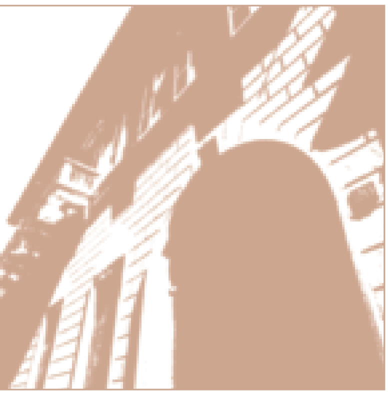
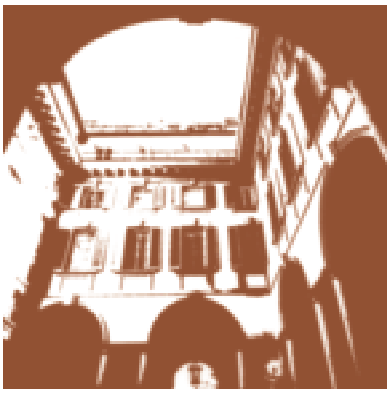
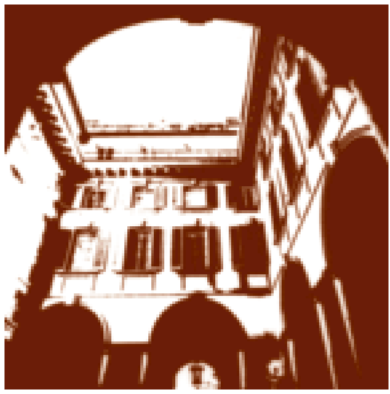
ITALMOBILIARE

2014 Annual Report



ITALMOBILIARE

2014 Annual Report

March 24, 2015

ITALMOBILIARE
Società per Azioni

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

Contents

Presentation

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

Board of Directors

(Term ends on approval of financial statements at 12.31.2016)

Giampiero Pesenti	1	Chairman
Italo Lucchini	1-3	Deputy Chairman
Carlo Pesenti	1-2	Chief Executive Officer Chief Operating Officer
Anna Maria Artoni	5-6	
Giorgio Bonomi	4	
Carolyn Dittmeier	4-5-6	
Sebastiano Mazzoleni		
Luca Minoli		
Gianemilio Osculati	6	
Clemente Rebecchini		
Paolo Domenico Sfameni	4-5-6-9	
Livio Strazzera	1-7	
Massimo Tononi	3-6-8	
Laura Zanetti	1-3-6	
Graziano Molinari	10	Secretary to the Board

Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2016)

Acting auditors

Francesco Di Carlo	Chairman
Angelo Casò	
Luciana Ravicini	

Substitute auditors

Maria Rachele Vigani
Barbara Berlanda
Paolo Ludovici

Manager in charge of preparing the company's financial reports

Giorgio Moroni

Independent Auditors

KPMG S.p.A.

1 Member of the Executive Committee
2 Director in charge of the internal control and risk management system
3 Member of the Remuneration Committee
4 Member of the Risk and Control Committee
5 Member of the Committee for Transactions with Related Parties
6 Independent director (pursuant to the Code of Conduct and Legislative Decree no. 58, February 24, 1998)
7 Independent director (pursuant to Legislative Decree no. 58, February 24, 1998)
8 Lead independent director
9 Member of the Supervisory Body
10 Secretary to the Executive Committee

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

Board of Directors

Giampiero Pesenti – Director since December 5, 1967
Born in Milan, May 5, 1931
Degree in mechanical engineering – Milan Polytechnic.
1958, began working in the Technical Division of Italcementi S.p.A., the family firm established in 1864.
1983, appointed Chief Operating Officer; 1984, Chief Executive Officer; since 2004 Chairman of Italcementi S.p.A.
1984, appointed Chairman-Chief Executive Officer of Italmobiliare S.p.A, since 2014 Chairman.
Also currently Vice Chairman of Finter Bank Zürich and director on the boards of Compagnie Monegasque de Banque, Crédit Mobilier de Monaco, Fondazione Cav. Lav. Carlo Pesenti and Istituto Europeo oncologia.

Italo Lucchini – Director since June 17, 1999
Born in Bergamo, December 28, 1943
Degree in economics & commerce – Bocconi University, Milan.
Firstly Assistant lecturer at Bocconi University and then non-tenured lecturer at Bergamo University, works as a public accountant with a successful practice in Bergamo.
Director of Ciments Français till March 2013, he is currently Director at Unione di Banche Italiane S.c.p.a.
He is also involved in bankruptcy proceedings at Bergamo court in particular as judicial Liquidator of the composition with creditors procedures of Locatelli Geom. Gabriele S.p.A. and three of its subsidiaries.

Carlo Pesenti – Director since June 17, 1999
Born in Milan, March 30, 1963
Degree in mechanical engineering – Milan Polytechnic.
Master in economics & management – Bocconi University, Milan.
After joining the Italcementi group, gained significant experience in a variety of group production units and especially in the Corporate Finance, Administration & Control Division.
Having held the post of Joint Chief Operating Officer, in May 2004 he was appointed Italcementi Chief Executive Officer.
Since 2001 he has also been appointed Chief Operating Officer of Italmobiliare S.p.A., becoming Chief executive Officer in May 2014.
Member of the Executive Committee of Confindustria since 2003, in 2012 he was appointed Chairman of the Confindustria Reforms Commission. Since 2014 Vice Chairman of Confindustria, in charge of the Educational center.
In 2013 he joined the Corporate Governance Committee promoted by ABI, Ania, Assonime, Assogestioni, Borsa Italiana and Confindustria.
In 2013, he was appointed Co-Chairman of the CSI (Cement Sustainability Initiative) under the WBCSD (World Business Council for Sustainable Development).

Anna Maria Artoni – Director since May 27, 2014
Born in 1967
Sole Director of Artoni Group S.p.A., Italy's leading player in transport and integrated logistics. She also holds posts in other family Group companies.
Independent director of Pirelli S.p.A. and MutuiOnLine S.p.A..
In November 2013 she became a member of the Permanent Committee of global consulting and guarantee for the Privatization of the MEF.
Member of the Board of Directors of Linkiesta S.p.A, an online publisher.
Member of the Investment Committee of Credem Private Equity SGR and the Strategic Committee of 21 Investimenti.
Member of the Management Committee and Board of Assonime.
Member of the Advisory Board of Alma Graduate School (Bologna).

Giorgio Bonomi – Director since May 3, 2002
Born in Bergamo, November 2, 1955
Degree in law – Milan State University.
Law practice in Bergamo. Public accountant.

Carolyn Dittmeier – Director since May 27, 2014
Born on November 6, 1956, in the USA; she holds Italian and US nationality.
Degree in economics at the Wharton School, University of Pennsylvania, USA.
Member of the UN Food and Agriculture Organization Audit Committee since 2012 and Chairman since 2014.
From 2002 to 2013, Controller and Chief Audit Officer of Poste Italiane Group. From 1999 to 2002, she introduced and led the internal audit and risk assessment consultancy services practice at KPMG in Italy, where she was an associate partner. From 1987 to 1999, she was a senior executive at the Montedison Group.
Professor in Corporate Governance and Auditing at the LUISS Guido Carli University (degree and master's degree programs) since 2010.
From 2013 to 2014 Vice Chairman of the Institute of Internal Auditors (IIA), the world reference body for internal auditing.
Independent director of Autogrill S.p.A. since 2013 and Chairman of the Control and Risk Committee since 2014.
Chairman of the Statutory Auditors of Assicurazioni Generali S.p.A. since 2014.

Sebastiano Mazzoleni – Director since May 25, 2011
Born in Milan, May 11, 1968
Degree in Geology – Milan State University.
Master in Business Administration – Bocconi Business School, Milan.
Began his professional career in 1996 with CTG S.p.A. as a research geologist in charge of assessing raw materials for cement production, coordinating work groups in Italy, France, Spain and Thailand.
2000, moved to Italcementi S.p.A. as Project Manager in the Marketing Division, with joint responsibility for drawing up new product marketing plans and benchmark analyses for development of competitive positioning models.
2003 involved in the creation of the new Group department "New Product Marketing Division", as head of innovation for USA, Greece, Bulgaria, Turkey, Egypt, Thailand, Kazakhstan and India until 2009. Group manager in charge of the new project for enhancement of recoverable resources.
Since 2010 has been involved in non-profit and consultancy on innovation.

Luca Minoli – Director since May 3, 2002
Born in Naples, January 29, 1961
Degree in law, *magna cum laude,* 1985 – Milan State University.
Registered on Order of Lawyers in 1988. Registered on Order of Cassation Lawyers in 2006.
1986 to 1987, associate of Hughes Hubbard & Reed in New York. First associate, later partner from 1991 of the Ardito law firm. Partner, from 2004 to 2012, of the Dewey & LeBoeuf law firm.
Partner of the Gattai, Minoli, Agostinelli & Partners law firm.

Gianemilio Osculati – Director since May 25, 2011
Born in Monza, May 19, 1947
Degree in Business Economics – Bocconi University, Milan.
MBA from Indiana University Graduate School of Business; Fulbright Scholar - University Fellow, Teaching Assistant of Finance.
Registered on the Monza Order of Certified Accountants and is a registered account auditor.
Extensive experience in leading Italian and international consultancy firms, first with The Boston Consulting Group and subsequently at McKinsey & Company, Mediterranean Complex of which he was Managing director from 1994 to 2004 and Chairman from 2004 to 2007.
CEO of Bank of America and of Italy from 1987 to 1992.
Currently CEO of Borghesi Osculati and Partner S.p.A.

Clemente Rebecchini – Director since May 25, 2011
Born in Rome, March 8, 1964
Degree in economics & commerce- La Sapienza University, Rome.
Registered on the Order of Certified Accountants.
Currently central director of Mediobanca S.p.A., chairman of Telco S.p.A., Vice Chairman of Assicurazioni Generali S.p.A. and non-executive director of Atlantia S.p.A.

Paolo Domenico Sfameni – Director since May 25, 2011
Born in Milan, November 25, 1965
Degree in economics & commerce – Bocconi University, Milan.
Registered on the Order of Certified Accountants and the Roll of Account Auditors.
From 2000-2002, corporate law consultant at Assonime.
Independent consultant on corporate law, and banking and financial market law.
Director, statutory auditor, bond holders' representative and member of compliance committees of relevant joint stock companies.
Associate professor of commercial law at the economics faculty of Aosta University, where he also was full professor of European and private law.
Joint professor in financial brokerage law at Bocconi University, Milan.
Professor of the Master of Corporate criminal law F. Stella at Milan Catholic university
Member of the editorial committee of law journals and author of papers on corporate law.

Livio Strazzera – Director since May 3, 2002
Born in Trapani, July 23, 1961
Degree in economics & commerce – Bocconi University, Milan.
Accountant in Milan and registered public accountant.
Tax consultant and auditor in many business corporations. Previously worked as a financial consultant in London, New York and Miami.
Deputy chairman of Banca Popolare Commercio e Industria.

Massimo Tononi – Director since May 27, 2014

Born in Trento, August 22,1964.

Graduated in Business Economics - Bocconi University, Milan in 1988.

Began his career in 1988 at the London office of Goldman Sachs, mainly focusing on mergers and acquisitions.

From 1993 to 1994, he was personal assistant to the Chairman of IRI, before going back to Goldman Sachs in 1994, where he became a Partner managing director, first in Milan and later in London.

From May 2006 to May 2008, he was Vice-Secretary of State at the Ministry of the Economy & Finance, with responsibility for public debt and State-owned companies. He subsequently went back to Goldman Sachs, until July 2010.

Currently Chairman of Prysmian, Borsa Italiana, Cassa di Compensazione e Garanzia, Istituto Atesino di Sviluppo. Director of the London Stock Exchange Group and Sorin, member of the Management Committee of Assonime, the Italian Committee for Corporate Governance and the Board of European Issuers

Laura Zanetti – Director since November 14, 2013

Born in Bergamo on July 26, 1970, she is married with two children.

Degree in Corporate Economics at Bocconi University, where she graduated with honors and her dissertation was recommended for publication.

Certified Accountant and Account Auditor, and author of many articles on corporate finance and corporate valuation.

Associate professor of corporate finance at the Bocconi University in Milan, where she teaches Corporate Valuation.

Research Fellow of CAREFIN, Center for Applied Research in Finance, and director of the degree's course in Economics and Finance at Bocconi.

Previously, she was director of the Master of Science in Finance at the Bocconi University, and a Visiting Scholar at the Massachusetts Institute of Technology and at the London School of Economics and Political Science.

Board of Statutory Auditors

Francesco Di Carlo

Born in Milan on October 4, 1969

Degree in economics & commerce – Milan Catholic University.

Registered on the Milan Order of Certified Accountants and the Roll of Account Auditors.

Charter member of the Craca Di Carlo Guffanti Pisapia Tatozzi studio, started his career in 1995. In 1996 joined Studio Pirola, Pennuto, Zei e Associati and in 2000 was charter member of Studio Annunziata e associate where he worked till December 2013.

For many years he has worked as a consultant with Italian and international corporations on issues relating to corporate, banking, financial market and insurance law.

Chairman of the Regulatory & Legal and Fiscal Consultancy Commission at the Italian Private Banking association since 2007. Among others, he is currently Chairman of the Board of Statutory auditors of Equita SIM S.p.A., Idea Capital SGR S.p.A., Acting Auditor of Clessidra SGR S.p.A. and Chairman of the Compliance committee of Kairos Partners SGR S.p.A.

Has lectured at the Milan Catholic University and Bologna University, in the economics faculty.

Has lectured on juridical issues at the Bocconi University business school.

Angelo Caso'
Born in Milan, August 11, 1940
Degree in economics & commerce – Bocconi University, Milan.
Registered on the Milan Order of Certified Accountants and the Register of Account Auditors.
Chaired the Fédération des Experts Comptables Européens (F.E.E.) from 1991 to 1993, after serving as Deputy Chairman for six years.
Since 1993 cooperates with the International Federation of Accountants (IFAC), in a variety of roles on committees and the Board of Directors. Currently a member of the IFAC - Compliance Advisory Panel Committee.
Member of the Milan Arbitration Chamber from 1998 to 2005.
Since 2008 chairs the Management Committee of the Organismo Italiano Contabilità (OIC), and from 2004 to 2008 chaired the OIC Scientific Technical Committee.
Board member of EFRAG since January 1st, 2015.
Milan court-appointed receiver, judicial receivership commissioner, extraordinary commissioner and liquidator of insurance companies, company liquidator appointed by shareholders and the court of Milan.
Has been a certified accountant since 1965 with offices in Milan.

Luciana Ravicini
Born in Milan, January 10, 1959.
Degree in economics & commerce – University of Brescia.
Registered on the roll of certified accountants of Brescia.
Registered on the roll of auditors.
Practicing accountant and Statutory auditor.
The professional assignments carried out have allowed her to gain experience especially in financial, fiduciary and industrial companies and to mature depth knowledge in legal and tax matters.
She holds offices as Statutory Auditor in companies listed on the Italian Stock Exchange, chairman of the Board of Statutory Auditors, standing auditor and external auditor in industrial and financial companies and in the tertiary sector.
She also gained experience as a director in a company listed on the Milan Stock Exchange, where she held the role of Chairman of the Committee of Independent Directors as well as Full Member of the Audit and Risk Committee.

Notice of Call

Those who are entitled to the voting rights at Italmobiliare S.p.A. Annual General Meeting are hereby called to attend the Ordinary and extraordinary General Meeting on single call on **May 27, 2015 at 10.30 a.m.**, in Milan, via Filodrammatici no. 3, at Mediobanca office, to resolve upon the following:

Agenda

Ordinary Items

1) Board of Directors and Board of Statutory Auditors Reports on 2014 fiscal year: examination of financial statements as at December 31, 2014 and ensuing resolutions;
2) Remuneration Report;
3) Authorization to purchase and dispose of treasury shares;
4) Determination of the remuneration to be granted to the members of the Investments Committee.

Extraordinary Items

Proposed amendments to articles 9 (Call), 10 (Addition to the agenda) and 20 (Call of the Board of directors and the Executive committee) of the company By-Laws. Ensuing and consequent resolutions

* * *

Entitlement to take the floor

Those who prove to be entitled to the voting rights at the end of the seventh open market day before the meeting date on single call (May 18, 2015 – *Record date*), have the right to take the floor.

Credit and debit entries registered in the Intermediary accounts' after the above mentioned deadline do not affect the entitlement of the voting right's exercise at the Meeting.

Entitlement to take the floor at the Meeting and to exercise the voting right is proved by a notice served by the Intermediary to the Company, according to its accounting records, in favour of the person/entity who is entitled to the voting right. The captioned notice must reach the Company before the end of the third open market day (i.e. by May 22, 2015) prior to the scheduled Meeting date. No prejudice to the right to take the floor and vote at the Meeting will be suffered should the Company receive the notice after the above mentioned deadline, provided that it is received before the beginning of the Meeting.

Shareholders who own ordinary shares that have not been yet dematerialized must previously deliver them to an Intermediary, in time to be centralized in a dematerialization system and ask for the above mentioned notice.

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

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

Vote by proxy

Those who are entitled to take the floor at the Meeting can be represented by means of written proxy under current law provisions, and can use the form available at our headquarters (**20, Via Borgonuovo, 20121 Milan**) and on the Company website *www.italmobiliare.it* under section *Governance/General Meetings*. The proxy can be notified to the Company by means of registered letter sent to the headquarters (Shareholders' Office, at the above mentioned address) or by sending it to the address of certified e-mail *soci.itamobiliare@legalmail.it*. The proxy-holder can also deliver or send to the Company a copy of the proxy in place of the original, also on an IT support, stating, under his/her own responsibility, that the proxy is a copy of the original, and the identity of the delegating person.

* * *

Supplements to the agenda and presentation of new resolutions' proposals

Shareholders who, even jointly, own at least one fortieth of the share capital, can request, within ten days as of the publication of this notice of call, for supplements to the Meeting agenda, stating in their application which further issues are being suggested or for further resolutions' proposals on the items already on the Agenda. Requests must be sent by means of registered letter to the headquarters (Corporate Affairs Department – to the above mentioned address) or by sending notice to the address of certified e-mail: *affarisocietari.italmobiliare@legalmail.it*, along with the certification issued by an authorized Intermediary providing evidence of the ownership of the above mentioned percentage of the share capital. A report on the items whose examination is proposed or the reason relating to additional proposed resolutions presented on items already on the agenda must be delivered to the Board of Directors by the same deadline and following the same procedure.

The supplement to the items on the agenda or the presentation of new resolutions' proposals on items already on the agenda will be disclosed to the public, following the same procedure provided for the publication of this notice of call, at least fifteen days before the Meeting date (i.e. by May 12, 2015); at the same time, the report drafted by shareholders who made the request will be publicly available, along with relevant remarks, if any, made by the Board of Directors.

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

Those who are entitled to the voting rights may submit proposal resolutions' at the Meeting.

Right to raise questions on the items on the agenda

Those who are entitled to the voting rights can also submit questions on the items on the agenda before the Meeting. The questions must be received by the Company by May 25, 2015 by means of a registered letter sent to the headquarters (Corporate Affairs Department – at the above mentioned address) or by sending notice to the address of certified e-mail: *affarisocietari.italmobiliare@legalmail.it* along with proper documentation issued by an Intermediary providing evidence of the entitlement to the voting right.

Questions submitted before the Meeting will be answered during the Meeting at the latest. The Company can provide with a sole answer to questions having the same content.

* * *

Disclosure information

Documentation related to the items on the agenda, draft of Resolutions proposals as well as the Board reports and the other information required by applicable laws and regulations will be made publicly available, within the deadlines set forth by the law, at the headquarters, Borsa Italiana S.p.A. and on the Company website *www.italmobiliare.it* under section Governance/General Meetings.

In particular:

Ordinary session

* 1st item on the agenda: before April 30, 2015;
* 2nd and 3rd item on the agenda: 21 days prior to the Meeting.
* 4th item on the agenda: 30 days prior to the Meeting;

Extraordinary session

* sole item on the agenda: 21 days prior to the Meeting

Shareholders have the right to review all the documents filed with the headquarters and to obtain a copy thereof.

* * *

Information concerning the share capital and shares with voting rights

The company share capital is equal to Euro 100,166,937, divided into 22,182,583 ordinary shares and 16,343,162 savings shares with a face value of Euro 2.60 each.

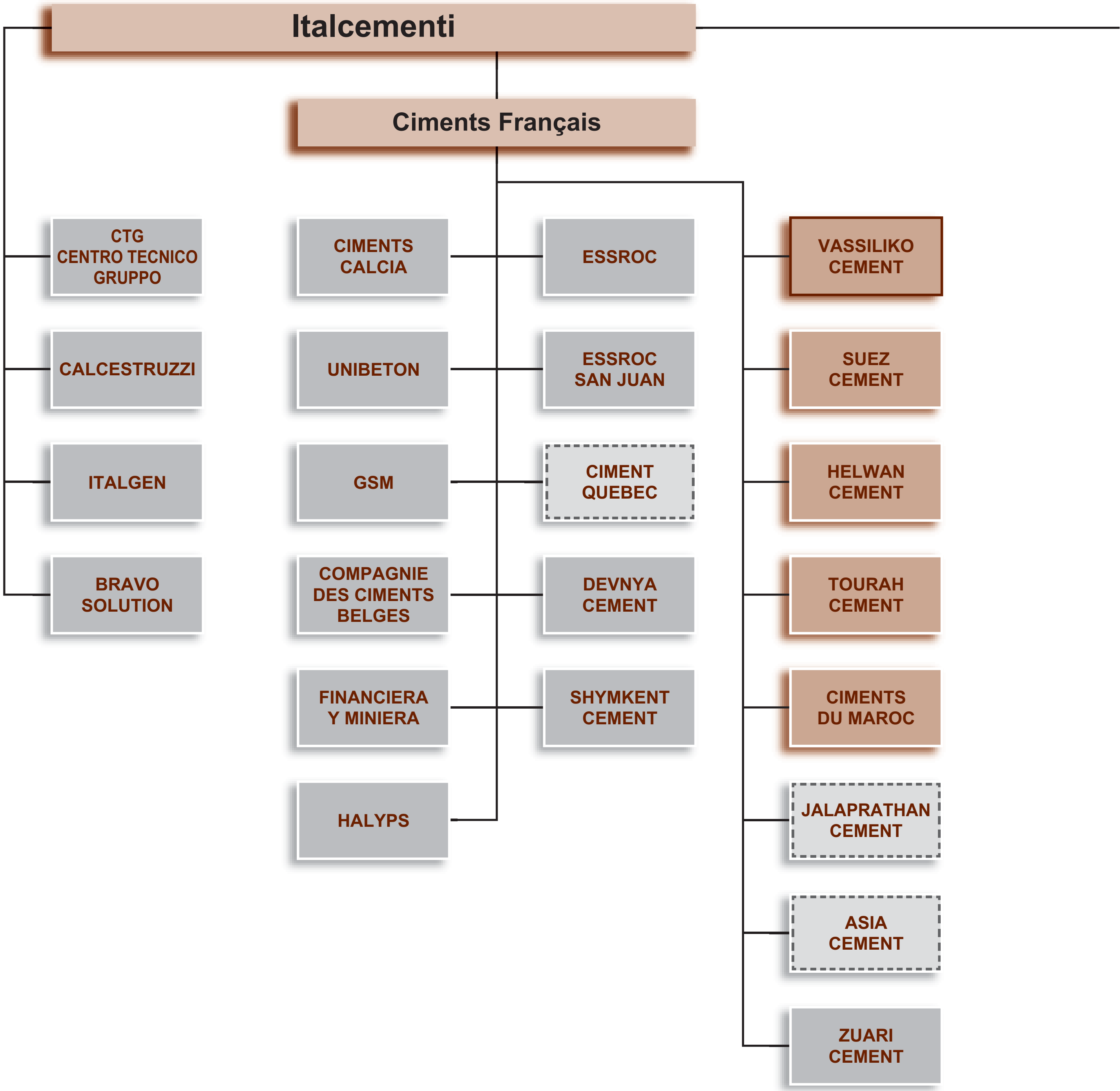
Only ordinary shares are vested with voting rights at ordinary/extraordinary General Meetings.

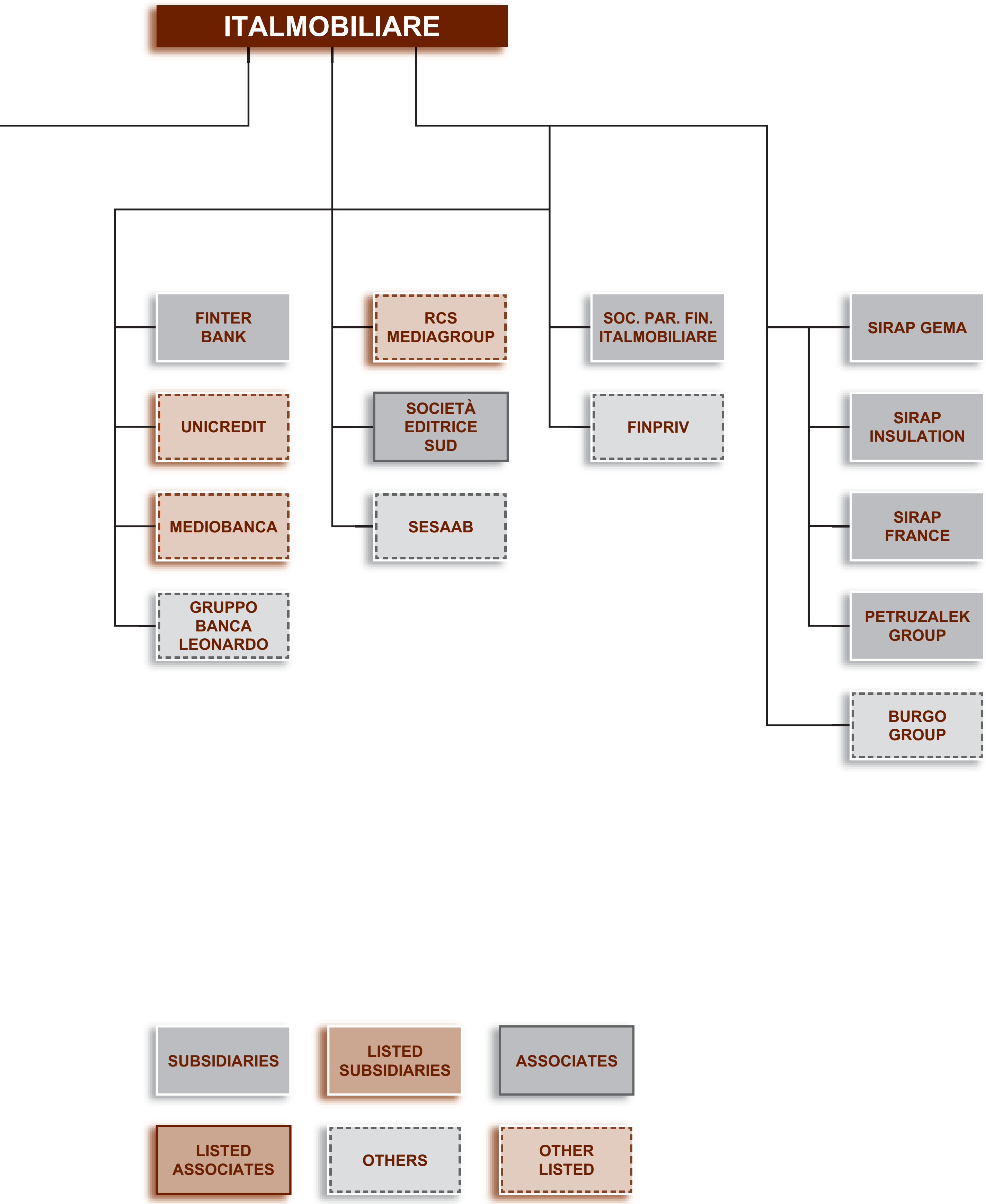
As at the date of publication of this notice of call, the number of ordinary shares representing share capital with voting rights, therefore net of 871,411 ordinary treasury shares, is equal to 21,311,172.

On behalf of the Board of Directors
The Chairman
Giampiero Pesenti

(Notice published on the Company's website on April 23, 2015 and, by extract, on "Il Sole - 24 Ore" and "Milano Finanza" on April 24, 2015)

Group structure
(as of December 31, 2014)

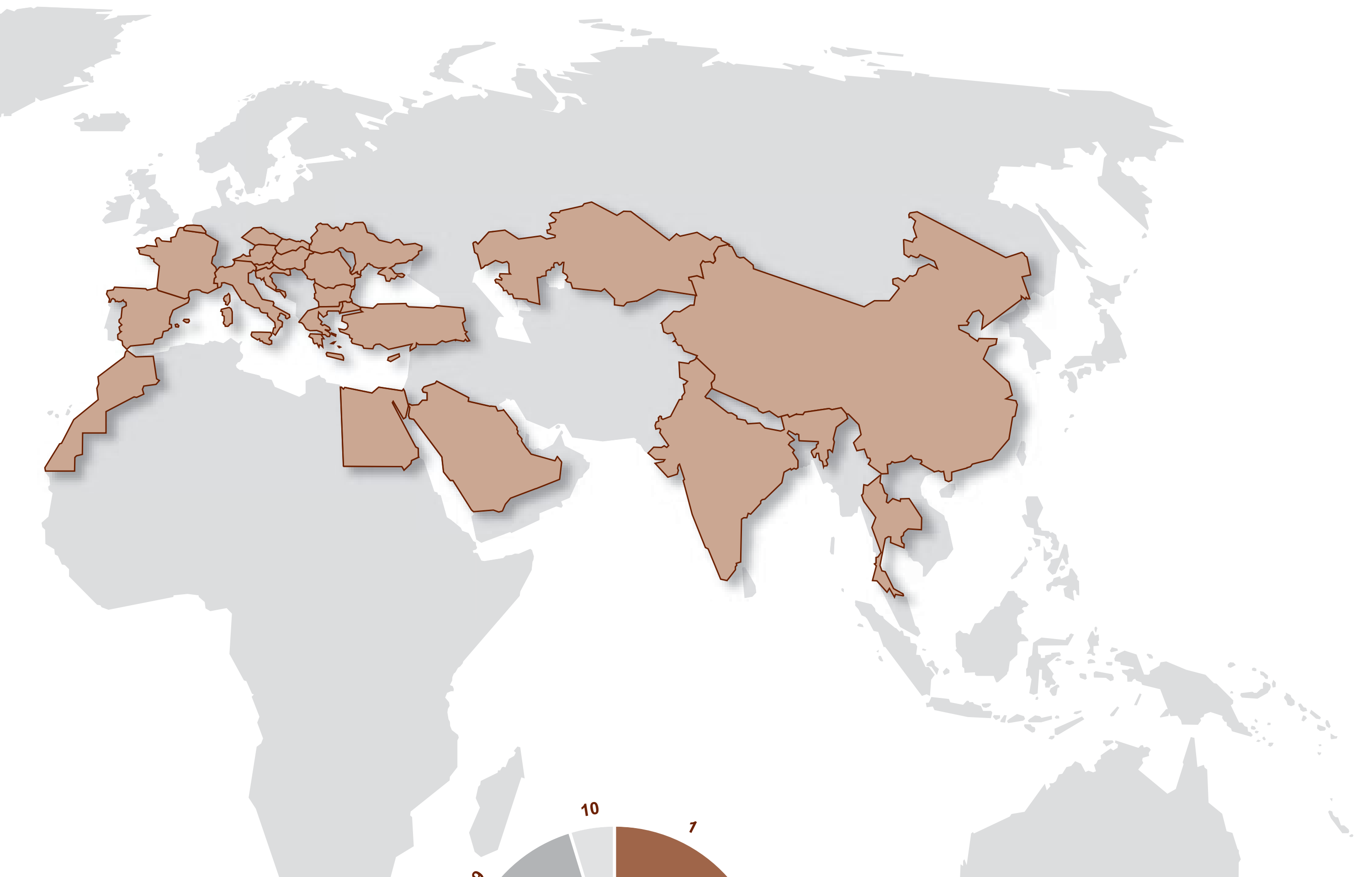



ITALMOBILIARE
FINTER BANK
UNICREDIT
MEDIOBANCA
GRUPPO BANCA LEONARDO
RCS MEDIAGROUP
SOCIETÀ EDITRICE SUD
SESAAB
SOC. PAR. FIN. ITALMOBILIARE
FINPRIV
SIRAP GEMA
SIRAP INSULATION
SIRAP FRANCE
PETRUZALEK GROUP
BURGO GROUP
SUBSIDIARIES
LISTED SUBSIDIARIES
ASSOCIATES
LISTED ASSOCIATES
OTHERS
OTHER LISTED

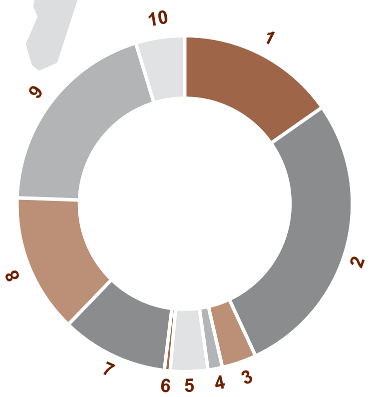
Group financial highlights

(in milions of euro)	2014	2013	2012	2011	2010
Revenue	4,451.3	4,516.1	4,772.2	4,952.9	5,016.4
Recurring gross operating profit	681.0	613.6	650.4	684.8	884.2
Gross operating profit	675.4	602.8	622.2	722.5	881.6
Operating profit (loss)	244.6	129.8	(183.8)	89.4	396.7
Profit (loss) for the year	(50.1)	(154.2)	(474.2)	(60.6)	187.8
Profit (loss) attributable to owners of the parent	(44.8)	(129.7)	(272.4)	(147.7)	21.3
Capital expenditurei	543.1	356.2	399.2	454.2	574.7
Total equity	4,286.4	4,333.4	4,715.2	5,539.6	5,932.8
Equity attributable to owners of the parent	1,806.3	1,656.2	1,781.9	2,108.4	2,359.4
Net financial debt	2,114.8	1,830.0	1,930.5	2,039.6	2,095.5
Net financial debt/Equity	49.34%	42.23%	40.94%	36.82%	35.32%
Net financial debt/Recurring gross operating profit	3.11	2.98	2.97	2.98	2.37
(unit values)					
(Diluted) earnings (losses) per ordinary share	(1.192)	(3.448)	(7.239)	(3.926)	0.531
(Diluted) earnings (losses) per savings share	(1.192)	(3.448)	(7.239)	(3.926)	0.609
Equity attributable per share [1]	48.006	44.018	47.359	56.036	62.708
Dividend paid per share:					
ordinary	0.250	0.150			0.532
savings	0.390	0.255191			0.610
Employees (headcount)	19,073	19,865	20,357	20,965	21,638

[1] net of treasury shares in portfolio

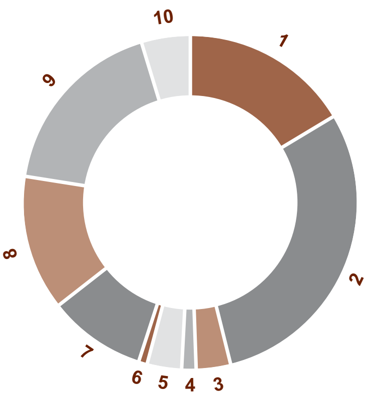


Country revenue 2014
(net of intercompany trading



1	Italy 15,5%	6	Other European countries 0,7%
2	France 27,8%	7	North America 10,2%
3	Belgium 3,3%	8	Asia and Middle East 13,4%
4	Spain 1,4%	9	Africa 19,5%
5	Other EU countries 3,5%	10	Trading and other countries 4,7%

Country revenue 2013
(net of intercompany trading)

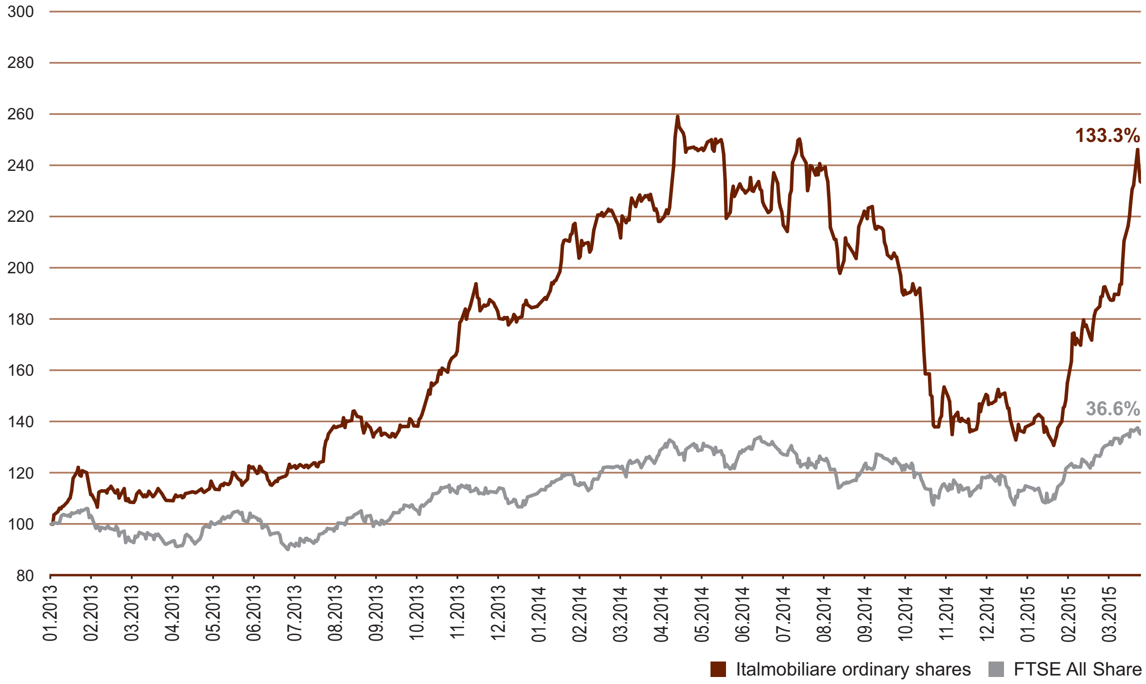


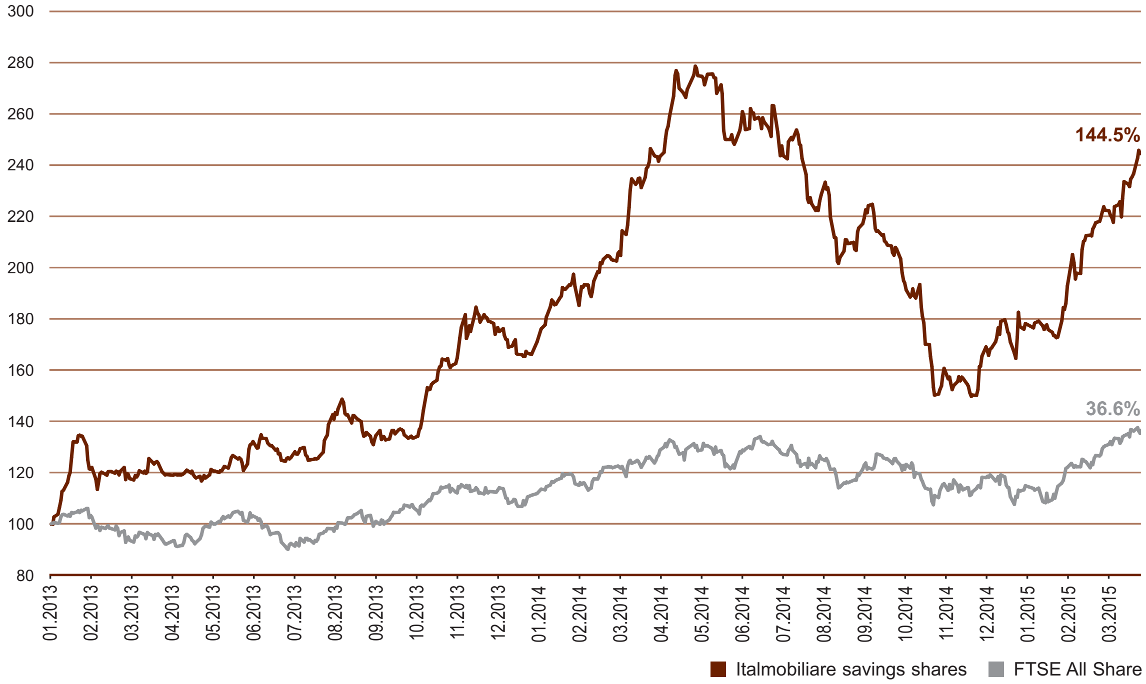
1	Italy 16,5%	6	Other European countries 0,8%
2	France 29,8%	7	North America 9,5%
3	Belgium 3,3%	8	Asia and Middle East 13,4%
4	Spain 1,4%	9	Africa 17,8%
5	Other EU countries 3,3%	10	Trading and other countries 4,2%

Italmobiliare S.p.A. on the stock exchange

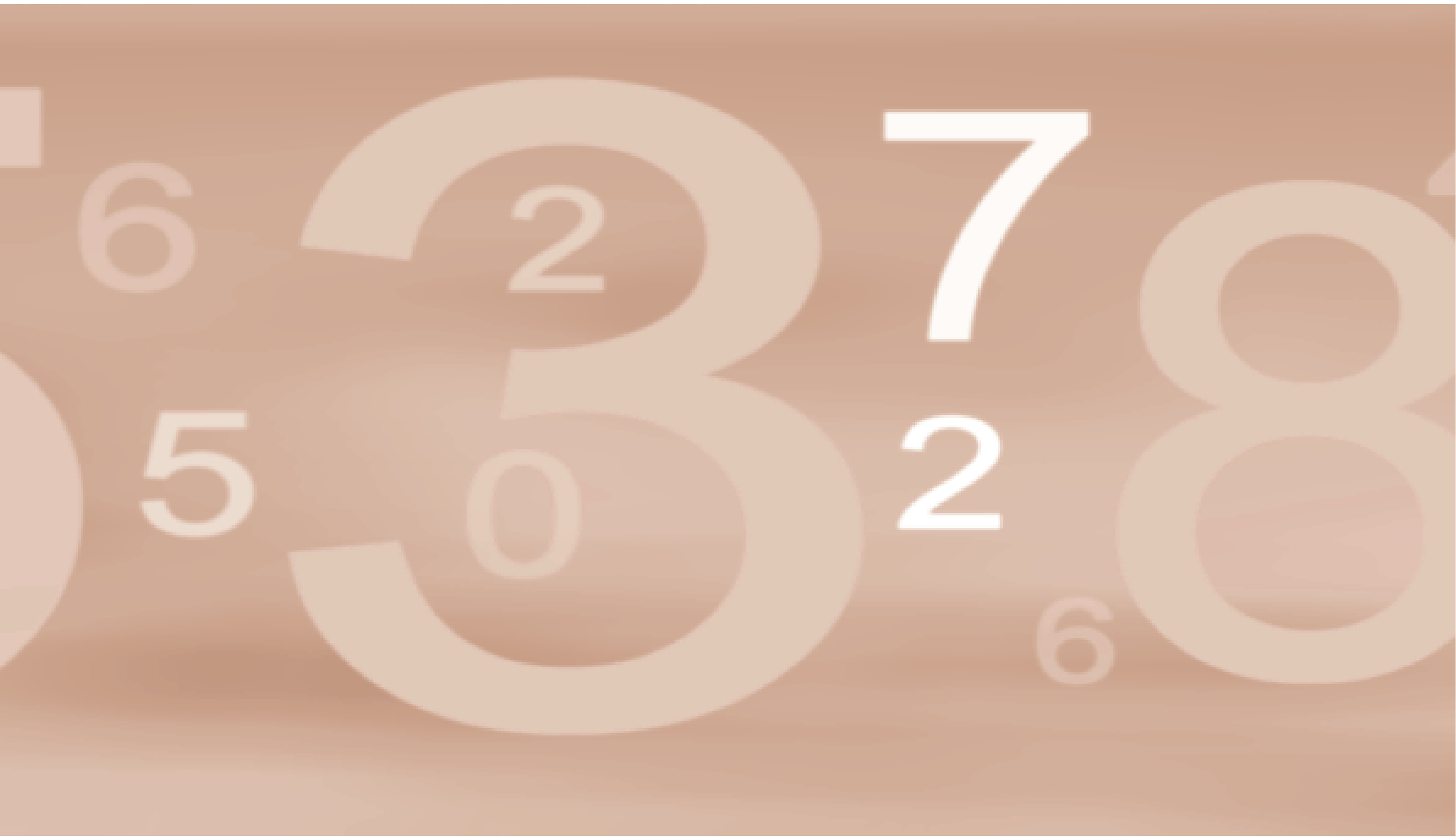
Share prices from 01.02.2013 to 03.19.2015

(euro)	high		low		01.02.2013	03.19.2015	performance
Ordinary shares	34.4752	04.10.2014	13.2923	01.03.2013	13.3044	31.0408	133.3%
Savings shares	22.8275	04.23.2014	8.1744	01.03.2013	8.1943	20.0328	144.5%
FTSE All-Share	24,473.40	03.16.2015	16,027.43	06.26.2013	17,806.59	24,317.26	36.6%





Italmobiliare Group



Directors' report on Group operations

Foreword

Following the adoption by the European Union of Regulation no. 1606 of 2002, the Italmobiliare S.p.A. consolidated financial statements as at and for the year ended December 31, 2014, and the corresponding figures for 2013, have been drawn up in compliance with the International Financial Reporting Standards (IFRS).

In accordance with the aforementioned Regulation, the principles to be adopted do not include the standards and interpretations published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) at December 31, 2014, but not endorsed by the European Union at that date. Furthermore, the European Union has endorsed additional standards/interpretations that Italmobiliare S.p.A. will apply at a subsequent time, having decided not to elect early application.

The changes in standards and interpretations with respect to the financial statements as at and for the year ended December 31, 2013, are set out in detail in the notes. The main change concerns IFRS 11 "Joint arrangements", which defines the various types of joint arrangement (joint operations and joint ventures) and the appropriate accounting treatment. Until December 31, 2013, the Group consolidated joint ventures using the proportionate method, whereas the new IAS 28 ("Investments in associates and joint ventures") and IFRS 11 require joint ventures to be consolidated using the equity method.

Although application of the new standards as from January 1, 2014, has had a limited impact, in order to ensure a presentation consistent with the previous year, assets and liabilities as at December 31, 2013, and income and expense for 2013 have been re-stated.

There were no material changes in the scope of consolidation compared with 2013. The main change was the acquisition by Suez Cement Company SAE in the first quarter of the residual 50% of the capital of International City for Ready Mix in Saudi Arabia, in which Italcementi S.p.A. already held 50%. The Saudi company has been fully consolidated; in 2013, it was consolidated using the proportionate method.

In the third quarter of 2014, the plan to streamline the corporate structure and strengthen the Group was completed. This involved the mandatory conversion of Italcementi savings shares into ordinary shares, an increase in Italcementi's share capital and a voluntary public tender offer on Ciments Français shares.

As from January 1, 2014, operations in Sri Lanka have been reclassified, in the operating segment disclosure by geographical area and related comparatives, from Trading to India.

Earnings indicators

To assist understanding of its financial data, for several years the Group has consistently employed a number of widely used indicators, which are not contemplated by the IAS/IFRS.

Specifically, the income statement presents the following intermediate results/indicators: recurring gross operating profit (loss), gross operating profit (loss), and operating profit (loss), computed as the sum of the preceding items. On the face of the statement of financial position, similar considerations apply to net financial debt, whose components are detailed in the specific section of the notes.

Since the indicators employed by the Group are not envisaged by the IFRS, their definitions may not coincide with and therefore not be comparable to those adopted by other companies/groups.

This report contains many financial and non-financial earnings indicators, including those indicated above. The financial indicators, taken from the financial statements, are used in the tables summarizing the Group's financial position and performance, in relation to comparative amounts and to other amounts from the same year (e.g., change in revenue, recurring gross operating profit (loss) and operating profit (loss) with respect to the previous year, and change in their return on revenue). The use of amounts not directly reflected in the financial statements (e.g. the exchange-rate effect on revenue and on profit or loss) and the presentation of comments and assessments assist qualification of the trends in the amounts concerned.

The directors' report also provides a series of financial ratios (gearing and leverage) that are clearly of importance for a better understanding of the performance of the Group, especially with respect to previous years. The non-financial indicators refer to external and internal elements: the situation of the general economy and the industries in which the Group operates, trends on the various markets and operating segments, trends in sales prices and cost factors, acquisitions and disposals, other significant events in the year, organizational developments, the introduction of laws and regulations, etc. In the notes, the section on net financial debt provides information about the effects of changes in interest rates and the main exchange rates on the statement of financial position and the income statement.

General overview

2014 saw a fairly shaky economic recovery, with trends varying from country to country. Economic activity accelerated in the United States, achieving faster than expected growth, while the situation in the Eurozone and Japan remained weak. In the Eurozone, the economic recovery has been more difficult than forecast and growth prospects continue to be limited. Even the German economy saw a contraction in the final quarters of 2014 following slack performance in exports and investments. There was also a slowdown in China compared to the stated growth objective (+7.5%), while the economic and financial situation worsened in Russia, where the economy was affected by the sanctions imposed by the West at the end of July, the sharp fall in oil prices and the collapse of the ruble.

In Italy, spending picked up slightly in 2014, in line with the trend in disposable income, which was helped by the measures adopted by the Government. Their contribution to the growth of the economy was offset by the fall in investment, the high level of uncertainty about the prospects for demand and the difficulties of the construction sector. International trade continued to support GDP growth, despite the fluctuations in global demand.

On the financial markets, after a first half of growing stability, in the second half volatility increased, partly due to the repercussions of the sharp fall in oil prices on the emerging countries that export energy commodities, and in the Eurozone to the emergence of political and financial uncertainties in Greece and geopolitical tensions in Ukraine and in the Middle East.

The yields on ten-year government bonds in the advanced economies continued to fall, due to the trend in inflation at a time of weak growth and to the shift in portfolios toward assets offering greater security. At the end of the year, the Eurozone financial markets were affected by the announcement of new elections in Greece. The downturn on the European stock markets was accompanied by substantial stability in spreads against German bonds for the government bonds of peripheral countries: spreads were largely unchanged in Italy, Portugal and Spain, while they increased sharply in Greece.

Share prices fluctuated widely in the fourth quarter of 2014. From the end of September onward, stock market indices grew only in the United States and Japan, where they benefitted, respectively, from the healthy performance of the economy and from the new phase of monetary easing introduced by the Bank of Japan; indices fell above all in Eastern Europe and Latin America.

During 2014, the euro depreciated significantly against the US dollar and, to a lesser extent, against the pound sterling; it remained largely unchanged against the yen, while it strengthened significantly against the ruble.

In this economic scenario, the Italmobiliare Group closed 2014 with a total **loss** of 50.1 million euro and a **loss attributable to owners of the parent** of 44.8 million euro, compared respectively with a total loss of 154.2 million euro and a loss attributable to owners of the parent of 129.7 million euro in 2013.

Breakdown of consolidated loss by segment

(in millions of euro)	2014	% of total	2013	% of total
Construction materials	(43.6)	*97.3*	(63.8)	*49.2*
Food packaging and thermal insulation	(1.3)	*2.9*	(6.9)	*5.3*
Banking	(2.8)	*6.2*	(17.6)	*13.6*
Finance	19.2	*(42.9)*	(32.1)	*24.7*
Property, services and other	-	-	0.6	*(0.5)*
Inter-segment eliminations	(16.3)	*36.5*	(9.9)	*7.7*
Loss for the year attributable to owners of the parent	**(44.8)**	***100.0***	**(129.7)**	***100.0***

The other main results for the year ended December 31, 2014, were:

- **Revenue**: 4,451.3 million euro compared with 4,516.1 million euro for the year ended December 31, 2013 (-1.4%);
- **Recurring gross operating profit**: 681.0 million euro compared with 613.6 million euro for the year ended December 31, 2013 (+11.0%);
- **Gross operating profit**: 675.4 million euro compared with 602.8 million euro for the year ended December 31, 2013 (+12.0%);
- **Operating profit**: 244.6 million euro compared with 129.8 million euro for the year ended December 31, 2013 (+88.4%);
- **Finance income and costs** (including exchange-rate differences and derivatives): net costs of 144.5 million euro compared with 128.5 million euro for the year ended December 31, 2013 (-12.5%);
- **Impairment losses on financial assets**: 33.9 million euro compared with 22.1 million euro for the year ended December 31, 2013 (-53.4%);
- **Share of profit (loss) of equity-accounted investees**: a profit of 10.4 million euro compared with a loss of 11.6 million euro for the year ended December 31, 2013 (>100.0%);

At December 31, 2014, **total equity** stood at 4,286.4 million euro compared with 4,333.4 million euro at December 31, 2013.

In 2014, **capital expenditure** totaled 543.1 million euro, markedly up on 356.2 million euro in 2013.

Net financial debt at December 31, 2014 was 2,114.8 million euro, up from 1,830.0 million euro at the end of 2013.

As a result of the changes in equity and net financial debt, the **gearing** ratio (net financial debt/consolidated equity) rose from 42.23% at the end of 2013 to 49.34% at the end of 2014.

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

- in 2014 the **construction materials sector**, consisting of the Italcementi group (Italmobiliare's main industrial investment), continued to be affected by the difficulties of the general economic situation. The dynamics of the construction industry varied from region to region, and from country to country within each region. Once again, the Eurozone as a whole reported the least impressive results. Although the industry situation remains depressed, the first signs were seen of an easing in tension. In this context, the group's sales volumes made some progress in the cement segment and larger slowdowns in the ready mixed concrete and aggregates segments compared with 2013. Revenue, at 4,155.6 million euro (4,231.6 million euro in 2013), was down 1.8% (-0.7% at constant exchange rates and on a like-for-like basis) with an overall negative volume effect. Recurring gross operating profit was 649.1 million euro (629.2 million euro), an improvement of 3.2%. After net non-recurring expense of 5.0 million euro (13.0 million euro in 2013), amortization and depreciation of 408.3 million euro (425.3 million euro) and impairment losses on non-current assets of 9.2 million euro (31.6 million euro), operating profit made significant progress compared with 2013 (+42.3%), rising from 159.4 million euro to 226.7 million euro at December 31, 2014. This dynamic was reflected in profit before tax, which rose to 72.4 million euro (27.7 million euro). After income tax expense of 121.3 million euro (115.9 million euro), the group posted a loss for the year of 48.9 million euro (a loss of 88.2 million euro). The loss attributable to owners of the parent was 107.1 million euro (loss of 165.0 million euro), while profit attributable to non-controlling interests decreased from 76.8 million euro in 2013 to 58.2 million euro;
- the **food packaging and thermal insulation segment**, consisting of the Sirap Gema group, experienced difficult market conditions in its main countries, and competitive pressures on product sales prices. Although the price of the raw materials used in production processes remained at high average levels, it was lower than the 2013 average price, which assisted the recovery in profitability. Revenue was down 1.7%, largely due to the negative exchange-rate effect at some companies in the Petruzalek group. Thanks to re-organization measures, production cost optimization and containment of overheads, there was a strong improvement in operating performance: recurring gross operating profit rose by 35.6% from 2013, while operating profit after non-recurring expense, amortization and depreciation and impairment losses totaling 13.0 million euro (-13.9 million euro in 2013) amounted to 7.3 million euro (1.1 million euro in 2013). After net finance costs of 6.2 million euro, down 2.2% from 2013 and income tax expense of 2.4 million euro (1.7 million euro in 2013), the group reported a loss for the year of 1.3 million euro (a loss of 6.9 million euro in 2013);
- the **financial segment**, which includes the parent Italmobiliare and the Luxemburg-based subsidiary Société de Participation Financière Italmobiliare S.A., was affected by trends on the financial markets: after a stable first half, volatility increased in the second half of the year following the publication of weak economic figures in the Eurozone and general uncertainty over the outlook for world growth. Against this background, the financial segment posted healthy results and closed the year with a profit of 19.2 million euro, largely thanks to gains on the sale of equities, including some extraordinary transactions, and positive liquidity management, which showed a 12.8% improvement from 2013. The financial segment is owned 100% by the Group and its profit or loss is therefore reflected in full in the profit or loss attributable to owners of the parent;
- the **banking segment** consists of the operations of Finter Bank Zürich and Crédit Mobilier de Monaco. The segment's results, consisting almost entirely of the results of the Swiss bank, were affected by developments in international tax laws and the tightening of regulations in Switzerland, which generated higher expense against a decrease in commission income on financial operations. In this context, total income was 19.1 million

euro, a reduction compared with December 31, 2013 (21.3 million euro) largely due to the decrease in commission income. The significant fall in services and personnel expense (-23.9%) enabled the segment to post a gross operating profit of 0.8 million euro (a loss of 2.7 million euro in 2013). After amortization and depreciation, extraordinary provisions and income tax expense, the segment posted a loss for the year of 2.8 million euro (a loss of 17.6 million euro in 2013);

- the **property, services and other segment** is not of great importance within the global context of the Group and its results are therefore not normally of material significance. In 2014 the segment essentially broke even (a loss of 28 thousand euro) compared with a profit of 0.5 million euro in 2013.

The parent **Italmobiliare S.p.A.** closed 2014 with a profit of 18.2 million euro (+1.7 million euro in 2013), thanks to the 23.6% increase in revenue, the fall in finance costs and the containment of operating expense.

Italmobiliare **Net Asset Value** (NAV) at December 31, 2014 was 1,165.4 million euro (1,283.1 million euro at December 31, 2013) on capitalization of 655.8 million euro, reflecting a discount of 43.7% compared with 38.7% at December 31, 2013.

(in millions of euro)	2014	% of total	2014	% of total
Construction	778.3	*66.8%*	733.7	*57.2%*
Publishing	38.5	*3.3%*	51.9	*4.1%*
Banking	211.6	*18.2%*	282.7	*22.0%*
Cash and cash equivalents	77.6	*6.7%*	146.6	*11.4%*
Other	59.4	*5.0%*	68.2	*5.3%*
Total Net Asset Value	**1,165.4**	***100.0%***	**1,283.1**	***100.0%***

NAV was computed considering:

- the year-end market price of investments in listed companies,
- the value of non-listed companies determined, when possible, on the basis of market multiples or specific valuations or, alternatively, on the basis of equity determined in accordance with IFRS, where available, or with local accounting policies,
- the increased value of any real estate assets;

taking account of the tax effect.

Key consolidated figures

(in millions of euro)		2014	2013	% change
Revenue		**4,451.3**	**4,516.1**	***(1.4)***
Recurring gross operating profit [1]		**681.0**	**613.6**	***11.0***
% of revenue		*15.3*	*13.6*	
Other expense		(5.6)	(10.8)	*47.3*
Gross operating profit [2]		**675.4**	**602.8**	***12.0***
% of revenue		*15.2*	*13.3*	
Amortization and depreciation		(420.6)	(440.9)	*4.6*
Impairment losses on non-current assets		(10.2)	(32.1)	*68.3*
Operating profit [3]		**244.6**	**129.8**	***88.4***
% of revenue		*5.5*	*2.9*	
Net finance costs		(144.5)	(128.5)	*(12.5)*
Impairment losses on financial assets		(33.9)	(22.1)	*(53.4)*
Share of profit (loss) of equity-accounted investees		10.4	(11.6)	*n.s.*
Profit (loss) before tax		**76.6**	**(32.4)**	***n.s.***
% of revenue		*1.7*	*(0.7)*	
Income tax expense		(126.7)	(121.8)	*(4.0)*
Loss for the year		**(50.1)**	**(154.2)**	**67.5**
attributable:	**Owners of the parent**	**(44.8)**	**(129.7)**	***65.5***
	Non-controlling interests	(5.3)	(24.5)	*78.4*
Cash flow from operating activities		386.8	439.1	
Capital expenditure		543.1	356.2	

n.s. not significant

(in millions of euro)	December 31, 2014	December 31, 2013
Total equity	4,286.4	4,333.4
Equity attributable to owners of the parent	1,806.3	1,656.2
Net financial debt	2,114.8	1,830.0
Number of employees at year end	19,073	19,865

[1] Recurring gross operating profit is the difference between revenue and costs excluding: other non-recurring income (expense), amortization and depreciation, impairment losses on non-current assets, finance income (costs), share of profit (loss) of equity-accounted investees and income tax expense.
[2] Gross operating profit corresponds to recurring gross operating profit plus other non-recurring income (expense).
[3] Operating profit (loss) corresponds to gross operating profit plus amortization and depreciation and impairment losses on non-current assets.

Quarterly performance

(in millions of euro)	Full year 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	**4,451.3**	**1,111.4**	**1,136.5**	**1,194.8**	**1,008.6**
% change vs. 2013	*(1.4)*	*1.5*	*0.6*	*(5.4)*	*(2.0)*
Recurring gross operating profit	**681.0**	**183.1**	**166.8**	**221.0**	**110.2**
% change vs. 2013	*11.0*	*18.2*	*5.8*	*5.2*	*21.1*
% of revenue	*15.3*	*16.5*	*14.7*	*18.5*	*10.9*
Gross operating profit	**675.4**	**179.5**	**169.9**	**215.0**	**111.0**
% change vs. 2013	*12.0*	*13.0*	*14.5*	*5.5*	*20.9*
% of revenue	*15.2*	*16.1*	*15.0*	*18.0*	*11.0*
Amortization and depreciation	(420.6)	(112.4)	(103.7)	(102.6)	(101.9)
Impairment losses on non-current assets	(10.2)	(1.2)	(4.4)	(2.8)	(1.8)
Operating profit	**244.6**	**65.9**	**61.8**	**109.6**	**7.3**
% change vs. 2013	*88.4*	*41.5*	*n.s.*	*21.8*	*n.s.*
% of revenue	*5.5*	*5.9*	*5.4*	*9.2*	*0.7*
Profit (loss) before tax	**76.6**	**23.1**	**39.3**	**48.3**	**(34.2)**
Profit (loss) for the period	**(50.1)**	**5.8**	**14.1**	**(22.6)**	**(47.4)**
Loss attributable to owners of the parent	**(44.8)**	**(7.3)**	**(0.8)**	**(16.8)**	**(20.0)**
Net financial debt (at period end)	2,114.8	2,114.8	2,135.7	1,824.2	1,925.6

n.s. not significant

In the fourth quarter, the Group posted a 1.5% increase in **revenue** from the year-earlier period, thanks to positive contributions from the industrial segments (+2.2%). The performance of the other segments was negative, largely due to the particularly high volatility of the financial markets in the last quarter of 2014.

Operating performance improved in the fourth quarter:

- **recurring gross operating profit** was up 28.2 million euro from the year-earlier period, thanks to significant containment of overheads;
- **gross operating profit** improved by 13.0% from the year-earlier period despite the negative impact of non-recurring items, which generated expense of 3.6 million euro, largely in construction materials (income of 3.9 million euro in the fourth quarter of 2013);
- **operating profit** rose from 46.6 million euro in the fourth quarter of 2013 to 65.9 million euro in 2014, after amortization and depreciation of 112.4 million euro (a reduction of 1.6% from the year-earlier period) and impairment losses on non-current assets of 1.2 million euro (gains of 1.9 million euro in 2013).

After a 1.3% improvement in net finance costs from the fourth quarter of 2013, impairment losses on financial assets of 6.9 million euro, relating to the financial segment's equity investment in RCS MediaGroup, and the profit of 2.0 million euro from equity-accounted investees (profit of 5.4 million euro in the fourth quarter of 2013), the Group posted profit before tax of 23.1 million euro, a significant increase on the year-earlier period (profit of 6.3 million euro).

The above items and income tax expense of 17.3 million euro generated a **profit for the period** of 5.8 million euro (a loss of 23.1 million euro for the fourth quarter of 2013).

Revenue and operating performance for 2014

Contribution to consolidated revenue

(net of intragroup eliminations)

(in millions of euro)	2014		2013		Change	
		%		%	%	%[1]
Operating segment						
Construction materials	4,155.1	*93.4*	4,222.1	*93.5*	*(1.6)*	*(0.5)*
Packaging and insulation	235.7	*5.3*	239.5	*5.3*	*(1.6)*	*0.6*
Finance	40.8	*0.9*	31.3	*0.7*	*30.3*	*30.3*
Banking	19.0	*0.4*	21.7	*0.5*	*(12.4)*	*(13.5)*
Property, services and other	0.7	-	1.5	-	*(47.9)*	*(47.9)*
Total	**4,451.3**	***100.0***	**4,516.1**	***100.0***	***(1.4)***	***(0.3)***
Geographical area						
European Union	2,289.7	*51.5*	2,450.3	*54.3*	*(6.6)*	*(6.5)*
Other European countries	31.3	*0.7*	37.4	*0.7*	*(16.4)*	*(4.6)*
North America	454.2	*10.2*	428.3	*9.5*	*6.0*	*6.1*
Asia and Middle East	595.6	*13.4*	604.9	*13.5*	*(1.5)*	*3.0*
Africa	869.5	*19.5*	805.0	*17.8*	*8.0*	*10.2*
Trading	131.4	*2.9*	114.7	*2.5*	*14.6*	*14.4*
Other countries	79.6	*1.8*	75.5	*1.7*	*5.6*	*4.9*
Total	**4,451.3**	***100.0***	**4,516.1**	***100.0***	***(1.4)***	***(0.3)***

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

Revenue and operating performance by segment and geographical area

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	2014	**% change vs. 2013**	**2014**	**% change vs. 2013**	**2014**	**% change vs. 2013**	**2014**	**% change vs. 2013**
Operating segment								
Construction materials	4,155.6	*(1.8)*	649.1	*3.2*	644.2	*4.5*	226.7	*42.2*
Packaging and insulation	235.7	*(1.7)*	20.3	*35.6*	19.1	*55.7*	7.3	*n.s.*
Finance	63.7	*31.7*	31.0	*n.s.*	31.0	*n.s.*	30.6	*n.s.*
Banking	19.6	*(12.8)*	(2.4)	*82.9*	(1.5)	*88.6*	(2.7)	*84.9*
Property, services and other	1.8	*(28.0)*	0.2	*(60.8)*	-	*(93.5)*	-	*(95.5)*
Inter-segment eliminations	(25.1)	*(12.0)*	(17.2)	*(55.7)*	(17.4)	*(57.0)*	(17.3)	*(57.4)*
Total	**4,451.3**	***(1.4)***	**681.0**	***11.0***	**675.4**	***12.0***	**244.6**	***88.4***
Geographical area								
European Union	2,402.0	*(5.5)*	297.2	*18.9*	298.1	*26.3*	87.5	*n.s.*
Other European countries	32.0	*(16.3)*	(1.8)	*87.1*	(0.9)	*93.2*	(2.1)	*88.3*
North America	454.5	*6.0*	51.0	*(7.2)*	51.4	*(15.9)*	(16.1)	*n.s.*
Asia and Middle East	604.8	*(0.2)*	88.4	*5.2*	87.7	*2.6*	38.6	*22.5*
Africa	898.0	*9.0*	242.4	*(4.3)*	239.2	*(5.6)*	149.4	*(6.2)*
Trading	202.3	*19.7*	10.4	*27.9*	10.1	*23.5*	3.8	*(24.4)*
Other countries	327.7	*6.2*	(6.8)	*70.5*	(6.6)	*76.2*	(13.2)	*62.0*
Other + inter-area eliminations	(470.0)	*17.2*	0.2	*n.s.*	(3.6)	*n.s.*	(3.3)	*n.s.*
Total	**4,451.3**	***(1.4)***	**681.0**	***11.0***	**675.4**	***12.0***	**244.6**	***88.4***

n.s. not significant.

The downturn of 1.4% in **revenue** compared with 2013 reflected:

- a business slowdown for 0.3%,
- a negative exchange-rate effect for 1.2%,
- the positive change in the scope of consolidation for 0.1%.

The business slowdown arose in the banking segment (-13.5%), the construction materials segment (-0.5%) and, marginally, property, services and other. Positive contributions came from the financial segment whose performance greatly improved with respect to 2013 (+30.3%) and, to a lesser extent, from the food packaging segment of the Sirap Gema group (+0.6%).

Revenue performance reflected the fall in sales volumes in construction materials, whose effect was counterbalanced by the positive trend in sales prices; the revenue dynamic in the financial segment was healthy, benefiting from gains on the sale of equities, in part due to extraordinary transactions, and gains from liquidity management. At constant exchange rates, the strongest progress was reported in Egypt, Thailand, North America and India, while the largest slowdowns were in the European countries and Morocco.

The negative exchange-rate effect affected the Group's industrial segments due to the depreciation against the euro of the Egyptian pound, the Thai baht, the Indian rupee and to a lesser extent the Ukrainian grivnia, the Turkish lira and the Czech crown. In the banking segment, the exchange-rate effect with regard to the Swiss franc was positive.

Recurring gross operating profit was 681.0 million euro, up by 67.4 million euro from 2013 (613.6 million euro). All the core businesses contributed to this positive result, notably the financial segment and the food packaging and thermal insulation segment, which reported a healthy recovery thanks to the efficiency plans implemented to cut costs. Progress of 3.2% came from the Italcementi group, sustained by the positive price effect (Egypt), containment of overheads and income from carbon emission rights. There was also an upturn in the banking segment, where the recurring gross operating loss of 2.4 million euro was a significant improvement on the 2013 figure (-14.2 million euro).

At geographical level, the strongest increases were in the European countries as a whole and Thailand; performance slowed in India and Morocco.

Non-recurring items generated net non-recurring expense of 5.6 million euro (expense of 10.8 million euro in 2013), relating largely to the industrial segments as a result of corporate restructuring charges offset in part by gains on the sale of non-current assets.

These items influenced **gross operating profit**, which rose by 72.6 million euro (675.4 million euro from 602.8 million euro in 2013).

After a 4.6% reduction in amortization and depreciation from 2013 and impairment losses on non-current assets of 10.2 million euro (32.1 million euro in 2013), **operating profit** was 244.6 million euro (129.8 million euro in 2013). Impairment losses related in the main to plant in Italy and Bulgaria net of the impairment reversals in Greece in the construction materials segment for 9.2 million euro, and to the impairment loss of 1 million euro on goodwill arising on the Dornerpack acquisition (Austria) at the Sirap group.

Finance costs and other items

Net finance costs rose by 16.0 million euro, from 128.5 million euro in 2013 to 144.5 million euro at December 31, 2014. This was largely the result of:

- interest expense on net financial debt, which rose by 3.2%,
- exchange-rate differences, which, net of the hedging effect, reflected a loss of 0.8 million euro (-2.4 million euro in 2013),
- net expense of 0.6 million euro on equity investments (net income of 0.4 million euro in 2013),
- the absence of net hedging derivatives on carbon emission rights and Certified Emission Reductions (income of 8.8 million euro in 2013).

The caption does not include finance income and costs of the finance and banking segments, which are part of these segments' core businesses and therefore classified under the line items constituting recurring gross operating profit.

Impairment losses on financial assets amounted to 33.9 million euro (losses of 22.1 million euro in 2013). They included losses of 26.8 million euro in the construction materials segment on the equity investments in West China Cement and Al Badia (Syria) and of 7.0 million euro in the financial segment. The latter referred essentially to the impairment loss of 6.9 million euro applied to the equity investment in RCS MediaGroup to align the carrying amount to fair value as per Italian stock exchange prices at December 31, 2014.

The **share of profit (loss) of equity-accounted investees** reflected profit of 10.4 million euro (loss of 11.6 million euro in 2013). The figure reflects the profit reported by investees in the construction materials segment totaling 11.7 million euro, offset in part by the loss at Società Editrice Siciliana (-1.3 million euro), an investee in the financial segment.

Loss for the year

The Group posted a **profit before tax** of 76.6 million euro (a loss of 32.4 million euro in 2013).

After income tax expense of 126.7 million euro, the Group had a **loss for the year** of 50.1 million euro (a loss of 154.2 million euro in 2013). This comprised a **loss attributable to owners of the parent** of 44.8 million euro (loss of 129.7 million euro in 2013) and a loss attributable to non-controlling interests of 5.3 million euro (loss of 24.5 million euro in 2013).

Total comprehensive income

In 2014, other comprehensive income amounted to 196.0 million euro (expense of 140.8 million euro in 2013) arising from the following positive items:

- translation gains of 231.3 million euro,
- fair value gains on available-for-sale assets and on derivatives for a total of 6.3 million euro,

and the following negative item:

- measurement gain of 52.9 million euro on the net liability (asset) for employee benefits, and the related positive tax effect of 11.3 million euro.

Considering the loss for the year of 50.1 million euro, described above, and the aforementioned items, total comprehensive income in 2014 was 145.9 million euro (income of 7.2 million euro attributable to owners of the parent and income of 138.7 million euro attributable to non-controlling interests). This compared with total comprehensive expense of 295.0 million euro in 2013 (expense of 109.0 million euro attributable to owners of the parent and of 186.0 million euro attributable to non-controlling interests).

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

Condensed statement of financial position

(in millions of euro)	December 31, 2014	December 31, 2013
Property, plant and equipment + investment property	4,295.1	4,021.0
Intangible assets	1,725.2	1,651.8
Other non-current assets	798.1	864.7
Non-current assets	**6,818.4**	**6,537.5**
Current assets	**2,905.6**	**2,944.6**
Total assets	**9,724.0**	**9,482.1**
Equity attributable to owners of the parent	1,806.3	1,656.2
Non-controlling interests	2,480.1	2,677.2
Total equity	**4,286.4**	**4,333.4**
Non-current liabilities	3,139.0	2,961.6
Current liabilities	2,298.6	2,187.1
Total liabilities	**5,437.6**	**5,148.7**
Total equity and liabilities	**9,724.0**	**9,482.1**

Equity

Total equity at December 31, 2014, was 4,286.4 million euro, a decrease of 47.0 million euro from December 31, 2013. The overall change arose as follows:

- the loss for the year of 50.1 million euro,
- dividends paid for 80.9 million euro,
- the change in the percentages of control and a consequent decrease in non-controlling interests, specifically the increase to 100% control in Ciments Français for -379.7 million euro (public tender offer on Ciments Français) and the positive effect of the Italcementi share capital increase for 262.0 million euro,
- the negative change of 43.8 million euro arising from the adjustment of assets and liabilities relating to employee benefits,
- a positive exchange-rate effect of 231.5 million euro, and a positive change of 8.9 million euro in the fair value reserve on equity investments and derivatives.

Net financial debt

At December 31, 2014, **net financial debt** stood at 2,114.8 million euro, up by 284.8 million euro from December 31, 2013 (1,830.0 million euro).

The increase reflected the contrasting effects of the operations relating to the Italcementi S.p.A project to streamline the corporate structure and strengthen the group financial position. The positive effect of 262.0 million euro from the share capital increase at Italcementi S.p.A. was offset by the outlay of 379.7 million euro for acquisition of 100% of the share capital of Ciments Français by Italcementi S.p.A.

The year's cash flows also reflected the impact of significant capital expenditure of 543.1 million euro, which was higher than cash flow from operating activities (386.8 million euro). Proceeds from the sale of assets totaled 132.9 million euro mainly in the financial segment for 106.3 million euro and at the Italcementi group for 25.2 million euro, while dividends paid amounted to 82.5 million euro.

Breakdown of net financial debt

(in millions of euro)	December 31, 2014	December 31, 2013
Current financial assets	(1,139.7)	(1,211.9)
Current financial liabilities	1,009.9	960.5
Non-current financial assets	(135.0)	(131.0)
Non-current financial liabilities	2,379.6	2,212.4
Net financial debt	**2,114.8**	**1,830.0**

Financial ratios

(absolute amounts in millions of euro)		December 31, 2014	December 31, 2013
Net financial debt		2,114.8	1,830.0
Consolidated equity		4,286.4	4,333.4
	Gearing	**49.34%**	**42.23%**
Net financial debt		2,114.8	1,830.0
Recurring gross operating profit		681.0	613.6
	Leverage	**3.11**	**2.98**

Condensed statement of cash flows

(in millions of euro)	December 31, 2014		December 31, 2013	
Net financial debt at beginning of year		**1,830.0**		**1,923.2**
Cash flow from operating activities		(386.8)		(439.1)
Capital expenditure:				
PPE, investment property and intangible assets	*525.4*		*342.3*	
Non-current financial assets	*17.7*		*13.9*	
Capital expenditure		**543.1**		**356.2**
Proceeds from sale of non-current assets		(132.9)		(85.7)
Dividends paid		82.5		74.2
Italcementi S.p.A. share capital increase		(262.0)		-
Change in shareholdings in subsidiaries		380.0		(0.4)
Translation differences		30.0		8.1
Other		30.9		(6.5)
Change in net financial debt		284.8		(93.2)
Net financial debt at end of year		**2,114.8**		**1,830.0**

Capital expenditure

(in millions of euro)	Non-current financial assets		PPE and investment property		Intangible assets	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Operating segment						
Construction materials	4.5	3.6	485.8	402.8	11.4	12.7
Packaging and insulation			5.9	6.0	0.5	0.3
Finance	13.5	10.0	0.1	0.1		
Banking			0.2	-		
Property, services and other					0.1	
Total	**18.0**	**13.6**	**492.0**	**408.9**	**12.0**	**13.0**
Change in payables	(0.3)	0.3	21.4	(79.6)	-	-
Total capital expenditure	**17.7**	**13.9**	**513.4**	**329.3**	**12.0**	**13.0**
Geographical area						
European Union	16.2	13.6	265.5	259.5	6.1	7.6
Other European countries			0.2	0.1		
North America	0.5		37.7	31.2	0.1	0.3
Asia and Middle East	0.1		100.9	48.6	0.2	0.1
Africa			85.2	64.2	0.5	0.2
Trading	1.2		2.1	4.0	0.4	0.3
Others and intragroup			0.4	1.3	4.7	4.5
Total	**18.0**	**13.6**	**492.0**	**408.9**	**12.0**	**13.0**
Change in payables	(0.3)	0.3	21.4	(79.6)	-	-
Total capital expenditure	**17.7**	**13.9**	**513.4**	**329.3**	**12.0**	**13.0**

Group capital expenditure in 2014 amounted to 543.1 million euro, up 186.9 million euro from 2013.

Investments in property, plant and equipment and investment property, relating chiefly to the Group's industrial segments, amounted to 513.4 million euro and referred principally to Italy, France, Belgium, Egypt and Bulgaria; investments in intangible assets (12.0 million euro) were mainly for software licenses and development costs at the Italcementi group.

Investments in non-current financial assets amounted to 17.7 million euro (13.9 million euro in 2013), and related to investments made by the financial segment in listed equities, including

Italcementi shares for 8.8 million euro purchased on the Italian stock market, and to a smaller degree by the construction materials segment.

Reconciliation between the parent's profit for the year and equity, and the loss for the year and equity attributable to owners of the parent

(in millions of euro)		December 31, 2014
Profit for the year of the parent Italmobiliare S.p.A.		**18.2**
Consolidation adjustments		
• Loss for the year at consolidated companies (Group share)		(43.4)
• Adjustment to the carrying amount of equity-accounted investees		(1.3)
• Elimination of dividends recognized in the year		(8.5)
• Elimination of intercompany (profit) or loss and other changes		(9.8)
Loss for the year attributable to owners of the parent		**(44.8)**
Equity of the parent Italmobiliare S.p.A.		**909.3**
• Elimination of carrying amount of consolidated equity investments		(904.7)
in consolidated or proportionately consolidated companies	*(895.4)*	
in equity-accounted investees	*(9.3)*	
• Recognition of equity of consolidated equity investments		1,759.5
in consolidated or proportionately consolidated companies	*1,740.7*	
in equity-accounted investees	*18.8*	
• Gains allocated to equity of subsidiaries and associates		34.3
• Elimination of intragroup transactions and other changes		7.9
Consolidated equity attributable to owners of the parent		**1,806.3**

Risks and uncertainty

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

Information on personnel and on the environment

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

Construction materials segment

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

(in millions of euro)		2014	2013	% change
Revenue		**4,155.6**	**4,231.6**	***(1.8)***
Recurring gross operating profit		**649.1**	**629.2**	***3.2***
% of revenue		*15.6*	*14.9*	
Other expense		(5.0)	(13.0)	*61.8*
Gross operating profit		**644.2**	**616.2**	***4.5***
% of revenue		*15.5*	*14.6*	
Amortization and depreciation		(408.3)	(425.3)	*4.0*
Impairment losses on non-current assets		(9.2)	(31.6)	*70.9*
Operating profit		**226.7**	**159.4**	***42.3***
% of revenue		*5.5*	*3.8*	
Net finance costs		(139.2)	(123.0)	*(13.1)*
Impairment losses on financial assets		(26.8)	(16.0)	*(67.3)*
Share of profit (loss) of equity-accounted investees		11.7	7.4	*57.1*
Profit before tax		**72.4**	**27.7**	***>100.0***
% of revenue		*1.7*	*0.7*	
Income tax expense		(121.3)	(115.9)	*(4.6)*
Loss for the year		**(48.9)**	**(88.2)**	***44.5***
attributable:	**Owners of the parent ***	**(107.1)**	**(165.0)**	***35.1***
	Non-controlling interests	58.2	76.8	*(24.3)*
Cash flow from operating activities		390.8	436.4	
Capital expenditure		522.8	339.5	

(in millions of euro)	December 31, 2014	December 31, 2013
Total equity	3,891.0	3,783.0
Equity attributable to owners of the parent *	3,082.8	2,603.8
Net financial debt	2,156.7	1,934.0
Number of employees at year end	17,779	18,484

* Italcementi S.p.A.

Trends in the construction industry continued to vary, both among and within the areas in which the group operates. Once again, the Eurozone as a whole reported the least impressive results. General economic difficulties, modest income levels, high unemployment, low credit availability, significant public budget deficits, to name just some of the most critical factors in the industry, continued to represent significant obstacles to a recovery in business activity.

While the industry situation remained depressed, nonetheless the first signs were seen of an easing in tension. Although these were selective, relating only to some countries and construction segments, they could be indicative of an imminent improvement.

Conversely, business in the construction industry continued to progress at a sustained rate in the USA, where the only obstacle to even more significant results was the exceptionally bad weather in the first quarter of 2014. Even so, performance remained less lively in the States where most of the group's operations are located.

In the group's emerging countries, the differences in economic conditions became more pronounced. Nonetheless, despite the presence of generally less favorable trends than in the recent past, there were signs of stabilization and recovery in Egypt and India, which should lead to a further cyclical consolidation, while the short-term situation seems more troublesome in Morocco and worsened in Kazakhstan.

Significant events in the year

As illustrated previously in the interim reports, in March the Italcementi S.p.A. Board of Directors approved a plan to streamline the corporate structure and strengthen the group**.** The plan, consisting of the mandatory conversion of Italcementi savings shares into ordinary shares, an increase in Italcementi's share capital and a voluntary public tender offer on Ciments Français shares, was completed in July. A summary of the operations involved is provided below; for full details, reference should be made to the press releases issued over the period.

On June 2, mandatory conversion took place of all 105,431,378 Italcementi savings shares into 68,530,395 Italcementi ordinary shares with the same characteristics as those in circulation at the effective date of the conversion (0.65 ordinary shares for each savings share). As from June 2, 2014, only Italcementi ordinary shares trade on the Borsa Italiana S.p.A. electronic stock exchange (*Mercato Telematico Azionario*); at that date, Italcementi share capital stood at 282,548,942 euro, consisting of 245,647,959 ordinary shares with no par value.

On July 3, at the close of the voluntary public tender offer for all the shares of the subsidiary Ciments Français S.A. (CF) at a price of 79.5 euro per share "ex dividend", Italcementi held 97.73% of CF capital (83.83% at the start of the operation) and 98.65% of CF voting rights (91.03% at the start of the operation). Since the share still held by CF minorities had decreased to below 5% of capital and voting rights, Italcementi applied the squeeze-out procedure (*retrait obligatoire*). Under this procedure, on July 15, 2014, CF shares were delisted from the Paris stock exchange (NYSE-Euronext Paris); the CF shares subject to the squeeze-out were assigned to Italcementi S.p.A., which opened a time deposit at the disposal of entitled parties.

To fund the public tender offer on Ciments Français S.A. minorities, on June 5, 2014, the Italcementi S.p.A. Board of Directors approved a share capital increase for 499,979,628.82 euro, including the share premium, with the offer to all shareholders of 3 new shares for every 7 shares held, at a per-share price of 4.825 euro. The increase closed on July 7 with the full subscription and payment of the 103,622,721 shares on offer, for an overall amount of 499,979,628.82 euro, of which 119,166,129.15 euro attributable to the nominal value. Since July 7, the share capital of Italcementi S.p.A. has therefore been 401,715,071.15 euro, represented by 349,270,680 ordinary shares with no par value.

Italcementi Finance S.A., the group treasury company, arranged a 450 million euro 5-year syndicated revolving credit facility with a pool of 14 international banks. The new facility replaced the existing 920 million euro syndicated facility due to mature in September 2015, which was cancelled.

At the end of July, after a review that began in March, the Moody's rating agency confirmed the Italcementi Ba3 corporate family rating with the outlook passing from stable to positive.

The third quarter of 2014 saw the entry into operation of the new cement production facility of Devnya Cement, the group's Bulgarian company, and the start-up of the new kiln at the Italcementi cement plant in Rezzato, which had undergone an extensive revamp in the two previous years to become one of the top-performing plants in Europe from the production and environmental viewpoints.

In early December, Shymkentcement signed an agreement with the European Bank for Reconstruction and Development (EBRD) for a loan of approximately 20 million euro to finance the revamping of the Shymkent cement plant in southern Kazakhstan. In addition to providing finance, the EBRD will invest approximately 4 million euro in Shymkentcement for an equity stake of approximately 21%.

Quarterly trend

Sales volumes in the fourth quarter

	Q4 2014[1]	% change vs. Q4 2013	
		historic	on a like-for-like basis
Cement and clinker *(millions of metric tons)*	10.8	*2.7*	*2.7*
Aggregates [2] *(millions of metric tons)*	7.5	*(3.5)*	*(3.5)*
Ready mixed concrete *(millions of m^3)*	2.9	*(4.2)*	*(4.7)*

[1] amounts refer to consolidated companies and proportionately consolidated companies
[2] excluding decreases for processing

In **cement and clinker**, fourth-quarter sales volumes were up on the year-earlier period, thanks above all to trading, North America and Thailand. In Central Western Europe, volumes were substantially stable thanks to the progress in Spain and, to a lesser extent, Italy, which almost fully offset the fall in France-Belgium. Emerging Europe, North Africa and Middle East were penalized by the decline in Egypt and Morocco, counterbalanced in part by positive performance in Bulgaria and Kuwait.

In **aggregates**, the reduction stemmed chiefly from France-Belgium, Spain and Morocco, offset only in part by growth in Italy, North America and Greece.

In **ready mixed concrete**, the decrease in sales volumes was largely due to the negative performance of Central Western Europe, mitigated in part by the growth, relating however to smaller markets, in North America, Egypt and Kuwait.

Quarterly performance

(in millions of euro)	Full year 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	**4,155.6**	**1,039.9**	**1,067.3**	**1,115.6**	**932.9**
% change vs. 2013	*(1.8)*	*2.3*	*0.7*	*(6.3)*	*(3.3)*
Recurring gross operating profit	**649.1**	**179.9**	**164.4**	**209.3**	**95.5**
% change vs. 2013	*3.2*	*14.6*	*(5.5)*	*(0.2)*	*8.0*
% of revenue	*15.6*	*17.3*	*15.4*	*18.8*	*10.2*
Gross operating profit	**644.2**	**175.0**	**166.3**	**206.4**	**96.5**
% change vs. 2013	*4.5*	*11.5*	*0.1*	*0.9*	*8.9*
% of revenue	*15.5*	*16.8*	*15.6*	*18.5*	*10.3*
Operating profit (loss)	**226.7**	**65.8**	**61.1**	**103.9**	**(4.2)**
% change vs. 2013	*42.3*	*29.8*	*>100.0*	*10.0*	*74.6*
% of revenue	*5.5*	*6.2*	*5.7*	*9.3*	*(0.4)*
Profit (loss) for the period	**(48.9)**	**14.8**	**15.8**	**(24.4)**	**(55.2)**
Profit (loss) for the period attributable to owners of the parent *	**(107.1)**	**5.5**	**0.7**	**(45.0)**	**(68.3)**
Net financial debt (at period end)	2,156.7	2,156.7	2,173.5	1,851.7	2,076.5

* Italcementi

In the fourth quarter, **revenue** was 1,039.9 million euro, up 2.3% from the year-earlier period (-0.6% at constant exchange rates and on a like-for-like basis). Even at constant exchange rates (the positive consolidation effect was marginal) all the macro business areas reported healthy progress (with strong rates for North America and Trading) with the exception of Central Western Europe, penalized above all by performance in France-Belgium.

Recurring gross operating profit, at 179.9 million euro, improved by 14.6% from the fourth quarter of 2013. Performance benefited from the significant containment of overheads and, on results expressed in euro, from a significant appreciation of the main currencies. It was adversely affected by a negative volume effect and a sales prices dynamic (influenced by the particular situation in Egypt) that was positive overall but counterbalanced only in part the increase in variable costs. Looking at the individual countries, the most significant growth in recurring gross operating profit from the fourth quarter of 2013 was in North America, Italy and Spain, while the largest decrease was in France-Belgium.

Gross operating profit was 175.0 million euro (156.9 million euro in the fourth quarter of 2013), after net non-recurring expense of 4.9 million euro, an immaterial item in the fourth quarter of 2013.

Operating profit was 65.8 million euro (50.7 million euro in the fourth quarter of 2013) after amortization and depreciation of 109.0 million euro (108.2 million euro in the year-earlier period) and impairment losses on non-current assets of 0.2 million euro (net measurement gains of 2.1 million euro in the fourth quarter of 2013).

Performance of the construction materials segment in 2014

Sales volumes

	Full year 2014[1]	% change vs FY 2013 historic	% change vs FY 2013 on a like-for-like basis
Cement and clinker *(millions of metric tons)*	43.4	*0.6*	*0.6*
Aggregates [2] *(millions of metric tons)*	30.8	*(5.6)*	*(5.6)*
Ready mixed concrete *(millions of m^3)*	11.5	*(6.5)*	*(7.0)*

[1] amounts refer to consolidated companies and proportionately consolidated companies

[2] excluding decreases for processing

Sales volumes in **cement and clinker** were slightly up on 2013. Central Western Europe reported only a small decrease, despite the downturn in France-Belgium, thanks to the improvement in Spain and Greece. All the other macro areas reported progress, with the largest contributions from Egypt, North America, Thailand and Trading.

The reduction in **aggregates** was the result of a general decline, with the exceptions of Italy and Greece.

In **ready mixed concrete**, the fall in sales volumes was largely caused by the contraction in Central Western Europe, where the group has a larger presence, and in Morocco. The reduction was offset in part by the healthy performance of other countries (Egypt, Kuwait, Thailand and North America).

