ITALMOBILIARE

Consolidated quarterly report as of September 30, 2007

ITALMOBILIARE

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November 14, 2007

ITALMOBILIARE
Società per Azioni

Registered office: Via Borgonuovo, 20
20121 Milan – Italy
Share Capital Euro 100,166,937
Milan Companies Register

ITALMOBILIARE

Directors, Officers and Auditors

Board of Directors
(Term ends on approval of financial statements at 12.31.2007)

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

Board of Statutory Auditors
(Term ends on approval of financial statements at 12.31.2007)

Acting Auditors

Luigi Guatri		Chairman
Claudio De Re		
Eugenio Mercorio		

Substitute Auditors

Dino Fumagalli	7	
Pietro Curcio		
Enrico Locatelli		

Angelo Maria Triulzi	Manager in charge of preparing the company financial reports
Reconta Ernst & Young S.p.A.	Independent Auditors

1 Member of the Executive Committee
2 Executive director responsible for supervising the functions of the internal control system
3 Member of the Remuneration Committee
4 Member of the Internal Control Committee
5 Independent director
6 Lead independent director
7 Member of the Compliance Committee
8 Secretary to the Executive Committee

COMMENTS ON OPERATIONS AND SIGNIFICANT EVENTS DURING THE PERIOD

FOREWORD

In accordance with article 82 of the issuers regulation, approved by CONSOB resolution no. 14990 of April 14, 2005, this quarterly report at September 30, 2007, is compliant with the measurement and recognition criteria of the International Financial Reporting Standards (IFRS) and is presented pursuant to the criteria set out in attachment 3D of the regulation approved by CONSOB resolution no. 11971 of May 14, 1999, and subsequent amendments.

As explained in greater detail in the comments on the consolidated financial statements, the amendments introduced since the financial statements at December 31, 2006, in the accounting principles and related interpretations adopted by the European Community have not affected the preparation of this quarterly report.

The changes in the consolidation area are illustrated in detail in the comments on the consolidated financial statements. The main changes with respect to the first nine months of 2006 concerned the Italcementi group and the Sirap Gema group.

The changes at the Italcementi group in respect of the third quarter of 2006 and the year to September 30, 2006, are as follows:

- line-by-line consolidation as from June 1, 2006, of the Indian company Zuari Cement Ltd. and its subsidiary Sri Visnu Cement Ltd. (previously consolidated on a proportionate basis);
- line-by-line consolidation as from October 1, 2006, of Ready Mix Beton Egypt S.A.E. (RMBE) and Ready Mix Beton S.A.E. (RMB), which operate in the ready mixed concrete business in Egypt, and, as from July 1, 2007, of Decom S.A.E, a company subsequently acquired by RMBE;
- line-by-line consolidation of Cambridge (Canada) as from March 1, 2007, and of Arrow (USA) as from April 1, 2007;
- line-by-line consolidation as from July 1, 2007, of the Chinese cement company Fuping Cement Co. Ltd.

The main change at the Sirap Gema group concerned the Amprica group purchased at the end of June 2006. The Amprica group’s assets and liabilities have been consolidated line-by-line as from June 30, 2006, while its income statement has been consolidated line-by-line as from July 1, 2006.

Since January 1, 2007, Bulgaria and Romania have been members of the European Union; the 2006 breakdowns by geographical area have been re-stated to permit comparison.

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INFORMATION ON OPERATIONS

Over the last few months, the international economy has witnessed increasing divergences in growth rates from one region to another and the emergence of a series of destabilizing factors, such as the increased weakness of the dollar, record oil prices and the crisis on the US subprime mortgage market.

The subprime crisis, whose effects are still not fully under control, produced a high level of uncertainty on the financial markets in the third quarter, resulting in shortages of liquidity, a fall in investor confidence and the need to sell certain investments in order to raise the necessary liquidity. As a consequence the debenture markets experienced a rise in short-term interest rates , a generalized widening of spreads and a decline in trading volumes, with negative effects on prices. Meanwhile, the equities markets were characterized by high volatility and sharp downturns in some sectors, notably banking/finance and the construction sector.

In the third quarter of 2007 the Italmobiliare Group recorded **total net profit** of 146.4 million euro and **Group net profit** of 37.6 million euro, down respectively from 203.0 million euro (-27.9%) and 63.6 million euro (-40.9%) in the year-earlier period.

In the year to September 30, 2007, total net profit was 513.4 million euro and Group net profit was 168.7 million euro, compared with 603.0 million euro (-14.9%) and 210.0 million euro (-19.7%) for the year to September 30, 2006.

The downturns were generated in part by the construction materials sector, but chiefly by the financial sector, which was affected, in the third quarter, by the difficult market conditions described above and also by the unfavorable comparison with the excellent results posted in the year-earlier periods, which benefited from a series of non-recurring events.

The other main results in the third quarter and the first nine months to September 30, 2007, and the respective year-on-year changes, were as follows:

- **Revenues**: 1,625.0 million euro in the third quarter (+3.6%) and 4,908.1 million euro in the first nine months (+5.4%);
- **Recurring gross operating profit**: 379.7 million euro in the third quarter (-9.4%) and 1,153.8 million euro in the first nine months (-4.7%);
- **Gross operating profit**: 384.5 million euro in the third quarter (-8.8%) and 1,168.4 million euro in the first nine months (-4.5%);
- **Operating profit**: 269.5 million euro in the third quarter (-13.3%) and 827.9 million euro in the first nine months (-8.4%);
- **Finance income (costs)**: net costs of 40.2 million euro in the third quarter (+33.0%) and 99.4 million euro in the first nine months (+13.6%);
- **Profit before tax**: 236.1 million euro in the third quarter (-17.2%) and 740.2 million euro in the first nine months (-10.7%).

At September 30, 2007, **total shareholders' equity** was 6,381.9 million euro, compared with 6,407.9 million euro at December 31, 2006, and 6,569.0 million euro at June 30, 2007.

Net debt at September 30, 2007, was 2,111.6 million euro, up from 1,857.3 million euro at December 31, 2006. At June 30, 2007, net debt was 1,985.9 million euro.
Following the changes in shareholders' equity and debt, gearing rose from 28.98% at the beginning of the year to 33.09% at the end of September 2007.

Performance in the individual sectors of the Italmobiliare Group is summarized below:

- in the **construction materials sector**, covered by the Italcementi group, performance in the third quarter of 2007 reflected a slowdown in sales volumes in North America and some European countries, notably Italy, although the year-on-year reductions at constant size were significantly smaller than those of the second quarter. Group revenues amounted to 1,540.0 million euro, rising 3.9% as a result of the enlargement of the consolidation area and the rise in sales prices and despite a still unfavorable exchange-rate effect. Nevertheless, revenue growth was not sufficient to counter the further sharp increase in production costs, with the result that recurring gross operating profit and operating profit decreased by 3.2% and 4.7% respectively. Total net profit for the period, affected by non-recurring tax expense, fell by 17.7% to 152.1 million euro. In the year to September 30, 2007, cement and ready mixed concrete sales volumes increased as a result of the contributions of the new acquisitions. At constant size, total sales volumes were comparable to those of the year-earlier period. Group revenues, supported by the very strong performance of the first quarter, gained 5.0% compared with the year-earlier period, to reach 4,613.1 million euro, while recurring gross operating profit and operating profit decreased by 2.3% and 5.0% respectively, a trend substantially in line with the first-half trend. Total net profit, after higher net finance costs and the impact of non-recurring tax expense, compared with non-recurring fiscally driven income in the 2006 period, decreased by 11.2% to 465.8 million;

- in the **food packaging** and **thermal insulation** sector, where the Sirap Gema group operates, 2007 third-quarter revenues were 60.8 million euro (57.8 million euro in the year-earlier period), operating profit was 4.4 million euro (4.0 million euro) and consolidated net profit was 1.3 million euro (1.4 million euro). Third-quarter revenues benefited from growth in Eastern Europe, while slowdowns were reported in the food packaging sector in Italy and in thermal insulation. The significant increase in costs (notably raw materials) and a negative performance on the French market slowed the improvement in operating profit. The downturn in net profit was the outcome of higher finance costs caused by the increase in interest rates. Revenues also showed a significant improvement in the year to September 30, 2007, reaching 181.4 million euro (+25.7%, +8.5% at constant size). Despite the above-mentioned increase in costs and higher depreciation and amortization charges relating to the acquisition of the Amprica group, operating profit improved by 4.2%. As a result of higher finance costs, caused by the increase in debt produced by the acquisition, and a higher tax rate, net profit in the nine months fell sharply to 3.2 million euro, against 5.2 million euro in the year-earlier period;

- the **financial sector,** which comprises the parent company Italmobiliare and the wholly owned financial subsidiaries, was affected, as noted above, by particularly unfavorable conditions on the financial markets and reported a third-quarter net loss of 8.7 million euro, a sharp downturn compared with the year-earlier period (net profit of 14.7 million euro); net profit for the year to September 30, 2007, was 82.9 million euro (113.6 million euro). This significant decline in earnings was also due to the absence in 2007 of a number of favorable events in the first nine months of 2006, notably higher net income from equity investments and larger contributions from associates;

- in the **banking sector**, where the Group operates through Finter Bank Zürich and Crédit Mobilier de Monaco, the third quarter showed a net profit of 1.7 million euro, up from 1.4 million euro in the year-earlier period, taking net profit for the year to September 30, 2007, to 7.3 million euro (6.2 million euro). The result was essentially due to the improved performance of Finter Bank Zürich;

- the **property sector, services** and **others** is not of great importance within the overall Group context and therefore, although its operating results in the third quarter and first nine months of 2007 reflected year-on-year decreases, they did not have a particular significance.

GROUP BUSINESS AND FINANCIAL HIGHLIGHTS

A summary of the operations and results of the Italmobiliare Group in the third quarter of 2007 and for the year to September 30, 2007, is set out below:

(in millions of euro)	Q3 2007	Q3 2006	Q3 % change	Year to September 30 2007	Year to September 30 2006	Year to September 30 % change	Full year 2006
Revenues	**1,625.0**	**1,568.6**	***3.6***	**4,908.1**	**4,656.1**	***5.4***	**6,216.5**
Recurring gross operating profit	**379.7**	**419.0**	***(9.4)***	**1,153.8**	**1,210.3**	***(4.7)***	**1,550.0**
% of revenues	*23.4*	*26.7*		*23.5*	*26.0*		*24.9*
Other income (expense)	4.8	2.7	*75.4*	14.6	13.3	*10.1*	(9.0)
Gross operating profit	**384.5**	**421.7**	***(8.8)***	**1,168.4**	**1,223.6**	***(4.5)***	**1,541.0**
% of revenues	*23.7*	*26.9*		*23.8*	*26.3*		*24.8*
Amortization and depreciation	(114.9)	(109.1)	*5.3*	(339.9)	(317.9)	*6.9*	(433.3)
Impairment variation	(0.1)	(1.6)	*(91.5)*	(0.6)	(1.7)	*(64.7)*	(2.0)
Operating profit	**269.5**	**311.0**	***(13.3)***	**827.9**	**904.0**	***(8.4)***	**1,105.7**
% of revenues	*16.6*	*19.8*		*16.9*	*19.4*		*17.8*
Finance income (costs)	(40.2)	(30.2)	*33.0*	(99.4)	(87.5)	*13.6*	(106.8)
Share of results of associates	6.8	4.3	*56.7*	11.7	12.2	*(3.9)*	20.4
Profit before tax	**236.1**	**285.1**	***(17.2)***	**740.2**	**828.7**	***(10.7)***	**1,019.3**
% of revenues	*14.5*	*18.2*		*15.1*	*17.8*		*16.4*
Income tax expense	(89.7)	(82.1)	*9.2*	(226.8)	(225.7)	*0.5*	(270.8)
Net profit	**146.4**	**203.0**	***(27.9)***	**513.4**	**603.0**	***(14.9)***	**748.5**
% of revenues	*9.0*	*12.9*		*10.5*	*13.0*		*12.0*
Group net profit	**37.6**	**63.6**	***(40.9)***	**168.7**	**210.0**	***(19.7)***	**264.4**
% of revenues	*2.3*	*4.0*		*3.5*	*4.6*		*4.3*
Minority interest	108.8	139.4	*(21.9)*	344.7	393.0	*(12.3)*	484.1
Employees at period end (heads)				**25,967**	**24,065**		**24,509**

n.s. not significant

(in millions of euro)	Sept. 30 2007	June 30 2007	Dec. 31 2006
Net debt	**2,111.6**	**1,985.9**	**1,857.3**

