

THE BOARD OF DIRECTORS EXAMINES FIRST-HALF RESULTS

GROUP NET SALES REACH 2,334.1 MILLION EURO (+7.1%)

- NET INCOME BEFORE MINORITY INTEREST: 208.1 MILLION EURO (+9.2%)
- GROUP NET INCOME: 77.4 MILLION EURO (-9.7%)
- CASH FLOW: 403 MILLION EURO (+4.2%)
- NET DEBT: 1,678.1 MILLION EURO (DOWN BY 332.8 MILLION EURO FROM 30 JUNE 2003)
- ITALMOBILIARE S.p.A.: NET INCOME OF 77.2 MILLION EURO (48.4 MILLION EURO)
- UNREALIZED GAINS: 981.6 MILLION EURO ON LISTED EQUITY INVESTMENTS HELD BY ITALMOBILIARE SPA

Milan, 13 September 2004 – The Italmobiliare S.p.A. Board of Directors today examined and approved the report for the half year to 30 June 2004. The first six months - compared with the first half of 2003 - saw a rise in profit margins on industrial operations at Italcementi, a slowdown in operations at Sirap Gema and a reduction in the aggregate contribution of the wholly owned financial companies as a result of trends in interest rates and stock markets.

THE GROUP – At consolidated level, Italmobiliare reported **net sales** of 2,334.1 million euro in the first half to 30 June (+7.1%), reflecting higher business volumes (+7.8%) and changes in the consolidation area (+1%), while exchange rate fluctuations had a negative impact of 1.7%.

An extremely positive profitability trend in the second quarter, arising largely in the construction materials sector, generated overall growth in **gross operating profit** (542.6 million euro) and in **operating income** (347.7 million euro) of 8.9% and 15.1% respectively compared with the first half of 2003.

The balance on **financial income/charges** for the first half improved from –22.4 million euro to –14.6 million euro, largely due to lower net financial charges as a result of the decrease in debt and lower interest rates.

The balance on **non-recurring items** was negative at 6.1 million euro (positive at 11.3 million euro in the first half of 2003). This was chiefly due to the provision formed to cover the full amount of the fine imposed by the Competition & Market Authority on the subsidiaries Calcestruzzi S.p.A. and Cemencal S.p.A. The subsidiaries have already announced their intention of filing an appeal with the Lazio regional administrative tribunal.

First-half **net income before minority interest** was 208.1 million euro (+ 9.2%), while **Group net income** was 77.4 million euro (-9.7% on the first six months of 2003).

At 30 June **net debt** stood at 1,678.1 million euro, a strong decrease of 332.8 million euro on 30 June 2003 and an increase of 71.9 million euro compared with net debt at 31 December 2003, largely as a result of outflows for investments (153.1 million euro) and dividends (127.1 million euro), which were set off in part by cash flow for operating activities (177.7 million euro).

The ratio of net debt (including floating rate subordinated securities, FRSS) to shareholders' equity at 30 June 2004 was 45.8%, compared with 45.5% at 31 December 2003 and 59.3% at 30 June 2003; the ratio of debt to gross operating profit for the last 12 months changed from 1.54 at 31 December 2003 to 1.53 at 30 June 2004.

Performance in the main business sectors – In **construction materials**, as announced on 6 September, *Italcementi*, Italmobiliare's core industrial investment, reported consolidated net sales of 2,262.1 million euro (2,124.9 million euro in first-half 2003), gross operating profit of 538.2 million euro (491.2 million euro) and operating income of 348.6 million euro (301.0 million euro). Consolidated net income before minority interest and group net income made strong progress, rising respectively from 144.3 to 178.8 million euro and from 106.5 to 129.4 million euro. This significant improvement was largely the result of higher operating income, containment of net financial charges and positive adjustments to financial asset values to reflect the overall improvement in the results of the companies consolidated with the equity method.

In the **food packaging and thermal insulation section**, *Sirap Gema*'s consolidated figures showed a decrease in gross operating profit and operating income. Net income was 3.7 million euro (5.0 million euro in the first half of 2003). This result reflected the combined effect of higher costs for raw materials and reductions in sales prices, in a highly competitive market environment. During the first half, the companies in the Petruzalek group were consolidated on a line-by-line basis for the first time.

