolidation and other	20,852	(13,206)	7,646
Disposals	(58)	(1,215)	(1,273)
Amortization and impairment losses	(16,982)	(8,996)	(25,978)
Translation differences	(697)	(1,467)	(2,164)
Carrying amount at December 31, 2013	**51,968**	**46,451**	**98,419**
Gross amount	196,627	92,182	288,809
Accumulated amortization	(144,659)	(45,731)	(190,390)
Carrying amount at December 31, 2013	**51,968**	**46,451**	**98,419**

The year's additions referred essentially to development of projects for standardization of Group internal processes.
Expenditure capitalized under intangible assets as IT development amounted to 3.7 million euro at December 31, 2013.
"Concessions" are amortized over the life of the conventions in question; amortization of quarrying concessions is determined at rates reflecting the ratio of extracted material to the total to be extracted.

5) Equity-accounted investees

See the section on IFRS 7.

6) Other equity investments

See the section on IFRS 7.

7) Trade receivables and other non-current assets

See the section on IFRS 7.

Current assets

8) Inventories

The balance on “Inventories” was as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Raw materials, consumables and supplies	348,527	403,049	(54,522)
Work in progress and semifinished goods	168,787	167,396	1,391
Finished goods	18,522	146,682	(128,160)
Payments on account and contract work in progress	127,374	18,392	108,982
Total	**663,210**	**735,519**	**(72,309)**

Inventories are carried net of allowances totaling 94,612 thousand euro (97,920 thousand euro at December 31, 2012) mainly against the risk of slow-moving supplies, spare parts and other consumables.
Spare parts at December 31, 2013 were carried at 146,768 thousand euro (163,521 thousand euro at December 31, 2012).

9) Trade receivables

See the section on IFRS 7.

10) Other current assets including derivatives

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Amounts due from employees and social security authorities	9,667	10,377	(710)
Indirect tax credits	76,228	77,483	(1,255)
Concessions and licenses paid in advance	47,846	41,591	6,255
Prepaid expenses	25,273	29,616	(4,343)
Accrued income	2,856	2,950	(94)
CO2 derivatives	2	11,147	(11,145)
Short-term derivatives	13,154	20,752	(7,598)
Bank derivatives	197	313	(116)
Other amounts due from banks and financial instruments	49,024	55,650	(6,626)
Other	120,497	144,378	(23,881)
Total	**344,744**	**394,257**	**(49,513)**

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

11) Tax assets

Tax assets totaled 67,285 thousand euro (64,771 thousand euro at December 31, 2012) and consisted largely of tax credits.

12) Equity investments, bonds and financial assets

See the section on IFRS 7.

13) Cash and cash equivalents

See the section on IFRS 7.

14) Non-current discontinued operations

Discontinued operations in the 2012 financial statements related to the food packaging and thermal insulation segment, in particular to the Perugia plant, which has been closed since November 30, 2012.

Equity and liabilities

Share capital, reserves and retained earnings

15) Share capital

At December 31, 2013, 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:

Number of shares	December 31, 2013	December 31, 2012	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

16) Reserves

Share premium

The reserve stood at 177,191 thousand euro, unchanged from December 31, 2012.

17) Treasury shares

At December 31, 2013, treasury shares in portfolio stood at 21,226 thousand euro, unchanged from December 31, 2012. The amount is deducted against equity reserves. Treasury shares were as follows:

	N° ordinary shares	Carrying amount (000 euro)	N° savings shares	Carrying amount (000 euro)	Total carrying amount
At December 31, 2012	**871,411**	**20,830**	**28,500**	**396**	**21,226**
At December 31, 2013	**871,411**	**20,830**	**28,500**	**396**	**21,226**

Ordinary treasury shares in portfolio at December 31, 2013, service stock option plans for directors and managers.

Dividends paid

The parent Italmobiliare S.p.A. did not pay a dividend in 2013.

Translation reserve

This reserve reflects differences on the translation of the financial statements of consolidated foreign operations. At December 31, 2013, the balance on the reserve was negative, at 53,730 thousand euro, referring to the following currencies:

(in millions of euro)	December 31, 2013	December 31, 2012	Change
Egypt (Pound)	(49.6)	(27.0)	(22.6)
USA and Canada (Dollar)	(2.7)	7.2	(9.9)
Thailand (Baht)	7.2	15.6	(8.4)
Morocco (Dirham)	(1.6)	0.1	(1.7)
India (Rupee)	(29.3)	(16.5)	(12.8)
Switzerland (Franc)	20.0	15.3	4.7
Other countries	2.3	2.4	(0.1)
Net amount	**(53.7)**	**(2.9)**	**(50.8)**

18) Non-controlling interests

Equity attributable to non-controlling interests at December 31, 2013, amounted to 2,670,703 thousand euro, down by 262,573 thousand euro from December 31, 2012.

Performance for 2013 improved by 177,162 thousand euro, from a loss for the year of 201,862 thousand euro for 2012 to a loss for the year of 24,700 thousand euro in 2013; the translation reserve, reflecting a negative balance of 265,067 thousand euro, was down by 184,704 thousand euro from December 2012, as a result of the performance of the euro against the currencies in the countries with material non-controlling interests, such as Egypt, Morocco and Thailand.

Non-current and current liabilities

19) Employee benefits

Employee benefits at December 31, 2013 amounted to 293,707 thousand euro (334,224 thousand euro at December 31, 2012).
The Group's main employee benefit plans are described below.

Defined benefit plans

The Group operates pension plans, post-employment medical care plans and termination plans.
The most important pension plans are in the USA and France; they are financed by contributions paid by the company and by employees to external entities responsible for the administration and management of the pension funds; early retirement schemes also operate, pursuant to local laws, in France and Belgium.
In terms of geographical distribution, 55% of obligations are in the USA, 30% in France, 7% in Belgium and the remaining 8% in the other countries.

Plans in favor of employees are not funded in the main. The plan assets cover approximately 30% of liabilities. Plan assets are concentrated mainly in the USA (87% of total assets) and in France (8% of total assets). The remaining plan assets refer to plans in Spain, India and Belgium.

Pension plans are concentrated in the USA and account for more than one third of the total liability (approximately 110 million euro). Of US pension plans, 23% of the liability refers to current employees, 12% to former employees with rights that will vest upon retirement and the remaining 65% to former employees who have retired.

Medical plans for retirees operate in France, the USA and Morocco, with a liability of approximately 51 million euro, 31 million euro and 5 million euro respectively. The liability for the medical plans in France refers to current employees for 30% and to former employees who have retired for the remaining 70%; the liability for the US plan refers only to current employees.

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 some exceptions for negligible amounts in Canada, the USA and Belgium.

With regard to plan assets, 47% are invested in non-government debt securities, while 40% are invested in equities, of which 2% refer to emerging markets, 4% in insurance assets and 6% in liquid instruments. The remaining 1% is allocated to a residual class.

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

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

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	**Dec.31, 13**	**Dec.31, 12**	**Dec.31, 13**	**Dec.31, 12**	**Dec.31, 13**	**Dec.31, 12**
Defined benefit obligations at end of previous year	**250.6**	**231.2**	**100.9**	**91.0**	**351.5**	**322.2**
Cost of services:						
current cost of services	4.7	4.0	2.3	1.7	7.0	5.7
cost of prior-year services	2.0	(0.2)		(0.3)	2.0	(0.5)
settlement (gains)/losses						
Finance costs	8.1	9.6	3.1	3.5	11.2	13.1
Cash flows:						
amounts paid from plans	(10.5)	(8.2)	(0.2)	(0.3)	(10.7)	(8.5)
amounts paid by employer	(10.4)	(12.2)	(4.1)	(4.1)	(14.5)	(16.3)
settlement of plans						
employee contributions			0.2	0.3	0.2	0.3
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	(0.5)	(0.4)			(0.5)	(0.4)
(increase)/decrease due to combinations of plans						
Changes arising from new treatment:						
effects due to change in demographic hypotheses	3.5		(1.7)		1.8	
effects due to change in financial hypotheses	(16.7)	28.7	(6.6)	17.8	(23.3)	46.5
experience adjustments (changes since previous measurement not in line with hypotheses)	(1.3)	0.8		(8.1)	(1.3)	(7.3)
Exchange-rate effect	(6.2)	(2.7)	(1.6)	(0.6)	(7.8)	(3.3)
Closing defined benefit obligations	**223.3**	**250.6**	**92.3**	**100.9**	**315.6**	**351.5**

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

(in millions of euro)	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 13	**Dec.31, 12**	**Dec.31, 13**	**Dec.31, 12**	**Dec.31, 13**	**Dec.31, 12**
Fair value of plan assets at end of previous year	**93.6**	**88.1**			**93.6**	**88.1**
Finance income	3.1	2.8			3.1	2.8
Cash flows:						
contributions paid by employer:						
employer contributions	4.8	4.9			4.8	4.9
payments made directly by employer	10.4	12.2	4.1	4.1	14.5	16.3
contributions paid by employees			0.2	0.3	0.2	0.3
benefits paid from plan	(10.5)	(8.1)	(0.2)	(0.3)	(10.7)	(8.4)
benefits paid by employer	(10.4)	(12.2)	(4.1)	(4.1)	(14.5)	(16.3)
payments for plan settlements						
administrative expense for plan assets	(0.4)	(0.4)			(0.4)	(0.4)
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 new treatment:						
yield of plan assets (excluding finance income)	4.8	8.0			4.8	8.0
Exchange-rate effect	(3.9)	(1.7)			(3.9)	(1.7)
Closing fair value of plan assets	**91.5**	**93.6**			**91.5**	**93.6**

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	
(in millions of euro)	**Dec.31, 13**	**Dec.31, 12**	**Dec.31, 13**	**Dec.31, 12**	**Dec.31, 13**	**Dec.31, 12**
Cost of services:						
current cost of services	4.7	4.0	2.3	1.7	7.0	5.7
reimbursements						
cost of prior-year services	2.0	(0.2)		(0.3)	2.0	(0.5)
settlement (gains)/losses						
Total cost of services	**6.7**	**3.8**	**2.3**	**1.4**	**9.0**	**5.2**
Net finance costs:						
finance costs on defined benefit plans	8.1	9.6	3.0	3.5	11.1	13.1
finance (income)/costs on plan assets	(3.1)	(2.8)			(3.1)	(2.8)
finance (income)/costs on reimbursement rights						
finance costs on change in cap						
Total net finance costs	**5.0**	**6.8**	**3.0**	**3.5**	**8.0**	**10.3**
Effect of new treatment on other long-term benefits	(0.4)	1.1			(0.4)	1.1
Administrative expense and tax	0.4	0.4			0.4	0.4
Defined benefit plan costs reflected in income statement	**11.7**	**12.1**	**5.3**	**4.9**	**17.0**	**17.0**
Gains (losses) reflected in other comprehensive income:						
effects due to change in demographic hypotheses	3.5		(1.7)		1.8	
effects due to change in financial hypotheses	(16.4)	27.7	(6.6)	17.8	(23.0)	45.5
experience adjustments (changes since previous measurement not in line with hypotheses)	(1.0)	0.7	0.1	(8.1)	(0.9)	(7.4)
yield on plan assets (excluding finance income)	(4.8)	(8.0)			(4.8)	(8.0)
(yield) on reimbursement rights (excluding interest income)						
changes in cap on assets/interest-bearing liabilities (excluding finance income)						
Total gains (losses) reflected in other comprehensive income	**(18.7)**	**20.4**	**(8.2)**	**9.7**	**(26.9)**	**30.1**
Total defined benefit plan costs reflected in the income statement and in other comprehensive income	**(7.0)**	**32.5**	**(2.9)**	**14.6**	**(9.9)**	**47.1**

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

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

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	Dec.31, 13	Dec.31, 12	Dec.31, 13	Dec.31, 12	Dec.31, 13	Dec.31, 12
Defined benefit plan net liabilities (assets) at end of previous year	**157.0**	**143.0**	**100.9**	**91.0**	**257.9**	**234.0**
Defined benefit plan costs reflected in income statement	11.6	12.1	5.3	4.9	16.9	17.0
Total gains (losses) reflected in other comprehensive income	(18.7)	20.4	(8.2)	9.7	(26.9)	30.1
Other significant events:						
net transfers(including effects of business combinations/sales)	(0.5)	(0.4)			(0.5)	(0.4)
amounts arising from combinations of plans						
Cash flows:						
employer contributions	(4.8)	(4.9)			(4.8)	(4.9)
benefits paid directly by employer	(10.4)	(12.2)	(4.1)	(4.1)	(14.5)	(16.3)
Reimbursement receivables						
Exchange-rate effect	(2.4)	(1.0)	(1.6)	(0.6)	(4.0)	(1.6)
Closing defined benefit obligations	**131.8**	**157.0**	**92.3**	**100.9**	**224.1**	**257.9**

Distribution of defined benefit obligations among plan participants:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	Dec.31, 13	Dec.31, 12	Dec.31, 13	Dec.31, 12	Dec.31, 13	Dec.31, 12
Employees on payroll	137.9	250.5	54.5	85.1	192.4	335.6
Former employees with unvested right	13.2	0.1			13.2	0.1
Retirees	72.3		37.7	15.8	110.0	15.8
Closing defined benefit obligations	**223.4**	**250.6**	**92.2**	**100.9**	**315.6**	**351.5**

Fair value of plan assets:

In millions of euro)	December 31, 2013
Cash and cash equivalents	5.9
Equities	37.4
Bonds and securities	44.0
Real estate	
Derivatives	
Mutual funds	
Insurance assets	3.5
Other	0.7
Total	**91.5**

Fair value of assets with a listed market value:

(in millions of euro)	December 31, 2013
Cash and cash equivalents	5.9
Equities	37.4
Bonds and securities	43.8
Real estate	
Derivatives	
Mutual funds	
Insurance assets	3.5
Other	0.7
Total	**91.3**

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 %)	2013	2012	2013	2012	2013	2012
Expected yield on assets	2	2	n.a.	n.a.	2.0 - 8.0	2.0 - 5.0
Future wage and salary increases	1.00 - 3.25	1.00 - 3.25	n.a.	n.a.	3.5 - 8.5	3.5 - 8.5

n.a.: not applicable

Discount rates:

Discount rate in %	2013	2012
Europe		
Italy	3.20	2.75
Belgium	2.10-3.20	1.75-2.75
Spain	3.20	2.75
France	2.50-3.20	1.00-2.75
Greece	3.20	2.75
Bulgaria	3.75	4.25
North America		
USA	3.95-4.50	3.50
Canada	4.50	4.25
Other countries		
Egypt	14.50	
Morocco	5.25	4.50
Kuwait	4.30	3.35
Thailand	4.25	3.75
India	9.25	8.25
Kazakhstan	5.75	

The discount rate was determined by reference to market yields on high-quality corporate bonds. In countries where there is no 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, 13	Dec.31, 13	Dec.31, 13
Expected plan contributions for next year	12.6	2.4	15.0
Benefit payment maturities:			
2014	14.0	2.4	16.4
2015	13.3	4.4	17.7
2016	13.8	4.4	18.2
2017	14.5	4.6	19.1
2018	15.4	4.7	20.1
beyond	78.6	24.7	103.3
Total	**162.2**	**47.6**	**209.8**

Sensitivity analysis

The table below sets out the sensitivity analysis for the key assumptions at December 31, 2013**:**

	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	229.0	218.0	95.6	89.1	324.6	307.1
Average duration of defined benefit obligation (in years)	10.04	9.76	14.39	13.90	11.32	10.96
Inflation rate	52.7	55.0	48.7	53.3	101.4	108.3
Wage and salary increases	31.0	33.1	-	-	31.0	33.1
Healthcare costs	-	-	91.1	94.2	91.1	94.2

Defined contribution plans

The Group’s defined contribution plans are pension plans and medical care plans; expense relating to these plans in 2013 was 48.4 million euro (50.0 million euro in 2012) and referred mainly to France-Belgium for 27.6 million euro, Italy for 8.8 million euro and North America for 4.3 million euro.

Termination plans

At December 31, 2013, provisions for termination plans totaled 67.0 million euro (73.8 million in 2012) and related mainly to Italy for 60.9 million euro in connection with the re-organization plans, chiefly affecting Italcementi S.p.A., Calcestruzzi and C.T.G.

Stock options

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

The terms and conditions of Italmobiliare S.p.A. stock option plans at December 31, 2013, are set out below:

Grant date	N° of options granted	Exercise period	Exercised options	Cancelled options	Unexercised options	Unit subscription price	
March 30, 2004	96,080	3/30/2007 - 3/29/2014			96,080	€	35.1990
March 30, 2005	108,437	3/30/2008 - 3/29/2015			108,437	€	54.5355
March 21, 2006	109,880	3/21/2009 - 3/20/2016			109,880	€	65.7010
March 21, 2007	122,479	3/21/2010 - 3/20/2017			122,479	€	86.0685
March 28, 2008	124,200	3/28/2011 - 3/27/2018			124,200	€	59.9080
March 25, 2009	19,350	3/25/2012 - 3/24/2019			19,350	€	20.5260
March 24, 2010	124,385	3/24/2013 - 3/23/2020			124,385	€	28.8340
March 30, 2011	112,900	3/30/2014 - 3/29/2021			112,900	€	27.4690
Total	**817,711**		**-**	**-**	**817,711**		

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:

	2013			2012		
	N° options	Average sub-scription price		N° options	Average sub-scription price	
Unexercised options at beginning of the year	**827,274**	**€**	**50.6255**	**827,274**	**€**	**50.6255**
Granted during the year						
Cancelled during the year						
Exercised during the year						
Expired during the year	(9,563)					
Unexercised options at end of the year	**817,711**	**€**	**50.8517**	**827,274**	**€**	**50.6255**
Vested options at end of the year	**704,811**			**589,989**		

The average ordinary share price in financial year 2013 was 17.798 euro (14.081 euro in 2012).
The average residual life of unexercised options is 1 year and 11 months.
The option exercise price at December 31, 2013 was between 20.526 euro and 86.0685 euro.
Only options granted after November 7, 2002, that had not vested at December 31, 2003, were measured and recognized at the date of transition to the IFRS.

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

(in thousands of euro) Grant date	Company	N° options granted	Vesting period	Personnel expense 2013	2012
March 25, 2009	Italmobiliare	19,350	3 years		6
March 24, 2010	Italmobiliare	124,385	3 years	97	385
March 30, 2011	Italmobiliare	112,900	3 years	331	332
Total				**428**	**723**

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

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

	2010 Plan	2009 Plan	2008 Plan	2007 Plan	2006 Plan	2005 Plan	2004 Plan	2003 Plan
Option value at grant date	8,81	9,28	3,78	17,21	23,64	22,05	11,41	7,15
Share value	28,39	31,10	21,59	65,10	87,41	73,57	52,84	35,05
Exercise price	27,469	28,834	20,526	59,908	86,068	65,701	54,536	35,199
Volatility in %	26,2%	24,3%	25,0%	17,5%	17,5%	17,5%	17,5%	17,5%
Option term (years)	10,00	10,00	10,00	10,00	9,75	9,75	9,75	10,00
Dividends as %	3,01%	2,75%	7,41%	2,23%	1,45%	1,50%	1,89%	2,68%
10-year BTP risk-free rate	4,775%	3,920%	4,485%	3,889%	3,652%	3,462%	3,275%	3,640%

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

See the section on IFRS 7.

21) Provisions

Non-current and current provisions totaled 244,824 thousand euro at December 31, 2013, a decrease of 5,076 thousand euro from December 31, 2012.

(in thousands of euro)	Opening amount	Increases	Decreases	Reversed unused amounts	Translation differences	Other changes	Total changes	Closing amount
Environmental restoration	86.834	9.822	(8.064)	(2.704)	(1.406)	2.019	(333)	86.501
Disputes	86.790	10.464	(13.472)	(3.487)	(4.519)	(35)	(11.049)	75.741
Other provisions	76.276	38.271	(18.934)	(4.803)	(3.326)	(4.902)	6.306	82.582
Total	**249.900**	**58.557**	**(40.470)**	**(10.994)**	**(9.251)**	**(2.918)**	**(5.076)**	**244.824**
Non-current portion	249.288	56.816	(40.049)	(10.994)	(9.190)	(2.818)	(6.235)	243.053
Current portion	612	1.741	(421)		(61)	(100)	1.159	1.771
Total	**249.900**	**58.557**	**(40.470)**	**(10.994)**	**(9.251)**	**(2.918)**	**(5.076)**	**244.824**

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

Contingent liabilities

The main contingent liabilities relating to disputes and proceedings pending at December 31, 2013 for which amounts were not provided, are described below. The Group is not aware of other disputes, legal controversies or other exceptional facts that might have a material impact on its financial position and results of operations.

Europe

Regarding the investigation begun in November 2008 by the European Commission into some cement producers, including Italcementi S.p.A. and the subsidiaries Ciments Français S.A., Ciments Calcia S.A. and Compagnie des Ciments Belges (CCB) S.A., in December 2010 the European Commission notified Italmobiliare S.p.A. (and, indirectly through Italmobiliare, the above-named Group companies and the Spanish subsidiary Financiera Y Minera) of the decision for the formal opening of the proceeding. In April 2011, the Commission served a further formal notice on Italmobiliare of its decision to request extensive additional economic, financial and commercial information. Italmobiliare provided the information within the required term and, simultaneously, lodged an appeal with the EU General Court against the decision. Both the investigation and the proceeding are still underway. A formal ruling is expected from the EU General Court in March 2014 on Italmobiliare's appeal.

Turkey/Russia

Regarding the proceedings begun by Sibconcord against Ciments Français for failure to clusure of the 2008 agreement for the sale of the Group's Turkish operations (Set Group) to the subsidiary Sibcem, the various proceedings moved ahead in accordance with the procedural regulations of the countries in question. On July 10, 2013, the court of Kemerovo (Russia) issued a ruling in favor of Ciments Français, stating that the loss of 50 million euro by Sibcem was solely due to the appellant's failure to comply with the agreements. Sibconcord appealed against the ruling and a hearing will be held at the end of March 2014.
With regard to the proceedings begun in Turkey by Sibcem to annul the arbitration award envisaged by the contract and already made in favor of Ciments Français, the Court of Appeal overturned the ruling of first instance of the court of Kadikoy, which had upheld the appeal, and ordered the case to be sent to the court of Istanbul, deemed competent to rule on the case; the hearings are currently underway. The arbitration award was recognized in France, Belgium and Kazakhstan, and proceedings for recognition are underway in Italy, Bulgaria, Egypt and the USA.

Egypt

Lawsuits were brought locally individuals 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 actually took part in the privatization are involved; they do not include Suez Cement, which acquired Helwan, from other private parties, after its privatization.
Hypotheses regarding the possible outcome of the case cannot be made at this time.

22) Deferred tax assets and deferred tax liabilities

Total deferred tax liabilities net of deferred tax assets amounted to 83,848 thousand euro at December 31, 2013, as follows:

(in thousands of euro)	December 31, 2012	Results	Other changes	December 31, 2013
Benefit on tax loss carryforwards	112.245	(1.992)	(12.737)	97.516
Property, plant and equipment	(323.560)	25.575	15.613	(282.372)
Inventories	(14.744)	3.915	4	(10.825)
Financial liabilities	(356)	22	(9)	(343)
Non-current provisions and Employee benefits	128.019	(24.175)	3.624	107.468
Other	28.629	(6.312)	(17.609)	4.708
Total	**(69.767)**	**(2.967)**	**(11.114)**	**(83.848)**
of which:				
Deferred tax assets	127.452			123.618
Deferred tax liabilities	(197.219)			(207.466)
Total	**(69.767)**			**(83.848)**

At December 31, 2013 net deferred tax liabilities reflected in equity reserves amounted to 9,973 thousand euro (16,654 thousand euro at December 31, 2012).
Unrecognized deferred tax amounted to approximately 291.1 million euro (253.9 million euro at December 31, 2012), including approximately 214.1 million euro relating to tax losses for the year and previous years (197.9 million euro at December 31, 2012); they referred to Group company losses, the reversal of which is not considered probable today.

23) Trade payables

See the section on IFRS 7.

24) Tax liabilities

Tax liabilities amounted to 37,658 thousand euro (33,539 thousand euro at December 31, 2012) and reflected amounts due to tax authorities for income taxes accrued in the year.

25) Other liabilities

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Due to employees	115,393	114,126	1,267
Due to social security authorities	57,011	59,531	(2,520)
Due to tax authorities	68,644	73,537	(4,893)
Accrued expenses and deferred income	35,503	35,019	484
Derivatives	4,906	22,552	(17,646)
Amounts due in banking segment	252,945	523,908	(270,963)
Purchase commitments on non-controlling interests	41,308	45,803	(4,495)
Other liabilities	308,676	245,160	63,516
Total	**884,386**	**1,119,636**	**(235,250)**

Purchase commitments on non-controlling interests refer to Ready Mix Concrete Alalamia in Egypt, Hilal Cement in Kuwait and Gulbarga Cement in India.

26) Liabilities directly linked to discontinued operations

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

Commitments

(in millions of euro)	December 31, 2013	December 31, 2012
Collateral given	139.8	194.4
Deposits, guarantees, sureties, commitments and other	203.5	204.0
Total	**343.3**	**398.4**

Collateral given at December 31, 2013, consisted mainly of mortgages and liens securing loans and borrowings at the Indian subsidiaries and equities provided as guarantees to banks.

Contracts and orders issued for investments amounted to 241.7 million euro at December 31, 2013 (228.6 million euro at December 31, 2012). Commitments relating to long-term lease contracts amounted to 90.7 million euro as follows:

(in millions of euro)	December 31, 2013	< 1 year	1 - 5 years	> 5 years
Non-current asset purchases	241.7	230.7	11.0	-
Long-term lease contracts	90.7	23.9	49.5	17.30

Finter Bank Zürich and its subsidiaries provided guarantees in favor of third parties on behalf of their own clients, for 5,638 thousand Swiss francs (7,694 thousand Swiss francs at December 31, 2012), against which the clients made deposits to cover possible enforcement of the guarantees provided.

Income statement

27) Revenue

Revenue from sales and services totaled 4,519,899 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Industrial revenue				
Product sales	4,297,654	4,521,611	(223,957)	-5.0%
Services provided	134,835	152,414	(17,579)	-11.5%
Other revenue	33,782	35,415	(1,633)	-4.6%
Total	**4,466,271**	**4,709,440**	**(243,169)**	**-5.2%**
Financial revenue				
Interest	6,097	5,986	111	1.9%
Dividends	3,320	2,974	346	11.6%
Gains and other revenue	22,783	22,741	42	0.2%
Total	**32,200**	**31,701**	**499**	**1.6%**
Bank revenue				
Interest	3,087	4,768	(1,681)	-35.3%
Commissions	15,496	22,329	(6,833)	-30.6%
Other revenue	2,094	3,777	(1,683)	-44.6%
Total	**20,677**	**30,874**	**(10,197)**	**-33.0%**
Property and service revenues	**751**	**215**	**536**	**n.s.**
Grand total	**4,519,899**	**4,772,230**	**(252,331)**	**-5.3%**

28) Raw materials and supplies

Raw materials and supplies amounted to 1,821,417 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Raw materials and semifinished goods	554,825	562,661	(7,836)	-1.4%
Fuel	349,809	406,202	(56,393)	-13.9%
Materials and machinery	239,514	277,390	(37,876)	-13.7%
Finished goods	163,909	171,389	(7,480)	-4.4%
Electricity, water and gas	454,605	529,166	(74,561)	-14.1%
Change in inventories of raw materials, consumables and other	58,755	55,114	3,641	6.6%
Total	**1,821,417**	**2,001,922**	**(180,505)**	**-9.0%**

29) Services

Services amounted to 1,105,880 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
External services and maintenance	351,116	372,607	(21,491)	-5.8%
Transport	482,362	512,672	(30,310)	-5.9%
Legal fees and consultancy	47,353	49,775	(2,422)	-4.9%
Rents	81,040	85,221	(4,181)	-4.9%
Insurance	38,095	38,162	(67)	-0.2%
Subscriptions	10,697	10,605	92	0.9%
Other expense	95,217	99,021	(3,804)	-3.8%
Total	**1,105,880**	**1,168,063**	**(62,183)**	**-5.3%**

"Other expense" consisted largely of expenses for post and telephone services, cleaning, surveillance, communication and marketing, chiefly in the construction materials segment.

30) Personnel expense

Personnel expenses totaled 938,315 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Wages and salaries	643,450	672,618	(29,168)	-4.3%
Social security contributions	193,855	208,091	(14,236)	-6.8%
Costs of stock option plans	428	723	(295)	-40.8%
Other expense	100,582	111,004	(10,422)	-9.4%
Total	**938,315**	**992,436**	**(54,121)**	**-5.5%**

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

The number of employees is shown below:

(headcount)	2013	2012	Change
Number of employees at year end	19,815	20,357	(542)
Average number of employees	20,167	20,739	(572)

31) Other operating expense

Other operating expense net of other operating income amounted to 117,788 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Other taxes	80,530	83,570	(3,040)	-3.6%
Allowance for impairment	18,301	23,514	(5,213)	-22.2%
Interest expense and other expense for companies in the financial and banking segments	34,123	17,896	16,227	90.7%
Provision for environmental restoration, quarries, other	52,382	57,076	(4,694)	-8.2%
Miscellaneous income	(67,548)	(117,548)	50,000	-42.5%
Total	**117,788**	**64,508**	**53,280**	**82.6%**

The reduction in "Miscellaneous income" arose from the absence in 2013 of trading on CO_2 emission rights; in 2012, the Group recognized net gains of 35.9 million euro and income of 3.7 million euro from reimbursement of "New entry" CO_2 quotas.
"Miscellaneous income" included income relating to assignment of white certificates to Italcementi S.p.A. for 9.3 million euro (9.3 million euro in 2012) and green certificates to Italgen S.p.A. for 6.1 million euro (1.2 million euro in 2012).

32) Non-recurring income (expense)

Net non-recurring expense net amounted to 10,790 thousand euro (net non-recurring expense of 28,147 thousand euro in 2012) and arose largely from gains on the sale of property, plant and equipment and intangible assets, personnel expense for re-organizations and industrial restructurings, fines and penalties, as follows:

(in thousands of euro)	2013	2012	Change	% change
Net gains from sale of non-current assets	21,105	39,057	(17,952)	-46.0%
Personnel expense for re-organizations	(30,676)	(56,453)	25,777	-45.7%
Other non-recurring expense	(1,219)	(10,751)	9,532	-88.7%
Total	**(10,790)**	**(28,147)**	**17,357**	**-61.7%**

In 2013 expense and net allowances set aside for re-organizations referred mainly to Spain for 11.7 million euro (3.1 million euro in 2012), Italy for 12.1 million euro (51.2 million euro in 2012) and France for 5.3 million euro.
Other non-recurring income and expense included the fine of 1.8 million euro imposed by the Belgian Antitrust Authority on Compagnie des Ciments Belges S.A., expense of 3.0 million euro relating to adoption of the defined benefit plans and income of 3.9 million euro from the supplement to the Axim sale price in 2011.

33) Amortization and depreciation

The total amount of 442,173 thousand euro (471,859 thousand euro in 2012) reflects depreciation of property, plant and equipment for 416,691 thousand euro (452,063 thousand euro in 2012), depreciation of investment property for 1,076 thousand euro (708 thousand euro in 2012) and amortization of intangible assets for 24,406 thousand euro (19,088 thousand euro in 2012).

34) Impairment losses on non-current assets

Impairment losses on non-current assets amounted to 32,586 thousand euro in 2013 (334,114 thousand euro in 2012) and referred to impairment losses on intangible assets and goodwill for 1,573 thousand euro (268,689 thousand euro in 2012) and impairment losses on property, plant and equipment for 31,013 thousand euro (65,451 thousand euro in 2012).

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

Net finance costs amounted to 129,302 thousand euro, as follows:

	2013		2012	
(in thousands of euro)	**Income**	**Costs**	**Income**	**Costs**
Interest income	16,927		12,260	
Interest expense		(114,674)		(101,451)
Dividends	1,568		1,293	
Gains and losses from equity investments	1	(1,138)	26,101	(2,062)
Other finance income	22,927		19,023	
Capitalized finance costs		1,509		1,322
Other finance costs		(51,986)		(53,375)
Total finance income (costs)	**41,423**	**(166,289)**	**58,677**	**(155,566)**
Losses on interest-rate derivatives		(1,899)		(5,930)
Gains/(losses) on exchange-rate derivatives		(3,830)	36,243	
Net exchange-rate differences	1,293			(31,591)
Net exchange-rate differences and derivatives		**(4,436)**		**(1,278)**
Total finance income (costs), exchange-rate differences and net gains (losses) on derivatives		**(129,302)**		**(98,167)**

"Other finance costs" includes net finance costs of 7.5 million euro on employee defined benefit plans (10.2 million euro in 2012).

36) Impairment losses on financial assets

(in thousands of euro)	2013	2012	Change	% change
Al Badia	16,048		16,048	100.0%
Unicredito		21,136	(21,136)	-100.0%
RCS MediaGroup	(12,035)		(12,035)	100.0%
Burgo Group	18,002	10,027	7,975	79.5%
UBI (shares and warrants)		884	(884)	-100.0%
Other	67	161	(94)	-58.4%
Total	**22,082**	**32,208**	**(10,126)**	**-31.4%**

The caption totals 22,082 thousand euro and refers for 18,002 thousand euro to the impairment loss on the Burgo S.p.A. equity investment, for 16,048 thousand euro to the impairment loss on the Al Badia equity investment, for 62 thousand euro to the impairment loss on the Draper equity investment, for 5 thousand euro to the impairment loss on the Atmos equity investment, set against an impairment reversal of 12,035 thousand euro on the RCS MediaGroup equity investment after loss of the associate designation on October 30, 2013 and the consequent reclassification from equity-accounted investees to other equity investments.

The fair value of the Burgo S.p.A. equity investment was determined by Italmobiliare S.p.A. senior management assisted by an independent expert, using the measurement technique based on estimated present value of future cash flows, with reference to the best available information.
Specifically, the fair value of Burgo S.p.A. was determined with the asset-side approach, which decreases the recoverable amount of the net operating asset (core equity value) by net financial debt and personnel provisions and increases it by the balance on other non-operating assets and liabilities (net surplus assets).
A discount rate (post tax weighted average cost of capital) of 8.43% and a nominal growth rate (g) of 0% were adopted for the terminal value.
The recoverable amount of the Burgo S.p.A. equity investment was ascertained at zero; consequently, in accordance with Group policy, an impairment loss equivalent to the full carrying amount of 18,002 thousand euro was recognized.

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

(in thousands of euro	2013	2012	change	% change
Mittel (Italy)	(925)	(1,792)	867	-48.4%
RCS MediaGroup (Italy)	(17,665)	(28,719)	11,054	-38.5%
SES (Italy)	(531)	(614)	83	-13.5%
Vassiliko (Cyprus)	(5,919)	(4,021)	(1,898)	47.2%
Techno Gravel (Egypt)	358	525	(167)	-31.8%
Asment Cement (Morocco)	9,707	5,125	4,582	89.4%
Ciment Quebec (Canada)	2,484	7,675	(5,191)	-67.6%
Others	1,456	1,804	(348)	-19.3%
Total	**(11,035)**	**(20,017)**	**8,982**	**-44.9%**

38) Income tax expense

Income tax expense for the year was 121,778 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Current tax	109,973	119,499	(9,526)	-8.0%
Prior-year tax and other net non-recurring tax items	6,041	21,813	(15,772)	-72.3%
Deferred tax	4,222	6,922	(2,700)	-39.0%
Tax from change in tax rate	1,542		1,542	100.0%
Total	**121,778**	**148,234**	**(26,456)**	**-17.8%**

In Italy, the IRES rate applied by the parent on estimated taxable income for the year was 27.5%, as in 2012. Taxes for Group companies in other countries are calculated using local tax rates.
The reconciliation between the tax charge reflected in the income statement and the theoretical tax charge does not consider IRAP, since IRAP uses a taxable base other than profit before tax.

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

(in thousands of euro)		2013
Consolidated loss before tax		**(32,657)**
Current IRES tax rate		27.5%
Theoretical tax charge		**8,981**
Effect of tax rate reduction for tax relief/allowances		4,399
Tax effect on permanent differences		
- foreign dividends and other exempt income		7,203
- non-deductible costs		(30,532)
Net effect for the year of unrecognized deferred taxes on temporary differences (*)		(83,942)
Effect of change in tax rates		(2,903)
Withholdings on foreign dividends		(7,809)
Effect of estimate adjustments and/or recognition of previously unrecognized deferred tax		1,278
Effect of difference between Italian and foreign tax rate (**)		(8,124)
Other taxes		172
Effective income tax charge	**-340.7%**	**(111,277)**
Effective IRAP tax charge		(2,643)
Other components not related to profit (loss) for the year		(7,858)
Total	**-372.9%**	**(121,778)**

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

39) Other comprehensive expense

(in thousands of euro)	Gross amount	Tax	Net amount
Fair value gains on:			
Available-for-sale financial assets	47,709	5,084	52,793
Derivatives	15,016	1,597	16,613
Translation differences	(235,533)		(235,533)
Actuarial gains (losses) on defined benefit plans	29,543	(4,172)	25,371
Other comprehensive expense	**(143,265)**	**2,509**	**(140,756)**

40) Earnings (losses) per share

Earnings (losses) per share at December 31, 2013 and 2012 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 loss are shown below:

	2013		2012	
(n° shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
N° shares at January 1	22,183	16,343	22,183	16,343
Treasury shares at January 1	(871)	(28)	(871)	(28)
Weighted average of shares sold in the year				
Total	**21,312**	**16,315**	**21,312**	**16,315**
Attributable loss in thousands of euro	(73,482)	(56,253)	(154,265)	(118,097)
Basic losses per share	(3.448)	(3.448)	(7.239)	(7.239)

Loss attributable by share category was determined as follows:

	2013		2012	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)				
Residual loss apportioned to all shares	(73,482)	(56,253)	(154,265)	(118,097)
Total	**(73,482)**	**(56,253)**	**(154,265)**	**(118,097)**

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 loss are set out below:

	2013		**2012**	
(thousands of shares)	**Ordinary shares**	**Savings shares**	**Ordinary shares**	**Savings shares**
Weighted average number of shares at December 31	21,311	16,315	21,311	16,315
Dilutive effect of stock options				
Total	**21,311**	**16,315**	**21,311**	**16,315**
Attributable loss for the year for diluted earnnigs in 000 euro	(73,482)	(56,253)	(154,265)	(118,097)
Diluted losses per share in euro	(3.448)	(3.448)	(7.239)	(7.239)

Loss attributable by share category was determined as follows:

	2013		**2012**	
(in thousands of euro)	**Ordinary shares**	**Savings shares**	**Ordinary shares**	**Savings shares**
Profit reserved for savings shareholders (euro 0.078 per share)				
Residual loss apportioned to all shares	(73,482)	(56,253)	(154,265)	(118,097)
Total	**(73,482)**	**(56,253)**	**(154,265)**	**(118,097)**

IFRS 7

Net financial debt

Net financial debt at December 31, 2013 was as follows:

(in thousands of euro)	Statement of financial position caption	Non net financial debt	Net financial debt	Current assets	Current liabilities	Non-current assets	Non-current liabilities
Trade receivables and other non-current assets	199,339	68,326	131,013	53		130,960	
Other current financial assets	344,745	278,088	66,657	66,657			
Financial assets and equity investments held for trading	401,306	267	401,039	401,039			
Cash and cash equivalents	745,639		745,639	745,639			
Non-current financial liabilities	(2,192,235)		(2,192,235)				(2,192,235)
Other non-current liabilities	(30,049)	(6,869)	(23,180)				(23,180)
Bank loans and borrowings	(430,683)		(430,683)		(430,683)		
Current financial liabilities	(275,362)		(275,362)		(275,362)		
Other liabilities	(884,386)	(626,534)	(257,852)		(257,852)		
Total	**(2,121,686)**	**(286,722)**	**(1,834,964)**	**1,213,388**	**(963,897)**	**130,960**	**(2,215,415)**

The net financial debt at December 31, 2013 stood at 1,834,964 thousand euro, as follows:

(in thousands of euro)	December 31, 2013		December 31, 2012		Change	
Current financial assets	**1,213,388**		**1,505,060**		**(291,672)**	
Cash and cash equivalents		745,639		957,573		(211,934)
Derivatives		13,351		21,065		(7,714)
Other current assets		454,398		526,422		(72,024)
Current financial liabilities	**(963,897)**		**(1,405,059)**		**441,162**	
Bank loans and borrowings		(430,683)		(652,629)		221,946
Current financial liabilities		(527,403)		(747,322)		219,919
Derivatives		(5,811)		(5,108)		(703)
Non-current financial assets	**130,960**		**199,313**		**(68,353)**	
Non-current financial assets		42,412		72,520		(30,108)
Non-current derivatives		88,548		126,793		(38,245)
Non-current financial liabilities	**(2,215,415)**		**(2,229,802)**		**14,387**	
Non-current financial liabilities		(2,192,235)		(2,196,608)		4,373
Non-current derivatives		(23,180)		(33,194)		10,014
Net financial debt	**(1,834,964)**		**(1,930,488)**		**95,524**	

The net financial debt at December 31, 2013, computed in compliance with Consob communication no. DEM/6064293 of July 28, 2006 (i.e., not including non-current financial assets) amounted to 1,965,924 thousand euro (2,129,801 thousand euro at December 31, 2012).

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, 2013 and 2012:

(in thousands of euro)	December 31, 2013 Carrying amount	December 31, 2013 Fair value	December 31, 2012 Carrying amount	December 31, 2012 Fair value
Financial assets				
Assets at fair value through profit or loss				
Cash and cash equivalents	745,639	745,639	957,573	957,573
Short-term derivatives	*13,156*	*13,156*	*31,899*	*31,899*
Banking derivatives	*197*	*197*	*313*	*313*
Medium/long-term derivatives	*88,579*	*88,579*	*126,793*	*126,793*
Derivatives	101,932	101,932	159,005	159,005
Equity investments, bonds and financial assets	401,306	401,306	465,300	465,300
Banking and other receivables	58,105	58,105	66,793	66,793
Loans and receivables				
Trade receivables	725,173	725,173	810,437	810,437
Receivables and other non-current assets	109,459	109,459	135,974	135,974
Available-for-sale assets				
Non-current equity investments	320,386	320,386	306,397	306,397
Held-to-maturity investments				
Total	**2,462,000**	**2,462,000**	**2,901,479**	**2,901,479**
Financial liabilities				
Trade payables	563,804	563,804	651,591	651,591
Current financial liabilities	*706,045*	*706,045*	*878,565*	*878,565*
Other financial liabilities	*252,041*	*252,041*	*521,387*	*521,387*
Total current financial liabilities	958,086	958,086	1,399,952	1,399,952
Short-term derivatives	*4,906*	*4,906*	*22,552*	*22,552*
Banking derivatives	*904*	*904*	*2,521*	*2,521*
Medium/long-term derivatives	*23,180*	*23,180*	*33,194*	*33,194*
Total derivatives	28,990	28,990	58,267	58,267
Non-current financial liabilities	2,192,235	2,243,235	2,196,608	2,279,508
Commitments to purchase equity investments	41,308	41,308	45,803	45,803
Total	**3,784,423**	**3,835,423**	**4,352,221**	**4,435,121**

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 by discounting future cash flows using the zero coupon curve.
The fair value of forward foreign-currency purchase contracts is based on the current exchange rates for contracts with similar maturity profiles.
The fair value of foreign-currency 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.

Fair Value - hierarchy

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

At December 31, 2013, financial instruments stated at fair value were as follows:

(in thousands of euro)	December 31, 2013	Level 1	Level 2	Level 3
Derivatives - assets	101,932	2,170	99,762	
Equity investments, bonds and financial assets	328,818	306,338	19,824	2,656
Banking and other receivables	4,799			4,799
Receivables and other non-current assets	5,455		5,455	
Non-current equity investmnets	320,386	258,222	14,349	47,815
Current financial liabilities	(703,188)	(1,404)	(701,784)	
Derivatives - liabilities	(28,990)	(234)	(28,392)	(364)
Non-current financial liabilities	(2,191,304)	(1,820,000)	(371,304)	
Commitments to purchase equity investments	(41,308)			(41,308)

	Level 3	Increases						Decreases							Level 3
(in thousands of euro)	12/31/2012	Purchases	Gains in income statement	Other gains in income statement	Gains in equity	Other increases	Transfers from other levels	Sales	Repayments	Losses in income statement	Other losses in income statement	Losses in equity	Other decreases	Transfers to other levels	12/31/2013
Equity investments, bonds and financial assets	3,740		123			274			(846)		(46)		(278)	(311)	2,656
Banking and other receivables	5,403		232			250			(836)				(250)		4,799
Non-current equity investments	78,964				9,594	32		(5,140)	(530)		(34,869)		(44)	(192)	47,815
Derivatives - liabilities	(802)			438											(364)
Commitments to purchase equity investments	(45,803)	(1,400)											5,895		(41,308)

No reclassifications from categories measured at fair value to categories measured at amortized cost were made in 2013 or 2012, in the Group financial asset portfolio.

The following measurement methods were used in level 3 for “Non-current equity investments”:
- for Banca Leonardo: fair value was estimated on the basis of market multiples for comparables; the multiple was applied to the bank’s average earnings (2010-2012) normalized to exclude non-recurring operations; a change of ± 10% in these normalized earnings would generate a change in fair value of approximately ± 1.2 million euro recognized in the “AFS fair value reserve”;
- for Sesaab: the estimate was determined on the basis of an available transaction.

Cash and cash equivalents

(in thousands of euro)	December 31, 2013	December 31, 2012	Variazione
Cash and checks in hand	3,345	3,856	(511)
Bank and postal accounts	633,715	738,573	(104,858)
Short-term deposits	108,579	215,144	(106,565)
Net amount	**745,639**	**957,573**	**(211,934)**

Short-term deposits have varying maturities within three months, in relation to the Group's financial requirements; interest accrues at the respective short-term rates.
As a result of currency regulations in some Group countries, where non-controlling interests are also present, the cash and cash equivalents of the Group companies in those countries are not immediately available to the holding Ciments Français S.A.; at December 31, 2013, they amounted to 365.3 million euro (336.5 million euro at December 31, 2012) and related to Egypt (180.2 million euro), Morocco (90.1 million euro), Thailand (64.2 million euro) and India (30.8 million euro).

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

Derivatives related mainly to the construction materials segment. Measurement of derivatives at December 31, 2013 included credit valuation adjustment (CVA) and debit valuation adjustment (DVA).
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.
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 Italcementi 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 Italcementi group exposes the bank counterparty.
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:

	December 31, 2013		December 31, 2012	
(in thousands of euro)	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives hedging cash flows	890	(844)		(318)
Interest-rate derivatives hedging fair value	108	(141)		
Interest-rate derivatives for trading	2,616	(1,982)	2,234	(1,827)
Interest-rate derivatives	**3,614**	**(2,967)**	**2,234**	**(2,145)**
Exchange-rate derivatives hedging cash flows	2	(1,145)	299	(330)
Exchange-rate derivatives hedging fair value	9,481	(792)	18,219	(112)
Exchange-rate derivatives for trading	57	(3)		
Exchange-rate derivatives	**9,540**	**(1,940)**	**18,518**	**(442)**
Derivatives on CO2	2		11,147	
Total current instruments	**13,156**	**(4,907)**	**31,899**	**(2,587)**
Interest-rate derivatives hedging cash flows		(3,324)		(19,794)
Interest-rate derivatives hedging fair value	82,262	(19,834)	126,793	(13,400)
Interest-rate derivatives	**82,262**	**(23,158)**	**126,793**	**(33,194)**
Exchange-rate derivatives hedging cash flows	4	(22)		
Exchange-rate derivatives hedging fair value	6,282			
Exchange-rate derivatives	**6,286**	**(22)**		
Derivatives on CO2	31	1		(19,965)
Total long-term instruments	**88,579**	**(23,179)**	**126,793**	**(53,159)**
Bank derivatives - forwards	197	(904)	313	(2,521)
Bank derivatives - options				
Bank derivatives	**197**	**(904)**	**313**	**(2,521)**
Total	**101,932**	**(28,990)**	**159,005**	**(58,267)**

Long-term interest-rate derivatives recognized under assets for 82.3 million euro related principally to a fixed-rate to Euribor-indexed floating rate interest-rate swap hedging part of the 500 million euro bond issued by Ciments Français S.A. for an amount of 19.1 million euro and hedging part of the 750 million euro bond issued by Italcementi Finance S.A. for 62.4 million euro, both issued at a fixed rate under the companies' respective EMTN programs; at December 31, 2012 the derivatives were carried under assets at 26.1 million euro and 100.7 million euro respectively.