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Revenues and operating results by sector and geographical area

Third quarter

	Revenues		Recurring GOP		GOP		Operating profit	
Line of business	**Q3 2007**	**% change**	**Q3 2007**	**% change**	**Q3 2007**	**% change**	**Q3 2007**	**% change**
Construction materials	1,540.0	*3.9*	385.6	*(3.2)*	389.7	*(2.3)*	278.2	*(4.7)*
Packaging and insulation	60.8	*5.1*	6.8	*(2.8)*	7.4	*6.9*	4.4	*9.2*
Finance	15.6	*(27.6)*	(15.1)	*n.s.*	(15.1)	*n.s.*	(15.1)	*n.s.*
Banking	10.7	*4.6*	2.6	*6.9*	2.6	*7.0*	2.2	*18.5*
Property, services and others	1.2	*63.4*	0.7	*n.s.*	0.7	*n.s.*	0.7	*n.s.*
Inter-sector eliminations	(3.3)	*(1.5)*	(0.9)	*(11.8)*	(0.8)	*(12.4)*	(0.9)	*(12.0)*
Total	**1,625.0**	***3.6***	**379.7**	***(9.4)***	**384.5**	***(8.8)***	**269.5**	***(13.3)***
Geographical area								
European Union	996.4	*1.1*	177.7	*(19.2)*	182.3	*(18.0)*	117.9	*(27.1)*
Other European countries	93.3	*6.0*	19.6	*(7.8)*	19.5	*(9.5)*	15.1	*(12.8)*
North America	185.2	*1.7*	49.5	*6.4*	49.5	*7.4*	37.7	*7.7*
Asia	120.2	*17.9*	40.1	*28.0*	39.6	*26.4*	28.8	*31.1*
Africa	213.9	*11.1*	86.5	*(8.3)*	87.3	*(7.7)*	64.8	*(7.8)*
Trading	96.2	*10.9*	6.6	*29.8*	6.6	*30.3*	6.1	*33.3*
Other and inter-area eliminations	(80.2)	*16.9*	(0.3)	*n.s.*	(0.3)	*n.s.*	(0.9)	*n.s.*
Total	**1,625.0**	***3.6***	**379.7**	***(9.4)***	**384.5**	***(8.8)***	**269.5**	***(13.3)***

n.s. not significant

Year to September 30

	Revenues		Recurring GOP		GOP		Operating profit	
Line of business	**Sept. 30 2007**	**% change**	**Sept. 30 2007**	**% change**	**Sept. 30 2007**	**% change**	**Sept. 30 2007**	**% change**
Construction materials	4,613.1	*5.0*	1,105.6	*(2.3)*	1,116.6	*(1.9)*	786.3	*(5.0)*
Packaging and insulation	181.4	*25.7*	21.5	*12.9*	22.1	*14.5*	13.3	*4.2*
Finance	132.6	*(6.0)*	65.9	*(33.7)*	68.6	*(34.6)*	68.6	*(34.7)*
Banking	36.6	*5.1*	10.4	*8.8*	10.4	*8.8*	9.2	*19.1*
Property, services and others	2.3	*15.2*	0.7	*(61.5)*	1.0	*(48.7)*	0.8	*(52.6)*
Inter-sector eliminations	(57.9)	*0.7*	(50.3)	*(0.5)*	(50.3)	*(0.5)*	(50.3)	*(0.5)*
Total	**4,908.1**	***5.4***	**1,153.8**	***(4.7)***	**1,168.4**	***(4.5)***	**827.9**	***(8.4)***
Geographical area								
European Union	3,199.2	*5.0*	630.0	*(6.9)*	642.9	*(6.8)*	451.9	*(12.4)*
Other European countries	256.2	*12.2*	51.6	*(3.3)*	51.9	*(3.3)*	38.9	*(3.5)*
North America	471.8	*(6.8)*	100.8	*(15.7)*	100.7	*(15.5)*	65.7	*(22.2)*
Asia	333.6	*25.4*	103.5	*34.3*	102.7	*33.6*	72.7	*38.4*
Africa	616.0	*10.0*	257.8	*(4.0)*	258.9	*(3.5)*	190.6	*(3.9)*
Trading	276.6	*8.7*	17.6	*19.1*	18.8	*28.1*	17.5	*30.8*
Other and inter-area eliminations	(245.3)	*19.7*	(7.5)	*n.s.*	(7.5)	*n.s.*	(9.4)	*n.s.*
Total	**4,908.1**	***5.4***	**1,153.8**	***(4.7)***	**1,168.4**	***(4.5)***	**827.9**	***(8.4)***

n.s. not significant

Group consolidated **revenues** in the third quarter of 2007 amounted to 1,625.0 million euro, compared with 1,568.6 million euro in the year-earlier period, an improvement of 3.6%.

Revenues in the first nine months amounted to 4,908.1 million euro, rising by 5.4% from the year-earlier period. The improvement arose in construction materials (+5.0%), packaging and insulation (+25.7%) and banking (+5.1%); the financial sector reported a 9.9% revenue downturn. The overall growth in revenues stemmed from positive business performance (sales volumes and prices) for 4.2% and the enlargement of the consolidation area for 2.6%.

The improvement due to changes in the scope of consolidation arose in construction materials (mainly the line-by-line consolidation of the Indian companies and the acquisitions in North America and Egypt) and in packaging and insulation (the Amprica group was consolidated only from the third quarter of 2006).

Exchange rates had a negative effect of 1.4%, mainly as a result of the depreciation of the US dollar, Swiss franc and Egyptian lira against the euro, net of the appreciation of the Thai baht.

Gross operating profit (384.5 million euro) and **operating profit** (269.5 million euro) in the third quarter of 2007 decreased by 8.8% and 13.3% respectively from the year-earlier period. The downturn arose in the construction materials sector, where cost increases outstripped the rise in sales prices, and in the financial sector, adversely affected by negative market trends in debentures and equities. The reduction in operating profit was larger than that in gross operating profit due to higher amortization and depreciation charges relating to acquisitions.

In the first nine months, gross operating profit and operating profit decreased by 4.5% and 8.4% respectively from the year-earlier period. As in the third quarter, the reduction arose in the construction materials and financial sectors.

The sharp increase in **net finance costs** to 99.4 million euro (+13.6%) and the slight slackening in the share of results of associates to 11.7 million euro (-3.9%) combined with the operating results to produce a significant decrease in profit before tax to 740.2 million euro at September 30, 2007, compared with 828.7 million euro for the year to September 30, 2006 (-10.7%).

Income tax expense for the first nine months was 226.8 million euro, virtually unchanged from the corresponding year-earlier value (225.7 million euro) despite the reduction in profit before tax; this was due to the impact of a higher tax rate of 30.6% (27.2%). The increased tax rate also reflected developments in prior-year tax disputes in the construction materials sector, which generated non-recurring tax expense (11.3 million euro) in the period under review, compared with non-recurring fiscally driven income (14.0 million euro) in the year-earlier period.

Consequently, **net profit** for the year to September 30, 2007, was 513.4 million euro, a year-on-year decrease of 14.9%; **Group net profit** was 168.7 million euro, a larger reduction (-19.7%) caused mainly by the results of the wholly owned companies.

Net debt

Net debt at September 30, 2007, was 2,111.6 million euro, up from December 31, 2006 (1,857.3 million euro) and from June 30, 2007 (1,985.9 million euro).

The increase in respect of the end of 2006 was mainly the result of significant investments in fixed assets, totaling 824.6 million euro (including 358.7 million euro in property, plant and equipment and intangible assets, and 465.9 million euro in non-current financial assets), and dividend payouts of 191.3 million euro, covered to a large extent by positive cash flows from operating activities of 750.0 million euro.

(in millions of euro)	September 30 2007	June 30 2007	December 31 2006
Cash, cash equivalents and current financial assets	(1,517.4)	(1,543.9)	(1,504.5)
Short-term financing	1,032.1	1,053.9	879.2
Medium/long-term financial assets	(67.1)	(72.9)	(68.7)
Medium/long-term financing	2,664.0	2,548.8	2,551.3
Net debt	**2,111.6**	**1,985.9**	**1,857.3**

Financial ratios

(absolute values in millions of euro)	September 30 2007	June 30 2007	December 31 2006
Net debt	2,111.6	1,985.9	1,857.3
Consolidated shareholders' equity	6,381.9	6,569.0	6,407.9
Gearing	**33.09%**	**30.23%**	**28.98%**
Net debt	2,111.6	1,985.9	1,857.3
GOP before other income (expense)[1]	1,493.4	1,532.7	1,550.0
Debt coverage	**1.41**	**1.30**	**1.20**

[1] 12-month rolling basis

CONSTRUCTION MATERIALS SECTOR

This sector, which is Italmobiliare's industrial core business, comprises the cement, prepacked ready mixed concrete and aggregates operations of the Italcementi group.

	Q3			Year to September 30			Full year
(in millions of euro)	2007	2006	% change	2007	2006	% change	2006
Revenues	**1,540.0**	**1,481.5**	***3.9***	**4,613.1**	**4,391.5**	***5.0***	**5,854.1**
Recurring gross operating profit	**385.6**	**398.3**	***(3.2)***	**1,105.6**	**1,131.0**	***(2.3)***	**1,446.9**
% of revenues	*25.0*	*26.9*		*24.0*	*25.8*		*24.7*
Other income (expense)	4.1	0.6	*>100*	11.0	7.3	*50.7*	(12.4)
Gross operating profit	**389.7**	**398.9**	***(2.3)***	**1,116.6**	**1,138.3**	***(1.9)***	**1,434.5**
% of revenues	*25.3*	*26.9*		*24.2*	*25.9*		*24.5*
Amortization and depreciation	(111.4)	(105.6)	*5.5*	(329.7)	(309.4)	*6.6*	(420.3)
Impairment variation	(0.2)	(1.6)	*(88.8)*	(0.6)	(1.6)	*(62.0)*	(1.9)
Operating profit	**278.2**	**291.8**	***(4.7)***	**786.3**	**827.3**	***(5.0)***	**1,012.3**
% of revenues	*18.1*	*19.7*		*17.0*	*18.8*		*17.3*
Finance income (costs)	(38.3)	(30.0)	*27.7*	(97.0)	(86.8)	*11.7*	(105.4)
Share of results of associates	5.3	3.4	*55.5*	9.3	6.2	*50.6*	11.3
Profit before tax	**245.2**	**265.2**	***(7.5)***	**698.6**	**746.7**	***(6.4)***	**918.3**
% of revenues	*15.9*	*17.9*		*15.1*	*17.0*		*15.7*
Income tax expense	(93.1)	(80.4)	*15.7*	(232.8)	(222.3)	*4.7*	(266.9)
Net profit	**152.1**	**184.7**	***(17.7)***	**465.8**	**524.4**	***(11.2)***	**651.4**
% of revenues	*9.9*	*12.5*		*10.1*	*11.9*		*11.1*
Group net profit	**106.8**	**122.6**	***(12.9)***	**314.8**	**352.5**	***(10.7)***	**449.5**
Minority interest	45.3	62.1	*(27.1)*	151.0	171.8	*(12.2)*	201.9
Employees at period end (heads)				**24,265**	**22,461**		**22,868**

(in millions of euro)	Sept. 30 2007	June 30 2007	Dec. 31 2006
Net debt	**2,408.0**	**2,337.0**	**2,210.3**

The cyclical divergences in the construction sector have continued to widen. In the USA, the crisis in the residential segment is still underway, with a negative impact on trends throughout the industry, while signs of a slowdown have emerged in Europe, although timing and intensity vary from one country to another.
Finally, in the group's emerging countries, which are enjoying a period of robust economic growth, performance has been generally positive in the construction sector, with the notable exception of Thailand, where the industry is affected by the persisting climate of political uncertainty, especially with regard to major infrastructure projects.

