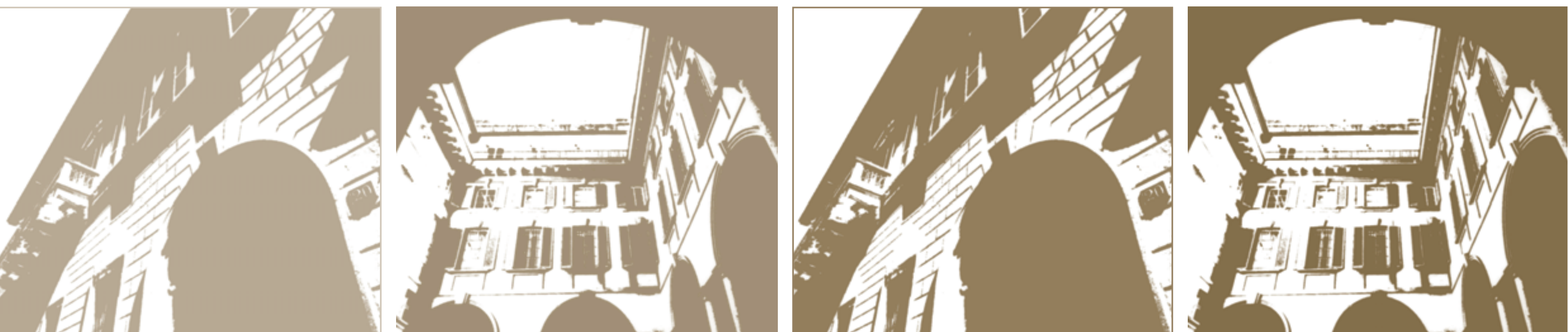
ITALMOBILIARE
INVESTMENT HOLDING

Interim report at June 30, 2017



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The Half-year financial report has been translated from those issued in Italy from Italian into English solely for the convenience of international readers. The original Italian document should be considered the authoritative version.

Interim report at June 30, 2017

July 27, 2017

ITALMOBILIARE
Società per Azioni

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

Corporate bodies

Board of Directors

(Term ends on approval of financial statements at 12.31.2019)

Giampiero Pesenti		Honorary Chair
Laura Zanetti	1-7	Chair
Livio Strazzera	1-6	Deputy Chair
Carlo Pesenti	1-2	Chief Executive Officer - Chief Operating Officer
Vittorio Bertazzoni	3-6	
Giorgio Bonomi	4	
Mirja Cartia d'Asero	4-5-6	
Valentina Casella	4-5-6	
Sebastiano Mazzoleni		
Luca Minoli	1	
Chiara Palmieri	3-6	
Clemente Rebecchini	7	
Antonio Salerno	6	
Massimo Tononi	1-3-6	
Afra Casiraghi		Secretary to the Board

Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2019)

Acting auditors		
Francesco Di Carlo		Chair
Angelo Casò		
Luciana Ravicini		
Substitute auditors		
Alberto Giussani		
Paolo Ludovici		
Giovanna Rita		

Manager in charge of financial reporting

Guido Biancali	8
Mauro Torri	9

Independent Auditors

KPMG S.p.A.

1 Member of the Executive Committee
2 Director in charge of the internal control and risk management system
3 Member of the Remuneration Committee
4 Member of the Risk Committee
5 Member of the Committee for Transactions with Related Parties
6 Independent director (pursuant to the Code of Conduct and Legislative Decree no.58 February 24, 1998)
7 Independent director (pursuant to Legislative Decree no. 58 February 24, 1998)
8 until 06.30.2017
9 as from 07.01.2017

Company officers and delegation of powers

The current Board of Directors was elected at the Shareholders' Meeting of April 19, 2017, to hold office for the three-year period 2017-2019, that is, until approval of the financial statements as at and for the year ending December 31, 2019. The shareholders established the number of directors at 14.

On the same date, the Board appointed the company officers and assigned their powers.

The company By-laws provide that the Board of Directors be invested with full powers for the management of the company's ordinary and extraordinary operations. Therefore, the Board may perform all acts and draw up all measures that it deems appropriate for the attainment of the corporate purpose, with the sole exception of those acts and measures that, by law, are expressly reserved for the Shareholders in their meeting.

The company By-laws attribute the **legal representation** of the company, severally, to the Chair, the Deputy Chair and the Chief Executive Officer.

Within the Board of Directors, the allocation of powers is as follows:

- to the **Executive Committee**, consisting of five members, all the powers and the assignments of the Board of Directors, except for those that the law and the By-laws do not allow to be delegated, to be exercised with a limit of 75 million euro for each transaction. Purely as an example and within the limits indicated above, the Committee may: approve the purchase, sale, exchange of securities and equity investments in any company or entity, public or private; grant sureties, endorsements and personal and collateralized guarantees in general, to any party, approve real estate purchases, sales, trade-ins and divisions and carry out any related technical, economic and financial transaction; deliberate on the sale of strategic equity investments or business units; stipulate leases expiring after nine years. As specified at the time of its appointment, the resolutions of the Executive Committee shall be reported to the Board of Directors at their next meeting;
- to the **Chair**, Laura Zanetti, in addition to the duties contemplated by the By-laws, among others the duty to present proposals for deliberation by the Board of Directors and/or the Executive Committee, to oversee and enforce compliance with the principles of Corporate Governance enacted by the company, to oversee the regularity of the meetings and activities of the corporate bodies and to oversee the activities of the Chief Operating Officer with respect to the management of real estate. Also, the powers to negotiate and conclude any transaction or contract for the purchase-sale of real estate, for real estate trade-ins and divisions, for easements or real estate rights in general, accepting and requesting registrations, cancellations and annotations of mortgages, waiving legal mortgages and exonerating the keepers of property registers from all liability and with the power to appoint, for each transaction or contract, one or more representatives in her place with all the relevant powers, with a limit of 20 million euro signed jointly with the Chief Operating Officer;
- to the **Deputy Chair**, Livio Strazzera, the sole powers of legal representation, in accordance with the By-laws, to be exercised separately from the Chair;
- to the **Chief Executive Officer - Chief Operating Officer**, Carlo Pesenti, among others, duties and powers to be exercised with single signature and up to a maximum amount of 20 million euro for each transaction, except as otherwise provided, including the duty to present proposals for deliberation by the Board of Directors and/or the Executive Committee; to oversee the execution and implementation of investment plans drawn up by the Board of Directors and/or the Executive Committee; to supervise the management

policies and corporate development strategies of Italmobiliare S.p.A. and the main companies controlled directly or indirectly; to oversee and guide the operations of Italmobiliare S.p.A. and the main companies controlled directly or indirectly; to establish the guidelines for management of the main companies in which Italmobiliare S.p.A. directly or indirectly holds an equity investment enabling it to exert significant influence and to direct the company organization and propose key organizational changes to the Board of Directors. Also, the powers to undertake any administrative act and measure, among which to acquire, in or outside Italy, companies, associations, consortia and entities; to subscribe share capital increases; to purchase, sell, trade-in equity investments in companies, associations, consortia and entities, Italian or non-Italian. To carry out credit and securities transactions; accept guarantees, grant collateral and guarantees in favor of third parties provided that such third parties are direct or indirect subsidiaries or associates of Italmobiliare, to represent the company in any financial and administrative transaction concerning the company, to undertake in the name of the company bonds of any kind including bonds secured by collateral, to conduct in general any other similar transaction and therefore to purchase and/or sell government securities, bonds, land, stocks and company shareholdings, signing the relevant documents; to exercise any other right connected with the so-called movable assets, to carry out transactions with banks and financial institutions in general, to recruit personnel of any category and qualification, establishing their remuneration, suspending, terminating and modifying the employment relationship and more.

On June 13, 2017, Livia Pomodoro, a director elected by the shareholders' meeting of April 19, 2017 and appointed Deputy Chair by the meeting of the Board of Directors held on the same date, resigned from the board in the wake of a supplementary investigation into the question of interlocking directorates. In compliance with law and in execution of the shareholders' resolution setting the number of members of the Board of Directors at 14, the Board will take the appropriate action without delay, also pursuant to article 2386 of the Italian Civil Code.

Remuneration Committee and Risk Committee

The corporate governance structure adopted by the company as set up in the binding articles of the By-laws and in the non-binding provisions of the Code of Conduct promoted by the Corporate Governance Committee reflects Italmobiliare's commitment to complying with national and international best practices for corporate governance.

As contemplated by the Code and in order to ensure the effective performance of its functions, the Board of Directors formed from among its members, during the meeting at which the company officers were appointed, a Remuneration Committee and a Risk Committee, both composed of three non-executive directors, of whom three are independent for the Remuneration Committee and two are independent for the Risk Committee. All the members of the Risk Committee possess appropriate expertise in accounting and finance (as required under the Code for at least one member).

The resolutions adopted by the committees are of an advisory nature and are not binding.

During the first six months, the Remuneration Committee and the Risk Committee met five times, with all members present at all meetings.

Committee for Transactions with Related Parties

In compliance with the regulations governing transactions with related parties, the Board of Directors formed from among its members a Committee for Transactions with Related Parties, composed of two independent directors.

The Committee for Transactions with Related Parties met once during the first half of 2017.

Supervisory body

The Supervisory Body was formed in accordance with the «Organization, Management and Control Model» (the «Model») adopted by the company under Legislative Decree no. 231/01, and is responsible for the ongoing monitoring of the effective operation and enforcement of the «Model», and for recommending updates.

In compliance with article 9.4 of the «Model», the Supervisory Body is composed of the head of the company's Internal Audit function and two external professionals, one of whom is appointed as Chair.

During the first half of the year, the Supervisory Body held two meetings to perform the functions assigned to it by the «Model».

Lead independent director

On April 19, 2017, the Board of Directors decided not to designate a Lead independent director for the three years 2017-2019, since the conditions for which the Code of Conduct recommends the designation of this officer were not present. Specifically, (a) the Chair of the Board of Directors is not the officer chiefly responsible for management of the company, and (b) the Chair is not held by the person who controls the issuer. Furthermore, the majority of members of the newly elected Board of Directors are independent directors.

Director in charge of the internal control and risk management system

With regard to internal control and risk management, the Code provides that the Board of Directors name a director to take charge of supervising the internal control and risk management system.

At the meeting that appointed the company officers, the Board of Directors named the Chief Executive Officer, Carlo Pesenti, as Director in change of the internal control and risk management system

Manager in charge of financial reporting

At its meeting on April 19, 2017, the Board of Directors confirmed Guido Biancali as the Manager in charge of financial reporting pursuant to art. 154-bis of the Consolidated Law on Finance [T.U.F.] and art. 28 of the company By-laws. On reaching retirement age, Mr. Biancali presented his resignation from the post, effective from July 1, 2017. On June 21, 2017 the Board of Directors appointed Mauro Torri to replace Mr. Biancali as the Manager in charge for financial reporting for the three years 2017-2019.

Group key financial and business data

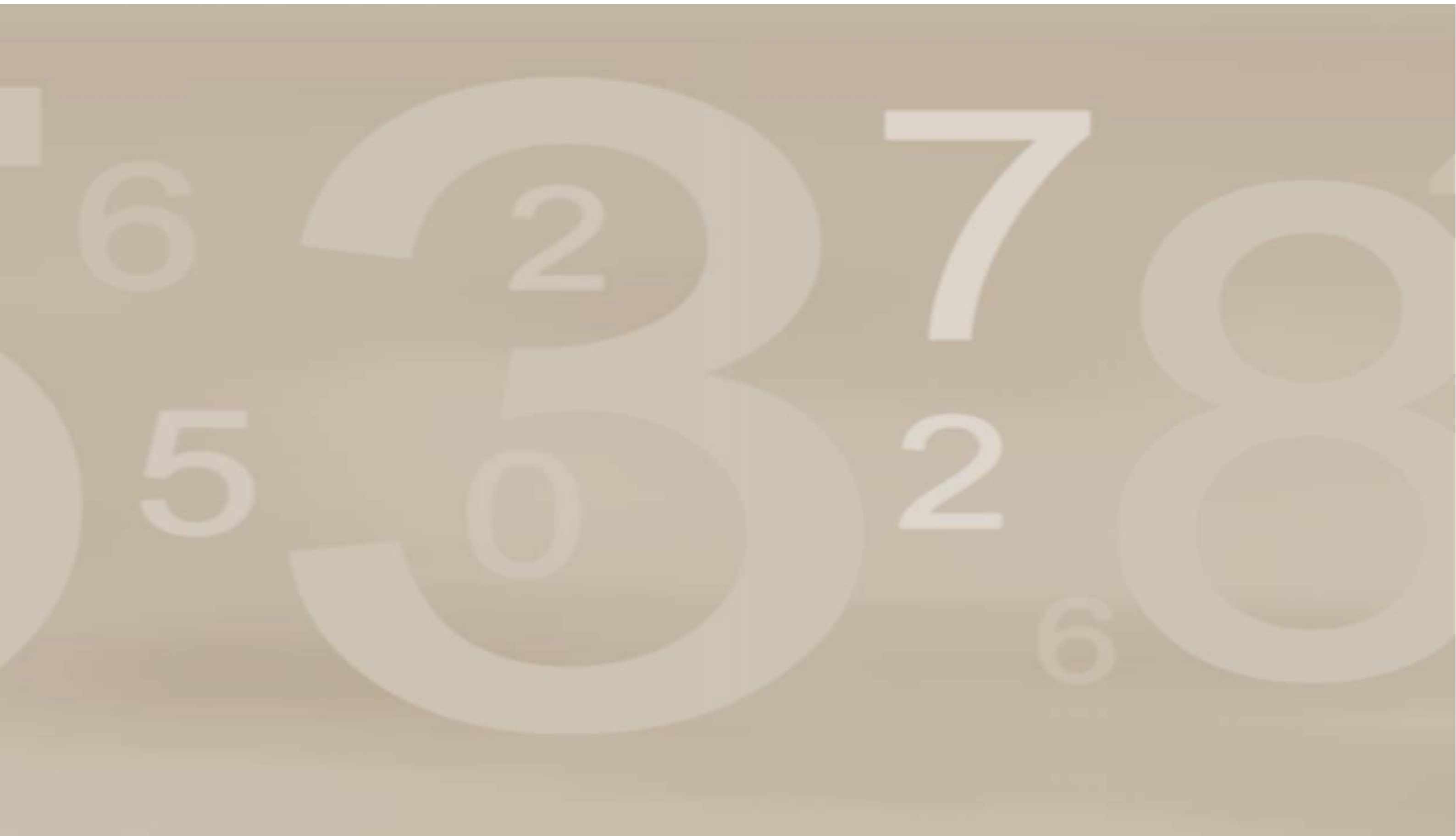
(in millions of euro)	H1 2017	H1 2016
Revenue	201.9	182.6
Gross operating profit:	18.7	1.2
Operating profit (loss)	8.8	(8.7)
Profit (loss) for the period	2.5	(37.6)
Profit (loss) for the period attributable to owners of the parent	2.5	(47.6)
Capital expenditure relating to continuing operations	35.4	52.9

(in millions of euro)	June 30, 2017	December 31, 2016
Total equity	1,236.4	1,334.2
Equity attributable to owners of the parent	1,229.6	1,325.0
Net financial position	377.8	493.5
Net financial position / Equity	30.56%	36.99%
(Diluted) earnings per ordinary share	0.056	2.601
Equity attributable per share[1]	29.32	28.88 (*)
Employees (headcount)	2,070	2,067

[1] net of treasury shares in portfolio

(*) pro forma

Directors’ report



Foreword

The interim report as at and for the six months ended June 30, 2017 has been drawn up in accordance with article 154 ter.2/3/4, of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments. In accordance with the aforementioned paragraph 3, the condensed interim financial statements are presented in consolidated form.

There were no changes during the period under review in the international financial reporting standards (IFRS) and related interpretations (IFRIC) applicable to this half-year financial report.

There were no material changes in the scope of consolidation in the first half of 2017.

Information on operations

The first half of 2017 saw an acceleration in the global economic cycle, which has been recovering since the lowest point of the slowdown in July 2016. The projected global growth rate for 2017 is 3.5% (compared with 3.1% in 2016 – FMI Outlook). The expansionary phase is geographically synchronized, involving 90% of the OECD countries, although a relative gap remains between the growth of the developed areas with respect to the emerging regions.
Among the developed regions, the Eurozone showed an important improvement, which more than neutralized the slower than expected performance of the US economy, while the emerging economies were affected in particular by the weakness of Brazil and Russia, which was mitigated only by stronger than projected economic performance in China.

The expansionary phase was reflected in the reduction in the negative output gap of the developed nations, with the exception of the US economy, which had already reached a positive value. The avoidance of the deflationary risk and the favorable economic situation was also reflected in the stabilization of the industrial raw materials index (ex oil) with respect to the decrease of more than 16% in the oil price triggered by a relative increase in supply compared to global demand and the consequent growth of stocks.

The 2016 year-end expectations of a "reflationary" acceleration in the USA driven by the fiscal policy agenda of the new administration have faded over the months due to perception of delays and implementation difficulties. Given this scenario, and the disappointing macro data with respect to expectations, the dollar lost value, having already absorbed the rise in interest rates effected by the Fed (a total of 50 bps in the first half). The depreciation of the dollar was generalized against the main currencies, including the pound, which was exposed to the start-up of the Brexit negotiations. The euro benefited not only from the improved economic situation but also from the mood of greater confidence generated by election results (Netherlands, France), and gained 8.6% against the dollar.

