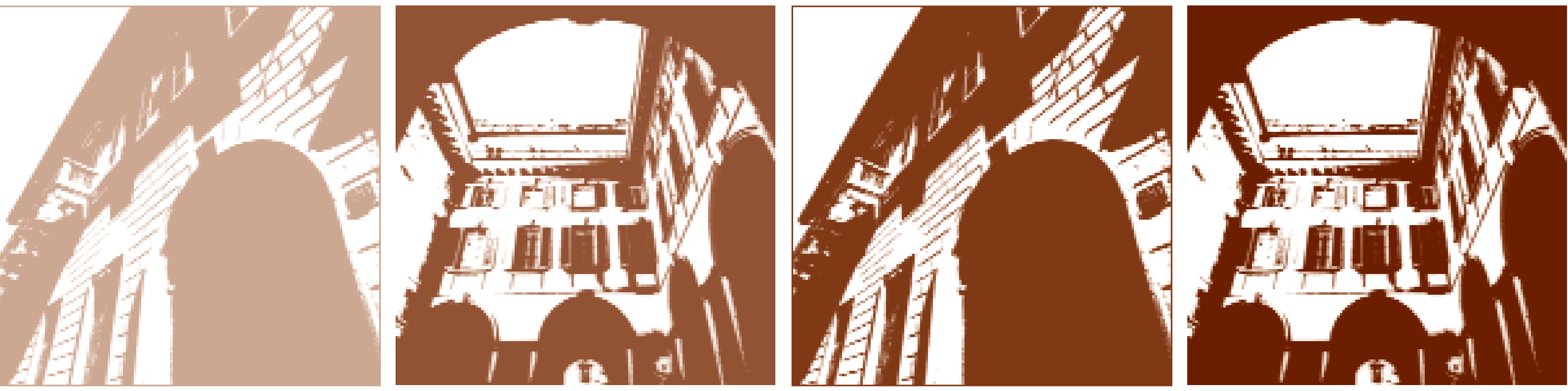
ITALMOBILIARE

2011 Annual Report



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This Annual Report has been prepared in English for the convenience of international readers.
The original Italian documents should be considered the authoritative version.

ITALMOBILIARE

2011 Annual Report

March 28, 2012

ITALMOBILIARE
Società per Azioni

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

Company officers

Board of Directors
(Term ends on approval of financial statements at 12.31.2013)

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

Board of Statutory Auditors
(Term ends on approval of financial statements at 12.31.2013)

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

Manager of preparing the Company’s financial reports

Giorgio Moroni

Independent Auditors

KPMG S.p.A.

1 Member of the Executive Committee
2 Executive Director responsible for overseeing the functioning of the internal control system
3 Member of the Remuneration Committee
4 Member of the Internal control Committee
5 Member of the Committee for Transactions with related parties
6 Independent director (in accordance with the Voluntary Code of Conduct and law no. 58, February 24, 1998)
7 Independent director (in accordance with Leg. Decree no. 58, February 24, 1998)
8 Lead independent director
9 Member of the Compliance Committee
10 Secretary to the Executive Committee

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

Board of Directors

Giampiero Pesenti
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..
Currently director of Mittel S.p.A., Allianz S.p.A., Compagnie Monegasque de Banque, Finter Bank Zurich and other companies in the Italmobiliare Group.

Italo Lucchini
Born in Bergamo, December 28, 1943
Degree in economics & commerce – Bocconi University, Milan.
Assistant lecturer at Bocconi University, non-tenured lecturer at Bergamo University, public accountant with a successful practice in Bergamo.
Supervisory Director at Unione di Banche Italiane S.c.p.a. and Chairman of the Board of Statutory Auditors of BMW Financial Services Italia S.p.A. and BMW Italia S.p.A. and its subsidiaries, also of Fedrigoni S.p.A. and Cartiere Fedrigoni & C. S.p.A..

Carlo Pesenti
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 May 14, 2001, Chief Operating Officer of Italmobiliare S.p.A..

Mauro Bini
Born in Milan, October 20, 1957
Degree in economics and commerce – Bocconi University, Milan.
Full professor of Corporate Finance at the Bocconi University, Milan. Chairman of the Board of Management of the OIV (*Organismo Italiano di Valutazione,* Italian evaluation board). Author of articles and books on corporate finance, financial reporting evaluations and corporate evaluations.
Previously, he lectured at the Ca' Foscari University in Venice.

Giorgio Bonomi
Born in Bergamo, November 2, 1955
Degree in law – Milan State University.
Practises law in Bergamo. Account auditor.
As a specialist in distribution contracts, he has been involved in the creation of some of Italy's most important purchasing consortia. Assists some of the leading Italian groups on advertising and mass merchandising, with a particular focus on growth (M&A) and corporate disputes.

Gabriele Galateri di Genola
Born in Rome, January 11, 1947
Married, with a daughter. *Cavaliere* of Italy's Order of Merit for Labor.
Since April 8, 2011, Chairman of Assicurazioni Generali S.p.A..
After obtaining his MBA from Columbia University Business School, he began his professional career in 1971 at the Central Division of Banco di Roma, first as head of the Financial Analysis Office, and subsequently as head of the International Financing Office.
1974, joined the Saint Gobain Group, first in Italy, as Chief Financial Officer, later in Paris, where he remained until 1976.
1977, joined Fiat S.p.A., taking increasingly senior posts: from head of the North-Central-South America area in the International Finance Division to Director of International Finance and, lastly, Chief Financial Officer.
1986, appointed CEO of IFIL S.p.A., in 1993 also took the position of CEO and General Manager of IFI, posts he held until 2002.
June 2002, CEO of FIAT S.p.A..
From April 2003 to June 2007, Chairman of he Board of Directors of Mediobanca S.p.A., from December 3, 2007, to April 12, 2011, Chairman of Telecom Italia S.p.A., where he is still a director.
Chairman of TIM Brasil Serviços e Participaçoes S.A. and non-executive member of the Board of Directors of TIM Participações S.A., Banca CRS S.p.A., Banca Carige, Azimut – Benetti S.p.A., Saipem S.p.A., Lavazza S.p.A., Accademia Nazionale di Santa Cecilia – Fondazione, Fondazione Giorgio Cini – Onlus, and also Edenred S.A. President of the Istituto Italiano di Tecnologia and member of the International Advisory Board of the Columbia Business School.

Jonella Ligresti
Born in Milan, March 23, 1967
After gaining her secondary education certificate (in scientific studies), she attended business study courses at the LUISS Business School in Rome and the Bocconi University in Milan. She began her professional career in the then Sai Group, an organization active in insurance, finance, real estate, tourism, agriculture.
Ligresti continued her training "in the field", gaining experience in insurance at SAI S.p.A., where she joined the Board of Directors in 1996 and was appointed chair in 2001. Turin University awarded her an honorary degree in Economics and Commerce in July 2007.
She also holds post in other companies, including Mediobanca and RCS.
She pays great attention to social problems, and was involved in the formation of the Fondiaria – Sai foundation", of which she is deputy chair.

Sebastiano Mazzoleni
Born in Milan, May 11, 1968
Degree in geology – Milan State University.
Master in Business Administration, Bocconi University, Milan.
Began his professional career in 1996 with CTG S.p.A., as a research geologist with responsibility for assessing raw material reserves 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 the development of competitive positioning models.
2003, involved in the creation of the new Group New Product Marketing Division, where he was responsible for innovation management in the USA, Greece, Bulgaria, Turkey, Egypt, Thailand, Kazakhstan and India until 2009. He was also Group manager of the new project for enhancement of recoverable resources.
Since 2010 active in non-profit and consultancy on innovation.

Luca Minoli
Born in Naples, January 29, 1961
Degree in Law – Milan State University.
Practicing lawyer.
From 1986 to 1987 he was an associate with the Hughes Hubbard & Reed law firm in New York. Associate and from 1991 partner of the Ardito law firm. Partner since 2001 of the Casella, Minoli e Associati law firm, and, since 2004, equity partner with the Dewey & LeBoeuf law firm.

Gianemilio Osculati
Born in Monza, May 19, 1947
Degree in Business Economics – Bocconi University, Milan.
MBA from Indiana University School of Business, where he was a Fulbright Scholar - University Fellow Teaching Assistant of Finance.
Registered on the Milan 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 CEO from 1994 to 2004 and Chairman from 2004 to 2007.
Currently Chairman, CEO and Director in a number of Italian and international industrial, financial and insurance companies.

Giorgio Perolari
Born in Bergamo, January 5, 1933
Degree in economics and commerce – University of Perugia.
Chairman of Perofil S.p.A. and supervisory director of Unione di Banche Italiane S.c.p.a..
Previously, CEO of Perofil S.p.A., director of Banca Popolare di Bergamo, director of B.P.U., director of Banca 24.7.

Clemente Rebecchini
Born in Rome, March 8, 1964
Degree in economics and commerce – La Sapienza University, Rome.
Registered on the Order of Certified Accountants.
Current Central manager of Mediobanca S.p.A. Non-executive director of Gemina S.p.A. and ADR S.p.A. Chairman of Telco S.p.A.

Livio Strazzera
Born in Trapani, July 23, 1961
Degree in economics and commerce – Bocconi University, Milan.
Certified accountant in Milan and registered on the Order of Account Auditors.
Tax consultant and account auditor at many joint-stock companies. Has worked as a financial consultant in London, New York and Miami.
Acting Deputy Chairman of Banca Regionale Europea.

Paolo Domenico Sfameni
Born in Milan, November 25, 1965.
Degree in economics and commerce – Bocconi University, Milan.
Registered on the Order of Certified Accountants and the Roll of Account Auditors.
From 2000-2002, Assonime consultant for corporate law.
Works as an independent consultant in corporate and banking law and on the financial markets.
Serves as a director, statutory auditor, savings shareholder representative and supervisory body member of joint stock companies.
Associate professor of commercial law at Aosta University Economics Faculty, where he was also full professor of private law.
Contract professor in financial intermediaries law and lecturer on the corporate law PhD at Bocconi University, Milan.
Member of the editorial committee of law magazines and author of many publications on corporate law.

Board of Statutory Auditors

Francesco Di Carlo
Born in Milan, October 4, 1969
Degree in economics and commerce from the Catholic University of Milan.
Registered on the Milan Order of Certified Accountants and the Roll of Account Auditors.
A partner of the Annunziata e Associati studio, for many years he has worked as a consultant with Italian and international banks, asset managers, investment and insurance companies 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 and member of the Listed Companies Governance Commission of the Milan Order of Certified Accountants.
He has served and serves as a director, statutory auditor, liquidator and supervisory body member of joint stock companies and brokerage firms.
He has lectured at the Catholic University of Milan and Bologna University, in the faculty of Economics.
He has lectured on juridical issues at the Bocconi University Business School.
He has spoken at conferences in Italy and abroad and has published articles in Italian and international business dailies, specialist reviews and other law reviews.

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

Leonardo Cossu
Born in Verona, May 23, 1958
Degree in economics and commerce – Brescia University.
Registered on the Roll of Certified Accountants and the Register of Account Auditors.
Works as a certified accountant, company assessor and technical consultant for the court of Brescia, providing corporate clients with consultancy on consolidation, change, development and growth in general.
He has gained particular professional experience in the corporate field, and for more than fifteen years has served as a director or independent director of a company listed on the Milan stock exchange, following the admission to trading procedure and relations with shareholders.
He is Chairman of the Board of Statutory Auditors and Standing Statutory Auditor, Director and CEO of many companies including companies active in finance, banking and industry listed on the Milan stock exchange.
Chairman and coordinator for more than fifteen years of the Fee Settlement Advisory Commission of the Order of Certified Accountants of Brescia.

Paolo Ludovici
Born in Rome, July 9, 1965
Degree in Business Economics – Bocconi University, Milan.
Registered on the Order of Certified Accountants of Milan and the Register of Account Auditors.
He began practicing in September 1991 at the Maisto e Associati firm in Milan, of which he became a partner in 2000.
A lecturer in tax law at the Bocconi University Business School, Luiss Management, Il Sole 24-Ore and Borsa Italiana.
He has spoken on tax law at many conferences, with a specific focus on international taxation, corporate re-organization tax, income tax, and tax on financial income.
He has served and serves as Chairman of the Board of Statutory Auditors and Standing Statutory Auditor of companies active mainly in the financial sector.

Luciana Ravicini
Born in Milan, January 10, 1959.
Degree in Economics and Commerce, Brescia University.
Registered on the Brescia Roll of Certified Accountants and the Roll of Account Auditors.
She has gained wide experience as an Standing Statutory auditor for financial companies and trust companies and expertise in juridical and tax matters, especially in the family office field.
She is a practicing certified accountant and has served and serves as Chair of the Board of Statutory Auditors and Standing Statutory Auditor in industrial and financial companies.

Enrico Locatelli
Born in Bergamo, February 14, 1963
Degree in economics and commerce – Bergamo University.
Since 1989 has worked as a certified accountant, providing corporate and tax consultancy services for SMEs, as a statutory auditor and account auditor, and on insolvency procedures.

Notice of Call

The Shareholders are hereby called to attend the annual general meeting on first call on

May 28, 2012 at 10.30 a.m.

in Milan, 1, Piazza Belgioso, at Intesa Sanpaolo meetings' room, and on second call on

May 29, 2012 same time and place,

to resolve upon the following:

Agenda

Ordinary Items

1) Board of Directors and Board of Statutory Auditors Reports on 2011 fiscal year: examination of financial statements as at December 31, 2011 and consequent resolutions;
2) Remuneration Report;
3) Authorization to purchase and dispose of treasury shares.

Extraordinary Items

1) Proposal to amend articles 16 (Appointment of the Board of Directors) 17 (Replacement of Directors), 25 (Appointment of the Board of Statutory auditors) and 26 (Replacement of Statutory auditors) of the company bylaws. Ensuing and consequent resolutions;
2) Proposal to renew the directors' powers, under article 2443 and 2420-ter of the Italian Civil code, to increase the share capital and issue convertible bonds or cum warrant, once or more times, for a maximum amount of nominal € 260,000,000. Ensuing and consequent resolutions;
3) Proposal to repeal the powers granted to the directors, under article 2443 of the Italian Civil code, to increase the share capital in favor of Directors and Officers of the Company and its subsidiaries. Ensuing and consequent resolutions.

* * *

Entitlement to take the floor: those who, according to the accounting entries of the Intermediary, are entitled to the voting rights at the end of the seventh open market day before the meeting date on first call (May 17, 2012), have the right to take the floor.

Entitlement to take the floor at the Meeting and to exercise voting right is proved by a notice to the Company, served by the Intermediary in favor of who is entitled to the voting right. 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. Therefore, holders of ordinary shares after such date are not entitled to take the floor or vote at the Meeting.

Shareholders who own ordinary shares that have not been dematerialized must previously deliver them to an Intermediary, in time to be centralized in a dematerialization system.

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 registered offices (**20, Via Borgonuovo, 20121 Milan**) and on the Company website *www.italmobiliare.it*. 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 mail *soci.itamobiliare@legalmail.it*. The representative can also deliver or send to the Company, instead of the original, a copy of the proxy, also on an IT support, stating, under his/her responsibility, that the proxy is a copy of the original, and the identity of the delegating person.

Questions on the items on the agenda: shareholders can also submit questions on the items on the agenda before the Meeting. In order to facilitate the appropriate development and preparation of the Meeting, such questions must be received by the end of the fourth open market day before the Meeting date on first call (i.e. by May 22, 2012) 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 mail: *affarisocietari.italmobiliare@legalmail.it* along with a certification issued by an Intermediary who can prove the entitlement of the voting right. Questions submitted before the Meeting are answered during the Meeting at the latest. The Company can provide with a sole answer to questions having the same content.

Supplements to the agenda: according to the applicable law and the Company bylaws, shareholders who, even jointly, own at least one fortieth of share capital represented by shares with voting rights, can request in writing, within ten days from the publication of this notice of call, for supplements to the Meeting agenda, stating in their application which further issues are being suggested. 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 mail: *affarisocietari.italmobiliare@legalmail.it*, along with a certification issued by an Intermediary who can prove the legitimacy to supplement the items on the agenda. A report on the items whose examination is proposed, 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 will be published, following the same procedure provided for the publication of this notice of call, at least fifteen days before the Meeting date on first call; at the same time, the report drafted by shareholders who made the request will be publicly available, along with any remarks of the Board of Directors.

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

* * *

The Meeting documents, required by applicable laws and regulations, will be made publicly available, according to legal deadlines, at the registered offices, at Borsa Italiana S.p.A. and on the Company website *www.italmobiliare.it*:

In particular:

* 1st item on the agenda – ordinary items: before April 30;
* 2nd and 3rd item on the agenda – ordinary items: 21 days before the meeting on first call;
* extraordinary items on the agenda: 21 days before the meeting on first call.

Shareholders have the right to review all the documents filed with the registered offices, and to obtain a copy of them.

* * *

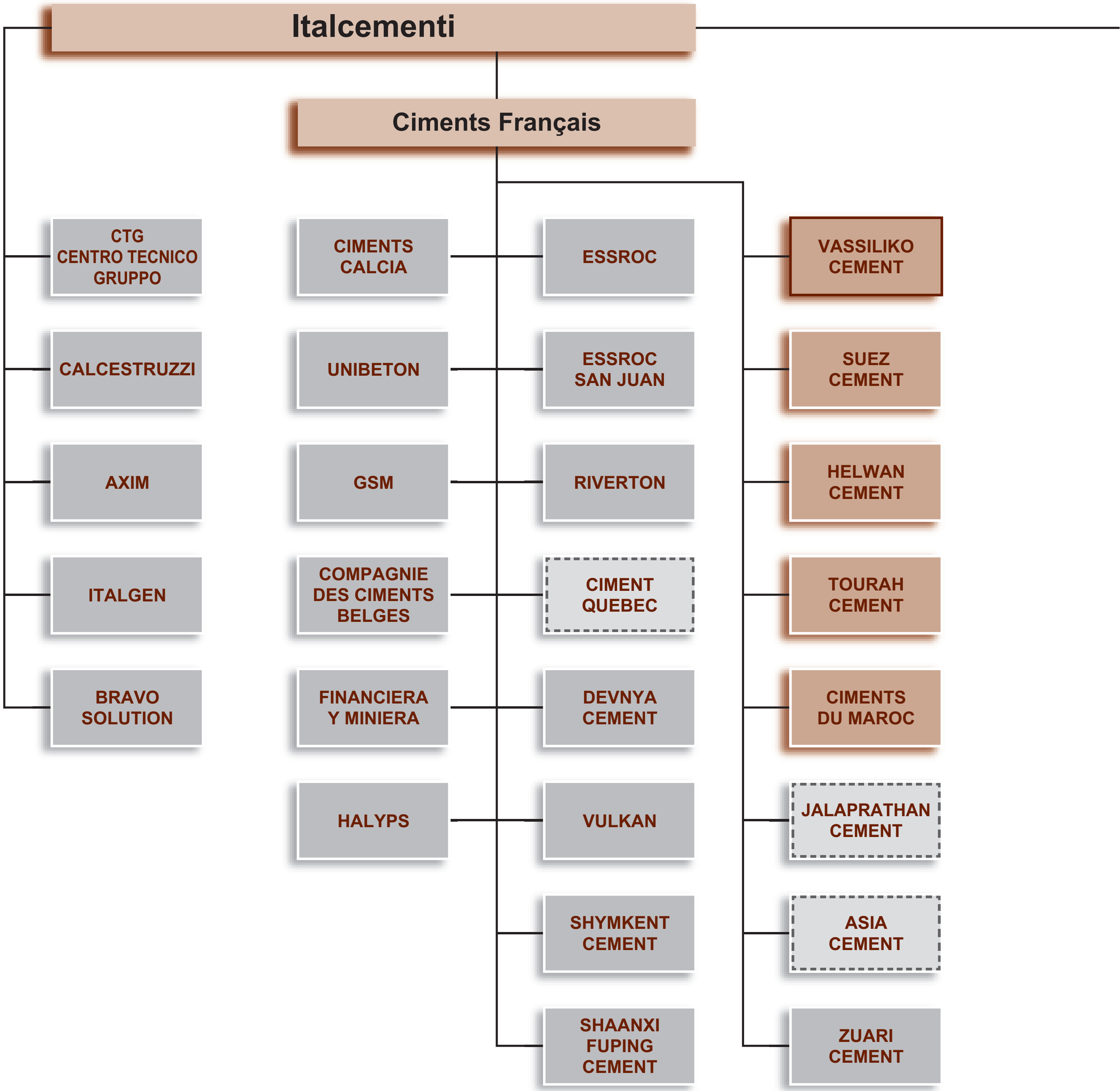
The regularity of the meeting and the validity of its resolutions on the items on the agenda are governed by law and company bylaws.

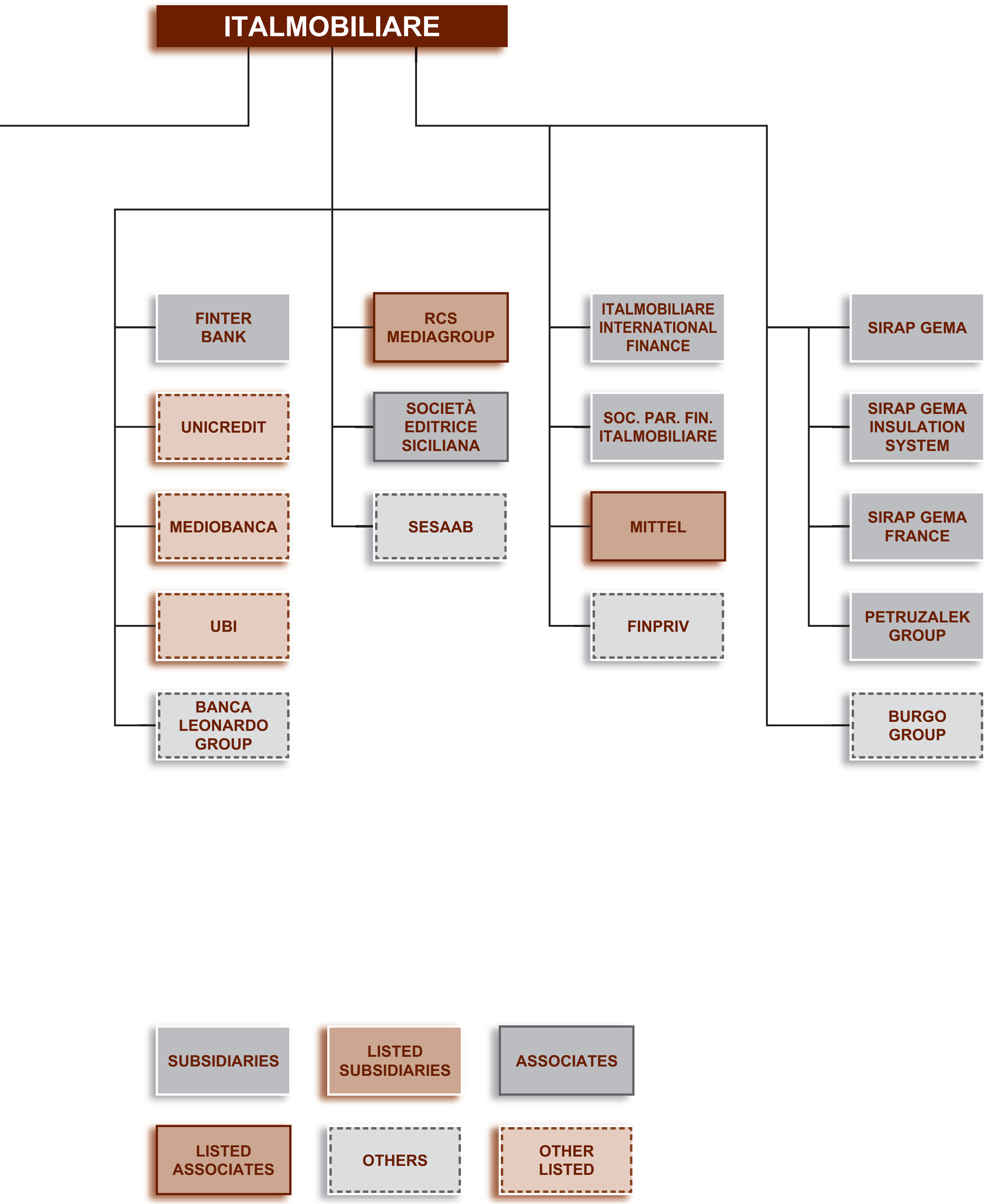
The company share capital is equal to € 100,166,937, divided into 22,182,583 ordinary shares and 16,343,162 savings shares with a face value of € 2.60 each. When this notice is published, the number of ordinary shares representing share capital with voting rights, therefore net of 871,411 ordinary treasury shares, is equal to 21,311,172.