The Group does not transact hedges on equities trading.

Trading interest-rate derivatives and exchange-rate derivatives refer to assets that do not qualify for hedge accounting.

The two tables below show the impact of netting agreements relating to derivative assets and derivative liabilities at December 31, 2013 and 2012, in compliance with the latest IFRS 7 update.

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

	December 31, 2013		December 31, 2012	
(in thousands of euro)	Assets	Liabilities	Assets	Liabilities
Short-term			11,147	(20,791)
Long-term				(142)
Total			**11,147**	**(20,933)**

At December 31, 2013 there were no derivatives relating to EUA and CER/ERU transactions.
Derivative transactions on emission rights in 2013 had an impact of +8,819 thousand euro on the income statement and no impact on equity (OCI reserve).

At December 31, 2013 there were no derivatives relating to transactions on electricity.
Derivative transactions on electricity in 2013 generated an impact on equity (OCI reserve) of +967 thousand euro and had no impact on the income statement.

Equity investments, bonds and financial assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Securities and bonds	285,665	213,020	72,645
Trading equities	20,176	3,866	16,310
Amounts due from banks	72,083	225,402	(153,319)
Other financial assets	23,382	23,013	369
Net amount	**401,306**	**465,301**	**(63,995)**

Trade receivables

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Gross amount	822,627	913,737	(91,110)
Allowance for impairment	(97,454)	(103,300)	5,846
Total	**725,173**	**810,437**	**(85,264)**

At December 31, 2013, receivables factored without recourse amounted to 190.5 million euro (192.9 million euro at December 31, 2012) of which: the Group's French and Belgian companies for 167.3 million euro (191.0 million euro at December 31, 2012), the American companies for 19.4 million euro and Calcestruzzi S.p.A. per 3.8 million euro (1.9 million euro at December 31, 2012).
At December 31, 2012, the factored receivables of the French and Belgian companies for 191.0 million euro referred, for 121.5 million euro, to the factoring program arranged in December 2011 by Ciments Calcia and Unibeton, which was terminated in the first quarter of 2013, and for 69.5 million euro to the new five-year international factoring program arranged in December 2012 by Group French and Belgian companies. Initially, the program envisaged an initial amount of 70 million euro, which was modified during 2013 to 160 million euro in March, 210 million euro at the end of June and 170 million euro in July.

At December 31, 2013, factored receivables amounted to 167.3 million euro (69.5 million euro at December 31, 2012).
On June 25, 2013, the international factoring program was extended to the Group's American companies for a maximum amount of 35 million US dollars; the contract has a 4-year 7-month term, with the same maturities as those arranged in December 2012. At December 31, 2013, receivables factored by the American companies amounted to 26.8 million dollars (19.4 million euro).
Under the two programs, the seller maintains responsibility for collecting receivables on behalf of the factoring company, while receivables provided as guarantees and still reflected on the face of the statement of financial position at December 31, 2013, totaled 37.6 million euro; this guarantee does not cover credit risk on the factored receivables.

Finance costs arising from the above factoring transactions amounted to 4.6 million euro in 2013.

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

Trade receivables and other non-current assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Variazione
Non-current receivables	36,998	38,792	(1,794)
Bonds	33,444	59,062	(25,618)
Guarantee deposits	36,404	35,463	941
Other	2,772	2,663	109
Total financial instruments	**109,618**	**135,980**	**(26,362)**
Derivatives	88,548	126,793	(38,245)
Medium/long-term derivatives on commodities and CO2	31		31
Concessions and licenses paid in advance	1,142	148	994
Total	**199,339**	**262,921**	**(63,582)**

Equity-accounted investees

This caption reflects equity interests, including goodwill of 27.1 million euro at December 31, 2013 (31.6 million euro at December 31, 2012), in equity-accounted investees. The main equity-accounted investees are listed below:

	Carrying amount		Share of profit (loss)	
(in thousands of euro)	December 31, 2013	December 31, 2012	2013	2012
Ciment Québec (Canada)	83,300	93,600	2,484	7,675
Vassiliko Cement Works (Cyprus)	51,200	57,000	(5,919)	(4,021)
Asment Cement (Morocco)	40,800	38,000	9,707	5,125
RCS Mediagroup (Italy)	-	18,695	(17,665)	(28,719)
Mittel (Italy)	-	34,202	(925)	(1,792)
S.E.S. (Italy)	20,642	23,336	(531)	(614)
Techno Gravel (Egypt)	4,200	4,600	358	525
Acquitaine de transformation (France)	-	4,200	-	-
Others	9,725	10,087	1,456	1,804
Total	**209,867**	**283,720**	**(11,035)**	**(20,017)**

Testing of goodwill recoverability generated an impairment loss of 4.0 million euro on Vassiliko (2.5 million euro in 2012).
The Aquitaine de transformation company was sold on June 19, 2013.

RCS MediaGroup, an equity-accounted investee at 12/31/2012, effected a share capital increase in 2013. Following this, with effect on July 5, 2013, Italmobiliare exercised 2,699,056 rights on a total of 8,153,495 rights, to subscribe 8,097,168 RCS MediaGroup ordinary shares, with an outlay of 10 million euro. These shares were all taken to the shareholders' agreement. The unexercised rights were offered on a pre-emptive basis to the shareholders in the shareholders' agreement, while those that were not taken up were sold on the stock market; this sale led to recognition of a loss of approximately 0.4 million euro. Since the operation, Italmobiliare holds 3.824% of ordinary share capital. On October 30, 2013, after consultation with the other parties to the shareholders' agreement, the shareholders' agreement was terminated early. Consequently, as from October 30, 2013, Italmobiliare no longer has significant influence over RCS MediaGroup and consequently the equity investment in RCS has been reclassified to "Other equity investments" and carried (in compliance with IAS 39) at fair value at the initial recognition date, which corresponded to the official stock market price on October 30, 2013 of 1.6080 euro per share. The re-measurement generated a measurement gain of +12.0 million euro with respect to the previous measurement with the equity method at the date in question.

Mittel S.p.A., an equity-accounted investee at 12/31/2012, effected a public exchange offer on its ordinary treasury shares in July 2013. Italmobiliare S.p.A. tendered all Mittel shares in its portfolio in exchange for an equal number of Mittel bonds, held in the trading portfolio for an aggregate amount of 15.4 million euro, equal to their nominal value. The uptake of the exchange offer generated recognition of a loss of approximately 18.9 million euro reflecting the difference between the carrying amount of the exchanged Mittel shares (equity) and the nominal value of the bonds received (euro 1.75 per bond). In the second half of 2013, Mittel bonds for a nominal value of 13.9 million euro were sold, generating a cash inflow of 14.1 million euro.

SES, an equity-accounted investee at 12/31/2012, effected a share buyback at the end of 2013. Italmobiliare sold 2,824 shares (representing 3% of share capital), for proceeds of 2.8 million euro and a gain of 0.7 million euro. After the sale, Italmobiliare's equity investment was 29.4%.

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

	Total assets		Total liabilities		Revenue		Profit (loss)	
(in millions of euro)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Ciment Québec	188.4	211.5	29.9	35.9	118.8	149.1	5.0	15.3
Vassiliko Cement Works	338.5	352.8	104.0	121.7	75.8	69.5	(7.8)	(6.2)
Asment Cement	131.9	105.5	42.9	27.1	116.7	92.8	28.1	15.0
RCS MediaGroup	-	2,125.9	-	1,826.3	-	1,184.1	-	(384.8)
Mittel	-	736.7	-	339.0	-	53.3	-	(22.1)
S.E.S.	92.3	97.8	22.0	25.7	19.6	22.7	(1.8)	(1.9)

Other equity investments

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

(in thousands of euro)	
At December 31, 2012	**306,397**
Acquisitions	184
Sales and repayments	(24,908)
Fair value changes taken to equity reserves	47,459
Translation differences	(210)
Other	13,546
Impairment losses	(22,082)
At December 31, 2013	**320,386**

Decreases consisted mainly of the partial sale of Unicredit shares for 17.6 million euro and the sale of the entire equity investment in Yuzhno-Kyrgyzskij Cement, representing 5% of share capital, in exchange for a 6.9% share of the Kazakh subsidiary Shymkent Cement, for 5 million euro.

“Fair value changes taken to equity reserves” related essentially to Mediobanca S.p.A. for +38.6 million euro, Unicredit S.p.A. for +10.1 million euro, Al Badia Cement – Syria for +7.7 million euro (for reclassification from equity to the income statement), Fin Priv S.p.A. for +3.4 million euro, Ubi S.p.A. for +2.8 million euro, West China Cement for -12.3 million euro.

Impairment losses related to Burgo for 18.0 million euro, Al Badia Cement for 16.0 million euro (of which 7.7 million euro with respect to the fair value reserve), Atmos Wind for 0.6 million euro; at RCS MediaGroup there was an impairment reversal of 12.0 million euro.

Other equity investments at December 31, 2013 were as follows:

(in thousands of euro)		**N° shares**	**December 31, 2013**
Investments in listed companies			
Mediobanca		22,568,992	143,649
Unicredit		9,482,683	51,093
RCS MediaGroup		16,250,663	21,461
UBI		2,318,792	11,419
West China Cement		284,200,000	30,569
	Total		**258,191**
Investments in non-listed companies			
Fin Priv			13,645
Banca Leonardo group			11,614
Sesaab			9,800
Others			27,136
	Total		**62,195**
At December 31, 2013			**320,386**

The fair value of listed companies is determined on the basis of the official share price on the last accounting day.
The methods used to measure non-listed investments depend on the characteristics of the companies and the data available, in accordance with IAS 39.

Trade payables

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Suppliers	546,663	627,900	(81,237)
Bills payable	6,589	21,509	(14,920)
Other trade payables	10,552	2,182	8,370
Total	**563,804**	**651,591**	**(87,787)**

Financial liabilities

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

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Amounts due to banks	337,176	721,906	(384,730)
Bonds	1,794,640	1,335,010	459,630
Other loans and borrowings	59,488	136,556	(77,068)
Finance lease payables	931	3,136	(2,205)
Non-current financial liabilities	**2,192,235**	**2,196,608**	**(4,373)**
Fair value of hedging derivatives	23,180	33,194	(10,014)
Total non-current financial liabilities	**2,215,415**	**2,229,802**	**(14,387)**
Amounts due to banks	430,683	652,629	(221,946)
Current portion of borrowings	98,280	119,843	(21,563)
Bonds		15,000	(15,000)
Other loans and borrowings	340,477	554,401	(213,924)
Finance lease payables	2,857	2,418	439
Accrued interest expense	85,789	55,661	30,128
Amounts due to banks and current financial liabilities	**958,086**	**1,399,952**	**(441,866)**
Fair value of hedging derivatives	5,811	5,108	703
Total current financial liabilities	**963,897**	**1,405,060**	**(441,163)**
Total financial liabilities	**3,179,312**	**3,634,862**	**(455,550)**

At December 31, 2013, current "Other loans and borrowings" did not include factoring programs (8.2 million euro at December 31, 2012), due to the fact that on December 20, 2012, some Ciments Français companies arranged a new five-year international factoring program to transfer eligible trade receivables to a bank. On June 25, 2013, the international factoring program was extended to the Group's American company with a contract for a 4-year 7-month term, with the same maturities as the contract singed on December 20, 2012. Under this program, Italcementi Finance acts as centralizing agent.
At December 31, 2013, under "Amounts due to banks", loans secured by mortgages and liens on property, plant and equipment and equities amounted to 78.4 million euro (98.3 million euro at December 31, 2012), of which 32.7 million euro short-term and 45.7 million euro medium/long-term. They referred to the Group's Indian companies for 62 million euro.
At December 31, 2013, under "Current portion of borrowings", equity-backed loans amounted to 29.5 million euro.

Non-current financial liabilities by currency were as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Euro	2,130,525	2,099,732	30,793
Indian rupee	48,600	70,400	(21,800)
US and Canadian dollar	7,000	16,000	(9,000)
Egyptian pound	500	1,000	(500)
Hungarian florin	175	219	(44)
Polish zloty		2,367	(2,367)
Other	5,435	6,890	(1,455)
Total	**2,192,235**	**2,196,608**	**(4,373)**

Non-current financial liabilities by maturity were as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
2014		555,455	(555,455)
2015	92,923	152,104	(59,181)
2016	122,304	58,230	64,074
2017	542,775	529,062	13,713
2018	518,882		518,882
Beyond	915,351	901,757	13,594
Total	**2,192,235**	**2,196,608**	**(4,373)**

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); following completion of planned repayments, the principal stands at 74.3 million euro;

b) in December 2012 Italmobiliare arranged with Intesa Sanpaolo an irrevocable line of credit for 30 million euro maturing on March 31, 2014; at December 31, 2013 the facility had been fully drawn;

c) in September 2013 the repo agreement with Banca Leonardo was re-negotiated (355,500 Ciments Français shares, 2.66 million Italcementi shares and 1.4 million UBI Banca shares) maturing on April 11, 2014; at the end of the year the amount was 29.5 million euro. The repo agreement is subject to a daily margin call with respect to a 10% threshold;

d) during 2013 Italmobiliare made drawings on uncommitted lines of credit totaling 127.6 million euro at December 31, 2013 (BNL, Credito Bergamasco, Intesa Sanpaolo and Popolare di Bergamo);

e) during 2013 seven medium/long-term Group lines of credit expired for an aggregate amount of 430 million euro:

   a. in February, a bilateral 5-year 100 million euro line of credit, fully drawn at December 31, 2012;

   b. in March, a bilateral 3-year 25 million euro line of credit, undrawn at December 31, 2012;

   c. in July, a bilateral 6-year 100 million euro line of credit, fully drawn at December 31, 2012;

   d. in July, a bilateral 7-year 50 million euro line of credit, undrawn at December 31, 2012;

   e. in August, a bilateral 6-year 50 million euro line of credit, fully drawn at December 31, 2012;

   f. in September, a bilateral 5-year 30 million euro line of credit, undrawn at December 31, 2012;

   g. in December, a bilateral 5-year and 10-month 75 million euro line of credit, fully drawn at December 31, 2012;

f) In 2013, Italcementi Finance S.A. 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 medium/long-term lines of credit that expired during the year with the same banks. At December 31, 2013, no drawings had been made on the lines;

g) In October 2013, Zuari Cement Ltd. obtained a bilateral 9-month 5 billion rupee line of credit from an international bank. At December 31, 2013 drawings had been made on the line for 1 billion Indian rupees (11.7 million euro);

h) 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. a first tranche for 180 million euro at 3 years and 6 months;

   b. a second tranche for 45 million euro at 4 years and 6 months;

   Italcementi Finance S.A. 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 lines at December 31, 2013;

i) 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 7 equal amounts as from the fourth year. This low-interest loan will be used to fund the revamping of the Rezzato cement plant and had been used in full at December 31, 2013;

j) 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:
   a. the maturity of the 50 million euro tranche was extended for two years, from September 2014 to September 2016;
   b. the 150 million euro tranche, expiring in September 2015, was reduced by an aggregate 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. Drawings amounted to 50 million euro at December 31, 2013;
   c. no changes were made to the final 60 million euro tranche, expiring in September 2019;

   The transaction has enabled Italcementi S.p.A. to improve the facility's average maturity.

k) In May 2012, Italcementi S.p.A. arranged a 200 million euro floating-rate 5-year renewable line of credit to replace a facility expiring in December 2012. Italcementi Finance S.A. 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 line at December 31, 2013;

l) During 2012 in September and November respectively, a 3-year 50 million euro loan and a fully drawn five-year 75 million euro committed line of credit expired at Italcementi S.p.A. and were repaid on expiry, without renewal;

m) On September 28, 2012, Italcementi Finance S.A. arranged a new medium-term line of credit (3 years and 6 months) for 100 million euro refinancing two lines of credit for an aggregate amount of 130 million euro due to mature, with the same bank. No drawings had been made on the facility at December 31, 2013;

Bond loans

n) The Italcementi group covers its financial requirements through recourse to diversified instruments. It covers its long-term financing requirements largely through bond issues. Specifically, Italcementi S.p.A. has launched a Euro Medium Term Notes program (EMTN) for qualified investors on the European market, for a maximum amount of 2 billion euro. This replaces the program previously in operation at Ciments Français S.A..

   The launch of the program, on March 9, 2010, is part of a broader project to optimize management of financial operations, under which Italcementi S.p.A. has been assigned a greater role as parent responsible for the coordination and direct implementation of financing programs for all group operations. The program reference material was renewed on June 29, 2012.

Under this program, Italcementi Finance S.A., a French subsidiary of Italcementi S.p.A., has issued the following bonds:

a. 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 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 5-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 are unconditionally guaranteed by Italcementi S.p.A. and will mature on February 21, 2018. The two instruments, intended exclusively for qualified investors and listed on the Luxembourg Stock Exchange, became tradable as from July 1, 2013.

o) Ciments Français S.A. covers its long-term financial requirements largely through Italcementi Finance S.A., the company that coordinates and implements programs to provide funding for the entire group. Consequently, the EMTN program reference material has not been renewed since July 17, 2008. At December 31, 2013, notes issued and still outstanding under the program totaled 500 million euro, issued on March 21, 2007 at a fixed rate of 4.75% with a ten-year maturity.

The 500 million euro bond issued by Ciments Français in 2007 was given a Ba2 rating stable outlook and BB+ rating negative outlook by Moody’s and Standards & Poors respectively.

Billets de Trésorerie issue program

p) 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. The program, guaranteed by Italcementi S.p.A., has an NP Moody’s rating and a B Standards & Poors rating. The transaction was managed by Natixis with Bred Banque Populaire, Credit Agricole CIB, Credit Industriel et Commercial, HSBC France, ING Belgium S.A., Natixis and Société Générale as bookrunners. On October 24, 2011, the program was granted a STEP label (Short Term European Paper, reference no. #0002214), since it meets the criteria of the STEP market convention. In 2013, Italcementi Finance S.A. issued Billets de Trésorerie for a total amount of 334.4 million euro, of which 38.4 million euro still outstanding at December 31, 2013;

   As part of the transactions intended to centralize and optimize group financing, the Billets de Trésorerie program represents an additional source of short-term funding and replaces the old issue program previously managed by Ciments Français, which was not renewed in 2012.

Main intragroup relations

q) The resources raised by the two bonds issued in 2013 were used by Italcementi S.p.A. to refinance borrowings coming up to maturity through medium/long-term intragroup loans;

r) In January 2013 Ciments Français made early repayment of the 100 million euro loan granted by Italcementi S.p.A. in 2010;

s) In September 2012, after finalization of a bilateral bank line of credit arranged by Italcementi Finance S.A., Italcementi S.p.A. obtained from Italcementi Finance S.A. a 100 million euro 3-year 6-month renewable line of credit. No drawings had been made on the line at December 31, 2013.

All loans and lines of credit arranged between Ciments Français S.A., 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 S.A. to Italcementi S.p.A. and Ciments Français S.A. for aggregate amounts of 210 million euro and 540 million euro respectively. The rating downgrade had no other direct material consequences on the cost of group financing.

Notional amount of derivatives

Financial risk management is an integral part of Group asset management, and is conducted by each segment on the basis of guidelines drawn up with reference to the segment's core business. The Group uses derivatives to optimize its risk/yield profile.

The notional amount of derivative contracts at December 31, 2013, is set out below, subdivided by operating segment and expiry date:

	Nominal amounts				
(in millions of euro)	**Construction materials**	**Packaging and insulation**	**Finance**	**Banking**	**Total**
Derivatives on interest rates	2,184.0		86.0		2,270.0
Derivatives on exchange rates	699.9			253.6	953.5
Derivatives on indices			10.8		10.8
Derivatives on commodities			0.7		0.7
Total	**2,883.9**		**97.5**	**253.6**	**3,235.0**

Nominal amount of derivatives by expiry date was as follows:

	Nominal amounts				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**	**Total**
Derivatives on interest rates	286.2	261.9	636.9	1,085.0	2,270.0
Derivatives on exchange rates	832.0	121.5			953.5
Derivatives on indices	10.8				10.8
Derivatives on commodities	0.7				0.7
Total	**1,129.7**	**383.4**	**636.9**	**1,085.0**	**3,235.0**

Currency risk hedging

The table below sets out currency risk hedging contracts measured at the closing rates:

(in thousands of euro)	Cash flow	Fair value	Trading	Total
Balance at December 31, 2013				
Forward purchases				
US dollars	113.9	8.6	5.8	128.3
Swiss francs			110.2	110.2
Other		52.1	10.5	62.6
Total	**113.9**	**60.7**	**126.5**	**301.1**
Forward sales				
US dollars		402.8	5.8	408.6
Swiss francs			111.5	111.5
Other		9.3	14.2	23.5
Total		**412.1**	**131.5**	**543.6**
Cross currency swaps				
US dollars		108.8		108.8
Total		**108.8**		**108.8**
Total	**113.9**	**581.6**	**258.0**	**953.5**

Currency risk hedges at December 31, 2013 were short- and long-term contracts.

Hedge accounting

Hedge accounting is used in the construction materials segment only; see the specific section below for details.

Financial risk management policy and objectives

Introduction

The Italmobiliare Board of Directors defines general Group principles and management policy for the Group financial segment, the segment in which the parent itself operates. In the other Group segments (construction materials, food packaging and thermal insulation, banking, property, services and other), management policy for financial risks and financial instruments is defined by the parent of each segment or by individual companies on the basis of the characteristics of the segment, and consistently with general Group principles. Specifically:

- for the construction materials segment: by Italcementi S.p.A.;
- for the food packaging and thermal insulation segment: by Sirap Gema S.p.A.;
- for the banking segment: mainly by Finter Bank Zürich.
- The property, services, other segment does not present material financial instruments and risks and therefore does not formulate a specific policy.

For discussion of management policy and objectives in each segment, the reader is referred to the specific section.

Financial risks

Credit risk

Credit risk is the risk that a 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, 2013:

	Maturity				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total financial liabilities	(958.3)	(77.6)	(1,198.8)	(915.6)	(3,150.3)
Undrawn committed lines of credit	1,956.1				1,956.1
Cash and cash equivalents	745.6				745.6

Total undrawn lines of credit consisted of committed lines of credit for 1,956.1 million euro and uncommitted credit for 725.4 million euro.

At December 31, 2012:

	Maturity				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total financial liabilities	(1,446.4)	(588.9)	(660.7)	(900.6)	(3,596.6)
Undrawn committed lines of credit	251.5	118.4	1,420.0		1,789.9
Cash and cash equivalents	957.6				957.6

Total undrawn lines of credit consisted of committed lines of credit for 1,789.9 million euro and uncommitted credit for 863.3 million euro.

Market risks

Interest-rate risk

The Group is exposed to the risk of changes in market interest rates, as follows:

- the risk of variations in the fair value of fixed-rate financial assets and liabilities. A change in interest rates affects the fair value of fixed-rate assets and liabilities;
- the risk linked to future cash flows on floating-rate financial assets and liabilities. A change in interest rates has a limited impact on the fair value of floating-rate rate financial assets and liabilities, but may affect future cash flows and profits.

In the industrial companies, management of the interest-rate risk has a dual purpose, to minimize the cost of net financial debt and reduce exposure to fluctuation.
In the banking and financial companies, interest-rate risk management is an integral part of the core business, and is based on investment and debt policies established by the governing bodies of the companies in question.
The Group hedges interest-rate risks with derivatives such as interest-rate swaps, forward rate agreements, futures and interest-rate options. Hedges with options are often asymmetric collars. Since these transactions are generally at zero cost, the net profit or loss of option sales never exceeds the value of the underlying item (financial statements exposure, future transaction or fixed commitment).

Net financial debt at inception and after interest-rate hedging at December 31, 2013 was as follows:

(in millions of euro)	
Balance at December 31, 2013	
Fixed-rate financial liabilities	(1,829.3)
Fixed-rate financial assets	201.8
Fixed-rate NFD at inception	**(1,627.5)**
Fixed-rate/Floating-rate hedging	892.2
Floating-rate/Fixed-rate hedging	(1,160.2)
Fixed-rate NFD after hedging	**(1,895.5)**
Floating-rate financial liabilities	(1,320.6)
Floating-rate financial assets	920.7
Floating-rate NFD at inception	**(399.9)**
Fixed-rate/Floating-rate hedging	(892.2)
Floating-rate/Fixed-rate hedging	1,160.2
Floating-rate NFD after hedging	**(131.9)**
Other instruments not subject to interest-rate risk	192.4
Total NFD	**(1,835.0)**

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 (**)	2.8	598.2	27.6
Financial liabilities (**)	(5.1)	(31.2)	(52.1)
Derivatives		(482.2)	43.6
Net exposure by currency	**(2.3)**	**84.8**	**19.1**

(*) 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.

Currency exposure is chiefly represented by the US dollar, Thai baht, Moroccan dirham, Egyptian pound and Indian rupee. The net investments in these subsidiaries are not subject to any type of hedging.
Exposure in US dollars arises largely from the investment of the cash reserves of the Egyptian divisions in this currency in order to mitigate possible local-currency fluctuations.

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, 2013	December 31, 2012	Change
Available-for-sale equity investments	258,191	216,482	41,709
Trading securities		856	(856)
Overall exposure	**258,191**	**217,338**	**40,853**

Commodity price risk

The Group is exposed to a commodity price risk on the raw materials and energy products used by its industrial segments.
These risks are managed by the individual segments, through diversification of procurement sources.

Construction materials segment

Risk management policy

The Finance Division of the construction materials parent procures sources of funds and provides management of interest rates, exchange rates and counterparty risk for all the companies in the scope of consolidation. It uses derivatives to hedge interest-rate and currency risks inherent in its international operations and in relation to the nature of its debt.

Credit risk

In compliance with segment procedures, customers electing to trade on credit terms are preliminarily vetted for creditworthiness. In addition, receivable balances are monitored on an on-going basis by the administrative department, which provisions overdue receivables at regular intervals.

Concentrations of trade credit risks are limited, by virtue of the segment's broadly based and uncorrelated customer portfolio. For this reason, management believes that no further credit risk provision is required in excess of the allowances normally set aside for uncollectible and doubtful receivables.

Liquidity risk

The segment's centralized financial policy is designed to ensure that at any time debt maturing in less than two years is less than or equal to undrawn committed lines of credit and liquidity.

As from 2010, under the financial policy review, Italcementi S.p.A. and Ciments Français S.A. are the recipients of the fund-raising activities of Italcementi Finance S.A., enabling them to improve their access to credit and benefit from the synergies of a centralized financial policy. The policy aims to obtain loans at competitive conditions and ensure a balance between average debt maturity, flexibility and diversification of sources. Consequently, Italcementi S.p.A. and Ciments Français S.A. obtain refinancing from Italcementi Finance S.A. through short- and long-term intragroup loans, arranged at arm's length conditions.

Cash and cash equivalents, 484.4 million euro at December 31, 2013, consist largely of current assets such as short-term deposits, certificates of deposit, mutual funds. At December 31, 2013, the maximum exposure to a single counterparty was 20%.

Due to currency regulations in Egypt, Morocco, Thailand and India, the cash and cash equivalents of the construction materials segment companies in these countries, for a total of 365.3 million euro, are not immediately available to the Ciments Français S.A. holding.

Since 2006, Italcementi S.p.A. has had public credit ratings, from the Moody's and Standards & Poors ratings agencies. At December 31, 2013, the rating was respectively Ba3 outlook stable-NP and BB+ outlook negative-B. During 2013, the ratings were reviewed on, respectively, May 29, 2013 by Standard & Poor's, which downgraded its outlook from stable to negative, and August 19, 2013 by Moody's, which downgraded its long-term rating from Ba2 to Ba3 with outlook stable. On October 28, 2013, Standard & Poor's confirmed the BB+/B rating with outlook negative.
The public rating assigned to Italcementi S.p.A. is applied to all Italcementi Finance S.A. bond issues.

In addition to the customary clauses, some of the segment's financing contracts include covenants requiring compliance with financial ratios, fixed for the most part at the reporting date. The main financial ratios included in the

covenants are "leverage" (net financial debt/recurring gross operating profit (loss), and "coverage" (recurring gross operating profit (loss)/net finance costs, excluding gains/losses on the sale of equity investments). For bilateral or syndicated lines of credit and borrowings, failure to comply with covenants leads to termination and consequent early repayment, however, these clauses also include a stand-by period prior to actual execution. Lines of credit and financing contracts do not contain rating triggers that would lead to early repayment. Some financing contracts involve assumption of negative pledges to the counterparty, although these are limited to specific instances that do not substantially compromise the segment's ability to finance or refinance its operations.
At December 31, 2013, lines of credit and loans subject to covenants stood at 257 million euro of total drawings represented by gross financial liabilities (2,510 million euro at December 31, 2013 expressed at nominal value, excluding the fair value effects of derivatives) and 1,545 million euro of total undrawn immediately available lines of credit (1,956 million euro at December 31, 2013).
At December 31, 2013, the segment complied with all contractual commitments; covenant-related financial ratios were well within the contractual limits established by the loans in question. The segment expects to comply with its covenants for the next 12 months and will provide information as appropriate should its financial situation deteriorate.

Counterparty risk

Instruments for management of currency and interest-rate risk are transacted exclusively with highly rated counterparties, selected on the basis of various criteria: ratings attributed by specialist agencies, assets, equity, nature and maturity of instruments. The majority of counterparties are leading international banks.
No financial instruments are contracted with counterparties in geographical regions 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.

Market risks

Interest-rate risk

Management of the interest-rate risk in the construction materials segment has a dual purpose, to minimize the cost of net 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 cash flow risk with respect to floating-rate assets and liabilities. A change in interest rates will have a negligible impact on fair value of floating-rate financial assets and liabilities, but will affect the finance cost trend and consequently future 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 top-ranking banks.

At December 31, 2013, 80% of the segment's net financial debt (not considering the fair value of derivatives) was at a fixed rate or a capped rate. 56% of fixed-rate commitments arose from swapped contracts initially arranged at floating rates.

Hedges are reflected at nominal amount for each period (consistently with instrument maturity) and do not include fixed- to fixed-rate contracts and floating- to floating-rate contracts.

At December 31, 2013, a 0.5% increase in the interest-rate curve would have had an impact of +0.2 million euro, that is 0.2% of 2013 net finance costs. The impact on interest-rate derivatives in portfolio would be +16.8 million euro on equity and -21.5 million euro on profit before tax; the latter effect would be countered by an effect of +27.2 million euro on fixed-rate liabilities with fair value hedges.

At December 31, 2013, a 0.5% decrease in the interest-rate curve would have had an impact of -0.2 million euro, that is, 0.2% of 2013 net finance costs. The impact on interest-rate derivatives in portfolio would be -17.3 million euro on equity and +22.3 million euro on profit before tax; the latter effect would be countered by an effect of -28.1 million euro on fixed-rate liabilities with fair value hedges.

Currency risk

The companies in the segment are structurally exposed to the currency risk on cash flows from operations and from financing denominated in currencies other than those of the local functional currency.
The companies in the segment operate largely on their respective local markets. Consequently, invoiced amounts and operating expenses are denominated in the same currency, and exposure of operating cash flows to currency risk is not particularly significant, with the exception of fuel, spares and investments relating to construction of new plants.

Segment policy requires subsidiaries to borrow or invest in their local currencies, with the exception of foreign-currency cash flow hedges. Nevertheless, the segment may adapt this general rule to take account of specific macro-economic conditions in certain geographical areas (hyperinflation, high interest rates, liquidity, translation).

With regard to financing for subsidiaries, the segment may arrange borrowings in a currency other than that of the loan to the subsidiary.

Segment policy is to hedge exposure whenever the market makes this possible. The net exposure of each entity is determined on the basis of forecast net operating cash flows over one to two years and financing denominated in currencies other than the local currency.

The segment hedges exchanges-rate risk with forward currency purchase and sale contracts, and currency swaps to translate financing generally denominated in euro at inception into foreign currency, as well as with options.
These hedging instruments are contracted with top-ranking banks.

The impact of currency translation on subsidiaries' equity is recognized as a separate equity component.

At December 31, 2013, a 1% change in the exchange rate with the euro, in cases where the local currency is not euro, would have had an impact of +29.9 million euro on equity, of which +7.1 million euro on non-controlling interests.
At December 31, 2013, a 10% rise in the US dollar would have had an impact on currency derivatives in portfolio of +1.6 million euro on equity and -36.0 million euro on profit before tax. A 10% decrease in the US dollar would have had an impact on currency derivatives in portfolio of -1.6 million euro on equity and +36.0 million euro on profit before tax.

Equity price risk

The segment is exposed to market fluctuations on listed shares held in portfolio recognized under "Other equity investments". Treasury shares held by Italcementi S.p.A are measured at cost and deducted against shareholders' equity under the "Treasury share" reserve.

Investments corresponding to "available-for-sale" financial assets are carried under "Other equity investments" and refer primarily to the listed shares in West China Cement.

The risk of fluctuations in the value of such investments is not actively managed with financial hedging instruments.

Commodity price risk

CO_2

The segment's European subsidiaries are exposed to market fluctuations on CO_2 emission rights prices, in connection with their surplus or deficit on the quotas allocated by their respective national governments.
In 2013, the segment did not sell any CO_2 emission rights (37.2 million euro in 2012).

From 2008 to 2012, the segment transacted forward EUA-CER swaps (forward European Union Allowance sales and forward Certified Emission Reduction purchases) distributed in the period 2009-2013, to diversify and optimize its CO_2 emission rights portfolio.
Trades on emission rights markets are transacted by Italcementi S.p.A., which since 2010 has also operated on behalf of the segment's other European subsidiaries under an agency basis.

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 2013 amounted to +17.0 million euro at December 31, 2013 compared with -7.1 million euro at December 31, 2012. The changes in equity relating to derivatives contracted in 2012 and still in portfolio at December 31, 2013, amounted to 2.8 million euro (-10.9 million euro at December 31, 2012). The overall effect of new derivatives recognized in equity was -2.4 million euro at December 31, 2013 (-11.2 million euro at December 31, 2012).

The non-effective component of cash flow hedges in portfolio at December 31, 2013 recognized in profit or loss was immaterial in both 2013 and 2012.

With reference to fair value hedges in portfolio at 2013, the amount taken to profit or loss totaled +61.3 million euro for 2013 (+100.4 million euro for 2012). Recognized amounts attributable to underlying risk hedged during the year totaled -67.4 million euro at December 31, 2013 (-112.2 million euro at December 31, 2012). These amounts are taken to profit or loss as gains and losses on interest-rate and currency risk derivatives.

Packaging and insulation segment

Risk management policy

In order to adopt a uniform financial risk management policy for the Sirap group, on July 31, 2013, the Sirap Gema S.p.A. 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 and thermal insulation 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 and thermal insulation, use of tools will be limited to hedging risks associated with its core business, excluding speculative policies or policies designed purely to maximize financial profit.

Financial instruments

The financial instruments adopted in the segment are intended solely to provide the segment with the funds required to conduct its core business. Consequently, amounts, terms and conditions of financial instruments are designed to meet the needs of the operations to which they refer.

Financial risk management

Credit risk

The segment is exposed to credit risk on sales of products and services on its core markets.

Its policy sets out criteria for establishing customer creditworthiness, credit limits and risk containment measures.

The policy also assigns responsibility for approving amounts in excess of such limits and for drafting management reports.

An analysis of overdue receivables for the main companies in the Sirap Gema consolidation produced the following due date situation:

(in millions of euro)	0-30 days	31-60 days	61-90 days	more than 90 days	Total
Sirap Gema	2.6	0.6	0.3	0.2	3.7
Sirap Gema Insulation	1.2	0.5	0.3	0.3	2.3
Sirap Gema France	0.3	0.1			0.4
Inline Poland	0.8				0.8
Total	**4.9**	**1.2**	**0.6**	**0.5**	**7.2**

Total non-overdue trade receivables stood at 60.6 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 set aside where necessary.

The generic risk on overall credit exposure is determined on a statistical basis, considering historical annual insolvency and loss, correlated with average uncollectibility percentages computed in relation to the age of the receivable.

Movements on the allowance for impairment of trade receivables in 2013 were as follows:

(in millions of euro)	Opening balance	Additions	Utilization	Closing balance
Sirap Gema	1.7	0.1		1.8
Sirap Gema Insulation	1.9	0.5	(0.8)	1.6
Sirap Gema France	0.6			0.6
Inline Poland	0.1			0.1
Petruzalek group	1.2	0.5	(0.2)	1.5
Total	**5.5**	**1.1**	**(1.0)**	**5.6**

As part of action taken to contain the credit risk, during the year almost all the companies in the segment formed credit control committees, which conduct monthly reviews and analyses of situations at greatest risk; also, credit insurance policies were taken out by Sirap Gema S.p.A. and Sirap Insulation s.r.l..

Liquidity risk

The segment is exposed to a liquidity risk (the risk of being unable to settle financial liabilities) on its net financial debt.

Its policy provides criteria for definition of financing amounts, terms and conditions, in relation to conditions on the markets on which it operates.

Non-current financial liabilities at December 31, 2013, by maturity, are set out below:

(in millions of euro)	December 31, 2013	December 31, 2012	Change
2014		20.5	(20.5)
2015	18.9	17.2	1.7
2016	19.0	17.3	1.7
2017	1.3	0.6	0.7
2018	1.2	0.6	0.6
2019	0.1	0.1	-
2020	0.1	0.1	-
Beyond	0.3	0.4	(0.1)
Total	**40.9**	**56.8**	**(15.9)**

In the Sirap group, borrowings with financial covenants have been set up. In 2012, two borrowings were arranged by the parent Sirap-Gema S.p.A.; the terms of the covenants are illustrated below:

1 - Credito Bergamasco, arranged on March 27, 2012, notional capital 10.0 million euro, term 48 months, with the following financial covenants:

Consolidated financial statements	Net financial debt/Equity	Net financial debt/Gross operating profit
2011	</= 3.5	</= 8.5
2012	</= 3.5	</= 8.5
2013	</= 3.3	</= 7.3
2014	</= 3.6	</= 6.0

The closing data in the 2012 and 2013 consolidated financial statements, including the effects, for 2012 in particular, relating to non-recurring expense, indicated that the two indicators had not been met; Sirap-Gema S.p.A. informed the lender within the contractually agreed deadlines, and also provided information concerning the action taken by the sole shareholder to cover the losses. Toward the end of 2013, talks began with the bank for definition of the correct indices for 2013 and 2014, which are still to be formalized. In the meantime, in accordance with the contract, an increase was applied to the spread.

2 – Banca Popolare di Milano: arranged on June 28, 2012, notional capital 3.0 million euro, term 36 months, with the following financial covenants:

Parameters	year ended 12/31/2012	year ended 12/31/2013	year ended 12/31/2014
Net financial debt/Gross operating profit	</= 10.25	</= 8.05	</= 6.55
Net financial debt/Equity	</= 4.20	</= 3.80	</= 3.20

Due to the reduction in equity caused by the losses in 2012 and 2013, the second financial covenant was not met in 2012 and in 2013. Sirap-Gema S.p.A. informed the lender within the contractually agreed deadlines, and also provided information about the action of the sole shareholder to cover the losses. An application for a waiver was presented for 2013; in this case too, an increase was applied to the spread. Consistently with the contract conditions, the borrowing was classified under current borrowings.

The subsidiary Inline Poland Sp z o.o. arranged a borrowing with financial covenants on November 24, 2008, as follows:

- BRE Bank loan, arranged on November 24, 2008, for 18,325,000 Polish zloty, repayment in 114 monthly amounts, the last due on December 31, 2018, with interest at 1-month WIBOR plus 1.0%. The loan has covenants on: total annual revenue, percentage net profit, current ratio, receivables and current investments/current liabilities. The net profit covenant was not met. In compliance with the contract conditions, the loan has been classified under current borrowings.

Market risks

Interest-rate risk

This is the risk of changes in the value of or future cash flows on a financial instrument, due to changes in interest rates.

The segment policy sets out criteria and procedures to mitigate/neutralize the interest-rate risk, that is, to minimize the difference between 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 carries a loan with covenants arranged with Société de Participations Financières Italmobiliare S.A. for a total amount of 56 million euro, arranged on April 12, 2007, for 9 years and 6 months, including a 2-year pre-amortization period. The contractual terms of the loan were amended in 2012 and the repayment schedule was reviewed. The financial covenants in the original contract, which contemplated a variable spread, were suppressed in favor of a fixed margin of 250 basis points as from October 12, 2012. The repayment schedule was also amended, although the final maturity date was left unchanged (October 12, 2016).
The outstanding principal to be repaid at December 31, 2013 amounted to 26 million euro.

Currency risk

The segment is exposed to currency risk largely with regard to the East European currencies.
In 2013, these currencies depreciated against the euro, compared with 2012.
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 2013.
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 price risk category also includes the value of equity investments in operating companies (equity risk). In view of the fact that investment in new markets to achieve business growth is a strategic objective in this segment, exposure to equity risk on investments in operating companies is maintained and the segment policy does not envisage specific criteria to reduce risk.

Financial segment

Risk management policies

Introduction

The document “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 as risk management instruments and as instruments for market positioning. The Regulation is particularly restrictive with regard to types of transactions allowed and approval and control processes.

Credit risk

Italmobiliare and the companies in the financial segment are exposed to credit risk with respect to issuers of financial instruments and counterparties to financial transactions.

The Regulation establishes minimum rating levels for individual investments (where applicable), for type of instrument, for rating family and the maximum limit available for individual counter parts.

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.

(in millions of euro)	Fair Value	Average rating	Average outstanding life (in years) (*)
Trading bonds	278.4	A	3.44
Available-for-sale bonds	5.3	Ba3 (**)	37.00
Other financial assets	1.3	n/a (**)	n/a
Interest-rate derivatives	1.6	n/a (***)	<1

(*) determined on first call

(**) estimated issue rating

(***) average counterparty rating

n/a = not applicable

Assuming a +100 bp parallel instantaneous shift in the credit curve, the estimated overall change in the fair value of financial instruments would be -4.6 million euro, of which -4.2 in the income statement and 0.4 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 debt 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.

	Maturity				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total financial liabilities	(226.5)	(37.5)	(1.4)		**(265.4)**
Total financial assets	194.3	62.5	102.8	52.4	**412.0**
Total net financial debt	**(32.2)**	**25.0**	**101.4**	**52.4**	**146.6**
Committed undrawn lines of credit					67.4

Short-term drawings on committed lines of credit are reclassified on expiry of the respective facility.

Undrawn uncommitted lines of credit stand at 67.4 million euro.

At December 31, 2013, some loan contracts included customary clauses represented largely by negative pledges, which could weaken the borrower's equity guarantee (e.g., amendments to the by-laws, change of business, reduction of share capital) and cause the lender to withdraw from the contract.

Market risks

Interest-rate risk

Fluctuations in interest rates affect the fair value of the segment's financial assets and liabilities and the level of net finance costs.

The Finance function draws up regular reports for senior management with a profile analysis of liability amounts and costs.

The table below illustrates the composition of the net financial debt in the financial segment at December 31, 2013, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of the net financial debt.

(in millions of euro)	
Balance at December 31, 2013	
Fixed-rate financial liabilities	
Fixed-rate financial assets	158.2
Fixed-rate net financial debt at inception	**158.2**
Fixed-rate/Floating-rate hedging	(22.8)
Floating-rate/Fixed-rate hedging	
Fixed-rate net financial debt after hedging	**135.4**
Floating-rate financial liabilities	(263.6)
Floating-rate financial assets	134.5
Floating-rate net financial debt at inception	**(129.1)**
Fixed-rate/Floating-rate hedging	22.8
Floating-rate/Fixed-rate hedging	
Floating-rate net financial debt after hedging	**(106.3)**
Assets not exposed to interest-rate risk	119.3
Liabilities not exposed to interest-rate risk	(1.8)
Total net financial debt	**146.6**

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 net financial debt caused by an instantaneous shift of 100 bp in forward interest rates (assuming a parallel shift in the curve). The analysis found a loss of 4.7 million euro, with overall effect on the income statement.

Symmetrical results would be generated by an instantaneous parallel downward shift in the rate curve, since the financial segment does not employ non-linear instruments like options or collars.

Currency risk

Investment regulations keep exposure to currency risk very low. Currency positions are limited and used with the objective of de-correlating the risk of traditional financial assets in the liquidity management portfolio.

Other price risks

Italmobiliare and the companies in the financial segment are particularly exposed to the risk of fluctuations in the prices of listed equities carried at fair value.

Since Italmobiliare is a holding company, exposure to the equity risk is inherent to its core business. In some cases, for limited amounts, the Policies set out procedures and approvals for the use of derivatives to reduce this risk.

At December 31, 2013, assets exposed to price risk amounted to 206.2 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 10.2 million euro, on equity only.

(in millions of euro)	Fair Value	Share price delta	Impact on the income statement	Impact on equity
Available-for-sale equities	227.6	-5%		(11.4)

Banking segment

The banking segment consists principally of the Finter Bank Zürich group.

The bank's core business activities are indicated below; the group does not perform any other operations that impact risk and income.

Financing

Financing is a secondary business for the Finter Bank Zürich group. The majority of loans are granted on a hedged basis and refinanced with client deposits.

Commission income and provision of services

Commission income and provision of services represent the main source of income and refer to securities transactions and investments on behalf of clients conducted by the Asset Management, Investment Advisory and Fiduciary Investments services.
Revenue from these activities account for more than two thirds of Finter group total revenue.

Trading transactions

Finter Bank Zürich is active in securities and currency trading. Transactions are conducted within clearly defined limits, as is trading of financial derivatives for clients and for the group itself.

Other activities

For liquidity purposes, the bank holds a portfolio of fixed-rate securities with high ratings.

Financial risk management

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

The Risk Management Committee enforces compliance with regulations and monitors all key risks. The Risk Manager (the committee chairman) is responsible for activity monitoring and for recommending measures for management approval.

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

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

Credit risk

Credit policy covers all commitments that could generate losses in the event of default by counter parts.
Counterparty risk is managed through risk diversification, a system of limits, qualitative requisites and coverage margins.

The credit directives issued by the authorities regulate the loan provision process, which assesses solvency and creditworthiness on the basis of the customary criteria applied by banks. Most loan transactions are conducted as part of asset management activities.

Liquidity risk

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

Market risks

Interest-rate risk

Interest-rate risk is monitored at central level by the bank's Asset and Liability Management committee (ALM) and controlled by the Treasurer. Risk management focuses on interest-rate volatility. GAP analyses are conducted to quantify and manage risk within the authorized limits. Computation of present value of all interest-rate transactions provides input for sensitivity analyses.

Interest-rate equilibrium management is not a primary strategy for a bank active in private banking.
The change in the present value of assets as a result of a +/- 100 bp shift in the interest curve and the impact on profit or loss of a +/- 100 bp shift in the interest curve for a duration up to 1 year are used as the internal risk criteria.
A 5% limit has been set on the change in the fair value of assets.
The table below illustrates the effect on assets of a +/- 100 bp parallel shift in the interest curve at the end of 2013:

(in millions of euro)	**Present value of assets**	**+ 100 bp**	**- 100 bp**
Swiss francs	240.8	(0.5)	0.5
Euro	49.0	(0.4)	0.4
US dollars	16.5	(0.2)	0.2
Other currencies	37.4	(0.2)	0.2
Total	**343.7**	**(1.3)**	**1.3**

The total impact on profit or loss would be 1.2 million euro.
Compared with the present value of assets, this effect is immaterial (0.36%).

Other price risks

The segment limits other price risks, primarily exposure on securities and precious metals, through a volume and loss control system. Trading positions are monitored daily.