The cyclical expansion was reflected in the upturn on the stock markets: the global share index rose by 7.7% (excluding dividends and in local currency), in line with the additional increase in current and projected earnings. Therefore, although the valuation multiples were higher than the twenty-year averages, they were virtually unchanged from the end of 2016. The FtseMib index was sustained by the improvement in a number of domestic and Eurozone fundamentals, to show a change of 7%.

The world bond index closed the first half with a performance of 1.1%. The anchoring of the inflation rate beneath the targets of the main central banks (2%) and persisting ultra-expansionary monetary policies (ECB, central bank of Japan) stabilized long-term yields on the main international markets. Despite the normalization process launched by the Fed and the lag with respect to the monetary policy of the ECB, the yield differential between US and German treasury bonds narrowed in response to the more favorable macro context (in terms of consensus) of the Eurozone compared with the USA. Conversely, the spread between Italian ten-year treasury bonds and the equivalent Bund at the end of the first half of the year was virtually unchanged compared with the beginning of the period, after reaching more than 200 bps at the time of the French presidential elections. The low volatility and improved performance of the stock markets favored a reduction of the yield differentials between corporate high-yield bonds and risk-free treasury instruments.

In this economic scenario, the Italmobiliare Group closed the first half of 2017 with a profit of 2.5 million euro and a profit attributable to owners of the parent of 2.5 million euro, compared respectively with a loss of 37.6 million euro and a loss attributable to owners of the parent of 47.6 million euro in the first half of 2016.

The financial figures and results of operations relating to discontinued operations (Italcementi group companies active in the production of construction materials) are presented in compliance with IFRS 5 as at and for the six months ended June 30, 2016.

The corresponding figures as at and for the six months ended June 30, 2017 do not include discontinued operations since the group in question was sold on July 1, 2016.

Breakdown of consolidated profit by segment

(in millions of euro)	June 2017	% of total	June 2016	% of total
Industrial and services for industry segment	(0.9)	(38.7)	1.7	(3.6)
Financial and private equity segment	11.0	n.s.	(15.8)	33.2
Other activities	(0.3)	(11.3)	0.4	(0.9)
Discontinued segments	0.0	n.s.	(35.8)	75.4
Inter-segment eliminations	(7.3)	n.s.	1.9	(4.1)
Profit (loss) for the period attributable to owners of the parent	**2.5**	**100.0**	**(47.6)**	**100.0**

The other main results relating to continuing operations for the first half of the year ended June 30, 2017, were as follows:

- **Revenue:** 201.9 million euro compared with 182.6 million euro for the six months ended June 30, 2016 (+5.4%);
- **Gross operating profit**: 18.7 million euro compared with 1.2 million euro for the six months ended June 30, 2016 (positive change >100%);
- **Operating profit**: 8.8 million euro compared with a loss of 8.7 million euro for the six months ended June 30, 2016 (n.s.);
- **Profit relating to continuing operations**: 2.5 million euro compared with a loss of 24.6 million euro for the six months ended June 30, 2016 (n.s.);
- At June 30, 2017, **total equity** stood at 1,236.4 million euro compared with 1,334.2 million euro at December 31, 2016;
- The **net financial position** at June 30, 2017 was positive at 377.8 million euro, down from 493.5 million euro at the end of 2016;
- As a result of the changes in equity and the net financial position, the **gearing** ratio (net financial position/equity) decreased from 36.99% at the end of 2016 to 30.56% at June 30, 2017.

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

- the **Industrial and services for industry segment,** composed of the operations of the Sirap-Gema group, which produces and markets fresh-food packaging, the Italgen group, active in the production and distribution of electric power from renewable sources, and the BravoSolution group, the international leader in supply management solutions.
  The segment reported substantially stable overall revenue of 161.9 million euro (161.7 million euro in the first half of 2016), gross operating profit of 12.3 million euro, down by 4.5 million euro from the first half of 2016, operating profit of 2.7 million euro, down by 4.8 million euro from the first half of 2016 and a loss for the period of 0.9 million euro (from a profit of 3.3 million euro in the first half of 2016);
- the **Financial and private equity segment**, consisting of the parent Italmobiliare, Clessidra SGR S.p.A. and the subsidiary Franco Tosi S.r.l., reported revenue of 46.7 million euro, a strong increase from 29.3 million euro in the first half of 2016. Gross operating profit was 14.5 million euro, a significant improvement from the first half of 2016 (a loss of 4.0 million euro). Operating profit was 14.2 million euro, well up on the first half of 2016 (a loss of 4.0 million euro) and the segment reported a profit for the period of 11.0 million euro compared with a loss of 15.8 million euro in the year-earlier period;
- the **Other activities** segment is represented by real estate companies, service companies operating largely within the Group and a bank based in the Principality of Monaco. The segment is of marginal importance within the Italmobiliare Group and its results are therefore not normally of material significance. In the first half of 2017

the segment reported revenue of 1.7 million euro, from 2.4 million euro in the first half of 2016, a gross operating loss of 0.4 million euro (profit of 0.6 million euro in the first half of 2016), an operating loss of 0.5 million euro (profit of 0.5 million euro in the first half of 2016) and a loss for the period of 0.3 million euro (profit of 0.4 million euro in the first half of 2016).

Italmobiliare **Net Asset Value** at June 30, 2017, excluding treasury shares, was 1,485.4 million euro (1,599.8 million euro at December 31, 2016) on capitalization of 999.8 million euro, reflecting a discount of 32.7%. It comprised the following activities:

(in millions of euro)	**June 2017**	**% of total**	**December 2016**	**% of total**
HeidelbergCement AG	485.3	32.7	490.1	30.6
Portfolio Companies	269.3	18.1	269.1	16.8
Equity investments, Private equity and other activities	275.5	18.5	274.6	17.2
Trading and Cash and cash equivalents	455.2	30.6	565.9	35.4
Total Net Asset Value	**1,485.4**	***100.0***	**1,599.8**	***100.0***

Unlike the previous period, NAV was calculated excluding treasury shares in portfolio. For consistency and clarity, NAV at December 31, 2016 was recalculated to exclude treasury shares, and showed a reduction of approximately 35 million euro (1,599.8 million euro compared with 1,634.9 million euro at December 31, 2016).

Net of the effect due to the difference in the calculation criterion described above, the variation in NAV with respect to December 31, 2016 was largely due to the voluntary public tender offer on Italmobiliare shares, which entailed a cash outlay of approximately 100 million euro.

The equity investment in Clessidra SGR S.p.A. was reclassified, from "Equity investments, Private Equity and other activities" to "Portfolio Companies"[1].

NAV was calculated considering:

- the market price at June 30, 2017 of investments in listed companies;
- the value of non-listed companies, where determinable, based on market multiples or specific valuations or, when such information is not available, on equity as reflected in the most recent approved financial statements drawn up in accordance with the IFRS financial reporting standards, if available, otherwise with local accounting principles;
- the market value of real estate assets;
- the deferred tax effect.

[1] The Portfolio Companies heading includes the equity investments in Italgen S.p.A., BravoSolution S.p.A., Sirap-Gema S.p.A. and Clessidra SGR S.p.A.

Key consolidated figures for the six months ended June 30, 2017

(in millions of euro)		H1 2017	H1 2016	% change
Revenue		**201.8**	**182.6**	**10.5**
Gross operating profit		**18.7**	**1.2**	n.s.
% of revenue		*9.3*	*0.6*	
Amortization and depreciation		(9.9)	(9.5)	(4.2)
Impairment losses on non-current assets		0.0	(0.4)	n.s.
Operating profit (loss)		**8.8**	**(8.7)**	n.s.
% of revenue		*4.4*	*4.7*	
Net finance costs		(5.1)	(2.0)	n.s.
Impairment losses on financial assets		-	(9.6)	n.s.
Share of profit (loss) of equity-accounted investees		0.7	(0.3)	n.s.
Profit (loss) before tax		**4.4**	**(20.6)**	n.s.
% of revenue		*2.2*	*11.3*	
Income tax expense		(1.9)	(4.0)	51.5
Profit (loss) relating to continuing operations		**2.5**	**(24.6)**	n.s.
Loss relating to discontinued operations net of tax effects		0.0	(13.0)	n.s.
Profit (loss) for the period		**2.5**	**(37.6)**	n.s.
attributable to:	**Owners of the parent**	**2.5**	**(47.6)**	
	Non-controlling interests	0.0	10.0	
Capital expenditure		35.3	52.9	

n.s.: not significant

(in millions of euro)	June 30, 2017	December 31, 2016
Total equity	1,236.4	1,334.2
Equity attributable to owners of the parent	1,229.6	1,325.0
Overall net financial position	377.8	493.5
Number of employees at period end	2,070	2,067

As previously noted in the 2016 Annual Report, following the amendments to IAS 1, the intermediate result “Recurring gross operating profit (loss)” is no longer shown on the face of the income statement. For comparative purposes, the expense and revenue items classified as “non-recurring” in the financial statements of the previous period have been appropriately reclassified.

Gross operating profit is the difference between revenue and costs excluding: amortization and depreciation, impairment losses on non-current assets, finance income (costs), impairment losses on financial assets, share of profit (loss) of equity-accounted investees and income tax.

Operating profit (loss) corresponds to gross operating profit plus amortization and depreciation and impairment losses on non-current assets.

Revenue and operating performance in the first half of 2017 relating to continuing operations

Contribution to consolidated revenue

(net of intragroup eliminations)

(in millions of euro)	H1 2017		H1 2016		Change	
Operating segment		%		%	%	%[1]
Industrial and services for industry segment	161.9	80.2	161.7	88.5	*0.1*	(2.1)
Financial and private equity segment	38.8	19.2	18.8	10.3	*106.3*	56.7
Other activities	1.1	0.6	2.1	1.2	*(47.1)*	(47.1)
Total	**201.8**	**100.0**	**182.6**	**100.0**	***10.5***	**3.4**

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

Revenue and operating performance by operations and geographical segment

(in millions of euro)	Revenue		Gross operating profit (loss)		Operating profit (loss)	
	H1 2017	**% change vs H1 2016**	**H1 2017**	**% change vs H1 2016**	**H1 2017**	**% change vs H1 2016**
Operating segment						
Industrial and services for industry segment	161.9	0.1	12.3	(26.7)	2.7	(64.2)
Financial and private equity segment	46.6	59.0	14.5	n.s.	14.2	n.s.
Other activities	1.7	(27.5)	(0.4)	n.s.	(0.5)	n.s.
Inter-segment eliminations	(8.4)	(22.0)	(7.7)	(37.4)	(7.6)	(40.7)
Total	**201.8**	**10.5**	**18.7**	**n.s.**	**8.8**	**n.s.**

n.s. not significant

The 10.5% improvement in **revenue** compared with the first half of 2016 reflected:

- the change in the scope of consolidation, for 7.3%,
- the exchange rate effect for -0.2%, against
- a positive business performance, for 3.4%.

At constant exchange rates and on a like-for-like basis, the increase arose in the financial and private equity segment for 56.7%, while the contribution of the other segments was negative.

Gross operating profit was 18.7 million euro, significantly up on the first half of 2016 (1.2 million euro). The improvement of 17.5 million euro came chiefly from the financial and private equity segment, the margins of which rose by 18.5 million euro, while the contribution of the other segments was negative.

After substantially stable amortization and depreciation (9.9 million euro in the first half of 2017 from 9.5 million euro in the year-earlier period) and zero impairment losses on non-current assets (0.4 million euro in the first half of 2016), the Group reported an operating profit of 8.8 million euro, a significant improvement from the first half of 2016 (a loss of 8.7 million euro).

Finance costs and other items

Net finance costs were up 3.1 million euro, from 2.0 million euro in the first half of 2016 to 5.1 million euro in the first half of 2017, largely because of the negative change in exchange-rate differences and net derivatives (-3.1 million euro).

The caption does not include finance income and costs of the financial and private equity segment, which are part of the segment's core business and therefore classified under the line items constituting gross operating profit.

The first half of 2016 also reflected the negative impact of impairment losses on financial assets of 9.6 million euro as a result of write-downs applied mainly to banking stocks. This item was negligible in the first half of 2017, generating an improvement of 9.6 million euro compared with the first half of the 2016.

The **share of profit (loss) of equity-accounted investees** reflected a profit of 0.7 million euro (loss of 0.3 million euro in the first half of 2016).

Profit for the period

The above figures generated a **profit before tax** of 4.4 million euro in the first half of the year (loss of 20.6 million euro in the first half of 2016).

After income tax expense of 1.9 million euro (3.9 million euro in the first half of 2016), the **profit for the first half relating to continuing operations** was 2.5 million euro (loss of 24.6 million euro in the first half of 2016).

The first half of 2016 also reflected the loss of 13.1 million euro relating to **discontinued operations,** in compliance with IFRS 5**,** for the construction materials segment (Italcementi group, sold in the second half of 2016), while the corresponding item for 2017 was zero.

Overall, the Group reported a **profit** for the first half of 2017 of 2.5 million euro (a loss of 37.6 million euro in the first half of 2016), of which 2.5 million euro attributable to owners of the parent (a loss of 47.6 million euro in the first half of 2016).

Total comprehensive income

In the first half of 2017, continuing operations had total comprehensive income of 25.4 million euro (expense of 77.5 million euro in the first half of 2016) arising as follows:

- fair value change of 2.3 million euro on available-for-sale financial assets;
- a positive change of 23.3 million euro in the income tax posting;
- translation losses of 0.2 million euro.

Total comprehensive income in the first half of 2017 was 27.9 million euro (income of 28.2 million euro attributable to owners of the parent and expense of 0.3 million euro attributable to non-controlling interests). This compared with total comprehensive expense of 280.1 million euro in the first half of 2016 (174.3 million euro attributable to owners of the parent and 105.8 million euro attributable to non-controlling interests).

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

Condensed statement of financial position

(in millions of euro)	June 30 2017	December 31 2016
Property, plant and equipment + investment property	139.7	138.9
Intangible assets	52.1	52.1
Other non-current assets	788.4	806.1
Non-current assets	**980.2**	**997.1**
Current assets	**655.6**	**762.7**
Total assets	**1,635.8**	**1,759.8**
Equity attributable to owners of the parent	1,229.6	1,325.0
Non-controlling interests	6.8	9.2
Total equity	**1,236.4**	**1,334.2**
Non-current liabilities	194.6	228.1
Current liabilities	204.8	197.5
Total liabilities	**399.4**	**425.6**
Total equity and liabilities	**1,635.8**	**1,759.8**

Equity

Total equity at June 30, 2017 was 1,236.4 million euro, a reduction of 97.8 million euro from December 31, 2016. Equity attributable to owners of the parent and equity attributable to non-controlling interests both decreased, by 95.4 million euro and 2.4 million euro respectively. The overall change arose largely from:

- share buybacks for approximately 100 million euro;
- the change in the fair value reserve on available-for-sale assets (25.6 million euro net of the related tax effect);
- the decrease of 24.1 million euro in dividends paid.

At June 30, 2017, Italmobiliare S.p.A. share capital stood at 100,166,937 million euro, represented by 47,633,800 ordinary shares.

At June 30, 2017, Italmobiliare S.p.A. held 5,695,870 ordinary treasury shares representing 11.96% of the share capital.

Net financial position

At June 30, 2017, the net financial position was positive at 377.8 million euro, a decrease of 23.42% from the position at December 31, 2016 (493.5 million euro).

Breakdown of the net financial position

(in millions of euro)	June 30, 2017	December 31, 2016
Current financial assets	483.7	597.9
Current financial liabilities	(80.5)	(73.7)
Non-current financial assets	48.3	47.2
Non-current financial liabilities	(73.7)	(77.9)
Net financial position	**377.8**	**493.5**

Financial ratios

(amounts in millions of euro)		June 30, 2017	December 31, 2016
Overall net financial position		377.8	493.5
Consolidated equity		1,236.4	1,334.2
	Gearing	**-30.56%**	**-36.99%**
Overall net financial position		377.8	493.5
Gross operating profit[1]		75.3	57.8
	Leverage	**(5.02)**	**(8.54)**

[1] 12 months rolling

Condensed statement of cash flows

(in millions of euro)	H1 2017	H1 2016
Overall net financial position (debt) at beginning of period	**493.5**	**(2,081.7)**
Cash flow from operating activities	0.4	16.4
Capital expenditure:		
PPE, investment property and intangible assets	*(11.7)*	*(15.1)*
Non-current financial assets	*(23.6)*	*(37.8)*
Capital expenditure	**(35.3)**	**(52.9)**
Proceeds from sale of non-current assets	47.9	33.1
Dividends paid	(24.1)	(17.7)
Change in shareholdings in subsidiaries	-	(201.0)
Change in treasury shares	(100.1)	-
Structure and translation differences	0.2	(0.3)
Other changes	(4.6)	(2.9)
Net cash flows for the period	**(115.6)**	**(225.3)**
Cash flows relating to discontinued operations	-	182.8
Net financial position (debt) at period end	**377.8**	**(2,124.2)**

As noted above, the figures for the first half of 2016 include the net financial position of the Italcementi group sold on July 1, 2016.

Capital expenditure and divestments

(in millions of euro)	Non-current financial assets		PPE and investment property		Intangible assets	
	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
Operating segment						
Industrial and services for industry segment	-	-	7.1	9.5	4.2	3.8
Financial and private equity segment	23.6	37.9	0.3	15.7	-	-
Other activities	-	-	-	-	-	-
Inter-segment eliminations	-	-		(15.0)	-	-
Total	**23.6**	**37.9**	**7.4**	**10.2**	**4.2**	**3.8**
Change in payables	-	-	-	-	-	-
Total capital expenditure	**23.6**	**37.9**	**7.4**	**10.2**	**4.2**	**3.8**

Group capital expenditure in the first half of 2017 amounted to 35.3 million euro, down by 17.6 million euro from the first half of 2016 (52.9 million euro).