Group business performance

Sales volumes	Q3 2007	% change vs Q3 2006		Year to 09/30/2007	% change vs 09/30/2006	
		Historic	Constant size		Historic	Constant size
Cement and clinker *(millions of mt)*	16.6	*1.3*	*(0.6)*	49.0	*1.4*	*(0.6)*
Aggregates[1] *(millions of mt)*	14.0	*(5.9)*	*(4.8)*	44.0	*(0.9)*	*(1.3)*
Ready mixed concrete *(millions of m³)*	5.7	*8.1*	*(1.6)*	17.1	*6.6*	*0.4*

[1] excluding outgoes on work-in-progress account

In the third quarter, group overall sales volumes at constant size were down on those of the year-earlier period, although the year-on-year reduction was smaller than that of the second quarter and trends varied from one market to another. In the year to the end of September, overall sales volumes at constant size were slightly down on the year-earlier period. Performance in the individual segments is described below.

In **cement** and **clinker**, strong third-quarter performance in Trading and the emerging countries as a whole, especially Morocco, virtually counterbalanced the downturn in the mature countries, notably Italy and North America. In the first nine months, too, sales volumes benefited from the lively performance of the emerging countries (especially in Morocco, Egypt and, on the strength of the first quarter, Turkey), which made up almost in full for the sharp reduction in North America and the more limited slowdowns in Central Western Europe and Trading.

The slackening in **aggregates** in the third quarter and the first nine months was due to the slowdown in Central Western Europe, with the sole favorable exception of France.

Ready mixed concrete showed a small decrease in third-quarter sales volumes, arising from differing individual market trends, while a slight improvement was reported in the first nine months to September 30, driven by growth in Egypt and Morocco, set against small reductions in Central Western Europe, Turkey and Thailand.

Revenues in the third quarter of 2007 gained 3.9%, supported above all by sales prices and enlargement of the consolidation area, while sales volumes decreased in respect of the third quarter of 2006 and the exchange-rate effect was unfavorable.
In the year to the end of September revenues progressed by 5.0%, of which 4.2% from business performance (a positive sales price effect net of a negative sales volumes effect), 2.2% from the enlargement of the consolidation area, chiefly line-by-line consolidation of the Indian companies and the acquisitions in North America and Egypt. The exchange-rate effect had a negative impact of 1.4%, arising mainly from the depreciation of the US dollar and the Egyptian lira against the euro, net of the appreciation of the Thai baht.
At constant size and exchange rates, all the macro-areas contributed to growth, with the sole exception of North America, affected by a downturn in sales volumes. In absolute terms, the largest contribution came from France. Smaller contributions came from Morocco, India and Bulgaria, which nonetheless reported significant growth rates.

2007 third-quarter recurring gross operating profit and **operating profit** decreased by 3.2% and 4.7% respectively compared with the year-earlier period.
The reductions were largely due to the negative trend in operating expenses that had already affected the half-year results, counterbalanced only in part by the rise in average sales prices. The far less significant effect of the downturn in sales volumes was largely offset by the enlargement of the consolidation area, while the exchange rates continued to have a negative effect.
The slowdown reported in Italy was a particularly significant factor in the third-quarter results. In value terms, the most important progress was reported in India, thanks to the improvement in prices, and in North America, where the positive price effect and the reduction in variable costs more than made up for the negative trend in sales volumes and exchange rates.
For the **year to September 30, 2007, recurring gross operating profit** and **operating profit** decreased by 2.3% (-2.8% at constant size and exchange rates) and 5.0% respectively compared with the year-earlier period.
Given a modest but still positive sales volume effect, generated by a more remunerative sales mix, the downturn in operating results was essentially due to the unfavorable sales price/cost dynamic. This stemmed in particular from rising fuel prices and significant recourse to cement and clinker purchases to meet high demand in many countries where production capacity reached saturation level.
Operating results in the first nine months benefited nonetheless from the enlargement of the consolidation area (specifically, India, Egypt and North America), which more than offset the negative net effect of the euro exchange with the other currencies.
The country-by-country breakdown of results reflects a strong positive contribution from France and India, even excluding the significant consolidation effect in India. Elsewhere, notably in Italy and North America, downturns were reported, although a recovery was seen in the third quarter. In Egypt, the decline was principally due to the effect of the exchange rate on translation of results into euro, whose negative impact was significantly greater than the benefit of enlargement of the consolidation area.

Net profit for the year to September 30, 2007, after income tax expense of 232.8 million euro (222.3 million euro in the nine months to September 30, 2006), was 465.8 million euro, a decrease of 11.2 % on net profit in the year-earlier period (524.4 million euro). The result reflects the downturn in operating results, as well as the rise in net finance costs (+11.7%) and income tax expense (+4.7%). More specifically, net finance costs were affected by higher interest rates and, above all, by first-quarter charges relating to the debt restructuring operations at Ciments Français. The increase in income tax expense, while operating results decreased, was due to developments in prior-year tax disputes, which generated non-recurring expense (11.3 million euro) in the period under review, set against non-recurring income (14.0 million euro) in the first nine months of 2006.

Net profit attributable to the Italcementi group amounted to 314.8 million euro (-10.7% from 352.5 million euro at September 30, 2006); minority interest, at 151.0 million euro, decreased by 12.2% from the year-earlier result.

Net debt at September 30, 2007, stood at 2,408.0 million euro, an increase of 197.7 million euro from December 31, 2006, and 71.0 million euro from June 30, 2007. Given high cash flows from operating activities, the rise in net debt compared with the end of 2006 was due to large investments in fixed assets (763.0 million euro), dividend payouts (172.9 million euro) and the net debt of companies included in the consolidation for the first time (40.5 million euro).

Significant events during the period

The significant events of the third quarter, some of which are illustrated in the half-year report at June 30, 2007, are detailed below:

- **Société Internationale Italcementi France S.a.s.** acquired 442,882 **Ciments Français** shares on the market, for an outlay of approximately 62.5 million euro, raising its equity investment to 77.24% (88.39% of voting rights);
- as part of the program approved by the Shareholders' Meeting on April 16, 2007, **Ciments Français S.A.** acquired **treasury shares** for approximately 112.9 million euro. Together with the buybacks made since the beginning of the second quarter, the overall value of the 845,354 treasury shares purchased during the first nine months of 2007 was 125.6 million euro. At the end of September, Ciments Français S.A. held 1,124,850 treasury shares representing approximately 2.93% of its total share capital;
- the **equity investment in Suez Cement Company** and its subsidiaries was gradually **raised,** reaching a value of 74.0 million euro at the end of September (71.5 million euro at the end of June);
- in July, with a view to strengthening the group’s presence in the Egyptian ready mixed concrete sector, **Ready Mix Beton Egypt S.A.E.** (RMBE) acquired 100% of the share capital of **Decom S.A.E.**, for an investment of 8.3 million euro;
- following the public tender offer made in August, **Suez Cement Company** raised its existing 4% stake to acquire a majority shareholding (approximately 51%) in **Hilal Cement Company**, for an overall investment of approximately 35 million euro;
- in September, in the ready mixed concrete sector in **Saudi Arabia**, the **Arabian Ready Mix Company** (ARMC) was established, an equally owned joint venture with Arabian Cement Company;
- at the end of September, Italcementi became the only Italian company in the construction materials industry to enter the **Dow Jones Sustainability World Index** of the best performers among the 2,500 international business organizations in the Dow Jones Global indices, assessed on economic, environmental and social criteria;
- in July, **Standard & Poor’s** raised its long-term rating on Italcementi and Ciments Français to **BBB+**, with a stable outlook for both companies. At the end of September, **Moody’s Investors Services** confirmed its **Baa1** ratings, with stable outlook, for Italcementi and Ciments Français;
- during the third quarter, **Italcementi S.p.A.** purchased 579,083 **ordinary treasury shares** for an overall value of approximately 11.4 million euro. Previously, during the first half of the year, it bought back 423,988 **ordinary treasury shares** to service its **stock option plans**, for a total value of 9.7 million euro, and sold 571,625 ordinary treasury shares after **exercise** of a corresponding number of options by plan beneficiaries. At September 30, 2007, Italcementi S.p.A. held 3,793,029 ordinary treasury shares, representing 2.14% of ordinary share capital.

Other significant events in the first half of the year, described in detail in the half-year report at June 30, 2007, were as follows:

- the ready mixed concrete acquisitions in North America, for an overall investment of approximately 50 million euro: the **Arrow** group in the USA and **Cambridge Concrete Ltd.** in Canada;
- the acquisition by **Medcem S.r.l.,** the joint venture with the Romeo shipping group, of a 20% equity investment in **Sider Navi S.p.A.**;
- the purchase by **Suez Cement** of 45% of the shares of **Tecno Gravel**, a company that owns a grinding plant and quarry in the area in which Suez operates;
- the acquisition, for an investment of approximately 28 million euro, of 100% of **Fuping Cement Co. Ltd**., a cement company in the **Shaanxi province (central China)**;
- the issue of a 500 million euro **debenture** maturing in 2017 by **Ciment Français S.A.**, which also made a **partial repurchase offer** on the 350 million euro debenture maturing in July 2009.

Performance by geographical area

Third quarter

(in millions of euro)	Revenues		Recurring GOP		GOP		Operating profit	
Geographical area	**Q3 2007**	**% change vs. Q3 06**	**Q3 2007**	**% change vs. Q3 06**	**Q3 2007**	**% change vs. Q3 06**	**Q3 2007**	**% change vs. Q3 06**
Central Western Europe	891.3	*1.5*	171.7	*(9.1)*	175.7	*(7.0)*	117.1	*(12.2)*
North America	185.2	*1.7*	49.5	*6.4*	49.5	*7.4*	37.7	*7.7*
Eastern Europe and Southern Med Rim	328.2	*9.7*	117.9	*(6.6)*	118.6	*(6.3)*	89.4	*(7.5)*
Asia	120.2	*17.9*	40.1	*28.0*	39.6	*26.4*	28.8	*31.1*
Cement trading	96.2	*10.9*	6.6	*29.8*	6.6	*30.3*	6.1	*33.3*
Other and eliminations	(81.2)	*n.s.*	(0.2)	*n.s.*	(0.3)	*n.s.*	(0.9)	*n.s.*
Total	**1,540.0**	***3.9***	**385.6**	***(3.2)***	**389.7**	***(2.3)***	**278.2**	***(4.7)***

n.s. not significant

Year to September 30

(in millions of euro)	Revenues		Recurring GOP		GOP		Operating profit	
Geographical area	**Sept. 30 2007**	**% change vs. 09/30/06**	**Sept. 30 2007**	**% change vs. 09/30/06**	**Sept. 30 2007**	**% change vs. 09/30/06**	**Sept. 30 2007**	**% change vs. 09/30/06**
Central Western Europe	2,842.1	*3.9*	553.5	*(3.4)*	562.8	*(3.1)*	388.5	*(7.4)*
North America	471.8	*(6.8)*	100.8	*(15.7)*	100.7	*(15.5)*	65.7	*(22.2)*
Eastern Europe and Southern Med Rim	925.8	*11.2*	337.6	*(2.4)*	339.1	*(2.0)*	251.2	*(2.7)*
Asia	333.6	*25.4*	103.5	*34.3*	102.7	*33.6*	72.7	*38.4*
Cement trading	276.6	*8.7*	17.6	*19.1*	18.8	*28.1*	17.5	*30.8*
Other and eliminations	(236.7)	*n.s.*	(7.4)	*n.s.*	(7.5)	*n.s.*	(9.3)	*n.s.*
Total	**4,613.1**	***5.0***	**1,105.6**	***(2.3)***	**1,116.6**	***(1.9)***	**786.3**	***(5.0)***

n.s. not significant

Central Western Europe

In Central Western Europe, third-quarter revenues rose by 1.5% as a result of improvements in some countries (France, most of all, Spain and Belgium) and downturns in Italy and Spain. Third-quarter operating results decreased (large percentage reductions in Italy and Greece) with the sole exception of Belgium, which reported a significant improvement. The downturn in operating results was largely attributable to the sharp increase in variable production costs (clinker purchases and energy prices), not offset by increases in sales prices.
In the first nine months to September 30, 2007 (+3.9%), revenues increased in France, Belgium and Spain, and showed significant declines in Greece, while revenues in Italy were virtually unchanged from the year-earlier period. Operating results in the first nine months reflected positive data in all countries, while the year-on-year change in operating profit was positive in Belgium and, to a lesser extent, in France. At group level, France was the country with the largest revenues and highest operating profit.

