ITALMOBILIARE

Consolidated quarterly report at September 30, 2011

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Quarterly report
at September 30, 2011

November 14, 2011

ITALMOBILIARE
Società per Azioni

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

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

Board of Directors

(Term ends on approval of financial statements at 12.31.2013)

Giampiero Pesenti	1-2	Chairman - Chief Executive Officer
Italo Lucchini	1-3	Deputy Chairman
Carlo Pesenti	1	Chief Operating Officer
Mauro Bini	4-5-6-8	
Giorgio Bonomi	4	
Gabriele Galateri di Genola	3-6	
Jonella Ligresti	5-6	
Sebastiano Mazzoleni		
Luca Minoli		
Gianemilio Osculati	6	
Giorgio Perolari	1-3-4-5-6	
Clemente Rebecchini		
Livio Strazzera	1-7	
Paolo Sfameni	6-9	
Graziano Molinari	10	Secretary to the Board

Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2013)

Acting auditors	
Francesco Di Carlo	Chairman
Angelo Casò	
Leonardo Cossu	
Substitute auditors	
Luciana Ravicini	
Enrico Locatelli	
Paolo Ludovici	

Giorgio Moroni	Manager in charge of preparing the company's financial reports
KPMG S.p.A.	Independent Auditors

1 Member of the Executive Committee
2 Executive director responsible for supervising the internal control system
3 Member of the Remuneration Committee
4 Member of the Internal Control Committee
5 Member of the Committee for Dealings with Related Parties
6 Independent director (pursuant to the Voluntary Code of Conduct and Legislative Decree no. 58, February 24, 1998)
7 Independent director (pursuant to Legisltive Decree no. 58, February 24, 1998)
8 Lead independent director
9 Member of the Compliance Committee
10 Secretary to the Executive Committee

COMMENTS ON OPERATIONS

Foreword

This quarterly report as at and for the year to September 30, 2011, has been drawn up in compliance with article 154 ter, paragraph 5, of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments. It is also compliant with the measurement and recognition criteria of the International Accounting and Financial Reporting Standards (IAS/IFRS).

The accounting principles are consistent with those used to draw up the Group annual report as at and for the year to December 31, 2010, with the exception of the principles and interpretations approved by the European Union and applicable as from January 1, 2011. These principles and interpretations are detailed in the notes; they did not have material impacts on the Group accounts for the third quarter of 2011 and for the period January 1 – September 30, 2011.

With regard to the scope of consolidation, the Calcestruzzi group has been consolidated (on a line-by-line basis) as from January 1, 2011, while the Group operations in Turkey headed by Set Group were deemed available-for-sale (application of IFRS 5) as from the beginning of the year and subsequently sold at the end of March. In compliance with IFRS 5, the gains or losses relating to discontinued operations have been presented as a separate item on the income statement, for both the period under review and the corresponding period of 2010. A similar presentation has been applied for cash flows.

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Information on operations

After a promising start to the year, world economic conditions have gradually deteriorated. There has been a significant slowdown in production and international trade, and since the beginning of the summer the critical public-debt situation of some Eurozone countries has become apparent and, associated with this, grave concerns have re-emerged over the financial solidity of much of the Eurozone's banking system. Falling levels of confidence, tension on the credit markets, rising volatility in raw material prices and exchange rates have thus been associated with renewed fears over the financial situation. In addition to the marked slowdown in the most industrialized area, signs of a slowdown have also emerged in a number of cases in the emerging economies.

The tensions on the financial markets, reflected in the rising volatility of the advanced economies and declining share prices, are linked to the pressing need to put both public and private budgets back on a healthy footing. Moreover, the persisting weakness of economic indicators in many countries and consequent downgrades of economic outlooks have further depressed market confidence: most of the recently published economic data, in the Eurozone in particular, has disappointed the markets. The fall in share prices in the third quarter reflects concerns over the sovereign debt crisis in the Eurozone, which are a significant factor fuelling uncertainty, especially in the financial sector.

The bond markets too have been affected by the difficulties on some public debt markets in the Eurozone, largely due to the complexity of the talks with Greece on the recovery program and the uncertainty over the form and timing of additional support. Specifically the yield spreads between Eurozone sovereign bonds and German government bonds have widened further in most countries because of fears of the crisis extending to other European countries.

World and European economic conditions and the related financial situation had a negative impact on the results of the Italmobiliare Group. In the third quarter of 2011 the Group posted a **profit for the period** of 3.2 million euro and a **loss attributable to owners of the parent** of 17.9 million euro, compared with a profit attributable to owners of the parent of 15.8 million euro in the third quarter of 2010.

For the year to September 30, 2011, the Group posted a **profit for the period** of 167.3 million euro and a **profit attributable to owners of the parent** of 7.4 million euro, compared with 144.5 million euro (+15.8%) and 18.5 million euro (-60.0%) for the year to September 30, 2010.

The other main results for the third quarter and the year to September 30, 2011, and the changes with respect to the year-earlier periods were as follows:

- **Revenue**: 1,215.4 million euro in the third quarter (-3.3%) and 3,813.5 million euro for the nine months (-0.5%);
- **Recurring EBITDA**: 178.1 million euro in the third quarter (-25.6%) and 543.6 million euro for the nine months (-23.3%);
- **EBITDA**: 177.8 million euro in the third quarter (-26.1%) and 561.2 million euro for the nine months (-20.3%);
- **EBIT**: 59.0 million euro in the third quarter (-49.9%) and 202.1 million euro for the nine months (-41.8%);

- **Finance income and costs**: net costs of 35.1 million euro in the third quarter (up by 17.7%) and 75.4 million euro for the nine months (down by 15.3%);
- **Profit before tax**: 25.4 million euro in the third quarter (-70.1%) and 134.0 million euro for the nine months (-40.7%).

Total equity was 5,729.8 million euro at September 30, 2011, compared with 5,932.8 million euro at December 31, 2010, and 5,737.0 million euro at June 30, 2011.

Net financial debt stood at 2,158.6 million euro at September 30, 2011, and 2,095.5 million euro at December 31, 2010. Net debt at June 30, 2011, was 2,177.4 million euro.

As a result of the changes in equity and debt, the gearing ratio increased from 35.32% at the end of December 2010 to 37.67% at September 30, 2011.

Italmobiliare Net Asset Value (NAV) at September 30, 2011, was 1,277.1 million euro (1,581.3 million euro at June 30, 2011, and 1,654.9 million euro at the end of 2010).

Performance in the individual Italmobiliare Group core businesses was as follows:

- the **construction materials segment,** consisting of the Italcementi group, reported a decrease of 1.9% in third-quarter revenue due to the fall in sales volumes, despite a positive trend in sales prices. The reduction in recurring EBITDA (-14.7%) and EBIT (-27.3%) arose not only from the negative volume effect, but also from the rise in operating expenses, the results of the Calcestruzzi group (not consolidated on a line-by-line basis in 2010) and the depreciation of the other currencies against the euro, compensated in part by income from management of surplus CO_2 rights generated by the slowdown in production caused by the market downturn. The profit for the third quarter was 25.0 million euro, down by 51.7% from the third quarter of 2010. For the nine months January-September 2011, revenue grew by 0.8%, penalized by lower volumes but benefiting from a positive price effect. As noted for the third quarter of 2011, the reduction in operating results for the year to September 30, 2011, compared with 2010 (recurring EBITDA -15.2% and EBIT -25.3%) arose not only from the negative volume effect, but also from the rise in operating expenses, the consolidation of the Calcestruzzi group and a negative exchange-rate effect, mitigated in part by the benefits from the new production lines. The total profit for the period was 212.8 million euro, an improvement from September 30, 2010 (133.4 million euro) achieved mainly thanks to the capital gain on the sale of the group's main operations in Turkey;
- in the **food packaging and thermal insulation segment**, consisting of the Sirap Gema group, 2011 third-quarter revenue was 59.9 million euro (61.3 million euro in the third quarter of 2010), with a reduction in both food packaging (-2.9%) and thermal insulation, although the decrease in thermal insulation was smaller (-0.5%). As in the first half of 2011, third-quarter operating results were sharply down in the food packaging segment, largely as a result of the rise in polymer costs as demand slackened and competitive pressure intensified; in thermal insulation operating results improved, thanks to the increase in volumes for export. 2011 third-quarter EBITDA amounted to 2.7 million euro while third-quarter EBIT was negative at 0.1 million euro (5.3 million euro and 2.2 million euro respectively in the third quarter of 2010). The segment consequently posted a loss for the period of 2.1 million euro (a profit of 0.7 million euro in the third quarter of 2010). In the nine months, revenue made a slight improvement thanks to a positive contribution from thermal insulation (+6.0%). EBIT for the year to September 30, 2011, after amortization and depreciation of 8.6 million euro, was -1.3 million euro (+6.8 million euro at September 30, 2010). The segment posted a loss for the period of 5.7 million euro (a profit of 1.6 million euro in the year to September 30, 2010);

- the **financial segment,** comprising the parent company Italmobiliare and the wholly owned financial companies, posted a loss for the third quarter of 16.8 million euro, compared with a profit of 8.9 million euro in the third quarter of 2010, due to the impact of significant impairment losses on trading securities and on equity investments and securities. The heavy losses posted in the third quarter of 2011 determined a loss for the nine months to September 30, 2011, of 8.2 million euro (a profit of 28.5 million euro at September 30, 2010), despite the profit for the first half of the year;
- the **banking segment** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. In the third quarter it posted a loss for the period of 2.5 million euro, compared with a loss of 1.0 million euro in the third quarter of 2010. The intermediation margin for the nine months of 2011 was down by 4.4%, mainly due to the reduction in commission income and a slight decrease in third-party assets under management. After provisions for impairment on trade receivables of approximately 4.1 million euro, the segment posted a loss for the nine months to September 30, 2011, of 10.1 million euro (a loss of 1.6 million euro at September 30, 2010).
- the **property segment, services and other** is not of material importance within the global context of the Group. Its operating results for the third quarter of 2011 were negligible in size and not particularly significant. The segment posted a profit for the nine months of 190,000 euro (201,000 euro for the year to September 30, 2010).

Consolidated business and financial highlights

Q3

(in millions of euro)		Q3 2011	Q3 2010 (IFRS5)	% change	Q3 2010 published
Revenue		**1.215,4**	**1.256,5**	***(3,3)***	**1.297,4**
Recurring EBITDA		**178,1**	**239,3**	***(25,6)***	**240,0**
% of revenue		*14,7*	*19,0*		*18,5*
Other income (expense)		(0,3)	1,1	*n.s.*	1,2
EBITDA		**177,8**	**240,4**	***(26,1)***	**241,2**
% of revenue		*14,6*	*19,1*		*18,6*
Amortization and depreciation		(118,4)	(122,3)	*(3,2)*	(125,2)
Impairment		(0,4)	(0,5)	*(23,0)*	(0,6)
EBIT		**59,0**	**117,6**	***(49,9)***	**115,4**
% of revenue		*4,9*	*9,4*		*8,9*
Finance income (costs)		(35,1)	(29,8)	*17,7*	(30,0)
Impairment on financial assets		(3,2)	(10,1)	*(68,3)*	(10,1)
Share of profit/(loss) of associates		4,7	7,2	*(35,3)*	7,2
Profit before tax		**25,4**	**84,9**	***(70,1)***	**82,5**
% of revenue		*2,1*	*6,8*		*6,4*
Income tax (expense)		(20,5)	(22,8)	*(10,2)*	(22,4)
Gains (losses) relating to continuing operations		**4,9**	**62,1**	***(92,1)***	**60,1**
Gains (losses) relating to discontinued operations		(1,7)	(2,0)	*(14,3)*	
Profit (loss) for the period		**3,2**	**60,1**	***(94,6)***	**60,1**
attributable to:	**Owners of the parent**	**(17,9)**	**15,8**	***n.s.***	**15,8**
	Non-controlling interests	21,1	44,3	(52,3)	44,3

n.s. not significant

Recurring EBITDA is the difference between revenue and expense excluding: other non-recurring income and expense, amortization and depreciation, impairment, finance income and costs, share of profit/(loss) of associates and income tax.

EBITDA reflects recurring EBITDA including other income and expense (non-recurring).

EBIT reflects EBITDA including amortization and depreciation, and impairment.