Investments in non-current financial assets amounted to 23.6 million euro (37.9 million euro in the first half of 2016) and related mainly to investments made by the Financial and private equity segment in stocks listed on the Italian stock exchange, in units of private equity funds and in the Dokimè S.r.l. company (3.7 million euro, equivalent to 20.6% of capital), which in turn controls 100% of Alpha Test S.r.l., a service provider in university admission test preparation.

Investments in property, plant and equipment and investment property totaled 7.4 million euro and related mainly to the Group's Industrial and services for the industry segment: specifically, the production facilities of the Sirap-Gema group and the industrial investments of the Italgen group. Investments in intangible assets related essentially to software development work on the technology platform at the BravoSolution group.

Proceeds from Group divestments in the first half of 2017 amounted to 47.9 million euro and related largely to sales of non-current financial assets by Italmobiliare S.p.A. for 46.7 million euro (sale of Mediobanca shares for 9.0 million euro and partial reimbursement from the Clessidra CCP3 fund for a total amount of 36.4 million euro).

Industrial and services for industry segment

The industrial and services for industry segment consists of the operations of the Sirap-Gema group, which produces and markets fresh-food packaging products through subsidiaries in Italy and abroad, the Italgen group, which produces and distributes electric energy from renewable sources on the domestic and international market, and the BravoSolution group, the international leader in supply management solutions.

The figures at June 30, 2016 set out below have been reclassified to take account of the new composition of the segment as from December 31, 2016.

(in millions of euro)	**H1 2017**	**H1 2016**	**% change**
Revenue	**162.0**	**161.7**	**0.1**
Gross operating profit	**12.3**	**16.8**	**(26.7)**
% of revenue	*7.6*	*10.4*	
Amortization and depreciation	(9.6)	(9.3)	(3.6)
Impairment losses on non-current assets	-	-	n.s.
Operating profit	**2.7**	**7.5**	**(64.2)**
% of revenue	*1.7*	*4.6*	
Net finance costs	(2.6)	(2.2)	(17.6)
Impairment losses on financial assets	-	-	n.s.
Share of profit (loss) of equity-accounted investees	0.6	0.2	n.s.
Profit before tax	**0.7**	**5.5**	**(86.5)**
% of revenue	*0.5*	*3.4*	
Income tax expense	(1.6)	(2.2)	26.6
Profit (loss) for the period	**(0.9)**	**3.3**	**(73.5)**
Capital expenditure	11.6	13.3	

n.s. not significant

(in millions of euro)	**June 30, 2017**	**December 31, 2016**
Total equity	66.1	77.1
Equity attributable to owners of the parent	63.3	73.6
Net financial debt	(105.4)	(95.3)
Number of employees at period end	1,970	1,963

Sirap-Gema group

The Sirap-Gema group, through its subsidiaries in Italy and abroad, is active in the production and sale of products for the packaging of fresh food.

The main change in the corporate structure at June 30, 2017 compared with June 30, 2016 was the acquisition, on July 11, 2016, by the parent Sirap-Gema S.p.A., of the entire share capital of Rosa Plast Due S.r.l. This company, which had 30 employees at June 30, 2017 at its production site in Bovezzo (Brescia), is active in thermoforming of rigid plastic containers for food packaging, mainly meat, cold cuts and ice cream.

Business and financial performance

(in millions of euro)		H1 2017	H1 2016	% change
Revenue		**101.4**	**98.6**	**2.9**
Gross operating profit		**7.0**	**9.6**	**(27.2)**
% of revenue		*6.9*	*9.7*	
Amortization and depreciation		(4.5)	(4.1)	(10.0)
Impairment losses on non-current assets		-	-	n.s.
Operating profit		**2.5**	**5.5**	**(54.6)**
% of revenue		*2.5*	*5.6*	
Net finance costs		(1.3)	(1.8)	27.7
Profit before tax		**1.2**	**3.7**	**(67.1)**
% of revenue		*1.2*	*3.8*	
Income tax expense		(0.4)	(1.0)	56.4
Profit for the period		**0.8**	**2.7**	**(71.3)**
attributable to:	**Owners of the parent**	**0.8**	**2.7**	
	Non-controlling interests	n.s.	n.s.	
Capital expenditure		5.5	4.4	

n.s. not significant

(in millions of euro)	June 30, 2017	December 31, 2016
Total equity	14.6	15.3
Equity attributable to owners of the parent	14.3	15.0
Net financial debt	(64.1)	(65.1)
Number of employees at period end	1,205	1,209

In the first half of 2017, food consumption remained weak in the countries where the group operates; consolidated revenue was up 2.9% from the first half of 2016, in part thanks to the adjustment of price lists and a smaller exchange-rate effect (-0.1 million euro, against an estimated -1.7 million euro at June 30, 2016).

In the final months of 2016 and early months of 2017, the prices of the polystyrene raw materials used in production processes showed a significant but temporary increase, due to an imbalance between supply and demand originating outside Europe; the average price of polystyrene was 13.5% above the average figure in the first half of 2016, affecting the period's profit margins.

The group reported net revenue of 101.4 million euro in the first half of 2017, from 98.6 million euro in the first half of 2016 (+2.8 million euro). The recently acquired company Rosa Plast Due S.r.l. contributed turnover of 5.1 million euro. The exchange-rate effect in the period had a negative impact estimated at approximately 0.1 million euro.

Group gross operating profit was 7.0 million euro, compared with 9.6 million euro in the first half of 2016. The overall reduction of 2.6 million euro, despite the positive contribution of 0.3 million euro from Rosa Plast Due S.r.l., was chiefly attributable to the difficulty of transferring the sharp rise in raw material costs to sale prices, at a time of high competitive tension caused by weak demand.

Amortization and depreciation of 4.5 million euro was up 0.4 million euro from 4.1 million euro in the year-earlier period; the increase was due in part to the assets of Rosa Plast Due S.r.l..

The group posted an operating profit of 2.5 million euro in the first half of 2017, a reduction of 3.0 million euro from 5.5 million euro in the first half of 2016.

Net finance costs amounted to 1.3 million euro, compared with 1.8 million euro in the first half of 2016; the decrease was attributable to the reduction in average net financial debt, and to a slightly more favorable dynamic in interest rates compared with the first half of 2016.

Income tax expense (0.4 million euro) was lower than in the first six months of 2016 (1.0 million euro) due to a general decrease in the taxable base.

The group posted a consolidated profit of 0.8 million euro for the six months ended June 30, 2017, against a profit of 2.7 million euro for the first half of 2016.

Consolidated net financial debt at June 30, 2017 was 64.1 million euro, an improvement of 1 million euro compared with 65.1 million euro at December 31, 2016.

The net financial position includes, among assets, 15 million euro deposited since 2015 as partial coverage of the fine imposed by the European Commission; this payment also helps contain the finance costs relating to the bank guarantee and to the deferred contingent liability due to the Commission.

Consolidated equity at June 30, 2017, was 14.6 million euro, compared with 15.3 million euro at December 31, 2016. The net decrease of 0.7 million euro reflected the combined effect of the dividend of 2 million euro for the sole shareholder Italmobiliare S.p.A., the profit for the period of 0.8 million euro and an improvement of 0.5 million euro in translation and consolidation reserves.

Group capital expenditure in the first half of 2017 sought to balance the need to recover efficiency in manufacturing processes with financial cover. Asset acquisitions totaled 5.5 million euro, compared with 4.4 million euro in the first half of 2016.

At June 30, 2017 the group workforce totaled 1,205 employees, down by four compared with December 31, 2016.

Performance by geographical segment

(in millions of euro)	Revenue		Gross operating profit (loss)		Operating profit	
	H1 2017	**% change vs H1 2016**	**H1 2017**	**% change vs H1 2016**	**H1 2017**	**% change vs H1 2016**
Food packaging						
- Italy	47.3	10.5	2.8	(38.2)	0.1	(94.1)
- France	22.9	(5.8)	1.9	(16.0)	0.9	(28.0)
- Other EU countries	34.3	2.2	2.2	(14.0)	1.3	(22.5)
- Other non-EU countries	5.5	(1.2)	0.2	(26.3)	0.2	(29.8)
Eliminations	(8.6)	12.1	(0.1)	n.s.	-	n.s.
Total	**101.4**	**2.9**	**7.0**	**(27.1)**	**2.5**	**(54.6)**

n.s. not significant

Operating performance

In Italy and France, demand for the products of the food packaging segment in the first half of 2017 weakened significantly, while consumption in Poland was in line with the previous periods. In Eastern Europe, where the Sirap-Gema group operates through the Petruzalek subsidiaries, demand did not show particular signs of recovery and in some countries like Ukraine and Turkey, still subject to political and social instability, the revenue recovery was hindered not only by economic and consumer trends, but also by the depreciation of the local currencies.

Performance on the main markets was as follows:

- on the Italian market, revenue totaled 47.3 million euro, up from 42.8 million euro in the first half of 2016. Gross operating profit was 2.8 million euro, down by 1.7 million euro from the first half of 2016 (4.5 million euro); the decrease was largely due to the trend in raw material costs described above. The new subsidiary Rosa Plast Due S.r.l. reported turnover of 5.1 million euro and a gross operating profit of 0.3 million euro;
- on the French market, revenue fell by 5.8% in the first half of 2017 (from 24.3 million euro to 22.9 million euro), largely due to the stagnation in consumption. Gross operating profit was 1.9 million euro, against 2.2 million euro in the first half of 2016. Operating profit was 0.9 million euro, against 1.3 million euro in 2016;
- in Poland, thanks to its strong positioning on the local market, Inline Poland reported overall turnover of 16.2 million euro, compared with 15.1 million euro in the first half of 2016 (+7.3%); the 2017 figure reflects a favorable exchange-rate effect estimated at 0.4 million euro; gross operating profit and operating profit, at 1.4 and 0.8 million euro respectively, were both down from the first half of 2016 (1.6 and 1.0 million euro respectively) due to the rise in the cost of raw materials;
- turnover at the Petruzalek group, from operations in Central Eastern Europe with generally weak demand and significant tensions in some countries, such as Turkey and Ukraine, was 24.2 million euro compared with 24.5 million euro in the first half of 2016.

  Revenue was also affected by negative exchange-rate effects totaling -0.5 million euro, of which approximately -0.4 million euro in Turkey; the phenomenon is currently easing, compared with the equivalent value at June 30, 2016 (-0.9 million euro), largely due to a stabilization of the exchange rate for the Ukrainian currency.

  Gross operating profit and operating profit were 0.9 million euro and 0.7 million euro respectively, down from the first half of 2016 (1.2 and 1.0 million euro respectively) due to the squeeze on margins as a result of higher costs of production.

Environmental initiatives

Since January 1, 2012, the Sirap-Gema group has had an Environmental Policy document providing visibility on its commitment and the action taken to safeguard the environment in the countries where it operates. Guidelines have been established and made known to personnel summarizing the group's intention of complying with local regulations and applying the best ecological standards for sustainable and responsible development.

Action is underway to extend the group standards to the newly acquired company Rosa Plast Due S.r.l.

Safety initiatives

In its factories, the Sirap-Gema group adopts the necessary measures to ensure maximum safety for its workers and property. Development of the group safety culture project continued, introduced in 2009, with the involvement of all senior managers: this involves extensive reporting on accidents and accident statistics, and also on potential risk situations and promotion of measures to mitigate accident risk.

Action is underway to extend the group standards to the newly acquired company Rosa Plast Due S.r.l.

Research and development

Projects to support the improvement of manufacturing performance in the plants of the Sirap-Gema group continued for the two main technologies of extrusion and thermoforming.

Disputes and pending proceedings

With regard to the current proceeding with the European Commission (which began in 2008, for breaches of community competition laws on the plastic food packaging market), reference should be made to the extensive information provided in previous reports since no developments took place in the period under review.

Significant events after the reporting period

There were no significant events after the reporting period.

Outlook

Consumption on the group's key markets remains weak and the price trend for raw materials is being constantly monitored. In this context, apart from contingent events concerning raw materials in recent months, attention to costs continues and positive margins are expected to be maintained.

Business risks

As is clear from the above comments, uncertainty remains high with regard to the price trend for polystyrene raw materials used in production processes, which fluctuates significantly. The group will continue to monitor the price trend in order to optimize its procurement policy and to reduce, as far as possible, the impact of these items on its performance.

The Sirap-Gema group operates through a number of subsidiaries in countries outside the Eurozone and is therefore exposed to the risk of fluctuation in the exchange rates of local currencies.

This risk is carefully monitored with a special internal procedure; in particular, where considered opportune, derivatives (interest-rate swaps) are used to hedge interest-rate and exchange rate risk.

Another area of uncertainty is the collection of receivables, which is kept under careful and constant control by all group companies to minimize risk.

Italgen group

(in millions of euro)	H1 2017	H1 2016	% change
Revenue	**18.6**	**23.9**	**(22.2)**
Gross operating profit	**3.9**	**5.9**	**(35.0)**
% of revenue	*20.8*	*24.9*	
Amortization and depreciation	(1.7)	(1.6)	(6.2)
Operating profit	**2.1**	**4.3**	**(50.4)**
% of revenue	*11.5*	*18.1*	
Net finance costs	(0.4)	(0.2)	n.s.
Share of profit (loss) of equity-accounted investees	0.7	0.2	n.s.
Profit before tax	**2.4**	**4.3**	**(44.2)**
% of revenue	*12.7*	*18.2*	
Income tax expense	(0.6)	(1.2)	50.0
Profit for the period	**1.7**	**3.1**	**(45.2)**
Capital expenditure	1.3	4.6	

n.s. not significant

(in millions of euro)	June 30, 2017	December 31, 2016
Total equity	25.8	31.1
Net financial debt	(23.2)	(17.0)
Number of employees at period end	93	96

Prices on the Italian electricity market were 20-30% higher than the first half of 2016 as a result of the contraction in supply (related in part to the closure of French nuclear plants for inspections and maintenance work on cross-border plants) and higher consumption.

Energy production at the Italgen group in the first half of 2017 was 131.2 GWh, down by 6.5% from the year-earlier period as a result of low rainfall in the first two months of the year.

At June 30, 2017, revenue amounted to 18.6 million euro, down by 22.2% from the first half of 2016 (23.9 million euro) due to the decision to increase sales to “wholesale customers” with respect to “end customers”: this generated an equal reduction in expense and revenue (6.2 million euro) thanks to the decrease in incidental transport and dispatching charges. The period also saw a reduction in the purchase and simultaneous resale to the electricity market of energy not used by Italcementi (so-called interconnector operations), contributing to the decrease in revenue for 1.4 million euro compared with the first six months of 2016. Net of incidental transport and dispatching charges and interconnector operations, revenue was down 0.5 million euro (-2.6%) as a result of lower sales volumes in the period. The effect was mitigated only in part by the increase of 0.2 million euro in revenue from green certificate sales (2.8 million euro in the first half of 2016).

Italgen group gross operating profit in the first half of 2017 was 3.9 million euro, down 35% from the first six months of 2016 (5.9 million euro). The figure includes a gain of 2 million euro relating to the asset swap with Italcementi before the company was sold to Italmobiliare; net of this effect, gross operating profit in the first half of 2017 was in line with the first half of 2016.

After a small increase in amortization and depreciation to 1.7 million euro, operating profit was 2.1 million euro, down 50.4% from the first half of 2016.

Finance costs were 0.4 million euro, an increase of 0.2 million euro from the first six months of 2016, after the refinancing of gross debt at the end of the second quarter of 2016 and a negative exchange-rate effect on the intercompany loan granted by Italgen S.p.A. to the Egyptian subsidiary Italgen MISR for Energy SAE.

The share of equity-accounted investees was 0.7 million euro, a strong increase from the first half of 2016 after the favorable outcome of a number of lawsuits presented by the investee Gardawind S.r.l..

Italgen group profit for the period was 1.7 million euro, down from the first half of 2016 (3.1 million euro).

Capital expenditure in the first half at the Italgen group totaled 1.3 million euro, of which 0.8 million euro for capitalized maintenance work and development of new plants in Italy, and 0.5 million euro for on-going development and permitting operations on the 320 MW wind farm project in Egypt.

Group net financial debt rose by 6.1 million euro to 23.2 million euro (17.0 million euro at the end of December 2016). The increase reflects the distribution of dividends to the parent (6 million euro) in April.

At June 30, 2017 the Italgen group had 93 employees, a decrease of three from the end of 2016.

Significant events after the reporting period

There were no significant events after the reporting period.

Outlook

The company expects an improvement in profit margins in the second half of 2017, assuming rainfall in line with the ten-year average.

BravoSolution group

(in millions of euro)	H1 2017	H1 2016	% change
Revenue	**42.0**	**39.2**	**7.0**
Gross operating profit	**1.5**	**1.3**	**15.2**
% of revenue	*3.5*	*3.2*	
Amortization and depreciation	(3.4)	(3.6)	4.7
Operating loss	**(1.9)**	**(2.3)**	**15.6**
% of revenue	*4.6*	*5.9*	
Net finance costs	(0.9)	(0.3)	n.s.
Loss before tax	**(2.8)**	**(2.6)**	**(10.0)**
% of revenue	*6.8*	*6.6*	
Income tax (expense)	(0.5)	0.1	n.s.
Loss for the period	**(3.3)**	**(2.5)**	**(36.4)**
Capital expenditure	4.2	4.3	

n.s. not significant

(in millions of euro)	June 30, 2017	December 31, 2016
Total equity	25.7	30.7
Net financial debt	(18.2)	(13.2)
Number of employees at period end	672	658

BravoSolution group revenue in the first half of 2017 was 42.0 million euro, up 7% from the previous year (39.2 million euro in 2016). Specifically, there was a strong increase compared with 2016 in revenue at the companies operating in the USA (+45%) and in Italy (+9%).