The Board of Directors

(Notice published on April 21, 2012 in "Il Sole - 24 Ore" and on the Company website)

Group structure
(as of December 31, 2011)



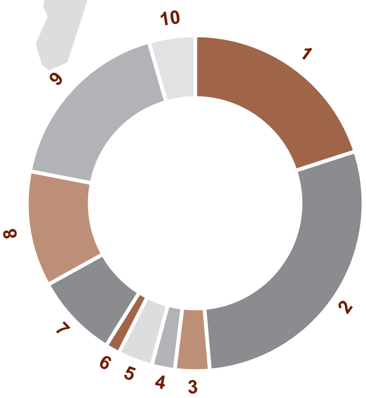

ITALMOBILIARE
FINTER BANK
UNICREDIT
MEDIOBANCA
UBI
BANCA LEONARDO GROUP
RCS MEDIAGROUP
SOCIETÀ EDITRICE SICILIANA
SESAAB
ITALMOBILIARE INTERNATIONAL FINANCE
SOC. PAR. FIN. ITALMOBILIARE
MITTEL
FINPRIV
SIRAP GEMA
SIRAP GEMA INSULATION SYSTEM
SIRAP GEMA FRANCE
PETRUZALEK GROUP
BURGO GROUP
SUBSIDIARIES
LISTED SUBSIDIARIES
ASSOCIATES
LISTED ASSOCIATES
OTHERS
OTHER LISTED

Group financial highlights

(in millions of euro)	2011	2010	2009	2008	2007
Revenue	5,016.0	5,016.4	5,365.4	6,157.0	6,397.0
Recurring EBITDA	681.0	884.2	1,055.7	1,020.7	1,462.1
EBITDA	718.7	881.6	1,044.0	1,010.7	1,462.7
EBIT	79.5	396.7	514.7	501.1	997.5
Profit (loss) for the year	(60.6)	187.8	284.3	116.2	660.9
Profit (loss) attributable to owners of the parent	(147.7)	21.3	97.3	(104.6)	217.2
Capital expenditure	458.3	574.7	758.6	1,042.9	1,107.0
Total equity	5,539.6	5,932.8	5,767.1	5,488.2	6,300.2
Equity attributable to owners of the parent	2,108.4	2,359.4	2,397.6	2,179.5	2,909.6
Net financial debt	2,039.6	2,095.5	2,200.8	2,571.9	2,149.6
Net financial debt/Equity	36.82%	35.32%	38.16%	46.86%	34.12%
Net financial debt/Recurring EBITDA	2.99	2.37	2.08	2.52	1.47
(unit values)					
(Diluted) earnings per ordinary share	(3.960)	0.531	2.517	(2.778)	5.734
(Diluted) earnings per savings share	(3.882)	0.609	2.673	(2.778)	5.812
Equity attributable per share [1]	56.036	62.708	63.723	57.926	77.330
Dividend paid per share:					
ordinary		0.532	0.856		1.600
savings		0.610	0.934		1.678
Number of employees (headcount)	21,399	21,638	22,758	23,864	25,252

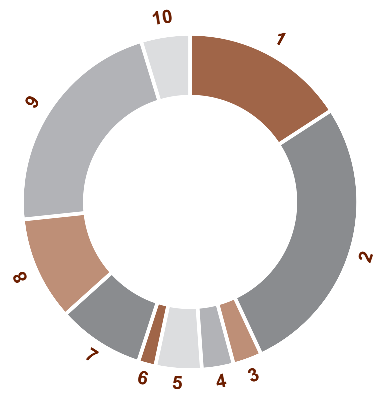
[1] net of treasury shares in portfolio

Country revenues 2011
(net of intercompany trading)



1	Italy 20.0%	6	Other European countries 1.4%
2	France 28.8%	7	North America 8.1%
3	Belgium 3.2%	8	Asia and middle East 11.0%
4	Spain 2.4%	9	Africa 17.7%
5	Other U.E. countries 3.2%	10	Trading and other countries 4.2%

Country revenues 2010
(net of intercompany trading)

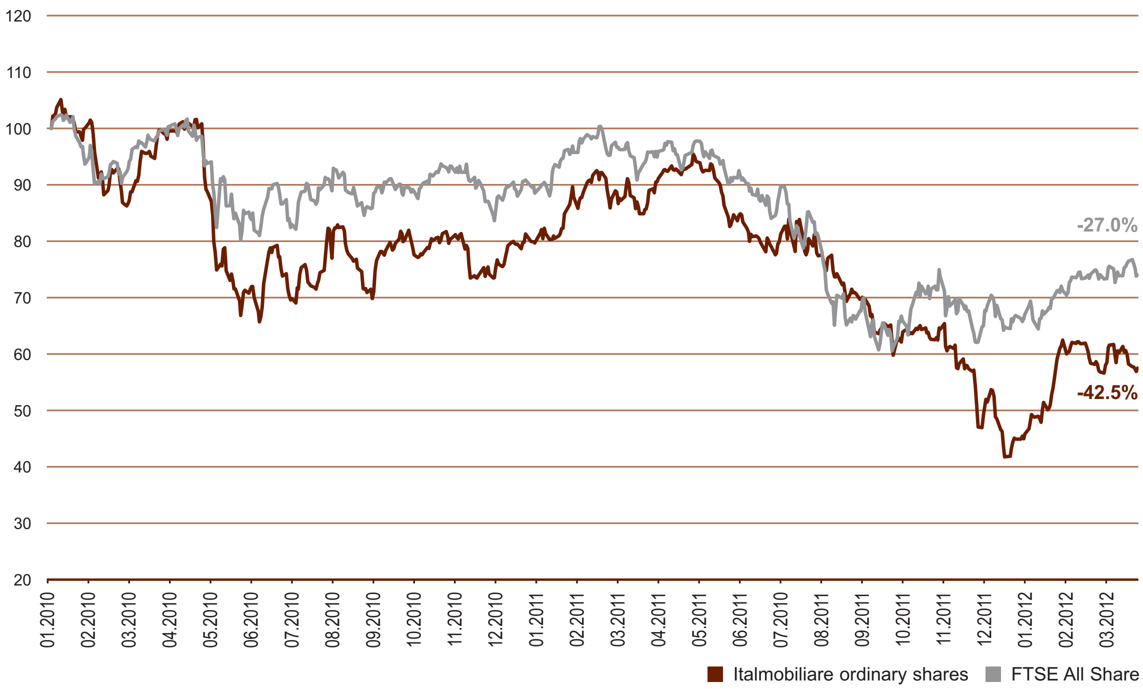


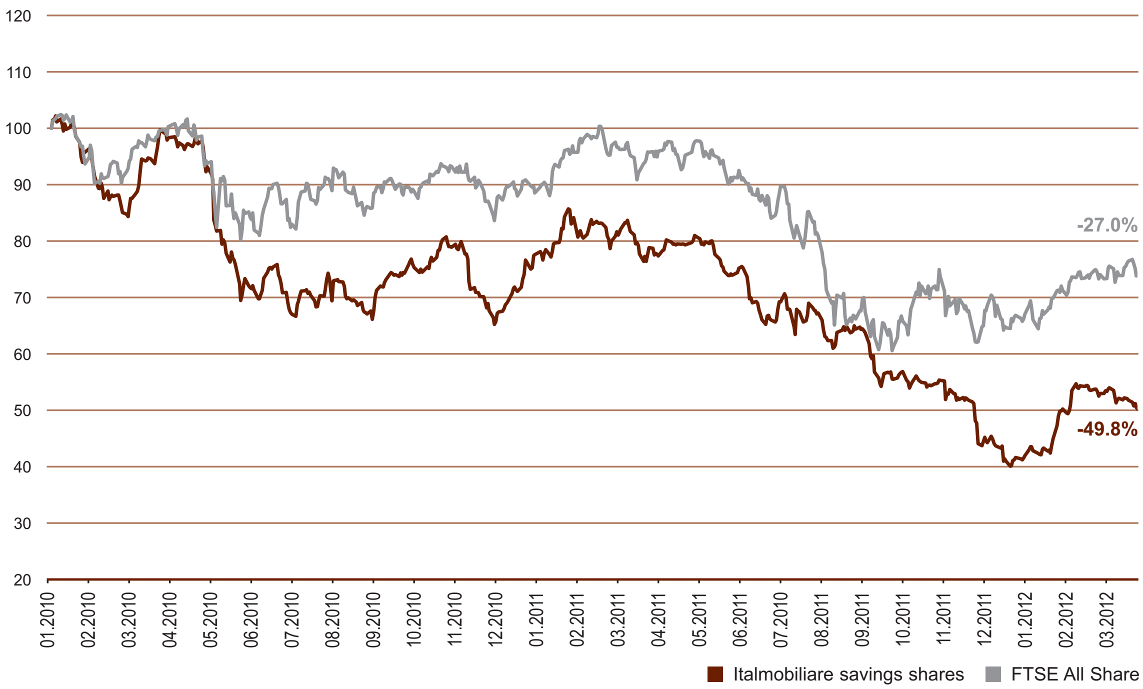
1	Italy 16.0%	6	Other European countries 1.7%
2	France 27.2%	7	North America 8.3%
3	Belgium 2.9%	8	Asia and middle East 9.9%
4	Spain 3.0%	9	Africa 22.1%
5	Other U.E. countries 4.5%	10	Trading and other countries 4.5%

Italmobiliare S.p.A. on the stock exchange

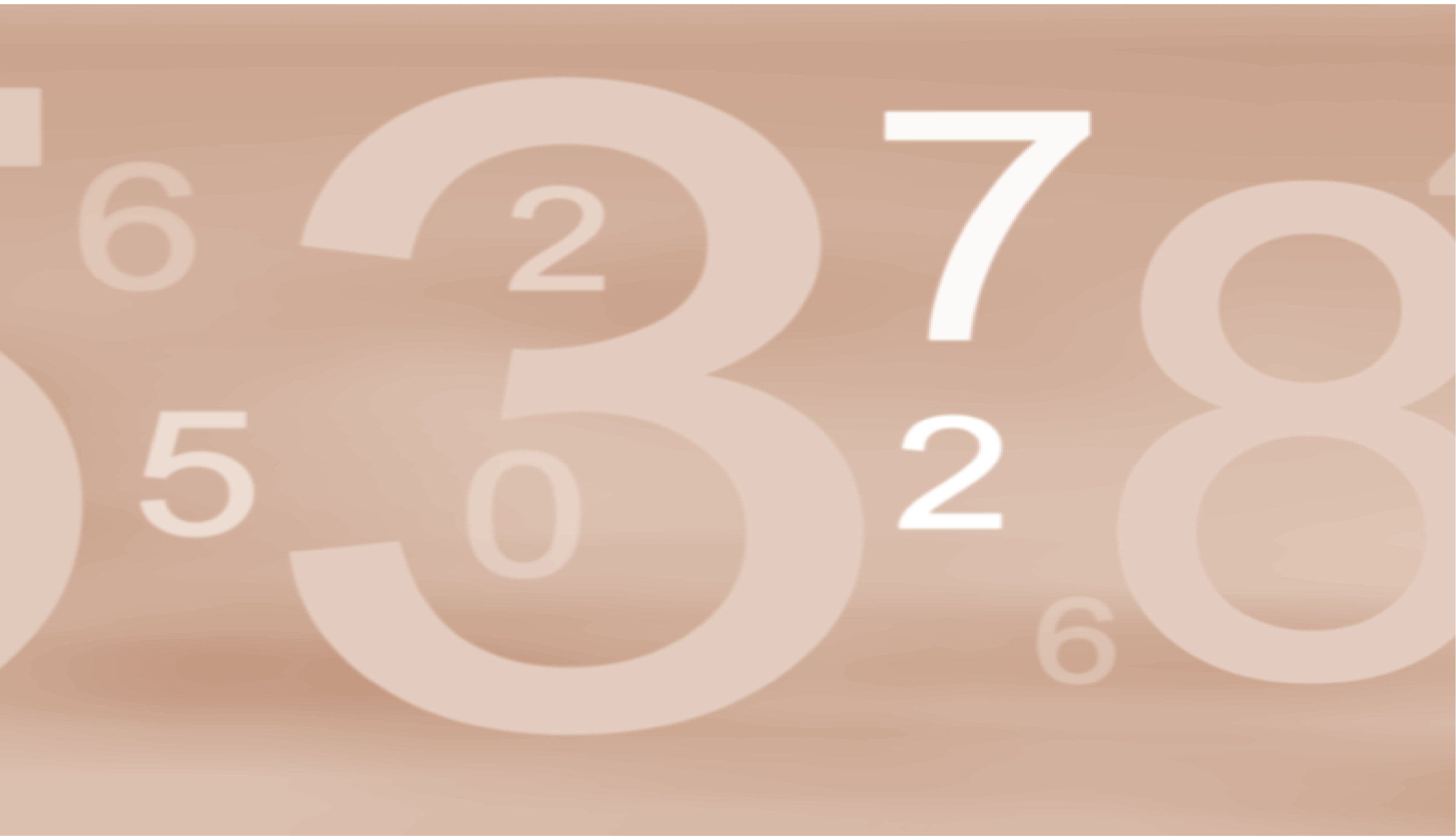
Share prices from 01.04.2010 to 03.23.2012

(euro)	high		low		01.04.2010	03.23.2012	performance
Ordinary shares	32.9850	01.11.2010	13.1081	12.15.2011	31.3805	18.0441	-42.50%
Savings shares	23.3647	01.07.2010	9.1591	12.19.2011	22.8573	11.4721	-49.81%
FTSE All-Share	24,231.60	01.08.2010	14,320.04	09.22.2011	23,957.44	17,497.08	-26.97%





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 for 2011, and the comparatives for financial year 2010, 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, 2011, 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 main changes with respect to the financial statements as at and for the year ended December 31, 2010, are set out in detail in the notes, in the section "Declaration of compliance with the IFRS".

With regard to the scope of consolidation, the Calcestruzzi group has been consolidated (on a line-by-line basis) as from January 1, 2011, while the Group operations in Turkey headed by Set Group were deemed available-for-sale (application of IFRS 5) as from the beginning of the year and subsequently sold at the end of March. In compliance with IFRS 5 the gains or losses relating to discontinued operations have been presented as a separate item on the income statement both for the period under review and for 2010. A similar presentation has been adopted for cash flows. In December, Axim-branded cement and concrete additives operations in Italy, France, USA, Canada, Morocco and Spain were sold. Full details about the changes in the scope of consolidation are provided in the notes.

To assist comprehension of its business and financial data, the Group employs a number of widely used indicators, which are not contemplated by the IFRS.

Specifically, the income statement presents the following intermediate results/indicators: recurring EBITDA, EBITDA, EBIT, 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 business, equity and financial performance, in relation to comparative values and to other values from the same period (e.g., change in revenue, recurring EBITDA and EBIT with respect to the previous year, and change in the return on revenue). The use of economic values not directly reflected in the financial statements (e.g., the exchange-rate effect on revenue and on profit and loss) and the presentation of comments and assessments help to qualify the trends in the values concerned.

The directors' report also provides a series of financial and equity ratios (gearing and leverage) that are without doubt of importance for a better understanding of the performance of the Group, especially with respect to the previous periods. The non-financial information refers to external and internal elements: the situation of the general economy and the industries in which the Group operates, trends in the various markets and business segments, trends in sales prices and cost factors, acquisitions and disposals, other significant events in the period, organizational developments, the introduction of laws and regulations, etc.. In the notes, the section on the net financial debt provides information about the effects of changes in interest rates and the main exchange rates on the financial position and income.

The result indicators are explained in the sections on the individual segments and may differ from one segment to another, particularly when not of an equity, business or financial nature, since they refer to different situations.

General overview

World economic growth continued to slacken during 2011 as a result of financial stability risks in some euro zone countries, the restrictive fiscal policies adopted in most of the euro zone, the more cautious monetary policies in a number of emerging countries, and the geo-political unrest in the Middle East in particular. For the year as a whole, global economic growth, which in 2010 had returned to above 5%, was, according to preliminary estimates, once again close to its long-term values (around 3.5%); growth in the advanced economies (1.6%) was half that of the previous year.

Commodities prices largely mirrored the general cyclical weakening; nevertheless, oil prices displayed a notable resistance to decline, with the recovery of the dollar acting as a factor in keeping up price levels.

Overall inflation in the twelve months was relatively contained in the advanced economies, although it rose slightly in the fourth quarter. Conversely, some of the emerging countries continued to report strong underlying inflationary pressures, despite a modest fall in inflation rates at the end of the year.

The growing tension on the financial markets continued to slow economic activity in the euro zone with considerable negative risks stemming from the possibility of the tension spreading to the real economy.

During 2011 yields on long-term treasury instruments with a triple A rating in the euro zone rose slightly, while the corresponding US securities fell. The increase in euro zone yields was largely the result of growing concern over the sovereign debt crisis, which extended to countries with high ratings. The volatility of the bond markets and the amplified yield spreads among sovereign instruments in the euro zone fuelled the climate of uncertainty over future performance on the bond markets.

The sovereign debt crisis in the euro zone continued to affect share prices during 2011. At segment level, the performance of share indices in the euro zone varied: the largest downturn was on financial stocks, especially in the fourth quarter of 2011, while prices rose for energy stocks. The fall in the share prices of financial companies and banks (where the Group financial and banking segment has exposure) stemmed from the developments in the sovereign debt crisis in the euro zone, which impacted treasury instruments held by banks, from recapitalization requirements, from the rating agencies' downgrades and from a rise in tension on the funding markets. Financial stocks also fell in the USA, although to a lesser extent than in the euro zone.

The instability in the financial situation had repercussions on the foreign exchange markets: in the fourth quarter of 2011, the euro nominal trade weighted index depreciated against most of the main currencies, against a background of persistently high volatility.

In this economic scenario, with the Group industrial segments adversely affected by a long period of recession and the financial and banking segment highly exposed to the financial market crisis, the Italmobiliare Group posted a **loss** for 2011 of 60.6 million euro and a **loss attributable to owners of the parent** of 147.7 million euro, compared respectively with a profit of 187.8 million euro and a profit attributable to owners of the parent of 21.3 million euro in 2010.

Breakdown of consolidated profit by segment

(in millions of euro)	December 2011	% of total	December 2010	% of total
Construction materials	3.6	*(2.4)*	19.4	*91.1*
Food packaging and thermal insulation	(9.0)	*6.1*	3.4	*15.9*
Banking	(23.1)	*15.6*	(4.1)	*(19.3)*
Finance	(96.2)	*65.1*	26.7	*125.7*
Property, services, other	0.4	*(0.3)*	0.8	*4.0*
Inter-segment eliminations	(23.4)	*15.9*	(24.9)	*(117.4)*
Profit (loss) for the period attributable to owners of the parent	**(147.7)**	***100.0***	**21.3**	***100.0***

The other main results for the year to December 31, 2011, were:

- **Revenue**: 5,016.0 million euro from 5,016.4 million euro at December 31, 2010 (% change is not significant);
- **Recurring EBITDA**: 681.0 million euro from 884.2 million euro at December 31, 2010 (-23.0%);
- **EBITDA**: 718.7 million euro from 881.6 million euro at December 31, 2010 (-18.5%);
- **EBIT**: 79.5 million euro from 396.7 million euro at December 31, 2010 (-80.0%);
- **Finance income and costs** (including exchange-rate differences and derivatives): net costs of 106.1 million euro compared with 111.5 million euro at December 31, 2010 (a percentage decrease of 4.8%);
- **Impairment on financial assets**: -86.6 million euro from -23.2 million euro at December 31, 2010 (change >100%);
- **Share of profit (loss) of associates**: profit of 9.7 million euro compared with +8.6 million euro at December 31, 2010 (+13.0%);
- **Gains (losses) relating to continuing operations**: loss of 167.1 million euro against gain of 206.6 million euro at December 31, 2010 (change >100%).

At December 31, 2011, **total equity** was 5,539.6 million euro, compared with 5,932.8 million euro at December 31, 2010.

2011 **capital expenditure** was 458.3 million euro, down from 574.7 million euro in 2010.

Net financial debt at December 31, 2011, was 2,039.6 million euro, down from 2,095.5 million euro at the end of December 2010.

As a result of the changes in equity and net financial debt, the **gearing** ratio (net financial debt/consolidated equity) rose slightly from 35.32% at December 31, 2010, to 36.82% at December 31, 2011.

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

- the **construction materials segment**, consisting of the Italcementi group (Italmobiliare's main industrial investment) was affected by the continuing difficulties in the international economic situation in 2011. Sales volumes were down, especially in cement and aggregates, while a small improvement was reported in ready mixed concrete. In this context, revenue, at 4,720.5 million euro, was up 1.3% on 2010 (-1.3% on a like-for-like basis and at costant exchange rates). The revenue decrease reflected the fall in sales volumes, offset in part by a favorable trend in sales prices in some countries, notably India, Italy, Thailand and Morocco. Operating results were supported by industrial efficiency and the positive impact of operations in CO_2 emission rights, but adversely affected by events on the Egyptian market, the consolidation of the Calcestruzzi group, large impairment losses and higher energy costs. Operating results were down on 2010: recurring EBITDA, at 697.3 million euro, decreased by 17.2%, while EBIT, at 129.0 million euro, was down 65.2%, after amortization and depreciation and material impairment of 609.1 million euro (469.2 million euro in 2010). After a 13.5% increase in income tax expense from 2010, continuing operations showed a loss of 15.8 million euro (gain of 215.8 million euro in 2010), while a profit of 91.2 million euro was posted for the year, thanks to the gain on the sale of the main group operations in Turkey;
- performance in the **food packaging and thermal insulation segment,** consisting of the Sirap Gema group, was affected by a particularly difficult market situation in terms of demand and raw material prices, which were higher than in 2010. In this situation, the group reported revenue of 235.6 million euro, a reduction from 2010 (239.3 million euro), with a downturn of 3.0% in food packaging and an improvement of 3.0% in thermal insulation. Recurring EBITDA was positive at 14.5 million euro (22.2 million euro in 2010), while EBIT was negative for 2.1 million euro, with a reduction of 12.9 million euro from December 31, 2010. These material decreases were due to the rise of approximately 12% in the average cost of polymer raw materials, which was transferred only in part to food packaging sales prices. The group also posted non-recurring expense of approximately 3.7 million euro and goodwill impairment losses of 5.3 million euro at the rigid packaging division, offset only in part by impairment reversals of 2.9 million euro on some assets. After finance costs of 5.4 million euro and income tax expense of 1.4 million euro, the segment posted a loss for the year of 8.9 million euro (profit of 3.5 million euro in 2010);
- the **financial segment,** which includes the parent company Italmobiliare and the wholly owned financial companies, was affected by the high volatility on the financial markets generated by concern over the sovereign debt crisis in the euro zone. In this context, the segment posted a loss for the year of 96.2 million euro, a sharp decline with respect to profit of 26.7 million euro in 2010. The significant fall in the market prices of securities in portfolio at the end of 2011 led to impairment losses on trading instruments (bonds and, to a lesser degree, equities) and on long-standing equity investments in banking and publishing. Since the financial segment is owned 100% by the Group, its profit for the year is reflected in full on profit attributable to owners of the parent;
- the **banking segment** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. Operating income made a slight improvement, from 32.7 million euro to 33.3 million euro for 2011, as a result of the depreciation of the euro against the Swiss franc. Net of this effect, operating income would show a reduction of 8.9%. The increase in the loss for the year in the banking segment compared with 2010 arose from the negative performance of Finter Bank Zürich, caused largely by the reduction in commission income and the decrease in third-party assets under management. After allowances of impairment of trade receivables of

approximately 4.4 million euro and impairment losses of 11.4 million euro, the segment posted a loss for the year of 23.1 million euro (a loss of 4.1 million euro in 2010);

- **property, services, other:** this segment is not of great importance within the global context of the Group and its results are therefore not normally of material significance. In 2011 it reported profit for the year of 0.3 million euro (0.7 million euro in 2010) thanks to the gain on the sale of land in Punta Ala.

The parent **Italmobiliare S.p.A.** closed 2011 with a loss of 57.3 million euro, compared with a profit of 35.2 million euro for 2010. The loss was substantially due to impairment losses of 80.4 million euro on equities and a reduction in gains on sale on assets posted in 2011 compared with 2010.

Italmobiliare's **Net Asset Value** (NAV) at December 31, 2011, was 1,138.5 million euro (1,654.9 million euro at December 31, 2010) on capitalization of 475.4 million euro, reflecting a discount of 58.2% compared with 49.0% at December 31, 2010.

(in millions of euro)	**December 2011**	**% of total**	**December 2010**	**% of total**
Construction	542.6	*47.7%*	708.6	*42.8%*
Publishing	81.6	*7.2%*	120.6	*7.3%*
Banking	296.1	*26.0%*	496.2	*30.0%*
Cash and cash equivalents	105.2	*9.2%*	170.6	*10.3%*
Other	113.0	*9.9%*	158.9	*9.6%*
Total Net Asset Value	**1,138.5**	***100%***	**1,654.9**	***100%***

NAV was computed considering:

- year-end market price of investments in listed companies;
- RCS MediaGroup was measured on the basis of value in use determined by an independent evaluation;
- the value of non-listed companies determined, when possible, on the basis of market multiples or specific valuations;
- the equity of the other equity investments, determined 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)	2011	2010 (IFRS 5)	% change	2010 published
Revenue	**5,016.0**	**5,016.4**	***n.s.***	**5,147.3**
Recurring EBITDA [1]	**681.0**	**884.2**	***(23.0)***	**878.8**
% of revenue	*13.6*	*17.6*		*17.1*
Other income (expense)	37.7	(2.6)	*n.s.*	(2.3)
EBITDA [2]	**718.7**	**881.6**	***(18.5)***	**876.5**
% of revenue	*14.3*	*17.6*		*17.0*
Amortization and depreciation	(491.1)	(477.0)	*2.9*	(488.4)
Impairment	(148.1)	(7.9)	*n.s.*	(7.9)
EBIT [3]	**79.5**	**396.7**	***(80.0)***	**380.2**
% of revenue	*1.6*	*7.9*		*7.4*
Finance income (costs)	(106.1)	(111.5)	*(4.8)*	(112.3)
Impairment on financial assets	(86.6)	(23.2)	*n.s.*	(23.2)
Share of profit / (loss) of associates	9.7	8.6	*13.0*	8.6
Profit before tax	**(103.5)**	**270.6**	***n.s.***	**253.3**
% of revenue	*(2.1)*	*5.4*		*4.9*
Income tax (expense)	(63.6)	(64.0)	*(0.6)*	(65.5)
Gains (losses) relating to continuing operations	**(167.1)**	**206.6**	***n.s.***	**187.8**
Gains (losses) relating to discontinued operations	106.5	(18.8)	*n.s.*	
Profit (loss) for the period	**(60.6)**	**187.8**	**n.s.**	**187.8**
attributable: **Owners of the parent**	**(147.7)**	**21.3**	***n.s.***	**21.3**
Non-controlling interests	87.1	166.5	*(47.7)*	166.5
Cash flow from operating activities	404.3	769.6	*(47.5)*	762.6
Capital expenditure	458.3	574.7	*(20.2)*	580.1

n.s. not significant

(in millions of euro)	December 31, 2011	December 31, 2010
Total equity	5,539.6	5,932.8
Equity attributable to owners of the parent	2,108.4	2,359.4
Net financial debt	2,039.6	2,095.5
Number of employees at period end	21,399	21,638

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

Quarterly trend

(in millions of euro)	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue	**5,016.0**	**1,202.5**	**1,215.4**	**1,373.7**	**1,224.4**
% change vs. 2010	*n.s.*	*1.5*	*(3.3)*	*(3.5)*	*6.3*
Recurring EBITDA	**681.0**	**137.4**	**178.1**	**233.8**	**131.7**
% change vs. 2010	*(23.0)*	*(21.7)*	*(25.6)*	*(20.6)*	*(24.8)*
% of revenue	*13.6*	*11.4*	*14.7*	*17.0*	*10.8*
EBITDA	**718.7**	**157.6**	**177.8**	**234.4**	**149.0**
% change vs. 2010	*(18.5)*	*(11.4)*	*(26.1)*	*(19.7)*	*(13.1)*
% of revenue	*14.3*	*13.1*	*14.6*	*17.1*	*12.2*
Amortization and depreciation	(491.1)	(131.8)	(118.4)	(119.6)	(121.2)
Impairment losses	(148.1)	(148.3)	(0.4)	(4.4)	4.9
EBIT	**79.5**	**(122.5)**	**59.0**	**110.4**	**32.7**
% change vs. 2010	*(80.0)*	*n.s.*	*(49.9)*	*(34.4)*	*(46.8)*
% of revenue	*1.6*	*(10.2)*	*4.9*	*8.0*	*2.7*
Gains (losses) relating to continuing operations	**(167.1)**	**(227.4)**	**4.9**	**42.7**	**12.6**
Profit (loss) for the period	**(60.6)**	**(227.9)**	**3.2**	**42.3**	**121.8**
Profit (loss) attributable to owners of the parent	**(147.7)**	**(155.1)**	**(17.9)**	**(1.7)**	**27.0**
Net financial debt (at period end)	2,039.6	2,039.6	2,158.6	2,177.4	2,065.1

n.s. not significant

The fourth quarter reported a slight increase in **revenue** compared with the year-earlier period, driven by the positive contribution of the construction materials segment (+2.9%), against decreases in all the other segments, notably the financial segment (-37.6%).