In the **financial sector**, among the main companies controlled directly by Italmobiliare, *Italmobiliare International Finance Ltd.*, which operates on the international capital markets, reported net income of 6.1 million euro, down against the 10.8 million euro in the year-earlier first half; *Société de Participation Financière Italmobiliare S.A.*, a holding for major equity investments, reported net income of 5.7 million euro compared with income of 16.8 million euro in the first half to 30 June 2003, when it benefited from significant revaluation increases on a number of investments that previously had been written down. Finally, the *Fincomind Group*, which comprises Finter Bank Zurich and Finter Bank France, closed the first half with consolidated income of 2.5 million Swiss francs (a loss of 1.2 million). The year-earlier result was negatively affected by provisions for restructuring charges at Finter Bank France; the gradual discontinuation of this company began in the second quarter, with expected charges already provided.

THE PARENT COMPANY - Italmobiliare S.p.A. posted **net income** of 77.2 million euro for the first half of 2004, up on the 48.4 million euro of the year-earlier first half. A significant factor in the improvement were the upward adjustments of 15.9 million euro applied in compliance with Italy's Viotti law, which eliminates prior-period tax adjustments. Without the upward adjustments, net income would have been 61.3 million euro, still higher than the first-half 2003 result.

Together with the wholly owned financial companies, Italmobiliare had a positive **net financial position** of 226 million euro at 30 June 2004, compared with 198.8 million at the end of 2003.

Based on average share prices on the Milan stock exchange during the first half of the year, **unrealized gains on listed securities** held by Italmobiliare S.p.A. totaled 981.6 million euro at 30 June 2004, compared with 1,004.5 million euro at 31 December 2003; at 31 August 2004, unrealized gains amounted to 1,006.9 million euro.

As reported, subsequent to closure of the first half, Italmobiliare acquired approximately 10.5 million euro of Rcs MediaGroup shares from Gemina, for an outlay of 46.3 million euro. The Italmobiliare Group holds 7.19% of Rcs MediaGroup ordinary shares, of which 6.23% tied to the voting trust. Under the covenants, Italmobiliare may raise the portion tied to the voting trust to 7%.

OUTLOOK – The international economic and political situation remains uncertain and the risks of market pressures are still high, especially for raw materials and, in particular, energy. The outlook for the Italmobiliare Group's business sectors are as follows: in *construction materials*, an improvement in full-year income before non-recurring items, compared with 2003; in *food packaging and thermal insulation*, a reduction in full-year income due to the strong increase in raw materials and intense competitive pressures, which will prevent the transfer of cost increases to sales prices; in the *financial* sector, market instability could have negative repercussions on the values of equity investments, which in 2003 as a whole generated significant capital gains and positive value adjustments on the equity portfolio. Subject to unforeseeable events, the Italmobiliare Group expects to close the year with a reduction in group net income compared with 2003, while the Parent Company Italmobiliare S.p.A. should report higher net income than in 2003.

ITALMOBILIARE ON THE INTERNET: http://www.italmobiliare.it
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Schedules summarizing the pre-audit income statements and balance sheets are attached

FINANCIAL HIGHLIGHTS

ITALMOBILIARE GROUP	<i>(in millions of euro)</i>	
	1 st Half 2004	1 st Half 2003
Net sales	2,334.1	2,179.2
Added value	934.2	884.1
Gross operating profit	542.6	498.2
<i>% of net sales</i>	<i>23.2%</i>	<i>22.9%</i>
Depreciation, amortization and other write-downs	(194.9)	(196.1)
Operating income (Difference value/costs of production)	347.7	302.1
<i>% of net sales</i>	<i>14.9%</i>	<i>13.9%</i>
Financial income and charges	(14.6)	(22.4)
Adjustments to asset values and non-recurring items	6.2	24.7
Income before tax	339.3	304.4
Tax	(131.2)	(113.9)
Income before minority interest	208.1	190.5
Minority interest	130.7	104.8
Group net income	77.4	85.7
Total shareholders' equity	3,742.5	3,497.7
Group shareholders' equity	1,687.4	1,584.7
Net debt	1,678.1	2,010.9
Investments in fixed assets	153.1	226.6
Cash-flow (income+depreciation, amortization and other write-downs)	403.0	386.6

ITALMOBILIARE S.p.A.	<i>(in millions of euro)</i>	
	1 st Half 2004	1 st Half 2003
Income from equity investments	69.6	80.6
<i>of which: dividends</i>	<i>69.6</i>	<i>80.5</i>
<i>equity investment trading profits</i>	<i>-</i>	<i>0.1</i>
Other financial income	0.9	3.5
Interest expense and other financial charges	(4.4)	(7.1)
Total financial income and charges	66.1	77.0
Adjustments to financial asset values	0.3	(0.5)
Balance other operating income/costs	(5.4)	(5.5)
Income on ordinary operations	61.0	71.0
Balance non-recurring income/charges	16.1	1.7
Income before tax	77.1	72.7
Tax	0.1	(24.3)
Net income for the period	77.2	48.4