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Year to September 30

(in millions of euro)		Year to 09.30.11	Year to 09.30.10 (IFRS 5)	% change	Year to 09.30.10 published
Revenue		**3.813,5**	**3.831,1**	***(0,5)***	**3.925,9**
Recurring EBITDA		**543,6**	**708,7**	***(23,3)***	**703,9**
% of revenue		*14,3*	*18,5*		*17,9*
Other income (expense)		17,6	(4,9)	*n.s.*	(4,3)
EBITDA		**561,2**	**703,8**	***(20,3)***	**699,6**
% of revenue		*14,7*	*18,4*		*17,8*
Amortization and depreciation		(359,3)	(355,4)	*1,1*	(364,0)
Impairment		0,2	(0,9)	*(121,1)*	(0,9)
EBIT		**202,1**	**347,5**	***(41,8)***	**334,7**
% of revenue		*5,3*	*9,1*		*8,5*
Finance income (costs)		(75,4)	(89,0)	*(15,3)*	(89,4)
Impairment on financial assets		(2,0)	(39,2)	*(95,0)*	(39,2)
Share of profit/(loss) of associates		9,3	6,8	*36,4*	6,8
Profit before tax		**134,0**	**226,1**	***(40,7)***	**212,9**
% of revenue		*3,5*	*5,9*		*5,4*
Income tax (expense)		(73,7)	(67,6)	*9,2*	(68,4)
Gains (losses) relating to continuing operations		**60,3**	**158,5**	***(62,0)***	**144,5**
Gains (losses) relating to discontinued operations		107,0	(14,0)	*n.s.*	
Profit (loss) for the period		**167,3**	**144,5**	***15,8***	**144,5**
attributable to:	**Owners of the parent**	**7,4**	**18,5**	***(60,0)***	**18,5**
	Non-controlling interests	159,9	126,0	*26,9*	126,0
Number of employees at period end		**21.832**	**21.861**		**22.479**

n.s. not significant

(in millions of euro)	September 30 2011	June 30 2011	December 31 2010
Total equity	5.729,8	5.737,0	5.932,8
Equity attributable to owners of parent	2.249,5	2.328,9	2.359,4
Net financial debt	2.158,6	2.177,4	2.095,5

Revenue and operating results by line of business and geographical area

Q3

	Revenue		Recurring EBITDA		EBITDA		EBIT	
Business segment	**Q3 2011**	**% change vs Q3 10**	**Q3 2011**	**% change vs Q3 10**	**Q3 2011**	**% change vs Q3 10**	**Q3 2011**	**% change vs Q3 10**
Construction materials	1.148,2	*(1,9)*	191,8	*(14,7)*	193,0	*(14,7)*	78,3	*(27,3)*
Packaging and insulation	59,9	*(2,4)*	4,4	*(17,5)*	2,7	*(48,9)*	(0,1)	*(102,5)*
Finance	3,2	*(84,2)*	(15,6)	*n.s.*	(15,4)	*n.s.*	(15,4)	*n.s.*
Banking	8,8	*2,0*	(1,2)	*n.s.*	(1,2)	*n.s.*	(2,4)	*n.s.*
Property, services, other	0,3	*(11,4)*	-	*(29,7)*	-	*(29,7)*	-	*(26,3)*
Inter-sector eliminations	(5,0)	*17,7*	(1,3)	*n.s.*	(1,3)	*n.s.*	(1,4)	*n.s.*
Total	**1.215,4**	***(3,3)***	**178,1**	***(25,6)***	**177,8**	***(26,1)***	**59,0**	***(49,9)***
Geographical area								
European Union	727,1	*0,9*	87,1	*(35,1)*	87,9	*(35,0)*	26,3	*(64,8)*
Other European countries	18,5	*(32,5)*	(1,8)	*n.s.*	(1,8)	*n.s.*	(3,3)	*n.s.*
North America	125,5	*(4,4)*	11,8	*(38,4)*	11,7	*(38,8)*	(4,1)	*n.s.*
Asia and Middle East	132,0	*3,3*	22,2	*63,1*	22,2	*61,4*	9,3	*n.s.*
Africa	196,1	*(18,1)*	58,7	*(31,8)*	58,7	*(31,7)*	34,2	*(40,8)*
Trading	44,3	*(18,7)*	1,1	*(47,0)*	1,1	*(47,1)*	0,5	*(68,3)*
Other	109,2	*(8,0)*	(2,8)	*77,5*	(2,0)	*27,2*	(3,8)	*11,5*
Inter-area eliminations	(137,3)	*(15,9)*	1,8	*(108,3)*	-	-	(0,1)	*(99,6)*
Total	**1.215,4**	***(3,3)***	**178,1**	***(25,6)***	**177,8**	***(26,1)***	**59,0**	***(49,9)***

n.s. not significant

In the third quarter of 2011 Group consolidated **revenue** totaled 1,215.4 million euro compared with 1,256.5 million euro in the third quarter of 2010, a reduction of 3.3%; all Group lines of business reported a revenue downturn; the positive change in the banking segment was essentially due to the appreciation of the euro against the Swiss franc.

Third-quarter **recurring EBITDA** (178.1 million euro) and **EBIT** (59.0 million euro) decreased by 25.6% and 49.9% respectively from the year-earlier period. The reduction arose in all lines of business, but was particularly pronounced in the financial segment, due to the very high level of volatility on the financial markets during the period, and in the banking segment.

Operating results showed a stronger reduction in the third quarter than in the first half of the year, due to the fall in revenue and the unfavorable dynamic in operating expenses. Among geographical areas, the EU countries as a whole made the largest absolute contribution to revenue.

Year to September 30

Business segment	Revenue		Recurring EBITDA		EBITDA		EBIT	
	Sept. 30 2011	% change vs 9M10	Sept. 30 2011	% change vs 9M10	Sept. 30 2011	% change vs 9M10	Sept. 30 2011	% change vs 9M10
Construction materials	3.600,2	*0,8*	564,0	*(15,2)*	583,4	*(11,7)*	236,2	*(25,3)*
Packaging and insulation	175,7	*0,1*	8,9	*(44,0)*	7,2	*(54,6)*	(1,3)	*n.s.*
Finance	44,6	*(47,9)*	(0,7)	*(101,6)*	(0,8)	*(101,9)*	(0,9)	*n.s.*
Banking	26,4	*(4,1)*	(6,4)	*n.s.*	(6,4)	*n.s.*	(9,7)	*n.s.*
Property, services, other	1,5	*(34,3)*	0,2	*(75,3)*	0,2	*(74,5)*	0,2	*(78,0)*
Inter-sector eliminations	(34,9)	*13,4*	(22,4)	*18,8*	(22,4)	*18,8*	(22,4)	*18,8*
Total	**3.813,5**	***(0,5)***	**543,6**	***(23,3)***	**561,2**	***(20,3)***	**202,1**	***(41,8)***
Geographical area								
European Union	2.276,2	*6,1*	258,2	*(29,3)*	275,2	*(23,6)*	89,1	*(51,1)*
Other European countries	54,8	*(15,0)*	(7,4)	*n.s.*	(7,4)	*n.s.*	(12,1)	*n.s.*
North America	297,4	*(6,2)*	2,4	*(82,7)*	2,0	*(84,4)*	(46,2)	*14,8*
Asia and Middle East	425,7	*15,4*	79,6	*55,8*	79,8	*56,2*	40,6	*n.s.*
Africa	690,5	*(19,6)*	223,5	*(22,1)*	223,2	*(22,3)*	149,7	*(29,2)*
Trading	135,5	*(26,0)*	7,2	*(46,4)*	7,2	*(46,4)*	4,9	*(56,6)*
Other	335,7	*4,5*	(18,0)	*87,0*	(16,9)	*97,7*	(21,9)	*60,4*
Inter-area eliminations	(402,3)	*(5,9)*	(1,9)	*(91,1)*	(1,9)	*(91,0)*	(2,0)	*(90,9)*
Total	**3.813,5**	***(0,5)***	**543,6**	***(23,3)***	**561,2**	***(20,3)***	**202,1**	***(41,8)***

n.s. not significant

In the year to September 30, 2011, **revenue** amounted to 3,813.5 million euro, down 0.5% from the year-earlier period (3,831.1 million euro). The reduction reflected:

- the business slowdown of 2.4%;
- the negative exchange-rate effect of 2.5%, caused largely by the depreciation against the euro of the Egyptian pound, the US dollar and the Indian rupee, while there was a significant appreciation in the Swiss franc;
- the positive effect of the change in the scope of consolidation for 4.4%.

The difficulties on the financial markets fuelled the revenue downturn in the financial and banking segments, while the Group's industrial segments reported small increases thanks to a positive sales price effect in the construction materials segment and the rise in thermal insulation sales volumes.

The consolidation effect arose in the construction materials segment, in Italy, with the re-inclusion of the Calcestruzzi group in the scope of consolidation.

Revenue by geographical area reflected growth in the European Union thanks to the healthy performance of France and Belgium and the emerging countries (India, Thailand and Morocco); Egypt, Spain, Greece, Italy and Switzerland reported significant reductions.

Recurring EBITDA in the first nine months was 543.6 million euro, down 165.1 million euro from September 30, 2010 (708.7 million euro). The reduction arose in all lines of business, but the largest decreases in absolute terms were in construction materials (-100.8 million euro) due to the sharp rise in energy costs and in the financial segment (-45.4 million euro).

After net non-recurring income of 17.6 million euro (net expense of 4.9 million euro in the year to September 30, 2010), arising chiefly in the construction materials segment from the capital gain on the sale of the wind farm development license in Turkey, **EBITDA** was down 142.6 million euro (to 561.2 million euro, from 703.8 million euro at September 30, 2010).

After an increase in amortization and depreciation (+1.1%) from September 30, 2010 (359.3 million euro, against 355.4 million euro), **EBIT** was down 41.8%, from 347.5 million euro to 202.1 million euro.

The geographical breakdown reflects a particularly severe fall in operating results in some EU countries, Egypt and Switzerland.

Finance costs, other items and profit for the period

Net finance costs amounted to 75.4 million euro, a decrease of 15.3% from the year-earlier period (89.0 million euro), when the Group had non-recurring costs of 21.4 million euro for the repayment of the notes issued in the USA. Interest expense on debt amounted to 65.5 million euro, an improvement of 7.1% from September 30, 2010, while the exchange-rate effect, net of hedging, generated a loss of 11.1 million euro (a gain of 9.3 million euro at September 30, 2010), largely because of the depreciation of the Egyptian pound on collected dividends. A positive effect came from the sale of some equity investments in the construction materials segment (a capital gain of approximately 25 million euro).

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

Impairment on financial assets reflected a loss of 2.0 million euro, compared with a loss of 39.2 million euro at September 30, 2010; it arose from the impairment losses on the equity investments held in the financial segment and the impairment reversal on the Calcestruzzi group for 7.5 million euro.

The **share of profit/(loss) of associates** amounted to 9.3 million euro (6.8 million euro at September 30, 2010) reflecting the profit reported by the associates in the construction materials segment for 11.4 million euro, offset in part by the losses of the associates in the financial segment (-2.1 million euro).

Despite the decrease in profit before tax, **income tax expense** rose by 9.2% from September 30, 2010 (from 67.6 million euro to 73.7 million euro in the first nine months of 2011), largely due to the change in the tax rate in Egypt, which was raised to 25% at the end of June 2011 from the previous rate of 20%.

Gains relating to continuing operations were 60.3 million euro, a decrease of 62.0% from 2010.

The capital gain on the sale of Set Group enabled a **profit for the period** of 167.3 million euro (144.5 million euro in the year-earlier period); after profit attributable to non-controlling interests of 159.9 million euro (126.0 million euro at September 30, 2010), **profit attributable to owners of the parent** was 7.4 million euro (18.5 million euro at September 30, 2010).

Total comprehensive income

Starting from the profit for the period, the components of comprehensive income for the year to September 30, 2011, showed a negative balance of 234.8 million euro (84.6 million euro in the first nine months of 2010) arising from: translation losses of 104.3 million euro, fair value losses on available-for-sale financial assets for 143.1 million euro, fair value gains on derivatives for 13.2 million euro, and the related negative tax effect of 0.6 million euro. Considering the profit for the period of 167.3 million euro described in the previous section and the components described above, total comprehensive income was negative at 67.5 million euro (a loss of 125.3 million euro attributable to the owners of the parent and a profit of 57.8 million euro attributable to non-controlling interests). This compared with a positive total of 243.4 million euro in 2010 (a loss of 12.7 million euro attributable to the owners of the parent and a profit of 256.1 million euro attributable to non-controlling interests).

The statement of comprehensive income is provided in the consolidated financial statements.

Net financial debt

At September 30, 2011, net debt was 2,158.6 million euro, up by 63.1 million euro from December 31, 2010 (2,095.5 million euro).

The change arose largely as a result of the period's high capital expenditure (344.0 million euro), dividends paid (147.6 million euro), and the 217.7 million euro increase in debt after the consolidation of the Calcestruzzi group as from January 1, 2011, offset only in part by cash flows from operating activities (237.4 million euro) and proceeds on the sale of industrial and financial assets (391.7 million euro).

(in millions of euro)	**September 30 2011**	**June 30 2011**	**December 31 2010**
Cash, cash equivalents and current financial assets	(1.857,3)	(1.749,4)	(1.912,1)
Short-term financing	1.514,7	1.458,7	1.377,3
Medium/long-term financial assets	(161,6)	(113,3)	(134,3)
Medium/long-term financial liabilities	2.662,8	2.581,4	2.764,6
Net financial debt	**2.158,6**	**2.177,4**	**2.095,5**

Financial ratios

(absolute amounts in millions of euro)	**September 30 2011**	**June 30 2011**	**December 31 2010**
Net financial debt	2.158,6	2.177,4	2.095,5
Consolidated eqity	5.729,8	5.737,0	5.932,8
Gearing	**37,67%**	**37,95%**	**35,32%**
Net financial debt	2.158,6	2.177,4	2.095,5
EBITDA before other income (expense) [1]	718,5	780,4	878,8
Leverage	**3,00**	**2,79**	**2,38**

[1] 12-month rolling data

Capital expenditure

Group capital expenditure for the year to September 30, 2011, was 344.0 million euro, a reduction of 52.8 million euro from September 30, 2010.

Capital expenditure in property, plant and equipment, investment property and intangible assets, relating in the main to the construction materials segment and, to a much smaller degree, to the food packaging and thermal insulation segment, amounted to 308.3 million euro, a decrease of 56.2 million euro from September 30, 2010 (364.6 million euro).

Investments in financial assets, at 35.7 million euro (32.2 million euro in the first nine months of 2010), were in the financial segment for 32.0 million euro and the construction materials segment for 3.7 million euro.