Recurring EBITDA was significantly down (-21.7%) on the fourth quarter of 2010, due to high energy costs and the increase in raw material costs in the Group's industrial segments, and higher operating expenses in the banking segment.

Fourth-quarter **EBIT** was negative at 122.5 million euro (positive EBIT of 49.2 million euro in the year-earlier period), essentially as a result of material impairment losses on non current assets and goodwill at the Italcementi group, Finter Bank Zürich and Sirap Gema S.p.A. for a total of 148.3 million euro. Specifically, impairment referred to goodwill (104.6 million euro), property, plant and equipment (28.6 million euro) and intangible assets (15.1 million euro) and arose in the construction materials segment (134.4 million euro), the banking segment (11.4 million euro) and the food packaging and thermal insulation segment (2.5 million euro).

After impairment losses in the quarter on securities and equity investments in the financial segment for 84.6 million euro and finance costs of 30.8 million euro, the 2011 fourth quarter posted a **loss** of 227.9 million euro (profit of 43.3 million euro in the fourth quarter of 2010); the result reflected negative contributions from all Group segments with the exception of the property, services and other segment, whose impact on aggregate Group results is marginal. The share of the fourth-quarter **loss attributable to owners of the parent** was -155.1 million euro (profit of 2.7 million euro in the year-earlier period); a significant decrease was also reported in the share of the **loss attributable to non-controlling interests**, at -72.8 million euro (profit of 40.6 million euro in the year-earlier period).

Revenue and operating results at December 31, 2011

Contribution to consolidated revenue

(net of intragroup eliminations)

(in millions of euro)	2011		2010		Change	
		%		%	%	%[1]
Business segment						
Construction materials	4,712.1	*93.9*	4,651.8	*92.7*	*1.3*	*(1.3)*
Food packaging and thermal insulation	235.6	*4.7*	239.3	*4.8*	*(1.6)*	*(0.7)*
Finance	33.7	*0.7*	88.1	*1.8*	*(61.7)*	*(61.7)*
Banking	33.8	*0.7*	35.6	*0.7*	*(5.0)*	*(16.4)*
Property, services, other	0.8	-	1.6	-	*(48.7)*	*(48.7)*
Total	**5,016.0**	***100.0***	**5,016.4**	***100.0***	**-**	***(2.5)***
Geographical area						
European Union	2,889.0	*57.6*	2,688.4	*53.6*	*7.5*	*(1.0)*
Other European countries	72.6	*1.4*	84.5	*1.7*	*(14.1)*	*(13.7)*
North America	404.7	*8.1*	414.6	*8.3*	*(2.4)*	*2.5*
Asia and Middle East	551.7	*11.0*	496.5	*9.8*	*11.1*	*15.2*
Africa	885.9	*17.7*	1,107.7	*22.1*	*(20.0)*	*(14.5)*
Trading	138.6	*2.8*	136.2	*2.7*	*1.8*	*1.0*
Other countries	73.5	*1.4*	88.5	*1.8*	*(16.9)*	*(11.4)*
Total	**5,016.0**	***100.0***	**5,016.4**	***100.0***	**-**	***(2.5)***

[1] at constant size and exchange rates.

Revenue and operating results by segment and geographical area

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	2011	% change vs. 2010	2011	% change vs. 2010	2011	% change vs. 2010	2011	% change vs. 2010
Business segment								
Construction materials	4,720.5	*1.3*	697.3	*(17.2)*	738.1	*(12.1)*	129.0	*(65.2)*
Packaging and insulation	235.6	*(1.6)*	14.5	*(34.5)*	12.0	*(45.8)*	(2.1)	*n.s.*
Finance	62.4	*(45.3)*	2.2	*(94.4)*	1.6	*(95.7)*	1.5	*(95.9)*
Banking	34.9	*(4.9)*	(10.6)	*n.s.*	(8.4)	*n.s.*	(24.3)	*n.s.*
Property, services, other	2.0	*(28.9)*	0.3	*(67.2)*	0.3	*(77.4)*	0.3	*(80.2)*
Inter-segment eliminations	(39.4)	*7.9*	(22.7)	*18.5*	(24.9)	*28.7*	(24.9)	*28.7*
Total	**5,016.0**	**-**	**681.0**	***(23.0)***	**718.7**	***(18.5)***	**79.5**	***(80.0)***
Geographical area								
European Union	2,980.4	*7.3*	333.1	*(15.6)*	363.3	*(8.1)*	(9.2)	*(105.9)*
Other European countries	73.6	*(14.0)*	(12.1)	*n.s.*	(10.0)	*n.s.*	(27.5)	*n.s.*
North America	405.1	*(2.5)*	16.3	*(35.6)*	23.0	*5.8*	(45.4)	*(5.8)*
Asia and Middle East	553.2	*10.6*	88.4	*20.3*	89.5	*22.7*	39.6	*101.7*
Africa	904.7	*(18.8)*	281.8	*(28.9)*	282.8	*(28.0)*	178.9	*(37.6)*
Trading	183.4	*(20.0)*	10.6	*(25.6)*	10.7	*(25.5)*	6.8	*(40.0)*
Other countries	423.9	*(0.2)*	(35.2)	*n.s.*	(36.5)	*n.s.*	(59.6)	*n.s.*
Other and interarea eliminations	(508.3)	*(4.0)*	(1.9)	*(87.1)*	(4.1)	*(72.5)*	(4.1)	*(72.5)*
Total	**5,016.0**	**-**	**681.0**	***(23.0)***	**718.7**	***(18.5)***	**79.5**	***(80.0)***

n.s. not significant

The marginal change in **revenue** (-368 thousand euro) arose from:

- the downturn in business performance for 2.5%;
- the negative exchange-rate effect for 2.0%;
- the positive change in the scope of consolidation for 4.5%.

The business slowdown arose in all Group segments, notably in the financial segment (-61.7%) and the banking segment (-16.4%), which were particularly exposed to the tensions on the financial markets.

The negative exchange-rate effect arose primarily from the depreciation against the euro of the Egyptian pound, the US dollar, the Indian rupee and the Polish zloty, while the Swiss franc appreciated significantly.

The consolidation effect referred to the construction materials segment in Italy, as a result of the re-inclusion of the Calcestruzzi group in the scope of consolidation.

Net of inter-segment eliminations, the geographical revenue breakdown showed growth in Asia-Middle East and North America, and declines in non-EU countries and Africa.

Recurring EBITDA was 681.0 million euro, down by 203.2 million euro from 2010 (884.2 million euro). Decreases were reported in all the segments, but the largest reductions in absolute terms were in construction materials (-144.4 million euro), due to higher energy costs, and the financial segment (-36.1 million euro).

By geographical area, the strongest growth in recurring EBITDA was in Asia and the Middle East, while in absolute terms the EU countries and Africa were once again the largest contributors to both revenue and recurring EBITDA.

After non-recurring net income of 37.7 million euro (net expense of 2.6 million euro in 2010), relating mainly to the construction materials segment as a result of gains on the sale of operations and net expense for corporate restructuring, **EBITDA** was down by 162.9 million euro (718.7 million euro compared with 881.6 million euro in 2010).

After an increase in amortization and depreciation charges (491.1 million euro from 477.0 million euro in 2010) and material impairment losses (148.1 million euro from 7.9 million euro in 2010), **EBIT** fell by 80.0%, from 396.7 million euro to 79.5 million euro. The impairment losses related to goodwill (99.4 million euro), property, plant and equipment (33.6 million euro) and intangible assets (15.1 million euro), in the construction materials (134.3 million euro), the banking (11.4 million euro) and food packaging and thermal insulation segments (2.4 million euro).

Finance costs and other items

Net finance costs, affected in 2010 by non-recurring charges for redemption of the Notes issued in the USA, were down 5.4 million euro, from 111.5 million euro in 2010 to 106.1 million euro at December 31, 2011. Interest expense on net financial debt amounted to 88.2 million euro, an improvement of 4.8% from 2010 thanks to lower average debt, while exchange-rate differences, net of hedging, showed a loss of 11.4 million euro (a gain of 8.6 million euro in 2010). The sale of a number of equity investments in the construction materials segment was a positive factor (gain of 25.0 million euro).

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

Impairment on financial assets reflected a loss of 86.6 million euro (-23.2 million euro in 2010), relating chiefly to impairment on the equity investments in Unicredit, Rcs MediaGroup and UBI held by the financial segment (-94.1 million euro). A positive factor (+7.5 million euro) was the reversal of the impairment loss posted in the fair value reserve for the Calcestruzzi group at December 31, 2010, and taken to 2011 income after the re-inclusion of the group in the scope of consolidation as from January 1, 2011.

Share of profit (loss) of equity accounted investees reflected profit of 9.7 million euro (+8.6 million euro in 2010) arising from the profit reported by the investees in the construction materials segment for 18.6 million euro, offset in part by the losses posted by investees in the financial segment (-8.9 million euro).

Profit (loss) for the year

Profit before tax was negative at 103.5 million euro compared with profit of 270.6 million euro in 2010.

Despite the negative result, **income tax** reflected expense of 63.6 million euro (64.0 million euro in 2010), chiefly on income from countries with higher tax rates and as a result of the change in the tax rate in Egypt, which in 2011 was raised from 20% to 25%.

Continuing operations reflected a loss of 167.1 million euro (gain of 206.6 million euro in 2010).

After gains of 106.5 million euro on the sale of Set Group in Turkey, the Group posted a **loss** for the year of 60.6 million euro (profit of 187.8 million euro in 2010). After profit of 87.1 million euro attributable to non-controlling interests (166.5 million euro in 2010), a **loss** of 147.7 million euro was **attributable to the owners of the parent** (profit of 21.3 million euro in 2010).

Total comprehensive income

Starting from the profit for the year, in 2011 the components of comprehensive income showed a negative balance of 164.7 million euro (101.6 million euro in 2010) arising from the following negative factors:

- fair value losses on available-for-sale assets for 154.2 million euro,
- translation losses for 27.5 million euro,
- the share of other components of comprehensive income of equity accounted investees for 0.7 million euro,

and the following positive factors:

- fair value gains on derivatives for 20.1 million euro

and the related tax effect, a loss of 2.4 million euro.

Considering the loss for the year of 60.6 million euro, described above, and the components indicated above, total comprehensive expense for 2011 was 225.3 million euro (an expense of 271.8 million euro attributable to owners of the parent and income of 46.5 million euro attributable to non-controlling interests), compared with an income of 289.4 million euro in 2010 (an expense of 40.0 million euro attributable to owners of the parent and income of 329.4 million euro attributable to non-controlling interests).

The statement of comprehensive income is included with the consolidated financial statements on 82.

Condensed statement of financial position

(in millions of euro)	December 31, 2011	December 31, 2010
Property, plant and equipment and investment property	4,575.5	4,735.7
Intangible assets	2,098.4	2,250.7
Other non-current assets	1,062.7	1,278.4
Non-current assets	**7,736.6**	**8,264.8**
Current assets	**3,765.8**	**3,830.1**
Non-current assets held for sale	3.4	-
Total assets	**11,505.8**	**12,094.9**
Equity attributable to owners of the parent	2,108.4	2,359.4
Non-controlling interests	3,431.2	3,573.4
Total equity	**5,539.6**	**5,932.8**
Non-current liabilities	3,047.4	3,461.8
Current liabilities	2,918.4	2,700.3
Total liabilities	**5,965.8**	**6,162.1**
Liabilities associated with non-current assets held for sale	0.4	-
Total equity and liabilities	**11,505.8**	**12,094.9**

Equity

Total equity at December 31, 2011, amounted to 5,539.6 million euro, a decrease of 393.2 million euro from December 31, 2010. The net reduction arose from:

- the loss for the year of 60.6 million euro;
- dividends paid for 148.2 million euro;
- the negative change in the fair value reserve on equity investments and derivatives for 137.0 million euro;
- the negative exchange-rate effect for 26.3 million euro;
- other changes arising from purchases/sales of interests in consolidated companies with a negative impact of 21.1 million euro.

Net financial debt

At December 31, 2011, **net financial debt** stood at 2,039.6 million euro, down by 55.9 million euro from the situation at December 31, 2010, despite the negative effect of 217.7 million euro from the consolidation of the Calcestruzzi group and the reduction in cash flows from operating activities. The improvement arose essentially from the sale of Italcementi group operations no longer considered of core importance.

Breakdown of net financial debt

(in millions of euro)	December 31, 2011	December 31, 2010
Cash, cash equivalents and current financial assets	(1,693.2)	(1,912.1)
Short-term financing	1,567.5	1,377.3
Medium/long-term financial assets	(167.4)	(134.3)
Medium/long-term financing	2,332.7	2,764.6
Net financial debt	**2,039.6**	**2,095.5**

Financial ratios

(absolute values in millions of euro)	December 31, 2011	December 31, 2010
Net financial debt	2,039.6	2,095.5
Consolidated equity	5,539.6	5,932.8
Gearing	**36.82%**	**35.32%**
Net financial debt	2,039.6	2,095.5
Recurring EBITDA	681.0	884.2
Leverage	**2.99**	**2.37**

Summary of cash flows

(in millions of euro)	December 31, 2011	December 31, 2010 (IFRS 5)
Net financial debt at beginning of period	**(2,095.5)**	**(2,200.8)**
Cash flow from operating activities	404.3	769.6
Capital expenditure:		
PPE, investment property, intangible assets	*(411.3)*	*(529.9)*
Non-current financial assets	*(47.0)*	*(44.8)*
Capital expenditure	**(458.3)**	**(574.7)**
Proceeds from sale of fixed assets	188.1	87.2
Dividends paid	(147.9)	(150.3)
Net financial debt Calcestruzzi group	(217.7)	-
Cash flow relating to discontinued operations	279.2	(6.1)
Other	8.2	(20.4)
Change in net financial debt	55.9	105.3
Net financial debt at end of period	**(2,039.6)**	**(2,095.5)**

Capital expenditure

(in millions of euro)	Investments in financial assets		Investments in PPE + investment property		Investments in intangible assets	
	2011	2010	2011	2010	2011	2010
Business segment						
Construction materials	2.9	14.9	337.6	502.7	25.4	22.1
Food packaging and thermal insulation	-	-	8.9	6.1	1.5	3.3
Finance	44.1	20.1	0.1	-	0.1	-
Banking	-	-	1.3	0.9	-	1.9
Property, services, other	-	-	-	0.1	-	-
Total	**47.0**	**35.0**	**347.9**	**509.8**	**27.0**	**27.3**
Change in payables	-	9.8	36.4	(7.2)	-	-
Total capital expenditure	**47.0**	**44.8**	**384.3**	**502.6**	**27.0**	**27.3**
Geographical area						
European Union	47.0	24.2	188.5	225.2	22.5	20.0
Other European countries	-	-	1.6	2.5	-	1.9
North America	-	0.5	18.4	42.3	0.1	0.5
Asia and Middle East	-	5.3	61.9	85.8	0.1	-
Africa	-	-	73.7	149.3	0.2	0.4
Trading	-	-	3.8	2.5	0.1	0.1
Others and intragroup	-	5.0	-	2.2	4.0	4.4
Total	**47.0**	**35.0**	**347.9**	**509.8**	**27.0**	**27.3**
Change in payables	-	9.8	36.4	(7.2)	-	-
Total capital expenditure	**47.0**	**44.8**	**384.3**	**502.6**	**27.0**	**27.3**

Group capital expenditure for the period totaled 458.3 million euro, a decrease of 116.4 million euro from 2010.

Investments in property, plant and equipment, investment property and intangible assets referred mainly to the construction materials segment, amounting to 363.0 million euro (524.8 million euro in 2010), for the completion of strategic investments in Italy, France-Belgium, India, Egypt and Morocco.

Investments in financial assets totaled 47.0 million euro (44.8 million euro in 2010), and referred primarily to the financial segment for equity investment purchases in France and Italy.

Reconciliation between parent company loss for the year and equity with Group loss for the year and equity

(in thousands of euro)		**December 31, 2011**
Loss for the year of the parent Italmobiliare S.p.A.		**(57,300)**
Consolidation adjustments:		
• Net result of consolidated companies (Group share)		(22,198)
• Adjustment to the carrying amount of equity-accounted investees		(8,927)
• Elimination of dividends recognized in the year		(50,220)
• Elimination of intercompany gains or losses and other changes		(9,062)
Loss for the year attributable to owners of the parent		**(147,707)**
Equity of the parent Italmobiliare S.p.A.		**886,323**
• Elimination of carrying amount of consolidated equity investments		(1,272,553)
in companies consolidated line-by-line or proportionately	*(1,197,210)*	
in equity-accounted investees	*(75,343)*	
• Recognition of equity of consolidated equity investments		2,478,890
in companies consolidated line-by-line or proportionately	*2,350,798*	
in equity-accounted investees	*128,092*	
• Gains allocated to equity of subsidiaries and associates		18,230
• Elimination of intragroup transactions and other changes		(2,507)
Consolidated equity attributable to owners of the parent		**2,108,383**

Risks and uncertainty

Risks and uncertainty are examined in the sections on the individual segments, since they are specific to each Group line of business. 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)		2011	2010 (IFRS 5)	% change	2010 (published)
Revenue		**4,720.5**	**4,660.0**	***1.3***	**4,790.9**
Recurring EBITDA		**697.3**	**841.7**	***(17.2)***	**836.3**
% of revenue		*14.8*	*18.1*		*17.5*
Other income (expense)		40.7	(2.3)	*n.s.*	(2.0)
EBITDA		**738.1**	**839.4**	***(12.1)***	**834.3**
% of revenue		*15.6*	*18.0*		*17.4*
Amortization and depreciation		(474.8)	(461.2)	*3.0*	(472.5)
Impairment		(134.3)	(8.0)	*n.s.*	(8.0)
EBIT		**129.0**	**370.2**	***(65.2)***	**353.8**
% of revenue		*2.7*	*7.9*		*7.4*
Finance costs		(102.1)	(89.8)	*13.7*	(90.6)
Impairment losses on non current assets		7.5	(21.0)	*n.s.*	(21.0)
Share of profit (loss) of accounted-equity investees		18.6	17.1	*9.3*	17.1
Profit before tax		**53.0**	**276.5**	***(80.8)***	**259.2**
% of revenue		*1.1*	*5.9*		*5.4*
Income tax expense		(68.8)	(60.6)	*13.5*	(62.1)
Gains (losses) relating to continuing operations		**(15.8)**	**215.8**	***n.s.***	**197.1**
Gains (losses) relating to discontinued operations		106.9	(18.8)	*n.s.*	
Profit (loss) for the year		**91.2**	**197.1**	**(53.7)**	
attributable	**Owners of the parent ***	**(3.1)**	**45.8**	***n.s.***	**45.8**
	Non-controlling interests	94.3	151.3	*(37.7)*	151.3
Cash flow from operating activities		417.7	754.9	*(44.7)*	747.9
Capital expenditure		402.4	542.2	*(25.8)*	547.7

n.s. not significant

(in millions of euro)	December 31, 2011	December 31, 2010
Total equity	4,894.9	4,985.9
Equity attributable to owners of the parent *	3,494.9	3,525.1
Net financial debt	2,093.0	2,230.9
Number of employees at year end	19,896	20,139

* Italcementi S.p.A.

Performance in the construction materials segment

In the advanced economies, the deterioration in the macroeconomic climate hit the construction industry in the final phase of the longest recession of the postwar period, contributing, in many countries, to a further postponement in the upturn. Nevertheless, the most evident feature was the divergence in the cyclical positions of the countries in which the group operates, both emerging and mature. Among the mature countries, there was a moderate construction recovery in France and Belgium, while the southern euro zone countries reported a further significant fall in activity. The USA was in an intermediate position, with the recessionary pressures of the last six years probably fading, but signs of a recovery, even from the very low levels reached, still appearing to be extremely weak.

In the emerging countries, the economic trends in the construction industry were generally favorable; in some cases, however, signs of a slowdown emerged as economic policies paid greater attention to avoiding excessive speculative bubbles in real estate. The group results in the area were also critically affected by events relating to the complex political transition taking place in Egypt, whose influence was also felt in construction.

Sales volumes

(in millions of euro)	FY 2011[1]	% change on FY 2010 historic	at constant size
Cement and clinker *(millions of metric tons)*	51.1	*(1.9)*	*(1.9)*
Aggregates [2] *(millions of metric tons)*	38.1	*3.7*	*(5.1)*
Ready mixed concrete *(millions of m^3)*	14.5	*53.2*	*0.8*

[1] amounts refer to companies consolidated on a line-by-line basis and, pro-quota, to companies consolidated on a proportionate basis.

[2] excluding outgoes on work-in-progress account.

In **cement and clinker**, there was a mild slackening in the mature countries, arising from progress in France – Belgium and North America, offset by downturns in Italy, Greece and Spain. The small improvement in Asia was driven by India, while Thailand was stable (penalized in the fourth quarter as mentioned above) and the other countries slowed. The Emerging Europe, North Africa and Middle East area was influenced above all by the decline in Egypt, countered only in part by the healthy trend in Morocco. A reduction in sales volumes was reported for Trading, mainly on intragroup trading.

The decline in **aggregates**, at constant size, stemmed from the general reduction in sales volumes in Central Western Europe (where only France – Belgium reported growth) and in Morocco. The downturn was contained in part by the progress in North America.

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

The 1.3% increase in **revenue** from 2010 arose from the business slowdown (-1.3%) and negative exchange-rate effect (-2.2%), countered by a material consolidation effect (+4.8%).

A factor in revenue performance was the fall in sales volumes, countered in part by a favorable sales prices trend in some countries, notably India, Italy, Thailand and Morocco.

At constant size and exchange rates, the mature countries reported an improvement, thanks to France – Belgium and North America.

The negative exchange-rate effect arose chiefly from the depreciation of the Egyptian pound, US dollar and rupee against the euro.

Operating results were supported by industrial efficiency and growing profits in Italy, but adversely affected by events on the Egyptian market, the consolidation of the Calcestruzzi group and, at EBIT level, by heavy impairment losses. Compounding this complex situation were higher energy costs and the depreciation of some currencies against the euro, while a positive contribution came from CO_2 emission rights and the valorization of energy efficiency credits for a total of 87.6 million euro (55.2 million euro in 2010).

Recurring EBITDA was 697.3 million euro, down 17.2% from 2010. After net non-recurring income of 40.7 million euro (net expense of 2.3 million euro in 2010), **EBITDA** was 738.1 million euro, a decrease of 12.1% from 2010. The non-recurring items were net capital gains on the sale of assets (66.3 million euro) and net expense for corporate restructurings (25.6 million euro), mainly in Italy.

After amortization and depreciation of 474.8 million euro (461.2 million euro) and impairment losses of 134.3 million euro (8 million euro), **EBIT** was 129.0 million euro, down 65.2% from 2010. Impairment losses related to goodwill (82.6 million euro), property, plant and equipment (36.6 million euro) and intangible assets (15.1 million euro); details are provided in the notes. Impairment losses on goodwill referred to non-recent acquisitions in Spain, Greece and Italy, the countries most affected by the market crisis.

Among the individual countries, the most significant progress in recurring EBITDA was reported in Morocco, India and Thailand, while by far the largest reduction was in Egypt.

In 2011 net interest expense on net financial debt decreased to 85.4 million euro (90.4 million euro in 2010). The comparison does not include the impact of the one-off costs of approximately 21.4 million euro incurred in 2010 for repayment of the Notes issued in the USA.

Overall, **finance costs net of finance income** rose from 89.8 million euro to 102.1 million euro (+13.7%).

The trend was also due to net exchange-rate losses of 10.6 million euro (gains of 8.4 million euro in 2010), with a negative increase of 19.0 million euro from 2010, and to net derivatives for hedges on CO_2 emission rights and Certified Emission Reductions (CERs), with a negative effect of 6.5 million euro.

The **share of profit/(loss) of equity accounted investees**, 18.6 million euro, was up from 2010 (17.1 million euro).

Impairment losses on non current assets reflected a gain of 7.5 million euro (losses of 21.0 million euro in 2010). This arose as a result of the reversal, in the 2011 income statement, of the impairment loss on the Calcestruzzi group posted in the fair value reserve for available for sale financial assets at December 31, 2010, after the consolidation of the Calcestruzzi group as from January 1, 2011.

Profit before tax was 53.0 million euro, down by 80.8% from 2010 (276.5 million euro).

Income tax expense, at 68.8 million euro, was up 13.5% from 2010 (60.6 million euro), largely as a result of the income contribution of countries with higher tax rates, non-deductible expense and the change in the tax rate in Egypt, which was increased to 25% at the end of June 2011 from the previous rate of 20%.

Profit (loss) relating to continuing operations reflected a loss of 15.8 million euro (a gain of 215.8 million euro in 2010).

The net capital gain of 106.9 million euro on the sale of Set Group generated **profit for the year** of 91.2 million euro (197.1 million euro), with a **loss attributable to the owners of the parent** of 3.1 million euro (profit of 45.8 million euro) and **profit attributable to non-controlling interests** of 94.3 million euro (151.3 million euro).

2011 **capital expenditure** amounted to 402.4 million euro, a decrease of 139.8 million euro from 2010 (542.2 million euro).

Investments in property, plant and equipment and investment property totaled 374.0 million euro, down by 121.5 million euro from 2010 (495.5 million euro) due to the completion of strategic investments that had an impact in 2010; investments were largely in Italy, France-Belgium, India, Egypt and Morocco.

Investments in intangible assets amounted to 25.4 million euro, an increase of 3.3 million euro from 2010 (22.1 million euro), and were chiefly for software development.

Investments in non current financial assets were marginal, at 2.9 million euro (24.6 million euro in 2010).

Net financial debt at December 31, 2011, amounted to 2,093.0 million euro, a reduction of 137.9 million euro from the end of 2010, despite the negative effect of 217.7 million euro from the consolidation of the Calcestruzzi group as from January 1, 2011. Given lower cash flow from operating activities, the improvement stemmed largely from the sale of assets no longer of strategic importance (mainly Turkey, Axim).

Total **equity** at December 31, 2011, was 4,894.9 million euro, down by 91.0 million euro from December 31, 2010 (4,985.9 million euro).

The main increases were:
- profit for the year of 91.2 million euro;
- gains of 62.8 million euro on the sale of Afyon shares;

the decreases were:
- dividends paid, 142.8 million euro;
- the net change of 32.9 million euro in the hedging reserve and the fair value reserve;
- the acquisition of Ciments Français treasury shares for 35.9 million euro;
- the reduction of 25.0 million euro in the translation reserve.