Gross operating profit rose to 1.5 million euro (1.3 million euro in 2016), while there was an operating loss of 1.9 million euro (loss of 2.3 million euro in 2016), a loss before tax of 2.8 million euro, including exchange-rate losses of approximately 0.8 million euro (losses of 2.6 million euro in 2016); the group posted a loss for the period of 3.3 million euro (loss of 2.5 million euro for 2016).

The improvement in profitability in both absolute and percentage terms compared with the first half of 2016 is attributable to the increase in revenue and to the stabilization of costs for the strengthening of the group corporate structure (creation of central functions for marketing, human resources, strategy and global sales), which began in 2015 and was completed at the end of 2016; this included the establishment of a new group HQ in Chicago (USA) and a strengthening of sales and marketing, especially in the USA. The group organizational restructuring and greater sales focus on technology sales aim to drive a strong increase in turnover over the long term and higher, more stable profit margins.

Capital expenditure at the BravoSolution group in the first half of 2017 amounted to 4.2 million euro (4.3 million euro in 2016). Most of this expenditure referred to software development work to enhance the functions and use of the technology platform. Compared with December 31, 2016, the net financial position worsened by 5 million euro largely due to the above capital expenditure and to cash flows on operating activities.

At June 30, 2017 the BravoSolution group had 672 employees, an increase of 14 from the end of 2016.

Significant events after the reporting period

There were no significant events after the reporting period.

Outlook

For the rest of 2017, the BravoSolution group will continue to focus on further increasing revenue and achieving satisfactory profit margins. Specifically, the group will consolidate its global leadership on the supply management market, while also establishing its presence in the Procure-to-Pay sector (P2P), in order to expand its presence among the top national, European, North American and Asian industrial groups and to build a position on developing markets, while identifying new opportunities for geographical and product growth.

Financial and private equity segment

The Financial and private equity segment comprises the parent Italmobiliare S.p.A., the subsidiary Franco Tosi S.r.l. and, since the end of September 2016, Clessidra SGR S.p.A., the main private equity fund manager exclusively dedicated to the Italian market.

Business and financial performance

(in millions of euro)	H1 2017	H1 2016	% change
Revenue	**46.6**	**29.3**	**59.0**
Gross operating profit (loss)	**14.5**	**(4.0)**	**n.s.**
Amortization and depreciation	(0.3)	(0.1)	n.s.
Operating profit (loss)	**14.2**	**(4.1)**	**n.s.**
Net finance costs	(2.7)	-	n.s.
Impairment losses on financial assets	-	(9.6)	n.s.
Share of profit (loss) of equity-accounted investees	-	(0.5)	n.s.
Profit (loss) before tax	**11.5**	**(14.2)**	**n.s.**
Income tax expense	(0.5)	(1.6)	67.3
Profit (loss) for the period	**11.0**	**(15.8)**	**n.s.**

n.s. not significant

(in millions of euro)	June 30, 2017	December 31, 2016
Equity	1,294.8	1,381.2
Net financial position	476.5	581.4
Number of employees at period end	64	67

Segment revenue amounted to 46.6 million euro, a significant increase from the first half of 2016; operating results in the first half also showed a strong improvement from the first half of 2016.

Significant events in the period

In May, implementing the shareholder resolution carried at the extraordinary general meeting of April 19, 2017, the Italmobiliare S.p.A. ordinary stock split was executed, at a rate of two new Italmobiliare S.p.A. ordinary shares for each ordinary share.

The stock split is a way to facilitate the circulation of shares, boosting trading volumes among investors and generating a potential increase in share liquidity.

As a result of the split, Italmobiliare share capital of 100,166,937 euro is represented by 47,633,800 no par ordinary shares.

On June 9, 2017, the acceptance period closed for the voluntary partial public tender offer promoted on April 19, 2017 on up to 4,000,000 Italmobiliare S.p.A. ordinary shares.

A total of 6,385,805 shares were tendered, equivalent to approximately 159.645% of the shares constituting the object of the offer and to approximately 13.41% of Italmobiliare share capital.

After application of the allotment coefficient and relevant roundings, at the payment date Italmobiliare purchased 3,999,832 shares, equal to approximately 62.636% of the shares tendered to the offer and to approximately 8.397% of the share capital, for a total consideration of 99,995,800 euro.

Consequently, at June 30, 2017, Italmobiliare S.p.A. held 5,695,870 treasury shares representing approximately 11.96% of the share capital.

In June, Italmobiliare and the controlling shareholder of the Tecnica group signed a letter of intent for Italmobiliare’s entry into the leading Italian manufacturer of outdoor footwear and ski equipment.

The transaction provides for Italmobiliare to purchase a qualified minority share (approximately 40%) of the company's share capital for an overall consideration of approximately 60 million euro. The acquisition continues the Italmobiliare policy to expand and diversify its portfolio of equity investments.

The transaction is subject to the approval of the relevant authorities and to the full renegotiation of the Tecnica group’s relations with lending institutions in order to reschedule and remodulate its borrowings, so that the new conditions permit the recovery and development plan already formulated by the Tecnica group to be implemented.

Results in accordance with the financial model

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

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

(in millions of euro)	**H1 2017**	**H1 2016**	**% change**
Net gains (losses) on equity investments	28.7	(3.0)	n.s.
Net gains (losses) on investments of cash and cash equivalents	(3.5)	3.7	n.s.
Net borrowing costs	(0.2)	(0.4)	50.0
Total finance income	**25.0**	**0.3**	**n.s.**
Other expense	(13.5)	(14.5)	6.9
Income tax expense	(0.5)	(1.6)	68.8
Profit (loss) for the period	**11.0**	**(15.8)**	**n.s.**

The segment posted net gains of 28.7 million euro on equity investments, a significant increase from the net losses of 3.0 million euro in the first half of 2016. The change arose largely as a result of dividends received (18.1 million euro at June 30, 2017, up by 14.8 million euro from the first half of 2016), principally from HeidelbergCement (9.2 million euro), Italgen (6 million euro) and Sirap-Gema (2 million euro), measurement gains on derivatives on equity investments (7.4 million euro) and the absence of impairment losses on equity investments, which amounted to 9.6 million euro in the first half of 2016.

Management of cash and cash equivalents and the trading portfolio generated a net loss of 3.5 million euro, down from the first half of 2016 (a net gain of 3.7 million euro). Specifically, negative effects were generated by losses realized on trading securities (-1.5 million euro) and net measurement losses on trading securities (5.6 million euro).

Net borrowing costs showed an improvement (from -0.4 million euro in 2016 to -0.2 million euro in 2017).

The above results generated **net finance income** of 27.7 million euro in the first half of 2017 (net income of 0.3 million euro in the first half of 2016).

Other expense, net of other income, amounted to 13.5 million euro (14.5 million euro in the first half of 2016). The improvement of 1 million euro arose on the entry of Clessidra SGR S.p.A. into the Financial and private equity segment.

After income tax of 0.5 million euro (1.6 million euro in the first half of 2016), the segment posted a **profit for the period** of 11.0 million euro (a loss of 15.8 million euro in the first half of 2016).

At June 30, 2017, the Financial and private equity segment had equity of 1,294.8 million euro, a decrease of 86.4 million euro from December 31, 2016 (1,381.2 million euro) principally as a result of:

- the profit for the period of 11.0 million euro;
- the improvement of 26.3 million euro in the available-for-sale fair value reserve, net of the related tax effect;
- dividends of 22.9 million euro distributed by Italmobiliare S.p.A.;
- share buybacks for 100 million euro through the voluntary public tender offer.

The companies in the financial and private equity segment hold substantial equity investments, the majority classified as “Available for sale”. The fair value changes on these investments are recognized in equity under the “Fair value reserve”, or in the income statement if there has been impairment, in line with the accounting standards adopted by the Italmobiliare Group. At June 30, 2017, this consolidated reserve stood at 133.4 million euro.

Information on the companies in the segment

Italmobiliare S.p.A.

The interim financial statements as at and for the six months ended June 30, 2017, drawn up in accordance with the IFRS for the purposes of the Group consolidated financial statements, reflect the following key data:

(in millions of euro)	H1 2017	H1 2016	% change
Net gains (losses) on equity investments	28.4	(0.3)	n.s.
Net gains on investments of cash and cash equivalents	1.5	1.8	(16.7)
Net borrowing costs	(0.1)	(0.4)	75.0
Total finance income	**29.8**	**1.1**	**n.s.**
Other expense	(14.7)	(13.8)	(6.5)
Income tax (expense)	0.4	0.2	n.s.
Profit (loss) for the period	**15.5**	**(12.5)**	**n.s.**

n.s. not significant

	June 30 2017	December 31, 2016
Equity	1,133.6	1,218.4
Net financial position	210.5	317.0

Italmobiliare posted net gains of 28.4 million euro on equity investments, a significant increase from the net losses of 0.3 million euro in the first half of 2016. Specifically, this included dividends of 17.4 million euro, up by 14.5 million euro from the first half of 2016, principally from HeidelbergCement (9.2 million euro), Italgen (6 million euro) and Sirap-Gema (2 million euro). Gains from the sale of equity investments fell by 3.2 million euro, measurement gains on derivatives on equity investments increased by 8.0 million euro while impairment losses were substantially zero, from 9.5 million euro in the first half of 2016.

Net gains on investments of cash and cash equivalents amounted to 1.5 million euro (1.8 million euro in the first half of 2016). The change was in line with that of the first half of 2016.

Net borrowing costs were in line with the year-earlier period.

Other income and expense reflected net expense of 14.7 million euro, up by 0.9 million euro from the first half of 2016, largely as a result of the reduction in amounts recharged to the subsidiaries, after the sale of Italcementi S.p.A. (12.9 million euro in the first half of 2016), mitigated in part by the reduction in service expense (-2.2 million euro), personnel expense (-5.6 million euro) and other operating expense (-2.1 million euro).

After a positive tax posting of 0.4 million euro (0.2 million euro in the first half of 2016), the profit for the period was 15.5 million euro (loss of 12.5 million euro in the first half of 2016).

Equity at June 30, 2017 stood at 1,133.6 million euro, a reduction of 84.8 million euro from December 31, 2016 arising mainly from share buybacks in connection with the voluntary public tender offer (-100 million euro), the increase of 23.1 million euro in the available for sale reserve (net of the related tax effect), the profit for the period (15.5 million euro) and the dividend payment for 22.9 million euro.

Italmobiliare had a positive net financial position of 210.5 million euro, a reduction of 106.5 million euro from December 31, 2016, mainly as a result of the share buyback. Cash flows are analyzed in the section "Net financial position of Italmobiliare S.p.A. and the Financial and private equity segment".

Franco Tosi S.r.l.

(in millions of euro)	H1 2017	H1 2016	% change
Net gains (losses) on equity investments	0.7	(0.4)	-
Net gains (losses) on investments of cash and cash equivalents	(4.9)	1.9	n.s.
Net borrowing costs	(0.1)	-	n.s.
Total finance income (costs)	**(4.3)**	**1.5**	**n.s.**
Other expense	(0.6)	(0.7)	14.3
Income tax expense	(0.1)	(1.6)	93.8
Loss for the period	**(5.0)**	**(0.8)**	**n.s.**

n.s. not significant

	June 30 2017	December 31, 2016
Equity	288.0	292.0
Net financial position	244.7	249.0

The company posted net finance costs of 4.3 million euro (net finance income of 1.5 million euro in the first half of 2016), arising from net losses on investments of cash and cash equivalents and the trading portfolio (-4.9 million euro), and net gains on equity investments of 0.7 million euro (losses of 0.4 million euro in the first half of 2016) essentially due to dividends collected from associates.

Operating expense amounted to 0.6 million euro, in line with the first half of 2016. Income tax expense was 0.1 million euro, a significant reduction from the first half of 2016 (1.6 million euro) as a result of the reduced tax base. The company posted a loss for the period of 5.0 million euro (loss of 0.8 million euro for the first half of 2016).

Besides managing a trading portfolio, Franco Tosi S.r.l. holds the foreign equity investments of the Financial and private equity segment: Crédit Mobilier de Monaco S.A., Société d'Etudes de Participations et de Courtage S.A., both based in the Principality of Monaco, and Finimage 15 Sagl (Switzerland).

In addition to the above controlling equity investments, the "available-for-sale" portfolio includes other investments in fund units for 35.1 million euro, substantially unchanged from December 31, 2016.

Non-current assets include a commercial property in Chiasso, which is managed by a local specialist agency. Most of the properties are let and the related amounts are aligned with the market prices in force at the contract dates.

Equity at June 30, 2017 stood at 288.0 million euro (292.0 million euro at December 31, 2016) and the reduction was largely due to the loss for the period, offset in part by the increase in the available-for-sale reserve (0.7 million euro).

The net financial position decreased by 4.3 million euro, from 249.0 million euro at December 31, 2016 to 244.7 million euro at June 30, 2017.

Clessidra SGR S.p.A.

Clessidra SGR (*Società di Gestione del Risparmio)*, an asset management company authorized and regulated by the Bank of Italy, is the main private equity fund manager dedicated exclusively to the Italian market.

The first half of 2017 was characterized by management of the Clessidra Capital Partners, Clessidra Capital Partners II and Clessidra Capital Partners 3 funds. A brief analysis of the funds managed by Clessidra SGR is provided below, relating to performance as at March 31, 2017 (most recent available official figures):

- Clessidra Capital Partners (CCP): The distinguishing feature of the first quarter of the Clessidra Capital Partners fund (the "Fund") was divestment of the portfolio. At March 31, 2017 the total called-up and invested amount was 807.7 million euro, representing 98.5% of the subscribed amount. At March 31, 2017, the Fund realized and distributed income for 930.8 million euro (before tax) with an IRR of 66.70%. Given that the three-year period of grace expires on January 21, 2018, preparations have begun for the liquidation of the Fund, which is expected to be finalized by the end of 2017;
- Clessidra Capital Partners II (CCPII): During the first quarter of 2017, the manager of the Clessidra Capital Partners II fund (the "Fund") continued management of the companies in portfolio. At March 31, 2017, the Fund realized income totaling 1,157 million euro (on invested capital on realized transactions for 463.3 million euro), with a gross IRR of 27.04% and a net IRR of 18.31%. On the same date, the Fund concluded nine investments, of which four already realized, and made a partial divestment from Euticals; the total amount called up by the Fund at March 31, 2017 was 964.9 million euro, equivalent to 87.72% of the Fund's maximum callable amount, of which 795.5 million euro invested;
- Clessidra Capital Partners 3 (CCP3): In the first quarter of 2017, the company continued selection of new investment opportunities and management of the three companies in portfolio. At March 31, 2017, the Fund concluded a total of three investments, including one realized investment; the total amount called up by the Fund was 332.3 million euro, equivalent to 54.71% of the Fund's maximum amount, of which 306.1 million euro invested.

Clessidra SGR S.p.A. was acquired by Italmobiliare S.p.A. at the end of September 2016, consequently the results of operations presented here refer only to the first half of 2017, while the financial position is compared with the position at December 31, 2016.

Details of the main income statement captions at Clessidra SGR S.p.A. for the first half of 2017 are set out below:

(in millions of euro)	**H1 2017**
Commission income	**8.0**
Total income	**8.3**
Administrative expense	(8.7)
Other operating income (expense)	2.5
Operating profit	**2.1**
Income tax expense	(0.7)
Profit for the period	**1.4**

n.s. not significant

	June 30 2017	**December 31, 2016**
Equity	20.1	18.1

The financial statements as at and for the six months ended June 30, 2017, drawn up in accordance with accrual-basis accounting and with the usual year-end alignment, integration and adjustment postings, reflect a profit for the period of 1.4 million euro, while equity was 20.1 million euro.

In addition to ordinary operating income and expense, the profit for the period included extraordinary income from consultancy services provided to third parties during the first quarter, counterbalanced by extraordinary personnel expense sustained on execution of the settlements for termination of the employment contracts of some Clessidra employees and/or directors. The termination of these employment contracts will generate significant cost savings for Clessidra in the second half of 2017.

There was full compliance with regulatory requirements, thanks in part to the company's capital reserves. Specifically, regulatory capital at June 30, 2017 amounted to approximately 18 million euro, with respect to an other risks capital requirement of 4 million euro.

During 2017 Clessidra SGR S.p.A. will continue management of the equity investments in the managed funds portfolio. Specifically with regard to the CCPII fund, management activities will be flanked by the search for and finalization of divestment opportunities. The CCP3 fund will continue investment operations.

Net financial position of Italmobiliare S.p.A. and the Financial and private equity segment

(in millions of euro)	June 30, 2017		December 31, 2016	
	Italmobiliare	Financial and private equity segment	Italmobiliare	Financial and private equity segment
Current financial assets	198.0	466.3	310.1	569.4
Current financial liabilities	(6.6)	(8.9)	(11.0)	(11.9)
Current net financial position	**191.4**	**457.4**	**299.1**	**557.5**
Non-current financial assets	26.2	26.2	25.0	31.0
Non-current financial liabilities	(7.1)	(7.1)	(7.1)	(7.1)
Non-current net financial position	**19.1**	**19.1**	**17.9**	**23.9**
Net financial position	**210.5**	**476.5**	**317.0**	**581.4**

At June 30, 2017, the current financial assets of the Financial and private equity segment amounted to 466.3 million euro and mainly consisted of bonds and cash instruments (bank deposits and repurchase agreements). The bond portfolio was invested, through securities and UCIs, on the Eurozone and international markets, with an average sensitivity to changes in interest rates of three years and an average credit standing equivalent to the S&P A+ rating (source: Bloomberg). The portfolio is diversified over the various bond sectors with the following weightings: treasury and sovranational instruments (43%), corporate instruments (25%), asset-backed instruments (13%) and financial instruments (9%). The residual 10% consists of UCIs. Concentration on individual issuers is contained except with regard to Italian and US treasury instruments.