Transactions with related parties

Transactions with related parties in 2013 were not significant. They are detailed in the table below:

(in thousands of euro) **Italmobiliare Group**	**Revenue (expense)**	**Trade receivables (payables)**	**Financial assets (liabilities)**	**Finance income (costs)**	**Other operating income (expense)**
Subsidiaries and associates	52,165	13,258	42,499	555	
	(29,910)	(5,715)	(307)	(34)	
Other related parties	115	86			82
	(755)	(264)			(804)
Total	**52,280**	**13,344**	**42,499**	**555**	**82**
	(30,665)	**(5,979)**	**(307)**	**(34)**	**(804)**
% impact on financial statement items	1.2%	1.8%	3.2%	1.3%	0.1%
	0.8%	1.1%	0.0%	0.0%	0.7%

The comparatives for 2012 are set out below:

(in thousands of euro) **Italmobiliare Group**	**Revenue (expense)**	**Trade receivables (payables)**	**Financial assets (liabilities)**	**Finance income (costs)**	**Other operating income (expense)**
Subsidiaries and associates	54,047	8,717	45,532	638	
	(33,762)	(5,147)	(376)	(129)	(1,009)
Other related parties	165	78			25
	(1,762)	(477)			(342)
Total	**54,212**	**8,795**	**45,532**	**638**	**25**
	(35,524)	**(5,624)**	**(376)**	**(129)**	**(1,351)**
% impact on financial statement items	1.1%	1.1%	2.7%	1.1%	0,0%
	0.9%	0.9%	0,0%	0.1%	2.1%

Revenue from and purchases of goods and services in respect of subsidiaries and associates consisted mainly of transactions with companies consolidated proportionately, notably Société des Carrieres du Tournaisis, Les Calcaires Girondins S.a.s. and Société Parisienne des Sablières S.A., and with equity-accounted investees, including the Ciments Quebec Inc. group, Vassiliko Cement Ltd. and Cementi della Lucania S.p.A..

In 2013, the Italmobiliare Group made a payment of 804 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.

Fees paid to directors

The table below sets out fees paid during the financial year to the directors and the chief operating officer of Italmobiliare S.p.A. for positions held in the Group:

(in thousands of euro)	2013	2012
Short-term benefits: fees and remuneration	9,811	9,814
Post-employment benefits: provision for Italian post-employment benefits and end-of-term entitlements	3,486	2,383
Other long-term benefits: length-of-service bonuses and incentives	2,615	2,424
Share-based payments	341	548
Total	**16,253**	**15,169**

Joint ventures

The Group's most significant joint ventures in 2013 were the French construction materials companies, the Medcem S.r.l. shipping company and the Saudi company International City for Ready Mix, active in ready mixed concrete.
The following table sets out the most significant share of assets, liabilities, revenue and expense relating to joint ventures reflected in the Group consolidated financial statements:

(in millions of euro)	December 31, 2013	December 31, 2012
Current assets	29.4	35.2
Non-current assets	81.9	94.8
Total assets	**111.3**	**130.0**
Current liabilities	22.0	25.6
Non-current liabilities	13.1	15.6
Total liabilities	**35.1**	**41.2**

	2013	2012
Revenue	44.4	43.2
Expense	(54.8)	(42.0)
Profit (loss) before tax	**(10.4)**	**1.2**

Non-recurring transactions

The following tables itemize the most significant non-recurring transactions and their impact on the Group's equity, net financial debt and loss for the year:

(in thousands of euro)	2013 Equity		Loss for the year		Net financial debt	
	amount	%	amount	%	amount	%
Carrying amounts	**4,332,780**		**(154,435)**		**(1,834,964)**	
Net gains from the sale of non-current assets	21,105	0.49%	21,105	13.67%	24,675	1.34%
Non-recurring personnel expense for re-organizations	(30,676)	0.71%	(30,676)	19.86%		
Other non-recurring expense	(1,219)	0.03%	(1,219)	0.79%	(300)	0.02%
Tax on discontinued operations						
Total	**(10,790)**	**0.25%**	**(10,790)**	**6.99%**	**24,375**	**1.33%**
Figurative amount without non-recurring transactions	**4,343,570**		**(143,645)**		**(1,859,339)**	

(in thousands of euro)	2012 Equity		Loss for the year		Net financial debt	
	amount	%	amount	%	amount	%
Carrying amounts	**4,715,187**		**(474,224)**		**(1,930,488)**	
Net gains from the sale of non-current assets	39,057	0.83%	39,057	8.24%	49,669	2.57%
Non-recurring personnel expense for re-organizations	(56,453)	1.20%	(56,453)	11.90%	(341)	0.02%
Other non-recurring expense	(10,751)	0.23%	(10,751)	2.27%	(300)	0.02%
Tax on discontinued operations						
Non-recurring tax						
Total	**(28,147)**	**0.60%**	**(28,147)**	**5.94%**	**49,028**	**2.54%**
Figurative amount without non-recurring transactions	**4,743,334**		**(446,077)**		**(1,979,516)**	

Audit fees

The table below sets out details of the fees paid in financial year 2013 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:

(in thousands of euro)	KPMG S.p.A.	Other Italian companies in the KPMG network	Other foreign companies in the KPMG network
Audit services	1,108		1,841
Other attestation services	196		80
Other legal, fiscal, corporate services		66	163
Total	**1,304**	**66**	**2,084**

Statement of cash flows

B) Cash flow from investing activities

The table below itemizes the main equity investments made by the Group in 2013:

(in millions of euro)	2013	2012
RCS - Italy	10.0	
Sorite - Italy	3.0	
Commerciale Inerti - Italy	0.3	
035 Investimenti	0.2	0.3
Unicredit - Italy		11.2
Ciments Français (including treasury shares for 6.4 million euro in 2009) - France		4.9
Dorner		1.9
Others		0.6
Total	**13.5**	**18.9**

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 period

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, 2013.

In 2014

At its meeting on March 6, 2014, the Italcementi S.p.A. Board of Directors examined and approved a plan to streamline its corporate structure and strengthen the segment. The plan envisages:

- the mandatory conversion of Italcementi savings shares into ordinary shares at a rate of 0.65 ordinary shares for each savings share ("Mandatory conversion");
- an increase in Italcementi's capital through a rights issue for a maximum of 450 million euro ("Capital increase");
- a voluntary public tender offer by Italcementi on Ciments Français minorities at a price of 78 euro per share (cum dividend), for the purpose of delisting Ciments Français from the Paris Stock Exchange (the "PTO").

The aim of the plan is to streamline the construction materials segment's present capital structure, governance and control chain, while boosting its capital base and preserving financial flexibility. The plan also aims to increase the parent's capitalization and overall free float, thereby generating greater share liquidity for the benefit of shareholders and potential investors.

At a meeting also held on March 6, 2014, the Board of Directors of Italmobiliare S.p.A. agreed to support the plan and, consequently, to convert the Italcementi savings shares it holds (2.856% of savings share capital), subscribe its rights under the Italcementi capital increase and tender the shares it holds in Ciments Français for the PTO (2.73% of share capital).

On completion of the operations, Efiparind BV will retain control of Italcementi pursuant to art. 93 of the Consolidated Finance Act (TUF), through Italmobiliare, which will retain a share of more than 45% in Italcementi voting capital.

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.

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Parent **Italmobiliare S.p.A.**	Milan	IT	EUR	100,166,937.00					
Burgo Group S.p.A.	Altavilla Vicentina	IT	EUR	205,443,391.40	-	11.68	11.68	Société de Participation Financière Italmobiliare SA	Fair Value
CJSC INLINE-R	Moscow	RU	RUB	30,230,640.00		23.99	23.99	Inline Poland Sp. z.o.o.	Cost
Compagnia Fiduciaria Nazionale S.p.A.	Milan	IT	EUR	312,000.00	16.67	-	16.67	Italmobiliare S.p.A.	Fair Value
Crédit Mobilier de Monaco S.A.	Montecarlo	MC	EUR	5,355,000.00	-	99.91	99.91	Société de Participation Financière Italmobiliare SA	Line-by-line
Dorner Pack GmbH	Tattendorf	AT	EUR	36,336.42	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Enhanced Frontier Limited	Nassau	BS	EUR	100.00	-	100.00	100.00	Finter Bank Zurich S.A.	Cost
Fin.Priv. S.r.l.	Milan	IT	EUR	20,000.00	14.28	-	14.28	Italmobiliare S.p.A.	Fair Value
Finter Bank Zurich A.G.	Zurich	CH	CHF	45,000,000.00	-	100.00	100.00	Société de Participation Financière Italmobiliare SA	Line-by-line
Finanzgesellschaft Hugo Kahn & Co AG	Zurich	CH	CHF	10,000,000.00	-	100.00	100.00	Finter Bank Zurich A.G.	Line-by-line
Franco Tosi S.r.l.	Milan	IT	EUR	260,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
ICS Petruzalek Srl	Chisinau	MD	MDL	81,518.50	-	100.00	100.00	Petruzalek Com S.r.l. (Romania)	Line-by-line
Immobiliare Lido di Classe S.p.A.	Rome	IT	EUR	255,000.00	18.04	-	18.04	Italmobiliare S.p.A.	Cost
Inline Poland Sp. z.o.o.	Murowana Goslina	PL	PLN	3,846,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Petruzalek Ltd (Turkey)	Istanbul	TR	TRY	40,000.00	-	100.00	90.00 10.00	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 Chiajna	RO	RON	6,374,380.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Croatia)	Zabok	HR	HRK	129,500.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Serbia)	Zemun (Batajnica)	RS	EUR	1,066,060.09	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Slovenia)	Maribor	SI	EUR	9,959.08	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek Gesellschaft mbH (Austria)	Tattendorf	AT	EUR	1,000,000.00	-	99.00	99.00	Sirap Gema S.p.A.	Line-by-line
Petruzalek Kft (Hungary)	Budapest	HU	HUF	300,000,000.00	-	100.00	75.00 25.00	Petruzalek Gesellschaft mbH (Austria) Petruzalek spol. S.r.o. (Czech Rep.)	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. (Bosnia)	Sarajevo	BA	BAM	10,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Slovakia)	Bratislava	SK	EUR	15,269.20	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Czech Rep.)	Breclav	CZ	CZK	2,300,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	IT	EUR	1,300,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Sirap France SAS	Noves	FR	EUR	3,520,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Insulation S.r.l.	Verolanuova (BS)	IT	EUR	2,815,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Gema S.p.A.	Verolanuova (BS)	IT	EUR	17,020,905.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
S.E.S. Società Editrice Sud S.p.A	Messina	IT	EUR	10,695,505.08	29.36	-	29.36	Italmobiliare S.p.A.	Equity
Société d'Etudes de Participations et de Courtages S.A.	Montecarlo	MC	EUR	1,290,000.00	-	99.98	99.98	Société de Participation Financière Italmobiliare SA	Line-by-line
Société de Participation Financière Italmobiliare S.A.	Luxembourg	LU	EUR	19,999,992.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Universal Imballaggi Sr.l.	Palermo	IT	EUR	1,731,588.00	-	92.64	92.64	Sirap Gema S.p.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Italcementi S.p.A.	Bergamo	IT	EUR	282,548,942.00	38.90	1.38	38.90	Italmobiliare S.p.A.	Line-by-line
							1.38	Italcementi S.p.A.	
								(voting rights:	
							60.36	Italmobiliare S.p.A.)	
Azienda Agricola Lodoletta S.r.l.	Bergamo	IT	EUR	10,400.00	-	75.00	75.00	Italcementi S.p.A.	
B2E Markets France S.A.R.L.	Paris	FR	EUR	20,000.00	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
BravoBloc S.r.l.	Bergamo	IT	EUR	300,000.00	-	70.00	70.00	Italcementi S.p.A.	Line-by-line
BravoBus S.r.l.	Bergamo	IT	EUR	600,000.00	-	51.00	51.00	BravoSolution S.p.A.	Line-by-line
BravoEnergy S.r.l.	Bergamo	IT	EUR	10,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
BravoSolution APAC Pty.Ltd.	Sydney	AU	AUD	10.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Benelux B.V.	Almere	NL	EUR	250,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Brasil Serviços de Tecnologia Ltda	Sao Paulo	BR	BRL	500,000.00	-	100.00	100.00	BravoSolution Mexico S.r.l. de C.V.	Line-by-line
BravoSolution China Co. Ltd	Shanghai	CN	CNY	80,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Espana S.A.	Madrid	ES	EUR	120,400.00	-	99.99	99.99	BravoSolution S.p.A.	Line-by-line
BravoSolution France S.a.s.	Boulogne Billancourt	FR	EUR	3,254,150.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution GmbH	Munich	DE	EUR	1,000,000.00	-	100.00	100.00	Bravosolution S.p.A.	Line-by-line
BravoSolution Mexico S.r.l. de C.V.	Mexico City	MX	MXN	3,200,000.00	-	100.00	99.99	BravoSolution S.p.A.	Line-by-line
							0.01	BravoSolution Espana S.A.	
BravoSolution S.p.A.	Bergamo	IT	EUR	32,286,398.00	7.40	75.34	7.40	Italmobiliare S.p.A.	Line-by-line
							75.34	Italcementi S.p.A.	
BravoSolution Software, Inc.	Wilmington	US	-	-	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
BravoSolution UK Ltd	London	UK	GBP	50,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution US, Inc.	Harrisburg	US	USD	1.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Technologies Ltd	Guildford	UK	GBP	50,000.00	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
C.T.G. S.p.A.	Bergamo	IT	EUR	500,000.00	-	100.00	50.00	Italcementi S.p.A.	Line-by-line
							50.00	Ciments Français S.A.	
C.T.G. Devnya EAD	Devnya	BG	BGN	200,000.00	-	100.00	100.00	C.T.G. S.p.A.	Line-by-line
Calcementi Jonici S.r.l.	Siderno (RC)	IT	EUR	3,500,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
Calcestruzzi S.p.A.	Bergamo	IT	EUR	40,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
Cava delle Capannelle S.r.l.	Bergamo	IT	EUR	31,200.00	-	49.00	49.00	Calcestruzzi S.p.A.	
Cementi della Lucania S.p.A.	Potenza	IT	EUR	619,746.00	-	30.00	30.00	Italcementi S.p.A.	Equity
Commerciale Inerti S.r.l.	Casalpusterlengo (LO)	IT	EUR	52,000.00	-	33.33	33.33	Esa Monviso S.p.A.	Equity
Consorzio Stabile San Francesco S.c.a.r.l.	Foligno (PG)	IT	EUR	100,000.00	-	42.00	42.00	Calcestruzzi S.p.A.	
E.S.A. Monviso S.p.A.	Bergamo	IT	EUR	1,340,000.00	-	100.00	100.00	Calcestruzzi S.p.A.	Line-by-line
Ecoinerti S.r.l.	Recanati (MC)	IT	EUR	91,800.00	-	50.00	50.00	Calcestruzzi S.p.A.	Proportionate
Gardawind S.r.l.	Vipiteno (BZ)	IT	EUR	100,000.00	-	49.00	49.00	Italgen S.p.A.	Equity
Generalcave S.r.l. - winding up	Fiumicino (RM)	IT	EUR	31,200.00	-	50.00	50.00	Calcestruzzi S.p.A.	Equity
Gruppo Italsfusi S.r.l.	Bergamo	IT	EUR	156,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	Italcementi Ingegneria S.r.l.	
i.FotoGuiglia S.r.l.	Torino	IT	EUR	14,290.00	-	30.00	30.00	Italgen S.p.A.	Equity
I.GE.PO. - Impresa Gestione Porti S.r.l. - winding up	Vibo Valentia	IT	EUR	25,500.00	-	18.00	18.00	Italcementi S.p.A.	
Ing. Sala S.p.A.	Sorisole (BG)	IT	EUR	5,858,722.00	-	100.00	99.90	Nuova Sacelit S.r.l.	Line-by-line

[1] The percentage interests shown in the table include shares not included in shareholder agreements.

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
International City for Ready Mix	Jeddah	SA	SAR	100,000,000.00	-	50.00	50.00	Italcementi S.p.A.	Proportionate
Italcementi Finance S.A.	Puteaux	FR	EUR	20,000,000.00	-	99.99	99.99	Italcementi S.p.A.	Line-by-line
Italcementi Ingegneria S.r.l.	Bergamo	IT	EUR	650,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Italgen Gulf El Zeit for Energy S.A.E.	Cairo	EG	EGP	5,000,000.00		100.00	98.00	Italgen S.p.A.	Line-by-line
							1.00	Helwan Cement Co.	
							1.00	Suez Cement Company SAE	
Italgen Maroc Ener S.A.	Casablanca	MA	MAD	33,500,000.00	-	100.00	99.99	Italgen S.p.A.	Line-by-line
							0.01	Procimar S.A.	
Italgen Maroc S.A.	Casablanca	MA	MAD	1,800,000.00	-	99.97	99.97	Italgen S.p.A.	Line-by-line
Italgen Misr for Energy SAE	Cairo	EG	EGP	35,000,000.00	-	100.00	98.00	Italgen S.p.A.	Line-by-line
							1.00	Helwan Cement Co.	
							1.00	Suez Cement Company SAE	
Italgen S.p.A.	Bergamo	IT	EUR	20,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
Italterminali S.r.l.	Bergamo	IT	EUR	10,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	Italcementi Ingegneria S.r.l.	
Les Ciments de Zouarine S.A. - winding up	Tunis	TN	TND	80,000.00	-	49.93	49.93	Italcementi S.p.A.	
Mantovana Inerti S.r.l.	Castiglione delle Stiviere (MN)	IT	EUR	702,000.00	-	50.00	50.00	Calcestruzzi S.p.A.	Proportionate
Nuova Sacelit S.r.l.	Sorisole (BG)	IT	EUR	7,500,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Procalmi S.r.l. - winding up	Milan	IT	EUR	51,000.00	-	11.52	11.52	Calcestruzzi S.p.A.	
Prometeo Lucania S.r.l.	Tortona (AL)	IT	EUR	100,000.00		30.00	30.00	BravoEnergy S.r.l.	
S.A.F.R.A. S.r.l. - winding up	Bologna	IT	EUR	51,480.00	-	33.33	33.33	Calcestruzzi S.p.A.	Equity
SAMA S.r.l.	Bergamo	IT	EUR	200,000.00	-	100.00	99.00	Italcementi S.p.A.	Line-by-line
							1.00	Italcementi Ingegneria S.r.l.	
San Francesco S.c.a r.l.	Foligno (PG)	IT	EUR	5,000,000.00	-	40.00	40.00	Calcestruzzi S.p.A.	
Shqiperia Cement Company Shpk	Tirana	AL	ALL	74,250,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	LU	EUR	1,771,500.00	-	100.00	99.87	Italcementi S.p.A.	Line-by-line
							0.13	Italcementi Ingegneria S.r.l.	
SO.RI.TE. S.r.l.	Turin	IT	EUR	100,000.00	-	100.00	100.00	Calcestruzzi S.p.A.	Line-by-line
Star.co S.r.l.	Bergamo	IT	EUR	118,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
TejariSolution FZ LLC	Dubai	AE	AED	100,000.00	-	51.00	51.00	BravoSolution S.p.A.	Line-by-line
Vert Tech LLC	Wilmington	US	-	-	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
Ciments Français S.A.	Puteaux	FR	EUR	143,192,544.00	2,73	84.14	2.73	Italmobiliare S.p.A.	Line-by-line
							83.16	Italcementi S.p.A.	
							0.98	Ciments Français S.A.	
								(voting rights:	
							1.49	Italmobiliare S.p.A.	
							91.12	Italcementi S.p.A.)	
3092-0631 Quebec Inc.	St. Basile	CA	CAD	6,250.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Al Badia Cement JSC	Damascus	SY	SYP	9,760,000,000.00	-	12.00	12.00	Menaf S.a.s.	
Al Mahaliya Ready Mix Concrete WLL	Safat	KW	KWD	500,000.00	-	51.00	51.00	Hilal Cement Company	Line-by-line
Al Manar Cement Holding S.a.s.	Puteaux	FR	EUR	3,300,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Asia Cement Energy Conservation Ltd	Bangkok	TH	THB	1,400,000,000.00	-	39.52	39.52	Asia Cement Public Co., Ltd (*)	Line-by-line
Asia Cement Products Co., Ltd	Bangkok	TH	THB	10,000,000.00	-	39.53	39.53	Asia Cement Public Co., Ltd (*)	Line-by-line
Asia Cement Public Co., Ltd	Bangkok	TH	THB	4,670,523,072.00	-	39.53	25.43	Ciments Français S.A.	Line-by-line
							14.10	Vaniyuth Co. Ltd (*)	
Asment Temara S.A.	Temara	MA	MAD	495,000,000.00	-	37.01	21.38	Procimar S.A.	Equity
							15.63	Ciments Français S.A.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Atlantica de Graneles y Moliendas S.A.	Vizcaya	ES	EUR	5,000,000.00	-	50.00	50.00	Sociedad Financiera y Minera S.A.	Proportionate
Axim for Industrials SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	90.00	Suez Cement Company SAE	Line-by-line
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company SAE	
Betomar S.A.	Casablanca	MA	MAD	84,397,800.00	-	99.99	99.99	Ciments du Maroc S.A.	Line-by-line
Beton.Ata LLP	Almaty	KZ	KZT	416,966,426.00	-	75.50	75.50	Shymkent Cement	Line-by-line
Béton Contrôle de Gascogne S.A.	Soorts Hossegor	FR	EUR	40,000.00	-	37.00	37.00	Béton Contrôle du Pays Basque S.a.s.	
Béton Contrôle de l'Adour S.a.s.	Bayonne	FR	EUR	150,000.00	-	59.96	59.96	Béton Contrôle du Pays Basque S.a.s.	Line-by-line
Béton Contrôle des Abers S.a.s.	Lannilis	FR	EUR	104,000.00	-	34.00	34.00	Unibéton S.a.s.	Equity
Béton Contrôle du Pays Basque S.a.s.	Bayonne	FR	EUR	120,000.00	-	59.98	59.98	Unibéton S.a.s.	Line-by-line
Bonafini S.a.s.	Argences	FR	EUR	45,392.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Cambridge Aggregates Inc.	Cambridge	CA	CAD	10.00	-	60.00	60.00	Essroc Canada Inc.	Line-by-line
Canteras Aldoyar S.L.	Olazagutia	ES	EUR	1,508,510.00	-	20.00	20.00	Hormigones y Minas S.A.	
Carrières Bresse Bourgogne	Epervans	FR	EUR	387,189.00	-	66.48	66.48	Dragages et Carrières S.A.	Proportionate
Centro Administrativo y de Servicios de Malaga S.A.	Malaga	ES	EUR	60,200.00	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line
Cie pour l'Investissement Financier en Inde S.a.s.	Puteaux	FR	EUR	7,350,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Ciment Quebec Inc.	St. Basile	CA	CAD	19,461,161.70	-	100.00	100.00	Groupe Ciment Quebec Inc.	Equity
Cimento de Bissau Limitada	Guinea Bissau	GW	XOF	2,000,000.00	-	99.00	99.00	Tercim S.A.	
Ciment du Littoral S.A.	Bassens	FR	EUR	37,000.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line
Ciments Calcia S.a.s.	Guerville	FR	EUR	593,836,525.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Ciments du Maroc S.A.	Casablanca	MA	MAD	1,443,600,400.00	-	62.31	58.79	Cocimar S.a.s.	Line-by-line
							3.52	Procimar S.A.	
Ciments du Nord	Nouadhibou	MR	MRO	1,340,000,000.00	-	15.00	15.00	Ciments du Maroc	
CIMFRA (China) Limited	Puteaux	FR	EUR	42,704,750.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Ciminter S.A.	Luxembourg	LU	EUR	53,800,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Cocimar S.a.s.	Puteaux	FR	EUR	72,957,690.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Codesib S.a.s.	Puteaux	FR	EUR	55,037,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Compagnie des Ciments Belges S.A.	Tournai	BE	EUR	295,031,085.00	-	100.00	78.52	Ciments Français S.A.	Line-by-line
							21.40	Ciments Calcia S.a.s.	
							0.08	Compagnie Financière et de Participations S.A.	
Compagnie Financière et de Participations S.a.s.	Puteaux	FR	EUR	18,000,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Compania General de Canteras S.A.	Malaga	ES	EUR	479,283.69	-	99.41	96.12	Sociedad Financiera y Minera S.A.	Line-by-line
							3.29	Sax S.a.s.	
Conglomerantes Hidraulicos Especiales S.A.	Malaga	ES	EUR	2,361,960.00	-	85.00	85.00	Sociedad Financiera y Minera S.A.	Line-by-line
De Paepe Béton N.V.	Ghent	BE	EUR	500,000.00	-	99.99	99.99	Compagnie des Ciments Belges S.A.	Line-by-line
DECOM Egyptian Co for Development of Building Materials SAE	Cairo	EG	EGP	63,526,401.28	-	100.00	100.00	Ready Mix Concrete Alalamia SAE	Line-by-line
Decoux S.a.s.	Beaucaire	FR	EUR	120,000.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Development for Industries Co. SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	90.00	Suez Cement Company SAE	Line-by-line
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company SAE	
Devnya Bulk Services EAD	Devnya	BG	BGN	50,000.00	-	100.00	100.00	Devnya Cement AD	
Devnya Cement AD	Devnya	BG	BGN	1,023,956.00	-	99.97	99.97	Sociedad Financiera y Minera S.A.	Line-by-line
Devnya Finance A.D.	Devnya	BG	BGN	5,000,000.00	-	50.00	50.00	Devnya Cement AD	Equity
Dobrotitsa BSK A.D.	Dobrich	BG	BGN	88,954.00	-	26.40	26.40	Devnya Cement AD	
Dragages et Carrières DEC S.A.	Epervans	FR	EUR	1,000,000.00	-	49.99	49.99	GSM S.a.s.	Proportionate

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Dragages Transports & Travaux Maritimes S.A.	La Rochelle	FR	EUR	3,947,894.00	-	50.00	33.33	GSM S.a.s.	Proportionate
							16.67	Granulats Ouest - GO	
Dunkerque Ajouts Snc	Grande Synthe	FR	EUR	6,000.00	-	33.75	33.75	Ciments Calcia S.a.s.	
Ecocim S.a.s.	Casablanca	MA	MAD	2,000,000.00	-	55.00	30.00	Ciments du Maroc S.A.	
							25.00	Asment Temara S.A.	
Entreprise Lorraine d'Agriculture ELDA S.A.R.L.	Heillecourt	FR	EUR	10,000.00	-	100.00	100.00	GSM S.a.s.	
Essroc Canada Inc.	Mississauga	CA	CAD	96,306,574.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Essroc Cement Corp.	Nazareth	US	USD	8,330,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Essroc Corporation	Nazareth	US	USD	1,000.00	-	100.00	100.00	Essroc International	Line-by-line
Essroc International	Puteaux	FR	EUR	244,398,096.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Essroc Ready Mix Corp	Nazareth	US	USD	1.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Essroc San Juan Inc.	Espinosa	PR	USD	10,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Eurarco France S.A.	Le Crotoy	FR	EUR	1,520,000.00	-	64.99	64.99	GSM S.a.s.	Line-by-line
Eurocalizas S.L.	Cantabria	ES	EUR	723,030.00	-	33.33	33.33	Hormigones y Minas S.A.	
Eurotech Cement S.h.p.k.	Durres	AL	ALL	273,214,000.00	-	84.00	84.00	Halyps Building Materials S.A.	Line-by-line
Fraimbois Granulats S.A.R.L.	Moncel les Luneville	FR	EUR	75,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Gacem Company Limited	Serrekunda	GM	GMD	4,500,000.00	-	80.00	80.00	Tercim S.A.	Line-by-line
Granulats de la Drôme S.a.s.	Saint Jean de Vedas	FR	EUR	645,600.00	-	51.01	51.01	GSM S.a.s.	Line-by-line
Granulats Ouest - GO	Saint Herblain	FR	EUR	784,657.44	-	100.00	100.00	GSM S.a.s.	Line-by-line
Greyrock Inc.	Nazareth	US	USD	1,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Groupe Ciment Quebec Inc.	St. Basile	CA	CAD	57,000,000.00	-	50.00	50.00	Essroc Canada Inc.	Equity
GSM S.a.s.	Guerville	FR	EUR	18,675,840.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Gulbarga Cement Limited	Bengaluru	IN	INR	311,257,000.00	-	74.00	63.22	Zuari Cement Ltd	Line-by-line
							10.78	Cie pour l'Investissement Financier en Inde	
Gulf Ready Mix Concrete Company WLL	Kuwait	KW	KWD	100,000.00	-	100.00	99.90	Al Mahaliya Ready Mix Concrete WLL	Line-by-line
							0.10	Hilal Cement Company	
Halyps Building Materials S.A.	Aspropyrgos	EL	EUR	48,821,060.64	-	99.91	59.89	Ciments Français S.A.	Line-by-line
							40.02	Sociedad Financiera y Minera S.A.	
								(voting rights:	
							59.93	Ciments Français S.A.	
							39.99	Sociedad Financiera y Minera S.A.)	
Helwan Cement Co. SAE	Cairo	EG	EGP	583,466,475.00	-	99.54	99.54	Suez Cement Company SAE	Line-by-line
Hilal Cement Company KSCC	Safat	KW	KWD	6,987,750.00	-	51.00	51.00	Suez Cement Company SAE	Line-by-line
Hormigones Olatzi S.A.	Olazagutia	ES	EUR	283,804.22	-	25.00	25.00	Hormigones y Minas S.A.	
Hormigones Txingudi S.A.	San Sebastian	ES	EUR	240,560.22	-	33.33	33.33	Hormigones y Minas S.A.	
Hormigones y Minas S.A.	Malaga	ES	EUR	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line
Immobilière des Technodes S.a.s.	Guerville	FR	EUR	8,024,400.00	-	100.00	59.97	Ciments Français S.A.	Line-by-line
							40.03	Ciments Calcia S.a.s.	
Industrie Sakia el Hamra "Indusaha" S.A.	Laayoune	MA	MAD	81,680,000.00	-	91.00	91.00	Ciments du Maroc	Line-by-line
Innocon Inc.	Richmond Hill	CA	CAD	18,300,000.20	-	50.00	50.00	Essroc Canada Inc.	Equity
Innocon Partnership Agreement Inc.	Richmond Hill	CA	CAD	2,003.00	-	51.50	48.50	Essroc Canada Inc	Equity
							3.00	Innocon Inc.	
Interbulk Egypt for Export SAE	Cairo	EG	EGP	250,000.00	-	100.00	98.00	Interbulk Trading S.A.	
							1.00	Menaf S.a.s.	
							1.00	Tercim S.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies: Direct	Indirect	%		Method
Interbulk Trading S.A.	Lugano	CH	CHF	7,470,600.00	-	100.00	85.00	Ciminter S.A.	Line-by-line
							15.00	Italcementi Ingegneria S.r.l.	
Intercom Libya F.Z.C.	Misurata	LY	USD	800,000.00	-	100.00	100.00	Intercom S.r.l.	Line-by-line
Intercom S.r.l.	Bergamo	IT	EUR	2,890,000.00	-	100.00	94.68	Interbulk Trading S.A.	Line-by-line
							4.84	Italcementi S.p.A.	
							0.48	Italcementi Ingegneria S.r.l.	
Investcim S.A.	Puteaux	FR	EUR	110,405,840.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Italcementi for Cement Manufacturing Libyian JS co	Tripoli	LY	LYD	11,000,000.00	-	50.00	50.00	Al Manar Cement Holding S.a.s.	Proportionate
Italmed Cement Company Ltd	Limassol	CY	EUR	21,063,780.00	-	100.00	100.00	Halyps Building Materials S.A.	Line-by-line
Jalaprathan Cement Public Co, Ltd	Bangkok	TH	THB	1,200,000,000.00	-	88.84	88.84	Asia Cement Public Co., Ltd (*)	Line-by-line
Jalaprathan Concrete Products Co, Ltd	Bangkok	TH	THB	280,000,000.00	-	58.96	58.96	Jalaprathan Cement Public Co, Ltd (*)	Line-by-line
Johar S.a.s.	Luxemont et Villotte	FR	EUR	1,221,632.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Kuwait German Company for Ready Mix Concrete WLL	Kuwait	KW	KWD	824,000.00	-	100.00	99.00	Al Mahaliya Ready Mix Concrete WLL	Line-by-line
							1.00	Hilal Cement Company	
Larricq S.a.s.	Airvault	FR	EUR	508,000.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Les Calcaires Girondins S.a.s.	Cenon	FR	EUR	100,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Calcaires Sud Charentes	Cherves Richemont	FR	EUR	1,524.50	-	34.00	34.00	GSM S.a.s.	
Les Graves de l'Estuaire S.a.s.	Le Havre	FR	EUR	297,600.00	-	33.33	33.33	GSM S.a.s.	Proportionate
Les Quatre Termes S.a.s.	Salon de Provence	FR	EUR	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Sables de Mezieres S.a.s	St Pierre des Corps	FR	EUR	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Sabliers de l'Odet S..a.s.	Quimper	FR	EUR	134,400.00	-	97.47	94.93	Dragages Transports & Travaux Maritimes S.A.	Proportionate
							2.54	GSM S.a.s.	
Lyulyaka Materials E.A.D.	Devnya	BG	BGN	759,372.00	-	100.00	100.00	Devnya Cement AD	Line-by-line
Mauritanienne des Batiments et Routes S.A.	Nouakchott	MR	MRO	690,000,000.00	-	99.99	99.99	Mauritano-Française des Ciments	Line-by-line
Mauritano-Française des Ciments S.A.	Nouakchott	MR	MRO	1,111,310,000.00	-	51.11	51.11	Ciments Français S.A.	Line-by-line
Medcem S.r.l.	Naples	IT	EUR	5,500,000.00	-	50.00	50.00	Intercom S.r.l.	Proportionate
Menaf S.a.s.	Puteaux	FR	EUR	317,070,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
MTB - Maritime Trading & Brokerage Srl	Genoa	IT	EUR	70,000.00	-	33.33	33.33	Interbulk Trading S.A.	Equity
Naga Property Co	Bangkok	TH	THB	100,000,000.00	-	58.96	58.96	Jalaprathan Cement Public Co. Ltd (*)	Line-by-line
Neuciclaje S.A.	Bilbao	ES	EUR	396,669.00	-	30.00	30.00	Sociedad Financiera y Minera S.A.	
Novhorvi S.A.	Vitoria	ES	EUR	180,300.00	-	25.00	25.00	Hormigones y Minas S.A.	
Parcib s.a.s.	Puteaux	FR	EUR	90,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Procimar S.A.	Casablanca	MA	MAD	37,500,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Ready Mix Concrete Alalamia S.A.E.	Cairo	EG	EGP	234,857,100.00	-	52.00	52.00	Suez Cement Company SAE	Line-by-line
Recybel	Brussels	BE	EUR	124,000.00		25.50	25.50	Compagnie des Ciments Belges S.A.	
Société Dijon Béton SA	Dijon	FR	EUR	184,000.00	-	15.00	15.00	GSM S.a.s.	Equity
Saarlandische Zementgesellschaft MBH	Saarbrucken	DE	EUR	52,000.00	-	100.00	100.00	Ciminter S.A.	Line-by-line
Sablimaris S.a.s.	Lanester	FR	EUR	4,094,776.00	-	100.00	66.28	Dragages Transports & Travaux Maritimes S.A.	Proportionate
							33.72	Les Sabliers de l'Odet	
Sas des Gresillons	Paris	FR	EUR	60,000.00	-	35.00	35.00	GSM S.a.s.	Proportionate
Sax S.a.s.	Guerville	FR	EUR	482,800.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
SCI de Balloy	Avon	FR	EUR	20,310.00	-	100.00	100.00	GSM S.a.s.	Line-by-line
SCI de Barbeau	Bray sur Seine	FR	EUR	8,000.00	-	49.00	49.00	GSM S.a.s.	
SCI des Granets	Cayeux sur M.	FR	EUR	4,575.00	-	33.33	33.33	GSM S.a.s.	
SCI du Colombier	Rungis	FR	EUR	2,000.00	-	63.00	63.00	GSM S.a.s.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
SCI Taponnat	Cherves Richemont	FR	EUR	1,500.00	-	50.00	50.00	GSM S.a.s.	
Scori S.A.	Plaisir	FR	EUR	1,092,800.00	-	13.95	13.95	Ciments Calcia S.a.s.	
Seas Co. Ltd	Bangkok	TH	THB	10,000,000.00	-	99.98	99.98	Ciments Français S.A.	Line-by-line
Shymkent Cement JSC	Shymkent	KZ	KZT	380,660,000.00	-	99.79	92.88	Codesib S.a.s.	Line-by-line
							6.91	Ciminter S.A.	
Singha Cement (Private) Limited	Colombo	LK	LKR	397,395,770.00	-	80.16	80.16	Ciments Français S.A.	Line-by-line
Sitapuram Power Limited	Hyderabad	IN	INR	480,000,000.00	-	50.99	50.99	Zuari Cement Ltd	Line-by-line
Sociedad Financiera y Minera S.A.	Malaga	ES	EUR	39,160,000.00	-	99.94	96.45	Ciments Français	Line-by-line
							3.02	Hormigones y Minas S.A.	
							0.47	Sociedad Financiera y Minera S.A.	
							99.94	(voting rights:	
								Ciments Français)	
Société Calcaires Lorrains	Heillecourt	FR	EUR	40,000.00	-	49.92	49.92	GSM S.a.s.	Proportionate
Société Civile Bachant le Grand Bonval	Guerville	FR	EUR	1,500.00	-	80.00	80.00	GSM S.a.s.	
Société Civile d'Exploitation Agricôle de l'Avesnois	Guerville	FR	EUR	3,000.00	-	90.00	50.00	Société Civile Bachant le Grand Bonval	
							40.00	GSM S.a.s.	
Société de la Grange d'Etaule	Gray	FR	EUR	3,750.00	-	99.60	99.60	Ciments Calcia S.a.s.	Line-by-line
Société des Calcaires de Souppes sur Loing S.C.S.L.	Souppes sur Loing	FR	EUR	2,145,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Société des Carrières du Tournaisis S.C.T. S.A.	Tournai	BE	EUR	12,297,053.42	-	65.00	42.69	Ciments Français S.A.	Proportionate
							16.31	Ciments Calcia S.a.s.	
							6.00	Compagnie des Ciments Belges S.A.	
Société Foncière de la Petite Seine S.a.s.	Saint Sauveur les Bray	FR	EUR	500,000.00	-	42.25	42.25	GSM S.a.s.	Proportionate
Société Parisienne des Sablières S.A.	Pont de L'Arche	FR	EUR	320,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Socli S.a.s.	Izaourt	FR	EUR	144,960.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line
Sodramaris S.n.c.	La Rochelle	FR	EUR	7,001,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Srt Societe Rouennaise de Transformation S.a.s.	Grand Couronne	FR	EUR	7,500.00	-	100.00	100.00	Ciments Calcia S.a.s.	Line-by-line
Ste Extraction & Amenagementde la Plaine de Marolles S.a.s.	Avon	FR	EUR	40,000.00	-	56.40	56.40	GSM S.a.s.	Proportionate
Stinkal S.a.s.	Ferques	FR	EUR	1,540,000.00	-	35.00	35.00	GSM S.a.s.	Equity
Suez Bag Company SAE	Cairo	EG	EGP	20,250,000.00	-	57.84	53.32	Suez Cement Company SAE	Line-by-line
							4.52	Tourah Portland Cement Company SAE	
St. Basile Transport Inc.	St. Basile	CA	CAD	9,910.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Suez Bosphorus Cimento Sanayi Ticaret	Istanbul	TR	TRY	50,000.00	-	99.99	99.99	Suez Cement Company SAE	Line-by-line
Suez Cement Company SAE	Cairo	EG	EGP	909,282,535.00	-	55.07	26.05	Menaf S.a.s.	Line-by-line
							12.36	Ciments Français S.A.	
							11.66	Ciments du Maroc S.A.	
							5.00	Tercim S.A.	
Suez for Import & Export Company SAE	Cairo	EG	EGP	2,500,000.00	-	100.00	40.00	Axim for Industrials SAE	Line-by-line
							40.00	Development for Industries Co. SAE	
							20.00	Suez for Transportation & Trade SAE	
Suez for Transportation & Trade SAE	Cairo	EG	EGP	10,000,000.00	-	100.00	55.00	Helwan Cement Co.	Line-by-line
							35.00	Suez Cement Company SAE	
							10.00	Tourah Portland Cement Company SAE	
Suez Lime SAE	Cairo	EG	EGP	7,390,000.00	-	50.00	49.00	Suez Cement Company SAE	Proportionate
							1.00	Tourah Portland Cement Company SAE	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Tameer Betoon for Trading and Contracting LLC	Doha	QA	QAR	200,000.00	-	49.00	49.00	Hilal Cement Company	Equity
Technodes S.a.s.	Guerville	FR	EUR	3,200,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Tecno Gravel Egypt SAE	Cairo	EG	EGP	15,000,000.00	-	45.00	45.00	Suez Cement Company SAE	Equity
Teracem Limited	Accra	GH	GHS	32,000,000.00	-	100.00	100.00	Tercim S.A.	
Tercim S.A.S.	Puteaux	FR	EUR	47,037,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Tomahawk Inc.	Wilmington	US	USD	100.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Tourah Portland Cement Company SAE	Cairo	EG	EGP	357,621,000.00	-	71.93	66.12	Suez Cement Company SAE	Line-by-line
							5.81	Menaf S.a.s.	
Trabel Affretement S.A.	Gaurain Ramecroix	BE	EUR	61,500.00	-	100.00	99.84	Tratel S.a.s.	Line-by-line
							0.16	Ciments Calcia S.a.s.	
Trabel Transports S.A.	Gaurain-Ramecroix	BE	EUR	750,000.00	-	100.00	89.97	Tratel S.a.s.	Line-by-line
							10.03	Compagnie des Ciments Belges S.A.	
Tragor S.a.s.	Pessac	FR	EUR	892,048.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Tratel S.a.s.	Guerville	FR	EUR	6,025,580.00	-	100.00	100.00	Ciments Calcia S.a.s.	Line-by-line
Unibéton Luxembourg S.A.	Luxembourg	LU	EUR	35,000.00	-	100.00	100.00	Unibéton S.a.s.	
Unibéton S.a.s.	Guerville	FR	EUR	27,159,732.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Unibéton Var S.a.s.	Lambesc	FR	EUR	40,000.00	-	100.00	100.00	Unibéton S.a.s.	Line-by-line
Uniwerbéton S.a.s.	Heillecourt	FR	EUR	160,000.00	-	70.00	70.00	Unibéton S.a.s.	Line-by-line
Valoise S.a.s.	Pierrelaye	FR	EUR	37,570.00	-	60.00	60.00	GSM S.a.s.	Proportionate
Vaniyuth Co. Ltd	Bangkok	TH	THB	100,000.00	-	48.80	48.80	Investcim S.A.	Line-by-line
Vassiliko Cement Works Ltd	Nicosia	CY	EUR	30,932,457.21	-	24.65	14.94	Italmed Cement Company Ltd	Equity
							9.71	Compagnie Financière et de Participations S.A.S.	
Ventore S.L.	Malaga	ES	EUR	14,400.00	-	100.00	99.56	Sociedad Financiera y Minera S.A.	Line-by-line
							0.44	Hormigones y Minas S.A.	
Vesprapat Holding Co, Ltd - in liquidazione	Bangkok	TH	THB	20,000,000.00	-	49.00	49.00	Sax S.a.s.	Line-by-line
Vulkan Cement S.A.	Dimitrovgrad	BG	BGN	452,967.00	-	98.57	70.00	Ciments Français S.A.	Line-by-line
							28.57	Devnya Cement A.D.	
Xinpro Limited	Puteaux	FR	EUR	37,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Zuari Cement Ltd	Andra Pradesh	IN	INR	2,749,614,000.00	-	100.00	96.91	Ciments Français S.A.	Line-by-line
							3.09	Cie pour l'Investissement Financier en Inde	
								(voting rights:	
							96.91	Ciments Français S.A.)	

(*) Percentage interest of the Ciments Français group

ATTESTAZIONE 154

RELAZIONE REVISORI

RELAZIONE REVISORI

Italmobiliare S.p.A.

Directors' report on operations

The changes in the key standards and regulations compared to 2012 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, 2013, but not endorsed by the European Union at that date. Furthermore, the European Union has endorsed additional standards/interpretations that Italmobiliare S.p.A. will apply at a subsequent time, having decided not to elect early application.

Earnings indicators

To assist comprehension of its financial data, Italmobiliare S.p.A. employs a number of widely used indicators, which are not envisaged by the IFRS.

In particular, the income statement presents the following intermediate indicators/results: recurring 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 used by the company are not required by the IFRS, their definitions may not coincide with and therefore may not be comparable to those used by other companies/groups.

In the notes, the section on IFRS 7 provides information on the effects of changes in interest rates and share prices on the financial position and results of operations.

General overview

Italmobiliare S.p.A. closed 2013 with a profit for the year of 1.7 million euro (a loss for the year of 66.7 million euro in 2012), arising from a revenue increase of 53.7%. Performance in 2012 reflected material impairment losses on equity investments of 62.7 million euro and small gains on the sale of securities and equity investments.

Condensed income statement

(in thousands of euro)	2013	2012	Change
Revenue	**42,128**	**27,410**	**14,718**
of which:			
Dividends	*20,615*	*18,320*	*2,295*
Gains from sales of equity investments and securities	*13,751*	*1,435*	*12,316*
Interest income and other finance income	*1,603*	*1,241*	362
Services	*6,159*	*6,414*	(255)
Personnel expense, services and other operating expense	(19,495)	(19,523)	28
Finance costs	(5,404)	(8,078)	2,674
Capital losses, impairment losses and other expense	(11,789)	(1,509)	(10,280)
Recurring gross operating profit (loss) [1]	**5,440**	**(1,700)**	**7,140**
Other non-recurring income (expense)	3,939	(2,893)	6,832
Gross operating profit (loss) [2]	**9,379**	**(4,593)**	**13,972**
Amortization and depreciation	(34)	(90)	56
Operating profit (loss) [3]	**9,345**	**(4,683)**	**14,028**
Finance costs	(20)	(17)	(3)
Impairment losses on financial assets	(5,060)	(62,684)	57,624
Profit (loss) before tax	**4,265**	**(67,384)**	**71,649**
Income tax (expense)	(2,549)	647	(3,196)
Profit (loss) for the year	**1,716**	**(66,737)**	**68,453**

[1] Recurring gross operating profit (loss) 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.

[2] Gross operating profit (loss) corresponds to recurring gross operating profit (loss) plus other non-recurring income (expense).

[3] Operating profit (loss) corresponds to gross operating profit (loss) plus amortization and depreciation.

At December 31, 2013, Italmobiliare S.p.A. recorded revenue of 42.1 million euro compared to 27.4 million euro in 2012. The revenue increase of 14.7 million euro was largely due to gains of 12.8 million euro on the sale of equities during the year and higher dividends received from subsidiaries.

Operating expense at 19.5 million euro was in line with 2012, while finance costs were down 33.1%, thanks to a reduction in interest expense on borrowings. The losses totaling 9.8 million euro on the sale of RCS MediaGroup rights and from uptake of the Mittel public exchange offer had an impact on recurring gross operating profit, which was 5.4 million euro, compared with a recurring gross operating loss of 1.7 million euro in 2012.

After amortization, depreciation and non-recurring income of 3.9 million euro from the release of provisions for risks, the company posted an operating profit of 9.3 million euro (an operating loss of 4.7 million euro in 2012).

The impairment losses of 5.1 million euro on financial assets applied in 2013 arose largely from the loss applied to the RCS MediaGroup equity investment to adjust the carrying amount to fair value ascertained on the basis of the official stock market price at October 30, 2013. The measurement method was changed owing to the fact that, after early termination of the RCS MediaGroup shareholders' agreement on October 30, 2013, the investment in the publishing group no longer qualified for classification as an associate and therefore could no longer be recognized at cost.

After income tax expense of 2.5 million euro (positive income tax of 0.6 million euro in 2012), the company posted a profit for the year of 1.7 million euro (a loss for the year of 66.7 million euro in 2012).

Comprehensive income

In 2013, starting from the profit for the year, the items that make up comprehensive income reflected comprehensive income of 56.9 million euro (20.7 million euro in 2012), as follows:

- fair value gains on available-for-sale financial assets, for 53.0 million euro,
- a loss of 0.2 million euro on the re-measurement of net liabilities/assets for employee benefits,

and a positive related tax effect of 4.1 million euro.

Considering the profit for the year of 1.7 million euro and the items described above, 2013 comprehensive income amounted to 58.6 million euro compared with comprehensive expense of 46.1 million euro in 2012.

The statement of comprehensive income is provided with the financial statements.

