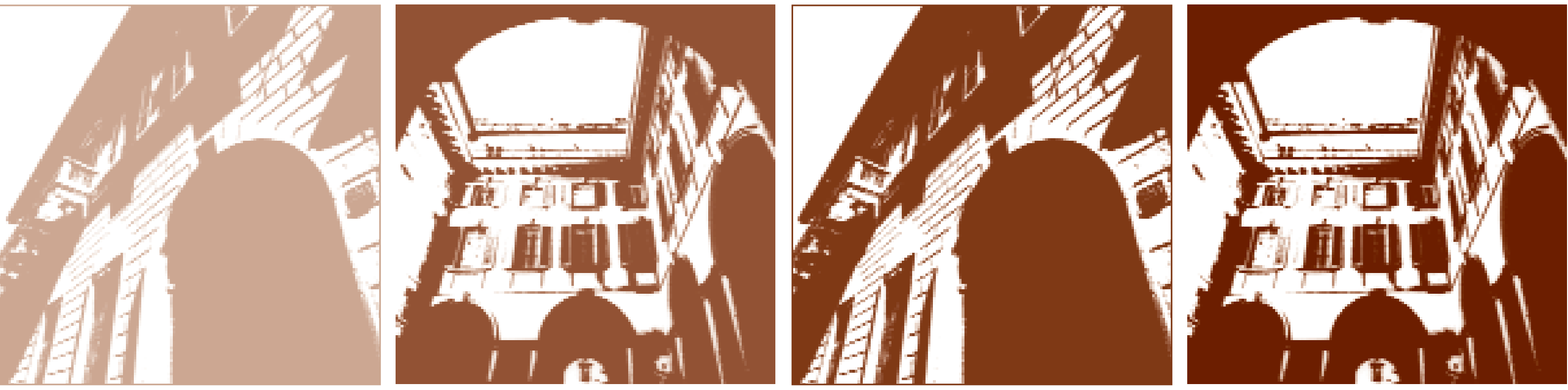
ITALMOBILIARE

2009 Annual Report



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Presentation

ITALMOBILIARE

2009 Annual Report

ITALMOBILIARE
Società per Azioni

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

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

Board of directors

(Term ends on approval of financial statements at 12.31.2010)

Giampiero Pesenti	1-2	Chairman - Chief Executive Officer CEO
Italo Lucchini	1-3	Deputy Chairman
Carlo Pesenti	1	Chief Operating Officer COO
Pier Giorgio Barlassina		
Mauro Bini	4-5-6-7	
Giorgio Bonomi	4	
Gabriele Galateri di Genola	3-5	
Jonella Ligresti	5	
Luca Minoli		
Giorgio Perolari	1-3-4-5	
Livio Strazzera	1	
Francesco Saverio Vinci		
Graziano Molinari	8	Secretary to the Board

Board of statutory auditors

(Term ends on approval of financial statements at 12.31.2010)

Acting auditors	
Mario Cera	Chairman
Luigi Guatri	
Eugenio Mercorio	
Substitute auditors	
Marco Confalonieri	
Leonardo Cossu	
Enrico Locatelli	
Giorgio Moroni	Manager in charge of preparing the company's financial reports
Reconta Ernst & Young S.p.A.	Independent Auditors

1 Member of the Executive Committee
2 Executive director responsible for supervising the internal control system
3 Member of the Remuneration Committee
4 Member of the Internal Control Committee
5 Independent director (pursuant to the Voluntary Code of Conduct)
6 Lead independent director
7 Member of the Compliance Committee
8 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
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 a director on the boards of Pirelli & C. S.p.A., Mittel S.p.A., Allianz S.p.A., Compagnie Monegasque de Banque and other companies in the Italmobiliare Group.

Italo Lucchini
Born in Bergamo, December 28, 1943
Degree in economics & commerce – Bocconi University, Milan.
Assistant lecturer at Bocconi University and non-tenured lecturer at Bergamo University, works as a public accountant with a successful practice in Bergamo.
Supervisory Director at Unione di Banche Italiane S.c.p.a. and Chairman of the Board of Statutory Auditors of BMW Italia S.p.A. and its subsidiaries.

Carlo Pesenti
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.

Pier Giorgio Barlassina
Born in Meda (Milan), August 19, 1937
Degree in economics & commerce – Catholic University, Milan.
Public accountant.
Began working in 1964, at a medium-sized electromechanical firm in Monza.
1970, joined the Italmobiliare Group, where in 1983 he was appointed head of administration and subsequently, from 1988 to 2004, Joint Chief Officer for Administration & Finance.

Mauro Bini
Born in Milan, October 20, 1957
Degree in economics & commerce – Bocconi University, Milan.
Full professor in corporate finance at the Bocconi University, Milan. Director of the corporate administration, finance and governance research centre (CAFRA) at the Bocconi University. Author of articles and books on corporate finance, financial reporting valuations and business assessment.
Previously taught at the Ca' Foscari University, Venice.

Giorgio Bonomi
Born in Bergamo, November 2, 1955
Degree in law – Milan State University.
Law practice in Bergamo. Public accountant.
Expert in distribution contracts, involved in the formation of some of Italy's largest purchasing consortia. Consultant to leading Italian groups on outdoor advertising and mass merchandising, with a specific focus on mergers and acquisitions.

Gabriele Galateri di Genola
Born in Rome, January 11, 1947
Degree in law – Rome University.
Master in business administration (Dean Honor List) from Columbia University Business School.
Began his career at Banco di Roma, in the Central Division. 1974 to 1976, Financial Director at the Saint Gobain group. 1977, joined Fiat S.p.A., holding increasingly senior posts until his appointment as Finance Director. 1983, Chief Executive Officer and Chief Operating Officer of IFI S.p.A. and 1986 Chief Executive Officer of IFIL S.p.A. June 2002, Chief Executive Officer of FIAT S.p.A.
April 2003 to June 2007, Chairman of the Board of Directors of Mediobanca S.p.A.. December 2007, Chairman of the Board of Directors of Telecom Italia S.p.A.

Jonella Ligresti
Born in Milan, March 23, 1967
After high school, attended business courses at LUISS University in Rome and at Bocconi University in Milan. Professional experience in the SAI Group, whose companies operate in various sectors (insurance, finance, real estate, tourism and hotels, agriculture).
Continued to gain practical experience in insurance at SAI S.p.A.. 1996, joined the SAI Board of Directors, 2001, appointed Chairman. July 2007 awarded an honorary degree in economics & commerce from Turin University.
Holds posts in other companies, such as Mediobanca and RCS.
Close attention to social issues, assisted the realization of the "Fondazione Fondiaria – Sai" of which she is Deputy Chairman.

Luca Minoli
Born in Naples, January 29, 1961
Degree in law – Milan State University.
Works as a lawyer.
1986 to 1987, associate of Hughes Hubbard & Reed in New York. First associate, later partner from 1991 of the Ardito law firm. Since 2001, partner of the Casella, Minoli e Associati law firm and since 2004, equity partner of the Dewey & Leboeuf Studio Legale law firm.

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

Livio Strazzera
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.

Francesco Saverio Vinci
Born in Milan, November 10, 1962
Degree in business economics – Bocconi University, Milan.
Joined Mediobanca in 1987, member of Board of Directors and member of Executive Committee since October 2008, member of Executive Board since July 2007, Deputy Chief Operating Officer since March 2006, Central Director since 2000 of the Financial Markets Area, which now includes funding, cash management, asset liability management, trading and capital markets for equities and fixed-income products.

Board of Statutory Auditors

Mario Cera
Born in S. Marco in Lamis (Foggia), June 26, 1953
Degree in law – Pavia University.
Since 1978 has worked as a lawyer in Milan, in judicial and extra-judicial practice, specializing in commercial and banking law.
Since 1992 lecturer and now tenured professor of banking law at the Faculty of Jurisprudence at Pavia University.
Consultant to banks and listed and unlisted companies.
Author of four books and numerous articles and legal notes in the main Italian legal reviews on commercial law and financial intermediation law.
A former bank and savings management company chairman; current posts include member of the Board of Management of UBI, Deputy Chairman of Banca Popolare Commercio Industria, Chairman of IW Bank.

Luigi Guatri
Born in Trezzo sull'Adda (Milan), September, 1927
Degree in economics & commerce – Bocconi University, Milan.
1949 to 1953, assistant lecturer in general and applied accounting at Bocconi University. 1954 to 1959, non-tenured lecturer at Genoa University. Subsequently full professor at Parma University. 1969, full professor at the Bocconi University. 1974 to 1999, Chief Executive Officer and since 1999 Vice President of the Bocconi University, where he was Rector from 1984 to 1989. Gold medal for merits in education and culture, 1988. Ambrogino d'oro medal from the city of Milan in 1989. Named Professor Emeritus by the Ministry for Universities & Scientific Research in 2003.

Eugenio Mercorio
Born in Bergamo, July 1, 1959
Degree in economics & commerce – Bergamo University.
Independent professional. Also active as a receiver, adjuster and liquidator for insolvency procedures.

Marco Confalonieri
Born in Milan, August 16, 1953
Degree in economics and commerce – Catholic University of Milan.
Registered public accountant in Milan and registered public auditor and technical consultant for the Court of Milan since 1984.
Associate professor of business economics at the Faculty of Economics at the Catholic University of Milan and teaches business economics for tourism companies (Faculty of Foreign Languages and Literature) at the Catholic University of Milan.
Corporate and tax consultant, with a focus on: company valuations, consultancy for extraordinary operations, financial statements, tax and tax provision auditing.
Author of books, articles and professional publications.

Leonardo Cossu
Born in Verona, May 23, 1958
Degree in economics and commerce – Brescia University.
Registered public accountant in Brescia and registered public auditor.
Specific experience in corporate affairs through more than twelve years as an independent and non-independent director at a company listed on the Milan stock exchange, where he was involved in the operational aspects of the company's application for admission to trading and in relations with shareholders.
Chairman of the Board of Statutory Auditors, Acting Auditor, Director and Chief Executive Officer of numerous financial and industrial companies.

Enrico Locatelli
Born in Bergamo, February 14, 1963
Degree in economics & commerce – Bergamo University.
Since 1989, public accountant specializing in corporate and tax consultancy for SMEs, auditing and consultancies for insolvency procedures.

Call of Shareholders' Meeting

The Shareholders are called to a Meeting on first call on

April 28, 2010, at 3.30 p.m.

at the Intesa Sanpaolo Assembly Hall, Piazza Belgioioso 1, Milan, and on second call on

April 29, 2010, at the same time and in the same venue

to discuss and adopt resolutions on the following

Order of Business

1. The Reports of the Board of Directors and the Board of Statutory Auditors on financial year 2009: examination of the financial statements as at and for the year to December 31, 2009, and resolutions arising;
2. Authorization for the purchase and disposal of treasury shares;
3. Conferment of the engagement for the audit of the separate financial statements and the consolidated financial statements for financial years 2010-2018 and for the limited review of the half-year reports at June 30, 2010-2018.

In accordance with the law and the company by-laws, Shareholders holding ordinary shares for which the declaration envisaged by art. 2370, paragraph 2, Italian Civil Code, has been notified to the company no later than two business days before the date of the Shareholders' Meeting shall have the right to participate in the Shareholders' Meeting.

* * *

The documentation relating to the items on the order of business and the Report on corporate governance and ownership structure will be available to the public at the company head office and at Borsa Italiana S.p.A. at least 15 days before the date of first call. Shareholders are entitled to obtain copies thereof.

The documentation will also be available for consultation during the same period at the internet address *www.italmobiliare.it*.

* * *

Shareholders who, individually or jointly, hold at least one fortieth of the share capital represented by shares with voting rights, may ask, within five days of publication of this notice, for additions to be made to the order of business of the Shareholders' Meeting, indicating in their request the items they propose. Requests for additions to the order of business must be accompanied by an illustrative report, which must be filed at the company head office no later than ten days before the date of first call of the Shareholders' Meeting. Additions to the order of business are not permitted for items on which, by law, the Shareholders' Meeting deliberates on the basis of proposals presented by the directors or on the basis of a project or report drawn up by the directors. The notice of an addition to the order of business shall be published in the same manner as this notice, in the terms established by law.

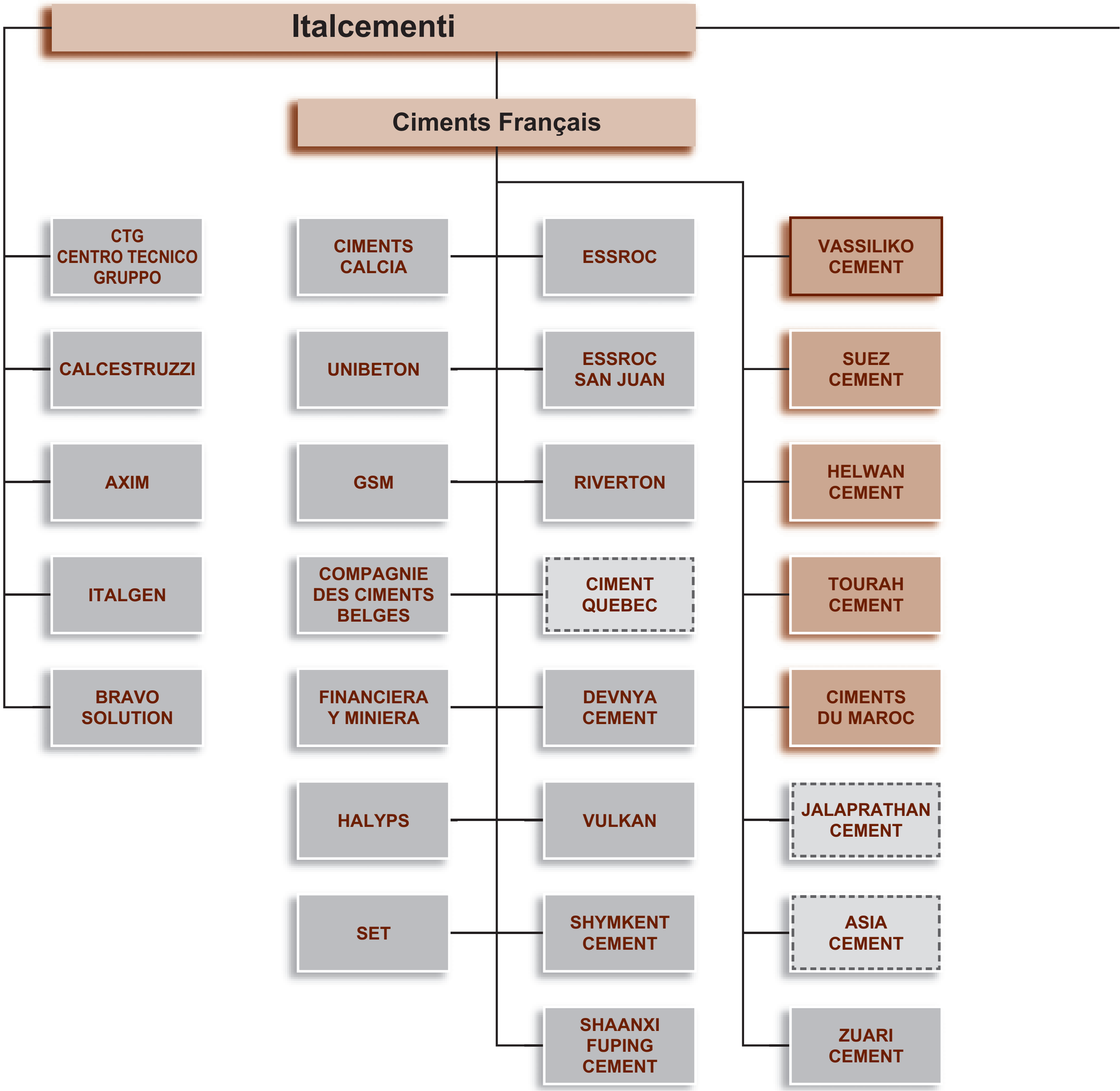
The constitution of a quorum at the Shareholders' Meeting and the validity of resolutions on the items on the order of business are governed by law.

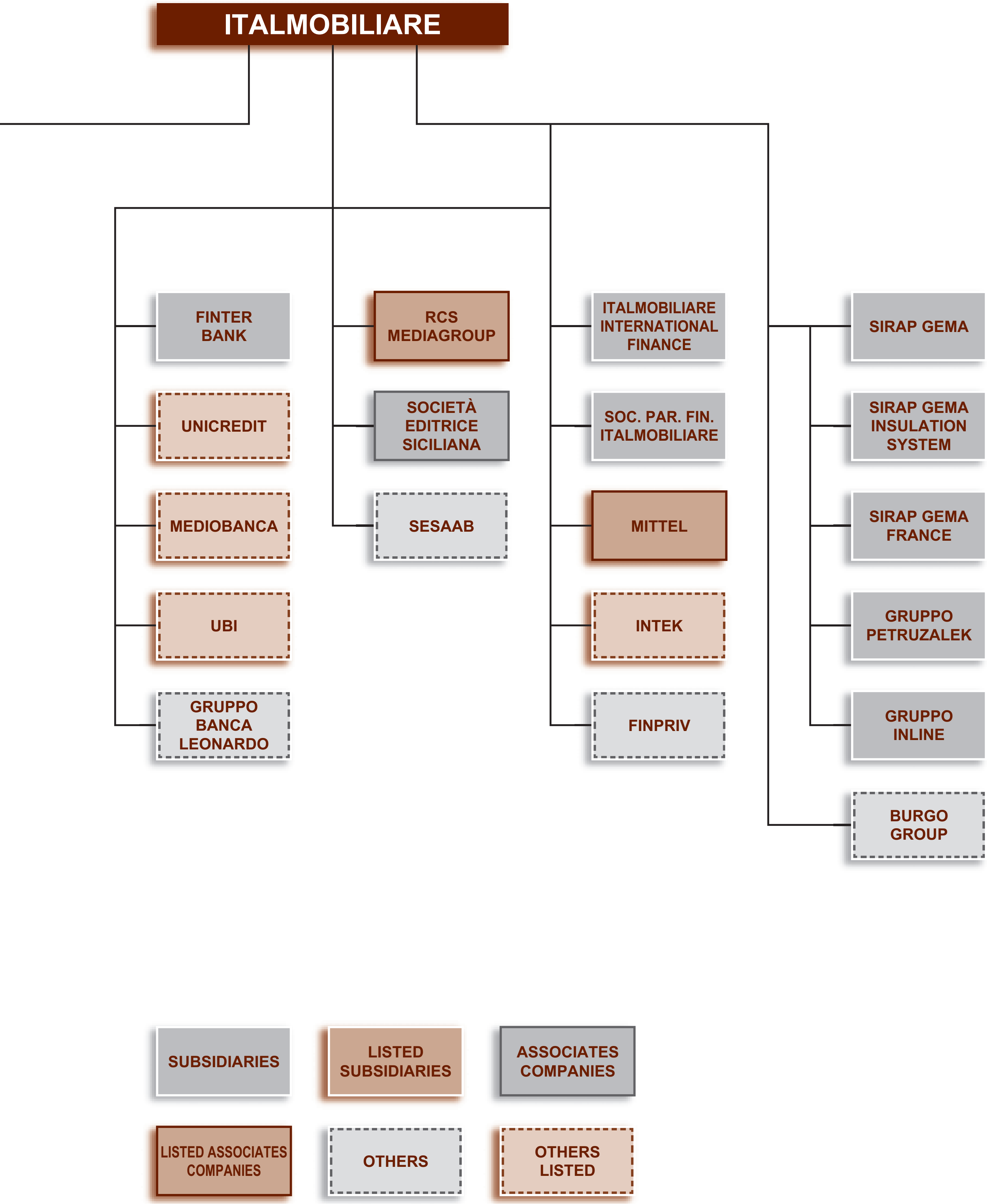
The share capital stands at 100,166,937 euro, subdivided into 22,182,583 ordinary shares and 16,343,162 savings shares with a nominal value of 2.60 euro each. At the date of publication of this notice, the number of ordinary shares representing share capital with voting rights, that is, less the 871,411 ordinary treasury shares held by the company, is 21,311,172.

The Board of Directors

(Notice published on March 27, 2010, in “Il Sole - 24 Ore”)

Group structure
(as of December 31, 2009)

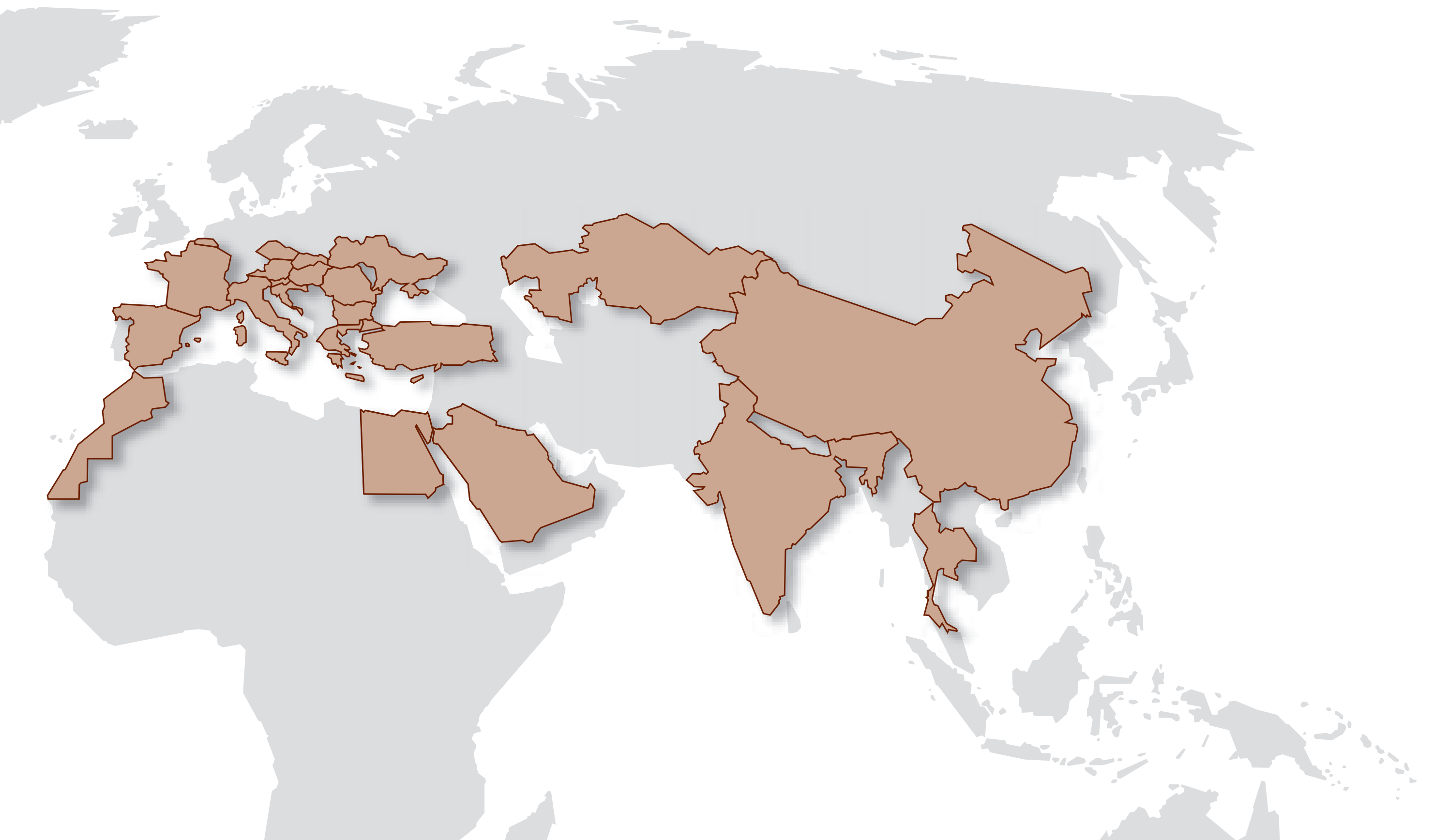



ITALMOBILIARE
FINTER BANK
UNICREDIT
MEDIOBANCA
UBI
GRUPPO BANCA LEONARDO
RCS MEDIAGROUP
SOCIETÀ EDITRICE SICILIANA
SESAAB
ITALMOBILIARE INTERNATIONAL FINANCE
SOC. PAR. FIN. ITALMOBILIARE
MITTEL
INTEK
FINPRIV
SIRAP GEMA
SIRAP GEMA INSULATION SYSTEM
SIRAP GEMA FRANCE
GRUPPO PETRUZALEK
GRUPPO INLINE
BURGO GROUP
SUBSIDIARIES
LISTED SUBSIDIARIES
ASSOCIATES COMPANIES
LISTED ASSOCIATES COMPANIES
OTHERS
OTHERS LISTED

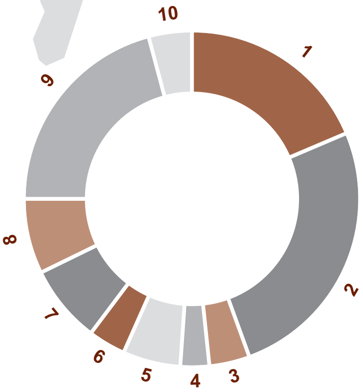
Group financial highlights

(in millions of euro)	2009	2008	2007	2006	2005
Revenues	5,365.4	6,157.0	6,397.0	6,216.5	5,282.3
Recurring EBITDA	1,055.7	1,020.7	1,462.1	1,550.0	1,230.7
EBITDA	1,044.0	1,010.7	1,462.7	1,541.0	1,216.3
EBIT	514.7	501.1	997.5	1,105.7	834.5
Net result for the period	284.3	116.2	660.9	748.5	606.1
Group net result	97.3	(104.6)	217.2	264.4	211.3
Investments in fixed assets	758.6	1,042.9	1,107.0	865.2	1,253.7
Total shareholders' equity	5,767.1	5,488.2	6,300.2	6,407.9	5,916.7
Group shareholders' equity	2,397.6	2,179.5	2,909.6	2,975.0	2,696.3
Net debt	2,200.8	2,571.9	2,149.6	1,857.3	1,865.1
Net debt/Shareholders' equity	38.16%	46.86%	34.12%	28.98%	31.52%
Net debt/Recurring EBITDA	2.08	2.52	1.47	1.20	1.52
(unit values)					
(Diluted) earnings per ordinary share	2.517	(2.778)	5.722	6.985	5.578
(Diluted) earnings per savings share	2.673	(2.778)	5.800	7.063	5.656
Shareholders' equity per share [1]	63.723	57.926	77.330	79.150	71.736
Dividend paid per share					
ordinary	0.856		1.600	1.450	1.270
savings	0.934		1.678	1.528	1.348
Number of employees (heads)	22,758	23,864	25,252	24,509	22,857

[1] net of treasury shares

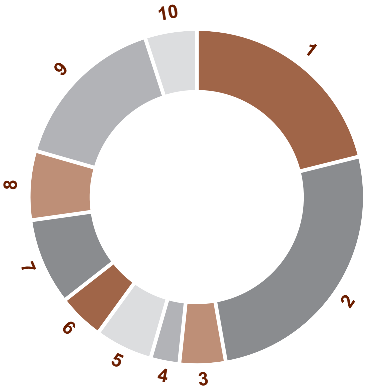


Country revenues 2009
(net of intercompany trading)



1	Italy 18.6%	6	Other European countries 3.6%
2	France 26.0%	7	North America 7.5%
3	Spain 3.9%	8	Asia 7.4%
4	Belgium 2.8%	9	Africa 20.6%
5	Other U.E. countries 5.4%	10	Trading e altri Paesi 4.1%

Country revenues 2008
(net of intercompany trading)

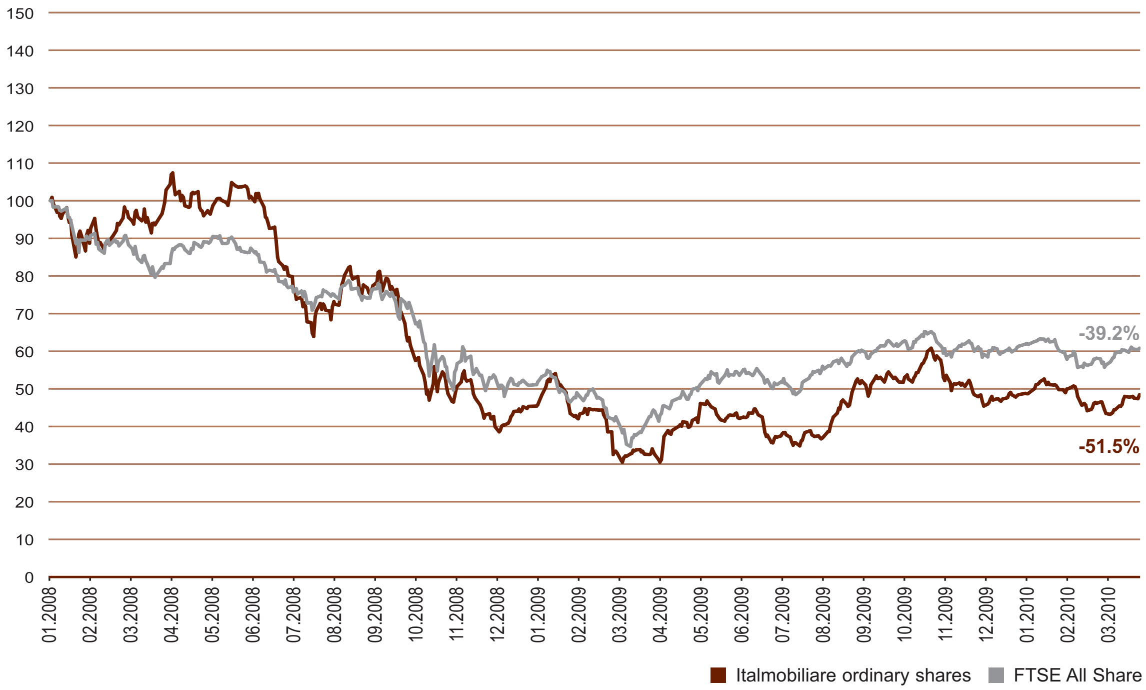


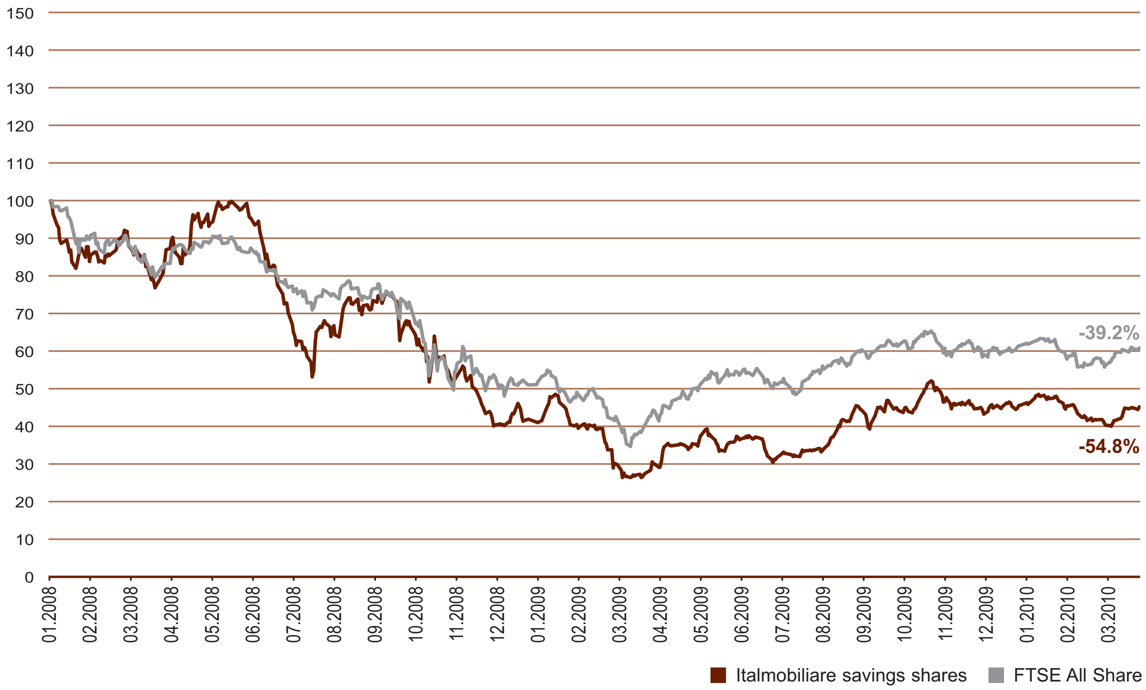
1	Italy 21.3%	6	Altri Paesi Europei 4.5%
2	France 26.0%	7	North America 8.1%
3	Spain 4.6%	8	Asia 6.7%
4	Belgium 2.6%	9	Africa 15.7%
5	Other U.E. countries 5.7%	10	Trading and other countries 4.8%

Italmobiliare S.p.A. on the Stock Exchange

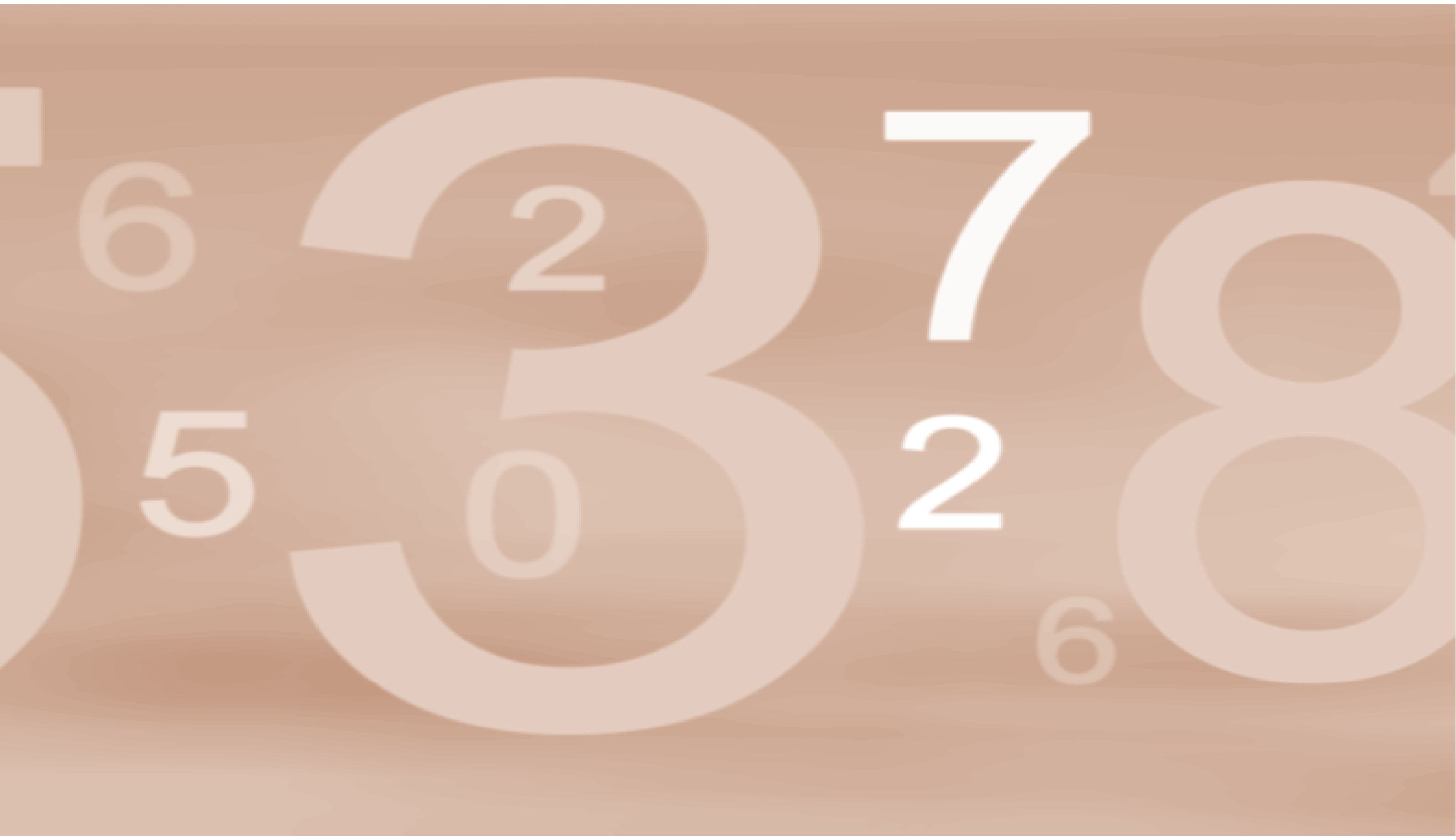
Share prices from 01.02.2008 to 03.23.2010

(euro)	high		low		01.02.2008	03.23.2010	performance
Ordinary shares	67.33	04.02.2008	19.14	03.03.2009	62.70	30.38	-51.54%
Savings shares	48.19	01.02.2008	12.73	03.09.2009	48.19	21.79	-54.79%
FTSE All-Share	38,274	01.02.2008	13,271	03.09.2009	38,274	23,281	-39.17%





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 2009 have been drawn up in compliance with the International Accounting and Financial Reporting Standards (IAS/IFRS), as have the comparatives for financial year 2008.

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, 2009, but not adopted by the European Union at that date. Furthermore, the European Union has adopted additional standards/interpretations that Italmobiliare S.p.A. will apply at a subsequent time, having decided not to elect early application.

The main changes with respect to the financial statements as at December 31, 2008, are illustrated in detail in the notes, in the section “Declaration of compliance with the IFRS”. They concern adoption of the revised standards IAS 1 “Presentation of financial statements” (new statements and definitions, additional information) and IAS 23 “Borrowing costs” (borrowing costs treated as part of the cost of an asset thereby justifying capitalization), which came into force in 2009. The accounting treatment of interests held by minorities has also changed, in compliance with the new IFRS 3 and IAS 27, applicable as from 2010. Under the new treatment, acquisitions of interests subsequent to acquisition of control do not require re-determination of identifiable assets and liability values, while transactions that reduce the interest held, without loss of control, are treated as sales to minorities.

To permit comparison with 2009, the 2008 figures have been re-stated for compliance with revised IAS 1 and IAS 23 as described above.

Apart from the change described below, no material changes took place in the scope of consolidation with respect to 2008.
In the sector Property, services, other, the company **Populonia Italica S.r.l.** has been consolidated only until June 10, 2009, when the entire shareholding in the company was sold.

All the changes in the scope of consolidation compared with 2008 are illustrated in the notes.

Performance indicators

To assist comprehension of its income statement and balance sheet, the Group employs a number of widely used indicators, which are not contemplated by the IAS/IFRS.
Specifically, the income statement for the Group, and in part for some sectors, presents the following intermediate results/indicators: recurring EBITDA, EBITDA, EBIT, computed as the sum of the preceding items. On the balance sheet, similar considerations apply to net debt, whose components are detailed in the specific section of the notes.

Since the indicators employed by the Group are not envisaged by the IAS/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 performance indicators, including those indicated above. The financial indicators, taken from the financial statements, are used in the tables summarizing business, equity and financial performance, in relation to comparative values and to other values from the same period (e.g., change in revenues, recurring EBITDA and EBIT with respect to the previous year, and change in the return on revenues). The use of economic values not directly reflected in the financial statements (e.g., the exchange-rate effect on revenues and on earnings) and the presentation of comments and assessments help to qualify the trends in the values concerned.

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

The result indicators are explained in the sections on the individual sectors and may differ from one sector to another, particularly when not of an equity, business or financial nature, since they refer to different situations.

General overview

2009 was the most difficult year in the entire postwar period for the international economy. The effects of the crisis in the financial sector spread rapidly to the real economy, generating a decline in manufacturing and trade of unprecedented intensity and geographic scale. A feature distinguishing the crisis from previous general recessions is that the greatest difficulties have been encountered in the most industrially advanced countries, while a number of emerging areas have coped brilliantly with the global cyclical difficulties.
The response of economic policymakers to minimize the impact of the crisis was correlatively unparalleled; it involved aggressive deployment of monetary policy almost everywhere and, in numerous countries, the introduction of major fiscal stimulus packages.

Partly as a result of this response, the year presented a clearly differentiated profile. The sharp economic slowdown of the first half was followed by a second half denoting an improvement in confidence and upturns in production and trade everywhere. Nevertheless, the costs sustained to fight the crisis were huge, and their impact will soon be felt. The difficulty of returning to more orthodox policies will be heightened by the persistence of a badly depressed employment situation in the main developed nations.

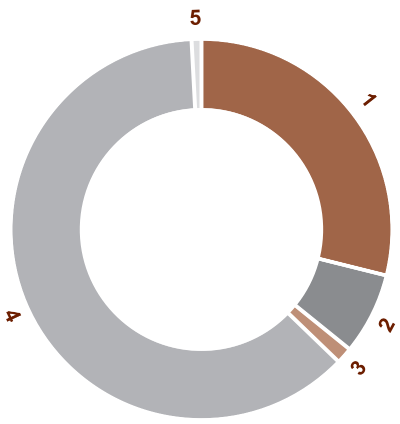
Although the timing and intensity of the recession were fairly uniform in the main countries, the signs of a recovery emerged in a more uneven fashion, depending on the scale of stimulus packages, debt positions and, above all, the flexibility of national production structures in adapting to new demand patterns. From this viewpoint, North America seems to have reacted more promptly than Europe; meanwhile, Eastern Asia, led by China, has become the main motor of the world economy.

The positive changes arose largely in the financial sector, which throughout 2009 benefited from the improvements in market conditions described above to report significant overall growth in results for the year.

In 2009 the Italmobiliare Group recorded **total net profit** of 284.3 million euro and **Group net profit** of 97.3 million euro, compared with total net profit of 116.2 million euro and a Group net loss of 104.6 million euro in 2008.

Breakdown of consolidated net profit by sector

	(in millions of euro)	Dec. 2009	% of total
1	Construction materials	28.1	*28.9*
2	Food packaging and thermal insulation	7.0	*7.2*
3	Banking	1.2	*1.2*
4	Financial sector	60.4	*62.1*
5	Property, services, other	0.6	*0.6*
	Total consolidated net profit attributable to the Group	**97.3**	***100.0***



The other main results for the year to December 31, 2009, were:

- **Revenues**: 5,365.4 million euro from 6,157.0 million euro at December 31, 2008 (-12.9%);
- **Recurring EBITDA**: 1,055.7 million euro from 1,020.7 million euro at December 31, 2008 (+3.4%);
- **EBITDA**: 1,044.0 million euro from 1,010.7 million euro at December 31, 2008 (+3.3%);
- **EBIT**: 514.7 million euro from 501.1 million euro at December 31, 2008 (+2.7%);
- **Finance income and costs** (including exchange-rate differences and derivatives): net finance costs of 111.4 million euro compared to 86.0 million euro at December 31, 2008 (a percentage increase of 29.5%);
- **Impairment on financial assets**: -47.7 million euro compared to -182.7 million euro at December 31, 2008 (a percentage decrease of 73.9%);
- **Profit before tax**: 383.7 million euro from 261.9 million euro at December 31, 2008 (+46.5%).

At December 31, 2009, **total shareholders' equity** amounted to 5,767.1 million euro, against 5,488.2 million euro at December 31, 2008.

Investments in fixed assets in 2009 totaled 758.6 million euro, down from 1,042.9 million euro in 2008.

Net debt at December 31, 2009, was 2,200.8 million euro, compared with 2,571.9 million euro at December 31, 2008.

As a result of the changes in shareholders' equity and net debt, the **gearing** ratio (between net debt of 2,200.8 million euro and consolidated shareholders' equity of 5,767.1 million euro) decreased significantly, from 46.86% at the end of December 2008 to 38.16% to the end of December 2009.

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

- the **construction materials sector**, consisting of the Italcementi group (Italmobiliare's main industrial investment) was affected by the difficult international economic situation in 2009. There was a general slackening in sales volumes, although the trend eased in the fourth quarter. In this context, revenues, at 5,006.4 million euro, decreased by 13.3% from 2008 (-13.6% at constant size and exchange rates). The negative impact of the sales slowdown was counterbalanced in part by incisive control of operating expense and overheads. Operating results were, nonetheless, down on 2008: recurring EBITDA, at 971.6 million euro, fell by 12.7%, while EBIT, at 443.0 million euro, was down by 27.1%, after an increase in amortization and depreciation (459.8 million euro) and impairment losses (54.0 million euro) compared with 2008. Profit before tax (309.5 million euro) fell by 27.7%, while the earnings decline led to a reduction in income tax expense from 151.4 million euro in 2008 to 94.2 million euro in 2009. Net profit for the year was 215.3 million euro (276.6 million euro in 2008), while net profit attributable to the group was 71.3 million euro (142.5 million euro in 2008). Net profit attributable to minority interests rose from 134.1 million euro to 144.0 million euro;

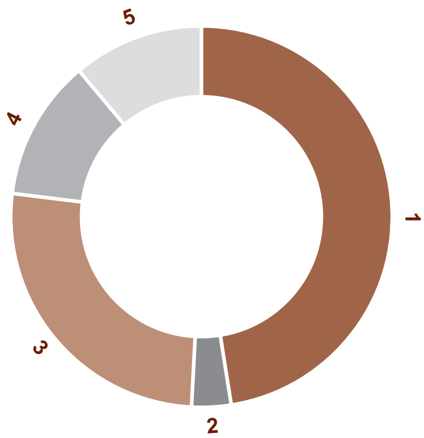
- the **food packaging and thermal insulation sector**, consisting of the Sirap Gema group, reported a 9.8% decrease in revenues (which totaled 238.3 million euro), caused largely by lower sales volumes and lower sales prices, the latter trend emerging in the second half of the year. EBIT was 18.6 million euro, a strong improvement (+43.4%) generated by the favorable trend in raw material prices, the profitability recovery at the French subsidiary and group-wide action to contain costs. Net finance costs showed a sharp decrease from -10.7 to -7.0 million euro as a result of the reduction in average debt, the lower cost of money and smaller exchange-rate losses among the east European subsidiaries. Profit before tax therefore made strong progress from 2.3 million euro in 2008 to 11.6 million euro in 2009, with the return on revenues rising from 0.9% to 4.9%. Income tax expense (4.6 million euro) reflected a significant increase with respect to the prior-year figure (-0.1 million euro), due to the rise in profit before tax and to the fact that in 2008 the Italian companies benefited from tax laws allowing reserves to be released with payment of a lower tax rate. The net profit for the year increased to 7.0 million euro (2.2 million euro in 2008);

- the **financial sector**, which includes the parent company Italmobiliare and the wholly owned financial companies, benefited from highly favorable conditions on the financial markets (bonds and equities) to report a net profit of 91.8 million euro, an extremely positive improvement with respect to 2008 (net loss of 124.0 million euro). The result arose from measurement gains and net capital gains on the bond and equities trading portfolio (generated by the reduction in credit spreads and the recovery in market prices compared with the end of 2008), and from the positive results reported by associates, the reduction in impairment losses, the decrease in debt charges (due to the fall in interest rates and the reduction in debt) and the capital gain in the second quarter of the year on the sale of Populonia Italica S.r.l.. These benefits were more than sufficient to counterbalance the decrease in dividend income. Since the financial sector is owned 100% by the Group, its highly positive result is reflected in full on net profit attributable to the Group;
- the **banking sector** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. It reported a net profit of 1.2 million euro, down by 71.0% from 4.1 million euro in 2008. This result, largely due to the performance of Finter Bank Zürich, reflected a fall in net interest income and in net commission income, together with a rise in operating expenses in part as a result of important restructuring initiatives introduced in the year;
- **property, services, other**: this sector is not of great importance within the global context of the Group and its results are therefore not normally of material significance. In 2009 it reported a net profit of 0.4 million euro, compared with a net profit of 4.7 million euro in 2008 when significant benefits arose on the sale of land and buildings. The capital gain on the sale of Populonia Italica S.r.l. in the second quarter of 2009 was recognized for the most part under the financial sector.

The **Italmobiliare** parent company reported a net profit of 52.6 million euro for the year to December 31, 2009, compared with a net loss of 23.4 million euro in 2008. The improvement arose mainly as a result of lower impairment losses on financial assets, the capital gain on the sale of Populonia Italica and the reduction in net finance costs, whereas dividend income decreased.

Italmobiliare **Net Asset Value** (NAV) at December 31, 2009, was 2,166.1 million euro (1,911.0 million euro at December 31, 2008) on capitalization of 1,038.8 million euro.

	(in millions of euro)	Dec. 2009	% of total
1	Construction	1,031.8	*47.6*
2	Packaging and insulation	71.8	*3.3*
3	Banking	568.7	*26.3*
4	Cash and cash equivalents	255.0	*11.8*
5	Other	238.8	*11.0*
	Total Net Asset Value	**2,166.1**	***100.0***



NAV was computed considering:

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

and taking account of the fiscal effect.

Key consolidated figures

(in millions of euro)	2009	2008	% change
Revenues	**5,365.4**	**6,157.0**	***(12.9)***
Recurring EBITDA [1]	**1,055.7**	**1,020.7**	***3.4***
% of revenues	*19.7*	*16.6*	
Other income (expense)	(11.7)	(10.0)	*17.2*
EBITDA [2]	**1,044.0**	**1,010.7**	***3.3***
% of revenues	*19.5*	*16.4*	
Amortization and depreciation	(474.9)	(464.4)	*2.3*
Impairment variation	(54.4)	(45.2)	*20.3*
EBIT [3]	**514.7**	**501.1**	***2.7***
% of revenues	*9.6*	*8.1*	
Finance income (costs)	(111.4)	(86.0)	*29.5*
Impairment on financial assets	(47.7)	(182.7)	*(73.9)*
Share of results of associates	28.1	29.5	*(4.9)*
Result before tax	**383.7**	**261.9**	***46.5***
% of revenues	*7.2*	*4.3*	
Income tax expense	(99.4)	(145.7)	*(31.8)*
Net result for the period	**284.3**	**116.2**	***144.7***
% of revenues	*5.3*	*1.9*	
Net result attributable to the Group	**97.3**	**(104.6)**	***n.s.***
% of revenues	*1.8*	*(1.7)*	
Minority interests	187.0	220.8	*(15.3)*
Cash flow from operating activities	1,178.6	522.3	*135.3*
Investments in fixed assets	758.6	1,042.9	*(27.3)*

n.s. not significant

(in millions of euro)	December 31, 2009	December 31, 2008
Total shareholders' equity	5,767.1	5,488.2
Group shareholders' equity	2,397.6	2,179.5
Net debt	2,200.8	2,571.9
Number of employees at period end	22,758	23,864

[1] Recurring EBITDA is the difference between revenues and costs, excluding: other non-recurring income and expense, amortization and depreciation, impairment variation, finance income and costs, share of results of associates and income tax.

[2] EBITDA is the sum of recurring EBITDA plus other (non-recurring) income and expense.

[3] EBIT is the sum of EBITDA plus amortization and depreciation and impairment variation.

Quarterly trend

(in millions of euro)	Full year 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Revenues	**5,365.4**	**1,226.5**	**1,362.2**	**1,500.5**	**1,276.2**
% change vs. 2008	*(12.9)*	*(15.1)*	*(13.4)*	*(12.2)*	*(10.8)*
Recurring EBITDA	**1,055.7**	**197.2**	**318.4**	**374.9**	**165.2**
% change vs. 2008	*3.4*	*39.0*	*20.6*	*(3.4)*	*(27.1)*
% of revenues	*19.7*	*16.1*	*23.4*	*25.0*	*12.9*
EBITDA	**1,044.0**	**191.8**	**321.3**	**377.2**	**153.7**
% change vs. 2008	*3.3*	*41.3*	*24.7*	*(3.1)*	*(32.5)*
% of revenues	*19.5*	*15.6*	*23.6*	*25.1*	*12.0*
Amortization and depreciation	(474.9)	(126.8)	(115.2)	(116.7)	(116.2)
Impairment variation	(54.4)	(25.1)	(5.1)	(24.2)	-
EBIT	**514.7**	**39.9**	**201.0**	**236.3**	**37.5**
% change vs. 2008	*2.7*	*n.s.*	*36.8*	*(14.7)*	*(67.9)*
% of revenues	*9.6*	*3.3*	*14.8*	*15.7*	*2.9*
Finance income (costs)	(111.4)	(26.6)	(25.9)	(27.9)	(31.0)
Impairment on financial assets	(47.7)	(23.0)	(22.3)	(2.4)	-
Share of results of associates	28.1	2.0	7.0	11.6	7.4
Result before tax	**383.7**	**(7.7)**	**159.8**	**217.6**	**13.9**
% of revenues	*7.2*	*(0.6)*	*11.7*	*14.5*	*1.1*
Income tax expense	(99.4)	(4.8)	(27.2)	(50.5)	(16.8)
Net result for the period	**284.3**	**(12.5)**	**132.6**	**167.1**	**(2.9)**
% of revenues	*5.3*	*(1.0)*	*9.7*	*11.1*	*(0.2)*
Net result attributable to the Group	**97.3**	**(19.0)**	**57.6**	**86.7**	**(28.0)**
% of revenues	*1.8*	*(1.6)*	*4.2*	*5.8*	*(2.2)*
Minority interests	187.0	6.5	75.0	80.4	25.1

The fourth quarter saw a 15.1% year-on-year decrease in **revenues**, arising on downturns in all sectors except the banking sector.

EBITDA on the other hand made significant progress (+41.3%), largely as a result of the sharp improvement in EBITDA in the financial sector (-0.7 million euro compared with -71.2 million euro in the fourth quarter of 2008).

Fourth-quarter **EBIT** was positive at 39.9 million euro (-39.4 million euro in the fourth quarter of 2008), reflecting both the improvement in EBITDA and the reduction in impairment losses.

Nevertheless, the Group posted a **net loss** of 12.5 million euro in the fourth quarter of 2009 (a net loss of 179.4 million euro in the fourth quarter of 2008) after fourth-quarter losses in all the sectors with the exception of food packaging and thermal insulation, and property, services, other. Compared with 2008, however, significant progress was reported by all the sectors (especially the financial sector and construction materials); only the banking sector reported a YoY downturn in the fourth-quarter net result (-1.0 million euro compared with -0.4 million euro in 2008).

For the fourth quarter, the **net result attributable to the Group** was a loss of 19.0 million euro (-150.1 million euro in the year-earlier period), while the result **attributable to minorities** was a net profit of 6.5 million euro (-29.4 million euro in the fourth quarter of 2008), largely relating to the minorities at the Italcementi group.

Revenues and operating results

Contribution to consolidated revenues
(net of intragroup eliminations)

(in millions of euro)	2009		2008		Change	
		%		%	%	%[1]
Business sector						
Construction materials	4,999.1	*93.2*	5,769.3	*93.7*	*(13.4)*	*(13.6)*
Packaging and insulation	238.3	*4.4*	264.3	*4.3*	*(9.8)*	*(6.6)*
Financial	85.7	*1.6*	74.8	*1.2*	*14.6*	*14.4*
Banking	41.3	*0.8*	41.5	*0.7*	*(0.6)*	*(5.6)*
Property, services, other	1.0		7.1	*0.1*	*(85.9)*	*(85.9)*
Total	**5,365.4**	***100.0***	**6,157.0**	***100.0***	***(12.9)***	***(13.0)***
Geographical area						
European Union	3,047.4	*56.8*	3,700.9	*60.1*	*(17.7)*	*(16.8)*
Other European countries	193.1	*3.6*	279.3	*4.5*	*(30.8)*	*(24.0)*
North America	400.8	*7.5*	500.4	*8.1*	*(19.9)*	*(24.4)*
Asia	399.6	*7.4*	414.9	*6.8*	*(3.7)*	*(1.3)*
Africa	1,106.3	*20.6*	965.6	*15.7*	*14.6*	*11.7*
Trading and other	218.2	*4.1*	295.9	*4.8*	*(26.3)*	*(31.8)*
Total	**5,365.4**	***100.0***	**6,157.0**	***100.0***	***(12.9)***	***(13.0)***

[1] at constant size and exchange rates

Revenues and operating results by sector and geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2009	% change vs. 2008	2009	% change vs. 2008	2009	% change vs. 2008	2009	% change vs. 2008
Business sector								
Construction materials	5,006.4	*(13.3)*	971.6	*(12.7)*	956.7	*(13.3)*	443.0	*(27.1)*
Packaging and insulation	238.3	*(9.8)*	31.2	*24.3*	31.2	*24.3*	18.6	*43.4*
Financial	125.1	*(4.4)*	81.9	*n.s.*	85.0	*n.s.*	85.0	*n.s.*
Banking	42.2	*(0.5)*	4.3	*(25.0)*	4.3	*(25.1)*	1.4	*(66.9)*
Property, services, other	2.3	*(72.8)*	0.6	*(90.1)*	0.7	*(88.4)*	0.6	*(89.8)*
Inter-sector eliminations	(48.9)	*(24.2)*	(33.9)	*(33.0)*	(33.9)	*(33.0)*	(33.9)	*(33.7)*
Total	**5,365.4**	***(12.9)***	**1,055.7**	***3.4***	**1,044.0**	***3.3***	**514.7**	***2.7***
Geographical area								
European Union	3,160.9	*(17.4)*	565.5	*8.1*	575.5	*6.6*	295.6	*6.5*
Other European countries	194.4	*(30.8)*	(1.1)	*n.s.*	(1.1)	*n.s.*	(18.9)	*(20.6)*
North America	401.2	*(19.8)*	12.5	*(77.4)*	2.4	*(95.6)*	(55.5)	*n.s.*
Asia	411.7	*(8.4)*	95.4	*(9.2)*	88.8	*(14.4)*	26.2	*(31.0)*
Africa	1,112.7	*14.3*	394.4	*17.8*	393.7	*26.4*	291.8	*35.1*
Trading	253.0	*(31.8)*	15.4	*(14.6)*	15.4	*(15.4)*	9.6	*(29.2)*
Other and inter-area eliminations	(168.5)	*(31.8)*	(26.4)	*3.8*	(30.7)	*20.3*	(34.1)	*19.5*
Total	**5,365.4**	***(12.9)***	**1,055.7**	***3.4***	**1,044.0**	***3.3***	**514.7**	***2.7***

n.s. not significant

The 12.9% reduction in **revenues** from 2008 reflected:

- the slackening in business performance for -13%;
- the changes in the scope of consolidation, for -0.1%;
- the exchange-rate effect, for +0.2%.

The business downturn arose in all the sectors with the sole exception of the financial sector, which reported an improvement (+14.4%); the changes in performance in the other sectors were as follows: -13.6% for construction materials, -6.6% in packaging and insulation, -5.6% in banking and -85.9% in property, services, other.

The changes in the scope of consolidation were immaterial and the net exchange-rate effect was limited, since the positive exchange-rate effect in construction materials and banking was offset in part by a negative effect in food packaging and thermal insulation.

Recurring EBITDA (1,055.7 million euro) and **EBITDA** (1,044.0 million euro) increased by 35.0 million euro (+3.4%) and 33.3 million euro (+3.3%) respectively from 2008. In absolute terms, these changes arose mainly in the financial sector (+160.5 million euro and +163.4 million euro respectively) and, to a much smaller extent, in food packaging and thermal insulation (+6.1 million euro in both cases). The contribution of the construction materials sector was negative (-141.5 million euro and -146.2 million euro respectively).

EBIT showed a more contained increase of 2.7%, rising from 501.1 million euro to 514.7 million euro, after a slight increase in amortization and depreciation charges from 2008 (474.9 million euro against 464.4 million euro) and a rise in impairment losses (from 45.2 million euro to 54.4 million euro), mainly in the construction materials sector.

Operating results by geographical area reflected improvements in Africa and, to a smaller extent, in the European Union, but decreases in all the other areas, although the size of the changes varied. In absolute terms, the EU countries were again the largest contributor to both revenues and EBIT, although the difference on EBIT with respect to Africa was small.

Finance costs and other items

Net finance costs, including net exchange-rate differences and derivatives, amounted to -111.4 million euro, shows an increase of 25.4 million euro on 2008 (-86.0 million euro), which benefited from final recognition of an income item of 50 million euro after termination of the negotiations for the sale of operations in Turkey. Excluding this non-recurring income item, net finance costs decreased by 24.6 million euro. Among finance costs, net interest expense on borrowings decreased by 26.6 million euro. The caption does not include finance income and costs in the financial and banking sectors, which are part of these sectors' core businesses and therefore classified under the line items constituting recurring EBITDA**.**

Impairment on financial assets reflected a loss of 47.7 million euro, compared with -182.7 million euro in 2008. These impairment losses arose in construction materials for -41.1 million euro and the financial sector for -6.6 million euro**.**

The **share of results of associates,** 28.1 million euro, decreased by 1.4 million euro from 2008 (29.5 million euro), due to lower earnings among associates in the construction materials sector, counterbalanced to a large extent by the improvement in earnings for the companies in the financial sector.

Net result for the period

Result before tax was 383.7 million euro, up 46.5% from 2008 (261.9 million euro).

Income tax expense was 99.4 million euro, with a reduction of 31.8% from 2008, due to the fact that some negative income items (notably impairment losses) were not tax deductible in 2008. The average tax rate consequently decreased from 55.64% to 25.90%.

Net result for the year was 284.3 million euro, up 144.7% on 2008 (116.2 million euro). **Net result attributable to the Group** was 97.3 million euro, compared with -104.6 million euro in 2008; net result attributable to minorities was 187.0 million euro, down from the prior-year figure of 220.8 million euro.

Total comprehensive income

As explained in the 2009 interim reports, in compliance with revised IAS 1, the Group presents its consolidated comprehensive income results using two statements. The first statement reflects traditional income statement components and the net result for the period. Beginning with the net result, the second statement presents other components of comprehensive income previously reflected only in the statement of movements in consolidated shareholders' equity. In 2009 the components of other comprehensive income showed a positive balance of 107.7 million euro (a negative balance of 626.4 million euro in 2008) arising from: translation losses of 41.0 million euro, fair value gains on available-for-sale financial assets for 175.1 million euro, fair value losses on financial derivatives of 36.5 million euro, and the related tax effect (income of 10.1 million euro). Considering these components and the above-mentioned net profit for the period of 284.3 million euro, total comprehensive income for 2009 was 392.0 million euro (233.9 million euro attributable to the Group and 158.1 million euro attributable to minorities). This compares with -510.2 million euro in 2008 (-656.8 million euro attributable to the Group and +146.6 million euro attributable to minorities).
The statement of comprehensive income is included among the consolidated financial statements.

Balance sheet summary

(in millions of euro)	December 31, 2009	December 31, 2008
Property, plant and equipment	4,538.0	4,413.9
Intangible assets	2,179.5	2,172.9
Other non-current assets	1,287.6	1,189.7
Non-current assets	**8,005.1**	**7,776.5**
Current assets	**3,948.3**	**4,121.4**
Total assets	**11,953.4**	**11,897.9**
Group shareholders' equity	2,397.6	2,179.5
Minority interests	3,369.5	3,308.7
Total shareholders' equity	**5,767.1**	**5,488.2**
Non-current liabilities	3,672.1	3,769.0
Current liabilities	2,514.2	2,640.7
Total liabilities	**6,186.3**	**6,409.7**
Total shareholders' equity and liabilities	**11,953.4**	**11,897.9**

Shareholders' equity

Total shareholders' equity at December 31, 2009, was 5,767.1 million euro, with an increase of 278.9 million euro from December 31, 2008, of which 218.1 million euro attributable to Group equity holders and 60.8 million euro to minority interests. The overall change reflected the positive impact of net profit for the year (284.3 million euro), the adjustment to the fair value reserves (148.7 million euro), the negative impact of changes in exchange rates (-41.0 million euro), approved dividends (-104.4 million euro) and other smaller changes (-8.7 million euro). The movements in total shareholders' equity are described in the "Statement of movements in consolidated total shareholders' equity".

Reconciliation between parent company net result and shareholders' equity and Group net result and shareholders' equity

(in thousands of euro)		December 31, 2009
Net result for the year of the parent company Italmobiliare S.p.A.		**52,642**
Consolidation adjustments		
• Net result of consolidated companies (Group share)		66,666
• Adjustment to equity investments valued with the equity method		17,192
• Elimination of dividends recognized in the period		(69,138)
• Elimination of intercompany gains or losses and other changes		29,896
Group net result		**97,258**
Shareholders' equity of the parent company Italmobiliare S.p.A.		**1,283,405**
• Elimination of carrying amount of consolidated equity investments		(1,131,820)
in companies consolidated on a line-by-line or proportionate basis	*(1,069,065)*	
in associates consolidated with the equity method	*(62,755)*	
• Recognition of shareholders' equity of consolidated equity investments		2,216,392
in companies consolidated on a line-by-line or proportionate basis	*2,141,276*	
in associates consolidated with the equity method	*75,116*	
• Gains allocated to shareholders' equity of subsidiaries and associates		41,343
• Elimination of effects of intragroup transactions		(11,688)
Consolidated shareholders' equity attributable to Group		**2,397,632**

Net debt

At December 31, 2009, **net debt** amounted to 2,200.8 million euro, with a decrease of 371.1 million euro from December 31, 2008.
The change arose primarily from significant cash flows on operations (+1,178.6 million euro), determined to a large extent by the reduction in working capital (385.7 million euro), offset only in part by the year’s investments in fixed assets (758.6 million euro, of which 715.1 million euro for property, plant and equipment and intangible assets, and 43.5 million euro for financial fixed assets) and by dividend payouts (104.9 million euro).

Breakdown of net debt

(in millions of euro)	December 31, 2009	December 31, 2008
Cash, cash equivalents and current financial assets	(1,908.3)	(1,573.5)
Short-term financing	1,225.2	1,245.5
Medium/long-term financial assets	(85.3)	(111.1)
Medium/long-term financing	2,969.2	3,011.0
Net debt	**2,200.8**	**2,571.9**
Change vs. December 2008	*(371.1)*	

Financial indicators

(absolute values in millions of euro)	**December 31, 2009**	**December 31, 2008**
Net debt	2,200.8	2,571.9
Consolidated shareholders' equity	5,767.1	5,488.2
Gearing	**38.16%**	**46.86%**
Net debt	2,200.8	2,571.9
Recurring EBITDA	1,055.7	1,020.7
Leverage	**2.08**	**2.52**

Summary of cash flows

(in millions of euro)	**December 31, 2009**	**December 31, 2008**
Net debt at beginning of period	**(2,571.9)**	**(1,991.7)** *
Cash flow from operating activities	1,178.6	522.3
Investments:		
Tangible and intangible assets	*(715.1)*	*(757.0)*
Non-current financial assets	*(43.5)*	*(285.8)*
Investments in fixed assets	**(758.6)**	**(1,042.8)**
Divestments of fixed assets	75.2	70.7
Dividends paid	(104.9)	(193.3)
Net debt of acquisitions/divestments	4.9	35.7
Compensation Turkey	-	50.0
Other	(24.1)	(22.8)
Change in net debt	371.1	(580.2)
Net debt at period end	**(2,200.8)**	**(2,571.9)**

* excluding debt of 157.9 million euro at the Calcestruzzi group.

Investments in fixed assets

(in millions of euro)	Non-current financial assets		Property, plant and equipment		Intangible assets	
	2009	2008	2009	2008	2009	2008
Business sector						
Construction materials	51.0	255.2	692.3	711.3	19.4	29.4
Packaging and insulation	-	2.7	9.2	19.5	0.3	0.5
Financial	0.4	5.6	-	-	0.1	-
Banking	-	25.9	1.2	1.0	4.8	1.1
Property, services, other	0.3	-	0.1	0.1	-	-
Total	**51.7**	**289.4**	**702.8**	**731.9**	**24.6**	**31.0**
Change in payables	(8.2)	(3.6)	(12.3)	(5.9)	-	-
Total investments in fixed assets	**43.5**	**285.8**	**690.5**	**726.0**	**24.6**	**31.0**
Geographical area						
European Union	26.9	153.9	223.2	263.3	17.6	13.1
Other European countries	-	69.8	10.2	20.7	5.1	1.1
North America	1.7	39.2	216.0	197.6	0.1	0.5
Asia	8.2	-	64.0	110.9	0.6	-
Africa and Middle East	-	0.5	181.7	131.0	0.2	-
Trading	9.6	11.9	3.1	5.9	0.1	0.1
Others	5.3	14.1	4.6	2.5	0.9	16.2
Total	**51.7**	**289.4**	**702.8**	**731.9**	**24.6**	**31.0**
Change in payables	(8.2)	(3.6)	(12.3)	(5.9)	-	-
Total investments in fixed assets	**43.5**	**285.8**	**690.5**	**726.0**	**24.6**	**31.0**

Group investments in fixed assets in 2009 totaled 758.6 million euro, down by 284.2 million euro from 2008. They focused in particular on enhancing and rationalizing existing industrial facilities. The large reduction related to the decrease in investments in non-current financial assets.

Investments in property, plant and equipment and intangible assets, largely in the construction materials sector, amounted to 715.1 million euro, down by 41.9 million euro from 2008 (757.0 million euro).

Investments in financial assets (including changes in payables for investments), totaling 43.5 million euro (285.8 million euro in 2008), referred essentially to the acquisitions in the construction materials sector, which, as noted earlier, decreased significantly from 2008.

Risks and uncertainty

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

Information on personnel and on the environment

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

Construction materials sector

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

(in millions of euro)	2009	2008	% change
Revenues	**5,006.4**	**5,775.6**	***(13.3)***
Recurring EBITDA	**971.6**	**1,113.1**	***(12.7)***
% of revenues	*19.4*	*19.3*	
Other income (expense)	(14.9)	(10.3)	*45.2*
EBITDA	**956.7**	**1,102.9**	***(13.3)***
% of revenues	*19.1*	*19.1*	
Amortization and depreciation	(459.8)	(450.9)	*2.0*
Impairment variation	(54.0)	(44.7)	*20.7*
EBIT	**443.0**	**607.3**	***(27.1)***
% of revenues	*8.8*	*10.5*	
Finance income (costs)	(106.9)	(79.5)	*34.5*
Impairment on financial assets	(41.1)	(124.9)	*(67.1)*
Share of results of associates	14.6	25.1	*(41.9)*
Result before tax	**309.5**	**428.0**	***(27.7)***
% of revenues	*6.2*	*7.4*	
Income tax expense	(94.2)	(151.4)	*(37.8)*
Net result for the period	**215.3**	**276.6**	***(22.2)***
% of revenues	*4.3*	*4.8*	
Net result attributable to the group	**71.3**	**142.5**	***(50.0)***
Minority interests	144.0	134.1	*7.4*
Cash flow from operating activities	1,101.9	642.2	*71.6*
Investments in fixed assets	742.4	987.7	*(24.8)*

(in millions of euro)	**December 31, 2009**	**December 31, 2008**
Total shareholders' equity	4,692.2	4,621.6
Group shareholders' equity	3,353.1	3,330.3
Net debt	2,419.9	2,679.3
Number of employees at period end	21,155	22,243

Performance in the construction materials sector

In the construction industry the recession deepened, generating a downturn in activity on a scale rarely seen in the main mature countries where the group operates. Almost everywhere, the root of the crisis was the need to absorb construction surpluses accumulated in previous years, especially in housing, where the adjustment took the form of a decline in property prices and an abrupt reduction in new building. Equally, the adverse macroeconomic climate caused production investment projects to be cancelled or put on hold, causing negative repercussions in the non-residential sector too. Given these conditions, many countries introduced fiscal packages to stimulate building and infrastructure construction. The breadth, timing and effectiveness of national plans have been uneven, and so far have not produced appreciable effects. In North America and Central Western Europe, conditions in the construction industry remained difficult. In the group's emerging countries, industry performance was generally sustained and in some cases – China, India, Egypt – made healthy progress.

Sales volumes

(in millions of euro)	2009 [1]	% change vs. 2008 historic	% change vs. 2008 at constant size
Cement and clinker *(in millions of metric tons)*	55.7	*(11.1)*	*(11.1)*
Aggregates [2] *(in millions of metric tons)*	39.1	*(17.8)*	*(17.8)*
Ready mixed concrete *(millions of m^3)*	11.2	*(19.2)*	*(21.5)*

[1] amounts refer to companies consolidated on a line-by-line basis and, pro-quota, to companies consolidated on a proportionate basis.
[2] excluding outgoes on work-in-progress account.

Group sales volumes in 2009 declined significantly in all lines of business, a trend that eased in the last quarter of the year 2009.

In **cement and clinker**, the fall in sales volumes arose largely in the mature countries (especially Italy, France, Spain and North America), and in Trading. In the emerging countries, performance declined overall, but at a slower rate, with trends varying from country to country. While Egypt, Kazakhstan and China reported growth, Morocco maintained the levels of 2008, and the other countries reported a reduction in sales volumes.

The **aggregates** sector was affected by the decline in all the countries in Central Western Europe, where the large majority of group operations are based. Performance in Morocco was stable, thanks to a lively fourth quarter; significant growth was reported in North America, but absolute values were low and had only a modest impact on total sales volumes.

Ready mixed concrete saw a general decline in sales volumes on a wider scale than in cement, due to the sharper fall in demand on the group markets. The largest reductions in absolute values were in France, Turkey, Spain and Egypt; in Egypt, the downturn arose as work was completed on a series of major contracts.

The 13.3% fall in **revenues** compared with 2008 arose from the slowdown in business performance (-13.6%), offset only to a limited extent by a modest exchange-rate effect (+0.4%), whose positive impact in the first 9 months faded in the fourth quarter. The consolidation effect was immaterial (-0.1%).
At constant size and exchange rates, the revenue decrease affected all the macro areas, notably Central Western Europe and North America. Among emerging countries, which as a whole showed a contained decline, performance was positive in Egypt, Morocco, China and Kazakhstan.

The action taken by management in all countries to cut variable and fixed costs and boost operating efficiency generated significant savings of around 240 million euro.

As a result, **recurring EBITDA**, at 971.6 million euro, fell by 12.7% from 2008, but the recurring EBITDA margin made a slight improvement, rising from 19.3% to 19.4%. **EBITDA**, at 956.7 million euro, was down 13.3%.

EBIT, after higher amortization and depreciation charges and an increase in impairment variations compared with 2008, totaled 443.0 million euro, a decrease of 27.1% from 2008.

Finance costs net of finance income increased from 79.5 million euro to 106.9 million euro (+34.5%), rising in relation to revenues from 1.4% to 2.1%. 2008 had benefited from the 50 million euro compensation received in connection with the non-sale of operations in Turkey. Net interest expense on net debt decreased from 127.9 million euro to 102.3 million euro.

The **share of results of associates,** at 14.6 million euro, was down from 2008 (25.1 million euro) largely due to the decline in results at Vassiliko (Cyprus) and Ciment Quebec (Canada).

Impairment on financial assets was 41.1 million euro (124.9 million euro in 2008), and referred to the share held in the Calcestruzzi group.

Result before tax amounted to 309.5 million euro, a decrease of 27.7% from 2008 (428.0 million euro).

Income tax expense, at 94.2 million euro, decreased by 37.8% compared with the previous year (151.4 million euro).

