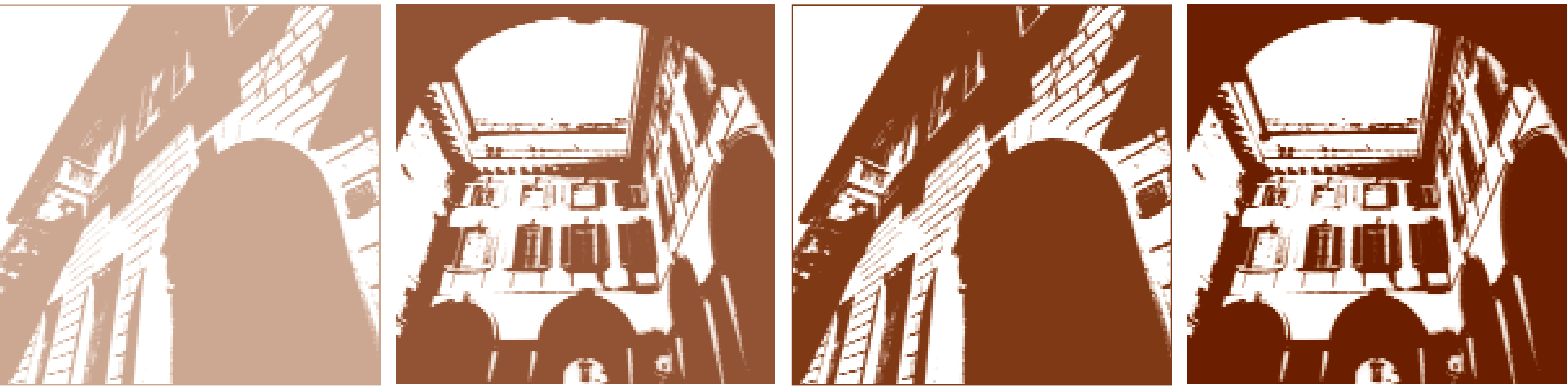
ITALMOBILIARE

2010 Annual Report



Contents

Presentation

This Annual Report has been prepared in English for the convenience of international readers.
It is based on the Italmobiliare S.p.A. consolidated financial statements and also contains the translation of the set of financial statements of the Parent company Italmobiliare S.p.A., as well as the section "Corporate Governance" also part of the separate Annual Report of Italmobiliare S.p.A. and the "Summary of resolutions". The consolidated Annual reports and the full documentation of the 2010 separate Annual report of Italmobiliare S.p.A. is published in Italian on the internet site www.italmobiliare.it.
The original Italian documents should be considered the authoritative version.

ITALMOBILIARE

2010 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	4-5-6-8-9	
Giorgio Bonomi	4	
Gabriele Galateri di Genola	3-6	
Jonella Ligresti	5-6	
Luca Minoli		
Giorgio Perolari	1-3-4-5-6	
Livio Strazzera	1-7	
Francesco Saverio Vinci		
Graziano Molinari	10	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	
Leonardo Cossu	
Substitute auditors	
Marco Confalonieri	
Enrico Locatelli	
Giorgio Moroni	Manager in charge of preparing the company's financial reports
KPMG 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 Member of the Committee for Transactions with Related Parties
6 Independent director (pursuant to the Voluntary Code of Conduct and Leg. Decree no. 58, February 24, 1998)
7 Independent director (pursuant to the Leg. Decree no. 58, February 24, 1998)
8 Lead independent director
9 Member of the Compliance Committee
10 Secretary to the Executive Committee

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

Board of Directors

Giampiero Pesenti

Was born in Milan on May 5th 1931.
Degree in Mechanical Engineering at the "Politecnico di Milano" (Milan Institute of technology).
Giampiero Pesenti began his professional career in 1958 in the Technical Management area in Italcementi S.p.A., the family business founded in 1864.
He became Chief Operating Officer in 1983, Chief Executive Officer in 1984 and is the Chairman of Italcementi S.p.A from 2004.
He also assumed the office as Chairman–Chief Executive Officer of Italmobiliare S.p.A. in 1984.
Moreover, Giampiero Pesenti is a Director of Pirelli & C. S.p.A., Mittel S.p.A., RCS Quotidiani S.p.A., Allianz S.p.A., Compagnie Monegasque de Banque, Finter Bank Zurich and of other companies belonging to the Italmobiliare Group.

Italo Lucchini

Was born in Bergamo on December 28th 1943.
Degree in Business and Economics at the Bocconi University of Milan.
Firstly assistant Professor at Bocconi University and Professor at Bergamo University, and exercises the office as certified public accountant managing a well-established firm in Bergamo.
He holds the office of Supervisory Adviser in Unione di Banche Italiane S.c.p.a. and the office of Chairman of the Board of Statutory Auditors of BMW Italia S.p.A. and its subsidiaries.

Carlo Pesenti

Was born in Milan on March 30th 1963.
Degree in Mechanical Engineering at the "Politecnico di Milano" (Milan Institute of technology).
Master in Economics and Management at the Bocconi University of Milan.

Carlo Pesenti began his professional career in the Italcementi group completing significant training experience in the Group's various production units, and specifically, in the central finance, administration and control Management function.
After holding the office of co-Chief Operating Officer, he was appointed as Chief Executive Officer of Italcementi in May 2004.
Carlo Pesenti is the Chief Operating Officer of Italmobiliare S.p.A. from May 14th 2001.

Pier Giorgio Barlassina

Was born in Meda (MI) on August 19th 1937.
Degree in Business and Economics at the Catholic University of the Sacred Heart of Milan.
Pier Giorgio Barlassina is a qualified Auditor.
He began his working career in 1964 in a medium-sized electromechanical company in Monza.
He joined the Italmobiliare Group in 1970 and was appointed as Administrative Director in 1983 and subsequently, from 1988 to 2004, has held the office of co-Chief Operating Officer for Administration and Finance.

Mauro Bini

Was born in Milan on October 20th 1957.
Degree in Business and Economics at the Bocconi University of Milan.
Professor of Corporate Finance at the Bocconi University of Milan. Director of the Research Centre for Administration, Finance and Corporate Regulation (CAFRA) at the Bocconi University. Mauro Bini has written articles and books on corporate finance, valuations for financial reporting purposes and company valuations.
Mauro Bini taught previously at the Ca' Foscari University of Venice.

Giorgio Bonomi

Was born in Bergamo on November 2nd 1955.
Degree in Law at the University of Milan.
Lawyer in Bergamo and a qualified auditor.
Giorgio Bonomi is an expert in distribution agreements, has participated in establishing some of the most important Italian purchasing consortia. Supports some of the leading Italian outdoor advertising groups and large-scale retail stores for which Giorgio Bonomi manages specifically the growth and corporate litigation (M&A).

Gabriele Galateri di Genola

Was born in Rome on January 11th 1947.
Degree in Law at the University of Rome.
Master in Business Administration (Dean's Honours List) at the Business School of Columbia University.
Gabriele Galateri di Genola began his professional career at Banco di Roma, in the Central Management function. He worked in the Saint Gobain Group as the Financial Director from 1974 to 1976. Gabriele Galateri di Genola joined Fiat S.p.A. in 1977 where he assumed duties of increasing responsibility up to the position of Financial Director. He held the office of Chief Executive Officer and Chief Operating Officer of IFI S.p.A. in 1983 and became Chief Executive Officer of IFIL S.p.A. in 1986. He was appointed as Chief Executive Officer of FIAT S.p.A. in June 2002.
Gabriele Galateri di Genola held the office of Chairman of the Board of Directors in Mediobanca S.p.A. from April 2003 to June 2007. He was appointed as Chairman of the Board of Directors of Telecom Italia S.p.a. in December 2007.
Gabriele Galateri di Genola holds office as a non-executive member of the Board of Directors of other companies.
He is a member of the Council and of the Advisory Committee of Confindustria (Association of Italian Industries) and the Deputy Chairman for communications and broadband development. He is a member of the Council and the Advisory Committee of Assolombarda.

Jonella Ligresti

Was born in Milan on March 23rd 1967.
Secondary Education Certificate (in scientific studies), Jonella Ligresti attended specific supplementary business study courses at the Luiss Business School in Rome, as well as at the Bocconi University of Milan. She developed her professional career within the Sai Group; a Group that includes companies which are active in various sectors (insurance, financial, real estate, tourism and hotel, agriculture).
Jonella Ligresti continued her traineeship "in the field" gaining experience in the insurance area within SAI S.p.A., where she became a member of the Board of Directors in 1996 and was appointed Chairwoman in 2001. The University of Turin awarded Jonella Ligresti an Honorary Degree in Business and Economics in July 2007.

Jonella Ligresti also holds various offices in other companies, for example: Mediobanca and RCS. Jonella Ligresti pays great attention to social problems and favoured the formation of the "Fondazione Fondiaria – Sai" of which she is the Deputy Chairwoman.

Luca Minoli
Was born in Naples on January 29th 1961.
Degree in Law at the University of Milan.
Lawyer.
Luca Minoli was an associate in the legal firm Hughes Hubbard & Reed of New York between 1986 and 1987. Initially an associate and then a partner in the legal firm Ardito from 1991. A partner from 2001 in the legal firm Casella, Minoli e Associati and an equity partner in the legal firm Dewey & LeBoeuf from 2004.

Giorgio Perolari
Was born in Bergamo on January 5th 1933.
Degree in Business and Economics at the University of Perugia.
Giorgio Perolari is the Chairman of Perofil S.p.A. and Supervisory Director of Unione di Banche Italiane S.c.p.a.
In the past Giorgio Perolari has held offices as the Chief Executive Officer of Perofil S.p.A., Director of Banca Popolare di Bergamo, Director of B.P.U. and Director of Banca 24.7.

Livio Strazzera
Was born in Trapani on July 23rd 1961.
Degree in Business and Economics at the Bocconi University of Milan.
Livio Strazzera works as a chartered accountant in Milan and is enrolled in the Register of Auditors.
He is a tax consultant and auditor of numerous joint-stock companies. Livio Strazzera has worked as a financial consultant in London, New York and Miami.
And is the Acting Deputy Chairman of Banca Regionale Europea.

Francesco Saverio Vinci
Was born in Milan on November 10th 1962.
Degree in Business Management at the Bocconi University of Milan.
Francesco Saverio Vinci worked in Mediobanca from 1987, and from May 2010 has held the office of Chief Operating Officer and Deputy Chairman of the Executive Committee, is a member of the Board of Directors and a member of the Executive Committee from October 2008, a member of the Management Board from July 2007, Deputy Chief Operating Officer from March 2006, with responsibilities as the Central Director of the Financial Markets Area from 2000, including the following activities: funding, treasury, asset liability management (ALM), trading and capital markets for equity and fixed income products.

Board of Statutory Auditors

Mario Cera
Was born in S. Marco in Lamis (FG) on June 26th 1953.
Degree in Law at the University of Pavia.
Mario Cera is a lawyer in Milan from 1978 and exercises the legal profession in court and out-of-court, in particular focusing on Commercial Law and Banking Law.
He has been a professor from 1992 and is currently a Professor of Banking Law at the Faculty of Law of Pavia.
He works as a consultant to banks and companies with shares listed on the Stock Exchange and to unlisted companies.
Mario Cera has written four monographs and numerous case law articles and notes in the principal Italian law magazines on topics concerning Commercial Law and Financial

Intermediation Law.
Mario Cera has held various senior management offices in banks and Asset Management Companies (AMC); he is currently, inter alia, the Management Advisor of UBI, Deputy Chairman of Banca Popolare Commercio Industria and Chairman of IW Bank.

Luigi Guatri
Was born in Trezzo sull'Adda (MI) on September 19th 1927.
Degree in Business and Economics at the Bocconi University of Milan.
Luigi Guatri was a Regular assistant to the Professorship of General and Applied Accounting at the Bocconi University from 1949 to 1953. A professor at Genoa University from 1954 to 1959. Later, a Professor at the University of Parma. Luigi Guatri was called to work as a Full Professor at the Bocconi University in 1969. Chief Executive Officer from 1974 to 1999 and Deputy Chairman of Bocconi University from 1999, where he was Rector from 1984 to 1989. A Patron of the School and Culture and was awarded a gold medal in 1988. He was awarded the "Ambrogino d'oro" city of Milan in 1989. And was appointed Professor Emeritus by the Ministry of Universities and Scientific Research in 2003.

Leonardo Cossu
Was born in Verona (VR) on May 23rd 1958.
Degree in Business and Economics at the University of Brescia.
He is enrolled in the Unified Register of Certified Accountants and Accounting Consultants and in the Register of Auditors.
Leonardo Cossu gained particular professional experience in the corporate field, in general, also holding office as a Director in a company listed on the Milan Stock Exchange for more than twelve years and as an independent and non-dependent Director, he followed the listing procedure of the company concerned from the very beginning, with reference to the various operating aspects, as well as the relationship between the company and the shareholders.
He is the Chairman of the Board of Statutory Auditors, Acting Auditor, Director and Chief Executive Officer of numerous companies operating in the financial, banking and industrial field.

Marco Confalonieri
Born in Milan (MI) on August 16th 1953.
Degree in Business and Economics at the Catholic University of Milan.
Marco Confalonieri is enrolled in the Register of Chartered Accountants of Milan, enrolled in the Register of Official Auditors and in the Register of Technical Consultants of the Court of Milan from 1984.
He is an Associate Professor of Business Economics at the Faculty of Economics at the Catholic University of the Sacred Heart of Milan, and also teaches Business Economics for tourism enterprises (Faculty of Foreign Languages and Literature) at the Catholic University of Milan.
He performs professional activities and provides corporate tax and consultancy services, in particular in relation to the following subjects: company valuations, consultancy services in respect of extraordinary transactions, consultancy services in respect of financial statements, tax consultancy and tax provision audit.
Marco Confalonieri has written professional monographs, articles and publications.

Enrico Locatelli
Was born in Bergamo on February 14th 1963.
Degree in Business and Economics at the University of Bergamo.
Enrico Locatelli has worked as a chartered accountant from 1989, with particular reference to corporate and tax consultancy services in favour of small and medium enterprises (SME), as an auditor and chartered accountant and performs duties in insolvency proceedings.

Notice of Call

The Shareholders are hereby called to attend the annual general meeting on first call on

24th May 2011, at 10.30 a.m.

in Milan, 1, Piazza Belgioso, at Intesa Sanpaolo meetings' room, and on second call on

May 25th , 2011, same time and place,

to resolve upon the following:

Agenda

Ordinary Items

1) Board of Directors and Board of Statutory Auditors Reports on 2010 fiscal year: examination of financial statements at December 31st, 2010 and subsequent resolutions;
2) Report on the Remuneration Policy of Italmobiliare S.p.A.;
3) Authorization to purchase and dispose of treasury shares;
4) Appointment of the Board of Directors upon determination of the term of office and of the number of its members;
5) Appointment of the Statutory Auditors, of the Chairman of the Board of Statutory Auditors and determination of its compensation;
6) Resolutions on the remuneration of the Board of Directors and the Committee for transactions with related parties;
7) Long-term monetary incentive Plans for Directors and Officers; relevant and consequent resolutions

Extraordinary Items

1) Proposal to amend articles 9 (Call), 11 (Participation and representation), 16 (Appointment of the Board of Directors) 19 (Powers of the Board of Directors), 25 (Appointment of the Board of Statutory auditors) and 31 (Profits allocation) of the company bylaws;
2) Proposal to renew the directors' powers, under article 2443 of the Italian Civil code, to increase the share capital by means of payment, in one or more times, according to article 2441 of the Italian Civil Code, 8th clause, for a maximum amount of nominal € 9,100,000 by means of the issue of 350,000 ordinary and/or savings shares to be reserved, under current regulations, to employees of the company and its subsidiaries. Relevant and consequent resolutions. Assignment of relevant powers.

Legitimacy to take the floor: have the right to take the floor those who, according to the accounting entries of the Intermediary, are entitled to the voting rights at the end of the seventh open market day before the meeting date on first call (May 13th, 2011).

Legitimacy to take the floor in the meeting and to exercise voting right is proved by a notice to the Company, made by the Intermediary in favor of who is entitled to the voting right. Credit and debit entries registered in the Intermediary accounts' after the above mentioned deadline do not affect the legitimacy of the voting right's exercise at the meeting. Therefore, holders of ordinary shares after such date have no legitimacy to take the floor or vote during the meeting.

Shareholders who own ordinary shares that have not been dematerialized must previously deliver them to an Intermediary, in time to be centralized in a dematerialization system.

Vote by proxy: those who are legitimised to take the floor at the meeting can be represented by means of written proxy under current law provisions, and can use the form available at our registered offices (**20, Via Borgonuovo, 20121 Milan**) and on the Company website *www.italmobiliare.it*. The proxy can only be notified to the Company by means of registered letter sent to the headquarters (Shareholders' Office, at the above mentioned address) or by sending it to the address of certified electronic mail *soci.itamobiliare@legalmail.it*. The representative can also deliver or send to the Company, instead of the original, a copy of the proxy, also on an IT support, stating, under his/her responsibility, that the proxy is a copy of the original, and the identity of the delegating person.

Company appointed Representative: the proxy can be given with voting instructions, to Servizio Titoli S.p.A. appointed for this purpose by the Company, under article 135-undecies of the Consolidated law on Finance. To this extent, the specific form available at the company head office (at the above mentioned address) and through the company website *www.itamobiliare.it*, must be used. Proxy with voting instructions shall be sent to Servizio Titoli, S.p.A., in Torino 10138, C. so Ferrucci 112/A, within the end of the second open market day before the meeting date on first call (i.e. by May 20th, 2011) according to the instructions on the relevant form.

Proxy to the Company appointed Representative is effective with reference to the sole proposals in relation to which voting instructions have been granted; proxy and voting instructions are revocable within the above mentioned deadline (i.e. by May 20th, 2011).

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

Questions on the items on the agenda: shareholders can also submit questions on the items on the agenda before the meeting. In order to facilitate the appropriate development and preparation of the meeting, such questions must be received by the end of the fourth open market day before the meeting date on first call (i.e. by May 18th, 2011) by means of a registered letter sent to the headquarters (Corporate Affairs Department – at the above mentioned address) or by sending notice to the address of certified electronic mail: *affarisocietari.italmobiliare@legalmail.it* along with a certification issued by an Intermediary who can prove the entitlement of the voting right. Questions submitted before the meeting are answered during the meeting at the latest. The Company can provide with a sole answer to questions having the same content.

Supplements to the agenda: according to the applicable law and the company bylaws, shareholders who, even jointly, own at least one fortieth of share capital represented by shares with voting rights, can request in writing, within ten days from the publication of this notice of call, for supplements to the meeting agenda, stating in their application which further issues are being suggested. Requests must be sent by means of registered letter to the headquarters (Corporate Affairs Department – to the above mentioned address) or by sending notice to the address of certified electronic mail: *affarisocietari.italmobiliare@legalmail.it*, along with a certification issued by an Intermediary who can prove the legitimacy to supplement the items on the agenda. A report on the items whose examination is proposed, must be delivered to the Board of Directors by the same deadline and following the same procedure.

The supplement to the items on the agenda will be published, following the same procedure provided for the publication of this notice of call, at least fifteen days before the meeting date on first call; at the same time, the report drafted by shareholders who made the request will be publicly available, along with any remarks of the Board of Directors.

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

* * *

Appointment of the Board of Directors: the appointment of the Board of Directors shall occur on the basis of lists.

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

No shareholder may present or participate in the presentation of more than one list, directly or through third parties or trust company, or vote for different lists.

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

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

In each list, the names of candidates must be listed by means of a progressive number.

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

Lists must be filed with the company head office (Corporate Affairs Department – to the above mentioned address) or sent by means of certified electronic mail to *affarisocietari.italmobiliare@legalmail.it*, at least 25 days before the meeting date on first call (i.e. by April 29th, 2011), along with the following documentation:

a) statements by which individual candidates accept their candidature and, under his/her own responsibility, state *i)* the non-existence of causes for ineligibility, *ii)* entitlement of the good reputation requirements established by the law;
b) a short curriculum on the personal and professional skills of each candidate with indication of their position as director and statutory auditor in other companies;
c) statements by which individual candidate declare entitlement of the independence qualification required by the law and by the Code of Conduct;
d) information on the identity of shareholders who have presented lists;
e) a statement of the shareholders who do not hold, even jointly, a controlling or majority stake, bearing witness to the absence of any connection with the majority shareholder, as defined by the law in force.

The intermediary certification proving ownership of the shareholding prescribed at the date on which lists are presented may also be produced after the filing of the list provided that it reaches the company within 21 days before the meeting date on first call (i.e. by May 3rd, 2011).

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

* * *

Appointment of the Board of Statutory auditors: the appointment of the Board of Statutory Auditors shall occur on the basis of lists.

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

No shareholder may present or participate in the presentation of more than one list, directly or through third parties or trust company, or vote for different lists.

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

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

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

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

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

Lists must be filed with the company head office (Corporate Affairs Department – to the above mentioned address) or sent by means of certified electronic mail to: *affarisocietari.italmobiliare@legalmail.it*, at least 25 days before the meeting date on first call (i.e. by April 29th, 2011), along with the following documentation:

a) statements by which individual candidate accept their candidature and, under his/her own responsibility, state the non-existence of causes for ineligibility or incompatibility as well as the entitlement of further requirements established by the law, company bylaws and code of Conduct;
b) a short curriculum on the personal and professional skills of each candidate with indication of their position as director and statutory auditor in other companies;
c) information on the identity of shareholders who have presented lists;
d) a statement of the shareholders who do not hold, even jointly, a controlling or majority stake, bearing witness to the absence of any connection with the majority shareholder, as defined by the law in force.

The intermediary certification proving ownership of the shareholding prescribed at the date on which lists are presented may also be produced after the filing of the list provided that it reaches the company within 21 days before the meeting date on first call (i.e. by May 3rd, 2011).

A list presented not in compliance with the above provisions will be considered as not presented.
In the event, by the deadline of 25 days before the date of the meeting (i.e. by April 29th, 2011), only one list has been filed, or only lists presented by shareholders who are connected to each other under current regulations, further lists can be presented until the following third day, and the threshold of 2,5% above mentioned will be halved.

* * *

The meeting Documents, required by applicable laws and regulations, will be made publicly available, according to legal deadlines, at the registered offices, at Borsa Italiana S.p.A. and on the Company website *www.italmobiliare.it*:

In particular:

* 1st item on the agenda – ordinary items: before April 30th;
* 2nd and 3rd item on the agenda – ordinary items: 21 days before the meeting on first call;
* 4th and 5th, item on the agenda – ordinary items: 40 days before the meeting on first call;
* 64th and 74th item on the agenda – ordinary items: 30 days before the meeting on first call;
* 1st and 2nd item on the agenda – extraordinary items: 21 days before the meeting on first call.

Further information on rights' exercise are available on the company website *www.italmobiliare.it*.

Shareholders have the right to review all the documents filed with the registered offices, and to obtain a copy of them.

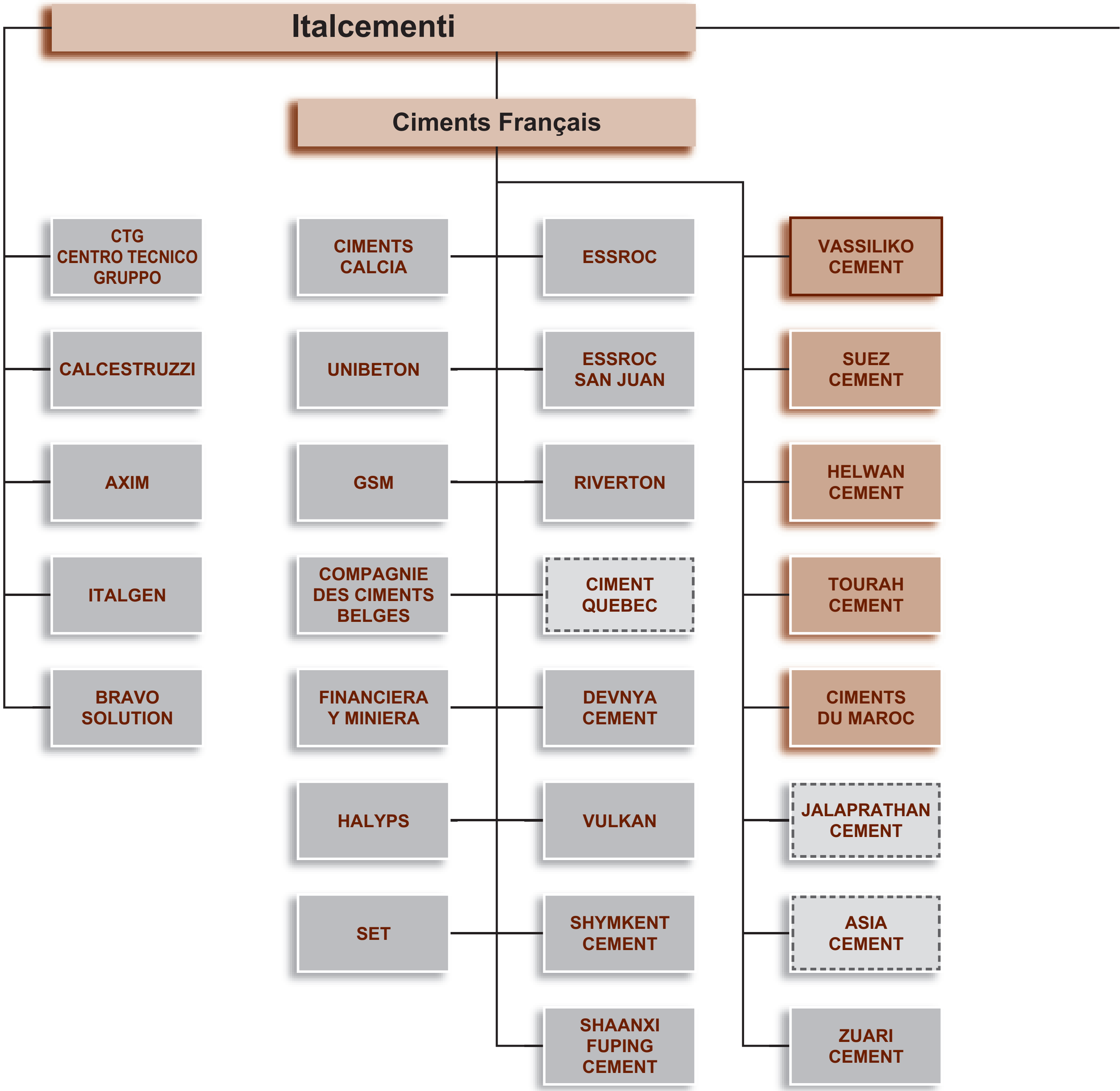
The regularity of the meeting and the validity of its resolutions on the items on the agenda are governed by law and company bylaws.

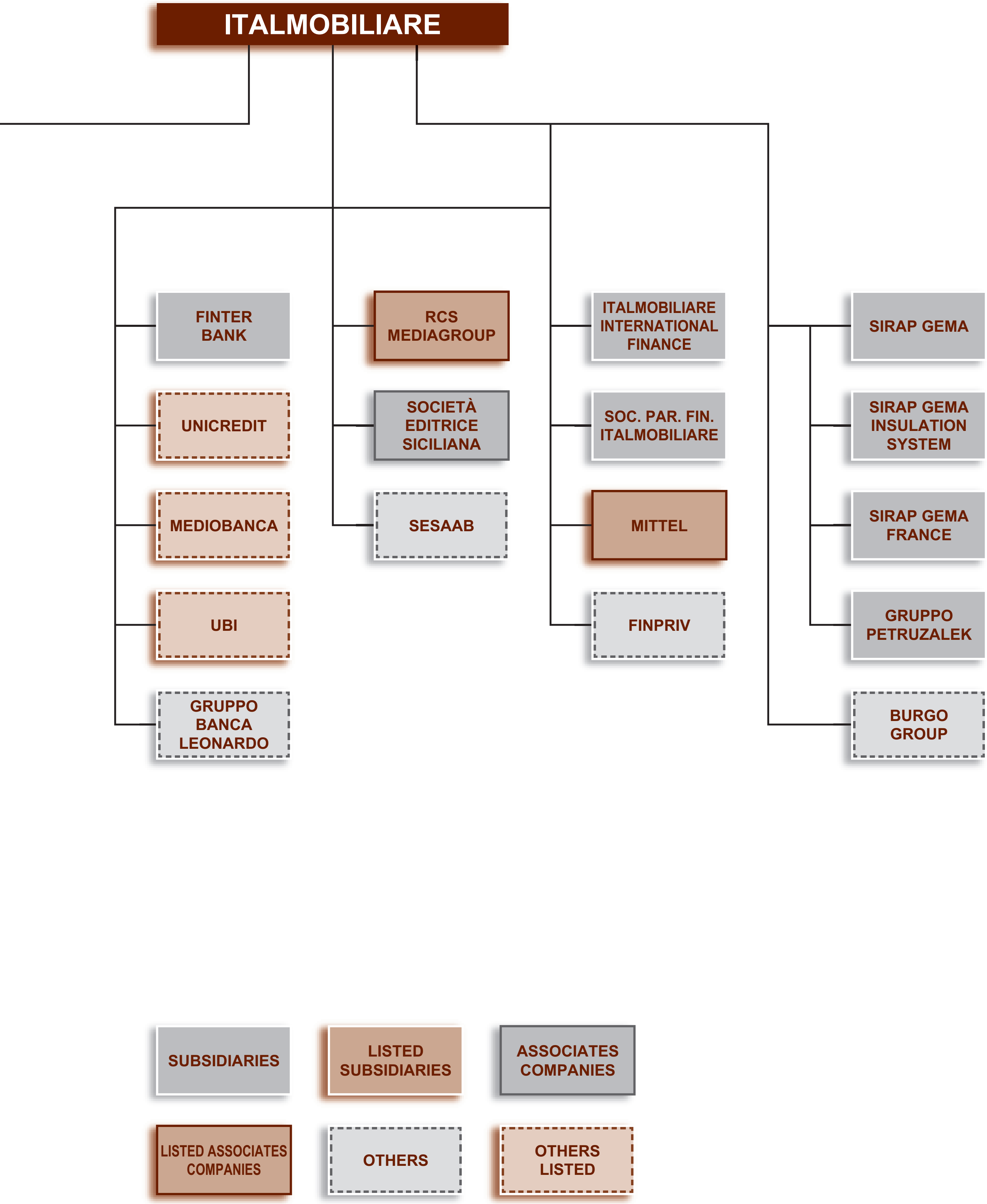
The company share capital is equal to €100,166,937, divided into 22,182,583 ordinary shares and 16,343,162 savings shares with a face value of €2.60 each. When this notice is published, the number of ordinary shares representing share capital with voting rights, therefore net of 871,411 ordinary treasury shares, is equal to 21,311,172.

The Board of Directors

(Notice published on April 13th 2011 in “Il Sole - 24 Ore” and on the company website)

Group structure
(as of December 31, 2010)





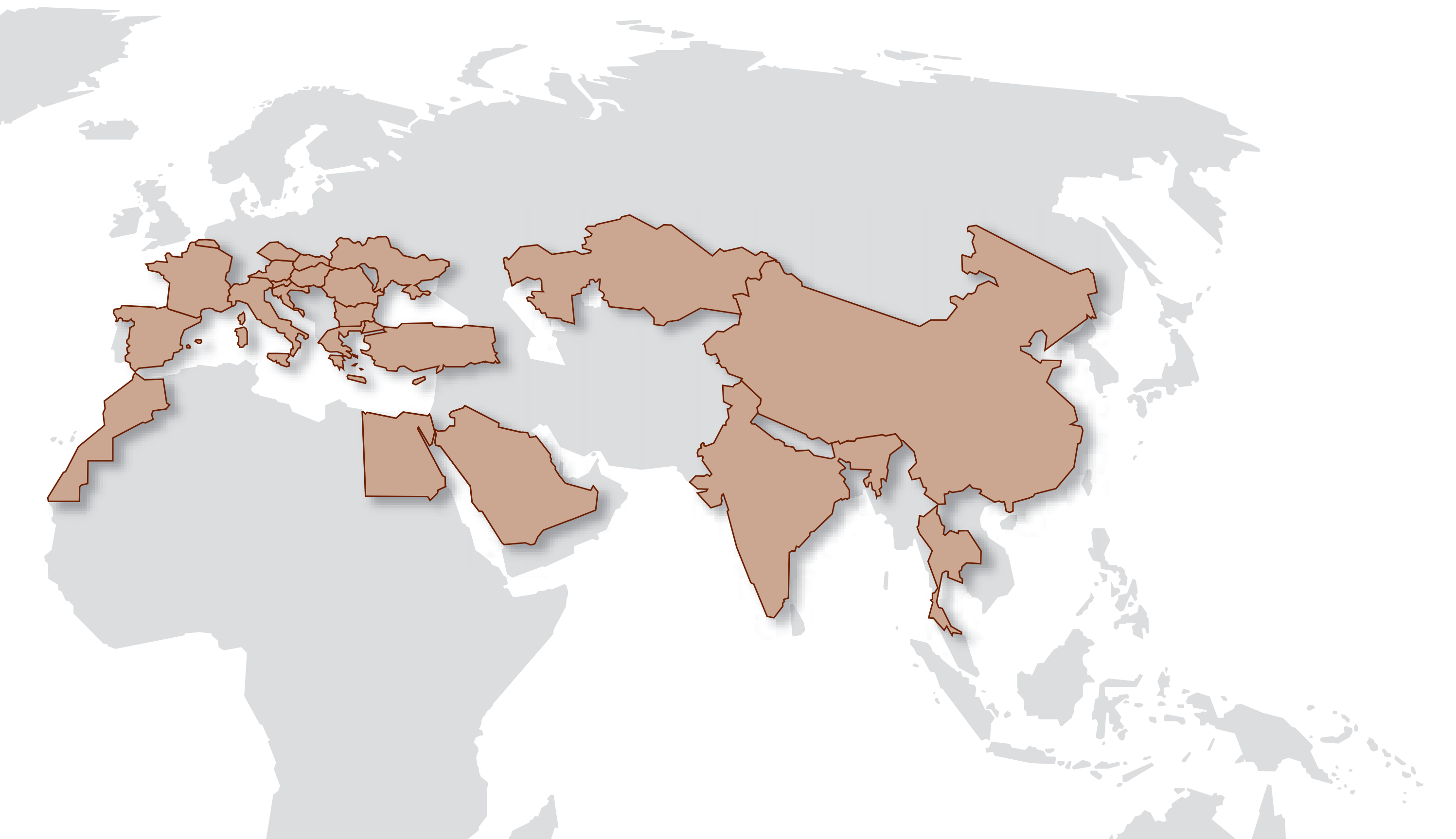
ITALMOBILIARE
FINTER BANK
UNICREDIT
MEDIOBANCA
UBI
GRUPPO BANCA LEONARDO
RCS MEDIAGROUP
SOCIETÀ EDITRICE SICILIANA
SESAAB
ITALMOBILIARE INTERNATIONAL FINANCE
SOC. PAR. FIN. ITALMOBILIARE
MITTEL
FINPRIV
SIRAP GEMA
SIRAP GEMA INSULATION SYSTEM
SIRAP GEMA FRANCE
GRUPPO PETRUZALEK
BURGO GROUP
SUBSIDIARIES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

Group financial highlights

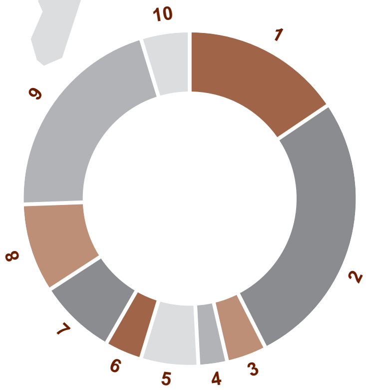
(in millions of euro)	2010	2009	2008	2007	2006
Revenues	5,147.3	5,365.4	6,157.0	6,397.0	6,216.5
Recurring EBITDA	878.8	1,055.7	1,020.7	1,462.1	1,550.0
EBITDA	876.5	1,044.0	1,010.7	1,462.7	1,541.0
EBIT	380.2	514.7	501.1	997.5	1,105.7
Net profit for the period	187.8	284.3	116.2	660.9	748.5
Net profit attributable to the Group	21.3	97.3	(104.6)	217.2	264.4
Investments in fixed assets	580.1	758.6	1,042.9	1,107.0	865.2
Total shareholders' equity	5,932.8	5,767.1	5,488.2	6,300.2	6,407.9
Group shareholders' equity	2,359.4	2,397.6	2,179.5	2,909.6	2,975.0
Net debt	2,095.5	2,200.8	2,571.9	2,149.6	1,857.3
Net debt/Shareholders' equity	35.32%	38.16%	46.86%	34.12%	28.98%
Net debt/Recurring EBITDA	2.38	2.08	2.52	1.47	1.20

(unit values)					
(Diluted) earnings per ordinary share	0.531	2.517	(2.778)	5.734	6.985
(Diluted) earnings per savings share	0.609	2.673	(2.778)	5.812	7.063
Shareholders' equity per share [1]	62.708	63.723	57.926	77.330	79.150
Dividend paid per share:					
ordinary	0.532	0.856		1.600	1.450
savings	0.610	0.934		1.678	1.528
Number of employees (heads)	22,262	22,758	23,864	25,252	24,509

[1] net of treasury shares

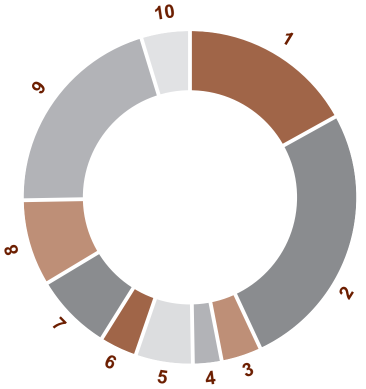


Country revenues 2010
(net of intercompany trading)



1	Italy 15.6%	6	Other European countries 4.2%
2	France 26.5%	7	North America 8.1%
3	Spain 3.0%	8	Asia 9.6%
4	Belgium 2.8%	9	Africa 21.5%
5	Other U.E. countries 4.4%	10	Trading and other countries 4.4%

Country revenues 2009
(net of intercompany trading)

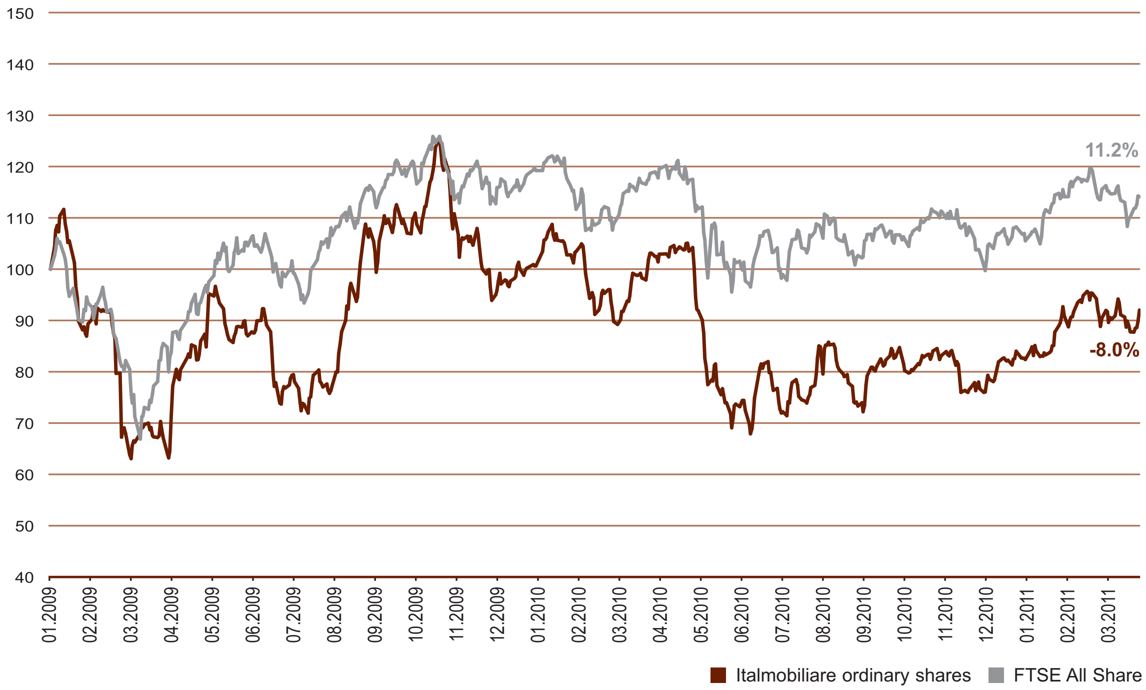


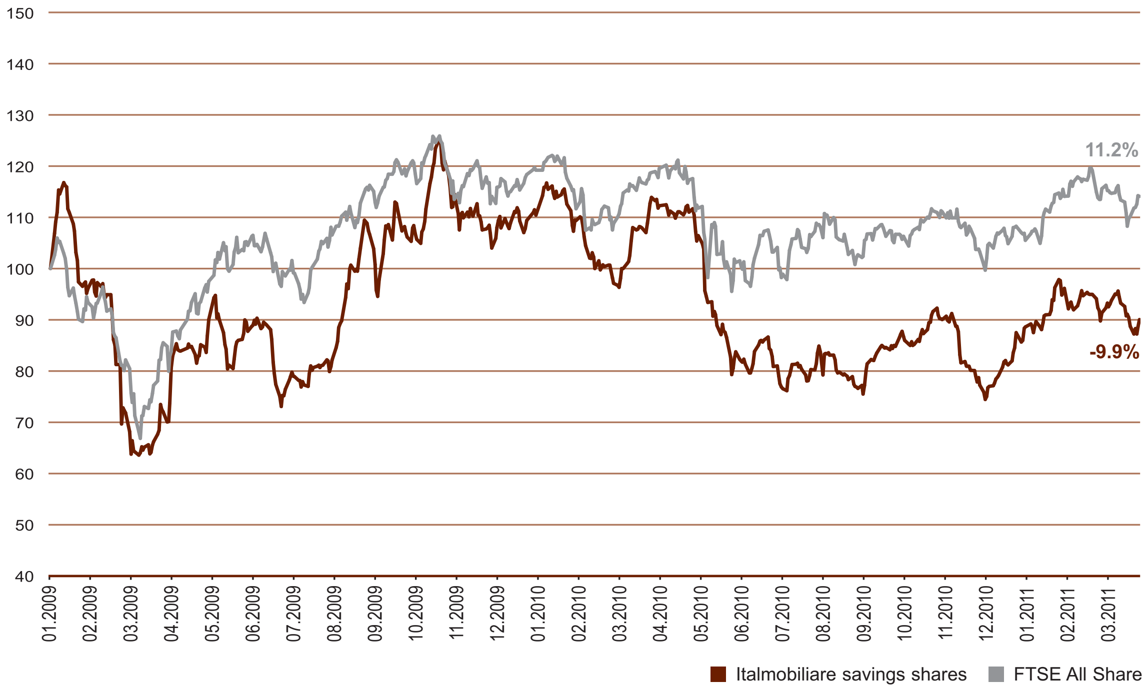
1	Italy 17.2%	6	Other European countries 3.6%
2	France 26.0%	7	North America 7.5%
3	Spain 3.9%	8	Asia 8.4%
4	Belgium 2.8%	9	Africa 20.6%
5	Other U.E. countries 5.4%	10	Trading and other countries 4.6%

Italmobiliare S.p.A. on the stock exchange

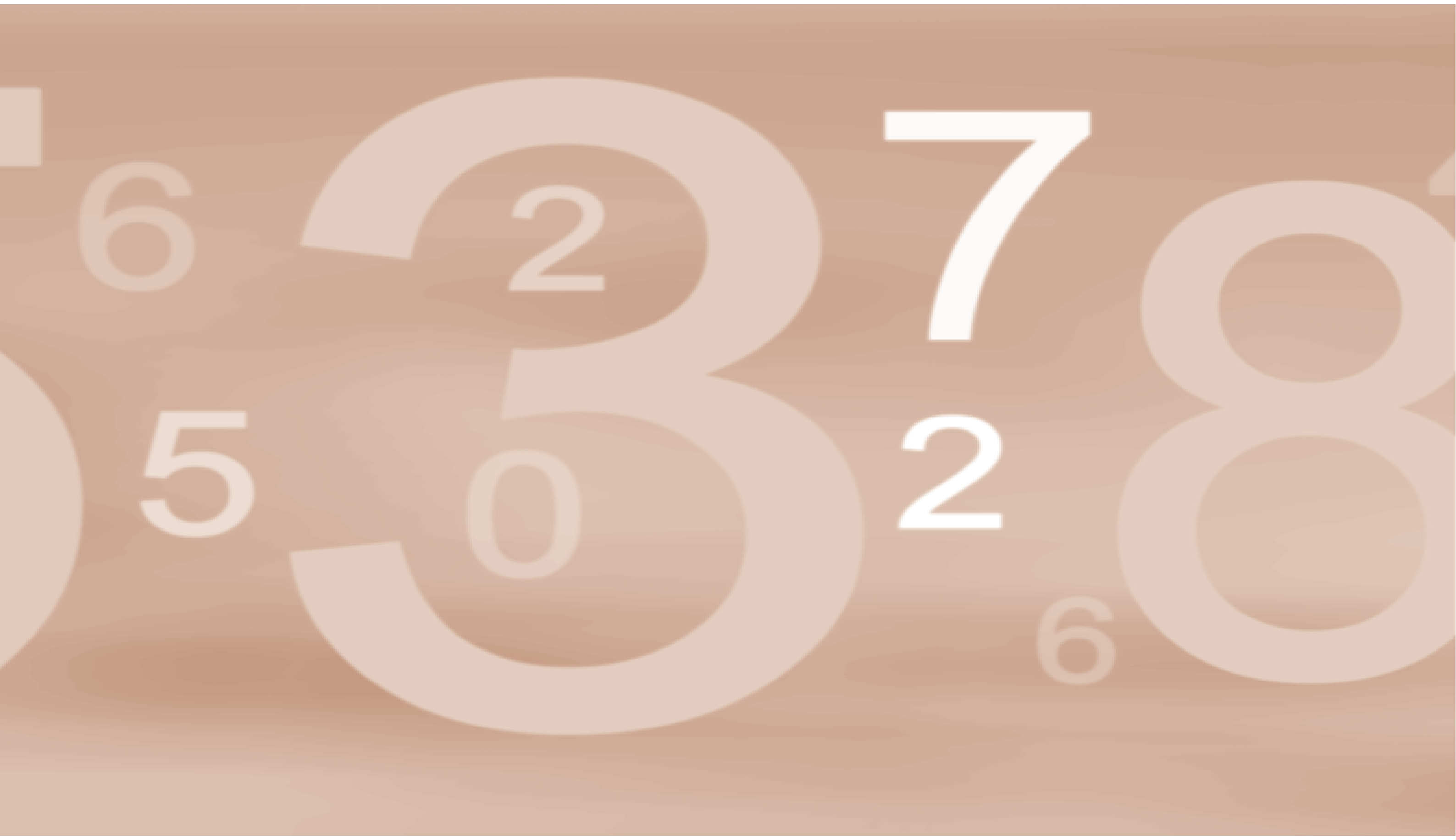
Share prices from 01.02.2009 al 03.25.2011

(euro)	high		low		01.02.2009	03.25.2011	performance
Ordinary shares	38.1481	10.19.2009	19.1373	03.03.2009	30.3479	27.9185	-8.01%
Savings shares	25.0911	10.19.2009	12.7271	03.09.2009	20.0146	18.0277	-9.93%
FTSE All-Share	24,982	10.19.2009	13,271	03.09.2009	20,367	22,643	11.17%





Italmobiliare Group



Eugenio Mercorio passed away on September 24, 2010.
An Italmobiliare substitute auditor from 1999 to 2005, Mr Mercorio was appointed to the post of acting auditor by the Shareholders' Meeting of May 19, 2005.

The Board of Directors and the Board of Statutory Auditors remember Mr Mercorio's admirable human qualities, moral rigor, and the great professional expertise he consistently devoted to his duties in the company.

Directors' report on Group operations

Foreword

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 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 earnings 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, especially with respect to the previous years. 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 year, 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 segments and may differ from one segment to another, particularly when not of an equity, business or financial nature, since they refer to different situations.

General overview

After the world economic collapse of 2009, 2010 saw a strong recovery in worldwide trade and production. The central driver of the growth process was Asia, headed by China and India, but generally speaking all the emerging areas reported very substantial growth rates. By contrast, the recovery in the industrialized area was moderate overall, reflecting significant variations among local growth rates, with North America, Japan and Germany making much more healthy progress than the euro zone as a whole. A common feature among the advanced countries was the weakness in employment, whose response to the rise in production and demand was very limited.

Despite the improvement in the world macroeconomic situation characterized by great disparities in growth rates, the financial markets remained fragile, undermining the strength of the recovery.

The pressures on sovereign debt in some countries in the euro zone began to intensify again at the beginning of November, with particular difficulties for the Irish banking system and the uncertainty over the new rules for resolving sovereign debt crises in Europe. Partly as a result of these difficulties, restrictive fiscal policies were introduced almost everywhere to counter the stimulus measures previously adopted to combat the 2008-2009 recession. Meanwhile, the monetary policies of the most industrialized countries continued to maintain a permissive stance, in the presence of domestic price dynamics that were kept well under control, despite widespread increases in prices for raw materials in general, and energy in particular.

In the euro zone, the German economy reported the strongest growth, whereas in Italy, where the production upturn was limited to exporters targeting the emerging economies and domestic demand continued to be weak, growth was around 1%.

Under these conditions, after a moderately positive start to the year, the Italian stock market recorded a significant fall in share indices compared with 2009.

In the fourth quarter of 2010 the Italian stock exchange general index was virtually stationary, with the indices for the financial, electric power, media and telecommunication stocks falling, and those for raw materials, automobiles and consumer goods rising.

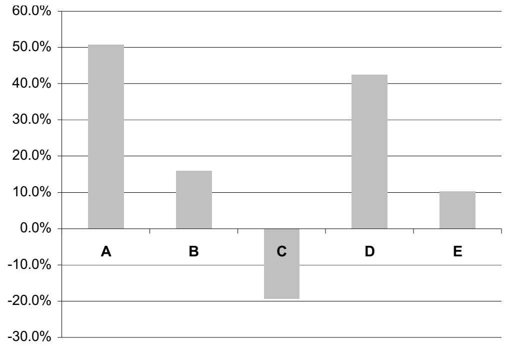
In the last quarter of 2010 yields on long-term government securities gradually rose in the main advanced countries, although they remained at historically low levels.

The mood of financial instability had repercussions for the currency markets: the euro lost almost 20% against the dollar in the first half of the year, and made up much of the ground lost in the second half; at the same time, a situation of abundant international liquidity stimulated large outflows toward the fastest growing emerging countries, pushing up a number of currencies in the emerging regions.

In this economic scenario, for 2010 the Italmobiliare Group reported **total net profit** of 187.8 million euro and **Group net profit** of 21.3 million euro, compared with total net profit of 284.3 million euro and Group net profit of 97.3 million euro in 2009.

Breakdown of consolidated net profit by segment

(in millions of euro)	Dec. 2010	% of total	
Construction materials	10.8	*50.7%*	*A*
Food packaging and thermal insulation	3.4	*15.9%*	*B*
Banking	(4.1)	*(19.3%)*	*C*
Financial segment	9.0	*42.4%*	*D*
Property, services, other	2.2	*10.3%*	*E*
Total consolidated net profit attributable to the Group	**21.3**	***100.0%***	



The other main results for the year to December 31, 2010, were:

- **Revenues**: 5,147.3 million euro from 5,365.4 million euro at December 31, 2009 (-4.1%);
- **Recurring EBITDA**: 878.8 million euro from 1,055.7 million euro at December 31, 2009 (-16.8%);
- **EBITDA**: 876.5 million euro from 1,044.0 million euro at December 31, 2009 (-16.0%);
- **EBIT**: 380.2 million euro from 514.7 million euro at December 31, 2009 (-26.1%);
- **Finance income and costs** (including exchange-rate differences and derivatives): net finance costs of 112.3 million euro compared to 111.4 million euro at December 31, 2009 (a percentage increase of 0.8%);
- **Impairment on financial assets**: -23.2 million euro compared to -47.7 million euro at December 31, 2009 (a percentage decrease of 51.4%);
- **Profit before tax**: 253.3 million euro from 383.7 million euro at December 31, 2009 (-34.0%).

At December 31, 2010, **total shareholders' equity** amounted to 5,932.8 million euro, against 5,767.1 million euro at December 31, 2009.

Investments in fixed assets in 2010 totaled 580.1 million euro, down from 758.6 million euro in 2009.

Net debt at December 31, 2010, was 2,095.5 million euro, compared with 2,200.8 million euro at December 31, 2009.

As a result of the changes in shareholders' equity and net debt, the **gearing** ratio (net debt/consolidated shareholders' equity) was down from 38.16% at the end of December 2009 to 35.32% at the end of December 2010.

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

- the **construction materials segments**, consisting of the Italcementi group (Italmobiliare's main industrial investment)) was affected by the continuing difficulties in the international economic situation in 2010. Sales volumes were down, especially in cement and aggregates, while the reduction was marginal in ready mixed concrete. In this context, revenues, at 4,790.9 million euro, decreased by 4.3% from 2009 (-6.6% at constant size and exchange rates). The revenue slowdown was driven by a reduction in sales volumes and a weak sales price dynamic in some countries, especially Italy, North America and India. The negative effect of the sales slowdown was counterbalanced in part by incisive control of operating expenses and by capital gains from the sale of CO_2 emission rights.

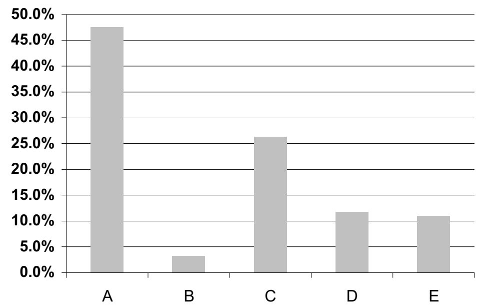
Operating results were, nonetheless, down on 2009: recurring EBITDA, at 836.3 million euro, fell by 13.9%, while EBIT, at 353.8 million euro, was down 20.1%, after amortization, depreciation and impairment on fixed assets totaling 480.5 million euro (513.8 million euro in 2009). Profit before tax (259.2 million euro) was down 16.3%. The decrease in earnings led to a reduction in income tax expense from 94.2 million euro in 2009 to 62.1 million euro in 2010. Net profit for the year was 197.1 million euro (215.3 million euro in 2009), while net profit attributable to the Italcementi group was 45.8 million euro (71.3 million euro in 2009). Net profit attributable to minority interests rose from 144.0 million euro to 151.3 million euro;

- the **food packaging and thermal insulation segment,** consisting of the Sirap Gema group, reported revenues of 239.3 million euro, substantially in line with 2009 (238.3 million euro). Revenues in the food packaging business were slightly down on 2009 due to the difficult economic climate, while thermal insulation revenues were up 2.7%, thanks to healthy demand for insulating products for energy-saving restructuring projects. Group EBIT was 10.8 million euro, down by 42.2% on 2009 (18.6 million euro), largely because of the higher average cost of polymers and slacker demand, which prevented the increase in costs from being absorbed with adjustments to sales prices. Net finance costs were down from 7.0 to 4.0 million euro thanks to the reduction in average debt, the lower cost of money and the decrease in exchange-rate losses at the East European subsidiaries. After income tax expense of 3.1 million euro, net profit for the year was 3.5 million euro (7.0 million euro in 2009);
- the **financial segment**, which includes the parent company Italmobiliare and the wholly owned financial companies, was affected by continuing instability on the financial markets. Specifically, the Italian stock market reported a 13.2% decline in the FTSE Mib index at the end of the year, in contrast to the trend on other markets. In this situation, the segment reported a net profit for the year of 26.7 million euro, a sharp decline with respect to 91.8 million euro in 2009, although 2009 benefited from significant measurement gains on trading securities. The decrease in net profit arose largely from lower income from equity investments, losses at companies valued at equity and lower gains on cash investments due to the high volatility on the financial markets in 2010. Since the financial segment is owned 100% by the Group, its net profit is reflected in full on net profit attributable to the Group;
- the **banking segment** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. It reported a net loss of 4.1 million euro, compared with a net profit of 1.2 million euro in 2009. This result, essentially due to the negative performance of Finter Bank Zürich, reflected the decrease in the intermediation margin caused by lower commission income from a smaller number of client transactions and a reduction in assets under management;
- **property, services, other:** this segment is not of great importance within the global context of the Group and its results are therefore not normally of material significance. In 2010 it reported a net profit of 0.7 million euro (0.4 million euro in 2009) as a result of the capital gain on the sale of land in Punta Ala.

The **Italmobiliare** parent reported a net profit of 35.2 million euro for the year ended December 31, 2010, down by 33.1% from 52.6 million euro in 2009. The downturn arose essentially from the significant fall in dividends collected during 2010 (35.1 million euro compared with 62.4 million euro in 2009) and larger capital losses on intercompany sales of equities not fully offset by corresponding income from cash investments.

Italmobiliare **Net Asset Value** (NAV) was 1,654.9 million euro at December 31, 2010 (2,166.1 million euro at December 31, 2009) on capitalization of 844.5 million euro, reflecting a discount rate of 49% compared with 52% at December 31, 2009.

(in millions of euro)	Dec. 2010	% of total	
Construction	708.6	*47.6%*	*A*
Packaging and insulation	41.1	*3.3%*	*B*
Banking	496.2	*26.3%*	*C*
Cash and cash equivalents	170.6	*11.8%*	*D*
Other	238.4	*11.0%*	*E*
Total Net Asset Value	**1,654.9**	***100%***	



Il NAV was calculated 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)	2010	2009	% change
Revenues	**5,147.3**	**5,365.4**	***(4.1)***
Recurring EBITDA [1]	**878.8**	**1,055.7**	***(16.8)***
% of revenues	*17.1*	*19.7*	
Other non recurring income (expense)	(2.3)	(11.7)	*(80.3)*
EBITDA [2]	**876.5**	**1,044.0**	***(16.0)***
% of revenues	*17.0*	*19.5*	
Amortization and depreciation	(488.4)	(474.9)	*2.8*
Impairment	(7.9)	(54.4)	*(85.5)*
EBIT [3]	**380.2**	**514.7**	***(26.1)***
% of revenues	*7.4*	*9.6*	
Finance income (costs)	(112.3)	(111.4)	*0.8*
Impairment on financial assets	(23.2)	(47.7)	*(51.4)*
Share of results of associates	8.6	28.1	*(69.4)*
Profit before tax	**253.3**	**383.7**	***(34.0)***
% of revenues	*4.9*	*7.2*	
Income tax expense	(65.5)	(99.4)	*(34.1)*
Net profit for the period	**187.8**	**284.3**	***34.0***
% of revenues	*3.6*	*5.3*	
Group net profit	**21.3**	**97.3**	***(78.1)***
% of revenues	*0.4*	*1.8*	
Minority interest	166.5	187.0	*(11.0)*
Cash flow from operating activities	762.6	1,178.6	*(35.3)*
Investments in fixed assets	580.1	758.6	*(23.5)*

(in millions of euro)	**December 31, 2010**	**December 31, 2009**
Total shareholders' equity	5,932.8	5,767.1
Group shareholders' equity	2,359.4	2,397.6
Net debt	2,095.5	2,200.8
Number of employees at period end	22,262	22,758

[1] Recurring EBITDA is the difference between revenues and costs, excluding: other non-recurring income and expense, amortization and depreciation, impairment, 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 2010	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenues	**5,147.3**	**1,221.4**	**1,297.4**	**1,455.5**	**1,173.0**
% change vs. 2009	*(4.1)*	*(0.4)*	*(4.8)*	*(3.0)*	*(8.1)*
Recurring EBITDA	**878.8**	**174.9**	**240.0**	**292.5**	**171.4**
% change vs. 2009	*(16.8)*	*(11.3)*	*(24.6)*	*(22.0)*	*3.7*
% of revenues	*17.1*	*14.3*	*18.5*	*20.1*	*14.6*
EBITDA	**876.5**	**176.9**	**241.2**	**290.2**	**168.2**
% change vs. 2009	*(16.0)*	*(7.8)*	*(24.9)*	*(23.1)*	*9.4*
% of revenues	*17.0*	*14.5*	*18.6*	*19.9*	*14.3*
Amortization and depreciation	(488.4)	(124.4)	(125.2)	(125.8)	(113.0)
Impairment	(7.9)	(7.0)	(0.6)	(0.2)	(0.1)
EBIT	**380.2**	**45.5**	**115.4**	**164.2**	**55.1**
% change vs. 2009	*(26.1)*	*13.9*	*(42.6)*	*(30.5)*	*47.0*
% of revenues	*7.4*	*3.7*	*8.9*	*11.3*	*4.7*
Finance income (costs)	(112.3)	(22.9)	(30.0)	(21.2)	(38.2)
Impairment on financial assets	(23.2)	15.9	(10.1)	(28.9)	(0.1)
Share of results of associates	8.6	1.8	7.2	1.3	(1.8)
Profit before tax	**253.3**	**40.3**	**82.5**	**115.4**	**15.0**
% of revenues	*4.9*	*3.3*	*6.4*	*7.9*	*1.3*
Income tax expense	(65.5)	3.0	(22.4)	(48.8)	2.7
Net profit for the period	**187.8**	**43.3**	**60.1**	**66.6**	**17.7**
% of revenues	*3.6*	*3.5*	*4.6*	*4.6*	*1.5*
Group net profit	**21.3**	**2.7**	**15.8**	**(8.8)**	**11.6**
% of revenues	*0.4*	*0.2*	*1.2*	*(0.6)*	*1.0*
Minority interest	166.5	40.6	44.3	75.4	6.1
Net debt (at period end)	2,095.5	2,095.5	2,108.4	2,214.0	2,099.2

Revenues in the fourth quarter were substantially in line with those of the year-earlier period, reflecting a positive contribution from the financial segment (>100%), the food packaging and thermal insulation segment (+8.9%) and property, services and other segment (>100%), in contrast to a decline in the other segments, especially in banking (-19.7%).

Fourth-quarter **EBITDA** was significantly lower (-7.8%) than the prior year, due to the increase in interest expense and write-downs on trading securities and equities in the financial and banking segments, the fall in sales prices and volumes, and the rise in the cost of raw materials in the Group's industrial operations.

EBIT in the fourth quarter was positive at 45.5 million euro, a year-on-year improvement of 5.6 million euro arising essentially from the reduction in impairment losses on fixed assets at the Italcementi group.

The Group reported a **net profit** for the fourth quarter of 2010 of 43.3 million euro (a net loss of 12.5 million euro in the fourth quarter of 2009), thanks to the positive contributions of construction materials, food packaging and thermal insulation, and property, services, other segments. Fourth-quarter **net profit attributable to the Group** was 2.7 million euro (-19.0 million euro in the year-earlier period); a significant increase was also reported in **net profit attributable to minorities** to 40.6 million euro (+6.5 million euro in the fourth quarter of 2009), after the improvement in the results of the companies with significant minority interests.

Revenues and operating results for 2010

Contribution to consolidated revenues

(net of intercompany eliminations)

(in millions of euro)	2010		2009		Change	
		%		%	%	%[1]
Business segment						
Construction materials	4,782.7	*92.9*	4,999.1	*93.2*	*(4.3)*	*(6.6)*
Packaging and insulation	239.3	*4.7*	238.3	*4.4*	*0.4*	*0.6*
Financial	88.1	*1.7*	85.7	*1.6*	*2.8*	*1.9*
Banking	35.6	*0.7*	41.3	*0.8*	*(13.8)*	*(21.9)*
Property, services, other	1.6		1.0		*56.9*	*n.s.*
Total	**5,147.3**	***100.0***	**5,365.4**	***100.0***	***(4.1)***	***(6.3)***
Geographical area						
European Union	2,688.4	*52.3*	2,969.1	*55.4*	*(9.5)*	*(9.4)*
Other European countries	215.4	*4.2*	193.1	*3.6*	*11.5*	*4.7*
North America	414.6	*8.1*	400.7	*7.5*	*3.5*	*(1.6)*
Asia and Middle East	496.5	*9.6*	448.8	*8.4*	*10.6*	*(0.9)*
Africa	1,107.7	*21.5*	1,106.3	*20.6*	*0.1*	*(2.6)*
Trading	136.2	*2.6*	154.0	*2.8*	*(11.5)*	*(14.1)*
Other countries	88.5	*1.7*	93.4	*1.7*	*(5.2)*	*(7.8)*
Total	**5,147.3**	***100.0***	**5,365.4**	***100.0***	***(4.1)***	***(6.3)***

n.s. not significant.
[1] at constant size and exchange rates.

Revenues and operating results by segment and geographical area

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	2010	% change vs. 2009	2010	% change vs. 2009	2010	% change vs. 2009	2010	% change vs. 2009
Business sector								
Construction materials	4,790.9	*(4.3)*	836.3	*(13.9)*	834.3	*(12.8)*	353.8	*(20.1)*
Packaging and insulation	239.3	*0.4*	22.2	*(29.1)*	22.2	*(29.1)*	10.8	*(42.2)*
Financial	114.1	*(8.8)*	38.3	*(53.3)*	37.7	*(55.7)*	37.6	*(55.8)*
Banking	36.6	*(13.2)*	0.2	*(95.0)*	0.2	*(94.9)*	(3.9)	*n.s.*
Property, services, other	2.9	*27.2*	1.0	*69.0*	1.5	*104.4*	1.4	*122.2*
Inter-segment eliminations	(36.5)	*(25.3)*	(19.2)	*(43.5)*	(19.4)	*(43.0)*	(19.5)	*(43.0)*
Total	**5,147.3**	***(4.1)***	**878.8**	***(16.8)***	**876.5**	***(16.0)***	**380.2**	***(26.1)***
Geographical area								
European Union	2,776.7	*(9.1)*	394.5	*(28.3)*	395.2	*(30.4)*	155.8	*(47.9)*
Other European countries	219.7	*13.0*	4.3	*n.s.*	4.6	*n.s.*	(12.9)	*(31.8)*
North America	415.3	*3.5*	25.4	*102.7*	21.7	*n.s.*	(48.2)	*(13.3)*
Asia and Middle East	500.1	*8.5*	73.4	*(26.2)*	73.0	*(21.5)*	19.6	*(24.1)*
Africa	1,114.2	*0.1*	396.3	*0.5*	392.9	*(0.2)*	286.7	*(1.7)*
Trading	229.3	*3.7*	14.3	*30.0*	14.3	*29.9*	11.4	*34.5*
eliminations	(108.0)	*(35.5)*	(29.4)	*n.s.*	(25.2)	*12.7*	(32.2)	*(10.8)*
Total	**5,147.3**	***(4.1)***	**878.8**	***(16.8)***	**876.5**	***(16.0)***	**380.2**	***(26.1)***

n.s. not significant

The 4.1% reduction in **revenues** from 2009 reflected:

- the downturn in business performance, for -6.3%;
- changes in the scope of consolidation, for -0.1%;
- the exchange rate effect, for +2.3%.

The business slowdown arose in construction materials (-6.6%) and banking (-21.9%), while the contribution of the other segments was positive.

The negative changes in the scope of consolidation were immaterial, while the positive exchange rate effect arose mainly from the appreciation of the Egyptian lira, rupee, Thai baht and US dollar against the euro in construction materials, and the Swiss franc in the banking segment; the changes in the other segments, although positive, were limited.

Net of inter-segment eliminations, the geographical revenue breakdown showed growth in Asia and the Middle East, in non-EU countries and in North America, set against a sharp fall in EU countries and in Trading.

Recurring EBITDA (878.8 million euro) and **EBITDA** (876.5 million euro) were down 176.9 million euro (-16.8%) and 167.5 million euro (-16.0%) respectively from 2009. The decrease arose in all segments, except property, services, other, but the largest declines in absolute terms were in construction materials, largely as a result of lower volumes and a weak sales price dynamic in some countries, and in the financial segment because of the negative performance of the financial markets**.**

After an increase in amortization and depreciation charges (488.4 million euro from 474.9 million euro) and a sharp decrease in impairment on fixed assets (7.9 million euro in 2010 compared with 54.4 million euro in 2009), **EBIT** fell by 26.1%, from 514.7 million euro to 380.2 million euro.

Operating results by geographical area reflected a significant decline in Europe, and in Asia and Middle East, compared with an upturn in North America and Trading. In absolute terms the EU and Africa were still the largest contributors to revenues and to operating results.

Finance costs and other items

Net finance costs, including exchange-rate differences and net derivatives, amounted to 112.3 million euro, largely in line with 2009 (111.4 million euro), although non-recurring charges of 21.4 million euro were posted in 2010 for early redemption of the notes issued by Ciments Français in the USA from 2002 to 2006. Interest expense on net debt decreased from 105.3 million euro to 93.6 million euro, an improvement of 11.1% driven by the fall in interest rates and the reduction in average debt compared with 2009. Exchange-rate differences reflected a net gain of 8.6 million euro (a net loss of 9.5 million euro in 2009).

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

Impairment on financial assets reflected a loss of 23.2 million euro, an improvement of 24.5 million euro from 2009 (-47.7 million euro). It arose from the smaller loss on Calcestruzzi S.p.A. and the impairment reversal on RCS MediaGroup S.p.A. Impairment in the construction materials segment was -21.0 million euro and -2.2 million euro in the financial segment.

The **share of results of associates** was significantly lower, decreasing from +28.1 million euro to +8.6 million euro after losses of 8.5 million euro reported mainly by associates in the financial segment, offset by better results for associates in the construction materials segment for 17.1 million euro.

Net profit for the period

Profit before tax was 253.3 million euro, down by 34.0% from 2009 (383.7 million euro).

Income tax expense was 65.5 million euro, down by 34.1% from 2009, essentially because of the decrease in profit before tax; the average tax rate was 25.86%, in line with 2009 (25.90%).

Net profit for the year was 187.8 million euro, a decrease of 34.0% from 2009 (284.3 million euro). **Group net profit** was 21.3 million euro (-78.1%), after minority interest of 166.5 million euro (-11.0%).

Total comprehensive income

In 2010, beginning with the net profit for the year, the components of other comprehensive income showed a positive balance of 101.7 million euro (107.7 million euro in 2009) arising from: translation gains of 215.9 million euro, fair value losses on available-for-sale financial assets for 126.1 million euro, fair value gains on financial derivatives for 11.7 million euro and the related tax effect (income of 0.2 million euro). Considering these components and the above-mentioned net profit for the year of 187.8 million euro, total comprehensive income for 2010 was 289.5 million euro (a loss of 39.9 million euro attributable to the Group and income of 329.4 million euro attributable to minorities). This compares with income of 392.0 million euro in 2009 (+233.9 million euro attributable to the Group and +158.1 million euro attributable to minorities).

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

Balance sheet summary

(in millions of euro)	December 31, 2010	December 31, 2009
Property, plant and equipment	4,735.7	4,538.0
Intangible assets	2,250.7	2,179.5
Other non-current assets	1,278.4	1,299.2
Non-current assets	**8,264.8**	**8,016.7**
Current assets	**3,830.1**	**3,936.7**
Total assets	**12,094.9**	**11,953.4**
Group shareholders' equity	2,359.4	2,397.6
Minority interests	3,573.4	3,369.5
Total shareholders' equity	**5,932.8**	**5,767.1**
Non-current liabilities	3,461.8	3,672.1
Current liabilities	2,700.3	2,514.2
Total liabilities	**6,162.1**	**6,186.3**
Total shareholders' equity and liabilities	**12,094.9**	**11,953.4**

Shareholders' equity

Total shareholders' equity at December 31, 2010, was 5,932.8 million euro, up by 165.7 million euro from December 31, 2009. The net increase arose from the positive impact of:

- net profit for the year of 187.8 million euro;
- the change of 215.9 million euro in the translation reserve due to the appreciation of other currencies against the euro;
- other minor changes for 26.5 million euro;

and from the negative impact of:

- dividends paid for 150.3 million euro;
- the change of 114.2 million euro in the fair value reserve on equity investments and derivatives.

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

(in thousands of euro)		December 31, 2010
Net profit for the year of the parent company Italmobiliare S.p.A.		**35,237**
Consolidation adjustments:		
• Net result of consolidated companies (Group share)		59,916
• Adjustment to equity investments valued with the equity method		(9,716)
• Elimination of dividends recognized in the period		(64,563)
• Elimination of intercompany gains or losses and other changes		395
Net profit attributable to the Group		**21,269**
Shareholders' equity of the parent company Italmobiliare S.p.A.		**1,075,695**
• Elimination of carrying amount of consolidated equity investments		(1,078,943)
in companies consolidated on a line-by-line or proportionate basis	*(968,315)*	
in associates consolidated with the equity method	*(110,628)*	
• Recognition of shareholders' equity of consolidated equity investments		2,308,851
in companies consolidated on a line-by-line or proportionate basis	*2,171,233*	
in associates consolidated with the equity method	*137,618*	
• Gains allocated to shareholders' equity of subsidiaries and associates		40,991
• Elimination of effects of intragroup transactions and other changes		12,841
Consolidated shareholders' equity attributable to the Group		**2,359,435**

Net debt

At December 31, 2010, **net debt** stood at 2,095.5 million euro, down by 105.4 million euro from the situation at December 31, 2009.

The change arose primarily from significant cash flows on operations (+762.6 million euro), determined to a large extent by the reduction in working capital (133.6 million euro) offset only in part by the year’s investments in fixed assets (580.1 million euro, of which 535.3 million euro for property, plant and equipment, investment property and intangible assets, and 44.8 million euro for financial fixed assets) and by dividends paid (150.3 million euro).

Breakdown of net debt

(in millions of euro)	December 31, 2010	December 31, 2009
Cash, cash equivalents and current financial assets	(1,912.1)	(1,908.3)
Short-term financing	1,377.3	1,225.2
Medium/long-term financial assets	(134.3)	(85.3)
Medium/long-term financing	2,764.6	2,969.2
Net debt	**2,095.5**	**2,200.8**
Change vs. December 2009	*(105.3)*	

Financial ratios

(absolute values in millions of euro)		December 31, 2010	December 31, 2009
Net debt		2,095.5	2,200.8
Consolidated shareholders' equity		5,932.8	5,767.1
	Gearing	**35.32%**	**38.16%**
Net debt		2,095.5	2,200.8
Recurring EBITDA		878.8	1,055.7
	Leverage	**2.38**	**2.08**

Summary of cash flows

(in millions of euro)	December 31, 2010	December 31, 2009
Net debt at beginning of period	**(2,200.8)**	**(2,571.9)**
Cash flow from operating activities	762.6	1,178.6
Investments:		
PPE, investment property, intangible assets	*(535.4)*	*(715.1)*
Non-current financial assets	*(44.7)*	*(43.5)*
Investments in fixed assets	**(580.1)**	**(758.6)**
Divestments of fixed assets	87.9	75.2
Dividends paid	(150.3)	(104.9)
Net debt of acquisitions/divestments	(0.7)	4.9
Other	(14.1)	(24.1)
Change in net debt	105.3	371.1
Net debt at end of period	**(2,095.5)**	**(2,200.8)**

Investments in fixed assets

(in millions of euro)	Non-current financial assets		PPE + investmt property		Intangible assets	
	2010	2009	2010	2009	2010	2009
Business sector						
Construction materials	14.8	51.0	507.9	692.3	22.2	19.4
Packaging and insulation	-	-	6.1	9.2	3.3	0.3
Financial	20.1	0.4	-	-	-	0.1
Banking	-	-	0.9	1.2	1.9	4.8
Property, services, other	-	0.3	0.1	0.1	-	-
Total	**34.9**	**51.7**	**515.0**	**702.8**	**27.4**	**24.6**
Change in payables	9.8	(8.2)	(7.0)	(12.3)	-	-
Total investments in fixed assets	**44.7**	**43.5**	**508.0**	**690.5**	**27.4**	**24.6**
Geographical area						
European Union	24.2	26.9	225.2	222.5	20.0	13.4
Other European countries	-	-	7.7	10.2	1.9	5.1
North America	0.5	1.7	42.3	216.0	0.5	0.1
Asia and Middle East	5.2	8.2	85.8	67.1		0.6
Africa	-	-	149.3	182.6	0.4	0.2
Trading	-	9.6	2.5	2.4	0.2	0.1
Others and intragroup	5.0	5.3	2.2	2.0	4.4	5.1
Total	**34.9**	**51.7**	**515.0**	**702.8**	**27.4**	**24.6**
Change in payables	9.8	(8.2)	(7.0)	(12.3)	-	-
Total investments in fixed assets	**44.7**	**43.5**	**508.0**	**690.5**	**27.4**	**24.6**

Group investments in fixed assets in 2010 totaled 580.1 million euro, down by 178.5 million euro from 2009. They focused largely on completing investments in North America, Morocco, India and Matera (Italy).

Investments in property, plant and equipment, investment property and intangible assets were mainly in the construction materials segment. They amounted to 535.4 million euro, down by 179.7 million euro from 2009 (715.1 million euro).

Investments in financial assets were 44.7 million euro (43.5 million euro in 2009), and referred essentially to the acquisitions in the construction materials segment in China and Syria, and in the financial segment in Italy and France.

Risks and uncertainties

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

Information on personnel and on the environment

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

Construction materials segment

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

(in millions of euro)	2010	2009	% change
Revenues	**4,790.9**	**5,006.4**	***(4.3)***
Recurring EBITDA	**836.3**	**971.6**	***(13.9)***
% of revenues	*17.5*	*19.4*	
Other non recurring income (expense)	(2.0)	(14.9)	*(86.7)*
EBITDA	**834.3**	**956.7**	***(12.8)***
% of revenues	*17.4*	*19.1*	
Amortization and depreciation	(472.5)	(459.8)	*2.8*
Impairment	(8.0)	(54.0)	*(85.2)*
EBIT	**353.8**	**443.0**	***(20.1)***
% of revenues	*7.4*	*8.8*	
Finance income (costs)	(90.6)	(106.9)	*(15.2)*
Impairment on financial assets	(21.0)	(41.1)	*(48.9)*
Share of results of associates	17.1	14.6	*17.1*
Profit before tax	**259.2**	**309.5**	***(16.3)***
% of revenues	*5.4*	*6.2*	
Income tax expense	(62.1)	(94.2)	*(34.1)*
Net profit for the period	**197.1**	**215.3**	***(8.5)***
% of revenues	*4.1*	*4.3*	
Group net profit	**45.8**	**71.3**	***(35.8)***
Minority interest	151.3	144.0	*5.0*
Cash flow from operating activities	747.9	1,101.9	*(32.1)*
Investments in fixed assets	547.7	742.4	*(26.2)*

(in millions of euro)	December 31, 2010	December 31, 2009
Total shareholders' equity	4,985.9	4,692.2
Italcementi group shareholders' equity	3,525.1	3,353.1
Net debt	2,230.9	2,419.9
Number of employees at year-end	20,763	21,155

Performance in the construction materials segment

In the construction segment, the recessionary wave that hit the group's industrialized countries eased only slightly in 2010 after the heavy slowdowns reported in 2009. Specifically the business downturn continued for the fifth consecutive year in the USA, where the residential segment – whose decline is close to 60% of the previous peak – struggled to pick up in a situation of unabsorbed surplus supply on the market.