Revenue and operating performance by geographical area

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	2014	% change vs. 2013	2014	% change vs. 2013	2014	% change vs. 2013	2014	% change vs. 2013
Geographical area								
Central Western Europe	2,079.8	*(7.0)*	251.6	*3.9*	253.1	*11.6*	67.2	*>100*
North America	454.5	*6.0*	51.0	*(7.2)*	51.4	*(15.9)*	(16.1)	*(>100.0)*
Emerging Europe, North Africa and Middle East	1,021.5	*8.2*	257.2	*(4.1)*	255.0	*(5.1)*	147.0	*(8.6)*
Asia	538.3	*(1.3)*	85.4	*8.5*	84.6	*5.9*	41.4	*38.9*
Cement and clinker trading	202.3	*19.7*	10.4	*28.0*	10.1	*23.5*	3.8	*(24.4)*
Others	327.7	*6.2*	(6.8)	*70.5*	(6.6)	*76.2*	(13.2)	*62.0*
Eliminations	(468.5)	*n.s.*	0.2	*n.s.*	(3.5)	*n.s.*	(3.3)	*n.s.*
Total	**4,155.6**	***(1.8)***	**649.1**	***3.2***	**644.2**	***4.5***	**226.7**	***42.3***

n.s. not significant

Revenue, at 4,155.6 million euro (4,231.6 million euro in 2013), was down 1.8% from 2013, as a result of the business slowdown (-0.7%) and a negative exchange-rate effect (-1.2%), together with a marginal consolidation effect (+0.1%).

Revenue was affected by the fall in sales volumes, whose impact was nevertheless outweighed by a positive overall dynamic in sales prices, thanks largely to Egypt.

At constant exchange rates and on a like-for-like basis, progress was reported in Egypt, Thailand, North America and India, while the largest declines were in Central Western Europe (especially Italy and France-Belgium) and Morocco.

The negative exchange-rate effect arose largely from the depreciation of the Egyptian pound, Thai baht and Indian rupee against the euro.

Recurring gross operating profit, at 649.1 million euro, rose by 3.2% from 2013, benefitting from a positive price effect (Egypt), significant containment of overheads and income on carbon emissions rights. Performance was slowed by the negative volume effect, the increase in fuel costs in Egypt, and the negative exchange-rate effect.

At constant exchange rates, the most significant progress in recurring gross operating profit was in Italy, Thailand and Spain; there were decreases in France-Belgium, India and Morocco.

The balance on **non-recurring items** reflected net expense of 5.0 million euro (net expense of 13.0 million euro in 2013) arising chiefly from corporate restructuring expense, offset in part by gains from the sale of assets.

Gross operating profit was 644.2 million euro, an increase of 4.5% on 2013.

Operating profit, at 226.7 million euro, increased by 42.3% from 2013 (159.4 million euro). The improvement arose from lower amortization and depreciation (408.3 million euro compared with 425.3 million euro) and lower impairment losses on non-current assets (9.2 million euro from 31.6 million euro) relating chiefly to impairment applied in Italy (Italcementi S.p.A.) and Bulgaria, net of impairment reversals in Greece.

Finance costs and other items

Net expense in respect of financing amounted to 128.6 million euro, a slight increase on the figure in 2013 (125.8 million euro).

Overall, **net finance costs** amounted to 139.2 million euro, an increase of 13.1% from 2013 (123.0 million euro).

The rise reflected the absence of positive net derivatives (present in 2013) for hedges on EU Allowance Units (EUA) and Certified Emission Reductions (CER) transacted in previous years, and other finance expense.

Impairment losses on financial assets amounted to 26.8 million euro, up on the previous year (16.0 million euro). They referred to West China Cement for 24.7 million euro and Al Badia Cement (Syria) for 2.2 million euro.

The **share of profit (loss) of equity-accounted investees** was positive at 11.7 million euro (7.4 million euro), thanks mainly to the results of Asment (Morocco) and Ciment du Quebec (Canada).

Loss for the year

The group posted a **profit before tax** of 72.4 million euro, a strong improvement on 2013 (27.7 million euro).

After **income tax expense** of 121.3 million euro (115.9 million euro in 2013), the **loss for the year** was 48.9 million euro (loss of 88.2 million euro in 2013). This reflected a **loss attributable to owners of the parent** of 107.1 million euro (loss of 165.0 million euro) and **profit attributable to non-controlling interests** of 58.2 million euro (profit of 76.8 million euro).

Capital expenditure and net financial debt

Capital expenditure in 2014 amounted to 522.8 million euro, up 183.3 million euro on 2013 (339.5 million euro).

Investments in property, plant and equipment and in investment property, which account for by far the largest share of expenditure, amounted to 507.2 million euro (323.3 million euro in 2013) and referred largely to Italy, France-Belgium, Egypt, Bulgaria and India.

Investments in intangible assets totaled 11.4 million euro (12.7 million euro in 2013) and consisted largely of investments in software licenses and development costs. Investments in non-current financial assets were limited, at 4.1 million euro (3.6 million euro in 2013).

Net financial debt at December 31, 2014, amounted to 2,156.7 million euro, an increase of 222.7 million euro compared with the end of 2013 (1,934.0 million euro).

The increase reflected the different effects of the operations conducted under the plan to streamline the corporate structure and strengthen the group. The inflow of 487.2 million euro from the share capital increase at Italcementi S.p.A. completed in July was countered by the outlay of 457.4 million euro for the acquisition of 100% of the share capital of Ciments Français (through the voluntary public tender offer and the squeeze-out).

The year's cash flows were also affected by the high level of capital expenditure (524.6 million euro), which outweighed inflows from operating activities (369.1 million euro). Significant factors also included dividends paid (83.2 million euro), net translation losses (29.5 million euro) and other net outflows (33.1 million euro).

Equity

Total equity at December 31, 2014, was 3,891.0 million euro, up by 108.0 million euro from December 31, 2013 (3,783.0 million euro). The increase arose largely from the Italcementi S.p.A. share capital increase at the beginning of July (487.2 million euro) and from other comprehensive income (192.0 million euro). These effects were offset in part by the change in ownership percentages and the consequential reduction in non-controlling interests (-440.5 million euro relating largely to the increase in the equity investment in Ciments Français to 100%), dividends paid (81.6 million euro) and the loss for the year (47.1 million euro).

Risks and uncertainties

The Risk Management Department formed in 2010 by Italcementi S.p.A. to report to the Chief Executive Officer is part of the **"Risk & Compliance"** program launched in 2008, inspired by the methodology of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and consisting of the following phases:

1. identification of the main areas of risk for group strategic goals and development of methods and tools to analyze and assess correlated risk events;
2. assessment, at country level and at aggregate level, of identified risk events in terms of impact, probability and timeframe, in order to acquire an overall vision of the group risk portfolio;
3. selection of priority risks and definition of response strategies, group governance rules and action to integrate and improve risk management systems; some operating risks are managed at individual company level, while others requiring specific competences or involving a variety of responsibilities are managed at group level;
4. implementation of defined mitigation strategies and action, and development of the Enterprise Risk Management process;

5. reporting to Top Management and the governance bodies on the main risks, and their management and evolution; in this phase quantification of risks and opportunities is integrated with the enterprise management process, for example in the budget, in results forecasting reviews and in assessment of strategic projects.

Sustainable development and risk management: protection of people and assets

Sustainable development favors a corporate approach that balances economic growth, protection of the environment and social sustainability. By constantly pursuing an optimal balance among these elements and ensuring that benefits extend to everyone involved, companies enhance their long-term value, ability to survive and competitive advantage, thus helping to prevent business risks.

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

Regulatory limits and group sustainable development goals and initiatives are examined in a special Sustainability Report. They are also summarized in a specific section in this report.

The Asset Protection Program continued in 2014; it qualifies the importance of risks and develops a suitable prevention and protection policy, thereby limiting damage to assets and consequent operating losses. The Asset Protection Program was joined in 2013 by a new Environmental Protection Program for a number of industrial facilities. These activities will continue over the coming years, constituting a consolidated group process.

The main risks in the construction materials segment are illustrated below.

Risks relating to the general economic and industry situation

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

Risks associated with energy factors

The cost of energy factors, which represents a large portion of group variable costs of production, may vary significantly due to external factors beyond the group's control. The group has adopted measures to mitigate risks for certain energy factors by entering into medium-term supply contracts. Furthermore, the centralized procurement organization enables the group to benefit from more efficient relations with suppliers, optimizing management of stocks and obtaining competitive purchase conditions.

Risks relating to availability of raw materials

The availability of raw materials is a strategic factor in investment decisions. The group generally sources its raw materials – limestone, clay, gypsum, aggregates and other materials used in the production of cement, ready mixed concrete and aggregates – from quarries it owns (the majority) or quarries rented from third parties. For these and other significant materials, the group has also reached specific agreements with suppliers to guarantee continuous, stable procurement, under terms and conditions at the best market levels.

Environmental risks

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

Financial risks

The current period of crisis puts corporate cash flows at risk, endangering companies' self-financing ability and creating difficulties for normal, orderly operations on the financial market.

The group procures sources of finance and manages interest rates, currency and counterparty risk, for all the companies in the scope of consolidation. The group uses derivatives to reduce the risk of fluctuations in interest rates and exchange rates with respect to debt and its international operations.

Ratings risks

The group's ability to compete successfully in the marketplace for funding depends on various factors, including its credit ratings assigned by recognized rating agencies. Its credit ratings may change to reflect changes in its results, financial position, credit structure and liquidity profile. As a result, a rating downgrade may have negative repercussions on the group's ability to raise funding.

Legal risks

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

Compliance risks

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

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

Political risks

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

Insurance

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

Engineering, technical assistance, research and development

In 2014, CTG S.p.A. carried out engineering, investment project management, technical assistance, and R&D activities for the group companies in Italy and abroad, providing services for 44.4 million euro (46.7 million euro in 2013).

Staff at the end of 2014 numbered 296 (343 at December 31, 2013), of whom 213 in Bergamo, 51 in Guerville (France), and 32 at other group companies.

R&D work focused on materials and processes; seven patent applications were filed during the year, of which three to enhance production technology on the proprietary ITC i.light panel. R&D concentrated on four research areas: cements and binders with high added value, special concretes, greater synergy with SIKA on additives, non-conventional finished products.

Innovation

After a focus on new product development in 2013, work in 2014 was largely concerned with management of know-how transfers to the group companies, completion of product validation and industrialization, and start-up of new projects.

To broaden the economic contribution from marketing of new solutions and products, a network of partnerships was formed with producers of building materials. The initial agreements reached in 2014 on i.light will be joined in 2015 by new alliances not only on i.light, but also on the production of architectural elements in i.active Biodynamic.

A significant effort was devoted to the introduction of innovative products on the works for EXPO 2015, notably with i.idro DRAIN. In a temporary consortium with a leading producer of prefabricated luxury units, Italcementi is completing the production and assembly of more than 9,000 m^2 of façade with large-scale elements. Made with a photocatalytic version of the new i.active Biodynamic, these elements will be a distinctive feature of the façade of Palazzo Italia.

The Innovation Rate (IR, the ratio of revenue from innovation to operating revenue) was 6.6% in 2014, with a significant increase on the previous year (5.3%) and revenue of more than 270 million euro, compared with about 220 million euro in 2013. The goal for 2015 is to improve these values still further. In the future, the focus will continue to be on a strong increase in revenue from new products, through a focus on the concept of differentiation to offer specific products for each type of application, consistently with the new i.nova branding strategy launched by the group in the second half of 2013. This process is already well underway in several mature countries and will be extended to all group companies, especially those on the emerging markets.

E-business

In 2014, BravoSolution group revenue was 71.0 million euro, an increase of 8.1% from 2013 (65.7 million euro). Gross operating profit was 9.3 million euro, a significant improvement (+10.1%) from 2013. The operating profit dynamic was also very positive, with growth of 26.7% to 3.9 million euro. Profit before tax was 3.2 million euro (2.3 million euro) and profit for the year was 1.2 million euro (2.4 million euro).

The group's healthy performance compared with 2013 was attributable to the increase in revenue and a limited rise in costs, compatibly with business volumes.

Disputes and pending proceedings

The main ongoing disputes are summarized below.

Italy

On June 18, 2013, the Competition and Market Authority (AGCM) notified Calcestruzzi S.p.A. that a procedure had begun for the re-determination of the fine (10.2 million euro) imposed in 2004 and partially overturned by the Lazio Regional Administrative Tribunal (TAR) and the *Consiglio di Stato*. On January 13, 2014, Calcestruzzi was notified that the AGCM had re-determined the fine at 8,125,509 euro, plus payment of increases as per art. 27 paragraph 6 of law 689/81, for an overall amount, based on a preliminary estimate, of more than 7 million euro. Calcestruzzi filed an appeal for a suspension with the Lazio TAR, which upheld its appeal on February 13, 2014, and arranged a hearing to discuss the merits of the case for November 19, 2014. Acting for the AGCM, the *Avvocatura di Stato* (Government Legal Service) lodged an appeal with the Council of State against the suspension. On June 7, 2014, the Council of State partially upheld the *Avvocatura* appeal by annulling the TAR ruling relating to the basic fine (8.1 million euro) and confirming the TAR ruling with regard to the additional amounts (approximately 7 million euro), payment of which is therefore not currently due. Calcestruzzi applied to the AGCM for the amount currently due (8.1 million euro) to be paid in installments pursuant to article 26 of law 689/81. The AGCM accepted the request, arranging for payment to be made over 30 months, with application of an annual legal interest rate of 1%. The proceeding at the Lazio TAR was concluded and a sentence is pending.

In January 2014, the AGCM initiated a new procedure alleging unfair trading practices by Calcestruzzi S.p.A. and other industry players in Italy's Friuli region. The term of the procedure has been postponed until the end of March 2015.

Spain

On May 14, 2014, after a petition filed by a local association, the court of Malaga annulled the integrated environmental authorization issued in 2007 for the Malaga production plant of the Spanish subsidiary Financiera Y Minera ("FyM"), on the grounds that the Regional Authority had issued the authorization erroneously in the absence of a prior environmental impact assessment. FyM appealed against the ruling, and is also considering whether to apply for a new authorization subject to execution of an environmental impact assessment.

Europe

Regarding the investigation begun in November 2008 by the European Commission into some cement producers, including Italcementi S.p.A. and the subsidiaries Ciments Français S.A., Ciments Calcia S.A. and Compagnie des Ciments Belges (CCB) S.A., in December 2010 the European Commission notified the formal opening of the proceeding to Italmobiliare S.p.A. (and, indirectly through Italmobiliare, to the above-named group companies and the Spanish subsidiary Financiera Y Minera S.A.). Subsequently, in April 2011, the Commission served a further formal notice on Italmobiliare of its decision to request extensive additional economic, financial and commercial information. Italmobiliare provided the information within the required term and, simultaneously, lodged an appeal with the EU General Court against the decision. On March 17, 2014, the EU General Court rejected the appeal filed by Italmobiliare S.p.A., which then filed an appeal with the European Court of Justice; the matter is still pending.

Turkey / Russia

Regarding the proceeding begun by Sibconcord against Ciments Français for the non-closure of the 2008 agreement for the sale of the group's Turkish operations (Set Group) to the subsidiary Sibcem, the various proceedings moved ahead in accordance with the procedural regulations of the countries in question. On July 10, 2013, the court of Kemerovo (Russia) issued a ruling in favor of Ciments Français, stating that the loss of 50 million euro by Sibcem was solely due to the appellant's failure to comply with the agreements. Sibconcord appealed against the ruling. In March 2014, the court of appeal rejected the appeal, and upheld the ruling in favor of Ciments Français. Sibconcord consequently filed an appeal with the regional court of cassation against the decision of the court of appeal. The court of cassation annulled the ruling of first instance and referred the case back to the court of Kemerovo (Russia). The next hearing is scheduled for March 2015.

With regard to the arbitration procedure, at the end of January 2015, the Istanbul commercial count confirmed that the final arbitration award in favor of Ciments Français could be validly executed. The sentence become final after Sibcem abandoned its appeal. In parallel, Ciments Français continued action for recognition of the arbitration award in a number of countries, including Russia. To date, the award has been recognized in Belgium, France, Kazakhstan and the USA.

Egypt

In 2013, lawsuits were brought locally by individuals seeking to annul the privatizations of Helwan and Tourah, which took place before the companies were acquired by the Italcementi group, through its local subsidiary Suez Cement. Suez Cement is not involved in the lawsuit for the annulment of the Helwan privatization, since to date only the parties that took part in the privatization have been involved; they do not include Suez Cement, which acquired Helwan, from other private parties, after its privatization.

It is still too early to make hypotheses regarding possible developments in the situation.

India

A tax proceeding is still formally open against the subsidiary Zuari Cement Limited after an assessment relating to 2007-2008 (tax year 2008-2009) identified transfer pricing and expenses that potentially cannot be deducted against income tax. The dispute began for an amount of approximately 7.6 million euro of additional taxable income and approximately 3.6 million euro in higher taxes, fines and interest. The court of Andhra Pradesh issued an initial ruling in favor of Zuari Cement Limited on February 21, 2013, and the supreme court definitively rejected the case on September 27, 2013. India's tax authorities have until March 31, 2015 to re-open the assessment.

In February 2014, the Indian tax authority notified Zuari Cement Limited of an assessment relating to 2008-2009 (tax year 2009-2010) with regard to transfer pricing and expenses that potentially cannot be deducted against income tax. In March 2014, the company filed an appeal with the competent administrative court and, subsequently, an appeal with the court of appeal against the assessment, which is for an amount of approximately 11.3 million euro of additional taxable income and approximately 6.9 million euro in higher taxes, fines and interest; the case still pending in the court of appeal.

In January 2014, the Indian tax authority notified Zuari Cement Limited of a preliminary assessment relating to 2009-2010 (tax year 2010-2011) with regard to transfer pricing and expenses that potentially cannot be deducted against income tax. In May 2014, the company submitted its observations to the competent administrative court against the preliminary assessment, which is for approximately 19.3 million euro of additional taxable income and as yet undetermined amounts of higher taxes, fines and interest; the case is still pending.

Events after the reporting period

No other significant events have taken place since the end of the financial year whose effects require changes to or additional comments on the group's financial position and results of operations as at and for the year ended December 31, 2014.

Performance at Italcementi S.p.A.

(in millions of euro)	2014	2013	% change
Revenue	**436.5**	**461.9**	***(5.5)***
Recurring gross operating profit (loss)	**13.2**	**(14.2)**	***n.s.***
% of revenue	*3.0*	*(3.1)*	
Other income	7.6	0.2	*>100.0*
Gross operating profit (loss)	**20.8**	**(14.0)**	*n.s.*
% of revenue	*4.8*	*(3.0)*	
Amortization and depreciation	(59.8)	(68.0)	*12.0*
Impairment losses on non-current assets	(17.1)	(20.5)	
Operating loss	**(56.1)**	**(102.5)**	***45.3***
% of revenue	*(12.8)*	*(22.2)*	
Net finance income	38.6	43.2	*(10.6)*
Impairment losses on financial assets	(42.0)	(50.6)	
Loss before tax	**(59.5)**	**(109.9)**	***45.9***
% of revenue	*(13.6)*	*23.8*	
Income tax (expense)	5.5	(5.3)	*n.s.*
Loss for the year	**(54.0)**	**(115.2)**	***53.1***
% of revenue	*(12.4)*	*(24.9)*	
Cash flow from operating activities	2.4	20.6	
Capital expenditure	137.7	45.6	

n.s.: not significant

(in millions of euro)	December 31, 2014	December 31, 2013
Equity	1,752.4	1,360.2
Net financial debt	1,216.0	1,026.6

Outlook

In 2015, the areas in which the group operates will see a recovery in North America and Asia, growth in the volume of demand in Egypt and relative stability in demand in Mediterranean Europe, although the market will weaken in France.

In this scenario, higher sales volumes and good sales price levels will support an upturn in operating profit, in addition to the positive effect on results of the appreciation of foreign currencies against the euro and the reduction in energy costs since the beginning of the year. Nevertheless, performance forecasts on some key markets continue to reflect elements of volatility. Group recurring gross operating profit will also benefit from the positive effect of marketing initiatives and innovation, the efficiency improvements arising from the production start-up of the new cement plants, the diversification of energy sources, greater use of production capacity in Egypt and the continuing rationalization of group fixed and structural costs. Recurring gross operating profit is expected to rise slightly from the 2014 figure.

The group net debt should be slightly higher than in 2014, in part owing to the weakness of the euro; nevertheless, the year-end leverage is not expected to be higher than at the end of 2014.

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 condensed income statement for 2014 is set out below, together with key financial data.

(in millions of euro)	2014	2013	% change
Revenue	**235.7**	**239.7**	***(1.7)***
Recurring gross operating profit	**20.3**	**15.0**	***35.6***
% of revenue	*8.6*	*6.3*	
Other expense	(1.2)	(2.8)	*53.5*
Gross operating profit	**19.1**	**12.2**	***55.7***
% of revenue	*8.1*	*5.1*	
Amortization and depreciation	(10.8)	(10.7)	*(1.3)*
Impairment losses on non-current assets	(1.0)	(0.4)	*n.s.*
Operating profit	**7.3**	**1.1**	***n.s.***
% of revenue	*3.1*	*0.5*	
Net finance costs	(6.2)	(6.3)	*2.2*
Profit (loss) before tax	**1.1**	**(5.2)**	***n.s.***
% of revenue	*0.5*	*(2.2)*	
Income tax expense	(2.4)	(1.7)	*(43.4)*
Loss for the year	**(1.3)**	**(6.9)**	***81.4***
attributable: **Owners of the parent**	**(1.3)**	**(6.9)**	***80.8***
Non-controlling interests	n.s.	n.s.	*n.s.*
Capital expenditure	6.4	6.3	

n.s. not significant.

(in millions of euro)	December 31, 2014	December 31, 2013
Total equity	12.2	9.5
Equity attributable to owners of the parent	11.9	9.1
Net financial debt	107.6	116.1
Number of employees at year end	1,179	1,234

2014 saw the continuation of difficult market conditions in terms of demand on the group's key markets and tension on sales prices owing to competitive pressures; although the price of the polystyrene raw materials used in production processes remained at high average levels, it was lower than the 2013 average price, assisting the recovery in profitability.

Group **revenue** in 2014 was 235.7 million euro, down by 4 million euro or 1.7% compared with 239.7 million euro in the prior year. Moreover, the negative effect from the worsening of the exchange rate against the euro of the accounting currencies of some consolidated companies in the Petruzalek area was an estimated 5.3 million euro.

Group recurring gross operating profit totaled 20.3 million euro, up by 5.3 million euro compared to the figure for the previous year (15.0 million euro).

Group gross operating profit totaled 19.1 million euro, net of non-recurring expense of 1.2 million euro for the corporate reorganization (2.8 million euro in 2013), an improvement of 6.9 million euro compared to 12.2 million euro in 2013.

Amortization and depreciation totaled 10.8 million euro. This item includes 0.8 million euro set aside to align the carrying amount of the Corciano factory (Perugia) with the sale price of 1 million euro agreed in the preliminary sale contract.

Group operating profit in 2014 was 7.3 million euro, a significant improvement of 6.2 million euro from the corresponding figure for 2013 (1.1 million euro). It includes the write-down of the residual goodwill (1 million euro) that arose on the acquisition of Dornerpack G.m.b.H. by Petruzalek G.m.b.H.

Net finance costs amounted to 6.2 million euro, slightly down on 6.3 million euro recorded in 2013. Net of the exchange-rate effect (-0.8 million euro in 2014; -0.7 million euro in 2013), and the discounting of provisions recorded under non-current liabilities, the reduction was more than 0.4 million euro, mainly due to the reduction in average financial exposure.

Income tax expense (2.4 million euro) rose compared with 2013 (1.7 million euro) due to a general increase in the taxable base of group companies.

The **loss** for the year of 1.3 million euro was an improvement of 5.6 million euro compared with the loss of 6.9 million euro for 2013.

Consolidated **net financial debt** at December 31, 2014 was 107.6 million euro compared with 116.1 million euro at December 31, 2013, and benefitted from the payment of 6.0 million euro to replenish losses made by Italmobiliare S.p.A. on April 4, 2014. Consolidated **equity** at December 31, 2014 was 12.2 million euro compared to 9.5 million euro at December 31, 2013; the positive change includes the capital contribution of 6.0 million euro made by the sole shareholder, Italmobiliare S.p.A., to Sirap-Gema S.p.A.. It also includes the loss for the year of 1.3 million euro, a negative change of 1.3 million euro in the translation and consolidation reserves, and a negative change of 0.7 million euro in the reserves for net actuarial gains and losses arising from changes in non-current liabilities relating to personnel.

2014 **capital expenditure** paid particular attention to the group's ability to fund its financial requirement, but without compromising an adequate level of efficiency in manufacturing processes.

Group capital expenditure on property, plant and equipment was 5.9 million euro, an amount in line with the 6.0 million euro recorded in 2013; of the total, 4.8 million euro was in food packaging, mainly for projects to update technology and improve efficiency on factory plant and machinery; 2.9 million euro of this concerned the parent company.

Capital expenditure on insulation was 1.1 million euro in 2014, of which 0.3 million euro related to the repair of factory roofs at the Verolanuova site and 0.8 million euro to plant and machinery.

Capital expenditure on intangible assets was 0.5 million euro, of which 0.3 million euro relating to the SAP project at the Petruzalek group.

Significant events in the year

During the year, the sole shareholder Italmobiliare S.p.A. made a capital contribution of 6.0 million euro to Sirap Gema S.p.A.

On October 30, 2014, the formalities were completed for the merger of the Austrian company Dornerpack G.m.b.H. into and with Petruzalek G.m.b.H (the holding for the group's assets in Central Western Europe).

Quarterly trend

(in millions of euro)	Full year 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	**235.7**	**62.2**	**60.4**	**59.9**	**53.3**
% change vs. 2013	*(1.7)*	*0.8*	*(3.5)*	*(3.7)*	*-*
Recurring gross operating profit	**20.3**	**6.1**	**5.0**	**5.7**	**3.5**
% change vs. 2013	*35.6*	*44.4*	*18.6*	*35.9*	*49.3*
% of revenue	*8.6*	*9.9*	*8.2*	*9.5*	*6.6*
Gross operating profit	**19.1**	**5.5**	**5.0**	**5.2**	**3.3**
% change vs. 2013	*55.7*	*78.3*	*61.6*	*42.3*	*39.2*
% of revenue	*8.1*	*8.9*	*8.2*	*8.7*	*6.2*
Operating profit	**7.3**	**1.3**	**2.5**	**2.7**	**0.8**
% change vs. 2013	*n.s.*	*n.s.*	*n.s.*	*n.s.*	*n.s.*
% of revenue	*3.1*	*2.1*	*4.1*	*4.6*	*1.4*
Profit (loss) for the period	**(1.3)**	**(1.1)**	**0.5**	**0.6**	**(1.2)**
Profit (loss) for the period attributable to owners of the parent	**(1.3)**	**(1.2)**	**0.5**	**0.5**	**(1.2)**
Net financial debt (at period end)	107.6	107.6	113.8	117.0	122.0

n.s. not significant

Revenue in the fourth quarter (62.2 million euro) continued the growth trend seen in the previous quarters, and also showed an improvement (+0.8%) from the prior-year period.

Recurring gross operating profit was 6.1 million euro, a significant improvement on the prior-year period both in absolute terms (+1.9 million euro), and as a percentage of revenue (from 6.9% to 9.9%), and like revenue confirmed the trend seen in the first nine months.

Gross operating profit saw an even greater improvement (+2.4 million euro) due to the lower non-recurring expense recorded in the fourth quarter of 2014 (0.6 million euro, compared to 1.1 million euro in the fourth quarter of 2013).

Despite higher amortization and depreciation compared to the previous year (3.3 million euro compared to 2.8 million euro) and the impairment loss of approximately 1 million euro on goodwill originating from the acquisition of Dornerpack by Petruzalek, the group posted **operating profit** of 1.3 million euro, compared to 0.1 million euro in the fourth quarter of 2013.

Finance costs saw an increase of 0.3 million euro as the result of higher expense for net exchange-rate differences and the impact of discounting a provision for risks, offset in part by the positive effect of the reduction in average financial exposure.

The group posted a consolidated **loss** for the fourth quarter of 1.1 million euro, an improvement from the loss of 2.3 million euro in the fourth quarter of the year-earlier period.

Performance by operating segment and geographical area

Revenue and operating performance

(in millions of euro)	Revenue		Recurring gross operating profit		Gross operating profit		Operating profit	
	2014	%change vs. 2013	2014	%change vs. 2013	2014	%change vs. 2013	2014	%change vs. 2013
Food packaging								
- Italy	90.6	*1.7*	9.0	*68.4*	8.2	*n.s.*	1.7	*n.s.*
- France	23.6	*(1.6)*	2.6	*(13.2)*	2.6	*(13.2)*	1.6	*(21.3)*
- Other EU countries	67.4	*6.1*	3.4	*61.9*	3.1	*87.1*	0.5	*n.s.*
- Other non-EU countries	13.9	*(37.0)*	1.2	*(4.4)*	1.2	*(4.5)*	1.1	*8.6*
Eliminations	(15.5)				0.1		0.1	*n.s.*
Total	**180.0**	***(1.9)***	**16.2**	***38.2***	**15.2**	***55.7***	**5.0**	***n.s.***
Thermal insulation - Italy	56.1	*(0.8)*	4.1	*24.9*	3.9	*53.9*	2.2	*n.s.*
Eliminations	(0.4)						0.1	
Total	**235.7**	***(1.7)***	**20.3**	***35.6***	**19.1**	***55.7***	**7.3**	***n.s.***

n.s. not significant

Food packaging

In Western Europe, in 2014 demand for food packaging products remained weak, owing to the continuing difficult economic situation, which impacted on spending on fresh food and so on the demand for the related primary packaging.

The group's total net turnover in packaging in 2014 was 180.0 million euro, down 1.9% compared to 2013; as already noted, the figure was affected by the exchange-rate effect, without which the percentage variation would have been positive (+0.9%).

The trends on the main markets are analyzed below:

- in **Italy**, the trend in sales of foamed containers saw slight overall growth in revenue: 53.7 million euro compared with 53.0 million euro in 2013, an increase of 1.3%. Turnover in rigid containers of 18.5 million euro was up by 4.4% on the previous yea (17.7 million euro).

  The parent Sirap-Gema S.p.A. (which manages the Italian foamed and rigid container business with the subsidiary Universal Imballaggi S.r.l.) reported overall turnover of 88.2 million euro in 2014, up 2.5% on the 86.0 million euro recorded in 2013.

  Recurring gross operating profit totaled 9.0 million euro, up by 3.7 million euro on 5.3 million euro in 2013, thanks to the improved sales result, the consolidation of the initiatives to reorganize and optimize production costs, the improvement in the mix in both divisions, and careful containment of overheads.

  Gross operating profit was 8.2 million euro, and included non-recurring expense of 0.8 million euro mainly relating to re-organization measures, compared to 3.8 million euro in 2013, net of 1.6 million euro for non-recurring expense;
- in **France,** which was badly affected by the economic crisis, turnover on foamed trays produced by Sirap France fell in 2014 to 21.7 million euro, compared to 22.3 million euro in 2013, due to a decrease in sales volumes; this downturn accelerated throughout the year owing to a further fall in domestic demand, with competitive pressure driving a drop in average sales prices.

  Gross operating profit was 2.6 million euro compared with 3.0 million euro in 2013. Operating profit was 1.6 million euro compared with 2.1 million euro in the previous year;
- **Inline Poland**, thanks to effective management in its key markets, reported total turnover in 2014 of 27.9 million euro, up by 10.8% compared to 25.2 million euro in the previous year;

gross operating profit and operating profit of 2.6 and 1.5 million euro respectively increased significantly compared to 2013, when they totaled 1.7 and 0.5 million euro respectively;

- revenue at the **Petruzalek group** in Central Eastern Europe was affected by generally weak demand in 2014, especially in some countries, including Austria. Revenue was 54.2 million euro, down from 60.9 million euro (-6.7 million euro; -11%) in 2013. The decrease also reflected the significant impact of the negative exchange-rate effect, estimated at 5.4 million euro overall, of which 4.0 million euro in Ukraine alone, where, owing to political and social tensions, the grivnia fell by 69.5% against the euro compared to December 31, 2013 (-47.1% on average over the two years).

  Gross operating profit was, nonetheless, 1.6 million euro, showing an improvement on 2013 (1.2 million euro); this was largely due to a sharp reduction in overheads through the launch of a new and more effective organization.

Thermal insulation

2014 revenue was 56.1 million euro, largely in line with 56.5 million euro in 2013.

Domestic revenue (36.5 million euro) fell by 7% due to a general decline in demand and careful customer selection given higher credit risk.

Exports, with turnover of 19.6 million euro, confirmed the growth trend (+5%), with sales mainly in Switzerland, Germany and Austria, where the product range was expanded with the inclusion of premium products offering improved performance and extra thickness.

2014 gross operating profit was 3.9 million euro compared with 2.5 million euro in 2013; the improvement of 1.4 million euro was helped by exports, a good sales mix, and the positive effect from the costs of raw materials, described above. In addition, non-recurring expense decreased (0.2 million euro at December 31, 2014 relating to lay-off costs, compared to 0.7 million euro in 2013).

Close attention continued to be paid to credit risk, in particular for customers on the domestic market, through careful customer credit procedures and credit management. The group believes that the default risk has been adequately assessed in relation to the receivables reflected in the consolidated financial statements at December 31, 2014.

Risks and uncertainties

As noted above, after the increases in 2013, the price of the polystyrene raw materials used in the production of food packaging and insulation remained high, in part due to the closure of styrene polymerization plants. The group will continue to monitor the price trend in order to optimize its procurement policy and to reduce, as far as possible, the impact of these items on its performance.

The Sirap Gema group also operates through a number of subsidiaries in countries outside the Eurozone and is therefore exposed to the risk of fluctuation in the exchange rates of local currencies, for which effective hedging is not possible. This risk is carefully monitored by the parent with a special internal procedure.

Another area of uncertainty is the collection of receivables. The companies in the Sirap Gema group expect critical situations to intensify in the coming months, a trend that began to emerge in 2014. This area is kept under careful and constant control by all group companies to minimize risk.

Sirap Gema S.p.A. does not have any derivatives (interest-rate swaps) hedging interest-rate risk.

With regard to outstanding disputes, reference should be made to the section on "Disputes and pending proceedings".

Environmental initiatives

Since January 1, 2012, the Sirap Gema group has had an Environmental Policy document providing visibility on its commitment and the action taken to safeguard the environment in the countries where it operates. Guidelines have been established and made known to personnel summarizing the group's intention of complying with local regulations and applying the best ecological standards for sustainable and responsible development; in addition, appropriate initiatives in this field are being implemented or are planned with set procedures and deadlines.

During 2014, extraordinary maintenance work was carried out to partially replace some roofing, the cost for which had already been provided in 2012.

Safety initiatives

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

Human resources and organization

At December 31, 2014 the group workforce numbered 1,179 employees, down by 55 compared with December 31, 2013 (1,234 heads, of whom 7 in CIGS).

	December 31, 2014		December 31, 2013		Change	
	headcount	%	headcount	%	headcount	% on 2013
Managers	32	*2.7*	35	*2.8*	(3)	*(8.6)*
White collars	396	*33.6*	417	*33.8*	(21)	*(5.0)*
Blue collars	751	*63.7*	782	*63.4*	(31)	*(4.0)*
Total	**1,179**	***100.0***	**1,234**	***100.0***	**(55)**	***(4.5)***
By segment						
Food packaging	992	*84.1*	1,043	*84.5*	(51)	*(4.9)*
Thermal insulation	187	*15.9*	191	*15.5*	(4)	*(2.1)*
Total	**1,179**	***100.0***	**1,234**	***100.0***	**(55)**	***(4.5)***

At December 31, 2014, no employees were receiving state-subsidized layoff benefits (CIGS).

Disputes and pending proceedings

With reference to the proceedings started in 2008 by the European Commission regarding supposed violations of EU competition laws on the market for plastic wrapping for food, the Commission asked for an update on the economic data and information similar to those already provided in previous stages of the proceedings.

With the help of their legal advisors, Sirap Gema S.p.A. and its subsidiaries that received the Statement of Objections provided the information requested within the timeframe indicated by the Commission.

No further developments have taken place since.

Events after the reporting period

On January 19, 2015, a new company wholly controlled by Sirap France S.a.s., named Sirap Remoulins S.a.s., was established to acquire some foamed tray manufacturing assets from "Vitembal Société Industrielle", a company under receivership (*rédressement judiciaire*) since 2013. On January 27, 2015, the court of Nimes authorized the transaction. This is of strategic importance and could enable the group to become the market leader in France.

After a preliminary sale contract signed in December 2014, on February 12, 2015 the notarial deed was signed for the sale of the Corciano property (Perugia), where production closed at the end of 2011, for a total amount of 1 million euro. The carrying amount of the asset in question in the financial statements at December 31, 2014 reflects realizable value.

Outlook

The general economic situation in the Sirap group's key markets remains weak. In addition, for both of the group's core businesses, there is a continuing high credit risk given the limited liquidity of many operators. This risk will continue to be carefully monitored in order to minimize negative effects on results and mitigated through appropriate insurance cover.

Food packaging

Demand for food packaging continues to be influenced by the low level of food consumption and the promotions offered by supermarkets. In a situation of particularly fierce competition, the main aim of the acquisition in France in January 2015 is to consolidate the role of Sirap Gema in the group's second biggest market, and, hopefully, achieve a more efficient manufacturing/industrial dimension at global level through synergies with the other group facilities and follow-through benefits in other Central Europe countries.

Thermal insulation

The situation on the key markets shows no signs of recovery, in particular on the domestic market. The company is constantly engaged in efforts to consolidate its commercial initiatives, which seek to improve the product/market mix and further enhance turnover from exports.

Financial segment

The financial segment includes the parent Italmobiliare and the Luxembourg-based company Société de Participation Financière Italmobiliare S.A.

(in millions of euro)	2014	2013	% change
Revenue	**63.7**	**48.3**	***31.7***
Recurring gross operating profit (loss)	**31.0**	**(6.0)**	***n.s.***
Other income (expense)	-	4.1	*n.s.*
Gross operating profit (loss)	**31.0**	**(1.9)**	***n.s.***
Amortization and depreciation	(0.4)	(0.4)	*(1.5)*
Operating profit (loss)	**30.6**	**(2.3)**	***n.s.***
Net finance costs	(0.1)	(0.2)	*n.s.*
Impairment losses on financial assets	(7.0)	(6.0)	*(15.6)*
Share of profit (loss) of equity-accounted investees	(1.3)	(19.1)	*93.0*
Profit (loss) before tax	**22.2**	**(27.6)**	***n.s.***
Income tax (expense)	(3.0)	(4.5)	*35.6*
Profit (loss) for the year	**19.2**	**(32.1)**	***n.s.***

n.s. not significant

(in millions of euro)	December 31, 2014	Dec 31, 2013 re-stated	Dec 31, 2013 published
Equity	1,046.7	1,022.9	1,028.8
Net financial position	77.6	146.6	146.6
Number of employees at year end	29	53	53

Conditions on financial markets, after a first half marked by growing stability, saw an increase in volatility in the second half of 2014 following the publication of worse than expected economic figures for the Eurozone and general market uncertainty over the short-term prospects for world growth.

On the Eurozone financial markets, there was a further fall in short-term money market rates given increasingly significant excess liquidity; at the same time long-term interest rates fell to new historical lows, confirming the weakness of growth and limited inflationary pressure. On the other hand, in the economies worst affected by the tensions, these factors drove a rise in long-term bond yields.

After a strong rise in the first few months of 2014, stock markets in the Eurozone saw a gradual downturn beginning in early September. The largest falls occurred toward mid-October, before a partial recovery at the end of the year. In the final quarter of 2014, the Italian stock market index shed around 8% (FTSE MIB), despite the positive contribution from the reduction in long-term interest rates.

In this context, the financial segment reported good operating results, closing 2014 with profit of 19.2 million euro (a loss of 32.1 million euro in 2013), thanks mainly to the gains realized on the sale of shares and positive liquidity management.

Quarterly trend

(in millions of euro)	Full year 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	**63.7**	**6.3**	**4.5**	**37.4**	**15.5**
% change vs. 2013	*31.7*	*(57.7)*	*(43.6)*	*n.s.*	*77.2*
Recurring gross operating profit (loss)	***31.0***	***(1.4)***	***(3.5)***	***28.8***	***7.1***
% change vs. 2013	*n.s.*	*n.s.*	*80.5*	*n.s.*	*n.s.*
% of revenue	*48.7*	*(22.1)*	*(78.4)*	*76.8*	*45.9*
Gross operating profit (loss)	**31.0**	**0.2**	**(2.0)**	**25.7**	**7.1**
% change vs. 2013	*n.s.*	*(98.2)*	*88.9*	*n.s.*	n.s.
% of revenue	*48.6*	*2.8*	*(44.9)*	68.6	*46.0*
Operating profit (loss)	**30.6**	**0.1**	**(2.1)**	**25.6**	**7.1**
% change vs. 2013	*n.s.*	*(99.1)*	*88.4*	*n.s.*	*n.s.*
% of revenue	*48.1*	*1.4*	*(46.8)*	*68.4*	*45.5*
Profit (loss) for the period	**19.2**	**(6.9)**	**(2.8)**	**23.7**	**5.2**
Net financial position (at period end)	**77.6**	**77.6**	**79.9**	**74.0**	**203.3**

n.s. not significant

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

Bond markets in the fourth quarter of 2014 recorded a fall in the yields on long-term government bonds in both the Eurozone and the United States. Performance was also volatile on the stock markets, which were influenced by conflicting economic data from the various economic areas and general market uncertainty over world growth.

In this context, fourth-quarter revenue fell by 57.7% compared to the prior-year period due to the absence of gains on the sale of shares and the contraction in income from cash and cash equivalents to 1.3 million euro compared with 4.2 million euro in the fourth quarter of 2013.

After impairment losses in the quarter of 6.9 million euro (6.0 million euro in the fourth quarter of 2013) relating to the write-down of RCS MediaGroup shares, the segment posted a loss for the fourth quarter of 6.9 million euro (profit of 0.6 million euro in the prior-year period).

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

(in millions of euro)	**2014**	**2013**	**% change**
Net gains (losses) on equity investments	30.2	(20.5)	*n.s.*
Net gains on investments of cash and cash equivalents	12.4	11.0	*12.8*
Net borrowing costs	(3.2)	(5.3)	*40.7*
Total finance income (costs)	**39.4**	**(14.8)**	***n.s.***
Other expense	(17.3)	(12.8)	*(34.9)*
Income tax (expense)	(2.9)	(4.5)	*35.6*
Profit (loss) for the year	**19.2**	**(32.1)**	***n.s.***

n.s. not significant

The financial and economic context in which the Group's financial companies operated and the significant gains posted in the year contributed to the segment's positive results. In particular, the **net gains on equity investments** of 30.2 million euro (losses of 20.5 million euro in 2013) were mainly generated by:

- gains from the sale of shares, largely the sale of Ciments Français shares for 15.2 million euro following uptake of the Italcementi public tender offer, and the sale of banking stocks for 12.7 million euro;
- dividends for 12.0 million euro in line with 2013;

partially offset by:

- impairment losses of 7.0 million euro on equity investments (losses of 6.0 million euro in 2013), referring mainly to the write-down of RCS MediaGroup shares (6.9 million euro) to align the share carrying amount with fair value on the basis of Italian stock exchange prices;
- losses of the equity-accounted investees of 1.3 million euro (losses of 19.1 million euro in 2013), as a result of the loss recorded by the associate Società Editrice Sud S.p.A.

Net gains on investments of cash and cash equivalents totaled 12.4 million euro, up by 12.8% compared with 2013, mainly due to gains on the sale of trading shares (4.6 million euro compared with 1.2 million euro in 2013) and measurement gains of 4.8 million euro on bonds (+2.0 million euro in 2013). Interest income fell by 2.4 million euro (to 4.2 million euro in 2014 compared to 6.6 million euro in 2013), while derivative hedging transactions had a financial cost of 2.9 million euro compared to income of 0.9 million euro in 2013.

Net borrowing costs fell significantly, to 3.2 million euro (5.3 million euro in 2013) on average segment debt of 175.8 million euro, which was down compared to December 31, 2013 (265.9 million euro).

Other expense, net of other income, totaled 17.3 million euro, up by 4.5 million compared to 2013 mainly due to extraordinary costs and to non-recurring income posted in 2013. Net of these extraordinary items, operating expense fell 21.0%.

After income tax expense of 2.9 million euro (4.5 million euro in 2013), the **profit for the year** was 19.2 million euro (a loss of 32.1 million euro in 2013).

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 less impairment losses in the separate financial statements, are recognized in equity under the “Fair value reserve” or in the income statement if the correlated financial assets have been impaired, in line with the accounting standards adopted by the Italmobiliare Group. At the end of 2014 the consolidated balance on this reserve in the financial segment was positive at 4.6 million euro (a negative balance of 7.9 million euro at December 31, 2013), due to the rise in share prices.

Significant events in the year

With reference to the project to streamline the Italcementi corporate structure agreed by the Italmobiliare S.p.A. Board of Directors, the following operations took place in June 2014:

- conversion of Italcementi savings shares into ordinary shares at a rate of 0.65. The 3,011,500 Italcementi savings shares held by Italmobiliare were converted into 1,957,475 Italcementi ordinary shares;
- contribution to the public tender offer launched by Italcementi S.p.A. for Ciments Français shares at the price of 79.5 euro per share, of all the shares held in Ciments Français, for income of 77.7 million euro;
- subscription pro-quota of the Italcementi share capital increase, which entailed a total outlay of 225.1 million euro. The operation was financed by income from the public tender offer described above, by the distribution of reserves by the Luxembourg-based subsidiary (Société de Participation Financière Italmobiliare S.A.) and by the sale of some banking stocks.

In the second half of 2014, the segment purchased 1,641,125 Italcementi shares with an investment of 8.8 million euro. At December 31, 2014, after the completion of the aforementioned transactions, Italmobiliare held 45.0% of Italcementi S.p.A. share capital.

In April, Italmobiliare S.p.A. made a capital contribution of 6 million euro to Sirap Gema S.p.A. to strengthen the subsidiary's financial structure.

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

(in millions of euro)	2014	2013	% change
Net gains (losses) on equity investments	0.2	(17.7)	*n.s.*
Net gains on investments of cash and cash equivalents	11.8	8.7	*35.5*
Net borrowing costs	(0.1)	(0.1)	*8.2*
Total finance income (costs)	**11.9**	**(9.1)**	*n.s.*
Other expense	(1.3)	(1.4)	*7.7*
Income tax expense	(0.2)	(1.0)	*84.7*
Profit (loss) for the year	**10.4**	**(11.5)**	***n.s.***

n.s. not significant

(in millions of euro)	December 31, 2014	December 31, 2013
Equity	267.8	437.2

Net gains on equity investments of 0.2 million euro referred to dividends received; the losses reported in 2013 arose mainly from the impairment loss applied to the equity investment in Burgo Group (18.0 million euro).

Net gains on investments of cash and cash equivalents totaled 11.8 million euro, up by 35.5% compared with 2013 (8.7 million euro) due to:

- gains on the sale of securities for 4.6 million euro (0.5 million euro in 2013);
- measurement gains on trading securities, which reflected a positive balance of 4.6 million euro (+1.7 million euro at December 31, 2013);
- interest income and gains, net of costs on derivatives, which totaled 2.6 million euro (6.5 million euro in 2013).

After operating expense of 1.3 million euro (1.4 million euro in 2013) and income tax expense of 0.2 million euro (1.0 million euro in 2013), the profit for the year was 10.4 million euro (loss of 11.5 million euro in 2013).

Both the net financial position and equity were down compared to December 31, 2013, mainly due to the reimbursement of reserves during 2014 at the parent Italmobiliare S.p.A. for a total of 180 million euro.

Besides managing a trading portfolio, Société de Participation Financière Italmobiliare S.A. holds the foreign equity investments of the financial segment, including the Finter Bank Zürich A.G. group (Switzerland), Crédit Mobilier de Monaco S.A. and Société d'Etudes de Participations et de Courtage S.A. (Principality of Monaco). In addition, the "Investments in other companies" portfolio includes the 11.68% holding in Burgo Group S.p.A.

* * *

Operations and performance for the parent **Italmobiliare S.p.A.** are described in the specific section in the directors' report and in the notes to the separate financial statements.

Investments in listed companies held by the financial segment

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

	Quantity	% [1]	Holder
Available-for-sale investments			
Subsidiaries			
Italcementi	157,171,807	45.000	Italmobiliare S.p.A.
Other companies			
UniCredit ordinary	8,182,683	0.140	Italmobiliare S.p.A.
Mediobanca	13,500,732	1.563	Italmobiliare S.p.A.
RCS MediaGroup	10,107,883	1.937	Italmobiliare S.p.A.

[1] The % refers to the total number of instruments issued in the corresponding category

Net financial position of Italmobiliare and the financial segment

(in millions of euro)	December 31, 2014		December 31, 2013	
	Italmobiliare	Financial segment	Italmobiliare	Financial segment
Current financial assets	8.1	216.8	13.5	385.0
Current financial liabilities	(139.5)	(140.5)	(226.8)	(228.2)
Current net financial position (debt)	**(131.4)**	**76.3**	**(213.3)**	**156.8**
Non-current financial assets	6.3	21.3	5.3	27.0
Non-current financial liabilities	(20.0)	(20.0)	(37.2)	(37.2)
Non-current net financial position (debt)	**(13.7)**	**1.3**	**(31.9)**	**(10.2)**
Net financial position (debt)	**(145.1)**	**77.6**	**(245.2)**	**146.6**

At December 31, 2014, current financial assets of the financial segment totaled 216.8 million euro, and mainly consisted of bonds (44.9%) and cash/money market instruments (42.3%). The bond portfolio consisted of floating-rate instruments for 44.7% and fixed-rate instruments for the remaining 55.3%, with an average "A" rating. The portfolio was diversified on a geographical basis and a segment basis, and maximum exposure to a single instrument was 6.5% (A), while maximum exposure for a single issuer (Italian government bonds) was 15.9% (BBB) out of the total bond portfolio at December 31, 2014. In this portfolio, treasury instruments amounted to 28.8 million euro, with an average rating of A+.

Italmobiliare had net financial debt of 145.1 million euro (245.2 million euro at December 31, 2013), down by 100.1 million euro, while the financial segment had a positive net financial position of 77.6 million euro (146.6 million euro at December 31, 2013), down by 69.0 million euro.

The changes in the net financial position (debt) of Italmobiliare and the financial segment are set out in the table below.

(in millions of euro)	Italmobiliare	Financial segment
Equity investments sold	363.3	183.6
Equity investments acquired	(245.8)	(246.4)
Dividends paid	(7.4)	(7.4)
Dividends received	11.3	11.5
Finance income (costs)	(1.5)	10.6
Current operations and extraordinary items	(19.8)	(20.9)
Total	**100.1**	**(69.0)**

Risks and uncertainties

The main risks of the financial segment are described below.

Risks relating to general economic conditions

The global economy continues to grow, albeit at moderate rates. The economic cycle is benefiting from generally ultra-expansive monetary policies, less restrictive fiscal policies and significant falls in the price of raw materials and oil. The divergence between the developed countries and the emerging countries persists. These conditions favor markets for higher-risk assets (shares and lending) which also benefit from attractive valuations, considering the low yields on bonds.

Should the markets' expectations not be realized, and also taking into account the possible economic repercussions of geopolitical tensions, the group's business and financial outlook could be uncertain.

Risks for holding operations

Directly and through its subsidiaries Italmobiliare carries out investment activities involving risks arising from difficulty in identifying new investment opportunities that respond to objectives, or difficulty in divesting because of changes in general financial and economic conditions. The risks connected to effective management of these activities could have negative effects on the companies' financial positions and result of operations.

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

The business performance of the financial segment also depends on:

- the creation and realization of gains on equity investments, which characteristically are not of a periodical and/or recurring nature,
- collection of dividends from the equity investments in portfolio, whose distribution and payment policies are independent of the beneficiary.

Consequently, the segment's business performance may not follow a linear and/or significantly comparable trend from one year to the next.

Italmobiliare S.p.A. is present in the construction materials, food packaging and thermal insulation, finance, banking, publishing, property and other segments. It is therefore exposed to the typical risks on the markets and in the segments in which its investees operate.

Investment concentration risks

At December 31, 2014, the equity investment in Italcementi (45.0% of share capital) represented 66.8% of the current net asset value (NAV).

The performance of the Italcementi group and its capacity to pay dividends therefore has a high material impact on the financial position and results of operations of Italmobiliare.

Financing risks

Access to the capital market and to other forms of financing, and related costs, depends on companies' creditworthiness and on the general economic conditions of the market and the credit system. Any downgrade in creditworthiness and/or a general credit squeeze can restrict access and raise the cost of borrowing, with negative repercussions on the companies' financial positions and results of operations.

The liquidity of the equity and bond portfolio may be influenced by contingent market situations that reduce market variety and efficiency. The group concentrates on maintaining a high level of liquidity in its portfolio by diversifying investments, using financial instruments with systematic pricing, daily evaluation of resources using prudential approaches, and selection of counterparties on the basis of creditworthiness and reliability. The volatility of the markets and, in particular, contractions in the variety of trading in the presence of systemic events mean, however, that there is no guarantee that divestment strategies can be executed as and when planned.

Risks of fluctuation in interest and exchange rates

Italmobiliare net financial debt involves payment of finance costs determined on the basis of floating interest rates linked to money market trends. Also, a significant portion of liquidity is invested in bonds. Consequently, a rise in interest rates could determine a rise in borrowing costs and debt refinancing costs, and a negative effect on the measurement of the bond portfolio. To mitigate this risk, hedging transactions are arranged when the market presents opportunities assessed on the basis of the Italmobiliare asset and liability structure.

Despite these hedges, sudden fluctuations in interest rates could have a negative impact on the segment's financial position and results of operations.

The financial segment does not have a material exposure to the currency risk.

Legal and tax risks

Suitable provisions and impairment losses have been recognized with regard to existing legal and tax risks and their related economic effects. Estimates and measurements are based on available information and are in any case regularly reviewed, with immediate recognition in the financial statements of any variations. Nonetheless, it is not possible to exclude future negative impacts connected to these risks on the financial positions and results of operations of Italmobiliare and/or of its subsidiaries and associates.

Insurance

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

Environment and human resources

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

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

Events after the reporting period

On February 27, 2015 the Boards of Directors of Franco Tosi S.r.l. and Société de Participation Financière Italmobiliare S.A. (Soparfi), both of which are wholly controlled by Italmobiliare S.p.A., approved the merger of Soparfi into and with Franco Tosi.

This is a cross-border merger, since the companies were established in two different member States of the European Union. Through the merger, the company established under Italian law, Franco Tosi, will acquire the assets and liabilities of the company established under the law of Luxembourg, Soparfi which will cease to exist.

The merger is part of the plan to rationalize the Group's corporate structure, eliminating arrangements that no longer seem cost-effective when managed separately or that no longer fit with the Group's strategic plans.

The management of the operations concerned through a single company will enable greater efficiency and a unified approach to decision-making. Specifically, the Group will benefit from:

- a reduction in overheads;
- simplified cash flows;
- a simplified Group corporate structure for increased market transparency.

The transaction should be completed in the first half of 2015 and will have no impact on the Group's consolidated financial position and results of operations.

Outlook

The moderate expansion of the global economic cycle is continuing. The divergence among areas persists, with the United States continuing to drive the global economy, although performance improved in the first few months of 2015 in the emerging countries, the Eurozone and Japan. In particular, the latter areas are starting to benefit from the appreciation of the US dollar, the fall in oil prices and the support of pro-cyclical economic policies.

The collapse in bond yields, generated by the risks of deflation and by ultra-expansive monetary policies, is helping stock markets, together with the positive macroeconomic context and buyback operations driven by the low cost of borrowing.

Nonetheless, economic risks remain due to low use of production capacity, as well as external risks such as geopolitical tensions, which could weaken the economic cycle.

In this context, the forecasts for the segment are affected by the instability of the financial markets, which, together with a probable low flow of dividends, mean it is not possible to provide reliable guidance for 2015 results.

Banking segment

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

(in millions of euro)	2014	2013	% change
Revenue	**19.6**	**22.5**	***(12.8)***
Recurring gross operating loss	**(2.4)**	**(14.2)**	***82.9***
Gross operating loss	**(1.5)**	**(13.3)**	***88.6***
Amortization and depreciation	(1.2)	(4.7)	*74.5*
Operating loss	**(2.7)**	**(18.0)**	***84.9***
Loss before tax	**(2.7)**	**(18.0)**	***84.9***
Income tax (expense)	(0.1)	0.4	*n.s.*
Loss for the year	**(2.8)**	**(17.6)**	***84.1***

n.s. not significant

(in millions of euro)	December 31, 2014	December 31, 2013
Equity	53.5	57.1
Net financial position	69.7	70.9
Number of employees at year end	74	82

Quarterly trend

(in millions of euro)	Full year 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	**19.6**	**4.9**	**5.3**	**4.4**	**5.0**
% change vs. 2013	*(12.8)*	*(6.5)*	*5.9*	*(29.6)*	*(16.2)*
Recurring gross operating profit (loss)	**(2.4)**	**(1.2)**	**0.3**	**(1.5)**	**-**
% change vs. 2013	*82.9*	*89.7*	*n.s.*	*(11.1)*	*n.s.*
% of revenue	*(12.4)*	*(24.2)*	*6.0*	*(35.3)*	*0.5*
Gross operating profit (loss)	**(1.5)**	**(0.6)**	**0.1**	**(1.0)**	**-**
% change vs. 2013	*88.6*	*94.3*	*n.s.*	*36.3*	*(89.4)*
% of revenue	*(7.7)*	*(12.5)*	*2.7*	*(23.9)*	*0.5*
Operating loss	**(2.7)**	**(0.7)**	**(0.2)**	**(1.4)**	**(0.3)**
% change vs. 2013	*84.9*	*94.9*	*85.0*	*37.6*	*5.5*
% of revenue	*(13.8)*	*(14.3)*	*(4.2)*	*(32.2)*	*(6.9)*
Loss for the period	**(2.8)**	**(0.7)**	**(0.3)**	**(1.5)**	**(0.4)**
Net financial position (at period end)	**69.7**	**69.7**	**68.9**	**68.1**	**67.1**

n.s. not significant

Performance in the fourth quarter confirms the trend recorded in the first three quarters of 2014 and the improvement in operating results compared with the fourth quarter of 2013. Although revenue fell by 6.5% compared with the fourth quarter of 2013, the reduction in operating expense (-36.8%) and personnel expense (-17.9%) made it possible to limit the gross operating loss to 0.6 million euro, a significant improvement compared with the year-earlier period (-10.8 million euro). The fourth-quarter operating results were affected by extraordinary provisions of 1.3 million euro set aside by the Swiss bank (10.2 million euro in the fourth quarter of 2013):

After amortization and depreciation of 2.6 million euro compared with the fourth quarter of 2013, the operating loss for the quarter was 0.7 million euro, a marked improvement compared to the prior-year period (-13.4 million euro).

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;
- "Total income", which includes commission income and expense on lending transactions, on securities trading, other financial services and income on trading transactions;
- "Gross operating profit (loss)", which also includes personnel expense and overheads for the banking organization;
- "Profit (loss) from operations", which includes amortization and depreciation, impairment losses and provisions.

(in millions of euro)	**2014**	**2013**	**% change**
Net interest income	3.2	3.4	*(6.5)*
Total income	19.1	21.3	*(10.3)*
Operating expense	(18.3)	(24.0)	*23.9*
Gross operating profit (loss)	0.8	(2.7)	*n.s.*
Loss from operations	(2.6)	(18.1)	*85.6*
Loss for the year	**(2.8)**	**(17.6)**	***84.1***

n.s. not significant

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

Finter Bank Zürich

The Swiss banking sector has had to face numerous challenges in recent years. Developments in international tax laws and changes in the regulatory framework in Switzerland and the EU countries affected operations in 2014, with repercussions on costs and margins. As well as the tightening of regulatory requirements, which led to higher costs on stable or falling revenue, Swiss banks were severely tested by the uncertain global economic situation and the still partly unresolved fiscal problems in the Eurozone, which caused a fall in assets from Western Europe, the main financial partner.

Against this economic background, Finter Bank Zurich's business was affected by the need to adapt to a changing regulatory context, both in Switzerland and abroad, by a major re-organization to align its own structure with international developments and by the need to enhance the services offered to clients.

The table below sets out group results denominated in millions of Swiss francs, i.e., without the exchange-rate effect.

(millions of CHF)	**2014**	**2013**	**% change**
Net interest income	2.2	2.8	*(21.2)*
Total income	21.5	24.7	*(13.1)*
Operating expense	(21.2)	(28.6)	*26.0*
Gross operating profit (loss)	0.3	(3.9)	*n.s.*
Loss from operations	(3.7)	(22.7)	*83.6*
Loss for the year	**(3.8)**	**(21.9)**	***82.7***

n.s. not significant

The economic context in which the bank operated in 2014 contributed to the contraction in assets under management, causing a fall in revenue, only partially offset by the reduction in operating expense. Total income fell by 13.1% compared with 2013, from 24.7 to 21.5 million Swiss francs. This was mainly due to the reduction in commission income from 17.1 million Swiss francs in 2013 to 14.6 million Swiss francs in 2014.

The decrease in operating expense continued throughout the year (services -31.2%, personnel expense -22.6%) and enabled the bank to post gross operating profit of 0.3 million Swiss francs (a loss of 3.9 million Swiss francs in 2013).

After amortization and depreciation of 1.4 million Swiss francs (5.7 million Swiss francs in 2013, in part extraordinary items) and income tax expense of 51 thousand Swiss francs (tax income of 827 thousand Swiss francs in 2013), the loss for the year was 3.8 million Swiss francs (loss of 21.9 million Swiss francs for 2013). Specifically, the loss for the year reflected the impact of extraordinary provisions for 2.7 million Swiss francs (-13.2 million Swiss francs in 2013) against costs relating to particular international fiscal issues regarding private banking in Switzerland.

Consolidated equity fell from 63.0 million Swiss francs at December 31, 2013 to 57.2 million Swiss francs at December 31, 2014.

Third-party assets under management at the end of 2014 totaled 1.9 billion Swiss francs, down compared with 2013 (2.2 billion Swiss francs).

Significant events in the year

No significant events took place.

Risks and uncertainties

The risk policy approved by the Board of Directors is subject to periodic review and is the basis for managing the group's and the bank's risks. Implementation of the policy is the responsibility of management. Clear limits are set for individual risks.

The Risk Management Committee enforces compliance with regulations and monitors all key risks. The Chief Risk Officer chairs the committee and is responsible for monitoring and planning measures to be presented to management.

Trading positions are assessed on a daily basis. Management keeps responsibility for risk control separate from responsibility for trading.

Management receives regular reports on the group's equity, financial position, liquidity and income and on related risks.

Credit risk

The credit policy covers all commitments that could generate losses in the event of counterparty default.

Counterparty risks are managed through risk diversification, a system of limits, qualitative requirements and coverage margins.

The rules defined by the authorities on loans regulate the loan approval process, which enables assessment of solvency and creditworthiness on the basis of the criteria typically applied by banks. Loan transactions are mainly undertaken as part of client asset management.

Interest-rate risks

Interest-rate risks are monitored at central level by the bank's Asset and Liability Management committee and controlled by the Chief Investment Officer. Interest-rate risk policy focuses on the risk of fluctuation in interest rates. GAP analyses enable quantification and management of risks within the authorized tolerance limits. Computation of present value of all interest-rate transactions provides input for sensitivity analyses.

Market risks

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

Liquidity risks

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

Operating risks

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

Compliance and legal risks

The Legal & Group Compliance Officer operates from the head office in Zurich. The Branch Compliance Officer at the Finter Bank Zürich branch in Lugano conducts local compliance functions in loco and reports to the Legal & Group Compliance Officer.

The Group Compliance Officer and the Lugano Branch Compliance Officer ensure that the bank's operations comply with today's increasingly strict regulations and the obligation of bank diligence. The Group Compliance Office is responsible for monitoring requirements and new regulations established by the compliance authorities, lawmakers or other organizations.

Human resources

Personnel data is set out below.

(units)	2014		2013	
Categories	**HDC [1]**	**FTE [2]**	**HDC [1]**	**FTE [2]**
Executive	4	4.0	3	3.0
Management	22	21.4	22	20.8
Middle Management	19	19.0	37	36.3
White collars	23	18.1	15	14.0
Total	**68**	**62.5**	**77**	**74.1**

[1] Headcount
[2] Full Time Equivalent

Finter Bank Zürich provides in-house foreign language courses; other training is based on individual needs. All staff receive training, in their division, on the new Swiss Banking Rules.

Data security and personal safety

Data protection and personnel safety activities are summarized below:

- the EDP center is compliant with the latest security standards;
- data is stored in high-security environments.

Environmental information

Environmental issues are of marginal importance given the nature of the company's core business.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. In 2014 the improvement in net interest income (+22.2% compared with 2013) led to an increase in gross operating profit of 45.1% compared with 2013, from 370 thousand euro to 537 thousand euro at December 31, 2014.

After impairment losses on non-current assets and income tax expense for a total of 256 thousand euro (220 thousand euro in 2013), the profit for the year was 302 thousand euro, up by 75.6% compared with 2013 (172 thousand euro).

Equity at December 31, 2014 totaled 5.9 million euro (5.8 million euro in 2013).

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

Main risks and uncertainties

The bank is not exposed to specific risks with respect to customers, suppliers and competitors (Crédit Mobilier de Monaco conducts its guarantee-backed loan business on a monopoly basis) and its business does not present particularly critical elements, since its loans have a duration of 6 months and can therefore be revalued at suitably frequent intervals. The guarantees are adequate with respect to the loans provided.

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

Doubtful receivables on guarantee-backed loans totaled 158 thousand euro at the end of 2014 (up by 29 thousand euro compared with December 31, 2013). They related to two cases (one dating back to January 2004, which has been gradually reduced and is now being settled for 109 thousand euro, and a new case for 49 thousand euro). Collection of the doubtful receivables in question is covered by the collateral (pledges) available to the bank.

The security procedures are adequate.

Environment and human resources

Given the bank's line of business, environmental issues are immaterial.

Compliance levels are excellent.

Crédit Mobilier de Monaco has a stable workforce, but is exposed to the risk of critical difficulties arising from long-term unavailability or resignation of key resources. At December 31, 2014, it had 6 employees (1 manager, 1 supervisor and 4 white collars). Of these employees, five have open-end employment contracts and one had a fixed-term contract until December 31, 2014.

During 2014, Crédit Mobilier de Monaco used the services of a full-time independent specialist.

Events after the reporting period

No significant events took place.

Outlook

Segment performance depends on economic trends on the key European markets, but in 2015 it will also continue to be heavily influenced by the more general international context and by continuing pressure from the authorities on all fiscal and regulatory issues relating to private banking.

These latter aspects have a considerable impact on bank profitability, due to the squeeze on margins from increased competition with private “on-shore” operators and the higher costs imposed by compliance in the various key markets.

The sharp revaluation of the Swiss franc against the euro and other currencies at the beginning of the year has now affected the income prospects of Swiss private banks: assets managed in currencies other than the Swiss franc (the majority of assets in the case of the Finter group) generate a commission margin that has decreased proportionately with respect to the cost base, which is necessarily expressed in francs.

Also, the introduction of significant “negative interest” by the Swiss monetary authorities strongly penalizes Swiss banks’ treasury management operations.

In this situation, the segment maintains a constant focus on cost optimization, the quality of client services and absolute compliance with the new operating requirements.

Property, services and other segment

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 2014 totaled 1.8 million euro, down by 28.0% compared to 2013 (2.5 million euro). It consisted largely of gains on the sale of land in Punta Ala.

After a fall in operating expense of 12.3% compared with 2013, the segment recorded a small loss of 28 thousand euro compared to profit of 0.5 million euro in 2013.

Equity at December 31, 2014 totaled 2.3 million euro, down by 0.4 million euro compared with 2013 due to the loss for the year and dividends paid.

The net financial position was positive at 2.2 million euro (2.7 million euro at December 31, 2013).

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

Main risks and uncertainties

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

- the intercompany services company (Franco Tosi S.r.l.), which charges clients on the basis of costs incurred and therefore is not subject to material risks, with the exception of a very low credit risk on collection of invoices;
- the real estate companies (such as Punta Ala Promozione e Sviluppo Immobiliare S.r.l.), whose assets include buildings, land, and small investments in non-listed companies, are exposed to market trends, which can affect the value of their assets, although at the moment asset values have fallen considerably.

Information on personnel and the environment

Personnel are adequate for the needs of the companies in the segment. No material environmental issues exist.

Events after the reporting period

No significant events took place.

Outlook

In view of the uncertainties affecting the real estate market, it is difficult at the present time to provide reliable guidance on 2015 performance.

Human resources

The number of employees at December 31, 2014 was 19,073, down by 792 compared with 2013.

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

(headcount)	December 31, 2014		December 31, 2013	
		%		%
Operating segment				
Construction materials	17,779	*93.2*	18,484	*93.0*
Packaging and insulation	1,179	*6.2*	1,234	*6.2*
Finance	29	*0.1*	53	*0.3*
Banking	74	*0.4*	82	*0.4*
Property, services and other	12	*0.1*	12	*0.1*
Total	**19,073**	***100.0***	**19,865**	***100.0***

Transactions with related parties

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

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

The summary of transactions with related parties at December 31, 2014, is provided in the notes.

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

No atypical or unusual transactions took place in 2014 as defined by Consob Communication no. DEM/6064293 of July 28, 2006.

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

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

Italmobiliare also provides an "administrative service" to some associates, regulated on the basis of the costs attributable to performance of the service.

Transactions with other related parties

Transactions with other related parties in 2014 were as follows:

- administrative, financial, contractual and tax consultancy services, as well as support for the organization of corporate restructuring operations, supplied to the Italmobiliare Group by Finsise S.p.A., whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare, for considerations totaling 364 thousand euro. A similar contract, for an annual consideration of 11 thousand euro, exists between Finsise S.p.A. and the subsidiary Azienda Agricola Lodoletta S.r.l.;
- legal consultancy, judicial and extrajudicial assistance provided to the Italmobiliare Group by the Gattai – Minoli & Partners law firm, of which Italmobiliare director Luca Minoli was a partner, for considerations of around 427 thousand euro.

During 2014, the Italmobiliare Group made an endowment to the Italcementi Cav. Lav. Carlo Pesenti foundation of 900 thousand euro. Italcementi S.p.A. charged the foundation 167 thousand euro for administrative and corporate services and other services. CTG S.p.A. provided the foundation with services for 34 thousand euro.

Transactions with related parties are illustrated in the notes; remuneration of the Italmobiliare S.p.A. directors, statutory auditors, chief operating officer and manager in charge of financial reporting is illustrated in the remuneration report.

For details of Italmobiliare S.p.A. transactions with related parties, the reader is referred to the specific sections in the directors' report on operations and the notes to the parent's separate financial statements.

Disputes and pending proceedings

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

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

Outlook

In the early months of 2015, the Group core markets experienced additional moderate growth in line with the fourth quarter of 2014, although trends varied from country to country. Growth was confirmed in North America, in the Asian countries and in Egypt where the construction materials segment operates, whereas a higher level of uncertainty was seen in the European countries due to geopolitical tensions, the fragile recovery in employment and the protracted period of low inflation.

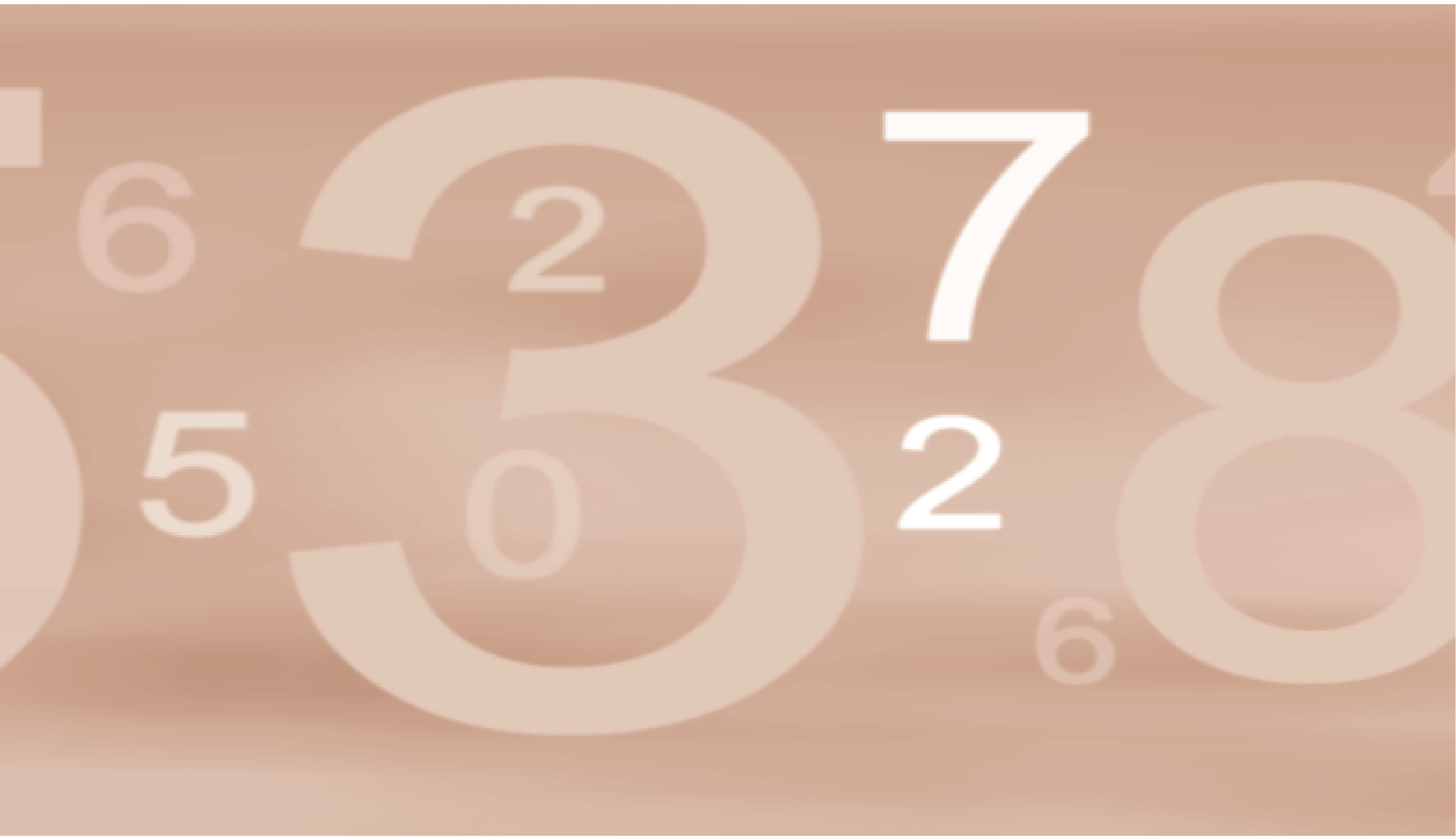
Looking ahead to the full year, the reduction in energy costs as a result of the fall in oil prices and the important industrial investments made during 2014 to raise efficiency and innovation should support the recurring gross operating profit of the Group's industrial segments at a slightly higher level than in 2014.

At the same time, the results of the financial segment will be affected by market volatility and by the expansionary measures of the ECB, which will be reflected in a foreseeable reduction in interest rates and a possible further depreciation of the euro against the other currencies. Consequently, the financial segment is expected to report a downturn compared with the results of 2014, when large gains on the sale of equities were a significant factor.

Milan, March 24, 2015

For the Board of Directors
The Chairman
(Giampiero Pesenti)
(signed on the original)

Italmobiliare Group - Consolidated financial statements as at and for the year ended December 31, 2014



Financial statements

Statement of financial position

(in thousands of euro)	Notes	12.31.2014	12.31.2013 re-stated	Change	1.1.2013 re-stated
Non-current assets					
Property, plant and equipment	1	4,266,608	3,991,449	275,159	4,200,412
Investment property	2	28,464	29,545	(1,081)	34,162
Goodwill	3	1,629,505	1,552,944	76,561	1,643,488
Intangible assets	4	95,737	98,872	(3,135)	108,209
Equity-accounted investees	5	226,317	228,556	(2,239)	303,760
Other equity investments	6	227,561	320,363	(92,802)	306,375
Trade receivables and other non-current assets	7	242,969	199,327	43,642	262,867
Deferred tax assets	21	101,024	115,567	(14,543)	119,665
Non-current amounts due from employees		224	913	(689)	(48)
Total non-current assets		**6,818,409**	**6,537,536**	**280,873**	**6,978,890**
Current assets					
Inventories	8	758,253	662,176	96,077	734,100
Trade receivables	9	701,474	724,092	(22,618)	809,621
Other current assets including derivatives	10	349,449	342,760	6,689	391,871
Tax assets	11	19,967	70,099	(50,132)	67,611
Equity investments, bonds and loan assets	12	212,886	403,810	(190,924)	468,340
Cash and cash equivalents	13	863,537	741,639	121,898	954,376
Total current assets		**2,905,566**	**2,944,576**	**(39,010)**	**3,425,919**
Non-current discontinued operations				**0**	**2,104**
Total assets		**9,723,975**	**9,482,112**	**241,863**	**10,406,913**
Equity					
Share capital	14	100,167	100,167	0	100,167
Share premium	15	177,191	177,191	0	177,191
Reserves		54,704	60,410	(5,706)	(9,660)
Treasury shares	16	(21,226)	(21,226)	0	(21,226)
Retained earnings		1,495,438	1,339,689	155,749	1,529,593
Equity attributable to owners of the parent		**1,806,274**	**1,656,231**	**150,043**	**1,776,065**
Non-controlling interests	17	2,480,106	2,677,192	(197,086)	2,939,503
Total equity		**4,286,380**	**4,333,423**	**(47,043)**	**4,715,568**
Non-current liabilities					
Financial liabilities	19	2,339,173	2,189,179	149,994	2,193,607
Employee benefits	18	324,324	293,697	30,627	334,222
Provisions	20	234,381	241,388	(7,007)	247,712
Other liabilities		52,686	30,142	22,544	40,652
Deferred tax liabilities	21	188,394	207,232	(18,838)	197,055
Total non-current liabilities		**3,138,958**	**2,961,638**	**177,320**	**3,013,248**
Current liabilities					
Bank loans and borrowings	19	397,599	430,554	(32,955)	652,031
Financial liabilities	19	300,268	272,075	28,193	222,068
Trade payables	22	619,494	562,434	57,060	650,934
Provisions	20	1,111	1,771	(660)	612
Tax liabilities	23	39,320	37,719	1,601	33,494
Other liabilities	24	940,845	882,498	58,347	1,118,667
Total current liabilities		**2,298,637**	**2,187,051**	**111,586**	**2,677,806**
Total liabilities		**5,437,595**	**5,148,689**	**288,906**	**5,691,054**
Liabilities directly linked to discontinued operations				**0**	**291**
Total equity and liabilities		**9,723,975**	**9,482,112**	**241,863**	**10,406,913**

Pursuant to Consob Resoloution no. 155519 of July 27, 2006, the effects of transactions with related parties on the financial position and results of operations are set out in the relevant annexes.

Income statement

(in thousands of euro)	Notes	2014	%	2013 re-stated	%	Change	%
Revenue	25	**4,451,330**	**100.0**	**4,516,093**	**100.0**	**(64,763)**	**-1.4**
Other revenue		39,181		48,353		(9,172)	
Change in inventories		28,618		(8,011)		36,629	
Internal work capitalized		43,547		38,707		4,840	
Raw materials and supplies	26	(1,815,598)		(1,825,857)		10,259	
Services	27	(1,088,326)		(1,099,701)		11,375	
Personnel expenses	28	(917,856)		(938,063)		20,207	
Other operating expense	29	(59,848)		(117,918)		58,070	
Recurring gross operating profit		**681,048**	**15.3**	**613,603**	**13.6**	**67,445**	**11.0**
Net gains from the sale of non-current assets	30	7,682		21,105		(13,423)	
Non-recurring personnel expense for re-organizations	30	(8,711)		(30,676)		21,965	
Other non-recurring expense	30	(4,661)		(1,219)		(3,442)	
Gross operating profit		**675,358**	**15.2**	**602,813**	**13.3**	**72,545**	**12.0**
Amortization and depreciation	31	(420,545)		(440,878)		20,333	
Impairment losses on non-current assets	32	(10,180)		(32,086)		21,906	
Operating profit		**244,633**	**5.5**	**129,849**	**2.9**	**114,784**	**88.4**
Finance income	33	24,449		41,432		(16,983)	
Finance costs	33	(165,490)		(165,598)		108	
Exchange-rate losses and net gains (losses) on derivatives	33	(3,519)		(4,306)		787	
Impairment losses on financial assets	34	(33,872)		(22,082)		(11,790)	
Share of profit (loss) of equity-accounted investees	35	10,358		(11,677)		22,035	
Profit (loss) before tax		**76,559**	**1.7**	**(32,382)**	**-0.7**	**108,941**	**n.s.**
Income tax expense	36	(126,670)		(121,845)		(4,825)	
Loss relating to continuing operations		**(50,111)**	**-1.1**	**(154,227)**	**-3.4**	**104,116**	**-67.5**
Profit relating to discontinued operations						0	
Loss for the year		**(50,111)**	**-1.1**	**(154,227)**	**-3.4**	**104,116**	**-67.5**
Attributable to:							
Owners of the parent		(44,813)	-1.0	(129,733)	-2.9	84,920	-65.5
Non-controlling interests		(5,298)	-0.1	(24,494)	-0.5	19,196	-78.4
Earnings (losses) per share	38						
- Basic							
ordinary shares		(1.192) €		(3.448) €			
savings shares		(1.192) €		(3.448) €			
- Diluted							
ordinary shares		(1.192) €		(3.448) €			
savings shares		(1.192) €		(3.448) €			

Statement of comprehensive income

(in thousands of euro)	Notes	2014	%	2013 re-stated	%	Change	%
Loss for the year		**(50,111)**	**-1.1**	**(154,227)**	**-3.4**	**104,116**	**67.5**
						0	
Other comprehensive income (expense) relating to continuing operations	37					0	
						0	
Items that will not be reclassified to profit or loss subsequently						0	
Re-measurement of the net liability/(asset) for employee benefits		(52,944)		29,543		(82,487)	
Re-measurement of the net asset for employee benefits - investments in equity-accounted investees		(1)					
Income tax		8,757		(4,178)		12,935	
Total items that will not be reclassified to profit or loss subsequently		**(44,188)**		**25,365**		**(69,552)**	
Items that might be reclassified to profit or loss subsequently						0	
Translation reserve on foreign operations		226,388		(224,532)		450,920	
Translation reserve on foreign operations - investments in equity-accounted investees		4,896		(11,001)		15,897	
Fair value gains (losses) on cash flow hedging		(15,224)		14,855		(30,079)	
Fair value gains (losses) on cash flow hedging - equity-accounted investees		(211)		161		(372)	
Fair value gains on available-for-sale financial assets		21,781		48,085		(26,304)	
Fair value losses on available-for-sale financial assets - equity-accounted investees				(376)		376	
Income tax		2,547		6,681		(4,134)	
Total items that might be reclassified to profit or loss subsequently		**240,177**		**(166,127)**		**406,304**	
Total other comprehensive income (expense) relating to continuing operations net of tax effect		**195,989**		**(140,762)**		**336,752**	
Other comprehensive income (expense) relating to discontinued operations						0	
Total other comprehensive income (expense)		**195,989**		**(140,762)**		**336,752**	
						0	
Total comprehensive income (expense)		**145,878**	**3.3**	**(294,989)**	**-6.5**	**440,867**	**n.s.**
Attributable to:							
owners of the parent		7,158		(109,025)		116,183	
non-controlling interests		138,720		(185,964)		324,684	

Consolidated statement of changes in equity

	Attributable to owners of the parent											Non-controlling interests	Total equity
		Reserves											
(in thousands of euro)	Share capital	Share premium	General bank risk reserve	AFS fair value reserve	Hedging reserve	Actuarial gain/losses on defined benefit plans	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total share capital and reserves		
Balance at January 1, 2013	**100,167**	**177,191**	**1,781**	**-50,278**	**-8,152**	**-9,475**	**56,298**	**-21,226**	**-2,901**	**1,538,506**	**1,781,911**	**2,933,276**	**4,715,187**
Application IAS 19 revised, IFRS 10 and other changes						166				-6,012	-5,846	6,227	381
Re-stated balance at January 1, 2013	**100,167**	**177,191**	**1,781**	**-50,278**	**-8,152**	**-9,309**	**56,298**	**-21,226**	**-2,901**	**1,532,494**	**1,776,065**	**2,939,503**	**4,715,568**
Profit (loss) for the year										-129,733	-129,733	-24,494	-154,227
Total other comprehensive income (expense)			-30	56,314	6,496	9,213	-486		-50,799		20,708	-161,470	-140,762
Total comprehensive income (expense)	**0**	**0**	**-30**	**56,314**	**6,496**	**9,213**	**-486**	**0**	**-50,799**	**-129,733**	**-109,025**	**-185,964**	**-294,989**
Stock options							176				176	-437	-261
Dividends												0	0
% change in control and scope of consolidation			-1,751				138		-30	-9,342	-10,985	-75,910	-86,895
Balance at December 31, 2013	**100,167**	**177,191**	**0**	**6,036**	**-1,656**	**-96**	**56,126**	**-21,226**	**-53,730**	**1,393,419**	**1,656,231**	**2,677,192**	**4,333,423**
Profit (loss) for the year										-44,813	-44,813	-5,298	-50,111
Total other comprehensive income (expense)				13,242	-7,365	-19,229			65,323		51,971	144,018	195,989
Total comprehensive income (expense)	**0**	**0**	**0**	**13,242**	**-7,365**	**-19,229**	**0**	**0**	**65,323**	**-44,813**	**7,158**	**138,720**	**145,878**
Stock options							4,190				4,190	-4,106	84
Dividends										-7,360	-7,360	-73,539	-80,899
% change in control and scope of consolidation				-1,047	-137	384	4,256		-19,648	162,247	146,055	-258,161	-112,106
Balance at December 31, 2014	**100,167**	**177,191**	**0**	**18,231**	**-9,158**	**-18,941**	**64,572**	**-21,226**	**-8,055**	**1,503,493**	**1,806,274**	**2,480,106**	**4,286,380**

Statement of cash flows

(in thousands of euro)		Notes	2014	2013 re-stated
A) Cash flow from (used in) operating activities:				
Profit (loss) before tax			76,559	(32,382)
Adjustments for:				
Amortization, depreciation and impairment losses			468,050	495,892
Reversal of share of profit (loss) of equity-accounted investees			8,377	22,168
Net gains from the sale of non-current assets			(26,827)	(14,033)
Change in employee benefits and other provisions			(50,646)	678
Stock options			83	425
Reversal of net finance costs			130,047	115,234
Cash flow from operating activities before tax, finance income/costs, change in working capital			**605,643**	**587,982**
Change in working capital:				
Inventories			(61,840)	43,802
Trade receivables			48,393	60,531
Trade payables			32,751	(72,498)
Other receivables/payables, prepayments and accrued income, accrued expense and deferred income			(11,354)	23,983
Cash flow from operating activities before tax, finance income/costs			**613,593**	**643,800**
Net finance costs paid			(123,750)	(115,200)
Dividends received			6,043	4,727
Taxes paid			(109,119)	(94,663)
Proceeds from derivatives				455
			(226,826)	**(204,681)**
Total A)			**386,767**	**439,119**
B) Cash flow used in investing activities:				
Capital expenditure:				
PPE and investment property			(513,352)	(329,363)
Intangible assets			(11,997)	(12,950)
Financial assets (equity investments) net of cash acquisitions (*)			(17,902)	(13,741)
Total capital investments			**(543,251)**	**(356,054)**
Gains from sale of non-current assets and loan repayments			122,785	81,815
Total sales			**122,785**	**81,815**
Total B)			**(420,466)**	**(274,239)**
C) Cash flow from (used in) financing activities:				
Change in non-current financial liabilities			118,689	(423,083)
Change in financial assets			197,388	172,941
Change in equity investments			(1,057)	856
Percentage change in interests in consolidated companies			(380,034)	373
Share capital increases			262,031	-
Dividends paid			(82,458)	(74,168)
Other changes in equity			(234)	(2,290)
Total C)			**114,325**	**(325,371)**
D) Translation differences and other changes				
Translation differences and other changes			41,272	(52,246)
Total D)			**41,272**	**(52,246)**
E) Cash flows for the year	**(A+B+C+D)**		**121,898**	**(212,737)**
F) Cash and cash equivalents at beginning of the year			**741,639**	**954,376**
Cash and cash equivalents at end of the year	**(E+F)**	**13**	**863,537**	**741,639**

(*) cash and cash equivalents from acquired and consolidated companies

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

Notes

The consolidated financial statements of Italmobiliare S.p.A. as at and for the year ended December 31, 2014 were approved by the Board of Directors on March 24, 2015. At the meeting, the Board authorized publication of a press release dated March 24, 2015, containing key information from the financial statements.
As required by IAS 10, attention is drawn to the fact that these consolidated financial statements may be amended by the Shareholders' Meeting.
The financial statements have been drawn up on a going-concern basis. Despite the difficult economic and financial situation, the Group has no material uncertainties about its going-concern status, by virtue of the action already taken to respond to the changes in demand, and its industrial and financial flexibility.

Core businesses

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

Accounting policies

These consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2014 endorsed by the European Union, and with the dispositions for enactment of article 9 of Legislative Decree no. 38/2005. The term IFRS also includes all revised international accounting standards (IAS) and all the interpretations issued by the IFRIC.
The Italian laws that enact EEC Directive IV also apply, where compatible, to companies that draw up financial statements in accordance with the IFRS. Consequently, the financial statements are compliant with the Italian Civil Code and the corresponding indications of the Consolidated Finance Act (TUF, *testo unico della finanza*) for listed companies with regard to the directors' report on operations, the legally-required audit and the publication of the financial statements. The consolidated financial statements and related notes also set out the details and additional disclosures required under the articles of the Italian Civil Code governing financial statements, since such requirements are not in conflict with the IFRS, and under other Consob regulations and dispositions governing financial statements.
In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2014, that had not been endorsed by the European Union at that date.

Standards and interpretations that came into force in 2014

Since January 1, 2014, the Group has adopted the new standards and changes described below, including the changes arising therefrom applied to other standards.

- Amendments to IAS 32 “Financial instruments: presentation”, in the application guidance, with regard to the offsetting of financial assets and liabilities.
- IFRS 10 “Consolidated financial statements”. The new standard replaces IAS 27 “Consolidated and separate financial statements” and SIC 12 “Consolidation – Special-purpose entities”. IFRS 10 introduces a new control model applicable to all entities in which an investment is held, based on the Group’s power over such investees, its exposure or rights to variable returns from its involvement with such investees and its ability to affect those returns through its power over investees.
- IFRS 11 “Joint arrangements”. The new standard replaces IAS 31 “Interests in joint ventures” and SIC 13 “Jointly controlled entities – Non-monetary contributions by venturers”; it sets out the accounting policies for entities taking part in joint arrangements. The standard provides for joint arrangements to be classified as joint operations if the Group has rights to the assets and obligations for the liabilities relating to the arrangement, or as joint ventures if the Group only has rights to the net assets of the arrangement. Classification depends upon the structure of the arrangement, the legal status of any separate entities, the terms of the contractual arrangement and other facts and circumstances.
- IFRS 12 “Disclosure of interests in other entities”, which organizes, strengthens and replaces disclosure requirements concerning interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- After the introduction of the above standards, IAS 27 renamed “Separate financial statements” came into force; this standard deals exclusively with the preparation of separate financial statements and amendments to IAS 28 “Investments in associates and joint ventures”.
- Amendments to IAS 36 “Impairment of assets” to modify disclosure requirements relating to recoverable amount in cases where recoverable amount is based on fair value less costs to sell and in cases where an impairment loss is recognized.
- Amendments to IAS 39 “Financial instruments: Recognition and measurement” to govern the continuation of hedge accounting in the event of novation of derivatives following the introduction of new legislation/regulations.