At December 31, 2011, there were no changes in treasury shares in portfolio with respect to December 31, 2010. Italcementi S.p.A. held 3,793,029 ordinary treasury shares (2.14% of ordinary share capital) servicing stock option plans and 105,500 savings treasury shares (0.1% of savings share capital).

Quarterly trend

(in millions of euro)	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue	**4,720.5**	**1,120.3**	**1,148.2**	**1,298.8**	**1,153.2**
% change vs. 2010	*1.3*	*2.9*	*(1.9)*	*(3.8)*	*9.7*
Recurring EBITDA	**697.3**	**133.4**	**191.8**	**241.7**	**130.4**
% change vs. 2010	*(17.2)*	*(24.6)*	*(14.7)*	*(19.6)*	*(6.4)*
% of revenue	*14.8*	*11.9*	*16.7*	*18.6*	*11.3*
EBITDA	**738.1**	**154.7**	**193.0**	**242.3**	**148.0**
% change vs. 2010	*(12.1)*	*(13.5)*	*(14.7)*	*(18.7)*	*8.8*
% of revenue	*15.6*	*13.8*	*16.8*	*18.7*	*12.8*
EBIT	**129.0**	**(107.3)**	**78.3**	**122.4**	**35.6**
% change vs. 2010	*(65.2)*	*n.s.*	*(27.3)*	*(31.3)*	*17.6*
% of revenue	*2.7*	*(9.6)*	*6.8*	*9.4*	*3.1*
Profit (losses) relating to continuing operations	**(15.8)**	**(121.1)**	**26.7**	**60.2**	**18.5**
Profit (loss) for the period	**91.2**	**(121.6)**	**25.0**	**60.2**	**127.6**
Profit (loss) attributable to owners of the parent *	**(3.1)**	**(126.4)**	**8.2**	**34.3**	**80.7**
Net financial debt (at period end)	2,093.0	2,093.0	2,218.6	2,256.7	2,166.4

* Italcementi
n.s. not significant

In **cement and clinker**, performance in the mature countries slowed, despite the progress reported in France – Belgium and North America. In Emerging Europe, North Africa and Middle East, the growth in Morocco and Bulgaria did not counterbalance the decline in Egypt. In Asia, the rise in sales volumes in India was not sufficient to cover the contraction on the other markets, which were also affected by the floods that hit Thailand.

In **aggregates**, the growth achieved with respect to the fourth quarter of 2010 arose mainly from the strong performance in France – Belgium, Italy and North America, set against sharp falls in Greece and Spain.

The small improvement in **ready mixed concrete**, at constant size, arose in part from the trends already described for aggregates, with increases in France – Belgium, Italy and North America, and falls in Greece and Spain. The segment also reported strong progress in Morocco and Kuwait, and a significant contraction in Egypt.

Fourth-quarter **revenue** amounted to 1,120.3 million euro (+2.9%), with growth reported in Central Western Europe as a result of the upward trend in prices and the perimeter effect in Italy, and in North America, thanks to positive sales volumes. Conversely, a decline was reported on the emerging markets as a whole, penalized chiefly by Egypt and Thailand, despite the progress in Morocco and India. At constant size and exchange rates, revenue would have been 1.7% down from the fourth quarter of 2010.

Recurring EBITDA, at 133.4 million euro, was down 24.6% from the year-earlier period.

EBIT was negative at 107.3 million euro, compared with positive EBIT of 54.1 million euro in the year-earlier fourth quarter. The downturn arose mainly from significant impairment losses (134.4 million euro) on property, plant and equipment, intangible assets and goodwill, compared with 7.4 million euro in the year-earlier period.

As a result of these impairment losses, a loss of 121.6 million euro was posted for the fourth quarter (profit of 63.6 million euro in the fourth quarter of 2010).

Significant events

Significant events in the first nine months of the year, previously illustrated in the half-year financial report and the quarterly reports at the end of March and September, are described below.

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

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

In March **Set Group Holding** was sold to the Turkish group Limak Holding and **Italgen Elektrik Uretim** was sold to Enerjisa (a Sabanci-Verbund joint venture).

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

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

In September, through the Indian company Zuari Cement, the group acquired from Zuari Industries a 74% stake in **Gulbarga Cement**, a company based in the region of Karnataka, which is planning to build a new cement plant with an annual cement capacity of 3 million metric tons.

In October, **Italcementi Finance S.A.**, the French company that acts as the Group's treasury vehicle, received Banque de France authorization to launch commercial paper under a program for a maximum amount of 800 million euro. The program, with a short-term Moody's NP rating and Standard & Poor's A3 rating, is unconditionally guaranteed by Italcementi S.p.A..

With regard to action to raise efficiency and optimize facilities, the Group formulated a series of measures on costs designed to strengthen profit margins. These initiatives – some of which were launched during the fourth quarter of the year – will bring benefits in the order of 160 million euro when fully implemented.

In December, in line with the rating review policy adopted for almost all the major cement players, **Moody's Investor Services** downgraded its long-term ratings for Italcementi and Ciments Français, and its senior unsecured ratings for Italcementi Finance and Ciments Français to Ba1.

Also in December all operations in the segment of Axim-branded ready mixed concrete and cement additives were sold to the Swiss group Sika. The operations in question were organized in six companies with industrial facilities and commercial divisions active in Italy, France, USA, Canada, Morocco and Spain, with revenue of approximately 61 million euro in 2010 and 150 employees. The agreement also provides for a strategic partnership in R&D, sales and marketing and the supply of additives for the Group.

Operating performance by geographical area

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	2011	% change vs. 2010	2011	% change vs. 2010	2011	% change vs. 2010	2011	% change vs. 2010
Geographical area								
Central Western Europe	2,680.8	*11.4*	307.1	*(6.4)*	340.3	*3.4*	(4.1)	*n.s.*
North America	405.1	*(2.5)*	16.3	*(35.6)*	23.0	*5.8*	(45.4)	*5.8*
Emerging Europe, North Africa and Middle East	1,030.2	*(17.2)*	316.7	*(24.6)*	317.8	*(23.8)*	193.1	*(34.2)*
Asia	499.4	*11.2*	81.8	*19.9*	82.8	*22.3*	38.1	*90.5*
Cement and clinker trading	183.4	*(20.0)*	10.6	*(25.6)*	10.7	*(25.5)*	6.8	*(40.0)*
Other	423.9	*(0.2)*	(33.8)	*(>100.0)*	(35.0)	*(>100.0)*	(58.1)	*(>100.0)*
Eliminations	(502.3)	*n.s.*	(1.4)	*n.s.*	(1.5)	*n.s.*	(1.4)	*n.s.*
Total	**4,720.5**	***1.3***	**697.3**	***(17.2)***	**738.1**	***(12.1)***	**129.0**	***(65.2)***

n.s. not significant

Central Western Europe

Trends varied among the countries in Central Western Europe, although domestic consumption in the countries in which the group operates (Italy, France, Belgium, Greece and Spain) diminished overall.

In **Italy,** the difficult economic and financial situation provoked a strong slowdown in building, both in the private segment and the public segment, with a significant fall in sales volumes. The sales volume decrease in **cement and clinker** from 2010 was offset by a rise in prices in the second half of 2011. The positive sales prices effect, operating income on CO_2 emission rights and savings on fixed costs led to an increase in recurring EBITDA, although the improvement was offset by the rise in energy costs.

Overall operating results reflected the impact of the consolidation, as from the beginning of the year, of the **ready mixed concrete and aggregates** segment, with negative recurring EBITDA. In 2011, after re-gaining full control of operations, the Group drew up a plan to recover high levels of industrial efficiency and organizational effectiveness. To achieve this, a re-organization will begin in 2012 involving the disposal of non-strategic plants, with recourse to welfare benefits to mitigate the impact on employees.

In **France and Belgium** cement consumption made good progress in 2011 thanks to very favorable meteorological conditions at the start and end of the year, and a healthy trend in residential building and public works, while the increase in operating expenses, especially for energy led to a fall in operating results.

In **Spain** the fall in cement demand continued in 2011, with another sharp reduction, stemming largely from the difficult situation in the residential segment and the difficult financial situation of the public administration.

In **Greece**, the economic crisis continued with no signs of a recovery. Overall Group cement and clinker sales were affected by this difficult situation and fell by approximately 40%.

North America

Recurring EBITDA was down on 2010, reflecting the fall in average sales prices in a tougher competitive arena and the rise in operating expenses, mainly for energy, offset only in part by higher sales volumes and action to contain fixed costs.

In preparation for the expected economic turnaround and consequent improvement in cement demand, the group took further steps in its distribution and logistics re-organization.

Emerging Europe, North Africa and Middle East

In **Egypt** the political, economic and social situation was uncertain after the events of 2011. The sharp reduction in operating results, mitigated by the absence of external clinker purchases, was due to the sharp fall in revenue (price and volume effects), the rise in energy costs, and also to personnel expense and overheads.

Operating results were positive in **Morocco**, thanks to higher revenue (volume and price effects) as a result of the additional capacity provided by the Ait Baha plant, whose overall efficiency produced benefits sufficient to counter the large increase in feul costs.

Asia

Positive operating results were posted in this geographical area, especially in **Thailand** and **India**, while **China** and **Kazakhstan** posted a slower performance compared with 2010.

Risks and uncertainty

In May 2010, Italcementi S.p.A. formed a Risk Management Department, reporting to the Italcementi S.p.A. Chief Executive Officer, to improve its ability to create value for stakeholders by optimizing enterprise risk management (ERM). The mission of the function is to guarantee a structured approach to risk management, integrated with the group growth strategy, and to support the improvement of group performance by identifying, measuring, managing and controlling key risks.

The creation of the Risk Management Department is part of the **"Risk & Compliance"** program set up in 2008, based on the methodology developed by the Committee of Sponsoring Organizations of the Tradeway 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 the 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 industrial 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 and also summarized in a specific section in this report.

The Asset Protection Program continued in 2011; it qualifies the importance of risks and develops a suitable prevention and protection policy, thereby limiting damage to assets and consequent operating losses. The program is now a consolidated group process.

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, can vary significantly as a result of 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 and to obtain competitive 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 section on Sustainable Development in this 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 its 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, exchange rates and counterpart 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 ratings agencies. Its credit ratings may change to reflect changes in its results, financial situation, 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 recognised 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 subsidiaries, Italcementi 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 frame agreement to ensure a balance between the probability of a risk occurring and the damage that would ensue for each subsidiary.

Sustainable development

In 2011, the group maintained and strengthened its commitment to sustainable development in all countries and lines of business, with initiatives coordinated by the group's "Sustainable Development Steering Committee".

Membership of the United Nation Global Compact (UNGC) and participation in the World Business Council for Sustainable Development (WBCSD) are cornerstones of the group commitment to sustainability. The group companies also take an active part in the regional UNGC and WBCSD networks. The new Sustainability Policies adopted at the end of 2010 are being introduced and implemented at local level.

The Italcementi group was reconfirmed in "The Sustainability Yearbook 2012", the most complete publication on corporate sustainability issued annually by Sustainable Asset Management (SAM); it was ranked in the "SAM Bronze Class" category.

Health and safety

Special attention continued to be devoted to improvement of workplace safety, which, with the "Zero accidents" project introduced in 2000, has led to a significant reduction in the accident frequency rate (approximately 74%). A particular priority was reduction of CO_2 emissions.

Engineering, technical assistance, research and development

In 2011 CTG S.p.A. carried out engineering, construction, technical assistance and R&D activities for the group companies in Italy and abroad.

R&D work focused on materials and processes; nine patent applications were filed during the year. New mortar and concrete formulations were developed and are currently being tested.

Monitoring of the new technologies and assessment of their applications in the cement segment continued. Special attention was devoted to cement formulations and to the production of clinker with lower CO_2 emissions.

Innovation

In 2011 the group continued to promote the use of innovative products, applications and services in its companies to contribute to the creation of value, guaranteeing the best construction material solutions in compliance with policies to respect the environment and optimize resources.

After finalization of agreements for marketing of i.light, the transparent panel used at the Italian Pavilion at Expo 2010 Shanghai, the optimization and diversification of the basic product continued; alternative channels are also being studied to enhance the offer.

Sales volumes of sulfoalluminate cement-based products (ALIPRE range) rose significantly, thanks in part to the gradual expansion of the range and markets. Development also continued of new products based on TX Active, especially for coatings.

E-business

In 2011 BravoSolution group revenue amounted to 55.5 million euro, an increase of 3.4% from 2010 (53.7 million euro). EBITDA was 6.8 million euro, as in 2010, while EBIT was 2.7 million euro (2.9 million euro). Profit before tax was 2.2 million euro (2.6 million euro) and profit for the year was 1.1 million euro (1.4 million euro).

During the year the BravoSolution group confirmed its excellent commercial positioning as a supplier of customized software platforms and professional value-added services.

Disputes and pending proceedings

A summary of the main current disputes is provided below.

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 S.A., in December 2010 the European Commission notified the decision for 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).

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 Tribunal against the decision. Both the investigation and the proceedings are still underway.

Turkey

As a result of the non-closure of the 2008 agreement for the sale of the Turkish operations (Set Group) by Ciments Français to Sibcem, a number of proceedings are pending.

- Sibconcord, the main shareholder of Sibcem, has begun a proceeding in Russia to annul the agreement. On September 26, 2011, the ruling annulling the contract obtained in first instance by Sibconcord against which Ciments Français filed an appeal become effective. After an unsuccessful petition to the regional court of cassation, Ciments Français filed an appeal with the Russian Supreme Court. In December 2011, on the basis of the favorable ruling obtained in Russia, Sibconcord filed for compulsory execution in Kazakhstan, which was rejected by the courts in January 2012. Sibconcord has appealed against this ruling.
- As contemplated by the contract, Ciments Français began arbitration proceedings (in Istanbul) in accordance with the regulation of the International Chamber of Commerce. On December 7, 2010, it obtained a favorable arbitration award recognizing the validity of the resolution of the contract by Ciments Français with the right to retain the 50 million euro paid by Sibcem. On May 31, 2011, Sibcem obtained the annulment of the arbitration award from the territorially competent Turkish court; Ciments Français filed an appeal and in the meantime continued proceedings for the recognition of the award in a number of countries.

Significant subsequent events

In February, Ciments Français and the subsidiary Parcib s.a.s. signed an agreement with **Cimsa** Cimento Sanayi ve Ticaret A.S. for the sale of the outstanding 51% of the capital of **Afyon** Cimento Sanayii Turk A.S.. The overall value of the sale has been determined as 57,530,000 Turkish lire, equivalent to approximately 25 million euro. The transfer of the shares and the payment will take place at closing, once the necessary approval has been obtained from the Antitrust Authority and all the conditions of the agreement have been fulfilled. The closing price will be subject to the usual contractual adjustment conditions. With the closing of this sale and following the sale of Set Group, the group will have no further operations on the Turkish market as a cement producer.

Performance at Italcementi S.p.A.

(in millions of euro)	2011	2010	% change
Revenue	**613.8**	**614.1**	***n.s.***
Recurring EBITDA	**(0.5)**	**(54.5)**	***n.s.***
% of revenue	*(0.1)*	*(8.9)*	
Other income (expense)	8.2	3.1	*>100.0*
EBITDA	**7.7**	**(51.4)**	***n.s.***
% of revenue	*1.3*	*(8.4)*	
Amortization and depreciation	(81.6)	(80.7)	*1.2*
Impairment losses on non current financial assets	(0.7)	1.7	*n.s.*
EBIT	**(74.6)**	**(130.3)**	***42.7***
% of revenue	*(12.2)*	*(21.2)*	
Finance income (losses)	109.8	78.8	*39.4*
Impairment losses on financial assets	(52.3)	(38.2)	*36.8*
Loss before tax	**(17.1)**	**(89.7)**	***81.0***
% of revenue	*(2.8)*	*(14.6)*	
Income tax expense	24.1	55.4	*(56.5)*
Profit (loss) for the period	**7.0**	**(34.4)**	***n.s.***
% of revenue	*1.1*	*(5.6)*	
Cash flow from operating activities	36.1	54.8	*(34.1)*
Capital expenditure	131.6	142.4	*(7.6)*

n.s.: not significant

(in millions of euro)	December 31, 2011	December 31, 2010
Equity	1,784.6	1,814.3
Net financial debt	839.0	745.8

Outlook

The markets on which the group operates should be relatively stable in 2012. Sales volumes will be slightly below the 2011 levels, with positive performance in North America and Morocco offsetting in part the slowdown expected on markets in Southern Europe and Italy.

Sales prices should be positive, a trend already confirmed by performance in the early months of the year in Italy, Egypt and the USA.

Inflationary pressures on production costs should be outweighed by the improvements in industrial efficiency planned by the group and already introduced in part. Consequently, foreseeable operating results for 2012 will be up on 2011. The group's expectations of an improvement could, however, by influenced by the effects of the political transition in Egypt and by the adverse meteorological conditions that have already occurred since the beginning of the year.

In 2012 the group launched a new program of investments intended to bring further improvements in its industrial operations in Italy and Bulgaria and raise production capacity in India and Morocco. The program will be funded with internal resources and is not expected to affect the group's capital and financial ratios.

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 2011 is set out below, together with key financial data.

(in millions of euro)		2011	2010	% change
Revenue		**235.6**	**239.3**	***(1.6)***
Recurring EBITDA		**14.5**	**22.2**	***(34.5)***
% of revenue		*6.2*	*9.3*	
Other income (expense)		(2.5)	-	*n.s.*
EBITDA		**12.0**	**22.2**	***(45.8)***
% of revenue		*5.1*	*9.3*	
Amortization and depreciation		(11.7)	(11.5)	*1.5*
Impairment losses on non current assets		(2.4)	0.1	*n.s.*
EBIT		**(2.1)**	**10.8**	***n.s.***
% of revenue		*(0.9)*	*4.5*	
Finance loss		(5.4)	(4.0)	*34.1*
Profit before tax		**(7.5)**	**6.7**	***n.s.***
% of revenue		*(3.2)*	*2.8*	
Income tax expense		(1.4)	(3.1)	*(53.3)*
Profit (loss) relating to continuing operations		**(8.9)**	**3.6**	***n.s.***
Profit (loss) relating to discontinued operations		-	(0.1)	*n.s.*
Profit (loss) for the year		**(8.9)**	**3.5**	***n.s.***
attributable	**Owners of the parent**	**(9.0)**	**3.4**	***n.s.***
	Non-controlling interests	0.1	0.1	*n.s.*
Capital expenditure		10.4	9.4	*11.2*

n.s. not significant

(in millions of euro)	December 31, 2011	December 31, 2010
Total equity	40.0	52.1
Equity attributable to owners of the parent	39.6	51.7
Net financial debt	128.6	114.9
Number of employees at year end	1,302	1,299

2011 results were materially affected by trends on the raw materials market, which generated a sharp rise in polymer prices (the average annual procurement cost rose approximately 12%), and by the continuing economic crisis, which led to substantial stagnation in consumption on the core markets.

The crisis, which was particularly intense on the Italian market, brought to light a number of critical factors in rigid food packaging, while production remained steady in thermal insulation, and commercial operations were more effective. In this situation, and in order to recover efficiency and margins, Sirap group management decided to begin a restructuring and recovery process, which involved the discontinuation, at the end of the year, of the production facility in Corciano (Perugia), and consequently the transfer, albeit partial, of some production operations to the Mantua factory, which will also undergo a re-organization.

The weakness in this business area also led to a contraction in Sirap group profits, leading to the recognition of impairment losses on goodwill for the rigid packaging division.

In this context **group consolidated revenue** (235.6 million euro) was slightly down (-1.6%) on 2010 (239.3 million euro), with food packaging showing a decrease of 3% and thermal insulation reporting a 3% improvement in revenue.

EBITDA (12.0 million euro) was down (-45.8%) on 2010, largely as a result of the increase in the cost of raw materials, which in food packaging was offset only in part by higher sales prices. EBITDA also included 3.7 million euro of non-recurring expense: 1.6 million euro of provisions relating to employees at the Corciano factory (Perugia), where operations were discontinued, and 2.1 million euro largely for early termination of employment contracts.

EBIT was negative for 2.1 million euro (+10.8 million euro in 2010), reflecting the impact, in addition to the above factors, of net impairment losses for 2.4 million euro posted as the result of impairment tests performed in compliance with the accounting policy governing asset value impairment as illustrated in greater detail below; it also included 0.5 million euro of higher amortization and depreciation on operating assets involved in the restructuring. In short, 2011 EBIT was penalized by non-recurring costs totaling approximately 6.6 million euro.

Finance loss (5.4 million euro) were significantly higher (34.1%) due to the negative exchange-rate effect for 0.8 million euro (a positive effect of 0.3 million euro in 2010) stemming mainly from subsidiaries in eastern Europe.

The year's **income tax expense** decreased with the reduction of taxable income**.**

The group posted a **loss for the year** of 8.9 million euro compared with profit of 3.5 million euro in 2010.

Net financial debt amounted to 128.6 million euro and increased with respect to the end of 2010 (114.9 million euro), mainly as a result of lower cash flows from operating activities and investments.

Capital expenditure amounted to 10.4 million euro (9.4 million euro in 2010), for automation projects, efficiency improvements and replacement of obsolescent assets.

The parent company Sirap-Gema S.p.A. tested the recoverability of its investments in Sirap France S.A.S., in the rigid packaging division (Inline Poland Sp z o.o. and Rigido Italia in Sirap Gema S.p.A.) and in Petruzalek G.m.b.H. The evaluation of the respective Cash Generating Units led, for Sirap France S.A.S., to a reversal of impairment losses on assets for 2.9 million euro (impairment losses recognized in 2007) and, for the rigid packaging division, to an impairment loss on goodwill of 5.3 million euro, for a net loss of 2.4 million euro.

Significant events in the year

The Sirap group began and completed a major re-organization, involving the discontinuation of its production operations in Corciano (Perugia). On November 25, 2011, a preparatory agreement was signed at the Ministry of Labor & Social Policies for the application to recourse to state-subsidized layoff benefits for 24 months with respect to a two-year program for management of surplus workers through specified tools. The decision arose as a result of aggressive competition on sales prices and the consequent reduction in turnover, which, together with low absorption of plant capacity, meant that production at the Corciano site was no longer cost-effective. A partial transfer of residual activities was made to the Mantua plant, which will also implement an internal re-organization; the process will be completed by the end of the first half of 2012.

The re-organization in the rigid packaging division in Italy will bring savings as a result of the reduction of production operations and a significant improvement in efficiency and greater flexibility in production costs.

Quarterly trend

(in millions of euro)	**Full year 2011**	**Q4 2011**	**Q3 2011**	**Q2 2011**	**Q1 2011**
Revenue	**235.6**	**59.9**	**59.9**	**61.6**	**54.2**
% change vs. 2010	*(1.6)*	*(6.2)*	*(2.4)*	*2.2*	*0.7*
Recurring EBITDA	**14.5**	**5.7**	**4.4**	**4.2**	**0.2**
% change vs. 2010	*(34.5)*	*(10.8)*	*(17.5)*	*(35.7)*	*(93.8)*
% of revenue	*6.2*	*9.5*	*7.4*	*6.8*	*0.5*
EBITDA	**12.0**	**4.8**	**2.7**	**4.2**	**0.2**
% change vs. 2010	*(45.8)*	*(23.9)*	*(48.9)*	*(35.8)*	*(93.8)*
% of revenue	*5.1*	*8.1*	*4.6*	*6.8*	*0.5*
EBIT	**(2.1)**	**(0.8)**	**(0.1)**	**1.3**	**(2.6)**
% change vs. 2010	*n.s.*	*n.s.*	*n.s.*	*(65.5)*	*n.s.*
% of revenue	*(0.9)*	*(1.3)*	*(0.1)*	*2.2*	*(4.8)*
Profit (loss) for the period	**(8.9)**	**(3.2)**	**(2.1)**	**(0.3)**	**(3.3)**
Profit (loss) for the period attributable to owners of the parent	**(9.0)**	**(3.2)**	**(2.1)**	**(0.3)**	**(3.3)**
Net financial debt (at period end)	128.6	128.6	128.8	127.9	118.9

n.s. not significant

The difficult situation also affected fourth-quarter results, although EBITDA was supported by a reduction in the cost of polymers compared with the rest of the year. EBIT was adversely affected by impairment losses recognized (a net loss of 2.5 million euro) on goodwill at the rigid packaging division and the reversal of impairment losses recognized on assets at Sirap Gema France, while expense relating to the closure of the Corciano factory had already been provided for the most part in the third quarter.

Performance by segment and geographical area

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	2011	% change vs. 2010	2011	% change vs. 2010	2011	% change vs. 2010	2011	% change vs. 2010
Food packaging								
- Italy	90.9	*(0.9)*	3.6	*(60.2)*	1.1	*(88.0)*	(11.3)	*n.s.*
- France	24.0	*(7.3)*	2.4	*(33.1)*	2.4	*(33.1)*	4.6	*55.8*
- Other EU countries	47.4	*(8.6)*	2.4	*(20.1)*	2.4	*(20.1)*	0.9	*(27.1)*
- Other non-EU countries	19.8	*2.3*	0.5	*(46.1)*	0.5	*(46.1)*	0.3	*(60.9)*
Eliminations	(2.9)						-	-
Total	**179.2**	***(3.0)***	**8.9**	***(46.5)***	**6.4**	***(61.6)***	**(5.5)**	***n.s.***
Thermal insulation - Italy	56.8	*3.0*	5.6	*1.6*	5.6	*1.6*	3.4	*4.8*
Eliminations	(0.4)		-					
Total	**235.6**	***(1.6)***	**14.5**	***(34.5)***	**12.0**	***(45.8)***	**(2.1)**	***n.s.***

n.s. not significant

Food packaging

2011 economic conditions not only affected consumption trends, but also led demand to focus on lower-priced packaging; this made it difficult fully to transfer the rise in polymers to sales prices. In Italy revenue of 90.9 million euro was substantially unchanged from 2010 (-0.9%) thanks to the small improvement in sales prices, which countered the reduction in sales volumes. The increase in raw materials costs had a material impact on recurring EBITDA (3.6 million euro), and led to the reduction of 60.2%; EBIT was further affected by the high level of non-recurring expense (approximately 4 million euro) for the restructuring of the Corciano production site (Perugia) and other re-organization costs.

In France, the fall in meat consumption also affected lower-price products such as white meat. The subsidiary reported a revenue downturn (7.3%) due to lower volumes, offset in part by the favorable change in the product mix, thanks to the steady performance of barrier trays, which guarantee a longer shelf life for their contents. EBITDA reflected lower sales volumes and the rise in the cost of raw materials, EBIT made a significant improvement thanks to the reversal of impairment losses on non-current assets (2.9 million euro).

In Poland the market countered the trend in the other countries, with a 3% increase in food consumption from 2010.

Inline Poland Sp. z o.o. consequently reported revenue of 20.1 million euro, up by 5.7% thanks to higher sales prices and sales volumes. EBIT made a strong improvement (+1 million euro) from 2010 although the earlier year had a loss of approximately 0.6 million euro on the sale of an unused building.