The reduction in the net financial position in the first six months was due in particular to the Italmobiliare S.p.A. partial voluntary public tender offer on 4,000,000 ordinary shares (post stock split), which involved an overall outlay of approximately 100 million euro.

The changes in the net financial position of Italmobiliare and the Financial and private equity segment are detailed in the table below.

Condensed statement of cash flows

(in millions of euro)	Italmobiliare H1 2017	Financial and private equity segment H1 2017
Net financial position at beginning of period	**317.0**	**581.4**
Cash flow from operating activities	0.0	(0.5)
Capital expenditure:		
PPE, investment property and intangible assets	*(0.1)*	*(0.2)*
Non-current financial assets	*(23.3)*	*(23.6)*
Capital expenditure	**(23.4)**	**(23.8)**
Proceeds from sale of non-current assets	46.7	47.5
Dividends paid	(23.0)	(23.0)
Change in shareholdings in subsidiaries		
Change in treasury shares	(100.1)	(100.1)
Structure and translation differences		
Other changes	(6.7)	(5.0)
Net cash flows for the period	**(106.5)**	**(104.9)**
Net financial position at end of period	**210.5**	**476.5**

Disputes and pending proceedings

With regard to the current assessment concerning dividends, at the same time as the presentation of the appeal the company paid an amount of 1.1 million euro, as 1/3 of the greater amount of assessed tax and accrued interest; the first hearing will be held in October.

With reference to two other assessment notices (concerning controlled foreign companies for the 2010 and 2011 tax years), the company's first move was to present the Italian Revenue Agency with a tax settlement proposal, thereby extending the term for the presentation of appeals by 90 days.

Since no agreement of any type was reached, in May 2017 Italmobiliare served the Revenue Agency with two separate appeals, which were subsequently deposited with the Milan Provincial Tax Commission.
At the same time, two separate payments were made for a total amount of 2.1 million euro, as 1/3 of the greater amount of assessed tax and accrued interest.
On June 19, the Inspections Office of the Milan Provincial Division I served Italmobiliare with three separate questionnaires relating respectively to the 2012, 2013 and 2014 tax years, in order to acquire greater information/documentation about the foreign companies to which the previous assessment notices referred. The company is required to respond within 90 days.

Significant events after the reporting period

No significant events took place.

Outlook

The companies in the Financial and private equity segment will be particularly affected by national and international economic and political developments. Italmobiliare will continue investment of current liquidity, pursuing opportunities in a variety of sectors.

Other activities segment

This segment comprises a number of real estate companies, service companies operating essentially within the Group and Crédit Mobilier de Monaco, a bank based in the Principality of Monaco whose main activity is guarantee-backed loans. The segment is of marginal importance within the Italmobiliare group.

In the first half of 2017, the segment reported revenue of 1.7 million euro, compared with 2.4 million euro in the first half of 2016. It posted a gross operating loss of 0.4 million euro (profit of 0.6 million euro in the first half of 2016), an operating loss of 0.5 million euro (profit of 0.5 million euro in the first half of 2016) and a loss for the period of 0.3 million euro (profit of 0.4 million euro in the first half of 2016). The above changes arose chiefly at the service companies (Sepac, Finimage and Italmobiliare servizi), with the sole exception of Punta Ala.

Significant events in the period

No significant events took place.

Significant events after the reporting period

No significant events took place.

Outlook

The Monaco bank's 2017 results will depend on the quantity and quality of the guarantee-backed loans it provides to customers, while continuing uncertainty on the real estate market will affect the margins of the real estate arm. The services arm will continue its operations within the group, paying special attention to cost containment. These trends will influence performance and make it impossible to provide reliable forecasts about the full-year results.

Transactions with related parties

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

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

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

The figures at June 30, 2017 for transactions with related parties are provided in the notes.

No atypical or unusual transactions took place in the first half.

Transactions with subsidiaries, associates and the subsidiaries of such companies

Transactions with subsidiaries, associates and non-consolidated subsidiaries of such companies are of a commercial nature (exchange of goods and/or services) or a financial nature.

Italmobiliare also provides an “administrative service” to some subsidiaries, regulated on the basis of the costs attributable to performance of the service.

Transactions with other related parties

Transactions with other related parties in the first half of 2017 were as follows:

- administrative, financial, contractual and tax consultancy services supplied to the Italmobiliare Group by Finsise S.p.A., whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare until April 19, 2017, for considerations totaling 600 euro;
- legal consultancy, judicial and extrajudicial assistance provided to the Italmobiliare Group by the Gattai, Minoli, Agostinelli & Partners law firm, of which the Italmobiliare director Luca Minoli is a partner, for considerations totaling 12,760 euro;
- payment of insurance policy premiums to Assicurazioni Generali S.p.A., of which Clemente Rebecchini is a director, for a consideration of 9,370 euro;
- purchase of publications and subscriptions from Il Sole 24 Ore S.p.A., of which Massimo Tononi is a director, for a consideration of 20,528 euro.

Disputes and pending proceedings

With reference to the petitions of HeidelbergCement concerning the sale of the Italcementi group, previously mentioned in the 2016 Annual Report, no new petitions were filed while discussions began with the purchaser on the matters that have already been presented.

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

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

Outlook

The expansionary phase in the global economic cycle is apparent in most of the developed and emerging nations, although growth rates are, on average, below potential. Specifically, since the second half of 2016, economic growth has accelerated in the Eurozone, making it possible to overcome the risk of prolonged deflation.

Nevertheless, the medium/long-term growth trend in the developed countries is structurally hampered by low growth of the workforce and productivity, while the emerging areas are particularly exposed to the performance of the Chinese economy, which is challenged by compatibility between high debt, stabilization of the exchange rate and economic growth. Additional factors fueling uncertainty are the effects of Brexit and socio-political events in the Eurozone, as well as the chances for implementation of the expansionary fiscal policy measures announced by the new US administration.

In this context the companies in the Industrial and services for industry segment will continue to focus on achieving further business growth and improving margins, while keeping close control over costs, while results in the Financial and private equity segment will be significantly conditioned by national and international economic and political developments. Italmobiliare will also continue to invest existing liquidity, seeking opportunities in different sectors.

Compliance with the conditions for listing laid out in the CONSOB market regulation

With reference to the *Conditions for the listing of certain companies*, laid out in art. 36 of the market regulation adopted by CONSOB with Resolution no. 16191 of October 29, 2007, and subsequent amendments, on the basis of the «Audit Plan», 18 subsidiaries headquartered in 10 non-European Union countries are included in the scope of «material significance».

With regard to these companies, all the conditions required for the maintenance of the listing of the company as the "*Parent of non-European companies established and regulated under the law of non-EU countries*" have been met.

Compliance with simplified rules pursuant to arts. 70 and 71 of the Issuers Regulation

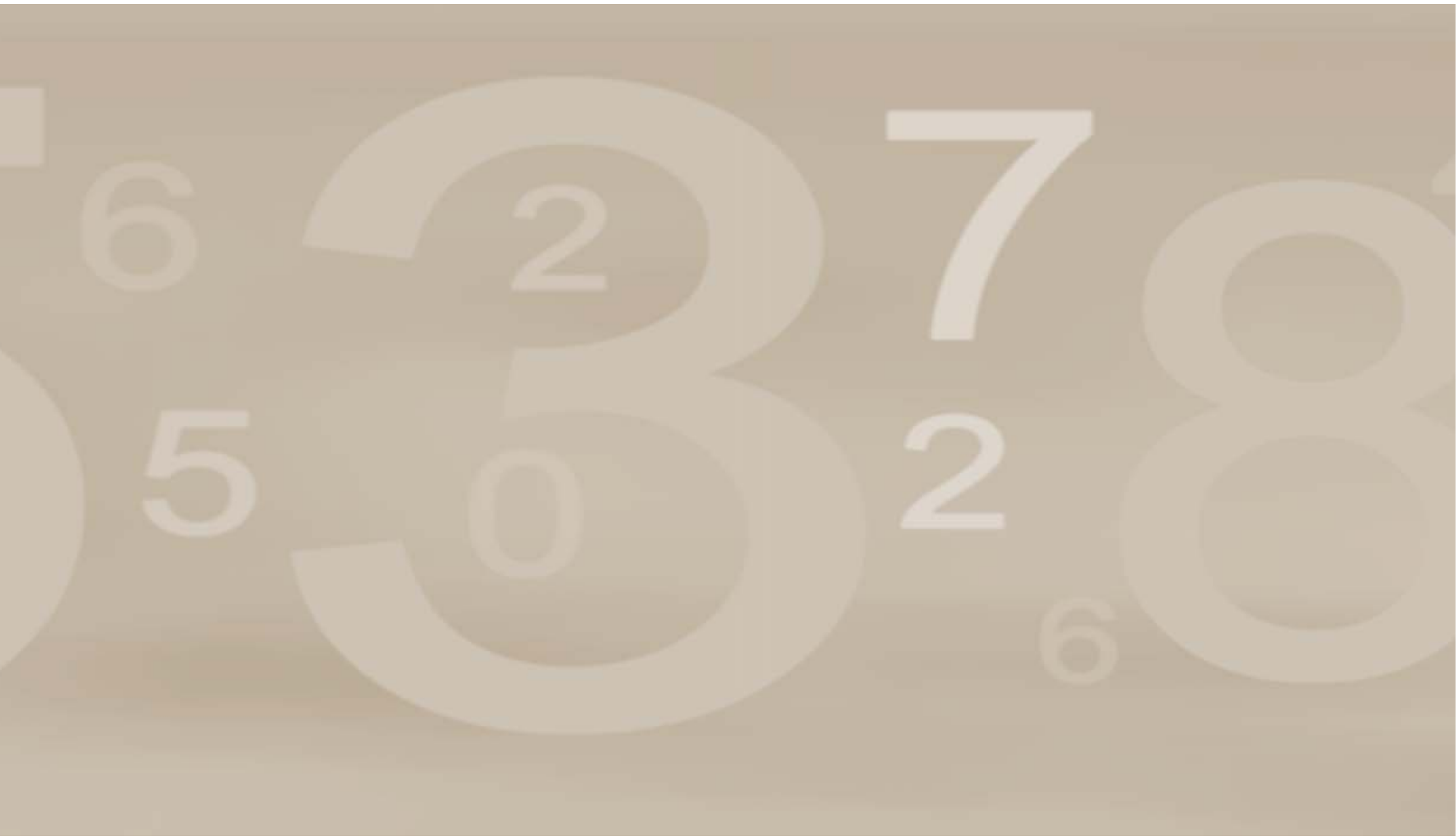
Italmobiliare S.p.A. has adopted the opt-out regime envisaged by the Consob Issuers Regulation, exercising the right to waive the obligations to publish disclosure documents required in connection with significant merger and demerger transactions, acquisitions and sales, and capital increases by contributions in kind.

In compliance with this regime, the company provided appropriate disclosures to the market.

Milan, July 27, 2017

for the Board of Directors
The Chief Executive Officer
(signed on the original)

Condensed interim consolidated financial statement



Financial statements

Statement of financial position

(in thousands of euro)	Note	06.30.2017	12.31.2016	Change
Non-current assets				
Property, plant and equipment	1	133,364	132,432	932
Investment property		6,364	6,473	(109)
Goodwill	2	29,722	30,118	(396)
Intangible assets		22,319	21,981	338
Equity-accounted investees	3	9,210	9,297	(87)
Other equity investments	4	651,153	662,078	(10,925)
Trade receivables and other non-current assets	5	108,857	114,866	(6,009)
Deferred tax assets		19,194	19,868	(674)
Non-current amounts due from employees				
Total non-current assets		**980,183**	**997,113**	**(16,930)**
Current assets				
Inventories		38,318	35,753	2,565
Trade receivables	6	102,129	101,883	246
Other current assets including derivatives		37,312	34,725	2,587
Tax assets		10,910	9,291	1,619
Equity investments, bonds and loan assets	7	283,404	295,530	(12,126)
Cash and cash equivalents	8	183,541	285,505	(101,964)
Total current assets		**655,614**	**762,687**	**(107,073)**
Total assets		**1,635,797**	**1,759,800**	**(124,003)**
Equity				
Share capital	9	100,167	100,167	-
Share premium		177,191	177,191	-
Reserves	10	153,333	127,456	25,877
Treasury shares	11	(134,686)	(34,568)	(100,118)
Retained earnings		933,583	954,709	(21,126)
Equity attributable to owners of the parent		**1,229,588**	**1,324,955**	**(95,367)**
Non-controlling interests	12	6,853	9,212	(2,359)
Total equity		**1,236,441**	**1,334,167**	**(97,726)**
Non-current liabilities				
Financial liabilities	14	73,753	77,909	(4,156)
Employee benefits		12,572	15,196	(2,624)
Provisions	13	95,817	98,889	(3,072)
Other liabilities		538	600	(62)
Deferred tax liabilities		11,950	35,523	(23,573)
Total non-current liabilities		**194,630**	**228,117**	**(33,487)**
Current liabilities				
Bank loans and borrowings	14	30,085	28,247	1,838
Financial liabilities	14	36,379	27,152	9,227
Trade payables	15	61,388	53,933	7,455
Provisions	13	846	844	2
Tax liabilities		553	2,805	(2,252)
Other liabilities	16	75,475	84,535	(9,060)
Total current liabilities		**204,726**	**197,516**	**7,210**
Total liabilities		**399,356**	**425,633**	**(26,277)**
Total equity and liabilities		**1,635,797**	**1,759,800**	**(124,003)**

Pursuant to Consob Resolution no. 15519 of July 27, 2006, the effects of transactions with related parties on the financial position and results of operations are set out in the relevant annexes.

Income statement

(in thousands of euro)	Note	H1 2017	%	H1 2016	%	Change	%
Revenue	17	**201,856**	**100.0**	**182,605**	**100.0**	**19,251**	**10.5**
Other revenue		4,878		2,626		2,252	
Change in inventories		547		3,066		(2,519)	
Internal work capitalized		3,051		2,625		426	
Raw materials and supplies	18	(65,363)		(71,684)		6,321	
Services	19	(35,587)		(32,726)		(2,861)	
Personnel expense	20	(80,018)		(77,083)		(2,935)	
Other operating expense	21	(10,660)		(8,279)		(2,381)	
Gross operating profit		**18,704**	**9.3**	**1,150**	**0.6**	**17,554**	**n.s.**
Amortization and depreciation	1	(9,857)		(9,464)		(393)	
Impairment losses on non-current assets	1	-		(356)		356	
Operating profit (loss)		**8,847**	**4.4**	**(8,670)**	**-4.7**	**17,517**	**n.s.**
Finance income	22	49		71		(22)	
Finance costs	22	(1,877)		(1,860)		(17)	
Exchange-rate differences and net gains (losses) on derivatives	22	(3,258)		(230)		(3,028)	
Impairment losses on financial assets	23	(19)		(9,636)		9,617	
Share of profit (loss) of equity-accounted investees	3	656		(293)		949	
Profit (loss) before tax		**4,398**	**2.2**	**(20,618)**	**-11.3**	**25,016**	**n.s.**
Income tax expense	24	(1,908)		(3,936)		2,028	
Profit (loss) relating to continuing operations		**2,490**	**1.2**	**(24,554)**	**-13.4**	**27,044**	**110.1**
Loss relating to discontinued operations, net of tax effects	25	-		(13,056)		13,056	
Profit (loss) for the period		**2,490**	**1.2**	**(37,610)**	**-20.6**	**40,100**	**106.6**
Attributable to:							
Owners of the parent		2,460	1.2	(47,608)	-26.2	50,068	n.s.
Non-controlling interests		30	n.s.	9,998	5.5	(9,968)	-99.7
Earnings per share							
Basic ordinary shares	27	0.056 €		(1.265) €			
Basic savings shares	27	-		(1.265) €			
Diluted ordinary shares	27	0.056 €		(1.263) €			
Diluted savings shares	27	-		(1.263) €			

Statement of comprehensive income

(in thousands of euro)	Note	H1 2017	%	H1 2016	%	Change	%
Profit (loss) for the period		**2,490**	**1.2**	**(37,610)**	**-20.6**	**40,100**	**106.6**
Items that will not be reclassified to profit or loss subsequently							
Items that might be reclassified to profit or loss subsequently							
Translation reserve on foreign operations		(181)		(2,659)		2,478	
Fair value gains (losses) on cash flow hedging - investments in equity-accounted investees		25		(74)		99	
Fair value gains (losses) on available-for-sale financial assets		2,287		(75,395)		77,682	
Income taxes		23,319		639		22,680	
Total items that might be reclassified to profit or loss subsequently		**25,450**		**(77,489)**		**102,939**	
Total other comprehensive income (expense) relating to continuing operations net of tax effect		**25,450**		**(77,489)**		**102,939**	
Other comprehensive expense relating to discontinued operations	25	-		(165,027)		165,027	
Total other comprehensive income (expense)	26	**25,450**		**(242,516)**		**267,966**	
Total comprehensive income (expense)		**27,940**	**13.8**	**(280,126)**	**n.s.**	**308,066**	**n.s.**
Attributable to:							
owners of the parent		28,233		(174,279)		202,512	
non-controlling interests		(293)		(105,847)		105,554	