In the group's main euro zone countries the contraction in the construction segment continued for the third consecutive year, affecting all segments. Moreover, in Spain and Greece, the difficulties in the real estate segment combined with the general domestic recessionary conditions kept performance in the construction industry at very modest levels. More generally, although the fiscal stimulus measures – based in part on investment in infrastructure – helped mitigate the severity of the recession in the construction industry in 2009, in 2010 the budget policies of the mature area took a restrictive stance almost everywhere, thus accentuating the weakness of market factors in construction demand.

Meanwhile, the picture remained very favorable in the group's emerging countries. A strong macroeconomic trend and expansionary monetary and fiscal policy helped generate important growth in construction, with significant recoveries also reported in countries like Turkey and Thailand that had suffered a recent slowdown.

Sales volumes

(in millions of euro)	2010[1]	% change vs. 2009 historic	% change vs. 2009 at constant size
Cement and clinker *(millions of metric tons)*	54.4	*(2.4)*	*(2.4)*
Aggregates[2] *(millions of metric tons)*	36.7	*(6.0)*	*(6.4)*
Ready mixed concrete *(millions of m^3)*	11.4	*1.4*	*(0.2)*

[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 decreased in 2010, with a sharper decline in aggregates and cement, and a marginal reduction in ready mixed concrete.

In **cement and clinker**, the fall in sales volumes arose largely in Central Western Europe, Egypt, Bulgaria and in Trading. Performance in North America was stable, while Asia reported progress, driven by higher sales volumes on all domestic markets, with important growth rates in China and Kazakhstan.

The **aggregates** segment was affected by the sharp decline in the fourth quarter. The full-year downturn arose on all markets with the exception of North America, although here absolute sales values were low.

In **ready mixed concrete** the decrease in sales volumes was marginal, thanks to the healthy performance of the emerging countries (notably Turkey and Thailand), which offset the downturn in Central Western Europe.

The 4.3% reduction in **revenues** from 2009 arose from the business slowdown (-6.6%) mitigated by a positive exchange-rate effect (+2.3%), in the absence of a consolidation effect.

The decrease in revenues reflected the fall in sales volumes together with the repercussions of a weak sales prices dynamic in some countries, notably Italy, North America and India, although a significant recovery was reported in the fourth quarter. At constant size and exchange rates, the decline in revenues affected all the macro areas, especially Central Western Europe; by contrast, performance was positive in Turkey, China and Kazakhstan.

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

The volume effect and the negative price dynamic, as well as an increase in the cost of energy products, had significant impacts on operating results. These factors were counterbalanced by the cost-containment and efficiency recovery plan launched in previous years, which in 2010 generated savings estimated at more than 130 million euro, capital gains on the sale of CO_2 emission rights (55.2 million euro against 19.5 million euro in 2009) and the reduction of excise tax on raw materials in Egypt.

Recurring EBITDA, at 836.3 million euro, was down 13.9% from 2009.

After net non-recurring expense of 2.0 million euro (14.9 million euro in 2009), **EBITDA**, at 834.3 million euro, was down 12.8% from 2009.

After amortization, depreciation and impairment for 480.5 million euro (513.7 million euro in 2009), **EBIT** amounted to 353.8 million euro, a decrease of 20.1% from 2009.

Finance costs net of finance income decreased from 106.9 million euro to 90.6 million euro (-15.2%), down in relation to revenues from 2.1% to 1.9%.

As already noted in the interim reports, 2010 finance costs were penalized by non-recurring costs of approximately 21.4 million euro for repayment of the notes issued in the USA. By contrast, the year benefited from important net income from equity investments (29.2 million euro compared with 4.9 million euro in 2009), relating largely to capital gains on the sale of equity investments, notably Mediobanca, Cementos Capa and Società del Gres.

Net interest expense on net debt, excluding the impact of the costs for the notes repayment described above, decreased from 102.3 million euro to 91.3 million euro.

A positive trend was reported in exchange rate differences net of hedges (a gain of 8.5 million euro compared with a loss of 8.5 million euro in 2009), while capitalized finance costs decreased from 16.3 million euro to 8.4 million euro.

The **share of results of associates**, at 17.1 million euro, increased from 2009 (14.6 million euro), largely due to the improvement in results at the Canadian companies Ciment Quebec and Innocon.

Impairment losses on financial assets amounted to 21.0 million euro (41.1 million euro in 2009) and referred chiefly to the share held in the Calcestruzzi group.

Profit before tax was 259.2 million euro, a decrease of 16.3% from 2009 (309.5 million euro).

Income tax expense amounted to 62.1 million euro, a decrease of 34.1% from 2009 (94.2 million euro).

Group net profit, at 45.8 million euro, was down 35.8% compared with 2009 (71.3 million euro), while **minority interest** rose by 5.0%, from 144.0 million euro to 151.3 million euro.

2010 **investments in fixed assets** totaled 547.7 million euro, a decrease of 194.7 million euro from 2009 (742.4 million euro).

Capital expenditure, at 500.9 million euro, was down on 2009 (680.1 million euro) due to the reduced impact of strategic investments completed in 2009 and 2010: Martinsburg (North America), Ait Baha (Morocco), Yerraguntla (India) and Matera (Italy).

Investments in intangible assets consisted mainly of software development; they amounted to 22.2 million euro and were up on 2009 (19.4 million euro).

Investments in non-current financial assets amounted to 24.6 million euro (42.8 million euro in 2009), and referred largely to acquisitions of minority interests (China and Syria), and payment of investments made in 2009.

Net debt at December 31, 2010, stood at 2,230.9 million euro, a decrease of 189.0 million euro from December 31, 2009. Measures to contain working capital continued during the year with positive results for cash flows from operations. This assisted an improvement in net debt, despite the continuing high level of industrial investments (523.1 million euro) and dividends paid for 130.0 million euro.

Total **shareholders' equity** at December 31, 2010, was 4,985.9 million euro, an increase of 293.8 million euro from December 31, 2009 (4,692.2 million euro).

The increase arose from net profit for the year (197.1 million euro), the adjustment to the fair value reserves for derivatives and available-for-sale assets (22.6 million euro), and the increase in the translation reserve as a result of the appreciation of other currencies against the euro (201.2 million euro), set against dividends paid for 130.0 million euro.

At December 31, 2010, no changes had taken place in the Italcementi S.p.A. treasury share portfolio with respect to December 31, 2009; consequently the company 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).

Quarterly trend

(in millions of euro)	**Full year 2010**	**Q4 2010**	**Q3 2010**	**Q2 2010**	**Q1 2010**
Revenues	**4,790.9**	**1,125.1**	**1,210.8**	**1,382.6**	**1,072.5**
% change vs. 2009	*(4.3)*	*(2.9)*	*(4.0)*	*(0.1)*	*(10.7)*
Recurring EBITDA	**836.3**	**176.3**	**225.5**	**298.8**	**135.7**
% change vs. 2009	*(13.9)*	*(4.1)*	*(22.3)*	*(3.1)*	*(28.2)*
EBITDA	**834.3**	**178.0**	**227.1**	**296.4**	**132.7**
% change vs. 2009	*(12.8)*	*(4.0)*	*(19.8)*	*(4.6)*	*(25.2)*
EBIT	**353.8**	**50.4**	**105.5**	**174.0**	**23.9**
% change vs. 2009	*(20.1)*	*33.5*	*(37.0)*	*0.4*	*(63.0)*
Net profit for the period	**197.1**	**63.6**	**51.7**	**90.4**	**(8.6)**
% of revenues	*4.1*	*5.7*	*4.3*	*6.5*	*(n.s.)*
Net debt (at period end)	2,230.9	2,230.9	2,357.0	2,458.1	2,360.6

n.s. not significant

Fourth-quarter sales volumes were down on the year-earlier period.

In **cement and clinker,** progress was reported in North America and Asia. Performance declined in Central Western Europe (France-Belgium, Spain and Greece), Emerging Europe, North Africa and Middle East (a slowdown in Egypt counterbalanced only in part by the improvement in Turkey and Morocco), and in Trading.

In **aggregates** a widespread and significant decrease arose on the main markets, Central Western Europe (especially Spain and Greece) and Morocco.

In **ready mixed concrete**, the slight downturn with respect to the fourth quarter of 2009 stemmed from a decline in Central Western Europe, countered almost in full by positive performance in the other main regions.

In the fourth quarter, **revenues** amounted to 1,125.1 million euro (-2.9%), with a slowdown in the European countries, while all the Asian markets, Turkey and North America reported improvements in turnover. In the absence of a net consolidation effect, the exchange rate effect was positive and significant.

Recurring EBITDA was 176.3 million euro, a reduction of 4.1% from the fourth quarter of 2009 due mainly to the decrease in prices and sales volumes. These effects were counterbalanced by on-going action in the fourth quarter to contain operating expenses. The quarter's results also benefited from a material positive effect from capital gains on the sale of CO_2 emission rights and the reduction of excise tax on raw materials in Egypt.

EBIT at 50.4 million euro (+33.5%) was assisted by a small reduction in amortization and depreciation and significantly lower impairment losses compared with 2009.

The **fourth quarter posted a net profit** of 63.6 million euro (a loss of 6.1 million euro in Q4 2009).

Significant events for the year

Significant events in the first nine months of the year, previously illustrated in the half-year financial report and the quarterly reports at the end of March and September, are described below.

In March, **Italcementi Finance S.A.** issued bonds on the European market maturing on March 19, 2020, for an aggregate nominal amount of 750 million euro. The proceeds were used to provide financing for Italcementi S.p.A. (210 million euro) and Ciments Français S.A. (540 million euro).

April saw the close of the Ciments Français offer on the **"US Private Placement Notes"** with the repurchase of all the "Notes" issued in 2006 (300 million euro) and 183.5 million of the total 200 million US dollars issued in 2002. Ciments Français simultaneously agreed a "clarifying amendment" expressly permitting Ciments Français to borrow funds from Italcementi or from subsidiaries.

On April 27, 2010, with regard to the assets that make up the **Calcestruzzi** business concern, the Caltanissetta preliminary investigating magistrate issued an "order for the return of the corporate assets under seizure with prescriptions".

Also in April, Italcementi S.p.A. joined the United Nations' **"Global Compact"**, the leading international forum set up to discuss the most critical aspects of globalization.

In September, at the Investor Event organized in Agadir, Morocco, the Group illustrated its development guidelines for the medium/long- term.

An agreement was reached by **Italcementi Finance** with a pool of 16 international banks for a 5-year revolving line of credit for 920 million euro.

Significant events in the fourth quarter of 2010 are described below.

On November 4, 2010, the Board of Directors of **Ciments Français S.A.** approved plans for the merger of **Société Internationale Italcementi France (SIIF)** into and with Ciments Français, under a program to simplify the Group shareholding structure. On December 23, the Ciments Français and SIIF Shareholders' Meetings approved the merger; Italcementi S.p.A. received the same number of shares and voting rights as those previously held by SIIF prior to the merger, to become a direct shareholder in Ciments Français S.A.. At December 31, 2010, the Italcementi S.p.A. shareholding in Ciments Français S.A. was 81.82% with 89.0% of voting rights.

At the end of November, **Moody's Investor Services** amended its rating for Italcementi (and for the subsidiaries Ciments Français and Italcementi Finance) from Baa2 to Baa3. The outlook was upgraded to stable from negative.

At the end of the financial year, subject to approval by the Board of Directors, Italcementi S.p.A. sold to the parent company Italmobiliare S.p.A. 12,099,146 **Mediobanca S.p.A.** shares (1.405% of share capital) and 17,084,738 **RCS MediaGroup S.p.A.** shares (2.332% of share capital). The transactions generated an aggregate consolidated capital gain of 17.1 million euro. They are intended to help Italcementi focus its financial resources on its core business and further strengthen its financial structure by freeing up resources for possible growth opportunities in the future. The transactions are illustrated in detail in the section on dealings with related parties.

Operating performance by geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2010	% change vs. 2009	2010	% change vs. 2009	2010	% change vs. 2009	2010	% change vs. 2009
Geographical area								
Central Western Europe	2,407.3	*(9.1)*	328.0	*(26.2)*	329.0	*(28.3)*	110.7	*(48.1)*
North America	415.3	*3.5*	25.4	*>100*	21.7	*>100*	(48.2)	*13.3*
Emerging Europe, North Africa and Middle East	1,378.7	*(1.1)*	414.8	*(0.9)*	411.8	*(1.4)*	277.1	*3.4*
Asia	449.0	*9.1*	68.2	*(28.5)*	67.7	*(23.8)*	20.0	*(23.7)*
Cement and clinker trading	229.3	*3.7*	14.3	*30.0*	14.3	*29.9*	11.4	*34.5*
Other	424.6	*20.2*	(14.5)	*n.s.*	(10.0)	*n.s.*	(17.0)	*n.s.*
Eliminations	(513.2)	*n.s.*	0.2	*n.s.*	(0.1)	*n.s.*	(0.1)	*>100*
Total	**4,790.9**	***(4.3)***	**836.3**	***(13.9)***	**834.3**	***(12.8)***	**353.8**	***(20.1)***

n.s. not significant

Central Western Europe

In Central Western Europe the fall in sales volumes and prices led to a 9.1% reduction in revenues compared with 2009, with a particularly significant decrease in Spain, Greece and Italy, and a more limited decrease in France and Belgium.

In **Italy**, the negative price trend and, to a lesser extent, the reduction in sales volumes produced a sharp fall in 2010 revenues and were the chief cause of the considerable decline in recurring EBITDA. These effects were counterbalanced only in part by savings in variable and fixed costs, the latter achieved partly as a result of the on-going production and logistics re-organization.

In **France and Belgium** cement consumption decreased, while sales prices were substantially stable. In France the negative trend in the construction segment penalized the sale of ready mixed concrete and aggregates. In Belgium, sales volumes improved. Overall, the decline in sales volumes and rising energy costs produced a reduction in operating results, offset only in part by savings on fixed costs and the positive impact of the sale of CO_2 emission rights.

In **Spain** too, the crisis in the construction segment caused consumption to fall and the negative sales price trend produced a reduction in operating results, counterbalanced only in part by savings on fixed costs, greater use of alternative fuels and gains on the sale of CO_2 emission rights.

The economic crisis in **Greece** had a significant impact on group operations in the country. Sales were down, leading to a sharp fall in operating results.

North America

Despite the economic upturn, the US construction segment reported a reduction in investments. **Cement** sales volumes rose by 0.2% in line with the market. Sales prices were affected by fierce competition and were lower than in 2009.

Ready mixed concrete sales volumes increased by 0.9% from 2009 at constant size, and the price dynamic was positive.

Overall, action continued to contain fixed costs and reduce variable costs.

Emerging Europe, North Africa and Middle East

In **Egypt** 2010 operating results were up overall on 2009. The negative effect of lower sales volumes and higher operating expenses was more than offset by the partial reduction in variable costs arising from the decrease in excise tax on raw materials, the positive sales price effect, as well as the appreciation of the Egyptian currency in denomination of results in euro.

Operating results declined in **Morocco**, since the positive effect from sales volumes and prices was not sufficient to set off fully the rise in operating expenses.

In **Bulgaria** the crisis in the residential sector generated a sharp fall in cement and clinker sales volumes. Operating results were significantly lower, penalized in part by the negative trend in sales prices, although they benefited from containment of fixed costs and capital gains from the sale of CO_2 emission rights.

In **Turkey** the strong growth of the construction segment drove an increase in cement consumption, with a positive trend also reported in sales prices, which counterbalanced the negative dynamic in operating expenses. In ready mixed concrete, a sharp improvement in sales volumes was set against a decrease in sales prices. Overall, although operating results were negative, they were better than those of 2009.

In **Kuwait**, although cement consumption decreased, group sales volumes rose slightly. In ready mixed concrete, the decline in sales volumes was offset by the positive trend in prices and containment of variable costs. Overall operating results were up on 2009.

Asia

Overall, although revenues in the area rose by 9.1%, operating results were down on 2009, largely as a result of the reduction in average sales prices and cost increases in fuel and electricity, offset only in part by higher sales volumes. Specifically:

- in **Thailand** operating results progressed from 2009, when non-recurring expenses were posted for the company restructuring. Excluding these expenses, operating results would have been down on the previous year, chiefly because of the fall in average sales prices and higher costs for electricity and fuel, despite the positive sales volumes effect;
- in **India** too, operating results were sharply down on 2009 chiefly because of the fall in average sales prices and, in the last quarter, the rise in the cost of fuel and electricity, counterbalanced only in part by higher sales volumes and a favorable exchange rate effect;
- in **China** the economy continued to grow, although the trend slowed in the second half of 2010. Operating results decreased compared with 2009 due to the fall in prices and rise in fuel costs, countered only in part by the increase in sales volumes and a positive exchange rate effect;
- in **Kazakhstan** the rapid expansion of the construction segment in 2010 contributed to the strong increase in cement consumption compared with 2009, with a very positive trend in prices. Despite the unfavorable dynamic in operating expenses, especially for energy, a significant improvement was posted in operating results.

Cement and clinker trading

In 2010 intercompany and third-party cement and clinker sales volumes fell by 6.9%, largely as a result of performance in the second half.

The reduction arose essentially as a result of lower third-party sales in a weak economic climate, offset in part by the rise in intercompany sales volumes.

Despite the decline in volumes, operating results improved, in part thanks to the increase in sales margins.

Calcestruzzi

As noted in the quarterly report at March 31, 2010, and the half-year financial report at June 30, 2010, on April 27, 2010, the Caltanissetta preliminary investigating magistrate (GIP) issued an "order for the return of company assets under seizure with prescriptions".

In the second half of 2010, however, Calcestruzzi operations continued to be excluded from the Italcementi group scope of consolidation. After examining the GIP's order with its advisors and conferring with the Board of Statutory Auditors and the independent auditors, Italcementi S.p.A. believes that, at the present time, the motives whereby Calcestruzzi is excluded from the scope of consolidation persist. Its opinion is based, first, on the fact that the Calcestruzzi company continues to be subject to the preventive seizure order; second, on the fact that management is subject to serious limitations (authorization of the GIP for extraordinary transactions; absence of a fully approved industrial plan).

The above-mentioned order issued by the GIP re-established the conditions for the resumption by Calcestruzzi S.p.A. of the power to govern its subsidiaries' financial and management policies; consequently the governing bodies of Calcestruzzi appointed boards of directors at the subsidiaries.

On December 23, 2010, the Calcestruzzi S.p.A. Board of Directors approved the industrial plan drawn up by the company's chief executive officer, which was forwarded to the GIP and the external vigilance and control body for the appropriate determinations.

During the second half of the year the Calcestruzzi company took rigorous action to fulfill all the prescriptions set out in the GIP's order, and kept the GIP's assistant constantly up to date on progress, acting promptly upon that officer's comments and suggestions. On January 31, 2011, as planned, Calcestruzzi completed the entire schedule of prescriptions and drew up a report for the GIP and the external vigilance and control body detailing the action taken to complete the prescriptions.

In view of the current situation with the courts, and in consideration of the resolution approving the industrial plan by Calcestruzzi S.p.A. and completion of all the prescriptions incumbent on the company, the date for the re-inclusion of Calcestruzzi operations within the scope of consolidation of the Italcementi group is expected to be established shortly.

On March 3, 2011, the Calcestruzzi S.p.A. Board of Directors approved the company's financial statements as at and for the year to December 31, 2010. 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, 2010.

The Calcestruzzi S.p.A. balance sheet and income statement as at and for the year to December 31, 2010, reflect:

- revenues of 271.2 million euro (-11.1%% from 305.1 million euro in 2009);
- negative recurring EBITDA of 30.1 million euro (negative recurring EBITDA of 26.5 million euro in 2009);
- negative EBIT of 37.0 million euro (-36.0 million euro in 2009);
- a net loss of 22.8 million euro (net loss of 35.0 million euro in 2009);

- shareholders' equity of 52.0 million euro (74.7 million euro at December 31, 2009);
- a negative net financial position of 188.4 million euro (165.5 million euro at December 31, 2009).

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 for full-year 2010 reflecting:

- revenues of 335.3 million euro (-13.9% from 389.5 million euro in 2009);
- negative recurring EBITDA of 30.8 million euro (-26.7 million euro in 2009);
- negative EBIT of 40.1 million euro (-40.4 million euro in 2009);
- a net loss of 23.7 million euro (a net loss of 40.4 million euro in 2009);
- a negative net financial position of 217.7 million euro (200.0 million euro at December 31, 2009).

Energy project

In **Italy**, the Single Authorization decree for the revamping of the Villa di Serio power station authorized Italgen to build a 190 MW combined cycle turbogas power station and a gas pipeline of approximately 40 km to supply energy to the station. Italgen has examined a number of options for implementation of the project, including the possibility of holding a partial shareholding, thus reducing its investment. In this connection it has signed a letter of intent valid through April 30, 2011, with a potential industrial partner, Compagnia Valdostana delle Acque (CVA).

In 2010 Italgen S.p.A. reported revenues of 46.9 million euro, an increase of 21.4% from 2009, thanks to higher sales prices and sales volumes. Electric energy production in 2010 was 341.3 GWh (the largest amount of the last 60 years), an increase of 11% from 2009, with an improvement in the plant availability index from 88% in 2009 to 92% in 2010. Recurring EBITDA in 2010 was 16.0 million euro, down on 2009 (16.4 million euro) when Italgen had net capital gains of approximately 2.0 million euro for the sale of CO_2 emission rights.

In **Morocco** operations continued in 2010 for the construction of the Laayoune wind farm, with the official opening of the construction site. The plant is due to begin operations at the end of 2011.

In **Turkey** and **Egypt** work continued in 2010 to obtain all the approvals for the construction of a wind farm in, respectively, Bares (142.5 MW) and the Gulf El Zeit area (120 MW).

During the year work proceeded on current projects and a 49% share was acquired in a company that owns two 9 MW wind farms in **Bulgaria**.

Risks and uncertainty

In May 2010, Italcementi S.p.A. formed a Risk Management Department to improve its ability to create value for stakeholders by optimizing enterprise risk management (ERM). The mission of the function is to guarantee a structured approach to risk management, integrated with the group growth strategy, and to support the improvement of group performance by identifying, measuring, managing and controlling key risks.

The creation of the Risk Management Department is part of the **“Risk & Compliance”** program set up in 2008, consisting of four phases:

- identification of the main areas of risk for group strategic goals and development of methods and tools to analyze and assess the correlated risk events;

- assessment, at country level and at aggregate level, of identified risk events in terms of impact and probability, in order to acquire an overall vision of the group risk portfolio;
- selection of priority risks and definition of response strategies, group governance rules and action to integrate and improve risk management systems;
- implementation of mitigation strategies and action and development of the Enterprise Risk Management process.

Activities in 2010, backed by special incentives programs, focused on priority risks, regarding which:
- appropriate risk mitigation measures were taken to guarantee group-wide consistency and coordination;
- responsibilities for such measures were assigned and a "Primary Risk Owner" was identified for each area of risk;
- group-wide guidelines were formulated identifying the main types of intervention and controls for the various areas of risk. These principles were formalized in internal documents known as "Risk Management Guidelines";
- strategies were defined and measures taken to align group risk management systems with the target standards, in order to contain exposure to risks within the defined limits.

Sustainable development and risk management: protection of people and assets

Sustainable development favors a corporate approach that balances economic growth, protection of the environment and social sustainability. By constantly pursuing an optimal balance 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.

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

The Asset Protection Program continued in 2010; it qualifies the importance of risks and develops a suitable prevention and protection policy, thereby limiting damage to assets and consequent operating losses. The program is now a consolidated group process.

Risks relating to the general economic and industry situation

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

Risks associated with energy factors

The cost of energy factors, which represents a large portion of group variable costs of production, varied significantly in the past and may vary significantly in the future as a result of factors beyond the group's control. The group has adopted measures to mitigate risks for certain energy factors by entering into medium-term supply contracts. Furthermore the centralized procurement organization enables the group to benefit from more efficient relations with suppliers 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 continuous, stable procurement.

Risks relating to environmental policy

The section on Sustainable Development illustrates the measures taken by the group to manage environmental risks and control and reduce emissions. With regard to CO_2 emissions, the group's European companies are exposed to price fluctuations on emission rights depending on its own rights surplus or deficit. The group's position is therefore constantly monitored to ensure correct risk management.

Financial risks

The current period of crisis puts corporate cash flows at risk, endangering companies' self-financing ability and creating 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. The group 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 its credit ratings assigned by recognized ratings agencies. Its credit ratings may change to reflect changes in its operating results, financial situation, credit structure and liquidity profile. As a result, a rating downgrade may have negative repercussions on the group's ability to raise funding.

Legal risks

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

Conformity risks

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

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

Political risks

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

Insurance

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

Sustainable development

In 2010, the group maintained and strengthened its commitment to sustainable development in all countries and lines of business, with initiatives coordinated by the group's "Sustainable Development Steering Committee". Details on objectives, initiatives and results are provided in the 2010 Sustainable Development Report.

A milestone in 2010 was the membership of the United Nations Global Compact, completing the group's long-standing participation in the World Business Council for Sustainable Development. The Global Compact brings together organizations to protect and promote human rights, employment, the environment and the fight against corruption. With regard to the WBCSD, the group subsidiaries are entering the regional networks.

At the end of 2010, the group issued a complete series of new "Sustainability Policies" for gradual circulation during 2011.

Italcementi was reconfirmed in "The Sustainability Yearbook 2011", the most complete publication on corporate sustainability issued annually by the Sustainable Asset Management (SAM); the group improved its position with a ranking in the "SAM Silver Class" category.

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.

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, in order to prevent fatal accidents and foster a safety and awareness culture among its own workforce and other workers.

In 2010, the group's continuing efforts enabled it to consolidate its results at the best recent levels. At the same time, to boost the level of employee safety protection, the group began a full review of its approach: a new group Policy, a new Safety Management Handbook, a growing number of compulsory safety standards to be adopted by all subsidiaries. Special attention is being given to management of subcontractor employees.

Protection of the health and safety of employees and third-party workers is a pillar of group social responsibility. The group standard establishing minimum requirements for monitoring activities and limiting exposure to dust, noise and vibrations is being implemented. Additional monitoring operations were conducted in many countries, including Bulgaria and India.

Environmental management systems

In 2010, other cement plants in Italy and the USA obtained ISO14001 environmental management certification, reaching the certification target of 90% of cement plants. Other certification processes are underway. Environmental management systems are being gradually extended to all group operations in cement, aggregates, ready mixed concrete and other areas.

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 its employees and other parties using these materials.

In 2010, the ratio of alternative fuels to total group energy consumption was 5.1% of the energy requirement, a slight decrease on 2009, largely due to low availability of biomass in Thailand; this was counterbalanced by the significant increase in some countries, including Spain. In Egypt and India, a number of promising initiatives are being tested.

Emissions control and reduction

At the end of 2010, 52 out of 90 active kilns were equipped with complete CEMs to measure dust, NO_x and SO_2, in line with the requirements of the Cement Sustainability Initiative.

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 CO_2 emissions generated by group operations directly (e.g., production) and indirectly (e.g., transport) are closely monitored. 2010 saw a significant improvement in CO_2 emissions in countries where revamped plants resumed operation. In North America, the thermal consumption of the new kiln is half that of the old plant, cutting CO_2 emissions by more than 30%. In Italy, the revamp of the Matera kiln, with the addition of a pre-heater and pre-calciner, generated a reduction of 10% in specific emissions.

European clinker production plants are subject to the European Directive on greenhouse gas emissions trading, now in the second period of application (2008-2012). The downturn in the European cement market continued in 2010, leading to a fall in clinker production volumes and consequently in CO_2 emissions in all group countries. In 2010, the group had a CO_2 surplus of more than 4 million metric tons, on a total allocation of approximately 18 million metric tons.

The group's position is being constantly monitored over the time frame for the entire period 2008-20 (EU ETS application phases 2 and 3). Under these projections, in 2009 and 2010 the group sold a portion of its surplus emission rights

Innovation

In 2010, the group actively promoted development of new products and applications. This included the planned re-organization of the Innovation Division with a view to improving the structure of innovative product and application marketing and product development.

Looking at innovative product development and the strategies described above, a key success was the "i.light" transparent cement, used for the first time as a distinguishing element on the Italian Pavilion at Expo Shanghai 2010. Marketing of the product and related know-how has begun; licensing and distribution contracts are being negotiated in Italy and abroad.

The success of TX Active continued, especially in Italy and France, and marketing support activities began in India.

Despite difficult market conditions, revenues from innovative products amounted to 190 million euro, with an Innovation Rate (IR: the ratio of revenues from innovation to operating revenues) of 4.0% for the group as a whole. In the first half the IR entered the group of parameters subject to external certification.

E-business

In 2010 the revenues of the BravoSolution group made further progress, accompanied by an improvement in earnings, despite continuing economic difficulties that caused revenues and earnings declines among industry operators.

Consolidated revenues were 53.7 million euro, up by 6.1% from 2009 (50.6 million euro). EBITDA was 6.8 million euro (5.5 million euro in 2009), while EBIT was 2.9 million euro (2.1 million euro). Profit before tax was 2.6 million euro (1.5 million euro) and net profit for the year was 1.4 million euro, as in 2009.

In 2010 the industry shakeout on the Italian and world market continued, with the disappearance of less solid and “global” operations, and a series of mergers and acquisitions. Long regarded by analysts as the second player worldwide, the BravoSolution group confirmed its excellent market positioning with one of the industry’s most complete and successful offers, reflected in the important contracts awarded in Italy, France, USA, UK and Mexico through public and private tenders. At the end of 2010 the group had approximately 230 licenses, while the number of procurement specialists using BravoSolution platforms to purchase goods and services and analyze expenditure was approximately 35,000; approximately 450,000 suppliers were involved in trades conducted using BravoSolution software. The group had more than 400 customers in 35 countries.

Disputes and pending proceedings

Belgium

No developments took place in the proceeding begun in 2009 by the General Directorate of the Belgian Competition Authority against cement producers (including Compagnies des Ciments Belges (CCB)) and the national industry association. The companies involved received formal notification of the charges in April 2010 and the investigation is still underway.

India

As successor to Zuari Industries Ltd., Zuari Cement Ltd. has become a party to the proceedings begun in 2006 by the Indian Antitrust Authority, and has drawn up its defense. The investigation resumed in February 2011.

No developments took place in the investigation begun in August 2010 by the Indian Antitrust Authority against cement producers, including the Zuari Cement Ltd. and Sri Vishnu Cement companies, for alleged unfair trading. The companies received a request for information and replied within the specified time.

Turkey

With regard to the arbitration proceedings in Turkey on the Ciments Français (CF)/Sibirskiy Cement (Sibcem) dispute, on December 8, 2010, the arbitration award was notified to Ciments Français; arbitration took place at the International Chamber of Commerce in compliance with the contractual clauses attributing resolution of any disputes to that body. Briefly, the award recognized:

- the exclusive competence of the arbitration board regarding the validity and effects of the share purchase agreement;
- the validity and binding nature of the contract on the parties and the correctness and validity of the resolution by CF;
- the full and incontestable right of CF to retain the initial payment of 50 million euro made at the time the contract was signed.

The decision on the CF application for compensation of losses and damage suffered due to the default of the counterpart in failing to close the contract was referred to a subsequent arbitration award.

Ciments Français has begun procedures in a number of countries to obtain recognition of the sentence, and Sibcem is currently seeking to oppose these procedures; at the beginning of January 2011, Sibcem filed a petition in a Turkish court for the annulment of the arbitration award in Turkey.

Regarding the proceedings in Russia on the same question, on August 13, 2010, the Kemerovo court in Russia declared the share purchase agreement of March 26, 2008, to be invalid and ordered Ciments Français to return the advance payment of 50 million euro collected on the non-closing of the final sale contract for group assets in Turkey. On September 23, an appeal was presented and the effects of the initial ruling were suspended.

Europe

Regarding the investigation begun in November 2008 by the European Commission into some cement producers, including Italcementi S.p.A. and the subsidiaries Ciments Français SA, Ciments Calcia SA and Compagnie des Ciments Belges SA, in December 2010 the European Commission notified the decision for the formal opening of the proceeding to Italmobiliare (and, indirectly through Italmobiliare, to the above-named Italcementi group companies and the Spanish subsidiary Financiera Y Minera).

Significant post balance-sheet events

At the end of January, in view of the political unrest in Egypt, the group decided to suspend production operations and bring back its ex-pat employees working in the country.

On February 7, after a 12-day closure and the return to conditions of greater security, the five group plants resumed operations and the ex-pat employees gradually began to return to Egypt.

At the end of February, through the Ciments Français sub-holding, the group reached an agreement to sell Set Group Holding and its subsidiaries to Limak Holding. Limak Holding is a diversified Turkish group active in construction, infrastructures, energy, transport and tourism.

The agreement was drawn up for a total amount of 290 million euro, on a cash- and debt-free basis. It is subject to the approval of the Turkish authorities. Closing is expected to take place by the end of the second quarter of 2011.

Set Group Holding represents a significant part of the Italcementi group production network in Turkey. It operates three cement plants, in Ankara, Balikesir and Trakya (for a total nominal clinker capacity of 2.3 mt/year), a terminal in Ambarli (with a cement grinding capacity of 1.2 mt/year) and 13 ready mixed concrete plants. In 2010, Set Group Holding reported revenues of approximately 130 million euro, and had net debt of approximately 17 million euro at December 31, 2010. The agreement does not involve the listed subsidiary Afyon Çimento, for which the group will examine the best industrial and financial alternatives.

Performance at Italcementi S.p.A.

(in millions of euro)	2010	2009	% change
Revenues	**614.1**	**769.3**	***(20.2)***
Recurring EBITDA	**(54.5)**	**26.4**	***n.s.***
% of revenues	*(8.9)*	*3.4*	
Other non-recurring income (expense)	3.1	3.9	*(20.5)*
EBITDA	**(51.4)**	**30.2**	***n.s.***
% of revenues	*(8.4)*	*3.9*	
Amortization and depreciation	(80.7)	(83.9)	*(3.8)*
Impairment	1.7	(12.9)	*n.s.*
EBIT	**(130.3)**	**(66.6)**	***(95.7)***
% of revenues	*(21.2)*	*(8.7)*	
Finance income (costs)	78.8	70.7	*11.4*
Impairment on financial assets	(38.2)	(41.1)	*(7.0)*
Profit before tax	**(89.7)**	**(36.9)**	***(>100)***
% of revenues	*(14.6)*	*(4.8)*	
Income tax expense	55.4	20.6	*>100*
Net profit for the period	**(34.4)**	**(16.3)**	***(>100)***
% of revenues	*(5.6)*	*(2.1)*	
Cash flow form operating activities	54.8	214.8	*(74.5)*
Investments in fixed assets	142.4	105.9	*34.5*

n.s.: not significant

(in millions of euro)	December 31, 2010	December 31, 2009
Shareholders' equity	1,814.3	1,903.6
Net debt	745.8	751.1

Outlook

Overall, the outlook for 2011 is brighter. While the growth trend in the emerging markets (Asia in particular) is likely to be confirmed, the industrialized markets are showing signs of a cyclical recovery. In Italy, a slight market upturn is expected with a favorable price dynamic.

In this scenario, the group will maintain its commitment to improving its industrial performance, enhanced by the entry into operation of the new production lines.

A number of elements of uncertainty could affect the outlook for the year, such as prices for raw materials, which have risen in the last few months, and the time needed for the situation in Egypt to return to normal.

The recently announced sale of operations in Turkey and other sales that could take place during the year, combined with control of non-core industrial investments, will help the group strengthen an already solid financial position, with a further reduction in debt, thereby improving conditions for other opportunities for growth on the markets of greatest interest to the group.

Food packaging and thermal insulation segment

The Group operates in the food packaging and thermal insulation segment through Sirap Gema S.p.A. and its subsidiaries (Sirap Gema group). Inline R CJSC was excluded from the scope of consolidation in 2010 after the sale of the majority shareholding.

(in millions of euro)	2010	2009	% change
Revenues	**239.3**	**238.3**	***0.4***
Recurring EBITDA	**22.2**	**31.2**	***(29.1)***
% of revenues	*9.3*	*13.1*	
Other non recurring income (expense)	-	-	
EBITDA	**22.2**	**31.2**	***(29.1)***
% of revenues	*9.3*	*13.1*	
Amortization and depreciation	(11.5)	(12.2)	*(5.5)*
Impairment	0.1	(0.4)	*n.s.*
EBIT	**10.8**	**18.6**	***(42.2)***
% of revenues	*4.5*	*7.8*	
Finance income (costs)	(4.0)	(7.0)	*(42.6)*
Profit before tax	**6.7**	**11.6**	***(41.9)***
% of revenues	*2.8*	*4.9*	
Income tax expense	(3.1)	(4.6)	*(32.3)*
Expense on discontinued operations	(0.2)		*n.s.*
Net profit for the period	**3.5**	**7.0**	***(50.6)***
% of revenues	*1.4*	*2.9*	
Group net profit	**3.4**	**7.0**	***(51.6)***
Minority interest	0.1	-	*n.s.*
Investments in fixed assets	9.4	9.5	*(1.3)*

n.s. not significant

(in millions of euro)	December 31, 2010	December 31, 2009
Total shareholders' equity	52.1	51.5
Group shareholders' equity	51.7	50.8
Net debt	114.9	119.7
Number of employees at year-end	1,299	1,387

Performance in 2010 was influenced by two negative exogenous phenomena: on one hand, the variables that determine trends on the raw materials market led to a gradual sharp increase in polymer prices (average increase for the year of approximately 36%), on the other, the as yet unresolved economic crisis affected the recovery in consumption, frequently leading demand to focus on cheaper products; as a result, competitive pressures remained strong as players sought to boost sales volumes. In this scenario, it was not possible to transfer the increases in raw materials to sales prices, and profit margins consequently suffered a significant decrease, particularly when compared with results in 2009, when, despite the unfavorable economic situation, polymer prices were the best of the last five years.

Group revenues (239.3 million euro) were up by 0.6% from the previous year, net of changes in the scope of consolidation and currency translation differences.

EBITDA (22.2 million euro) was down 29.1% from 2009, largely as a result of the rise in the cost of raw materials.

EBIT was 10.8 million euro (-42.2%) after a small reduction in amortization and depreciation charges.

Net finance costs (4 million euro) were significantly lower (-42.6%) due to the reduction in average debt, the lower cost of money and currency translations gains for the East European subsidiaries.

In 2010 the small Petruzalek production operation in Bulgaria was closed; the impact on income is classified as a **discontinued operation** (0.2 million euro).

Income tax expense decreased as a result of the reduction in taxable income.

Group net profit was 3.4 million euro in 2010, compared with 7 million euro in 2009.

Net debt decreased from 119.7 million euro to 114.9 million euro, thanks to the cash flow from operations and further containment of average working capital.

Investments in fixed assets amounted to 9.4 million euro (9.5 million euro in 2009), of which 3 million euro for implementation of a new group ERP system and the remainder in industrial investments.

The parent company Sirap Gema S.p.A. conducted impairment tests to establish 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 Srl, that is, recently acquired companies or companies operating in particularly complex economic-financial and/or market conditions. The results confirmed the asset carrying amounts.

Significant events for the year

Significant events were as follows:

- on April 7, 2010, an agreement for the sale of 48.23% of the Russian subsidiary Inline R CJSC was reached between Inline Poland Sp.z.o.o. and the minority shareholder of the Russian company. The agreed consideration is 0.3 million euro, payable in approximately three years and six months, secured by a mortgage on a building owned by the purchaser. Inline Poland retains a 23.99% interest in the company, thus limiting its commitment at a time of economic uncertainty while maintaining a presence in a potentially important market that could be expanded in the event of positive developments;
- on November 17, 2010, the Sirap Gema Iberica S.L. subsidiary went into liquidation, with the parent company resuming control of commercial operations.

Quarterly trend

(in millions of euro)	Full year 2010	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenues	**239.3**	**63.9**	**61.3**	**60.3**	**53.9**
% change vs. 2009	*0.4*	*8.9*	*0.2*	*(5.2)*	*(1.7)*
Recurring EBITDA	**22.2**	**6.3**	**5.3**	**6.5**	**3.9**
% change vs. 2009	*(29.1)*	*(14.5)*	*(47.6)*	*(29.9)*	*(8.5)*
EBITDA	**22.2**	**6.3**	**5.3**	**6.5**	**3.9**
% change vs. 2009	*(29.1)*	*(14.5)*	*(47.6)*	*(29.9)*	*(8.5)*
EBIT	**10.8**	**4.0**	**2.2**	**3.9**	**0.8**
% change vs. 2009	*(42.2)*	*0.2*	*(69.4)*	*(38.0)*	*(42.3)*
Net profit for the period	**3.5**	**1.8**	**0.7**	**1.5**	**(0.6)**
% change vs. 2009	*(50.6)*	*(22.0)*	*(82.0)*	*(51.2)*	*73.9*
Net profit attributable to the group	**3.4**	**1.8**	**0.7**	**1.5**	**(0.6)**
Net debt (at period end)	114.9	114.9	118.2	121.1	117.0

The difficult economic situation also had an impact on results in the fourth quarter, even though the positive seasonal performance of the Christmas period was confirmed on all key food packaging markets; in thermal insulation, sales volumes were healthy, thanks in part to not unfavorable meteorological conditions. Sales revenues therefore showed a small increase, but the impact of raw material prices led to a reduction in EBIT compared with the year-earlier period.

Operating performance by segment and geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2010	% change vs. 2009	2010	% change vs. 2009	2010	% change vs. 2009	2010	% change vs. 2009
Food packaging								
- Italy	91.7	*(5.1)*	9.0	*(25.3)*	9.0	*(25.3)*	2.5	*(42.2)*
- France	25.9	*(2.8)*	3.6	*(25.5)*	3.6	*(25.5)*	2.9	*(27.2)*
- Other EU countries	51.8	*(13.3)*	3.0	*(32.2)*	3.0	*(32.2)*	1.2	*(56.9)*
- Other non-EU countries	19.4	*(8.2)*	0.9	*(28.8)*	0.9	*(28.8)*	0.7	*(23.2)*
Eliminations	(4.2)		0.2		0.2		0.2	
Total	**184.6**	***(2.1)***	**16.7**	***(26.2)***	**16.7**	***(26.2)***	**7.5**	***(37.4)***
Thermal insulation - Italy	55.2	*2.7*	5.5	*(36.4)*	5.5	*(36.4)*	3.3	*(50.6)*
Eliminations	(0.5)		-		-		-	
Total	**239.3**	***0.4***	**22.2**	***(29.1)***	**22.2**	***(29.1)***	**10.8**	***(42.2)***

Food packaging

In 2010 the economic situation had a negative impact on fresh food spending, leading to a reduction in demand for food packaging products.

Nevertheless, careful management enabled the group to limit the decrease in sales to 1.7% at on a like-for-like basis (net of changes in the scope of consolidation and the exchange-rate effect).

In Italy revenues fell by 5.1%; EBIT was down (-42.2%), due to the rise in the cost of polymers and, to a marginal degree, the unfavorable product mix. Given the generally difficult economic situation, it was not possible to adjust sales prices to absorb the rise in the cost of raw materials.

In France, the subsidiary reported a modest reduction in revenues due to lower sales volumes, offset in part by a favorable change in the mix toward barrier trays, which guarantee a longer shelf-life for the food in the trays; EBIT was down by 27.2% due to the factors described above.

Revenues at the Petruzalek group, which operates on markets in East Europe, showed a small improvement, buoyed in part by the favorable exchange rate effect. EBIT fell, however, due to the swing in demand toward products with lower added value.

After the sale of the majority shareholding in the Russian subsidiary, at constant exchange rates Inline Polonia reported higher turnover (volumes) and margins penalized by the capital loss on the sale of buildings no longer used after the move to the new production facility.

Capital expenditure amounted to 8.6 million euro (8.8 million euro) and focused on the new IT system and industrial operations.

On the R&D front, research work continued on low-thickness foamed products, in order to reduce tray volume and consequently transport costs. In the rigid container area, the projects for the renewal of the product range were successfully completed.

R&D work was performed largely by Sirap Gema S.p.A., with 11 employees and overall spending of 0.8 million euro.

Thermal insulation

Despite the difficult market situation, thermal insulation sales improved by 2.7%, in part thanks to energy saving regulations introducing greater use of insulating materials (to cut energy consumption) and to stronger growth in exports to West European countries (Germany/Austria). The increase in sales volumes of panels was offset in part by a reduction in demand for prefabricated products, which have higher added value.

EBIT was significantly lower due to the cost of polymers, which was not possible to pass on to sales prices, and, to a much lower extent, to the change in the product mix.

Capital expenditure was 0.8 million euro (0.7 million euro in 2009) and focused largely on the purchase of new special plant and industrial and commercial equipment.

In 2010 R&D work focused on use of various expanding gas mixtures for development of extruded panels. Research work was conducted by 4 employees.

Risks and uncertainties

The Sirap Gema group is exposed to risks and uncertainties due to cost volatility on the polymers it uses in production; according to 2011 budget projections, the average cost of this raw material in 2011 will be higher than in 2010.

The difficult market scenario also aggravated several of the group's creditor positions, especially in thermal insulation, and led to an extension in collection times. The group believes the insolvency risk has been adequately assessed with respect to receivables reflected on the consolidated balance sheet as at December 31, 2010. In 2010 the Sirap Gema group companies took specific action to improve management of trade receivables and collection; this will continue during 2011.

The group also operates through a number of subsidiaries in countries outside the euro zone and is therefore exposed to the risk of fluctuation in the exchange rates of local currencies. The situation is carefully monitored.

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.

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.

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 in order to reduce hydrocarbons released into the air by the group factories in Verolanuova, in line with the restrictive provincial laws.

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 in line with dispositions governing infractions of workplace safety regulations.

Development continued on a group safety culture project introduced in 2009, with the involvement of all senior managers: 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, 2010, the group workforce numbered 1,299 units, down by 88 from December 31, 2009; the reduction arose largely as a result of the exclusion from the scope of consolidation of the Inline Russia company after the majority shareholding was sold to the local partner, and the closure of the Bulgarian production unit. The turnover rate was 12.28% (10.06% at December 31, 2009).

	December 31, 2010		December 31, 2009		Change	
	units	%	units	%	units	% on 2009
Managers	43	*3.3*	44	*3.2*	(1)	*(2.3)*
Clerical staff	452	*34.8*	474	*34.2*	(22)	*(4.6)*
Factory workers	804	*61.9*	869	*62.6*	(65)	*(7.5)*
Total	**1,299**	***100.0***	**1,387**	***100.0***	**(88)**	***(6.3)***

Disputes and pending proceedings

As already illustrated in previous reports, in June 2008 officers from the European Commission General Division 4 ("Competition") conducted an inspection at the Sirap Gema S.p.A. offices in Verolanuova (Brescia).

Subsequently, since November 30, 2009, the Commission has served Sirap Gema S.p.A. with a number of requests for detailed information on: (i) its operations and the markets on which the Sirap group operates, (ii) a transcription of several handwritten documents removed by the officers during the 2008 inspection, (iii) a number of circumstances, for the most part meetings between representatives of the company and representatives of its competitors. Similar information has been requested from the Petruzalek G.m.b.H. and Sirap France S.A. subsidiaries.

Sirap Gema S.p.A. and its subsidiaries have provided all the information requested by the Commission, with the assistance of their legal advisors.

Apart from the requests described above, the Commission has not taken other investigative steps.

On March 11, 2011, the European Commission asked Sirap Gema S.p.A. (and, presumably, all the other companies involved in the investigation) to provide data on the turnover recorded by the company (and by its subsidiaries) on sales in a number of food packaging product categories, according to the materials from which the products are made (e.g., polystyrene, polythene, polypropylene), and on the aggregate turnover recorded on sales of all these products in a number of countries in the European Union and in the European Economic Area, in the financial years from 2000 to 2007.

Sirap Gema is completing the collection and organization of the information requested, again with the assistance of its legal advisors, and will forward the information to the Commission, together with the information the Commission has requested from Italmobiliare S.p.A., as illustrated below.

The European Commission has also asked Italmobiliare S.p.A. to supply figures on its world consolidated turnover in 2010. Italmobiliare S.p.A. will supply this information immediately after the meeting of the Board of Directors to examine the draft financial statements for 2010.

Significant post balance-sheet events

No significant events took place.

Outlook

The economic situation on the markets on which the Sirap group operates is still very weak; no indications of a significant upturn in consumption can be seen.

The strong rise in oil prices and the action taken by suppliers to protect their margins are generating a new increase in the average purchase price of polymer raw materials. The estimated increase in 2011 with respect to the average price in 2010, which was itself at an all-time high, is between 20 and 25%. To contain a further fall in profitability with respect to 2010, the group companies have been determined in announcing significant increases in sales prices, although they will be facing particularly aggressive competition.

Financial segment

The financial segment includes the parent Italmobiliare and the wholly owned financial companies: Italmobiliare International Finance Limited (Ireland), Société de Participation Financière Italmobiliare S.A. (Luxembourg), Fincomind A.G. (Switzerland).

The merged companies (Franco Tosi S.r.l. and Sance S.r.l.) and the sold companies (SG Finance S.A. and Soparfinter S.A.) were included in the scope of consolidation until the merger date and the sale date.

(in millions of euro)	**2010**	**2009**	**% change**
Revenues	**114.1**	**125.1**	***(8.8)***
Recurring EBITDA	**38.3**	**81.9**	***(53.3)***
Other non recurring income (expense)	(0.6)	3.1	*n.s.*
EBITDA	**37.7**	**85.0**	***(55.7)***
Amortization and depreciation	(0.1)	n.s.	*n.s.*
EBIT	**37.6**	**85.0**	***(55.8)***
Finance income (costs)	(0.2)	(0.1)	*(32.1)*
Impairment on financial assets	(2.2)	(6.6)	*(66.8)*
Share of results of associates	(8.5)	13.5	*n.s.*
Profit before tax	**26.7**	**91.8**	***(70.9)***
Income tax expense	n.s.	n.s.	*n.s.*
Net profit for the period	**26.7**	**91.8**	***(70.9)***

n.s. not significant

(in millions of euro)	**December 31, 2010**	**December 31, 2009**
Net financial position	170.6	255.0
Shareholders' equity	1,281.5	1,399.9
Number of employees at period end	56	50

Quarterly trend

(in millions of euro)	**Full year 2010**	**Q4 2010**	**Q3 2010**	**Q2 2010**	**Q1 2010**
Revenues	**114.1**	**28.6**	**20.6**	**25.3**	**39.6**
% change vs. 2009	*(8.8)*	*n.s.*	*(21.9)*	*(65.3)*	*110.9*
EBIT	**37.6**	**(6.4)**	**9.2**	**4.9**	**29.9**
% change vs. 2009	*(55.8)*	*n.s.*	*(66.4)*	*(94.1)*	*n.s.*
Net profit for the period	**26.7**	**(1.7)**	**8.9**	**(7.0)**	**26.6**
% change vs. 2009	*(70.9)*	*79.4*	*(74.9)*	*n.s.*	*n.s.*
Net financial position (at period end)	**170.6**	**170.6**	**292.9**	**285.8**	**298.8**

n.s. not significant

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

Although the financial segment posted a fourth-quarter net loss of 1.7 million euro (-8.4 million euro in 2009), the result was an improvement with respect to the year-earlier period, largely thanks to impairment reversals of 6.4 million euro in 2010, compared with impairment losses of 5.3 million euro in 2009.

Results in accordance with the financial model

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

- "Net 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, impairment variations on 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)	**2010**	**2009**	**% change**
Net income on equity investments	35.3	60.0	*(41.2)*
Net income (expense) from cash investments	35.0	52.6	*(33.5)*
Net debt charges	(24.6)	(8.0)	*n.s.*
Total financial income and expense	**45.7**	**104.6**	***(56.3)***
Other income and expense	(19.0)	(12.8)	*48.1*
Income tax expense	n.s.	n.s.	*n.s.*
Net profit for the period	**26.7**	**91.8**	***(70.9)***

n.s. not significant

Net income on equity investments decreased by 41.2% in 2010 (-24.7 million euro) from 2009, largely as a result of the reduction in dividends received and the lower aggregate net result of companies consolidated with the equity method.

Net income (expense) from cash investments in 2010 reflected net income of 35.0 million euro, compared with net income of 52.6 million euro in 2009, a decrease of 17.6 million euro. The decrease was the result of the loss of 3.2 million euro on the trading portfolio, compared with a significant gain in 2009, caused mainly by the high volatility of all the financial markets in 2010, in contrast to the largely positive trend in 2009.

Despite a decrease of 75 million euro in average debt for the period together with a reduction in interest rates, **net debt charges** showed a substantial increase (from 8.0 to 24.6 million euro in 2010) due to higher interest expense incurred to respond to an investment opportunity in the second half of the year.

The opportunity in question counterbalanced the interest expense with interest income, generating net interest income for the segment.

Combining the individual components, the financial segment had **total net financial income** of 45.7 million euro (down from 104.6 million euro in 2009).

Other income and expense reflected net expense of 19.0 million euro, an increase with respect to 2009 (net expense of 12.8 million euro). This was largely due to a moderate increase in net operating expenses and the positive effect in 2009 of the partial release of risk provisions since the underlying risk did not materialize.

The income tax posting was virtually zero in 2010, as in 2009.

The financial segment posted a **net profit for the period** of 26.7 million euro, compared with 91.8 million euro in 2009. The decrease arose, as indicated above, from all the main components, but primarily from lower income on equity investments and the reduction in gains in the area of net income from cash investments together with higher expense from equity investments.

The companies in the financial segment hold substantial equity investments, the majority classified as "Available for sale". The fair value changes on these investments, excluding consolidated investments carried at cost in the separate financial statements, are recognized in shareholders' equity under the "Fair value reserve". At December 31, 2010, the consolidated fair value reserve in the financial segment stood at 47.6 million euro, compared with 184.4 million euro at December 31, 2009. The sharp reduction arose as a result of the negative stock market trend for some shares in portfolio.

Significant events for the year

Significant events in the first nine months of the year, already illustrated in the half-year financial report and the quarterly reports at March 31 and September 30, are summarized below.

In January, after publication of the details of the **Unicredit** share capital increase, Italmobiliare and the companies in the financial segment that hold Unicredit shares sold 13 million Unicredit shares (the transaction was performed only by the parent company) and cashed in the rights arising from the offer, to obtain an overall gain of 18.9 million euro. Italmobiliare also arranged hedges on Unicredit shares, to realize a gain of 3.9 million euro.

The upstream merger of **Franco Tosi S.r.l.** and **Sance S.r.l.** into and with the parent company Italmobiliare S.p.A. was formalized on July 22, 2010, as approved by the companies' boards of directors on June 22, 2010.

The merger will raise the efficiency of the Italmobiliare Group corporate structure by shortening the control chain, and simplify and unify decision making.

The merger took place through the cancellation of the shares in the merged companies. Since the companies were wholly owned by Italmobiliare, the transaction had no effect on the Italmobiliare Group consolidated balance sheet and income statement; moreover, since the merged companies had no external debt, the transaction had no adverse impact on the financial position of the parent company Italmobiliare S.p.A..

The merger took effect with respect to third parties as from September 1, 2010.

In 2010 Italmobiliare purchased **Ciments Français** shares for an amount totaling 15.3 million euro, and directly holds 0.66% of the share capital.

In December, with the approval of the Board of Directors, Italmobiliare purchased from the subsidiary Italcementi the equity investments held by Italcementi in **RCS MediaGroup S.p.A.** and **Mediobanca S.p.A.** for an aggregate amount of 110.6 million euro. The consideration for the purchase of the two investments was agreed between the companies with the positive opinion of their respective Committees for dealings with related parties and after a valuation conducted by independent professionals. The transaction simplifies and rationalizes the Group structure by enabling Italcementi to focus on its core business and bringing management of equity investments into Italmobiliare, to optimize management of equity investments in connection with existing shareholder agreements.

The purchase price for the equity investment in RCS MediaGroup was 1.44 euro per share, determined on the basis of fundamental criteria expressing the present value of expected future cash flows computed with reference to the information available at the date of the expert valuation, on the assumption that the investment in question was an associate and that the market price did not constitute an appropriate parameter for establishing a fair value, given low trading volumes.

The sale price for the purchase of the Mediobanca investment was determined taking notional fair market value as the main parameter, and consisted of a fixed amount of 7.1044 euro per share and a variable amount to be paid to Italcementi after September 30, 2011. The possible price adjustment will be equivalent to 50% of any positive difference between the average official share price on the Italian Stock Exchange in the month prior to September 30, 2011, and the base price plus 10% (lower limit), subject to the fact that the variable amount may not exceed 50% of the positive difference between the lower limit plus 10% of the base price and the lower limit. No price adjustment will be recognized in the event that the average official share price on the Italian Stock Exchange in the month before September 30, 2011, is lower than or equal to the lower limit. The variable amount will be recognized up to a maximum equivalent to 5% of the fixed amount (0.3552 euro for share).

As a result of this transaction Italmobiliare directly holds 2.621% of the share capital of Mediobanca and 7.465% of RCS MediaGroup; the Group's participation in the voting trusts of the two companies is unchanged.

In December, after acquiring the operations of the subsidiaries based in Luxembourg, Société de Participation Financière Italmobiliare S.A. sold 100% of the equity investment in SG Finance S.A. and 90% of the investment in Soparfinter S.A.. These divestments are part of the Group corporate re-organization strategy to achieve more efficient management of international equity investments and simultaneously reduce overheads.

Results of the companies in the financial segment

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

Italmobiliare International Finance Ltd (Ireland)

(in millions of euro)	2010	2009	% change
Revenues	23.1	49.1	*(53.0)*
EBIT	15.0	35.7	*(58.0)*
Net profit for the period	**14.0**	**31.2**	***(55.0)***

(in millions of euro)	December 31, 2010	December 31, 2009
Net financial position	378.0	377.3
Shareholders' equity	384.3	381.7

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

In 2010 it posted a net profit of 14.0 million euro, down from 31.2 million euro in 2009 as a result of the reduction in capital gains and lower net measurement gains on its trading portfolio caused by the higher volatility and greater uncertainty on the financial markets in 2010 with respect to a steadier trend in 2009.

Shareholders' equity and the net financial position rose slightly despite the impact of the net outflow for the capital contribution repayment of 11.5 million euro.

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

(in millions of euro)	2010	2009	% change
Revenues	38.7	15.8	*144.2*
EBIT	0.3	14.4	*(98.2)*
Net profit for the period	**(0.6)**	**9.4**	***(106.0)***

(in millions of euro)	December 31, 2010	December 31, 2009
Net financial position	11.6	20.9
Shareholders' equity	179.3	183.8

Revenues rose from 15.8 million euro in 2009 to 38.7 million euro in 2010 after higher dividends were collected from subsidiaries. EBIT and the net result for the year (respectively, 0.3 million euro and -0.6 million euro) were down on the previous year largely as a result of impairment losses of 8.1 million euro on some trading shares (UBI and Unicredit) and capital losses on the sale of equity investments for 8.6 million euro.

The net financial position remained positive, but decreased from 20.9 million euro to 11.6 million euro, due to the above changes, the purchase of UBI and Unicredit shares from Group companies and higher finance costs. Shareholders' equity also decreased, from 183.8 million euro to 179.3 million euro, due to the net loss for the year and the change in the fair value reserve for some equity investments classified as available-for-sale.

Equity investments in non-listed companies included an available-for-sale investment of 11.68% in Burgo Group S.p.A..

The trading equities portfolio consisted mainly of RCS MediaGroup shares, UBI shares and warrants and UniCredit shares. The aggregate value, based on the official Italian Stock Exchange price at December 31, 2010, was 17.7 million euro compared with 25.2 million euro at the end of 2009, while the available-for-sale equities portfolio rose from 45.8 million euro at December 31, 2009, to 54.3 million euro, an increase of 8.5 million euro arising mainly from the purchase of UBI shares from the parent Italmobiliare and the decrease in the fair value reserve.

The operations and results of the parent **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 segment

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

	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.
Ciments Français	241,120	0.663	Italmobiliare S.p.A.
Associates			
Mittel	8,645,190	12.262	Italmobiliare S.p.A.
Rcs MediaGroup ordinary	54,691,627	7.465	Italmobiliare S.p.A.
Other companies			
UniCredit ordinary	99,793,905	0.518	Italmobiliare S.p.A.
Mediobanca	22,568,992	2.621	Italmobiliare S.p.A.
UBI Banca	743,500	0.116	Italmobiliare S.p.A.
UBI Banca	1,718,500	0.269	Soparfi S.A.
Intek ordinary	2,564,566	1.966	Italmobiliare S.p.A.
Kme ordinary	1,094,580	0.245	Italmobiliare S.p.A.
Trading investments in other companies [2]			
UniCredit ordinary	3,192,451	0.017	Soparfi 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.	Italmobiliare S.p.A.
Eni ordinary	20,000	n.s.	Italmobiliare S.p.A.
Intesa SanPaolo ordinary	20,000	n.s.	Italmobiliare S.p.A.
Unipol preferred	80,003	n.s.	Italmobiliare S.p.A.
Warrants			
Warrant Mediobanca 2009/2011[3]	9,971,282		Italmobiliare S.p.A.
Warrant UBI Banca 2009/2011	743,500		Italmobiliare S.p.A.
Warrant UBI Banca 2009/2011	3,318,500		Soparfi S.A.
Warrant Intek 2005/2011	1,305,307		Italmobiliare S.p.A.
Warrant Kme 2011	1,374,940		Italmobiliare S.p.A.
Warrant Kme 2009-2011	2,175,512		Italmobiliare S.p.A.

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

Net financial position of Italmobiliare and the financial segment

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

(in thousands of euro)	December 31, 2010		December 31, 2009	
	Italmobiliare	Financial sector	Italmobiliare	Financial sector
Cash, cash equivalents and current financial assets	116,555	469,056	104,014	464,915
Short-term financing	(211,506)	(214,512)	(6,960)	(10,760)
Short-term net financial position	**(94,951)**	**254,544**	**97,054**	**454,155**
Medium/long-term financial assets	9,362	51,362	10,636	59,636
Medium/long-term financing	(135,338)	(135,338)	(258,799)	(258,799)
Medium/long-term net financial position	**(125,976)**	**(83,976)**	**(248,163)**	**(199,163)**
Net financial position	**(220,927)**	**170,568**	**(151,109)**	**254,992**

Italmobiliare had net debt of 220.9 million euro (151.1 million euro at December 31, 2009), an increase of 69.8 million euro, arising largely from the 111 million euro borrowing used to purchase the Mediobanca and RCS MediaGroup equity investments from Italcementi in December, and dividends paid for 33.5 million euro.

The financial segment had a positive consolidated net financial position of 170.6 million euro (255.0 million euro at December 31, 2009), a decrease of 84.4 million euro, arising as a result of the transactions described above.

The financial segment had cash, cash equivalents and current financial assets of 469.1 million euro at December 31, 2010, consisting for 91.12% of bonds (60.85%) and liquidity/money market instruments (30.27%). The bonds portfolio consisted of floating-rate instruments for 57.34% and fixed-rate instruments for the residual 42.66%, with an average AA- rating. The portfolio was diversified on both a geographical and a sector basis and maximum exposure with respect to a single issuer was 2.15% (A+) of the total bonds portfolio at December 31, 2010. Government instruments in the bonds portfolio stood at 102.6 million euro, with an average AA+ rating.

A number of loans maturing in 2011 and classified as medium/long-term at December 31, 2009, were reclassified as short-term in 2010, thereby raising short-term financing.

The net financial position of Italmobiliare and the financial segment is illustrated below.

(in millions of euro)	Italmobiliare	Financial sector
Equity investments sold	62.9	53.8
Equity investments acquired	(131.1)	(130.7)
Dividends paid	(33.5)	(33.5)
Dividends collected	35.0	25.3
Finance income and costs	(1.6)	9.4
Current operations and extraordinary items	(1.5)	(8.7)
Total	**(69.8)**	**(84.4)**

Risks and uncertainties

Risks relating to general economic conditions

The business, equity and financial situation of Italmobiliare S.p.A. and the companies in the financial segment is influenced by macroeconomic factors in the countries in which they operate, including rising national debt, GDP, consumer and business confidence, interest-rate trends, the cost of raw materials, the unemployment rate.

In the current situation of persistent high uncertainty, the economic outlook is buoyed by the stronger trend in world trade stimulated by euro zone exports, set against the risks of a downturn arising from the constant pressures in some segments of the financial markets and their potential spread to the real economy in the euro zone.

Should the global weakness of the economy and its repercussions for the demand curve for the products offered by the Group companies continue in the future, Group operations and outlook could be negatively affected, with unfavorable consequences for its business, equity and financial situation.

Risks for holding operations

Directly and through the subsidiaries Italmobiliare transacts investment activities involving typical risks such as high exposure to certain segments or investments, difficulty in identifying new investment opportunities that respond to objectives, or difficulty in divesting as a result of changes in general economic conditions. The difficulties potentially connected to new investments and divestments, such as unexpected costs and liabilities, could have negative effects on the companies' business, equity and financial positions.

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

The business performance of the financial segments also depends on:

- the creation and realization of capital gains on equity investments, which characteristically are not of a periodical and/or recurring nature;

- collection of dividends from the equity investments in portfolio, whose distribution and payment policies are independent of the beneficiary;

consequently, its business results may not follow a linear trend from one year to the next and/or may not be significantly comparable.

Through its equity investments Italmobiliare is present in construction materials, food packaging and thermal insulation, the financial segment, banking, property and other. It is therefore exposed to the typical risks on the markets and in the segments in which the companies in question operate.

Investment concentration risks

At December 31, 2010, the equity investment in Italcementi (accounting for 38.84% of share capital) represented more than 41% of net asset value.

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

Financing risks

Access to the capitals market and to other forms of financing and related costs depends on companies' credit worthiness. Any downgrade in credit worthiness can restrict access and raise the cost of borrowing, with negative repercussions on the companies' business, financial and equity position.

The liquidity of the equity and bond portfolio may be influenced by contingent market situations, which can make operations more difficult. To raise the liquidity of its portfolio, the Group diversifies investments and the type of financial instruments, and chooses counterparts on the basis of credit worthiness and reliability. The high volatility of the markets means there is no guarantee that divestment strategies can be executed according to the planned time, manner and conditions.

Risks of fluctuation in interest and exchange rates

Italmobiliare net debt involves payment of finance costs determined on the basis of floating interest rates linked to money market trends. A rise in interest rates could therefore determine a rise in borrowing costs and to debt refinancing, and a change in the value of the debenture portfolio.

The financial segment does not have a material exposure to the foreign-exchange risk.

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

Compliance risk for financial companies

With regard to the rules introduced by Ministerial Decree no. 142 of February 3, 2006, Italmobiliare S.p.A. is no longer registered on the relevant section of the general list ex art. 113 of the Consolidated Bank Act, since this was repealed as from September 19, 2010, by art. 10, par 7, of Legislative Decree no. 141 of August 13, 2010. It is, however, subject to anti-money-laundering regulations and 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.

Pursuant to art.5 of Presidential Decree 605/1973 and art.17, par 10, of Legislative Decree 141/2010, Italmobiliare S.p.A. is required to transmit to the Tax Office Database a monthly report setting out identification data of the parties with whom it has financial dealings, and specifying the nature of the dealings and any changes that have taken place.

To comply with A.U.I. updating requirements and the monthly preparation and transmission of data to the Tax Office Database, Italmobiliare is 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 existing legal risks and the related economic effects, appropriate provisions have been set aside. The estimates and measurements were based on available information and are regularly reviewed, and any changes are immediately recognized in the financial statements. Nonetheless, negative effects from these risks on the business, equity and financial situation of Italmobiliare and/or the subsidiaries and associates cannot be ruled out.

Insurance

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

Environment and human resources

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

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

With regard to Privacy, the Italmobiliare Security Document has been updated for 2011, in compliance with Legislative Decree no. 196/2003 and Technical Regulations governing minimum security levels.

Significant post balance-sheet events

During the first quarter of 2011, Italmobiliare S.p.A. purchased Ciments Français shares for an aggregate amount of 25.4 million euro, and directly holds 1.66% of the company's share capital.

Outlook

In contrast to the consolidation of the phase of international economic growth, the financial markets have been hit by a rapid and concomitant series of destabilizing events. The 'Japanese drama', and the uncertainty over its possible depressive repercussions for world growth, is unfolding in parallel with the shock increase in oil and food prices, with an economic impact and social and military escalation in some Med Rim countries. Meanwhile, Europe's sovereign debt difficulties and the US fiscal crisis continue. Although these events justify a mood of general pessimism, expansionary economic policies and fundamental factors, from very strong earnings growth to the resumption of M&A operations, continue to sustain the financial markets.

The outlook for overall results for financial year 2011 is uncertain, and will depend on the ability of the world's economic systems to absorb the exogenous crises and on the political response to the difficulties described above.

Banking segment

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

(in millions of euro)	2010	2009	% change
Revenues	**36.6**	**42.2**	***(13.2)***
Recurring EBITDA	**0.2**	**4.3**	***(95.0)***
EBITDA	**0.2**	**4.3**	***(95.0)***
Amortization and depreciation	(4.1)	(2.8)	*48.2*
EBIT	**(3.9)**	**1.5**	***n.s.***
Profit before tax	**(3.9)**	**1.5**	***n.s.***
Income tax expense	(0.2)	(0.3)	*(41.7)*
Net profit for the period	**(4.1)**	**1.2**	***n.s.***

n.s. not significant

(in millions of euro)	December 31, 2010	December 31, 2009
Net financial position	74.7	77.3
Shareholders' equity	109.5	99.0
Group shareholders' equity	109.0	98.5
Number of employees at period end	128	150

Quarterly trend

(in millions of euro)	Full year 2010	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenues	**36.6**	**9.2**	**8.6**	**9.0**	**9.9**
% change vs. 2009	*(13.2)*	*(19.7)*	*(19.8)*	*(17.0)*	*6.7*
EBIT	**(3.9)**	**(2.5)**	**(1.0)**	**(0.4)**	**(0.1)**
% change vs. 2009	*n.s.*	*(105.9)*	*n.s.*	*n.s.*	*n.s.*
Net profit for the period	**(4.1)**	**(2.5)**	**(1.0)**	**(0.4)**	**(0.1)**
% change vs. 2009	*n.s.*	*n.s.*	*n.s.*	*n.s.*	*n.s.*
Net financial position at period end	**74.7**	**74.7**	**68.5**	**74.3**	**73.2**

n.s. not significant

Results in accordance with the banking model

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

- "Net interest income", which reflects the balance on interest income and expense and dividends received;
- 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, impairment and provisions.

(in millions of euro)	2010	2009	% change
Net interest income	6.3	5.9	*6.9*
Intermediation margin	32.7	40.4	*(19.2)*
Gross operating profit	0.7	4.9	*(86.1)*
Profit from operations	**(3.9)**	1.5	*n.s.*
Net profit for the period	**(4.1)**	**1.2**	***n.s.***

n.s. not significant

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

Finter Bank Zürich

For a better understanding of the Finter Bank Zürich group, the table below sets out group results denominated in millions of Swiss francs, i.e., without the exchange-rate effect.

(millions of CHF)	2010	2009	% change
Net interest income	7.4	7.5	*(0.7)*
Intermediation margin	43.7	59.5	*(26.6)*
Gross operating profit	0.6	6.9	*(91.3)*
Profit from operations	**(5.7)**	1.8	*n.s.*
Net profit for the period	**(5.8)**	**1.5**	***n.s.***

n.s. not significant

The intermediation margin fell from 59.5 million Swiss francs in 2009 to 43.7 million Swiss francs (-26.6%). The decrease arose mainly as a result of lower commission income (36.6 million Swiss francs from 47.1 million Swiss francs, -22.2%) caused by a decrease in the number of client transactions in response to uncertainty on the financial markets, and a decrease in assets under management. The volatile financial markets also led to a reduction in net trading revenues, from 5.1 million Swiss francs in 2009 to 3.1 million Swiss francs in 2010 (-40.4%).

The margin contraction was accompanied by a significant reduction in operating expenses. Service expenses decreased (18.1 million Swiss francs in 2010 compared with 22.5 million Swiss francs in 2009, -19.7%) as did employee expenses (25.0 million Swiss francs in 2010 from 30.1 million Swiss francs in 2009, -16.9%). Despite the sharp fall in expenses, gross operating profit dropped from 6.9 million Swiss francs in 2009 to 0.6 million Swiss francs in 2010.

After amortization and depreciation (5.7 million Swiss francs) and tax (0.1 million Swiss francs), the group reported a net loss of 5.8 million Swiss francs compared with a net profit of 1.5 million Swiss francs in 2009.

Consolidated shareholders' equity decreased from 138.3 million Swiss francs at December 31, 2009, to 129.8 million Swiss francs at December 31, 2010, after payment of dividends for 0.3 million Swiss francs.

Assets under management amounted to 4.5 billion Swiss francs at the end of 2010 (excluding assets invested in own funds), a decrease from 2009.

The reduction in assets under management was the result of a number of factors: on one hand, the loss of clients for non-recurring reasons and, on the other, the appreciation of the Swiss franc against the euro and the US dollar, resulting in a lower valuation of assets measured in Swiss francs.

Significant events for the period

No significant events took place.

Risks and uncertainties

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.

Counterpart risks

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

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

Interest rate risks

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

Market risks

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

Liquidity risks

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

Operating risks

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

Compliance and legal risks

The Legal & Group Compliance Officer operates from the head office in Zurich and reports directly to the CEO. 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)	2010		2009	
Categories	**HDC [1]**	**FTE [2]**	**HDC [1]**	**FTE [2]**
Executive	7.0	7.0	5.0	5.0
Management	43.0	42.6	48.0	47.1
Middle Management	50.0	47.6	54.0	51.6
Clerical staff	22.0	19.5	38.0	34.0
Total	**122.0**	**116.7**	**145.0**	**137.7**

[1] Headcount
[2] Full Time Equivalent

Qualifications	
(units)	**2010**
University degree	35
Diploma	14
Apprentice	73
Total	**122**

Type of contract	
(units)	**2010**
Full time	110
Part time	12
Contract	-
Total	**122**

Turnover	
(units)	**2010**
Recruitments	23
Dismissals	16
Resignations	26
Turnover rate	**29%**

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 have been implemented;
- information on emergency medical action has been circulated and training 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 2010 net interest income was 938,000 euro, in line with 2009 (933,000 euro). Gross operating profit was 237,000 euro, a slight decrease on 2009 (317,000 euro) as a result of higher employee expenses.

Consequently net profit for 2010 was 110,000 euro, a reduction with respect to 2009 (196,000 euro).

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

Risks and uncertainties

The bank is not exposed to specific risks with respect to clients, suppliers and competitors (Crédit Mobilier de Monaco conducts its guarantee-backed loan business on a monopoly basis) and its business does not present particularly critical elements since its loans have a duration of 6 months and can therefore be revalued at suitably frequent intervals. In 2010, the rise in the price of gold meant that the guarantees provided were of greater significance with respect to the loans provided.

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

Doubtful receivables on guarantee-backed loans totaled 277,000 euro at the end of 2010 (271,000 euro at December 31, 2009) 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 2011.

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.

In the fourth quarter of 2010 the bank began important restructuring work to bring its offices into line with regulations.

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, 2010, it had 6 employees (1 director, 1 supervisor and 4 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 2011 full-year results in the banking segment. 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 segment, services, other

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

Revenues for the year to December 31, 2010, were slightly higher than those of 2009 (2.9 million euro compared with 2.3 million euro in 2009), as a result of the sale of land in Punta Ala.

Despite the negative impact of the capital loss of 0.5 million euro on the sale of the equity investment in Immobiliare Golf di Punta Ala S.p.A in the first quarter of 2010, net profit for the year was 0.7 million euro (0.4 million euro in 2009).

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

Risks and uncertainty

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

- the intercompany services company (Franco Tosi S.r.l. formerly Italmobiliare Servizi S.r.l.), which charges clients on the basis of costs incurred and therefore is not subject to material risks, with the exception of a very low credit risk on collection of invoices;
- the real estate companies (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 segment. No material environmental issues exist.

Significant post balance-sheet events

There were no significant post balance-sheet events.

Outlook

Although this segment is of marginal importance within the Italmobiliare Group as a whole, in view of the uncertainty on all markets it is difficult at the present time to provide reliable guidance on 2011 full-year results.

Human resources

The number of employees at December 31, 2010, was 22,262 units, down from 22,758 units at December 31, 2009.

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

(units)	December 31, 2010		December 31, 2009	
		%		%
Business segments				
Construction materials	20,763	*93.2*	21,155	*92.9*
Packaging and insulation	1,299	*5.8*	1,387	*6.1*
Financial	56	*0.3*	50	*0.2*
Banking	128	*0.6*	150	*0.7*
Property, services, other	16	*0.1*	16	*0.1*
Total	**22,262**	***100.0***	**22,758**	***100.0***

Transactions with related parties

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

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

The summary of transactions with related parties at December 31, 2010, is provided in the notes.

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

No atypical or unusual transactions took place in 2010.

Transactions with subsidiaries and associates

Transactions 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 subgroup, all business and financial dealings with Calcestruzzi are included in dealings with related parties, and related to sales of goods, supply of services, finance costs.