Condensed statement of financial position

The statement of financial position at December 31, 2013 and December 31, 2012 is summarized below:

(in thousands of euro)	December 31, 2013	December 31, 2012
Fixed assets	3,768	3,724
Equity investments in subsidiaries	866,045	851,284
Equity investments in associates	9,274	56,953
Other equity investments	264,699	205,879
Receivables and other non-current assets	57,774	70,579
Non-current assets	**1,201,560**	**1,188,419**
Current assets	**67,654**	**69,729**
Total assets	**1,269,214**	**1,258,148**
Equity	**900,054**	**840,983**
Non-current liabilities	126,559	249,607
Current liabilities	242,601	167,558
Total liabilities	**369,160**	**417,165**
Total equity and liabilities	**1,269,214**	**1,258,148**

Italmobiliare S.p.A. equity increased by 59.1 million euro from December 31, 2012, rising from 841.0 million euro to 900.1 million euro, largely as a result of the increase of 57.5 million euro in the fair value reserve and the profit for the year of 1.7 million euro.

Net financial debt stood at 245.2 million euro, down by 31.5 million euro from December 31, 2012. The comment on the financial segment in the Directors' report on Group operations analyzes Italmobiliare S.p.A. cash flows.

Transactions on equity investments

For details on transactions on equity investments, reference should be made to the section on the financial segment in the Directors' report on Group operations, under the heading "Significant events in the year".

During the year Italmobiliare S.p.A. did not purchase any treasury shares, therefore the company holds 871,411 ordinary treasury shares (par value of 2,265,668.60 euro), representing 3.928% of ordinary share capital, as well as 28,500 savings shares (par value of 74,100.00 euro), representing 0.174% of total savings shares.

The par value of Italmobiliare S.p.A. ordinary and savings shares is 2.60 euro each.

Research and development

Given its nature, Italmobiliare S.p.A. does not undertake any research and development. Such activities are undertaken within the individual industrial segments (Italcementi group and Sirap Gema group), and reference should be made to the sections on the segments in question for further information.

Human resources and information on personnel

At December 31, 2013, the number of people employed at Italmobiliare S.p.A. was 44.

(headcount)	2013	2012
Senior managers	12	13
Middle managers	8	7
Clerical staff	24	28
Total	**44**	**48**

In connection with the re-organization and simplification of the Italmobiliare corporate structure that began some years ago, and the consequent downsizing of operations in some areas, the company has had recourse to state-subsidized lay-off schemes (*Cassa Integrazione Guadagni Ordinaria*), laying off 10 clerical workers for a temporary period at the end of 2013.

Turnover on the company workforce is limited.

Information on the environment

The company operations do not have a significant environmental impact.

Risks and uncertainty

The risks connected with Italmobiliare S.p.A.'s operations are illustrated in the corresponding section of the financial segment in the Directors' report on Group operations, to which reference should be made.

Transactions with related parties

Italmobiliare S.p.A. transactions with related parties concerned:

- companies that are subsidiaries and associates of Italmobiliare S.p.A.;
- other related parties.

Transactions with related parties reflect Italmobiliare S.p.A.'s interest in leveraging the synergies within the Group to integrate services, employ competences efficiently and rationalize use of corporate divisions and financial resources.

No atypical or unusual transactions took place during the year, as defined in CONSOB Communication no. DEM/6064293 of July 28, 2006.

All transactions with related parties, whether financial or relating to the exchange of goods and services, are conducted at normal market conditions and comply with the Code of Conduct.

Analytical data on transactions with related parties and the impact of the 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 chapter on "Corporate governance".

Transactions with subsidiaries, joint ventures, associates and their subsidiaries

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. provides Italmobiliare and some of its subsidiaries with IT support services and some general services.

Within the Group, exchanges of personnel take place to optimize overall use of resources.

On the financial front, Italmobiliare 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 services.

Domestic tax consolidation

2013 was the first tax year in the period 2013/2015 under the domestic tax consolidation system envisaged by art. 117 ff. of the Income Tax Consolidation Act (TUIR), which was 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.

The list of subsidiaries that renewed their three-year participation in the domestic tax consolidation system, net of changes during the previous year due to mergers or transfers to third parties, is as follows:

- Italcementi S.p.A.
- BravoSolution S.p.A.
- Escavazione Sabbia ed affini Monviso S.r.l.
- Gruppo Italsfusi S.r.l.
- Italcementi Ingegneria S.r.l.
- Italgen S.p.A.
- Nuova Sacelit S.r.l.
- Sama S.r.l.
- Società del Gres Ing. Sala S.p.A.,
- Sirap Gema S.p.A.
- Sirap Gema Insulation System S.r.l.
- Franco Tosi S.r.l.

During the year under review, the following significant changes occurred:

- with effect from January 1, Aliserio S.p.A. left the tax consolidation system following its sale to third parties outside the Group;
- with effect from January 1, Calcestruzzi S.p.A. left the tax consolidation system after not renewing the option for participation.

The above transactions did not have any negative impact on the tax consolidation system.

Economic and financial relations among the consolidated companies that are directly connected to and derive from participation in the tax unit and the aforementioned tax system, are governed by a specific "Regulation implementing intercompany transactions deriving from adhesion to the domestic tax consolidation", which is signed by each participating company.

Transactions with other related parties

Transactions with other related parties concern:

- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare S.p.A. by the Gattai – Minoli & Partners law firm, of which the director Luca Minoli was a partner, for considerations of approximately 23.8 thousand 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 supplied.

In 2013, Italmobiliare S.p.A. endowed the "Fondazione Italcementi Cav. Lav. Carlo Pesenti" with 300 thousand euro to cover operating expenses.

The equity investments held by Directors, Statutory Auditors, the Chief Operating Officer, and the manager in charge of preparing the financial reports, in Italmobiliare S.p.A. and subsidiaries, as well as their remuneration for the positions they hold in the Group, are set out in the Report on Remuneration.

The figures at December 31, 2013 on transactions with related parties are provided in the notes.

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 financial 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 financial segment chapter in the Directors' report on Group operations.

Report on Corporate Governance and ownership structure

INTRODUCTION

This Report describes the corporate governance system adopted by Italmobiliare S.p.A. (hereinafter also referred to as "Italmobiliare" or the "Company").

Fulfilling applicable legal and regulatory provisions, this Report contains information on the ownership structure and compliance with the Code of Conduct for listed companies promoted by the Committee for Corporate Governance, (hereinafter "Code", available on the Italian Stock exchange website *www.borsaitaliana.it*). This Report also illustrates the reasons underlying the non-implementation of certain, very limited, recommendations of the Code, which the Board of Directors decided not to adopt, it describes the corporate governance practices actually applied and provides for a description of the main 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 26, 2014, is published in the section "Governance/General Meetings" on the Company's website (*www.italmobiliare.it)*.

The information contained in this Report refers to fiscal year 2013 and, in regard of specific topics, was updated as of the meeting of the Board of Directors which approved it.

ITALMOBILIARE S.p.A. PROFILE

Italmobiliare adopts the traditional governance model based on the presence of a Board of Directors and a Board of Statutory Auditors, both appointed by the Shareholders' Meeting, considering it the most suitable governance system to combine "efficient management" with "effective control", and simultaneously pursue the satisfaction of the shareholders' interests and enhancement of the management value.

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 preparing the company's financial reports;
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 preparing the company's financial reports, available to all the Group companies on the company intranet and in respect of the special Part of the Organizational, Management and Control Model, also made available to all employees on the Company intranet.

The Company, as holding company of the Group, has always been actively committed in modernizing its business culture in order to respond to the challenges arising from developments in corporate governance rules. This process fostered and enhanced the sharing of values and the recognition that the adoption of good rules of corporate governance goes hand in hand with the dissemination of a business culture whose aims are transparency, adequate management and effective control.

The corporate governance structure adopted by the Company, as set up in the binding articles of the By-laws and the provisions of the above mentioned codes and policies, confirms and bears witness to Italmobiliare commitment to comply with national and international best practices.

INFORMATION ON OWNERSHIP STRUCTURE

a) *Share capital structure, indicating the various share categories, related rights and obligations, as well as the percentage of share capital represented*

Italmobiliare share capital is equal to 100,166,937 euro, divided into 38,525,745 shares with a face value of 2,60 euro each, of which 22,182,583 are ordinary shares, equal to 57.58% of the entire share capital, and 16,343,162 are savings shares, equal to 42.42% of the entire share capital.

Ordinary shares carry voting rights at the Company's ordinary and extraordinary shareholders' meetings.

Shareholders who, even jointly, own at least one fortieth of the share capital represented by shares with voting rights, may ask, within the deadlines envisaged by the law in force, for the items on the agenda of the shareholders' meeting to be supplemented, stating in their request which further issues are being suggested. In addition, shareholders who, individually or with other shareholders, can prove that they hold an overall stake in the share capital with voting rights that is no lower than that established by the law in force, have the right to present lists for the appointment of the Board of Directors and the Board of Statutory Auditors in accordance with the provisions of the law and the By-laws.

Savings shares do not carry voting rights.

When the profit for the year is allocated, savings shares are entitled to a privileged dividend of up to 5% of the face value, and it is pointed out that, if in a fiscal year a lower dividend is allocated to savings shares, the difference is calculated as an increase to the savings dividend paid in the following two years. The remaining amount is distributed to all Shareholders so that savings shares are granted an overall dividend increased, with respect to that of ordinary shares, by an amount equivalent to 3% of the face value of the shares, unless the shareholders' meeting resolves upon special allocations to the extraordinary reserves or to the Board of directors for other purposes.

In the event of distribution of reserves, savings shares have the same rights as other shares. Reduction in share capital owing to losses does not cause a reduction in the face value of the savings shares, except for that part of the loss in excess of the overall face value of the other shares.

In the event of exclusion from the stock exchange of ordinary and/or savings shares, savings shares retain the rights attributed to them by law and the By-laws, unless otherwise provided by the shareholders' meeting.

In case of dissolution of the Company, savings shares have priority in the repayment of the share capital for the full face value.

The Company does not have outstanding stock option plans either for directors or for officers. However, based on the assignments resolved in the last few years for the stock option plans in force from time to time, cancelled for the unexecuted portion, as at the date hereof 442,500 options on the stock option plan for directors, and 384,774 options on the stock option plan for officers are exercisable.

No additional categories of financial instruments granting rights to subscribe newly issued shares, other than the above mentioned options, have been issued by the Company.

b) *Restrictions on share transfers*

No restrictions exist on share transfers or on acceptance clauses.

c) Significant shareholders as disclosed pursuant to article 120 of TUF (i.e. consolidated law on finance)

Shareholder	Total No. Shares	% of share capital	
		overall	ordinary
Efiparind B.V. (indirectly and through Compagnia Fiduciaria Nazionale S.p.A.) This figure does not take into account the 871,411 treasury shares with voting rights held by the Company.	10,484,625	27.21	47.26
Serfis S.p.A.	2,228,200	5.78	10.04
Mediobanca S.p.A.	1,805,988	4.69	8.14
First Eagle Investment Management, LLC (as manager, among others, of the «First Eagle Global Fund» which holds 3.99% of the ordinary share capital)	1,109,930	2.88	5,00
Italmobiliare S.p.A. (treasury shares)	871,411	2.26	3.93

d) Shares that confer special control rights

No shares conferring special control rights have been issued.

e) Shareholding of employees: mechanism for 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

The Company did not enter into any loan agreements that provide for the right to the lender to terminate the contract should the majority shareholders reduce their stake in the Company share capital.

However, some subsidiaries have entered into loan agreements which grant the lender the right, in case of a change of control of the financed company, to terminate the loan agreement in advance and have the consequent right to demand principal and the accrued interest or, lastly, in the case of derivative-based agreements, the right to terminate the outstanding derivative agreements.

As far as takeover bids are concerned, the Company By-laws do not provide for 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

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 rates, terms and modes for the execution of the transactions.

Equity financial instruments

The Company has not issued financial equity instruments of any kind, nor do the By-laws grant any power for their issue to directors as of the date hereof.

Authorizations to purchase treasury shares

At their ordinary meeting of May 29, 2013, the shareholders renewed the Company's authorization to purchase and dispose of treasury shares for a period of 18 months from the date of the resolution.

Within the scope of the above authorization, the Company has not purchased any ordinary or savings treasury shares, nor have shares held in its portfolio been used to grant them to stock options' beneficiaries, since no vested rights have been exercised by directors or officers.

Therefore, on December 31, 2013, the Company held:

- 871,411 ordinary treasury shares, equal to 3.93% of the share capital represented by ordinary shares, to be used to serve the "Stock option plan for directors" and the "Stock option plan for officers";
- 28,500 savings treasury shares, equal to 0.17% of the share capital represented by savings shares.

MANAGEMENT AND COORDINATION ACTIVITY

As noted at point «C» above, Efiparind B.V. is the relative majority shareholder of Italmobiliare. According to the last notice received as well as to other Company information, it held indirectly a shareholding, net of the treasury shares held by Italmobiliare itself, equal to 47.26% of Italmobiliare ordinary shares, representing the share capital with voting 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.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

1. *Introduction*

The Internal Control and Risk Management System of Italmobiliare is an essential part of the corporate governance system and is a set of organizational rules, procedures and structures intended to enable the identification, measurement, management and monitoring of the main risks which the Company and its subsidiaries are subject to.

The Company is currently finalizing the «Guidelines» for the Internal Control and Risk Management System which will be soon submitted to the approval of the Board of Directors upon opinion of the Control and Risk Committee.

Within the process of drafting the above mentioned Guidelines, the Company pays close attention in order to safeguard the coherence and the harmonization of the various control tools of the Group which includes companies subject to the supervision of national control Authorities with their owns autonomous internal control functions.

The Internal Control and Risk Management System shall contribute to the management of the Company consistently with the corporate objectives set by the Board of Directors by facilitating the adoption of conscious decisions. It contributes to ensure the preservation of the Company's assets, the efficiency and effectiveness of business processes, the trustworthiness, accuracy, reliability and timeliness of financial information, the compliance with laws and regulations as well as with the By-laws and internal procedures.

The System, in line with the best national and international standards and paying constant attention to the provisions set forth in the Organizational, Management and Control Model, consists of the following three levels of control:

- Level 1: first line controls carried out by the heads of operating units that identify and assess the risks and define specific actions for their management;
- Level 2: functions in charge of the definition of methodologies and tools for risk management and performance of risk monitoring activities;
- Level 3: the Internal Audit function, as well as any other parties that provide objective and independent assessments (the so-called assurance) on the design and operation of the overall System.

The structure of the internal control system of Italmobiliare is consistent with the Group structure, which could be defined as "group of the group".

The Board of Directors, with the assistance of the Control and Risk committee, sets the guidelines for the internal control system and risk management so that the main risks regarding the Company and the subsidiaries are correctly identified and adequately measured, managed and monitored. It also sets the criteria to ensure the compatibility of these risks with correct and proper management of the Company and assesses, at least on a half-yearly basis, the adequacy, effectiveness and functioning of the internal control system with respect to the characteristics of the Company.

However, some subsidiaries within the Group (Italcementi, Credit Mobilière de Monaco and Finter Bank Zurich) are under the supervision and control of national Authorities and then they have their owns and autonomous internal control functions performing tasks similar to the duties assigned to the Control and Risk committee by the Code. With reference to such subsidiaries, the Control and Risk committee of Italmobiliare reviews and assesses the reports received from the subsidiaries' correspondent functions.

In particular the activities of the internal control and risk management related to the "construction materials" sector are monitored by the Control and Risk committee of Italcementi. Thus Italmobiliare, to the extent of the impairment test of goodwill allocated to the CGU (cash generating unit) of Italcementi, takes in its consolidated financial statements the impairment losses on goodwill as assessed by Italcementi Group on the basis of a CGU evaluation which is more detailed in Italcementi compared with that of Italmobiliare reporting system.

The Board of directors defines and approves an annual budget, it also monitors and examines the risks which the Company and the Group as a whole are subject to, and that, as specified under the By-laws, are essentially financial.

Moreover, the Company launched a project aimed at developing a Management Risks Model aligned with the best practices on identification, evaluation and management of the company risks. The project will develop throughout 2014 to be then fully operating in 2015, upon definition of the governance program.

2. *Description of the main features of the Internal Control and Risk Management System in regard of the financial reporting process*

2.1 Phases of the risk management and internal control system

The risk management and internal control system in relation to the financial reporting process consists of a set of corporate rules and procedures, adopted by the various operating structures, aimed at ensuring trustworthiness, accuracy, reliability and timeliness of financial reporting.

Italmobiliare has defined its own reference Model for the assessment of the Internal Control and Risk Management System related to the financial disclosure (hereinafter, in short, "Operational Model"), detailing the operational approach for the performance of activities. This Model is based on the principles contained in the CoSO framework and in the document "Internal Control over Financial Reporting - Guidance for Smaller Public Companies", also developed by CoSO.

The evaluation process of Italmobiliare is based on the adoption of a system similar to that adopted by the subsidiary Italcementi – subject to the provisions of the Law on Savings as well – in relation to the companies directly 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:

- the ongoing development of an integrated Corporate Governance system (Organization notices, delegated powers, corporate processes and procedures) whose operational tools are available in a *Knowledge Management Database,* BEST 2.0 *(Business Excellence Support Tool),* which allows easy access to information and facilitates its dissemination across the Group;
- a more detailed organization and planning in relation to the provisions of Law No. 262 of December 28, 2005, containing "Provisions for the protection of savings and the regulation of financial markets" and the subsequent corrective decrees (hereinafter, in short, the "Savings Law"), enacted by law-makers for the purpose of increasing the transparency of financial reporting and strengthening the internal control system of listed companies.

2.2. Positions and Functions involved

Financial reporting is manned by the following corporate bodies and functions, which operate with roles and responsibilities defined in the broader Internal Control and Risk Management System:

1) ***Board of Directors,*** to which the Code attributes, among other things, the following tasks:
   a) examining and approving the Strategic Plan, monitoring periodically the related implementation;
   b) defining the risk profile, both as to nature and level of risks, in a manner consistent with the Company's strategic objectives, as determined by the same Board at the time of approval, amendment or revision of the Strategic Plan;
   c) evaluating the adequacy of the organizational, administrative and accounting structure of the issuer as well as of its strategically significant subsidiaries in particular with regard to the internal control and risk management system;
   d) upon opinion of the Control and Risk Committee:
      1) defining, in line with the Company's risk profile, the guidelines of the internal control and risk management system, also seeing to its updating, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the Company in a manner consistent with its strategic objectives;
      2) assessing, at least annually, the adequacy and effectiveness of the Internal Control and Risk Management System with respect to the Company's characteristics and the risk profile assumed, ensuring that:
         - duties and responsibilities are allocated in a clear and appropriate manner;
         - control functions, including the Head of Internal Audit, the Manager in charge and the Supervisory Board have been provided with the appropriate resources for the performance of their duties and are granted an appropriate degree of independence within the corporate structure.
      3) approving, at least annually, the plan (which should also address the reliability of information systems) drafted by the Head of Internal Audit, having heard the opinion of the director in charge of the Internal Control and Risk Management System and the Board of Statutory Auditors;
      4) upon proposal of the Director in charge of the Internal Control and Risk Management System, after also hearing the opinion of the Board of Statutory Auditors, appointing and dismissing the Head of Internal Audit, ensuring that the same is adequately provided with the resources to carry out their responsibilities and defining their remuneration in line with corporate policies;
   e) examining and approving the financial statements for the period; assessing the company's operating structure.

2) ***Director in charge of the Internal Control and Risk Management System,*** identified by the Board of Directors' meeting of May 25, 2011, in the person of the Chairman-Chief Executive Officer.
According to the Code, he has the task of:
   a) identifying the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submit them periodically to the review of the Board of Directors at least once a year;
   b) implementing the guidelines defined by the Board of Directors, taking care of the planning, implementation and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness;
   c) proposing to the Board of Directors, after the favorable opinion of the Control and Risk Committee and after hearing the opinion of the Board of Statutory Auditors, the appointment, removal and remuneration of the Head of Internal Audit ensuring its operating independence and autonomy from each head of operating departments, verifying that the same is provided with adequate resources for the fulfillment of the tasks entrusted thereto;
   d) adjusting such system to the dynamics of the operating conditions and the legislative and regulatory framework;
   e) possibly requesting to internal audit function to carry out reviews of specific operational areas and on the compliance of business operations with rules and internal procedures, giving simultaneous notice to the Chairman of the Board of Directors, the Chairman of Control and Risk committee and the Chairman of the Board of Statutory auditors;
   f) promptly reporting to the control and risk committee(or to the Board of Directors) issues and problems that resulted from his/her activity or of which he/she became aware in order for the committee (or the Board) to take the appropriate actions.

   Under the powers granted to him, the Director in charge of the Internal Control and Risk Management System, took steps to develop a Management Risks Model aligned with the best practices on identification, evaluation and management of the company risks.

   Moreover, since the two positions coincide, the Director in charge of the Internal Control and Risk Management System is responsible for issuing, together with the Manager in charge, statements on the adequacy and effective implementation of administrative and accounting procedures, the compliance of documents with applicable international financial reporting standards, compliance of documents with book entries and accounting records, suitability of documents to give a true and fair representation of the financial position and results of operations of the Company and of the Group, etc..

3) ***Control and Risk Committee,*** which, as a body supporting and assisting the Board of Directors, carries out advisory and proactive functions. In particular it:
   a) issues opinions to the Board of Directors whenever the Code provides so;
   b) evaluates together with the Manager in charge, after hearing the external auditors and the Board of Statutory auditors, the correct application of the accounting principles, as well as their consistency for the purpose of preparing of the consolidated financial statements;
   c) expresses opinions on specific aspects relating to the identification, measurement, management and monitoring of the Company's main risks and the definition of the nature and level of risk deemed compatible with the strategic objectives;
   d) reviews the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the Internal Audit function that are particularly significant;
   e) monitors the independence, adequacy, efficiency and effectiveness of the Internal Audit Function;

f) whenever deemed necessary or desirable for a better management of business risks, requires the Head of Internal Audit to carry out reviews of specific operational areas, giving simultaneous notice to the Chairman of the Board of Statutory auditors;

g) reports to the Board of Directors at least half-yearly, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy and effectiveness of the Internal Control and Risk Management System;

h) promptly exchanges information with the Board of Statutory Auditors relevant to the performance of their respective tasks.

4) The ***Chief Operating Officer***, to whom are entrusted, among others, the duties of coordinating and supervising the operations of both Italmobiliare and its direct and indirect subsidiaries, overseeing the group companies' performance in general as well as proposing and submitting to the Chief Executive Officer organizational proposals aimed at improving the Company efficiency. He is also involved in supervising the process of drafting the Company financial disclosures.

5) ***Manager in charge of preparing the company's financial reports***, who, as provided for in the regulation approved by the Board of Directors, is responsible, among other things, for:

a) planning adequate administrative and accounting procedures for the drafting of the financial statements, the limited interim financial statements and the consolidated financial statements, as well as any other financial 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 assessment activities and updating the risk map relating to financial disclosure;

e) taking part in the development of IT systems that have an impact on the Company's financial positions and results of operations.

The Manager in charge of Italmobiliare acknowledges the content of Italcementi's Manager in charge quarterly report on the internal control and risk management performed activities at Italcementi group level. Moreover the Manager in charge receives and evaluates the activities' reports of the Group subsidiaries subject to the control of National Authorities and with their owns controls functions, like Finter Bank Zurich and Credit Mobilière de Monaco.

The Board of Directors meeting held on May 25, 2011, confirmed Mr. Giorgio Moroni, Co-Chief Operating Officer Administration & Finance, as the Manager in charge of preparing the company's financial reports, pursuant to Art. 154-bis of TUF and Art. 29 of the By-laws.

The appointment of Mr. Moroni will expire upon completion of the term of office of the current Board of Directors, i.e. with the approval of the 2013 financial statements.

Pursuant to the By-laws, the Manager in charge of preparing the company's financial reports must:

1) be qualified as a manager and meet the requirements of good reputation set forth by law for members of the Board of Directors;

2) have a total of at least three years' experience in performing administrative/accounting and/or financial and/or control activities at the Company and/or its subsidiaries and/or at other joint-stock companies.

The Board of Directors, upon appointment, provided such Manager with autonomous financial resources to exercise the powers granted to him with the duty to report to the Board of Directors on the financial resources used every six months. Furthermore, the Board of Directors, upon proposal of the Remuneration Committee, defines, at the time of appointment and then annually, the remuneration of the Manager in charge.

6) ***Head of Internal Audit,*** who is entrusted with the task of verifying the functioning and adequacy of the Internal Control and Risk Management System, providing an objective assessment of its suitability to corporate bodies and top management.

He has direct access to all relevant information for the performance of his duties, is not responsible for any operational area and is under the Board of Directors hierarchically.

The Head of Internal Audit reports on the Company's risk management process as well as about the compliance with the management plans defined for risk mitigation, and expresses its assessment to the Board of Directors, Control and Risk Committee, to the Director in charge of the Internal Control and Risk Management System and to the Board of Statutory Auditors on the adequacy of the Internal Control and Risk Management System.

The Board of Directors, at its meeting held on October 16, 2012, after hearing the opinion of the Board of Statutory Auditors, confirmed Mrs. Delia Strazzarino as Head of Internal Audit.

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, with the contribution of qualified personnel of the Group, 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 reference 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 of the Internal Control and Risk Management System, approved:

- the Internal Audit Charter during the meeting of November 14, 2013. The Charter 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 2014 Audit Plan prepared by the Head of Internal Audit during the meeting of February 14, 2014.

The Internal Audit Department performs its activities with reference to Italmobiliare group, except for the subsidiaries – and their affiliates – that, although controlled by Italmobiliare, are subject to the control of National authorities and have an independent Internal audit function.

7) ***Supervisory Body,*** which is responsible for the ongoing monitoring of the effective operation and compliance with the Organization, Management and Control model pursuant to Legislative Decree 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 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.

8) *Various **company Functions,*** which, as already noted with regard to the Chief Operating Officer, must, to the extent of their competence, ensure the correct representation of the information provided, as well as the efficient and effective implementation of administrative and accounting procedures in the areas under their responsibility.

Lastly, in this context, the ***Board of Statutory Auditors,*** as part of the tasks assigned to it under applicable laws, among other things, oversees the financial reporting process and effectiveness of the internal control, internal audit and risk management systems.

The auditing of the company's accounts, as required by the current applicable laws, was entrusted to independent auditors appointed at the Shareholders' Meeting, upon proposal of the Board of Statutory Auditors. The task of auditing the separate financial statements of Italmobiliare, the consolidated financial statements of Italmobiliare Group and performing a review of the consolidated financial statements of Italmobiliare Group for the fiscal years 2010-2018 was assigned at the Shareholders' Meeting to KPMG S.p.A. on April 29, 2010.

The sharing and integration of information generated in the various areas is ensured by a structured information flow. In this regard, the quarterly report of the Manager in charge is, for example significant as it reports, among other things, on the results of the performed activities, the problems that emerged, the identified action plans and their state of progress. The same officer, together with the Chief Executive Officer, also supplied the certificate referred to in paragraph 5 of Art. 154-*bis* of TUF.

3. *Overall Assessment of the Internal Control and Risk Management System*

The Board of Directors, based on the information and evidence collected with the support of the preliminary activity performed by the Control and Risk Committee, with the assistance of the Director in charge of the Internal Control and Risk Management System and the Head of Internal Audit, believes that the Internal Control and Risk Management System is appropriate and effective with respect to the structure of the Company and of the Group, the characteristics of the business, including with reference to the organizational, administrative and accounting structure that ensures the trustworthiness, accuracy, reliability, timeliness and completeness of financial reporting.

The Board of Directors, however, points out that some weaknesses were identified in the internal control system of the subsidiary Finter Bank Zurich; the Board of directors of the bank has been already requested by the Swiss Supervisory Authority to remedy to them.

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, maintaining some governance principles set out in previous versions of the Code of Conduct. 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 of such System, 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.

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, whose term of office expires upon approval of the financial statements for the fiscal year 2013. Thirteen out of fourteen members have been appointed by the General Shareholders' meeting of May 25, 2011. Further to the resignations of Mrs. Jonella Ligresti, tendered on July 23, 2013, and as non-elected candidates belonging to the same list of the latter waived the nomination, the Board of Directors of November 14, 2013 co-opted Mrs. Laura Zanetti and her office will elapse, together with that of the entire Board, at the general Shareholders' meeting called to approve 2013 financial statements. 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.

Among the fourteen Board members, Mr. Livio Strazzera represents the minority shareholder Serfis S.p.A.

The composition of the Board of Directors is shown in the table infra, as well as at the beginning of this report, where the Directors' *curricula* are also provided, along with their seniority in office.

These *curricula,* in accordance with the regulations, are promptly published on the Company's website at the time of appointment and it is now common practice that, at the Shareholders' Meeting, the Chairman provides information on the professional qualifications of the candidates and their characteristics and suitability to qualify as independent directors.

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 no lower than that determined by Consob pursuant to the regulations in force. For the nominations to be taken in 2014, the threshold established for the presentation of candidates' lists for the election of the Board of Directors of Italmobiliare is of 2.5% of the ordinary share capital.

No shareholder may file, or participate in filing, even through a third person or trust company, more than one list or vote for different lists. Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement relating to the Company's shares may not file or vote for more than one list, either through a third person or through a trust company.

Lists filed in violation of these restrictions will not be accepted.

Each candidate may be filed on one list only under penalty of ineligibility.

Pursuant to the By-laws, 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 for ineligibility
     - entitlement to the good reputation requirements established by the law
     - entitlement to the independence qualification required by the law and by the Code of Conduct, if any. The latter is a principle already contained in the Code of conduct originally adopted by the Company, now outmoded by the Code and which the Company has complied with. The Board of Directors considered 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 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.

Executives Directors

The Company By-laws provide that, unless the Shareholders' Meeting has already done so, the Board is entitled to appoint the Chairman and possibly one or more Deputy Chairmen and to determine their powers.

The Board of Directors, in accordance with law provisions and the By-laws, can delegate its powers to an Executive Committee, made up of some of its members, and determine their number and powers. The Board of directors can also delegate its powers to 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 remunerations.

The Board of Directors has appointed, among its members, in addition to the Chairman-Chief Executive Officer, a Deputy Chairman and a Chief Operating Officer.

The Chairman-Chief Executive Officer and the Chief Operating Officer to whom the Board of Directors, upon appointment, granted duties and powers identifying any quantitative limits, are considered executive directors.

The Board also granted the Executive Committee all its powers except 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-Chief Executive Officer, the Deputy Chairman and the Chief Operating Officer, 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 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-Chief Executive Officer**, Mr. Giampiero Pesenti, among others, the duties to ensure the compliance with Corporate Governance principles approved by the Company and to propose any amendment to

them at the Board of Directors, with the assistance of the Corporate Affairs department which reports to him; to take care of management policies, business development strategies of Italmobiliare and its main direct and indirect subsidiaries; to supervise and indicate general strategic guidelines for the business of Italmobiliare and its main direct and indirect subsidiaries, by issuing the appropriate instructions to the Chief Operating Officer and the other corporate bodies; to define general policies for the management of the companies in which Italmobiliare, directly or indirectly, holds an investment which is such to grant Italmobiliare the power to significantly influence them; set guidelines concerning the choice of the main senior officers of Italmobiliare and the direct or indirect subsidiaries as well as, limited to Italmobiliare, the management of personnel. The Chairman-Chief Executive Officer was granted, among others, in addition to the powers envisaged by the bylaws and the Code, 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 150 million euro for each transaction; to enter into real estate sale and purchase agreement, trade-in and real division to settle easements or real estate rights in general, within the maximum amount of 25 million euro for each transaction; recruit staff at all levels defining their remuneration, suspending, terminating and modifying the employment relationship with the latter; appoint every kind of consultant defining their remuneration, possible deposits, suspending, terminating and modifying the relationship with the latter, with the 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-Chief Executive Officer;
- to the **Chief Operating Officer**, Mr. Carlo Pesenti, among others, the responsibility for supervising the performance of the shareholdings in general and to propose corporate organization solutions to the Chief Executive Officer. Among others, he was granted the duties to undertake any act regarding the management of the Company, among which securities and credits transactions, to undertake on behalf of the Company bonds of any kind, also secured by collateral 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 75 million euro, for each transaction; negotiate the opening of credit lines with banks worth a maximum amount of 75 million euro; for larger amounts and up to 100 million euro with the joint signature of the Co-Chief Operating Officer Administration and Finance.

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-Chief Executive Officer and Director-Chief Operating Officer have periodically reported to the Board of Directors and the Board of Statutory Auditors, as envisaged by the Code and by the Company by-laws, about activities undertaken within their assignments and powers. In addition, the most important transactions undertaken by the Company with an impact on its financial statements, the main transactions with related parties as well as transactions leading to potential conflicts of interests, are submitted to the Board of Directors, even when within the limits of their powers.

Independent Directors

In accordance with the regulations in force, at least one of the members of the Board of Directors, or two in case it is composed of more than seven members, must meet the independence requirements established by law for members of the Board of Statutory Auditors.

The Code also requires that the number and qualifications of independent directors are adequate in relation to the size of the Board and to the Company's activities and such as to allow the establishment of committees within the Board; also under the Code, the independent directors must be two at least.

In compliance with the provisions and recommendations mentioned above, each individual concerned, upon submission of the lists of candidates for the office of director, must declare that he/she meets the requirements for independence under the TUF and pursuant to the Code; the Board of Directors, at its first meeting after the appointment of its members, will, on the basis of information provided by each person or information available to the Company, verify that directors who have declared to be independent actually meet the independence requirements.

Moreover, at the time of preparing the annual Report on Corporate Governance, the Company reiterates its request to all directors in office to declare the existence or not of such requirements. Their responses are annually submitted to the Board for the consequent independency evaluation.

The results of such assessment are disclosed to the market on each occasion and shown on the page regarding corporate bodies, which opens this document, and in the table shown below.

In case the independence requirements prescribed by law are no longer met, the director concerned must give prompt communication thereof to the Board of Directors. This circumstance entails the removal from office of such director, except in cases where such requirements are still met by at least the minimum number of directors required by current legislation.

The current Board of Directors consists of seven directors meeting the requirements of independence provided by law, six of which are also considered independent on the basis of the criteria set out in the Code.

With the reference to the criteria provided for by the Code, the Board of Directors shared the assessment made by the Directors Mauro Bini and Giorgio Perolari, who considered themselves independent despite having held the directorship for more than nine years over the last twelve years.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its members.

Lead Independent Director

The Code provides that, should the Chairman of the Board of Directors be the main officer in charge of company management, and also when the position of Chairman is held by the person who controls the Company, the Board should appoint an independent director as "*Lead independent director*", to provide a reference for and coordinate requests and contributions of non-executive directors and, in particular, independent directors.

The Board of Directors meeting of May 25, 2011, confirmed Mr. Mauro Bini, an independent director, as "*Lead independent director*".

Remuneration for Directors and Officers with strategic responsibilities

The remuneration for Directors was determined by the Shareholders' Meeting held on May 25, 2011 that, until a new resolution, set such remuneration in the amount of 45,000 euro per year for each director, to be doubled in the event that the latter is also a member of the Executive Committee.

However, taking into account the current economic situation and non-positive results of the Company, the Board of directors unanimously resolved to reduce the compensation granted to the Directors as members of the Board itself and of the various Committees, for the fiscal year, 2013 of:

- 20% for the positions of Director, member of the Internal & Control Risk Committee and member of the Compliance Committee;
- 50% for the members of the Executive committee, the Remuneration committee and the Committee for Transaction with Related parties.

The remuneration of the Chairman - Chief Executive Officer, Director-Chief Operating Officer, Manager in charge of preparing the company's financial reports 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 Committee for Transactions with Related Parties.

A significant part of the remuneration of the Chairman - 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 26, 2013.

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 is set out below:

Giampiero Pesenti	* Italcementi S.p.A.	- Chairman
	* Finter Bank Zürich	- Deputy Chairman
	* Ciments Français S.A. (*representing Italcementi S.p.A.)*	- Director
	* 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
	* BMW Italia S.p.A.	- Chairman Board of Statutory Auditors
	* San Colombano S.p.A.	- Chairman Board of Statutory Auditors
	* Fedrigoni S.p.A.	- Chairman Board of Statutory Auditors
	* Alphabet Italia Fleet Management S.p.A.	- Chairman Board of Statutory Auditors
Carlo Pesenti	* Italcementi S.p.A.	- Chief Executive Officer
	* Ciments Français S.A.	- Deputy Chairman
	* Mediobanca S.p.A.	- Director
	* Finter Bank Zürich	- Director
Giorgio Bonomi	* Italcementi S.p.A.	- Director
	* IGP - Decaux S.p.A.	- Director
Gabriele Galateri di Genola	* Assicurazioni Generali S.p.A.	- Chairman
	* Edenred S.A.	- Director
	* Saipem S.p.A.	- Director
	* Telecom Italia S.p.A.	- Director
Sebastiano Mazzoleni	* Italcementi S.p.A.	- Director
	* Ciments Français S.A. (*representing Italcementi Ingegneria S.r.l.)*	- Director
Luca Minoli	* Cemital S.p.A.	- Chairman
	* Finanziaria Aureliana S.p.A.	- Chairman
	* Privital S.p.A.	- Chairman
Gianemilio Osculati	* Intesa SanPaolo Assicura	- Chairman
	* Intesa SanPaolo Vita	- Chief Executive Officer
	* Intesa SanPaolo Previdenza SIM S.p.A.	- Chief Executive Officer
	* Intesa SanPaolo Life Ltd.	- Director

	* Société Générale	- Director
	* Miroglio S.p.A.	- Director
	* Ariston Thermo S.p.A.	- Director
	* Intesa SanPaolo Private Banking	- Director
Clemente Rebecchini	* Telco S.p.A.	- Chairman
	* Assicurazioni Generali S.p.A.	- Deputy Chairman
	* Atlantia S.p.A.	- Director
Paolo Sfameni	* Allianz Bank Financial Advisor S.p.A.	- Director
	* Investitori SGR S.p.A.	- Director
	* Pirelli Tyre S.p.A.	- Statutory Auditor
Livio Strazzera	* Serfis S.p.A.	- Sole Director
	* Banca Regionale Europea	- Substitute Deputy Chairman
Laura Zanetti	* Alerion Clean Power S.p.A.	- Director
	* Incofin S.p.A.	- Director

Meetings of the Board of Directors

The Chairman coordinates the activities and conducts the meetings of the Board of Directors and ensures that the documentation relating to items on the agenda is disclosed to the directors and statutory auditors properly in advance. In particular, the Board of Directors 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 fiscal year 2013.

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.

The Board of Directors, during fiscal year 2013, held a total of five meetings in which six directors, two of which independent, were always present; six directors, three of which independent, attended four times; an independent director attended three times and, lastly, an independent director attended twice. The new director attended by invitation the sole meeting (the last of the year) during which was coopted. The meetings of the Board of Directors were always attended by all the members of the Board of Statutory Auditors, except for one meeting which was attended by two of them .

All meetings of the Board of Directors were attended, by invitation, by the Manager in charge of preparing the company's financial reports. Some meetings were also attended by managers of the Company to provide additional information on the topics put on the agenda from time to time.

The average duration of the meetings of the Board of Directors held during the year was about four hours and thirty minutes.

As required by the Code and as per common practice, the Board, when examining and approving the financial statements for the period, taking into particular consideration the information received from the delegated bodies, assesses the overall company performance by comparing the results achieved with those planned in the annual budget.

During 2014, the Board of Directors has so far met three times, the first time to examine the budget for 2014 and the Audit plan, the second time to examine the plan to strengthen and streamline Italcementi group capital structure and the third one to approve - among others - the 2013 draft financial statements. At least other four board meetings are scheduled for the current fiscal year for the approval of the interim and half year reports and one after the Shareholders' meeting to appoint the executive directors and grant them the authorities and powers.

The corporate calendar is annually disclosed to the market and published on the Company's website in the section Investor / Financial Calendar. The 2014 calendar was published in January.

The Executive Committee met three times in 2013, two of which at the presence of all its members, the other with four members out of five attending. Two meetings were attended by one Auditor, the other one by two members of the Board of statutory auditors.

The Executive Committee has not met yet in 2014.

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.

Moreover, pursuant to the rules applicable to transactions with related parties, the Board has, upon adoption of the relevant procedure, established an internal Committee for Transactions with Related Parties, composed of independent directors only.

In carrying out their functions, the above mentioned committees are entitled to access corporate information and functions necessary for the performance of their duties, and may use external consultants at the expense of the Company.

Each Committee appoints a secretary, who does not need to be a member thereof and is entrusted with the task of drawing up the minutes of the meetings.

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 interim and half year reports.

The Control and Risk Committee consists of three members, all non-executive, two of which independents and it is chaired by Mr. Mauro Bini. All of its members have an adequate expertise in accounting and finance, as required by the Code for at least one of them.

During 2013, the Control and Risk Committee met nine times, eight of which with the attendance of all of its members and the other one at the presence of two members. The average duration of its meetings was approximately three hours. Six meetings were attended by all the members of the Board of Statutory Auditors, two meetings were attended by two statutory auditors while one meeting was attended by one statutory auditor.

During fiscal year 2013, the Committee, among other things:

a) examined and approved of 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 2013 Audit Plan;

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) reported to the Board of Directors, when approving the annual and half-year reports, on its activities and on the adequacy of the Internal Control and Risk Management System.

Managers of the Company responsible for the matters on the agenda are regularly invited to the meetings of the Control and Risk Committee to provide the appropriate in-depth information; first and foremost, the Manager in charge of preparing the Company's financial and business reports and the Head of Internal Audit.

During 2014, the Control and Risk Committee has so far met twice to discuss, among other things, the methodology of impairments test for fiscal year 2013, the accounting policies adopted for the preparation of the 2013 consolidated financial statements and the Audit Plan for 2014, the latter in turn submitted to the approval of the Board of Directors at its meeting on February 14, 2014.

On March 19, 2014, the Committee also examined the part of this Report regarding the description of the Internal Control and Risk Management System and it gave a positive opinion thereon.

b) *Remuneration Committee*

The Remuneration Committee, under the Code, is responsible for (i) periodically assessing the adequacy, overall consistency and actual implementation of the policy for the remuneration of directors and managers with strategic responsibilities, submitting proposals to the Board of Directors, and (ii) submitting proposals or expressing opinions to the Board of Directors on the remuneration of executive directors and of other directors who hold particular offices, as well as on the setting of performance targets related to the variable portion of such remuneration. The Remuneration Committee is also required to monitor the implementation of the resolutions adopted by the Board, in particular, by verifying the actual achievement of performance targets.

The Remuneration Committee currently in office is made up of three non-executive members, the majority of whom are independent and it's chaired by Mr. Italo Lucchini. All of its members are in possession of adequate experience in accounting and finance, as required by the Code for at least one of them.

The Committee, in the absence of the concerned parties, examined, and subsequently approved, the remuneration policy for executive directors vested with special powers and managers with strategic responsibilities and submitted proposals to the Board of Directors on the remuneration of directors and managers also on the basis, with reference to the variable portion, of the degree of achievement of targets assigned for the previous year.

During the fiscal year the Committee met twice; the average duration of its meetings was around one hour. All the members of the Committee as well as all the members of the Board of Statutory Auditors attended the meetings, which the Head of Human Resources is regularly invited to take part in.

In the course of 2014 the Remuneration Committee has so far met once to submit proposals to the Board of Directors regarding the remuneration of directors and executives.

c) *Committee for Transactions with Related Parties*

The Committee for Transactions with Related Parties is composed of three members, all non-executive and independent and it's chaired by Mr. Mauro Bini. During 2013, following the resignations of Mrs. Jonella Ligresti, member of the Committee, Mr. Paolo Sfameni was appointed in substitution as third member of the Committee.

During 2013, the Committee met once in order to evaluate the efficiency and the amendments proposed at the Procedure for transactions with related parties, which was subsequently submitted to the Board of Directors and expressed its favorable opinion thereupon. For further details on the amendments made to the Procedure, please refer to paragraph "Interests of Directors and Transactions with Related Parties".

Assessment of the functioning of the Board of Directors and its Committees

As envisaged by the Code, on March 26, 2014, 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 outcome of this assessment and the comments, sometimes expressed, showed a positive judgment on the adequacy of the composition, efficiency and functioning of the Board of Directors and its Committees.

Moreover, the Directors envisage a wider distribution of responsibilities and duties among the members of the Board.

B) BOARD OF STATUTORY AUDITORS

Role and responsibilities

The Board of Statutory Auditors oversees compliance with the law and the By-laws and it has management control functions, in particular having to check: i) compliance with the principles of good administration; ii) adequacy of the Company's organizational structure, 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 annual financial statements and consolidated financial statements, on the independence of the audit firm.

Appointment and replacement of statutory auditors

The Board of Statutory Auditors is appointed on the basis of lists aimed at ensuring the appointment of one Acting Auditor and one Substitute Auditor for minority shareholders, as well as compliance with current legislation regulating gender balance.

Lists must be filed at the Company head offices or by sending notice to the certified electronic mail address indicated in the notice of call, at least 25 days before the date set for the Shareholders' Meeting in first or single call; this, together with the 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; the threshold for 2014 is of 2.5% of the ordinary share capital.

No shareholder may file or participate in the filing of more than one list, directly or through a third party or trust company, or vote for different lists.

Shareholders belonging to the same group and shareholders who join a shareholders' agreement on the Company shares may not file or vote for more than one list, neither through a third party or trust companies.

Lists filed in violation of these restrictions will not be accepted.

Each candidate may be on one list only under penalty of ineligibility.

The lists that have a total number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that one or the other gender is represented by at least one third (rounded upwards) of candidates for the office of Acting Auditor and at least one third (rounded upwards) of the candidates for the office of Substitute Auditor. At the time of their filing, lists must include:

a) statements whereby individual candidates:
   * accept their candidature;
   * under his/her own responsibility state:
     - entitlement of the professional requirements envisaged by the By-laws;
     - the non-existence of causes for ineligibility or incompatibility;
     - entitlement of the good reputation requirements established by the law;
     - entitlement of the independence criteria required by the law and by the Code of Conduct, if any;

b) a brief curriculum on the personal and professional skills of each candidate with an indication of their position as director and statutory auditor in other companies;

c) information on the identity of the shareholders who have presented lists. The certification or statement proving ownership of the shareholding prescribed by the law in force when the list is presented may also be produced after the filing of the list provided that it reaches the company within the term envisaged by the regulation in force for the publication of lists by the Company;

d) a statement by the shareholders who do not hold, even jointly, a controlling or majority stake, bearing witness to the absence of any connection, as defined by the law in force.

A filed list that does not comply with the above provisions will be considered as not presented.

In the event that, by the deadline of 25 days preceding the date of the Shareholders' Meeting, a single list has been filed, or only lists presented by shareholders who are connected to each other pursuant to current regulations, further lists can be presented until the following third day and the participation threshold indicated in the notice of call will be halved.

At least 21 days before the date envisaged for the Shareholders' Meeting which is called to appoint the Board of Statutory Auditors, the Company shall make available at the head offices, at the Italian stock exchange and on its website, the lists of candidates which have been submitted by shareholders and the accompanying documentation.

In the event of filing of more than one list:

- the list that obtains the highest number of votes at the Shareholders' Meeting elects two acting Auditors and two substitute Auditors, in the order in which they are listed in the sections of the list;

- the minority shareholders' list that obtains the highest number of votes among the lists presented and voted by shareholders who are not connected in any way, directly or indirectly, with the majority shareholders, elects the third acting Auditor and the third substitute Auditor, in the order in which they are listed in the sections of the list;

- should more than one list obtain the same number of votes, a runoff is held on these lists among all the shareholders present at the Shareholders' Meeting, and the candidates are elected from the list that obtains the majority of the share capital represented at the Shareholders' Meeting.

Should a party connected to a majority shareholder vote for a list of the minority shareholders, the connection is relevant for the purposes of excluding the minority shareholders' elected Auditor only if this vote was crucial for the election of said auditor.

Should a single list be presented, all the candidates included in that list are elected with a 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.

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.

Composition and activities

When renewing the Board of Statutory Auditors by the Shareholders' Meeting of May 25, 2011, the relative majority shareholder presented its own list of candidates while three minority shareholders - Hermes, Amber LB and Amber SGR – presented together its own list.

Therefore, according to 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.

C) SHAREHOLDERS' MEETING AND INVESTOR RELATIONS

The Company endeavors to develop a dialogue with shareholders based on an understanding of each other's roles, and with the market, in accordance with the laws and rules governing the dissemination of price sensitive information. The Company's behaviors and procedures are designed, among other things, to avoid information asymmetries and to ensure the effectiveness of the principle whereby all investors and potential investors are entitled to receive the same information in order to make sound investment decisions.