On the east European markets, the main area of operation of the Petruzalek group, demand for packaging equipment declined while demand for containers (foamed and rigid) was steady, although often focused on cheaper products. Revenue was substantially unchanged (approximately -1% at constant exchange rates), but EBIT was penalized by a mix with lower added value and non-recurring expense for the re-organization.

Capital expenditure in the food division was 9.3 million euro (8.6 million euro in 2010) and focused on industrial operations and, to a lesser extent, on completion of the new IT system.

In R&D, work continued on new materials, with some projects in conjuction with the universities of Milan and Brescia, to test innovative and more affordable solutions for the production of food packaging.

R&D work was performed essentially by Sirap-Gema S.p.A., by a team of 10 employees.

Thermal insulation

Despite the general slowdown in the building segment, demand for thermal insulation products remained satisfactory thanks to the application, also in Italy, of energy-saving legislation and to the effect of mandatory energy certification for all buildings.

After a difficult start to the year, the Sirap group thermal insulation division consolidated its market position and simultaneously grew exports to neighboring countries, of interest in terms of profits and the type of products requested (Germany, Austria and Switzerland); these sales accounted for 20% of the year's turnover.

Thermal insulation revenue (56.8 million euro) showed an improvement of 3.0% thanks to sales prices adjustments and the rise in export volumes.

EBIT (3.4 million euro) improved (4.8%) as sales prices absorbed the significant increase in polymer prices.

Capital expenditure amounted to 1.1 million euro (0.8 million euro in 2010) and focused largely on the purchase of new special plant (very thick panels) and industrial and commercial equipment.

R&D work focused on use of new expanding gas mixtures and new polymer formulations with varying degrees of fluidity for production of extruded panels.

Risks and uncertainty

As noted above, during the year there was a significant increase in the price of the polymer raw materials used in production. The Sirap group will continuously monitor price trends in order to optimize procurement policy and will continue to focus on reducing the weight of its products to minimize the impact of raw material costs, without affecting the performance of its packaging.

The Sirap group also operates through a number of subsidiaries in countries outside the euro zone and is therefore exposed to the risk of fluctuation in the exchange rates of local currencies. The situation is carefully monitored by the parent with a special internal procedure.

Another area of uncertainty is collection of receivables. The companies in the Sirap group expect critical situations to intensify in the coming months, a trend that began to emerge in 2011.

This area is kept under careful and constant control by all group companies to limit risk; among measures taken to contain risk, a credit insurance policy was taken out during the year.

The group companies operate in areas with low environmental impact and consequently have no particular risks worthy of note.

Sirap-Gema S.p.A. has derivatives (interest-rate swaps) hedging interest-rate risk on bank borrowings. In the 2011 financial statements, the derivatives are treated in compliance with IAS 32 and 39. At consolidated level, the effects of the derivatives are immaterial.

With regard to legal risks, the reader is referred to the section on Disputes and pending proceedings.

Environmental initiatives

Although the Sirap group operates in a segment with a low environmental impact, in 2011 it introduced a number of environmental-protection initiatives, reflecting its commitment to complying with local regulations and applying the top ecological standards for sustainable and responsible development.

Safety initiatives

In its factories, the Sirap Gema group adopts the necessary measures to ensure maximum safety for its workers and property.

With reference to the group's Italian companies, the "Organizational, Management and Control Model" has been amended in line with provisions governing infringements of workplace safety regulations.

Development continued of the group safety culture project introduced in 2009, with the involvement of all senior managers: extensive reporting is performed on accidents and accident statistics, and also on potential risk situations and promotion of measures to prevent accident risk.

Human resources and organization

At December 31, 2011, the group workforce numbered 1,302 heads, up by 3 from December 31, 2010; the turnover rate was 9.37% (12.28% at December 31, 2010).

	December 31, 2011		December 31, 2010		Change	
	heads	**%**	**heads**	**%**	**heads**	**% su 2010**
Managers	39	*3.0*	43	*3.3*	(4)	*(9.3)*
White collars	429	*32.9*	452	*34.8*	(23)	*(5.1)*
Blue collars	834	*64.1*	804	*61.9*	30	*3.7*
Total	**1,302**	***100.0***	**1,299**	***100.0***	**3**	***0.2***

The figure at December 31, 2011, includes 46 employees at the Corciano site (Perugia) receiving state-subsidized layoff benefits.

Disputes and pending proceedings

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

Subsequently, the Commission has served Sirap-Gema S.p.A., also on behalf of its subsidiaries, with a number of requests for information concerning data and circumstances, to continue the investigation that began with the inspection.

Sirap Gema S.p.A. and its subsidiaries have provided all the information requested by the Commission, with the assistance of their legal advisors.

As far as Sirap-Gema S.p.A. is aware, the Commission's investigation is still underway.

Subsequent events

No significant events took place.

Outlook

In food packaging, the persisting weakness of the European markets means the outlook for food consumption, and consequently demand for packaging materials, is uncertain, and growth is not expected.

In a particularly intense competitive climate the group has begun commercial action to expand its product range, shift the sales mix to products with higher added value and find new customers and markets. On the production and industrial front, in addition to the action taken in 2011, new re-organization measures are underway to cut costs and raise efficiency.

In thermal insulation, the level of demand generated in part by laws on energy efficiency indicates that 2012 will be substantially in line with 2011, although account must be taken of the uncertainty regarding customer solvency.

Financial segment

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

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

(in millions of euro)	2011	2010	% change
Revenue	**62.4**	**114.1**	***(45.3)***
Recurring EBITDA	**2.2**	**38.3**	***(94.4)***
Other income (expense)	(0.6)	(0.6)	*(12.2)*
EBITDA	**1.6**	**37.7**	***(95.7)***
Amortization and depreciation	(0.1)	(0.1)	*(5.9)*
EBIT	**1.5**	**37.6**	***(95.9)***
Finance losses	(0.2)	(0.2)	*4.3*
Impairment losses on financial assets	(94.1)	(2.2)	*n.s.*
Share of profit (loss) of equity accounted investees	(8.9)	(8.5)	*5.5*
Profit (loss) before tax	**(101.7)**	**26.7**	***n.s.***
Income tax expense	5.5	n.s.	*n.s.*
Profit (loss) for the year	**(96.2)**	**26.7**	***n.s.***

n.s. not significant

(in millions of euro)	December 31, 2011	December 31, 2010
Net financial position	105.2	170.6
Equity	1,060.8	1,281.5
Number of employees at year end	56	56

Performance in 2011 was severely affected by the negative performance of our equity investments due to the credit and financial crisis in the euro zone, which intensified during the summer. Deflationary fears in relation to the systemic effects of sovereign debt solvency in turn contributed to the slowdown in the European and world economic cycle beginning in the second quarter of the year, fuelling the risk of a global recession. The domestic stock market lost more than 24% in 2011. Specifically, the area worst affected by the stock market downturn was bank stocks (-43.9%), where Italmobiliare has partial exposure. Investments in other types of stocks, such as publishing stocks, were also affected by a fall in prices, although this was smaller than for financial equities.

Quarterly trend

(in millions of euro)	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue	**62.4**	**17.8**	**3.2**	**26.2**	**15.1**
% change vs. 2010	*(45.3)*	*(37.6)*	*(84.2)*	*3.5*	*(61.8)*
Recurring EBITDA	***2.2***	***2.9***	***(15.6)***	***11.1***	***3.8***
% change vs. 2010	*(94.4)*	*n.s.*	*n.s.*	*n.s.*	*(87.6)*
% of revenue	*3.5*	*16.2*	*n.s.*	*42.3*	*24.8*
EBITDA	**1.6**	**2.5**	**(15.4)**	**11.1**	**3.5**
% change vs. 2010	*(95.7)*	*n.s.*	*n.s.*	*n.s.*	(88.5)
% of revenue	*2.6*	13.9	*n.s.*	42.3	22.9
EBIT	**1.5**	**2.5**	**(15.4)**	**11.1**	**3.4**
% change vs. 2010	*(95.9)*	*n.s.*	*n.s.*	*n.s.*	*(88.5)*
% of revenue	*2.4*	*13.8*	*n.s.*	*42.2*	*22.7*
Profit (loss) for the period	**(96.2)**	**(88.0)**	**(16.8)**	**6.0**	**2.6**
Net financial position (at period end)	**105.2**	**105.2**	**115.2**	**133.4**	**143.7**

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 results depend chiefly on dividend flows and trends on the financial markets.

A loss of 88.0 million euro was posted for the fourth quarter (-1.7 million euro in the year-earlier period), largely as a result of impairment losses on securities and equity investments for 84.6 million euro.

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 (loss) 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)	2011	2010	% change
Net gains(losses) on equity investments	(69.1)	35.3	*n.s.*
Net gains on investments of cash and cash equivalents	(5.5)	35.0	*n.s.*
Net borrowing costs	(8.6)	(24.6)	*(65.0)*
Total finance income (loss)	**(83.2)**	**45.7**	***n.s.***
Other income and expense	(18.5)	(19.0)	*(2.3)*
Income tax (expense)	5.5	-	*n.s.*
Profit (loss) for the year	**(96.2)**	**26.7**	***n.s.***

n.s. not significant

Despite an increase in dividends received in 2011, **net gains on investments** were negative for 69.1 million euro (+35.3 million euro in 2010) largely due to impairment losses on securities and equity investments for 94.1 million euro (Unicredit, RCS Media Group and UBI) and lower gains on sale of assets in 2011 compared with 2010.

The heavy impairment losses on trading securities generated a negative balance on **net gains (losses) on investments of cash and cash equivalents** of 5.5 million euro (+ 35.0 million euro in 2010), while **net borrowing costs** dropped significantly by 16.0 million euro (from -24.6 million euro in 2010 to -8.6 million euro at December 31, 2011).

Combining the individual components, the financial segment posted **net finance costs** of 83.2 million euro compared with net finance income of 45.7 million euro in 2010.

Other expense net of other income amounted to 18.5 million euro, a small decrease from 2010 (19.0 million euro).

Income tax was positive at 5.5 million euro, after which the segment posted a **loss for the period** of 96.2 million euro (profit of 26.7 million euro at December 31, 2010). The decrease arose, as indicated above, from all the main income components, but above all from the impairment losses posted chiefly on equities and from the decrease in 2011 in gains on sales of equity investments compared with 2010.

The companies in the financial segment hold substantial equity investments, the majority classified as "Available for sale". The fair value changes on these investments, excluding consolidated investments carried at cost less impairment 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. At the end of 2011 the fair value reserve of the financial segment reflected a negative balance of 75.1 million euro, compared with +29.0 million euro at December 31, 2010. This large reduction stemmed from the negative trend in the prices of bank and financial stocks, where the Group financial segment is particularly exposed.

Significant events in the year

In 2011 Italmobiliare S.p.A. purchased **Ciments Français** shares for a total of 41.6 million euro, for a directly held interest of 2.432% in share capital.

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

As part of the re-organization and simplification of the Group corporate structure, the following transactions took place during the year:

- transfer of **Fincomind AG** shares held by Italmobiliare S.p.A. to **Société de Participation Financière Italmobiliare S.A.** and subsequent merger of Fincomind AG with Société de Participation Financière Italmobiliare S.A., both companies being Italmobiliare S.p.A. subsidiaries. The merger is bringing greater efficiency and uniformity in decision making, making it possible to cut overheads;
- transfer of the **Italmobiliare International Finance Ltd.** shares held by Italmobiliare S.p.A. to **Société de Participation Financière Italmobiliare S.A.**, which now directly holds 100% of the Irish company.

These transactions had no effects on the Group’s consolidated results and financial position.

Results of the companies in the financial segment

This section sets out a summary of the main results of the most important companies in the segment, drawn up in compliance with the IAS/IFRS:

Italmobiliare International Finance Ltd. (Ireland)

(in millions of euro)	2011	2010	% change
Revenue	12.6	23.1	*(45.3)*
EBIT	(3.1)	15.0	*n.s.*
Profit (loss) for the year	**(3.2)**	**14.0**	***n.s.***

n.s. not significant

(in millions of euro)	December 31, 2011	December 31, 2010
Net financial position	325.9	378.0
Equity	332.9	384.3

The company is mainly active on the securities markets.

The high volatility of the financial markets in 2011 meant that operating results were down on 2010. The revenue reduction of 10.5 million euro (from 23.1 million euro to 12.6 million euro in 2011), arose mainly from the decrease in gains on sale of assets and reversals of impairment losses in 2011, while the increase in impairment losses on trading securities generated negative EBIT of 3.1 million euro (positive EBIT of 15.0 million euro in 2010).

Consequently the company posted a loss for the year of 3.2 million euro (profit of 14.0 million euro at December 31, 2010).

Equity was down from December 31, 2010, by 51.4 million euro, passing from 384.3 million euro to 332.9 million euro, largely due to:

- the capital contribution repayment of 25.0 million euro;
- dividends paid for 23.1 million euro;
- the loss for the year of 3.2 million euro.

The net financial debt also decreased, by 52.1 million euro, from 378.0 million euro to 325.9 million euro at December 31, 2011, largely due to the large cash outflows described above.

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

(in millions of euro)	2011	2010	% change
Revenue	29.3	38.7	*(24.2)*
EBIT	15.8	0.3	*n.s.*
Profit (loss) for the year	**8.7**	**(0.6)**	***n.s.***

n.s. not significant

(in millions of euro)	December 31, 2011	December 31, 2010
Net financial position	49.9	11.6
Equity	422.4	179.3

The decrease in dividends received in 2011 generated a sharp fall in revenue, from 38.7 million euro to 29.3 million euro in 2011.

After overheads and operating expense of 13.5 million euro, including 9.9 million euro of impairment losses on trading securities, EBIT, at 15.8 million euro, showed a significant improvement from 2010 (0.3 million euro), when the company posted high finance costs.

The higher impairment losses totaling 7.1 million euro on UBI shares in portfolio had a negative impact on profit for the year, although this totaled 8.7 million euro and was an improvement with respect to 2010 (-0.6 million euro).

The positive net financial debt of 49.9 million euro showed an improvement of 38.3 million euro from the end of 2010, thanks to the capital contribution repayment received from the subsidiary Italmobiliare International Finance Ltd., lower finance costs paid in 2011 and dividends received from the same subsidiary.

Equity increased by a significant amount of 243.1 million euro compared with December 31, 2010, from 179.3 million euro to 422.4 million euro, largely as a result of the corporate transactions described in the section “Significant events in the year”, specifically:

- the transfer of the investments held by Italmobiliare S.p.A. in Fincomind AG and Italmobiliare International Finance Ltd. with consequent increase in share capital and reserves for amounts totaling 239.2 million euro;
- dividends paid for 5 million euro;
- profit for the year of 8.7 million euro.

After the transactions described above, investments in subsidiaries amounted to 326.2 million euro (113.6 million euro at December 31, 2010), while non-listed investments included an 11.68% interest in Burgo Group S.p.A., classified as “Available-for-sale”.

The trading equities portfolio consisted largely of UBI and Eni shares. Their overall value, based on the official Borsa Italiana price at December 31, 2011, was 11.0 million euro against 17.7 million euro at the end of 2010, while the available-for-sale equities portfolio decreased from 54.3 million euro in December 2010 to 46.6 million euro, a reduction of 7.7 million euro caused mainly by the impairment loss on UBI shares during the first nine months of the year.

Operations and results for the company **Italmobiliare S.p.A.** are described in the specific section in the directors’ report and in the notes in 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 ordinary	106,914,000	60.363	Italmobiliare S.p.A.
Italcementi savings	3,011,500	2.856	Italmobiliare S.p.A.
Ciments Français	870,111	2.432	Italmobiliare S.p.A.
Associates			
Mittel	8,763,067	12.429	Italmobiliare S.p.A.
Rcs MediaGroup ordinary	54,691,627	7.465	Italmobiliare S.p.A.
Other companies			
UniCredit ordinary	9,979,390	0.518	Italmobiliare S.p.A.
Mediobanca	22,568,992	2.621	Italmobiliare S.p.A.
Ubi Banca	1,100,292	0.122	Italmobiliare S.p.A.
Ubi Banca	1,718,500	0.191	Soparfi S.A.
Intek ordinary	407,205	0.312	Italmobiliare S.p.A.
Trading investments in other companies [2]			
Ubi Banca	3,144,260	0.348	Soparfi S.A.
Eni ordinary	75,500	n.s.	Soparfi S.A.

[1] The % refers to the total number of instruments issued in the corresponding category
[2] Trading investments are included in the net financial position
n.s. not significant

Net financial position of Italmobiliare and the financial segment

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

(in thousands of euro)	December 31, 2011		December 31, 2010	
	Italmobiliare	Financial segment	Italmobiliare	Financial segment
Cash, cash equivalents and current financial assets	21,780	345,107	116,555	469,056
Short-term financing	(119,371)	(101,965)	(211,506)	(214,512)
Short-term net financial debt	**(97,591)**	**243,142**	**(94,951)**	**254,544**
Medium/long-term financial assets	6,628	41,628	9,362	51,362
Medium/long-term financing	(179,531)	(179,531)	(135,338)	(135,338)
Medium/long-term net financial position	**(172,903)**	**(137,903)**	**(125,976)**	**(83,976)**
Net financial position	**(270,494)**	**105,239**	**(220,927)**	**170,568**

Italmobiliare had net financial debt of 270.5 million euro (220.9 million euro at December 31, 2010), an increase of 49.6 million euro, due mainly to equity investments acquired and dividends paid, offset only in part by dividends collected.

The financial segment had a positive net financial debt of 105.2 million euro (170.6 million euro at December 31, 2010), down by 65.4 million euro as a result of the transactions described above and lower cash flows on financial operations and current operations of the companies in the financial segment.

The changes in the net financial debt of Italmobiliare and the financial segment are set out in the table below:

(in millions of euro)	Italmobiliare	Financial segment
Equity investments sold	1.4	2.5
Equity investments acquired	(44.4)	(44.2)
Dividends paid	(21.3)	(21.3)
Dividends collected	38.2	32.4
Finance income (costs)	(8.0)	(16.6)
Current operations and extraordinary items	(15.5)	(18.2)
Total	**(49.6)**	**(65.4)**

Cash, cash equivalents and current financial assets in the financial segment amounted to 345.1 million euro at December 31, 2011, of which 91% were bonds (67%) and cash/money market instruments (24%). The bond portfolio consisted of floating-rate instruments for 50.56% and fixed-rate instruments for the remaining 49.44%, with an average AA- rating. The portfolio was diversified on a geographical basis and a segment basis, and maximum exposure to a single issuer was 4.72% (triple A rating) on the total bond portfolio at December 31, 2011. In this portfolio, treasury instruments amounted to 96.4 million euro, with an average AA+ rating.

Risks and uncertainty

Risks relating to general economic conditions

The general economic scenario in which the companies in the financial segment operate is significantly influenced by developments in the sovereign debt crisis in the euro zone and by the repercussions on the economic cycle of the instability in the financial and credit system.

Consequently, the international situation, which is experiencing a phase of moderate growth, is particularly exposed to the resolution of difficulties and political-regulatory conflicts extending from Europe to the Persian Gulf: this uncertainty is compounded by a crowded electoral calendar, culminating in the US elections.

The risks of an adverse general economic situation and of highly unstable financial markets cannot therefore be underestimated in terms of repercussions on the operations and the financial and business outlook of the Group.

Risks for holding operations

Directly and through the subsidiaries Italmobiliare transacts investment activities involving risks arising from high exposure to specific investment segments, difficulty in identifying new investment opportunities that respond to objectives, or difficulty in divesting as a result of changes in general economic conditions. The risks connected to new investments and divestments, such as unexpected costs and liabilities, could have negative effects on the companies' business, equity and financial positions.

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, but nevertheless an unexpected change in the share prices of its equity investments could affect its business, financial and equity position.

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 results may not follow a linear trend from one year to the next and/or may not be significantly comparable.

Through its equity investments Italmobiliare is present in construction materials, food packaging and thermal insulation, finance, banking, property and other. It is therefore exposed to the typical risks on the markets and in the segments in which the companies in question operate.

Investment concentration risks

At December 31, 2011, the equity investment in Italcementi (accounting for 38.90% of share capital) represented more than 43.1% of net asset value.

The performance of the Italcementi group therefore has a high material impact on the business, financial and equity position of Italmobiliare.

Financing risks

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

The liquidity of the equity and bond portfolio may be influenced by contingent market situations that reduce market variety and efficiency. The Group has taken concrete action to improve the liquidity of its portfolio, such as diversification of investments and type of financial instruments, and selection of counterparts on the basis of credit worthiness and reliability. The volatility of the markets and, in particular, contractions in the variety of trading in the presence of systemic events mean there is no guarantee that divestment strategies can be executed according to the planned time, manner and conditions.

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 valorization 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 exchange rates and interest rates could have a negative impact on the segment's business and financial results.

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

Compliance risk for financial companies

With regard to the rules introduced by Ministerial Decree no. 142 of February 3, 2006, Italmobiliare S.p.A. is no longer registered on the relevant section of the general list ex art. 113 of the Consolidated Banking Act, since this was repealed as from September 19, 2010, by art. 10, par 7, of Legislative Decree no. 141 of August 13, 2010. It is, however, subject to anti-money-laundering regulations and required to comply with the obligations of identification and registration in the single IT Archive (A.U.I.), in accordance with the ruling issued by the Italian Foreign Exchange Office (U.I.C.) on February 26, 2006.

Pursuant to art.5 of Presidential Decree 605/1973, art.17, par 10, of Legislative Decree 141/2010 and art. 11 of Decree Law 201/2011, and subsequent amendments, Italmobiliare S.p.A. is required to transmit to the Tax Office Database a monthly report setting out identification data of the parties with whom it has financial dealings, and specifying the nature of the dealings and any changes that have taken place.

To comply with A.U.I. updating requirements and the monthly preparation and transmission of data to the Tax Office Database, Italmobiliare is assisted by external consultants.

Information systems

To reduce the risk of loss of or damage to information in the Italmobiliare S.p.A. computerized information systems, data and server operating system back-ups on magnetic tapes are performed daily; the tapes are stored in special fire-proof locations at head office and at the subsidiary Italcementi S.p.A..

The back-up technology enables data to be recovered on any Italcementi server in Italy or France.

Legal risks

With regard to existing legal risks and the related economic effects, appropriate provisions have been set aside. The estimates and measurements were based on available information and are regularly reviewed, and any changes are immediately recognized in the financial statements. Nonetheless, negative effects from these risks on the business, equity and financial situation of Italmobiliare and/or the subsidiaries and associates cannot be ruled out.

Risks relating to the corporate disclosure process

The main features of the risk management and internal control systems regarding the financial disclosure process are illustrated in a specific chapter of the "Corporate Governance" section of the Italmobiliare S.p.A. Report.

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 covers.

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, job description, powers and processes).

With regard to Privacy, the Italmobiliare Data Protection Document was updated for 2011, in compliance with Legislative Decree no. 196/2003 and Technical Regulations governing minimum security levels.

Significant subsequent events

With regard to the share capital increase approved by Unicredit at the end of 2011 and finalized in January 2012, Italmobiliare S.p.A. exercised 2,876,645 rights to subscribe 5,753,290 shares for a total outlay of 11.2 million euro funded through the sale of the remaining rights at its disposal.

Outlook

The macroeconomic scenario indicates that the international economic cycle is improving, albeit at a moderate pace. Also, the stagnating economic situation in Europe is mitigated by steady global growth. The systemic solvency risk of the banking system in the euro zone triggered by the sovereign debt crisis has lessened considerably as a result of the massive cash injections and re-qualification of bank assets by the ECB.

In terms of valuations, at global level stock-market premiums tend to be below historic averages. Vice versa, seen from an historic perspective, current short- and long-term interest rates are significantly compressed in absolute terms and in relation to the nominal growth rates of the main economies.

Risks continue to persist in connection with the euro crisis and the tensions in the Persian Gulf. The ability of the political establishment to resolve these problems is also subject to the uncertainty over the forthcoming elections on both sides of the Atlantic.

In this context, considering the uncertainty of some of the risk factors mentioned above impacting trends on the financial markets, it is not possible to formulate reliable forecasts on the segment’s overall results for 2012.

Banking segment

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

(in millions of euro)	2011	2010	% change
Revenue	**34.9**	**36.6**	***(4.9)***
Recurring EBITDA	**(10.6)**	**0.2**	***n.s.***
EBITDA	**(8.4)**	**0.2**	***n.s.***
Amortization and depreciation	(4.5)	(4.1)	*6.8*
Impairment losses on financial assets	(11.4)	-	*n.s.*
EBIT	**(24.3)**	**(3.9)**	***n.s.***
Loss before tax	**(24.3)**	**(3.9)**	***n.s.***
Income tax expenses	1.2	(0.2)	*n.s.*
Profit (loss) for the year	**(23.1)**	**(4.1)**	***n.s.***

n.s. not significant

(in millions of euro)	December 31 2011	December 31, 2010
Net financial position	72.4	74.7
Equity	86.8	109.5
Equity attributable to owners of the parent	86.3	109.0
Numbers of employees at period end	131	128

Quarterly trend

(in millions of euro)	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue	**34.9**	**8.5**	**8.8**	**8.6**	**9.0**
% change vs. 2010	*(4.9)*	*(7.3)*	*2.0*	*(4.4)*	*(9.0)*
Recurring EBITDA	**(10.6)**	**(4.2)**	**(1.2)**	**(5.7)**	**0.5**
% change vs. 2010	*n.s.*	*n.s.*	*n.s.*	*n.s.*	*(44.8)*
% of revenue	*(30.4)*	*(49.8)*	*(13.9)*	*(65.7)*	*5.5*
EBITDA	**(8.4)**	**(2.1)**	**(1.2)**	**(5.7)**	**0.5**
% change vs. 2010	*n.s.*	*87.6*	*n.s.*	*n.s.*	(46.3)
% of revenue	*(24.2)*	*(24.3)*	*(13.9)*	*(65.7)*	5.5
EBIT	**(24.3)**	**(14.5)**	**(2.4)**	**(6.8)**	**(0.5)**
% change vs. 2010	*n.s.*	*n.s.*	*n.s.*	*n.s.*	*n.s.*
% of revenue	*(69.6)*	*n.s.*	*(27.4)*	*(78.9)*	*(6.0)*
Profit (loss) for the year	**(23.1)**	**(12.9)**	**(2.5)**	**(6.9)**	**(0.7)**
Net financial position (at period end)	**72.4**	**72.4**	**69.1**	**69.5**	**70.6**

n.s. not significant

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;
- "Operating income", which includes commission income and expense on lending transactions, on securities trading, other financial services and income on trading transactions. The caption also includes insurance operations conducted through the subsidiary Finter Life;
- "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)	**2011**	**2010**	**% change**
Net interest income	7.0	6.3	*10.4*
Operating income	33.3	32.7	*2.0*
Gross operating profit (loss)	(3.5)	0.7	*n.s.*
Profit (Loss) from operations	**(24.3)**	**(3.9)**	*n.s.*
Profit (Loss) for the year	**(23.1)**	**(4.1)**	***n.s.***

n.s. not significant

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

Finter Bank Zürich

For a better understanding of the Finter Bank Zürich group, the table below sets out group results denominated in millions of Swiss francs, i.e., without the exchange-rate effect.