The main effect arising from application of the above standards and amendments concerns identification of the various types of joint arrangement (joint operations or joint ventures) and the appropriate accounting treatment.
Application of the above standards, amendments and interpretations did not have a material impact on the Group financial statements.
The statement of financial position and results of operations as at and for the year ended 2013, used as comparatives figures, have been **re-stated** by applying IFRS 10, 11 and IAS 28 as from January 1, 2013. The effects arising from application of these standards are described in the next section “Re-statement of comparative data”.

Standards and interpretations to come into force in 2015

- “Annual Improvements cycle 2011-2013”. The changes introduced constitute clarifications, corrections (IFRS 3 “Business combinations” and IFRS 13 “Fair value measurement”) and involve changes in current requirements or provide additional indications regarding their application (IAS 40 “Investment property”).
- IFRIC 21 “Levies”. The interpretation indicates that levies are to be recognized only when the obligating event specified by law that generates the liability occurs.

Standards and interpretations to come into force in 2016

- Amendments to IAS 19 "Employee benefits" with regard to defined benefit plans and in particular to employee contributions; the amendments are designed to simplify and clarify accounting treatment of employee or third-party contributions relating to defined benefit plans.
- "Annual improvements cycle 2010-2012". The changes to IFRS 8 "Operating segments", IFRS 13 "Fair value measurement", IAS 16 "Property, plant and equipment", IAS 24 "Related party disclosures" and IAS 38 "Intangible assets" set out clarifications or corrections to the current texts. The changes to IFRS 2 "Share-based payments" and IFRS 3 "Business combinations" involve changes to current requirements or provide additional indications regarding their application.

Standards and interpretations published by the IASB and the IFRIC at December 31, 2014, but not endorsed by the European Union at that date

- IFRS 9 "Financial instruments".
- IFRS 14 "Regulatory deferral accounts".
- IFRS 15 "Revenue from contracts with customers".
- Amendments to IFRS 10, IFRS 12 and IAS 28. Investment entities: applying the consolidation exception.
- Amendments to IAS 1: Disclosure initiative.
- "Annual improvements cycle 2012-2014".
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture.
- Amendments to IAS 27: Equity method in separate financial statements.
- Amendments to IAS 16 and IAS 41: Bearer plants.
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization.
- Amendments to IFRS 11: Accounting for acquisitions of interests in joint operations.

Measurement criteria and basis of presentation

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

- current and non-current assets and current and non-current liabilities are presented as separate classifications on the face of the statement of financial position. Current assets, which include cash and cash equivalents, are assets that the Group intends to realize, sell or consume during its normal business cycle; current liabilities are liabilities that the Group expects to settle during the normal business cycle or in the twelve months after the end of the reporting period;
- on the income statement, costs are analyzed by nature of the expense;
- with regard to comprehensive income, the Group presents two statements: the first statement reflects traditional income statement components and the profit (loss) for the year, while the second statement, beginning with the profit (loss) for the year, presents other comprehensive income, previously reflected only in the statement of changes in consolidated equity: fair value gains/losses on available-for-sale financial assets and derivatives, translation differences;
- on the statement of cash flows, the indirect method is used.

Use of estimates

The preparation of the consolidated financial statements and the notes in conformity with the international financial reporting standards requires management to make discretional assessments and estimates that affect the values of assets, liabilities, income and expense, such as amortization and depreciation, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates are determined on a going-concern basis, using the information available at the time, they could diverge from the actual future results. This is particularly evident in the present financial and economic crisis, which could generate situations diverging from those estimated today and require currently unforeseeable adjustments, including adjustments of a material nature, to the carrying amounts of the items in question.
Assumptions and estimates are particularly sensitive with regard to measurement of non-current assets, which depends on forecasts of future results and cash flows, measurement of contingent liabilities, provisions for disputes and restructurings and commitments in respect of pension plans and other long-term benefits. Management conducts regular reviews of assumptions and estimates, and immediately recognizes any adjustments in the financial statements.
Given that the Italmobiliare Group applies IAS 34 "Interim financial reporting" to its interim financial reports, with consequent identification of a six-month interim period, any impairment losses are recorded at the end of the half year.

Basis of consolidation

The consolidated financial statements are based on the financial statements as at and for the year ended December 31, 2014 of the parent Italmobiliare S.p.A. and the consolidated companies, in compliance with the Group accounting policies.

Subsidiaries

Subsidiaries are companies in which the Group is exposed to variable returns, or holds rights to such returns, by virtue of its relationship with the companies in question, and simultaneously has the ability to affect such returns by exercising its power.
The Group ascertains the existence of control on the basis of the existence of three elements:

- power: the current ability of the Group, arising from substantial rights, to determine the key operations of operations that have a material impact on the company's returns;
- the exposure of the Group to the variability of the returns of the investee;
- correlation between power and returns, the Group has the ability to exercise its power to affect the returns arising from the relationship.

Subsidiaries are consolidated on a line-by-line basis as from the date at which control is obtained and until control is transferred out of the Group.

Associates

Associates are companies in which the Group has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the Group holds, directly or indirectly, at least 20% of voting rights or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in shareholders' agreements or other forms of material exercise of rights of governance. Investments in associates are measured using the equity method, whereby they are recognized initially at cost, and subsequently adjusted to reflect changes in the value of the Group's interest in the associate's equity. The Group's share of an associate's profit or loss is recognized in a specific income statement line item from the date at which the Group exerts significant influence until it relinquishes such influence.

Joint arrangements

A joint arrangement is a contractual arrangement that attributes joint control of the arrangement to two or more parties.
A joint arrangement may be a "joint operation" or a "joint venture".

Joint operations

A joint operation is a joint arrangement in which a Group company, together with other parties who hold joint control, has rights to the assets and obligations for the liabilities to which the arrangement refers; the parties are called joint operators.
With regard to recognition in the consolidated and separate financial statements, the joint operator recognizes, in relation to its interest, its assets and liabilities, including its share of assets held jointly and liabilities incurred jointly, its revenue and expense relating to its part of the output and its share of the revenue and expense relating to the output obtained jointly.
A party to a joint operation that does not hold joint control recognizes its interest in the arrangement as illustrated in the previous paragraph if it has rights to the assets and obligations for the liabilities relating to the joint operation.

Joint ventures

Joint ventures are companies regarding which the Group has entered into a joint arrangement giving it rights to the net assets of the arrangement.
Joint ventures are accounted for with the equity method, except in cases when there is evidence that the interest has been acquired and is held with the intention of selling it within twelve months of purchase and that the Group is actively seeking a buyer.
Furthermore, if the Group has an interest in a joint venture without holding joint control, since such control is held by other parties, the joint venture is accounted for in accordance with:

- IAS 28, if significant influence is exercised;
- IAS 39, in the case of a simple financial asset.

The statements of financial position and income statements of joint ventures are consolidated from the date on which joint control is assumed and until such control is relinquished.

Transactions eliminated during consolidation

All intragroup balances and transactions, including any unrealized gains in respect of third parties, are eliminated in full. Unrealized losses in respect of third parties deriving from intragroup transactions are eliminated, except in cases where it will not subsequently be possible to recover such losses.
Unrealized gains deriving from transactions with associates and joint ventures are eliminated against the equity investment carrying amount, while losses are eliminated proportionately to the Group's interest, in cases where it will not subsequently be possible to recover such losses.

Scope of consolidation

A list of the companies consolidated, proportionately consolidated and consolidated using the equity method is provided in the annex to these notes.

Non-current assets held for sale and discontinued operations

Assets and liabilities held for sale and discontinued operations are classified as such when their carrying amount will be recovered chiefly through sale rather than through continuing use; such operations must be an important autonomous business operation or geographical area of operation.
The conditions indicated are deemed to exist when the sale is considered highly likely and the assets and liabilities are immediately available for sale in their current condition.

Available-for-sale assets are recognized at the lower of carrying amount and fair value less costs to sell.
Once property, plant and equipment, and intangible assets, have been classified as available-for-sale, no further amortization and depreciation may be applied.
In the consolidated income statement, profit (loss) relating to discontinued operations, together with fair value gained (losses) less costs to sell and profit or loss arising from the sale of the operation, are reflected in a single item separately from profit (loss) relating to continuing operations.
Cash flows relating to discontinued operations are shown separately in the statement of cash flows.
A similar disclosure is also presented for the comparative period.

Business combinations

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

Cost of business combinations

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

Allocation of the cost of business combinations

Goodwill is measured as the positive difference between:

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

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

Business combinations achieved in stages

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

Purchase of non-controlling interests

Acquisitions of additional shares after acquisition of control do not require re-determination of identifiable asset and liability amounts. The difference between the cost and the acquired equity interest is recognized as equity attributable to owners of the parent. Transactions that reduce the percentage interest held without loss of control are treated as sales to non-controlling interests and the difference between the interest sold and the price paid is recognized in equity attributable to the owners of the parent.

Commitments to purchase non-controlling interests

A put option granted to non-controlling interests of a company controlled by the Group is initially recognized by recording the acquisition amount as a liability, since the amount in question is the present value of the put option exercise price.
The complementary acquisition of non-controlling interests with put options is recognized in the financial statements:

- the non-controlling interests to which the put refers are eliminated from equity and reclassified under liabilities and the difference between the fair value of the purchase commitment liabilities and the carrying amount of the non-controlling interests is recognized under equity attributable to owners of the parent;
- subsequent changes in liabilities are recognized under equity attributable to owners of the parent with the exception of adjustments to the present value, which are taken to the profit or loss.

Transactions in currencies other than the functional currency

The functional currency of the subsidiaries located outside the Eurozone is usually the local currency.

Translation of foreign currency items

Foreign currency transactions are initially translated into the functional currency using the exchange rate at the transaction date. At the end of the reporting period, foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. Exchange-rate gains and losses are taken to the profit or loss.
Non-monetary foreign currency assets and liabilities measured at cost are translated at the exchange rate ruling at the transaction date; those measured at fair value are translated with the exchange rate at the date fair value was determined.

Translation of the financial statements of foreign operations

At the end of the reporting period, the assets, including goodwill, and liabilities of consolidated companies that report in currencies other than the euro are translated into the presentation currency of the Group's consolidated accounts at the exchange rate ruling at such date. Income statement items are translated at the average rate for the year. Gains and losses arising from the translation of opening equity at the closing rates and those arising from the different method used to translate profit or loss for the year are recognized in a specific equity item. In the event of subsequent disposal of a foreign operation, the cumulative translation differences are taken to the profit or loss.
As allowed under IFRS 1, cumulative translation differences at the date of first-time adoption of the IFRS have been reclassified in "Retained earnings" under equity and therefore will not be taken to the profit or loss in the event of subsequent disposal.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and the directly attributable costs of bringing the asset to the location and the conditions required for its operation. Production cost includes the cost of materials and direct labor costs. Finance costs relating to the purchase, construction and production of qualifying assets are capitalized. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2004, reflects revaluations applied in prior periods in connection with specific local laws, based on the real economic value of the assets in question. The revalued amount recognized in accordance with IFRS 1 was assumed as cost at the IFRS transition date.
Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the acquisition date and subsequently adjusted where necessary within the following twelve months.
Subsequent to initial recognition, property, plant and equipment are carried at cost and depreciated over the assets' useful life, less any impairment losses.
Assets under construction are recognized at cost; depreciation begins when the assets enter useful life.

When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are carried out separately for each component.

Subsequent expense

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

Depreciation

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

Quarries

Costs for the preparation and excavation of land to be quarried are depreciated as the economic benefits of such costs are obtained.
Quarry land is depreciated at rates reflecting the quantities extracted in the year in relation to the estimated total to be extracted over the period in which the quarry is to be worked.
The Group makes a specific provision for quarry environmental restoration obligations. Since the financial resources required to settle such obligations are directly related to the degree of use, the charge cannot be defined at inception with a balancing entry to the asset cost, but is provided for to reflect the degree of use of the quarry.

Leases

Finance leases, which substantially transfer to the Group all risks and rewards incidental to the ownership of the leased asset, are capitalized from the lease inception date at the lower of the leased asset fair value or the present value of the lease payments. Lease payments are apportioned between finance costs and reductions against the residual liability so as to obtain a constant rate of interest on the outstanding liability.
The policies used for depreciation and subsequent measurement of leased assets are consistent with those used for the Group's own property, plant and equipment.
Leases where all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.
Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Investment property

Investment property is land and/or buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods and services. Investment property is initially recognized at purchase cost, including costs directly attributable to the purchase. Subsequent to initial recognition, investment property is measured at amortized cost, based on the asset's useful life less any impairment losses.

Goodwill

Goodwill recognized in accordance with IFRS 3 revised is allocated to the cash-generating units that are expected to benefit from the synergies created by the acquisition. Goodwill is stated at the original value less any impairment losses identified through tests conducted on an annual basis or more frequently if indications of impairment emerge.
When goodwill is allocated to a cash-generating unit part of whose assets are disposed of, the goodwill associated with the sold assets is taken into account when determining the gain or loss arising from the transaction.

Intangible assets

Intangible assets acquired separately are capitalized at cost, while those acquired through business combinations are recognized at the provisionally estimated fair value at the acquisition date and adjusted where necessary within the following twelve months.
Subsequent to initial recognition, intangible assets are carried at cost amortized over the asset's useful life.
Other than goodwill, the Group has not identified any intangible assets with an indefinite useful life.

Impairment

Goodwill is systematically tested for impairment on an annual basis or more frequently if indications of impairment emerge.
Property, plant and equipment and investment property, and amortizable intangible assets, are tested for recoverability if indications of impairment emerge.
Impairment losses are the difference between the asset carrying amount and its recoverable amount. Recoverable amount is the greater of fair value, less costs to sell, of an asset or cash-generating unit, and its value in use, determined as the present value of future cash flows. Fair value less costs to sell is determined through application of relevant measurement models adopting appropriate income multipliers, quoted share prices on an active market for similar enterprises, comparable transactions on similar assets or other available fair value indicators applicable to the assets being measured.
In determining value in use, assets are measured at the level of cash-generating units, on the basis of their operating attribution. Estimated future cash flows are discounted at a rate determined for each cash-generating unit using the weighted average cost of capital method (WACC).
If an impairment loss on an asset other than goodwill subsequently reverses in full or in part, the asset's carrying amount is increased to reflect the new estimated recoverable amount, which may not exceed the amount that would have been reflected in the absence of the impairment loss. Impairment losses and reversals of impairment losses are taken to the profit or loss.
Impairment losses on goodwill may not be reversed.

Financial assets

All financial assets are recognized initially at cost at the trade date. Cost corresponds to fair value plus additional costs attributable to the purchase with the exception of financial assets held for trading (fair value through profit or loss).
Subsequent to initial recognition, assets held for trading are classified as current financial assets and carried at fair value; any gains or losses are taken to the profit or loss.
Held-to-maturity investments are classified as current financial assets, if they mature within one year; otherwise they are classified as non-current assets and subsequently carried at amortized cost. Amortized cost is determined using the effective interest rate method, taking account of any acquisition discounts or premiums, which are apportioned over the entire period until maturity, less any impairment losses.
Other financial assets are classified as available for sale, under current and non-current assets, and recognized at fair value. Any gains or losses are shown in a separate equity item until the assets are sold, recovered or discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to the profit or loss. Impairment losses are recognized when there is objective evidence that one or more events subsequent to initial recognition have had a negative effect on the estimated future cash flows for the asset. Objective evidence of impairment of a financial asset includes debtor insolvency or default, indications of debtor or issuer bankruptcy, adverse changes in the payment status of debtors or issuers, economic conditions relating to default or disappearance of an active market for the asset. For equity instruments classified as available-for-sale, a material and prolonged reduction in fair value to below cost is considered objective evidence of impairment. On this question, the Group has adopted a specific accounting policy, which establishes materiality and duration thresholds for loss of market value with respect to the carrying amounts; once such thresholds have been reached, the

impairment loss is taken to the income statement. The two thresholds are considered separately and only one threshold needs to be reached for an impairment loss to be recognized:

- loss of market value of more than 60% for bank stocks (35% for non-bank stocks) of the original cost at the reporting date;
- a market value seen to be continually lower than original cost over a period of three years for bank stocks (two years for non-bank stocks).

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

Inventories

Inventories are measured at the lower of purchase/production cost (using the weighted average cost method) and net realizable value.
Purchase cost includes costs incurred to bring assets to the warehouse, less allowances for obsolete and slow-moving items.
Production cost of finished goods and semi-finished goods includes the cost of raw materials, direct labor and a portion of general production costs, determined on the basis of normal plant operations. Financial costs are not included.
The net realizable value of raw materials, consumables and supplies is their replacement cost.
The net realizable value of finished goods and semi-finished goods is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs to sell.

Trade receivables and other receivables

Trade receivables and other receivables are initially recognized at fair value plus transaction costs, and subsequently measured at amortized cost less allowances for impairment, which are provided as doubtful debts are identified.
Allowances for impairment of trade receivables are determined in accordance with Group procedures. The calculations takes account of bank guarantees and collateral provided. At the end of the reporting period, the Group companies conduct a customer-by-customer analysis of doubtful (overdue) receivables and adjust the carrying amount of doubtful (overdue) receivables that present risks accordingly.

Cash and cash equivalents

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

Derecognition of financial assets

The Group derecognizes financial assets in whole or in part when:

- the contractual rights attributable to the assets in question have expired;
- it transfers the risks and rewards incidental to ownership of the asset or does not transfer and does not even substantially maintain all the risks and rewards but transfers control of the assets.

Employee benefits

The Group operates pension plans, post-employment medical benefit plans and post-employment benefits. It also has other commitments, in the form of bonuses payable to employees on the basis of length of service in some Group companies ("Other long-term benefits").

Defined contribution plans

Defined contribution plans are structured post-employment benefit programs where the Group pays fixed contributions to an insurance company or pension fund and will have no legal or constructive obligation to pay further contributions if the fund does not dispose of sufficient assets to pay all the employee benefits accruing in respect of services rendered during the current year and in previous years.
These contributions are paid in exchange for the services rendered by employees and recognized as an expense as incurred.

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the Group. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the Group uses the unit credit projection method to determine the present value of obligations and the related current service cost.
These actuarial calculations require use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increases in salaries and medical benefits).
When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity or to an insurance company, the plan assets are estimated at fair value.
Benefit obligations are therefore plan net of the fair value of the plan assets that will be used to settle the obligations.

Employment termination plans

Employment termination plans include provisions for restructuring costs recognized when the Group company in question has approved a detailed formal plan that has already been implemented or notified to the third parties concerned.

Actuarial gains and losses

Actuarial gains and losses on post-employment defined benefit plans may arise as a result of changes in the actuarial assumptions used in two consecutive years or as a result of changes in the obligation value or in the fair value of any plan asset in respect of the actuarial assumptions used at the beginning of the year.
Actuarial gains and losses are recognized immediately under other comprehensive income.
Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service benefits) and to early retirement benefits are recognized in profit or loss immediately.

Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized in the profit or loss for the year, as are costs that vest immediately upon changes to a plan.

Curtailment and settlement

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized as income or expense when the curtailment or settlement occurs. The gain or loss includes changes in the present value of the obligation, changes in the fair value of the plan assets, actuarial gains or losses and past service costs not previously accounted for.

At the curtailment or settlement date, the obligation and the fair value of the plan assets are re-measured using current actuarial assumptions.

Net finance cost

Net finance cost on defined benefit plans consists of the following measurements:

- finance costs determined on the present value of the defined benefit plan liability;
- finance income arising from measurement of the plan assets;
- finance costs or income arising from any limits on recognition of plan surpluses.

Net finance cost is determined by applying to all the above items, the discount rate adopted at the beginning of the year to measure the defined benefit plan obligation.
Net finance costs on defined benefit plans are recognized under finance income/(cost) on the income statement.

Share-based payments

The Group has applied IFRS 2 as from January 1, 2004.
Options for the subscription and purchase of shares granted by Group companies to employees and directors give rise to recognition of a cost classified under personnel expenses, with a corresponding increase in equity.
In accordance with IFRS 2, only options granted after November 7, 2002, whose rights had not vested at December 31, 2003, have been measured and recognized at the transition date. Options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period. Fair value at the grant date is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after adjustment for extraordinary events or factors.
The cost of granted options is reviewed on the basis of the actual number of options that have vested at the beginning of the exercise period.

Provisions for risks and charges

The Group recognizes provisions for risks and charges when a present legal or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation. Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the reporting date. If the present value of the financial resources that will be used is material, provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.
Changes in estimates are recognized in the profit or loss for the year.
The Group recognizes a separate provision for environmental restoration obligations on land used for quarry work, determined in relation to the use of the quarry in question.
Pending publication of a standard/interpretation on accounting treatment of greenhouse gas emission allowances, after the withdrawal of IFRIC 3 by the International Accounting Standards Board, the Group recognizes a separate provision when emissions are greater than the allowance.
Restructuring costs are provided when the Group company concerned has approved a detailed formal plan that has already been implemented or notified to the relevant third parties.

Bank loans and borrowings

Bank loans and borrowings are initially recognized at the fair value of the consideration paid/received less charges directly attributable to the financial asset/liability.
After initial recognition, bank loans and borrowings are measured at amortized cost using the effective interest-rate method.

Trade payables and other payables

Trade payables and other payables are stated initially at the fair value of the original consideration received and subsequently measured at amortized cost.

Revenue, other revenue, interest income and dividends

Sale of goods and services

Revenue is recognized to the extent that it is probable that the economic benefits associated with the sale of goods or rendering of services are collected by the Group and the amount in question can be reliably determined.
Revenue is recognized at the fair value of the consideration received or due, taking account of any trade discounts given and volume discounts.
Revenue from the sale of goods is recognized when the company transfers the material risks and rewards incidental to ownership of the goods to the purchaser.
Revenue includes dividends received, and interest and commission income earned by the financial and banking companies.

Rental income

Rental income is recognized as other revenue, as received, at constant amounts over the rental period.

Costs

Costs are recognized on an accruals basis in accordance with the matching principle, whereby they are matched with revenue.

Interest income

Interest income earned by companies that are not financial or banking companies is recognized as finance income on an accruals basis using the effective interest method.

Dividends

Dividends are recognized as shareholders' right to receive payment arises, in accordance with local laws, and are classified under "Finance income and costs", with the exception of dividends earned by banking and financial companies, which are classified under "Revenue".

Government grants

Government grants are recognized when there is a reasonable certainty that they will be received and all the requirements on which receipt depends have been fulfilled.
Grants related to the purchase or production of non-current assets (grants related to assets) are recognized as deferred income and taken to the profit or loss over the useful life of the underlying assets.

Derivatives

The Group uses derivatives such as foreign currency forward contracts and interest rate swaps and options to hedge market risks.
Derivatives are measured and recognized at fair value.
Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.
The fair value of foreign-currency forward contracts is determined on the basis of the current forward exchange rates for contracts with similar maturity profiles.
The fair value of derivatives is determined using the swap curve weighted to take account of the counterparty credit risk.

The fair value of interest-rate contracts is determined on the basis of discounted flows using the zero coupon curve. Derivatives, with the exception of those that qualify for hedge accounting, are classified under current assets and fair value gains and losses are taken directly to profit or loss.

Hedging transactions

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

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

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

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

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

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

Income taxes

Current income taxes are provided in accordance with local tax laws in the countries where the Group operates.
Deferred tax is recognized on the basis of temporary differences between the tax base of assets and liabilities and their carrying amount in the statement of financial position.
Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable income will be available against which such differences, losses or credits may be reversed.
Taxable or deductible temporary differences do not generate recognition of deferred tax liabilities or assets only in the following cases:

- taxable temporary differences arising from the initial recognition of goodwill, except when such goodwill is tax deductible;
- taxable or deductible temporary differences arising from initial recognition of an asset or a liability in transactions that are not business combinations and affect neither accounting profit or loss nor taxable profit or loss at the transaction date;
- equity investments in subsidiaries, associates and joint ventures when:
  - the Group is able to control the timing of the reversal of the taxable temporary differences and it is probable that such differences will not reverse in the foreseeable future;
  - it is not probable that the deductible temporary differences will reverse in the foreseeable future and that taxable income will be available against which the temporary difference can be reversed.
- Deferred tax assets are reviewed at the end of every reporting period and reduced to the extent that sufficient taxable income is no longer likely to be available in the future against which the assets can be used in full or in part.

Deferred tax assets and liabilities are determined at tax rates expected to apply when the deferred tax asset (liability) is realized (settled), based on rates that have been enacted or substantially enacted at the reporting date.
Taxes relating to items recognized directly in equity are recognized in equity, not in the profit or loss.
Deferred tax assets and deferred tax liabilities are not discounted to present value.

Management of capital

The Group monitors capital using the gearing ratio (net financial position / equity). The net financial position reflects financial liabilities less cash and cash equivalents and other financial assets. Equity consists of all the items indicated on the statement of financial position.
The primary objective of Group capital management is to guarantee a solid credit rating and to maintain financial indicators at appropriate levels to ensure smooth running of business operations, funding of planned investments and creation of maximum shareholder value.
The Group manages and amends the capital structure to take account of changes in economic and financial conditions, in relation to its international presence and growth plans. To maintain or modify its capital structure, the Group may adjust dividends paid to shareholders, reimburse capital, issue new shares, raise or reduce equity investments in subsidiaries, purchase/sell equity investments.

Re-statement of comparative data

In compliance with IFRS 10, the Group has reviewed its considerations regarding control of entities in which it held investments at January 1, 2014, and has amended its conclusions with respect to three entities. Although the Group holds half of the voting rights, the arrangements and contracts confer *de facto* control of the entities in question, which have therefore been fully consolidated.

In compliance with IFRS 11, the Group has reviewed its conclusions regarding control of a company in which it holds more than 50% of the voting rights; considering the related arrangements and contracts, the Group deems that it does not hold control of that company, which has therefore been consolidated proportionately.

The Group also reviewed its interests in joint arrangements at January 1, 2014, and consequently reclassified 15 companies from “joint operations” to “joint ventures”; the entities in question have therefore been accounted for using the equity method.

Furthermore, as a consequence of the conversion of Italcementi savings shares into ordinary shares, on June 2, 2014, the percentage interest held by Italmobiliare S.p.A. in Italcementi S.p.A. decreased from approximately 60.4% (with respect to ordinary shares only) to approximately 44.32%. This dilution meant that, pursuant to art. 117 of the Consolidated Income Tax Act (*Testo Unico delle Imposte sui Redditi, TUIR)*, the conditions for continuation of the tax consolidation system under Italmobiliare S.p.A. no longer applied. Consequently, the re-attribution to the companies in the Italcementi group of tax receivables and tax losses at January 1, 2014, highlighted the need for an overall realignment, which, in compliance with IAS 8, involved the re-determination of the statements of financial position as at January 1, 2013 and at December 31, 2013. With regard to the income statement, the statement of comprehensive income and the statement of cash flows, the realignment did not generate any differences with respect to the previously published figures.

The tables below set out the effects arising from the above changes on the Group’s financial position, on profit/(loss), on other comprehensive income and on cash flows.

Comparative statement of financial position

(in thousands of euro)	12.31.2013 re-stated	12.31.2013 published	Changes
Non-current assets			
Property, plant and equipment	3,991,449	4,009,847	(18,398)
Investment property	29,545	29,545	0
Goodwill	1,552,944	1,553,756	(812)
Intangible assets	98,872	98,419	453
Equity-accounted investees	228,556	209,867	18,689
Other equity investments	320,363	320,386	(23)
Trade receivables and other non-current assets	199,327	199,339	(12)
Deferred tax assets	115,567	123,618	(8,051)
Non-current amounts due from employees	913	913	0
Total non-current assets	**6,537,536**	**6,545,690**	**(8,154)**
Current assets			
Inventories	662,176	663,210	(1,034)
Trade receivables	724,092	725,173	(1,081)
Other current assets including derivatives	342,760	344,744	(1,984)
Tax assets	70,099	67,285	2,814
Equity investments, bonds and loan assets	403,810	401,306	2,504
Cash and cash equivalents	741,639	745,639	(4,000)
Total current assets	**2,944,576**	**2,947,357**	**(2,781)**
Non-current discontinued operations	0		**0**
Total assets	**9,482,112**	**9,493,047**	**(10,935)**
Equity			
Share capital	100,167	100,167	0
Share premium	177,191	177,191	0
Reserves	60,410	60,250	160
Treasury shares	(21,226)	(21,226)	0
Retained earnings	1,339,689	1,345,695	(6,006)
Equity attributable to owners of the parent	**1,656,231**	**1,662,077**	**(5,846)**
Non-controlling interests	2,677,192	2,670,703	6,489
Total equity	**4,333,423**	**4,332,780**	**643**
Non-current liabilities			
Financial liabilities	2,189,179	2,192,235	(3,056)
Employee benefits	293,697	293,707	(10)
Provisions	241,388	243,053	(1,665)
Other liabilities	30,142	30,142	0
Deferred tax liabilities	207,232	207,466	(234)
Total non-current liabilities	**2,961,638**	**2,966,603**	**(4,965)**
Current liabilities			
Bank loans and borrowings	430,554	430,683	(129)
Financial liabilities	272,075	275,362	(3,287)
Trade payables	562,434	563,804	(1,370)
Provisions	1,771	1,771	0
Tax liabilities	37,719	37,658	61
Other liabilities	882,498	884,386	(1,888)
Total current liabilities	**2,187,051**	**2,193,664**	**(6,613)**
Total liabilities	**5,148,689**	**5,160,267**	**(11,578)**
Liabilities directly linked to discontinued operations	0		**0**
Total equity and liabilities	**9,482,112**	**9,493,047**	**(10,935)**

Opening statement of financial position

(in thousands of euro)	1.1.2013 re-stated	1.1.2013 published	Change
Non-current assets			
Property, plant and equipment	4,200,412	4,220,901	(20,489)
Investment property	34,162	34,162	0
Goodwill	1,643,488	1,644,299	(811)
Intangible assets	108,209	107,643	566
Equity-accounted investees	303,760	283,720	20,040
Other equity investments	306,375	306,397	(22)
Trade receivables and other non-current assets	262,867	262,921	(54)
Deferred tax assets	119,665	127,452	(7,787)
Non-current amounts due from employees	(48)	(48)	0
Total non-current assets	**6,978,890**	**6,987,447**	**(8,557)**
Current assets			
Inventories	734,100	735,519	(1,419)
Trade receivables	809,621	810,439	(818)
Other current assets including derivatives	391,871	394,258	(2,387)
Tax assets	67,611	64,771	2,840
Equity investments, bonds and loan assets	468,340	465,301	3,039
Cash and cash equivalents	954,376	957,573	(3,197)
Total current assets	**3,425,919**	**3,427,861**	**(1,942)**
Non-current discontinued operations	**2,104**	**2,104**	**0**
Total assets	**10,406,913**	**10,417,412**	**(10,499)**
Equity			
Share capital	100,167	100,167	0
Share premium	177,191	177,191	0
Reserves	(9,660)	(9,826)	166
Treasury shares	(21,226)	(21,226)	0
Retained earnings	1,529,593	1,535,605	(6,012)
Equity attributable to owners of the parent	**1,776,065**	**1,781,911**	**(5,846)**
Non-controlling interests	2,939,503	2,933,276	6,227
Total equity	**4,715,568**	**4,715,187**	**381**
Non-current liabilities			
Financial liabilities	2,193,607	2,196,608	(3,001)
Employee benefits	334,222	334,224	(2)
Provisions	247,712	249,288	(1,576)
Other liabilities	40,652	40,652	0
Deferred tax liabilities	197,055	197,219	(164)
Total non-current liabilities	**3,013,248**	**3,017,991**	**(4,743)**
Current liabilities			
Bank loans and borrowings	652,031	652,629	(598)
Financial liabilities	222,068	225,936	(3,868)
Trade payables	650,934	651,591	(657)
Provisions	612	612	0
Tax liabilities	33,494	33,539	(45)
Other liabilities	1,118,667	1,119,636	(969)
Total current liabilities	**2,677,806**	**2,683,943**	**(6,137)**
Total liabilities	**5,691,054**	**5,701,934**	**(10,880)**
Liabilities directly linked to discontinued operations	**291**	**291**	**0**
Total equity and liabilities	**10,406,913**	**10,417,412**	**(10,499)**

Comparative income statement

(in thousands of euro)	2013 re-stated	%	2013 published	%	Change
Revenue	**4,516,093**	**100.0**	**4,519,899**	**100.0**	**(3,806)**
Other revenue	48,353		48,647		(294)
Change in inventories	(8,011)		(8,542)		531
Internal work capitalized	38,707		38,707		0
Raw materials and supplies	(1,825,857)		(1,821,417)		(4,440)
Services	(1,099,701)		(1,105,880)		6,179
Personnel expense	(938,063)		(938,315)		252
Other operating expense	(117,918)		(117,788)		(130)
Recurring gross operating profit	**613,603**	**13.6**	**615,311**	**13.6**	**(1,708)**
Net gains from the sale of non-current assets	21,105		21,105		0
Non-recurring personnel expense for re-organizations	(30,676)		(30,676)		0
Other non-recurring expense	(1,219)		(1,219)		0
Gross operating profit	**602,813**	**13.3**	**604,521**	**13.4**	**(1,708)**
Amortization and depreciation	(440,878)		(442,173)		1,295
Impairment losses on non-current assets	(32,086)		(32,586)		500
Operating profit	**129,849**	**2.9**	**129,762**	**2.9**	**87**
Finance income	41,432		41,423		9
Finance costs	(165,598)		(166,289)		691
Exchange rate differences and net gains (losses) on derivatives	(4,306)		(4,436)		130
Impairment losses on financial assets	(22,082)		(22,082)		0
Share of profit (loss) of equity-accounted investees	(11,677)		(11,035)		(642)
Loss before tax	**(32,382)**	**-0.7**	**(32,657)**	**-0.7**	**275**
Income tax expense	(121,845)		(121,778)		(67)
Loss relating to continuing operations	**(154,227)**	**-3.4**	**(154,435)**	**-3.4**	**208**
Profit relating to discontinued operations	0				0
Loss for the year	**(154,227)**	**-3.4**	**(154,435)**	**-3.4**	**208**
Attributable to:					
Owners of the parent	(129,733)	-2.9	(129,735)	-2.9	2
Non-controlling interests	(24,494)	-0.5	(24,700)	-0.5	206
Earnings (losses) per share					
- Basic					
ordinary shares	(3.448) €		(3.448) €		
savings shares	(3.448) €		(3.448) €		
- Diluted	0.000 €				
ordinary shares	(3.448) €		0.000 €		
savings shares	(3.448) €		0.000 €		

Statement of comprehensive income

(in thousands of euro)	2013 re-stated	%	2013 published	%	Change	%
Loss for the year	**(154,227)**	**-3.4**	**(154,435)**	**-3.4**	**208**	**0.1**
					0	
Other comprehensive income (expense) relating to continuing operations					0	
					0	
Items that will not be reclassified to profit or loss subsequently					0	
Re-measurement of the net liability/(asset) for employee benefits	29,543		29,543		0	
Income tax	(4,178)		(4,172)		(6)	
Total items that will not be reclassified to profit or loss subsequently	**25,365**		**25,371**		**(6)**	
Items that might be reclassified to profit or loss subsequently					0	
Translation reserve on foreign operations	(224,532)		(224,585)		53	
Translation reserve on foreign operations - equity-accounted investees	(11,001)		(10,948)		(53)	
Fair value gains on cash flow hedging	14,855		14,855		0	
Fair value gains on cash flow hedging - equity-accounted investees	161		161		0	
Fair value gains on available-for-sale financial assets	48,085		48,085		0	
Fair value losses on available-for-sale financial assets -equity-accounted investees	(376)		(376)		0	
Income tax	6,681		6,681		0	
Total items that might be reclassified to profit or loss subsequently	**(166,127)**		**(166,127)**		**0**	
Total other comprehensive income (expense) relating to continuing operations net of tax effect	**(140,762)**		**(140,756)**		**(6)**	
Other comprehensive income (expense) relating to discontinued operations					0	
Total other comprehensive expense	**(140,762)**		**(140,756)**		(6)	
					0	
Total comprehensive expense	**(294,989)**	**-6.5**	**(295,191)**	**-6.5**	**202**	**0.1**
Attributable to:						
owners of the parent	(109,025)		(109,021)		(4)	
non-controlling interests	(185,964)		(186,170)		206	

Statement of cash flows

(in thousands of euro)	2013 re-stated	2013 published	Change
A) Cash flow from (used in) operating activities:			
Loss before tax	(32,382)	(32,657)	275
Adjustments for:			
Amortization, depreciation and impairment losses	495,892	497,686	(1,794)
Reversal of share of profit (loss) of equity-accounted investees	22,168	20,880	1,288
Net gains from the sale of non-current assets	(14,033)	(16,012)	1,979
Change in employee benefits and other provisions	678	791	(113)
Stock options	425	425	0
Reversal of net finance costs	115,234	115,929	(695)
Cash flow from operating activities before tax, finance income/costs, change in working capital:	**587,982**	**587,042**	**940**
Change in working capital:			
Inventories	43,802	44,187	(385)
Trade receivables	60,531	60,199	332
Trade payables	(72,498)	(71,716)	(782)
Other receivables/payables, prepayments and accrued income, accrued expense and deferred income	23,983	17,924	6,059
Cash flow from operating activities before tax, finance income/costs:	**643,800**	**637,636**	**6,164**
Net finance costs paid	(115,200)	(115,894)	694
Dividends received	4,727	4,727	0
Taxes paid	(94,663)	(94,945)	282
Proceeds from derivatives	455	455	0
	(204,681)	**(205,657)**	**976**
Total A)	**439,119**	**431,979**	**7,140**
B) Cash flow used in investing activities:			
Capital expenditure:			
PPE and investment property	(329,363)	(329,277)	(86)
Intangible assets	(12,950)	(12,955)	5
Financial assets (equity investments) net of cash acquisitions (*)	(13,741)	(13,491)	(250)
Total capital investments	**(356,054)**	**(355,723)**	**(331)**
Proceeds from sale of non-current assets and loan repayments	81,815	83,183	(1,368)
Total sales	**81,815**	**83,183**	**(1,368)**
Total B)	**(274,239)**	**(272,540)**	**(1,699)**
C) Cash flow used in financing activities:			
Change in non-current financial liabilities	(423,083)	(422,046)	(1,037)
Change in financial assets	172,941	166,069	6,872
Change in equity investments	856	856	0
Percentage change in interests in consolidated companies	373	373	0
Dividends paid	(74,168)	(74,168)	0
Other changes in equity	(2,290)	4,313	(6,603)
Total C)	**(325,371)**	**(324,603)**	**(768)**
D) Translation differences and other changes:			
Translation differences and other changes	(52,246)	(46,770)	(5,476)
Total D)	**(52,246)**	**(46,770)**	**(5,476)**
E) Cash flows for the year (A+B+C+D)	**(212,737)**	**(211,934)**	**(803)**
F) Cash and cash equivalents at beginning of the year	**954,376**	**957,573**	**(3,197)**
Cash and cash equivalents at end of the year (E+F)	**741,639**	**745,639**	**(4,000)**

(*) cash and cash equivalents from acquired and consolidated companies	0

Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

Currencies	Average rate 2014	Average rate 2013	Closing rate December 31, 2014	Closing rate December 31, 2013
Thai baht	43.14687	40.79178	39.91000	45.17800
Czech crown	27.53586	25.97397	27.73500	27.42700
Swedish crown	9.09852	8.64856	9.39300	8.85910
Gambian dalasi	54.91143	46.73880	54.67090	54.41930
Kuwaiti dinar	0.37804	0.37687	0.35558	0.38954
Libyan dinar	1.64626	1.67945	1.45389	1.70192
Serbian dinar	117.23088	113.06400	121.12200	114.79100
UAE dirham	4.87957	4.87640	4.45942	5.06539
Moroccan dirham	11.16302	11.16730	10.98020	11.25385
Australian dollar	1.47188	1.37571	1.48290	1.54230
Canadian dollar	1.46614	1.36747	1.40630	1.46710
US dollar	1.32850	1.32764	1.21410	1.37910
Hungarian florin	308.70612	296.92600	315.54000	297.04000
Swiss franc	1.21462	1.23085	1.20240	1.22760
Ukrainian hrivna	15.86431	10.78280	19.20600	11.32920
Croatian kuna	7.63442	7.57870	7.65800	7.62650
Albanian lek	139.95452	140.29165	140.09500	140.53300
Moldavian leu	18.61587	16.71205	18.95840	18.00690
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Egyptian pound	9.41554	9.12954	8.68519	9.58716
Syrian lira	203.69370	136.64900	218.88600	195.47610
Bosnian mark	1.95583	1.95583	1.95583	1.95583
Mozambican metical	40.71317	0.00000	38.43840	0.00000
New Turkish lira	2.90650	2.52634	2.83200	2.96050
New Romanian leu	4.44372	4.41873	4.48280	4.47100
Mauritanian ouguiya	401.62913	399.27700	380.52300	412.68900
Mexican peso	17.65504	16.95204	17.86790	18.07310
Brazilian real	3.12113	2.86477	3.22070	3.25760
Chinese renmimbi	8.18575	8.16286	7.53580	8.34910
Qatar riyal	4.83737	4.83385	4.42155	5.02187
Saudi riyal	4.98307	4.97905	4.55733	5.17242
Russian ruble	50.95184	42.30300	72.33700	45.32460
Indian rupee	81.04062	77.81510	76.71900	85.36600
Srk Lankan rupee	173.48069	171.46200	159.34700	180.38600
Pound sterling	0.80612	0.84908	0.77890	0.83370
Kazakh tenge	238.15509	202.03991	221.46000	212.43900
Japanese yen	140.30612	129.52386	145.23000	144.72000
Polish zloty	4.18426	4.19670	4.27320	4.15430

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

Significant events and changes in the scope of consolidation

As illustrated in the previous financial reports and interim reports, at its meeting on March 6, 2014, the Italcementi S.p.A. Board of Directors approved a plan to streamline the corporate structure and strengthen the construction materials segment, through:

- the mandatory conversion of Italcementi savings shares into ordinary shares at a rate of 0.65 ordinary shares for each savings share;
- an increase in Italcementi share capital through a rights issue for a maximum amount of 499,979,628.82 euro including the share premium;
- a voluntary public tender offer on Ciments Français shares for the purpose of delisting their shares from the Paris stock exchange; the price was set at 79.5 euro per share.

During the second quarter, the conversion of savings shares into ordinary shares was completed; since June 2, 2014, only Italcementi ordinary shares have been traded on the Borsa Italiana S.p.A. electronic stock exchange.
After the conversion, at June 30 the Italmobiliare share in Italcementi was 45.106% compared with 39.449% (61.74% of voting rights) at December 31, 2013.
Although Italmobiliare holds less than one half of the voting rights of the investee Italcementi, it believes it holds *de facto* control; the parent has more voting rights than any other shareholder, there are no organized groups of shareholders and the other shareholders are highly fragmented.

The Italcementi S.p.A. share capital increase began on June 9, offering all shareholders three new shares for every seven shares held, at a per-share price of 4.825 euro. The increase was completed on July 7 with the full subscription and payment of the 103,622,721 shares offered, for an overall amount of 499,979,628.82 euro, of which 119,166,129.15 euro attributable to the nominal value.
Italmobiliare subscribed its share of the increase with an outlay of 225,130,680 euro.

The public tender offer on Ciments Français shares began on June 13 and closed on July 3, with Italcementi holding 97.73% of the share capital and 98.65% of the voting rights of the French company.
Since Ciments Français non-controlling investors held less than 5% of the capital and voting rights, Italcementi applied to the AMF (the French financial markets authority) for activation of the squeeze-out procedure.
The squeeze-out was completed on July 15, at the same price as that paid under the offer, i.e., 79.5 euro per share, for a maximum of 808,794 shares representing 2.27% of Ciments Français capital. Italcementi opened a bank deposit with BNP Paribas Security Services for an amount corresponding to the compensation due to the shareholders who did not take up the offer; on the same day, Ciments Français shares were delisted from the Paris stock exchange.
Italmobiliare sold the 977,051 shares it held to Italcementi for an amount of 77,675,554.50 euro, generating a gain of 15,168,600.73 euro, which was reversed in the consolidated financial statements.

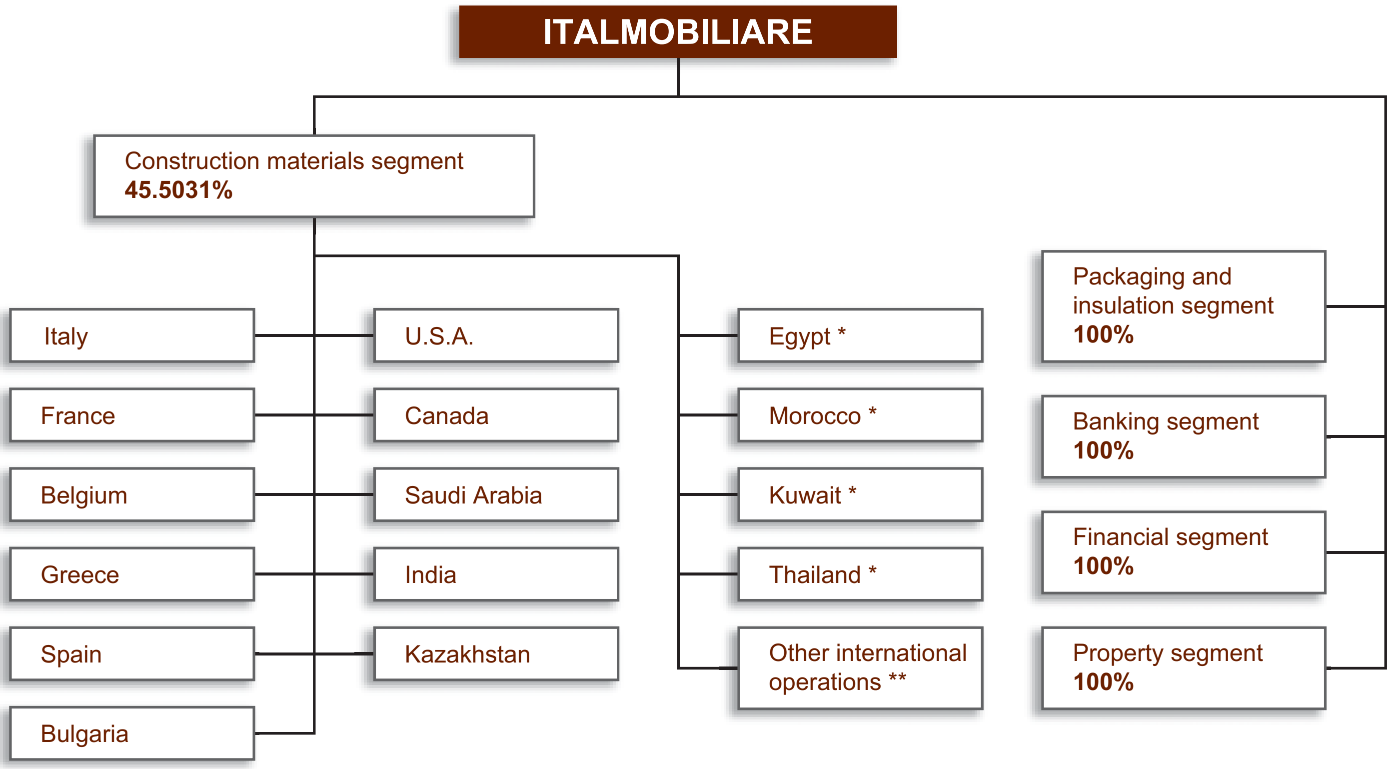
In the second half of 2014, Italmobiliare purchased 1,641,125 Italcementi shares on the market, for an outlay of 8.8 million euro.
At December 31, 2014, after all the operations described above, Italmobiliare held 45.5031% of Italcementi capital (computed net of treasury shares).

Changes in the scope of consolidation

Suez Cement Company SAE purchased the residual 50% of the capital of International City for Concrete in Saudi Arabia; the Saudi company is now 100% controlled and has been fully consolidated since January 1, 2014 (in 2013 it was consolidated using the proportionate method).
The Dorner Pack s.r.l. company (Austria) was merged into and with the parent Petruzalek Gmbh Vosendorf (Austria), which gained full control as from July 1, 2014.

Subsidiaries with non-controlling interests

The chart below illustrates the structure of the Italmobiliare group:



* countries with non-controlling interests
** the segment also operates in Mauritania, Albania, Gambia, Sri Lanka and Mozambique

As noted above, the parent Italmobiliare S.p.A. controls Italcementi S.p.A. with 45.5031% of ordinary shares (net of treasury shares). Consequently, significant non-controlling interests exist directly with reference to Italcementi S.p.A. and indirectly to Italcementi S.p.A.'s subsidiaries. The table below sets out the main results of operations, assets and liabilities of the Italcementi sub-group, which are illustrated in detail in the directors' report on operations in the section on the "Construction materials segment".

	Italcementi group	
(in millions of euro)	**2014**	**2013**
Revenue	4,155.6	4,231.6
Loss for the year	(48.9)	(88.2)
Profit attributable to non-controlling interests of the Italcementi group	58.2	76.8
Loss attributable to non-controlling interests of the Italmobiliare group	(0.2)	(23.1)
Total comprehensive income (expense)	143.1	(291.3)
Total comprehensive income (expense) attributable to non-controlling interests of the Italcementi group	120.5	(20.7)
Total comprehensive income (expense) attributable to non-controlling interests of the Italmobiliare group	**132.8**	**(184.6)**
Non-current assets	6,422.4	6,092.7
Current assets	2,261.1	2,122.3
Non-current liabilities	(3,053.7)	(2,862.5)
Current liabilities	(1,738.8)	(1,569.5)
Net assets	3,891.0	3,783.0
Net assets attributable to non-controlling interests of the Italcementi group	808.2	1,179.2
Net assets attributable to non-controlling interests of the Italmobiliare group	**2,488.2**	**2,755.8**
Dividends paid	81.6	83.7
Dividends paid attributable to non-controlling interests of the Italcementi group	64.9	67.0
Dividends paid attributable to non-controlling interests of the Italmobiliare group	**74.0**	**77.1**

In the Italcementi group, there are material non-controlling interests in the following countries:

- Egypt: Suez Cement Company, Tourah PCC, Helwan Cement Co. and Al Mahaliya Ready Mix Concrete;
- Morocco: Ciments du Maroc;
- Thailand: Asia Cement Public Co., Asia Cement Products Co., Jalaprathan Cement Public Co. and Jalaprathan Concrete Products Co.

The table below sets out key figures for the countries with material non-controlling interests:

	Egypt		Morocco		Thailand	
(in millions of euro)	2014	2013	2014	2013	2014	2013
Revenue	588.8	498.9	309.3	325.0	271.1	269.2
Profit for the year	35.9	46.1	84.2	82.5	39.0	23.4
Proft attributable to non-controlling interests of the Italcementi group	18.3	27.3	29.1	36.6	18.4	13.0
Proft attributable to non-controlling interests of the Italmobiliare group	27.9	38.7	65.8	70.0	34.6	21.8
Total comprehensive income (expense)	126.2	(78.7)	99.6	75.8	83.5	(15.5)
Total comprehensive income (expense) attributable to non-controlling interests of the Italcementi group	59.2	(40.2)	33.8	33.9	34.1	(4.7)
Total comprehensive income (expense) attributable to non-controlling interests of the Italmobiliare group	**95.7**	**(63.5)**	**77.6**	**64.3**	**73.0**	**(13.9)**
Non-current assets	950.2	851.7	644.2	644.7	268.0	242.5
Current assets	350.6	285.4	222.9	210.0	213.7	152.6
Non-current liabilities	(94.3)	(85.0)	(36.1)	(30.6)	(10.1)	(10.0)
Current liabilities	(245.5)	(159.8)	(90.1)	(101.2)	(71.7)	(58.5)
Net assets	961.0	892.3	740.9	722.9	399.9	326.6
Net assets attributable to non-controlling interests of the Italcementi group	380.2	437.0	233.7	302.6	143.7	148.3
Net assets attributable to non-controlling interests of the Italmobiliare group	**696.7**	**712.7**	**571.5**	**608.0**	**345.4**	**299.4**
Dividends paid	53.5	43.6	82.6	53.6	10.3	9.6
Dividends paid to non-controlling interests of the Italcementi group	27.8	24.4	22.7	20.3	4.7	4.4
Dividends paid to non-controlling interests of the Italmobiliare group	**41.8**	**36.0**	**62.6**	**44.5**	**9.1**	**8.8**

Joint operations

The Group has a limited number of joint arrangements relating to several entities in France, one in Belgium and one in Spain. These arrangements, whose value is immaterial, largely refer to quarrying operations in the aggregates segment (a sub-segment of the construction materials segment).
The table below sets out the main aggregate figures for the share reflected in the Group consolidated financial statements:

(in millions of euro)	December 31, 2014	December 31, 2013
Current assets	14.2	8.9
Non-current assets	59.6	51.8
Total assets	**73.8**	**60.7**
Current liabilities	32.7	12.2
Non-current liabilities	18.7	6.1
Total liabilities	**51.4**	**18.3**

	2014	2013
Revenue	16.0	13.0
Expense	(15.3)	(23.3)
Profit (loss) for the year	**0.7**	**(10.3)**

Operating segment disclosure

The businesses in which the Group operates that constitute its reportable segments as required by IFRS 8 are: construction materials segment, other industrial segments (packaging and insulation), financial segment, banking segment, and property, services and other segment.

The Group management and organizational structure reflects the segment reporting format by line of business described above. Identification of the operating segments is based on the elements used by Group senior management to take decisions regarding allocation of resources and evaluation of results. In addition to the segment reporting required by IFRS 8, information is also disclosed by the following geographical areas: European Union, Other European countries, North America, Asia and Middle East, Africa, Trading and others.

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

Operating segment disclosure

The table below sets out segment revenue and performance for 2014:

(in thousands of euro)	Revenue	Intragroup sales	Contributive revenue	Recurring gross operating profit (loss)	Gross operating profit (loss)	Operating profit (loss)	Finance income (costs)	Impairment losses on financial assets	Share of profit (loss) of equity-accounted investees	Profit before tax	Income tax expense
Construction materials	4,155,641	(543)	4,155,098	649,137	644,171	226,705		(26,844)	11,694		
Packaging and insulation	235,735	(79)	235,656	20,345	19,058	7,255					
Finance	63,683	(22,864)	40,819	30,982	30,976	30,637		(6,978)	(1,336)		
Banking	19,632	(605)	19,027	(2,426)	(1,514)	(2,705)					
Property, services and other	1,765	(1,035)	730	240	40	27		(50)			
Unallocated items and adjustments	(25,126)	25,126		(17,230)	(17,373)	(17,286)	(144,560)			76,559	(126,670)
Total	**4,451,330**	**0**	**4,451,330**	**681,048**	**675,358**	**244,633**	**(144,560)**	**(33,872)**	**10,358**	**76,559**	**(126,670)**

The table below sets out segment revenue and performance for 2013:

(in thousands of euro)	Revenue	Intragroup sales	Contributive revenue	Recurring gross operating profit (loss)	Gross operating profit (loss)	Operating profit (loss)	Finance income (costs)	Impairment losses on financial assets	Share of profit (loss) of equity-accounted investees	Profit before tax	Income tax expense
Construction materials	4,231,628	(9,525)	4,222,103	629,253	616,248	159,372		(16,048)	7,444		
Packaging and insulation	239,702	(161)	239,541	15,006	12,240	1,088					
Finance	48,340	(17,023)	31,317	(6,043)	(1,928)	(2,262)		(6,034)	(19,121)		
Banking	22,518	(786)	21,732	(14,157)	(13,291)	(17,965)					
Property, services and other	2,451	(1,051)	1,400	612	612	596					
Unallocated items and adjustments	(28,546)	28,546		(11,068)	(11,068)	(10,980)	(128,472)			(32,382)	(121,845)
Total	**4,516,093**	**0**	**4,516,093**	**613,603**	**602,813**	**129,849**	**(128,472)**	**(22,082)**	**(11,677)**	**(32,382)**	**(121,845)**

The table below sets out other segment data at December 31, 2014:

(in thousands of euro)	December 31, 2014 Total assets	Total liabilities	December 31, 2014 PPE, inv. prop. and intangibles	Non-current financial assets	Amortization and depreciation	Impairment losses on non-current assets
Construction materials	8,683,549	4,792,568	497,281	4,456	(408,262)	(9,203)
Packaging and insulation	206,512	194,304	6,444		(10,826)	(977)
Finance	1,231,979	185,284	52	13,535	(339)	
Banking	366,659	313,164	138		(1,191)	
Property, services and other	3,731	1,416	15		(13)	
Inter-segment eliminations	(768,455)	(49,141)	0		86	
Total	**9,723,975**	**5,437,595**	**503,930**	**17,991**	**(420,545)**	**(10,180)**

The table below sets out other segment data at December 31, 2013:

(in thousands of euro)	December 31, 2013 Total assets	Total liabilities	December 31, 2013 PPE, inv. prop. and intangibles	Non-current financial assets	Amortization and depreciation	Impairment losses on non-current assets
Construction materials	8,215,015	4,432,016	415,450	3,574	(425,254)	(31,621)
Packaging and insulation	218,592	209,085	6,270		(10,687)	(465)
Finance	1,395,540	372,621	78	10,000	(334)	
Banking	333,643	276,529	81		(4,674)	
Property, services and other	4,350	1,678	11		(16)	
Inter-segment eliminations	(685,028)	(143,240)	0		87	
Total	**9,482,112**	**5,148,689**	**421,890**	**13,574**	**(440,878)**	**(32,086)**

Additional disclosure by geographical area

	Contributive revenue		PPE, investment property and intangible assets		Non-current financial assets		Total assets		Total liabilities	
(in thousands of euro)	**12/31/14**	**12/31/13**	**12/31/14**	**12/31/13**	**12/31/14**	**12/31/13**	**12/31/14**	**12/31/13**	**12/31/14**	**12/31/13**
European Union	2,289,665	2,450,259	271,548	267,121	17,845	13,574	7,438,872	7,261,358	2,883,342	2,989,919
Other European countries	31,264	37,409	145	125			358,500	324,617	309,664	271,512
North America	454,235	428,337	37,826	31,454			1,161,086	1,067,215	635,708	648,167
Asia and Middle East	595,608	604,882	101,173	48,641			1,189,164	963,043	433,342	343,154
Africa	869,465	805,047	85,781	64,486			2,169,062	1,992,701	466,087	376,541
Trading and others	211,093	190,159	7,457	10,063	146		5,498,572	5,188,665	3,616,344	3,333,150
Inter-area eliminations							(8,091,281)	(7,315,487)	(2,906,892)	(2,813,754)
Total	**4,451,330**	**4,516,093**	**503,930**	**421,890**	**17,991**	**13,574**	**9,723,975**	**9,482,112**	**5,437,595**	**5,148,689**

Assets

Non-current assets

1) Property, plant and equipment

(in thousands of euro)	Land and buildings	Quarries	Technical plant, materials and equipment	Other property, plant and equipment	Total
Gross amount	2,203,490	629,802	7,627,657	991,933	11,452,882
Accumulated depreciation	(1,201,679)	(247,859)	(5,602,194)	(409,701)	(7,461,433)
Carrying amount at December 31, 2013	**1,001,811**	**381,943**	**2,025,463**	**582,232**	**3,991,449**
Additions	12,680	8,827	237,631	232,754	491,892
Change in scope of consolidation, reclassifications, other	33,714	872	167,889	(203,803)	(1,328)
Depreciation and impairment losses	(43,931)	(26,343)	(308,911)	(27,516)	(406,701)
Translation differences	42,652	7,372	106,048	35,224	191,296
Carrying amount at December 31, 2014	**1,046,926**	**372,671**	**2,228,120**	**618,891**	**4,266,608**
Gross amount	2,327,572	649,666	8,251,195	1,061,756	12,290,189
Accumulated depreciation	(1,280,646)	(276,995)	(6,023,075)	(442,865)	(8,023,581)
Carrying amount at December 31, 2014	**1,046,926**	**372,671**	**2,228,120**	**618,891**	**4,266,608**

Additions were mainly in Italy, France, Bulgaria, Egypt and India.

"Depreciation and impairment losses" includes net impairment losses on non-current assets arising from impairment losses of 8.7 million euro (27.2 million euro in 2013), referring mainly to Italy for 12.3 million euro (23.4 million euro in 2013) and Bulgaria for 7.7 million euro, less the impairment reversal on production plant in Greece for 15.0 million euro.

Non-current assets held under finance leases and rental contracts were carried at 6.2 million euro at December 31, 2014 (18.4 million euro at December 31, 2013). They consisted of plant and machinery for 3.4 million euro and buildings for 2.8 million euro.

Expenses capitalized under "Property, plant and equipment" at December 31, 2014 amounted to 39.0 million euro (34.7 million euro at December 31, 2013).

Capitalized finance costs amounted to 4.9 million euro in 2014 (1.5 million euro in 2013).

Non-current assets pledged as security for bank loans were carried at 224.4 million euro at December 31, 2014 (168.4 million euro at December 31, 2013).

"Other property, plant and equipment" includes assets under construction for 534.7 million euro, of which Bulgaria 170.8 million euro, India 96.0 million euro and Italy 72.7 million euro.

The useful lives adopted by the Group for the main asset categories are as follows:

Civil and industrial buildings	10 – 33 years
Plant and machinery	5 – 30 years
Other property, plant and equipment	3 – 10 years

The range between the above minimum and maximum limits indicates the presence of components with separate useful lives within each asset category.

2) Investment property

(in thousands of euro)	
Gross amount	88,078
Accumulated depreciation	(58,533)
Carrying amount at December 31, 2013	**29,545**
Additions	41
Disposals	(133)
Depreciation and impairment losses	(1,052)
Translation differences	7
Reclassifications	56
Carrying amount at December 31, 2014	**28,464**
Gross amount	88,029
Accumulated depreciation	(59,565)
Carrying amount at December 31, 2014	**28,464**

Investment property is carried at amortized cost.
Fair value at December 31, 2014 was 84.7 million euro (89.9 million euro at December 31, 2013).

3) Goodwill

(in thousands of euro)	
Carrying amount at December 31, 2013	**1,552,944**
Acquisitions	425
Impairment losses	(1,098)
Translation differences and other changes	77,234
Carrying amount at December 31, 2014	**1,629,505**

The increase in goodwill arose mainly from translation differences generated by the depreciation of some currencies against the euro.

Goodwill impairment testing

Goodwill acquired in a business combination is allocated to the cash-generating units (CGUs). The Group tests goodwill recoverability at least once a year or more frequently if indications of impairment emerge. The method used to determine the recoverable amount of goodwill is described in the section “Basis of consolidation” under the heading “Impairment”.
The following table sets out goodwill by operating segment:

(in thousands of euro)	**Carrying amount of goodwill**	
Cash-generating units	**December 31, 2014**	**December 31, 2013**
Construction materials segment (*)	1,619,197	1,541,660
Packaging and insulation segment	10,308	11,284
Total	**1,629,505**	**1,552,944**

(*) of which 34,328 thousand euro at December 31, 2014 (34,328 thousand euro at December 31, 2013) arising from purchases of Italcementi S.p.A. shares by Italmobiliare S.p.A. in previous years, and 1,584,870 thousand euro at December 31, 2014 (1,507,332 thousand euro at December 31, 2013) relating to goodwill allocated by the subsidiary Italcementi to its own CGUs.

Construction materials segment

The scope of the construction materials segment coincides with the Italcementi group.
Goodwill acquired in a business combination is allocated to the cash-generating units (CGUs).
The Italcementi group verifies goodwill recoverability at least once a year or more frequently if indications of impairment emerge. The methods used to determine the CGU recoverable amount are described in the section "Basis of consolidation" under the heading "Impairment".
For the purposes of impairment testing, determination of the future cash flows was based on the 2015 Budget, on subsequent-year projections and on new assumptions and economic assessments deemed to reflect current condition on the segment's markets.
As in previous years, for the CGUs in the EU countries and North America, a 9-year explicit forecast period was used; in this way, Italcementi believes that projected cement consumption is structurally balanced and aligned with the related long-term estimate implicit in the cement structural demand curve for each country.
The CGUs in the emerging countries are also subject in part to a change in cyclical patterns compared with the recent past, but cement consumption is more likely to be influenced by exogenous factors relating to specific macroeconomic events; testing was based on expected growth in cement demand over a five-year period.
Terminal value is generally estimated on the basis of CGU activity on the mid-cycle market and takes account of the market cycle and the changes in the country in question after the explicit forecast period. For a number of countries severely hit by the crisis such as Greece, Italy and Spain, account was also taken of the presumed expected level of cement consumption in 10-15 years, and also of a number of positioning indicators: the level of market development, per-capita consumption and technical coefficients specific to the construction materials segment in each country.
The projections are management's best estimate of future trends and possible economic conditions in the countries in which the segment operates.

For all CGUs, recoverable value coincides with value in use.
The discount rates, determined country by country, correspond to weighted average cost of capital (WACC).
For CGUs in the European Union and North America, WACCs are computed on the basis of the market value of own funds (risk-free rate based on 10-year government bonds in the Eurozone and the USA – average 12 months – source Bloomberg; beta coefficient – average 5 years - source Bloomberg; market premium – average at 10 years – sources Bloomberg, broker reports, analyst consensus forecasting) and of segment debt (7Y swap – average 1 month), to which the mean sector coefficient based on the debt/stock market capitalization ratio is applied (source Bloomberg).
For CGUs in the emerging countries, WACCs are determined using the rate computed for the Eurozone, adjusted to include the specific risk premium for each country (determined on the basis of the ratings assigned by Moody's and Standard & Poors) and the estimated long-term inflation rate for each country (source: Global Insight databank).

The table below shows the assumptions used for the computation for CGUs in the main countries:

in %	Discount rate before tax		Growth rate	
Cash-generating units	**2014**	**2013**	**2014**	**2013**
Italy	8.2	8.8	1.5	2.0
France/Belgium	8.3	8.3	1.7	2.0
Spain	8.3	8.9	1.8	1.8
Greece	11.1	12.6	1.9	2.0
Bulgaria	9.4	8.6	2.5	2.4
North America	9.0	8.3	2.1	1.9
Egypt	19.4	17.8	5.7	5.2
Morocco	10.7	11.2	2.1	2.7
India	15.4	15.2	6.8	6.8
Kuwait	8.4	7.8	2.9	2.4
Thailand	10.5	10.2	3.4	3.4

Impairment testing for 2014 did not generate any goodwill impairment losses for the Italcementi group CGUs.
The Italcementi group considered the specific potential risks of the sector of activity, any market values on the basis of comparable transactions and conducted a sensitivity analysis on recoverable amount, illustrated in the next section.

A second-level impairment test was conducted on Italmobiliare goodwill allocated to the construction materials segment as a whole, to check recoverability for the segment as a whole. The test included all assets and cash flows including those that cannot be specifically allocated to an individual country. No indications of impairment emerged.

Packaging and insulation segment

In the packaging and insulation segment, whose scope coincides with the Sirap Gema group, impairment testing verified whether the recoverable amount of each Sirap Gema S.p.A. CGU with allocated goodwill was higher than the respective CGU carrying amount. The test assumed the same level of analytical detail for the CGUs as that adopted by the Sirap Gema group to test goodwill impairment for its own consolidated financial statements.

With regard to the first-level impairment test, the goodwill amounts allocated to the individual Sirap Gema group CGUs were as follows:

(in thousands of euro)	Carrying amount of goodwill	
Cash-generating units	**December 31, 2014**	**December 31, 2013**
Packaging and insulation segment:		
Petruzalek group CGU	1,589	2,565
Rigid division CGU	8,719	8,719
Total	**10,308**	**11,284**

For all the CGUs with allocated goodwill, recoverable amount was estimated by an independent expert using the value in use configuration, based on analytical future cash flows projections taken from 2015 budget data and from statement of financial position and income statement projections for the period 2016-2019. These analytical projections for each CGU are the best estimates of Sirap Gema S.p.A. management consistently with current strategy and trends and the assumptions underlying the 2015 budget.
The Rigid division CGU, to which approximately 85% of the overall goodwill of the Sirap Gema group had been allocated before the impairment test at December 31, 2014, consists of two lower-level CGUs: the Sirap Gema S.p.A. unit active in rigid containers (Rigid Division Italy CGU) and the Inline Poland CGU (Rigid Poland CGU). The value in use of the net operating assets of the Inline Poland CGU was estimated using cash flow projections, the discount rate and the nominal growth rate (rate g) in the terminal value expressed in local currency (zloty); the resulting value in use was then translated into euro at the exchange rate at December 31, 2014.

The table below sets out the discount rates (post-tax weighted average cost of capital) and the nominal growth rate (g) used in the terminal value employed to determine value in use of each CGU (data relating to the Inline Poland CGU refers to cash flows in local currency):

in %	Discount rate after tax		Growth rate on terminal value	
Cash-generating units	**2014**	**2013**	**2014**	**2013**
Petruzalek group CGU	9.2	9.5	2.0	2.2
Rigid Division Italy CGU	6.7	8.1	0.0	0.0
Rigid Poland CGU	6.4	7.4	0.0	2.0

The test did not generate any goodwill impairment losses.

Sensitivity analysis on goodwill impairment testing

With reference to the current and forecast industry situation and to the results of the impairment tests for 2014, a sensitivity analysis was conducted on recoverable amount, using the discounted cash flow method.

Construction materials segment

At December 31, 2014, in the construction materials segment a 1% increase in the weighted average cost of capital would generate a surplus difference in carrying amount with respect to recoverable amount for the following CGUs: Italy 28 million euro, France-Belgium 36 million euro, Greece 3 million euro and North America 43 million euro.
A 5% reduction in demand in the explicit forecast period with respect to the projections would not determine a surplus in carrying amount with respect to recoverable amount for the CGUs.
A 5% reduction in expected cash flows with respect to projections would not determine a surplus in carrying amount with respect to recoverable amount for the CGUs.
On the basis of this analysis, the Italcementi group deems it unnecessary to apply additional impairment losses to the goodwill of the CGUs in question.
The pre-tax discount rates that equate the CGUs' recoverable amount with carrying amount for the countries at greatest risk of impairment are: Italy 8.8%, Greece 11.8%, North America 9.8%, Egypt 20.8%, India 16.3%, Kazakhstan 14.6% and Kuwait 9.2%.

Packaging and insulation segment

In the packaging and insulation segment, at December 31, 2014 a 0.25% increase in the weighted average cost of capital, with the same growth rate in the Rigid division CGU, would determine a decrease of 4.1 million euro in the incremental value of the CGU without generating an impairment loss.

Market capitalization

During the year, Italmobiliare S.p.A. recorded a decrease in market capitalization with respect to 2013; NAV also decreased, at a lower rate than market capitalization.

The results of the impairment tests conducted at December 31, 2014, found an overall reduction in recoverable amounts, particularly in the construction materials segment, compared with the tests conducted in 2013.
On the other hand, impairment testing in the construction materials segment takes into consideration the long-term expectations for cement consumption indicated by the so-called "structural demand curve" and, for this reason, is less subject to the influence of short-term variations. Short-term variations characterize the timeframe now typical of many investors and, together with the volatility in levels of risk propensity, have an incisive impact on stock market prices, with trends showing strong volatility at times of heightened financial tension.

We believe however that the difference in the two measurements is a typical element of the current situation, and that the results of the tests, which were also based on external and market parameters, confirm consistency with the equity amounts recognized in the Group consolidated financial statements.

4) Intangible assets

(in thousands of euro)	Patents, IT development	Concessions and other intangible assets	Total
Gross amount	196,619	93,521	290,140
Accumulated amortization	(144,652)	(46,616)	(191,268)
Carrying amount at December 31, 2013	**51,967**	**46,905**	**98,872**
Additions	5,430	6,142	11,572
Change in scope of consolidation and other	3,608	(837)	2,771
Disposals	(533)	-	(533)
Amortization and impairment losses	(16,851)	(4,661)	(21,512)
Translation differences	1,386	3,181	4,567
Carrying amount at December 31, 2014	**45,007**	**50,730**	**95,737**
Gross amount	202,433	103,141	305,574
Accumulated amortization	(157,426)	(52,411)	(209,837)
Carrying amount at December 31, 2014	**45,007**	**50,730**	**95,737**

Expenditure capitalized under intangible assets as IT development amounted to 7.5 million euro at December 31, 2014 (3.7 million euro at December 31, 2013).
"Concessions" are amortized over the life of the conventions in the question; amortization of quarrying concessions is determined at rates reflecting the ratio of extracted material to the total to be extracted.

5) Equity-accounted investees

See the section on IFRS 7.

6) Other equity investments

See the section on IFRS 7.

7) Trade receivables and other non-current assets

See the section on IFRS 7.

Current assets

8) Inventories

The balance on "Inventories" was as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Raw materials, consumables and supplies	375,006	348,228	26,778
Work in progress and semifinished goods	206,683	168,787	37,896
Finished goods	131,744	126,643	5,101
Payments on account and contract work in progress	44,820	18,518	26,302
Total	**758,253**	**662,176**	**96,077**

Inventories are carried net of allowances totaling 84,547 thousand euro (94,536 thousand euro at December 31, 2013) mainly against the risk of slow-moving supplies, spare parts and other consumables.
Spare parts at December 31, 2014 were carried at 151,090 thousand euro (146,758 thousand euro at December 31, 2013).

9) Trade receivables

See the section on IFRS 7.

10) Other current assets including derivatives

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Amounts due from employees and social security authorities	15,746	9,659	6,087
Indirect tax credits	75,493	75,784	(291)
Concessions and licenses paid in advance	54,566	47,153	7,413
Prepaid expenses	28,110	24,992	3,118
Accrued income	2,725	2,941	(216)
CO2 derivatives	0	2	(2)
Short-term derivatives	7,498	13,154	(5,656)
Bank derivatives	2,878	197	2,681
Other amounts due from banks and financial instruments	50,232	49,024	1,208
Other amounts due	112,201	119,854	(7,653)
Total	**349,449**	**342,760**	**6,689**

Details on "Short-term derivatives" are provided in the section on IFRS 7 (Derivatives).

11) Tax assets

Tax assets totaled 19,967 thousand euro (70,099 thousand euro at December 31, 2013) and consisted largely of tax credits.

12) Equity investments, bonds and financial assets

See the section on IFRS 7.

13) Cash and cash equivalents

See the section on IFRS 7.

Equity and liabilities

Share capital, reserves and retained earnings

14) Share capital

At December 31, 2014, the parent's fully paid-up share capital amounted to 100,166,937 euro represented by 38,525,745 shares with a par value of 2.6 euro each, as follows:

Number of shares	December 31, 2014	December 31, 2013	Change
Ordinary shares	22,182,583	22,182,583	0
Savings shares	16,343,162	16,343,162	0
Total	**38,525,745**	**38,525,745**	**0**

15) Reserves

Share premium

The reserve stood at 177,191 thousand euro, unchanged from December 31, 2013.

16) Treasury shares

At December 31, 2014 treasury shares in portfolio stood at 21,226 thousand euro, unchanged from December 31, 2013. The amount is deducted against equity reserves. Treasury shares were as follows:

	N. of ordinary shares	Carrying amount (000 euro)	N. of savings shares	Carrying amount (000 euro)	Total carrying amount
At December 31, 2013	**871,411**	**20,830**	**28,500**	**396**	**21,226**
At December 31, 2014	**871,411**	**20,830**	**28,500**	**396**	**21,226**

Ordinary treasury shares in portfolio at December 31, 2014, service stock option plans for directors and managers.

Dividends paid

The parent Italmobiliare S.p.A. paid the following dividends in 2014:

	2014 (euro per share)	2013 (euro per share)	2014 (000 euro)	2013 (000 euro)
Ordinary shares	0.150		3,197	
Savings shares	0.255		4,163	
Total dividends			**7,360**	**0**

Translation reserve

This reserve reflects differences on the translation of the financial statements of consolidated foreign operations. At December 31, 2014, the balance on the reserve was negative, at 8,055 thousand euro, referring to the following currencies:

(in millions of euro)	December 31, 2014	December 31, 2013	Change
Egypt (Pound)	(48.2)	(49.6)	1.4
USA and Canada (Dollar)	19.8	(2.7)	22.5
Thailand (Baht)	24.2	7.2	17.0
Morocco (Dirham)	3.5	(1.6)	5.1
India (Rupee)	(28.3)	(29.3)	1.0
Switzerland (Franc)	21.0	20.0	1.0
Other countries	(0.1)	2.3	(2.4)
Net amount	**(8.1)**	**(53.7)**	**45.6**

17) Non-controlling interests

Equity attributable to non-controlling interests at December 31, 2014, amounted to 2,480,106 thousand euro, down by 197,086 thousand euro from December 31, 2013.

The decrease arose from the loss for the year of 5,289 thousand euro (an improvement of 19,205 thousand euro compared with the loss of 24,494 thousand euro for 2013); the improvement in the translation reserve for 185,864 thousand euro (a negative balance of 265,067 thousand euro at December 31, 2013), reflecting the performance of the euro against the currencies in the countries with material non-controlling interests, such as Egypt, Morocco and Thailand; dividends paid for 73,539 thousand euro; the effects of the Italcementi public tender offer on Ciments Français shares for +379,725 thousand euro; the Italcementi share capital increase for +265,481 thousand euro. The residual amount stemmed chiefly from the conversion of Italcementi savings shares into ordinary shares.

Non-current and current liabilities

18) Employee benefits

Employee benefits at December 31, 2014 amounted to 324,324 thousand euro (293,697 thousand euro at December 31, 2013).
The Group's main employee benefit plans are described below.

Defined benefit plans

The Group operates pension plans, post-employment medical care plans and termination plans.
The most important pension plans are in the USA and France; they are financed by contributions paid by the company and by employees to external entities responsible for the administration and management of the pension funds; early retirement schemes also operate, pursuant to local laws.
In terms of geographical distribution, 35% of obligations are in France, 32% in the USA, 16% in Italy, 9% in Belgium and the remaining 8% in the other countries.
Plans in favor of employees are not funded in the main. The plan assets cover approximately 28% of liabilities. Plan assets are concentrated mainly in the USA (90% of total assets) and in France (6% of total assets). The remaining plan assets refer to plans in Spain, India and Belgium.

Pension plans are concentrated in the USA and account for more than one third of the total liability (approximately 140 million euro). Of US pension plans, 23% of the liability refers to current employees, 10% to former employees with rights that will vest upon retirement and the remaining 67% to former employees who have retired.

Medical plans for retirees operate in France, the USA and Morocco, with a liability of approximately 51 million euro, 32 million euro and 5 million euro respectively. The liability for the medical plans in France refers to current employees for 36% and to former employees who have retired for the remaining 64%; the liability for the US plan refers to current employees for 57% and to former employees who have retired for 43%.

All the other plans envisage payment of a one-off benefit on termination of employment, in some cases before retirement, or payment of a bonus during the period of employment, once a specific length of service has been reached, with some exceptions for negligible amounts in Canada, the USA and Belgium.

With regard to plan assets, 41% are invested in non-government debt securities, while 50% are invested in equities, of which 19% refer to emerging markets, 4% in in insurance assets and 4% in liquid instruments. The remaining 1% is allocated to a residual class.

With regard to the post-employment benefits for personnel of the Group's Italian companies, liabilities in respect of post-employment benefits accrued and optioned by employees as from 2007 no longer qualify as defined benefit plans. They are treated as quotas of defined contribution plans.

In some companies in France and Italy, the Group also recognizes liabilities in respect of future commitments, in the form of bonuses payable to employees on the basis of length of service; these liabilities are measured with actuarial assumptions. Net liabilities for pension plans and post-employment benefit plans are determined with actuarial calculations performed by independent external actuaries
In the tables set out below, the column "Pension plans and other long-term benefits" includes, besides pension plans, post-employment benefits other than medical care, termination benefits and employee length-of-service bonuses.

The movements in defined benefit obligations during the year are shown below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	**Dec.31, 14**	**Dec.31, 13**	**Dec.31, 14**	**Dec.31, 13**	**Dec.31, 14**	**Dec.31, 13**
Defined benefit obligations at end of previous year	**223.3**	**250.6**	**92.3**	**100.9**	**315.6**	**351.5**
Services cost:					0.0	0.0
current service cost	4.4	4.7	1.8	2.3	6.2	7.0
past services cost	1.4	2.0	(0.7)		0.7	2.0
settlement (gains)/losses	(1.2)				(1.2)	0.0
Finance costs	8.8	8.1	3.3	3.1	12.1	11.2
Cash flows:					0.0	0.0
amounts paid from plans	(8.0)	(10.5)		(0.2)	(8.0)	(10.7)
amounts paid by employer	(13.1)	(10.4)	(3.7)	(4.1)	(16.8)	(14.5)
settlement of plans	(2.8)				(2.8)	0.0
employee contributions				0.2	0.0	0.2
administrative expense included in defined benefit obligations					0.0	0.0
tax included in defined benefit obligations					0.0	0.0
insurance premiums for pure risk benefits					0.0	0.0
Other significant events:					0.0	0.0
(increase)/decrease due to business combinations, investments and disposals	0.3	(0.5)			0.3	(0.5)
(increase)/decrease due to combinations of plans					0.0	0.0
Changes arising from new treatment:					0.0	0.0
effects due to change in demographic assumption	7.6	3.4	3.8	(1.7)	11.4	1.7
effects due to change in financial assumption	28.5	(16.7)	17.3	(6.6)	45.8	(23.3)
experience adjustments (change since previous measurement not in line with assumption)	1.1	(1.2)	(2.6)		(1.5)	(1.2)
Exchange rate effect	17.6	(6.2)	5.0	(1.6)	22.6	(7.8)
Closing defined benefit obligations	**267.9**	**223.3**	**116.5**	**92.3**	**384.4**	**315.6**

The movements in plan asset fair values during the year are shown below:

(in millions of euro)	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 14	Dec.31, 13	Dec.31, 14	Dec.31, 13	Dec.31, 14	Dec.31, 13
Fair value of plan assets at end of previous year	**91.5**	**93.6**			**91.5**	**93.6**
Finance income	4.1	3.1			4.1	3.1
Cash flows:					0.0	0.0
contributions paid by employer:					0.0	0.0
employer contributions	5.4	4.8			5.4	4.8
payments made directly by employer	13.2	10.4	3.7	4.1	16.9	14.5
contributions paid by employees				0.2	0.0	0.2
benefits paid from plan	(8.0)	(10.5)		(0.2)	(8.0)	(10.7)
benefits paid by employer	(13.2)	(10.4)	(3.7)	(4.1)	(16.9)	(14.5)
payments for plan settlements	(2.8)				(2.8)	0.0
administrative expense for plan assets	(0.5)	(0.4)			(0.5)	(0.4)
tax on plan assets					0.0	0.0
insurance premiums for pure risk benefits					0.0	0.0
Other significant events:					0.0	0.0
increase/(decrease) due to business combinations, investments and disposals					0.0	0.0
(increase)/decrease due to combinations of plans					0.0	0.0
Changes arising from new treatment:					0.0	0.0
yield of plan assets (excluding finance income)	3.5	4.8			3.5	4.8
Exchange rate effect	11.3	(3.9)			11.3	(3.9)
Closing fair value of plan assets	**104.5**	**91.5**	**0.0**	**0.0**	**104.5**	**91.5**

The net liability arising from defined benefit obligations recognized in the statement of financial position is shown below:

(in millions of euro)	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 14	Dec.31, 13	Dec.31, 14	Dec.31, 13	Dec.31, 14	Dec.31, 13
Plans for defined benefit obligations	267.9	223.3	116.5	92.3	384.4	315.6
Fair value of plan assets	(104.5)	(91.5)			(104.5)	(91.5)
Carrying amount of funded plans	**163.4**	**131.8**	**116.5**	**92.3**	**279.9**	**224.1**
Effect of cap on interest-bearing assets/liabilities (excluding finance income)						
Carrying amount of liabilities/(assets)	**163.4**	**131.8**	**116.5**	**92.3**	**279.9**	**224.1**

The components of cost of services of defined benefit plans is set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	**Dec.31, 14**	**Dec.31, 13**	**Dec.31, 14**	**Dec.31, 13**	**Dec.31, 14**	**Dec.31, 13**
Cost of services:					0.0	0.0
current cost of services	4.3	4.7	1.8	2.3	6.1	7.0
reimbursements					0.0	0.0
cost of prior-year services	1.4	2.0	(0.7)		0.7	2.0
settlement (gains)/losses	(1.2)				(1.2)	0.0
Total cost of services	**4.5**	**6.7**	**1.1**	**2.3**	**5.6**	**9.0**
Net finance costs:					0.0	0.0
finance costs on defined benefit plans	8.8	8.1	3.3	3.0	12.1	11.1
finance (income)/costs on plans assets	(4.0)	(3.1)			(4.0)	(3.1)
finance (income)/costs on reimbursement rights					0.0	0.0
finance costs on change in cap					0.0	0.0
Total net finance costs	**4.8**	**5.0**	**3.3**	**3.0**	**8.1**	**8.0**
Effect of new treatment on other long-term benefits	0.3	(0.4)			0.3	(0.4)
Administrative expense and tax	0.5	0.4			0.5	0.4
Defined benefit plan costs reflected in income statement	**10.1**	**11.7**	**4.4**	**5.3**	**14.5**	**17.0**
Gains (losses) reflected in other comprehensive income:					0.0	0.0
effects due to change in demographic hypotheses	7.5	3.5	3.8	(1.7)	11.3	1.8
effects due to change in financial hypotheses	27.5	(16.4)	17.3	(6.6)	44.8	(23.0)
experience adjustments (change since previous measurement not in line with hypotheses)	1.8	(1.0)	(2.5)	0.1	(0.7)	(0.9)
yield on plan assets (excluding finance income)	(3.5)	(4.8)			(3.5)	(4.8)
(yield) on reimbursement rights (excluding interest income)					0.0	0.0
changes in cap on interest-bearing assets/liabilities (excluding finance income)					0.0	0.0
Total gains (losses) reflected in other compehensive income	**33.3**	**(18.7)**	**18.6**	**(8.2)**	**51.9**	**(26.9)**
Total defined benefit plan costs reflected in the income statement and in other comprehensive income	**43.4**	**(7.0)**	**23.0**	**(2.9)**	**66.4**	**(9.9)**

Service cost is a component of “Personnel expenses”; while net finance costs are recognized under “Finance costs”; gains and losses are reflected in other comprehensive income.

The movements in the net liability for defined benefit obligations during the year are shown below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	Dec.31, 14	Dec.31, 13	Dec.31, 14	Dec.31, 13	Dec.31, 14	Dec.31, 13
Defined benefit obligation (assets) at end of previous year	**131.8**	**157.0**	**92.3**	**100.9**	**224.1**	**257.9**
Defined benefit plan costs reflected in income statement	10.1	11.6	4.4	5.3	14.5	16.9
Total gains (losses) reflected in other comprehensive income	33.3	(18.7)	18.6	(8.2)	51.9	(26.9)
Other significant events:					0.0	0.0
net transfers (including effects of business combinations/sales)	0.4	(0.5)			0.4	(0.5)
amounts arising from combinations of plans					0.0	0.0
Cash flows:					0.0	0.0
employer contributions	(5.4)	(4.8)			(5.4)	(4.8)
benefits paid directly by employer	(13.2)	(10.4)	(3.7)	(4.1)	(16.9)	(14.5)
Receivables for reimbursement					0.0	0.0
Exchange rate effect	6.3	(2.4)	5.0	(1.6)	11.3	(4.0)
Closing defined benefit obligations	**163.3**	**131.8**	**116.6**	**92.3**	**279.9**	**224.1**

Distribution of defined benefit obligations among plan participants:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	Dec.31, 14	Dec.31, 13	Dec.31, 14	Dec.31, 13	Dec.31, 14	Dec.31, 13
Employees on payroll	159.8	137.9	55.8	54.5	215.6	192.4
Former employees with unvested right	14.0	13.2			14.0	13.2
Retirees	94.1	72.3	60.7	37.7	154.8	110.0
Closing defined benefit obligations	**267.9**	**223.4**	**116.5**	**92.2**	**384.4**	**315.6**

Fair value of plan assets:

(in millions of euro)	December 31, 2014	December 31, 2013
Cash and cash equivalents	5.0	5.9
Equities	51.8	37.4
Bonds and securities	42.8	44.0
Insurance assets	3.8	3.5
Other	1.1	0.7
Total	**104.5**	**91.5**

Fair value of assets with a listed market value:

(in millions of euro)	December 31, 2014	December 31, 2013
Cash and cash equivalents	5.0	5.9
Equities	51.8	37.4
Bonds and securities	42.8	43.8
Insurance assets	0.3	3.5
Other		0.7
Total	**99.9**	**91.3**

Actuarial assumptions

The actuarial assumptions used to determine obligations arising from the Group's pension plans and other long-term benefits are set out below:

	Europe		North America		Other countries	
(in %)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Expected yield on assets	2	2	n.a.	n.a.	2.0 - 8.0	2.0 - 5.0
Future wage and salary increases	1.0 - 3.25	1.00 - 3.25	n.a.	n.a.	3.5 - 10.0	3.5 - 8.5

n.a.: not applicable

Discount rates:

Discount rate in %	**2014**	**2013**
Europe		
Italy	1.50	3.20
Belgium	0.70-1.50	2.10-3.20
Spain	1.50	3.20
France	0.90-1.50	2.50-3.20
Greece	1.50	3.20
Bulgaria	2.90	3.75
North America		
USA	1.55-3.70	3.95-4.50
Canada	3.80	4.50
Other countries		
Egypt	16.00	14.50
Morocco	4.00	5.25
Kuwait	3.60	4.30
Thailand	2.75	4.25
India	7.80	9.25
Kazakhstan	6.75	5.75

The discount rate was determined by reference to market yields on high-quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds was used.

Future cash flows

The table below sets out expected plan contributions for next year and a year-by-year breakdown of benefit payments:

(in millions of euro)	Pension plans and other long-term benefits December 31, 2014	Post-employment medical benefits December 31, 2014	Total December 31, 2014
Expected plan contributions for next year	10.8	5.4	16.2
Benefit payment maturities:			0.0
2015	15.8	5.4	21.2
2016	14.3	5.5	19.8
2017	16.0	5.5	21.5
2018	16.0	5.6	21.6
2019	17.0	5.6	22.6
2020-2024	95.1	26.6	121.7
Total	**185.0**	**59.6**	**244.6**

Sensitivity analysis

The table below sets out the sensitivity analysis for the key assumptions at December 31, 2014**:**

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
Change	-0.25%	+0.25%	-0.25%	+0.25%	-0.25%	+0.25%
Discount rate	275.3	260.9	121.1	112.2	396.4	373.1
Average duration of defined benefit obligation (in years)	11.0	10.5	15.4	15.1	12.4	11.9
Inflation rate	265.7	270.9	113.8	119.4	379.5	390.3
Wage and salary increases	266.8	269.0	116.5	116.5	383.3	385.5
Medical costs			112.9	120.5	112.9	120.5

Defined contribution plans

The Group’s defined contribution plans are pension plans and medical care plans; expense relating to these plans in 2014 was 50.0 million euro (48.4 million euro in 2013) and referred mainly to France-Belgium for 28.4 million euro.

Termination plans

At December 31, 2014, provisions for termination plans totaled 39.4 million euro (67.0 million euro in 2013) and related mainly to Italy for 34.8 million euro in connection with re-organization plans, chiefly affecting Italcementi S.p.A., Calcestruzzi and C.T.G.