Construction materials segment

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

Q3

(in millions of euro)		Q3 2011	Q3 2010 (IFRS 5)	% change	Q3 2010 published
Revenue		**1.148,2**	**1.169,8**	***(1,9)***	**1.210,8**
Recurring EBITDA		**191,8**	**224,8**	***(14,7)***	**225,5**
% of revenue		*16,7*	*19,2*		*18,6*
Other income (expense)		1,2	1,4	*(17,9)*	1,5
EBITDA		**193,0**	**226,2**	***(14,7)***	**227,1**
% of revenue		*16,8*	*19,3*		*18,8*
Amortization and depreciation		(114,4)	(118,3)	*(3,3)*	(121,2)
Impairment		(0,4)	(0,3)		(0,4)
EBIT		**78,3**	**107,7**	***(27,3)***	**105,5**
% of revenue		*6,8*	*9,2*		*8,7*
Finance income (costs)		(34,6)	(28,9)	*19,6*	(29,2)
Impairment on financial assets		-	(9,9)		(9,9)
Share of profit/(loss) of associates		4,8	6,4	*(25,2)*	6,4
Profit before tax		**48,5**	**75,3**	***(35,6)***	**72,9**
% of revenue		*4,2*	*6,4*		*6,0*
Income tax (expense)		(21,8)	(21,6)	*0,9*	(21,2)
Gains (losses) relating to continuing operations		**26,7**	**53,7**	***(50,3)***	
Gains (losses) relating to discontinued operations		(1,7)	(2,0)		
Profit (loss) for the period		**25,0**	**51,7**	***(51,7)***	**51,7**
attributable to:	**Owners of the parent**	**8,2**	**18,1**	*(54,4)*	**18,1**
	Non-controlling interests	16,7	33,6	***(50,3)***	33,6

In the construction segment, the divergences in economic conditions, even among countries in the same region, grew during the summer quarter; in Italy the downward cycle intensified, while less easily decipherable signs emerged, on the positive front, in North America and, on the negative front, on the French-Belgian market. Significant differences were apparent in the emerging area too: the robust growth of the construction industry in Morocco, China and Thailand was accompanied by indications of a slowdown in India, while the Egyptian construction segment continued to be affected by developments in the political situation.

At constant size, group sales volumes decreased in the three lines of business in the third quarter compared with the year-earlier period.

Third-quarter **revenue** at 1,148.2 million euro was down 1.9% from the year-earlier period, notwithstanding the positive overall sales price trend; slower business performance and the continuing difficult situation in Egypt were adverse factors.

Recurring EBITDA, was 191.8 million euro, down 14.7% from the year-earlier period, while **EBIT**, at 78.3 million euro, was down 27.3%.

Operating results were penalized by the revenue slowdown (caused by the volume effect), the consolidation of the Calcestruzzi group, the rise in energy costs in all countries and the negative exchange-rate effect caused by the depreciation of other currencies (especially the Egyptian pound) against the euro. Income from the management of CO_2 emission rights rose from 15.5 million euro to 25.1 million euro.

Total profit for the period was 25.0 million euro, down by 51.7% from the third quarter of 2010 (51.7 million euro).

ITALMOBILIARE

Year to September 30

(in millions of euro)		Year to 09.30.11	Yr to 09.30.10 (IFRS 5)	% change	Yr to 09.30.10 published
Revenue		**3.600,2**	**3.571,1**	***0,8***	**3.665,9**
Recurring EBITDA		**564,0**	**664,8**	***(15,2)***	**660,0**
% of revenue		*15,7*	*18,6*		*18,0*
Other income (expense)		19,4	(4,3)	*n.s.*	(3,7)
EBITDA		**583,4**	**660,5**	***(11,7)***	**656,3**
% of revenue		*16,2*	*18,5*		*17,9*
Amortization and depreciation		(347,3)	(343,8)	*1,0*	(352,3)
Impairment		0,1	(0,6)		(0,6)
EBIT		**236,2**	**316,1**	***(25,3)***	**303,4**
% of revenue		*6,6*	*8,9*		*8,3*
Finance income (costs)		(72,6)	(86,5)	*(16,0)*	(86,9)
Impairment on financial assets		7,5	(30,6)	*n.s.*	(30,6)
Share of profit/(loss) of associates		11,4	12,7	*(10,3)*	12,7
Profit before tax		**182,5**	**211,7**	***(13,8)***	**198,6**
% of revenue		*5,1*	*5,9*		*5,4*
Income tax (expense)		(77,1)	(64,2)	*20,2*	(65,1)
Gains (losses) relating to continuing operations		**105,4**	**147,5**	***(28,6)***	
Gains (losses) relating to discontinued operations		107,4	(14,1)	*n.s.*	
Profit (loss) for the period		**212,8**	**133,4**	***59,5***	**133,4**
attributable to:	**Owners of the parent**	123,2	18,5	*>100*	18,5
	Non-controlling interests	89,6	115,0	*(22,1)*	115,0
Number of employees at period end		20.301	20.355		20.973

n.s. not significant

(in millions of euro)	September 30 2011	June 30 2011	December 31 2010
Total equity	4.957,8	4.852,2	4.985,9
Net financial debt	2.218,6	2.256,7	2.230,9

* Italcementi S.p.A.

In the nine months, revenue amounted to 3,600.2 million euro, up 0.8% from the year-earlier period as a result of a positive consolidation effect (4.6%), the business slowdown (-1.1%) and a negative exchange-rate effect (-2.7%).

The business trend reflected the reduction in sales volumes, although this was counterbalanced by overall progress in sales prices.

At constant size and exchange rates, revenue improved in France - Belgium, India, Thailand and Morocco, but was negative in Egypt, Spain, Greece and Italy.

The negative exchange-rate effect was substantially linked to the depreciation against the euro of the Egyptian pound, the US dollar and the Indian rupee.

The positive consolidation effect related to Italy, for the re-inclusion of the Calcestruzzi group in the scope of consolidation.

Recurring EBITDA was 564.0 million euro, a decrease of 15.2% from the year-earlier period, while **EBIT**, at 236.2 million euro, was down 25.3%.

Operating results were assisted by the benefits of the new production lines, but overall were affected by the rise in energy costs, the negative exchange-rate effect caused by the depreciation against the euro of other currencies (especially the Egyptian pound) and the consolidation of the Calcestruzzi group.

Over the nine months to September 30, 2011, income from the management of CO_2 emission rights amounted to 65.3 million euro, compared with 45.4 million euro in the year-earlier period.

Looking at the individual countries, the most significant improvements in recurring EBITDA were reported in India, Morocco and Thailand, while the most significant reductions, apart from Egypt, were in France - Belgium (due to the increase in variable costs), Greece and North America.

Finance costs net of finance income amounted to 72.6 million euro, a decrease (-16.0%) from the year-earlier period (86.5 million euro). The comparison reflects the impact of non-recurring costs of 21.4 million euro in 2010 for the reimbursement of the notes issued in the USA and the decrease (from 68.8 million euro to 63.5 million euro) in net interest expense on net debt. Exchange-rate differences stemmed chiefly from the effect of the depreciation of the Egyptian pound on collected dividends, which was negative in 2011 and positive in 2010. Conversely, net income from equity investments increased (mainly for the sale of Goltas securities).

Impairment on financial assets reflected gains of 7.5 million euro (impairment losses of 30.6 million euro in the nine months of 2010); these gains, already present in the first quarter of 2011, arose after the impairment loss recognized for the Calcestruzzi group in the fair value reserve at December 31, 2010, was reversed, with a posting in 2011 income, after the consolidation of the Calcestruzzi group as from January 1, 2011.

The **share of profit (loss) of associates** was 11.4 million euro (12.7 million euro).

Profit before tax amounted to 182.5 million euro (211.7 million euro in the year-earlier period). Income tax expense was 77.1 million euro, an increase (+20.2%) from the year-earlier period (64.2 million euro). The trend was due to the change in the tax rate in Egypt, which was raised to 25% at the end of June, from the previous rate of 20%.

Gains (losses) relating to continuing operations amounted to 105.4 million euro, a reduction of 28.6% from the year-earlier period.

The net capital gain of 107.4 million euro on the sale of Set Group generated **profit for the period** of 212.8 million euro (133.4 million euro), with **profit attributable to the owners of the parent** of 123.2 million euro (18.5 million euro) and to non-controlling interests of 89.6 million euro (115.0 million euro).

Net financial debt at September 30, 2011, stood at 2,218.6 million euro, a decrease of 12.3 million euro from December 31, 2010 (2,230.9 million euro) and 38.1 million euro from June 30, 2011 (2,256.7 million euro).

The moderate improvement from December 31, 2010, stemmed largely from significant proceeds from the sale of fixed assets, notably the sale of Set Group in Turkey, the sale of the Goltas and Bursa equity investments, and the sale of Italgen operations in Turkey; negative factors were the re-inclusion of the Calcestruzzi group in the scope of consolidation and an increase in dividends paid compared with the year-earlier period.

Sales volumes and internal transfers

The figures and changes provided below do not include operations in Turkey (Set Group), which were sold at the end of the first quarter of 2011; for the ready mixed concrete and aggregates lines of business they reflect the re-inclusion of the Calcestruzzi S.p.A. group in the scope of consolidation as from the beginning of the year.

Q3

Sales volumes	Q3 2011	% change vs Q3 2010	
		historic	at constant size
Cement and clinker *(millions of mt)*	12,5	*(4,2)*	*(4,2)*
Aggregates[1] *(millions of mt)*	9,2	*(3,2)*	*(11,6)*
Ready mixed concrete *(millions of m³)*	3,6	*48,4*	*(2,7)*

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

The overall decrease in sales volumes in the **cement and clinker** sector was in line with the reduction in the second quarter. While a generalized decline was reported in the countries in Central Western Europe and Asia, and in Trading, performance was positive in North America, Morocco and Bulgaria, and the negative trend in Egypt in the first half of the year eased (-4.5% in the third quarter compared with -14.1% at the end of June).

The decline in **aggregates**, at constant size, arose from the widespread reduction in sales volumes in Central Western Europe and in Morocco, offset only in part by the progress reported in North America and in Thailand, which, for Thailand, referred to modest volumes.

The reduction in **ready mixed concrete**, also at constant size, was largely a result of the negative performance in the mature countries.

Year to September 30

Sales volumes	Year to 09.30.2011	% change vs 09.30.2010	
		historic	at constant size
Cement and clinker *(millions of mt)*	38,9	*(1,6)*	*(1,6)*
Aggregates[1] *(millions of mt)*	29,1	*1,3*	*(7,2)*
Ready mixed concrete *(millions of m³)*	11,0	*51,8*	*0,2*

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

In **cement and clinker**, performance was substantially stable in the mature countries, thanks to the growth in France – Belgium and North America, which almost fully counterbalanced the slowdowns in Italy, Greece and Spain. The dynamic was positive in Asia, thanks to the contributions of India and Thailand. Conversely, in Emerging Europe, North Africa and Middle East, the healthy progress in Morocco was offset by reductions in Egypt and Bulgaria. A decrease was reported in Trading sales volumes, largely in connection with intra-group sales.

The decline in **aggregates**, at constant size, reflects the generalized downturn in volumes in Central Western Europe (where France – Belgium was the only area to make a small degree of progress) and in Morocco. As noted for the third quarter, the decrease was countered in part by progress in North America and Thailand.

In **ready mixed concrete**, again at constant size, there was a small improvement. The healthy performance in France – Belgium, Morocco and Kuwait more than made up for the reduction in other markets.

Significant events during the period

In the third quarter of 2011, in August and September respectively, Moody's Investor Services and Standard and Poor's confirmed their Baa3 and BBB-/A-3 ratings assigned to Italcementi and Ciments Français, but downgraded the outlook from stable to negative.

In September, through its Zuari Cement subsidiary, the Italcementi group reached an agreement with Zuari Industries for the acquisition of 74% of Gulbarga Cement. The company, based in the region of Karnataka, is planning a project to build a new cement plant with a cement capacity of 3 million metric tons. The development plan, which is currently in the preliminary phase, could enable the group to extend its operations in India, the world's second-largest cement market, to the central area of the country which, like the Andra Pradesh region where the group already operates, is experiencing significant demand for construction materials.

Other significant events in the first half of the year, already illustrated in the half-year report at June 30, 2011, are described below.

The Calcestruzzi group returned to the scope of consolidation of Italcementi S.p.A. as from January 1, 2011. With a ruling on April 20, 2011, the court of Caltanissetta ordered the full cancellation of the preventive seizure on Calcestruzzi S.p.A., and the return of company assets to the shareholders. In May, the Calcestruzzi S.p.A. Shareholders' Meeting approved a share capital increase from 59.2 million to 110 million euro, which was subscribed and simultaneously paid in full by Italcementi S.p.A. for 99.90% and SICIL.FIN.S.r.l. for 0.10%.

At the end of January, in view of the political unrest in Egypt, the group suspended local production operations for about one week.

In March Set Group Holding was sold to the Turkish group Limak Holding and Italgen Elektrik Uretim was sold to Enerjisa.

As a result of the sale on the stock market of shares held in Afyon Cimento Sanayii Turk A.S., the Ciments Français controlling interest was reduced from 76.51% to 51.0%. At the end of June, Mediobanca was engaged as financial advisor for the sale of the entire stake still held in the Turkish company.