Transactions with other related parties

Transactions with other related parties in 2010 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 345,000 euro. In 2010 Italcementi S.p.A. and Finsise S.p.A. drew up a new contract, effective from April 1, 2010, and expiring on March 31, 2013, contemplating an annual consideration of 360,000 euro, including a lump sum of 30,000 euro for expenses. A similar contract, for an annual consideration of 10,500 euro, exists between Finsise S.p.A. and the subsidiary Azienda Agricola Lodoletta S.r.l.. Italo Lucchini also received a consideration of 14,600 euro as a member of the Board of Directors of Ciments Français S.A. For the parent Italmobiliare, a service is provided for the preparation and transmission of monthly data to the Tax Office Database and records for the single IT Archive (the latter ceased in June 2010 after the clarification provided in a Ministry of Finance explanatory circular on Legislative Decree 231 of November 21, 2007) for an annual consideration of 1,200 euro;
- 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 669,000 euro;
- consultancy services for Italmobiliare senior management 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 22,000 euro;

- legal consultancy services for the Italmobiliare Group provided by Giorgio Bonomi, an Italmobiliare director, for considerations totaling 4,000 euro.

In 2010 the Italmobiliare Group made an endowment of 900,000 euro to the Italcementi Cav. Lav. Carlo Pesenti foundation to cover operating expenses. The Italcementi group charged the foundation for an amount of 198,000 euro for administrative and corporate services. CTG S.p.A. provided the foundation with services for 27,000 euro.

Transactions 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. transactions 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 segments.

Outlook

The world economy continues to show an overall improvement in international economic and financial conditions, driven largely by the emerging countries. Even so, short-term growth prospects in the main advanced economies continue to be limited, especially in countries that still need to resolve their national debt.

The general weakness of the property market and continuing high unemployment levels weaken the scenario for the short term, with further risks of a downturn presented by the possibility of increases in the cost of raw materials, in part as a result of the current geopolitical tensions.

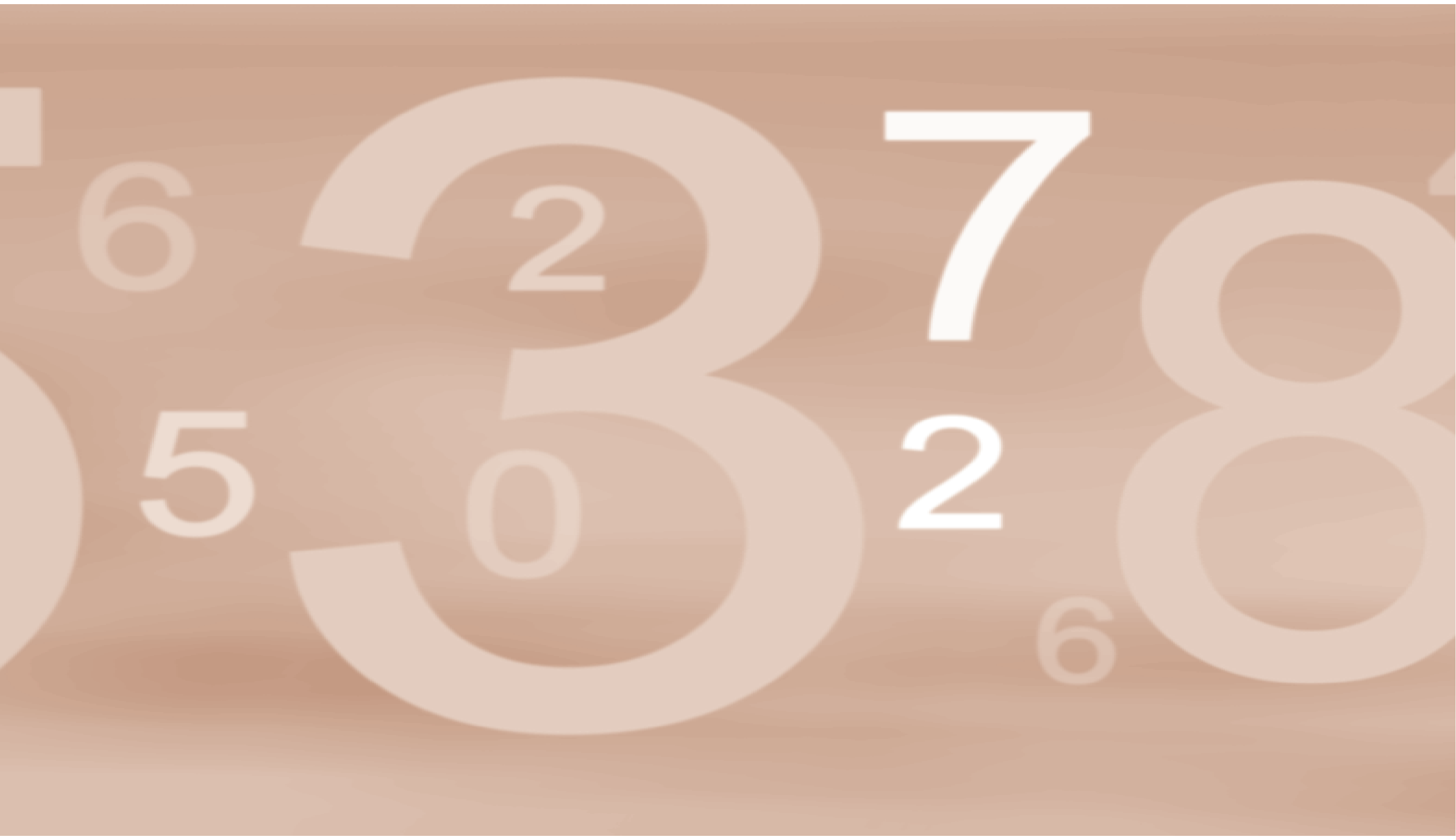
The current high volatility in interest rates is a partial reflection of the growth expected on the money markets over the longer term. After a positive start to the year, with the publication of better than expected corporate earnings figures and a mild upturn in risk propensity, aggregate stock market indices have been pushed down by the political unrest in North Africa and the Middle East.

Under these conditions, despite the upturn in the world economy and the recovery in the euro zone, continuing pressures on the markets, and their potential spread to the real economy, create great uncertainty with regard to formulation of precise guidance on Italmobiliare results for 2011, although a net profit is expected.

Milan, March 30, 2011

for the Board of Directors
The Chairman

Italmobiliare Group - Consolidated financial statements at December 31, 2010



Financial statements

Balance sheet

(in thousands of euro)	Notes	12.31.2010	12.31.2009	Change
Non-current assets				
Property, plant and equipment	1	4,700,014	4,503,916	196,098
Investment property	2	35,692	34,066	1,626
Goodwill	3	2,095,916	2,039,909	56,007
Intangible assets	4	154,790	139,634	15,156
Investments in associates	5	365,220	360,546	4,674
Other equity investments	6	612,278	746,578	(134,300)
Non-current trade and other receivables	7	180,662	131,806	48,856
Deferred tax assets	21	117,944	58,350	59,594
Non-current receivables due from employees		2,272	1,863	409
Total non-current assets		**8,264,788**	**8,016,668**	**248,120**
Current assets				
Inventories	8	755,015	713,441	41,574
Trade receivables	9	811,609	958,958	(147,349)
Other current assets	10	397,820	371,528	26,292
Income tax assets	11	93,170	109,804	(16,634)
Equity investments and financial receivables	12	1,033,309	1,055,200	(21,891)
Cash and cash equivalents	13	739,217	727,793	11,424
Total current assets		**3,830,140**	**3,936,724**	**(106,584)**
Total assets		**12,094,928**	**11,953,392**	**141,536**
Shareholders' equity				
Share capital	14	100,167	100,167	
Reserves	15	314,659	442,115	(127,456)
Treasury shares	16	(21,226)	(21,226)	
Retained earnings		1,965,835	1,876,576	89,259
Equity attributable to holders of the parent		**2,359,435**	**2,397,632**	**(38,197)**
Non controlling interests	17	3,573,350	3,369,492	203,858
Total shareholders' equity		**5,932,785**	**5,767,124**	**165,661**
Non-current liabilities				
Interest-bearing loans and long-term borrowings	19	2,735,959	2,915,453	(179,494)
Employee benefit liabilities	18	193,038	190,735	2,303
Non-current provisions	20	252,685	239,822	12,863
Other non-current liabilities		33,222	56,245	(23,023)
Deferred tax liabilities	21	246,943	269,862	(22,919)
Total non-current liabilities		**3,461,847**	**3,672,117**	**(210,270)**
Current liabilities				
Bank overdrafts and short-term borrowings	19	286,902	427,864	(140,962)
Interest-bearing loans and short-term borrowings	19	486,239	159,995	326,244
Trade payables	22	635,440	593,774	41,666
Current provisions	20	3,608	3,419	189
Income tax liabilities	23	68,196	69,623	(1,427)
Other liabilities	24	1,219,911	1,259,476	(39,565)
Total current liabilities		**2,700,296**	**2,514,151**	**186,145**
Total liabilities		**6,162,143**	**6,186,268**	**(24,125)**
Total shareholders' equity and liabilities		**12,094,928**	**11,953,392**	**141,536**

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	2010	%	2009	%	Change	%
Revenues	25	**5,147,341**	**100.0**	**5,365,383**	**100.0**	**(218,042)**	**-4.1**
Other revenues		41,724		43,259		(1,535)	
Change in inventories		28,122		(92,531)		120,653	
Internal work capitalized		59,598		58,971		627	
Goods and utilities expenses	26	(2,143,985)		(1,990,483)		(153,502)	
Services expenses	27	(1,131,176)		(1,154,749)		23,573	
Employee expenses	28	(1,002,107)		(1,000,097)		(2,010)	
Other operating income (expenses)	29	(120,738)		(174,065)		53,327	
Recurring EBITDA		**878,779**	**17.1**	**1,055,688**	**19.7**	**(176,909)**	**-16.8**
Net capital gains on sale of fixed assets	30	9,865		26,109		(16,244)	
Non-recurring employee expenses for re-organizations	30	(12,001)		(33,987)		21,986	
Other non-recurring income (expense)	30	(159)		(3,785)		3,626	
EBITDA		**876,484**	**17.0**	**1,044,025**	**19.5**	**(167,541)**	**-16.0**
Amortization and depreciation	31	(488,402)		(474,894)		(13,508)	
Impairment variation		(7,871)		(54,410)		46,539	
EBIT		**380,211**	**7.4**	**514,721**	**9.6**	**(134,510)**	**-26.1**
Finance income	32	48,258		34,484		13,774	
Finance costs	32	(165,308)		(136,115)		(29,193)	
Exchange-rate differences and net gain/(losses) on derivatives	32	4,731		(9,805)		14,536	
Impairment on financial assets	33	(23,211)		(47,743)		24,532	
Share of results of associates	34	8,592		28,121		(19,529)	
Profit before tax		**253,273**	**4.9**	**383,663**	**7.2**	**(130,390)**	**-34.0**
Income tax expense	35	(65,497)		(99,352)		33,855	
Net profit for the year		**187,776**	**3.6**	**284,311**	**5.3**	**(96,535)**	**-34.0**
Attributable to:							
Equity holders of the parent		21,269	0.4	97,258	1.8	(75,989)	-78.1
Non controlling interests		166,507	3.2	187,053	3.5	(20,546)	-11.0
Earnings per share	37						
- Basic							
ordinary shares		0.531 €		2.517 €			
savings shares		0.609 €		2.673 €			
- Diluted							
ordinary shares		0.531 €		2.517 €			
savings shares		0.609 €		2.673 €			

Comprehensive income

(in thousands of euro)	Notes	2010	% of revenues	2009	% of revenues	Change	%
Net profit for the period		**187,776**	**3.6**	**284,311**	**5.3**	**(96,535)**	**-34.0**
Fair value adjustments to:							
Available-for-sale financial assets		(126,112)		175,070		(301,182)	
Derivatives		11,749		(36,486)		48,235	
Translation differences		215,861		(41,023)		256,884	
Tax relating to components of other comprehensive income		183		10,156		(9,973)	
Components of other comprehensive income	36	**101,681**		**107,717**		**(6,036)**	
Total comprehensive income		**289,457**	**5.6**	**392,028**	**7.3**	**(102,571)**	**-26.2**
Attributable to:							
Group		(39,982)		233,945		(273,927)	
Minority interests		329,439		158,083		171,356	

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 derivatives	Other reserves	Treasury shares	Translation reserves	Retained earnings	Total share capital and reserves		
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
Total 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**
Net profit for the period									21,269	21,269	166,507	187,776
Total components of other comprehensive income			3,350	(134,310)	3,466			66,243		(61,251)	162,932	101,681
Total comprehensive income			**3,350**	**(134,310)**	**3,466**			**66,243**	**21,269**	**(39,982)**	**329,439**	**289,457**
Stock options						2,484				2,484	2,359	4,843
Dividends									(33,480)	(33,480)	(116,806)	(150,286)
Change % of control and scope of consolidation			(1,599)			(847)		3,350	31,877	32,781	(11,134)	21,647
Balances at December 31, 2010	**100,167**	**177,191**	**19,714**	**68,790**	**(3,979)**	**52,943**	**(21,226)**	**24,567**	**1,941,268**	**2,359,435**	**3,573,350**	**5,932,785**

Cash flow statement

(in thousands of euro)			2010	2009
A) Cash flow from operating activities:				
Profit before tax			253,273	383,663
Adjustments for:				
	Amortization, depreciation and impairment		528,683	575,349
	Reversal results of associates		3,154	(11,291)
	Capital (gains)/losses on sale of PPE, investment property and intangibles		(34,276)	(44,659)
	Change in employee benefit liabilities and other provisions		6,061	(11,704)
	Stock options		4,842	15,062
	Reversal net finance income and costs		110,339	101,521
Cash flow from op.activities before tax, fin.income/costs, change in wkg capital			**872,076**	**1,007,941**
Change in working capital:				
	Inventories		(25,004)	263,523
	Trade receivables		154,455	214,373
	Trade payables		41,892	(132,649)
	Other receivables/ paybles, prepayments, accruals, deferrals		(37,783)	49,913
Cash flow from operating activities before tax, finance income/costs			**1,005,636**	**1,403,101**
	Net finance costs paid		(110,407)	(93,143)
	Dividends received		10,501	6,959
	Tax paid		(137,748)	(141,479)
	Inflows from derivatives		(5,424)	3,140
			(243,078)	**(224,523)**
	Total A)		**762,558**	**1,178,578**
B) Cash flow from investing activities:				
Investments in fixed assets:				
	PPE and investment property		(508,001)	(690,519)
	Intangible assets		(27,365)	(24,572)
	Financial assets (Equity investments)		(44,744)	(34,862)
	Total investments in fixed assets		**(580,110)**	**(749,953)**
	Proceeds from divestments of net fixed assets and repayment of loans		86,987	65,396
	Total divestments		**86,987**	**65,396**
	Total B)		**(493,123)**	**(684,557)**
C) Cash flow from financing activities:				
	New interest-bearing loans and long-term borrowings		(537,438)	(54,698)
	Change in financial receivables		395,433	(170,050)
	Change in current equity investments		8,734	(1,848)
	Change in percentage interest in subsidiaries		(791)	
	Outflows/inflows on derivatives			2,045
	Dividends paid		(150,286)	(104,958)
	Other movements in shareholders' equity		(5,695)	3,024
	Total C)		**(290,043)**	**(326,485)**
D) Currency translation differences and other changes	**Total D)**		**32,032**	**(30,278)**
E) Cash flows for the period	**(A+B+C+D)**		**11,424**	**137,258**
F) Opening cash and cash equivalents			**727,793**	**590,535**
Closing cash and cash equivalents	**(E+F)**	**13**	**739,217**	**727,793**

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, 2010, were approved by the Board of Directors on March 30, 2011. At the meeting the Board authorized publication of a press release dated March 30, 2011, 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 on a going-concern basis. Despite the difficult economic and financial situation, the Group has no material uncertainties about its going-concern status, by virtue of the action already taken to respond to the changes in demand, and its industrial and financial flexibility.

Core businesses

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

Accounting policies

These financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2010, adopted by the European Union, and with the dispositions for enactment of article 9 of Legislative Decree no. 38/2005. The term IFRS also includes all revised international accounting standards (IAS) and all the interpretations issued by the IFRIC.
The Italian laws that enact EEC Directive IV also apply, where compatible, to companies that draw up financial statements in accordance with the IFRS. Consequently, the financial statements are compliant with the Italian Civil Code and corresponding indications of the Consolidated Finance Act (TUF, *testo unico della finanza*) for listed companies with regard to the directors' report on operations, the external statutory audit and the publication of the financial statements. The financial statements and related notes also set out the details and additional disclosures required under the articles of the Italian Civil Code governing financial statements, since such requirements are not in conflict with the IFRS, and under other Consob regulations and dispositions.
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, 2010, that had not been approved by the European Union at that date.

Since December 31, 2009, the following policies, amendments and interpretations approved by the European Union have come into force and been applied in the financial statements as at and for the year to December 31, 2010:

- IFRS 1 revised "First-time adoption of IFRS", approved by the European Commission in November 2009. The new principle facilitates the future use and possible amendments to the policy itself, eliminates a number of obsolete transitional provisions and sets out a number of minor changes to the text;
- IFRS 2 revised "Share-based payment", approved by the European Commission in March 2010. The amendments provide clarifications on accounting treatment of share-based payments where the provider of the goods or services is paid in cash and the obligation is assumed by another company of the Group;
- IFRS 3 revised "Business combinations", approved by the European Commission in June 2009. This introduces significant changes in accounting treatment of business combinations with regard to measurement of minority interests, accounting treatment of costs associated with the acquisition, initial recognition and subsequent measurement of any contingent considerations and business combinations achieved in stages;

- IAS 27 revised "Consolidated and separate financial statements", approved by the European Commission in June 2009. The policy requires that a change in ownership of a subsidiary (without loss of control) be accounted for as a transaction between owners. Consequently, these transactions no longer generate goodwill, nor gains or losses, but have a direct impact on equity. The revised policy also introduces changes with regard to accounting treatment after loss of control;
- amendment to IAS 39 "Financial instruments: recognition and measurement", approved by the European Commission in September 2009. The amendment, entitled "Eligible hedged items", clarifies application of hedge accounting to inflation in a financial item and to options used as hedges;
- amendments to IAS 39 "Reclassification of financial assets" and IFRS 7 "Financial instruments, disclosures" approved by the European Commission in September 2009. The amendments specify the effective date and transitional provisions with respect to the changes to these principles issued by the IASB on October 13, 2008;
- IFRIC 12 "Service concession arrangements", approved by the European Commission in March 2009, clarifies application of provisions concerning service concession arrangements;
- IFRIC 15 "Agreements for the construction of real estate", approved by the European Commission in July 2009, regulates recognition of revenues from construction of real estate;
- IFRIC 16 "Hedges of a net investment in a foreign operation", approved by the European Commission in June 2009, clarifies application of the requirements of IAS 21 and IAS 39 in cases where an entity hedges the foreign-exchange risk arising on its net investments in foreign operations;
- IFRIC 17 "Distribution of non-cash assets to owners", approved by the European Commission in November 2009, provides clarifications and guidance on accounting treatment of distributions of non-cash assets to an entity's owners;
- IFRIC 18 "Transfers of assets from customers", approved by the European Commission in November 2009, provides guidance on the accounting treatment of assets or cash for the purchase of assets, received from customers.

As from January 1, 2010, the changes introduced in some IAS/IFRS/IFRIC as part of the improvement process of standards and interpretations (IFRS 2, 5, 8, IAS 1, 7, 17, 36, 38, 39, IFRIC 9 and 16) have also become applicable.

The application of the new policies and interpretations has not had a material impact on the Group's annual accounts.

With regard to application by the Group of IAS 16 "Property, plant and equipment", the list of the components and useful lives of the industrial assets in the cement sector has been updated to reflect technological developments and the benefits expected from the use of such assets.

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 24 revised "Related party disclosures";
- amendment to IFRS 1 "First-time adoption of IFRS" and the related amendment to IFRS 7;
- IFRIC 19 "Extinguishing financial liabilities with equity instruments";
- amendment to IFRIC 14 "Advance payment of minimum funding requirements";
- amendment to IAS 32 "Financial instruments: presentation" regarding classification of rights issues.

Standards, amendments and interpretations published by the IASB but not yet approved by the European Union are:
- IFRS 9 "Financial instruments" (phase 1: classification and measurement of financial assets);
- amendments to IFRS 7;
- amendments to a number of IAS/IFRS/IFRIC as part of the improvement process of standards and interpretations (IFRS 1, 3, 7, IAS 1, 27, 34, IFRIC 13).

Accounting criteria and basis of presentation

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

- current and non-current assets and current and non-current liabilities are presented as separate classifications on the face of the 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;
- with regard to comprehensive income, the Group presents 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, presents other components of comprehensive income, previously reflected only in the statement of movements in consolidated shareholders' equity: fair value gains/losses on available-for-sale financial assets and derivatives, currency translation differences;
- 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 policies requires management to make estimates that affect the values of assets, liabilities, income and expense, such as amortization, depreciation, impairment losses and provisions, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates are on a going-concern basis and 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, assessment of contingent liabilities, provisions for disputes and restructurings and commitments in respect of pension plans and other long-term benefits. Management conducts regular reviews of assumptions and estimates, and immediately recognizes any adjustments in the financial statements.

Principles of consolidation

The consolidated financial statements are based on the accounts as at and for the year to December 31, 2010, drawn up by the parent company Italmobiliare S.p.A. and the consolidated companies in compliance with the Group accounting policies.

Subsidiaries

Subsidiaries are companies in which the Group has the power to determine, directly or indirectly, administrative and management decisions and to obtain the benefits thereof. Generally speaking, control is assumed to exist when the

Group holds, directly or indirectly, more than one half of voting rights, including potential voting rights deriving from convertible securities.
Subsidiaries are consolidated on a line-by-line basis as from the date at which control is obtained and until control is transferred out of the Group.

Associates

Associates are companies in which the Group has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the Group holds, directly or indirectly, at least 20% of voting rights or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in 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.

Business combinations

On first-time adoption of the IFRS, as allowed by IFRS 1, the Group elected not to apply IFRS 3 retrospectively to business combinations that took place before January 1, 2004.
Until December 31, 2009, business combinations were accounted for with the purchase method in IFRS 3.
Since January 1, 2010, business combinations have been accounted for with the acquisition method in IFRS3 revised.

Cost of business combinations

Under IFRS 3 revised, acquisition cost is the sum of the acquisition-date fair value of the contingent consideration and the amount of any minority interests in the acquired entity. For each business combination, any minority interests in the acquired entity must be measured at fair value or in proportion to the minority interest in the identifiable net assets of the acquired entity.
IFRS 3 revised provides that costs relating to the acquisition be expensed in the periods in which they are incurred and the services are received. Any costs incurred in 2010 relating to business combinations in 2011 were expensed in 2010.

Apportionment of the cost of business combinations

Goodwill is measured as the positive difference between:

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

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

Business combinations achieved in stages

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

Purchase of interests held by minorities

Acquisitions of additional shares after acquisition of control do not require re-determination of identifiable asset and liability values. The difference between the cost and the acquired equity interest is recognized as 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 in Group shareholders' equity.
This accounting policy has been adopted by the Group since financial year 2009.

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.
The complementary purchase of interests held by minorities to whom put options have been granted is anticipated in the financial statements:

- the minority interests to which the put refers are eliminated from equity and reclassified under liabilities and the difference between the fair value of the purchase commitment liabilities and the net carrying amount of the 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 capitalized. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2004, reflects revaluations applied in prior periods in connection with specific local laws, based on the real economic value of the assets in question. 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 enter useful life.
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.
The revalued amounts recognized in compliance with IFRS1 were assumed as cost at the IAS/IFRS transition date.

Subsequent expense

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

Depreciation

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

Quarries

Costs for the preparation and excavation of land to be quarried are amortized as the economic benefits of such costs are obtained.
Quarry land is depreciated at rates reflecting the quantities extracted in the period in relation to the estimated total to be extracted over the period in which the quarry is to be worked.
The Group makes specific provision for quarry environmental restoration obligations. Since the financial resources required to settle such obligations are directly related to 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 net of any impairment losses.

Goodwill

Goodwill recognized in accordance with IFRS 3 revised is apportioned to the cash-generating units that are expected to benefit from the synergies created by the acquisition. Goodwill is stated at the original value less any impairment losses identified as a result of tests conducted on an annual basis or more frequently if indications of impairment emerge
When goodwill is 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.
Property, plant and equipment, investment property and 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 going-concern 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 costs directly attributable to the purchase with the exception of financial assets held for trading (fair value through profit and loss).
Subsequent to initial recognition, assets held for trading are classified as current financial assets and carried at fair value; any gains or losses are taken to 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. Impairment losses are recognized when there is objective evidence that one or more events subsequent to initial recognition have had a negative effect on the estimated future cash flows for the asset. Objective evidence of impairment of a financial asset includes debtor insolvency or default, indications of debtor or issuer bankruptcy, adverse changes in the payment status of debtors or issuers, economic conditions relating to default or disappearance of an active market for the asset. For equity instruments classified as available-for-sale, a material and prolonged reduction in fair value to below cost is considered objective evidence of impairment. On this question, the Group has adopted a specific accounting policy, which establishes materiality and duration thresholds for loss of market value with respect to the carrying amounts; once such thresholds have been reached, the impairment loss is taken to the income statement. The two thresholds are considered separately and only one threshold needs to be reached for an impairment loss to be recognized.
For the purposes of recognition of impairment, the Group has identified the conditions for a prolonged or material fair value reduction on available-for-sale listed securities as, alternatively:

- a fair value reduction of more than 35% of the original cost at the balance sheet date;
- a fair value that is continually lower than the original carrying amount, observed for a two-year period.

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

Inventories

Inventories are measured at the lower of purchase/production cost (using the weighted average cost method) and net realizable value.
Purchase cost includes costs incurred to bring assets to the warehouse, less allowances for obsolete and slow-moving items.
Production cost of finished goods and semi-finished goods includes the cost of raw materials, direct labor and a portion of general production costs, determined on the basis of normal plant operations. Financial costs are not included.
The net realizable value of raw 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 initially recognized at fair value plus transaction costs, and subsequently valued at amortized cost less allowances for uncollectible amounts, which are provided as doubtful debts are identified.

Cash and cash equivalents

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

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, at constant amounts over the rental period.

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 taken to the income statement over the useful life of the underlying assets.

Derivatives

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

Hedging transactions

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

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

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

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

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

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

Income 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;
- 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:

Currency	Average rate 2010	Average rate 2009	Closing rate December 31, 2010	Closing rate December 31, 2009
Thai baht	42.02675	47.79504	40.17000	47.98600
Czech crown	25.28480	26.43652	25.06100	26.47300
Libyan dinar	1.67844	-	1.67606	-
Serbian dinar	103.01500	93.98830	106.04500	96.20440
Kuwaiti dinar	0.38019	0.40163	0.37594	0.41315
Moroccan dirham	11.15625	11.25223	11.17980	11.33490
Canadian dollar	1.36508	1.58530	1.33220	1.51280
US dollar	1.32588	1.39400	1.33620	1.44060
Hungarian florin	275.39800	280.43700	277.95000	270.42000
Swiss franc	1.38063	1.51013	1.25040	1.48360
Ukrainian hrivna	10.53970	11.12350	10.62540	11.56420
Croatian kuna	7.28886	7.34074	7.38300	7.30000
Albanian lek	137.74003	132.06922	138.86000	138.03300
Moldavian leu	16.38605	15.50707	16.24000	17.72180
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Egyptian pound	7.47113	7.74032	7.75751	7.90576
Bosnian mark	1.95583	1.95583	1.95583	1.95583
New Turkish lira	1.98756	2.15138	2.04910	2.16030
New Romanian leu	4.21125	4.23901	4.26200	4.23630
Mauritanian ouguiya	365.68685	364.95711	377.75700	377.42300
Mexican peso	16.73637	18.78758	16.54750	18.92230
Chinese renmimbi	8.97294	9.52237	8.82200	9.83500
Saudi Arabian riyal	4.97226	5.22798	5.01060	5.40329
Qatari riyal	4.82647	5.07816	4.86375	5.24609
Russian ruble	40.25900	44.13940	40.82000	43.15400
Indian rupee	60.58486	67.34896	59.75800	67.04000
Sri Lanka rupee	149.85278	160.25073	148.24700	164.74000
Pound sterling	0.85805	0.89140	0.86075	0.88810
Kazakh tenge	195.38110	205.96651	196.96400	213.77500
Polish zloty	3.99352	4.32867	3.97500	4.10450

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 2010 are set out below:

- line-by-line consolidation as from January 1 of Beton Ata LLP (Kazakhstan) in the ready mixed concrete sector;
- line-by-line consolidation as from August 2010 of the Star. Co. S.r.l. company (Italy) in the ready mixed concrete sector;
- deconsolidation of the Cementos Capa S.l. group (Spain) which was sold in January;
- deconsolidation of the Immobiliare Golf di Punta Ala S.r.l. company (Italy) which was sold in March;
- deconsolidation of the Terfin S.A company (France) which was sold in January;
- measurement with the equity method of the Gardawind S.r.l. group (Italy) as from September 30, 2010; Gardawind is active in wind energy and is part of the Italgen group.
- measurement with the cost method of the CJSC INLINE-R company (Russia) after partial sale of the investment.

The most significant 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).

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.

Operating segment disclosure

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 disclosed by geographical area.
The geographical segments that form the disclosure by geographical area are: European Union, Other European countries, North America, Asia and Middle East, Africa, Trading and others.

The Group geographical segments continue to consist of the countries in which the Group operates, but the representation of these countries has changed with respect to the 2009 financial statements. The main changes, introduced to ensure closer correspondence between the Group operations and business contexts and its disclosure requirements, concern the BravoSolution group and other minor operations, which have been reclassified from Italy to "Others".

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

The operating segments and operations are organized and managed by country.
The Group's geographical segments 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 in the international Trading sector. Consequently the revenues of the entities in each geographical segment, net of revenues within the Group, arise essentially in the areas in which the fixed assets are located.

The cement/clinker sector delivers a portion of its production to the ready mixed concrete sector.
The transfer prices applied to inter-sector 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 and e-business revenues.
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 and China.
Revenues of other operations 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 disclosure

The table below sets out segment revenues and results at December 31, 2010:

(in thousands of euro)	Revenues	Intra-group sales	Contributive revenues	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Impairment on financial assets	Share of results of associates	Profit before tax	Income tax expense
Construction materials	4,790,944	(8,198)	4,782,746	836,262	834,279	353,754		(21,014)	17,052		
Packaging and insulation	239,327		239,327	22,162	22,162	10,758					
Financial	114,064	(25,973)	88,091	38,299	37,702	37,583		(2,197)	(8,460)		
Banking	36,649	(1,054)	35,595	215	218	(3,925)					
Property, services, other	2,873	(1,291)	1,582	1,004	1,453	1,369					
Unallocated postings and adjustments	(36,516)	36,516		(19,163)	(19,330)	(19,328)	(112,319)			253,273	(65,497)
Total	**5,147,341**		**5,147,341**	**878,779**	**876,484**	**380,211**	**(112,319)**	**(23,211)**	**8,592**	**253,273**	**(65,497)**

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

(in thousands of euro)	Revenues	Intra-group sales	Contributive revenues	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Impairment on financial assets	Share of results of associates	Profit 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 other segment data at December 31, 2010:

	December 31, 2010		**December 31, 2010**			
(in thousands of euro)	**Total assets**	**Total liabilities**	**Capital expenditure**	**Financial investments**	**Depreciation amortization fixed assets**	**Impairment variation**
Construction materials	10,021,129	5,035,196	530,066	14,848	472,543	7,982
Packaging and insulation	255,364	203,253	9,350		11,515	(111)
Financial	1,739,480	457,991	101	20,097	119	
Banking	705,484	596,004	2,708		4,143	
Property, services, other	7,292	1,680	158		84	
Inter-sector eliminations	(633,821)	(131,981)			(2)	
Total	**12,094,928**	**6,162,143**	**542,383**	**34,945**	**488,402**	**7,871**

The table below sets out other segment data at December 31, 2009:

	December 31, 2009		December 31, 2009			
(in thousands of euro)	Total assets	Total liabilities	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**

Additional disclosure by geographical segment

	Contributive revenues		Capital expenditure		Financial investments		Total assets		Total liabilities	
(in thousands of euro)	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09
European Union	2,688,375	2,969,053	245,180	235,816	24,195	26,943	8,396,415	8,391,947	3,013,268	2,850,874
Other European countries	215,416	193,139	9,656	15,273			958,268	976,093	663,076	682,560
North America	414,625	400,742	42,804	216,121	496	1,659	1,286,520	1,246,839	723,081	705,942
Asia and Middle East	496,488	448,811	85,813	67,740	5,266	8,146	1,156,703	989,556	338,450	277,474
Africa	1,107,686	1,106,309	149,708	182,802			2,505,682	2,359,189	596,464	567,069
Trading and others	224,751	247,329	9,222	9,612	4,988	14,917	5,152,364	4,275,798	3,156,519	2,441,745
Inter-area eliminations							(7,361,024)	(6,286,030)	(2,328,715)	(1,339,396)
Total	**5,147,341**	**5,365,383**	**542,383**	**727,364**	**34,945**	**51,665**	**12,094,928**	**11,953,392**	**6,162,143**	**6,186,268**

Assets

Non-current assets

1) Property, plant and equipment

(in thousands of euro)	Land and buildings	Quarries	Technical plant, materials and equipment	Other property, plant and equipment	Total
Gross amount	2,011,688	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**
Additions	60,167	12,392	230,147	212,115	514,821
Change in scope of consolidation and other	94,891	(19,013)	357,053	(431,953)	978
Disposals	(4,780)	(95)	(3,240)	(2,303)	(10,418)
Depreciation and impairment losses	(55,627)	(12,550)	(379,742)	(29,267)	(477,186)
Currency translation differences	33,921	6,660	94,463	32,859	167,903
Net carrying amount at December 31, 2010	**1,080,898**	**359,890**	**2,656,546**	**602,680**	**4,700,014**
Gross amount	2,247,547	565,302	7,763,475	999,500	11,575,824
Accumulated depreciation	(1,166,649)	(205,412)	(5,106,929)	(396,820)	(6,875,810)
Net carrying amount at December 31, 2010	**1,080,898**	**359,890**	**2,656,546**	**602,680**	**4,700,014**

The significant addition of 514,821 thousand euro in property, plant and equipment mainly referred to Europe for 225,191 thousand euro, including Italy for 94,548 thousand euro, Belgium for 37,778 thousand euro, to Morocco for 95,290 thousand euro, to India for 68,884 thousand euro and to North America for 42,333 thousand euro.

Construction in progress at December 31, 2010, stood at 512,368 thousand euro (720,646 thousand euro at December 31, 2009); the reduction for the year in “Change in scope of consolidation and other” arose largely from the reclassification to the final categories of assets relating to the Ait Baha cement plant in Morocco and the industrial facilities in Yerraguntla, India, and Martinsburg, North America.

“Depreciation and impairment losses” included impairment variations of 5.2 million euro on property, plant and equipment (51.0 million euro at December 31, 2009). Impairment variations referred chiefly to the industrial facilities in Egypt and Saudi Arabia.

The positive effect in 2010 of the review of the useful lives of industrial assets in the construction materials sector was 29.2 million euro.

Fixed assets held under finance leases were carried at a net amount of 31,956 thousand euro at December 31, 2010 (38,691 thousand euro at December 31, 2009). They consisted largely of “plant and machinery” and “automobiles and aircraft”.

Expenses capitalized under “Property, plant and equipment” totaled 58.7 million euro at December 31, 2010 (58.7 million euro at December 31, 2009).

Fixed assets pledged as security for bank loans were carried at a net amount of 200.0 million euro at December 31, 2010 (213.3 million euro at December 31, 2009).

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	62,023
Accumulated depreciation	(27,957)
Net carrying amount at December 31, 2009	**34,066**
Additions	197
Disposals	(487)
Depreciation and impairment losses	(1,726)
Currency translation differences	1,746
Reclassifications	1,786
Other	110
Net carrying amount at December 31, 2010	**35,692**
Gross amount	65,513
Accumulated depreciation	(29,821)
Net carrying amount at December 31, 2010	**35,692**

Investment property is carried largely at amortized cost.
Fair value at December 31, 2010, was 150.8 million euro (123.2 million euro at December 31, 2009).
"Depreciation and impairment losses" includes an impairment loss of 1.0 million euro on land in Spain.

3) Goodwill

(in thousands of euro)	
Net carrying amount at December 31, 2009	**2,039,909**
Acquisitions and changes in scope of consolidation	2,061
Sales	
Impairment losses	(469)
Currency translation differences and other changes	54,415
Net carrying amount at December 31, 2010	**2,095,916**

The significant change in goodwill during the year arose almost exclusively from translation gains as a result of the appreciation of other currencies against the euro.

Goodwill impairment testing

Goodwill acquired in a business combination is apportioned 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 2010 took account of the structural evolution in the macro-economic scenario in all the countries whose consumption models have altered significantly as a result of the profound changes triggered by the financial crisis that began in 2008; particular attention was paid to the construction industry, an end consumer of cement, whose fluctuations have a direct impact on cement production.

In the countries where the Group operates in the EU and North America, large and unexpected reductions were reported in general cement consumption, in absolute values and, above all, with respect to the growth rates based on the long-term demand curve trend.
In these countries, according to the latest estimates, the economic cycle has slowed, with significantly lower growth rates in the construction sector, a phenomenon that implies a more gradual recovery in cement consumption; in the majority of EU countries and in North America, this recovery is therefore likely to be slower than that expected on the basis of the customary macroeconomic indicators.
Consequently, the long-term consumption forecasts that provide the basis for the CGU cash flow projections used in goodwill tests are now aligned with a timeframe adjusted to take account of the new conditions of general economic growth, in particular the long-term growth expectations for cement consumption indicated by the "structural demand curve".

Accordingly, for the EU countries and North America, a period of 9 years was used to estimate expected future cash flows; projected cement consumption is thus structurally balanced and aligned with the related long-term estimate implicit in the cement structural demand curve for each country.

The emerging countries are also subject in part to a change in cyclical patterns compared with the recent past, but their cement consumption is more likely to be influenced by exogenous factors relating to specific macro-economic events; as in the past, the goodwill tests were based on expected growth in demand over a four-year period.

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

in %	Discount rate before tax		Growth rate	
Cash-generating units	**2010**	**2009**	**2010**	**2009**
Italy	7.7	7.0	1.1	1.1
France/Belgium	8.7	8.0	1.1	1.1
Spain	8.5	7.7	1.0	1.0
North America	7.4	7.3	1.2	1.2
Egypt	13.4	12.7	6.0	6.0
Morocco	9.8	9.4	2.4	2.4
India	12.3	11.6	5.0	5.0
Thailand	9.5	8.7	2.5	2.5
Turkey	11.8	10.8	5.0	5.0

The discount rate for each country is 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.
Goodwill testing for 2010 did not generate any goodwill impairment losses.

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**

The Group's most significant CGU goodwill values at December 31, 2010, are set out below:

(in thousands of euro)	Net carrying amount of goodwill at December 31, 2010			
Cash-generating units	**Construction materials**	**Packaging and insulation**	**Banking**	**Total**
France/Belgium	596,466			596,466
Egypt	600,182			600,182
Spain	227,179			227,179
North America	144,677			144,677
Morocco	112,779			112,779
India	100,598			100,598
Thailand	91,188			91,188
Italy	28,960	34,620		63,580
Bulgaria	61,133			61,133
Turkey	20,471			20,471
Greece	12,470			12,470
China	7,080			7,080
Switzerland			6,416	6,416
Austria		3,459		3,459
Hungary		54		54
Others	48,184			48,184
Total	**2,051,367**	**38,133**	**6,416**	**2,095,916**

Sensitivity analysis on goodwill impairment testing

In relation to the current and forecast industry scenario and to the results of the impairment tests for 2010, a sensitivity analysis was conducted on recoverable amount estimated using the discounted cash flow method.
At December 31, 2010, an increase of 1% in the weighted average cost of capital would generate a surplus in carrying amount with respect to recoverable amount of 9 million euro for the Turkish CGU and 24 million euro for the Spanish CGU. On the basis of this analysis, the Group deems it unnecessary to reduce the goodwill of the CGUs in question.

The discount rate that equates the recoverable amount of the Turkish CGU with net carrying amount is 11.6%, and 7.6% for the Spanish CGU.

4) Intangible assets

(in thousands of euro)	Patents, IT development	Concessions and other intangible assets	Total
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**
Additions	13,267	13,432	26,699
Change in scope of consolidation and other	2,224	(1,416)	808
Disposals	(2,727)		(2,727)
Amortization	(10,722)	(6,494)	(17,216)
Currency translation differences	1,343	6,249	7,592
Net carrying amount at December 31, 2010	**33,039**	**121,751**	**154,790**
Gross amount	141,361	142,924	284,285
Accumulated amortization	(108,322)	(21,173)	(129,495)
Net carrying amount at December 31, 2010	**33,039**	**121,751**	**154,790**

“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.
“Concessions” includes the Bares licenses (Turkey) for 30.2 million euro, referring to the Balikesir wind farm project, amortization of which has not yet begun.

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, 2010	December 31, 2009	Change
Raw and ancillary materials and consumables	428,627	419,980	8,647
Work in progress and semifinished goods	160,330	134,997	25,333
Finished goods	148,286	137,996	10,290
Payments on account and contract work in progress	17,772	20,468	(2,696)
Total	**755,015**	**713,441**	**41,574**

Inventories are carried net of write-down provisions totaling 106,806 thousand euro (106,177 thousand euro at December 31, 2009), mainly against the risk of slow-moving ancillary materials and consumables.
Spares at December 31, 2010, were carried at 189,776 thousand euro (202,490 thousand euro at December 31, 2009).

9) Trade receivables

See the section on IFRS 7.

10) Other current assets

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Receivables vs. employees and social security authorities	7,449	7,253	196
Indirect tax assets	87,756	80,358	7,398
Concessions and licenses paid in advance	31,046	31,005	41
Prepaid expenses	37,753	30,721	7,032
Accrued income	2,641	4,267	(1,626)
Short-term derivatives	7,237	2,906	4,331
Bank derivatives	1,016	1,755	(739)
Other bank receivables and financial instruments	126,348	115,292	11,056
Other receivables	96,574	97,971	(1,397)
Total	**397,820**	**371,528**	**26,292**

"Other receivables" refers mainly to the construction materials sector.

11) Income tax assets

Income tax assets totaled 93,170 thousand euro (109,804 thousand euro at December 31, 2009) 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, 2010, 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, 2010	December 31, 2009	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, 2009.

16) Treasury shares

At December 31, 2010, treasury shares in portfolio stood at 21,226 thousand euro, unchanged from December 31, 2009. 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, 2009	**871,411**	**20,830**	**28,500**	**396**	**21,226**
At December 31, 2010	**871,411**	**20,830**	**28,500**	**396**	**21,226**

Ordinary treasury shares in portfolio at December 31, 2010, will service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid by the parent company Italmobiliare S.p.A. in 2010 and 2009 are detailed below:

	2010 (euro per share)	2009 (euro per share)	2010 (thousands of euro)	2009 (thousands of euro)
Ordinary shares	0.856		18,242	
Savings shares	0.934		15,238	
Total dividends			**33,480**	

Translation reserve

This reserve reflects exchange-rate differences on the translation of the financial statements of consolidated foreign entities. At December 31, 2010, the reserve reflected a positive balance of 24,567 thousand euro, referring to the following currencies:

(in millions of euro)	December 31, 2010	December 31, 2009	Change
Egypt (Pound)	(12.6)	(15.3)	2.7
USA and Canada (Dollar)	4.8	(13.3)	18.1
Thailand (Baht)	15.9	2.6	13.3
Morocco (Dirham)	(0.5)	(2.3)	1.8
India (Rupee)	1.0	(8.8)	9.8
Turkey (Lira)	(3.9)	(8.0)	4.1
Switzerland (Franc)	14.8	1.3	13.5
Other countries	5.1	(1.2)	6.3
Net amount	**24.6**	**(45.0)**	**69.6**

17) Minority interests

Minority interests at December 31, 2010, stood at 3,573,350 thousand euro, an increase of 203,858 thousand euro from December 31, 2009.

Net profit for 2010 decreased by 20,546 thousand euro, from 187,053 thousand euro in 2009 to 166,507 thousand euro in 2010; the translation reserve increased by 146,268 thousand euro as a result of the performance of the euro against the currencies in countries with large minority interests, such as the USA, Morocco and Thailand.

Non-current and current liabilities

18) Employee benefit liabilities

Employee benefit liabilities at December 31, 2010, amounted to 193,038 thousand euro (190,735 thousand euro at December 31, 2009).
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, 2010, are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	**Dec.31, 10**	**Dec.31, 09**	**Dec.31, 10**	**Dec.31, 09**	**Dec.31, 10**	**Dec.31, 09**
Discounted value of funded plans	129.7	118.2			129.7	118.2
Fair value of plan assets	(86.1)	(78.9)			(86.1)	(78.9)
Discounted net value of funded plans	**43.6**	**39.3**			**43.6**	**39.3**
Discounted value of non-funded plans	77.6	78.6	81.7	72.1	159.3	150.7
Net value of obligation	**121.2**	**117.9**	**81.7**	**72.1**	**202.9**	**190.0**
Unrecognized actuarial gains/(losses)	(29.7)	(21.0)	(5.8)	(1.3)	(35.5)	(22.3)
Unrecognized costs on prior-period services	(1.6)	(1.8)	(0.4)	(0.3)	(2.0)	(2.1)
Net assets/(liabilities)	**89.9**	**95.1**	**75.5**	**70.5**	**165.4**	**165.6**
of which:						
Liabilities	90.3	95.4	75.5	70.5	165.8	165.9
Assets	(0.4)	(0.3)			(0.4)	(0.3)
Net assets/(liabilities)	**89.9**	**95.1**	**75.5**	**70.5**	**165.4**	**165.6**

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 +4.3 and -2.9 million euro respectively in balance sheet liabilities and of +0.4 and -0.3 million euro in related expenses.

The movements in the net liability are analyzed below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	**Dec.31, 10**	**Dec.31, 09**	**Dec.31, 10**	**Dec.31, 09**	**Dec.31, 10**	**Dec.31, 09**
Opening net liability	**95.1**	**100.2**	**70.5**	**70.9**	**165.6**	**171.1**
Net costs charged to employee expenses	12.2	14.4	5.6	3.9	17.8	18.3
Contributions or services paid	(18.6)	(19.4)	(3.2)	(3.2)	(21.8)	(22.6)
Exchange-rate differences	1.3	(0.2)	2.6	(1.1)	3.9	(1.3)
Plans acquired on change in scope of consolidation	(0.1)	0.1			(0.1)	0.1
Closing net liability	**89.9**	**95.1**	**75.5**	**70.5**	**165.4**	**165.6**

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, 10	Dec.31, 09	Dec.31, 10	Dec.31, 09	Dec.31, 10	Dec.31, 09
Current cost of services	(4.3)	(4.2)	(1.7)	(1.4)	(6.0)	(5.6)
Finance costs on obligations	(10.9)	(11.3)	(4.0)	(4.0)	(14.9)	(15.3)
Revenues expected from plan assets	5.5	4.8			5.5	4.8
Net actuarial losses recognized in year	(1.6)	(1.8)	(0.1)	0.1	(1.7)	(1.7)
Cost of prior-period services	(1.3)	(0.2)	0.2	0.7	(1.1)	0.5
Plan settlement or curtailment gains/(losses)	0.4	(1.7)		0.6	0.4	(1.1)
Total charged to employee expenses	**(12.2)**	**(14.4)**	**(5.6)**	**(4.0)**	**(17.8)**	**(18.4)**
Real return on assets	**9.0**	**10.5**			**9.0**	**10.5**

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, 10	Dec.31, 09	Dec.31, 10	Dec.31, 09	Dec.31, 10	Dec.31, 09
Present value of defined plan obligations at beginning of period	**196.8**	**197.0**	**72.0**	**72.5**	**268.8**	**269.5**
Social security costs for the year	4.3	4.2	1.7	1.4	6.0	5.6
Finance costs on obligations assumed	10.9	11.3	4.0	4.0	14.9	15.3
Employee contributions			0.3	0.3	0.3	0.3
Cost of prior-period services	1.1			(0.7)	1.1	(0.7)
Actuarial (gains)/losses	11.1	8.5	4.7	(0.3)	15.8	8.2
Amounts paid	(20.3)	(22.5)	(3.5)	(3.5)	(23.8)	(26.0)
Plan curtailments	0.2	1.4		(0.7)	0.2	0.7
Change in scope of consolidation	(0.1)	0.1			(0.1)	0.1
Exchange-rate differences and other	3.3	(3.2)	2.5	(1.0)	5.8	(4.2)
Present value of defined plan obligations at end of period	**207.3**	**196.8**	**81.7**	**72.0**	**289.0**	**268.8**

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, 10	Dec.31, 09	Dec.31, 10	Dec.31, 09	Dec.31, 10	Dec.31, 09
Fair value of plan assets at beginning of period	**78.9**	**73.5**			**78.9**	**73.5**
Expected yield	5.5	4.8			5.5	4.8
Actuarial gains/(losses)	3.5	5.7			3.5	5.7
Employer contributions	18.6	19.4	3.2	3.2	21.8	22.6
Employee contributions			0.3	0.3	0.3	0.3
Benefits paid	(20.3)	(22.5)	(3.5)	(3.5)	(23.8)	(26.0)
Change in scope of consolidation						
Exchange-rate differences and other	(0.1)	(2.0)			(0.1)	(2.0)
Fair value of plan assets at end of period	**86.1**	**78.9**			**86.1**	**78.9**

Group contributions to 2010 defined benefit plans will amount to an estimated 10.3 million euro.

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

	2010	2009
Equities	40.0%	34.4%
Debentures	53.9%	58.2%
Investment property	0.8%	1.3%
Other	5.3%	6.1%
Total	**100.0%**	**100.0%**

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

(in millions of euro)	December 31, 2010	December 31, 2009
Discounted value of funded plans	129.7	118.2
Fair value of plan assets	(86.1)	(78.9)
Net value of funded plans	**43.6**	**39.3**
Change in value of funded plans other than changes in actuarial assumptions	0.6	4.6
Difference between real asset yield and yield expected at beginning of period	3.5	5.7

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 %)	2010	2009	2010	2009	2010	2009
Expected yield on assets	3,50 - 4,00	4,50 - 5,25	7.71	7,70	7,50	7,50
Future wage and salary increases	2,75 - 3,50	2,75 - 5,50	n.a.	n.a.	3,50 - 8,50	3,50 - 8,50

n.a.: not applicable

Discount rate in %	2010	2009
Europe		
Long-term euro zone	5.00	5.25
Mid-term euro zone	4.75	4.50
Short-term euro zone	4.25	2.50
Bulgaria	5.75	7.50
North America		
USA	5.10	5.70
Canada	4.75	6.25
Other countries		
Morocco	4.50	4.50
Turkey	10.00	11.00
Thailand	4.00	5.00
India	8.20	7.70

Defined contribution plans

The Group's defined contribution plans are pension plans and medical plans; expense relating to these plans in 2010 was 50.5 million euro (50.7 million euro in 2009).

Employment termination plans

At December 31, 2010, employment termination provisions totaled 24.5 million euro (19.8 million euro in 2009). They referred mainly to Italcementi S.p.A. for 10.9 million euro, Ing. Sala S.p.A. for 3.5 million euro, Morocco for 3.5 million euro and Egypt for 3.1 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, 2010, 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
March 24, 2010	124,385	3/24/2013 - 3/23/2020			124,385	€	28.8340
Total	**754,094**		**39,720**	**-**	**714,374**		

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:

	2010			2009		
	No. options		Average sub-scription price	No. options		Average sub-scription price
Unexercised options at beginning of year	**589,989**	**€**	**59.1624**	**570,639**	**€**	**60.4725**
Granted during year	124,385	€	28.8340	19,350	€	20.5260
Cancelled during year						
Exercised during year						
Expired during year						
Unexercised options at end of year	**714,374**	**€**	**53.8817**	**589,989**	**€**	**59.1624**
Vested options at end of year	**446,439**			**323,960**		

The average ordinary share price for financial year 2010 was 26.075 euro (27.946 euro for financial year 2009).
The average residual life of unexercised options is 3 years and 5 months.
The option exercise price at December 31, 2010, 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**	**2010**	**2009**
March 7, 2006	Italcementi S.p.A.	631,403	3 years		142
March 21, 2006	Italmobiliare	109,880	3 years		196
March 23, 2006	Ciments Français S.A.	155,000	3 years		570
March 7, 2007	Italcementi S.p.A.	1,020,200	3 years	350	1,967
March 21, 2007	Italmobiliare	122,479	3 years	241	968
March 23, 2007	Ciments Français S.A.	166,400	3 years	477	2,530
June 20, 2007	Italcementi S.p.A.	701,250	3 years	(1,407)	2,449
March 26, 2008	Italcementi S.p.A.	623,300	3 years	555	555
March 28, 2008	Italmobiliare	124,200	3 years	712	764
April 14, 2008	Ciments Français S.A.	152,900	3 years	1,080	2,222
June 4, 2008	Italcementi S.p.A.	2,000,000	3 years	2,620	2,620
March 25, 2009	Italmobiliare	19,350	3 years	33	18
March 24, 2010	Italmobiliare	124,385	3 years	289	
Total				**4,950**	**15,001**

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 5, 2010, the Italcementi S.p.A. Board of Directors assessed the performance targets assigned at inception of the plan granted on June 20, 2007. The objectives achieved led to the grant of 701,250 options, which were waived by the beneficiaries; the change with respect to the maximum number of 1,050,000 grantable options generated a reduction in the plan value of 1,407 thousand euro.
At a meeting on March 24, 2010, based on the results for 2009, the Italmobiliare S.p.A. Board of Directors granted a total of 124,385 options, vesting as from March 24, 2013.

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

	2009 Plan	2008 Plan	2007 Plan	2006 Plan	2005 Plan	2004 Plan	2003 Plan	2002 Plan
Option value at grant date	9.28	3.78	17.21	23.64	22.05	11.41	7.15	6.49
Share value	31.10	21.59	65.10	87.41	73.57	52.84	35.05	31.80
Exercise price	28.834	20.526	59.908	86.068	65.701	54.536	35.199	31.280
Volatility in %	24.3%	25.0%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Option term (years)	10.00	10.00	10.00	9.75	9.75	9.75	10.00	10.00
Dividends as %	2.75%	7.41%	2.23%	1.45%	1.50%	1.89%	2.68%	2.96%
10-year BTP risk-free rate	3.920%	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 256,293 thousand euro at December 31, 2010, an increase of 13,052 thousand euro from December 31, 2009.

(in thousands of euro)	Opening amount	Increases	Decreases for use	Reversed unused amounts	Currency translation differences	Other changes	Total changes	Closing amount
Envtl restoration	77,149	18,030	(6,462)	(8,446)	977	3,648	7,747	84,896
Disputes	92,735	15,162	(9,626)	(11,997)	2,963	241	(3,257)	89,478
Other provisions	73,357	34,364	(24,192)	(3,304)	2,021	(327)	8,562	81,919
Total	**243,241**	**67,556**	**(40,280)**	**(23,747)**	**5,961**	**3,562**	**13,052**	**256,293**
Non-current portion	239,822	67,286	(39,842)	(23,747)	5,717	3,449	12,863	252,685
Current portion	3,419	270	(438)		244	113	189	3,608
Total	**243,241**	**67,556**	**(40,280)**	**(23,747)**	**5,961**	**3,562**	**13,052**	**256,293**

"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 128,999 thousand euro at December 31, 2010, as follows:

(in thousands of euro)	December 31, 2009	Result	Other changes	December 31, 2010
Benefit on tax loss carryforwards	23,956	30,236	46,467	100,659
Property, plant and equipment	(333,361)	6,758	(11,939)	(338,542)
Inventories	(13,382)	(213)		(13,595)
Loans and borrowings	(268)	(27)		(295)
Non-current provisions and Employee benefit liabilities	86,804	340	3,132	90,276
Other	24,739	4,235	3,524	32,498
Total	**(211,512)**	**41,329**	**41,184**	**(128,999)**
of which:				
Deferred tax assets	58,350			117,944
Deferred tax liabilities	(269,862)			(246,943)
Total	**(211,512)**			**(128,999)**

At December 31, 2010, net deferred tax liabilities reflected in equity reserves totaled 16,773 thousand euro.
Off-balance sheet deferred tax assets relating to losses for the year and previous years amounted to approximately 130.9 million euro (102.9 million euro at December 31, 2009). 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 68,196 thousand euro (69,623 thousand euro at December 31, 2009) and reflected amounts due to tax authorities for income taxes accrued in the year.

24) Other liabilities

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Due to employees	117,009	119,399	(2,390)
Due to social security authorities	59,658	60,824	(1,166)
Due to tax authorities	79,227	71,450	7,777
Accruals and deferred income	39,750	40,178	(428)
Derivatives	20,839	20,431	408
Banking and insurance amounts due	584,166	616,893	(32,727)
Advances from customers	61,558	76,700	(15,142)
Put options on minority interests	63,749	71,402	(7,653)
Other amounts due	193,955	182,199	11,756
Total	**1,219,911**	**1,259,476**	**(39,565)**

"Other amounts due" includes amounts due to suppliers for fixed assets, mainly in the construction materials sector.

Commitments

(in millions of euro)	December 31, 2010	December 31, 2009
Guarantees on company assets	247.2	253.8
Deposits, guarantees, commitments, other	207.4	192.8
Total	**454.6**	**446.6**

Guarantees on company assets at December 31, 2010, consisted mainly of mortgages securing loans and borrowings at the Indian subsidiaries and equities provided as guarantees to credit institutes.

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. At December 31, 2010, the commitment had been 100% completed.

Contracts and orders issued for investments amounted to 110.4 million euro at December 31, 2010, and referred mainly to property, plant and equipment, as follows:

	Nominal values			
(in millions of euro)	December 31, 2010	< 1 year	1 - 5 years	> 5 years
Commitments for fixed asset purchases	110.4	91.8	18.6	-

Finter Bank Zürich and its subsidiaries provided guarantees in favor of third parties on behalf of their own clients, for 14,101 thousand Swiss francs (25,779 thousand Swiss francs at December 31, 2009), against which the clients made deposits to cover possible enforcement of the guarantees provided.

Income statement

25) Revenues

Revenues from sales and services totaled 5,147,341 thousand euro, as follows:

(in thousands of euro)	2010	2009	Change	% change
Industrial revenues				
Product sales	4,828,611	5,086,923	(258,312)	-5.1%
Revenues from services	159,761	118,958	40,803	34.3%
Other revenues	34,396	31,975	2,421	7.6%
Total	**5,022,768**	**5,237,856**	**(215,088)**	**-4.1%**
Financial revenues				
Interest	29,605	10,759	18,846	175.2%
Dividends	6,703	3,133	3,570	113.9%
Capital gains and other revenues	53,002	72,011	(19,009)	-26.4%
Total	**89,310**	**85,903**	**3,407**	**4.0%**
Banking revenues				
Interest	5,270	6,006	(736)	-12.3%
Commissions	26,319	30,950	(4,631)	-15.0%
Other revenues	2,429	3,667	(1,238)	-33.8%
Total	**34,018**	**40,623**	**(6,605)**	**-16.3%**
Property and services revenues	**1,245**	**1,001**	**244**	**24.4%**
Grand total	**5,147,341**	**5,365,383**	**(218,042)**	**-4.1%**

26) Goods and utilities expenses

Goods and utilities expenses amounted to 2,143,985 thousand euro, as follows:

(in thousands of euro)	2010	2009	Change	% change
Raw materials and semifinished goods	563,287	486,906	76,381	15.7%
Fuel	558,112	386,324	171,788	44.5%
Materials and machinery	283,912	286,259	(2,347)	-0.8%
Finished goods	218,316	222,030	(3,714)	-1.7%
Electricity, water, gas	494,866	435,077	59,789	13.7%
Change in inventories of raw materials, consumables, other	25,492	173,887	(148,395)	-85.3%
Total	**2,143,985**	**1,990,483**	**153,502**	**7.7%**

27) Services expenses

Services expenses totaled 1,131,176 thousand euro, as follows:

(in thousands of euro)	2010	2009	Change	% change
External services and maintenance	366,557	377,403	(10,846)	-2.9%
Transport	456,727	456,020	707	0.2%
Legal fees and consultancy	64,792	76,207	(11,415)	-15.0%
Rents	81,593	77,235	4,358	5.6%
Insurance	41,331	42,437	(1,106)	-2.6%
Subscriptions	7,979	9,897	(1,918)	-19.4%
Other	112,197	115,550	(3,353)	-2.9%
Total	**1,131,176**	**1,154,749**	**(23,573)**	**-2.0%**

“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 1,002,107 thousand euro, as follows:

(in thousands of euro)	2010	2009	Change	% change
Wages, salaries, social security contributions	898,544	884,891	13,653	1.5%
Cost of stock option plans	4,842	15,062	(10,220)	-67.9%
Other expenses	98,721	100,144	(1,423)	-1.4%
Total	**1,002,107**	**1,000,097**	**2,010**	**0.2%**

“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)	2010	2009	Change
Number of employees at period end	22,262	22,758	(496)
Average number of employees	22,572	23,303	(731)

29) Other operating income (expense)

Other operating expense net of other operating income amounted to 120,738 thousand euro, as follows:

(in thousands of euro)	2010	2009	Change	% change
Other taxes	79,242	114,749	(35,507)	-30.9%
Provision for bad debts	15,059	27,798	(12,739)	-45.8%
Interest expense and other expense for companies in the financial and banking sectors	55,123	25,777	29,346	113.8%
Provision for environmental restoration - quarries and other	75,275	71,024	4,251	6.0%
Miscellaneous income	(103,961)	(65,283)	(38,678)	59.2%
Total	**120,738**	**174,065**	**(53,327)**	**-30.6%**

"Miscellaneous income" in 2010 includes net capital gains of 55.2 million euro on CO_2 emission rights trading (19.5 million euro in 2009).

30) Non-recurring income (expense)

Non-recurring expense net of non-recurring income amounted to 2,295 thousand euro (11,663 thousand euro at December 31, 2009). 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)	2010	2009	Change	% change
Net capital gains on sale of fixed assets	9,865	26,109	(16,244)	-62.2%
Employee expenses for re-organizations	(12,001)	(33,987)	21,986	-64.7%
Other non-recurring income/(expense)	(159)	(3,785)	3,626	-95.8%
Total	**(2,295)**	**(11,663)**	**9,368**	**-80.3%**

In 2010 expense for re-organization programs at Group industrial sites related to Italy for 4.6 million euro, North America for 3.7 million euro and Morocco for 3.6 million euro.

31) Amortization and depreciation

The total amount of 488,402 thousand euro (474,894 thousand euro at December 31, 2009) reflects depreciation of property, plant and equipment for 472,093 thousand euro (459,797 thousand euro at December 31, 2009), depreciation of investment property for 681 thousand euro (696 thousand euro at December 31, 2009) and amortization of intangible assets for 15,628 thousand euro (14,401 thousand euro at December 31, 2009).

32) Finance income (costs), exchange-rate differences and net gain/(losses) on derivatives

Finance costs, net of finance income, amounted to 112,319 thousand euro, as follows:

	2010		2009	
(in thousands of euro)	Income	Costs	Income	Costs
Interest income	28,024		22,447	
Interest expense		(136,406)		(127,730)
Sub total	**28,024**	**(136,406)**	**22,447**	**(127,730)**
Net interest in respect of net financial position		**(108,382)**		**(105,283)**
Net dividends	3,791		2,587	
Capital gains/losses on sale of equity investments	7,737	(1,506)	2,409	(845)
Other finance income	8,706		7,041	
Capitalized interest expense		8,370		16,324
Other finance costs		(35,766)		(23,864)
Sub total	**20,234**	**(28,902)**	**12,037**	**(8,385)**
Total finance income and (costs)	**48,258**	**(165,308)**	**34,484**	**(136,115)**
Gains/(losses) on interest-rate derivatives		(3,875)		(293)
Gains/(losses) on foreign-exchange derivatives	1,140			(19,594)
Net exchange-rate differences	7,466		10,082	
Exchange-rate differences and net derivatives		**4,731**		**(9,805)**
Total finance income and (costs), exchange-rate differences and net derivatives		**(112,319)**		**(111,436)**

Net finance costs of 112,319 thousand euro (111,436 thousand euro in 2009) included capitalized interest expense of 8,370 thousand euro (16,324 thousand euro in 2009).

Total finance costs net of finance income, not including exchange-rate differences and net derivatives, amounted to 117.1 million euro (101.6 million euro in 2009); this includes net costs of 21.4 million euro for redemption of the notes for the “US Private Placements”, of which 15.9 million euro relating to the net financial position. Net of this non-recurring item, net finance costs in respect of net debt amounted to 92.5 million euro; the decrease with respect to the previous year arose as a result of the reduction in interest rates and lower average debt in 2010.

33) Impairment on financial assets

(in thousands of euro)	2010	2009	Change	% change
Calcestruzzi	19,732	41,129	(21,397)	-52.0%
Mediobanca warrants	2,463		2,463	
RCS MediaGroup	(8,541)		(8,541)	
Intek warrants	8	4	4	100.0%
UBI (shares and warrants)	8,661	5,418	3,243	59.9%
Other	888	1,192	(304)	-25.5%
Total	**23,211**	**47,743**	**(24,532)**	**-51.4%**

“Impairment on financial assets” referred chiefly to the impairment loss on the Calcestruzzi group for 19,732 thousand euro determined on June 30, 2010 (41,129 thousand euro at December 31, 2009), supported by the opinion of an independent assessor.

In accordance with the parent company accounting policy, the carrying amounts of Mediobanca warrants, UBI and Intek were restated at the stock exchange values at December 31, 2010, generating an aggregate impairment loss of 11,132 thousand euro.
The equity investment in the RCS MediaGroup company, on which impairment losses of 55,604 thousand euro were applied in previous years, was tested for impairment by an independent assessor, who confirmed the recoverable amount at 1.578 euro per share, thus determining an impairment reversal, with respect to the previous carrying amounts, of 8,541 thousand euro.
The impairment procedure was based on the following hypotheses:

- the projected future cash flows to be discounted were based on the best available public information (mainly analysts' consensus forecasts) including the new plan announced on December 17, 2010;
- the explicit projection horizon for the cash flows to be discounted was not more than five years;
- the cash flow growth rates for the long term beyond the explicit projection horizon, used to determine terminal value, were determined on the basis of the fundamentals or the expected long-term inflation rate for Italy (0.90%);
- the cash flow discount rate (opportunity cost of capital) was determined using standard methodologies, also indicated by IAS 36 (Capital Asset Pricing Model), and was 8.19%.

The sensitivity analysis indicates that a variation of 0.25% in WACC and in the growth rate of the terminal value would generate a valuation between a minimum of 1.433 euro per share and a maximum of 1.744 euro per share.

34) Share of results of associates

(in thousands of euro)	2010	2009	Change	% change
Ciment Quebec (Canada)	9,744	7,274	2,470	34.0%
Vassiliko (Cyprus)	(1,561)	305	(1,866)	n.s.
Asment Cement (Morocco)	8,730	9,120	(390)	-4.3%
RCS MediaGroup (Italy)	(4,029)	(5,292)	1,263	-23.9%
Techno Gravel (Egypt)	1,162	1,086	76	7.0%
Mittel (Italy)	(4,635)	5,427	(10,062)	n.s.
SES (Italy)	(1,052)	11,783	(12,835)	-108.9%
Other	233	(1,582)	1,815	n.s.
Total	**8,592**	**28,121**	**(19,529)**	**-69.4%**

The share of the result of RCS MediaGroup was computed on the basis of consolidated net profit at September 30, 2010.

35) Income tax expense

Income tax expense for the year amounted to 65,497 thousand euro, as follows:

(in thousands of euro)	2010	2009	Change	% change
Current tax	113,079	132,342	(19,263)	-14.6%
Prior-year tax and other prior-year fiscally driven items, net	(4,156)	(15,930)	11,774	-73.9%
Deferred tax	(43,210)	(17,344)	(25,866)	n.s.
Tax from change in tax rate	(216)	284	(500)	n.s.
Total	**65,497**	**99,352**	**(33,855)**	**-34.1%**

In Italy, the IRES income tax rate applied by the parent company on estimated taxable income for the year was 27.5% (as in 2009); 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)		**2010**
Consolidated profit before tax		**253,273**
Current IRES tax rate		27.5%
Theoretical tax charge		**(69,650)**
Effect of reduction in tax rate for tax relief/allowances		3,092
Tax effect on permanent differences		
- foreign dividends and other exempt income		26,665
- non-deductible costs		(40,501)
Net effect for the year of unrecognized deferred tax on temporary differences (*)		1,050
Effect of change in tax rates		(2)
Withholdings on foreign dividends		(2,594)
Effect of estimate adjustments and/or recognition of previously unrecognized deferred tax		1,279
Effect of difference between Italian and foreign tax rate (**)		14,717
Other taxes		34
Actual income tax charge	**26.0%**	**(65,910)**
Actual IRAP tax charge		(3,658)
Other components not related to the year's income		4,071
Total	**25.9%**	**(65,497)**

(*) Refers mainly to unrecognized deferred tax assets on losses for the year in Turkey.
(**) 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, Egypt, Ireland and Switzerland.

36) Components of other comprehensive income

(in thousands of euro)	**Gross amount**	**Tax**	**Net amount**
Fair value adjustments on:			
Available-for-sale financial assets	(126,112)	2,539	(123,573)
Derivatives	11,749	(2,356)	9,393
Currency translation differences	215,861		215,861
Components of other comprehensive income	**101,498**	**183**	**101,681**

37) Earnings per share

Earnings per share at December 31, 2010 and 2009, 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 profit are shown below:

	2010		2009	
(thousands of shares)	Ordinary shares	Savings shares	Ordinary shares	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	11,326	9,943	53,645	43,613
Basic earnings per share in euro	0.531	0.609	2.517	2.673

Net profit attributable to share classes was determined as follows:

	2010		2009	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Net profit reserved for savings shareholders (0.078 euro per share)		1,273		2,545
Residual net result apportioned to all shares	11,326	8,670	53,645	41,068
Total	**11,326**	**9,943**	**53,645**	**43,613**

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 profit are shown below:

	2010		2009	
(thousands of shares)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Weighted average number of shares at December 31	21,311	16,315	21,311	16,315
Dilution effect of stock options	3		3	
Total	**21,314**	**16,315**	**21,314**	**16,315**
Attributable net result for diluted earnings in thousands of euro	11,327	9,942	53,649	43,609
Diluted earnings per share in euro	0.531	0.609	2.517	2.673

Net profit attributable to share classes was determined as follows:

	2010		2009	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Net result reserved for savings shareholders (0.078 euro per share)		1,272		2,545
Residual net result apportioned to all shares	11,327	8,670	53,649	41,064
Total	**11,327**	**9,942**	**53,649**	**43,609**

IFRS 7

Net financial position

The net financial position at December 31, 2010, 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	180,662	46,298	134,364	44		134,320	
Other current financial assets	397,820	258,029	139,791	139,791			
Financial receivables and trading equities	1,033,309	290	1,033,019	1,033,019			
Cash and cash equivalents	739,217		739,217	739,217			
Interest-bearing loans and long-term borrowings	(2,735,959)		(2,735,959)				(2,735,959)
Other non-current liabilities	(33,222)	(4,582)	(28,640)				(28,640)
Bank overdrafts and short-term borrowings	(286,902)		(286,902)		(286,902)		
Interest-bearing loans and short-term borrowings	(486,239)		(486,239)		(486,239)		
Other liabilities	(1,219,911)	(615,804)	(604,107)		(604,107)		
Total	**(2,411,225)**	**(315,769)**	**(2,095,456)**	**1,912,071**	**(1,377,248)**	**134,320**	**(2,764,599)**

The net financial position at December 31, 2010, reflected net debt of 2,095,456 thousand euro, as follows:

(in thousands of euro)	December 31, 2010		December 31, 2009		Change	
Cash, cash equivalents and current financial assets	**1,912,071**		**1,908,333**		**3,738**	
Cash and cash equivalents		739,217		727,793		11,424
Derivative assets		6,506		4,661		1,845
Other current financial assets		1,166,348		1,175,879		(9,531)
Short-term financing	**(1,377,248)**		**(1,225,183)**		**(152,065)**	
Bank overdrafts		(286,902)		(427,864)		140,962
Interest-bearing loans and short-term borrowings		(1,069,461)		(775,180)		(294,281)
Derivative liabilities		(20,885)		(22,139)		1,254
Medium/long-term financial assets	**134,320**		**85,304**		**49,016**	
Long-term financial assets		86,564		64,959		21,605
Long-term derivative assets		47,756		20,345		27,411
Medium/long-term financing	**(2,764,599)**		**(2,969,273)**		**204,674**	
Interest-bearing loans and long-term borrowings		(2,735,959)		(2,915,453)		179,494
Long-term derivative liabilities		(28,640)		(53,820)		25,180
Net financial position	**(2,095,456)**		**(2,200,819)**		**105,363**	

Consolidated net debt at December 31, 2010, continued to reflect Italcementi S.p.A. current account receivables due from Calcestruzzi group companies for 217.7 million euro (196.4 million euro at December 31, 2009).

The net financial position at December 31, 2010, computed in compliance with Consob communication no. DEM/6064293 of July 28, 2006 (i.e., including medium/long-term financial assets) amounted to 2,229,776 thousand euro (2,286,123 thousand euro at December 31, 2009).

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, 2010 and 2009:

(in thousands of euro)	December 31, 2010 Carrying amount	December 31, 2010 Fair Value	December 31, 2009 Carrying amount	December 31, 2009 Fair Value
Financial assets				
Assets at fair value through profit and loss				
Cash and cash equivalents	739,217	739,217	727,793	727,793
Short-term derivatives	*5,490*	*5,490*	*2,906*	*2,906*
Banking derivatives	*1,016*	*1,016*	*1,755*	*1,755*
Medium/long-term derivatives	*47,756*	*47,756*	*20,345*	*20,345*
Derivatives	54,262	54,262	25,006	25,006
Equity investments and financial receivables	1,033,309	1,033,309	1,055,200	1,055,200
Banking and other receivables	139,999	139,999	125,791	125,791
Loans and receivables				
Trade receivables	811,609	811,609	958,958	958,958
Non-current receivables and other assets	129,623	129,623	110,865	110,865
Available-for-sale assets				
Non-current equity investments	612,278	612,278	746,578	746,578
Held-to-maturity investments				
Total	**3,520,297**	**3,520,297**	**3,750,191**	**3,750,191**
Financial liabilities				
Trade payables	635,440	635,440	593,774	593,774
Interest-bearing loans and short-term borrowings	*773,141*	*773,141*	*587,859*	*587,859*
Other financial liabilities	*583,222*	*583,222*	*615,185*	*615,185*
Total current financial liabilities	1,356,363	1,356,363	1,203,044	1,203,044
Short-term derivatives	*19,941*	*19,941*	*20,431*	*20,431*
Banking derivatives	*944*	*944*	*1,708*	*1,708*
Medium/long-term derivatives	*28,640*	*28,640*	*53,820*	*53,820*
Total derivatives	49,525	49,525	75,959	75,959
Interest-bearing loans and long-term borrowings	2,735,959	2,775,659	2,915,453	2,946,153
Total	**4,777,287**	**4,816,987**	**4,788,230**	**4,818,930**

Trade receivables and payables are classified as current assets and liabilities and are carried at amounts that are reasonable approximations of their fair value.
Derivatives are measured and recognized at fair value. The fair value of interest-rate contracts is determined by discounting future cash flows using the zero coupon curve.
The fair value of forward foreign-currency purchase contracts is based on the current exchange rates for contracts with similar maturity profiles.
The fair value of foreign-currency 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, 2010, financial instruments stated at fair value were as follows:

(in millions of euro)	December 31, 2010	Level 1	Level 2	Level 3
Derivatives - assets	54,262	545	53,479	238
Equity investments and financial receivables	557,564	193,614	335,032	28,918
Banking and other receivables	6,714			6,714
Non-current receivables and other assets	8,910	139	8,771	
Non-current equity investments	612,278	413,654	15,073	183,551
Derivatives - liabilities	49,525		48,594	931

	Level 3	Increases						Decreases							Level 3
(in millions of euro)	12/31/2009	Pur-chases	Capital gains in income	Other gains in income	Gains in SE	Other increases	Transfers to other levels	Sales	Repay-ments	Capital losses in income	Other losses in income	Losses in SE	Other de creases	Transfers to other levels	12/31/2010
Derivatives - assets		199		39											238
Equity investments and financial receivables	50,594		2,076	1,596				-21,974		-1,696	-174		-259	-1,245	28,918
Banking and other receivables	4,873		1,841												6,714
Non-current receivables and other assets	35							-35							
Non-current equity investments	201,597	55,979			7,383	441	34,561	-37,402		-830	-19,732	-41,173	-17,273		183,551
Derivatives - liabilities	1748									-817					931

Cash and cash equivalents

(In thousands of euro)	December 31, 2010	December 31, 2009	Change
Cash and checks in hand	4,257	5,764	(1,507)
Bank and postal accounts	606,798	618,556	(11,758)
Short-term deposits	128,162	103,473	24,689
Net amount	**739,217**	**727,793**	**11,424**

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 these countries are not immediately available to the holding Ciments Français S.A.. At December 31, 2010, they amounted to 377.7 million euro (367.3 million euro at December 31, 2009).