North America

The continuing sharp decline in private residential building, offset only in part by the healthy trend in private non-residential building and public works, produced a downturn in the North American construction sector, which was also exposed to the effects of the crisis on the subprime mortgage market. In this situation, group sales volumes, which shed 13.5% in the first half, showed a much more limited decrease in the third quarter (-5.2%), keeping the downturn in the first nine months to 10.5%.
In the third quarter of 2007 total revenues gained 9.3% in local currency, thanks to higher sales prices and the enlargement of the consolidation area (in ready mixed concrete), which offset the fall in sales volumes. The containment of operating expenses (largely due to lower cement and clinker purchases) produced stronger growth in recurring gross operating profit in local currency (+14.1% and +9.8% at constant size).
In the year to September 30, 2007, revenues in local currency made a small improvement, as the enlarged consolidation area and the sales price effect counterbalanced the sharp fall in sales volumes; recurring gross operating profit was down by 9.0% (-12.6% at constant size), mainly as a result of the negative performance of the first half.

Eastern Europe and Southern Med Rim

This area reported interesting revenue growth (+9.7% in the third quarter and +11.2% in the first nine months). All the countries (Bulgaria, Egypt, Morocco and Turkey) recorded higher domestic sales volumes accompanied by generally favorable price levels.
Despite positive revenue performance, operating results were affected by the significant increase in some operating expenses (especially the sharp rise in fuel prices) and in some cases by the depreciation of the local currency, and slipped in both the third quarter and the first nine months of 2007, even though absolute values remained very positive.

Asia

Among the group’s Asian countries, India and Kazakhstan reported significant growth in revenues and operating results at the end of September. While India had a slowdown in third-quarter sales volumes but a favorable sales price trend, Kazakhstan continued to benefit from strong sales volume growth and a positive sales price trend.
In Thailand, where the unstable political climate continues to affect the national economy, domestic sales volumes decreased, while exports, where margins are lower, increased. Third-quarter operating results, assisted by the appreciation of the baht against the euro, reflected only a small decrease on the year-earlier period, whereas a significant slide was reported in the first nine months due to the downturn in domestic sales volumes and sales prices.
The group has been present in China since the end of June, when it acquired 100% of Fuping Cement Co. Ltd., consolidated line-by-line since July 1, 2007. In the third quarter, Fuping Cement sold 311,000 metric tons of cement and clinker, for revenues of 6.3 million euro and a recurring gross operating profit of 0.9 million euro.

Cement and clinker trading

Third-quarter intragroup and third-party cement and clinker sales volumes rose by 13% over the year-earlier period, as a result of higher third-party sales. The reduction in product availability inside the group was more than made up by purchases from third parties, especially in the Far East.
The third-quarter improvement enabled the group to reduce the downturn in sales volumes for the nine months to 5.2%.

E-business

During the first nine months of 2007, BravoSolution S.p.A. and its subsidiaries reported a strong improvement in overall performance, with a generalized increase in operating results, which have now reached a positive level of stability.
Consolidated revenues for the year to September 30, 2007, amounted to 24.5 million euro, with an impressive year-on-year improvement of 34.3%. Gross operating profit rose from 2.2 million euro to 4.5 million euro, while operating profit totaled 3.6 million euro (1 million euro in the first nine months of 2006).

Disputes

In Spain, as the result of an unfavorable interpretation of ministerial circulars, the courts rejected the appeal filed by Sociedad Financiera y Minera (FyM) against the ruling on the dispute concerning deductibility of prior-year losses, which began in 2002. The company has therefore provided an amount of 11.3 million euro for additional non-recurring tax relating to prior years (including interest). FyM has filed an appeal against the new order.

In Italy, as noted in the 2007 half-year report, an order issued by the Court of Reggio Calabria for “temporary suspension from administration of assets” in respect of the production and sales network in Calabria was served on Italcementi S.p.A. on July 23, 2007.
Since this is a precautionary preventive measure on assets, it cannot be appealed and has a maximum duration of six months. The purpose of the order is to prevent “business operations from being subjected to conditions of intimidation and subordination” typical of mafia-related organized crime.

With regard to the attachment orders on the Riesi and Gela cement plants issued in July 2006, confirmed in July 2007 and already described in the 2007 half-year report, on October 18 the Calcestruzzi S.p.A. company was served with an additional attachment order on the IT equipment used by the production plants and local offices in Sicily.
The company is examining possible legal action to be taken in connection with the developments in the investigation.

Significant events after the end of the period

At the end of October, **BravoSolution S.p.A**. signed an agreement to acquire **Verticalnet, Inc.**, a leading US company in on-demand supply management solutions. The transaction, which is subject to approval by Verticalnet shareholders and other usual contractual conditions, involves an investment of approximately 10.6 million euro including acquisition of Verticalnet debt.

At the end of October, Italcementi S.p.A. signed an agreement with Cementilce S.r.l. for the purchase of a clinker grinding center in Ravenna with a capacity of approximately 500,000 metric tons/year. Closing of the transaction, on a basic price of 50 million euro, subject to asset values at the actual closing date, requires the approval of the Competition & Market Authority.

Full-year outlook

The destabilizing factors described at the beginning of this report—the subprime mortgage crisis, soaring oil prices and the persisting weakness of the dollar—will continue to affect the international economy in the last quarter of the year, with direct and indirect consequences for the construction industry.
In the USA, the recession in residential building will continue, while in various European countries, including Italy, Spain and Greece, the signs of a slowdown that have already emerge could gather strength.
In the emerging countries where the group operates, the robust growth trend is expected to continue, with the exception of Thailand.
In this context, given the results for the first nine months of the current year, and a probable fourth quarter in line with the year-earlier period, the group expects operating results to be close to those reported in 2006, subject to unforeseeable events and meteorological conditions.
As noted, consolidated net profit will be adversely affected by non-recurring tax expense, compared with significant non-recurring tax income reported in 2006.

FOOD PACKAGING AND THERMAL INSULATION SECTOR

The Group is present in food packaging and thermal insulation through Sirap Gema S.p.A. and its subsidiaries
The table below summarizes the Sirap Gema group income statement and key balance sheet indicators. The year-to-date income statements are not comparable since in 2006 the Amprica group was consolidated as from July 1.

	Q3			Year to September 30			Full year
(in millions of euro)	2007	2006	% change	2007	2006	% change	2006
Revenues	**60.8**	**57.8**	***5.1***	**181.4**	**144.4**	***25.7***	**208.6**
Recurring gross operating profit	**6.8**	**7.0**	***(2.8)***	**21.5**	**19.1**	***12.9***	**24.8**
% of revenues	*11.3*	*12.2*		*11.9*	*13.2*		*11.9*
Other income (expense)	0.6	(0.1)	*n.s.*	0.6	0.2	*n.s.*	(0.2)
Gross operating profit	**7.4**	**6.9**	***6.9***	**22.1**	**19.3**	***14.5***	**24.6**
% of revenues	*12.2*	*12.0*		*12.2*	*13.4*		*11.8*
Amortization and depreciation	(3.0)	(2.9)	*3.7*	(8.8)	(6.5)	*34.7*	(9.8)
Impairment variation	-	-	-	-	-	-	-
Operating profit	**4.4**	**4.0**	***9.2***	**13.3**	**12.8**	***4.2***	**14.8**
% of revenues	*7.2*	*6.9*		*7.3*	*8.9*		*7.1*
Finance income (costs)	(1.9)	(1.4)	*35.2*	(5.7)	(2.9)	*98.4*	(4.2)
Profit before tax	**2.5**	**2.6**	***(4.3)***	**7.6**	**9.9**	***(22.8)***	**10.6**
% of revenues	*4.2*	*4.6*		*4.2*	*6.9*		*5.1*
Income tax expense	(1.2)	(1.2)	*(1.2)*	(4.4)	(4.6)	*(4.7)*	(5.5)
Net profit	**1.3**	**1.4**	***(8.7)***	**3.2**	**5.3**	***(37.5)***	**5.1**
% of revenues	*2.2*	*2.5*		*1.8*	*3.7*		*2.4*
Group net profit	**1.3**	**1.4**	***(6.7)***	**3.2**	**5.2**	***(38.0)***	**4.9**
Minority interest	-	-	-	-	0.1	*n.s.*	0.2
Employees at period end (heads)				**1,495**	**1,398**		**1,442**

(in millions of euro)	Sept. 30 2007	June 30 2007	Dec. 31 2006
Net debt	**122.6**	**120.7**	**129.2**

Group **revenues** improved throughout the nine months (+25.7%), chiefly as a result of the change in the consolidation area, but also thanks to significant sales growth in thermal insulation and food packaging on the Italian market and in Eastern Europe (at constant size, approximately +8.5%).
Revenues continued to strengthen in the third quarter (+5.1%), mainly through the contribution of Eastern Europe, while food packaging in Italy and thermal insulation slackened.

The significant rise in **operating expenses** braked the growth of operating profit, especially in countries like France, where market conditions made it impossible to raise sales prices. More specifically, polymer raw materials prices confirmed the upward trend that had

already emerged in 2006 (an average increase of 15% compared with the year-earlier period), with strong growth in demand contributing to keep prices at high levels.
Group **operating profit** for the nine months rose by 4.2%, driven by the enlargement of the consolidation area (which accounted for 7.8%) and non-recurring income. Non-recurring income also helped the improvement in third-quarter operating profit (+9.2%).

Finance costs were significantly higher than in 2006 in both the first nine months (higher average debt due to acquisitions) and the third quarter (higher interest rates).

Net profit for the quarter was slightly lower than the year-earlier period, while the impact of finance costs produced a downturn in net profit for the first nine months.

Significant events during the period

In the absence of significant events during the third quarter, the significant events of the first half of the year, already illustrated in the half-year report at June 30, 2007, are summarized below:

- acquisition at the end of May of a further 16.02% of the share capital of Universal Imballaggi S.r.l. with an outlay of 0.9 million euro by Sirap Gema S.p.A., which thus holds 40.92% of the associate. Previously consolidated on an equity basis, the company has been consolidated line-by-line since the transaction date;
- acquisition in June by Amprica S.p.A. of Immobiliare F.C.M. S.a.s. (now Amprica Immobiliare S.r.l.) for 0.5 million euro;
- establishment of Sirap Gema Iberica S.L., operational since June;
- establishment of Petruzalek Ltd. in Turkey, operational since June;
- establishment of Petruzalek S.r.l. (Moldavia).