Performance by geographical area

Q3

(in millions of euro) Geographical area	Revenue Q3 2011	Revenue % change vs Q310	Recurring EBITDA Q3 2011	Recurring EBITDA % change vs Q310	EBITDA Q3 2011	EBITDA % change vs Q310	EBIT Q3 2011	EBIT % change vs Q310
Central Western Europe	654,1	*6,5*	93,1	*(7,1)*	93,5	*(7,8)*	37,1	*(19,9)*
North America	125,5	*(4,4)*	11,8	*(38,4)*	11,7	*(38,8)*	(4,1)	*n.s.*
Emerging Europe, North Africa and Middle East	227,4	*(16,7)*	67,6	*(26,6)*	67,6	*(26,7)*	39,5	*(34,2)*
Asia	123,4	*5,3*	21,1	*64,3*	21,2	*63,0*	9,1	*>100*
Cement and clinker trading	44,3	*(18,7)*	1,1	*(47,0)*	1,1	*(47,1)*	0,5	*(68,2)*
Others	109,2	*(8,0)*	(2,8)	*(69,0)*	(2,1)	*(17,0)*	(3,8)	*(7,4)*
Inter-area eliminations	(135,7)	*n.s.*	-	-	-	-	-	-
Total	**1.148,2**	***(1,9)***	**191,8**	***(14,7)***	**193,0**	***(14,7)***	**78,3**	***(27,3)***

n.s. not significant

Year to September 30

(in millions of euro) Geographical area	Revenue Sept. 30 2011	Revenue % change vs 9M10	Recurring EBITDA Sept. 30 2011	Recurring EBITDA % change vs 9M10	EBITDA Sept. 30 2011	EBITDA % change vs 9M10	EBIT Sept. 30 2011	EBIT % change vs 9M10
Central Western Europe	2.056,2	*10,5*	245,0	*(16,0)*	263,9	*(8,0)*	97,6	*(22,0)*
North America	297,5	*(6,2)*	2,4	*(82,7)*	2,0	*(84,4)*	(46,2)	*(14,8)*
Emerging Europe, North Africa and Middle East	783,5	*(18,2)*	253,1	*(18,0)*	252,8	*(18,2)*	164,0	*(25,9)*
Asia	385,4	*16,8*	74,3	*58,0*	74,4	*58,3*	37,8	*>100*
Cement and clinker trading	135,5	*(26,0)*	7,2	*(46,3)*	7,2	*(46,4)*	4,9	*(56,6)*
Others	335,7	*4,5*	(18,0)	*(85,8)*	(16,9)	*(96,2)*	(21,9)	*(59,7)*
Inter-area eliminations	(393,6)	*n.s.*	-	-	-	-	-	-
Total	**3.600,2**	***0,8***	**564,0**	***(15,2)***	**583,4**	***(11,7)***	**236,2**	***(25,3)***

n.s. not significant

Central Western Europe

The results for the third quarter and the year to date, as well as the comparisons with the year-earlier periods, are subject to the change in the scope of consolidation as a result of the consolidation of the Calcestruzzi group.

In **Italy** the significant decline in sales volumes in the third quarter of 2011, after the relative stabilization in the first half of the year, was the consequence of the country's difficult economic-financial situation, which inevitably affected private- and public-sector investment programs.

After the negative performance of 2010, the sales price trend reversed at the beginning of 2011 to make a gradual recovery, and achieved further progress in the third quarter. Thanks to performance in the third quarter, the price effect was a positive factor, with a beneficial impact on recurring EBITDA, together with the income from CO_2 emission rights. Negative effects, besides the decrease in sales volumes, included a rise in variable costs, mainly as a result of the increase in the cost of energy factors.

Overall business performance was also adversely affected by the change in the scope of consolidation, with the consolidation, from the beginning of the year, of the ready mixed concrete and aggregates sector, which again reported negative recurring EBITDA in the third quarter of 2011.

In **France** and **Belgium** cement consumption slowed more sharply in the third quarter of 2011, but showed progress over the nine months thanks to the positive performance of the first half, assisted by good weather conditions and a healthy situation in residential building and public works.

Average sales prices in the nine months were slightly lower, in both France and Belgium. Overall, in the third quarter and the nine months, operating results were down due to the increase in operating expenses, notably energy and maintenance costs, and the reduction in sales of CO_2 rights, counterbalanced only in part, in the nine months, by the rise in sales volumes.

In **Spain,** there was a sharp fall in cement demand in 2011, arising above all from the negative trend in the residential sector and reflecting the impact of the financial situation in the public sector, which had negative consequences for infrastructure.

Operating results in the third quarter were largely stable, thanks to higher income from CO_2 rights, measures to contain fixed costs, and a positive price dynamic in southern Spain, which counterbalanced the decrease in volumes and the rise in energy costs. In the nine months, however, results were down.

In **Greece**, the economic crisis continued without signs of an upturn. The group's overall cement and clinker sales were affected by this difficult situation and fell by 43.8% in the third quarter (-32.1% in the nine months). Operating results, affected above all by the negative trend in volumes in all lines of business, were significantly lower, in both the third quarter and the nine months.

North America

In the USA cement consumption on the group markets made slight progress in the nine months, while ready mixed concrete sales volumes decreased. Sales of aggregates rose significantly thanks to a series of important road projects in Canada.

The revenue trend was negative leading to a decrease in revenue compared with the year-earlier period, as a result of more aggressive competition and higher logistic charges.

Operating results in the third quarter and nine months were down with respect to 2010, reflecting the decrease in average sales prices and the rise in operating expenses (mainly energy costs), offset only in part by the improvement in sales volumes.

Emerging Europe, North Africa and Middle East

Trends varied among the countries in this area, but overall revenue was down 16.7% from the third quarter of 2010, a slowdown that was confirmed in the year to September 30, 2011 (-18.2%).

In **Egypt**, the mood remained uncertain due to the political and social crisis, which is still underway. In 2011 the main difficulty in the construction sector was the block on infrastructure investments. Operating results in the third quarter and the nine months were significantly lower, due to the sharp reduction in revenue (price and volume effect), the increase in operating expenses (payroll and general expenses) and the material negative effect of the depreciation of the local currency on the translation of results into euro.

In **Morocco**, the favorable trend in cement consumption of the first half of the year continued in the third quarter, assisted chiefly by private investment in social building and by the public works sector; for the year to the end of September, cement demand was estimated to have made strong progress compared with the year-earlier period. Operating results for the third quarter and the nine months reflected healthy growth due to the rise in revenue (volume and price effect) and the sharp reduction in clinker purchases thanks to the additional capacity of the Ait Baha plant, whose overall efficiency more than made up for the increase in the cost of fuel.

In **Bulgaria**, despite difficult market conditions, the group improved its domestic sales volumes and exports. Operating results, again supported by CO_2 emission rights, achieved healthy growth in the third quarter and the nine months.

In **Kuwait**, in an upbeat economic climate, group cement and ready mixed concrete sales volumes rose in the nine months, assisting the growth of operating results, despite an unfavorable variable cost dynamic.

Asia

In this area there was an overall increase in revenue in both the third quarter (+5.3%) and the year to September 30 (+16.8%).

In **Thailand,** the growth trend already reported in 2010 in the construction sector continued, buoyed by government investment in infrastructure and by private investments. Operating results made a significant improvement in the third quarter and the nine months compared with the year-earlier periods, largely thanks to the rise in average sales prices and the growth in sales volumes, counterbalanced in part by higher fuel costs.

In **India**, where competitive pressures were significantly heightened by the entry of new production capacity, group overall cement and clinker sales grew in the nine months, but were notably lower in the third quarter. Operating results for the third quarter and the year to September 30 made important progress compared with the year-earlier periods, largely as a result of the rise in average sales prices and volumes (over the nine months), offset in part by the increase in energy costs.

In **China** cement and clinker sales volumes for the year to September 30, 2011, were down due to stronger competitive pressure as the result of the entry of new production capacity, which also had an impact on average sales prices. Operating results in the third quarter and the nine months reflected the impact of the fall in sales prices and the higher cost of coal.

In **Kazakhstan** too, despite the upbeat market mood, group overall cement and clinker sales volumes were down in the third quarter and the nine months, partly as a result of the arrival of new production capacity in the south of the country. The negative volume effect, combined with higher operating expenses (energy costs), pushed down operating results, despite the positive trend in average sales prices.

E-business

At the end of September 2011, despite the still negative general economic situation, consolidated revenue at **BravoSolution** grew by 3.8% from the year-earlier period, to reach 39.0 million euro.

Operating results were also positive. EBITDA was 4.2 million euro (3.7 million euro in 2010), while EBIT was 1.3 million euro (0.8 million euro in 2010).

Disputes and pending proceedings

With regard to the Ciments Français / Sibirskiy Cement (Sibcem) dispute, on August 13 the Kemerovo court in Russia ruled that the share purchase agreement of March 26, 2008, was null and upheld the obligation on Ciments Français to return the advance payment of 50 million euro, collected at the time of the non-closing of the contract for the sale of the group's Turkish assets. An appeal was filed on September 23 and the effects of the sentence of the court of first instance were suspended. The appeal is still underway.

Significant events after the end of the period

In October, **Italcementi Finance SA**, the French company that acts as the group's treasury vehicle, received Banque de France authorization to launch a commercial paper program for a maximum amount of 800 million euro. The program, with a short-term P-3 Moody's rating and A3 Standard & Poor's rating, is unconditionally guaranteed by Italcementi S.p.A.; it is part of the series of activities to optimize group financing instruments and will replace the program of issues currently headed by Ciments Français.

With regard to action to raise efficiency and optimize facilities, the group has drawn up a series of measures on costs designed to strengthen profit margins. These initiatives – some of which are being launched during the fourth quarter of the year – will bring benefits over the next few years for an overall amount of around 160 million euro, of which 80-100 million euro during 2012.

Full-year outlook

In the fourth quarter, the group should record a decline in operating results that will be less than those of the previous quarters. In fact, while the Egyptian market will still be affected by political instability and increased local competition, the rest of the group should generate improved operating results, also thanks to positive price trends in Italy.

The group has identified and is implementing a package of measures to reduce overhead costs and increase productivity to the tune of some 160 million euro annually, the effects of which will contribute toward improved results starting the next financial year.

The significant improvement in the 2011 consolidated net profit will benefit from the capital gains generated by the sales carried out during the year.

The year-end net debt should be in line with that at the end of September, thanks to close monitoring of cash flows during the period.

Food packaging and thermal insulation segment

The Group operates in the food packaging and thermal insulation segment through Sirap Gema S.p.A. and its subsidiaries. The table below sets out the condensed income statement of the Sirap Gema group for the third quarter and the year to September 30.

Q3

(in millions of euro)		Q3 2011	Q3 2010	% change
Revenue		**59,9**	**61,3**	***(2,4)***
Recurring EBITDA		**4,4**	**5,3**	***(17,5)***
% of revenue		*7,4*	*8,7*	
Other income (expense)		(1,7)	-	*n.s.*
EBITDA		**2,7**	**5,3**	***(48,9)***
% of revenue		*4,6*	*8,7*	
Amortization and depreciation		(2,8)	(2,9)	*(6,3)*
Impairment		-	(0,2)	*n.s.*
EBIT		**(0,1)**	**2,2**	***n.s.***
% of revenue		*0,1*	*3,5*	
Finance income (costs)		(1,5)	(1,2)	*32,1*
Profit (loss) before tax		**(1,6)**	**1,0**	***n.s.***
% of revenue		*2,7*	*1,6*	
Income tax (expense)		(0,5)	(0,3)	*(59,0)*
Profit (loss) for the period		**(2,1)**	**0,7**	***n.s.***
attributable to:	**Owners of the parent**	**(2,1)**	**0,7**	***n.s.***
	Non-controlling interests	n.s.	n.s.	

n.s. not significant

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Year to September 30

(in millions of euro)		Year to 09.30.11	Year to 09.30.10	% change
Revenue		**175,7**	**175,5**	***0,1***
Recurring EBITDA		**8,9**	**15,8**	***(44,0)***
% of revenue		*5,0*	*9,0*	
Other income (expense)		(1,7)	-	*n.s.*
EBITDA		**7,2**	**15,8**	***(54,6)***
% of revenue		*4,1*	*9,0*	
Amortization and depreciation		(8,6)	(8,7)	*(1,9)*
Impairment		0,1	(0,3)	*n.s.*
EBIT		**(1,3)**	**6,8**	***n.s.***
% of revenue		*(0,8)*	*3,9*	
Finance income (costs)		(3,8)	(3,0)	*27,4*
Profit before tax		**(5,1)**	**3,8**	***n.s.***
% of revenue		*(2,9)*	*2,2*	
Income tax (expense)		(0,6)	(2,2)	*(71,5)*
Profit (loss) for the period		**(5,7)**	**1,6**	***n.s.***
attributable to:	**Owners of the parent**	**(5,7)**	**1,6**	***n.s.***
	Non-controlling interests	n.s.	n.s.	
Numeber of employees at period end		**1.329**	**1.304**	

(in millions of euro)	September 30 2011	June 30 2011	December 31 2010
Total equity	43,3	46,4	52,1
Net financial debt	128,8	127,9	114,9

n.s. not significant

The third quarter of 2011 was characterized by persistent economic fragility, high volatility and growing uncertainty over a possible, albeit weak, economic recovery. These phenomena were reflected in group performance, with diverse effects in the two businesses: food packaging and thermal insulation. In food packaging, the weak level of consumer spending in the first half intensified, leading to an overall downturn in demand and fiercer competitive climate; in thermal insulation, the steady level in demand for restructuring projects, the increase in export volumes and the stability of price levels in the first half sustained sales and margins.

Third-quarter results also reflected trends in polymer costs, which fell slightly compared with the first half of the year but were still higher than those of the year-earlier period.

The difficult economic situation led the Sirap group to introduce a re-organization project in the food packaging segment designed to align the cost structure more closely with the current market situation. In this context, during the third quarter the group began the procedure that will lead to the suspension of production in the plant in San Mariano di Corciano - Perugia (rigid food containers) by the end of the year.

Revenue for the nine months (175.7 million euro) was substantially in line with the 2010 figure, while third-quarter revenue (59.9 million euro) was slightly down on the year-earlier period (-2.4%), mainly due to the reduction in sales volumes.

Recurring EBITDA was 8.9 million euro, a significant reduction from 2010 (15.8 million euro), with the trend in quarterly variances reflecting the trend in the cost of raw materials.

EBITDA was 7.2 million euro and included non-recurring expenses (1.7 million euro) for the re-organization of rigid food container production.

EBIT was negative at 1.3 million euro (+6.8 million euro in 2010).

Finance costs (3.8 million euro) increased from the year-earlier period (3 million euro), largely because of the negative exchange-rate effect.

There was a significant reduction in **income tax expense** for the period, mainly because of the reduction in taxable income.

The group posted a consolidated **loss for the period** of 5.7 million euro (-2.1 million euro in the third quarter).