Net result attributable to the group was 71.3 million euro, a decline of 50.0% from 2008 (142.5 million euro), while **net result attributable to minority interests** rose by 7.4%, from 134.1 million euro to 144.0 million euro.

Investments in fixed assets totaled 742.3 million euro in 2009, down by 245.4 million euro from 2008 (987.7 million euro), largely as a result of the decrease in investments in non-current financial assets.

Capital expenditure, at 680.1 million euro, was comparable with the 2008 level (705.4 million euro); to an increasing extent (approximately 57% of the total compared with approximately 41% in 2008) it referred to strategic plant projects launched in previous years, which went into operation in 2009 or are due to begin in 2010: Martinsburg (North America), Ait Baha (Morocco), Yerraguntla (India) and Matera (Italy).

Investments in non-current financial assets amounted to 42.8 million euro (252.9 million euro in 2008); they referred largely to acquisitions in the ready mixed concrete sector in France (Masoni) and Kuwait (Gulf Ready Mix).

Net debt stood at 2,419.9 million euro at December 31, 2009, down by 259.4 million euro from the end of 2008. The strong improvement in cash flows from operations (1,101.9 million euro, from 642.2 million euro in 2008), notwithstanding the business slowdown, was supported by a significant containment of working capital, in part through measures designed to keep inventories and terms of collection under tight control. The change in working capital generated a net cash inflow of 380.1 million euro, compared with a net outflow of 153.9 million euro in 2008. A significant factor in the reduction of net debt was the decrease in investments in non-current financial assets.

At December 31, 2009, the Calcestruzzi subgroup had intercompany current account payables due to Italcementi S.p.A. of 196.4 million euro (175.4 million euro at the end of 2008). The amount has been classified as a current financial asset and consequently is included in the computation of Italcementi group net debt, which decreased by an identical amount

Total **shareholders' equity** at December 31, 2009, was 4,692.2 million euro, up by 70.5 million euro from December 31, 2008, of which 22.7 million euro due to changes in shareholders' equity attributable to the group and 47.8 million euro in minority interest.

The main increases were in net profit for the year (215.3 million euro) and the adjustment of 7.5 million euro in the fair value reserves for derivatives and available-for-sale assets; the main decreases were in dividends paid (124.3 million euro), and the reduction (40.4 million euro) in the translation due to appreciation of the euro against the other currencies.

Quarterly trend

(in millions of euro)	Full year 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Revenues	**5,006.4**	**1,158.9**	**1,261.7**	**1,384.6**	**1,201.2**
% change vs. 2008	*(13.3)*	*(14.5)*	*(15.5)*	*(12.1)*	*(11.1)*
Recurring EBITDA	**971.6**	**183.9**	**290.3**	**308.5**	**188.9**
% change vs. 2008	*(12.7)*	*(11.2)*	*(7.2)*	*(7.8)*	*(27.0)*
EBITDA	**956.7**	**185.5**	**283.0**	**310.8**	**177.4**
% change vs. 2008	*(13.3)*	*(7.7)*	*(7.8)*	*(7.4)*	*(31.6)*
EBIT	**443.0**	**37.7**	**167.3**	**173.3**	**64.6**
% change vs. 2008	*(27.1)*	*28.1*	*(16.2)*	*(23.5)*	*(57.3)*
Net result for the period	**215.3**	**(6.1)**	**94.1**	**107.2**	**20.1**
% of revenues	*4.3*	*(0.5)*	*7.5*	*7.7*	*1.7*

Fourth-quarter sales volumes were down on the year-earlier fourth quarter in all lines of business, although the slowdown eased with respect to the first nine months of the year.

In the **cement and clinker** sector, performance declined in North America and Central Western Europe, while the emerging countries reported growth, with the exception of Bulgaria and Turkey. Performance was also positive for Trading.

The smaller reduction in the countries in Central Western Europe and the progress achieved in Morocco produced a smaller downturn in fourth-quarter performance in **aggregates** and **ready mixed concrete** compared with the figures for the year to September 30.

In the fourth quarter, **revenues** continued to be affected by the volume slowdown caused by the impact of the financial crisis on the real economy (especially in some industrialized countries), and fell to 1,158.9 million euro (-14.5% from the year-earlier period). A significant decline was reported in North America, Central Western Europe and cement and clinker Trading, counterbalanced by healthy progress in some emerging countries, notably Egypt, Morocco and China.
Fourth-quarter revenues were also affected by a negative overall exchange-rate effect.

Recurring EBITDA was 183.9 million euro, down 11.2% from the fourth quarter of 2008, a result arising mainly from the decrease in volumes and sales prices. These effects were largely countered by continuing incisive action to contain variable and fixed costs.

EBIT at 37.7 million euro (+28.1%) was up on 2008 due to the decrease in non-recurring charges and impairment variations.

The **net result for the fourth quarter** was -6.1 million euro (-51.4 million euro in the year-earlier period).

Significant events for the year

In December 2009 an agreement was signed for the Verny private equity fund to purchase 6.9% of **Shymkent Cement**, the Group subsidiary in Kazakhstan, and simultaneously sell 11% of **Yuzho Kirghizskij Cement**, a company active in Kyrgyzstan, to the Italcementi group.
Verny is a leading private equity fund in Kazakhstan and central Asia, with assets of approximately 3.5 billion dollars. Its main investors include the founders of ATF Bank, the Kazakh bank recently acquired by Unicredit.

Significant events in the first nine months of the year, already reported in the 2009 half-year and quarterly reports, are described below:

- in July, **Moody's Investor Services** confirmed the Italcementi Baa2 long-term rating and downgraded the outlook from stable to negative; at the same time it lowered the Ciments Français rating from Baa1 to Baa2, with negative outlook. In September, **Standard and Poor's** amended its long-term rating for Italcementi from BBB to BBB-, and confirmed the A-3 short-term rating; the outlook was upgraded to stable from negative. The Ciments Français rating was also amended from BBB/A-3 to BBB-/A-3 and the outlook from negative to stable;
- in July, **Italcementi S.p.A.** and **Ciments Français S.A.** arranged a 5-year **medium-term line of credit** for 400 million euro, of which 300 million euro for Italcementi S.p.A. and 100 million euro for Ciments Français S.A., replacing respectively a 275 million euro bilateral line of credit maturing in March 2011 and a 100 million euro bilateral line of credit maturing in July 2012. **Ciments Français S.A.** also renewed a 364-day 150 million euro revolving line of credit; in March and May it had already renewed for one year two committed revolving lines of credit for a total of 250 million euro;
- in June, **Italcementi S.p.A. and Ciments Français S.A.** announced their decision to call off their merger project, after learning that the conditions set for the planned operation had not been met. It was felt that the requests presented by the American institutional investor group were excessive and unacceptable for the two companies and not consistent with the objectives of the merger;
- at the end of March, at the **European Coating Show in Nuremberg**, Italcementi presented **Alipre®,** its **new hi-tech range** of sulfoalluminate clinker-based environment-friendly products;
- for the **World Expo in Shanghai** to be held from May 1 to October 31, 2010, the Italian Government presented the project for its pavilion, which will showcase the excellent achievements of the country under the theme *"Better city, Better Life",* the title of Expo 2010. The Italcementi group will be the official supplier of the pavilion, and produce more than 3,700 **"transparent cement"** panels creating plays of light and shadow that will change continually over the course of the day.

At December 31, 2009, no changes had taken place in treasury shares in portfolio with respect to December 31, 2008. Italcementi S.p.A. held 3,793,029 ordinary treasury shares (representing 2.14% of ordinary share capital) servicing stock option plans, and 105,500 savings treasury shares (0.1% of savings share capital).

Operating performance by geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2009	% change vs. 2008	2009	% change vs. 2008	2009	% change vs. 2008	2009	% change vs. 2008
Geographical area								
Central Western Europe	2,754.4	*(17.3)*	460.3	*(18.5)*	467.1	*(19.6)*	209.6	*(39.1)*
North America	401.2	*(19.8)*	12.5	*(77.4)*	2.4	*(95.6)*	(55.5)	*n.s.*
Eastern Europe and Southern Med Rim	1,345.0	*(1.0)*	414.3	*4.8*	413.5	*11.2*	287.1	*24.0*
Asia	411.7	*(8.4)*	95.4	*(9.2)*	88.8	*(14.4)*	26.2	*(31.0)*
Cement and clinker trading	253.0	*(31.8)*	15.5	*(14.6)*	15.5	*(15.4)*	9.6	*(29.2)*
Other and inter-area eliminations	(158.9)	-	(26.4)	*n.s.*	(30.6)	*n.s.*	(34.0)	*n.s.*
Total	**5,006.4**	***(13.3)***	**971.6**	***(12.7)***	**956.7**	***(13.3)***	**443.0**	***(27.1)***

n.s. not significant

Central Western Europe

Revenues in Central Western Europe dropped significantly (-17.3%) as a result of decreases in volumes in all countries and, in some cases including Italy, in sales prices.
EBIT showed a larger decrease, of 39.1%, despite programs to contain operating expense, which failed to offset the decline in revenues.

North America

In an economic context that only began to show signs of a recovery in the fourth quarter, the crisis in the construction industry continued in 2009, adversely affected by a slack private sector, with a sharp fall in cement consumption.
The large decrease in sales volumes pushed down EBITDA, despite strong savings in fixed costs.

Eastern Europe and Southern Med Rim

Revenues in this area were virtually in line with 2008 (-1%). However, trends varied from one country to another:

- buoyed by the residential sector and tourism, grey cement consumption in **Egypt** rose by 25% from 2008. The rise in sales volumes and steady strong price level made up for the increase in costs. Although ready mixed concrete was slacker than in 2008, it made a positive contribution to results. The favorable exchange-rate effect produced an improvement in EBITDA in euro;
- in **Morocco**, after three years of healthy growth, 2009 saw a slowdown in cement consumption, with a slight fall in group volumes. The improvement in EBITDA arose largely from the increase in prices and smaller clinker purchases;
- in **Bulgaria** the market slumped by 47% in the fourth quarter from the year-earlier period, and by 37% for the full year, while the threat of imports from Turkey was confirmed (accounting for about 15% of the market). Although sales prices were slightly up on 2008, they began to decrease. In these conditions, notwithstanding an improvement in productivity and a sales policy to develop exports to Romania, EBITDA dropped very substantially;

- after two years of slowdown, **Turkey's** economy went into a recession in the fourth quarter of 2008. Surplus production capacity led to a sharp fall in market prices, and a heavy reduction in revenues. Despite the significant reduction in costs in cement and ready mixed concrete, EBITDA was significantly lower, due to the business downturn.

Asia
In the area as a whole, revenues were down 8.4%, although performance and trends varied from country to country:

- in **Thailand** operating results fell due to the sharp decline in exports, in average domestic sales prices and the rise in power costs, offset only in part by the savings achieved through the restructuring plan;
- results also fell in **India** due to the reduction in sales volumes (caused by aggressive competition generated by the rise in production capacity), the fall in sales prices as from the third quarter and the devaluation of the rupee against the euro; these effects were counterbalanced only in part by the reduction in fuel costs;
- operating results in **China** made strong progress, driven by revenue growth (higher prices and sales volumes) and the decrease in the cost of coal;
- in 2009 the construction industry in **Kazakhstan** benefited from the support provided by major government programs (hospitals, motorways and schools) and a recovery in residential building. The fall in prices and sharp devaluation at the beginning of the year prevented a recovery on EBITDA, despite a better economic climate.

Cement and clinker trading
Intragroup and third-party **cement and clinker** sales volumes fell by 24.5% in 2009, but reflected a recovery in the fourth quarter (+6.5%) compared with the year-earlier period.
The reduction in volumes arose largely on intragroup sales as a result of the general market slowdown; the terminals (specifically Albania, Mauritania and Kuwait) reported an overall improvement of 5.7% in sales volumes.
Operating results were down, mainly as a result of the reduction in volumes.

Calcestruzzi

On February 26, 2010, the Calcestruzzi S.p.A. Board of Directors approved the company's financial statements as at and for the year to December 31, 2009. The statements were forwarded to Italcementi S.p.A. for correct evaluation of the equity investment in Italcementi S.p.A.'s own separate and consolidated financial statements as at and for the year to December 31, 2009.

In compliance with IAS 27.21, due to the loss of control determined by the preventive seizure on Calcestruzzi S.p.A. assets ordered on January 29, 2008, and still in effect, the Calcestruzzi subgroup is no longer included in the scope of consolidation, and was not included in the consolidated financial statements as at and for the year to December 31, 2008; since loss of control, the equity investment has been accounted for in accordance with IAS 39.46 and classified under "Other equity investments". Moreover, as a result of the exclusion of the Calcestruzzi subgroup from the scope of consolidation, all business and financial dealings with the subgroup are included under dealings with related parties.

The Calcestruzzi S.p.A. balance sheet and income statement as at and for the year to December 31, 2009, reflect:

- revenues of 305.1 million euro (-23.4% from 398.2 million euro in 2008);
- negative recurring EBITDA of 26.5 million euro (negative recurring EBITDA of 19.2 million euro in 2008);
- negative EBIT of 36.0 million euro (-28.5 million euro in 2008);
- a net loss of 35.0 million euro (a loss of 34.7 million euro in 2008);
- shareholders' equity of 74.7 million euro (107.7 million euro at December 31, 2008);
- a negative net financial position of 165.5 million euro (159.8 million euro at December 31, 2008).

Based on the information forwarded by the other companies in the Calcestruzzi group, Italcementi S.p.A. drew up a consolidated balance sheet and income statement for the Calcestruzzi group reflecting:

- revenues of 389.5 million euro (-21.3% from 495.0 million euro in 2008);
- negative recurring EBITDA of 26.7 million euro (-20.3 million euro in 2008);
- negative EBIT of 40.4 million euro (-32.0 million euro in 2008);
- a net loss of 40.4 million euro (net loss of 31.4 million euro in 2008);
- shareholders' equity of 72.8 million euro (111.1 million euro at December 31, 2008);
- a negative net financial position of 200.0 million euro (189.5 million euro at December 31, 2008).

E-business initiatives

In 2009 the revenues of the BravoSolution group made further progress, accompanied by an improvement in earnings, despite the industry problems caused by the difficult world economic situation.
Consolidated revenues were 50.6 million euro, up by 8.9% on 2008 (46.4 million euro). EBITDA was 5.6 million euro (3.4 million euro in 2008), while EBIT was 2.0 million euro (0.5 million euro). Result before tax was 1.3 million euro (0.9 million euro) and net result for the year was 1.4 million euro (a loss of 0.4 million euro in 2008).
BravoSolution has direct operations in eight countries in Europe, Asia and America, and is currently the second player in the industry worldwide. Its international dimension is consistent with the multinational nature of its clientele and with the need to operate on a broader scale to respond to emerging demand. The important role assumed by the group through its geographical complexity is matched by the breadth, depth and originality of its software solutions and business services.

Energy project

In 2009 Italgen S.p.A. reported revenues of 38.6 million euro, down from 2008 (-32.0%) as a result of lower volumes (2008 included thermoelectric energy volumes as well as larger volumes of purchased energy) and lower sales prices. On the hydroelectric energy front, thanks to careful maintenance, the plant availability index was 88%, compared with 82% in 2008.
During 2009, Italgen S.p.A. worked on a number of projects. This section provides an update with respect to the 2009 interim reports:

- in **Italy**, with regard to approval for the revamping of the Villa di Serio power station in the province of Bergamo, on December 21 the Services Conference was held at the Ministry of Economic Growth, bringing the authorization process to a successful conclusion. The Single Authorization decree pursuant to L. 55/02 will be issued and published in the early months of 2010;
- in **Morocco**, with regard to the Laayoune wind farm, after the initial choice of a 5 MW facility to produce the energy to power the neighboring grinding center, preliminary approval was received from the ONE national power provider;
- in **Turkey**, the basic project for the Balikesir wind farm (up to 142.5 MW) and the technical specifications for the turnkey supply tenders were drawn up. Engineering work began on the 6 km overhead line connecting the farm to the national grid. In July approvals were obtained for the construction of 43 turbines; in December, the authorities waived the requirement for similar approvals for the remaining 14 turbines;
- in **Egypt**, for the project for a possible 120 MW wind farm in the Gabal El Zeit district, the Environmental Impact Assessment continued, in line with the agreements with the Government Agency for Renewable Energy. This includes a detailed study of migratory flows and a wind measurement survey.

Research and development

Research and development, engineering and technical assistance activities for the group companies in Italy and abroad are carried out through the subsidiary CTG S.p.A..

In 2009, CTG S.p.A. provided services for 67.5 million euro (63.4 million euro in 2008). Staff at December 31, 2009, numbered 415 (446 at December 31, 2008), of whom 307 at the headquarters in Bergamo, 96 in Guerville, 4 at the subsidiary CTG-USA LLC and 8 at group subsidiaries. Given the difficult economic climate, attention focused on improving organizational efficiency and cutting costs.

Engineering work focused on new plants and revamping of existing facilities, while technical support was dedicated to improving product quality and raising technological and production efficiency.

Consistently with the Innovation Project, R&D work centered on market analyses and promotion of new ideas for products and applications in construction materials.

Revenues from innovative products amounted to approximately 160 million euro in 2009, for a certified innovation rate (the ratio of revenues from innovation to operating revenues) of 3.2%. The main contribution came from the mature markets: Italy, France and Belgium, Spain, Greece, North America.

Risks and uncertainty

Management of risks (internal and external, social, industrial, political, financial) is an integral part of the group growth strategy and an essential element in the on-going evolution of its corporate governance system. Risk management is designed, in part through improvements to

rules of conduct, to ensure respect for the environment, to safeguard stakeholders (employees, customers, suppliers, shareholders), and to protect corporate assets.
Italcementi operates in a sector where it is exposed to various types of risk and uncertainty (external, operational, financial, organizational, compliance, etc.).
In 2008 the Italcementi group launched a "Risk & Compliance" program designed to build a structured risk management approach integrated with its growth strategy that would foster performance improvements by identifying, measuring, managing and controlling the main exposures.
During 2009 Italcementi focused on priority risks, with identification, at corporate and subsidiary level, of risk mitigation measures, guaranteeing group-wide consistency and coordination; assignment of operating responsibilities; and definition, consistently with the measures planned, of group guidelines to ensure coordinated monitoring and control of the main exposures.
In January 2010 Italcementi began implementation of the planned strategies and measures, and the consequent alignment of the group risk management systems with the required standards, in order to keep exposure within the established acceptability limits. During this phase, an organizational and process infrastructure will be created to ensure the continuity of the Enterprise Risk Management process set up with the "Risk & Compliance" program, for continuous improvement of risk management performance.

Sustainable development and risk: protection of people and assets
Sustainable development favors a corporate approach that balances economic growth, protection of the environment and social sustainability, without compromising the possibility for future generations to satisfy their needs. By constantly pursuing an optimal balance of these elements and ensuring that benefits extend to everyone involved, companies enhance their long-term value, ability to survive and competitive advantage, thus helping to prevent industrial risks and reducing exposure. The group checks that its protection and prevention programs are always applied to all personnel and all work sites.
In 2009 the group maintained its commitment to sustainable development in all countries and lines of business, with action coordinated by the internal "Sustainable Development Steering Committee" (SDSC).
Group goals and initiatives in the area of sustainable development are examined in a separate report (Sustainable Development Report).
In 2009 the group also launched a special Asset Protection Program which will continue this year. The aim is to qualify the importance of risks and develop a suitable prevention and protection policy to reduce accidents, thus limiting damage to assets and consequent operating losses.

Risks relating to the general economic situation and the industry
As noted at the beginning of this report, the unprecedented scale and speed of the crisis and its impact on the international economic and financial situation in 2008 and 2009 constitute elements of risk for the group. This should also be taken into account in relation to the group's specific area of business, which is sensitive to changes in the economic situation. Household and business propensity to invest in construction was heavily affected by the severe and sudden worsening in conditions. These difficulties were exacerbated by growing financial uncertainty and inflexibility, which significantly limited operating possibilities.

Risks associated with energy and fuel costs
Expense for energy and fuels, which represents a large portion of group variable costs of production, varied significantly in the past and may vary significantly in the future as a result of factors beyond the group's control. The group adopted a series of measures to manage availability risks for certain energy and fuel sources by entering into medium-term supply contracts. Furthermore, the group's centralized procurement organization enables it to benefit from more efficient relations with suppliers and to obtain competitive 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 constant, on-going procurement.

Financial risks
The current period of crisis puts corporate cash flows at risk, endangering companies' self-financing ability and creating growing difficulties for normal, orderly operations on the financial market.
The group procures sources of finance and manages interest rates, exchange rates and counterpart risk, for all the companies in the scope of consolidation. It uses derivative financial instruments to reduce the risk of fluctuations in interest rates and exchange rates with respect to debt and its international operations

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

Legal risks
Suitable provisions and write-downs were 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.
Updates on the Calcestruzzi question and the other main disputes are provided in specific sections of this report (Calcestruzzi and Disputes).

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.

Financial disclosure risks
The main characteristics of the risk management system and the internal control system with respect to the financial disclosure process are illustrated in the Corporate Governance report.

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

Social initiatives

The group takes active steps to improve quality of life for its employees, support local communities and cooperate with customers and suppliers. No form of discrimination is applied in any area and employee health and safety are considered of fundamental importance. Key aspects of workers rights are managed through group human resources policies, in compliance

with top international standards like the International Labor Organization (ILO) and OECD Guidelines.
The frame agreement signed in 2008 by Italcementi S.p.A. and Building and Wood Workers International (BWI), the world federation of industry unions, is gradually being implemented. The basic approach of the agreement, a charter of worker rights valid all round the world, has been strengthened with the definition of an initial reporting and monitoring system on awareness of and respect for human rights.

Information systems

The strategy to simplify and integrate the group information systems produced two important results in 2009:

- implementation of a standard group solution for cash management processes. The SAP-based solution is already operating in a number of group countries and will be rolled out to other countries in 2010;
- the selection and subsequent implementation of a standard group solution for all back-office operations in the ready mixed concrete area. The solution is under completion and will be rolled out to a number of group units in early 2010.

The focus on operating efficiency led to the extension of outsourcing policies leveraging group synergies; in this connection, the integrated services management model went into operation in 2009 in France, Belgium and Italy.

Sustainable development

In 2008 the group maintained its commitment to sustainable development in all countries and lines of business, with initiatives coordinated by the group's internal "Sustainable Development Steering Committee" (SDSC). Details on objectives, initiatives and results are provided in the 2009 Sustainable Development Report.
During 2009 the group strengthened its presence in the World Business Council for Sustainable Development, with the participation of all its main subsidiaries in the Council's regional network. It also standardized its sustainability operations by drawing up policies, principles and guidelines.
In July, Italcementi S.p.A. and the Italian Ministry for the Environment signed a voluntary "Pact for the Protection of the Environment". This initiative, one of a series of agreements between the Ministry and ten leading Italian companies, concerns an investment program by Italcementi and its Italgen subsidiary for the reduction of greenhouse gases and production of energy from renewable sources.

Health and safety

Improvement of safety is a constant group objective. Since the introduction of the "Zero accidents" project in 2000, the accident frequency rate has fallen significantly (approximately 80%). Nevertheless, the group is fully committed to improving safety conditions not only for its own employees but also for its contractors' workers, to prevent fatal accidents and foster a safety and awareness culture among its own workforce and other workers.

Environmental management systems

At the end of 2009, 53 plants on a total of 61 had ISO 14001 environment management system certification and action is begin taken to extend cement plant certification and also obtain certification for aggregates and ready mixed concrete operations.
Preventive action is also implemented through environmental reviews conducted by the Sustainable Support Division as part of a long-term program to run checks on all cement plants every four years.

Raw materials and alternative fuels

To ensure responsible use of raw materials and fuels, many group companies are taking action to increase use of alternative sources and thereby minimize impact on the environment and on the health and safety of employees and other parties using these materials.

Emissions control and reduction

At the end of 2009, the majority of active kilns were equipped with complete or partial CEMs, while the remainder were kept under constant control through regular spot checks.
In addition to dust, NO_x and SO_2, spot monitoring of minor elements such as volatile organic pollutants, metals and dioxins is conducted in a growing number of plants.
At European Union level, on-going reviews of the Integrated Pollution Prevention and Control Directive require continuous updating of industrial facilities through the introduction and optimization of Best Available Techniques.

CO_2 emissions monitoring and European Union trading system

The European Directive on greenhouse gas emissions is currently in the second period of application (2008-2012).
The downturn on the cement market since the second half of 2008 had a significant impact on emissions in 2009. As a result, for the second year, the group had a surplus; in 2009, this was more than 4 million metric tons out of a total allocation of approximately 18 million metric tons.
The surplus is being managed in line with the group emissions risk management strategy, with a time frame covering the entire period of the Directive, 2008-20 (application periods 2 and 3).
Group strategy covers the spot and forward market and EUA options, as well as EUA / CER swaps. The new regulatory developments in North America and ties with the situation in Europe are being closely monitored.
A large number of renewable energy and alternative fuel projects are underway, notably in India, Egypt and Thailand. Under the Kyoto Protocol “Clean Development Mechanism” (CDM), these projects generate emission credits, which can be used to cover rights requirements in respect of CO_2 emissions.

Human resources

The breakdown of staff by country is as follows:

(heads*)	December 31, 2009		December 31, 2008	
		%		%
Italy	3,715	*17.6*	3,939	*17.7*
France/Belgium	4,532	*21.4*	4,592	*20.7*
Spain	741	*3.5*	827	*3.7*
Greece	219	*1.0*	219	*1.0*
North America	1,866	*8.8*	2,155	*9.7*
Egypt	4,541	*21.5*	4,620	*20.8*
Morocco	1,128	*5.3*	1,093	*4.9*
Bulgaria	437	*2.1*	484	*2.2*
Turkey	772	*3.6*	802	*3.6*
Thailand	835	*3.9*	1,087	*4.9*
India	773	*3.7*	800	*3.6*
China	438	*2.1*	456	*2.0*
Kazakhstan	391	*1.8*	452	*2.1*
Trading	692	*3.3*	654	*2.9*
Others **	75	*0.4*	63	*0.3*
Total	**21,155**	***100.0***	**22,243**	***100.0***

* including employees of companies consolidated on a line-by-line basis or proportionate basis. If proportionate, the number of employees is also proportionate.
** includings BravoSolution UK, Digital Union UK, BravoSolution Benelux, BravoSolution Mexico, Singapore, Dubai; Saudi Arabia and Libya at 50%.

The decrease of 1,088 employees with respect to December 31, 2008, was the result of widespread action to raise efficiency; the most important measures (with reductions of 10% or more) were taken in North America, Thailand, Spain, Bulgaria, Kazakhstan. The scope of the workforce changed as a result of ready mixed concrete acquisitions in France and in Kuwait (Trading), while an increase occurred in Morocco in connection with the imminent opening of the Ait Baha plant. Net of acquisitions and disposals, the workforce at the end of December 2009 was down by 1,187 heads from the end of December 2008 (-5.3%).

In 2009, staff management and development continued activities to tie remuneration policies more closely not only to employment market trends, but also to performance assessment, with particular reference to Thailand, India, China, Bulgaria, Greece and Turkey.

At a time of continuing economic difficulties, training focused on key themes to ensure business continuity: efficiency, governance, sustainable development, enhancement of competencies were the drivers for group and local action to foster and strengthen corporate values and the enterprise culture. Use of internal tutors and e-learning tools, and optimization of programs and logistics, kept overall rates in line with the group's main needs, despite the sharp reductions in expenditure budgets. The group maintained its commitment to schools and universities with scholarships and internships, and placed a special focus on young people from developing countries.

Disputes and pending proceedings

Italy

With regard to the proceeding concerning the "Ready mixed concrete market in the province of Milan", begun in 2003 by the Competition & Market authority, no further developments have taken place since the ruling issued on July 7, 2009, by the *Consiglio di Stato*, Italy's supreme judicial-administrative review body. The *Consiglio* overturned in full the fine on Cemencal and upheld in part the Calcestruzzi appeal, thus reducing the gravity and the duration of the violation (affecting the regulations involved in the determination of the fine). The Competition & Market authority will have to take these elements into account when re-determining the fine on Calcestruzzi.
With regard to Calcestruzzi, collection of pre-trial evidence continued during the year, and was completed on January 18, 2010. The court-appointed experts filed their reports, which, generally speaking, indicate the qualitative compliance of the concrete supplied by Calcestruzzi S.p.A with the contract specifications. On the IT front too, in the opinion of the company no evidence emerged indicating fraudulent behavior by Calcestruzzi.
No new developments took place in the separate proceeding begun in March 2008 involving Italcementi S.p.A. as well as its subsidiaries.

Turkey

In March 2009, Ciments Français was notified of a lawsuit brought in Russia by Financial and Industrial Union Sibkonkord (hereinafter, "Sibconcord"), the parent company of OJSC Holding Company Sibirskiy Cement (hereinafter, "Sibcem"). Ciments Français had concluded a preliminary agreement to sell its industrial assets in Turkey to Sibcem and had received from Sibcem an amount of 50 million euro, corresponding to the advance payment made at the time of closure of the preliminary agreement, as compensation, in compliance with a specific contractual clause, for the non-closure of the final contract. As described in the 2009 half-year financial report, Sibconcord has presented a petition to the Russian courts requesting that the contract be declared unenforceable and the compensation returned by Ciments Français. Ciments Français presented a defense to the Russian courts and the proceeding began. Given the contractual clauses governing settlement of disputes, which recognize the Turkish arbitrators as the sole competent authority, Ciments Français has in turn begun arbitration proceedings in Turkey, holding that this is where the validity of the contract should be decided and to safeguard its interests. The lawsuit in Russia and the arbitration proceeding in Turkey are moving ahead and no significant developments have taken place to date.

Europe

In November 2008, the European Commission began an investigation on the European cement market to verify the alleged involvement in unfair trading practices violating community regulations by Italcementi S.p.A. and the subsidiaries Ciments Français SA, Ciments Calcia SA and Compagnie des Ciments Belges SA. The European Commission conducted surprise inspections at the offices of these companies. The case is currently in the preliminary investigation stage. No violations have been formally notified.

India

Zuari Cement Ltd. has become a party to proceedings begun in 2006 by the Indian Antitrust authority, and is awaiting notification of the alleged violations.

Significant post balance-sheet events

In relation to its sustainable development commitments, Italcementi S.p.A. has joined the United Nations' "Global Compact", a multi-stakeholder network of government, business, UN agencies, labor and civil society to promote the corporate citizenship culture on a global scale. The Global Compact has expanded rapidly since it began operations in July 2000, and today is the leading global forum examining the most critical aspects of globalization. It has been joined by growing numbers of business organizations and stakeholders, who voluntarily cooperate in helping to achieve a "more inclusive and sustainable global economy" by sharing, implementing and promoting the principles of the initiative.
To achieve this, the Global Compact asks its members to:

- support, sustain and apply, within their respective spheres of influence, a set of basic principles in the areas of human rights, labor, environment and anti-corruption, as an integral part of their strategy and daily operations;
- encourage and facilitate dialogue and cooperation among all the main stakeholders in supporting the initiative's 10 principles and the wider objectives set by the United Nations, including its Millennium Development Goals.

At a meeting on March 5, 2010, the Italcementi S.p.A. Board of Directors approved a Euro Medium Term Note issuance program for non-convertible bonds (EMTN) intended for Italian and international qualified investors, up to a maximum amount of 2 billion euro. The program will be a tool to continue extending the group's debt maturities and diversify its sources of funds.
On March 16, 2010, placement closed of a fixed-rate 10-year debenture for a face value of 750 million euro among qualified investors.
The debenture issued by the French subsidiary Italcementi Finance S.A. and guaranteed by Italcementi S.p.A. (Baa2 rating from Moody's and BBB- rating from Standard and Poor's) was five times oversubscribed, with requests totaling more than 4 billion euro.
The debentures, reserved for qualified investors, with a minimum amount of 50,000 euro, pay a fixed annual coupon of 5.375%. The issue price is 99.223 euro. The actual gross yield rate at maturity is 5.478%, corresponding to a yield of 215 basis points above the reference rate (midswap at 10 years).
The subscription settlement date for the debenture, which will trade on the Luxembourg Stock Exchange, was March 19, 2010; the maturity date is March 19, 2020.
In connection with the program, Ciments Français has reached an agreement on a clarifying amendment to the regulation for the 2002 and 2006 US private placement notes for an aggregate face value of 500 million US dollars, to expressly permit Ciments Français to borrow funds from Italcementi. Ciments Français also announced an offer to holders of the notes in question to repurchase any and all outstanding notes at a price of 1,065 US dollars per 1,000 dollars face value. The offer period will expire on March 24, 2010, and may be extended for a further ten business days if certain conditions are met.

Performance at Italcementi S.p.A.

(in millions of euro)	2009	2008	% change
Revenues	**769.3**	**991.3**	***(22.4)***
Recurring EBITDA	**26.4**	**76.1**	***(65.3)***
% of revenues	*3.4*	*7.7*	
Other income (expense)	3.9	1.8	*114.1*
EBITDA	**30.2**	**77.9**	***(61.2)***
% of revenues	*3.9*	*7.9*	
Amortization and depreciation	(83.9)	(84.0)	*(0.2)*
Impairment variation	(12.9)	-	*n.s.*
EBIT	**(66.6)**	**(6.2)**	***n.s.***
% of revenues	*(8.7)*	*(0.6)*	
Finance income (costs)	70.7	90.8	*(22.1)*
Impairment on financial assets	(41.1)	(57.0)	*(27.9)*
Result before tax	**(36.9)**	**27.6**	***n.s.***
% of revenues	*(4.8)*	*2.8*	
Income tax expense	20.6	7.4	*177.0*
Net result for the period	**(16.3)**	**35.0**	***n.s.***
% of revenues	*(2.1)*	*3.5*	
Cash flow from operating activities	214.8	138.7	*54.9*
Investments in fixed assets	105.9	126.5	*(16.3)*

n.s.: not significant

(in millions of euro)	**December 31, 2009**	**December 31, 2008**
Shareholders' equity	1,903.6	1,952.2
Net debt	751.1	829.4

Outlook

With economic and financial conditions remaining extremely difficult and unstable at global level, with the exception of some important emerging countries, in 2010 the Italcementi group will continue with its program to contain costs and keep working capital under tight control. The greater industrial efficiency generated by the operating start-up of new strategic plants will counterbalance in part the expected negative effect of the volume-price factor on some group markets and the possible increase in energy costs.
These measures, together with the new investment plans scheduled for 2010 – if on a more limited scale than in 2009 –, will enable the group to develop an even more solid and efficient structure to enjoy the benefits as the recovery begins.

Food packaging and thermal insulation sector

The Group operates in the food packaging and thermal insulation sector through Sirap Gema S.p.A. and its subsidiaries (Sirap Gema group).

(in millions of euro)	2009	2008	% change
Revenues	**238.3**	**264.3**	***(9.8)***
Recurring EBITDA	**31.2**	**25.1**	***24.3***
% of revenues	*13.1*	*9.5*	
Other income (expense)	-	-	
EBITDA	**31.2**	**25.1**	***24.3***
% of revenues	*13.1*	*9.5*	
Amortization and depreciation	(12.2)	(12.1)	*0.2*
Impairment variation	(0.4)	-	*n.s*
EBIT	**18.6**	**13.0**	***43.4***
% of revenues	*7.8*	*4.9*	
Finance income (costs)	(7.0)	(10.7)	*(34.4)*
Result before tax	**11.6**	**2.3**	***n.s.***
% of revenues	*4.9*	*0.9*	
Income tax expense	(4.6)	(0.1)	*n.s.*
Net result for the period	**7.0**	**2.2**	***n.s.***
% of revenues	*2.9*	*0.8*	
Net result attributable to the group	**7.0**	**2.1**	***n.s.***
Minority interests	n.s.	0.1	*n.s.*
Investments in fixed assets	9.5	19.9	*(52.4)*

n.s. not significant

(in millions of euro)	December 31, 2009	December 31, 2008
Total shareholders' equity	51.5	47.4
Group shareholders' equity	50.8	46.7
Net debt	119.7	140.9
Number of employees at period end	1,387	1,396

Performance in 2009 was progressively affected by the repercussions of the economic crisis on all Sirap Gema markets, although the intensity of the impact varied: in food packaging the fall in demand triggered new competitive pressures among operators, especially on the Italian market, and in the rigid container segment; in thermal insulation demand fell, especially in the second half, despite greater use of insulating material in line with energy-saving legislation.
Average polymer prices were at notably lower levels than in 2008, with an upturn only emerging in the fourth quarter.

Group revenues were down 9.8%, largely due to lower volumes and, in the second half, to erosion on sales prices. Currency devaluations in the countries outside the Euro zone had an impact of approximately 3%.

EBIT was 18.6 million euro and reflected a strong improvement due to the profitability recovery at the French subsidiary, favorable polymer price trends and group-wide action to contain costs.

Net finance costs showed a sharp decrease as a result of the reduction in average debt, the lower cost of money and smaller exchange-rate losses among the east European subsidiaries.

Income tax expense reflected a significant increase with respect to the almost immaterial value of the previous year, due to the rise in profit before tax and to the fact that in 2008 the Italian companies benefited from tax laws allowing reserves to be released with payment of a lower tax rate. Since the cost of the operation was lower than ordinary taxation, the related deferred tax proved to be in excess and was therefore reversed.

Group net result for 2009 was 7 million euro against 2.1 million euro in 2008.

Debt decreased as a result of the improvement in cash flow on operations and containment of investments.

Investments in fixed assets totaled 9.5 million euro (19.9 million euro in 2008), and related largely to completion of the new Inline factory in Poland (approximately 5.4 million euro).
The parent company Sirap Gema S.p.A. conducted impairment tests (in compliance with IAS 36) to determine the recoverable amount of the investments in Sirap Gema France SAS, Petruzalek Austria G.m.b.h., Amprica (now merged with Sirap Gema S.p.A.) and Universal Imballaggi S.r.l., i.e., in recently acquired companies or companies operating in particularly complex economic-financial and/or market conditions. The tests confirmed the carrying amounts of the investments in question.

Significant events for the year

On September 30, 2009, the legal representatives of Sirap Gema S.p.A. and Amprica S.p.A. signed the deed for the upstream merger of Amprica S.p.A. into and with Sirap Gema S.p.A. The merger was legally enforceable with respect to third parties as from October 1, while it took effect for tax and accounting purposes as from January 1, 2009.
As part of the re-organization, Sirap Gema S.p.A. spun off its thermal insulation goods production operations at the plant in San Vito al Tagliamento (Pordenone) to the subsidiary Sirap Insulation S.r.l..
The transfer was completed on December 18, 2009, and took legal effect as from January 1, 2010.
Events concerning the non-Italian subsidiaries included:

- in April 2009, an agreement was completed to establish usufruct over all the shares of the Austrian company Dorner Pack G.m.b.H. in favor of the subsidiary Petruzalek G.m.b.H.. Dorner Pack markets food packaging machinery and holds several agency contracts for leading operators on the Austrian market. In December 2009 the agreement was amended to permit the rescission of the usufruct contract; as a result, contrary to the treatment in the two previous quarters, Dorner Pack has been excluded from the scope of consolidation. Through a put/call option, Petruzalek holds a call option on the entire share capital, to be exercised between January 1, 2012, and December 31, 2013. The final agreement will be signed in the second quarter of 2010;
- the liquidation of Inline Balkans o.o.d was completed and the production work of the Bulgarian subsidiary Inline Balkans o.o.d., together with plant, equipment and inventories, was transferred to Petruzalek e.o.o.d., which has been operating for several years on the Bulgarian market with its own operating structure;
- negotiations began with the local partner for the sale of a share of the interest held by Inline Poland in CJSC Inline-R (Russia). Under the letter of intent dated December 30, 2009, on conclusion of the transaction the Sirap group should maintain a minority interest in the company.

Quarterly trend

(in millions of euro)	Full year 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Revenues	**238.3**	**58.6**	**61.2**	**63.6**	**54.8**
% change vs. 2008	*(9.8)*	*(12.1)*	*(9.2)*	*(8.8)*	*(9.1)*
Recurring EBITDA	**31.2**	**7.4**	**10.2**	**9.3**	**4.3**
% change vs. 2008	*24.3*	*0.7*	*63.4*	*28.9*	*0.2*
EBITDA	**31.2**	**7.4**	**10.2**	**9.3**	**4.3**
% change vs. 2008	*24.3*	*0.7*	*63.4*	*28.9*	*0.2*
EBIT	**18.6**	**3.9**	**7.1**	**6.3**	**1.3**
% change vs. 2008	*43.4*	*(15.0)*	*n.s.*	*54.5*	*(6.2)*
Net result for the period	**7.0**	**2.3**	**3.7**	**3.2**	**(2.2)**
% change vs. 2008	*n.s.*	*n.s.*	*n.s.*	*(30.1)*	*(101.5)*
Net result attributable to the group	**7.0**	**2.3**	**3.7**	**3.1**	**(2.2)**
Net debt (at period end)	119.7	119.7	127.5	134.6	139.1

n.s. not significant

The difficulties caused by the economic crisis affected fourth-quarter results, which reflected a downturn in demand: in food packaging, on all markets the traditional Christmas period failed to meet expectations; in thermal insulation the traditionally modest seasonal performance was accompanied by an attitude of extreme caution to stock replenishment stocks among resellers. EBIT, reflecting lower revenues and the upturn in raw material prices, was therefore down on the result in the year-earlier period.

Operating performance by line of business and geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2009	% change vs. 2008	2009	% change vs. 2008	2009	% change vs. 2008	2009	% change vs. 2008
Food packaging								
- Italy	96.6	*(10.2)*	12.1	*(0.1)*	12.1	*(0.1)*	4.3	*(13.6)*
- France	26.6	*1.8*	4.7	*n.s.*	4.7	*n.s.*	4.0	*n.s.*
- Other EU countries	59.8	*(14.7)*	4.5	*(9.3)*	4.5	*(9.3)*	2.7	*(1.9)*
- Other non-EU countries	21.1	*(13.8)*	1.3	*(21.7)*	1.3	*(21.7)*	0.9	*(26.1)*
Eliminations	(15.4)		(0.1)		(0.1)		n.s.	
Total	**188.7**	***(10.5)***	**22.5**	***20.1***	**22.5**	***20.1***	**11.9**	***42.7***
Thermal insulation - Italy	53.7	*(14.0)*	8.7	*36.7*	8.7	*36.7*	6.7	*45.1*
Eliminations	(4.1)							
Total	**238.3**	***(9.8)***	**31.2**	***24.3***	**31.2**	***24.3***	**18.6**	***43.4***

n.s. not significant

Food packaging

Meat consumption, a factor in demand for foam food packaging, was substantially steady in 2009, thanks to increased consumption of poultry, which made up for the decline in demand for beef, a more expensive meat and therefore more severely affected by the economic crisis. The reduction in spending capacity also produced a significant drop in demand for rigid packaging (delicatessen and bakery products, ready-to-eat vegetables).
Food packaging revenues therefore fell by 10.5%, of which approximately 3.5% attributable to the devaluation of the East European currencies.
In Italy, revenues dropped by 10.2% due to lower volumes and prices, especially in rigid containers. EBIT fell (-13.6%) as a result of lower sales and margins, high provisions for bad debts and increased overheads caused in part by the strengthening of Sirap Gema S.p.A.'s role as holding.
In France the turnaround that began in 2008 gathered strength and the subsidiary recovered significant margins through a sales policy to boost profitability, reduction of raw material costs and completion of the measures introduced in 2008, which had a positive impact on production efficiency and logistics costs.
At the Petruzalek group, which operates on the East European markets, excluding the negative exchange-rate effect, revenues showed a slight decline, while EBIT was largely stable. The impact of the economic crisis varied from one country to another, with a general swing in demand toward less expensive packaging.
At constant exchange rates, the Inline group reported steady turnover and margins, with the Polish market maintaining volumes and prices.
Capital expenditure amounted to 8.8 million euro and focused largely on completing the new Inline Poland factory, construction of which began in 2008.
In R&D, work in the rigid container area to develop a tamper-evident container was completed, with registration of a European patent and start-up of production and marketing.
R&D work was performed largely by Sirap Gema S.p.A., with 12 employees and 1 temporary worker.

Thermal insulation

Sales in this segment fell by 14.0% due to lower volumes and, to a lesser extent, the negative price trend. The reduction in investment in the construction sector generated a decline in demand, offset only in part by the positive impact of energy-saving legislation, which introduces wider use of thermal insulation materials.
EBIT on the other hand made strong progress (+45.1%) thanks to cost savings, on polymer raw materials and efficiency improvements arising from the start-up of the new production line in the second half of 2008.
Capital expenditure amounted to 0.7 million euro and related largely on renovations to factory buildings and the purchase of new special plant.
During 2009 R&D work focused on development of monolayer extruded panels produced using mixtures of expanding gas and inert gas (CO_2), without HFA gas. Cooperation in this area continued with the Microcellular Plastic Institute of Toronto University, with whom production tests were conducted. The work was conducted with 4 employees and using the services of the parent company, Sirap Gema S.p.A..

Risks and uncertainty

The Sirap Gema group is exposed to risks and uncertainty due to cost volatility on the polymers it uses in production; the average cost of this raw material in 2010 is expected to be higher than in 2009.
The difficult market scenario aggravated several of the group's creditor positions, leading to an extension in collection times. The insolvency risk has been adequately assessed with respect to receivables reflected on the consolidated balance sheet as at December 31, 2009. The Sirap

Gema group companies expect difficulties to increase in the early months of 2010 and are therefore taking specific action to improve management of trade receivables and collection.
The group also operates through a number of subsidiaries in countries outside the Euro zone and is therefore exposed to a foreign-exchange risk on the local currencies of those subsidiaries. The situation is carefully monitored.
The former subsidiary Amprica S.p.A., now merged with Sirap Gema S.p.A., arranged interest-rate swaps to hedge interest-rate risk on bank loans. These derivatives, arranged in the period prior to acquisition by the group, are accounted for in the 2009 financial statements in accordance with IAS 32 and 39. The effects of these instruments at consolidated level were immaterial.
With regard to legal risks, the reader is referred to the section on Disputes and pending proceedings.

Environmental initiatives

The Sirap Gema group operates in a sector with a low environmental impact and consequently no significant environmental initiatives are underway or planned. Although production operations at the subsidiary Sirap Gema Insulation Systems S.r.l. comply with environmental legislation, the company is eliminating use of hydrofluorohalogenated gases on some of its production processes, even though their use is allowed.
Gas emissions from the group's production processes are continuously monitored by specialist firms and to date have been within allowed limits. Surveys and analyses continue to reduce hydrocarbons released into the air by the group factories in Verolanuova, since the Province of Brescia issued a regulation with more restrictive parameters in 2008.

Safety initiatives

In its factories, the Sirap Gema group adopts the necessary measures to ensure maximum safety for its workers and equipment.
With reference to the group's Italian companies, the "Organization, Management and Control Model" has been amended to include dispositions governing infractions of workplace safety regulations.
To achieve significant results in workplace safety, in 2009 a new project was introduced initially involving the Italian companies and gradually extending to the rest of the group, including the CEO and the Human Resources Division, and central and subsidiary production managers at all levels. Extensive application is planned not only for accidents and accident statistics, but also for potential risk situations and action and proposals to reduce the possibility of accidents.

Human resources and organization

At December 31, 2009, the group workforce numbered 1,387 heads, a slight decrease from December 31, 2008; the reduction arose largely from completion of temporary employment contracts at the former subsidiary Amprica S.p.A. The turnover rate was 10.06% (10.78% at December 31, 2008).

	December 31, 2009		December 31, 2008		Change	
	heads	%	heads	%	heads	% on 2008
Managers	44	*3.2*	49	*3.5*	(5)	*(10.2)*
Clerical staff	474	*34.2*	460	*33.0*	14	*3.0*
Factory workers	869	*62.6*	887	*63.5*	(18)	*(2.0)*
Total	**1,387**	***100.0***	**1,396**	***100.0***	**(9)**	***(0.6)***

The new Chief Operating Officer of Sirap-Gema S.p.A. was appointed in December 2009.

Disputes and pending proceedings

With reference to the information provided in previous reports on the general tax audit of Sirap Gema S.p.A. by the Verolanuova tax agency during 2004, the settlement of taxes should now be considered closed since the company has paid the amount finally established by the agency (35,116 euro), which was significantly lower than the initial assessment.

At the beginning of 2008, the subsidiary Inline Poland Sp. z.o.o. learned of a hostile operation against its subsidiary Inline Ucraine L.C.F.I., as a result of which it lost control of the subsidiary and its assets. After complex legal proceedings, on June 30, 2009, agreements were signed with the counterparty enabling the legal action to be closed without initiating bankruptcy proceedings.

As already illustrated in previous reports, in June 2008 officers from the European Commission General Division 4 ("Competition") conducted an inspection at Sirap Gema S.p.A. offices in Verolanuova (Brescia). In November 2009, the Commission served Sirap Gema S.p.A. with a request for detailed information on its operations and the markets on which the group operates.

On January 19, 2010, the Commission served Sirap Gema S.p.A. with a second questionnaire requesting information on a number of circumstances, for the most part meetings and contacts among company representatives and representatives of a number of its competitors; similar information has been requested from the subsidiary Petruzalek G.m.b.H..

Sirap Gema and Petruzalek have provided the information requested by both questionnaires and complied with the other requests, with the assistance of their legal advisors.
Since the replies were sent, the Commission has not made further requests nor taken other investigative steps.

Significant post balance-sheet events

No significant events took place.

Outlook

The outlook for 2010 is uncertain and depends on developments in the economic crisis affecting all the countries in which the Sirap Gema group operates: trends in demand and the timing of a recovery in investments cannot be easily determined, while the increase in the cost of polymers seems to be gradually strengthening.
Performance in the first quarter of 2010 should enable the group to formulated a detailed assessment of full-year performance, while continuing action to improve results.

Financial sector

The financial sector includes the parent company Italmobiliare and the wholly owned financial companies: Franco Tosi S.r.l., Sance S.r.l., Italmobiliare International Finance Limited (Ireland), Société de Participation Financière Italmobiliare S.A. (Luxembourg), SG Finance S.A. (Luxembourg), Soparfinter S.A. (Luxembourg), Fincomind A.G. (Switzerland).

(in millions of euro)	2009	2008	% change
Revenues	**125.1**	**130.9**	***(4.4)***
Recurring EBITDA	**81.9**	**(78.6)**	***n.s.***
Other income (expense)	3.1	0.2	*n.s.*
EBITDA	**85.0**	**(78.4)**	***n.s.***
Amortization and depreciation	-	(0.1)	*n.s.*
EBIT	**85.0**	**(78.5)**	***n.s.***
Finance income (costs)	(0.1)	(0.3)	*(49.8)*
Impairment on financial assets	(6.6)	(57.8)	*(88.6)*
Share of results of associates	13.5	4.5	*n.s.*
Result before tax	**91.8**	**(132.1)**	***n.s.***
Income tax expense	n.s.	8.1	*n.s.*
Net result for the period	**91.8**	**(124.0)**	***n.s.***

n.s. not significant

(in millions of euro)	December 31, 2009	December 31, 2008
Net financial position	255.0	160.6
Shareholders' equity	1,399.9	1,187.9
Number of employees at period end	50	47

Quarterly trend

(in millions of euro)	Full year 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Revenues	**125.1**	**7.1**	**26.3**	**72.9**	**18.8**
% change vs. 2008	*(4.4)*	*(55.6)*	*n.s.*	*(25.0)*	*72.5*
EBIT	**85.0**	**(0.7)**	**27.4**	**82.9**	**(24.5)**
% change vs. 2008	*n.s.*	*99.0*	*n.s.*	*(3.3)*	*34.2*
Net result for the period	**91.8**	**(8.4)**	**35.3**	**82.6**	**(17.8)**
% change vs. 2008	*n.s.*	*93.3*	*n.s.*	*(3.9)*	*48.8*
Net financial position (at period end)	**255.0**	**255.0**	**235.4**	**213.8**	**135.3**

n.s. not significant

Results in accordance with the financial model

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

- "Net income on equity investments", which includes, with regard to available-for-sale investments, dividends received, capital gains and losses realized on divestments of equity investments, and impairment variations on these financial assets;
- "Net income (expense) from cash investments", which includes interest income on bank coupons and deposits, value adjustments to securities and trading equities, capital gains/losses on the sale of trading securities, income/expense on trading derivatives;
- "Net debt charges", which consists essentially of interest expense on financing, bank commissions and costs;
- "Other income and expense", which includes employee expenses 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)	2009	2008	% change
Net income on equity investments	60.0	35.0	*71.4*
Net income (expense) from cash investments	52.6	(122.8)	*n.s.*
Net debt charges	(8.0)	(26.9)	*(70.3)*
Total financial income and expense	**104.6**	**(114.7)**	***n.s.***
Other income and expense	(12.8)	(17.4)	*(26.7)*
Income tax expense	-	8.1	*n.s.*
Net result for the period	**91.8**	**(124.0)**	***n.s.***

n.s. not significant

Net income on equity investments increased in 2009 (+25.0 million euro) from 2008, despite the decrease in dividends received (32.8 million euro, from 87.0 million euro in 2008), which was more than made up by the higher aggregate net result of companies consolidated with the equity method (13.5 million euro, from 4.5 million euro), capital gains on sales (+19.9 million euro, from 1.3 million euro) and a decrease in net impairment losses (-6.2 million euro, from -57.8 million euro).

Net income (expense) from cash investments in 2009 reflected net income of 52.6 million euro, compared with net expense of 122.8 million euro in 2008, an improvement of 175.4 million euro. This strong growth arose largely from the upturn on all the financial markets in 2009, after a generally negative performance in 2008.

The market was favorably influenced by: government packages to support banks, the large increase in system liquidity and the tightening of costs for credit risk cover by most financial operators. All this had a positive impact on bond prices, and the financial sector portfolios also reported significant measurement gains, as well as positive results on the disposal of some bonds. The bond portfolio for companies in the financial sector totaled 292.8 million euro, with an average A rating, down from the average A+ rating at December 31, 2008, as a result of the downgrading of some securities.

Looking at **net debt charges**, the money markets were revitalized by the abundance of liquidity, resulting in a sharp fall in interest rates. Together with the reduction in average debt in the sector, this produced a decrease in net debt charges from -26.9 million euro to -8.0 million euro.
Combining the results of the individual components, the financial sector had **total net financial income** of 104.6 million euro (net financial expense of 114.7 million euro in 2008).

Other income and expense reflected net expense of 12.8 million euro, an improvement with respect to 2008 (-17.4 million euro). This was largely due to the partial release of risk provisions, since the underlying risk did not materialize.

The income tax posting was virtually zero, after tax income of 8.1 million euro in 2008. This reflected the difference in profitability in the two periods and the change in some fiscal laws and their interpretation.

The financial sector posted a **net profit for the period** of 91.8 million euro compared with a net loss of 124.0 million euro in 2008. This strong improvement arose, as described above, from all the main components, but largely from the revaluations relating to net income from cash investments.

The companies in the financial sector hold substantial equity investments, the majority classified as "Available for sale". The fair value changes in these investments, excluding consolidated investments carried at cost in the separate financial statements, are reflected in shareholders' equity under the "Fair value reserve". At December 31, 2009, the consolidated fair value reserve in the financial sector stood at 184.4 million euro, compared with 43.2 million euro at December 31, 2008. The significant improvement arose as a result of positive trends in some share prices, notably at UniCredit.

Significant events for the year

In 2009 Italmobiliare collected an amount of 76 million euro from **Italmobiliare International Finance** as reimbursement of a capital contribution.

In February 2009 Italmobiliare acquired **UniCredit Cashes** for a nominal value of 10 million euro, classified under "available-for-sale" securities.

At the end of March Italmobiliare sold **Italmobiliare International BV** to a third party for 19,500 euro, corresponding to the value of shareholders' equity.

In April 2009 the Shareholders' Meeting of **Franco Tosi S.r.l.** approved a proposal to replenish the loss of 96.4 million euro at December 31, 2008, by:

- using total balance sheet reserves for 12.6 million euro;
- reducing share capital to 6.2 million euro to cover the outstanding loss (83.8 million euro).

At the same time, the shareholders decided to increase the share capital up to 50 million euro through an issue for a nominal 43.8 million euro, with a share premium of 56.2 million euro. The increase was fully subscribed (100 million euro) by the sole shareholder Italmobiliare S.p.A. through a waiver for a corresponding amount of part of the non-interest-bearing loan receivables due from Franco Tosi.
The transaction had no impact on the consolidated income statement of the Group and the financial sector, nor on the separate financial statements of Italmobiliare S.p.A..

In May, following the free share capital increase approved on April 29, 2009, **UniCredit** assigned 29 new ordinary shares for every 159 ordinary shares held, for a total of 17,428,743 shares granted to the financial sector companies.

In June 2009, together with Ava, Italmobiliare sold its entire interest in **Populonia Italica S.r.l**., a real estate company that owns a property in Milan and land in Tuscany and Liguria. The gross capital gain for Italmobiliare was 19.8 million euro.

On September 18, 2009, to recompense shareholders and strengthen capital, the **Mediobanca** Board of Directors approved a free distribution of shares and warrants at a rate of 1 share for every 20 held. For the financial sector, the number of shares arising from the transaction totaled

498,564 and were made available together with the warrants (9,971,282) on October 1, 2009, with trading ex rights as from September 28.

In the second half of 2009 Italmobiliare bought 122,434 **Mittel** shares on the market, for outlays totaling 388,400 euro. This raised the Italmobiliare investment in Mittel from 12.088% to 12.262%.

In October Italmobiliare arranged two put spread collars with leading financial institutes on a total of 10 million **UniCredit** ordinary shares at zero net cost. On expiry at December 18, 2009, Italmobiliare exercised the puts to collect 595,500 euro.

During the year **Italmobiliare S.p.A.** effected no share buy-backs nor were any stock options exercised. Consequently at December 31, 2009, it held 871,411 ordinary treasury shares representing 3.928% of ordinary share capital, and 28,500 savings shares (0.174% of total savings shares).

Results of the companies in the financial sector

This section provides a summary of the financial and business results of the main companies in the financial sector, drawn up in accordance with the IAS/IFRS international accounting and financial reporting standards.

Franco Tosi S.r.l.

(in millions of euro)	2009	2008	% change
Revenues	0.5	12.8	*(96.1)*
EBIT	0.4	12.3	*(96.9)*
Net result for the period	**(12.6)**	**(192.4)**	***(93.4)***

(in millions of euro)	December 31, 2009	December 31, 2008
Net financial position	0.3	4.9
Shareholders' equity	42.7	(81.2)

The main transactions involving Franco Tosi in 2009 are described above in “Significant events for the year”.

With regard to earnings, Franco Tosi operating results were down on 2008 due to lower dividend income from equity investments; net result was severely affected by impairment losses on equity investments (-13.0 million euro in 2009 compared with -204.6 million euro in 2008). The company therefore posted a net loss for the year of 12.6 million euro, although this was a strong improvement on 2008 (-192.4 million euro).

The equities portfolio, classified as available-for-sale, amounted to 172.3 million euro, and was measured using the official Italian Stock Exchange price on December 31, 2009.
Since RCS Media Group is an associate, the investment is measured in the consolidated financial statements with the equity method; the carrying amount at December 31, 2009, was confirmed by an independent assessment.
The fair value reserve on the equities portfolio reflected a positive balance of 36.6 million euro at December 31, 2009.

Consequently, shareholders' equity recognized in accordance with IAS/IFRS principles, after the increase in 2009 described above, was positive at 42.7 million euro.

Italmobiliare International Finance Ltd (Ireland)

(in millions of euro)	2009	2008	% change
Revenues	49.1	21.8	*125.0*
EBIT	35.7	(88.8)	*140.2*
Net result for the period	**31.2**	**(83.4)**	***137.4***

n.s not significant

(in millions of euro)	December 31, 2009	December 31, 2008
Net financial position	375.6	410.8
Shareholders' equity	381.7	421.4

This company's core business is trading on the capital markets.

In 2009 it posted a net profit of 31.2 million euro (a net loss of 83.4 million euro in 2008) as a result of capital gains and net measurement gains on its trading portfolio, following the recovery on the financial markets.

Shareholders' equity and the net financial position contracted slightly after the net capital contribution outflow of 57.5 million euro and distribution of dividends (15.4 million euro), which were counterbalanced only in part by the year's earnings.

The trading portfolio stood at 277.0 million euro as follows:

- low-risk bond portfolio for 177.8 million euro with an average AA- rating (on mark to market) and average outstanding maturity of 3.75 years for first call and 6.21 years for final maturity, and bank deposits for 7.8 million euro. The annual overall average yield was +17.27%;
- high-risk bond portfolio for 72.0 million euro with an average BBB rating (on mark to market) and average outstanding maturity of 3.86 years for first call and 10.57 years for final maturity, and bank deposits for 1.5 million euro. The annual overall average yield was +22.48%;
- mutual funds for 3.2 million euro with an annual yield of +41.89%;
- funds of alternative funds for 14.1 million euro with an annual yield of -4.43%;
- interest-rate futures for 0.5 million euro

The average yield on the trading portfolio at December 31, 2009, was +15.43%.
The bond portfolio consisted of fixed-rate instruments for 25.2% and floating-rate instruments for 74.8%. With the use of futures and IRS, portfolio duration at the end of 2009 was 0.46 years.

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

(in millions of euro)	2009	2008	% change
Revenues	15.8	8.0	*98.3*
EBIT	14.4	(29.3)	*149.2*
Net result for the period	**9.4**	**(29.4)**	***131.9***

(in millions of euro)	December 31, 2009	December 31, 2008
Net financial position	20.9	23.4
Shareholders' equity	183.8	196.4

EBIT and net profit were positive (14.4 million euro and 9.4 million euro respectively), reflecting a strong recovery from the negative results posted in 2008 thanks mainly to mark-to-market gains on trading shares and the bond portfolio, as well as positive net interest income and dividends received (the latter two items for an overall total of 7.5 million euro).

The net financial position remained positive, but decreased from 23.4 million euro to 20.9 million euro due to the above changes, a number of minor movements and payment of dividends for 15.0 million euro. Shareholders' equity also decreased, from 196.4 million euro to 183.8 million euro, due to the negative balance on dividends paid, net profit for the year and the change in the fair value reserve for some available-for-sale equity investments.

Equity investments in non-listed companies included an available-for-sale investment of 11.68% in Burgo Group S.p.A..
2009 was a particularly poor year for the paper industry; Burgo Group reported consolidated revenues of 2.1 billion euro (2.5 billion euro in 2008), a decrease of 16%; paper sales volumes amounted to 2.4 million metric tons, down by 14% from 2008. EBITDA showed a significant improvement to reach 170 million euro (8% of revenues) from 90 million euro (3.7% of revenues) in 2008. This progress was achieved as a result of lower raw material and energy prices and greater industrial efficiency.
With the reduction in finance costs due to lower interest rates and the decrease in debt, although Burgo Group posted a net loss of 12.3 million euro, this was a significant improvement on the net loss of 88.6 million euro in 2008.
Group net debt was 1,115 million euro; at normalized values it decreased by 102 million euro due to the improvement in cash flow on operations, the reduction in working capital and the containment of investments.
The interest in Burgo Group S.p.A. was written down from 51.9 million euro to 44.1 million euro based on the estimated value of the pro-quota share of consolidated shareholders' equity.
At the beginning of 2010 the company reached an agreement with leading banks for a temporary medium/long-term debt rescheduling (approximately 960 million euro) to align the amortization plan with future expected cash flows.

The trading equities portfolio consisted of RCS MediaGroup shares, UBI shares and warrants and UniCredit shares. The overall value, based on the official Italian Stock Exchange price at December 31, 2009, was 25.2 million euro, compared with 22.6 million euro at the end of 2008.

The bond portfolio at the end of December 2009 stood at 22.7 million euro, with an average A rating (on mark-to-market), average outstanding maturity of 4.16 years for first call and 10.7 years for final maturity, and bank deposits for 11.5 million euro. The annual average yield was 24.51%. The bond portfolio was invested at fixed rates for 17.2% and at floating rates for 82.8%, with a duration of 1.62 years.
Other investments in addition to the trading equities portfolio and the bond portfolio at the end of December 2009 were:

- funds of alternative funds for 0.5 million euro with an annual yield of 10.51%;
- loans to associates outside the financial sector for 28 million euro with an annual yield of 4.96%.

The overall yield on the bond portfolio and investments described above was 11.22%

Soparfinter S.A.

(in millions of euro)	2009	2008	% change
Revenues	2.1	2.5	*(15.6)*
EBIT	1.9	0.8	*133.0*
Net result for the period	**1.9**	**0.8**	***129.7***

n.s not significant

(in millions of euro)	December 31, 2009	December 31, 2008
Net financial position	1.9	8.5
Shareholders' equity	10.8	8.9

Net result made a strong improvement in 2009 due to the increased value of the trading equities portfolio.

The bond portfolio stood at 1.5 million euro at December 31, 2009, with an average A rating, an average maturity of 0.2 years and bank deposits of 4.5 million euro. The average yield was 0.94%. The bond portfolio was invested 100% at floating rates.

The trading equities portfolio consisted solely of UniCredit shares and stood at 1.1 million euro at December 31, 2009, based on the official Italian Stock Exchange price at December 31, 2009.

The company also held a loan to an associate outside the financial sector, with a yield of 4.96%. At the end of December 2009 the loan stood at 21 million euro.

Fincomind A.G. (Switzerland)

(in millions of euro)	2009	2008	% change
Revenues	3.4	6.5	*(47.7)*
EBIT	2.9	6.1	*(53.2)*
Net result for the period	**2.8**	**6.1**	***(54.5)***

(in millions of euro)	December 31, 2009	December 31, 2008
Net financial position	5.0	2.2
Shareholders' equity	30.1	27.3

The company's main equity investment is 100% of Finter Bank Zürich.
The decrease in net result arose essentially from the reduction in dividends paid out by Finter Bank Zürich.

The operations and results of the parent company **Italmobiliare S.p.A.** are illustrated in a separate section of this report and in the notes to the separate financial statements.

Equity investments in listed companies held by the financial sector

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

	Quantity	% [1]	Holder
Available-for-sale investments			
Subsidiaries			
Italcementi ordinary	106,734,000	60.262	Italmobiliare S.p.A.
Italcementi savings	3,011,500	2.856	Italmobiliare S.p.A.
Associates			
Mittel	8,645,190	12.262	Italmobiliare S.p.A.
Rcs MediaGroup ordinary [2]	37,606,889	5.133	Franco Tosi S.r.l.
Other companies			
UniCredit ordinary	101,243,921	0.604	Italmobiliare S.p.A.
UniCredit ordinary	8,549,984	0.051	Franco Tosi S.r.l.
Mediobanca [2]	10,469,846	1.216	Franco Tosi S.r.l.
Ubi Banca	1,718,500	0.269	Italmobiliare S.p.A.
Ubi Banca	743,500	0.116	SANCE S.r.l.
Intek ordinary	9,821,000	2.824	Franco Tosi S.r.l.
Trading investments in other companies [3]			
UniCredit ordinary	2,719,496	0.016	Soparfi S.A.
UniCredit ordinary	472,955	0.003	Soparfinter S.A.
RCS MediaGroup ordinary	2,071,530	0.283	Soparfi S.A.
Ubi Banca	1,600,000	0.250	Soparfi S.A.
Enel ordinary	76,000	n.s.	SANCE S.r.l.
Eni ordinary	20,000	n.s.	SANCE S.r.l.
Intesa SanPaolo ordinary	20,000	n.s.	SANCE S.r.l.
Unipol preferred	80,003	n.s.	SANCE S.r.l.
Warrants			
Warrants Mediobanca 2009/2011 [2]	9,971,282		Franco Tosi S.r.l.
Warrants Ubi Banca 2009/2011	1,718,500		Italmobiliare S.p.A.
Warrants Ubi Banca 2009/2011	743,500		SANCE S.r.l.
Warrants Ubi Banca 2009/2011	1,600,000		Soparfi S.A.
Warrants Intek 2005/2011	3,480,820		Franco Tosi S.r.l.

[1] The % refers to the total number of instruments issued in the corresponding category
[2] An additional 17,084,738 RCS MediaGroup shares are held through Italcementi S.p.A.
An additional 12,099,146 Mediobanca shares and 11,522,996 Mediobanca warrants are held through Italcementi S.p.A.
[3] Trading investments are included in the net financial position
n.s. not significant

Net financial position of Italmobiliare and the financial sector

The table below provides an itemized description of the net financial positions of the parent company Italmobiliare S.p.A. and the financial sector, which is composed of the parent company Italmobiliare S.p.A. and the wholly owned financial companies.

(in thousands of euro)	December 31, 2009		December 31, 2008	
	Italmobiliare	Financial sector	Italmobiliare	Financial sector
Cash, cash equivalents and current financial assets	104,014	464,915	120,414	525,717
Short-term financing	(6,959)	(10,760)	(166,936)	(166,252)
Short-term net financial position	**97,055**	**454,155**	**(46,522)**	**359,465**
Medium/long-term financial assets	10,636	59,636	9,231	66,902
Medium/long-term financing	(258,799)	(258,799)	(265,780)	(265,780)
Medium/long-term net financial position	**(248,163)**	**(199,163)**	**(256,549)**	**(198,878)**
Net financial position	**(151,108)**	**254,992**	**(303,071)**	**160,587**

Italmobiliare had net debt of 151.1 million euro (303.1 million euro at December 31, 2008), an improvement of 152.0 million euro, largely as a result of dividends received, the partial reimbursement of a capital contribution by Italmobiliare international Finance and the proceeds from the sale of Populonia Italica S.r.l..

The financial sector had a positive consolidated net financial position of 255.0 million euro (160.6 million euro at December 31, 2008), an improvement of 94.4 million euro, as a result of the transactions and results described above.

(in millions of euro)	Italmobiliare	Financial sector
Equity investments sold	20.0	20.2
Reimbursement capital contribution	76.0	-
Equity investments acquired	(1.1)	(1.1)
Dividends received	62.3	36.7
Finance income and costs	0.1	51.0
Current operations and extraordinary items	(5.3)	(12.4)
Total	**152.0**	**94.4**

Risks and uncertainty

The general crisis in the world economy and the financial markets had a serious impact on global finance and industry at the end of 2008 and during 2009. The action taken by key governments helped improve conditions on the financial markets and prospects for a recovery in the world economy. Consequently, expectations regarding the creditworthiness of bond issuers improved, enabling the companies in the financial sector to obtain capital gains and revalue their portfolios. At the same time, the overall performance of the equities markets was positive.

By its nature, however, the financial sector is highly exposed to the risk of trends on the financial markets. To mitigate this risk, action was taken to modify asset allocation (although achieving a significant different allocation takes time), by focusing on the quality of instruments and reducing market risk.

The parent company Italmobiliare updated its Investment Policy identifying acceptable types of investment, rating levels, risk concentration, acceptable counterparts and the necessary approvals. The companies in the sector introduced Investment Policies based on the parent company policy.

Like all financial companies, the Italmobiliare Group financial sector is exposed to various types of financial risk.

Credit risk
This risk refers to the ability of financial instrument issuers and financial transaction counterparts to meet their commitments. On this question, the Investment Policies set rating levels for individual investments (where applicable), qualitative levels for each type of instrument and rating family and a maximum limit for individual counterparts.

Since the sector has no other instruments, it must necessarily refer to the ratings issued by the top ratings agencies, even though in some cases the agencies have unfortunately proved to be unreliable and to respond slowly to events. The bond portfolio has an average A rating (S&P's).

The financial sector is not exposed to material trade credit risks.

Liquidity risk
This risk refers to possible difficulties in raising funds and arranging borrowings to support financial requirements in a reasonable time frame.
This risk was particularly high at the end of 2008, but lessened in 2009; nevertheless, measures were introduced to reduce the risk, especially for the parent company Italmobiliare S.p.A. The focus during the year was on:

- arranging new secured lines of credit with bank counterparts;
- distributing investments over an appropriate number of counterparts;
- not paying a dividend from Italmobiliare S.p.A.
- carefully monitoring the bond portfolio to safeguard liquidity.

This enabled Italmobiliare S.p.A. to improve its net financial position and also reduce year-end bank exposure. The net financial position of Italmobiliare S.p.A. improved from –303.1 million euro to –151.1 million euro, with amounts due to banks decreasing from 415.8 million euro to 258.8 million euro (consisting entirely of amounts due in 2011 and 2012).

Undrawn available lines of credit at the end of 2009 consisted of 140 million euro of committed lines of credit and 282 million euro of uncommitted lines of credit.

The financial sector's net financial position was positive, and improved from 160.6 million euro to 255.0 million euro, for the reasons described above.

Interest-rate risk
Fluctuations in interest rates affect the fair value of financial assets and the level of net finance costs.

Since all Italmobiliare debt is at floating rates, the financial sector's bond investment portfolio is held at very low duration (close to zero, through use of hedging instruments) to protect the portfolio from fluctuations in interest rates.

Only a portion of Italmobiliare debt is hedged with interest-rate swaps transforming floating-rate debt to fixed-rate debt. The contracts, for 50 million euro, were arranged in September 2006 for a duration of five years.

Foreign-exchange risk
The exposure of the financial sector to this risk is extremely limited.

Price risk
The price risk is the potential mark-to-market loss on listed equities as a result of downturns in stock market prices; this risk is particularly significant for Italmobiliare S.p.A. and the companies in the financial sector.

Since Italmobiliare S.p.A. is a holding company with the same characteristics as the other companies in the financial sector, exposure to the equity risk is inherent to its core business; generally speaking, therefore, the risk is maintained and no specific action is taken to reduce risk. Moreover, Italmobiliare is a long-term investor and does not apply short-term approaches to management of its equity portfolio.

Cash flow risk
The companies in the financial sector are exposed to the risk of reduced inflows on the equity portfolio (payment and amount of dividends collected) and on the bond portfolio (in addition to the risk of changes in coupons as a result of variations in interest rates illustrated above, there is a risk of non-payment of interest and principal as a result of issuer default).

Compliance risk for financial companies
With regard to the rules introduced by Ministerial Decree no. 142 of February 3, 2006, Italmobiliare S.p.A., Franco Tosi S.r.l. and Sance S.r.l., as companies registered on the relevant section of the general list ex art. 113 of the Consolidated Bank Act, are subject to anti-money-laundering regulations. Consequently, they are required to comply with the obligations of identification and registration in the single IT Archive (A.U.I.), in accordance with the ruling issued by the Italian Foreign Exchange Office (U.I.C.) on February 26, 2006.
Since the companies in question qualify as "financial operators" pursuant to art. 5 of Presidential Decree 605/1973, they are required to send the Tax Office Database a monthly report setting out identification data of the parties with whom they have financial dealings, and specifying the nature of the dealings and any changes that have taken place.
In complying with A.U.I. updating requirements and the monthly preparation and transmission of data to the Tax Office Database, the companies are assisted by external consultants.

Information systems
To reduce the risk of loss of or damage to information in the Italmobiliare S.p.A. computerized information systems, data and server operating system back-ups on magnetic tapes are performed daily; the tapes are stored in special fire-proof locations at head office and at the subsidiary Italcementi S.p.A..