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

Derivatives

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

	December 31, 2010		December 31, 2009	
(in thousands of euro)	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives hedging cash flows		(5,017)	2	(6,697)
Interest-rate derivatives hedging fair value				
Trading interest-rate derivatives	983	(1,352)	1,122	(2,035)
Interest-rate derivatives	**983**	**(6,369)**	**1,124**	**(8,732)**
Foreign-exchange derivatives hedging cash flows	1,393	(882)	1,015	(520)
Foreign-exchange derivatives hedging fair value	3,079	(12,359)	746	(11,067)
Trading foreign-exchange derivatives	35	(331)	21	(112)
Foreign-exchange derivatives	**4,507**	**(13,572)**	**1,782**	**(11,699)**
Total current instruments	**5,490**	**(19,941)**	**2,906**	**(20,431)**
Interest-rate derivatives hedging cash flows	105	(8,716)	1,081	(18,811)
Interest-rate derivatives hedging fair value	46,882	(19,924)	19,264	
Interest-rate derivatives	**46,987**	**(28,640)**	**20,345**	**(18,811)**
Foreign-exchange derivatives hedging cash flows				
Foreign-exchange derivatives hedging fair value	769			(35,009)
Foreign-exchange derivatives	**769**			**(35,009)**
Total non-current instruments	**47,756**	**(28,640)**	**20,345**	**(53,820)**
Banking derivatives - forwards	1,016	(944)	1,755	(1,708)
Banking derivatives - options				
Banking derivatives	**1,016**	**(944)**	**1,755**	**(1,708)**
Total	**54,262**	**(49,525)**	**25,006**	**(75,959)**

Non-current interest-rate derivatives reflected under assets for 47.0 million euro related principally to a fixed-rate to Euribor-indexed floating rate interest-rate swap hedging part of a 500 million euro debenture issued by Ciments Français S.A. and hedging part of a 750 million euro debenture issued by Italcementi Finance S.A., both issued at a fixed rate under the companies' respective EMTN programs; at December 31, 2009, the derivative in question was carried under assets for 11.9 million euro.

The cross-currency swaps hedging the fixed-rate loan issued in USD (private placement) were cancelled upon early redemption of the loan in April 2010.

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 1.5 million euro at December 31, 2010, of which -0.9 million euro under "Other current liabilities", 1.7 million euro under "Other current assets", -2.4 million euro under "Other non-current liabilities" and 3.1 million euro under "Other non-current assets".
In 2010 derivatives relating to EUA transactions generated an effect of 0.6 million euro on the income statement and an impact of 0.3 million euro on the other comprehensive income reserve.

Equity investments and financial receivables

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Securities and debentures	304,564	306,977	(2,413)
Trading equities	30,205	52,584	(22,379)
Amounts due from banks	454,763	478,783	(24,020)
Other financial assets	243,777	216,856	26,921
Net amount	**1,033,309**	**1,055,200**	**(21,891)**

Trade receivables

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Gross amount	900,529	1,042,852	(142,323)
Provision for bad debts	(88,920)	(83,894)	(5,026)
Total	**811,609**	**958,958**	**(147,349)**

In December 2006, Ciments Calcia and Unibeton arranged five-year factoring programs. At December 31, 2010, factored receivables amounted to 118.8 million euro (133.4 million euro at December 31, 2009).
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 21.0 million euro (22.9 million euro at December 31, 2009) under other current assets;
- non-transferred receivables, in the form of arranged guarantees, for 9.9 million euro reflected under trade receivables with balancing entries of 8.2 million euro in loans and borrowings and 1.7 million euro deducted against miscellaneous receivables.

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

Non-current trade and other receivables

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Non-current receivables	18,669	15,495	3,174
Debentures	75,026	59,649	15,377
Guarantee deposits	33,261	35,320	(2,059)
Other	2,667	401	2,266
Total financial instruments	**129,623**	**110,865**	**18,758**
Derivatives	50,865	20,345	30,520
Concessions and licenses paid in advance	174	596	(422)
Total	**180,662**	**131,806**	**48,856**

Investments in associates

This caption reflects equity interests, including goodwill of 47.0 million euro, at December 31, 2010 (32.5 million euro at December 31, 2009), in associates. The main associates are listed below:

	Value of investments		Share of result	
(in thousands of euro)	December 31, 2010	December 31, 2009	2010	2009
Ciment Québec (Canada)	86,300	73,900	9,744	7,274
Vassiliko Cement Works (Cyprus)	61,600	63,500	(1,561)	305
Asment Cement (Morocco)	40,700	40,400	8,730	9,120
RCS Mediagroup (Italy) (*)	86,309	83,308	(4,029)	(5,292)
Mittel (Italy) (*)	42,916	46,084	(4,635)	5,427
S.E.S. (Italy)	23,735	27,494	(1,052)	11,783
Techno Gravel (Egypt)	5,900	5,100	1,162	1,086
Acquitaine de transformation (France)	4,100	4,100		254
Other	13,660	16,660	233	(1,836)
Total	**365,220**	**360,546**	**8,592**	**28,121**

(*) consolidated data at September 30, 2010

Testing of goodwill recoverability did not generate any impairment losses.

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)	2010	2009	2010	2009	2010	2009	2010	2009
Ciment Québec	202.1	167.7	40.4	29.1	123.7	98.9	19.5	15.8
Vassiliko Cement Works	368.9	321.1	137.6	89.8	93.3	101.8	(6.3)	1.2
Asment Cement	115.0	114.4	29.3	29.1	93.0	94.4	23.6	24.4
RCS MediaGroup (*)	3,408.5	3,534.7	2,304.1	2,404.3	1,644.7	1,621.2	0.7	(73.3)
Mittel	601.7	634.4	243.5	212.2	23.8	55.3	(38.1)	117.8
S.E.S.	110.7	121.3	34.7	33.4	25.7	28.7	(3.3)	36.7

(*) 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, 2009	**746,578**
Acquisitions	19,645
Sales and repayments	(27,394)
Fair value chanegs taken to equity	(73,928)
Currency translation differences	296
Other	(21,165)
Impairment variation	(31,754)
At December 31, 2010	**612,278**

"Acquisitions" referred mainly to the 5.3 million euro investment for 35% of the capital of Shifeng Cement (China), the increase in the Unicredit equity investment for 4.7 million euro and the increase in the investment in the Syrian company Al Badia Cement (Syria) for 4.7 million euro.

The main "sales" referred mainly to the Unicredit investment (shares and rights) for 15.9 million euro and the reduction in the Leonardo group equity investment for 8.2 million euro after distribution of reserves.

"Fair value changes taken to equity" related essentially to Unicredit S.p.A. for -90.2 million euro, Goltas for 38.6 million euro, Mediobanca S.p.A. for -36.7 million euro, Fin.Priv. S.r.l. for -3.5 million euro and Burgo for -3.0 million euro.

Impairment is illustrated in note 33 above.

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

(in thousands of euro)	Number of shares	December 31, 2010
Investments in listed companies		
Mediobanca	22,568,992	150,901
Mediobanca Warrant	21,494,278	133
Unicredito	99,793,905	156,696
UBI	2,462,000	16,226
UBI Warrant	2,462,000	7
Intek	2,564,566	1,008
Intek Warrant	1,305,307	30
KME	1,094,580	365
KME Warrant 2006-2011	1,374,940	25
KME Warrant 2009-2011	2,175,512	31
Goltas (Turkey)		85,833
Other		2,404
Total		**413,659**
Investments in non-listed companies		
Calcestruzzi group		59,792
Fin Priv		14,384
Burgo Group		41,110
Banca Leonardo group		16,703
Sesaab		9,800
Other		56,830
Total		**198,619**
At December 31, 2010		**612,278**

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.
At December 31, 2010, the Calcestruzzi group was carried at 59.8 million euro (72.0 million euro at December 31, 2009), based on estimated fair value determined on the basis of market transactions with the assistance of a fairness opinion provided by an independent professional. At June 30, 2010, the impairment loss on the Calcestruzzi group reflected in the income statement was 19.7 million euro, which, in respect of the difference between the values at December 31, 2010, and December 31, 2009 (12.2 million euro), determined an impairment reversal of 7.5 million euro recognized in the fair value reserve for available-for-sale financial assets.

Trade payables

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Amounts due to suppliers	604,800	534,801	69,999
Bills payable	21,647	33,816	(12,169)
Other trade payables	8,993	25,157	(16,164)
Total	**635,440**	**593,774**	**41,666**

Loans and borrowings

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

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Amounts due to banks	1,125,799	1,499,030	(373,231)
Debenture loans	1,284,837	880,972	403,865
Financing entities	310,931	516,889	(205,958)
Finance lease payables	14,392	18,562	(4,170)
Interest-bearing loans and long-term borrowings	**2,735,959**	**2,915,453**	**(179,494)**
Fair value of hedging derivatives	28,640	53,820	(25,180)
Total medium/long-term financing	**2,764,599**	**2,969,273**	**(204,674)**
Amounts due to banks	286,902	427,864	(140,962)
Current portion loans and borrowings	404,573	67,258	337,315
Debenture loans	9	50,623	(50,614)
Financing entities	611,654	634,368	(22,714)
Finance lease payables	4,381	4,656	(275)
Accrued interest expense	48,844	18,275	30,569
Bank overdrafts and short-term interest-bearing loans and borrowings	**1,356,363**	**1,203,044**	**153,319**
Fair value of hedging derivatives	20,885	22,139	(1,254)
Total short-term financing	**1,377,248**	**1,225,183**	**152,065**
Total loans and borrowings	**4,141,847**	**4,194,456**	**(52,609)**

At December 31, 2010, non-current amounts due to banks included 8.2 million euro relating to factoring programs (9.2 million euro at December 31, 2009).
"Billets de trésorerie" were linked to medium/long-term lines of credit.

At December 31, 2010, among "Amounts due to banks", loans secured by mortgages, pledges or liens on property, plant and equipment and equities amounted to 89.0 million euro, of which 8.0 million euro short-term and 81.0 million euro medium/long-term.

At December 31, 2010, among "Current portion loans and borrowings", loans secured by equities amounted to 205.3 million euro.

Non-current financial debt by currency was as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Euro	2,497,417	2,374,569	122,848
US and Canadian dollar	14,600	356,200	(341,600)
Moroccan dirham	108,200	83,800	24,400
Indian rupee	92,400	79,700	12,700
Saudi riyal	8,000	9,300	(1,300)
Polish zloty	3,397	3,765	(368)
Egyptian pound	2,600	3,400	(800)
Hungarian florin	445	525	(80)
Russian ruble		5	(5)
Other	8,900	4,189	4,711
Total	**2,735,959**	**2,915,453**	**(179,494)**

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

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
2011		437,322	(437,322)
2012	395,320	664,344	(269,024)
2013	466,512	629,876	(163,364)
2014	172,561	318,650	(146,089)
2015	319,659	19,040	300,619
2016	20,638		20,638
Beyond	1,361,269	846,221	515,048
Total	**2,735,959**	**2,915,453**	**(179,494)**

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

The main borrowings were as follows:

- 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 subject to a daily margin call depending on the market price of the pledged shares. In June 2010 after the sale of the UBI shares then in portfolio, a partial repayment of 10 million euro was made, reducing the loan to 170 million euro at December 31, 2010, secured by a pledge of 51.4 million Unicredit shares;
- in March 2006 Italmobiliare arranged a five-year 40 million euro stand-by line of credit with Intesa Sanpaolo, maturing on March 16, 2011;
- in December 2006 Italmobiliare arranged early termination of the TRES with Mediobanca and negotiated a new 5-year 134 million euro facility against listed shares (23.6 million Unicredit shares). The amount is subject to a monthly margin call: at the end of 2010, as a result of the fall in the Unicredit share price, the facility was reduced to 35.3 million euro;
- in May 2007 Italmobiliare renewed its medium-term financing with Société Générale. The new loan is for 24.3 million euro and matures on May 8, 2012. It is secured by a pledge of 5.9 million Unicredit shares;
- in June 2010 Italmobiliare arranged a 50 million euro stand-by line of credit with UBI><Banca Popolare di Bergamo for 18 months less one day, maturing on November 29, 2011;
- in November 2010 Italmobiliare arranged a 50 million euro stand-by line of credit with Intesa Sanpaolo for 18 months less one day, maturing on May 22, 2012;

- in December 2010 Italmobiliare arranged a 130 million euro loan with Intesa Sanpaolo maturing on December 31, 2015, to service the purchase of two share packages from Italcementi (RCS Mediagroup and Mediobanca): a first portion of 111 million euro was used.
- The Italcementi group covers its financial requirements through recourse to diversified instruments. It covers its long-term financial requirements largely through debenture issues. Specifically, Italcementi S.p.A. has launched a Euro Medium Term Notes program (EMTN) targeting qualified investors on the European market, for a maximum amount of 2 billion euro. This replaces the program previously in operation at Ciments Français S.A.. The EMTN program is part of a broader project to optimize management of financial operations, under which Italcementi S.p.A. has been assigned a greater role as parent company responsible for the coordination and direct implementation of financing programs for all group operations. Under this program, on March 16, 2010, Italcementi Finance S.A., a French subsidiary of Italcementi S.p.A., closed the placement of a ten-year debenture at a fixed rate of 5.375%, for a nominal amount of 750 million euro. The debenture is listed on the Luxembourg Stock Exchange. The placement was managed by Banca IMI, BNP Paribas, Bank of America Merrill Lynch, Société Générale and Unicredit. The proceeds from the issue have been transferred to Italcementi S.p.A. and Ciments Français S.A. through medium/long-term intercompany loans for 210 million euro and 540 million euro respectively;
- in the third quarter of 2010, Italcementi Finance S.A. was granted a five-year floating-rate 920 million euro syndicated line of credit. The group of banks was coordinated by Bank of America, BNP Paribas, Credit Agricole, Intesa Sanpaolo, Natixis, Société Générale, The Royal Bank of Scotland and Unicredit. The arrangement of the syndicated line of credit extinguished the similar facility for 700 million euro granted to Ciments Français S.A. in May 2005. No drawings had been made on the syndicated line of credit at December 31, 2010. Simultaneously with the arrangement of the syndicated line of credit, Italcementi Finance S.A. granted Italcementi S.p.A. and Ciments Français S.A. medium/long-term intercompany lines of credit for 220 million euro and 700 million euro respectively;
- during 2010, Italcementi Finance S.A. arranged bilateral lines of credit with leading French banks for an aggregate amount of 350 million euro at 364 days. No drawings had been made on these lines of credit at December 31, 2010. In connection with these facilities, Italcementi Finance S.A. granted Ciments Français S.A. a short-term intercompany line of credit for 350 million euro at 364 days;
- during 2010, Italcementi S.p.A. arranged a three-year line of credit for an original amount of 100 million euro, subsequently reduced to 25 million euro after the counterpart took part in the syndicated line of credit granted to Italcementi Finance S.A. No drawings had been made on the facility at December 31, 2010;
- 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 facilities replaced previous borrowings, increasing the credit granted and extending average maturity, and also alleviated the financial covenants. No drawings had been made on the line of credit at December 31, 2010;
- during 2009, Italcementi S.p.A. arranged a five-year 300 million euro committed line of credit, replacing a previous facility with 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, 2010;
- 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 the absence of financial covenants. The facility was fully drawn at December 31, 2010;
- 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, 2010;
- 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, 2010, amounted to 100 million euro;

- 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, 2010;
- 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 the absence of financial covenants. The facility was fully drawn at December 31, 2010;
- among medium/long-term borrowings arranged by Italcementi S.p.A. in 2006, a 75 million euro committed line of credit maturing in 2012 was still active at December 31, 2010. The facility was fully drawn at December 31, 2010;
- in the first half of 2010, in connection with the debenture issued by Italcementi Finance S.A., Italcementi S.p.A. obtained from Italcementi Finance S.A. two ten-year intercompany loans, one at a fixed rate, one at a floating rate, for an aggregate amount of 210 million euro;
- during the first half of 2010, Italcementi S.p.A. contributed funding for the Ciments Français S.A. repurchase offer on the US Private Placement notes, granting Ciments Français S.A. a 100 million euro 5-year intercompany loan at a floating rate;
- in the third quarter of 2010, in connection with the syndicated line of credit granted to Italcementi Finance S.A., Italcementi S.p.A. obtained from Italcementi Finance S.A. a 220 million euro five-year renewable line of credit. No drawings had been made on the facility at December 31, 2010;
- on November 30, 2010, Zuari Cement Ltd. renegotiated a 4.2 billion rupee amortizable syndicated line of credit arranged in June 2008, negotiating bilateral lines of credit with an international pool of banks for a total amount of 5.1 billion Indian rupees, amortizable in five years. It also arranged a bilateral line of credit amortizable in five years for 20 million US dollars (approximately 900 million rupees). Drawings of 4.2 billion Indian rupees, equivalent to 70.3 million euro, had been made on these facilities at December 31, 2010;
- 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, 2010, totaled 1,210 million dirham, equivalent to 108.2 million euro;
- on December 27, 2005, a 158 million euro 6-year syndicated loan was arranged. The borrowing consists of a 114 million euro floating-rate tranche and a 44 million euro fixed rate tranche, repayable on maturity;
- Ciments Français S.A. covers its long-term financial requirements largely through Italcementi Finance S.A., the company that coordinates and implements programs to provide funding for the entire Italcementi group. Consequently, it has not renewed the EMTN program reference material since July 17, 2008. The maximum amount authorized under this program is 1,500 million euro. At December 31, 2010, notes issued under the program totaled 515.0 million euro, including 500 million euro issued on March 21, 2007, assisted by ABN Amro, Natixis and The Royal Bank of Scotland, at a fixed rate of 4.75% with a 10-year maturity;
- on February 24, 2010, Ciments Français S.A. launched an offer for holders of its 2002 and 2006 US private placements to repurchase any and all outstanding notes. It also reached an agreement with the note holders permitting it to borrow funds from the parent company Italcementi S.p.A. and from subsidiaries of the parent company. On April 7, 2010, the offer obtained an uptake for a nominal amount of 183.5 million US dollars out of a total 200 million US dollars of notes issued in 2002, and for a nominal amount of 300 million US dollars out of a total of 300 million US dollars of notes issued in 2006. Ciments Français S.A. repurchased all the securities at a price of 1,065 US dollars for each note with a nominal value of 1,000 US dollars, in addition to accrued interest; the repurchase generated a total net charge of 22.2 million euro. The amount was paid on April 14, 2010. The remaining securities for 16.5 million US dollars relate to the ten-year issue of November 15, 2002, at a fixed rate of 5.63%. They continue to be regulated by the issue contracts and related supplementary agreements;
- in the first half of 2010, Ciments Français S.A. financed the repurchase offer for the US Private Placements and reimbursement of a portion of the short-term borrowings through a five-year intercompany loan at a floating rate granted by Italcementi S.p.A. for an amount of 100 million euro and a ten-year intercompany loan at a floating rate granted by Italcementi Finance S.A. for an amount of 540 million euro;

- in the third quarter of 2010, Ciments Français S.A. obtained from Italcementi Finance S.A. a 350 million euro short-term line of credit maturing on June 30, 2011, enabling it to refinance its lines of credit at 364 days. No drawings had been made on this line of credit at December 31, 2010;
- in the third quarter of 2010, Ciments Français S.A. refinanced the 700 million euro five-year syndicated line of credit maturing in May 2012, with a 700 million euro five-year renewable line of credit granted by Italcementi Finance S.A. The operation extended the average life of the available lines of credit, enabling Ciments Français S.A. to cover borrowings maturing over the next four years. No drawings had been made on this line of credit at December 31, 2010.

All loans and lines of credit arranged between Ciments Français S.A. and Italcementi S.p.A. and its subsidiaries are regulated at normal market conditions.

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 derivatives to optimize its risk/yield profile.

The notional amount of derivative contracts at December 31, 2010, 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	1,889.2	5.0	90.9		1,985.1
Foreign-exchange derivatives	769.9			159.8	929.7
Equity derivatives			9.7	7.4	17.1
Commodity derivatives					
Total	**2,659.1**	**5.0**	**100.6**	**167.2**	**2,931.9**

Nominal value of derivatives by expiry was as follows:

	Nominal values				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Interest-rate derivatives	648.4	440.3	81.4	815.0	1,985.1
Foreign-exchange derivatives	829.0	100.7			929.7
Equity derivatives	17.1				17.1
Commodity derivatives					
Total	**1,494.5**	**541.0**	**81.4**	**815.0**	**2,931.9**

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, 2010				
Forward purchases				
US dollars	35.1	41.8	45.0	121.9
Swiss francs			23.3	23.3
Other		40.1	15.3	55.4
Total	**35.1**	**81.9**	**83.6**	**200.6**
Forward sales				
US dollars		500.2	46.3	546.5
Swiss francs		10.9	23.3	34.2
Other			15.3	15.3
Total		**511.1**	**84.9**	**596.0**
Cross-currency swaps				
Other		100.7		100.7
Total		**100.7**		**100.7**
Options				
US dollars	31.7		8.1	39.8
Swiss francs				
Other				
Total	**31.7**		**8.1**	**39.8**
Total	**66.8**	**693.7**	**176.6**	**937.1**

Foreign-exchange hedges expire within 12 months, with the sole exception of cross-currency swaps, which expire over the next 2 years for an amount of 100.7 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 type of business.

Liquidity risk

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

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

At December 31, 2010:

	Maturity				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total net debt	(1,366.2)	(384.8)	(954.0)	(1,387.3)	(4,092.3)
Undrawn committed lines of credit	489.0	50.0	1,670.0		2,209.0
Cash and cash equivalents	739.2				739.2

Total undrawn lines of credit consisted of committed lines of credit for 2,209.0 million euro and uncommitted lines of credit for 5,247.3 million euro.

At December 31, 2010, net debt included short-term loans (billets de trésorerie) linked to medium/long-term committed lines of credit for 177 million euro (487 million euro at December 31, 2009).

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)
Undrawn committed lines of credit	571.2	122.0	1,231.0	150.4	2,074.6
Cash and cash equivalents	727.8				727.8

Total undrawn lines of credit consisted of committed lines of credit for 2,074.6 million euro and 4,776.7 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 derivatives such as interest-rate swaps, forward-rate agreements, futures and interest-rate options. Hedges with options are often asymmetric collars. Since these transactions are generally at zero cost, the net result of option sales never exceeds the value of the underlying (book exposure, future transaction or fixed commitment).

Net debt at inception and after interest-rate hedging at December 31, 2010, was as follows:

(in millions of euro)	
At December 31, 2010	
Fixed-rate financial liabilities	(1,445.6)
Fixed-rate financial assets	183.7
Fixed-rate NFP at inception	**(1,261.9)**
Fixed-rate/Floating-rate hedging	765.0
Floating-rate/Fixed-rate hedging	(659.1)
Fixed-rate NFP after hedging	**(1,156.0)**
Floating-rate financial liabilities	(2,644.6)
Floating-rate financial assets	1,634.6
Floating-rate NFP at inception	**(1,010.0)**
Fixed-rate/Floating-rate hedging	(765.0)
Floating-rate/Fixed-rate hedging	659.1
Floating-rate NFP after hedging	**(1,115.9)**
Other instruments not subject to interest-rate risk	176.4
Total NFP	**(2,095.5)**

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 (**)	10.1	548.9	13.3
Financial liabilities (**)	(21.9)	(48.2)	(38.0)
Derivatives		(502.0)	29.2
Net exposure by currency	**(11.8)**	**(1.3)**	**4.5**

(*) 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, 2010	December 31, 2009	Change
Available-for-sale equity investments	413,659	526,509	(112,850)
Trading securities	18,375	27,110	(8,735)
Overall exposure	**432,034**	**553,619**	**(121,585)**

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 derivatives 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 creditworthiness. In addition, receivable balances are monitored on an on-going basis by the administrative department, which provisions overdue receivables at regular intervals.

Concentrations of trade credit risks are limited, by virtue of the 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, 2010, maximum exposure on cash and cash equivalents for a single counterpart was 22%.

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, 2010, Italcementi S.p.A. credit balances on intercompany accounts with the Calcestruzzi group totaling 217.7 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, thereby enabling the sector to refinance transactions due in a satisfactory manner, notwithstanding the difficult economic scenario.

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

The sector has public credit ratings from the Standards & Poor's and Moody's ratings agencies.
Its long-term ratings are, respectively: Baa3/outlook stable 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, 2010, lines of credit and loans subject to covenants accounted for 11% of total drawings represented by gross debt (3,084 million euro at December 31, 2010, excluding the fair value effects of derivatives).

At December 31, 2010, 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. With regard to fixed-rate hedged debt, 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 and impact consolidated earnings in the event of liquidation or early repayment of these instruments;
- the cash flow risk with respect to floating-rate assets and liabilities. A change in interest rates will have a negligible impact on the fair value of floating-rate financial assets and liabilities, but will affect the finance cost trend and consequently future earnings.

The sector manages this dual risk as part of its general policy, performance and risk reduction targets, giving preference to hedging of short- and medium-term future cash flows and to hedging of the risk of a change in fair value over the long term, within the defined limits.

It hedges interest-rate risks mainly by arranging interest-rate swaps, forward-rate agreements and interest-rate options with top-ranking banks. All derivative exposures may not exceed the value of the hedged underlying.

At December 31, 2010, 71% of the sector's net financial liabilities (excluding the fair value of derivatives) was at a fixed rate or a capped rate. 52% 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, 2010, a +0.5% change in the interest rate curve would have had an impact of -0.9 million euro, that is, 0.6% of 2010 net finance costs. The impact on interest-rate derivatives in portfolio would have been +11.4 million euro on shareholders' equity and -4.8 million euro on profit before tax; the latter effect would have been countered by an effect of +4.9 million euro on fixed-rate liabilities with fair value hedges.

At December 31, 2010, a -0.5% change in the interest-rate curve would have had an impact of +0.9 million euro, that is, 0.6% of 2010 net finance costs. The impact on interest-rate derivatives in portfolio would have been -11.8 million euro on shareholders' equity and +4.9 million euro on profit before tax; the latter effect would have been countered by an effect of -5.0 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.
The companies in the sector operate largely on their respective local markets. Consequently, invoiced amounts and operating expenses are denominated in the same currency, and exposure of operating cash flows to foreign-exchange risk is not particularly significant, with the exception of fuel, spares and investments relating to construction of new plants.

Sector policy requires subsidiaries to borrow or invest in their local currencies, with the exception of foreign-currency cash flow hedges. Nevertheless, the sector may adapt this general rule to take account of specific macro-economic conditions in certain geographical areas (hyperinflation, high interest rates, liquidity, translation).

With regard to financing for its subsidiaries, the sector may arrange financing contracts in a currency other than that of the loan to the subsidiary.

Sector policy is to hedge exposure whenever the market makes this possible. The net exposure of each entity is determined on the basis of forecast net operating cash flows over one to two years and financing denominated in currencies other than the local currency.

The 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.

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

At December 31, 2010, 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 4.3 million euro on shareholders' equity, of which 0.8 million euro on minority interests.

At December 31, 2010, 10% appreciation of the US dollar would have had an impact on foreign-exchange derivatives in portfolio of +5.7 million euro on shareholders' equity and -39.4 million euro on profit before tax. 10% depreciation of the US dollar would have had an impact on foreign-exchange derivatives in portfolio of -6.2 million euro on shareholders' equity and +38.9 million euro on profit before tax.

Equity price risks

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.

Investments corresponding to "available-for-sale" financial assets are carried under "Other equity investments" (see note 9) and refer primarily to the listed investments in Goltas Cimento and Bursa.

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 and 2010, in view of the surplus that had accumulated and the new macro-economic conditions and industry conditions, Italcementi S.p.A. sold EUAs on the spot market for approximately 73.3 million euro (17.5 million euro in 2009 and 55.8 million euro in 2010).

During 2010 the group also arranged commodity price risk hedges with respect to the sale of surplus emission rights planned for the fourth quarter of 2010 for 2011 and 2012.

During 2010 the group also arranged modest commodity price risk hedges with respect to tin(II) sulfate purchases in 2010. The instruments expired in 2010 and therefore no longer existed at December 31, 2010.

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 +2.2 million euro at December 31, 2010 (-2.7 million euro at December 31, 2009). The eliminated portion of the reserve relating to instruments that expired in 2010 amounted to +21.4 million euro at December 31, 2010, compared with +11.5 million euro at December 31, 2009. The changes in equity relating to derivatives contracted in 2009 and still in portfolio at December 31, 2010, amounted to -12.0 million euro (-45.7 million euro at December 31, 2009).

The non-effective component of cash flow hedges in portfolio at December 31, 2010, recognized in profit and loss was immaterial in 2010 (+0.4 million euro in 2009).

With reference to fair value hedges in portfolio at December 31, 2010, the amount taken to profit and loss totaled +6.5 million euro for 2010 (-26.1 million euro for 2009). Recognized amounts attributable to underlying risk hedged during the year totaled -6.7 million euro at December 31, 2010 (+26.1 million euro at December 31, 2009). 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 creditworthiness, credit limits and risk containment measures.

The policy also assigns responsibility for approving amounts in excess of such limits and for drafting management reports.

An analysis of overdue receivables for the main companies in the Sirap Gema consolidation produced the following due date situation:

(in millions of euro)	0-30 days	31-60 days	61-90 days	91-120 days	more than 120 days	Total
Sirap Gema	3.3	0.6	0.3	0.1		4.3
Sirap Gema Insulation Systems	1.1	0.5	0.4	0.2		2.2
Sirap Gema France	0.2			0.1		0.3
Total	**4.6**	**1.1**	**0.7**	**0.4**		**6.8**

Total non-overdue trade receivables stood at 68.4 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, 2010, was as follows:

(in millions of euro)	Opening balance	Additions	Uses	Closing balance
Sirap Gema	2.0		(0.2)	1.8
Sirap Gema Insulation Systems	1.0	0.7	(0.3)	1.4
Sirap Gema France	0.1	0.3		0.4
Inline group	0.1			0.1
Petruzalek group	1.4			1.4
Total	**4.6**	**1.0**	**(0.5)**	**5.1**

The sector is examining the possibility of arranging a credit 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, 2010, is set out below:

(in millions of euro)	December 31, 2010	December 31, 2009	Change
2011		17.5	(17.5)
2012	18.9	12.5	6.4
2013	17.3	11.7	5.6
2014	12.9	8.5	4.4
2015	11.2	7.6	3.6
2016	7.5	8.0	(0.5)
Beyond	1.0	0.9	0.1
Total	**68.8**	**66.7**	**2.1**

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. for a total amount of 56 million euro, arranged on April 12, 2007, for 9 years and 6 months, including a 2-year pre-amortization period.
Consequently, the outstanding principal to be repaid at December 31, 2010, amounted to 42 million euro.

The floating interest rate is 6-month Euribor + spread, varying in relation to the covenants, which are the following financial ratios:
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.

For 2010 the adjustment to the spread arising from the covenants is expected to show an increase with respect to the spread for 2010.

Foreign-exchange risk

The sector is exposed to foreign-exchange risk, especially with regard to the East European currencies.
In 2010 these currencies depreciated against the euro, although the loss in value was less severe than in 2009.
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 exposed mainly to price fluctuations on polymer raw materials and energy, which increased in the second half of 2010.
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 price risk category also includes the value of equity investments in operating companies (equity risk). In view of the fact that investment in new markets to achieve business growth is a strategic objective in this 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	285.3	AA-	3.56
Available-for-sale debentures	9.4	AA-	40.50
Other financial assets	43.4	N.R.	ND
Interest-rate derivatives	0.5	N.R.	ND

(*) determined 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 financial instruments would be -9.0 million euro, of which 8.6 million euro impacting the income statement and 0.4 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	(213.6)	(24.3)	(111.0)		(348.9)
Cash and cash equivalents	139.9				139.9
Undrawn committed lines of credit	98.0	50.0			148.0

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

Total undrawn lines of credit consist of committed lines for 148.0 million euro and non-committed lines for 235.0 million euro.

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 the NFP in the financial sector at December 31, 2010, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of the NFP.

(in millions of euro)	
At December 31, 2010	
Fixed-rate financial liabilities	
Fixed-rate financial assets	117.2
Fixed-rate NFP at inception	**117.2**
Fixed-rate/Floating-rate hedging	(50.0)
Floating-rate/Fixed-rate hedging	
Fixed-rate NFP after hedging	**67.2**
Floating-rate financial liabilities	(346.8)
Floating-rate financial assets	229.0
Floating-rate NFP at inception	**(117.8)**
Fixed-rate/Floating-rate hedging	50.0
Floating-rate/Fixed-rate hedging	
Floating-rate NFP after hedging	**(67.8)**
Assets not exposed to interest-rate risk	174.2
Liabilities not exposed to interest-rate risk	(3.0)
Total NFP	**170.6**

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 change of -3.5 million euro in fair value, of which -3.7 million euro in profit and loss and +0.2 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, 2010, assets exposed to price risk amounted to 253.8 million euro, of which 235.4 million euro designated “available-for-sale” and the remaining 18.4 million euro “held for trading”.
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 12.7 million euro, of which 11.0 million euro on the balance sheet and 1.7 million euro directly in profit and loss.

(in millions of euro)	Fair Value	Share price delta	Impact on income	Impact on equity
Trading equities	18.4	-5%	(0.9)	
Available-for-sale equities	325.4	-5%	(0.8)	(15.5)

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 2010:

(in millions of euro)	**Present value of assets**	**+ 100 bp**	**- 100 bp**
Swiss francs	87.1	(1.5)	1.3
Euro	10.6	(1.9)	2.0
US dollars	(1.3)	0.3	(0.1)
Other currencies	(0.4)	(3.8)	4.5
Total	**96.0**	**(6.9)**	**7.7**

The total impact on profit would be 1.4 million euro.
Compared with the present value of assets, this effect is immaterial (1.46%).

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 2010 were not significant. They are detailed in the table below:

(in thousands of euro) **Italmobiliare Group**	**Revenues (expense)**	**Trade receivables (payables)**	**Finance receivables (payables)**	**Receivables (payables) on tax consolidation**	**Finance income (costs)**	**Other operating income (expense)**
Subsidiaries and associates not consolidated line-by-line	41,775	2,641	24,275		241	1,091
	(17,803)	(1,817)	(461)		(5)	(1,092)
Calcestruzzi group companies	93,417	28,538	223,996		2,176	2,239
	(19)	(58)	(6,321)	(9,393)	(64)	(1)
Other related parties	177	130				49
	(1,304)	(132)				(900)
Total	**135,369**	**31,309**	**248,271**		**2,417**	**3,379**
	(19,126)	**(2,007)**	**(6,782)**	**(9,393)**	**(69)**	**(1,993)**
% impact on book items	2.6%	3.9%	12.1%		5.0%	2.8%
	0.5%	0.3%	0.2%	0.8%	0.0%	1.7%

The comparatives for 2009 are set out below:

(in thousands of euro) **Italmobiliare Group**	**Revenues (expense)**	**Trade receivables (payables)**	**Finance receivables (payables)**	**Receivables (payables) on tax consolidation**	**Finance income (costs)**	**Other operating income (expense)**
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%

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 Carrieres 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, 2010, other operating expense relating to "Other related parties" of 900 thousand euro (600 thousand euro at December 31, 2009) referred to payments made by Italmobiliare S.p.A. and Italcementi S.p.A. 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)	2010	2009
Short-term benefits: compensation and remuneration	7,346	7,512
Post-employment benefits: provision for leaving and end-of-term entitlements	2,218	1,776
Other long-term benefits: length-of-service bonuses and incentives	2,535	113
Share-based payments (stock options)	1,105	4,972
Total	**13,204**	**14,373**

Joint ventures

The Group's most significant joint ventures in 2010 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, 2010	December 31, 2009
Current assets	30.9	31.7
Non-current assets	89.7	83.0
Total asets	**120.6**	**114.7**
Current liabilities	25.9	24.4
Non-current liabilities	21.5	24.7
Total liabilities	**47.4**	**49.1**

	2010	2009
Revenues	41.9	41.4
Expense	(43.3)	(38.7)
Profit before tax	**(1.4)**	**2.7**

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:

(In thousands of euro)	**2010**					
	Shareholders' equity		**Net profit for the period**		**Net debt**	
	amount	**%**	**amount**	**%**	**amount**	**%**
Book values	**5,932,785**		**187,776**		**(2,095,456)**	
Net capital gains on sale of fixed assets	9,865	0.17%	9,865	5.25%	23,385	1.12%
Non-recurring employee expenses for re-organizations	(12,001)	0.20%	(12,001)	6.39%		
Other non-recurring income/(expense)	(6,242)	0.11%	(6,242)	3.32%	(600)	0.03%
Tax on non-recurring transactions	584	0.01%	584	0.31%		
Non-recurring taxes	2,763	0.05%	2,763	1.47%		
Total	**(5,031)**	**0.08%**	**(5,031)**	**2.68%**	**22,785**	**1.09%**
Figurative value without non-recurring transactions	**5,937,816**		**192,807**		**(2,118,241)**	

(In thousands of euro)	**2009**					
	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)	(3,785)	0.07%	(3,785)	1.33%		
Tax on non-recurring transactions	2,159	0.04%	2,159	0.76%		
Non-recurring taxes						
Total	**(9,504)**	**0.16%**	**(9,504)**	**3.34%**	**43,390**	**1.97%**
Figurative value without non-recurring transactions	**5,776,628**		**293,815**		**(2,244,209)**	

Considerations to the Independent Auditors

The table below sets out details of the considerations paid in financial year 2010 by the Italmobiliare Group to the Independent Auditors KPMG 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)	**KPMG**	**Other companies in the KPMG group**
Auditing services	2,173	
Other services with issue of attestation	30	
Other juridical, fiscal, social services	248	24
Total	**2,451**	**24**

Cash flow statement

B) Cash flow from investing activities

The table below itemizes the main equity investments made by the Group in 2010:

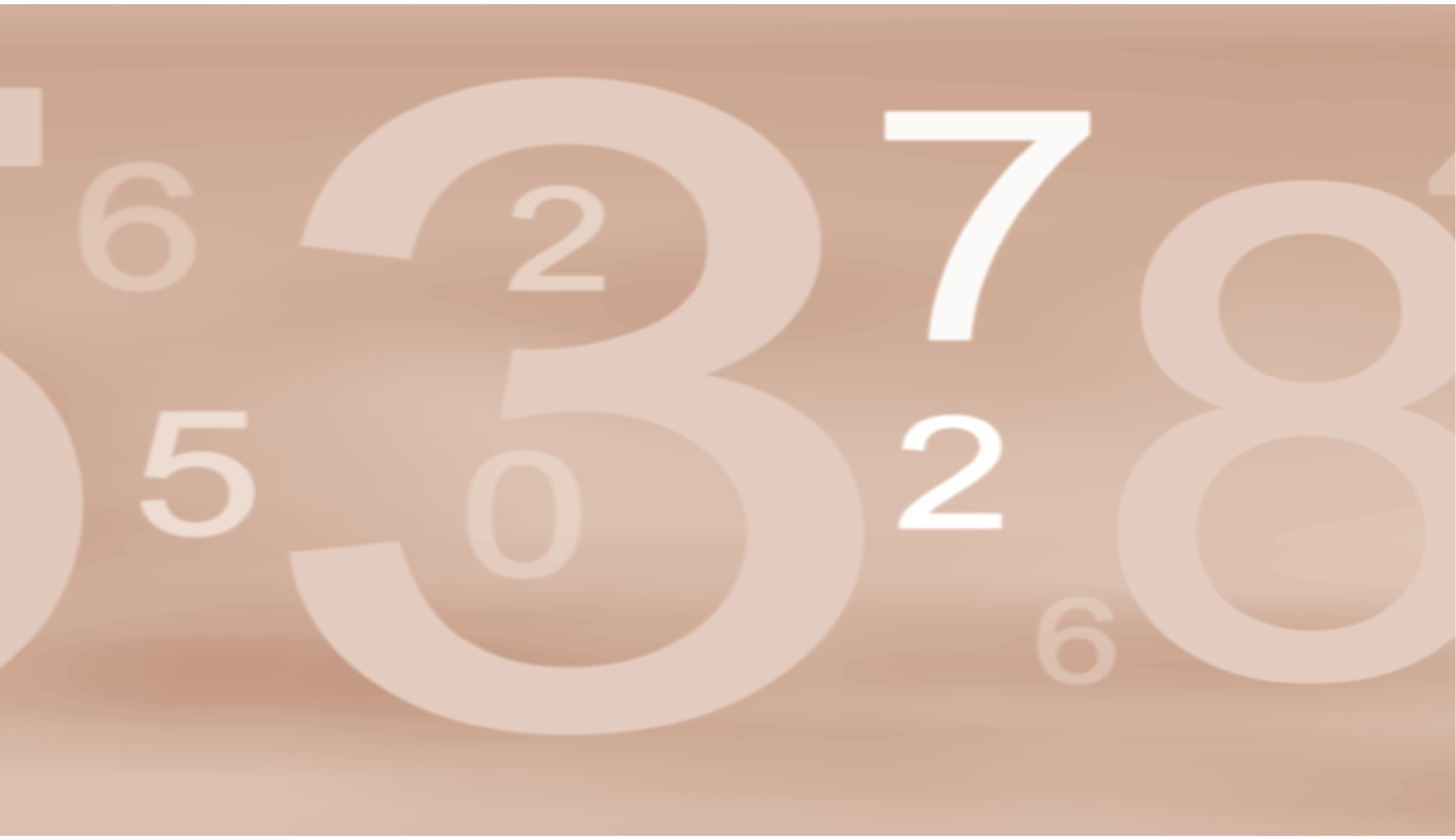
(in millions of euro)	2010	2009
Ciments Français (including treasury shares for 6.4 million euro in 2009) - France	15.3	6.4
Masoni - France	9.1	3.3
Shifeng - China	5.3	
Unicredit - Italy	4.8	
Al Badia - Syria	4.7	4.3
Star.Co. - Italy	2.8	
Gardawind - Italy	1.2	
Sable Wilson - Canada	0.2	1.6
Gulf Ready Mix - Kuwait		7.0
Yuzhno Kyrgyzskij Cement - Kyrgyzstan		5.0
Beton Ata - Kazakhstan		2.0
Sacbo - Italy		1.7
Mittel - Italy		0.4
Gesvim - Italy		0.3
Others	1.3	2.9
Total	**44.7**	**34.9**

Equity investments are shown net of the cash and cash equivalents of the companies acquired and the change in payables for equity investment acquisitions.

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, 2010.

Annex



Annex

The following table has been prepared in accordance with CONSOB Resolution no. 11971, art. 126, 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					
Burgo Group S.p.A.	Altavilla Vicentina	IT	EUR	205,443,391.40	-	11.68	11.68	Société de Participation Financière Italmobiliare SA	Cost/Fair Value
CJSC INLINE-R	Moscow	RU	RUB	30,230,640.00		23.99	23.99	Inline Poland Sp. z.o.o.	Cost
Compagnia Fiduciaria Nazionale S.p.A.	Milan	IT	EUR	312,000.00	16.67	-	16.67	Italmobiliare S.p.A.	Cost/Fair Value
Crédit Mobilier de Monaco S.A.	Montecarlo	MC	EUR	5,355,000.00	-	99.91	99.91	Société de Participation Financière Italmobiliare SA	Line-by-line
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	
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.	Zurich	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	260,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
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 Lido di Classe S.p.A.	Rome	IT	EUR	255,000.00	18.04	-	18.04	Italmobiliare S.p.A.	Cost
Inline Poland Sp. z.o.o.	Murowana Goslina	PL	PLN	3,846,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Italmobiliare International Finance Ltd.	Dublin	IE	EUR	1,336,400.00	97.27	2.73	97.27	Italmobiliare S.p.A.	Line-by-line
							2.73	Société de Participation Financière Italmobiliare SA	
Mittel S.p.A.	Milan	IT	EUR	70,504,505.00	12.26	-	12.26	Italmobiliare S.p.A.	Equity
Petruzalek Ltd (Turkey)	Istanbul	TR	TRY	40,000.00	-	100.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
							10.00	Petruzalek Com S.r.l. (Romania)	
Petruzalek e.o.o.d. (Bulgaria)	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek Com S.r.l. (Romania)	Ilof Chiajna	RO	RON	2,600.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
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. (Czech Republic)	
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	7.46	0.28	7.46	Italmobiliare S.p.A.	Equity
							0.28	Société de Participation Financière Italmobiliare SA	Fair value
Sirap 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. in liquidazione	Barcelona	ES	EUR	300,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Insulation S.r.l.	Verolanuova (BS)	IT	EUR	2,815,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Gema S.p.A.	Verolanuova (BS)	IT	EUR	17,020,905.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
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	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Universal Imballaggi Sr.l.	Palermo	IT	EUR	1,731,588.00	-	92.64	92.64	Sirap Gema S.p.A.	Line-by-line
Italcementi S.p.A.	Bergamo	IT	EUR	282,548,942.00	38.84	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

[1] The interest percentages include shares not covered by the voting trust.

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
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. - in liquidation	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
Bravosolution Technologies Ltd	Guildford	UK	GBP	50,000.00	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
C.T.G. S.p.A.	Bergamo	IT	EUR	500,000.00	-	100.00	50.00	Italcementi S.p.A.	Line-by-line
							50.00	Ciments Français S.A.	
C.T.G. Devnya EAD	Devnya	BG	BGN	200,000.00	-	100.00	100.00	C.T.G. S.p.A.	
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	59,162,206.00	-	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	-	100.00	100.00	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
Cementificio di Montalto S.p.A.	Bergamo	IT	EUR	10,000,000.00	-	100.00	100.00	Italcementi S.p.A.	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.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Gardawind S.r.l.	Vipiteno (BZ)	IT	EUR	100,000.00	-	49.00	49.00	Italgen S.p.A.	Equity
Generalcave S.r.l.	Fiumicino (RM)	IT	EUR	31,200.00	-	50.00	50.00	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.	
I.GE.PO. - Impresa Gestione Porti S.r.l. - in liquidation	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 Finance	Puteaux	FR	EUR	20,000,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
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	35,000,000.00	-	100.00	98.00	Italgen S.p.A.	Line-by-line
							1.00	Helwan Cement Co.	
							1.00	Suez Cement Company SAE	
Italgen S.p.A.	Bergamo	IT	EUR	20,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	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. - In liquidation	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 liquidation	Tunis	TN	TND	80,000.00	-	49.93	49.93	Italcementi S.p.A.	
Mantovana Inerti S.r.l.	Castiglione delle Stiviere (MN)	IT	EUR	702,000.00	-	50.00	50.00	Calcestruzzi S.p.A.	
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. in liquidation	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.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
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.	
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.	
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	-	100.00	100.00	Calcestruzzi S.p.A.	
Star.co S.r.l.	Naples	IT	EUR	118,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
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	145,527,488.00	0,66	82.20	0.66	Italmobiliare S.p.A.	Line-by-line
							81.82	Italcementi S.p.A.	
							0.38	Ciments Français S.A.	
								(voting rights:	
							90.00	Italcementi S.p.A.	
							0.36	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	3,000,000.00	-	76.51	76.51	Ciments Français S.A.	Line-by-line
Al Badia Cement JSC	Damascus	SY	SYP	12,200,000,000.00	-	12.00	12.00	Menaf S.a.s.	
Al Mahaliya Ready Mix Concrete WLL	Safat	KW	KWD	500,000.00	-	51.00	51.00	Hilal Cement Company	Line-by-line
Al Manar Cement Holding S.a.s.	Puteaux	FR	EUR	1,800,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Altas Ambarlj Liman Tesisleri Tas	Istanbul	TR	TRY	500,000.00	-	12.25	12.25	Set Cimento Sanayi Ve Ticaret A.S.	
Ammos Development Quarries Ltd	Mandra	EL	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 (*)	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Asment Temara S.A.	Temara	MA	MAD	412,500,000.00	-	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 SAE	Line-by-line
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company SAE	
Axim Maroc	Casablanca	MA	MAD	1,000,000.00	-	99.96	99.96	Ciments du Maroc S.A.	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 SAS	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 JSC	Line-by-line
Béton Contrôle de Gascogne S.A.	Soorts Hossegor	FR	EUR	40,000.00	-	37.00	37.00	Béton Contrôle du Pays Basque S.a.s.	
Béton Contrôle de l'Adour S.a.s.	Bayonne	FR	EUR	150,000.00	-	59.96	59.96	Béton Contrôle du Pays Basque S.a.s.	Line-by-line
Béton Contrôle des Abers S.a.s.	Lannilis	FR	EUR	104,000.00	-	34.00	34.00	Unibéton S.a.s.	Equity
Béton Contrôle du Pays Basque S.a.s.	Bayonne	FR	EUR	120,000.00	-	59.98	59.98	Unibéton S.a.s.	Line-by-line
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
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
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 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.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Ciment du Littoral S.A.	Bassens	FR	EUR	37,000.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line
Ciments Calcia S.a.s.	Guerville	FR	EUR	593,836,525.00	-	99.99	99.99	Ciments Français S.A.	
Ciments du Maroc S.A.	Casablanca	MA	MAD	1,443,600,400.00	-	62.31	58.79	Cocimar S.a.s.	Line-by-line
							3.52	Procimar S.A.	
Ciments du Nord	Nouadhibou	MR	MRO	1,340,000,000.00	-	15.00	15.00	Ciments du Maroc S.A.	
Ciments Français Europe N.V.	Amsterdam	NL	EUR	392,596,275.00	-	100.00	67.99	Sodecim S.a.s.	Line-by-line
							32.01	Ciments Français S.A.	
CIMFRA (China) Limited	Puteaux	FR	EUR	62,116,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Cocimar S.a.s.	Puteaux	FR	EUR	72,957,690.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Codesib S.a.s.	Puteaux	FR	EUR	5,037,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Compagnie des Ciments Belges S.A.	Tournai	BE	EUR	295,031,085.00	-	100.00	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	Ready Mix Production Universal Company SAE	Line-by-line
Decoux S.a.s.	Beaucaire	FR	EUR	120,000.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Development for Industries Co. SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	90.00	Suez Cement Company SAE	Line-by-line
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company SAE	
Devnya Bulk Services EAD	Devnya	BG	BGN	50,000.00	-	100.00	100.00	Devnya Cement AD	
Devnya Cement AD	Devnya	BG	BGN	1,028,557.00	-	99.97	99.97	Marvex Bulgaria EOOD	Line-by-line
Devnya Finance A.D.	Devnya	BG	BGN	5,000,000.00	-	50.00	50.00	Devnya Cement AD	Equity
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	BGN	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	3,947,894.00	-	50.00	33.33	GSM S.a.s.	Proportionate
							16.67	Granulats Ouest - GO	
Dunkerque Ajouts Snc	Paris	FR	EUR	6,000.00	-	34.00	34.00	Ciments Calcia S.a.s.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
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	258,135,174.00	-	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	EL	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	273,214,000.00	-	84.00	84.00	Halyps Building Materials S.A.	Line-by-line
Fraimbois Granulats S.A.R.L.	Moncel les Luneville	FR	EUR	75,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Gacem Company Limited	Serrekunda	GM	GMD	4,500,000.00	-	80.00	80.00	Tercim S.A.	Line-by-line
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	
Halyps Building Materials S.A.	Aspropyrgos	EL	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	583,875,425.00	-	99.47	99.47	Suez Cement Company SAE	Line-by-line
Helwan Bags Company SAE	Helwan	EG	EGP	6,000,000.00	-	71.00	70.00	Helwan Cement Co.	Line-by-line
							1.00	Development for Industries Co. SAE	
Hilal Cement Company	Safat	KW	KWD	6,987,750.00	-	51.00	51.00	Suez Cement Company SAE	Line-by-line
Hormigones Olatzi S.A.	Olazagutia	ES	EUR	283,804.22	-	25.00	25.00	Hormigones y Minas S.A.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Hormigones Txingudi S.A.	San Sebastian	ES	EUR	240,560.22	-	33.33	33.33	Hormigones y Minas S.A.	
Hormigones y Minas S.A.	Malaga	ES	EUR	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line
ICS Danube Cement S.r.l.	Chisinau	MD	MDL	556,000.00	-	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 S.A.	Line-by-line
Innocon Inc.	Richmond Hill	CA	CAD	18,300,000.20	-	50.00	50.00	Essroc Canada Inc.	Equity
Innocon Partnership Agreement Inc.	Richmond Hill	CA	CAD	2,003.00	-	51.50	48.50	Essroc Canada Inc	Equity
							3.00	Innocon Inc.	
Interbulk Egypt for Export SAE	Cairo	EG	EGP	250,000.00	-	100.00	98.00	Interbulk Trading S.A.	
							1.00	Menaf S.a.s.	
							1.00	Tercim S.A.	Line-by-line
Interbulk Trading S.A.	Lugano	CH	CHF	7,470,600.00	-	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	110,405,840.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Italcementi for Cement Manufacturing Libyian JS Co.	Tripoli	LY	LYD	20,000,000.00	-	50.00	50.00	Al Manar Cement Holding S.a.s.	Proportionate
Italmed Cement Company Ltd	Limassol	CY	EUR	21,063,780.00	-	100.00	100.00	Halyps Building Materials S.A.	Line-by-line
Jalaprathan Cement Public Co, Ltd	Bangkok	TH	THB	1,200,000,000.00	-	58.96	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
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

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
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 S.a.s.	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
Marvex Bulgaria EOOD	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	-	99.42	99.42	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	100.00	Ciments Français S.A.	Line-by-line
Met Teknik Servis ve Maden Sanayi Ticaret A.S.	Istanbul	TR	TRY	50,000.00	-	99.99	99.99	Set Group Holding S.A.	Line-by-line
MTB - Maritime Trading & Brokerage Srl	Genoa	IT	EUR	70,000.00	-	33.33	33.33	Interbulk Trading S.A.	Equity
Naga Property Co	Bangkok	TH	THB	100,000,000.00	-	58.95	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
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 Production Company SAE	Cairo	EG	EGP	5,000,000.00	-	52.00	52.00	Suez Cement Company SAE	Line-by-line
Ready Mix Production Universal Company SAE	Cairo	EG	EGP	15,000,000.00	-	52.00	52.00	Suez Cement Company SAE	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
Sablimaris S.a.s.	Lanester	FR	EUR	4,094,776.00	-	100.00	66.28	Dragages Transports & Travaux Maritimes S.A.	Proportionate
							33.72	Les Sabliers de l'Odet	
Sable Classifie et Equipement de Wilson Ltèe	Alcove	CA	CAD	12,100.00	-	100.00	100.00	Essroc Canada Inc.	Line-by-line
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 de Balloy	Avon	FR	EUR	20,310.00	-	100.00	100.00	GSM S.a.s.	Line-by-line
SCI de Barbeau	Bray sur Seine	FR	EUR	8,000.00	-	49.00	49.00	GSM S.a.s.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
SCI des Granets	Cayeux sur M.	FR	EUR	4,575.00	-	33.33	33.33	GSM S.a.s.	
SCI du Colombier	Rungis	FR	EUR	2,000.00	-	63.00	63.00	GSM S.a.s.	
SCI Lepeltier	S. Doulchard	FR	EUR	6,150.00	-	100.00	100.00	GSM S.a.s.	Line-by-line
SCI Taponnat	Cherves Richemont	FR	EUR	1,500.00	-	50.00	50.00	GSM S.a.s.	
Scori S.A.	Plaisir	FR	EUR	1,092,800.00	-	13.95	13.95	Ciments Calcia S.a.s.	
Set Cimento Sanayi Ve Ticaret A.S.	Istanbul	TR	TRY	28,206,537.00	-	99.81	99.81	Set Group Holding S.A.	Line-by-line
Set Group Holding S.A.	Sahrayicedid-Kadikoy	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
Shaanxi Shifeng Cement Co. Ltd	Shaanxi Province	CN	CNY	100,000,000.00	-	35.00	35.00	Shaanxi Fuping Cement Co. Ltd	
Shymkent Cement JSC	Shymkent	KZ	KZT	380,660,000.00	-	92.88	92.88	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	-	99.91	56.58	Sodecim S.a.s.	Line-by-line
							39.87	Ciments Français Europe N.V.	
							3.02	Hormigones y Minas S.A.	
							0.44	Sociedad Financiera y Minera S.A.	
								(voting rights:	
							58.61	Sodecim S.a.s.	
							41.30	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.	
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 S.A.	Line-by-line
Société Immobilière Marguerite X S.r.l.	Casablanca	MA	MAD	100,000.00	-	98.00	98.00	Ciments du Maroc S.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
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
Sodramaris S.n.c.	La Rochelle	FR	EUR	1,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Soficem S.n.c.	Puteaux	FR	EUR	1,000.00	-	100.00	99.00	Ciments Français S.A.	Line-by-line
							1.00	Compagnie Financière et de Partecipations S.a.s.	
Srt Rouennaise de Transformation	Grand Couronne	FR	EUR	7,500.00	-	60.00	60.00	Ciments Calcia S.a.s.	Line-by-line
Ste Aquitaine de Transformation S.a.s.	Saint Cloud	FR	EUR	10,000,000.00	-	40.00	40.00	Ciments Calcia S.a.s.	Equity
Ste Extraction & Amenagement de la Plaine de Marolles	Avon	FR	EUR	40,000.00	-	56.40	56.40	GSM S.a.s.	Proportionate
Stinkal S.a.s.	Ferques	FR	EUR	1,540,000.00	-	35.00	35.00	GSM S.a.s.	Equity
St. Basile Transport Inc.	St. Basile	CA	CAD	9,910.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Suez Bag Company SAE	Cairo	EG	EGP	20,250,000.00	-	57.84	53.32	Suez Cement Company SAE	Line-by-line
							4.52	Tourah Portland Cement Company SAE	
Suez Bosphorus Cimento Sanayi Ticaret	Istanbul	TR	TRY	50,000.00	-	99.99	99.99	Suez Cement Company SAE	Line-by-line
Suez Cement Company SAE	Cairo	EG	EGP	909,282,535.00	-	55.07	25.65	Menaf S.a.s.	Line-by-line
							12.36	Ciments Français S.A.	
							11.66	Ciments du Maroc S.A.	
							5.00	Tercim S.A.	
							0.40	Divas Beheer B.V.	
Suez for Import & Export Company SAE	Cairo	EG	EGP	3,750,000.00	-	100.00	40.00	Axim for Industrials SAE	Line-by-line
							40.00	Development for Industries Co. SAE	
							20.00	Suez for Transportation & Trade SAE	
Suez for Transportation & Trade SAE	Cairo	EG	EGP	10,000,000.00	-	100.00	55.00	Helwan Cement Co.	Line-by-line
							35.00	Suez Cement Company SAE	
							10.00	Tourah Portland Cement Company SAE	
Suez Lime SAE	Cairo	EG	EGP	7,390,000.00	-	50.00	49.00	Suez Cement Company SAE	Proportionate
							1.00	Tourah Portland Cement Company SAE	
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 SAE	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

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Tourah Portland Cement Company SAE	Cairo	EG	EGP	357,621,000.00	-	71.93	66.12	Suez Cement Company SAE	Line-by-line
							5.81	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
Uniwerbéton S.a.s.	Heillecourt	FR	EUR	160,000.00	-	70.00	70.00	Unibéton S.a.s.	Line-by-line
Valoise S.a.s.	Pierrelaye	FR	EUR	37,570.00	-	60.00	60.00	GSM S.a.s.	Proportionate
Vaniyuth Co. Ltd	Bangkok	TH	THB	100,000.00	-	48.80	48.80	Investcim S.A.	Line-by-line
Vassiliko Cement Works Ltd	Nicosia	CY	EUR	30,932,457.21	-	24.65	14.94	Italmed Cement Company Ltd	Equity
							9.71	Compagnie Financière et de Participations S.A.	
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 S.a.s.	
Zuari Cement Ltd	Andra Pradesh	IN	INR	4,279,614,000.00	-	99.99	80.14	Ciments Français S.A.	Line-by-line
							19.85	Cie pour l'Investissement Financier en Inde	
								(voting rights:	
							99.99	Ciments Français S.A.)	

(*) Percentage interest held by the Ciments Français group

ITALMOBILIARE

(Translation from the original Italian text)

Certification pursuant to art. 154-bis, subsection 5 TUF regarding the consolidated financial statements according to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1. The undersigned Giampiero Pesenti, Chief Executive Officer and Giorgio Moroni, Manager in Charge of 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, 2010 to December 31st, 2010.

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 , 2010:

   a) were prepared in compliance with applicable international financial reporting standards recognised by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19th, 2002;
   b) correspond to the accounting books and entries;
   c) are suitable to provide a true and fair presentation of the equity, income and financial situation of Italmobiliare S.p.A. and the companies included in the consolidation area;

   3.2 the annual directors' report includes a reliable analysis of the business trend and the operational results of Italmobiliare S.p.A. and the companies included in the consolidation area, together with a description of the main risks and uncertainties to which they are exposed.

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in Charge

March 30th, 2011

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Italmobiliare S.p.A.

1 We have audited the consolidated financial statements of the Italmobiliare Group as at and for the year ended 31 December 2010, comprising the balance sheet, income statement, statement of comprehensive income, statement of movements in consolidated total shareholders' equity , statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the prior year's consolidated financial statements, the data of which are presented for comparative purposes, reference should be made to the report of other auditor dated 6 April 2010.

3 In our opinion, the consolidated financial statements of the Italmobiliare Group as at and for the year ended 31 December 2010 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Italmobiliare Group as at 31 December 2010, the results of its operations and its cash flows for the year then ended.

4 The directors of Italmobiliare S.p.A. are responsible for the preparation of a 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 specific section on corporate governance and ownership structure included in the director's report on operations to the separate financial statements of Italmobiliare S.p.A., to the extent of the information required by article 123-bis,

subsection 1, paragraph c), d), f), l), m) and article 123-bis, subsection 2, paragraph b) of Legislative decree no. 58/98, with the financial statements, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report on group operations and the information required by article 123-bis subsection 1, paragraph c), d), f), l), m) and article 123-bis, subsection 2, paragraph b) of Legislative decree no. 58/98 disclosed in the specific section included in the director's report on operations to the separate financial statements of Italmobiliare S.p.A., are consistent with the consolidated financial statements of the Italmobiliare Group as at and for the year ended 31 December 2010.

Milan, 18 April 2011

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

Italmobiliare S.p.A.

Directors' report on operations

The changes in the key standards and laws compared to 2009 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, 2010, 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 subsequently and for which early application has not been elected.

Earnings 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 earnings 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, 2010, the parent company Italmobiliare had a net profit of 35.2 million euro, down by 33.06% compared to the net profit of 52.6 million euro in 2009.

Condensed income statement

(in thousands of euro)	2010	2009	Change
Revenues	**67,706**	**92,179**	**(24,473)**
of which:			
Dividends	*35,078*	*62,380*	*(27,302)*
Capital gains on investments and securities	*21,985*	*21,757*	*228*
Interest and other finance income	*4,147*	*2,506*	1,641
Services	*6,496*	*5,536*	960
Costs for personnel, services and other operating expenses	(20,895)	(17,199)	(3,696)
Finance costs	(5,108)	(7,944)	2,836
Capital losses, impairment and other costs	(6,549)	(2,336)	(4,213)
Recurring EBITDA [1]	**35,154**	**64,700**	**(29,546)**
Other income (expense)	(600)	3,034	(3,634)
EBITDA [2]	**34,554**	**67,734**	**(33,180)**
Amortization and depreciation	(119)	(64)	(55)
EBIT [3]	**34,435**	**67,670**	**(33,235)**
Finance income (costs)	(49)	(22)	(27)
Impairment on financial assets	(191)	(19,728)	19,537
Profit before tax	**34,195**	**47,920**	**(13,725)**
Income tax income	1,042	4,722	(3,680)
Net profit (loss) for the period	**35,237**	**52,642**	**(17,405)**

At December 31, 2010, Italmobiliare recorded revenues of 67.7 million euro compared to 92.2 million in 2009. The fall was largely due to the marked reduction in dividends received in 2010.

After operating expenses and finance costs of 33.2 million euro (24.4 million euro at December 31, 2009), EBITDA and EBIT respectively totaled 34.6 and 34.4 million euro, both down by 33.2 million euro compared to 2009. In addition to the aforementioned fall in revenues, the worsening in margins was mainly due to larger capital losses following the sale of shares and to higher other income in 2009 due to the release of provisions.

Impairment variations totaled 0.2 million euro, compared to 19.7 million euro in 2009. In 2009 significant impairment losses of 11.7 million euro were recorded on the equity investment in Franco Tosi S.r.l. and 8.0 million euro on the equity investment in UBI after alignment with year-end market values.

A less favorable tax situation reduced income tax income to 1.0 million euro, compared to +4.7 million euro in 2009, and the final result reflected net profit of 35.2 million euro.

[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.

The balance sheet at December 31, 2010, and December 31, 2009, is summarized below:

(in thousands of euro)	December 31, 2010	December 31, 2009 *
Fixed assets	3,882	3,895
Equity investments in subsidiaries	828,538	909,250
Equity investments in associates	110,630	25,101
Other equity investments	356,701	311,723
Receivables and other non-current assets	69,467	163,205
Non-current assets	**1,369,218**	**1,413,174**
Current assets	**160,098**	**154,143**
Total assets	**1,529,316**	**1,567,317**
Shareholders' equity	**1,075,695**	**1,246,959**
Non-current liabilities	144,271	267,973
Current liabilities	309,350	52,385
Total liabilities	**453,621**	**320,358**
Total shareholders' equity and liabilities	**1,529,316**	**1,567,317**

* The figures at December 31, 2009, have been restated following the change in measurement of associates from fair value to original cost adjusted for impairment losses. Reference should be made to the notes for detailed analysis of the impact of this change.

Italmobiliare S.p.A. shareholders' equity fell compared by 171.3 million euro, from 1,247.0 million euro at December 31, 2009, to 1,075.7 million euro, due to:

- the decrease in reserves of 89.3 million euro, mainly due to the fall in the value of available-for-sale financial assets (90.6 million euro, net of deferred tax);
- the merger deficit following the merger of the subsidiaries Franco Tosi S.r.l. and Sance S.r.l. for 83.7 million euro;
- the dividends paid following the resolution of the ordinary shareholders' meeting of April 29, 2010, for 33.5 million euro;
- the net profit for the year (35.2 million euro).

Net debt stood at 220.9 million euro, up on 151.1 million euro at December 31, 2009. The comment on the financial segment in the Group report on operations analyses Italmobiliare S.p.A. cash flows.

Transactions on equity investments

Regarding transactions on equity investments, reference should be made to the section on the financial segment in the report on the consolidated financial statements, under "Significant events for the year".

During 2010 Italmobiliare S.p.A. did not purchase any treasury shares, therefore the company holds 871,411 ordinary treasury shares (par value of 2,265,668.60 euro), or 3.928% of ordinary share capital, as well as 28,500 savings shares (par value 74,100.00 euro), or 0.174% of total savings shares.

The par 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 segments (Italcementi group and Sirap Gema group), and reference should be made to the sections on the segments in question for further information.

Human resources and information on personnel

At December 31, 2010, the number of people employed at Italmobiliare S.p.A. was 46 (47 at December 31, 2009).

(units)	2010	2009
Senior managers	13	14
Middle managers	5	4
Office workers	28	29
Total	**46**	**47**

The workforce is adequate for the company's mission and objectives, and reflects limited turnover.

As the data owner Italmobiliare S.p.A. confirms that the Policy Document on Data Safety has been updated for 2011, in compliance with the prescriptions of Legislative Decree no. 196/2003, as have the Technical Specifications on minimum safety measures.

Information on the environment

The company operations do not have a significant environmental impact.

Risks and uncertainties

The risks connected with Italmobiliare S.p.A.'s business are illustrated in the corresponding section on the financial segment in the Group consolidated report, to which reference should be made.

Transactions with related parties

Italmobiliare S.p.A. transactions with related parties concerned:

- companies which are subsidiaries and associates of Italmobiliare S.p.A.;
- other related parties.

Transactions with related parties reflect Italmobiliare S.p.A.'s interest in leveraging the synergies within the Group to integrate services, employ competencies efficiently and rationalize use of corporate divisions and financial resources.

No atypical or unusual transactions took place during the year.

All transactions with related parties, whether financial or relating to the exchange of goods and services, are conducted at normal market conditions and comply with the Voluntary Code of Conduct.

Data on the analysis of the transactions with related parties and the impact of the transactions on the equity, income and financial situation of the company are set out in the notes.

As part of the actions taken on corporate governance, Italmobiliare S.p.A. has adopted the "Procedure for transactions with related parties", which is set out in the chapter on "Corporate governance".

Transactions 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;
- Franco Tosi S.r.l. provides Italmobiliare and some of its subsidiaries with IT support services and some general services.

Within the Group, exchanges of personnel take place to optimize overall use of resources.

On the financial front, Italmobiliare provides guidance and assistance for subsidiaries with regard to financing and the issue of guarantees.

Intercompany transactions of a financial nature are conducted at normal market conditions; services are generally regulated on the basis of the costs of providing the services.

Regarding the purchase from Italcementi S.p.A. of the equity investments in Mediobanca S.p.A. and RCS Media Group S.p.A., reference should be made to the section on the financial segment in the report to the consolidated financial statements, under "Significant events for the year".

2010 was the first tax year in the 2010/2012 period, under the domestic tax consolidation envisaged by art. 117 ff. of the Income Tax Consolidation Act (TUIR), which was renewed in 2010 by the parent company Italmobiliare S.p.A. – which acts as the parent-consolidating company – and by some directly and indirectly controlled subsidiaries.

The list of subsidiaries which participate in the domestic tax consolidation 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.
- Società del Gres Ing. Sala S.p.A.,
- Calcestruzzi S.p.A.
- Cemencal S.p.A.
- Escavazione Sabbia ed affini Monviso S.r.l.
- E.I.C.A. S.r.l.
- Sirap Gema S.p.A.
- Sirap Gema Insulation System S.r.l.
- Franco Tosi S.r.l. formerly Italmobiliare Servizi S.r.l.

Business and financial dealings among subsidiaries that are directly connected to and arise from membership of the same tax unit and from the aforementioned tax regime are governed by a specific *"Regulation implementing intercompany dealings deriving from participation in the domestic tax consolidation"*, which is signed by each participating company.

Transactions with other related parties

Transactions with other related parties concern:

- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare S.p.A. by Luca Minoli, a director of Italmobiliare S.p.A., as an equity partner in the associate professional studio Dewey & LeBoeuf, for considerations totaling 73.4 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 22.2 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 2.8 thousand euro.

The fees paid are in line with market conditions for the respective types of professional service supplied.

During 2010 Italmobiliare supplied the "Fondazione Italcementi Cav. Lav. Carlo Pesenti" with 600 thousand euro to cover operating expenses.

The figures at December 31, 2010, on transactions with related parties are provided in the notes.

Significant post balance-sheet events

During the first quarter of 2011 Italmobiliare S.p.A. bought Ciments Français shares for a total outlay of 25.4 million euro, and so directly holds 1.66% of the share capital.

In connection with the stock option plan approved by the Shareholders' Meeting on May 3, 2002, on March 30, 2011, the Board of Directors granted 112,900 stock options to Italmobiliare S.p.A. directors and managers, linked to the results reported for financial year 2010. Also on March 30, 2011, the Board of Directors approved the closure of the plan, with the exception of the terms laid down for the future exercise of granted options.

Outlook

Please refer to the section in the “Directors’ report on Group operations”.

Report on Corporate Governance and Ownership Structure

The C*orporate Governance* system adopted by Italmobiliare SpA is based on the following codes and/or policies, in addition to the Company's Bylaws:

* Code of Conduct,
* Code of Ethics,
* Treatment of Confidential Information,
* Code of Internal Dealing,
* Procedure for Transactions with Related Parties,
* "Insider Register" Procedure,
* Regulation of the Manager in charge of preparing the company's financial reports,
* Organizational, Management and Control Model.

The texts of the documents listed above are all available at the Company's website *www.italmobiliare.it,* with the exception of the Regulation of the Manager in charge of preparing the company's financial reports made available to all Group companies through the Company's *intranet.*

The Company, in its role as parent company, has been actively committed for years in the modernization of its business culture in order to respond to the challenges arising from developments on *Corporate Governance* rules. This process has encouraged and reinforced the distribution of shared values among all subsidiaries and is based on the recognition that the adoption of good *Governance* rules goes hand in hand with the spread of a business culture which has as its objectives transparence, appropriate management and effectiveness of controls.

A review of the corporate governance system, as set up in the mandatory provisions of the Company's Bylaws and in the provisions of the codes and policies mentioned above, confirms and demonstrates the commitment of Italmobiliare SpA to adhere to the rules of *best practice* generally shared, whose implementation is witnessed by the board resolutions adopted and several organization notices circulated.

Share Capital Structure and Ownership

This section includes the information required by Art.123-bis of the Consolidated law on finance (*TUF*).

a) Share capital Structure, identifying the various shares categories, related rights and obligations, and the percentage of share capital represented

Share capital is equal to €100,166,937, divided into 38,525,745 shares with a nominal value of €2.60 each, 22,182,583 of which are ordinary shares, representing 57.58% of the entire share capital, and 16,343,162 savings shares, representing 42.42% of the entire share capital.

Holders of ***ordinary shares*** are entitled to vote at the company's ordinary and the extraordinary shareholders' meetings.

Shareholders who, even jointly, hold at least one fortieth of the share capital represented by shares with voting rights, may, within the terms envisaged by the law currently in force, request an addition to the agenda of the General Meeting, stating the additional topics proposed by them in their application. Furthermore, shareholders who, separately or jointly with other shareholders, can prove that they hold an overall stake of the share capital with voting rights that is no lower than that established by law currently in force, are entitled to submit 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 Bylaws.

Savings shares do not carry voting rights.

In the event of an increase in share capital against consideration 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 categories 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 categories of shares, do not require approval by the meetings of the holders of the different share categories. 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 at the Shareholders' Meeting.

During the allocation of profit for the year, savings shares are entitled to a dividend of up to 5% of the nominal share value, increased with respect to that of ordinary shares, by an amount equivalent to 3% of the share nominal value. When in a financial year a lower dividend is allocated to savings shares, the difference is calculated as an increase to the savings dividend paid in the following two years.

In the event of distribution of reserves, savings shares have the same rights as other shares.

Reduction in the share capital to absorb losses does not reduce the nominal value of savings shares, if not for the portion of loss that exceeds the total nominal value of the other shares.

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 had two ***Stock Option Plans*** in place: one for directors and one for managers, analytically described in the paragraph "Incentive Plans for Directors and Managers."

b) *Restrictions on Transfers of Shares*

There are no restrictions on the transfer of shares or acceptance clauses.

c) *Significant shareholders as disclosed pursuant to article 120 of the Consolidated Law on Finance.*

Shareholder	No. Of Shares	% on capital	
		overall	ordinary
Efiparind B.V. (indirectly and directly through Compagnia Fiduciaria Nazionale S.p.A.) This figure does not consider 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 of, among others, the Fund «First Eagle Global Fund» of which it holds 3,99% of the share capital with voting rights	1,109,930	2.88	5.04

d) *Shares which confer special control rights*

No shares have been issued that confer special control rights.

e) *Employee share ownership: exercise of voting rights*

There is no specific system of employee shareholding.

f) *Restrictions on voting rights*

There are no restrictions laid down by the Bylaws on the exercise of voting rights.

g) *Shareholders' agreements under Article 122 of the Consolidated law on Finance, of which the company is aware*

To the knowledge of the Company, there are no agreements, of any kind, related to the exercise of voting rights connected with shares and the transfer thereof, or any of the cases described in Art.122 of the Consolidated law on Finance.

h) *Significant agreements to which the Company or its subsidiaries are parties and which take effect, are amended or terminate upon a change of control of the company, and their effects*

As part of the measures aiming at supporting business development, the Company signed loan agreements which, except in one case, do not explicitly provide for the withdrawal right of the counterparty when reducing the stake directly or indirectly held by reference shareholders. However, the Lending Institution has a right to early termination of the agreement if, as a result of incorporation or merger, the commitments agreed upon cannot be met in the same terms and under the same conditions as defined at the signing of the agreement.

i) *Agreements between the company and the directors providing for benefits in case of resignation, unfair dismissal or if the office terminates due to a takeover bid*

No agreements have been signed between the company and the directors providing for compensation in case of resignation, unfair dismissal or if the office should terminate following a takeover bid.

In addition, as required by CONSOB in its communication of February 24, 2011, it should be noted that, in the case of early termination of the office, there are no agreements to assign nor maintain non-monetary benefits, or envisaging consultancy contracts for a period following the termination of the office; in addition, non-competition agreements have been signed.

l) *Rules applicable to the appointment and replacement of directors and to the amendment of the Bylaws*

Appointment of Directors

The Company's Bylaws, in compliance with the law currently in force, provide for the appointment of the Board of Directors to occur on the basis of lists that ensure for minority shareholders the minimum number of directors envisaged by the law.

In addition, the Code of Conduct recommends that this must occur in accordance with a transparent procedure to ensure, among other things, timely and adequate information on the personal and professional skills of candidates.

The lists must be filed at the company head offices at least 25 days before the date set for the Shareholders' Meeting on first call; this, together with the conditions and minimum stake required to file the lists, must be mentioned in the notice of call.

Lists may be 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 by CONSOB pursuant to the regulations in force. For 2011, the threshold established for the presentation of candidate lists for the election of the Board of Directors of Italmobiliare SpA is 2.5% of ordinary share capital.

No shareholder may present or participate in the presentation of more than one list, directly or through trustees or nominees, or vote for different lists.

Shareholders belonging to the same group and shareholders who join a shareholders' agreement on the company shares may not present or vote for more than one list, neither through trustees or nominees.

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

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

The lists presented must include:

a) statements by which individual candidates:

  * accept their candidature
  * under his/her own responsibility state:
    - the non-existence of causes for inelegibility
    - entitlement of the good reputation requirements established by the law
    - entitlement of the independence qualification required by the law and by the Code of Conduct;

b) a short curriculum on the personal and professional skills of each candidate with indication of their position as director and statutory auditor in other companies;

c) information on the identity of shareholders who have presented lists. The intermediary certification or statement proving ownership of the shareholding prescribed by the law in force when the list is presented may also be produced after the filing of the list provided that it reaches the company within the term envisaged by the regulation in force for the publication of lists by the company;

d) a statement of the shareholders who do not hold, even jointly, a controlling or majority stake, bearing witness to the absence of any connection with the majority shareholder, as defined by the law in force.

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

At least 21 days before the Shareholders' Meeting date, the company shall make available at the company offices, at the stock market and on its website, the lists of candidates which have been filed by shareholders along with supporting documentation.

In the event of presentation of more than one list:

- all the directors are elected from the list that obtains the highest number of votes at the Shareholders' Meeting, in the order in which they are listed, except for the minimum number reserved by law for the minority shareholders' list;
- the minimum number of directors reserved by law to minority shareholders are elected from the minority shareholders' list that obtains the highest number of votes and is not connected in any way, directly or indirectly, with the majority shareholders;
- should more than one list obtain the same number of votes, a runoff is held on these lists among all the shareholders present at the Shareholders' Meeting, and the candidates are elected from the list that obtains the majority of the share capital represented at the Shareholders' Meeting.