The Shareholders' meeting is called, according to the laws and regulations provided for companies whose shares are listed on regulated markets, to pass resolutions on matters reserved to it by law. The decisions taken in accordance with the law and the By-laws are binding on all shareholders, including those absent or dissenting, except the right of withdrawal in allowed cases.

The Board of Directors recommends to all of its members to regularly participate in Shareholders' Meetings and seeks to encourage and facilitate the widest possible participation of shareholders and to facilitate the exercise of voting rights.

To this end, the Board of Directors reports to the Shareholders' Meeting on the activities it has carried out and planned and endeavors to ensure that shareholders have adequate information so that they can take the decisions pertaining to the Shareholders' Meeting with knowledge of the facts.

All those who have the right to vote as attested by the communication required by current laws received by the Company by the end of the third trading day prior to the date fixed for the Shareholders' Meeting on first or single call, or such other period as established by applicable regulations in force, are entitled to attend the Shareholders' Meeting. The right to attend and vote is retained if the communications are received by the Company after the deadline, as long as they are received by the beginning of the Shareholders' Meetings proceedings of each call.

The Company may designate a person, giving a clear indication thereof in the notice of call, for each Shareholders' Meeting to whom all eligible parties may grant a proxy with voting instructions on all or some of the proposals on the agenda, in the manner provided for by applicable law.

No Shareholders' Meeting regulation has been set forth since the broad powers that the law and jurisprudence recognize to the Chairman, as well as the provision of the By-laws (Art. 13) that expressly gives the Chairman the power to direct the discussion and establish order and method of the vote, provided it takes place by recorded vote, were considered adequate tools for the orderly conduct of meetings of shareholders.

With regard to market relations, the Chairman - Chief Executive Officer and the Chief Operating Officer, within their respective responsibilities, provide the general guidelines that the responsible structures should follow in dealing with institutional investors and other shareholders. To this end, an Investor Relations function whose responsibility has been entrusted to Mr. Enrico Benaglio was established as part of the Shareholdings and investments department.

Moreover, in order to provide timely and easy access to information concerning the Company and, therefore, allow the shareholders to consciously exercise their rights, a special section of the Company's website was set up, easily identifiable and accessible, where information regarding the Shareholders' Meetings is given, with particular reference to the arrangements for attendance and exercise of voting rights at the Shareholders' Meetings, the documentation relating to items on the agenda, including Reports on the items on the agenda and the list of candidates for the positions of director and statutory auditor with an indication of their personal and professional characteristics.

TABLE 1
STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board of Directors							Executive Committee		Control and Risk Committee		Remuneration Committee		Committee for Transactions with Related Parties	
Position	**Member**	Esecutives	Non esecutives	Independ.	Attendance	No. of other posts	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance
Chairman Chief Executive Officer	Giampiero Pesenti	•			4/5	5	•	3/3						
Deputy Chairman	Italo Lucchini		•		4/5	6	•	2/3			•	2/2		
Chief Operating Officer	Carlo Pesenti	•			5/5	4	•	3/3						
Director	Mauro Bini		•	•	5/5	-			•	9/9			•	1/1
Director	Giorgio Bonomi		•		5/5	2			•	8/9				
Director	Gabriele Galateri di Genola		•	•	3/5	4					•	2/2		
Director	Jonella Ligresti		•	•	2/3	-							•	-
Director	Sebastiano Mazzoleni		•		5/5	2								
Director	Luca Minoli		•		5/5	3								
Director	Gianemilio Osculati		•	•	4/5	8								
Director	Giorgio Perolari		•	•	4/5	-	•	3/3	•	9/9	•	2/2	•	1/1
Director	Clemente Rebecchini		•		4/5	3								
Director	Paolo Sfameni		•	•	5/5	3							•	1/1
Director	Livio Strazzera		•	•	4/5	2	•	3/3						
Director	Laura Zanetti		•	•	1/1	2								

TABLE 2
BOARD OF STATUTORY AUDITORS

Carica	Componente	Presenze riunioni Collegio
Presidente	Francesco Di Carlo	14/14
Sindaco effettivo	Angelo Casò	14/14
Sindaco effettivo	Leonardo Cossu	14/14

CODE OF ETHICS

The Code, approved for the first time in 1993 and further modified, envisages that all employees and those who deal with the Group or act to achieve its objectives shall base their dealings and conduct on principles of honesty, fairness, integrity, transparency, confidentiality and mutual respect.

To this end, at its meeting of February 9, 2001, the Italmobiliare Board of Directors approved the current version of the Code of Ethics which defines the rules for loyalty and fidelity, impartiality, protection of privacy and confidentiality of information, protection of people, the environment and company assets. The Code establishes the provisions which are the basis of the control processes and the accounting/operational information, and introduces rules to govern dealings with customers, suppliers, public institutions, political organizations and unions, and the media.

CONFIDENTIAL INFORMATION

Since November 2000, the Company's Board of Directors has approved a specific procedure for the management and processing of confidential information, which also contains the procedures for the disclosure of documents and information concerning the Company and the Group, with particular reference to price sensitive information. This procedure requires strict compliance with the terms and conditions of disclosure of documents and information, while ensuring that disclosure to the market of corporate data is correct, complete, adequate, timely and objective.

The rules of procedure referred to herein bind all Company employees, the members of the Board of Directors and of the Board of Statutory Auditors, and all those who maintain an advisory relationship or collaboration with the Company and/or the Group.

Moreover, since 2006, the Company, as required by CONSOB has established and regularly updated a register of persons who, by virtue of their 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 Italmobiliare;
b) those who by virtue of work performed are hierarchically directly under one of the persons referred to in letter a) and are responsible for the organizational unit within which sensitive information originates and/or is handled;
c) employees individually identified who belong to the same organizational unit after being notified in writing by one of the persons referred to in letter b);
d) any third party by virtue of their work, professional duties or functions performed on behalf of the Company, after being notified in writing by one of the persons mentioned in letter b) above;
e) the Chairman, the Deputy Chairman (if any and if equipped with operating powers), the Chief Executive Officer, any other director to whom executive powers have been granted and the Chief Operating Officer (if any) of the principal subsidiaries where sensitive information can be generated.

The procedure identifies two different types of sensitive information:

a) *sensitive information of an ordinary kind:* i.e. information pertaining to an event or set of circumstances relating to activities or transactions falling within the ordinary business administration of the Company or of a Subsidiary, with particular reference to the preparation of accounting 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.

CODE OF CONDUCT

The Company has adopted its own "Code of Conduct", originally in implementation of the provisions issued by Borsa Italiana S.p.A. with its own regulation and also to take account of the new regulatory provisions issued by CONSOB in execution of European provisions (the so-called Market abuse directive) introduced by the Law on Savings of 2005. It regulates the information to be provided to the Company, and by the latter to the market, on any transactions carried out for any reason on their own account by the 'Relevant persons' concerning Italmobiliare shares, Italcementi shares and other financial instruments linked to them.

Pursuant to the 'Code of Conduct', 'Relevant persons' are the members of the Company Board of Directors, Board of Statutory Auditors and the Chief Operating Officer of Italmobiliare and any person who holds a stake of at least 10% of the share capital of Italmobiliare represented by shares with the right to vote, and any other person who controls the Company.

In particular, the persons concerned must inform the Company, so that the latter may inform the market, about the performance of transactions on the latter's shares of an aggregate amount crossing the 5,000 euro threshold by the end of the year.

Given the particular structure of the Group, the 'Code of Conduct' is associated with the Code adopted by Italcementi, in the sense that market disclosures made by Italcementi only regarding transactions on Italcementi shares by parties who are 'Relevant persons' for both Italmobiliare and Italcementi, are considered as made also pursuant to the provisions contained in the Code of Conduct adopted by Company when the disclosure obligations are complied with by the subsidiary, which will take care of the disclosure to the market also on behalf of the parent company.

Moreover, the ‘Code of Conduct’ envisages that ‘Relevant persons’ must abstain from performing transactions that are subject to disclosure to the Company:

- on listed financial instruments issued by Italmobiliare:
  - during the 30 calendar days preceding the meeting of the Company’s Board of Directors called to approve the annual and half-year financial statements, including the day on which the meeting is held;
  - during the 15 calendar days preceding the meeting of the Company’s Board of Directors called to approve the quarterly reports, including the day on which the meeting is held.
- on financial instruments issued by the listed subsidiary Italcementi S.p.A.:
  - within 30 calendar days prior to the Board of Directors’ meeting of Italcementi S.p.A. called to approve the 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.

After three years from the first adoption date, the Board of Directors met on 14 November 2013 and in compliance with the recommendations of the Supervisory Authority assessed the current Procedure, paying particular attention to the efficacy of the practices applied by the same.

Based on the experience acquired over this first three year period of application of the Procedure the Board resolved that the same can be deemed effective and apt to guarantee substantial and formal correctness of transactions with related parties.

However, in order to adapt the Procedure in force to the best practices adopted by other listed companies and comply with the criteria determined by Consob, the Board, given the favorable opinion of the Committee for Transactions with Related Parties, resolved to make some amendments concerning (i) the scope of correlation which, in order to guarantee correct management of potential conflicts of interest that involve the members of a significant control body, has been extended to the Supervisory Body, with the express indication that, if composed of any Company employees, such an employee shall not be classified as "Manager with strategic responsibilities" and (ii) the introduction of a differentiation of the low thresholds between the transactions with counter parties being private individuals or legal entities.

The Procedure, in compliance with art. 2391-*bis* of the Italian Civil Code, sets out the measures adopted by the Company to ensure that transactions undertaken with related parties, whether directly or through subsidiaries, are carried out transparently and in compliance with criteria of substantial and procedural correctness.

In particular, with the exception of some situations which are described below, the Procedure provides for the authorization process and the disclosure requirements for transactions between *i)* a party related to Italmobiliare, on the one hand, and *ii)* Italmobiliare, on the other, or one of its subsidiaries when, before completing the transaction, the prior examination or authorization by a corporate body of Italmobiliare or by an officer of Italmobiliare with relevant delegated powers is required. The Procedure also applies to transactions undertaken by Italmobiliare with a subsidiary or associated company, as well as between its subsidiaries, when the transaction involves significant interests of a related party of Italmobiliare.

The Procedure distinguishes «significant» transactions from «minor» transactions on the basis of specific quantitative criteria predetermined by Consob. This distinction is also relevant for determining applicable rules on transparency, which are simplified for minor transactions and more stringent for significant transactions, although both envisage the prior opinion of the Committee for Transactions with Related Parties.

The Committee has:
- the duty to give and explain its opinion on both minor (non-binding opinion) and significant (binding opinion) transactions;
- the right, for significant transactions, to take part in the negotiations and in the preliminary investigation stage through the receipt of a complete and prompt information flow, and the right to ask for information and to submit its remarks to the delegated bodies and to those in charge of the negotiations or the preliminary investigation;
- the right to seek the assistance, at the Company's expense, of independent experts of its 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.

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 counterparties in the transaction;
- urgent transactions.

The Procedure is available on the Company's website *www.italmobiliare.it*.

Without prejudice to the provisions contained in the above procedure, transactions with related parties must be carried out transparently and in accordance with criteria of substantial and formal correctness. Therefore, the directors who have an interest, even potential or indirect, in the transaction are required to:

a) promptly and fully inform the Board about the existence of the interest and the circumstances regarding it;

b) leave the board meeting room during the vote.

The Board of Directors, however, under specific circumstances, may allow the director concerned to participate in the discussion and/or vote.

REGULATION OF THE MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

As mentioned elsewhere in the Report, the Company, in connection with the provisions of the Law on Savings, appointed a Manager in charge of preparing the company's financial reports and adopted a specific Regulation which, in compliance with legal provisions, the By-laws and following current best practices, among other things:

* defines the responsibilities of the Manager in charge of Italmobiliare and specifies his/her related powers;
* identifies the responsibilities and method for the appointment, removal and termination of office of the Manager in charge, the length of service and the requirements in terms of professional skills and good reputation;
* reports on the principles of conduct which the Company Manager in charge must comply with in the event of conflicts of interest as well as the confidentiality obligations to be observed in carrying out his/her activities;
* indicates the responsibilities, powers, and resources granted to the Manager in charge for the exercise of his/her duties, identifying the financial and human resources needed to carry out the mandate;

* defines dealings with other Company bodies/functions, with the Corporate Bodies, the internal and external control Bodies and with subsidiaries, regulating information flows;
* illustrates the internal and external attestation process in reference to: a) the statements of the Manager in charge regarding the correspondence of the Company's acts and communications disclosed to the market with its documents and accounting books and entries; b) the attestations of the Manager in charge and of the executives, relating to the financial statements, the limited half-year financial statements and the consolidated financial statements.

The Regulation, 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).

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 fiscal year 2004, in application of Legislative Decree no. 231/01, the Company Board of Directors adopted an «Organizational, management and control model» (the «Model»). This was subsequently updated in 2006 in line with the law on market abuse and failure to disclose a conflict of interest by directors.

By adopting the Model, the Company intends to disseminate and establish a corporate culture based on legality, with the express censure of all conduct contrary to the law and the regulations contained in the Model itself.

There have been numerous amendments and updates in order to reflect legislative actions, which have gradually expanded the scope of Legislative Decree 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 assessment findings performed by consultants specialized in the matters taken into consideration on each occasion.

In particular, in 2008, the Model was extended to offenses relating to the violation of the legislation on health and safety in the workplace (section later revised in 2010), on cross-border offenses and offenses for receiving stolen goods and money laundering. On March 2011 several amendments 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 eventual violation of the Model. Finally, on October 2012, the Model was extended to offenses related to organized crime, copyright and computer crime. The task of continuously monitoring the effectiveness and enforcement of the Model, as well as proposing updates, is entrusted to a body, the Supervisory Board, equipped with autonomy, professionalism and independence in the exercise of its functions and adequate experience in the field of control of risks associated with the specific activities carried out by the Company or its legal aspects.

The Supervisory Board is, in compliance with the provisions of the Model, currently made up of an independent director (later appointed Chairman), a third-party advisor and the Company's Head of Internal Audit.

The General Part of the Model is available on the Company's website in the section *Governance/Documentation*.

COMPLIANCE WITH SIMPLIFIED RULES PURSUANT TO ARTICLES 70 AND 71 OF THE ISSUERS' REGULATION

By resolution adopted on November 14, 2012, the Company's Board of Directors accepted the opt-out regime provided by the CONSOB Issuers' Regulation, exercising the right to 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:

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) where they:

a) have fulfilled the disclosure obligations envisaged by article 2497-*bis* of the Italian Civil Code;
b) are free to negotiate in dealings with customers and suppliers;
c) do not have a centralized treasury management agreement which is not in their corporate interest with the company that exercises administration and control activity or with any other company of the group to which they belong. The correspondence with the corporate interest is 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 23 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 accounts 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 Efiparind 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.

Resolutions

To the Shareholders,
the year closed with a profit of 1,716,156.80 euro.

Considering that art. 8 of the company By-Laws rules that when in a financial year a dividend of less than 5% of the share nominal value is allocated to the savings shares, the difference is computed as an addition to the preferred dividend in the two subsequent financial years, the above-mentioned profit for the year enables us to allocate to the savings shareholders a portion of the preferred dividend entitlement for 2011, and consequently to propose allocation of a dividend to outstanding savings shares, net of the treasury shares held by the company, of 0.105191 euro per share, gross of withholdings required by law.

We also propose to distribute a portion of the "Retained earnings" reserve by drawing from said reserve an overall amount of 5,643,875.10 euro. Given that the afore-mentioned art. 8 of the company By-Laws rules that when reserves are distributed, the savings shares have the same rights as the other shares, we propose the allocation for financial year 2013 of 0.15 euro to each outstanding ordinary and savings share, net of the treasury shares held by the company, gross of withholdings required by law.

* * *

To the Shareholders,
if you agree with our proposal, we invite you to adopt the following resolution:

The shareholders' meeting of Italmobiliare S.p.A. held on May 27, 2014:

- having noted the Directors' report on operations and the report of the Board of Statutory Auditors upon examination of the financial statements as at and for the year ended December 31, 2013,

hereby resolves

- to approve:
  - the Directors' report on operations;
  - the separate financial statements for 2013, 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 1,716,156.80 euro, as presented by the Board of Directors in its entirety, in the individual accounting entries and with the proposed allocations;
- to allocate the profit for the year as follows:

Profit for the year	**1,716,156.80**
To the legal reserve	-
Balance	1,716,156.80
0.105191 euro to each of the 16,314,662 [1] savings shares (part of the entitlement for FY 2011)	1,716,155.61
Total dividend	**1,716,155.61**
Balance	**1.19**
To the reserve for 2013 earnings for savings shareholders	**1.19**

[1] net of the 28,500 savings treasury shares held at March 26, 2014

- to draw an amount of 5,643,875.10 euro from the Retained earnings reserve, which consequently decreases from 151,563,431.65 euro to 145,919,556.55 euro,
  by allocating 0.15 euro
  - to each of the 21,311,172 outstanding ordinary shares, net of the 871,411 ordinary treasury shares held at March 26, 2014;
  - to each of the 16,314,662 outstanding savings shares, net of the 28,500 savings treasury shares held at March 26, 2014;

- to authorize the Chairman-Chief Executive Officer, the Deputy Chairman and the Chief Operating Officer, 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 divided entitlement of any sold ordinary treasury shares.

Report on Remuneration

This Report on Remuneration, drafted pursuant to Art. 123-*ter* of February 24, 1998 Legislative Decree No. 58 (Consolidated Law on Finance - TUF), illustrates the principles adopted by Italmobiliare S.p.A. with reference to the definition of the remuneration of its Directors vested with special powers and Officers with strategic responsibilities - identified as the Chairman/Chief Executive Officer, the Deputy Chairman, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports - as well as of the Head of Internal Audit and of the Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, as reported hereunder.

The Report has been prepared in accordance with the schedule established by CONSOB (Italian stock exchange Authority) with resolution No. 18049 of December 23, 2011.

* * *

SECTION I

The term Company and/or Italmobiliare shall hereinafter mean Italmobiliare S.p.A., the term Group shall mean Italmobiliare Group, the term Policy shall mean the Remuneration policy for executive Directors, other directors vested with special powers, Officers with strategic responsibilities, and Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports

a) *Bodies or individuals involved in the preparation and approval of the remuneration policy, specifying the respective roles, and bodies or individuals responsible for the proper implementation of such policy*

The bodies involved in preparing the remuneration policy are the following:

Shareholders' Meeting

The Company shareholders' meeting defines the remuneration of Directors not vested with special powers.

It is also required to express its advisory opinion upon this section of the Report on Remuneration prepared by the Board of Directors pursuant to Art. 123-*ter* of TUF.

Lastly, the shareholders' meeting, upon proposal of the Board of Directors, pursuant to Art. 114-*bis* of TUF, resolves upon the approval of any incentive plans based on financial instruments that the Company wishes to issue.

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 to i) the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports and the Head of Internal Audit, broken down into a fixed and a variable amount to be granted in connection to the achievement of the annual targets assigned to each of them and ii) the Deputy Chairman, whose remuneration is only made up of the fixed amount.

The Board of Directors may also approve a *Long-Term Incentive* to be paid against the achievement of the three-year period targets assigned.

Department of Human Resources and Organization

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.

b) *Possible participation of a remuneration committee or other responsible committee, describing its composition (with the distinction between non-executive and independent directors), competence and functioning conditions*

The Remuneration Committee is established within the Board of Directors and it is made up of three non-executive members, mainly independent, as follows:

Italo Lucchini - chairman

Gabriele Galateri di Genola - member - independent

Giorgio Perolari - member - independent

The Committee carries out its consultative and advisory functions on matters delegated to it, in particular by ensuring the following, in the absence of people directly involved therein:

- submitting to the Board of Directors proposals for the remuneration of Directors vested with special powers and Officers with strategic responsibilities;
- periodically evaluating the criteria adopted for the remuneration of the Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports as well as of the Head of Internal Audit, supervising their application on the basis of information provided by the Chairman/Chief Executive Officer and by the corporate functions possibly involved in formulating general recommendations on the Board of Directors on this items;
- monitoring the implementation of the Board of Directors' decisions, in particular, by verifying the effective achievement of performance targets.

The Remuneration Committee, with the assistance of the Human Resources and Organization Department, analyzes the composition and the positioning of the remuneration packages of Directors vested with special powers, Officers with strategic responsibilities, the Head of Internal Audit and Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports.

In carrying out its duties, it can also request for the assistance of one or more independent consulting firms specialized in the field of *executive compensation,* and able to make the appropriate comparisons between competitiveness and consistency with respect to the reference markets and governance systems required by current best practices, having also regard for i) the weight of their offices within the corporate structure, ii) the powers granted to them and the related range of discretion; iii) the individual economic impact.

Afterwards, the Remuneration Committee submits the so-defined Policy to the Board of Directors for the formal approval of the same, or, if the current Policy (after its first application) is still considered consistent with the Company's needs, market trends and the regulatory environment, it confirms the latter.

Once it has examined and approved the Policy, the Board of Directors submits a report thereupon for the advisory opinion of the shareholders.

c) *Any independent experts involved in the remuneration policy definition*

Not applicable.

It is also pointed out that the sources of information for the analysis of the remuneration competitiveness covered by the Policy were in particular provided by the following companies: *Hay Consulting, Mercer Consulting* and *Towers Watson.*

d) *The remuneration policy aims, guiding principles and any amendments to the remuneration policy with respect to the previous financial year*

The Company believes that the definition and implementation of the Remuneration Policy represents a primary tool aimed at:

- attracting, retaining and motivating highly-qualified management personnel within the Company and, more generally, within the Group;
- aligning the interests of management and shareholders;
- promoting the creation of shareholder value in the medium-long term, establishing a direct relationship between remuneration and performance.

By executing the Policy, the Company pursues:

- the compliance with regulations of both legal and self-regulatory sources, as well as with the regulators' recommendations;
- the governance of the Policy's definition and implementation process, in line and consistent with current best practices;
- an ongoing benchmark with market practices;
- a strong link between remuneration and results and sound risk management as a guarantee of its sustainability.

The definition of the Policy is the result of a fully outlined process in which the Company's Remuneration Committee and Board of Directors play a central role.

The Company's Remuneration Committee held on March 22, 2011 examined and approved a Policy consistent with the provisions of the Code of Conduct issued by the Corporate Governance Committee; an explanatory memorandum of such Policy (the Remuneration Report) was subsequently submitted to the advisory opinion of the shareholders' meeting called to approve the 2010 financial statements held on May 25, 2011.

Following the new regulations introduced by CONSOB Resolution No. 18049 of December 23, 2011 in execution of the powers granted by Legislative Decree No. 259/2010, the Company has considered worthwhile preparing a new version of its Remuneration Policy which, while confirming the principles and guidelines already expressed in the previous version of the Policy itself, expresses them according to the new legal framework.

This new Policy was adopted by the Company's remuneration Committee at its meeting held on March 28, 2012; the subsequent Company's Board of Directors Meeting held on the same date has resolved to approve it and to submit an overall Remuneration Report concerning the Policy itself to the consultative vote of the Company's annual general shareholders' meeting held on May 29, 2012.

In 2013 the Company, while confirming the Policy in force, has anyway decided, with reference to the Policy's effective implementation and application in the same year, to adopt certain updates which could be summarized as follows:

1. To adopt a new approach of representing the relative % impact of the single components the pay-mix is made up of on the pay-mix itself, by introducing the reference to the achievement of the targets "forecasted in the budget" instead of the previous approach based on the "full targets achievement" to describe the above mentioned impact; this new approach, also with reference to the 2014 financial year, keep on being more consistent than the previous one with reference to the present difficult economic situation, when the targets' achievement is becoming increasingly challenging as, by avoiding the previous reference to the full targets achievement, allows a more realistic representation of the remunerations the Policy is focused on;
2. To foresee, for the financial year 2013, that one of the targets to be assigned on individual basis to each of the beneficiaries of the Short-Term Variable Component (MBO) of the remuneration should compulsorily be the target linked to the achievement of the profitability target of reference and that this target should have an adequate weight compared to the overall targets weight; also this guideline has been confirmed and even reinforced with reference to the Policy for the financial year 2014, also considering that the Company confirms not only that this target should compulsorily be assigned to each of the beneficiaries of the Short Term Variable Component (MBO) but also that it should basically be that with the highest % weight compared to the other targets.

3. To provide even more details about non-monetary benefits the beneficiaries of the Policy are entitled to.

With specific reference to the medium-long term variable component *(Long Term Incentive)* it should be pointed out that at December 31, 2013 expired the first three years cycle of the “Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for directors and officers with strategic responsibilities” as well as the first three years cycle of the “Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for company officers”. As far as these two plans are concerned, the Company is now assessing if to activate their second three years cycle of the plans on the basis of the following guidelines: i) containment of the number of the beneficiaries; ii) confirmation of the amounts minimum and maximum of the individual incentive range previously applied.

e) *Description of the policies in terms of fixed and variable components of remuneration, with particular reference to the indication of the relative weight within the overall remuneration and distinguishing between short and medium/long-term variable components.*

A) VARIABLE COMPONENTS

Under the Policy, the variable components of remuneration are the following:

1) Short-Term Variable Component (MBO)

i) <u>Directors vested with special powers and Officers with strategic responsibilities</u>

The yearly variable remuneration for Directors vested with special powers and Officers with strategic responsibilities is established by the Board of Directors upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors, in relation to the achievement of the annual targets assigned. Such targets are predetermined and measurable, and are in any case linked to the 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) <u>Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company’s financial reports</u>

The variable remuneration on an annual basis in favor of officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company’s financial reports is defined by them with the support of the Human Resources and Organization Department, in relation to the achievement of annual targets assigned.

Such targets are predetermined and measurable, and are in any case linked to the 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.

2) Medium-Long Term Variable Component (LTI)

Two different long-term incentive plans are currently in place: one for Directors vested with special powers and Officers with strategic responsibilities and one for the other officers – Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company’s financial reports.

i) <u>Directors vested with special powers and Officers with strategic responsibilities</u>

Among the Directors entrusted with special powers, the Chairman/Chief Executive Officer was the recipient of a stock option plan for directors, approved by the Company’s Board of Directors on May 14, 2002 in execution of the Meeting’s resolution of May 3, 2002.

This plan provided for one-year cycles.

The Officers with strategic responsibilities were the recipients of a stock option plan for top management approved by the Company's Board of Directors on March 27, 2001.

Such plan provided for one-year cycles.

The Company's Shareholders Meeting held on May 25, 2011, on the proposal of the Board of Directors (which, in formulating its proposal, took into account the results of analyzes on executive compensation carried out on behalf of the Company by independent advisors having extensive experience and international standing), decided to replace such systems of incentives for Directors vested with special powers and Officers with strategic responsibilities, with respect to the portion not yet executed, with a new tool on a monetary basis ("Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for directors and officers with strategic responsibilities").

The new long-term monetary incentive plan is based on three-year cycles depending on the medium/long-term performance of the Company and/or the Group.

This plan aims at:

- tying the overall treatment of participants to the Company's performance in the medium/long- term by rewarding the achievement of certain strategic targets, and the consequent "value creation" for shareholders;
- ensuring maximum transparency and compliance with best governance criteria of the overall salary package of participants.

The corporate body responsible for decisions relating to the plan is the Board of Directors, which passes resolutions upon proposals of the Remuneration Committee with the technical and operational support of the Head of Human Resources and Organization Department.

The plan provides for awarding participants a number of rights, determined by dividing the MBO Payout by the normal value of shares at grant date and then proportioning the resulting value to the weight of each individual position, which, multiplied by the value of shares at payment date, will enable participants to obtain payment of an incentive.

The right to obtain the granting of premium linked to the long-term monetary incentive plan is indeed subject to:

a) the achievement of annual targets assigned to each participant under the annual incentive tool (MBO) by the Board of Directors on proposal of the Remuneration Committee in each year making up each cycle. Such targets, defined consistently with the powers granted to each of them, are linked to the Company's financial position and results of operations and other targets specifically attributed such as, for example, targets regarding governance, risk management, sustainable development and related to the implementation of strategic projects. The control over the achievement of such targets is made by the Remuneration Committee and, where appropriate, by independent experts;
b) the expiration of the entire three-year period of each of the plan's cycles and the uninterrupted holding of the office or employment relationship for each individual recipient. Before the expiration of such period no right accrues to partial or pro rata disbursements. The allocation of the amount actually accrued takes place in April of the year following the end of the three-year reference period.

The 1st cycle of this plan expired at December 31, 2013. The Company is now evaluating the possibility of implementing the second cycle of the plan.

ii) Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports

The Officers reporting directly to the Chairman/Chief Executive Officer, the Chief Operating Officer_and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports were the recipient of a stock option plan for officers, approved by the Company's Board of Directors on March 27, 2001.

Such plan provided for one-year cycles.

The Company's Shareholders Meeting held on May 25, 2011, acting on the proposal of the Board of Directors (which, in formulating its proposal, took into account the results of analyzes on executive compensation carried out on behalf of the Company by independent advisors having extensive experience and international standing), decided to replace such systems of incentives for Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports, with respect to the portion not yet executed, with a new tool on a monetary basis ("Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for company officers").

This plan aims at:

- tying the overall treatment of participants to the Company's performance in the medium-long term by rewarding the achievement of certain strategic targets, and the consequent "value creation" for shareholders;
- ensuring maximum transparency and compliance with best governance criteria of the overall salary package of participants.

The corporate body responsible for decisions relating to the plan is the Board of Directors, which passes resolutions upon proposals of the Remuneration Committee with the technical and operational support of the Head of Human Resources and Organization Department.

The Board of Directors delegates the operational management of the plan to the Chairman/Chief Executive Officer.

The Plan provides for awarding participants a number of rights, determined by dividing the MBO Payout by the normal value of shares at grant date and then proportioning the resulting value to the weight of each individual position, which, multiplied by the value of shares at payment date, will enable participants to obtain payment of an incentive.

The right to obtain the granting of premium linked to the long-term monetary incentive plan is indeed subject to:

a) the achievement of annual targets assigned to each participant under the annual incentive tool (MBO) by the Board of Directors on proposal of the Remuneration Committee in each year making up each cycle. Such targets, defined consistently with the powers granted to each of them, are linked to the Company's financial position and results of operations and other targets specifically attributed such as, for example, targets regarding governance, risk management, sustainable development and related to the implementation of strategic projects. The control over the achievement of such targets is made by the Remuneration Committee and, where appropriate, by independent experts;
b) the expiration of the entire three-year period of each of the plan's cycles and the uninterrupted holding of the office or employment relationship for each individual recipient. Before the expiration of such period no right accrues to partial or pro rata disbursements. The allocation of the amount actually accrued takes place in April of the year following the end of the three-year reference period.

The 1st cycle of this plan expired at December 31, 2013. The Company is now evaluating the possibility of implementing the second cycle of the plan.

B) FIXED COMPONENTS AND OVERALL REMUNERATION

As a result of the foregoing, the overall treatment approved according to the Policy, inclusive of the fixed component of remuneration, may be represented as follows for the different beneficiaries:

a) Remuneration of Officers with Strategic Responsibilities

The Company's Board of Directors identified as Officers with strategic responsibilities, in addition to the Chief Operating Officer, whose remuneration is given ample representation under point 6) above, the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports: the following are principles that currently govern the remuneration of the latter.

The remuneration of Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports is established by the Board of Directors upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors.

The components of the remuneration of the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports are:

a) an annual fixed component;
b) an annual variable component linked to the achievement of specific business targets *(Management By Targets);*
c) a cash medium-long term variable component *(Long Term Incentive)* linked to the performance of Italmobiliare shares and to the achievement of the targets related to the previous point b).

Having defined the overall remuneration package as the sum of the three components listed above in the event of targets forecasted in the budget related to components b) and c) are achieved, it is pointed out that such targets and the related remuneration are referred to the position of Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports within the Group, and the relative weight of the same can be approximately represented as follows:

a) the weight of the yearly fixed component is approximately equal to 65% of total remuneration;
b) the weight of the annual variable component *(MBO)* is approximately equal to 20% of total remuneration.
   Such variable component cannot in any case exceed 60% of the fixed component as per letter a) above;
c) the medium-long term variable component *(LTI),* currently based on three-year cycles, in its annual amount, has a weight equal to about 15% of total remuneration.

Such variable component cannot in any case, over the entire three-year period of duration of each plan, exceed 100% of the fixed component referred to under letter a) above, as granted throughout the plan execution periods.

With reference to the variable components of remuneration for the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports referred to under letters b) and c) above, the Remuneration Committee:

- annually, makes proposals for the assignment of MBO targets to be submitted to the Board of Directors for approval;
- in the following financial year, monitors the degree of achievement of MBO targets and verifies the performance achieved;
- at the end of each three-year reference period, verifies the level of achievement of LTI.

For the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports, the company currently has in place a long-term incentive plan based on financial instruments referred to in e) A) 2) i) of this Report.

The Board of Directors may also grant special awards, exceptionally, upon occurrence of significant, specific and unforeseen, circumstances in order to remunerate the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, i) if the overall remuneration components are considered to be objectively inappropriate to the performance achieved, within the limits of the upper limits set in the Policy, or ii) in relation to specific activities and/or extraordinary transactions in terms of strategic relevance and impact on the Company's and/or the Group's results of operations.

The Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports is entitled to receive non-monetary benefits (for example company car for personal use also) as well as the other benefits described here below under point m), in line with market practice.

b) Remuneration of the Head of Internal Audit

The remuneration of the Head of Internal Audit is established by the Board of Directors upon proposal of the Remuneration Committee based on the opinion of the Director in charge of Internal Control and Risk Management system.

The remuneration comprises a fixed annual component and a variable component on an annual basis.

The variable component is aligned to the Group's MBO and does not provide for any target related to the Company's results of operations, but only targets linked to the improvement of the Internal Control system's effectiveness and functionality.

The weight of the annual fixed and variable (MBO) components of the Head of Internal Audit, in the event of the achievement of the targets forecasted in the budget and related to the variable component of the remuneration package, is respectively 75% and 25% of his/her overall remuneration.

It's important to highlight that, in line with market best practices, the higher relative weight of the fixed component of the remuneration of the Head of Internal Audit and the setting of targets not related to business performance but instead linked to the full and effective implementation of own tasks are aimed at ensuring to this role, also from the point of view of the definition of the remuneration, the best possible conditions for duly accomplishment of own responsibilities.

The Head of Internal Audit is entitled to receive non-monetary benefits (for example company car for personal use also) as well as the other benefits described here below under point m), in line with market practice.

c) Remuneration of Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports

The remuneration of Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports is defined by them with the support of Human Resources and Organization Department.

The components of the remuneration of Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports are the following:

a) an annual fixed component;
b) an annual variable component linked to the achievement of specific business targets *(Management By Targets);*
c) a variable medium-long term component *(Long Term Incentive),* cash-based, linked to the performance of "Italmobiliare S.p.A. - Ordinary" shares and also to the achievement of the targets related to the previous point b).

Having defined the overall remuneration package as sum of the three components listed above in the event of targets forecasted in the budget related to components b) and c) are achieved, it is pointed out that such targets and the related remuneration are referred to the Officers directly reporting to the Chairman/Chief Executive

Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, and the relative weight of the same can be approximately represented as follows:

a) the weight of the yearly fixed component is approximately equal to 70% of total remuneration;
b) the weight of the annual variable component *(MBO)* is approximately equal to 20% of total remuneration. Such variable component cannot in any case exceed 70% of the fixed component as per letter a) above;
c) the medium-long term variable component *(LTI),* currently based on three-year cycles, in its annual amount, has a weight equal to about 10% of total remuneration.

With reference to the variable components of the remuneration of Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports under letters b) e c) above, the Human Resources and Organization Department:

- defines, annually, proposals for the assignment of MBO targets to be submitted to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, depending on the officer's position within the organizational structure;
- in the following financial year, monitors and submits to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports the degree of achievement of MBO targets and verifies the performance carried out;
- at the end of each three-year reference period, verifies the level of achievement of LTI, submitting the results to the approval of the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports.

The Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports are entitled to receive non-monetary benefits (for example company car for personal use also) as well as the other benefits described here below under point m), in line with market practice.

f) *Policy followed with regard to non-monetary benefits*

Please refer to the description under points e) and n) for non-monetary benefits respectively granted to i) Officers with strategic responsibilities and Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, and ii) Directors vested with special powers and other Directors.

g) *With reference to variable components, a description of performance targets based on which they are assigned, distinguishing between short and medium-long term variable components, and information on the link between variation of results and variation of remuneration*

Reference is made to that represented under points e) A) 1) i), e) A) 1) ii), e) A) 2) i) and e) A) 2) ii).

h) *Criteria applied for the evaluation of performance targets forming the basis for the allocation of shares, options, other financial instruments or other variable components of the remuneration*

Consistently with the information provided under points e) B) a), e) B) b) and e) B) c), the definition and verification of the correct implementation of the criteria used for the performance targets' evaluation are on each occasion carried out by of the Remuneration Committee with the support of the Human Resources and Organization Department.

i) *Information aimed at highlighting the consistency of the remuneration policy with the pursuit of the company's long-term objectives and its risk management policy, where formalized*

By applying the Policy, the Company pursues a strong link between remuneration and results of operations and a sound risk management as guarantee of its sustainability.

According to the above, the Remuneration Committee periodically evaluates, among other things, the criteria adopted for the remuneration of Directors and Officers with strategic responsibilities, supervising their implementation based on information provided by the Chairman/Chief Executive Officer and any corporate functions involved and formulating general recommendations to the Board of Directors on the subject.

j) Vesting period, any deferred payment system, with the indication of periods of deferment and of the criteria used for establishing such periods and, if applicable, ex-post correction mechanism

Not applicable.

See also Section I - letter e) A) 2) for detailed information on the functioning of the Medium-Long term Variable Component (LTI) which make also reference to the related plans rules.

As far as the policy is concerned it should also be highlighted that, on the basis of these rules, a) any payment of the incentive amount is deferred to the first half of the fourth year following the year the beneficiary has been made eligible to participate 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.

These additional conditions, having the effect of significantly deferring the moment of the effective payment, allow the adoption of possible corrective measures if needed.

k) Information about the possibility of introducing provisions for maintaining financial instruments in the portfolio after acquisition thereof, indicating the periods of maintenance and the criteria used for establishing such periods

Not applicable.

l) Policy on treatment provided for termination of office or termination of employment agreement, specifying the circumstances which determine the onset of the right thereto and the possible link between such treatment and the company's performance

The Company has not entered into specific agreements with the Directors vested with special powers and Officers with strategic responsibilities aimed at regulating, at the outset, the financial consequences resulting from a possible early termination of employment relationship caused by the Company or the individual employee.

With reference to the other offices, in the event of termination of the employment agreement with the Company for reasons other than just cause, it is considered appropriate to pursue out-of-court settlements on an equitable basis, to the extent allowed by the law, as well as the benchmarks and existing good practice for similar positions, except as may be required by rules and agreements in force, and in particular by the collective bargaining agreement for Executives of companies producing goods or providing services.

There is no provision for the granting of extraordinary remuneration to Directors not vested with special powers due to termination of the office.

The Company does not, in general, enter into specific non-competition agreements with its Officers with strategic responsibilities, designed to pay out financial consideration, during the employment relationship or subsequently to termination thereof, related to the respective fixed remuneration in relation to the term, the geographical and business scope and product sector of the constraints arising from such agreement.

m) Information on the presence of any insurance, or pension or retirement, coverage other than the mandatory one

Specific health and safety insurance policies consistent with what represented under letter n) below are provided for the Chairman/Chief Executive Officer and the Chief Operating Officer.

The Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports and the Officers directly reporting to the Chairman/Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports, in line with market practices, are entitled to participate, in addition to what is specifically foreseen by the collective bargaining agreement for Executives of companies producing goods or providing services, to supplementary retirement schemes, healthcare insurance plans and life insurance plans.

n) Remuneration policy possibly 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 two categories of directors:

a) Directors vested with special powers;
b) Directors not vested with special powers.

As of December 31, 2013, the members of the Company's Board of Directors were divided in the two categories as shown below:

a) Giampiero Pesenti Chairman/Chief Executive Officer • Italo Lucchini Deputy Chairman • Carlo Pesenti Chief Operating Officer;
b) Mauro Bini • Giorgio Bonomi • Gabriele Galateri di Genola • Sebastiano Mazzoleni • Luca Minoli • Gianemilio Osculati • Giorgio Perolari • Clemente Rebecchini • Paolo Domenico Sfameni • Livio Strazzera • Laura Zanetti.

The shareholders' meeting held on May, 25 2011 granted the Board of Directors' members an annual remuneration of € 45,000, increased to € 90,000 for those who are also members of the Executive Committee.

Such amount is increased for Directors who are members of Board's Committees, and for Chairmen of the latter.

However, considering the present difficult economic situation and the not positive results of the Company, the Board of Directors, in the meeting held on November 14, 2013, unanimously resolved to self-decrease the remuneration each Board member is entitle to as member of the Board itself and of the various Committees disregarding the shareholders' meeting resolution of May 25, 2011.

Therefore, the Board members resolved to self-reduce the remunerations they are entitled to for their offices during the financial year 2013 accordingly to the following percentages:

-20% for the offices of member of the Board of Directors, member of the Control and Risk Committee and member of the Supervising Body;

-50% for the offices of member of the Executive Committee, member of the Remuneration Committee and member of the Committee for Transactions with Related Parties.

In such occasion the Vice President, sharing the above mentioned resolution, expressed his own intention of self-reducing his own fixed remuneration for his particular office of about 25%.

In compliance with best practices in place for Directors not vested with special powers, no variable component of remuneration is provided for them, while they are reimbursed expenses incurred in performing their office.

Lastly, an insurance policy, in line with existing practices, has been taken out for civil liability to third parties of Directors for events related to the exercise of their functions, in compliance with the provisions set forth with regard to corporate offices, except in cases of willful misconduct and gross negligence.

The remuneration of Directors vested with special powers, is directly established at the time of appointment, or at a subsequent useful meeting, by the Board of Directors acting upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors.

The components of the remuneration of Directors vested with special powers are as follows:

A) Chairman/Chief Executive Officer and Chief Operating Officer:

a) an annual fixed component;
b) an annual variable component linked to the achievement of specific business targets *(Management By Objectives);*

c) a cash medium/long-term variable component *(Long Term Incentive)* linked to the performance of Italmobiliare shares and also to the achievement of the targets related to previous point b).

Having defined the overall remuneration package as the sum of the three components listed above in the event of targets forecasted in the budget related to components b) and c) are achieved, it is pointed out that such targets and the related remuneration are referred to the position of Director vested with special powers within the Company, and the relative weight of the same can be approximately represented as follows:

a) the weight of the yearly fixed component is approximately equal to 60% of the Chairman/Chief Executive Officer's and 40% of the Chief Operating Officer's overall remuneration;
b) the weight of the annual variable component (MBO) is approximately equal to 20% of the Chairman/Chief Executive Officer's and 30% of the Chief Operating Officer's overall remuneration;
   Such variable component cannot exceed 60% of the fixed component referred to in letter a) above for the Chairman/Chief Executive Officer and 120% of said amount for the Chief Operating Officer;
c) the medium/long-term variable component (LTI), currently based on three-year cycles, in its annual amount, represents about 20% of the Chairman/Chief Executive Officer's and 30% of the Chief Operating Officer's overall remuneration.
   Such variable component cannot in any case, over the entire three-year period of duration of each plan, exceed 200% of the fixed component referred to under letter a) above, as granted throughout the plan execution periods for the Chairman/Chief Executive Officer and 400% of said amount for the Chief Operating Officer.

With reference to the variable components of remuneration of Directors vested with special powers referred to under letters b) and c) above, the Remuneration Committee:

- annually, makes proposals for the assignment of MBO targets to be submitted to the Board of Directors for approval;
- in the following financial year, monitors the degree of achievement of MBO targets and verifies the performance achieved;
- at the end of each three-year reference period, verifies the level of achievement of LTI.

For the Directors vested with special powers, the Company currently has in place a long-term incentive plan based on financial instruments referred to in letter e) A) 2) i) of this Report.

The Chairman/Chief Executive Officer is entitled to a "Severance pay", which will accrue at the end of each term of office.

Such bonus has been calculated so as not to exceed 3 years of remuneration and it will not be granted if termination of office is due to the attainment of objectively inadequate results.

In addition to benefits usually provided for similar positions, the Chairman/Chief Executive Officer is also entitled to an illness and injury policy, and reimbursement of expenses incurred to attend meetings and conferences, etc..

Total remuneration granted to the Chief Operating Officer includes fees paid to him by the Company as remuneration voted in favor of Mr. Carlo Pesenti, its Chief Executive Officer, by the subsidiary Italcementi S.p.A., which is charged the full cost including social security charges related to the contributions paid by the company and the legal severance indemnity.

Benefits are provided for the Chief Operating Officer in line with those of the Chairman/Chief Executive Officer.

The Board of Directors may also grant special awards, exceptionally, upon occurrence of significant, specific and unforeseen, circumstances in order to remunerate Directors vested with special powers, i) if the overall remuneration components are considered to be objectively inappropriate to the performance achieved, within the limits of the upper limits set in the Policy, or ii) in relation to specific activities and/or extraordinary transactions in terms of strategic relevance and impact on the Company's and / or the Group's results of operations.

B) Deputy Chairman:

The Deputy Chairman's remuneration consists of a fixed component defined in accordance with the rules under letter n) above.

* * *

Given that the Board of Directors mandate will expire upon approval of the financial statements as at December 31, 2013, the general shareholders meeting which will appoint new directors will at the same time define the related annual remuneration.

Concerning the Directors vested with special powers who may be appointed, their remuneration will be defined, concurrently to their appointment or during a subsequent meeting, by the Board of Directors upon proposal of the Company's Remuneration Committee and having acquired the opinion of the Board of Statutory Auditors.

o) *Whether the remuneration policy was defined using the remuneration policies of other companies as a reference and, if so, the criteria used for the selection of such companies*

Not applicable.

SECTION II

I.1 – PART ONE

1.1. Full representation of the remuneration components, including the treatment provided for termination of office or termination of the employment agreement, and their consistency with the reference Policy has already been given in Section I of this report.

With respect to incentive plans based on financial instruments, please find below information concerning the plans in place.

Stock Option Plan for Directors - 2002

In execution of the shareholders' resolution of May 3, 2002, the Company's Board of Directors meeting of May 14, 2002, approved the stock option plan for directors who are vested with special powers in accordance with the articles of association, or those who perform specific operating duties. The corresponding regulations later underwent non-significant changes.

Overall 442,500 options were granted.

The Board of Directors decided not to grant any further options related to the same plan, which, therefore, should be considered closed except for the terms provided to each beneficiary for the exercise of options already granted.

Stock Option Plan for Officers 2001

By resolution of the Board of Directors on March 27, 2001, the Company approved a stock option plan for company officers.

Overall 424,494 options were granted to Group officers, 201,500 of which to the Chief Operating Officer.

The Board of Directors decided not to grant any further options related to the same plan, which, therefore, should be considered closed except for the terms provided to each beneficiary for the exercise of options already granted.

During 2013, none of the Company Directors and Officers beneficiary of stock option plans exercised the respective rights already accrued.

Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for directors and officers with strategic responsibilities - 2011

The main features of the Plan are the following.

a) Reasons for the Adoption of the Plan

These may be summarized as follows:

- to tie the overall treatment of participants' performance to the Company's medium-long term performance and to "value creation" for shareholders;
- to reward the achievement of targets of each participant, ensuring the highest involvement of the Company's top management on its performance and increasing the sense of belonging of participants, encouraging them to remain with the Company.

b) Plan Management

The corporate body responsible for decisions relating to the plan is the Board of Directors, with the support of the Remuneration Committee and, where necessary, after consulting the Committee for transactions with related parties, including through the support of the Head of the Human Resources and Organization Department.

More specifically, the Board of Directors will be responsible for:

- identifying the individual participants for each cycle;
- determining attainable amounts;
- assessing the degree of achievement of the MBO Payout by each participant in each cycle;
- deciding the date of commencement of the availability period.

The Board of Directors will report periodically on the progress of the plan to shareholders at the ordinary meeting to approve the company's financial statements.

The assessment as to whether to revise the plan is left to the discretion of the Board of Directors, after consultation with the Remuneration Committee.

c) Beneficiaries of the Plan

Beneficiaries of the plan are certain Directors and Officers with strategic responsibilities of Italmobiliare.

The plan is offered to participants considering the relevance of the functions attributed to them for the achievement of the Company's strategic targets.