Stock options

The Group has arranged stock option plans for directors and managers who hold specific posts in Italmobiliare S.p.A., Italcementi S.p.A., some of its Italian subsidiaries and Ciments Français S.A.
The stock options granted by the parent Italmobiliare S.p.A. refer to ordinary shares: they may be exercised between the beginning of the fourth year and the end of the tenth year after the grant date; directors whose term of office is not renewed may exercise their options immediately, and in any case within 10 years of the grant date; as a general rule, unexercised stock options assigned to managers are not recognized in the event of termination of employment in the Group, except in the case of retirement.
Stock options are exercised at a rate of 1 share per option.

The terms and conditions of Italmobiliare S.p.A. stock option plans at December 31, 2014, are set out below:

Grant date	N. of options granted	Exercise period	Exercised options	Cancelled options	Unexercised options	Unit subscription price
March 30, 2005	108,437	03/30/2008 - 03/29/2015			108,437	€ 54.5355
March 21, 2006	109,880	03/21/2009 - 03/20/2016			109,880	€ 65.7010
March 21, 2007	122,479	03/21/2010 - 03/20/2017			122,479	€ 86.0685
March 28, 2008	124,200	03/28/2011 - 03/27/2018			124,200	€ 59.9080
March 25, 2009	19,350	03/25/2012 - 03/24/2019			19,350	€ 20.5260
March 24, 2010	124,385	03/24/2013 - 03/23/2020			124,385	€ 28.8340
March 30, 2011	112,900	03/30/2014 - 03/29/2021			112,900	€ 27.4690
Total	**721,631**		**-**	**-**	**721,631**	

The grant date is the date of the Board of Directors' meeting that approved the stock option plan.

The table below sets out the number and average exercise price of stock options in the periods in question:

	2014		2013	
	N. of options	Average subscription price	N. of options	Average subscription price
Unexercised options at beginning of year	**817,711**	**€ 50.8517**	**827,274**	**€ 50.6255**
Granted during year				
Cancelled during year				
Exercised during year				
Expired during year	(96,080)		(9,563)	
Unexercised options at end of year	**721,631**	**€ 52.9357**	**817,711**	**€ 50.8517**
Vested options at end of year	**721,631**		**704,811**	

The average ordinary share price in financial year 2014 was 27.204 euro (17.798 euro in 2013).
The average residual life of unexercised options is 1 year and 7 months.
The option exercise price at December 31, 2014 was between 20.526 euro and 86.0685 euro.
Only options granted after November 7, 2002, that had not vested at December 31, 2003, were measured and recognized at the date of transition to the IFRS.

The following table sets out the details of all Group stock option plans and their cost, carried under "Personnel expense".

(in thousands of euro) Grant date	Company	N° options granted	Vesting period	Personnel expense 2014	2013
March 24, 2010	Italmobiliare	124,385	3 years		97
March 30, 2011	Italmobiliare	112,900	3 years	83	331
Total				**83**	**428**

Stock option plan fair value at the grant date is estimated using a binomial model that takes dividends into account. The total option term is ten years. Volatility projections assume that past volatility, computed as the annual average on a historical period of three years net of extraordinary events, is indicative of future trends.
No other stock option plan feature is taken into consideration when measuring fair value.

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

	2010 Plan	2009 Plan	2008 Plan	2007 Plan	2006 Plan	2005 Plan	2004 Plan
Option value at grant date	8.81	9.28	3.78	17.21	23.64	22.05	11.41
Share value	28.39	31.10	21.59	65.10	87.41	73.57	52.84
Exercise price	27.469	28.834	20.526	59.908	86.068	65.701	54.536
Volatility in %	26.2%	24.3%	25.0%	17.5%	17.5%	17.5%	17.5%
Option term (years)	10.00	10.00	10.00	10.00	9.75	9.75	9.75
Dividends in %	3.01%	2.75%	7.41%	2.23%	1.45%	1.50%	1.89%
10-year BTP risk-free rate	4.775%	3.920%	4.485%	3.889%	3.652%	3.462%	3.275%

19) Non-current and current financial liabilities and bank loans and borrowings

See the section on IFRS 7.

20) Provisions

Non-current and current provisions totaled 235,492 thousand euro at December 31, 2014, a decrease of 7,667 thousand euro from December 31, 2013.

(in thousands of euro)	Opening amount	Increases	Decreases	Reversed unused amounts	Translation differences	Other changes	Total changes	Closing amount
Environmental restoration	84,840	10,452	(7,882)	(8,488)	1,811	(174)	(4,281)	80,559
Disputes	75,737	14,166	(10,388)	(2,343)	3,506	(275)	4,666	80,403
Other provisions	82,582	73	634	(7,923)	2,586	(3,422)	(8,052)	74,530
Total	**243,159**	**24,691**	**(17,636)**	**(18,754)**	**7,903**	**(3,871)**	**(7,667)**	**235,492**
Non-current portion	241,388	24,465	(16,662)	(18,754)	7,977	(4,033)	(7,007)	234,381
Current portion	1,771	226	(974)		(74)	162	(660)	1,111
Total	**243,159**	**24,691**	**(17,636)**	**(18,754)**	**7,903**	**(3,871)**	**(7,667)**	**235,492**

"Environmental restoration" reflects provisions for restoration obligations at quarries where companies in the construction materials segment extract raw materials, as well as provisions for restoration of urban and industrial sites.
"Disputes" largely reflects provisions for fiscal risks deemed probable as a result of tax audits and adjustments to tax returns, provisions relating to antitrust proceedings and provisions for disputes with employees. The antitrust

provision refers chiefly to the fine imposed by the Competition & Market Authority (AGCM) on the Italian consolidated company Calcestruzzi S.p.A.
"Other provisions" reflects amounts provided in connection with contractual and commercial liabilities.

Contingent liabilities

The main contingent liabilities relating to disputes and proceedings pending at December 31, 2014 for which amounts were not provided, are described below. The Group is not aware of other disputes, legal controversies or other exceptional facts that might have a material impact on its financial position and results of operations.

Spain

On May 14, 2014, after a petition filed by a local association, the court of Malaga annulled the integrated environmental authorization issued in 2007 for the Malaga production plant of the Spanish subsidiary Financiera Y Minera ("FyM"), on the grounds that the Regional Authority had issued the authorization erroneously in the absence of a prior environmental impact assessment. FyM appealed against the ruling, and is also considering whether to apply for a new authorization subjection to execution of an environmental impact assessment.

Europe

Regarding the investigation begun in November 2008 by the European Commission into some cement producers, including Italcementi S.p.A. and the subsidiaries Ciments Français S.A., Ciments Calcia S.A. and Compagnie des Ciments Belges (CCB) S.A., in December 2010 the European Commission notified Italmobiliare S.p.A. (and, indirectly through Italmobiliare, the above-named Group companies and the Spanish subsidiary Financiera Y Minera) of the decision for the formal opening of the proceeding. In April 2011, the Commission served a further formal notice on Italmobiliare of its decision to request extensive additional economic, financial and commercial information. Italmobiliare provided the information within the required term and, simultaneously, lodged an appeal with the EU General Court against the decision. On March 17, 2014, the EU General Court rejected the appeal filed by Italmobiliare S.p.A., which then filed an appeal with the European Court of Justice; the matter is still pending.

Turkey / Russia

Regarding the proceeding begun by Sibconcord against Ciments Français for the non-closure of the 2008 agreement for the sale of the Group's Turkish operations (Set Group) to the subsidiary Sibcem, the various proceedings moved ahead in accordance with the procedural regulations of the countries in question. On July 10, 2013, the court of Kemerovo (Russia) issued a ruling in favor of Ciments Français, stating that the loss of 50 million euro by Sibcem was solely due to the appellant's failure to comply with the agreements. Sibconcord appealed against the ruling. In March 2014, the court of appeal rejected the appeal, and upheld the ruling in favor of Ciments Français. Sibconcord consequently filed an appeal with the regional court of cassation against the decision of the court of appeal. The court of cassation annulled the ruling of first instance and referred the case back to the court of Kemerovo (Russia). The next hearing is scheduled for March 2015.
With regard to the arbitration procedure, at the end of January 2015, the Istanbul commercial count confirmed that the final arbitration award in favor of Ciments Français could be validly executed. The sentence become final after Sibcem abandoned its appeal. In parallel, Ciments Français continued action for recognition of the arbitration award in a number of countries, including Russia. To date, the award has been recognized in Belgium, France, Kazakhstan and the USA.

Egypt

In 2013, lawsuits were brought locally by individuals seeking to annul the privatizations of Helwan and Tourah, which took place before the companies were acquired by the Italcementi Group, through its local subsidiary Suez Cement. Suez Cement is not involved in the lawsuit for the annulment of the Helwan privatization, since to date only the

parties that took part in the privatization have been involved; they do not include Suez Cement, which acquired Helwan, from other private parties, after its privatization.
It is still too early to make hypotheses regarding possible developments in the situation.

India

A tax proceeding is still formally open against the subsidiary Zuari Cement Limited after an assessment relating to 2007-2008 (tax year 2008-2009) identified transfer pricing and expenses that potentially cannot be deducted against income tax. The dispute began for an amount of approximately 7.6 million euro of additional taxable income and approximately 3.6 million euro in higher taxes, fines and interest. The court of Andhra Pradesh issued an initial ruling in favor of Zuari Cement Limited on February 21, 2013, and the supreme court definitively rejected the case on September 27, 2013. India's tax authorities have until March 31, 2015 to re-open the assessment.
In February 2014, the Indian tax authority notified Zuari Cement Limited of an assessment relating to 2008-2009 (tax year 2009-2010) with regard to transfer pricing and expenses that potentially cannot be deducted against income tax. In March 2014, the company filed an appeal with the competent administrative court and, subsequently, an appeal with the court of appeal against the assessment, which is for an amount of approximately 11.3 million euro of additional taxable income and approximately 6.9 million euro in higher taxes, fines and interest; the case still pending before the court of appeal.
In January 2014, the Indian tax authority notified Zuari Cement Limited of a preliminary assessment relating to 2009-2010 (tax year 2010-2011) with regard to transfer pricing and expenses that potentially cannot be deducted against income tax. In May 2014, the company submitted its observations to the competent administrative court against the preliminary assessment, which is for approximately 19.3 million euro of additional taxable income and as yet undetermined amounts of higher taxes, fines and interest; the case is still pending.

21) Deferred tax assets and deferred tax liabilities

Total deferred tax liabilities net of deferred tax assets amounted to 87,370 thousand euro at December 31, 2014, as follows:

(in thousands of euro)	December 31, 2013	Results	Other changes	December 31, 2014
Benefit on tax loss carryforwards	89,521	(14,459)	(6,347)	68,715
Property, plant and equipment	(282,372)	7,330	(22,478)	(297,520)
Inventories	(10,825)	(52)	104	(10,773)
Financial liabilities	(343)	13		(330)
Non-current provisions and Employee benefits	107,468	(1,230)	17,491	123,729
Other	4,886	11,707	12,216	28,809
Total	**(91,665)**	**3,309**	**986**	**(87,370)**
of which:				0
Deferred tax assets	115,567			101,024
Deferred tax liabilities	(207,232)			(188,394)
Total	**(91,665)**	**0**	**0**	**(87,370)**

At December 31, 2014 net deferred tax liabilities reflected in equity reserves amounted to 9,584 thousand euro (1,574 thousand euro at December 31, 2013).
Unrecognized deferred tax amounted to approximately 399.2 million euro (296.1 million euro at December 31, 2013), including approximately 318.2 million euro relating to tax losses for the year and previous years (214.1 million euro at December 31, 2013); they referred to Group company losses, the reversal of which is not considered probable today.

22) Trade payables

See the section on IFRS 7.

23) Tax liabilities

Tax liabilities amounted to 39,320 thousand euro (37,719 thousand euro at December 31, 2013) and reflected amounts due to tax authorities for income taxes accrued in the year.

24) Other liabilities

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Due to employees	104,464	115,432	(10,968)
Due to social security authorities	56,114	57,040	(926)
Due to tax authorities	74,991	68,492	6,499
Accrued expenses and deferred income	37,235	34,337	2,898
Derivatives	24,443	4,906	19,537
Amounts due in banking segment and for insurance	287,580	252,945	34,635
Advances from customers	103,827	70,295	33,532
Due to suppliers for non-current assets	137,925	154,201	(16,276)
Purchase commitments on non-controlling interests	23,344	41,308	(17,964)
Other liabilities	90,922	83,542	7,380
Total	**940,845**	**882,498**	**58,347**

Purchase commitments on non-controlling interests at December 31, 2014 referred to: Ready Mix Concrete Alalamia in Egypt and Hilal Cement in Kuwait, the decrease was largely due to the cancellation of the commitment to non-controlling interests in Gulbarga, India.

Commitments

(in millions of euro)	December 31, 2014	December 31, 2013
Collateral given	168.1	139.8
Deposits, guarantees, sureties, commitments and other	188.0	203.5
Total	**356.1**	**343.3**

Collateral given at December 31, 2014 consisted mainly of mortgages and liens securing the borrowings of the Indian subsidiaries.

Contracts and orders issued for investments amounted to 146.3 million euro at December 31, 2014 (241.7 million euro at December 31, 2013), commitments relating to long-term lease contracts amounted to 90.5 million euro (90.7 million euro at December 31, 2013), as follows:

(in millions of euro)	December 31, 2014	< 1 year	1 - 5 years	> 5 years
Non-current asset purchases	146.3	146.3		
Long-term lease contracts	90.7	27.4	50.5	12.8

Finter Bank Zürich and its subsidiaries provided guarantees in favor of third parties on behalf of their own clients, for 5,557 thousand Swiss francs (5,638 thousand Swiss francs at December 31, 2013), against which the clients made deposits to cover possible enforcement of the guarantees provided.

Income statement

25) Revenue

Revenue from sales and services totaled 4,451,330 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Industrial revenue				
Product sales	4,222,530	4,297,879	(75,349)	-1.8%
Services provided	134,859	130,804	4,055	3.1%
Other revenue	34,004	33,782	222	0.7%
Total	**4,391,393**	**4,462,465**	**(71,072)**	**-1.6%**
Financial revenue				
Interest	3,504	6,097	(2,593)	-42.5%
Dividends	4,415	3,320	1,095	33.0%
Gains and other revenue	33,270	22,783	10,487	46.0%
Total	**41,189**	**32,200**	**8,989**	**27.9%**
Bank revenue				
Interest	3,044	3,087	(43)	-1.4%
Commissions	13,758	15,496	(1,738)	-11.2%
Other revenue	1,680	2,094	(414)	-19.8%
Total	**18,482**	**20,677**	**(2,195)**	**-10.6%**
Property and service revenue	**266**	**751**	**(485)**	**-64.6%**
Grand total	**4,451,330**	**4,516,093**	**(64,763)**	**-1.4%**

26) Raw materials and supplies

Raw materials and supplies amounted to 1,815,598 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Raw materials and semifinished goods	579,485	559,102	20,383	3.6%
Fuel	479,287	449,835	29,452	6.5%
Materials and machinery	244,297	238,962	5,335	2.2%
Finished goods	169,972	162,557	7,415	4.6%
Electricity and water	330,412	355,615	(25,203)	-7.1%
Change in inventories of raw materials, consumables and other	12,145	59,786	(47,641)	-79.7%
Total	**1,815,598**	**1,825,857**	**(10,259)**	**-0.6%**

27) Services

Services amounted to 1,088,326 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
External services and maintenance	345,069	348,801	(3,732)	-1.1%
Transport	489,443	479,991	9,452	2.0%
Legal fees and consultancy	45,669	47,096	(1,427)	-3.0%
Rents	78,589	80,104	(1,515)	-1.9%
Insurance	36,103	38,193	(2,090)	-5.5%
Subscriptions	10,000	10,664	(664)	-6.2%
Other expense	83,453	94,852	(11,399)	-12.0%
Total	**1,088,326**	**1,099,701**	**(11,375)**	**-1.0%**

"Other expense" consisted largely of expenses for post and telephone services, cleaning, surveillance, communication and marketing, chiefly in the construction materials segment.

28) Personnel expenses

Personnel expense totaled 917,856 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Wages and salaries	623,463	643,262	(19,799)	-3.1%
Social security contributions	193,447	193,928	(481)	-0.2%
Costs of stock option plans	83	428	(345)	-80.6%
Other expense	100,863	100,445	418	0.4%
Total	**917,856**	**938,063**	**(20,207)**	**-2.2%**

"Other expense" related mainly to costs of temporary personnel, canteen costs, employee insurance costs and personnel training and recruitment costs.

The number of employees is shown below:

(headcount)	2014	2013	Change
Number of employees at year end	19,073	19,865	(792)
Average number of employees	19,736	20,218	(482)

29) Other operating expense

Other operating expense net of other operating income amounted to 59,848 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Other taxes	77,884	80,614	(2,730)	-3.4%
Allowance for impairment	14,654	18,252	(3,598)	-19.7%
Interest expense and other expense for companies in the financial and banking segments	11,423	34,123	(22,700)	-66.5%
Provision for environmental restoration, quarries, other	40,324	52,211	(11,887)	-22.8%
Miscellaneous income	(84,437)	(67,282)	(17,155)	25.5%
Total	**59,848**	**117,918**	**(58,070)**	**-49.2%**

The increase in “Miscellaneous income” arose largely from gains of 11.5 million euro on carbon emission rights trading; income also included income relating to assignment of white certificates for 10.7 million euro (9.3 million euro in 2013) and green certificates attributed to Italgen S.p.A. for 9.0 million euro (6.1 million euro in 2013).

30) Non-recurring income (expense)

Net non-recurring expense amounted to 5,690 thousand euro (expense of 10,790 thousand euro in 2013) and arose largely from gains on the sale of property, plant and equipment and intangible assets, personnel expense for re-organizations and industrial restructurings, fines and penalties, as follows:

(in thousands of euro)	2014	2013	Change	% change
Net gains from sale of non-current assets	7,682	21,105	(13,423)	-63.6%
Personnel expense for re-organizations	(8,711)	(30,676)	21,965	-71.6%
Other non-recurring expense, net	(4,661)	(1,219)	(3,442)	n.s.
Total	**(5,690)**	**(10,790)**	**5,100**	**-47.3%**

In 2014, expense and net allowances set aside for re-organizations referred mainly to Morocco for 3.5 million euro, Italy for 1.2 million euro, Greece for 1.2 million euro and France for 1.1 million euro.
Other non-recurring income and expense included expense of 1.6 million euro relating to defined benefit plans and income of 1.0 million euro from the supplement to the Axim sale price in 2011.

31) Amortization and depreciation

The total amount of 420,545 thousand euro (440,878 thousand euro in 2013) reflects depreciation of property, plant and equipment for 398,095 thousand euro (415,283 thousand euro in 2013), depreciation of investment property for 1,052 thousand euro (1,076 thousand euro in 2013) and amortization of intangible assets for 21,398 thousand euro (24,519 thousand euro at December 31, 2013).

32) Impairment losses on non-current assets

Impairment losses on non-current assets amounted to 10,180 thousand euro in 2014 (32,086 thousand euro in 2013) and referred to impairment losses on intangible assets and goodwill for 1,497 thousand euro (1,573 thousand euro in 2013) and impairment losses on property, plant and equipment for 8,683 thousand euro (30,513 thousand euro in 2013).

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

Net finance costs amounted to 144,560 thousand euro, as follows:

	2014		2013	
(in thousands of euro)	Income	Costs	Income	Costs
Interest income	21,023		16,939	
Interest expense		(122,876)		(114,490)
Dividends and gains (losses) from equity investments	1,336	(1,975)	1,569	(1,138)
Other finance income	2,090		22,924	
Capitalized finance costs		4,880		1,509
Other finance costs		(45,519)		(51,479)
Total finance income (costs)	**24,449**	**(165,490)**	**41,432**	**(165,598)**
Losses on interest-rate derivatives		(2,726)		(1,899)
Losses on exchange-rate derivatives		(33,315)		(3,830)
Net exchange-rate differences	32,522		1,423	
Net exchange-rate differences and net gains/(losses) on derivatives		**(3,519)**		**(4,306)**
Total finance income (costs), exchange-rate differences and net gains (losses) on derivatives		**(144,560)**		**(128,472)**

"Other finance costs" includes net finance costs of 7.6 million euro on employee defined benefit plans (7.5 million euro in 2013).

34) Impairment losses on financial assets

(in thousands of euro)	2014	2013	Change	% change
Al Badia	2,157	16,048	(13,891)	-86.6%
West China Cement	24,687	0	24,687	100.0%
RCS MediaGroup	6,895	(12,035)	18,930	n.s.
Burgo Group	0	18,002	(18,002)	-100.0%
Others	133	67	66	98.5%
Total	**33,872**	**22,082**	**11,790**	**53.4%**

35) Share of profit (loss) of equity-accounted investees

(in thousands of euro)	2014	2013	Change	% change
Asment Cement (Morocco)	8,029	9,707	(1,678)	-17.3%
Ciment Quebec (Canada)	4,093	2,484	1,609	64.8%
Techno Gravel (Egypt)	323	358	(35)	-9.8%
SES (Italy)	(1,336)	(531)	(805)	n.s.
Mittel (Italy)	0	(925)	925	-100.0%
Vassiliko (Cyprus)	0	(5,919)	5,919	-100.0%
RCS MediaGroup (Italy)	0	(17,665)	17,665	-100.0%
Others	(751)	814	(1,565)	n.s.
Total	**10,358**	**(11,677)**	**22,035**	**n.s.**

36) Income tax espenses

Income tax expense for the year was 126,670 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Current tax	123,638	109,851	13,787	12.6%
Prior-year tax and other net non-recurring tax items	3,933	6,036	(2,103)	-34.8%
Deferred tax	(5,546)	4,416	(9,962)	n.s.
Tax from change in tax rate	4,645	1,542	3,103	n.s.
Total	**126,670**	**121,845**	**4,825**	**4.0%**

In Italy, the IRES rate applied by the parent on estimated taxable income for the year was 27.5% (as in 2013). Taxes for Group companies in other countries are calculated using local tax rates.
The reconciliation between the tax charge reflected in the income statement and the theoretical tax charge does not consider IRAP, since IRAP uses a taxable base other than profit before tax.

The reconciliation between the theoretical tax charge and the tax charge reflected in the income statement is set out below:

(in thousands of euro)		2014
Consolidated loss before tax		**76,559**
Current IRES tax rate		27.5%
Theoretical tax charge		**(21,054)**
Effect of tax rate reduction for tax relief/allowances		4,737
Tax effect on permanent differences		
- foreign dividends and other exempt income		(20,159)
- non-deductible costs		(14,538)
Net effect for the year of unrecognized deferred taxes on temporary differences (*)		(54,210)
Effect of change in tax rates		(5,513)
Withholdings on foreign dividends		(124)
Effect of estimate adjustments and/or recognition of previously unrecognized deferred tax		501
Effect of difference between Italian and foreign tax rate (**)		(314)
Other taxes		5,873
Effective income tax charge	**n.s.**	**(104,801)**
Effective IRAP tax charge		(4,005)
Other components not related to the profit (loss) for the year		(17,864)
Total	**n.s.**	**(126,670)**

(*) Refers mainly to unrecognized deferred tax assets on losses for the year realised in Italy and the USA.
(**) The difference between the Italian tax rate and the rates in the foreign countries where the Group operates refers mainly to France, Belgium, India and the USA.

37) Other comprehensive income

(in thousands of euro)	Gross amount	Tax	Net amount
Fair value gains (losses) on:			0
Available-for-sale financial assets	21,781	2,763	24,544
Derivatives	(15,435)	(216)	(15,651)
Translation differences	231,284	0	231,284
Actuarial gains (losses) on defined benefit plans	(52,945)	8,757	(44,188)
Other comprehensive income	**184,685**	**11,304**	**195,989**

38) Earnings (losses) per share

Earnings (losses) per share at December 31, 2014 and 2013 are determined on the parent profit (loss) for the respective years and stated separately for ordinary shares and savings shares.

Basic earnings (losses) per share

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

	2014		2013	
(n. of shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
N° shares at January 1	22,183	16,343	22,183	16,343
Treasury shares at January 1	(871)	(28)	(871)	(28)
Weighted average number of shares sold in year				
Total	**21,312**	**16,315**	**21,312**	**16,315**
Attributable loss in thousands of euro	(25,382)	(19,452)	(73,480)	(56,253)
Basic losses per share	(1.192)	(1.192)	(3.448)	(3.448)

Loss attributable by share category was determined as follows:

	2014		2013	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)				
Residual loss apportioned to all shares	(25,382)	(19,452)	(73,480)	(56,253)
Total	**(25,382)**	**(19,452)**	**(73,480)**	**(56,253)**

Diluted earnings (losses) per share

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

The weighted average number of shares and attributable loss are set out below:

	2014		2013	
(thousands of shares)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Weighted average number of shares at December 31	21,311	16,315	21,311	16,315
Dilutive effect of stock options	5			
Total	**21,316**	**16,315**	**21,311**	**16,315**
Attributable loss for the year for diluted earnings in 000 euro	(25,384)	(19,449)	(73,480)	(56,253)
Diluted losses per share in euro	(1.192)	(1.192)	(3.448)	(3.448)

Loss attributable by share category was determined as follows:

	2014		2013	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)				
Residual loss apportioned to all shares	(25,384)	(19,449)	(73,480)	(56,253)
Total	**(25,384)**	**(19,449)**	**(73,480)**	**(56,253)**

IFRS 7

Net financial debt

Net financial debt at December 31, 2014 was as follows:

(in thousands of euro)	Statement of financial position caption	Non net financial debt	Net financial debt	Current assets	Current liabilities	Non-current assets	Non-current liabilities
Trade receivables and other non-current assets	242,969	107,951	135,018			135,018	
Other current financial assets	349,449	285,906	63,543	63,543			
Financial assets and equity investments held for trading	212,886	267	212,619	212,619			
Cash and cash equivalents	863,537		863,537	863,537			
Non-current financial liabilities	(2,339,173)		(2,339,173)				(2,339,173)
Other non-current liabilities	(52,686)	(12,283)	(40,403)				(40,403)
Bank loans and borrowings	(397,599)		(397,599)		(397,599)		
Current financial liabilities	(300,268)		(300,268)		(300,268)		
Other liabilities	(940,845)	(628,798)	(312,047)		(312,047)		
Total	**(2,361,730)**	**(246,957)**	**(2,114,773)**	**1,139,699**	**(1,009,914)**	**135,018**	**(2,379,576)**

Net financial debt at December 31, 2014 stood at 2,114,773 thousand euro, as follows:

(in thousands of euro)	December 31, 2014		December 31, 2013		Change	
Current financial assets	**1,139,699**		**1,211,892**		**(72,193)**	
Cash and cash equivalents		863,537		741,639		121,898
Derivatives		10,376		13,351		(2,975)
Other current assets		265,786		456,902		(191,116)
Current financial liabilities	**(1,009,914)**		**(960,481)**		**(49,433)**	
Bank loans and borrowings		(397,599)		(430,554)		32,955
Current financial liabilities		(587,507)		(524,116)		(63,391)
Derivatives		(24,808)		(5,811)		(18,997)
Non-current financial assets	**135,018**		**130,960**		**4,058**	
Non-current financial assets		42,094		42,412		(318)
Non-current derivatives		92,924		88,548		4,376
Non-current financial liabilities	**(2,379,576)**		**(2,212,359)**		**(167,217)**	
Non-current financial liabilities		(2,339,173)		(2,189,179)		(149,994)
Non-current derivatives		(40,403)		(23,180)		(17,223)
Net financial debt	**(2,114,773)**		**(1,829,988)**		**(284,785)**	

Net financial debt at December 31, 2014, computed in compliance with Consob communication no. DEM/6064293 of July 28, 2006 (i.e., not including non-current financial assets) amounted to 2,249,791 thousand euro (1,960,948 thousand euro at December 31, 2013).

Comparison between fair value and carrying amount

The table below compares the carrying amount and the fair value of financial assets and liabilities at December 31, 2014 and 2013:

(in thousands of euro)	December 31, 2014 Carrying amount	December 31, 2014 Fair value	December 31, 2013 Carrying amount	December 31, 2013 Fair value
Financial assets				
Assets at fair value through profit or loss				
Cash and cash equivalents	863,537	863,537	741,639	741,639
Short-term derivatives	*7,498*	*7,498*	*13,156*	*13,156*
Banking derivatives	*2,878*	*2,878*	*197*	*197*
Medium/long-term derivatives	*92,924*	*92,924*	*88,579*	*88,579*
Derivatives	103,300	103,300	101,932	101,932
Equity investments, bonds and financial assets	212,886	212,886	403,810	403,810
Banking and other receivables	57,571	57,571	58,105	58,105
Loans and receivables				
Trade receivables	701,474	701,474	724,092	724,092
Receivables and other non-current assets	111,604	111,604	109,447	109,447
Available-for-sale assets				
Non-current equity investments	227,561	227,561	320,363	320,363
Held-to-maturity investments				
Total	**2,277,933**	**2,277,933**	**2,459,388**	**2,459,388**
Financial liabilities				
Trade payables	619,494	619,494	562,434	562,434
Current financial liabilities	*697,891*	*697,891*	*702,629*	*702,629*
Other financial liabilities	*287,215*	*287,215*	*252,041*	*252,041*
Total current financial liabilities	985,106	985,106	954,670	954,670
Short-term derivatives	*24,443*	*24,443*	*4,906*	*4,906*
Banking derivatives	*365*	*365*	*904*	*904*
Medium/long-term derivatives	*40,403*	*40,403*	*23,180*	*23,180*
Total derivatives	65,211	65,211	28,990	28,990
Non-current financial liabilities	2,339,173	2,410,173	2,189,179	2,240,179
Commitments to purchase equity investments	23,344	23,344	41,308	41,308
Total	**4,032,328**	**4,103,328**	**3,776,581**	**3,827,581**

Trade receivables and payables are current assets and liabilities and are carried at amounts that are reasonable approximations of their fair value.
Derivatives are measured and recognized at fair value. The fair value of interest-rate contracts is determined by discounting future cash flows using the zero coupon curve.
The fair value of forward foreign-currency purchase contracts is based on the current exchange rates for contracts with similar maturity profiles.
The fair value of foreign-currency assets and liabilities is determined using the closing rates. The fair value of fixed-rate assets and liabilities is determined using a fixed rate with no credit margin, net of transaction costs directly attributable to the financial assets and financial liabilities.

Fair Value – hierarchy

In determining and documenting the fair value of financial instruments, the Group uses the following hierarchy based on different measurement methods:

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

At December 31, 2014, financial instruments stated at fair value were as follows:

(in thousands of euro)	December 31, 2014	Level 1	Level 2	Level 3
Derivatives - assets	103,300	298	103,002	
Equity investments, bonds and loan assets	160,650	133,684	24,450	2,516
Banking and other receivables	4,404			4,404
Receivables and other non-current assets	6,459		6,268	191
Non-current equity investments	227,561	169,085	15,125	43,351
Current financial liabilities	(696,383)	(789)	(695,594)	
Derivatives - liabilities	(65,211)	(103)	(64,973)	(135)
Non-current financial liabilities	(2,338,966)	(1,838,266)	(500,700)	
Commitments to purchase equity investments	(23,344)			(23,344)

	Level 3	Increases						Decreases							Level 3
(in thousands of euro)	12/31/2013	Purchases	Gains in income statement	Other gains in income statement	Gains in equity	Other increases	Transfers from other levels	Sales	Repayments	Losses in income statement	Other losses in income statement	Losses in equity	Other decreases	Transfers to other levels	12/31/2014
Equity investments, bonds and financial assets	2,656		132			92	367		(392)				(339)		2,516
Banking and other receivables	4,799	623							(136)				(882)		4,404
Receivables and other non-current assets		191													191
Non-current equity investments	47,792	2,775			670	168		(905)	(955)	(4,100)	(73)	(2,021)			43,351
Derivatives - liabilities	(364)				229										(135)
Commitments to purchase equity investments	(41,308)							22,300					(4,336)		(23,344)

No reclassifications from categories measured at fair value to categories measured at amortized cost were made in 2014 or 2013, in the Group financial asset portfolio.

The fair value of level 3 non-current equity investments was estimated with reference to market multiples and comparable transactions.

Cash and cash equivalents

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Cash and checks in hand	3,830	3,340	490
Bank and postal accounts	761,130	631,373	129,757
Short-term deposits	98,577	106,926	(8,349)
Net amount	**863,537**	**741,639**	**121,898**

Short-term deposits have varying maturities within three months, in relation to the Group's financial requirements; interest matures at the respective short-term rates.
As a result of currency regulations in Egypt, Morocco, Thailand and India, the cash and cash equivalents of the Group companies in those countries, totaling 415.4 million euro, are not immediately available for debt servicing at the level of Group holdings and sub-holdings, and are exposed to the risk of repatriation in the event of a currency crisis in the countries concerned.
Cash and cash equivalents are also shown under "Cash and cash equivalents at the end of the year" on the statement of cash flows.

Derivatives

Derivatives related mainly to the construction materials segment. Measurement of derivatives at December 31, 2014 included credit valuation adjustment (CVA) and debit valuation adjustment (DVA).
The method adopted by the Group to determine the impact of credit/counterparty risk on its measurements at the reporting date applies a default probability to each flow in order to incorporate the adjustment for credit/counterparty risk into the measurement.
In the case of positive measurements for the Group, CVA is based on the default probability of the bank counterparty and translates into a reduction of the amount of the derivative asset to which the Group is exposed by virtue of the counterparty risk.
In the case of negative measurements, DVA is based on the default probability of the Italcementi group and translates into a reduction of the amount of the derivative liability by virtue of the credit risk to which the group exposes the counterparty bank.
Default probabilities are computed using secondary bond market data through calculation of the implicit "credit default swaps" (CDS).
The loss given default (LGD) is set at 60% in line with market standards.

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

	December 31, 2014		December 31, 2013	
(in thousands of euro)	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives hedging cash flows			890	(844)
Interest-rate derivatives hedging fair value		(101)	108	(141)
Interest-rate derivatives for trading	3,148	(7,095)	2,616	(1,982)
Interest-rate derivatives	**3,148**	**(7,196)**	**3,614**	**(2,967)**
Exchange-rate derivatives hedging cash flows	4,245	(110)	2	(1,145)
Exchange-rate derivatives hedging fair value	103	(16,549)	9,481	(792)
Exchange-rate derivatives for trading	2	(588)	57	(3)
Exchange-rate derivatives	**4,350**	**(17,247)**	**9,540**	**(1,940)**
CO2 derivatives			2	
Total current instruments	**7,498**	**(24,443)**	**13,156**	**(4,907)**
Interest-rate derivatives hedging cash flows		(25,567)		(3,324)
Interest-rate derivatives hedging fair value	92,924	(14,820)	82,262	(19,834)
Interest-rate derivatives	**92,924**	**(40,387)**	**82,262**	**(23,158)**
Exchange-rate derivatives hedging cash flows			4	(22)
Exchange-rate derivatives hedging fair value		(16)	6,282	
Exchange-rate derivatives	**0**	**(16)**	**6,286**	**(22)**
CO2 derivatives			31	1
Total long-term instruments	**92,924**	**(40,403)**	**88,579**	**(23,179)**
Bank derivatives - forwards	2,878	(365)	197	(904)
Bank derivatives - options				
Bank derivatives	**2,878**	**(365)**	**197**	**(904)**
Total	**103,300**	**(65,211)**	**101,932**	**(28,990)**

Long-term interest-rate derivatives recognized under assets for 92.9 million euro related principally to fixed-rate to Euribor-indexed floating rate interest-rate swaps, of which 16 million euro hedging part of the 500 million euro bond issued by Ciments Français S.A. and 76.9 million euro hedging part of the 750 million euro bond issued by Italcementi Finance S.A.; both bonds were issued at a fixed rate under the companies' respective EMTN programs. At December 31, 2013, the derivatives were carried under assets at 19.1 million euro and 62.4 million euro respectively.

The Group does not transact hedges on equities trading.

Trading interest-rate derivatives and exchange-rate derivatives refer to assets that do not qualify for accounting as future cash flow hedges, although they are transacted for that purpose. They consist largely of interest-rate hedges on US dollar requirements.

The two tables below show the impact of netting agreements relating to derivative assets and derivative liabilities at December 31, 2014 and 2013.

Derivatives are stated at fair value, including the impact of the counterparty risk.

At December 31, 2014:

(in millions of euro)	Gross amounts	Offset amounts in the financial statements	Net amounts in the financial statements	Non-offset amounts in the financial statements		Net amounts in accordance with IFRS 7
				derivatives	collateral	
Derivatives - assets	103.3		103.3	31.4		71.9
Derivatives - liabilities	65.2		65.2	31.4		33.8

At December 31, 2013:

(in millions of euro)	Gross amounts	Offset amounts in the financial statements	Net amounts in the financial statements	Non-offset amounts in the financial statements		Net amounts in accordance with IFRS 7
				derivatives	collateral	
Derivatives - assets	101.9		101.9	6.5		95.4
Derivatives - liabilities	29.0		29.0	6.5		22.5

At December 31, 2014, there were no derivatives relating to EUA and CER/ERU transactions.

Equity investments, bonds and financial assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Securities and bonds	121,946	285,665	(163,719)
Trading equities	18,505	20,176	(1,671)
Amounts due from banks	46,714	72,083	(25,369)
Other financial assets	25,721	25,886	(165)
Net amount	**212,886**	**403,810**	**(190,924)**

The change in "Securities and bonds" arose chiefly from sales to raise resources in order to subscribe the share capital increase at the subsidiary Italcementi S.p.A..

Trade receivables

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Gross amount	792,547	821,522	(28,975)
Allowance for impairment	(91,073)	(97,430)	6,357
Total	**701,474**	**724,092**	**(22,618)**

At December 31, 2014, receivables factored without recourse amounted to 184.1 million euro (190.5 million euro at December 31, 2013) of which: the Group's French and Belgian companies for 158.5 million euro (167.3 million euro at December 31, 2013), the American companies for 25.1 million euro (30.4 million dollars) and Calcestruzzi S.p.A. for 0.5 million euro (3.8 million euro at December 31, 2013).
The international factoring programs provide for the seller to maintain responsibility for collecting receivables on behalf of the factoring company, while receivables provided as guarantees and still reflected on the face of the statement of financial position at December 31, 2014, totaled 33.3 million euro; this guarantee does not cover credit risk on the factored receivables.
Finance costs arising from the above factoring transactions amounted to 4.7 million euro in 2014.

Trade receivables and other non-current assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Non-current receivables	30,911	36,839	(5,928)
Bonds	32,585	33,444	(859)
Guarantee deposits	44,947	36,392	8,555
Other	3,161	2,772	389
Total financial instruments	**111,604**	**109,447**	**2,157**
Derivatives	92,924	88,548	4,376
Medium/long-term derivatives on commodities and CO2	0	31	(31)
Concessions and licenses paid in advance	1,189	1,142	47
Other	37,252	159	37,093
Total	**242,969**	**199,327**	**43,642**

Equity-accounted investees

This caption reflects equity interests, including goodwill of 28.5 million euro at December 31, 2014 (27.9 million euro at December 31, 2013), in equity-accounted investees. The main equity-accounted investees are listed below:

	Carrying amount		Share of profit (loss)	
(in thousands of euro)	December 31, 2014	December 31, 2013	2014	2013
Associates				
Ciment Québec (Canada)	84,100	83,300	4,093	2,484
Vassiliko Cement Works (Cyprus)	50,500	51,200		(5,919)
Asment Cement (Morocco)	39,400	40,800	8,029	9,707
RCS Mediagroup (Italy)	0	0	0	(17,665)
Mittel (Italy)	0	0	0	(925)
S.E.S. (Italy)	18,750	20,642	(1,336)	(531)
Others	14,067	13,914	(628)	1,772
Total associates	**206,817**	**209,856**	**10,158**	**(11,077)**
		0		
Joint ventures	**19,500**	**18,700**	**200**	**(600)**
Total	**226,317**	**228,556**	**10,358**	**(11,677)**

The data of the main equity-accounted investees adjusted for compliance with Group policies is set out below:

	Ciments Québec		Vassiliko Cement Works *		Asment	
(in thousands of euro)	2014	2013	2014**	2013	2014	2013
Revenue	109.6	118.8	62.9	79.6	110.1	116.7
Profit (loss) for the year	8.2	5.0	4.2	(11.0)	23.9	28.1
Other comprehensive income (expense)				(1.7)		
Total comprehensive income (expense)	**8.2**	**5.0**	**4.2**	**(12.7)**	**23.9**	**28.1**
Non-current assets	124.6	124.9	279.2	288.4	49.8	51.5
Current assets	79.6	73.7	31.5	34.3	64.4	80.4
Non-current liabilities	(23.0)	(22.1)	(74.4)	(85.6)	(0.6)	(1.0)
Current liabilities	(11.2)	(8.3)	(16.9)	(19.4)	(28.9)	(42.0)
Net assets	**170.0**	**168.2**	**219.4**	**217.7**	**84.7**	**88.9**
Equity interest	**50.0%**	**50.0%**	**24.7%**	**24.7%**	**37.0%**	**37.0%**
Equity interest at beginning of year	84.1	84.1	54.1	53.7	31.3	32.9
Goodwill			11.5	11.5	9.2	8.9
Adjustment for compliance with Group policies	(0.9)	(0.8)	(15.0)	(14.0)	(1.1)	(1.1)
Equity interest at end of year	**83.2**	**83.3**	**50.6**	**51.2**	**39.4**	**40.7**
Dividends received in year	6.5	2.9	0.6		10.3	6.6
Market value			16.1	9.6		

* listed company
** at September 30, 2014

Other equity investments

This non-current asset caption reflects equity investments in the "available-for-sale" category, as required by IAS 39.

(in thousands of euro)	
At December 31, 2013	**320,363**
Acquisitions	7,465
Sales and repayments	(86,324)
Fair value changes taken to equity reserves	21,832
Translation differences	79
Other	(1,982)
Impairment losses	(33,872)
At December 31, 2014	**227,561**

Decreases consisted mainly of the partial sale of Mediobanca shares for 60.4 million euro, the partial sale of RCS MediaGroup shares for 9.9 million euro, the partial sale of Unicredit shares for 3.7 million euro and the sale of the entire equity investment in UBI for 5.8 million euro.

"Fair value changes taken to equity reserves" related essentially to West China Cement shares for 19.0 million euro (of which 13.4 million euro for reclassification from reserves to income), Mediobanca S.p.A. for +7.9 million euro, RCS Mediagroup for +4.7 million euro (reclassification from reserves to income), Fin Priv S.p.A. for +0.8 million euro, UBI S.p.A. for -5.6 million euro (release of reserve), Unicredit S.p.A. for -3.6 million euro.

Impairment losses related to West China Cement for 24.7 million euro (of which 13.4 million euro with respect to the fair value reserve), RCS MediaGroup for 6.9 million euro (of which 4.7 million euro with respect to the fair value reserve), Al Badia Cement for 2.2 million euro and other companies for 0.1 million euro.

Other equity investments at December 31, 2014 were as follows:

(in thousands of euro)	N° shares	December 31, 2014
Investments in listed companies		
Mediobanca	13,500,732	91,084
Unicredit	8,182,683	43,803
RCS MediaGroup	10,107,883	9,359
West China Cement	284,200,000	24,839
Total		**169,085**
Investments in non-listed companies		
Fin Priv		14,409
Banca Leonardo group		8,800
Sesaab		9,800
Others		25,467
Total		**58,476**
At December 31, 2014		**227,561**

The fair value of listed companies is determined on the basis of the official share price on the last accounting day. The methods used to measure non-listed investments depend on the characteristics of the companies and the data available, in accordance with IAS 39.

Trade payables

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Suppliers	592,958	545,337	47,621
Bills payable	9,637	6,492	3,145
Other trade payables	16,899	10,605	6,294
Total	**619,494**	**562,434**	**57,060**

Financial liabilities

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

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Amounts due to banks	486,627	334,116	152,511
Bonds	1,808,266	1,794,640	13,626
Other loans and borrowings	44,073	59,492	(15,419)
Finance lease payables	207	931	(724)
Non-current financial liabilities	**2,339,173**	**2,189,179**	**149,994**
Fair value of hedging derivatives	40,403	23,180	17,223
Total non-current financial liabilities	**2,379,576**	**2,212,359**	**167,217**
Amounts due to banks	397,599	430,554	(32,955)
Current portion of borrowings	61,502	98,033	(36,531)
Other loans and borrowings	438,925	337,317	101,608
Finance lease payables	1,484	2,857	(1,373)
Accrued interest expense	85,596	85,909	(313)
Amounts due to banks and current financial liabilities	**985,106**	**954,670**	**30,436**
Fair value of hedging derivatives	24,808	5,811	18,997
Total current financial liabilities	**1,009,914**	**960,481**	**49,433**
Total financial liabilities	**3,389,490**	**3,172,840**	**216,650**

At December 31, 2014, under "Amounts due to banks", loans secured by mortgages and liens on property, plant and equipment and equities amounted to 137.8 million euro (78.4 million euro at December 31, 2013), of which 35.2 million euro short-term and 102.6 million euro medium/long-term. They referred to the Group's Indian companies for 121.7 million euro.
Current "Other loans and borrowings" included "billets de trésorerie" for 144.9 million euro (38.4 million euro at December 31, 2014).

Non-current financial liabilities by currency were as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Euro	2,174,757	2,127,425	47,332
Indian rupee	103,000	48,600	54,400
US and Canadian dollar	53,500	7,000	46,500
Polish zloty	1,353		1,353
Hungarian florin	117	175	(58)
Egyptian pound		500	(500)
Other	6,446	5,479	967
Total	**2,339,173**	**2,189,179**	**149,994**

Non-current financial liabilities by maturity were as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
2015		92,923	(92,923)
2016	203,900	122,304	81,596
2017	563,761	542,775	20,986
2018	576,613	518,882	57,731
2019	130,880		130,880
Beyond	864,019	912,295	(48,276)
Total	**2,339,173**	**2,189,179**	**149,994**

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

a) in December 2010, Italmobiliare arranged a 130 million euro loan with Intesa Sanpaolo maturing on December 31, 2015, to service the acquisition of two share packages from Italcementi (RCS Mediagroup and Mediobanca); following completion of planned repayments, the principal stands at 37.1 million euro;

b) in 2014, Italmobiliare arranged with Intesa Sanpaolo an irrevocable line of credit for 20 million euro maturing on December 31, 2018; at December 31, 2014 the facility had been fully drawn;

c) in 2014, Italmobiliare arranged with Unicredit a 24-month committed line of credit for 20 million euro; at December 31, 2014 no drawings had been made;

d) during 2014, Italmobiliare made drawings on uncommitted lines of credit totaling 99.4 million euro at December 31, 2014 (Intesa Sanpaolo, Credito Bergamasco, BNL and Banca Popolare di Bergamo);

e) during 2014, a 7-year 9-month line of credit for 200 million euro expired; it was fully drawn at December 31, 2013;

f) during 2014, Italcementi Finance S.A. renewed committed bilateral lines of credit at 364 days with leading international banks, for an aggregate amount of 230 million euro. Drawings on the new facilities, guaranteed by Italcementi S.p.A., totaled 50 million euro at December 31, 2014;

g) in November 2014, Zuari Cement Ltd., the Indian subsidiary of Ciments Français, obtained a two-year line of credit from a leading international bank for one billion Indian rupees. At December 31, 2014 the line had been fully drawn and was recognized for an amount equivalent to 13 million euro;

h) in July 2014, Zuari Cement Ltd. renewed with the same leading international bank an expiring short-term 5 billion line of credit, transforming it into a long-term line of credit for 4 years and 6 months. At December 31, 2014, the line had been fully drawn and was recognized for an amount equivalent to 65.2 million euro;

i) in December 2014, Shymkent Cement, the Kazak subsidiary of Ciments Français, obtained a line of credit at 6 years and 6 months for 5 billion tenge from the European Bank for Reconstruction & Development, to fund the revamping of the Shymkent cement plant. No drawings had been made on the line at December 31, 2014;

j) in September 2014, Italcementi Finance S.A. obtained a five-year 65 million US dollar floating-rate amortizing loan, of which 15 million US dollars expiring in September 2017 and 50 million US dollars expiring in September 2019, to be used to refinance a portion of the requirements of Essroc Corp., the American subsidiary of Ciments Français. The loan, guaranteed by Italcementi S.p.A., has been used in full since October 22, 2014 and at December 31, 2014 was recognized for an amount equivalent to 53.5 million euro;

k) in June 2014, Italcementi Finance S.A. negotiated a new five-year syndicated line of credit for 450 million euro, replacing the 920 million euro syndicated line of credit due to expire in September 2015, which was simultaneously terminated. The loan was arranged with an international pool of lenders with Mediobanca and Société Générale Corporate & Investment Banking as Coordinators and Documentation Agents, Banca IMI, BNP Paribas, Crédit Agricole CIB, HSBC, Royal Bank of Scotland and Unicredit as Mandated Lead Arrangers and Bookrunners, and Banca Popolare dell'Emilia Romagna, Banca Popolare di Sondrio, Banco Popolare, Crédit

Industriel et Commercial and UBI Banca (Lenders). At December 31, 2014, no drawings had been made on the syndicated line of credit, which is guaranteed by Italcementi S.p.A.;

l) during 2013 seven medium/long-term Group lines of credit expired for an aggregate amount of 430 million euro:

   a. in February, a bilateral 5-year 100 million euro line of credit;
   b. in March, a bilateral 3-year 25 million euro line of credit;
   c. in July, a bilateral 6-year 100 million euro line of credit;
   d. in July, a bilateral 7-year 50 million euro line of credit;
   e. in August, a bilateral 6-year 50 million euro line of credit;
   f. in September, a bilateral 5-year 30 million euro line of credit;
   g. in December, a bilateral 5-year and 10-month 75 million euro line of credit;

m) in 2013, Italcementi Finance S.A. renewed committed bilateral lines of credit at 364 days with leading international banks for an aggregate amount of 150 million euro, and arranged two new bilateral lines of credit at 364 days for an aggregate amount of 80 million euro, refinancing two Ciments Français medium/long-term lines of credit that expired during the year with the same banks;

n) in September 2013, Italcementi S.p.A. re-negotiated a bilateral 300 million euro line of credit expiring in July 2014, transforming it into a multi-tranche line for an aggregate amount of 225 million euro:

   a. a first tranche for 180 million euro at 3 years and 6 months;
   b. a second tranche for 45 million euro at 4 years and 6 months;

   Italcementi Finance S.A. is party to the contract as alternative beneficiary of the facility, in which case Italcementi S.p.A. acts as guarantor. No drawings had been made on the lines at December 31, 2014;

o) in July 2013, Italcementi S.p.A. obtained from the European Investment Bank a 10-year 90 million euro amortizing loan with the principal to be repaid in 7 equal amounts as from the fourth year. This low-interest loan will be used to fund the revamping of the Rezzato cement plant and had been used in full at December 31, 2014;

p) in June 2013, Italcementi S.p.A. re-negotiated a bilateral multi-tranche line of credit for an aggregate amount of 260 million euro of which:
   a. the maturity of the 50 million euro tranche was extended by two years, from September 2014 to September 2016;
   b. the 150 million euro tranche, expiring in September 2015, was reduced by an aggregate amount of 50 million euro. Of the residual 100 million euro, maturity on 50 million euro was extended from September 2015 to September 2016, while the remaining 50 million euro kept the original maturity. Drawings amounted to 50 million euro at December 31, 2014;
   c. no changes were made to the final 60 million euro tranche, expiring in September 2019;

Bond issues

q) The Italcementi group covers its financial requirements through recourse to diversified instruments. It covers its long-term financing requirements largely through bond issues. Specifically, Italcementi S.p.A. has launched a Euro Medium Term Notes program (EMTN) for qualified investors on the European market, for a maximum amount of 2 billion euro. The program requires the authorization of the Board of Directors of Italcementi S.p.A. and of Italcementi Finance S.A. for each new issue.

   The launch of the program, on March 9, 2010, is part of a broader project to optimize management of financial operations, under which Italcementi S.p.A. has been assigned a greater role as parent responsible for the coordination and direct implementation of financing programs for all group operations. The program reference material was renewed on September 24, 2014.

Under this program, Italcementi Finance S.A., a French subsidiary of Italcementi S.p.A., issued the following bonds for a total of 1,250 million euro:

a. on March 16, 2010, it closed the placement of a ten-year bond at a fixed rate of 5.375%, for a nominal amount of 750 million euro. The bond, guaranteed by Italcementi S.p.A., is listed on the Luxembourg Stock Exchange. The terms and issue conditions of the program include a coupon step-up clause for 125 basis points should the rating go beneath “investment grade”. After the downgrade of the Moody’s rating on December 15, 2011, the clause has been applied as from the annual coupon paid on March 19, 2014;

b. on February 14, 2013, it closed the placement of a five-year bond at a fixed rate of 6.125% and yield of 6.25% for a nominal amount of 350 million euro. On May 14, 2013, the placement was re-opened with an additional issue for a nominal 150 million euro, at a price of 108.261 and yield of 4.169%. The bond is unconditionally guaranteed by Italcementi S.p.A. and will mature on February 21, 2018. The two instruments, intended exclusively for qualified investors and listed on the Luxembourg stock exchange, became tradable as from July 1, 2013;

r) Ciments Français S.A. covers its long-term financial requirements largely through Italcementi Finance S.A. At December 31, 2014 Ciments Français had a 500 million euro ten-year bond issued on April 7, 2007 at a fixed rate of 4.75%;

Billéts de Trésorerie issue program

s) on October 17, 2011, Italcementi Finance S.A. was authorized by the Bank of France to issue a Billets de Trésorerie program for a maximum amount of 800 million euro. On the annual update of the issue program on June 3, 2013, the maximum amount was reduced to 200 million euro. On June 30, 2014, Italcementi Finance S.A. renewed the annual program and on October 13, 2014 raised the authorized maximum amount to 400 million euro. The program, guaranteed by Italcementi S.p.A., has an NP Moody’s rating and a B Standards & Poors rating. The transaction was managed by Natixis, with Bred Banque Populaire, Crédit Agricole CIB, Credit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis and Société Générale as bookrunners. On October 24, 2011, the program was granted a STEP label (Short Term European Paper, reference no. #0002214). In 2014, Italcementi Finance S.A. issued Billets de Trésorerie for a total amount of 1,120.9 million euro of which 144.9 million euro outstanding at December 31, 2014;

Main intragroup relations

t) in September 2014, Essroc Corp., the US subsidiary of Ciments Français, after completion of the U.S. dollar loan by Italcementi Finance S.A., also obtained from Italcementi Finance S.A. a five-year 65 million US dollar floating-rate amortizing loan, of which 15 million US dollars expiring in September 2017 and 50 million dollars in September 2019. At December 31, 2014, the loan had been used in full;

u) the new 450 million euro syndicated line of credit negotiated by Italcementi Finance in June 2014, which replaces the previous 920 million euro syndicated facility expiring in September 2015, enabled the refinancing of the 700 million euro intragroup line of credit granted to Ciments Français expiring in September 2015 for 450 million euro, subject to cancellation of 250 million euro of credit on the same line. Italcementi Finance S.A. also simultaneously cancelled the 220 million euro line of credit for Italcementi S.p.A.. At December 31, 2014 no drawings had been made on the new intragroup line of credit;

v) the funds raised with the two bonds issued in 2013 were used by Italcementi S.p.A. through medium/long-term intragroup loans to refinance bank loan and borrowings coming up to maturity;

w) in January 2013 Ciments Français made early repayment of the 100 million euro loan granted by Italcementi S.p.A. in 2010;

x) in September 2012, after finalization of a bilateral bank line of credit arranged by Italcementi Finance S.A., Italcementi S.p.A. obtained from Italcementi Finance S.A. a 100 million euro 3-year and 6-month renewable line of credit. No drawings had been made on the line at December 31, 2014.

All loans and lines of credit arranged between Ciments Français S.A., Italcementi S.p.A. and their subsidiaries are arranged at arm's length conditions.
As a result of the Moody's rating downgrade on December 15, 2011, the interest rate increase of 125 basis points applicable under the step-up clause of the 750 million euro bond issued by Italcementi Finance S.A. was applied to the loans granted by Italcementi Finance S.A. to Italcementi S.p.A. and Ciments Français S.A., for aggregate amounts of 210 million euro and 540 million euro respectively. The rating downgrade had no other direct consequences on the group borrowing costs.

Notional amount of derivatives

Financial risk management is an integral part of Group asset management, and is conducted by each segment on the basis of the guidelines drawn up with reference to the segment's core business. The Group uses derivatives to optimize its risk/yield profile.

The notional amount of derivative contracts at December 31, 2014, is set out below, subdivided by operating segment and expiry date:

	Notional amounts				
(in millions of euro)	Construction materials	Packaging and insulation	Finance	Banking	Total
Derivatives on interest rates	2,177.0		40.8		2,217.8
Derivatives on exchange rates	609.5			406.2	1,015.7
Derivatives on indices			0.5		0.5
Derivatives on commodities			0.7		0.7
Total	**2,786.5**	**0.0**	**42.0**	**406.2**	**3,234.7**

	Notional amounts				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Derivatives on interest rates	301.1	244.1	583.3	1,089.3	2,217.8
Derivatives on exchange rates	1,013.2	2.5			1,015.7
Derivatives on indices	0.5				0.5
Derivatives on commodities	0.7				0.7
Total	**1,315.5**	**246.6**	**583.3**	**1,089.3**	**3,234.7**

Currency risk hedging

The table below sets out currency risk hedging contracts measured at the closing rates:

(in thousands of euro)	Cash flow	Fair value	Trading	Total
Balance at December 31, 2014				
Forward purchases				
US dollars	60.6	47.9	1.4	109.9
Swiss francs			163.5	163.5
Other		44.3	39.5	83.8
Total	**60.6**	**92.2**	**204.4**	**357.2**
Forward sales				
US dollars	5.8	310.5	8.1	324.4
Swiss francs			160.8	160.8
Other		10.3	39.5	49.8
Total	**5.8**	**320.8**	**208.4**	**535.0**
Cross currency swaps				
US dollars		123.5		123.5
Total	**0.0**	**123.5**	**0.0**	**123.5**
Total	**66.4**	**536.5**	**412.8**	**1,015.7**

At December 31, 2014, expiry of currency risk hedging contracts was less than two years.

Hedge accounting

Hedge accounting is used in the construction materials segment only; see the specific section below for details.

Financial risk management policy and objectives

Introduction

The Italmobiliare Board of Directors defines general Group principles and management policy for the Group financial segment, the segment in which the parent itself operates. In the other Group segments (construction materials, food packaging and thermal insulation, banking, property, services and other), management policy for financial risks and financial instruments is defined by the parent of each segment or by individual companies on the basis of the characteristics of the segment, and consistently with general Group principles. Specifically:

- for the construction materials segment: by Italcementi S.p.A.;
- for the food packaging and thermal insulation segment: by Sirap Gema S.p.A.;
- for the banking segment: mainly by Finter Bank Zürich;
- the property, services, other segment does not present material financial instruments and risks and therefore does not formulate a specific policy.

For discussion of management policy and objectives in each segment, the reader is referred to the specific section.

Financial risks

Credit risk

Credit risk is the risk that a counterparty might default on its obligations and generate a financial loss for the Group.

Credit risk is managed by each segment in relation to its type of business.

Liquidity risk

Liquidity risk is the risk that due to an inability to raise new funds or sell assets on the market, the company might be unable to settle its payment obligations. This would generate effects on the profit (loss) for the year if the company were obliged to sustain additional costs to meet its commitments, or conditions of insolvency putting the company's ability to continue as a going concern at risk.

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

At December 31, 2014:

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financial liabilities	(985.7)	(203.6)	(1,271.1)	(863.9)	(3,324.3)
Undrawn committed lines of credit	1,332.4				1,332.4
Cash and cash equivalents	863.5				863.5

Total undrawn lines of credit consisted of committed lines of credit for 1,332.4 million euro and uncommitted lines of credit for 770.4 million euro.

At December 31, 2013:

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financial liabilities	(958.3)	(77.6)	(1,198.8)	(915.6)	(3,150.3)
Undrawn committed lines of credit	1,956.1				1,956.1
Cash and cash equivalents	745.6				745.6

Total undrawn lines of credit consisted of committed lines of credit for 1,956.1 million euro and uncommitted credit for 725.4 million euro.

Market risks

Interest rate risk

The Group is exposed to the risk of changes in market interest rates, as follows:

- the risk of variations in the fair value of fixed-rate financial assets and liabilities. A change in interest rates affects the fair value of fixed-rate assets and liabilities;
- the risk linked to future cash flows on floating-rate financial assets and liabilities. A change in interest rates has a limited impact on the fair value of floating-rate rate financial assets and liabilities, but may affect future cash flows and profits.

In the industrial companies, management of the interest-rate risk has a dual purpose, to minimize the cost of net financial debt and reduce exposure to fluctuation.
In the banking and financial companies, interest-rate risk management is an integral part of the core business, and is based on investment and debt policies established by the governing bodies of the companies in question.
The Group hedges interest-rate risks with derivatives such as interest-rate swaps, forward rate agreements, futures and interest-rate options arranged from time to time with leading banks.

Net financial debt at inception and after interest-rate hedging was as follows at December 31, 2014:

(in millions of euro)	
Balance at December 31, 2014	
Fixed-rate financial liabilities	1,845.7
Fixed-rate financial assets	(101.3)
Fixed-rate NFD at inception	**1,744.4**
Fixed-rate/Floating-rate hedging	(915.0)
Floating-rate/Fixed-rate hedging	1,149.8
Fixed-rate NFD after hedging	**1,979.2**
Floating-rate financial liabilities	1,479.4
Floating-rate financial assets	(963.6)
Floating-rate NFD at inception	**515.8**
Fixed-rate/Floating-rate hedging	915.0
Floating-rate/Fixed-rate hedging	(1,149.8)
Floating-rate NFD after hedging	**281.0**
Net fair value of derivatives	(35.5)
Other instruments not subject to interest-rate risk	(109.9)
Total NFD	**2,114.8**

Currency risk

The table below details consolidated net exposure by currency, showing financial assets and liabilities denominated in currencies other than the local currency.

(in millions of euro)	**euro (*)**	**USD (*)**	**Others (*)**
Financial assets (**)	0.3	455.3	30.3
Financial liabilities (**)	(24.4)	(39.2)	(50.7)
Derivatives	0.0	(398.3)	41.1
Net exposure by currency	**(24.1)**	**17.8**	**20.7**

(*) assets and liabilities are stated at their nominal amount in euro when the local currency is not euro

(**) excluding trade payables and receivables

The Group companies are structurally exposed to a currency risk on cash flows from operating activities and on financing denominated in currencies other than their respective functional currencies.

The impact of currency translation on subsidiaries' equity is recorded in a separate equity reserve.

Currency exposure is chiefly represented by the US dollar, Thai baht, Moroccan dirham, Egyptian pound and Indian rupee. The net investments in these subsidiaries are not subject to any type of hedging.
Net exposure in US dollars arises largely from the investment of the cash reserves of the Egyptian divisions in this currency, in order to ensure the availability of the necessary cash to pay import commitments and mitigate possible local-currency fluctuations.

Equity price risk

The Group is exposed to the risk of market fluctuations on unconsolidated listed equities and other securities in portfolio.

Exposure is essentially in the financial segment, to which reference should be made for further details.

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Available-for-sale equity investments	169,085	258,191	(89,106)
Trading securities	1,057		1,057
Overall exposure	**170,142**	**258,191**	**(88,049)**

Commodity price risk

The Group is exposed to a commodity price risk on the raw materials and energy products used by its industrial segments.
These risks are managed by the individual segments, through diversification of procurement sources.

Construction materials segment

Risk management policy

The Finance Division of the construction materials parent procures sources of funds and provides management of interest rates, exchange rates and counterparty risk for all the companies in the scope of consolidation. It uses derivatives to hedge interest-rate and currency risks inherent in its international operations and in relation to the nature of its debt.

Credit risk

In compliance with segment procedures, customers electing to trade on credit terms are preliminarily vetted for creditworthiness. In addition, receivable balances are monitored on an on-going basis by the administrative department, which provisions overdue receivables at regular intervals.

Concentrations of trade credit risks are limited, by virtue of the segment’s broadly based and uncorrelated customer portfolio. For this reason, management believes that no further credit risk provision is required in excess of the allowances normally set aside for bad and doubtful receivables.

Liquidity risk

The segment’s centralized financial policy is designed to ensure that at any time debt maturing in less than two years is less than or equal to undrawn committed lines of credit and liquidity.

As from 2010, under the financial policy review, Italcementi S.p.A. and Ciments Français S.A. are the recipients of the fund-raising activities of Italcementi Finance S.A., enabling them to improve their access to credit and benefit from the synergies of a centralized financial policy. The policy aims to obtain loans at competitive conditions and ensure a balance between average debt maturity, flexibility and diversification of sources. Consequently, Italcementi S.p.A. and Ciments Français S.A. obtain refinancing from Italcementi Finance S.A. through short- and long-term intragroup loans, arranged at arm’s length conditions.

Cash and cash equivalents, 551.5 million euro at December 31, 2014, consist largely of current assets such as short-term deposits, certificates of deposit, money-market mutual funds. At December 31, 2014, the maximum exposure to a single counterparty was 20%.

Since 2006, Italcementi S.p.A. has had public credit ratings, from the Moody’s and Standards & Poors ratings agencies. At December 31, 2014, the ratings were respectively Ba3 outlook positive-NP and BB+ outlook negative-B.
The Moody’s and Standards & Poors ratings on the 500 million euro bond issued by Ciments Français in 2007 were respectively Ba2 outlook positive and BB+ outlook negative.
On March 12, 2014, Moody’s placed the Italcementi Ba3 rating under observation for a possible upgrade. On July 31, 2014, Moody’s confirmed the Ba3 rating and modified the outlook from stable to positive. During 2014, Standard & Poor’s maintained the Italcementi S.p.A. rating at BB+/B outlook negative.
The public rating assigned to Italcementi S.p.A. is applied to all Italcementi Finance S.A. bond issues.

In addition to the customary clauses, some financing contracts granted to Italcementi S.p.A., Italcementi Finance S.A. and other companies in the segment, including Zuari Cement (India) and Shymkent Cement (Kazakhstan) include covenants requiring compliance with financial ratios, fixed for the most part on a six-monthly basis. The main financial ratio included in the covenants is “leverage” (net financial debt/recurring gross profit (loss)) with a maximum limit of 3.75. For bilateral or syndicated lines of credit and loan and borrowings, failure to comply with covenants

leads to termination and consequent early repayment, although the covenants also include a stand-by period prior to actual execution. Lines of credit and financing contracts do not contain rating triggers that would lead to early repayment. Some financing contracts involve assumption of negative pledges to the counterparty, although these are limited to specific instances that do not substantially compromise the segment's ability to finance or refinance its operations.
At December 31, 2014, lines of credit and loans and borrowings subject to covenants stood at 385 million euro of total drawings represented by gross financial liabilities (2,802 million euro at December 31, 2014 expressed at nominal amount, excluding the fair value effects of derivatives) and 1,048 million euro of total undrawn immediately available lines of credit (1,310 million euro at December 31, 2014).
At December 31, 2014, the segment complied with all contractual commitments; covenant-related financial ratios were within the contractual limits agreed by the loans in question. The segment expects to comply with its covenants for the next 12 months, and will provide information as appropriate should its financial situation deteriorate.

Counterparty risk

Instruments for management of currency and interest rate risk are transacted exclusively with high-rated counterparties, selected on the basis of various criteria: ratings attributed by specialist agencies, assets, equity, nature and maturity of instruments. The majority of counterparties are leading international banks.
No financial instruments are contracted with counterparties in geographical regions exposed to political or financial risks. All counterparties are in Western Europe or the USA.
Adoption of IFRS 13 implies credit valuation adjustment (CVA) and debit valuation adjustment (DVA) on derivatives.

Market risks

Interest rate risk

Management of the interest-rate risk in the construction materials segment has a dual purpose, to minimize the cost of net financial debt and reduce exposure to fluctuation. Two types of risk are hedged:

- the fair value risk with respect to fixed-rate financial assets and liabilities. With regard to fixed-rate hedged debt, the segment is exposed to an "opportunity cost" in the event of a fall in interest rates. A change in interest rates will affect the fair value of fixed-rate assets and liabilities and impact consolidated profit or loss in the event of liquidation or early repayment of these instruments;
- the future cash flow risk with respect to floating-rate assets and liabilities.

A change in interest rates will have a negligible impact on fair value of floating-rate financial assets and liabilities, but will affect the finance cost trend and consequently future profit or loss.

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

It hedges interest rate risks mainly by arranging interest rate swaps, forward rate agreements and interest rate options with top-ranking banks.

At December 31, 2014, 73% of the segment's gross financial debt and 93% of net financial debt (not considering the fair value of derivatives) was at a fixed rate or at a capped rate.
Hedges are reflected at nominal amount for each period (consistently with instrument maturity) and do not include fixed to fixed rate contracts and floating to floating rate contracts.

At December 31, 2014, a 0.5% increase in the interest rate curve would have had an impact of +0.7 million euro, that is, 0.7% of 2014 net finance costs. The impact on interest-rate derivatives in portfolio would be +15.8 million euro on equity and -18.3 million euro on profit before tax; the latter effect would be countered by an effect of +23.9 million euro on fixed-rate liabilities with fair value hedges.

At December 31, 2014, a -0.5% decrease in the interest-rate curve would have had an impact of -0.7 million euro, that is, 0.7% of 2014 net finance costs. The impact on interest-rate derivatives in portfolio would be -17.0 million euro on equity and +18.6 million euro on profit before tax; the latter effect would be countered by an effect of -16.6 million euro on fixed-rate liabilities with fair value hedges.

Currency risk

The companies in the segment are structurally exposed to the currency risk on cash flows from operations and from financing denominated in currencies other than those of the local functional currency.
The companies in the segment operate largely on their respective local markets. Consequently, invoiced amounts and operating expenses are denominated in the same currency, and exposure of operating cash flows to currency risk is not particularly significant, with the exception of fuel, spare parts and investments relating to construction of new plants.

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

With regard to financing for subsidiaries, the segment may arrange borrowings in a currency other than that of the loan to the subsidiary.
Segment policy is to hedge exposure whenever the market makes this possible. The net exposure of each entity is determined on the basis of forecast net operating cash flows over one to two years and financing denominated in currencies other than the local currency.

The segment hedges currency risk with forward currency purchase and sale contracts, and currency swaps to translate financing generally denominated in euro at inception into foreign currency, as well as with options.
These hedging instruments are contracted with top-ranking banks.

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

At December 31, 2014, a 1% change in the exchange rate with the euro, in cases where the local currency is not euro, would have had an impact of +33.2 million euro on equity, of which +7.9 million euro on non-controlling interests.
At December 31, 2014, a 10% rise in the US dollar would have had an impact on currency derivatives in portfolio of +5.4 million euro on equity and -29.3 million euro on profit before tax. A 10% depreciation of the US dollar would have had an impact on currency derivatives in portfolio of -5.4 million euro on equity and +29.4 million euro on profit before tax.

Equity price risk

The segment is exposed to market fluctuations on listed shares held in portfolio recognized under “Other equity investments”. Treasury shares held by Italcementi S.p.A are measured at cost and deducted against shareholders' equity under the “Treasury share” reserve.

Investments corresponding to “available-for-sale” financial assets are carried under “Other equity investments” and refer primarily to the listed shares in West China Cement.

The risk of fluctuations in the value of such investments is not actively managed with hedging instruments.

Commodity price risk

CO_2

The segment's European subsidiaries are exposed to market fluctuations on carbon emission rights prices, in connection with their surplus or deficit on the quotas allocated by their respective national governments.
In the first half of 2014, the Italcementi group completed optimization of its carbon emission rights portfolio through a spot purchase of Certified Emission Reductions and Emission Reduction Units and a spot sale of an equivalent number of European Union Allowances. The transaction did not affect the balance of carbon emission rights expressed in metric tons and generated a gain of 11.5 million euro; there were no sales in 2013.

Trades on emission rights markets are transacted by Italcementi S.p.A., which since 2010 has also operated on behalf of the segment's other European subsidiaries under an agency basis.

Other commodities

The segment does not cover the price risk on other commodities with financial hedging instruments; in some cases of coal, energy and gas procurement, management of market-price fluctuations is covered by medium-term contracts providing for gradual price fixing directly with the supplier.

Hedge accounting

The effects arising from application of hedge accounting rules are summarized below.

The specific equity reserve reflects fair value gains and losses on the effective component of cash flow hedges only.

The eliminated portion of the reserve relating to instruments that expired in 2014 amounted to +6.7 million euro at December 31, 2014, compared with +17.0 million euro at December 31, 2013. The changes in equity relating to derivatives contracted in 2013 and still in portfolio at December 31, 2014, amounted to -26.3 million euro (+2.8 million euro at December 31, 2013). The overall effect of the new derivatives recognized in equity was +1.0 million euro at December 31, 2014 (-2.4 million euro at December 31, 2013).

The non-effective component of cash flow hedges in portfolio at December 31, 2014 recognized in profit or loss was immaterial in both 2014 and 2013.

With reference to fair value hedges in portfolio at the end of 2014, the amount taken to profit or loss totaled +45.1 million euro for 2014 (+61.3 million euro for 2013). Recognized amounts attributable to underlying risk hedged during the year totaled -48.0 million euro at December 31, 2014 (-67.4 million euro at December 31, 2013). These amounts are taken to profit or loss as gains and losses on interest-rate and currency risk derivatives.

Packaging and insulation segment

Risk management policy

In order to adopt a uniform financial risk management policy for the Sirap group, on July 31, 2013, the Sirap Gema S.p.A. Board of Directors approved the Italmobiliare Group's "Financial Resources Management Regulation: structure of investment process governance and portfolio constraints", to be extended to all companies it controls directly and indirectly in the food packaging and thermal insulation segment. An update to the regulation was issued on December 6, 2013, and was adopted by the Board of Directors on February 28, 2014.

Objectives

The objective of the above policy is to reduce the financial risks to which the Sirap group is exposed in its operations, by indicating application procedures, tools and limits.
Since the Sirap group's activities are mainly business operations in food packaging and thermal insulation, use of tools will be limited to hedging risks associated with its core business, excluding speculative policies or policies designed purely to maximize financial profit.

Financial instruments

The financial instruments adopted in the segment are intended solely to provide the segment with the funds required to conduct its core business. Consequently, amounts, terms and conditions of financial instruments are designed to meet the needs of the operations to which they refer.

Financial risk management

Credit risk

The segment is exposed to credit risk on sales of products and services on its core markets.

Its policy sets out criteria for establishing customer creditworthiness, credit limits and risk containment measures.
The policy also assigns responsibility for approving amounts in excess of such limits and for drafting management reports.

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

(in millions of euro)	0-30 days	31-60 days	61-90 days	more than 90 days	Total
Sirap Gema	2.2	0.4	0.1		2.7
Sirap Gema Insulation	1.3	0.4	0.4	0.2	2.3
Sirap Gema France	0.5	0.4		0.1	1.0
Inline Poland	0.6	0.1			0.7
Total	**4.6**	**1.3**	**0.5**	**0.3**	**6.7**

Total non-overdue trade receivables stood at 60.7 million euro.

Since Sirap group trade receivables refer in the main to leading Italian and international mass merchandisers and to food and building material distributors, non-overdue receivables are not analyzed by debtor ratings; the probability of material solvency risks may be reasonably excluded. Individual cases are systematically reviewed and a specific allowance set aside where necessary.

The generic risk on overall credit exposure is determined on a statistical basis, considering historical annual insolvency and loss, correlated with average uncollectibility percentages computed in relation to the age of the receivable.

Movements on the allowance for impairment of trade receivables in 2014 were as follows:

(in millions of euro)	Opening balance	Additions	Utilization	Closing balance
Sirap Gema	1.8	0.4	(1.6)	0.6
Sirap Gema Insulation	1.6	0.5	(0.7)	1.4
Sirap Gema France	0.6		(0.2)	0.4
Inline Poland	0.1		(0.5)	(0.4)
Petruzalek group	1.5	0.3		1.8
Total	**5.6**	**1.2**	**(3.0)**	**3.8**

As part of action taken to contain the credit risk, during the year the credit control committees continued to operate in almost all the companies in the segment; the committees conduct monthly reviews and analyses of situations at greatest risk; during the year, credit insurance policies were taken out by Sirap Gema S.p.A. and Sirap Insulation S.r.l. in the manner deemed appropriate.

Liquidity risk

The segment is exposed to a liquidity risk (the risk of being unable to settle financial liabilities) on its net financial debt.

Its policy provides criteria for definition of financing amounts, terms and conditions, in relation to conditions on the markets on which it operates.

Non-current financial liabilities at December 31, 2014, by maturity, are set out below:

(in millions of euro)	December 31, 2014	December 31, 2013	Change
2015		18.9	(18.9)
2016	23.9	19.0	4.9
2017	5.7	1.3	4.4
2018	4.8	1.2	3.6
2019	2.4	0.1	2.3
2020	0.1	0.1	0.0
Beyond	0.3	0.3	0.0
Total	**37.2**	**40.9**	**(3.7)**

In the Sirap group, borrowings have been set up with financial covenants. In 2012, two borrowings were arranged by the parent Sirap-Gema S.p.A.; the terms of the covenants are illustrated below:

1 - Credito Bergamasco, arranged on March 27, 2012, notional capital 10.0 million euro, term 48 months. Under the contract amendment of July 9, 2014, with reference to the outstanding amount due of 3.125 million euro, in the segment consolidated financial statements the sole covenant (NFD / Gross operating profit < 6.0) had been met at December 31, 2014. The borrowing is due to be extinguished on March 27, 2016.

2 - Banca Popolare di Milano: arranged on June 28, 2012, notional capital 3.0 million euro, term 36 months. Under the contract, with reference to the residual amount due of 0.667 million euro, the covenants to be met with respect to the segment's consolidated financial statements at December 31, 2014, were as follows:
   - NFD / Gross operating profit <= 6.55
   - NFD / Equity <= 3.20

The second covenant was not met.
Sirap Gema S.p.A. informed the lender within the contractually agreed deadlines. An application was made for a waiver, with introduction of a spread increase.

The borrowing is due to be extinguished on June 30, 2015.

The subsidiary Inline Poland Sp z o.o. arranged a borrowing with financial covenants on November 24, 2008, as follows:

- BRE Bank loan, arranged on November 24, 2008, for 18,325,000 Polish zloty, repayment in 114 monthly amounts, the last due on December 31, 2018, with interest at 1-month WIBOR plus 1.0%. The loan has covenants on: total annual revenue, percentage net profit, current ratio, receivables and current investments/current liabilities. With reference to the outstanding amount due, of 1,805 million euro, the covenants relating to the company financial statements as at December 31, 2014, were met.

Market risks

Interest rate risk

This is the risk of changes in the value of or future cash flows on a financial instrument, due to changes in interest rates.

The segment policy sets out criteria and procedures to mitigate/neutralize the interest rate risk, that is, to minimize the difference between interest income and expense rates in relation to operating requirements, taking into account that since the segment is structurally in debt, the presence of liquidity may only be temporary.

The Sirap Gema S.p.A. statement of financial position reflects a loan arranged with Société de Participations Financières Italmobiliare S.A. for a total amount of 56 million euro, arranged on April 12, 2007, for 9 years and 6 months, including a two-year pre-amortization period. The contractual terms of the loan were amended in 2012. The financial covenants in the original contract, which contemplated a variable spread, were suppressed in favor of a fixed margin of 250 basis points as from October 12, 2012. The repayment schedule was also amended, although the final maturity date was left unchanged (October 12, 2016).
The outstanding principal at December 31, 2014 amounted to 31 million euro.

Currency risk

The segment is exposed to currency risk largely with regard to the East European currencies.
In 2014, some currencies, notably the Ukrainian hrivna, depreciated against the euro compared with 2013.
The segment policy sets out criteria and procedures to mitigate/neutralize the effects, and tools and limits on use of hedging derivatives.

Other price risks

This category includes risks related to fluctuations in market prices, which may have a material impact on the value or future cash flows of the operating companies.

Specifically, the segment is exposed mainly to price fluctuations on polymer raw materials and energy, which rose during 2014.
The prices of these production factors and the related market indicators are monitored continually to mitigate risks and negative effects on segment performance wherever possible.

Generally speaking, the risk category also includes the value of equity investments in operating companies (equity risk). In view of the fact that investment in new markets to achieve business growth is a strategic objective in this segment, exposure to equity risk on investments in operating companies is maintained and the segment policy does not envisage specific criteria to reduce risk.

Financial segment

Risk management policies

Introduction

The document "Financial Resources Management Regulation" (the "Regulation") sets out general strategic guidelines and investment regulations governing management of resources in the financial segment.

Objectives

In the financial segment, management of financial risk is an opportunity to generate profits within the constraints established for the purposes of careful and prudent management of resources.

Financial instruments

The Regulation defines the types of financial instruments allowed, maximum amounts, counterparties, procedures and approval models.

Derivatives may be used as risk management instruments and as instruments for market positioning. The Regulation is particularly restrictive with regard to types of transactions allowed and approval and control processes.

Credit risk

Italmobiliare and the companies in the financial segment are exposed to credit risk with respect to issuers of financial instruments and counterparties to financial transactions.

The Regulation establishes minimum rating levels for individual investments (where applicable), for type of instrument, for rating family and the maximum limit available for individual counterparties.

The Regulation sets out management procedures for approving amounts in excess of such limits; a monitoring and reporting system has also been established.

The financial segment is not exposed to material trade credit risks.

The table below illustrates exposure to credit risk on the basis of the average rating of issuers of bonds, other financial assets and of counterparties with which the segment has contracted derivatives.

(in millions of euro)	Fair Value	Average rating	Average outstanding life (in years) (*)
Trading bonds	114.8	A	3.11
Available-for-sale bonds	6.3	Ba3	36.00
Other financial assets	2.2	n.a.	n.a.
Interest-rate derivatives	0.1	n.a.	< 1

(*) determined on first call

(**) estimated issue rating

(***) average counterparty rating

n.a. = not available

Assuming a +100 bp parallel shift in the credit curve, the estimated overall change in the fair value of financial instruments would be 3.0 million euro, of which 2.8 million euro in the income statement and 0.2 million euro in equity.

Other financial assets and derivatives are excluded from the sensitivity analysis since their fair value does not depend on the creditworthiness of the counterparty.

Liquidity risk

Risk management policy in the financial segment is designed to optimize financial resources through effective management (in terms of maturities, costs and liquidity) of the segment's assets and liabilities.

Regular reports are drawn up for top management analyzing the net financial debt trend and risk of each company in the financial segment and of the segment as a whole. A daily financial asset measurement and performance report is also available, drawn up by the depositary bank.

The table below sets out debt by maturity (residual life) compared with financial assets and undrawn lines of credit.

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financial liabilities	(140.2)		(20.0)		**(160.2)**
Total financial assets	151.2	29.2	26.4	31.0	**237.8**
Total net financial debt	**11.0**	**29.2**	**6.4**	**31.0**	**77.6**
Committed undrawn lines of credit	20.0				20.0

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

Undrawn uncommitted lines of credit stand at 188.6 million euro.

At December 31, 2014, some loan contracts included customary clauses represented mainly by negative pledges, which could weaken the borrower's equity (e.g., amendments to the by-laws, change of business, reduction of share capital) and cause the lender to withdraw from the contract.

Market risks

Interest rate risk

Fluctuations in interest rates affect the fair value of the segment's financial assets and liabilities and the level of net finance costs.

Regular reports are drawn up analyzing asset and liability management.

The table below illustrates the composition of net financial debt in the financial segment at December 31, 2014, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of net financial debt.

(in millions of euro)	
Balance at December 31, 2014	
Fixed-rate financial liabilities	
Fixed-rate financial assets	49.2
Fixed-rate net financial debt at inception	**49.2**
Fixed-rate/Floating-rate hedging	(11.4)
Floating-rate/Fixed-rate hedging	
Fixed-rate net financial debt after hedging	**37.8**
Floating-rate financial liabilities	(159.5)
Floating-rate financial assets	78.3
Floating-rate net financial debt at inception	**(81.2)**
Fixed-rate/Floating-rate hedging	11.4
Floating-rate/Fixed-rate hedging	0.0
Floating-rate net financial debt after hedging	**(69.8)**
Assets not exposed to interest-rate risk	110.6
Liabilities not exposed to interest-rate risk	(1.0)
Total net financial debt	**77.6**

Floating-rate assets include cash and cash equivalents, amounts due from Group companies and floating-rate bonds; fixed-rate liabilities include amounts due to third parties and Group companies.

A sensitivity analysis was performed to determine the change in the fair value of net financial debt caused by an instantaneous shift of 100 bp in forward interest rates (assuming a parallel shift in the curve). Modified Duration was used as the sensitivity criterion.

The analysis found an overall estimate of -2.7 million euro, with overall effect on the income statement.

Symmetrical results would be generated by an instantaneous parallel downward shift in the rate curve, since the financial segment does not employ non-linear instruments such as options or collars.

Currency risk

Investment regulations keep exposure to currency risk very low. Currency positions are limited and used with the objective of de-correlating the risk of traditional financial assets in the liquidity management portfolio.

Other price risks

Italmobiliare and the financial segment in general are particularly exposed to the risk of fluctuations in the prices of listed equities carried at fair value.

Since Italmobiliare is a holding company, exposure to the equity risk is inherent to its core business. In some cases, for limited amounts, the Policies set out procedures and approvals for the use of derivatives to reduce this risk.

At December 31, 2014, assets exposed to price risk amounted to 145.3 million euro, of which 144.2 million euro classified as “available-for-sale”.
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 7.3 million euro, of which 6.7 million euro on equity and 0.6 million euro on the income statement.

(in millions of euro)	Fair Value	Share price delta	Impact on income statement	Impact on equity
Held-for-trading equities	1.1	-5%	(0.1)	
Available-for-sale equities	144.2	-5%	(0.5)	(6.7)

Banking segment

The banking segments consists principally of the Finter Bank Zürich group.

The bank's core business activities are indicated below; the group does not perform any other operations that impact risk and income.

Financing

Financing is a secondary business for the Finter Bank Zürich group. The majority of loans are granted on a hedged basis and refinanced with client deposits.

Commission income and provision of services

Commission income and provision of services represent the main source of income and refer to securities transactions and investments on behalf of clients conducted by the Asset Management, Investment Advisory and Fiduciary Investments services.
Revenue from these activities accounts for more than two thirds of Finter group total revenue.

Trading transactions

Finter Bank Zürich is active in securities and currency trading. Transactions are conducted within clearly defined limits, as is trading of financial derivatives for clients and for the group itself.

Other activities

For liquidity purposes, the bank holds a portfolio of fixed-rate securities with high ratings.

Financial risk management

Risk policy is regularly reviewed and approved by the Board of Directors. It provides the basis for risk management for the bank and the group. Management is responsible for implementing policy. Specific limits are set for individual risks.

The Risk Management Committee enforces compliance with regulations and monitors all key risks. The Risk Manager (the committee chairman) is responsible for activity monitoring and for recommending measures for management approval.

Trading positions are assessed on a daily basis. Management keeps responsibility for risk control separate from responsibility for trading.

Management receives regular reports on the group's equity, financial position, income and liquidity and on related risks.

Credit risk

Credit policy covers all commitments that could generate losses in the event of default by counterparties.
Counterparty risk is managed through risk diversification, a system of limits, qualitative requisites and coverage margins.

The credit directives issued by the authorities regulate the loan provision process, which assesses solvency and creditworthiness on the basis of the customary criteria applied by banks. Most loan transactions are conducted as part of asset management activities.

Liquidity risk

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

Market risks

Interest-rate risk

Interest-rate risk is monitored at central level by the bank's Asset and Liability Management committee (ALM) and controlled by the Treasurer. Risk management focuses on interest-rate volatility. GAP analyses are conducted to quantify and manage risk within the authorized limits. Computation of present value of all interest-rate transactions provides input for sensitivity analyses.

Interest-rate equilibrium management is not a primary strategy for a bank active in private banking.
The change in the present value of assets as a result of a +/- 100 bp shift in the interest curve and the impact on profit or loss of a +/- 100 bp shift in the interest curve for a duration up to 1 year are used as the internal risk criteria.
A 5% limit has been set on the change in the fair value of assets.
The table below illustrates the effect on assets of a +/- 100 bp parallel shift in the interest curve at the end of 2014:

(in millions of euro)	Present value of assets	+ 100 bp	- 100 bp
Swiss francs	275.6	(0.7)	0.3
Euro	56.0	(0.6)	0.2
US dollars	11.3	(0.2)	0.1
Other currencies	9.9	(0.2)	0.1
Total	**352.8**	**(1.7)**	**0.7**

The total impact on profit or loss would be -1.7 and +0.7 million euro respectively.
Compared with the present value of assets, this effect is immaterial (-0.49% and +0.21% respectively).

Other price risks

The segment limits other price risks, primarily exposure on securities and precious metals, through a volume and loss control system. Trading positions are monitored daily.

Transactions with related parties

Transactions with related parties in 2014 were not significant. They are detailed in the table below:

(in thousands of euro) **Italmobiliare Group**	**Revenue (expense)**	**Trade receivables (payables)**	**Financial assets (liabilities)**	**Finance income (costs)**	**Other operating income (expense)**
Subsidiaries and associates not fully consolidated	31,015	6,850	42,546	136	
	(16,515)	(2,768)	(585)	(37)	
Subsidiaries of associates					
	(2,915)	(51)			
Other related parties	107	76			94
	(791)	(349)			(900)
Total	**31,122**	**6,926**	**42,546**	**136**	**94**
	(20,221)	**(3,168)**	**(585)**	**(37)**	**(900)**
% impact on financial statement items	0.7%	1.0%	3.3%	0.6%	0.2%
	0.5%	5.0%	0.0%	0.0%	1.5%

The comparatives for 2013 are set out below:

(in thousands of euro) **Italmobiliare Group**	**Revenue (expense)**	**Trade receivables (payables)**	**Financial assets (liabilities)**	**Finance income (costs)**	**Other operating income (expense)**
Subsidiaries and associates not fully consolidated	56,452	14,013	49,146	712	
	(35,517)	(6,208)	(1,963)	(65)	
Other related parties	115	86			82
	(755)	(264)			(804)
Total	**56,567**	**14,099**	**49,146**	**712**	**82**
	(36,272)	**(6,472)**	**(1,963)**	**(65)**	**(804)**
% impact on financial statement items	1.3%	1.9%	3.7%	1.7%	0.1%
	1.0%	1.2%	0.1%	0.0%	0.7%

Revenue from and purchases of goods and services in respect of subsidiaries and associates consisted mainly of transactions with companies consolidated proportionately, notably Société des Carrieres du Tournaisis, Atlantica de Graneles and with equity-accounted investees, including the Ciments Quebec Inc. group and Vassiliko Cement Ltd..

In 2014, the Italmobiliare Group made a payment of 900 thousand euro to the Italcementi Cav. Lav. Carlo Pesenti foundation.
The percentage impact of the above-mentioned transactions with related parties on cash flows was negligible.