For the purposes of the apportioning of the directors to be elected, the lists that have not achieved a percentage of votes at least equal to half of the percentage required for the presentation of lists will not be considered.
Should a party connected to a majority shareholder vote for a list of the minority shareholders, the connection is significant for the purposes of excluding the minority shareholders' elected director, only if this vote was crucial for the election of said director.

Should a single list be presented, all the candidates included in that list are elected with a simple majority vote of the share capital represented at the Shareholders' Meeting.

In the absence of lists, and whenever by means of the voting list mechanism, the number of candidates elected is lower than the minimum number envisaged by the by-laws, the Board of Directors is respectively appointed or supplemented at the Shareholders' Meeting with the legal majority, provided that at least the minimum number of directors holding the independence qualification required by the law is guaranteed.

Any director elected who during their office loses the good reputation requirements requested by the law or the by-laws ceases to serve.

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 at the Shareholders' Meeting, shall arrange to replace them by means of a resolution approved by the Board of Statutory Auditors.

Directors are replaced, in compliance with the above requirements of good reputation and independence, with the appointment of unelected candidates belonging to the same list as the directors who no longer serve, following the original order of presentation. Should this not be possible, the Board of Directors shall act pursuant to the law.

The directors so appointed will hold office until the next Shareholders' Meeting.

The General Meeting will decide on the replacement of directors, in compliance with the principles outlined above, by simple majority of shares represented at the Meeting.

The term of the Directors thus appointed will expire together with those in office at the time of their appointment.

No limits to 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 - on voluntary basis - no longer to meet the independence qualification pursuant to the Code of Conduct.

Changes to the Bylaws

Besides the powers vested with the Board of Directors by law and by the company by-laws regarding the issue of shares and bonds, in compliance with art. 2436 of the Italian Civil Code, resolutions on the matters listed below are assigned not only to the shareholders at their extraordinary Meeting, but also to the Board of Directors:

- incorporation of wholly owned or at least ninety percent owned companies;
- transfer of the registered office, provided that it remains within Italy;
- establishment or removal of secondary offices, in Italy and abroad;
- reduction of the share capital in the case of withdrawal by a shareholder;
- amendment of the company by-laws to comply with legal requirements.

m) Delegated powers for share capital increases pursuant to Art. 2443 in the Italian Civil Code, i.e. power given to the directors to issue equity financial instruments and to authorize the purchase of treasury shares

Delegated Powers for Share Capital Increases

The Board of Directors has the power to provide for, once or more times, within a period of five years starting from the resolution of June 18, 2007 of the Extraordinary Shareholders' Meeting:

a) pursuant to Art.2443 in the Italian Civil Code, the increase of the share capital, once or more times, for a maximum total amount of €260 million, free-of-charge and/or against consideration, by issuing ordinary shares and/or savings shares, even for the service of bonds issued by other entities with the power to convert them into the company's ordinary shares and/or savings shares or which bear warrants valid for the subscription of the company's ordinary shares and/or savings shares;

b) pursuant to Art. 2420-*ter* in the Italian Civil Code, the issuance of bonds convertible into ordinary shares and/or savings shares or warrants to purchase ordinary shares and/or savings shares, once or more times, for a maximum total of €260 million, to the extent permitted from time to time by law, with consequent increase in share capital to serve the conversion or exercise of warrants,

all of the above, with the broadest powers in this regard, including the powers to offer shares and convertible bonds or warrants in the form set out in the penultimate paragraph of Art. 2441 in the Italian Civil Code, to reserve the same up to a quarter in accordance with Art.2441 in the Italian Civil Code, last paragraph; to identify the funds and reserves to be allocated to equity in the event of free capital increase; to set the issue price, conversion ratios, terms and conditions under which such operations will be executed.

By resolution of April 28, 2006, the Extraordinary shareholders' Meeting granted to the Board of Directors:

- the right, pursuant to Art. 2443 in the Italian Civil Code to increase the share capital against consideration, once or more times, within five years of the above resolution, up to a maximum amount of €910,000 through the issuance of a maximum of 350,000 Italmobiliare ordinary shares and/or savings shares, €2.60 nominal value each, to be reserved under Article 2441 in the Italian Civil Code, paragraph 8, to employees of Italmobiliare SpA and its subsidiaries both in Italy and abroad in compliance with the laws of the Countries the beneficiaries belong to;

- the power, therefore, to regulate entitlement rights of shares, set the time, modes, features and conditions of the offer to employees and to set the price of shares, all of the above in accordance with the provisions in the "Stock Option Plan for Managers", including any premium.

Moreover, by resolution of June 18, 2007, the Extraordinary General Meeting granted to the Board of Directors:

- the right, pursuant to Art. 2443 in the Italian Civil Code to increase the share capital against consideration, once or more times, within five years from the above resolution, up to a maximum of €910,000 through the issuance of a maximum of 350,000 Italmobiliare ordinary shares and/or savings shares, €2.60 nominal value each, with the exclusion of option rights pursuant to Art. 2441 in the Italian Civil Code, paragraph 5, to serve the incentive plan reserved to the company's and its subsidiaries' directors vested with special powers in accordance with the articles of association or those who have specific operational duties;
- the power, therefore, to regulate entitlement rights of the shares, set the time, modes, features and conditions of the offer and set the price of the shares, all of the above in accordance with the provisions of the "Stock Option Plan for Directors", including any premium.

Equity Financial Instruments

To date, the Company has not issued any equity financial instruments of any kind, nor do the Bylaws give directors any power to issue them.

Authorizations for the Purchase of Treasury Shares

The ordinary Shareholders' Meeting of April 29, 2010 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 aforementioned Shareholders' Meeting resolution, since that date the Company has not purchased any ordinary or savings treasury shares, or used those in the portfolio to sell them to the beneficiaries of stock options, since there has been no exercise of the rights accrued by directors and managers.

Therefore, as of December 31, 2010, the Company held:

- 871,411 ordinary treasury shares, equal to 3.93% of the share capital represented by ordinary shares, a part of which is needed to serve of the "Stock Option Plan for Directors" and the "Stock Option Plan for Managers";
- 28,500 saving treasury shares equal to 0.17% of the share capital represented by savings shares.

Management and Coordination

As stated in the letter 'C' above, Efiparind B.V. is the majority shareholder of Italmobiliare SpA: according to the latest reports received, as well as other information held by the Company, net of treasury shares held by the same Italmobiliare, the former indirectly owns 47.26% of Italmobiliare SpA ordinary shares representing share capital with voting rights.

Under the combined provisions of Articles 2497-*sexies* and 2359 in the Italian Civil Code, no company or institution exercises management and coordination with respect to Italmobiliare SpA

Risk Management and Internal Control System regarding the Financial Reporting Process

1. Foreword

Risk management is integrated into the development strategy of the Italmobiliare Group and is a key element of its governance system.

As mentioned in the section on "Risks and Uncertainties" in the construction materials industry, in 2010 Italcementi SpA established a Risk Management Department with the aim of improving the creation of value for *stakeholders* through the optimal management of enterprise risk *(Enterprise Risk Management, ERM).* This initiative supplements the Group program "Risk & Compliance", which started in 2008 and ranked the risks associated with the financial reporting process among the relevant ones.

A similar assessment was extended to Italmobiliare Group, considering the significant impact of the Italcementi Group in the context of consolidated financial reporting.

The system of risk management and internal control on the financial reporting process also benefited from:

- the continuous development of an integrated organizational governance system (organization notice, job descriptions, corporate powers, company processes and procedures) whose operational tools are available in a Knowledge Management Database, B.E.S.T. *(Business Excellence Support Tool)* that allows easy access to information and facilitates the dissemination process within the Group;
- a more precise organization and planning in relation to the provisions of Law no. 262 dated December 28, 2005, containing "Provisions for the protection of savings and regulation of financial markets" and the subsequent remedial decrees (hereinafter, briefly, the "Savings Law"), enacted by lawmakers with the aim of increasing transparence in corporate reporting and strengthening the system of internal controls of listed companies.

In relation to this law, Italmobiliare SpA has long implemented a series of actions, detailed in paragraph 2 below, included in a program of activities integrated into business processes.

2. Description of the Main Features of the System

2.1 Stages of the Risk Management and Internal Control Systems

Italmobiliare defined its reference Model for the assessment of the Internal Control System on financial reporting (hereinafter, briefly, the "Operating Model"), detailing an operational approach for undertaking 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 into account the document *"Internal Control over Financial Reporting - Guidance for Smaller Public Companies,"* also prepared by CoSO. The evaluation process of Italmobiliare requires as a precondition the adoption of a similar system by the subsidiary Italcementi - as also subject to the provisions of the "Savings Law"- with respect to companies directly controlled by the latter.

The operating Model defined by Italmobiliare is based on the following main elements:

a) **Preliminary Analysis.**
This activity, carried out annually and whenever deemed necessary, is directed towards the identification and assessment of risks related to the internal Control System with respect to financial reporting, in order to determine action priorities for activities related to the documentation, evaluation and *testing* of the administrative and accounting procedures and corresponding controls.
The identification of entities and relevant processes is based on quantitative and qualitative elements. In particular, the Company identified the relevant entries in the consolidated financial statements and the significant processes that underlie them; thereafter it identified the relevant companies based on the weight of revenue and total assets of the individual entity over the aggregate values and based on further qualitative considerations (e.g. country in which the entity operates, complexity and/or changes in the rules, type of business, specific risks); finally, the two levels of analysis were crossed, defining the association between relevant processes and companies included in the scope of work;

b) **Operational Planning.**
Annual activities are planned based on action priorities identified through the preliminary analysis and on any additional assumptions;

c) **Analysis of Entity Controls Level.**
Individual entities in the scope identified in the preliminary analysis are responsible for activities related to evaluating the effectiveness of the internal control system operating on the principles of governance at company level **(Entity Level Controls),** and related to the overall management of information systems used in the processes relevant to *financial reporting* and the underlying IT infrastructure **(Information Technology General**

Controls), to be carried out according to schedules established in the operational planning phase and based on the guidelines, instructions and templates provided;

d) **Analysis of Process Level Controls.**
Individual entities in the scope, identified in the preliminary analysis, are responsible for activities related to: a) documentation, with different levels of detail depending on the risk assigned, of the administrative and accounting processes identified, b) verification, by means of testing activities, of the effective operation of key controls to be carried out according to schedules established in the operational planning phase and based on the guidelines, instructions and templates provided by the Manager in Charge;

e) **Evaluation of the Adequacy and Effective Operation of Administrative and Accounting Procedures and Corresponding Controls:** In order to ensure compliance with the relevant requirements for the drafting of financial reports ("financial statements"), based on the results of the activities carried out and the documentation obtained, the Manager in Charge will evaluate the overall adequacy and effective operation of the procedures related to administrative and accounting issues and corresponding controls, and more generally, the internal Control System relating to these areas.

2.2. Roles and Functions involved

The risk management system related to financial reporting is supervised by various company bodies/corporate functions each with specific and well defined roles and responsibilities. In particular, as also reported in other parts of this Report on corporate governance, we point out the tasks of the following Bodies/Functions in relation to the issues covered in this section:

1) ***Board of Directors,*** to which the Code of Conduct, among other duties, assigns the following:
   a) to consider and approve the Company’s strategic, business and financial plans;
   b) to assess forecasts on operations and the adequacy of the organizational, administrative and general accounting structure of the Company and its subsidiaries;
   c) to evaluate and approve the financial statements for the year; to assess the company’s operational structure;
   d) to establish guidelines for the internal control system so that the main risks for the Company and its subsidiaries are correctly identified and properly measured, managed and monitored, determining criteria for compatibility of said risks with a safe and appropriate management of the company;
   e) to assess the adequacy, efficiency and effective functioning of the internal control system with respect to the Company’s characteristics at least annually.

2) ***Chief Executive Officer,*** who, in his capacity as Executive Director responsible for overseeing the functioning of the internal control system, is responsible for:
   a) identifying the main corporate risks, taking into account the characteristics of the Company’s and its subsidiaries’ business, periodically submitting them to the attention of the Board of Directors;
   b) implementing the guidelines defined by the Board of Directors, taking care of the planning, achievement and management of the internal control system, constantly verifying its overall adequacy, effectiveness and efficiency; also adapting the said system to changes in operating conditions and in the legal 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 with applicable IFRS, the correspondence of documents to entries in the accounting books and records, the suitability of documents in providing a true and fair representation of financial position and results of operations of the company and Group, etc

3) ***Internal Control Committee,*** to which the Code of Conduct gives, among others, the following tasks:
   a) to assess the correct application of accounting principles and their consistency for the purposes of the consolidated financial statements, together with the Manager in charge of preparing the company’s financial reports and the external auditors;
   b) to review the audit plan and the periodic reports prepared by the Controller;

c) to report to the Board of Directors at least every six months, upon approval of the budget and interim financial reports, on its activity and the adequacy of the internal Control system;

4) ***Chief Operating Officer,*** who is assigned, among other tasks, the task to coordinate and control the activities of Italmobiliare SpA and its direct and indirect subsidiaries, to track the performance in general of companies in which Italmobiliare SpA holds shares, as well as to formulate and submit to the Chief executive officer proposals related to corporate organization in order to improve the Company's efficiency. He is also involved in overseeing the preparation process of the Company's financial reporting;

5) ***Manager in charge of preparing the company's financial reports,*** who, as envisaged in the Regulations approved by the Board of Directors, has among his tasks to:
   a) develop adequate administrative and accounting procedures for the drafting of the annual financial statements, the interim financial statements and the consolidated financial statements, and of any other disclosure of financial information, taking care to update and promote its dissemination, understanding and compliance, and to verify its actual implementation;
   b) assess the correct application of accounting standards and their consistency with the consolidated financial statements, jointly with the Internal Control Committee and the external auditors;
   c) ensure regular reporting to the governing bodies and the Board of Directors concerning the activities carried out;
   d) manage the periodic review of the activities regarding evaluation and updating of the risk map related to financial reporting;
   e) participate in the development of information systems that have an impact on the company's financial position and results of operations.

6) ***The Controller,*** who is in charge of verifying that the internal control system is always adequate, fully operational and functional. The Controller has direct access to all information required to perform this task. He is not responsible for any operational area and does not report hierarchically to any head of operational areas, including the administration and finance department. The Controller reports on the modalities with which risk management is conducted, on compliance with defined plans for their containment and expresses his own assessment on the suitability of the internal control system to achieve an acceptable overall risk profile to the Internal Control Committee, to the executive director responsible for overseeing the functioning of the internal control system and to the Board of Statutory Auditors in compliance with the terms and the manner required by law.

7) **Compliance Committee,** which has the task of continuously monitoring the effective operation and compliance with the Organizational, Management and Control Model as pursuant to Legislative Decree 231/01, engaging, among others, with the Manager in Charge with reference to issues relevant to financial reporting;

8) the ***Corporate Functions*** involved in the preparation process of the financial disclosure, which must issue specific statements on the data and the information given therein, ensuring both their proper representation and the effective and efficient implementation of administrative and accounting procedures in the areas they are responsible for.

In this context, finally, the ***Board of Statutory Auditors,*** with respect to the tasks assigned to it by law, supervises, among other things, the financial disclosure process and the adequacy of the internal control system, the internal audit and risk management system.

The circulation and integration of the information produced in the various areas is ensured by a structured information flow. In this sense, an important role is played, for example, by the quarterly report of the manager in charge, setting out, among other things, the results of the activities undertaken, problems arose, the action plans established and their progress.

The Code of Conduct and the corporate governance rules

The Code of Conduct (the «Code»), as last amended by the Company's Board of Directors in February 2007, is a self-regulatory system, including legal and regulatory framework provisions, to which Italmobiliare SpA and its corporate bodies voluntarily comply with. Its aim is to highlight the corporate governance model of the company established to achieve its primary goal of maximizing value for shareholders.

The «Code» is based on the Code of Conduct for listed companies lastly approved in March 2006 by the Corporate Governance Committee of the Italian Stock exchange (Borsa Italiana S.p.A).

The «Code» provides for the establishment of corporate bodies and offices and the adoption of specific procedures and conduct, with the only exceptions which will be discussed hereunder and the adjustments related to the peculiarities of Italmobiliare SpA.

The Board of Directors, moreover, is always willing to assess further trends introduced in the « Code of Conduct» and their possible implementation in the company's Corporate Governance system, provided that, in respect with the current company situation, the recommendations allow the company's standing with investors to be further enhanced.

A) THE ORGANIZATIONAL STRUCTURE

Board of Directors

The Bylaws provide for the company to be managed by a Board of Directors consisting of 5 up to 15 directors, whose term of office lasts for the period specified at the time of appointment. Even though it must not exceed three years, it expires as of the date of the Shareholders' Meeting convened to approve the financial statements relating to the last fiscal year of their office. Incumbent directors may be reelected.

Appointments are based on lists in accordance with the above mentioned procedure.

Pursuant to the current regulations, 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 be vested with the independence qualification established by the law for the members of the Board of Statutory Auditors, while the law requires all directors to meet the good reputation requirements established by the Minister of Justice for statutory auditors' regulation.

The «Code», as required by the text approved by the Committee for *Corporate Governance,* requires that an adequate number of non-executive directors are independent in the sense that they do not, directly or indirectly, maintain, nor have recently maintained, relationships with the Company or with individuals associated with it that would influence their independence of judgement.

Should an elected director during their term of office no longer satisfy the good reputation requirements established by the law or the by-laws, their office shall terminate.

Should the independence criteria prescribed by the law no longer be met, the director concerned must immediately inform the Board of Directors. In the event, the office of the director shall terminate, except in cases where such criteria are still held by at least the minimum number of directors envisaged by the current regulation.

No exception to the ban on competition envisaged by art. 2390 of the Italian Civil Code has been authorized by the Shareholders at their Meeting or is envisaged by the company by-laws. Moreover, no director is a shareholder with unlimited responsibility in competitors or runs a competing business on their own on behalf or for third parties, or is a director or chief operating officer of competitors.

Under the company Bylaws, the Board of Directors is vested with full powers for the day-to-day activities and the extraordinary management of the company. It can then perform all acts, including provisions, that it considers appropriate for the achievement of corporate goals, with the only exception of those expressly reserved to the Shareholders' Meeting by law.

The Board of Directors, in accordance with the provisions of the Bylaws, meets at least once during each calendar quarter. On this occasion, the delegated bodies report to the Board and to the Board of Statutory Auditors on the significant transactions entered into in the exercise of the powers delegated to them.

The "Code» underlines the key role played by the Board of Directors and sets out and supplements its specific duties which include, among other things: the assignment and termination of delegated powers to senior managers; the evaluation and approval of strategic, business 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 examination and approval of the accounting entries for the period; the prior evaluation and approval of strategic transactions; the assessment of the company operational structure; the determination of the compensation of directors vested with special powers and the manager in charge of preparing the company's financial reports; reports presented at Shareholders' Meetings; the examination and approval of the Corporate Governance system.

The Board of Directors also has the task to evaluate and approve the following in advance:

- transactions with related parties undertaken by the company itself and by its subsidiaries when such transactions are of strategic or financial importance for Italmobiliare SpA;

- other transactions with related parties, as regulated by specific company procedures and in compliance with the modalities provided for therein.

The Board of Directors, finally, must, at least once a year, make an assessment of the size, composition and functioning of the same Board and its Committees.

The Board of Directors is mainly composed of non-executive members and among them a sufficient number are independent directors. In the event that the Chairman of the Board of Directors is primarily responsible for corporate management, and in case the office of Chairman is held by the person managing the Company, the «Code» provides that the Board appoint an independent director as *"Lead Independent Director,"* to be a reference and coordinate the needs and contributions of non-executive directors and, in particular, of independent ones.

The Chairman coordinates the activities and chairs meetings of the Board of Directors and ensures that its members are provided, well in advance, with the elements regarding issues of particular importance, needed to successfully take part in the meeting, without prejudice for requirements of necessity, urgency or confidentiality. The Chairman, moreover, by means of the responsible corporate functions, ensures that directors participate in initiatives aimed at increasing their knowledge of the company's reality and its dynamics and are informed on key legislative and regulatory framework amendement affecting the Company and its governing bodies.

The directors act and pass informed resolutions independently, in the pursuit of the primary goal of creating value for shareholders. They accept their offices aknowledging that they can devote the due time to diligent performance of their duties. Pursuant to the «Code», effective performance of the duties of director is deemed consistent with no more than:

- 5 offices as executive director,

- 10 offices as non-executive or independent director or statutory auditor

in companies listed on regulated markets even abroad, in financial, banking, insurance or large companies with the exception of Italmobiliare SpA subsidiaries, of parents and companies under joint control.

A list of the positions of director, statutory auditor and general director covered by each director in other companies listed on regulated markets even abroad, in financial, banking, insurance or major companies is set out below:

Giampiero Pesenti	Italcementi S.p.A.	- Chairman
	Ciments Français S.A. *(on behalf of 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
	Rcs Quotidiani S.p.A.	- Director
Italo Lucchini	Italcementi S.p.A.	- Director
	Unione di Banche Italiane S.c.p.A.	- Supervising Director
	Ciments Français S.A.	- Director
	BMW Italia S.p.A.	- Chairman of the Board of Statutory Auditors
	BMW Financial Services Italia S.p.A.	- Chairman of the Board of Statutory Auditors
Carlo Pesenti	Italcementi S.p.A.	- Chief Executive Officer
	Ciments Français S.A.	- Vice 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
	Privital S.p.A.	- Director
Mauro Bini	Arca S.g.r.	- Director
Giorgio Bonomi	Italcementi S.p.A.	- Director
	IGP-Decaux S.p.A.	- Director
Gabriele Galateri di Genola	Telecom Italia S.p.A.	- Chairman
	TIM Brasil Serviços e Participaçoes S.A.	- Chairman
	Tim Participações S.A.	- Director
	Banca CARIGE	- Director
	Banca Esperia S.p.A.	- Director
	Edenred	- Director
	Cassa di Risparmio di Savigliano	- Director
Jonella Ligresti	Fondiaria-Sai S.p.A.	- Chairman
	Sai Holding Italia S.p.A.	- Chairman
	Gilli S.r.l.	- Vice Chairman
	Premafin HP S.p.A.	- Vice Chairman
	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.	- Supervising Director
Livio Strazzera	Serfis S.p.A.	- Sole Director
	Banca Regionale Europea	- Director – Deputy Chairman
Francesco Saverio Vinci	Mediobanca S.p.A.	- Director – Chief operating Officer
	Mediobanca Securities USA LCC.	- Deputy Chairman
	Assicurazioni Generali S.p.A.	- Director
	Compagnie Monegasque de Banque	- Director
	Banca Esperia S.p.A.	- Director
	Perseo S.p.A.	- Director
	Selmabipiemme Leasing S.p.A.	- Director

In the report on the financial statements prepared by the Board of Statutory Auditors a list was made of offices held by each of its members, as of the date of issuance thereof, in joint stock companies, limited liability companies and unlimited liability companies.

Legal Representation – Executives

The company's legal representation before third parties and in court belongs in accordance with the bylaws, severally, to the Chairman and, if appointed, to the Deputy Chairman (or DeputyChairmen) and to the Chief executive officer.

The Board of Directors granted to the Executive Committee all its powers except those that the Italian Civil Code and the Bylaws do not allow to be delegated.

The resolutions of the Executive Committee are reported to the Board of Directors at its first subsequent meeting.

The Board of Directors also granted to the Chairman the office of Chief executive officer, and appointed a Deputy Chairman and Chief operating officer. Upon appointment, each of them was entrusted with the powers which will be discussed hereunder.

According to the «Code», the Board of Directors at its first meeting and at least quarterly, is informed on activities undertaken by the Chief executive officer and by the other executive directors, and, in particular, on the most important transactions with an impact on the financial statements undertaken by the company or by the subsidiaries, on the main transactions with related parties and those with a potential conflict of interest which have not been submitted for its prior approval.

Upon proposal of the Remuneration Committee, the Board of Directors, in the absence of those directly concerned, establishes the remuneration, any stock option grants or other monetary benefits for directors vested with special powers in compliance with the articles of association, based on the opinion of the Board of Statutory Auditors and and, when required, upon further evaluation of the Committee for Transactions with Related Parties. A significant part of the compensation. A significant part of the remuneration of the Chairman - Chief executive Officer and of the Director-Chief operating officer is linked to the company's performance and the achievement of specific targets.

A consistent approach and coordination of activities are ensured by the presence of the Chairman-Chief executive officer, of the Deputy Chairman, of the Director-Chief operating officer, of directors and department managers of Italmobiliare SpA on the Boards of Directors of the principal subsidiaries.

Transactions with Related Parties

Without prejudice to the provisions of the Procedure for Transactions with Related Parties recently approved by the Board of Directors in its session of November 2010, transactions with related parties must be carried transparently and in compliance with the criteria of formal and substantial accuracy. Therefore, directors who have an interest, even if only potential or indirect, in a transaction 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 to the vote.

Appointment of Committees

Italmobiliare SpA, in its «Code», provided that the Board of Directors appoints, within itself, a Remuneration Committee and an Internal Control Committee whose resolutions have an advisory nature without being binding to the Board.

The Committees must consist of no fewer than three members and, in the performance of their duties, are entitled to access the necessary information and company functions, and to hire third-party consultants.

Each Committee elects its Chairman and a Secretary (who is not required to be a member of the Committee) and is convened by its Chairman or his/her representative. The meeting may be convened without formalities (including by unwritten means).

The meetings of each Committee are considered to be validly constituted with the participation, whether by audio or video conferencing means, of the majority of its members. Each Committee passes resolutions by an absolute majority vote of members attending the meeting.

The *Remuneration Committee,* consisting of non-executive directors, the majority of whom are independent, is responsible for submitting to the Board, in the absence of the persons directly involved, proposals for the remuneration of directors vested with special powers and of the Chief operating officer and key management personnel, monitoring their implementation based on information provided by the chief executive officers. The Remuneration Committee also carries out additional advisory functions the Board of Directors considers to take from time to time on this subject or any other matter.

The *Internal Control Committee,* made of non-executive directors, the majority of whom are independent, in addition to what already mentioned above, has, among other tasks, the duty, together with the Manager in charge of preparing the company’s financial reports and the external auditors, of assessing the correct application of accounting principles and their consistency for the purpose of preparing the consolidated financial statements; of expressing opinions, upon request of the Chief executive officer, on specific issues concerning the identification of the company’s main risks and the design, implementation and management of the internal control System; of examing the activities plan and the periodic reports prepared by the Controller. Furthermore, the Internal Control Committee must perform other duties assigned to it by the Board of Directors and report at least on a half-yearly basis, upon approval of the budget and interim financial statements, on its activities and the adequacy of the internal Control system.

The Internal Control Committee also supports the Board of Directors in activities related to the functioning of the internal control System.

The «Code» states that the Internal Control Committee, besides being composed of non-executive directors, the majority of whom are independent, makes sure that there is at least one director with appropriate experience in accounting and finance, to be assessed by the Board of Directors at the time of appointment.

The Chairman of the Board of Statutory Auditors, or another auditor appointed by him, takes part in the meetings of the Committee, as well as the Chairman and the Chief executive officer and, upon invitation, the Chief operating officer, the persons responsible for internal control and the managers of other business functions may also take part.

Among the committees indicated by the "*Corporate Governance* Committee*",* the «Code» of Italmobiliare SpA has not provided for an "Appointments Committee". This is consistent with the Company's shareholding structure, in which there is the permanent presence of shareholders who can exercise a dominant influence at the General

Meeting. Moreover, the appointment of the Board of Directors is now governed by the Bylaws, which provides, *inter alia*, that at the time of submitting the lists a brief *curriculum vitae* of each candidate is attached containing information on their personal and professional skills. Said *curricula,* in accordance with the rules and regulations of the «Code», must be promptly published on the Company's website; moreover, it is now common practice that during the General Meeting the Chairman provides data and information on the candidates' professional experience and possibly their suitability to qualify as independent.

Actually, in inviting issuers to evaluate the setting-up of an Appointments Committee within the Board of Directors, the *Corporate Governance Committee* stated that "... *this solution has its origin in systems with a widespreaded shareholdings, to ensure an adequate level of independence of the directors in relation to management* ...".

Finally, the Board of Directors, pursuant to the rules applicable to transactions with related parties, in adopting the corresponding procedures, established, among its members, the Committee for Transactions with Related Parties composed of three independent directors, two of which are also members of the Internal Control Committee.

The Committee for Transactions with Related Parties has the task of assessing the procedural and substantive correctness of transactions entered into by the Company directly, or through its subsidiaries, with other related parties.

The same members of the Committee were called earlier, to give their favorable opinion on the procedure prior to its adoption.

The Committee elects its Chairman and, at the latter's proposal, a secretary, also chosen from outside its members, who is tasked with drawing up the minutes of meetings. The members of the Committee for Transactions with Related Parties are obliged to immediately report the existence of any relationships connected to the specific Transaction with Related Parties being undertaken, in order to allow the application of equivalent safeguards. For the validity of the Committee's meetings the presence of a majority of members in office is required. Committee meetings may also be held by means of telecommunication technology. The Committee passes resolutions by a majority of its members.

Lead Independent Director

The «Code» provides, with reference to independent directors, that if the Chairman of the Board of Directors is primarily responsible for the management of the company, as well as in case the office of Chairman is held by the person controlling the Company, the Board appoints an independent director as *"Lead Independent Director,* who represents a point of reference and coordination for the needs and contributions of non-executive directors and, in particular, of those who are independent.

At its meeting of April 30, 2008, the Board of Directors appointed Mr.. Mauro Bini, an independent director, as *"Lead Independent Director."*

Controls' System

The Board of Directors identifies an executive director (usually the Chief executive officer) to oversee the functioning of the internal control System which, as already mentioned in the paragraph "Risk Management and Internal Control System regarding the Financial Reporting Process", is responsible, among other things, for:

a) identifying the principal corporate risks, taking into account the characteristics of the activities run by the Company and its subsidiaries and submitting them periodically to the Board of Directors;

b) implementing the guidelines established by the Board of Directors, providing for the planning, implementation and management of the internal control System, constantly verifying its overall adequacy, effectiveness and efficiency; he is also responsible for adapting the system to changes in operating conditions and in the legal and regulatory framework.

The Board of Directors, upon recommendation of the executive director in charge of overseeing the functioning of the internal control System and based on the opinion of the Internal Control Committee, appoints and dismisses the

Controller, sets his/her remuneration in line with company's policies and also provides him/her with adequate resources and organizational structures.

The Controller is responsible for ensuring that the internal control System is always adequate, and fully operating and functioning. He/She is not responsible for any operational area and does not hierarchically reports to any head of operational areas, including the administration and finance department.

The Controller reports on risk management, on compliance with the 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 functioning of the Internal Control System

With reference to the control system, the Board of Directors, at its meeting of April 30, 2008, as pursuant to the «Code» and with the assistance of the Internal Control Committee, identified the Chairman-Chief executive officer, Mr. Giampiero Pesenti, as executive director responsible for overseeing the functioning of the internal control System.

Manager in Charge of Preparing the Company's Financial Reports

The Consolidated Law on Finance (TUF) provides that, within the corporate organization of companies listed on regulated markets which have Italy as their homemember state, should be appointed a manager in charge of preparing the company's financial reports who is assigned with specific responsibilities, in particular for corporate disclosure.

At its meeting on November 13 2009, the Board of Directors appointed Mr. Giorgio Moroni, Co-Chief operating officer of Administration and Finance, as Manager in charge of preparing the company's financial reports, pursuant to Art. 154-bis in the *TUF* and Art. 29 of the company Bylaws. The appointment of Mr. Giorgio Moroni will expire with the conclusion of the mandate of the current Board of Directors, i.e. with the approval of the financial statements as of December 31 2010.
Under the Bylaws, the Manager in charge of preparing the company's financial reports must:

1) be qualified as manager and meet the good reputation requirements established by law for 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 activities at the company and/or its subsidiaries and/or at other joint stock companies.

The Board of Directors, upon appointment, confers powers and resources to the Manager in charge of preparing the company's financial reports for the performance of the duties conferred to him/her by law and determines his remuneration.

Board of Statutory Auditors

The «Code» takes up and supplements the laws and by-laws with reference to the appointment of the Board of Statutory Auditors which shall occur in accordance with a transparent procedure guaranteeing, among other things, timely and adequate information on the personal and professional skills of the candidates.

The appointment of the Board of Statutory Auditors is based on lists so as to ensure that the minority obtain the appointment of one acting Auditor and one substitute Auditor.

The lists must be submitted at the Company's head offices at least 25 days before the date set for the Shareholders' Meeting in first call; this, together with the means and minimum stake required to file 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 2011, the established threshold is 2% of the ordinary share capital.

No shareholder may present or participate in the presentation of more than one list, directly or through trustees or nominees, or vote for different lists.

Shareholders belonging to the same group and shareholders who join a shareholders' agreement regarding the company shares may not present or vote for more than one list, directly or through trustees or nominees.

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

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

The lists presented must include:

a) statements by which individual candidates:
   * accept their candidature
   * under his/her own responsibilty state:
     - entitlement of the professional requirements envisaged by the by-laws,
     - the non-existence of causes for inelegibility or incompatibility,
     - entitlement of the good reputation requirements established by the law,
     - entitlement of the independence criteria required by the law and by the Code of Conduct;

b) a short curriculum on the personal and professional skills of each candidate with an indication of their position as director and statutory auditor in other companies;

c) information on the identity of the shareholders who have presented lists. The certification or statement proving ownership of the shareholding prescribed by the law in force when the list is presented may also be produced further to the file of the list provided that it reaches the company within the term envisaged by the regulation in force for the publication of lists by the company;

d) a statement by the shareholders who do not hold, even jointly, a controlling or majority stake, bearing witness to the absence of any connection, as defined by the law in force.

A presented list that does not comply with the above provisions will be considered as not presented.

In the event that, within the limit of 25 days preceding the date of the Shareholders' Meeting, a single list has been filed, or only lists presented by shareholders who are inter-connected pursuant to current laws, within the terms indicated in the law additional lists may be presented and the participation threshold indicated in the notice of call will be halved.

At least 21 days before the date envisaged for the Shareholders' Meeting which is called to appoint the Board of Directors and the Board of Statutory Auditors, the company shall make available at the company offices, at the Italian stock exchange and on its website, the lists of candidates which have been submitted by shareholders and the belonging documentation.

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 runoff is held on these lists among all the shareholders present at the Shareholders' Meeting, and the candidates are elected from the list that obtains the majority of the share capital represented at the Shareholders' Meeting.

Should a party connected to a majority shareholder vote for a list of the minority shareholders, the connection is relevant for the purposes of excluding the minority shareholders' elected auditor only if this vote was crucial for the election of 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 lied with the person indicated in first place on the list presented and voted by the minority shareholders, or to the first name in the single list presented or to the person appointed as such by the Shareholders' Meeting should no lists be presented.

Under the company Bylaws of Italmobiliare SpA people who find themselves in situations of incompatibility as laid down by law or who have exceeded the limit on the number of offices established by current regulations may not be elected, and if elected cease to serve.

Elected auditors who, during their mandate, fail to meet the regulatory requirements and requirements laid down by the company's Bylaws, will forfeit the office.

Should an elected auditor during his/her term of office no longer satisfy the requirements envisaged by the law or the by-laws, his/her office shall terminate.

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 ceased auditor takes over, without taking the initial section into account.

Should replacement regard the Chairman of the Board of Statutory Auditors, said office will be taken by the Auditor of the minority shareholders.

Auditors appointed in this manner hold office until the following Shareholders' Meeting.

Should it be necessary to supplement the Board of Statutory Auditors:
- to replace an auditor elected from the majority shareholders list, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing among the candidates indicated in the original majority list;
- to replace an auditor elected from the minority shareholders list, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing among the candidates indicated in the original minority shareholders' list;
- for the simultaneous replacement of auditors elected in the majority and the minority shareholders' lists, the appointment occurs with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing among the candidates indicated in the list belonging to which each auditor was part of, with a number of auditors equal to the number of ceased auditors belonging to the same list.

Whenever would not be possible to proceed as above, the Shareholders' Meeting called to supplement the Board of Statutory Auditors passes a resolution with a simple majority of the share capital represented at the Shareholders' Meeting, without prejudice to the principle by which one acting auditor and one substitute auditor must be appointed by minority shareholders . In any case, the Chairmanship of the Board of Statutory Auditors must be assigned tothe auditor representing the minority shareholders.

The Statutory Auditors accept the office if they feel they can devote the necessary time to the diligent performance of their duties.

The «Code» recommends the statutory auditors to be chosen among those who qualify as independent on the basis of the criteria provided for directors and, as mentioned above, upon filing of the list they submit a statement to confirm that they meet the independence criteria. The Board of Statutory Auditors shall verify the proper application of and compliance with these criteria upon appointment and then annually; the outcome of this assessment and of that performed by the Board of Directors to assess the independence criteria of directors so definied will be disclosed in the corporate governance report or in the auditors' report to the Shareholders' Meeting.

The «Code» also refers to the auditors' duty of confidentiality and the prohibition, required by law, to use confidential information in order to gain direct or indirect personal or property benefits, whether immediate or future.

Besides the duties envisaged by the law and the by-laws, the «Code» requires the Board of Statutory Auditors to:

a) to ensure the independence of the external auditors, verifying both compliance with legal provisions on the subject and the nature and extent of non-auditing services provided to the Company and to companies controlled by the same auditing firm and by entities belonging to its network;
b) to evaluate proposals made by external auditors to obtain appointment for the audit, the work plan prepared for their auditing activity and the results presented in their report or in any advisory letter;
c) to monitor the effectiveness of the auditing process.

The latter two, according to the Code of Conduct adopted by the *Corporate Governance* Committee, could have been entrusted to the Internal Control Committee rather than the Board of Statutory Auditors. The Company considered it more consistent to attribute such power to the latter, which already carries out the task of evaluating the external auditors' proposals and corresponding work plan and, in accordance with current law as recently confirmed by legislative Decree 39/2010, the task of proposing to the General Meeting to appoint, or revoke, the auditing firm.

Shareholders' Meetings

The «Code» envisages that all the Directors regularly attend Shareholders' Meetings and encourage and facilitate the broadest possible participation by shareholders smoothing the process of exercising voting rights.

To this extent, the Board of Directors reports to the Shareholders' Meeting on the fulfillment of their duties as performed and planned and ensures shareholders to have adequate information in order to them to well-informed resolve upon the matters whithin their prerogatives.

Shareholders who hold voting rights as certified by the communication envisaged by law and received by the company no later than the end of the third trading day prior to the date set for the Shareholders' Meeting on first call, are entitled to vote and attend to Shareholders' Meetings. The legitimacy to vote and attend to Shareholders' Meetings is in any case etrusted with when the company has received the communication after the terms indicated in this paragraph, provided that this is before the begin of the proceedings for each individual meeting.

No regulations have been envisaged for the proceedings of Shareholders' Meeting since the broad powers assigned to the Chairman by law and current practices, as well as the by-law (art. 13) that expressly grants to the Chairman the power to lead the discussions, keep order and establish the voting's method, as long as pursuant to disclosed proceeds, are considered adequate tools for the orderly running of Shareholders' Meetings.

Relations with Institutional Investors and Shareholders

The Company strives to establish a continuous dialogue with shareholders based on a mutual understanding of their respective roles. To this end, the Chairman-Chief executive officer provides general guidelines on behavior that the responsible structures must take in dealing with institutional investors and other shareholders.

Furthermore, in order to grant timely and easy access to information concerning the Company and thus allow informed shareholders to exercise their rights, a specific section of the Internet website, easily identifiable and accessible, was set up, in which the above information are made available with special reference to the rules set out for attendance and exercise of voting rights at the meeting, the documentation relating to items on the agenda, including the lists of candidates for the Board of directors and board of Statutory auditors, with the indication of their personal and professional qualifications, the periodic reports, press releases issued by the Company pursuant to the *T.U.F.* (i.e. the consolidated law on finance), the *corporate calendar,* etc..

B) IMPLEMENTATION OF CORPORATE GOVERNANCE RULES

The Bylaws provide for the company to be governed by a Board of Directors consisting of a minimum of 5 and a maximum of 15 directors whose term of office lasts for the period specified at the time of appointment, in any case never exceeding three fiscal years, and that they may be reelected.

The Shareholders' Meeting of April 30, 2008 appointed the Board of Directors for the period 2008-2010. The relative majority shareholder submitted its own list of candidates and two minority shareholders - Serfis SpA and Hermes Focus Asset Management Europe Ltd - each submitted their own list.

The Board of Directors, based on the provisions of current legislation in force and the Bylaws, is now made of 12 directors, 11 of whom were taken from the list submitted by the relative majority shareholder and one - Mr. Livio Strazzera - from the minority list submitted by Serfis SpA.

Assignement of duties and granting of powers

The Bylaws lay down the central role of the Board of Directors as described above.

Pursuant to the «Code», the granting of powers, i.e., the assignement of operational powers to one or more directors and/or to the Executive Committee, if appointed, does not exclude the prerogative 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.

The **legal representation** of the Company is entrusted, according to the Bylaws, severally between them, to the Chairman and, if appointed, the Deputy Chairman (or Deputy Chairmen) and the Chief executive officer, if appointed.

Within the Board of Directors, powers were assigned as follows:

- the **Executive Committee,** made of five members, was granted all the powers and responsibilities of the Board of Directors, except the ones that the law and the Bylaws do not allow to be delegated. As specified at the time of appointment, the Executive Committee will have to report to the Board of Directors on the resolutions adopted at the next meeting;
- the **Chairman - Chief Executive Officer,** Mr. Giampiero Pesenti, was granted, among others, the duties of ensuring the enforcement of corporate governance principles set out by the Company and to propose any amendments for approval by the Board of Directors, taking advantage of the Corporate Affairs Group department, which reports to him; of looking after company management policies, development strategies of Italmobiliare Spa and of the main subsidiaries, whether direct or indirect; of supervising and directing the activities of Italmobiliare Spa and the main subsidiaries, whether direct or indirect, by issuing appropriate directives to the Chief operating officer and the other corporate bodies; of defining the guidelines for the management of major companies in which Italmobiliare Spa, directly or indirectly, holds a stake which allows it to exercise significant influence; of setting guidelines concerning the choice of the most important executives of Italmobiliare Spa and of major companies directly or indirectly controlled, and, limited to Italmobiliare Spa only, concerning the management of personnel. The Chairman - Chief executive officer was assigned, among other tasks, in addition to the powers provided for in the Bylaws and the Code of Conduct, the powers to perform any act of administration and disposal, including buying and selling shares, carrying out security investments and credit transactions, accepting guarantees, giving collateral securities and guarantees to third parties provided they are companies directly or indirectly controlled by, or associated to, Italmobiliare SpA, with a maximum limit of €150 million per transaction; to buy or sell real estate, exchange and divide real estate, settle easements or property rights in general, with a

maximum limit of €25 million per transaction; to recruit staff of all categories and qualifications, to set their salaries and compensation, suspending, terminating and modifying employment relationships; to appoint consultants in general, to determine their salaries, remuneration, and any securities suspending, terminating and modifying relationships with the power to confer such special powers to other persons;

- the **Deputy Chairman,** Mr. Italo Lucchini, was only granted the powers of corporate representation, in accordance with the Bylaws, to be exercised separately with respect to the Chairman - Chief executive officer;
- the **Chief Operating Officer,** Mr. Carlo Pesenti, was granted, among others, the duties of monitoring the performance of companies in in which a stake is held and of formulating proposals to the Chief executive officer relating to corporate organization. He was also assigned, among others, the powers to perform any act regarding the management of the company including transactions in securities and credit, accepting bonds in the name of the company also assisted by any collateral to be provided to third parties provided they are direct or indirect subsidiaries of Italmobiliare SpA, buying and selling government securities, bonds, land, stocks, shares of companies, performing sale or purchase carry-over and forward transactions on securities with a maximum limit of €75 million per transaction; to negotiate credit facilities with the banks with a maximum limit of €75 million, for amounts over said limit and up to a maximum of €100 million with joint signature with the Co-Chief operating officer of Administration and Finance.

Other powers were granted to the Co-Chief operating officer of Finance and Administration and to the Secretary of the Board within their respective competencies.

Specific and limited powers were granted, for the current operations, to employees of the company by the Chief executive officer and the Chief operating officer.

Given the quantitative limits of all the powers granted by the Board of Directors and because of the explicit and particular obligation, pursuant to the «Code», to provide adequate information to the Board of Directors "on the major transactions carried out by the company, or its subsidiaries, on the main transactions with related parties and on transactions with potential conflicts of interest", no limit was set on prior approval by the Board of Directors on significant transactions with related parties (see, however, the limitations set out in the Procedure for Transactions with Related Parties" referred to hereunder).

The Chairman-Chief executive officer and the Director-Chief operating officer have have periodically informed the Board of Directors and the Board of Statutory Auditors, as envisaged by the «Code» and by the company by-laws, about activities undertaken within their assignements and powers. In addition, the most important transactions with an impact on the financial statements undertaken by the company, the main transactions with related parties as well as transanctions leading to potential conflicts of interests, have been submitted to the Board of Directors, even when within the limits of their powers.

Composition of the Board of Directors and its Meetings

The Board of Directors of Italmobiliare SpA has 10 non-executive directors out of a total of 12. Among the non-executive, 5 of them are independent pursuant to theindependence requirements for auditors laid down by the Consolidated law on finance and 4 of these are also independent pursuant to the Company's Code of Conduct.

The Chairman - Chief executive officer is included among the executive directors. The Board of Directors, upon appointment, determines their duties and powers and sets any possible quantitative limits to their exercise.

The assignement of powers (including those relating to Director-Chief operating officer) is based on the principle of segregation of powers.

The Directors Italo Lucchini, Giorgio Perolari and Livio Strazzera, while being members of the Executive Committee, are still considered non-executive directors. This is because the Company's Executive Committee meets without any regularity and, in fact, only in case the timely adoption of specific resolutions is required. The Code of Conduct promoted by *Borsa Italiana SpA* (i.e. the Italian stock exchange), however, agrees with this interpretation if, as in this case, the directors have not been granted individual management powers.

During examination of the draft financial statements for the year and taking into account the information supplied by each director, the Board of Directors assessed the good reputation and independence of its members: the results of this assessment are shown on the first page of this Annual Report, as well as in the table attached to this Corporate Governance report.

As required by the «Code», on March 30, 2011, the Board of Directors assessed the size, composition and functioning of the Board and its Committees.

To this extent, the Company circulated among the directors a questionnaire made up of statements, for which their level of agreement has been marked.

The outcome of this assessment and the comments made showed a clearly positive judgment on the functioning of the Board of Directors and its Committees.

It was found, in particular, that (i) directors are allowed to act and pass resolutions autonomously, (ii) the Chairman of the Board of Directors ensures the proper management of the discussions and (iii) the Committees are appropriate with respect to the rules of *Corporate Governance* and work effectively.

During the 2010, the Board of Directors met a total of 9 times; 5 members attended all the meetings, three directors, including one independent director, participated 8 times, two directors, including one independent director, participated 7 times, one director 5 times and still another, an independent one, 4 times.

The average duration of the meetings of the Board of Directors held during the year was about two hours and forty minutes. Moreover, if one only takes into account the meetings at which, among other data, the accounting data were approved, the average rises to about three hours and ten minutes.

The full Board of Statutory Auditors attended three meetings, two members of the Board of Statutory Auditors attended four meetings, while only one member attended two meetings.

During 2010 the Executive Board met only once, in the presence of all its members.

During 2011 the Board of Directors has met twice so far, the first time to examine the forecasts for 2011, the second time to consider and approve - among other things - the draft budget for 2010. During the financial year so far, at least three more meetings of the Board have been planned for the approval of quarterly and half-year accounts and one for the appointment of company officers and the allocation of powers following the appointment of the Board of Directors which will be carried out by the Shareholders' Meeting.

The Executive Board has not met in the course of 2011 yet.

Remuneration of Directors, Chief Operating Officer and Key Management Personnel.

The amount allocated, pursuant to the company by-laws, to the Board of Directors during the distribution of the net profit for the year, is apportioned among all the directors, granting double portions to the Chairman a share and a half for the Deputy Chairman and half of an additional portion to the members of the Executive Committee.

The Board of Directors, upon proposal of the Remuneration Committee and based on a positive opinion of the Board of Statutory Auditors, has also established the amounts to be allocated to to the Chief executive officer, the Chief operating officer and the Manager in charge of preparing the company’s financial reports, the amount of which, to be determined each year, is divided into a fixed and a variable part, in relation to the achievement of the targets assigned.

The Vice Chairman was allocated a fixed annual remuneration at the beginning of term.

A "Severance Pay", which will accrue until the conclusion of the assignment, was allocated in favor of the Chief executive officer at the time of the appointment.

Moreover, the Chairman-Chief executive officer, the Chief operating officer and the Manager in charge of preparing the company's financial reports are annually granted, by proposal of the Remuneration Committee, *stock options* in variable number in relation to the achievement of the targets set by the Board of Directors in accordance with the Rules for *stock option* plans for directors and executives.

Composition and activities of the Committees

At its meeting of April 30, 2008 the Board of Directors appointed the Remuneration Committee and the Internal Control Committee, which will hold office for the entire three-year period of appointment of the Board of Directors.

The *Remuneration Committee* comprises three non-executive members, including two independent members. During the year 2010 it met 3 times, to make proposals concerning the remuneration and *stock option* grants to directors and executives.

The *Internal Control Committee* is composed of 3 members, all non-executive directors, including two independent members.

During 2010 the Internal Control Committee met 4 times, with the presence of all its members. More specifically, they examined the reports prepared by the Head of Internal Control and the independent Auditors to verify the adequacy of the internal control System and the proper application of accounting principles, and a report was made to the Board of Directors, upon approval of the financial statements and the limited half-year report, on its activities and on the adequacy of internal Control system.

The Committee for Transactions with Related Parties is made of three members, all non-executive and independent members. During 2010 the Committee met 3 times with the participation of all its members, except on one occasion when there were only two members.

The meetings of the Remuneration Committee, the Internal Control Committee and the Committee for Transactions with Related Party 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, healthy and proper management of the company in line with objectives, thus guaranteeing the safekeeping of the company assets, the efficiency and effectiveness of company transactions, the reliability of financial information, and compliance with laws and regulations.

The Board of Directors exercises its functions relating to the internal control System by taking into due consideration the reference models and *best practices* existing in the national and international context and it also pays special attention to the organizational management and control Model adopted in compliance with the Legislative Decree no.231/2001.

Because of its structure, the internal controls' system of Italmobiliare can be defined as a "group of groups." More specifically, the internal control activities relating to the activities in the field of "building materials" are monitored by the Internal Control Committee of Italcementi, from which the Internal Control Committee of Italmobiliare periodically receives a half-year report on its activity.

The Board of Directors, with the assistance of the Internal Control Committee sets out the guidelines for the internal control system so that the main risks the Company and its subsidiaries face are correctly identified and properly measured, managed and monitored, by also setting the criteria for the compatibility of said risks with the sound and proper management of the enterprise and, at least annually, it evaluates the adequacy, efficiency and effective functioning of the internal control system with respect to the company's characteristics.

As required by the «Code», the Executive Director responsible for overseeing the functioning of the internal control system activated the identification of key business risks and the assessment of the overall adequacy, effectiveness and efficiency of said internal control system, in particular, by requesting the internal control Manager to make special checks on the procedures concerning both Italmobiliare SpA and its subsidiaries.

The Company has long established an internal control function. The Controller is identified as the head of said business function.

During the course of 2010, the Controller, besides implementing the audit Plan, as outlined to the Internal Control Committee, fulfilled the tasks assigned from time to time to the same by the Chief executive officer in his capacity as executive director responsible for the functionality of the internal control System.

The Board of Directors, to which the Internal Control Committee reports twice a year, deems the internal control system adequate for the structure and kind of company and Group’s.

Board of Statutory Auditors

During the renewal of the Board of Statutory Auditors at the Shareholders' Meeting of April 30, 2008, the relative majority shareholder submitted a list of candidates and two minority shareholders - Serfis SpA and Hermes Focus Management Europe Ltd - each submitted their own list.

Consequently, the post of Chairman of the Board of Statutory Auditors, based on the provisions of current legislation and the Bylaws, is now held by Mr. Mario Cera, chosen from the list submitted by Serfis SpA, while the remaining two acting Auditors have been chosen from the list presented by the relative majority shareholder.

During the fiscal year, the acting Auditor, Mr. Eugenio Mercorio, passed away and, according to the provisions of the Bylaws, he was replaced by the substitute Auditor from the same list, Mr. Leonardo Cossu.

As required by the «Code», in 2010 the Board of Statutory Auditors, among other things, oversaw the independence of the company's external auditors, verifying both its compliance with legal provisions on the subject, and the nature and extent of services other than auditing provided to the Company and its subsidiaries by the same or by entities belonging to its network.

During the year, the head of internal audit repeatedly participated in the meetings of the Board of Statutory Auditors as the Board of Statutory Auditors always attended those of the Internal Control Committee and those of the Remuneration Committee. This allowed a continuous flow of information between the various corporate bodies aimed at monitoring the entire system of controls.

TABLE 1

STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board of directors							**Executive Committee**		**Internal Control Committee**		**Remuneration Committee**		**Committee for Related Parties**	
Office	**Member**	Executive	Non-executive	Indipen-dent.	Atten-dance	# of other offices	Member	Atten-dance	Member	Atten-dance	Member	Atten-dance	Member	Atten-dance
Chairman C.E.O.	Giampiero Pesenti	•			9/9	10	•	1/1						
Deputy Chairman	Italo Lucchini		•		9/9	5	•	1/1			•	3/3		
Director Chief operating officer	Carlo Pesenti	•			9/9	6	•	1/1						
Director	Pier Giorgio Barlassina		•		8/9	6								
Director	Mauro Bini		•	•	7/9	1			•	4/4			•	3/3
Director	Giorgio Bonomi		•		9/9	2			•	4/4				
Director	Gabriele Galateri di Genola		•	•	5/9	7					•	1/3		
Director	Jonella Ligresti		•	•	4/9	8							•	2/3
Director	Luca Minoli		•		9/9	3								
Director	Giorgio Perolari		•	•	8/9	1	•	1/1	•	4/4	•	3/3	•	3/3
Director	Livio Strazzera		•		8/9	2	•	1/1						
Director	Francesco Saverio Vinci		•		7/9	7								

TABLE 2

BOARD OF STATUTORY AUDITORS

Office	**Member**	**Attendance at Board Meetings**
Chairman	Mario Cera	12/12
Acting Auditor	Luigi Guatri	5/12
Acting Auditor	Eugenio Mercorio (up to 24/9/2010)	7/9
Acting / substitute Auditor	Leonardo Cossu (from 29/9/2010)	2/2
Substitute Auditor	Marco Confalonieri	-
Substitute Auditor	Enrico Locatelli	-

TABLE 3

OTHER PROVISIONS IN THE CODE OF CONDUCT

The following shows the degree, in schematic form, of commitment of the «Code» with respect to other provisions of the Code of Conduct contained in the text approved by the "Committee for *Corporate Governance.*"

	YES	NO	Summary of reasons for any departure from the Code's recommendations
System of delegated powers and transactions with related parties			
Has the Board of Directors granted the 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 financial 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 candidatures for the position of director filed within the deadlines envisaged by the law in force at the time?	•		
Were candidatures for the position of director supported by adequate information?	•		
Were candidatures for the position of director supported by an indication of suitability to be considered as independent?	•		
Were candidatures for the position of statutory auditor filed within the deadlines envisaged by the law in force at the time?	•		
Were candidatures for the position of statutory auditor suported by adequate information?	•		
Shareholders' meetings			
Has the company approved a Procedure for Shareholders' meetings?		•	The broad powers granted to the Chairman by law and current practices, as well as the provision of the by-laws that expressly empowers the Chairman to lead the discussion, keep order and establish the voting's method (on disclosed proceeds), 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 function
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 Ph. no. 02 290241 - Fax 02 6595515 e.benaglio@italmobiliare.it

Code of Ethics

First approved in 1993 and subsequently amended, the Code of Ethics requires all employees and those who establish relationships with the group, or work to pursue its objectives, engage in behaviors and rule their relationships in accordance with principles of honesty, fairness, integrity, transparency, confidentiality and mutual respect.

To this effect, the Board of Directors of Italmobiliare, at its meeting on February 9, 2001, approved the current version of the Code of Ethics, which defines the rules of honesty and loyalty, impartiality, protection of *privacy* and confidentiality of information, protection of individuals, environmental protection and protection of the company's assets, provides for the rules underlying the control processes and the managerial and accounting disclosures, and introduces rules governing relations with customers, suppliers, public institutions, political organizations and trade unions, and public media.

Confidential Information

In terms of management of 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.

The Company's Board of Directors, at its meeting of February 9, 2001, approved a specific procedure requiring strict compliance with the disclosure procedures and terms envisaged by the provisions in force, in full alignment with the principle of fairness and contextuality.

As for relations with institutional investors and other shareholders, which the «Code» requires to be inspired by constant attention, administrative orders adopted by the Chief executive officer set the general guidelines and identified corporate structures dedicated to it.

Code of Internal Dealing

The Company adopted a 'Code of internal dealing', originally in compliance with the provisions laid down by *Borsa Italiana SpA* (i.e. the Italian stock exchange), with its own rules, and subsequently updated to the new regulations adopted by Consob (i.e. the Italian stock exchange regulator) pursuant to the provisions (the so-called *Market abuse*) introduced by the 2005 Savings Act. It regulates disclosures to be made to the Company, and by the latter to the market, during operations carried out in any capacity on their own behalf by the *'relevant Persons'* on Italmobiliare, Italcementi shares and other financial instruments linked to them.

Pursuant to the 'Code of internal dealing', 'relevant *Persons'* are the members of the Board of Directors, of the Board of Statutory Auditors and the Chief operating officer of Italmobiliare SpA and anyone holding a stake of at least 10% of Italmobiliare SpA share capital represented by shares with voting rights and any other person controlling Italmobiliare SpA.

More specifically, the persons involved will have to disclose to Italmobiliare SpA, which will then inform the market, the performance of those operations whose total amount reaches €5,000 by the end of the year.

Given the peculiar structure of the Group, the 'Code of internal dealing' coordinates with the similar Code adopted by Italcementi SpA, in the sense that the reporting requirements to the market of operations only carried out on Italcementi SpA securities by persons who are both "*relevant Persons"* for Italmobiliare SpA and for the same Italcementi SpA will be deemed as met, even under the provisions of the Code of internal dealing adopted by the Company, provided the disclosure requirements were met by the subsidiary, which will arrange for the disclosure to the market also on behalf of the parent.

The 'Code of internal dealing' also states that the *'relevant Persons'* will have to refrain from entering into transactions which are the subject of disclosures to the Company:

- on listed financial instruments issued by Italmobiliare SpA:
  - within 30 calendar days prior to the Board of Directors' meeting of Italmobiliare SpA called to approve the financial statements and the limited half-year report, including the day on which the meeting is held;
  - within 15 calendar days prior to the Board of Directors' meeting of Italmobiliare SpA called to approve the interim management reports, including the day on which the meeting is held;
- on financial instruments issued by the listed subsidiary Italcementi SpA:
  - within 30 calendar days prior to the Board of Directors' meeting of Italcementi SpA called to approve the financial statements and the limited half-year report, including the day on which the meeting is held;
  - within 15 calendar days prior to the Board of Directors' meeting of Italcementi SpA called to approve the interim management reports, including the day on which the meeting is held.

Procedure for Transactions with Related Parties

On November 12, 2010, the Company's Board of Directors, upon the favorable opinion of the Committee for Transactions with Related Parties, specially appointed, adopted the procedure for transactions with related parties required by the Consob Regulation dated March 12 2010.

The procedure, also compliant with the Art.2391-*bis* in the Italian Civil Code, illustrates the measures taken by the Company to ensure that the transactions with related parties, whether directly or through subsidiaries, are executed in a transparent way and meet criteria of substantial and procedural fairness.

More specifically, except for some exemption described below, the Procedure governs the authorization process and the disclosure regime of transactions that will be concluded between i) a party related to Italmobiliare, on the one hand, and ii) Italmobiliare, on the other, or a subsidiary when, before closing the transaction, prior authorization, or examination, by a governing body or a representative of Italmobiliare itself, granted with the related powers, is required. The Procedure is also applied to transactions undertaken by Italmobiliare with a subsidiary or associate, as well as among its subsidiaries, when the transaction involves significant interests of a party related to Italmobiliare.

The Procedure distinguishes «significant» transactions from «minor» transactions on the basis of specific quantitative criteria predetermined by CONSOB. This distinction is also relevant for the different kind of rules applicable on transparency transactions, which are simplified for minor transactions and more stringent for significant transactions, although both envisage prior opinion of the Committee for Transactions with Related Parties.

The latter Committee has:

- the duty to express a reasoned opinion on both minor (non-binding opinion) and significant (binding opinion) transactions;
- the right, in transactions of significant relevance, to participate in the negotiation phase and in the inquiry phase by receiving a full and timely flow of information and the right to request information and make comments to the executive bodies and to the persons in charge of the negotiations or the inquiry;
- the right to be assisted, at the expense of the Company, by independent third-party experts of its choice.

In the case of minor transactions, the Procedure envisages the right, in any case, to execute the transaction even if the Committee for Transactions with Related Parties expresses a negative opinion, provided that this is disclosed to the market through a specific document setting out the reasons for this divergence.

For significant transactions, on the other hand, should the Committee express a negative opinion, the Board of Directors may approve the transaction only with the prior authorization of the Shareholders' Meeting. In this case, the Shareholders' Meeting will give its approval on the basis of an enhanced quorum (the majority of shareholders who are not related parties must not vote against the transaction) and a vote against will be valid only if the unrelated shareholders present at the meeting represent at least 10% of the share capital, with voting rights (the so-called "whitewash").

Finally, in application of the determination powers provided by the CONSOB Regulation, the company has identified the following main exemptions:

- transactions of a **negligible amount** (transactions that do not exceed **€ 500,000**);
- **ordinary** transactions (which fall within the sphere of ordinary business and the related financial transactions of the company and of the Group generally) provided that they are completed on arms-lenght terms and equivalent to market standards;
- transactions **with or between subsidiaries or with associates**, unless in the counterpart subsidiaries or associates there are significant interests of other related parties of the company;
- **urgent** transactions.

The Procedure is available on the company website www.italmobiliare.it.

Regulation of the Manager in Charge of Preparing the Company's Financial Reports

As reported elsewhere in this Report, the Company, under the provisions of Law no. 262/05, the so-called "Savings Law", appointed a "Manager in charge of preparing the company's accounting reports," and prepared a specific "Regulation" which, in accordance with provisions of law, the Bylaws and based on *best practices*, among other things:

* defines the responsibilities of the "Manager in charge" of Italmobiliare, specifying his/her powers;
* identifies the responsibilities and procedures for the appointment, dismissal, termination of the "Manager in charge", the term of office and the requirements of professionalism and good reputation of the same;
* contains the principles of behavior which the Company's "Manager in charge" must follow in case of conflicts of interest, and the obligations of confidentiality to be complied with in executing his/her work;
* indicates the responsibilities, powers and resources granted to the "Manager in charge" for carrying out his/her activities, identifying the financial and human resources to carry out his/her mandate;
* defines relationships with other institutions/corporate functions, with the Governing Bodies, the internal and external control Bodies and with its subsidiaries, regulating the corresponding flow of information;
* illustrates the internal and external certification process with reference to: a) statements of the "Manager in charge" on the correspondence of the Company's acts and communications disclosed to the market with its accounting documentation, ledger and records; b) certificates of the "Manager in charge" and of the Empowered Administrative Bodies, with respect to the Company's financial statements, limited interim reports and the consolidated financial statements.

The 'Regulation' was approved by the Board of Directors and is meant for all the entities, functions, Governing Bodies of Italmobiliare SpA, and for all the companies directly or indirectly controlled by it.

It was circulated to staff of the Company and of its subsidiaries, as well as to all persons deemed interested in the content thereof.

Organization, Management and Control Model

In order to make the control system and *Corporate Governance* model more effective, with the objective of preventing the commission of corporate crime and crimes against the Public Administration, the Company's Board of Directors adopted the "organization, management and control Model" (the "Model") during the course of fiscal year 2004, in application of Legislative Decree 231/01.

By adopting the "Model", the Company decided to promote and affirm a corporate culture geared to legality with the express disapproval of any conduct contrary to the law and the provisions contained in the "Model" itself.

The "Model" was updated in 2006 for the first time, in order to adapt it to the rules on market abuse and failure to disclose conflicts of interests by directors. In 2008, it was also extended to crimes regarding violations of legal provisions on safety and hygiene at the workplace (a section later updated in 2010), to cross-border crimes and crimes relating to receiving stolen property and money laundering. Finally, in March 2011, changes were made to better redesign the system of information flows between the various Compliance Committees of the Group, both when adopting and changing the Models of subsidiaries and with respect to new information flows to the Compliance Committee of Italmobiliare.

The task of continuously monitoring the effective operation and compliance with the 'Model', and to propose its update, is entrusted to a body, the Compliance Committee, which operates on an autonomous, professional and independent basis

The Compliance Committee, in compliance with the provisions of the "Model" itself, is currently composed of an independent director (later appointed Chairman), an external qualified advisor and the Director of the Company's Internal Auditing function.

SHAREHOLDINGS OF DIRECTORS, STATUTORY AUDITORS AND CHIEF OPERATING OFFICERS

Name, last name	Shares held in	Number of shares held at the end of the previous fiscal year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current fiscal year
Giampiero Pesenti	Italmobiliare S.p.A.	common stock: 27,623 [1]	common stock: -	common stock: -	common stock: 27,623 [1]
		saving shares: 2,467 [1]	saving shares: -	saving shares: -	saving shares: 2,467 [1]
	Italcementi S.p.A.	common stock: 10,972 [2]	common stock: -	common stock: -	common stock: 10,972 [2]
		saving shares: 22,698 [1]	saving shares: -	saving shares: -	saving shares: 22,698 [1]
Italo Lucchini	Ciments Français S.A.	common stock: -	common stock: 50	common stock: -	common stock: 50
Carlo Pesenti	Italmobiliare S.p.A.	common stock: 16,441	common stock: -	common stock: -	common stock: 16,441
	Italcementi S.p.A.	common stock: 1,500 [2]	common stock: -	common stock: -	common stock: 1,500 [2]
		saving shares: 3,000 [2]	saving shares: -	saving shares: -	saving shares: 3,000 [2]
	Ciments Français S.A.	common stock: 50	common stock: -	common stock: -	common stock: 50
Pier Giorgio Barlassina	Italmobiliare S.p.A.	common stock: 1,500	common stock: -	common stock: -	common stock: 1,500
Giorgio Bonomi	Italcementi S.p.A.	common stock: 2,500	common stock: -	common stock: -	common stock: 2,500
Giorgio Perolari	Italmobiliare S.p.A.	common stock: 16,735	common stock: -	common stock: -	common stock: 16,735
		saving shares: 8,800 [1]	saving shares: -	saving shares: -	saving shares: 8,800 [1]
	Italcementi S.p.A.	common stock: 20,280	common stock: -	common stock: -	common stock: 20,280
		saving shares: 130,000 [2]	saving shares: -	saving shares: -	saving shares: 130,000 [2]
Livio Strazzera	Italmobiliare S.p.A.	common stock: 100	common stock: -	common stock: -	common stock: 100
Luigi Guatri	Italcementi S.p.A.	saving shares: 10,000 [2]	saving shares: -	saving shares: -	saving shares: 10,000
Leonardo Cossu	Italmobiliare S.p.A.	common stock: 1,000	common stock: -	common stock: -	common stock: 1,000

(1) shares partly held directly and partly by spouse

(2) shares held by spouse

Compliance with the Consob Regulation on Markets

The so-called Consob Regulation on Markets sets out specific rules concerning the conditions for the listing of:

A) *"Companies controlling other companies incorporated and regulated under the laws of Countries not belonging to the European Union"* (Article 36);

B) "*subsidiaries* subject *to management and coordination activity of another Company* (Article 37).

With reference to the provisions of Art.36, as for Italmobiliare SpA, the scope of application refers to 40 subsidiaries located in 14 Countries not belonging to the European Union.

In order to ensure compliance with the conditions laid down by the aforementioned regulatory provisions, the Company established a system designed to ensure:

* communication of financial records of subsidiaries outside the EU prepared for the consolidated financial statements in order to make them available to the public;
* collection and storage of the Bylaws, of the composition and powers of the governing bodies of subsidiaries outside the EU.

This procedure also ensures regular updating of corporate documents. Accordingly, all the Bylaws of subsidiary companies located in Countries not belonging to the European Union, and which are relevant to the rules under consideration, and the composition and powers of their governing bodies, have been acquired and are now filed with the Company.

It has also been assessed that the subsidiaries based in Countries not belonging to the European Union:

* provide the Company's auditors with the information needed by the latter to carry out the auditing of the annual report and interim financial statements of Italmobiliare SpA;
* have administrative-accounting systems capable of regularly reporting to the Company and to the auditor the economic, balance sheet and financial data required to prepare the consolidated financial statements.

With reference to the provisions of Art.37 mentioned above, however, not being subject to management and coordination of any other company or entity, Italmobiliare SpA is not subject to the obligations laid down therein.

Although Efiparind B.V., pursuant to Art. 2359 in the Italian Civil Code, paragraph no.1, no.2, has a sufficient number of voting rights to exercise a dominant influence in the ordinary Meeting, albeit indirectly, it does not set, nor has it ever set, the Company's strategic policies to follow in the management of its business. The Board of Directors of Italmobiliare SpA, therefore, has always taken its decisions in full autonomy without any interference whatsoever by the relative majority shareholder.

Incentive Schemes for Directors and Executives

Stock Option Plan for Directors

Implementing the resolution passed by the shareholders' meeting on May 3, 2002, the Company's Board of Directors approved a *stock option* plan at its meeting of May 14, 2002 for directors vested with special powers in accordance with the articles of association or who have specific operational assignments. Its corresponding regulations have been subsequently subject to non-significant changes.

In view of this *stock option* Plan, 53,000 options were allocated to the Chairman-CEO and 35,800 to the Director-Chief operating officer in 2010 based on the results achieved during 2009.

Moreover, the Board of Directors, which met on March 30, 2011, resolved to grant the Chairman-CEO 48,000 options and to the Director-Chief operating officer 30,700 options, based on the results achieved in 2010.

Altogether, 442,500 options have been assigned as of the date of preparation of this report.

The Board of Directors, finally, definitive

ely reckoned the number of shares to serve the stock option Plan for directors as 442,500, initially set at 350,000 shares, and also resolved, in view of what was proposed to the shareholders' Meeting (as shown in the published agenda), not to make any allocation to serve said Plan, which, therefore, must be regarded as closed except for the terms set for each beneficiary for the exercise of options already granted.

The main features of the Plan are the following:

a) Reasons for the Adoption of the Plan

The reasons for adopting the plan consist in the desire to tie the overall treatment of beneficiaries of the plan to the company's success in the medium/long term and to value creation as shareholders, as well as to reward their achievements, by creating conditions to ensure greater involvement of the Company's entire Board in achieving the Company's intended results.

b) Beneficiaries of the Plan

Beneficiaries of the Plan are certain members of the Board of Directors of Italmobiliare SpA and its subsidiaries who hold particular duties in accordance with the articles of association or who had specific operational assignments.

c) Number of Options to be Granted

The number of options to be granted to each recipient will be set by the Board of Directors of Italmobiliare SpA upon proposal of the Remuneration Committee having complied with the rules on conflict of interest.

If exercised, the options entitle the holders to subscribe or purchase shares in the ratio of 1:1.

d) Duration and Objectives

The Plan provides for annual cycles of option grants. The options may be exercised for a period between the fourth and tenth year after the grant. However, in the event the person leaves the office of director at the conclusion of the mandate, without a subsequent renewal, the options may be exercised immediately, as long as within a maximum period of 10 years from the grant.

The option grant will be conditional on the results achieved against objectives set by the Board of Directors. Said objectives will be communicated to the beneficiaries.

e) Terms and Conditions of the Plan

The exercise of stock option rights is subject to the condition that the director, beneficiary of the Plan, has duly concluded his mandate during which the options were granted without early resignation taking place or any revocation order by the shareholders at their General Meeting.

The options are nominative, personal and non-transferable, except in the terms provided for in case of death.

The total number of Italmobiliare SpA securities set aside to cover the Plan was initially set at 350,000 shares.

f) Share Capital Increase; Transfer of Shares

In the case of options to subscribe for shares, by virtue of the authority conferred to it by the General Shareholders' Meeting, the Board of Directors will decide to increase the share capital agains consideration by issuing shares to be reserved to, as pursuant to Article no.2441 in the Italian Civil Code, paragraph 5, members of the Board of Directors of Italmobiliare SpA and/or its subsidiaries, and to be issued at a price equal to the arithmetic average of stock prices recorded in the period between the date of offer of option rights and the same day of the previous calendar month. To this end, the external auditor expressed its opinion on the fairness of the issue price of new shares, as provided for by Art.158 of the Consolidated Law on Finance.

Similarly, in the case of options to purchase shares, pursuant to resolutions authorizing the purchase and disposal of treasury shares passed at the General Meeting, the Board of Directors will sell Italmobiliare SpA shares at a price equal to the arithmetic average of stock prices recorded in the period between the date of the offer of option rights and the same day of the previous calendar month.

g) Characteristics of Shares

The shares held by directors participating in the Plan will have dividend rights upon exercise of the option and will be marketable starting from the beginning of the fifth year from the stock option grant.

Italmobiliare SpA will have a preemptive right on the shares offered for sale.

In case of merger/demerger, options thus granted will entitle directors to subscribe for or purchase Italmobiliare SpA shares in proportion to the share exchange ratio. In case Italmobiliare SpA is delisted, the deadline for exercising the option will be suitably set in advance and the shares will become immediately marketable.

h) Other Powers of the Board of Directors

The Board of Directors may temporarily suspend the exercise of option rights in certain cases provided for by the Regulation and against specific and special needs. It may also change certain conditions of the Plan to ensure the recipients a treatment equivalent to the one originally offered.

Stock Option Plan for Executives

After the March 27, 2001 resolution of the Board of Directors, the Company approved a *stock option* Plan in favor of executives (the relevant regulation was subsequently subject to non-significant changes), against which, a total number of 35,585 options were assigned to leading executives of the group in 2010, based on the results achieved during 2009.

Moreover, the March 30, 2011 meeting of the Board of Directors voted to grant 14,150 options to the Co-Chief operating officer and Manager in charge of preparing the company's financial reports, based on the results obtained by the same in 2010. Finally, a total number of 20,050 options altogether were awarded to executives of the group, based on the results achieved during the year 2010,

Overall, as of the time of writing this report, 424,494 options have been granted to managers of the group, 201,500 of which to the Chief operating officer.

The Board of Directors, finally, definitively reckoned as 424,494 the number of shares to service the stock option Plan for Executives, initially set at 350,000 shares and, in view of what was proposed to the shareholders' Meeting (as shown in the published agenda), also decided not to make any further allocation to service the same Plan, which, therefore, must be regarded as concluded, except for the terms set for each beneficiary to exercise the options already granted.

The main features of the Plan are as follows:

a) Reasons for the Adoption of the Plan

The reasons for adopting the plan consist in the desire to tie the overall treatment of beneficiaries of the plan to the company's success in the medium/long term and to value creation as shareholders, as well as to ensure greater involvement of the Company's executives by encouraging them to stay with the Company.

b) Beneficiaries of the Plan

Beneficiaries of the Plan are certain members of the management Staff of Italmobiliare SpA and its subsidiaries who were in service at the time of the planned option grants, and who will be designated by the Chief executive officer of Italmobiliare SpA, according to the criteria defined by the "Remuneration Committee" based on the essentiality of the roles held and organizational level.

c) Number of Options to be Granted

The number of options to be granted to each recipient will be established based on both the organizational level of the individual, and the level of corporate and individual *performance* attained.

If exercised, the options entitle the holders to subscribe or purchase shares in the ratio of 1:1.

As a general rule, stock option rights not yet exercised will not be recognized in the event of termination of the employment relationship within the Group, except in the case of retirement.

In case of the option rights holder's death, options may be exercised by his assignees within six months of his/her death provided that the term falls within the period options are exercisable.

d) Duration and Objectives

The Plan provides for annual grant cycles. The options may be exercised for a period between the fourth and tenth year after the grant.

The option grant will be conditional on the results achieved against objectives individually notified.

e) Terms and Conditions of the Plan

The options are nominative, personal and non-transferable, except in the terms provided for in the case of death.

The total number of Italmobiliare SpA securities set aside to cover the Plan was initially set at 350,000 shares.

f) Loans or Discounts for the Subscription or Purchase of Shares

The stock exchange operator will notify interested Credit Institutions that may be available to grant loans against pledge of shares, to facilitate its subscription or purchase.

g) Share Capital Increase; Transfer of Shares

In the case of options to subscribe for shares, by virtue of the authority conferred to it by the General Meeting, the Board of Directors will decide to increase the paid capital by issuing shares to be reserved to, as pursuant to Article no.2441 in the Italian Civil Code, paragraph 8, members of the management Staff of Italmobiliare SpA and/or its subsidiaries, and to be issued at a price equal to the arithmetic average of stock prices recorded in the period between the date of offer of option rights and the same day of the previous calendar month.

In the case of options to purchase shares, pursuant to resolutions authorizing to purchase and dispose of treasury shares passed by the general Meeting, the Company will sell Italmobiliare SpA shares at a price fixed by the Board of Directors at the time of the stock options offer upon proposal of the Chief executive officer and advice of the Remuneration Committee.

h) Characteristics of the Shares

The shares held by those participating in the Plan upon exercise of the option will have dividend rights and will be marketable starting from the beginning of the fifth year from the option grant. Italmobiliare SpA will have a preemptive right on the shares offered for sale. In case of merger/demerger the options granted entitle executives to subscribe for or purchase Italmobiliare SpA shares in proportion to the share exchange ratio. In case Italmobiliare SpA is canceled from the equity listing, the term for the exercise of options will be suitably set in advance and the shares will immediately become marketable.

i) Other Powers of the Board of Directors

The Board of Directors may temporarily suspend the exercise of option rights in certain cases provided for by the Regulation and against specific and special needs. It may also change certain conditions of the Plan to ensure the recipients a treatment equivalent to the one originally offered.