Performance by sector and geographical area

Third quarter

(in millions of euro)	Revenues		Recurring GOP		GOP		Operating profit	
	Q3 2007	% change vs. Q3 06	Q3 2007	% change vs. Q3 06	Q3 2007	% change vs. Q3 06	Q3 2007	% change vs. Q3 06
Food packaging								
Italy	26.4	*(5.9)*	3.6	*(13.8)*	4.1	*(1.9)*	2.4	*(3.1)*
France	6.4	*5.6*	(0.3)	*n.s.*	(0.3)	*n.s.*	(0.6)	*n.s.*
Other European Union countries	15.8	*20.9*	1.0	*16.0*	1.0	*31.0*	0.6	*74.5*
Other non-EU countries	6.2	*32.1*	0.7	*38.1*	0.6	*29.1*	0.4	*28.4*
Eliminations	(4.7)		-	-	-	-	-	-
Total	**50.1**	***8.9***	**5.0**	***(13.5)***	**5.4**	***(1.9)***	**2.8**	***(7.5)***
Thermal insulation-Italy	**12.5**	***(8.3)***	**1.8**	***43.4***	**2.0**	***41.9***	**1.6**	***62.3***
Eliminations	(1.8)		-		-		-	
Total	**60.8**	***5.1***	**6.8**	***(2.8)***	**7.4**	***6.9***	**4.4**	***9.2***

Year to September 30

(in millions of euro)	Revenues		Recurring GOP		GOP		Operating profit	
	Sept. 30 2007	% change vs. 09/30/06	Sept. 30 2007	% change vs. 09/30/06	Sept. 30 2007	% change vs. 09/30/06	Sept. 30 2007	% change vs. 09/30/06
Food packaging								
Italy	79.1	*35.1*	12.3	*11.1*	12.8	*14.5*	8.1	*4.8*
France	19.4	*5.9*	(0.3)	*n.s.*	(0.3)	*n.s.*	(1.3)	*n.s.*
Other European Union countries	44.2	*28.7*	2.8	*65.4*	2.8	*51.7*	1.6	*38.0*
Other non-EU countries	16.3	*57.2*	1.2	*24.1*	1.2	*21.5*	0.6	*(23.3)*
Eliminations	(14.0)		-		-		-	
Total	**145.0**	***30.9***	**16.0**	***6.2***	**16.5**	***8.1***	**9.0**	***(10.6)***
Thermal insulation-Italy	**42.4**	***9.1***	**5.5**	***38.5***	**5.6**	***39.6***	**4.3**	***61.1***
Eliminations	(6.0)		-		-		-	
Total	**181.4**	***25.7***	**21.5**	***12.9***	**22.1**	***14.5***	**13.3**	***4.2***

Food packaging

Third-quarter revenues gained 8.9% thanks to healthy performance in all areas, with the exception of Italy for rigid containers, adversely affected by seasonal factors and stronger competitive pressures.

Margins continued to slide in the third quarter, largely as a result of performance in France, where for some time meat consumption has been falling at a faster rate than the European average, tightening competition and pushing sales prices down, while operating expenses have increased.

Significant improvements were posted in Eastern Europe, where the recovery in Ukraine was a significant factor in the third quarter, previously penalized by general conditions in the country.

Thermal insulation

After significant growth in the first half of the year, the third quarter showed a decline in revenues compared with the year-earlier period, when sales volumes were exceptionally high.

Demand remained lively throughout Europe, in part as a result of regulatory standards requiring use of thicker panels to raise insulation levels.

Third-quarter operating profit made a strong improvement (+62.3%) after further gains in efficiency and sales prices, which, driven by high demand, reached more remunerative levels.

Disputes

With regard to the acquisition of the Amprica group, Sirap Gema, under the terms of the purchase and sale contract, presented the vendors with a significant number of requests for compensation. In the absence of an agreement with the vendors, Sirap Gema decided to proceed with enforcement of a guarantee provided for 4 million euro. A dispute is underway over enforcement of the guarantee and the larger amount requested by Sirap Gema as compensation, which has not yet reached the courts.

With reference to the information in previous reports on the general tax audit on Sirap Gema S.p.A. by the Verolanuova Tax Agency (Brescia) in 2004, following the notice of assessment served on December 21, 2006, on August 31 the company was served with a notice for payment recording the entry in the taxrolls of tax and interest for amounts totaling 1.1 million euro, due pending a ruling against the notice of assessment. Sirap Gema has sent a formal request to the Verolanuova Tax Agency and the Lombardy Regional Inland Revenue Office soliciting a response to the self-help motion filed by the company prior to October 31, 2007, the payment notice due date, and has also filed an application requesting suspension of the payment. The Brescia Provincial Tax Commission has fixed the hearing for the company’s appeal for December 3, 2007.

Full-year outlook

The 2007 operating profit of the Sirap Gema group will benefit from positive prospects in thermal insulation and, in some countries, in food packaging, but will be adversely affected by trends in the cost of raw materials and results on the French market. Subject to currently unforeseeable events, 2007 operating profit should nonetheless stand at higher levels than in 2006.

ITALMOBILIARE

FINANCIAL SECTOR

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

(in millions of euro)	Q3			Year to September 30			Full year
	2007	**2006**	**% change**	**2007**	**2006**	**% change**	**2006**
Revenues	15.6	21.6	*(27.6)*	132.5	141.0	*(6.0)*	162.5
Operating profit	(15.1)	14.2	*n.s.*	68.6	104.9	*(34.7)*	115.1
Net profit	**(8.7)**	**14.7**	***(159.4)***	**82.9**	**113.6**	***(27.0)***	**126.9**

n.s. not significant

(in millions of euro)	September 30 2007	June 30 2007	December 31 2006
Net financial position	322.5	377.6	383.9
Shareholders' equity	1,948.8	2,033.3	1,997.7
Number of employees (heads)	44	44	42

Results in accordance with the financial model

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

(in millions of euro)	Q3			Year to September 30			Full year
	2007	**2006**	**% change**	**2007**	**2006**	**% change**	**2006**
Net income on equity investments	1.7	10.7	*(84.2)*	79.4	105.0	*(24.4)*	113.3
Net income on cash investments	(5.2)	9.2	*n.s.*	17.4	23.2	*(24.9)*	37.0
Net debt charges	(6.7)	(4.0)	*66.9*	(15.8)	(10.5)	*50.1*	(13.7)
Total finance income and costs	**(10.2)**	**15.9**	***n.s.***	**81.0**	**117.7**	***(31.1)***	**136.6**
Other income and expense	(3.5)	(0.9)	*n.s.*	(10.2)	(6.4)	*59.6*	(12.9)
Income tax expense	5.0	(0.3)	*n.s.*	12.1	2.3	*n.s.*	3.2
Net profit	**(8.7)**	**14.7**	***(159.4)***	**82.9**	**113.6**	***(27.0)***	**126.9**

n.s. not significant

Net income on equity investments fell sharply in the third quarter compared with the year-earlier period; this was due essentially to the absence of the dividends previously collected from Consortium (8.1 million euro) and the mark-to-market write-down on put options subscribed in August (2.2 million euro), despite the capital gain of 1.9 million euro on the sale of 3% of Sesaab. In the first nine months too, net income on equity investments, at 79.4 million euro, were significantly lower (-24.4%). In addition to the factors described above for the quarter, the year-earlier nine months included the capital gain on the sale of Gemina shares (7.9 million euro), other individually smaller capital gains and a larger share of results of associates (3.6 million euro).

The balance on **net income on cash investments** in the third quarter of 2007 was negative, a downturn with respect to the year-earlier third quarter, taking the result for the first nine months to 17.4 million euro, compared with 23.2 million euro in the year-earlier period. The slackening stemmed from the particularly negative performance of the financial, bond and, above all, equities markets in the third quarter of 2007.
The bond markets were hit heavily by the effects of the subprime mortgage crisis, with falling prices, widening credit spreads and a decline in trading volumes, which widened the difference between bid and offer prices. On one hand, this situation affected measurement of the bond portfolio, which consists almost entirely of trading instruments, with negative effects on the income statement; on the other, it impeded purchase and sale transactions, previously a source of finance income, because such transactions were no longer profitable. The average rating of the bond portfolio was AA - (S&P), reflecting a certain degree of reliability; in this market phase, however, these instruments are the hardest hit in percentage terms.
Returns on alternative investments were slightly negative in the third quarter due to losses in August; at the September closing, however, they were very strong, and are the investment class that has provided the best yield since the beginning of the year.

The sub-prime mortgage crisis also affected the equities markets, especially banking and financial equities, which previously had reported interesting growth rates, and where investments in trading equities had been focused. Here too, period-end mark-to-market values penalized income in the financial sector.

Tuning to **net debt charges**, the confidence crisis and liquidity shortage made their effects felt on the money markets too, leading to a rise in interest rates, notably short-term rates. This, together with the increase in average debt in the sector, generated an increase in net debt charges from 4.0 to 6.7 million euro in the third quarter and from 10.5 to 15.8 million euro in the first nine months to the end of September.

The negative balance on **other income and expense** increased in the quarter and the nine months, due to differences in allocations to and uses of previsions in the two periods and also to a non-recurring tax refund obtained in 2006. Income tax was positive, with a year-on-year increase, in part as a result of the Group national tax consolidation.

The sector posted a negative **net profit** in the third quarter of 8.7 million euro (net profit of 14.7 million euro in the year-earlier period) and a net profit of 82.9 million euro for the first nine months, down from 113.6 million euro in the first nine months of 2006.

The companies in the financial sector hold significant equity investments, the majority classified as “Available for sale”. The fair value gains and losses on these investments, excluding those consolidated at cost, are recorded under shareholders' equity in the “Fair value reserve”. At the end of September 2007 the consolidated fair value reserve of the financial sector reflected a balance of 635.2 million euro, a decrease of 78.6 million euro from December 31, 2006.

ITALMOBILIARE

Significant events during the period

The significant events of the third quarter, some of which are described in the half-year report at June 30, 2007, are described below:

- in July, following the sale by Gemina of all **RCS MediaGroup S.p.A.** shares held in the RCS voting trust, Franco Tosi acquired 800,569 RCS ordinary shares, for an outlay of 3.4 million euro, and contributed the shares to the voting trust;
- at the end of July Italmobiliare sold 300,000 **Sesaab S.p.A.** shares, representing 3% of share capital, for an overall amount of 4.7 million euro, realizing a capital gain of 1.9 million euro;
- during the quarter, Italmobiliare purchased 700,000 **Italcementi S.p.A.** ordinary shares and 2,100,000 **Italcementi S.p.A.** savings shares, for a total outlay of 36.2 million euro. After these purchases, Italmobiliare holds 59.1% of ordinary capital and 2.0% of savings capital of Italcementi;
- in August, Italmobiliare subscribed US-type put options expiring on December 21, 2007, on 2,000,000 Italcementi ordinary shares.

Other significant events in the first half of the year, described in full in the half-year report at June 30, 2007, concerned:

- the upstream merger of **Gim S.p.A.** into Intek S.p.A., with assignment of 10 Intek S.p.A. shares for every 9 Gim S.p.A. shares held. A similar share swap rate was applied to Gim S.p.A. warrants;
- out-of-court settlement of disputes on company sales in previous years, which generated a charge for **Italmobiliare S.p.A.** The amount had already been provided in previous periods and thus has no negative impact on 2007 income or subsequent periods;
- the sale of trading equity investments by the parent company Italmobiliare to the subsidiary **Sance S.r.l.**, as part of the corporate restructuring;
- the loan granted by **Société de Participation Financière Italmobiliare S.A.** to Sirap Gema S.p.A. for acquisition of the Amprica group;
- the subscription of the share capital increase at **Gruppo Banca Leonardo S.p.A.**;
- the discharge of the financing taken out by **Italmobiliare S.p.A.** with Calyon, as contractually agreed;
- the re-negotiation by **Italmobiliare S.p.A.** of the medium-term financing with Société Générale to obtain better overall conditions;
- the sale, at market prices, of non-voting-trust **RCS MediaGroup S.p.A.** shares assigned free of charge, by Franco Tosi to the subsidiary Société de Participation Financière Italmobiliare S.A.