Remuneration of officers with strategic responsibilities

The table below sets out amounts accrued during the year by officers with strategic responsibilities: the directors, the chief operating officer and the Italmobiliare S.p.A. manager in charge, for offices held in the Group:

(in thousands of euro)	2014	2013
Short-term benefits: fees and remuneration	9,896	9,811
Post-employment benefits: provision for Italian post-employment benefits and end-of-term entitlements	923	2,054
Other long-term benefits: length-of-service bonuses and incentives	3,059	4,047
Share-based payments	68	341
Total	**13,946**	**16,253**

Non-recurring transactions

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

	2014					
(in thousands of euro)	Equity		Loss for the year		Net financial debt	
	amount	%	amount	%	amount	%
Carrying amounts	**4,286,380**		**(50,111)**		**(2,114,773)**	
Net gains from the sale of non-current assets	7,682	0.18%	7,682	15.33%	15,281	0.72%
Non-recurring personnel expense for re-organizations	(8,711)	0.20%	(8,711)	17.38%		0.00%
Other non-recurring expense	(4,661)	0.11%	(4,661)	9.30%	(300)	0.01%
Tax on non-recurring transactions		0.00%	0	0.00%		0.00%
Total	**(5,690)**	**0.13%**	**(5,690)**	**11.35%**	**14,981**	**0.71%**
Figurative amount without non-recurring transactions	**4,292,070**		**(44,421)**		**(2,129,754)**	

	2013					
(in thousands of euro)	Equity		Loss for the year		Net financial debt	
	amount	%	amount	%	amount	%
Carrying amounts	**4,333,423**		**(154,227)**		**(1,829,988)**	
Net gains from the sale of non-current assets	21,105	0.49%	21,105	13.68%	24,675	1.35%
Non-recurring personnel expense for re-organizations	(30,676)	0.71%	(30,676)	19.89%		0.00%
Other non-recurring expense	(1,219)	0.03%	(1,219)	0.79%	(300)	0.02%
Tax on non-recurring transactions		0.00%	0	0.00%		0.00%
Non-recurring tax		0.00%	0	0.00%		0.00%
Total	**(10,790)**	**0.25%**	**(10,790)**	**7.00%**	**24,375**	**1.33%**
Figurative amount without non-recurring transactions	**4,344,213**		**(143,437)**		**(1,854,363)**	

Audit fees

The table below sets out details of the fees paid in financial year 2014 by the Italmobiliare Group to the independent auditors KPMG and the foreign companies of the KPMG network, pursuant to CONSOB Resolution May 14, 1999, no.11971, art. 149-duodecies, par 1:

(in thousands of euro)	KPMG S.p.A.	Other Italian companies in the KPMG network	Other foreign companies in the KPMG network
Audit services	1,506		1,500
Other attestation services	823	336	84
Other legal, fiscal, corporate services	38	68	64
Total	**2,367**	**404**	**1,648**

Statement of cash flows

B) Cash flow from investing activities

The table below itemizes the main equity investments made by the Group in 2014:

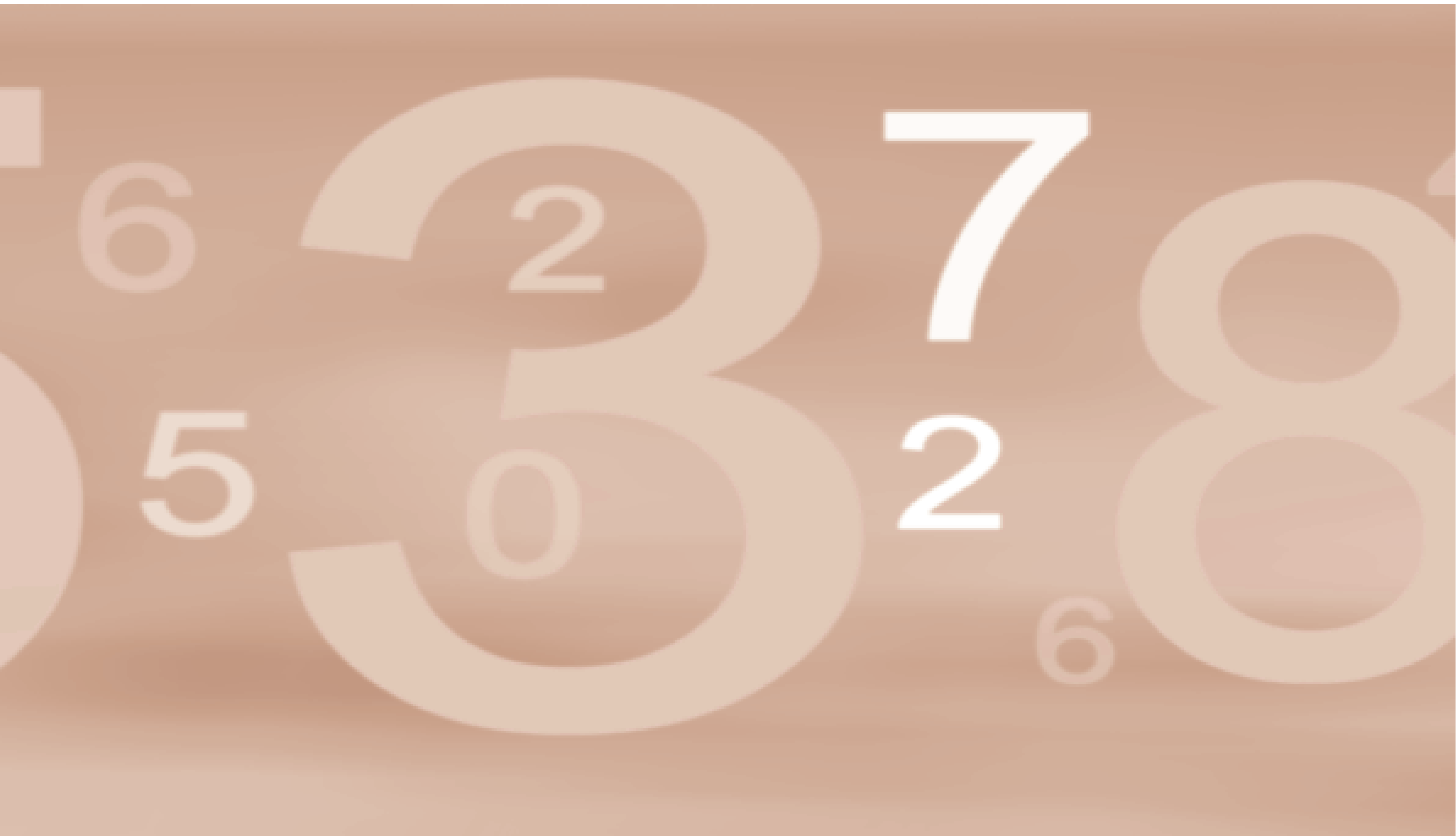
(in millions of euro)	2014	2013
Italcementi S.p.A.	8.8	
Assicurazioni Generali	1.7	
Atlantia	1.6	
Sirio	1.4	
Terna	1.4	
Graves de l'estuaire	0.9	
Teracem	0.9	
Tri Alfa	0.5	
Commerciale Inerti	0.3	0.3
Terra Cimentos	0.3	
RCS - Italy		10.0
Sorite - Italy		3.0
035 Investimenti		0.2
Others	0.1	0.2
Total	**17.9**	**13.7**

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

Events after the reporting period

No significant events have taken place since the reporting date that require amendments to or additional comments on the Group's financial position and results of operations as at and for the year ended December 31, 2014.
Reference should be made to the directors' report on operations for additional information on events after the reporting period in the various segments.

Annex



Annex

The table below sets out equity investments held in companies when such investments exceed 10% of voting capital. It also indicates the consolidation method and non-controlling interests.

Company	Registered office		Share capital		Interest held by Group companies				Method	Non-controlling interests
					Direct	Indirect	%			
Parent										
Italmobiliare S.p.A.	Milan	I	€	100,166,937.00						
Burgo Group S.p.A.	Altavilla Vicentina	I	€	205,443,391.40	-	11.68	11.68	Société de Participation Financière Italmobiliare SA	Fair Value	
CJSC INLINE-R	Mosca	RU	RUB	30,230,640.00		23.99	23.99	Inline Poland Sp. z.o.o.	Cost	
Compagnia Fiduciaria Nazionale S.p.A.	Milan	I	€	312,000.00	16.67	-	16.67	Italmobiliare S.p.A.	Fair Value	
Crédit Mobilier de Monaco S.A.	Montecarlo	MC	€	5,355,000.00	-	99.91	99.91	Société de Participation Financière Italmobiliare SA	Line-by-line	0.09
Enhanced Frontier Limited - winding up	Nassau	BS	€	100.00	-	100.00	100.00	Finter Bank Zurich S.A.	Cost	0.00
Fin.Priv. S.r.l.	Milan	I	€	20,000.00	14.28	-	14.28	Italmobiliare S.p.A.	Fair Value	
Finter Bank Zurich A.G.	Zurich	CH	CHF	45,000,000.00	-	100.00	100.00	Société de Participation Financière Italmobiliare SA	Line-by-line	0.00
Finanzgesellschaft Hugo Kahn & Co AG	Zurich	CH	CHF	10,000,000.00	-	100.00	100.00	Finter Bank Zurich A.G.	Line-by-line	0.00
Franco Tosi S.r.l.	Milan	I	€	260,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line	0.00
ICS Petruzalek Srl	Chisinau	MD	MDL	81,518.50	-	100.00	100.00	Petruzalek Com S.r.l. (Romania)	Line-by-line	0.00
Immobiliare Lido di Classe S.r.l.	Rome	I	€	255,000.00	18.04	-	18.04	Italmobiliare S.p.A.	Cost	
Inline Poland Sp. z.o.o.	Murowana Goslina	PL	PLN	3,846,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	0.00
Petruzalek Ltd. (Turkey)	Istanbul	TR	TRY	1,326,000.00	-	100.00	99.70	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	0.00
							0.30	Petruzalek Com S.r.l. (Romania)		
Petruzalek e.o.o.d. (Bulgaria)	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	0.00
Petruzalek Com S.r.l. (Romania)	Ilfov Chiajna	RO	RON	6,374,380.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	0.00
Petruzalek d.o.o. (Croatia)	Zabok	HR	HRK	129,500.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	0.00
Petruzalek d.o.o. (Serbia)	Zemun (Batajnica)	RS	€	1,066,060.09	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	0.00
Petruzalek d.o.o. (Slovenia)	Maribor	SI	€	9,959.08	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	0.00
Petruzalek Gesellschaft mbH (Austria)	Tattendorf	AT	€	1,000,000.00	-	99.00	99.00	Sirap Gema S.p.A.	Line-by-line	0.00
Petruzalek Kft (Hungary)	Budapest	HU	HUF	300,000,000.00	-	100.00	75.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	0.00
							25.00	Petruzalek spol. S.r.o. (Czech Republic)		
Petruzalek o.o.o. (Ukraine)	Odessa	UA	UAH	214,831.00	-	90.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	10.90
Petruzalek d.o.o. (Bosnia)	Sarajevo	BA	BAM	10,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	0.00
Petruzalek S.r.o. (Slovakia)	Bratislava	SK	€	15,269.20	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	0.00
Petruzalek S.r.o. (Czech Republic)	Breclav	CZ	CZK	2,300,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	0.00
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	I	€	1,300,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line	0.00
Sirap France SAS	Noves	FR	€	3,520,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	0.00
Sirap Insulation S.r.l.	Verolanuova (BS)	I	€	2,815,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	0.00
Sirap Gema S.p.A.	Verolanuova (BS)	I	€	5,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line	0.00
S.E.S. Società Editrice Sud S.p.A	Messina	I	€	10,695,505.08	29.36	-	29.36	Italmobiliare S.p.A.	Equity	
Société d'Etudes de Participations et de Courtages S.A.	Montecarlo	MC	€	1,290,000.00	-	99.98	99.98	Société de Participation Financière Italmobiliare SA	Line-by-line	0.02
Société de Participation Financière Italmobiliare S.A.	Luxembourg	LU	€	19,999,992.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line	0.00
Universal Imballaggi Sr.l.	Palermo	I	€	1,731,588.00	-	92.64	92.64	Sirap Gema S.p.A.	Line-by-line	7.36
Italcementi S.p.A.	Bergamo	I	€	401,715,071.15	45.00	1.11	45.00	Italmobiliare S.p.A.	Line-by-line	55.00
							1.11	Italcementi S.p.A.		
Azienda Agricola Lodoletta S.r.l.	Bergamo	I	€	10,400.00	75.00	-	75.00	Italcementi S.p.A.		
B2E Markets France S.A.R.L.	Paris	F	€	20,000.00	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line	66.10
BravoBloc S.r.l.	Bergamo	I	€	300,000.00	70.00	-	70.00	Italcementi S.p.A.	Line-by-line	68.50
BravoBus S.r.l.	Bergamo	I	€	600,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	66.10
BravoEnergy S.r.l.	Bergamo	I	€	10,000.00	99.90	0.10	99.90	Italcementi S.p.A.	Line-by-line	55.00
							0.10	Italcementi Ingegneria S.r.l.		
BravoSolution APAC Pty.Ltd.	Sydney	AUS	AUD	10.00		100.00	100.00	BravoSolution S.p.A.	Line-by-line	66.10
BravoSolution Benelux B.V.	Almere	NL	€	250,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	66.10

Company	Registered office		Share capital		Interest held by Group companies				Method	Non-controlling interests
					Direct	Indirect	%			
BravoSolution Brasil Serviços de Tecnologia Ltd.	San Paolo	BR	BRL	500,000.00	-	100.00	100.00	BravoSolution Mexico S.r.l. de C.V.	Line-by-line	66.10
BravoSolution China Co. Ltd.	Shanghai	PRC	CNY	80,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	66.10
BravoSolution Espana S.A.	Madrid	E	€	120,400.00	-	99.99	99.99	BravoSolution S.p.A.	Line-by-line	66.10
BravoSolution France S.a.s.	Boulogne Billancourt	F	€	3,254,150.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	66.10
BravoSolution GmbH	Munich	D	€	1,000,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	66.10
BravoSolution Italia S.p.A.	Bergamo	I	€	50,000.00		100.00	100.00	BravoSolution S.p.A.	Line-by-line	66.10
BravoSolution Mexico S.r.l. de C.V.	Mexico City	MEX	MXN	3,200,000.00	-	100.00	99.99	BravoSolution S.p.A.	Line-by-line	66.10
							0.01	BravoSolution Espana S.A.		
BravoSolution S.p.A.	Bergamo	I	€	32,286,398.00	7.40	75.34	7.40	Italmobiliare S.p.A.	Line-by-line	81.42
							75.34	Italcementi S.p.A.		
BravoSolution Software, Inc.	Wilmington	USA	-	-	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line	66.10
BravoSolution UK Ltd.	London	GB	GBP	50,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	66.10
BravoSolution US, Inc.	Harrisburg	USA	USD	1.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line	66.10
BravoSolution Technologies Ltd.	Guildford	GB	GBP	50,000.00	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line	66.10
C.T.G. S.p.A.	Bergamo	I	€	500,000.00	50.00	50.00	50.00	Italcementi S.p.A.	Line-by-line	55.00
							50.00	Ciments Français S.A.		
C.T.G. Devnya EAD	Devnya	BUL	BGN	200,000.00	-	100.00	100.00	C.T.G. S.p.A.	Line-by-line	55.00
Calcementi Jonici S.r.l.	Siderno (RC)	I	€	3,500,000.00	99.90	0.10	99.90	Italcementi S.p.A.	Line-by-line	55.00
							0.10	Italcementi Ingegneria S.r.l.		
Calcestruzzi S.p.A.	Bergamo	I	€	1.000.00,00	97.90	2.10	97.90	Italcementi S.p.A.	Line-by-line	55.00
							2.00	Star.co. S.r.l.		
							0.10	Italcementi Ingegneria S.r.l.		
Cava delle Capannelle S.r.l.	Bergamo	I	€	31,200.00	-	49.00	49.00	Calcestruzzi S.p.A.		
Cementi della Lucania S.p.A.	Potenza	I	€	619,746.00	30.00	-	30.00	Italcementi S.p.A.	Equity	
Commerciale Inerti S.r.l.	Casalpusterlengo (LO)	I	€	52,000.00	-	33.33	33.33	Esa Monviso S.p.A.	Equity	
Consorzio Stabile San Francesco S.c.a.r.l.	Foligno (PG)	I	€	100,000.00	-	42.00	42.00	Calcestruzzi S.p.A.		
E.S.A. Monviso S.p.A.	Bergamo	I	€	1,340,000.00	-	100.00	100.00	Calcestruzzi S.p.A.	Line-by-line	55.00
Ecoinerti S.r.l.	Recanati (MC)	I	€	91,800.00	-	50.00	50.00	Calcestruzzi S.p.A.	Equity	
Gardawind S.r.l.	Vipiteno (BZ)	I	€	100,000.00	-	49.00	49.00	Italgen S.p.A.	Equity	
Generalcave S.r.l. - winding up	Fiumicino (RM)	I	€	31,200.00	-	50.00	50.00	Calcestruzzi S.p.A.	Equity	
Gruppo Italsfusi S.r.l.	Bergamo	I	€	156,000.00	99.50	0.50	99.50	Italcementi S.p.A.	Line-by-line	55.00
							0.50	Italcementi Ingegneria S.r.l.		
i.FotoGuiglia S.r.l.	Milan	I	€	14,290.00	-	30.00	30.00	Italgen S.p.A.	Equity	
I.GE.PO. - Impresa Gestione Porti S.r.l. - winding up	Vibo Valentia	I	€	25,500.00	18.00	-	18.00	Italcementi S.p.A.		
Ing. Sala S.p.A.	Sorisole (BG)	I	€	5,858,722.00	-	100.00	99.90	Nuova Sacelit S.r.l.	Line-by-line	55.00
							0.10	Italcementi Ingegneria S.r.l.		
International City for Concrete	Jeddah	SA	SAR	100,000,000.00	50.00	50.00	50.00	Italcementi S.p.A.	Line-by-line	66.10
							50.00	Suez Cement Company SAE		
Italcementi Finance	Puteaux	F	€	20,000,000.00	99.99	-	99.99	Italcementi S.p.A.	Line-by-line	55.00
Italcementi Ingegneria S.r.l.	Bergamo	I	€	650,000.00	100.00	-	100.00	Italcementi S.p.A.	Line-by-line	55.00
Italgen Gulf El Zeit for Energy S.A.E.	Cairo	EGY	LE	35,000,000.00		100.00	98.00	Italgen S.p.A.	Line-by-line	55.44
							1.00	Helwan Cement Co.		
							1.00	Suez Cement Company SAE		
Italgen Maroc Ener S.A.	Casablanca	MAR	MAD	33,500,000.00	-	100.00	99.99	Italgen S.p.A.	Line-by-line	55.00
							0.01	Procimar S.A.		
Italgen Maroc S.A.	Casablanca	MAR	MAD	1,800,000.00	-	99.97	99.97	Italgen S.p.A.	Line-by-line	55.05
Italgen Misr for Energy SAE	Cairo	EGY	LE	65,000,000.00	-	100.00	98.00	Italgen S.p.A.	Line-by-line	55.44
							1.00	Helwan Cement Co.		
							1.00	Suez Cement Company SAE		
Italgen S.p.A.	Bergamo	I	€	20,000,000.00	99.90	0.10	99.90	Italcementi S.p.A.	Line-by-line	55.00
							0.10	Italcementi Ingegneria S.r.l.		
Italterminali S.r.l.	Bergamo	I	€	10,000.00	99.50	0.50	99.50	Italcementi S.p.A.	Line-by-line	55.00
							0.50	Italcementi Ingegneria S.r.l.		
Les Ciments de Zouarine S.A. - winding up	Tunis	TN	TND	80,000.00	49.93	-	49.93	Italcementi S.p.A.		
Mantovana Inerti S.r.l.	Castiglione delle Stiviere (MN)	I	€	702,000.00	-	50.00	50.00	Calcestruzzi S.p.A.	Equity	
Nuova Sacelit S.r.l.	Sorisole (BG)	I	€	7,500,000.00	100.00	-	100.00	Italcementi S.p.A.	Line-by-line	55.00
Procalmi S.r.l. - winding up	Milan	I	€	51,000.00	-	11.52	11.52	Calcestruzzi S.p.A.		
Prometeo Lucania S.r.l.	Tortona (AL)	I	€	100,000.00		30.00	30.00	BravoEnergy S.r.l.		

Company	Registered office		Share capital		Interest held by Group companies				Method	Non-controlling interests
					Direct	Indirect	%			
S.A.F.R.A. S.r.l. - winding up	Bologna	I	€	51,480.00	-	33.33	33.33	Calcestruzzi S.p.A.	Equity	
SAMA S.r.l.	Bergamo	I	€	200,000.00	99.00	1.00	99.00	Italcementi S.p.A.	Line-by-line	55.00
							1.00	Italcementi Ingegneria S.r.l.		
San Francesco S.c.a r.l.	Foligno (PG)	I	€	5,000,000.00	-	40.00	40.00	Calcestruzzi S.p.A.		
Shqiperia Cement Company Shpk	Tirana	ALB	LEK	74,250,000.00	100.00	-	100.00	Italcementi S.p.A.	Line-by-line	55.00
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	L	€	1,771,500.00	99.87	0.13	99.87	Italcementi S.p.A.	Line-by-line	55.00
							0.13	Italcementi Ingegneria S.r.l.		
SO.RI.TE. S.r.l.	Turin	I	€	100,000.00	-	100.00	100.00	Calcestruzzi S.p.A.	Line-by-line	55.00
Star.co S.r.l.	Bergamo	I	€	118,000.00	100.00	-	100.00	Italcementi S.p.A.	Line-by-line	55.00
TejariSolution FZ LLC	Dubai	EAU	AED	100,000.00	-	51.00	51.00	BravoSolution S.p.A.	Line-by-line	82.71
Vert Tech LLC	Wilmington	USA	USD	7,632,232.70	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line	66.10
Ciments Français S.a.s.	Puteaux	F	€	142,393,396.00	100,00		100.00	Italcementi S.p.A.	Line-by-line	55.00
2346401 Ontario Inc.	Ontario	CAN	CAD	100.00	-	100.00	100.00	Innocon Inc.	Equity	
3092-0631 Quebec Inc.	St. Basile	CAN	CAD	6,250.00	-	100.00	100.00	Ciment Quebec Inc.	Equity	
Agadir Atlantique Sarl	Casablanca	MAR	MAD	300,000.00	-	49.00	49.00	Ciments du Maroc S.A.		
Al Badia Cement JSC	Damascus	SY	SYP	9,760,000,000.00	-	12.00	12.00	Menaf S.a.s.		
Al Mahaliya Ready Mix Concrete WLL	Safat	KWT	KWD	500,000.00	-	51.00	51.00	Hilal Cement Company	Line-by-line	94.07
Al Manar Cement Holding S.a.s.	Puteaux	F	€	3,300,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Asia Cement Energy Conservation Ltd.	Bangkok	TH	BT	1,300,250,000.00	-	99.99	99.99	Asia Cement Public Co., Ltd. (*)	Line-by-line	82.21
Asia Cement Products Co., Ltd.	Bangkok	TH	BT	10,000,000.00	-	99.99	99.99	Asia Cement Public Co., Ltd. (*)	Line-by-line	82.21
Asia Cement Public Co., Ltd.	Bangkok	TH	BT	4,670,523,072.00	-	54.33	25.43	Ciments Français S.A.	Line-by-line	82.21
							28.90	Vaniyuth Co. Ltd. (*)		
Asment Temara S.A.	Temara	MAR	MAD	495,000,000.00	-	37.01	21.38	Procimar S.A.	Equity	
							15.63	Ciments Français S.A.		
Atlantica de Graneles y Moliendas S.A.	Vizcaya	E	€	5,000,000.00	-	50.00	50.00	Sociedad Financiera y Minera S.A.	Proportionate	
Axim for Industrials SAE	Cairo	EGY	LE	15,000,000.00	-	100.00	90.00	Suez Cement Company SAE	Line-by-line	77.46
							5.00	Helwan Cement Co.		
							5.00	Tourah Portland Cement Company SAE		
Beton.Ata LLP	Almaty	KAZ	TEN	416,966,426.00	-	75.50	75.50	Shymkent Cement JSC	Line-by-line	66.10
Béton Contrôle de Gascogne S.A.	Soorts Hossegor	F	€	40,000.00	-	37.00	37.00	Béton Contrôle du Pays Basque S.a.s.		
Béton Contrôle de l'Adour S.a.s.	Bayonne	F	€	150,000.00	-	59.96	59.96	Béton Contrôle du Pays Basque S.a.s.	Line-by-line	83.80
Béton Contrôle des Abers S.a.s.	Lannilis	F	€	104,000.00	-	34.00	34.00	Unibéton S.a.s.	Equity	
Béton Contrôle du Pays Basque S.a.s.	Bayonne	F	€	120,000.00	-	59.98	59.98	Unibéton S.a.s.	Line-by-line	73.00
Bolton Ready Mix	Brampton	CAN	CAD	100.00	-	100.00	100.00	National East Ready Mix Corp.	Equity	
Cambridge Aggregates Inc.	Cambridge	CAN	CAD	10.00	-	60.00	60.00	Essroc Canada Inc.	Line-by-line	73.00
Canteras Aldoyar S.L.	Olazagutia	E	€	1,508,510.00	-	20.00	20.00	Hormigones y Minas S.A.		
Carrières Bresse Bourgogne	Epervans	F	€	387,189.00	-	66.48	66.48	Dragages et Carrières S.A.	Equity	
Centro Administrativo y de Servicios de Malaga S.A.	Malaga	E	€	60,200.00	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line	55.03
Cie pour l'Investissement Financier en Inde S.a.s.	Puteaux	F	€	7,350,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Ciment Quebec Inc.	St. Basile	CAN	CAD	19,461,161.70	-	100.00	100.00	Groupe Ciment Quebec Inc.	Equity	
Cimento de Bissau Limitada	Guinea Bissau	GNB	XOF	2,000,000.00	-	99.00	99.00	Tercim S.A.		55.45
Ciment du Littoral S.A.	Bassens	F	€	37,000.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line	55.00
Ciments Calcia S.a.s.	Guerville	F	€	593,836,525.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line	55.00
Ciments du Maroc S.A.	Casablanca	MAR	MAD	1,443,600,400.00	-	62.31	58.79	Cocimar S.a.s.	Line-by-line	71.96
							3.52	Procimar S.A.		
Ciments du Nord	Nouadhibou	MAU	OUG	1,340,000,000.00	-	15.00	15.00	Ciments du Maroc		
CIMFRA (China) Limited	Puteaux	F	€	31,100,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Ciminter S.A.	Luxembourg	L	€	53,800,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Cocimar S.a.s.	Puteaux	F	€	72,957,690.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Codesib S.a.s.	Puteaux	F	€	55,037,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Compagnie des Ciments Belges S.A.	Tournai	B	€	295,031,085.00	-	100.00	78.52	Ciments Français S.A.	Line-by-line	55.00
							21.40	Ciments Calcia S.a.s.		
							0.08	Compagnie Financière et de Participations S.A.		
Compagnie Financière et de Participations S.a.s.	Puteaux	F	€	18,000,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Compania General de Canteras S.A.	Malaga	E	€	479,283.69	-	99.41	96.12	Sociedad Financiera y Minera S.A.	Line-by-line	55.29
							3.29	Sax S.a.s.		
Conglomerantes Hidraulicos Especiales S.A.	Malaga	E	€	2,361,960.00	-	85.00	85.00	Sociedad Financiera y Minera S.A.	Line-by-line	61.77
De Paepe Béton N.V.	Ghent	B	€	500,000.00	-	99.99	99.99	Compagnie des Ciments Belges S.A.	Line-by-line	55.04
DECOM Egyptian Co for Development of Building Materials SAE	Cairo	EGY	LE	63,526,401.28	-	100.00	100.00	Ready Mix Concrete Alalamia SAE	Line-by-line	88.14

Company	Registered office			Share capital	Interest held by Group companies Direct	Indirect	%		Method	Non-controlling interests
Development for Industries Co. SAE	Cairo	EGY	LE	15,000,000.00	-	100.00	90.00	Suez Cement Company SAE	Line-by-line	77.46
							5.00	Helwan Cement Co.		
							5.00	Tourah Portland Cement Company SAE		
Devnya Business Center EAD	Devnya	BUL	LEV	250,000.00	-	100.00	100.00	Devnya Cement AD	Line-by-line	55.04
Devnya Cement AD	Devnya	BUL	LEV	1,023,956.00	-	99.97	99.97	Sociedad Financiera y Minera S.A.	Line-by-line	55.04
Devnya Finance A.D.	Devnya	BUL	LEV	5,000,000.00	-	50.00	50.00	Devnya Cement AD	Equity	
Dobrotitsa BSK A.D.	Dobrich	BUL	LEV	88,954.00	-	26.40	26.40	Devnya Cement AD		
Dragages et Carrières DEC S.A.	Epervans	F	€	1,000,000.00	-	49.99	49.99	GSM S.a.s.	Equity	
Dragages Transports & Travaux Maritimes S.A.	La Rochelle	F	€	3,947,894.00	-	50.00	33.33	GSM S.a.s.	Line-by-line	77.50
							16.67	Granulats Ouest - GO		
Dunkerque Ajouts Snc	Grande Synthe	F	€	6,000.00	-	33.75	33.75	Ciments Calcia S.a.s.		
Ecocim S.a.s.	Casablanca	MAR	MAD	2,000,000.00	-	55.00	30.00	Ciments du Maroc S.A.		
							25.00	Asment Temara S.A.		
Entreprise Lorraine d'Agriculture ELDA S.A.R.L.	Heillecourt	F	€	10,000.00	-	100.00	100.00	GSM S.a.s.		55.00
Essroc Canada Inc.	Mississauga	CAN	CAD	221,306,574.00	-	100.00	100.00	Essroc Corporation	Line-by-line	55.00
Essroc Cement Corp.	Nazareth	USA	USD	8,330,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line	55.00
Essroc Corporation	Nazareth	USA	USD	283,526.00	-	100.00	100.00	Essroc International	Line-by-line	55.00
Essroc International	Puteaux	F	€	344,360,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Essroc Ready Mix Corp	Nazareth	USA	USD	1.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line	55.00
Essroc San Juan Inc.	Espinosa	P.RICO	USD	10,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line	55.00
Eurarco France S.A.	Le Crotoy	F	€	1,520,000.00	-	64.99	64.99	GSM S.a.s.	Line-by-line	70.76
Eurocalizas S.L.	Cantabria	E	€	723,030.00	-	33.33	33.33	Hormigones y Minas S.A.		
Eurotech Cement S.h.p.k.	Durres	ALB	LEK	273,214,000.00	-	84.00	84.00	Halyps Building Materials S.A.	Line-by-line	62.25
Fraimbois Granulats S.A.R.L.	Moncel les Luneville	F	€	75,000.00	-	50.00	50.00	GSM S.a.s.	Equity	
Gacem Company Limited	Serrekunda	GAM	GMD	4,500,000.00	-	80.00	80.00	Tercim S.A.	Line-by-line	64.00
Granulats de la Drôme S.a.s.	Saint Jean de Vedas	F	€	645,600.00	-	51.01	51.01	GSM S.a.s.	Line-by-line	77.05
Granulats Ouest - GO	Saint Herblain	F	€	784,657.44	-	100.00	100.00	GSM S.a.s.	Line-by-line	55.00
Greyrock Inc.	Nazareth	USA	USD	1,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line	55.00
Groupe Ciment Quebec Inc.	St. Basile	CAN	CAD	57,000,000.00	-	50.00	50.00	Essroc Canada Inc.	Equity	
GSM S.a.s.	Guerville	F	€	18,675,840.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line	55.00
Gulbarga Cement Limited	Bengaluru	IN	INR	802,257,000.00	-	89.91	28.04	Zuari Cement Ltd.	Line-by-line	59.54
							61.87	Cie pour l'Investissement Financier en Inde		
Gulf Ready Mix Concrete Company WLL	Kuwait	KWT	KWD	100,000.00	-	100.00	99.90	Al Mahaliya Ready Mix Concrete WLL	Line-by-line	94.07
							0.10	Hilal Cement Company		
Halyps Building Materials S.A.	Aspropyrgos	GR	€	48,821,060.64	-	99.91	59.89	Ciments Français S.A.	Line-by-line	55.05
							40.02	Sociedad Financiera y Minera S.A.		
								(voting rights:		
							59.93	Ciments Français S.A.		
							39.99	Sociedad Financiera y Minera S.A.)		
Helwan Cement Co. SAE	Cairo	EGY	LE	583,456,155.00	-	99.54	99.54	Suez Cement Company SAE	Line-by-line	77.30
Hilal Cement Company KSCC	Safat	KWT	KWD	6,987,750.00	-	51.00	51.00	Suez Cement Company SAE	Line-by-line	88.37
Hormigones Olatzi S.A.	Olazagutia	E	€	283,804.22	-	25.00	25.00	Hormigones y Minas S.A.		
Hormigones Txingudi S.A.	San Sebastian	E	€	240,560.22	-	33.33	33.33	Hormigones y Minas S.A.		
Hormigones y Minas S.A.	Malaga	E	€	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line	55.03
Immobilière des Technodes S.a.s.	Guerville	F	€	8,024,400.00	-	100.00	59.97	Ciments Français S.A.	Line-by-line	55.00
							40.03	Ciments Calcia S.a.s.		
Industrie Sakia el Hamra "Indusaha" S.A.	Laayoune	MAR	MAD	81,680,000.00	-	91.00	91.00	Ciments du Maroc S.A.	Line-by-line	74.49
Innocon Inc.	Richmond Hill	CAN	CAD	18,300,000.20	-	50.00	50.00	Essroc Canada Inc.	Equity	
Innocon Partnership Agreement Inc.	Richmond Hill	CAN	CAD	2,003.00	-	51.50	48.50	Essroc Canada Inc	Equity	
							3.00	Innocon Inc.		
Interbulk Egypt for Export SAE	Cairo	EGY	LE	250,000.00	-	100.00	98.00	Interbulk Trading S.A.	Line-by-line	62.52
							1.00	Menaf S.a.s.		
							1.00	Tercim S.A.		
Interbulk Trading S.A.	Lugano	CH	CHF	7,470,600.00	-	100.00	85.00	Ciminter S.A.	Line-by-line	55.00
							15.00	Italcementi Ingegneria S.r.l.		
Intercom Libya F.Z.C.	Misurata	LAR	USD	800,000.00	-	100.00	100.00	Intercom S.r.l.	Line-by-line	55.00
Intercom S.r.l.	Bergamo	I	€	2,890,000.00	-	100.00	94.68	Interbulk Trading S.A.	Line-by-line	55.00
							4.84	Italcementi S.p.A.		
							0.48	Italcementi Ingegneria S.r.l.		
Investcim S.A.	Puteaux	F	€	104,205,200.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00

Company	Registered office		Share capital		Interest held by Group companies				Method	Non-controlling interests
					Direct	Indirect	%			
Italcementi for Cement Manufacturing Libyian J.S. Co	Tripoli	LAR	LYD	11,000,000.00	-	50.00	50.00	Al Manar Cement Holding S.a.s.	Equity	
Italmed Cement Company Ltd.	Limassol	CYP	€	21,063,780.00	-	100.00	100.00	Halyps Building Materials S.A.	Line-by-line	55.05
Jalaprathan Cement Public Co, Ltd.	Bangkok	TH	BT	1,200,000,000.00	-	88.84	88.84	Asia Cement Public Co., Ltd. (*)	Line-by-line	84.20
Jalaprathan Concrete Products Co, Ltd.	Bangkok	TH	BT	280,000,000.00	-	99.99	99.99	Jalaprathan Cement Public Co, Ltd. (*)	Line-by-line	84.20
Kuwait German Company for Ready Mix Concrete WLL	Kuwait	KWT	KWD	824,000.00	-	100.00	99.00	Al Mahaliya Ready Mix Concrete WLL	Line-by-line	94.01
							1.00	Hilal Cement Company		
Les Calcaires Girondins S.a.s.	Cenon	F	€	100,000.00	-	50.00	50.00	GSM S.a.s.	Equity	
Les Calcaires Sud Charentes	Cherves Richemont	F	€	1,524.50	-	34.00	34.00	GSM S.a.s.		
Les Graves de l'Estuaire S.a.s.	Le Havre	F	€	297,600.00	-	50.00	50.00	GSM S.a.s.	Equity	
Les Quatre Termes S.a.s.	Salon de Provence	F	€	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate	
Les Sables de Mezieres S.a.s	St Pierre des Corps	F	€	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate	
Les Sabliers de l'Odet S.a.s.	Quimper	F	€	134,400.00	-	97.47	94.93	Dragages Transports & Travaux Maritimes S.A.	Line-by-line	77.5
							2.54	GSM S.a.s.		
Lyulyaka Materials E.A.D.	Devnya	BUL	LEV	759,372.00	-	100.00	100.00	Devnya Cement AD	Line-by-line	55.04
Mauritanienne des Batiments et Routes S.A.	Nouakchott	MAU	OUG	690,000,000.00	-	99.99	99.99	Mauritano-Française des Ciments S.A.	Line-by-line	74.39
Mauritano-Française des Ciments S.A.	Nouakchott	MAU	OUG	1,111,310,000.00	-	56.93	51.11	Ciments Français S.A.	Line-by-line	74.38
							5.82	Tercim S.A.		
Medcem S.r.l.	Naples	I	€	5,500,000.00	-	50.00	50.00	Intercom S.r.l.	Equity	77.50
Menaf S.a.s.	Puteaux	F	€	291,050,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
MTB - Maritime Trading & Brokerage Srl	Genoa	I	€	70,000.00	-	33.33	33.33	Interbulk Trading S.A.	Equity	
Naga Property Co	Bangkok	TH	BT	100,000,000.00	-	99.99	99.99	Jalaprathan Cement Public Co. Ltd. (*)	Line-by-line	84.20
National East Ready Mix Corp.	Ontario	CAN	CAD		-	60.00	60.00	Innocon Inc.	Equity	
Neuciclaje S.A.	Bilbao	E	€	396,669.00	-	30.00	30.00	Sociedad Financiera y Minera S.A.		
Novhorvi S.A.	Vitoria	E	€	180,300.00	-	25.00	25.00	Hormigones y Minas S.A.		
Parcib s.a.s.	Puteaux	F	€	10,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Procimar S.A.	Casablanca	MAR	MAD	37,500,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line	55.00
Ready Mix Concrete Alalamia S.A.E.	Cairo	EGY	LE	234,857,100.00	-	52.00	52.00	Suez Cement Company SAE	Line-by-line	88.14
Recybel	Brussels	B	€	124,000.00		25.50	25.50	Compagnie des Ciments Belges S.A.		
Société Dijon Béton SA	Dijon	F	€	184,000.00	-	15.00	15.00	GSM S.a.s.	Equity	
Saarlandische Zementgesellschaft MBH	Saarbrucken	D	€	52,000.00	-	100.00	100.00	Ciminter S.A.	Line-by-line	55.00
Sablimaris S.a.s.	Lanester	F	€	4,094,776.00	-	100.00	66.28	Dragages Transports & Travaux Maritimes S.A.	Line-by-line	77.50
							33.72	Les Sabliers de l'Odet S.a.s.		
Sas des Gresillons	Paris	F	€	60,000.00	-	35.00	35.00	GSM S.a.s.	Proportionate	
Sax S.a.s.	Guerville	F	€	482,800.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
SCI de Balloy	Avon	F	€	20,310.00	-	100.00	100.00	GSM S.a.s.	Line-by-line	55.00
SCI de Barbeau	Bray sur Seine	F	€	8,000.00	-	49.00	49.00	GSM S.a.s.		
SCI des Granets	Cayeux sur M.	F	€	4,575.00	-	33.33	33.33	GSM S.a.s.		
SCI du Colombier	Rungis	F	€	2,000.00	-	63.00	63.00	GSM S.a.s.	Proportionate	
SCI Taponnat	Cherves Richemont	F	€	1,500.00	-	50.00	50.00	GSM S.a.s.		
Scori S.A.	Plaisir	F	€	1,092,800.00	-	13.95	13.95	Ciments Calcia S.a.s.		
Seas Co. Ltd.	Bangkok	TH	BT	10,000,000.00	-	99.98	99.98	Ciments Français S.A.	Line-by-line	55.01
Shymkent Cement JSC	Shymkent	KAZ	TEN	380,660,000.00	-	99.79	92.88	Codesib S.a.s.	Line-by-line	55.09
							6.91	Ciminter S.A.		
Singha Cement (Private) Limited	Colombo	SRI L.	LKR	397,395,770.00	-	80.16	80.16	Ciments Français S.A.	Line-by-line	63.93
Sitapuram Power Limited	Hyderabad	IN	INR	480,000,000.00	-	50.99	50.99	Zuari Cement Ltd.	Line-by-line	77.06
Sociedad Financiera y Minera S.A.	Malaga	E	€	39,160,000.00	-	99.94	96.45	Ciments Français S.A.	Line-by-line	55.03
							3.02	Hormigones y Minas S.A.		
							0.47	Sociedad Financiera y Minera S.A.		
							99.94	(voting rights: Ciments Français)		
Société Calcaires Lorrains	Heillecourt	F	€	40,000.00	-	49.92	49.92	GSM S.a.s.	Equity	
Société Civile Bachant le Grand Bonval	Guerville	F	€	1,500.00	-	80.00	80.00	GSM S.a.s.		64.00
Société Civile d'Exploitation Agricôle de l'Avesnois	Guerville	F	€	3,000.00	-	90.00	50.00	Société Civile Bachant le Grand Bonval		
							40.00	GSM S.a.s.		
Société de la Grange d'Etaule	Gray	F	€	3,750.00	-	99.60	99.60	Ciments Calcia S.a.s.	Line-by-line	55.18
Société des Calcaires de Souppes sur Loing S.C.S.L.	Souppes sur Loing	F	€	2,145,000.00	-	50.00	50.00	GSM S.a.s.	Equity	
Société des Carrières du Tournaisis S.C.T. S.A.	Tournai	B	€	12,297,053.42	-	65.00	42.69	Ciments Français S.A.	Proportionate	
							16.31	Ciments Calcia S.a.s.		
							6.00	Compagnie des Ciments Belges S.A.		
Société Foncière de la Petite Seine S.a.s.	S Sauveur les Bray	F	€	500,000.00	-	42.25	42.25	GSM S.a.s.	Proportionate	

Company	Registered office		Share capital		Interest held by Group companies				Method	Non-controlling interests
					Direct	Indirect	%			
Société Parisienne des Sablières S.A.	Pont de L'Arche	F	€	320,000.00	-	50.00	50.00	GSM S.a.s.	Equity	
Socli S.a.s.	Izaourt	F	€	144,960.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line	55.01
Sodramaris S.n.c.	La Rochelle	F	€	7,001,000.00	-	50.00	50.00	GSM S.a.s.	Equity	
Srt Société Rouennaise de Transformation	Grand Couronne	F	€	7,500.00	-	100.00	100.00	Ciments Calcia S.a.s.	Line-by-line	55.00
Ste Extraction & Amenagement										
de la Plaine de Marolles S.a.s.	Avon	F	€	40,000.00	-	56.40	56.40	GSM S.a.s.	Proportionate	
Stinkal S.a.s.	Ferques	F	€	1,540,000.00	-	35.00	35.00	GSM S.a.s.	Equity	
Suez Bag Company SAE	Cairo	EGY	LE	20,250,000.00	-	57.84	53.32	Suez Cement Company SAE	Line-by-line	87.04
							4.52	Tourah Portland Cement Company SAE		
St. Basile Transport Inc.	St. Basile	CAN	CAD	9,910.00	-	100.00	100.00	Ciment Quebec Inc.	Equity	
Suez Bosphorus Cimento Sanayi Ticaret	Istanbul	TR	YTL	50,000.00	-	99.99	99.99	Suez Cement Company SAE	Line-by-line	77.20
Suez Cement Company SAE	Cairo	EGY	LE	909,282,535.00	-	55.07	26.05	Menaf S.a.s.	Line-by-line	77.19
							12.36	Ciments Français S.A.		
							11.66	Ciments du Maroc S.A.		
							5.00	Tercim S.a.s.		
Suez for Import & Export Company SAE	Cairo	EGY	LE	250,000.00	-	100.00	40.00	Axim for Industrials SAE	Line-by-line	77.52
							40.00	Development for Industries Co. SAE		
							20.00	Suez for Transportation & Trade SAE		
Suez for Transportation & Trade SAE	Cairo	EGY	LE	10,000,000.00	-	100.00	55.00	Helwan Cement Co.	Line-by-line	77.77
							35.00	Suez Cement Company SAE		
							10.00	Tourah Portland Cement Company SAE		
Suez Lime SAE	Cairo	EGY	LE	7,390,000.00	-	50.00	49.00	Suez Cement Company SAE	Equity	
							1.00	Tourah Portland Cement Company SAE		
Tameer Betoon for Trading	Doha	Q	QAR	200,000.00	-	49.00	49.00	Hilal Cement Company	Equity	
and Contracting LLC										
Technodes S.a.s.	Guerville	F	€	3,200,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Tecno Gravel Egypt SAE	Cairo	EGY	LE	15,000,000.00	-	45.00	45.00	Suez Cement Company SAE	Equity	
Teracem Limited	Accra	GH	GHC	3,643,434.00	-	100.00	100.00	Tercim S.a.s.		55.00
Tercim S.A.	Puteaux	F	€	47,037,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line	55.00
Terra Cimentos Lda	Mozambique	MOC	MZM	6,106,000.00		100.00	99.00	Tercim S.A.	Line-by-line	55.00
							1.00	Menaf S.a.s.		
Teskey Concrete Company Corp.	Ontario	CAN	CAD	2,200.00	-	100.00	100.00	Innocon Inc.	Equity	
Tomahawk Inc.	Wilmington	USA	USD	100.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line	55.00
Tourah Portland Cement Company SAE	Cairo	EGY	LE	357,621,000.00	-	71.93	66.12	Suez Cement Company SAE	Line-by-line	82.31
							5.81	Menaf S.a.s.		
Trabel Affretement S.A.	Gaurain Ramecroix	B	€	61,500.00	-	100.00	99.84	Tratel S.a.s.	Line-by-line	55.08
							0.16	Ciments Calcia S.a.s.		
Trabel Transports S.A.	Gaurain-Ramecroix	B	€	750,000.00	-	100.00	89.97	Tratel S.a.s.	Line-by-line	55.01
							10.03	Compagnie des Ciments Belges S.A.		
Tratel S.a.s.	Guerville	F	€	4,590,233.00	-	100.00	100.00	Tratel Affretement S.A.	Line-by-line	55.00
Tratel Affretement S.a.s.	Guerville	F	€	6,025,580.00	-	100.00	100.00	Ciments Calcia S.a.s.	Line-by-line	55.00
Unibéton Luxembourg S.A.	Luxembourg	L	€	35,000.00	-	100.00	100.00	Unibéton S.a.s.		55.00
Unibéton S.a.s.	Guerville	F	€	27,159,732.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line	55.00
Unibéton Var S.a.s.	Lambesc	F	€	40,000.00	-	100.00	100.00	Unibéton S.a.s.	Line-by-line	55.00
Uniwerbéton S.a.s.	Heillecourt	F	€	160,000.00	-	70.00	70.00	Unibéton S.a.s.	Line-by-line	68.50
Valoise S.a.s.	Pierrelaye	F	€	37,570.00	-	60.00	60.00	GSM S.a.s.	Equity	
Vaniyuth Co. Ltd.	Bangkok	TH	BT	100,000.00	-	48.80	48.80	Investcim S.A.	Line-by-line	78.04
Vassiliko Cement Works Ltd.	Nicosia	CYP	€	30,932,457.21	-	24.65	14.94	Italmed Cement Company Ltd.	Equity	
							9.71	Compagnie Financière et de Participations S.A.S.		
Ventore S.L.	Malaga	E	€	14,400.00	-	100.00	99.56	Sociedad Financiera y Minera S.A.	Line-by-line	55.03
							0.44	Hormigones y Minas S.A.		
Vesprapat Holding Co, Ltd. - winding up	Bangkok	TH	BT	20,000,000.00	-	49.00	49.00	Sax S.a.s.	Line-by-line	77.95
Vulkan Cement S.A.	Dimitrovgrad	BUL	LEV	452,967.00	-	98.60	70.00	Ciments Français S.A.	Line-by-line	55.63
							28.61	Devnya Cement A.D.		
Zuari Cement Ltd.	Andra Pradesh	IN	INR	2,749,614,000.00	-	100.00	96.91	Ciments Français S.A.	Line-by-line	55.00
							3.09	Cie pour l'Investissement Financier en Inde		
								(voting rights:		
							96.91	Ciments Français S.A.)		

(*) Percentage of the Ciments Français group

ITALMOBILIARE

(Translation from the original Italian text)

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

1. The undersigned Carlo Pesenti, Chief Executive Officer and Giorgio Moroni, Manager in charge of financial reporting of Italmobiliare S.p.A., also taking into consideration art. 154-bis, paragraphs 3 and 4, of the Legislative Decree February 24th, 1998, no. 58, do hereby certify:

   - the adequacy in relation to the company structure and
   - the actual application,

   of the administrative and accounting procedures adopted for the preparation of the **consolidated financial statements**, in the period from January 1st, 2014 to December 31st, 2014.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of consolidated financial statements as of December 31st, 2014 is based on a pattern identified by Italmobiliare according to the CoSO framework (illustrated in the CoSO Report) and also takes into account the document "Internal Control over Financial Reporting – Guidance for Smaller Public Companies", both issued by the Committee of Sponsoring Organizations of the Treadway Commission representing a generally accepted international framework.

3. It is also certified that:

   3.1 the consolidated financial statements as of December 31st , 2014:

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

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

Signed by: Carlo Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in charge of financial reporting

March 24th, 2015

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

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

To the shareholders of
Italmobiliare S.p.A.

1 We have audited the consolidated financial statements of the Italmobiliare Group as at and for the year ended 31 December 2014, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The consolidated financial statements present the prior year corresponding figures and the statement of financial position as at 1 January 2013 for comparative purposes. As disclosed in the note "Restatement of comparative data", due to the adoption of IFRS 10 – "Consolidated financial statements" and IFRS 11 – "Joint arrangements" and the adjustments in the carrying amounts of tax assets and tax losses following the exit of the Italcementi Group from Italmobiliare S.p.A.'s tax consolidation scope, as required by IAS 8, the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements and statement of financial position as at 1 January 2013, which derives from the consolidated financial statements at 31 December 2012. We audited the 2013 and 2012 consolidated financial statements and issued our reports thereon on 15 April 2014 and 12 April 2013, respectively. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at 31 December 2014.

3 In our opinion, the consolidated financial statements of the Italmobiliare Group as at and for the year ended 31 December 2014 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Italmobiliare Group as at 31 December 2014, the results of its operations and its cash flows for the year then ended.

4 The directors of Italmobiliare S.p.A. are responsible for the preparation of a directors' report on group operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report on group operations and the specific section on corporate governance and ownership structure included in the directors' report on operations of Italmobiliare S.p.A., to the extent of the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98, with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report on group operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the specific section of the directors' report on operations of Italmobiliare S.p.A. are consistent with the consolidated financial statements of the Italmobiliare Group as at and for the year ended 31 December 2014.

Milan, 16 April 2015

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

Italmobiliare S.p.A.

Directors' report on operations

The changes in the key standards and regulations compared to 2013 are detailed in the notes in the section "Statement of compliance with the IFRS". In accordance with the provisions of European Union Regulation 1606/2002, the principles to be adopted do not include the standards and interpretations published by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC) at December 31, 2014, but not endorsed by the European Union at that date. Furthermore, the European Union has endorsed additional standards/interpretations that Italmobiliare S.p.A. will apply at a subsequent time, having decided not to elect early application.

Earnings indicators

To assist comprehension of its financial data, Italmobiliare S.p.A. employs a number of widely used indicators, which are not envisaged by the IFRS.

In particular, the income statement presents the following intermediate indicators/results: recurring gross operating profit (loss), gross operating profit (loss), operating profit (loss), computed as the sum of the preceding items. On the statement of financial position, similar considerations apply to net financial debt, whose components are detailed in the specific section of the notes relating to IFRS 7.

Since the indicators used by the company are not required by the IFRS, their definitions may not coincide with and therefore may not be comparable to those used by other companies/groups.

In the notes, the section on IFRS 7 provides information on the effects of changes in interest rates and share prices on the financial position and results of operations.

General overview

Results

Italmobiliare S.p.A. closed 2014 with a profit for the year of 18.2 million euro, markedly up on 2013 (profit of 1.7 million euro in 2013). The improvement arose from the revenue increase of 23.6%, the containment of operating expense and the reduction in finance costs.

Condensed income statement

(in thousands of euro)	2014	2013	Change
Revenue	**52,081**	**42,128**	**9,953**
of which:			
Dividends	*11,796*	*20,615*	*(8,819)*
Gains from sales of equity investments and securities	*34,124*	*13,751*	*20,373*
Interest income and other finance income	*360*	*1,603*	(1,243)
Services	*5,801*	*6,159*	(358)
Personnel expense, services and other operating expense	(19,425)	(19,495)	70
Finance costs	(2,987)	(5,404)	2,417
Capital losses, impairment losses and other expense	(3,516)	(11,789)	8,273
Recurring gross operating profit [1]	**26,153**	**5,440**	**20,713**
Other non-recurring income (expense)	(174)	3,939	(4,113)
Gross operating profit [2]	**25,979**	**9,379**	**16,600**
Amortization and depreciation	(40)	(34)	(6)
Operating profit [3]	**25,939**	**9,345**	**16,594**
Finance costs	(36)	(20)	(16)
Impairment losses on financial assets	(6,917)	(5,060)	(1,857)
Profit before tax	**18,986**	**4,265**	**14,721**
Income tax (expense)	(784)	(2,549)	1,765
Profit for the year	**18,202**	**1,716**	**16,486**

[1] Recurring gross operating profit (loss) is the difference between revenue and costs excluding: other non-recurring income (expense), amortization and depreciation, impairment losses on non-current assets, finance income (costs) and income tax expense.

[2] Gross operating profit (loss) corresponds to recurring gross operating profit (loss) plus other non-recurring income (expense).

[3] Operating profit (loss) corresponds to gross operating profit (loss) plus amortization and depreciation.

Conditions on the Italian financial markets, which were marked by growing stability up to September 2014, returned to a situation of high volatility in the last quarter of the year due to the market reaction to Europe's worsening general economic situation and the sharpening of geopolitical tensions. Similarly, the Italian stock market index rose steadily up to June, whereas from September it fell significantly due to investor demand for higher risk premiums.

Despite the ECB cut in official rates in June and September, which helped lower the cost of new borrowing for both small and larger companies, the contraction in bank lending to business continued throughout 2014, affected, on the demand side, by the weakness in investments and, on the supply side, by persistent borrower risk. The ECB's expansionary measures and investors' search for assets with relatively high returns also contributed to the fall in yields on Italian State bonds.

In this context, despite the fall of 42.8% in dividends paid by Italmobiliare investees compared to 2013, the company recorded revenue of 52.1 million euro, up by 10.0 million euro compared to 2013 (42.1 million euro). This increase was mainly due to gains on the sale of equities, relating in part to extraordinary operations, specifically:

- the sale of Ciments Français shares following uptake of the Italcementi public tender offer, which generated a gain of 15.2 million euro;
- the sale of some banking stocks (gain of 18.7 million euro).

Operating expense was in line with 2013. It included extraordinary costs for the program to restructure and simplify Italmobiliare's corporate structure, which is still underway. Net of these costs, operating expense fell by 16.5%; in particular, personnel expense net of extraordinary costs fell by 20.9%.

As part of the rationalization of human resources at Group level, Italmobiliare personnel also work at the subsidiaries; the related expense is re-charged, as set out in the section on "Related parties" and detailed in the "Notes".

There was a strong fall in finance costs (-44.7% compared to 2013), largely thanks to the reduction in interest expense on borrowings, which totaled 2.4 million euro (4.6 million euro in 2013) against average debt of 175.8 million euro, a significant decrease compared to 2013 (265.9 million euro).

Capital losses, impairment losses and other expense included losses of 1.4 million euro on the sale of shares (9.8 million euro in 2013), relating mainly to the sale of RCS MediaGroup shares (1.3 million euro).

After amortization, depreciation and non-recurring expense of 0.2 million euro (non-recurring income of 3.9 million euro in 2013), operating profit was 25.9 million euro (9.3 million euro in 2013).

Impairment losses applied in 2014 totaled 6.9 million euro (5.1 million euro in 2013) and arose largely from the loss applied to the RCS MediaGroup equity investment to adjust the carrying amount to fair value ascertained on the basis of the official Italian stock market price at December 31, 2014.

After income tax expense of 0.8 million euro (2.5 million euro in 2013), the profit for the year was 18.2 million euro (1.7 million euro in 2013).

Comprehensive income

In 2014, starting from the profit for the year, the items that make up comprehensive income reflected comprehensive income of 4.2 million euro (56.9 million euro in 2013), as follows:

- fair value gains of 3.6 million euro on available-for-sale financial assets,
- a loss of 0.2 million euro on the re-measurement of net liabilities/assets for employee benefits

and a positive related tax effect of 0.8 million euro.

Considering the profit for the year of 18.2 million euro and the items described above, 2014 comprehensive income totaled 22.4 million euro (+58.6 million euro in 2013).

The statement of comprehensive income is provided with the financial statements.

Condensed statement of financial position

The statement of financial position at December 31, 2014 and December 31, 2013 is summarized below. The latter has been restated to take account of the early termination of the domestic tax consolidation system with the deconsolidation of Italcementi S.p.A. and the subsidiaries of the Italcementi group:

(in thousands of euro)	December 31, 2014	December 31, 2013 restated	December 31, 2013 published
Fixed assets	3,780	3,768	3,768
Equity investments in subsidiaries	863,514	866,045	866,045
Equity investments in associates	9,274	9,274	9,274
Other equity investments	179,248	264,699	264,699
Receivables and other non-current assets	19,174	59,207	57,774
Non-current assets	**1,074,990**	**1,202,993**	**1,201,560**
Current assets	**16,890**	**60,336**	**67,654**
Total assets	**1,091,880**	**1,263,329**	**1,269,214**
Equity	**909,330**	**894,208**	**900,054**
Non-current liabilities	29,610	126,559	126,559
Current liabilities	152,940	242,562	242,601
Total liabilities	**182,550**	**369,121**	**369,160**
Total equity and liabilities	**1,091,880**	**1,263,329**	**1,269,214**

Equity and net financial position

Equity at December 31, 2014 was up 15.1 million euro compared to December 31, 2013, rising from 894.2 million euro to 909.3 million euro. The overall change arose from the following positive factors:

- the fair value gain of 4.3 million euro on available-for-sale financial assets,
- the profit for the year of 18.2 million euro,

and from the negative impact of 7.4 million euro for dividends approved.

Net financial debt stood at 145.1 million euro, down by 100.0 million euro compared to December 31, 2013. The comment on the financial segment in the Directors' report on Group operations analyzes Italmobiliare S.p.A. cash flows.

Transactions on equity investments

For details on transactions on equity investments, reference should be made to the section on the financial segment in the Directors' report on Group operations, under the heading "Significant events in the year".

During the year Italmobiliare S.p.A. did not purchase any treasury shares, therefore the company holds 871,411 ordinary treasury shares (par value of 2,265,668.60 euro), representing 3.928% of ordinary share capital, as well as 28,500 savings shares (par value of 74,100.00 euro), representing 0.174% of total savings shares.

The par value of Italmobiliare S.p.A. ordinary and savings shares is 2.60 euro each.

Research and development

Given its nature, Italmobiliare S.p.A. does not undertake any research and development. Such activities are undertaken within the individual industrial segments (Italcementi group and Sirap Gema group), and reference should be made to the sections on the segments in question for further information.

Human resources and information on personnel

At December 31, 2014, the number of people employed at Italmobiliare S.p.A. was 25, down by 43.2% compared to 2013.

(headcount)	2014	2013
Senior managers	7	12
Middle managers	6	8
Clerical staff	12	24
Total	**25**	**44**

In connection with the re-organization and simplification of the Italmobiliare corporate structure that began some years ago, after recourse to state-subsidized lay-off schemes (*Cassa Integrazione Guadagni Ordinaria*) beginning in 2013, the company reduced its workforce by 19 clerical workers and managers.

The restructuring was undertaken using the instruments provided by law to limit social impacts, and the downsizing took place through agreements with the unions. In addition, measures were introduced to guarantee income support (early retirement plans, incentives), and provide professional development and retraining.

Information on the environment

The company operations do not have a significant environmental impact.

Risks and uncertainty

The risks connected with Italmobiliare S.p.A.'s operations are illustrated in the corresponding section of the financial segment in the Directors' report on Group operations, to which reference should be made.

Transactions with related parties

Italmobiliare S.p.A. transactions with related parties concerned:

- the subsidiaries and associates of Italmobiliare S.p.A.;
- other related parties.

Transactions with related parties reflect Italmobiliare S.p.A.'s interest in leveraging the synergies within the Group to integrate services, employ competences efficiently and rationalize use of corporate divisions and financial resources.

No atypical or unusual transactions took place during the year, as defined in CONSOB Communication no. DEM/6064293 of July 28, 2006.

All transactions with related parties, whether financial or relating to the exchange of goods and services, are conducted at normal market conditions and comply with the Code of Conduct.

Analytical data on transactions with related parties and the impact of the transactions on the company's financial position and results of operations are set out in the notes.

As part of the actions taken on corporate governance, Italmobiliare S.p.A. has adopted the "Procedure for transactions with related parties", illustrated in the chapter on "Corporate governance".

Transactions with subsidiaries, joint ventures, associates and their subsidiaries

Italmobiliare S.p.A. provides administrative, fiscal and legal services for subsidiaries and their investees and for associates with no specific internal competences.

In addition, it has transactions with some subsidiaries and associates involving the exchange of services, in particular:

- the Italmobiliare S.p.A. legal service provides Group companies with specific assistance;
- Italcementi S.p.A. provides Italmobiliare S.p.A. with personnel administration services, a share register management service, administration services for shareholders' meetings, public relations services and assistance in corporate affairs;
- Italmobiliare S.p.A. leases some of its real estate properties to subsidiaries;
- Franco Tosi S.r.l. provides Italmobiliare S.p.A. and some of its subsidiaries with IT support services and some general services.

Within the Group, exchanges of personnel take place to optimize overall use of resources.

On the financial front, Italmobiliare S.p.A. provides guidance and assistance for some subsidiaries with regard to financing and the issue of guarantees, and optimizes cash management through current accounts and intragroup loans.

Intragroup transactions of a financial nature are conducted at normal market conditions; services are generally regulated on the basis of the costs of providing the services.

Domestic tax consolidation

2014 was the second tax year of the 2013/2015 three-year period of the Italian tax consolidation system envisaged by art. 117 ff. of the Consolidated Income Tax Act (*TUIR, Testo Unico delle Imposte sui Redditi*), renewed in 2013 by the parent Italmobiliare S.p.A. – which acts as the parent-consolidating company – and by some directly and indirectly controlled subsidiaries.

As a consequence of the extraordinary operation at the subsidiary Italcementi S.p.A. and, specifically, the share capital increase with the conversion of savings shares into ordinary shares, Italmobiliare S.p.A. no longer exercises *de jure* control as set out in art. 2359, para.1, Italian Civil Code; therefore, the fundamental prerequisite envisaged by art. 120, TUIR, for the continuation of the tax consolidation system no longer exists.

This determined the early termination of the tax regime, with retroactive effect as from January 1, 2014, and the deconsolidation of the following companies:

- Italcementi S.p.A.
- BravoSolution S.p.A.
- Escavazione Sabbia e Affini Monviso S.p.A.
- Gruppo Italsfusi S.r.l.
- Italcementi Ingegneria S.r.l.
- Italgen S.p.A.
- Nuova Sacelit S.r.l.
- Sama S.r.l.
- Società del Gres Ing. Sala S.p.A.

The termination did not have any negative effects on the tax consolidation system. In accordance with the TUIR, the parent Italmobiliare S.p.A. attributed to each consolidated company the respective shares of a) prior-year tax loss carryforwards, b) related deferred tax assets and c) receivables due from the tax authorities carried forward in the income tax return.

The domestic tax consolidation system continued with:

- Sirap Gema S.p.A.
- Sirap Insulation S.r.l.
- Franco Tosi S.r.l.

Economic and financial relations among the consolidated companies that are directly connected to and derive from participation in the tax unit and the aforementioned tax system, are governed by a specific "Regulation implementing intercompany transactions deriving from adhesion to the domestic tax consolidation", which is signed by each participating company.

Transactions with other related parties

Transactions with other related parties concern:

- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare S.p.A. by the Gattai – Minoli & Partners law firm, of which the director Luca Minoli was a partner, for considerations of 17.8 thousand euro;
- administrative, contractual and tax consultancy services as well as support for corporate transactions, provided by Finsise S.p.A., a company whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare S.p.A., for 4.2 thousand euro.

The considerations paid are in line with market conditions for the respective types of professional service provided.

In 2014, Italmobiliare S.p.A. endowed the "Fondazione Italcementi Cav. Lav. Carlo Pesenti" with 300 thousand euro to cover operating expense.

The equity investments held by Directors, Statutory Auditors, the Chief Operating Officer, and the manager in charge of preparing the financial reports, in Italmobiliare S.p.A. and subsidiaries, as well as their remuneration for the positions they hold in the Group, are set out in the Report on Remuneration.
The figures at December 31, 2014 on transactions with related parties are provided in the notes.

Events after the reporting period

For details on significant events after the reporting period at Italmobiliare S.p.A., the reader is referred to the corresponding section in the financial segment chapter in the Directors' report on Group operations.

Outlook

For the outlook for Italmobiliare S.p.A., the reader is referred to the corresponding section in the financial segment chapter in the Directors' report on Group operations.

Report on Corporate Governance and ownership structure

INTRODUCTION

This Report describes the corporate governance system adopted by Italmobiliare S.p.A. (hereinafter also referred to as "Italmobiliare" or the "Company").

Fulfilling applicable legal and regulatory provisions, this Report contains information on the ownership structure and compliance with the Code of Conduct for listed companies promoted by the Committee for Corporate Governance*,* (hereinafter "Code", available on the Italian Stock exchange website *www.borsaitaliana.it*). This Report also illustrates the reasons underlying the non-implementation of certain recommendations of the Code, which the Board of Directors decided not to adopt, it describes the corporate governance practices actually applied and provides for a description of the main features of the Internal Control and Risk Management System, also with reference to the financial reporting process.

This Report, approved by the Board of Directors on March 24, 2015, is published in the section "Governance/General Meetings" on the Company's website (*www.italmobiliare.it)*.

The information contained in this Report refers to fiscal year 2014 and, in regard of specific topics, was updated as of the meeting of the Board of Directors which approved it.

ITALMOBILIARE S.p.A. PROFILE

Italmobiliare adopts the traditional governance model based on the presence of a Board of Directors and a Board of Statutory Auditors, both appointed by the Shareholders' Meeting, considering it the most suitable governance system to combine "efficient management" with "effective control", and simultaneously pursue the satisfaction of the shareholders' interests and enhancement of the management value.

The Company Corporate Governance system deduces from the following codes and regulations, as well as the By-laws:

1) Code of Conduct for listed companies promoted by the Committee for Corporate Governance;
2) Code of Ethics;
3) Treatment of Confidential Information;
4) Internal Dealing Code of Conduct;
5) Procedure for Transactions with Related Parties;
6) "Insider register" Procedure;
7) Regulation for the manager in charge of preparing the company's financial reports;
8) Organizational, Management and Control Model.

The above documents are available on the Company's website, except for the Regulation for the manager in charge of preparing the company's financial reports, available to all the Group companies on the company intranet and in respect of the special Part of the Organizational, Management and Control Model, also made available to all employees on the Company intranet.

The Company, as holding company of the Group, has always been actively committed in modernizing its business culture in order to respond to the challenges arising from developments in corporate governance rules. This process fostered and enhanced the sharing of values and the recognition that the adoption of good rules of corporate governance goes hand in hand with the dissemination of a business culture whose aims are transparency, adequate management and effective control.

The corporate governance structure adopted by the Company, as set up in the binding articles of the By-laws and the provisions of the above mentioned codes and policies, confirms and bears witness to Italmobiliare commitment to comply with national and international best practices.

INFORMATION ON OWNERSHIP STRUCTURE

a) Share capital structure, indicating the various share categories, related rights and obligations, as well as the percentage of share capital represented

Italmobiliare share capital is equal to 100,166,937 euro, divided into 38,525,745 shares with a face value of 2,60 euro each, of which 22,182,583 are ordinary shares, equal to 57.58% of the entire share capital, and 16,343,162 are savings shares, equal to 42.42% of the entire share capital.

Ordinary shares carry voting rights at the Company's ordinary and extraordinary shareholders' meetings.

Shareholders who, even jointly, own at least one fortieth of the share capital represented by shares with voting rights, may ask, within the deadlines envisaged by the law in force, for the items on the agenda of the shareholders' meeting to be supplemented, stating in their request which further issues are being suggested or for further resolutions' proposals on the items already on the Agenda. In addition, shareholders who, individually or with other shareholders, can prove that they hold an overall stake in the share capital with voting rights that is no lower than that established by the law in force, have the right to present lists for the appointment of the Board of Directors and the Board of Statutory Auditors in accordance with the provisions of the law and the By-laws.

Savings shares do not carry voting rights.

When the profit for the year is allocated, savings shares are entitled to a privileged dividend of up to 5% of the face value, and it is pointed out that, if in a fiscal year a lower dividend is allocated to savings shares, the difference is calculated as an increase to the savings dividend paid in the following two years. The remaining amount is distributed to all Shareholders so that savings shares are granted an overall dividend increased, with respect to that of ordinary shares, by an amount equivalent to 3% of the face value of the shares, unless the shareholders' meeting resolves upon special allocations to the extraordinary reserves or to the Board of directors for other purposes.

In the event of distribution of reserves, savings shares have the same rights as other shares. Reduction in share capital owing to losses does not cause a reduction in the face value of the savings shares, except for that part of the loss in excess of the overall face value of the other shares.

In the event of exclusion from the stock exchange of ordinary and/or savings shares, savings shares retain the rights attributed to them by law and the By-laws, unless otherwise provided by the shareholders' meeting.

In case of dissolution of the Company, savings shares have priority in the repayment of the share capital for the full face value.

The Company does not have outstanding stock option plans either for directors or for officers. However, based on the assignments resolved in the last few years for the stock option plans in force from time to time, cancelled for the unexecuted portion, as at the date hereof 442,500 options on the stock option plan for directors, and 384,774 options on the stock option plan for officers are exercisable.

No additional categories of financial instruments granting rights to subscribe newly issued shares, other than the above mentioned options, have been issued by the Company.

b) Restrictions on share transfers

No restrictions exist on share transfers or on acceptance clauses.

c) Significant shareholders as disclosed pursuant to article 120 of TUF (i.e. consolidated law on finance)

Shareholder	Total No. Shares	% of share capital	
		overall	ordinary
Efiparind B.V. (indirectly and through Compagnia Fiduciaria Nazionale S.p.A.) This figure does not take into account the 871,411 treasury shares with voting rights held by the Company.	10,484,625	27.21	47.26
Serfis S.p.A.	2,228,200	5.78	10.04
Mediobanca S.p.A.	1,805,988	4.69	8.14
First Eagle Investment Management, LLC (as manager, among others, of the «First Eagle Global Fund» which holds 3.99% of the ordinary share capital)	1,109,930	2.88	5,00
Italmobiliare S.p.A. (treasury shares)	871,411	2.26	3.93

d) Shares that confer special control rights

No shares conferring special control rights have been issued.

e) Shareholding of employees: mechanism for exercising voting rights

There is no specific shareholdings' system for employees.

f) Restrictions on voting rights

The By-laws do not provide for restrictions on the exercise of voting rights.

g) Shareholders' Agreements pursuant to article 122 of TUF, of which the company is aware

As far as the Company is aware, there are no agreements of any kind regarding the exercise of voting rights and the transfer of such shares or any of the situations envisaged by art. 122 of TUF.

h) Significant agreements which the company or its subsidiaries are parties to, that would become effective, be modified or expire should there be a change in the control of the company and their effects, and By-laws provisions on takeover bids

According to the policy to support its activity, the Company and some of the its subsidiaries entered into loan agreements which grant the lender the right, in case of a change of control of the financed company, to terminate the contract should the majority shareholders reduce their stake in the Company share capital, or, in other cases, to terminate the loan agreement in advance and have the consequent right to demand principal and the accrued interest or, lastly, in the case of derivative-based agreements, the right to terminate the outstanding derivative agreements.

As far as takeover bids are concerned, the Company By-laws do not provide for waivers to the provisions of TUF related to the passivity rule nor the breakthrough rule is stated therein.

i) Agreements between the company and the directors that envisage compensation in the case of resignation or unfair dismissal or if the office ends following a takeover bid

Please refer to the Report on Remuneration, published in compliance with TUF.

l) Laws applicable to the appointment and replacement of directors and to amendments of the By-laws

Please refer to section "Code of Conduct: corporate governance rules and their implementation".

m) Delegated powers for share capital increases pursuant to article 2443 of the Italian Civil Code or power granted to directors to issue active financial instruments

Delegated powers for share capital increases

In execution of the extraordinary shareholders' resolutions of May 29, 2012, the Directors are granted with the powers, in once or more times within a period of five years from the resolution:

a) under art. 2443 of the Italian Civil Code, to increase share capital once or more times up to a maximum amount of euro 260 million, free-of-charge or against consideration, by issuing ordinary and/or savings shares, also to serve bonds issued by other entities convertible into ordinary and/or savings shares of the company or that are combined with warrants for the subscription of ordinary and/or savings shares of the Company;

b) under art. 2420-*ter* of the Italian Civil Code, to issue once or in various times bonds to be converted into ordinary and/or savings shares or with warrants to acquire ordinary and/or savings shares, up to a maximum overall amount of euro 260 million, in compliance with the terms and conditions established by the laws and regulations in force from time to time, with the consequent share capital increase to serve such conversion or the exercise of the captioned warrant.

All with the widest powers connected thereto, including those of offering the shares and convertible bonds or with a warrant according to the penultimate clause of art. 2441 of the Italian Civil Code; reserve up to a quarter of them under art. 2441 of the Italian Civil Code, last clause; define the provisions and reserves to enter as capital in the event of free-of-charge increase; define issue price, conversion rates, terms and modes for the execution of the transactions.

Equity financial instruments

The Company has not issued financial equity instruments of any kind, nor do the By-laws grant any power for their issue to directors as of the date hereof.

Authorizations to purchase treasury shares

At their meeting of May 27, 2014, the shareholders renewed the Company's authorization to purchase and dispose of treasury shares for a period of 18 months from the date of the resolution.

Within the scope of the above authorization, the Company has not purchased any ordinary or savings treasury shares, nor have shares held in its portfolio been used to grant them to stock options' beneficiaries, since no vested rights have been exercised by directors or officers.

Therefore, on December 31, 2014, the Company held:

- 871,411 ordinary treasury shares, equal to 3.93% of the share capital represented by ordinary shares, to be used to serve the "Stock option plan for directors" and the "Stock option plan for officers";
- 28,500 savings treasury shares, equal to 0.17% of the share capital represented by savings shares.

MANAGEMENT AND COORDINATION ACTIVITY

As noted at point «C» above, Efiparind B.V. is the relative majority shareholder of Italmobiliare.

According to the last notice received as well as to other Company information, it held indirectly a shareholding, net of the treasury shares held by Italmobiliare itself, equal to 47.26% of Italmobiliare ordinary shares, representing the share capital with voting rights.

Pursuant to both art. 2497-*sexies* and art. 2359 of the Italian civil code, no company or entity exercises management and coordination activity over Italmobiliare.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

1. Introduction

The Internal Control and Risk Management System (“SCIGR”) of Italmobiliare is an essential part of the corporate governance system and is a set of organizational rules, procedures and structures intended to enable the identification, measurement, management and monitoring of the main risks which the Company and its subsidiaries are subject to.

The Company, during 2014, adopted the «Guidelines» for the Internal Control and Risk Management System upon the favorable opinion of the Control and Risk Committee, in compliance with the recommendations of the Code.

The guidelines, taking into account the peculiar structure of the Group, which includes companies subject to the supervision of the national supervisory authority with autonomous control bodies (cd. "Group of groups"), seek to ensure consistency and harmonization between various control tools, establishing, therefore, the roles and functions involved in the identification, measurement, management and monitoring of the main risks of the Company and its subsidiaries.

The SCIGR Guidelines have been transmitted to the subsidiaries so that they will take them into account in the establishment and maintenance of its internal control system notwithstanding the autonomy and independence of each company.

The SCIGR shall contribute to the management of the Company consistently with the corporate objectives set by the Board of Directors by facilitating the adoption of conscious decisions. It contributes to ensure the preservation of the Company’s assets, the efficiency and effectiveness of business processes, the trustworthiness, accuracy, reliability and timeliness of financial information, the compliance with laws and regulations as well as with the By-laws and internal procedures.

The SCIGR, in line with the best national and international standards and paying constant attention to the provisions set forth in the Organizational, Management and Control Model, consists of the following three levels of control:

- Level 1: first line controls carried out by the heads of operating units that identify and assess the risks and define specific actions for their management;
- Level 2: functions in charge of the definition of methodologies and tools for risk management and performance of risk monitoring activities;
- Level 3: the Internal Audit function, as well as any other parties that provide objective and independent assessments (the so-called assurance) on the design and operation of the overall System.

The Board of Directors, with the assistance of the Control and Risk committee, sets the criteria to ensure the compatibility of the Group risks’ with correct and proper management of the Company and assesses, at least on a half-yearly basis, the adequacy, effectiveness and functioning of the internal control system with respect to the characteristics of the Company.

With reference to the subsidiaries (Italcementi, Credit Mobilière de Monaco and Finter Bank Zurich) supervised and controlled by national Authorities and that have their owns and autonomous internal control functions performing tasks similar to the duties assigned to the Control and Risk committee by the Code, the Control and Risk committee of Italmobiliare reviews and assesses the reports received from the subsidiaries’ correspondent functions.

To this extent, it is recalled that, with reference to the activities of the internal control and risk management related to the “construction materials” sector, those are monitored by the Control and Risk committee of Italcementi. Thus Italmobiliare, to the extent of the impairment test of goodwill allocated to the CGU (cash generating unit) of Italcementi, takes in its consolidated financial statements the impairment losses on goodwill as assessed by Italcementi Group on the basis of a CGU evaluation which is more detailed in Italcementi compared with that of Italmobiliare reporting system.

The Board of directors defines and approves an annual budget, it also monitors and examines the risks which the Company and the Group as a whole are subject to, and that, as specified under the By-laws, are essentially financial.

This process, already implemented in the main operating subsidiaries, brought in 2014, the definition of a risk model of the Company on various levels.

2. *Description of the main features of the Internal Control and Risk Management System in regard of the financial reporting process*

2.1 Phases of the risk management and internal control system

The risk management and internal control system in relation to the financial reporting process consists of a set of corporate rules and procedures, adopted by the various operating structures, aimed at ensuring trustworthiness, accuracy, reliability and timeliness of financial reporting.

Italmobiliare has defined its own operating Model to comply with the Law on savings (hereinafter, in short, "Operational Model"), detailing the operational approach for the performance of activities. This Model is based on the principles contained in the CoSO framework and in the document "Internal Control over Financial Reporting - Guidance for Smaller Public Companies", also developed by CoSO.

The evaluation process of Italmobiliare is based on the adoption of a system similar to that adopted by the subsidiary Italcementi – subject to the provisions of the Law on Savings as well – in relation to the companies directly controlled by the latter. In this Model, the risk control system is considered together with the internal control system in relation to the financial reporting process.

The Operational Model defined by Italmobiliare is based on the following main elements:

a) **Preliminary analysis.** This activity, carried out on an annual basis and whenever deemed necessary, is aimed at identifying and assessing the risks related to the Internal Control and Risk Management System with regard to financial reporting, in order to determine priorities for the actions related to documentation, assessment and testing of administrative and accounting procedures and related controls. The identification of the relevant quantities and processes is based on quantitative (weight of revenue and assets of a single entity on consolidated amounts, the carrying amount of consolidated financial statement items related to a particular process) and qualitative (the Country in which an entity operates, specific risks, risk levels assigned to the various items) factors;

b) **Operational planning**. Every year the activities are planned on the basis of the priorities identified through the preliminary analysis and other assumptions, if any;

c) **Analysis of controls at company level**. Single entities, within the area of action identified in the preliminary analysis, are responsible for *i)* assessing the effectiveness of the internal control system in relation to the governance principles used at entity level (**Entity Level Controls**), as well as for *ii)* the overall management of the information systems used in the main financial reporting processes and the related IT structure (**Information Technology General Controls**). This must be carried out in accordance with the deadlines established during the operational planning and on the basis of the guidelines, instructions and templates provided by the Manager in charge;

d) **Analysis of controls at process level**. Single entities in the area for action identified in the preliminary analysis are responsible for: *i)* documenting, with varying levels of detail depending on the level of risk allocated, the identified administrative and accounting processes, *ii)* performing tests to check the effective operation of controls, in accordance with the deadlines established during operational planning and on the basis of guidelines, instructions and templates provided by the Manager in charge;

e) **Assessment of the adequacy and effective operation of the administrative and accounting procedures and the related controls**: in order to guarantee compliance with the key requirements for financial reporting ("financial statement assertions"), the Manager in charge, on the basis of the results of the carried out activities and the obtained documentation, assesses the overall adequacy and effective operation of the system of administrative and accounting procedures and the related controls, and more generally, the Internal Control System for these areas.

The Internal Control and Risk Management System, with reference to the financial reporting process has also benefited from:

- the ongoing development of an integrated Corporate Governance system (Organization notices, delegated powers, corporate processes and procedures) whose operational tools are available in a *Knowledge Management Database,* BEST 2.0 *(Business Excellence Support Tool),* which allows easy access to information and facilitates its dissemination across the Group;
- a more detailed organization and planning in relation to the provisions of Law No. 262 of December 28, 2005, containing "Provisions for the protection of savings and the regulation of financial markets" and the subsequent corrective decrees (hereinafter, in short, the "Savings Law"), enacted by law-makers for the purpose of increasing the transparency of financial reporting and strengthening the internal control system of listed companies.

2.2. Positions and Functions involved

Financial reporting is manned by the following corporate bodies and functions, which operate with roles and responsibilities defined in the broader Internal Control and Risk Management System:

1) ***Board of Directors,*** with the following tasks:
   a) examining and approving the Strategic Plan, monitoring periodically the related implementation;
   b) defining the risk profile, both as to nature and level of risks, in a manner consistent with the Company's strategic objectives, as determined by the same Board at the time of approval, amendment or revision of the Strategic Plan;
   c) evaluating the adequacy of the organizational, administrative and accounting structure of the Company as well as of its strategically significant subsidiaries in particular with regard to the internal control and risk management system;
   d) upon opinion of the Control and Risk Committee:
      1) defining, in line with the Company's risk profile, the guidelines of the internal control and risk management system, also seeing to its updating, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the Company in a manner consistent with its strategic objectives;
      2) assessing, at least annually, the adequacy and effectiveness of the Internal Control and Risk Management System with respect to the Company's characteristics and the risk profile assumed, ensuring that:
         - duties and responsibilities are allocated in a clear and appropriate manner;
         - control functions, including the Head of Internal Audit, the Manager in charge and the Supervisory Board have been provided with the appropriate resources for the performance of their duties and are granted an appropriate degree of independence within the corporate structure.
      3) approving, at least annually, the plan (which should also address the reliability of information systems) drafted by the Head of Internal Audit, having heard the opinion of the director in charge of the Internal Control and Risk Management System and the Board of Statutory Auditors;
      4) upon proposal of the Director in charge of the Internal Control and Risk Management System, after also hearing the opinion of the Board of Statutory Auditors, appointing and dismissing the Head of Internal Audit, ensuring that the same is adequately provided with the resources to carry out their responsibilities and defining their remuneration in line with corporate policies;
   e) examining and approving the financial statements for the period.
2) ***Director in charge of the Internal Control and Risk Management System*** (in short ***"Director in charge"*),** identified by the Board of Directors' meeting of May 27, 2014, in the person of the Chief Executive Officer – Chief Operating Officer.

   According to the Code, he has the task of:
   a) identifying the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submit them periodically to the review of the Board of Directors;

b) implementing the guidelines defined by the Board of Directors, taking care of the planning, implementation and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness;

c) proposing to the Board of Directors, after the favorable opinion of the Control and Risk Committee and after hearing the opinion of the Board of Statutory Auditors, the appointment, removal and remuneration of the Head of Internal Audit ensuring its operating independence and autonomy from each head of operating departments, verifying that the same is provided with adequate resources for the fulfillment of the tasks entrusted thereto;

d) adjusting such system to the dynamics of the operating conditions and the legislative and regulatory framework;

e) promptly reporting to the Control and Risk committee (or to the Board of Directors) issues and problems that resulted from his/her activity or of which he/she became aware in order for the committee (or the Board) to take the appropriate actions.

The Director in charge can also ask the Internal audit function to carry out reviews of specific operational areas and on the compliance of business operations with rules and internal procedures, giving simultaneous notice to the Chairman of the Board of Directors, the Chairman of Control and Risk committee and the Chairman of the Board of Statutory auditors.

Under the powers granted to him, the Director in charge promoted the development of a Management Risks Model on identification, evaluation and management of the company risks based on various levels.

Moreover, since the two positions coincide, the Director in charge is responsible for issuing, together with the Manager in charge, statements on the adequacy and effective implementation of administrative and accounting procedures, the compliance of documents with applicable international financial reporting standards, compliance of documents with book entries and accounting records, suitability of documents to give a true and fair representation of the financial position and results of operations of the Company and of the Group, etc..

3) ***Control and Risk Committee,*** which, as a body supporting and assisting the Board of Directors, carries out advisory and proactive functions. In particular it:

a) evaluates together with the Manager in charge, after hearing the external auditors and the Board of Statutory auditors, the correct application of the accounting principles, as well as their consistency for the purpose of preparing of the consolidated financial statements;

b) expresses opinions on specific aspects relating to the identification, measurement, management and monitoring of the Company's main risks upon request;

c) reviews the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the Internal Audit function that are particularly significant;

d) monitors the independence, adequacy, efficiency and effectiveness of the Internal Audit Function;

e) whenever deemed necessary or desirable for a better management of business risks, requires the Head of Internal Audit to carry out reviews of specific operational areas, giving simultaneous notice to the Chairman of the Board of Statutory auditors;

f) reports to the Board of Directors at least half-yearly, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy and effectiveness of the Internal Control and Risk Management System;

g) promptly exchanges information with the Board of Statutory Auditors relevant to the performance of their respective tasks.

4) ***Manager in charge of financial reporting***, who, as provided for in the regulation approved by the Board of Directors, is responsible, among other things, for:

a) planning adequate administrative and accounting procedures for the drafting of the financial statements, the limited interim financial statements and the consolidated financial statements, as well as any other financial reporting, by updating such procedures and ensuring dissemination and compliance, as well as verifying their effective application;

b) assessing, together with the Control and Risk Committee and the external auditors, the correct application of accounting policies and their uniformity for the purposes of the consolidated financial statements;

c) handling the periodic reporting to top management and the Board of Directors on the activities undertaken;

d) managing the periodic review of the assessment activities and updating the risk map relating to financial disclosure;

e) taking part in the development of IT systems that have an impact on the Company's financial positions and results of operations.

The Manager in charge of Italmobiliare acknowledges the content of Italcementi's Manager in charge quarterly report on the internal control and risk management performed activities at Italcementi group level. Moreover the Manager in charge receives and evaluates the activities' reports of the Group subsidiaries, subject to the control of National Authorities and with their owns controls functions, considered relevant.

The Board of Directors meeting held on May 27, 2014, confirmed Mr. Giorgio Moroni, Co-Chief Operating Officer Administration & Finance, as the Manager in charge of preparing the company's financial reports, pursuant to Art. 154-bis of TUF and Art. 29 of the By-laws.

The appointment of Mr. Moroni will expire upon completion of the term of office of the current Board of Directors, i.e. with the approval of the 2016 financial statements.

Pursuant to the By-laws, the Manager in charge of preparing the company's financial reports must:

1) be qualified as a manager and meet the requirements of good reputation set forth by law for members of the Board of Directors;
2) have a total of at least three years' experience in performing administrative/accounting and/or financial and/or control activities at the Company and/or its subsidiaries and/or at other joint-stock companies.

The Board of Directors, upon appointment, provided such Manager with autonomous financial resources to exercise the powers granted to him with the duty to report to the Board of Directors on the financial resources used every six months. Furthermore, the Board of Directors, upon proposal of the Remuneration Committee, defines, at the time of appointment and then annually, the remuneration of the Manager in charge.

5) ***Head of Internal Audit,*** who is entrusted with the task of verifying the functioning and adequacy of the Internal Control and Risk Management System, providing an objective assessment of its suitability to corporate bodies and top management.

He has direct access to all relevant information for the performance of his duties, is not responsible for any operational area and is under the Board of Directors hierarchically.

The Head of Internal Audit reports on the Company's risk management process as well as about the compliance with the management plans defined for risk mitigation, and expresses its assessment to the Board of Directors, Control and Risk Committee, to the Director in charge and to the Board of Statutory Auditors on the adequacy of the Internal Control and Risk Management System.

The Board of Directors, at its meeting held on May 27, 2014, after hearing the opinion of the Board of Statutory Auditors, confirmed Mrs. Delia Strazzarino as Head of Internal Audit.

The Head of Internal Audit annually illustrates to the Control and Risk Committee the Internal Audit structure which has been considered appropriate, both in terms of headcount and professional skills to fulfill the tasks entrusted to it.

Within its "Assurance and Quality improvement Program", the Internal Audit Department is subject, at least every five years, to a Quality Assurance Review by an independent external entity. Last review, performed on late 2011, had an outcome of general compliance with reference international standards.

The Board of Directors following the opinion served by the Control and Risk Committee and having heard the Board of Statutory Auditors and the Director in charge, approved:

- the Internal Audit Charter during the meeting of November 14, 2013. The Charter, lastly modified by a board resolution dated 13 February 2015, officially defines the mission, objectives, organisational context and responsibilities of the Internal Audit Department, in accordance with the definition of Internal Auditing, with the Code of Ethics of the Institute of Internal Auditors ("IIA") and with the International Standards set by the International Professional Practices Framework of the IIA.
- the 2015 Audit Plan prepared by the Head of Internal Audit during the meeting of February 13, 2015.

The Internal Audit Department performs its activities directly with reference to Italmobiliare group, except for the subsidiaries that have an independent Internal audit function.

At Group level, the Head of Internal Audit coordinates / connects with the homologous functions of the subsidiaries in order to promote uniformity of approach in working tests and adequacy of SCIGR, taking into account the autonomy, independence and responsibility of those subsidiaries and their corporate bodies.

6) ***Supervisory Body,*** which is responsible for the ongoing monitoring of the effective operation and compliance with the Organization, Management and Control model pursuant to Legislative Decree no. 231/01.

As part of its duties, the Supervisory Body, periodically meets with executives of the Company in charge of sensitive areas under Legislative Decree no. 231/01, the Board of Statutory Auditors, the Control and Risk committee, the Manager in charge and the representatives of the independent auditors in respect of any matters relevant to the prevention of offenses specified in the Model, including those relating to financial reporting.

This body is autonomous and independent in the exercise of its functions, and its members have adequate qualifications in the field of risk control associated with the specific activities carried out by the Company and its legal aspects. It reports directly to the Board of Directors, which appoints it with a motivated resolution with respect to each member, chosen solely on the basis of qualifications, integrity, competence, independence and functional autonomy requirements.

The Supervisory Body is granted with autonomous initiative and control powers within the Company in order to efficiently exercise its functions.