* * *

During 2010 no one among the Company’s directors and executives, beneficiaries of the stock option plans, exercised their respective rights as already accrued.

Resolutions

Distribution of net profit

The net profit for the year of 35,237,083.24 euro enables us to propose, after taking account of 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 legal withholdings, of 0.532 euro for each ordinary share and 0.610 euro for each 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 May 25, 2011,

- 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, 2010,
- taking into account 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 consequently does not require further additions,
- considering that the net profit for 2010, in application of the international accounting standards (IAS 19), already takes account of the share of profits attributable to the members of the Board of Directors pursuant to art. 31 of the company by-laws,
- taking into account that, following the upstream merger of Franco Tosi S.r.l. and Sance S.r.l. into and with Italmobiliare S.p.A., a merger deficit of 83,705,970.87 euro was recorded under shareholders' equity;
- taking into account 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 Civil Code;

resolves

- to approve:
  - the Directors' report on operations;
  - the separate financial statements for 2010, consisting of the balance sheet, income statement and notes, which reflect a net profit of 35,237,083.24 euro as presented by the Board of Directors in its entirety, in the individual accounting entries and with the proposed allocations;

- to cover fully the merger deficit of 83,705,970.87 euro arising from the upstream merger of Franco Tosi S.r.l. and Sance S.r.l. into and with Italmobiliare S.p.A., through partial use, for an equivalent amount, of the extraordinary reserve;

- to allocate the net profit for the year as follows:

Net profit		**35,237,083.24**
- 5% of the nominal value of 2.60 euro to the 16,314,662 savings shares [2] 0.13 euro per share	2,120,906.06	2,120,906.06
Remainder		**33,116,177.18**
- compensation to the Board of Directors already provided in the financial statements (IAS 19)		331,161.77
- 1% to the Board of Directors (pursuant to art. 31 of the company by-laws)		(331,161.77)
Remainder		**33,116,177.18**
Translation reserve		(256.95)
Available retained earnings		137,615,661.52
Available net profit		**170,731,581.75**
- to the 21,311,172 ordinary shares [1] 0.532 euro per share	11,337,543.50	11,337,543.50
Remainder		**159,394,038.25**
- to the 16,314,662 savings shares [2] a further 0.48 euro per share	7,831,037.76	7,831,037.76
Total dividend	**21,289,487.32**	
Remainder		151,563,000.49
Carried forward		**151,563,000.49**

[1] net of the 871,411 ordinary treasury shares held at March 30, 2011
[2] net of the 28,500 savings treasury shares held at March 30, 2011

- to grant the Chairman-Chief Executive Officer, the Deputy Chairman and the Director-Chief Operating Officer, separate powers, should the number of treasury shares change before the ex dividend date:
  - to allocate the amount corresponding to the dividend entitlement of any purchased shares to “Retained earnings”,
  - to reduce “Retained earnings” by an amount corresponding to the dividend entitlement on any treasury shares that are sold.

Report on the Remuneration Policy adopted by Italmobiliare S.p.A.

Dear Shareholders,

This report, in compliance with the provisions currently in force, is meant to disclose the principles adopted by Italmobiliare S.p.A. in determining the remuneration of its executive directors vested with special powers and Key management personnel, namely the Chief executive officer, the Chief operating officer and the Co-Chief operating officer/Manager in charge of preparing the company's financial reports, respectively. The remuneration policy has been reviewed and approved by the meeting of the Remuneration Committee held on March 22nd 2011, and is submitted to the advisory vote of the ordinary shareholders' meeting.

* * *

The Company believes that the remuneration policy is a primary tool aimed at:

- attracting, retaining and motivating managers with high professional skills;
- aligning the interests of management with those of shareholders;
- promoting the creation of value for shareholders over the medium-long period.

The analysis of the composition and positioning of remuneration is made with the support of independent companies specialized in Top Management remuneration surveys'.

The remuneration policy provides for a fixed annual remuneration payable to Directors, the amount whereof is in line with the Italian practice regarding members of the Board of Directors of comparable companies; the amount of the above remuneration is increased for Directors vested with special powers or who are members of Committees established within the Board itself. For Executive Directors and Key Management personnel only, the Board of Directors, upon proposal of the Remuneration Committee based on the opinion of the Board of Statutory Auditors, is also required to determine:

i) A fixed annual component, per se sufficient to compensate for the services provided should the variable component not be paid due to failure to achieve the targets; also, Directors are entitled to an insurance policy, in line with existing practice, covering third party liability, in compliance with the rules and regulations applicable to appointments, except for wilful misconducts and gross negligence;

ii) A variable component, on a yearly basis, linked to the achievement of targets assigned. These targets are predetermined, measurable and connected with the creation of value for the Company and its shareholders. The short-term variable component is also determined considering the practice of European multinational companies, and in general shall not be in excess of 100% of the fixed component;

iii) A "Severance pay" for the benefit of the Chief Executive Officer, accruing at the end of each individualmandate, for an amount not exceeding 3-year remuneration; the latter shall not be paid should termination of mandate be due to the achievement of objectively insufficient targets.

    The Board of Directors may also, exceptionally, define special bonuses, in case of significant, specific and unexpected events, should the sum of other elements of remuneration be considered objectively inadequate with respect to the services provided, however within the limits of the aggregate maximum limits established;

iv) A long-term incentive plan, cash based and linked to the value of Company shares (phantom shares), which replaces any prior stock option schemes, consistent with the outcome of the analyses carried out on behalf of the Company by independent advisors, of proven experience and international standing. The new plan provides for three-year cycles based on medium-long period performance of the Company and/or the Group. Outpayment of the bonus connected with the long-term cash incentive plan linked to the share value is subject to the achievement of the targets assigned each year by the Board of Directors. The task of assessing the achievement of these objectives is entrusted with the Remuneration Committee.

Should the relationship with the Company be terminated other than for just cause, it is considered advisable to seek out-of-court solutions in equity, within the limits of good practice for similar professional profiles, without prejudice to the provisions of any applicable rules and regulations and agreements in place. No specific agreements for special indemnities in case of appointment's termination are in force.

* * *

Remuneration plans based on financial instruments for the benefit of members of the Board of Directors and employees of the Company as defined in Art. 114-bis of Consolidate Law on Finance, are reported in summary in the "Report on corporate governance and ownership" and published in full version on the website of the Company: *www.italmobiliare.it*.

* * *

Dear Shareholders,

You are invited to resolve upon the following resolution:

"The Shareholders' meeting of Italmobiliare S.p.A. held on May 25 2011,

- having aknowledged the report prepared by Directors,

resolves

to agree / to disagree

with the report describing the Remuneration Policy adopted by the Company.

Authorisation to purchase and dispose of treasury shares

Dear Shareholders,

The Ordinary Shareholders' Meeting held on April 29th 2010 renewed to the Company the authorisation to purchase and dispose of treasury shares, for a period of 18 months from the date of resolution.

As part of the aforementioned authorization by the shareholders' meeting, during the year, the Company has not purchased ordinary and saving treasury shares, nor has it used its treasury shares to transfer them to stock option beneficiaries, as no options were exercised.

Therefore, on March 30th 2011 the Company owns 871,411 ordinary treasury shares, and 28,500 saving treasury shares. The book value of treasury shares on that date was Euro 21,226,190.39, accounting evidence whereof was provided in the forms required by the law.

Since the validity period of the authorisation shall expire on next October 28th in order to enable the Company to maintain the right to purchase and dispose of treasury shares, you are hereby invited to renew the aforementioned authorisation for the next 18 months.

This proposal, as compared to that of last year's meeting, provides for a reduction of an aggregate exchange value for the purchase of treasury shares that shall not exceed Euro ***50*** million, versus Euro ***150*** million approved last year.

1) Reasons underlying the proposed authorisation to purchase and dispose of treasury shares.

The authorisation was requested in order to:

- dispose of treasury shares
  - to be transferred to employees and/or directors as part of stock option plans reserved to them;
  - for medium and long-term investments;
- operate, in compliance with the rules and regulations in force, either directly or through intermediaries, in order to limit anomalous trends in stock exchange prices and to reinstate the ordinary trading caused by temporary distorsions due to an excess of volatility or poor liquidity of exchanges;
- create a treasury stock portfolio to serve any extraordinary finance transactions or other purposes deemed to be in the financial, business and /or strategic interest for the Company;
- offer shareholders an additional tool to monetize their investments.

2) Maximum number, category and nominal value of shares which the authorisation is relating to; compliance with the provisions of Para. 3 of Art. 2357 of the Civil Code.

The purchase is relating to ordinary and/or savings shares of the Company the maximum number whereof, including any treasury shares already held by the Company as the day thereof, and those owned by subsidiary companies, if any (which precise instructions will be given to in order to timely report the amount of shares respectively owned), shall not have an aggregate nominal value in excess of one tenth of the entire share capital.

At all events, purchases will be made, in compliance with the provisions of Art. 2357 of the Civil Code, within the limits of distributable profits and reserves available as reported in the last financial statements of the Company duly approved.

Any amounts paid or received for the purchase and sale of treasury shares will be recorded directly under Capital and Reserves, under the International Accounting Standard "IAS 32" and, in any case, accounting evidence thereof will be given in the forms required by the rules and regulations in force from time to time.

3) Term of authorisation.

The authorisation to purchase is required for 18 months period as of the date whereon the Meeting will adopt the relevant resolution, while the authorisation to dispose of shares is required for an unlimited period of time.

4) Minimum and maximum consideration, and market assessments on the basis whereof it was determined.

The price of each share shall neither be less nor more than 15%, at most, of the average target prices registered at the Italian Stock Exchange at the three sessions preceding each individual transaction.

The total exchange value paid by the Company for the purchase shall in no event be in excess of Euro 50 million.

Shares can be transferred, even before the completion of purchases, and on one or more times (also through tender offers or to Shareholders and through the placement of warrants and depositary receipts representing shares and/or similar securities) at a price not lower than the lowest purchase price.

The above price limit is not applicable if shares were transferred to employees of Italmobiliare S.p.A. and its subsidiaries, parent companies and other companies controlled by the latter or members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries vested with special powers in compliance with the articles of association or who performs specific operating duties, as part of stock options for employees and directors.

5) Share purchase procedure.

As a rule, shares will be purchased, except as otherwise indicated below, in a manner suited to assure an equal treatment of shareholders and to prevent any direct combination of purchase negotiation proposals with prearranged sale negotiation proposals.

Moreover, considering the different viable objectives stated in this proposal, the Board of Directors proposes that it may be authorised to purchase in compliance with any other procedure permitted by the rules and regulations currentlycurrently in force and, therefore:

- by tender offer or swap;
- by purchase and sale of derivative instruments traded on regulated markets providing for the physical delivery of any underlying shares;
- by proportional allocation to shareholders of put options that can be exercised within the term of the authorisation set forth in above Article 3.

Regarding share disposal transactions, the Board of Directors proposes that the authorisation is such as to permit the adoption of any procedure deemed appropriate to meet the objectives pursued, to be performed either directly or through intermediaries, in compliance with any applicable law and regulatory provisions, both domestic and European.

Treasury share purchase and disposal transactions for which the authorisation is being requested will be carried out in compliance with any applicable law and, in particular, in compliance with domestic and European law and regulatory provisions, including those governing market abuse.

Appropriate disclosure of any purchase and disposal of treasury shares will be rendered in compliance with any applicable information requirements.

6) Purchase in order to reduce the share capital.

For the time being, this case is currentlycurrently not contemplated .

* * *

Dear Shareholders,

If you agree with our proposal, we invite you to pass the following resolution:

«The Shareholders' meeting of Italmobiliare S.p.A. held on May 25 2011,
- taking into account the proposal of Directors
- in compliance with the provisions of Articles 2357 and 2357-ter of the Civil Code

hereby resolves

1) to revoke the resolution authorising the purchase and disposal of own shares adopted by the Ordinary Shareholders' Meeting held on April 29 2010;
2) to authorise, under and by operation of Art. 2357 of the Civil Code, the purchase of ordinary and/or saving treasury shares, in the amount, at the price, according to the terms and conditions set forth below:
   - purchase can be made on one or more times, within 18 months as of the date the resolution was passed;
   - the purchase price of each share shall not be less or more than 15%, at most, of the

average target prices recorded at the Italian Stock Exchange during the three sessions preceding each individual transaction;
- the total exchange value may in no event be greater than Euro 50 million;
- the maximum amount of ordinary and/or savings shares purchased, shall not have an aggregate nominal value, including treasury shares held to-date by the Company and its subsidiaries, in excess of one tenth of the share capital;

3) to authorise, under Art. 2357 ter, Para. 1, of the Civil Code, the Chairman, the Deputy Chairman, the Chief executive officer, the Director-Chief operating officerChief operating officer,in office from time to time, to severally dispose, in compliance with the regulations currentlycurrently in force, with no time limits, of any treasury shares purchased, even before the completion of the purchase.

   The transfer price shall not be lower than the lowest purchase prices.

   However, the above price limit shall not be applicable should shares be transferred to employees of Italmobiliare S.p.A. and of its subsidiaries, parent companies and other companies controlled by the latter, and to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries vested with special powers under the articles of association or who performs specific operatingduties, as part of stock option plans for employees and directors (stock option);

4) to provide that:
   - as a rule, shares shall be purchased in an operating manner suited to assure an equal treatment of shareholders and to prevent any direct combination of purchase negotiation proposals with prearranged sale negotiation proposals or, considering the different purposes that can be pursued, in any other manner compliant with the rules and regulations currentlycurrently in force;
   - shares can be disposed of in any manners whatsoever suited to pursue set objectives, either directly or through intermediaries, in compliance with any applicable domestic and EU law and regulatory provisions in force;
   - treasury share purchase and disposal transactions are to be carried out in compliance with any applicable law and, in particular, in compliance with any law and regulatory provisions in force;

5) to determine that the consideration paid or received for sale and purchase transactions in treasury shares is to be recorded under Capital and Reserves in compliance with the International Accounting Standard "IAS 32" and, in any case, accounting evidence thereof will be given in the forms required by the rules and regulations in force from time to time;

6) to severally entrust the Chairman, the Deputy Chairman, the Chief executive officerChief executive officer, the Director-Chief operating officerChief operating officer in office from time to time, with the powers necessary to purchase and dispose of shares, and in any case to implement the above resolutions, also through proxies, in compliance with any competent authority requirements».

Appointing the Board of Directors after determining the term of office and the number of its members

Shareholders,

The term of office of the Board of Directors of your Company is about to expire.

We thank you for the confidence you have reposed in us, and invite you to appoint the new governance body, after having determined the term of office and the number of its members which, under Art. 15 of the bylaws, cannot be less than 5 or more than 15.

Under the bylaws, the appointment is made on the basis of lists intended for assuring that also minority shareholders are represented in the Board.

Lists can be filed only by those Shareholders who, alone or with other shareholders, can prove to be the holders, on the day when these are filed with the Company, of a voting stake in the share capital of at least 2.5%.

Each Shareholder cannot file, or participate in filing, not even through third parties or trust companies, more than one list.

Shareholders from the same group and shareholders who are part to shareholders' agreements the object whereof is relating to shares of the Company cannot file more than one list, not even through third parties or trust companies.

Any lists filed in breach of the above prohibitions are not accepted.

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

All candidates may run on a single list on pain of ineligibility.

Lists must be filed with the registered office by the twenty-fifth day prior to the date of the Meeting convened in first call, together with the following documentation:

a) statements whereby individual candidates accept their candidacy and attest, under their own responsibility, the non-existence of ineligibility causes and their meeting the honourability requirements mandated by the law;
b) a summary of the curriculum vitae outlining personal and professional characteristics of each candidate, indicating any administration and control roles covered at other companies;
c) a statement by each candidate attesting their meeting any independence requirements required by the law and by the Code of Conduct;
d) information on the identity of those shareholders who filed the lists. The certificate or attestation proving entitlement to the capital share required under the rules and regulations in force at the time the list is filed can be produced also after filing thereof, provided that these are delivered to the Company within the terms provided for by the rules and also regulatory provisions in force for publication of lists by the Company;
e) statement by shareholders other than those who hold, also jointly, a majority or relative majority stake, attesting the absence of any association, as defined by the rules and regulations currently in force.

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

Appointing Statutory Auditors, the Chairman of the Board of Statutory Auditors and determining their remuneration

Shareholders,

On approval of the financial statements at 31 December 2010, the term of office of the entire Board of Statutory Auditors will expire.

We invite you to appoint, for the 2011-2013 three-year period, three Acting auditors and three Substitute auditors, and the Chairman of the Board, after determining their respective yearly remuneration.

Under the bylaws, the Board of Statutory Auditors is appointed on the basis of lists intended to assure to minority shareholders the appointment of one Acting auditor and one Substitute auditor.

Lists can be filed only by those Shareholders who, alone or with other shareholders, can prove to be the holders, on the day when these are filed with the Company, of a voting stake in the share capital of at least 2.5%.

Each Shareholder cannot file, or participate in filing, not even through third parties or trust companies, more than one list.

Shareholders from the same group and shareholders who are part to shareholders' agreements the object whereof is relating to shares of the Company cannot file more than one list, not even through third parties or trust companies.

Lists filed in breach of the above prohibitions are not accepted.

Each list consists of two sections: one for candidates as Acting auditors, and the other for candidates as Substitute Auditors.

Each section shall list in progressive order the names of no more than three candidates as Acting auditors and no more than three candidates as Substitute auditors.

All candidates may run on a single list on pain of ineligibility.

Lists must be filed with the registered office by the twenty-fifth day prior to the date of the Meeting convened in first call together with the following documentation:

a) statements whereby individual candidates accept their candidacy and attest, under their own responsibility, the non-existence of ineligibility or incompatibility causes, and that they meet the other requirements mandated by the law, the bylaws and the Code of Conduct;
b) a summary of the curriculum vitae outlining the personal and professional profile of each candidate, indicating any administration and control roles covered at other companies;
c) information on the identity of shareholders who filed the lists. The certificate or attestation proving entitlement to the capital share required under the rules and regulations in force at the time the list is filed can be produced also after filing thereof, provided that this is delivered to the Company within the terms provided for by the rules and also regulatory provisions in force for publication of lists by the Company;
d) statement by shareholders other than those who hold, also jointly, a majority or relative majority stake, attesting the absence of any association, as defined by the rules and regulations currently in force.

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

Whenever, on expiry of the 25 day term prior to that fixed for the Meeting in first call, only one list is filed, or only lists are filed by shareholders who are found to be associated pursuant to the rules and regulations currently in force, additional lists can be filed until the third day subsequent to any such date and the above 2.5% threshold will be reduced by half.

Resolutions regarding remuneration of the Board of Directors and the Committee for Transactions with Related Parties

Dear Shareholders,

The Shareholders' Meeting called to approve the separate financial statements as at and for the year to 2010 is also called to an extraordinary session to resolve upon the proposal amendment of the art. 31 of the by-laws that provides for the directors to receive a compensation equal to 1% of the net profits, as reflected in the annual report.

As a consequence of the foregoing, determining the remuneration of directors, in line with the best market practice, will be referred to the Shareholders' meeting, in compliance with the provisions of common law on directors' compensation, under Art. 2389 of the Civil Code, Para. 1. The Board of Directors itself, will determine the distribution criteria of any such remuneration. The compensation so determined, however, will not include remuneration payable to directors vested with special powers.

Also, it should be noted that the Shareholders' meeting held on April 27th 2007 resolved, as of January 1st of that year and until a new resolution is taken, a gross annual remuneration of Euro 12,000 for the entire Remuneration Committee, of Euro 75,000 for the entire Internal Control Committee, and of Euro 25,000 for each member of the Compliance committe simultaneously holding office as directors, while the determination concerning the compensation of the members of the Compliance Committee who are not directors was referred to the competent corporate bodies

No remuneration has been determined yet as far as the Committee for Transactions with Related Parties is concerned, since the latter was appointed on November 12th 2010, when the related Procedure was adopted by the Board of Directors.

Therefore, the proposal is made that the consideration for the activity carried out in 2010 is determined for the current and the forthcoming years, which will remain such until a new shareholders' resolution will be taken on any review thereof.

Monetary long-term incentive plans for directors and managers: related and consequent resolutions

Dear Shareholders,

The Board of Directors of your company approved in May 2002 an incentive plan for directors, and in March 2001 an incentive plan for managers, each providing for the assignment thereto of stock options upon achievement of specific targets assigned.

Under the above plan, the following options have been assigned so far

- 442,500 options under the Stock option plan for directors whereunder no options have been exercised yet;
- 424,494 options under the Stock option plan for managers whereunder 39,720 options have been already exercised.

Appropriate disclosure on the aforementioned Plans has always been provided yearly to shareholders in the Management report on the financial statements and during shareholders' meetings.

The proposal hereby submitted to you for approval is relating to:

- adoption of a «Monetary long-term incentive plan linked to Italmobiliare stock appreciation for directors and key management personnel» which will replace, for any portion thereof not exercised yet, the Stock option plan for directors currentlyin place;
- adoption of a «Monetary long-term incentive plan linked to Italmobiliare stock appreciation for key management personnel» which will replace, for any portion thereof not exercised yet, the Stock option plan for managers currently in place.

Below the main features of the new Plans are outlined (the Regulations whereof are attached hereto at the end of this report in their full version).

* * *

INFORMATION MEMORANDUM

MONETARY LONG-TERM INCENTIVE PLAN, LINKED TO THE PERFORMANCE OF ITALMOBILIARE SHARES, FOR DIRECTORS AND KEY MANAGEMENT PERSONNEL

Foreword

The Monetary long-term incentive plan set forth in this information memorandum falls under the scope of a "significant plan" under and by operation of Art. 84-bis, Para. 2, of the Consob Regulation No. 11971/99.

Definitions

For the purposes of this information memorandum, the terms and expressions listed below shall have the following meaning.

"*Recipients*": directors and key management personnel;

"*Shares*": Italmobiliare S.p.A. ordinary shares;

"*Cycle*": each three-year period, as of 2011, into which the period of the plan (2011-2019) is broken down;

"Committee": the Remuneration Committee of the Company;

"*Board*": the Board of Directors of the Company;

"*Allotment date*": the date whereon the admission of Recipients to the plan is formally resolved upon;

"*Date of settlement*": the date, in any case subsequent to the end of performance monitoring period and to the beginning of the period of availability, whereon the Company pays out the rights accrued to Recipients;

"*Rights"*: the Rights, the number whereof is equal to the MBO payout divided by the fair value of shares at the allotment date and later proportioned to the weight of position, that enable recipients thereof to obtain, during the period of availability, a cash bonus the amount whereof is equal to the number of rights multiplied by the value of shares on the date of settlement;

"*Financial years of reference*": financial years in which, during each of the Cycles included in the Plan, the achievement of the MBO payout is pursued;

"*Letter of admission to the Plan*": the letter that must be exchanged between the Company and each Recipient attesting, when duly signed by the latter, their agreement with the Plan;

"*MBO payout*": the total amount received on a three-year basis as the sum of the amounts received as yearly MBO by each Recipient in the financial years of reference, according to the

MBO system applied within the Group, upon achievement of individual performance targets;

"*Period of availability*": the period starting on a date to be defined by the Board in the financial year subsequent to the closing date of the last financial year of reference of each three-month cycle, whereon Recipient will receive any amount actually accrued;

"*Performance monitoring period*": the period that includes the financial years of reference during which Recipients pursue the achievement of MBO payout, which the actual accrual of rights is dependent on;

"*Plan*": the Plan under this Regulation;

"*Regulation*": this Regulation governing the Plan;

"*Company*": Italmobiliare S.p.A., with registered office in Milan, via Borgonuovo 20;

"*Fair value of shares on the allotment date*": the value of shares of the Company as resulting from the arithmetic mean of official listings of same on the market managed by Borsa Italiana in the thirty calendar days preceding the allotment date;

"*Value of shares on the date of settlement*": the value of shares of the Company as resulting from the arithmetic mean of official listings of same on the market managed by Borsa Italiana in the months of October, November and December of the last year of each cycle (for the first cycle, the period is 1 October 2013 to 31 December 2013).

1. Receivers

1.1 Names of receivers who are members of the Board of Directors or of the Management Board of issuers of financial instruments, of companies controlling the issuer and of companies directly or indirectly controlled by the latter

- Chief executive officer of Italmobiliare s.p.a.;
- Mr. Carlo Pesenti - Chief operating of Italmobiliare s.p.a.

1.2 Categories of employees or assistants of the issuer of financial instruments and of the Companies controlling or controlled by any such issuer

Currently these are: Mr. Carlo Pesenti - Chief operating officer, and Mr. Giorgio Moroni - Co-chief operating officer and manager in charge of preparing the company's financial reports. Other key management personnel may be included in the future.

1.3. Names of those who benefit from the Plan belonging to the following groups

a) those in charge of management functions as defined in Art. 152-sexies, Para. 1, (c)-(c2) in the issuer

- Chief executive officer of Italmobiliare s.p.a.;
- Mr. Carlo Pesenti - Chief operating officer of Italmobiliare s.p.a.

b) those in charge of management functions in a company controlled, directly or indirectly, by an issuer, if the book value of the share in any such controlled company is more than fifty percent of balance sheet assets of issuer, as resulting from the last financial statements approved, as indicated in Art. 152-sexies, Para. 1, (c)-(c.3)

This case is not envisaged here.

c) individuals controlling the issuer, who are employees or assistants of the issuer

This case is not provided hereunder.

1.4. Description and number, broken down by category

a) all managers having regular access to privileged information and have the authority to make management decisions that may have an impact on the evolution and future prospectives of the issuer, set forth in Art. 152-sexies, Para.

1 (c)-(c.2)

- Mr. Carlo Pesenti - Chief operating officer;
- Mr. Giorgio Moroni - Co-Chief operating officer.

b) all managers having regular access to privileged information and have the authority to make management decisions that may have an impact on the evolution and future prospectives in a Company controlled, directly or indirectly, by an issuer, if the book value of the equity interst in any such controlled company is more than fifty percent of balance sheet assets of issuer, as resulting from the last financial statements approved, indicated in Art. 152-sexies, Para. 1, (c)-(c.3)

This case is not provided hereunder.

c) any other category of employees or assistants for which different characteristics of the Plan have been provided for (for example, managers, middle managers, clercks etc.)

This case is not provided hereunders.

d) whenever, with reference to stock options, for those individuals set forth under Points a) and b) above, different strike prices are provided for individuals belonging to the two categories, any such individuals must be separately indicated at Points a) and/or b), indicating their names

This case is not provided hereunder.

2. Reasons underlying the adoption of the Plan

2.1 Targets

The purposes of the Plan can be summarised as follows:

- link the aggregate remuneration of Recipients to the medium/long-term performance of the company and to the value creation for shareholders;
- reward the results achieved by each Recipient, creating the conditions necessary to assure a greater involvement of the top management in the future of the Company and strengthening the sense of belonging of Recipients, incentivising their stay with the company.

2.2 Key variables, also in the form of performance indicators considered for the purpose of assigning plans based on financial instruments

Accrual of rights granted to the receivers of the plan and provided thereunder is subject tothe achievement of targets linked to economic-financial and operational results and of other individual targest specifically assigned to each recipient.

2.3 Basic elements in determining the amount of remuneration based on financial instruments, or criteria applicable to calculation thereof

The Board shall define, as part of the Plan, upon proposal of the Committee and, where necessary, with the favourable opinion of the Committee for transactions with related parties, the amounts that can be received by each recipient as an incentive based on an overall assessment which, considering the general company performance as an essential condition of the Plan, and the strategic position of each Recipient's role for the purpose of pursuing long-term objectives of the Company, will be related to:

i) the weight of Recipient's position within the organisation;
ii) the consistency with the "total rewarding" principles from which the remuneration policy of the Company is based upon;
iii) the aggregate yearly MBO plans' payout in the period concerned with the Plan.

2.4 Basic reasons underlying the decision to assign remuneration plans based on financial instruments not issued by the issuer of financial instruments, such as financial instruments issued by subsidiaries or parent companies or companies unrelated to the group; whenever the above instruments are not traded on regulated markets, information on the criteria adopted in determining the value assignable thereto

This case is not provided in this Plan .

2.5 Considerations on significant tax and accounting implications that influenced the definition of plans

This case is not provided hereunder.

2.6 Any support to the plan by the Special Fund incentivising the participation of workers in businesses, under Art. 4, Para. 112, of Law No. 350 dated 24 December 2003

This case is not provided hereunder.

3. Approval procedure and instrument assignment timing

3.1 Scope of powers and functions granted to the Board of Directors by the shareholders' meeting for Plan implementation purposes

The corporate body in charge of making any decisions related to the Plan is the Board, with the support of the Committee and, where necessary, with the favourable opinion of the Committee for transactions with related parties, and with the technical support of the Human Resource and Organizational Development Manager.

In particular, the Board shall be in charge of:

i) identifying individual Recipients for each Cycle;
ii) determining any obtainable amounts;
iii) ascertaining the percentage of achievementof the MBO payout by each Recipient for each Cycle;
iv) determining the commencement date of the Period of availability.

The Board shall periodically report to Shareholders the performance of the Plan during the annual Shareholders' Meeting convened to approve the financial statements.

3.2 Indication of the individuals in charge of managing the Plan, their functions and competence

The Human Resource and Organizational Development Department is in charge of managing the Plan, in compliance with the provisions of Regulation.

3.3 Any procedures in place regarding review of plans also with respect to any variation in basic targets

The appropriateness to proceed with the review of the plans is committed to the prudent consideration of the Board, with the consent of the Committee.

3.4 Description of the method whereby the availability and assignment of financial instruments whereon plans are based should be determined (for example: free assignment of Shares, capital increase with the exclusion of option rights, purchase and sale of treasury shares)

The Plan provides for the assignment to Recipients of a number of Rights, determined by dividing the MBO payout by the Fair value of shares on the allotment date and by later proportioning the value resulting therefrom to the weight of each position which, multiplied by the Value of shares on the date of settlement, will enable Recipients to obtain the payment of an incentive.

3.5. Role played by each director in determining the characteristics of the aforementioned plans; existence of any conflict of interest on the part of directors concerned

This case is not provided hereunder.

3.6. For the purposes of the requirements of Art. 84-bis, Para. 1, the date of the decision adopted by the competent corporate body to propose the approval of plans to the meeting and any proposals made by the Committee, if any

Committee meeting of March 22nd 2011 and Board of Directors meeting of March 30th 2011.

3.7. For the purposes of the requirements of Art. 84-bis, Para. 5 (a), the date of the decision adopted by the competent corporate body on assignment of instruments and of any proposal to the aforementioned body made by the Committee, if any

Information currently unavailable.

3.8. Market price, registered on the above dates, of financial instruments whereon plans are based, if traded on regulated markets

Information currently unavailable.

3.9. In case of plans based on financial instruments traded on regulated markets, the terms whereon and the manners in which issuer takes into account, in determining the timing for assignment of instruments as part of implementation of plans, any temporal concurrence of:

i) the aforementioned assignment or any decisions made in that respect by the Committee, and

ii) the disclosure of any information relevant for the purposes of Art. 114, Para. 1; for example, whenever this information:

a. is not publicly known and suited to favourably influence stock market quotations, or

b. is already publicly known and suited to unfavourably affect stock market quotations.

Assignment of financial instruments upon proposal of the Committee will be defined by the Board meeting subsequent to the Meeting convened to approve the Plan.

4. <u>Characteristics of assigned instruments</u>

4.1 Description of how remuneration plans based on financial instruments are organised; for example, indicate whether the Plan is based on the assignment of: financial instruments (the so-called assignment of restricted stock); the value appreciation of any such instruments (the so-called phantom stock); option grants allowing the repurchase of financial instruments at a later time (the so-called option grant) requiring physical delivery (the so-called stock option) or in cash on the basis of a variance (the so-called stock appreciation right)

Rights assigned to Recipients, when accrued on the terms, in the manners and on the conditions of Regulation, enable Recipients to receive the outpayment of the incentive agreed upon.

4.2 Indication of the period of actual implementation of plan also with reference to any anticipated cycles

The term of the Plan is 3 (three) three-annual Cycles in the period from 2011 through 2019. The term of the first Cycle is the 2011-2013 three-year period.

4.3 Expiry of Plan

The Plan expiry date is set at the end of the ninth year as of the one in which the Rights were assigned first (2011).

4.4 Maximum number of financial instruments, including options, assigned in each fiscal year with respect to individuals identified by name or to the categories indicated

A maximum of 100,000 Rights for the 2011-2013 Cycle.

4.5 Plan procedure and implementation provisions, indicating whether the actual assignment of instruments is subject to certain conditions to be met or to certain results also related to performance to be achieved; description of any such conditions and results

Incentive accrual depends on achieving the MBO payout in the Performance monitoring period.

The Board shall, based on the opinion of the Committee and, where necessary, with the favourable opinion of the Committee for transactions with related parties, with the support of the Human Resource and Organizational Development Department, check and assess the extent to which the MBO payout has been achieved in the Performance Monitoring Period, and therefore determine the number of rights actually accrued to each Recipient.

4.6 Indication of any availability restrictions incumbent on instruments assigned or on instruments resulting from the exercise of options, in particular the terms within which any later transfer to the Company itself or to third parties is allowed or prohibited

Rights accruing under the Plan are registered and non-transferable, save for the provisions of this Regulation in case of death of Recipient.

4.7 Description of any termination conditions related to the assignment of Plans whenever receivers perform hedging transactions that enable the nullification of any prohibition to sell the financial instruments assigned, including options, or the financial instruments resulting from the exercise of any such options

This case is not provided in this Plan.

4.8 Description of the effects caused by termination of employment

<u>For Directors</u>

Without prejudice to the right of the Board to resolve otherwise, the participation to the Plan is intrinsically and functionally connected to and subject to the holding of the office, by each Recipient, at the time of assignment and for the entire period of Cycle.

Safe for any exeptions in particular cases as the Board may determine based on the opinion of the Committee and, where necessary, with the favourable opinion of the Committee for transactions with related parties, the following provisions shall be applied to the instances listed below:

a) in case of termination or amendment to the role held during the period of Cycle, the Board may, at its own discretion, with the consent of the Committee and having considered the reasons for any such termination or amendment, consider in equity the payment of a fixed compensatory bonus, proportional to the period elapsed and to the partial transitory percentage of achievement of the MBO payout;
b) in case of death of Recipient during the Cycle, the foregoing shall apply; if death occurs after the MBO payout has been obtained, then the right to payout of any premium accrued shall pass on to Recipient’s heirs.

<u>For Key management personnel</u>

Except for the specific cases envisaged below in this article, and without prejudice to the right of the Board to resolve otherwise , the Rights resulting for Recipients with respect to any Rights accrued under this Regulation are intrinsically and functionally connected to and subject to the existence, at the beginning of the period of availability, of the employment contract between Recipient and the Company.

Safe for any exceptions in particular cases as the Board may determine, the following provisions shall be applied to the following cases:

a) in case of termination of the employment contarct for dismissal or resignation, occurring after termination of the Performance monitoring period but before commencement of the Period of availability, the general principle shall apply and therefore Recipient will definitively and automatically lose entitlement to incentive;
b) in case of mutually agreed termination of the employment contract or dismissal for retirement or following supervened disability, however occurring after the end of the Performance monitoring period, or whenever Recipient has otherwise achieved the MBO payout, then Recipient shall be still entitled to the incentive if, after the employment termination date, Rights actually accrue;
c) in case of death of Recipient after the end of the Performance monitoring period, or whenever Recipient has otherwise achieved the MBO payout, any Rights accruing to the latter under this Plan shall be assigned to the heirs of Recipient subject to production by any such heirs, of the documentation suited to supply evidence of their condition as heirs.

Lapse of Rights, where provided, shall occur automatically, with no need for any notification or other formalities as of the actual termination of the employment contract.

Where, during the Performance monitoring period, the employment agreement of Recipient is transferred by and between the Company and its subsidiaries, regardless of any manners in which any such transfer takes place, or the position of Recipient within the organisation has changed and so have the responsibilities of the latter, then the MBO payout of reference will be reviewed accordingly.

The Board may under all circumstances determine in equity the amount to be paid out to Recipient depending on the activity carried out by the latter.

The above provisions can be amended by the Board to assure that Recipients receive a treatment equivalent to that initially offered.

4.9 Indication of any other reasons for cancellation of plans

The Board, with the consent of the Committee, may temporarily suspend the effects resulting from the accrual of rights to recipients should specific and particular needs so require, such as, for example, changes in law and regulatory provisions, except for tax rules and regulations, applicable to any legal relationships arising from the Plan.

The effects of accrual of Rights to Recipients will also be suspended on the occurrence of events such as, for example, corporate merger and demerger transactions affecting the share capital of the Company, share capital increase and decrease, amendments to the bylaws regarding Shares, that might affect the conditions regulating the application of Plan, and even alter its economic-financial prerequisites and prejudice the purposes thereof as defined at above Art. 3.

At all events, any suspension shall with no delay be notified to Recipients.

The Board may, under all of the above circumstances and with the consent of the Committee, implement any amendments and supplements to the Plan, to the Cycle and to this Regulation, and order termination of the latter should it prove to be no longer consistent with the Company circumstances, without prejudice of any Rights acquired in the meantime as a consequence of lapse of the three-year period of reference and of meeting the other requirements and conditions set forth in this Regulation.

4.10 Reasons for providing for any “redemption”, by the Company, of financial instruments covered by the plans, pursuant to Arts. 2357 et seq. of the Civil Code; the beneficiaries of any such redemption if the latter is intended for special categories of employees only; the effects of employment termination on the above redemption

This case is not provided in this Plan.

4.11 Any loans or other facilities to be possibly granted for the purchase of Shares under Art. 2358, Para. 3 of the Civil Code

This case is not provided in this Plan.

4.12 Considerations on the expected charge for the Company on the assignment date, as inferable from terms and conditions already defined, by total amount and with respect to each instrument covered by the Plan

The expected total charge for the Company shall be equal to the sum of the value of share on the settlement date multiplied by the number of rights actually accrued to Recipients.

4.13 Indication of any dilution effects on capital caused by remuneration plans

This case is not provided in this Plan.

4.16. Number of financial instruments underlying each option

Rights assigned to Recipients, when accrued on the terms, in the manners and on the conditions of Regulation, enable them to obtain the payment of incentive at a 1:1 ratio.

4.17. Option expiry

This case is not provided in this Plan at because the latter does not provide for any assignment of options.

4.18. Procedure (American/European), timing (for ex. eligible periods during the year) and exercise conditions (for example knock-in and knock-out clauses)

This case is not provided in the Plan because the latter does not provide for any assignment of options.

4.19.Option strike price or method and criteria for definition thereof, in particular with reference to:

a) the calculation formula of the strike price regarding a given market price (the so-called fair market value), and

b) the method for determining the strike price taken as the benchmark for determining the strike price

This case is not provided in this Plan because the latter does not provide for any assignment of options.

4.20. Where the strike price is not equal to the market price determined as indicated at Point 4.19.b (fair market value), statement of the reasons for any such difference

This case is not provided in this Plan because the latter does not provide for any assignment of options.

4.21. Criteria on the basis of which different strike prices are provided for different parties or different categories of Receivers

This case is not provided in this Plan because the latter does not provide for any assignment of options.

4.22. Where the financial instruments underlying the options are not traded on regulated market, indication of the value assignable to underlying instruments or the criteria

adopted to determine any such value

This case is not provided in the Plan because the latter does not provide for any assignment of options.

4.23 Criteria adopted to make the necessary adjustments resulting from extraordinary operations on capital and other transactions involving changes in the number of underlying instruments (capital increase, extraordinary dividends, underlying stock grouping and split, merger and demerger, conversion into other categories of Shares etc.)

Should the Company merge with or demerge from another company, any Rights accrued shall result in entitlement to a bonus, proportional to the value of shares of the Company arising out of merger or demerger, proportionally to the exchange rate adopted.

Should the Company be delisted, the term within which the achievement of the MBO payout which the accrual of Rights is dependent on will be assessed, will be brought forward accordingly, to enable the completion of any such accrual and therefore the commencement of the Period of availability well in advance as compared to the stipulated share trading termination date on the regulated market.

Should the ownership of the Company change, or a tender or swap offer be made concerning the Shares, then the Rights accrued shall be maintained according to the provisions of this Regulation.

* * *

INFORMATION MEMORANDUM

MONETARY LONG-TERM INCENTIVE PLAN, LINKED TO THE APPRECIATION OF ITALMOBILIARE SHARES, FOR MANAGERS

Foreword

The monetary long-term incentive Plan set forth in this information document does not falls under the scope of a "Significant plan" under and by operation of Art. 84-bis, Para. 2, of the Consob Regulation No. 11971/99, as amended.

Therefore, only the sections of document under the heading "for all plans" have been completed.

Definitions

For the purposes of this information memorandum the terms and expressions listed below shall have the following meaning.

"*Recipients*": managers of the Company beneficiaries of the Plan under this Regulation;

"*Shares*": Italmobiliare S.p.A. ordinary shares;

"*Cycle*": each three-year period, as of 2011, into which the period of the plan (2011-2019) is broken down;

"Committee": the Remuneration Committee of the Company;

"*Director*": the Chief executive officer of the Company;

"*Board*": the Board of Directors of the Company;

"*Allotment date*": the date whereon the admission of Recipients to the plan is formally resolved upon;

"*Date of settlement*": the date in any case subsequent to the end of the performance monitoring period and to the beginning of the period of availability, whereon the Company pays out the rights accrued to Recipients;

"*Rights*": the Rights, the number whereof is equal to the MBO payout divided by the fair value of shares and later proportioned to the weight of position, that enable recipients thereof to obtain, during the period of availability, a cash bonus the amount whereof is equal to the number of rights multiplied by the value of shares on the date of settlement;

"*Financial years of reference*": financial years in which, during each of the Cycles included in the Plan, the achievement of the MBO payout is pursued;

"*Letter of admission to the Plan*": the letter that must be exchanged between the Company and each Recipient attesting, when duly signed by the latter, their agreement with the Plan;

"*MBO payout*": the total amount received on a three-year basis as the sum of the amounts received as yearly MBO by each Recipient in the financial years of reference, according to the MBO system applied within the Group, upon achievement of individual performance targets;

"*Period of availability*": the period, starting on a date to be defined by Director within the financial year subsequent to the closing date of the latest financial year of reference of each Cycle and that lasts for three months, whereon Recipient will receive any amount actually accrued;

"*Performance monitoring period*": the period that includes the financial years of reference during which Recipients pursue the achievement of MBO payout which the actual accrual of rights is dependent on;

"*Plan*": the Plan under this Regulation;

"*Regulation*": this Regulation governing the Plan;

"*Company*": Italmobiliare S.p.A., with registered office in Milan, via Borgonuovo 20;

"*Fair value of shares on the allotment date*": the value of shares of the Company as resulting from the arithmetic mean of official listings of same on the market managed by Borsa Italiana in the thirty calendar days preceding the allotment date;

"*Value of shares on the date of settlement*": the value of shares of the Company as resulting from the arithmetic mean of official listings of same on the market managed by Borsa Italiana in the months of October, November and December of the last year of each cycle (for the first cycle, the period is 1 October 2013 to 31 December 2013).

1. Receivers

1.1 Names of receivers who are members of the Board of Directors or of the Management Board of issuers of financial instruments, of companies controlling the issuer and of companies directly or indirectly controlled by the latter

There are no receivers who are members of the Board of Directors or of the Board governing issuers of financial instruments, of companies that control the issuer and of companies directly or indirectly controlled by the latter.

1.2 Categories of employees or assistants of the issuer of financial instruments and of the Companies controlling or controlled by any such issuer

The managers of the company indicated by Director for this purpose.

2. Reasons underlying the adoption of the Plan

2.1 Targets

The purposes of the Plan can be summarised as follows:

- link the aggregate remuneration of Recipients to the medium/long-term performance of the company and to the value creation for shareholders;
- reward the results achieved by each Recipient, creating the conditions necessary to

assure a greater involvement of the top management in the future of the Company and strengthening the sense of belonging of Recipients, incentivising their stay with the company.

2.2 Key variables, also in the form of performance indicators considered for the purpose of assigning plans based on financial instruments

The accrual of Rights to participate in the monetary long-term incentive Plan linked to the appreciation of shares assigned to the Recipients of Plan and that form the subject of same depends on achieving the objectives connected with the economic-financial and operating results of the Company and to other specific objectives assigned to Recipient, approved by Director on commencement of Cycle or thereafter in the stipulated cases of change in the appointment entrusted with beneficiary.

2.3 Basic elements in determining the amount of remuneration based on financial instruments, or criteria applicable to calculation thereof

The Director shall define, as part of the Plan, upon proposal of the Committee and, where necessary, with the favourable opinion of the Committee for transactions with related parties, the amounts that can be received by each recipient as an incentive based on an overall assessment which, considering the general company performance as an essential condition of the Plan, and the strategic position of each Recipient's role for the purpose of pursuing long-term objectives of the Company, will be related to:

i) the weight of Recipient's position within the organisation;

ii) the consistency with the "total rewarding" principles from which the remuneration policy of the Company is based upon;

iii) the aggregate yearly MBO plans' payout in the period concerned with the Plan

2.4 Basic reasons for making the decision underlying the decision to assign plans based on financial instruments not issued by the issuer of financial instruments, such as financial instruments issued by subsidiaries or parent companies or companies unrelated to the group; whenever the above instruments are not traded on regulated markets, information on the criteria adopted in determining the value assignable thereto

This case is not provided in this Plan.

2.5 Considerations on significant tax and accounting implications that influenced the definition of plans

This case is not envisaged here.

2.6 Any support to the plan by the Special Fund incentivising the participation of workers in businesses, under Art. 4, Para. 112, of Law No. 350 dated 24 December 2003

This case is not envisaged here.

3. <u>Approval procedure and instrument assignment timing</u>

3.1 Scope of powers and functions granted to the Board of Directors by the shareholders' meeting for Plan implementation purposes

The corporate body in charge of making any decisions related to the Plan is the Board that entrusts the Director with the operating management of the Plan, with the support of the Committee and, where necessary, with the consent of the Committee for transactions with related parties, and with the technical support of the Human Resource and Organisation Development Manager.

In particular, the Director shall be responsible for:

i) identifying individual Recipients for each Cycle;
ii) determining any obtainable amounts;
iii) ascertaining the percentage of achievement of the MBO payout by each Recipient for each Cycle;
iv) determining the commencement date of the Period of availability.

The Director shall periodically report to Shareholders any progress of the Plan on the occasion of the Ordinary Shareholders' Meeting convened to approve the financial statements.

3.2 Indication of the individuals in charge of managing the Plan, their functions and competence

The Plan is administered by the Human Resource and Organisation Development Department of the Company consistent with the provisions of Regulation.

3.3 Any procedures in place regarding review of plans also with respect to any variation in basic targets

Considering the advisability of reviewing the Plan is referred to the prudent valuation of Director who, with the consent of the Committee, reports to the Board.

3.4 Description of the method whereby the availability and assignment of financial instruments whereon plans are based should be determined (for example: free assignment of Shares, capital increase with the exclusion of option rights, purchase and sale of treasury shares)

The Plan provides for the assignment to Recipients of a number of Rights, determined by dividing the MBO payout by the Fair value of shares on the allotment date and by later proportioning the value resulting therefrom to the weight of each position according with the provisions of Art. 7.1 which, multiplied by the Value of shares on the date of settlement, will enable Recipients to obtain the payment of an incentive.

4. <u>Characteristics of assigned instruments</u>

4.1 Description of the forms in which remuneration plans based on financial instruments are organised; for example, indicate whether the Plan is based on the assignment of: financial instruments (the so-called assignment of restricted stock); the value appreciation of any such instruments (the so-called phantom stock); option grants allowing the repurchase of financial instruments at a later time (the so-called option grant) requiring physical delivery (the so-called stock option) or in cash on the basis of a variance (the so-called stock appreciation right)

Rights assigned to Recipients, when accrued on the terms, in the manners and on the conditions of Regulation, enable Recipients to receive the outpayment of the incentive agreed upon.

4.2 Indication of the period of actual implementation of plan also with reference to any anticipated cycles

The term of the Plan is 3 (three) three-annual Cycles in the period 2011 through 2019. The term of the first Cycle is the 2011-2013 three-year period.

4.3 Expiry of Plan

The Plan expiry date is set at the end of the ninth year of the one in which the Rights were assigned first (2011).

4.4 Maximum number of financial instruments, including options, assigned in each fiscal year to individuals identified by name or to the categories indicated

No more than 35,000 Rights for the 2011-2013 Cycle.

4.5 Plan procedure and implementation provisions, indicating whether the actual assignment of instruments is subject to certain conditions to be met or to certain results also related to performance to be achieved; description of any such conditions and results

Incentive accrual depends on achieving the MBO payout in the Performance monitoring period.

Director shall, with the consent of the Committee and, where necessary, with the consent of the Committee to transactions with related parties, with the support of the Human Resource and Organisation Development Department, check and assess the extent to which the MBO payout has been achieved in the Performance Monitoring Period, and therefore determine the number of rights actually accrued to each Recipient.

4.6 Indication of any availability restrictions incumbent on instruments assigned or on instruments resulting from the exercise of options, in particular the terms within which any later transfer to the Company itself or to third parties is allowed or prohibited

Rights accrued under above Art. 9.2 are registered and non-transferable, save for the provisions of this Regulation in case of death of Recipient.

4.7 Description of any termination conditions related to the assignment of Plans whenever receivers perform hedging transactions that enable the nullification of any prohibition to sell the financial instruments assigned, including options, or the financial instruments resulting from the exercise of any such options

This case is not envisaged in the Plan at issue.

4.8 Description of the effects caused by termination of employment

Except for the specific cases envisaged below in this article, and without prejudice to the right of the Director to decide otherwise being understood, the Rights resulting for Recipients with respect to any Rights accrued under this Regulation are intrinsically and functionally connected to and subject to the existence, at the beginning of the period of availability, of the employment agreement between Recipient and the Company.

Save for any exceptions in particular cases as Director may determine, the following provisions shall be applied to the instances listed below:

a) in case of termination of the employment agreement for dismissal or resignation, occurring after termination of the Performance monitoring period but before commencement of the Period of availability, the general principle shall apply and therefore Recipient will definitively and automatically lose entitlement to incentive;
b) in case of mutually agreed termination of the employment agreement or dismissal for retirement or following supervened disability, however occurring after the end of the Performance monitoring period, or whenever Recipient has otherwise achieved the MBO payout, then Recipient shall be still entitled to the incentive if, after the employment termination date, Rights actually accrue;
c) in the case of death of Recipient after the end of the Performance monitoring period, or whenever Recipient has otherwise achieved the MBO payout, any Rights accruing to the latter under this Plan shall be assigned to the heirs of Recipient subject to production by any such heirs, of the documentation suited to supply evidence of their condition as heirs.

Lapse of Rights, where provided, shall occur automatically, with no need for any notification or other formalities as from the actual termination of the employment agreement.

Where, during the Performance monitoring period, the employment agreement of Recipient is transferred by and between the Company and its subsidiaries, regardless of any manners in which any such transfer takes place, or the position of Recipient within the organisation has changed and so have the responsibilities of the latter, then the MBO payout of reference will be reviewed accordingly.

Under all circumstances, Director may determine in equity the amount to be paid out to Recipient dependent on the activity carried out.

The above provisions can be amended by Director to assure that Recipients receive a treatment equivalent to that initially offered.

4.9 Indication of any other reasons for cancellation of plans

Director, with the consent of the Committee, may temporarily suspend the effects resulting from the accrual of rights to recipients should specific and particular needs so require, such as, for example, changes in law and regulatory provisions, except for tax rules and regulations, applicable to any legal relationships arising out of the Plan.

The effects of accrual of Rights to Recipients will also be suspended on the occurrence of events such as, for example, corporate merger and demerger transactions affecting the share capital of the Company, share capital increase and decrease, amendments to the bylaws regarding Shares, that might affect the conditions regulating the application of Plan, and even alter its economic-financial prerequisites and prejudice the purposes thereof as defined at above Art. 3.

At all events, any suspension shall with no delay be notified to Recipients.

Director may, under all of the above circumstances and with the consent of the Committee, implement any amendments and supplements to the Plan, to the Cycle and to this Regulation, and order termination of the latter should it prove to be no longer consistent with the company circumstances, without prejudice of acquired rights in the meantime as a consequence of lapse of the three-year period of reference and of meeting the other requirements and conditions set forth in this Regulation.

At all events, any suspension shall with no delay be notified to Recipients.

Director may, in all of the above cases, implement any amendments and supplements to the Plan, to the Cycle and to the Regulation, and order termination of the latter should it prove to be no longer consistent with the company circumstances.

4.10 Reasons for providing for any "redemption", by the Company, of financial instruments covered by the plans, pursuant to Arts. 2357 et seq. of the Civil Code; the beneficiaries of any such redemption if the latter is intended for special categories of employees only; the effects of employment termination on the above redemption

This case is not provided in this Plan.

4.11 Any loans or other facilities to be possibly granted for the purchase of Shares under Art. 2358, Para. 3 of the Civil Code

This case is not provided in this Plan.

4.12 Considerations on the expected charge for the Company on the assignment date, as inferable from terms and conditions already defined, by total amount and with respect to each instrument covered by the Plan

The expected total charge for the Company shall be equal to the sum of the value of share on the settlement date multiplied by the number of rights actually accrued to Recipients.

4.13 Indication of any dilution effects on capital caused by remuneration plans

This case is not provided in this Plan.

4.23 Criteria adopted to make the necessary adjustments resulting from extraordinary operations on capital and other transactions involving changes in the number of underlying instruments (capital increase, extraordinary dividends, underlying stock grouping and split, merger and demerger, conversion into other categories of Shares, etc.)

Should the Company merge with or demerge from another company, any Rights accrued shall result in entitlement to a bonus, proportional to the value of shares of the Company arising out of merger or demerger, proportionally to the exchange rate adopted.

Should the Company be delisted, the term within which the achievement of the MBO payout which the accrual of Rights is dependent on will be assessed, will be brought forward accordingly, to enable the completion of any such accrual and therefore the commencement of the Period of availability well in advance as compared to the stipulated share trading termination date on the regulated market.

Should the ownership of the Company change, or a tender or swap offer be made concerning the Shares, then the Rights accrued shall be maintained according with the provisions of this Regulation.

* * *

Shareholders,

if you agree to our proposal, we invite you to resolve upon the following resolution:

"The Shareholders' meeting of Italmobiliare S.p.A. held on May 25 2011,

- considering the proposal of Directors

resolves

1) to approve the "Monetary Long-term incentive plan, linked to the appreciation of Italmobiliare shares, for directors and managers entrusted with strategic responsibilities" and the "Monetary Long-term incentive plan, linked to the appreciation of Italmobiliare shares, for managers", on the terms and in the manners stated above by the Board of Directors;

2) to authorise the Board of Directors, with the consent of the Remuneration Committee, to make non-substantial amendments to the new Monetary long-term incentive plans described above and in any case such as not to alter this resolution".

* * *

Annexes

REGULATION

MONETARY LONG-TERM INCENTIVE PLAN, LINKED TO THE APPRECIATION OF ITALMOBILIARE STHARES, FOR DIRECTORS AND KEY MANAGEMENT PERSONNEL

1. Foreword

1.1 This regulation sets forth the operation principles and rules of the monetary long-term incentive Plan linked to the performance of the Italmobiliare shares, intended for a number of Directors and key Management personnel of Italmobiliare S.p.A.

2. Definitions

2.1 In addition to any terms and expressions defined in other articles of the Regulation, for the purposes of same: (i) the terms and expressions listed below have the meaning indicated hereinafter for each of them; (ii) terms and expressions in the plural are meant to include also the singular and vice versa; (iii) capitalized terms and expressions are meant to be defined as indicated in this article:

"*Recipients*": directors and key management personnel;

"*Shares*": Italmobiliare S.p.A. ordinary shares;

"*Cycle*": each three-year period, as of 2011, into which the period of the plan (2011-2019) is broken down;

"Committee": the Remuneration Committee of the Company;

"*Board*": the Board of Directors of the Company;

"*Allotment date*": the date whereon the admission of Recipients to the plan is formally resolved upon;

"*Date of settlement*": the date in any case subsequent to the end of the performance monitoring period and to the beginning of the period of availability, whereon the Company pays out the rights accrued to Recipients;

"*Rights"*: the Rights, the number whereof is equal to the MBO payout divided by the fair value of shares and later proportioned to the weight of position, that enable recipients thereof to obtain, during the period of availability, a cash bonus the amount whereof is equal to the number of rights multiplied by the value of shares on the date of settlement (value of reference equal to the average quotation in the three months preceding the closing date of Cycle);

"*Financial years of reference*": financial years in which, during each of the Cycles included in the Plan, the achievement of the MBO payout is pursued;

"*Letter of admission to the Plan*": the letter that must be exchanged between the Company and each Recipient attesting, when duly signed by the latter, their agreement to the Plan;

"*MBO payout*": the total amount received on a three-year basis as the sum of the amounts received as yearly MBO by each Recipient in the financial years of reference, according to the MBO system applied within the Group, upon achievement of individual performance targets

"*Period of availability*": the period starting on a date to be defined by the Board in the financial year subsequent to the closing date of the last financial year of reference of each three-month cycle, whereon Recipient will receive any amount actually accrued;

"*Performance monitoring period*": the period that includes the financial years of reference during which Recipients pursue the achievement of MBO payout which the actual accrual of rights is dependent on;

"*Plan*": the Plan under this Regulation;

"*Regulation*": this Regulation governing the Plan;

"*Company*": Italmobiliare S.p.A., with registered office in Milan, via Borgonuovo 20;

"*Fair value of shares on the allotment date*": the value of shares of the Company as resulting from the arithmetic mean of official listings of same on the market managed by Borsa Italiana in the thirty calendar days preceding the allotment date;

"*Value of shares on the date of settlement*": the value of shares of the Company as resulting from the arithmetic mean of official listings of same on the market managed by Borsa Italiana in the months of October, November and December of the last year of each cycle (for the first cycle, the period is 1 October 2013 to 31 December 2013).

2.2 Gender-specific terms and expressions shall be meant to include both genders.

3. Objectives and term of the Plan

3.1 The purposes of the Plan can be summarised as follows:
- link the aggregate remuneration of Recipients to the medium/long-term performance of the company and to the value creation for shareholders;
- reward the results achieved by each Recipient, creating the conditions necessary to assure a greater involvement of the top management in the future of the Company and strengthening the sense of belonging of Recipients, incentivising their stay with the company.

3.2 The period of the Plan is 3 (three) three-annual Cycles in the period from 2011 through 2019. The term of the first Cycle is the 2011-2013 three-year period.

4. Purpose of the Plan

4.1 The Plan provides for the assignment to Recipients of a number of Rights, determined by dividing the MBO payout by the Fair value of shares on the allotment date and by later proportioning the value resulting therefrom to the weight of each position according with the provisions of Art. 7.1 which, multiplied by the Value of shares on the date of settlement, will enable Recipients to obtain the payment of an incentive.

5. Management of the Plan

5.1 The body responsible for making any decisions related to the Plan is the Board, with the support of the Committee and, where necessary, with the consent of the Committee to transactions with related parties, and with the technical support of the Human Resource and Organisation Development Manager.

5.2 In particular, the Board shall be in charge of:
i) identifying individual Recipients for each Cycle;
ii) determining any obtainable amounts;
iii) ascertaining the percentage of achievement of the MBO payout by each Recipient for each Cycle;
iv) determining the commencement date of the Period of availability.

5.3 The Board shall periodically report to Shareholders the performance of Plan on the occasion of the Ordinary Shareholders' Meeting convened to approve the financial statements.

5.4 Considering the advisability of reviewing the Plan is committed to the prudent consideration of the Board, with the consent of the Committee.

6. Participation - eligibility

6.1 The Plan is offered to Recipients considering the special relevance of the functions entrusted with them to attain the strategic goals of the Company.

6.2 Consistent with any such principle, the list of Recipients will be defined by the Board on the basis of the objective criterion consisting in Recipients being in charge within the company of strategically essential functions in terms of:
- magnitude of the business managed directly;
- strategic contribution of the role and criticality of know-how;
- position held within the organisation.

6.3 The Eligibility Requirement, that must be met to be admitted to the Plan, consists in being a member of the Board, or an employee of the Company and in not being in the notice period for dismissal or resignation.

7. **Criteria for determining the amounts obtainable**

7.1 The Board shall define, as part of the Plan, at the proposal of the Committee and, where necessary, with the consent of the Committee to transactions with related parties, the amounts that can be earned by each recipient as an incentive, dependent on a global assessment which, considering the general company performance and the strategic position of each Recipient's role for the purpose of pursuing long-term objectives of the Company, will be related to:

i) the weight of Recipient's position within the organisation;

ii) the consistency with the "total rewarding" principles from which the remuneration policy of the Company draws inspiration;

iii) the aggregate yearly MBO plans' payout in the period concerned with the Plan.

7.2 Under all circumstances, the total amount of Rights committed to the 2011-2013 Cycle is set at no more than 100,000.

8. **Notification of and agreement to admission to the Plan**

8.1 The agreement to the admission to the Plan is meant to be executed upon return to the Company of the copy, duly signed by any interested Recipients, of the Letter of admission to the Plan.

9. **Incentive accrual**

9.1 Incentive accrual depends on achieving one MBO payout at least in one of the years included in the performance monitoring period. The amount of incentive is proportional to the sum of the payouts made in each year included in the three-year period of reference.

9.2 The Board shall, with the consent of the Committee and, where necessary, with the consent of the Committee to transactions with related parties, with the support of the Human Resource and Organisation Development Department, check and assess the extent to which the MBO payout has been achieved in the Performance Monitoring Period, and therefore determine the number of rights actually accrued to each Recipient.

10. **Registration system and non-transferability of Rights**

10.1 Rights accrued under above Art. 9.2 are registered and non-transferable, save for the provisions of this Regulation in case of death of Recipient.

11. **Suspension of the Plan**

11.1 The Board, with the consent of the Committee, may suspend temporarily the effects resulting from the accrual of rights to recipients should specific and particular needs so require, such as, for example, changes in law and regulatory provisions, except for tax rules and regulations, applicable to any legal relationships arising out of the Plan.

11.2 The effects of accrual of Rights to Recipients will also be suspended on the occurrence of events such as, for example, corporate merger and demerger transactions affecting the share capital of the Company, share capital increase and decrease, amendments to the bylaws regarding Shares, that might affect the conditions regulating the application of Plan, and even alter its economic-financial prerequisites and prejudice the purposes thereof as defined at above Art. 3.

11.3 At all events, any suspension shall with no delay be notified to Recipients.

11.4 the Board may, under all of the above circumstances and with the consent of the Committee, implement any amendments and supplements to the Plan, to the Cycle and to this Regulation, and order termination of the latter should it prove to be no longer consistent with the company circumstances, salvaging any Rights acquired in the meantime as a consequence of lapse of the three-year period of reference and of meeting the other requirements and conditions set forth in this Regulation.

12. Treatment in case of merger or delisting

12.1 Should the Company merge with or demerge from another company, any Rights accrued shall result in entitlement to a bonus, proportional to the value of shares of the Company arising out of merger or demerger, proportionally to the exchange rate adopted.

12.2 Should the Company be delisted, the term within which the achievement of the MBO payout which the accrual of Rights is dependent on will be assessed, will be brought forward accordingly, to enable the completion of any such accrual and therefore the commencement of the Period of availability well in advance as compared to the stipulated share trading termination date on the regulated market.

12.3 Should the ownership of the Company change, or a tender or swap offer be made concerning the Shares, then the Rights accrued shall be maintained according with the provisions of this Regulation.

13. Treatment in the case of lapse of or amendment to the office held as Director

13.1 Unless the Board shall otherwise determine, the participation in the Plan is intrinsically and functionally connected to and conditional on tenure, by each Recipient, of the role held at the time of assignment and for the entire period of Cycle.

13.2 Except for any exceptions in particular cases as the Board may determine with the consent of the Committee and, where necessary, with the consent of the Committee to transactions with related parties, the following provisions shall be applied to the instances listed below:

a) in case of lapse of or amendment to the role held during the period of Cycle, the Board may, at its own discretion, with the consent of the Committee and having considered the reasons for any such lapse or amendment, consider in equity the payment of a fixed compensatory bonus, proportional to the period elapsed and to the partial transitory percentage of achievement of the MBO payout;

b) in case of death of Recipient during the Cycle, the foregoing shall apply; if death occurs after the MBO payout has been obtained, then the right to payout of any premium accrued shall pass on to the Recipient's heirs.

14. Treatment in the case of employment termination

14.1 Except for the specific cases envisaged below in this article, and unless the Board shall otherwise determine, the Rights resulting for Recipients with respect to any Rights accrued under this Regulation are intrinsically and functionally connected to and conditional on the existence, at the beginning of the period of availability, of the employment agreement between Recipient and the Company.

14.2 Except for any exceptions in particular cases as the Board may determine, the following provisions shall be applied to the instances listed below:

a) in the case of termination of the employment agreement for dismissal or resignation, occurring after termination of the Performance monitoring period but before commencement of the Period of availability, the general principle shall apply and therefore Recipient will definitively and automatically lose entitlement to incentive;

b) in the case of mutually agreed termination of the employment agreement or dismissal for retirement or following supervened disability, however occurring after the end of the Performance monitoring period, or whenever Recipient has otherwise achieved the MBO payout, then Recipient shall be still entitled to the incentive if, after the employment termination date, Rights actually accrue;

c) in the case of death of Recipient after the end of the Performance monitoring period, or whenever Recipient has otherwise achieved the MBO payout, any Rights accruing to the latter under this Plan shall be assigned to the heirs of Recipient subject to production by any such heirs, of the documentation suited to supply evidence of their condition as heirs.

14.3 Lapse of Rights, where stipulated, shall take place automatically, with no need for any notification or other formalities as from the actual termination of the employment agreement.

14.4 Where, during the Performance monitoring period, the employment agreement of Recipient is transferred by and between the Company and its subsidiaries, regardless of any manners in which any such transfer takes place, or the position of Recipient within the organisation has changed and so have the responsibilities of the latter, then the MBO payout of reference will be reviewed accordingly.
The Board may under all circumstances determine in equity the amount to be paid out to Recipient depending on the activity carried out by the latter.

14.5 The above provisions can be amended by the Board to assure that Recipients receive a treatment equivalent to that initially offered.

15. Communications

15.1 Unless otherwise provided for by this Regulation, any communications or notices, to be given or permitted hereunder, shall be in writing and suited to supply evidence of receipt thereof by recipient.

16. Costs, taxation and deductions

16.1 Unless otherwise indicated, all costs and charges related to the implementation and management of the Plan shall be borne by the Company, while Recipient shall borne any taxes and contributions, if any and to the extent payable, related to the accrual of Rights and the consequent payout of the cash bonus stipulated.

16.2 The Company shall withhold all amounts and do all the necessary to fulfil its tax and/or social security obligations as arising out of the Plan.

17. Personal data protection

17.1 Recipient agrees to the conditions of this Regulation and authorises the Companies and all the parties involved in the management of the Plan to use his personal information and data, to the extent necessary to manage and govern the Plan itself, and in compliance with the Personal Data Protection Code (Legislative Decree No. 196 dated 30 June 2003 as amended and supplemented).

18. Confidential information

18.1 Recipients are required to hold the Plan and this Regulation in utmost secrecy, unless any breach thereof is the consequence of compliance, on the part of Recipients, with a law obligation.

18.2 Should the confidentiality obligation be unlawfully breached, then Recipient will lose any rights accrued thereto.

19. Nonseverability clause

19.1 The provisions of this Regulation are inseparably connected to each other.

20. Arbitration clause

20.1 Any disputes connected with the construction, application and execution of the Plan, also those arising out of the application of the provisions of this Regulation, shall be referred to the exclusive competence of an arbitration panel comprised of three arbitrators as follows:

- one arbitrator is designated by the Company,
- one arbitrator is designated by Recipient or successors or assigns thereof,
- the third arbitrator, who shall act as the Chairman of the Court, is designated by the former two or, if they do not so provide within 30 days of their appointment, by the Chairman of the Law Court of Bergamo at the request of the more diligent party. The latter shall also appoint a partisan arbitrator if any such party does not so provide - or does not provide a substitute thereof - within 30 days.

20.2 The venue of the arbitration shall be Bergamo, shall determine its procedure at its discretion, shall act as amicable compounder and shall also determine arbitrators' expenses and fees, shall decide in equity and its decision shall be final in compliance with the adversary system.

20.3 The decision made by the Panel is legally binding over the parties who accept it in full.

* * *

REGULATION

MONETARY LONG-TERM INCENTIVE PLANS, LINKED TO THE APPRECIATION OF ITALMOBILIARE SHARES, FOR MANAGERS

1. Foreword

1.1 This regulation sets forth the operation principles and rules of the monetary long-term incentive plan, linked to the performance of the Italmobiliare shares, for a number of managers of Italmobiliare S.p.A.

2. Definitions

2.1 In addition to any terms and expressions defined in other articles of the Regulation, for the purposes of same: (i) the terms and expressions listed below have the meaning indicated hereinafter for each of them; (ii) terms and expressions in the plural are meant to include also the singular and vice versa; (iii) capitalized terms and expressions are meant to be defined as indicated in this article:

"*Recipients*": managers of the Company beneficiaries of the Plan under this Regulation;

"*Shares*": Italmobiliare S.p.A. ordinary shares;

"*Cycle*": each three-year period, as from 2011, into which the period of the plan (2011-2019) is broken down;

"Committee": the Remuneration Committee of the Company;

"*Director*": the Chief executive officer of the Company;

"*Board*": the Board of Directors of the Company;

"*Allotment date*": the date whereon the admission of Recipients to the plan is formally resolved upon;

"*Date of settlement*": the date in any case subsequent to expiry of the performance monitoring period and to the beginning of the period of availability, whereon the Company pays out the rights accrued to Recipients;

"*Rights*": the Rights, the number whereof is equal to the MBO payout divided by the fair value of shares and later proportioned to the weight of position, that enable recipients thereof to obtain, during the period of availability, a cash bonus the amount whereof is equal to the number of rights multiplied by the value of shares on the date of settlement (value of reference equal to the average of quotations in the three-month period preceding the end of Cycle);

"*Financial years of reference*": financial years in which, during each of the Cycles included in the Plan, the achievement of the MBO payout is pursued;

"*Letter of admission to the Plan*": the letter that must be exchanged between the Company and each Recipient attesting, when duly signed by the latter, their agreement to the Plan;

"*MBO payout*": the total amount earned on a three-yearly basis as the sum of the amounts earned as yearly MBO by each Recipient in the financial years of reference, according with the MBO procedure applied within the Group, upon achievement of individual performance objectives;

"*Period of availability*": the period, starting on a date to be defined by Director within the financial year subsequent to the closing date of the latest financial year of reference of each Cycle and that lasts for three months, whereon Recipient will receive any amount actually accrued;

"*Performance monitoring period*": the period that includes the financial years of reference during which Recipients pursue the achievement of MBO payout which the actual accrual of rights is dependent on;

"*Plan*": the Plan under this Regulation;

"*Regulation*": this Regulation governing the Plan;

"*Company*": Italmobiliare S.p.A., with registered office in Milan, via Borgonuovo 20;

"*Fair value of shares on the allotment date*": the value of shares of the Company as resulting from the arithmetic mean of official listings of same on the market managed by Borsa Italiana in the thirty calendar days preceding the allotment date;

"*Value of shares on the date of settlement*": the value of shares of the Company as resulting from the arithmetic mean of official listings of same on the market managed by Borsa Italiana in the months of October, November and December of the last year of each cycle (for the first cycle, the period is 1 October 2013 to 31 December 2013).

2.2 Gender-specific terms and expressions shall be meant to include both genders.

3. Objectives and period of the Plan

3.1 The purposes of the Plan can be summarised as follows:
- link the aggregate remuneration of Recipients to the medium/long-term performance of the company and to the "creation of value" for shareholders;
- reward the results achieved by each Recipient, creating the conditions necessary to assure a greater involvement of the top management in the future of the Company and strengthening the sense of belonging of Recipients, incentivising their stay with the company.

3.2 The period of the Plan is 3 (three) three-annual Cycles in the period from 2011 through 2019. The term of the first Cycle is the 2011-2013 three-year period.

4. Purpose of the Plan

4.1 The Plan provides for the assignment to Recipients of a number of Rights, determined by dividing the MBO payout by the Fair value of shares on the allotment date and by later proportioning the value resulting therefrom to the weight of each position according with the provisions of Art. 7.1 which, multiplied by the Value of shares on the date of settlement, will enable Recipients to obtain the payment of an incentive.

5. Management of the Plan

5.1 The body responsible for making any decisions related to the Plan is the Board that entrusts the Director with the operating management of the Plan, with the support of the Committee and, where necessary, with the consent of the Committee to transactions with related parties, and with the technical support of the Human Resource and Organisation Development Manager.

5.2 In particular, the Director shall be responsible for:
i) identifying individual Recipients for each Cycle;
ii) determining any obtainable amounts;
iii) ascertaining the percentage of achievement of the MBO payout by each Recipient for each Cycle;
iv) determining the commencement date of the Period of availability.

5.3 The Director shall periodically report to Shareholders any progress of the Plan on the occasion of the Ordinary Shareholders' Meeting convened to approve the financial statements.

5.4 Considering the advisability of reviewing the Plan is referred to the prudent valuation of Director who, with the consent of the Committee, reports to the Board.

6. Participation - eligibility

6.1 The Plan is offered to Recipients considering the special relevance of the functions entrusted with them to attain the strategic goals of the Company.

6.2 Consistent with any such principle, the list of Recipients will be defined by the Director on the basis of the objective criterion consisting in Recipients being in charge within the company of strategically essential functions in terms of:
- magnitude of the business managed directly;
- strategic contribution of the role and criticality of know-how;
- position held within the organisation.

6.3 The Eligibility Requirement, that must be met to be admitted to the Plan, is to be an employee of the Company and not to be working through the notice period before dismissal or resignation.

7. Criteria for determining the amounts obtainable

7.1 The Director shall define, as part of the Plan, at the proposal of the Committee and, where necessary, with the consent of the Committee to transactions with related parties, the amounts that can be earned by each recipient as an incentive dependent on a global assessment which, considering the general company performance as an essential condition of the Plan and the strategic position of each Recipient's role for the purpose of pursuing long-term objectives of the Company, will be related to:
i) the weight of Recipient's position within the organisation;
ii) the consistency with the "total rewarding" principles from which the remuneration policy of the Company draws inspiration;
iii) the aggregate yearly MBO plans' payout in the period concerned with the Plan.

7.2 Under all circumstances, the total amount of Rights committed to the 2011-2013 Cycle is set at no more than 35,000.

8. Notification of and agreement to admission to the Plan

8.1 The agreement to the admission to the Plan is meant to be executed upon return to the Company of the copy, duly signed by any interested Recipients, of the Letter of admission to the Plan.

9. Incentive accrual

9.1 Incentive accrual depends on achieving one MBO payout at least in one of the years of the Performance monitoring period. The amount of incentive is proportional to the sum of the payouts made in each year included in the three-year period of reference.

9.2 Director shall, with the consent of the Committee and, where necessary, with the consent of the Committee to transactions with related parties, with the support of the Human Resource and Organisation Development Department, check and assess the extent to which the MBO payout has been achieved in the Performance Monitoring Period, and therefore determine the number of rights actually accrued to each Recipient.

10. Registration system and non-transferability of Rights

10.1 Rights accrued under above Art. 9.2 are registered and non-transferable, save for the provisions of this Regulation in case of death of Recipient.

11. Suspension of the Plan

11.1 Director, with the consent of the Committee, may suspend temporarily the effects resulting from the accrual of rights to recipients should specific and particular needs so require, such as, for example, changes in law and regulatory provisions, except for tax rules and regulations, applicable to any legal relationships arising out of the Plan.

11.2 The effects of accrual of Rights to Recipients will also be suspended on the occurrence of events such as, for example, corporate merger and demerger transactions affecting the share capital of the Company, share capital increase and decrease, amendments to the bylaws regarding Shares, that might affect the conditions regulating the application of Plan, and even alter its economic-financial prerequisites and prejudice the purposes thereof as defined at above Art. 3.

11.3 At all events, any suspension shall with no delay be notified to Recipients.

11.4 Director may, under all of the above circumstances and with the consent of the Committee, implement any amendments and supplements to the Plan, to the Cycle and to this Regulation, and order termination of the latter should it prove to be no longer consistent with the company circumstances, salvaging any Rights acquired in the meantime as a consequence of lapse of the three-year period of reference and of meeting the other requirements and conditions set forth in this Regulation.

12. Treatment in case of merger or delisting

12.1 Should the Company merge with or demerge from another company, any Rights accrued shall result in entitlement to a bonus, proportional to the value of shares of the Company arising out of merger or demerger, proportionally to the exchange rate adopted.

12.2 Should the Company be delisted, the term within which the achievement of the MBO payout which the accrual of Rights is dependent on will be assessed, will be brought forward accordingly, to enable the completion of any such accrual and therefore the commencement of the Period of availability well in advance as compared to the stipulated share trading termination date on the regulated market.

12.3 Should the ownership of the Company change, or a tender or swap offer be made concerning the Shares, then the Rights accrued shall be maintained according with the provisions of this Regulation.

13. Treatment in the case of employment termination

13.1 Except for the specific cases envisaged below in this article, and the authority of Director to decide otherwise being understood, the Rights resulting for Recipients with respect to any Rights accrued under this Regulation are intrinsically and functionally connected to and conditional on the existence, at the beginning of the period of availability, of the employment agreement between Recipient and the Company.

13.2 Save for any exceptions in particular cases as Director may determine, the following provisions shall be applied to the instances listed below:

a) in the case of termination of the employment agreement for dismissal or resignation, occurring after termination of the Performance monitoring period but before commencement of the Period of availability, the general principle shall apply and therefore Recipient will definitively and automatically lose entitlement to incentive;

b) in the case of mutually agreed termination of the employment agreement or dismissal for retirement or following supervened disability, however occurring after the end of the Performance monitoring period, or whenever Recipient has otherwise achieved the MBO payout, then Recipient shall be still entitled to the incentive if, after the employment termination date, Rights actually accrue;

c) in the case of death of Recipient after the end of the Performance monitoring period, or whenever Recipient has otherwise achieved the MBO payout, any Rights accruing to the latter under this Plan shall be assigned to the heirs of Recipient subject to production by any such heirs, of the documentation suited to supply evidence of their condition as heirs.