Consolidated statement of changes in equity

	Attributable to owners of the parent										Non-controlling interests	Total equity
		Reserves										
(in thousands of euro)	Share capital	Share premium	AFS fair value reserve	Hedging reserve	Actuarial gain/losses on defined benefit plans	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total share capital and reserves		
Balance at December 31, 2015	**100,167**	**177,191**	**44,110**	**-10,879**	**-10,856**	**63,372**	**-20,792**	**5,010**	**1,491,234**	**1,838,557**	**2,490,918**	**4,329,475**
Profit (loss) for the period									-47,608	-47,608	9,998	-37,610
Total other comprehensive expense			-74,756	-74				-2,461		-77,291	-198	-77,489
Total other comprehensive expense relating to assets held for sale			-23	-8,474	-12,242			-28,641		-49,380	-115,647	-165,027
Total comprehensive expense			**-74,779**	**-8,548**	**-12,242**			**-31,102**	**-47,608**	**-174,279**	**-105,847**	**-280,126**
Stock options												
Dividends									-16,330	-16,330	-52,479	-68,809
% change in control and scope of consolidation						638		-5,196	-77,006	-81,564	75,520	-6,044
Balance at June 30, 2016	**100,167**	**177,191**	**-30,669**	**-19,427**	**-23,098**	**64,010**	**-20,792**	**-31,288**	**1,350,290**	**1,566,384**	**2,408,112**	**3,974,496**
Profit for the period									104,582	104,582	1,237	105,819
Total other comprehensive income (expense)			146,391	78	216			-2,338		144,347	157	144,504
Total other comprehensive income relating to assets held for sale			7	27,333	12,242			57,358		96,940	115,647	212,587
Total comprehensive income (expense)			**146,398**	**27,411**	**12,458**			**55,020**	**104,582**	**345,869**	**117,041**	**462,910**
Purchase of treasury shares							-14,849			-14,849		-14,849
Dividends									-523,932	-523,932	-204	-524,136
% change in control and scope of consolidation			375	-8,475	9,506	-51,033	1,073	-28,807	28,844	-48,517	-2,515,737	-2,564,254
Balance at December 31, 2016	**100,167**	**177,191**	**116,104**	**-491**	**-1,134**	**12,977**	**-34,568**	**-5,075**	**959,784**	**1,324,955**	**9,212**	**1,334,167**
Profit for the period									2,460	2,460	30	2,490
Total other comprehensive income (expense)			25,613	25	-2			142		25,778	-328	25,450
Total other comprehensive income (expense) relating to assets held for sale												
Total comprehensive income (expense)			**25,613**	**25**	**-2**			**142**	**2,460**	**28,238**	**-298**	**27,940**
Dividends									-22,960	-22,960	-1,163	-24,123
Purchase of treasury shares							-100,118			-100,118		-100,118
% change in control and scope of consolidation and reclassifications						241			-768	-527	-898	-1,425
Balance at June 30, 2017	**100,167**	**177,191**	**141,717**	**-466**	**-1,136**	**13,218**	**-134,686**	**-4,933**	**938,516**	**1,229,588**	**6,853**	**1,236,441**

Statement of cash flows

(in thousands of euro)	Note	H1 2017	H1 2016
A) Cash flow from (used in) operating activities:			
Profit (loss) before tax		4,398	(20,618)
Adjustments for:			
Amortization, depreciation and impairment losses		9,876	19,456
Reversal of share of profit (loss) of equity-accounted investees		(656)	366
Losses on the sale of non-current assets		(2,810)	(6,835)
Change in employee benefits and other provisions		(5,697)	603
Reversal of net finance costs and income		(19,912)	(3,833)
Cash flow from operating activities before tax, finance income/costs, change in working capital		**(14,801)**	**(10,861)**
Change in working capital:			
Inventories		(2,570)	(3,064)
Trade receivables		(491)	10,487
Trade payables		8,350	(671)
Other receivables/payables, prepayments and accrued income, accrued expense and deferred income		655	19,128
Cash flow from operating activities before tax, finance income/costs		**(8,857)**	**15,019**
Net finance costs paid		53	(344)
Dividends received		10,079	2,485
Taxes paid		(865)	(798)
		9,267	**1,343**
Total A)		**410**	**16,362**
Cash flow from operating activities of discontinued operations		-	140,855
B) Cash flow used in investing activities:			
Capital expenditure:			
PPE and investment property		(7,512)	(11,254)
Intangible assets		(4,246)	(3,830)
Financial assets (equity investments) net of cash acquisitions		(23,599)	(37,852)
Total capital expenditure		**(35,357)**	**(52,936)**
Proceeds from sale of non-current assets and loan repayments		47,882	34,088
Total sales		**47,882**	**34,088**
Cash flow used in investing activities of sold operations			
Total B)		**12,525**	**(18,848)**
Cash flow used in investing activities of discontinued operations			(131,344)
C) Cash flow from (used in) financing activities:			
Change in financial liabilities		6,821	118,313
Change in financial assets		18,572	41,200
Change in current equity investments		(12,766)	-
Change in treasury shares		(100,118)	-
Percentage change in interests in consolidated companies		-	(200,994)
Dividends paid		(24,123)	(17,724)
Other changes in equity		(3,505)	(103)
Total C)		**(115,119)**	**(59,308)**
Cash flow used in financing activities of discontinued operations		-	67,679
D) Translation differences and other changes			
Translation differences and other changes		220	201
Total D)		**220**	**201**
Translation differences and other changes relating to discontinued operations		-	14,002
E) Cash flows for the period relating to continuing operations (A+B+C+D)		**(101,964)**	**(61,593)**
Cash flows for the period relating to discontinued operations			**91,192**
F) Cash and cash equivalents at beginning of period relating to continuing operations		**285,505**	**118,173**
Cash and cash equivalents at beginning of period relating to discontinued operations			**537,092**
Cash and cash equivalents at end of period relating to continuing operations (E+F)	**7**	**183,541**	**56,580**
Cash and cash equivalents at end of period relating to discontinued operations			**628,284**

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

Notes to the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of Italmobiliare S.p.A. as at and for the six months ended June 30, 2017 were approved by the Board of Directors on July 27, 2017. At the meeting, the Board authorized publication of a press release dated July 27, 2017 containing key information from the financial statements.

Statement of compliance with the IFRS

The condensed interim consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at June 30, 2017, endorsed by the European Union; specifically, the condensed interim consolidated financial statements have been drawn up in accordance with International Accounting Standard 34 governing interim financial reporting.
The condensed interim consolidated financial statements do not present all the information and notes published in the annual report and should therefore be read in conjunction with the consolidated financial statements of Italmobiliare S.p.A. as at and for the year ended December 31, 2016.

In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRIC on June 30, 2017, that had not been endorsed by the European Union at that date.

Standards and interpretations issued in 2016 to come into force in 2018

- IFRS 9 “Financial instruments”.
- IFRS 15 “Revenue from contracts with customers”.

The classification of financial instruments under IFRS 9 differs to the classification used currently. Specifically, IFRS 9 establishes three categories: amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).
The Group is completing its analysis of the business model to be used to manage financial instruments and the characteristics of related cash flows. Specifically, it is quantifying the impact of the new classification and consequent valuation of financial assets. A preliminary valuation indicates that IFRS 9 will have material effects on all the companies in the Financial and private equity segment, especially with regard to units in private equity funds and financial instruments currently classified as available-for-sale.
IFRS 15 could have effects on the companies in the Industrial and services for industry segment, particularly as regards the recognition of revenue in the e-procurement business. The effects will be determined during the second half of the year although material impacts are not expected on the Group consolidated financial statements.

Standards and interpretations published by the IASB and the IFRIC at June 30, 2017, but not endorsed by the European Union at that date

- IFRS 14 “Regulatory deferral accounts”, for which the European Commission has not yet begun the approval process, pending issue of the definitive standard.
- IFRS 16 “Leases”, endorsement of which is expected by the end of 2017.
- IFRS 17 “Insurance contracts”.
- Changes to IFRS 10 and IAS 28 with the title “Sale or contribution of assets between an investor and its associate or joint venture”.
- Changes to IAS 12 “Recognition of deferred tax assets for unrealized losses”.
- Changes to IAS 7 “Disclosure initiative”.
- Changes to IFRS 2 “Classification and measurement of share-based payment transactions”.
- Changes to IFRS 4 “Applying IFRS 9 financial instruments with IFRS 4 insurance contracts”.

- Changes to IAS 40 “Transfer of investment property”.
- IFRIC 22 “Foreign currency transactions and advance consideration”.
- Annual improvements cycle to IFRS 2014-2016.
- IFRIC 23 “Uncertainty over income tax treatments”.

The above standards or changes to standards are not expected to have material effects on the Group consolidated financial statements with the exception of IFRS 16 “Leases”, which is expected to have an impact on most of the consolidated companies by virtue of the numerous rental contracts and operating leases in existence. IFRS 16 extends the accounting model used for finance leases to operating leases, making it necessary to recognize an asset for the right to use the underlying asset and a liability reflecting the lease payments payable over the term of the lease. The Group is completing its analysis of contracts subject to application of the new standard.

Discretional measurements and use of estimates

In the preparation of these condensed interim consolidated financial statements, the discretional measurements made in the application of the Group accounting policies and the main sources of uncertainty relating to estimates are the same as those used in the preparation of the consolidated financial statements as at and for the year ended December 31, 2016.

Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

	Average rate			Closing rate		
Currencies	H1 2017	Full year 2016	H1 2016	June 30, 2017	December 31, 2016	June 30, 2016
Czech crown	26.78410	27.03429	27.03961	26.197000	27.021000	27.131000
Serbian dinar	123.31935	123.10618	122.92840	120.577836	123.403000	123.142000
UAE dirham	3.97562	4.06344	4.09661	4.189345	3.869600	4.075540
Moroccan dirham	10.78148	10.84996	10.87492	11.009459	10.656900	10.866000
Australian dollar	1.43638	1.48828	1.52198	1.485100	1.459600	1.492900
US dollar	1.08298	1.10664	1.11583	1.141200	1.054100	1.110200
Hungarian florin	309.41244	311.43790	312.71354	308.970000	309.830000	317.060000
Swiss franc	1.07661	1.09016	1.09605	1.093000	1.073900	1.086700
Ukrainian hryvnia	28.97288	28.28492	28.41643	29.743719	28.738600	27.563800
Croatian kuna	7.44870	7.53329	7.55941	7.410300	7.559700	7.528100
Moldavian leu	20.93471	22.05249	22.25077	20.717801	21.062400	22.059500
Bulgarian lev	1.95581	1.95583	1.95580	1.955800	1.955830	1.955800
Egyptian pound	19.44874	11.07061	9.44783	20.644137	19.210500	9.850780
Bosnian mark	1.95581	1.95583	1.95580	1.955800	1.955830	1.955800
New Turkish lira	3.93894	69.31562	3.25927	4.013400	75.199500	3.206000
New Romanian leu	4.53705	4.49043	4.49555	4.552300	4.539000	4.523400
Mexican peso	21.04336	20.66731	20.17313	20.583900	21.771900	20.634700
Brazilian real	3.44291	3.85614	4.12955	3.760000	3.430500	3.589800
Chinese renminbi	7.44450	7.35222	7.29646	7.738500	7.320200	7.375500
Russian ruble	62.80500	74.14457	78.29683	67.544900	64.300000	71.520000
Pound sterling	0.86054	0.81948	0.77877	0.879330	0.856180	0.826500
Polish zloty	4.26890	4.36321	4.36882	4.225900	4.410300	4.436200

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

Significant events and changes in the scope of consolidation

There were no material changes in the scope of consolidation in the first half of the year; however, attention is drawn to the 20.6% investment in the Dokimé S.r.l. company (Italy) and the purchase of the residual 1% of the Clessidra SGR S.p.A. company (Italy).

Seasonal nature of interim business

The Group industrial operating segments are subject to seasonal trends, and this must be taken into account in the analysis and assessment of performance in interim periods. Specifically, business levels are affected by meteorological conditions, which are usually less favorable in the summer months for the hydroelectric energy segment, but obviously may vary from year to year. Consequently, performance in the first half of the year may not be representative of a full-year trend.

Operating segment disclosure

The businesses in which the Group operates that constitute its reportable segments as required by IFRS 8 are: Industrial and services for industry segment, Financial and private equity segment and Other activities segment.

The Group management and organizational structure reflects the segment reporting format by line of business described above. Identification of the operating segments is based on the elements used by Group senior management to take decisions regarding allocation of resources and evaluation of results.

The table below sets out segment revenue and performance for the first half of 2017:

(in thousands of euro)	Revenue	Intragroup sales	Contribution revenue	Gross operating profit (loss)	Operating profit (loss)	Finance costs	Impairment losses on financial assets	Share of profit of equity-accounted investees	Profit before tax	Income tax expense
Industrial and services for industry segment	161,907		161,907	12,282	2,688			656		
Financial and private equity segment	46,655	(7,814)	38,841	14,525	14,180		(19)			
Other activities segment	1,726	(618)	1,108	(445)	(522)					
Unallocated items and adjustments	(8,432)	8,432		(7,658)	(7,499)	(5,086)			4,398	(1,908)
Total	**201,856**		**201,856**	**18,704**	**8,847**	**(5,086)**	**(19)**	**656**	**4,398**	**(1,908)**

The table below sets out segment revenue and performance for the first half of 2016:

(in thousands of euro)	Revenue	Intragroup sales	Contribution revenue	Gross operating profit (loss)	Operating profit (loss)	Finance costs	Impairment losses on financial assets	Share of profit (loss) of equity-accounted investees	Loss before tax	Income tax expense
Industrial and services for industry segment	161,688	(2)	161,686	16,763	7,502			220		
Financial and private equity segment	29,344	(10,518)	18,826	(3,965)	(4,066)					
Other activities segment	2,380	(287)	2,093	585	549		(9,636)	(513)		
Unallocated items and adjustments	(10,807)	10,807		(12,233)	(12,655)	(2,019)			(20,618)	(3,936)
Total	**182,605**		**182,605**	**1,150**	**(8,670)**	**(2,019)**	**(9,636)**	**(293)**	**(20,618)**	**(3,936)**

The table below sets out other segment data at June 30, 2017:

	June 30, 2017		**June 30, 2017**			
(in thousands of euro)	**Total assets**	**Total liabilities**	**PPE, inv. prop. and intangible assets**	**Non-current financial assets**	**Amortization and depreciation**	**Impairment losses on non-current assets**
Industrial and services for industry segment	377,744	307,635	11,356		(9,594)	
Financial and private equity segment	1,392,021	97,141	214	23,599	(345)	
Other activities segment	19,268	9,577	101		(77)	
Inter-segment eliminations	(153,236)	(14,997)			159	
Total	**1,635,797**	**399,356**	**11,671**	**23,599**	**(9,857)**	

The table below sets out other segment data at December 31, 2016 and June 30, 2016:

	December 31, 2016		**June 30, 2016**			
(in thousands of euro)	**Total assets**	**Total liabilities**	**PPE, inv. prop. and intangible assets**	**Non-current financial assets**	**Amortization and depreciation**	**Impairment losses on non-current assets**
Industrial and services for industry segment	378,539	297,428	13,312		(9,261)	(356)
Financial and private equity segment	1,515,380	134,196	15,715	37,852	(102)	
Other activities segment	19,569	9,353	35		(36)	
Inter-segment eliminations	(153,688)	(15,344)	(15,000)		(65)	
Total	**1,759,800**	**425,633**	**14,062**	**37,852**	**(9,464)**	**(356)**

Assets

Non-current assets

1) Property, plant and equipment

Property, plant and equipment amounted to 133,364 thousand euro. Additions for capital expenditure of 7,392 thousand euro were mainly in Italy for 3,283 thousand euro, Poland for 2,459 thousand euro, France for 757 thousand euro and Egypt for 528 thousand euro.

Depreciation for the period was 6,465 thousand euro (6,555 thousand euro in the first half of 2016).

There were no impairment losses on non-current assets (impairment losses of 356 thousand euro in the first half of 2016).

No assets were pledged as security for bank loans.

2) Goodwill

Goodwill at June 30, 2017 amounted to 29,722 thousand euro, as follows:

- industrial and services for industry segment (e-procurement business) for 16,420 thousand euro, of which 3,966 thousand euro recognized in Italmobiliare S.p.A.;
- industrial and services for industry segment (food packaging business) for 10,308 thousand euro.
- financial and private equity segment for 2,994 thousand euro.

The decrease of 396 thousand euro arose largely from translation differences on the appreciation of some currencies against the euro.

Goodwill impairment testing

No trigger events occurred to necessitate a new impairment test.

3) Equity-accounted investees

This caption reflects equity interests in equity-accounted investees. The main equity-accounted investees are listed below:

	Carrying amount		Share of profit (loss)	
(in thousands of euro)	June 30, 2017	December 31, 2016	2017	2016
Associates				
S.E.S. (Italy)	8,811	8,811	-	(513)
Others	399	486	656	220
Total associates	**9,210**	**9,297**	**656**	**(293)**

4) Other equity investments

Other equity investments at June 30, 2017 were as follows:

(in thousands of euro)		Number of shares	June 30, 2017
Investments in listed companies			
HeidelbergCement		5,740,771	485,956
Mediobanca		10,670,732	92,823
Vontobel		191,238	10,900
Coima Res		412,332	3,158
Unicredit		84,331	1,394
Cairo Communication		189,198	728
Ubi		117,142	451
	Total		**595,410**
Investments in non-listed companies			
BDT Fund			23,401
Fin Priv			18,317
Banca Leonardo group			4,669
Dokimé			3,713
Sesaab			1,982
Others			3,661
	Total		**55,743**
At June 30, 2017			**651,153**

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

Other equity investments decreased by 10,925 thousand euro from December 31, 2016 (662,078 thousand euro).