Net financial debt was 128.8 million euro, up from December 31, 2010 (114.9 million euro) and June 30, 2011 (127.9 million euro), due to contained operating cash flows, capital expenditure (7.5 million euro) and the change in working capital.

Significant events in the period

With reference to the restructuring of the San Mariano di Corciano production facility near Perugia, on September 29, 2011, an agreement was signed with the unions for use of social security benefits to safeguard the 48 employees at the facility.

The difficult market situation combined with low plant saturation meant that it was no longer cost-effective to continue production at the site.

Performance by business segment and geographical area

Q3

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	Q3 2011	**% change vs Q310**	**Q3 2011**	**% change vs Q310**	**Q3 2011**	**% change vs Q310**	**Q3 2011**	**% change vs Q310**
Food packaging								
- Italy	23,0	*2,0*	1,3	*(22,2)*	(0,4)	*n.s.*	(2,0)	*n.s.*
- France	5,8	*(14,5)*	0,4	*(56,1)*	0,4	*(56,1)*	0,2	*(68,2)*
- Other EU countries	15,1	*(3,5)*	0,6	*(29,5)*	0,6	*(29,5)*	0,2	*41,9*
- Other non-EU countries	4,9	*1,9*	0,1	*n.s.*	0,1	*n.s.*	0,1	*n.s.*
Eliminations	(3,8)		-		-		-	
Total	**45,0**	***(2,9)***	**2,4**	***(32,0)***	**0,7**	***(79,7)***	**(1,5)**	***n.s.***
Thermal insulation-Italy	**15,0**	***(0,5)***	**2,0**	***10,7***	**2,0**	***10,7***	**1,5**	***19,1***
Eliminations	(0,1)		-		-		(0,1)	
Total	**59,9**	***(2,4)***	**4,4**	***(17,5)***	**2,7**	***(48,9)***	**(0,1)**	***n.s.***

n.s. not significant

Year to September 30

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	Sept. 30 2011	**% change vs 9M10**	**Sept. 30 2011**	**% change vs 9M10**	**Sept. 30 2011**	**% change vs 9M10**	**Sept. 30 2011**	**% change vs 9M10**
Food packaging								
- Italy	67,5	*0,3*	2,1	*(66,7)*	0,4	*(93,9)*	(4,6)	*n.s.*
- France	18,3	*(6,5)*	1,6	*(35,8)*	1,7	*(35,8)*	1,1	*(44,7)*
- Other EU countries	44,8	*(0,6)*	1,1	*(58,9)*	1,1	*(58,9)*	(0,2)	*n.s.*
- Other non-EU countries	13,7	*1,7*	0,2	*(16,5)*	0,2	*(16,5)*	0,1	*(40,2)*
Eliminations	(11,9)				(0,1)			
Total	**132,4**	***(1,7)***	**5,0**	***(57,5)***	**3,3**	***(71,8)***	**(3,6)**	***n.s.***
Thermal insulation-Italy	**43,7**	***6,0***	**3,9**	***(5,0)***	**3,9**	***(5,0)***	**2,3**	***(5,0)***
Eliminations	(0,4)							
Total	**175,7**	***0,1***	**8,9**	***(44,0)***	**7,2**	***(54,6)***	**(1,3)**	***n.s.***

n.s. Not significant

Food packaging

The economic crisis and climate of great uncertainty continued to have a negative impact on household propensity to spend, especially on the main markets for this line of business (Italy/France).

Third-quarter revenue (46.4 million euro) showed a reduction of 2.4%. In Italy, the apparent improvement in sales arose as a result of a particularly weak 2010 figure; on the French market, an extremely complex competitive situation based entirely on the price factor provoked a decrease in sales volumes, accentuated by a further fall in meat consumption and weather conditions not conducive to the seasonal take-off of the "*gamme d'été*''.

Inline Poland continued to perform well, with the introduction of new meat packaging products and demand stemming from the growth of food spending on the domestic market

(+3% in the nine months) counterbalancing the fall in exports to the German market. Since the food scare in June, which reduced consumption of ready-to-eat fresh vegetables, consumption in Germany has not yet returned to the previous levels.

In the other countries in eastern Europe (Petruzalek), turnover was adversely affected by lower investments in packaging machinery, as well as by a demand mix that now seems to be permanently oriented toward less expensive products with lower added value.

Third-quarter margins were significantly smaller compared with the third quarter of 2010, chiefly as a result of the rise in the cost raw materials (although this eased compared with the first half) and re-organization costs of 3 million euro, of which 1.7 million euro for the Perugia facility, and 1.3 million euro for other measures.

Thermal insulation

Revenue in the third quarter (15 million euro) was slightly down on 2010 (-0.5%), due to the additional decrease in volumes of prefabricated roof insulation panels, while further progress was reported in exports to Germany, Austria and Switzerland (high-thickness panels). The difficult financial situation of many companies in the building construction sector makes it necessary to monitor customer solvency carefully and in some cases forgo larger volumes.

Margins in the segment in the third quarter were higher than in the year-earlier period and the previous quarters thanks to the price increases applied in the first half of the year, the shift in the mix toward better performing insulation panels and the reduction in the cost of polymer raw materials.

Disputes and pending proceedings

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

Subsequently, as part of the continuation of its investigation, the Commission served Sirap Gema S.p.A., also on behalf of its subsidiaries, with a series of requests for information concerning specific circumstances. Sirap Gema S.p.A. and its subsidiaries have provided all the information requested, with the assistance of their legal advisors.

To Sirap Gema S.p.A.’s knowledge, the commission’s investigation is still underway.

Significant events after the end of the period

On October 26, 2011, the liquidation of the Spanish subsidiary Sirap-Gema Iberica S.L. was completed.

Full-year outlook

The uncertainty over the economic outlook and the repercussions for demand in the businesses where the Sirap Gema group operates makes it difficult to provide guidance concerning future performance. However, while margins in the thermal insulation segment are expected to be positive, and in line with 2010, in the food packaging segment the expenses for the production re-organization, the continuing high average price of polymers and the fall in consumer spending will generate a significant decrease in operating margins compared with 2010.

Financial segment

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

On June 24, 2011, the subsidiary Fincomind A.G. (Switzerland) was merged with Société de Participation Financière Italmobiliare S.A. (Luxembourg); for accounting purposes, the merger took effect on January 1, 2011.

Q3

(in millions of euro)	**Q3 2011**	**Q3 2010**	**% change**
Revenue	3,2	20,6	*(84,2)*
Recurring EBITDA	(15,6)	9,5	*n.s.*
EBITDA	(15,4)	9,2	*n.s.*
EBIT	(15,4)	9,2	*n.s.*
Profit (loss) for the period	**(16,8)**	**8,9**	***n.s.***

n.s. not significant

Year to September 30

(in millions of euro)	**Year to 09.30.2011**	**Year to 09.30.2010**	**% change**
Revenue	44,6	85,5	*(47,9)*
Recurring EBITDA	(0,7)	44,7	*n.s.*
EBITDA	(0,8)	44,1	*n.s.*
EBIT	(0,9)	44,0	*n.s.*
Profit (loss) for the period	**(8,2)**	**28,5**	***n.s.***
Number of employees at period end	55	58	

n.s. not significant

(in millions of euro)	**September 30 2011**	**June 30 2011**	**December 31 2010**
Equity	1.158,1	1.263,2	1.281,5
Net financial position	115,2	133,4	170,6

Results in accordance with the financial model

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

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

Q3

(in millions of euro)	**Q3 2011**	**Q3 2010**	**% change**
Net gain on investments	(2,3)	0,6	*n.s.*
Net gain on investments of cash	(11,2)	23,8	*n.s.*
Net borrowing costs	(1,4)	(10,2)	*n.s.*
Total financial income (expense)	**(14,9)**	**14,2**	*n.s.*
Other income and expense	(3,9)	(4,5)	*(13,6)*
Income tax (expense)	2,0	(0,8)	*n.s.*
Profit (loss) for the period	**(16,8)**	**8,9**	***n.s.***

n.s. not significant

The segment's negative performance in the third quarter of 2011 stemmed essentially from the high volatility of the financial markets during the period, which led to a decline in share prices and a fall in yields on government securities with high ratings, considered lower-risk investments.

Consequently, **net income on equity investments** was negative at 2.3 million euro in the third quarter (+0.6 million euro in the year-earlier period), largely because of impairment losses on equity investments and securities.

Similarly, **net income (expense) from cash investments** reflected expense of 11.2 million euro (income of 23.8 million euro in the third quarter of 2010) due to impairment losses of 10.3 million euro on trading securities and lower interest income in the period.

Net debt charges in the third quarter were significantly lower at 1.4 million euro compared with 10.2 million euro.

Other income and expense reflected net expense of 3.9 million euro, down by 0.6 million euro from the third quarter of 2010.

After positive **income tax** of 2 million euro, the segment posted a **loss for the period** of 16.8 million euro compared with profit of 8.9 million euro for the third quarter of 2010.

Year to September 30

(in millions of euro)	Year to 09.30.2011	Year to 09.30.2010	% change
Net gain on investments	15,1	30,0	*(49,7)*
Net gain on investments of cash	(8,6)	26,0	*n.s.*
Net borrowing costs	(4,9)	(12,1)	*(59,5)*
Total financial income (expense)	**1,6**	**43,9**	***(96,3)***
Other income and expense	(14,3)	(14,4)	*(1,1)*
Income tax (expense)	4,5	(1,0)	*n.s.*
Profit (loss) for the period	**(8,2)**	**28,5**	***n.s.***

n.s. not significant

The negative performance of the third quarter had repercussions on performance for the year to September 30, 2011, mitigated by the positive results of the first half of the year.

Net income on equity investments amounted to 15.1 million euro, a decrease of 49.7% from September 30, 2010 (30.0 million euro); this reflected the negative performance of the third quarter in 2011 illustrated above and the absence of the capital gains posted in 2010 on the sale of equities, offset only in part by the rise in dividends received in 2011 and an improvement in the result of associates, although the result remained negative.

The heavy impairment losses posted in the third quarter led to a negative balance of 8.6 million euro on **net income (expense) from cash investments** (+26 million euro in the first nine months of 2010), although this was mitigated by the net income of the first half of the year.

In the year to September 30, 2011, **net debt charges** showed a significant reduction of 7.2 million euro (from -12.1 million euro to -4.9 million euro at September 30, 2011), despite higher debt in the segment and an increase in interest rates on the money markets in the nine months.

Other expense, net of other income, amounted to 14.3 million euro, a small reduction from the first nine months of 2010 (14.4 million euro).

After positive **income tax** for 4.5 million euro (expense of 1 million euro at September 30, 2010), the segment posted a **loss for the period** of 8.2 million euro (profit of 28.5 million euro at September 30, 2010).

The companies in the financial segment hold substantial equity investments, the majority classified as “Available for sale”. The fair value changes on these investments, excluding consolidated investments carried at cost in the separate financial statements, are recognized in equity under the “Fair value reserve”. At September 30, 2011, the consolidated fair value reserve in the financial segment reflected a negative balance of 65.4 million euro, compared with +29.0 million euro at December 31, 2010. This large drop stemmed from the negative trend in share prices in the nine months to September 30, 2011, especially for Unicredit and Mediobanca.

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Significant events in the period

In the third quarter Italmobiliare S.p.A. purchased **Ciments Français** shares for a total amount of 1.7 million euro. Together with the purchases made in the first half of 2011 (for 28 million euro), at the end of the period Italmobiliare held 1.854% of Ciments Français share capital.

As noted in the half-year report, in June after the share capital increase at **Unione di Banche Italiane** (UBI), Italmobiliare and Société de Participation Financière Italmobiliare subscribed a total amount of 1,383,064 new UBI shares, for an outlay totaling 5.3 million euro.

As part of the re-organization and simplification of the Group corporate structure, in June **Société de Participation Financière Italmobiliare S.A.** took over **Fincomind AG**, both companies being subsidiaries of Italmobiliare S.p.A.. The merger will bring greater efficiency and uniformity in decision making, and cut overheads. The transaction had no impact on the Group's consolidated income statement and financial position.

Net financial position of Italmobiliare and the financial segment

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

(in thousands of euro)	September 30, 2011		June 30, 2011		December 31, 2010	
	Italmobiliare	Financial sector[1]	Italmobiliare	Financial sector[1]	Italmobiliare	Financial sector[1]
Cash, cash equivalents and current financial assets	149.427	494.517	122.481	478.937	116.555	469.056
Short-term financing	(293.126)	(295.933)	(260.464)	(263.266)	(211.506)	(214.512)
Short-term net financial position	**(143.699)**	**198.584**	**(137.983)**	**215.671**	**(94.951)**	**254.544**
Medium/long-term financial assets	8.094	46.594	9.266	47.766	9.362	51.362
Medium/long-term financial liabilities	(130.000)	(130.000)	(130.000)	(130.000)	(135.338)	(135.338)
Medium/long-term net financial position	**(121.906)**	**(83.406)**	**(120.734)**	**(82.234)**	**(125.976)**	**(83.976)**
Net financial position	**(265.605)**	**115.178**	**(258.717)**	**133.437**	**(220.927)**	**170.568**

1Comprising: Italmobiliare S.p.A. - Italmobiliare International Finance Ltd. - Société de Participation Financière S.A.

At September 30, 2011, Italmobiliare had net debt of 265.6 million euro (220.9 million euro at December 31, 2010), a rise of 6.9 million euro from June 30, 2011, mainly as a result of investments in equity investments, finance costs and current operations.

The financial segment, which includes the parent company Italmobiliare, had a positive consolidated net financial position of 115.2 million euro (170.6 million euro at December 31, 2010), a decrease of 18.3 million euro from June 30, 2011, mainly as a result of the reduction in value of the trading portfolio (equities and debentures), investments in equity investments and current operations.