13.3 Lapse of Rights, where stipulated, shall take place automatically, with no need for any notification or other formalities as from the actual termination of the employment agreement.

13.4 Where, during the Performance monitoring period, the employment agreement of Recipient is transferred by and between the Company and its subsidiaries, regardless of any manners in which any such transfer takes place, or the position of Recipient within the organisation has changed and so have the responsibilities of the latter, then the MBO payout of reference will be reviewed accordingly.

Under all circumstances, Director may determine in equity the amount to be paid out to Recipient dependent on the activity carried out.

13.5 The above provisions can be amended by Director to assure that Recipients receive a treatment equivalent to that initially offered

14. <u>Communications</u>

14.1 Unless otherwise provided for by this Regulation, any communications or notices, to be given or permitted hereunder, shall be in writing and suited to supply evidence of receipt thereof by recipient.

15. <u>Costs, taxation and deductions</u>

15.1 Unless otherwise indicated, all costs and charges related to the implementation and management of the Plan shall be borne by the Company, while Recipient shall borne any taxes and contributions, if any and to the extent payable, related to the accrual of Rights and the consequent payout of the cash bonus stipulated.

15.2 The Company shall withhold all amounts and do all the necessary to fulfil its tax and/or social security obligations as arising out of the Plan.

16. <u>Personal data protection</u>

16.1 Recipient agrees to the conditions of this Regulation and authorises the Companies and all the parties involved in the management of the Plan to use his personal information and data, to the extent necessary to manage and govern the Plan itself, and in compliance with the Personal Data Protection Code (Legislative Decree No. 196 dated 30 June 2003 as amended and supplemented).

17. Confidential information

17.1 Recipients are required to hold the Plan and this Regulation in utmost secrecy, unless any breach thereof is the consequence of compliance, on the part of Recipients, with a law obligation.

17.2 Should the confidentiality obligation be unlawfully breached, then Recipient will lose any rights accrued thereto.

18. Nonseverability clause

18.1 The provisions of this Regulation are inseparably connected to each other.

19. Arbitration clause

19.1 Any disputes connected with the construction, application and execution of the Plan, also those arising out of the application of the provisions of this Regulation, shall be referred to the exclusive competence of an arbitration panel comprised of three arbitrators as follows:

- one arbitrator is designated by the Company,
- one arbitrator is designated by Recipient or successors or assigns thereof,
- the third arbitrator, who shall act as the Chairman of the Court, is designated by the former two or, if they do not so provide within 30 days of their appointment, by the Chairman of the Law Court of Bergamo at the request of the more diligent party. The latter shall also appoint a partisan arbitrator if any such party does not so provide - or does not provide a substitute thereof - within 30 days.

19.2 The venue of the arbitration shall be Bergamo, shall determine its procedure at its discretion, shall act as amicable compounder and shall also determine arbitrators' expenses and fees, shall decide in equity and its decision shall be final in compliance with the adversary system.

19.3 The decision made by the Panel is legally binding over the parties who accept it in full.

Milan, March 30 2011

For the Board of Directors
Chairman
(Giampiero Pesenti)

Italmobiliare S.p.A. - Separated financial statements at December 31, 2010

Financial statements

Balance sheet

(euro)	Notes	12.31.2010	12.31.2009 restated	Change
Non-current assets				
Property, plant and equipment	1	3,662,479	3,656,981	5,498
Investment property	2	96,842	98,824	(1,982)
Intangible assets	3	122,483	138,515	(16,032)
Investments in subsidiaries and associates	4	939,168,799	934,351,644	4,817,155
Other equity investments	5	356,700,945	311,722,767	44,978,178
Deferred tax assets	6	60,064,936	11,556,922	48,508,014
Receivables and other non-current assets	7	9,402,235	151,648,362	(142,246,127)
Total non-current assets		**1,369,218,719**	**1,413,174,015**	**(43,955,296)**
Current assets				
Trade receivables	8	3,370,600	5,072,869	(1,702,269)
Other current assets	9	1,051,602	7,741,544	(6,689,942)
Income tax assets	10	39,934,016	37,314,319	2,619,697
Equity investments and financial receivables	11	13,549,449	10,062,141	3,487,308
Cash and cash equivalents	12	102,192,528	93,951,672	8,240,856
Total current assets		**160,098,195**	**154,142,545**	**5,955,650**
Total assets		**1,529,316,914**	**1,567,316,560**	**(37,999,646)**
Shareholders' equity				
Share capital	13	100,166,937	100,166,937	
Reserves	14	235,262,353	324,577,457	(89,315,104)
Treasury shares	15	(21,226,190)	(21,226,190)	
Retained earnings	16	761,492,044	843,441,182	(81,949,138)
Total shareholders' equity		**1,075,695,144**	**1,246,959,386**	**(171,264,242)**
Non-current liabilities				
Interest-bearing loans and long-term borrowings	18	135,338,453	258,798,748	(123,460,295)
Employee benefit liabilities	17	1,463,325	1,320,240	143,085
Non-current provisions	19	6,045,188	6,045,188	
Other non-current liabilities		62,480	49,238	13,242
Deferred tax liabilities	20	1,361,345	1,759,672	(398,327)
Total non-current liabilities		**144,270,791**	**267,973,086**	**(123,702,295)**
Current liabilities				
Bank overdrafts and short-term borrowings		-	-	-
Interest-bearing loans and short-term borrowings	18	210,574,819	5,211,297	205,363,522
Trade payables	21	3,033,240	2,454,172	579,068
Income tax liabilities		-	-	-
Other current liabilities	22	95,742,920	44,718,619	51,024,301
Total current liabilities		**309,350,979**	**52,384,088**	**256,966,891**
Total liabilities		**453,621,770**	**320,357,174**	**133,264,596**
Total shareholders' equity and liabilities		**1,529,316,914**	**1,567,316,560**	**(37,999,646)**

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	2010	%	2009	%	Change	%
Revenues	23	**67,707,046**	**100.0**	**92,179,600**	**100.0**	**(24,472,554)**	**-26.5**
Other revenues	24	933,398		2,740,567		(1,807,169)	
Goods and utilities expenses	25	(119,608)		(113,945)		(5,663)	
Services expenses	26	(5,985,939)		(5,640,254)		(345,685)	
Employee expenses	27	(15,723,285)		(14,185,421)		(1,537,864)	
Other operating income (expense)	28	(11,657,365)		(10,280,166)		(1,377,199)	
Recurring EBITDA		**35,154,247**	**51.9**	**64,700,381**	**70.2**	**(29,546,134)**	**-45.7**
Net capital gains on sale of fixed assets		-		-		-	
Other non-recurring income (expense)	29	(600,001)		3,034,058		(3,634,059)	
EBITDA		**34,554,246**	**51.0**	**67,734,439**	**73.5**	**(33,180,193)**	**-49.0**
Amortization and depreciation	30	(119,093)		(64,170)		(54,923)	
EBIT		**34,435,153**	**50.9**	**67,670,269**	**73.4**	**(33,235,116)**	**-49.1**
Finance income (costs)	31	(49,257)		(22,146)		(27,111)	
Impairment on financial assets	32	(190,472)		(19,727,777)		19,537,305	
Profit before tax		**34,195,424**	**50.5**	**47,920,346**	**52.0**	**(13,724,922)**	**-28.6**
Income tax (expense)	33	1,041,659		4,721,851		(3,680,192)	
Net profit for the period		**35,237,083**	**52.0**	**52,642,197**	**57.1**	**(17,405,114)**	**-33.1**

Statement of comprehensive income

(euro)	Notes	2010	2009 restated	Change value	%
Net profit for the period		**35,237,083**	**52,642,197**	**(17,405,114)**	**-33.1**
Fair value adjustments to:					
Available-for-sale financial assets		(92,167,271)	105,661,912	(197,829,183)	
Tax relating to components of other comprehensive income		1,576,268	(1,074,685)	2,650,953	
Components of other comprehensive income		**(90,591,003)**	**104,587,227**	**(195,178,230)**	
TOTAL COMPREHENSIVE INCOME		**(55,353,920)**	**157,229,424**	**(212,583,344)**	**n.s.**

n.s. = not significant

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, 2008	**100,166,937**	**177,191,252**	**34,090,306**	**6,762,618**	**218,044,176**	**(21,226,190)**	**790,798,990**	**1,087,783,913**
Profit for the period							52,642,197	52,642,197
Components of other comprehensive income			104,587,227		104,587,227			104,587,227
Stock options				1,946,054	1,946,054			1,946,054
Distribution of profits:								
Dividends								
Other changes							(5)	(5)
Balances at December 31, 2009 restated	**100,166,937**	**177,191,252**	**138,677,533**	**8,708,672**	**324,577,457**	**(21,226,190)**	**843,441,182**	**1,246,959,386**
Profit for the period							35,237,083	35,237,083
Components of other comprehensive income			(90,591,003)		(90,591,003)			(90,591,003)
Stock options				1,275,899	1,275,899			1,275,899
Merger surplus/deficit							(83,705,971)	(83,705,971)
Distribution of profits:								
Dividends							(33,480,258)	(33,480,258)
Other changes							8	8
Balances at December 31, 2010	**100,166,937**	**177,191,252**	**48,086,530**	**9,984,571**	**235,262,353**	**(21,226,190)**	**761,492,044**	**1,075,695,144**

Cash flow statement

(in thousands of euro)	Notes	2010	2009
A) Cash flow from operating activities:			
Profit before tax		34,195	47,920
Amortization, depreciation and impairment		119	64
Capital (gains)/losses on securities, equity investments and property, plant and equipment		(16,959)	(20,030)
Change in employee benefit liabilities and other provisions		144	(7,137)
Stock options		1,276	1,946
Impairment reversal on financial assets		191	19,728
Reversal of net finance income/costs		(34,117)	(56,942)
Cash flow from operating activities before tax, finance income/costs and change in working capital:		**(15,151)**	**(14,451)**
Change in trade receivables		1,703	(2,852)
Change in trade payables		572	(249)
Change in other receivables/payables, accruals and deferrals		8,124	(948)
Total change in working capital:		**10,399**	**(4,049)**
Net finance costs paid		(913)	(5,784)
Dividends received		35,078	62,380
Net tax paid/refunds			
Total A)		**29,413**	**38,096**
B) Cash flow from investing activities:			
Investments in fixed assets:			
PPE and investment property		(57)	(18)
Intangible assets		(49)	(114)
Financial assets (Equity investments)		(130,778)	(101,067)
Change in payables for equity investment acquisitions			
Total investments		**(130,884)**	**(101,199)**
Change in receivables due to disposal of financial assets			2,796
Proceeds from divestments of fixed assets		60,047	22,605
Total divestments		**60,047**	**25,401**
Total B)		**(70,837)**	**(75,798)**
C) Cash flow from financing activities:			
Change in loans and borrowings		83,979	(166,713)
Change in financial receivables		1,500	112,633
Change in current equity investments		(2,334)	4,854
Treasury share purchases			
Dividends paid		(33,480)	
Reimbursement capital contribution by Italmobiliare International Finance Ltd.			76,000
Total C)		**49,665**	**26,774**
D) Change in cash and cash equivalents (A+B+C)		**8,241**	**(10,928)**
E) Opening cash and cash equivalents		**93,952**	**104,880**
D+E) Closing cash and cash equivalents	**12**	**102,193**	**93,952**

Notes

The Italmobiliare S.p.A. financial statements as at and for the year to December 31, 2010, were approved by the Board of Directors on March 30, 2011. At the meeting, the Board authorized publication of the financial statements in a press release dated March 30, 2011, 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 after publication. The financial statements have been drawn up on a going-concern basis. Despite the difficult economic and financial situation, Italmobiliare has no material uncertainties about its going-concern status, in part thanks to its creditworthiness and solid equity structure.

Core business

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.

Accounting policies

These separate financial statements have been drawn in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2010, adopted by the European Union, and with the provisions for enactment of art. 9 of Legislative Decree no. 38/2005. The term IFRS also includes all revised international accounting standards ("IAS") and all the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").
The Italian laws that enact EEC Directive IV are also applied, where compatible, to 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, the external statutory audit and the publication of the financial statements. The separate financial statements and related notes also set out the details and additional disclosures required under the articles of the Italian Civil Code governing financial statements, since such requirements are not in conflict with the IFRS or other CONSOB rules and provisions on financial statements.
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, 2010, that had not been endorsed by the European Union at that date.

Since December 31, 2009, a number of standards, amendments and interpretations endorsed 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, 2010, in particular:

Standards

- IFRS 1 revised "First-time adoption of IFRS", endorsed by the European Commission in November 2009. The new standard facilitates the future use and possible changes to the standard itself, eliminates a number of obsolete transitional provisions and sets out a number of minor changes to the text;
- IFRS 2 revised "Share-based payments", endorsed by the European Commission in March 2010. The amendments provide clarifications on the accounting treatment of share-based payments where the provider of the goods or services is paid in cash and the obligation is assumed by another company of the Group;
- IFRS 3 revised "Business combinations", endorsed by the European Commission in June 2009. This introduces significant changes to the accounting treatment of business combinations with regard to measurement of minority interests, accounting treatment of costs associated with the acquisition, initial

recognition and subsequent measurement of any contingent considerations and business combinations achieved in stages;

- IAS 27 revised "Consolidated and separate financial statements", endorsed by the European Commission in June 2009. The standard requires that a change in ownership of a subsidiary (without loss of control) be accounted for as a transaction between owners. Consequently, these transactions no longer generate goodwill, nor gains or losses, but have a direct impact on equity. The revised standard also introduces changes with regard to the accounting treatment after loss of control;
- amendment to IAS 39 "Financial instruments: recognition and measurement", endorsed by the European Commission in September 2009. The amendment, entitled "Eligible hedged items", clarifies application of hedge accounting to inflation in a financial instrument and to options used as hedges;
- amendments to IAS 39 "Reclassification of financial assets" and IFRS 7 "Financial instruments, disclosures" endorsed by the European Commission in September 2009. The amendments specify the effective date and transitional provisions with respect to the changes to these standards issued by the IASB on October 13, 2008.

Interpretations

- IFRIC 12 "Service concession arrangements", endorsed by the European Commission in March 2009, clarifies application of provisions concerning service concession arrangements;
- IFRIC 15 "Agreements for the construction of real estate", endorsed by the European Commission in July 2009, regulates recognition of revenues from construction of real estate;
- IFRIC 16 "Hedges of a net investment in a foreign operation", endorsed by the European Commission in June 2009, clarifies application of the requirements of IAS 21 and IAS 39 in cases where an entity hedges the foreign-exchange risk arising on its net investments in foreign operations;
- IFRIC 17 "Distribution of non-cash assets to owners", endorsed by the European Commission in November 2009, provides clarifications and guidance on the accounting treatment of distributions of non-cash assets to an entity's owners;
- IFRIC 18 "Transfers of assets from customers", endorsed by the European Commission in November 2009, provides guidance on the accounting treatment of assets or cash for the purchase of assets, received from customers.

The standards, amendments and interpretations endorsed by the European Union but not yet in force and for which early application has not been elected are:

- IAS 24 revised "Related party disclosures";
- amendment to IFRS 1 "First-time adoption of IFRS" and the related amendment to IFRS 7;
- IFRIC 19 "Extinguishing financial liabilities with equity instruments";
- amendment to IFRIC 14 "Pre-payments of minimum funding requirements";
- amendment to IAS 32 "Financial instruments: recognition and measurement" regarding the classification of rights issues.

The standards, amendments and interpretations published by the IASB but not yet endorsed by the European Union are:

- IFRS 9 "Financial instruments" (phase 1: classification and measurement of financial assets);
- amendments to IFRS 7;
- amendments made to a number of IAS/IFRS/IFRIC as part of the improvement process (IFRS 1, 3, 7, IAS 1, 27, 34, IFRIC 13).

As from January 1, 2010, the changes introduced in some IAS/IFRS/IFRIC as part of the improvement process of standards and interpretations (IFRS 2, 5, 8, IAS 1, 7, 17, 36, 38 , 39, IFRIC 9 and 16) have also become applicable.
The application of the new standards and interpretations has not had a material impact on the company's annual accounts.

Use of estimates

The preparation of the financial statements and the notes in conformity with the international accounting policies requires formulation of estimates that affect the values of assets, liabilities, income and expense, such as amortization, depreciation, impairment losses and provisions, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates are on a going-concern basis and 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 derivatives and financial assets held for trading or for sale, which are stated at fair value.
The carrying amounts of hedged assets and liabilities are adjusted to reflect changes in fair value on the basis of the hedged risks. The financial statements are presented in euro. All amounts in the accounting schedules, 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;
- for the statement of comprehensive income, the company has chosen to use two models: the first shows the traditional income statement items with the result for the period, while the second, starting from this result, shows in detail the other components, which were previously only shown in the statement of changes in consolidated shareholders' equity, i.e., fair value adjustments to available for sale financial assets and derivatives and related taxes;
- 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 ordinary shareholders' meetings, including potential voting rights deriving from convertible securities.

Associates are companies in which the company has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the company holds, directly, or indirectly, at least 20% of voting rights at ordinary shareholders' meetings or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in voting trusts or other forms of material exercise of rights of governance.

Equity investments in subsidiaries and associates are measured at cost. Under this method equity investments are initially recorded at cost, subsequently adjusted for impairment should impairment testing indicate that the carrying amount be written down to reflect the investment's actual business value. The original cost is restored in future periods if the grounds for the adjustments no longer exist. Impairment losses and reversals are taken to income.

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.
As from January 1, 2010, business combinations are accounted for using the acquisition method envisaged by IFRS 3 revised.

Cost of business combinations

In accordance with IFRS 3 revised, acquisition cost is the sum of the acquisition-date fair value of the contingent consideration and the amount of any minority interests in the purchased company. For every business combination, any minority interests in the acquired entity must be measured at fair value or in proportion to the minority interest in the identifiable net assets of the acquired entity.
IFRS 3 revised envisages that costs relating to the acquisition be expensed in the periods in which they are incurred and the services are received. Any costs incurred in 2010 relating to business combinations for 2011 were expensed in 2010.

Apportionment of the cost of business combinations

Goodwill is determined as the positive difference between:

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

Negative differences are taken immediately to the income statement. If on initial recognition the acquisition cost of a business combination can only be determined provisionally, the apportioned amounts are adjusted within twelve months of the acquisition date (measurement period).

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 taken to 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 capitalized. 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 enter useful life.
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 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 amortized cost on the basis of the useful life of the asset and net of any impairment.

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, less impairment.
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 and associates are tested for impairment 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 rate 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 costs attributable to the purchase, except in the case of financial assets held for trading (fair value through profit and loss).
Subsequent to initial recognition, assets held for trading are classified as current financial assets and carried at fair value; any gains or losses are taken to 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 taken to the income statement. Impairment losses are recorded when there is objective evidence that one or more events subsequent to initial recognition have had a negative impact on the estimated future cash flows for the asset. Objective evidence of impairment of a financial asset includes debtor insolvency or default, indications of debtor or issuer bankruptcy, unfavorable changes in the payment status of debtors or issuers, and business conditions linked to default or disappearance of an active market for the asset. For equity instruments classified as available-for-sale, objective evidence of impairment includes a material and prolonged reduction in fair value to below cost. On this question, the company has adopted a specific accounting policy, which establishes materiality and duration thresholds for loss of market value with respect to the carrying amounts; once such thresholds have been reached, the impairment loss is taken to the income statement. The thresholds are considered separately, and only one threshold needs to be reached for an impairment loss to be recognized.
For the purposes of recognizing impairment, the Group has identified the conditions for a prolonged or material reduction of fair value, defined alternatively on the basis of:

- a reduction in market value of more than 35% of the original cost at the balance-sheet date;
- a market value that is continually lower than the original carrying amount, observed over a two-year timeframe.

With regard to assets on which impairment losses were recognized in previous periods, additional losses of value are automatically regarded as impairment losses.
Subsequent reversals of impairment losses on equity instruments recognized in the income statement are not taken to the income statement but to equity, even in cases where the reasons that caused the loss no longer exist.
Only equity instruments that are not listed on an active market 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 initially recorded at their fair value, less allowances for uncollectible amounts, which are provided as doubtful debts are 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 unrecognized cumulative net value at the end of the previous period exceeds 10% of the present value of the obligation. 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 (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 at the grant date is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after 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 recorded under other income in the period on a straight-line basis over the period of the lease.

Costs

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

Derivatives

The company uses derivatives such as interest-rate swaps to hedge the risk of fluctuations in interest rates. Derivatives are measured and recognized at fair value; fair value gains or losses are taken to the income statement, since the derivatives in question do not qualify for hedge accounting, even though they are arranged for hedging purposes.

Income 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 income.
As noted in the directors' report, for the three-year period 2010-2012 the company together with some subsidiaries applied the Italian tax consolidation system.

Restatement of the balance sheet at December 31, 2009

Following the upstream merger of Franco Tosi S.r.l. and its financial assets, the company changed from the fair value criterion to the cost method for measurement of associates.
In the company's view the cost method is closer to common practice in the applicable sector and for these types of assets, and is also in line with the approach used in the separate financial statements of the subsidiary Italcementi S.p.A.
The cost method, which is already used to recognize and measure investments in subsidiaries, is also considered more appropriate to represent the company's strategy for equity investments with long-term growth prospects.

Under the cost method, equity investments are initially recognized at cost and subsequently adjusted for impairment should impairment testing indicate that the carrying amount be written down to reflect the investment's actual business value.

Consequently, in the balance sheet at December 31, 2009, the carrying amounts for the investee companies Mittel S.p.A. and Societa' Editrice Siciliana S.p.A., previously recognized at fair value, have been restated to reflect their original cost.

The change generated a reduction of 36,445,901 euro in equity reserves, net of deferred tax; it had no impact on the income statement and the cash flow statement in 2009 and 2010.

The balance sheet at December 31, 2009, is shown below in its original form and its restated form, highlighting the changes arising from the change in the accounting policy:

(euro)	12.31.2009	12.31.2009 restated	01.01.2009 restated
Non-current assets			
Property, plant and equipment	3,656,981	3,656,981	3,682,685
Investment property	98,824	98,824	100,807
Intangible assets	138,515	138,515	43,753
Investments in subsidiaries and associates	971,305,663	934,351,644	923,707,715
Other equity investments	311,722,767	311,722,767	218,031,363
Receivables and other non-current assets	151,648,362	163,205,284	260,969,636
Total non-current assets	**1,438,571,112**	**1,413,174,015**	**1,406,535,959**
Current assets			
Trade receivables	5,072,869	5,072,869	2,220,467
Other current assets	7,741,544	7,741,544	3,185,938
Income tax assets	48,871,241	37,314,319	45,237,713
Equity investments and financial receivables	10,062,141	10,062,141	15,534,336
Cash and cash equivalents	93,951,672	93,951,672	104,879,723
Total current assets	**165,699,467**	**154,142,545**	**171,058,177**
Total assets	**1,604,270,579**	**1,567,316,560**	**1,577,594,136**
Shareholders' equity			
Share capital	100,166,937	100,166,937	100,166,937
Reserves	361,023,358	324,577,457	218,044,176
Treasury shares	(21,226,190)	(21,226,190)	(21,226,190)
Retained earnings	843,441,182	843,441,182	790,798,990
Total shareholders' equity	**1,283,405,287**	**1,246,959,386**	**1,087,783,913**
Non-current liabilities			
Interest-bearing loans and long-term borrowings	258,798,748	258,798,748	265,780,005
Employee benefit liabilities	1,320,240	1,320,240	1,183,619
Non-current provisions	6,045,188	6,045,188	13,318,918
Other non-current liabilities	49,238	49,238	30,413
Deferred tax liabilities	2,267,790	1,759,672	863,657
Total non-current liabilities	**268,481,204**	**267,973,086**	**281,176,612**
Current liabilities			
Bank overdrafts and short-term borrowings			150,000,001
Interest-bearing loans and short-term borrowings	5,211,297	5,211,297	15,996,290
Trade payables	2,454,172	2,454,172	2,703,278
Income tax liabilities	-	-	-
Other current liabilities	44,718,619	44,718,619	39,934,042
Total current liabilities	**52,384,088**	**52,384,088**	**208,633,611**
Total liabilities	**320,865,292**	**320,357,174**	**489,810,223**
Total shareholders' equity and liabilities	**1,604,270,579**	**1,567,316,560**	**1,577,594,136**

Assets

Non-current assets

1) Property, plant and equipment

At December 31, 2010, and December 31, 2009, property, plant and equipment totaled 3,662 thousand euro and 3,657 thousand euro respectively. 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	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**
Additions			12	45	57
Disposals					
Depreciation		(18)	(24)	(10)	(52)
Use accumulated depreciation					
Net carrying amount at December 31, 2010	**3,458**	**28**	**140**	**36**	**3,662**
Gross amount	4,425	530	992	56	6,003
Accumulated depreciation	(967)	(502)	(852)	(20)	(2,341)
Net carrying amount at December 31, 2010	**3,458**	**28**	**140**	**36**	**3,662**

The increase during the year was largely due to the purchase of a vehicle.

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 valued at cost stood at 97 thousand euro (99 thousand euro at December 31, 2009).
The fair value of these investments at December 31, 2010, was 1,365 thousand euro and was determined on the basis of assessments made by independent external experts.

(in thousands of euro)	Investment property
Gross amount	133
Accumulated depreciation	(34)
Net carrying amount at December 31, 2009	**99**
Additions	
Disposals	
Depreciation	(2)
Net carrying amount at December 31, 2010	**97**
Gross amount	133
Accumulated depreciation	(36)
Net carrying amount at December 31, 2010	**97**

Investment property is depreciated 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	184	184
Accumulated amortization	(45)	(45)
Net carrying amount at December 31, 2009	**139**	**139**
Additions	48	48
Disposals		
Amortization	(65)	(65)
Net carrying amount at December 31, 2010	**122**	**122**
Gross amount	232	232
Accumulated amortization	(110)	(110)
Net carrying amount at December 31, 2010	**122**	**122**

The increase in the year reflects the purchase of new administrative software for 43 thousand euro and expense of 5 thousand euro incurred to renew the Franco Tosi trademark.

4) Investments in subsidiaries and associates

See the specific IFRS 7 section.

5) Other equity investments

See the specific IFRS 7 section.

6) Deferred tax assets

See the specific IFRS 7 section.

7) Receivables and other non-current assets

See the specific IFRS 7 section.

Current assets

8) Trade receivables

See the specific IFRS 7 section.

9) Other current assets

"Other current assets" was as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Receivables due from subsidiaries for tax consolidation	2	2,545	(2,543)
Receivables due from employees	5	3	2
Receivables due from social security bodies	2	2	
Other current receivables	155	5,150	(4,995)
Accrued income due from subsidiaries	47	15	32
Miscellaneous accrued income due from others	27	24	3
Prepaid expenses due from others	814	3	811
Total	**1,052**	**7,742**	**(6,690)**

Receivables due from subsidiaries included in the domestic tax consolidation fell by 2,543 thousand euro following the higher tax receivable of the subsidiaries attributed to the parent company Italmobiliare S.p.A..
The change of 4,995 thousand euro in other current receivables mainly relates to the payment received during the year of the receivable due from Equitalia Esatri S.p.A.

10) Income tax assets

Income tax assets totaled 39,934 thousand euro (37,314 thousand euro at December 31, 2009) and were mainly attributable to advance tax payments made in previous years and to withholding taxes on interest and dividends.
The balance at December 31, 2009, which was originally 48,871 thousand euro, was reduced by 11,557 thousand euro following the reclassification of this amount under "Receivables and other non-current assets – deferred tax assets".

11) Equity investments and financial receivables

See the specific IFRS 7 section.

12) Cash and cash equivalents

See the specific IFRS 7 section.

Shareholders’ equity and liabilities

Share capital, reserves and retained earnings

13) Share capital

At December 31, 2010, 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, 2010	December 31, 2009	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

14) Reserves

At December 31, 2010, reserves totaled 235,262 thousand euro, an overall decrease of 89,315 thousand euro compared to December 31, 2009, owing to:
- a reduction of 90,591 thousand euro in the value of available-for-sale financial assets, net of the impact of deferred tax;
- an increase of 1,276 thousand euro in the stock option reserve.

15) Treasury shares

At December 31, 2010, 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, 2010	**871,411**	**20,830**	**28,500**	**396**	**21,226**

A total of 714,374 ordinary treasury shares were held at December 31, 2010, to service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid in 2010 and 2009 are detailed below:

	2010 (euro per share)	2009 (euro per share)	December 31, 2010 (in thousands of euro)	December 31, 2009 (in thousands of euro)
Ordinary shares	0.856		18,242	
Savings shares	0.934		15,238	
Total dividends			**33,480**	**0**

Movements in shareholders' equity are illustrated in the “Statement of movements in shareholders' equity”.

16) Retained earnings

The overall change, a reduction of 81,949 thousand euro, includes:
net profit for the period of 35,237 thousand euro;
dividends approved in 2010 of 33,480 thousand euro;
the merger reserve of –83,706 thousand euro deriving from the upstream incorporation on September 1, 2010, of the wholly owned subsidiaries Franco Tosi S.r.l. and Sance S.r.l.

Non-current liabilities

17) 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 are based on actuarial assessments at December 31, 2010.

The movements on the caption are detailed below:

(in thousands of euro)	Leaving entitlements	Long-service bonus	Total
At December 31, 2009	1,158	162	**1,320**
Uses during year	(407)		**(407)**
Provision for year	601	21	**622**
Present value of leaving entitlements	(72)		**(72)**
At December 31, 2010	**1,280**	**183**	**1,463**

Expenses in the year included:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Current cost of services	(79)	(87)	8
Finance costs	(70)	(71)	1
Actuarial adjustment for prior periods		(50)	50
Total	**(149)**	**(208)**	**59**

The assumptions used to determine liabilities arising from long-term benefits are illustrated below:

	Provision for leaving entitlements
Discount rate	4.75%
Future wage and salary increases	3-4%

Stock options

The company has arranged stock option plans for directors and managers who hold special posts.
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 of 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, 2010, 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
March 24, 2010	124,385	3/24/2013 - 3/23/2020			124,385	€	28.8340
Total	**754,094**		**39,720**	**-**	**714,374**		

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:

	12.31.2010			12.31.2009		
(in thousands of euro)	Number options		Average subscrip-tion price	Number options		Average subscrip-tion price
Unexercised options at beginning of year	**589,989**	**€**	**59.1624**	**570,639**	**€**	**60.4725**
Granted during year	124,385	€	28.8340	19,350	€	20.5260
Cancelled during year						
Exercised during year						
Expired during year						
Unexercised options at end of year	**714,374**	**€**	**53.8817**	**589,989**	**€**	**59.1624**
Vested options at end of year	**446,439**			**323,960**		

The average price of ordinary shares for full-year 2010 was 26.075 euro (27.946 euro for full-year 2009).
The average residual life of unexercised options was 3 years and 5 months.
Only options relating to plans granted after November 7, 2002, the rights to which had not vested at December 31, 2003, were valued and recognized at the IFRS transition date.

The following table sets out the characteristics of the company's stock option plans and their cost, carried under "Employee expenses":

(in thousands of euro)			Employee expenses	
Grant date	**No. Options granted**	**Vesting period**	**2010**	**2009**
March 24, 2003	49,283	3 years		
March 30, 2004	96,080	3 years		
March 30, 2005	108,437	3 years		
March 21, 2006	109,880	3 years		196
March 21, 2007	122,479	3 years	241	968
March 28, 2008	124,200	3 years	722	764
March 25, 2009	19,350	3 years	24	18
March 24, 2010	124,385	3 years	289	
Total	**754,094**		**1,276**	**1,946**

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:

	2009 plan	**2008 plan**	**2007 plan**	**2006 plan**	**2005 plan**
Option value at grant date	9.28	3.78	17.21	23.64	22.05
Share value	31.1	21.59	65.1	87.41	73.57
Exercise price	28.834	20.526	59.908	86.068	65.701
Volatility as %	24.3%	25.0%	17.5%	17.5%	17.5%
Option term (in years)	10	10	10	9.75	9.75
Dividends in %	2.75%	7.41%	2.23%	1.45%	1.50%
10-year BTP risk-free rate	3.920%	4.485%	3.889%	3.652%	3.462%

18) Loans and borrowings

See the specific IFRS 7 section.

19) Non-current provisions

These provisions totaled 6,045 thousand euro at December 31, 2010, and were unchanged compared to December 31, 2009.

(in thousands of euro)	**Opening value**	**Additions**	**Decreases**	**Closing value**
Provisions for risks	6,045			6,045

20) Deferred tax liabilities

Total deferred tax liabilities were 1,361 thousand euro at December 31, 2010, as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Deferred tax and duties - available-for-sale shares	142	283	(141)
Deferred tax and duties - available-for-sale debentures	659	935	(276)
Deferred tax and duties - other	560	541	19
Total	**1,361**	**1,759**	**(398)**

The change was largely due to the reduction in the fair value reserve for available-for-sale equities and securities.

Current liabilities

21) Trade payables

See the specific IFRS 7 section.

22) Other current liabilities

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Amounts due to employees	3,894	2,295	1,599
Amounts due to social security authorities	861	842	19
Amounts due on tax consolidation to subsidiaries	86,221	36,482	49,739
Amounts due to tax authorities	322	327	(5)
Accruals and deferred income	112	106	6
Other amounts due	3,402	2,919	483
Interest-rate derivatives for trading	931	1,748	(817)
Total	**95,743**	**44,719**	**51,024**

The payables due to subsidiaries on the tax consolidation totaled 86,221 thousand euro (36,482 thousand euro at December 31, 2009) and reflect amounts to be recognized to subsidiaries.

Commitments

(in thousands of euro)	December 31, 2010	December 31, 2009
Guarantees on company assets	90,045	152,537
Deposits, guarantees, commitments, other	38,447	41,521
Total	**128,492**	**194,058**

The decreases compared to December 31, 2009, 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 2009 plan.
The value of guarantees on company assets shown above reflects fair value at the balance sheet date.

Income statement

23) Revenues

Revenues from sales and services totaled 67,707 thousand euro, as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change	% change
Dividends	35,078	62,380	(27,302)	-43.8%
Interest income	4,147	2,506	1,641	65.5%
Capital gains on equity investments and securities	21,986	21,758	228	1.0%
Services	6,496	5,536	960	17.3%
Total	**67,707**	**92,180**	**(24,473)**	**-26.5%**

The breakdown of dividend revenues was as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change	% change
Subsidiaries				
Italcementi S.p.A.	13,169	19,845	(6,676)	-33.6%
Ciments Francais S.A.	34	34		
Populonia S.r.l.		3,783	(3,783)	-100.0%
Punta Ala Promozione Sviluppo Immobiliare S.r.l.	1,000		1,000	100.0%
Sirap Gema S.p.A.	3,002	3,000	2	0.1%
So.Par.Fi. Italmobiliare S.A.		15,029	(15,029)	-100.0%
Italmobiliare International Finance Ltd		14,999	(14,999)	-100.0%
Franco Tosi S.r.l. - ex Italmobiliare Servizi S.r.l.	100	100		
Fincomind S.A.	10,526		10,526	100.0%
Total	**27,831**	**56,790**	**(28,959)**	**-51.0%**
Associates				
Società Editrice Siciliana S.p.A.		2,640	(2,640)	-100.0%
Mittel S.p.A.	1,729	1,278	451	35.3%
Total	**1,729**	**3,918**	**(2,189)**	**-55.9%**
Other companies				
Unicredito Italiano S.p.A.	2,737		2,737	100.0%
Unione di Banche Italiane S.c.p.a.	516	773	(257)	-33.2%
Fin.Priv. S.r.l.	348		348	100.0%
Gruppo Banca Leonardo S.p.A.		606	(606)	-100.0%
A2A S.p.A. (ex Asm Brescia)		96	(96)	-100.0%
Compagnia Fiduciaria Nazionale S.p.A.	100	120	(20)	-16.7%
Enel S.p.A.	8		8	100.0%
Eni S.p.A.	10		10	100.0%
Mediobanca S.p.A.	1,780		1,780	100.0%
Emittente Titoli S.p.A.	19	28	(9)	-32.1%
Gazzetta del Sud Calabria S.p.A.		49	(49)	-100.0%
Total	**5,518**	**1,672**	**3,846**	**n.s.**
Grand total	**35,078**	**62,380**	**(27,302)**	**-43.8%**

n.s. = not significant

The breakdown of interest income was as follows:

(in thousands of euro)	December 31. 2010	December 31, 2009	Change	% change
Interest and finance income from subsidiaries	3	7	(4)	-57.1%
Interest on securities and debentures	681	785	(104)	-13.2%
Bank interest income	973	1,075	(102)	-9.5%
Interest from tax authorities	1	1		
Commissions and other income	46	43	3	7.0%
Options on securities	2,443	595	1,848	n.s.
Total	**4,147**	**2,506**	**1,641**	**65.5%**

n.s. = not significant

The breakdown of capital gains on equity investments and securities was as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change	% change
From sale of available-for-sale equity investments				
Italmobiliare International BV		5	(5)	-100.0%
Unicredito Italiano Spa - rights	4,386	7	4,379	n.s.
Unicredito Italiano Spa - shares	17,063		17,063	100.0%
Populonia Italica S.r.l.		19,840	(19,840)	-100.0%
Solar Energy	34		34	100.0%
KME S.p.A.	187		187	100.0%
Total	**21,670**	**19,852**	**1,818**	**9.2%**
From sale of trading equity investments				
A2A S.p.A.		11	(11)	-100.0%
Total		**11**	**(11)**	**-100.0%**
From sale of trading debentures	**295**	**379**	**(84)**	**-22.2%**
From measurement of trading equity investments at fair value				
Enel	2		2	100.0%
Eni	18		18	100.0%
Unipol priv	1		1	100.0%
Cashes		446	(446)	-100.0%
Ubi		1,070	(1,070)	-100.0%
Total	**21**	**1,516**	**(1,495)**	**-98.6%**
Grand total	**21,986**	**21,758**	**228**	**1.0%**

n.s. = not significant

In 2010 the most significant capital gain was on the disposal of Unicredito Italiano S.p.A. shares and rights.

24) Other revenues

These totaled 933 thousand euro (2,740 thousand euro at December 31, 2009) and included rents and recovery of condominium expenses for 229 thousand euro, directors' pensions for 170 thousand euro, other income for 180 thousand euro and non-recurring income for 354 thousand euro.

25) Goods and utilities expenses

Goods and utilities expenses amounted to 120 thousand euro, as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change	% change
Materials and machinery	6	7	(1)	-14.3%
Other materials	62	63	(1)	-1.6%
Electricity, water and gas	52	44	8	18.2%
Total	**120**	**114**	**6**	**5.3%**

26) Services expenses

Services expenses amounted to 5,986 thousand euro, as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change	% change
Legal fees, consultancy and compensation	4,472	4,047	425	10.5%
Rents and fees for use of third-party assets	289	282	7	2.5%
Insurance	359	342	17	5.0%
Lease payments and expense on civil buildings	79	83	(4)	-4.8%
Maintenance and repairs	183	333	(150)	-45.0%
Subscriptions	81	54	27	50.0%
Communication and promotions	78	67	11	16.4%
Post and telephone	45	50	(5)	-10.0%
Cleaning	112	109	3	2.8%
Other expenses and residual services	288	273	15	5.5%
Total	**5,986**	**5,640**	**346**	**6.1%**

Compensation includes amounts paid to the Board of Statutory Auditors of 196 thousand euro.

27) Employee expenses

Employee expenses amounted to 15,723 thousand euro, as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change	% change
Wages and salaries	9,717	8,148	1,569	19.3%
Social security contributions	2,331	1,947	384	19.7%
Provisions and pension funds	439	462	(23)	-5.0%
Remuneration directors	3,175	3,568	(393)	-11.0%
Other miscellaneous expenses	61	60	1	1.7%
Total	**15,723**	**14,185**	**1,538**	**10.8%**

The number of employees is shown below:

(heads)	December 31, 2010	December 31, 2009
Employees at year end	46	47
Average number of employees	46.67	46.67

28) Other operating income (expense)

Other operating expense, net of other operating income, amounted to 11,657 thousand euro, as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change	% change
Finance costs				
Interest on short-term financing	7	1,533	(1,526)	-99.5%
Interest on medium/long-term financing	2,405	4,283	(1,878)	-43.8%
Current account and financial interest expense due to subsidiaries	34	176	(142)	-80.7%
Commissions for non-utilization	386	471	(85)	-18.0%
Costs for interest-rate hedging	552	1,473	(921)	-62.5%
Options on securities	1,693		1,693	100.0%
Other expense	31	8	23	n.s.
Total	**5,108**	**7,944**	**(2,836)**	**-35.7%**
Capital losses and impairment losses				
Sale available-for-sale debentures		135	(135)	-100.0%
Sale Unione di Banche Italiane S.c.p.a.	4,848	77	4,771	n.s.
Impairment of mutual funds	52		52	100.0%
Impairment of trading securities	126		126	100.0%
Total	**5,026**	**212**	**4,814**	**n.s.**
Other expense and income				
Condominium expenses on own buildings	282	153	129	84.3%
Other operating expense	84	114	(30)	-26.3%
Non-deductible sales tax	859	894	(35)	-3.9%
ICI tax	52	33	19	57.6%
Other tax	28	14	14	100.0%
Non-recurring expense	17	71	(54)	-76.1%
Other income (expense)	201	845	(644)	-76.2%
Total	**1,523**	**2,124**	**(601)**	**-28.3%**
Total other operating income (expense)	**11,657**	**10,280**	**1,377**	**13.4%**

n.s. = not significant

The reduction in interest on financing is due both to the reduction in average net debt in the period and the decrease in interest rates.
Capital losses and impairment losses include the loss of 4,848 thousand euro arising from the sale at market values of 1,718,500 shares and 1,718,500 warrants of Unione di Banche Italiane S.c.p.a. to the subsidiary Société de Partecipation Financière Italmobiliare S.A..

29) Other income (expense)

Other income, net of other expense, amounted to 600 thousand euro (income of 3,034 thousand euro at December 31, 2009), as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change	% change
(Additions)/use of provisions for risks		3,134	(3,134)	-100.0%
Other income (expense)	(600)	(100)	(500)	n.s.
Total	**(600)**	**3,034**	**(3,634)**	**n.s.**

n.s. = not significant

Other expense included 600 thousand euro for the endowment to the "Fondazione Italcementi Cav. Lav. Carlo Pesenti".

30) Amortization and depreciation

The overall amount of 119 thousand euro (64 thousand euro at December 31, 2009) refers to depreciation of property, plant and equipment and investment property for 54 thousand euro (45 thousand euro at December 31, 2009) and amortization of intangible assets for 65 thousand euro (19 thousand euro at December 31, 2009).

31) Finance income (costs)

Finance costs, net of finance income, amounted to 49 thousand euro, as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change	% change
Financial services	48	21	27	n.s.
Miscellaneous finance costs	1	1		
Total	**49**	**22**	**27**	**n.s.**

n.s. = not significant

32) Impairment on financial assets

Impairment totaled 190 thousand euro (19,728 thousand euro at December 31, 2009). It arose from the valuation at 2010 year-end market values of the equity investments in Unione di Banche Italiane S.c.p.a. and Unione di Banche Italiane S.c.p.a. warrants for 40 thousand euro and Mediobanca S.p.A. warrants for 150 thousand euro.
Other valuations of securities and equity investments did not give rise to any impairment losses or reversals.

33) Income tax

Income tax for the year of 1,042 thousand euro was as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change	% change
Current tax		1,333	(1,333)	-100.0%
Deferred tax	(944)	(179)	(765)	n.s.
Prior-year tax	(98)	(5,876)	5,778	-98.3%
Total	**(1,042)**	**(4,722)**	**3,680**	**-77.9%**

n.s. = not significant

The change compared to 2009 was essentially due to the lower impact, in 2010, of tax relating to previous years.

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 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 adjusts its capital structure as circumstances change, in order to support operations adequately 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, 2009 and 2010.

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 of instrument 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, and 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 is governed by the aforementioned Policies, which establish the characteristics and limits of the authorized counterparts, 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** (in years)
Trading debentures	2.6	A+	2.6 years
AFS debentures	9.4	AA-	40.5 years
Other financial assets	9.9	n.r.	n.a.
Fair value derivatives	(0.9)	AA	0.75 years

n.r. not rated

Other financial assets include variable-yield securities mainly invested in funds whose yield is linked to inflation trends in the euro zone and with a time horizon of around three years.
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 -0.4 million euro, of which -0.1 million euro on the income statement and -0.3 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 were obliged to sustain additional costs to meet its commitments, or a situation of insolvency putting its status as a going concern 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 the net financial position by maturity, with undrawn lines of credit:

(in millions of euro)	**Maturity**				
	< 1 year	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total loans and borrowings	(211.4)	(24.4)	(111.0)		**(346.8)**
Total financial assets	116.5	0.6		8.8	**125.9**
Net financial position	**(94.9)**	**(23.8)**	**(111.0)**	**8.8**	**(220.9)**
Available undrawn lines of credit	*325.0*	*50.0*			***375.0***

Total undrawn lines of credit consist of committed credit lines for 140 million euro and uncommitted credit lines for 235 million euro.

The main borrowings were as follows:

- 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 and is subject to a daily margin call on the market price of the pledged shares. In June 2010, following the disposal of the UBI shares in portfolio, a partial repayment was made of 10 million euro, which reduced the loan at December 31, 2010, to 170 million euro, secured by 51.4 million Unicredit shares;
- in March 2006 Italmobiliare arranged a five-year 40 million euro stand-by line of credit with Intesa Sanpaolo which expires on March 16, 2011;
- 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; at the end of 2010, as a result of the fall in the Unicredit share price, the facility was reduced to 35.3 million euro;
- in May 2007 Italmobiliare renewed its medium-term financing with Société Générale. The new loan is for 24.3 million euro and matures on May 8, 2012. It is secured by a pledge of 5.9 million Unicredit shares;
- in June 2010 Italmobiliare negotiated a 50 million euro stand-by line of credit with UBI><Banca Popolare di Bergamo with a maturity of 18 months less one day, which expires on November 29, 2011;
- in November 2010 Italmobiliare negotiated a 50 million euro stand-by line of credit with Intesa Sanpaolo with a maturity of 18 months less one day, which expires on May 22, 2012;
- in December 2010 Italmobiliare took out a 130-million euro loan with Intesa Sanpaolo which expires on December 31, 2015, to be used for the purchase from Italcementi of RCS Mediagroup and Mediobanca shares: the first tranche used was 111 million euro.

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, 2010, 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, 2010	
Fixed-rate financial liabilities	
FIxed-rate financial assets	2.6
Fixed-rate NFP at inception	**2.6**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	(50.0)
Fixed-rate NFP after hedging	**(47.4)**
Floating-rate financial liabilities	(346.0)
Floating-rate financial assets	21.1
Floating-rate NFP at inception	**(324.9)**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	50.0
Floating-rate NFP after hedging	**(274.9)**
Assets not subject to interest-rate risk	102.2
Liabilities not subject to interest-rate risk	(0.8)
Total NFP	**(220.9)**

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 from 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 negative change of 1.4 million euro in fair value, of which -1.6 million euro on the income statement and +0.2 million euro on the balance sheet.
No impact was calculated for other 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 a downturn in share prices.
At December 31, 2010, assets exposed to price risk and classified as "Available for Sale" (AFS) amounted to 314.0 million euro.
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 15.7 million euro, of which 15.7 million euro against equity and 0.003 million euro directly in profit and loss.

(in millions of euro)	Underlying		Share price delta	Impact on P&L		Impact on equity
Shares (AFS)	314.0		-5%		-	(15.7)

Net financial position

The net financial position at December 31, 2010, reflected debt of 220,927 thousand euro, an increase of 69,819 thousand euro compared to 151,108 thousand euro at December 31, 2009.

The breakdown of the net financial position was as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Cash and cash equivalents	102,193	93,952	8,241
Non-current financial receivables due from others			
Financial receivables due from Group		312	(312)
Government securities and debentures - current	2,580	9,414	(6,834)
Government securities and debentures - non-current	9,362	10,636	(1,274)
Mutual funds	9,948		9,948
Trading equity investments	683		683
Prepayments and accrued income	1,151	336	815
Total financial assets	**125,917**	**114,650**	**11,267**
Bank loans	(340,597)	(258,799)	(81,798)
Loans and borrowings due to subsidiaries	(4,524)	(4,468)	(56)
Interest-rate swaps	(931)	(1,748)	817
Accruals and deferred income	(792)	(743)	(49)
Total financial liabilities	**(346,844)**	**(265,758)**	**(81,086)**
Net financial position	**(220,927)**	**(151,108)**	**(69,819)**

Comparison between fair value and carrying amount

	December 31, 2010		December 31, 2009	
(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	102,193	102,193	93,952	93,952
Derivatives				
Equity investments and financial receivables	13,549	13,549	10,062	10,062
Loans and receivables				
Trade receivables	3,370	3,370	5,073	5,073
Receivables and other non-current assets	69,467	69,467	151,648	151,648
Available-for-sale assets				
Non-current equity investments other companies	356,701	356,701	311,723	311,723
Held-to-maturity investments				
Total	**545,280**	**545,280**	**572,458**	**572,458**
Financial liabilities				
Trade payables	3,033	3,033	2,455	2,455
Interest-bearing loans and short-term borrowings	210,575	210,575	5,211	5,211
Interest-bearing loans and long-term borrowings	135,338	135,338	258,799	258,799
Interest-rate swaps	931	931	1,748	1,748
Total	**349,877**	**349,877**	**268,213**	**268,213**

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, 2010, financial instruments measured at fair value were as follows:

(in thousands of euro)	December 31, 2010	Level 1	Level 2	Level 3
Equity investments and financial receivables	13,212	13,212		
Receivables and other non-current assets	9,362		8,771	591
Non-current equity investments	356,701	314,022	14,384	28,295
Derivative liabilities	931			931

The change in level 3 is set out in the table below:

(in thousands of euro)	Receivables and other non-current assets	Non-current equity investments	Interest-rate swaps	Total
Balance at December 31, 2009	**626**	**37,681**	**1,748**	**40,055**
Changes due to:				
Purchases/subscriptions		30		**30**
Fair value changes		(1,121)	(817)	**(1,938)**
Sales/reductions in capital	(35)	(8,295)		**(8,330)**
Total changes	**(35)**	**(9,386)**	**(817)**	**(10,238)**
Balance at December 31, 2010	**591**	**28,295**	**931**	**29,817**

Cash and cash equivalents

(in thousands of euro)	December 31 2010	December 31 2009	Change
Cash and checks on hand	24	19	5
Bank and postal accounts	102,169	93,933	8,236
Net amount	**102,193**	**93,952**	**8,241**

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 95,704 thousand euro for time 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, 2010	December 31, 2009	Change
Trading debentures	12,528	9,414	3,114
Listed shares for trading	683		683
Current financial receivables due from subsidiaries	1	312	(311)
Financial prepayments	337	336	1
Total	**13,549**	**10,062**	**3,487**

The change in trading debentures arose from disposals during the year for 7,508 thousand euro, purchases for 10,798 thousand euro and a decrease of 176 thousand euro for adjustment to fair value at year-end.
Listed shares for trading refers to listed shares received in connection with the merger of Sance S.r.l.

Details of the items "Trading debentures" and "Listed shares for trading" are set out in annexes "C" and "D" respectively.

Trade receivables

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Trade	13	2,832	(2,819)
Associates	52	87	(35)
Subsidiaries	3,306	2,154	1,152
Total	**3,371**	**5,073**	**(1,702)**

Receivables referred in the main to Italian subjects.

Deferred tax assets

Deferred tax assets totaled 60,065 thousand euro (11,557 thousand euro at December 31, 2009) and consisted of tax assets calculated on the tax losses recorded by Italmobiliare S.p.A. and the subsidiaries that take part in the Italian tax consolidation. The amount computed on the tax losses transferred by the subsidiaries, which represents the bulk of the balance, is offset by amounts due to subsidiaries recognized under current liabilities. The deferred tax assets were recognized since, on the basis of a forecast made by the companies that take part in the tax consolidation, taxable income is likely to be available in future years against which the prior-year tax losses can be reversed.

The temporary differences excluded from the determination of deferred tax assets and liabilities are as follows:

	2010		2009	
(in thousands of euro)	Amount	Tax effect	Amount	Tax effect
Provisions for risks	6,045	1,662	6,045	1,662

Deferred tax assets have not been recorded since it is not expected that the existing provisions can be offset over a reasonably predictable timeframe.

Receivables and other non-current assets

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Financial receivables due from subsidiaries		141,000	(141,000)
Available-for-sale debentures	9,362	10,636	(1,274)
Guarantee deposits	13	12	1
Other	27		27
Total	**9,402**	**151,648**	**(142,246)**

Financial receivables due from the subsidiaries Franco Tosi S.r.l. and Sance S.r.l. were cancelled following the merger of the companies into and with Italmobiliare S.p.A. as from September 1, 2010.
The change in available-for-sale debentures was due to the disposal of Solar Energy for 34 thousand euro, the fair value assessment of Unicredito Cashes for 882 thousand euro and the release of Unicredito Cashes rights for 356 thousand euro.

Investments in subsidiaries and associates

The movements on this heading with respect to December 31, 2009, are illustrated below:

(in thousands of euro)	
At December 31, 2009	**934,352**
Acquisitions	40,008
Merger acquisitions	60,923
Merger cancellations	(96,114)
At December 31, 2010	**939,169**

Acquisitions of 40,008 thousand euro arose mainly from the purchase at the end of 2010 of the stake in RCS Mediagroup S.p.A. held by the subsidiary Italcementi S.p.A., for 24,606 thousand euro, and the purchase on the market of Ciments Français S.A. shares during the year ,for 15,301 thousand euro.

The merger acquisitions arising from the merger of the subsidiary Franco Tosi S.r.l refer to the contribution of the equity investment in RCS Mediagroup S.p.A.

The merger cancellations refer to the cancellation of the equity investments in Franco Tosi S.r.l. and Sance S.r.l., which were merged on September 1, 2010.

With reference to the associate RCS Mediagroup S.p.A., whose market value at December 31, 2010, was 1.0279 euro per share, an impairment test was carried out by an independent assessor in accordance with IAS 36.

The impairment test was based on the following assumptions:

a) the projected future cash flows to be discounted were based on the best available public information (mainly analysts' consensus forecasts), including the new plan announced on December 17, 2010;
b) the explicit projection horizon for the cash flows to be discounted was not more than five years;
c) the cash flow growth rates for the long term beyond the explicit projection horizon, used to determine terminal value, were determined on the basis of the fundamentals or the expected long-term inflation rate for Italy (0.90%);
d) the cash flow discount rate (opportunity cost of capital) was determined using standard methods, also recommended by IAS 36 (Capital Asset Pricing Model), and was 8.19%.

The test showed a recoverable value of 1.578 euro per share, above the carrying value; consequently, the carrying value previously recorded on the balance sheet was maintained, i.e. 1.564 euro per share.

The sensitivity analysis showed that a variation of 0.25% in WACC and in the growth rate of the terminal value would generate a valuation between a minimum of 1.433 euro per share and a maximum of 1.744 euro per share.

Equity investments in subsidiaries and associates at December 31, 2010, are listed below:

Subsidiaries	Location	% held
Aliserio S.r.l.	Bergamo	10.00
Bravosolution S.p.A.	Bergamo	8.154
Ciments Français S.A.	Puteaux	0.663
Fincomind S.A.	Zurich	69.93
Italcementi S.p.A. - ordinary shares	Bergamo	60.262
Italcementi S.p.A. - savings shares	Bergamo	2.856
Italmobiliare International Finance Ltd.	Dublin	97.272
Franco Tosi S.r.l. ex 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	100.00
Associates		
Mittel S.p.A.	Milan	12.262
R.C.S. Mediagroup S.p.A.	Milan	7.465
Società Editrice Siciliana S.p.A.	Messina	33.00

Please refer to annexes "A" and "B" for further information on equity investments in subsidiaries and associates.

Other equity investments

This non-current asset heading reflects equity investments classified as "available for sale" as required by IAS 39.

(in thousands of euro)	
At December 31, 2009	**311,723**
Acquisitions	92,904
Merger acquisitions	88,550
Disposals and reimbursements	(67,192)
Fair value taken to reserves	(69,093)
Fair value taken to income (impairment)	(191)
At December 31, 2010	**356,701**

The acquisitions of 92,904 thousand euro include 85,973 thousand euro for the purchase of Mediobanca S.p.A. shares from the subsidiary Italcementi S.p.A..
Merger acquisitions refer to equity investments arising from the merger of the subsidiaries Franco Tosi S.r.l. and Sance S.r.l..
Disposals refer mainly to the sale in January 2010 of 10 million Unicredito S.p.A. shares and rights for the share capital increase.
Fair value taken to reserves mainly reflects measurement of Unicredito Italiano S.p.A. and Fin Priv S.r.l. on the basis of market value at December 31, 2010.
Fair value taken to income reflects the impairment of Unione di Banche Italiane S.c.p.a. shares and warrants and Mediobanca S.p.A. warrants, on the basis of market value at December 31, 2010.
The fair value of 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 in accordance with IAS 39.

The breakdown of other equity investments at December 31, 2010, was as follows:

(in thousands of euro)	Number shares	December 31, 2010
Equity investments in listed companies:		
Intek S.p.A.	2,564,566	1,008
Intek S.p.A. - warrants	1,305,307	31
Kme Group S.p.A.	1,094,580	366
Kme Group S.p.A. - warrants 2006/2011	1,374,940	25
Kme Group S.p.A. - warrants 2009/2011	2,175,512	31
Mediobanca S.p.A.	22,568,992	150,901
Mediobanca S.p.A. - warrants	9,971,282	62
Unione di Banche Italiane S.c.p.a.	743,500	4,900
Unione di Banche Italiane S.c.p.a. - warrants	743,500	2
Unicredito Italiano S.p.A.	99,793,905	156,696
Total		**314,022**
Equity investments in unlisted companies:		
Ambienta S.p.A.	150	15
Atmos S.p.A.	4,000	113
Atmos Venture S.p.A.	200,000	186
Compagnia fiduciaria nazionale S.p.A.	20,001	522
Emittente titoli S.p.A.	209,000	154
Fin Priv S.r.l.	2,857	14,384
Gazzetta del sud Calabria S.p.A.	4,788	771
Gruppo Banca Leonardo S.p.A.	7,576,661	16,703
Idrovia Ticino - Milano Nord - Mincio S.p.A.	100	1
Imm.re Lido di Classe S.p.A.	45,991	
Immobiliare Astra S.p.A.	12,012	30
Sesaab S.p.A.	700,000	9,800
Total		**42,679**
Total equity investments		**356,701**

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, 2010	December 31, 2009	Change
Suppliers	2,150	1,617	533
Group companies	883	837	46
Total	**3,033**	**2,454**	**579**

Loans and borrowings

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

(in thousands of euro)	December 31, 2010	December 31, 2009	Change
Amounts due to banks (medium/long-term)	135,338	258,799	(123,461)
Short-term financing	210,575	5,211	205,364
Interest-rate derivatives	931	1,748	(817)
Total loans and borrowings	**346,844**	**265,758**	**81,086**

The increase in loans and borrowings is due to a loan arranged with Intesa Sanpaolo S.p.A..
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 stood at 931 thousand euro at December 31, 2010,.

Main bank loans and lines of credit

The main borrowings were as follows:

(in thousands of euro)		December 31, 2010	December 31, 2009	Change
With collateral security:				
Other loans				
- BNP Paribas	maturity 11/21/2011	170,000	180,000	(10,000)
- Sogen Paris fin. Tres	maturity 05/08/2012	24,338	25,000	(662)
Total		**194,338**	**205,000**	**(10,662)**
Without collateral security:				
- Mediobanca - Unicredit shares	maturity 12/21/2011	35,259	53,799	(18,540)
- Intesa San Paolo S.p.A.	maturity 12/31/2015	111,000		111,000
Total		**146,259**	**53,799**	**92,460**
Total loans and borrowings		**340,597**	**258,799**	**81,798**

The decrease in the Mediobanca loan reflects the change in the Unicredit share price.
In December 2010 Italmobiliare arranged a 130-million euro loan with Intesa Sanpaolo S.p.A., of which 111 million euro has been used, to be supplied in one or more tranches by March 31, 2011, with a duration of 5 years and 8 days. The loan serves the purchase from Italcementi S.p.A. of 17,084,738 RCS Mediagroup S.p.A. ordinary shares and 12,099,146 Mediobanca S.p.A. ordinary shares.

Non-recurring transactions

The tables below itemize the main non-recurring transactions and their impact on equity, the financial position and net profit:

(in thousands of euro)	12/31/2010 Shareholders' equity	%	Net profit for the year	%	Net debt	%
Book values	**1,075,695**		**35,237**		**(220,927)**	
Net capital gains on sale of fixed assets						
Other non-recurring income (expense)	(600)	-0.06%	(600)	-1.70%	(600)	0.27%
Tax on non-recurring transactions						
Total	**(600)**	**-0.06%**	**(600)**	**-1.70%**	**(600)**	**0.27%**
Figurative value without non-recurring transactions	**1,076,295**		**35,837**		**(220,327)**	

(in thousands of euro)	12/31/2009 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**	**0.28%**	**3,034**	**5.76%**		
Figurative value without non-recurring transactions	**1,280,371**		**49,608**		**(151,108)**	

Consideration for the independent auditors

A breakdown is set out below of the consideration paid in 2010 to the independent auditors, as per CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, paragraph 1:

Services provided (in thousands of euro)	**KPMG**
Audit	270
Non-audit services	24
Total	**294**

The amount includes approximately 34 thousand euro for out-of-pocket expenses and reimbursement of the CONSOB contribution.

Transactions with related parties

The figures at December 31, 2010, for transactions 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
Trade receivables	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	47,565			
subsidiaries	Finter Bank Zurich S.A.	31,342			
	Italcementi S.p.A.	3,016,127			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	2,880			
	Sirap-Gema S.p.A.	202,615			
	Sirap-Gema Insulation System S.p.A.	5,700			
Trade receivables	G.I.S.T. S.r.l.	51,650			
associates					
Total trade receivables		**3,357,879**	**99.62%**	**3,370,600**	**Note 8**
Receivables for tax consolidation	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	1,671			
subsidiaries					
Accrued income	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	31,773			
subsidiaries	Italcementi S.p.A.	15,203			
Total other current assets		**48,647**	**4.63%**	**1,051,602**	**Note 9**
Current account receivables	Sirap-Gema S.p.A.	496			
subsidiaries					
Total financial receivables		**496**	**n.s.**	**13,549,449**	**Note 11**
Other payables	Bravosolution S.p.A.	(12,782)			
subs idiaries	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	(30,004)			
	Italcementi S.p.A.	(16,001)			
Total other payables and non-current liabilities		**(58,787)**	**94.09%**	**(62,480)**	
Current account payables	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	(577,175)			
subsidiaries	Italcementi S.p.A.	(3,431)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(3,943,583)			
Total loans and borrowings		**(4,524,189)**	**2.15%**	**(210,574,819)**	**Note 18**

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Trade payables	Bravosolution S.p.A.	(1,500)			
subsidiaries	Ciments Français S.A.	(1,142)			
	Finter Bank Zurich S.A.	(66,454)			
	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	(683,847)			
	Italcementi S.p.A.	(105,761)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(24,043)			
	Other related parties	(38,547)			
Total trade payables		**(921,294)**	**30.37%**	**(3,033,240)**	**Note 21**
Payables for tax consolidation	Aliserio S.r.l.	(50,925)			
subsidiaries	Axim italia S.p.A.	(25,461)			
	Bravosolution S.p.A.	(171,788)			
	Calcestruzzi S.p.A.	(8,507,760)			
	Cemencal S.p.A.	(755,666)			
	Cementificio Montalto S.p.A.	(3,168,040)			
	E.I.C.A. S.r.l.	(16,493)			
	Escavazione Sabbia e Affini Monviso S.p.A.	(113,119)			
	Gruppo Italsfusi S.r.l.	(105,465)			
	Imes S.r.l.	(8,069)			
	Immobiliare Salesiane S.r.l.	(9,672)			
	Ing. Sala S.p.A.	(261,501)			
	Intertrading S.r.l.	(44,316)			
	Italcementi S.p.A.	(61,363,502)			
	Italgen S.p.A.	(1,072,981)			
	Nuova Sacelit S.r.l.	(7,897,706)			
	Sama S,p.A.	(758,607)			
	Sicilfin S.r.l.	(4,150)			
	Silos Granari della Sicilia S.r.l.	(12,407)			
	Sirap-Gema S.p.A.	(1,109,538)			
	Sirap-Gema Insulation System S.p.A.	(764,002)			
Total other liabilities		**(86,221,168)**	**90.05%**	**(95,742,920)**	**Note 22**

COMMITMENTS WITH RELATED PARTIES

Description	Company	Amount
Letters of patronage to	Sirap Gema S.p.A.	21,500,000
subsidiaries		
Total commitments		**21,500,000**

REVENUES AND EXPENSE VS RELATED PARTIES

(euro) Description	**Company**	**Amount**	**% impact on book values**	**Book values**	**Reference**
Dividends	Ciments Français S.A.	33,831			
subsidiaries	Italcementi S.p.A.	13,169,460			
	Fincomind A.G.	10,526,089			
	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	100,000			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	1,000,000			
	Sirap Gema S.p.A.	3,001,749			
Dividends	Mittel S.p.A.	1,729,038			
associates					
Total dividends		**29,560,167**	**84.27%**	**35,077,985**	**Note 23**
Financial and current a/c interest income and other income	Italcementi S.p.A.	136			
subsidiaries	Sance S.r.l.	1,597			
	Sirap-Gema S.p.A.	1,014			
Total interest income		**2,747**	**0.07%**	**4,147,071**	**Note 23**
Recovery cost of services	Ciments Français S.A.	32,000			
subsidiaries	Fincomind A.G.	4,496			
	Finter Bank Zurich S.A.	206,245			
	Franco Tosi S.r.l.	36,500			
	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	81,142			
	Italcementi S.p.A.	5,146,564			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	50,950			
	Sirap-Gema S.p.A.	442,534			
	Sirap-Gema Insulation Systems S.r.l.	27,000			
	Sance S.r.l.	33,500			
Recovery cost of services	G.I.S.T. S.r.l.	3,075			
associates					
Total services		**6,064,006**	**93.34%**	**6,496,430**	**Note 23**
Total revenues		**35,626,920**	**77.92%**	**45,721,486**	**Note 23**
Other revenues	Bravosolution S.p.A.	12,750			
subsidiaries	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	140,212			
	Italcementi S.p.A.	94,053			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	2,880			
	Sirap-Gema S.p.A.	75,124			
	Sirap-Gema Insulation Systems S.r.l.	5,700			
associates	Gist S.r.l.	975			
	Gesvim S.r.l.	1,937			
Total revenues and operating income		**333,631**	**35.74%**	**933,398**	**Note 24**

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Services expenses	Finter Bank Zurich S.A.	(186,526)			
subsidiaries	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	(1,266,406)			
	Italcementi S.p.A.	(373,869)			
	Other related parties	(348,406)			
Total services expenses		**(2,175,207)**	**36.34%**	**(5,985,939)**	**Note 26**
Financial and current account interest expense	Franco Tosi S.r.l.	(5,056)			
subsidiaries	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	(4,305)			
	Italcementi S.p.A.	(1,158)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(23,159)			
	Sirap-Gema S.p.A.	(7)			
Total other operating income (expense)		**(33,685)**	**0.29%**	**(11,657,365)**	**Note 28**
Other related parties	(endowment to Fondazione Italcementi)	(600,000)			
Total other non-recurring income (expense)		**(600,000)**	**100.00%**	**(600,001)**	**Note 29**
Interest expense on trade payables	Bravosolution S.p.A.	(32)			
subsidiaries	Franco Tosi S.r.l.ex Italmobiliare Servizi S.r.l.	(287)			
	Italcementi S.p.A.	(149)			
Total finance income and costs		**(468)**	**0.95%**	**(49,257)**	**Note 31**

Impact of transactions with related parties on cash flows

	Cash flows	
(in thousands of euro)	**Value**	**%**
Cash flow from operating activities with related parties	84,807	288.3%
Total A) - from cash flow statement	29,413	
Cash flow from investing activities with related parties	(110,680)	156.2%
Total B) - from cash flow statement	(70,837)	
Cash flow from financing activities with related parties	2,407	4.8%
Total C) - from cash flow statement	49,665	
Change in cash and cash equivalents with related parties	**(23,466)**	
Change in cash and cash equivalents from cash flow statement (A+B+C)	**8,241**	

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)	**2010**	**2009**
Short-term benefits: compensation and remuneration	2,283,217	2,440,298
Post-employment benefits	961,411	956,212
Other long-term benefits	125,754	112,953
Share-based payments (stock options)	950,868	1,500,655
Total	**4,321,250**	**5,010,118**

Annex A

Statement of movements in the accounts of investments in subsidiaries, associates and other companies at December 31, 2010

(euro)

Equities and interests	Position at 1/1/2010		Additions		Decreases	
Subsidiaries	**Quantity**	**Amounts**	**Quantity**	**Amounts**	**Quantity**	**Amounts**
Aliserio S.r.l.	227,000	238,788				
BravoSolution S.p.A.	2,389,332	3,243,051				
Ciments Francais S.A.	11,277	659,568	229,843	15,299,998		
Fincomind S.A.	7,000	3,642,830				
Franco Tosi S.r.l.	50,000,000	94,541,959			50,000,000	94,541,959 (2)
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 Finance Ltd	249,990	220,628,628				
Franco Tosi S.r.l. ex Italmobiliare Servizi S.r.l.	260,000	258,228				
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	1,300,000	3,629,411				
Sirap Gema S.p.A.	3,298,625	37,489,427				
Société de Participation Financière Italmobiliare S.A.	4,294,033	95,001,104	2,589	100,936		
SANCE S.r.l.	139,725	1,571,453			139,725	1,571,453 (2)
Total subsidiaries		**909,250,646**		**15,400,934**		**96,113,412**
Associates						
Mittel S.p.A.	8,645,190	15,650,202				
R.C.S. Mediagroup S.p.A.			54,691,627 (°)	85,529,633 (°)		
Società Editrice Siciliana S.p.A.	29,700	9,450,796				
Total associates		**25,100,998**		**85,529,633**		**–**
Other companies						
Ambienta S.p.A.	150	13,093				
Atmos S.p.A.	4,000	126,907		30,000 (3)		
Atmos Venture S.p.A.	200,000	193,254				
Compagnia Fiduciaria Nazionale S.p.A.	20,001	506.424				
Emittenti Titoli S.p.A.	209,000	161.542				
Fin.Priv. S.r.l.	2,857	17,890,365				
Gazzetta del Sud Calabria S.p.A.	4,788	843,411				
Gruppo Banca Leonardo S.p.A.	7,576,661	24,721,615				8,182,795 (4)
Kme Group S.p.A.			6,138,125 (+)	1,797,857 (+)	5,043,545	1,477,254
Kme Group S.p.A. - warrants 2006/2011			1,374,940 (+)	16,362 (+)		
Kme Group S.p.A. - warrants 2009/2011			2,175,512 (+)	23,931 (+)		
Idrovia Ticino Milano Nord Mincio S.p.A. in liquidation	100	568				
Intek S.p.A.			2,564,566 (+)	1,140,463 (+)		
Intek S.p.A. - warrants			1,305,307 (+)	38,898 (+)		
Immobiliare Lido di Classe S.p.A.	45,991	1				
Immobiliare Astra S.p.A.	12,012	12,121				
Mediobanca S.p.A.			22,568,992 (°)	150,395,779 (°)		
Mediobanca S.p.A. - warrants			9,971,282 (+)	211,391 (+)		
Sesaab S.p.A.	700,000	10,990,000				
Solar Energy Italia S.p.A.	69,100	112,159			69,100	112,159
UniCredit S.p.A. - ordinary shares	101,243,921	238,773,663	11.549.984 (5)	22,664,160 (6)	13,000,000 (7)	40,077,487 (7)
Unione di Banche Italiane S.c.p.a.	1,718,500	17,292,750	743,500 (+)	5,127,994 (+)	1,718,500	17,278,658
Unione di Banche Italiane S.c.p.a. - warrants	1,718,500	84,894	743,500 (+)	7,881 (+)	1,718,500	63,585
Total other companies		**311,722,767**		**181,454,716**		**67,191,938**
Total equity investments		**1,246,074,411**		**282,385,283**		**163,305,350**

(+) Additions arising from merger of Franco Tosi S.r.l. e Sance S.r.l.
(*) of ordinary capital
(1) controlled through Italcementi S.p.A.
(2) Merger into Italmobiliare S.p.A.
(3) Share capital increase
(4) Distribution of reserves
(5) Of which: 3,000,000 from exercise of rights and 8,549,984 from merger of Franco Tosi S.r.l.
(6) Of which: 6,900,554 from exercise of rights and 15,763,606 from merger of Franco Tosi S.r.l.
(7) Disposal of 13,000,000 shares (of which 3,000,000 arising from exercise of rights)

Changes in fair value	Impairment losses	interest held	Position at 12/31/2010		Gains/(losses) on sales	
Amounts	**Amounts**	**%**	**Quantity**	**Amounts**	**Amounts**	**Subsidiaries**
		10.000 [1]	227,000	238,788	–	Aliserio S.r.l.
		8.154 [1]	2,389,332	3,243,051	–	BravoSolution S.p.A.
		0.663 [1]	241,120	15,959,566	–	Ciments Francais S.A.
		69.930	7,000	3,642,830	–	Fincomind S.A.
			–	–	–	Franco Tosi S.r.l.
		60.262 [*]	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
		97.272	249,990	220,628,628	–	Italmobiliare International Finance Ltd
		100.000	260,000	258,228	–	Franco Tosi S.r.l. ex Italmobiliare Servizi 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.
		100.000	4,296,622	95,102,040	–	Société de Participation Financière Italmobiliare S.A.
			–	–	–	SANCE S.r.l.
–	**–**			**828,538,168**	–	**Total subsidiaries**
						Associates
		12.262	8,645,190	15,650,202	–	Mittel S.p.A.
		7.465 [*]	54,691,627	85,529,633	–	R.C.S. Mediagroup S.p.A.
		33.000	29,700	9,450,796	–	Società Editrice Siciliana S.p.A.
–	**–**			**110,630,631**	**–**	**Total associates**
						Other companies
1,616		1.000	150	14,709	–	Ambienta S.p.A.
(43,338)		1.818	4,000	113,569	–	Atmos S.p.A.
(7,564)		9.090	200,000	185,690	–	Atmos Venture S.p.A.
15,786		16.668	20,001	522,210	–	Compagnia Fiduciaria Nazionale S.p.A.
(7,184)		2.549	209,000	154,358	–	Emittenti Titoli S.p.A.
(3,506,116)		14.285	2,857	14,384,249	–	Fin.Priv. S.r.l.
(72,564)		4.836	4,788	770,847	–	Gazzetta del Sud Calabria S.p.A.
164,579		2.914	7,576,661	16,703,399	–	Gruppo Banca Leonardo S.p.A.
44,987		0.245	1,094,580	365,590	186,552	Kme Group S.p.A.
8,387			1,374,940	24,749	–	Kme Group S.p.A. - warrants 2006/2011
6,962			2,175,512	30,893	–	Kme Group S.p.A. - warrants 2009/2011
		0.200	100	568	–	Idrovia Ticino Milano Nord Mincio S.p.A. in liquidation
(132,332)		1.966	2,564,566	1,008,131	–	Intek S.p.A.
(8,354)			1,305,307	30,544	–	Intek S.p.A. - warrants
		18.036	45,991	1	–	Immobiliare Lido di Classe S.p.A.
17,598		1.784	12,012	29,719	–	Immobiliare Astra S.p.A.
505,015		2.621	22,568,992	150,900,794	–	Mediobanca S.p.A.
	(149,569)		9,971,282	61,822	–	Mediobanca S.p.A. - warrants
(1,190,000)		7.000	700,000	9,800,000	–	Sesaab S.p.A.
			–	–	34,400	Solar Energy Italia S.p.A.
(64,663,946)		0.518 [*]	99,793,905	156,696,390	21,449,076	UniCredit S.p.A. - ordinary shares
(227,660)	(14,092)	0.116	743,500	4,900,334	(4,817,127)	Unione di Banche Italiane S.c.p.a.
	(26,811)		743,500	2,379	(31,449)	Unione di Banche Italiane S.c.p.a. - warrants
(69,094,128)	**(190,472)**			**356,700,945**	**16,821,452**	**Total other companies**
(69,094,128)	**(190,472)**			**1,295,869,744**	**16,821,452**	**Total equity investments**

(°) R.C.S. Mediagroup S.p.A. Additions due to:
- 37,606,889 shares for 60,923,160 euro from merger - 17,084,738 shares for 24,606,473 euro purchased from Italcementi S.p.A.

(°) Mediobanca S.p.A. Additions due to:
- 10,469,846 shares for 64,423,056 euro from merger - 12,099,146 shares for 85,972,723 euro purchased from Italcementi S.p.A.

Annex B
List of equity investments in subsidiaries and associates at December 31, 2010 (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	2,193,609	(4,129)	10.00 [1]
BravoSolution S.p.A.	Bergamo	€	29,302,379	34,792,335	774,244	8.15 [1]
Ciments Francais S.A.	Puteaux	€/000	145,527	2,462,602	145,531	0.66 [1]
Fincomind A.G.	Zurich	F.sv.	10,010,000	34,593,634	9,841,875	69.93
Italcementi S.p.A. ordinary shares	Bergamo	€	282,548,942	1,814,316,009	(34,360,520)	60.26
Italcementi S.p.A. savings shares	Bergamo	€	282,548,942	1,814,316,009	(34,360,520)	2.86
Italmobiliare International Finance Ltd.	Dublin	€	1,336,400	384,259,512	14,033,522	97.27
Franco Tosi S.r.l. (ex Italmobiliare Servizi S.r.l.)	Milan	€	260,000	910,066	132,595	100.00
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	€	1,300,000	4,871,133	1,240,242	100.00
Sirap Gema S.p.A.	Verolanuova	€	17,020,905	43,366,258	2,653,505	100.00
Société de Participation Financière Italmobiliare S.A.	Luxembourg	€	103,118,928	165,612,393	(1,898,029)	100.00
Total subsidiaries						
Associates						
Mittel S.p.A.	Milan	€	70,504,505	261,837,318	(17,764,357) [2]	12.26
R.C.S. Mediagroup S.p.A.	Milan	€	762,019,050	1,231,214,144	(36,118,684) [3]	7.47
Società Editrice Siciliana S.p.A.	Messina	€	5,112,900	65,779,335	(2,153,328) [3]	33.00
Total associates						

(1) controlled through Italcementi S.p.A.
(2) figures at 09/30/2010
(3) figures at 12/31/2009

Reasons for negative difference in final column:

- BravoSolution S.p.A.: carrying amount is maintained because lower than recoverable amount.