The change was largely the result of the following events:

- the re-measurement at fair value of the HeidelbergCement equity investment with a decrease of 22,848 thousand euro in the specific equity reserve;
- the acquisition of shares in Mediobanca for 5,482 thousand euro, sales for 6,663 thousand euro and re-measurement at fair value with an increase of 7,785 thousand euro in the specific equity reserve;
- the purchase of the equity investment in Dokimé S.r.l. for 3,713 thousand euro;
- the increase of the share in the BDT Fund for 285 thousand euro after a capital call;
- the acquisition of Unicredit shares for 682 thousand euro, conversion of Unicredit bond cashes into shares for 424 thousand euro and re-measurement at fair value with an increase of 288 thousand euro in the specific equity reserve;
- the partial reimbursement of the equity investment in the Banca Leonardo group for 1,341 thousand euro after the distribution of reserves;
- the sale of Vontobel shares for 324 thousand euro and re-measurement at fair value with an increase of 1,357 thousand euro in the specific equity reserve;
- the re-measurement at fair value of FinPriv with recognition of an amount of 1,843 thousand euro in the specific equity reserve.

5) Trade receivables and other non-current assets

(in thousands of euro)	June 30, 2017	December 31, 2016	Change
Non-current receivables	21,060	20,880	180
Bonds	26,187	25,216	971
Investment and private equity funds	57,035	64,148	(7,113)
Guarantee deposits	1,786	1,734	52
Other	2,789	2,888	(99)
Total	**108,857**	**114,866**	**(6,009)**

Current assets

6) Trade receivables

(in thousands of euro)	June 30, 2017	December 31, 2016	Change
Gross amount	110,410	110,286	124
Allowance for impairment	(8,281)	(8,403)	122
Total	**102,129**	**101,883**	**246**

7) Equity investments, bonds and loan assets

The balance on this caption was as follows:

(in thousands of euro)	June 30, 2017	December 31, 2016	Change
Equity investments	48,209	35,443	12,766
Bonds and other financial instruments	234,498	259,501	(25,003)
Banking receivables	697	586	111
Net amount	**283,404**	**295,530**	**(12,126)**

The figures at December 31, 2016 have been reclassified to take account of the new composition of the caption categories.
The variation was largely due to the decrease in investments in “Bonds and other financial instruments” offset in part by investments in “Equity investments”.

8) Cash and cash equivalents

(in thousands of euro)	June 30, 2017	December 31, 2016	Change
Cash and checks in hand	340	229	111
Bank and postal accounts	183,199	285,251	(102,052)
Short-term deposits	2	25	(23)
Total	**183,541**	**285,505**	**(101,964)**

Short-term deposits have varying maturities within three months.
The decrease arose mainly as the result of the use of funds for the share buybacks by the parent (100 million euro), under the voluntary public tender offer illustrated in detail in the directors' report.

The table below sets out cash and cash equivalents by currency:

(in thousands of euro)	**June 30, 2017**	**December 31, 2016**	**Change**
Euro	169,028	267,455	(98,427)
UAE dirham	6,267	7,060	(793)
US dollar	1,779	1,675	104
Pound sterling	1,431	2,483	(1,052)
Swiss franc	1,258	2,278	(1,020)
Czech crown	623	514	109
Japanese yen	526	545	(19)
Croatian kuna	385	479	(94)
Others	2,244	3,016	(772)
Total	**183,541**	**285,505**	**(101,964)**

Equity and liabilities

Share capital, reserves and retained earnings

9) Share capital

At June 30, 2017, the parent's fully paid-up share capital amounted to 100,166,937 euro represented by 47,633,800 no-par ordinary shares, as follows:

	June 30, 2017	December 31, 2016	Change
Ordinary shares	47,633,800	23,816,900	23,816,900
Total	**47,633,800**	**23,816,900**	**23,816,900**

The change in the number of shares was due to the stock split on May 15, 2017 after the extraordinary shareholders' meeting of April 19, 2017.

10) Reserves

Fair value reserve for available-for-sale financial assets – attributable to owners of the parent

The increase of 25,613 thousand euro was mainly due to the change in the tax rate applied to some securities held in portfolio for more than 12 months and therefore subject to the participation exemption regime. The increase was also due to a lesser degree to the change in the fair value of available-for-sale financial instruments.

Translation reserve – attributable to owners of the parent

This reserve reflects differences on the translation of the financial statements of consolidated foreign operations. At June 30, 2017, the balance on the reserve was negative, at 4.9 thousand euro, referring to the following currencies:

(in millions of euro)	June 30, 2017	December 31, 2016	Change
Egypt (Pound)	(4.4)	(4.2)	(0.2)
USA and Canada (Dollar)	1.2	0.6	0.6
Morocco (Dirham)		0.2	(0.2)
Ukraine (Hryvnia)	(2.0)	(2.0)	
Poland (Zloty)	(0.5)	(1.1)	0.6
Switzerland (Franc)	0.4	0.3	0.1
Czech Republic (Crown)	0.7	0.7	
UAE (Dirham)	0.1	0.3	(0.2)
Other countries	(0.4)	0.1	(0.5)
Total	**(4.9)**	**(5.1)**	**0.2**

Dividends paid

The parent Italmobiliare S.p.A. paid the following dividends:

	2017 (euro per share)	2016 (euro per share)	2017 (000 euro)	2016 (000 euro)
Ordinary shares	1.000	0.400	22,960	8,532
Savings shares		0.478		7,798
Total dividends			**22,960**	**16,330**

11) Treasury shares

At June 30, 2017, treasury shares in portfolio stood at 134,686 thousand euro, a sharp increase from December 31, 2016 arising mainly from share buybacks by the parent through the voluntary public tender offer, described in the section "Significant events in the period" in the directors' report. Treasury shares were as follows:

	N° ordinary shares	Carrying amount (000 euro)	N° savings shares	Carrying amount (000 euro)	Total carrying amount
At December 31, 2016	**874,014**	**34,568**			**34,568**
sales	(25,995)	(1,028)			**(1,028)**
stock split	848,018				
additions	3,999,833	101,146			**101,146**
At June 30, 2017	**5,695,870**	**134,686**			**134,686**

Ordinary treasury shares in portfolio at June 30, 2017 in part service stock option plans for directors and managers.

12) Non-controlling interests

At June 30, 2017, non-controlling interests stood at 6,853 thousand euro (9,212 thousand euro at December 31, 2016); the decrease of 2,359 thousand euro in the first half arose mainly from dividends of 1,163 thousand euro paid to non-controlling interests.

Non-current and current liabilities

13) Provisions

Non-current and current provisions totaled 96,661 thousand euro at June 30, 2017 (99,733 thousand euro at December 31, 2016). They consisted mainly of amounts set aside for tax and legal disputes and for contractual and commercial liabilities.

In the first half of 2017, the decrease in provisions was 3,072 thousand euro; the reduction arose chiefly from amounts provided for 549 thousand euro and from decreases for 3,614 thousand euro, of which 3,178 thousand euro for partial use of the provision for tax risks.

14) Financial liabilities

Financial liabilities included in the net financial position are shown below by category, subdivided by current and non-current liabilities:

(in thousands of euro)	June 30, 2017	December 31, 2016	Change
Bank loans and borrowings	73,500	77,460	(3,960)
Finance lease payables	253	449	(196)
Non-current financial liabilities	**73,753**	**77,909**	**(4,156)**
Total non-current financial liabilities	**73,753**	**77,909**	**(4,156)**
Bank loans and borrowings	30,085	28,247	1,838
Current borrowings	32,736	24,503	8,233
Other loans and borrowings	11,198	9,592	1,606
Finance lease payables	88	201	(113)
Accrued interest expense	247	270	(23)
Amounts due to banks and current financial liabilities	**74,354**	**62,813**	**11,541**
Fair value of derivatives	6,112	10,606	(4,494)
Total current financial liabilities	**80,466**	**73,419**	**7,047**
Total financial liabilities	**154,219**	**151,328**	**2,891**

The increase in “Current borrowings” was due to new liabilities of 4.3 million euro and to the reclassification to current liabilities of portions of non-current liabilities.

Non-current financial liabilities by currency were as follows:

(in thousands of euro)	June 30, 2017	December 31, 2016	Change
Euro	70,997	76,060	(5,063)
Polish zloty	2,656	1,670	986
Croatian kuna	100	157	(57)
Hungarian florin		22	(22)
Total	**73,753**	**77,909**	**(4,156)**

Non-current financial liabilities by maturity were as follows:

(in thousands of euro)	June 30, 2017	December 31, 2016	Change
2018	20,765	29,012	(8,247)
2019	23,100	22,173	927
2020	18,380	16,925	1,455
2021	9,858	9,408	450
2022	330	78	252
Beyond	1,320	313	1,007
Total	**73,753**	**77,909**	**(4,156)**

Net financial position

The net financial position at June 30, 2017 was as follows:

(in thousands of euro)	Statement of financial position caption	Non NFP	NFP	Current assets	Current liabilities	Non-current assets	Non-current liabilities
Trade receivables and other non-current assets	108,857	60,544	48,313	5		48,308	
Other current assets including derivatives	37,312	20,526	16,786	16,786			
Financial assets and equity investments held for trading	283,404		283,404	283,404			
Cash and cash equivalents	183,541		183,541	183,541			
Non-current financial liabilities	(73,753)		(73,753)				(73,753)
Bank loans and borrowings	(30,085)		(30,085)		(30,085)		
Current financial liabilities	(36,379)		(36,379)		(36,379)		
Other liabilities	(75,475)	(61,473)	(14,002)		(14,002)		
Total	**397,422**	**19,597**	**377,825**	**483,736**	**(80,466)**	**48,308**	**(73,753)**

The net financial position at June 30, 2017 was positive at 377,825 thousand euro, as follows:

(in thousands of euro)	June 30, 2017		December 31, 2016		Change	
Current financial assets	**483,736**		**597,866**		**(114,130)**	
Cash and cash equivalents		183,541		285,505		(101,964)
Derivatives - assets		8,505		8,005		500
Other current financial assets		291,690		304,356		(12,666)
Current financial liabilities	**(80,466)**		**(73,745)**		**(6,721)**	
Bank loans and borrowings		(30,085)		(28,247)		(1,838)
Current financial liabilities		(44,269)		(34,566)		(9,703)
Derivatives - liabilities		(6,112)		(10,932)		4,820
Non-current financial assets	**48,308**		**47,249**		**1,059**	
Non-current financial assets		48,308		47,249		1,059
Non-current derivatives						
Non-current financial liabilities	**(73,753)**		**(77,909)**		**4,156**	
Non-current financial liabilities		(73,753)		(77,909)		4,156
Non-current derivatives						
Total net financial position	**377,825**		**493,461**		**(115,636)**	

The net financial position at June 30, 2017, computed in compliance with Consob communication no. DEM 6064293/2006 of July 28, 2006 (i.e., not including non-current financial assets) was positive at 329,517 thousand euro (446,212 thousand euro at December 31, 2016).

Comparison between fair value and carrying amount

The table below compares the carrying amount and the fair value of financial assets and liabilities at June 30, 2017:

	June 30, 2017		December 31, 2016	
(in thousands of euro)	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Assets at fair value through profit or loss				
Cash and cash equivalents	183,541	183,541	285,505	285,505
Short-term derivatives	*8,505*	*8,505*	*8,005*	*8,005*
Derivatives	8,505	8,505	8,005	8,005
Equity investments, bonds and loan assets	283,404	283,404	295,530	295,530
Banking and other receivables	9,265	9,265	10,641	10,641
Loans and receivables				
Trade receivables	102,129	102,129	101,883	101,883
Receivables and other non-current assets	108,857	108,857	114,866	114,866
Available-for-sale assets				
Non-current equity investments	651,153	651,153	662,078	662,078
Held-to-maturity investments				
Total	**1,346,854**	**1,346,854**	**1,478,508**	**1,478,508**
Financial liabilities				
Trade payables	61,388	61,388	53,933	53,933
Current financial liabilities	*66,464*	*66,464*	*55,399*	*55,399*
Other financial liabilities	*7,890*	*7,890*	*7,414*	*7,414*
Total current financial liabilities	74,354	74,354	62,813	62,813
Short-term derivatives	*6,112*	*6,112*	*10,932*	*10,932*
Total derivatives	6,112	6,112	10,932	10,932
Non-current financial liabilities	73,753	73,753	77,909	77,909
Total	**215,607**	**215,607**	**205,587**	**205,587**

Fair Value – hierarchy

The Group uses the following hierarchy based on different measurement methods to determine and document the fair value of financial instruments:

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

At June 30, 2017, financial instruments measured at fair value were as follows:

(in thousands of euro)	June 30, 2017	Level 1	Level 2	Level 3
Derivatives - assets	8,505		8,505	
Equity investments, bonds and loan assets	182,640	173,954	5,135	3,551
Banking and other receivables	984			984
Receivables and other non-current assets	83,217		5,483	77,734
Non-current equity investments	651,153	595,410	18,318	37,425
Current financial liabilities (*)	66,376		66,376	
Derivatives - liabilities	6,112		6,112	
Non-current financial liabilities	73,500		73,500	

(*) the item does not include financial liabilities for leases

	Level 3	Increases						Decreases							Level 3
(in thousands of euro)	12/31/2016	Purchases	Realiz.gains in income statement	Other gains in income statement	Gains in equity	Other changes	Transfers from other levels	Sales	Repayments	Realiz.losses in income statement	Other losses in income statement	Losses in equity	Other changes	Transfers to other levels	06/30/2017
Equity investments, bonds and loan assets	13,348	337			1,972			(471)	(184)		(36)		(348)	(11,067)	3,551
Banking and other receivables	2,007	122		694					(1,839)						984
Receivables and other non-current assets	84,647	15,153			16,306			(1,996)	(36,376)						77,734
Non-current equity investments	37,064	3,998			100	6		(2)	(1,386)		(19)	(2,336)			37,425

No reclassifications from categories measured at fair value to categories measured at amortized cost were made in the first half of 2017 or 2016, in the Group financial asset portfolio.
The transfer of 11,067 thousand euro from level 3 to level 1 was due to better classification of some financial instruments already present at December 31, 2016.

Covenants

In addition to the customary clauses, some of the loan agreements granted to Group companies include covenants requiring compliance with financial ratios, fixed for the most part at year end.

Loans subject to covenants at June 30, 2017 stood at 14 million euro of Italgen group gross financial liabilities.
The key financial ratio is "leverage" (Italgen S.p.A. net financial debt/Italgen S.p.A. gross operating profit; the calculation of net financial debt does not include loan assets due from associates or Group companies). The ceiling is 4.5, monitored on an annual basis.

BravoSolution S.p.A. has the following loans and borrowings:

- a 5-year 7 million euro loan with Banca Popolare di Milano, maturing on April 30, 2018 at a floating market rate, repayable in 8 even principal payments as from October 31, 2014, and secured by BravoSolution France SAS and BravoSolution UK Ltd. shares; at June 30, 2017, an amount of 1.8 million euro was due by the end of 2018;
- a five-year floating-rate loan with Banca Intesa for 4.5 million euro, maturing on July 30, 2021, repayable in six even principal payments as from January 31, 2019;
- a five-year floating-rate loan with UBI-Banca Popolare di Bergamo for 12 million euro, maturing on June 17, 2021, repayable in six even principal payments as from December 17, 2018;

The following covenants applied:

	GOP/net interest	NFP/Equity	NFP/GOP
Banca Popolare di Milano loan		</= 0.55	</= 0.164
Banca Intesa loan			< 3
UBI-Banca Popolare di Bergamo loan	< 3	</= 0.5	< 2

The covenant on the UBI loan will come into effect as from October 31, 2017.
The covenant on the Banca Intesa was met.
There are two financial covenants on the Banca Popolare di Milano loan, to be computed on a six-monthly basis on the consolidated financial statements and sent to the bank at its request. Neither covenant was met at June 30, 2017. Under the loan contract, failure to meet one of the covenants leads to a 25 bps p.a. spread increase, while failure to meet both in two consecutive periods entitles the bank to request termination of the contract (at December 31, 2016, only the NFP/GOP ratio was not met). Since the final repayment is scheduled for April 30, 2018, should both covenants not be met at the end of 2017, the advance of any early repayment would be minimal.

In the Sirap group, borrowings have been set up with financial covenants. The subsidiary Inline Poland Sp z.o.o. has access to three loans with financial covenants:

- a 684 thousand euro loan maturing on December 31, 2018;
- a 2,415 thousand euro loan maturing on January 31, 2027;
- a 461 thousand euro loan maturing on August 31, 2027;

The loans have covenants on: total annual revenue, percentage net profit, current ratio, receivables and current investments/current liabilities; although this last ratio was not met due to the combined effect of a number of factors (current expenditure, rise in raw material costs and sheet inventory levels), it did not lead to early repayment of the loan but only to an increase in finance costs.