The Supervisory Body periodically, and at least every six months, prepares a written report on its activities sending it, together with a documented statement of expenses incurred, to the Chairman of the Board of Directors, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee and the Manager in charge. Such reports contain proposals, if any, for additions and amendments to the Model. The aforementioned periodic report must at least contain or highlight:

i) any problems arising with regard to implementation of the procedures set forth in the Model, adopted in implementation of or in the light of the Model and the Code of Ethics of the Company;

(ii) the warning reports received from internal and external parties in regard of the Model;

(iii) disciplinary procedures and penalties, if any, applied by the Company, with exclusive reference to activities at risk;

(iv) an overall assessment of the effectiveness of the Model with possible instructions for additions, corrections or changes.

7) ***Various company Functions,*** which must, to the extent of their competence, ensure the correct representation of the information provided, as well as the efficient and effective implementation of administrative and accounting procedures in the areas under their responsibility.

Lastly, in this context, the Board of Statutory Auditors, as part of the tasks assigned to it under applicable laws, among other things, oversees the financial reporting process and effectiveness of the internal control, internal audit and risk management systems.

The auditing of the company's accounts, as required by the current applicable laws, was entrusted to independent auditors appointed at the Shareholders' Meeting, upon proposal of the Board of Statutory Auditors. The task of auditing the separate financial statements of Italmobiliare, the consolidated financial statements of Italmobiliare Group and performing a review of the consolidated financial statements of Italmobiliare Group for the fiscal years 2010-2018 was assigned at the Shareholders' Meeting to KPMG S.p.A. on April 29, 2010.

The sharing and integration of information generated in the various areas is ensured by a structured information flow. In this regard, the quarterly report of the Manager in charge is, for example significant as it reports, among other things, on the results of the performed activities, the problems that emerged, the identified action plans and their state of progress. The same officer, together with the Chief Executive Officer, also supplied the certificate referred to in paragraph 5 of Art. 154-*bis* of TUF.

3. *Overall Assessment of the Internal Control and Risk Management System*

The Board of Directors, based on the evaluations and information collected with the support of the preliminary activity performed by the Control and Risk Committee, with the assistance of the Director in charge, the Head of Internal Audit and the Manager in charge of financial reporting, notes that are not been reported issues which would invalidate the overall adequacy and effectiveness of the Internal Control System and Risk Management with respect to the structure of the Company and the Group and the characteristics of the business.

The Board noted that, although there are still some weaknesses in the internal control system of Finter Bank Zürich which the Board of Directors of the Bank itself, following the recommendations of the Swiss Banking Supervision, is quickly remedying, there have been significant improvements in the governance structure of the Bank.

The Internal Control and Risk Management System is subject to continuous improvement through monitoring and systematic design of improvement initiatives, consistent with international models of reference.

CODE OF CONDUCT: CORPORATE GOVERNANCE RULES AND THEIR IMPLEMENTATION

Italmobiliare complies with the Code of Conduct for listed companies approved by the Italian Committee for Corporate Governance.

However, the Board of Directors decided not to adhere to two recommendations of the Code on: i) the establishment of the Appointment Committee and ii) the adoption of the Shareholders' Meeting Regulations, maintaining some governance principles set out in previous versions of the Code of Conduct. Further details in this regard will be provided in this Report, based on the various topics to be illustrated.

Moreover, the Board of Directors is always open to evaluating any new orientations that may occur in the Code and their possible inclusion in the Company's corporate governance system, provided that, consistently with Company policy, the recommendations given by the Code allow the Company to enhance its trustworthiness towards investors.

A) BOARD OF DIRECTORS

Role and Responsibilities

The Board of directors is responsible for defining the strategic direction of the Company and the Group belonging to it and it is in charge of the management. To this end, pursuant to the By-laws, it is vested with all the necessary powers for the ordinary and extraordinary management of the Company, since it is competent on everything that is not expressly reserved by law and the By-laws to the Shareholders' Meeting.

In addition to the powers conferred to it by law and by the By-laws regarding the issue of shares and bonds, the resolutions concerning the following matters are also entrusted to the Board of Directors - without prejudice to the Shareholders' Meeting authority, existing by operation of law -, in compliance with Art. 2436 of the Italian Civil Code:

- incorporation of companies that are fully owned or owned at least ninety percent;
- transfer of the registered office, as long as within the (Italian) national territory;
- establishment or closure of branches, whether in Italy or abroad;
- reduction of share capital in the event of withdrawal of a shareholder;

- amendment of the By-laws to comply with mandatory legal provisions.

The Board of Directors, in compliance with the provisions of the By-laws, meets at least once in each calendar quarter. At such meeting, the delegated bodies report to the same Board and to the Board of Statutory Auditors on significant transactions put in place in the exercise of delegated powers.

The Board of Directors also has the task of passing resolutions regarding:

- transactions with a significant strategic, importance and impact on Italmobiliare financial position and results of operations, put in place by the Company itself and by its subsidiaries;
- transactions with related parties, as governed by specific company procedure and in compliance with the conditions provided therein.

Moreover, the Board is entrusted with *i)* the assessment on the overall operating performance, *ii)* the assessment of the adequacy of the organizational, administrative and accounting structure with particular reference to the Internal Control and Risk Management System, which is overseen by the Director in charge, under the powers delegated to him by the Board itself, *iii)* the granting of powers to the executive directors and *iv)* the determination of the remuneration of directors vested with special powers and key management personnel.

The directors act and make decisions on an informed basis and independently pursuing the primary objective of creating value for shareholders. They hold their office being aware that they can devote the necessary time for a diligent performance.

No exception to the non-competition provisions under Art. 2390 of the Italian Civil Code has been authorized by the Shareholders' Meeting nor is required by the By-laws. In addition, no Director is a partner with unlimited liability of any competitors, or exercises a competing business on its own or on behalf of third parties, or is a director or Chief Operating Officer of competitors.

Composition

The Company by-laws provide that the Company shall be managed by a Board of Directors consisting of 5 up to 15 directors, appointed at Ordinary Shareholders' Meeting, for the period decided at the time of appointment, but in no event for more than three fiscal years and they may be reappointed when their term of office expires.

The Board of Directors currently in office is made up of fourteen members, appointed by the Shareholders' meeting of last May 27, 2014 and whose term of office expires upon approval of the financial statements for the fiscal year 2016. Twelve out of fourteen members are non-executive and, among these, seven directors are independent in accordance with the Consolidated Law and Finance (TUF); six of them also have the independence qualification set out by the Code. According to the transitional rules on gender balance, a fifth of the members is reserved for the less represented gender.

Among the fourteen Board members, Mr. Livio Strazzera represents the minority shareholder Serfis S.p.A.

The composition of the Board of Directors is shown in the table infra, as well as at the beginning of this report, where the Directors' *curriculum* are also provided, along with their seniority in office.

These *curriculum,* in accordance with the regulations, are promptly published on the Company's website at the time of appointment.

Appointment and replacement of Board members

The Company's By-laws, in compliance with the provisions of current legislation, provide that the appointment of the Board of Directors shall occur on the basis of lists that ensure that the minority shareholders obtain the minimum number of directors required by law and should comply with the regulations in force concerning the gender balance.

Lists must be filed at the Company's head offices at least 25 days before the date set for the Shareholders' Meeting on first or single call; this, together with the conditions and minimum stake required to file the lists, must be mentioned in the notice of call.

Lists may be filed only by shareholders who, alone or together with other shareholders, are able to provide evidence that they hold a percentage of the share capital with voting rights no lower than that determined by Consob pursuant to the regulations in force.

No shareholder may file, or participate in filing, even through a third person or trust company, more than one list or vote for different lists. Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement relating to the Company's shares may not file or vote for more than one list, either through a third person or through a trust company.

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

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

Pursuant to the By-laws, the lists that have a number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that one or the other gender may be represented by at least one third (rounded upwards) of the candidates. However, upon the first renewal of the Board of Directors following entry into force of the Law (October 2011), the relevant transitional provisions provide that the quota of the less represented gender be at least one-fifth of the elected candidates.

At the time of their filing, lists must include:

a) statements whereby individual candidates:
   * accept their candidature;
   * under his/her own responsibility state:
     - the non-existence of causes for ineligibility
     - entitlement to the good reputation requirements established by the law
     - entitlement to the independence qualification required by the law and by the Code of Conduct, if any. The latter is a principle already contained in the Code of conduct originally adopted by the Company, now outmoded by the Code and which the Company has complied with. The Board of Directors considered it appropriate to keep this principle in line with the best practices governing the matter.
b) a brief resume on the personal and professional skills of each candidate with an indication of their position as director and statutory auditor in other companies;
c) information on the identity of shareholders who have presented lists. The intermediary certification or statement proving ownership of the shareholding prescribed by the law in force when the list is presented may also be produced after the filing of the list provided that it reaches the Company within the term envisaged by the regulation in force for the publication of lists by the Company;
d) a statement of the shareholders who do not hold, even jointly, a controlling or majority stake, bearing witness to the absence of any connection with the majority shareholder, as defined by the law in force.

The Company By-laws do not provide for good reputation or independence qualification requirements additional to those required for the Statutory Auditors by TUF. Any elected directors whose requirements of good reputation, as set forth by law or the By-laws, become void during their term of office, will forfeit their office.

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

At least 21 days before the Shareholders' Meeting date, the Company makes available at the Company premises, at the stock exchange and on its website, the lists of candidates which have been filed by shareholders along with supporting documentation.

In the event of filing of more than one list:

- all the directors are elected from the list that obtains the highest number of votes at the Shareholders' Meeting, in the order in which they are listed, except for the minimum number reserved by law for the minority shareholders' list;
- the minimum number of directors reserved by law to minority shareholders are elected from the minority shareholders' list that obtains the highest number of votes and is not connected in any way, directly or indirectly, with the majority shareholders;
- should more than one list obtain the same number of votes, a runoff is held on these lists among all the

shareholders present at the Shareholders' Meeting, and the candidates are elected from the list that obtains the majority of the share capital represented at the Shareholders' Meeting.

For the purposes of the apportioning of the directors to be elected, the lists that have not achieved a percentage of votes at least equal to half of the percentage required for the presentation of lists will not be considered.

Should a party connected to a majority shareholder vote for a list of the minority shareholders, the connection is significant for the purposes of excluding the minority shareholders' elected director only if this vote was crucial for the election of said director.

Should a single list be presented, all the candidates included in that list are elected with a simple majority vote of the share capital represented at the Shareholders' Meeting.

If as a result of the voting based on lists or the voting of the only list presented, the composition of the Board of Directors does not meet the current regulations regarding gender balance, the necessary replacements will be carried out within the list that has obtained the highest number of votes or within the only list presented, starting from the candidate in the last place of the same list. Subsequently, if compliance with the requirement concerning the balance between genders is not ensured in the minimum number required by law, there will be similar replacements, again within the list that has obtained the highest number of votes, or within the only list presented.

In the absence of lists, and whenever by means of the voting list mechanism, the number of candidates elected is lower than the minimum number envisaged by the By-laws for its composition, the Board of Directors is respectively appointed or supplemented by the Shareholders at their meeting with the legal majority, provided that the gender balance set forth by current legislation in force is ensured and at least the minimum number of directors holding the independence qualification required by the law is guaranteed.

If during the year, due to resignation or other reasons, one or more directors cease to serve, the others, provided that the majority is still represented by directors appointed by the shareholders at their meeting, shall arrange to replace them by means of a resolution approved by the Board of Statutory Auditors.

Directors are replaced, in compliance with the above requirements of good reputation and independence, with the appointment of unelected candidates belonging to the same list as the directors who no longer serve, following the original order of presentation. Should this not be possible, the Board of Directors will act pursuant to the law. All of the above, in any case, in compliance with the current legislation in force regarding gender balance.

Directors appointed in this manner hold office until the following Shareholders' Meeting.

The Shareholders' Meeting resolves upon the replacement of directors, in compliance with the above principles, with a simple majority of the share capital represented at the Shareholders' Meeting.

The term of directors appointed in this way ends at the same time as that of the directors serving at the time of their appointment.

No limits to re-eligibility of directors have been envisaged, although directors holding the same position for more than nine years in the last twelve years could be considered - on a voluntary basis - no longer to meet the independence qualification pursuant to the Code.

The Company By-laws provide that, unless the Shareholders' Meeting has already done so, the Board is entitled to appoint the Chairman and possibly one or more Deputy Chairmen and to determine their powers.

The Board of Directors, in accordance with law provisions and the By-laws, can delegate its powers to an Executive Committee, made up of some of its members, and determine their number and powers. The Board of directors can also delegate its powers to only one of its members, with the title of Chief Executive Officer - CEO - , and determine the limits of such empowerment. The Board of Directors or the Executive committee, if it has been appointed, can appoint, also from outside the Board of directors, a Chief Operating Officer - COO -, and determine his/her term of office and the relevant attributions, powers and remunerations.

The Board of Directors has appointed, among its members, in addition to the Chairman, a Deputy Chairman and a Chief Executive Officer - Chief Operating Officer.

The Chairman and the Chief Executive Officer - Chief Operating Officer to whom the Board of Directors, upon appointment, granted duties and powers identifying any quantitative limits, are considered executive directors.

The Board also granted the Executive Committee all its powers except for those that pursuant to the Italian Civil Code and the By-laws may not be delegated. The resolutions of the Executive Committee are reported to the Board of Directors at its next meeting.

The consistency of direction and coordination of activities is ensured by the presence of the Chairman, the Chief Executive Officer - Chief Operating Officer and the Deputy Chairman, directors and Company managers on the Boards of Directors of the main subsidiaries.

Allocation of responsibilities and delegation of powers

The granting of powers is based on the principle of segregation of duties.

The delegation of powers, i.e. the assignment of operating powers to one or more persons and/or the Executive Committee, does not exclude the competence of the Board of Directors, which in any case holds a superior steering and controlling power over the Company's general activities as to its various components.

Among the five members of the Executive Committee, two are executive directors; the remaining ones, two of which independents, are considered, however, non-executive directors, as the Company's Executive Committee meets without any regularity and, in fact, exclusively to address the timely examination of certain transactions and for the adoption of the relevant resolutions. The Code also shares this interpretation provided that, as in this case, the director, member of the Executive Board, is not given individual executive powers.

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

- to the **Executive Committee**, consisting of five members, all the powers and the assignments of the Board of Directors, except for those which the law and the By-laws do not allow to be delegated. As specified at the time of its appointment, the resolutions of the Executive Committee must be reported to the next Board of Directors' meeting;
- to the **Chairman**, Mr. Giampiero Pesenti, among others, the duties to supervise and ensure the compliance with Corporate Governance principles approved by the Company proposing any amendment to them at the Board of Directors, to supervise the execution of the investment plans' as defined by The Board or the Executive Committee and to propose resolutions to the Board of directors and to the Executive committee. The Chairman was granted, among others, in addition to the representation powers' envisaged by the Bylaws, the powers to undertake any administrative act and measure, among which, to acquire and dispose of equity investments, carry out credit and securities transactions, accept guarantees, grant collateral and guarantees in favor of third parties as long as these are direct or indirect subsidiaries or affiliated of Italmobiliare, within a maximum amount of 20 million euro for each transaction; to enter into real estate sale and purchase agreement, trade-in and real division to settle easements or real estate rights in general, within the maximum amount of 20 million euro for each transaction;; appoint every kind of consultant defining their remuneration, possible deposits, suspending, terminating and modifying the relationship with the latter, with the powers of granting power of attorney to manage them.
- to the **Deputy Chairman**, Mr. Italo Lucchini, the sole representative powers, according to the By-laws, to be exercised severally by the Chairman and by the Chief Executive Officer;
- to the **Chief Executive Officer - Chief Operating Officer**, Mr. Carlo Pesenti, among others, the tasks of supervising management policies and business development strategies' of Italmobiliare and the main directly and indirectly controlled companies; supervise and direct the activities of Italmobiliare and its main subsidiaries; establishing guidelines for the management of the main companies in which Italmobiliare holds, directly or indirectly, an interest that allows it to exercise significant influence; taking care of the organization and propose to the Board of Directors the main organizational changes. At the same time were granted, among others, the powers to perform all administrative and disposal acts on the management of the Company among which

securities and credits transactions, to undertake on behalf of the Company bonds of any kind, also secured by collateral, accept guarantees, loan collateral and guarantees in favor of third parties as long as these are direct or indirect subsidiaries of Italmobiliare, acquire and dispose of government securities, bonds, land, stocks, company shareholdings, performing sale or purchase carry-over and forward transactions on securities within a maximum amount of 20 million euro, for each transaction.

Other powers for current management activities were granted to the Co-Chief Operating Officer Administration and Finance, to the Secretary of the Board and to other managers, within their respective area of competences.

The Chairman, the Chief Executive Officer - Chief Operating Officer have periodically reported to the Board of Directors and the Board of Statutory Auditors, as envisaged by the Code and by the Company by-laws, about activities undertaken within their assignments and powers. In addition, the most important transactions undertaken by the Company or by the subsidiaries with an impact on its financial statements, the main transactions with related parties as well as transactions leading to potential conflicts of interests, have been always submitted to the Board of Directors, even when within the limits of their powers.

Independent Directors

In accordance with the regulations in force, at least one of the members of the Board of Directors, or two in case it is composed of more than seven members, must meet the independence requirements established by law for members of the Board of Statutory Auditors.

The Code also requires that the number and qualifications of independent directors are adequate in relation to the size of the Board and to the Company's activities and such as to allow the establishment of committees within the Board; also under the Code, the independent directors must be two at least.

In compliance with the provisions and recommendations mentioned above, each individual concerned, upon submission of the lists of candidates for the office of director, must declare that he/she meets the requirements for independence under the TUF and pursuant to the Code; the Board of Directors, at its first meeting after the appointment of its members, will, on the basis of information provided by each person or information available to the Company, verify that directors who have declared to be independent actually meet the independence requirements.

Moreover, at the time of preparing the annual Report on Corporate Governance*,* the Company reiterates its request to all directors in office to declare the existence or not of such requirements. Their responses are annually submitted to the Board for the consequent independency evaluation.

The results of such assessment are disclosed to the market on occasion of appointment and shown annually un this report on the page regarding corporate bodies, which opens this document, and in the table shown below.

In case the independence requirements prescribed by law are no longer met, the director concerned must give prompt communication thereof to the Board of Directors. This circumstance entails the removal from office of such director, except in cases where such requirements are still met by at least the minimum number of directors required by current legislation.

The current Board of Directors consists of seven directors meeting the requirements of independence provided by law, six of which are also considered independent on the basis of the criteria set out in the Code.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its members.

Lead Independent Director

The Code provides that, should the Chairman of the Board of Directors be the main officer in charge of company management, and also when the position of Chairman is held by the person who controls the Company, the Board should appoint an independent director as "*Lead independent director*", to provide a reference for and coordinate requests and contributions of non-executive directors and, in particular, independent directors.

On the occasion of the appointment of the Board of Directors for the 2014-2016 mandate, the Board of Directors, at its meeting of 27 May 2014, approved the dissociation of the functions of Chairman and Chief Executive Officer; however, in light of the shareholding structure and in compliance with the best practices, the Board has decided to appoint Mr. Massimo Tononi, independent director, as "Lead Independent Director".

Remuneration for Directors and Officers with strategic responsibilities

The remuneration for Directors was determined by the Shareholders' Meeting held on May 27, 2014 that, until a new resolution, set such remuneration in the fix amount of 36,000 euro per year for each director, plus attendance fees for participation at the various board committees , as indicated below.

* € 6,000 for each attendance at meetings of the Executive Committee;
* € 3,000 for each attendance at meetings of the Remuneration Committee, the Control and Risk Committee and the Committee for Transactions with Related Parties;
* € 2,500 to each member of the Board of Directors appointed member of the Supervisory Board for each attendance at meetings of the same.

The remuneration of the Chairman, the Chief Executive Officer - Chief Operating Officer, Manager in charge of financial reporting and Head of Internal Audit is determined by the Board of Directors, in the absence of the concerned parties, upon proposal of the Remuneration Committee, having heard the opinion, when required, of the Board of Statutory Auditors and the Control and Risk Committee.

A significant part of the remuneration of the Chairman, the Chief Executive Officer and Chief Operating Officer is linked to the financial performance and the achievement of specific targets set beforehand and determined in accordance with the remuneration Policy adopted by the Company.

For detailed information please see the Remuneration Report prepared pursuant to Art. 123-*ter* of TUF and approved by the Board of Directors on March 24, 2015.

Limitations on the number of offices

The Board of Directors in accordance with the Code, resolved that the maximum number of offices that can be held as director or statutory auditor in other companies listed on regulated markets including abroad, in financial, banking, insurance or major companies, considered compatible with the effective performance of the office of Company director, with the exception of its subsidiaries, parents and companies subject to joint control, was the follows:

- five (for the office of executive director) and
- ten (for the office of non-executive or independent director or statutory auditor)

A list of offices as director or statutory auditor held by each director in other companies listed on regulated markets even abroad, in financial, banking, insurance or major companies, at the date of this report, is set out below:

Giampiero Pesenti	* Italcementi S.p.A.	- Chairman
	* Finter Bank Zürich	- Deputy Chairman
	* Compagnie Monegasque de Banque	- Director
	* Credit Mobilier de Monaco	- Director
Italo Lucchini	* Italcementi S.p.A.	- Director
	* Unione di Banche Italiane S.c.p.a.	- Member of Management Board
Carlo Pesenti	* Italcementi S.p.A.	- Chief Executive Officer
	* Finter Bank Zürich	- Director
Anna Maria Artoni	* Artoni Group S.p.A.	- Sole director
	* Artoni Trasporti S.p.A.	- Vice Chairman - CEO
	* Gruppo MutuiOnline S.p.A.	- Director
	* Pirelli S.p.A.	- Director
Giorgio Bonomi	* Italcementi S.p.A.	- Director
	* IGP - Decaux S.p.A.	- Director
Carolyn Dittmeier	* Assicurazioni Generali S.p.A.	- Chairman of the Board of Statutory Auditors
	* Autogrill S.p.A.	- Director

Sebastiano Mazzoleni	* Italcementi S.p.A.	- Director
Luca Minoli	* Cemital S.p.A.	- Chairman
	* Finanziaria Aureliana S.p.A.	- Chairman
	* Privital S.p.A.	- Chairman
Clemente Rebecchini	* Telco S.p.A.	- Chairman
	* Assicurazioni Generali S.p.A.	- Deputy Chairman
	* Atlantia S.p.A.	- Director
Paolo Sfameni	* Allianz Bank Financial Advisor S.p.A.	- Director
	* Investitori SGR S.p.A.	- Director
	* La Fenice S.r.l.	- Statutory Auditor
	* Pirelli Tyre S.p.A.	- Statutory Auditor
Livio Strazzera	* Serfis S.p.A.	- Sole Director
	* Banca Popolare Commercio e industria	- Substitute Deputy Chairman
Massimo Tononi	* Prysmian S.p.A.	- Chairman
	* Borsa Italiana S.p.A.	- Chairman
	* Cassa di Compensazione e Garanzia S.p.A.	- Chairman
	* EuroTLX SIM S.p.A.	- Chairman
	* Istituto Atesino di Sviluppo S.p.A.	- Chairman
	* London Stock Exchange Group	- Director
	* Sorin S.p.A.	- Director
	* Castello SGR S.p.A.	- Director
Laura Zanetti	* Alerion Clean Power S.p.A.	- Director
	* Incofin S.p.A.	- Director

Meetings of the Board of Directors

The Chairman coordinates the activities and conducts the meetings of the Board of Directors and ensures that the documentation relating to items on the agenda is disclosed to the directors and statutory auditors properly in advance. In particular, the Board of Directors set as at least two days the prior notice period to be observed in order to submit the aforementioned documentation. Such prior notice period has always been met during fiscal year 2014.

When the material on certain items on the agenda is particularly complex, specific explanatory notes prepared on each occasion by the competent corporate functions are also sent in order to facilitate the adoption of resolutions by board members on these issues. All documentation is sent by e-mail in files protected by passwords only known to the recipients in order to preserve confidentiality of the data and information provided.

Moreover, the Chairman, through the competent company functions, ensures that directors participate in initiatives aimed at increasing their knowledge of the company's operations and dynamics and are informed on key legislative and regulatory developments having an impact on the Company and its corporate bodies.

The Board meets at least every quarter to approve the financial statements for the period. At such meeting, the delegated bodies report on the activities performed by virtue of their respective powers. Moreover, pursuant to the By-laws, the Board meets anytime deemed necessary by the Chairman, or the Deputy, or upon request of a member of the Board of statutory Auditors to the Chairman of the Company.

The Board of Directors, during fiscal year 2014, held a total of eight meetings including four before the expiry of the three-year mandate and appointment of new Board of Directors. The number of members remained unchanged at fourteen directors. Two meetings were attended by all Directors; thirteen directors attended four meetings and two meetings were attended by twelve directors. Both before and after the renewal of the mandate, five independent directors were always present; two independent directors have attended three meetings out of four. Six meetings of the Board of Directors were attended by all members of the Supervisory Board, at the remaining two meetings was absent a Statutory Auditor.

All meetings of the Board of Directors were attended, by invitation, by the Manager in charge of financial reporting. Some meetings were also attended by managers of the Company and of the major subsidiaries to provide additional information on the topics put on the agenda from time to time.

The average duration of the meetings of the Board of Directors held during the year was about three hours.

As required by the Code and as per common practice, the Board, when examining and approving the financial statements for the period, taking into particular consideration the information received from the delegated bodies, assesses the overall company performance by comparing the results achieved with those planned in the annual budget.

During 2015, the Board of Directors has so far met twice, the first time to examine the budget for 2015 and the Audit plan, the second time to approve - among others - the 2014 draft financial statements. At least other three board meetings are scheduled for the current fiscal year for the approval of the interim and half year reports.

The corporate calendar is annually disclosed to the market and published on the Company's website in the section Investor / Financial Calendar. The 2015 calendar was published in January.

The Executive Committee met twice in 2014, one at the presence of all its members, the other with four members out of five attending. One meeting of the Executive Committee was attended by all the members of the Supervisory Board, while at the second one was present only one Statutory auditor.

During 2015, the Executive Committee has so far met only once.

Establishment of committees

In order to ensure the effective performance of its functions, the Company's Board of Directors has set up an internal Remuneration Committee and a Control and Risk Committee whose resolutions have a consultative and advisory nature and do not bind the Board.

Moreover, pursuant to the rules applicable to transactions with related parties, the Board established an internal Committee for Transactions with Related Parties, composed of independent directors only.

In carrying out their functions, the committees are entitled to access corporate information and functions necessary for the performance of their duties, and may use external consultants at the expense of the Company.

Each Committee appoints a secretary, who does not need to be a member thereof and is entrusted with the task of drawing up the minutes of the meetings.

Considering the stable presence of a relative majority shareholder which is able to significantly influence the Shareholders' meetings, the Company decided, not to proceed with the establishment of an "Appointment Committee" as it has always taken its decisions in full autonomy proposing people with the appropriate characteristics of competence, prestige, expertise and availability, as provided for by the Code, for the list of candidates to the Board of Directors.

a) *Control and Risk Committee*

In compliance with the provisions of the Code, the Control and Risk Committee has the task of supporting, through adequate preparatory work, the assessments and decisions of the Board of Directors relating to the Internal Control and Risk Management System, as well as those regarding the approval of interim and half year reports.

The Control and Risk Committee consists of three members, all non-executive, two of which independents and it is chaired by Mrs. Carolyn Dittmeier. As required by the Code with reference to at least one component, is respected the requirement to have adequate expertise in accounting and finance.

During 2014, the Control and Risk Committee met twelve times, always with the participation of all its members. The average duration of meetings was about three hours. The Board of Auditors has participated fully in seven meetings, to the remaining ones attended two Auditors.

During fiscal year 2014, the Committee, among other things:

a) examined and approved the methodology used by the Company for the preparation of impairment tests;
b) acknowledged the correct implementation of the accounting policies and their consistency for the purposes of preparing the consolidated financial statements;
c) reviewed and approved the 2014 Audit Plan upon verification of its results;
d) examined and proposed some amendments at the Internal Audit Charter prior to the approval of the Board of Directors;
e) analyzed the setting of the risk management at Group level;
f) examined the reports prepared by the Head of Internal Audit to verify the adequacy, efficiency and effectiveness of the Internal Control System;
g) reported to the Board of Directors, when approving the annual and half-year reports, on its activities and on the adequacy of the Internal Control and Risk Management System.

Managers of the Company responsible for the matters on the agenda are regularly invited to the meetings of the Control and Risk Committee to provide the appropriate in-depth information; first and foremost, the Manager in charge of preparing the Company's financial and business reports and the Head of Internal Audit.

During 2015, the Control and Risk Committee has so far met twice to discuss, among other things, the methodology of impairment tests for fiscal year 2014, the accounting policies adopted for the preparation of the 2014 consolidated financial statements and the Audit Plan for 2015, the latter in turn submitted to the approval of the Board of Directors at its meeting on February 13, 2015.

On March 16, 2015, the Committee also examined the part of this Report regarding the description of the Internal Control and Risk Management System sharing its content.

b) *Remuneration Committee*

The Remuneration Committee, under the Code, is responsible for (i) periodically assessing the adequacy, overall consistency and actual implementation of the policy for the remuneration of directors and managers with strategic responsibilities, submitting proposals to the Board of Directors, and (ii) submitting proposals or expressing opinions to the Board of Directors on the remuneration of executive directors and of other directors who hold particular offices, as well as on the setting of performance targets related to the variable portion of such remuneration. The Remuneration Committee is also required to monitor the implementation of the resolutions adopted by the Board, in particular, by verifying the actual achievement of performance targets.

The Remuneration Committee currently in office is made up of three non-executive members, the majority of whom are independent and it's chaired by Mr. Massimo Tononi. All of its members are in possession of adequate experience in accounting and finance, as required by the Code for at least one of them.

The Committee, in the absence of the concerned parties, examined, and subsequently approved, the remuneration policy for executive directors and/or vested with special powers and managers with strategic responsibilities and submitted proposals to the Board of Directors on the remuneration of directors and managers.

During the fiscal year the Committee met three times; the average duration of its meetings was approximately two hours. Two meetings were attended by all members of the Committee while at the remaining one two members were present. All members of the Board of Statutory Auditors attended two meetings, to the remaining one attended two Auditors. The Head of Human Resources is regularly invited to take part in.

During 2015, the Remuneration Committee has so far met twice to propose changes to the remuneration policy, which validity expired with the mandate of the Board of Directors, to make proposals to the Board of Directors regarding the remuneration of directors and managers, to evaluate the achievement of performance targets during 2014 and examine the remuneration Report.

c) *Committee for Transactions with Related Parties*

The Committee for Transactions with Related Parties is composed of three members, all non-executive and independent and it's chaired by Mr. Paolo Sfameni.

During 2014, the Committee met four times in order to evaluate the efficiency and the amendments proposed at the Procedure for transactions with related parties, which was subsequently submitted to the Board of Directors and expressed its favorable opinion thereupon. For further details on the amendments made to the Procedure, please refer to paragraph "Interests of Directors and Transactions with Related Parties".

Assessment of the functioning of the Board of Directors and its Committees

As envisaged by the Code, on March 24, 2015, the Board of Directors assessed the size, composition and functioning of the Board itself and its Committees.

To this extent, the Company circulated among the directors a self-assessment questionnaire made up of statements, for which the respondent had to rate their level of agreement

The outcome of this assessment and the comments, sometimes expressed, showed a positive judgment on the adequacy of the composition, efficiency and functioning of the Board of Directors and its Committees.

B) <u>BOARD OF STATUTORY AUDITORS</u>

Role and responsibilities

The Board of Statutory Auditors oversees compliance with the law and the By-laws and it has management control functions, in particular having to check: i) compliance with the principles of good administration; ii) adequacy of the Company's organizational structure, the internal control system and the administrative and accounting system; iii) actual implementation of the Code; iv) compliance with the procedure adopted by the Company in respect of transactions with related parties; v) adequacy of the instructions given by the Company to its subsidiaries in respect of the obligations of public disclosure of sensitive information.

It is not entrusted with the legally-required audit of the company's accounts, which, as required by law, is entrusted to an independent auditor chosen among those enrolled in the appropriate register, while it has the task to submit a reasoned proposal to the Shareholders' Meeting regarding the appointment of such auditors.

The Board of Statutory Auditors, in its capacity as Control and Risk Committee, as established by January 27, 2010 Legislative Decree No. 39, is also required to perform additional supervision tasks, as assigned to it by such provisions of law, on the financial reporting process, on the effectiveness of the internal control, internal audit and risk management systems; on the audit of the annual financial statements and consolidated financial statements, on the independence of the audit firm.

Appointment and replacement of statutory auditors

The Board of Statutory Auditors is appointed on the basis of lists aimed at ensuring the appointment of one Acting Auditor and one Substitute Auditor for minority shareholders, as well as compliance with current legislation regulating gender balance.

Lists must be filed at the Company head offices or by sending notice to the certified electronic mail address indicated in the notice of call, at least 25 days before the date set for the Shareholders' Meeting in first or single call; this, together with the procedures and minimum stake required to file the lists, must be mentioned in the notice of call.

Lists may only be presented by Shareholders who, alone or together with other shareholders, are able to provide evidence that they hold a percentage of the share capital with voting rights no lower than that determined by CONSOB pursuant to the regulations in force concerning the appointment of the Board of Directors.

No shareholder may file or participate in the filing of more than one list, directly or through a third party or trust company, or vote for different lists.

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

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

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

The lists that have a total number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that one or the other gender is represented by at least one third (rounded upwards) of candidates for the office of Acting Auditor and at least one third (rounded upwards) of the candidates for the office of Substitute Auditor. At the time of their filing, lists must include:

a) statements whereby individual candidates:
   * accept their candidature;
   * under his/her own responsibility state:
     - entitlement of the professional requirements envisaged by the By-laws;
     - the non-existence of causes for ineligibility or incompatibility;
     - entitlement of the good reputation requirements established by the law;
     - entitlement of the independence criteria required by the law and by the Code of Conduct, if any;

b) a brief curriculum on the personal and professional skills of each candidate with an indication of their position as director and statutory auditor in other companies;

c) information on the identity of the shareholders who have presented lists. The certification or statement proving ownership of the shareholding prescribed by the law in force when the list is presented may also be produced after the filing of the list provided that it reaches the company within the term envisaged by the regulation in force for the publication of lists by the Company;

d) a statement by the shareholders who do not hold, even jointly, a controlling or majority stake, bearing witness to the absence of any connection, as defined by the law in force.

A filed list that does not comply with the above provisions will be considered as not presented.

In the event that, by the deadline of 25 days preceding the date of the Shareholders' Meeting, a single list has been filed, or only lists presented by shareholders who are connected to each other pursuant to current regulations, further lists can be presented until the following third day and the participation threshold indicated in the notice of call will be halved.

At least 21 days before the date envisaged for the Shareholders' Meeting which is called to appoint the Board of Statutory Auditors, the Company shall make available at the head offices, at the Italian stock exchange and on its website, the lists of candidates which have been submitted by shareholders and the accompanying documentation.

In the event of filing of more than one list:

- the list that obtains the highest number of votes at the Shareholders' Meeting elects two acting Auditors and two substitute Auditors, in the order in which they are listed in the sections of the list;
- the minority shareholders' list that obtains the highest number of votes among the lists presented and voted by shareholders who are not connected in any way, directly or indirectly, with the majority shareholders, elects the third acting Auditor and the third substitute Auditor, in the order in which they are listed in the sections of the list;
- should more than one list obtain the same number of votes, a runoff is held on these lists among all the shareholders present at the Shareholders' Meeting, and the candidates are elected from the list that obtains the majority of the share capital represented at the Shareholders' Meeting.

Should a party connected to a majority shareholder vote for a list of the minority shareholders, the connection is relevant for the purposes of excluding the minority shareholders' elected Auditor only if this vote was crucial for the election of said auditor.

Should a single list be presented, all the candidates included in that list are elected with a simple majority vote of the share capital represented at the Shareholders' Meeting.

If, as a result of voting several lists or voting the only list presented, the composition of the Board of Statutory Auditors, as to its acting members, does not meet the current regulations regarding balance between genders, the necessary replacements will be made choosing from among candidates to the office of acting auditor of the list that has obtained the highest number of votes or from within the only list presented starting from the last candidate from that list.

Should no lists be presented, the Shareholders' Meeting appoints the Board of Statutory Auditors with a simple majority vote of the share capital represented at the Shareholders' Meeting, provided gender balance is ensured as pursuant to current legislation in force. The Chairmanship of the Board of Statutory Auditors lies with the person indicated in first place on the list presented and voted by the minority shareholders, or with the first name in the single list presented or with the person appointed as such by the Shareholders' Meeting should no lists be presented.

Pursuant to the By-laws of Italmobiliare, those who are in situations of incompatibility as envisaged by the law or those who have exceeded the limit to the number of offices held as established by the regulation in force, cannot be elected as Statutory Auditors, and if elected cease to serve.

Should an elected Statutory Auditor during his/her term of office no longer meet the requirements envisaged by the law or the By-laws, his/her office terminates.

When it is necessary to replace an acting Auditor, the substitute Auditor belonging to the same list as the removed Statutory auditor takes over.

In the absence thereof, in accordance with the original order of presentation, the candidate from the same list as the ceased Auditor takes over, without taking the initial section into account.

Should the replacement concern the Chairman of the Board of Statutory Auditors, the position will be taken over by the Statutory Auditor of the minority shareholders.

Auditors appointed in this manner hold office until the following Shareholders' Meeting.

Should it be necessary to supplement the Board of Statutory Auditors:

- to replace a Statutory Auditor elected from the majority shareholders' list, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated in the original majority Shareholders' list;
- to replace a Statutory Auditor elected from the minority shareholders' list, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated in the original minority shareholders' list;
- for the simultaneous replacement of Auditors elected in the majority and the minority shareholders' lists, the appointment occurs with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated in the list which each Statutory Auditor to be replaced was part of, with a number of Statutory Auditors equal to the number of ceased Statutory Auditors belonging to the same list.

If it is not possible to proceed as above, the Shareholders' Meeting called to supplement the Board of Statutory Auditors passes a resolution with a simple majority of the share capital represented at the Shareholders' Meeting, without prejudice to the principle whereby one Acting Auditor and one Substitute Auditor must be appointed by minority shareholders. In any case, the Chairmanship of the Board of Statutory Auditors must be assigned to the Statutory auditor representing the minority shareholders. The procedures on replacements as indicated in the previous paragraphs must in any case ensure compliance with current legislation regulating gender balance.

Statutory Auditors accept their appointment when they believe they can devote the appropriate time to the diligent performance of their duties.

According to the Code, the Statutory auditors are chosen among people who may be qualified as independent according to the criteria that the same states with regard to directors.

Composition and activities

When renewing the Board of Statutory Auditors by the Shareholders' Meeting of May 27, 2014, the relative majority shareholder presented its own list of candidates while three minority shareholders - RWC Asset management, Amber Global Opportunities Master Fund and Fidelity Funds International – presented together its own list.

Therefore, according to current regulations and Company By-laws, the Chairmanship was granted to Mr. Francesco Di Carlo, from the list presented by the above mentioned minority shareholders while the remaining two Acting Auditors were elected from the list presented by the relative majority shareholder.

All the members are independent pursuant to the TUF and meet, also, the independence requirements provided by the Code for directors. In compliance with the provisions on gender balance a third is reserved for the less represented gender.

The composition of the Board of Statutory Auditors is shown in the table below and in the opening of this report, which also contains the curriculum of its members and their length of service. The curriculum are also published on the Company's website.

Meetings of the Board of Statutory Auditors

The Board of Statutory Auditors, during the fiscal year 2014, held a total of thirteen meetings including five before the expiry of the three-year mandate and appointment of a new supervisory body. With the exception of the President, who attended all meetings, the other auditors were absent only once.

At meetings of the Board of Statutory Auditors have been invited to participate the auditing firm KPMG, the Manager in charge of financial reporting, the Head of Internal Audit and other department managers of the Company to provide the necessary information on issues from time to time on the agenda.

The average duration of the meetings of the Board of Statutory Auditors held during the year is about two hours.

C) SHAREHOLDERS' MEETING AND INVESTOR RELATIONS

The Company endeavors to develop a dialogue with shareholders based on an understanding of each other's roles, and with the market, in accordance with the laws and rules governing the dissemination of price sensitive information. The Company's behaviors and procedures are designed, among other things, to avoid information asymmetries and to ensure the effectiveness of the principle whereby all investors and potential investors are entitled to receive the same information in order to make sound investment decisions.

The Shareholders' meeting is called, according to the laws and regulations provided for companies whose shares are listed on regulated markets, to pass resolutions on matters reserved to it by law. The decisions taken in accordance with the law and the By-laws are binding on all shareholders, including those absent or dissenting, except the right of withdrawal in allowed cases.

The Board of Directors recommends to all of its members to regularly participate in Shareholders' Meetings and seeks to encourage and facilitate the widest possible participation of shareholders and to facilitate the exercise of voting rights.

To this end, the Board of Directors reports to the Shareholders' Meeting on the activities it has carried out and planned and endeavors to ensure that shareholders have adequate information so that they can take the decisions pertaining to the Shareholders' Meeting with knowledge of the facts.

All those who have the right to vote as attested by the communication required by current laws received by the Company by the end of the third trading day prior to the date fixed for the Shareholders' Meeting on first or single call, are entitled to attend the Shareholders' Meeting. The right to attend and vote is retained if the communications are received by the Company after the deadline, as long as they are received by the beginning of the Shareholders' Meetings proceedings of each call.

The Company may designate a person, giving a clear indication thereof in the notice of call, for each Shareholders' Meeting to whom all eligible parties may grant a proxy with voting instructions on all or some of the proposals on the agenda, in the manner provided for by applicable law.

No Shareholders' Meeting regulation has been set forth since the broad powers that the law and jurisprudence recognize to the Chairman, as well as the provision of the By-laws (Art. 13) that expressly gives the Chairman the power to direct the discussion and establish order and method of the vote, provided it takes place by recorded vote, were considered adequate tools for the orderly conduct of meetings of shareholders.

With regard to market relations, the Chairman, the Chief Executive Officer - Chief Operating Officer, within their respective responsibilities, provide the guidelines that the responsible structures should follow in dealing with institutional investors and other shareholders. To this end, an Investor Relations function whose responsibility has been entrusted to Mr. Enrico Benaglio was established as part of the Shareholdings and investments department.

Moreover, in order to provide timely and easy access to information concerning the Company and, therefore, allow the shareholders to consciously exercise their rights, a special section of the Company's website was set up, easily identifiable and accessible, where information regarding the Shareholders' Meetings is given, with particular reference to the arrangements for attendance and exercise of voting rights at the Shareholders' Meetings, the documentation relating to items on the agenda, including Reports on the items on the agenda and the list of candidates for the positions of director and statutory auditor with an indication of their personal and professional characteristics.

TABLE 1

STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board of directors							**Executive Committee**		**Control and Risk Committee**		**Remuneration Committee**		**Committee for Transactions with Related Parties**	
Position	**Member**	Executives	Non executives	Indipend.	Attendance	No. of other posts	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance
Chairman	Giampiero Pesenti	•			8/8	4	•	2/2						
Deputy Chairman	Italo Lucchini		•		8/8	2	•	2/2			•	3/3		
Chief Executive Officer Chief Operating Officer	Carlo Pesenti	•			8/8	2	•	2/2						
Director	Anna Maria Artoni		•	•	4/4	4							•	3/3
Director	Mauro Bini		•	•	4/4	-			•	3/3			•	1/1
Director	Giorgio Bonomi		•		7/8	2			•	12/12				
Director	Carolyn Dittmeier		•	•	4/4	2			•	9/9			•	3/3
Director	Gabriele Galateri di Genola		•	•	3/4	-					•	0/1		
Director	Sebastiano Mazzoleni		•		7/8	1								
Director	Luca Minoli		•		7/8	3								
Director	Gianemilio Osculati		•	•	6/8	-								
Director	Giorgio Perolari		•	•	4/4	-	•	1/1	•	3/3	•	1/1	•	1/1
Director	Clemente Rebecchini		•		7/8	3								
Director	Paolo Sfameni		•	•	7/8	4			•	9/9			•	4/4
Director	Livio Strazzera		•	•	8/8	2	•	1/2						
Director	Massimo Tononi		•	•	4/4	8					•	2/2		
Director	Laura Zanetti		•	•	8/8	2	•	1/1			•	2/2		

TABLE 2

STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Position	**Member**	**Independence according to the Code**	**Number other offices***	**Attendance at meetings**
Chairman	Francesco Di Carlo	•	9	13/13
Acting Auditor	Angelo Casò	•	16	12/13
Acting Auditor	Leonardo Cossu	-	-	4/5
Acting Auditor	Luciana Ravicini	•	16	7/8

*This column shows the number of positions as director or statutory auditor held in accordance with art. 148-bis of TUF and related implementation provisions contained in the Consob Regulations for Issuers. The full list of offices is published by CONSOB on its website pursuant to Art. 144-quinquiesdecies of the Consob Regulations for Issuers.

CODE OF ETHICS

The Code, approved for the first time in 1993 and further modified, envisages that all employees and those who deal with the Group or act to achieve its objectives shall base their dealings and conduct on principles of honesty, fairness, integrity, transparency, confidentiality and mutual respect.

To this end, at its meeting of February 9, 2001, the Italmobiliare Board of Directors approved the current version of the Code of Ethics which defines the rules for loyalty and fidelity, impartiality, protection of privacy and confidentiality of information, protection of people, the environment and company assets. The Code establishes the provisions which are the basis of the control processes and the accounting/operational information, and introduces rules to govern dealings with customers, suppliers, public institutions, political organizations and unions, and the media.

CONFIDENTIAL INFORMATION

Since November 2000, the Company's Board of Directors has approved a specific procedure for the management and processing of confidential information, which also contains the procedures for the disclosure of documents and information concerning the Company and the Group, with particular reference to price sensitive information. This procedure requires strict compliance with the terms and conditions of disclosure of documents and information, while ensuring that disclosure to the market of corporate data is correct, complete, adequate, timely and objective.

The rules of procedure referred to herein bind all Company employees, the members of the Board of Directors and of the Board of Statutory Auditors, and all those who maintain an advisory relationship or collaboration with the Company and/or the Group.

Moreover, since 2006, the Company, as required by CONSOB has established and regularly updated a register of persons who, by virtue of their job or professional duties or by virtue of the functions performed, have access to sensitive information and has prepared the implementation procedure related thereto.

The following persons are required to comply with the said implementation procedure:

a) members of the Board of Directors, of the Board of Statutory Auditors and the Chief Executive Officer of the Company;
b) those who by virtue of work performed are hierarchically directly under one of the persons referred to in letter a) and are responsible for the organizational unit within which sensitive information originates and/or is handled;
c) employees individually identified who belong to the same organizational unit after being notified in writing by one of the persons referred to in letter b);
d) any third party by virtue of their work, professional duties or functions performed on behalf of the Company, after being notified in writing by one of the persons mentioned in letter b) above;
e) the Chairman, the Deputy Chairman (if any and if equipped with operating powers), the Chief Executive Officer, any other director to whom executive powers have been granted and the Chief Operating Officer (if any) of the principal subsidiaries where sensitive information can be generated.

The procedure identifies two different types of sensitive information:

a) *sensitive information of an ordinary kind:* i.e. information pertaining to an event or set of circumstances relating to activities or transactions falling within the ordinary business administration of the Company or of a Subsidiary, with particular reference to the preparation of accounting statement of financial position, income statement data, whether on an actual or forecasting basis;
b) *sensitive information of an extraordinary kind:* i.e., information pertaining to a specific event or set of circumstances relating to activities or transactions that do not fall within the ordinary administration of the Company or of a Subsidiary, with particular reference to specific mergers, spin-offs, acquisitions of shareholdings or companies.

Every person registered in the insider register is obliged to maintain confidential all sensitive information they handle or which they have access to until the same has been disclosed to the public in accordance with the principle of equal access to information.

CODE OF CONDUCT

The Company has adopted its own "Code of Conduct", originally in implementation of the provisions issued by Borsa Italiana S.p.A. with its own regulation and also to take account of the new regulatory provisions issued by CONSOB in execution of European provisions (the so-called Market abuse directive) introduced by the Law on Savings of 2005. It regulates the information to be provided to the Company, and by the latter to the market, on any transactions carried out for any reason on their own account by the 'Relevant persons' concerning Italmobiliare shares, Italcementi shares and other financial instruments linked to them.

Pursuant to the 'Code of Conduct', 'Relevant persons' are the members of the Company Board of Directors, Board of Statutory Auditors and the Chief Operating Officer of Italmobiliare and any person who holds a stake of at least 10% of the share capital of Italmobiliare represented by shares with the right to vote, and any other person who controls the Company.

In particular, the persons concerned must inform the Company, so that the latter may inform the market, about the performance of transactions on the latter's shares of an aggregate amount crossing the 5,000 euro threshold by the end of the year.

Given the particular structure of the Group, the 'Code of Conduct' is associated with the Code adopted by Italcementi, in the sense that market disclosures made by Italcementi only regarding transactions on Italcementi shares by parties who are 'Relevant persons' for both Italmobiliare and Italcementi, are considered as made also pursuant to the provisions contained in the Code of Conduct adopted by Company when the disclosure obligations are complied with by the subsidiary, which will take care of the disclosure to the market also on behalf of the parent company.

Moreover, the 'Code of Conduct' envisages that 'Relevant persons' must abstain from performing transactions that are subject to disclosure to the Company:

- on listed financial instruments issued by Italmobiliare:
  - during the 30 calendar days preceding the meeting of the Company's Board of Directors called to approve the annual and half-year financial statements, including the day on which the meeting is held;
  - during the 15 calendar days preceding the meeting of the Company's Board of Directors called to approve the quarterly reports, including the day on which the meeting is held.
- on financial instruments issued by the listed subsidiary Italcementi S.p.A.:
  - within 30 calendar days prior to the Board of Directors' meeting of Italcementi S.p.A. called to approve the annual and the limited half-year report, including the day on which the meeting is held;
  - within 15 calendar days prior to the Board of Directors' meeting of Italcementi S.p.A. called to approve the interim reports, including the day on which the meeting is held.

INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On November 12, 2010, based on the positive opinion of the specifically appointed Committee for Transactions with Related Parties, the Company's Board of Directors adopted the Procedure for Transactions with Related Parties envisaged by the Consob Regulation of March 12, 2010. The procedure has been slightly amended on 2013 with i) the extension of the scope of correlation to the members of the Supervisory Board, with the express clarification that, if it is also made up of employees of the Company, these are not to be considered as "Manager with strategic responsibilities" and ii) the introduction of a different *small-amount thresholds* between transactions with individuals and those with counterparts legal persons.

Finally, on November 14, 2014, confirming the commitment of the Company to adhere to best practice and guidelines of the Supervisory Authority, the Board of Directors, at the proposal of the Committee for transactions with related parties, deemed appropriate to make further changes to the Procedure in force which took into account the inspiring guidelines of the regulation and underlying interests. The amendments concern, in particular: 1) the clarification of the definition of ordinary transaction; 2) identification of some correlation indexes that allow a specific monitoring by the Company on transactions carried out with counterparts formally unrelated but that, in substance, could exert influence on the decision-making process; 3) the competence to identify transactions with counterparties having an index of correlation; 4) the provision of a quarterly report to be addressed to the members of the Committee with regard to transactions entered into with counterparties with an index of correlation; 5) the faculty of the Committee to identify - based on indices of significance relating to transactions entered into with counterparties having an index of correlation - the operations to be submitted in advance to the investigation procedure provided for minor transactions.

Therefore, the Procedure, in compliance with art. 2391-*bis* of the Italian Civil Code, sets out the measures adopted by the Company to ensure that transactions undertaken with related parties and counterparties having an index of correlation, whether directly or through subsidiaries, are carried out transparently and in compliance with criteria of substantial and procedural correctness.

In particular, with the exception of some situations, the Procedure provides for the authorization process and the disclosure requirements for transactions between *i)* a party related to Italmobiliare, on the one hand, and *ii)* Italmobiliare, on the other, or one of its subsidiaries when, before completing the transaction, the prior examination or authorization by a corporate body of Italmobiliare or by an officer of Italmobiliare with relevant delegated powers is required. The Procedure also applies to transactions undertaken by Italmobiliare with a subsidiary or associated company, as well as between its subsidiaries, when the transaction involves significant interests of a related party of Italmobiliare.

The Procedure distinguishes «significant» transactions from «minor» transactions on the basis of specific quantitative criteria predetermined by Consob. This distinction is also relevant for determining applicable rules on transparency, which are simplified for minor transactions and more stringent for significant transactions, although both envisage the prior opinion of the Committee for Transactions with Related Parties.

The Committee has:

- the duty to give and explain its opinion on both minor (non-binding opinion) and significant (binding opinion) transactions;
- the right, for significant transactions, to take part in the negotiations and in the preliminary investigation stage through the receipt of a complete and prompt information flow, and the right to ask for information and to submit its remarks to the delegated bodies and to those in charge of the negotiations or the preliminary investigation;
- the faculty to request the prior examination of the transactions that the Company will enter into with counterparties having an index of correlation, taking into account some indices of significance;
- the right to seek the assistance, at the Company's expense, of independent experts of its choice.

In the case of minor transactions, the Procedure envisages the right, in any case, to execute the transaction even if the Committee for Transactions with Related Parties expresses a negative opinion, provided that this is disclosed to the market through a specific document setting out the reasons for such divergence.

Moreover, the Company By-laws provide that (i) significant transactions with related parties can be performed despite the negative opinion of the Committee for Transactions with Related Parties provided that the execution of such transactions is authorized by the Shareholders' Meeting on condition that the majority of non-related shareholders do not cast a vote contrary to performance of the transaction and the non-related shareholders present at the Shareholders' Meeting represent at least 10% of the share capital with voting rights (so called *whitewash*); and that (ii) the Company may apply the simplified rules in cases of urgency unless the transaction is under the prerogatives of the Shareholders' Meeting and requires its authorization.

Finally, exercising the powers contained in the Regulations issued by CONSOB, the Company identified the following main grounds for exclusion:

- transactions for smaller amounts (transactions that do not exceed the amount of 500,000 euro if carried out with related legal entities and transactions that do not exceed an amount of 300,000 euro if carried out with related private individuals);

- ordinary transactions (which fall within the ordinary course of business operations and related financial activities of the Company and of the Group in general) if they are concluded on terms equivalent to market or standard conditions;
- transactions with or between subsidiaries or with associated companies, unless there are *significant interests* of other parties related to the Company in the subsidiaries or associated counterparties in the transaction;
- urgent transactions.

The Procedure is available on the Company's website *www.italmobiliare.it.*

Without prejudice to the provisions contained in the above procedure, transactions with related parties must be carried out transparently and in accordance with criteria of substantial and formal correctness. Therefore, the directors who have an interest, even potential or indirect, in the transaction are required to:

a) promptly and fully inform the Board about the existence of the interest and the circumstances regarding it;

b) leave the board meeting room during the vote.

The Board of Directors, however, under specific circumstances, may allow the director concerned to participate in the discussion and/or vote.

REGULATION OF THE MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

As mentioned elsewhere in the Report, the Company, in connection with the provisions of the Law on Savings, appointed a Manager in charge of preparing the company's financial reports and adopted a specific Regulation which, in compliance with legal provisions, the By-laws and following current best practices, among other things:

* defines the responsibilities of the Manager in charge of Italmobiliare and specifies his/her related powers;
* identifies the responsibilities and method for the appointment, removal and termination of office of the Manager in charge, the length of service and the requirements in terms of professional skills and good reputation;
* reports on the principles of conduct which the Company Manager in charge must comply with in the event of conflicts of interest as well as the confidentiality obligations to be observed in carrying out his/her activities;
* indicates the responsibilities, powers, and resources granted to the Manager in charge for the exercise of his/her duties, identifying the financial and human resources needed to carry out the mandate;
* defines dealings with other Company bodies/functions, with the Corporate Bodies, the internal and external control Bodies and with subsidiaries, regulating information flows;
* illustrates the internal and external attestation process in reference to: a) the statements of the Manager in charge regarding the correspondence of the Company's acts and communications disclosed to the market with its documents and accounting books and entries; b) the attestations of the Manager in charge and of the executives, relating to the financial statements, the limited half-year financial statements and the consolidated financial statements.

The Regulation, approved by the Board of Directors, is intended for all the entities, functions, corporate bodies of Italmobiliare, as well as all the companies that it directly or indirectly controls. The Regulation has been circulated to the staff of the Company, the subsidiaries, as well as to all those considered affected by its contents.

The Board of Directors, at the meeting of May 14, 2013, updated the Regulation so as to give full implementation of the new aspects introduced by the Code of conduct for listed companies (for example, the main amendments refer to the new definitions given to positions, bodies, committees and their tasks, regarding their respective relations with the Manager in charge).

At the same time, the relevant Operational Model was updated at the same time as the Regulation in order to ensure its optimization and simplification.

ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL

In order to make the control and Corporate Governance systems more effective and prevent corporate offenses and offenses against the Public Administration, during fiscal year 2004, in application of Legislative Decree no. 231/01, the Company Board of Directors adopted an «Organizational, management and control model» (the «Model»). This was subsequently updated in 2006 in line with the law on market abuse and failure to disclose a conflict of interest by directors.

By adopting the Model, the Company intends to disseminate and establish a corporate culture based on legality, with the express censure of all conduct contrary to the law and the regulations contained in the Model itself.

There have been numerous amendments and updates in order to reflect legislative actions, which have gradually expanded the scope of Legislative Decree no. 231/01 to include further categories of offenses with respect to those included in its original version.

All updates to the Model, except those of a purely formal nature, have been carried out on the basis of targeted risk assessment findings performed by consultants specialized in the matters taken into consideration on each occasion.

In particular, in 2008, the Model was extended to offenses relating to the violation of the legislation on health and safety in the workplace (section later revised in 2010), on cross-border offenses and offenses for receiving stolen goods and money laundering. On March 2011 several amendments were approved to better design the information flow system among the various compliance corporate bodies of the Group both in the phase of adoption and amendment of the Models of the subsidiaries and in the phase of communicating any eventual violation of the Model. On October 2012, the Model was extended to offenses related to organized crime, copyright and computer crime and, finally, during 2014 the Model was updated in order to incorporate the new provisions on the prevention and combating of corruption in public administration, corruption between individuals and the use of third-country nationals. The task of continuously monitoring the effectiveness and enforcement of the Model, as well as proposing updates, is entrusted to a body, the Supervisory Board, equipped with autonomy, professionalism and independence in the exercise of its functions and adequate experience in the field of control of risks associated with the specific activities carried out by the Company or its legal aspects.

The Supervisory Board is, in compliance with the provisions of the Model, currently made up of an independent director (later appointed Chairman), a third-party advisor and the Company's Head of Internal Audit.

The General Part of the Model is available on the Company's website in the section *Governance/Documentation*.

COMPLIANCE WITH SIMPLIFIED RULES PURSUANT TO ARTICLES 70 AND 71 OF THE ISSUERS' REGULATION

By resolution adopted on November 14, 2012, the Company's Board of Directors accepted the opt-out regime provided by the CONSOB Issuers' Regulation, exercising the right to waive the obligations to publish disclosure documents required in connection with significant merger transactions, spin-offs, acquisitions and disposals, capital increase by contribution in kind.

On the same date, in accordance with the above-mentioned legislation, the Company provided adequate disclosures to the market.

CONSOB REGULATION ON MARKETS

The Consob Regulation on markets provides for specific rules regarding conditions for the listing of Companies:

A) that control companies incorporated in, and under the law of, Countries not belonging to the European Union («non-EU») (art. 36)
B) that are subject to management and coordination activity by another company (art. 37).

In particular, the companies as set out in letter A) are required to:

1) disclose the accounts of non-EU subsidiaries drawn up for the purposes of the consolidated financial statements, at least including the statement of financial position and the income statement;

2) obtain By-laws, composition and powers of the corporate bodies from the non-EU subsidiaries;
3) check that the non-EU subsidiaries:
   * provide the parent company's external auditor with the information needed to audit the annual and interim accounts of the parent company,
   * have an administrative/accounting system suitable to provide the parent company's management and external auditor, on a regular basis, with the statement of financial position and income statement figures needed to draft the consolidated financial statements.

The Companies set out in letter B), on the other hand, may be admitted for trading on an Italian regulated market (or maintain their listing) where they:

a) have fulfilled the disclosure obligations envisaged by article 2497-*bis* of the Italian Civil Code;
b) are free to negotiate in dealings with customers and suppliers;
c) do not have a centralized treasury management agreement which is not in their corporate interest with the company that exercises administration and control activity or with any other company of the group to which they belong. The correspondence with the corporate interest is certified by the Board of Directors with a detailed reasoned statement verified by the Board of Statutory Auditors;
d) have a Board of Directors composed of a majority of independent directors (pursuant to the Code) and a Control and Risk Committee consisting solely of independent directors. Where appointed, also the other committees, as recommended by corporate governance codes of conduct promoted by regulated market managers or by professional associations, will consist solely of independent directors.

With reference to the provisions set out in art. 36, the scope of application as of today involves 22 subsidiaries, located in 10 Countries not belonging to the European Union.

The information flow between the Company and its subsidiaries is suitable to guaranteeing:

* the transmission of the accounts of the subsidiaries drawn up for the purposes of the consolidated financial statements, to enable such accounts to be disclosed;
* the centralized collection and storage of the By-laws, composition and powers of the corporate bodies of the above mentioned subsidiaries and any subsequent amendment.

Therefore, all the By-laws of Subsidiaries located in Countries that do not belong to the European Union, which are relevant according to the last Audit plan, as well as the composition and powers of the corporate bodies have been acquired and are stored in the Company records.

Furthermore, the findings thus obtained have revealed that the subsidiaries based in Countries outside the European Union, relevant with respect to the latest Audit plan:

* provide the company's external auditor with the information needed to verify the annual and interim accounts of Italmobiliare,
* have an administrative/accounting system suitable to providing the Company and the external auditor, on a regular basis, with the statement of financial position and income statement figures needed to draft the consolidated financial statements.

With reference to the provisions of art.37 mentioned above, however, not being subject to management and coordination of any other company or entity, Italmobiliare is not subject to the obligations laid down therein.

Although Efiparind B.V., pursuant to Art. 2359 paragraph no.1, no.2 of the Italian Civil Code, has a sufficient number of voting rights to exercise a dominant influence in the ordinary Shareholders' Meeting, albeit indirectly, it does not set, nor has it ever set, the Company's strategic policies to follow in the management of its business. The Board of Directors of Italmobiliare, therefore, has always taken its decisions in full autonomy without any interference whatsoever by the relative majority shareholder.

Resolution

To the Shareholders,
the financial year closed with a profit of 18,201,649.43 euro.

Given that, pursuant to art. 8 of the company By-Laws, in cases where a dividend of less than 5% of share nominal value is assigned in a financial year to the savings shares, the difference is computed as an increase in the preferred dividend in the two subsequent years, the above profit for the year enables us to allocate a preferred dividend for financial years 2012, 2013, 2014 to the savings shareholders, and consequently to propose distribution of an overall dividend to the outstanding savings shares, net of the treasury shares held by the company, of 0.39 euro per share, gross of withholdings required by law.

We also propose distribution of 0.25 euro to each outstanding ordinary share, net of the treasury shares held by the company and gross of withholdings required by law.

* * *

To the Shareholders,
if you agree with our proposal, we invite you to carry the following resolution:

The Italmobiliare S.p.A. Annual General Meeting of May 27, 2015,

- having acknowledged the directors' report on operations and the report of the Board of Statutory Auditors after examination of the financial statements as at and for the year ended December 31, 2014,
- considering that the legal reserve has reached one fifth of the share capital and consequently no further provisions are required, pursuant to articles 2430 of the Italian Civil Code and 31 of the company By-Laws,

hereby resolves

- to approve:
  - the directors' report on operations;
  - the 2014 separate financial statements, consisting of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which reflect a profit of 18,201,649.43 euro, as presented by the Board of Directors in its entirety, in the individual postings and with the proposed allocations;

- to apportion the profit for the year as follows:

Profit for the year		**18,201,649.43**
- 5% of the nominal value of 2.60 euro to the 16,314,662 [1] savings shares equivalent to 0.13 euro per share with reference to financial year 2012	2,120,906.06	2,120,906.06
- 5% of the nominal value of 2.60 euro to the 16,314,662 [1] savings shares equivalent to 0.13 euro per share with reference to financial year 2013	2,120,906.06	2,120,906.06
- 5% of the nominal value of 2.60 euro to the 16,314,662 [1] savings shares equivalent to 0.13 euro per share with reference to financial year 2014	2,120,906.06	2,120,906.06
Balance		**11,838,931.25**
To the translation reserve		24.67
Balance		**11,838,906.58**
- to the 21,325,422 [2] ordinary shares 0.25 euro	5,331,355.50	5,331,355.50
Total dividends	**11,694,073.68**	
Balance		**6,507,551.08**
Carried forward		**6,507,551.08**
Total retained earnings		**146,581,401.78**

[1] net of the 28,500 savings treasury shares held at March 24, 2015

[2] net of the 857,161 ordinary treasury shares held at April 24, 2015

- to severally authorize the Chairman, the Chief Executive Officer-Chief Operating Officer and the Deputy Chairman, should the number of ordinary treasury shares change before the dividend date:
  - to increase "Retained earnings" by the amount corresponding to the dividend entitlement of any purchased ordinary shares,
  - to reduce "Retained earnings" by the amount corresponding to the dividend entitlement of any sold ordinary treasury shares.

Report on Remuneration

This Report on Remuneration, drafted pursuant to Art. 123-*ter* of February 24, 1998 Legislative Decree No. 58 (Consolidated Law on Finance - TUF), illustrates the principles adopted by Italmobiliare S.p.A. with reference to the definition of the remuneration of its Executive Directors or Directors vested with special powers and Officers with strategic responsibilities - identified as the Chairman, the Deputy Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports - as well as of the Head of Internal Audit and of the Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, as reported hereunder.

The Report has been prepared in accordance with the schedule established by CONSOB (Italian stock exchange Authority) with resolution No. 18049 of December 23, 2011.

* * *

SECTION I

The term Company and/or Italmobiliare shall hereinafter mean Italmobiliare S.p.A., the term Group shall mean Italmobiliare Group, the term Policy shall mean the Remuneration policy for executive Directors, other directors vested with special powers, Officers with strategic responsibilities, and Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports

a) *Bodies or individuals involved in the preparation and approval of the remuneration policy, specifying the respective roles, and bodies or individuals responsible for the proper implementation of such policy*

The bodies involved in preparing the remuneration policy are the following:

Shareholders' Meeting

The Company shareholders' meeting defines the remuneration of Directors not vested with special powers.

It is also required to express its advisory opinion upon this section of the Report on Remuneration prepared by the Board of Directors pursuant to Art. 123-*ter* of TUF.

Lastly, the shareholders' meeting, upon proposal of the Board of Directors, pursuant to Art. 114-*bis* of TUF, resolves upon the approval of any incentive plans based on financial instruments that the Company wishes to issue.

Board of Directors

The Board of Directors, upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors, resolves upon the remuneration to be assigned to i) the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports and the Head of Internal Audit, broken down into a fixed and a variable amount to be granted in connection to the achievement of the annual targets assigned to each of them and ii) the Deputy Chairman, whose remuneration is only made up of the fixed amount.

The Board of Directors may also approve a *Long-Term Incentive* to be paid against the achievement of the three-year period targets assigned.

Department of Human Resources and Organization

The Human Resources and Organization Department supports the Remuneration Committee in performing its functions, both in defining and approving proposals concerning the remuneration to be submitted to the approval of the Board of Directors, at the time of both monitoring and verifying the full and proper implementation of the same.

b) *Possible participation of a remuneration committee or other responsible committee, describing its composition (with the distinction between non-executive and independent directors), competence and functioning conditions*

The Remuneration Committee is established within the Board of Directors and it is made up of three non-executive members, mainly independent, as follows:

Massimo Tononi - Chairman

Italo Lucchini – Deputy Chairman of the Board of Directors

Laura Zanetti – Member

The Committee carries out its consultative and advisory functions on matters delegated to it, in particular by ensuring the following, in the absence of people directly involved therein:

- submitting to the Board of Directors proposals for the remuneration of Executive Directors or Directors vested with special powers and Officers with strategic responsibilities;
- periodically evaluating the criteria adopted for the remuneration of the Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports as well as of the Head of Internal Audit, supervising their application on the basis of information provided by the Chairman, by the corporate functions and by the Board's committees possibly involved, formulating general recommendations on the Board of Directors on this items;
- monitoring the implementation of the Board of Directors' decisions, in particular, by verifying the effective achievement of performance targets.

The Remuneration Committee, with the assistance of the Human Resources and Organization Department and of the Board's committees possibly involved, analyzes the composition and the positioning of the remuneration packages of Executive Directors or Directors vested with special powers, Officers with strategic responsibilities, the Head of Internal Audit and Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports.

In carrying out its duties, it can also request for the assistance of one or more independent consulting firms specialized in the field of *executive compensation,* and able to make the appropriate comparisons between competitiveness and consistency with respect to the reference markets and governance systems required by current best practices, having also regard for i) the weight of their offices within the corporate structure, ii) the powers granted to them and the related range of discretion; iii) the individual economic impact.

Afterwards, the Remuneration Committee submits the so-defined Policy to the Board of Directors for the formal approval of the same, or, if the current Policy (after its first application) is still considered consistent with the Company's needs, market trends and the regulatory environment, it confirms the latter.

Once it has examined and approved the Policy, the Board of Directors submits a report thereupon for the advisory opinion of the shareholders.

c) *Any independent experts involved in the remuneration policy definition*

Not applicable.

It is also pointed out that the sources of information for the analysis of the remuneration competitiveness covered by the Policy were in particular provided by the following companies: *Hay Consulting* and *Towers Watson.*

d) *The remuneration policy aims, guiding principles and any amendments to the remuneration policy with respect to the previous financial year*

The Company believes that the definition and implementation of the Remuneration Policy represents a primary tool aimed at:

- attracting, retaining and motivating highly-qualified management personnel within the Company and, more generally, within the Group;
- aligning the interests of management and shareholders;
- promoting the creation of shareholder value in the medium-long term, establishing a direct relationship between remuneration and performance.

By executing the Policy, the Company pursues:

- the compliance with regulations of both legal and self-regulatory sources;
- the governance of the Policy's definition and implementation process, in line and consistent with current best practices;
- an ongoing benchmark with market practices;
- a strong link between remuneration and results and sound risk management as a guarantee of its sustainability.

The definition of the Policy is the result of a fully outlined process in which the Company's Remuneration Committee and Board of Directors play a central role.

The Company's Remuneration Committee held on March 22, 2011 examined and approved a Policy consistent with the provisions of the Code of Conduct for the listed companies issued by the Corporate Governance Committee; an explanatory memorandum of such Policy (the Remuneration Report) was subsequently submitted to the advisory opinion of the shareholders' meeting called to approve the 2010 financial statements held on May 25, 2011.

Following the new regulations introduced by CONSOB Resolution No. 18049 of December 23, 2011 in execution of the powers granted by Legislative Decree No. 259/2010, the Company has considered worthwhile preparing a new version of its Remuneration Policy which, while confirming the principles and guidelines already expressed in the previous version of the Policy itself, expresses them according to the new legal framework.

This new Policy was adopted by the Company's Remuneration Committee at its meeting held on March 28, 2012; the subsequent Company's Board of Directors Meeting held on the same date has resolved to approve it and to submit an overall Remuneration Report concerning the Policy itself to the consultative vote of the Company's annual general shareholders' meeting held on May 29, 2012.

In 2013 the Company, while confirming the Policy in force, has anyway decided, with reference to the Policy's effective implementation and application in the same year, to adopt certain updates which could be summarized as follows:

- To adopt a new approach of representing the relative % impact of the single components the pay-mix is made up of on the pay-mix itself, by introducing the reference to the achievement of the targets "forecasted in the budget" instead of the previous approach based on the "full targets achievement" to describe the above mentioned impact; this new approach, also with reference to the 2014 financial year, keep on being more consistent than the previous one with reference to the present difficult economic situation, when the targets' achievement is becoming increasingly challenging as, by avoiding the previous reference to the full targets achievement, allows a more realistic representation of the remunerations the Policy is focused on;

- To foresee, for the financial year 2013, that one of the targets to be assigned on individual basis to each of the beneficiaries of the Short-Term Variable Component (MBO) of the remuneration should compulsorily be the target linked to the achievement of the profitability target of reference and that this target should have an adequate weight compared to the overall targets weight; also this guideline has been confirmed and even reinforced with reference to the Policy for the financial year 2014, also considering that the Company confirms not only that this target should compulsorily be assigned to each of the beneficiaries of the Short Term Variable Component (MBO) but also that it should basically be that with the highest % weight compared to the other targets.
- To provide even more details about non-monetary benefits the beneficiaries of the Policy are entitled to.

As in 2014 the previous remuneration policy expired, the Remuneration Committee, in its meeting held on February 9th 2015, prepared a new version of the policy itself and submitted it to the Board of directors for the approval.

With specific reference to the medium-long term variable component *(Long Term Incentive)* it should be pointed out that at December 31, 2013 expired the first three years cycle of the “Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for directors and officers with strategic responsibilities” as well as the first three years cycle of the “Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for company officers”. As far as these two plans are concerned, the Board of Directors, upon proposal of the remuneration committee, has decided on June 20th 2014 to activate the second three years cycle of the plans on the basis of the following guidelines: i) containment of the number of the beneficiaries; ii) confirmation of the amounts minimum and maximum of the individual incentive range previously applied.

e) *Description of the policies in terms of fixed and variable components of remuneration, with particular reference to the indication of the relative weight within the overall remuneration and distinguishing between short and medium/long-term variable components.*

A) VARIABLE COMPONENTS

Under the Policy, the variable components of remuneration are the following:

1) Short-Term Variable Component (MBO)

i) Executive Directors or Directors vested with special powers and Officers with strategic responsibilities

The yearly variable remuneration for Executive Directors or Directors vested with special powers and Officers with strategic responsibilities is established by the Board of Directors upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors, in relation to the achievement of the annual targets assigned. Such targets are predetermined and measurable, and are in any case linked to the value creation for the Company and the shareholders in the medium/long-term; by way of example, but not limited thereto, these targets may be linked to the Company's and/or the Group’s financial position and results of operations, the adoption of governance best practices, sustainable development and implementation of strategic projects for the Company.

ii) Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company’s financial reports

The variable remuneration on an annual basis in favor of officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company’s financial reports is defined by them with the support of the Human Resources and Organization Department, in relation to the achievement of annual targets assigned.

Such targets are predetermined and measurable, and are in any case linked to the value creation for the

Company and the shareholders in the medium/long-term; by way of example, but not limited thereto, these targets may be linked to the Company's and/or the Group's financial position and results of operations, the adoption of governance best practices, sustainable development and implementation of strategic projects for the Company.

As above mentioned, also with reference to the 2015 financial year, for both the Executive Directors or Directors vested with special powers and Officers with strategic responsibilities and direct reports to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports is foreseen that one of the target (usually the one with the highest relative weight) of the short-term variable component (MBO) should be mandatory represented by the profitability target of reference.

The combined effect of what above described and of the points-based mechanism of calculation of the short-term variable component (MBO) shall prevent the company to pay any amount in case of not achievement of the profitability target, unless the other individual targets have been fully achieved; by the way, in this last case, the amount effectively paid shall never exceed the 2/3 of the maximum amount theoretically payable.

2) Medium-Long Term Variable Component (LTI)

Two different long-term incentive plans are currently in place: one for Executive Directors or Directors vested with special powers and Officers with strategic responsibilities and one for the other officers – Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports.

i) Executive Directors or Directors vested with special powers and Officers with strategic responsibilities

Among the Directors entrusted with special powers, the Chairman was the recipient of a stock option plan for directors, approved by the Company's Board of Directors on May 14, 2002 in execution of the Meeting's resolution of May 3, 2002.

This plan provided for one-year cycles.

The Officers with strategic responsibilities were the recipients of a stock option plan for top management approved by the Company's Board of Directors on March 27, 2001.

Such plan provided for one-year cycles.

The Company's Shareholders Meeting held on May 25, 2011, on the proposal of the Board of Directors (which, in formulating its proposal, took into account the results of analysis on executive compensation carried out on behalf of the Company by independent advisors having extensive experience and international standing), decided to replace such systems of incentives for Executive Directors or Directors vested with special powers and Officers with strategic responsibilities, with respect to the portion not yet executed, with a new tool on a monetary basis ("Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for directors and officers with strategic responsibilities").

The new long-term monetary incentive plan is based on three-year cycles depending on the medium/long-term performance of the Company and/or the Group.

This plan aims at:

- tying the overall treatment of participants to the Company's performance in the medium/long- term by rewarding the achievement of certain strategic targets, and the consequent "value creation" for shareholders;
- ensuring maximum transparency and compliance with best governance criteria of the overall salary package of participants.

The corporate body responsible for decisions relating to the plan is the Board of Directors, which passes resolutions upon proposals of the Remuneration Committee with the technical and operational support of the Head of Human Resources and Organization Department.

The plan provides for awarding participants a number of rights, determined by dividing the MBO Payout by the normal value of shares at grant date and then proportioning the resulting value to the weight of each individual position, which, multiplied by the value of shares at payment date, will enable participants to obtain payment of an incentive.

The right to obtain the granting of premium linked to the long-term monetary incentive plan is indeed subject to:

a) the achievement of annual targets assigned to each participant under the annual incentive tool (MBO) by the Board of Directors on proposal of the Remuneration Committee in at least one of the years each cycle is made up of. Such targets, defined consistently with the powers granted to each of them, are linked to the Company's financial position and results of operations and other targets specifically attributed such as, for example, targets regarding governance, risk management, sustainable development and related to the implementation of strategic projects. The control over the achievement of such targets is made by the Remuneration Committee and, where appropriate, by independent experts;
b) the expiration of the entire three-year period of each of the plan's cycles and the uninterrupted holding of the office or employment relationship for each individual recipient. Before the expiration of such period no right accrues to partial or pro rata disbursements. The allocation of the amount actually accrued takes place in April of the year following the end of the three-year reference period.

The 1st cycle of this plan expired at December 31, 2013.

The Company, during 2014, decided to activate a new three years cycle of the plan on the basis of a decision of the Board of Directors adopted in its meeting held on June 20th 2014 upon proposal of the Remuneration Committee.

ii) Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports

The Officers reporting directly to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports were the recipient of a stock option plan for officers, approved by the Company's Board of Directors on March 27, 2001.

Such plan provided for one-year cycles.

The Company's Shareholders Meeting held on May 25, 2011, acting on the proposal of the Board of Directors (which, in formulating its proposal, took into account the results of analyses on executive compensation carried out on behalf of the Company by independent advisors having extensive experience and international standing), decided to replace such systems of incentives for Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports, with respect to the portion not yet executed, with a new tool on a monetary basis ("Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for company officers").

This plan aims at:

- tying the overall treatment of participants to the Company's performance in the medium-long term by rewarding the achievement of certain strategic targets, and the consequent "value creation" for shareholders;
- ensuring maximum transparency and compliance with best governance criteria of the overall salary package of participants.

The corporate body responsible for decisions relating to the plan is the Board of Directors, which passes resolutions upon proposals of the Remuneration Committee with the technical and operational support of the Head of Human Resources and Organization Department.

The Board of Directors delegates the operational management of the plan to the Chairman.

The Plan provides for awarding participants a number of rights, determined by dividing the MBO Payout by the normal value of shares at grant date and then proportioning the resulting value to the weight of each individual position, which, multiplied by the value of shares at payment date, will enable participants to obtain payment of an incentive.

The right to obtain the granting of premium linked to the long-term monetary incentive plan is indeed subject to:

a) the achievement of annual targets assigned to each participant under the annual incentive tool (MBO) by the Board of Directors on proposal of the Remuneration Committee in at least one of the years each cycle is made up of. Such targets, defined consistently with the powers granted to each of them, are linked to the Company's financial position and results of operations and other targets specifically attributed such as, for example, targets regarding governance, risk management, sustainable development and related to the implementation of strategic projects. The control over the achievement of such targets is made by the Remuneration Committee and, where appropriate, by independent experts;
b) the expiration of the entire three-year period of each of the plan's cycles and the uninterrupted holding of the office or employment relationship for each individual recipient. Before the expiration of such period no right accrues to partial or pro rata disbursements. The allocation of the amount actually accrued takes place in April of the year following the end of the three-year reference period.

The first cycle of this plan expired at December 31, 2013.

The Company, during 2014, decided to activate a new three years cycle of the plan on the basis of a decision of the Board of Directors adopted in its meeting held on June 20th 2014 upon proposal of the Remuneration Committee.

B) FIXED COMPONENTS AND OVERALL REMUNERATION

As a result of the foregoing, the overall treatment approved according to the Policy, inclusive of the fixed component of remuneration, may be represented as follows for the different beneficiaries:

a) Remuneration of Officers with Strategic Responsibilities

The Company's Board of Directors identified as Officers with strategic responsibilities, in addition to the Chief Executive Officer/Chief Operating Officer, whose remuneration is given ample representation under point n) above, the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports: the following are principles that currently govern the remuneration of the latter.

The remuneration of Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports is established by the Board of Directors upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors.

The components of the remuneration of the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports are:

a) an annual fixed component;
b) an annual variable component linked to the achievement of specific business targets *(Management By Targets);*
c) a cash medium-long term variable component *(Long Term Incentive)* linked to the performance of Italmobiliare shares and to the achievement of the targets related to the previous point b).

Having defined the overall remuneration package as the sum of the three components listed above in the event of targets forecasted in the budget related to components b) and c) are achieved, it is pointed out that such targets and the related remuneration are referred to the position of Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports within the Group, and the relative weight of the same can be approximately represented as follows:

a) the weight of the yearly fixed component is approximately equal to 65% of total remuneration;
b) the weight of the annual variable component *(MBO)* is approximately equal to 20% of total remuneration. Such variable component cannot in any case exceed 60% of the fixed component as per letter a) above;
c) the medium-long term variable component *(LTI),* currently based on three-year cycles, in its annual amount, has a weight equal to about 15% of total remuneration.

Such variable component cannot in any case, over the entire three-year period of duration of each plan, exceed 100% of the fixed component referred to under letter a) above, as granted throughout the plan execution periods.

With reference to the variable components of remuneration for the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports referred to under letters b) and c) above, the Remuneration Committee:

- annually, makes proposals for the assignment of MBO targets to be submitted to the Board of Directors for approval;
- in the following financial year, monitors the degree of achievement of MBO targets and verifies the performance achieved;
- at the end of each three-year reference period, verifies the level of achievement of LTI.

For the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports, the company currently has in place a long-term incentive plan based on financial instruments referred to in e) A) 2) i) of this Report.

The Board of Directors may also grant special awards, exceptionally, upon occurrence of significant, specific and unforeseen, circumstances in order to remunerate the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, i) if the overall remuneration components are considered to be objectively inappropriate to the performance achieved, within the limits of the upper limits set in the Policy, or ii) in relation to specific activities and/or extraordinary transactions in terms of strategic relevance and impact on the Company's and/or the Group's results of operations.

The Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports is entitled to receive non-monetary benefits (for example company car for personal use also) as well as the other benefits described here below under point m), in line with market practice.

b) Remuneration of the Head of Internal Audit

The remuneration of the Head of Internal Audit is established by the Board of Directors upon proposal of the Remuneration Committee based on the opinion of the Director in charge of Internal Control and Risk Management system, of the Control and Risks Committee and of the Board of Statutory Auditors.

The remuneration comprises a fixed annual component and a variable component on an annual basis.

The variable component is aligned to the Group's MBO and does not provide for any target related to the Company's results of operations, but only targets linked to the improvement of the Internal Control system's effectiveness and functionality.

The weight of the annual fixed and variable (MBO) components of the Head of Internal Audit, in the event of the achievement of the targets forecasted in the budget and related to the variable component of the remuneration package, is respectively 75% and 25% of his/her overall remuneration.

It's important to highlight that, in line with market best practices, the higher relative weight of the fixed component of the remuneration of the Head of Internal Audit and the setting of targets not related to business performance but instead linked to the full and effective implementation of own tasks are aimed at ensuring to this role, also from the point of view of the definition of the remuneration, the best possible conditions for duly accomplishment of own responsibilities.

The Head of Internal Audit is entitled to receive non-monetary benefits (for example company car for personal use also) as well as the other benefits described here below under point m), in line with market practice.

c) Remuneration of Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports

The remuneration of Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports is defined by them with the support of Human Resources and Organization Department.

The components of the remuneration of Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports are the following:

a) an annual fixed component;
b) an annual variable component linked to the achievement of specific business targets *(Management By Objectives);*
c) a variable medium-long term component *(Long Term Incentive),* cash-based, linked to the performance of "Italmobiliare S.p.A. - Ordinary" shares and also to the achievement of the targets related to the previous point b).

Having defined the overall remuneration package as sum of the three components listed above in the event of targets forecasted in the budget related to components b) and c) are achieved, it is pointed out that such targets and the related remuneration are referred to the Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, and the relative weight of the same can be approximately represented as follows:

a) the weight of the yearly fixed component is approximately equal to 70% of total remuneration;
b) the weight of the annual variable component *(MBO)* is approximately equal to 20% of total remuneration.

Such variable component cannot in any case exceed 70% of the fixed component as per letter a) above;

c) the medium-long term variable component *(LTI),* currently based on three-year cycles, in its annual amount, has a weight equal to about 10% of total remuneration.

With reference to the variable components of the remuneration of Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports under letters b) e c) above, the Human Resources and Organization Department:

- defines, annually, proposals for the assignment of MBO targets to be submitted to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, depending on the officer's position within the organizational structure;
- in the following financial year, monitors and submits to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports the degree of achievement of MBO targets and verifies the performance carried out;
- at the end of each three-year reference period, verifies the level of achievement of LTI, submitting the results to the approval of the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports.

The Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports are entitled to receive non-monetary benefits (for example company car for personal use also) as well as the other benefits described here below under point m), in line with market practice.

f) *Policy followed with regard to non-monetary benefits*

Please refer to the description under points e) and n) for non-monetary benefits respectively granted to i) Officers with strategic responsibilities and Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager in charge of preparing the company's financial reports, and ii) Executive Directors or Directors vested with special powers and other Directors.

g) *With reference to variable components, a description of performance targets based on which they are assigned, distinguishing between short and medium-long term variable components, and information on the link between variation of results and variation of remuneration*

Reference is made to that represented under points e) A) 1) i), e) A) 1) ii), e) A) 2) i) and e) A) 2) ii).

h) *Criteria applied for the evaluation of performance targets forming the basis for the allocation of shares, options, other financial instruments or other variable components of the remuneration*

Consistently with the information provided under points e) B) a), e) B) b) and e) B) c), the definition and verification of the correct implementation of the criteria used for the performance targets' evaluation are on each occasion carried out by of the Remuneration Committee with the support of the Human Resources and Organization Department.

i) *Information aimed at highlighting the consistency of the remuneration policy with the pursuit of the company's long-term objectives and its risk management policy, where formalized*

By applying the Policy, the Company pursues a strong link between remuneration and results of operations and a sound risk management as guarantee of its sustainability.

According to the above, the Remuneration Committee periodically evaluates, among other things, the criteria adopted for the remuneration of Directors and Officers with strategic responsibilities, supervising their implementation based on information provided by the Chairman and any corporate functions involved and formulating general recommendations to the Board of Directors on the subject.

j) *Vesting period, any deferred payment system, with the indication of periods of deferment and of the criteria used for establishing such periods and, if applicable, ex-post correction mechanism*

Not applicable.

See also Section I - letter e) A) 2) for detailed information on the functioning of the Medium-Long term Variable Component (LTI) which make also reference to the related plans rules.

As far as the policy is concerned it should also be highlighted that, on the basis of these rules, a) any payment of the incentive amount is deferred to the first half of the fourth year following the year the beneficiary has been made eligible to participate in the plan, while no amounts could be paid to the beneficiary or anyway accrued by him/her during the three years of the plan cycle duration; b) in any case, the payment of any incentive accrued is subject to the further condition that the beneficiary has completed the three-years cycle duration and is still working for the Company at the date of the payment itself.

These additional conditions, having the effect of significantly deferring the moment of the effective payment, allow the adoption of possible corrective measures if needed.

k) *Information about the possibility of introducing provisions for maintaining financial instruments in the portfolio after acquisition thereof, indicating the periods of maintenance and the criteria used for establishing such periods*

Not applicable.

l) *Policy on treatment provided for termination of office or termination of employment agreement, specifying the circumstances which determine the onset of the right thereto and the possible link between such treatment and the company's performance*

The Company has not entered into specific agreements with the Executive Directors or Directors vested with special powers and Officers with strategic responsibilities aimed at regulating, at the outset, the financial consequences resulting from a possible early termination of employment relationship caused by the Company or the individual employee.

With reference to the other offices, in the event of termination of the employment agreement with the Company for reasons other than just cause, it is considered appropriate to pursue out-of-court settlements on an equitable basis, to the extent allowed by the law, as well as the benchmarks and existing good practice for similar positions, except as may be required by rules and agreements in force, and in particular by the collective bargaining agreement for Executives of companies producing goods or providing services.

There is no provision for the granting of extraordinary remuneration to Directors not vested with special powers due to termination of the office.

The Company does not, in general, enter into specific non-competition agreements with its Officers with strategic responsibilities, designed to pay out financial consideration, during the employment relationship or subsequently to termination thereof, related to the respective fixed remuneration in relation to the term, the geographical and business scope and product sector of the constraints arising from such agreement.

m) *Information on the presence of any insurance, or pension or retirement, coverage other than the mandatory one*

Specific health and safety insurance policies consistent with what represented under letter n) below are provided for the Chairman and the Chief Executive Officer/Chief Operating Officer.

The Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports and the Officers directly reporting to the Chairman, the Chief Executive Officer/Chief Operating Officer and the Joint Chief Operating Officer/Manager responsible for preparing the company's financial reports, in line with market practices, are entitled to participate, in addition to what is specifically foreseen by the collective bargaining agreement for Executives of companies producing goods or providing services, to supplementary retirement schemes, healthcare insurance plans and life insurance plans.

n) *Remuneration policy possibly applied in regard of: (i) independent directors, (ii) participation in committees and (iii) performance of particular tasks (Chairman, Deputy Chairman, etc.).*

The Company's Board of Directors consists of:

a) Executive Directors or Directors vested with special powers;
b) Directors not vested with special powers.

As of January 31, 2015, the members of the Company's Board of Directors are:

a) Giampiero Pesenti Chairman • Italo Lucchini Deputy Chairman • Carlo Pesenti Chief Executive Officer/Chief Operating Officer;
b) Anna Maria Artoni • Giorgio Bonomi • Carolyn Dittmeier • Sebastiano Mazzoleni • Luca Minoli • Gianemilio Osculati • Clemente Rebecchini • Paolo Domenico Sfameni • Livio Strazzera • Massimo Tononi • Laura Zanetti.

The shareholders' meeting held on May, 27th 2014 granted the Board of Directors' members, starting from the date of the meeting itself, an annual remuneration of € 36,000 replacing the amounts previously defined by the shareholders meeting held on May 25th 2011.

Directors who are also members of the Executive Committee are entitled to receive an additional fixed amount for each participation to the meeting of the Committee itself.

Directors who are also members of Board's Committees are entitled to receive an additional fixed amount for each participation to the meeting of the Committee they are member of.

In compliance with best practices in place for Directors not vested with special powers, no variable component of remuneration is provided for them, while they are reimbursed expenses incurred in performing their office.

Lastly, an insurance policy, in line with existing practices, has been taken out for civil liability to third parties of Directors for events related to the exercise of their functions, in compliance with the provisions set forth with regard to corporate offices, except in cases of willful misconduct and gross negligence.