In the nine months to September 30, 2007, **Italmobiliare S.p.A.** did not buy any treasury shares; in the same period, a total of 39,720 stock options (granted in 2003) were exercised by Italmobiliare managers. Italmobiliare sold an equivalent number of ordinary treasury shares at a per-share price of 31.28 euro, established at the grant date; consequently the company now holds 871,411 ordinary treasury shares, representing 3.928% of its ordinary share capital and 28,500 savings shares (equivalent to 0.174% of total savings shares).

Net financial position of Italmobiliare and the financial sector

The table below provides an itemized description of the net financial position of the parent company Italmobiliare S.p.A. and the wholly owned financial subsidiaries.

(in thousands of euro)	September 30, 2007		June 30, 2007		December 31, 2006	
	Italmobiliare	**Financial sector[1]**	**Italmobiliare**	**Financial sector[1]**	**Italmobiliare**	**Financial sector[1]**
Cash, cash equivalents and current financial assets	43,913	789,766	91,192	913,722	83,741	909,834
Short-term financing	(141,964)	(176,915)	(129,143)	(175,751)	(84,484)	(149,840)
Short-term net financial position	**(98,051)**	**612,851**	**(37,951)**	**737,971**	**(743)**	**759,994**
Medium/long-term financial assets	2,876	65,243	2,865	9,191	2,965	13,244
Medium/long-term financing	(355,580)	(355,580)	(369,540)	(369,540)	(389,300)	(389,300)
Medium/long-term net financial position	**(352,704)**	**(290,337)**	**(366,675)**	**(360,349)**	**(386,335)**	**(376,056)**
Net financial position	**(450,755)**	**322,514**	**(404,626)**	**377,622**	**(387,078)**	**383,938**

[1] Consisting of: Italmobiliare S.p.A. - Franco Tosi S.r.l. - Italmobiliare International Finance Ltd. - Italmobiliare International B.V. - Société de Participation Financière S.A. - Fincomind A.G. - Soparfinter S.A.

At September 30, 2007, Italmobiliare had net debt of 450.8 million euro (387.1 million euro at December 31, 2006), an increase of 46.1 million euro from June 30, 2007.

The financial sector had a positive consolidated net financial position of 322.5 million euro (383.9 million euro at December 31, 2006), a decrease of 55.1 million euro from June 30, 2007, due largely to investment purchases (Italcementi shares) and the write-down on the trading portfolio (equities and bonds).

Significant events after the end of the period

In October 2007, Italmobiliare received an amount of 20.4 million euro from the Italian Inland Revenue as reimbursement of prior-year tax credits relating to itself and merged companies, plus interest. The company also obtained payment of capitalized interest, after presenting a case with the Tax Commissions against the financial authorities. Checks are being performed to ascertain that the amounts received are correct. The payment produced a significant decrease in “tax credits receivable from tax authorities”.

In November Italmobiliare purchased 424,500 Italcementi savings shares at an average price of 9.85396 euro (including fees) for an overall outlay of 4.2 million euro.
In November the counterpart exercised two US-type put options on Italcementi shares, as a result of which in November Italmobiliare acquired 1.5 million Italcementi ordinary shares for an overall outlay of 25.3 million euro (gross of collected premiums of 394.2 thousand euro).

Full-year outlook

As noted in previous reports, results in the financial sector depend on dividend flows and on trends and opportunities on the financial markets. Since dividend flows occur largely in the first half, an overall 2007 full-year figure can now be forecast with a reasonable degree of accuracy. At the same time, however, future trends in interest rates, performance on the equities and bond markets, and equity investment trading opportunities introduce elements of uncertainty that make it difficult to formulate a full-year forecast for overall results in this sector.
Nevertheless, as the comparison of results for the first nine months shows, the impressive performance of 2006 is a challenging target that will not be easy to achieve. The results for the third quarter and the difficult situation on the markets, which was extremely negative in the July-September period and still uncertain today, indicate that although the 2007 full-year result in this sector will be comfortably positive, it will, subject to currently unforeseeable events, be lower than the result posted for 2006.

BANKING SECTOR

The banking sector consists of two wholly owned banks: Finter Bank Zürich and Crédit Mobilier de Monaco.

(in millions of euro)	Q3			Year to September 30			Full year
	2007	**2006**	**% change**	**2007**	**2006**	**% change**	**2006**
Revenues	10.7	10.2	*4.6*	36.6	34.8	*5.1*	48.2
Operating profit	2.2	1.9	*18.5*	9.2	7.7	*19.1*	10.3
Net profit	**1.7**	**1.4**	***20.4***	**7.3**	**6.2**	***18.1***	**8.1**

(in millions of euro)	September 30 2007	June 30 2007	December 31 2006
Net financial position	92.8	91.6	92.7
Shareholders' equity	92.4	91.5	93.2
Number of employees (heads)	146	144	139

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

(in millions of euro)	Q3			Year to September 30			Full year
	2007	**2006**	**% change**	**2007**	**2006**	**% change**	**2006**
Net interest income	1.6	1.3	*21.0*	4.8	4.2	*14.6*	5.9
Intermediation margin	9.7	9.2	*5.8*	32.4	31.5	*2.8*	43.7
Gross operating profit	2.6	2.5	*4.9*	10.5	9.8	*6.7*	13.3
Profit from operations	1.9	1.6	*23.5*	8.5	7.0	*21.4*	9.3
Net profit	**1.7**	**1.4**	***20.4***	**7.3**	**6.2**	***18.1***	**8.1**

The results in this sector consist almost entirely of the results of Finter Bank Zürich.

Finter Bank Zürich

In the third quarter of 2007 the Finter Bank Zürich group reported consolidated revenues of 17.0 million Swiss francs, a year-on-year improvement of 9.6%. This growth arose mainly from higher interest income and commission income. Aggregate revenues for the first nine months totaled 58.4 million Swiss francs, rising by 9.9% from the year-earlier period.

The revenue improvement together with careful containment of operating expenses and lower amortization and depreciation charges produced a third-quarter operating profit of 3.5 million Swiss francs, significantly higher (+25.7%) than the result of the year-earlier period. A similar improvement in operating profit was reported for the first nine months, to 14.7 million Swiss francs (+24.2%).
Despite a slight increase in income tax expense, net profit for the quarter and the nine months made strong progress, to 2.8 million Swiss francs (+26.5%) and 11.7 million Swiss francs (+22.9%) respectively.

During 2007 operations began at the Finter Life insurance company (held 90% by Finter Bank Zürich), which is consolidated line-by-line. At the moment, this company's impact on the income statement is negligible.

Consolidated shareholders' equity increased from 140.8 million Swiss francs at December 31, 2006, to 143.9 million Swiss francs at September 30, 2007, after a dividend payout of 8 million Swiss francs.

Assets under management at September 30, 2007, stood at 5.7 billion Swiss francs.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. In the third quarter and the first nine months to September 30, it reported higher gross operating profit as a result of a reduction in employee expenses.

The profit for the year to September 30, 2007, was 109,000 euro, up on the result in the year-earlier period (63,000 euro), thanks to the containment of employee expenses.

Full-year outlook

Despite high uncertainly on the financial markets, the results at September 30 and expectations for the fourth quarter indicate that the full-year result will be higher than that reported in 2006, subject to currently unforeseeable events.

PROPERTY SECTOR, SERVICES AND OTHERS

This sector includes a number of real estate companies and services companies. Assets held by the real estate companies include leased buildings and land and buildings held for sale.

The services companies essentially provide services within the Group.

At September 30, 2007, revenues for the sector amounted to 2.3 million euro, up from the year-earlier period (+0.3 million euro).

Operating profit of 0.8 million euro and aggregate net profit of 1.9 million euro were lower than the results of the first nine months of 2006, which benefited from the release of some provisions for risks, deemed excessive, at Terfin which is in liquidation.

The sector’s impact on aggregate Group results is marginal.

DEALINGS WITH RELATED PARTIES

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

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

Dealings with subsidiaries and associates

Among companies in the construction materials sector, dealings with related parties reflect the interest in leveraging the synergies in the sector to enhance production and commercial integration, employ competencies efficiently, and rationalize use of central structures and financial resources.
Dealings are of a business and/or financial nature.

Italmobiliare also provides administrative services for some associates, regulated on the basis of the cost of providing the service.

Dealings with other related parties

Dealings with other related parties in the first half of 2007 and third quarter were as follows:

- administrative, financial, contractual and fiscal consultancy services, as well as support for organization of corporate restructuring operations, provided for the Italmobiliare Group by Finsise S.p.A., whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare. In the first half, the Italmobiliare Group also used the services of Professional Auditing S.p.A., a trust company whose main shareholder is also Mr Lucchini;
- legal consultancy, judicial and extrajudicial assistance provided for Italmobiliare and Group companies by the associate professional studio Dewey Ballantine, now Dewey LeBoeuf, of which Italmobiliare director Luca Minoli is a partner;
- consultancy services for the senior management of Italmobiliare in relation to the rationalization and development of Group activities, provided by Piergiorgio Barlassina, an Italmobiliare director;
- corporate administration and technical services for the Fondazione Italcementi Cav. Lav. Carlo Pesenti.

At September 30, 2007, 1.2 million euro had been devolved to the Fondazione Italcementi Cav. Lav. Carlo Pesenti.

All dealings with related parties, whether for the exchange of goods and services, or financial services, are conducted at normal market conditions. With regard to the consolidated financial statements of Italmobiliare S.p.A., the extent of dealings with related parties is not significant.

No atypical or unusual transactions took place in the third quarter and the nine months to the end of September.

DISPUTES

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

FULL-YEAR OUTLOOK

The results reported in the first nine months of 2007, trends on the various markets on which the Group operates, in particular on the financial markets, and the forecasts drawn up for the individual business sectors mean that, subject to currently unforeseeable events, the Italmobiliare Group is unlikely to achieve the record results posted in 2006, when it benefited from particularly favorable conditions and from positive non-recurring factors, already described in the half-year report.

On the other hand, the parent company Italmobiliare S.p.A. confirms that, based on the information available and subject to unforeseeable events, the full-year net profit in its separate financial statements is expected to be higher than the 2006 figure, net of the capital gains realized last year on the intragroup sales to the subsidiary Franco Tosi.