The back-up technology enables data to be recovered on any Italcementi server in Italy or France.

Legal risk
With regard to lawsuits involving the companies in the financial sector, appropriate provisions were set aside when, in consideration of risks that emerged and assessment of related risks, contingent liabilities were considered probable and measurable.

Environment and human resources

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

The majority of human resources are located in Italy, at Italmobiliare S.p.A.. They have followed training courses on Workplace Safety and on the updates to the Organization, Management & Control Model drawn up and approved by Italmobiliare S.p.A. with reference to Legislative Decree no. 231 of June 8, 2001, and subsequent amendments.

In accordance with this decree, Italmobiliare S.p.A. has formed a Compliance Committee and has updated or is updating its internal procedures in line with the Model requirements.

With regard to Privacy, in compliance with the Code governing protection of personal data and with the Technical Regulations on minimum security levels, Italmobiliare S.p.A. completed the update of its Security Document.

The updated version of the Security Document was posted on the corporate intranet to ensure circulation.

Significant post balance-sheet events

In January, after publication of the details of the UniCredit share capital increase, Italmobiliare and the companies in the financial sector that hold UniCredit shares sold 10 million UniCredit shares (the transaction was performed by the parent company) and cashed in the rights arising from the offer to obtain an overall capital gain of 18.9 million euro. The financial sector currently holds 102,986,356 shares, consequently its equity investment has decreased from 0.674% at December 31, 2009, to 0.534% of voting capital.

Outlook

Results in the financial sector depend on dividend flows and trends on the financial markets. Based on early indications, dividend flows are expected to decrease this year, while future interest-rate trends, performance on the financial markets (the equity and bond markets in particular) and developments in the crisis in the real economy remain highly uncertain (even if interest rates are generally expected to remain stable). Consequently it is extremely difficult to formulate any reliable full-year forecast for overall results in this sector at the present time, although 2010 results are unlikely to be as positive as those of 2009.

Banking sector

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

(in millions of euro)	2009	2008	% change
Revenues	**42.2**	**42.5**	***(0.5)***
Recurring EBITDA	**4.3**	**5.7**	***(25.0)***
EBITDA	**4.3**	**5.7**	***(25.1)***
Amortization and depreciation	(2.8)	(1.2)	*124.0*
EBIT	**1.5**	**4.5**	***(66.9)***
Result before tax	**1.5**	**4.5**	***(66.9)***
Income tax expense	(0.3)	(0.4)	*(24.0)*
Net result for the period	**1.2**	**4.1**	***(71.0)***

(in millions of euro)	December 31, 2009	December 31, 2008
Net financial position	77.3	79.5
Shareholders' equity	99.0	100.7
Group shareholders' equity	98.5	100.1
Number of employees at period end	150	165

Quarterly trend

(in millions of euro)	Full year 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Revenues	**42.2**	**11.4**	**10.7**	**10.8**	**9.3**
% change vs. 2008	*(0.5)*	*14.6*	*10.4*	*(3.6)*	*(22.7)*
EBIT	**1.5**	**(1.2)**	**(0.2)**	**2.4**	**0.5**
% change vs. 2008	*(66.9)*	*(75.7)*	*n.s.*	*32.4*	*(80.5)*
Net result for the period	**1.2**	**(1.0)**	**(0.3)**	**2.1**	**0.4**
% change vs. 2008	*(71.0)*	*(121.6)*	*n.s.*	*30.1*	*(80.7)*
Net financial position at period end	**77.3**	**77.3**	**73.6**	**73.1**	**79.3**

n.s. not significant

Results in accordance with the banking model

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

- "Net interest income", which reflects the balance on interest income and dividends received, net of amounts paid to clients;
- the "Intermediation margin", which includes commission income and expense on lending transactions, on securities trading, other financial services and income on trading transactions. The margin also includes insurance operations conducted through the subsidiary Finter Life;
- "Gross operating profit", which also includes employee expenses and overheads for the banking organization;
- "Profit from operations", which includes amortization and depreciation, adjustments to asset values and provisions.

(in millions of euro)	2009	2008	% change
Net interest income	5.9	7.0	*(15.5)*
Intermediation margin	40.4	38.8	*4.3*
Gross operating profit	4.9	6.5	*(24.4)*
Result from operations	1.5	4.5	*(66.9)*
Net result for the period	**1.2**	**4.1**	***(71.0)***

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

Finter Bank Zürich

In 2009 the Finter Bank Zürich group reported consolidated revenues of 61.9 million Swiss francs, a decrease from 2008 (-3.4 million Swiss francs or -5.1%). The decrease arose largely as a result of lower commission income (47.1 million Swiss francs against 50.9 million Swiss francs) on client transactions.

The revenue downturn was accompanied by only a small reduction in operating expenses. Service expenses increased (22.1 million Swiss francs in 2009 compared with 19.6 million Swiss francs in 2008) as did employee expenses (30.1 million Swiss francs in 2009 from 29.9 million Swiss francs in 2008), while other net operating expenses decreased (4.2 million Swiss francs in 2009 from 7.4 million Swiss francs in 2008). Operating expenses reflected the impact of non-recurring expense relating to the integration of Bank Hugo Kahn & Co. AG acquired in 2008, the closure of the Chiasso branch whose operations were transferred to Lugano, and the move to a new IT platform. As a result EBITDA decreased from 8.5 million Swiss francs in 2008 to 5.9 million Swiss francs in 2009.

After amortization and depreciation (4.2 million Swiss francs) and tax (0.3 million Swiss francs), consolidated net profit totaled 1.5 million Swiss francs compared with 6.1 million Swiss francs in 2008 (-75.7%).

The Finter Life insurance company (owned 91.8% by Finter Bank Zürich and consolidated on a line-by-line basis) began operations in 2007. It reported a net loss of 0.8 million Swiss francs in 2009, a larger loss than expected due to higher start-up costs and lower returns from asset investments.

Consolidated shareholders' equity decreased from 140.9 million Swiss francs at December 31, 2008, to 138.3 million Swiss francs at December 31, 2009, after distribution of dividends for 4.5

million Swiss francs. Shareholders' equity reflected the impact of the appreciation of the Swiss franc against the other main currencies.
Assets under management at the end of 2009 stood at 5.5 billion Swiss francs.
The decrease in assets under management was the result of a number of different trends: on the one hand, the excellent performance of the financial markets, on the other the effect of the 2009 Italian tax shield and the appreciation of the Swiss franc, which reduced asset values.

Significant events for the period

As described in the 2009 interim reports, during the **Bank Hugo Kahn** extraordinary Shareholders' Meeting on March 6, 2009, all assets relating to banking operations were sold to Finter Bank Zürich with retroactive effect from January 1, 2009. Bank Hugo Kahn & Co. Ltd. has changed its name to Finance Company Hugo Kahn & Co. Ltd..

As agreed with the Swiss Federal Bank Commission (FBC) in the second half of 2009, the banking license was returned to the FBC after all legal procedures had been completed. As from January 1, 2009, all relations with the Swiss National Bank and the FBC are handled by Finter Bank Zürich.

Risks and uncertainty

Risk policy is regularly reviewed and approved by the Board of Directors and provides the basis for risk management for the bank and the group. Management is responsible for implementing policy. Clear limits are set for individual risks.
The Group Risk Committee enforces compliance with regulations and monitors all key risks. The Chief Risk Officer is the committee chairman. The other members of the committee are other senior managers.
Trading positions are assessed on a daily basis. Management keeps responsibility for risk control separate from responsibility for trading.
Management receives regular reports on the group's equity, financial position, liquidity and income and on related risks.

Counterparty risks
Credit policy covers all commitments that could generate losses in the event of default by counterparts. Counterparty risks are managed through a system of limits and qualitative requirements.
The credit competences system regulates the loan provision process, which assesses solvency and credit worthiness on the basis of the customary criteria applied by banks. Most loan transactions are conducted as a part of asset management activities.

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

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

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

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

Compliance and legal risks
The Legal & Group Compliance Officer operates from the head office in Zurich and reports directly to the CEO. Branch Compliance Officers at the Finter Bank Zürich branch in Lugano conduct compliance functions in loco and report to the Legal & Group Compliance Officer.
The Group Compliance Officer and the Branch Compliance Officers ensure that the bank's operations comply with today's increasingly severe regulations and the obligation of bank diligence. Group Compliance is responsible for monitoring requirements and new regulations established by the compliance authorities, lawmakers or other organizations.

Human resources

Personnel data is set out below.

(heads)	2009		2008	
Categories	**HDC [1]**	**FTE [2]**	**HDC [1]**	**FTE [2]**
Executive	5.0	5.0	7.0	7.0
Management	48.0	47.1	49.0	48.1
Middle management	54.0	51.6	50.0	48.4
Clerical staff	38.0	34.0	54.0	51.2
Total	**145.0**	**137.7**	**160.0**	**154.7**

[1] Headcount
[2] Full Time Equivalent

Qualifications	
(heads)	**2009**
University degree	40
Diploma	17
Apprentice	87
Other	1
Total	**145**

Type of contract	
(heads)	**2009**
Full time	131
Part time	13
Contract	1
Total	**145**

Turnover	
(heads)	**2009**
Recruitments	26
Dismissals	22
Resignations	19
Turnover rate	**28%**

Finter Bank Zürich organizes internal foreign language courses; other training is organized according to individual needs. All employees are trained, within their departments, in accordance with the new Swiss banking regulations.

Data security and personnel safety

Data security and personnel safety activities are summarized below:

- the EDP center has been upgraded in accordance with the latest security standards;
- action is underway to optimize data storage in high-security environments;
- latest-generation audit tools and log-files were implemented;
- information on emergency medical action was circulated and training was provided for personnel in every location.

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 2009 it reported a small decrease in net interest income and the intermediation margin, and a contained increase in administrative expense.
Consequently, net profit for 2009 was 196,000 euro, a slight decrease on the previous year (221,000 euro).
Crédit Mobilier de Monaco's importance within the Italmobiliare Group is not such as to require further comment on its results.

Risks and uncertainty

The bank is not exposed to specific risks with respect to clients, suppliers and competitors (Crédit Mobilier de Monaco conducts its guarantee-backed loan business on a monopoly basis) and its business does not present particularly critical elements since its loans have a duration of 6 months and can therefore be revalued at suitably frequent intervals.
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 271,000 euro at the end of 2009 (233,000 euro at December 31, 2008) and related in the main to a single case (for a total of 224,000 euro) dating back to January 2004. The bank hopes to settle the question by the end of 2010.
The collateral available to the bank ensures ample coverage of doubtful receivables.
The bank has implemented adequate security procedures.

Environment and human resources

Given the bank's line of business, environmental issues are immaterial.
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, 2008, and at December 31, 2009, the bank had 5 employees (1 director, 1 supervisor and 3 clerical workers).
All employees have open-end employment contracts.

Significant post balance-sheet events

There were no significant post balance-sheet events.

Outlook

The uncertainty on the markets in general and the financial markets in particular makes it difficult to draw up reliable forecasts on 2010 full-year results in the banking sector. Management is continuing measures that have already been introduced and planning new measures to achieve a stable reduction in costs and a recovery in revenues.

Property sector, services, other

This sector includes a number of real estate companies and services companies. Assets held by the real estate companies included rented property and property and land held for sale. The services companies essentially provide services within the Group. Within the sector, the **Populonia Italica S.r.l.** company was consolidated only until June 10, 2009, when the entire equity investment in the company was sold. Italmobiliare S.p.A. recorded most of the capital gain on the sale under the financial sector.

In 2008 the sector benefited from the sale of some real estate assets by Populonia Italica; as a result of the proceeds from the sale, 2008 EBIT was 6.0 million euro, whereas in 2009 EBIT was just 0.6 million euro.

Consequently net profit decreased from 4.7 million euro to 0.4 million euro.

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

In the fourth quarter of 2009, Azienda Vendite e Acquisti AVA S.r.l. was merged with Punta Ala Promozione e Sviluppo Immobiliare S.r.l..

Risks and uncertainty

As noted above, the sector 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 companies (like Italmobiliare Servizi S.r.l.), which charge clients on the basis of costs incurred and therefore are not subject to material risks, with the exception of a very low credit risk on collection of invoices;
- the real estate companies (like Punta Ala Promozione e Sviluppo Immobiliare S.r.l.) whose assets include land, buildings and investments in real estate companies; these companies are therefore exposed to market trends, which can affect the value of their assets, although at the moment asset values are extremely low.

Information on personnel and the environment

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

Significant post balance-sheet events

In January 2010 Punta Ala Promozione e Sviluppo Immobiliare S.r.l. sold a property on which it collected 1.1 million euro, virtually the same as the capital gain.

In January 2010, after completing the liquidation process, the Terfin S.A. company distributed a “bonis de liquidation” of 1.3 million euro to its shareholders (Soparfinter S.A. 98.40%, and Fincomind A.G. 1.60%).
At the beginning of March 2010 Punta Ala Promozione e Sviluppo Immobiliare S.r.l. sold its entire investment in Immobiliare Golf S.r.l. for 0.7 million euro, corresponding to the carrying amount at December 31, 2009.

Outlook

Based on the known events to date, the net profit in this sector, albeit of marginal importance, is expected to be higher in 2010 than in 2009.

Human resources

The number of employees at December 31, 2009, was 22,758 heads, down from 23,864 heads at December 31, 2008.
The following table provides a breakdown of employees by business sector and geographical area.

(headcount[1])	December 31, 2009		December 31, 2008	
		%		%
Business sector				
Construction materials	21,155	*92.9*	22,243	*93.2*
Packaging and insulation	1,387	*6.1*	1,396	*5.8*
Financial	50	*0.2*	47	*0.2*
Banking	150	*0.7*	165	*0.7*
Property, services, other	16	*0.1*	13	*0.1*
Total	**22,758**	***100.0***	**23,864**	***100.0***
Geographical aea				
European Union	10,942	*48.1*	11,373	*47.7*
Other European countries	1,077	*4.7*	1,111	*4.6*
North America	1,866	*8.2*	2,155	*9.0*
Asia	2,437	*10.7*	2,795	*11.7*
Africa	5,669	*25.0*	5,713	*24.0*
Trading	692	*3.0*	654	*2.7*
Other countries [2]	75	*0.3*	63	*0.3*
Total	**22,758**	***100.0***	**23,864**	***100.0***

[1] including employees of companies consolidated on a line-by-line or proportionate basis. If proportionate, the number of employees is correspondingly proportionate.

[2] including BravoSolution UK, Digital Union UK, BravoSolution Benelux, BravoSolution Mexico, Singapore, Dubai; Saudi Arabia and Libya at 50%

Dealings with related parties

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

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

The summary of dealings with related parties at December 31, 2009, is provided in the notes.
All dealings with related parties, whether for the exchange of goods and services or of a financial nature, are conducted at normal market conditions.

No atypical or unusual transactions took place in 2009.

Dealings with subsidiaries and associates

Dealings with companies not consolidated on a line-by-line basis and with associates are of a commercial nature (exchange of goods and/or services) or a financial nature.
Italmobiliare also provides an "administrative service" for some associates, regulated on the basis of the costs attributable to performance of the service.

Calcestruzzi group

After the deconsolidation of the Calcestruzzi group, all business and financial dealings with the group are included in dealings with related parties.
The relevant information is disclosed in the notes.

Dealings with other related parties

Dealings with other related parties in 2009 were as follows:

- administrative, financial, contractual and fiscal 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 294,000 euro. In 2009, Mr Lucchini was entitled to remuneration of 33,000 euro for his work as a member of the Ciments Français Board of Directors, which he joined in April 2007;
- legal consultancy, judicial and extrajudicial assistance provided to the Italmobiliare Group by the associate law firm Dewey & LeBoeuf, of which Italmobiliare director Luca Minoli is a partner, for considerations totaling 564,000 euro;
- consultancy services for the senior management of Italmobiliare in relation to the rationalization and development of Group activities, provided by Piergiorgio Barlassina, an Italmobiliare director, for considerations totaling 250,000 euro and supplementary charges of 19,000 euro;
- legal consultancy services for the Italmobiliare Group provided by Giorgio Bonomi, an Italmobiliare director, for considerations totaling 2,000 euro.

In 2009 Italmobiliare and Italcementi made an endowment of 600,000 euro to the Italcementi Cav. Lav. Carlo Pesenti foundation to cover operating expenses (300,000 euro) and as a contribution (300,000 euro) for earthquake victims in the Abruzzo region. The Italcementi group charged the foundation for an amount of approximately 196,000 euro for administrative and corporate services; it also provided services for the construction of the professional training center for young students in Sri Lanka for 41,000 euro.

Dealings with related parties and remuneration of Italmobiliare S.p.A. directors and the Chief Operating Officer for positions held in the Group are illustrated in the notes.

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

Disputes and pending proceedings

Appropriate provision has been made on an accrual basis for legal and tax disputes concerning Group companies, in cases where, with respect to risks that have emerged and valuation of related risks, contingent liabilities are probable and measurable.
Details of the main disputes are provided in the sections on the individual sectors.

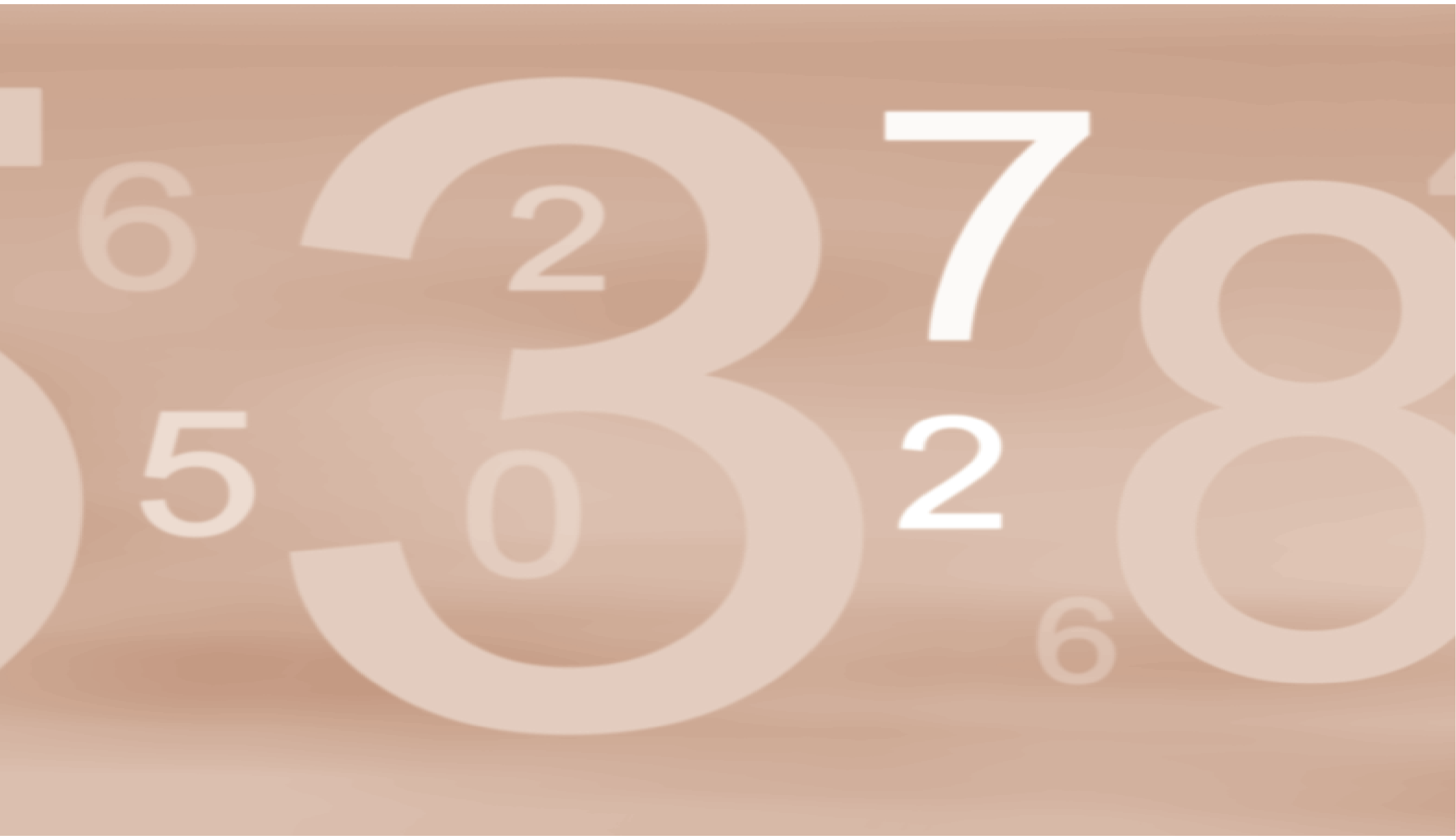
Outlook

The continuing severe difficulties and global instability of the macro-economic and financial scenario make it difficult to formulate reliable forecasts.
On the one hand, given the high uncertainty of revenue trends, the Group's industrial operations continue to focus on improving industrial efficiency through cost control and the start-up of new plants, and on optimization of working capital.
On the other hand, strong instability remains a dominant feature of the financial markets, although some signs of stability are beginning to emerge.
Consequently, the results of the Italmobiliare parent company, which depend on dividend income from associates and, to a significant extent, on trends on the financial markets, could be positive, although all forecasts made today are heavily conditioned by the uncertainty of future developments.

Milan, March 24, 2010

for the Board of Directors
The Chairman

Italmobiliare S.p.A. consolidated financial statements



Financial statements

Balance sheet

(in thousands of euro)	Notes	12.31.2009	12.31.2008 re-stated	Change
Non-current assets				
Property, plant and equipment	1	4,503,916	4,384,588	119,328
Investment property	2	34,066	29,344	4,722
Goodwill	3	2,039,909	2,035,059	4,850
Intangible assets	4	139,634	137,805	1,829
Investments in associates	5	360,546	342,971	17,575
Other equity investments	6	746,578	634,736	111,842
Non-current trade and other receivables	7	131,806	165,369	(33,563)
Deferred tax assets	21	46,793	46,371	422
Non-current receivables due from employees		1,863	205	1,658
Total non-current assets		**8,005,111**	**7,776,448**	**228,663**
Current assets				
Inventories	8	713,441	984,189	(270,748)
Trade receivables	9	958,958	1,176,744	(217,786)
Other current assets	10	371,528	454,036	(82,508)
Income tax assets	11	121,361	105,628	15,733
Equity investments and financial receivables	12	1,055,200	810,292	244,908
Cash and cash equivalents	13	727,793	590,535	137,258
Total current assets		**3,948,281**	**4,121,424**	**(173,143)**
Total assets		**11,953,392**	**11,897,872**	**55,520**
Shareholders' equity				
Share capital	14	100,167	100,167	
Reserves	15	442,115	299,819	142,296
Treasury shares	16	(21,226)	(21,226)	
Retained earnings		1,876,576	1,800,759	75,817
Group shareholders' equity		**2,397,632**	**2,179,519**	**218,113**
Minority interests	17	3,369,492	3,308,715	60,777
Total shareholders' equity		**5,767,124**	**5,488,234**	**278,890**
Non-current liabilities				
Interest-bearing loans and long-term borrowings	19	2,915,453	2,970,766	(55,313)
Employee benefit liabilities	18	190,735	176,557	14,178
Non-current provisions	20	239,822	287,446	(47,624)
Other non-current liabilities		56,245	43,083	13,162
Deferred tax liabilities	21	269,862	291,095	(21,233)
Total non-current liabilities		**3,672,117**	**3,768,947**	**(96,830)**
Current liabilities				
Bank overdrafts and short-term borrowings	19	427,864	560,446	(132,582)
Interest-bearing loans and short-term borrowings	19	159,995	269,611	(109,616)
Trade payables	22	593,774	738,399	(144,625)
Current provisions	20	3,419	1,989	1,430
Income tax liabilities	23	69,623	64,575	5,048
Other liabilities	24	1,259,476	1,005,671	253,805
Total current liabilities		**2,514,151**	**2,640,691**	**(126,540)**
Total liabilities		**6,186,268**	**6,409,638**	**(223,370)**
Total shareholders' equity and liabilities		**11,953,392**	**11,897,872**	**55,520**

Pursuant to Consob Resolution no. 155519 of July 27, 2006, the effects of dealings with related parties on balance-sheet, income-statement and financial postings are disclosed in the specific annexes.

Income statement

(in thousands of euro)	Notes	2009	%	2008 re-stated	%	Change	%
Revenues	25	**5,365,383**	**100.0**	**6,157,042**	**100.0**	**(791,659)**	**-12.9**
Other revenues		43,259		63,622		(20,363)	
Change in inventories		(92,531)		60,311		(152,842)	
Internal work capitalized		58,971		53,091		5,880	
Goods and utilities expenses	26	(1,990,483)		(2,504,467)		513,984	
Services expenses	27	(1,154,749)		(1,386,690)		231,941	
Employee expenses	28	(1,000,097)		(1,022,142)		22,045	
Other operating income (expense)	29	(174,065)		(400,070)		226,005	
Recurring EBITDA		**1,055,688**	**19.7**	**1,020,697**	**16.6**	**34,991**	**3.4**
Net capital gains on sale of fixed assets	30	26,109		24,618		1,491	
Non-recurring employee expenses for re-organizations	30	(33,987)		(27,537)		(6,450)	
Other non-recurring (expense)	30	(3,785)		(7,029)		3,244	
EBITDA		**1,044,025**	**19.5**	**1,010,749**	**16.4**	**33,276**	**3.3**
Amortization and depreciation	31	(474,894)		(464,443)		(10,451)	
Impairment variation		(54,410)		(45,221)		(9,189)	
EBIT		**514,721**	**9.6**	**501,085**	**8.1**	**13,636**	**2.7**
Finance income	32	34,484		105,643		(71,159)	
Finance costs	32	(136,115)		(188,161)		52,046	
Net exchange-rate differences and derivatives	32	(9,805)		(3,501)		(6,304)	
Impairment on financial assets	33	(47,743)		(182,707)		134,964	
Share of results of associates	34	28,121		29,566		(1,445)	
Result before tax		**383,663**	**7.2**	**261,925**	**4.3**	**121,738**	**46.5**
Income tax expense	35	(99,352)		(145,729)		46,377	
Net result for the period		**284,311**	**5.3**	**116,196**	**1.9**	**168,115**	**144.7**
Attributable to:							
Group		97,258	1.8	(104,600)	-1.7	201,858	193.0
Minority interests		187,053	3.5	220,796	3.6	(33,743)	-15.3
Earnings per share	37						
- Basic							
ordinary shares		2.517 €		(2.780) €			
savings shares		2.673 €		(2.780) €			
- Diluted							
ordinary shares		2.517 €		(2.778) €			
savings shares		2.673 €		(2.778) €			

Comprehensive income

(in thousands of euro)	Notes	2009	% of revenues	2008 re-stated	% of revenues	Change	%
Net profit for the period		**284,311**	**5.3**	**116,196**	**1.9**	**168,115**	**144.7**
Fair value adjustments to:							
Available-for-sale financial assets		175,070		(568,569)		743,639	
Derivative financial instruments		(36,486)		(13,331)		(23,155)	
Translation differences		(41,023)		(47,735)		6,712	
Tax relating to components of other comprehensive income		10,156		3,261		6,895	
Components of other comprehensive income	36	**107,717**		**(626,374)**		**734,091**	
Total comprehensive income		**392,028**	**7.3**	**(510,178)**	**-8.3**	**902,206**	**n.s.**
Attributable to:							
Group		233,945		(656,799)		890,744	
Minority interests		158,083		146,621		11,462	

Statement of movements in consolidated total shareholders' equity

(in thousands of euro)	Attributable to equity holders of the parent										Minority interests	Total sh. holders' equity
		Reserves										
	Share capital	Share premium reserve	Reserve for general banking risks	Fair value reserve for available-for-sale financial assets	Fair value reserve for derivative financial instruments	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total capital and reserves		
Balances at December 31, 2007	**100,167**	**177,191**	**15,713**	**613,875**	**5,862**	**45,315**	**(21,226)**	**(21,518)**	**1,994,858**	**2,910,237**	**3,391,895**	**6,302,132**
Net profit for the period									(104,600)	(104,600)	220,796	116,196
Components of other comprehensive income			1,821	(531,774)	(4,901)			(17,345)		(552,199)	(74,175)	(626,374)
Total comprehensive income			**1,821**	**(531,774)**	**(4,901)**			**(17,345)**	**(104,600)**	**(656,799)**	**146,621**	**(510,178)**
Stock options						7,384				7,384	8,635	16,019
Dividends									(61,474)	(61,474)	(131,903)	(193,377)
Asment and RCS valued with equity method				(32,084)					10,594	(21,490)	(41,170)	(62,660)
Change % of control and scope of consolidation			412			1,005		1,821	(1,577)	1,661	(65,363)	(63,702)
Balances at December 31, 2008	**100,167**	**177,191**	**17,946**	**50,017**	**961**	**53,704**	**(21,226)**	**(37,042)**	**1,837,801**	**2,179,519**	**3,308,715**	**5,488,234**
Net profit for the period									97,258	97,258	187,053	284,311
Components of other comprehensive income			17	153,083	(8,412)			(8,001)		136,687	(28,970)	107,717
Total comprehensive income			**17**	**153 ,083**	**(8,412)**			**(8,001)**	**97,258**	**233,945**	**158,083**	**392,028**
Stock options						6,810				6,810	8,624	15,434
Dividends											(104,430)	(104,430)
Change % of control and scope of consolidation					6	(9,208)		17	(13,457)	(22,642)	(1,500)	(24,142)
Balances at December 31, 2009	**100,167**	**177,191**	**17,963**	**203,100**	**(7,445)**	**51,306**	**(21,226)**	**(45,026)**	**1,921,602**	**2,397,632**	**3,369,492**	**5,767,124**

Cash flow statement

(in thousands of euro)			2009	2008 re-stated
A) Cash flow from operating activities:				
Result before tax			383,663	261,925
Adjustments for:				
	Amortization, depreciation and impairment		575,349	689,408
	Reversal undistributed results of associates		(11,291)	(18,560)
	Capital (gains)/losses on sale of fixed assets		(44,659)	(75,363)
	Change in employee benefit liabilities and other provisions		(11,704)	30,842
	Stock options		15,062	15,927
	Reversal net finance income and costs		101,521	80,099
Cash flow from operating activities before tax, finance income/costs and change in working capital			**1,007,941**	**984,278**
Change in working capital			395,160	(192,882)
Cash flow from operating activities before tax and finance income/costs			**1,403,101**	**791,396**
	Net finance costs paid		(93,143)	(131,241)
	Dividends received		6,959	59,954
	Taxes paid		(141,479)	(198,195)
	Inflows from derivatives		3,140	365
			(224,523)	**(269,117)**
	Total A)		**1,178,578**	**522,279**
B) Cash flow from investing activities:				
Investments in fixed assets:				
	PPE and investment property		(690,519)	(725,981)
	Intangible assets		(24,572)	(31,042)
	Financial assets (equity investments)		(34,862)	(270,220)
	Total investments in fixed assets		**(749,953)**	**(1,027,243)**
	Proceeds from divestments of fixed assets and repayment of loans		65,396	117,771
	Total divestments		**65,396**	**117,771**
	Total B)		**(684,557)**	**(909,472)**
C) Cash flow from financing activities:				
	New interest-bearing loans and long-term borrowings		(54,698)	468,612
	Change in financial receivables		(170,050)	159,306
	Change in current equity investments		(1,848)	30,486
	Outflows/Inflows on derivatives		2,045	(1,747)
	Dividends paid		(104,958)	(193,337)
	Other movements in shareholders' equity		3,024	(1,794)
	Total C)		**(326,485)**	**461,526**
D) Currency translation differences and other changes	**Total D)**		**(30,278)**	**14,675**
E) Cash flows for the period	**(A+B+C+D)**		**137,258**	**89,008**
F) Opening cash and cash equivalents			**590,535**	**501,527**
Closing cash and cash equivalents	**(E+F)**	**13**	**727,793**	**590,535**

Cash flows from investing operations and divestments are illustrated in the relevant section of the notes.

Notes

The Italmobiliare S.p.A. consolidated financial statements as at and for the year to December 31, 2009, were approved by the Board of Directors on March 24, 2010. At the meeting, the Board authorized publication of a press release dated March 24, 2010, containing key information from the financial statements.
As required by IAS 10, these consolidated financial statements may be amended by the Shareholders' Meeting.
The financial statements have been drawn up assuming business continuity. Despite the difficult economic and financial situation, the Group has no material uncertainties about its business continuity, by virtue of the action already taken to respond to the changes in demand, and its industrial and financial flexibility.

Accounting policies

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

Declaration of compliance with the IFRS

These financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2009, adopted by the EC Commission.
In compliance with European Regulation no. 1606 of July 19, 2002, the principles adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2009, that had not been approved by the European Union at that date.

Since December 31, 2008, a number of principles and interpretations approved by the European Union have come into force and have been applied in the financial statements as at and for the year to December 31, 2009, specifically:

- IAS 1 revised "Presentation of financial statements": approved by the European Commission in December 2008. This standard requires presentation of a "statement of comprehensive income" including, in addition to the usual income statement items, components previously included directly in shareholders' equity. In applying this standard, the Group has elected to present its comprehensive income using two statements: the first statement reflects traditional income statement components and the net result for the period, while the second statement, beginning with the net result for the period, presents other components of comprehensive income, previously reflected only in the statement of movements in consolidated shareholders' equity: fair value gains and losses on available-for-sale financial assets and financial derivatives, translation gains and losses.
- IAS 23 revised "Borrowing costs": approved by the European Commission in December 2008. This standard requires capitalization of finance costs directly attributable to the acquisition, construction or production of "qualifying assets". In compliance with paragraph 28 of IAS 23, the Group has established January 1, 2006, as the commencement date for capitalization of finance costs. As a result of the change in accounting treatment, the value of property, plant and equipment has increased and the value of net finance costs has decreased.
- IFRS 8 "Operating segments": approved by the European Commission in November 2008. This standard replaces IAS 14 "Segment reporting" and governs disclosures on operating segments.
- IFRS 7 "Financial instruments: additional disclosures": approved by the European Commission on November 27, 2009, applied as from January 1, 2009. The amendment requires that fair value

measurement disclosures for financial instruments include, for each class of financial instrument, an additional disclosure on the sources of the input required to determine fair value, using a three-level hierarchy.

With regard to the criterion governing “Accounting treatment of interests held by minorities”, the Group has decided to change the criterion applied until December 31, 2008, and to adopt the accounting treatment indicated by the new IFRS 3 and IAS 27, approved by the European Commission in June 2009, which are due to come into force as from the first reporting period after June 30, 2009. The new criterion is as follows:

- purchases of interests after control has been obtained do not require re-determination of identifiable asset and liability values. The difference between the cost and the equity interest acquired is recognized as Group shareholders' equity;
- transactions that reduce the percentage interest held, without loss of control, are treated as sales to minorities and the difference between the interest sold and the price paid is recognized as Group shareholders' equity;
- purchase commitments on interests held by minorities are treated with the criteria applied to purchases of interests held by minorities.

By virtue of the change in criterion, the capital gain of 2.5 million euro arising from the sale of the 6.91% interest in Shymkent has been recognized directly in consolidated shareholders' equity.

The other standards, amendments and interpretations approved by the European Commission and applicable as from January 1, 2009, which have not had an impact on the Group consolidated accounts, are:

- amendment to IAS 27 “Cost of investments in subsidiaries, jointly controlled entities and associates”;
- IFRS2 revised “Share-based payments”;
- amendment to IAS 32 “Financial instruments: presentation” and to IAS 1 “Puttable instruments and obligations arising on liquidation”;
- amendment to IFRIC 9 “Reassessment of embedded derivatives” and to IAS 39 “Financial instruments: measurement and recognition”;
- IFRIC 13 “Customer loyalty programs”;
- IFRIC 14 “The limit on a defined benefit asset, minimum funding requirements and their interaction”.

Standards, amendments and interpretations approved by the European Union but not yet in force and for which the Group has not elected early application are:

- IAS 27 revised “Consolidated and separate financial statements” and IFRS 3 revised “Business combinations”;
- amendment to IAS 32 “Classification of rights issues”;
- amendment to IAS 39 “Designation of hedging instruments”;
- IFRIC 12 “Service concession arrangements”;
- IFRIC 15 “Agreements for the construction of real estate”;
- IFRIC 16 “Hedges of a net investment in a foreign operation”;
- IFRIC 17 “Distributions of non-cash assets to owners”;
- IFRIC 18 “Transfers of assets from customers”.

Standards, amendments and interpretations published by the IASB but not yet approved by the European Union:

- IAS 24 revised “Related party disclosures”;
- IFRS 9 “Financial instruments” (phase 1: classification and measurement of financial assets);
- amendment to IFRS 1 “First-time adoption of IFRS”;
- amendment to IFRS 2 “Share-based payments”;
- IFRIC 19 “Extinguishing financial liabilities with equity instruments”;
- amendment to IFRIC 14 “The limit on a defined benefit asset, minimum funding requirements and their interaction”.

Accounting policies and basis of presentation

The consolidated accounts adopt the cost principle, with the exception of derivative financial instruments 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 consolidated financial statements are presented in euro. All amounts in the accounting schedules and in the notes are rounded to thousands of euro, unless otherwise specified.
The basis of presentation of 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 balance sheet. 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 balance sheet date;
- on the income statement, costs are analyzed by the nature of the expense;
- on the cash flow statement, the indirect method is used.

Use of estimates

The preparation of the consolidated financial statements and the notes in conformity with the international accounting principles requires management to make estimates that affect the values of assets, liabilities, income and expense, such as amortization, depreciation, write-downs and provisions, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates assume business continuity and are determined 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 depend on forecasts of future results and cash flows, 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.

Principles of consolidation

The consolidated financial statements are based on the accounts as at and for the year to December 31, 2009, drawn up by the parent company Italmobiliare S.p.A. and the consolidated companies in compliance with the Group accounting principles.

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 voting trusts or other forms of material exercise of rights of governance. Equity investments in associates are valued with the equity method, whereby they are recognized initially at cost, and subsequently adjusted to reflect changes in the value of the Group's interest in the associate's equity. The Group's share of an associate's net profit or loss is recognized in a specific income statement line item from the date at which the Group exerts significant influence until it relinquishes such influence.

Joint 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.
Equity investments in joint ventures are consolidated on a proportionate basis, whereby assets, liabilities, income and expenses are recognized line-by-line proportionately to the Group's interest.
The balance sheets and income statements of joint ventures are consolidated from the date on which joint control is assumed and until such control is relinquished.

Transactions eliminated during consolidation

All intragroup balances and transactions, including any unrealized gains in respect of third parties, are eliminated in full. Unrealized losses in respect of third parties deriving from intragroup transactions are eliminated, except in cases where it will not subsequently be possible to recover such losses.
Unrealized gains in respect of third parties deriving from transactions with associates are eliminated against the equity investment carrying amount, 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 on a line-by-line basis, on a proportionate basis and with the equity method is provided in the annex to these notes.
As in the consolidated financial statements as at and for the year to December 31, 2008, as a result of the loss of control determined by the preventive seizure of the assets of Calcestruzzi S.p.A. ordered on January 29, 2008, and still in force, the Calcestruzzi group is no longer included in the scope of consolidation, pursuant to IAS 27.21; following the loss of control, the equity investment is accounted for in accordance with IAS 39.46 and classified under "Other equity investments". As a result of the deconsolidation of the Calcestruzzi group, all business and financial dealings with the group are included under dealings with related parties.

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.

Cost of business combinations

Business combinations are recognized at purchase cost as provided by IFRS 3. Purchase cost is the sum of the fair values of the assets and liabilities acquired, contingent liabilities assumed and equity instruments issued at the transaction date, plus costs directly attributable to the purchase.
IFRS 3 revised, application of which is mandatory as from January 1, 2010, requires that costs related to the purchase be expensed in the periods in which the costs are sustained and the services received. Any costs sustained in 2009 relating to business combinations in 2010 have been expensed in 2009.

Apportionment of the cost of business combinations

The cost of business combinations is apportioned by recognizing the fair value of identifiable assets, liabilities and contingent liabilities at the acquisition date. Positive differences between the purchase cost and the interest in the fair value of the identifiable assets, liabilities and contingent liabilities at purchase are recognized as goodwill, under assets. Negative differences are recognized immediately in the income statement. If on initial recognition the purchase cost of a business combination can only be determined provisionally, the apportioned amounts are adjusted within twelve months from the acquisition date.

Minority interests

Minority interests are recognized on the basis of the fair value of the net acquired assets.

Business combinations achieved in stages

When a business combination is achieved in stages, through a series of share purchases, each transaction is accounted for separately, using the cost and fair value information available at the date of each transaction to determine any goodwill.
When control of an entity is obtained through a subsequent purchase, the previously held interest is revalued to reflect the fair value of the identifiable assets, liabilities and contingent liabilities at the date of the subsequent purchase; the revaluation balancing entry is recognized in equity attributable to the Group.

Purchase of interests held by minorities

By virtue of the changes in accounting treatment illustrated in the section "Declaration of compliance with the IFRS":

- purchases of interests after control has been obtained do not require revaluation of identifiable assets and liabilities. The difference between the purchase cost and the equity interest acquired is recognized under Group shareholders' equity;
- similarly, in the absence of specific IFRS indications, transactions that reduce the percentage interest held, without loss of control, are treated as sales to minorities and the difference between the interest sold and the price paid is taken to Group shareholders' equity.

Commitments to purchase interests held by minorities

A put option granted to minority shareholders of a company controlled by the Group is initially recognized by recording the purchase value as a liability, given that the value in question is the present value of the put option exercise price.
By virtue of the changes in accounting treatment illustrated in the section "Declaration of compliance with the IFRS", the criterion applied anticipates in the financial statements the complementary acquisition of the interests held by minorities to whom put options have been granted:

- the minority interests are reclassified under liabilities and the difference between the fair value of the purchase commitment liabilities and the net carrying amount of the minority interests is recognized under Group shareholders' equity;
- subsequent changes in liability values are recognized under Group shareholders' equity with the exception of adjustments to the present value, which are taken to the income statement.

Transactions in currencies other than the reporting currency

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

Translation of foreign currency postings

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

Translation of the financial statements of foreign entities

At closure of the reporting period, the assets, including goodwill, and liabilities of consolidated companies that report in currencies other than the euro are translated into the presentation currency of the Group's consolidated accounts at the exchange rate ruling at close. Income statement items are translated at the average rate for the period. Gains and losses arising from the translation of opening shareholders' equity at the closing exchange rates and those arising from the different method used to translate profit and loss for the period are recognized in a specific equity item. In the event of subsequent disposal of a foreign entity, 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 shareholders' equity and therefore will not be taken to the income statement in the event of subsequent disposal.

Property, plant and equipment

Measurement

Property, plant and equipment is recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and 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 an asset are recognized as expense as incurred. 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. Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the purchase date and adjusted if necessary within the following twelve months.
Subsequent to initial recognition, property, plant and equipment is carried at cost depreciated over the asset's useful life, less any impairment losses.
Assets under construction are recognized at cost and are depreciated when they are available for use.
When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are effected separately for each component.

Subsequent expense

Repair and maintenance expense is normally recognized as incurred. Component replacement costs are treated as separate assets and the net carrying amount of the replaced component is expensed.

Depreciation

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

Quarries

Costs for the preparation and excavation of land to be quarried are amortized as the economic benefits of such costs are obtained.
Quarry land is depreciated at rates reflecting the quantities extracted in the period in relation to the estimated total to be extracted over the period in which the quarry is to be worked.
The Group makes specific provision for quarry environmental restoration obligations. Since the financial resources required to settle such obligations are directly related to 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 transfer to the Group all risks and rewards incident to ownership of the leased asset, are recognized from the lease inception date at the lower of the leased asset fair value or the present value of the lease payments. Lease payments are apportioned between finance costs and reductions against the residual liability so as to obtain a constant rate of interest on the outstanding liability.

The policies used for depreciation and subsequent measurement of leased assets are consistent with those used for the Group's own property, plant and equipment.
Lease contracts where all risks and rewards incident 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 rentals 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.

Goodwill

Goodwill arising from business combinations is measured initially at cost and since January 1, 2004, is no longer subject to amortization. As from the purchase date, goodwill is apportioned to the cash-generating units expected to benefit from the synergies arising from the combination and tested on an annual basis or more frequently if indications of impairment emerge.
When goodwill is attributed 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 capital gain or loss arising from the transaction.

Intangible assets

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

Impairment of assets

Goodwill is tested for impairment on an annual basis or more frequently if indications of impairment emerge.
Tangible assets and amortizable intangible assets are tested for impairment if indications of impairment emerge.
Impairment is the difference between the asset net carrying amount and its recoverable amount. Recoverable amount is the greater of fair value, less costs to sell, of an asset or cash-generating unit, and its value in use, determined as the present value of future cash flows. Fair value less costs to sell is determined through application of relevant valuation models adopting appropriate income multipliers, quoted share prices on an active market for similar enterprises 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 a continuing operations basis. 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 net 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 impairment reversals are taken to the income statement.

Financial assets

All financial assets are recognized initially at cost at the purchase date, which corresponds to fair value plus additional costs attributable to the purchase.
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 income.
Assets held to maturity are classified as current financial assets, if they mature within one year; otherwise they are classified as non-current assets and subsequently carried at amortized cost. Amortized cost is determined using the effective interest-rate method, taking account of any acquisition discounts or premiums, which are apportioned over the entire period until maturity, less any impairment losses.
Other financial assets are classified as available for sale, under current and non-current assets, and recognized at fair value. Any gains or losses are shown in a separate equity item until the assets are sold, recovered or discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to the income statement. A specific accounting policy has been introduced to determine impairment on listed available-for-sale securities. 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. Impairment testing is conducted separately for each threshold, and only one threshold needs to be reached for an impairment loss to be recognized.
Only equity instruments that are not listed on an active market or 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 and ancillary materials and consumables 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 stated at fair value plus costs to sell, less allowances for uncollectible amounts, which are provided as doubtful debts are identified.

Cash and cash equivalents

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

Deconsolidation 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 incident 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 leaving entitlement provisions. It also has other commitments, in the form of bonuses payable to employees on the basis of length of service in some Group companies ("Other long-term benefits").

Defined contribution plans

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

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the Group. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the Group uses the unitary credit projection method to determine the present value of obligations and the related benefit cost of current services rendered.
These actuarial calculations require use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increments on salaries and medical benefits).
When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity or to an insurance company, the assets servicing the plan are estimated at fair value.
Benefit obligations are therefore recognized net of the fair value of the plan assets that will be used to settle the obligations.
Leaving entitlements provided by the Italian companies (TFR, *trattamento di fine rapporto*) are treated as obligations with respect to defined benefit plans.

Treatment of actuarial gains and losses

Actuarial gains and losses on post-employment defined benefit plans may arise as a result of changes in the actuarial assumptions used in two consecutive periods or as a result of changes in the obligation value or in the fair value of any plan asset in respect of the actuarial assumptions used at the beginning of the period.
The Group uses the corridor method whereby actuarial gains and losses are recognized as income or expense when their unrecognized cumulative net value, for each plan, at the end of the previous period exceeds 10% of the larger of present value of the defined benefit obligation or the fair value of plan assets at that date. These gains or

losses are taken to income over the estimated average residual working life of the employees participating in the plans.
Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service benefits) and to early retirement benefits are recognized as income or expense immediately.

Past service cost

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

Curtailment and settlement

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

Share-based payments

The Group has applied IFRS 2 as from January 1, 2004.
Options for the subscription and purchase of shares granted by Group companies to employees and directors give rise to recognition of a cost classified under employee 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 correction for extraordinary events or factors.
The cost of granted options is reviewed on the basis of the actual number of vested options at the beginning of the exercise period.

Provisions for risks and charges

The Group recognizes provisions for risks and charges when a present or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation. Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the balance sheet date. If the present value of the financial resources that will be used is material, provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.
Changes in estimates are recognized as income or expense for the period.
The Group recognizes a separate provision for environmental restoration obligations on land used for quarry work, determined in relation to the use of the quarry in question.

Pending publication of a standard/interpretation on accounting treatment of greenhouse gas emission allowances, after the withdrawal of IFRIC 3 by the International Accounting Standards Board, the Group recognizes a separate provision when emissions are greater than the allowance.
Restructuring costs are provided when the Group company concerned has approved a detailed formal plan that has already been implemented or notified to the relevant third parties.

Loans and borrowings

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

Trade payables and other payables

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

Revenues, other revenues, interest income and dividends

Sale of goods and services

Revenues are 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.
Revenues are recognized at the fair value of the consideration received or due, taking account of any trade discounts given and volume discounts.
Revenues from the sale of goods are recognized when the company transfers the material risks and rewards incident to ownership of the goods to the purchaser.
Revenues include dividends received, and interest and commission income earned by the financial and banking companies.

Rental income

Rental income is recognized as other revenues, as received.

Costs

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

Interest income

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

Dividends

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

Government grants

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

Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency forward contracts and interest-rate swaps and options to hedge market risks.
Derivative financial instruments 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 derivative financial instruments is determined using the swap curve weighted to take account of the counterpart credit risk.
The fair value of interest-rate contracts is determined on the basis of discounted flows using the zero coupon curve.
Derivatives, with the exception of those that qualify for hedge accounting, are classified under current assets and fair value gains and losses are recognized directly in the income statement.

Hedging transactions

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

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

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

Fair value hedges hedge Group exposure to fair value changes on a recognized asset or liability or an unrecognized firm commitment, or on an identified portion of such an asset, liability or firm commitment, subject to a particular risk that could affect profit and loss
The carrying amount of the hedged item is adjusted for the gains or losses attributable to the hedged risk, the hedging instrument is re-measured at fair value, and any gains and losses on the instrument and on the underlying are taken to the income statement.
For hedged items valued at amortized cost, the carrying adjustment is amortized through profit and loss over the residual term to maturity. Any adjustment to the carrying amount of a hedged financial instrument, for which the effective interest method is used, is amortized through profit and loss. Amortization may begin as soon as an

adjustment arises but no later than when the hedged item ceases to be adjusted for fair value changes attributable to the hedged risk.
When an unrecognized commitment is designated as a hedged item, the subsequent cumulative fair value change attributable to the hedged risk is recognized as an asset or liability, with a corresponding gain or loss in the income statement. Fair value changes of a hedged instrument are also taken to profit and loss.
The Group discontinues fair value hedge accounting if the derivative expires, is sold, is settled or exercised, if the hedge no longer qualifies for hedge accounting or if the Group revokes designation.

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

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

Income tax expense

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 balance sheet.
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, unless goodwill is tax-deductible;
- taxable or deductible temporary differences arising from initial recognition of an asset or a liability in transactions that are not business combinations and affect neither accounting profit nor taxable profit at the transaction date;
- equity investments in subsidiaries, associates and joint ventures when:
  - the Group is able to control the timing of the reversal of the taxable temporary differences and it is probable that such differences will not reverse in the foreseeable future;
  - it is not probable that the deductible temporary differences will reverse in the foreseeable future and that taxable income will be available against which the temporary difference can be 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 balance sheet date.
Taxes relating to items recognized directly in equity are recognized in equity, not income.

Management of capital

The Group monitors capital through the gearing ratio (net financial position/shareholders' equity). Its net financial position comprises financial liabilities less cash and cash equivalents and other financial receivables. Shareholders' equity consists of all the items indicated on the face of the balance sheet.
The primary objective of Group capital management is to guarantee a solid credit rating and to maintain financial indicators at appropriate levels to support business operations, fulfill planned investments and maximize shareholder value.
The Group manages and amends the capital structure to take account of changes in economic and financial conditions, in relation to its international presence and growth plans. To maintain or modify its capital structure, the Group may adjust dividends paid to shareholders, reimburse capital, issue new shares, raise or reduce equity investments in subsidiaries, purchase/sell equity investments.

Exchange rates used to translate the financial statements of foreign entities

Exchange rates for 1 euro:

	Average		Period end	
Currency	**2009**	**2008**	**December 31, 2009**	**December 31, 2008**
Thai baht	47.79504	48.47535	47.98600	48.28500
Czech crown	26.43652	24.94600	26.47300	26.87500
Slovak crown	-	31.26170	-	30.12600
Serbian dinar	93.98830	81.43250	96.20440	89.39120
Kuwaiti dinar	0.40163	0.39526	0.41315	0.38449
Moroccan dirham	11.25223	11.34752	11.33490	11.19130
Canadian dollar	1.58530	1.55942	1.51280	1.69980
US dollar	1.39400	1.47076	1.44060	1.39170
Hungarian florin	280.43700	251.51200	270.42000	266.70000
Swiss franc	1.51013	1.58739	1.48360	1.48500
Ukrainian hrivna	11.12350	7.68728	11.56420	10.95960
Croatian kuna	7.34074	7.22389	7.30000	7.35550
Albanian lek	132.06922	122.71747	138.03300	123.18400
Moldavian leu	15.50707	15.23560	17.72180	14.47400
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Egyptian pound	7.74032	7.99545	7.90576	7.67609
Bosnian mark	1.95583	1.95583	1.95583	1.95583
New Turkish lira	2.15138	1.89525	2.16030	2.14080
New Romanian leu	4.23901	3.68264	4.23630	4.02250
Mauritanian ouguiya	364.95711	354.12828	377.42300	363.93000
Mexican peso	18.78758	16.29106	18.92230	19.23330
Chinese renmimbi	9.52237	10.22361	9.83500	9.49560
Saudi Arabian riyal	5.22798	5.51705	5.40329	5.22303
Qatari riyal	5.07816	-	5.24609	-
Russian ruble	44.13940	36.42070	43.15400	41.28300
Indian rupee	67.34896	63.73427	67.04000	67.63600
Sri Lanka rupee	160.25073	159.24368	164.74000	157.20600
Pound sterling	0.89140	0.79628	0.88810	0.95250
Kazakh tenge	205.96651	176.96299	213.77500	168.22700
Polish zloty	4.32867	3.51210	4.10450	4.15350

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

Scope of consolidation

Changes in the scope of consolidation

The main changes in 2009 are set out below:

- line-by-line consolidation as from April 1 of Beton Masoni Sas (France) in the ready mixed concrete sector;
- line-by-line consolidation as from May 1 of Gulf Ready Mix Concrete Co. (Kuwait) in the ready mixed concrete sector;
- deconsolidation of Italmobiliare BV (Netherlands) and Populonia Italica S.r.l. (Italy), which were sold;
- measurement with the cost method of GESVIM S.r.l. (Italy) (consolidated on a 50% proportionate basis in 2008).

The most significant changes in 2008 are set out below:

- line-by-line consolidation as from January 25, 2008, of the Verticalnet group (USA), which is part of the BravoSolution e-business group;
- line-by-line consolidation as from March 1, 2008, of Crider & Shockey (USA) in the ready mixed concrete sector;
- line-by-line consolidation as from May 1, 2008, of Kuwait German Ready Mix (Kuwait) and as from July 1, 2008, of Al Mahaliya (Kuwait), both in the ready mixed concrete sector;
- line-by-line consolidation as from the second half of 2008 of the companies Italgen Misr for Energy SAE (Egypt), Italgen Elektrik Uretim AS and Bares Elektrik Uretimi AS (Turkey) active in the energy sector and part of the Italgen group;
- consolidation on a 50% proportionate basis of International City for Ready Mix, an equally owned joint venture in the ready mixed concrete sector in Saudi Arabia;
- valuation with the equity method as from April 1, 2008, of Asment Cement (Morocco);
- line-by-line consolidation as from October 2008 of Banca Hugo Kahn (now Finanzgesellschaft Hugo Kahn & Co. AG) (Switzerland) in the banking sector;
- valuation with the equity method as from December 31, 2008, of RCS MediaGroup (Italy.

An annex is provided listing the significant equity investments in subsidiaries, joint ventures and associates, indicating the respective method of consolidation, registered office and percentage of capital held.

Re-stated prior-year financial statements

The table below sets out, in addition to the balance sheet at December 31.2009, the balance sheets at December 31, 2008, and at January 1, 2008, re-stated in compliance with IAS 23 revised for capitalization of finance costs.

(in thousands of euro)	12.31.2009	12.31.2008 re-stated	1.1.2008 re-stated
Non-current assets			
Property, plant and equipment	4,503,916	4,384,588	4,232,559
Investment property	34,066	29,344	28,147
Goodwill	2,039,909	2,035,059	2,001,123
Intangible assets	139,634	137,805	70,117
Investments in associates	360,546	342,971	214,288
Other equity investments	746,578	634,736	1,417,241
Non-current trade and other receivables	131,806	165,369	127,316
Deferred tax assets	46,793	46,371	40,176
Non-current receivables due from employees	1,863	205	438
Total non-current assets	**8,005,111**	**7,776,448**	**8,131,405**
Current assets			
Inventories	713,441	984,189	887,074
Trade receivables	958,958	1,176,744	1,423,348
Other current assets	371,528	454,036	365,051
Income tax assets	121,361	105,628	68,073
Equity investments and financial receivables	1,055,200	810,292	900,811
Cash and cash equivalents	727,793	590,535	501,527
Total current assets	**3,948,281**	**4,121,424**	**4,145,884**
Total assets	**11,953,392**	**11,897,872**	**12,277,289**
Shareholders' equity			
Share capital	100,167	100,167	100,167
Reserves	442,115	299,819	857,956
Treasury shares	(21,226)	(21,226)	(21,226)
Retained earnings	1,876,576	1,800,759	1,973,340
Group shareholders' equity	**2,397,632**	**2,179,519**	**2,910,237**
Minority interests	3,369,492	3,308,715	3,391,895
Total shareholders' equity	**5,767,124**	**5,488,234**	**6,302,132**
Non-current liabilities			
Interest-bearing loans and long-term borrowings	2,915,453	2,970,766	2,572,200
Employee benefit liabilities	190,735	176,557	198,135
Non-current provisions	239,822	287,446	276,682
Other non-current liabilities	56,245	43,083	46,526
Deferred tax liabilities	269,862	291,095	333,469
Total non-current liabilities	**3,672,117**	**3,768,947**	**3,427,012**
Current liabilities			
Bank overdrafts and short-term borrowings	427,864	560,446	675,354
Interest-bearing loans and short-term borrowings	159,995	269,611	230,995
Trade payables	593,774	738,399	807,442
Current provisions	3,419	1,989	3,157
Income tax liabilities	69,623	64,575	37,805
Other liabilities	1,259,476	1,005,671	793,392
Total current liabilities	**2,514,151**	**2,640,691**	**2,548,145**
Total liabilities	**6,186,268**	**6,409,638**	**5,975,157**
Total shareholders' equity and liabilities	**11,953,392**	**11,897,872**	**12,277,289**

Finance costs capitalized under property, plant and equipment amounted to 3,297 thousand euro at January 1, 2008, and 11,080 thousand euro at December 31, 2008. Shareholders' equity at January 1, 2008, increased, net of deferred tax liabilities of 1,341 thousand euro, by 1,956 thousand euro. Shareholders' equity at December 31, 2008, increased, net of deferred tax liabilities of 4,422 thousand euro, by 6,658 thousand euro.

The table below compares the 2008 income statement re-stated for compliance with IAS 23 revised, with the published 2008 income statement:

(in thousands of euro)	Notes	2008 re-stated	%	2008 published	%	Change	%
Revenues	25	**6,157,042**	**100.0**	**6,157,042**	**100.0**		
Other revenues		63,622		63,622			
Change in inventories		60,311		60,311			
Internal work capitalized		53,091		53,091			
Goods and utilities expenses	26	(2,504,467)		(2,504,467)			
Services expenses	27	(1,386,690)		(1,386,690)			
Employee expenses	28	(1,022,142)		(1,022,142)			
Other operating income (expense)	29	(400,070)		(400,070)			
Recurring EBITDA		**1,020,697**	**16.6**	**1,020,697**	**16.6**		
Net capital gains on sale of fixed assets	30	24,618		24,618			
Non-recurring employee expenses for re-organizations	30	(27,537)		(27,537)			
Other non-recurring income (expense)	30	(7,029)		(7,029)			
EBITDA		**1,010,749**	**16.4**	**1,010,749**	**16.4**		
Amortization and depreciation	31	(464,443)		(464,443)			
Impairment variation		(45,221)		(45,221)			
EBIT		**501,085**	**8.1**	**501,085**	**8.1**		
Finance income	32	105,643		105,643			
Finance costs	32	(188,161)		(195,409)		7,248	
Net exchange-rate differences + derivatives	32	(3,501)		(3,501)			
Impairment on financial assets	33	(182,707)		(182,707)			
Share of results of associates	34	29,566		29,566			
Result before tax		**261,925**	**4.3**	**254,677**	**4.1**	**7,248**	**2.8**
Income tax expense	35	(145,729)		(142,865)		(2,864)	
Net result for the period		**116,196**	**1.9**	**111,812**	**1.8**	**4,384**	**3.9**
Attributable to:							
Group		(104,600)	-1.7	(106,053)	-1.7	1,453	-1.4
Minority interests		220,796	3.6	217,865	3.5	2,931	1.3

Finance costs capitalized in 2008 amounted to 7,248 thousand euro, with a net positive effect of 4,384 thousand euro on net result (deferred tax provided in the year 2,864 thousand euro).

Operating segment reporting

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

The Group management and organizational structure reflects the segment reporting format by line of business described above. In addition to the segment reporting required by IFRS 8, information is also provided by geographical area.
The geographical sectors that form the disclosure by geographical areas are: European Union, Other European countries, North America, Asia, Africa, Trading and others.

Trading includes cement and clinker marketing activities in countries where Group terminals are located: Gambia, Mauritania, Sri Lanka, Albania and Kuwait, as well as direct exports to markets not covered by subsidiaries.

The "Others" residual category 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 and the joint venture in Saudi Arabia.

Business operations are organized and managed by type of activity and country.
The Group's geographical sectors consist of the fixed assets of the individual entities located and operating in the geographical areas indicated above; sales refer mainly to the local market, exports are generally with other Group entities; exports to external countries are conducted through the Group companies of the international Trading sector. Consequently the revenues of the entities in each geographical sector, net of revenues within the Group, arise essentially in the areas in which the fixed assets are located.

The cement/clinker business delivers a portion of its production to the ready mixed concrete sector.
The transfer prices applied to trading of goods and services are regulated on the basis of arm's length transactions.
Consolidated cement/clinker revenues are present in all the operating segments with the exception of "Others", which consists largely of fuel sales.
Consolidated ready mixed concrete and aggregates revenues are present in almost all the operating segments with the exception of: Italy (due to the deconsolidation of Calcestruzzi), Bulgaria, India, China and Kazakhstan.
Revenues of other businesses refer mainly to sales of cement and concrete additives in Italy, France/Belgium, Spain, North America and Morocco, and to e-business and energy revenues in the Italian sector.
With regard to dependence on the main Group customers, no single customer accounts for more than 10% of consolidated revenues.

Operating segment reporting

The table below sets out segment revenues and results at December 31, 2009:

(in thousands of euro)	Revenues	Intra group sales	Contri-butive revenues	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Impairment on financial assets	Share of results of asso-ciates	Result before tax	Income tax expense
Construction materials	5,006,380	(7,298)	4,999,082	971,578	956,685	442,974		(41,129)	14,568		
Packaging and insulation	238,278	6	238,284	31,242	31,242	18,601					
Financial	125,100	(39,384)	85,716	81,933	85,047	84,983		(6,614)	13,571		
Banking	42,236	(943)	41,293	4,271	4,270	1,475					
Property, services, other	2,259	(1,251)	1,008	594	711	616			(18)		
Unallocated postings and adjustments	(48,870)	48,870		(33,930)	(33,930)	(33,928)	(111,436)			383,663	(99,352)
Total	**5,365,383**		**5,365,383**	**1,055,688**	**1,044,025**	**514,721**	**(111,436)**	**(47,743)**	**28,121**	**383,663**	**(99,352)**

The table below sets out segment revenues and results at December 31, 2008:

(in thousands of euro)	Revenues	Intra group sales	Contri-butive revenues	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Impairment on financial assets	Share of results of asso-ciates	Result before tax	Income tax expense
Construction materials	5,775,557	(6,267)	5,769,290	1,113,132	1,102,878	607,293		(124,892)	25,078		
Packaging and insulation	264,278	(1)	264,277	25,136	25,136	12,970					
Financial	130,902	(56,094)	74,808	(78,627)	(78,434)	(78,490)		(57,815)	4,492		
Banking	42,465	(940)	41,525	5,694	5,706	4,457					
Property, services, other	8,308	(1,166)	7,142	5,991	6,124	6,024			(4)		
Unallocated postings and adjustments	(64,468)	64,468		(50,629)	(50,661)	(51,169)	(86,019)			261,925	(145,729)
Total	**6,157,042**		**6,157,042**	**1,020,697**	**1,010,749**	**501,085**	**(86,019)**	**(182,707)**	**29,566**	**261,925**	**(145,729)**

The table below sets out other financial date of the segment at December 31, 2009:

(in thousands of euro)	December 31, 2009 Total assets	Total liabilities	December 31, 2008 Capital expenditure	Financial investments	Depreciation amortization fixed assets	Impairment variation
Construction materials	9,812,719	5,120,563	711,667	50,998	459,756	53,955
Packaging and insulation	254,754	203,267	9,469		12,184	455
Financial	1,721,803	326,016	131	397	64	
Banking	730,684	631,672	6,018		2,795	
Property, services, other	10,109	2,721	79	270	95	
Inter-sector eliminations	(576,677)	(97,971)				
Total	**11,953,392**	**6,186,268**	**727,364**	**51,665**	**474,894**	**54,410**

The table below sets out other segment date at December 31, 2008:

(in thousands of euro)	December 31, 2009 Total assets	Total liabilities	December 31, 2008 Capital expenditure	Financial investments	Depreciation amortization fixed assets	Impairment variation
Construction materials	9,997,451	5,375,819	740,726	255,179	450,873	45,221
Packaging and insulation	271,242	223,814	19,914	2,699	12,165	
Financial	1,675,064	490,615	91	5,616	56	
Banking	519,015	418,344	2,128	25,920	1,249	
Property, services, other	27,076	12,243	72		100	
Inter-sector eliminations	(591,976)	(111,197)				
Total	**11,897,872**	**6,409,638**	**762,931**	**289,414**	**464,443**	**45,221**

Additional disclosure by geographical area

(in thousands of euro)	Contributive revenues		Capital expenditure		Financial investments		Total assets		Total liabilities	
	12/31/09	**12/31/08**	**12/31/09**	**12/31/08**	**12/31/09**	**12/31/08**	**12/31/09**	**12/31/08**	**12/31/09**	**12/31/08**
European Union	3,047,372	3,700,884	240,768	276,363	26,943	153,948	9,264,116	9,051,594	2,949,149	3,384,073
Other European countries	193,139	279,285	15,273	21,833		69,795	976,093	792,037	682,560	493,241
North America	400,742	500,375	216,121	198,122	1,659	39,158	1,246,839	1,112,102	705,942	542,863
Asia	399,601	414,939	64,606	110,929	8,146		890,116	853,834	246,032	196,321
Africa	1,106,309	965,649	181,839	130,988		460	2,357,612	2,268,790	567,021	574,841
Trading and others	218,220	295,910	8,757	24,696	14,917	26,053	4,117,650	4,106,862	2,315,703	2,287,337
Inter-area eliminations							(6,899,034)	(6,287,347)	(1,280,139)	(1,069,038)
Total	**5,365,383**	**6,157,042**	**727,364**	**762,931**	**51,665**	**289,414**	**11,953,392**	**11,897,872**	**6,186,268**	**6,409,638**

Assets

Non-current assets

1) Property, plant and equipment

(in thousands of euro)	Land and buildings	Quarries	Technical plant, materials and equipment	Other property, plant and equipment	Total
Gross amount	1,993,033	587,670	6,563,696	1,224,215	10,368,614
Accumulated depreciation	(1,028,235)	(215,119)	(4,420,617)	(320,055)	(5,984,026)
Net carrying amount at December 31, 2008	**964,798**	**372,551**	**2,143,079**	**904,160**	**4,384,588**
Additions	22,683	21,803	126,350	531,906	702,742
Change scope of consolidation and other	36,461	(3,702)	507,455	(551,317)	(11,103)
Disposals	(1,913)	(262)	(7,617)	(3,816)	(13,608)
Depreciation and impairment losses	(61,975)	(17,386)	(395,287)	(36,209)	(510,857)
Currency translation differences	(7,728)	(508)	(16,115)	(23,495)	(47,846)
Net carrying amount at December 31, 2009	**952,326**	**372,496**	**2,357,865**	**821,229**	**4,503,916**
Gross amount	2,011,688	596,591	7,031,803	1,188,768	10,828,850
Accumulated depreciation	(1,059,362)	(224,095)	(4,673,938)	(367,539)	(6,324,934)
Net carrying amount at December 31, 2009	**952,326**	**372,496**	**2,357,865**	**821,229**	**4,503,916**

The significant addition of 702,742 thousand euro in property, plant and equipment mainly referred to Europe for 223,118 thousand euro, including Italy for 105,964 thousand euro, France for 49,323 thousand euro, Spain for 12,188 thousand euro, and to North America for 216,008 thousand euro.

The item “Change scope of consolidation and other” shows reclassifications from construction in progress to other fixed asset categories referred to the new production line at the Martinsburg cement plant in North America and the new grinding line in Ait Baha, Morocco. A number of properties in Andalusia owned by the Spanish subsidiaries for 9.6 million euro were reclassified from “Land and buildings” to “Investment property”.

“Depreciation and impairment losses” included impairment variations of 51.0 million euro on property, plant and equipment (14.7 million euro at December 31, 2008). Impairment variations referred to industrial plant in Thailand for 19.8 million euro, in the USA for 10 million euro and in Italy for 17.7 million euro.

Fixed assets held under finance leases and rental contracts were carried at a net amount of 38,691 thousand euro at December 31, 2009 (42,377 thousand euro at December 31, 2008). They consisted largely of “plant and machinery” and “automobiles and aircraft”.

Fixed assets pledged as security for bank loans were carried at a net amount of 213.3 million euro at December 31, 2009 (156 million euro at December 31, 2008).

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	57,626
Accumulated depreciation	(28,282)
Net carrying amount at December 31, 2008	**29,344**
Additions	50
Disposals	(5,300)
Depreciation	(697)
Currency translation differences	45
Other	10,624
Net carrying amount at December 31, 2009	**34,066**
Gross amount	62,023
Accumulated depreciation	(27,957)
Net carrying amount at December 31, 2009	**34,066**

Investment property is largely recognized at cost.
Fair value at December 31, 2009, was 123.2 million euro (171.8 million euro at December 31, 2008).
“Other” includes reclassified property, plant and equipment for 9.6 million euro, relating to land in Andalusia.

3) Goodwill

(in thousands of euro)	
Net carrying amount at December 31, 2008	**2,035,059**
Acquisitions and changes in scope of consolidation	21,790
Sales	(1,308)
Impairment losses	(2,965)
Currency translation differences and other changes	(12,667)
Net carrying amount at December 31, 2009	**2,039,909**

“Acquisitions and changes in scope of consolidation” in 2009 referred largely to the acquisition of ready mixed concrete operations in France for 15.1 million euro (Beton Masoni and others) and in Kuwait for 5.3 million euro.
Impairment losses referred largely to losses on assets of the BravoSolution group.

Business combinations

France/Belgium

The book and fair values of the assets and liabilities of Beton Masoni are set out below:

(in millions of euro)	**Book value of acquisitions**	**Fair value adjustment**	**Fair value attributed to acquisition**
Net property, plant and equipment and other non-current assets	4.0	2.6	6.6
Trade receivables and other current assets	4.0		4.0
Cash and cash equivalents	3.4		3.4
Trade payables and other current liabilities	(4.7)	(0.2)	(4.9)
Deferred tax liabilities		(0.5)	(0.5)
Loans and borrowings and other financial liabilities (short- and long-term)	(2.8)		(2.8)
Fair value of acquired net assets			**5.8**
Goodwill			10.0
Total cost of acquisition			**15.8**

The cost of the acquisition was as follows:

(in millions of euro)	
Share purchase price	15.8
Cash and cash equivalents acquired	(3.4)
Net outlay for acquisition	**12.4**

Line-by-line consolidation of this company had the following effects on the 2009 consolidated financial statements:

(in millions of euro)	
Revenues *	12.1
Recurring EBITDA	(1.4)
EBIT	(1.7)
Net profit attributable to the Group	(1.3)

* after intragroup eliminations

Had this company been consolidated line-by-line from January 1, 2009, the additional contributions to the 2009 consolidated results would have been as follows:

(in millions of euro)	
Revenues *	13.6
Recurring EBITDA	(1.8)
EBIT	(2.2)

* after intragroup eliminations

Kuwait

The book and fair values of the assets and liabilities of Gulf Ready Mix are set out below:

(in millions of euro)	Book value of acquisitions	Fair value adjustment	Fair value attributed to acquisition
Net property, plant and equipment and other non-current assets	1.2		1.2
Trade receivables and other current assets	1.8		1.8
Cash and cash equivalents	2.5		2.5
Trade payables and other current liabilities	(1.2)		(1.2)
Fair value of acquired net assets	**4.3**		**4.3**
Goodwill			5.3
Total cost of acquisition			**9.6**

The cost of the acquisition was as follows:

(in millions of euro)	
Share purchase price	9.6
Cash and cash equivalents acquired	(2.6)
Net outlay for acquisition	**7.0**

Line-by-line consolidation of this company had the following effects on the 2009 consolidated financial statements:

(in millions of euro)	
Revenues *	5.7
Recurring EBITDA	0.3
EBIT	0.0
Net profit attributable to the Group	0.0

* after intragroup eliminations

Had this company been consolidated line-by-line from January 1, 2009, the additional contributions to the 2009 consolidated results would have been as follows:

(in millions of euro)	
Revenues *	9.0
Recurring EBITDA	0.6
EBIT	0.2

* after intragroup eliminations

Impairment test of goodwill

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 methods used to determine the recoverable amount of CGUs are described in the notes on consolidation principles in the section "Impairment of assets".

The tests conducted for 2009 took account of the possible effects of the financial crisis.
The value in use of each CGU was determined on the basis of the 2010 budget and the present value of future cash flows for the next three years estimated with assumptions that update a number of elements in the 2010-2014 strategic business plan, taking into consideration changes in operating assets net of the impact of value-raising investments or restructuring plans.
Terminal value was computed on the present value of the cash flows of the last year. These rules were applied to all Group CGUs with the exception of Turkey, whose recoverable amount was estimated by valuing clinker production capacity with multiples determined on the basis of transactions in Turkey in 2009.

The main assumptions used for the computation are set out below:

in %	Discount factor before tax		Growth rate	
Cash-generating units	**2009**	**2008**	**2009**	**2008**
Italy	7.0	8.4	1.1	0.9
France/Belgium	8.0	9.6	1.1	0.8
Spain	7.7	8.7	1.0	1.3
North America	7.3	8.5	1.2	1.2
Egypt	12.7	13.1	6.0	4.5
Morocco	9.4	11.3	2.4	2.0
India	11.6	13.4	5.0	4.5
China	8.5	9.6	3.3	3.0
Thailand	8.7	9.9	2.5	1.8
Turkey	10.8	13.3	5.0	5.0

The discount factors for each country are determined by applying estimated long-term inflation corrected, in some cases, with a country-risk premium, to the weighted average cost of capital (WACC).
WACCs are computed on the basis of the market value of capital and of sector debt, to which the mean sector coefficient based on the debt/stock market capitalization ratio is applied.