The remuneration of Executive Directors or Directors vested with special powers, is directly established at the time of appointment, or at a subsequent useful meeting, by the Board of Directors acting upon proposal of the Remuneration Committee and based on the opinion of the Board of Statutory Auditors.

The components of the remuneration of Executive Directors or Directors vested with special powers are as follows:

A) Chairman and Chief Executive Officer/Chief Operating Officer:

a) an annual fixed component;

b) an annual variable component linked to the achievement of specific business targets *(Management By Objectives);*

c) a cash medium/long-term variable component *(Long Term Incentive)* linked to the performance of Italmobiliare shares and also to the achievement of the targets related to previous point b).

Having defined the overall remuneration package as the sum of the three components listed above in the event of targets forecasted in the budget related to components b) and c) are achieved, it is pointed out that such targets and the related remuneration are referred to the position of Director vested with special powers within the Company, and the relative weight of the same can be approximately represented as follows:

a) the weight of the yearly fixed component is approximately equal to 60% of the Chairman's and 40% of the Chief Executive Officer/Chief Operating Officer's overall remuneration;

b) the weight of the annual variable component (MBO) is approximately equal to 20% of the Chairman's and 30% of the Chief Executive Officer/Chief Operating Officer's overall remuneration;

   Such variable component cannot exceed 60% of the fixed component referred to in letter a) above for the Chairman and 120% of said amount for the Chief Executive Officer/Chief Operating Officer;

c) the medium/long-term variable component (LTI), currently based on three-year cycles, in its annual amount, represents about 20% of the Chairman's and 30% of the Chief Executive Officer/Chief Operating Officer's overall remuneration.

   Such variable component cannot in any case, over the entire three-year period of duration of each plan, exceed 200% of the fixed component referred to under letter a) above, as granted throughout the plan execution periods for the Chairman and 400% of said amount for the Chief Executive Officer/Chief Operating Officer.

With reference to the variable components of remuneration of Executive Directors or Directors vested with special powers referred to under letters b) and c) above, the Remuneration Committee:

- annually, makes proposals for the assignment of MBO targets to be submitted to the Board of Directors for approval;
- in the following financial year, monitors the degree of achievement of MBO targets and verifies the performance achieved;
- at the end of each three-year reference period, verifies the level of achievement of LTI.

For the Executive Directors or Directors vested with special powers, the Company currently has in place a long-term incentive plan based on financial instruments referred to in letter e) A) 2) i) of this Report.

The Chairman is not entitled to a "Severance pay" at the end of each term of office.

In addition to benefits usually provided for similar positions, the Chairman is also entitled to an illness and injury policy, and reimbursement of expenses incurred to attend meetings and conferences, etc..

Total remuneration granted to the Chief Executive Officer/Chief Operating Officer includes fees paid to him by the Company as remuneration voted in favor of Mr. Carlo Pesenti, its Chief Executive Officer, by the subsidiary Italcementi S.p.A., which is charged the full cost including social security charges related to the contributions paid by the company and the legal severance indemnity.

Benefits are provided for the Chief Executive Officer/Chief Operating Officer in line with those of the Chairman.

The Board of Directors may also grant special awards, exceptionally, upon occurrence of significant, specific and unforeseen, circumstances in order to remunerate Executive Directors or Directors vested with special powers, i) if the overall remuneration components are considered to be objectively inappropriate to the performance achieved, within the limits of the upper limits set in the Policy, or ii) in relation to specific activities and/or extraordinary transactions in terms of strategic relevance and impact on the Company's and / or the Group's results of operations.

B) Deputy Chairman:

The Deputy Chairman's remuneration consists of a fixed component defined in accordance with the rules under letter n) above.

* * *

o) *Whether the remuneration policy was defined using the remuneration policies of other companies as a reference and, if so, the criteria used for the selection of such companies*

Not applicable.

<u>SECTION II</u>

<u>I.1 – PART ONE</u>

1.1. Full representation of the remuneration components, including the treatment provided for termination of office or termination of the employment agreement, and their consistency with the reference Policy has already been given in Section I of this report.

With respect to incentive plans based on financial instruments, please find below information concerning the plans in place.

<u>Stock Option Plan for Directors - 2002</u>

In execution of the shareholders' resolution of May 3, 2002, the Company's Board of Directors meeting of May 14, 2002, approved the stock option plan for directors who are vested with special powers in accordance with the articles of association, or those who perform specific operating duties. The corresponding regulations later underwent non-significant changes.

Overall 442,500 options were granted.

The Board of Directors decided not to grant any further options related to the same plan, which, therefore, should be considered closed except for the terms provided to each beneficiary for the exercise of options already granted.

<u>Stock Option Plan for Officers 2001</u>

By resolution of the Board of Directors on March 27, 2001, the Company approved a stock option plan for company officers.

Overall 424,494 options were granted to Group officers, 201,500 of which to the Chief Executive Officer/Chief Operating Officer.

The Board of Directors decided not to grant any further options related to the same plan, which, therefore, should be considered closed except for the terms provided to each beneficiary for the exercise of options already granted.

During 2014, none of the Company Directors and Officers beneficiary of stock option plans exercised the respective rights already accrued.

Long-term monetary incentive plan, linked to the performance of Italmobiliare shares, for directors and officers with strategic responsibilities - 2011

The main features of the Plan are the following.

a) Reasons for the Adoption of the Plan

These may be summarized as follows:

- to tie the overall treatment of participants' performance to the Company's medium-long term performance and to "value creation" for shareholders;
- to reward the achievement of targets of each participant, ensuring the highest involvement of the Company's top management on its performance and increasing the sense of belonging of participants, encouraging them to remain with the Company.

b) Plan Management

The corporate body responsible for decisions relating to the plan is the Board of Directors, with the support of the Remuneration Committee and, where necessary, after consulting the Committee for transactions with related parties, including through the support of the Head of the Human Resources and Organization Department.

More specifically, the Board of Directors will be responsible for:

- identifying the individual participants for each cycle;
- determining attainable amounts;
- assessing the degree of achievement of the MBO Payout by each participant in each cycle;
- deciding the date of commencement of the availability period.

The Board of Directors will report periodically on the progress of the plan to shareholders at the ordinary meeting to approve the company's financial statements.

The assessment as to whether to revise the plan is left to the discretion of the Board of Directors, after consultation with the Remuneration Committee.

c) Beneficiaries of the Plan

Beneficiaries of the plan are certain Directors and Officers with strategic responsibilities of Italmobiliare.

The plan is offered to participants considering the relevance of the functions attributed to them for the achievement of the Company's strategic targets.

Being a member of the Company's Board of Directors or having an office within the Company as Officer with strategic responsibilities are eligibility requirements to be admitted to the monetary incentive plan.

d) Term and Constraints of the Plan

The plan term is 3 (three) three-year cycles from 2011 to 2019. The term of the first cycle will be in the period 2011-2013.

The Board of Directors, on the proposal of the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, will establish, under the plan, amounts attainable as incentives for each participant, according to an overall assessment, which, taking into account the general trend of business and each participant's strategic position for the purpose of achieving the Company's long-term goals, will focus on:

i) the weight of the participant's position in the Company's organizational structure,
ii) the consistency with the principles of "overall remuneration" underlying the Company's remuneration policy.
iii) the overall Payout of annual MBO plans during the relevant period of the plan.

Accrual of the incentive is conditional upon achieving at least one MBO Payout in any year within the period of performance monitoring. The amount of the incentive is proportional to the sum of the Payout for each year of the relevant three-year period.
It will be the responsibility of the Board of Directors, after hearing the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, with the support of the Human Resources and Organization Department, to verify and assess the degree of achievement of the MBO Payout in the period of performance monitoring, thus determining the number of rights actually accrued by each participant.

e) Plan Implementation Procedures and Terms

The plan provides for the assignment of a number of rights to the participants, determined by dividing the MBO Payout by the normal value of the shares at grant date and then proportioning the resulting value to the weight of each individual's position in accordance with point d) above, which, multiplied by the value of the shares on the date of payment, will enable participants to obtain payment of an incentive.

Without limitation to the right of the Board of Directors to decide otherwise, participation in the plan is inherently and functionally related to, and conditioned by, the permanence of each participant in the position held at the time of assignment for the entire duration of the cycle.

Generally:

i) in the case of expiry of term or changes in the office held as Director: Subject to any exceptions for specific cases established by the Board of Directors having heard the Remuneration Committee and, when applicable, the opinion of the Committee for Transactions with related parties, the following provisions will be applied to the cases mentioned below:
a) in the case of revocation of or change in the position held during the cycle, the Board of Directors may, at its discretion, based on the Remuneration Committee's opinion, and in consideration of the reasons motivating the revocation or change, evaluate on an equitable basis the possibility of paying out a compensatory lump sum bonus, commensurate with the portion of period and the transitional partial degree of achievement of the MBO Payout;b) in the case of death of the participant during the cycle, the above will apply; if death occurs once the MBO Payout is obtained, the participant's heirs will be acknowledged the right to obtain payment of any bonus accrued.

ii) in the case of termination of employment: except for the specific cases listed below in this paragraph and without limitation to the right of the Board of Directors to decide otherwise, the rights accruing to participants in relation to accrued rights are inherently and functionally related to, and conditioned by, the persistence of the participant's employment relationship with the Company at the time of the beginning of the availability period.

Subject to any exceptions for specific cases established by the Board of Directors, the following provisions will apply to the situations mentioned below:

a) in the event of termination of employment due to dismissal or resignation, which occurred after the expiration of the period of performance monitoring, but before the availability period, the general principle will apply and thus the participant will permanently and automatically lose the right to obtain the incentive;
b) in cases of consensual termination of employment or resignation for retirement, or after becoming

an invalid, howsoever occurred after the end of the period of performance monitoring, or if the participant has reached the MBO Payout, he / she will retain the right to obtain the incentive if, after the date of termination, the accrual of rights actually occurs;

c) in case of the participant's death occurring after the end of the period of performance monitoring, or if the participant has reached the MBO payout, the rights possibly accrued by the same under this plan will be awarded to the participant's heirs on production, by the latter, of the necessary documentation proving such qualification.

If, during the period of performance monitoring, the transfer of the participant's employment relationship occurs between the Company and its subsidiaries, regardless of the manner by which such transfer occurred, or the participant's organizational position is changed with a consequent change in the latter's responsibilities, the relevant MBO Payout will also be updated in line with the new position.
In any case, the Board of Directors may define an equitable amount payable to the participant in relation to the activities carried out till then.

The provisions described above may be modified by the Board of Directors to ensure participants a treatment equivalent to the one offered initially.

f) Other Powers Assigned to the Board of Directors

The Board of Directors, having heard the Remuneration Committee, may temporarily suspend the effects deriving from the accrual of rights for participants in case of specific and particular needs such as, by way of example but not limited to, changes in legal and regulatory provisions, excluding tax provisions, applicable to the legal relationships arising from the Plan.

The suspension of the effects deriving from the accrual of rights for participants will also take place in any case in which such circumstances may occur as, by way of example but not limited to, corporate transactions, mergers and demergers having an effect on the Company's share capital, increase and reduction of the Company's share capital, changes to the Bylaws relating to the Shares such as to affect the conditions governing the implementation of the Plan, possibly altering the economic and financial conditions and jeopardizing its aims as defined under the preceding point a).

The Board of Directors may, in all cases mentioned above and having heard the Remuneration Committee's opinion, amend or integrate the plan, the cycle and the Regulation, or order the lapse of the same plan if it is no longer consistent with the Company's situation, subject to any rights acquired in the meantime as a result of the three-year period of reference having elapsed and the other requirements and conditions of the Regulation being met.

g) Any support for the plan by the special Fund for the encouragement of employee participation in enterprises, pursuant to Art. 4, paragraph 112, of Law No. 350 dated December 24, 2003

Not applicable

<u>Long-term monetary incentive plan linked to the performance of Italmobiliare shares, for company officers - 2011</u>

The main features of the Plan are the following.

a) Reasons for the Adoption of the Plan

These may be summarized as follows:

- to tie the overall treatment of participants' performance to the Company's medium-long term performance and to "value creation" for shareholders;
- to reward the achievement of targets of each participant, ensuring the highest involvement of the Company's top management in its performance and increasing the sense of belonging of

participants, encouraging them to remain at the Company.

b) Plan Management

The corporate body responsible for decisions relating to the plan is the Board of Directors, which empowers the Chairman to manage the plan operationally, with the support of the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, also through the technical support of the Head of Human Resources and Organization.

More specifically, the Chief Executive Officer will be responsible for:
- identifying the individual participants for each cycle;
- determine attainable amounts;
- assessing the degree of achievement of the MBO Payout by each participant for each cycle;
- deciding the date of commencement of the availability period.

The Chief Executive Officer will periodically report on the plan to shareholders at the time of the ordinary meeting to approve the financial statements.

The assessment as to whether to revise the plan is left to the discretion of the Chief Executive Officer who, after hearing the Remuneration Committee's opinion, reports to the Board of Directors.

c) Beneficiaries of the Plan

Beneficiaries of the plan are certain Officers of Italmobiliare.

The plan is offered to participants considering the relevance of the functions attributed to them for the achievement of the Company's strategic targets.

Being an employee of the Company without being in the notice period for dismissal or resignation are eligibility requirements to be admitted to the monetary incentive plan.

d) Term and Constraints of the Plan

The plan term is 3 (three) three-year cycles from 2011 to 2019. The term of the first cycle will be in the period 2011-2013.

The Chief Executive Officer will, under the plan, on proposal of the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, establish amounts attainable as an incentive by each of the Participants, in accordance with a comprehensive assessment that, given the general trend of business and strategic position of each participant for the purpose of achieving the Company's long-term goals, will focus on:

i) the weight of the participant's position within the Company's organizational structure;
ii) the consistency with the principles of "overall remuneration" underlying the Company's remuneration policy;
iii) the overall Payout of annual MBO plans in the relevant period of the plan.

Accrual of the incentive is conditional upon achieving at least one MBO Payout in any year within the period of performance monitoring. The amount of the incentive is proportional to the sum of the Payout for each year in the relevant three-year period.
It will be the responsibility of the Chief Executive Officer, after hearing the Remuneration Committee and, where necessary, after consultation with the Committee for transactions with related parties, with the support of the Human Resources and Organization Department, to verify and assess the degree of achievement of the MBO Payout in the period of performance monitoring, thus determining the number of rights actually accrued by each participant.

e) Plan Implementation Procedures and Terms

The plan provides for the grant of a number of rights to the participants, determined by dividing the MBO Payout by the normal value of the shares at grant date and then proportioning the resulting value to the weight of each individual's position in accordance with point d) above, which, multiplied by the value of the shares on the date of payment, will enable participants to obtain payment of an incentive.

Without limitation to the right of the Chief Executive Officer to decide otherwise, and except for the specific cases listed below in this paragraph, the rights accruing to Participants in relation to vested rights are intrinsically and functionally related and conditioned to the persistence of the participant's employment relationship with the Company at the beginning of the availability period.

Without prejudice to possible exemptions for specific cases as established by the Chief Executive Officer, the following rules will apply to the cases mentioned below:

a) in the event of termination of employment due to dismissal or resignation, which occurred after the expiration of the period of performance monitoring, but before the availability period, the general principle will apply and thus the participant will permanently and automatically lose the right to obtain the incentive;
b) in cases of consensual termination of employment or resignation for retirement, or after becoming an invalid, howsoever occurred after the end of the period of performance monitoring, or if the participant has reached the MBO Payout, he / she will retain the right to obtain the incentive if, after the date of termination, the accrual of rights actually occurs;
c) in case of the participant's death occurring after the end of the period of performance monitoring, or if the participant has reached the MBO payout, the rights possibly accrued by the same under this plan will be awarded to the participant's heirs on production, by the latter, of the necessary documentation proving such qualification.

If, during the period of performance monitoring, the transfer of the participant's employment relationship occurs between the Company and its subsidiaries, regardless of the manner by which such transfer occurred, or the participant's organizational position is changed with a consequent change in the latter's responsibilities, the relevant MBO payout will also be updated in line with the new position.
In any case, the Chief Executive Officer may define an equitable amount payable to the participant in relation to the activities carried out till then.

The provisions described above may be modified by the Chief Executive Officer to ensure Participants a treatment equivalent to the one offered initially.

f) Other Powers Assigned to the Chief Executive Officer

The Chief Executive Officer, having heard the Remuneration Committee's opinion, may temporarily suspend the effects deriving from the accrual of rights for participants in the case of specific and particular needs such as, by way of example but not limited to, changes in legal and regulatory provisions, excluding tax provisions, applicable to the legal relationships arising from the Plan.

The suspension of the effects deriving from the accrual of rights for participants will also take place in any case in which such circumstances may occur as, by way of example but not limited to, corporate transactions, mergers and demergers having an effect on the Company's share capital, increase and reduction of the Company's share capital, changes to the Bylaws relating to the Shares such as to affect the conditions governing the implementation of the Plan, possibly altering the economic and financial conditions and jeopardizing its aims as defined in the preceding point a).

The Chief Executive Officer may, in all cases mentioned above and having heard the Remuneration Committee's opinion, amend or integrate the plan, the cycle and the Regulation, or order the lapse of the same plan if it is no longer consistent with the Company's situation, subject to any rights acquired in the meantime as a result of the three-year period of reference having elapsed and the other requirements and conditions of the Regulation being met.

g) Any support for the plan by the special Fund for the encouragement of employee participation in enterprises, pursuant to Art. 4, paragraph 112, of Law No. 350 dated December 24, 2003

Not applicable

1.2. Full representation in Section I of this Report was given of the agreements that provide for indemnity for early termination of contracts; the following information is also provided:

- the possible existence of such agreements, providing negative information if they are not present;

  See section I - letter l);

- the criteria for calculating the indemnity payable to each person. If the indemnity is expressed in connection with the annual salary, indicate the components of such annual salary in detail;

  See section I - letter l);

- the possible presence of performance criteria which the granting of remuneration is linked to;

  Not applicable;

- the possible effects of the employment contract termination on rights granted under incentive plans based on financial instruments or to be disbursed on a cash basis;

  See section II I.1 - PART ONE - 1.1; with respect to the long-term monetary incentive plan for directors and key management personnel - letter e); with respect to the long-term monetary incentives Plan linked to the appreciation of Italmobiliare shares for officers - letter e).

  Furthermore:

  1) With respect to the Stock option plan for directors - 2002: the exercise of stock option rights was subject to the condition that the director beneficiary of the Plan had regularly concluded his / her office during the term of which the options had been granted without early resignation being given and without a revocation measure being decided by the shareholders' meeting;
  2) With respect to the Stock option plan for officers - 2001: as a general rule, stock option rights not yet exercised will not be recognized - except in the case of retirement - in the event of interruption of the employment relationship within the Group.

  In the case of death of the holder of options, these may be exercised by successors within six months of his death provided that such term falls within the period of exercisability of the options.

- cases in which the right to indemnity accrues;

  See section I - letter l);

- possible existence of agreements that provide for granting or maintaining non-monetary benefits in favor of persons who have ceased their assignment or for entering into consulting contracts for a period following termination of employment;

  Not applicable;

- possible existence of agreements that provide for remuneration due to non-competition commitments;

  The Company, in general, does not conclude specific non-competition agreements with its Officers with strategic responsibilities, designed to pay consideration in cash, during the employment or after the termination thereof, related to their respective fixed remuneration in relation to the geographical extent, term and kind of business of the constraints arising from the same agreement;

- with reference to the directors who have terminated their office during the financial year, any deviations in defining their indemnity with respect to the provisions of the reference agreement;

  Not applicable;

- Where specific agreements are not provided, explain the criteria by which accrued indemnity was defined;

  Not applicable.

* * *

Dear Shareholders,

We invite you to adopt the following resolution:

“The Shareholders Meeting of Italmobiliare S.p.A. held on May 27, 2015,

- having acknowledged the report prepared by the Directors,

hereby resolves

In favor of / against

The first section of the Report on Remuneration illustrated above.

I.2 – PART TWO

Remuneration paid to the Members of the Governing and Supervising Bodies, to the Chief Operating Officer and other officers with Strategic Responsibilities

Name, last name	Position	Period during which the office was held	End of office term	Fixed remunera-tion	Remuneration for taking part in committees	Variable non-equity remuneration		Non-monetary benefits	Other remunera-tion	Total	Fair value of equity remunera-tion	End-of-service bonus and severance indemnity
						Bonuses and other incentives	Profit sharing					
Giampiero Pesenti	Chairman Executive Committee	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				515,981		165,000		213,949		894,930	171,161	2,564,827
(II) Remuneration from subsidiaries and affiliated companies				1,065,436		557,750		404,034		2,027,220		
			Total	1,581,417		722,750		617,983		2,922,150	171,161	2,564,827
Italo Lucchini	Deputy Chairman Remuneration Committee	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				120,750	12,250					133,000		
(II) Remuneration from subsidiaries and affiliated companies				46,200						46,200		
			Total	166,950	12,250					179,200		
Carlo Pesenti	Chief Executive Officer Chief Operating Officer Executive Committee	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				445,196		265,000		113,808		824,004	226,411	
(II) Remuneration from subsidiaries and affiliated companies (*)				1,245,000		840,000				2,085,000		
			Total	1,690,196		1,105,000		113,808		2,909,004	226,411	
Annamaria Artoni	Director Committee for Transactions with Related Parties	27.05 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				21,000	9,000					30,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	21,000	9,000					30,000		
Mauro Bini	Director Control and Risk Committee Committee for Transactions with Related Parties	01.01 – 27.05	2014									
(I) Remuneration in the company preparing the financial statements				18,750	25,000					43,750		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	18,750	25,000					43,750		
Giorgio Bonomi	Director Control and Risk Committee	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				39,750	41,583					81,333		
(II) Remuneration from subsidiaries and affiliated companies				40,000						40,000		
			Total	79,750	41,583					121,333		
Carolyn Dittmeier	Director Control and Risk Committee Committee for Transactions with Related Parties	27.05 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				21,000	36,000					57,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	21,000	36,000					57,000		
Gabriele Galateri di Genola	Director Remuneration Committee	01.01 – 27.05	2014									
(I) Remuneration in the company preparing the financial statements				18,750	6,250					25,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	18,750	6,250					25,000		
Sebastiano Mazzoleni	Director	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				39,750						39,750		
(II) Remuneration from subsidiaries and affiliated companies				83,771						83,771		
			Total	123,521						123,521		
Luca Minoli	Director	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				39,750					2,041	41,791		
(II) Remuneration from subsidiaries and affiliated companies									49,560	49,560		
			Total	39,750					51,601	91,351		

* The amounts under the line "Remuneration from subsidiaries and affiliated companies refer to the amounts Italcementi s.p.a. is in charge of which are paid to Italmobiliare s.p.a. and by this last one directly paid to its COO. These amounts are charged comprised the social contributions and the end of service pay the Company is in charge of.

Name, last name	Position	Period during which the office was held	End of office term	Fixed remunera-tion	Remuneration for taking part in committees	Variable non-equity remuneration		Non-monetary benefits	Other remunera-tion	Total	Fair value of equity remunera-tion	End-of-service bonus and severance indemnity
						Bonuses and other incentives	Profit sharing					
Gianemilio Osculati	Director	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				39,750						39,750		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	39,750						39,750		
Giorgio Perolari	Director Executive Committee Control and Risk Committee Remuneration Committee Committee for Transactions with Related Parties	01.01 – 27.05	2014									
(I) Remuneration in the company preparing the financial statements				37,500	31,250					68,750		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	37,500	31,250					68,750		
Clemente Rebecchini	Director	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				39,750						39,750		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	39,750						39,750		
Paolo Sfameni	Director Supervising Body Control & risks committee Committee for Transactions with Related Parties	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				39,750	80,583					120,333		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	39,750	80,583					120,333		
Livio Strazzera	Director Executive Committee	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				58,500						58,500		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	58,500						58,500		
Massimo Tononi	Director Remuneration Committee	27.05 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				21,000	6,000					27,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	21,000	6,000					27,000		
Laura Zanetti	Director Executive Committee Remuneration committee	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				45,750	6,000					51,750		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	45,750	6,000					51,750		
Francesco Di Carlo	Chairman of the Board of Statutory Auditors	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				86,250						86,250		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	86,250						86,250		
Angelo Casò	Standing Auditor	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				57,500						57,500		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	57,500						57,500		
Leonardo Cossu	Standing Auditor	01.01 – 27.05	2014									
(I) Remuneration in the company preparing the financial statements				28,333						28,333		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	28,333						28,333		
Luciana Ravicini	Standing Auditor	27.05 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				29,167						29,167		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	29,167						29,167		

Name, last name	Position	Period during which the office was held	End of office term	Fixed remunera-tion	Remuneration for taking part in committees	Variable non-equity remuneration		Non-monetary benefits	Other remunera-tion	Total	Fair value of equity remunera-tion	End-of-service bonus and severance indemnity
						Bonuses and other incentives	Profit sharing					
Giorgio Moroni	Manager in charge of preparing the company's financial statements	01.01 – 31.12	2016									
(I) Remuneration in the company preparing the financial statements				470,000		202,000		6,891	30,000	708,891	110,059	
(II) Remuneration from subsidiaries and affiliated companies												
			Total	470,000		202,000		6,891	30,000	708,891	110,059	

Remuneration for each office when the amount reported in the above table is in aggregate form

Fixed remuneration		
Giampiero Pesenti	*Italmobiliare S.p.A.:*	
	Remuneration as Director	39,750
	Remuneration as Executive Committee Member	24,750
	Fixed remuneration	451,481
	Subsidiaries and affiliated companies:	
	Italcementi S.p.A.:	
	Remuneration as Director	40,000
	Fixed remuneration	950,000
	Ciments Français S.A.:	
	Remuneration as Director	33,227
	Finter Bank Zürich:	
	Remuneration as Director	42,209
Italo Lucchini	*Italmobiliare S.p.A.:*	
	Remuneration as Director	39,750
	Remuneration as Executive Committee Member	24,750
	Fixed remuneration	56,250
	Subsidiaries and affiliated companies::	
	Italcementi S.p.A.:	
	Remuneration as Director	40,000
	Azienda Agricola Lodoletta S.p.A.:	
	Remuneration as Director	6,200
Carlo Pesenti	*Italmobiliare S.p.A.:*	
	Remuneration as Director	39,750
	Remuneration as Executive Committee Member	24,750
	Fixed remuneration	380,696
Sebastiano Mazzoleni	***Subsidiaries and affiliated companies:***	
	Italcementi S.p.A.:	
	Remuneration as Director	40,000
	Ciments Français S.A.:	
	Remuneration as Director	43,771
Giorgio Perolari	Remuneration as Director	18.750
	Remuneration as Executive Committee Member	18.750
Livio Strazzera	Remuneration as Director	39,750
	Remuneration as Executive Committee Member	18,750
Laura Zanetti	Remuneration as Director	39,750
	Remuneration as Executive Committee Member	6,000

Remuneration for the Board committees' members		
Mauro Bini	Control and Risk Committee	14,583
	Committee for Transactions with related parties	10,417
Carolyn Dittmeier	Control and Risk Committee	27,000
	Committee for Transactions with related parties	9,000
Giorgio Perolari	Control and Risk Committee	14,583
	Committee for Transactions with related parties	10,417
	Remuneration Committee	6,250
Paolo Sfameni	Control and Risk Committee	27,000
	Committee for Transactions with related parties	19,416
	Supervising Body	34,167

Stock options granted to the members of the Governing and Supervising Bodies, to the Chief Operating Officer and other Officers with Strategic Responsibilities

			Options held at the beginning of the financial year			Options granted during the financial year						Options exercised during the financial year			Options expired during the financial year	Options held at the end of the financial year	Options accrued in the financial year
A	**B**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**	**(15) =(2)+(5).11.14**	**(16)**
Name, last name	Position	Plan	Number of options	Exercise price	Period of possible exercise (from-to)	Number of options	Exercise price	Period of possible exercise (from-to)	Fair value as of the grant date	Grant date	Market price of shares underlying the granting of options	Number of options	Exercise price	Market price of underlying shares as of the date of exercise	Number of options	Number of options	Fair value
Giampiero Pesenti	Chairman																
(I) Remuneration in the company preparing the financial statements		Stock option plan for directors (BoD resolution 14,05,2002)	55,000	54.535	03.30.2008 03.29.2015	-	-	-	-	-	-	-	-	-	-	55,000	-
			55,000	65.701	03.21.2009 03.20.2016	-	-	-	-	-	-	-	-	-	-	55,000	-
			60,000	86.069	03.21.2009 03.20.2016	-	-	-	-	-	-	-	-	-	-	60,000	-
			60,000	59.908	03.28.2011 03.27.2018	-	-	-	-	-	-	-	-	-	-	60,000	-
			53,000	28.834	03.24.2013 03.23.2020	-	-	-	-	-	-	-	-	-	-	53,000	
			48,000	27.469	03.30.2014 03.29.2021	-	-	-	-	-	-	-	-	-	-	48,000	35,250
(II) Remuneration from subsidiaries and affiliated companies		ITALCEMENTI S.P.A. Stock option plan for directors (BoD resolution 9.05.2001)	150,000	13.3871	03.17.2008 03.16.2015	-	-	-	-	-	-	-	-	-	-	150,000	-
			150,000	16.89	03.07.2009 03.06.2016	-	-	-	-	-	-	-	-	-	-	150,000	-
			150,000	23.049	03.07.2010 03.06.2017	-	-	-	-	-	-	-	-	-	-	150,000	-
		Total	781,000	-	-	-	-	-	-	-	-	-	-	-	-	781,000	35,250
Carlo Pesenti	Chief Executive Officer Chief Operating Officer																
(I) Remuneration in the company preparing the financial statements		Stock option plan for officers (BoD resolution 27.03.2001)	37,500	54.535	03.30.2014 03.29.2021	-	-	-	-	-	-	-	-	-	-	37,500	-
			37,500	65.701	03.21.2009 03.20.2016	-	-	-	-	-	-	-	-	-	-	37,500	-
			40,000	86.069	03.21.2010 03.20.2017	-	-	-	-	-	-	-	-	-	-	40,000	-
			35,500	59.908	03.28.2011 03.27.2018	-	-	-	-	-	-	-	-	-	-	35,500	-
		Stock option plan for directors (BoD resolution 14.05.2002)	35,800	28.834	03.24.2013 03.23.2020	-	-	-	-	-	-	-	-	-	-	35,800	
			30,700	27.469	03.30.2014 03.29.2021	-	-	-	-	-	-	-	-	-	-	30,700	22,545
(II) Remuneration from subsidiaries and affiliated companies		ITALCEMENTI S.P.A. Stock option plan for directors (BoD resolution 9.05.2001)	135,000	13.3871	03.17.2008 03.16.2015	-	-	-	-	-	-	-	-	-	-	135,000	-
			85,000	16.89	03.07.2009 03.06.2016	-	-	-	-	-	-	-	-	-	-	85,000	-
			200,000	23.049	03.07.2010 03.06.2017	-	-	-	-	-	-	-	-	-	-	200,000	-
		Total	637,000	-	-	-	-	-	-	-	-	-	-	-	-	637,000	22,545
Giorgio Moroni	Manager in charge of preparing the company's financial statements																
(I) Remuneration in the company preparing the financial statements		Stock option plan for officers (BoD resolution 27.03.2001)	14,150	27.469	03.30.2014 03.29.2021	-	-	-	-	-	-	-	-	-	-	14,150	10,391
(II) Remuneration from subsidiaries and affiliated companies			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Total	14,150	-	-	-	-	-	-	-	-	-	-	-	-	14,150	10,391

Incentive plans based on financial instruments, other than stock options, in favor of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and other Officers with Strategic Responsibilities

			Financial instruments granted in previous fiscal years not vested during the year		Financial instruments granted during the financial year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attribuable		Financial instruments for the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name, last name	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value as of the grant date	Vesting period	Grant date	Market price as of grant date	Number and type of financial instruments	Number and type of financial instruments	Value as of vesting date	Fair value
Giampiero Pesenti	Chairman												
(I) Remuneration in the company preparing the financial statements	Shareholders' resolution 25.05.2011	Monetary incentive plan for directors and officers with strategic responsibilities	Range 23,000 - 35,000	25.05.2011 31.12.2013							27,154	628,533	
	20.06.2014	Monetary incentive plan for directors and officers with strategic responsibilities	Range 13.000 - 23.000	20.06.2014 31.12.2016									135,911
(II) Remuneration from subsidiaries and affiliated	-												
		Total									27,154	628,533	135,911
Carlo Pesenti	Chief Executive Officer Chief Operating Officer												
(I) Remuneration in the company preparing the financial statements	Shareholders' resolution 25.05.2011	Monetary incentive plan for directors and officers with strategic responsibilities	Range 23,000 - 35,000	25.05.2011 31.12.2013							19,972	462,305	
	20.06.2014	Monetary incentive plan for directors and officers with strategic responsibilities	Range 23,000 - 35,000	20.06.2014 31.12.2016									203,866
(II) Remuneration from subsidiaries and affiliated	-												
		Total									19,972	462,305	203,866

			Financial instruments granted in previous fiscal years not vested during the year		Financial instruments granted during the financial year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attribuable		Financial instruments for the year
A	**B**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
Name, last name	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value as of the grant date	Vesting period	Grant date	Market price as of grant date	Number and type of financial instruments	Number and type of financial instruments	Value as of vesting date	Fair value
Giorgio Moroni	Manager in charge of preparing the company's financial statements												
(I) Remuneration in the company preparing the financial statements	Shareholders' resolution 25.05.2011	Monetary incentive plan for directors and officers with strategic responsibilities	Range 10,000 - 15,000	25.05.2011 31.12.2013							13,446	311,235	
	20.06.2014	Monetary incentive plan for directors and officers with strategic responsibilities	Range 10,000 - 15,000	20.06.2014 31.12.2016									99,668
(II) Remuneration from subsidiaries and affiliated companies	-												
		Total									13,446	311,235	99,668

Monetary incentive plans in favor of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and other Officers with Strategic Responsibilities

Last name, name	Position	Plan	Bonus for the year			Bonus for previous years			Other bonuses
			Payable/ disbursed	Deferred	Deferment period	Not payable any more	Payable/ disbursed	Still deferred	
Giampiero Pesenti	Chairman - Chief Executive Officer								
(I) Remuneration in the company preparing the financial statements	June 20, 2014	Annual MBO	165,000						
(II) Remuneration from subsidiaries and affiliated companies	February 6, 2014	Annual MBO	557,750						
	May 3, 2013	Three-year LTI		Max. 1.092.500*				Max. 1,092,500**	
		Total	722,750	Max. 1.092.500*				Max. 1,092,500**	
Carlo Pesenti	Director General Manager								
(I) Remuneration in the company preparing the financial statements	June 20, 2014	Annual MBO	265,000						
(II) Remuneration from subsidiaries and affiliated companies	February 6, 2014	Annual MBO	540,000						
	March 4, 2015								300,000
	May 3, 2013	Three-year LTI		Max. 1.437.500*				Max. 1,437,500**	
		Total	805,000	Max. 1.437.500*				Max. 1,437,500**	300,000
Giorgio Moroni	Manager in charge of preparing the company's financial statements								
(I) Remuneration in the company preparing the financial statements	June 20, 2014	Annual MBO	202,000						
(II) Remuneration from subsidiaries and affiliated companies									
		Total	202,000						

* Theoretical portion of the 2013-2015 LTI plan accrued in financial year 2014

** Theoretical portion of the 2013-2015 LTI plan accrued in financial year 2013

Shareholdings of the members of the Governing and Supervising Bodies, of the Chief Operating Officer and Manager in charge of preparing the company's financial reports

Name, last name	Position	Company held	Number of shares held at the end of the previous financial year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current financial year
Giampiero Pesenti	Chairman	ITALMOBILIARE	ordinary shares: 27,623 [1] savings shares: 2,467 [1]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 27,623 [1] savings shares: 2,467 [1]
		ITALCEMENTI	ordinary shares: 10,972 [2] savings shares: 29,415 [1 3]	ordinary shares: 12,894 [4] savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 42,984 [12] savings shares: -
Italo Lucchini	Deputy Chairman	CIMENTS FRANÇAIS	ordinary shares: 50	ordinary shares: -	ordinary shares: 50	ordinary shares: -
Carlo Pesenti	Chief Executive Officer Chief Operating Officer	ITALCEMENTI	ordinary shares: 1,526 [1] savings shares: 3,000 [2 3]	ordinary shares: 1,485 [4] savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 4,961 [1] savings shares: -
		CIMENTS FRANÇAIS	ordinary shares: 50	ordinary shares: -	ordinary shares: 50	ordinary shares: -
Giorgio Bonomi	Director	ITALCEMENTI	ordinary shares: 2,500	ordinary shares: -	ordinary shares: -	ordinary shares: 2,500
Sebastiano Mazzoleni	Director	ITALCEMENTI	ordinary shares: 1,352 savings shares: 1,040 [3]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 2,895 savings shares: -
Giorgio Perolari	Director	ITALMOBILIARE	ordinary shares: 16,735 savings shares: 8,800 [1]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 16,735 savings shares: 8,800 [1]
		ITALCEMENTI	ordinary shares: 20,280 savings shares: 130,000 [2 3]	ordinary shares: 100 [4] savings shares: -	ordinary shares: 20,080 savings shares: -	ordinary shares: 120,813 [1] savings shares: -
Livio Strazzera	Director	ITALMOBILIARE	ordinary shares: 100	ordinary shares: -	ordinary shares: -	ordinary shares: 100
Massimo Tononi	Director	ITALCEMENTI	ordinary shares: - savings shares: 500,000 [3]	ordinary shares: 139,284 [4] savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 464,284 savings shares: -
Laura Zanetti	Director	ITALMOBILIARE	ordinary shares: 900 savings shares: 1,430	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 900 savings shares: 1,430
		ITALCEMENTI	az. ordinarie: 11,000	az. ordinarie: 4,713 [4]	az. ordinarie: -	az. ordinarie: 15,713
Leonardo Cossu	Standing Auditor	ITALMOBILIARE	savings shares: 1,000	savings shares: -	savings shares: -	savings shares: 1,000
Giorgio Moroni	Manager in charge of preparing the company's financial statements	CREDIT MOBILIER DE MONACO	ordinary shares: 10	ordinary shares: -	ordinary shares: -	ordinary shares: 10

1 Shares in part held directly and in part by spouse
2 Shares held by the spouse
3 Saving shares mandatory converted in ordinary shares
4 Shares purchased during the subscription of the Italcementi shares capital increase

Authorization to purchase and dispose of treasury shares

Dear Shareholders,

The ordinary shareholders' meeting of May 27, 2014, renewed the authorization for the Company to acquire and dispose of treasury shares for a period of 18 months as of the resolution date.

In connection with the aforementioned shareholders' resolution, the Company has not purchased any ordinary and savings shares nor has it sold those held in portfolio to stock option beneficiaries during the fiscal year, since no options were exercised.

As a consequence, as at March 24, 2015, the Company holds 871,411 ordinary treasury shares and 28,500 savings treasury shares. The carrying amount of treasury shares in portfolio at date thereof is equal to a total amount of Euro 21,226,190.39, as reflected in the accounts in accordance with the applicable laws.

Since the authorization expires on next November 26, in order to enable the Company to maintain its right to acquire and dispose of treasury shares, we invite you to resolve upon the renewal of such authorization for the next 18 months.

1) Reasons underlying the proposed authorization to acquire and dispose of treasury shares.

The authorization is requested in order to:

- dispose of treasury shares
  * to be granted to employees and/or directors in connection with stock option plans reserved to them;
  * for medium/long-term investment purposes;
- operate, in compliance with current regulations, directly or through intermediaries, in order to limit anomalous trends in share prices and to regularize stock exchange prices caused by temporary distortions linked to excessive volatility or low trading liquidity;
- create a treasury stock portfolio to serve extraordinary financial transactions or for other purposes deemed to be in the financial, business and/or strategic interest of the Company;
- offer an additional tool to monetize their investments to the shareholders.

2) Maximum number, category and nominal value of the shares which the authorization refers to; compliance with paragraph 3, art. 2357 of the Italian Civil Code.

Purchases refer to Company ordinary and/or savings shares' whose maximum number, including treasury shares already held as at the date hereof by the Company and by the subsidiaries (which will receive specific instructions for timely disclosure of the shares they hold), shall not exceed an overall nominal value of one tenth of the entire share capital.

In any case, purchases shall be made, in accordance with article 2357 of the Italian Civil Code, within the limits of the distributable earnings and available reserves reflected in the latest approved financial statements of the Company.

The consideration paid or received with respect to treasury shares purchase or sale shall be directly reflected in equity in compliance with the international accounting standard IAS 32 and it shall in any case be accounted for in the manner established by the laws in force from time to time.

3) Term of the authorization.

The authorization to purchase treasury shares is requested for a period of 18 months as of the date on which the shareholders adopts the resolution, while the authorization for their disposal is requested without time limits.

4) Minimum and maximum consideration and market values on which such considerations have been determined.

The purchase price of each share shall not be lower nor exceed 15%, as peak, than the average reference share price occurred on the Italian stock exchange in the last three sessions preceding each transaction.

The overall consideration to be paid by the Company for the purchase shall in no case exceed the amount of Euro 50 million.

The shares may be sold, whether or not purchases have been completed, and on one or more occasions (also through public offers or offers to the shareholders or through placement of warrants and depositary receipts representing shares and/or similar securities), at a price no lower than the lowest purchase price.

This price limit shall not apply in the event of sale of shares offered to the employees of Italmobiliare S.p.A. and its subsidiaries, parent companies and the other companies controlled by the latter or to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who are vested with special offices in compliance with the Articles of Association or who perform specific operating duties, in connection with stock option plans for employees and for directors.

5) Terms and Conditions according to which purchases shall be made.

Purchases of treasury shares shall be normally made, unless otherwise indicated below, so that equal treatment of shareholders is ensured and offers to purchase, directly matched with pre-determined offers to sell, are not allowed.

Moreover, in consideration of the various purposes illustrated in this proposal, the Board of Directors proposes to be authorized to purchase in accordance with any other manner allowed under current laws and regulations governing the stock market on which the transaction is performed and, therefore, as at the present time:

- through public tender or exchange offers;
- through the purchase and sale of derivatives traded on regulated markets which provide for physical delivery of the underlying shares;
- through the proportional allocation to shareholders of put options to be exercised within the term of the authorization as per paragraph 3 above.

With regard to sale transactions, the Board of Directors proposes that the authorization shall allow the adoption of any procedure deemed appropriate to achieve the intended objectives to be executed either directly or through intermediaries, in compliance with national and European laws and regulations.

The treasury shares acquisitions and sales which the authorization is requested for will be executed in compliance with applicable laws and, especially, in compliance with national and European laws and regulations including those on market abuse.

Appropriate disclosure of treasury shares acquisitions and sales will be provided in compliance with the applicable disclosure requirements.

6) Acquisition in order to reduce share capital.

In light of these forecasts, this hypothesis does not apply.

* * *

Dear Shareholders,

If you agree with our proposal, we invite you to resolve upon the following resolution:

"Italmobiliare S.p.A. shareholders' meeting held on May 27, 2015,

- having acknowledged the Directors' proposal,
- taking into account articles 2357 and 2357-*ter* of the Italian Civil Code

hereby resolves

1) to revoke the resolution authorizing the acquisition and disposal of treasury shares adopted by the ordinary shareholders' meeting of May 27, 2014;
2) to authorize, pursuant to art. 2357 of the Italian Civil Code, the purchase of ordinary and/or savings treasury shares, for the amounts, at the price, according to the terms and conditions indicated herein below:
   - the purchases shall be made once or in more times, within 18 months of the resolution date;
   - the purchase price of each share shall not be more than 15% above or below the average reference price as recorded on the same regulated market in the three sessions preceding each transaction;
   - the overall amount paid shall in no case exceed Euro 50 million;
   - the maximum number of ordinary and/or savings shares acquired shall not have an overall nominal value, including treasury shares already held as of the date hereof by the Company and by the subsidiaries, in excess of one tenth of the share capital;
3) to authorize, pursuant to art. 2357-*ter*, paragraph 1 of the Italian Civil Code, the Chairman, Deputy Chairman, Chief Executive Officer-Chief Operating Officer in office from time to time to severally dispose of the purchased treasury shares, even if the purchase has not been completed yet, in compliance with current laws and without time limits.

   The sale price shall not be lower than the lowest purchase price.

   This price limit shall not apply, however, in the event of a sale of shares to the employees of Italmobiliare S.p.A. and its subsidiaries, parent companies and the other companies controlled by the latter or to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who are vested with special offices in compliance with the Articles of Association or who perform specific operating duties, in connection with stock option plans for employees and for directors.
4) to establish that:
   - the purchases shall be normally conducted so that equal treatment of shareholders is ensured and offers to purchase directly matched with pre-determined offers to sell are not allowed, or, taking into account the various possible purposes, in any other manner allowed under current laws and regulations governing the stock market on which the transactions are performed;
   - the shares shall be disposed of in any manner deemed appropriate to achieve the objectives pursued, directly or through intermediaries, in compliance with current applicable national and European laws and regulations;
   - treasury shares purchases and sales shall be executed in compliance with applicable laws and, specifically, with laws and regulations governing the stock market on which the transactions are performed;
5) to establish that the consideration paid or received with respect to treasury shares purchases or sales transactions shall be reflected directly in equity in compliance with international accounting standard IAS 32 and shall in any case be accounted for in the manner established by the laws in force from time to time;
6) to severally grant to the Chairman, Deputy Chairman, Chief Executive Officer-Chief Operating Officer in office from time to time any power to proceed with the purchases and sales and in any case to execute the above resolutions, also through attorneys-in-fact, complying with any requirements provided for by the competent authorities".

* * *

Determination of the remuneration to be granted to the members of the Investments Committee

Dear Shareholders,

At the meeting of March 24, 2015, the company Board of Directors appointed an Investments’ Committee – composed of 6 directors – which doesn’t met so far during 2015.

It is recalled that the General Shareholders’ meeting of May 27, 2014, when the Board of Directors of the Company was appointed for the 2014-2016 mandate and until a new shareholder resolution indicating otherwise, the shareholders resolved to grant each director appointed to the Committees with the following gross remuneration:

- 6,000 euro for attendance at each meeting of the Executive Committee,
- 3,000 euro for attendance at each meeting of the Remuneration Committee, the Control & Risks Committee and the Committee for Transactions with Related Parties.

It is now appropriate that the shareholders also establish the remuneration to be recognized to the members of the Investments Committee, as from the year of appointment to the following ones, to apply until otherwise indicated by a new shareholders' resolution

* * *

Dear Shareholders,

If you agree with our proposal, we invite you to carry the following resolution:

“At the meeting held on May 27, 2015, the shareholders of Italmobiliare S.p.A.,

- having acknowledged the proposal of the Board of Directors,

hereby resolves

to set at 3,000 euro the gross remuneration to be recognized to each member of the company Investments’ Committee, for each attendance at the meetings of the Committee; such remuneration shall be effective from the year of the appointment and for subsequent years until otherwise indicated by a new shareholders' resolution.”

Milan, March 24, 2015

On behalf of the Board of Directors
The Chief Executive Officer
Carlo Pesenti

Italmobiliare S.p.A. - Separate financial statements as at and for the year ended December 31, 2014

Financial statements

Statement of financial position

(euro)	Notes	12.31.2014	12.31.2013 re-stated	Change
Non-current assets				
Property, plant and equipment	1	3,687,636	3,670,985	16,651
Investment property	2	88,913	90,895	(1,982)
Intangible assets	3	3,282	5,559	(2,277)
Investments in subsidiaries and associates	4	872,788,293	875,319,688	(2,531,395)
Other equity investments	5	179,247,639	264,699,379	(85,451,740)
Deferred tax assets	6	12,697,144	44,453,271	(31,756,127)
Other non-current assets	7	6,476,703	14,753,538	(8,276,835)
Total non-current assets		**1,074,989,610**	**1,202,993,315**	**(128,003,705)**
Current assets				
Trade receivables	8	5,162,084	4,988,741	173,343
Other current assets including derivatives	9	1,765,938	2,367,120	(601,182)
Tax assets	10	2,019,023	40,755,333	(38,736,310)
Equity investments, bonds and loan assets	11	5,939,423	5,815,126	124,297
Cash and cash equivalents	12	2,003,528	6,409,337	(4,405,809)
Total current assets		**16,889,996**	**60,335,657**	**(43,445,661)**
Total assets		**1,091,879,606**	**1,263,328,972**	**(171,449,366)**
Equity				
Share capital	13	100,166,937	100,166,937	
Share premium	14	177,191,252	177,191,252	
Reserves	14	30,641,217	26,210,868	4,430,349
Treasury shares	15	(21,226,190)	(21,226,190)	
Retained earnings	16	622,556,672	611,865,562	10,691,110
Total equity		**909,329,888**	**894,208,429**	**15,121,459**
Non-current liabilities				
Financial liabilities	18	20,000,000	37,142,857	(17,142,857)
Employee benefits	17	1,251,996	1,969,459	(717,463)
Provisions	19	5,408,000	5,408,000	
Other non-current liabilities	20	2,818,857	81,966,855	(79,147,998)
Deferred tax liabilities	21	131,009	71,516	59,493
Total non-current liabilities		**29,609,862**	**126,558,687**	**(96,948,825)**
Current liabilities				
Bank loans and borrowings	18	136,561,357	157,590,500	(21,029,143)
Financial liabilities	18	2,858,643	68,709,494	(65,850,851)
Trade payables	22	2,172,887	2,253,043	(80,156)
Provisions		-	-	-
Tax liabilities		182,687	661,947	(479,260)
Other liabilities	23	11,164,282	13,346,872	(2,182,590)
Total current liabilities		**152,939,856**	**242,561,856**	**(89,622,000)**
Total liabilities		**182,549,718**	**369,120,543**	**(186,570,825)**
Total equity and liabilities		**1,091,879,606**	**1,263,328,972**	**(171,449,366)**

Pursuant to Consob Resolution no. 155519 of July 27, 2006, the impact of transactions with related parties on the statement of financial position, the income statement and the statement of cash flows is shown in the specific annexes.

Income statement

(euro)	Notes	2014	%	2013 re-stated	%	Change amount	%
Revenue	24	**52,081,831**	**100.0**	**42,128,265**	**100.0**	**9,953,566**	**23.6**
Other revenue	25	1,733,422		1,825,129		(91,707)	
Raw materials and supplies	26	(104,840)		(124,000)		19,160	
Services	27	(5,088,710)		(4,158,745)		(929,965)	
Personnel expenses	28	(15,964,211)		(17,037,206)		1,072,995	
Other operating expense	29	(6,504,249)		(17,193,459)		10,689,210	
Recurring gross operating profit		**26,153,243**	**50.2**	**5,439,984**	**12.9**	**20,713,259**	**n.s.**
Net gains from the sale of non-current assets	30	1,300,000		-		1,300,000	
Other non-recurring income (expense)	30	(1,474,269)		3,939,455		(5,413,724)	
Gross operating profit		**25,978,974**	**49.9**	**9,379,439**	**22.3**	**16,599,535**	**n.s.**
Amortization and depreciation	31	(39,808)		(34,421)		(5,387)	
Operating profit		**25,939,166**	**49.8**	**9,345,018**	**22.2**	**16,594,148**	**n.s.**
Finance costs	32	(35,894)		(19,933)		(15,961)	
Impairment losses on financial assets	33	(6,917,419)		(5,060,251)		(1,857,168)	
Profit before tax		**18,985,853**	**36.5**	**4,264,834**	**10.1**	**14,721,019**	**n.s.**
Income tax expense	34	(784,204)		(2,548,677)		1,764,473	
Profit for the year		**18,201,649**	**34.9**	**1,716,157**	**4.1**	**16,485,492**	**n.s.**

n.s.= not significant

Statement of comprehensive income

(euro)	Notes	2014	2013 re-stated	Change amount	%
Profit for the year		**18,201,649**	**1,716,157**	**16,485,492**	**n.s.**
Items that will not be reclassified to profit or loss subsequently					
Re-measurement of the net liability/asset for employee benefits		(150,502)	(170,484)	19,982	
Total items that will not be reclassified to profit or loss subsequently		**(150,502)**	**(170,484)**	**19,982**	
Items that might be reclassified to profit or loss subsequently					
Fair value gains (losses) on:					
Available-for-sale financial assets	5	3,565,902	52,994,767	(49,428,865)	
Income tax on other comprehensive income		781,536	4,103,022	(3,321,486)	
Total items that might be reclassified to profit or loss subsequently		**4,347,438**	**57,097,789**	**(52,750,351)**	
Total other comprehensive income		**4,196,936**	**56,927,305**	**(52,730,369)**	
TOTAL COMPREHENSIVE INCOME		**22,398,585**	**58,643,462**	**(36,244,877)**	**-61.8**

n.s. = not significant

Statement of changes in equity

	Share capital	Reserves				Treasury shares	Retained earnings	Total equity
		Share premium	AFS fair value reserve	Other reserves	Total reserves			
Balances at December 31, 2012	**100,166,937**	**177,191,252**	**(42,857,906)**	**11,543,144**	**145,876,490**	**(21,226,190)**	**616,165,598**	**840,982,835**
Effect of redetermination of tax consolidation							(5,845,706)	(5,845,706)
Balances at December 31, 2012 (re-stated)	**100,166,937**	**177,191,252**	**(42,857,906)**	**11,543,144**	**145,876,490**	**(21,226,190)**	**610,319,892**	**835,137,129**
Profit for the year							1,716,157	1,716,157
Total other comprehensive income (expense)			57,097,789		57,097,789		(170,484)	56,927,305
Stock options				427,841	427,841			427,841
Distribution of earnings:								
Dividends								
Other changes							(3)	(3)
Balances at December 31, 2013	**100,166,937**	**177,191,252**	**14,239,883**	**11,970,985**	**203,402,120**	**(21,226,190)**	**611,865,562**	**894,208,429**
Profit for the year							18,201,649	18,201,649
Total other comprehensive income (expense)			4,347,438		4,347,438		(150,502)	4,196,936
Stock options				82,911	82,911			82,911
Distribution of earnings:								
Dividends							(7,360,031)	(7,360,031)
Other changes							(6)	(6)
Balances at December 31, 2014	**100,166,937**	**177,191,252**	**18,587,321**	**12,053,896**	**207,832,469**	**(21,226,190)**	**622,556,672**	**909,329,888**

Statement of cash flows

(in thousands of euro)	Notes	2014	2013
A) Cash flow from (used in) operating activities:			
Profit before tax		18,986	4,265
Amortization, depreciation and impairment losses		39	34
Net (gains)/losses from the sale of securities, equity investments and PPE		(34,021)	(3,212)
Change in employee benefits and other provisions		(717)	(3,235)
Stock options		83	428
Reversal of impairment losses on financial assets		6,917	5,060
Reversal of of net finance income		(9,169)	(16,814)
Cash flow used in operating activities before tax, finance income/costs and change in working capital:		**(17,882)**	**(13,474)**
Change in trade receivables		(1,598)	1,663
Change in trade payables		(80)	(1,417)
Change in other receivables/payables, prepayments and accrued income, accrued expense and deferred income		(9,696)	3,034
Total change in working capital		**(11,374)**	**3,280**
Net finance costs paid		(2,656)	(3,888)
Dividends received		11,796	20,615
Net tax paid/refunds		57	2,170
Total A)		**(20,059)**	**8,703**
B) Cash flow used in investing activities:			
Capital expenditure:			
PPE and investment property		(52)	(78)
Intangible assets		-	-
Financial assets (equity investments)		(245,655)	(25,000)
Change in payables for equity investment acquisitions		(100)	
Total capital expenditure		**(245,807)**	**(25,078)**
Change in receivables from sale of non-current financial assets			
Gains from sale of property, plant and equipment		364,689	46,782
Total sales		**364,689**	**46,782**
Total B)		**118,882**	**21,704**
C) Cash flow used in financing activities:			
Change in financial liabilities		(103,917)	(34,558)
Change in financial assets		7,443	(1,484)
Change in current equity investments		606	10,425
Dividends paid		(7,360)	
Total C)		**(103,228)**	**(25,617)**
D) Cash flows for the year (A+B+C)		**(4,405)**	**4,790**
E) Cash and cash equivalents at beginning of year		**6,409**	**1,619**
D+E) Cash and cash equivalents at end of year	**12**	**2,004**	**6,409**

Notes

The draft financial statements of Italmobiliare S.p.A. as at and for the year ended December 31, 2014 were approved by the Board of Directors on March 24, 2015. At the meeting, the Board authorized publication of the financial statements in a press release dated March 24, 2015 containing key information from the financial statements.
As required by IAS 10, attention is drawn to the fact that these financial statements may be amended by the Shareholders' Meeting.
The financial statements have been drawn up on a going-concern basis. Despite the difficult economic and financial situation, Italmobiliare has no material uncertainties about its ability to continue as a going concern, in part by virtue of its creditworthiness and solid equity structure.

Core businesses

Italmobiliare S.p.A. is a legal entity established in accordance with the laws of the Republic of Italy and listed on the Milan Stock Exchange since 1980. Its core business is the acquisition and management of equity investments in subsidiaries, associates or other companies.
Within this context, the company may conduct financial, commercial, industrial and services transactions that it deems necessary and appropriate to achieve its corporate purposes.
The company also provides subsidiaries and associates with administrative and technical services.

Accounting policies

These separate financial statements have been drawn in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2014 endorsed by the European Union, and with the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. The term IFRS also includes all revised international accounting standards (IAS) and all the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).
The Italian laws that enact EEC Directive IV are also applied, where compatible, to the companies that draw up financial statements in accordance with the IFRS. Consequently, the financial statements are compliant with the Italian Civil Code and the corresponding indications of the Consolidated Finance Act (TUF, *testo unico finanziario*) for listed companies with regard to the directors' report on operations, the legally required audit and the publication of the financial statements. The separate financial statements and notes thereto also set out the details and additional disclosures required under the articles of the Italian Civil Code governing financial statements, since such requirements are not in conflict with the IFRS, or other Consob regulations and provisions on financial statements.
In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2014 that had not been endorsed by the European Union at that date.

Standards and interpretations that came into force in 2014

Since January 1, 2014, Italmobiliare S.p.A. has adopted the new standards and changes described below, including the changes arising therefrom applied to other standards.

- Amendments to IAS 32 "Financial instruments: presentation", in the application guidance, with regard to the offsetting of financial assets and liabilities.
- IFRS 10 "Consolidated financial statements". The new standard replaces IAS 27 "Consolidated and separate financial statements" and SIC 12 "Consolidation – Special-purpose entities". IFRS 10 introduces a new control model applicable to all entities in which an investment is held, based on the Group's power over such investees, its exposure or rights to variable returns from its involvement with such investees and its ability to affect those returns through its power over investees.

- IFRS 11 "Joint arrangements". The new standard replaces IAS 31 "Interests in joint ventures" and SIC 13 "Jointly controlled entities – Non-monetary contributions by venturers"; it sets out the accounting policies for entities taking part in joint arrangements. The standard provides for joint arrangements to be classified as joint operations if the Group has rights to the assets and obligations for the liabilities relating to the arrangement, or as joint ventures if the Group only has rights to the net assets of the arrangement. Classification depends upon the structure of the arrangement, the legal status of any separate entities, the terms of the contractual arrangement and other facts and circumstances.
- IFRS 12 "Disclosure of interests in other entities", which organizes, strengthens and replaces disclosure requirements concerning interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- After the introduction of the above standards, IAS 27 renamed "Separate financial statements" came into force; this standard deals exclusively with the preparation of separate financial statements and amendments to IAS 28 "Investments in associates and joint ventures".
- Amendments to IAS 36 "Impairment of assets" to modify disclosure requirements relating to recoverable amount in cases where recoverable amount is based on fair value less costs to sell and in cases where an impairment loss is recognized.
- Amendments to IAS 39 "Financial instruments: Recognition and measurement" to govern the continuation of hedge accounting in the event of novation of derivatives following the introduction of new legislation/regulations.

The main effect arising from application of the above standards and amendments concerns identification of the various types of joint arrangement (joint operations and joint ventures) and the appropriate accounting treatment in the Italmobiliare Group consolidated financial statements.

Application of the above standards, amendments and interpretations did not have a material impact on the financial statements of Italmobiliare S.p.A..

Standards and interpretations to come into force in 2015

- "Annual Improvements cycle 2011-2013". The changes introduced constitute clarifications, corrections (IFRS 3 "Business combinations" and IFRS 13 "Fair value measurement") and involve changes in current requirements or provide additional indications regarding their application (IAS 40 "Investment property").
- IFRIC 21 "Levies". The interpretation indicates that levies are to be recognized only when the obligating event specified by law that generates the liability occurs.

Standards and interpretations to come into force in 2016

- Amendments to IAS 19 "Employee benefits" with regard to defined benefit plans: employee contributions; the amendments are designed to simplify and clarify accounting treatment of employee or third-party contributions relating to defined benefit plans.
- "Annual improvements cycle 2010-2012". The changes to IFRS 8 "Operating segments", IFRS 13 "Fair value measurement", IAS 16 "Property, plant and equipment", IAS 24 "Related party disclosures" and IAS 38 "Intangible assets" set out clarifications or corrections to the current texts. The changes to IFRS 2 "Share-based payments" and IFRS 3 "Business combinations" involve changes to current requirements or provide additional indications regarding their application.

Standards and interpretations published by the IASB and the IFRIC at December 31, 2014, but not endorsed by the European Union at that date

- IFRS 9 "Financial instruments".
- IFRS 14 "Regulatory deferral accounts".
- IFRS 15 "Revenue from contracts with customers".
- Amendments to IFRS 10, IFRS 12 and IAS 28. Investment entities: applying the consolidation exception.
- Amendments to IAS 1: Disclosure initiative.
- "Annual improvements cycle 2012-2014"
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture.
- Amendments to IAS 27: Equity method in separate financial statements.
- Amendments to IAS 16 and IAS 41: Bearer plants.
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization.
- Amendments to IFRS 11: Accounting for acquisitions of interests in joint operations.

Measurement criteria and basis of presentation

The company financial statements adopt the cost principle, with the exception of derivatives and financial assets held for trading or available-for-sale, which are stated at fair value. The carrying amounts of hedged assets and liabilities are adjusted to reflect changes in fair value on the basis of the hedged risks. The financial statements are presented in euro. All amounts in the financial statements and the notes are rounded to thousands of euro, unless otherwise indicated.

The basis of presentation of the Italmobiliare S.p.A. financial statements is as follows:

- current and non-current assets and current and non-current liabilities are presented as separate classifications on the face of the statement of financial position. Current assets, which include cash and cash equivalents, are assets that the company intends to realize, sell or consume during its normal business cycle; current liabilities are liabilities that the company expects to settle during the normal business cycle or in the twelve months after the end of the reporting period;
- on the income statement, costs are analyzed by nature of the expense;
- with regard to comprehensive income, Italmobiliare S.p.A. presents two statements: the first shows the traditional income statement components and profit (loss) for the year, while the second, starting from profit (loss) for the year, details the other comprehensive income, previously shown only in the statement of changes in equity: fair value gains/losses on available-for-sale financial assets and derivatives, currency differences. Items that might subsequently be reclassified to profit or loss are shown separately from those that will not be reclassified;
- on the cash flow statement, the indirect method is used.

Use of estimates

The preparation of the separate financial statements and the notes in conformity with the international financial reporting standards requires management to make estimates that affect the amounts of assets, liabilities, income and expense, such as amortization and depreciation, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates are determined on a going-concern basis, using the information available at the time, they could diverge from the actual future results. This is particularly evident in the present financial and economic crisis, which could generate situations diverging from those estimated today and require currently unforeseeable adjustments, including adjustments of a material nature, to the carrying amounts of the items in question.
Assumptions and estimates are particularly sensitive with regard to measurement of non-current assets, which depends on forecasts of future results and cash flows, measurement of contingent liabilities, provisions for disputes.
Management conducts regular reviews of assumptions and estimates, and immediately recognizes any adjustments in the financial statements.
Since the Italmobiliare Group applies IAS 34 "Interim Financial Reporting" to its interim financial reports, with consequent identification of a six-month interim period, any impairment losses are recorded at the end of the half year.

Subsidiaries and associates

Subsidiaries are companies in which the company has the power to determine, directly or indirectly, administrative and management decisions and to obtain the benefits thereof. Generally speaking, control is assumed to exist when the company holds, directly or indirectly, more than one half of voting rights, including potential voting rights deriving from convertible securities.

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

Investments in subsidiaries and associates are measured using the cost method, whereby they are initially recognized at cost and subsequently adjusted to reflect changes in amount whenever, after impairment testing, conditions are found such as to make it necessary to adjust the carrying amount to the effective amount of the investment. Original cost is restored in subsequent periods if the grounds for the adjustments no longer exist. Impairment losses and reversals are recognized in the income statement.

Business combinations

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

Cost of business combinations

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

Allocation of the cost of business combinations

Goodwill is determined as the positive difference between, on the one hand:

- the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquired entity, the acquisition-date fair value of the acquirer's previously held equity interest in the acquired entity, and on the other hand
- the net amount of identifiable assets and liabilities assumed at the acquisition date.

Negative differences are recognized immediately in the income statement.
If on initial recognition the acquisition cost of a business combination can only be determined provisionally, the allocated amounts are adjusted within twelve months of the acquisition date (measurement period).

Transactions in currencies other than the functional currency

Any foreign currency transactions are initially translated into the functional currency using the exchange rate at the transaction date. At the end of the reporting period, foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. Exchange-rate gains and losses are taken to the income statement.
Non-monetary foreign currency assets and liabilities measured at cost are translated at the exchange rate ruling at the transaction date; those measured at fair value are translated with the exchange rate at the date fair value was determined.

Property, plant and equipment

Measurement

Property, plant and equipment are recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and the directly attributable costs of bringing the asset to the location and the conditions required for its operation. Production cost includes the cost of materials and direct labor costs. Finance costs relating to the purchase, construction and production of qualifying assets are capitalized. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2005, reflects revaluations applied in prior years in connection with specific local laws, based on the real economic value of the assets in question. The revalued amount recognized in accordance with IFRS 1 was assumed as cost at the IFRS transition date.
Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the acquisition date and subsequently adjusted within the following twelve months.
Subsequent to initial recognition, property, plant and equipment are carried at cost and depreciated over the asset's useful life, less any impairment losses.
Assets under construction are recognized at cost; depreciation begins when the assets enter useful life.
When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are carried out separately for each component.

Subsequent expense

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

Depreciation

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

Leases

The company has no finance leases.
The company leases are operating leases, where all risks and rewards incidental to ownership are retained by the lessor.
Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Investment property

Investment property is land and/or buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods and services. Investment property is initially recognized at purchase cost, including costs directly attributable to the purchase. Subsequent to initial recognition, investment property is measured at amortized cost, based on the asset's useful life less any impairment losses.

Intangible assets

Intangible assets purchased separately are capitalized at cost, while those acquired through business combinations are recognized at provisionally estimated fair value at the acquisition date and adjusted where necessary within the following twelve months.
Subsequent to initial recognition, intangible assets are carried at cost amortized over the asset's useful life, less any impairment losses.
The company has not identified intangible assets with an indefinite useful life.

Impairment

Property, plant and equipment, investment property and amortizable intangible assets are tested for impairment if indications of impairment emerge.
Investments in subsidiaries and associates are tested for impairment if indications of impairment emerge.
Impairment is the difference between the asset's carrying amount and its recoverable amount.
Recoverable amount is the greater of fair value, less costs to sell, of an asset, and its value in use, determined as the present value of future cash flows. The discount rate is determined using the weighted average cost of capital method (WACC).

Financial assets

All financial assets are recognized initially at cost at the trade date. Cost corresponds to fair value plus additional costs attributable to the purchase, with the exception of financial assets held for trading (fair value through profit or loss).
Subsequent to initial recognition, assets held for trading are classified as current financial assets and carried at fair value; any gains or losses are taken to the income statement.
Held-to-maturity investments are classified as current financial assets, if they mature within one year; otherwise they are classified as non-current assets and subsequently carried at amortized cost. Amortized cost is determined using the effective interest rate method, taking account of any acquisition discounts or premiums, which are apportioned over the entire period until maturity, less any impairment losses.
Other financial assets are classified as available for sale, under current or non-current assets, and measured at fair value. Any gains or losses are shown in a separate equity item until the assets are sold, recovered or discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to the income statement. Impairment losses are recorded when there is objective evidence that one or more events that occurred after initial recognition of the asset have had a negative impact on the estimated future cash flows of that asset. Objective evidence that a financial asset has been impaired includes insolvency or non-payment by the debtor, indications of the bankruptcy of a debtor or issuer, unfavorable changes in the status of payments by debtors or issuers, and business conditions linked to default or disappearance of an active market for the asset. In addition, for equity instruments classified as available for sale, a material and prolonged reduction in the fair value to below cost

is considered objective evidence of impairment. To this end, Italmobiliare S.p.A. has adopted a specific accounting policy. The policy establishes materiality and duration thresholds for loss of stock market value with respect to the carrying amounts; once such thresholds have been reached, the impairment loss is taken to the income statement. These thresholds are considered separately, and only one threshold needs to be reached for an impairment loss to be recognized:

- loss of market value of more than 60% for bank stocks (35% for non-bank stocks) of the original cost at the reporting date;
- a market value seen to be continually lower than original cost over a period of three years for bank stocks (two years for non-bank stocks).

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

Treasury shares

Treasury shares are deducted against equity. The original cost of treasury shares and income arising from any subsequent sales are treated as movements in equity.

Trade receivables and other receivables

Trade receivables and other receivables are initially recognized at fair value, less allowances for impairment, which are provided as doubtful debts are identified.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, checks, bank demand deposits and other treasury investments with original maturity of not more than three months
The definition of cash and cash equivalents in the statement of cash flows is identical to that in the statement of financial position.

Derecognition of financial assets

The company derecognizes financial assets in whole or in part when:

- the contractual rights attributable to the assets in question have expired;
- it transfers the risks and rewards incidental to ownership of the asset or does not transfer and does not even substantially maintain all the risks and rewards but transfers control of the assets.

Employee benefits

The company operates pension plans, post-employment medical benefit plans and post-employment benefits.
It also has other commitments, in the form of bonuses payable to employees on the basis of length of service (“Other long-term benefits”).

Defined contribution plans

Defined contribution plans are structured post-employment benefit programs where the company pays fixed contributions to an insurance company or pension fund and will have no legal or constructive obligation to pay further contributions if the fund does not dispose of sufficient assets to pay all the employee benefits accruing in respect of services rendered during the current year and in previous years.
These contributions are paid in exchange for the services rendered by employees and recognized as expense as incurred.

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the company. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the company uses the unit credit projection method to determine the present value of obligations and the related current service cost.
These actuarial calculations require use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increases in salaries and medical benefits).
When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity or to an insurance company, the plan assets are estimated at fair value.
Benefit obligations are therefore recognized net of the fair value of the plan assets that will be used to settle the obligations.

Employee termination plans

Employment termination plans include provisions for restructuring costs recognized when the company in question has approved a detailed formal plan that has already been implemented or notified to the third parties concerned.

Actuarial gains and losses

Actuarial gains and losses on post-employment defined benefit plans may arise as a result of changes in the actuarial assumptions used in two consecutive years or as a result of changes in the obligation value or in the fair value of any plan asset in respect of the actuarial assumptions used at the beginning of the year.

Actuarial gains and losses are recognized immediately under other comprehensive income.
Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service benefits) and to early retirement benefits are recognized as income or expense immediately.

Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized in the income statement for the year, as are costs that vest immediately upon changes to a plan.

Curtailment and settlement

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized as income or expense when the curtailment or settlement occurs. The gain or loss includes changes in the present value of the obligation, changes in the fair value of plan assets, actuarial gains or losses and past service costs not previously accounted for.
At the curtailment or settlement date, the obligation and the fair value of the plan assets are re-measured using current actuarial assumptions.

Net finance cost

Net finance cost on defined benefit plans consists of the following measurements:

- finance costs computed on the present value of the defined benefit plan liability;
- finance income arising from measurement of the plan assets;
- finance costs or income arising from any limits on recognition of plan surpluses.

Net finance cost is determined by applying to all the above items, the discount rate adopted at the beginning of the year to measure the defined benefit plan obligation.
Net finance costs on defined benefit plans are recognized under finance income/costs on the income statement.

Share-based payments

The company has applied IFRS 2 as from January 1, 2004.
Options for the subscription and purchase of shares granted by the company to employees and directors give rise to recognition of a cost classified under personnel expense, with a corresponding increase in equity.
In accordance with IFRS 2, only options granted after November 7, 2002, whose rights had not vested at December 31, 2003, have been measured and recognized at the transition date. Options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period. Fair value is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historical market prices, after adjustment for extraordinary events or factors.
The cost of granted options is reviewed on the basis of the actual number of options that have vested at the beginning of the exercise period.

Provisions

The company recognizes provisions for risks and charges when a present or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation.
Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the reporting date. If the present value of the financial resources that will be used is material, provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.
Changes in estimates are recognized in the income statement for the year.

Bank loans and borrowings

Bank loans and borrowings are initially recognized at the fair value of the consideration paid/received less charges directly attributable to the financial asset/liability.
After initial recognition, bank loans and borrowings are measured at amortized cost using the effective interest-rate method.

Trade payables and other payables

Trade payables and other payables are stated initially at the fair value of the original consideration received and subsequently measured at amortized cost.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits associated with the sale of goods or rendering of services are collected by the company and the amount in question can be reliably determined.
Revenue is recognized at the fair value of the consideration received or due, taking account of any trade discounts given and volume discounts.
Revenue from the sale of goods is recognized when the company transfers the material risks and rewards incidental to ownership of the goods to the purchaser.
Revenue includes dividends received, and interest and commission income.
Dividends are recognized as finance income as shareholders' right to receive payment arises, in compliance with local laws.

Rental income

Rental income is recognized as other revenue, as received, at constant amounts over the period of the lease.

Costs

Costs are recognized on an accruals basis, in accordance with the matching principle whereby they are matched with revenue.

Derivatives

The company uses derivatives such as interest-rate swaps to hedge the risk of fluctuations in interest rates. Derivatives are measured and recognized at fair value; fair value gains or losses are taken to the income statement, since the derivatives in question do not qualify for hedge accounting, even though they are arranged for hedging purposes.

Income taxes

Current income taxes are provided in accordance with local tax laws.
Deferred tax is recognized on the basis of temporary differences between the tax base of assets and liabilities and their carrying amount.
Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable income will be available against which such differences, losses or credits may be reversed.
Deferred tax assets are reviewed at the end of every reporting period and reduced to the extent that sufficient taxable income is no longer likely to be available in the future against which the assets can be used in full or in part.
Deferred tax assets and liabilities are determined at tax rates expected to apply when the deferred tax asset (liability) is realized (settled), based on rates that have been enacted or substantially enacted at the reporting date.
Taxes relating to items recognized directly in equity are recognized in equity, not in the profit or loss.

Re-statement of comparative data

As noted in the directors' report on operations, 2014 was the second year in which the 2013/2015 three-year period of the Italian tax consolidation system provided for article. 117 and following articles of the Consolidated Income Tax Act (*TUIR, Testo Unico delle Imposte sui Redditi*) was effective. It was renewed by the parent Italmobiliare S.p.A. – which acts as parent-consolidating company – and by some directly and indirectly controlled companies in 2013.

As a consequence of the extraordinary transaction involving at the subsidiary Italcementi S.p.A. and, specifically, the share capital increase with the conversion of savings shares into ordinary shares, Italmobiliare S.p.A. no longer holds *de jure* control pursuant to article 2359. Par 1 of the Italian Civil Code, and consequently, the fundamental condition required by article 120 of the TUIR for the continuation of the tax consolidation system is no longer net.

This be caused the early termination of the tax regime, with retroactive effect as from January 1, 2014, and the deconsolidation of the companies listed below:

- Italcementi S.p.A.
- BravoSolution S.p.A.
- Escavazione Sabbia e Affini Monviso S.r.l
- Italsfusi S.r.l. group
- Italcementi Ingegneria S.r.l.
- Italgen S.p.A.
- Nuova Sacelit S.r.l.
- Sama S.r.l.
- Società del Gres Ing. Sala S.p.A.

The re-allocation of tax assets and tax losses at January 1, 2014, to the above companies of the Italcementi group has required an overall restatement, which, in compliance with IAS 8, involved the re-presentation of the statements of financial position as at January 1, 2013 and at December 31, 2013, which are set out below.

With respect to the income statement, the statement of comprehensive income and the statement of cash flow, the restatement did not generate any differences with respect to the previously published figures.

(euro)	01.01.2013 re-stated	01.01.2013 published	Change
Non-current assets			
Property, plant and equipment	3,617,704	3,617,704	
Investment property	92,878	92,878	
Intangible assets	13,279	13,279	
Investments in subsidiaries and associates	908,237,801	908,237,801	
Other equity investments	205,878,558	205,878,558	
Deferred tax assets	57,884,710	65,879,222	(7,994,512)
Other non-current assets	10,675,066	4,699,793	5,975,273
Total non-current assets	**1,186,399,996**	**1,188,419,235**	**(2,019,239)**
Current assets			
Trade receivables	6,652,127	6,652,127	
Other current assets including derivatives	1,684,085	8,230,725	(6,546,640)
Tax assets	40,553,616	37,872,718	2,680,898
Equity investments, bonds and loan assets	15,353,864	15,353,864	
Cash and cash equivalents	1,619,055	1,619,055	
Total current assets	**65,862,747**	**69,728,489**	**(3,865,742)**
Total assets	**1,252,262,743**	**1,258,147,724**	**(5,884,981)**
Equity			
Share capital	100,166,937	100,166,937	
Share premium	177,191,252	177,191,252	
Reserves	(31,314,762)	(31,314,762)	
Treasury shares	(21,226,190)	(21,226,190)	
Retained earnings	610,319,892	616,165,598	(5,845,706)
Total equity	**835,137,129**	**840,982,835**	**(5,845,706)**
Non-current liabilities			
Financial liabilities	148,549,146	148,549,146	
Employee benefits	1,700,335	1,700,335	
Provisions	8,645,188	8,645,188	
Other non-current liabilities	90,594,757	90,594,757	
Deferred tax liabilities	117,849	117,849	
Total non-current liabilities	**249,607,275**	**249,607,275**	
Current liabilities			
Bank loans and borrowings	58,823,500	58,823,500	-
Financial liabilities	90,687,703	90,687,703	-
Trade payables	3,669,340	3,669,340	-
Provisions	-	-	-
Tax liabilities	-	-	-
Other liabilities	14,337,796	14,377,071	(39,275)
Total current liabilities	**167,518,339**	**167,557,614**	**(39,275)**
Total liabilities	**417,125,614**	**417,164,889**	**(39,275)**
Total equity and liabilities	**1,252,262,743**	**1,258,147,724**	**(5,884,981)**

(euro)	12.31.2013 re-stated	12.31.2013 published	Change
Non-current assets			
Property, plant and equipment	3,670,985	3,670,985	
Investment property	90,895	90,895	
Intangible assets	5,559	5,559	
Investments in subsidiaries and associates	875,319,688	875,319,688	
Other equity investments	264,699,379	264,699,379	
Deferred tax assets	44,453,271	52,447,783	(7,994,512)
Other non-current assets	14,753,538	5,325,818	9,427,720
Total non-current assets	**1,202,993,315**	**1,201,560,107**	**1,433,208**
Current assets			
Trade receivables	4,988,741	4,988,741	
Other current assets including derivatives	2,367,120	12,366,207	(9,999,087)
Tax assets	40,755,333	38,074,435	2,680,898
Equity investments, bonds and financial assets	5,815,126	5,815,126	
Cash and cash equivalents	6,409,337	6,409,337	
Total current assets	**60,335,657**	**67,653,846**	**(7,318,189)**
Total assets	**1,263,328,972**	**1,269,213,953**	**(5,884,981)**
Equity			
Share capital	100,166,937	100,166,937	
Share premium	177,191,252	177,191,252	
Reserves	26,210,868	26,210,868	
Treasury shares	(21,226,190)	(21,226,190)	
Retained earnings	611,865,562	617,711,268	(5,845,706)
Total equity	**894,208,429**	**900,054,135**	**(5,845,706)**
Non-current liabilities			
Financial liabilities	37,142,857	37,142,857	
Employee benefits	1,969,459	1,969,459	
Provisions	5,408,000	5,408,000	
Other non-current liabilities	81,966,855	81,966,855	
Deferred tax liabilities	71,516	71,516	
Total non-current liabilities	**126,558,687**	**126,558,687**	
Current liabilities			
Bank loans and borrowings	157,590,500	157,590,500	-
Financial liabilities	68,709,494	68,709,494	-
Trade payables	2,253,043	2,253,043	-
Provisions	-	-	-
Tax liabilities	661,947	661,947	-
Other liabilities	13,346,872	13,386,147	(39,275)
Total current liabilities	**242,561,856**	**242,601,131**	**(39,275)**
Total liabilities	**369,120,543**	**369,159,818**	**(39,275)**
Total equity and liabilities	**1,263,328,972**	**1,269,213,953**	**(5,884,981)**

Assets

Non-current assets

1) Property, plant and equipment

At December 31, 2014 and at December 31, 2013, these assets totaled respectively 3,688 thousand euro and 3,671 thousand euro; the movements on the caption are set out below:

(in thousands of euro)	Land and buildings	Plant and machinery	Office furniture and equipment	Motor vehicles	Total
Gross amount	4,425	582	966	11	5,984
Accumulated depreciation	(967)	(469)	(866)	(11)	(2,313)
Carrying amount at December 31, 2013	**3,458**	**113**	**100**		**3,671**
Additions		52			52
Disposals					
Depreciation		(27)	(8)		(35)
Use of accumulated depreciation					
Carrying amount at December 31, 2014	**3,458**	**138**	**92**	**-**	**3,688**
Gross amount	4,425	634	966	11	6,036
Accumulated depreciation	(967)	(496)	(874)	(11)	(2,348)
Carrying amount at December 31, 2014	**3,458**	**138**	**92**	**-**	**3,688**

The useful lives adopted by the company for the main asset categories are as follows:
- Plant and machinery 5 – 10 years
- Other property, plant and equipment 4 – 8 years

2) Investment property

Investment property of 89 thousand euro (91 thousand euro at December 31, 2013) is measured at cost.
The fair value of investment property at December 31, 2014 was 1,365 thousand euro and was determined on the basis of appraisals by independent external experts.

(in thousands of euro)	Investment property
Gross amount	133
Accumulated depreciation	(42)
Carrying amount at December 31, 2013	**91**
Additions	
Disposals	
Depreciation	(2)
Carrying amount at December 31, 2014	**89**
Gross amount	133
Accumulated depreciation	(44)
Carrying amount at December 31, 2014	**89**

Investment property is depreciated at an annual rate of 1.50%, which reflects its residual useful life.

3) Intangible assets

Intangible assets consist of capital expenditure in administrative software applications.

(in thousands of euro)	Licenses and various rights	Total
Gross amount	239	239
Accumulated amortization	(234)	(234)
Carrying amount at December 31, 2013	**5**	**5**
Additions		
Disposals		
Amortization	(2)	(2)
Carrying amount at December 31, 2014	**3**	**3**
Gross amount	239	239
Accumulated amortization	(236)	(236)
Carrying amount at December 31, 2014	**3**	**3**

4) Investments in subsidiaries and associates

See the specific IFRS 7 section.

5) Other equity investments

See the specific IFRS 7 section.

6) Deferred tax assets

See the specific IFRS 7 section.

7) Other non-current assets

See the specific IFRS 7 section.

Current assets

8) Trade receivables

See the specific IFRS 7 section.

9) Other current assets including derivatives

“Other current assets” was as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Receivables due from employees	4	3	1
Receivables due from social security bodies	75	2	73
Other miscellaneous current receivables	1,333	924	409
Derivatives on options		108	(108)
Derivatives for initial margins		887	(887)
Accrued income due from subsidiaries	21	17	4
Miscellaneous accrued income due from others	24	25	(1)
Prepaid expenses due from others	309	401	(92)
Total	**1,766**	**2,367**	**(601)**

10) Tax assets

Tax assets totaled 2,019 thousand euro (40,755 thousand euro at December 31, 2013); the decrease arose from the early termination of the Italian tax consolidation system described above.

11) Equity investments, bonds and financial assets

See the specific IFRS 7 section.

12) Cash and cash equivalents

See the specific IFRS 7 section.

Equity and liabilities

Share capital, reserves and retained earnings

13) Share capital

At December 31, 2014, the fully paid-up share capital of the parent totaled 100,166,937 euro represented by 38,525,745 shares with a par value of 2.6 euro each.

N° shares	December 31, 2014	December 31, 2013	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

14) Share premium and other reserves

At December 31, 2014, reserves totaled 207,832 thousand euro, an overall increase of 4,430 thousand euro from December 31, 2013, arising from:
- an increase of 4,347 thousand euro in available-for-sale financial assets, net of the impact of deferred tax;
- an increase of 83 thousand euro in the stock options reserve.

15) Treasury shares

At December 31, 2014, the cost of treasury share buy-backs totaled 21,226 thousand euro, deducted against equity. Treasury shares were as follows:

	N° of ordinary shares	Carrying amount in '000	N° of savings shares	Carrying amount in '000	Total carrying amount
December 31, 2014	**871,411**	**20,830**	**28,500**	**396**	**21,226**

A total of 721,631 ordinary treasury shares were held at December 31, 2014 to service stock option plans for directors and managers.

Dividends paid

The table below sets out dividends declared and paid in 2014 and 2013:

	2014 (euro per share)	2013 (euro per share)	December 31, 2014 (000 euro)	December 31, 2013 (000 euro)
Ordinary shares	0.150		3,197	
Savings shares	0.255		4,163	
Total dividend			**7,360**	

16) Retained earnings

The overall increase of 18,052 thousand euro arose from the 2014 profit for the year for 18,202 thousand euro and from application of IAS 19 for -150 thousand euro.

Non-current liabilities

17) Employee benefits

This caption includes post-employment benefits in accordance with IAS 19 and liabilities relating to future commitments, in the form of bonuses or incentives, to be paid to employees.

Movements on the caption are detailed below:

(in thousands of euro)	Post-employment benefits	Long-service bonus	Total
At December 31, 2013	1,758	211	**1,969**
Application of IAS 19	150		**150**
Utilization during year	(3,450)		**(3,450)**
Provision for year	2,720	(158)	**2,562**
Present value of post-employment benefits	21		**21**
At December 31, 2014	**1,199**	**53**	**1,252**

Expense for the year included:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Current cost of services	(97)	(104)	7
Finance costs	(57)	(53)	(4)
Total	**(154)**	**(157)**	**3**

The assumptions used to determine liabilities arising from long-term benefits are set out below:

	Post-employment benefits	Other employee benefits
Discount rate	1.50%	1.50%
Future salary rises	3.35%	3.35%
Inflation	2.00%	2.00%

Stock options

The company has arranged stock option plans for directors and managers who hold special posts.
Stock options refer to ordinary shares; the characteristics of stock option plans are illustrated in the directors' report on operations in the section on Corporate Governance and Stock Option Plans.
Stock options are exercised at a rate of 1 share per option.

The terms and conditions of Italmobiliare S.p.A. stock option plans at December 31, 2014, are set out below:

Grant date	N° options granted	Exercise period	Exercised options	Cancelled options	Unexercised options	Unit subscription price
March 30, 2005	108,437	03/30/2008-03/29/2015			108,437	€ 54.5355
March 21, 2006	109,880	03/21/2009-03/20/2016			109,880	€ 65.7010
March 21, 2007	122,479	03/21/2010-03/20/2017			122,479	€ 86.0685
March 28, 2008	124,200	03/28/2011-03/27/2018			124,200	€ 59.9080
March 25, 2009	19,350	03/25/2012-03/24/2019			19,350	€ 20.5260
March 24, 2010	124,385	03/24/2013-03/23/2020			124,385	€ 28.8340
March 30, 2011	112,900	03/30/2014-03/30/2021			112,900	€ 27.4690
Total	**721,631**		**-**	**-**	**721,631**	

The grant date is the date of the Board of Directors meeting that approved the stock option plan.

The number and average exercise price of stock options in the years in question are set out below:

	December 31, 2014		December 31, 2013	
(in thousands of euro)	Number of options	Average subscription price	Number of options	Average subscription price
Unexercised options at beginning of the year	**817,711**	**€ 50.8517**	**827,274**	**€ 50.6255**
Granted during the year				
Cancelled during the year				
Exercised during the year				
Expired during the year	(96,080)		(9,563)	
Unexercised options at end of the year	**721,631**	**€ 52.9357**	**817,711**	**€ 50.8517**
Vested options at end of the year	**721,631**		**704,811**	

The average price of ordinary shares in 2014 was 27.204 euro (17.798 euro in 2013).
The average residual life of unexercised options was 1 year and 7 months.
The option exercise price at December 31, 2014 was between 20.526 euro and 86.0685 euro.
Only options relating to plans granted after November 7, 2002, the rights to which had not vested at December 31, 2003, were valued and recognized at the IFRS transition date.

The following table sets out the characteristics of the company's stock option plans and their cost, carried under "Personnel expense":

(in thousands of euro)			Personnel expense	
Grant date	N° of options granted	Vesting period	2014	2013
March 24, 2010	124,385	3 years		97
March 30, 2011	112,900	3 years	83	331
Total			**83**	**428**

Stock option plan fair value at the grant date is estimated using a binomial model that takes dividends into account. The total option term is ten years. Volatility projections assume that past volatility, determined as the annual average on a past period of three years net of extraordinary events, is indicative of future trends.

The following table sets out the assumptions used and results obtained in measuring stock options relating to the last five plans among those that are still exercisable:

	2010 Plan	2009 Plan	2008 Plan	2007 Plan	2006 Plan
Option value at grant date	8.813	9.28	3.78	17.21	23.64
Share value	28.4	31.1	21.59	65.1	87.41
Exercise price	27.469	28.834	20.526	59.908	86.068
Volatility as %	26.2%	24.3%	25.0%	17.5%	17.5%
Option term (in years)	10	10	10	10	9.75
Dividends in %	3.01%	2.75%	7.41%	2.23%	1.45%
10-year BTP risk-free rate	4.775%	3.920%	4.485%	3.889%	3.652%

18) Financial liabilities

See the specific IFRS 7 section.

19) Provisions

Provisions amounted to 5,408 thousand euro at December 31, 2014, unchanged from December 31, 2013.

(in thousands of euro)	Opening balance	Additions	Decreases	Closing balance
Provisions	5,408			5,408

20) Other non-current liabilities

Other non-current liabilities referred essentially to the amount due to subsidiaries for the tax consolidation system, which totaled 1,422 thousand euro at December 31, 2014 (81,902 thousand euro at December 31, 2013).
The decrease arose as a consequence of the withdrawal of the Italcementi group companies from the Italian tax consolidation system.

21) Deferred tax liabilities

Total deferred tax liabilities were 131 thousand euro at December 31, 2014, as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Deferred tax and duties - available-for-sale shares		58	(58)
Deferred tax and duties - available-for-sale bonds	57		57
Deferred tax and duties - other	74	14	60
Total	**131**	**72**	**59**

Current liabilities

22) Trade payables

See the specific IFRS 7 section.