(in millions of CHF)	**2011**	**2010**	**% change**
Net interest income	7.4	7.4	*(0.3)*
Operating income	39.8	43.7	*(8.9)*
Gross operating profit (loss)	(4.6)	0.6	*n.s.*
Profit (loss) from operations	**(30.3)**	**(5.7)**	*n.s.*
Profit (Loss) for the year	**(28.6)**	**(5.8)**	***n.s.***

n.s. not significant

Operating income decreased from 43.7 million Swiss francs in 2010 to 39.8 million Swiss francs (-8.9%). The decrease arose mainly from lower commission income (29.4 million Swiss francs against 36.6 million Swiss francs) caused by a smaller number of client transactions in response to uncertainty on the financial markets and a reduction in third-party assets under management.

Net trading revenue increased slightly, from 3.1 million Swiss francs in 2010 to 3.2 million Swiss francs in 2011 (+3.5%).

The contraction in profits was accompanied by a small increase in operating expenses. Increases were posted in service expense (18.5 million Swiss francs in 2011 from 18.1 million Swiss francs in 2010) and in personnel expense (25.9 million Swiss francs in 2011 from 25.0 million Swiss francs in 2010). Gross operating profit passed from 0.6 million Swiss francs in 2010 to a loss of 4.6 million euro Swiss francs in 2011.

After amortization and depreciation, impairment losses on goodwill and other intangible assets relating mainly to an acquisition made by the bank (19.5 million Swiss francs), a provision for credit risks (5.4 million Swiss francs) and a positive income tax posting on the elimination of deferred tax after the impairment loss (1.7 million Swiss francs), the bank posted a consolidated loss for the year of 28.6 million Swiss francs compared with a loss of 5.8 million Swiss francs in 2010.

Consolidated equity decreased from 129.8 million Swiss francs at December 31, 2010, to 98.5 million Swiss francs at December 31, 2011.

Third-party assets under management at the end of 2011 amounted to 3.7 billion Swiss francs (excluding assets invested in own funds), a decrease from 2010 (4.5 billion Swiss francs). The reduction was chiefly due to the negative performance of the financial markets and capital outflows.

Significant events in the year

No significant events took place.

Risks and uncertainty

The risk policy is regularly reviewed and approved by the Board of Directors and provides the basis for risk management for the bank and the group. Management is responsible for implementing risk policy. Clear limits are set for individual risks.

The Group Risk Committee enforces compliance with regulations and monitors all key risks. The Chief Risk Officer is the committee chairman. The other members of the committee are other senior managers.

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.

Counterpart risks

The credit policy covers all commitments that could generate losses in the event of default by counterparts. Counterpart risks are managed through a system of limits and qualitative requirements.

The credit competences system regulates the loan provision process, which assesses solvency and credit worthiness on the basis of the customary criteria applied by banks. Most loan transactions are conducted as a part of asset management activities.

Interest-rate risks

Interest-rate risks on balance-sheet and off-balance-sheet transactions are monitored at central level by the bank's Asset and Liability Management committee, chaired by the Chief Investment Officer. Interest-rate risk policy focuses on the risk of fluctuation in new interest rates. Computation of present value of all interest-rate transactions provides input for sensitivity analyses.

Market risks

Other market risks, primarily risks on securities, currency and precious metal positions, are limited by application of a volume and losses control 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 and reports directly to the CEO. The Branch Compliance Officer at the Finter Bank Zürich branch in Lugano conducts 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. Group Compliance 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.

(headcount)	2011		2010	
Categories	**HDC [1]**	**FTE [2]**	**HDC [1]**	**FTE [2]**
Executives	6.0	6.0	7.0	7.0
Management	39.0	38.2	43.0	42.6
Middle Management	50.0	47.0	50.0	47.6
White collars	31.0	27.3	22.0	19.5
Total	**126.0**	**118.5**	**122.0**	**116.7**

[1] Number of people
[2] Full Time Equivalent

Data security and personnel safety

Data protection and personnel safety activities are summarized below:

- the EDP center is compliant with the latest security standards;
- storage of data in high-security environments has been completed;
- training for selected employees on use of the defibrillator in the Zurich office has been completed.

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 2011 the improvement in net interest income (+4.7% from December 31, 2010) and overall containment of costs generated a 19.8% increase in the gross operating profit from 2010, from 237,000 euro at December 31, 2010, to 284,000 euro at December 31, 2011.

Consequently the profit for 2011 of 142,000 euro was up 29.1% from 2010 (110,000 euro).

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

Risks and uncertainty

The bank is not exposed to specific risks with respect to clients, 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. In 2011, the price of gold enabled the pledge guarantees to be kept at very significant levels 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 277,000 euro at the end of 2011 (unchanged from December 31, 2010) and related in the main to a single case (for a total of 224,000 euro) dating back to January 2004, currently being settled. The collateral available to the bank ensures ample coverage of doubtful receivables.

The bank has implemented adequate security procedures.

Environment and human resources

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

In the fourth quarter of 2011 the bank completed the major restructuring work begun in 2010 to bring its offices into line with regulations. Compliance levels are now 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, 2011, it had 5 employees (1 manager, 1 supervisor and 3 white collars). All employees have open-end employment contracts.

In 2011, Crédit Mobilier de Monaco used the services of a full-time independent specialist.

Significant subsequent events

No significant events took place.

Outlook

The outlook for 2012 continues to be negative due to the monetary crisis and sovereign debt crisis in Europe and the USA, and the political instability and continuing economic crisis.

Property segment, services, other

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

At December 31, 2011 segment revenue totaled 2.0 million euro, a slight decrease from 2010 (2.9 million euro) and arose chiefly on the sale of land in Punta Ala.

After finance income of 0.1 million euro (costs of 0.5 million euro in 2010), and income tax of 0.1 million euro, profit for the year amounted to 0.3 million euro (0.7 million euro in 2010).

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

Risks and uncertainty

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 (like 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 is adequate for the needs of the companies in the segment. No material environmental issues exist.

Significant events after December 31, 2011

No significant events took place.

Outlook

Although this segment is of marginal importance within the Italmobiliare Group as a whole, in view of the uncertainty on all markets it is difficult at the present time to provide reliable guidance on 2012 full-year results.

Human resources

The number of employees at December 31, 2011, was 21,399, compared with 21,638 at December 31, 2010.

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

(headcount)	December 31, 2011		December 31, 2010	
		%		%
Business segment				
Construction materials	19,896	*92.9*	20,139	*93.0*
Food packaging and thermal insulation	1,302	*6.1*	1,299	*6.0*
Finance	56	*0.3*	56	*0.3*
Banking	131	*0.6*	128	*0.6*
Property, services, other	14	*0.1*	16	*0.1*
Total	**21,399**	***100.0***	**21,638**	***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 dealings with related parties at December 31, 2011, 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 2011 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" for 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 2011 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 360,000 euro. A similar contract, for an annual consideration of 10,500 euro exists between Finsise S.p.A. and the subsidiary Azienda Agricola Lodoletta S.r.l.. For the parent company Italmobiliare, a service is provided for the preparation and transmission of monthly data to the Tax Office Database for an annual consideration of 0.6 thousand euro;
- legal consultancy, judicial and extrajudicial assistance provided to the Italmobiliare Group by the associate law firm Dewey & LeBoeuf, of which Italmobiliare director Luca Minoli is a partner, for considerations totaling 663,000 euro;
- consultancy services for Italmobiliare senior management in relation to the rationalization and development of Group activities, provided by Piergiorgio Barlassina, an Italmobiliare director until May 25, 2011, for considerations totaling 104,000 euro and supplementary charges for 9,000 euro;
- corporate consultancy services provided by Paolo Sfameni, an Italmobiliare S.p.A. director, for 5,000 euro.

In 2011 the Italmobiliare Group made an endowment of 1,200,000 euro to the Italcementi Cav. Lav. Carlo Pesenti foundation to cover operating expenses. Italcementi S.p.A. charged the foundation for an amount of 178,000 euro for administrative and corporate services and 21,000 euro for other services. CTG S.p.A. provided the foundation with services for 8,000 euro.

Transactions with related parties are illustrated in the notes, and 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 directors' report on operations and the notes to the parent's company 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

The economic growth outlook for 2012 is expected to be modest due to the moderate expansion of demand at world level, the persistent rise in the cost of raw materials, the pressures on the sovereign debt markets in the euro zone and their impact on credit conditions. These factors continue to slow the underlying economic growth trend, especially in the euro zone, while the emerging countries are still reporting sustained growth, although at a more moderate pace due to weakening international and domestic demand

The Group's industrial segments are working to mitigate the effects of weak demand in the mature countries and increasingly tough competition in the emerging countries, through measures to improve industrial and commercial efficiency and re-organization programs designed to cut costs.

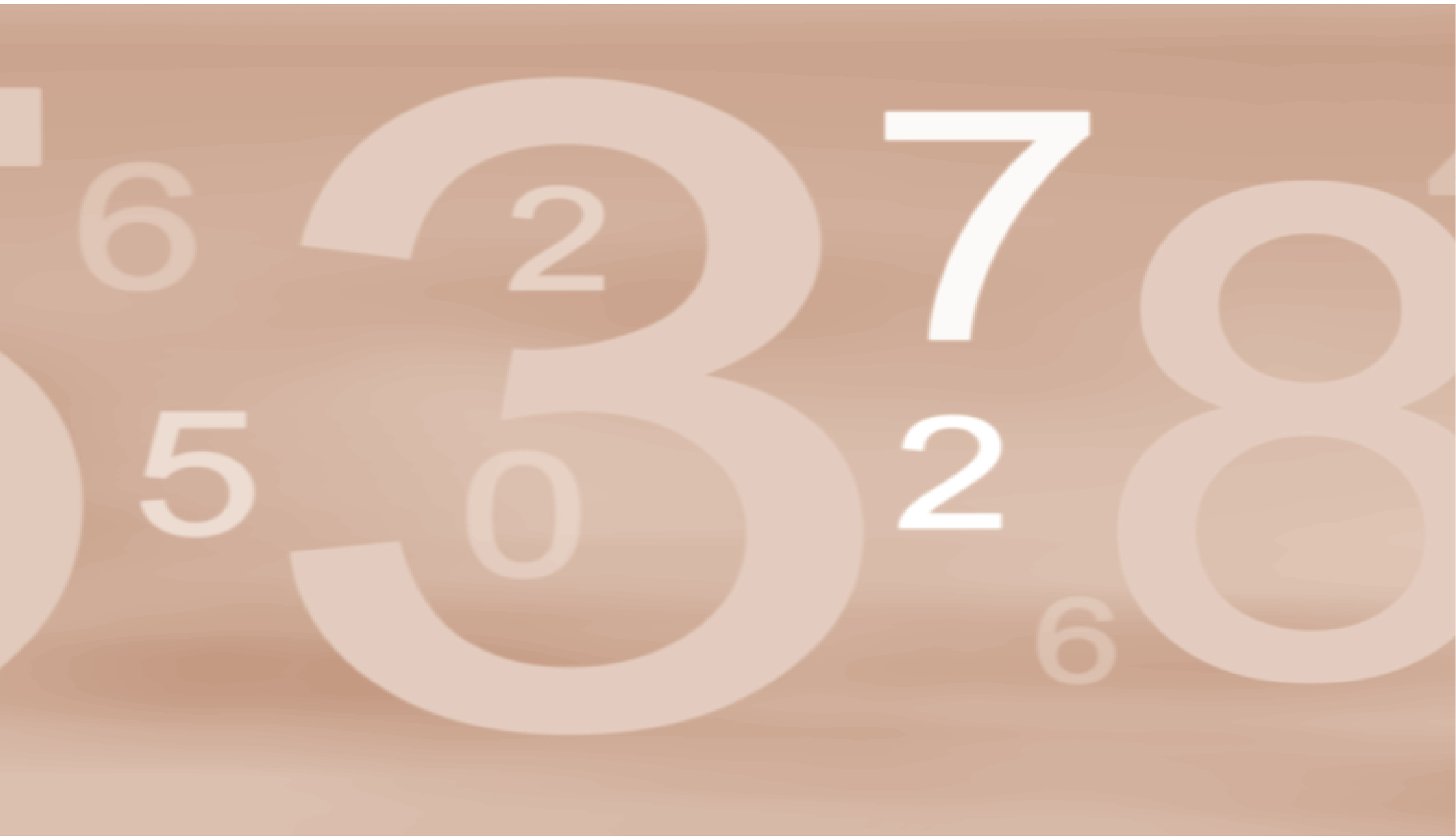
The improvement on the financial markets, supported by moderate monetary expansion in the first few months of 2012, will in any case be subject to the ability of the euro zone countries to introduce major structural reforms and thus strengthen the prospects for growth and competitiveness on the European markets. These developments could have positive impacts on results in the Group's financial and banking segments.

In this context, the conflicting economic and financial projections and the changing macroeconomic situation are factors of uncertainty preventing formulation today of reliable guidance on overall Group results for 2012.

Milan, March 28, 2012

For the Board of Directors
The Chairman
(Giampiero Pesenti)

Italmobiliare Group - Notes to the consolidated financial statements



Financial statements

Statement of financial position

(in thousands of euro)	Notes	12.31.2011	12.31.2010	Change
Non-current assets				
Property, plant and equipment	1	4,546,850	4,700,014	(153,164)
Investment property	2	28,596	35,692	(7,096)
Goodwill	3	1,986,488	2,095,916	(109,428)
Intangible assets	4	111,914	154,790	(42,876)
Equity accounted investees	5	324,662	365,220	(40,558)
Other equity investments	6	338,886	612,278	(273,392)
Trade receivables and other non-current assets	7	224,219	180,670	43,549
Deferred tax assets	22	172,466	117,944	54,522
Non-current amounts due from employees		2,476	2,272	204
Total non-current assets		**7,736,557**	**8,264,796**	**(528,239)**
Current assets				
Inventories	8	775,622	755,015	20,607
Trade receivables	9	925,843	811,609	114,234
Other current assets including derivatives	10	411,129	397,812	13,317
Tax assets	11	71,972	93,170	(21,198)
Equity investments, bonds and financial assets	12	759,715	1,033,309	(273,594)
Cash and cash equivalents	13	821,478	739,217	82,261
Total current assets		**3,765,759**	**3,830,132**	**(64,373)**
Non-current discontinued operations	14	**3,445**		**3,445**
Total assets		**11,505,761**	**12,094,928**	**(589,167)**
Equity				
Share capital	15	100,167	100,167	
Share premium	16	177,191	177,191	
Reserves		4,438	137,468	(133,030)
Treasury shares	17	(21,226)	(21,226)	
Retained earnings		1,847,828	1,965,835	(118,007)
Equity attributable to owners of the parent		**2,108,398**	**2,359,435**	**(251,037)**
Non-controlling interests	18	3,431,166	3,573,350	(142,184)
Total equity		**5,539,564**	**5,932,785**	**(393,221)**
Non-current liabilities				
Financial liabilities	20	2,318,948	2,735,959	(417,011)
Employee benefits	19	210,548	193,038	17,510
Provisions	21	261,053	252,685	8,368
Other non-current liabilities		29,830	33,222	(3,392)
Deferred tax liabilities	22	226,991	246,943	(19,952)
Total non-current liabilities		**3,047,370**	**3,461,847**	**(414,477)**
Current liabilities				
Loans and borrowings	20	349,436	286,902	62,534
Financial liabilities	20	538,579	486,239	52,340
Trade payables	23	690,831	635,440	55,391
Provisions	21	2,123	3,608	(1,485)
Tax liabilities	24	44,753	68,196	(23,443)
Other current liabilities	25	1,292,733	1,219,911	72,822
Total current liabilities		**2,918,455**	**2,700,296**	**218,159**
Total liabilities		**5,965,825**	**6,162,143**	**(196,318)**
Liabilities directly linked to discontinued operations	26	**372**		**372**
Total equity and liabilities		**11,505,761**	**12,094,928**	**(589,167)**

Income statement

(in thousands of euro)	Notes	2011	%	2010 (IFRS 5)	%	Change	%	2010 Published	%
Revenue	27	**5,016,035**	**100.0**	**5,016,403**	**100.0**	**(368)**	**0.0**	**5,147,341**	**100.0**
Other revenue		44,438		41,183		3,255		41,724	
Change in inventories		1,216		29,333		(28,117)		28,122	
Internal work capitalized		32,229		59,598		(27,369)		59,598	
Goods and utilities expense	28	(2,105,741)		(2,058,889)		(46,852)		(2,143,985)	
Services	29	(1,194,331)		(1,102,359)		(91,972)		(1,131,176)	
Employee expense	30	(1,033,649)		(982,100)		(51,549)		(1,002,107)	
Other operating income (expense)	31	(79,183)		(118,955)		39,772		(120,738)	
Recurring EBITDA		**681,014**	**13.6**	**884,214**	**17.6**	**(203,200)**	**-23.0**	**878,779**	**17.1**
Net capital gains on sale of fixed assets	32	66,274		9,385		56,889		9,865	
Non-recurring employee expense for re-organizations	32	(26,467)		(11,850)		(14,617)		(12,001)	
Other non-recurring income (expense)	32	(2,097)		(160)		(1,937)		(159)	
EBITDA		**718,724**	**14.3**	**881,589**	**17.6**	**(162,865)**	**-18.5**	**876,484**	**17.0**
Amortization and depreciation	33	(491,101)		(477,036)		(14,065)		(488,402)	
Impairment	34	(148,099)		(7,871)		(140,228)		(7,871)	
EBIT		**79,524**	**1.6**	**396,682**	**7.9**	**(317,158)**	**-80.0**	**380,211**	**7.4**
Finance income	35	74,372		47,369		27,003		48,258	
Finance costs	35	(162,280)		(163,568)		1,288		(165,308)	
Net exchange-rate differences and derivatives	35	(18,230)		4,706		(22,936)		4,731	
Impairment on financial assets	36	(86,562)		(23,211)		(63,351)		(23,211)	
Share of profit (loss) of equity accounted investees	37	9,709		8,592		1,117		8,592	
Profit (loss) before tax		**(103,467)**	**-2.1**	**270,570**	**5.4**	**(374,037)**	**-138.2**	**253,273**	**4.9**
Income tax (expense)	38	(63,659)		(64,017)		358		(65,497)	
Profit (loss) relating to continuing operations		**(167,126)**	**-3.3**	**206,553**	**4.1**	**(373,679)**	**-180.9**	**187,776**	**3.6**
Profit (loss) relating to discontinued operations	39	106,502		(18,777)		125,279			
Profit (loss) for the period		**(60,624)**	**-1.2**	**187,776**	**3.7**	**(248,400)**	**-132.3**	**187,776**	**3.6**
Attributable to:									
Owners of the parent		(147,707)	-2.9	21,269	0.4	(168,976)	n.s.	21,269	0.4
Non-controlling interests		87,083	1.7	166,507	3.3	(79,424)	-47.7	166,507	3.2
Earnings per share (EPS)	41								
- Basic									
ordinary shares		(3.926) €		0.531 €				0.531 €	
savings shares		(3.926) €		0.609 €				0.609 €	
- Diluted									
ordinary shares		(3.926) €		0.531 €				0.531 €	
savings shares		(3.926) €		0.609 €				0.609 €	

Statement of comprehensive income

(in thousands of euro)	Notes	2011	% of revenue	2010 (IFRS 5)	% of revenue	Change	%	2010 Published	% of revenue
Profit (loss) for the year		**(60,624)**	**-1.2**	**187,776**	**3.7**	**(248,400)**	**-132.3**	**187,776**	**3.6**
Fair value gains (losses) on:									
Available-for-sale financial assets		(154,228)		(126,112)		(28,116)		(126,112)	
Derivatives		20,144		11,749		8,395		11,749	
Translation differences		(27,502)		195,755		(223,257)		215,861	
Tax on other comprehensive income		(2,400)		183		(2,583)		183	
Share of other comprehensive income of equity accounted investees		(712)		11,373		(12,085)			
Other comprehensive income (expenses)	40	**(164,698)**		**92,948**		**(257,646)**		**101,681**	
Other comprehensive income on discontinued operations				8,733		**(8,733)**			
Total comprehensive income		**(225,322)**	**-4.5**	**289,457**	**5.8**	**(514,779)**	**-177.8**	**289,457**	**5.6**
Attributable to:									
owners of the parent		(271,817)		(39,982)		(231,835)		(39,982)	
non-controlling interests		46,495		329,439		(282,944)		329,439	

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	Fair value reserve	Hedging reserve	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total capital and reserves		
Balances at December 31, 2009	**100,167**	**177,191**	**17,963**	**203,100**	**-7,445**	**51,306**	**-21,226**	**-45,026**	**1,921,602**	**2,397,632**	**3,369,492**	**5,767,124**
Profit (loss) for the year									21,269	21,269	166,507	187,776
Total other comprehensive income			3,350	-134,310	3,466			66,243		-61,251	162,932	101,681
Total comprehensive income			**3,350**	**-134,310**	**3,466**			**66,243**	**21,269**	**-39,982**	**329,439**	**289,457**
Stock options						2,484				2,484	2,359	4,843
Dividends									-33,480	-33,480	-116,806	-150,286
% change in control and scope of consolidation			-1,599			-847		3,350	31,877	32,781	-11,134	21,647
Balances at December 31, 2010	**100,167**	**177,191**	**19,714**	**68,790**	**-3,979**	**52,943**	**-21,226**	**24,567**	**1,941,268**	**2,359,435**	**3,573,350**	**5,932,785**
Profit (loss) for the year									-147,707	-147,707	87,083	-60,624
Total other comprehensive income			564	-120,654	5,972	-1,361		-8,631		-124,110	-40,588	-164,698
Total comprehensive income			**564**	**-120,654**	**5,972**	**-1,361**		**-8,631**	**-147,707**	**-271,817**	**46,495**	**-225,322**
Stock options						907				907	-179	728
Dividends									-21,289	-21,289	-126,874	-148,163
% change in control and scope of consolidation			-18,509			51		564	59,056	41,162	-61,626	-20,464
Balances at December 31, 2011	**100,167**	**177,191**	**1,769**	**-51,864**	**1,993**	**52,540**	**-21,226**	**16,500**	**1,831,328**	**2,108,398**	**3,431,166**	**5,539,564**

Statement of cash flows

(in thousands of euro)		Notes	2011	2010 IFRS 5
A) Cash flow from operating activities:				
Profit before tax			(103,467)	270,571
Adjustments for:				
Amortization, depreciation and impairmenti			726,834	517,318
Reversal of share of profit (loss) of equity accounted investees			6,856	3,154
Net capital (gains)/losses on sale of fixed assets			(91,814)	(33,796)
Change in employee benefits and other provisions			(5,195)	6,199
Stock options			(7,143)	4,842
Reversal of net finance costs			101,491	109,487
Cash flow from op.activities before tax, fin.income/costs, change in wkg cap.			**627,562**	**877,775**
Change in working capital:				
Inventories			(25,374)	(24,033)
Trade receivables			(26,974)	154,767
Trade payables			32,025	40,508
Other receivables/payables accruals and deferments			(17,502)	(37,497)
Cash flow from op. activities before tax, finance income/costs			**589,737**	**1,011,520**
Net finance costs paid			(103,381)	(109,304)
Dividends received			12,539	10,249
Taxes paid			(86,811)	(137,491)
Proceeds from derivatives			(7,740)	(5,424)
			(185,393)	**(241,970)**
Total A)			**404,344**	**769,550**
B) Cash flow from investing activities:				
Capital expenditure:				
Property, plant and equipment and investment property			(384,300)	(502,561)
Intangible assets			(26,970)	(27,328)
Financial assets (Equity investments) net of cash from acquired subsidiares*			(47,025)	(44,744)
Total investments			**(458,295)**	**(574,633)**
Proceeds from the sale of fixed assets and loan repayments			182,929	86,797
Total sales			**182,929**	**86,797**
Total B)			**(275,366)**	**(487,836)**
C) Cash flow from financing activities:				
Increase in non-current financial liabilities			(217,440)	(542,908)
Changes in financial receivables			35,813	395,433
Changes in equity investments			7,357	8,734
Percentage change in interests in consolidated companies			24,766	(791)
Dividends paid			(147,984)	(150,286)
Other changes in equity			2,035	(11,749)
Total C)			**(295,453)**	**(301,567)**
D) Translation differences and other changes				
Translation differences and other changes			(8,117)	31,277
Transl. differences and other changes relating to discontinued operations			256,853	
Total D)			**248,736**	**31,277**
E) Cash flows for the period	**(A+B+C+D)**		**82,261**	**11,424**
F) Cash and cash equivalents at beginning of period			**739,217**	**727,793**
Cash and cash equivalents at end of period	**(E+F)**	**13**	**821,478**	**739,217**
(*) cash and cash equivalents from acquired and consolidated subsidiares			280	18

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

Notes

The Italmobiliare S.p.A. consolidated financial statements as at and for the year ended December 31, 2011, were approved by the Board of Directors on March 28, 2012. At the meeting the Board authorized publication of a press release dated March 28, 2012, 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 corporate 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 financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2011, 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 separate 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 provisions governing financial statements.
In compliance with European Regulation no. 1606 of July 19, 2002, the principles adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2011, that had not been endorsed by the European Union at that date.
Since December 31, 2010, the following policies, amendments and interpretations endorsed by the European Union have come into force and been applied in the financial statements as at and for the year ended December 31, 2011:

- IAS 24 revised ""Related party disclosures" which simplifies disclosure requirements relating to related parties in which public entities are present and provides a new definition of related parties that also includes the subsidiaries of associates and joint ventures;
- amendment to IAS 32 "Financial instruments presentation" regarding classification of rights issues. The changes permit classification of rights issues (e.g., options and warrants) as equity instruments independently of the currency in which the exercise price is denominated;
- amendment to IFRS 1 "First-time adoption of IFRS" and the related amendment to IFRS 7 "Financial instruments: disclosures" relating to the exemption from comparative disclosure allowed by IFRS 7 on first-time adoption. The amendment exempts the reporting entity, on first-time adoption of IFRS, from providing the comparative data required by IFRS 7 for fair value measurement and liquidity risk;
- amendments to a number of IFRS as part of the improvement of the same: IFRS 1 "First-time adoption of IFRS", IFRS 3 "Business combinations", IFRS 7 "Financial instruments: disclosures", IAS 1 "Presentation of financial

statements", IAS 27 "Consolidated and separate financial statements", IAS 34 "Interim financial reporting", IFRIC 13 "Customer loyalty programs";
- amendment to IFRIC 14 "Prepayments of a minimum funding requirement" governing cases where an entity subject to a minimum funding requirement on defined benefit plans, makes prepayments to guarantee the limits in question. The benefits arising from the prepayments may be recognized as assets. This case does not apply to the Group;
- IFRIC 19 "Extinguishing financial liabilities with equity instruments" which provides guidelines for accounting treatment of extinction of a financial liability through issue of own equity instruments. The difference between the carrying amount of the financial liability to be extinguished and the initial measurement of the equity instruments to be issued must be reflected in the income statement.