The growth rate for each country is based on expected long-term growth for the industry in question and on the estimated long-term inflation rate; specifically, the following rates were applied to the terminal value: mature countries 50% of the estimated long-term inflation rate, emerging countries (Egypt, Morocco, China, Thailand, Turkey) 100% of the estimated long-term inflation rate.

Goodwill testing for 2009 did not generate any goodwill impairment losses.

The Group's most significant CGU goodwill values at December 31, 2008, are set out below:

(in thousands of euro)	Net carrying amount of goodwill at December 31, 2008			
Cash-generating units	**Construction materials**	**Packaging and insulation**	**Banking**	**Total**
France/Belgium	580,791			580,791
Spain	228,134			228,134
Morocco	110,486			110,486
Egypt	597,009			597,009
India	87,634			87,634
North America	136,839			136,839
Thailand	76,293			76,293
Bulgaria	61,536			61,536
Turkey	19,384			19,384
Greece	13,246			13,246
China	6,436			6,436
Italy	30,298	34,674		64,972
Switzerland			5,402	5,402
Austria		3,459		3,459
Hungary		54		54
Others	43,384			43,384
Total	**1,991,470**	**38,187**	**5,402**	**2,035,059**

The Group's most significant CGU goodwill values at December 31, 2009, are set out below:

(in thousands of euro)	Net carrying amount of goodwill at December 31, 2009			
Cash-generating units	**Construction materials**	**Packaging and insulation**	**Banking**	**Total**
France/Belgium	596,092			596,092
Spain	227,464			227,464
Morocco	111,305			111,305
Egypt	589,038			589,038
India	89,883			89,883
North America	134,067			134,067
Thailand	76,488			76,488
Bulgaria	61,133			61,133
Turkey	19,439			19,439
Greece	12,470			12,470
China	6,374			6,374
Italy	28,960	34,620		63,580
Switzerland			5,407	5,407
Austria		3,459		3,459
Hungary		54		54
Others	43,656			43,656
Total	**1,996,369**	**38,133**	**5,407**	**2,039,909**

Sensitivity analysis on goodwill impairment testing

In relation to the current and forecast industry scenario and to the results of the impairment tests for 2009, a sensitivity analysis was conducted on recoverable amount estimated using the discounted cash flow method.
The discount factor is considered a key parameter in estimation of fair value and a 1% increase in this factor would generate a surplus in carrying amount with respect to recoverable amount for the Thailand CGU only, of 31.2 million euro. On the basis of this analysis, the Group deems it unnecessary to reduce the goodwill of the CGU in question.

The discount factor before tax that equates the recoverable amount of the Thai CGU with net carrying amount is 9.34%.

4) Intangible assets

(in thousands of euro)	Patents, IT development	Concessions and other intangible assets	Total
Gross amount	110,524	125,861	236,385
Accumulated amortization	(83,488)	(15,092)	(98,580)
Net carrying amount at December 31, 2008	**27,036**	**110,769**	**137,805**
Additions	12,384	6,175	18,559
Change in scope of consolidation and other	275	402	677
Disposals	(381)	(518)	(899)
Amortization	(9,450)	(4,980)	(14,430)
Currency translation differences	(210)	(1,868)	(2,078)
Net carrying amount at December 31, 2009	**29,654**	**109,980**	**139,634**
Gross amount	122,309	129,284	251,593
Accumulated amortization	(92,655)	(19,304)	(111,959)
Net carrying amount at December 31, 2009	**29,654**	**109,980**	**139,634**

"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.

No assets with an indefinite useful life are included under "Intangible assets".

5) Investments in associates

See the section on IFRS 7.

6) Other equity investments

See the section on IFRS 7.

7) Non-current trade and other receivables

See the section on IFRS 7.

Current assets

8) Inventories

The balance on “Inventories” was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Raw and ancillary materials and consumables	419,980	571,577	(151,597)
Work in progress and semifinished goods	134,997	204,807	(69,810)
Finished goods	137,996	181,699	(43,703)
Payments on account and contract work in progress	20,468	26,106	(5,638)
Total	**713,441**	**984,189**	**(270,748)**

Inventories are carried net of write-down provisions totaling 106,177 thousand euro (101,428 thousand euro at December 31, 2008), mainly against the risk of slow-moving of ancillary materials and consumables.
Spares at December 31, 2009, were carried at 202.5 million euro (221.9 million euro at December 31, 2008).

9) Trade receivables

See the section on IFRS 7.

10) Other current assets

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Receivables vs employees and social security authorities	7,253	6,743	510
Indirect tax assets	80,358	112,613	(32,255)
Concessions and licenses paid in advance	31,005	21,327	9,678
Prepaid expenses	30,721	23,528	7,193
Accrued income	4,267	4,389	(122)
Short-term derivatives	2,906	18,686	(15,780)
Bank derivatives	1,755	16,817	(15,062)
Other bank receivables and financial instruments	115,292	137,416	(22,124)
Other receivables	97,971	112,517	(14,546)
Total	**371,528**	**454,036**	**(82,508)**

“Other receivables” refers mainly to operations in the “construction materials” sector.

11) Income tax assets

Income tax assets totaled 121,361 thousand euro (105,628 thousand euro at December 31, 2008) and consisted largely of tax credits.
The change arose largely in the construction materials sector.

12) Equity investments and financial receivables

See the section on IFRS 7.

13) Cash and cash equivalents

See the section on IFRS 7.

Shareholders' equity and liabilities

Share capital, reserves and retained earnings

14) Share capital

At December 31, 2009, parent company 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, 2009	December 31, 2008	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

15) Reserves

Share premium reserve

The reserve stood at 177,191 thousand euro, unchanged from December 31, 2008.

16) Treasury shares

At December 31, 2009, treasury shares in portfolio stood at 21,226 thousand euro, unchanged from December 31, 2008. The amount is deducted against equity reserves. Treasury shares were as follows:

	No. Ordinary shares	Carrying amount (thousands of euro)	No. Savings shares	Carrying amount (thousands of euro)	Total carrying amount
At December 31, 2008	**871,411**	**20,830**	**28,500**	**396**	**21,226**
At December 31, 2009	**871,411**	**20,830**	**28,500**	**396**	**21,226**

Ordinary treasury shares in portfolio at December 31, 2009, will service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid by the parent company Italmobiliare S.p.A. in 2009 and 2008 are detailed below:

	2009 (euro per share)	2008 (euro per share)	2009 (thousands of euro)	2008 (thousands of euro)
Ordinary shares		1.600		34,098
Savings shares		1.678		27,376
Total dividends				**61,474**

Translation reserve

This reserve reflects exchange-rate differences on the translation of the financial statements of consolidated foreign entities. At December 31, 2009, the reserve stood at -45,026 thousand euro, referring to the following currencies:

(in millions of euro)	December 31, 2009	December 31, 2008	Change
Egypt (Pound)	(15.3)	(9.2)	(6.1)
USA and Canada (Dollar)	(13.3)	(16.6)	3.3
Thailand (Baht)	2.6	2.1	0.5
Morocco (Dirham)	(2.3)	(0.6)	(1.7)
India (Rupee)	(8.8)	(9.4)	0.6
Turkey (Lira)	(8.0)	(7.3)	(0.7)
Switzerland (Franc)	1.3	1.5	(0.2)
Other countries	(1.2)	2.5	(3.7)
Net amount	**(45.0)**	**(37.0)**	**(8.0)**

17) Minority interests

Minority interests at December 31, 2009, stood at 3,369,492 thousand euro, an increase of 60,777 thousand euro from December 31, 2008.

Net profit for 2009 decreased by 33,743 thousand euro, from 220,796 thousand euro in 2008 to 187,053 thousand euro in 2009; the translation reserve decreased by 33,039 thousand euro as a result of the performance of the euro against the currencies in countries with large minority interests, such as Egypt, Morocco and Thailand.

Non-current and current liabilities

18) Employee benefit liabilities

Employee benefit liabilities at December 31, 2009, amounted to 190,735 thousand euro (176,557 thousand euro at December 31, 2008).
The Group's main employee benefit plans are described below.

Defined benefit plans

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

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

With regard to the TFR leaving entitlement provision at the Group's Italian companies, liabilities for TFR leaving entitlements accrued as from 2007 on which employees elected subscription to supplementary pension plans no longer qualify as defined benefit plans and are treated as quotas of defined contribution plans.
Some Group companies in the USA operate plans providing post-employment medical and life assurance benefits. In France and, to a lesser extent in Belgium, similar benefits are provided for certain classes of worker, specifically the companies pay a portion of contributions to the insurance company which then reimburses workers, after retirement, for a portion of medical expenses.

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

Liabilities determined on the basis of actuarial calculations at December 31, 2009, are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	**Dec.31, 09**	**Dec.31, 08**	**Dec.31, 09**	**Dec.31, 08**	**Dec.31, 09**	**Dec.31, 08**
Discounted value of funded plans	118.2	114.4			118.2	114.4
Fair value of plan assets	(78.9)	(73.5)			(78.9)	(73.5)
Discounted net value of funded plans	**39.3**	**40.9**			**39.3**	**40.9**
Discounted value of non-funded plans	78.6	82.5	72.1	72.5	150.7	155.0
Net value of obligation	**117.9**	**123.4**	**72.1**	**72.5**	**190.0**	**195.9**
Unrecognized experience adjustments	(21.0)	(21.2)	(1.3)	(1.4)	(22.3)	(22.6)
Unrecognized costs on prior-period services	(1.8)	(2.0)	(0.3)	(0.2)	(2.1)	(2.2)
Net (assets)/liabilities	**95.1**	**100.2**	**70.5**	**70.9**	**165.6**	**171.1**
of which:						
Liabilities	95.4	100.4	70.5	70.9	165.9	171.3
Assets	(0.3)	(0.2)			(0.3)	(0.2)
Net (assets)/liabilities	**95.1**	**100.2**	**70.5**	**70.9**	**165.6**	**171.1**

With reference to "Post-employment medical benefit" plans, a variation of +/- 1 percentage point in the rates relating to healthcare spending would generate a change of +3.0 and -2.6 million euro respectively in balance-sheet liabilities and of +0.3 and -0.2 million euro in related costs.

The movements in the net liability are analyzed below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	**Dec.31, 09**	**Dec.31, 08**	**Dec.31, 09**	**Dec.31, 08**	**Dec.31, 09**	**Dec.31, 08**
Opening net liability	**100.2**	**128.5**	**70.9**	**66.8**	**171.1**	**195.3**
Net costs charged to employee expenses	14.4	9.5	3.9	5.6	18.3	15.1
Contributions or services paid	(19.4)	(22.0)	(3.2)	(3.2)	(22.6)	(25.2)
Exchange-rate differences	(0.2)	(1.1)	(1.1)	1.7	(1.3)	0.6
Plans acquired on change in scope of consolidation	0.1	(14.7)			0.1	(14.7)
Closing net liability	**95.1**	**100.2**	**70.5**	**70.9**	**165.6**	**171.1**

Costs for the year are detailed below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	**Dec.31, 09**	**Dec.31, 08**	**Dec.31, 09**	**Dec.31, 08**	**Dec.31, 09**	**Dec.31, 08**
Current cost of services	(4.2)	(4.4)	(1.4)	(1.8)	(5.6)	(6.2)
Finance costs on obligations	(11.3)	(11.0)	(4.0)	(3.9)	(15.3)	(14.9)
Revenues expected from plan assets	4.8	6.8			4.8	6.8
Net actuarial losses recognized in year	(1.8)	1.8	0.1	(0.1)	(1.7)	1.7
Cost of prior-period services	(0.2)	(2.8)	0.7	0.2	0.5	(2.6)
Plan settlement or curtailment gains/(losses)	(1.7)	0.1	0.6		(1.1)	0.1
Total charged to employee expenses	**(14.4)**	**(9.5)**	**(4.0)**	**(5.6)**	**(18.4)**	**(15.1)**
Real return on assets	**10.5**	**(18.3)**			**10.5**	**(18.3)**

Movements for the year in defined benefit obligations are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	**Dec.31, 09**	**Dec.31, 08**	**Dec.31, 09**	**Dec.31, 08**	**Dec.31, 09**	**Dec.31, 08**
Present value of defined plan obligations at beginning of period	**197.0**	**215.4**	**72.5**	**71.0**	**269.5**	**286.4**
Social security costs for the year	4.2	4.4	1.4	1.8	5.6	6.2
Finance costs on obligations assumed	11.3	11.0	4.0	3.9	15.3	14.9
Employee contributions			0.3	0.2	0.3	0.2
Cost of prior-period services		2.6	(0.7)		(0.7)	2.6
Actuarial (gains)/losses	8.5	1.9	(0.3)	(2.6)	8.2	(0.7)
Amounts paid	(22.5)	(26.9)	(3.5)	(3.4)	(26.0)	(30.3)
Plan curtailments	1.4		(0.7)		0.7	
Change in scope of consolidation	0.1	(14.8)			0.1	(14.8)
Exchange-rate differences and other	(3.2)	3.4	(1.0)	1.7	(4.2)	5.1
Present value of defined plan obligations at end of period	**196.8**	**197.0**	**72.0**	**72.6**	**268.8**	**269.6**

Movements in plan asset fair values are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	**Dec.31, 09**	**Dec.31, 08**	**Dec.31, 09**	**Dec.31, 08**	**Dec.31, 09**	**Dec.31, 08**
Opening fair value of plan assets	**73.5**	**94.0**			**73.5**	**94.0**
Expected yield	4.8	6.8			4.8	6.8
Actuarial gains/(losses)	5.7	(25.1)			5.7	(25.1)
Employer contributions	19.4	22.0	3.2	3.2	22.6	25.2
Employee contributions			0.3	0.2	0.3	0.2
Benefits paid	(22.5)	(27.0)	(3.5)	(3.4)	(26.0)	(30.4)
Change in scope of consolidation						
Exchange-rate differences and other	(2.0)	2.8			(2.0)	2.8
Closing fair value of plan assets	**78.9**	**73.5**			**78.9**	**73.5**

Group contributions to defined benefit plans in 2010 will amount to an estimated 9.9 million euro.

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

	2009	2008
Equities	34.4%	29.9%
Debentures	58.2%	62.3%
Investment property	1.3%	1.3%
Other	6.1%	6.5%
Total	**100.0%**	**100.0%**

The table below set out key data for the last two financial years:

(in millions of euro)	December 31, 2009	December 31, 2008
Discounted value of funded plans	118.2	114.4
Fair value of plan assets	(78.9)	(73.5)
Net value of funded plans	**39.3**	**40.9**
Change in value of funded plans other than experience adjustments	0.5	2.6
Difference between real asset yield and yield expected at beginning of period	5.7	(25.1)

Actuarial assumptions

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

	Europe		North America		Other countries	
(in %)	2009	2008	2009	2008	2009	2008
Expected yield on assets	4.50 - 5.25	4.56 - 6.00	7.70	7.80 - 8.60	7.50	7.50
Future wage and salary increases	2.75 - 5.50	2.50 - 5.50	n.a.	n.a.	3.50 - 8.50	3.50 - 10.00

n.a.: not applicable

Discount factor in %	2009	2008
Europe		
Long-term euro zone	5.25	6.00
Mid-term euro zone	4.50	5.50
Short-term euro zone	2.50	4.75
Bulgaria	7.50	6.00
North America		
USA	5.70	6.25
Canada	6.25	6.25
Other countries		
Morocco	4.50	4.75
Turkey	11.00	12.00
Thailand	5.00	5.35
India	7.70	8.85

Defined contribution plans

The Group's defined contribution plans are pension plans and medical plans; expense relating to these plans in 2009 was 50.7 million euro (51.7 million euro in 2008).

Employment termination plans

At December 31, 2009, employment termination provisions, totaling 19.8 million euro, referred mainly to restructuring plans introduced in Italy for 14.7 million euro, Spain for 1.9 million euro and Egypt for 2.3 million euro.

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 company 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, 2009, are set out below:

Grant date	No. Options granted	Exercise period	Exercised options	Cancelled options	Unexercised options	Unit subscription price
March 24, 2003	49,283	3/24/2006 - 3/23/2013	39,720		9,563	€ 31.2800
March 30, 2004	96,080	3/30/2007 - 3/29/2014			96,080	€ 35.1990
March 30, 2005	108,437	3/30/2008 - 3/29/2015			108,437	€ 54.5355
March 21, 2006	109,880	3/21/2009 - 3/20/2016			109,880	€ 65.7010
March 21, 2007	122,479	3/21/2010 - 3/20/2017			122,479	€ 86.0685
March 28, 2008	124,200	3/28/2011 - 3/27/2018			124,200	€ 59.9080
March 25, 2009	19,350	3/25/2012 - 3/24/2019			19,350	€ 20.5260
Total	**629,709**		**39,720**	**-**	**589,989**	

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:

	2009		2008	
	No. options	Average sub-scription price	No. options	Average sub-scription price
Unexercised options at beginning of year	**570,639**	**€ 60.9776**	**446,439**	**€ 61.2752**
Granted during year	19,350	€ 20.5260	124,200	€ 59.9080
Cancelled during year				
Execised during year				
Expired during year				
Unexercised options at end of year	**589,989**	**€ 59.6509**	**570,639**	**€ 60.9776**
Vested options at end of year	**323,960**		**214,080**	

The average ordinary share price for financial year 2009 was 27.946 euro (49.115 euro for financial year 2008).
The average residual life of unexercised options is 3 years and 6 months.
The option exercise price at December 31, 2009, was between 20.526 euro and 86.0685 euro.
Only options granted after November 7, 2002, that had not vested at December 31, 2003, were measured and recognized at the date of transition to the IFRS.

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

(in thousands of euro)		No. options	Vesting	Employee expenses	
Grant date	**Company**	**granted**	**period**	**2009**	**2008**
March 17, 2005	Italcementi S.p.A.	1,053,600	3 years		
March 30, 2005	Italmobiliare	108,437	3 years		90
April 14, 2005	Ciments Français S.A.	169,400	3 years		365
March 7, 2006	Italcementi S.p.A.	631,403	3 years	142	808
March 21, 2006	Italmobiliare	109,880	3 years	196	783
March 23, 2006	Ciments Français S.A.	155,000	3 years	570	1,908
March 7, 2007	Italcementi S.p.A.	1,020,200	3 years	1,967	1,967
March 21, 2007	Italmobiliare	122,479	3 years	968	982
March 23, 2007	Ciments Français S.A.	166,400	3 years	2,530	2,965
June 20, 2007	Italcementi S.p.A.	1,050,000	3 years	2,449	2,449
March 26, 2008	Italcementi S.p.A.	623,300	3 years	555	427
March 28, 2008	Italmobiliare	124,200	3 years	764	586
April 14, 2008	Ciments Français S.A.	152,900	3 years	2,222	1,180
June 4, 2008	Italcementi S.p.A.	2,000,000	3 years	2,681	1,515
March 25, 2009	Italmobiliare	19,350	4 years	18	
Total				**15,062**	**16,025**

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.

At a meeting on March 25, 2009, based on the results for 2008, the Italmobiliare S.p.A. Board of Directors granted a total of 19,350 options, vesting as from March 28, 2012.

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

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

19) Loans and borrowings

See the section on IFRS 7.

20) Provisions

Non-current and current provisions totaled 243,241 thousand euro at December 31, 2009, a decrease of 46,194 thousand euro from December 31, 2008.

(in thousands of euro)	Opening amount	Increases	Decreases for use	Reversed unused amounts	Currency translation differences	Other changes	Total changes	Closing amount
Envt restoration	87,342	15,603	(22,134)	(1,793)	(573)	(1,296)	(10,193)	77,149
Disputes	108,679	12,295	(23,026)	(2,844)	1,275	(3,644)	(15,944)	92,735
Other provisions	93,414	25,705	(31,244)	(9,446)	(1,084)	(3,988)	(20,057)	73,357
Total	**289,435**	**53,603**	**(76,404)**	**(14,083)**	**(382)**	**(8,928)**	**(46,194)**	**243,241**
Non-current portion	287,446	53,422	(74,577)	(14,083)	(382)	(12,004)	(47,624)	239,822
Current portion	1,989	181	(1,827)			3,076	1,430	3,419
Total	**289,435**	**53,603**	**(76,404)**	**(14,083)**	**(382)**	**(8,928)**	**(46,194)**	**243,241**

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

21) Deferred tax

Total deferred tax liabilities net of deferred tax assets amounted to 223,069 thousand euro at December 31, 2009, as follows:

(in thousands of euro)	December 31, 2008	Result	Other changes	December 31, 2009
Benefit on tax loss carryforwards	19,339	(7,006)	66	12,399
Property, plant and equipment	(334,689)	(11,724)	13,052	(333,361)
Inventories	(30,442)	16,042	1,018	(13,382)
Loans and borrowings	(289)	29	(8)	(268)
Non-current provisions and Employee benefit liabilities	104,118	748	(17,992)	86,874
Other	(2,761)	18,968	8,462	24,669
Total	**(244,724)**	**17,057**	**4,598**	**(223,069)**
of which:				
Deferred tax assets	46,371			46,793
Deferred tax liabilities	(291,095)			(269,862)
Total	**(244,724)**			**(223,069)**

At December 31, 2009, net deferred tax liabilities reflected in equity reserves totaled 16,956 thousand euro.
Off-balance sheet deferred tax assets relating to losses for the year and previous years amounted to approximately 102.9 million euro (82.1 million euro at December 31, 2008). They referred to Group company losses, reversal of which is not, to date, considered reasonably certain.

22) Trade payables

See the section on IFRS 7.

23) Income tax liabilities

Income tax liabilities amounted to 69,623 thousand euro (64,575 thousand euro at December 31, 2008) and reflected amounts due to tax authorities for income taxes accrued in the year.

24) Other liabilities

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Due to employees	119,399	119,454	(55)
Due to social security authorities	60,824	60,038	786
Due to tax authorities	71,450	79,739	(8,289)
Accruals and deferred income	40,178	29,592	10,586
Derivative instruments	20,431	11,420	9,011
Banking and insurance amounts due	616,893	404,045	212,848
Other amounts due	330,301	301,383	28,918
Total	**1,259,476**	**1,005,671**	**253,805**

"Other amounts due" includes advances from customers and amounts due to suppliers, and refers mainly to the construction materials sector.

Commitments

(in millions of euro)	December 31, 2009	December 31, 2008
Guarantees on company assets	253.8	299.8
Deposits, guarantees, commitments, other	192.8	199.1
Total	**446.6**	**498.9**

Guarantees on company assets at December 31, 2009, consisted mainly of mortgages securing loans and borrowings at the Indian, Chinese and Egyptian subsidiaries; at the same date, mortgages and liens on property, plant and equipment for 7.5 million euro were being cancelled as the relevant loan repayment plans were completed.

In 2005 as a result of acquisition of control of Suez Cement Company, the Group undertook to make investments for not less than 1 billion Egyptian pounds (approximately 130 million euro) over the following 10 years, for modernization work, extensions and environmental protection measures at the Suez and Tourah facilities.

Contracts and orders issued for investments at December 31, 2009, amounted to 219.4 million euro.

Finter Bank Zürich and its subsidiaries provided guarantees in favor of third parties but on behalf of its own clients, for 25,779 thousand Swiss francs (26,140 thousand Swiss francs at December 31, 2008), against which the clients made deposits to cover possible enforcement of the guarantees provided.

Income Statement

25) Revenues

Revenues from sales and services totaled 5,365,383 thousand euro, as follows:

(in thousands of euro)	2009	2008	Change	% change
Industrial revenues				
Product sales	5,086,923	5,847,155	(760,232)	-13.0%
Revenues from services	118,958	183,404	(64,446)	-35.1%
Other revenues	31,975	3,483	28,492	818.0%
Total	**5,237,856**	**6,034,042**	**(796,186)**	**-13.2%**
Financial revenues				
Interest	10,759	30,995	(20,236)	-65.3%
Dividends	3,133	42,691	(39,558)	-92.7%
Capital gains and other revenues	72,011	920	71,091	n.s.
Total	**85,903**	**74,606**	**11,297**	**15.1%**
Banking revenues				
Interest	6,006	8,419	(2,413)	-28.7%
Commissions	30,950	31,669	(719)	-2.3%
Other revenues	3,667	1,170	2,497	213.4%
Total	**40,623**	**41,258**	**(635)**	**-1.5%**
Property and services revenues	**1,001**	**7,136**	**(6,135)**	**-86.0%**
Grand total	**5,365,383**	**6,157,042**	**(791,659)**	**-12.9%**

26) Goods and utilities expenses

Goods and utilities expenses amounted to 1,990,483 thousand euro, as follows:

(in thousands of euro)	2009	2008	Change	% change
Raw materials and semifinished goods	486,906	758,776	(271,870)	-35.8%
Fuel	379,073	673,606	(294,533)	-43.7%
Materials and machinery	286,259	365,487	(79,228)	-21.7%
Finished goods	229,281	271,330	(42,049)	-15.5%
Electricity, water, gas	435,077	489,318	(54,241)	-11.1%
Change in inventories of raw materials, consumables, other	173,887	(54,050)	227,937	-421.7%
Total	**1,990,483**	**2,504,467**	**(513,984)**	**-20.5%**

27) Services expenses

Services expenses totaled 1,154,749 thousand euro, as follows:

(in thousands of euro)	2009	2008	Change	% change
External services and maintenance	377,403	498,273	(120,870)	-24.3%
Transport	456,020	514,194	(58,174)	-11.3%
Legal fees and consultancy	76,207	87,494	(11,287)	-12.9%
Rents	77,235	95,857	(18,622)	-19.4%
Insurance	42,437	46,010	(3,573)	-7.8%
Subscriptions	9,897	10,538	(641)	-6.1%
Other	115,550	134,324	(18,774)	-14.0%
Total	**1,154,749**	**1,386,690**	**(231,941)**	**-16.7%**

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

28) Employee expenses

Employee expenses totaled 1,000,097 thousand euro, as follows:

(in thousands of euro)	2009	2008	Change	% change
Wages, salaries, social security contributions	884,891	889,954	(5,063)	-0.6%
Cost of stock option plans	15,062	16,025	(963)	-6.0%
Other expenses	100,144	116,163	(16,019)	-13.8%
Total	**1,000,097**	**1,022,142**	**(22,045)**	**-2.2%**

“Other expenses” 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:

(heads)	2009	2008	Change
Number of employees at period end	22,758	23,864	(1,106)
Average number of employees	23,303	24,491	(1,188)

29) Other operating income/expense

Other operating expense net of other operating income amounted to 174,065 thousand euro, as follows:

(in thousands of euro)	2009	2008	Change	% change
Other taxes	114,749	96,076	18,673	19.4%
Provision for bad debts	27,798	18,712	9,086	48.6%
Interest expense and other expense for companies in the financial and banking sectors	25,777	190,677	(164,900)	-86.5%
Provision for environmental restoration - quarries and other	71,024	98,261	(27,237)	-27.7%
Miscellaneous income	(65,283)	(3,656)	(61,627)	n.s.
Total	**174,065**	**400,070**	**(226,005)**	**-56.5%**

"Interest expense and other expense for companies in the financial and banking sectors" in 2008 reflected the significant impact of impairment on trading securities and equities; the item decreased in 2009 due to the reduction in average debt in the financial sector and the decrease in interest rates.

"Miscellaneous income" in 2009 includes net capital gains of 19.5 million euro on CO_2 emission rights trading.

30) Non-recurring income/expense

Non-recurring expense net of non-recurring income amounted to 11,663 thousand euro (9,948 thousand euro in 2008). It arose largely from capital gains on the sale of fixed assets, employee expenses for re-organizations and industrial restructurings, penalties and fines, as follows:

(in thousands of euro)	2009	2008	Change	% change
Net capital gains on sale of fixed assets	26,109	24,618	1,491	6.1%
Employee expenses for re-organizations	(33,987)	(27,537)	(6,450)	23.4%
Other non-recurring income/expense	(3,785)	(7,029)	3,244	-46.2%
Total	**(11,663)**	**(9,948)**	**(1,715)**	**17.2%**

In 2009 expense for re-organization programs at Group industrial sites related to Italy for 17.9 million euro, North America for 9.8 million euro and Thailand for 6.2 million euro.

Other non-recurring expense includes 5.9 million euro allocated to the provision for risks in connection with a commitment by Italcementi S.p.A. to make a donation to the Fondazione Azzanelli for the construction of a new geriatrics center in Bergamo.

31) Amortization and depreciation

The total amount of 474,894 thousand euro (464,443 thousand euro at December 31, 2008) reflects depreciation of property, plant and equipment for 459,797 thousand euro (441,384 thousand euro at December 31, 2008), depreciation of investment property for 696 thousand euro (649 thousand euro at December 31, 2008) and amortization of intangible assets for 14,401 thousand euro (22,410 thousand euro at December 31, 2008).

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

Finance costs, net of finance income, amounted to 111,436 thousand euro, as follows:

	2009		2008	
(in thousands of euro)	Income	Costs	Income	Costs
Interest income	22,447		36,202	
Interest expense		(127,730)		(167,090)
Sub total	**22,447**	**(127,730)**	**36,202**	**(167,090)**
Net interest in respect of net financial position		**(105,283)**		**(130,888)**
Net dividends	2,587		12,640	
Capital gains/losses on sale of equity investments	2,409	(845)	51,313	(2,146)
Other finance income	7,041		5,488	
Capitalized interest expense		16,324		7,248
Other finance costs		(23,864)		(26,173)
Sub total	**12,037**	**(8,385)**	**69,441**	**(21,071)**
Total finance income and (costs)	**34,484**	**(136,115)**	**105,643**	**(188,161)**
Gains/(losses) on interest-rate derivative contracts		(293)		(1,732)
Gains/(losses) on foreign-exchange derivative contracts		(19,594)	21,076	
Net exchange-rate differences	10,082			(22,845)
Net exchange-rate differences and derivatives		**(9,805)**		**(3,501)**
Total finance income and (costs), net exchange-rate differences and derivatives		**(111,436)**		**(86,019)**

Net finance costs of 111,436 thousand euro (86,019 thousand euro in 2008) included capitalized interest expense of 16,324 thousand euro (7,248 thousand euro in 2008).
In 2008 “Capital gains from sale of equity investments” included non-recurring income of 50 million euro for final recognition of the advance payment on the failed sale of operations in the construction materials sector in Turkey.
Net interest expense in respect of net debt amounted to 105.3 million euro in 2009, from 130.9 million euro in 2008; the decrease of 25.6 million euro was largely due to the decrease in interest rates, the effect of which was positively influenced by the composition of Group debt.

33) Impairment on financial assets

(in thousands of euro)	2009	2008	Change	% change
Calcestruzzi	41,129	41,955	(826)	-2.0%
Goltas		75,614	(75,614)	-100.0%
Bursa		3,440	(3,440)	-100.0%
RCS MediaGroup		55,604	(55,604)	-100.0%
Intek		5,838	(5,838)	-100.0%
UBI	5,418		5,418	100.0%
Other	1,196	256	940	367.2%
Total	**47,743**	**182,707**	**(134,964)**	**-73.9%**

The impairment loss on the Calcestruzzi group, which was carried at 72,000 thousand euro at December 31, 2009 (111,129 thousand euro at December 31, 2008), was based on estimated fair value inferred from comparable market transactions with the assistance of a fairness opinion provided by an independent consultant.

In compliance with the Group accounting policy, the investment in UBI was aligned with year-end market values, generating an impairment loss of 5,418 thousand euro.

34) Share of results of associates

(in thousands of euro)	2009	2008	Change	% change
Ciment Quebec (Canada)	7,274	9,817	(2,543)	-25.9%
Vassiliko (Cyprus)	305	5,872	(5,567)	-94.8%
Asment Cement (Morocco)	9,120	5,997	3,123	52.1%
RCS MediaGroup (Italy)	(5,292)	-	(5,292)	n.s
Techno Gravel (Egypt)	1,086	700	386	55.1%
Mittel (Italy)	5,427	3,826	1,601	41.8%
SES (Italy)	11,783	666	11,117	n.s.
Other	(1,582)	2,688	(4,270)	-158.9%
Total	**28,121**	**29,566**	**(1,445)**	**-4.9%**

The share of the result of RCS MediaGroup was computed on the basis of consolidated net profit at September 30, 2009 (the associate has been consolidated with the equity method as from January 1, 2009).

35) Income tax expense

Income tax expense for the year amounted to 99,352 thousand euro, as follows:

(in thousands of euro)	2009	2008	Change	% change
Current tax	132,342	176,934	(44,592)	-25.2%
Prior-year tax and other prior-year fiscally driven items, net	(15,930)	9,852	(25,782)	-261.7%
Deferred tax	(17,344)	(40,240)	22,896	-56.9%
Tax from change in tax rate	284	(817)	1,101	-134.8%
Total	**99,352**	**145,729**	**(46,377)**	**-31.8%**

In Italy, the IRES income tax rate applied by the parent company on estimated taxable income for the year was 27.5% (as in 2008); taxes for Group companies in other countries were calculated using local tax rates.

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

(in thousands of euro)	2009
Consolidated profit before tax	**383,663**
Current IRES tax rate	27.5%
Theoretical tax charge	**(105,507)**
Effect of reduction in tax rate for tax relief/allowances	2,041
Tax effect on permanent differences	553
Net effect for the year of unrecognized deferred tax on temporary differences (*)	(11,711)
Effect of change in tax rates	(284)
Withholdings on foreign dividends	(2,257)
Effect of estimate adjustments and/or recognition of previously unrecognized deferred tax	1,479
Effect of difference between Italian and foreign tax rate (**)	6,844
Other taxes (***)	16,736
Actual income tax charge	**(92,106)**
Actual IRAP tax charge	(7,246)
Total	**(99,352)**

(*) The item includes unrecognized deferred tax assets on losses for the year in Thailand for 10.4 million euro.

(**) The difference between the Italian tax rate and the rates in the foreign countries in which the Group operates refers mainly to France, the USA, India and Bulgaria.

(***) This item reflects prior-year tax.

36) Components of other comprehensive income

(in thousands of euro)	Gross amount	Tax	Net amount
Fair value adjustments on:			
Available-for-sale financial assets	175,070	(1,121)	173,949
Financial derivatives	(36,486)	11,277	(25,209)
Currency translation differences	(41,023)		(41,023)
Components of other comprehensive income	**97,561**	**10,156**	**107,717**

37) Earnings per share

Earnings per share at December 31, 2009 and 2008, is determined on the net profit for the respective periods attributable to equity holders of the parent company and is stated separately for savings shares and ordinary shares.

Basic earnings per share

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

(no. shares in thousands)	2009 Ordinary shares	2009 Savings shares	2008 Ordinary shares	2008 Savings shares
Shares at January 1	22,183	16,343	22,183	16,343
Treasury shares at January 1	(871)	(28)	(871)	(28)
Weighted average number of treasury shares sold during year				
Total	**21,312**	**16,315**	**21,312**	**16,315**
Attributable net result in thousands of euro	53,645	43,613	(59,245)	(45,355)
Basic earnings per share in euro	2.517	2.673	(2.780)	(2.780)

Net result attributable to share classes was determined as follows:

(in thousands of euro)	2009 Ordinary shares	2009 Savings shares	2008 Ordinary shares	2008 Savings shares
Net profit reserved for savings shareholders (0.078 euro per share)		2,545		
Residual net result apportioned to all shares	53,645	41,068	(59,245)	(45,355)
Total	**53,645**	**43,613**	**(59,245)**	**(45,355)**

Diluted earnings per share

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

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

(thousands of shares)	2009 Ordinary shares	2009 Savings shares	2008 Ordinary shares	2008 Savings shares
Weighted average number of shares at December 31	21,311	16,315	21,311	16,315
Dilution effect of stock options	3		31	
Total	**21,314**	**16,315**	**21,342**	**16,315**
Attributable net result for diluted earnings in thousands of euro	53,649	43,609	(59,282)	(45,318)
Diluted earnings per share in euro	2.517	2.673	(2.778)	(2.778)

Net result attributable to share classes was determined as follows:

(in thousands of euro)	2009 Ordinary shares	2009 Savings shares	2008 Ordinary shares	2008 Savings shares
Net result reserved for savings shareholders (0.078 euro per share)		2,545		
Residual net result apportioned to all shares	53,649	41,064	(59,282)	(45,318)
Total	**53,649**	**43,609**	**(59,282)**	**(45,318)**

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Net financial position

The net financial position at December 31, 2009, is reflected in the following balance sheet items:

(in thousands of euro)	Balance sheet item	Non NFP	NFP	Short-term assets	Short-term financing	Long-term assets	Long-term financing
Non-current trade and other receivables	131,806	46,451	85,355	51		85,304	
Other current financial assets	371,528	245,949	125,579	125,579			
Financial receivables and trading equities	1,055,200	290	1,054,910	1,054,910			
Cash and cash equivalents	727,793		727,793	727,793			
Interest-bearing loans and long-term borrowings	(2,915,453)		(2,915,453)				(2,915,453)
Other non-current liabilities	(56,245)	(2,425)	(53,820)				(53,820)
Bank overdrafts and short-term borrowings	(427,864)		(427,864)		(427,864)		
Interest-bearing loans and short-term borrowings	(159,995)		(159,995)		(159,995)		
Other liabilities	(1,259,476)	(622,152)	(637,324)		(637,324)		
Total	**(2,532,706)**	**(331,887)**	**(2,200,819)**	**1,908,333**	**(1,225,183)**	**85,304**	**(2,969,273)**

The net financial position at December 31, 2009, reflected net debt of 2,200,819 thousand euro, as follows:

(in thousands of euro)	December 31, 2009		December 31, 2008		Change	
Cash, cash equivalents and current financial assets	**1,908,333**		**1,573,543**		**334,790**	
Cash and cash equivalents		727,793		590,535		137,258
Derivative assets		4,661		35,503		(30,842)
Other current financial assets		1,175,879		947,505		228,374
Short-term financing	**(1,225,183)**		**(1,245,522)**		**20,339**	
Bank overdrafts		(427,864)		(560,446)		132,582
Interest-bearing loans and short-term borrowings		(775,180)		(657,986)		(117,194)
Derivative liabilities		(22,139)		(27,090)		4,951
Medium/long-term financial assets	**85,304**		**111,050**		**(25,746)**	
Long-term financial assets		64,959		52,666		12,293
Long-term derivative assets		20,345		58,384		(38,039)
Medium/long-term financing	**(2,969,273)**		**(3,010,954)**		**41,681**	
Interest-bearing loans and long-term borrowings		(2,915,453)		(2,970,766)		55,313
Long-term derivative liabilities		(53,820)		(40,188)		(13,632)
Net financial position	**(2,200,819)**		**(2,571,883)**		**371,064**	

Consolidated net debt at December 31, 2009, continued to reflect Italcementi S.p.A. current account receivables due from Calcestruzzi group companies for 196.4 million euro (175.4 million euro at December 31, 2008).

The net financial position at December 31, 2009, computed in compliance with Consob communication no. DEM/6064293 of July 28, 2006 (i.e., excluding medium/long-term financial assets) amounted to 2,286,123 thousand euro (2,682,933 thousand euro at December 31, 2008).

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, 2009 and 2008:

(in thousands of euro)	December 31, 2009 Carrying amount	December 31, 2009 Fair value	December 31, 2008 Carrying amount	December 31, 2008 Fair value
Financial assets				
Assets at fair value through profit or loss				
Cash and cash equivalents	727,793	727,793	590,535	590,535
Short-term derivatives	*2,906*	*2,906*	*18,686*	*18,686*
Banking derivatives	*1,755*	*1,755*	*16,817*	*16,817*
Medium/long-term derivatives	*20,345*	*20,345*	*58,384*	*58,384*
Derivatives	25,006	25,006	93,887	93,887
Equity investments and financial receivables	1,055,200	1,055,200	810,292	810,292
Banking and other receivables	125,791	125,791	142,365	142,365
Loans and receivables				
Trade receivables	958,958	958,958	1,176,744	1,176,744
Non-current receivables and other assets	110,865	110,865	97,941	97,941
Available-for-sale assets				
Non-current equity investments	746,578	746,578	634,736	634,736
Held-to-maturity investments				
Total	**3,750,191**	**3,750,191**	**3,546,500**	**3,546,500**
Financial liabilities				
Trade payables	593,774	593,774	738,399	738,399
Interest-bearing loans and short-term borrowings	*587,859*	*587,859*	*830,057*	*830,057*
Other financial liabilities	*615,185*	*615,185*	*388,375*	*388,375*
Total current financial liabilities	1,203,044	1,203,044	1,218,432	1,218,432
Short-term derivatives	*20,431*	*20,431*	*11,420*	*11,420*
Banking derivatives	*1,708*	*1,708*	*15,670*	*15,670*
Medium/long-term derivatives	*53,820*	*53,820*	*40,188*	*40,188*
Total derivatives	75,959	75,959	67,278	67,278
Interest-bearing loans and long-term borrowings	2,915,453	2,946,153	2,970,766	3,013,466
Total	**4,788,230**	**4,818,930**	**4,994,875**	**5,037,575**

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

Fair value – hierarchy

In determining and documenting the fair value of financial instruments, the Group uses the following hierarchy based on different measurement methods:

- level 1: financial instruments with prices quoted on active markets;
- level 2: prices quoted on active markets for similar financial instruments, or fair value determined with other measurement methods where all significant inputs are based on observable market data;
- level 3: fair value determined with measurement methods where no significant input is based on observable market data.

At December 31, 2009, financial instruments stated at fair value were as follows:

(in millions of euro)	December 31, 2009	Level 1	Level 2	Level 3
Derivative instruments - assets	25,006	591	24,415	
Equity investments and financial receivables	465,738	66,055	349,089	50,594
Banking and other receivables	4,873			4,873
Non-current receivables and other assets	10,186	141	10,010	35
Non-current equity investments	746,578	526,509	18,472	201,597
Derivative instruments - liabilities	75,959		74,211	1,748

Cash and cash equivalents

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Cash and checks in hand	5,764	8,967	(3,203)
Bank and postal accounts	618,556	486,121	132,435
Short-term deposits	103,473	95,447	8,026
Net amount	**727,793**	**590,535**	**137,258**

Short-term deposits have varying maturities within three months, in relation to the Group’s financial requirements; interest matures at the respective short-term rates.

As a result of laws in Egypt, Morocco, Thailand and India, the cash and cash equivalents of the Group companies in those countries are not immediately available to the holding Ciments Français S.A.. At December 31, 2009, they amounted to 367.3 million euro (229.0 million euro at December 31, 2008).

Cash and cash equivalents are also shown under “Closing cash and cash equivalents” on the cash flow statement.

Derivative instruments

The table below shows the fair value of the financial instruments in the balance sheet, subdivided by type of hedge:

	December 31, 2009		December 31, 2008	
(in thousands of euro)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest-rate derivatives hedging cash flows	2	(6,697)	11	(307)
Interest-rate derivatives hedging fair value				
Trading interest-rate derivatives	1,122	(2,035)	1,503	(2,047)
Interest-rate derivatives	**1,124**	**(8,732)**	**1,514**	**(2,354)**
Foreign-exchange derivatives hedging cash flows	1,015	(520)	1,798	(2,972)
Foreign-exchange derivatives hedging fair value	746	(11,067)	15,192	(4,878)
Trading foreign-exchange derivatives	21	(112)	182	(1,216)
Foreign-exchange derivatives	**1,782**	**(11,699)**	**17,172**	**(9,066)**
Total current instruments	**2,906**	**(20,431)**	**18,686**	**(11,420)**
Interest-rate derivatives hedging cash flows	1,081	(18,811)	27,843	(13,715)
Interest-rate derivatives hedging fair value	19,264		30,541	
Interest-rate derivatives	**20,345**	**(18,811)**	**58,384**	**(13,715)**
Foreign-exchange derivatives hedging cash flows				
Foreign-exchange derivatives hedging fair value		(35,009)		(26,473)
Foreign-exchange derivatives		**(35,009)**		**(26,473)**
Total non-current instruments	**20,345**	**(53,820)**	**58,384**	**(40,188)**
Banking derivatives - forwards	1,755	(1,708)	16,719	(15,572)
Banking derivatives - options			98	(98)
Banking derivatives	**1,755**	**(1,708)**	**16,817**	**(15,670)**
Total	**25,006**	**(75,959)**	**93,887**	**(67,278)**

Non-current interest-rate derivatives reflected under assets for 20.3 million euro included the following main derivatives:

- a cross-currency swap, for 7.4 million euro, hedging a fixed-rate debenture issued in US dollars for private investors; at December 31, 2008, the derivative was carried under assets for 51.4 million euro;
- a fixed-rate to Euribor-indexed floating-rate interest-rate swap, for 11.9 million euro, hedging part of a 500 million euro debenture issued at a fixed rate under the EMTN program; at December 31, 2008, this derivative was carried under assets for 7.2 million euro.

Non-current foreign-exchange derivatives hedging fair value carried under liabilities for 35.0 million euro referred to the cross-currency swap hedging the fixed-rate debenture issued in US dollars for private investors (26.5 million euro at December 31, 2008).

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

The fair value of derivatives relating to EUA and CER transactions was -594 thousand euro at December 31, 2009, of which 654 thousand euro recognized under "Other current liabilities", 411 thousand euro under "Other current assets", 1,929 thousand euro under "Other non-current liabilities" and 1,578 thousand euro under "Other non-current assets".
As a result of the change in accounting treatment of derivative instruments relating to EUA and CER transactions, the other comprensive income reserve at December 31, 2008 (-691 thousand euro) plus the value attributed to market movements in 2009 (+97 thousand euro), was reflected in the income statement; EUA and CER transactions therefore had an impact of -594 thousand euro on 2009 income.

Equity investments and financial receivables

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Securities and debentures	306,977	348,886	(41,909)
Trading equities	52,584	54,703	(2,119)
Amounts due from banks	478,783	188,816	289,967
Other financial assets	216,856	217,887	(1,031)
Net amount	**1,055,200**	**810,292**	**244,908**

"Other financial assets" includes financial receivables due from Calcestruzzi.

Trade receivables

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Gross amount	1,042,852	1,247,964	(205,112)
Provision for bad debts	(83,894)	(71,220)	(12,674)
Total	**958,958**	**1,176,744**	**(217,786)**

In December 2006, Ciments Calcia and Unibeton arranged five-year factoring programs. At December 31, 2009, factored receivables amounted to 133.4 million euro (145.2 million euro at December 31, 2008).
The factored receivables comply with IAS 39 since the associated risks are transferred with the receivables, for approximately 90% of the factored amount.

After this operation, the balance sheet continued to reflect:

- additional subordinate deposits for 22.9 million euro (25.2 million euro at December 31, 2008) under other current assets;
- non-transferred receivables, in the form of arranged guarantees, for 11.1 million euro reflected under trade receivables with balancing entries of 9.2 million euro in loans and borrowings and 1.9 million euro deducted against miscellaneous receivables.

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

Non-current trade and other receivables

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Non-current receivables	15,495	28,059	(12,564)
Debentures	59,649	45,563	14,086
Guarantee deposits	35,320	23,977	11,343
Other	401	342	59
Total financial instruments	**110,865**	**97,941**	**12,924**
Derivatives	20,345	58,384	(38,039)
Concessions and licenses paid in advances	596	9,044	(8,448)
Total	**131,806**	**165,369**	**(33,563)**

Investments in associates

This caption reflects equity interests, including goodwill of 32.5 million euro at December 31, 2009 (31.0 million euro at December 31, 2008), in associates. The main associates are listed below:

	Value of investments		Share of result	
(in thousands of euro)	December 31, 2009	December 31, 2008	2009	2008
Ciment Québec (Canada)	73,900	60,500	7,274	9,817
Vassiliko Cement Works (Cyprus)	63,500	66,100	305	5,872
Asment Cement (Morocco)	40,400	41,700	9,120	5,997
RCS MediaGroup (Italy)	83,308	88,600	(5,292)	-
Mittel (Italy) (*)	46,084	45,516	5,427	3,826
S.E.S. (Italy)	27,494	16,382	11,783	666
Techno Gravel (Egypt)	5,100	4,600	1,086	700
Acquitaine de transformation (France)	4,100	3,800	254	(152)
Others	16,660	15,773	(1,836)	2,840
Total	**360,546**	**342,971**	**28,121**	**29,566**

(*) consolidated data at September 30, 2009 (latest approved financial statements)

Testing of goodwill recoverability did not generate any impairment losses.

The Italmobiliare Group is one of the main shareholders of RCS MediaGroup S.p.A, with an interest of 7.465% of voting capital; it is represented on the Board of Directors and is a member of a voting trust formed to ensure the stability and consistent management of RCS group ownership (the members of the trust have contributed shares representing 63.5% of capital).

This investment was measured with the equity method, based on the interim management report of RCS MediaGroup at September 30, 2009. An impairment test was also conducted, since the fair value of the investment in RCS MediaGroup S.p.A., computed with reference to the share price on the Milan Stock Exchange at December 31, 2009 (1.268 euro), was 69.4 million euro (53.6 million euro in 2008). Although the year-end share price was higher than the share price at December 31, 2008 (0.98 euro), it was lower than both the per-share carrying amount of the interest in RCS MediaGroup recognized in the Italmobiliare Group consolidated financial statements, and the carrying amount of the associate's shareholders' equity. The impairment test was also conducted with reference to a specific independent assessment, which substantially confirmed value in use at approximately 1.6 euro per share. In light of this independent assessment, and taking account of the associate's assets and of the role played in its governance and executive bodies, it was deemed appropriate not to apply impairment losses to the current carrying amount.

The data for the main associates adjusted for compliance with Group principles is set out below:

	Total assets		Total liabilities		Revenues		Net profit	
(in millions of euro)	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Ciment Québec	167.7	135.5	29.1	23.2	98.9	108.0	15.8	16.7
Vassiliko Cement Works	321.1	256.7	89.8	34.3	101.8	120.0	1.2	23.8
Asment Cement	114.4	113.3	29.1	24.8	94.4	86.6	24.4	18.7
RCS MediaGroup (*)	3,534.7	3,745.5	2,404.3	2,528.6	1,621.2	2,673.9	(73.3)	44.7
Mittel	634.4	590.7	212.2	175.0	55.3	41.0	117.8	62.8
S.E.S.	121.3	87.5	33.4	34.3	28.7	29.2	36.7	1.7

(*) for 2009, consolidated figures at September 30

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, 2008	**634,736**
Acquisitions	12,913
Sales	(266)
Fair value changes taken to equity	146,926
Currency translation differences	(225)
Other	237
Impairment variation	(47,743)
At December 31, 2009	**746,578**

"Acquisitions" referred mainly to the 5.0 million euro investment for 11% of the capital of Yuzhno-Kyrgyzskij Cement and the increase in the investment in the Syrian company Al Badia Cement for 4.3 million euro.

"Fair value changes taken to equity" related chiefly to Unicredit S.p.A. for 102.2 million euro, Mediobanca S.p.A. for 33.9 million euro, Goltas for 17.8 million euro, Fin.Priv. S.r.l. for 3.0 million euro and Bursa for 0.1 million euro.

Impairment variation is described in note 33 above.

Other equity investments at December 31, 2009, were as follows:

(in thousands of euro)	Number of shares	December 31, 2009
Investments in listed companies		
Mediobanca	22,568,992	187,692
Mediobanca Warrant	21,494,278	2,311
Unicredito	109,793,905	258,938
UBI	2,462,000	24,775
UBI Warrant	2,462,000	122
Intek	9,821,000	2,966
Intek Warrant	3,480,820	103
Goltas (Turkey)		47,215
Other		2,387
Total		**526,509**
Investments in non-listed companies		
Calcestruzzi group		72,000
Fin Priv		17,890
Burgo group		44,130
Banca Leonardo group		24,722
Sesaab		10,990
Other		50,337
Total		**220,069**
At December 31, 2009		**746,578**

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, 2009	December 31, 2008	Change
Amounts due to suppliers	534,801	684,381	(149,580)
Bills payable	33,816	42,671	(8,855)
Other trade payables	25,157	11,347	13,810
Total	**593,774**	**738,399**	**(144,625)**

Loans and borrowings

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

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Amounts due to banks	1,499,030	1,659,781	(160,751)
Debenture loans	880,972	954,017	(73,045)
Financing entities	516,889	335,121	181,768
Finance lease payables	18,562	21,847	(3,285)
Interest-bearing loans and long-term borrowings	**2,915,453**	**2,970,766**	**(55,313)**
Fair value of hedging derivatives	53,820	40,188	13,632
Total medium/long-term financing	**2,969,273**	**3,010,954**	**(41,681)**
Amounts due to banks	427,864	560,446	(132,582)
Current portion loans and borrowings	67,258	83,448	(16,190)
Debenture loans	50,623	159,322	(108,699)
Financing entities	634,368	406,115	228,253
Finance lease payables	4,656	4,747	(91)
Accrued interest expense	18,275	4,354	13,921
Bank overdrafts and short-term interest-bearing loans and borrowings	**1,203,044**	**1,218,432**	**(15,388)**
Fair value of hedging derivatives	22,139	27,090	(4,951)
Total short-term financing	**1,225,183**	**1,245,522**	**(20,339)**
Total loans and borrowings	**4,194,456**	**4,256,476**	**(62,020)**

At December 31, 2009, among “Amounts due to banks”, loans secured by mortgages, pledges or liens on property, plant and equipment and equities amounted to 88.0 million euro, of which 13.9 million euro short-term and 74.1 million euro medium/long-term.

At December 31, 2009, non-current amounts due to banks included 9.2 million euro relating to factoring programs (10.1 million euro at December 31, 2008).

Non-current financial debt by currency was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Euro	2,374,569	2,499,295	(124,726)
US and Canadian dollar	356,200	384,427	(28,227)
Moroccan dirham	83,800	11,400	72,400
Indian rupee	79,700	32,000	47,700
Saudi riyal	9,300		9,300
Polish zloty	3,765	41	3,724
Egyptian pound	3,400	35,100	(31,700)
Hungarian florin	525	579	(54)
Russian ruble	5		5
Chinese renmimbi		7,900	(7,900)
Bulgarian lev		24	(24)
Other	4,189		4,189
Total	**2,915,453**	**2,970,766**	**(55,313)**

Non-current financial debt by maturity year was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
2009		25,294	(25,294)
2010		364,185	(364,185)
2011	437,322	485,395	(48,073)
2012	664,344	640,680	23,664
2013	629,876	441,971	187,905
2014	318,650	146,775	171,875
2015	19,040		19,040
Beyond	846,221	866,466	(20,245)
Total	**2,915,453**	**2,970,766**	**(55,313)**

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

The main borrowings were as follows:

a) in March 2006 Italmobiliare arranged a five-year 40 million euro stand-by line of credit with Banca Intesa;
b) in November 2006 Italmobiliare completed closure of an existing loan with BNP Paribas and arranged a new 5-year loan, also for 180 million euro, based on prepaid forward and equity swap contracts. The loan is secured by a pledge of Unicredit shares and UBI shares (51.4 million and 1.7 million respectively at the end of 2009) and is subject to a daily margin call for a cash collateral depending on the market price of the pledged shares;
c) in December 2006 Italmobiliare arranged early termination of the TRES with Mediobanca and negotiated a new 5-year facility for an original amount of 134 million euro against listed shares (23.6 million Unicredit shares). The amount is subject to a monthly margin call; consequently, at the end of 2009, as a result of Unicredit share price performance, the facility was reduced to 53.8 million euro;
d) in May 2007 Italmobiliare renewed its medium-term financing with Société Générale. The new loan is also for 25 million euro and matures on May 8, 2012. It is secured by a pledge of 5.9 million Unicredit shares;
e) in October 2008 Italmobiliare arranged a 50 million euro stand-by line of credit with Banca Popolare di Bergamo for 18 months less one day;
f) in March 2009 Italmobiliare arranged a 50 million euro stand-by line of credit with Banca Intesa/Sanpaolo for 18 months less one day;
g) during 2009, Italcementi S.p.A. arranged three loans: a three-year 50 million euro loan, a five-year 50 million euro loan and a ten-year 60 million euro loan. At the same time it arranged a six-year 150 million euro committed line of credit. The new borrowings replace a 60 million euro loan maturing in 2026 and a 200 million euro committed line of credit maturing in 2013. The extinguished facility carried restrictive financial covenants. The re-negotiation increased the amount of credit and average maturity and alleviated the financial covenants. No drawings had been made on the line of credit at December 31, 2009;
h) on 2009, Italcementi S.p.A. and Ciments Français S.A. arranged a five-year 400 million euro committed line of credit, of which 300 million euro for Italcementi S.p.A. and 100 million euro for Ciments Français S.A., replacing respectively a 275 million euro committed line of credit maturing in 2011 and a 100 million euro committed line of credit maturing in 2012. The re-negotiated facility increased the overall amount of credit, extended average maturity and alleviated the financial covenants. No drawings had been made on the line of credit at December 31, 2009;
i) in 2008, Italcementi S.p.A. re-negotiated and increased a committed line of credit from 50 to 75 million euro, extending maturity by two years and maintaining absence of financial covenants. The facility was fully drawn at December 31, 2009;
j) in 2008 Italcementi S.p.A. arranged a five-year 100 million euro committed line of credit with no financial covenants. The facility was fully drawn at December 31, 2009;

k) in 2007 Italcementi S.p.A. re-negotiated a 200 million euro loan and increased a committed line of credit from 180 to 200 million euro; on both facilities, maturity was extended by three years, better conditions were obtained and the related financial covenants were annulled. Drawings on the line of credit at December 31, 2009, amounted to 125 million euro;
l) in 2007 Italcementi S.p.A. arranged a six-year 50 million euro committed line of credit with no financial covenants. The facility was fully drawn at December 31, 2009;
m) in 2007 Italcementi S.p.A. re-negotiated a 100 million euro committed line of credit granted in 2005, extending maturity to six years from re-negotiation, improving conditions and maintaining absence of financial covenants. The facility was fully drawn at December 31, 2009;
n) medium/long-term borrowings arranged by Italcementi S.p.A. in 2006 and still active at December 31, 2009, included a 75 million euro committed line of credit maturing in 2012. The facility was fully drawn at December 31, 2009;
o) medium/long-term borrowings arranged by Italcementi S.p.A. in 2005 and still active at December 31, 2009, included a 100 million euro committed line of credit maturing in 2010. The facility was fully drawn at December 31, 2009, and is classified under short-term debt;
p) in 2009, Ciments Français S.A. renewed a 400 million euro line of credit at 364 days;
q) on September 13, 2006, Suez Cement Company re-financed its 13-month 1,500 million Egyptian pound syndicated line of credit arranged to finance the acquisition of ASEC Cement Company (Helwan Cement Ltd.), obtaining a 4-year 300 million Egyptian pound syndicated line of credit and a 900 million Egyptian pound syndicated loan amortizable in 4 years. The operation was arranged with a pool of local and international banks. No drawings had been made on the 300 million Egyptian pound syndicated facility at December 31, 2009;
r) on May 27, 2005, Ciments Français S.A. was granted a 700 million euro floating-rate syndicated line of credit for 5 years, with two one-year extension options, both of which have been exercised. The bank pool was managed by Calyon, HSBC-CCF, Natexis Banques Populaires and The Royal Bank of Scotland. No drawings had been made on the syndicated line of credit at December 31, 2009;
s) on December 27, 2005, Ciments Français obtained a 6-year 158 million euro syndicated loan, consisting of a 114 million euro floating-rate tranche and a 44 million euro fixed-rate tranche, repayable on maturity;
t) on June 25, 2008, in connection with the industrial investments planned in Yerraguntla and Chennai, the Indian subsidiary Zuari Cement Limited arranged a 6 billion Indian rupee amortizable syndicated line of credit. The bank pool was formed by international banks. The agreed amount was reduced to 4.2 billion Indian rupees and had been fully drawn at December 31, 2009. The equivalent amount is 62.6 million euro;
u) on July 9, 2008, in connection with the Ait Baha industrial project, the subsidiary Ciment du Maroc arranged a 5-year 2 billion dirham amortizable syndicated line of credit. The bank pool was formed by local and international banks. Drawings on the facility at December 31, 2009, totaled 950 million dirhams, equivalent to 83.8 million euro.

Main debenture loans

v) Ciments Français S.A. covers its long-term financial requirements largely through debenture issues; specifically, a Euro Medium Term Notes program (EMTN) on the European market. The program reference material is renewed annually and the latest update was published on July 17, 2008. The maximum authorized amount is 1,500 million euro. At December 31, 2009, debentures issued under the program amounted to 515.0 million euro. On March 21, 2007, Ciments Français S.A. issued a 500 million euro debenture listed on the Luxembourg market, bearing interest at a fixed rate of 4.75%, with a 10-year maturity, assisted by ABN Amro, Natixis and The Royal Bank of Scotland. The transaction was settled on April 4, 2007. Simultaneously, Ciments Français S.A. launched an offer to repurchase up to 210 million euro of the 350 million euro debenture maturing in July 2009. Debentures for 190.7 million euro were tendered for repurchase;

w) on December 19, 2006, in the USA, Ciments Français S.A. issued a 300 million US dollar private placement, repayable on maturity. The loan comprises two tranches: a 12-year 150 million US dollar tranche at a fixed rate of 5.80% and a 15-year 150 million US dollar tranche at a fixed rate of 5.90%. Exchange-rate and interest-rate hedges have been set up on the entire loan for the duration of the two tranches;

x) on March 3, 2005, a 5-year 50 million euro debenture was issued at a fixed rate of 3.496%;

y) on November 15, 2002, in the USA, Ciments Français S.A. issued a 200 million US dollar private placement. The loan comprises two tranches: a 10-year 180 million US dollar tranche at a fixed rate of 5.63% and a 12-year 20 million US dollar tranche at a fixed rate of 5.73%. Of the 200 million dollars, 150 have been lent to the US subsidiary Essroc; exchange-rate hedges have been set up on the residual 50 million dollars.

Notional amount of derivatives

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

The notional amount of derivative contracts at December 31, 2009, is set out below, subdivided by business sector and expiry:

	Nominal values				
(in millions of euro)	**Construction materials**	**Packaging and insulation**	**Financial**	**Banking**	**Total**
Interest-rate derivatives	1,838.5	11.5	50.0		1,900.0
Foreign-exchange derivatives	829.5			249.1	1,078.6
Equity derivatives					
Commodity derivatives					
Total	**2,668.0**	**11.5**	**50.0**	**249.1**	**2,978.6**

Nominal value of derivatives by expiry was as follows:

(in millions of euro)	Nominal values				
	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Interest-rate derivatives	532.7	551.2	422.5	393.6	1,900.0
Foreign-exchange derivatives	800.6		50.0	228.0	1,078.6
Equity derivatives					
Commodity derivatives					
Total	**1,333.3**	**551.2**	**472.5**	**621.6**	**2,978.6**

Foreign-exchange hedging

The table below sets out foreign-exchange contracts valued at the closing exchange rates:

(in thousands of euro)	Cash flow	Fair value	Trading	Total
At December 31, 2009				
Forward purchases				
US dollars	23.5	23.1	97.5	144.1
Swiss francs			15.9	15.9
Other		33.5	11.2	44.7
Total	**23.5**	**56.6**	**124.6**	**204.7**
Forward sales				
US dollars		436.3	98.6	534.9
Swiss francs			15.9	15.9
Other		5.1	11.0	16.1
Total		**441.4**	**125.5**	**566.9**
Cross-currency swaps				
Other		278.0		278.0
Total		**278.0**		**278.0**
Options				
US dollars	26.1		2.9	29.0
Swiss francs				
Other				
Total	**26.1**		**2.9**	**29.0**
Total	**49.6**	**776.0**	**253.0**	**1,078.6**

Foreign-exchange hedges expire within 12 months, with the sole exception of cross-currency swaps, which expire over the next 2-5 years for an amount of 50.0 million euro and after 5 years for 228.0 million euro.

Hedge accounting

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

Financial risk management policy and objectives

Introduction

The Italmobiliare Board of Directors defines Group general principles and management policy for the Group financial sector, the sector in which the parent company itself operates. In the other Group sectors (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 company of each sector or by individual companies on the basis of the characteristics of the sector, and consistently with general Group principles. Specifically:

- for the Construction Materials sector: by Italcementi S.p.A.;
- for the Food Packaging and Thermal Insulation sector: by Sirap Gema S.p.A.;
- for the Banking sector: mainly by Finter Bank Zürich.

The Property, Services, Other sector 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 sector, the reader is referred to the specific section.

Financial risks

Credit risk

Credit risk is the risk that a counterpart might default on its obligations and generate a financial loss for the Group.

Credit risk is managed by each sector in relation to its specific requirements.

Liquidity risk

Liquidity risk is the risk that due to an inability to raise new funds or sell assets on the market, the company might be unable to settle its payment obligations. This would generate effects on income if the company is obliged to sustain additional costs to meet its commitments, or conditions of insolvency putting the continuation of the company business at risk.

The table below shows consolidated net debt by maturity (without the fair value of derivatives and financial receivables) compared with undrawn credit lines and cash and cash equivalents.

At December 31, 2009:

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total net debt	(1,203.4)	(437.2)	(1,612.9)	(865.0)	(4,118.5)
Committed undrawn lines of credit	571.2	122.0	1,231.0	150.4	2,074.6
Cash and cash equivalents	727.8				727.8

Total available lines of credit consisted of committed lines of credit for 2,074.6 million euro and uncommitted lines of credit for 4,776.7 million euro.

At December 31, 2009, net debt included short-term loans (billets de trésorerie) linked to medium/long-term committed lines of credit for 487 million euro (284 million euro at December 31, 2008).
At December 31, 2008:

	Maturity				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total net debt	(1,161.1)	(660.2)	(1,351.6)	(1,016.3)	(4,189.2)
Committed undrawn lines of credit	548.7	53.0	1,467.0	126.0	2,194.7
Cash and cash equivalents	590.5				590.5

Total available lines of credit consisted of committed lines of credit for 2,194.7 million euro and 4,813.8 million euro of uncommitted credit.

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 asset 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.

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

Net debt at inception and after interest-rate hedging at December 31, 2009, was as follows:

(in millions of euro)	
At December 31, 2009	
Fixed-rate financial liabilities	(1,152.9)
Fixed-rate financial assets	122.9
Fixed-rate NFP at inception	**(1,030.0)**
Fixed-rate/Floating-rate hedging	229.0
Floating-rate/Fixed-rate hedging	(834.4)
Fixed-rate NFP after hedging	**(1,635.4)**
Floating-rate financial liabilities	(2,964.4)
Floating-rate financial assets	1,675.5
Floating-rate NFP at inception	**(1,288.9)**
Fixed-rate/Floating-rate hedging	(229.0)
Floating-rate/Fixed-rate hedging	834.4
Floating-rate NFP after hedging	**(683.5)**
Other instruments not subject to interest-rate risk	118.1
Total NFP	**(2,200.8)**

Foreign-exchange 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 (*)	Other (*)
Financial assets (**)	17.7	411.9	12.9
Financial liabilities (**)	(23.1)	(312.3)	(28.3)
Derivative instruments		(106.3)	28.3
Net exposure by currency	**(5.4)**	**(6.7)**	**12.9**

(*) assets and liabilities are stated at nominal value in euro when the local currency is not euro
(**) excluding trade payables and receivables

The Group companies are structurally exposed to a foreign-exchange risk on cash flows from operating activities and on financing denominated in currencies other than their respective reporting currencies.

Exposure mainly relates to solid fuel purchases in US dollars, exports of cement and clinker in US dollars, and financing operations in US dollars.

The Group hedges these risks with forward currency purchase and sale contracts, as well as foreign-exchange put and call options.

The impact of foreign currency translation on subsidiaries' equity is recorded in a separate equity reserve.

Equity price risk

The Group is exposed to the risk of market fluctuations on unconsolidated listed equities and the other securities in portfolio.

Exposure is essentially in the financial sector, to which reference should be made for further details.

(in thousands of euro)	**December 31, 2009**	**December 31, 2008**	**Change**
AFS equity investments	526,509	376,355	150,154
Trading securities	27,110	25,254	1,856
Overall exposure	**553,619**	**401,609**	**152,010**

Commodity price risk

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

Construction materials sector

Risk management policy

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

Credit risk

In compliance with sector procedures, customers electing to trade on credit terms are preliminarily vetted for credit worthiness. 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 sector's broadly based and uncorrelated customer portfolio. For this reason management believes that no further credit risk provision is required in excess of the amounts normally provided for bad and doubtful receivables.

Cash and cash equivalents consist primarily of short-term investments with an insignificant risk of change in value (short-term deposits, deposit certificates, mutual funds). At December 31, 2009, maximum exposure on cash and cash equivalents for a single counterpart was 15%.
Investments corresponding to "available for sale" financial assets are classified under "Other equity investments" (see the section on IFRS 7). They refer mainly to the listed investments in Mediobanca S.p.A, Goltas Cimento and Bursa.

Instruments for management of foreign-exchange and interest-rate risk are transacted exclusively with highly rated counterparts, selected on the basis of various criteria: ratings attributed by specialist agencies, assets, equity, nature and maturity of instruments. The majority of counterparts are leading international banks.
No financial instruments are contracted with counterparts in geographical regions exposed to political or financial risks (all counterparts are in Western Europe or the USA).
At December 31, 2009, Italcementi S.p.A. credit balances on intercompany accounts with the Calcestruzzi group totaling 196.4 million euro did not present risk in excess of that already considered in the impairment test on the Italcementi interest in the Calcestruzzi group.

Liquidity risk

The sector aims to keep indebtedness at a level that ensures a balance between average maturity, flexibility and diversification of sources of funds. Consequently, it negotiates committed lines of credit and diversified sources of finance (bank overdrafts, bank loans, debentures, drawings on credit lines, commercial papers, finance leases and sales of receivables).
Borrowing maturities are evenly distributed, without particular concentrations in specific periods, to enable the sector to refinance transactions due to mature in a satisfactory manner, notwithstanding the difficult economic scenario.

The sector's policy is designed to ensure that at any time debt maturing within one year is less than or equal to undrawn committed lines of credit at more than one year.

The sector has public credit ratings from the Standards & Poor's and Moody's ratings agencies.
Its long-term rating is, respectively: Baa2/outlook negative and BBB/outlook stable.

In addition to the customary clauses, some of the sector's financing contracts include covenants requiring compliance with financial ratios, determined for the most part at the year-end date. Failure to comply with covenants leads to termination and early repayment in the case of bilateral or syndicated lines of credit and borrowings. Lines of credit and financing contracts do not contain rating triggers that would require early repayment. Some financing contracts involve assumption of negative pledges to the counterpart, which are however limited to specific instances that do not compromise the sector's ability to finance or refinance its operations.

At December 31, 2009, lines of credit and loans subject to covenants accounted for 26% of total drawings represented by gross debt (3,165 million euro at December 31, 2009, excluding the fair value effects of derivatives).

At December 31, 2009, the sector complied with all contractual commitments; covenant-related financial ratios were well within the contractual limits stipulated by the loans in question. The sector expects to comply with its covenants for the next 12 months and will provide information as appropriate should its financial situation deteriorate.

Market risks

Interest-rate risk

The sector's interest-rate risk management policy is designed to minimize the cost of net debt and reduce exposure to fluctuation risk. Two different exposures are hedged:

- the fair value risk with respect to fixed-rate financial assets and liabilities. The sector is exposed to an "opportunity cost" risk 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;
- 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, but could affect future net profit.

The sector manages this dual risk by setting a target ratio between floating- and fixed-rate net debt.

It hedges interest-rate risks mainly by arranging interest-rate swaps, forward-rate agreements and interest-rate options with top-ranking banks. Option-based hedging transactions are often asymmetric collars. Since these transactions are generally at zero cost, the resulting net sale of options cannot exceed any underlying balance sheet exposure or any future transactions or commitments.
Although from an operating viewpoint these hedging transactions are backed systematically to an underlying, they are classified as non-designated derivatives for the net amount, in compliance with IFRS principles.

Floating-rate net debt is largely indexed to Euribor for the period.

At December 31, 2009, 90% of the sector's net financial debt (excluding fair value of derivatives) was at fixed rate or capped rate. 49% of fixed-rate commitments arose from swapped contracts initially arranged at floating rates.
Hedges are reflected at nominal amount for each period (consistently with instrument maturity) and do not include fixed- to fixed-rate contracts.

At December 31, 2009, a +0.5% change in the interest-rate change would have had an impact of -1.2 million euro, that is, 2.9% of 2009 net finance costs. The impact on interest-rate derivatives in portfolio would have been +9.4

million euro on shareholders' equity and -8.7 million euro on profit before tax; the latter effect would have been countered by an effect of +9.2 million euro on fixed-rate liabilities with fair value hedges.

At December 31, 2009, a -0.5% change in the interest-rate curve would have had an impact of +1.2 million euro, that is, 2.9% of 2009 net finance costs. The impact on interest-rate derivatives in portfolio would have been -9.5 million euro on shareholders' equity and +9.0 million euro on profit before tax; the latter effect would have been countered by an effect of -9.6 million euro on fixed-rate liabilities with fair value hedges.

Foreign-exchange risk

The companies in the sector are structurally exposed to the foreign-exchange risk on cash flows from operations and from financing denominated in currencies other than those of the local reporting currency.
With the exception of the Bulgarian and Thai subsidiaries and the terminals, the companies in the sector operate largely on their respective local markets or within the euro zone. Consequently, invoiced amounts and operating expenses are denominated in the same currency and exposure of operating cash flows to foreign-exchange risk is not particularly significant, with the exception of fuel, spares and investments relating to construction of new plants.

Sector policy requires liabilities to be denominated in the same currency as the cash flows used to settle the liabilities. Similarly, investments must be made in the same currency as the source cash flows. This general policy is adapted to take account of specific macro-economic conditions in certain geographical areas (hyperinflation, high interest rates, liquidity, translation).
Sector policy is to hedge net exposure of all entities whenever the market makes this possible. 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 sector hedges foreign-exchange exposure 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 call and put options on exchange rates.
These hedging instruments are contracted with top-ranking banks.
Hedges with options are usually asymmetric corridor contracts. These transactions are generally at zero cost. The resulting net sale of options does not exceed any underlying balance sheet exposure or any future transactions or commitments. The sector does not transact forward contracts or option contracts for speculative purposes.

The impact of foreign-currency translation on subsidiaries' equity is recognized as a separate equity component.

At December 31, 2009, a 10% change in the exchange rate with the euro, in cases where the local currency is not euro, would have had an impact of 35.1 million euro on shareholders' equity, of which 7.7 million euro on minority interests.

At December 31, 2009, a 10% rise in the US dollar would have had an impact on foreign-exchange derivatives in portfolio of +4.5 million euro on shareholders' equity and -37.1 million euro on profit before tax. A 10% decrease in the US dollar would have had an impact on foreign-exchange derivatives in portfolio of -3.6 million euro on shareholders' equity and +36.6 million euro on profit before tax.