23) Other liabilities

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Amounts due to employees	7,294	5,788	1,506
Amounts due to social security authorities	869	914	(45)
Amounts due to tax authorities	801	479	322
Accrued expenses and deferred income	128	141	(13)
Other	1,937	5,520	(3,583)
Puts/calls on equities		141	(141)
Interest-rate derivatives for trading	135	364	(229)
Total	**11,164**	**13,347**	**(2,183)**

Commitments

(in thousands of euro)	December 31, 2014	December 31, 2013
Collateral given	-	43,206
Deposits, guarantees, sureties, commitments and other	103,451	82,110
Total	**103,451**	**125,316**

The decrease in collateral given with respect to December 31, 2013 arose essentially from early repayment of the medium/long-term equity-backed loan.
Total sureties provided are carried at fair value at the reporting date. The increase arose in connection with new loans granted to Group companies and guaranteed by Italmobiliare S.p.A..
Commitments included a residual amount of 14.8 million euro for subscription of private equity funds.

Income statement

24) Revenue

Revenue from sales and services totaled 52,081 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Dividends	11,796	20,615	(8,819)	-42.8%
Interest income	360	1,603	(1,243)	-77.5%
Gains on equity investments and securities	34,124	13,751	20,373	n.s.
Services	5,801	6,159	(358)	-5.8%
Total	**52,081**	**42,128**	**9,953**	**23.6%**

n.s.= not significant

The breakdown of the various items was as follows:

Revenue from dividends:

(in thousands of euro)	2014	2013	Change	% change
Subsidiaries				
Italcementi S.p.A.	6,596	6,596		
Ciments Français S.A.	1,466	2,931	(1,465)	-50.0%
Punta Ala Promozione Sviluppo Immobiliare S.r.l.	254	202	52	25.7%
So.Par.Fi. Italmobiliare S.A.		8,825	(8,825)	-100.0%
Franco Tosi S.r.l.	50	50		
Total	**8,366**	**18,604**	**(10,238)**	**-55.0%**
Associates				
Total				
Other companies				
Assicurazioni generali S.p.A.	45		45	100.0%
Atlantia S.p.A.	33		33	100.0%
Compagnia Fiduciaria Nazionale S.p.A.		134	(134)	-100.0%
Emittenti Titoli S.p.A.	30	27	3	11.1%
Fin.Priv. S.r.l.	307	103	204	n.s.
Banca Leonardo S.p.A. group	114	379	(265)	-69.9%
Mediobanca S.p.A.	2,025		2,025	100.0%
Terna S.p.A.	46		46	100.0%
Unicredit S.p.A.	818	1,227	(409)	-33.3%
Unione di Banche Italiane S.c.p.a.	12	141	(129)	-91.5%
Total	**3,430**	**2,011**	**1,419**	**70.6%**
Grand total	**11,796**	**20,615**	**(8,819)**	**-42.8%**

n.s.= not significant

Revenue from interest income:

(in thousands of euro)	2014	2013	Change	% change
Interest and finance income from subsidiaries	15	9	6	66.7%
Interest on securities and bonds	179	640	(461)	-72.0%
Bank interest income	43	18	25	n.s.
Options on securities	123	936	(813)	-86.9%
Total	**360**	**1,603**	**(1,243)**	**-77.5%**

n.s.= not significant

Capital gains on equity investments and securities:

(in thousands of euro)	2014	2013	Change	% change
From sale of available-for-sale equity investments				
Aliserio S.r.l.		3	(3)	-100.0%
Banco Popolare Soc. Coop.	5		5	100.0%
Ciments Français S.A.	15,168		15,168	100.0%
Mediobanca S.p.A.	6,766		6,766	100.0%
RCS Mediagroup S.p.A.		41	(41)	-100.0%
S.E.S. - Società Editrice Sud		1,902	(1,902)	-100.0%
Ubi S.c.p.A.	7,885	975	6,910	n.s.
Unicredit Spa - shares	4,060	9,874	(5,814)	-58.9%
Total	**33,884**	**12,795**	**21,089**	**n.s.**
From sale of equity investments held for trading				
From sale of bonds held for trading				
Mittel TF 6% 12/07/2019		246	(246)	-100.0%
Soprarno Inflazione		444	(444)	-100.0%
Total		**690**	**(690)**	**-100.0%**
From fair value measurement of instruments held for trading				
Mutual funds	234	180	54	30.0%
Mittel TF 6% 07/12/2019	6	86	(80)	-93.0%
Total	**240**	**266**	(26)	**-9.8%**
Grand total	**34,124**	**13,751**	**20,373**	**n.s.**

n.s.= not significant

25) Other revenue

Other revenue amounted to 1,733 thousand euro (1,825 thousand euro in 2013) and included rents and recovery of condominium expenses for 289 thousand euro, directors' pensions for 186 thousand euro, other income for 135 thousand euro and non-recurring income for 1,123 thousand euro.

26) Raw materials and supplies

Expense for raw materials and supplies amounted to 105 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Materials and machinery	1	3	(2)	-66.7%
Other materials	42	42		
Electricity and gas	62	79	(17)	-21.5%
Total	**105**	**124**	**(19)**	**-15.3%**

27) Services

Expense for services amounted to 5,089 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Legal fees, consultancy and statutory auditor fees	3,802	2,827	975	34.5%
Rent and fees for use of third-party assets	99	104	(5)	-4.8%
Insurance	687	572	115	20.1%
Lease payments and expense of civil buildings	109	104	5	4.8%
Maintenance and repairs	112	182	(70)	-38.5%
Subscriptions	84	79	5	6.3%
Communication and entertainment	51	43	8	18.6%
Post and telephone	30	40	(10)	-25.0%
Cleaning	59	109	(50)	-45.9%
Other expense and residual services	56	99	(43)	-43.4%
Total	**5,089**	**4,159**	**930**	**22.4%**

“Legal fees, consultancy and statutory auditor fees” includes expense of 866 thousand euro relating to the Italcementi i.150 operation and amounts totaling 211 thousand euro due to the Board of Statutory Auditors.

28) Personnel expenses

Personnel expense amounted to 15,964 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Wages and salaries	8,755	10,038	(1,283)	-12.8%
Social security contributions	2,307	2,394	(87)	-3.6%
Provisions and contributions to pension funds	2,737	561	2,176	n.s.
Directors' remuneration	2,129	3,991	(1,862)	-46.7%
Other miscellaneous expense	36	53	(17)	-32.1%
Total	**15,964**	**17,037**	**(1,073)**	**-6.3%**

n.s.= not significant

Personnel expense includes extraordinary expense of approximately 2.5 million euro relating to the Italmobiliare S.p.A. corporate restructuring program. Net of this amount, personnel expense would have decreased by 20.9% compared with 2013.
The number of employees is shown below:

(headcount)	2014	2013
Employees at year end	25	44
Average number of employees	39.00	46.25

29) Other operating expenses

Other operating expense net of other operating income amounted to 6,504 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Finance costs				
Interest on short-term financing	1,294	2,658	(1,364)	-51.3%
Interest on medium/long-term financing	1,129	1,922	(793)	-41.3%
Current account and financial interest expense due to subsidiaries	3	3		
Commissions for non-utilization	401	783	(382)	-48.8%
Costs for interest-rate hedging	47	5	42	n.s.
Other expense	113	33	80	n.s.
Total	**2,987**	**5,404**	**(2,417)**	**-44.7%**
Losses on sale of assets and impairment losses				
Sale of RCS Mediagroup S.p.A. rights		9,196	(9,196)	-100.0%
Sale of RCS Mediagroup S.p.A. shares	1,318		1,318	100.0%
Sale of Atlantia S.p.A. shares	22		22	100.0%
Sale of Assicurazioni Generali S.p.A. shares	57		57	100.0%
Sale of Terna S.p.A. shares	6		6	100.0%
Uptake of Mittel public exchange offer for 6% bonds		557	(557)	-100.0%
Losses on Unione di Banche Italiane S.c.p.a. bonds		29	(29)	-100.0%
Puts/calls on trading securities		67	(67)	-100.0%
Total	**1,403**	**9,849**	**(8,446)**	**-85.8%**
Other expense and income				
Condominium expenses on own buildings	189	288	(99)	-34.4%
Other operating expense	59	97	(38)	-39.2%
Non-deductible VAT	976	854	122	14.3%
IMU tax	96	95	1	1.1%
Registration tax (fine on Banca Intesa loan)	364		364	100.0%
Other taxes	79	47	32	68.1%
Non-recurring expense	100	8	92	n.s.
Other income and expense	251	551	(300)	-54.4%
Total	**2,114**	**1,940**	**174**	**9.0%**
Total other operating expense	**6,504**	**17,193**	**(10,689)**	**-62.2%**

n.s. = not significant

30) Other non-recurring income (expense)

The amount of 1,300 thousand euro refers to the gain on the partial sale of the Franco Tosi brand.
Other non-recurring expense net of other non-recurring income amounted to 1,474 thousand euro (income of 3,939 thousand euro in 2013). It included a provision of approximately 1.2 million euro for completion of the current restructuring program.

Movements on the heading were as follows:

(in thousands of euro)	2014	2013	Change	% change
Provision for risks/Utilization of provisions		3,237	(3,237)	-100.0%
Other income (expense)	(1,474)	702	(2,176)	n.s.
Total	**(1,474)**	**3,939**	**(5,413)**	**n.s.**

n.s. = not significant

31) Amortization and depreciation

The overall amount of 39 thousand euro (35 thousand euro in 2013) refers to depreciation of property, plant and equipment for 37 thousand euro (27 thousand euro in 2013) and amortization of intangible assets for 2 thousand euro (8 thousand euro in 2013).

32) Finance costs

Finance costs net of finance income amounted to 36 thousand euro, as follows:

(in thousands of euro)	2014	2013	Change	% change
Financial services	34	18	16	88.9%
Miscellaneous finance costs	2	2		
Total	**36**	**20**	**16**	**80.0%**

33) Impairment losses on financial assets

The income statement reflected impairment losses totaling 6,917 thousand euro (5,060 thousand euro in 2013), relating largely to:

a) R.C.S. Mediagroup S.p.A., an associate until 12/31/2012, which was reclassified in 2013 to "Other companies" and recognized at fair value in compliance with IAS 39, which for listed companies coincides with the official stock market price at the reporting date. Initial recognition, which coincided with the official stock market price on October 30, 2013, of 1.6080 euro per share (market value at the date of the early termination of the R.C.S. Mediagroup S.p.A. shareholders' agreement), was subsequently adjusted in the financial statements as at and for the year ended December 31, 2013 to 1.3206 euro, corresponding to the stock market price at 12/31/2013. The RCS share price fell in 2014 and the carrying amount was therefore re-aligned with the stock market price at 12/31/2014 of 0.9259 euro per share. This alignment exceeded the 35% materiality threshold set by the accounting policy for non-bank equity instruments classified as available-for-sale, and the fall in value was recognized in the income statement with an impairment loss of 6,895 thousand euro.

b) the residual amount of -22 thousand euro related to impairment losses on some minor equity investments.

34) Income tax (expense)

The amount of 784 thousand euro reflected under this caption is analyzed below:

(in thousands of euro)	2014	2013	Change	% change
Current tax				
Deferred tax	(841)	(4,057)	3,216	-79.3%
Prior-year tax	57	1,508	(1,451)	-96.2%
Total	**(784)**	**(2,549)**	**1,765**	**-69.2%**

Deferred tax assets were not recognized with respect to the taxable loss, since the company does not expect to be able to utilize them in the future.

The release of deferred tax related to the sale of Unicredit shares in connection with effective-yield-to-maturity transactions in previous years.

IFRS 7

Risk management policies

Introduction

The document "Policies for investment and financial risk management" ("Policies") sets out general strategic guidelines and investment regulations governing management of Italmobiliare S.p.A. resources.

Objectives

For Italmobiliare S.p.A., exposure to financial risk is an opportunity to generate profits, albeit within the limits established for the purpose of ensuring prudent management of resources.

Financial instruments

The Policies referred to above define the type of financial instruments allowed, the maximum amounts, the counterparties, and the methods of approval.
Derivatives are allowed both as risk management instruments and as instruments relating to market positioning. The regulations included in the Policies are particularly restrictive in terms of both the types of transaction allowed and the levels of approval and control.

Financial risk management

Credit risk

Italmobiliare S.p.A. is exposed to credit risk with respect to issuers of financial instruments and counterparties on financial transactions.
The Policies set minimum rating levels for individual investments (where applicable), for type of instrument, for rating class and maximum exposure in relation to individual counterparties.
The Policies set out procedures for approving amounts in excess of such limits. They also establish a monitoring and reporting system.
Italmobiliare S.p.A. has no significant exposure to trade credit risk.

The table below details the level of credit risk exposure through definition of the average rating of bond issues, other financial assets and the rating of counterparties to derivatives.

	Fair value (in millions of euro)	Average rating	Average outstanding life (in years) (*)
Trading bonds	2.5	n/a	4.50
Available-for-sale bonds	6.3	Ba3	36.00
Other financial assets	0.7	n/a	n.a.
Fair value derivatives	(0.1)	n/a	1.00

(*) determined on first call
n.a.= not applicable

Other financial assets consist of a harmonized open-end mutual fund set up to generate a positive real yield (with respect to the Eurozone inflation rate); the fund invests primarily in short-term bonds.
Assuming a parallel and instantaneous shift of +100 bp in the credit curve, the overall change in the fair value of the financial instruments would be -1.85 million euro, of which -0.23 million euro in equity and -1.62 million euro on the income statement.

Liquidity risk

The Italmobiliare S.p.A. risk management objective is to establish a liability management policy that satisfies funding requirements over time and minimizes opportunity cost.
A regular report is drawn up analyzing the net financial debt trend and risks.
The table below shows net financial debt by maturity (residual life) compared with undrawn lines of credit:

	Maturiy				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financial liabilities	(139.5)		(20.0)		**(159.5)**
Total financial assets	4.9			9.5	**14.4**
Net financial debt	**(134.6)**		**(20.0)**	**9.5**	**(145.1)**
Committed available lines of credit	**(20.0)**				**(20.0)**
Uncommitted available lines of credit	**(188.6)**				**(188.6)**

Financial assets with maturity of less than one year consist largely of cash and cash equivalents and amounts due from subsidiaries.

See annex "C" for assets maturing after five years.

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

The main changes in borrowings are described below:

a) in December 2010 Italmobiliare arranged a 130 million euro loan with Intesa Sanpaolo which expires on December 31, 2015, to service the purchase of two share packages from Italcementi (RCS Mediagroup and Mediobanca); following completion of the scheduled repayments, the principal stands at 37.1 million euro;

b) in December 2011 Italmobiliare signed with SO.PAR.FI an uncommitted line of credit for 100 million euro. No drawings have been made;

c) in December 2014 Italmobiliare arranged a 20 million euro irrevocable line of credit with Intesa Sanpaolo, maturing on December 31, 2018; at December 31, 2014 the line had been fully drawn;

d) in 2014 Italmobiliare arranged a 24-month committed line of credit with Unicredit for 20 million euro; at December 31, 2014 no drawings had been made on the line;

e) drawings on uncommitted lines of credit during 2014 totaled 99.4 million euro at December 31, 2014 (Intesa Sanpaolo, Credito Bergamasco, BNL and Banca Popolare di Bergamo).

At December 31, 2014, some loan contracts included customary clauses represented by negative pledges, which could weaken the borrower's equity guarantee (e.g., amendments to the by-law, change of business, reduction of share capital) and cause the lender to withdraw from the contract.

Market risk

Interest-rate risk

Fluctuations in interest rates affect the fair value of financial assets and liabilities and the level of net finance costs.

A regular report is drawn up analyzing liability amounts, costs and maturities.

The table below illustrates the composition of net financial debt at December 31, 2014 and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of net financial debt.

(in millions of euro)	
Balance at December 31, 2014	
Fixed-rate financial liabilities	
Fixed-rate financial assets	0.7
Fixed-rate net financial debt at inception	**0.7**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	(11.4)
Fixed-rate net financial debt after hedging	**(10.7)**
Floating-rate financial liabilities	(159.4)
Floating-rate financial assets	9.6
Floating-rate net financial debt at inception	**(149.8)**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	11.4
Floating-rate net financial debt after hedging	**(138.4)**
Assets not exposed to interest-rate risk	4.1
Liabilities not exposed to interest-rate risk	(0.1)
Total net financial debt	**(145.1)**

Floating-rate assets include amounts due from Group companies and floating-rate bonds; floating-rate liabilities include amounts due to third parties and Group companies.
A simulation was performed to estimate the change in the fair value of total net financial debt caused by an upward shift of 100 bp in interest rates on all maturities.
The analysis found an estimated overall impact of -1.71 million euro, on equity (-0.008 million euro) and the income statement (-1.702 million euro).

Currency risk

The company investment regulations place a material limitation on exposure to currency risk. Currency positions are limited and used in order to de-correlate the risk of traditional financial assets in the liquidity management portfolio.

Other price risks

Italmobiliare S.p.A. is particularly exposed to the risk of fluctuations in the prices of listed equities carried at fair value.
Since Italmobiliare S.p.A. is a holding company, exposure to equity risk is inherent to its core business. In some cases, for limited amounts, the Policies set out procedures and approvals for use of derivatives to mitigate this risk.
At December 31, 2014, assets exposed to price risk, classified as available-for-sale, amounted to 144.2 million euro.
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 7.2 million euro, of which -6.7 million euro on equity.

(in millions of euro)	Underlying item		Share price delta	Impact on the income statement		Impact on equity
Available-for-sale equities	144.2		-5%		(0.5)	(6.7)

Net financial debt

Net financial debt at December 31, 2014, was 145,130 thousand euro, a decrease of 100,027 thousand euro from 245,157 thousand euro at December 31, 2013.
The breakdown of net financial debt is set out below:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Cash and cash equivalents	2,004	6,409	(4,405)
Financial assets due from Group	2,700	1,866	834
Treasury instruments and bonds - current	734	1,574	(840)
Treasury instruments and bonds - non-current	6,117	5,313	804
Mutual funds	191	615	(424)
Mutual funds	642		642
Index-linked ETFs	1,844	1,637	207
Puts/calls on equities		108	(108)
Derivatives on initial margins		887	(887)
Prepayments and accrued income	193	382	(189)
Total financial assets	**14,425**	**18,791**	**(4,366)**
Bank loans	(156,561)	(261,341)	104,780
Financial liabilities vs subsidiaries	(2,752)	(1,889)	(863)
Interest-rate swaps	(135)	(364)	229
Puts/calls on equities		(141)	141
Accrued expenses and deferred income	(107)	(213)	106
Total financial liabilities	**(159,555)**	**(263,948)**	**104,393**
Net financial debt	**(145,130)**	**(245,157)**	**100,027**

Comparison between fair value and carrying amount

The table below provides a breakdown of the carrying amount and fair value of financial assets and financial liabilities as at December 31, 2014 and December 31, 2013.

(in thousands of euro)	December 31, 2014 Carrying amount	December 31, 2014 Fair value	December 31, 2013 Carrying amount	December 31, 2013 Fair value
Financial assets				
Assets at fair value through profit or loss				
Cash and cash equivalents	2,004	2,004	6,409	6,409
Derivatives			995	995
Equity investments, bonds and financial assets	5,939	5,939	5,815	5,815
Loans and receivables				
Trade receivables	5,162	5,162	4,989	4,989
Receivables and other non-current assets	6,477	6,477	14,754	14,754
Available-for-sale assets				
Non-current equity investments in other companies	179,248	179,248	264,699	264,699
Held-to-maturity investments				
Total	**198,830**	**198,830**	**297,661**	**297,661**
Financial liabilities				
Trade payables	2,173	2,173	2,253	2,253
Current financial liabilities	2,859	2,859	68,709	68,709
Bank overdrafts and short-term borrowings	136,561	136,561	157,591	157,591
Non-current financial liabilities	20,000	20,000	37,143	37,143
Interest-rate derivatives	135	135	506	506
Total	**161,728**	**161,728**	**266,202**	**266,202**

Fair Value – hierarchy

In determining and documenting the fair value of financial instruments, Italmobiliare S.p.A. uses the following hierarchy based on different measurement techniques:
level 1: financial instruments with prices quoted on an active market;
level 2: prices quoted on active markets for similar financial instruments, or fair value determined with other measurement techniques where all significant inputs are based on observable market data;
level 3: fair value determined with measurement techniques where no significant input is based on observable market data.

At December 31, 2014, financial instruments measured at fair value were as follows:

(in thousands of euro)	December 31, 2014	Level 1	Level 2	Level 3
Equity investments, bonds and loan/assets	3,220	3,220		
Derivatives - assets				
Receivables and other non-current assets	6,307		6,117	190
Non-current equity investments	179,247	144,245	14,409	20,593
Current financial liabilities	(139,420)		(139,420)	
Derivatives - liabilities	(135)			(135)
Non-current financial liabilities	(20,000)		(20,000)	

With reference to the fair value of non-current equity investments shown under level 3, Banca Leonardo fair value was estimated on the basis of market multiples and comparables.
The multiple was applied to the bank's average earnings (2010 – 2013) normalized to exclude non-recurring operations.
A change of ± 10% in these normalized earnings would generate a change in fair value of approximately ± 0.9 million euro. The change would be recognized in the AFS fair value reserve.
For Sesaab, the estimate was determined on the basis of an available transaction.
There were no transfers between levels in 2014.

The change in level 3 is set out in the table below:

(in thousands of euro)	Receivables and other non-current assets	Non-current equity investments	Derivatives liabilities	Total
Balance at December 31, 2013		**23,432**	**(364)**	**23,068**
Changes due to:				
Purchases/subscriptions	190			**190**
Fair value changes		(2,021)	229	**(1,792)**
Sales/reductions in capital		(795)		**(795)**
Impairment losses		(23)		**(23)**
Total changes	**190**	**(2,839)**	**229**	**(2,420)**
Balance at December 31, 2014	**190**	**20,593**	**(135)**	**20,648**

Cash and cash equivalents

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Cash and checks on hand	12	11	1
Bank and postal accounts	1,992	6,398	(4,406)
Net amount	**2,004**	**6,409**	**(4,405)**

Short-term deposits have varying maturities within three months, in relation to the company's financial requirements; interest matures at the respective short-term rates.
The fair value of cash and cash equivalents corresponds to their carrying amount.

Equity investments, bonds and financial assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Trading bonds	3,220	3,825	(605)
Current financial assets due from subsidiaries	2,700	1,866	834
Financial prepayments	19	96	(77)
Total	**5,939**	**5,787**	**152**

Trading bonds decreased by 846 thousand euro on the sale of Mittel bonds and increased by 241 thousand euro for the year-end fair value adjustment.
Details of "Trading bonds" are illustrated in annex "C".

Trade receivables

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Customers	7	8	(1)
Associates		1,425	(1,425)
Subsidiaries	5,155	3,556	1,599
Total	**5,162**	**4,989**	**173**

Receivables referred in the main to Italian subjects.

Deferred tax assets

Deferred tax assets amounted to 12,697 thousand euro (44,453 thousand euro at December 31, 2013) and consisted of amounts calculated on the tax losses posted by Italmobiliare S.p.A. and the subsidiaries that adopted the Italian tax consolidation system. Recognition occurred in relation to a forecast made by the companies that adopted the Italian tax consolidation system, whereby it is considered likely that in future years taxable income will be realized against which the past tax losses can be utilized.
The reduction was largely due to the withdrawal of the Italcementi group companies from the Italian tax consolidation system.

The temporary differences excluded from the determination of deferred tax assets and liabilities are as follows:

(in thousands of euro)	2014 amount	Tax effect	2013 amount	Tax effect
Provision for risks	5,408	772	5,408	772

Deferred tax assets have not been recorded since it is not expected that the existing provisions can be reversed over a reasonably predictable timeframe.
Tax losses for which deferred tax assets have not been recorded amounted to 27 million euro.

Other non-current assets

"Other non-current assets" were as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Available-for-sale bonds	6,308	5,313	995
Guarantee deposits	13	13	
Receivables on tax consolidation due from subsidiaries	156	9,428	(9,272)
Total	**6,477**	**14,754**	**(8,277)**

The increase in available-for-sale bonds arose largely from measurement of Unicredit cashes at fair value.

Investments in subsidiaries and associates

The movements on this caption with respect to December 31, 2013, are illustrated below:

(in thousands of euro)	
At December 31, 2013	**875,319**
Increases for purchases of Italcementi S.p.A. shares	8,845
Increases for capital payment to Sirap Gema S.p.A.	6,000
Increases for subscription of Italcementi S.p.A. share capital increase	225,131
Decreases for sales	(62,507)
Decreases for distribution of So.Par.Fi S.A. equity reserves	(180,000)
At December 31, 2014	**872,788**

Increases referred to the subscription of the share capital increase at the subsidiary Italcementi S.p.A. for 225.1 million euro and the subsequent purchase of ordinary shares on the market for 8.8 million euro.
An amount of 6 million euro was paid to the subsidiary Sirap Gema S.p.A. to ensure an adequate financial structure for the subsidiary.
Decreases included 62.5 million euro for uptake of the Italcementi S.p.A. public tender offer on the shares of the subsidiary Ciments Français S.A. and for 180 million euro for the partial reimbursement of equity reserves by the subsidiary So.Par.Fi. S.A. (Luxembourg).

With reference to the subsidiary Sirap Gema S.p.A., an impairment test was carried out by an independent expert in accordance with IAS 36, to determine recoverable equity value on the basis of the estimated present value of future cash flows.
The recoverable equity value of Sirap Gema S.p.A. was determined using the asset-side approach, which decreases the core equity value by net financial debt and employee provisions and increases it by the balance on other non-operating assets and liabilities (net surplus assets).
Since the recoverable equity value of Sirap Gema S.p.A. corresponds to the sum of all its cash-generating units, this approach meant it was possible for most of the CGUs to use the estimated recoverable amount already calculated by Sirap Gema S.p.A. for its own impairment testing.
For the CGUs that were not measured in the Sirap Gema group impairment test, recoverable amount was estimated on the basis of consistent criteria. Specifically, the recoverable amount of all the CGUs was estimated using the value in use configuration based on analytical future cash flow projections for a period of five years (2015-2019) and on subsequent estimated terminal value.
The cash flow projections for the first year correspond to the 2015 budget figures; the projections for 2016/2019 are Sirap Gema S.p.A. management’s best estimate compatibly with current strategy and trends and with the assumptions underlying the 2015 budget.

The table below sets out the discount rates (after-tax weighted average cost of capital) and the nominal growth rate (g) used in the terminal value that were employed to calculate value in use of each CGU of the Sirap Gema group (the figures for the Inline Poland CGU refer to flows in local currency):

	Weighted average cost of capital	Growth rate (g)
Rigid Division Italy CGU	6.71%	
Foamed Division CGU	7.26%	
Rigid Poland CGU	6.43%	
Sirap France CGU	6.24%	1.00%
Petruzalek Group CGU	9.19%	2.00%
Sirap Insulation CGU	7.70%	
Universal Imballaggi CGU	7.26%	1.00%

The nominal growth rates (g) used in the terminal value are aligned with the inflation rate or GDP growth rate forecast for 2019 for the countries/markets in which each CGU operates.

Equity value was ascertained at 75,528 thousand euro against a carrying amount of 35,878 thousand euro. Therefore, no impairment losses were recognized.

Equity investments in subsidiaries and associates at December 31, 2014, are listed below:

Subsidiaries	**Location**	**% held**
Bravosolution S.p.A.	Bergamo	7.400
Italcementi S.p.A. - ordinary shares	Bergamo	45.000
Franco Tosi S.r.l.	Milan	100.00
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	100.00
Sirap Gema S.p.A.	Verolanuova	100.00
Société de Partecipation Financière Italmobiliare S.A.	Luxembourg	100.00
Associates		
Società Editrice Sud S.p.A.	Messina	29.358

Bravosolution S.p.A. is considered a subsidiary since it is also held indirectly through the subsidiary Italcementi S.p.A..
See annexes "A" and "B" for further information on equity investments in subsidiaries and associates.
Although Italmobiliare S.p.A. holds less than half of the voting rights of the investee Italcementi S.p.A., it believes that it holds *de facto* control; it holds more voting rights than any other shareholder, there are no organized groups of shareholders and the other shareholders are highly fragmented.

Other equity investments

This non-current asset heading reflects equity investments classified as "available-for-sale" as required by IAS 39.

(in thousands of euro)	
At December 31, 2013	**264,699**
Additions	5,679
Sales	(89,933)
Capital reimbursement	(796)
Fair value taken to equity	6,516
Fair value taken to income statement (impairment losses)	(6,917)
At December 31, 2014	**179,248**

Additions referred to investments acquired in listed companies in 2014 and sold by the end of the year.

Sales amounting to 89.9 million euro were as follows: Mediobanca S.p.A. for 57.7 million euro, UBI S.c.p.A. for 11.4 million euro, R.C.S. Mediagroup S.p.A. for 8.1 million euro and Unicredit S.p.A. for 7 million euro.
Capital reimbursement referred to a partial distribution of equity reserves at the Banca Leonardo S.p.A. group.
Fair value taken to equity for 6.5 million euro mainly reflects amounts recognized for Mediobanca S.p.A. (5.2 million euro) and R.C.S. Mediagroup S.p.A. (2.9 million euro).
Fair value taken to the income statement for 6.9 million euro mainly refers to the impairment of R.C.S. Mediagroup S.p.A..

For the other companies, the fair value of listed companies is determined on the basis of the official share price on the last accounting day of the reporting period; the fair value of unlisted companies is calculated using the methods envisaged by IAS 39.

The breakdown of other equity investments at December 31, 2014, was as follows:

(in thousands of euro)	N° of shares	December 31, 2014
Equity investments in listed companies		
Mediobanca S.p.A.	13,500,732	91,084
R.C.S. Mediagroup S.p.A.	10,107,883	9,359
Unicredit S.p.A.	8,182,683	43,803
Total		**144,246**
Equity investments in unlisted companies		
Ambienta S.p.A.	150	14
Atmos S.p.A. winding up	4,000	13
Atmos Venture S.p.A.	200,000	74
Compagnia Fiduciaria Nazionale S.p.A.	20,001	706
Emittenti Titoli S.p.A.	209,000	180
Fin Priv S.r.l.	2,857	14,409
Banca Leonardo S.p.A. group	7,576,661	8,800
Idrovia Ticino - Milano Nord - Mincio S.p.A. winding up	100	1
Imm.re Lido di Classe S.p.A.	45,991	
Immobiliare Astra S.p.A.	12,012	30
Sesaab S.p.A.	700,000	9,800
035 Investimenti S.p.A.	1,000,000	975
Total		**35,002**
Total equity investments		**179,248**

The analysis of movements in equity investments is shown in “Annex A”.

Trade payables

“Trade payables” were as follows:

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Suppliers	1,548	1,666	(118)
Group companies	625	587	38
Total	**2,173**	**2,253**	**(80)**

Financial liabilities

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

(in thousands of euro)	December 31, 2014	December 31, 2013	Change
Non-current amounts due to banks	20,000	37,143	(17,143)
Bank overdrafts and short-term borrowings	136,561	157,591	(21,030)
Current financial liabilities	2,859	68,709	(65,850)
Interest-rate derivatives	135	506	(371)
Total financial liabilities	**159,555**	**263,949**	**(104,394)**

The reduction arose on use of the cash inflows from the sale of securities; see the statement of cash flows for further details.

Italmobiliare loans and borrowings regulated at Euribor-indexed floating rates are hedged by a floating- to fixed interest-rate swap for a notional amount of 11.4 million euro, expiring at December 31, 2015. This contract is classified under trading financial instruments.
The fair value of this derivative at December 31, 2014 stood at -135 thousand euro.

Main bank loans and lines of credit

The main borrowings were as follows:

(in thousands of euro)		December 31, 2014	December 31, 2013	Change
With collateral security:				
Other loans				
- Banca Leonardo	maturity 04/11/2014		29,464	(29,464)
Total			**29,464**	**(29,464)**
Without collateral security:				
- Intesa San Paolo S.p.A.	maturity 12/31/2018	20,000		20,000
- Intesa San Paolo S.p.A.	maturity 12/31/2015		37,143	(37,143)
- Intesa San Paolo S.p.A.	within 12 months	37,143	37,143	
- Intesa San Paolo S.p.A.	short term	15,933	59,591	(43,658)
- Credito Bergamasco S.p.A.	short term		35,000	(35,000)
- Banca Popolare di Bergamo	short term	13,665	25,000	(11,335)
- B.N.L. Brescia	short term	38,000	38,000	
- Banco Popolare	short term	31,820		31,820
Total		**156,561**	**231,877**	**(75,316)**
Total loans and borrowings		**156,561**	**261,341**	**(104,780)**

The decrease arose from the settlement of loans, the scheduled repayment with Intesa Sanpaolo and a new loan granted by Intesa Sanpaolo maturing on December 31, 2018.

Non-recurring transactions

The tables below itemize the main non-recurring transactions and their impact on equity, net financial debt and profit (loss) for the year:

	December 31, 2014					
(in thousands of euro)	Equity		Profit (loss) for the year		Net financial debt	
		%		%		%
Carrying amounts	**909,330**		**18,202**		**(145,130)**	
Net gains from the sale of non-current assets	1,300	0.14%	1,300	7.14%	1,300	-0.90%
Other non-recurring income (expense)	(1,474)	-0.16%	(1,474)	-8.10%	(300)	0.21%
Tax on non-recurring transactions						
Total	**(174)**	**-0.02%**	**(174)**	**-0.96%**	**1,000**	**-0.69%**
Figurative amount without non-recurring transactions	**909,504**		**18,376**		**(146,130)**	

	December 31, 2013					
(in thousands of euro)	Equity		Profit (loss) for the year		Net financial debt	
		%		%		%
Carrying amounts	**894,208**		**1,716**		**(245,157)**	
Net gains from the sale of non-current assets						
Other non-recurring income (expense)	3,939	0.44%	3,939	n.s.	(300)	0.12%
Tax on non-recurring transactions						
Total	**3,939**	**0.44%**	**3,939**	**n.s.**	**(300)**	**0.12%**
Figurative amount without non-recurring transactions	**890,269**		**(2,223)**		**(244,857)**	

n.s.= not significant

Audit fees

A breakdown is set out below of the fees paid in 2014 to the independent auditors, as per CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, paragraph 1:

Services provided (in thousands of euro)	**KPMG**
Audit services	280
Non-audit services	-
Total	**280**

Transactions with related parties

The figures at December 31, 2014, for transactions with related parties are set out in the table below:

Receivables and payables with related parties

(euro) Description	**Company**	**Amount**	**% impact on carrying amount**	**Carrying amounts**	**Reference**
Trade receivables	Franco Tosi S.r.l.	49,757			
subsidiaries	Finter Bank Zurich S.A.	9,718			
	Italcementi S.p.A.	4,755,544			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	28,124			
	Sirap Gema S.p.A.	312,352			
Total trade receivables		**5,155,495**	**99.87%**	**5,162,084**	**Note 8**
Other receivables					
Total other non-current assets		**-**	**0.00%**	**6,476,703**	**Note 7**
Receivables for tax consolidation system	Franco Tosi S.r.l.	6,931			
subsidiaries	Sirap Insulation S.p.A.	149,571			
Prepayments and accrued income	Bravosolution S.p.A.	2,335			
subsidiaries	Franco Tosi S.r.l.	11,759			
	Italcementi S.p.A.	6,653			
Total other current assets including derivatives		**177,249**	**10.04%**	**1,765,938**	**Note 9**
Current account receivables	Sirap Gema S.p.A.	2,700,112			
subsidiaries					
Total current financial assets		**2,700,112**	**45.46%**	**5,939,423**	**Note 11**
Current account payables	Franco Tosi S.r.l.	(851,329)			
subsidiaries	Italcementi S.p.A.	(1,214,348)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(685,625)			
Total financial liabilities		**(2,751,302)**	**96.25%**	**(2,858,643)**	**Note 18**

(euro) Description	Company	Amount	% impact on carrying amount	Carrying amounts	Reference
Trade payables	Bravosolution S.p.A.	(3,000)			
subsidiaries	Finter Bank Zurich S.A.	(11,553)			
	Franco Tosi S.r.l.	(501,991)			
	Italcementi S.p.A.	(108,438)			
	Other related parties	(19,040)			
Total trade payables		**(644,022)**	**29.64%**	**(2,172,887)**	**Note 22**
Other payables for tax consolidation system	Sirap Gema S.p.A.	(1,421,800)			
subsidiaries					
Other payables	Bravosolution S.p.A.	(27,778)			
subsidiaries	Franco Tosi S.r.l.	(32,156)			
	Gruppo Italsfusi S.r.l.	(11,406)			
	Italcementi S.p.A.	(1,257,658)			
	Italcementi Ingegneria S.r.l.	(4,547)			
	Italgen S.p.A.	(40,662)			
	Sama S.p.A.	(3,346)			
Total other non-current liabilities		**(2,799,353)**	**99.31%**	**(2,818,857)**	**Note 20**

COMMITMENTS WITH RELATED PARTIES

Description	**Company**	**Amount**
Letters of patronage to	Sirap Gema S.p.A.	11,666,669
subsidiaries	Sirap Insulation S.r.l.	2,500,000
	SoParFi S.A.	8,283,632
Total commitments		**22,450,301**

REVENUE AND EXPENSE WITH RELATED PARTIES

(euro) Description	Company	Amount	% impact on carrying amount	Carrying amounts	Reference
Dividends	Ciments Français S.A.	1,465,577			
subsidiaries	Italcementi S.p.A.	6,595,530			
	Franco Tosi S.r.l.	50,000			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	254,118			
Total dividends		**8,365,225**	**70.92%**	**11,795,831**	**Note 24**
Current account and financial interest income and other income	Italcementi S.p.A.	42			
subsidiaries	Sirap Gema S.p.A.	14,561			
Total interest income		**14,603**	**4.06%**	**360,045**	**Note 24**
Recovery of cost of services	Ciments Français S.A.	41,521			
subsidiaries	Finter Bank Zurich S.A.	51,954			
	Franco Tosi S.r.l.	92,607			
	Italcementi S.p.A.	4,710,095			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	50,257			
	Sirap-Gema S.p.A.	659,752			
	Sirap Insulation S.r.l.	17,000			
	SoParFi S.A.	10,000			
Total services		**5,633,186**	**97.10%**	**5,801,337**	**Note 24**
Total revenue		**14,013,014**	**78.04%**	**17,957,213**	**Note 24**
Other revenue	Bravosolution S.p.A.	58,560			
subsidiaries	Finter Bank Zurich S.A.	9,718			
	Franco Tosi S.r.l.	150,398			
	Italcementi S.p.A.	116,721			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	2,868			
Total other revenue		**338,265**	**19.51%**	**1,733,422**	**Note 25**
Services	Finter Bank Zurich S.A.	(20,163)			
subsidiaries	Franco Tosi S.r.l.	(1,003,604)			
	Italcementi S.p.A.	(310,163)			
	Other related parties	(22,040)			
Total services		**(1,355,970)**	**26.65%**	**(5,088,710)**	**Note 27**
Current account and financial interest expense	Franco Tosi S.r.l.	(1,182)			
subsidiaries	Italcementi S.p.A.	(426)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(1,368)			
Total other operating expense		**(2,976)**	**0.05%**	**(6,504,249)**	**Note 29**
Other related parties	(endowment to Fondazione Italcementi)	(300,000)			
Total other non-recurring income/expense		**(300,000)**	**20.35%**	**(1,474,269)**	**Note 30**
Interest expense on trade payables	Bravosolution S.p.A.	(128)			
subsidiaries	Franco Tosi S.r.l.	(287)			
	Italcementi S.p.A.	(149)			
Total net finance costs		**(564)**	**1.57%**	**(35,894)**	**Note 32**

Impact of transactions with related parties on cash flows

	Cash flows	
(in thousands of euro)	**Amount**	**%**
Cash flow from operating activities with related parties	(72,564)	n.s.
Total A) - from statement of cash flows	(20,059)	
Cash flow used in investing activities with related parties	19,124	16.1%
Total B) - from statement of cash flows	118,882	
Cash flow used in financing activities with related parties	9,301	-9.0%
Total C) - from statement of cash flows	(103,228)	
Change in cash and cash equivalents with related parties	**(44,139)**	
Change in cash and cash equivalents from statement of cash flows (A+B+C)	**(4,405)**	

n.s. not significant

Fees paid to directors and the chief operating officer

The table below sets out amounts accrued during the financial year by the directors, the chief operating officer and the manager in charge (key officers and management personnel) for positions held:

(euro)	**2014**	**2013**
Short-term benefits: fees and remuneration	4,706,777	4,561,784
Post-employment benefits	16,882	1,147,674
Other long-term benefits	439,445	1,427,481
Share-based payments (stock options)	68,187	341,423
Total	**5,231,291**	**7,478,362**

Events after the reporting date

No significant events have taken place since the reporting date that require amendments to or additional comments on the financial position and results of operations of Italmobiliare S.p.A. as at and for the year ended December 31, 2014.

Annex A

Statement of changes in the financial statements of equity investments in subsidiaries, associates and other companies at December 31, 2014

(euro)

Equities and interests	Position at 1/1/2014		Additions		Decreases	
Subsidiaries	**Quantity**	**Amounts**	**Quantity**	**Amounts**	**Quantity**	**Amounts**
BravoSolution S.p.A.	2,389,332	3,222,666				
Ciments Francais S.A.	977,051	62,507,254			977,051	62,507,254
Italcementi S.p.A. - ordinary shares	106,914,000	416,155,099	50,257,807	267,067,875 (2)		
Italcementi S.p.A. - savings shares	3,011,500	33,092,016			3,011,500	33,092,016
Franco Tosi S.r.l.	260,000	258,228				
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	1,300,000	1,558,523				
Sirap Gema S.p.A.	33,298,625	29,878,428	1,701,375	6,000,000 (3)		
Société de Participation Financière Italmobiliare S.A.	833,333	319,373,498				180,000,000 (4)
Total subsidiaries		**866,045,712**		**273,067,875**		**275,599,270**
Associates						
Società Editrice Sud S.p.A.	27,636	9,273,976				
Total associates		**9,273,976**		**–**		**–**
Other companies						
Ambienta S.p.A.	150	16,771				
Assicurazioni Generali S.p.A.			100,000	1,689,808	100,000	1,689,808
Atlantia S.p.A.			85,000	1,629,029	85,000	1,629,029
Atmos S.p.A. winding up	4,000	33,650				
Atmos Venture S.p.A.	200,000	75,719				
Banco Popolare Soc. Coop			67,150	988,951	67,150	988,951
Compagnia Fiduciaria Nazionale S.p.A.	20,001	685,948				
Emittenti Titoli S.p.A.	209,000	175,015				
Fin.Priv. S.r.l.	2,857	13,645,441				
Gruppo Banca Leonardo S.p.A.	7,576,661	11,613,992				795.550 (4)
Idrovia Ticino Milano Nord Mincio S.p.A. winding up	100	568				
Immobiliare Lido di Classe S.p.A.	45,991	1				
Immobiliare Astra S.p.A.	12,012	29.968				
Mediobanca S.p.A.	22,568,992	143,649,377			9,068,260	57,718,568
R.C.S. Mediagroup S.p.A.	16,250,663	21,460,626			6,142,780	8,112,155
Sesaab S.p.A.	700,000	9,800,000				
Terna - Rete Elettrica Nazionale			350,000	1,371,095	350,000	1,371,095
UniCredit S.p.A. - ordinary shares	9,482,683	51,093,644			1,300,000	7,004,530
Unione di Banche Italiane S.c.p.a.	2,318,792	11,418,659			2,318,792	11,418,659
035 Investimenti S.p.A.	1,000,000	1,000,000				
Total other companies		**264,699,379**		**5,678,883**		**90,728,345**
Total equity investments		**1,140,019,067**		**278,746,758**		**366,327,615**

(*) of ordinary capital
(1) controlled through Italcementi S.p.A.
(2) of which 33,092,016 for conversion of savings shares, 225,130,680 for share capital increase and 8,845,179 for share purchases
(3) capital contribution payment
(4) reduction due to distribution of equity reserves

Changes in fair value	Impairment losses	Interest held	Position at 12/31/2014		Gains/(losses) on sales	
Amounts	Amounts	%	Quantity	Amounts	Amounts	Subsidiaries
		7.400 (1)	2,389,332	3,222,666	–	BravoSolution S.p.A.
			–	–	15,168,301	Ciments Francais S.A.
		45.000 (*)	157,171,807	683,222,974	–	Italcementi S.p.A. - ordinary shares
			–	–	–	Italcementi S.p.A. - savings shares
		100.000	260,000	258,228	–	Franco Tosi S.r.l.
		100.000	1,300,000	1,558,523	–	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
		100.000	5,000,000	35,878,428	–	Sirap Gema S.p.A.
		100.000	833,333	39,373,498	–	Société de Participation Financière Italmobiliare S.A.
–	**–**			**863,514,317**	**15,168,301**	**Total subsidiaries**
						Associates
		29.358	27,636	9,273,976		Società Editrice Sud S.p.A.
–	**–**			**9,273,976**	**–**	**Total associates**
						Other companies
(1,928)		1.000	150	14,843	–	Ambienta S.p.A.
			–	–	(57,318)	Assicurazioni Generali S.p.A.
			–	–	(21,791)	Atlantia S.p.A.
	(20,331)	1.818	4,000	13,319	–	Atmos S.p.A. winding up
	(2,501)	9.090	200,000	73,218	–	Atmos Venture S.p.A.
			–	–	4,875	Banco Popolare Soc. Coop
19,745		16.668	20,001	705,693	–	Compagnia Fiduciaria Nazionale S.p.A.
4,750		2.549	209,000	179,765	–	Emittenti Titoli S.p.A.
763,792		14.285	2,857	14,409,233	–	Fin.Priv. S.r.l.
(2,018,442)		2.894	7,576,661	8,800,000	–	Gruppo Banca Leonardo S.p.A.
		0.200	100	568	–	Idrovia Ticino Milano Nord Mincio S.p.A. winding up
		18.036	45,991	1	–	Immobiliare Lido di Classe S.p.A.
48		1.784	12,012	30,016	–	Immobiliare Astra S.p.A.
5,153,229		1.563	13,500,732	91,084,038	6,765,911	Mediobanca S.p.A.
2,905,005	(6,894,587)	1.937	10,107,883	9,358,889	(1,318,045)	R.C.S. Mediagroup S.p.A.
		7.000	700,000	9,800,000	–	Sesaab S.p.A.
			–	–	(6,173)	Terna - Rete Elettrica Nazionale
(286,394)		0.140 (*)	8,182,683	43,802,720	4,201,280	UniCredit S.p.A. - ordinary shares
			–	–	7,885,367	Unione di Banche Italiane S.c.p.a.
(24,664)		10.000	1,000,000	975,336	–	035 Investimenti S.p.A.
6,515,141	**(6,917,419)**			**179,247,639**	**17,454,106**	**Total other companies**
6,515,141	**(6,917,419)**			**1,052,035,932**	**32,622,407**	**Total equity investments**

Annex B

List of equity investments in subsidiaries and associates at December 31, 2014 (art. 2427 no.5 Italian Civil Code)

	Registered office		Share capital (in euro)	Total equity (in euro)	Profit (loss) for year (in euro)	Interest held %
Subsidiaries						
BravoSolution S.p.A.	Bergamo	€	32,286,398	40,811,743	(490,226)	7.400 [1]
Italcementi S.p.A.	Bergamo	€	401,715,071	1,752,405,132	(54,025,014)	45.000
Franco Tosi S.r.l.	Milan	€	260,000	833,421	(62,987)	100.000
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	€	1,300,000	1,494,434	(65,567)	100.000
Sirap Gema S.p.A.	Verolanuova	€	5,000,000	12,610,688	(2,051,400)	100.000
Société de Participation Financière Italmobiliare S.A.	Luxembourg	€	19,999,992	260,027,208	12,084,800	100,000
Total subsidiaries						
Associates						
Società Editrice Sud S.p.A.	Messina	€	10,695,505	66,116,445	(4,196,432) [2]	29.358
Total associates						

(1) controlled through Italcementi S.p.A.
(2) figures at 12/31/2013

Reasons for negative difference in final column:
- BravoSolution S.p.A.: carrying amount maintained because lower than recoverable amount
- Punta Ala S.r.l.: carrying amount maintained because lower than recoverable amount
- Sirap Gema S.p.A.: carrying amount maintained because lower than recoverable amount

Number of shares or quotas	Nominal unit value (in euro)	Carrying amount Unit	(in euro)	Total (000 €) (A)	Value as per art. 2426 no.4 Italian Civil Code (000 €) (B)	Difference (000 €) (B) – (A)	
							Subsidiaries
2,389,332	1.00	1.35	3,222,666	3,223	2,435	(788)	BravoSolution S.p.A.
157,171,807	–	4.35	683,222,974	683,223	1,443,419	760,196	Italcementi S.p.A.
260,000	1.00	0.99	258,228	258	811	553	Franco Tosi S.r.l.
1,300,000	1.00	1.20	1,558,523	1,559	1,495	(64)	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
5,000,000	1.00	7.18	35,878,428	35,878	16,121	(19,757)	Sirap Gema S.p.A.
833,333	24.00	167.25	139,373,498	139,373	287,208	147,835	Société de Participation Financière Italmobiliare S.A.
			863,514,317	**863,513**	**1,751,488**	**887,975**	**Total subsidiaries**
							Associates
27,636	56.81	335.58	9,273,976	9,274	18,750	9,476	Società Editrice Sud S.p.A.
			9,273,976	**9,274**	**18,750**	**9,476**	**Total associates**

Annex C
Statement of changes in bonds during 2014

(euro)	Position at 1.01.2014	Additions	Decreases	Change in fair value	Position at 12.31.2014
Available-for-sale portfolio					
Other variable-income securities	5,313,000			803,700	6,116,700
Mutual funds		190,708			190,708
Total	**5,313,000**	**190,708**	**--**	**803,700**	**6,307,408**

	Position at 1.01.2014	Additions	Decreases	Change in fair value	Position at 12.31.2014
Trading portfolio					
Other variable-income securities	2,252,354			234,018	2,486,372
Other fixed-income securities	1,574,064		846,333	5,914	733,645
Total	**3,826,418**	**--**	**846,333**	**239,932**	**3,220,017**

The position at December 31, 2014 was equal to market value at December 31, 2014.

Annex D
Comparison of carrying amount and market prices at December 31, 2014, for equity investments in companies with listed shares

(euro) **Equity securities**	**Number of shares**	**Carrying amount**	**Unit carrying amount**	**Unit fair value at December 31, 2014**	**Fair value at December 31, 2014**
Subsidiaries					
Italcementi S.p.A. - ordinary shares	157,171,807	683,222,974	4.347	4.9519	778,299,071
		683,222,974			**778,299,071**
Associates					
		-			**-**
Other companies					
Mediobanca S.p.A.	13,500,732	91,084,039	6.7466	6.7466	91,084,039
R.C.S. Mediagroup S.p.A.	10,107,883	9,358,889	0.9259	0.9259	9,358,889
Unicredit S.p.A. - ordinary shares	8,182,683	43,802,720	5.3531	5.3531	43,802,720
		144,245,648			**144,245,648**
Treasury shares (deducted against equity)					
Italmobiliare Società per Azioni - ordinary shares(*)	871,411	20,830,105	23.904	18.7997	16,382,265
Italmobiliare Società per Azioni - savings shares	28,500	396,085	13.898	14.6083	416,337
		21,226,190			**16,798,602**

(*) of which 721,631 servicing stock option plans

Annex E
Reconciliation between the theoretical tax charge and the effective tax charge reflected in the income statement

	(in thousands of euro)			
A)	**Profit before tax at December 31, 2014**			**18,986**
B)	Current IRES tax rate	**27.5%**		
C)	**Theoretical IRES (AxB)**			**(5,221)**
	Tax effects on permanent differences:			
D)	- non deductible			(5,985)
	- non taxable/exempt			11,206
			tot. D)	5,221
E)	Deferred tax assets / liabilities generated in the year:			
	- unrecorded deferred tax liabilities on taxable temporary differences			(841)
	- unrecorded deferred tax assets on deductible temporary differences			
	- unrecorded deferred tax assets on tax loss			
			tot. E)	(841)
F)	Recovery in year of deferred tax assets not recognized in prior years on deductible temporary differences and/or tax losses		tot. F)	
G)	Other taxes (prior-year taxes)		tot. G)	
H)	Other changes		tot. H)	
	Total		**(C+D+E+F+G+H)**	**(841)**
I)	Other taxes (prior-year taxes)			57
L)	**Effective tax charge recognized in the income statement for 2014**			**(784)**

Annex F
Analysis of equity line items at December 31, 2014

(in thousands of euro) **Nature / description**	**Amount**	**Possible uses**	**Available amount**	**Summary of uses in three previous years**	
				to cover losses	**other**
Share capital	**100,167**				
Reserves:					
Share premium	177,191	A, B, C	177,191		
Stock options	12,054	-			
AFS fair value reserve	18,587	-	-		
Total reserves	**207,832**	**-**	**177,191**		
Treasury shares at cost	**(21,226)**	**-**			
Retained earnings:					
Revaluation reserves	-	A, B, C	-	(86,759)	
Reserve for grants related to assets	-	A, B, C	-	(2,164)	
Negative goodwill	57,715	A, B, C	57,715		
Reserve as per art.55 DPR 597/1973 and 917/86	-	A, B, C	-	(1,771)	
Reserve as per art.54 DPR 597/1973 and 917/86	-	A, B, C	-	(185)	
Reserve art.33 law 413/91	-	A, B, C	-	(3)	
Reserve art.34 law 576/75	60,087	A, B, C	60,087	(33,155)	
Legal reserve	20,034	B			
Extraordinary reserve	310,757	A, B, C	310,757		
Retained earnings	140,074	A, B, C	140,074		
Translation reserve	-	A, B, C			
Reserve art.7 law 38/2005	15,688	A, B, C	15,688		
Profit for the year	18,202		18,202		
Total retained earnings	**622,557**		**602,523**	**(124,037)**	
Total			**779,714**		
Non-distributable portion - art. 2426 n. 5 Italian Civil Code					
Residual distributable portion			**779,714**		

Key: A: for share capital increase
B: to cover losses
C: for distribution to shareholders

ITALMOBILIARE

(Translation from the original Italian text)

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

1. The undersigned Carlo Pesenti, Chief Executive Officer and Giorgio Moroni, Manager in charge of financial reporting of Italmobiliare S.p.A., also taking into consideration art. 154-*bis*, paragraphs 3 and 4, of the Legislative Decree February 24th, 1998, no. 58, do hereby certify:

   - the adequacy in relation to the company structure and
   - the actual application,

   of the administrative and accounting procedures adopted for the preparation of the **separate financial statements**, in the period from January 1st, 2014 to December 31st, 2014.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of separate financial statements as of December 31st, 2014 is based on a pattern identified by Italmobiliare according to the CoSO framework (illustrated in the CoSO Report) and also takes into account the document "Internal Control over Financial Reporting – Guidance for Smaller Public Companies", both issued by the Committee of Sponsoring Organizations of the Treadway Commission representing a generally accepted international framework.

3. It is also certified that:

   3.1 the separate financial statements as of December 31st , 2014:

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

   b) correspond to the accounting books and entries;

   c) are suitable to provide a true and fair presentation of the equity, income and financial situation of the issuer.

   3.2 the annual directors' report includes a reliable analysis of the business trend and the operational results of Italmobiliare S.p.A., together with a description of the main risks and uncertainties to which it is exposed.

Signed by: Carlo Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in charge of financial reporting

March 24th, 2015

Report of the Board of Statutory Auditors to the Shareholders' Meeting in compliance with art. 153 of Legislative Decree 58/1998 and art. 2429, paragraph 2, of the Italian Civil Code

Milan, April 16, 2015

To the Shareholders,

In compliance with article 153 of Legislative Decree 58/1998 ("TUF", consolidated law on finance) and article 2429, paragraph 2 of the Italian Civil Code, the Board of Statutory Auditors is required to report to the Shareholders' Meeting called to approve the financial statements on operations performed during the year, as well as on any omissions and exceptionable facts that may have been observed. The Board of Statutory Auditors may also formulate proposals pertaining to the financial statements and their approval, as well as to issues within its sphere of competence

During the financial year, the Board of Statutory Auditors carried out its supervisory activities in compliance with the provisions of current law, the code of conduct recommended by the National Board of Accountants and the Consob guidelines.

* * *

Appointment and meetings of the Board of Statutory Auditors

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of May 27, 2014, and its members are Francesco Di Carlo (Chairman), Angelo Casò and Luciana Ravicini. Barbara Berlanda, Paolo Ludovici and Maria Rachele Vigani[1] are substitute auditors.

The Board of Statutory Auditors has held 15 meetings since its previous report (April 15, 2014) and 13 meetings in 2014. The entire Board or in any case some of its members also attended all 8 meetings of the Board of Directors, the 2 meetings of the Executive Committee, the 12 meetings of the Control & Risks Committee (held in some cases jointly by the two company bodies), the 4 meetings of the Committee for Transactions with Related Parties and the 3 meetings of the Remuneration Committee.

Significant events during the financial year

During the financial year, the company took part, to the extent of its competence, in the operation named i150, implemented to streamline the corporate structure of and strengthen the Italcementi Group. Specifically, the operation – approved by the Board of Directors of the subsidiary Italcementi S.p.A. in March 2014 and completed in July 2014 – consisted *(i)* of the conversion of Italcementi savings shares into ordinary shares, *(ii)* of the increase of the related share capital *(iii)* and of a public tender offer for the shares issued by Ciments Français. In this connection:

- the 3,011,500 Italcementi savings shares owned by Italmobiliare were converted into 1,957,475 ordinary shares. The conversion of all the savings shares issued by Italcementi in into ordinary shares determined the dilution of the percentage of Italcementi capital held by Italmobiliare from 60.4% to 44.32%;
- Italmobiliare took part in the Italcementi share capital increase, for an overall amount of 499.98 million euro, including the share premium, with an outlay of 225.13 million euro;

1 On the same date, the shareholders' meeting appointed the new Board of Directors, which, also on May 27, 2014, subsequently appointed the new Chief Executive Officer and the new members of the Executive Committee, the Control & Risks Committee, the Committee for Transactions with Related Parties and the Remuneration Committee.

- in June 2014, Italmobiliare, at the time holder of Ciments Français shares representing 2.75% of the share capital, took up the Italcementi public tender offer of 79.5 euro per share, and sold to Italcementi all the shares it held, with a gain of 15.17 million euro.

For a full description of significant events during the financial year ended December 31, 2014, the reader is referred to the Directors' Report on Group Operations, which, to the knowledge of the Board of Statutory Auditors, comprehensively outlines the most significant events regarding the Italmobiliare Group.

Atypical or unusual transactions

According to Communication no. DEM/6064293 of July 28 2006, atypical and/or unusual transactions are *those transactions that, in terms of materiality/significance, nature of the counterparts, object of the transaction, manner of determination of the transfer price and timing of the event (proximity to the end of the financial year), may raise doubts regarding: the correctness/completeness of the information in the financial statements, conflicts of interest, the protection of the company assets, the safeguarding of the minority shareholders.*

The Board of Statutory Auditors found no evidence of atypical or unusual transactions during the course of its supervisory activities.

Intragroup transactions or transactions with related parties

In compliance with article 2391-bis of the Italian Civil Code and the Regulation on transactions with related parties approved by Consob regulation 17221 of March 12, 2010, the company has implemented a "Procedure for transactions with related parties" and has established a "Committee for Transactions with Related Parties".

With a resolution on May 27, 2014, the Board of Directors named the new members of the Committee for Transactions with Related Parties.

In its report drawn up with reference to financial year 2013, the Board of Statutory Auditors noted that the Committee for Transactions with Related Parties was evaluating the procedure adopted by the company, in light of the experience acquired with regard to transactions with related parties since the introduction of the relevant laws, and considering the activities of the company, in order to identify and, if necessary, present to the company Board of Directors, any further areas to be updated. The Board of Statutory Auditors confirms that during the year, the Committee for Transactions with Related Parties met 4 times to verify the effectiveness of the procedure and assess amendments thereto to present to the Board of Directors and observes that, with the favorable opinion of the Committee, a number of updates to the procedure were presented to and approved by the company Board of Directors.

The Board of Statutory Auditors concurs with the amendments to the procedure presented to and approved by the Board of Directors and deems the procedure adopted by the company and published on its website to be compliant with the provisions of current laws, market practice and the characteristics of the company.

During financial year 2014 no transactions with related parties were entered into that, in compliance with the procedure for transactions with related parties, required the opinion of the Committee for Transactions with Related Parties. The Committee for Transactions with Related Parties met solely for the purposes described above.

In financial year 2014, to the extent of our knowledge, intragroup transactions entered into essentially consisted of reciprocal administrative services and consultancy on legal, organizational, leasing and financial matters. No anomalies emerged from the Board of Statutory Auditors' analysis of the information made available to it.

A detailed disclosure on transactions with related parties is provided in the Directors' Report on Group Operations, in the notes to the consolidated financial statements as at and for the year ended December 31, 2014, in the Directors' Report on Operations and in the notes to the separate financial statements as at and for the year ended December 31, 2014.

Supervisory activities in accordance with the Consolidated Legal Auditing Act "Testo Unico della Revisione Legale dei conti"

The Board of Statutory Auditors, identified under Legislative Decree 39/2010 as the "Control and Risks and Legal Audit Committee", is required to supervise: (i) the financial disclosure process; (ii) the effectiveness of the internal control, internal audit and risk management systems; (iii) the legal audit of the separate and the consolidated financial statements; (iv) the independence of the auditing company, especially with regard to the provision of services other than legal auditing to the entity being audited.

The supervisory activities carried out by the Board of Statutory Auditors provided the following indications.

i) Supervision of the financial disclosure process

The Board of Statutory Auditors verified the existence of appropriate regulations and processes supporting the process of "preparation" and "publication" of financial disclosures during meetings with the Manager in charge of financial reporting and with the Head of the internal audit department (who, in turn, monitors the financial disclosure process), obtaining from them evidence about the process used to prepare financial disclosures, about the company administrative and accounting procedures and about the reporting process adopted by the subsidiaries, also in accordance with article 114, paragraph 2 of Legislative Decree 58/98 and article 36 of Consob regulation 16191/2007.

The supervisory activities carried out did not reveal any deficiencies or facts to be reported to the shareholders

ii) Supervision of the effectiveness of the internal control, internal audit and risk management systems

With a resolution dated May 27, 2014, the Board of Directors named the new members of the Control & Risks Committee.

The Board of Statutory Auditors attended all the meetings of the Control and Risks Committee and also held joint control meetings with the Committee, at which the two bodies constantly exchanged information on their activities.

As part of its supervisory duties, the Board of Statutory Auditors periodically met the Head of the internal audit department, on some occasions jointly with the Control & Risks Committee, and obtained updates on the execution of the audit plan, on the audit activities performed and the outcome. The Board of Statutory Auditors also received from the Head of the internal audit department the reports drawn up upon completion of the individual control activities performed by the internal audit department.

Through its meetings with and examination of the documents provided by the Head of the internal audit department, the Board of Statutory Auditors ascertained the adequacy and operation of the company internal control system, compliance with law and with company procedures and processes, and the implementation of the relevant improvement plans.

During the period under review in this report, particular attention was again paid to the subsidiary Finter Bank, which has its own internal audit department. Further details are provided below.

The Board of Statutory Auditors received and examined the Audit Plan for financial year 2015, which it deems adequate.

The Board of Statutory Auditors examined the report prepared by the independent auditors in accordance with article 19, paragraph 3, Legislative Decree 39/2010, on the fundamental issues arising from the legal audit, which encountered no significant deficiencies in the internal control system in relation to the financial disclosure process.

Regarding the subsidiaries excluded from the company's audit plan since they have their own audit departments, whose reports are examined and assessed by the Head of the internal audit department and the Control & Risks Committee, attention is drawn to the following points:

- in relation to Italcementi, as part of the exchange of information, the Board of Statutory Auditors of the subsidiary informed us that the internal audit department of Italcementi is adequate and qualified. The Board of Statutory Auditors viewed the report of the Control & Risks Committee of the subsidiary issued on March 4, 2015, which judges the internal control and risk management system to be adequate;
- in relation to Finter Bank, we, together with the Control & Risks Committee, continued our monitoring of the weaknesses in the control system found in the previous years, which also came to the attention of the Swiss supervisory authority (FINMA). This activity was performed through constant reports obtained from the head of the internal audit department and – both through this officer and directly – from the Bank's own control functions and in meetings with officers of the Bank (including the Chief Executive Officer and Manager in Charge of Italmobiliare, who are members of the Bank Board of Directors). To the knowledge of the Board of Statutory Auditors, the measures mentioned in the report drawn up by us with regard to financial year 2013 continued, and significant improvements were also made (and not only) to the Bank's control system. We concur with the attention that, also for the current financial year, the Head of the company's internal audit department has decided to devote to monitoring the completion of the necessary measures on the Bank's internal control system. Finally, we confirm that also during 2014, the flow of information from the Finter Bank internal audit department – and, generally, from the parties that form the bank's control system – to the company internal audit department were deemed by the latter to be adequate and satisfactory.

With regard to the subsidiaries included in the company audit plan, in July 2014 a Control & Risks Committee was formed at Sirap Gema S.p.A.; furthermore, a resource is being sought to manage the internal audit of the subsidiary. Once the resource has been acquired, Sirap Gema will have an autonomous internal audit department and will therefore no longer by audited directly by the Italmobiliare internal audit department.

With regard to the report for financial year 2013, the annual agreement between Italcementi and Italmobiliare regulating the partial temporary deployment of personnel from the Italcementi internal audit department to Italmobiliare has expired. During the financial year, the Board of Statutory Auditors ascertained the adequacy of the solution and, therefore, of the company's internal control system. After expiry of the agreement, the Board of Statutory Auditors received reassurance from the Head of the company's internal audit department regarding the adequacy of the resources available today, also with regard to the 2015 audit plan; also by virtue of the fact noted above that a resource is being sought to manage the internal audit at Sirap Gema, which consequently will soon have its own autonomous internal audit department. The Board of

Statutory Auditors will monitor the ongoing adequacy of the resources in the company internal audit department and of the company internal control system, and ascertain that the head of internal audit department being formed at Sirap Gema is soon appointed.

On the basis of all the above, and, specifically, of the information provided to the Board of Statutory Auditors by the Control & Risks Committee and the Head of the internal audit department, the powers, resources and tools made available to the Head of the internal audit department by the company Board of Directors are adequate and appropriate.

In light of the results of our activities, the information obtained from the Control & Risks Committee and the disclosures of that Committee in its annual report, the content of the report prepared by the independent auditors in compliance with article 19, paragraph 3, Legislative Decree 39/2010, supported by our discussions with the independent auditors, as well as the information acquired from the Board of Statutory Auditors of Italcementi (regarding the internal control system of the main subsidiary) and set out in the annual report of the subsidiary's Control & Risks Committee, as well as the information acquired from the relevant bodies of Finter Bank, the Board of Statutory Auditors deems that the internal control system is substantially adequate and – subject to the need to monitor the adequacy of the resources – that the internal audit department is adequate and effective.

The company has not established a specific risk management function, delegating this task to the various operating departments. At the same time, we noted the risk management project launched by Italmobiliare – based on a new model that takes into account the specific characteristics of the different businesses in which the company operates –, learned from the Italcementi Board of Statutory Auditors that the risk management system of the company's main subsidiary continues to be well structured and effective, and was also informed by the Head of the company's internal audit department that an Enterprise Risk Management project has been introduced at the Sirap Group. Consequently, it is our opinion that operating risks are adequately monitored at Group level, although the need for an autonomous risk management department will need to be re-examined in the future, in the light of Group developments and the operating environment, so as to ensure adequate control of the potential risks arising from the activities of the company and the other subsidiaries.

The Board of Statutory Auditors observed that the formalization of the guidelines for the company's internal control and risk management system had been completed.

iii) Supervision of the legal auditing of the separate financial statements and the consolidated financial statements

The Board of Statutory Auditors periodically met the senior managers of the independent auditors (KPMG S.p.A.) to exchange information as planned. During the meetings, we were informed about the fundamental issues that arose during the audit, which concerned measurement questions and, in particular, impairment procedures. We were advised that, during the audit, no significant deficiencies emerged in the internal control system in terms of the financial disclosure process, also with regard to article 19, paragraph 3 of Legislative Decree 39/2010.

iv) Supervision of the independence of the independent auditors, especially with regard to provision of non-auditing services

The Board of Statutory Auditors monitored the independence of the independent auditors and took note of the authorization procedure adopted by KPMG with respect to the requests for professional services made to companies belonging to the KPMG network by companies of the Italmobiliare Group. The existing procedure provides protection against the acceptance of mandates that might prejudice the independence of KPMG and is in line with the market standards known to the members of the Board of Statutory Auditors.

The Board of Statutory Auditors also received from the independent auditors their annual statement of independence, in compliance with article 17, paragraph 9, clause a), of Legislative Decree 39/2010.

The independent auditors disclosed to the Board of Statutory Auditors the fees it received and those received by Italian and non-Italian companies in the KPMG network, and specified the amounts relating to activities other than auditing. During the financial year ended December 31, 2014, KPMG S.p.A. and the companies in the KPMG network received from the Italmobiliare Group a total amount of 4,419 thousand euro, broken down as follows: 3,006 thousand euro for auditing services and 1,413 thousand euro for other services. From January 1, 2015 to the date of this report, the companies in the KPMG network provided Italmobiliare S.p.A. with services other than legal auditing for an overall amount of 23 thousand euro.

The non-auditing services provided to the Group by companies belonging to the KPMG network do not, in our opinion, prejudice the independence of the independent auditors.

Separate and consolidated financial statements

As regards the separate and the consolidated financial statements as at and for the year ended December 31, 2014, while the duties of the legal audit and, therefore, the opinion on the separate and the consolidated financial statements are the exclusive domain of the independent auditors, KPMG, it should be noted that:

– the Board of Statutory Auditors supervised the Board of Directors' compliance with the procedural regulations regarding the preparation of the separate and the consolidated financial statements, as well as their general layout and their overall compliance with law in terms of form and structure. We have no observations to make in this regard;
– the separate and the consolidated financial statements as at and for the year ended December 31, 2014, were prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, in force at December 31, 2014, which are duly illustrated in the notes. The notes also illustrate the standards, amendments and interpretations endorsed by the European Union after December 31, 2013. As indicated in the Directors' Report on Group Operations, the main change concerned IFRS 11 "Joint arrangements": specifically, until December 31, 2013 the Group consolidated joint ventures proportionately, whereas the new IAS 28 ("Investments in associates and joint ventures") and IFRS 11 require joint ventures to be consolidated with the equity method. As noted in the Directors' Report on Group Operations, *although application of the new standards as from January 1, 2014, has had a limited impact, in order to ensure a presentation consistent with the previous year, assets and liabilities as at December 31, 2013 and income and expense for 2013 have been re-stated;*
– as indicated in the notes to the consolidated financial statements and the separate financial statements, in the sections concerning the re-statement of the comparative amounts, and also in the reports to the separate financial statements and the consolidated financial statements as at and for the year ended December 31, 2014 drawn up by the independent auditors pursuant to arts. 14 and 16 of Law 39/2010, with reference to the figures of the previous year and the assets and liabilities at January 1, 2013 set out in the separate financial statements and in the consolidated financial statements as comparatives, due to the need to realign tax credit positions and tax losses after the withdrawal from the tax consolidation headed by Italmobiliare S.p.A. of the Italcementi Group, in compliance with IAS 8, some comparative figures relating to the consolidated financial statements of the previous

year and to assets and liabilities at January 1, 2013 have been restated with respect to the previously published figures. We have learned from the independent auditors KPMG that it examined the methods used to re-state the comparative figures and the disclosures in the notes for the purposes of drawing up its opinion on the consolidated financial statements as at and for the year ended December 31, 2014;

- the separate and the consolidated financial statements are consistent with the facts and information the Board of Statutory Auditors learned while attending meetings of the Board of Directors and the Executive Committee and in carrying out its supervisory activities;
- once again, in financial year 2014 the company paid particular attention to testing for impairment;
- the provisions of article 154-ter, paragraph 1-ter, Legislative Decree 58/98 were complied with.

As stated above, the Board of Statutory Auditors periodically met the independent auditors, KPMG, for an on-going exchange of information on the supervisory activities carried out by both parties. No critical issues worthy of note emerged. The Board of Statutory Auditors has examined the reports prepared by the independent auditors on the separate financial statements and the consolidated financial statements as at and for the year ended December 31, 2014 and observed:

- the opinions on the separate financial statements and the consolidated financial statements as at and for the year ended December 31, 2014 contained therein, from which it emerges that the separate and consolidated financial statements comply with the regulations governing their preparation and give a true and fair view of the financial position and the results of operations, both of the company and at the consolidated level;
- the absence of disclosure recalls;
- the opinions of consistency of the Directors' Report on Operations and the Directors' Report on Group Operations with, respectively, the separate and the consolidated financial statements, as well as with the information contained in the Report on corporate governance and ownership structure, insofar as they relate to the provisions of article 123-bis, paragraph 1 clauses c), d), f), l) and n) and paragraph 2 clause b), of Legislative Decree 58/98.

The Board of Statutory Auditors also examined the certifications prepared by the Chief Executive Officer and the Manager in charge of financial reporting in accordance with article 154-bis, paragraph 5, Legislative Decree 58/98 regarding the separate and the consolidated financial statements and took note of the completeness of their content.

Directors' reports on operations and on Group operations

The Board of Statutory Auditors verified the contents of the Directors' Report on Operations and the Directors' Report on Group Operations. The reports summarize the main risks and uncertainties and provide a business outlook for the company and the Group.

Having examined the Reports, the Board of Statutory Auditors, to its knowledge, found them to be complete with respect to the current provisions of law and to the transparency of the disclosures therein.

Other activities of the Board of Statutory Auditors and disclosures required by Consob

In carrying out its activities, the Board of Statutory Auditors, as required by article 2403 of the Italian Civil Code and article 149 of the TUF, supervised compliance with the law and the by-laws, as well as with the principles of proper governance and, especially, the adequacy of the organizational, management and accounting structure of the company.

In accordance with article 2405 of the Italian Civil Code, the Board of Statutory Auditors attended all the meetings of the Board of Directors and the Executive Committee and obtained periodical information from the Directors on general operations, on the expected business outlook, as well as on the most significant financial and business transactions performed by the company. It ensured that the decisions taken were not manifestly imprudent, risky, in potential conflict of interest, in conflict with shareholder resolutions or such as to compromise the solidity of the company assets. The Board of Statutory Auditors also attended the shareholders' meeting.

The Board of Statutory Auditors received and examined the Report on corporate governance and ownership structure, which adequately and fully illustrates the company's compliance with the Code of Conduct for listed companies.

As regards the governance bodies, the following should be noted:

- at the date of this report, the Board of Directors – appointed on May 27, 2014 – is made up of 14 directors, 6 of whom possess the requirements of independence envisaged in the Code of Conduct. The Board of Directors held 8 meetings in 2014;
- the Executive Committee is made up of 5 directors and met twice in 2014. The Executive Committee of the company has the same duties as the Board of Directors – with the sole exception of those that may not be delegated – and therefore only meets when, in the event of urgent matters, organization of a Committee meeting is more practical than calling a meeting of the Board of Directors;
- the Control & Risks Committee is made up of 3 directors, 2 of whom possess the requirements of independence envisaged in the Code of Conduct. In 2014, the Control & Risks Committee held 12 meetings. Some of the meetings were held as joint meetings of the Board of Statutory Auditors and the Control & Risks Committee;
- the Remuneration Committee is made up of 3 Directors, 2 of whom possess the requirements of independence envisaged in the Code of Conduct. The Remuneration Committee held 3 meetings in 2014, to examine and approve the remuneration policy for executive directors with special powers and managers with strategic responsibilities, and made recommendations to the Board of Directors regarding remuneration of directors and managers;
- the Committee for Transactions with Related Parties is made up of 3 independent directors. It held 4 meetings in 2014, to update the procedure for transactions with related parties and present some amendments to the procedure to the Board of Directors.

By attending the meeting of the various governance bodies, as indicated by the Code of Conduct, the Board of Statutory Auditors was able to ascertain that the Board of Directors had carried out its various duties; the Board of Statutory Auditors was also able to ascertain the correct functioning of the Executive Committee, the Control & Risks Committee, the Remuneration Committee and the Committee for Transactions with Related Parties, as regards the provisions of the Code of Conduct and the procedure for transactions with related parties.

The Board of Statutory Auditors met the Lead Independent Director and ascertained that he had received no petitions and/or contributions from the other independent Directors – or from the non-executive Directors in general – during financial year 2014 and up to the date of preparation of this report.

As part of its supervisory activities and for the purposes of constant exchanges of information, the Board of Statutory Auditors periodically met:

- the independent auditors, for an on-going exchange of information regarding activities performed;

- the Head of the internal audit department, receiving from him information on the outcome of his activities;
- the members of the Supervisory Board , formed pursuant to Legislative Decree no. 231 of June 8, 2001, and received from them information on the outcome of their supervisory activities, supported by the Supervisory Board Reports to the Board of Directors. The reports reveal that no anomalies or exceptionable facts were encountered and that the Supervisory Board had received no indications from parties within or outside the company regarding alleged breaches of the Organizational and Management Model or the related procedures;
- the Manager in charge of financial reporting;
- the Board of Statutory Auditors of Italcementi, which provided information on the subsidiary's management and internal control systems, deemed to be effective and adequate, and on the company's general operations.

During the above supervisory activities, no omissions, exceptionable facts or irregularities warranting a report to the relevant external supervisory and monitoring bodies or a mention in this report were encountered.

During the financial year, the Board of Statutory Auditors received no complaints under article 2408 of the Italian Civil Code or petitions, nor was the Board of Statutory Auditors required to provide any of the opinions envisaged by current regulations in force.

* * *

In consideration of the above and to the extent of its competence, the Board of Statutory Auditors, supported by the report prepared by the independent auditors and its opinion on the financial statements, has no grounds to oppose the approval of the financial statements as at and for the year ended December 31, 2014 prepared by the Board of Directors and has no objections to the proposals made to the Shareholders' Meeting by the Board of Directors.

The Board of Statutory Auditors

Francesco Di Carlo
Angelo Casò
Luciana Ravicini

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

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

To the shareholders of
Italmobiliare S.p.A.

1 We have audited the separate financial statements of Italmobiliare S.p.A. as at and for the year ended 31 December 2014, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The separate financial statements present the prior year corresponding figures and the statement of financial position as at 1 January 2013 for comparative purposes. As disclosed in the note "Restatement of comparative data", due to the adjustments in the carrying amounts of tax assets and tax losses following the exit of the Italcementi Group from Italmobiliare S.p.A.'s tax consolidation scope, as required by IAS 8, the company's directors restated some of the corresponding figures included in the prior year separate financial statements and statement of financial position as at 1 January 2013, which derives from the separate financial statements at 31 December 2012. We audited the 2013 and 2012 separate financial statements and issued our reports thereon on 15 April 2014 and 12 April 2013, respectively. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the separate financial statements at 31 December 2014.

3 In our opinion, the separate financial statements of Italmobiliare S.p.A. as at and for the year ended 31 December 2014 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of Italmobiliare S.p.A. as at 31 December 2014, the results of its operations and its cash flows for the year then ended.

4 The directors of Italmobiliare S.p.A. are responsible for the preparation of a directors' report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report on operations and its specific section on corporate governance and ownership structure, to the extent of the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98, with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the specific section of such report are consistent with the separate financial statements of Italmobiliare S.p.A. as at and for the year ended 31 December 2014.

Milan, 16 April 2015

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

Extraordinary session

Proposed amendments to articles 9 (Call), 10 (Addition to the agenda) and 20 (Call of the Board of directors and the Executive committee) of the company By-Laws. Ensuing and consequent resolutions

Dear Shareholders,

You have been called to discuss and resolve upon the proposed amendments to articles 9, 10 and 20 of Italmobiliare S.p.A. By-laws (the “By-laws”) in order to comply with the amended ref-erence Laws as well as to simplify some corporate fulfillments.

In particular, it is proposed to amend art. 9 (Call) in order to comply with the amendments at the Legislative Decree 58/1998 (“TUF”) related to the publication of the notice of call of the share-holders’ meeting stated for by Legislative Decree n. 91 of 18/06/2012, firstly, and then by the conversion Law n. 116 of 11/08/2014 providing for the publication of the notice of call on the company website and, in abridged, in the newspaper mentioned in the Bylaws.

Moreover, Legislative Decree n. 91 of 18/06/2012 amended Article. 2369 of the Italian Civil Code providing that, unless otherwise provided by the company Bylaws, the shareholders’ meetings of the listed companies, are held in a single call by applying the majorities required for the second call, in the case of ordinary meeting, and the majorities required for the calls follow-ing the second, in case of an extraordinary meeting.

With reference to art. 10 (Additions to the agenda), the proposed amendments are intended to implement the amendments to TUF introduced by Legislative Decree. N. 91 of 18/06/2012 and the Conversion Law n. 221 of 17/12/2012 that have recognized, to shareholders holding at least 2.5% of the share capital, in addition to the right to supplement the agenda proposing further items, the possibility of proposing new draft resolutions on items already on the agenda.

Finally, about art. 20 (Call of the Board of Directors and the Executive committee), the proposed changes are aimed at simplifying the formalities for the convening of the Board of Directors and Executive committee, allowing the use of tele-communication means instead of sending by reg-istered letter.

It is proposed, finally, to elide the transitional rule on the application of gender balance rules’.

In light of the above, the proposed amendments to articles 9, 10, and 20 of the By-Laws are set out below.

Current text	Proposed text
<u>Article 9</u> **Call**	**<u>Article 9</u>** **Call**
The Ordinary Meeting is called by the Board of Directors, at least once a year and within 120 days of the end of the fiscal year, to analyse the issues as per art. 2364 of the Italian Civil Code. In the event of the specific terms envisaged by the law, this period is extended to a maximum of 180 days.	Unchanged.
The General Meeting is also called, both in ordinary and extraordinary session, every time the Board of Directors deems it to be appropriate and for the events envisaged by law.	Unchanged.

Current text	Proposed text
The notice of call to the General Meeting is published on the Company's website and in accordance with the other modalities set out by the applicable laws and regulations as well as, where provided by mandatory provi-sions of law or, in any case, whenever the Board of Directors deems it appropriate, in at least one of the following newspapers: "Il Sole - 24 Ore" and "Milano Finanza" within the terms provided by current laws and regulations.	**The notice of call to the General Meeting is published on the Company's website and in accordance with the other modali-ties set out by the applicable laws and regulations.** ~~as well as, where provided by mandatory provisions of law or, in any case, whenever the Board of Directors deems it appropriate, in at least one of the following newspapers: "Il Sole - 24 Ore" and "Milano Finanza" within the terms provided by current laws and regulations.~~
The notice of call must indicate the venue, which shall not necessarily be the company's head office as long as it is in Italy, the day and time of the meeting, the agenda and it shall include additional information set out by the applicable laws and regulations.	Unchanged.
It must also state the day for the second call, which cannot be the same day of the first call, in the event that the meeting first called is not legally constituted.	**The General Meeting is held on single call with the majorities provided for by the applicable regulation.**
Any further meetings are allowed as long as these are called within 30 days from the date envisaged for the meeting on second call.	Invariato.
If the day of any further meeting is not stated in the notice of call, the provisions as per clauses 3 and 4 of this article shall apply.	~~If the day of any further meeting is not stated in the notice of call, the provisions as per clauses 3 and 4 of this article shall apply.~~
The Board of Directors, however, may establish, should it deem appropriate and providing specific indication in the notice of call, that both the ordinary and the extraordinary meeting shall be held following a single call.	~~The Board of Directors, however, may establish, should it deem appropriate and providing specific indication in the notice of call, that both the ordinary and the extraordinary meeting shall be held following a single call.~~
Article 10 **Addition to the agenda**	**Article 10** **Addition to the agenda and presentation of new resolutions' proposals**
Shareholders who, also jointly, own at least one fortieth of share capital represented by shares with voting rights, can request, in writing, by the terms envisaged by current laws, that additions are made to the agenda of the General Meeting, stating in the application the other issues that they suggest.	Shareholders who, also jointly, own at least one fortieth of share capital represented by shares with voting rights, can request, in writing, by the terms envisaged by current laws, that additions are made to the agenda of the General Meeting, stating in the application the other issues that they suggest **or for further resolutions' proposals on the items already on the Agenda.**
The notice of addition to the agenda is published according to the modalities set forth under art. 9, within the terms envisaged by the law.	The notice of addition to the agenda **or the notice related to further resolutions' proposals** is published according to the modalities set forth under art. 9, within the terms envisaged by the law.

Current text	Proposed text
Shareholders requesting for addition to the agenda of the General Meeting shall prepare a report concerning the subject matters they propose to discuss. Such a report shall be delivered to the Board of Directors within the deadline provided for the request of addition to the agenda.	Shareholders requesting for addition ~~to the agenda of the General Meeting~~ shall prepare a report concerning **the reasons of the resolutions' proposals on the new** ~~subject~~ matters they propose to discuss **or the reasons underlying the further resolutions' proposals on the items already on the Agenda**. Such a report shall be delivered to the Board of Directors within the deadline provided for the request of addition to the agenda.
The addition to the agenda is not allowed for the issues on which the Meeting deliberates, under the law, upon a proposal of the direc-tors or on the basis of a project or a report prepared by them.	Unchanged.
Article 20 **Call of the Board of Directors and Executive Committee**	**Article 20** **Call of the Board of Directors and Executive Committee**
The Board of directors meets, both at the company head office or elsewhere, in Italy or in other European countries, any time the Chairman, or his nominee, deems it as necessary, as well as in the case envisaged by art. 28 of these By laws.	The Board of directors meets, both at the company head office or elsewhere, in Italy or in other European countries, any time the Chairman, or his nominee, deems it as necessary, **when it is requested by at least three Directors** as well as in the case envisaged by art. 28 of these By laws.
The notices of call shall be usually made by the Chairman, or his nominee, in a letter to be sent, by means of registered post or express courier, at least five days before that of the meeting.	The notices of call shall be usually made by the Chairman, or his nominee, ~~in a letter to be sent,~~ by means of ~~registered post or ex-press courier~~ **a written notice to be sent via fax, telegram or electronic email**, at least five days before that of the meeting.
In case of urgency, the call can be made via telegram, fax or notice sent electronically at least 24 hours before the meeting.	In case of urgency, the call can be made ~~via telegram, fax or notice sent electronically~~ **by same means indicated in the precedent paragraph** at least 24 hours before the meeting.
Analoga procedura verrà seguita per la convocazione del Comitato esecutivo.	Unchanged.
TRANSITIONAL PROVISION	~~**TRANSITIONAL PROVISION**~~
In accordance with the Directors' Report submitted to the Annual General Sharehold-ers' meeting of 29 May 2012, and in compli-ance with the first paragraphs of Sections 16 and 25 the By-Laws as amended by the same General Meeting and the related re-quirements of Law of 12 July 2011 no. 120, it is hereby clarified that at the time of first renewal of the corporate bodies subsequent to August 12, 2012, the number of candi-dates in the lists (not those lists presented by minority shareholders) belonging to the less represented gender must be equal to one-fifth.	~~In accordance with the Directors' Report submitted to the Annual General Sharehold-ers' meeting of 29 May 2012, and in compli-ance with the first paragraphs of Sections 16 and 25 the By-Laws as amended by the same General Meeting and the related re-quirements of Law of 12 July 2011 no. 120, it is hereby clarified that at the time of first renewal of the corporate bodies subsequent to August 12, 2012, the number of candi-dates in the lists (not those lists presented by minority shareholders) belonging to the less represented gender must be equal to one-fifth.~~

The proposed amendments do not grant shareholders that do not approve them the withdrawal right pursuant to art. 2437 Italian Civil Code.

* * *

Dear Shareholders,

If you agree with the proposed amendments set out above, we invite you to resolve upon the following resolution:

"The extraordinary shareholders' meeting of Italmobiliare S.p.A. of May 27, 2015, having exam-ined the Report of the Board of Directors,

hereby resolves

a) to approve the amendment to articles 9 (Call), 10 (Addition to the agenda), 20 (Call of the Board of Directors and Executive Committee) of the company By-Laws in the contents set out above;

b) to grant to the Chairman, the Chief Executive Officer-Chief Operating Officer, the Deputy Chairman, in office, even severally, the broadest powers to make to the adopted resolutions any amendments, adjustments, supplements and additions that might be necessary or that might be requested by the competent Authorities".

Milan, March 24, 2015

On behalf of the Board of Directors
Chief Executive Officer
(Carlo Pesenti)

Summary of resolutions

The Annual General meeting, held on May 27, 2015, in Milano, via Filodrammatici no. 3 and attended in person and by proxy by 143 shareholders holding a total of 18,178,833 ordinary shares over 22,182,583 outstanding ordinary shares

resolved

at the ordinary session

1) • To approve the Directors' Report on operations and the 2014 financial statements, consisting of the statement on financial position, income statement and explanatory notes, which reflect a profit of 18,201,649.43 euro, as presented by the Board of Directors as a whole, in the individual accounting entries and with the proposed allocations;

• to allocate the profit for the year as follows:

Profit for the year		**18,201,649.43**
- 5% of the nominal value of 2.60 euro to the 16,314,662 [1] savings shares equivalent to 0.13 euro per share with reference to financial year 2012	2,120,906.06	2,120,906.06
- 5% of the nominal value of 2.60 euro to the 16,314,662 [1] savings shares equivalent to 0.13 euro per share with reference to financial year 2013	2,120,906.06	2,120,906.06
- 5% of the nominal value of 2.60 euro to the 16,314,662 [1] savings shares equivalent to 0.13 euro per share with reference to financial year 2014	2,120,906.06	2,120,906.06
Balance		**11,838,931.25**
To the translation reserve		24.67
Balance		**11,838,906.58**
- to the 21,325,422 [2] ordinary shares 0.25 euro	5,331,355.50	5,331,355.50
Total dividends	**11,694,073.68**	
Balance		**6,507,551.08**
Carried forward		**6,507,551.08**
Total retained earnings		**146,581,401.78**

[1] net of the 28,500 savings treasury shares held at March 24, 2015
[2] net of the 857,161 ordinary treasury shares held at April 24, 2015

• to authorize the Chairman, the Chief Executive Officer - Chief Operating Officer and the Deputy Chairman, severally, should the number of ordinary treasury shares change before the dividend date:

- to increase the caption "Retained earnings" by an amount equivalent to the dividend entitlement of any purchased ordinary shares,
- to reduce the caption "Retained earnings" by an amount equivalent to the dividend entitlement of any sold ordinary treasury shares.

2) to agree upon the first section of the Remuneration Report drafted by the Board of directors.

3) Having revoked the resolution authorizing the acquisition and disposal of treasury shares adopted by the ordinary Shareholders' Meeting of May 27, 2014, to authorize, pursuant to art. 2357 of the Civil Code, the purchase of ordinary and/or savings treasury shares, in the amount, against consideration and according to the terms and conditions below:

- the purchasing can be made once or more times, within 18 months from the resolution date;
- the purchase price of each share shall not exceed nor be lower than 15% of the average reference share price occurred on the same regulated market in the three sessions preceding each transaction;
- the overall consideration to be paid by the Company for the purchase shall in no case exceed the amount of Euro 50 million;
- the maximum number of ordinary and/or savings shares purchased shall not have an overall nominal value, including treasury shares already held as of the date hereof by the company and by the subsidiaries, in excess of one tenth of the share capital.

4) to fix, till new shareholders' resolution, in Euro 3,000 the gross remuneration to be paid to each Board member for each attendance at meetings of the Investments Committee of the Company.

at the extraordinary session

To modify articles 9 (Call), 10 (Addition to the agenda), 20 (Call of the Board of Directors and Executive Committee) of the company By-Laws.

May 2015
Project of LSVmultimedia
Olginate - Lecco