QUARTERLY CONSOLIDATED SITUATION

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

(in thousands of euro)	Q3 2007	%	Q3 2006	%	Change	%
Revenues	**1,625,031**	**100.0%**	**1,568,569**	**100.0%**	**56,462**	**3.6%**
Other revenues	17,597		16,506		1,091	
Change in inventories	20,612		9,204		11,408	
Internal work capitalized	6,344		4,268		2,076	
Goods and utilities expenses	(621,898)		(574,675)		(47,223)	
Services expenses	(353,355)		(335,583)		(17,772)	
Employee expenses	(246,377)		(230,383)		(15,994)	
Other operating income (expense)	(68,231)		(38,931)		(29,300)	
Recurring Gross Operating Profit	**379,723**	**23.4%**	**418,975**	**26.7%**	**(39,252)**	**-9.4%**
Net capital gains on sale of fixed assets	2,788		(219)		3,007	
Other non-recurring income (expense)	2,024		2,962		(938)	
Gross Operating Profit	**384,535**	**23.7%**	**421,718**	**26.9%**	**(37,183)**	**-8.8%**
Amortization and depreciation	(114,879)		(109,124)		(5,755)	
Impairment variation	(133)		(1,572)		1,439	
Operating profit	**269,523**	**16.6%**	**311,022**	**19.8%**	**(41,499)**	**-13.3%**
Finance income	5,903		7,836		(1,933)	
Finance costs	(43,184)		(38,041)		(5,143)	
Exchange rate differences and derivatives, net	(2,900)		(14)		(2,886)	
Share of results of associates	6,757		4,311		2,446	
Profit before tax	**236,099**	**14.5%**	**285,114**	**18.2%**	**(49,015)**	**-17.2%**
Income tax expense	(89,679)		(82,095)		(7,584)	
Net profit for the period	**146,420**	**9.0%**	**203,019**	**12.9%**	**(56,599)**	**-27.9%**
Attributable to:						
Equity holders of the parent	**37,564**	**2.3%**	**63,586**	**4.0%**	**(26,022)**	**-40.9%**
Minority interest	**108,856**	**6.7%**	**139,433**	**8.9%**	**(30,577)**	**-21.9%**

ITALMOBILIARE

Consolidated income statement

(in thousands of euro)	Year to 09.30.2007	%	Year to 09.30.2006	%	Change	%
Revenues	**4,908,059**	**100.0%**	**4,656,146**	**100.0%**	**251,913**	**5.4%**
Other revenues	65,793		53,818		11,975	
Change in inventories	29,393		(15,523)		44,916	
Internal work capitalized	15,704		15,462		242	
Goods and utilities expenses	(1,799,437)		(1,640,673)		(158,764)	
Services expenses	(1,121,370)		(1,008,861)		(112,509)	
Employee expenses	(767,297)		(713,371)		(53,926)	
Other operating income (expense)	(177,050)		(136,661)		(40,389)	
Recurring Gross Operating Profit	**1,153,795**	**23.5%**	**1,210,337**	**26.0%**	**(56,542)**	**-4.7%**
Net capital gains on sale of fixed assets	9,528		7,371		2,157	
Other non-recurring income (expense)	5,066		5,882		(816)	
Gross Operating Profit	**1,168,389**	**23.8%**	**1,223,590**	**26.3%**	**(55,201)**	**-4.5%**
Amortization and depreciation	(339,916)		(317,916)		(22,000)	
Impairment variation	(599)		(1,696)		1,097	
Operating profit	**827,874**	**16.9%**	**903,978**	**19.4%**	**(76,104)**	**-8.4%**
Finance income	29,279		29,186		93	
Finance costs	(125,577)		(111,806)		(13,771)	
Exchange rate differences and derivatives, net	(3,107)		(4,846)		1,739	
Share of results of associates	11,736		12,210		(474)	
Profit before tax	**740,205**	**15.1%**	**828,722**	**17.8%**	**(88,517)**	**-10.7%**
Income tax expense	(226,787)		(225,711)		(1,076)	
Net profit for the period	**513,418**	**10.5%**	**603,011**	**13.0%**	**(89,593)**	**-14.9%**
Attributable to:						
Equity holders of the parent	**168,657**	**3.5%**	**210,027**	**4.6%**	**(41,370)**	**-19.7%**
Minority interest	**344,761**	**7.0%**	**392,984**	**8.4%**	**(48,223)**	**-12.3%**

Financial position

(in thousands of euro)	September 30 2007	June 30 2007	December 31 2006	Change Sept. 30, 2007 Dec. 31, 2006	%
Cash, cash equivalents and current financial assets	(1,517,417)	(1,543,937)	(1,504,486)	(12,931)	0.9%
Short-term financing	1,032,078	1,053,914	879,228	152,850	17.4%
Medium/long-term financial assets	(67,136)	(72,902)	(68,755)	1,619	-2.4%
Medium/long-term financing	2,664,049	2,548,835	2,551,269	112,780	4.4%
Net debt	**2,111,574**	**1,985,910**	**1,857,256**	**254,318**	**13.7%**
Total shareholders' equity	**6,381,908**	**6,568,985**	**6,407,857**	**(25,949)**	**-0.4%**

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Foreword

The consolidated quarterly report at September 30, 2007, has been drawn up in compliance with the International Financial Reporting Standards (IFRS) and is presented in accordance with the criteria set out in attachment 3D of the regulation approved by CONSOB resolution no. 11971 of May 14, 1999, and subsequent amendments.

Basis of presentation

The consolidated financial statements are based on the accounts at September 30, 2007, drawn up by the parent company Italmobiliare S.p.A. and by the consolidated companies, on the basis of the accounting principles adopted by the Group.

The accounting policies and consolidation principles are the same as those adopted in the 2007 consolidated half-year report.

Exchange rates used to translate the financial statements of foreign entities

Exchange rates for 1 euro:

(local currency against the euro)	Average rate			Closing rate		
Currencies	**September 30, 2007**	**Full year 2006**	**September 30, 2006**	**September 30, 2007**	**Full year 2006**	**September 30, 2006**
Thai baht	43.91840	47.58148	47.74908	45.06300	46.77000	47.57200
Czech crown	28.07930	28.34196	28.43910	27.53200	27.48500	28.32600
Slovak crown	33.88620	37.23610	37.66290	33.97700	34.43500	37.38500
Serbian dinar	80.38450	84.45830	86.00910	79.01850	79.28600	82.32290
Moroccan dirham	11.18250	11.03714	11.01743	11.29690	11.14700	11.04190
Canadian dollar	1.48462	1.42363	1.40950	1.41122	1.52810	1.41360
US dollar	1.34431	1.25559	1.24479	1.41790	1.31700	1.26600
Hungarian florin	250.77438	264.28600	265.60200	250.69000	251.77000	273.00000
Swiss franc	1.63704	1.57287	1.56637	1.66010	1.60690	1.58810
Ukrainian hrivna	6.76652	6.32867	6.27485	7.13819	6.64623	6.37392
Croatian kuna	7.34154	7.32445	7.31098	7.27730	7.35040	7.38950
Albanian lek	124.28700	123.09208	122.90252	123.21700	124.13400	122.85500
Moldavian leu	16.62490			15.97520		
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Egyptian lira	7.64121	7.21051	7.15522	7.92677	7.52399	7.26667
Bosnian mark	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
New Turkish lira	1.79921	1.79888	1.77580	1.71290	1.85860	1.89710
New Romanian leu	3.29780	3.52591	3.54120	3.34410	3.38350	3.53620
Mauritanian ouguiya	352.18000	337.25189	334.34956	363.55000	353.74000	340.04800
Chinese renminbi	10.2998		9.96875	10.6429		
Russian ruble	34.79220	34.25140	34.06224	35.34900	34.68000	33.94200
Indian rupee	56.38040	56.90788	56.55684	56.40640	58.29750	58.16310
Sri Lanka rupee	148.65600	130.55918	128.13355	160.86900	141.51700	131.37700
Cypriot pound	0.58201	0.57578	0.57522	0.58420	0.57820	0.57670
Pound sterling	0.67653366	0.68178	0.6846	0.69680	0.67150	0.67770
Slovenian tallero		239.59600	239.58500		239.64000	239.59000
Kazakhstan tenge	165.48300	158.10469	155.95047	171.57800	167.23300	161.02500
Polish zloty	3.82559	3.92111	3.91557	3.77300	3.83100	3.97130

Consolidation area

The most significant changes in the scope of consolidation compared with September 30, 2006, are the line-by-line consolidation since October 1, 2006, of the Ready Mix Beton Egypt S.A.E. and Ready Mix Beton S.A.E. companies in Egypt, the acquisitions in Canada (Cambridge and Brantford) and the USA (Arrows), consolidated line-by-line since March 1 and April 1, 2007, respectively, and the line-by-line consolidation since July 1, 2007, of Shaanxi Fuping Cement Co. Ltd. (China) and Decom S.A.E. in Egypt.

The Hilal Cement Company (Kuwait), which runs two terminals in the south of the emirate, has been consolidated on a line-by-line basis since September 30, 2007.

Also, in the first nine months of 2006:

- Zuari Cement Ltd. and its subsidiaries were consolidated on a line-by-line basis as from July 1, 2006 (previously on a proportionate basis);
- Amprica and its subsidiaries acquired on June 30, 2006, were consolidated on a line-by-line basis as from July 1, 2006.

In the second quarter of 2007, the Sirap Gema group acquired the Amprica Immobiliare company (Italy) and established three new companies: Sirap Gema Iberica (Spain), Petruzalek Moldavia (Moldavia) and Petruzalek Ambalaj Sistemleri (Turkey); the group has consolidated the Universal Imballaggi company (Italy) on a line-by-line basis since June 1, 2007 (previously consolidated on a proportionate basis).

Revenues

Revenues from sales and services totaled 1,625,031 thousand euro in the third quarter of 2007 and 4,908,059 thousand euro in the year to September 30, 2007, as follows:

(in thousands of euro)	Q3 2007	Q3 2006	Change	
			Amount	%
Industrial revenues				
Product sales	1,554,508	1,495,025	59,483	4.0%
Revenues from services	45,095	43,020	2,075	4.8%
Total	***1,599,603***	***1,538,045***	***61,558***	***4.0%***
Financial revenues				
Interest	7,069	7,017	52	0.7%
Dividends	19	8,130	(8,111)	-99.8%
Capital gains	3,181	2,307	874	37.9%
Other revenues	3,968	2,473	1,495	60.5%
Total	***14,237***	***19,927***	***(5,690)***	***-28.6%***
Banking revenues				
Interest	2,036	1,696	340	20.0%
Commissions	8,465	7,578	887	11.7%
Other revenues	130	815	(685)	-84.0%
Total	***10,631***	***10,089***	***542***	***5.4%***
Property and services revenues	***560***	***508***	***52***	***10.2%***
Grand total	**1,625,031**	**1,568,569**	**56,462**	**3.6%**

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
Industrial revenues				
Product sales	4,652,205	4,403,455	248,750	5.6%
Revenues from services	138,705	128,911	9,794	7.6%
Total	***4,790,910***	***4,532,366***	***258,544***	***5.7%***
Financial revenues				
Interest	23,658	15,362	8,296	54.0%
Dividends	27,002	39,465	(12,463)	-31.6%
Capital gains	3,723	22,979	(19,256)	-83.8%
Other revenues	24,887	10,120	14,767	145.9%
Total	***79,270***	***87,926***	***(8,656)***	***-9.8%***
Banking revenues				
Interest	6,393	5,106	1,287	25.2%
Commissions	25,557	24,900	657	2.6%
Other revenues	4,428	4,606	(178)	-3.9%
Total	***36,378***	***34,612***	***1,766***	***5.1%***
Property and services revenues	***1,501***	***1,242***	***259***	***20.9%***
Grand total	**4,908,059**	**4,656,146**	**251,913**	**5.4%**

The breakdown of consolidated revenues by business sector and geographical area is set out below:

by business sector:

(in thousands of euro)	Q3 2007	Q3 2006	Change	
			Amount	%
Construction materials	1,538,784	1,480,172	58,612	4.0%
Packaging and insulation	60,765	57,822	2,943	5.1%
Finance	14,261	19,884	(5,623)	-28.3%
Banking	10,653	10,185	468	4.6%
Property, services and others	568	506	62	12.3%
Total	**1,625,031**	**1,568,569**	**56,462**	**3.6%**

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
Construction materials	4,609,183	4,387,693	221,490	5.0%
Packaging and insulation	181,442	144,371	37,071	25.7%
Finance	79,321	88,018	(8,697)	-9.9%
Banking	36,581	34,813	1,768	5.1%
Property, services and others	1,532	1,251	281	22.5%
Total	**4,908,059**	**4,656,146**	**251,913**	**5.4%**

by geographical area:

(in thousands of euro)	Q3 2007	Q3 2006	Change	
			Amount	%
European Union	980,705	968,279	12,426	1.3%
Other European countries	92,988	87,847	5,141	5.9%
North America	185,242	182,224	3,018	1.7%
Asia	111,796	95,302	16,494	17.3%
Africa	204,680	182,290	22,390	12.3%
Trading	49,620	52,627	(3,007)	-5.7%
Total	**1,625,031**	**1,568,569**	**56,462**	**3.6%**