Being a member of the Company's Board of Directors or having an office within the Company as Officer with strategic responsibilities are eligibility requirements to be admitted to the monetary incentive plan.

d) Term and Constraints of the Plan

The plan term is 3 (three) three-year cycles from 2011 to 2019. The term of the first cycle will be in the period 2011-2013.

The Board of Directors, on the proposal of the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, will establish, under the plan, amounts attainable as incentives for each participant, according to an overall assessment, which, taking into account the general trend of business and each participant's strategic position for the purpose of achieving the Company's long-term goals, will focus on:

i) the weight of the participant's position in the Company's organizational structure,

ii) the consistency with the principles of "overall remuneration" underlying the Company's remuneration policy.

iii) the overall Payout of annual MBO plans during the relevant period of the plan.

Accrual of the incentive is conditional upon achieving at least one MBO Payout in any year within the period of performance monitoring. The amount of the incentive is proportional to the sum of the Payout for each year of the relevant three-year period.
It will be the responsibility of the Board of Directors, after hearing the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, with the support of the Human Resources and Organization Department, to verify and assess the degree of achievement of the MBO Payout in the period of performance monitoring, thus determining the number of rights actually accrued by each participant.

e) ***Plan Implementation Procedures and Terms***

The plan provides for the assignment of a number of rights to the participants, determined by dividing the MBO Payout by the normal value of the shares at grant date and then proportioning the resulting value to the weight of each individual's position in accordance with point d) above, which, multiplied by the value of the shares on the date of payment, will enable participants to obtain payment of an incentive.

Without limitation to the right of the Board of Directors to decide otherwise, participation in the plan is inherently and functionally related to, and conditioned by, the permanence of each participant in the position held at the time of assignment for the entire duration of the cycle.

Generally:

i) in the case of expiry of term or changes in the office held as Director: Subject to any exceptions for specific cases established by the Board of Directors having heard the Remuneration Committee and, when applicable, the opinion of the Committee for Transactions with Related Parties, the following provisions will be applied to the cases mentioned below:
   a) in the case of revocation of or change in the position held during the cycle, the Board of Directors may, at its discretion, based on the Remuneration Committee's opinion, and in consideration of the reasons motivating the revocation or change, evaluate on an equitable basis the possibility of paying out a compensatory lump sum bonus, commensurate with the portion of period and the transitional partial degree of achievement of the MBO Payout;
   b) in the case of death of the participant during the cycle, the above will apply; if death occurs once the MBO Payout is obtained, the participant's heirs will be acknowledged the right to obtain payment of any bonus accrued.

ii) in the case of termination of employment: except for the specific cases listed below in this paragraph and without limitation to the right of the Board of Directors to decide otherwise, the rights accruing to participants in relation to accrued rights are inherently and functionally related to, and conditioned by, the persistence of the participant's employment relationship with the Company at the time of the beginning of the availability period.

   Subject to any exceptions for specific cases established by the Board of Directors, the following provisions will apply to the situations mentioned below:
   a) in the event of termination of employment due to dismissal or resignation, which occurred after the expiration of the period of performance monitoring, but before the availability period, the general principle will apply and thus the participant will permanently and automatically lose the right to obtain the incentive;
   b) in cases of consensual termination of employment or resignation for retirement, or after becoming an invalid, howsoever occurred after the end of the period of performance monitoring, or if the participant has reached the MBO Payout, he / she will retain the right to obtain the incentive if, after the date of termination, the accrual of rights actually occurs;
   c) in case of the participant's death occurring after the end of the period of performance monitoring, or if the participant has reached the MBO payout, the rights possibly accrued by the same under this plan will be awarded to the participant's heirs on production, by the latter, of the necessary documentation proving such qualification.

If, during the period of performance monitoring, the transfer of the participant's employment relationship occurs between the Company and its subsidiaries, regardless of the manner by which such transfer occurred, or the participant's organizational position is changed with a consequent change in the latter's responsibilities, the relevant MBO Payout will also be updated in line with the new position.
In any case, the Board of Directors may define an equitable amount payable to the participant in relation to the activities carried out till then.

The provisions described above may be modified by the Board of Directors to ensure participants a treatment equivalent to the one offered initially.

f) Other Powers Assigned to the Board of Directors

The Board of Directors, having heard the Remuneration Committee, may temporarily suspend the effects deriving from the accrual of rights for participants in case of specific and particular needs such as, by way of example but not limited to, changes in legal and regulatory provisions, excluding tax provisions, applicable to the legal relationships arising from the Plan.

The suspension of the effects deriving from the accrual of rights for participants will also take place in any case in which such circumstances may occur as, by way of example but not limited to, corporate transactions, mergers and demergers having an effect on the Company's share capital, increase and reduction of the Company's share capital, changes to the Bylaws relating to the Shares such as to affect the conditions governing the implementation of the Plan, possibly altering the economic and financial conditions and jeopardizing its aims as defined under the preceding point a).

The Board of Directors may, in all cases mentioned above and having heard the Remuneration Committee's opinion, amend or integrate the plan, the cycle and the Regulation, or order the lapse of the same plan if it is no longer consistent with the Company's situation, subject to any rights acquired in the meantime as a result of the three-year period of reference having elapsed and the other requirements and conditions of the Regulation being met.

g) Any support for the plan by the special Fund for the encouragement of employee participation in enterprises, pursuant to Art. 4, paragraph 112, of Law No. 350 dated December 24, 2003

Not applicable

<u>Long-term monetary incentive plan linked to the performance of Italmobiliare shares, for company officers - 2011</u>

The main features of the Plan are the following.

a) Reasons for the Adoption of the Plan

These may be summarized as follows:

- to tie the overall treatment of participants' performance to the Company's medium-long term performance and to "value creation" for shareholders;
- to reward the achievement of targets of each participant, ensuring the highest involvement of the Company's top management in its performance and increasing the sense of belonging of participants, encouraging them to remain at the Company.

b) Plan Management

The corporate body responsible for decisions relating to the plan is the Board of Directors, which empowers the Chairman/Chief Executive Officer to manage the plan operationally, with the support of the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, also through the technical support of the Head of Human Resources and Organization.

More specifically, the Chief Executive Officer will be responsible for:
- identifying the individual participants for each cycle;
- determine attainable amounts;
- assessing the degree of achievement of the MBO Payout by each participant for each cycle;
- deciding the date of commencement of the availability period.

The Chief Executive Officer will periodically report on the plan to shareholders at the time of the ordinary meeting to approve the financial statements.

The assessment as to whether to revise the plan is left to the discretion of the Chief Executive Officer who, after hearing the Remuneration Committee's opinion, reports to the Board of Directors.

c) *Beneficiaries of the Plan*

Beneficiaries of the plan are certain Officers of Italmobiliare.

The plan is offered to participants considering the relevance of the functions attributed to them for the achievement of the Company's strategic targets.

Being an employee of the Company without being in the notice period for dismissal or resignation are eligibility requirements to be admitted to the monetary incentive plan.

d) *Term and Constraints of the Plan*

The plan term is 3 (three) three-year cycles from 2011 to 2019. The term of the first cycle will be in the period 2011-2013.

The Chief Executive Officer will, under the plan, on proposal of the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, establish amounts attainable as an incentive by each of the Participants, in accordance with a comprehensive assessment that, given the general trend of business and strategic position of each participant for the purpose of achieving the Company's long-term goals, will focus on:

i) the weight of the participant's position within the Company's organizational structure;
ii) the consistency with the principles of "overall remuneration" underlying the Company's remuneration policy;
iii) the overall Payout of annual MBO plans in the relevant period of the plan.

Accrual of the incentive is conditional upon achieving at least one MBO Payout in any year within the period of performance monitoring. The amount of the incentive is proportional to the sum of the Payout for each year in the relevant three-year period.

It will be the responsibility of the Chief Executive Officer, after hearing the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, with the support of the Human Resources and Organization Department, to verify and assess the degree of achievement of the MBO Payout in the period of performance monitoring, thus determining the number of rights actually accrued by each participant.

e) *Plan Implementation Procedures and Terms*

The plan provides for the grant of a number of rights to the participants, determined by dividing the MBO Payout by the normal value of the shares at grant date and then proportioning the resulting value to the weight of each individual's position in accordance with point d) above, which, multiplied by the value of the shares on the date of payment, will enable participants to obtain payment of an incentive.

Without limitation to the right of the Chief Executive Officer to decide otherwise, and except for the specific cases listed below in this paragraph, the rights accruing to Participants in relation to vested rights are intrinsically and functionally related and conditioned to the persistence of the participant's employment relationship with the Company at the beginning of the availability period.

Without prejudice to possible exemptions for specific cases as established by the Chief Executive Officer, the following rules will apply to the cases mentioned below:

a) in the event of termination of employment due to dismissal or resignation, which occurred after the expiration of the period of performance monitoring, but before the availability period, the general principle will apply and thus the participant will permanently and automatically lose the right to obtain the incentive;
b) in cases of consensual termination of employment or resignation for retirement, or after becoming an invalid, howsoever occurred after the end of the period of performance monitoring, or if the participant has reached the MBO Payout, he / she will retain the right to obtain the incentive if, after the date of termination, the accrual of rights actually occurs;
c) in case of the participant's death occurring after the end of the period of performance monitoring, or if the participant has reached the MBO payout, the rights possibly accrued by the same under this plan will be awarded to the participant's heirs on production, by the latter, of the necessary documentation proving such qualification.

If, during the period of performance monitoring, the transfer of the participant's employment relationship occurs between the Company and its subsidiaries, regardless of the manner by which such transfer occurred, or the participant's organizational position is changed with a consequent change in the latter's responsibilities, the relevant MBO payout will also be updated in line with the new position.
In any case, the Chief Executive Officer may define an equitable amount payable to the participant in relation to the activities carried out till then.

The provisions described above may be modified by the Chief Executive Officer to ensure Participants a treatment equivalent to the one offered initially.

f) Other Powers Assigned to the Chief Executive Officer

The Chief Executive Officer, having heard the Remuneration Committee's opinion, may temporarily suspend the effects deriving from the accrual of rights for participants in the case of specific and particular needs such as, by way of example but not limited to, changes in legal and regulatory provisions, excluding tax provisions, applicable to the legal relationships arising from the Plan.

The suspension of the effects deriving from the accrual of rights for participants will also take place in any case in which such circumstances may occur as, by way of example but not limited to, corporate transactions, mergers and demergers having an effect on the Company's share capital, increase and reduction of the Company's share capital, changes to the Bylaws relating to the Shares such as to affect the conditions governing the implementation of the Plan, possibly altering the economic and financial conditions and jeopardizing its aims as defined in the preceding point a).

The Chief Executive Officer may, in all cases mentioned above and having heard the Remuneration Committee's opinion, amend or integrate the plan, the cycle and the Regulation, or order the lapse of the same plan if it is no longer consistent with the Company's situation, subject to any rights acquired in the meantime as a result of the three-year period of reference having elapsed and the other requirements and conditions of the Regulation being met.

g) Any support for the plan by the special Fund for the encouragement of employee participation in enterprises, pursuant to Art. 4, paragraph 112, of Law No. 350 dated December 24, 2003

Not applicable

1.2. Full representation in Section I of this Report was given of the agreements that provide for indemnity for early termination of contracts; the following information is also provided:

- the possible existence of such agreements, providing negative information if they are not present;

  See section I - letter l);

- the criteria for calculating the indemnity payable to each person. If the indemnity is expressed in connection with the annual salary, indicate the components of such annual salary in detail;

See section I - letter l);

- the possible presence of performance criteria which the granting of remuneration is linked to;

  Not applicable;

- the possible effects of the employment contract termination on rights granted under incentive plans based on financial instruments or to be disbursed on a cash basis;

  See section II I.1 - PART ONE - 1.1; with respect to the long-term monetary incentive plan for directors and key management personnel - letter e); with respect to the long-term monetary incentives Plan linked to the appreciation of Italmobiliare shares for officers - letter e).

  Furthermore:

  1) With respect to the Stock option plan for directors - 2002: the exercise of stock option rights was subject to the condition that the director beneficiary of the Plan had regularly concluded his / her office during the term of which the options had been granted without early resignation being given and without a revocation measure being decided by the shareholders' meeting;
  2) With respect to the Stock option plan for officers - 2001: as a general rule, stock option rights not yet exercised will not be recognized - except in the case of retirement - in the event of interruption of the employment relationship within the Group.

  In the case of death of the holder of options, these may be exercised by successors within six months of his death provided that such term falls within the period of exercisability of the options.

- cases in which the right to indemnity accrues;

  See section I - letter l);

- possible existence of agreements that provide for granting or maintaining non-monetary benefits in favor of persons who have ceased their assignment or for entering into consulting contracts for a period following termination of employment;

  Not applicable;

- possible existence of agreements that provide for remuneration due to non-competition commitments;

  The Company, in general, does not conclude specific non-competition agreements with its Officers with strategic responsibilities, designed to pay consideration in cash, during the employment or after the termination thereof, related to their respective fixed remuneration in relation to the geographical extent, term and kind of business of the constraints arising from the same agreement;

- with reference to the directors who have terminated their office during the financial year, any deviations in defining their indemnity with respect to the provisions of the reference agreement;

  Not applicable;

- Where specific agreements are not provided, explain the criteria by which accrued indemnity was defined;

  Not applicable.

* * *

Dear Shareholders,

We invite you to adopt the following resolution:

"The Shareholders' Meeting of Italmobiliare S.p.A. held on May 27, 2014,

- having acknowledged the report prepared by the Directors,

hereby resolves

In favor of / against

the first section of the Report on Remuneration illustrated above.

I.2 – PART TWO

Remuneration paid to the Members of the Governing and Supervising Bodies, to the Chief Operating Officers and other officers with Strategic Responsibilities

Name, last name	Position	Period during which the office was held	End of office term	Fixed remunera-tion	Remunera-tion for taking part in committees	Variable non-equity remuneration		Non-monetary benefits	Other remunera-tion	Total	Fair value of equity remunera-tion	End-of-service bonus and severance indemnity
						Bonuses and other incentives	Profit sharing					
Giampiero Pesenti	Chairman/Chief Executive Officer Executive Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				658,500		262,500		360,837		1,281,837	720,899	
(II) Remuneration from subsidiaries and affiliated companies				1,090,543		529,000		211,520		1,831,063		3,839,875
			Total	1,749,043		791,500		572,357		3,112,900	720,899	3,839,875
Italo Lucchini	Deputy Chairman Remuneration Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				108,500	7,500					116,000		
(II) Remuneration from subsidiaries and affiliated companies				57,802	4,375					62,177		
			Total	166,302	11,875					178,177		
Carlo Pesenti	Director Chief Operating Officer	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				321,857		172,065		109,812		603,734	656,778	
(II) Remuneration from subsidiaries and affiliated companies (*)				1,299,583		812,500				2,112,083		
			Total	1,621,440		984,565		109,812		2,715,817	656,778	
Mauro Bini	Director Control and Risk Committee Supervising Body Committee for Transactions with Related Parties	1.1 – 31-12	2013									
(I) Remuneration in the company preparing the financial statements				36,000	40,500					76,500		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	36,000	40,500					76,500		
Giorgio Bonomi	Director Control and Risk Committee	1.1 – 31-12	2013									
(I) Remuneration in the company preparing the financial statements				36,000	28,000					64,000		
(II) Remuneration from subsidiaries and affiliated companies				41,458						41,458		
			Total	77,458	28,000					105,458		
Gabriele Galateri di Genola	Director Remuneration Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				36,000	7,500					43,500		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	36,000	7,500					43,500		
Jonella Ligresti	Director Committee for Transactions with Related Parties	1.1 – 25.07	2013									
(I) Remuneration in the company preparing the financial statements				26,250	14,583					40,833		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	26,250	14,583					40,833		
Sebastiano Mazzoleni	Director	1.1 – 31-12	2013									
(I) Remuneration in the company preparing the financial statements				36,000						36,000		
(II) Remuneration from subsidiaries and affiliated companies				84,458						84,458		
			Total	120,458						120,458		
Luca Minoli	Director	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				36,000					3,137	39,137		
(II) Remuneration from subsidiaries and affiliated companies									55,286	55,286		
			Total	36,000					58,423	94,423		
Gianemilio Osculati	Director	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				36,000						36,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	36,000						36,000		

* The amounts under the line "Remuneration from subsidiaries and affiliated companies refer to the amounts Italcementi s.p.a. is in charge of which are paid to Italmobiliare s.p.a. and by this last one directly paid to its COO. These amounts are charged comprised the social contributions and the end of service pay the Company is in charge of.

Name, last name	Position	Period during which the office was held	End of office term	Fixed remunera-tion	Remunera-tion for taking part in committees	Variable non-equity remuneration		Non-monetary benefits	Other remunera-tion	Total	Fair value of equity remunera-tion	End-of-service bonus and severance indemnity
						Bonuses and other incentives	Profit sharing					
Giorgio Perolari	Director Executive Committee Control and Risk Committee Remuneration Committee Committee for Transactions with Related Parties	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				58,500	48,000					106,500		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	58,500	48,000					106,500		
Clemente Rebecchini	Director	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				36,000						36,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	36,000						36,000		
Paolo Sfameni	Director Supervising Body	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				36,000	37,208					73,208		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	36,000	37,208					73,208		
Livio Strazzera	Director Executive Committee	1.1 – 31-12	2013									
(I) Remuneration in the company preparing the financial statements				58,500						58,500		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	58,500						58,500		
Laura Zanetti	Director	14.11 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				6,000						6,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	6,000						6,000		
Francesco Di Carlo	Chairman of the Board of Statutory Auditors	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				102,000						102,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	102,000						102,000		
Angelo Casò	Standing Auditor	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				68,000						68,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	68,000						68,000		
Leonardo Cossu	Standing Auditor	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				68,000						68,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	68,000						68,000		
Giorgio Moroni	Manager in charge of preparing the company's financial statements	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				470,000		213,760		7,298	30,000	721,058	305,034	
(II) Remuneration from subsidiaries and affiliated companies												
			Total	470,000		213,760		7,298	30,000	721,058	305,034	

Remuneration for each office when the amount reported in the above table is in aggregate form

Fixed remuneration		
Giampiero Pesenti	*Italmobiliare S.p.A.:*	
	Remuneration as Director	36,000
	Remuneration as Executive Committee Member	22,500
	Fixed remuneration	600,000
	Subsidiaries and affiliated companies:	
	Italcementi S.p.A.:	
	Remuneration as Director	41,458
	Remuneration as Executive Committee Member	13,125
	Fixed remuneration	950,000
	Ciments Français S.A.:	
	Remuneration as Director	51,000
	Finter Bank Zürich:	
	Remuneration as Director	34,960
Italo Lucchini	*Italmobiliare S.p.A.:*	
	Remuneration as Director	36,000
	Remuneration as Executive Committee Member	22,500
	Fixed remuneration	50,000
	Subsidiaries and affiliated companies:	
	Italcementi S.p.A.:	
	Remuneration as Director	41,458
	Ciments Français S.A.:	
	Remuneration as Director	10,144
	Azienda Agricola Lodoletta S.p.A.:	
	Remuneration as Director	6,200
Carlo Pesenti	*Italmobiliare S.p.A.:*	
	Remuneration as Director	36,000
	Remuneration as Executive Committee Member	22,500
	Fixed remuneration	263,357
Sebastiano Mazzoleni	*Italmobiliare S.p.A.:*	
	Remuneration as Director	36,000
	Subsidiaries and affiliated companies:	
	Italcementi S.p.A.:	
	Remuneration as Director	41,458
	Ciments Français S.A.:	
	Remuneration as Director	43,000
Giorgio Perolari	Remuneration as Director	36,000
	Remuneration as Executive Committee Member	22,500
Livio Strazzera	Remuneration as Director	36,000
	Remuneration as Executive Committee Member	22,500

Remuneration for the Board committees' members		
Mauro Bini	Control and Risk Committee	28,000
	Committee for Transactions with related parties	12,500
Giorgio Perolari	Control and Risk Committee	28,000
	Committee for Transactions with related parties	12,500
	Remuneration Committee	7,500

Stock options granted to the members of the Governing and Supervising Bodies, to the Chief Operating Officers and other Officers with Strategic Responsibilities

			Options held at the beginning of the financial year			Options granted during the financial year						Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial year	Options accrued in the financial year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) =(2)+(5).11.14	(16)
Name, last name	Position	Plan	Number of options	Exercise price	Period of possible exercise (from-to)	Number of options	Exercise price	Period of possible exercise (from-to)	Fair value as of the grant date	Grant date	Market price of shares underlying the granting of options	Number of options	Exercise price	Market price of underlying shares as of the date of exercise	Number of options	Number of options	Fair value
Giampiero Pesenti	Chairman/ Chief Executive Officer																
(I) Remuneration in the company preparing the financial statements		Stock option plan for directors (BoD resolution 27.03.2002)	45,000	35.199	30.03.2007 29.03.2014	-	-	-	-	-	-	-	-	-	-	45,000	-
			55,000	54.535	30.03.2008 29.03.2015	-	-	-	-	-	-	-	-	-	-	55,000	-
			55,000	65.701	21.03.2009 20.03.2016	-	-	-	-	-	-	-	-	-	-	55,000	-
			60,000	86.069	21.03.2010 20.03.2017	-	-	-	-	-	-	-	-	-	-	60,000	-
			60,000	59.908	28.03.2011 27.03.2018	-	-	-	-	-	-	-	-	-	-	60,000	-
			53,000	28.834	24.03.2013 23.03.2020	-	-	-	-	-	-	-	-	-	-	53,000	40,989
			48,000	27.469	30.03.2014 29.03.2021	-	-	-	-	-	-	-	-	-	-	48,000	141,000
(II) Remuneration from subsidiaries and affiliated companies		ITALCEMENTI S.P.A. Stock option plan for directors (BoD resolution 9.05.2001)	150,000	13.3871	17.03.2008 16.03.2015	-	-	-	-	-	-	-	-	-	-	150,000	-
			150,000	16.89	07.03.2009 06.03.2016	-	-	-	-	-	-	-	-	-	-	150,000	-
			150,000	23.049	07.03.2010 06.03.2017	-	-	-	-	-	-	-	-	-	-	150,000	-
		Total	826,000	-	-	-	-	-	-	-	-	-	-	-	-	826,000	181,989
Carlo Pesenti	Operating Officier																
(I) Remuneration in the company preparing the financial statements		Stock option plan for directors (BoD resolution 27.03.2001)	24,500	35.199	30.03.2007 29.03.2014	-	-	-	-	-	-	-	-	-	-	24,500	-
			37,500	54.535	30.03.2008 29.03.2015	-	-	-	-	-	-	-	-	-	-	37,500	-
			37,500	65.701	21.03.2009 20.03.2016	-	-	-	-	-	-	-	-	-	-	37,500	-
			40,000	86.069	21.03.2010 20.03.2017	-	-	-	-	-	-	-	-	-	-	40,000	-
			35,500	59.908	28.03.2011 27.03.2018	-	-	-	-	-	-	-	-	-	-	35,500	-
		Stock option plan for directors (BoD resolution 27.03.2002)	35,800	28.834	24.03.2013 23.03.2020	-	-	-	-	-	-	-	-	-	-	35,800	27,687
			30,700	27.469	30.03.2014 29.03.2021	-	-	-	-	-	-	-	-	-	-	30,700	90,181
(II) Remuneration from subsidiaries and affiliated companies		ITALCEMENTI S.P.A. Stock option plan for directors (BoD resolution 9.05.2001)	135,000	13.3871	17.03.2008 16.03.2015	-	-	-	-	-	-	-	-	-	-	135,000	-
			85,000	16.89	07.03.2009 06.03.2016	-	-	-	-	-	-	-	-	-	-	85,000	-
			200,000	23.049	07.03.2010 06.03.2017	-	-	-	-	-	-	-	-	-	-	200,000	-
		Total	661,500	-	-	-	-	-	-	-	-	-	-	-	-	661,500	117,868
Giorgio Moroni	Manager in charge of preparing the company's financial statements																
(I) Remuneration in the company preparing the financial statements		Stock option plan for directors (BoD resolution 27.03.2001)	14,150	27.469	30.03.2014 29.03.2021	-	-	-	-	-	-	-	-	-	-	14,150	41,566
(II) Remuneration from subsidiaries and affiliated companies			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Total	14,150	27.469	-	-										14,150	41,566

Incentive plans based on financial instruments, other than stock options, in favor of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and other Officers with Strategic Responsibilities

			Financial instruments granted in previous fiscal years not vested during the year		Financial instruments granted during the financial year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
A	**B**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
Name, last name	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value as of the grant date	Vesting period	Grant date	Market price as of grant date	Number and type of financial instruments	Numero e tipologia strumenti finanziari	Value as of vesting date	Fair value
Giampiero Pesenti	Chairman/Chief Executive Officer												
(I) Remuneration in the company preparing the financial statements	Shareholders' resolution 25.05.2011	Monetary incentive plan for directors and officers with strategic responsibilities	Range 23.000 - 35.000	25.05.2011 31.12.2013									538,910
(II) Remuneration from subsidiaries and affiliated companies	-												
		Total											538,910
Carlo Pesenti	Director Chief Operating Officer												
(I) Remuneration in the company preparing the financial statements	Shareholders' resolution 25.05.2011	Monetary incentive plan for directors and officers with strategic responsibilities	Range 23.000 - 35.000	25.05.2011 31.12.2013									538,910
(II) Remuneration from subsidiaries and affiliated companies	-												
		Total											538,910
Giorgio Moroni	Manager in charge of preparing the company's financial statements												
(I) Remuneration in the company preparing the financial statements	Shareholders' resolution 25.05.2011	Monetary incentive plan for directors and officers with strategic responsibilities	Range 10.000 - 15.000	25.05.2011 31.12.2013									263,468
(II) Remuneration from subsidiaries and affiliated companies	-												
		Total											263,468

Monetary incentive plans in favor of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and other Officers with Strategic Responsibilities

Name, last name	Position	Plan	Bonus for the year			Bonus for previous years			Other bonuses
			Payable / disbursed	Deferred	Deferment period	Not payable any more	Payable / disbursed	Still deferred	
Giampiero Pesenti	Chairman - Chief Executive Officer								
(I) Remuneration in the company preparing the financial statements	May 14, 2013	Annual MBO	262,500						
(II) Remuneration from subsidiaries and affiliated companies	May 3, 2013	Annual MBO	529,000						
	May 3, 2013	Three-year LTI		Max. 1,092,500*					
		Total	791,500	Max. 1,092,500*					
Carlo Pesenti	Director General Manager								
(I) Remuneration in the company preparing the financial statements	May 14, 2013	Annual MBO	168,750						
(II) Remuneration from subsidiaries and affiliated companies	May 3, 2013	Annual MBO	812,500						
	May 3, 2013	Three-year LTI		Max. 1,437,500*					
		Total	981,250	Max. 1,437,500*					
Giorgio Moroni	Manager in charge of preparing the company's financial statements								
(I) Remuneration in the company preparing the financial statements	May 14, 2013	Annual MBO	212,500						
(II) Remuneration from subsidiaries and affiliated companies									
		Total	212,500						

* Theoretical portion of the 2013-2015 LTI plan accrued in financial year 2013

Participations of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and Manager in charge of preparing the company's financial reports

Name, last name	Position	Company held	Number of shares held at the end of 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/ Chief Executive Officer	ITALMOBILIARE	ordinary shares: 27,623 [1] savings shares: 2,467 [1]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 27,623 [1] savings shares: 2,467 [1]
		ITALCEMENTI	ordinary shares: 10,972 [2] savings shares: 22,698 [1]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 10,972 [2] savings shares: 22,698 [1]
Italo Lucchini	Deputy Chairman	CIMENTS FRANÇAIS	ordinary shares: 50	ordinary shares: -	ordinary shares: -	ordinary shares: 50
Carlo Pesenti	Director Chief Operating Officer	ITALMOBILIARE	ordinary shares: 16,441	ordinary shares: -	ordinary shares: 16,441	ordinary shares: -
		ITALCEMENTI	ordinary shares: 1,500 [2] savings shares: 3,000 [2]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 1,500 [2] savings shares: 3,000 [2]
		CIMENTS FRANÇAIS	ordinary shares: 50	ordinary shares: -	ordinary shares: -	ordinary shares: 50
Giorgio Bonomi	Director	ITALCEMENTI	ordinary shares: 2,500	ordinary shares: -	ordinary shares: -	ordinary shares: 2,500
Sebastiano Mazzoleni	Director	ITALMOBILIARE	ordinary shares: 2,100	ordinary shares: -	ordinary shares: 2,100	ordinary shares: -
		ITALCEMENTI	ordinary shares: 7,352 savings shares: 7,040	ordinary shares: - savings shares: -	ordinary shares: 6,000 savings shares: 6,000	ordinary shares: 1,352 savings shares: 1,040
Giorgio Perolari	Director	ITALMOBILIARE	ordinary shares: 16,735 savings shares: 8,800 [1]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 16,735 savings shares: 8,800 [1]
		ITALCEMENTI	ordinary shares: 20,280 savings shares: 130,000 [2]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 20,280 savings shares: 130,000 [2]
Livio Strazzera	Director	ITALMOBILIARE	ordinary shares: 100	ordinary shares: -	ordinary shares: -	ordinary shares: 100
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: 11,000	ordinary shares: -	ordinary shares: -	ordinary shares: 11,000
Leonardo Cossu	Regular Auditor	ITALMOBILIARE	ordinary shares: 1,000	ordinary shares: -	ordinary shares: -	ordinary shares: 1,000
Giorgio Moroni	Manager in charge of preparing the company's financial statements	CREDIT MOBILIER DE MONACO	ordinary shares: 10	ordinary shares: -	ordinary shares: -	ordinary shares: 10

[1] Shares in part held directly and in part by spouse
[2] Shares held by the spouse

Authorization to purchase and dispose of treasury shares

Dear Shareholders,

The ordinary shareholders' meeting of May 29, 2013, renewed the authorization for the Company to acquire and dispose of treasury shares for a period of 18 months as of the resolution date.

In connection with the aforementioned shareholders' resolution, the Company has not purchased any ordinary and savings shares nor has it sold those held in portfolio to stock option beneficiaries during the fiscal year, since no options were exercised.

As a consequence, as at March 26, 2014, the Company holds 871,411 ordinary treasury shares and 28,500 savings treasury shares. The carrying amount of treasury shares in portfolio at date thereof is equal to a total amount of Euro 21,226,190.39, as reflected in the accounts in accordance with the applicable laws.

Since the authorization expires on next November 28, in order to enable the Company to maintain its right to acquire and dispose of treasury shares, we invite you to resolve upon the renewal of such authorization for the next 18 months.

1) Reasons underlying the proposed authorization to acquire and dispose of treasury shares.

The authorization is requested in order to:

- dispose of treasury shares
  * to be granted to employees and/or directors in connection with stock option plans reserved to them;
  * for medium/long-term investment purposes;
- operate, in compliance with current regulations, directly or through intermediaries, in order to limit anomalous trends in share prices and to regularize stock exchange prices caused by temporary distortions linked to excessive volatility or low trading liquidity;
- create a treasury stock portfolio to serve extraordinary financial transactions or for other purposes deemed to be in the financial, business and/or strategic interest of the Company;
- offer an additional tool to monetize their investments to the shareholders.

2) Maximum number, category and nominal value of the shares which the authorization refers to; compliance with paragraph 3, art. 2357 of the Italian Civil Code.

Purchases refer to Company ordinary and/or savings shares' whose maximum number, including treasury shares already held as at the date hereof by the Company and by the subsidiaries (which will receive specific instructions for timely disclosure of the shares they hold), shall not exceed an overall nominal value of one tenth of the entire share capital.

In any case, purchases shall be made, in accordance with article 2357 of the Italian Civil Code, within the limits of the distributable earnings and available reserves reflected in the latest approved financial statements of the Company.

The consideration paid or received with respect to treasury shares purchase or sale shall be directly reflected in equity in compliance with the international accounting standard IAS 32 and it shall in any case be accounted for in the manner established by the laws in force from time to time.

3) Term of the authorization.

The authorization to purchase treasury shares is requested for a period of 18 months as of the date on which the shareholders adopts the resolution, while the authorization for their disposal is requested without time limits.

4) Minimum and maximum consideration and market values on which such considerations have been determined.

The purchase price of each share shall not be lower nor exceed 15%, as peak, than the average reference share price occurred on the Italian stock exchange in the last three sessions preceding each transaction.

The overall consideration to be paid by the Company for the purchase shall in no case exceed the amount of Euro 50 million.

The shares may be sold, whether or not purchases have been completed, and on one or more occasions (also through public offers or offers to the shareholders or through placement of warrants and depositary receipts representing shares and/or similar securities), at a price no lower than the lowest purchase price.

This price limit shall not apply in the event of sale of shares offered to the employees of Italmobiliare S.p.A. and its subsidiaries, parent companies and the other companies controlled by the latter or to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who are vested with special offices in compliance with the Articles of Association or who perform specific operating duties, in connection with stock option plans for employees and for directors.

5) Terms and Conditions according to which purchases shall be made.

Purchases of treasury shares shall be normally made, unless otherwise indicated below, so that equal treatment of shareholders is ensured and offers to purchase, directly matched with pre-determined offers to sell, are not allowed.

Moreover, in consideration of the various purposes illustrated in this proposal, the Board of Directors proposes to be authorized to purchase in accordance with any other manner allowed under current laws and regulations governing the stock market on which the transaction is performed and, therefore, as at the present time:

- through public tender or exchange offers;
- through the purchase and sale of derivatives traded on regulated markets which provide for physical delivery of the underlying shares;
- through the proportional allocation to shareholders of put options to be exercised within the term of the authorization as per paragraph 3 above.

With regard to sale transactions, the Board of Directors proposes that the authorization shall allow the adoption of any procedure deemed appropriate to achieve the intended objectives to be executed either directly or through intermediaries, in compliance with national and European laws and regulations.

The treasury shares acquisitions and sales which the authorization is requested for will be executed in compliance with applicable laws and, especially, in compliance with national and European laws and regulations including those on market abuse.

Appropriate disclosure of treasury shares acquisitions and sales will be provided in compliance with the applicable disclosure requirements.

6) Acquisition in order to reduce share capital.

In light of these forecasts, this hypothesis does not apply.

* * *

Dear Shareholders,

If you agree with our proposal, we invite you to resolve upon the following resolution:

"Italmobiliare S.p.A. shareholders' meeting held on May 27, 2014,

- having acknowledged the Directors' proposal,
- taking into account articles 2357 and 2357-*ter* of the Italian Civil Code

hereby resolves

1) to revoke the resolution authorizing the acquisition and disposal of treasury shares adopted by the ordinary shareholders' meeting of May 29, 2013;
2) to authorize, pursuant to art. 2357 of the Italian Civil Code, the purchase of ordinary and/or savings treasury shares, for the amounts, at the price, according to the terms and conditions indicated herein below:

- the purchases shall be made once or in more times, within 18 months of the resolution date;
- the purchase price of each share shall not be more than 15% above or below the average reference price as recorded on the same regulated market in the three sessions preceding each transaction;
- the overall amount paid shall in no case exceed Euro 50 million;
- the maximum number of ordinary and/or savings shares acquired shall not have an overall nominal value, including treasury shares already held as of the date hereof by the Company and by the subsidiaries, in excess of one tenth of the share capital;

3) to authorize, pursuant to art. 2357-*ter*, paragraph 1 of the Italian Civil Code, the Chairman, Deputy Chairman, Chief Executive Officer and Director-Chief Operating Officer in office from time to time to severally dispose of the purchased treasury shares, even if the purchase has not been completed yet, in compliance with current laws and without time limits.

   The sale price shall not be lower than the lowest purchase price.

   This price limit shall not apply, however, in the event of a sale of shares to the employees of Italmobiliare S.p.A. and its subsidiaries, parent companies and the other companies controlled by the latter or to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who are vested with special offices in compliance with the Articles of Association or who perform specific operating duties, in connection with stock option plans for employees and for directors.

4) to establish that:
   - the purchases shall be normally conducted so that equal treatment of shareholders is ensured and offers to purchase directly matched with pre-determined offers to sell are not allowed, or, taking into account the various possible purposes, in any other manner allowed under current laws and regulations governing the stock market on which the transactions are performed;
   - the shares shall be disposed of in any manner deemed appropriate to achieve the objectives pursued, directly or through intermediaries, in compliance with current applicable national and European laws and regulations;
   - treasury shares purchases and sales shall be executed in compliance with applicable laws and, specifically, with laws and regulations governing the stock market on which the transactions are performed;

5) to establish that the consideration paid or received with respect to treasury shares purchases or sales transactions shall be reflected directly in equity in compliance with international accounting standard IAS 32 and shall in any case be accounted for in the manner established by the laws in force from time to time;

6) to severally grant to the Chairman, Deputy Chairman, Chief Executive Officer and Director-Chief Operating Officer in office from time to time any power to proceed with the purchases and sales and in any case to execute the above resolutions, also through attorneys-in-fact, complying with any requirements provided for by the competent authorities".

* * *

Appointment of the Board of Directors upon determination of the term of office and the number of its members. Consequent and ensuing resolutions.

Dear Shareholders,

The term of office of the Board of Directors of your Company is about to expire.

We thank you for your trust and invite you to appoint the new corporate body, after having determined the term of office and the number of its members which, under Art. 15 of the By-laws, cannot be less than 5 and higher than 15.

Under the By-laws, the appointment of the Board of Directors is made on the basis of lists aimed at assuring representation in the Board also to minority shareholders.

Lists may be presented only by shareholders who, alone or together with other shareholders, can prove they hold, as at the filing date, an overall percentage of the share capital with voting rights no lower than 2.5%.

No shareholder may present or participate in the presentation of more than one list, neither through third parties or trust company.

Shareholders belonging to the same group and shareholders who are party to a shareholders' agreement on the Company's shares are not allowed to present or vote for more than one list, neither through third party or trust companies.

Lists filed in violation of these restrictions are not accepted.

In each list the names of candidates must be listed in sequential order.

Being the first application of the regulation on gender balance among corporate bodies of listed companies, lists including a number of candidates equal to or greater than three must be composed of candidates representing both genders, so that one or the other gender represents at least one fifth (rounded upwards) of candidates.

Each candidate may be presented on one list only, under penalty of ineligibility.

Lists must be filed with the registered office (**via Borgonuovo n. 20, 20121 Milano** – Corporate Affairs Department) or by sending notice to the address of certified e-mail: *affarisocietari.italmobiliare@legalmail.it* at least 25 days before the Meeting date (i.e. by and not later than May 2nd, 2014) along with the following documentation:

a) statements by which individual candidates accept their candidature and, under their own responsibility, state the non-existence of ineligibility causes and possession of the integrity requirements established by law;
b) a brief resume concerning personal and professional skills of each candidate, with indication of their position as director and statutory auditor in other companies;
c) statements of each candidate about the possession of the independence requisites required by the law and the Code of Conduct;
d) information on the identity of shareholders who have submitted the lists;
e) 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 documentation issued by the authorized intermediary and providing evidence of the entitlement to the voting right as at the filing date of the lists can be produced also afterwards, but in any case at least 21 days prior to the scheduled Annual General Meeting (i.e. by and not later than May 6th, 2014).

Lists filed in breach of the above provisions are considered as not filed.

* * *

Determination of the remuneration to be granted to the Board members

Dear Shareholders,

According to the article 2389 of the Italian civil code and in the absence of a specific Bylaws' provision, the remuneration to be granted to the Board members shall be defined by the General Shareholders' meeting without prejudice to the competence of the Board of directors in determining the compensation of the Directors vested with special powers.

To this extent, it is recalled that the General Shareholders' meeting of May 25th, 2011 resolved to grant, until further resolution, to each Director a gross annual remuneration of 45,000 euro, increased to 90,000 euro for the members of the Executive committee, increased of 15,000 euro for the members of the Remuneration committee, increased of 35,000 euro for the members of the Internal control committee, increased of 25,000 euro for the members of the Committee for Transaction with Related parties and increased of 40,000 euro for the Directors members of the Compliance committee.

However, taking into account the current economic situation and non-positive results of the Company, the Board of directors unanimously resolved to reduce the compensation granted to the Directors as members of the Board itself and of the various Committees notwithstanding the General meeting's resolution of May 25th, 2011. Therefore, the compensation of the directors for their offices held during 2013 were reduced of:

- 20% for the positions of Director, member of the Internal & Control Risk Committee and member of the Compliance Committee;
- 50% for the members of the Executive committee, the Remuneration committee and the Committee for Transaction with Related parties.

In relation to the above, we invite you to determine – upon proposal of the shareholders to be submitted before or during the General meeting – the compensation to be granted to the Board members.

* * *

Appointment of Statutory Auditors, the Chairman of the Board of Statutory Auditors and determining their remuneration

Dear Shareholders,

Upon approval of the financial statements as at December, 31st 2013, the office of the entire Board of Statutory Auditors will expire.

We invite you to appoint, for the 2014-2016 three-year period, three acting Auditors and three substitute Auditors, the Chairman of the Board, and to determine their respective annual remuneration without prejudice to the reimbursement of expenses incurred when exercising their functions, as expressly provided for by the Bylaws.

According to the Bylaws, the Board of Statutory Auditors is appointed on the basis of lists aimed at assuring the appointment of one acting Auditor and one substitute Auditor by the minority shareholders.

Lists may be presented only by shareholders who, alone or together with other shareholders, can prove they hold, as at the filing date, an overall percentage of the share capital with voting rights no lower than 2.5%.

No shareholder may present or participate in the presentation of more than one list, neither through third parties or trust company.

Shareholders belonging to the same group and shareholders who are party to a shareholders' agreement on the Company's shares are not allowed to present or vote for more than one list, neither through third party or trust companies.

Lists filed in violation of these restrictions are not accepted.

Each list consists of two sections: one for candidates as Acting Auditors, and the other for candidates as Substitute Auditors.

Each section shall list in progressive order the names of no more than three candidates as acting Auditors and no more than three candidates as substitute Auditors.

Lists including a number of candidates equal to or greater than three must be composed of candidates representing both genders, so that one or the other gender represents at least one fifth (rounded upwards) of candidates to the post of Acting Auditor and at least one fifth (rounded upwards) of candidates to the post of Substitute Auditor.

Each candidate may be presented on one list only under penalty of ineligibility.

Lists must be filed with the company head office (Corporate Affairs Department – to the above mentioned address) or by sending notice to the address of certified e-mail: *affarisocietari.italmobiliare@legalmail.it*, at least 25 days before the meeting date on first call (i.e. by May 2nd, 2014), along with the following documentation:

a) statements by which individual candidate accept their candidature and, under his/her own responsibility, state the non-existence of causes for ineligibility or incompatibility as well as the entitlement of further requirements established by the law, company bylaws and Code of Conduct;
b) a brief resume on the personal and professional skills of each candidate with indication of their position as director and statutory auditor in other companies;
c) information on the identity of shareholders who have presented lists;

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 intermediary certification proving ownership of the shareholding prescribed at the date on which lists are presented may also be produced after the filing of the list provided that it reaches the company within 21 days before the meeting date on first call (i.e. by May 6th, 2014).

A list presented not in compliance with the above provisions will be considered as not presented.

In the event, by the deadline of 25 days before the date of the Meeting (i.e. by May 2nd, 2014), a single list has been filed, or only lists presented by shareholders who are connected to each other under current regulations, further lists can be presented until the following third day, and the threshold of 2,5% above mentioned will be halved.

Milan, March 26, 2014

On behalf of the Board of Directors
The Chairman
Giampiero Pesenti

Italmobiliare S.p.A. - Separate financial statements as at and for the year ended December 31, 2013

Financial statements

Statement of financial position

(euro)	Notes	12.31.2013	12.31.2012	Change
Non-current assets				
Property, plant and equipment	1	3,670,985	3,617,704	53,281
Investment property	2	90,895	92,878	(1,983)
Intangible assets	3	5,559	13,279	(7,720)
Investments in subsidiaries and associates	4	875,319,688	908,237,801	(32,918,113)
Other equity investments	5	264,699,379	205,878,558	58,820,821
Deferred tax assets	6	52,447,783	65,879,222	(13,431,439)
Other non-current assets	7	5,325,818	4,699,793	626,025
Total non-current assets		**1,201,560,107**	**1,188,419,235**	**13,140,872**
Current assets				
Trade receivabes	8	4,988,741	6,652,127	(1,663,386)
Other current assets including derivatives	9	12,366,207	8,230,725	4,135,482
Tax assets	10	38,074,435	37,872,718	201,717
Equity investments, bonds and financial assets	11	5,815,126	15,353,864	(9,538,738)
Cash and cash equivalents	12	6,409,337	1,619,055	4,790,282
Total current assets		**67,653,846**	**69,728,489**	**(2,074,643)**
Total assets		**1,269,213,953**	**1,258,147,724**	**11,066,229**
Equity				
Share capital	13	100,166,937	100,166,937	
Share premium	14	177,191,252	177,191,252	
Reserves	14	26,210,868	(31,314,762)	57,525,630
Treasury shares	15	(21,226,190)	(21,226,190)	
Retained earnings	16	617,711,268	616,165,598	1,545,670
Total equity		**900,054,135**	**840,982,835**	**59,071,300**
Non-current liabilities				
Financial liabilities	18	37,142,857	148,549,146	(111,406,289)
Employee benefits	17	1,969,459	1,700,335	269,124
Provisions	19	5,408,000	8,645,188	(3,237,188)
Other non-current liabilities	20	81,966,855	90,594,757	(8,627,902)
Deferred tax liabilities	21	71,516	117,849	(46,333)
Total non-current liabilities		**126,558,687**	**249,607,275**	**(123,048,588)**
Current liabilities				
Bank loans and borrowings	18	157,590,500	58,823,500	98,767,000
Financial liabilities	18	68,709,494	90,687,703	(21,978,209)
Trade payables	22	2,253,043	3,669,340	(1,416,297)
Provisions		-	-	-
Tax liabilities		661,947	-	661,947
Other liabilities	23	13,386,147	14,377,071	(990,924)
Total current liabilities		**242,601,131**	**167,557,614**	**75,043,517**
Total liabilities		**369,159,818**	**417,164,889**	**(48,005,071)**
Total equity and liabilities		**1,269,213,953**	**1,258,147,724**	**11,066,229**

Pursuant to Consob Resolution no. 155519 of July 27, 2006, the impact of transactions with related parties on the statement of financial position, the income statement and the statement of cash flows is shown in the specific annexes.