Significant events after the end of the period

In October and November Italmobiliare purchased Ciments Français shares for amounts totaling 6.1 million euro.

Full-year outlook

Eurozone and global market trends continue to be dominated by the uncertain “decisional-political” variable over measures to overcome the crisis and put public budgets back on a healthy footing.

Uncertainty and restrictions on credit are affecting the economic cycle in a vicious circle that is fuelling fears of a possible global recession.

In turn, the possible developments are in contrast with fundamentals on the global equities markets supported by generally higher than expected corporate earnings and multiples below historic average values. In fixed-income securities, there is a sharp demarcation between so-called “secure” instruments, which are over-priced, with negative yields net of inflation, and riskier instruments, with high absolute premiums above historic averages.

In this context, which is subject to the outcome of talks and decisions taken at international and national institutional levels, it is not possible to provide reliable guidance for 2011 full-year results in the financial segment.

Banking segment

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

Q3

(in millions of euro)	Q3 2011	Q3 2010	% change
Revenue	8,8	8,6	*2,0*
Recurring EBITDA	(1,2)	-	*n.s.*
EBITDA	(1,2)	-	*n.s.*
EBIT	(2,4)	(1,0)	*n.s.*
Profit (loss) for the period	**(2,5)**	**(1,0)**	***n.s.***

n.s. not significant

Year to September 30

(in millions of euro)	Year to 09.30.2011	Year to 09.30.2010	% change
Revenue	26,4	27,5	*(4,1)*
Recurring EBITDA	(6,4)	1,3	*n.s.*
EBITDA	(6,4)	1,3	*n.s.*
EBIT	(9,7)	(1,5)	*n.s.*
Profit (loss) for the period	**(10,1)**	**(1,6)**	***n.s.***
Numbers of employees at period end	**131**	**131**	

n.s. not significant

(in millions of euro)	Sept. 30 2011	June 30 2011	Dec. 31 2010
Total equity	99,5	101,5	109,5
Equity attributable to owners of the parent	99,0	101,0	109,0
Net financial position	69,1	69,5	74,7

Results in accordance with the banking model

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

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

Q3

(in millions of euro)	Q3 2011	Q3 2010	% change
Net interest income	1,8	1,6	*9,0*
Operating income	7,9	8,0	*(0,8)*
Gross operating profit	(1,1)	-	*n.s.*
Profit (loss) from operations	(2,4)	(1,0)	*n.s.*
Profit (loss) for the period	**(2,5)**	**(1,0)**	***n.s.***

n.s. not significant

Year to September 30

(in millions of euro)	Year to 09.30.2011	Year to 09.30.2010	% change
Net interest income	5,2	4,7	*9,4*
Operating income	23,7	24,8	*(4,4)*
Gross operating profit	(2,0)	1,5	*n.s*
Profit (loss) from operations	(9,8)	(1,5)	*n.s*
Profit (loss) for the period	**(10,1)**	**(1,6)**	***n.s.***

n.s. not significant

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

Finter Bank Zürich

The intermediation margin fell from 33.7 million Swiss francs in the first nine months of 2010 to 28.3 million Swiss francs (-16.0%). The decrease stemmed chiefly from lower commission income (22.7 million Swiss francs compared with 27.6 million Swiss francs at September 30, 2011) as a result of a reduction in the number of client transactions in response to uncertainty on the financial markets, and a small decrease in third-party assets under management. The volatile financial markets meant there was also a reduction in net trading revenue, from 2.5 million Swiss francs in 2010 to 2.0 million Swiss francs in 2011 (-18.4%).

The margin contraction was accompanied by a small reduction in operating expenses. Decreases were posted both in service expense (13.0 million Swiss francs in the first nine months of 2011 against 13.3 million Swiss francs in the year-earlier period) and in employee expense (18.1 million Swiss francs in the first nine months of 2011 against 18.6 million Swiss francs in the first nine months of 2010). Gross operating profit decreased from 1.8 million Swiss francs in the first nine months of 2010 to a loss of 2.9 million Swiss francs in the first nine months of 2011.

After amortization and depreciation (4.1 million Swiss francs), impairment losses on client receivables (5 million Swiss francs) and income tax (0.4 million Swiss francs), the bank posted a consolidated loss for the period of 12.7 million Swiss francs compared with a loss of 2.3 million Swiss francs in the year-earlier period.

Consolidated equity decreased from 129.8 million Swiss francs at December 31, 2010, to 114.1 million Swiss francs at September 30, 2011.

Third-party assets under management amounted to 3,962 billion Swiss francs at September 30, 2011 (excluding assets invested in own funds), a slight decrease from 2010.

The reduction in third-party assets under management also reflected the appreciation of the Swiss franc against the US dollar and the euro, leading to a lower valuation of assets measured in Swiss francs.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. The improvement in net interest income and overall containment of costs led to an improvement in the operating result of 30.3% compared with September 30, 2010; this benefited profit for the period, which rose from 114,000 euro at September 30, 2010, to 175,000 euro at September 30, 2011.

In the third quarter of 2011, the bank posted a profit of 64,000 euro, an improvement of 28.0% from the year-earlier period (50,000 euro).

Significant events in the period

No significant events took place.

Significant events after the end of the period

No significant events took place.

Full-year outlook

The outlook for the fourth quarter of 2011 remains negative because of the monetary and debt crisis in Europe and the USA, fuelled by continuing political instability and the economic crisis.

Property segment, services, other

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

Segment revenue for the year to September 30, 2011, was 1.5 million euro, a decrease from the year-earlier period (2.3 million euro).

After tax of 85,000 euro, profit for the period was 190,000 euro, a small reduction from the year-earlier period (201,000 euro).

For the reasons illustrated above, the 2011 full-year result in the segment is expected to be slightly lower than in 2010, subject to currently unforeseeable events.

Transactions with related parties

With reference to the Group consolidated situation and in compliance with IAS 24, applicable as from 2011, transactions with related parties in the period January 1 – September 30, 2011, were with:

- subsidiaries not consolidated on a line-by-line basis;
- joint ventures and subsidiaries of such subsidiaries;
- associates and subsidiaries of such joint ventures and 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. With regard to the Italmobiliare S.p.A. consolidation, transactions with related parties were for an immaterial amount.

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

Transactions with subsidiaries, joint ventures, associates and subsidiaries of such companies

Transactions with subsidiaries, joint ventures, associates and non-consolidated subsidiaries of such companies were of a commercial nature (exchange of goods and/or services) and financial nature. Italmobiliare also provides some associates with an “administrative service”, 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 third quarter consisted of:

- administrative, financial, contractual and fiscal consultancy services, as well as support for corporate restructuring operations supplied to the Italmobiliare Group by Finsise S.p.A., whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare;
- legal consultancy, judicial and extrajudicial assistance provided to the Italmobiliare Group by the associate law firm Dewey & LeBoeuf, of which Italmobiliare director Luca Minoli is a partner.

For the year to September 30, 2011, the Italmobiliare Group made an endowment of 900,000 euro to the Italcementi Cav. Lav. Carlo Pesenti foundation to cover operating expenses. The Italcementi group continued to provide administrative-corporate services to the foundation.

Disputes and pending proceedings

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

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

Full-year outlook

The persisting difficulties afflicting the main advanced economies are slowing growth; the rise in the cost of raw materials (energy especially), a more difficult market scenario and the political instability in some countries continue to be the main factors that could influence fourth-quarter operating results for the Group's industrial segments, despite the constant focus on cost cutting.

The on-going pressures on the Eurozone and global financial markets, and the risk that these difficulties could spread further into the real economy, continue to generate high levels of volatility on the stock and bond markets. This scenario could have repercussions for the results of the Group's financial and banking segments, which are highly exposed to market trends and subject to the decisions that the national and international bodies will take.

The Group will post a consolidated profit for the period, but its earnings will depend on variables related to the difficult economic and financial situation.

Milan, November 14, 2011

for the Board of Directors
The Chairman
Giampiero Pesenti

Consolidated quarterly situation

Income statement

(in thousands of euro)	Q3 2011	%	Q3 2010 (IFRS 5)	%	Change	%	Q3 2010 (published)	%
Revenue	**1.215.418**	**100,0%**	**1.256.468**	**100,0%**	**(41.050)**	**-3,3%**	**1.297.412**	**100,0%**
Other revenue	10.356		9.919		437		10.106	
Change in inventories	18.048		24.556		(6.508)		25.448	
Internal work capitalized	2.537		9.825		(7.288)		9.825	
Goods and utilities expense	(500.702)		(513.120)		12.418		(540.815)	
Service expense	(302.606)		(283.948)		(18.658)		(292.663)	
Employee expense	(248.996)		(234.660)		(14.336)		(239.516)	
Other operating income (expense)	(15.992)		(29.788)		13.796		(29.814)	
Recurring EBITDA	**178.063**	**14,7%**	**239.252**	**19,0%**	**(61.189)**	**-25,6%**	**239.983**	**18,5%**
Net capital gains on sale of fixed assets	373		1.436		(1.063)		1.501	
Non-recurring employee expense for re-orgs	854		(205)		1.059		(186)	
Other non-recurring income (expense)	(1.535)		(66)		(1.469)		(66)	
EBITDA	**177.755**	**14,6%**	**240.417**	**19,1%**	**(62.662)**	**-26,1%**	**241.232**	**18,6%**
Amortization and depreciation	(118.378)		(122.285)		3.907		(125.189)	
Impairment	(394)		(512)		118		(612)	
EBIT	**58.983**	**4,9%**	**117.620**	**9,4%**	**(58.637)**	**-49,9%**	**115.431**	**8,9%**
Finance income	13.692		6.312		7.380		6.522	
Finance costs	(44.792)		(32.151)		(12.641)		(32.597)	
Net exchange-rate differences and derivatives	(3.950)		(3.949)		(1)		(3.933)	
Impairment on financial assets	(3.216)		(10.144)		6.928		(10.144)	
Share of profit/(loss) of associates	4.692		7.247		(2.555)		7.247	
Profit before tax	**25.409**	**2,1%**	**84.935**	**6,8%**	**(59.526)**	**-70,1%**	**82.526**	**6,4%**
Income tax (expense)	(20.483)		(22.815)		2.332		(22.393)	
Gains (losses) relating to continuing operations	**4.926**	**0,4%**	**62.120**	**4,9%**	**(57.194)**	**-92,1%**	**60.133**	**4,6%**
Gains (losses) relating to discontinued operations	(1.703)		(1.987)		284			
Profit (loss) for the period	**3.223**	**0,3%**	**60.133**	**4,8%**	**(56.910)**	**-94,6%**	**60.133**	**4,6%**
Attributable to:								
owners of parent	**(17.938)**	**-1,5%**	**15.792**	**1,3%**	**(33.730)**	**n.s.**	**15.792**	**1,2%**
non-controlling interests	**21.161**	**1,8%**	**44.341**	**3,5%**	**(23.180)**	**-52,3%**	**44.341**	**3,4%**

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Income statement

(in thousands of euro)	Year to 09.30.2011	%	Year to 09.30.2010 (IFRS 5)	%	Change	%	Year to 09.30.2010 (published)	%
Revenue	**3.813.527**	**100,0%**	**3.831.147**	**100,0%**	**(17.620)**	**-0,5%**	**3.925.920**	**100,0%**
Other revenue	33.721		31.333		2.388		31.752	
Change in inventories	4.631		2.418		2.213		2.764	
Internal work capitalized	16.455		34.583		(18.128)		34.583	
Goods and utilities expense	(1.581.029)		(1.532.103)		(48.926)		(1.595.846)	
Service expense	(910.384)		(829.048)		(81.336)		(850.034)	
Employee expense	(770.180)		(728.210)		(41.970)		(742.878)	
Other operating income (expense)	(63.165)		(101.464)		38.299		(102.387)	
Recurring EBITDA	**543.576**	**14,3%**	**708.656**	**18,5%**	**(165.080)**	**-23,3%**	**703.874**	**17,9%**
Net capital gains on sale of fixed assets	19.954		3.818		16.136		4.395	
Non-recurring employee expense for re-orgs	(568)		(8.298)		7.730		(8.298)	
Other non-recurring income (expense)	(1.791)		(414)		(1.377)		(414)	
EBITDA	**561.171**	**14,7%**	**703.762**	**18,4%**	**(142.591)**	**-20,3%**	**699.557**	**17,8%**
Amortization and depreciation	(359.292)		(355.432)		(3.860)		(363.968)	
Impairment	183		(866)		1.049		(866)	
EBIT	**202.062**	**5,3%**	**347.464**	**9,1%**	**(145.402)**	**-41,8%**	**334.723**	**8,5%**
Finance income	57.401		33.046		24.355		33.751	
Finance costs	(116.409)		(128.136)		11.727		(129.277)	
Net exchange-rate differences and derivatives	(16.361)		6.078		(22.439)		6.106	
Impairment on financial assets	(1.977)		(39.173)		37.196		(39.173)	
Share of profit/(loss) of associates	9.297		6.818		2.479		6.818	
Profit before tax	**134.013**	**3,5%**	**226.097**	**5,9%**	**(92.084)**	**-40,7%**	**212.948**	**5,4%**
Income tax (expense)	(73.762)		(67.558)		(6.204)		(68.488)	
Gains (losses) relating to continuing operations	**60.251**	**1,6%**	**158.539**	**4,1%**	**(98.288)**	**-62,0%**	**144.460**	**3,7%**
Gains (losses) relating to discontinued operations	107.000		(14.079)		121.079			
Profit (loss) for the period	**167.251**	**4,4%**	**144.460**	**3,8%**	**22.791**	**15,8%**	**144.460**	**3,7%**
Attributable to:								
owners of parent	**7.410**	**0,2%**	**18.535**	**0,5%**	**(11.125)**	**-60,0%**	**18.535**	**0,5%**
non-controlling interests	**159.841**	**4,2%**	**125.925**	**3,3%**	**33.916**	**26,9%**	**125.925**	**3,2%**