Equity price risk

The sector 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.

Commodity price risk

The sector’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 2007, based on production forecasts indicating a deficit in emission rights for the period 2008-2012, Italcementi S.p.A. transacted modest forward purchases (actual delivery over the period 2008-2012) on EU CO_2 emission allowances (EUA) and certified emission reductions (CER) relating to the second period of application of the Emissions Trading Directive (2008-2012).
In 2008 and 2009, Italcementi S.p.A. transacted forward EUA-CER swaps (forward EUA sale contracts and forward CER purchase contracts) for the period 2009-2013, to diversify and optimize its CO_2 emission rights portfolio; in 2009, in view of the surplus accumulated in 2008 and the new macroeconomic and industry scenario, Italcementi S.p.A. sold EUAs on the spot market for approximately 20 million euro.

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.
New derivative instruments recognized in equity totaled -2.7 million euro at December 31, 2009 (-5.9 million euro at December 31, 2008). The eliminated portion of the reserve relating to instruments that expired in 2009 amounted to +11.5 million euro at December 31, 2009, compared with -4.8 million euro at December 31, 2008. The changes in equity relating to derivatives contracted in 2008 and still in portfolio at December 31, 2009, amounted to -45.7 million euro (-2.6 million euro at December 31, 2008).

The non-effective component of cash flow hedges in portfolio at December 31, 2009, recognized in profit and loss totaled +0.4 million euro for 2009 (immaterial in 2008).

With reference to fair value hedges in portfolio at December 31, 2009, the amount taken to profit and loss totaled -26.1 million euro for 2009 (+15.2 million euro for 2008). Recognized amounts attributable to underlying risk hedged during the year totaled +26.1 million euro at December 31, 2009 (-14.6 million euro at December 31, 2008). These amounts are taken to profit and loss as gains and losses on interest- and foreign-exchange derivatives.

Packaging and insulation sector

Risk management policy

In order to adopt a uniform financial risk management policy for the group, on July 31, 2008, the Sirap Gema S.p.A. Board of Directors approved a policy to be implemented by all the companies it controls directly and indirectly, in the food packaging and thermal insulation sector.

Objectives

The objective of the policy is to reduce the financial risks to which the group is exposed in its operations, by indicating application procedures, tools and limits.
Since the 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 sector are intended solely to provide the sector 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 sector is exposed to credit risk on sales of products and services on its core markets.

Its policy sets out criteria for establishing customer credit worthiness, 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	91-120 days	more than 120 days	Total
Sirap Gema	3.3	1.3	0.4	0.2	0.2	5.4
Sirap Gema Insulation Systems	1.0	0.6	0.5	0.3	0.1	2.5
Sirap Gema France	0.3			0.1		0.4
Total	**4.6**	**1.9**	**0.9**	**0.6**	**0.3**	**8.3**

Total non-overdue trade receivables stood at 68.3 million euro.

Since group trade receivables refer in the main to leading Italian and international mass merchandisers and to food and building material distributors, non-overdue receivables are not analyzed by debtor ratings; the probability of material solvency risks may be reasonably excluded. Individual cases have been systematically reviewed and a bad debt provision 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.

The provision for bad debts at December 31, 2009, was as follows:

(in millions of euro)	Opening balance	Additions	Uses	Closing balance
Sirap Gema	1.2	1.5	(0.7)	2.0
Sirap Gema Insulation Systems	0.9	0.4	(0.3)	1.0
Sirap Gema France	0.1			0.1
Inline group	0.2		(0.1)	0.1
Petruzalek group	0.9	0.5		1.4
Total	**3.3**	**2.4**	**(1.1)**	**4.6**

With regard to coverage of the credit risk of the main companies in the food packaging sector (Sirap-Gema S.p.A., Sirap Gema France S.A.S. and Inline Poland S.p. z o.o.), the excess of loss policy stipulated in July 2007 was rescinded on June 30, 2009. The sector is considering the possible stipulation of a new credit cover, although an initial analysis indicates that, due to unfavorable market conditions, the costs are very high.
Sirap Gema France SAS has a Coface insurance cover.

Liquidity risk

The sector is exposed to a liquidity risk (the risk of being unable to settle financial liabilities) on its debt position.

Its policy provides criteria for definition of financing amounts, terms and conditions, in relation to business conditions and financial market conditions.

Medium/long-term financing by maturity at December 31, 2009, is set out below:

(in millions of euro)	December 31, 2009	December 31, 2008	Change
2009		7.3	(7.3)
2010		13.4	(13.4)
2011	17.5	14.6	2.9
2012	12.5	10.2	2.3
2013	11.7	9.9	1.8
2014	8.5	7.3	1.2
2015	7.6	7.1	0.5
2016	8.0	7.6	0.4
Beyond	0.9		0.9
Total	**66.7**	**77.4**	**(10.7)**

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 sector's policy sets out criteria and procedures to mitigate/neutralize the interest-rate risk, that is, to minimize the difference between payable and receivable rates in relation to its operating needs, taking into account that since the sector is structurally in debt, the presence of liquidity may only be temporary.

The Sirap Gema S.p.A. balance sheet carries a loan with covenants arranged with Société de Participations Financières Italmobiliare S.A. and Soparfinter S.A., for a total amount of 56 million euro. The loan was arranged on April 12, 2007, and has maturity of 9 years and 6 months, including a 2-year pre-amortization period.
Consequently the outstanding principal to be repaid at December 31, 2009, amounted to 49 million euro.

The floating-interest rate is 6-month Euribor + spread, varying in relation to the covenants, as follows:
a) debt/equity
b) debt/EBITDA
c) working capital/turnover
d) equity value
Compliance with the covenants is checked every 12 months and the spread is adjusted as necessary (based on the consolidated financial statements at December 31 for the previous 12 months), with the adjustment applied to the following 12 months.

The adjustment to the Euribor rate and the spread arising from the covenants is expected to increase by an estimated 43 bp for 2010.

Foreign-exchange risk

The sector is exposed to foreign-exchange risk, especially with regard to the East European currencies.
In 2009 these currencies depreciated against the euro, although the loss in value was less severe than in 2008.
The sector 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 sector is mainly exposed to price fluctuations on polymer raw materials and energy, which increased in the second half of 2009.
The prices of these production factors and the related market indicators are monitored continually to mitigate risks and negative effects on sector results wherever possible.

Generally speaking, the 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 sector, exposure to equity risk on investments in operating companies is maintained and the sector policy does not envisage specific criteria to reduce risk.

Financial sector

Risk management policies

Introduction

The companies in the financial sector adopt management policies based on the guidelines set by the parent company Board of Directors and the "Investment and financial risk management policies" approved by the Italmobiliare Chairman-Chief Executive Officer.

Objectives

In the financial sector, management of financial risk is an opportunity to generate profits, albeit guided by a general principle of prudence.

Financial instruments

The sector policies define the types of financial instruments allowed, maximum amounts, counterparts, procedures and approval models.

Derivatives may be used as risk management instruments and as instruments to generate profit. Consequently, policy regulations are particularly restrictive with regard to types of instrument and approval levels.

The companies in the financial sector provide financial support for the operating companies in the other sectors as required, at market conditions.

Credit risk

Italmobiliare and the companies in the financial sector are exposed to credit risk with respect to issuers of financial instruments and counterparts on financial transactions.

Sector policies establish minimum rating levels for individual investments (where applicable), quantitative levels for each type of instrument and rating family, and the maximum limit available for individual counterparts.

They indicate management procedures for approving amounts in excess of such limits and for drafting management reports.

The financial sector 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 debentures, other financial assets and of counterparts with which the sector has contracted interest-rate swaps carried with a positive fair value.

(in millions of euro)	Fair Value	Average rating	Average outstanding life (in years) (*)
Trading debentures	291.1	A	3.67
Available-for-sale debentures	10.6	N.R.	39.30
Other financial assets	41.1	AA-	1.04
Interest-rate derivatives	(1.2)	AA	1.75

(*) based on first call
N.R. = non rated

Assuming a +100 bp parallel instantaneous shift in the credit curve, the overall change in the fair value of the financial instruments would be 10.9 million euro, of which 10.6 million euro impacting the income statement and 0.3 million euro impacting equity.

Other financial assets and derivatives are excluded from the sensitivity analysis since their fair value does not depend on the creditworthiness of the counterpart.

Liquidity risk

Risk management policy in the financial sector is designed to ensure, in relation to the “Financial Plan” approved at the budget meeting, a financial structure that guarantees adequate liquidity by minimizing opportunity cost and maintains a balance in terms of duration and composition of debt.

The Finance division draws up regular reports for top management analyzing the NFP trend of each company in the financial sector and of the sector as a whole.
The table below sets out debt by maturity compared with undrawn lines of credit and cash and cash equivalents.

	Maturity				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total financing	(9.0)	(223.8)	(25.0)	(4.1)	(261.9)
Cash and cash equivalents	121.9				121.9
Undrawn committed lines of credit	106.7	40.0			146.7

Short-term drawings on committed lines of credit are reclassified on expiry of the respective facility.

Total available lines of credit consist of committed lines for 146.7 million euro and non-committed lines for 282.0 million euro.

Some long-term debt is secured, under various contractual agreements, by 81 million Unicredit shares and by 1.7 million UBI shares for a total of 258.8 million euro, of which 233.8 million euro subject to mechanisms that adjust the loan amount to the value of the underlying shares.

A 25 million euro loan contains a covenant based on the equity/debt ratio, which currently presents no risk of non-compliance.

Market risks

Interest-rate risk

Fluctuations in interest rates affect the fair value of the sector's financial assets and liabilities and the level of net finance costs. Sector policies are designed to minimize interest-rate risk as the sector works to achieve the financial objectives approved in the "Financial Plan" supporting the year's budget.

Use of derivatives is allowed, subject to policy guidelines.

Compatibly with the objectives of the "Financial Plan", the Finance division manages positions at risk, including structural transactions, to keep the risk profile within the approved limits.

It draws up regular reports for top management setting out the average cost of liabilities and asset yields.

The table below illustrates the composition of NFP in the financial sector at December 31, 2009, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of NFP.

(in millions of euro)	
At December 31, 2009	
Fixed-rate financial liabilities	
Fixed-rate financial assets	70.8
Fixed-rate NFP at inception	**70.8**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	(50.0)
Fixed-rate NFP after hedging	**20.8**
Floating-rate financial liabilities	(264.7)
Floating-rate financial assets	282.9
Floating-rate NFP at inception	**18.2**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	50.0
Floating-rate NFP after hedging	**68.2**
Assets not exposed to interest-rate risk	170.8
Liabilities not exposed to interest-rate risk	(4.8)
Total NFP	**255.0**

Floating-rate assets include cash and cash equivalents, amounts due from Group companies and floating-rate debentures; fixed-rate liabilities include loans due to third parties and Group companies.

A sensitivity analysis was performed to determine the change in the fair value of financial instruments caused by an instantaneous shift of 100 bp in forward interest rates (assuming a parallel shift in the curve). Modified duration was used to measure sensitivity.

The sensitivity analysis found that an instantaneous 100 bp parallel upward shift in the rate curve would produce a positive change of -0.60 million euro in fair value, of which -0.87 million euro in profit and loss and +0.27 million euro on the balance sheet.

Symmetrical results would be generated by an instantaneous parallel downward shift in the rate curve, since the financial sector does not employ non-linear instruments like options or collars.
No impact was calculated for balance sheet liabilities, since such liabilities are recognized at nominal value.

Foreign-exchange risk

Sector policies require investments to be made essentially in euro, although they allow for the possibility of a very limited currency risk.

Foreign-exchange derivatives are normally used to hedge currency risk by transforming it from a foreign currency risk to a euro risk. Foreign-exchange derivatives may be used for speculative purposes within very restricted limits.

The exposure of the financial sector to this risk is extremely limited.

Other price risk

The price risk is the potential loss on listed equities carried at fair value, in the event of a downturn in share prices; this risk is particularly significant for Italmobiliare and the companies in the financial sector.

Since Italmobiliare is a holding company with the same characteristics as the other companies in the financial sector, exposure to the equity risk is inherent to its core business; generally speaking, therefore, the risk is maintained and no specific action is taken to reduce risk. In some cases, and for limited amounts, sector policies set out procedures and approvals for the use of derivatives to reduce risk or to open a risk position in relation to market expectations.

At December 31, 2009, assets exposed to price risk amounted to 402.2 million euro, of which 375.1 million euro designated “available-for-sale” and the remaining 27.1 million euro “held for trading”.
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 20.2 million euro, of which 17.6 million euro on the balance sheet and 2.6 million euro directly in profit and loss.

(in millions of euro)	Fair Value	Share price delta	Impact on income	Impact on equity
Trading equities	27.1	-5%	(1.4)	
Available-for-sale equities	375.1	-5%	(1.2)	(17.6)

Banking sector

The banking sector 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.
Revenues from these activities account for more than two thirds of Finter group total revenues.

Trading transactions

Finter Bank Zürich is active in securities and currency trading. Transactions are conducted within clearly defined limits, as is trading of financial derivatives for clients and for the group itself.

Other activities

For liquidity purposes, the bank holds a portfolio of fixed-rate securities with high ratings.

Financial risk management

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

The Risk Management Committee enforces compliance with regulations and monitors all key risks. The Risk Manager (the committee chairman) is responsible for active monitoring and for recommending measures for management approval.

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

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

Credit risk

Credit policy covers all commitments that could generate losses in the event of default by counterparts.
Counterpart risk is managed through risk diversification, a system of limits, qualitative requisites and coverage margins.

The credit directives issued by the authorities regulate the loan provision process, which assesses solvency and creditworthiness on the basis of the customary criteria applied by banks. Most loan transactions are conducted as part of asset management activities.

Liquidity risk

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

Market risks

Interest-rate risk

Interest-rate risk is monitored at central level by the bank's Asset and Liability Management committee (ALM) and controlled by the Treasurer. Risk management focuses on interest-rate volatility. GAP analyses are conducted to quantify and manage risk within the authorized limits. Computation of present value of all interest-rate transactions provides input for sensitivity analyses.

Interest-rate equilibrium management is not a primary strategy for a bank active in private banking.
The change in the present value of assets as a result of a +/- 100 bp shift in the interest curve and the impact on profit of a +/- 100 bp shift in the interest curve for a duration up to 1 year are used as the internal risk criteria. A 5% limit has been set on the change in the fair value of assets.

The table below illustrates the effect on assets of a +/- 100 bp parallel shift in the interest curve at the end of 2009:

(in millions of euro)	Present value of assets	+ 100 bp	- 100 bp
Swiss francs	77.8	(0.7)	0.7
Euro	1.6	0.4	(0.4)
US dollars	0.8	0.3	
Other currencies	0.1	0.8	(0.4)
Total	**80.3**	**0.8**	**(0.1)**

The total impact on profit would be 1.6 million euro.
Compared with the present value of assets, this effect is immaterial (1.95%).

Other price risks

The sector limits other price risks, primarily exposure on securities and precious metals, through a volume and loss control system. Trading positions are monitored daily.

Dealings with related parties

Dealings with related parties in 2009 were not significant. They are detailed in the table below:

(in thousands of euro)	Revenues (expense)	Trade receivables (payables)	Finance receivables (payables)	Finance income (costs)	Other operating income (expense)
Italmobiliare Group					
Subsidiaries and associates not consolidated line-by-line	30,823	5,008	13,935	298	669
	(26,226)	(2,017)	(568)	(9)	(1,564)
Calcestruzzi group companies	129,415	39,443	201,724	2,768	237
	(76)	(45)	(5,369)	(65)	(17)
Other related parties	175	107			63
	(1,162)	(103)			(600)
Total	**160,413**	**44,558**	**215,659**	**3,066**	**969**
	(27,464)	**(2,165)**	**(5,937)**	**(74)**	**(2,181)**
% impact on book items	3.0%	4.6%	10.8%	8.9%	0.6%
	0.7%	0.4%	0.1%	0.1%	1.3%

The comparatives for 2008 are set out below:

(in thousands of euro)	Revenues (expense)	Trade receivables (payables)	Finance receivables (payables)	Finance income (costs)	Other operating income (expense)
Italmobiliare Group					
Subsidiaries and associates not consolidated line-by-line	48,281	11,486	7,210	258	2,304
	(35,909)	(2,925)	(776)	(45)	(73)
Calcestruzzi group companies	159,420	46,691	179,584	6,923	264
	(49)	(2)	(4,192)	(189)	(13)
Other related parties	176	138			69
	(1,341)	(6,109)			(1,201)
Total	**207,877**	**58,315**	**186,794**	**7,181**	**2,637**
	(37,299)	**(9,036)**	**(4,968)**	**(234)**	**(1,287)**
% impact on book items	3.4%	5.0%	11.1%	6.8%	0.7%
	0.8%	1.2%	0.1%	0.1%	0.3%

Business and financial dealings with the Calcestruzzi group are treated as dealings with related parties.

Revenues from and purchases of goods and services in respect of subsidiaries and associates consisted mainly of transactions with the companies consolidated on a proportionate basis, notably Société des Carrières du Tournaisis, Medcem S.r.l., Les Calcaires Girondins S.a.s. and Atlantica de Graneles, and with companies valued at equity, including the Ciments Quebec Inc. group, Vassiliko Cement Ltd. and Cementi della Lucania S.p.A.

At December 31, 2009, other operating expense relating to "Other related parties" of 600 thousand euro (1,201 thousand euro at December 31, 2008) referred to payments made to the Fondazione Italcementi Cav. Lav. Carlo Pesenti.

Compensation paid to directors

The table below sets out compensation paid during the financial year to the directors and the chief operating officer of Italmobiliare S.p.A. for positions held in the Group:

(in thousands of euro)	2009	2008
Short-term benefits: compensation and remuneration	7,512	7,122
Post-employment benefits: provision for leaving and end-of-term entitlements	1,776	1,772
Other long-term benefits: length-of-service bonuses and incentives	113	79
Share-based payments (stock options)	4,972	5,632
Total	**14,373**	**14,605**

Joint ventures

The Group's most significant joint ventures in 2009 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 portion of assets, liabilities, revenues and expenses relating to joint ventures reflected in the Group consolidated financial statements:

(in millions of euro)	December 31, 2009	December 31, 2008
Current assets	31.7	33.2
Non-current assets	83.0	79.1
Total assets	**114.7**	**112.3**
Current liabilities	24.4	32.7
Non-current liabilities	24.7	17.2
Total liabilities	**49.1**	**49.9**

	2009	2008
Revenues	41.4	57.0
Expense	(38.7)	(40.9)
Profit before tax	**2.7**	**16.1**

Non-recurring transactions

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

	2009					
(in thousands of euro)	Shareholders' equity		Net profit for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	**5,767,124**		**284,311**		**(2,200,819)**	
Net capital gains on sale of fixed assets	26,109	0.45%	26,109	9.18%	43,390	1.97%
Non-recurring employee expenses for re-organizations	(33,987)	0.59%	(33,987)	11.95%		
Other non-recurring income/(expense)	(5,584)	0.10%	(5,584)	1.96%		
Tax on non-recurring transactions	2,159	0.04%	2,159	0.76%		
Non-recurring taxes						
Total	**(11,303)**	**0.20%**	**(11,303)**	**3.98%**	**43,390**	**1.97%**
Figurative value without non-recurring transactions	**5,778,427**		**295,614**		**(2,244,209)**	

	2008					
(in thousands of euro)	Shareholders' equity		Net profit for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	**5,488,234**		**116,196**		**(2,571,883)**	
Net capital gains on sale of fixed assets	24,618	0.45%	24,618	21.19%	46,955	1.83%
Non-recurring employee expenses for re-organizations	(27,537)	0.50%	(27,537)	23.70%		
Other non-recurring income/(expense)	(7,029)	0.13%	(7,029)	6.05%	(2,312)	0.09%
Tax on non-recurring transactions	187	0.00%	187	0.16%		
Non-recurring taxes						
Total	**(9,761)**	**0.18%**	**(9,761)**	**8.40%**	**44,643**	**1.74%**
Figurative value without non-recurring transactions	**5,497,995**		**125,957**		**(2,616,526)**	

Considerations to the Independent Auditors

The table below sets out details of the considerations paid in financial year 2009 by the Italmobiliare Group to the Independent Auditors Reconta Ernst & Young S.p.A. (RE&Y) and to the foreign companies of the same group, pursuant to CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, paragraph 1:

(in thousands of euro)	Reconta Ernst & Young	Other companies in the RE&Y group
Auditing services	1,312	3,026
Other services with issue of attestation	14	111
Other juridical, fiscal, social services	86	545
Total	**1,412**	**3,682**

Cash flow statement

B) Cash flow from investing activities

The table below itemizes the main equity investments made by the Group in 2009:

(in millions of euro)	2009	2008
Gulf Ready Mix - Kuwait	7.0	
Ciments Français (including treasury shares for 6.4 million euro in 2009) - France	6.4	81.6
Yuzhno Kyrgyzskij Cement - Kyrgyzstan	5.0	
Al Badia - Syria	4.3	8.4
Masoni - France	3.3	
Beton Ata - Kazakhstan	2.0	
Sacbo - Italy	1.7	
Sable Wilson - Canada	1.6	
Mittel - Italy	0.4	
Gesvim - Italy	0.3	
Cementi Romagna - Italy		55.0
Bares Elektrik - Turkey		34.3
Crider & Shockey - USA		28.1
Banca Hugo Khan		25.8
BravoSolution USA and Verticalnet - USA		10.5
Kuwait German Ready Mix - Kuwait		5.7
RCS - Italy		5.6
Aquitaine de transformation - France		4.0
Al Mahaliya - Kuwait		3.4
Goltas Cimento - Turkey		2.2
Universal Imballaggi - Italy		0.8
Others - Egypt		0.5
Others	2.9	4.3
Total	**34.9**	**270.2**

Equity investments are shown net of the cash and cash equivalents of the companies acquired and the change in payables for equity investment acquisitions.

Post balance-sheet events

No significant events have taken place since closure of the financial year that require amendments to or additional comments on the Group's business, financial and equity situation at December 31, 2009.

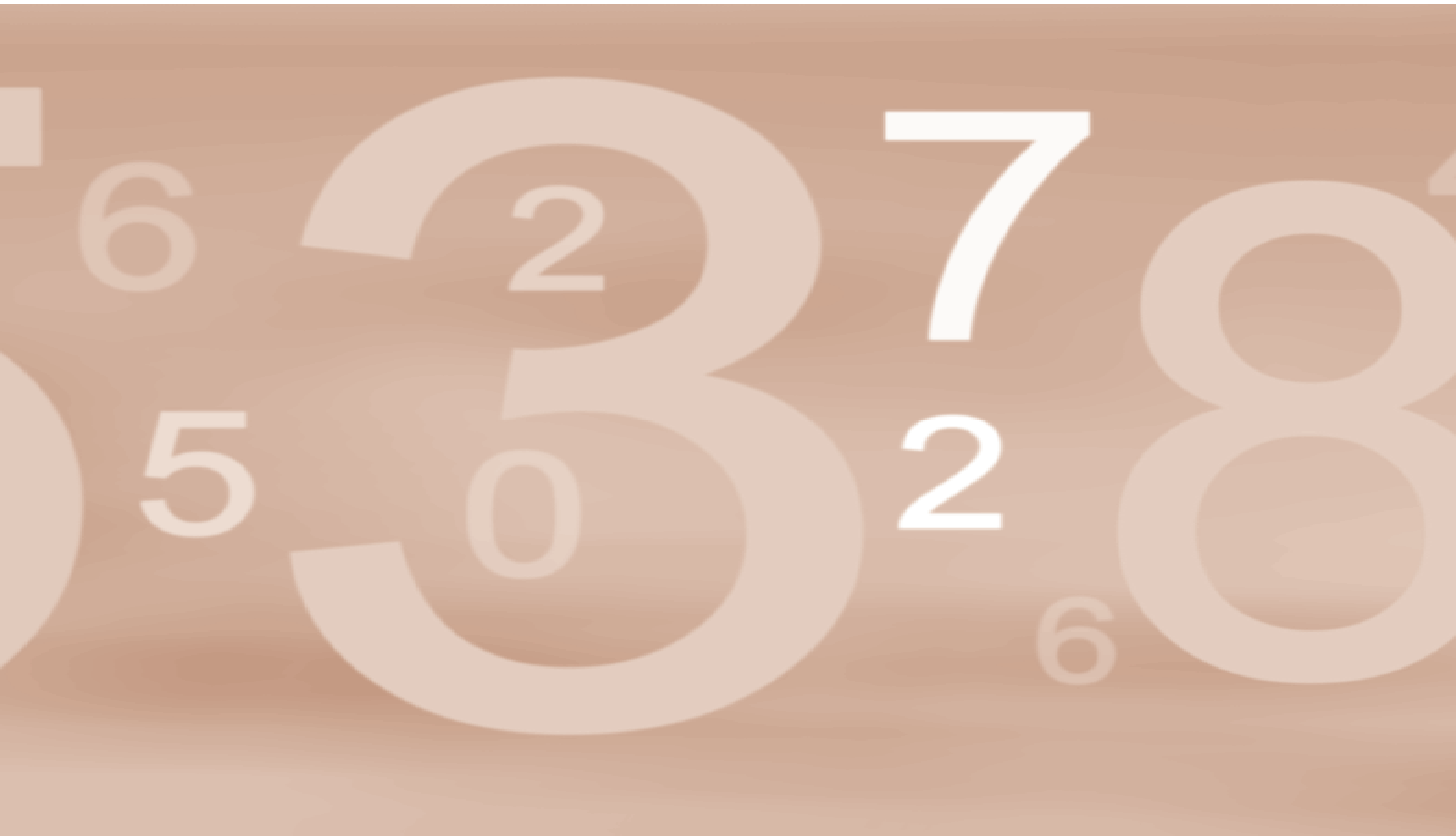
At a meeting on March 5, 2010, the Italcementi S.p.A. Board of Directors approved a Euro Medium Term Note (EMTN) issuance program for non-convertible debentures intended for Italian and international qualified investors, up to a maximum amount of 2 billion euro. The program will be a tool to continue extending the Group's debt maturities and diversify its sources of funds.
Under the program, on March 16, 2010, placement closed of a fixed-rate ten-year debenture for a face value of 750 million euro among qualified investors.
The debenture issued by the French subsidiary Italcementi Finance S.A. and guaranteed by Italcementi S.p.A. (Baa2 rating from Moody's and BBB- rating from Standard and Poor's) was five times oversubscribed, with requests totaling more than 4 billion euro.
The debentures, reserved for qualified investors, with a minimum amount of 50,000 euro, pay a fixed annual coupon of 5.375%. The issue price is 99.223. The actual gross yield rate at maturity is 5.478%, corresponding to a yield of 215 basis points above the reference rate (midswap at 10 years).
The subscription settlement date for the debenture, which will trade on the Luxembourg Stock Exchange, was March 19, 2010; the maturity date is March 19, 2020.

In connection with the program, Ciments Français has reached an agreement on a clarifying amendment to the regulation for the 2002 and 2006 US private placement notes for an aggregate face value of 500 million US dollars, to expressly permit Ciments Français to borrow funds from Italcementi. Ciments Français also announced an offer to holders of the notes in question to repurchase any and all outstanding notes at a price of 1,065 US dollars per 1,000 dollars face value. The offer period will expire on March 24, 2010, and may be extended for a further ten business days if certain conditions are met.

Milan, March 24, 2010

for the Board of Directors
the Chairman

Annex



Annex

The following table has been prepared in accordance with CONSOB Resolution no. 11971, art. 126, of May 14, 1999, which requires listed companies to disclose their investments in unlisted companies when such investments exceed 10% of those companies' voting capital.
For the purpose of a full description of the consolidated companies, the table also sets out equity investments held in listed companies when investments exceed 10% of those companies' voting capital.
The table also indicates the consolidation method and shows investments valued with the equity method.

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Parent company **Italmobiliare S.p.A.**	Milan	IT	EUR	100,166,937.00					
Amprica Immobiliare S.r.l.	Verolanuova	IT	EUR	10,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Burgo Group S.p.A.	Altavilla Vicentina	IT	EUR	205,443,391.40	-	11.68	11.68	Société de Participation Financière Italmobiliare SA	Cost/Fair Value
CJSC INLINE-R	Moscow	RU	RUB	30,230,640.00		72.22	72.22	Inline Poland Sp. z.o.o.	Line-by-line
Compagnia Fiduciaria Nazionale S.p.A.	Milan	IT	EUR	312,000.00	16.67	-	16.67	Italmobiliare S.p.A.	Cost/Fair Value
Crédit Mobilier de Monaco S.A.	Montecarlo	MC	EUR	5,355,000.00	-	99.91	99.91	Société de Participation Financière Italmobiliare SA	Line-by-line
Enhanced Frontier Limited	Nassau	BS	EUR	100.00	-	100.00	100.00	Finter Bank Zurich S.A.	Cost
Fin.Priv. S.r.l.	Milan	IT	EUR	20,000.00	14.28	-	14.28	Italmobiliare S.p.A.	Cost/Fair Value
Fincomind SA	Lugano	CH	CHF	10,010,000.00	69.93	30.07	69.93	Italmobiliare S.p.A.	Line-by-line
							30.07	Société de Participation Financière Italmobiliare SA	
Finconsult AG	Zurich	CH	CHF	500,000.00	-	100.00	100.00	Finter Bank Zurich A.G.	Line-by-line
Finter Bank & Trust (Bahamas) Ltd.	Nassau	BS	USD	5,000,000.00	-	100.00	100.00	Finter Bank Zurich A.G.	Line-by-line
Finter Bank Zurich A.G.	Zurigo	CH	CHF	45,000,000.00	-	100.00	100.00	Fincomind SA	Line-by-line
Finter Fund Management Company S.A.	Luxembourg	LU	CHF	250,000.00	-	100.00	100.00	Finter Bank Zurich A.G.	Line-by-line
Finanzgesellschaft Hugo Kahn & Co AG	Zurich	CH	CHF	10,000,000.00	-	100.00	100.00	Finter Bank Zurich A.G.	Line-by-line
FinterLife Lebensversicherungs-Aktiengesellschaft S.A.	Vaduz	LI	CHF	7,000,000.00	-	90.00	90.00	Finter Bank Zurich A.G.	Line-by-line
Franco Tosi S.r.l.	Milan	IT	EUR	50,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
GESVIM S.r.l.	Milan	IT	EUR	Delib. 1.200.000 Sott. e versato: 10.000	-	100.00	100.00	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Cost
GIST S.r.l. Gamma Iniziative Sportive Turistiche	Milan	IT	EUR	389,200.00	-	50.00	50.00	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Proportionate
ICS Petruzalek Srl	Chisinau	MD	MDL	81,518.50	-	100.00	100.00	Petruzalek Com S.r.l. (Romania)	Line-by-line
Immobiliare Golf Punta Ala S.p.A.	Punta Ala (GR)	IT	EUR	5,164,000.00	-	31.50	31.50	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Equity
Immobiliare Lido di Classe S.p.A. winding up	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
Italmobiliare International Finance Ltd.	Dublin	IE	EUR	1,336,400.00	97.27	2.73	97.27	Italmobiliare S.p.A.	Line-by-line
							1.17	Société de Participation Financière Italmobiliare SA	
							0.78	Soparfinter S.A.	
							0.78	SG Finance S.A.	
Italmobiliare Servizi S.r.l.	Milano	IT	EUR	260,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Mittel S.p.A.	Milano	IT	EUR	70,504,505.00	12.26	-	12.26	Italmobiliare S.p.A.	Equity

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Petruzalek Ltd (Turkey)	Istanbul	TR	TRY	40,000.00	-	100.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
							10.00	Petruzalek Com S.r.l. (Romania)	
Petruzalek e.o.o.d. (Bulgaria)	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek Com S.r.l. (Romania)	Ilof Chiajna	RO	RON	2,600.00	-	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	RSD	878,427.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Slovenia)	Maribor	SI	EUR	9,959.08	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek Gesellschaft mbH (Austria)	Tattendorf	AT	EUR	1,000,000.00	-	99.00	99.00	Sirap Gema S.p.A.	Line-by-line
Petruzalek Kft (Hungary)	Budapest	HU	HUF	300,000,000.00	-	100.00	75.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
							25.00	Petruzalek spol. S.r.o. (Rep. Ceca)	
Petruzalek o.o.o. (Ukraine)	Odessa	UA	UAH	214,831.00	-	90.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.l. (Bosnia)	Sarajevo	BA	BAM	10,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Slovakia)	Bratislava	SK	EUR	15,269.20	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Czech Republic)	Breclav	CZ	CZK	2,300,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	IT	EUR	1,300,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
RCS MediaGroup S.p.A. [1]	Milan	IT	EUR	762,019,050.00	-	7.74	5.13	Franco Tosi S.r.l.	Equity
							2.33	Italcementi S.p.A.	Equity
							0.28	Société de Participation Financière Italmobiliare SA	Fair value
SANCE S.r.l.	Milan	IT	EUR	139,725.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
SG Finance SA	Luxembourg	LU	EUR	7,797,220.00	-	100.00	0.03	Franco Tosi S.r.l.	Line-by-line
							99.97	Société de Participation Financière Italmobiliare SA	
Sirap Gema France SAS	Noves	FR	EUR	3,520,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap-Gema Iberica S.L.	Barcelona	ES	EUR	300,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Gema Insulation Systems S.r.l.	Verolanuova (BS)	IT	EUR	2,715,000.00	-	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
Soc. Editrice Siciliana S.E.S. S.p.A	Messina	IT	EUR	5,112,900.00	33.00	-	33.00	Italmobiliare S.p.A.	Equity
Société d'Etudes de Participations et de Courtages S.A.	Montecarlo	MC	EUR	1,290,000.00	-	99.84	99.84	Société de Participation Financière Italmobiliare SA	Line-by-line
Société de Participation Financière Italmobiliare S.A.	Luxembourg	LU	EUR	103,118,928.00	99.94	0.06	99.94	Italmobiliare S.p.A.	Line-by-line
							0.06	Franco Tosi S.r.l.	
Soparfinter S.A.	Luxembourg	LU	EUR	3,111,600.00	-	100.00	97.85	Fincomind SA	Line-by-line
							2.15	Société de Participation Financière Italmobiliare S.A.	
Terfin S.A. winding up	Paris	FR	EUR	440,400.00	-	100.00	98.40	Soparfinter S.A.	Line-by-line
							1.60	Fincomind SA	
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	38.84	1.38	38.84	Italmobiliare S.p.A.	Line-by-line
							1.38	Italcementi S.p.A.	
								voting rights:	
							60.26	Italmobiliare S.p.A.	
Aliserio S.r.l.	Bergamo	IT	EUR	2,270,000.00	10.00	90.00	10.00	Italmobiliare S.p.A.	Line-by-line
							90.00	Italcementi S.p.A.	
Axim Italia S.r.l.	Sorisole (BG)	IT	EUR	2,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	SICIL.FIN. S.r.l.	
Azienda Agricola Lodoletta S.r.l.	Bergamo	IT	EUR	10,400.00	-	75.00	75.00	Italcementi S.p.A.	
B2e Markets B.V.	Eindhoven	NL	EUR	20,000.00	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
B2e Markets France S.A.R.L.	Paris	FR	EUR	20,000.00	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
Bares Elektrik Uretimi A.S.	Istanbul	TR	TRY	33,000,000.00	-	99.99	99.99	Italgen Elektrik Uretim Anonim Sirketi	Line-by-line
Betongenova S.r.l. - winding up	Genoa	IT	EUR	10,400.00	-	36.12	22.68	Calcestruzzi S.p.A.	
							13.44	Cemencal S.p.A.	
BravoBus S.r.l.	Bergamo	IT	EUR	600,000.00	-	51.00	51.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Benelux B.V.	Almere	NL	EUR	250,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution 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 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	29,302,379.00	8.15	83.01	8.15	Italmobiliare S.p.A.	Line-by-line
							83.01	Italcementi S.p.A.	
BravoSolution UK Ltd	London	UK	GBP	50,000.00	-	100.00	100.00	BravoSolution S.p.A.	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.	
CTG USA LLC	Nazareth	US	-	-	-	100.00	90.00	C.T.G. S.p.A.	Line-by-line
							10.00	Essroc Cement Corp.	
Calcementi Jonici S.r.l.	Siderno (RC)	IT	EUR	9,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	SICIL.FIN. S.r.l.	
Calcestruzzi S.p.A.	Bergamo	IT	EUR	89,661,381.00	-	100.00	99.90	Italcementi S.p.A.	
							0.10	SICIL.FIN. S.r.l.	
Cava delle Capannelle S.r.l.	Bergamo	IT	EUR	31,200.00	-	49.00	49.00	Calcestruzzi S.p.A.	
Cemencal S.p.A.	Bergamo	IT	EUR	12,660,000.00	-	85.00	85.00	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
Cementi e Calci di S. Marinella S.r.l.	Bergamo	IT	EUR	10,000.00	-	66.67	66.67	Italcementi S.p.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Cementificio di Montalto S.p.A.	Bergamo	IT	EUR	10,000,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Digital Union Ltd	Guildford	UK	GBP	50,000.00	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
E.I.C.A. S.r.l.	Norcia (PG)	IT	EUR	31,392.00	-	100.00	100.00	Calcestruzzi S.p.A.	
E.S.A. Monviso S.p.A.	Bergamo	IT	EUR	1,340,000.00	-	100.00	59.00	Calcestruzzi S.p.A.	
							41.00	Cemencal S.p.A.	
Ecoinerti S.r.l.	Recanati (MC)	IT	EUR	91,800.00	-	50.00	50.00	Calcestruzzi S.p.A.	
Generalcave S.r.l.	Fiumicino (RM)	IT	EUR	31,200.00	-	50.00	50.00	Speedybeton S.p.A.	
Gruppo Italsfusi S.r.l.	Savignano s/P. (MO)	IT	EUR	156,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	SICIL.FIN. S.r.l.	
Holfipar	Puteaux	FR	EUR	40,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
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.	
IMES S.r.l.	S. Cipriano Pic. (SA)	IT	EUR	206,000.00	-	100.00	99.00	Italcementi S.p.A.	Equity
							1.00	SICIL.FIN S.r.l.	
Immobiliare Salesiane S.r.l.	Bergamo	IT	EUR	350,000.00	-	100.00	99.00	Italcementi S.p.A.	
							1.00	SICIL.FIN S.r.l.	
Ing. Sala S.p.A.	Sorisole (BG)	IT	EUR	5,858,722.00	-	100.00	99.90	Nuova Sacelit S.r.l.	Line-by-line
							0.10	SICIL.FIN S.r.l.	
International City for Ready Mix	Jeddah	SA	SAR	100,000,000.00	-	50.00	50.00	Italcementi S.p.A.	Proportionate
Intertrading S.r.l.	Bergamo	IT	EUR	4,160,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	SICIL.FIN. S.r.l.	
Italcementi Ingegneria S.r.l.	Bergamo	IT	EUR	266,220.00	-	100.00	100.00	Italcementi S.p.A.	
Italgen Elektrik Uretim Anonim Sirketi	Istanbul	TR	TRY	78,271,500.00	-	99.99	99.99	Italgen S.p.A.	Line-by-line
Italgen Maroc S.A.	Casablanca	MA	MAD	300,000.00	-	99.87	99.87	Italgen S.p.A.	Line-by-line
Italgen Misr for Energy SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	98.00	Italgen S.p.A.	Line-by-line
							1.00	Helwan Cement Co.	
							1.00	Suez Cement Company	
Italgen S.p.A.	Bergamo	IT	EUR	20,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	SICIL.FIN S.r.l.	
Italsigma S.r.l.	Bergamo	IT	EUR	1,500,000.00	-	50.00	50.00	Axim Italia S.r.l.	Proportionate
Italterminali S.r.l.	Bergamo	IT	EUR	10,000.00	-	100.00	99.50	Cementificio di Montalto S.p.A.	Line-by-line
							0.50	SICIL.FIN. S.r.l.	
ITC-Factor S.p.A.	Bergamo	IT	EUR	1,500,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	SICIL.FIN. S.r.l.	
Les Ciments de Zouarine S.A. - in liq.	Tunis	TN	TND	80,000.00	-	49.93	49.93	Italcementi S.p.A.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Mantovana Inerti S.r.l.	Castiglione delle Stiviere (MN)	IT	EUR	702,000.00	-	50.00	50.00	Calcestruzzi S.p.A.	
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	Cemencal S.p.A.	
S.A.F.R.A. S.r.l.	Bologna	IT	EUR	51,480.00	-	33.33	33.33	Calcestruzzi S.p.A.	
SAMA S.r.l.	Bergamo	IT	EUR	1,000,000.00	-	100.00	99.00	Italcementi S.p.A.	Line-by-line
							1.00	SICIL.FIN 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
SICIL.FIN. S.r.l.	Bergamo	IT	EUR	650,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Silicalcite S.r.l.	Bergamo	IT	EUR	4,000,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Silos Granari della Sicilia S.r.l.	Bergamo	IT	EUR	7,980,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	SICIL.FIN S.r.l.	
Silos Napoli S.r.l.	Bergamo	IT	EUR	10,000.00		100.00	100.00	Silos Granari della Sicilia S.r.l.	Line-by-line
Società del Gres S.p.A.	Sorisole (BG)	IT	EUR	2,000,000.00	-	100.00	100.00	Ing. Sala 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	SICIL.FIN S.r.l.	
Société Internationale Italcementi France S.a.s.	Paris	FR	EUR	1,686,650,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
SO.RI.TE. S.r.l.	Turin	IT	EUR	100,000.00	-	25.00	25.00	Calcestruzzi S.p.A.	
Speedybeton S.p.A.	Pomezia (RM)	IT	EUR	300,000.00	-	70.00	70.00	Calcestruzzi S.p.A.	
Vert Tech LLC	Wilmington	US	-	-	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
Verticalnet, Inc. d.b.a. BravoSolution US	Harrisburg	US	USD	1.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
Verticalnet Software, Inc.	Wilmington	US	-	-	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
Ciments Français S.A.	Puteaux	FR	EUR	145,322,308.00	-	82.26	81.87	Société Int. Italcementi France S.a.s.	Line-by-line
							0.39	Ciments Français S.A.	
					0.03			Italmobiliare S.p.A.	
								(voting rights:	
							90.08	Société Int. Italcementi France S.a.s.)	
					0.17			Italmobiliare S.p.A.	
3092-0631 Quebec Inc.	St. Basile	CA	CAD	6,250.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Afyon Cimento Sanayi Tas	Istanbul	TR	TRY	120,000.00	-	78.49	76.51	Ciments Français S.A.	Line-by-line
							1.02	Set Group Holding	
							0.96	Set Cimento	
Al Badia Cement JSC	Damasco	SY	SYP	12,200,000,000.00	-	12.00	12.00	Menaf	
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	1,800,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Altas Ambarlj Liman Tesisleri Tas	Istanbul	TR	TRY	500,000.00	-	12.25	12.25	Set Cimento	
Ammos Development Quarries Ltd	Mandra	GR	EUR	18,000.00	-	100.00	100.00	Halyps Building Materials S.A.	Line-by-line
Arrowhead Investment Company	Carson City	US	USD	1,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Asia Cement Energy Conservation Ltd	Bangkok	TH	THB	1,000,000.00	-	39.50	39.50	Asia Cement Public Co., Ltd (*)	Line-by-line
Asia Cement Products Co., Ltd	Bangkok	TH	THB	10,000,000.00	-	39.52	39.52	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	171,875,000.00	-	37.01	19.99	Ciments Français S.A.	Equity
							17.02	Procimar S.A.	
Atlantica de Graneles y Moliendas S.A.	Vizcaya	ES	EUR	5,000,000.00	-	50.00	50.00	Sociedad Financiera y Minera S.A.	Proportionate
Axim Building Technologies S.A.	Malaga	ES	EUR	60,500.00	-	100.00	99.00	Sociedad Financiera y Minera S.A.	Line-by-line
							1.00	Compania General de Canteras S.A.	
Axim Concrete Technologies (Canada) Inc.	Cambridge	CA	CAD	1,275,600.00	-	100.00	100.00	Axim Concrete Technologies Inc.	Line-by-line
Axim Concrete Technologies Inc.	Middlebranch	US	USD	1,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Axim for Industrials SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	90.00	Suez Cement Company	Line-by-line
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company	
Axim Maroc	Casablanca	MA	MAD	1,000,000.00	-	99.96	99.96	Ciments du Maroc	Line-by-line
Axim S.a.s.	Guerville	FR	EUR	495,625.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line
Betomar S.A.	Casablanca	MA	MAD	84,397,800.00	-	99.99	99.99	Ciments du Maroc S.A.	Line-by-line
Beton 51 SAE	La Chapelle Saint Luc	FR	EUR	400,000.00	-	100.00	100.00	Unibéton S.a.s.	
Beton.Ata LLP	Almaty	KZ	KZT	416,966,426.00	-	75.50	75.50	Shymkent Cement	Equity
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
Béton Masoni S.a.s.	La Chapelle Saint Luc	FR	EUR	425,755.00	-	100.00	100.00	Unibéton S.a.s.	Line-by-line
Bonafini S.a.s.	Argences	FR	EUR	45,392.00	-	100.00	96.79	Tratel S.a.s.	Line-by-line
							3.21	Larricq S.a.s.	
Cambridge Aggregates Inc.	Cambridge	CA	CAD	10.00	-	60.00	60.00	Essroc Canada Inc.	Line-by-line
Canteras Aldoyar S.L.	Olazagutia	ES	EUR	1,508,510.00	-	20.00	20.00	Hormigones y Minas S.A.	
Capitol Cement Corporation	Winchester	US	USD	1,000,000.00	-	100.00	100.00	Riverton Investment Corporation	Line-by-line
Carrières Bresse Bourgogne	Epervans	FR	EUR	387,189.00	-	66.48	66.48	Dragages et Carrières S.A.	Proportionate
Cementos Capa S.L.	Archidona	ES	EUR	1,260,000.00	-	63.00	63.00	Sociedad Financiera y Minera S.A.	Line-by-line
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
Chatelet S.a.s.	Cayeux s/M.	FR	EUR	118,680.00	-	99.98	99.98	GSM S.a.s.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Cie pour l'Investissement Financier en Inde	Puteaux	FR	EUR	7,350,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Cifrinter	Luxembourg	LU	EUR	8,928,500.00	-	99.99	50.99	Ciments Français S.A.	Line-by-line
							49.00	Ciments Français Europe N.V.	
Ciment du Littoral S.A.	Bassens	FR	EUR	37,000.00	-	99.99	99.99	Ste d'Investissement & & de Partecipations du Littoral	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.	
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	721,800,200.00	-	61.82	58.30	Cocimar	Line-by-line
							3.52	Procimar S.A.	
Ciments du Nord	Nouadhibou	MA	MRO	1,340,000,000.00	-	15.00	15.00	Ciments du Maroc	
Ciments Français Europe N.V.	Amsterdam	NL	EUR	482,174,580.00	-	100.00	67.99	Sodecim S.a.s.	Line-by-line
							32.01	Ciments Français S.A.	
Ciments Français Participations S.n.c.	Puteaux	FR	EUR	15,001,500.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
CIMFRA (China) Limited	Puteaux	FR	EUR	62,116,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Cocimar	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	37,000.00	-	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	39.74	Ciments Français S.A.	Line-by-line
							38.78	Ciments Français Europe N.V.	
							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.	Madrid	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	-	99.99	99.99	Universal for Ready Mix Production	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	Line-by-line
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company	
Devnya Bulk Services EAD	Devnya	BG	BGN	50,000.00	-	100.00	100.00	Devnya Cement AD	
Devnya Cement AD	Devnya	BG	BGN	1,028,557.00	-	99.97	99.97	Marvex Bulgaria E.o.o.d.	Line-by-line
Devnya Cement St	Devnya	BG	BGN	1,500,000.00	-	74.00	74.00	Devnya Cement AD	
Devnya Finance A.D.	Devnya	BG	BGN	5,000,000.00	-	50.00	50.00	Devnya Cement AD	Equity

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Divas Beheer B.V.	Amstelveeu	NL	EUR	18,768.92	-	100.00	100.00	Ciments Français Europe N.V.	Line-by-line
Dobrotitsa BSK A.D.	Dobrich	BG	EUR	88,954.00	-	26.40	26.40	Devnya Cement AD	
Dragages et Carrières S.A.	Epervans	FR	EUR	1,000,000.00	-	49.99	49.99	GSM S.a.s.	Proportionate
Dragages Transports & Travaux Maritimes S.A.	La Rochelle	FR	EUR	3,957,894.00	-	50.00	33.33	GSM S.a.s.	Proportionate
							16.67	Granulats Ouest - GO	
Dunkerque Ajouts Snc	Paris	FR	EUR	6,000.00	-	34.00	34.00	Ciments Calcia	
Ecocem Valorizacion de Residuos S.A.	Barcelona	ES	EUR	109,290.00	-	16.33	16.33	Sociedad Financiera y Minera 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	307,936,000.00	-	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
ET Béton S.A.	Aspropyrgos	GR	EUR	5,616,474.70	-	99.99	99.99	Halyps Building Materials S.A.	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	270,000,000.00	-	84.99	84.99	Halyps Building Materials S.A.	Line-by-line
Exportaciones de Cemento del Norte de Espana S.A.	Bilbao	ES	EUR	60,100.00	-	45.00	45.00	Sociedad Financiera y Minera S.A.	
Fraimbois Granulats S.A.R.L.	Moncel les Luneville	FR	EUR	75,000.00	-	50.00	50.00	GSM S.a.s.	
Gacem Company Limited	Serrekunda	GM	GMD	4,500,000.00	-	80.00	80.00	Tercim S.A.	Line-by-line
Gisamo	Guerville	FR	EUR	100.00	-	100.00	99.00	GSM S.a.s.	Line-by-line
							1.00	Granulats Ouest - GO	
Goltas Goller Bolgesi Cimento Sanayi ve Ticaret	Isparta	TR	TRY	20,000,000.00	-	35.02	35.02	Ciments Français S.A.	
Granulats de la Drôme S.a.s.	Saint Jean de Vedas	FR	EUR	1,011,600.00	-	51.01	51.01	GSM S.a.s.	Line-by-line
Granulats Ouest - GO	Saint Herblain	FR	EUR	784,657.44	-	100.00	100.00	GSM S.a.s.	Line-by-line
Graves de l'Estuaire de la Gironde L.G.E.G.	St. Jean de Blaignac	FR	-	-	-	50.00	50.00	GSM S.a.s.	Proportionate
Greyrock Inc.	Nazareth	US	USD	1,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Groupe Ciment Quebec Inc.	St. Basile	CA	CAD	57,000,000.00	-	50.00	50.00	Essroc Canada Inc.	Equity
GSM S.a.s.	Guerville	FR	EUR	18,675,840.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
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	

Company	Registered office		Share capital		Interest held by Group companies: Direct	Indirect	%		Method
Halyps Building Materials S.A.	Aspropyrgos	GR	EUR	42,718,428.06	-	99.90	59.88	Ciments Français S.A.	Line-by-line
							40.02	Sociedad Financiera y Minera S.A.	
								(voting rights:	
							59.92	Ciments Français S.A.	
							39.99	Sociedad Financiera y Minera S.A.)	
Helwan Cement Co.	Cairo	EG	EGP	1,176,967,750.00	-	99.29	98.69	Suez Cement Company	Line-by-line
							0.40	Divas Beheer B.V.	
							0.20	Menaf	
Hilal Cement Company	Safat	KW	KWD	3,300,000.00	-	51.00	51.00	Suez Cement Company	Line-by-line
Hormigones Olatzi S.A.	Olazagutia	FR	EUR	283,804.22	-	25.00	25.00	Hormigones y Minas S.A.	
Hormigones Txingudi S.A.	San Sebastian	FR	EUR	240,560.22	-	33.33	33.33	Hormigones y Minas S.A.	
Hormigones y Minas S.A.	Malaga	ES	EUR	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line
ICS Danube Cement S.r.l.	Chisinau	MD	MDL	556,000.00	-	100.00	100.00	Devnya Cement AD	Line-by-line
Immobilière des Technodes S.a.s.	Guerville	FR	EUR	8,024,400.00	-	100.00	59.97	Ciments Français S.A.	Line-by-line
							40.03	Ciments Calcia S.a.s.	
Industrie Sakia el Hamra “Indusaha” S.A.	Laayoune	MA	MAD	81,680,000.00	-	91.00	91.00	Ciments du Maroc	Line-by-line
Innocon Inc.	Richmond Hill	CA	CAD	91,518,301,000.20	-	100.00	100.00	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.	Line-by-line
							1.00	Menaf	
							1.00	Tercim S.A.	
Interbulk Trading S.A.	Lugano	CH	CHF	7,470,600.00	-	99.99	66.75	Cifrinter S.A.	Line-by-line
							15.00	Intertrading S.r.l.	
							18.24	Ciments Français Europe N.V.	
Intercom S.r.l.	Bergamo	IT	EUR	2,750,000.00	-	100.00	99.50	Interbulk Trading S.A.	Line-by-line
							0.50	SICIL.FIN S.r.l.	
Inversiones e Iniciativas en Aridos S.L.	Madrid	ES	EUR	3,010.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Investcim S.A.	Puteaux	FR	EUR	124,874,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Italcementi for Cement Manufacturing Libyian	Tripoli	LY	LYD	20,000,000.00	-	50.00	50.00	Al Manar Cement Holding	Proportionate
Italmed Cement Company Ltd	Limassol	CY	EUR	21,063,780.00	-	99.99	99.99	Halyps Building Materials S.A.	Line-by-line
Jalaprathan Cement Public Co, Ltd	Bangkok	TH	THB	1,200,000,000.00	-	58.96	12.42	Asia Cement Public Co., Ltd (*)	Line-by-line
							37.00	Ciments Français S.A.	
							9.54	Vesprapat Holding Co, Ltd (*)	
Jalaprathan Concrete Products Co, Ltd	Bangkok	TH	THB	280,000,000.00	-	58.95	58.95	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

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
JTC	Bangkok	TH	THB	10,400,000.00	-	58.95	58.95	Jalaprathan Concrete Products Co Ltd (*)	
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	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	Quimper	FR	EUR	134,400.00	-	96.93	94.92	Dragages Transports & Travaux Maritimes S.A.	Proportionate
							2.01	GSM S.a.s.	
Lyulyaka E.A.D.	Devnya	BG	BGN	759,372.00	-	100.00	100.00	Devnya Cement AD	Line-by-line
Maquinaria para Hormigones A.I.E.	Bilbao	ES	EUR	43,000,000.00	-	37.50	37.50	Sociedad Financiera y Minera S.A.	
Marvex Bulgaria E.o.o.d.	Devnya	BG	BGN	89,424,100.00	-	100.00	100.00	Sociedad Financiera y Minera S.A.	Line-by-line
Mauritanienne des Batiments et Routes S.A.	Nouakchott	MR	MRO	690,000,000.00	-	50.42	50.42	Mauritano-Française des Ciments	Line-by-line
Mauritano-Française des Ciments	Nouakchott	MR	MRO	1,111,310,000.00	-	51.11	51.11	Ciments Français S.A.	Line-by-line
Medcem S.r.l.	Naples	IT	EUR	5,500,000.00	-	50.00	50.00	Intercom S.r.l.	Proportionate
Menaf S.a.s.	Puteaux	FR	EUR	352,500,000.00	-	100.00	95.74	Ciments Français S.A.	Line-by-line
							4.26	Ciments Français Participations S.n.c.	
Met Teknik Servis ve Maden Sanayi Ticaret A.S.	Istanbul	TR	TRY	50,000.00	-	99.99	99.99	Set Group Holding	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	-	58.95	58.95	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	40,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Port St. Louis Aménagement S.n.c.	Guerville	FR	EUR	8,000.00	-	51.00	51.00	GSM S.a.s.	
Port St. Louis Remblaiement S.A.R.L.	Guerville	FR	EUR	7,622.50	-	51.00	51.00	GSM S.a.s.	
Procimar S.A.	Casablanca	MA	MAD	27,000,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Raingeard Carrières Bétons et Compagnie S.n.c.	Saint Herblain	FR	EUR	705,000.00	-	100.00	99.98	GSM S.a.s.	Line-by-line
							0.02	Granulats Ouest - GO	
Ready Mix Beton Production SAE	Cairo	EG	EGP	5,000,000.00	-	52.00	52.00	Suez Cement Company	Line-by-line
Riverton Corporation	Winchester	US	USD	859,310.00	-	100.00	100.00	Riverton Investment Corporation	Line-by-line
Riverton Investment Corporation	Winchester	US	USD	8,340.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
S.A. Dijon Béton	Dijon	FR	EUR	184,000.00	-	15.00	15.00	GSM S.a.s.	Equity
Saarlandische Zementgesellschaft MBH	Saarbrucken	DE	EUR	52,000.00	-	80.00	80.00	Cifrinter	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Sablimaris	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	
Sable Classifie et Equipement de Wilson L.tée	Alcove	CA	CAD	12,100.00	-	100.00	100.00	Essroc Canada Inc.	
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	-	99.99	99.99	Ciments Français S.A.	Line-by-line
SCI Batlongue	Arudy	FR	EUR	53,504.00	-	100.00	100.00	GSM S.a.s.	Line-by-line
SCI de Balloy	Avon	FR	EUR	20,310.00	-	100.00	99.95	GSM S.a.s.	Line-by-line
							0.05	Société Civile Immobilière Berault	
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	4,695.00	-	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.	
SCI du Domaine de Saint Louis	Guerville	FR	EUR	6,720.00	-	99.76	99.76	GSM S.a.s.	Line-by-line
SCI Lepeltier	S. Doulchard	FR	EUR	6,150.00	-	99.76	99.76	GSM S.a.s.	Line-by-line
SCI Taponnat	Cherves Richemont	FR	EUR	1,500.00	-	50.00	50.00	GSM S.a.s.	
SCI Triel Carrières	Guerville	FR	EUR	13,500.00	-	99.89	99.89	GSM S.a.s.	
Scori S.A.	Plaisir	FR	EUR	1,092,800.00	-	13.95	13.95	Ciments Calcia S.a.s.	
Set Beton Madencilik Sanayi ve Tas	Istanbul	TR	TRY	50,000.00	-	99.99	99.99	Set Group Holding	Line-by-line
Set Cimento S.A.	Istanbul	TR	TRY	31,693,324.00	-	99.81	96.81	Set Group Holding	Line-by-line
							3.00	Set Beton Madencilik Sanayi ve Tas	
Set Group Holding S.A.	Istanbul	TR	TRY	18,508,410.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Shaanxi Fuping Cement Co. Ltd	Shaanxi Province	CN	CNY	597,000,000.00	-	100.00	100.00	CIMFRA (China) Limited	Line-by-line
ShymkentCement	Shymkent	KZ	KZT	380,660,000.00	-	92.91	92.91	Ciments Français S.A.	Line-by-line
Sider Navi S.p.A.	Naples	IT	EUR	22,000,000.00	-	20.00	20.00	Medcem S.r.l.	Equity
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.	Madrid	ES	EUR	39,160,000.00	-	99.76	56.58	Sodecim S.a.s.	Line-by-line
							39.87	Ciments Français Europe N.V.	
							3.02	Hormigones y Minas S.A.	
							0.29	Sociedad Financiera y Minera S.A.	
								(voting rights:	
							58.52	Sodecim S.a.s.	
							41.24	Ciments Français Europe N.V.)	
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	Rheims	FR	EUR	3,000.00	-	90.00	50.00	Société Civile Bachant le Grand Bonval	
							40.00	GSM S.a.s.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Société Civile Immobilière Berault	Guerville	FR	EUR	3,840.00	-	99.95	99.95	GSM S.a.s.	Line-by-line
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	23.90	Ciments Français Europe N.V.	Proportionate
							18.79	Ciments Français S.A.	
							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	50,000.00	-	40.00	40.00	GSM S.a.s.	
Société Immobilière Marguerite VIII S.r.l.	Casablanca	MA	MAD	100,000.00	-	98.00	98.00	Ciments du Maroc	Line-by-line
Société Immobilière Marguerite X S.r.l.	Casablanca	MA	MAD	100,000.00	-	98.00	98.00	Ciments du Maroc	Line-by-line
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
Sodecim S.a.s.	Puteaux	FR	EUR	458,219,678.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Soficem S.n.c.	Puteaux	FR	EUR	1,000.00	-	100.00	99.00	Ciments Français S.A.	Line-by-line
							1.00	Compagnie Financière et de Partecipations S.A.	
Srt Rouennaise de Transformation	Grand Couronne	FR	EUR	7,500.00	-	60.00	60.00	Ciments Calcia S.a.s.	Line-by-line
Ste Aquitaine de Transformation S.a.s.	Saint Cloud	FR	EUR	10,000,000.00	-	40.00	40.00	Ciments Calcia S.a.s.	Equity
Ste d'Investissement & de Partecipations du Littoral	Guerville	FR	EUR	37,000.00	-	99.90	99.90	Ciments Calcia S.a.s.	Line-by-line
Ste Extraction & Amenagementde la Plaine de Marolles	Avon	FR	EUR	40,000.00	-	56.40	56.40	GSM S.a.s.	Proportionate
Stinkal S.a.s.	Ferques	FR	EUR	1,540,000.00	-	35.00	35.00	GSM S.a.s.	Equity
St. Basile Transport Inc.	St. Basile	CA	CAD	9,910.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Suez Bag Company	Cairo	EG	EGP	9,000,000.00	-	57.84	53.32	Suez Cement Company	Line-by-line
							4.52	Tourah Portland Cement Company	
Suez Bosphorus Cimento Sanayi Ticaret	Istanbul	TR	TRY	50,000.00	-	99.99	99.99	Suez Cement Company	Line-by-line
Suez Cement Company SAE	Cairo	EG	EGP	909,282,535.00	-	55.07	25.65	Menaf	Line-by-line
							12.36	Ciments Français S.A.	
							11.66	Ciments du Maroc	
							5.00	Tercim S.A.	
							0.40	Divas Beheer B.V.	
Suez for Import & Export Company Co SAE	Cairo	EG	EGP	3,750,000.00	-	100.00	40.00	Axim for Industrials SAE	Line-by-line
							40.00	Development for Industries Co. SAE	
							20.00	Suez for Transportation & Trade SAE	
Suez for Transportation & Trade SAE	Cairo	EG	EGP	10,000,000.00	-	100.00	55.00	Helwan Cement Co.	Line-by-line
							35.00	Suez Cement Company	
							10.00	Tourah Portland Cement Company	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Suez Lime SAE	Cairo	EG	EGP	7,390,000.00	-	50.00	49.00	Suez Cement Company	Proportionate
							1.00	Tourah Portland Cement Company	
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	-	99.99	99.99	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	Equity
Tercim S.A.	Puteaux	FR	EUR	55,539,000.00	-	100.00	99.99	Ciments Français S.A.	Line-by-line
							0.01	Sax S.a.s.	
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	Line-by-line
							5.81	Divas Beheer B.V.	
Trabel Affretement	Gaurain Ramecroix	BE	EUR	61,500.00	-	100.00	99.84	Tratel S.a.s.	Line-by-line
							0.16	Ciments Calcia S.a.s.	
Trabel Transports S.A.	Gaurain-Ramecroix	BE	EUR	750,000.00	-	100.00	89.97	Tratel S.a.s.	Line-by-line
							10.03	Compagnie des Ciments Belges S.A.	
Tragor S.a.s.	Pessac	FR	EUR	892,048.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Tratel S.a.s.	Guerville	FR	EUR	6,025,580.00	-	100.00	100.00	Ciments Calcia S.a.s.	Line-by-line
Unibéton Luxembourg S.A.	Luxembourg	LU	EUR	35,000.00	-	100.00	100.00	Unibéton S.a.s.	
Unibéton S.a.s.	Guerville	FR	EUR	27,159,732.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Unibéton Var S.a.s.	Lambesc	FR	EUR	40,000.00	-	100.00	100.00	Unibéton S.a.s.	Line-by-line
Universal for Ready Mix Production SAE	Cairo	EG	EGP	10,000,000.00	-	52.00	52.00	Suez Cement Company	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	39,000.00	-	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.	
Ventore S.L.	Malaga	ES	EUR	14,400.00	-	100.00	99.56	Sociedad Financiera y Minera S.A.	Line-by-line
							0.44	Hormigones y Minas S.A.	
Vesprapat Holding Co, Ltd	Bangkok	TH	THB	20,000,000.00	-	49.00	49.00	Sax S.a.s.	Line-by-line
Vulkan Cement	Dimitrovgrad	BG	BGN	452,967.00	-	98.35	70.00	Ciments Français S.A.	Line-by-line
							28.35	Devnya Cement A.D.	
Xinpro Limited	Puteaux	FR	EUR	37,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Yuzhno-Kyrgyzsky Cement	Batken Oblast	KG	KGS	528,317,200.00	-	11.00	11.00	Codesib	
Zuari Cement Ltd	Andra Pradesh	IN	INR	4,279,614,000.00	-	99.99	80.14	Ciments Français S.A.	Line-by-line
							19.85	Cie pour l'Investissement Financier en Inde	
								(voting rights:	
							99.99	Ciments Français S.A.)	

(*) Percentage interest held by the Ciments Français group

[1] The percentage interests shown include shares not taken to the voting trust.

ITALMOBILIARE

(Translation from the original Italian text)

Certification pursuant to art. 154-bis, subsection 5 TUF regarding the consolidated financial statements according to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1. The undersigned Giampiero Pesenti, Chief Executive Officer and Giorgio Moroni, Manager in Charge of preparing the company's financial reports of Italmobiliare S.p.A., also taking into consideration art. 154-*bis*, paragraphs 3 and 4, of the Legislative Decree February 24th, 1998, no. 58, do hereby certify:

    - the adequacy in relation to the company structure and
    - the actual application, of the administrative and accounting procedures adopted for the preparation of the **consolidated financial statements**, in the period from January 1st, 2009 to December 31st, 2009.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of consolidated financial statements as of December 31st, 2009 is based on a pattern identified by Italmobiliare according to the CoSO framework (illustrated in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both issued by the Committee of Sponsoring Organizations of the Treadway Commission representing a generally accepted international framework.

3. It is also certified that:

    3.1 the consolidated financial statements as of December 31st , 2009:

    a) were prepared in compliance with applicable international financial reporting standards recognised by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19th, 2002;
    b) correspond to the accounting books and entries;
    c) are suitable to provide a true and fair presentation of the financial conditions, results of operations and cash flow of Italmobiliare S.p.A. and the companies included in the consolidation area;

    3.2 the annual directors' report includes a reliable analysis of the business trend and the operational results of Italmobiliare S.p.A. and the companies included in the consolidation area, together with a description of the main risks and uncertainties to which they are exposed.

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in Charge

March 24th, 2010

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Independent auditors' report
pursuant to art. 156 of Legislative Decree n. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders
of Italmobiliare S.p.A.

1. We have audited the consolidated financial statements of Italmobiliare S.p.A. and its subsidiaries (the "Italmobiliare Group") as of and for the year ended December 31, 2009, comprising the balance sheet, the statement of income, the statement of movements in consolidated total shareholders' equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of the Italmobiliare S.p.A.' s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   The consolidated financial statements of the prior year are presented for comparative purposes. As reported in the explanatory notes, management has restated certain comparative data related to the prior year with respect to the data previously presented, on which we issued our auditor's report dated April 8, 2009. We have examined the methods adopted to restate the comparative financial data and the information presented in the explanatory notes in this respect, for the purpose of our opinion as of and for the year ended December 31, 2009.

3. In our opinion, the consolidated financial statements of the Italmobiliare Group as of and for the year ended December 31, 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Italmobiliare Group for the year then ended.

4. The management of Italmobiliare S.p.A. is responsible for the preparation of the Directors' Report on Group Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' Report on Group Operations and of the Report on Corporate Governance and ownership structure (enclosed in the Directors' Report on Operations of Italmobiliare S.p.A.) restricted to the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), with the financial statements, as required by law.

For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' Report on Group Operations and the information reported in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the Report on Corporate Governance and ownership structure (enclosed in the Directors' Report on Operations of Italmobiliare S.p.A.) are consistent with the consolidated financial statements of Italmobiliare S.p.A. as of and for the year ended December 31, 2009.

Milan, April 6, 2010

Reconta Ernst & Young S.p.A.
signed by: Felice Persico, Partner

Italmobiliare S.p.A.

Directors' report on operations

The changes in the key standards and laws compared to 2008 are set out in the notes in the section "Declaration of compliance with the IFRS". On the basis of the provisions of EU Regulation 1606/2002, the standards that must be adopted do not include the principles and interpretations published by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC) as at December 31, 2009, but not approved by the European Union at that date. The European Union has also approved further standards/interpretations which, for Italmobiliare S.p.A., will come into force as from 2010 and for which early application has not been elected.

Performance indicators

In order to facilitate understanding of its income statement and balance sheet, Italmobiliare S.p.A. employs a number of widely used indicators, which are not envisaged by the IAS IFRS.
In particular, the income statement presents the following intermediate indicators/results: Recurring EBITDA, EBITDA, and EBIT, computed as the sum of the items preceding them. On the balance sheet, 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 do not come from the standard accounting principles, their definitions may not be the same as those used by other companies/groups and therefore may not be comparable.
This report contains many financial and non-financial performance indicators, including those mentioned above. The financial indicators, taken from the financial statements, are used in the tables summarizing Italmobiliare S.p.A.'s business, equity and financial performance, in relation to comparative values and other values for the same period (e.g., change on the previous year in revenues, recurring EBITDA and EBIT).
In the notes, the section on IFRS 7 provides information on the effects of changes in interest rates and share prices on the income statement and the balance sheet.

General overview

At December 31, 2009, the parent company Italmobiliare had a net profit of 52.6 million euro, compared to the loss of 23.4 million euro in 2008. It should be recalled that the result for 2008 was affected by the impairment losses on the subsidiaries Franco Tosi S.r.l and Sance S.r.l for a total of 84.6 million euro.

Condensed income statement

(in thousands of euro)	2009	2008	Change
Revenues	**92,179**	**116,658**	**(24,479)**
of which:			
Dividends	*62,380*	*104,919*	*(42,539)*
Capital gains on investments and securities	*21,757*	*75*	*21,682*
Interest and other finance income	*2,506*	*6,110*	(3,604)
Services	*5,536*	*5,554*	(18)
Costs for personnel, services and other operating expenses	(17,199)	(20,363)	3,164
Finance costs	(7,944)	(27,905)	19,961
Capital losses, impairment and other costs	(2,336)	(10,004)	7,668
Recurring EBITDA [1]	**64,700**	**58,386**	**6,314**
Other income (expense)	3,034	98	2,936
EBITDA [2]	**67,734**	**58,484**	**9,250**
Amortization and depreciation	(64)	(57)	(7)
EBIT [3]	**67,670**	**58,427**	**9,243**
Finance income (costs)	(22)	(83)	61
Impairment on financial assets	(19,728)	(84,624)	64,896
Profit before tax	**47,920**	**(26,280)**	**74,200**
Income tax income	4,722	2,890	1,832
Net profit (loss) for the period	**52,642**	**(23,390)**	**76,032**

For the year to December 31, 2009, Italmobiliare recorded revenues of 92.2 million euro compared to 116.7 million in 2008. The reduction was due mainly to the reduced flow of dividends received during 2009 which was partly offset by the capital gains realized on share disposals. EBITDA and EBIT both stood at 67.7 million euro compared to 58.4 million euro in 2008. The earnings improvement was due to lower interest expense as a result of the reduction in the level of debt and lower interest rates, lower write-downs on shares and bonds held for trading during 2009 compared to 2008 and, not least, the containment of operating costs.

For the valuation of the subsidiary Franco Tosi S.r.l., Italmobiliare engaged an external professional to estimate the value in use of the listed equity investments held by Franco Tosi in RCS MediaGroup, Mediobanca, UniCredit Group and Intek.
On the basis of this valuation, Franco Tosi wrote down its equity investments in Mediobanca and Intek, to report a loss for the year of 11.7 million euro, which was recorded in the company's separate financial statements prepared in accordance with Italian accounting principles.

[1] Recurring EBITDA is the difference between revenues and costs excluding: other non-recurring income (expense), amortization and deprecation, impairment variations, finance income (costs) and income tax expense.

[2] EBITDA corresponds to recurring EBITDA plus other non-recurring income (expense).

[3] EBIT corresponds to EBITDA plus amortization and depreciation and impairment variations.

Therefore, impairment on financial assets referred to the subsidiary Franco Tosi S.r.l. for -11.7 million euro as described above (-83.8 million euro in 2008) and to the alignment to period-end market values of the equity investment in Unione di Banche Italiane S.c.p.a. for 8.1 million euro.

A more favorable tax situation increased income tax income to 4.7 million euro from 2.9 million euro in 2008 and the net result was a profit of 52.6 million euro.

The balance sheet at December 31, 2009, and December 31, 2008, is summarized below:

(in thousands of euro)	December 31, 2009	December 31, 2008
Fixed assets	3,895	3,828
Equity investments in subsidiaries	909,250	898,995
Equity investments in associates	62,055	40,829
Other equity investments	311,723	218,031
Receivables and other non-current assets	151,648	260,970
Non-current assets	**1,438,571**	**1,422,653**
Current assets	**165,700**	**171,058**
Total assets	**1,604,271**	**1,593,711**
Shareholders' equity	**1,283,405**	**1,103,679**
Non-current liabilities	268,481	281,398
Current liabilities	52,385	208,634
Total liabilities	**320,866**	**490,032**
Total shareholders' equity and liabilities	**1,604,271**	**1,593,711**

Italmobiliare S.p.A.'s shareholders' equity rose by 179.7 million euro compared to December 31, 2008, from 1,103.7 million euro to 1,283.4 million euro, owing to:

- the increase in reserves of 127.1 million euro, mainly due to the increase in value of available-for-sale financial assets (125.1 million euro net of the deferred tax effect);
- the net profit for the year (52.6 million euro).

Net debt totaled 151.1 million euro, down compared to 303.1 million euro at December 31, 2008. The cash flows of Italmobiliare S.p.A. are analyzed in the Directors' report on Group operations, in the comments on the financial sector.

Transactions on equity investments

In February 2009 Italmobiliare underwrote **UniCredit Cashes** for a nominal value of 10 million euro, classified under"Available-for-sale" securities.

At the end of March Italmobiliare sold **Italmobiliare International BV** to a third party for 19.5 thousand euro, corresponding to the value of shareholders' equity.

In April 2009 the shareholders' meeting of **Franco Tosi S.r.l.** approved a proposal to replenish the loss of 96.4 million euro at December 31, 2008, by:

- using total balance sheet reserves for 12.6 million euro;
- reducing share capital to 6.2 million euro to cover the outstanding loss (83.8 million euro).

At the same time the shareholders meeting decided to increase the share capital up to 50 million euro through an issue for a nominal 43.8 million euro, with a share premium of 56.2 million euro. The increase was subscribed in full (100 million euro) by the sole shareholder Italmobiliare S.p.A. through a waiver for a corresponding amount of part of the non-interest-bearing loan receivable due from Franco Tosi S.r.l..