Income statement

(euro)	Notes	2013	%	2012	%	Change amount	%
Revenue	24	**42,128,265**	**100.0**	**27,410,616**	**100.0**	**14,717,649**	**53.7**
Other revenue	25	1,825,129		1,425,396		399,733	
Raw materials and supplies	26	(124,000)		(161,748)		37,748	
Services	27	(4,158,745)		(4,669,140)		510,395	
Personnel expense	28	(17,037,206)		(16,116,704)		(920,502)	
Other operating expense	29	(17,193,459)		(9,586,962)		(7,606,497)	
Recurring gross operating profit (loss)		**5,439,984**	**12.9**	**(1,698,542)**	**-6.2**	**7,138,526**	**n.s.**
Net gains from the sale of non-current assets		-		7,816		(7,816)	
Other non-recurring income (expense)	30	3,939,455		(2,901,345)		6,840,800	
Gross operating profit (loss)		**9,379,439**	**22.3**	**(4,592,071)**	**-16.8**	**13,971,510**	**n.s.**
Amortization and depreciation	31	(34,421)		(90,392)		55,971	
Operating profit (loss)		**9,345,018**	**22.2**	**(4,682,463)**	**-17.1**	**14,027,481**	**n.s.**
Finance costs	32	(19,933)		(16,995)		(2,938)	
Impairment losses on financial assets	33	(5,060,251)		(62,684,111)		57,623,860	
Profit (loss) before tax		**4,264,834**	**10.1**	**(67,383,569)**	**n.s.**	**71,648,403**	**n.s.**
Income tax (expense)	34	(2,548,677)		646,528		(3,195,205)	
Profit (loss) for the year		**1,716,157**	**4.1**	**(66,737,041)**	**n.s.**	**68,453,198**	**n.s.**

n.s.= not significant

Statement of comprehensive income (expense)

(euro)	Notes	2013	2012	Change amount	%
Profit (loss) for the year		**1,716,157**	**(66,737,041)**	**68,453,198**	**n.s.**
Items that will not be reclassified to profit or loss subsequently					
Re-measurement of the net liability/asset for employee benefits		(170,484)		(170,484)	
Total items that will not be reclassified to profit or loss subsequently		**(170,484)**		**(170,484)**	
Items that might be reclassified to profit or loss subsequently					
Fair value gains (losses) on:					
Available-for-sale financial assets	5	52,994,767	20,428,211	32,566,556	
Income tax on other comprehensive income		4,103,022	245,940	3,857,082	
Total items that might be reclassified to profit or loss subsequently		**57,097,789**	**20,674,151**	**36,423,638**	
Total other comprehensive income		**56,927,305**	**20,674,151**	**36,253,154**	
TOTAL COMPREHENSIVE INCOME (EXPENSE)		**58,643,462**	**(46,062,890)**	**104,706,352**	**n.s.**

n.s. = not significant

Statement of changes in equity

(euro)	Share capital	Reserves: Share premium	Reserves: AFS fair value reserve	Reserves: Other reserves	Reserves: Total reserves	Treasury shares	Retained earnings	Total equity
Balances at December 31, 2011	**100,166,937**	**177,191,252**	**(63,532,057)**	**10,820,613**	**124,479,808**	**(21,226,190)**	**682,902,643**	**886,323,198**
Loss for the year							(66,737,041)	**(66,737,041)**
Total other comprehensive income			20,674,151		20,674,151			20,674,151
Stock options				722,531	722,531			722,531
Distribution of earnings:								
Dividends								
Other changes							(4)	(4)
Balances at December 31, 2012	**100,166,937**	**177,191,252**	**(42,857,906)**	**11,543,144**	**145,876,490**	**(21,226,190)**	**616,165,598**	**840,982,835**
Profit for the year							1,716,157	**1,716,157**
Total other comprehensive income (expense)			57,097,789		57,097,789		(170,484)	56,927,305
Stock options				427,841	427,841			427,841
Other changes							(3)	(3)
Balances at December 31, 2013	**100,166,937**	**177,191,252**	**14,239,883**	**11,970,985**	**203,402,120**	**(21,226,190)**	**617,711,268**	**900,054,135**

Statement of cash flows

(in thousands of euro)	Notes	2013	2012
A) Cash flow from (used in) operating activities:			
Profit (loss) before tax		4,265	(67,384)
Amortization, depreciation and impairment losses		34	90
Net (gains)/losses from the sale of securities, equity investments and PPE		(3,212)	(1,283)
Change in employee benefits and other provisions		(3,235)	2,625
Stock options		428	722
Reversal of impairment losses on financial assets		5,060	62,684
Reversal of net finance income		(16,814)	(11,483)
Cash flow used in operating activities before tax, finance income/costs and change in working capital:		**(13,474)**	**(14,029)**
Change in trade receivables		1,663	(3,227)
Change in trade payables		(1,417)	(156)
Change in other receivables/payables, prepayments and accrued income, accrued expense and deferred income		3,034	5,499
Total change in working capital:		**3,280**	**2,116**
Net finance costs paid		(3,888)	(6,886)
Dividends received		20,615	18,320
Net tax paid/refunds		2,170	
Total A)		**8,703**	**(479)**
B) Cash flow used in investing activities:			
Capital expenditure:			
PPE and investment property		(78)	
Intangible assets			(5)
Financial assets (equity investments)		(25,000)	(22,419)
Change in payables for equity investment acquisitions			750
Total capital expenditure		**(25,078)**	**(21,674)**
Change in receivables from sale of non-current financial assets			
Proceeds from sale of property, plant and equipment		46,782	16,355
Total sales		**46,782**	**16,355**
Total B)		**21,704**	**(5,319)**
C) Cash flow from (used in) financing activities:			
Change in financial liabilities		(34,558)	(309)
Change in financial assets		(1,484)	1,261
Change in current equity investments		10,425	(44)
Dividends paid			
Total C)		**(25,617)**	**908**
D) Cash flows for the year (A+B+C)		**4,790**	**(4,890)**
E) Cash and cash equivalents at beginning of year		**1,619**	**6,509**
D+E) Cash and cash equivalents at end of year	**12**	**6,409**	**1,619**

Notes

The draft financial statements of Italmobiliare S.p.A. as at and for the year ended December 31, 2013 were approved by the Board of Directors on March 26, 2014. At the meeting, the Board authorized publication of the financial statements in a press release dated March 26, 2014 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 ability to continue as a going concern, in part by virtue of its creditworthiness and solid equity structure.

Core businesses

Italmobiliare S.p.A. is a legal entity established in accordance with the laws of the Republic of Italy. Its core business is the acquisition and management of equity investments in subsidiaries, associates or other companies.
Within this context, the company may conduct financial, commercial, industrial and services transactions that it deems necessary and appropriate to achieve its corporate purposes.
The company also provides subsidiaries and associates with administrative and technical services.

Accounting policies

These separate financial statements have been drawn in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2013 endorsed by the European Union, and with the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. The term IFRS also includes all revised international accounting standards (IAS) and all the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).
The Italian laws that enact EEC Directive IV are also applied, where compatible, to the companies that draw up financial statements in accordance with the IFRS. Consequently, the financial statements are compliant with the Italian Civil Code and the corresponding indications of the Consolidated Finance Act (TUF, *testo unico finanziario*) for listed companies with regard to the directors' report on operations, the legally required audit and the publication of the financial statements. The separate financial statements and notes thereto also set out the details and additional disclosures required under the articles of the Italian Civil Code governing financial statements, since such requirements are not in conflict with the IFRS, or other Consob regulations and provisions on financial statements.
In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2013 that had not been endorsed by the European Union at that date.

Standards and interpretations that came into force in 2013

Since January 1, 2013, Italmobiliare S.p.A. has adopted the new standards and changes described below, including the changes arising therefrom applied to other standards.

- IAS 1 "Presentation of financial statements" relating to the presentation of other comprehensive income**.** As a result of the amendments to IAS 1, the Group has modified the presentation of other comprehensive income in the statement reflecting profit/(loss) and other components of comprehensive income. The new presentation shows the items that may in future be reclassified to profit/(loss) for the year (e.g., net gains on net investment hedging, net gains on cash flow hedges and net gains/losses on available-for-sale financial assets) separately from items that will never be reclassified (e.g., actuarial gains/losses on defined benefit plans). The comparative information has been reclassified accordingly. The change related solely to the method of presentation and has not had an impact on the Group's financial position or results of operations.
- IAS 12 – "Income taxes" – recovery of underlying assets. This amendment clarifies determination of deferred tax on investment property measured at fair value. The measurement criterion adopted by Italmobiliare S.p.A. after

initial recognition is cost net of accumulated depreciation, consequently the change has not had an impact on the company's results of operations.

- IAS 34 – "Interim financial reporting" and segment reporting for total assets and liabilities. The amendment clarifies segment disclosure requirements in order to improve consistency with IFRS 8 "Operating segments".
- Amendments to IFRS 7 "Financial instruments: disclosures" (Offsetting financial assets and financial liabilities) and related amendments to IAS 32 "Financial instruments: Presentation". The amendments, which require disclosure of offsetting rights and related agreements (e.g., guarantees), have not had impacts on Italmobiliare S.p.A.'s financial position or results of operations.
- Amendments to IAS 19 "Employee benefits". The main changes refer to treatment of past service costs that have not vested and the actuarial gains/losses to be immediately recognized in profit/loss for the year and in other comprehensive income (elimination of the corridor method), and the adoption, for plan assets, of the discount rate used to determine the defined benefit liability. In the case of Italmobiliare S.p.A., the amendments to IAS 19 have not had a material impact on the net defined benefit plan obligation owing to recognition of net actuarial losses and the difference in the accounting treatment of interest on plan assets.
- IFRS 13 "Fair value measurement". This standard introduces a single framework for fair value measurement and for related disclosure when fair value measurement is required or allowed by other standards. Specifically, the standard establishes a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also replaces and extends disclosures required with regard to fair value measurements by other standards, including IFRS 7. In compliance with the transitory indications of IFRS 13, Italmobiliare S.p.A. has applied the new fair value measurement method prospectively, without providing comparative information for the new disclosure.

Standards and interpretations to come into force in 2014

- Amendments to IAS 32 "Financial instruments: presentation", in the application guidance, regarding offsetting of financial assets and financial liabilities.
- IFRS 10 "Consolidated financial statements". The new standard replaces IAS 27 "Consolidated and separate financial statements" and SIC 12 "Consolidation – Special-purpose entities". IFRS 10 introduces a new control model, applicable to all entities in which an investment is held, based on the Group's power over the investee, its exposure or rights to variable returns from its involvement with the investee and its ability to affect those returns through its power over the investee.
- IFRS 11 "Joint arrangements". The new standard replaces IAS 31 "Interests in joint ventures" and SIC 13 "Jointly controlled entities – Non-monetary contributions by venturers"; it sets out the accounting policies for entities taking part in joint arrangements. The standard provides for joint arrangements to be classified as joint operations if the Group has rights to the assets and obligations for the liabilities relating to the arrangement, or as joint ventures if the Group only has rights to the net assets of the arrangement. Classification depends upon the structure of the arrangement, the legal status of any separate entities, the terms of the contractual arrangement and other facts and circumstances.
- IFRS 12 "Disclosure of interests in other entities", which organizes, strengthens and replaces disclosure requirements concerning interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- As a result of the introduction of the above standards, IAS 27 renamed "Separate financial statements", which deals exclusively with the preparation of separate financial statements, and the amendments to IAS 28 "Investments in associates and joint ventures" will come into force.
- Amendments to IAS 36 "Impairment of assets" to modify disclosure requirements relating to recoverable amounts in cases where recoverable amounts are based on fair value less costs to sell and in cases where an impairment loss is recognized.

- Amendments to IAS 39 “Financial instruments: Recognition and measurement” to govern the continuation of hedge accounting in the event of novation of derivatives following the introduction of new legislation/regulations.

The main effect arising from application of the above standards and amendments concerns identification of the type of joint arrangement, joint operation or joint venture, in order to establish the appropriate accounting treatment.

Application of the above standards, amendments and interpretations is not expected to generate significant impacts on the Italmobiliare S.p.A. financial statements.

Standards and interpretations published by the IASB and the IFRIC at December 31, 2013, but not endorsed by the European Union at that date

- IFRS 9 “Financial instruments” and amendments thereto and to IFRS 7.
- Amendments to IAS 19R with regard to defined benefit plans: employee contributions.
- Amendments to a number of IFRS issued in 2010-2013.
- IFRIC 21 “Levies”, an interpretation concerning levies excluding income tax.

Measurement criteria and basis of presentation

The company financial statements adopt the cost principle, with the exception of derivatives and financial assets held for trading or available-for-sale, which are stated at fair value. The carrying amounts of hedged assets and liabilities are adjusted to reflect changes in fair value on the basis of the hedged risks. The financial statements are presented in euro. All amounts in the financial statements and the notes are rounded to thousands of euro, unless otherwise indicated.
The basis of presentation of the 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, Italmobiliare S.p.A. presents two statements: the first shows the traditional income statement components and profit (loss) for the year, while the second, starting from profit (loss) for the year, details the other comprehensive income, previously shown only in the statement of changes in equity: fair value gains/losses on available-for-sale financial assets and derivatives, currency translation differences. Items that might subsequently be reclassified to profit or loss are shown separately from those that will not be reclassified;
- on the cash flow statement, the indirect method is used.

Use of estimates

The preparation of the separate financial statements and the notes in conformity with the international financial reporting standards requires management to make estimates that affect the amounts 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. Management conducts regular reviews of assumptions and estimates, and immediately recognizes any adjustments in the financial statements.
Since the Italmobiliare Group applies IAS 34 "Interim Financial Reporting" to its half-year financial reports, with consequent identification of a six-month interim period, any impairment losses are recorded at closure of the half year.

Subsidiaries and associates

Subsidiaries are companies in which the company has the power to determine, directly or indirectly, administrative and management decisions and to obtain the benefits thereof. Generally speaking, control is assumed to exist when the company holds, directly or indirectly, more than one half of voting rights, including potential voting rights deriving from convertible securities.

Associates are companies in which the company has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the company holds, directly or indirectly, at least 20% of voting rights at ordinary shareholders' meeting, or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in 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 amount whenever, after impairment testing, conditions are found such as to make it necessary to adjust the carrying amount to the effective amount of the investment. The original cost is restored in subsequent periods if the grounds for the adjustments no longer exist. Impairment losses and reversals are recognized in the income statement.

Business combinations

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

Cost of business combinations

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

Allocation of the cost of business combinations

Goodwill is determined as the positive difference between, on the one hand:

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

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

Transactions in currencies other than the functional currency

Any foreign currency transactions are initially translated into the functional currency using the exchange rate at the transaction date. At the end of the reporting period, foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. Exchange-rate gains and losses are taken to the income statement.
Non-monetary foreign currency assets and liabilities 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

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 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 income.

Depreciation

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

Leases

The company has no finance leases.
The company leases are operating leases, where all risks and rewards incidental to ownership are retained by the lessor.
Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Investment property

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

Intangible assets

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

Impairment

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's 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 the income statement.
Held-to-maturity investments are classified as current financial assets, if they mature within one year; otherwise they are classified as non-current assets and subsequently carried at amortized cost. Amortized cost is determined using the effective interest rate method, taking account of any acquisition discounts or premiums, which are apportioned over the entire period until maturity, less any impairment losses.
Other financial assets are classified as available for sale, under current or non-current assets, and measured at fair value. Any gains or losses are shown in a separate equity item until the assets are sold, recovered or discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to the income statement. Impairment losses are recorded when there is objective evidence that one or more events that occurred after initial recognition of the asset have had a negative impact on the estimated future cash flows of that asset. Objective evidence that a financial asset has been impaired includes insolvency or non-payment by the debtor, indications of the bankruptcy of a debtor or issuer, unfavorable changes in the status of payments by debtors or issuers, and business conditions linked to default or disappearance of an active market for the asset. In addition, for equity instruments classified as available for sale, a material and prolonged reduction in the fair value to below cost

is considered objective evidence of impairment. To this end, Italmobiliare S.p.A. has adopted a specific accounting policy. The policy establishes materiality and duration thresholds for loss of stock market value with respect to the carrying amounts; once such thresholds have been reached, the impairment loss is taken to the income statement. These thresholds are considered separately, and only one threshold needs to be reached for an impairment loss to be recognized:

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

Treasury shares

Treasury shares are deducted against equity. The original cost of treasury shares and income arising from any subsequent sales are treated as movements in equity.

Trade receivables and other receivables

Trade receivables and other receivables are initially recognized at fair value, less allowances for impairment, which are provided as doubtful debts are identified.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, checks, bank demand deposits and other 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 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 (“Other long-term benefits”).

Defined contribution plans

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

These contributions are paid in exchange for the services rendered by employees and recognized as expense as incurred.

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the company. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the company uses the unit credit projection method to determine the present value of obligations and the related current service cost.
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 in question 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.
Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service benefits) and to early retirement benefits are recognized as income or expense immediately.

Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized in the income statement 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 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 to all the above items, the discount rate adopted at the beginning of the year 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 Group has applied IFRS 2 as from January 1, 2004.
Options for the subscription and purchase of shares granted by the company to employees and directors give rise to recognition of a cost classified under personnel expense, with a corresponding increase in equity.
In accordance with IFRS 2, only options granted after November 7, 2002, whose rights had not vested at December 31, 2003, have been measured and recognized at the transition date. Options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period. Fair value is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after 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 for risks and charges when a present or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation.
Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the reporting date. If the present value of the financial resources that will be used is material, provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.
Changes in estimates are recognized in the income statement for the year.

Bank loans and borrowings

Bank 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, bank 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 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.
Dividends are recognized as finance income as shareholders' right to receive payment arises, in compliance with local laws.

Rental income

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

Costs

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

Derivatives

The company uses derivatives such as interest-rate swaps to hedge the risk of fluctuations in interest rates. Derivatives are measured and recognized at fair value; fair value gains or losses are taken to the income statement, since the derivatives in question do not qualify for hedge accounting, even though they are arranged for hedging purposes.

Income taxes

Current income taxes are provided in accordance with local tax laws.
Deferred tax is recognized on the basis of temporary differences between the tax base of assets and liabilities and their carrying amount.
Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable income will be available against which such differences, losses or credits may be reversed.
Deferred tax assets are reviewed at the end of every reporting period and reduced to the extent that sufficient taxable income is no longer likely to be available in the future against which the assets can be used in full or in part.
Deferred tax assets and liabilities are determined at tax rates expected to apply when the deferred tax asset (liability) is realized (settled), based on rates that have been enacted or substantially enacted at the reporting date.
Taxes relating to items recognized directly in equity are recognized in equity, not in the income statement.
As noted in the directors' report on operations, for the three-year period 2011 – 2013 the company together with some subsidiaries applied the Italian tax consolidation system.

Assets

Non-current assets

1) Property, plant and equipment

At December 31, 2013 and at December 31, 2012, these assets totaled respectively 3,671 thousand euro and 3,618 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	515	966	11	5,917
Accumulated depreciation	(967)	(465)	(856)	(11)	(2,299)
Carrying amount at December 31, 2012	**3,458**	**50**	**110**		**3,618**
Additions		78			78
Disposals		(11)			(11)
Depreciation		(15)	(10)		(25)
Use of accumulated depreciation		11			11
Carrying amount at December 31, 2013	**3,458**	**113**	**100**	**-**	**3,671**
Gross amount	4,425	582	966	11	5,984
Accumulated depreciation	(967)	(469)	(866)	(11)	(2,313)
Carrying amount at December 31, 2013	**3,458**	**113**	**100**	**-**	**3,671**

The decrease in the year was due to the scrapping of obsolete plant and machinery.

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 91 thousand euro (93 thousand euro at December 31, 2012) is valued at cost.
The fair value of investment property at December 31, 2013 was 1,365 thousand euro and was determined on the basis of appraisals by independent external experts.

(in thousands of euro)	**Investment property**
Gross amount	133
Accumulated depreciation	(40)
Carrying amount at December 31, 2012	**93**
Additions	
Disposals	
Depreciation	(2)
Carrying amount at December 31, 2013	**91**
Gross amount	133
Accumulated depreciation	(42)
Carrying amount at December 31, 2013	**91**

Investment property is depreciated at an annual rate of 1.50%, which reflects its residual useful life.

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	(226)	(226)
Carrying amount at December 31, 2012	**13**	**13**
Additions		
Disposals		
Amortization	(8)	(8)
Carrying amount at December 31, 2013	**5**	**5**
Gross amount	239	239
Accumulated amortization	(234)	(234)
Carrying amount at December 31, 2013	**5**	**5**

4) Investments in subsidiaries and associates
See the specific IFRS 7 section.

5) Other equity investments
See the specific IFRS 7 section.

6) Deferred tax assets
See the specific IFRS 7 section.

7) Other non-current assets

See the specific IFRS 7 section.

Current assets

8) Trade receivables

See the specific IFRS 7 section.

9) Other current assets including derivatives

"Other current assets" was as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Receivables due from subsidiaries for tax consolidation system	9,999	5,975	4,024
Receivables due from employees	3	4	(1)
Receivables due from social security bodies	2	2	
Other miscellaneous current receivables	924	1,563	(639)
Interest-rate derivatives for trading	108		108
Derivatives for initial margins	887		887
Accrued income due from subsidiaries	17	21	(4)
Miscellaneous accrued income due from others	25	1	24
Prepaid expenses due from others	401	665	(264)
Total	**12,366**	**8,231**	**4,135**

Receivables due from subsidiaries included in the domestic tax consolidation system rose by 4,024 thousand euro as a result of the subsidiaries' higher tax payable transferred to the parent Italmobiliare S.p.A..

10) Tax assets

Tax assets totaled 38,074 thousand euro (37,873 thousand euro at December 31, 2012) and were mainly attributable to tax payments on account made in previous years and to withholding taxes on interest and dividends.

11) Equity investments, bonds and financial assets

See the specific IFRS 7 section.

12) Cash and cash equivalents

See the specific IFRS 7 section.

Equity and liabilities

Share capital, reserves and retained earnings

13) Share capital

At December 31, 2013, the fully paid-up share capital of the parent totaled 100,166,937 euro represented by 38,525,745 shares with a par value of 2.6 euro each.

N° of shares	December 31, 2013	December 31, 2012	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

14) Share premium and other reserves

At December 31, 2013, reserves totaled 203,402 thousand euro, an overall increase of 57,525 thousand euro from December 31, 2012 arising from:
- an increase in the amount of available-for-sale financial assets, net of the impact of deferred tax, for 57,098 thousand euro;
- an increase of 427 thousand euro in the stock options reserve.

15) Treasury shares

At December 31, 2013 the cost of treasury share buy-backs totaled 21,226 thousand euro, deducted against equity. Treasury shares were as follows:

	N° of ordinary shares	Carrying amount in euro	N° of savings shares	Carrying amount in euro	Total carrying amount
December 31, 2013	**871,411**	**20,830**	**28,500**	**396**	**21,226**

A total of 817,711 ordinary treasury shares were held at December 31, 2013 to service stock option plans for directors and managers.

Dividends paid

No dividend was paid in 2013 and 2012.

16) Retained earnings

The overall increase of 1,546 thousand euro arose from the 2013 profit for the year of 1,716 thousand euro, and from application of IAS 19 for -170 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, to be paid to employees on the basis of their length of service at the company; these liabilities arise from actuarial valuations at December 31, 2013.

Movements on the caption are detailed below:

(in thousands of euro)	Post-employment benefits	Long-service bonus	Total
At December 31, 2012	1,487	213	**1,700**
Application of IAS 19	170		**170**
Utilisation during year	(463)		**(463)**
Provision for year	546	(2)	**544**
Present value of post-employment benefits	18		**18**
At December 31, 2013	**1,758**	**211**	**1,969**

Expense for the year included:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Current cost of services	(104)	(86)	(18)
Finance costs	(53)	(71)	18
Total	**(157)**	**(157)**	

The assumptions used to determine liabilities arising from long-term benefits are set out below:

	Post-employment benefits	Other employee benefits
Discount rate	3.20%	3.20%
Future salary rises	3.41%	3.41%
Inflation	2.00%	2.00%

Stock options

The company has arranged stock option plans for directors and managers who hold special posts.
Stock options refer to ordinary shares; the characteristics of stock option plans are illustrated in the directors' report on operations in the section on Corporate Governance and Stock Option Plans.
Stock options are exercised at a rate of 1 share per option.

The terms and conditions of Italmobiliare S.p.A. stock option plans at December 31, 2013, are set out below:

Grant date	N° options granted	Exercise period	Options exercised	Cancelled options	Unexercised options	Unit subscription price
March 30, 2004	96,080	03/30/2007 - 03/29/2014			96,080	€ 35.1990
March 30, 2005	108,437	03/30/2008 - 03/29/2015			108,437	€ 54.5355
March 21, 2006	109,880	03/21/2009 - 03/20/2016			109,880	€ 65.7010
March 21, 2007	122,479	03/21/2010 - 03/20/2017			122,479	€ 86.0685
March 28, 2008	124,200	03/28/2011 - 03/27/2018			124,200	€ 59.9080
March 25, 2009	19,350	03/25/2012 - 03/24/2019			19,350	€ 20.5260
March 24, 2010	124,385	03/24/2013 - 03/23/2020			124,385	€ 28.8340
March 30, 2011	112,900	03/30/2014 - 03/30/2021			112,900	€ 27.4690
Total	**817,711**		**-**	**-**	**817,711**	

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

The number and average exercise price of stock options in the years in question are set out below:

(in thousands of euro)	12.31.2013 N° of options	12.31.2013 Average subscription price		12.31.2012 N° of options	12.31.2012 Average subscription price	
Unexercised options at beginning of the year	**827,274**	**€**	**50.6255**	**827,274**	**€**	**50.6255**
Granted during the year						
Cancelled during the year						
Exercised during the year						
Expired during the year	(9,563)					
Unexercised options at end of the year	**817,711**	**€**	**50.8517**	**827,274**	**€**	**50.6255**
Vested options at end of the year	**704,811**			**589,989**		

The average price of ordinary shares for full-year 2013 was 17.798 euro (14.081 euro for full-year 2012).
The average residual life of unexercised options was 1 year and 11 months.
The option exercise price at December 31, 2013 was between 20.526 euro and 86.0685 euro.
Only options relating to plans granted after November 7, 2002, the rights to which had not vested at December 31, 2003, were valued and recognized at the IFRS transition date.

The following table sets out the characteristics of the company's stock option plans and their cost, carried under "Personnel expense":

(in thousands of euro) Grant date	N° of options granted	Vesting period	Personnel expense 2013	Personnel expense 2012
March 25, 2009	19,350	3 years		6
March 24, 2010	124,385	3 years	97	385
March 30, 2011	112,900	3 years	331	332
Total			**428**	**723**

Stock option plan fair value at the grant date is estimated using a binomial model that takes dividends into account. The total option term is ten years. Volatility projections assume that past volatility, determined as the annual average on a past period of three years net of extraordinary events, is indicative of future trends.
The following table sets out the assumptions used and results obtained in measuring stock options relating to 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 as %	26.2%	24.3%	25.0%	17.5%	17.5%
Option term (in years)	10	10	10	10	9.75
Dividends in %	3.01%	2.75%	7.41%	2.23%	1.45%
10-year BTP risk-free rate	4.775%	3.920%	4.485%	3.889%	3.652%

18) Financial liabilities

See the specific IFRS 7 section.

19) Provisions

Provisions for risks totaled 5,408 thousand euro at December 31, 2013, against 8,645 thousand euro at December 31, 2012. The decrease of 3,237 thousand euro arose after the release of the amount provided with respect to the sale of the Crea S.p.A. subsidiary, since the reasons for the provision no longer existed.

(in thousands of euro)	Opening balance	Additions	Decreases	Closing balance
Provisions	8,645		3,237	5,408

20) Other non-current liabilities

Other non-current liabilities referred essentially to the amount due to subsidiaries for the tax consolidation system, which totaled 81,902 thousand euro at December 31, 2013 (90,531 thousand euro at December 31, 2012).
The decrease arose largely as a result of the smaller contribution of the subsidiaries owing to the reduction in deferred tax assets.

21) Deferred tax liabilities

Total deferred tax liabilities were 72 thousand euro at December 31, 2013, as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Deferred tax and duties - available-for-sale shares	58	53	5
Deferred tax and duties - other	14	65	(51)
Total	**72**	**118**	**(46)**

Current liabilities

22) Trade payables

See the specific IFRS 7 section.

23) Other liabilities

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Amounts due to employees	5,788	7,772	(1,984)
Amounts due to social security authorities	914	929	(15)
Amounts due to tax authorities	479	539	(60)
Accrued expenses and deferred income	141	102	39
Other	5,559	4,233	1,326
Puts/calls on equities	141		141
Interest-rate derivatives for trading	364	802	(438)
Total	**13,386**	**14,377**	**(991)**

Commitments

(in thousands of euro)	December 31, 2013	December 31, 2012
Collateral given	43,206	77,911
Deposits, guarantees, sureties, commitments and other	82,110	45,134
Total	**125,316**	**123,045**

The decrease in collateral given with respect to December 31, 2012 arose essentially from early repayment of the medium/long-term loan secured by equities.
Total sureties provided are carried at fair value at the reporting date. The increase arose in connection with new loans granted to Group companies and guaranteed by Italmobiliare.

Income statement

24) Revenue

Revenue from sales and services totaled 27,411 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Dividends	20,615	18,320	2,295	12.5%
Interest income	1,603	1,241	362	29.2%
Gains on equity investments and securities	13,751	1,436	12,315	n.s.
Services	6,159	6,414	(255)	-4.0%
Total	**42,128**	**27,411**	**14,717**	**53.7%**

n.s.= not significant

The breakdown of the various items was as follows:

Revenue from dividends:

(in thousands of euro)	2013	2012	Change	% change
Subsidiaries				
Italcementi S.p.A.	6,596	13,180	(6,584)	-50.0%
Ciments Français S.A.	2,931	2,542	389	15.3%
Punta Ala Promozione Sviluppo Immobiliare S.r.l.	202	440	(238)	-54.1%
So.Par.Fi. Italmobiliare S.A.	8,825		8,825	100.0%
Franco Tosi S.r.l.	50	100	(50)	-50.0%
Total	**18,604**	**16,262**	**2,342**	**14.4%**
Associates				
Total				
Other companies				
Unicredit S.p.A.	1,227		1,227	100.0%
Unione di Banche Italiane S.c.p.a.	141	55	86	156.4%
Fin.Priv. S.r.l.	103	103		
Gruppo Banca Leonardo S.p.A.	379	758	(379)	-50.0%
Compagnia Fiduciaria Nazionale S.p.A.	134		134	100.0%
Mediobanca S.p.A.		1,128	(1,128)	-100.0%
Emittenti Titoli S.p.A.	27	14	13	92.9%
Total	**2,011**	**2,058**	**(47)**	**-2.3%**
Grand total	**20,615**	**18,320**	**2,295**	**12.5%**

Revenue from interest income:

(in thousands of euro)	2013	2012	Change	% change
Interest and finance income from subsidiaries	9	7	2	28.6%
Interest on securities and bonds	640	324	316	97.5%
Bank interest income	18	50	(32)	-64.0%
Commissions and other income		307	(307)	-100.0%
Options on securities	936	553	383	69.3%
Total	**1,603**	**1,241**	**362**	**29.2%**

Capital Gains on equity investments and securities:

(in thousands of euro)	2013	2012	Change	% change
From sale of available-for-sale equity investments				
Aliserio S.r.l.	3		3	100.0%
Intek		46	(46)	-100.0%
RCS Mediagroup S.p.A.	41		41	100.0%
S.E.S. - Società Editrice Sud	1,902		1,902	100.0%
Ubi S.c.p.A.	975		975	100.0%
Unicredit S.p.A. - shares	9,874		9,874	100.0%
Unicredit S.p.A. - rights		1,193	(1,193)	-100.0%
Total	**12,795**	**1,239**	**11,556**	**n.s.**
From sale of equity investments held for trading				
Mittel TF 6% 07/12/2019	246		246	100.0%
Soprarno Inflazione	444		444	100.0%
Total	**690**		**690**	**100.0%**
From fair value measurement of instruments held for trading				
Mutual funds	180	100	80	80.0%
Mittel TF 6% 07/12/2019	86		86	100.0%
Unione di Banche Italiane S.c.p.a.		97	(97)	-100.0%
Total	**266**	**197**	69	**35.0%**
Grand total	**13,751**	**1,436**	**12,315**	**n.s.**

n.s. =not significant

25) Other revenue

Other revenue amounted to 1,825 thousand euro (1,425 thousand euro at December 31, 2012) and included rents and recovery of condominium expenses for 281 thousand euro, directors' pensions for 183 thousand euro, other income for 104 thousand euro and non-recurring income for 1,257 thousand euro.

26) Raw materials and supplies

Expense for raw materials and supplies amounted to 124 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Materials and machinery	3	2	1	50.0%
Other materials	42	71	(29)	-40.8%
Electricity, water and gas	79	89	(10)	-11.2%
Total	**124**	**162**	**(38)**	**-23.5%**

27) Services

Expense for services amounted to 4,159 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Legal fees, consultancy and statutory auditor fees	2,827	3,410	(583)	-17.1%
Rent and fees for use of third-party assets	104	107	(3)	-2.8%
Insurance	572	529	43	8.1%
Lease payments and expense of civil buildings	104	51	53	n.s.
Maintenance and repairs	182	133	49	36.8%
Subscriptions	79	78	1	1.3%
Communication and entertainment	43	72	(29)	-40.3%
Post and telephone	40	47	(7)	-14.9%
Cleaning	109	110	(1)	-0.9%
Other expense and residual services	99	132	(33)	-25.0%
Total	**4,159**	**4,669**	**(510)**	**-10.9%**

n.s.=not significant

Fees included amounts of 249 thousand euro paid to the Board of Statutory Auditors.

28) Personnel expense

Personnel expense amounted to 17,037 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Wages and salaries	10,038	9,145	893	9.8%
Social security contributions	2,394	2,373	21	0.9%
Provisions and contributions to pension funds	561	550	11	2.0%
Directors' remuneration	3,991	3,772	219	5.8%
Other miscellaneous expense	53	277	(224)	-80.9%
Total	**17,037**	**16,117**	**920**	**5.7%**

The number of employees is shown below:

(headcount)	2013	2012
Employees at year end	44	48
Average number of employees	46.25	47.75

29) Other operating expense

Other operating expense net of other operating income amounted to 17,193 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Finance costs				
Interest on short-term financing	2,658	2,213	445	20.1%
Interest on medium/long-term financing	1,922	4,119	(2,197)	-53.3%
Current account and financial interest expense due to subsidiaries	3	15	(12)	-80.0%
Commissions for non-utilization	783	803	(20)	-2.5%
Costs for interest-rate hedging	5	745	(740)	-99.3%
Options on securities		179	(179)	-100.0%
Other expense	33	4	29	n.s.
Total	**5,404**	**8,078**	**(2,674)**	**-33.1%**
Losses on sale of assets and impairment losses				
Sale of RCS Mediagroup S.p.A. rights	9,196		9,196	100.0%
Uptake of Mittel public exchange offer for 6% bonds	557		557	100.0%
Losses on Unione di Banche Italiane S.c.p.a. bonds	29		29	100.0%
Impairment losses on mutual funds		153	(153)	-100.0%
Puts/calls on trading securities	67		67	100.0%
Total	**9,849**	**153**	**9,696**	**n.s.**
Other expense and income				
Condominium expenses on own buildings	288	207	81	39.1%
Other operating expense	97	89	8	9.0%
Non-deductible VAT	854	726	128	17.6%
IMU tax	95	91	4	4.4%
Other taxes	47	31	16	51.6%
Non-recurring expense	8	39	(31)	-79.5%
Other income and expense	551	173	378	n.s.
Total	**1,940**	**1,356**	**584**	**43.1%**
Total other operating expense	**17,193**	**9,587**	**7,606**	**79.3%**

n.s. = not significant

30) Other non-recurring income (expense)

Other non-recurring income net of other non-recurring expense amounted to 3,939 thousand euro (net expense of 2,901 thousand euro at December 31, 2012), as follows:

(in thousands of euro)	2013	2012	Change	% change
Provision for risks/utilization of provisions	3,237	(2,600)	5,837	n.s.
Other income (expense)	702	(301)	1,003	n.s.
Total	**3,939**	**(2,901)**	**6,840**	**n.s.**

n.s. = not significant

31) Amortization and depreciation

The overall amount of 35 thousand euro (90 thousand euro in 2012) refers to depreciation of property, plant and equipment for 27 thousand euro (36 thousand euro in 2012) and amortization of intangible assets for 8 thousand euro (54 thousand euro in 2012).

32) Finance costs

Finance costs net of finance income amounted to 20 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Financial services	18	15	3	20.0%
Miscellaneous finance costs	2	2		
Total	**20**	**17**	**3**	**17.6%**

33) Impairment losses on financial assets

The income statement reflected impairment losses totaling 5,060 thousand euro (62,684 thousand euro in 2012), relating largely to:

a) Unione di Banche Italiane S.c.p.a., with an impairment loss of 96,000 euro. The impairment loss was recognized in the 2013 half-year income statement (in compliance with IAS 34 and dell'IFRIC 10, impairment losses are recognized in the annual report and the half-year report), since market value at June 30, 2013 (2.8139 euro per share) was lower than the carrying amount (2.848 euro per share) and no positive fair value reserve was available at that date, due to the impairment losses recognized in the previous year. After June 30, 2013, the investee's market value rose, and was 4.9244 euro per share at the reporting date, with a positive fair value reserve of 4.9 million euro;

b) RCS Mediagroup S.p.A., an associate at December 31, 2012; during 2013 this company raised its share capital; after the operation, Italmobiliare held 3.824% of RCS Mediagroup S.p.A. ordinary share capital. On October 30, 2013, after consultation with the other parties to the shareholders' agreement, the RCS Mediagroup S.p.A. shareholders' agreement was terminated early. Consequently, since then, Italmobiliare no longer has significant influence over RCS and the equity investment has therefore been recognized, in compliance with IAS 39, at fair value at the initial recognition date, which corresponded to the official stock market price on October 30, 2013 of 1.6080 euro per share. The measurement generated an impairment loss of 4,959 thousand euro with respect to the previous measurement of 1.9131 euro per share. After measurement, RCS was reclassified to "Other companies" and, in compliance with IAS 39, recognized at fair value, which for listed companies coincides with the official stock market price at the reporting date;

c) the residual amount of -5,000 euro related to impairment losses on some minor equity investments.

34) Income tax (expense)

This caption reflected expense of 2,549 thousand euro, as follows:

(in thousands of euro)	2013	2012	Change	% change
Current tax				n.s.
Deferred tax	(4,057)	(239)	(3,818)	n.s.
Prior-year tax	1,508	886	622	70.2%
Total	**(2,549)**	**647**	**(3,196)**	**n.s.**

n.s. = not significant

Deferred tax assets of 562 thousand euro were not recognized with respect to an estimated taxable loss of approximately 2.0 million euro, since the company does not expect to be able to utilize them in the future.
The release of deferred tax related to the sale of Unicredit shares connected with effective-yield-to-maturity transactions in previous years.

IFRS 7

Risk management policies

Introduction

The document "Policies for investment and financial risk management" ("Policies") sets out general strategic guidelines and investment regulations governing management of Italmobiliare S.p.A. resources.

Objectives

For Italmobiliare S.p.A., exposure to financial risk is an opportunity to generate profits, albeit within the limits established for the purpose of ensuring prudent management of resources.

Financial instruments

The Policies referred to above define the type of financial instruments allowed, the maximum amounts, the counterparties, and the methods of approval.
Derivatives are allowed both as risk management instruments and as instruments relating to market positioning. The regulations included in the Policies are particularly restrictive in terms of both the types of transaction allowed and the levels of approval and control.

Financial risk management

Credit risk

Italmobiliare S.p.A. is exposed to credit risk with respect to issuers of financial instruments and counterparties on financial transactions.
The Policies set minimum rating levels for individual investments (where applicable), for type of instrument, for rating class and maximum exposure in relation to individual counterparties.
The Policies set out procedures for approving amounts in excess of such limits. They also establish a monitoring and reporting system.
Italmobiliare S.p.A. has no significant exposure to trade credit risk.

The table below details the level of credit risk exposure through definition of the average rating of bond issues, other financial assets and the rating of counterparties to derivatives.

	Fair value (in millions of euro)	Average rating	Average outstanding life (in years) (*)
Trading bonds	3.2	n/a	5.50
Available-for-sale bonds	5.3	Ba3	37.00
Other financial assets	0.6	n/a	n.a.
Fair value derivatives	0.5	n/a	1.15

(*) determined on first call
n.a.= not applicable

Other financial assets consist of a harmonized open-end mutual fund set up to generate a positive real yield (with respect to the euro zone inflation rate); the fund invests primarily in short-term bonds.
Assuming a parallel and instantaneous shift of +100 bp in the credit curve, the overall change in the fair value of the financial instruments would be -0.52 million euro, of which -0.44 million euro in equity and -0.08 million euro on the income statement.

Liquidity risk

The Italmobiliare S.p.A. risk management objective is to establish a liability management policy that satisfies funding requirements over time and minimizes opportunity cost.
The Finance division draws up regular reports for top management analyzing the net financial debt trend and risks.
The table below shows net financial debt by maturity (residual life) compared with undrawn credit lines:

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financial liabilities	(226.4)	(37.5)			**(263.9)**
Total financial assets	9.6			9.1	**18.7**
Net financial debet	**(216.8)**	**(37.5)**		**9.1**	**(245.2)**
Committed available lines of credit					
Uncommitted available lines of credit	**(167.4)**				**(167.4)**

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:

a) in December 2010 Italmobiliare arranged a 130 million euro loan with Intesa Sanpaolo which expires on December 31, 2015, to service the purchase of two share packages from Italcementi (RCS Mediagroup and Mediobanca); following completion of scheduled repayments, the principal stands at 74.3 million euro;

b) in December 2011 Italmobiliare signed with SO.PAR.FI an uncommitted line of credit for 100 million euro. No drawings have been made;

c) in December 2012 Italmobiliare arranged with Intesa Sanpaolo an irrevocable line of credit for 30 million euro maturing on March 31, 2014; at December 31, 2013 the facility had been fully drawn;

d) in September 2013 the repo agreement with Banca Leonardo was re-negotiated (355,500 Ciments Français shares, 2.66 million Italcementi shares and 1.4 million UBI Banca shares) maturing on April 11, 2014; at the end of the year the amount was 29.5 million euro. The repo agreement is subject to a daily margin call with respect to a 10% threshold;

e) drawings on uncommitted lines of credit during 2013 totaled 127.6 million euro at December 31, 2013 (Intesa San Paolo, Credito Bergamasco, BNL Brescia and Banca Popolare di Bergamo).

At December 31, 2013, some loan contracts included customary clauses represented by negative pledges, which could weaken the borrower's equity guarantee (e.g., amendments to the by-law, change of business, reduction of share capital) and cause the lender to withdraw from the contract.

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 for senior management with a profile analysis of liability amounts and costs and maturities.

The table below illustrates the composition of net financial debt at December 31, 2013 and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of net financial debt.

(in millions of euro)	
Balance at December 31, 2013	
Fixed-rate financial liabilities	
Fixed-rate financial assets	
Fixed-rate net financial debt at inception	
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	(22.8)
Fixed-rate net financial debt after hedging	**(22.8)**
Floating-rate financial liabilities	(263.6)
Floating-rate financial assets	11.0
Floating-rate net financial debt at inception	**(252.6)**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	22.8
Floating-rate net financial debt after hedging	**(229.8)**
Assets not exposed to interest-rate risk	7.8
Liabilities not exposed to interest-rate rate risk	(0.3)
Total net financial debt	**(245.1)**

Floating-rate assets include amounts due from Group companies and floating-rate bonds; floating-rate liabilities include amounts due to third parties and Group companies.
A sensitivity analysis was performed to determine the change in the fair value of total net financial debt caused by an upward instantaneous shift of 100 bp in interest rates on all maturities.
The analysis found an estimated overall decrease of 1.97 million euro, impacting on the income statement.

Currency risk

The company investment regulations place 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 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 Policies set out procedures and approvals for use of derivatives to reduce this risk.
At December 31, 2013, assets exposed to price risk, classified as available-for-sale, amounted to 227.6 million euro. A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 11.4 million euro, of which -11.4 million euro on equity.

(in millions of euro)	**Underlying item**		**Share price delta**	**Impact on the income statement**		**Impact on equity**
Available-for-sale equities	227.6		-5%			(11.4)

Net financial debt

Net financial debt at December 31, 2013 was 245,157 thousand euro, a decrease of 31,453 thousand euro from 276,610 thousand euro at December 31, 2012.

The breakdown of net financial debt was as follows:

(in millions of euro)	December 31, 2013	December 31, 2012	Change
Cash and cash equivalents	6,409	1,619	4,790
Financial assets due from Group	1,866	1,008	858
Treasury instruments and bonds - current	1,574	2,491	(917)
Treasury instruments and bonds - non-current	5,313	4,687	626
Mutual funds	615	10,249	(9,634)
Index-linked ETFs	1,637	1,511	126
Puts/calls on equities	108		108
Derivatives on initial margins	887		887
Prepayments and accrued income	382	687	(305)
Total financial assets	**18,791**	**22,252**	**(3,461)**
Bank loans	(261,341)	(228,979)	(32,362)
Financial liabilities vs subsidiaries	(1,889)	(68,809)	66,920
Interest-rate swaps	(364)	(802)	438
Puts/calls on equities	(141)		(141)
Accrued expenses and deferred income	(213)	(272)	59
Total financial liabilities	**(263,948)**	**(298,862)**	**34,914**
Net financial debt	**(245,157)**	**(276,610)**	**31,453**

Comparison between fair value and carrying amount

	December 31, 2013		December 31, 2012	
(in thousands of euro)	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Assets at fair value through profit or loss				
Cash and cash equivalents	6,409	6,409	1,619	1,619
Derivatives	995	995		
Equity investments, bonds and financial assets	5,815	5,815	15,354	15,354
Loans and receivables				
Trade receivables	4,989	4,989	6,652	6,652
Receivables and other non-current assets	5,326	5,326	4,700	4,700
Available-for-sale assets				
Non-current equity investments in other companies	264,699	264,699	205,879	205,879
Held-to-maturity investments				
Total	**288,233**	**288,233**	**234,204**	**234,204**
Financial liabilities				
Trade payables	2,253	2,253	3,670	3,670
Current financial liabilities	68,709	68,709	90,688	90,688
Bank overdrafts and short-term borrowings	157,591	157,591	58,823	58,823
Non-current financial liabilities	37,143	37,143	148,549	148,549
Interest-rate derivatives	506	506	802	802
Total	**266,202**	**266,202**	**302,532**	**302,532**

Fair Value – hierarchy

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

At December 31, 2013, financial instruments measured at fair value were as follows:

(in thousands of euro)	December 31, 2013	Level 1	Level 2	Level 3
Equity investments, bonds and financial assets	3,826	3,826		
Derivatives - assets	995	995		
Receivables and other non-current assets	5,313		5,313	
Non-current equity investments	264,699	227,622	13,645	23,432
Current financial liabilities	(226,300)		(226,300)	
Derivatives - liabilities	(506)	(142)	(364)	
Non-current financial liabilities	(37,143)		(37,143)	

Banca Leonardo fair value was estimated on the basis of market multiples and comparables.
The multiple was applied to the bank's average earnings (2010 – 2012) normalized to exclude non-recurring operations.
A change of ± 10% in these normalized earnings would generate a change in fair value of approximately ± 1.2 million euro. The change 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 2013.

The change in level 3 is set out in the table below:

(in thousands of euro)	Non-current equity investments	Total
Balance at December 31, 2012	**22,073**	**22,073**
Changes due to:		
Purchases/subscriptions		**0**
Fair value changes	1,889	**1,889**
Sales/reductions in capital	(530)	**(530)**
Total changes	**1,359**	**1,359**
Balance at December 31, 2013	**23,432**	**23,432**

Cash and cash equivalents

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Cash and checks on hand	11	12	(1)
Bank and postal accounts	6,398	1,607	4,791
Net amount	**6,409**	**1,619**	**4,790**

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.

Equity investments, bonds and financial assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Trading bonds	3,825	14,251	(10,426)
Current financial assets due from subsidiaries	1,866	1,008	858
Financial prepayments	96	68	28
Total	**5,787**	**15,327**	**(9,540)**

Trading bonds increased by 15,383 thousand euro upon uptake of the public offer for subscription of Mittel 6% bonds; they decreased by 2,491 thousand euro for repayment of the Ubi 2009/2013 bond, the sale of Mittel bonds for 13,897 thousand euro, the sale of Soprarno Inflazione for 9,686 thousand euro and the year-end fair value adjustment of 265 thousand euro.

Details of "Trading bonds" are illustrated in annex "C".

Trade receivables

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Customers	8	7	1
Associates	1,425		1,425
Subsidiaries	3,556	6,645	(3,089)
Total	**4,989**	**6,652**	**(1,663)**

Receivables referred in the main to Italian subjects.

Deferred tax assets

Deferred tax assets amounted to 52,448 thousand euro (65,879 thousand euro at December 31, 2012) 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. The amount calculated on the tax losses transferred from the subsidiaries, which represents the largest part of the balance, is offset by amounts due to subsidiaries, which are recorded under current liabilities. 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 income will be realized against which the past tax losses can be utilized.
The reduction was largely to impairment losses on assets previously recognized by the Group subsidiaries in the Italian tax consolidation system.

The temporary differences excluded from the determination of deferred tax assets and liabilities are as follows:

(in thousands of euro)	2013 amount	Tax effect	2012 amount	Tax effect
Provision for risks	5,408	772	8,645	1,662

Deferred tax assets have not been recorded since it is not expected that the existing provisions can be offset over a reasonably predictable timeframe.
Tax losses for which deferred tax assets have not been recorded amounted to 18.7 million euro.

Other non-current assets

"Other non-current assets" were as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Available-for-sale bonds	5,313	4,687	626
Guarantee deposits	13	13	
Total	**5,326**	**4,700**	**626**

The increase in available-for-sale bonds arose from measurement of Unicredit cashes at fair value.