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Statement of comprehensive income

(in thousands of euro)	Year to 09.30.2011	%	Year to 09.30.2010 (IFRS 5)	%	Change	%	Year to 09.30.2010 (published)	%
Profit (loss) for the period	**167.251**	**4,4**	**144.460**	**3,8**	**22.791**	**15,8**	**144.460**	**3,7**
Fair value gains (losses) on:								
Available-for-sale financial assets	(143.065)		(75.249)		(67.816)		(75.249)	
Derivatives	13.188		4.880		8.308		4.880	
Translation differences	(104.343)		154.588		(258.931)		168.928	
Tax on other comprehensive income	(583)		372		(955)		372	
Other comprehensive income	**(234.803)**		**84.591**		**(319.394)**		**98.931**	
Other comprehensive income on discontinued operations			14.340		(14.340)			
Total comprehensive income	**(67.552)**	**-1,8**	**243.391**	**6,4**	**(310.943)**	**n.s.**	**243.391**	**6,2**
Attributable to:								
owners of parent	(125.377)		(12.753)		(112.624)		(12.753)	
non-controlling interests	57.825		256.144		(198.319)		256.144	

Summary of the change in the total net financial position

(in thousands of euro)	09.30.2011	09.30.2010 (IFRS 5)
Opening net financial position	**(2.095.456)**	**(2.200.819)**
Cash flow from operating activities before change in working capital	333.833	530.187
Change in working capital	(96.440)	47.706
Cash flow from operating activities	**237.393**	**577.893**
Investments in PPE, investment property and intangible assets	(235.063)	(319.094)
Change in liabilities for PPE, investmt property and intangible asset purchases	(73.274)	(45.476)
Cash flow net of investments in PPE, investmt property, intangible assets	**(70.944)**	**213.323**
Investments in equity investments	(35.644)	(22.319)
Change in liabilities for equity investment purchases	1	(9.845)
Proceeds from sale of fixed assets	112.064	70.795
Dividends paid	(147.632)	(136.531)
Net debt of Calcestruzzi group at January 1, 2011	(217.688)	-
Net flows from discontinued operations	279.681	(8.383)
Other changes	16.976	(14.650)
Change in the period	**(63.186)**	**92.390**
Closing net financial period	**(2.158.642)**	**(2.108.429)**

Financial position

(in thousands of euro)	September 30 2011	June 30 2011	December 31 2010	Change Sept.30, 2011 Dec.31, 2010	Change %
Cash, cash equivalents and current financial assets	(1.857.344)	(1.749.412)	(1.912.071)	54.727	(2,9)
Short-term financing	1.514.727	1.458.698	1.377.248	137.479	10,0
Medium/long-term financial assets	(161.554)	(113.272)	(134.320)	(27.234)	20,3
Medium/long-term financial liabilities	2.662.813	2.581.394	2.764.599	(101.786)	(3,7)
Net financial debt	**2.158.642**	**2.177.408**	**2.095.456**	**63.186**	**3,0**
Total equity	**5.729.800**	**5.736.966**	**5.932.785**	**(202.985)**	**(3,4)**

Net financial debt at September 30, 2011, computed in compliance with Consob communication no.DEM/6064293 of July 28, 2006 (that is, not including medium/long-term financial assets) amounted to 2,320,196 thousand euro (2,229,776 thousand euro at December 31, 2010).

Comments on the financial statements

The Italmobiliare S.p.A. quarterly report at September 30, 2011, was approved by the Board of Directors on November 14, 2011. During the meeting the board authorized publication of a press release dated November 14, 2011, containing key information from the report.

The quarterly report at September 30, 2011, has been drawn up in accordance with the provisions of article 154 ter, paragraph 5, of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments. It has also been prepared using the measurement and valuation criteria of the International Financial Reporting Standards (IFRS).

The consolidated financial statements are based on the accounts of the consolidated companies at September 30, 2011.

Declaration of compliance with the IFRS – Accounting policies

The quarterly report has been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at September 30, 2011, adopted by the EC Commission.

The accounting policies used to draw up the quarterly report at September 30, 2011, are consistent with those used to draw up the Group annual report at December 31, 2010, together with the policies that came into force and have been adopted as from January 1, 2011:

- IAS 24 revised “Related party disclosures”;
- amendment to IFRS 1 “First-time adoption of IFRS” and the related amendment to IFRS 7;
- IFRIC 19 “Extinguishing financial liabilities with equity instruments”;
- amendment to IFRIC 14 “Prepayments of a minimum funding requirement”;
- amendment to IAS 32 “Financial instruments presentation” regarding classification of rights issues;
- amendments to IFRS 7;
- amendments to a number of IAS/IFRS/IFRIC as part of the improvement of the same (IFRS 1, 3, 7, IAS 1, 27, 34, IFRIC 13).

The above changes had no material effects in the period under review,

Sale of operations in Turkey

Through its subsidiary Ciments Français, on March 25, 2011, the Group sold the companies headed by Set Group Holding – Turkey; consequently, the operations in question have been accounted for in compliance with IFRS 5 “Non-current assets held for sale and discontinued operations”, presenting separate items in the income statement and the statement of cash flows reflecting the earnings and the cash flows arising from the sale.
Also in compliance with IFRS 5, the amounts in the income statement and the statement of cash flows for the year to September 30, 2010, have been restated accordingly.

To ensure clarity, the comparative information on the face of the income statement for the third quarter of 2010 and the year to September 30, 2010, is presented as required by IFRS 5 and as published in the quarterly report at September 30, 2010.

During the first nine months of 2011, through its subsidiary Ciments Français the Group reduced its controlling interest in the listed Turkish company Afyon Cimento from 76.5% to 51.0% for proceeds, net of tax, of 60.8 million euro; the difference between the carrying amount of the sold equity investment and the sum collected was recognized under equity attributable to the owners of the parent.

Exchange rates used to translate the financial statements of foreign entities

Exchange rates for 1 euro:

	Average rate			Closing rate		
Currencies	September 30 2011	Full year 2010	September 30 2010	September 30 2011	December 31 2010	September 30 2010
Thai baht	42,65033	42,02675	42,46872	42,04800	40,17000	41,44200
Czech crown	24,36038	25,28480	25,45339	24,75400	25,06100	24,60000
Kuwaiti dinar	0,38858	0,38019	0,37932	0,37379	0,37594	0,38858
Libyan dinar	1,72898	1,67844	1,67545	1,67030	1,67606	1,69399
Serbian dinar	101,89300	103,01500	101,81600	101,40400	106,04500	106,46600
Moroccan dirham	11,28299	11,15625	11,13912	11,20370	11,17980	11,23090
Canadian dollar	1,37943	1,36508	1,36146	1,41050	1,33220	1,40730
US dollar	1,40701	1,32588	1,31486	1,35030	1,33620	1,36480
Hungarian florin	271,30500	275,39800	275,27300	292,55000	277,95000	275,75000
Swiss franc	1,23423	1,38063	1,40040	1,21700	1,25040	1,32870
Ukraine hrivna	11,21800	10,53970	10,45280	10,79430	10,62540	10,82130
Croatian kuna	7,41925	7,28886	7,26184	7,49950	7,38300	7,30580
Albanian lek	140,42218	137,74003	137,43343	140,99800	138,86000	138,45700
Moldavian leu	16,48750	16,38605	16,45901	16,09110	16,24000	16,39930
Bulgarian lev	1,95583	1,95583	1,95583	1,95583	1,95583	1,99583
Egyptian pound	8,34486	7,47113	7,35065	8,05565	7,75751	7,77953
Bosnian mark	1,95583	1,95583	1,95583	1,95583	1,95583	1,99583
New Turkish lira	2,27920	1,98756	1,99106	2,51570	2,04910	1,97540
New Romanian leu	4,20558	4,21125	4,18487	4,35750	4,26200	4,27180
Mauritanian ouguiya	392,24278	365,68685	359,48144	385,38200	377,75700	391,35000
Mexican peso	16,92743	16,73637	16,70772	18,59360	16,54750	17,12580
Chinese renmimbi	9,14126	8,97294	8,94996	8,62070	8,82200	9,13210
Qatar riyal	5,12346	4,82647	4,78612	4,91601	4,86375	4,96802
Saudi riyal	5,27680	4,97226	4,93092	5,06415	5,01060	5,11847
Russian rouble	40,49280	40,25900	39,76220	43,35000	40,82000	41,69230
Indian rupee	63,68637	60,58486	60,47244	66,11900	59,75800	61,24700
Sri Lanka rupee	154,91674	149,85278	149,33251	148,78300	148,24700	152,67100
Pound sterling	0,87151	0,85805	0,85758	0,86665	0,86075	0,85995
Kazakh tenge	205,71881	195,38110	193,69846	199,86100	196,96400	201,44400
Polish zloty	4,02038	3,99352	4,00267	4,40500	3,97500	3,98470

The exchange rates used to translate the financial statements of the foreign entities are those published by the Bank of Italy, with the exception of the “new Turkish lira”, which is published by the Turkish Central Bank.

Scope of consolidation

Changes in the scope of consolidation

The main changes in the scope of consolidation with respect to September 30, 2010, are as follows:

- the line-by-line consolidation of the Calcestruzzi group – Italy as from January 1, 2011.
  At September 30, 2011, the Calcestruzzi group comprised the subsidiaries: Calcestruzzi S.p.A., Cemencal S.p.A., Eica S.r.l., Esa Monviso S.p.A. and Speedybeton S.p.A. (consolidated on a line-by-line basis); the associates: Mantovana Inerti S.r.l. and Ecoinerti S.r.l. (consolidated on a proportionate basis); and the associates: General Cave S.r.l., Safra S.r.l. and Commerciale Inerti S.r.l. (accounted for with the equity method);
- the withdrawal of Set Group Holding (Turkey) and its subsidiaries: Set Cimento and Met Teknik Servis, after the sale to third parties on March 25, 2011;
- the withdrawal of Bares and Italgen Elektrik (Turkey) after the sale to third parties on March 31, 2011;
- the line-by-line consolidation of Gulbarga Cement Limited – India as from September 2011;
- the upstream merger of Fincomind AG (Switzerland) into and with Soparfi SA (Luxembourg);
- the sale of 100% of SG Finance SA and 90% of Soparfinter SA (Luxembourg).

Revenue

Revenue from sales and services amounted to 1,125,418 thousand euro in the third quarter of 2011 and 3,813,527 thousand euro for the year to September 30, 2011, as follows:

(in thousands of euro)	Q3 2011	Q3 2010	Change	% change
Industrial revenue				
Product sales	1.172.827	1.185.701	(12.874)	-1,1%
Services provided	33.638	43.372	(9.734)	-22,4%
Total	**1.206.465**	**1.229.073**	**(22.608)**	**-1,8%**
Financial revenue				
Interest	2.582	13.149	(10.567)	-80,4%
Dividends	205	13	192	n.s.
Capital gains and other revenue	(2.107)	6.242	(8.349)	n.s.
Total	**680**	**19.404**	**(18.724)**	**-96,5%**
Bank revenue				
Interest	1.585	1.371	214	15,6%
Commissions	5.886	6.044	(158)	-2,6%
Other revenue	717	485	232	47,8%
Total	**8.188**	**7.900**	**288**	**3,6%**
Property and service revenue	**85**	**91**	**(6)**	**-6,6%**
Grand total	**1.215.418**	**1.256.468**	**(41.050)**	**-3,3%**

(in thousands of euro)	Year to 09.30.2011	Year to 09.30.2010	Change	% change
Industrial revenue				
Product sales	3.645.243	3.610.258	34.985	1,0%
Services provided	124.472	130.302	(5.830)	-4,5%
Total	**3.769.715**	**3.740.560**	**29.155**	**0,8%**
Financial revenue				
Interest	7.575	17.476	(9.901)	-56,7%
Dividends	4.976	4.566	410	9,0%
Capital gains and other revenue	6.499	41.629	(35.130)	-84,4%
Total	**19.050**	**63.671**	**(44.621)**	**-70,1%**
Bank revenue				
Interest	4.302	4.013	289	7,2%
Commissions	18.066	19.547	(1.481)	-7,6%
Other revenue	1.832	1.978	(146)	-7,4%
Total	**24.200**	**25.538**	**(1.338)**	**-5,2%**
Property and service revenue	**562**	**1.378**	**(816)**	**-59,2%**
Grand total	**3.813.527**	**3.831.147**	**(17.620)**	**-0,5%**

The breakdown of consolidated revenue by line of business and geographical area was as follows:

by line of business:

(in thousands of euro)	Q3 2011	Q3 2010	Change	
			Amount	%
Construction materials	1.146.131	1.167.708	(21.577)	-1,8%
Packaging and insulation	59.871	61.326	(1.455)	-2,4%
Finance	857	19.007	(18.150)	-95,5%
Banking	8.521	8.335	186	2,2%
Property, services, other	38	92	(54)	-58,7%
Total	**1.215.418**	**1.256.468**	**(41.050)**	**-3,3%**

(in thousands of euro)	Year to 09.30.11	Year to 09.30.10	Change	
			Amount	%
Construction materials	3.593.831	3.564.974	28.857	0,8%
Packaging and insulation	175.710	175.482	228	0,1%
Finance	17.876	62.646	(44.770)	-71,5%
Banking	25.547	26.666	(1.119)	-4,2%
Property, services, other	563	1.379	(816)	-59,2%
Total	**3.813.527**	**3.831.147**	**(17.620)**	**-0,5%**

by geographical area:

(in thousands of euro)	Q3 2011	Q3 2010	Change	
			Amount	%
European Union	703.645	684.616	19.029	2,8%
Other European countries	18.287	20.210	(1.923)	-9,5%
North America	125.407	131.163	(5.756)	-4,4%
Asia and Middle East	131.983	127.085	4.898	3,9%
Africa	190.335	238.257	(47.922)	-20,1%
Trading	36.257	35.216	1.041	3,0%
Other countries	9.504	19.921	(10.417)	-52,3%
Total	**1.215.418**	**1.256.468**	**(41.050)**	**-3,3%**

(in thousands of euro)	Year to 09.30.11	Year to 09.30.10	Change	
			Amount	%
European Union	2.201.100	2.071.279	129.821	6,3%
Other European countries	53.967	56.592	(2.625)	-4,6%
North America	297.123	316.470	(19.347)	-6,1%
Asia and Middle East	425.669	366.609	59.060	16,1%
Africa	679.969	855.130	(175.161)	-20,5%
Trading	99.886	103.699	(3.813)	-3,7%
Other countries	55.813	61.368	(5.555)	-9,1%
Total	**3.813.527**	**3.831.147**	**(17.620)**	**-0,5%**

Goods and utilities expense

Goods and utilities expense amounted to 1,581,029 thousand euro, as follows:

(in thousands of euro)	Year to 09.30.11	Year to 09.30.10	Change	% change
Raw materials and semifinished goods	473.179	379.447	93.732	24,7%
Fuel	420.845	392.810	28.035	7,1%
Materials and machinery	231.533	203.929	27.604	13,5%
Finished goods	125.594	197.617	(72.023)	-36,4%
Electricity, water, gas	353.599	349.640	3.959	1,1%
Change in inventories of raw materials, consumables, other	(23.721)	8.660	(32.381)	n.s.
Total	**1.581.029**	**1.532.103**	**48.926**	**3,2%**

Service expense

Service expense amounted to 910,384 thousand euro, as follows:

(in thousands of euro)	Year to 09.30.11	Year to 09.30.10	Change	% change
External services and maintenance	285.354	268.881	16.473	6,1%
Transport	397.780	343.404	54.376	15,8%
Legal fees and consultancy	41.781	41.278	503	1,2%
Rents	68.427	59.661	8.766	14,7%
Insurance	31.234	31.302	(68)	-0,2%
Other expense	85.808	84.522	1.286	1,5%
Total	**910.384**	**829.048**	**81.336**	**9,8%**

Employee expense

Employee expense amounted to 770,180 thousand euro, as follows:

(in thousands of euro)	Year to 09.30.11	Year to 09.30.10	Change	% change
Wages and salaries	524.644	493.645	30.999	6,3%
Social security contributions and contributions to pension funds	171.892	160.154	11.738	7,3%
Cost of stock option plans	2.183	5.941	(3.758)	-63,3%
Other	71.461	68.470	2.991	4,4%
Total	**770.180**	**728.210**	**41.970**	**5,8%**

The number of employees is shown below:

(heads)	Year to 09.30.11	Year to 09.30.10	Full year 2010
Employees at period end	21.832	21.861	22.262
Average number of employees	22.137	21.975	22.572

Other operating income (expense)

Other operating expense net of other operating income amounted to 63,165 thousand euro, as follows:

(in thousands of euro)	Year to 09.30.11	Year to 09.30.10	Change	% change
Other taxes	63.390	58.047	5.343	9,2%
Provision for bad debts	20.861	9.602	11.259	n.s.
Provision for environmental remediation - quarries, other	51.024	78.688	(27.664)	-35,2%
Interest expense and other expense for companies in the financial and banking sectors	29.704	26.080	3.624	13,9%
Miscellaneous income	(101.814)	(70.953)	(30.861)	43,5%
Total	**63.165**	**101.464**	**(38.299)**	**-37,7%**

“Interest expense and other expense for companies in the financial and banking sectors” refers principally to the impairment losses of 16,839 thousand euro applied by the companies in the financial sector to trading securities and equities (8,431 million euro in the year to September 30, 2010) and to interest expense and other finance costs of 12,865 thousand euro (17,649 thousand euro for the year to September 30, 2010).

“Miscellaneous income” for the year to September 30, 2011, included net capital gains of 46.4 million euro on CO_2 emission rights trading (45.4 million euro in first nine months of 2010) and income from the reimbursement of “new entry” CO_2 quotas assigned to Italcementi S.p.A. for the period 2008-2012; the amount was 18.9 million euro, representing the present value of the receivable as at September 30, 2011,

Non-recurring income (expense)

Amounted to 17,595 thousand euro and consisted largely of capital gains of 20.0 million euro on the sale of property, plant and equipment and intangible assets (including 14.0 million euro from the sale of Italgen Turkey and Bares, whose main asset was the license for the Balikesir wind farm project in Turkey).

(in thousands of euro)	Year to 09.30.11	Year to 09.30.10
Net capital gains on sale of fixed assets	19.954	3.818
Total employee expense for re-organizations	(568)	(8.298)
Other non-recurring income (expense)	(1.791)	(414)
Total	**17.595**	**(4.894)**

Amortization and depreciation

The total of 359,292 thousand euro (355,432 thousand euro at September 30, 2010) reflects depreciation of property, plant and equipment and investment property for 346,409 thousand euro (344,434 thousand euro at September 30, 2010) and amortization of intangible assets for 12,883 thousand euro (10,998 thousand euro at September 30, 2010).

Impairment

Impairment losses of 183 thousand euro were posted on Group industrial assets.

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

Finance costs, net of finance income and net exchange-rate differences and derivatives, amounted to 75,369 thousand euro, as follows:

	Year to 09.30.11		Year to 09.30.10	
(in thousands of euro)	Income	Costs	Income	Costs
Interest income	18.126		19.672	
Interest expense		(82.933)		(105.247)
Sub total	**18.126**	**(82.933)**	**19.672**	**(105.247)**
Net interest in respect of net financial position		**(64.807)**		**(85.575)**
Net dividends	1.067		1.381	
Capital gains from sale of equity investments	25.123	(516)	7.398	(762)
Other finance income	13.085		4.595	
Capitalized interest expense		448		6.642
Other finance costs		(33.408)		(28.769)
Sub total	**39.275**	**(33.476)**	**13.374**	**(22.889)**
Total finance income (costs)	**57.401**	**(116.409)**	**33.046**	**(128.136)**
Gains/(losses) on interest-rate derivatives		(5.250)		(3.172)
Gains/(losses) on exchange-rate derivatives		(9.629)	36.849	
Net exchange-rate differences		(1.482)		(27.599)
Net exchange-rate differences and derivatives		**(16.361)**		**6.078**
Total finance income (costs), net exchange-rate differences and derivatives		**(75.369)**		**(89.012)**

At September 30, 2011, other income from equity investments included the net capital gains on the partial sale of Goltas shares and the full sale of Bursa for a total of 25.0 million euro.

Total finance costs net of finance income, not considering net exchange-rate differences and derivatives, amounted to 59,008 thousand euro (95,090 thousand euro at September 30, 2010); the amount in the previous period included net costs of 21,395 thousand euro for the repurchase of the notes for the "US Private Placements".

Impairment on financial assets

The caption reflects an amount of -1,977 thousand euro (-39,173 thousand euro at September 30, 2010) arising as follows:

- +7,524 thousand euro for the reversal of the impairment loss recognized on the Calcestruzzi group (-29,527 thousand euro at September 30, 2010) at December 31, 2010, in the fair value reserve for available-for-sale financial assets, which has now been taken to income after the consolidation of the Calcestruzzi group as from January 1, 2011;
- -9,121 thousand euro for the impairment loss on the UBI equity investment;
- a residual amount of -380 thousand euro for impairment losses on other instruments (KME, Intek, Draper and Ascend)

The impairment losses on listed securities were determined in accordance with IAS 39 and in compliance with the Group impairment policy.

Share of profit/(loss) of associates

This caption reflected an amount of 9,297 thousand euro, compared with 6,818 thousand euro at September 30, 2010, as follows:

(in thousands of euro)	Year to 09.30.11	Year to 09.30.10	Change	% change
Vassiliko (Cyprus)	(1.488)	(1.210)	(278)	n.s.
Asment (Morocco)	5.964	7.135	(1.171)	-16,4%
Ciment Quebec (Canada)	6.868	6.936	(68)	-1,0%
Innocon (Canada)	1.450	178	1.272	n.s.
Techno Gravel (Egypt)	467	978	(511)	-52,2%
Mittel (Italy)	(13)	(1.511)	1.498	n.s.
SES (Italy)	(1.114)	(1.052)	(62)	n.s.
RCS MediaGroup (Italy)	(939)	(4.785)	3.846	-80,4%
Others	(1.898)	149	(2.047)	n.s.
Total	**9.297**	**6.818**	**2.479**	**36,4%**

Income tax expense

Income tax expense for the first nine months was 73,762 thousand euro, as follows:

(in thousands of euro)	Year to 09.30.11	Year to 09.30.10	Change	% change
Current tax	89.265	96.596	(7.331)	-7,6%
Prior-year tax and other net non-recurring fiscal items	(1.456)	(118)	(1.338)	n.s.
Deferred tax	(14.047)	(28.920)	14.873	-51,4%
Total	**73.762**	**67.558**	**6.204**	**9,2%**

Gains (losses) relating to discontinued operations

On March 25, 2011, the Group sold the companies in Set Group Holding – Turkey. The net sale price of 269.7 million euro generated a consolidated net capital gain of 107.0 million euro. At September 30, 2010, Set Group Holding posted a loss for the period of 14.1 million euro.

Non-recurring transactions

The following tables itemize the most significant non-recurring transactions and their impact on Group equity, financial position and profit:

(in thousands of euro)	09.30.2011					
	Equity		Profit (loss) for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	**5.729.800**		**167.251**		**(2.158.642)**	
Net capital gains on sale of fixed assets	19.954	0,35%	19.954	11,93%	32.788	1,52%
Non-recurring employee expense for re-organizations	(568)	0,01%	(568)	0,34%		
Other non-recurring income/(expense)	(1.791)	0,03%	(1.791)	1,07%	(300)	0,01%
Income tax on non-recurring transactions	(2.351)	0,04%	(2.351)	1,41%		
Total	**15.244**	**0,27%**	**15.244**	**9,11%**	**32.488**	**1,51%**
Figurative value without non-recurring transactions	**5.714.556**		**152.007**		**(2.191.130)**	

(in thousands of euro)	09.30.2010					
	Equity		Profit (loss) for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	**5.885.140**		**144.460**		**(2.108.429)**	
Net capital gains on sale of fixed assets	3.818	0,06%	3.818	2,64%	11.492	0,55%
Non-recurring employee expense for re-organizations	(8.298)	0,14%	(8.298)	5,74%		
Other non-recurring income/(expense)	(414)	0,01%	(414)	0,29%	(630)	0,03%
Income tax on non-recurring transactions	1.128	0,02%	1.128	0,78%		
Total	**(3.766)**	**0,06%**	**(3.766)**	**2,61%**	**10.862**	**0,52%**
Figurative value without non-recurring transactions	**5.888.906**		**148.226**		**(2.119.291)**	

Capital expenditure

Capital expenditure for the year to September 30, 2011, amounted to 343,980 thousand euro, as follows:

(in thousands of euro)	Year to 09.30.11	Year to 09.30.10	Change	
			Amount	%
Intangible assets	14.158	17.150	(2.992)	-17,4%
Property, plant equipment and investment property	220.905	301.944	(81.039)	-26,8%
Non-current financial assets	35.644	22.319	13.325	59,7%
Change in liabilities/receivables for non-current financial asset purchases	(1)	9.845	(9.846)	-100,0%
Change in liabilities/receivables for PPE, investment property and intangible asset purchases	73.274	45.476	27.798	61,1%
Total	**343.980**	**396.734**	**(52.754)**	**-13,3%**

Investments in property, plant and equipment and investment property for the year to September 30, 2011, amounted to 220,905 thousand euro, a decrease of 26.8% from the first nine months of 2010; they were in the European Union for 114,877 thousand euro (including Italy for 49,181 thousand euro, France for 34,132 thousand euro, Belgium for 18,665 thousand euro), North America for 12,488 thousand euro, Africa for 54,216 thousand euro, Asia and the Middle East for 35,981 thousand euro, including India for 23,775 thousand euro.

Investments in non-current financial assets for the year to September 30, 2011, amounted to 35,644 thousand euro, of which 1,854 thousand euro in the third quarter.

Financial Position

Net financial debt at September 30, 2011, stood at 2,158,642 thousand euro (2,095,456 thousand euro at December 31, 2010), consisting of gross financing for 4,177,540 thousand euro (4,141,847 thousand euro at December 31, 2010) and gross financial assets of 2,018,898 thousand euro (2,046,391 thousand euro at December 31, 2010).
Gross financing consisted of short-term financing for 1,514,727 thousand euro (1,377,248 thousand euro at December 31, 2010) and medium/long-term financing for 2,662,813 thousand euro (2,764,599 thousand euro at December 31, 2010).
Medium/long-term financing at September 30, 2011, amounted to 2,662,813 thousand euro and included the debenture issued on the European market by Italcementi Finance S.A. in March 2010 for an overall nominal amount of 750 million euro, with a 5.375% coupon.

The change in net financial debt from December 31, 2010, was 63,186 thousand euro, as follows:

(in thousands of euro)	**Change vs December 31, 2010**
Cash, cash equivalents and current financial assets	54.727
Short-term financing	137.479
Change in short-term net financial debt	***192.206***
Medium/long-term assets	(27.234)
Medium/long-term financial liabilities	(101.786)
Change in medium/long-term net financial debt	***(129.020)***
Change in total net financial debt	**63.186**

Events after the end of the period

No significant events took place after the end of the period whose effects would require amendments to or additional comments on the Group equity, financial position and profit as at and for the year to September 30, 2011.
For further details, reference should be made to the comments on operations.

The manager in charge of preparing the company's financial reports, Giorgio Moroni, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this report corresponds to the document results, books and accounting entries.