In May, following the free share capital increase approved on April 29, 2009, **Unicredit** allocated 29 new ordinary shares for every 159 ordinary shares held, for a total of 15,617,412 new shares.

In June 2009, together with the subsidiary Ava, Italmobiliare sold all the shares in **Populonia Italica S.r.l**., which owns a property in Milan and some land in Tuscany and Liguria. The gross capital gain was 19.8 million euro.

On October 26, 2009 Italmobiliare purchased from the associate Sicil.fin S.r.l. 6,760 shares in **Punta Ala Promozione e Sviluppo Immobiliare S.r.l.**, equivalent to 0.52% of the share capital, for 10,000.00 euro, thus achieving 100% control.

In the second half of 2009 Italmobiliare purchased on the market 122,434 **Mittel** shares with a total outlay of 0.4 million euro, thus increasing its equity investment in Mittel from 12.088% to 12.262%.

In October Italmobiliare underwrote with leading financial institutions two “Put Spread Collar” hedges on a total of 10 million **UniCredit** ordinary shares at a net cost of zero. On expiry at December 18, 2009, Italmobiliare exercised the put options to collect 595.5 thousand euro.

During the year Italmobiliare collected 76 million euro from **Italmobiliare International Finance Ltd.** as reimbursement of a capital contribution.

During the year **Italmobiliare S.p.A.** did not purchase any treasury shares, therefore the company holds 871,411 ordinary treasury shares (nominal value 2,265,668.60 euro), representing 3.928% of the ordinary share capital, as well as 28,500 savings shares (nominal value 74,100.00 euro), 0.174% of all savings shares.
The nominal value of Italmobiliare S.p.A.'s 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 sectors (Italcementi group and Sirap Gema group), and reference should be made to the sections on the sectors in question for further information.

Dealings with related parties

Dealings with subsidiaries and associates

Italmobiliare provides administrative, fiscal and legal services for subsidiaries and their investee companies and for associates with no specific internal competences.

In addition, it has dealings with some subsidiaries and associates involving the exchange of services, in particular:

- the Italmobiliare legal service provides Group companies with specific assistance;
- Italcementi S.p.A. provides Italmobiliare with personnel administration services, a share register management service, administration services for shareholders' meetings, public relations services and assistance in corporate affairs;
- Italmobiliare leases some of its real estate properties to its subsidiaries;
- Italmobiliare Servizi S.r.l. provides Italmobiliare and some of its subsidiaries with IT support services and some general services.

Within the Group, exchanges of personnel take place to optimize overall use of resources.

On the financial front, Italmobiliare provides guidance and assistance for subsidiaries with regard to financing and the issue of guarantees.

Intragroup dealings of a financial nature are conducted at normal market conditions; services are generally regulated on the basis of the costs of providing the services.

2009 was the third tax year in the period 2007/2009 under the domestic tax consolidation envisaged by art. 117 ff. of the Income Tax Consolidation Act (TUIR), which was renewed in 2007 by the parent company Italmobiliare S.p.A. – which acts as the parent-consolidating company – and by some directly and indirectly controlled subsidiaries.
The list of consolidated subsidiaries is as follows:

- Italcementi S.p.A.
- Aliserio S.p.A.
- Axim Italia S.r.l.
- BravoSolution S.p.A.
- Cementificio di Montalto S.p.A.
- Imes S.r.l.
- Immobiliare Salesiane S.r.l.
- Intertrading S.r.l.
- Italgen S.p.A.
- Gruppo Italsfusi S.r.l.
- Nuova Sacelit S.r.l.
- Sama S.r.l.
- Sicilfin S.r.l.
- Silos Granari della Sicilia S.r.l.
- Sirap Gema S.p.A.
- Amprica S.p.A. (1)
- Sirap Gema Insulation System S.r.l.
- Franco Tosi S.r.l.
- Italmobiliare Servizi S.r.l.
- Populonia Italica S.r.l. (2)
- Sance S.r.l.

Among the companies above, it should be noted that the subsidiary Sirap Gema S.p.A. joined the domestic tax consolidation in 2008 and so its three-year period will be 2008/2010, Cementificio di Montalto S.p.A. renewed its involvement in 2009 for the three-year period 2009-2011, having joined for the first time in 2006 for the three-year period 2006-2008. The subsidiary Amprica S.p.A. (1) no longer participates individually in the above tax consolidation since it was merged into the parent company Sirap Gema S.p.A. with effect for tax purposes as from January, 1, 2009, without any negative impact for the companies which maintained their position within the scope of the tax consolidation. Populonia Italica S.r.l. (2) left the tax consolidation as from January 1, 2009, following its sale during the same year. In this case too there was no negative impact on the other participating companies.

Dealings with other related parties

Dealings with other related parties concern:

- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare S.p.A. by Luca Minoli, a director of Italmobiliare S.p.A., as an equity partner in the associate professional studio Dewey & LeBoeuf for considerations totaling 105.4 thousand euro;
- consultancy services for the senior management of Italmobiliare S.p.A. in relation to the rationalization and development of Group activities, provided by Piergiorgio Barlassina (a director of Italmobiliare), under a two-year cooperation agreement, for a fee of 250 thousand euro and extra costs of 19.1 thousand euro;
- administrative, contractual and fiscal consultancy services as well as support for corporate operations, provided by Finsise S.p.A., a company whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare S.p.A., for 1.2 thousand euro.

The fees paid are in line with market conditions for the respective types of professional service supplied.

During 2009 Italmobiliare supplied the “Fondazione Italcementi Cav. Lav. Carlo Pesenti” with 100 thousand euro in favor of the population of Abruzzo which had been struck by an earthquake.

The figures at December 31, 2009, on dealings with related parties are provided in the notes.

Human resources and information on personnel

At December 31, 2009, the number of people employed at Italmobiliare S.p.A. was 47 (45 at December 31, 2008).

(heads)	2009	2008
Senior managers	14	13
Middle managers	4	3
Office workers	29	29
Total	**47**	**45**

The workforce is adequate for the company's mission and objectives and there is limited turnover.

In compliance with the provisions of the Data Protection Code and the Technical Specifications on Safety Measures, the update began of the Security Plan Document and will be completed by March 31, 2010.

Information on the environment

The company operations do not have a significant environmental impact.

Risks and uncertainty

The general crisis in the world economy and on the financial markets had a serious impact on global finance and industry at the end of 2008 and throughout 2009. The measures taken by the main governments helped to improve the financial markets and prospects for recovery in the global economy. Consequently, expectations on the creditworthiness of bond issuers improved, enabling the companies in the financial sector to obtain capital gains and revalue their portfolios. Likewise, the overall performance of the equities markets was positive.
By the nature of its business, the company is highly exposed to risk linked to the performance of the financial markets. However, there is no certainty that these timid positive signals will consolidate, permitting the current economic and financial uncertainty to be overcome within a reasonable period of time.

Like all financial companies, Italmobiliare is subject to specific risks.

Risks connected to acting as a holding for equity investments
Italmobiliare undertakes investments which entail typical risks such as the high level of exposure to certain sectors or investments, the difficulty of identifying new investment opportunities whose characteristics match the objectives being pursued, or divestment problems as a consequence of changes in the general economic conditions. The potential difficulties of making new investments, such as unexpected costs and liabilities, could have a negative impact on the income, equity and financial conditions of the company.
Through its equity investments Italmobiliare is present in the construction materials sector, food packaging and thermal insulation, finance, banking, property and other. Therefore, it is exposed to the typical risks of the markets and sectors in which these investee companies operate.
The risks relating to specific investment sectors are described in the Group's consolidated report.

Risks of concentration of investments
At December 31, 2009, the equity investment in Italcementi (38.84% of the share capital) represented over 47% of the current value of the investment portfolio (NAV).
The performance of the Italcementi group therefore has a very significant impact on Italmobiliare's income, equity and finance situation.

Credit risk
This relates to the ability of issuers of financial instruments and counterparts in financial transactions to fulfill their obligations. In this regard, specific financial instrument investment policies have been implemented, which define rating limits for individual investments (where applicable), quality levels by type of instrument and rating group, the maximum limit available for each individual counterpart, and the approvals necessary.

Since it has no other instruments, Italmobiliare must of necessity use the ratings issued by the best known ratings agencies, even though in some cases the agencies have, unfortunately, proved to be unreliable and to respond slowly to events. The bond portfolio has an average rating of A (S&P's).

Italmobiliare has no significant trade credit risks.

Liquidity risk
This risk relates to possible difficulty in promptly sourcing the funds and, if necessary, loans necessary to sustain the company's financing needs.
Despite this risk diminishing during 2009, initiatives were implemented to reduce the risk, by not distributing dividends, underwriting new committed lines of credit with banking counterparties, splitting investments over a suitable number of counterparties, and generally monitoring the debenture portfolio with a view to safeguarding liquidity.
Italmobiliare S.p.A.'s net debt fell from 303.1 million euro to 151.1 million euro, with bank borrowings falling from 415.8 million euro to 258.8 million euro, referring to secured loans or credit lines.

At the end of 2009 undrawn lines of credit totaled 140 million euro committed and 282 million euro uncommitted.

As loans and the related costs depend on Italmobiliare's creditworthiness, any reduction in its creditworthiness may limit the possibility of accessing the capital market and thus increase the related cost with a consequent negative impact on the income, financial and equity situation of the company.

Interest-rate risk
Fluctuations in interest rates impact on the market value of financial assets and on the level of net finance costs.

Since all of Italmobiliare's debt is at floating rates, the debenture investment portfolio in the financial sector is also kept with a very short duration, through the use of various hedging instruments so as protect the value of the portfolio from fluctuations in interest rates.

Only part of Italmobiliare's debt has been hedged with interest-rate swaps, which convert floating-rate debt into fixed-rate debt. These contracts do not, however, qualify for hedge accounting. The transaction, for 50 million euro, was arranged in September 2006 for a five-year duration.
In any case sudden fluctuations in interest rates could have a negative impact on the company's income and financial results.

Price risk
Price risk relates to potential loss on listed shares carried at fair value following a fall in share prices; this risk is particularly significant.

In light of the fact that Italmobiliare S.p.A. is an equity holding, exposure to equity risk is inherent to its core business and therefore the risk is held and no particular risk-reduction measures are taken. It should also be noted that Italmobiliare is a long-term investor and therefore does not apply short-term policy to management of its equity investment portfolio.

In any case a sudden change in the stock market prices of the investee companies may influence Italmobiliare's income, financial and equity situation.

Risk of reduction in cash flows
Italmobiliare is subject to the risk of reduction on cash inflows with respect to its equities portfolio since the policies on dividend distribution and payment are beyond Italmobiliare's control.

Likewise, the debenture portfolio carries a risk of non-payment of coupons or capital following default by the issuer.

Compliance risks with the law for finance companies
In regard to the rules introduced by Ministerial Decree no. 142 of February 3, 2006, Italmobiliare S.p.A., as a company registered on the relevant section of the general list as per art. 113 of the Consolidated Bank Act (T.U.B.), is subject to anti-money-laundering regulations and as such is required to comply with the obligations of identification and registration in the Single IT Archive (A.U.I.) in accordance with the ruling issued by the Italian Foreign Exchange Office (UIC) of February 26, 2006.
In addition, pursuant to art. 5 of Presidential Decree 605/1973, the company is required to send the central tax records office a monthly report setting out identification data of parties with whom it has financial dealings, specifying the type of dealings and any changes that have occurred.
In complying with A.U.I. updating requirements and the monthly preparation and transmission of data to the central tax records office, Italmobiliare is assisted by external consultants.

Information systems
In order to reduce the risk of loss of or damage to information in the Italmobiliare S.p.A. computerized information systems, data and server operating system back-ups on magnetic tapes are performed daily; the tapes are stored in special fire-proof locations at head office and at the subsidiary Italcementi S.p.A.

The back-up technology enables recovery of data on any Italcementi server in Italy or France.

Legal risks
In relation to existing legal risks and their economic impact, appropriate provisions and write-downs have been made. The estimates and valuations used are based on the information available and are in any case subject to systematic review with immediate recognition in the financial statements of any changes.

Insurance
Italmobiliare S.p.A. has taken out policies with leading insurance companies to cover risks to people or assets, as well as general third-party liability covers.

Significant post balance-sheet events

In January, after publication of the details of the UniCredit share capital increase, Italmobiliare sold 10 million UniCredit shares and cashed in the rights arising from the offer to obtain an overall capital gain of 22.2 million euro. The number of shares currently held totals 91,243,921, thus the equity investment has fallen from 0.604% at December 31, 2009, to 0.473% of voting share capital.

Outlook

Please refer to the section in the “Directors’ report on Group operations”.

Corporate Governance and ownership structure

The Corporate Governance system which Italmobiliare S.p.A. has adopted comprises not only the company by-laws, but also the following codes and/or regulations:

* Voluntary Code of Conduct
* Code of Ethics
* Treatment of Confidential Information
* Internal Dealing Code of Conduct
* Procedural Code for Transactions with Related Parties
* Regulation for the manager in charge of preparing the financial reports
* Organization, Management and Control Model.

The texts of the above documents are all available on the corporate website *www.italmobiliare.it*, except for the Regulation for the manager in charge of preparing the financial reports which is available to all the Group companies on the company intranet.

The Corporate Governance system also includes the specific procedure which regulates the recording in the Insider register of people who, by virtue of their work or professional activity, or by virtue of their functions, have access to confidential information.

In recent years the company has been actively engaged in modernizing its business culture in order to respond to the challenges arising from developments in corporate governance rules. This process has favored and enhanced the dissemination of values shared by all the subsidiaries and is based on recognition of the fact that adopting good rules of governance goes hand in hand with the spread of a business culture built on transparency, adequate management and effective controls.

An examination of the corporate governance structure envisaged in the binding articles of the company by-laws and in the provisions adopted by the company in the above codes and regulations confirms and bears witness to Italmobiliare S.p.A.'s commitment to following generally agreed best practice, whose application is reflected in its Board resolutions and its organization notices.

Shareholding and organizational structure

This section includes the information required by art. 123-bis of Leg. Decree no. 58 of February 24, 1998 (Consolidated Law on Finance - TUF).

a) *Share capital structure, with the various categories of shares, rights and related obligations, as well as the percentage of share capital that they represent*

The share capital amounts to 100,166,937 euro, divided into 38,525,745 shares with a nominal value of 2.60 euro each, of which 22,182,583 are ordinary shares, or 57.58% of the entire share capital, and 16,343,162 are savings shares, or 42.42% of the entire share capital.

Ordinary shares have voting rights at the company's ordinary and extraordinary Shareholders' Meetings.

Shareholders who, individually or jointly, possess at least a fortieth of the share capital represented by shares with voting rights, may ask, within the deadlines envisaged by the law in force, for additions to be made to the order of business of the Shareholders' Meeting, indicating in their request the items they propose. 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.

In the event of a paid-up increase in share capital for which option rights have not been excluded or limited, the holders of savings shares have option rights on the newly issued savings shares or, in their absence or to cover the difference, on other classes of shares. Resolutions to issue new savings shares with the same characteristics as those already outstanding, either through a share capital increase or through the conversion of other classes of shares, do not require approval by meetings of the holders of the respective classes of shares. Should ordinary and/or savings shares be excluded from trading, savings shares maintain the rights granted to them by law and by the by-laws, unless otherwise provided for by the Shareholders' Meeting.

During the allocation of net profit for the year, savings shares are entitled to a preference dividend of up to 5% of the nominal share value, increased with respect to that of the ordinary shares by an amount equivalent to 3% of the nominal share value. When in a financial year a lower dividend is allocated to savings shares, the difference is calculated as an increase on the preference dividend paid in the following two years.

In the event of distribution of reserves, savings shares have the same rights as other shares.

A reduction in share capital owing to losses does not signify a reduction in the nominal value of the savings shares, except for that part of the loss in excess of the nominal value.

In the case of dissolution of the company, savings shares have priority in the repayment of the share capital for the full nominal value.

The company has two outstanding **stock option plans**, one for directors and one for managers, which are described in detail in the section «Incentive plans for directors and managers».

b) *Restrictions on the transfer of shares*

There are no restrictions on the transfer of shares or acceptability clauses.

c) *Significant shareholdings as disclosed pursuant to article 120, Leg. Decree 58/98*

Shareholder	No. shares	% of capital	
		share capital	voting
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 other things, of the «First Eagle Global Fund» which holds 3.99% of the voting share capital)*	1,109,930	2.88	5.04

d) *Shares that confer special control rights*

No shares have been issued that confer special control rights.

e) *Employee ownership: mechanism for exercise of voting rights*

There is no specific employee ownership system.

f) *Restrictions on voting rights*

The by-laws place no restrictions on the exercise of voting rights.

g) *Agreements among shareholders, pursuant to article 122 of Leg. Decree 58/98, of which the company is aware*

As far as the company is aware, there are no agreements of any kind regarding the exercise of share voting rights and the transfer of shares or any of the situations envisaged by art. 122 of Leg. Decree 58/98.

h) *Significant agreements to which the company or its subsidiaries are party, that become effective, are modified or expire should there be a change in control of the company, and their effects*

As part of its policy to support its business and development, the company has signed loan contracts which, except in one case, do not explicitly give the lender the right to withdraw, if there should be a direct or indirect reduction in the equity investment held by the majority shareholders. The lender has the right to terminate the loan contract in advance should, following an incorporation or merger, the agreed commitments not be respected in the timeframes and on the conditions established when the contract was signed due to a worsening in creditworthiness.

i) *Agreements between the company and directors that envisage compensation in the case of resignation or unfair dismissal or if the employment relationship ceases following a takeover bid*

No agreement has been signed between the company and directors that envisages compensation in the case of resignation, unfair dismissal or if the employment relationship ceases following a takeover bid.

l) *Laws applicable to the appointment and replacement of directors and to amendments to the by-laws*

Appointment of directors

The company by-laws, in compliance with the law in force, envisage the appointment of the Board of Directors on the basis of lists that ensure for minority shareholders the minimum number of directors envisaged by the law.

In addition, the Voluntary Code of Conduct envisages that this must occur in accordance with a transparent procedure to ensure, among other things, timely and adequate information on the personal and professional standing of candidates.

The lists must be presented at the company head offices at least 15 days before the date set for the Shareholders' Meeting on first call; this, together with the procedures and minimum shareholding required for presentation of the lists, must be mentioned in the call notice.

Lists may be presented only by shareholders who, alone or together with other shareholders, can prove they hold a percentage of the share capital with voting rights no lower than that determined pursuant to the regulations in force. For 2010, the threshold established for the presentation of candidate lists for the election of the Board of Directors of Italmobiliare S.p.A. is 2.5% of the ordinary share capital.

No shareholder may present or participate in the presentation of more than one list, directly or through a third party or trust company, or vote for different lists.

Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement regarding the company shares may not present or vote for more than one list, directly or through a third party or through trust companies.
Lists presented in violation of these restrictions will not be accepted.

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

On presentation the lists must include:

a) statements with which individual candidates:
   * accept their candidacy
   * personally state:
     - the non-existence of grounds for their ineligibility
     - possession of the requisites of good standing established by the law
     - possession of the requisites of independence required by the law and by the Voluntary Code of Conduct;

b) a short curriculum on the personal and professional characteristics of each candidate with an indication of their position as director and auditor in other companies;

c) information on the identity of the shareholders who have presented lists with an indication of the overall shareholding and certification showing their ownership of the shareholding;

d) a statement by the shareholders who do not hold, including jointly, a controlling or majority stake, bearing witness to the absence of any connection, as defined by the law in force.

A presented list that does not comply with the above provisions will be considered as not presented.

At least 10 days before the date envisaged for the Shareholders' Meeting called to appoint the Board of Directors and the Board of Statutory Auditors, the company shall make the lists of candidates deposited by shareholders and the accompanying documentation available at the company offices, at the market operator and on its website.

In the event of presentation of more than one list:

- all the directors to be elected 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 vote 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 division of the directors to be elected, no consideration will be given to lists that have not achieved a percentage of votes at least equal to half of the percentage required for the presentation of lists.

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 decisive for the election of the said director.

Should a single list be presented, all the candidates included in that list are elected with a majority vote of the share capital represented at the Shareholders' Meeting.

In the absence of lists, and in the case where by means of the voting list mechanism, the number of candidates elected is lower than the minimum number envisaged by the by-laws, the Board of Directors is respectively appointed or supplemented by the Shareholders' Meeting with the legal majority, provided that at least the minimum number of directors holding the requisites for independence required by the law is guaranteed.

If during the year, owing 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' Meeting, shall arrange to replace them by means of a resolution approved by the Board of Statutory Auditors.

Directors are replaced, without prejudice to compliance with the above requisites of good standing 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 shall act pursuant to the law.

Directors appointed in this manner hold office until the subsequent Shareholders' Meeting.

The Shareholders' Meeting adopts resolutions regarding the replacement of directors, in compliance with the above principles, with a 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 the re-eligibility of directors are envisaged, although directors holding the same position for more than nine years in the last twelve years could be considered no longer to meet the requisite for independence pursuant to the Voluntary Code of Conduct.

Amendments to the by-laws

Besides the powers conferred on the Board of Directors by law and by the company by-laws regarding the issue of shares and debentures, in compliance with art. 2436 of the Italian Civil Code, resolutions in respect of the matters listed below are attributed not only to the extraordinary Shareholders' Meeting by law, but also to the Board of Directors:

- incorporation of wholly owned or ninety percent owned companies;
- transfer of the registered office, provided that it remains within Italy;
- establishment or closure of secondary offices, in Italy and abroad;
- reduction of the share capital in the case of withdrawal by a partner;
- amendment of the company by-laws to comply with legal requirements.

m) delegated powers for share capital increases pursuant to article 2443 of the Italian Civil Code or power held by directors to issue financial instruments and to authorize the purchase of treasury shares

Delegated powers for share capital increases

The Board of Directors has the right, on one or more occasions within five years from the resolution of the extraordinary Shareholders' Meeting of June 18, 2007:

a) pursuant to art. 2443 of the Italian Civil Code, to increase the share capital on a free and/or payment basis, on one or more occasions, by a maximum amount of 260 million euro, through the issue of ordinary and/or savings shares, also to service debenture loans issued by other entities that may be converted into ordinary and/or savings shares of the company or that bear warrants to subscribe the company's ordinary and/or savings shares;

b) pursuant to art. 2420-ter of the Italian Civil Code, to issue on one or more occasions debentures convertible into ordinary and/or savings shares or with warrants to purchase ordinary and/or savings shares, for a maximum amount of 260 million euro, within the limits allowed by law from time to time, with a consequent increase in the share capital to service the conversion or exercise of warrants,

all with full powers in this regard, including the powers to offer shares and convertible debentures or debentures with warrants in the form set out in the penultimate paragraph of art. 2441 of the Italian Civil Code; to reserve up to a quarter of such shares and debentures pursuant to art. 2441 of the Italian Civil Code, last paragraph; to identify the provisions and reserves to be allocated to capital in the case of a free increase; to establish the issue price, conversion ratios, terms and method of execution of transactions.

Under its resolution of April 28, 2006, the extraordinary Shareholders' Meeting attributed to the Board of Directors:

- the power, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital against payment, on one or more occasions within five years from the aforementioned resolution, for a maximum amount of 910,000 euro through the issue of a maximum of 350,000 Italmobiliare ordinary and/or savings shares, with a nominal value of 2.60 euro each, to be reserved, pursuant to art. 2441 of the Italian Civil Code, paragraph 8, for employees of Italmobiliare S.p.A. and its subsidiaries both in Italy and abroad and in compliance with the laws in force in the home countries of the beneficiaries;
- the power, consequently, to establish the dividend entitlement rights to the shares, to establish the timeframes, method, characteristics and conditions of the offer to employees and to set the issue price of the shares, all in compliance with the provisions of the "Stock option plan for managers", including any share premium.

In addition, under its resolution of June 18, 2007, the extraordinary Shareholders' Meeting attributed to the Board of Directors:

- the power, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital against payment on one of more occasions within five years from the above resolution for a maximum amount of 910,000 euro through the issue of a maximum of 350,000 Italmobiliare ordinary and/or savings shares, with a nominal value of 2.60 euro each, excluding option rights pursuant to art. 2441 of the Italian Civil Code, paragraph 5, to service the incentives plan reserved for directors of the company and of subsidiaries who hold specific offices in compliance with the articles of association or who have specific operating duties;
- the power, consequently, to establish the dividend entitlement rights to the shares, to establish the timeframes, method, characteristics and conditions of the offer and to set the issue price of the shares, all in compliance with the provisions in the "Stock option plan for directors", including any share premium.

Participative financial instruments

To date the company has not issued financial instruments of any kind, nor do the by-laws attribute any power for their issue to directors.

Authorizations for the purchase of treasury shares

The ordinary Shareholders' Meeting of April 29, 2009, renewed the company's authorization to buy and dispose of treasury shares for a period of 18 months from the date of the resolution.

Under the above shareholder authorization, since that date the company has not purchased any ordinary treasury shares or any savings shares, nor has it assigned shares held in its portfolio to beneficiaries of stock options, since no vested rights have been exercised by directors or managers.

Therefore, on December 31, 2009, the company held:

- 871,411 ordinary treasury shares, equivalent to 3.93% of the share capital represented by ordinary shares, a part of which to be used to service the "Stock option plan for directors" and the "Stock option plan for managers";
- 28,500 savings treasury shares, equivalent to 0.17% of the share capital represented by savings shares.

Management and coordination

As noted at point «C» above, Efiparind B.V. holds the relative majority share in Italmobiliare S.p.A.: according to the latest communication received and other information held by the company, net of the treasury shares held by Italmobiliare, Efiparind B.V. indirectly holds 47.26% of the ordinary shares representing the voting share capital of Italmobiliare S.p.A..

Pursuant to the joint provisions of arts. 2497-sexies and 2359 of the Italian Civil Code, no company or body exercises management and coordination over Italmobiliare S.p.A.

Features of the risk management and internal control system regarding the financial reporting process

1. Foreword

As already noted in the section on "Risks and uncertainty", risk management is part of the Italmobiliare Group's development strategy and is an essential element in its governance system. Under the "Risk & compliance" program launched by the Italcementi group in 2008, risks related to the financial disclosure process have been classified as key risks. A similar assessment has been extended to the Italmobiliare Group in light of the significant role of the Italcementi group in the consolidated financial disclosure process. The mitigation of these risks and the consequent deployment of adequate internal control systems aim to ensure the reliability, accuracy and timeliness of financial disclosure.

For some time, action has been taken at Italmobiliare S.p.A. and Group level to develop, update and disseminate an integrated corporate governance system: organization notices, job descriptions, corporate powers and processes.

The corporate governance operating tools are available in B.E.S.T. (Business Excellence Support Tool), a knowledge management database providing easy access to information and supporting cross-fertilization within the Group.

The organization and planning of action to manage risk relating to the financial disclosure process have enhanced as a result of Law no. 262 of December 28, 2005, comprising "Provisions for the protection of savings and the regulation of the financial markets" and the subsequent corrective decrees (hereafter the "Law on Savings") issued by lawmakers with the aim of increasing the transparency of corporate disclosures and enhancing the internal control system of listed issuers.

2. Description of the main features of the system

2.1 Stages in the risk management and internal control system

Italmobiliare has established its own model for the assessment of the internal control system relating to equity, income and financial disclosure (hereafter the "Operating model") and has established the operational approach for these activities. This model is based on the CoSO framework, issued by the Committee of Sponsoring Organizations of the Tradeway Commission (CoSO), and also takes account of the document "Internal Control over Financial Reporting - Guidance for Smaller Public Companies", which was also drafted by CoSO.
The Italmobiliare assessment process envisages the prior adoption of a similar system by the subsidiary Italcementi – since it too is subject to the provisions of the above "Law on Savings" – in relation to the companies which the latter controls directly.

The Operating model defined by Italmobiliare is based on the following main elements:
a) **Preliminary analysis**. This is undertaken annually or whenever considered necessary and aims to identify and assess risks relating to the internal control system with regard to income, equity and financial disclosure, so as to establish priorities for documenting, assessing and testing the administrative and accounting procedures and the related controls. Identification of the relevant entities and processes takes place on a quantitative and qualitative basis. In particular, the company identifies the significant consolidated financial statement items and the main processes that provide input; subsequently, it identifies the significant companies on the basis of the weight of

revenues and total assets of the individual units to the aggregate values and on the basis of further qualitative considerations (e.g., the country where a unit operates, the complexity and/or development of laws, the type of business, the specific risks); finally, the two levels of analysis are cross-referenced to establish correlations between the main processes and the companies included in the scope for action;

b) **Operational planning**. Each year activities are planned on the basis of the priorities identified through the preliminary analysis and any other assumptions;

c) **Analysis of entity level controls**. The individual companies in the area for action identified in the preliminary analysis are responsible for assessing the effectiveness of the internal control system in relation to the governance principles used within the company (Entity Level Controls). They are also responsible for overall management of the information systems supporting key financial reporting processes and of the related IT infrastructure (Information Technology General Controls). This analysis must be carried out in accordance with the deadlines established during operational planning and on the basis of the guidelines, instructions and templates provided;

d) **Analysis of process controls**. The individual companies in the area for action identified in the preliminary analysis are responsible for: a) documenting, with different levels of detail depending on the level of risk allocated, the administrative and accounting processes which have been identified, b) conducting tests to check the operating effectiveness of the key controls. This analysis must be carried out in accordance with the deadlines established during operational planning and on the basis of the guidelines, instructions and templates provided by the manager in charge;

e) **Assessment of the adequacy and operating effectiveness of the administrative and accounting procedures and the related controls**: in order to guarantee compliance with key financial reporting requirements ("financial statement assertions"), the manager in charge, on the basis of the results of the work carried out and the documentation obtained, assesses the overall adequacy and operating effectiveness of the administrative and accounting procedures and the related controls, and more generally, the internal control system for these areas.

2.2. Roles and Functions involved

The risks management system for financial reporting is supervised by various company bodies/functions, each with specific roles and responsibilities. The overall duties assigned to these bodies/functions are described in the sections of the corporate governance report on the **Organizational Structure** and **Implementation of corporate governance rules**. With regard to the matters covered in this section, the duties of the following bodies/functions are:

1) The ***Board of Directors***, to which the Voluntary Code of Conduct assigns, among other things, the task of:
   a) examining and approving the strategic, industrial and financial plans of the company;
   b) assessing the forecasts on operations and the adequacy of the organizational, administrative and general accounting arrangements of the company and subsidiaries;
   c) examining and approving the periodic accounting reports; assessing the company's operational structure;
   d) establishing the guidelines for the internal control system so that the main risks for the company and the subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also by determining criteria to ensure the compatibility of these risks with sound and appropriate management of the company;
   e) assessing, at least on an annual basis, the adequacy, effectiveness and effective functioning of the internal control system with respect to the characteristics of the company.

2) The ***Chief Executive Officer***, who as the executive director responsible for overseeing the functioning of the internal control system, has the task of:
   a) identifying the main company risks, taking account of the characteristics of the activities performed out by the company and by the subsidiaries, and periodically presenting them for examination by the Board of Directors;

b) implementing the guidelines defined by the Board of Directors, arranging for the planning, realization and management of the internal control system, constantly checking its overall adequacy, effectiveness and efficiency; also adapting this system to changes in operating conditions and the legislative and regulatory framework;

c) issuing, with the manager in charge, certificates on the adequacy and effective application of the administrative and accounting procedures, the compliance of documents to applicable international accounting standards, the correspondence of documents to entries in the accounting books and records, the suitability of documents in providing a true and fair representation of the equity, income and financial situation of the company and Group, etc.

3) The Internal Control Committee, to which the Voluntary Code of Conduct allocates, among other things, the task of:

   a) assessing, together with the manager in charge of preparing the financial reports and the indipendent auditors, the correct application of accounting principles and their uniformity for the purposes of preparing the consolidated financial statements;

   b) examining the work plan and periodic reports prepared by the controller;

   c) periodically verifying the adequacy of the procedure for transactions with related parties as adopted by the Board of Directors and proposing any updates that are considered necessary;

   d) reporting to the Board of Directors, at least every six months, on approval of the financial statements and the half-year condensed financial statements, on the work undertaken and on the adequacy of the internal control system;

4) The Chief Operating Officer, who is involved in supervising the process of generating the company's income, equity and financial disclosures;

5) The Manager in charge of preparing the financial reports, who, as envisaged in the regulation approved by the Board of Directors, has, among other things, the tasks of:

   a) arranging adequate administrative and accounting procedures for the preparation of the separate financial statements, the half-year condensed financial statements and the consolidated financial statements, as well as any other financial communication, by updating such procedures and ensuring their dissemination and adoption, as well as verifying their effective application;

   b) assessing, together with the Internal Control Committee and the independent auditors, the correct application of the accounting principles and their uniformity for the purposes of the consolidated financial statements;

   c) supervising periodic reporting to the senior management and the Board of Directors on the work undertaken;

   d) conducting periodic reviews of work to assess and update the risk map relating to income, equity and financial disclosure;

   e) taking part in the development of information systems with an impact on the income, equity and financial situation of the company.

6) The Controller, who has the task of verifying that the internal control system is always adequate, fully operational and functional. The controller has direct access to all the information needed to carry out their task, is not responsible for any operational area and does not report to any manager in the operational areas, including administration and finance. The controller reports on risk management procedures, on compliance with the plans established to contain such risks and, in line with the legally prescribed terms and procedures, reports to the Internal Control Committee, the executive director in charge of overseeing the functioning of the internal control system, and the Board of Statutory Auditors on the suitability of the internal control system to achieve an acceptable overall risk profile.

7) The **Oversight Board**, which is responsible for overseeing the effective functioning and compliance of the Organization, Management and Control Model ex Legislative Decree 231/01, by interacting, among others, with the manager in charge of preparing the financial reports with respect to financial reporting matters;

8) the ***company functions*** involved in the process of drafting income, equity and financial disclosures, who are required to issue specific certificates on the data and information provided, guaranteeing the correct representation of the information provided, as well as the effective and efficient application of the administrative and accounting procedures in the areas under their control.

Finally, the ***Board of Statutory Auditors,*** as part of the duties assigned by law, oversees the adequacy of the company's organizational structure for the areas it covers, the internal control system, the administrative and accounting system, and the reliability of the latter in correctly representing operations.

The circulation and integration of the information generated in the various areas is ensured by a structured flow of information. A key element in this connection is the quarterly report of the Manager in charge, setting out, among other things, the results of the work undertaken, the problems that emerged, the action plans established and their progress.

The Voluntary Code of Conduct and corporate governance rules

The Voluntary Code of Conduct (the «Code»), which was last updated by the company Board of Directors in February 2007, is a self-governance system supplementing legal, regulatory and Civil Code provisions, to which Italmobiliare S.p.A. and its corporate bodies voluntarily adhere. Its aim is to highlight the corporate organization model used by the company to achieve its primary objective of maximizing value for shareholders.

The «Code» is based on the Voluntary Code of Conduct for listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

The «Code» envisages the establishment of bodies and offices as well as the adoption of specific procedures and conduct, with the sole exceptions described below and with the modifications required by the specific nature of Italmobiliare S.p.A.

The Board of Directors, moreover, is always willing to assess further changes in the «Voluntary Code of Conduct» and their possible inclusion in the company's Corporate Governance system, provided that, in keeping with the company situation, the recommendations allow the company's standing with investors to be further enhanced.

A) THE ORGANIZATIONAL STRUCTURE

Board of Directors

The company by-laws provide for the company to be governed by a Board of Directors consisting of 5 to 15 directors who serve for the period established on their appointment, and in any case for no more than three financial years, and who cease to serve on the date of the Shareholders' Meeting called to approve the financial statements for the final year of their appointment. They may be re-elected.

The appointment takes place on the basis of lists in accordance with the aforementioned procedure.

Pursuant to the laws in force, at least one of the members of the Board of Directors, or two if the Board of Directors consists of more than seven members, must possess the requisites for independence established by the law for the members of the Board of Statutory Auditors, while the law requires all directors to possess the requisites of good standing established by a regulation of the Minister of Justice for auditors.

The «Code», as envisaged by the text approved by the Corporate Governance Committee, requires an adequate number of non-executive directors to be independent in the sense that they do not have, nor have recently had, directly or indirectly, dealings with the company or with parties linked to it, such as to influence their independence of judgment.

Should an elected director during their term of office no longer satisfy the requisites of good standing required by the law or the by-laws, their mandate shall lapse.

Should the requisites of independence prescribed by the law no longer exist, the director concerned must immediately inform the Board of Directors. In the event, the mandate of the director shall lapse, except in cases where such requisites are still held by at least the minimum number of directors envisaged by the law in force.

No exception to the ban on competition envisaged by art. 2390 of the Italian Civil Code has been authorized by the Shareholders' Meeting or is envisaged by the company by-laws. In this connection, no director is a shareholder with unlimited responsibility in competitor companies or runs a competing business on their own behalf or for third parties, or is a director or chief operating officer in competitor companies.

Pursuant to the company by-laws, the Board of Directors is vested with full powers of ordinary and extraordinary company administration. It may, therefore, perform all acts which it deems necessary to achieve the corporate purpose with the sole exclusion of those acts expressly reserved by law to the Shareholders' Meeting.

The Board of Directors, in compliance with the by-laws, meets at least once every quarter. At this meeting, the delegated bodies report to the Board and the Board of Statutory Auditors on significant operations undertaken in the exercise of the delegated powers granted.

The «Code» underlines the key role played by the Board of Directors and sets out and supplements its specific competences which include, among other things: the assignment and withdrawal of delegated powers to senior managers; the examination and approval of strategic, industrial and financial plans as well as the assessment of business forecasts and the adequacy of the organizational, administrative and general accounting arrangements of the company and subsidiaries; the periodic financial reports; the prior examination and approval of strategically important operations; the assessment of the company operating structure; the determination of the remuneration of directors with special duties and of the controller; reports presented at Shareholders' Meetings; the examination and approval of the Corporate Governance system.

In addition, the Board of Directors is required to examine and approve in advance:

- the transactions with related parties undertaken by the company itself and by its subsidiaries when such transactions are of strategic, economic, equity or financial importance for Italmobiliare S.p.A.;
- other transactions with related parties when expressly required by the specific company procedure and in compliance with the methods therein.

Finally, the Board of Directors must review, at least once a year, the size, composition and workings of the Board itself and of its Committees.

The Board of Directors mainly consists of non-executive members and among these a sufficient number are independent. Should the Chairman of the Board of Directors be the primary officer responsible for company management, as also in the case where the position of Chairman is held by the person who controls the company, the «Code» envisages that the Board appoints an independent director as the "lead independent director", to be a reference for and to coordinate the requests and contributions of non-executive directors and, in particular, independent directors.

The Chairman coordinates the activities and chairs meetings of the Board of Directors and ensures that its members are supplied in advance time with information on important issues in order to make a useful contribution, subject to any needs of necessity, urgency or confidentiality. In addition, the Chairman, through the competent company departments, acts to ensure that the directors take part in initiatives aimed at increasing their knowledge of the company and its dynamics and are informed about the main legislative and regulatory innovations concerning the company and its corporate bodies.

The directors act and pass informed resolutions independently, in the pursuit of the primary objective of creating value for shareholders. They accept their positions in the knowledge that they can devote the necessary time to diligent performance of their duties. Pursuant to the «Code», effective performance of the duties of director is considered as compatible with no more than:

- 5 appointments as an executive director,
- 10 appointments as a non-executive director or independent director or auditor

in companies listed on regulated markets in Italy and abroad, in financial, banking, insurance or major companies, excluding subsidiaries of Italmobiliare S.p.A., parent companies and companies subject to joint control.

A list of the positions as director, auditor, and chief operating officer held by each director in other companies listed on regulated markets in Italy or abroad, in financial, banking, insurance or major companies is set out below:

Giampiero Pesenti	Italcementi S.p.A.	- Chairman
	Franco Tosi S.r.l.	- Chairman
	Ciments Français S.A. *(representing Italcementi S.p.A.)*	- Director
	Fincomind AG	- Deputy Chairman
	Allianz S.p.A.	- Director
	Compagnie Monegasque de Banque	- Director
	Credit Mobilier de Monaco	- Director
	Finter Bank Zürich	- Director
	Mittel S.p.A.	- Director
	Pirelli & C. S.p.A.	- Director
Italo Lucchini	Italcementi S.p.A.	- Director
	Ciments Français S.A. *(representing Calcestruzzi S.p.A.)*	- Director
	Unione di Banche Italiane S.c.p.A.	- Supervisory Director
	BMW Financial Services Italia S.p.A.	- Chairman Board of Statutory Auditors
	BMW Italia S.p.A.	- Chairman Board of Statutory Auditors
Carlo Pesenti	Italcementi S.p.A.	- Chief Executive Officer
	Ciments Français S.A.	- Deputy Chairman
	Mediobanca S.p.A.	- Director
	RCS MediaGroup S.p.A.	- Director
	Unicredit S.p.A.	- Director
	Ambienta Sgr	- Director
Pier Giorgio Barlassina	Cemital S.p.A.	- Director
	Finanziaria Aureliana S.p.A.	- Director
	Fincomind AG	- Director
	Finter Bank Zürich SA	- Director
	FinterLife S.A.	- Director
	Franco Tosi S.r.l.	- Director
	Privital S.p.A.	- Director
Mauro Bini	Arca S.g.r.	- Director
Giorgio Bonomi	IGP-Decaux S.p.A.	- Director

Gabriele Galateri di Genola	Telecom Italia S.p.A.	- Chairman
	Assicurazioni Generali S.p.A.	- Deputy Chairman
	Accor S.A.	- Supervisory Director
	Banca Esperia S.p.A.	- Director
	Cassa di Risparmio di Savigliano	- Director
	Tim Participações S.A.	- Director
	Banca Carige	- Director
Jonella Ligresti	Fondiaria-Sai S.p.A.	- Chairman
	Sai Holding Italia S.p.A.	- Chairman
	Gilli S.r.l.	- Deputy Chairman
	Premafin HP S.p.A.	- Deputy Chairman
	Assonime S.p.A.	- Director
	Finadin S.p.A..	- Director
	Mediobanca S.p.A.	- Director
	Milano Assicurazioni S.p.A.	- Director
	RCS MediaGroup S.p.A.	- Director
Luca Minoli	Cemital S.p.A.	- Chairman
	Finanziaria Aureliana S.p.A.	- Chairman
	Privital S.p.A.	- Chairman
Giorgio Perolari	Unione di Banche Italiane S.c.p.a.	- Supervisory Director
Livio Strazzera	Serfis S.p.A.	- Sole Director
	Banca Regionale Europea	- Director
Francesco Saverio Vinci	Mediobanca Securities USA LCC.	- Deputy Chairman
	Mediobanca S.p.A.	- Director
	Compagnie Monegasque de Banque	- Director
	Banca Esperia S.p.A.	- Director
	Perseo S.p.A.	- Director

The report on the separate financial statements prepared by the Board of Statutory Auditors provides a list of the positions held by each of its members at the report date, in private and public limited companies and in limited partnerships.

Legal representation – Delegated bodies

Under the by-laws, legal representation of the company with third parties and in lawsuits falls severally to the Chairman and, if appointed, the Deputy Chairman (or Deputy Chairmen) and the Chief Executive Officer.

The Board of Directors has granted to an Executive Committee all its powers, except those that the Italian Civil Code and the by-laws do not allow to be delegated.

The resolutions of the Executive Committee are reported to the Board of Directors at the first subsequent meeting.

The Board of Directors has also attributed to the Chairman the position of Chief Executive Officer, and has appointed a Deputy Chairman and a Chief Operating Officer. On appointment, each officer was granted the powers listed hereafter.

In accordance with the «Code», the Board of Directors, at its first possible meeting and, in any case, at least on a quarterly basis, is informed of the activities performed by the Chief Executive Officer and the other executive directors, and in particular of the most important income, financial and equity operations, of the main transactions with related parties and those giving rise to a potential conflict of interest which have not been submitted for its prior approval.

The Board of Directors, in the absence of those directly concerned, establishes the remuneration and any stock option grants for directors with special offices in compliance with the articles of association, after consulting the Board of Statutory Auditors and examining the proposals of the Remuneration Committee. A significant portion of the pay of the Chairman-Chief Executive Officer and the Director-Chief Operating Officer is tied to business results and to achievement of specific objectives.

A consistent approach and coordination of activities are ensured by the presence on the Boards of Directors of the main subsidiaries of the Chairman-Chief Executive Officer, the Deputy Chairman, the Chief Operating Officer, directors and managers of Italmobiliare S.p.A.

Transactions with related parties

The «Code» envisages that transactions with related parties are transparent and comply with the criteria of formal and substantial correctness. Therefore, directors who have an interest in a transaction, even if only potential or indirect, are required to:

a) provide timely and exhaustive information to the Board on the existence of the interest and on its circumstances;

b) to leave the Board meeting at the time the resolution is taken.

In specific circumstances, however, the Board of Directors may allow the participation of the director concerned in the discussion and/or the vote.

Pursuant to the specific company procedure, significant transactions with related parties (meaning transactions whose object, amount, manner or timing may have an impact on the safekeeping of the company assets or on the completeness and correctness of information), even if conducted through subsidiaries, must be approved in advance by the Board of Directors, after consultation with the Internal Control Committee.

In addition, where the nature, value or other features of the transaction so require, the Board of Directors ensures that the transaction is concluded with the assistance of independent asset assessors and financial, legal or technical consultants by submitting it for prior examination by the Internal Control Committee, in order to avoid conditions being agreed for the transaction that are different from those that would probably have been negotiated between unrelated parties.

Finally, the Internal Control Committee verifies periodically the adequacy of the procedure for transactions with related parties adopted by the Board of Directors and proposes any updates deemed necessary.

Creation of committees

Italmobiliare S.p.A., in its own «Code», provides for the Board of Directors to establish a Remuneration Committee and an Internal Control Committee from among its members. These Committees' resolutions are offered by way of consultation and as proposals and are not binding on the Board.

The Committees are composed of no fewer than three members and, in carrying out their functions, they may access the necessary corporate information and functions, and also make use of external consultants.

Each Committee elects its own Chairman and a secretary (who is not required to be a member of the Committee) and meets at the request of its Chairman or their substitute. The meeting may be called informally (including verbally).

The meetings of each Committee are understood as validly called with the participation of the majority of its members, in person or via an audio or video-conference link. Each Committee carries resolutions by an absolute majority vote of the members participating at the meeting.

The *Remuneration Committee*, consisting of non-executive directors, the majority of whom are independent, has the task of formulating proposals to the Board, in the absence of those directly involved, for the remuneration of directors with special duties, as well as of the Chief Operating Officer and managers with strategic responsibilities. It also enforces their application on the basis of the information supplied by the chief executive officers. The Remuneration Committee also performs additional consultative functions on remuneration and related matters which the Board of Directors may request from time to time.

The *Internal Control Committee*, consisting of non-executive directors, most of whom are independent, has the task, in addition to the above, of verifying, together with the manager in charge of preparing the financial reports and the indipendent auditors, the correct application of accounting principles and their consistency for the purposes of preparing the consolidated financial statements; of expressing, at the request of the Chief Executive Officer, opinions on specific aspects regarding identification of the main company risks as well as the planning, realization and management of the internal control system; of examining the work program and periodic reports prepared by the Controller. In addition, the Internal Control Committee performs further duties assigned by the Board of Directors and reports, at least on a half-yearly basis, during approval of the annual report and the half-year condensed financial statements, on the work undertaken and on the adequacy of the internal control system.

The Internal Control Committee also helps the Board of Directors with activities connected to the workings of the internal control system.

The «Code» provides that the Internal Control Committee not only be composed of non-executive directors, most of whom are independent, but also include at least one director with suitable accounting and finance experience, to be assessed by the Board of Directors on their appointment.

The meetings of the Committee are attended by the Chairman of the Board of Statutory Auditors or by another auditor designated by the Chairman; the Chairman and the Chief Executive Officer may also take part, as well as, if invited, the Chief Operating Officer, the internal control staff and the heads of other company functions.

Among the committees indicated by the Corporate Governance Committee, the Italmobiliare S.p.A. «Code» does not provide for an «Appointments Committee». This is in keeping with the company's shareholding structure with a permanent shareholder able to exercise a dominant influence over the Shareholders' Meeting. Moreover, the appointment of the Board of Directors is now governed by the company by-laws which envisage, among other things, that on presentation of the list a short curriculum vitae is attached for each candidate with their personal and professional details. These curricula, pursuant to the «Code», must be duly published on the company website; in addition, it is now established practice that during the Shareholders' Meeting the Chairman provides data and professional details on candidates and their eligibility as independent directors.

Moreover, the Corporate Governance Committee, in inviting issuers to assess the possibility of forming an Appointments Committee within the Board of Directors, stated that "... this solution has its origin in systems with a widely dispersed shareholding base, to ensure an adequate level of independence of the directors in relation to management ...".

Lead independent director

The «Code» envisages, in relation to independent directors, that should the Chairman of the Board of Directors be the primary officer responsible for company management, and also when the position of Chairman is held by the person who controls the company, the Board 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.

At the meeting of April 30, 2008, in which it assigned company positions, the Board of Directors appointed Professor Mauro Bini, an independent director, as «Lead independent director».

System of controls

The Board of Directors designates an executive director (normally the Chief Executive Officer) to oversee the workings of the internal control system, whose duties, as already noted in the section on "Features of the risk management and internal control system regarding the financial disclosure process", include:

a) identifying the main corporate risks, taking into account the characteristics of the activities of the company and subsidiaries, and periodically presenting them for examination by the Board of Directors;
b) executing the guidelines established by the Board of Directors, arranging the planning, realization and management of the internal control system, constantly checking its overall adequacy, effectiveness and efficiency; in addition keeping the system aligned with developments in business scenarios, legislation and regulations.

The Board of Directors, on the recommendation of the executive director responsible for overseeing the internal control system and after consulting the Internal Control Committee, appoints and revokes the Controller, establishes the Controller's remuneration in line with company policy and provides the Controller with suitable resources and organizational structures.

The Controller is responsible for verifying that the internal control system is always adequate, fully operational and effective. The Controller is not responsible for any operational area and hierarchically does not report to any head of operational areas, including administration and finance.

The Controller reports on risk management, on compliance with the plans drawn up to limit risks and presents an assessment of the internal control system's ability to achieve an acceptable overall risk profile, to the Internal Control Committee, the executive director responsible for overseeing the internal control system and the Board of Statutory Auditors, as required by law.

Executive director responsible for overseeing the internal control system

With reference to the system of controls, during the meeting of April 30, 2008, at which corporate positions were assigned, pursuant to the «Code» and with the assistance of the Internal Control Committee, the Board of Directors named the Chairman-Chief Executive Officer, Giampiero Pesenti, as the executive director responsible for overseeing the internal control system.

Manager in charge of preparing the company's financial reports

The Consolidated Law on Finance (TUF) provides that the corporate organization of issuers listed on regulated markets whose state of origin is Italy designate a manager in charge of preparing the financial reports, to whom specific responsibilities are assigned, in particular for corporate disclosure.

On November 13, 2009, the Board of Directors appointed Giorgio Moroni, the Joint Chief Administrative and Financial Officer, as the manager in charge of preparing the company's financial reports, pursuant to art. 154-bis of the TUF and art. 29 of the company by-laws, in place of Angelo Maria Triulzi who ceased to serve following his retirement.

The appointment of Mr. Moroni will end with the completion of the mandate of the current Board of Directors, i.e., with the approval of the financial statements for the year to and as at December 31, 2010.

Pursuant to the company by-laws, the manager in charge of preparing the company's financial reports must:

1) be a manager and possess the requisites of good standing established by law for the members of the Board of Directors;
2) have at least three consecutive years' experience in the exercise of administrative/accounting and/or financial and/or control work at the company and/or its subsidiaries and/or at other listed companies.

At the time of the appointment, the Board of Directors gives the manager in charge of preparing the company's financial reports adequate powers and resources to exercise the duties allocated by law and establishes their compensation.

Board of Statutory Auditors

The «Code» takes up and supplements the laws and by-laws relating to the appointment of the Board of Statutory Auditors, in accordance with a transparent procedure guaranteeing, among other things, timely and adequate information on the personal and professional details of the candidates.

The Board of Statutory Auditors is appointed on the basis of lists aimed at ensuring for minority shareholders the appointment of one acting auditor and one substitute auditor.

The lists must be presented at the company head offices at least 15 days before the date set for the Shareholders' Meeting on first call; this, together with the procedures and minimum shareholding required for presentation of the lists, must be mentioned in the call notice.

Lists may be presented only by shareholders who, alone or together with other shareholders, can prove they hold a percentage of the voting capital no lower than that determined by CONSOB pursuant to the regulations in force for the appointment of the Board of Directors. For 2010, the threshold established by CONSOB is 2.5% of the ordinary share capital.

No shareholder may present or participate in the presentation of more than one list, directly or through a third party or trust company, or vote for different lists.

Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement regarding the company shares may not present or vote for more than one list, directly or through a third party or through trust companies.

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

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

On presentation the lists must include:

a) statements with which individual candidates:

 * accept their candidacy

 * personally state under their own responsibility:

 - possession of the professional requisites envisaged by the by-laws

 - the non-existence of grounds for their ineligibility or incompatibility

 - possession of the requisites of good standing established by the law

 - possession of the requisites of independence required by the law and by the Voluntary Code of Conduct;

b) a short curriculum on the personal and professional characteristics of each candidate with an indication of their position as director and auditor in other companies;

c) information on the identity of the shareholders who presented the lists with an indication of the overall shareholding and certification showing their ownership of the shareholding;

d) a statement by the shareholders who do not hold, including jointly, a controlling or majority stake, bearing witness to the absence of any connection, as defined by the law in force.

A presented list that does not comply with the above provisions will be considered as not presented.

In the event that, within the limit of 15 days preceding the date of the Shareholders' Meeting, a single list has been deposited, or only lists presented by shareholders who are inter-connected pursuant to current laws, additional lists may be presented up to the fifth day following this deadline and the threshold indicated in the notice of call will be halved.

At least 10 days before the date envisaged for the Shareholders' Meeting which is called to appoint the Board of Directors and the Board of Statutory Auditors, the company shall make the lists of candidates deposited by shareholders and the accompanying documentation available at the company offices, at the market operator and on its website.
In the event of presentation 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 vote 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 significant for the purposes of excluding the minority shareholders' elected auditor only if this vote was decisive for the election of the said auditor.

Should a single list be presented, all the candidates included in that list are elected with a majority vote of the share capital represented at the Shareholders' Meeting.

Should no lists be presented, the Shareholders' Meeting appoints the Board of Statutory Auditors with a majority vote of the share capital represented at the Shareholders' Meeting.

The chairmanship of the Board of Statutory Auditors falls to the person indicated in first place in the list presented and voted by the minority shareholders, or to the first name when a single list is presented or to the person appointed as such by the Shareholders' Meeting should no lists be presented.

Pursuant to the by-laws of Italmobiliare S.p.A., people in incompatible situations as envisaged by the law or people who have exceeded the limit on the number of engagements established by the regulations in force cannot be elected as auditors, and if elected cease to serve.

Should an elected auditor during their term of office no longer satisfy the requisites required by the law or the by-laws, their mandate shall lapse.

When it is necessary to replace an acting auditor, the substitute auditor belonging to the same list as the removed auditor takes over.

In their absence, in accordance with the original order of presentation, the candidate from the same list as the lapsed auditor takes over, without taking the initial section into account.

Should the replacement concern the Chairman of the Board of Statutory Auditors, the position will be taken over by the auditor of the minority shareholders.

Auditors appointed in this manner hold office until the subsequent Shareholders' Meeting.

Should it be necessary to supplement the Board of Statutory Auditors:

- to replace an auditor elected from the majority shareholders list, the appointment takes place with a majority vote of the share capital represented at the Shareholders' Meeting, choosing among the candidates indicated in the original majority list;
- to replace an auditor elected from the minority shareholders list, the appointment takes place with a majority vote of the share capital represented at the Shareholders' Meeting, choosing 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 majority vote of the share capital represented at the Shareholders' Meeting, choosing among the candidates indicated in the list of which each outgoing auditor was part, with a number of auditors equal to the number of lapsed auditors belonging to the same list.

Where it is not possible to proceed as above, the Shareholders' Meeting called to supplement the Board of Statutory Auditors passes a resolution with a majority of the share capital represented at the Shareholders' Meeting, without prejudice to the principle by which minority shareholders are always guaranteed appointment of one acting auditor and one substitute auditor. In all cases, the Chairmanship of the Board of Statutory Auditors falls to the auditor of the minority shareholders.

Auditors accept their appointment when they believe they can devote the necessary time to diligent performance of their duties.

The «Code» envisages that the auditors are chosen from among those who qualify as independent on the basis of the criteria that apply to directors and, as mentioned above, on presentation of the list that they present a statement confirming possession of the related requisites. The Board of Statutory Auditors verifies the correct application of and compliance with these criteria after appointment and subsequently on an annual basis; the outcome of this check and of the check on the procedure adopted by the Board of Directors to assess the requisites for

independence of directors will be communicated in the corporate governance report or in the auditors' report to the Shareholders' Meeting.
The «Code» indicates that auditors, too, are bound by an obligation of confidentiality and are prohibited by law from using confidential information for immediate or future personal or financial gain, directly or indirectly.

Besides the duties attributed by the law and the by-laws, the «Code» requires the Board of Statutory Auditors to:
a) oversee the independence of the independent auditors, verifying both compliance with relevant laws and the nature and extent of services other than auditing provided to the company and its subsidiaries by the independent auditors and by companies belonging to its network;
b) assess the results set out in the report and any letter of recommendations;
c) oversee the effectiveness of the audit process.

Under the Voluntary Code of Conduct approved by the Corporate Governance Committee, these last two duties could have been entrusted to the Internal Control Committee rather than to the Board of Statutory Auditors. The company believed it more consistent to assign these duties to the Board of Statutory Auditors, which already assesses the proposals of the independent auditors and their work program and, pursuant to the law in force, proposes the engagement and termination of the independent auditors at the Shareholders' Meeting.

Shareholders' Meetings

The «Code» envisages that the Board of Directors recommend that all its members regularly attend Shareholders' Meetings and encourage and facilitate the broadest possible participation by shareholders and facilitate the exercise of voting rights.

To this end, the Board of Directors reports to the Shareholders' Meeting on the work undertaken and planned and ensures shareholders have adequate information to enable them to take informed decisions on the matters that are the responsibility of the Shareholders' Meeting.

Shareholders who hold ordinary shares and for whom the communication envisaged by law has reached the company no later than two working days prior to the date set for the Shareholders' Meeting are entitled to participate in Shareholders' Meetings.

No regulations have been envisaged for the proceedings of Shareholders' Meeting since the broad powers attributed to the Chairman by law and accepted practice, as well as the by-law (art. 14) that expressly attributes to the Chairman the power to direct the discussions, keep order and establish the method of voting (which must be open), are considered adequate tools for the orderly running of Shareholders' Meetings.

Dealings with institutional investors and shareholders

The company seeks continuous dialogue with shareholders, based on a mutual understanding of their respective roles. To this end, the Chairman-Chief Executive Officer, within the respective spheres of competence, provides the general guidelines to be adopted by company divisions in dealings with institutional investors and other shareholders.

In addition, in order to provide timely and easy access to company information and thus allow shareholders to exercise their rights knowledgably, a specific section has been created on the website, which is easily identifiable and accessible, where this information is available, in particular the procedures for participation in and exercise of voting rights at Shareholders' Meetings, documentation relating to the items on the order of business, including lists of candidates to director and auditor positions, with personal and professional details, financial reports, press releases issued by the company pursuant to the Consolidated Law on Finance, the corporate calendar, etc.

B) IMPLEMENTATION OF CORPORATE GOVERNANCE RULES

The company by-laws provide for the company to be governed by a Board of Directors consisting of a minimum of 5 to a maximum of 15 directors who serve for the period established on their appointment, and in any case no more than three financial years, and may be re-elected.

The Shareholders' Meeting of April 30, 2008, appointed the Board of Directors for the three years 2008-2010. On that occasion the majority shareholder presented its own list of candidates, while other minority shareholders presented their own lists of candidates. Consequently, the Board of Directors, on the basis of the regulations in force and company by-laws, consists of 12 directors, of whom 11 are from the list that obtained the highest number of votes at the Shareholders' Meeting and one is from the minority shareholders' list that obtained the highest number of votes at the Shareholders' Meeting.

Assignment of duties and granting of delegated powers

The company by-laws envisage the aforementioned central role of the Board of Directors.

Pursuant to the «Code», the granting of delegated powers, i.e., the attribution of operational powers to one or more people and/or to the Executive Committee, if appointed, does not exclude the competence of the Board of Directors, which in any case holds a higher power of guidance and control over the general business of the company in its various aspects.

Legal representation of the company is attributed by the by-laws severally to the Chairman and also, if appointed, to the Deputy Chairman (or Deputy Chairmen) and to the Chief Executive Officer.

Within the Board of Directors, the distribution of powers is as follows:

- to the **Executive Committee**, consisting of five members, all the powers of the Board of Directors, except for those which the law and the by-laws do not allow to be delegated. As specified on its appointment, the resolutions of the Executive Committee must be reported to the Board of Directors at the next meeting of the latter;
- to the **Chairman - Chief Executive Officer**, Giampiero Pesenti, among other things, the duties to oversee compliance with Corporate Governance principles adopted by the company and to propose any changes to them to be put for approval to the Board of Directors, with the support of the Group Corporate Affairs Department which reports to him; to take responsibility for operating polices and business development strategies for Italmobiliare S.p.A. and the main directly or indirectly controlled subsidiaries; to supervise and direct the business of Italmobiliare S.p.A. and of the main directly or indirectly controlled subsidiaries, by issuing appropriate orders to the Chief Operating Officer and other company bodies; to establish the guidelines for the management of the main companies in which Italmobiliare S.p.A., directly or indirectly, holds an equity investment which enables it to exercise significant influence; to determine the guidelines for the selection of the senior management of Italmobiliare S.p.A. and of the main directly and indirectly controlled subsidiaries as well as, solely for Italmobiliare S.p.A., for staff management. To the Chairman – Chief Executive Officer, Giampiero Pesenti, among other duties and in addition to the powers envisaged by the company by-laws and by the Voluntary Code of Conduct, the powers to undertake any administrative act, including the buying and selling of equity investments, to undertake security and loan operations, to accept guarantees, to provide collateral in favor of third parties provided that they are directly or indirectly controlled subsidiaries or associates of Italmobiliare S.p.A., up to a limit of 150 million euro for each individual transaction; to undertake real estate transactions, exchanges and real estate divisions, regulation of easements or property rights generally, up to a maximum limit of 25 million euro for each individual transaction; to recruit staff at all levels, set their pay, suspend them, change their employment terms and dismiss them; to appoint consultants generally, setting their pay, fees and any guarantees, suspend, modify or terminate the contractual relationship, with the right to confer special proxies with such powers on other people;
- to the **Deputy Chairman**, Italo Lucchini, solely the powers of corporate representation, pursuant to the company by-laws, to be exercised separately from those of the Chairman – Chief Executive Officer;
- to the **Chief Operating Officer**, Carlo Pesenti, among other things, the duty of following the performance of subsidiaries and investee companies generally and the powers to formulate proposals on company organization to the Chief Executive Officer. The Chief Operating Officer is also empowered, among other things, to undertake any act concerning the management of the company, including undertaking security and loan transactions,

accepting on behalf of the company obligations of any kind, including those backed by collateral security in favor of third parties provided that they are direct or indirect subsidiaries of Italmobiliare S.p.A., buying and selling government securities, debentures, mortgage bonds, equity securities, interests in companies, undertaking lending and borrowing transactions and repurchase transactions on securities up to a maximum of 75 million euro for each transaction; negotiating lines of credit with banks up to a maximum of 75 million euro, for higher amounts and up to a maximum limit of 100 million euro with the joint signature of the Joint Chief Administrative and Financial Officer.

Other delegated powers have been allocated to the Joint Chief Administrative and Financial Officer and to the Secretary to the Board within their respective competences.

The Chief Executive Officer and the Chief Operating Officer have conferred specific and limited delegated powers to company employees for day to day operations.

Given the quantitative limits envisaged for all the powers granted by the Board of Directors and given the explicit and particular obligation, envisaged by the «Code» adopted by the company, to present adequate information to the Board of Directors "on the most important economic, financial and equity transactions undertaken by the company or by the subsidiaries, on the main dealings with related parties as well as on operations leading to a potential conflict of interests", no limit has been established for the prior approval by the Board of Directors of significant transactions or transactions with related parties (see also the limits imposed in the "Procedural Code for Transactions with Related Parties", attached hereto).

The Chairman – Chief Executive Officer and the Chief Operating Officer have informed the Board of Directors and the Board of Statutory Auditors, on the periodic basis envisaged by the «Code» and by the company by-laws, about activities undertaken in exercise of their respective powers. In addition, the most important economic, financial and equity transactions undertaken by the company, the main dealings with related parties as well as operations leading to a potential conflict of interests, have been presented for examination by the Board of Directors, including those within the limits of the delegated powers granted.

Composition of the Board of Directors and its meetings

The Italmobiliare S.p.A. Board of Directors has 10 non-executive directors out of a total of 12. Among the non-executive directors, 5 have the requisites for independence established for auditors by Legislative Decree 58/98 and 4 of these are also independent pursuant to the company's Code of Conduct.

The executive directors include the Chairman – Chief Executive Officer. The Board of Directors, on the Chief Executive Officer's appointment, determines attributions and powers and sets any quantitative limits on the exercise of such powers.

The division of delegated powers (including those of the Chief Operating Officer) is based on the principle of separation of competences.

Although the directors Italo Lucchini, Giorgio Perolari and Livio Strazzera are members of the Executive Committee, they are considered non-executive. This is because the Executive Committee does not meet on a regular basis, but only when particular resolutions need to be adopted rapidly. The Voluntary Code of Conduct, as promoted by Borsa Italiana S.p.A., supports this interpretation provided that, as in this case, the director is not allocated individual executive powers.

The Board of Directors, on the examination of the draft financial statements for the year and after examining the information supplied by the individuals concerned, undertook its annual assessment of the good standing and independence of the directors: the results of its assessment are shown on the page listing the company officers at the beginning of the Annual Report, as well as in the table attached to this report.

As envisaged by the «Code», on March 24, 2010, the Board of Directors assessed the size, composition and operations of the Board and its Committees.

To this end, the company had prepared and previously distributed to all the directors a questionnaire in the form of statements, for each of which the respondent marked their level of agreement.

The outcome of this assessment was a broadly positive judgment on the adequacy of the composition and on the efficiency and operations of the Board of Directors and its Committees.

Some isolated comments suggested that managers of the company departments should attend Board of Directors' meetings in order to have a more detailed presentation of items on the agenda and greater information on changes in the regulatory environment. In addition, one director would like to see a greater distribution of duties and responsibilities within the Board of Directors.

During 2009, the Board of Directors met on 6 occasions; 9 directors took part in all the meetings, 1 director, who is not independent, took part in 5 meetings, 1 director who is independent took part in 3 meetings, and another director, who is independent, took part in 2 meetings.

The average length of the meetings of the Board of Directors held during the year was approximately two hours and forty-five minutes. Moreover, considering only the meetings during which accounting data, among other things, was approved, the average rises to around three hours and ten minutes.

The full Board of Statutory Auditors attended all meetings, except on two occasions.

The Executive Committee did not meet during 2009.

During 2010 the Board of Directors has so far met twice, the first time to examine forecasts for 2010, the second to examine and approve – among other things – the draft financial statements for 2009. During the year no fewer than a further three meetings are currently planned to approve the interim accounts.

During 2010 the Executive Committee has so far not met.

Remuneration and stock options for directors and the Chief Operating Officer

The amount which, pursuant to the company by-laws, is allocated to the Board of Directors during the division of the net profit for the year, is apportioned equally among all the directors, granting double portions to the Chairman, one and a half portions to the Deputy Chairman and an extra half share to the members of the Executive Committee.

The Board of Directors, on the proposal of the Remuneration Committee and having received a favorable opinion from the Board of Statutory Auditors, has also resolved the remuneration to be allocated to the Chief Executive Officer and the Chief Operating Officer, the total of which, determined year by year, comprises a fixed amount and a variable amount tied to the achievement of allocated objectives.

At the start of his mandate, the Deputy Chairman was allocated a fixed annual remuneration.

At the start of his mandate, the Chief Executive Officer was allocated an "End of term entitlement" which will vest at the end of the appointment.

In addition, the Chief Executive Officer and Chief Operating Officer are annually allocated, on the proposal of the Remuneration Committee, a number of stock options which varies in relation to the achievement of the objectives set by the Board of Directors in compliance with the Regulation of the stock option plans for directors and managers.

Composition and activities of the Committees

At its meeting on April 30, 2008, the Board of Directors appointed the Remuneration Committee and the Internal Control Committee, to hold office for the full three-year term of the Board of Directors.

The *Remuneration Committee* consists of three non-executive members, the majority being independent directors. During 2009 it met twice to draft proposals regarding remuneration and stock option grants for directors and managers.

The *Internal Control Committee* consists of three members, all non-executive, the majority being independent. At its meeting of May 15, 2009 the Board of Directors appointed as its third member Giorgio Perolari in place of Jonella Ligresti who had previously informed the Committee of her intention to resign given other professional commitments.

During 2009 the Internal Control Committee met 3 times, with all its members present, except on one occasion; in particular, it examined the reports prepared by the Controller and by the independent auditors to verify the adequacy of the internal control system and reported to the Board of Directors, during approval of the annual report and the half-year financial report, on the work undertaken and on the adequacy of the internal control system.

The meetings of the Remuneration Committee and of the Internal Control Committee were duly minuted.

Internal control system

The internal control system is defined as the set of rules, procedures and organizational structures designed to ensure, through adequate identification, measurement, management and monitoring of key risks, sound and correct management of the company in line with objectives, thus guaranteeing the safekeeping of the company assets, the efficiency and effectiveness of company operations, the reliability of financial information, and compliance with laws and regulations.

The Board of Directors exercises its functions in relation to the internal control system based on national and international reference models and best practice, and pays particular attention to the organization, management and control model adopted pursuant to Legislative Decree no. 231 of June 8, 2001.
Being Italmobiliare the holding of a "group of groups", its internal control system is organised on more levels. In particular the internal control work in relation to the "construction materials" sector is monitored by the Internal Control Committee of Italcementi, from which the Internal Control Committee of Italmobiliare receives half-yearly reports on the activity performed.

The Board of Directors, with the help of the Internal Control Committee, sets the guidelines for the internal control system 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 an annual basis, the adequacy, effectiveness and functioning of the internal control system with respect to the characteristics of the company.

As envisaged by the «Code», the executive director responsible for overseeing the internal control system has taken steps to identify the main business risks and to assess the overall adequacy, effectiveness and efficiency of the internal control system, in particular by asking the Controller to carry out specific controls on the procedures regarding both Italmobiliare S.p.A. and the subsidiaries.

Some time ago, the company set up an internal audit department. The Controller is the head of this department.

During 2009 the Controller implemented the audit plan, as presented to the Internal Control Committee, and undertook the duties assigned from time to time by the Chief Executive Officer in his capacity as the executive director responsible for overseeing the internal control system.

The Board of Directors, to which the Internal Control Committee reports on a half-yearly basis, believes that the internal control system may be considered as adequate taken as a whole for the Group structure and the nature of its businesses.

Board of Statutory Auditors

During the renewal of the Board of Statutory Auditors at the Shareholders' Meeting of April 30, 2008, the majority shareholder presented its own list of candidates, while minority shareholders presented their own lists of candidates.

Consequently, the position of Chairman of the Board of Statutory Auditors, on the basis of the law in force and the by-laws, is held by the candidate indicated in the minority shareholders list that obtained the most votes at the Shareholders' Meeting, while the remaining two acting auditors were taken from the list that obtained the most votes at the Shareholders' meeting.

As envisaged by the «Code», in 2009 the Board of Statutory Auditors, among other things, oversaw the independence of the independent auditors, by verifying both compliance with the relevant regulatory provisions and the nature and extent of the non-audit services provided to the company and its subsidiaries by the independent auditors and entities belonging to their network.

During the year, the internal audit manager took part in several meetings of the Board of Statutory Auditors, just as the Board of Statutory Auditors attended all the meetings of the Internal Control Committee. This enabled a continuous flow of information among the various bodies aimed at monitoring the entire control system.

TABLE 1

STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Board of Directors							Executive Committee		Internal Control Committee		Remuneration Committee	
Position	**Member**	Executive	Non-executive	Independent	Attendance	No. Other positions	Member	Attendance	Member	Attendance	Member	Attendance
Chairman Chief Executive Officer	Giampiero Pesenti	•			6/6	10	•					
Deputy Chairman	Italo Lucchini		•		6/6	5	•				•	2/2
Director Chief Operating Officer	Carlo Pesenti	•			6/6	6	•					
Director	Pier Giorgio Barlassina		•		6/6	7						
Director	Mauro Bini		•	•	6/6	1			•	3/3		
Director	Giorgio Bonomi		•		6/6	1			•	3/3		
Director	Gabriele Galateri di Genola		•	•	3/6	7					•	1/2
Director	Jonella Ligresti		•	•	2/6	9			•	0/1		
Director	Luca Minoli		•		6/6	3						
Director	Giorgio Perolari		•	•	6/6	1	•		•	2/2	•	2/2
Director	Livio Strazzera		•		6/6	2	•					
Director	Francesco Saverio Vinci		•		5/6	5						

TABLE 2

BOARD OF STATUTORY AUDITORS

Position	Member	Attendance at meetings
Chairman	Mario Cera	10/10
Chairman/Acting auditor	Luigi Guatri	8/10
Acting auditor	Eugenio Mercorio	9/10

TABLE 3

OTHER PROVISIONS OF THE VOLUNTARY CODE OF CONDUCT

The table below illustrates the extent to which the «Code» complies with other provisions of the Voluntary Code of Conduct contained in the text approved by the Corporate Governance Committee.