The application of the new standards, amendments and interpretations has not had a material impact on the Group's annual financial statements.

At December 31, 2011, the European Union had endorsed an amendment to IFRS 7 "Financial instruments: disclosures" concerning disclosures to be made on the transfer of financial assets. This amendment is not yet in effect and the Group has not elected early application. It will be applicable as from the financial statements as at and for the year ending December 31, 2012, and will not have a material effect on the Group financial statements.
Standards, amendments and interpretations published by the IASB but not yet endorsed by the European Union are:
- amendment to IAS 1 "Presentation of financial statements" relating to the presentation of other components recognized under equity;
- amendment to IAS 12 "Income taxes" with reference to deferred tax: recovery of underlying assets;
- amendments to IAS 19 "Employee benefits". The main change is the elimination of the "corridor" for defined benefit plans with obligatory immediate and full recognition of actuarial gains and losses in the statement of comprehensive income;
- review of IAS 27 "Consolidated and separate financial statements" and IAS 28 "Investments in associates";
- amendment to IAS 32 "Financial instruments presentation" regarding offsetting of financial assets and liabilities;
- amendments to IFRS 1 "First-time adoption of IFRS" for situations subsequent to hyperinflationary periods and suppression of fixed dates on first-time adoption;
- IFRS 10 "Consolidated financial statements". This new standard replaces IAS 27 "Consolidated and separate financial statements" with regard to consolidated financial statements. IAS 27 has been renamed "Separate financial statements" and deals exclusively with preparation of separate financial statements;
- IFRS 11 "Joint arrangements". The new standard replaces IAS 31 "Interests in joint ventures", and identifies two categories of arrangement, with separate accounting treatments;
- IFRS 12 " Disclosure of interests in other entities" which re-organizes and supplements disclosures on subsidiaries, associates, joint ventures and other equity investments;
- IFRS 13 "Fair value measurement". This new standard provides guidelines for measurement and disclosure of fair value;
- IFRIC 20 "Stripping costs in the production phase of a surface mine".

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 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 consolidated financial statements are presented in euro, the reporting 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 reporting date;

- on the income statement, costs are analyzed by the nature of the expense;
- with regard to comprehensive income, the Group presents two statements: the first statement reflects traditional income statement components and profit (loss) for the period, while the second statement, beginning with profit (loss), presents other components of comprehensive income, previously reflected only in the statement of movements in consolidated equity: fair value gains/losses on available-for-sale financial assets and derivatives, currency translation differences;
- on the cash flow statement, 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 estimates that affect the values of assets, liabilities, income and expense, such as amortization, depreciation, impairment losses and provisions, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates are on a going-concern basis and determined 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 depend on forecasts of future results and cash flows, assessment 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.
Since the Italmobiliare Group applies IAS 34 “Interim financial reporting” to the interim financial statements, and consequently identifies a six-month interim period, any reductions in value are recorded at closure 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, 2011, drawn up by the parent company Italmobiliare S.p.A. and the consolidated companies in compliance with the Group accounting policies.

Subsidiaries

Subsidiaries are companies in which the Group 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 Group holds, directly or indirectly, more than one half of voting rights, including potential voting rights deriving from convertible securities.
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 voting trusts or other forms of material exercise of rights of governance. Equity 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 for the year is recognized in a specific income statement caption from the date at which the Group exerts significant influence until it relinquishes such influence.

Joint ventures

Joint ventures are companies whose business operations are controlled by the Group jointly with one or more other parties, under contractual arrangements. Joint control presupposes that strategic, financial and management decisions are taken with the unanimous consent of the parties that control the venture.
Equity investments in joint ventures are consolidated on a proportionate basis, whereby assets, liabilities, income and expenses are recognized line-by-line proportionately to the Group's interest.
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 in respect of third parties deriving from transactions with associates are eliminated against the equity investment carrying amount, while losses are eliminated proportionately to the Group's interest, unless it will not subsequently be possible to recover such losses.

Scope of consolidation

A list of the companies consolidated on a line-by-line basis, on a proportionate basis and with 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.

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 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 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.

Apportionment 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 value of identifiable assets and liabilities assumed at the acquisition date.

If the difference is negative, it is recognized directly in the income statement.
If on initial recognition the acquisition cost of a business combination can only be determined provisionally, the apportioned 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 income statement.

Purchase of non-controlling interests

Acquisitions of additional shares after acquisition of control do not require re-determination of identifiable asset and liability values. 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 in a company controlled by the Group is initially recognized by recording the purchase value as a liability, given that the value in question is the present value of the put option exercise price.
The complementary purchase of interests held by minority shareholders to whom put options have been granted is anticipated 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 liability values are recognized under equity attributable to owners of the parent with the exception of adjustments to the present value, which are taken to the income statement.

Transactions in currencies other than the reporting currency

The reporting currency of the subsidiaries located outside the euro zone is usually the local currency.

Translation of foreign currency postings

Foreign currency transactions are initially translated into the reporting currency using the exchange rate at the transaction date. At closure of the reporting period, foreign currency monetary assets and liabilities are translated into the reporting currency at the closing exchange rate. Exchange-rate gains and losses are taken to the income statement.
Non-monetary foreign currency assets and liabilities valued at cost are translated at the exchange rate ruling at the transaction date; those valued 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 closure 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 the reporting date. Income statement items are translated at the average rate for the period. Gains and losses arising from the translation of opening equity at the closing exchange rates and those arising from the different method used to translate profit and loss for the period 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 income statement.
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 income statement in the event of subsequent disposal.

Property, plant and equipment

Measurement

Property, plant and equipment is recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and 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 an asset 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 purchase date and adjusted if necessary within the following twelve months.
Subsequent to initial recognition, property, plant and equipment is carried at cost depreciated over the asset's useful life, less any impairment losses.
Assets under construction are recognized at cost and are depreciated when they enter the production cycle.
When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are effected 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 net 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.

Quarries

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

Leases

Finance leases, which transfer to the Group all risks and rewards incident to ownership of the leased asset, are recognized 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.
Lease contracts where all risks and rewards incident 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 rentals 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 net of any impairment losses.

Goodwill

Goodwill recognized in accordance with IFRS 3 revised is apportioned 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 as a result of tests conducted on an annual basis or more frequently if indications of impairment emerge
When goodwill is attributed 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 purchased separately are capitalized at cost, while those acquired through business combinations are recognized at provisionally estimated fair value at the purchase date and adjusted where necessary within the following twelve months.
Subsequent to initial recognition, intangible assets are carried at cost amortized over asset useful life.
Other than goodwill, the Group has not identified intangible assets with an indefinite useful life.

Impairment of assets

Goodwill is tested for impairment on an annual basis or more frequently if indications of impairment emerge.
Property, plant and equipment, investment property and intangible assets are tested for impairment if indications of impairment emerge.
Impairment is the difference between the asset net 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 valuation models adopting appropriate income multipliers, quoted share prices on an active market for similar enterprises 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 a going-concern basis. 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 net 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 income statement.
Impairment losses on goodwill may not be reversed.

Financial assets

All financial assets are recognized initially at cost at the purchase date, which corresponds to fair value plus costs directly attributable to the purchase with the exception of financial assets held for trading (fair value through profit and 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 income.
Assets held to maturity 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 income statement. 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.
Considering the specific type of available-for-sale financial asset portfolio current held by the Group and in view of the current situation on the financial markets and the relative volatility of equity yields, for the purposes of recognition of impairment, at December 31, 2011, consistently with the approach taken in the previous year, the Group has identified the conditions for a prolonged or material fair value reduction on available-for-sale listed securities as, alternatively:

- a fair value reduction of more than 35% of the original cost at the reporting date;
- a fair value that is continually lower than the original carrying amount, observed for a two-year period.

Should the condition of the financial markets, the composition of the Group portfolio and the volatility of equities no longer be representative of the current situation, the materiality thresholds may be reviewed. 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 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 valued at amortized cost less allowances for uncollectible amounts, which are provided as doubtful debts are identified.

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 cash flow statement 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 incident 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 leaving entitlement provisions. 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 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 unitary credit projection method to determine the present value of obligations and the related benefit current services 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 increments on 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.
Leaving entitlements provided by the Italian companies (TFR, *trattamento di fine rapporto*) are treated as obligations with respect to defined benefit plans.

Treatment of 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 periods 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 period.
The Group uses the corridor method whereby actuarial gains and losses are recognized as income or expense when their unrecognized cumulative net value, for each plan, at the end of the previous period exceeds 10% of the larger of present value of the defined benefit obligation or the fair value of plan assets at that date. These gains or losses are taken to income over the estimated average residual working life of the employees participating in the plans.
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 as expense on a straight-line basis over an average period until the benefits have vested. Costs for benefits that vest immediately upon changes to a plan are recognized as expense as incurred.

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.

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 employee 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 is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after correction for extraordinary events or factors.
The cost of granted options is reviewed on the basis of the actual number of vested options at the beginning of the exercise period.

Provisions for risks and charges

The Group 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 as income or expense for the period.
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.

Loans and borrowings

Loans and borrowings are initially recognized at the fair value of the consideration provided/received less charges directly attributable to the financial asset/liability.
After initial recognition, 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 incident 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 classified as finance income after recognition on an accruals basis using the effective interest rate 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 income statement 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 counterpart 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 the income statement.

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 and 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 instrument and on the underlying are taken to the income statement.
For hedged items valued at amortized cost, the carrying adjustment is amortized through profit and 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 and 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 and 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 and loss. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in equity, while the non-effective component is recognized in profit and loss.
Amounts deferred in equity are transferred to the income statement when the hedged transaction affects profit and 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 and loss. On disposal of the foreign operation, the cumulative gain or loss recognized in equity is taken to the income statement.

Income tax expense

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;
- 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 nor taxable profit 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 used.
- 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 income.
Deferred tax assets and liabilities are not discounted to present value.

Management of capital

The Group monitors capital through the gearing ratio (net financial debt/ equity). Its net financial debt comprises financial liabilities less cash and cash equivalents and other financial receivables. 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 support business operations, fulfill planned investments and maximize 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.

Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

Currencies	Average rate 2011	Average rate 2010	Closing rate December 31 2011	Closing rate December 31 2010
Thai baht	42.43201	42.02675	40.99100	40.17000
Czech crown	24.59142	25.28480	25.78700	25.06100
Libyan dinar	1.71332	1.67844	1.62823	1.67606
Serbian dinar	101.96300	103.01500	106.17700	106.04500
Kuwaiti dinar	0.38460	0.38019	0.36056	0.37594
Moroccan dirham	11.26142	11.15625	11.11290	11.17980
Canadian dollar	1.37598	1.36508	1.32150	1.33220
US dollar	1.39213	1.32588	1.29390	1.33620
Hungarian florin	279.35900	275.39800	314.58000	277.95000
Swiss franc	1.23297	1.38063	1.21560	1.25040
Ukrainian hrivna	11.10830	10.53970	10.36920	10.62540
Croatian kuna	7.43873	7.28886	7.53700	7.38300
Albanian lek	140.32192	137.74003	139.03600	138.86000
Moldavian leu	16.32856	16.38605	15.15860	16.24000
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Egyptian pound	8.27659	7.47113	7.80328	7.75751
Bosnian mark	1.95583	1.95583	1.95583	1.95583
New Turkish lira	2.32564	1.98756	2.45920	2.04910
New Romanian leu	4.23816	4.21125	4.32330	4.26200
Mauritanian ouguiya	391.22452	365.68685	374.09200	377.75700
Mexican peso	17.28784	16.73637	18.05120	16.54750
Chinese renmimbi	8.99687	8.97294	8.15880	8.82200
Saudi riyal	5.22099	4.97226	4.85236	5.01060
Qatar riyal	5.06924	4.82647	4.71164	4.86375
Russian rouble	40.88300	40.25900	41.76500	40.82000
Indian rupee	64.90042	60.58486	68.71300	59.75800
Sri Lanka rupee	153.84847	149.85278	147.38600	148.24700
Pound sterling	0.86785	0.85805	0.83530	0.86075
Kazakh tenge	204.12404	195.38110	191.88500	196.96400
Polish zloty	4.12052	3.99352	4.45800	3.97500

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.

Scope of consolidation

Sale of operations in Turkey

Through the subsidiary Ciments Français, on March 25, 2011, the Group sold the companies in Set Group Holding – Turkey; consequently the operations in question have been accounted for in compliance with IFRS 5 "Non-current assets held for sale and discontinued operations" presenting separate items in the income statement and the statement of cash flows reflecting the earnings and the cash flows arising from the sale.
Also in compliance with IFRS 5, the amounts in the income statement and the statement of cash flows for 2010 have been restated accordingly.
To ensure clarity, for comparative purposes the income statement and the statement of comprehensive income present both the information restated as required by IFRS 5 and as published in the 2010 consolidated financial statements.

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

Changes in the scope of consolidation

The main changes in 2011 were:

- the line-by-line consolidation of the Calcestruzzi group – Italy, as from January 1, 2011;
- at December 31, 2011, the Calcestruzzi group comprised the subsidiaries: Calcestruzzi S.p.A., Esa Monviso S.p.A. (consolidated on a line-by-line basis), the associates: Mantovana Inerti S.r.l. and Ecoinerti S.r.l. (consolidated on a proportionate basis) and the associates: General Cave S.r.l., Safra S.r.l. and Commerciale Inerti S.r.l. (accounted for with the equity method);
- the withdrawal of Set Group Holding – Turkey and its subsidiaries: Set Cimento and Met Teknik Servis, after the sale to third parties on March 25, 2011;
- the withdrawal of Bares and Italgen Elektrik – Turkey, after the sale to third parties on March 31, 2011;
- the withdrawal, after the sale to third parties in December, of the six companies in the Axim group, active in additives for ready mixed concrete and cement in Italy, France, USA, Canada, Morocco and Spain.

The main changes in 2010 were:

- the line-by-line consolidation as from January 1 of Beton Ata LLP (Kazakhstan) in the ready mixed concrete segment;
- the withdrawal from the Group of Cementos Capa S.L. (Spain) after the sale in January;
- the line-by-line consolidation as from August of the Star. Co. S.r.l. company (Italy) in the ready mixed concrete segment;
- the measurement with the equity method of the Gardawind S.r.l. group (Italy) as from September 30. Gardawind is active in wind energy and is part of the Italgen group.
- the de-consolidation due to sale in March of the Immobiliare Golf di Punta Ala S.r.l. (Italy);
- the de-consolidation due to sale in January of Terfin S.A. (France);
- the measurement with the cost method of the CJSC INLINE-R company (Russia) on partial sale of the investment.

A list setting out the equity investments in subsidiaries, joint ventures and associates, and the respective method of consolidation, registered offices and percentage of capital held is provided in an annex.

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, property, services, 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, Sri Lanka and Albania, as well as direct exports to markets not covered by Group subsidiaries.
The "Others" 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 results at December 31, 2011:

(in thousands of euro)	Revenue	Intra-group sales	Contribu-tive revenue	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Impair-ment on financial assets	Share of profit (loss) of asso-ciates	Profit before tax	Income tax (expense)
Construction materials	4,720,544	(8,475)	4,712,069	697,333	738,077	128,971		7,524	18,637		
Packaging and insulation	235,600	(2)	235,598	14,517	12,005	(2,086)					
Finance	62,389	(28,638)	33,751	2,161	1,637	1,525		(94,086)	(8,928)		
Banking	34,859	(1,053)	33,806	(10,611)	(8,441)	(24,275)					
Property, services, other	2,042	(1,231)	811	329	329	271					
Unallocated postings and adjustments	(39,399)	39,399		(22,715)	(24,883)	(24,882)	(106,138)			(103,467)	(63,659)
Total	**5,016,035**		**5,016,035**	**681,014**	**718,724**	**79,524**	**(106,138)**	**(86,562)**	**9,709**	**(103,467)**	**(63,659)**

The table below sets out segment revenue and results at December 31, 2010:

(in thousands of euro)	Revenue	Intra-group sales	Contribu-tive revenue	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Impair-ment on financial assets	Share of profit (loss) of asso-ciates	Profit before tax	Income tax (expense)
Construction materials	4,660,007	(8,199)	4,651,808	841,698	839,386	370,225		(21,014)	17,052		
Packaging and insulation	239,327		239,327	22,162	22,162	10,758					
Finance	114,064	(25,973)	88,091	38,299	37,702	37,583		(2,197)	(8,460)		
Banking	36,649	(1,054)	35,595	215	218	(3,925)					
Property, services, other	2,873	(1,291)	1,582	1,004	1,453	1,369					
Unallocated postings and adjustments	(36,517)	36,517		(19,164)	(19,332)	(19,328)	(111,493)			270,570	(64,017)
Total	**5,016,403**		**5,016,403**	**884,214**	**881,589**	**396,682**	**(111,493)**	**(23,211)**	**8,592**	**270,570**	**(64,017)**

The table below sets out other segment data at December 31, 2011:

(in thousands of euro)	December 31, 2011 Total assets	December 31, 2011 Total liabilities	December 31, 2011 PPE, investmt property and intangibles	Non-current financial assets	Amortization and depreciation	Impairment
Construction materials	9,730,831	4,835,940	363,088	2,871	474,826	134,280
Packaging and insulation	248,689	208,704	10,400		11,682	2,409
Finance	1,490,638	429,820	55	44,146	112	
Banking	755,994	669,210	1,264		4,425	11,409
Property, services, other	6,140	1,364	25		58	
Inter-segment eliminations	(726,531)	(178,841)			(2)	1
Total	**11,505,761**	**5,966,197**	**374,832**	**47,017**	**491,101**	**148,099**

The table below sets out other segment data at December 31, 2010:

(in thousands of euro)	December 31, 2010 Total assets	December 31, 2010 Total liabilities	December 31, 2010 PPE, investmt property and intangibles	Non-current financial assets	Amortization and depreciation	Impairment
Construction materials	10,021,130	5,035,196	524,799	14,848	461,178	7,982
Packaging and insulation	255,364	203,253	9,350		11,515	(111)
Finance	1,739,480	457,991	101	20,097	119	
Banking	705,484	596,004	2,708		4,143	
Property, services, other	7,292	1,680	158		84	
Inter-segment eliminations	(633,822)	(131,981)			(3)	
Total	**12,094,928**	**6,162,143**	**537,116**	**34,945**	**477,036**	**7,871**

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)	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
European Union	2,888,964	2,688,375	210,945	245,180	47,013	24,195	8,225,322	8,396,415	3,164,643	3,013,268
Other Eur.countries	72,563	84,478	1,553	4,389			790,953	958,268	677,898	663,076
North America	404,665	414,625	18,521	42,804		496	1,270,260	1,286,520	743,181	723,081
Asia and Mid.East	551,765	496,488	62,022	85,813		5,266	1,172,541	1,156,703	385,645	338,450
Africa	885,906	1,107,686	73,984	149,708			2,426,177	2,505,682	530,086	596,464
Trading and others	212,172	224,751	7,807	9,222	4	4,988	5,138,916	5,152,365	3,051,018	3,156,519
Inter-area elims							(7,518,408)	(7,361,025)	(2,586,274)	(2,328,715)
Total	**5,016,035**	**5,016,403**	**374,832**	**537,116**	**47,017**	**34,945**	**11,505,761**	**12,094,928**	**5,966,197**	**6,162,143**

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	2,247,547	565,302	7,763,475	999,500	11,575,824
Accumulated depreciation	(1,166,649)	(205,412)	(5,106,929)	(396,820)	(6,875,810)
Net carrying amount at December 31, 2010	**1,080,898**	**359,890**	**2,656,546**	**602,680**	**4,700,014**
Additions	21,548	11,408	123,651	190,936	347,543
Change in scope of consolidation, other	74,900	21,392	187,120	(202,179)	81,233
Disposals	(3,530)	(102)	(19,182)	(1,684)	(24,498)
Depreciation and impairment losses	(60,728)	(18,260)	(391,709)	(35,593)	(506,290)
Currency translation differences	(14,747)	1,157	(25,425)	(12,137)	(51,152)
Net carrying amount at December 31, 2011	**1,098,341**	**375,485**	**2,531,001**	**542,023**	**4,546,850**
Gross amount	2,304,014	626,028	7,873,999	961,166	11,765,207
Accumulated depreciation	(1,205,673)	(250,543)	(5,342,998)	(419,143)	(7,218,357)
Net carrying amount at December 31, 2011	**1,098,341**	**375,485**	**2,531,001**	**542,023**	**4,546,850**

The significant addition of 347,543 thousand euro in property, plant and equipment referred mainly to Europe for 188,336 thousand euro, including Italy for 82,489 thousand euro, France for 56,457 thousand euro, Belgium for 27,644 thousand euro, to Egypt for 39,064 thousand euro, to Morocco for 34,676 thousand euro and to India for 42,717 thousand euro.

Construction in progress at December 31, 2011 stood at 459,520 thousand euro (512,368 thousand euro at December 31, 2010); the reduction for the year in “Change in scope of consolidation and other” arose largely from the reclassification to the final categories of assets relating to the production sites in Morocco, India, France/Belgium and North America.

“Depreciation and impairment losses” include impairment losses of 33.4 million euro (5.2 million euro at December 31, 2010), relating to the production facilities in Italy (27.5 million euro), Bulgaria, North America and Spain.

Non current assets held under finance leases and rental contracts were carried at a net amount of 29,918 thousand euro at December 31, 2011 (31,956 thousand euro at December 31, 2010). They consisted largely of plant and machinery for 25,316 thousand euro and buildings for 4,501 thousand euro.

Expenses capitalized under “Property, plant and equipment” totaled 28.9 million euro at December 31, 2011 (58.7 million euro at December 31, 2010).

Non current assets pledged as security for bank loans were carried at a net amount of 195.8 million euro at December 31, 2011 (200 million euro at December 31, 2010).

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	65,513
Accumulated depreciation	(29,821)
Net carrying amount at December 31, 2010	**35,692**
Additions	319
Disposals	(8,553)
Depreciation and impairment	(1,010)
Currency translation differences	(385)
Other	2,533
Net carrying amount at December 31, 2011	**28,596**
Gross amount	52,018
Accumulated depreciation	(23,422)
Net carrying amount at December 31, 2011	**28,596**

Investment property is carried at amortized cost.
Fair value at December 31, 2011, was 124.2 million euro (138.6 million euro at December 31, 2010).
The decrease referred chiefly to the sale of a building in Thailand.

3) Goodwill

(in thousands of euro)	
Net carrying amount at December 31, 2010	**2,095,916**
Acquisitions and changes in scope of consolidation	5,240
Sales	(584)
Impairment losses	(99,388)
Currency translation differences and other changes	(14,811)
Other	115
Net carrying amount at December 31, 2011	**1,986,488**

The significant reduction in goodwill was largely due to impairment losses posted after goodwill impairment tests and translation differences generated by the depreciation of some currencies against the euro.
Acquisitions and changes in the scope of consolidation mainly referred to the Calcestruzzi group for 26.0 million euro net of Set Group Holding (Turkey) for 12.6 million euro and Bares (Turkey) for 7.3 million euro.

Business combinations

Calcestruzzi group

The Calcestruzzi group has again been included in the Italcementi group scope of consolidation since January 1, 2011, after the necessary conditions for its re-inclusion were fulfilled, as described in the directors' report on operations.

The companies in the Calcestruzzi group have been consolidated and treated as if they were being consolidated for the first time; consequently, in compliance with the acquisition method contemplated by IFRS 3 revised, they have been measured at fair value.

The net assets of the Calcestruzzi group as at January 1, 2011, are stated at fair value estimated on the basis of market transactions with the assistance of a fairness opinion issued by an independent consultant.

The table below sets out the amounts of the main property, plant and equipment categories for which fair value was estimated:

(in thousands of euro)	Book values of the companies included in the scope of consolidation	Fair value adjustment	Attributed fair value
Net property, plant and equipment			
Land	32,368	9,275	41,643
Quarries	19,959	20,288	40,247
Buildings	22,077		22,077
Plant and equipment	44,245	17,863	62,108
Other	8,279		8,279
Net deferred tax assets/(liabilities)	10,146	(14,892)	(4,746)
Goodwill	20,862	5,146	26,008
Trade receivables	173,549		173,549
Trade payables	(89,748)		(89,748)
Other assets/(liabilities)	3,147		3,147
Net financial position	(217,688)		(217,688)
Negative goodwill			(5,253)
Fair value of net assets		**37,680**	**59,623**
Value of equity investment in Calcestruzzi S.p.A.			59,792

During the expert assessment, the fair value attributed to Speedybeton was higher than its carrying amount; the difference has been taken to income in compliance with IFRS 3 revised.

The effects of the consolidation of the Calcestruzzi group on the 2011 consolidated income statement are as follows:

(in millions of euro)	
Revenue*	324.0
Recurring EBITDA	(32.4)
EBIT	(88.7)
Profit (loss) for the period attributable to owners of the parent	(73.9)

*after intragroup eliminations

Goodwill impairment testing

Goodwill acquired in a business combination is apportioned 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 methods used to determine the recoverable amount of CGUs are described in the notes on consolidation principles in the section "Impairment of assets".

The following table sets out goodwill by operating segment:

(in thousands of euro)	Net carrying amount of goodwill	
Cash-generating units	**December 31, 2011**	**December 31, 2010**
Construction materials segment (*)	1,953,615	2,051,367
Packaging and insulation segment	32,873	38,133
Banking segment	-	6,416
Total	**1,986,488**	**2,095,916**

(*) of which 34,328 thousand euro at December 31, 2011 (34,753 thousand euro at December 31, 2010) arising from purchases made in previous years by Italmobiliare S.p.A. of Italcementi S.p.A. shares and 1,919,287 thousand euro at December 31, 2011 (2,016,614 thousand euro at December 31, 2010) relating to goodwill apportioned by the subsidiary Italcementi to its own CGUs

Construction materials segment

In the construction materials segment, the recovery slowdown that emerged in 2010 intensified during 2011; consequently, while the measures contemplated in the 2010-2014 business plan remain valid, a number of macroeconomic and segment assumptions in the plan have been reviewed. For the purposes of impairment testing, determination of the future cash flows to be used was based on the 2012 Budget and, where necessary for future-year projections, on new assumptions and economic assessments deemed to reflect the new conditions on the group markets.