Derivatives

The table below shows the fair value of the financial instruments recognized in the statement of financial position, subdivided by type of hedge:

	June 30, 2017		December 31, 2016	
(in thousands of euro)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest-rate derivatives for trading	708	(204)	131	(326)
Interest-rate derivatives	**708**	**(204)**	**131**	**(326)**
Derivatives on equities, securities and indices	7,797	(5,908)	7,874	(10,606)
Total current instruments	**8,505**	**(6,112)**	**8,005**	**(10,932)**
Total	**8,505**	**(6,112)**	**8,005**	**(10,932)**

15) Trade payables

The balance on this caption was as follows:

(in thousands of euro)	June 30, 2017	December 31, 2016	Change
Suppliers	61,289	53,933	7,356
Other trade payables	99	-	99
Total	**61,388**	**53,933**	**7,455**

16) Other liabilities

(in thousands of euro)	June 30, 2017	December 31, 2016	Change
Due to employees	21,637	20,832	805
Due to social security authorities	5,923	7,923	(2,000)
Due to tax authorities	5,993	7,022	(1,029)
Accrued expenses and deferred income	21,102	22,913	(1,811)
Derivatives	6,112	10,932	(4,820)
Due to customers	7,890	7,414	476
Advances from customers	1,162	531	631
Due to suppliers for non-current assets	2,143	1,894	249
Other liabilities	3,513	5,074	(1,561)
Total	**75,475**	**84,535**	**(9,060)**

Commitments

At June 30, 2017, the Group had commitments for future payments to private equity funds totaling 26.5 million US dollars and 48.1 million euro.

Income statement

17) Revenue

Revenue from sales and services totaled 201,856 thousand euro, as follows:

(in thousands of euro)	H1 2017	H1 2016	Change	% change
Industrial revenue				
Product sales	101,382	98,853	2,529	2.6%
Services provided	60,711	64,956	(4,245)	-6.5%
Other revenue	64	18	46	n.s.
Total	**162,157**	**163,827**	**(1,670)**	**-1.0%**
Financial revenue				
Interest	1,063	1,024	39	3.8%
Dividends	10,078	3,295	6,783	n.s.
Commissions	9,027		9,027	n.s.
Gains realized and other revenue	18,745	13,690	5,055	36.9%
Total	**38,913**	**18,009**	**20,904**	**n.s.**
Bank revenue				
Interest	760	751	9	1.2%
Total	**760**	**751**	**9**	**1.2%**
Property and service revenue	**26**	**18**	**8**	**44.4%**
Grand total	**201,856**	**182,605**	**19,251**	**10.5%**

The reader is referred to the directors' report for comments on the changes in revenue and acquisition costs.

18) Raw materials and supplies

Expense for raw materials and supplies amounted to 65,363 thousand euro, as follows:

(in thousands of euro)	H1 2017	H1 2016	Change	% change
Raw materials and semifinished goods	29,988	25,747	4,241	16.5%
Fuel	187	173	14	8.1%
Materials and machinery	3,763	3,883	(120)	-3.1%
Finished goods	20,548	21,606	(1,058)	-4.9%
Electricity, water and gas	12,294	20,117	(7,823)	-38.9%
Change in inventories of raw materials, consumables and other	(1,417)	158	(1,575)	n.s.
Total	**65,363**	**71,684**	**(6,321)**	**-8.8%**

The significant reduction in electricity costs relates to Italgen S.p.A. as a result of its decision to increase sales to wholeseller customers with respect to end customers, as illustrated in the directors' report.

19) Services

Services amounted to 35,587 thousand euro, as follows:

(in thousands of euro)	H1 2017	H1 2016	Change	% change
External services and maintenance	6,958	4,620	2,338	50.6%
Transport	6,534	6,614	(80)	-1.2%
Legal fees and consultancy	8,277	9,187	(910)	-9.9%
Rents	5,963	4,945	1,018	20.6%
Insurance	1,083	1,318	(235)	-17.8%
Membership fees	140	105	35	33.3%
Other sundry expense	6,632	5,941	691	11.6%
Total	**35,587**	**32,730**	**2,857**	**8.7%**

20) Personnel expense

Personnel expense totaled 80,018 thousand euro, as follows:

(in thousands of euro)	H1 2017	H1 2016	Change	% change
Wages and salaries	56,072	54,833	1,239	2.3%
Social security contributions	15,983	16,497	(514)	-3.1%
Other expense	7,963	5,753	2,210	38.4%
Total	**80,018**	**77,083**	**2,935**	**3.8%**

The number of employees is shown below:

(headcount)	H1 2017	H1 2016	Change
Number of employees at period end - continuing operations	2,070	1,958	112
Number of employees at period end - discontinued operations	-	16,809	(16,809)
Total number of employees at period end	**2,070**	**18,767**	**(16,697)**
Average number of employees - continuing operations	2,070	1,945	125
Average number of employees - discontinued operations	-	17,566	(17,566)
Total average number of employees	**2,070**	**19,511**	**(17,441)**

21) Other operating income (expense)

Other operating income net of other operating expense amounted to 10,660 thousand euro, as follows:

(in thousands of euro)	H1 2017	H1 2016	Change	% change
Other taxes	3,078	5,112	(2,034)	n.s.
Allowance for impairment	215	605	(390)	-64.5%
Interest expense and other expense for companies in the financial and private equity segment	9,790	5,714	4,076	71.3%
Provision for environmental restoration and other	1,304	1,020	284	27.8%
Miscellaneous income	(3,836)	(4,179)	343	-8.2%
Losses on the sale of non-current assets	(6)	-	(6)	n.s.
Personnel expense for re-organizations	50	12	38	n.s.
Other net (income) expense	65	(5)	70	n.s.
Total	**10,660**	**8,279**	**2,381**	**28.8%**

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

Net finance costs amounted to 5,086 thousand euro, as follows:

	H1 2017		H1 2016	
(in thousands of euro)	Income	Costs	Income	Costs
Interest income	37		55	
Interest expense		(1,111)		(1,123)
Other finance income	12		16	
Other finance costs		(766)		(737)
Total finance income (costs)	**49**	**(1,877)**	**71**	**(1,860)**
Net exchange-rate differences		(3,258)		(230)
Exchange-rate differences and net losses on derivatives		**(3,258)**		**(230)**
Total finance costs, exchange-rate differences and net losses on derivatives		**(5,086)**		**(2,019)**

23) Impairment losses on financial assets

Impairment losses on financial assets amounted to 19 thousand euro, compared with 9,636 thousand euro in the year-earlier period. They related chiefly to impairment losses on the Unicredit equity investment and on Unicredit cashes, for a total amount of 9,513 thousand euro.

24) Income tax expense

Income tax expense for the period was 1,908 thousand euro, as follows:

(in thousands of euro)	H1 2017	H1 2016	Change	% change
Current tax	2,563	3,980	(1,417)	-35.6%
Prior-year tax and other net non-recurring tax items	(1,906)	(282)	(1,624)	n.s.
Deferred tax	1,251	238	1,013	n.s.
Total	**1,908**	**3,936**	**(2,028)**	**-51.5%**

25) Profit relating to discontinued operations, net of tax effects

This caption is analyzed below:

(in thousands of euro)	H1 2017	H1 2016	Change	% change
Loss of sold construction materials segment, net of tax effect	-	(346,265)	346,265	100.0%
Reversal H1 amortization, depreciation and impairment in sold construction materials segment, net of tax effect	-	334,946	(334,946)	100.0%
Reversal of infragroup postings	-	(1,737)	1,737	100.0%
Total	**-**	**(13,056)**	**13,056**	**-100.0%**

“Profit relating to the sold construction materials segment, net of the tax effect” for the first half of 2016 reflected the profit for the period, net of the “non-core assets” consolidated fully in the industrial and services for industry segment, adjusted for the suspension of amortization, depreciation and impairment losses net of the tax effect.

26) Other comprehensive income that might be reclassified to profit or loss subsequently

(in thousands of euro)	Gross amount	Tax	Net amount
Fair value gains (losses) on:			
Available-for-sale financial assets	2,287	23,319	25,606
Derivatives	25	-	25
Translation differences	(181)	-	(181)
Other comprehensive income	**2,131**	**23,319**	**25,450**

As noted earlier for the caption “Fair value reserve for available-for-sale financial assets – attributable to owners of the parent”, the tax amount relates to the variation in the tax rate applied to some instruments held in portfolio for more than 12 months.

27) Earnings per share

Earnings per share at June 30 are determined on the profit for the period attributable to owners of the parent and shown separately for ordinary shares and, for 2016 only, for savings shares outstanding at the time.

Basic earnings per share

The weighted average number of shares and attributable profit (loss) are shown below:

	H1 2017		H1 2016	
(No. of shares in thousands)	**Ordinary shares**	**Savings shares**	**Ordinary shares**	**Savings shares**
No. of shares at January 1	23,817		22,182	16,343
Treasury shares at January 1	(829)		(853)	(28)
Stock split	22,988			
Weighted average number of treasury shares sold in period	(2,312)			
Total	**43,664**		**21,329**	**16,315**
Attributable profit (loss) in thousands of euro	2,460		(26,975)	(20,633)

Profit (loss) attributable by share category was determined as follows:

	H1 2017		H1 2016	
(in thousands of euro)	**Ordinary shares**	**Savings shares**	**Ordinary shares**	**Savings shares**
Profit reserved for savings shareholders (euro 0.078 per share)				
Residual earnings (loss) apportioned to all shares	2,460		(26,975)	(20,633)
Total	**2,460**		**(26,975)**	**(20,633)**

Diluted earnings per share

Diluted earnings (losses) per share are computed in the same way as basic earnings (losses) per share, taking account of the dilutive effect of stock options.

The weighted average number of shares and attributable profit (loss) are shown below:

	H1 2017		H1 2016	
(thousands of shares)	**Ordinary shares**	**Savings shares**	**Ordinary shares**	**Savings shares**
Weighted average number of shares at June 30	43,664		21,329	16,315
Dilutive effect of stock options	170		58	
Total	**43,834**		**21,387**	**16,315**
Attributable profit (loss) for the period for diluted earnings per share in thousands of euro	2,460		(22,208)	(16,989)
Diluted earnings (losses) per share in euro	0.056		(1.041)	(1.041)

Profit (loss) attributable by share category was determined as follows:

(in thousands of euro)	H1 2017 Ordinary shares	H1 2017 Savings shares	H1 2016 Ordinary shares	H1 2016 Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)				
Residual earnings (loss) apportioned to all shares	2,460		(22,208)	(16,989)
Total	**2,460**		**(22,208)**	**(16,989)**

Basic earnings (losses) per share relating to continuing operations are set out below:

(No. of shares in thousands)	H1 2017 Ordinary shares	H1 2017 Savings shares	H1 2016 Ordinary shares	H1 2016 Savings shares
No. of shares at January 1	23,817		22,182	16,343
Treasury shares at January 1	(829)		(853)	(28)
Stock split	22,988			
Weighted average number of treasury shares sold in period	(2,312)			
Total	**43,664**		**21,329**	**16,315**
Attributable profit (loss) relating to continuing operations in thousands of euro	2,460		(13,486)	(10,315)
Basic earnings (losses) per share relating to continuing operations	0.056		(0.632)	(0.632)

Diluted earnings (losses) per share relating to continuing operations are set out below:

(thousands of shares)	H1 2017 Ordinary shares	H1 2017 Savings shares	H1 2016 Ordinary shares	H1 2016 Savings shares
Weighted average number of shares at June 30	43,664		21,329	16,315
Dilutive effect of stock options	170		58	
Total	**43,834**		**21,387**	**16,315**
Attributable profit (loss) for the period relating to continuing operations for diluted earnings per share in thousands of euro	2,460		(13,502)	(10,299)
Diluted earnings (losses) per share in euro	0.056		(0.631)	(0.631)

Basic earnings (losses) relating to discontinued operations for the first half of 2016 only are set out below:

(No. of shares in thousands)	H1 2017 Ordinary shares	H1 2017 Savings shares	H1 2016 Ordinary shares	H1 2016 Savings shares
No. of shares at January 1			22,182	16,343
Treasury shares at January 1			(853)	(28)
Stock split				
Weighted average number of treasury shares sold in period				
Total			**21,329**	**16,315**
Attributable earnings relating to discontinued operations in thousands of euro			(13,489)	(10,318)
Basic earnings per share relating to discontinued operations in euro			(0.632)	(0.632)

Diluted earnings (losses) relating to discontinued operations for the first half of 2016 only are set out below:

(thousands of shares)	H1 2017 Ordinary shares	H1 2017 Savings shares	H1 2016 Ordinary shares	H1 2016 Savings shares
Weighted average number of shares at December 31			21,329	16,315
Dilutive effect of stock options			58	
Total			**21,387**	**16,315**
Attributable earnings relating to discontinued operations for diluted earnings per share in thousands of euro			(13,505)	(10,302)
Diluted earnings per share relating to discontinued operations in euro			(0.631)	(0.631)

28) Transactions with related parties

Transactions with related parties in the first half of 2017 are detailed in the table below:

(in thousands of euro) **Italmobiliare Group**	**Revenue (expense)**	**Trade receivables (payables)**	**Financial assets**	**Finance income (costs)**	**Other operating income (expense)**
Subsidiaries and associates that are not fully consolidated	5	1,150	4,414	8	
Other related parties					
	(43)	(246)			
Total	**5**	**1,150**	**4,414**	**8**	
	(43)	**(246)**			
% impact on financial statement items	0.0%	1.1%	0.8%	16.3%	
	0.0%	-0.4%			

The re-stated comparatives for the first half of 2016 are set out below:

(in thousands of euro) **Italmobiliare Group**	**Revenue (expense)**	**Trade receivables (payables)**	**Financial assets (liabilities)**	**Finance income**	**Other operating income (expense)**
Subsidiaries and associates that are not fully consolidated	8,144	22,262	43,016	67	
	(6,480)	(12,037)	(170)		
Subsidiaries of associates and joint ventures	24				
	(1,485)	(343)			(87)
Other related parties	68	127			83
	(1,239)	(1,143)			(10,300)
Total	**8,236**	**22,389**	**43,016**	**67**	**83**
	(9,204)	**(13,523)**	**(170)**		**(10,387)**

At June 30, 2016 the item “Other operating expense for other related parties” consisted entirely of amounts paid by Italmobiliare S.p.A. to the Italcementi Cav. Lav. Carlo Pesenti foundation for 300 thousand euro and by Italcementi S.p.A. for 10,000 thousand euro.

Non-recurring transactions

The following tables itemize the most significant non-recurring transactions and their impact on the Group's equity, financial position and results of operations:

	2017					
(in thousands of euro)	Equity		Profit (loss) for the period		Net financial position (debt)	
	amount	%	amount	%	amount	%
Carrying amounts	**1,236,441**		**2,490**		**377,825**	
Net gains from the sale of non-current assets	6	0.00%	6	0.24%		
Non-recurring personnel expense for re-organizations	(50)	0.00%	(50)	2.01%	(50)	-0.01%
Other non-recurring expense	(65)	0.01%	(65)	2.61%		
Total	**(109)**	**0.01%**	**(109)**	**4.38%**	**(50)**	**0.01%**
Figurative amount without non-recurring transactions	**1,236,550**		**2,599**		**377,875**	

	2016					
(in thousands of euro)	Equity		Profit (loss) for the period		Net financial position (debt)	
	amount	%	amount	%	amount	%
Carrying amounts	**3,974,496**		**(37,610)**		**(2,124,249)**	
Net gains from the sale of non-current assets						
Non-recurring personnel expense for re-organizations	(12)	0.00%	(12)	0.48%		
Other non-recurring income (expense)	5	0.00%	5	0.20%	48	0.01%
Total	**(7)**	**0.00%**	**(7)**	**0.28%**	**48**	**0.01%**
Figurative amount without non-recurring transactions	**3,974,503**		**(37,603)**		**(2,124,297)**	

Events after the reporting date

Events after the reporting date are illustrated in the specific sections of the directors' report.

(Translation from the Italian original which remains the definitive version)

Statement pursuant to art. 154-bis.5 of the Italian Consolidated Finance Act (TUF) regarding the condensed interim consolidated financial statements pursuant to art. 81-ter of the Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and additions

1. The undersigned Carlo Pesenti, Chief Executive Officer, and Mauro Torri, Manager in charge of financial reporting of Italmobiliare S.p.A., hereby declare, also in consideration of art. 154-bis.3/4, of legislative decree no. 58 of February 24, 1998;

   - the appropriateness in relation to the characteristics of the company and
   - the actual application

   of the administrative and accounting procedures adopted for the preparation of the **condensed interim consolidated financial statements**, during the period from January 1, 2017 to June 30, 2017.

2. The assessment of the appropriateness of the administrative and accounting procedures adopted for the preparation of the condensed interim consolidated financial statements as at and for the six months ended June 30, 2017 is based on a model identified by Italmobiliare in accordance with the CoSO framework (illustrated in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represent a generally accepted international framework.

3. It is also declared that:

   3.1 the condensed interim consolidated financial statements as at and for the six months ended June 30, 2017:

   a) were prepared in compliance with the applicable international financial reporting standards endorsed by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19, 2002;

   b) correspond to the accounting books and accounting entries;

   c) are suitable to provide a true and fair view of the financial position, results of operations and cash flows of Italmobiliare S.p.A. and the companies included in the scope of consolidation.

   3.2 the interim directors' report includes a reliable analysis of the significant events that took place in the first six months of the year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim directors' report also includes a reliable analysis of information on material transactions with related parties.

July 27, 2017

[Signed on the original]
Chief Executive Officer, Carlo Pesenti
Manager in charge of financial reporting, Mauro Torri

KPMG

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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Italmobiliare S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Italmobiliare Group, comprising the statement of financial position, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto, as at and for the six months ended 30 June 2017. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Italmobiliare Group as at and for the six months ended 30 June 2017 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 4 August 2017

KPMG S.p.A.

(signed on the original)

Stefano Azzolari
Director

August 2017
Project of LSVmultimedia
Olginate - Lecco