	YES	NO	Summary of reasons for any divergence from the recommendations of the «Code»
System of delegated powers and transactions with related parties			
Has the Board of Directors attributed delegated powers establishing their: a) limits b) manner of exercise c) and frequency of reporting?	 • • •		
Has the Board of Directors reserved the right to review and approve transactions with a significant impact on the balance sheet and income statement (including transactions with related parties)?	•		
Has the Board of Directors established guidelines and criteria to identity "significant" transactions?	•		
Are these guidelines and criteria described in the report?	•		
Has the Board of Directors defined specific procedures for the examination and approval of transactions with related parties?	•		
Are the procedures for the approval of transactions with related parties described in the report?	•		
Procedures for the most recent appointment of directors and auditors			
Were candidacies for the position of director deposited within the deadlines envisaged by the provisions in force at the time?	•		
Were candidacies for the position of director accompanied by adequate information?	•		
Were candidacies for the position of director accompanied by an indication of suitability to be considered as independent?	•		
Were candidacies for the position of auditor deposited within the deadlines envisaged by the provisions in force at the time?	•		
Were candidacies for the position of auditor accompanied by adequate information?	•		
Shareholders' meetings			
Has the company approved a Procedure for Shareholders' Meetings?		•	The broad powers attributed to the Chairman by law and accepted practice, as well as the provision of the by-laws that expressly empowers the Chairman to direct the discussion, keep order and establish method of voting (which must be open), are considered adequate tools for the orderly running of Shareholders' Meetings.
Is the Procedure attached to the report (or is there an indication of where it can be obtained/downloaded)?		-	
Internal control			
Has the company appointed controllers?	•		
Are these managers hierarchically not subordinate to the managers of the operating areas?	•		
Unit responsible for internal control (pursuant to art. 9.3 of the «Code»)			Internal Control Division
Investor relations			
Has the company appointed an investor relations manager?	•		
Organizational unit and references for the investor relations manager			ITALMOBILIARE S.p.A. Via Borgonuovo, 20 - 20121 Milan Tel. 02 290241 - Fax 02 6595515 e.benaglio@italmobiliare.it

Code of Ethics

The Code, approved for the first time in 1993, envisages that all employees and those who have dealings 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 on February 9, 2001, the Italmobiliare Board of Directors approved the current version of the Code 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 at 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

In terms of managing confidential information, the «Code», after recalling the obligation of confidentiality and the prohibition on using such information for personal gain, envisages the adoption of procedures for the disclosure of documents and information, with particular reference to price-sensitive information, which may be disclosed only by people who are generally or specifically authorized to do so.

At its meeting of February 9, 2001, the company Board of Directors approved a specific procedure requiring strict compliance with the disclosure procedures and terms envisaged by the provisions in force, to ensure equality and contextuality.

Regarding dealings with institutional investors and other shareholders, based, as envisaged by the «Code», on constant attention, the organization notices issued by the Chief Executive Officer have established general guidelines and identified the company structures dedicated to this activity.

Internal Dealing Code of Conduct

The company updated its own 'Internal Dealing Code of Conduct', originally adopted in application of the provisions issued by Borsa Italiana S.p.A., to take account of the new regulatory provisions adopted by CONSOB in execution of the new regulation (so-called Market abuse) introduced by the Law on Savings of 2005. The 'Internal Dealing Code of Conduct' governs the information to be disclosed to the company, and by the company to the market, on any transactions involving Italmobiliare or Italcementi shares and other financial instruments linked to such shares undertaken by 'Relevant persons' on their own behalf.

Pursuant to the 'Internal Dealing Code of Conduct', 'Relevant persons' are the members of the Board of Directors, the Board of Statutory Auditors and the Chief Operating Officer of Italmobiliare S.p.A. and any party holding an equity investment of at least 10% in the share capital of Italmobiliare S.p.A. represented by shares with voting rights, as well as any other party who controls Italmobiliare S.p.A.

In particular, 'Relevant persons' must inform Italmobiliare S.p.A., which in turn informs the market, about completed transactions for an aggregate amount of 5,000 euro by the end of the year.

Given the particular structure of the Group, the 'Internal Dealing Code of Conduct' is associated with the Code adopted by Italcementi S.p.A., in the sense that market disclosures regarding transactions on Italcementi S.p.A. shares by people who are 'Relevant persons' for both companies, are considered as made also pursuant to the provisions contained in the Code of Conduct adopted by Italmobiliare S.p.A. Whenever disclosure obligations are completed by the subsidiary, it will also arrange to inform the market on behalf of the parent company.

In addition, the 'Internal Dealing Code of Conduct' envisages that 'Relevant persons' must abstain from transactions that are subject to disclosure to the company:

- regarding listed financial instruments issued by Italmobiliare S.p.A.:
  - in the 30 calendar days preceding the meeting of the Board of Directors of Italmobiliare S.p.A. called to approve the separate financial statements and the half-year condensed financial statements, including the day on which the meeting is held;
  - in the 15 calendar days preceding the meeting of the Board of Directors of Italmobiliare S.p.A. called to approve the quarterly reports, including the day on which the meeting is held;

- regarding financial instruments issued by the listed subsidiary Italcementi S.p.A.:
  - in the 30 calendar days preceding the meeting of the Board of Directors of Italcementi S.p.A. called to approve the separate financial statements and the half-year condensed financial statements, including the day on which the meeting is held;
  - in the 15 calendar days preceding the meeting of the Board of Directors of Italcementi S.p.A. called to approve the quarterly reports, including the day on which the meeting is held.

Procedural Code for Transactions with Related Parties

The company Voluntary Code of Conduct, taking up the indications of the Corporate Governance Committee, attributes to the Board of Directors the task of examining and giving prior approval to transactions with related parties and transactions of strategic, economic, equity or financial importance for the company, undertaken by the company and by subsidiaries, for which the prior approval of the Board of Directors is expressly required by the specific company procedure.

The "Procedural Code for Transactions with Related Parties", initially adopted with the Board of Directors' resolution of March 24, 2003, and subsequently updated, supplements the provisions already contained in the company Voluntary Code of Conduct, and provides disclosure guidelines for all interested parties in their position as a related party when undertaking transactions with Italmobiliare S.p.A.

The Procedural Code divides these transactions into three separate categories on the basis of their size and the parties involved.

The first category is that of "Significant transactions", i.e., larger transactions with the greatest impact on the balance sheet and income statement, for which CONSOB requires market disclosure. Such transactions require prior authorization by the Board of Directors, which consults the Internal Control Committee and/or seeks the assistance of independent experts to value the assets and provide financial or technical assistance.

The second category is "Intragroup transactions", i.e., those with/among subsidiaries of Italmobiliare S.p.A.; the third category is "Transactions with other related parties" (for example directors, auditors, family members, etc.).

In the second and third categories, a distinction is made between current transactions and atypical, unusual or non-standard transactions.

Above the thresholds envisaged, it is necessary to secure the prior authorization of the Board of Directors, after consulting the Internal Control Committee; for other transactions, it is not necessary to have prior authorization, but the Board of Directors must be informed. Transactions of lower value and those within the core business of Italmobiliare S.p.A. do not require any particular procedure.

The "Procedural Code for Transactions with Related Parties" gives the Internal Control Committee the task of periodically verifying the adequacy of the procedure for transactions with related parties adopted by the Board of Directors and of proposing any updates deemed necessary.

It is also envisaged that the Board of Directors may propose updates to the Procedural Code, in the event of changes to the regulatory system or the company's organization or business operations that make amendments necessary; in this case too, updates may be adopted only after consulting the Internal Control Committee.

The "Procedural Code for Transactions with Related Parties" also envisages that the company be enabled, through disclosure by the parties concerned, to identify transactions with related parties in order to fulfill the consequent obligations.

Pursuant to the CONSOB Regulation for Issuers, reference should be made to international accounting standard IAS 24 to identify correctly the notion of «related parties».

CONSOB resolution of April 6, 2001, recommends that the boards of statutory auditors of listed companies prepare a summary of the inspections performed during the year. Information that must be supplied includes transactions with related parties. At their meeting of March 27, 2002, the directors therefore undertook to inform the Board of Statutory Auditors of any position they held as a related party in transactions with the company.

Regulation of the manager in charge of preparing the financial reports

As noted elsewhere in the report, pursuant to Law no. 262/05, the so-called «Law on Savings», the company has appointed a «Manager in charge of preparing the financial reports» and adopted a specific «Regulation» which, in compliance with legal provisions, the company by-laws and on the basis of best practice,

* defines the responsibilities of Italmobiliare's «Manager in charge of preparing the financial reports», and specifies their related duties;
* identifies the responsibilities and the method of appointment, removal and disqualification of the «Manager», the term of office and the requirements of professionality and good standing;
* sets out the principles of conduct to be followed by the company «Manager» in the case of conflicts of interest, as well as the confidentiality obligations to be observed in carrying out their work;
* indicates the powers and resources allocated to the «Manager» for the exercise of their activities, identifying the financial and human resources to carry out their mandate;
* defines the dealings with other company bodies/departments, with the Board of Directors, the external and internal control bodies and with subsidiaries, and governs the related information flows;
* illustrates the internal and external certification process with reference to: a) statements by the «Manager» regarding the correspondence of the company's disclosed records and communications to the document results, books and accounting entries; b) certifications by the «Manager» and by the delegated administrative bodies on the separate financial statements, the half-year condensed financial statements and the consolidated financial statements.

The «Regulation» has been approved by the Board of Directors and is intended for all units, departments and corporate bodies of Italmobiliare S.p.A., as well as all the companies that it controls directly or indirectly. It has been disseminated to the company staff, the subsidiaries, and all parties to whom it is considered to be of interest.

Organization, management and control model

In order to make the control system and corporate governance more effective, and prevent corporate offenses and offenses against the public administration, during 2004, in application of Legislative Decree no. 231/01, the company Board of Directors adopted an «Organization, management and control model» (the «Model»).

In 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 of the «Model».

The «Model» was first updated in 2006 to adjust it to the law on market abuse and failure by directors to disclose a conflict of interest; in 2008 the «Model» was also extended to crimes connected to violation of the laws on workplace health and safety, transnational crimes, receipt of stolen goods and money-laundering. Finally, in 2010, the "Regulation on preventing workplace accidents" was further updated to better reflect the company's situation.

The duty of continuously overseeing the operating effectiveness and enforcement of the «Model», as well as proposing amendments, is entrusted to a Compliance Committee, which operates on an autonomous, professional and independent basis.

In accordance with the provisions of the «Model», the Compliance Committee is currently composed of an independent director (subsequently named Chairman), an external professional and the company's Internal Auditing manager.

EQUITY INVESTMENTS OF DIRECTORS, STATUTORY AUDITORS AND CHIEF OPERATING OFFICERS

Full name	Investee company	Number of shares held at end of previous year	Number of shares bought	Number of shares sold	Number of shares held at end of current year
Giampiero Pesenti	Italmobiliare S.p.A.	ordinary: 27,623 [1]	ordinary: -	ordinary: -	ordinary: 27,623 [1]
		savings: 2,467 [1]	savings: -	savings: -	savings: 2,467 [1]
	Italcementi S.p.A.	ordinary: 10,972 [2]	ordinary: -	ordinary: -	ordinary: 10,972 [2]
		savings: 22,698 [1]	savings: -	savings: -	savings: 22,698 [1]
Carlo Pesenti	Italmobiliare S.p.A.	ordinary: 16,441	ordinary: -	ordinary: -	ordinary: 16,441
	Italcementi S.p.A.	ordinary: 1,500 [2]	ordinary: -	ordinary: -	ordinary: 1,500 [2]
		savings: 3,000 [2]	savings: -	savings: -	savings: 3,000 [2]
	Ciments Français S.A.	ordinary: 50	ordinary: -	ordinary: -	ordinary: 50
Pier Giorgio Barlassina	Italmobiliare S.p.A.	ordinary: 1,500	ordinary: -	ordinary: -	ordinary: 1,500
Giorgio Bonomi	Italcementi S.p.A.	ordinary: -	ordinary: 2,500	ordinary: -	ordinary: 2,500
Giorgio Perolari	Italmobiliare S.p.A.	ordinary: 16,735	ordinary: -	ordinary: -	ordinary: 16,735
		savings: 8,800 [1]	savings: -	savings: -	savings: 8,800 [1]
	Italcementi S.p.A.	ordinary: 20,280	ordinary: -	ordinary: -	ordinary: 20,280
		savings: 130,000 [2]	savings: -	savings: -	savings: 130,000 [2]
Livio Strazzera	Italmobiliare S.p.A.	ordinary: 100	ordinary: -	ordinary: -	ordinary: 100
Luigi Guatri	Italcementi S.p.A.	savings: 10,000 [2]	savings: -	savings: -	savings: 10,000 [2]

1 shares held in part directly and in part by spouse
2 shares held by spouse

Adjustment for compliance with CONSOB market regulation

The so-called CONSOB Market regulation envisages a specific provision governing conditions for the listing of companies:

A) that control companies whose registered office is in a non-European Union state (art. 36)
B) that are subject to management and coordination by another company (art. 37).

In particular, the companies as set out in lett. A), are required to:

1) disclose the accounts of subsidiaries drawn up for the purposes of the consolidated financial statements, including at least the balance sheet and the income statement;
2) procure from subsidiaries their by-laws, the composition and powers of the corporate bodies;
3) check that the subsidiaries:
   - provide the parent company indipendent auditor with the information needed to audit the annual and interim accounts of the parent company;
   - have an administrative-accounting system that provides the management and indipendent auditors of the parent company, on a regular basis, with the business, financial and equity information needed to draft the consolidated financial statements.

The companies as set out at lett. B), on the other hand, may be admitted for trading on a regulated Italian market (or maintain their listing) where:

a) they have fulfilled the disclosure obligations envisaged by article 2497-bis of the Italian Civil Code;
b) they are free to negotiate in dealings with customers and suppliers;
c) they do not have, with the company that exercises control or with other companies of the Group, a centralized treasury management agreement that is not in their corporate interest. The correspondence with the corporate interest is certified by the Board of Directors with a detailed declaration verified by the Board of Statutory Auditors;
d) they have independent directors (pursuant to the Voluntary Code of Conduct), in sufficient numbers to guarantee that their judgment has a significant weight in Board decisions.

In reference to the provisions of art. 36, the scope of application involves 38 subsidiaries, located in 13 countries that are not part of the European Union.

A suitable procedure has, therefore, been established to guarantee:

- 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 of the by-laws, the composition and powers of the corporate bodies of the subsidiaries.

The procedure also provides for the documentation in question to be regularly updated.

The by-laws of all subsidiaries located in countries that do not belong to the European Union, which are relevant for the purposes of the regulation in question, as well as the composition and powers of the corporate bodies, have been acquired and are held in the company records.

It has also been ascertained that the subsidiaries based in countries that are not part of the European Union:

- provide the company's auditors with the information needed to audit the annual and interim accounts of Italmobiliare S.p.A.;
- have an administrative-accounting system able to provide the management and indipendent auditors of the parent company, on a regular basis, with the business, financial and equity information needed to draft the consolidated financial statements.

In reference to the provisions at letter B) above, as already indicated elsewhere in the report, since Italmobiliare S.p.A. is not subject to management and coordination by any company or body, it is not subject to the obligations envisaged therein, although Efiparind B.V., pursuant to art. 2359, paragraph 1, no. 2 of the Italian Civil Code, has sufficient votes to exercise, albeit indirectly, a dominant influence at the ordinary Shareholders' Meeting.

Efiparind B.V. does not recommend, and has never recommended, strategic guidelines for the company to follow in its operations. The Board of Directors of Italmobiliare S.p.A., therefore, has always taken its own decisions in complete independence and free from any interference from the majority shareholder.

Stock option plans for Directors and Managers

Stock option plan for directors

In execution of the Shareholders' resolution of May 3, 2002, the company Board of Directors, at its meeting of May 14, 2002, approved a stock option plan for directors who hold special positions in compliance with the articles of association or who have specific operating functions. The plan regulation has subsequently undergone minor changes.

In relation to this stock option plan, in 2009, on the basis of the results achieved during 2008, no options were assigned to the Chief Executive Officer.

As at December 31, 2009, an overall total of 275,000 options had been assigned.

The main characteristics of the plan are indicated below:

a) Reasons for introduction of the plan

The plan reflects the desire to tie overall remuneration of plan recipients to the medium/long-term success of the company and the creation of shareholder value, and also to reward achievement, by creating the conditions to maximize the involvement of all senior management in reaching the company's goals.

b) Plan recipients

Plan recipients are some members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who hold particular positions in compliance with the articles of association or who have specific operating functions.

c) Quantity of options to be assigned

The quantity of options to be assigned to each recipient will be defined by the Board of Directors of Italmobiliare S.p.A. on the proposal of the Remuneration Committee and is subject to compliance with the regulations on conflicts of interest.
The options, if exercised, give the right to subscribe or buy shares at a rate of 1:1.

d) Term and objectives

The plan envisages annual assignment cycles; the options may be exercised in a period between the fourth and tenth year following assignment. Nonetheless, in the case of a director no longer serving owing to the expiry of their mandate, without a subsequent renewal, the options may be exercised immediately, provided that it is within the maximum term of 10 years from the assignment.
The assignment of options will depend on the results achieved in relation to the objectives set by the Board of Directors. These objectives will be notified to the recipients.

e) Procedures and conditions of the plan

The exercise of option rights is subordinate to the condition that the benefiting director has duly completed their mandate during which the options were assigned and has not resigned early and their position has not been revoked by the Shareholders' Meeting.
The options are nominative, personal and non-transferable, except as provided in the case of death.
The total number of Italmobiliare S.p.A. shares reserved to cover the plan has initially been set at 350,000 shares.

f) Share capital increase; disposal of shares
In the case of options for the subscription of shares, the Board of Directors, by virtue of the powers conferred by the Shareholders' Meeting, will deliberate to increase the paid-in share capital by issuing shares to be reserved, pursuant to art. 2441, paragraph 5, of the Italian Civil Code, for members of the Board of Directors of Italmobiliare S.p.A. and/or its subsidiaries and to be issued at a price equal to the mean share price in the period between the date of the rights offer and the same day in the preceding calendar month. To this end, the independent auditors have issued a positive judgment on the suitability of the issue price for the new shares, as required by art. 158 of Legislative Decree no. 58/98.
Similarly, in the case of share purchase options, the Board of Directors, by virtue of the authorization to acquire and dispose of treasury shares approved by the Shareholders' Meeting, will sell Italmobiliare S.p.A. shares at a price equivalent to the mean share price in the period between the date of the rights offer and the same day in the previous calendar month.

g) Features of the shares
The shares held by plan participants following exercise of options will have regular dividend entitlement rights and will be available for sale as from the start of the fifth year after assignment of the options.
Italmobiliare S.p.A. will have a right of first refusal on shares put up for sale.
In the case of a merger/demerger, assigned options will give the holder the right to subscribe or buy Italmobiliare S.p.A. shares proportionately to the swap rate; in the case of cancellation of Italmobiliare S.p.A. from the stock market list, the term for the exercise of options will be duly brought forward and the shares will be immediately tradable.

h) Other powers attributed to the Board of Directors
The Board of Directors may temporarily suspend the exercise of option rights in specific cases envisaged by the Regulation and in the event of specific requirements; it may also modify some conditions of the plan to ensure that treatment of recipients is equivalent to that offered initially.

Stock option plan for managers

With the resolution of the Board of Directors of March 27, 2001, the company approved a stock option plan for managers (whose regulations have subsequently undergone minor changes), under which in 2009, on the basis of the results achieved during 2008, a total of 19,350 options were assigned to Group managers. No options were assigned to the Chief Operating Officer.

At December 31, 2009, a total of 354,709 options had been granted to Group managers, of which 201,500 to the Chief Operating Officer.
The main characteristics of the plan are indicated below:

a) Reasons for introduction of the plan
The plan reflects the desire to tie overall remuneration of plan recipients to the medium/long-term success of the company and the creation of shareholder value, and also to enhance managers' sense of belonging, by providing incentives to remain with the company.

b) Plan recipients
Plan recipients are some members of the executive staff of Italmobiliare S.p.A. and its subsidiaries, on the payroll at the scheduled grant dates, who are designated by the Chief Executive Officer of Italmobiliare S.p.A., in accordance with the criteria defined by the «Remuneration Committee» regarding the essential nature of their positions and their organizational level.

c) Quantity of options to be assigned
The quantity of options to be assigned to each recipient will be established by virtue of the organizational level of the individual and the performance of the company and the individual.
The options, if exercised, give the right to subscribe or purchase shares at a rate of 1:1.

As a general rule, unexercised option rights will not be recognized – except in the case of retirement – should the employment relationship with the company be interrupted.
In the event of the death of the option holder, the options may be exercised by entitled parties within six months of the death, provided that the term falls within the period in which the options may be exercised.

d) Term and objectives
The plan envisages annual assignment cycles; the options may be exercised in a period between the fourth and tenth year following assignment.
The assignment of options will depend on the results achieved in relation to the objectives set individually.

e) Procedures and conditions of the plan
The options are nominative, personal and non-transferable, except as provided in the case of death.
The total number of Italmobiliare S.p.A. shares reserved to cover the plan has been initially set at 350,000 shares.

f) Loans or contributions for subscription or purchase of shares
The management company may notify the names of lending institutes that may be willing to provide loans against the shares, to facilitate their subscription or purchase.

g) Share capital increase; disposal of shares
In the case of options for the subscription of shares, the Board of Directors, by virtue of the powers conferred by the Shareholders' Meeting, will deliberate to increase the paid-in share capital for an amount equal to the options to be assigned, by issuing shares to be reserved, pursuant to art. 2441, paragraph 8 of the Italian Civil Code, for members of the executive staff of Italmobiliare S.p.A. and its subsidiaries, and to be issued at a price equivalent to the mean share price in the period between the date of the rights offer and the same day in the previous calendar month.
In the case of share purchase options, the company, by virtue of the authorization to acquire and dispose of treasury shares approved by the Shareholders' Meeting, will sell Italmobiliare S.p.A. shares at a price established by the Board of Directors, at the time of the offer, on the proposal of the Chief Executive Officer and after consultation with the Remuneration Committee.

h) Features of the shares
The shares held by plan participants following exercise of options will have regular dividend entitlement rights and will be available for sale as from the start of the fifth year after assignment of the options. Italmobiliare S.p.A. will have a right of first refusal on shares put up for sale. In the case of a merger/demerger, assigned options will give the holder the right to subscribe or buy Italmobiliare S.p.A. shares proportionately to the swap rate; in the case of cancellation of Italmobiliare S.p.A. from the stock market list, the term for exercise of options will be duly brought forward and the shares will be immediately tradable.

i) Other powers attributed to the Board of Directors
The Board of Directors may temporarily suspend the exercise of option rights in specific cases envisaged by the Regulation and in the event of specific requirements; it may also modify some conditions of the plan to ensure that treatment of recipients is equivalent to that offered initially.

* * *

During 2009 no director or manager of the company who is a beneficiary of the stock option plans exercised vested rights.

Resolutions

Distribution of net profit

The net profit for the year of 52,642,196.50 euro enables us to propose, taking into account the 871,411 ordinary treasury shares and 28,500 savings treasury shares whose profit-sharing right is attributed proportionately to the other shares pursuant to art. 2357 ter of the Italian Civil Code, the distribution of a dividend, gross of withholdings, of 0.856 euro per ordinary share and 0.934 euro per savings share.

* * *

To the Shareholders,

If you agree with our proposals, we invite you to adopt the following resolution:
“The Shareholders' Meeting of Italmobiliare S.p.A. held on April 29, 2010,

- 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 to December 31, 2009,
- considering that the legal reserve, pursuant to articles 2430 of the Italian Civil Code and 31 of the company by-laws, stands at one fifth of the share capital and therefore does not require further additions,
- in light of the fact that the net profit for 2009, in application of the international accounting standards (IAS 19), already takes account of the share of profits attributable to members of the Board of Directors pursuant to art. 31 of the company by-laws,
- also considering the 871,411 ordinary treasury shares and the 28,500 savings treasury shares whose right to profits is attributed proportionately to the other shares pursuant to art. 2357 ter of the Italian Civil Code,

resolves

- to approve:
  - the Directors’ report on operations;
  - the separate financial statements for financial year 2009, consisting of the balance sheet, the income statement and the notes, which reflect a net profit of 52,642,196.50 euro as presented by the Board of Directors in its entirety, in the individual accounting entries and with the proposed allocations;

- to allocate the net profit for the year as follows:

Net profit		**52,642,196.50**
- 5% of the nominal value of 2.60 euro to the 16,314,662 savings shares ² 0.13 euro per share relating to 2008	2,120,906.06	2,120,906.06
Remainder		**50,521,290.44**
- 5% of the nominal value of 2.60 euro to the 16,314,662 savings shares ² 0.13 euro per share relating to 2009	2,120,906.06	2,120,906.06
Remainder		**48,400,384.38**
- compensation to the Board of Directors already provided in the financial statements (IAS 19)		484,003.84
- 1% to the Board of Directors (pursuant to art. 26 of the company by-laws)		(484,003.84)
Remainder		**48,400,384.38**
Translation reserve		(174.21)
Available retained earnings		118,453,896.77
Available net profit		**166,854,106.94**
- to the 21,311,172 ordinary shares¹ 0.182 euro per share (thus allocating to savings shares a dividend increased by an amount equivalent to 3% of the nominal value compared to ordinary shares)	3,878,633.30	3,878,633.30
Remainder		**162,975,473.64**
- to the 21,311,172 ordinary shares¹ and to the 16,314,662 savings shares² a further 0.674 euro per share	25,359,812.12	25,359,812.12
Total dividend	**33,480,257.54**	
Remainder		137,615,661.52
Carried forward		**137,615,661.52**

¹ net of the 871,411 ordinary treasury shares held at March 24, 2010
² net of the 28,500 savings treasury shares held at March 24, 2010

- to authorize the Chairman-Chief Executive Officer, the Deputy Chairman and the Director-Chief Operating Officer, should the number of treasury shares change before the coupon date, separate powers to:
  - allocate the amount corresponding to the dividend entitlement of any purchased shares to "Retained earnings",
  - reduce "Retained earnings" by an amount corresponding to the dividend entitlement on any treasury shares that are sold.

Authorization to purchase and dispose of treasury shares

To the Shareholders,

The ordinary Shareholders' Meeting held on April 29, 2009, renewed the company's authorization to purchase and dispose of treasury shares, for a period of 18 months from the date of the resolution.

Under the above Shareholders' resolution, during the year the company did not buy any ordinary or savings treasury shares, nor did it dispose of those in its portfolio to grant them to the beneficiaries of stock options, since no options were exercised.

Therefore at March 24, 2010, the company held 871,411 ordinary treasury shares and 28,500 savings treasury shares. The carrying amount of treasury shares in portfolio at that date was 21,226,190.39 euro, accounted for as required by current laws.

Since the authorization expires on October 28 next, in order to allow the company to maintain its power to purchase and dispose of treasury shares, we invite you to renew the authorization in question for the next 18 months.

1) Reasons for the request for authorization to purchase and dispose of treasury shares.

The authorization is requested in order to:

- dispose of treasury shares
  - for sale to employees and/or directors in connection with stock option incentives reserved for them;
  - with a view to medium/long-term investment;
- to take action, in compliance with the provisions in force, directly or through intermediaries, to limit anomalous movements in share prices and to regularize trading and prices, in the event of momentary distortions linked to excess volatility or limited liquidity in trading;
- to hold a portfolio of treasury shares to use for extraordinary financial operations or for other commitments which are considered of financial, operational and/or strategic interest for the company;
- to offer shareholders a further means of cashing in on their investment.

2) Maximum number, category and nominal value of shares for which authorization is requested; compliance with para. 3, art. 2357 Italian Civil Code.

The purchase refers to ordinary and/or savings shares of the company, whose maximum number, including treasury shares already held as of today by the company and, if any, by the subsidiaries (who will receive specific instructions regarding timely disclosure of shares held), may not have an aggregate nominal value exceeding one tenth of the entire share capital.

In any case, purchases will be made in compliance with the provisions of article 2357 of the Civil Code, within the limits of distributable profits and available reserves as resulting from the last duly approved company financial statements.

The consideration paid or received in connection with treasury share purchase or sale transactions will be recorded directly in shareholders' equity in accordance with International Accounting Standard "IAS 32", and such transactions will in any case be accounted for in accordance with the laws in force from time to time.

3) Term of the authorization.

The purchase authorization is requested for a period of 18 months beginning from the date on which the Shareholders' Meeting adopts the resolution in question, while the disposal authorization is requested for an unlimited period of time.

4) Minimum and maximum consideration and market values on which such considerations have been determined.

The price of each share shall not be more than 15% greater or lower than the average share price on the Italian Stock Exchange in the three sessions preceding each individual transaction.

The aggregate amount paid by the company for purchases shall in no case exceed 150 million euro.

The shares may be sold irrespective of whether other purchases may be made, in one or more occasions (and also offered to the public or the shareholders or through placement of warrants and deposit receipts representing shares and/or similar instruments) at a price that shall not be lower than the lowest purchase price.

The price limit in question shall not be applicable in cases where shares are sold to employees of Italmobiliare S.p.A. and of its subsidiaries, parent companies and of other subsidiaries of the parent companies or to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who hold specific posts in compliance with the articles of association or who have specific operating duties, in connection with stock option incentives for employees and directors.

5) Method of purchase.

Purchases of treasury shares will, unless otherwise specified below, normally be carried out in a manner that ensures equality of treatment of shareholders and does not permit the purchase offers to be directly linked with predetermined sale offers.

Moreover, after taking account of the various objectives that may be pursued, which are set out in this proposal, the Board of Directors requests authorization to carry out purchases in accordance with any other method allowed by the law and the regulations in force and, therefore, currently:

- through a public tender or exchange offer;
- through the purchase and sale of derivatives traded on regulated markets which envisage the physical delivery of the underlying shares;
- through the proportionate allocation to shareholders of sale options to be exercised within the term of the authorization as set out in paragraph 3 above.

With regard to disposal transactions, the Board of Directors proposes that the authorization permit adoption of any suitable means to achieve the objectives, either directly or through intermediaries, in compliance with the laws and regulations in force in Italy and the EU.

The treasury share purchase and disposal transactions for which authorization is requested will be carried out in compliance with applicable laws and, in particular, in compliance with laws and regulations in force in Italy and the EU, also regarding market abuse.

Adequate disclosure will be made of purchase and disposal operations involving treasury shares in compliance with the applicable disclosure requirements.

6) Purchase with a view to reducing the share capital.

A hypothesis of this type is not envisaged at the present time.

* * *

To the Shareholders,

If you agree with our proposal, we invite you to carry the following resolution:

«The Italmobiliare S.p.A. Shareholders' Meeting held on April 29, 2010,

- having noted the proposal of the directors
- being cognizant of the provisions of arts. 2357 and 2357-ter of the Italian Civil Code

resolves

1) to revoke the resolution authorizing the purchase and disposal of treasury shares adopted by the ordinary Shareholders' Meeting held on April 29, 2009;
2) to authorize, pursuant to art. 2357 of the Italian Civil Code, the purchase of ordinary and/or savings treasury shares, for the quantity, at the price, on the terms and in the manner indicated herein below:
   - the purchase may be made in one or more occasions within 18 months from the date of this resolution;
   - the purchase price of each share shall not be more than 15% greater or lower than the average share price on the Italian Stock Exchange in the three sessions preceding each individual transaction;
   - the aggregate payment shall in no case exceed 150 million euro;
   - the maximum number of purchased ordinary and/or savings shares shall not have an aggregate nominal value, including treasury shares already held as of today by the company and by the subsidiaries, exceeding one tenth of the share capital;
3) to authorize, pursuant to art. 2357 ter, para. 1 of the Italian Civil Code, the Chairman, the Deputy Chairman, the Chief Executive Officer and the Chief Operating Officer, separately, to dispose of purchased treasury shares, in compliance with the legislation in force, irrespective of whether other purchases may be made, with no time limits.

   The sale price shall not be lower than the lowest purchase price.

   The price limit in question shall not, however, be applicable in cases where shares are sold to employees of Italmobiliare S.p.A. and of its subsidiaries, parent companies and of other subsidiaries of the parent companies or to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who hold specific posts in compliance with the articles of association or who have specific operating duties, in connection with stock option incentives for employees and directors;
4) to establish that:
   - purchases are normally carried out in a manner to ensure parity of treatment among shareholders and do not permit the purchase offers to be directly linked with predetermined sale offers, or, having taken into account the various aims that may be pursued, through any means allowed by the law and regulations in force;
   - the disposal of shares takes place by any suitable means to meet the objectives pursued, either directly or through intermediaries, in compliance with the laws and regulations in force, in Italy and the EU;
   - treasury share purchase and disposal operations are carried out in compliance with applicable laws and, in particular, in compliance with the laws and regulations in force;

5) to establish that the consideration paid or received in connection with treasury share purchase or sale transactions be recorded directly in shareholders' equity in accordance with International Accounting Standard "IAS 32" and that such transactions be in any case accounted for in accordance with the laws in force from time to time;
6) to grant to the Chairman, the Deputy Chairman, the Chief Executive Officer and the Chief Operating Officer, separately, all powers needed to make purchases and sales and in any case to execute the above resolutions, also through proxies, in compliance with any requirements that may be made by the authorities».

Conferment of the engagement for the audit of the separate financial statements and the consolidated financial statements for financial years 2010-2018 and for the limited review of the half-year reports at June 30, 2010-2018

To the Shareholders,

the issue of the report on the 2009 separate financial statements concludes the nine-year term of the engagement conferred on Reconta Ernst & Young, most recently on April 27, 2007.

Pursuant to art. 159, paragraph 1 of Legislative Decree no.58/98, we invite you to adopt the appropriate resolutions on the basis of the proposals submitted by the Board of Statutory Auditors in its report.

Milan, March 24, 2010

for the Board of Directors
The Chairman

2009 Financial statements

Financial statements
Balance sheet

(euro)	Notes	12.31.2009	12.31.2008	Change
Non-current assets				
Property, plant and equipment	1	3,656,981	3,682,685	(25,704)
Investment property	2	98,824	100,807	(1,983)
Intangible assets	3	138,515	43,753	94,762
Investments in subsidiaries and associates	4	971,305,663	939,824,410	31,481,253
Other equity investments	5	311,722,767	218,031,363	93,691,404
Receivables and other non-current assets	6	151,648,362	260,969,636	(109,321,274)
Total non-current assets		**1,438,571,112**	**1,422,652,654**	**15,918,458**
Current assets				
Trade receivables	7	5,072,869	2,220,467	2,852,402
Other current assets	8	7,741,544	3,185,938	4,555,606
Income tax assets	9	48,871,241	45,237,713	3,633,528
Equity investments and financial receivables	10	10,062,141	15,534,336	(5,472,195)
Cash and cash equivalents	11	93,951,672	104,879,723	(10,928,051)
Total current assets		**165,699,467**	**171,058,177**	**(5,358,710)**
Total assets		**1,604,270,579**	**1,593,710,831**	**10,559,748**
Shareholders' equity				
Share capital	12	100,166,937	100,166,937	
Reserves	13	361,023,358	233,939,267	127,084,091
Treasury shares	14	(21,226,190)	(21,226,190)	
Retained earnings		843,441,182	790,798,990	52,642,192
Total shareholders' equity		**1,283,405,287**	**1,103,679,004**	**179,726,283**
Non-current liabilities				
Interest-bearing loans and long-term borrowings	16	258,798,748	265,780,005	(6,981,257)
Employee benefit liabilities	15	1,320,240	1,183,619	136,621
Non-current provisions	17	6,045,188	13,318,918	(7,273,730)
Other non-current liabilities		49,238	30,413	18,825
Deferred tax liabilities	18	2,267,790	1,085,261	1,182,529
Total non-current liabilities		**268,481,204**	**281,398,216**	**(12,917,012)**
Current liabilities				
Bank overdrafts and short-term borrowings	16		150,000,001	(150,000,001)
Interest-bearing loans and short-term borrowings	16	5,211,297	15,996,290	(10,784,993)
Trade payables	19	2,454,172	2,703,278	(249,106)
Income tax liabilities		-	-	-
Other current liabilities	20	44,718,619	39,934,042	4,784,577
Total current liabilities		**52,384,088**	**208,633,611**	**(156,249,523)**
Total liabilities		**320,865,292**	**490,031,827**	**(169,166,535)**
Total shareholders' equity and liabilities		**1,604,270,579**	**1,593,710,831**	**10,559,748**

Pursuant to Consob Resolution no. 155519 of July 27, 2006, the impact of transactions with related parties on the balance sheet, income statement and cash flow statement is shown in the specific annexes.

Income statement

(euro)	Notes	2009	%	2008	%	Change value	%
Revenues	21	**92,179,600**	**100.0**	**116,658,696**	**100.0**	**(24,479,096)**	**-21.0**
Other revenues	22	2,740,567		395,583		2,344,984	
Goods and utilities expenses	23	(113,945)		(141,208)		27,263	
Services expenses	24	(5,640,254)		(6,904,210)		1,263,956	
Employee expenses	25	(14,185,421)		(13,714,082)		(471,339)	
Other operating income (expense)	26	(10,280,166)		(37,909,219)		27,629,053	
Recurring EBITDA		**64,700,381**	**70.2**	**58,385,560**	**50.0**	**6,314,821**	**10.8**
Net capital gains on sale of fixed assets	27			292,299		(292,299)	
Other non-recurring income (expense)	27	3,034,058		(194,273)		3,228,331	
EBITDA		**67,734,439**	**73.5**	**58,483,586**	**50.1**	**9,250,853**	**15.8**
Amortization and depreciation	28	(64,170)		(56,639)		(7,531)	
EBIT		**67,670,269**	**73.4**	**58,426,947**	**50.1**	**9,243,322**	**15.8**
Finance income (costs)	29	(22,146)		(83,078)		60,932	
Impairment on financial assets	30	(19,727,777)		(84,624,065)		64,896,288	
Result before tax		**47,920,346**	**52.0**	**(26,280,196)**	**-22.5**	**74,200,542**	**n.s.**
Income tax (expense)	31	4,721,851		2,890,484		1,831,367	
Income (expense) from discontinued operations							
Net result for the period		**52,642,197**	**57.1**	**(23,389,712)**	**-20.0**	**76,031,909**	**n.s.**

Statement of comprehensive income

(euro)	Notes	2009	2008	Change value
Net result for the period		**52,642,197**	**(23,389,712)**	**76,031,909**
Fair value adjustments to:				
Available-for-sale financial assets		126,499,236	(382,900,717)	509,399,953
Tax relating to components of other comprehensive income		(1,361,199)	543,090	(1,904,289)
Components of other comprehensive income		**125,138,037**	**(382,357,627)**	**507,495,664**
TOTAL COMPREHENSIVE INCOME		**177,780,234**	**(405,747,339)**	**583,527,573**

Statement of movements in shareholders' equity

(euro)	Share capital	Reserves: Share premium reserve	Reserves: Fair value reserve for available-for-sale financial assets	Reserves: Other reserves	Reserves: Total reserves	Treasury shares	Retained earnings	Total shareholders' equity
Balances at December 31, 2007	**100,166,937**	**177,191,252**	**432,343,024**	**4,321,497**	**613,855,773**	**(21,226,190)**	**875,662,574**	**1,568,459,094**
Result for the period							(23,389,712)	(23,389,712)
Components of other comprehensive income			(382,357,627)		(382,357,627)			(382,357,627)
Stock options				2,441,121	2,441,121			2,441,121
Distribution of profits:								
Dividends							(61,473,873)	(61,473,873)
Other changes							1	1
Balances at December 31, 2008	**100,166,937**	**177,191,252**	**49,985,397**	**6,762,618**	**233,939,267**	**(21,226,190)**	**790,798,990**	**1,103,679,004**
Result for the period							52,642,197	52,642,197
Components of other comprehensive income			125,138,037		125,138,037			125,138,037
Stock options				1,946,054	1,946,054			1,946,054
Distribution of profits:								
Dividends								
Other changes							(5)	(5)
Balances at December 31, 2009	**100,166,937**	**177,191,252**	**175,123,434**	**8,708,672**	**361,023,358**	**(21,226,190)**	**843,441,182**	**1,283,405,287**

Cash flow statement

(in thousands of euro)	Notes	2009	2008
A) Cash flow from operating activities:			
Result before tax		47,920	(26,280)
Amortization, depreciation and impairment		64	57
Capital (gains)/losses on securities, equity investments and property, plant and equipment		(20,030)	4,824
Change in employee benefit liabilities and other provisions		(7,137)	(183)
Stock options		1,946	2,441
Impairment reversal on financial assets		19,728	84,624
Reversal of net finance income/costs		(56,942)	(84,969)
Cash flow from operating activities before tax, finance income/costs and change in working capital:		**(14,451)**	**(19,486)**
Change in trade receivables		(2,852)	(117)
Change in trade payables		(249)	477
Change in other receivables/payables, accruals and deferrals		(948)	(2,718)
Total change in working capital:		**(4,049)**	**(2,358)**
Net finance costs paid		(5,784)	(22,379)
Dividends received		62,380	104,919
Net tax paid/refunds			
Total A)		**38,096**	**60,696**
B) Cash flow from investing activities:			
Investments in fixed assets:			
PPE and investment property		(18)	(38)
Intangible assets		(114)	(53)
Financial assets (Equity investments)		(101,067)	
Change in payables for equity investment acquisitions			
Total investments		**(101,199)**	**(91)**
Change in receivables due to disposal of financial assets		2,796	
Proceeds from divestments of fixed assets		22,605	596
Total divestments		**25,401**	**596**
Total B)		**(75,798)**	**505**
C) Cash flow from financing activities:			
Change in loans and borrowings		(166,713)	(91,545)
Change in financial receivables		112,633	18,807
Change in current equity investments		4,854	9,175
Treasury share purchases			
Dividends paid			(61,474)
Reimbursement capital contribution by IIF		76,000	168,500
Total C)		**26,774**	**43,463**
D) Change in cash and cash equivalents (A+B+C)		**(10,928)**	**104,664**
E) Opening cash and cash equivalents		**104,880**	**216**
D+E) Closing cash and cash equivalents	**11**	**93,952**	**104,880**

Notes

The Italmobiliare S.p.A. financial statements as at and for the year to December 31, 2009, were approved by the Board of Directors on March 24, 2010. At the meeting, the Board authorized publication of the financial statements in a press release dated March 24, 2010, containing key information from the financial statements.
The separate financial statements are subject to approval by the Shareholders' Meeting, which has the power to make changes following publication. The financial statements have been drawn up assuming business continuity. Despite the difficult economic and financial situation, Italmobiliare has no material uncertainties about its business continuity, in part thanks to its creditworthiness and solid equity structure.

Accounting policies

Italmobiliare S.p.A. is a corporate 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.

The Italian laws that implement 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 articles of 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 (art. 2428 Italian Civil Code), Audit (art. 2409-bis Italian Civil Code) and the Publication of the Financial Statements (art. 2435 Italian Civil Code). The separate financial statements and related notes also set out the details and additional disclosures required under art. 2424, 2425 and 2427 of the Italian Civil Code, since such requirements are not in conflict with the IFRS.

Declaration of compliance with the IFRS

These separate financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2009, adopted by the EC Commission.
In compliance with European Regulation no. 1606 of July 19, 2002, the principles adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2009, that had not been approved by the European Union at that date.

Compared to December 31, 2008 a number of principles and interpretations approved by the European Union have come into force and have been applied in the financial statements as at and for the year to December 31, 2009, in particular:

- IAS 1 revised "Presentation of financial statements": approved by the European Commission in December 2008. This standard requires presentation of a "statement of comprehensive income" including, in addition to the usual income statement items, components previously included directly in shareholders' equity. In applying this standard, the Group has elected to present its comprehensive income using two statements: the first statement reflects traditional income statement components and the net result for the period, while the second statement, beginning with the net result for the period, presents other components of comprehensive income, previously reflected only in the statement of movements in shareholders' equity: fair value gains and losses on available-for-sale financial assets and financial derivatives, translation gains and losses.
- IAS 23 revised "Borrowing costs": approved by the European Commission in December 2008. This standard requires capitalization of finance costs directly attributable to the acquisition, construction or production of "qualifying assets".
- IFRS 8 "Operating segments": approved by the European Commission in November 2008. This standard replaces IAS 14 "Segment reporting" and governs disclosures on business segments.

- Amendment to IFRS 7 "Financial instruments: disclosures": approved by the European Commission on November 27, 2009, this standard is applied as from January 1, 2009. The amendment requires that fair value measurement disclosures for financial instruments include, for each class of financial instrument, an additional disclosure on the sources of the input required to determine fair value, using a three-level hierarchy.

The other standards, amendments and interpretations approved by the European Commission and applicable as from January 1, 2009, which had no impact on Italmobiliare S.p.A.'s accounts, concern:

- amendment to IAS 27 "Cost of investments in subsidiaries, joint ventures and associates";
- IFRS2 revised "Share-based payments";
- amendment to IAS 32 "Financial instruments: presentation" and to IAS 1 "Puttable instruments and obligations arising on liquidation";
- amendment to IFRIC 9 "Reassessment of embedded derivatives" and to IAS 39 "Financial instruments: recognition and measurement";
- IFRIC 13 "Customer loyalty programs";
- IFRIC 14 "The limit on a defined benefit asset, minimum funding requirements and their interact".

The standards, amendments and interpretation approved by the European Union but yet in force and for which early application has not been elected are:

- IAS 27 revised "Consolidated and separate financial statements" and IFRS 3 revised "Business combinations";
- amendment to IAS 32 "Classification of rights issues";
- amendment to IAS 39 "Designation of hedging instruments";
- IFRIC 12 "Service concession arrangements";
- IFRIC 15 "Agreements for the construction of real estate";
- IFRIC 16 "Hedges of a net investment in a foreign operation";
- IFRIC 17 "Distributions of non-cash assets to owners";
- IFRIC 18 "Transfers of assets from customers".

The standards, amendments and interpretations published by the IASB but not yet approved by the European Union are:

- IAS 24 revised "Related party disclosures";
- IFRS 9 "Financial instruments" (phase 1: classification and valuation of financial assets);
- amendment to IFRS 1 "First-time adoption of IFRS";
- amendment to IFRS 2 "Share-based payments";
- IFRIC 19 "Extinguishing financial liabilities with equity instruments";
- amendment to IFRIC 14 "The limit on a defined benefit asset, minimum funding requirements and their interact".

Use of estimates

The preparation of the financial statements and the notes in conformity with the international accounting principles requires formulation of estimates that affect the values of assets, liabilities, income and expense, such as amortization, depreciation, write-downs and provisions, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates assume operating continuity and are determined using the information available at the time, they could diverge from the actual future results.
Assumptions and estimates are particularly sensitive with regard to measurement of financial assets, which depend on forecasts of future results and cash flows, and provisions for disputes.
Management conducts regular reviews of assumptions and estimates, and immediately recognizes any adjustments in the financial statements.

Accounting policies and basis of presentation

The company accounts adopt the cost principle, with the exception of derivative financial instruments 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 accounting schedules, balance sheet, income statement and statement of movements in shareholders' equity, are expressed in euro, while the cash flow statement is expressed in thousands of euro; the amounts in the notes are rounded to thousands of euro, unless otherwise indicated.

The basis of presentation of the company's 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 balance sheet. 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 balance sheet date;
- on the income statement, costs are analyzed by the nature of the expense;
- on the cash flow statement, the indirect method is used.

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 which may be exercised at the ordinary Shareholders' Meeting, including potential voting rights deriving from convertible securities. Equity investments in subsidiaries are initially measured at cost and subsequently adjusted for impairment should appropriate impairment testing indicate that the carrying amount be written down to reflect the investment's actual business value. Such adjustments are recognized in the income statement.

Associates are companies in which the company has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the company holds, directly, or indirectly, at least 20% of voting rights at ordinary shareholders' meetings or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in voting trusts or other forms of material exercise of rights of governance.
Equity investments in associates are carried at fair value.

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 the transition date.
Business combinations are recognized at purchase cost as provided by IFRS 3. Purchase cost is the sum of the fair values of the assets and liabilities acquired, contingent liabilities assumed and equity instruments issued at the transaction date, plus costs directly attributable to the purchase.

Apportionment of the cost of business combinations

The cost of business combinations is apportioned by recognizing the fair value of identifiable assets, liabilities and contingent liabilities at the acquisition date. Positive differences between the purchase cost and interest in the fair value of identifiable assets, liabilities and contingent liabilities at purchase are recognized as goodwill, under assets. Negative differences are recognized immediately in the income statement. If on initial recognition the purchase cost of a business combination can only be determined provisionally, the apportioned amounts are adjusted within twelve months from the acquisition date.

Transactions in currencies other than the reporting currency

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

Property, plant and equipment

Measurement

Property, plant and equipment is recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and directly attributable costs of bringing the asset to the location and the conditions required for its operation.
Finance costs relating to the purchase, construction and production of an asset are recognized as expense as incurred. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2005, reflects revaluations applied in prior periods in connection with specific local laws, based on the real economic value of the assets in question. Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the purchase date and subsequently adjusted within the following twelve months.
Subsequent to initial recognition, property, plant and equipment is carried at cost depreciated over the asset's useful life, less any impairment losses.
Assets under construction are recognized at cost and are depreciated when they are available for use.
When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are effected separately for each component.

Subsequent expense

Repair and maintenance expense is normally recognized as incurred. Component replacement costs are treated as separate assets and the net carrying amount of the replaced component is expensed.

Depreciation

Depreciation is generally calculated on a straight-line basis over the estimated useful life of each component of an asset. Land is recognized separately from any buildings constructed thereon, and is not depreciated.
Asset useful life determines the depreciation rate until a subsequent periodic review of residual useful life. The range of useful lives used 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 incident to ownership are retained by the lessor.
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 rentals 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 cost.

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 purchase date and adjusted where necessary within the following twelve months.
Subsequent to initial recognition, intangible assets are carried at cost amortized over asset useful life.
The company has not identified intangible assets with an indefinite useful life.

Impairment of assets

Tangible assets and amortizable intangible assets are tested for impairment if indications of impairment emerge.
Equity investments in subsidiaries are regularly tested for impairment once a year or more frequently if indications of impairment emerge.
Impairment losses reflect the difference between the asset carrying amount and its recoverable amount.
Recoverable amount is the greater of fair value, less costs to sell, of an asset and its value in use, determined as the present value of discounted future cash flows. The discount factor is determined using the weighted average cost of capital method (WACC).

Financial assets

All financial assets are recognized initially at cost at the purchase date, which corresponds to fair value plus additional costs attributable to the purchase.
Subsequent to initial recognition, assets held for trading are classified as current financial assets and carried at fair value; any gains or losses are recognized in the income.
Assets held to maturity 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 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 losses in equity are recognized in the income statement. A specific accounting policy has been introduced to determine impairment on listed available-for-sale securities. 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 recognized in the income statement. These thresholds are considered separately, and only one threshold needs to be reached for an impairment loss to be recognized.
Only equity instruments that are not listed on an active market or whose fair value cannot be measured reliably are carried at cost.

Treasury shares

Treasury shares are deducted against shareholders' equity. The original cost of treasury shares and income arising from any subsequent sales are treated as movements in shareholders' equity.

Trade receivables and other receivables

Trade receivables and other receivables are stated at nominal value, less allowances for uncollectible amounts, which are provided as doubtful debts when identified.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, checks and 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 cash flow statement is identical to that in the balance sheet.

Employee benefits

The company operates pension plans, post-employment medical benefit plans and leaving entitlement provisions.
It also has other commitments, in the form of bonuses payable to employees on the basis of length of service.

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 unitary credit projection method to determine the present value of obligations and the related benefit cost of current services rendered.
These actuarial calculations require use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increments on salaries and medical benefits).
When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity or to an insurance company, the assets servicing the plan are estimated at fair value.
Benefit obligations are therefore recognized net of the fair value of the plan assets that will be used to settle the obligations.
In Italy, leaving entitlements (TFR, *trattamento di fine rapporto*) are treated in the same way as benefit obligations arising from defined benefit plans, for the portion not transferred to supplementary pension plans.

Other long-term benefits

The existence of legal or constructive obligations to employees pursuant to employment contracts, and consisting largely of length-of-service bonuses, involves application of the criterion used to determine defined benefit plans (unitary credit projection method).
The obligation carrying amount is adjusted to reflect the value arising from application of the relevant actuarial assumptions.

Treatment of actuarial gains and losses

Actuarial gains and losses may arise as a result of changes in the actuarial assumptions used in two consecutive periods or as a result of changes in the obligation value or in the fair value of any plan asset in respect of the actuarial assumptions used at the beginning of the period.
The company uses the "corridor" method, where actuarial gains and losses are recognized as income or expense when their cumulative net value unrecognized, at the end of the previous period exceeds 10% of the present value of the obligation. These gains or losses are recognized in the income over the estimated average residual working life of the employees participating in the plans.
Actuarial gains and losses relating to other long-term benefits (length of service bonuses) and to early retirement benefits are recognized as income or expense immediately.

Provisions for risks and charges

The company recognizes provisions for risks and charges when a present legal or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation.
Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the balance sheet date. If the present value of the financial resources that will be used is measurable and material, provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.
Changes in estimates are recognized as income or expense for the period.

Loans and borrowings

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

Trade payables and other payables

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

Share-based payments

The company has decided to apply IFRS 2 as from January 1, 2005.
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 employee expenses, with a corresponding increase in equity.
In accordance with IFRS 2, only options granted after November 7, 2002, that had not vested at December 31, 2003, have been measured and recognized at the transition date. Options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period.
Fair value is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after correction for extraordinary events or factors.

The cost of options is reviewed on the basis of the actual number of vested options at the beginning of the exercise period.

Revenues

Revenues are recognized to the extent 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.
Revenues are recognized at the fair value of the consideration received or due, taking account of any discounts given.
Revenues from the sale of goods are recognized when the company transfers the material risks and rewards incident to ownership of the goods to the purchaser.
Revenues include dividends received, interest and commission income.
Dividends are recognized when the shareholders' right to receive payment arises, in compliance with local laws.

Rental income

Rental income is recognized as other revenues, on an accrual basis.

Costs

Costs are recognized on an accrual basis, in accordance with the principle of matching cost and revenues.

Derivative financial instruments

The company uses derivative financial instruments such as interest-rate swaps to hedge the risk of fluctuations in interest rates. Derivative financial instruments are measured and recognized at fair value; fair value gains or losses are recognized in the income statement, since the derivatives in question do not qualify for hedge accounting, even though they are arranged for hedging purposes.

Income tax

Current income taxes are provided in accordance with current laws.
Deferred tax is recognized on the basis of temporary differences between the tax base of assets and liabilities and their carrying amount in the balance sheet.
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 balance sheet date.
Taxes relating to items recognized directly in equity are recognized in equity, not in income statement.
As noted in the directors' report, for the three-year period 2007 – 2009 the company together with some subsidiaries applied the Italian tax consolidation system.

Assets

Non-current assets

1) Property, plant and equipment

At December 31, 2009, and December 31, 2008, these totaled respectively 3,657 thousand euro and 3,683 thousand euro. The movements on the heading are set out below:

(in thousands of euro)	Land and buildings	Plant and machinery	Office furniture and machines	Motor vehicles	Total
Gross amount	4,425	528	964	11	5,928
Accumulated depreciation	(967)	(467)	(802)	(9)	(2,245)
Net carrying amount at December 31, 2008	**3,458**	**61**	**162**	**2**	**3,683**
Additions		2	16		18
Disposals					
Depreciation		(17)	(26)	(1)	(44)
Use accumulated depreciation					
Net carrying amount at December 31, 2009	**3,458**	**46**	**152**	**1**	**3,657**
Gross amount	4,425	530	980	11	5,946
Accumulated depreciation	(967)	(484)	(828)	(10)	(2,289)
Net carrying amount at December 31, 2009	**3,458**	**46**	**152**	**1**	**3,657**

The increase during the year was largely due to the purchase of plant and office furniture.

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 99 thousand euro (101 thousand euro at December 31, 2008) is valued at cost.
The fair value of these investments at December 31, 2009, was 1,365 thousand euro and was determined on the basis of evaluations made by independent external experts.

(in thousands of euro)	Investment property
Gross amount	133
Accumulated depreciation	(32)
Net carrying amount at December 31, 2008	**101**
Additions	
Disposals	
Depreciation	(2)
Net carrying amount at December 31, 2009	**99**
Gross amount	133
Accumulated depreciation	(34)
Net carrying amount at December 31, 2009	**99**

Investment property is amortized at an annual rate of 1.50% which reflects its residual useful life.

3) Intangible assets

Intangible assets consist of investments in administrative software applications.

(in thousands of euro)	Licenses and various rights	Total
Gross amount	71	71
Accumulated amortization	(27)	(27)
Net carrying amount at December 31, 2008	**44**	**44**
Additions	114	114
Disposals		
Amortization	(19)	(19)
Net carrying amount at December 31, 2009	**139**	**139**
Gross amount	184	184
Accumulated amortization	(45)	(45)
Net carrying amount at December 31, 2009	**139**	**139**

The increase in the year refers to the purchase of new administrative software.

4) Investments in subsidiaries and associates

See the specific IFRS 7 section.

5) Other equity investments

See the specific IFRS 7 section.

6) Receivables and other non-current assets

See the specific IFRS 7 section.

Current assets

7) Trade receivables

See the specific IFRS 7 section.

8) Other current assets

"Other current assets" were as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Receivables due from subsidiaries for tax consolidation	2,545	2,354	191
Receivables due from employees	3	4	(1)
Receivables due from social security bodies	2	2	
Receivables due from tax authorities for VAT		580	(580)
Other miscellaneous current receivables	5,150	118	5,032
Accrued income due from subsidiaries	15	14	1
Miscellaneous accrued income due from others	24	20	4
Prepaid expenses due from others	3	94	(91)
Total	**7,742**	**3,186**	**4,556**

Receivables due from subsidiaries included in the domestic tax consolidation rose by 191 thousand euro following the increase in the tax payable attributed by the subsidiaries to the parent company Italmobiliare S.p.A.
The change of 5,032 thousand euro in other current receivables mainly relates to a receivable due from Equitalia Esatri S.p.A. for a refund.

9) Income tax assets

Income tax assets totaled 48,871 thousand euro (45,238 thousand euro at December 31, 2008), as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Prior-year credits from tax authorities	55,471	41,279	14,192
Ires tax provision for the year	(6,600)	3,959	(10,559)
Total	**48,871**	**45,238**	**3,633**

The increase in income tax assets was due to the Ires tax provision for the current year.

10) Equity investments and financial receivables

See the specific IFRS 7 section.

11) Cash and cash equivalents

See the specific IFRS 7 section.

Shareholders' equity and liabilities

Share capital, reserves and retained earnings

12) Share capital

At December 31, 2009, the fully paid-up share capital of the parent company totaled 100,166,937 euro represented by 38,525,745 shares with a par value of 2.6 euro each.

Number of shares	December 31, 2009	December 31, 2008	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

13) Reserves

At December 31, 2009, reserves totaled 361,023 thousand euro, an overall increase of 127,084 thousand euro compared to December 31, 2008, owing to:

- a rise in the value of available-for-sale financial assets, net of the impact of deferred tax, for 125,138 thousand euro;
- an increase of 1,946 thousand euro in the stock option reserve.

14) Treasury shares

At December 31, 2009, the cost of treasury share buy-backs totaled 21,226 thousand euro, deducted against equity. Treasury shares were as follows:

	No. ordinary shares	Carrying amount in euro	No. Savings shares	Carrying amount in euro	Total carrying amount
December 31, 2009	871,411	20,830	28,500	396	21,226

A total of 589,989 ordinary treasury shares were held at December 31, 2009, to service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid in 2009 and 2008 are detailed below:

	2009 (euro per share)	2008 (euro per share)	December 31, 2009 (in thousands of euro)	December 31, 2008 (in thousands of euro)
Ordinary shares		1.600		34,098
Savings shares		1.678		27,376
Total dividends	**0.000**		**0**	**61,474**

Movements in shareholders' equity are illustrated in the "Statement of movements in shareholders' equity".

Non-current liabilities

15) Employee benefit liabilities

This item includes the provision for leaving entitlements adjusted in accordance with the criteria established by IAS 19 and liabilities for future commitments, in the form of bonuses to be paid to employees on the basis of their length of service in the company; these liabilities arise from actuarial assessments at December 31, 2009.

Movements on the item are detailed below:

(in thousands of euro)	Leaving entitlements	Long-service bonus	Total
At December 31, 2008	1,064	120	**1,184**
Adjustment to provision	16		**16**
Uses during year	(444)		**(444)**
Provision for year	568	42	**610**
Present value of leaving entitlements	(46)		**(46)**
At December 31, 2009	**1,158**	**162**	**1,320**

Expenses in the year included:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Current cost of services	(87)	(129)	42
Finance costs	(71)	(58)	(13)
Actuarial adjustment for prior periods	(50)		(50)
Total	**(208)**	**(187)**	**(21)**

The assumptions used to determine liabilities arising from long-term benefits are illustrated below:

	Provision for leaving entitlements
Discount factor	5.25%
Future wage and salary increases	3-4%

Stock options

The company has arranged stock option plans for directors and managers who hold special offices.
Stock options refer to ordinary shares and 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 from the grant date; as a general rule, unexercised stock options assigned to managers are not recognized in the event of termination of employment, 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, 2009, are set out below:

Grant date	No. Options granted	Exercise period	Options exercised	Options cancelled	Unexercised options	Unit subscription price
March 24, 2003	49,283	3/24/2006 - 3/23/2013	39,720		9,563	€ 31.2800
March 30, 2004	96,080	3/30/2007 - 3/29/2014			96,080	€ 35.1990
March 30, 2005	108,437	3/30/2008 - 3/29/2015			108,437	€ 54.5355
March 21, 2006	109,880	3/21/2009 - 3/20/2016			109,880	€ 65.7010
March 21, 2007	122,479	3/21/2010 - 3/20/2017			122,479	€ 86.0685
March 28, 2008	124,200	3/28/2011 - 3/27/2018			124,200	€ 59.9080
March 25, 2009	19,350	3/25/2012- 3/24/2019			19,350	€ 20.5260
Total	**629,709**		**39,720**	**-**	**589,989**	

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

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

	12.31.2009		12.31.2008	
(in thousands of euro)	Number options	Average subscription price	Number options	Average subscription price
Unexercised options at beginning of year	**570,639**	**€ 60.978**	**446,439**	**€ 61.275**
Granted during year	19,350	€ 20.526	124,200	€ 59.908
Cancelled during year				
Exercised during year				
Expired during year				
Unexercised options at end of year	**589,989**	**€ 59.651**	**570,639**	**€ 60.978**
Vested options at end of year	**323,960**		**214,080**	

The average price of ordinary shares for full-year 2009 was 27.946 euro (49.115 euro for full-year 2008).
The average residual life of unexercised options was 3 years and 6 months.
Only options relating to plans granted after November 7, 2002, the rights to which had not vested at December 31, 2003, were valued and recognized at the IFRS transition date.

The following table sets out the characteristics of the company's stock option plans and their cost, carried under "Employee expenses":

(in thousands of euro)			Employee expenses	
Grant date	No. Options granted	Vesting period	2009	2008
March 24, 2003	49,283	3 years		
March 30, 2004	96,080	3 years		
March 30, 2005	108,437	3 years		90
March 21, 2006	109,880	3 years	196	783
March 21, 2007	122,479	3 years	968	982
March 28, 2008	124,200	3 years	764	586
March 25, 2009	19,350	3 years	18	
Total	**629,709**		**1,946**	**2,441**

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:

	2008 plan	2007 plan	2006 plan	2005 plan	2004 plan	2003 plan	2002 plan
Option value at grant date	3.78	17.21	23.64	22.05	11.41	7.15	6.49
Share value	21.59	65.1	87.41	73.57	52.84	35.05	31.80
Exercise price	20.526	59.908	86.068	65.701	54.536	35.199	31.280
Volatility as %	25.0%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Option term (in years)	10	10	9.75	9.75	9.75	10	10
Dividends in %	7.41%	2.23%	1.45%	1.50%	1.89%	2.68%	2.96%
10-year BTP risk-free rate	4.485%	3.889%	3.652%	3.462%	3.275%	3.640%	3.790%

16) Loans and borrowings

See the specific IFRS 7 section.

17) Non-current provisions

These provisions totaled 6,045 thousand euro at December 31, 2009, and decreased by 7,274 thousand euro compared to December 31, 2008, largely due to use for costs incurred and, to a lesser extent, due to release owing to the non-existence of the risk.

(in thousands of euro)	Opening value	Additions	Decreases	Closing value
Provision for bad debts and equity investment write-downs	13,319		7,274	6,045

The change refers mainly to the partial repayment of the financial receivable due from associates, illustrated below in the note on receivables and other non-current assets.

18) Deferred tax liabilities

Total deferred tax liabilities were 2,268 thousand euro at December 31, 2009, as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Deferred tax and duties - trading shares		534	(534)
Deferred tax and duties - available-for-sale shares	792	365	427
Deferred tax and duties - available-for-sale debentures	935		935
Deferred tax and duties - other	541	359	182
Deferred tax assets		(173)	173
Total	**2,268**	**1,085**	**1,183**

The change was largely due to the increase in the fair value reserve for available-for-sale equities and securities.

Temporary differences excluded from determination of deferred tax assets and liabilities:

(in thousands of euro)	2009 Amount	2009 Tax effect	2008 Amount	2008 Tax effect
Provision for bad debts and equity investment write-downs	6,045	1,662	13,319	3,663

Deferred tax assets were not recorded since it was not possible to forecast the reversal of the existing provisions over a reasonably foreseeable period of time.

Current liabilities

19) Trade payables

See the specific IFRS 7 section.

20) Other current liabilities

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Amounts due to employees	2,295	2,669	(374)
Amounts due to social security authorities	842	348	494
Amounts due to subsidiaries for tax consolidation	36,482	33,827	2,655
Amounts due to tax authorities	327	294	33
Accruals and deferred income	106	121	(15)
Other amounts due	2,919	1,736	1,183
Interest-rate swaps for trading	1,748	940	808
Total	**44,719**	**39,935**	**4,784**

The payables due to subsidiaries on the tax consolidation totaled 36,482 thousand euro (33,827 thousand euro at December 31, 2008) and reflect amounts to be recognized to subsidiaries.
With respect to these payables, a receivable of 48,871 thousand euro is due from the tax authorities (see note 9).

Commitments

(in thousands of euro)	December 31, 2009	December 31, 2008
Guarantees on company assets	152,537	251,312
Deposits, guarantees, commitments, other	41,521	38,096
Total	**194,058**	**289,408**

The decreases compared to December 31, 2008, were largely due to the reduction in medium/long-term financial transactions secured by equities and the release of stock option grants to managers under the 2008 plan.
The value of guarantees on company assets shown above reflects fair value at the balance sheet date.

Income statement

21) Revenues

Revenues from sales and services totaled 92,180 thousand euro, as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
Dividends	62,380	104,919	(42,539)	-40.5%
Interest income	2,506	6,110	(3,604)	-59.0%
Capital gains on equity investments and securities	21,758	75	21,683	n.s.
Services	5,536	5,554	(18)	-0.3%
Total	**92,180**	**116,658**	**(24,478)**	**-21.0%**

The breakdown of dividend revenues was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
Subsidiaries				
Italcementi S.p.A.	19,845	39,599	(19,754)	-49.9%
Ciments Francais S.A.	34		34	100.0%
Populonia S.r.l.	3,783		3,783	100.0%
Sirap Gema S.p.A.	3,000		3,000	100.0%
So.Par.Fi. Italmobiliare S.A.	15,029	10,993	4,036	36.7%
Italmobiliare International B.V.		287	(287)	-100.0%
Italmobiliare International Finance Ltd.	14,999	23,997	(8,998)	-37.5%
SANCE S.r.l.		1,700	(1,700)	-100.0%
Italmobiliare Servizi S.r.l.	100	80	20	25.0%
Total	**56,790**	**76,656**	**(19,866)**	**-25.9%**
Associates				
Società Editrice Siciliana S.p.A.	2,640	659	1,981	300.6%
Mittel S.p.A.	1,278	1,278		
Total	**3,918**	**1,937**	**1,981**	**102.3%**
Other companies				
Unicredito Italiano S.p.A.		22,264	(22,264)	-100.0%
Unione di Banche Italiane S.c.p.a.	773	1,633	(860)	-52.7%
Fin.Priv. S.r.l.		1,268	(1,268)	-100.0%
Gruppo Banca Leonardo S.p.A.	606	833	(227)	-27.3%
A2A S.p.A. (ex Asm Brescia)	96	96		
Compagnia Fiduciaria Nazionale S.p.A.	120	119	1	0.8%
Sesaab S.p.A.		70	(70)	-100.0%
Emittente Titoli S.p.A.	28	43	(15)	-34.9%
Gazzetta del Sud Calabria S.p.A.	49		49	100.0%
Total	**1,672**	**26,326**	**(24,654)**	**-93.6%**
Grand total	**62,380**	**104,919**	**(42,539)**	**-40.5%**

The breakdown of interest income was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
Interest and finance income from subsidiaries	7	377	(370)	-98.1%
Interest on securities and debentures	785	1,189	(404)	-34.0%
Bank interest income	1,075	1,588	(513)	-32.3%
Interest from tax authorities	1	1		
Commissions and other income	43	162	(119)	-73.5%
Options on securities	595		595	100.0%
Income from TRES		2,793	(2,793)	-100.0%
Total	**2,506**	**6,110**	**(3,604)**	**-59.0%**

The breakdown of capital gains on equity investments and securities was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
From sale of available-for-sale equity investments				
Italmobiliare International BV	5		5	100.0%
Unicredito Italiano Spa - rights	7		7	100.0%
Populonia Italica S.r.l.	19,840		19,840	100.0%
Meltemi S.r.l.		61	(61)	-100.0%
Total	**19,852**	**61**	**19,791**	
From sale of trading equity investments				
A2A S.p.A.	11		11	100.0%
Total	**11**		**11**	100.0%
From sale of trading debentures	**379**	**14**	**365**	
From measurement of trading equity investments at fair value				
Cashes	446		446	100.0%
Ubi	1,070		1,070	100.0%
Total	**1,516**		**1,516**	**100.0%**
Grand total	**21,758**	**75**	**21,683**	

In 2009 the most significant capital gain was on the disposal of Populonia Italica S.r.l.

22) Other revenues

These totaled 2,740 thousand euro (396 thousand euro at December 31, 2008) and included rents and recovery of condominium expenses for 205 thousand euro, directors' pensions for 162 thousand euro, other income for 271 thousand euro and non-recurring income for 2,102 thousand euro.

23) Goods and utilities expenses

Goods and utilities expenses amounted to 114 thousand euro, as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
Materials and machinery	7	7	0	0.0%
Other materials	63	78	(15)	-19.2%
Electricity, water and gas	44	56	(12)	-21.4%
Total	**114**	**141**	**(27)**	**-19.1%**

24) Services expenses

Services expenses amounted to 5,640 thousand euro, as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
Legal fees, consultancy and compensation	4,047	5,435	(1,388)	-25.5%
Rents and fees for use of third-party assets	282	277	5	1.8%
Insurance	342	327	15	4.6%
Lease payments and expense on civil buildings	83	74	9	12.2%
Maintenance and repairs	333	139	194	139.6%
Subscriptions	54	51	3	5.9%
Communication and promotions	67	144	(77)	-53.5%
Post and telephone	50	50	0	0.0%
Cleaning	109	110	(1)	-0.9%
Other expenses and residual services	273	297	(24)	-8.1%
Total	**5,640**	**6,904**	**(1,264)**	**-18.3%**

Compensation includes compensation paid to the Board of Statutory Auditors of 155 thousand euro.

25) Employee expenses

Employee expenses amounted to 14,185 thousand euro, as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
Wages and salaries	8,148	7,946	202	2.5%
Social security contributions	1,947	1,789	158	8.8%
Provisions and contribution to pension funds	462	536	(74)	-13.8%
Directors remuneration	3,568	3,386	182	5.4%
Other miscellaneous expenses	60	57	3	5.3%
Total	**14,185**	**13,714**	**471**	**3.4%**

The number of employees is shown below:

(heads)	December 31, 2009	December 31, 2008
Employees at year end	47	45
Average number of employees	46.67	45.25

26) Other operating income/expense

Other operating expense, net of other operating income, amounted to 10,280 thousand euro, as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
Finance costs				
Interest on short-term financing	1,533	10,619	(9,086)	-85.6%
Interest on medium/long-term financing	4,283	14,979	(10,696)	-71.4%
Current account and financial interest expense due to subsidiaries	176	455	(279)	-61.3%
Commissions for non-utilization	471	8	463	5787.5%
Costs for interest-rate hedging	1,473	1,845	(372)	100.0%
Other expense	8		8	100.0%
Total	**7,944**	**27,906**	**(19,962)**	**-71.5%**
Capital losses and impairment losses				
Sale available-for-sale debentures	135		135	100.0%
Sale Ubi rights	77		77	100.0%
Impairment A2A S.p.A.		1,815	(1,815)	100.0%
Impairment trading debentures		3,376	(3,376)	-100.0%
Impairment equity-linked financial instruments		3,836	(3,836)	-100.0%
Total	**212**	**9,027**	**(8,815)**	**-97.7%**
Other expense and income				
Condominium expenses on own buildings	153	186	(33)	-17.7%
Other operating expense	114	93	21	22.6%
Non-deductible VAT	894	490	404	82.4%
ICI tax	33	33		
Other tax	14	22	(8)	-36.4%
Non-recurring expense	71	152	(81)	-53.3%
Other income/expense	845		845	
Total	**2,124**	**976**	**1,148**	**117.6%**
Total other operating income/expense	**10,280**	**37,909**	**(27,629)**	**-72.9%**

The reduction in finance costs is largely due to the improvement in net debt and to a lesser extent to the fall in the average interest rate.

27) Other income (expense)

Other income, net of other expense, amounted to 3,034 thousand euro (income of 98 thousand euro at December 31, 2008), as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
Capital gains on sale of fixed assets		292	(292)	-100.0%
(Additions)/use of provision for bad debts and equity investment impairment	3,134	187	2,947	1575.9%
Other income (expense)	(100)	(381)	281	-73.8%
Total	**3,034**	**98**	**2,936**	**2995.9%**

Additions to and use of provisions referred to the movements in the provision for bad debts and write-downs on equity investments illustrated earlier.
Other expense included 100 thousand euro for the endowment made in April to the "Fondazione Italcementi Cav. Lav. Carlo Pesenti".

28) Amortization and depreciation

The overall amount of 64 thousand euro (57 thousand euro at December 31, 2008) refers to depreciation of property, plant and equipment for 45 thousand euro (47 thousand euro at December 31, 2008) and amortization of intangible assets for 19 thousand euro (10 thousand euro at December 31, 2008).

29) Finance income (costs)

Finance costs, net of finance income, amounted to 22 thousand euro, as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
Financial services	21	81	(60)	-74.1%
Miscellaneous finance costs	1	2	(1)	-50.0%
Total	**22**	**83**	**(61)**	**-73.5%**

30) Impairment on financial assets

Impairment losses totaled 19,728 thousand euro (84,624 thousand euro at December 31, 2008). They referred to the subsidiary Franco Tosi s.r.l. for 11,661 thousand euro, whose value was determined on the basis of an independent estimate of the recoverable amount of the equity investments held by the subsidiary, and, for 8,067 thousand euro, to the equity investment in UBI, which was aligned with year-end market values in compliance with the company accounting policy.

Specifically, the subsidiary Franco Tosi was tested for impairment in compliance with IAS 36, based on the estimated recoverable amount of its equity investments.

The impairment test was based on the following assumptions:

a) projections of future cash flows to be discounted were determined on the basis of the best public information available (consisting largely of consensus forecasts);
b) the explicit projection period for cash flows to be discounted is not more than five years;
c) the cash flow growth rates beyond the explicit projection period that were used to compute terminal value were determined on the basis of the fundamentals or of the expected long-term inflation rate for Italy;
d) the cash flow discount rate (opportunity cost of capital) was determined using standard methods that are also recommended by IAS 36 (capital asset pricing model);

e) the complex nature of the companies tested for impairment also required application of the sum-of-parts approach. The valuation of the individual business units referred to both value-in-use and fair-value configurations.