Number shares or interests	Nominal unit value (in euro or currency)	Carrying amount Unit	Carrying amount Total (in euro)	Carrying amount 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	330	91	Aliserio S.r.l.
2,389,332	1.00	1.36	3,243,051	3,243	2,158	(1,085)	BravoSolution S.p.A.
241,120	1.00	66.19	15,959,566	15,960	22,665	6,705	Ciments Francais S.A.
7,000	1,000.00	520.40	3,642,830	3,643	67,421	63,778	Fincomind A.G.
106,734,000	1.00	3.89	415,254,183	415,254	1,390,288	975,034	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	288,397	67,768	Italmobiliare International Finance Ltd.
260,000	1.00	0.99	258,228	258	904	646	Franco Tosi S.r.l. (ex Italmobiliare Servizi S.r.l.)
1,300,000	1.00	2.79	3,629,411	3,629	4,798	1,169	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
3,298,625	5.16	11.37	37,489,427	37,489	55,968	18,479	Sirap Gema S.p.A.
4,296,622	24.00	22.13	95,102,040	95,102	206,433	111,331	Société de Participation Financière Italmobiliare S.A.
			828,538,168	**828,538**	**2,072,454**	**1,243,916**	**Total subsidiaries**
							Associates
8,645,190	1.00	1.81	15,650,202	15,650	42,916	27,266	Mittel S.p.A.
54,691,627	1.00	1.56	85,529,633	85,530	86,303	773	R.C.S. Mediagroup S.p.A.
29,700	56.81	318.21	9,450,796	9,451	23,735	14,284	Società Editrice Siciliana S.p.A.
			110,630,631	**110,631**	**152,954**	**42,323**	**Total associates**

Annex C
Statement of movements in the accounts of trading equity investments at December 31, 2010

(euro) Equities and interests	Position at 1.1.2010		Additions		Decreases		Changes in fair value	Interest held	Position at 12.31.2010		Gains/ (losses) on sales
	Quantity	Amounts	Quantity	Amounts	Quantity	Amounts	Amounts	%	Quantity	Amounts	Amounts
Other companies											
Enel S.p.A. - ordinary shares			76,000	283,753			2,098	n.r.	76,000	285,851	
Eni S.p.A. - ordinary shares			20,000	309,980			17,984	n.r.	20,000	327,964	
Intesa Sanpaolo S.p.A. - ordinary shares			20,000	43,940			(3,094)	n.r.	20,000	40,846	
Unipol S.p.A. - preferred shares			80,003	27,513			1,200	n.r.	80,003	28,713	
Total other companies		**--**		**665,186**		**--**	**18,188**			**683,374**	**--**

n.r. = immaterial

Annex D
Statement of movements in debentures during 2010

(euro)	Position at 1.1.2010	Additions	Decreases	Change in fair value	Position at 12.31.2010
Available-for-sale portfolio					
Other variable-income securities	10,635,719		391,456	(882,094)	9,362,169
Other fixed-income securities		--		--	--
Total	**10,635,719**	**--**	**391,456**	**(882,094)**	**9,362,169**

	Position at 1.1.2010	Additions	Decreases	Change in fair value	Position at 12.31.2010
Trading portfolio					
Other variable-income securities	7,508,250	10,000,000	7,508,250	(52,215)	9,947,785
Other fixed-income securities	1,905,403	797,504		(122,547)	2,580,360
Total	**9,413,653**	**10,797,504**	**7,508,250**	**(174,762)**	**12,528,145**

The position at December 31, 2010 was equal to the market value at December 31, 2010.

Annex E
Comparison of book values and market prices at December 31, 2010, for equity investments in companies with listed shares.

(euro) **Equity securities**	**Number shares**	**Book value**	**Unit book value**	**Unit fair value at December 31, 2010**	**Fair value at December 31, 2010**
Subsidiaries					
Italcementi S.p.A. - ordinary shares	106,734,000	415,254,183	3.891	6.3752	680,450,597
Italcementi S.p.A. - savings shares	3,011,500	33,092,016	10.989	3.5512	10,694,439
Ciments Français S.A.	241,120	15,959,566	66.189	72.5000	17,481,200
		464,305,765			**708,626,236**
Associates					
Mittel S.p.A.	8,645,190	15,650,202	1.810	3.1128	26,910,747
R.C.S. Mediagroup S.p.A.	54,691,627	85,529,633	1.564	1.0279	56,217,523
		101,179,835			**83,128,270**
Other companies					
Kme Group S.p.A.	1,094,580	365,590	0.334	0.3340	365,590
Kme Group S.p.A. - warrants 2006/2011	1,374,940	24,749	0.018	0.0180	24,749
Kme Group S.p.A. - warrants 2009/2011	2,175,512	30,893	0.014	0.0142	30,893
Intek S.p.A.	2,564,566	1,008,131	0.393	0.3931	1,008,131
Intek S.p.A. - warrants	1,305,307	30,544	0.023	0.0234	30,544
Mediobanca S.p.A.	22,568,992	150,900,794	6.686	6.6862	150,900,794
Mediobanca S.p.A. - warrants	9,971,282	61,822	0.006	0.0062	61,822
Unione di Banche Italiane S.c.p.a.	743,500	4,900,334	6.591	6.5909	4,900,334
Unione di Banche Italiane S.c.p.a. - warrants	743,500	2,379	0.003	0.0032	2,379
Unicredito Italiano S.p.A. - ordinary shares	99,793,905	156,696,390	1.570	1.5702	156,696,390
		314,021,626			**314,021,626**
Treasury shares (deducted against shareholders' equity)					
Italmobiliare Società per Azioni - ordinary shares(*)	871,411	20,830,105	23.904	25.0027	21,787,628
Italmobiliare Società per Azioni - savings shares	28,500	396,085	13.898	17.7349	505,445
		21,226,190			**22,293,073**

(*) of which 714,374 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**			**34,195**
B)	Current IRES tax rate	**27.5%**		
C)	**Theoretical IRES tax rate (AxB)**			**-9,404**
	Fiscal effects on permanent differences:			
D)	- non-deductible			-14,096
	- non-taxable/exempt			25,683
			tot. D)	11,587
E)	Deferred tax assets/liabilities generated in the year:			
	- unrecognized deferred tax liabilities on taxable temporary differences			-1,146
	- unrecognized deferred tax assets on deductible temporary differences			
	- unrecognized deferred tax assets on loss			
			tot. E)	-1,146
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
				-93
G)	Other changes		tot. G)	-93
	Total		**(C+D+E+F+G)**	**944**
H)	Other taxes (prior-year taxes)			98
I)	**Income tax reflected in the income statement**			**1,042**

Annex G
Analysis of shareholders' equity line items at December 31, 2010

(in thousands of euro) **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	9,985	-	9,985		
Fair value reserve for available-for-sale assets	48,086	-	-		
Total reserves	**235,262**	**-**	**187,176**		
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		
Merger deficit on merger of Franco Tosi S.r.l. and Sance S.r.l.	(83,706)	-	-		
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	137,616	A, B, C	137,616		
Translation reserve	-	A, B, C			
Reserve ex art.7 Leg.D 38/2005	16,009	A, B, C	16,009		
Net profit for the year	35,237		35,237		
Total retained earnings	**761,492**		**825,164**	**(23,390)**	
Total			**1,012,340**		
Non-distributable portion - art. 2426 no. 5 Italian Civil Code					
Residual distributable portion			**1,012,340**		

Key: A: for share capital increase
B: to replenish losses
C: for distribution to shareholders

Annex H

REMUNERATION PAID TO DIRECTORS, AUDITORS, TO THE CHIEF OPERATING OFFICER AND THE MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS REFERRED TO 2010.

The remuneration shown in the table are illustrated on the basis of the office held.

Accordingly, in the following columns, in accordance with the requirements indicated by CONSOB (Companies and Stock Exchange Commission) in its Issuers' Regulation and with Notice No. 11012984 dated February 24th 2011:

* ***Remuneration for office held**,* these are indicated per single items and, specifically, are referred to **(i)** in the case of directors, also unpaid components, if any; **(ii)** in the case of auditors, to the remuneration accruing to the financial year;
* ***Non-monetary benefits*** the fringe benefits are indicated (based on a taxability criterion), including insurance policies*;*
* ***Bonuses and other incentives*** the remuneration amounts payable as a one-off payment are included*;*
* ***Other remuneration**:* are indicated per single items **(i)** the remuneration for offices held in listed and unlisted subsidiary companies; **(ii)** any possible amounts due for professional services rendered to the Company and/or to its subsidiaries; **(iii)** salaries relating to employment income (gross of Social Security and tax charges to be borne by the employee, excluding the collective mandatory Social Security charges to be borne by the Company and allocation of the employee severance indemnity (TFR)) and **(iv)** the end of office indemnities.

Lastly, you are hereby informed that:

- part of the remuneration recognized to the Chairman–Chief Executive Officer, to the Chief Operating Officer and to the Manager in charge of preparing the company's financial reports is variable and depends on the economic results achieved by the Company or depends on achieving specific targets;
- the entire remuneration paid to Mr. Carlo Pesenti, Chief Executive Officer of Italcementi (who also holds the office of Chief Operating Officer of Italmobiliare with which he also has an employment relationship as an Executive Manager), the profit-sharing due and payable to him and the other remuneration to which he is entitled are reversed to the belonging company and absorbed in the remuneration that the latter company has resolved in his favour;
- the remuneration indicated by the Director, Mr. Luca Minoli, lawyer, in the column "Other remuneration" corresponds to the quota due and payable to him for the services he has rendered to Italmobiliare and to its subsidiaries and invoiced by the legal firm for which Mr. Luca Minoli works.

(amounts expressed in Euro/thousand)

Name and surname	Office held	Period in which office was held	Office expires on	Remuneration for the office held	Non-monetary benefits	Bonuses and other incentives	Other remuneration	
Giampiero Pesenti	Chairman	1.1 - 31.12	2010	41.4	0.7	-	3.967,0	From ITC
	Chair Executive Officer			840.0			45,4	Other offices held
	Member of Ex-Committee			10.3			167.3	Life insurance
Italo Lucchini	Deputy Chairman	1.1 - 31.12	2010	81.0	-	-	51.9	Other offices held
	Member of Ex-Committee			10.3				
	Member of Rem Com			4.0				
Carlo Pesenti	Director	1.1 - 31.12	2010	20.7	66.9	16.3	2.577,9	Remuneration
	Chief Operating Officer						32,0	Other offices held
	Member of Ex-Committee			10.3				
Pier Giorgio Barlassina	Director	1.1 - 31.12	2010	20.7		-	250,0	Professional remuneration
							2,7	Other offices held
Mauro Bini	Director	1.1 - 31.12	2010	20.7	-	-		-
	Member of ICC			25.0				
	Member of Compliance Com			25.0				
	Member of OPC Com			-				
Giorgio Bonomi	Director	1.1 - 31.12	2010	20.7	-	-		-
	Member of ICC			25.0				
Gabriele Galateri di Genola	Director	1.1 - 31.12	2010	20.7	-	-		-
	Member of Rem Com			4.0				
Jonella Ligresti	Director	1.1 - 31.12	2010	20.7	-	-		-
	Member of OPC Committee			-				
Luca Minoli	Director	1.1 - 31.12	2010	20.7	-	-	2.42	Professional remuneration
Giorgio Perolari	Director	1.1 - 31.12	2010	20.7	-	-		-
	Member of Ex Committee			10.3				
	Member of ICC			25.0				
	Member of Rem Com			4.0				
	Member of OPC Committee			-				
Livio Strazzera	Director	1.1 - 31.12	2010	20.7	-	-		-
	Member of Ex Committee			10.3				
Francesco Saverio Vinci	Director	1.1 - 31.12	2010	20.7	-	-		-
Giorgio Moroni	Manager in charge	1.1 - 31.12	2010	30.0	3.4	1.6	594.5	Remuneration
Mario Cera	Chairman of Board of Statutory Auditors	1.1 - 31.12	2010	64.5	-	-		-
Luigi Guatri	Acting Auditor	1.1 - 31.12	2010	43.0	-	-		-
Leonardo Cossu	Acting Auditor	29.9 - 31.12	2010	10.7				
Eugenio Mercorio	Acting Auditor	1.1 - 24.9	2010	32.2			33.6	Other offices held

STOCK OPTIONS ASSIGNED TO DIRECTORS, CHIEF OPERATING OFFICERS AND KEY MANAGEMENT PERSONNEL.

Annex I

ITALMOBILIARE S.p.A.

Directors plan

		Options held at the beginning of the financial year			Options assigned during the financial year			Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial year		
A	B	1	2	3	4	5	6	7	8	9	10	11= 1+4 -7-10	12	13
Name and surname	Office held	Number of options	Average exercise price	Average due date	Number of options	Average exercise price	Average due date	Number of options	Average exercise price	Average market exercise price	Number of options	Number of options	Average exercise price	Average due date
Giampiero Pesenti	Chief Executive Officer	275,000	61.657	2013	53.000	28.834	2016	-	-	-	-	328,000	56.353	2014
					48.000 (*)	27.469	2017					376,000	52.666	2014
Carlo Pesenti (**)	Director Chief Operating Officer	-	-	-	35.800	28.834	2016	-	-	-	-	35,800	28.834	2016
					30.700 (*)	27.469	2017					66,500	28.204	2017

(*) Allocation by Board of Directors on March 30th 2011, to be financed by the results achieved in 2010, in the same session the Board of Directors resolved to close the Plan, except for the time periods envisaged to exercise the assigned options.

(**) Mr. Carlo Pesenti, the Company's Director-Chief Operating Officer is also an employee of Italmobiliare S.p.A. Stock options were assigned to Mr. Carlo Pesenti up to the end of the 2008 financial year to be financed by the Plan for Managers and to be financed by the Stock Option Plan for Directors from 2010.

Managers plan

		Options held at the beginning of the financial year			Options assigned during the financial year			Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial year		
A	B	1	2	3	4	5	6	7	8	9	10	11= 1+4 -7-10	12	13
Name and surname	Office held	Number of options	Average exercise price	Average due date	Number of options	Average exercise price	Average due date	Number of options	Average exercise price	Average market exercise price	Number of options	Number of options	Average exercise price	Average due date
Carlo Pesenti	Director Chief Operating Officer	175,000	62.518	2013	-	-	-	-	-	-	-	175,000	62.518	2013
Giorgio Moroni	Co-Chief Operating Officer/Manager in charge	-	-	-	14,150 (*)	27.469	2017	-	-	-	-	14,150	27.469	2017

(*) Allocation by Board of Directors on 30th March 2011, to be financed by the results achieved in 2010, in the same session the Board of Directors resolved to close the Plan, except for the time periods envisaged to exercise the assigned options.

Explanatory Notes to outline the principles and the purposes of the stock-option plans.

Please refer to the information provided in the Directors' Report in the following paragraphs: "Stock Option Plan for Directors" and "Stock Option Plan for Managers".

ITALCEMENTI S.p.A. – 2001

		Options held at the beginning of the financial year			Options assigned during the financial year			Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial year		
A	B	1	2	3	4	5	6	7	8	9	10	11= 1+4 -7-10	12	13
Name and surname	Office held	Number of options	Average exercise price	Average due date	Number of options	Average exercise price	Average due date	Number of options	Average exercise price	Average market exercise price	Number of options	Number of options	Average exercise price	Average due date
Giampiero Pesenti	Chairman	450,000	17.775	2012	-	-	-	-	-	-	-	450,000	17.775	2013
Carlo Pesenti	Chief Executive Officer	420,000	18.697	2012	-	-	-	-	-	-	-	420,000	18.697	2013

ITALCEMENTI S.p.A. - 2007 (*)

		Options held at the beginning of the financial year			Options assigned during the financial year			Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial year		
A	B	1	2	3	4	5	6	7	8	9	10	11= 1+4 -7-10	12	13
Name and surname	Office held	Number of options	Average exercise price	Average due date	Number of options	Average exercise price	Average due date	Number of options	Average exercise price	Average market exercise price	Number of options	Number of options	Average exercise price	Average due date
Giampiero Pesenti	Chairman	from 255,000 to 450,000	23.706	2012	401,250	23.706	2012	-	-	-	-	-	-	-
Carlo Pesenti	Chief Executive Officer	from 300,000 to 600,000	23.706	2012	300,000	23.706	2012	-	-	-	-	-	-	-

(*) Reference is made to a minimum and maximum quantity, respectively, to be determined at the end of the three-year cycle.
Exercising the options is subordinated to achieving the targets assigned by the Board of Directors based on a three-year cycle, in accordance with the regulation duly approved by the Meeting of Italcementi S.p.A. held on June 20th 2007.
In the meeting held on March 5th 2010, the Company's Board of Directors assessed the level of achievement of the performance targets originally assigned at the beginning of the three-year cycle, based on the Remuneration Committee's proposal, and acknowledged:
* 401,250 options to the Chairman;
* 300,000 options to the Chief Executive Officer.
Both the Chairman and the Chief Executive Officer waived the stock options assigned in their favour.
No new assignment of options was resolved by the Board of Directors.
There is no current option to be financed through the «Stock Option Plan for Directors - 2007» following the resolution passed by the Board of Directors and the subsequent waiver of the assignment by the Chairman and by the Chief Executive Officer.

Explanatory Notes to outline the principles and purposes of the stock-option plans.

The stock option plans for Directors and Managers pursue the objective of linking the overall economic conditions of the beneficiaries of the plan to the Company's medium/long term success and to the shareholders value creation, as well as to increase the Managers' sense of belonging, incentivising their stay with the Company.

Pursuant to the respective regulations:

specifically, for the 2001 Stock Option Plan

- the registered, personal and non-transferable options are assigned in annual cycles and may be exercised for a period between the fourth and tenth year following the date of assignment;
- the subscription/purchase price is fixed for each stock option plan and is equal to the arithmetic mean of the Stock Exchange quotations recognised during the period between the option rights offering date and the same date of the preceding calendar month;
- the shares purchased after exercising the option will be subject to a one-year constraint concerning their unrestricted use.

for the 2007 Stock Option Plan

- the options are registered;
- the subscription/purchase price is fixed for each stock option plan and is equal to the arithmetic mean of the Stock Exchange quotations recognised between the option rights offering date and the same date of the preceding calendar month;
- the options cannot be exercised during the three years of the cycle, starting from the initial date of the options offering.

The options may only be exercised during a period of 5 years following the restricted three-year period, if the performance results linked to the Group's economic results are achieved and/or subject to the progressive achievement of the Group's strategic projects, as approved by the Board of Directors at the beginning of the cycle's three-year period, and as proposed by the Remuneration Committee.

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, 2010 to December 31st, 2010.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of separate financial statements as of December 31st, 2010 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 , 2010:

    a) were prepared in compliance with applicable international financial reporting standards recognised by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19th, 2002;
    b) correspond to the accounting books and entries;
    c) are suitable to provide a true and fair presentation of the equity, income and financial situation of the issuer.

    3.2 the annual directors' report includes a reliable analysis of the business trend and the operational results of Italmobiliare S.p.A., together with a description of the main risks and uncertainties to which it is exposed.

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in Charge

March 30th, 2011

Report of the Board of Statutory Auditors

Dear Shareholders,
the 2010 financial statements, with enclosures and reports, prepared by the Board of Directors in compliance with current legislation, recorded a net profit for the Group of €21.3m, while the Parent Company recorded a net profit of € 35.2 m. The equity in the Company's separate financial statements amounted to €1,075.7 m.
The Board of Directors, in its Management Report, clearly reported about the Company's operations, the performance of subsidiaries and the results obtained, as well as on corporate governance and business risks. The explanatory notes gave details on the relationships with the various Group companies and other related parties and the evaluation criteria adopted in accordance with provisions of law and in line with those applied in the previous fiscal years, with the exception of the change made in the financial statements to the accounting principle applicable to the evaluation of associated companies. For our part, we confirm that intra-group transactions and transactions with related parties were made in the interest of the Company and their economic content is appropriate.
With respect to investments and their accounting, there are no significant or relevant changes at year end regarding the Group's overall activity and core business, besides the restructuring of certain share packages held in non-subsidiary companies, namely by the centralizing into the Parent Company, and the merger of Franco Tosi Srl and Sance Srl, which were already under the same Parent Company's full control.
The development, in particular, of the situation in the controlled company Calcestruzzi was adequately illustrated by the Directors among the significant events of the fiscal year.
With respect to accounting matters, please refer to what reported by the Directors.
We think it is appropriate to make the following observations.
For the purposes of the separate financial statements of Italmobiliare SpA, the impairment tests relating to investments in the associated company RCS MediaGroup SpA and in the controlled company Sirap Gema SpA were supported by the appraisals of external qualified experts.
In this regard, the checks on impairment losses for investments in RCS and Sirap Gema were based on the estimated *value in use* (or fundamental value), obtained on the basis of evaluation criteria that consider the present value of operating cash flows (the so-called *unlevered* cash flows) expected in the future. The projection of the latter was based, for RCS, on the strategic plan for 2011-2013 presented to the financial community on 17/12/2010; for Sirap Gema on divisional plans drawn up by the subsidiary's management.
In the case of RCS, the evaluation did not produce economic effects in the separate financial statements of Italmobiliare SpA, while a re-evaluation of €8.5 million was recorded in the consolidated financial statements as a result of the alignment of the book value with the estimated value (corresponding to €1.578 per ordinary share).
The impairment test of the investment in the subsidiary Calcestruzzi SpA, excluded from the scope of consolidation, was based on the estimated *fair value* determined on the basis of market multiples (as comparable transactions). This evaluation, supported by the opinion of an independent expert on its fairness, brought about the devaluation of €19.7 million of the investment in the consolidated financial statements of Italmobiliare SpA.
It should also be noted that investments classified as “available for sale" (such as Unicredit and Mediobanca), whose *fair value* was determined on the basis of the 2010 year-end stock prices, had a negative impact on the "Fair Value Reserve" of Italmobiliare SpA, which altogether dropped by €90.6 million (compared to the total increase of €104.6m in 2009, expressed on homogeneous bases). The disposal of a Unicredit package of securities in January 2010 also contributed to this reduction.

The legal accounting principles, and, in any case, the ones currently accepted, were fully complied with.

Dear Shareholders, during the course of the fiscal year we carried out the activities required by current legislation, taking into account the information contained in the resolutions and communications of *Consob* (i.e. the Italian stock exchange regulator). In particular, we were involved, together or individually, in meetings of the Board of Directors, the Executive Committee and also the Internal Control Committee. We acquired the necessary information on the activities carried out by executive bodies and the operations of major economic, financial and capital relevance carried out by the company.

The Board formally met, even taking into account the new rules as pursuant to Legislative Decree No 39/2010, jointly with the Internal Control Committee 12 times. There were several contacts and meetings with the Chairman at the company's management offices.

During our activities, no unusual transactions regarding the management of the company or matters deemed to be objectionable emerged, nor did reckless operations emerge that could affect the integrity of the company's assets or actions lacking adequate evaluation of the perspectives or the necessary information.

We therefore declare that the activity carried out by the company's governance body was in conformity with the law and the bylaws, free from conflicts of interest and subject to the principles of proper and safe management.

Supervision on compliance with the law and the articles of association was performed by checking the activity of the company's bodies, without any intervention being necessary to enforce the laws and the bylaws.

Within the area of our responsibility, we also acquired appropriate information from the structure and monitored the adequacy of the company's organization and the legitimacy of relationships with subsidiaries and the compliance with Art.114, paragraph 2, of the Consolidated law on Finance.

More specifically, we met several times with the Manager in charge of preparing the company's financial reports and the Head of Internal Audit, and on some occasions, with the Head of the auditing firm KPMG SpA.

In particular, pursuant to Art.19 of Legislative Decree no.39/2010, the Board of Statutory Auditors placed its focus on the financial reporting process, the internal control systems and the statutory audit.

We had the opportunity, during the year, to ascertain the adequacy of the company's administrative accounting system to the size and complexity of corporate activities and the reliability of the system in correctly representing the company's operations; we also verified the adequacy of coverage of the internal control system, initiated by the Board of Directors and of the operational *audit* plans in key sectors of the company's activities.

Oversight of the proper keeping of the company's accounting books and the correct recording of events in its accounting records, the auditing of financial statements and consolidated financial statements and the limited audit of the interim consolidated financial statements were carried out by the auditing firm KPMG SpA, which under Articles 14 and 16 of the January 27, 2010 Legislative Decree no.39, issued audit reports with respect to the company's financial statements and the consolidated financial statements on 18/4/2011. No irregularities were contained in the two reports.

For our part, we can attest to the independence of the statutory auditing firm (as also stated by itself) and the full transparency and adequacy of its activity.

During fiscal year 2010, KPMG SpA and the companies belonging to the same network altogether received €2,475 thousand from the group, broken down as follows: for the auditing activity €2,173 thousand and €302 thousand for other services. The provision of these

additional assignments by member firms of the KPMG Network in favor of the group, in our opinion, do not constitute critical elements with respect to the requirement of independence.
We testify, finally, that no facts emerged from the supervision activity we carried out so as to be considered objectionable, neither were there any complaints or petitions *under* Art. 2408 of the Italian Civil Code.
The Board of Statutory Auditors also monitored the implementation of rules established by the Code of Conduct of *Borsa Italiana (i.e.* the Italian stock exchange). In particular, we examined, considering adequate, the procedures for the verification of the requirements of independence and personal integrity of the members of the Board of Directors and paid particular attention to the independence of the members of this Board of Statutory Auditors.
Particular attention was paid to the work of the Remuneration Committee and the Committee for transactions with related parties.
In the first part of fiscal year 2011, there were no relevant events or management-related issues to be reported herein.
Please note that during the fiscal year Mr.Eugenio Mercorio, Acting auditor, who was replaced in September by the Substitute auditor Mr. Leonardo Cossu, passed away. The Board of Statutory Auditors would like to express unanimous regret once again for the loss of Mr. Mercorio, a person and a professional of true value.
The Board of Statutory Auditors proposes to approve the financial statements as presented by the directors and, while noting that its three-year term of office with its subsequent corresponding resolutions will terminate with the ordinary shareholders' meeting already convened, would like to thank the shareholders for their trust and the Company's management for their kind cooperation.

Milan, April 18, 2011

The Board of Statutory Auditors
Prof. Mario Cera
Prof. Luigi Guatri
Mr. Leonardo Cossu

KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Italmobiliare S.p.A.

1 We have audited the separate financial statements of Italmobiliare S.p.A. as at and for the year ended 31 December 2010, comprising the balance sheet, income statement, statement of comprehensive income, statement of movements in shareholders' equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The separate financial statements present the prior year corresponding figures and the balance sheet as at 1 January 2009 for comparative purposes. As disclosed in the notes, the company's directors restated some of the corresponding figures included in the prior year separate financial statements and balance sheet as at 1 January 2009, which derives from the separate financial statements at 31 December 2008. Other auditors audited the 2009 and 2008 separate financial statements and issued their reports thereon on 6 April 2010 and 8 April 2009, respectively. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the separate financial statements at 31 December 2010.

3 In our opinion, the separate financial statements of Italmobiliare S.p.A. as at and for the year ended 31 December 2010 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of Italmobiliare S.p.A. as at 31 December 2010, the results of its operations and its cash flows for the year then ended.

4 The directors of Italmobiliare S.p.A. are responsible for the preparation of a 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 its specific section on corporate governance and ownership structure, to the extent of the information required by article 123-bis, subsection 1, paragraph c), d), f), l), m) and article 123-bis, subsection 2, paragraph b) of Legislative decree no. 58/98, with the financial statements, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report on operations and the information required by article 123-bis, subsection 1, paragraph c), d), f), l), m) and article 123-bis, subsection 2, paragraph b) of Legislative decree no. 58/98 disclosed in the specific section of such report, are consistent with the separate financial statements of Italmobiliare S.p.A. as at and for the year ended 31 December 2010.

Milan, 18 April 2011

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

Extraordinary session

Proposal to amend Articles 9 (Call), 11 (Intervention and representation), 16 (Appointment of Board of Directors), 19 (Powers conferred on Board of Directors), 25 (Appointment of Board of Statutory Auditors) and 31 (Profit allocation) of the Company Bylaws.

Dear Shareholders,

You are called to discuss and resolve upon the proposed amendments to Articles 9, 11, 16, 19, 25 and 31 of the Bylaws of Italmobiliare S.p.A. (hereafter, the "**Bylaws**"), mainly to comply with a number of provisions introduced by Legislative Decree No. 27 dated January 27th 2010 through which Italy enacted directive 2007/36/EC dated July 11th 2007 concerning shareholders' rights (hereafter, "**Legislative Decree No. 27/2010**").

Legislative Decree No. 27/2010 has changed significantly the procedures to participate in shareholders' meetings, by establishing new rules – both onthe Italian Civil Code and on the Consolidated Law on Finance (hereafter, the "**TUF**") – concerning, inter alia, the procedures to call the meeting and representation in the meeting.

Taking into account that the Bylaws have already been amended on October 13th 2010 with the resolution made by the Board of Directors to ensure the clauses contained therein complied with the mandatory regulations introduced by Legislative Decree No. 27/2010, by virtue of the right envisaged under Art. 19 of the Bylaws and Art. 2365, clause 2 of the Italian Civil Code the proposals outlined below only concern the amendments which the Company has the authority to make to its own Bylaws, in order to facilitate the participation in the Company's meetings, as well as to exercise the shareholders' rights.

Moreover, the proposals set out in this document are also intended to introduce the necessary amendments to the Bylaws to make fully effective the provisions contained in Art. 6.8 and Art. 11.2, sub-section (e) of the Procedure for transactions with related parties duly approved by the Company on November 12th 2010, pursuant to the Regulation adopted by Consob (Companies and Stock Exchange Commission) with resolution No. 17221 dated March 12th 2010, as subsequently amended (hereafter, the "**Related Parties Regulation**").

Lastly, it is proposed to amend Art. 31 of the Bylaws in relation to profit allocation in view of the forthcoming implementation of the regulations concerning remuneration and in compliance with Art. 2389, clause 1 of the Italian Civil Code, by assigning to the shareholders the determination of the remuneration payable to the Board of Directors and to the Executive Committee.

Given that, the amendment proposals to Articles 9, 11, 16, 19, 25 and 31 of the Bylaws are illustrated below.

Article 9 (Call)

Legislative Decree No. 27/2010 has amended Art. 2369, clause 1 of the Italian Civil Code in order to introduce the possibility that the Bylaws of listed companies envisage that the meeting may be held in a single call, where the ordinary meetings are subject to the majorities established for the second call, and where the extraordinary meetings are subject to the majorities established for the calls subsequent the second call.

The introduction of an additional clause under Art. 9 of the Bylaws (clause 8) is proposed in order to simplify the procedure to call the meeting; the additional clause grants to the Board of Directors the authority to establish that the meeting is to be held in a single session, if the Board deems it appropriate and is subject to including this information in the notice of call.

Consequently, the Board of Directors in exercising its discretion shall evaluate from time to time whether to apply the mechanism of successive calls or to the mechanism of the single call.

Current text	Proposed text
The Ordinary Meeting is called by the Board of Directors, at least once every year and within 120 days after the end of the corporate year, to analyse	The Ordinary Meeting is called by the Board of Directors, at least once every year and within 120 days after the end of the corporate year, to analyse

Current text	Proposed text
the issues as per art. 2364 of the Italian Civil Code.	the issues as per art. 2364 of the Italian Civil Code.
In the event of the specific terms envisaged by the law, this period is extended to a maximum of 180 days.	In the event of the specific terms envisaged by the law, this period is extended to a maximum of 180 days.
The Meeting is also called both ordinarily and extraordinarily, every time the Board of Directors deems it to be appropriate and for the events envisaged by law.	The Meeting is also called both ordinarily and extraordinarily, every time the Board of Directors deems it to be appropriate and for the events envisaged by law.
The notice of call to the Meeting is published on the Company's Internet website and using the other methods envisaged by the applicable discipline, also the regulatory discipline and also where prescribed as a mandatory requirement, or however, whenever the Board of Directors shall deem it appropriate, in at least one of the following newspapers: "Il Sole - 24 Ore" and "Milano Finanza" within the terms envisaged by current laws and regulations.	The notice of call to the Meeting is published on the Company's Internet website and using the other methods envisaged by the applicable discipline, also the regulatory discipline and also where prescribed as a mandatory requirement, or however, whenever the Board of Directors shall deem it appropriate, in at least one of the following newspapers: "Il Sole - 24 Ore" and "Milano Finanza" within the terms envisaged by current laws and regulations.
The notice must state the venue, which shall not necessarily be the company's head office but as long as it is in Italy, the day and time of the meeting and the agenda of the subjects to analyse and shall include the additional information envisaged by the applicable discipline, also the regulatory discipline.	The notice must state the venue, which shall not necessarily be the company's head office but as long as it is in Italy, the day and time of the meeting and the agenda of the subjects to analyse and shall include the additional information envisaged by the applicable discipline, also the regulatory discipline.
It must also state the day for the second call, which cannot be the same day of the first call, in the event that the meeting first called is not legally constituted.	It must also state the day for the second call, which cannot be the same day of the first call, in the event that the meeting first called is not legally constituted.
Any further meetings are allowed as long as these are called within 30 days from the date envisaged for the second call of the meeting.	Any further meetings are allowed as long as these are called within 30 days from the date envisaged for the second call of the meeting.
If the day of any further meeting is not stated in the notice of call, the provisions as per clauses 3 and 4 of this article shall apply.	If the day of any further meeting is not stated in the notice of call, the provisions as per clauses 3 and 4 of this article shall apply.
	The Board of Directors, however, may establish, should it deem appropriate and providing specific indication in the notice of call, that both the ordinary and the extraordinary meeting shall be held following a single call.

Article 11 (Participation and representation)

Legislative Decree No. 27/2010 has introduced a new Art. 135-*undecies* in the TUF, according to which listed companies must appoint a subject to whom entitled shareholders may confer a proxy for each meeting, unless the Bylaws establish otherwise.

The introduction of a new last clause under Art. 11 of the Bylaws is proposed to facilitate the participation of entitled shareholders at the Company's shareholders meetings; the new last clause envisages the Company's right to appoint a representative for each meeting on which entitled shareholders can confer a proxy with voting instructions, with no expenses to be incurred by them. This power of attorney is only effective for proposals in relation to which the voting instructions are conferred.

Furthermore, in view of the proposal to introduce under Art. 9 of the Bylaws the possibility of making recourse to a single combined call, it is proposed to add the reference to the date of the single combined call under Art. 11, clause 1 in the part that disciplines the legal entitlement to participate in the meeting and the *dies a quo* of the so-called record date.

Current text	Proposed text
Shareholders who have voting rights duly attested by the communication envisaged in the applicable rules and regulations received by the Company within the third open market day preceding the date established for the Meeting in first call, or the different time period established by the current applicable regulatory provisions are entitled to participate in the Meeting. Without prejudice to the legitimate entitlement to participate and to cast the vote if the communications were received by the Company after the time limits indicated in this clause, provided such communications are received before the activities of the Meeting referred to the individual call have started. The provisions of law are applicable to the representation in the Meeting. The power of attorney may be notified via an e-mail transmission, in accordance with the procedures indicated in the Notice of Call.	Shareholders who have voting rights duly attested by the communication envisaged in the applicable rules and regulations received by the Company within the third open market day preceding the date established for the Meeting in first **or single combined** call or the different time period established by the current applicable regulatory provisions are entitled to participate in the Meeting. Without prejudice to the legitimate entitlement to participate and to cast the vote if the communications were received by the Company after the time limits indicated in this clause, provided such communications are received before the activities of the Meeting referred to the individual call have started. The provisions of law are applicable to the representation in the Meeting. The power of attorney may be notified via an e-mail transmission, in accordance with the procedures indicated in the Notice of Call. **The Company may designate a person for each Meeting on whom the eligible persons may confer a power of attorney with voting instructions for all or some of the proposals on the Agenda, in accordance with the procedures envisaged by the applicable legislation and shall expressly indicate such information in the notice of call.**

Article 16 (Appointment of the Board of Directors)

In view of the proposal to introduce the possibility of making recourse to a single combined call under Art. 9 of the Bylaws, a proposal is made to add the reference to the date of the single combined call under Art. 16, clause 9 in the part that disciplines the *dies a quo* of the time period to present the lists to appoint the members of the Board of Directors.

Current text	Proposed text
The Board of Directors is appointed based on lists whose objective is to ensure that the minority has the minimum number of directors envisaged by law. Only those Shareholders have the right to submit lists who, alone or together with other shareholders, prove	The Board of Directors is appointed based on lists whose objective is to ensure that the minority has the minimum number of directors envisaged by law. Only those Shareholders have the right to submit lists who, alone or together with other shareholders, prove

Current text	Proposed text
that they own, on the date the lists are registered with the Company, a total holding in share capital with voting rights which is no lower than that determined under current laws and regulations.	that they own, on the date the lists are registered with the Company, a total holding in share capital with voting rights which is no lower than that determined under current laws and regulations.
The notice of call to the Meeting to deliberate on the appointment of the Board of directors includes modes, deadline and the amount of shares necessary to submit the lists of candidates for the position. No shareholder may present, or participate in presenting, not even by means of another person or a trust company, more than one list or vote in more than one list.	The notice of call to the Meeting to deliberate on the appointment of the Board of directors includes modes, deadline and the amount of shares necessary to submit the lists of candidates for the position. No shareholder may present, or participate in presenting, not even by means of another person or a trust company, more than one list or vote in more than one list.
Shareholders who belong to the same group and the shareholders who are members of a shareholders' pact whose object are company shares, cannot present or vote for more than one list, not even by means of another person or trust companies.	Shareholders who belong to the same group and the shareholders who are members of a shareholders' pact whose object are company shares, cannot present or vote for more than one list, not even by means of another person or trust companies.
Lists submitted that breach these conditions will not be accepted.	Lists submitted that breach these conditions will not be accepted.
In each list, the names of candidates must be listed by means of a progressive number.	In each list, the names of candidates must be listed by means of a progressive number.
Each candidate can only be present in one list or he shall be ineligible.	Each candidate can only be present in one list or he shall be ineligible.
The lists must be submitted to the Company's Head Office within the twenty-fifth day prior to the date of the Meeting convened in first call to resolve the appointment of the members of the Board of Directors; this must be mentioned in the notice of call, without prejudice to other possible forms of disclosure, as prescribed by the applicable discipline, also the regulatory discipline.	The lists must be submitted to the Company's Head Office within the twenty-fifth day prior to the date of the Meeting convened in first **or single combined** call to resolve the appointment of the members of the Board of Directors; this must be mentioned in the notice of call, without prejudice to other possible forms of disclosure, as prescribed by the applicable discipline, also the regulatory discipline.
Together with each list, by the deadline above, the following must be filed at the company head office:	Together with each list, by the deadline above, the following must be filed at the company head office:
a) statements by means of which the candidates accept their candidature and state, under their own responsibility, that there are no causes for ineligibility and that they are in possession of the good reputation requirements established by law;	a) statements by means of which the candidates accept their candidature and state, under their own responsibility, that there are no causes for ineligibility and that they are in possession of the good reputation requirements established by law;
b) a short *curriculum vitae* with personal and professional features of each candidate, stating the management and control positions held in other companies;	b) a short *curriculum vitae* with personal and professional features of each candidate, stating the management and control positions held in other companies;
c) statements by each candidate about their possible independence as required by law, if any;	c) statements by each candidate about their possible independence as required by law, if any;

Current text	Proposed text
d) information regarding the identity of shareholders who have submitted the lists;	d) information regarding the identity of shareholders who have submitted the lists;
e) a statement by the shareholders, other than those who own, even jointly, a controlling or relative majority stake, which states that there are no connections, as is defined by current laws and regulations.	e) a statement by the shareholders, other than those who own, even jointly, a controlling or relative majority stake, which states that there are no connections, as is defined by current laws and regulations.
The certificate or attestation confirming ownership of the percentage of capital prescribed by the discipline applicable at the date the list is presented may also be submitted after the list is registered provided the certificate or attestation is received by the Company within the time period envisaged by the discipline, also the regulatory discipline applicable for the lists to be disclosed by the Company.	The certificate or attestation confirming ownership of the percentage of capital prescribed by the discipline applicable at the date the list is presented may also be submitted after the list is registered provided the certificate or attestation is received by the Company within the time period envisaged by the discipline, also the regulatory discipline applicable for the lists to be disclosed by the Company.
Any list submitted without complying with the provisions above is considered as not being submitted.	Any list submitted without complying with the provisions above is considered as not being submitted.
In the event more than one list is presented:	In the event more than one list is presented:
- all Directors to be elected are elected from the list that has obtained during the Meeting the highest number of votes, on the basis of the progressive order with which they are listed in the list, with the exception of the minimum number reserved by law to the minority list;	- all Directors to be elected are elected from the list that has obtained during the Meeting the highest number of votes, on the basis of the progressive order with which they are listed in the list, with the exception of the minimum number reserved by law to the minority list;
- the minimum number of directors reserved by law to the minority are elected from the minority list that has obtained the highest number of votes and is not connected in any way, not even directly, with the reference shareholders;	- the minimum number of directors reserved by law to the minority are elected from the minority list that has obtained the highest number of votes and is not connected in any way, not even directly, with the reference shareholders;
- if various lists have obtained the same number of votes, a ballot shall be performed between these lists with the participation of all shareholders who are present at the Meeting, and the candidates from the list that obtains the relative majority of share capital represented at the Meeting will be elected.	- if various lists have obtained the same number of votes, a ballot shall be performed between these lists with the participation of all shareholders who are present at the Meeting, and the candidates from the list that obtains the relative majority of share capital represented at the Meeting will be elected.
For the purpose of the subdivision of directors to elect, the lists shall not be considered that have not obtained a percentage of votes that is at least equal to half that required for their presentation.	For the purpose of the subdivision of directors to elect, the lists shall not be considered that have not obtained a percentage of votes that is at least equal to half that required for their presentation.
If a subject connected to a reference shareholder has voted for a minority list, the connection only becomes relevant for the purposes of the exclusion of the elected minority director if the vote has been decisive	If a subject connected to a reference shareholder has voted for a minority list, the connection only becomes relevant for the purposes of the exclusion of the elected minority director if the vote has been decisive

Current text	Proposed text
for the election of that director. In the event only one list is presented, all the candidates included in that list are elected, with a relative majority vote of the share capital represented at the Meeting. If there are no lists, and in the event by means of the mechanism of the list vote, the number of elected candidates is lower than the minimum number envisaged by the Bylaws for its establishment, the Board of Directors is appointed or supplemented, respectively, by the Meeting with the legal majority, as long as the presence of the minimum number of directors required by current laws and regulations who have the requirements of independence is guaranteed. Any elected Director who, during the term, no longer has the requirements of good reputation required by law or by the By laws, shall forfeit his office. If the requirements of independence required by law are no longer present, the director concerned must immediately inform the Board of directors. This event implies the director's forfeiture of office, with the exception of the case when such requirements are still held by the minimum number of directors envisaged by current laws and regulations.	for the election of that director. In the event only one list is presented, all the candidates included in that list are elected, with a relative majority vote of the share capital represented at the Meeting. If there are no lists, and in the event by means of the mechanism of the list vote, the number of elected candidates is lower than the minimum number envisaged by the Bylaws for its establishment, the Board of Directors is appointed or supplemented, respectively, by the Meeting with the legal majority, as long as the presence of the minimum number of directors required by current laws and regulations who have the requirements of independence is guaranteed. Any elected Director who, during the term, no longer has the requirements of good reputation required by law or by the By laws, shall forfeit his office. If the requirements of independence required by law are no longer present, the director concerned must immediately inform the Board of directors. This event implies the director's forfeiture of office, with the exception of the case when such requirements are still held by the minimum number of directors envisaged by current laws and regulations.

Article 19 (Powers conferred on Board of Directors)

In accordance with the joint provisions under Art. 8, clause 2 of the Related Parties Regulation and under Art. 6.8 of the Procedure for transactions with related parties adopted by the Company and made available on the Company's Internet website, the Board of Directors can approve transactions with major related parties, despite the negative opinion of the Related Parties Transactions Committee, provided that the execution of such transactions is authorised by the Meeting, providing the majority of the unrelated voting shareholders does not vote against the transaction and that the unrelated shareholders present at the Meeting represent at least 10% of the share capital with voting rights (so-called whitewash).

The mechanism of the so-called whitewash has been introduced to the Procedure for transactions with related parties since the Company has deemed it appropriate to defer to the Board of Directors the decision to submit or otherwise a given transaction to the approval of the unrelated shareholders. However, this mechanism may only be applied where expressly permitted by the Bylaws, in compliance with Art. 8, clause 2 of the Related Parties Regulation.

This having been said, in order for the whitewash clause to be effective, it is proposed to introduce a new seventh clause under Art. 19 that empowers the meeting with the authority to execute the foregoing transactions, in accordance with Art. 2364, clause 1, sub-section 5) of the Italian Civil Code subject to the majorities envisaged under Art. 6.8 of the Procedure for transactions with related parties as duly adopted by the Company.

Moreover, in accordance with Art. 13, clause 6 of the Related Parties Regulation, "*the procedures may envisage that, in the circumstances where the transaction does not fall within the jurisdiction of the Meeting and does not* *fall within the jurisdiction of the Meeting and does not need to be authorised thereby, in the case of urgency the transactions with related parties are to be executed as a departure from the provisions envisaged under Art. 7 and under Art. 8 of the Related Parties Regulation, subject to complying with the provisions set out under Art. 13 of the above-mentioned Regulation*". The introduction of a special clause that envisages the possibility for the Company to avail of the urgency procedure is proposed in the last clause under Art. 19, taking into account that this departure, envisaged under Art. 11.2, sub-section e) of the Procedure for transactions with related parties adopted by the Company, can only be applied if expressly permitted by the Bylaws. The clause proposed also concerns the transactions executed via subsidiary companies, since *(i)* Art. 11.3 of the Procedure for transactions with related parties adopted by the Company also envisages that such transactions can be subject to the simplified procedure and *(ii)* clause 20.2 of Consob interpretation communication No. DEM/10078683 dated 24th September 2010 clarifies that in such circumstances listed companies shall introduce a specific provision in their Bylaws.

Current text	Proposed text
The Board of Directors has the widest powers for the ordinary and extraordinary management of the company, since it is competent on everything that is not expressly reserved by law and by these Bylaws to the Shareholders' Meeting. The Board of Directors, in accordance with law provisions and these Bylaws, can delegate its attributed powers to an Executive Committee, made up of some of its members, and determine their number and attributions. The Board of Directors can also delegate its attributed powers to one of its members, with the qualification of Managing Director, and determine the limitations of such empowerment. The Board of Directors or the Executive committee, if it has been appointed, can appoint, also from outside the Board of Directors, a General Manager, and determine the duration of the office and the relevant attributions, powers and remunerations. The offices of Managing Director and General Manager can be combined. The Board of Directors can also issue special mandates, as well as delegate signing on the company's behalf, but always for specific deeds or categories of deeds, by defining powers and establishing attributions and remunerations. Besides the powers assigned to it by law and by these By laws with respect to the issue of shares and bonds, also the deliberations regarding the following subjects are attributed to the province of the Board of Directors, under art. 2436 of the Italian Civil Code – as well as of the Extraordinary Meeting, which is competent by law: - incorporation of fully owned companies or companies ninety per cent owned;	The Board of Directors has the widest powers for the ordinary and extraordinary management of the company, since it is competent on everything that is not expressly reserved by law and by these Bylaws to the Shareholders' Meeting. The Board of Directors, in accordance with law provisions and these Bylaws, can delegate its attributed powers to an Executive Committee, made up of some of its members, and determine their number and attributions. The Board of Directors can also delegate its attributed powers to one of its members, with the qualification of Managing Director, and determine the limitations of such empowerment. The Board of Directors or the Executive committee, if it has been appointed, can appoint, also from outside the Board of Directors, a General Manager, and determine the duration of the office and the relevant attributions, powers and remunerations. The offices of Managing Director and General Manager can be combined. The Board of Directors can also issue special mandates, as well as delegate signing on the company's behalf, but always for specific deeds or categories of deeds, by defining powers and establishing attributions and remunerations. Besides the powers assigned to it by law and by these By laws with respect to the issue of shares and bonds, also the deliberations regarding the following subjects are attributed to the province of the Board of Directors, under art. 2436 of the Italian Civil Code – as well as of the Extraordinary Meeting, which is competent by law: - incorporation of fully owned companies or companies ninety per cent owned;

Current text	Proposed text
- moving the Company Head Office, as long as it remains in Italy; - establishment or cancellation of branch offices, both in Italy and abroad; - reduction in share capital in the event of shareholder's withdrawal; - adjustment of the Bylaws to mandatory regulatory provisions.	- moving the Company Head Office, as long as it remains in Italy; - establishment or cancellation of branch offices, both in Italy and abroad; - reduction in share capital in the event of shareholder's withdrawal; - adjustment of the Bylaws to mandatory regulatory provisions. **The Board of Directors can execute transactions with major related parties, subject to authorisation by the Meeting, despite the negative opinion of the Committee for transactions with related parties, pursuant to the Procedure for transactions with related parties adopted by the Company and made available on the Company's Internet website, providing the unrelated shareholders present in the Meeting represent at least 10% of the share capital and that the majority of the unrelated shareholders with voting rights do not express a contrary vote, without prejudice to the statutory majorities.** **In cases of urgency, the Board of Directors or the competent body may execute transactions with related parties directly or via subsidiary companies, by applying the simplified rules envisaged by the Procedure for transactions with related parties duly adopted by the Company, if such transactions do not fall within the Meeting's jurisdiction and do not have to be authorised by the Meeting.**

Article 25 (Appointment of the Board of Statutory Auditors)

In view of the proposal to introduce the possibility of resorting to a single combined call under Art. 9 of the Bylaws, it is proposed to add the reference of the date of the single combined call under Art. 25, in the part that disciplines the *dies a quo* of the time period to present the lists to appoint the members of the Board of Statutory Auditors, therefore, both in the tenth and in the fourteenth clause.

Current text	Proposed text
The Board of statutory auditors is appointed based on lists with the objective to ensure that the minority appoints one Acting Auditor and one Substitute Auditor. Only those Shareholders have the right to present the lists who, alone or together with other shareholders, prove that they hold, on the date the lists are	The Board of statutory auditors is appointed based on lists with the objective to ensure that the minority appoints one Acting Auditor and one Substitute Auditor. Only those Shareholders have the right to present the lists who, alone or together with other shareholders, prove that they hold, on the date the lists are

Current text	Proposed text
registered with the Company, a total percentage of share capital with voting right, that is no lower than that determined under the current regulation for the appointment of the Board of Directors.	registered with the Company, a total percentage of share capital with voting right, that is no lower than that determined under the current regulation for the appointment of the Board of Directors.
Modes, terms and participation fee required for the presentation of the lists of candidates for the office are indicated in the notice of call of the Meeting called to deliberate on the appointment of the Board of statutory auditors.	Modes, terms and participation fee required for the presentation of the lists of candidates for the office are indicated in the notice of call of the Meeting called to deliberate on the appointment of the Board of statutory auditors.
No Shareholder may present, or participate in presenting, not even by means of another person or a trustee company, more than one list, or vote in more than one list.	No Shareholder may present, or participate in presenting, not even by means of another person or a trustee company, more than one list, or vote in more than one list.
Shareholders belonging to the same group and shareholders who are members of a shareholders' pact whose object is Company shares cannot present or vote for more than one list, not even by means of another person or by means of trustee companies.	Shareholders belonging to the same group and shareholders who are members of a shareholders' pact whose object is Company shares cannot present or vote for more than one list, not even by means of another person or by means of trustee companies.
Lists presented that breach these conditions shall not be accepted.	Lists presented that breach these conditions shall not be accepted.
Each list comprises two sections: one for the candidates for the office of Acting Auditor and the other for the candidates for the office of Substitute Auditor.	Each list comprises two sections: one for the candidates for the office of Acting Auditor and the other for the candidates for the office of Substitute Auditor.
The names of no more than three candidates for the office of Acting Auditor and no more than three candidates for the office of Substitute Auditor must be listed in each section, by means of a progressive number.	The names of no more than three candidates for the office of Acting Auditor and no more than three candidates for the office of Substitute Auditor must be listed in each section, by means of a progressive number.
Each candidate can only participate in one list, or he shall be ineligible.	Each candidate can only participate in one list, or he shall be ineligible.
The lists must be filed at the Company Head Office within the twenty-fifth day prior to the Meeting convened in first call to resolve the appointment of the members of the Board of Statutory Auditors; this must be mentioned in the notice of call and without prejudice to other possible forms of disclosure prescribed by the applicable discipline, also regulatory discipline.	The lists must be filed at the Company Head Office within the twenty-fifth day prior to the Meeting convened in first **or single combined** call to resolve the appointment of the members of the Board of Statutory Auditors; this must be mentioned in the notice of call and without prejudice to other possible forms of disclosure prescribed by the applicable discipline, also regulatory discipline.
Together with each list, by the deadline above, the following is filed:	Together with each list, by the deadline above, the following is filed:
a) statements by means of which the individual candidates accept the candidacy and state, under their own responsibility, that there are no causes for ineligibility or incompatibility, and that they have	a) statements by means of which the individual candidates accept the candidacy and state, under their own responsibility, that there are no causes for ineligibility or incompatibility, and that they have

Current text	Proposed text
the requirements stated in law or in these By laws for the office;	the requirements stated in law or in these By laws for the office;
b) a short *curriculum vitae* about personal and professional features of each candidate, stating the management and control offices held at other companies;	b) a short *curriculum vitae* about personal and professional features of each candidate, stating the management and control offices held at other companies;
c) information regarding the identity of the shareholders who have presented the lists;	c) information regarding the identity of the shareholders who have presented the lists;
d) the statement of shareholders, other than those who hold, even jointly, a controlling or a relative majority stake, which states that there are no relationships of connection, as defined by current regulations.	d) the statement of shareholders, other than those who hold, even jointly, a controlling or a relative majority stake, which states that there are no relationships of connection, as defined by current regulations.
The certificate or attestation confirming ownership of the percentage of capital prescribed by the discipline applicable at the date the list is presented may also be submitted after the list is registered provided the certificate or attestation is received by the Company within the time period envisaged by the discipline, also the regulatory discipline applicable for the lists to be disclosed by the Company.	The certificate or attestation confirming ownership of the percentage of capital prescribed by the discipline applicable at the date the list is presented may also be submitted after the list is registered provided the certificate or attestation is received by the Company within the time period envisaged by the discipline, also the regulatory discipline applicable for the lists to be disclosed by the Company.
A list presented without complying with the provisions above is considered as not being presented.	A list presented without complying with the provisions above is considered as not being presented.
In the event, by the deadline of 25 days before the date of the Meeting in first call convened to resolve the appointment of the members of the Board of Statutory Auditors, only one list has been filed, or only lists presented by shareholders who are connected to each other under current regulations, further lists can be presented subject to the time limits indicated in the discipline in force and the threshold mentioned in the notice of call will be halved.	In the event, by the deadline of 25 days before the date of the Meeting in first **or single combined** call convened to resolve the appointment of the members of the Board of Statutory Auditors, only one list has been filed, or only lists presented by shareholders who are connected to each other under current regulations, further lists can be presented subject to the time limits indicated in the discipline in force and the threshold mentioned in the notice of call will be halved.
In the event various lists are presented:	In the event various lists are presented:
- two Acting Auditors and two Substitute Auditors are elected from the list that has obtained the highest number of votes at the Meeting, based on the progressive order with which they are listed in the sections of the list;	- two Acting Auditors and two Substitute Auditors are elected from the list that has obtained the highest number of votes at the Meeting, based on the progressive order with which they are listed in the sections of the list;
- the third Acting Auditor and the third Substitute Auditor are elected from the minority list that has obtained the highest number of votes in the lists presented and voted on by the shareholders that are not connected in any way, not even indirectly, with the reference shareholders, based on the progressive order with which they are listed in the sections of the list;	- the third Acting Auditor and the third Substitute Auditor are elected from the minority list that has obtained the highest number of votes in the lists presented and voted on by the shareholders that are not connected in any way, not even indirectly, with the reference shareholders, based on the progressive order with which they are listed in the

Current text	Proposed text
- if various lists have obtained the same number of votes, a ballot vote will be carried out between these lists by all shareholders entitled to cast their vote present at the Meeting, and the candidates will be elected from the list that obtains the relative majority of share capital represented at the Meeting. If a subject connected to a reference shareholder has voted for a minority list, the connection only becomes relevant, for the purpose of excluding the elected minority Auditor, if the vote was decisive for the election of the Auditor. In the event one single list has been presented, all the candidates included in that list are elected by a relative majority vote of share capital represented at the Meeting. In the event no list has been presented, the Board of statutory auditors shall be appointed by the Meeting by means of a relative majority vote of share capital represented at the Meeting. The Chairman of the Board of statutory auditors will be the person listed at the top of the list presented and voted by the minority, or the first name on the single list presented or the person appointed by the Meeting in the event no list has been presented. Any elected Auditor who, during office, no longer has the necessary requirements according to regulations and by laws, forfeits office.	sections of the list; - if various lists have obtained the same number of votes, a ballot vote will be carried out between these lists by all shareholders entitled to cast their vote present at the Meeting, and the candidates will be elected from the list that obtains the relative majority of share capital represented at the Meeting. If a subject connected to a reference shareholder has voted for a minority list, the connection only becomes relevant, for the purpose of excluding the elected minority Auditor, if the vote was decisive for the election of the Auditor. In the event one single list has been presented, all the candidates included in that list are elected by a relative majority vote of share capital represented at the Meeting. In the event no list has been presented, the Board of statutory auditors shall be appointed by the Meeting by means of a relative majority vote of share capital represented at the Meeting. The Chairman of the Board of statutory auditors will be the person listed at the top of the list presented and voted by the minority, or the first name on the single list presented or the person appointed by the Meeting in the event no list has been presented. Any elected Auditor who, during office, no longer has the necessary requirements according to regulations and by laws, forfeits office.

Article 31 (Profit allocation)

It is deemed appropriate to submit immediately to the Meeting the determination of the fees to be paid to the Board of Directors and to the Executive Committee, in line with the applicable legislative discipline (Art. 2389, clause 1 of the Italian Civil Code), considering the imminent implementation of the regulatory discipline in relation to remuneration, in order to adopt the European Commission Recommendations 2004/913 and 2009/385 *concerning the remuneration of Directors of listed companies*, and by virtue of which the Company will be required to adopt a remuneration policy for the corporate body and for the top management - to be illustrated and submitted to the Shareholders' non-binding vote. Accordingly, it is proposed to eliminate sub-section c) under Art. 31 of the Bylaws.

Current text	Proposed text
Net profits resulting from the annual financial statements are to be allocated as follows: a) 5% to the legal reserve up to the limit established	Net profits resulting from the annual financial statements are to be allocated as follows: a) 5% to the legal reserve up to the limit established

Current text	Proposed text
by law;	by law;
b) a privileged dividend to holders of savings shares up to reaching 5% of the face value of the shares, and it is pointed out that, if in one year a dividend under 5% of face value is assigned to savings shares, the difference is calculated as an increase in the privileged dividend in the next two years;	b) a privileged dividend to holders of savings shares up to reaching 5% of the face value of the shares, and it is pointed out that, if in one year a dividend under 5% of face value is assigned to savings shares, the difference is calculated as an increase in the privileged dividend in the next two years;
c) 1% to the Board of Directors;	~~c) 1% to the Board of Directors;~~
d) the remaining amount to all Shareholders, under a deliberation of the Meeting, so that savings shares are given an overall dividend increased, with respect to that of ordinary shares, by 3% of the face value of the shares, unless the Meeting decides special allocations to the extraordinary reserves or available to the Board of directors for other purposes.	**c**) the remaining amount to all Shareholders, under a deliberation of the Meeting, so that savings shares are given an overall dividend increased, with respect to that of ordinary shares, by 3% of the face value of the shares, unless the Meeting decides special allocations to the extraordinary reserves or available to the Board of directors for other purposes.

The proposed amendments do not give shareholders which do not participate in approving the amendments concerned the right to withdraw, in accordance with Art. 2437 of the Italian Civil Code.

* * *

To the Shareholders,

We propose that you approve the following resolution, if you agree with the amendment proposals outlined above:

"The Extraordinary Shareholders' Meeting of Italmobiliare S.p.A. held on 25 May 2011, having examined the Board of Directors' Report,

resolves

a) to approve the amendment to Articles 9 (Call), 11 (Participation and representation), 16 (Appointment of the Board of Directors), 19 (Powers conferred on the Board of Directors), 25 (Appointment of the Board of Statutory Auditors) and 31 (Profit allocation) of the Company Bylaws, in the text outlined above:

b) to confer on the Chairman-Managing Director, the Deputy Chairman and on the Director-General Manager in office, also separately, the broadest powers to introduce all the amendments, adjustments, integrations and additions to the resolutions passed, provided the foregoing are of a formal nature, and which are rendered necessary or which may be requested by the competent Authorities".

Proposal to renew the right conferred on the Directors, in accordance with Art. 2443 of the Italian Civil Code, to increase the share capital against payment, once or in various times, pursuant to Art. 2441, clause 8 of the Italian Civil Code, for a maximum nominal amount of Euros 910,000 by issuing 350,000 ordinary and/or savings shares to be reserved to Company employees and to the employees of the company's subsidiaries, in accordance with the laws and regulations in force. Related and consequent resolutions. Conferral of powers.

To the Shareholders,

The mandate you conferred on the Board of Directors on 28th April 2006, pursuant to Art. 2443 of the Italian Civil Code, to increase the share capital against payment, once or in various times, within the period of 5 years, corresponding to a maximum amount of Euros 910,000, by issuing shares reserved to Company employees and to the employees of the Company's subsidiaries, and pursuant to Art. 2441, clause 8 of the Italian Civil Code expires with today's Meeting.

390,294 options were assigned, overall, up to 31st December 2010 to execute the foregoing “Stock option plan”. 34,200 options were assigned in 2011 to be financed using the net income achieved in 2010, bringing the total number of options assigned to 424,494.

39,720 options have been exercised to-date.

The characterising aspects of the “Stock Option Plan for Executives” are detailed in the “Directors' Report” in the paragraph: “Bonus plans for Directors and Executives”.

It is appropriate for the Extraordinary Meeting to confer on the Board of Directors a power of attorney to increase the share capital to render it possible to exercise the assigned stock options, to be exercised within a five-year period, to service exclusively the stock option Plan, corresponding to a maximum amount of Euros 910,000 by issuing 350,000 ordinary and/or savings shares with a face value of Euros 2.60 each, corresponding to approximately 0.908% of the share capital.

As indicated in the Plan, the new issue shares will have the features of the outstanding shares and will have a regular dividend entitlement. Accordingly, the Meeting will be called to amend Art. 5 of the Company Bylaws referred to the share capital.

* * *

To the Shareholders,

We invite you to adopt the following resolution, if you agree with our proposal:

“The Extraordinary Shareholders’ Meeting of Italmobiliare S.p.A. held on 25 May 2011,

- duly acknowledged the proposal presented by the Board of Directors,
- having considered that this proposal is of interest to the Company,
- having examined and approved the project of the Stock Option Plan for Executives with the characteristics described above
- having acknowledged the statement issued by the Board of Statutory Auditors that the current share capital amounting to Euros 100,166,937 is fully subscribed and paid-up

resolves

1) to confer on the Board of Directors
    - the right, pursuant to Art. 2443 of the Italian Civil Code, to increase the share capital subject to payment, once or in various times, within five years from the date of this resolution and for a maximum amount of Euros 910,000, by issuing a maximum of 350,000 Italmobiliare ordinary and/or savings shares, with a face

value of Euros 2.60 each, to be reserved to the employees of Italmobiliare S.p.A. and the employees of its subsidiaries in Italy and abroad, pursuant to Art. 2441, clause 8 of the Italian Civil Code and in accordance with the laws and regulations in force in the countries where the beneficiaries are located;

- consequently, the right to establish the dividend entitlement of the shares, to determine the corresponding time periods, the methods, features and the terms and conditions of the offer to the employees and to establish the issue price of the shares, all in compliance with the terms and conditions envisaged in the "Stock Option Plan for Executives", including the premium, if any.

2) to substitute Art. 5 of the Company Bylaws (Share Capital), penultimate clause, with the following:

   "With the resolution made on 25 May 2011, the Extraordinary Meeting conferred on the Board of Directors,

- the right, pursuant to Art. 2443 of the Italian Civil Code, to increase the share capital subject to payment, once or in various times, within five years from the date of this resolution for a maximum amount of Euros 910,000, by issuing a maximum of 350,000 Italmobiliare ordinary and/or savings shares, with a face value of Euros 2.60 each, to be reserved to the employees of Italmobiliare S.p.A. and to the employees of its subsidiaries in Italy and abroad, pursuant to Art. 2441, clause 8 of the Italian Civil Code and in accordance with the laws and regulations in force in the countries where the beneficiaries are located;
- consequently, the right to establish the dividend entitlement of the shares, to determine the respective time periods, the methods, the features and the terms and conditions of the offer to the employees and to establish the issue price of the shares, all in compliance with the terms and conditions envisaged in the "Stock Option Plan for Executives", including the premium, if any;

3) to confer on the Chairman-Managing Director, on the Deputy Chairman and on the Director-General Manager, also separately, the right to amend the numerical details expressed under Art. 5 of the Company Bylaws concerning the share capital, with full legal effect;
4) to confer on the Chairman-Managing Director, on the Deputy Chairman and on the Director-General Manager, *pro-tempore* in office, also separately, the broadest powers to introduce, to the resolution passed, all the amendments, adjustments, integrations which may be necessary or which may be requested by the competent Authorities, if any.

* * *

Accordingly, the new text of Art. 5 of the Company Bylaws will be as follows:

Article 5
(Share capital)

The share capital is Euros 100,166,937 (in words: one hundred million, one hundred and sixty-six thousand nine hundred and thirty-seven), broken down into 22,182,583 (in words: twenty-two million, one hundred eighty-two thousand five hundred eighty-three) ordinary shares and 16,343,162 (in words: sixteen million, three hundred forty-three thousand one hundred and sixty-two) non-convertible savings shares, with a face value of Euros 2.60 each.

Implementing the decision taken by the Extraordinary Meeting dated 18th June 2007, Directors have the power so that they can, once or in various times, within the period of five years from the decision:

a) under art. 2443 of the Italian Civil Code, increase share capital once or in various times by a maximum amount of Euros 260 million, free-of-charge or under a payment, by issuing ordinary and/or savings shares, also to serve debenture loans issued by other institutions with the power to be converted into ordinary and/or savings shares of the company or that are combined with warrants for the subscription of ordinary and/or savings shares of the company;
b) under art. 2420-ter of the Italian Civil Code, issue once or in various times bonds to be converted into ordinary and/or savings shares or with warrants to purchase ordinary and/or savings shares, up to a maximum overall

amount of Euros 260 million, within the limits from time to time allowed by law with a subsequent share capital increase to serve the conversion or the exercise of the warrants.

All with the widest powers connected to it, including those of offering the shares and convertible bonds or with a warrant under the form as per the penultimate clause of art. 2441 of the Italian Civil Code; reserve up to a quarter of them under art. 2441 of the Italian Civil Code, last clause; define the provisions and reserves to enter as capital in the event of free-of-charge increase; define issue price, conversion rates, terms and modes for the execution of the operations.

By means of a decision dated 28th April 2006, the Extraordinary Meeting assigned to the Board of Directors:

- the right, under art. 2443 of the Italian Civil Code, to increase the share capital under a payment, once or in various times within the period of five years from the above decision, for a maximum amount of Euros 910,000 by issuing a maximum of 350,000 Italmobiliare ordinary and/or savings shares, with a face value of Euros 2.60 each, to be reserved, under art. 2441 of the Italian Civil Code, 8th clause, to the employees of Italmobiliare S.p.A. and its subsidiaries, both in Italy and abroad, and in line with the rules in force in the countries of origin of the beneficiaries;
- the right, as a consequence, to establish the due date of the shares, to determine times, modes, features and terms of the offer to the employees and to establish the issue price of the shares, everything in line with that envisaged in the “Stock option plan for executives”, including the relevant premium, if any.

By means of a deliberation dated 18th June 2007, the Extraordinary Meeting assigned to the Board of Directors:

- the right, under art. 2443 of the Italian Civil Code, to increase the share capital under a payment, once or in various times within the period of five years from the above deliberation, for a maximum amount of Euros 910,000 (in words: nine hundred and ten thousand) by issuing a maximum of 350,000 (in words: three hundred and fifty thousand) Italmobiliare ordinary and/or savings shares, with a face value of Euros 2.60 (two point sixty) each, with the exclusion of the right of option under art. 2441 of the Italian Civil Code, 5th clause, for the service of the bonus plan reserved to the directors of the company and of subsidiaries that hold specific positions in accordance with the Deed of Incorporation or that have specific operative tasks;
- the right, as a consequence, to establish the due date of the shares, to determine times, modes, features and terms of the offer and to establish the issue price of the shares, all in line with that envisaged in the “Stock option plan for directors”, including the relevant premium, if any.

Milan, 30th March 2011

On behalf of the Board of Directors
The Chairman
(Giampiero Pesenti)

Summary of resolutions

The Shareholders' Meeting held on May 25, 2011, in Piazza Belgioioso 1, Milan, chaired by Giampiero Pesenti and attended in person or by proxy by 132 shareholders holding a total of 17,805,438 ordinary shares of the 22,182,583 outstanding ordinary shares,

carried the following resolutions

at an ordinary session:

1) to approve the financial statements as at and for the year to December 31, 2010, reflecting a net profit of 35,237,083.24 euro, as well as the accompanying Directors' report on operations;
   - to cover in full the merger deficit of 83,705,970.87 euro arising from the upstream merger of Franco Tosi S.r.l. and Sance S.r.l. into and with Italmobiliare S.p.A., through partial use of the Extraordinary Reserve for an equivalent amount;
   - to allocate the net profit for the year as follows:

Utile		**35,237,083.24**
- 5% of the nominal value of 2.6 euro to the 16,314,662 savings shares [2] 0.13 euro per share	2,120,906.06	2,120,906.06
Residual amount		**33,116,177.18**
- remunaration to the Board of Directors already provided in the financial statements (IAS 19)		331,161.77
- 1% to the Board of Directors (as per art. 31 of the company by-laws)		(331,161.77)
Residual amount		**33,116,177.18**
To the reserve for net translation gains		(256.95)
Available retained earnings		137,615,661.52
Available earnings		**170,731,581.75**
- to the 21,311,172 ordinary shares [1] 0.532 euro per share	11,337,543.50	11,337,543.50
Residual amount		**159,394,038.25**
- to the 16,314,662 savings shares [2] an additional 0.48 euro per share	7,831,037.76	7,831,037.76
Total dividend	**21,289,487.32**	
Residual amount		151,563,000.49
Carried forward		**151,563,000.49**

[1] net of the 871,411 ordinary treasury shares held as of March 30, 2011
[2] net of the 28,500 savings treasury shares held as of March 30, 2011

2) to approve the Directors' Report on the Remuneration Policy,

3) subject to revocation of the resolution authorizing the acquisition and disposal of treasury shares carried by the ordinary Shareholders' Meeting of April 29, 2010:
   - to authorize, pursuant to art. 2357 of the Italian Civil Code, within 18 months of the resolution date, the buy-back, through one or more transactions, of ordinary and/or savings treasury shares, in order to:
     - dispose of treasury shares:
       * for sale to employees and/or directors in connection with stock option plans reserved for employees and/or directors;
       * for medium/long-term investment purposes;
     - operate, in compliance with current regulations, directly or through intermediaries, in order to limit anomalous trends in share prices and to regularize stock exchange prices to face temporary distortions caused by excessive volatility or low trading liquidity;

- create a treasury stock portfolio to service extraordinary financial transactions or for other purposes deemed to be in the financial, business and/or strategic interests of the company;
- offer shareholders an additional tool to monetize their investments. The price of each share shall not be more than 15% above or below the average reference share price recorded on the Italian stock exchange in the three sessions preceding each transaction; the overall consideration paid by the company for the purchase shall in no case exceed the amount of 50 million euro; the maximum number of ordinary and/or savings shares acquired shall not have an overall nominal value, including treasury shares already held as of today by the company and/or by the subsidiaries, in excess of one tenth of the share capital.

Moreover:

- purchases shall normally be conducted with procedures to ensure equitable treatment of the shareholders and shall not permit offers to purchase to be directly matched with pre-determined offers to sell or, taking into account the various possible purposes, in any other manner allowed under current laws and regulations;
- the shares shall be disposed of in any manner deemed appropriate to achieve the objectives pursued, directly or through intermediaries, in compliance with current applicable national and Community laws and regulations;
- treasury share purchases and sales shall be performed in compliance with applicable laws and, specifically, with current laws and regulations.

- to confer on the Chairman, the Deputy Chairman, the Chief Executive Officer and the Chief Operating Officer, separately, the fullest powers to execute purchases and sales and in any case to implement the above resolutions, directly or through agents, complying with any requirements of the competent authorities.

4) to set the number of members of the Board of Directors at 14 (fourteen) and to appoint the following persons as Directors for the three-year period 2011-2013, that is, until approval of the financial statements as at and for the year to December 31, 2013:

- Mauro Bini
- Giorgio Bonomi
- Gabriele Galateri di Genola
- Jonella Ligresti
- Italo Lucchini
- Sebastiano Mazzoleni
- Luca Minoli
- Gianemilio Osculati
- Giorgio Perolari
- Carlo Pesenti
- Giampiero Pesenti
- Clemente Rebecchini
- Paolo Domenico Sfameni
- Livio Strazzera

5) to appoint the following persons as members of the Board of Statutory Auditors for the three-year period 2011-2013, that is, until approval of the financial statements as at and for the year to December 31, 2013:

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

and to set the annual remuneration for the Chairman at 102,000 euro and the annual remuneration for each Acting Auditor at 68,000 euro.

6) - to recognize, as from January 1, 2011, and until adoption of a new resolution, a gross annual remuneration of 45,000 euro for each member of the Italmobiliare S.p.A. Board of Directors raised to 90,000 euro for the directors on the Executive Committee, with an addition of 15,000 euro for each director on the Remuneration Committee, 35,000 euro for each director on the Internal Control Committee, 25,000 euro for each director on the Committee for Transactions with Related Parties and 40,000 euro for each director on the Compliance Committee;
   - to recognize an additional gross remuneration of 40,000 euro to the entire Committee for Transactions with Related Parties for activities performed in 2010.

7) to approve the «*Long-term monetary incentives plan, linked to the appreciation of the Italmobiliare share price, for directors and managers with strategic responsibilities*» and the «*Long-term monetary incentives plan, linked to the appreciation of the Italmobiliare share price, for managers*».

at an extraordinary session:

1) to amend articles 9 (Call), 11 (Participation and representation), 16 (Appointment of the Board of Directors), 19 (Powers), 25 (Appointment of the Board of Statutory Auditors) and 31 (Profit allocation) of the By-Laws;
2) to renew the power granted to the directors, pursuant to art. 2443 of the Italian Civil Code, to raise the paid-in capital, on one or more occasions, within five years from this resolution, by a maximum amount of 910,000 euro through the issue of up to 350,000 Italmobiliare ordinary and/or savings shares, nominal value 2.60 euro each, to be reserved, pursuant to art. 2441 of the Italian Civil Code, paragraph 8, for the employees of Italmobiliare S.p.A. and its subsidiaries in Italy and abroad and in compliance with the current laws in the countries of the beneficiaries.

* * *

At a meeting held after the Shareholders' Meeting, for the three-year period 2011-2013 the Board of Directors named:

Giampiero Pesenti	- Chairman-Chief Executive Officer
Italo Lucchini	- Deputy Chairman
Carlo Pesenti	- Chief Operating Officer

The Board of Directors appointed the ***Executive Committee*** for the above-mentioned three-year period 2011-2013, whose members are

Giampiero Pesenti - Chairman
Italo Lucchini
Carlo Pesenti
Giorgio Perolari
Livio Strazzera

Graziano Molinari was confirmed as ***Secretary to the Board*** of Directors and to the Executive Committee.

The Chairman-Chief Executive Officer Giampiero Pesenti was confirmed as ***Executive Director in charge of supervising the internal control system***.

Independent director Mauro Bini was confirmed as ***Lead Independent director***.

The Board of Directors also appointed the Committees contemplated under the company's Corporate Governance rules for the three-year period 2011-2013:

Remuneration Committee
Italo Lucchini
Gabriele Galateri Di Genola
Giorgio Perolari

Internal Control Committee
Mauro Bini
Giorgio Bonomi
Giorgio Perolari

Committee for Transactions with Related Parties
Mauro Bini
Jonella Ligresti
Giorgio Perolari

Compliance Committee
Paolo Sfameni
Dino Fumagalli
Delia Strazzarino

Company Officers after the appointments of May 25, 2011

Board of directors

(Term ends on approval of financial statements at 12.31.2013)

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

Board of statutory auditors

(Term ends on approval of financial statements at 12.31.2013)

Acting auditors	
Francesco Di Carlo	Chairman
Angelo Casò	
Leonardo Cossu	
Substitute auditors	
Luciana Ravicini	
Enrico Locatelli	
Paolo Ludovici	
Giorgio Moroni	Manager in charge of preparing the company's financial reports
KPMG 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 Member of the Committee for Transactions with Related Parties
6 Independent director (pursuant to the Voluntary Code of Conduct and Leg. Decree no. 58, February 24, 1998)
7 Independent director (pursuant to the Leg. Decree no. 58, February 24, 1998)
8 Lead independent director
9 Member of the Compliance Committee
10 Secretary to the Executive Committee

May 2011
Project of LSVmultimedia
Olginate - Lecco