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
European Union	3,136,468	2,996,467	140,001	4.7%
Other European countries	255,368	227,413	27,955	12.3%
North America	471,763	506,096	(34,333)	-6.8%
Asia	312,165	247,510	64,655	26.1%
Africa	584,672	516,163	68,509	13.3%
Trading	147,623	162,497	(14,874)	-9.2%
Total	**4,908,059**	**4,656,146**	**251,913**	**5.4%**

Goods and utilities expenses

Goods and utilities expenses amounted to 1,799,437 thousand euro (1,640,673 thousand euro for the year to September 30, 2006), as follows:

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
Raw materials and semi-finished goods	609,523	516,735	92,788	18.0%
Fuel	414,894	308,040	106,854	34.7%
Packaging, materials and machinery	274,454	252,130	22,324	8.9%
Finished goods	239,007	258,479	(19,472)	-7.5%
Electricity, water, gas	339,399	339,931	(532)	-0.2%
Change in inventories of raw materials, consumables, other	(77,840)	(34,642)	(43,198)	124.7%
Total	**1,799,437**	**1,640,673**	**158,764**	**9.7%**

Services expenses

Services expenses amounted to 1,121,370 thousand euro (1,008,861 thousand euro for the year to September 30, 2006), as follows:

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
External services and maintenance	443,088	401,409	41,679	10.4%
Transport	424,927	396,161	28,766	7.3%
Consultancy	54,132	45,079	9,053	20.1%
Rents	79,160	69,665	9,495	13.6%
Insurance	36,155	33,290	2,865	8.6%
Subscriptions	7,865	7,632	233	3.1%
Other commercial, industrial and administrative expenses	76,043	55,625	20,418	36.7%
Total	**1,121,370**	**1,008,861**	**112,509**	**11.2%**

Employee expenses

Employee expenses totaled 767,297 thousand euro (713,371 thousand euro for the year to September 30, 2006), as follows:

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
Wages and salaries	509,179	468,730	40,449	8.6%
Social security contributions	162,485	154,281	8,204	5.3%
Provisions and pension funds	16,621	23,769	(7,148)	-30.1%
Cost of stock option plans	8,599	4,113	4,486	109.1%
Other expenses	70,413	62,478	7,935	12.7%
Total	**767,297**	**713,371**	**53,926**	**7.6%**

The table below shows the number of employees at the end of the period and the average number in the period:

(heads)	Year to 09/30/07	Year to 09/30/06	Full year 2006
Number of employees at period end	25,967	24,065	24,509
Average number of employees	25,118	23,347	23,572

Other operating (income) expense

Other operating expense net of other operating income amounted to 177,050 thousand euro (136,661 thousand euro in the year to September 30, 2006), as follows:

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
Other taxes	51,948	52,560	(612)	-1.2%
Provision for bad debts	5,168	8,707	(3,539)	-40.6%
Provision for environmental restoration - quarries	17,646	14,126	3,520	24.9%
Operating expense at financial and banking companies	54,844	30,180	24,664	81.7%
Miscellaneous charges	49,637	34,253	15,384	44.9%
Miscellaneous income and expense	(2,193)	(3,165)	972	-30.7%
Total	**177,050**	**136,661**	**40,389**	**29.6%**

Other income (expense)

Other income and expense, all of a non-recurring nature, was as follows:

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
Net capital gains (losses) on sale of fixed assets	9,528	7,371	2,157	29.3%
Other	5,066	5,882	(816)	-13.9%
Total	**14,594**	**13,253**	**1,341**	**10.1%**

Amortization and depreciation

The total amount of 339,916 thousand euro (317,916 thousand euro for the year to September 30, 2006) reflects depreciation charges on property, plant and equipment for 327,871 thousand euro (307,129 thousand euro for the year to September 30, 2006) and amortization of intangible assets for 12,045 thousand euro (10,787 thousand euro for the year to September 30, 2006).

Finance income (costs)

Finance costs net of finance income amounted to 99,405 thousand euro (87,466 thousand euro for the year to September 30, 2006), as follows:

	Year to 09/30/07		Year to 09/30/06	
(in thousands of euro)	Income	Costs	Income	Costs
Interest income	14,994		17,460	
Interest expense		(106,976)		(99,668)
Sub total	**14,994**	**(106,976)**	**17,460**	**(99,668)**
Dividends and other income on equity investments	10,925		8,708	
Other finance income	3,360		3,018	
Other finance costs		(18,601)		(12,138)
Sub total	**14,285**	**(18,601)**	**11,726**	**(12,138)**
Total finance income (costs)	**29,279**	**(125,577)**	**29,186**	**(111,806)**
Gains (losses) on interest rate derivative contracts	2,748			(574)
Gains (losses) on exchange rate derivative contracts	1,397		211	
Net exchange rate differences		(7,252)		(4,483)
Exchange rate differences and derivatives, net		**(3,107)**		**(4,846)**
Total		**(99,405)**		**(87,466)**

Share of results of associates

The net value at September 30, 2007, was positive at 11,736 thousand euro (12,210 thousand euro in the year to September 30, 2006), as follows:

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
Vassiliko (Cyprus)	3,997	3,530	467	13.2%
Ciment Quebec (Canada)	6,248	5,825	423	7.3%
Innocon (Canada)	(2,144)	(3,139)	995	-31.7%
Mittel (Italy)	1,829	4,469	(2,640)	-59.1%
SES (Italy)	622	1,575	(953)	-60.5%
Immobiliare Golf (Italy)	6	(12)	18	-150.0%
Other	1,178	(38)	1,216	-3200.0%
Total	**11,736**	**12,210**	**(474)**	**-3.9%**

Income tax expense

Income tax expense for the period amounted to 226,787 thousand euro (225,711 thousand euro for the year to September 30, 2006), as follows:

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
Current tax	195,292	258,927	(63,635)	-24.6%
Deferred tax	15,755	(19,187)	34,942	-182.1%
Prior-year tax and other non-recurring fiscally driven (income) expense	15,740	(14,029)	29,769	-212.2%
Total	**226,787**	**225,711**	**1,076**	**0.5%**

“Prior-year tax and other non-recurring fiscally driven (income) expense, net” for the year to September 30, 2007, includes a non-recurring provision of 11.3 million euro recognized in the third quarter of 2007, for a tax dispute in Spain.

Non-recurring transactions

Details on and the impact of the most significant non-recurring transactions on Group equity, income and financial position are set out below:

	Year to 09.30.2007					
(in thousands of euro)	**Shareholders' equity**		**Net profit for the period**		**Net debt**	
	amount	**%**	**amount**	**%**	**amount**	**%**
Book values	**6,381,908**		**513,418**		**(2,111,574)**	
Net capital gains on sale of fixed assets	9,528	0.15%	9,528	1.86%	27,432	1.30%
Non-recurring employee expenses for re-organizations						
Other non-recurring income (expense)	5,066	0.08%	5,066	0.99%	(7,338)	0.35%
Tax on non-recurring transactions	623	0.01%	623	0.12%		
Non-recurring tax	(11,322)	0.18%	(11,322)	2.21%		
Total	**3,895**	**0.06%**	**3,895**	**0.76%**	**20,094**	**0.95%**
Figurative value without non-recurring transactions	**6,378,013**		**509,523**		**(2,131,668)**	

	Year to 09.30.2006					
(in thousands of euro)	**Shareholders' equity**		**Net profit for the period**		**Net debt**	
	amount	**%**	**amount**	**%**	**amount**	**%**
Book values	**6,249,353**		**603,011**		**(1,997,191)**	
Net capital gains on sale of fixed assets	7,371	0.12%	7,371	1.22%	18,767	0.94%
Non-recurring employee expenses for re-organizations						
Other non-recurring income (expense)	5,882	0.09%	5,882	0.98%	4,797	0.24%
Tax on non-recurring transactions	(4,238)	0.07%	(4,238)	0.70%		
Non-recurring tax	14,002	0.22%	14,002	2.32%		
Total	**23,017**	**0.37%**	**23,017**	**3.82%**	**23,564**	**1.18%**
Figurative value without non-recurring transactions	**6,226,336**		**579,994**		**(2,020,755)**	

Investments in fixed assets

Investments in fixed assets for the year to September 30 were as follows:

(in thousands of euro)	Year to 09/30/07	Year to 09/30/06	Change	
			Amount	%
Investments in intangible assets	4,895	13,147	(8,252)	-62.8%
Investments in property, plant and equipment	308,710	302,934	5,776	1.9%
Investments in non-current financial assets	469,725	332,526	137,199	41.3%
Change in payables/receivables for purchases of non-current financial assets	(3,777)	(11,097)	7,320	-66.0%
Change in payables/receivables for purchases of property, plant and equipment and intangible assets	45,055	32,237	12,818	39.8%
Total	**824,608**	**669,747**	**154,861**	**23.1%**

Investments in property, plant and equipment for the year to September 30, 2007, amounted to 308,710 thousand euro, an increase of approximately 2% from the year-earlier period. They focused mainly on the European Union for 175,477 thousand euro (including Italy 93,303 thousand euro, France 47,265 thousand euro and Spain 20,850 thousand euro), North America for 62,154 thousand euro, India for 22,735 thousand euro, Egypt for 13,542 thousand euro and Morocco for 13,298 thousand euro.

Investments in non-current financial assets for the year to September 30, 2007, amounted to 469,725 thousand euro, of which 282,565 thousand euro in the third quarter. The main investments in the third quarter were:

- treasury share purchases by Ciments Français S.A. for 112,826 thousand euro;
- the purchase of Ciments Français S.A. shares by S.I.I.F. S.a.s. for 62,473 thousand euro;
- the purchase of Italcementi S.p.A. shares by Italmobiliare S.p.A. for 36,157 thousand euro;
- the purchase of 51% of the share capital of Hilal Cement Company, Kuwait, for 34,781 thousand euro;
- the formation in Saudi Arabia of the Arabian Ready Mix Company, an equally owned joint venture with Arabian Cement Company, for an outlay of 9,510 thousand euro;
- the purchase of 100% of the share capital of Decom S.A.E., Egypt, for 8,319 thousand euro;
- the purchase of RCS MediaGroup S.p.A. ordinary shares by Franco Tosi s.r.l. for 3,390 thousand euro;
- the purchase of 100% of the share capital of Mobile Workers S.A., France, for 2,280 thousand euro.

Net debt

Net debt at September 30, 2007, amounted to 2,111,574 thousand euro (1,857,256 thousand euro at December 31, 2006). It comprised gross financing of 3,696,127 thousand euro and gross financial assets of 1,584,553 thousand euro.

“Gross financing” of 3,696,127 thousand euro (3,430,497 thousand euro at December 31, 2006) reflected short-term financing of 1,032,078 thousand euro (879,228 thousand euro at December 31, 2006) and medium/long-term financing of 2,664,049 thousand euro (2,551,269 thousand euro at December 31, 2006).

The increase of 254,318 thousand euro in net debt with respect to December 31, 2006, arose as follows:

(in thousands of euro)	**Change vs. December 31 2006**
Current financial assets	(12,931)
Short-term financing	152,850
Change in short-term net debt	***139,919***
Medium/long-term financial assets	1,619
Medium/long-term financing	112,780
Change in medium/long-term net debt	***114,399***
Change in total net debt	**254,318**

The change arose from the following positive and negative cash flows:

- from operating activities, before the change in working capital, for +775.5 million euro;
- from the change in working capital for -25.5 million euro;
- from investments for -824.6 million euro;
- from disinvestments for +47.0 million euro;
- from dividend payouts for -191.3 million euro;
- from other net movements for -35.4 million euro.