The equity investment in UBI was measured, as indicated by IAS 39, in compliance with the company accounting policy, which requires alignment with the stock market value in the event of a prolonged decline in market prices or of a simultaneous significant reduction in share prices. The investment was aligned with market values at December 31, 2009, that is, 10.0627 euro for shares and 0.0494 euro for share warrants.

31) Income tax

Income tax for the year reflected income of 4,722 thousand euro, as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change	% change
Current tax	1,333	(3,400)	4,733	-139.2%
Deferred tax	(179)	243	(422)	-173.7%
Prior-year tax	(5,876)	267	(6,143)	n.s.
Total	**(4,722)**	**(2,890)**	**(1,832)**	**63.4%**

The change compared to 2008 is due to the fact that IRES paid for financial year 2008 was less than the forecast amount recorded in the financial statements, after final definition of the tax treatment of a number of material income components.

IFRS 7

Management Policies

Introduction

The Italmobiliare Board of Directors establishes policy for the Italmobiliare company and the financial sector of which the company is part. For the other Group sectors, the management policy for financial instruments and risks is established in line with the general Group principles and taking into account the specific features of each sector.

Objectives

In the operating sectors, the sole objective of financial instrument management is to reduce risk, whereas in the financial sector management of financial risks is an opportunity to generate profits, albeit within the general goal of acting with due prudence.

To this end the parent company Italmobiliare has issued a document “Policies for investment and financial risk management” (“Policies”) approved by the Chairman-Chief Executive Officer, which is valid both for operations by Italmobiliare S.p.A. and as guidance for the whole financial sector, since the other main companies adopt the Italmobiliare document by approving a similar one.

Capital management policy

The company manages its capital structure by adjusting it as circumstances change, in order to adequately support operations and maximize value for shareholders. The company also aims to maintain a solid credit rating and adequate capital indicators in line with its asset structure. No change was made to the objectives, policies and procedures during 2007, 2008 and 2009.

Financial instruments

The Policies described above define the type of financial instruments allowed, the maximum amounts, the counterparts, and the methods and levels of approval.

Derivatives are allowed both as risk management instruments and as instruments to generate profits. For this reason, the regulations included in the Policies are particularly restrictive in terms of both the types allowed and the levels of approval.
Intercompany loans fall within the mission of the financial sector to support the operating needs of the Group companies. With regard to borrowings received, all types of facilities are used: medium-term loans with or without guarantees, structures with medium-term derivatives, securities lending agreements with collateral, secured lines of credit, unsecured lines of credit with use of hot money.

Financial risk management

Credit risk

Credit risk represents the company's exposure to potential losses arising from non-fulfillment of obligations by counterparts.
Italmobiliare S.p.A. has no significant exposure to commercial credit risk.
With regard to financial counterpart risk arising from investment of liquidity and from positions on derivative contracts, identification of counterparts refers to the aforementioned Policies, on the basis of which the characteristics and limits of the authorized counterparts are established, largely in relation to their ratings.

The table below details the level of credit risk exposure through definition of the average rating of debenture issuers and that of counterparts on interest-rate swaps carried at fair value.

	Fair value (in millions of euro)	Average rating	Outstanding average life	
			First call	Final expiry
Trading debentures	9.4	A	1.75 years	5.88 years
AFS debentures	10.6	N.R.	39.30 years	39.3 years
Fair value derivatives	(1.7)	AA	1.75 years	1.75 years

N.R. non rated

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 -0.48 million euro, of which -0.16 million euro on the income statement and -0.32 million euro on shareholders' equity.

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, with effects on income if it is obliged to sustain additional costs to meet its commitments, or conditions of insolvency that put its business continuity at risk.
Italmobiliare's objective is to establish, through the "Financial Plan" approved at the budget meeting, a financial structure that guarantees adequate liquidity by minimizing opportunity cost and maintains a balance in terms of duration and composition of debt.
Italmobiliare's Finance Division is responsible for centralized procurement of funds and investment for the parent company and for the smaller Italian companies.
A report with an analysis of the trend in the net financial position is prepared at regular intervals for senior management.

The table below shows debt by maturity compared with undrawn credit lines:

(in millions of euro)	Maturity				
	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total loans and borrowings	(5.2)	(235.5)	(25.0)		**(265.7)**
Total financial assets	103.9		0.7	10.0	**114.6**
Net financial position	**98.7**	**(235.5)**	**(24.3)**	**10.0**	**(151.1)**
Available undrawn lines of credit	*382.0*	*40.0*			***422.0***

Total undrawn lines of credit consist of committed credit lines for 140 million euro and uncommitted credit lines for 282 million euro.
Long-term debt is secured, under various contractual agreements, by 81 million Unicredito shares and by 1.7 million UBI shares for a total of 258.8 million euro, of which 233.8 million euro subject to mechanisms that adjust the loan amount to the value of the underlying shares.
A 25 million euro loan contains a covenant based on the equity/debt ratio, which currently has no risk of non-compliance.

Market risks

Interest-rate risk

Fluctuations in interest rates affect the market value of the company's financial assets and liabilities and the level of net finance costs. The aim of the Policies is to minimize interest-rate risk in pursuing the financial structure objectives established and approved in the "Financial Plan" for the budget.
The use of derivatives is allowed within the guidelines established by the Policies.
Consistently with the objectives of the "Financial Plan", the Finance Division also manages risk positions through the use of derivatives, including structural transactions, to keep the risk profile within the approved limits. It draws up regular reports for senior management setting out the average costs of liabilities and yields on assets.

The following table illustrates the composition of the net financial position at December 31, 2009, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of the net financial position.

(in millions of euro)	
At December 31, 2009	
Fixed-rate financial liabilities	
FIxed-rate financial assets	1.9
Fixed-rate NFP at inception	**1.9**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	(50.0)
Fixed-rate NFP after hedging	**(48.1)**
Floating-rate financial liabilities	(265.0)
Floating-rate financial assets	18.4
Floating-rate NFP at inception	**(246.6)**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	50.0
Floating-rate NFP after hedging	**(196.6)**
Assets not subject to interest-rate risk	94.3
Liabilities not subject to interest-rate risk	(0.7)
Total NFP	**(151.1)**

Floating-rate assets include receivables due from Group companies and floating-rate debentures, while floating-rate liabilities include loans and borrowings due to third parties and to Group companies.

A sensitivity analysis was performed to determine the change in the fair value of financial instruments following an instantaneous shift of 100 bp in forward interest rates (assuming a parallel shift in the curve). Modified duration was used to measure sensitivity.

The sensitivity analysis found that an instantaneous parallel 100 bp upward shift in the rate curve would produce a positive change of 0.98 million euro in fair value, of which 0.71 million euro on the income statement and 0.27 million euro on the balance sheet.

No impact was calculated for balance sheet liabilities, since such liabilities are recognized at their nominal value.

Foreign-exchange risk

The Policies require investments to be made essentially in euro, although they allow for the possibility of a very limited currency risk.
Foreign-exchange derivatives are normally used to hedge currency risk by transforming it from a foreign currency risk to a euro risk. The Policies allow use of foreign-exchange derivatives for speculative purposes within very restricted limits.
Italmobiliare exposure to this risk is very limited.

Other price risks

The price risk is the potential loss on listed equities carried at fair value, in the event of downturn in share prices.
At December 31, 2009, assets exposed to price risk and classified as "Available for Sale" (AFS) amounted to 290.7 million euro.
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 14.5 million euro, of which 13.6 million euro against equity and 0.9 million euro directly in profit and loss.

(in millions of euro)	**Underlying**		**Share price delta**	**Impact on P&L**		**Impact on equity**
Shares (AFS)	290.7		-5%		(0.9)	(13.6)

Net financial position

The net financial position at December 31, 2009, reflected debt of 151,108 thousand euro, down by 151,963 thousand euro compared to 303,071 thousand euro at December 31, 2008.

The breakdown of the net financial position was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Cash and cash equivalents	93,952	104,880	(10,928)
Non-current financial receivables due from others		6,164	(6,164)
Financial receivables vs Group	312	223	89
Government securities and debentures - current	9,414	13,007	(3,593)
Government securities and debentures - non-current	10,636	3,067	7,569
Trading equity investments		1,261	(1,261)
Prepayments and accrued income	336	1,043	(707)
Total financial assets	**114,650**	**129,645**	**(14,995)**
Bank loans	(258,799)	(415,780)	156,981
Loans and borrowings due to subsidiaries	(4,468)	(14,200)	9,732
Interest-rate swaps	(1,748)	(940)	(808)
Accruals and deferred income	(743)	(1,796)	1,053
Total financial liabilities	**(265,758)**	**(432,716)**	**166,958**
Net financial position	**(151,108)**	**(303,071)**	**151,963**

Comparison between fair value and carrying amount

		December 31, 2009		December 31, 2008	
(in thousands of euro)		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Assets at fair value through profit and loss					
	Cash and cash equivalents	93,952	93,952	104,880	104,880
	Derivative instrumemnts				
	Equity investments and financial receivables	10,062	10,062	15,534	15,534
Loans and receivables					
	Trade receivables	5,073	5,073	2,220	2,220
	Receivables and other non-current assets	151,648	151,648	260,970	260,970
Available-for-sale assets					
	Non-current equity investments associates	62,055	62,055	40,829	40,829
	Non-current equity investments other companies	311,723	311,723	218,031	218,031
Held-to-maturity investments					
Total		**634,513**	**634,513**	**642,464**	**642,464**
Financial liabilities					
	Trade payables	2,455	2,455	2,703	2,703
	Interest-bearing loans and short-term borrowings	5,211	5,211	15,996	15,996
	Bank overdrafts and short-term borrowings			150,000	150,000
	Interest-bearing loans and long-term borrowings	258,799	258,799	265,780	265,780
	Interest-rate swaps			(940)	(940)
Total		**266,465**	**266,465**	**433,539**	**433,539**

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, 2009, financial instruments measured at fair value were as follows:

(in thousands of euro)	December 31, 2009	Level 1	Level 2	Level 3
Equity investments and financial receivables	9,414	9,414		
Receivables and other non-current assets	10,636		10,010	626
Non-current equity investments	373,777	290,712	17,890	65,175
Derivative liabilities	1,748			1,748

Cash and cash equivalents

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Cash and checks on hand	19	21	(2)
Bank and postal accounts	93,933	104,859	(10,926)
Net amount	**93,952**	**104,880**	**(10,928)**

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.
Bank deposits include 58,264 thousand euro for term deposits of varying amounts linked to loans secured by company assets.
The fair value of cash and cash equivalents corresponds to the carrying amount.

Equity investments and financial receivables

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Trading debentures	9,414	13,007	(3,593)
Listed shares for trading		1,261	(1,261)
Current financial receivables due from subsidiaries	312	223	89
Financial prepayments	336	1,043	(707)
Total	**10,062**	**15,534**	**(5,472)**

During the year, trading debentures decreased by 4,663 thousand euro reflecting net disposals of debentures and Treasury bills and rose by 1,070 thousand euro due to the fair value adjustment at year-end.
Financial receivables due from subsidiaries consist of current accounts, regulated at normal market rates, and represent the financial support provided in relation to subsidiaries' operating requirements.

Details of the items “Trading debentures” and “Listed shares for trading” are set out respectively in annexes “C” and “D”.

Trade receivables

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Trade	2,832	3	2,829
Associates	87	75	12
Subsidiaries	2,154	2,142	12
Total	**5,073**	**2,220**	**2,853**

Receivables referred in the main to Italian subjects and consisted largely of the receivable of 2,796 thousand euro on the sale of the subsidiary Populonia Italica S.r.l.

Receivables and other non-current assets

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Financial receivables due from subsidiaries	141,000	246,000	(105,000)
Financial receivables due from associates		5,727	(5,727)
Available-for-sale debentures	10,636	3,067	7,569
Guarantee deposits	12	12	
Other		6,164	(6,164)
Total	**151,648**	**260,970**	**(109,322)**

Receivables due from subsidiaries referred to loans due on March 31, 2010, and October 1, 2010, respectively:

- a non-interest-bearing loan of 11,000 thousand euro to Sance S.r.l. (11,000 thousand euro at December 31, 2008)
- a non-interest-bearing loan of 130,000 thousand euro to Franco Tosi S.r.l. (235,000 thousand euro at December 31, 2008)

The reduction of 105,000 thousand euro was due for 100,000 thousand euro to the share capital increase at the subsidiary Franco Tosi S.r.l.

Receivables due from associates decreased to zero following a partial repayment of 1,587 thousand euro and the cancellation of the outstanding amount through use of a corresponding sum from the provision for risks on receivables and equity investments.

The loans were granted in consideration of the financial investments made by the subsidiaries.

The change in available-for-sale debentures related mainly to the subscription of Unicredito Cashes. This amount, which in 2008 was classified under other receivables, totaled 6,164 thousand euro and reflected the fair value of the advance made to Mediobanca in connection with the underwriting of an equity-linked financial instrument issued in February 2009.
At December 31 the cashes were valued at their fair value at that date.

Investments in subsidiaries and associates

The movements on this heading with respect to December 31, 2008, are illustrated below:

(in thousands of euro)	
At December 31, 2008	**939,824**
Acquisitions	101,058
Disposals and reimbursements	(78,753)
Fair value taken to reserve	20,837
Impairment losses for the year	(11,661)
At December 31, 2009	**971,305**

Acquisitions include 100,000 thousand euro for the share capital increase at the subsidiary Franco Tosi S.r.l., effected by waiving the previous financial receivable due from the subsidiary.
The reimbursement of 76,000 thousand euro relates to the capital contribution reimbursement by the subsidiary Italmobiliare International Finance Ltd. The operation is intended to reduce Italmobiliare S.p.A. debt.
Disposals refer mainly to Populonia Italica S.r.l. for 2,739 thousand euro and Italmobiliare International BV for 14 thousand euro.

Impairment losses for the year arose from the adjustment of the equity investment in the subsidiary Franco Tosi S.r.l., illustrated earlier in this report. A sensitivity analysis was conducted assuming a 0.50% increase in the discount factor or a 0.50% decrease in the long-term cash flow growth rate; the analysis indicated a potential impairment loss on the equity investments held by Franco Tosi S.r.l. of between 3% and 5%.

Equity investments in subsidiaries and associates at December 31, 2009, are listed below:

Subsidiaries	**Location**	**% held**
Aliserio S.r.l.	Bergamo	10.00
Bravosolution S.p.A.	Bergamo	8.154
Ciments Francais S.A.	Puteaux	0.031
Fincomind S.A.	Zurich	69.93
Franco Tosi S.r.l.	Milan	100.00
Italcementi S.p.A. - ordinary shares	Bergamo	60.260
Italcementi S.p.A. - savings shares	Bergamo	2.856
Italmobiliare International Finance Ltd.	Dublin	97.272
Italmobiliare Servizi S.r.l.	Milan	100.00
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	100.00
Sirap Gema S.p.A.	Verolanuova	100.00
Société de Partecipation Financière Italmobiliare S.A.	Luxembourg	99.94
SANCE S.r.l.	Milan	100.00
Associates		
Mittel S.p.A.	Milan	12.262
Società Editrice Siciliana S.p.A.	Messina	33.00

Associates are shown at fair value.

Other equity investments

This non-current asset heading reflects equity investments classified as "available for sale" as required by IAS 39.

(in thousands of euro)	
At December 31, 2008	**218,031**
Acquisitions	7,877
Disposals and reimbursements	(292)
Fair value recognized in the reserve	94,174
Fair value recognized in the income statement (impairment)	(8,067)
At December 31, 2009	**311,723**

Fair value recognized in the reserve mainly concerns Unicredito Italiano S.p.A. and Fin Priv S.r.l. and reflects fair value at December 31, 2009.
Impairment recognized in the income statement concern Unione di banche Italiane S.c.p.a.

The fair value of listed associates and other listed companies is determined on the basis of the official share price on the last accounting day of the reporting period, while the fair value of unlisted companies is calculated using the methods envisaged by IAS 39.

The breakdown of other equity investments at December 31, 2009, was as follows:

(in thousands of euro)	**Number shares**	**December 31, 2009**
Equity investments in listed companies:		
Unione di Banche Italiane S.c.p.a.	1,718,500	17,293
Unione di Banche Italiane S.c.p.a. - warrants	1,718,500	85
Unicredito Italiano S.p.A.	101,243,921	238,774
Total		**256,152**
Equity investments in unlisted companies:		
Ambienta S.p.A.	150	13
Atmos S.p.A.	4,000	127
Atmos Venture S.p.A.	200,000	193
Compagnia fiduciaria nazionale S.p.A.	20,001	506
Emittente titoli S.p.A.	209,000	162
Fin Priv S.r.l.	2,857	17,890
Gazzetta del sud Calabria S.p.A.	4,788	843
Gruppo Banca Leonardo S.p.A.	7,576,661	24,722
Idrovia Ticino - Milano Nord - Mincio S.p.A.	100	1
Imm.re Lido di Classe S.p.A. - in liquidation	45,991	
Immobiliare Astra S.p.A.	12,012	12
Sesaab S.p.A.	700,000	10,990
Solar Energy Italia S.p.A.	69,100	112
Total		**55,571**
Total equity investments		**311,723**

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, 2009	December 31, 2008	Change
Suppliers	1,617	1,886	(269)
Group companies	838	818	20
Total	**2,455**	**2,704**	**(249)**

Loans and borrowings

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

(in thousands of euro)	December 31, 2009	December 31, 2008	Change
Amounts due to banks (medium/long-term)	258,799	265,780	(6,981)
Amounts due to banks		150,000	(150,000)
Short-term financing	5,211	15,996	(10,785)
Interest-rate swaps	1,748	940	808
Total loans and borrowings	**265,758**	**432,716**	**(166,958)**

The fall in amounts due to banks arose as a result of repayments of existing loans made possible by the liquidity generated during the year.
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 50 million euro, expiring in September 2011. This contract is classified under trading financial instruments.
The fair value of this derivative at December 31, 2009, stood at -1,748 thousand euro.

Main bank loans and lines of credit

The main borrowings were as follows:

(in thousands of euro)		December 31, 2009	December 31, 2008	Change
With collateral security:				
Other loans				
- BNP Paribas	maturity 11/21/2011	180,000	180,000	
- Sogen Paris fin. Tres	maturity 05/08/2012	25,000	25,000	
- San Paolo IMI S.p.A.	maturity 06/16/2009		25,000	(25,000)
Total		**205,000**	**230,000**	**(25,000)**
Without collateral security:				
Mediobanca - Unicredit shares	maturity 12/21/2011	53,799	35,780	18,019
Total		**53,799**	**35,780**	**18,019**
Total loans and borrowings		**258,799**	**265,780**	**(6,981)**

The increase in the value of the Mediobanca loan reflects the change in the Unicredit share price.

In March 2009 Italmobiliare negotiated a stand-by line of credit for 50 million euro with Banca Intesa Sanpaolo for 18 months less one day; no drawings had been made on the facility at December 31, 2009.

Non-recurring transactions

The tables below itemize the main non-recurring transactions and their impact on equity, the financial position and net profit:

	December 31, 2009					
(in thousands of euro)	Shareholders' equity		Net profit for the year		Net debt	
		%		%		%
Book values	**1,283,405**		**52,642**		**(151,108)**	
Net capital gains on sale of fixed assets						
Other non-recurring income (expense)	3,034	0.24%	3,034	5.76%		
Tax on non-recurring transactions						
Total	**3,034**	**0.24%**	**3,034**	**5.76%**		
Figurative value without non-recurring transactions	**1,280,371**		**49,608**		**(151,108)**	

	December 31, 2008					
(in thousands of euro)	Shareholders' equity		Net profit for the year		Net debt	
		%		%		%
Book values	**1,103,679**		**(23,390)**		**(303,071)**	
Net capital gains on sale of fixed assets	292	0.03%	292	-1.25%	302	-0.10%
Other non-recurring income (expense)	(194)	-0.02%	(194)	0.83%	(2,312)	0.76%
Tax on non-recurring transactions	(77)	-0.01%	(77)	0.33%		
Total	**21**	**0.00%**	**21**	**-0.09%**	**(2,010)**	**0.66%**
Figurative value without non-recurring transactions	**1,103,658**		**(23,411)**		**(301,061)**	

Considerations of the independent auditors

A breakdown is set out below of the considerations paid in 2009 to the independent auditors Reconta Ernst & Young S.p.A. (RE&Y), as per CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, paragraph 1:

Services provided (in thousands of euro)	**RE&Y**
Audit services	312,647
Total	**312,647**

The amount includes approximately 12 thousand euro for out-of-pocket expenses and reimbursement of the CONSOB contribution.

Dealings with related parties

The figures at December 31, 2009, for dealings with related parties are set out in the table below:

Receivables and payables vs related parties

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Non-current receivables	Franco Tosi S.r.l.	130,000,000			
Subsidiaries	Sance S.r.l.	11,000,000			
Total receivables and other non-current assets		**141,000,000**	**92.98%**	**151,648,362**	**Note 6**
Trade receivables	Franco Tosi S.r.l.	27,034			
Subsidiaries	Finter Bank Zurich	34,592			
	Gesvim S.r.l.	55,565			
	Italcementi S.p.A.	1,597,028			
	Italmobiliare Servizi S.r.l.	46,757			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	85,138			
	Sirap-Gema S.p.A.	257,419			
	Sance S.r.l.	50,728			
Trade receivables	G.I.S.T. S.r.l.	47,533			
Associates	Immobiliare Golf Punta Ala S.p.A.	39,104			
Total trade receivables		**2,240,898**	**44.17%**	**5,072,869**	**Note 7**
Receivables for tax consolidation	Axim Italia S.r.l.	283,725			
Subsidiaries	Italgen S.p.A.	1,499,338			
	Italmobiliare Servizi S.r.l.	2,758			
	Sirap-Gema Insulation System S.r.l.	759,106			
Accrued income	Italcementi S.p.A.	5,068			
Subsidiaries	Italmobiliare Servizi S.r.l.	9,899			
Total other current assets		**2,559,894**	**33.07%**	**7,741,544**	**Note 8**
Current account receivables	Italcementi S.p.A.	26,333			
Subsidiaries	Sance S.r.l.	272,613			
	Sirap-Gema S.p.A.	12,811			
Total financial receivables		**311,757**	**3.10%**	**10,062,141**	**Note 10**

Other payables	Italcementi S.p.A.	(15,851)			
Subsidiaries	Italmobiliare Servizi S.r.l.	(29,717)			
Total other payables and non-current liabilities		**(45,568)**	**92.55%**	**(49,238)**	
Current account payables	Franco Tosi S.r.l.	(261,262)			
Subsidiaries	Italmobiliare Servizi S.r.l.	(478,087)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(3,728,903)			
Total loans and borrowings		**(4,468,252)**	**85.74%**	**(5,211,297)**	**Note 16**
Trade payables	Ciments Francais S.A.	(1,132)			
Subsidiaries	Finter Bank Zurich S.A.	(3,027)			
	Italcementi S.p.A.	(167,475)			
	Italmobiliare Servizi S.r.l.	(665,568)			
	Other related parties	(7,064)			
Total trade payables		**(844,266)**	**34.40%**	**(2,454,172)**	**Note 19**
Payables for tax consolidation	Aliserio S.r.l.	(67,362)			
Subsidiaries	Bravosolution S.p.A.	(107,987)			
	Cementificio Montalto S.p.A.	(2,150,260)			
	Franco Tosi S.r.l.	(182,927)			
	Gruppo Italsfusi S.r.l.	(144,841)			
	Imes S.r.l.	(3,911)			
	Immobiliare Salesiane S.r.l.	(12,700)			
	Ing. Sala S.p.A.	(302,194)			
	Intertrading S.r.l.	(44,832)			
	Italcementi S.p.A.	(26,805,450)			
	Nuova Sacelit S.r.l.	(4,510,163)			
	Sama S,p.A.	(562,917)			
	Sicilfin S.r.l.	(3,694)			
	Silos Granari della Sicilia S.r.l.	(55,650)			
	Sirap-Gema S.p.A.	(1,321,704)			
	Sance S.r.l.	(205,627)			
Total other liabilities		**(36,482,219)**	**81.58%**	**(44,718,619)**	**Note 20**

COMMITMENTS WITH RELATED PARTIES

Description	Company	Amount
Letters of patronage to	Sirap Gema S.p.A.	11,500,000
Subsidiaries		
Total commitments		**11,500,000**

REVENUES AND EXPENSE VS RELATED PARTIES

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Dividends	Ciments Francais S.A.	33,831			
Subsidiaries	Italcementi S.p.A.	19,844,535			
	Italmobiliare Servizi S.r.l.	100,000			
	Italmobiliare International Finance	14,999,400			
	Populonia Italica S.r.l.	3,783,310			
	Sirap Gema S.p.A.	3,000,000			
	SO.PAR.FI. Italmobiliare S.A.	15,029,116			
Dividends	Mittel S.p.A.	1,278,413			
Associates	Società Editrice Siciliana S.p.A.	2,639,736			
Total dividends		**60,708,341**	**97.32%**	**62,379,835**	**Note 21**
Financial and current account interest income and other income	Franco Tosi S.r.l.	309			
Subsidiaries	Italcementi S.p.A.	129			
	Sance S.r.l.	2,554			
	Sirap-Gema S.p.A.	4,149			
Total interest income		**7,141**	**0.28%**	**2,505,753**	**Note 21**
Recovery cost of services	Azienda Vendita Acquisti A.V.A. S.r.l.	14,506			
Subsidiaries	Ciments Francais S.A.	27,250			
	Fincomind A.G.	3,944			
	Finconsult A.G.	77,927			
	Finter Bank Zurich	192,719			
	Franco Tosi S.r.l.	52,018			
	Gesvim S.r.l.	53,400			
	Italcementi S.p.A.	3,775,930			
	Italmobiliare Servizi S.r.l.	86,594			
	Populonia Italica S.r.l.	44,037			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	105,300			
	Sirap-Gema S.p.A.	578,794			
	Sirap-Gema France S.A.	15,753			
	Sirap-Gema Insulation Systems S.r.l.	27,000			
	Sance S.r.l.	67,613			
Recovery cost of services	G.I.S.T. S.r.l.	3,001			
Associates	Immobiliare Golf Punta Ala S.p.A.	19,971			
	Società Editrice Siciliana S.p.A.	6,704			
Total services		**5,152,461**	**93.06%**	**5,536,453**	**Note 21**
Total revenues		**65,867,943**	**93.53%**	**70,422,041**	**Note 21**
Other revenues	Italcementi S.p.A.	94,323			
Subsidiaries	Italmobiliare Servizi S.r.l.	126,352			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	2,991			
Associates	Gist S.r.l.	975			
Total revenues and operating income		**224,641**	**8.20%**	**2,740,567**	**Note 22**

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Services expenses	Finter Bank Zurich	(162,543)			
Subsidiaries	Italcementi S.p.A.	(490,838)			
	Italmobiliare Servizi S.r.l.	(1,222,115)			
	Other related parties	(375,648)			
Total services expenses		**(2,251,144)**	**39.91%**	**(5,640,254)**	**Note 24**
Financial and current account interest expense	Azienda Vendita Acquisti A.V.A. S.r.l.	(8,048)			
Subsidiaries	Franco Tosi S.r.l.	(45,966)			
	Italcementi S.p.A.	(2,402)			
	Italmobiliare Servizi S.r.l.	(13,040)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(26,971)			
	Populonia Italica S.r.l.	(78,083)			
	Sance S.r.l.	(1,693)			
Total other operating income (expense)		**(176,203)**	**1.71%**	**(10,280,166)**	**Note 26**
Other non-recurring expense	Gesvim S.r.l.	(4,139,679)			
Subsidiaries					
Other related parties	(endowment to Fondazione Italcementi)	(100,000)			
Total other non-recurring income (expense)		**(4,239,679)**	**n.s.**	**(3,034,058)**	**Note 27**
Interest expense on trade payables	Italcementi S.p.A.	(448)			
Subsidiaries	Italmobiliare Servizi S.r.l.	(685)			
Total finance income and costs		**(1,133)**	**5.12%**	**(22,146)**	**Note 29**

n.s. not significant

Impact of dealings with related parties on cash flows

	Cash flows	
(in thousands of euro)	**Value**	**%**
Cash flow from operating activities with related parties	61,690	161.9%
Total A) - from cash flow statement	38,096	
Cash flow from investing activities with related parties	(101,058)	133.3%
Total B) - from cash flow statement	(75,798)	
Cash flow from financing activities with related parties	176,995	661.1%
Total C) - from cash flow statement	26,774	
Change in cash and cash equivalents with related parties	**137,627**	
Change in cash and cash equivalents from cash flow statement (A+B+C)	**(10,928)**	

Compensation paid to directors and the chief operating officer

The table below sets out compensation paid during the financial year to the directors and the chief operating officer of Italmobiliare S.p.A. (officers with strategic responsibilities) for positions held:

(euro)	**2009**	**2008**
Short-term benefits: compensation and remuneration	2,440,298	2,065,086
Post-employment benefits	956,212	952,462
Other long-term benefits	112,953	78,677
Share-based payments (stock options)	1,500,655	1,934,812
Total	**5,010,118**	**5,031,037**

Milan, March 24, 2010

for the Board of Directors
The Chairman

Annex A

Statement of movements in the accounts of available-for-sale equity investments at December 31, 2009

(euro)

Equity securities	Position at 1/1/2009		Additions		Decreases	
Subsidiaries	**Quantity**	**Amounts**	**Quantity**	**Amounts**	**Quantity**	**Amounts**
Aliserio S.r.l.	227,000	238,788				
Azienda Vendite Acquisti A.V.A. S.r.l.	2,550,000	2,283,140			2,550,000	2,283,140 (2)
BravoSolution S.p.A.	2,389,332	3,243,051				
Ciments Francais S.A.	–	–	11,277	659,568		
Fincomind S.A.	7,000	3,642,830				
Franco Tosi S.r.l.	90,000,000	6,202,686	43,797,315	100,000,000	83,797,315	
Italcementi S.p.A. - ordinary shares	106,734,000	415,254,183				
Italcementi S.p.A. - savings shares	3,011,500	33,092,016				
Italmobiliare International B.V.	13,000	14,204			13,000	14,204
Italmobiliare International Finance Ltd	249,990	296,628,628				76,000,000 (3)
Italmobiliare Servizi S.r.l.	260,000	258,228				
Neyrtec Industrie S.A.	100,000	1			100,000	1
Populonia Italica S.r.l.	1.040,000	2,739,069			1,040,000	2,739,069
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	1,293,240	1,336,271	6,760	2,293,140		
Sirap Gema S.p.A.	3,298,625	37,489,427				
Société de Participation Financière Italmobiliare S.A.	4,294,033	95,001,104				
SANCE S.r.l.	139,725	1,571,453				
Total subsidiaries		**898,995,079**		**102,952,708**		**81,036,414**
Associates						
Mittel S.p.A.	8,522,756	24,447,526	122,434	388,363		
Società Editrice Siciliana S.p.A.	29,700	16,381,805				
Totale associates		**40,829,331**		**388,363**		**–**
Other companies						
Ambienta S.p.A.	150	15,000				
Atmos S.p.A.	4,000	141,258		9,091		
Atmos Venture S.p.A.	200,000	200,000				
Compagnia Fiduciaria Nazionale S.p.A.	20,001	355,564				
Emittenti Titoli S.p.A.	209,000	176,005				
Fin.Priv. S.r.l.	2,857	14,855,327				
Gazzetta del Sud Calabria S.p.A.	4,788	662,395				
Gruppo Banca Leonardo S.p.A.	7,576,661	24,721,615				
Idrovia Ticino Milano Nord Mincio S.p.A. - in liquidation	100	568				
Immobiliare Lido di Classe S.p.A. - in liquidation	45,991	1				
Immobiliare Astra S.p.A.	12,012	12,121				
Intereuropa Sim S.p.A. - in liquidation	80,000	1			80,000	1
Sesaab S.p.A.	700,000	10,990,000				
Solar Energy Italia S.p.A.	69,100	69,250				
UniCredit S.p.A. - ordinary shares	85,626,509	147,962,608	15,617,414 (4)		2	3
Unione di Banche Italiane S.c.p.a.	1,718,500	17,869,650		7,700,475 (5)		292,471 (6)
Unione di Banche Italiane S.c.p.a. - warrants			1,718,500	167,040 (7)		
Total other companies		**218,031,363**		**7,876,606**		**292,475**
Total equity investments		**1,157,855,773**		**111,217,677**		**81,328,889**

(*) of ordinary capital
(1) controlled through Italcementi S.p.A.
(2) merger A.V.A. S.r.l. into Punta Ala Promoz. e Sviluppo Imm.re S.r.l.
(3) repayment of share capital
(4) free allocation
(5) reversal of accrued FV reserve
(6) share and PO option warrant
(7) share warrant

Changes in fair value	Impairment	Interest held	Position at 12/31/2009		Gains/(losses) on sales	
Amounts	Amounts	%	Quantity	Amounts	Amounts	Equity securities
		10.000 (1)	227,000	238,788	–	Aliserio S.r.l.
				–	–	Azienda Vendite Acquisti A.V.A. S.r.l.
		8.154 (1)	2,389,332	3,243,051	–	BravoSolution S.p.A.
		0.031	11,277	659,568	–	Ciments Francais S.A.
		69.930	7,000	3,642,830	–	Fincomind S.A.
	(11,660,727)	100.000	50,000,000	94,541,959	–	Franco Tosi S.r.l.
		60.260 (*)	106,734,000	415,254,183	–	Italcementi S.p.A. - ordinary shares
		2.856	3,011,500	33,092,016	–	Italcementi S.p.A. - savings shares
			–	–	5,296	Italmobiliare International B.V.
		97,272	249,990	220,628,628	–	Italmobiliare International Finance Ltd
		100,000	260,000	258,228	–	Italmobiliare Servizi S.r.l.
			–	–	(1)	Neyrtec Industrie S.A.
			–	–	19,839,428	Populonia Italica S.r.l.
		100.000	1,300,000	3,629,411	–	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
		100.000	3,298,625	37,489,427	–	Sirap Gema S.p.A.
		99.940	4,294,033	95,001,104	–	Société de Participation Financière Italmobiliare S.A.
		100.000	139.725	1,571,453	–	SANCE S.r.l.
–	**(11,660,727)**			**909,250,646**	**19,844,723**	**Total subsidiaries**
						Associates
9,724,987		12.262	8,645,190	34,560,876	–	Mittel S.p.A.
11,112,336		33.000	29,700	27,494,141	–	Società Editrice Siciliana S.p.A.
20,837,323	**–**			**62,055,017**	**–**	**Totale associates**
						Other companies
(1,907)		1.000	150	13,093	–	Ambienta S.p.A.
(23,442)		1.818	4,000	126,907	–	Atmos S.p.A.
(6,746)		9.090	200,000	193,254	–	Atmos Venture S.p.A.
150,860		16.668	20,001	506,424	–	Compagnia Fiduciaria Nazionale S.p.A.
(14,463)		2.549	209,000	161,542	–	Emittenti Titoli S.p.A.
3,035,038		14.285	2,857	17,890,365	–	Fin.Priv. S.r.l.
181,016		4.836	4,788	843,411	–	Gazzetta del Sud Calabria S.p.A.
		2.923	7,576,661	24,721,615	–	Gruppo Banca Leonardo S.p.A.
		0.200	100	568	–	Idrovia Ticino Milano Nord Mincio S.p.A. - in liquidation
		18.036	45,991	1	–	Immobiliare Lido di Classe S.p.A. - in liquidation
		1.784	12,012	12,121	–	Immobiliare Astra S.p.A.
			–	–	–	Intereuropa Sim S.p.A. - in liquidation
		7.000	700,000	10,990.000	–	Sesaab S.p.A.
42,909		6.909	69,100	112,159	–	Solar Energy Italia S.p.A.
90,811,058		0.604 (*)	101,243,921	238,773,663	7,106	UniCredit S.p.A. - ordinary shares
	(7,984,904)	0.269	1,718,500	17,292,750	–	Unione di Banche Italiane S.c.p.a.
	(82,146)		1,718,500	84,894	–	Unione di Banche Italiane S.c.p.a. - warrants
94,174,323	**(8,067,050)**			**311,722,767**	**7,106**	**Total other companies**
115,011,646	**(19,727,777)**			**1,283,028,430**	**19,851,829**	**Total equity investments**

Annex B

List of equity investments in subsidiaries and associates at December 31, 2009 (art. 2427 no.5 Italian Civil Code)

	Registered office		Share capital (in euro or currency)	Total shareholders' equity (in euro or currency)	Net profit for period (in euro or currency)	Interest held %
Subsidiaries						
Aliserio S.r.l.	Bergamo	€	2,270,000	2,197,738	55,097	10.00 (1)
BravoSolution S.p.A.	Bergamo	€	29,302,379	34,018,091	782,738	8.15 (1)
Ciments Francais S.A.	Puteaux	€	145,435	2,424,191	128,398	0.03
Fincomind A.G.	Zurich	F.sv.	10,010,000	44,867,836	4,149,653	69.93
Franco Tosi S.r.l.	Milan	€	50,000,000	94,541,960	(11,660,724)	100.00
Italcementi S.p.A. - ordinary shares	Bergamo	€	282,548,942	1,903,564,296	(16,285,573)	60.26
Italcementi S.p.A. - saving shares	Bergamo	€	282,548,942	1,903,564,296	(16,285,573)	2.86
Italmobiliare International Finance Ltd.	Dublin	€	1,336,400	381,725,990	31,199,528	97.27
Italmobiliare Servizi S.r.l.	Milan	€	260,000	877,469	126,251	100.00
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	€	1,300,000	4,630,887	(77,302)	100.00
Sirap Gema S.p.A.	Verolanuova	€	17,020,905	43,708,967	2,012,563	100.00
Société de Participation Financière Italmobiliare S.A.	Luxembourg	€	103,118,928	167,510,422	9,967,655	99.94
SANCE S.r.l.	Milan	€	139,725	1,969,416	397,962	100.00
Total subsidiaries						
Associates						
Mittel S.p.A.	Milan	€	70,504,505	295,279,749	43,740,265 (2)	12.26
Società Editrice Siciliana S.p.A.	Messina	€	5,112,900	75,965,385	33,520,490 (3)	33.00
Total associates						

(1) controlled through Italcementi S.p.A.
(2) figures at 09/30/2009
(3) figures at 12/31/2008

Reasons for negative difference in final column:

- BravoSolution S.p.A.: carrying amount is maintained because lower than recoverable amount.
- Franco Tosi S.r.l. and Sance S.r.l.: write-down to deemed recoverable amounts (on the basis of a specific technical report prepared by an independent professional for Franco Tosi S.r.l.); for the residual difference it is considered that there is no real evidence of impairment.

Number shares or interest	Nominal unit value (in euro or currency)	Carrying amount Unit	Carrying amount (in euro)	Total (in 000 €) (A)	Value ex art. 2426 no.4 Ital.C.Code (in 000 €) (B)	Difference (in 000 €) (B) – (A)	
							Subsidiaries
227,000	1.00	1.05	238,788	239	239	–	Aliserio S.r.l.
2,389,332	1.00	1.36	3,243,051	3,243	1,995	(1,248)	BravoSolution S.p.A.
11,277	1.00	58.49	659,568	660	966	306	Ciments Francais S.A.
7,000	1,000.00	520.40	3,642,830	3,643	70,604	66,961	Fincomind A.G.
50,000,000	1.00	1.89	94,541,959	94,542	39,077	(55,465)	Franco Tosi S.r.l.
106,734,000	1.00	3.89	415,254,183	415,254	1,322,552	907,298	Italcementi S.p.A. - ordinary shares
3,011,500	1.00	10.99	33,092,016	33,092	33,092	–	Italcementi S.p.A. - saving shares
249,990	5.20	882.55	220,628,628	220,629	274,365	53,736	Italmobiliare International Finance Ltd.
260,000	1.00	0.99	258,228	258	894	636	Italmobiliare Servizi S.r.l.
1,300,000	1.00	2.79	3,629,411	3,629	4,464	835	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
3,298,625	5.16	11.37	37,489,427	37,489	55,070	17,581	Sirap Gema S.p.A.
4,294,033	24.00	22.12	95,001,104	95,001	212,487	117,486	Société de Participation Financière Italmobiliare S.A.
139,725	1.00	11.25	1,571,453	1,571	(1,985)	(3,556)	SANCE S.r.l.
			909,250,646	**909,251**	**2,013,821**	**1,104,570**	**Total subsidiaries**
							Associates
8,645,190	1.00	4.00	34,560,876	34,561	46,084	11,523	Mittel S.p.A.
29,700	56.81	925.73	27,494,141	27,494	27,494	–	Società Editrice Siciliana S.p.A.
			62,055,017	**62,055**	**73,578**	**11,523**	**Totale associates**

Annex C
Statement of movements in the accounts of trading equity investments at December 31, 2009

(euro) Equity securities	Position at 01.01.2009		Additions		Decreases		Changes in fair value	Interest held	Position at 12.31.2009		Gains/ (losses) on sales
	Quantity	Amounts	Quantity	Amounts	Quantity	Amounts	Amounts	%	Quantity	Amounts	Amounts
Other companies											
A2A S.p.A. - ordinary shares	992,000	1,260,634		--	992,000	1,260,634			--	--	10,614
Total other companies		**1,260,634**		**--**		**1,260,634**	**--**			**--**	**10,614**

Annex D
Statement of movements in debentures during 2009

(euro)	Position at 01.01.2009	Additions	Decreases	Change in fair value	Position at 12.31.2009
Available-for-sale portfolio					
Other variable-income securities	625,719	6,610,000	--	3,400,000	10,635,719
Other fixed-income securities	2,441,016	--	2,441,016	--	--
Total	**3,066,735**	**6,610,000**	**2,441,016**	**3,400,000**	**10,635,719**

	Position at 01.01.2009	Additions	Decreases	Change in fair value	Position at 12.31.2009
Trading portfolio					
Other variable-income securities	13,006,920	--	6,557,810	1,059,140	7,508,250
Other fixed-income securities	--	31,967,724	30,072,910	10,589	1,905,403
Total	**13,006,920**	**31,967,724**	**36,630,720**	**1,069,729**	**9,413,653**

The closing position reflects fair value at December 31, 2009.

Annex E

Comparison of book values and market prices at December 31, 2009, for equity investments in companies with listed shares.

(euro) Equity securities	Number shares	Book value	Unit book value	Unit fair value at December 31, 2009	Fair value at December 31, 2009
Subsidiaries					
Italcementi S.p.A. - ordinary shares	106,734,000	415,254,183	3.891	9.6021	1,024,870,541
Italcementi S.p.A. - savings shares	3,011,500	33,092,016	10.989	5.0885	15,324,018
Ciments Francais S.A.	11,277	659,568	58.488	74.0000	834,498
		449,005,767			**1,041,029,057**
Associates					
Mittel S.p.A.	8,645,190	34,560,876	3.998	3.9977	34,560,876
		34,560,876			**34,560,876**
Other companies					
Unione di Banche Italiane S.c.p.a.	1,718,500	17,292,750	10.063	10.0627	17,292,750
Unione di Banche Italiane S.c.p.a. - warrants	1,718,500	84,894	0.049	0.0494	84,894
Unicredito Italiano S.p.A. - ordinary shares	101,243,921	238,773,663	2.358	2.3584	238,773,663
		256,151,307			**256,151,307**
Treasury shares (deducted against shareholders' equity)					
Italmobiliare Società per Azioni - ordinary shares(*)	871,411	20,830,105	23.904	30.5430	26,615,506
Italmobiliare Società per Azioni - savings shares	28,500	396,085	13.898	22.1062	630,027
		21,226,190			**27,245,533**

(*) of which 589,989 servicing stock option plans

Annex F
Reconciliation of theoretical tax charge and income tax expense reflected in the income statement

(in thousands of euro)				
A)	**Profit before tax**			**47,920**
B)	Current IRES tax rate	**27.5%**		
C)	**Theoretical IRES tax rate (AxB)**			**-13,178**
	Fiscal effects on permanent differences:			
D)	- non-deductible			-7,461
	- non-taxable/exempt			19,306
E)	Deferred tax assets/liabilities generated			
	in the year:			
	- deferred tax liabilities on unrecorded			
	taxable temporary differences			
	- deferred tax assets on unrecorded			
	deductible temporary differences			179
	- deferred tax assets on unrecorded tax			
	loss			
			tot. E)	179
F)	Recovery in the year of deferred tax assets			
	not recognized in prior years on			
	deductible temporary differences and/or tax losses		tot. F)	0
G)	Other changes		tot. G)	
	Total		**(C+D+E+F+G)**	**-1,154**
H)	Other taxes (prior-year taxes)			5,876
I)	**Income tax reflected in the income statement**			**4,722**

Annex G
Analysis of shareholders' equity line items at December 31, 2009

Nature/description	Amount	Possible uses	Amount available	Summary of uses in three previous periods	
				to replenish losses	other
Share capital	**100,167**				
Reserves:					
Share premium reserve	177,191	A, B, C	177,191		
Stock options reserve	8,709	-	8,709		
Fair value reserve for available-for-sale assets	175,123	-	-		
Total reserves	**361,023**	**-**	**185,900**		
Treasury shares at cost	**(21,226)**	**-**			
Retained earnings:					
Revaluation reserves	86,760	A, B, C	86,760		
Reserve for grants related to assets	2,164	A, B, C	2,164		
Merger surplus	57,715	A, B, C	57,715		
Fund ex art.55 Pres.Decrees 597/1973 and 917/86	1,771	A, B, C	1,771		
Fund ex art.54 Pres.Decrees 597/1973 and 917/86	185	A, B, C	185		
Reserve art.33 law 413/91	2	A, B, C	2		
Reserve art.34 law 576/75	93,242	A, B, C	93,242		
Legal reserve	20,034	B			
Extraordinary reserve	394,463	A, B, C	394,463	(23,390)	
Retained earnings	118,454	A, B, C	118,454		
Reserve Fx income net	-	A, B, C			
Reserve ex art.7 Leg.D 38/2005	16,009	A, B, C	16,009		
Net profit for the year	52,642		52,642		
Total retained earnings	**843,441**		**823,407**	**(23,390)**	
Total			**1,009,307**		
Non-distributable portion - art. 2426 no. 5 Italian Civil Code					
Residual distributable portion			**1,009,307**		

Key: A: for share capital increase
B: to replenish losses
C: for distribution to shareholders

Annex H
Compensation paid to Directors, Auditors and Chief Operating Officers for the year 2009

The compensation shown in the table is recognized on an accruals basis.

Therefore, in compliance with the CONSOB Regulation for Issuers, the column:

* ***Remuneration office****,* if present, refers to one or more of the following items: **(i)** for directors a share of profits for 2009 (on an annual basis: 60.5 thousand euro to the Chairman, 45.37 thousand euro to the Deputy Chairman, 30.25 thousand euro to each director, and a further 15.12 thousand euro to each director who serves on the Executive Committee) and for the auditors their fee for the year; **(ii)** payment for the specific office held; **(iii)** remuneration for membership of the Remuneration Committee, the Internal Control Committee and the Compliance Committee; **(iv)** lump-sum reimbursement of expenses;
* ***Non-monetary benefits*** includes fringe benefits (based on a taxable income criterion) including insurance policies*;*
* ***Bonuses and other incentives*** includes remuneration amounts accruing on a non-recurring basis*;*
* ***Other compensation*** includes **(i)** remuneration for offices held in listed and non-listed subsidiaries, **(ii)** any consideration for professional services in favor of the company and/or its subsidiaries; **(iii)** remuneration for work as an employee (gross of social security and tax charges paid by the employee, excluding compulsory social security charges paid by the company and leaving entitlements) and **(iv)** end-of-term payments.

Finally, it should be noted that:

- part of the remuneration assigned to the Chairman – Chief Executive Officer and to the Chief Operating Officer varies depending on the results achieved by the company or the achievement of specific targets;
- the share of profits due to the Chief Executive Officer of Italcementi, Carlo Pesenti (who is also Chief Operating Officer of Italmobiliare for which he works as a manager) is wholly paid over to the company by which he is employed;
- the compensation shown in the column “Other compensation” for director Luca Minoli reflects amounts due to Mr Minoli for services rendered by him to Italmobiliare and its subsidiaries and invoiced by the law firm where Mr Minoli works.

(in thousands of euro)

Full name	Office held	Period for which office was held	End of term of office	Remuneration for office	Non-monetary benefits	Bonus and other incentives	Other compen-sation
Giampiero Pesenti	Chairman Chief Executive Officer Chairman Exec. Cttee	1.1 - 31.12	2010	940.62	0.74	-	2,016.26
Italo Lucchini	Director Deputy Chairman Member Exec. Cttee	1.1 - 12.31	2010	114.50	-	-	46.98
Carlo Pesenti	Director Chief Operating Officer Member Exec. Cttee	1.1 - 12.31	2010	45.38	80.53	2.55	2,634.5
Pier Giorgio Barlassina	Director	1.1 - 12.31	2010	30.25	-	-	252.69
Mauro Bini	Director	1.1 - 12.31	2010	80.25	-	-	-
Giorgio Bonomi	Director	1.1 - 12.31	2010	55.25	-	-	2.00
Gabriele Galateri di Genola	Director	1.1 - 12.31	2010	34.25	-	-	-
Jonella Ligresti	Director	5.1 - 12.31	2010	39.63	-	-	-
Luca Minoli	Director	1.1 - 12.31	2010	30.25	-	-	1.86
Giorgio Perolari	Director Member Exec. Cttee	1.1 - 12.31	2010	65.00	-	-	-
Livio Strazzera	Director Member Exec. Cttee	1.1 - 12.31	2010	45.38	-	-	-
Francesco Saverio Vinci	Director	1.1 - 12.31	2010	30.25			
Mario Cera	Chairman Board of Statutory Auditors	1.1 - 12.31	2010	64.50			
Luigi Guatri	Acting auditor	1.1 - 12.31	2010	43.00	-	-	-
Eugenio Mercorio	Acting auditor	1.1 - 12.31	2010	43.00	-	-	48.21

STOCK OPTIONS GRANTED TO DIRECTORS AND CHIEF OPERATING OFFICERS

Annex I

ITALMOBILIARE S.p.A.

		Options held at beginning of year			Options granted during year			Options exercised during year			Options expired in year	Options held at end of year		
A	B	1	2	3	4	5	6	7	8	9	10	11= 1+4 -7-10	12	13
Full name	Office held	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average market price on exercise	Number of options	Number of options	Average exercise price	Average maturity
Giampiero Pesenti	Chief Executive Officer	275,000	61.657	2013	-	-	-	-	-	-	-	275,000	61.657	2013
Carlo Pesenti	Director Chief Operating Officer	175,000	62.518	2013	-	-	-	-	-	-	-	175,000	62.518	2013

Notes on the principles and purpose of stock option plans

See the sections “Stock option plan for directors” and “Stock option plan for managers” in the directors’ report on operations

ITALCEMENTI S.p.A. - 2001

		Options held at beginning of year			Options granted during year			Options exercised during year			Options expired in year	Options held at end of year		
A	B	1	2	3	4	5	6	7	8	9	10	11= 1+4 -7-10	12	13
Full name	Office held	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average market price on exercise	Number of options	Number of options	Average exercise price	Average maturity
Giampiero Pesenti	Chairman	450,000	17.775	2012								450,000	17.775	2012
Carlo Pesenti	Chief Executive Officer	420,000	18.697	2012								420,000	18.697	2012

ITALCEMENTI S.p.A. - 2007 (*)

		Options held at beginning of year			Options granted during year			Options exercised during year			Options expired in year	Options held at end of year		
A	B	1	2	3	4	5	6	7	8	9	10	11= 1+4 -7-10	12	13
Full name	Office held	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average market price on exercise	Number of options	Number of options	Average exercise price	Average maturity
Giampiero Pesenti	Chairman	from 255,000 to 450,000	23.706	2012	-	-	-	-	-	-	-	from 255,000 to 450,000	23.706	2012
Carlo Pesenti	Chief Executive Officer	from 300,000 to 600,000	23.706	2012	-	-	-	-	-	-	-	from 300,000 to 600,000	23.706	2012

(*) The table shows, respectively, a minimum and maximum amount, to be determined at the end of the three-year cycle. Pursuant to the regulation approved by the Italcementi S.p.A. Shareholders' Meeting of June 20, 2007, the exercise of options is subordinate to the achievement of the objectives set by the Board of Directors for a three-year cycle.

At its meeting on March 5, 2010, the company Board of Directors, on the proposal of the Remuneration Committee, after assessment of the degree of achievement of the performance targets originally allocated at the start of the three-year cycle, granted:

* to the Chairman 401,250 options;
* to the Chief Executive Officer 300,000 options.

Both the Chairman and the Chief Executive Officer waived the grant of stock options in their favor.
No new options grants were approved by the Board of Directors.
Following the decision of the Board of Directors and the subsequent waiving of the grant by the Chairman and the Chief Executive Officer, there is no outstanding option on the «Stock option plan for directors - 2007».

Notes on the principles and purpose of stock option plans

Stock option plans for directors and managers aim to link overall remuneration of plan beneficiaries to the company's medium/long-term success and to creation of value for shareholders. They are also designed to strengthen managers' sense of belonging by providing incentives for them to stay with the company.

Under the respective regulations:

in particular, for the 2001 stock option plan

- the options are nominative, personal and non-transferable and are assigned in annual cycles. They may be exercised in a period between the fourth and tenth year after the grant date;
- the subscription/purchase price is set for each stock option plan and is equal to the mean share price in the period between the date of the rights offer and the same day of the preceding calendar month;
- shares acquired through exercise of options are unavailable for one year.

for the 2007 stock option plan

- the options are nominative;
- the subscription/purchase price is set for each stock option plan and is equal to the mean share price in the period between the date of the rights offer and the same day of the preceding calendar month;
- starting from the initial option offer date, the options cannot be exercised for the three years of the cycle.

The options may be exercised in a period of 5 years following the three-year restricted period, subject to achievement of the target linked to the Group's business results and/or to the gradual realization of the Group's strategic plans as approved by the Board of Directors, at the proposal of the Remuneration Committee, at the start of the three-year cycle.

ITALMOBILIARE

(Translation from the original Italian text)

Certification pursuant to art. 154-bis, subsection 5 TUF regarding the separate financial statements according to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1. The undersigned Giampiero Pesenti, Chief Executive Officer and Giorgio Moroni, Manager in Charge of preparing the company's financial reports of Italmobiliare S.p.A., also taking into consideration art. 154-*bis*, paragraphs 3 and 4, of the Legislative Decree February 24th, 1998, no. 58, do hereby certify:

   - the adequacy in relation to the company structure and
   - the actual application,

   of the administrative and accounting procedures adopted for the preparation of the **separate financial statements**, in the period from January 1st, 2009 to December 31st, 2009.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of separate financial statements as of December 31st, 2009 is based on a pattern identified by Italmobiliare according to the CoSO framework (illustrated in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both issued by the Committee of Sponsoring Organizations of the Treadway Commission representing a generally accepted international framework.

3. It is also certified that:

   3.1 the separate financial statements as of December 31st , 2009:

   a) were prepared in compliance with applicable international financial reporting standards recognised by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19th, 2002;
   b) correspond to the accounting books and entries;
   c) are suitable to provide a true and fair presentation of the financial conditions, results of operations and cash flow;

   3.2 the annual directors' report includes a reliable analysis of the business trend and the operational results of Italmobiliare S.p.A., together with a description of the main risks and uncertainties to which it is exposed.

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in Charge

March 24th, 2010

Report of the Board of Statutory Auditors

To the Shareholders,

the consolidated results for financial year 2009 are clearly disclosed and illustrated in the Directors' report on operations. They may be summarized as follows:

in millions of euro	
- Separate financial statements:	
Net profit	52.6
Shareholders' equity	1283.4
- Consolidated financial statements:	
Total net profit	284.3
Group net profit	97.3
Total shareholders' equity	5767.1
Group shareholders' equity	2397.6

The overall configuration of the equity investments remained fundamentally unchanged compared with the previous financial year. Consequently, the economic data reflect in part application of the accounting principles relating to each equity investment, in part the economic results of the subsidiaries.

The Auditors must draw your attention to the criteria used to measure equity investments, a question of central importance for your company.

Based on the analyses of qualified experts, with regard to determination of value in use, in some cases the impairment tests for 2009 required application of complex methods due to the unavailability of reliable medium/long-term "Plans" for the companies tested. In these cases, it was therefore necessary to use expected cash flows with respect to public information based on consensus forecasts (e.g., the equity investments in RCS, Mediobanca, Unicredito, Intek held by Franco Tosi S.r.l.).

A similar procedure was used for the impairment test on the UBI shares held by Sance S.r.l. (consensus forecasts, applied in advanced methods such as the Dividend Discounted Model, DDM, and the Residual Income Model, RIM).

It should also be noted that large impairment reversals on available-for-sale financial assets measured on the basis of 2009 year-end prices (compared with the lower 2008 year-end prices), totaling € 125.1 million, were recognized on the Italmobiliare S.p.A. "Fair Value Reserve".

These effects are clearly reflected in the accounts presented by the directors.

The Directors' report on operations provides full details on Company operations, the performance of Group companies and results achieved; the notes to the financial statements disclose dealings with the various Group companies and other related parties and the measurement criteria adopted, which are compliant with law and consistent with the criteria applied in the previous period. We confirm that the dealings in question were executed in the interests of the Company and that their economic content was appropriate.

Once again extraordinary events affected the Company, in particular its indirect subsidiary Calcestruzzi S.p.A., and these events are illustrated in the Directors' report on operations, on which we have no comments to make.

There were no exceptions pursuant to paragraph 4 of art. 2423 of the Italian Civil Code, and intangible assets were recognized and amortized with our agreement, where necessary.

We inform the Shareholders that during the financial year we conducted the supervisory activities required by law and also in accordance with the indications of Consob resolutions and communications. Specifically, we attended the meetings of the Board of Directors, while no meetings were held by the Executive Committee. Nevertheless, we acquired all the necessary information on the activities performed by the company bodies and on the key business, financial and equity transactions conducted by the company and those executed with related parties.

The Board of Statutory Auditors held 10 meetings. The Chairman of the Board of Statutory Auditors had a series of contacts and meetings with the Company management.

In performing our functions, we found no anomalous transactions or censurable facts, nor did we find any imprudent transactions or transactions prejudicial to the assets or lacking adequate forward-looking assessment or necessary information.

We can therefore state that the operations executed by the Board of Directors were compliant with the law and the company by-laws, not in conflict of interest and consistent with principles of correct and sound governance.

We monitored compliance with the law and the articles of association through checks on the activity of the corporate bodies, and no action was necessary to enforce compliance with the law and the by-laws.

To the extent of our competence, we acquired the requisite information and oversaw the adequacy of the company's organizational structure, the legitimacy of dealings with the subsidiaries and compliance with art. 114, paragraph 2, of Legislative Decree 58/98.

We also verified compliance with arts. 36 and 37 of the Issuers Regulation.

We held regular meetings, in particular with the manager in charge of preparing the company financial reports, with the manager responsible for the Internal Audit, and we took part in the meetings of the Internal Control Committee held during the period.

During the year we were able to verify that the company's accounting and administrative system was consistent with the dimensions and complexity of company operations and reliable in representing operations correctly; we also verified the adequacy of the controls of the internal control system established by the Board of Directors and of the operating audit programs in the company's core businesses. Similarly we found nothing of exception in the checks conducted by the parent company on the subsidiaries and the associates, or in the dispositions issued for that purpose. During the year we issued our opinion on the compensation paid to directors with specific offices and on the appointment of the new manager in charge of preparing the company accounts.

The audit of the financial statements and of the half-year condensed financial statement were conducted by the independent auditors Reconta Ernst & Young S.p.A., who issued their reports on the separate financial statements and on the consolidated financial statements, pursuant to art.156 of Legislative Decree 58/1998, on April 6, 2010. Neither report contains any qualifications.

The Group paid Reconta Ernst & Young S.p.A. an aggregate amount of 1,412 thousand euro, subdivided as follows: for audit activities 1,312 thousand euro, for attestations 14 thousand euro and for their services 86 thousand euro. The rendering of such additional services in favor of the Group by the independent auditors or by parties related thereto by continuous ties does not in our opinion constitute a critical element with regard to the requirement of independence.

During the year the process for the updating and application of the organization, management and control model ex Legislative Decree no. 231 of June 8, 2001, in compliance with the new laws on workplace safety, transborder crimes and money laundering continued. The Compliance Committee named by the Board of Directors continues to verify and update the model.

Finally we declare that our supervisory activities found no censurable facts, nor petitions or suits *ex* art. 2408 of the Italian Civil Code.
The Board of Statutory Auditors supervised the application of the rules established by the Voluntary Code of Conduct promoted by Borsa Italiana, specifically it examined and deemed adequate the procedures adopted to verify the independence and good standing of the members of the Board of Directors. It verified the independence of the members of this Board of Statutory Auditors.
No significant events took place in the first part of financial year 2010.
Finally, the Board of Statutory Auditors has taken note of the proposed dividend and has no reserves or observations to make.

Milan, April 9, 2010

The Board of Statutory Auditors
Mario Cera
Luigi Guatri
Eugenio Mercorio

List of positions held by the acting auditors of the Italmobiliare S.p.A. Board of Statutory Auditors in companies as per Book V, Title V, Chaps V, VI and VII of the Italian Civil Code, at the date of issue of this report, drawn up pursuant to art. 144 quinquiesdecies of the Issuers Regulation approved by Consob with resolution 11971/99 and subsequent amendments and additions.

Mario Cera
Number of positions held in issuer companies: **3**
Number of positions held overall: **5**

Company name	Nature of position	End of term
Unione Banche Italiane S.c.p.a.*	Member Management Board	Approval financial statements as at 12.31.2009
Fiducialis s.r.l.	Director	Indeterminate
Banca Popolare Commercio e Industria S.p.A.	Director and Deputy Chairman Board of Directors	Approval financial statements as at 12.31.2010
IW Bank S.p.A.*	Director and Chairman Board of Directors	Approval financial statements as at 12.31.2011
Italmobiliare S.p.A.*	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2010

(*) Indicates an issuer company

Milan, April 9, 2010

Mario Cera

Luigi Guatri
Number of positions held in issuer companies: **2**
Number of positions held overall: **6**

Company name	Nature of position	End of term
Banco Desio e Brianza S.p.A*	Director	Approval financial statements as at 12.31.2011
Centrobanca S.p.A.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2012
Rhifim S.p.A.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2010
Egea S.p.A.	Chairman Board of Directors	Approval financial statements as at 12.31.2011
Italmobiliare S.p.A.*	Acting Auditor	Approval financial statements as at 12.31.2010
Medinvest International Sca	Member Supervisory Board	Approval financial statements as at 12.31.2010

(*) Indicates an issuer company

Milan, April 9, 2010

Luigi Guatri

Eugenio Mercorio
Number of positions held in issuer companies: **2**
Number of positions held overall: **31**

Company name	Nature of position	End of term
Credito Bergamasco S.p.A.*	Acting Auditor	Approval financial statements as at 12.31.2010
Italmobiliare S.p.A.*	Acting Auditor	Approval financial statements as at 12.31.2010
Tecmarket Servizi S.p.A	Acting Auditor	Approval financial statements as at 12.31.2009
Aletti Fiduciaria S.p.A.	Acting Auditor	Approval financial statements as at 12.31.2010
Bravosolution S.p.A.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2011
C.T.G. S.p.A.	Acting Auditor	Approval financial statements as at 12.31.2012
Intertrading s.r.l.	Acting Auditor	Approval financial statements as at 12.31.2011
Nuova Sacelit s.r.l.	Acting Auditor	Approval financial statements as at 12.31.2012
Silos Granari della Sicilia s.r.l.	Acting Auditor	Approval financial statements as at 12.31.2011
Italgen S.p.A.	Acting Auditor	Approval financial statements as at 12.31.2012
Gruppo Italsfusi s.r.l.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2012
Bravobus s.r.l.	Acting Auditor	Approval financial statements as at 12.31.2011
Italmobiliare Servizi s.r.l.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2011
Sance S.r.l.	Acting Auditor	Approval financial statements as at 12.31.2011
Tenacta Group S.p.A.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2011
Ronal Italia s.r.l.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2011
Maberfin S.p.A.	Acting Auditor	Approval financial statements as at 12.31.2009
Speedline s.r.l.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2012
Tekal S.p.A.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2009
Icteam S.p.A.	Acting Auditor	Approval financial statements as at 12.31.2009
Mari-fin S.p.A	Acting Auditor	Approval financial statements as at 12.31.2011
Fonti Prealpi S.p.A.	Acting Auditor	Approval financial statements as at 12.31.2011
Icteam Holding S.p.A.	Acting Auditor	Approval financial statements as at 12.31.2011
New IcTeam S.p.A.	Acting Auditor	Approval financial statements as at 12.31.2011
Moretti Finanziaria S.r.l.	Acting Auditor	Approval financial statements as at 12.31.2011
Lediberg S.p.A.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2011
Azienda farmaceutica municipale di Bergamo S.p.A.	Acting Auditor	Approval financial statements as at 12.31.2011
Welfare Italia Servizi	Acting Auditor	Approval financial statements as at 12.31.2011
Fonderie Mario Mazzucconi S.p.A	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2009
Full Accounting S.p.A	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2009
Dedalo Esco S.p.A	Acting Auditor	Approval financial statements as at 12.31.2010

(*) Indicates an issuer company

Bergamo, April 9, 2010

Eugenio Mercorio

Proposal of the Board of Statutory Auditors for the conferment of the audit engagement for the financial years from 2010 to 2018 pursuant to art. 159, paragraph 1, Legislative Decree no. 58/1998.

* * *

To the Shareholders,

the next Shareholders' Meeting will deliberate on the conferment of the audit engagement conferred previously on the Reconta Ernst & Young S.p.A. audit firm, which is now ending and may not be renewed.

Art. 159 of Legislative Decree no. 58/1998 envisages that the ordinary shareholders' meeting confer the engagement to a firm of independent auditors on the basis of a detailed proposal presented by the auditing body, which, in the case of your company, is the Board of Statutory Auditors.

In reminding you that the engagement must be conferred on an audit firm registered in the special roll envisaged by art. 161 of the aforementioned Legislative Decree, that the engagement must have a term of nine financial years, that the remuneration of the company engaged be specifically envisaged in accordance with the criteria set out by the current Consob regulations, and that the mandatory audit work is as specifically envisaged in articles 155 and 156 of Legislative Decree no. 58/1998, and also as required by other legislation and regulations or dispositions issued by Oversight Authorities, your attention is drawn to the following points.

Your company, in agreement with this Board of Statutory Auditors, formally requested offers for the conferment of the engagement in question from three leading auditing firms registered on the special legal roll, namely, KPMG, Deloitte & Touche and PriceWaterHouseCooper.
Complete detailed offers were received only from Deloitte and KPMG, on February 12, 2010, and March 4, 2010, respectively.
The Board of Statutory Auditors discussed the matter at its meeting of March 1, 2010, and set March 8, 2010 as the deadline for the receipt of offers. Consequently, at its meeting on March 17, 2010, it decided that the offer from KPMG was worthy of further consideration, although it also decided to hold a meeting with the representatives of such audit firm for further discussion and clarifications.
An opinion was also sought of the Manager in charge, Giorgio Moroni, on the offers received; Mr Moroni submitted his opinion to the Board of Statutory Auditors on March 22, 2010.
On March 23, 2010, a meeting was held between the Chairman of the Board of Statutory Auditors, also on behalf of the other auditors, and the representatives of the KPMG company to examine the content of the offer and the procedures for execution of the future engagement. On this occasion, the Chairman of the Board of Statutory Auditors indicated the need for a number of amendments to the original offer in order to clarify certain profiles, in the interest of Italmobiliare and the shareholders.
On April 6, 2010, the Board of Statutory Auditors received a new, amended offer from KPMG.
It should also be noted that, in the meantime, Legislative Decree no. 39/2010 regarding legally required audits was published; the new rules will therefore be applied to the contractual relationship currently being drawn up, specifically as a result of the issue of the regulations that were envisaged.

In stating that the object, nature, method of execution of the engagement, content and work documents, auditing team are those as set out in the KPMG offer dated April 6, 2010, a table is set out below showing estimated time and considerations envisaged in the offer.

Audit required by law of the separate financial statements and inspection to ascertain that the company accounts are correctly kept and that the operations are correctly reflected in the Italmobiliare S.p.A. accounting entries	**Hours**	**Consideration**
a. Audit procedures on the Italmobiliare S.p.A. financial statements excluded described in points b. and c. below	500	58,400
b. Limited review procedures on the financial statements of the following investee companies:		
- Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	20	2,400
- SANCE S.r.l.	20	2,400
- Italmobiliare Servizi S.r.l.	20	2,400
- Crédit Mobilier de Monaco S.A.	20	2,400
c. Review procedures on the work performed by the auditors of the subsidiaries listed in Annex 1.3	320	38,000
	900	**106,000**
Audit required by law of the Group consolidated financial statements	**600**	**72,000**
Limited review of the Italmobiliare S.p.A. half-year condensed financial statements	**400**	**49,000**
Total	**1,900**	**227,000**

Whereby, considering that:

a. the offer as formulated by the KPMG audit firm on April 6, 2010, appears to be appropriate and adequate in terms of the content and reliability of the providers, and in terms of the expenses envisaged;
b. the offer itself is consistent with the conditions usually applied and with best practice;
c. the offer appears, in particular, to be consistent with the need for uniform audit procedures for the entire Group, given that KPMG already performs and will continue in the coming years to perform legally required audits on major Italmobiliare subsidiaries and therefore the presence of a single independent auditor can only improve the reliability of material information flows for the purposes of the audit;
d. the offer has taken into due consideration all the implications and prospects of the engagement with reference to the structure of the Group, its interest and the position of the Italmobiliare parent company;

the Board of Statutory Auditors, attesting that no reasons for incompatibility and no legal impediments exist, presents to the Italmobiliare S.p.A. shareholders' meeting a proposal to confer on the company KPMG S.p.A., in Via Vittor Pisani 25, Milan, the engagement for the legally required audit of the accounts of Italmobiliare S.p.A. for the financial years 2010/2018, in accordance with current legislation and in compliance with regulations and with the indications of the competent authorities on the basis of the terms and conditions set out in the offer of the company KPMG S.p.A. dated April 6, 2010, which envisages, among other matters:

i) considerations for an amount totaling 227,000 euro;
ii) that Luisa Polignano be designated as the partner responsible for the engagement.

Milan, April 8, 2010

The Board of Statutory Auditors
Mario Cera
Luigi Guatri
Eugenio Mercorio

Ernst & Young

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Independent auditors' report
pursuant to art. 156 of Legislative Decree n. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders
of Italmobiliare S.p.A.

1. We have audited the financial statements of Italmobiliare S.p.A. as of and for the year ended December 31, 2009, comprising the balance sheet, the statement of income, the statement of movements in shareholders' equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of the Italmobiliare S.p.A.' s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   With respect to the financial statements of the prior year, presented for comparative purposes, which have been restated to apply IAS 1, reference should be made to our report dated April 8, 2009.

3. In our opinion, the financial statements of Italmobiliare S.p.A. as of and for the year ended December 31, 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Italmobiliare S.p.A. for the year then ended.

4. The management of Italmobiliare S.p.A. is responsible for the preparation of the Directors' Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' Report on Operations and of the specific section on the Report on Corporate Governance and ownership structure restricted to the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), with the financial statements, as required by law.

Reconta Ernst & Young S.p.A.

A member firm of Ernst & Young Global Limited

For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' Report on Operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the specific section are consistent with the financial statements of Italmobiliare S.p.A. as of and for the period ended December 31, 2009.

Milan, April 6, 2010

Reconta Ernst & Young S.p.A.
signed by: Felice Persico, Partner

Summary of resolutions

The Shareholders' Meeting held on second call on April 29, 2010, in the Intesa Sanpaolo Assembly Hall, Piazza Belgioioso 1, Milan, chaired by Giampiero Pesenti and attended in person or by proxy by 76 shareholders holding a total of 16,946,048 shares of the 22,182,583 outstanding ordinary shares,

carried the following resolutions

1) - to approve the financial statements as at and for the year to December 31, 2009, as well as the accompanying Directors' report on operations;

   - to allocate the net profit for the year of 52,642,196.50 euro, plus the entire amount of 118,453,896.77 euro reflected under "Retained earnings", as follows:
     - 0.856 euro to the ordinary shares;
     - 0.934 euro to the savings shares;

     to be paid as from May 27, 2010, with the coupon date on May 24, 2010,

   and to carry forward the amount of 137,615,661.52 euro;

2) subject to revocation of the unexecuted part of the resolution authorizing the acquisition and disposal of treasury shares carried by the ordinary Shareholders' Meeting of April 29, 2009:

   a) to authorize, pursuant to art. 2357 of the Italian Civil Code, the buy-back of ordinary and/or savings treasury shares, in accordance with the terms and procedures indicated below:
      - the buy-back may be made on one or more occasions, within 18 months from the date of this resolution;
      - the per-share purchase price shall not be more than 15% above or below the mean share price on the Italian Stock Exchange in the three sessions prior to each transaction;
      - the aggregate payment shall in no case exceed 150 million euro;
      - the maximum number of purchased ordinary and/or savings shares shall not have an aggregate nominal value, including treasury shares already held by the company and by the subsidiaries, exceeding one tenth of the share capital;

   b) to authorize, pursuant to art. 2357 ter, paragraph 1, Italian Civil Code, the Chairman, the Deputy Chairman, the Chief Executive Officer, the Chief Operating Officer, separately, to dispose of the purchased treasury shares, in compliance with the legislation in force, irrespective of whether other purchases may be made, with no time limits;

3) to confer the engagement for the audit of the separate financial statements and the consolidated financial statements for financial years 2010-2018 and for the limited review of the half-year reports at June 30, 2010-2018, on the KPMG S.p.A audit company, setting an aggregate remuneration of 227,000 euro, subdivided as follows:

   - Audit required by law of the separate financial statements and inspection to ascertain that the company accounts are correctly kept and that the operations are correctly reflected in the Italmobiliare S.p.A. accounting entries:

a) Audit of the Italmobiliare S.p.A. financial statements excluding matters described in points b. and c. below	*euro*	*58,400*
b) Limited review of the financial statements of the following investee companies:		
- Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	*euro*	*2,400*
- SANCE S.r.l.	*euro*	*2,400*
- Italmobiliare Servizi S.r.l.	*euro*	*2,400*
- Crédit Mobilier de Monaco S.A.	*euro*	*2,400*

c) Review of the work performed by the auditors of the subsidiaries listed in Annex 1.3	*euro*	*38,000*
Total	euro	106,000
• Audit required by law of the Group consolidated financial statements	euro	72,000
• Limited review of the Italmobiliare S.p.A. condensed half-year financial statements	euro	49,000
Total	**euro**	**227,000**

April 2010
Project of LSVmultimedia
Olginate - Lecco