Investments in subsidiaries and associates

The movements on this caption with respect to December 31, 2012, are illustrated below

(in thousands of euro)	
At December 31, 2012	**908,237**
Acquisitions	14,707
Increases for capital payment to Sirap Gema S.p.A.	15,000
Decreases for uptake of public exchange offer for Mittel bonds	(15,940)
Decreases for sales	(15,595)
Decreases on RCS S.p.A. for reclassification to Other companies	(31,090)
At December 31, 2013	**875,319**

Acquisitions of 14,707 thousand euro referred to subscription of RCS MediaGroup S.p.A. shares and rights.
Decreases for sales of 15,595 thousand euro were as follows: 14,409 euro for the sale of RCS MediaGroup S.p.A. shares and rights, 239 euro for the sale of the Aliserio S.r.l. equity investment and 947 euro for the sale of S.E.S. Società Editrice Sud S.p.A. shares.

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 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 (2014-2018) and on subsequent estimated terminal value.
The cash flow projections for the first year correspond to the 2014 budget figures; the projections for 2015/2018 are Sirap Gema S.p.A. management's best estimate compatibly with current strategy and trends and with the assumptions underlying the 2014 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 that were employed to calculate value in use of each CGU of the Sirap Gema Group (the figures for the Inline Poland CGU refer to flows in local currency):

	Weighted average cost of capital	Growth rate (g)
Rigid Division Italy CGU	8.10%	
Foamed Division CGU	7.76%	
Rigid Poland CGU	7.35%	2.00%
Sirap France CGU	7.54%	1.00%
Petruzalek Group CGU	9.48%	2.21%
Sirap Insulation CGU	10.12%	1.20%
Universal Imballaggi CGU	7.76%	1.20%

The nominal growth rates (g) used in the terminal value are aligned with the inflation rate or GDP growth rate forecast for 2018 for the countries/markets in which each CGU operates.

Equity value was ascertained at 42,669 thousand euro against a carrying amount of 29,878 thousand euro. No impairment losses were recognized.

Equity investments in subsidiaries and associates at December 31, 2013, are listed below:

Subsidiaries	**Location**	**% held**
Bravosolution S.p.A.	Bergamo	7.400
Ciments Français S.A.	Puteaux	2.729
Italcementi S.p.A. - ordinary shares	Bergamo	60.363
Italcementi S.p.A. - savings shares	Bergamo	2.856
Franco Tosi S.r.l.	Milan	100.00
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	100.00
Sirap Gema S.p.A.	Verolanuova	100.00
Société de Partecipation Financière Italmobiliare S.A.	Luxembourg	100.00
Associates		
S.E.S. Società Editrice Sud S.p.A.	Messina	29.358

Please refer to annexes “A” and “B” for further information on equity investments in subsidiaries and associates.

Other equity investments

This non-current asset heading reflects equity investments classified as “available-for-sale” as required by IAS 39. See Note 33 for details on the reclassification of RCS MediaGroup S.p.A..

(in thousands of euro)	
At December 31, 2012	**205,879**
Reclassification R.C.S. Mediagroup S.p.A.	26,131
Sales	(25,217)
Fair value taken to equity	58,007
Fair value taken to income statement (impairment losses)	(101)
At December 31, 2013	**264,699**

Sales amounting to 25,217 thousand euro were as follows: 530 thousand euro for distribution of reserves of the Banca Leonardo S.p.A. Group, 23,279 thousand euro for the sale of Unicredit S.p.A. shares and 1,408 thousand euro for the sale of Unione di Banche Italiane S.c.p.A. shares.

Fair value taken to reserves mainly reflects the measurement of Unicredit S.p.A. at 15,773 thousand euro and Mediobanca S.p.A. at 38,559 thousand euro, on the basis of their share price at December 31, 2013.
Fair value taken to the income statement chiefly refers to the reclassification of RCS MediaGroup S.p.A. (Note 33).
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.

The breakdown of other equity investments at December 31, 2013, was as follows:

(in thousands of euro)	N° of shares	December 31, 2013
Equity investments in listed companies		
Mediobanca S.p.A.	22,568,992	143,649
R.C.S. Media Group S.p.A.	16,250,663	21,461
Unione di Banche Italiane S.c.p.a.	2,318,792	11,419
Unicredit S.p.A.	9,482,683	51,094
Total		**227,623**
Equity investments in unlisted companies		
Ambienta S.p.A.	150	16
Atmos S.p.A. winding up	4,000	33
Atmos Venture S.p.A.	200,000	76
Compagnia Fiduciaria Nazionale S.p.A.	20,001	686
Emittenti Titoli S.p.A.	209,000	175
Fin Priv S.r.l.	2,857	13,645
Gruppo Banca Leonardo S.p.A.	7,576,661	11,614
Idrovia Ticino - Milano Nord - Mincio S.p.A. winding up	100	1
Imm.re Lido di Classe S.p.A.	45,991	
Immobiliare Astra S.p.A.	12,012	30
Sesaab S.p.A.	700,000	9,800
035 Investimenti S.p.A.	1,000,000	1,000
Total		**37,076**
Total equity investments		**264,699**

The analysis of movements in equity investments is shown in "Annex A".

Trade payables

"Trade payables" were as follows:

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Suppliers	1,666	2,995	(1,329)
Group companies	587	675	(88)
Total	**2,253**	**3,670**	**(1,417)**

Financial liabilities

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

(in thousands of euro)	December 31, 2013	December 31, 2012	Change
Amounts due to banks (medium/long-term)	37,143	148,549	(111,406)
Bank overdrafts and short-term borrowings	157,591	58,823	98,768
Current financial liabilities	68,709	90,688	(21,979)
Interest-rate derivatives	506	802	(296)
Total financial liabilities	**263,949**	**298,862**	**(34,913)**

The reduction in financial liabilities arose mainly from the cancellation and stipulation of loans.

Italmobiliare loans and borrowings regulated at Euribor-indexed floating rates are hedged by a floating- to fixed interest-rate swap for a notional amount of 22.9 million euro, expiring at December 31, 2015. This contract is classified under trading financial instruments.
The fair value of this derivative at December 31, 2013 stood at -364 thousand euro.

Main bank loans and lines of credit

The main borrowings were as follows:

(in thousands of euro)		December 31, 2013	December 31, 2012	Change
With collateral security:				
Other loans				
- Banca Leonardo	maturity 03/28/2013		21,606	(21,606)
- Banca Leonardo	maturity 04/11/2014	29,464		29,464
- Sogen Paris Unicredit shares	maturity 11/21/2014		37,120	(37,120)
Total		**29,464**	**58,726**	**(29,262)**
Without collateral security				
- Intesa San Paolo S.p.A.	maturity 12/31/2015	37,143	111,429	(74,286)
- Intesa San Paolo S.p.A.	maturity 12/31/2014	37,143		37,143
- Intesa San Paolo S.p.A.	short term	59,591	58,823	768
- Credito Bergamasco S.p.A.	short term	35,000		35,000
- Banca Popolare di Bergamo	short term	25,000		25,000
- B.N.L. Brescia	short term	38,000		38,000
Total		**231,877**	**170,252**	**61,625**
Total loans and borrowings		**261,341**	**228,978**	**32,363**

The change refers to the cancellation of loans, the scheduled repayment with Intesa Sanpaolo and a new loan provided by Banca Leonardo Group which matures on April 11, 2014.

Non-recurring transactions

The tables below itemize the main non-recurring transactions and their impact on equity, net financial debt and profit (loss) for the year:

(in thousands of euro)	12/31/2013					
	Equity		**Profit for the year**		**Net financial debt**	
		%		**%**		**%**
Carrying amounts	**900,054**		**1,716**		**(276,610)**	
Net gains from the sale of non-current assets						
Other non-recurring income (expense)	3,939	0.44%	3,939	n.s.	(300)	0.11%
Tax on non-recurring transactions						
Total	**3,939**	**0.44%**	**3,939**	**n.s.**	**(300)**	**0.11%**
Figurative amount without non-recurring transactions	**896,115**		**(2,223)**		**(276,310)**	

(in thousands of euro)	12/31/2012					
	Equity		**Loss for the year**		**Net financial debt**	
		%		**%**		**%**
Carrying amounts	**840,983**		**(66,737)**		**(276,610)**	
Net gains from the sale of non-current assets	8	n.s.	8	-0.01%	21	-0.01%
Other non-recurring expense	(2,901)	-0.34%	(2,901)	4.35%	(301)	0.11%
Tax on non-recurring transactions						
Total	**(2,893)**	**-0.34%**	**(2,893)**	**4.33%**	**(280)**	**0.10%**
Figurative amount without non-recurring transactions	**843,876**		**(63,844)**		**(276,330)**	

n.s.= not significant

Audit fees

A breakdown is set out below of the fees paid in 2013 to the independent auditors, as per CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, paragraph 1:

Services provided (in thousands of euro)	**KPMG**
Audit services	287
Non-audit services	21
Total	**308**

Transactions with related parties

The figures at December 31, 2013, for transactions with related parties are set out in the table below:

Receivables and payables with related parties

(euro) Description	Company	Amount	% impact on carrying amount	Carrying amounts	Reference
Trade receivables	Franco Tosi S.r.l.	45,687			
Subsidiaries	Finter Bank Zurich S.A.	39,188			
	Italcementi S.p.A.	3,088,890			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	28,065			
Trade receivables	Sirap Gema S.p.A.	354,367			
Associates	S.E.S.-Società Editrice Sud	1,424,708			
Total trade receivables		**4,980,905**	**99.84%**	**4,988,741**	**Note 8**
Other receivables					
Other non-current assets		**0**	**0.00%**	**5,325,818**	**Note 7**
Receivables for the tax consolidation system	Escavazione Sabbia e Affini Monviso S.p.A.	9,940			
Subsidiaries	Franco Tosi S.r.l.	65,642			
	Gruppo Italsfusi S.r.l.	56,290			
	Italgen S.p.A.	9,011,579			
	Sirap Insulation S.p.A.	855,636			
Prepayments and accrued income	Franco Tosi S.r.l.	11,206			
Subsidiaries	Italcementi S.p.A.	6,006			
Total other current assets including derivatives		**10,016,299**	**81.00%**	**12,366,207**	**Note 9**
Current account receivables	Sirap Gema S.p.A.	1,865,995			
Subsidiaries					
Total current financial assets		**1,865,995**	**32.09%**	**5,815,126**	**Note 11**
Current account payables	Franco Tosi S.r.l.	(796,490)			
Subsidiaries	Italcementi S.p.A.	(4,640)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(1,088,335)			
Total financial liabilities		**(1,889,465)**	**2.75%**	**(68,709,494)**	**Note 18**

(euro) Description	Company	Amount	% impact on carrying amount	Carrying amounts	Reference
Trade payables	Bravosolution S.p.A.	(9,000)			
Subsidiaries	Finter Bank Zurich S.A.	(5,791)			
	Franco Tosi S.r.l.	(474,653)			
	Italcementi S.p.A.	(97,494)			
	Other related parties	(5,200)			
Total trade payables		**(592,138)**	**26.28%**	**(2,253,043)**	**Note 22**
Payables for tax consolidation system	Bravosolution S.p.A.	(354,683)			
Subsidiaries	Calcestruzzi S.p.A.	(3,580,513)			
	Ing. Sala S.p.A.	(1,245,384)			
	Italcementi S.p.A.	(63,530,852)			
	Italcementi Ingegneria S.r.l.	(70,573)			
	Nuova Sacelit S.r.l.	(11,268,028)			
	Sama S,p.A.	(455,535)			
	Sirap Gema S.p.A.	(1,396,451)			
Other payables	Bravosolution S.p.A.	(13,611)			
Subsidiaries	Franco Tosi S.r.l.	(31,870)			
	Italcementi S.p.A.	(16,971)			
Total other non-current liabilities		**(81,964,471)**	**100.00%**	**(81,966,855)**	**Note 20**

COMMITMENTS WITH RELATED PARTIES

Description	**Company**	**Amount**
Letters of patronage to	Sirap Gema S.p.A.	12,125,000
	Sirap Insulation S.r.l.	4,500,000
Subsidiaries	Soparfi S.A.	8,283,632
Total commitments		**24,908,632**

REVENUE AND EXPENSE WITH RELATED PARTIES

Description	Company	Amount	% impact on carrying amount	Carrying amounts	Reference
Dividends	Ciments Français S.A.	2,931,153			
Subsidiaries	Italcementi S.p.A.	6,595,530			
	Franco Tosi S.r.l.	50,000			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	202,529			
	Soparfi S.A.	8,825,145			
Total dividends		**18,604,357**	**90.25%**	**20,615,079**	**Note 24**
Current account and financial interest income and other income	Italcementi S.p.A.	13			
Subsidiaries	Sirap Gema S.p.A.	9,472			
Total interest income		**9,485**	**0.59%**	**1,602,724**	**Note 24**
Recovery of cost of services	Ciments Français S.A.	40,000			
Subsidiaries	Finter Bank Zurich S.A.	243,861			
	Franco Tosi S.r.l.	90,321			
	Italcementi S.p.A.	4,885,794			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	50,472			
	Sirap Gema S.p.A.	659,836			
	Sirap Insulation S.r.l.	17,000			
Total services		**5,987,284**	**97.21%**	**6,159,178**	**Note 24**
Total revenue		**24,601,126**	**86.69%**	**28,376,981**	**Note 24**
Other revenue	Bravosolution S.p.A.	57,331			
Subsidiaries	Franco Tosi S.r.l.	145,953			
	Italcementi S.p.A.	82,362			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	2,868			
Total other revenue		**288,514**	**15.81%**	**1,825,129**	**Note 25**

Description	Company	Amount	% impact on carrying amount	Carrying amounts	Reference
Services	Finter Bank Zurich S.A.	(24,203)			
Subsidiaries	Franco Tosi S.r.l.	(1,022,224)			
	Italcementi S.p.A.	(314,132)			
	Other related parties	(24,973)			
Total services		**(1,385,532)**	**33.32%**	**(4,158,745)**	**Note 27**
Current account and financial interest expense	Franco Tosi S.r.l.	(994)			
Subsidiaries	Italcementi S.p.A.	(857)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(1,300)			
	SO.PAR.FI S.A.	(245,958)			
Total other operating expense		**(249,109)**	**1.45%**	**(17,193,459)**	**Note 29**
Other related parties	(endowment to Fondazione Italcementi)	(300,000)			
Total other non-recurring income/expense		**(300,000)**	**-7.62%**	**3,939,455**	**Note 30**
Interest expense on trade payables	Bravosolution S.p.A.	(319)			
Subsidiaries	Franco Tosi S.r.l.	(718)			
	Italcementi S.p.A.	(373)			
Total net finance costs		**(1,410)**	**7.07%**	**(19,933)**	**Note 32**

Impact of transactions with related parties on cash flows

	Cash flows	
(in thousands of euro)	**Amount**	**%**
Cash flow from operating activities with related parties	12,049	n.s.
Total A) - from statement of cash flows	8,703	
Cash flow used in investing activities with related parties	(13,575)	-62.5%
Total B) - from statement of cash flows	21,704	
Cash flow used in financing activities with related parties	(67,779)	n.s.
Total C) - from statement of cash flows	(25,617)	
Change in cash and cash equivalents with related parties	**(69,305)**	
Change in cash and cash equivalents from statement of cash flows (A+B+C)	**4,790**	

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 and the chief operating officer of Italmobiliare S.p.A. (key management personnel) for positions held:

(euro)	**2013**	**2012**
Short-term benefits: fees and remuneration	4,561,784	4,456,916
Post-employment benefits	2,578,962	1,126,015
Other long-term benefits	(3,807)	14,591
Share-based payments (stock options)	341,423	547,450
Total	**7,478,362**	**6,144,972**

No significant events have taken place since the reporting date that require amendments to or additional comments on Italmobiliare S.p.A's financial position and results of operations as at and for the year ended December 31, 2013.

Annex A

Statement of changes in the financial statements of equity investments in subsidiaries, associates and other companies at December 31, 2013

(euro)

Equities and interests	Position at 1/1/2013		Additions		Decreases	
Subsidiaries	**Quantity**	**Amounts**	**Quantity**	**Amounts**	**Quantity**	**Amounts**
Aliserio S.r.l.	227,000	238,788			227,000	238,788
BravoSolution S.p.A.	2,389,332	3,222,666				
Ciments Français S.A.	977,051	62,507,254				
Italcementi S.p.A. - ordinary shares	106,914,000	416,155,099				
Italcementi S.p.A. - savings shares	3,011,500	33,092,016				
Franco Tosi S.r.l.	260,000	258,228				
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	1,300,000	1,558,523				
Sirap Gema S.p.A.	3,298,625	14,878,428		15,000,000 (4)		
Société de Participation Financière Italmobiliare S.A.	5,294,286	319,373,498				
Total subsidiaries		**851,284,500**		**15,000,000**		**238,788**
Associates						
Mittel S.p.A.	8,790,702	15,940,272			8,790,702	15,940,272 (5)
R.C.S. Media Group S.p.A.	54,691,627	30,791,386	16,250,663	14,707,154	70,942,290	45,498,540 (7)
R.C.S. Media Group S.p.A. - rights			8,153,495	14,219,695	8,153,495	14,219,695 (7)
S.E.S. Società Editrice Sud S.p.A.	30,460	10,221,643			2,824	947,667 (3)
Total associates		**56,953,301**		**28,926,849**		**76,606,174**
Other companies						
Ambienta S.p.A.	150	16,397				
Atmos S.p.A. winding up	4,000	33,650				
Atmos Venture S.p.A.	200,000	80,566				
Compagnia Fiduciaria Nazionale S.p.A.	20,001	507,276				
Emittenti Titoli S.p.A.	209,000	160,931				
Fin.Priv. S.r.l.	2,857	10,237,408				
Gruppo Banca Leonardo S.p.A.	7,576,661	10,443,600				530,366 (2)
Idrovia Ticino Milano Nord Mincio S.p.A. winding up	100	568				
Immobiliare Lido di Classe S.p.A.	45,991	1				
Immobiliare Astra S.p.A.	12,012	29,926				
Mediobanca S.p.A.	22,568,992	105,090,254				
R.C.S. Media Group S.p.A.			16,250,663	31,090,245		
Sesaab S.p.A.	700,000	9,800,000				
UniCredit S.p.A. - ordinary shares	15,732,683	58,599,524			6,250,000	23,279,375
Unione di Banche Italiane S.c.p.a.	2,818,792	9,878,457			500,000	1,406,950
035 Investimenti S.p.A.	1,000,000	1,000,000				
Total other companies		**205,878,558**		**31,090,245**		**25,216,691**
Total equity investments		**1,114,116,359**		**75,017,094**		**102,061,653**

(*) of ordinary capital
(1) controlled through Italcementi S.p.A.
(2) distribution share premium
(3) sale of shares to S.E.S. for share buyback
(4) capital contribution payment
(5) decrease for uptake of public exchange offer for Mittel 6% bonds
(6) reduction Soparfi share capital (reduction share)
(7) share sale for 188,602, detachment of rights for 14,219,695 and reclassification for 31,090,245 to Other companies

Changes in fair value	Impairment losses	Interest held	Position at 12/31/2013		Gains/(losses) on sales	
Amounts	Amounts	%	Quantity	Amounts	Amounts	**Subsidiaries**
			--	--	3,212	Aliserio S.r.l.
		7.400 [1]	2,389,332	3,222,666	--	BravoSolution S.p.A.
		2.729 [1]	977,051	62,507,254	--	Ciments Français S.A.
		60.363 [*]	106,914,000	416,155,099	--	Italcementi S.p.A. - ordinary shares
		2.856	3,011,500	33,092,016	--	Italcementi S.p.A. - savings shares
		100.000	260,000	258,228	--	Franco Tosi S.r.l.
		100.000	1,300,000	1,558,523	--	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
		100.000	3,298,625	29,878,428	--	Sirap Gema S.p.A.
		100.000	833,333 [6]	319,373,498	--	Société de Participation Financière Italmobiliare S.A.
--	**--**			**866,045,712**	**3,212**	**Total subsidiaries**
						Associates
			--	--	--	Mittel S.p.A.
			--	--	41,104	R.C.S. Media Group S.p.A.
			--	--	(9,196,166)	R.C.S. Media Group S.p.A. - rights
		29.358	27,636	9,273,976	1,901,749	S.E.S. Società Editrice Sud S.p.A.
--	**--**			**9,273,976**	**(7,253,313)**	**Total associates**
						Other companies
374		1.000	150	16,771	--	Ambienta S.p.A.
		1.818	4,000	33,650	--	Atmos S.p.A. winding up
	(4,847)	9.090	200,000	75,719	--	Atmos Venture S.p.A.
178,672		16.668	20,001	685,948	--	Compagnia Fiduciaria Nazionale S.p.A.
14,084		2.549	209,000	175,015	--	Emittenti Titoli S.p.A.
3,408,033		14.285	2,857	13,645,441	--	Fin.Priv. S.r.l.
1,700,758		2.894	7,576,661	11,613,992	--	Gruppo Banca Leonardo S.p.A.
		0.200	100	568	--	Idrovia Ticino Milano Nord Mincio S.p.A. winding up
		18.036	45,991	1	--	Immobiliare Lido di Classe S.p.A.
42		1.784	12,012	29,968	--	Immobiliare Astra S.p.A.
38,559,123		2.621	22,568,992	143,649,377	--	Mediobanca S.p.A.
(4,670,440)	(4,959,179)	3.824	16,250,663	21,460,626	--	R.C.S. Media Group S.p.A.
		7.000	700,000	9,800,000	--	Sesaab S.p.A.
15,773,495		0.164 [*]	9,482,683	51,093,644	9,874,455	UniCredit S.p.A. - ordinary shares
3,043,377	(96,225)	0.257	2,318,792	11,418,659	974,900	Unione di Banche Italiane S.c.p.a.
		10.000	1,000,000	1,000,000	--	035 Investimenti S.p.A.
58,007,518	**(5,060,251)**			**264,699,379**	**10,849,355**	**Total other companies**
58,007,518	**(5,060,251)**			**1,140,019,067**	**3,599,254**	**Total equity investments**

Annex B
List of equity investments in subsidiaries and associates at December 31, 2013 (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 %
Subsidiaries						
BravoSolution S.p.A.	Bergamo	€	32,286,398	41,431,424	533,449	7.400 (1)
Ciments Français S.A.	Puteaux	€	143,193,000	2,488,894,000	47,425,000	2.729 (1)
Italcementi S.p.A. ordinary shares	Bergamo	€	177,117,564	1,360,172,783	(115,225,699)	60.363
Italcementi S.p.A. savings shares	Bergamo	€	105,431,378	1,360,172,783	(115,225,699)	2.856
Franco Tosi S.r.l.	Milan	€	260,000	946,406	85,755	100.000
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	€	1,300,000	1,814,120	254,118	100.000
Sirap Gema S.p.A.	Verolanuova	€	17,020,905	9,001,221	(6,812,776)	100.000
Société de Participation Financière Italmobiliare S.A.	Luxembourg	€	19,999,992	427,879,997	(20,812,297)	100.000
Total subsidiaries						
Associates						
S.E.S. Società Editrice Sud S.p.A.	Messina	€	10,695,505	70,312,877	(1,807,362) (2)	29.358
Total associates						

(1) controlled through Italcementi S.p.A.
(2) as at 12/31/2012

Reasons for negative difference in final column:
- BravoSolution S.p.A.: carrying amount maintained because lower than recoverable amount
- Sirap Gema S.p.A.: carrying amount maintained because lower than recoverable amount

Number shares or quotas	Nominal unit value (in euro)	Carrying amount Unit (in euro)		Total 000 € (A)	Value as per art. 2426 no.4 Ital.C.Code 000 € (B)	Difference 000 € (B) – (A)	
							Subsidiaries
2,389,332	1.00	1.35	3,222,666	3,223	2,371	(852)	BravoSolution S.p.A.
977,051	4.00	63.98	62,507,254	62,507	76,637	14,130	Ciments Français S.A.
106,914,000	1.00	3.89	416,155,099	416,155	1,028,737	612,582	Italcementi S.p.A. ordinary shares
3,011,500	1.00	10.99	33,092,016	33,092	33,092	--	Italcementi S.p.A. savings shares
260,000	1.00	0.99	258,228	258	950	692	Franco Tosi S.r.l.
1,300,000	1.00	1.20	1,558,523	1,559	1,815	256	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
3,298,625	5.16	9.06	29,878,428	29,878	13,368	(16,510)	Sirap Gema S.p.A.
833,333	24.00	383.25	319,373,498	319,373	460,237	140,864	Société de Participation Financière Italmobiliare S.A.
			866,045,712	**866,045**	**1,617,207**	**751,162**	**Total subsidiaries**
							Imprese collegate
27,636	56.81	335.58	9,273,976	9,274	20,642	11,368	S.E.S. Società Editrice Sud S.p.A.
			9,273,976	**9,274**	**20,642**	**11,368**	**Total associates**

Annex C
Statement of changes in bonds during 2013

(euro)	Position at 01.01.2013	Additions	Decreases	Change in fair value	Position at 12.31.2013
Available-for-sale portfolio					
Other variable-income securities	4,687,000			626,000	5,313,000
Total	**4,687,000**	**--**	**--**	**626,000**	**5,313,000**

	Position at 01.01.2013	Additions	Decreases	Change in fair value	Position at 12.31.2013
Trading portfolio					
Other variable-income securities	11,759,219		9,686,334	179,469	2,252,354
Other fixed-income securities	2,491,477	15,383,729	16,387,324	86,183	1,574,065
Total	**14,250,696**	**15,383,729**	**26,073,658**	**265,652**	**3,826,419**

The position at December 31, 2013 was equal to market value at December 31, 2013.

Annex D
Comparison of carrying amount and market prices at December 31, 2013, for equity investments in companies with listed shares

(euro) **Equity securities**	**Number of shares**	**Carrying amount**	**Unit carrying amount**	**Unit fair value at December 31, 2013**	**Fair value at December 31, 2013**
Subsidiaries					
Italcementi S.p.A. - ordinary shares	106,914,000	416,155,099	3.892	6.2618	669,474,085
Italcementi S.p.A. - savings shares	3,011,500	33,092,016	10.989	3.4019	10,244,822
Ciments Français S.A.	977,051	62,507,254	63.975	55.29	54,021,150
		511,754,369			**733,740,057**
Associates					
		-			-
Other companies					
Mediobanca S.p.A.	22,568,992	143,649,377	6.3649	6.3649	143,649,377
R.C.S. Media Group S.p.A.	16,250,663	21,460,626	1.3206	1.3206	21,460,626
Unione di Banche Italiane S.c.p.a.	2,318,792	11,418,659	4.9244	4.9244	11,418,659
UniCredit S.p.A. - ordinary shares	9,482,683	51,093,644	5.3881	5.3881	51,093,644
		227,622,306			**227,622,306**
Treasury shares (deducted against equity)					
Italmobiliare S.p.A. - ordinary shares (*)	871,411	20,830,105	23.904	24.8256	21,633,301
Italmobiliare S.p.A. - savings shares	28,500	396,085	13.898	14.4271	411,172
		21,226,190			**22,044,473**

(*) of which 817,711 servicing stock option plans

Annex E
Reconciliation between the theoretical tax charge and effective tax charge reflected in the income statement

	(in thousands of euro)			
A)	**Profit before tax at December 31, 2013**			**4,265**
B)	Current IRES tax rate	**27.5%**		
C)	**Theoretical IRES tax (AxB)**			**-1,173**
	Tax effects on permanent differences:			
D)	- non deductible			-7,232
	- non taxable/exempt			8,266
			tot. D)	1,034
E)	Deferred tax assets / liabilities generated in the year:			
	- unrecorded deferred tax liabilities on taxable temporary differences			-4,057
	- unrecorded deferred tax assets on deductible temporary differences			
	- unrecorded deferred tax assets on tax loss			
			tot. E)	-4,057
F)	Recovery in year of deferred tax assets not recognized in prior years on deductible temporary differences and/or tax losses		tot. F)	0
G)	Other taxes (prior-year taxes)		tot. G)	-1,614
H)	Other changes		tot. H)	139
	Total		**(C+D+E+F+G+H)**	**-5,671**
I)	Other taxes (prior-year taxes)			3,122
L)	**Effective tax charge recognized in the income statement for 2013**			**-2,549**

Annex F
Analysis of equity line items at December 31, 2013

(in thousands of euro) **Nature/description**	**Amount**	**Possible uses**	**Available amount**	**Summary of uses in three previous years**	
				to cover losses	**other**
Share capital	**100,167**				
Reserves:					
Share premium	177,191	A, B, C	177,191		
Stock options	11,971	-			
AFS fair value reserve	14,240	-	-		
Total reserves	**203,402**	**-**	**177,191**		
Treasury shares at cost	**(21,226)**	**-**			
Retained earnings					
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 Pres.Decrees DPR 597/1973 and 917/86	-	A, B, C	-	(1,771)	
Reserve as per art.54 Pres.Decrees 597/1973 and 917/86	-	A, B, C	-	(185)	
Reserve art.33 law 413/91	-	A, B, C	-	(3)	
Reserve art.34 law 576/75	60,087	A, B, C	60,087	(33,155)	
Legal reserve	20,034	B			
Extraordinary reserve	310,757	A, B, C	310,757		
Retained earnings	151,563	A, B, C	151,563		
Translation reserve	-	A, B, C			
Reserve as per art.7 law 38/2005	15,839	A, B, C	15,839		
Profit for the year	1,716		1,716		
Total retained earnings	**617,711**		**597,677**	**(124,037)**	
Total			**774,868**		
Non-distributable portion **- art. 2426 no. 5 Italian Civil Code**					
Residual distributable portion			**774,868**		

Key:
A: for share capital increase
B: to cover losses
C: for distribution to shareholders

ATTESTAZIONE 154

Report of the Board of Statutory Auditors to the shareholders' meeting in compliance with art. 153 of Legislative Decree 58/1998 and art. 2429, paragraph 2, of the Italian Civil Code

Milan, April 15, 2014

To the Shareholders,
In compliance with article 153 of Legislative Decree 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 operations performed during the year, as well as on any omissions and censurable facts that may have been observed. The Board of Statutory Auditors may also formulate proposals pertaining to the financial statements and their approval, as well as to issues within its sphere of competence.
During the financial year, the Board of Statutory Auditors carried out its supervisory activities in compliance with the provisions of current law, the code of conduct recommended by the National Board of Accountants and the Consob guidelines.

* * *

Appointment and meetings of the Board of Statutory Auditors
The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of May 25, 2011, and its members are Francesco Di Carlo (Chairman), Angelo Casò and Leonardo Cossu. Enrico Locatelli, Luciana Ravicini and Paolo Ludovici are substitute auditors.
The Board of Statutory Auditors has held 14 meetings since its previous report (April 12, 2013) and 14 meetings in 2013. The entire Board or in any case some of its members also attended all the meetings of the Board of Directors, the Executive Committee, the Control & Risks Committee and the Remuneration Committee.

Significant events during the financial year
As regards significant events during the financial year ended at December 31, 2013, the reader is referred to the Directors' Report on Group operations which, to the knowledge of the Board of Statutory Auditors, comprehensively outlines the most significant events regarding the Italmobiliare Group.

Atypical or unusual transactions
The Board of Statutory Auditors found no evidence of atypical or unusual transactions during the course of its supervisory activities.

Intragroup or related party transactions
In compliance with article 2391-bis of the Italian Civil Code and 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". During the year, some minor amendments were made to the procedure for transactions with related parties, to broaden its scope of application. The Committee for Transactions with Related Parties is also evaluating the procedure adopted by the company in light of the experience acquired with regard to transactions with related parties since the introduction of the relevant regulations, and considering the activities of the company, in order to identify and, if necessary, present to the company Board of Directors any further areas to be updated.

The Board of Statutory Auditors deems the procedure for transactions with related parties adopted by the company and published on its website to be essentially adequate with respect to the provisions of current regulations, market practice and the characteristics of the company. The Board concurs with the amendments made during the year and with the decision of the Committee for Transactions with Related Parties to continue its evaluation of the company procedure.
During financial year 2013 no transactions with related parties were entered into that, in compliance with the procedure for transactions with related parties, required the opinion of the Committee for Transactions with Related Parties. Consequently, the Committee met solely for the purpose of evaluating the relevance of the procedure and of proposing amendments to it to the Board of Directors.
In financial year 2013, to the extent of our knowledge, intragroup transactions essentially consisted of reciprocal administrative services and consultancy on legal, organizational, leasing and financial matters. No anomalies emerged from the Board of Statutory Auditors' analysis of the information made available to it.

Supervisory activities in accordance with the Consolidated Legal Auditing Act "Testo Unico della Revisione Legale dei conti"
The Board of Statutory Auditors, identified under Legislative Decree 38/2010 as the "Control and Risks and Legal Audit Committee", 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 preparing the company's financial reports and with the Head of Internal Audit (who, in turn, monitors the financial disclosure process), obtaining from them evidence about the process used to prepare financial disclosures, about the company administrative and accounting procedures and about the reporting process adopted by the subsidiary companies, also in accordance with article 114 paragraph 2 of Legislative Decree 58/98 and article 36 of Consob regulation 16191/2007.
The supervisory activities carried out did not reveal any deficiencies or facts to be reported to the shareholders.

ii) Supervision of the effectiveness of the internal control, internal audit and risk management systems
The Board of Statutory Auditors periodically met the Control & Risks Committee to exchange information on the activities carried out by the two bodies, attended its meetings and also held joint control meetings with the Committee.
As part of its supervisory duties, the Board of Statutory Auditors periodically met the Head of Internal Audit, on some occasions jointly with the Control & Risks Committee, and obtained updates on the execution of the audit plan, on the audit activities performed and the outcome. The Board also received from the Head of Internal Audit 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 Internal Audit, the Board of Statutory Auditors ascertained the adequacy and operation of the company internal control system, compliance with law and with company procedures and processes, and the implementation of the relevant improvement plans. The Board also observed that the company had adopted in full the recommendations made by PricewaterhouseCoopers after its Quality Assessment Review of the company internal control system, to which the Board made reference in the annual report for financial year 2012.
During the period under review in this report, particular attention was again paid to the subsidiary Finter Bank, which has its own internal audit function. Further details are provided below.

The Board of Statutory Auditors received and examined the Audit Plan for financial year 2014, which it deems adequate.

The Board of Statutory Auditors examined the report prepared by the independent auditors in accordance with article 19, paragraph 3, Legislative Decree 39/2010, on the fundamental issues arising from the legal audit, which encountered no significant deficiencies in the internal control system in relation to the financial disclosure process.

Regarding the subsidiary companies excluded from the company's audit plan since they have their own audit departments, whose reports are examined and assessed by the Head of Internal Audit and the Control & Risks Committee, attention is drawn to the following points:
- in relation to Italcementi, as part of the exchange of information, the Board of Statutory Auditors of the subsidiary informed us that the Internal Audit department of Italcementi is adequate;
- in relation to Finter Bank, we, together with the Control & Risks Committee, continued our monitoring of the weaknesses in the control system found in the previous year during the checks performed by the bank's controllers. These weaknesses also came to the attention of the Swiss supervisory authority (FINMA). During 2013, we requested and obtained from the company's Chief Executive Officer, Chief Operating Officer, Manager in charge of preparing the financial reports and Head of Internal Audit continuous updates on the results of further checks on the weaknesses that had emerged and the remedial action taken by the bank's governing bodies. On several occasions, we, together with the Control & Risks Committee, met Finter Bank representatives and control functions to obtain updates on the action taken to remedy the weaknesses in the system. To the extent of our knowledge, important changes have been made in the bank's management and, while room for improvement remains, a number of measures agreed with the FINMA have been introduced to remove the weaknesses in question.
- also with regard to Finter Bank, the Board of Statutory Auditors jointly with the Control & Risks Committee took steps to improve the flow of information from the Finter Bank internal audit department and, generally, from the parties that form the bank's control system, to the company internal audit department. It ascertained that the Head of Internal Audit has reached an agreement with the relevant departments of the bank regarding the frequency and content of the information they send to ensure adequate, albeit indirect, monitoring of the subsidiary's system of internal controls.

A significant new development in 2014 is the stipulation of an agreement between Italcementi and Italmobiliare regulating the partial temporary deployment of personnel from the Italcementi internal audit department to Italmobiliare. The agreement meets the need for qualified personnel at Italmobiliare, after the loss of two resources in its internal audit department. Given (i) that the internal control system is deemed adequate by the Control & Risks Committee, which assessed this organizational solution and the contractual arrangements between the two companies; (ii) that the organizational solution, and therefore the number of resources (internal and deployed from Italcementi) at the company internal audit department, is deemed adequate by the Head of Internal Audit; (iii) that – as confirmed by the Italcementi Board of Statutory Auditors in the information exchanged between the two bodies – the Italcementi internal audit department is well staffed and has adequate competences, we believe that the agreement in question is an appropriate solution to guarantee the adequacy of the company's internal control system. The Board of Statutory Auditors will monitor execution of the agreement and ascertain over time that it is a suitable solution and the correct functioning of the company internal control system.

Also in light of the information supplied to the Board of Statutory Auditors by the Control & Risks Committee and by the Head of Internal Audit, and of the information received from the Italcementi Board of Statutory Auditors regarding the articulation of the subsidiary's internal audit department and the competences of its resources, the powers, resources and tools made available to the Head of Internal Audit by the company Board of Directors are adequate and appropriate.

In light of the results of our activities, the information obtained from the Control & Risks Committee and the disclosures of that Committee in its annual report, the content of the report prepared by the independent auditors in compliance with article 19, paragraph 3, Legislative Decree 39/2010, supported by our discussions with the independent auditors, as well as the information acquired from the Board of Statutory Auditors of Italcementi (regarding the internal control system of the main subsidiary), and the relevant bodies of Finter Bank, the Board of Statutory Auditors deems the internal control system and – in light of the above-mentioned agreement between Italmobiliare and Italcementi – the internal control system and the internal audit function to be adequate and effective.

The company has not established a specific risk management function, delegating this task to the various operating departments. At the same time, we learned from the Italcementi Board of Statutory Auditors that the risk management system of the company's main subsidiary continues to be detailed and effective. Consequently, it is our opinion that operating risks are adequately monitored at Group level, although the need for an autonomous risk management department will need to be re-examined in the future, in the light of Group developments and the operating environment, so as to ensure adequate control of the potential risks arising from the activities of the company and its subsidiaries.

The Board of Statutory Auditors also observed that formalization has begun of the guidelines for the company's internal control and risk management system, which – once adopted – will also provide a point of reference for the subsidiaries with their own internal control systems and departments.

iii) Supervision of the legal auditing of the separate financial statements and the consolidated financial statements

The Board of Statutory Auditors periodically met the senior managers of the independent auditors (KPMG S.p.A.) to exchange information as planned. During the meetings, we were informed about the fundamental issues that arose during the audit, which concerned measurement questions and, in particular, impairment procedures. We were advised that, during the audit, no significant deficiencies emerged in the internal control system in terms of the financial disclosure process, also with regard to article 19, paragraph 3 of Legislative Decree 39/2010.

iv) Supervision of the independence of the independent auditors, especially 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 of the Italmobiliare Group. The existing procedure provides protection against the acceptance of mandates that might prejudice the independence of KPMG and is in line with the market standards known to the members of the Board of Statutory Auditors.

The Board of Statutory Auditors also received from the independent auditors their annual statement of independence, in compliance with article 17, paragraph 9, clause a), of Legislative Decree 39/2010.

The independent auditors disclosed to the Board of Statutory Auditors the fees it received and those received by Italian and non-Italian companies in the KPMG network, and specified the amounts relating to activities other than auditing. During the financial year to December 31, 2013, KPMG S.p.A. and the companies in the KPMG network received from the Italmobiliare Group a total amount of 3,454 thousand euro, broken down as follows: 2,949 thousand euro for auditing services and 505 thousand euro for other services. From January 1, 2014 to the date of this report, the companies in the KPMG network provided Italmobiliare S.p.A. with no services other than legal auditing.

The non-auditing services provided to the Group by companies belonging to the KPMG network do not, in our opinion, prejudice the independence of the independent auditors.

Separate and consolidated financial statements

As regards the separate and the consolidated financial statements as at and for the year ended December 31, 2013, while the duties of the legal audit and, therefore, the opinion on the separate and the consolidated financial statements are the exclusive domain of the independent auditors, KPMG, it should be noted that:

- the Board of Statutory Auditors supervised the Board of Directors' compliance with the procedural regulations regarding the preparation of the separate and the consolidated financial statements, as well as their general layout and their overall compliance with law in terms of form and structure. We have no observations to make in this regard;
- the separate and the consolidated financial statements as at and for the year ended December 31, 2013, were prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, in force at December 31, 2013, which are duly illustrated in the notes. The notes also illustrate the standards, amendments and interpretations endorsed by the European Union after December 31, 2012 (attention is drawn to the impact on consolidated equity of IAS 19 Revised);
- 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 financial year 2013 the company paid particular attention to testing for impairment;
- the provisions of article 154-ter, paragraph 1-ter, Legislative Decree 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 and the consolidated financial statements as at and for the year ended December 31, 2012 and takes note of:

- the opinions on the separate and the consolidated financial statements contained therein, from which it emerges that the separate and consolidated financial statements comply with the regulations governing their preparation and give a true and fair view of the financial position and the results of operations, both of the company and at the consolidated level;
- the absence of disclosure recalls;
- the opinion of consistency of the Directors' Report on operations and the Directors' Report on Group operations with, respectively, the separate and the consolidated financial statements, as well as with the information contained in the Report on corporate governance and ownership structure, insofar as they relate to the provisions of article 123-bis, paragraph 1 clauses c), d), f), l) and n) and paragraph 2 clause b), of Legislative Decree 58/98.

The Board of Statutory Auditors also examined the certifications prepared by the Chief Executive Officer and the Manager in charge of preparing the company's financial reports in accordance with article 154-bis, paragraph 5, Legislative Decree 58/98 regarding the separate and the consolidated financial statements and took note of the completeness of their content.

Directors' reports on operations and on Group operations

The Board of Statutory Auditors verified the contents of the Directors' report on operations and the Directors' report on Group operations. The reports summarize the main risks and uncertainties and provide a business outlook for the company and the Group.
Having examined the Reports, the Board of Statutory Auditors, to its knowledge, found them to be complete with respect to the current provisions of law and to the transparency of the disclosures therein.

Other activities of the Board of Statutory Auditors and disclosures required by Consob

In carrying out its activities, the Board of Statutory Auditors, as required by article 2403 of the Italian Civil Code and article 149 of the TUF, 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 the meetings of the Board of Directors and the Executive Committee and obtained periodical information from the Directors on general operations, on the expected business outlook, as well as on the most significant financial and business transactions performed by the company. 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 solidity of the company assets. The Board of Statutory Auditors also attended the shareholders' meeting.

The Board of Statutory Auditors received and examined the Report on corporate governance and ownership structure, which adequately and fully illustrates the company's compliance with the Code of Conduct for listed companies.
As regards the governance bodies, the following should be noted:

- at the date of this report, the Board of Directors – appointed on May 25, 2011 – is made up of 14 directors, 6 of whom possess the requirements of independence envisaged in the Code of Conduct. The Board of Directors held 5 meetings in 2013;
- the Executive Committee is made up of 5 directors and met 3 times in 2013. 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 2013, the Control & Risks Committee held 9 meetings. Some of the meetings were held jointly with 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 2 meetings in 2013, to examine and approve the remuneration policy for executive directors with special powers and managers with strategic responsibilities, and made recommendations to the Board of Directors regarding remuneration of directors and managers;
- the Committee for Transactions with Related Parties is made up of 3 independent directors. It held 1 meeting in 2013, to verify the efficacy of the procedure for transactions with related parties and assess the proposed amendments to the procedure, which were then presented to the Board of Directors.

By attending the meeting of the various governance bodies, as indicated by the Code of Conduct, the Board of Statutory Auditors was able to ascertain that the Board of Directors had carried out its various duties; the Board of Statutory Auditors was also able to ascertain the correct functioning of the 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 financial year 2013 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 Internal Audit, receiving from him information on the outcome of his activities;
- the members of the Supervisory Board , formed pursuant to Legislative Decree 231 of June 8, 2001, and received from them information on the outcome of their supervisory activities, supported by the Supervisory Board Reports to the Board of Directors. The reports reveal that no anomalies or exceptionable facts were encountered and that the Supervisory Board received no indications from parties within or outside the company regarding alleged breaches of the Organizational and Management Model or the related procedures;
- the Manager in charge of preparing the company's financial reports;
- the Board of Statutory Auditors of Italcementi, which provided information on the management and internal control systems, deemed to be effective and adequate, and on the general operations of the company.

During the above supervisory activities, no omissions, exceptionable facts or irregularities warranting a report to the relevant external supervisory and monitoring bodies or a mention in this report were encountered.

During the financial year, the Board of Statutory Auditors received no complaints under article 2408 of the Italian Civil Code or petitions, nor was the Board of Statutory Auditors required to provide any of the opinions envisaged by current regulations in force.

* * *

In consideration of the above and to the extent of its competence, the Board of Statutory Auditors, supported by the report prepared by the independent auditors and its opinion on the financial statements, has no grounds to oppose the approval of the financial statements as at and for the year ended December 31, 2013 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
Leonardo Cossu

RELAZIONE REVISORI

RELAZIONE REVISORI

Extraordinary session

Proposal to reduce the revaluation reserves and other tax-deferred reserves. Consequent and ensuing resolutions.

Dear Shareholders,

You are reminded that the separate financial statements for the year ended December 31, 2011 reflected a loss for the year of 57,299,908.50 euro. Then, the Annual General Meeting of May 29, 2012, approved the proposal to cover said loss through use of available reserves in the category "Retained earnings", represented by the following revaluation reserves and other tax-deferred reserves:

a) for 184,678.57 euro, through use of the entire "Reserve as per art. 54 Pres.Decree 597/73", which consequently was written down to zero;

b) for 1,771,133.42 euro, through use of the entire "Reserve as per art. 55 Pres.Decree 597/73", which consequently was written down to zero;

c) for 29,473,394.21 euro, through use of the entire "Revaluation reserve as per Law 408/90", which consequently was written down to zero (formerly included under the caption Revaluation reserves);

d) for 3,279,409.10 euro, through use of the entire "Revaluation reserve as per Law 413/91", which consequently was written down to zero (formerly included under the caption Revaluation reserves);

e) for 22,591,293.20 euro, through partial use of the "Revaluation reserve as per Law 72/83" (formerly included under the caption Revaluation reserves).

The separate financial statements for the year ended December 31, 2012 also reflected a loss for the year, of 66,737,041.28 euro. Similarly, the Annual General Meeting of May 29, 2013, subsequently approved the proposal to cover said loss through use of available reserves in the category "Retained earnings", represented by the following revaluation reserves and tax-deferred reserves:

a) for 31,417,734.66 euro, through use of the entire "Revaluation reserve as per Law 72/83" (formerly included under the caption Revaluation reserves), which consequently was written down to zero;

b) for 2,163,956.19 euro, through use of the entire "Reserve for grants related to assets", which consequently was written down to zero;

c) for 33,155,350.43 euro, through partial use of the "Reserve as per art. 34, Law 576/75".

The use of these reserves to cover the losses of the respective financial years was based on the individual laws that enabled their formation and ruled their irrelevance with regard to taxation (Irpeg/Irpef).

The relevant laws referred above, including, for example, the most recent clause of paragraph 2, art. 26, of Law no. 413 of December 30, 1991, provide that earnings may not be distributed until the reserves have been replenished or reduced by a corresponding amount, through a specific resolution adopted by an extraordinary shareholders' meeting. The law also states that the resolution may be carried without following the formalities required by art. 2445, paragraphs 2 and 3, of the Italian Civil Code, and will therefore be effective immediately upon approval.

In light of the above, in order to permit distribution to the shareholders of the earnings for financial year 2013, and of future earnings, the formal reduction of the above-mentioned revaluation reserves and the other tax-deferred reserves for the amounts indicated above is proposed.

Should the extraordinary shareholders' meeting approve the reduction of the above-mentioned reserves, the requirement that they be replenished from future earnings will no longer apply, and future earnings will, consequently, be freely available for distribution.

* * *

Dear Shareholders,

If you agree with our proposal, we invite you to carry the following resolution:

"The extraordinary meeting of the shareholders of Italmobiliare S.p.A., held on May 27, 2014, having examined the directors' report and the proposal therein set out,

hereby resolves

to approve the formal definitive reduction of the revaluation reserves and the other reserves used to cover the losses of financial years 2011 and 2012, as specified in the respective resolutions of the ordinary shareholders' meeting of May 29, 2012, and May 29, 2013, with regard to nature, denomination and respective sum, by an overall amount of 124,036,949.78 euro".

Milano, March 26, 2014

For the Board of Directors
The Chairman
(Giampiero Pesenti)

May 2014
Project of LSVmultimedia
Olginate - Lecco