Consequently the long-term consumption forecasts that provide the basis for the CGU cash flow projections used in goodwill impairment testing were reviewed, and are now aligned with a timeframe matching the new conditions of general economic growth, in particular the long-term growth expectations for cement consumption indicated by the "structural demand curve".
As in 2010, for the CGUs in the EU countries and North America, a 9-year explicit forecast period was used; in this way we believe 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.
For the CGUs in the emerging countries, also subject in part to a change in cyclical patterns compared with the recent past, but with cement consumption more likely to be influenced by exogenous factors relating to specific macroeconomic events, the tests were based on expected growth in cement demand over a five-year period.
Terminal value was estimated on the basis of CGU activity on its mid-cycle market and takes account of the market cycle and the changes in the country in question after the explicit forecast period.

The projections are management's best estimate of future trends and possible economic conditions in the countries in which the Group operates.

For all CGUs, recoverable value coincides with value in use, with the exception of the CGUs in Turkey and China, for which fair value less costs to sell, determined on the basis of comparable market transactions or offers received from third parties, was used.

The discount factors, determined country by country, are obtained by applying the estimated long-term inflation rate, adjusted in some cases with the country-risk premium, to the weighted average cost of capital (WACC). WACCs are computed on the basis of the market value of capital and of segment debt, to which the mean segment coefficient based on the debt/stock market capitalization ratio is applied.

The main assumptions used for the computation are set out below:

in %	Discount factor before tax		Growth rate	
Cash-generating units	**2011**	**2010**	**2011**	**2010**
Italy	8.9	7.7	2.0	1.1
France/Belgium	9.4	8.7	2.0	1.1
Spain	9.3	8.5	2.0	1.0
Greece	14.0	11.0	2.0	1.2
North America	7.7	7.4	1.8	1.2
Egypt	13.2	13.4	5.0	6.0
Morocco	10.7	9.8	2.5	2.4
India	14.5	12.3	6.3	5.0
Kuwait	9.8	9.2	3.5	3.4
Thailand	10.6	9.5	3.5	2.5

Goodwill testing for 2011 generated an impairment loss on goodwill of 54.4 million euro for Spain and of 12.1 million euro for Greece. The Group considered the specific potential risks of the segment of activity, any market values on the basis of comparable transactions and conducted a sensitivity analysis on recoverable amount in the event of an increase in the discount factors.

The table below sets out the most significant goodwill amounts for segment CGUs by country:

(in thousands of euro)	Net carrying amount of goodwill	
Cash-generating units	**December 31, 2011**	**December 31, 2010**
Construction materials segment:		
France/Belgium	587,244	587,383
Spain	171,086	225,564
Egypt	583,980	594,289
North America	144,728	140,398
Morocco	108,327	107,679
India	88,004	98,640
Thailand	88,502	90,310
Bulgaria	59,774	59,774
Italy*	31,664	26,519
Kuwait	29,277	24,706
Turkey	4,087	20,046
Greece	-	12,100
China	7,405	6,849
Others	15,209	22,357
Total	**1,919,287**	**2,016,614**

*in 2011, the Italy CGU comprised cement, ready mixed concrete and aggregates operations

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 that cannot be specifically allocated to an individual country. No indications of impairment emerged.

Packaging and insulation segment

In the packaging and insulation segment the tests were based on analytical projections of future cash flows reflected in 2012-2014 budget/plan data and on an extrapolation of cash flows for the two years 2015-2016.
The test led to an impairment loss of 5.3 million euro on goodwill allocated to the Rigid CGU, which comprises the operations of the Rigid Division (Inline Poland Sp.z.oo. and Rigido Italy in Sirap Gema S.p.A.).

Banking segment

Goodwill recoverability in the banking segment was determined with methods based on multiples and on price earning; the test led to previous goodwill of 6.4 million euro being written down to zero.

Sensitivity analysis on goodwill impairment testing

In relation to the current and forecast industry scenario and to the results of the impairment tests for 2011, a sensitivity analysis was conducted on recoverable amount estimated using the discounted cash flow method.

At December 31, 2011, in the construction materials segment an increase of 1% in the weighted average cost of capital would generate in the Italcementi group consolidated financial statements a surplus of carrying amount with respect to recoverable amount for the following CGUs: Italy 41 million euro, Spain 59.1 million euro, Greece 9.0 million euro, North America 73.0 million euro and Kuwait 10.5 million euro.
Also, a 5% reduction in demand in the explicit forecast period with respect to the projections would determine a surplus difference in carrying amount with respect to recoverable amount for the following CGUs: Spain 19.7 million euro and Greece 5.4 million euro.
On the basis of this analysis, the Group deems it unnecessary to reduce further the goodwill of the CGUs in question.
The discount factors that equate the CGUs' recoverable amount with carrying amount are as follows: Italy 9.59%, Spain 9.3%, Greece 14.0%, North America 8.6% and Kuwait 9.9% and for the CGUs where impairment losses were recognised, the rate was equivalent to that used for the test basis in Spain 9.3% and in Greece 14.0%.

In the packaging and insulation segment, at December 31, 2011, a 0.50% increase in the weighted average cost of capital, with the same growth rate in the "Rigid" CGU, would determine a surplus in carrying amount with respect to recoverable amount of approximately 11 million euro.

Like the majority of companies in the sector listed in the mature countries, during the year Italmobiliare S.p.A. recorded a material reduction in market capitalization with respect to 2010, which has eased somewhat since December 31, 2011.

Equally, the results of the impairment tests conducted at December 31, 2011, found a significant reduction in recoverable values in the segments in which the Group operates, compared with the tests conducted in 2010; the decrease in recoverable value, and more generally in NAV, was smaller than the reduction in market capitalization.

We believe however that the differential found in the two valuations is a typical element of the current situation, and that the values found in the tests, which were also based on external and market parameters, confirm consistency with the equity amounts recognised in the Group consolidated financial statements.

4) Intangible assets

(in thousands of euro)	Patents, IT development	Concessions and other intangible assets	Total
Gross amount	141,361	142,924	284,285
Accumulated amortization	(108,322)	(21,173)	(129,495)
Net carrying amount at December 31, 2010	**33,039**	**121,751**	**154,790**
Additions	21,329	5,641	26,970
Change in scope of consolidation and other	5,079	(31,579)	(26,500)
Disposals	(5,539)	(384)	(5,923)
Amortization and impairment losses	(13,903)	(24,974)	(38,877)
Currency translation differences	407	1,047	1,454
Net carrying amount at December 31, 2011	**40,412**	**71,502**	**111,914**
Gross amount	157,393	103,602	260,995
Accumulated amortization	(116,981)	(32,100)	(149,081)
Net carrying amount at December 31, 2011	**40,412**	**71,502**	**111,914**

The year's additions referred essentially to development of projects for standardization of Group internal processes.
Disposals include 30.2 million euro for the sale to third parties of the Bares licenses – Turkey.
Impairment losses were recognised on intangible assets in Libya for 15.1 million euro and on Finter Bank for 5.0 million euro.
Expenditure capitalized under intangible assets as IT development amounted to 3.2 million euro at December 31, 2011.
"Concessions" are amortized over the life of the agreements in question; amortization of quarrying concessions is determined at rates reflecting the ratio of extracted material to the total to be extracted.

5) Investments in 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, 2011	December 31, 2010	Change
Raw materials, consumables and supplies	450,683	428,627	22,056
Work in progress and semifinished goods	158,880	160,330	(1,450)
Finished goods	143,908	148,286	(4,378)
Payments on account and contract work in progress	22,151	17,772	4,379
Total	**775,622**	**755,015**	**20,607**

Inventories are carried net of write-down provisions totaling 104,421 thousand euro (106,806 thousand euro at December 31, 2010) mainly against the risk of slow-moving supplies, spare parts and other consumables.
Spare parts at December 31, 2011, were carried at 188,622 thousand euro (189,776 thousand euro at December 31, 2010).

9) Trade receivables

See the section on IFRS 7.

10) Other current assets including derivatives

(in thousands of euro)	December 31, 2011	December 31, 2010	Change
Amounts due from employees and social security authorities	9,922	7,449	2,473
Indirect tax credits	85,296	87,756	(2,460)
Concessions and licenses paid in advance	34,895	31,046	3,849
Prepaid expenses	30,077	37,753	(7,676)
Accrued income	2,586	2,641	(55)
CO_2 derivatives	22,643	1,747	20,896
Short-term derivatives	6,822	5,490	1,332
Bank derivatives	1,457	1,016	441
Other bank receivables and financial instruments	98,730	126,348	(27,618)
Other receivables	118,701	96,566	22,135
Total	**411,129**	**397,812**	**13,317**

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

11) Tax assets

Tax assets totaled 71,972 thousand euro (93,170 thousand euro at December 31, 2010) 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.

14) Non-current discontinued operations

Discontinued operations, for 3,445 thousand euro, relate to packaging and insulation operations at the Perugia plant which has been closed since November 30, 2011; they will be liquidated by the end of next year.

Equity and liabilities

Share capital, reserves and retained earnings

15) Share capital

At December 31, 2011, the parent 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, 2011	December 31, 2010	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

16) Reserves

Share premium

The reserve stood at 177,191 thousand euro, unchanged from December 31, 2010.

17) Treasury shares

At December 31, 2011, treasury shares in portfolio stood at 21,226 thousand euro, unchanged from December 31, 2010. The amount is deducted against equity reserves. Treasury shares were as follows:

	N° ordinary shares	Carrying amount (000 euro)	N° savings shares	Carrying amount (000 euro)	Total carrying amount
At December 31, 2010	**871,411**	**20,830**	**28,500**	**396**	**21,226**
At December 31, 2011	**871,411**	**20,830**	**28,500**	**396**	**21,226**

Ordinary treasury shares in portfolio at December 31, 2011, will service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid by the parent Italmobiliare S.p.A. in 2011 and 2010 are detailed below:

	2011 (euro per share)	2010 (euro per share)	2011 (000 euro)	2010 (000 euro)
Ordinary shares	0.532	0.856	11,337	18,242
Savings shares	0.610	0.934	9,952	15,238
Total dividends			**21,289**	**33,480**

Translation reserve

This reserve reflects exchange-rate differences on the translation of the financial statements of consolidated foreign operations. At December 31, 2011, the reserve reflected a positive balance of 16,500 thousand euro, referring to the following currencies:

(in millions of euro)	December 31, 2011	December 31, 2010	Change
Egypt (Pound)	(13.8)	(12.6)	(1.2)
USA and Canada (Dollar)	7.8	4.8	3.0
Thailand (Baht)	14.4	15.9	(1.5)
Morocco (Dirham)	0.6	(0.5)	1.1
India (Rupee)	(11.4)	1.0	(12.4)
Turkey (Lira)	(2.1)	(3.9)	1.8
Switzerland (Franc)	14.7	14.8	(0.1)
Other countries	6.3	5.1	1.2
Net amount	**16.5**	**24.6**	**(8.1)**

18) Non-controlling interests

Non-controlling interests at December 31, 2011 amounted to 3,431,166 thousand euro, down by 142,184 thousand euro from December 31, 2010.

Profit for the year decreased by 79,424 thousand euro from 166,507 thousand euro in 2010 to 87,083 thousand euro in 2011, largely due to Group business results in Egypt; the translation reserve decreased by 18,242 thousand euro as a result of the performance of the euro against the currencies in the countries with material non-controlling interests, such as Egypt.

Non-current and current liabilities

19) Employee benefits

Employee benefits at December 31, 2011 amounted to 210,548 thousand euro (193,038 thousand euro at December 31, 2010).
The Group's main employee benefit plans are described below.

Defined benefit plans

The Group operates pension plans, post-employment medical benefit plans and leaving entitlement provisions.

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 France and Belgium.

With regard to the TFR leaving entitlement provision at the Group's Italian companies, liabilities for TFR leaving entitlements accrued as from 2007 on which employees elected subscription to supplementary pension plans no longer qualify as defined benefit plans and are treated as quotas of defined contribution plans.
Some Group companies in the USA operate plans providing post-employment medical and life assurance benefits. In France and, to a lesser extent in Belgium, similar benefits are provided for certain classes of worker, specifically the companies pay a portion of contributions to the insurance company which then reimburses workers, after retirement, for a portion of medical expenses.

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, post-employment benefit plans and leaving entitlement provisions are determined with actuarial calculations performed by independent external actuaries.

Liabilities determined on the basis of actuarial calculations at December 31, 2011 are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Discounted value of funded plans	148.9	129.7			148.9	129.7
Fair value of plan assets	(88.1)	(86.1)			(88.1)	(86.1)
Discounted net value of funded plans	**60.8**	**43.6**			**60.8**	**43.6**
Discounted value of non-funded plans	74.3	78.9	91.0	81.7	165.3	160.6
Net value of obligation	**135.1**	**122.5**	**91.0**	**81.7**	**226.1**	**204.2**
Unrecognized actuarial gains/(losses)	(51.5)	(29.7)	(12.1)	(5.8)	(63.6)	(35.5)
Unrecognized costs on prior-period services	(1.3)	(1.6)	(0.7)	(0.4)	(2.0)	(2.0)
Net (assets)/liabilities	**82.3**	**91.2**	**78.2**	**75.5**	**160.5**	**166.7**
of which:						
Liabilities	82.7	91.6	78.2	75.5	160.9	167.1
Assets	(0.4)	(0.4)			(0.4)	(0.4)
Net (assets)/liabilities	**82.3**	**91.2**	**78.2**	**75.5**	**160.5**	**166.7**

With reference to “Post-employment medical benefit” plans, a variation of +/- 1 percentage point in the rates relating to healthcare spending would generate a change of +0.4 and -0.3 million euro respectively in liabilities and +4.5 and -3.8 million euro in related expenses.

The movements in the net liability are analyzed below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Opening net liabilities	**91.2**	**95.1**	**75.5**	**70.5**	**166.7**	**165.6**
Net costs charged to employee expense	11.3	12.2	5.2	5.6	16.5	17.8
Contributions or services paid	(15.4)	(18.6)	(3.6)	(3.2)	(19.0)	(21.8)
Exchange-rate differences	(0.1)	2.1	1.3	2.6	1.2	4.7
Plans acquired on change in scope of consolidation	(4.7)	0.4	(0.2)		(4.9)	0.4
Closing net liability	**82.3**	**91.2**	**78.2**	**75.5**	**160.5**	**166.7**

Costs for the period are detailed below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Current cost of services	(4.0)	(4.3)	(1.8)	(1.7)	(5.8)	(6.0)
Finance costs on obligations	(9.6)	(10.9)	(3.9)	(4.0)	(13.5)	(14.9)
Revenue expected from plan assets	5.7	5.5			5.7	5.5
Net actuarial losses recognized in period	(2.3)	(1.6)	(0.2)	(0.1)	(2.5)	(1.7)
Cost of prior-period services	(0.7)	(1.3)	0.2	0.2	(0.5)	(1.1)
Plan settlement or curtailment gains/(losses)	(0.4)	0.4	0.5		0.1	0.4
Total charged to employee expense	**(11.3)**	**(12.2)**	**(5.2)**	**(5.6)**	**(16.5)**	**(17.8)**
Real return on assets	**3.7**	**9.0**			**3.7**	**9.0**

Movements for the year in defined benefit obligations are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Present value of defined plan obligations at beginning of period	**208.7**	**196.8**	**81.7**	**72.0**	**290.4**	**268.8**
Social security costs for the year	4.0	4.3	1.8	1.7	5.8	6.0
Finance costs on obligations assumed	9.6	10.9	3.9	4.0	13.5	14.9
Employee contributions			0.2	0.3	0.2	0.3
Cost of prior-period services	0.5	1.1			0.5	1.1
Actuarial (gains)/losses	19.8	11.1	6.4	4.7	26.2	15.8
Amounts paid	(17.9)	(20.3)	(3.8)	(3.5)	(21.7)	(23.8)
Plan curtailments		0.2	(0.5)		(0.5)	0.2
Change in scope of consolidation	(4.4)	0.4	(0.2)		(4.6)	0.4
Exchange-rate differences and other	3.0	4.2	1.5	2.5	4.5	6.7
Present value of defined plan obligations at end of period	**223.3**	**208.7**	**91.0**	**81.7**	**314.3**	**290.4**

Movements in plan asset fair values are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in millions of euro)	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Fair value of plan assets at beginning of period	**86.1**	**78.9**			**86.1**	**78.9**
Expected yield	5.7	5.5			5.7	5.5
Actuarial gains/(losses)	(2.0)	3.5			(2.0)	3.5
Employer contributions	15.4	18.6	3.6	3.2	19.0	21.8
Employee contributions			0.2	0.3	0.2	0.3
Benefits paid	(17.9)	(20.3)	(3.8)	(3.5)	(21.7)	(23.8)
Change in scope of consolidation	(0.1)				(0.1)	
Exchange-rate differences and other	0.9	(0.1)			0.9	(0.1)
Fair value of plan assets at end of period	**88.1**	**86.1**			**88.1**	**86.1**

Group contributions to 2012 defined benefit plans will amount to an estimated 5.7 million euro.

The table below sets out the main plan asset categories as percentages:

	2011	2010
Equities	38.4%	40.0%
Bonds	49.5%	53.9%
Investment property	0.4%	0.8%
Other	11.6%	5.3%

The table below sets out key data for the last two financial years for pension plans and other long-term benefits:

(in millions of euro)	December 31, 2011	December 31, 2010
Discounted value of funded plans	148.9	129.7
Fair value of plan assets	(88.1)	(86.1)
Net value of funded plans	**60.8**	**43.6**
Change in value of funded plans other than changes in actuarial assumptions	(8.3)	0.7
Difference between real asset yield and yield expected at beginning of period	(2.0)	3.5

Actuarial assumptions

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

	Europe		North America		Other countries	
(in %)	2011	2010	2011	2010	2011	2010
Expected yield on assets	3.50 - 4.70	3.50 - 4.00	7.72	7.71	7.5	7.50
Future wage and salary increases	1.00 - 3.50	2.75 - 3.50	n.a.	n.a.	3.50 - 8.50	3.50 - 8.50

n.a.: not applicable

Discount rate in %	2011	2010
Europe		
Long-term euro zone	4.60	5.00
Mid-term euro zone	4.60	4.75
Short-term euro zone	4.60	4.25
Bulgaria	5.50	5.75
North America		
USA	4.19	5.10
Canada	4.75	4.75
Other countries		
Morocco	4.50	4.50
Turkey	10.00	10.00
Thailand	3.50	4.00
India	8.40	8.20

Defined contribution plans

The Group's defined contribution plans are pension plans and medical plans; expense relating to these plans in 2011 was 52.8 million euro (50.5 million euro in 2010).

Employment termination plans

At December 31, 2011, employment termination provisions totaled 37.5 million euro (24.5 million euro in 2010). They referred mainly to Italy for 31.8 million euro after re-organization plans affecting the Calcestruzzi group and Italcementi S.p.A. in particular.

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 company 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, 2011, are set out below:

Grant date	N° options granted	Exercise period	Exercised options	Cancelled options	Unexercised options	Unit subscription price	
March 24, 2003	49,283	3/24/2006 - 3/23/2013	39,720		9,563	€	31.2800
March 30, 2004	96,080	3/30/2007 - 3/29/2014			96,080	€	35.1990
March 30, 2005	108,437	3/30/2008 - 3/29/2015			108,437	€	54.5355
March 21, 2006	109,880	3/21/2009 - 3/20/2016			109,880	€	65.7010
March 21, 2007	122,479	3/21/2010 - 3/20/2017			122,479	€	86.0685
March 28, 2008	124,200	3/28/2011 - 3/27/2018			124,200	€	59.9080
March 25, 2009	19,350	3/25/2012 - 3/24/2019			19,350	€	20.5260
March 24, 2010	124,385	3/24/2013 - 3/23/2020			124,385	€	28.8340
March 30, 2011	112,900	3/30/2014 - 3/29/2021			112,900	€	27.4690
Total	**866,994**		**39,720**	**-**	**827,274**		

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:

	2011			2010		
	Number options	Average sub-scription price		Number options	Average sub-scription price	
Unexercised options at beginning of period	**714,374**	**€**	**54.2852**	**589,989**	**€**	**59.6509**
Granted during year	112,900	€	27.4690	124,385	€	28.8340
Cancelled during year						
Exercised during year						
Expired during year						
Unexercised options at end of period	**827,274**	**€**	**50.6255**	**714,374**	**€**	**54.2852**
Vested options at end of period	**570,639**			**446,439**		

The average ordinary share price for 2011 was 23.709 euro (26.075 euro for 2010).
The average residual life of unexercised options is 3 years and 7 months.
The option exercise price at December 31, 2011 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 "Employee expense".

(in thousands of euro) Grant date	Company	N° options granted	Vesting period	Employee expense 2011	2010
March 7, 2007	Italcementi S.p.A.	1,020,200	3 years		350
March 21, 2007	Italmobiliare	122,479	3 years		241
March 23, 2007	Ciments Français S.A.	166,400	3 years		477
June 20, 2007	Italcementi S.p.A.	701,250	3 years		(1,407)
March 26, 2008	Italcementi S.p.A.	623,300	3 years	120	555
March 28, 2008	Italmobiliare	124,200	3 years	178	722
April 14, 2008	Ciments Français S.A.	152,900	3 years	308	1,080
June 4, 2008	Italcementi S.p.A.	1,564,750	3 years	(611)	2,620
March 25, 2009	Italmobiliare	19,350	3 years	24	23
March 24, 2010	Italmobiliare	124,385	3 years	385	289
March 30, 2011	Italmobiliare	112,900	3 years	249	
Total				**653**	**4,950**

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.

At a meeting on March 30, 2011, on the basis of results for 2010, the Italmobiliare S.p.A. Board of Directors assigned a total of 112,900 options, vesting as from March 30, 2014.

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

	Plan 2010	Plan 2009	Plan 2008	Plan 2007	Plan 2006	Plan 2005	Plan 2004	Plan 2003	Plan 2002
Option value at grant date	8.81	9.28	3.78	17.21	23.64	22.05	11.41	7.15	6.49
Share value	28.39	31.10	21.59	65.10	87.41	73.57	52.84	35.05	31.80
Exercise price	27.469	28.834	20.526	59.908	86.068	65.701	54.536	35.199	31.280
Volatility in %	26.2%	24.3%	25.0%	17.5%	17.5%	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	10.00	10.00
Dividends as %	3.01%	2.75%	7.41%	2.23%	1.45%	1.50%	1.89%	2.68%	2.96%
10-year BTP risk-free rate	4.775%	3.920%	4.485%	3.889%	3.652%	3.462%	3.275%	3.640%	3.790%

20) Non-current and current financial liabilities and loans and borrowings

See the section on IFRS 7.

21) Provisions

Non-current and current provisions totaled 263,176 thousand euro at December 31, 2011, an increase of 6,883 thousand euro from December 31, 2010.

(in thousands of euro)	Opening amount	Increases	Decreases for use	Reversed unused amounts	Currency translation differences	Other changes	Total changes	Closing amount
Environmental restoration	84,896	11,612	(8,140)	(948)	(244)	4,594	6,874	91,770
Disputes	89,478	16,592	(16,155)	(4,139)	(1,340)	11,158	6,116	95,594
Other provisions	81,919	16,066	(20,487)	(9,759)	(88)	8,161	(6,107)	75,812
Total	**256,293**	**44,270**	**(44,782)**	**(14,846)**	**(1,672)**	**23,913**	**6,883**	**263,176**
Non-current portion	252,685	43,962	(41,384)	(14,846)	(1,510)	22,146	8,368	261,053
Current portion	3,608	308	(3,398)		(162)	1,767	(1,485)	2,123
Total	**256,293**	**44,270**	**(44,782)**	**(14,846)**	**(1,672)**	**23,913**	**6,883**	**263,176**

"Disputes" reflects amounts provided for tax risks deemed probable after tax audits and tax return assessments, for disputes with employees and for restoration of urban and industrial areas.
"Other changes and reclassifications" refers mainly to Calcestruzzi group provisions after the group was consolidated as from January 1, 2011.

Contingent liabilities

The main contingent liabilities relating to disputes and proceedings pending at December 31, 2011, 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 debt, earnings and operations.

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 S.A., in December 2010 the European Commission notified the decision for 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).
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 Tribunal against the decision. Both the investigation and the proceedings are still underway.

Regarding the proceeding begun in 2009 by the General Directorate of the Belgian Competition Authority against cement producers (including Compagnies des Ciments Belges (CCB), no further developments have taken place after the charges were formally notified in April 2010. The parties exchanged briefs and hearings took place. The Belgian Competition Authority is expected to make a decision in the first half of 2012.

Turkey

As a result of the non-closure of the 2008 agreement for the sale of the Turkish operations (Set Group) by Ciments Français to Sibcem, a number of proceedings are pending.
Sibconcord, the main shareholder of Sibcem, has begun a proceeding in Russia to annul the agreement. On September 26, 2011, the ruling annulling the contract obtained in first instance by Sibconcord against which Ciments Français filed an appeal become effective. After an unsuccessful petition to the regional court of cassation, Ciments Français filed an appeal with the Russian Supreme Court. In December 2011, on the basis of the favorable ruling

obtained in Russia, Sibconcord filed for compulsory execution in Kazakhstan, which was rejected by the courts in January 2012. Sibconcord has appealed against this ruling.
As contemplated by the contract, Ciments Français began arbitration proceedings (in Istanbul) in accordance with the regulation of the International Chamber of Commerce. On December 7, 2010, it obtained a favorable arbitration award recognizing the validity of the resolution of the contract by Ciments Français with the right to retain the 50 million euro paid by Sibcem. On May 31, 2011, Sibcem obtained the annulment of the arbitration award from the territorially competent Turkish court; Ciments Français filed an appeal and in the meantime continued proceedings for the recognition of the award in a number of countries.

India
On the proceedings begun in 2006 by the Indian Antitrust Authority, Zuari Cement Ltd. has drawn up its defense. No new developments took place.

For the investigation begun in August 2010 by the Indian Antitrust Authority against cement producers, including the Zuari Cement Ltd. and Sri Vishnu Cement companies, for alleged unfair trading, no developments took place after the response to the request for information.

At the end of 2007, Zuari signed a contract with Larsen & Toubro (L&T) concerning civil and mechanical works for the Yerraguntla cement plant. During execution of the contract, L&T requested an additional amount for alleged extra costs and extended duration of work. In turn, the contract awarder, Zuari Cement, presented a request for compensation of 29 million euro including penalties for delays and breaches in execution of the work; also, in July 2011, Zuari Cement terminated the contract for non-fulfillment. In August 2011 L&T sent Zuari a request for arbitration followed in January 2012 by a request for compensation of 31 million euro. The proceeding, which is taking place in India, is still underway.

22) Deferred tax assets and Deferred tax liabilities

Total deferred tax liabilities net of deferred tax assets amounted to 54,525 thousand euro at December 31, 2011, as follows:

(in thousands of euro)	December 31, 2010	Result	Other changes	December 31, 2011
Benefit on tax loss carryforwards	100,659	33,209	17,215	151,083
Property, plant and equipment	(338,542)	11,353	(12,109)	(339,298)
Inventories	(13,595)	528	(1,592)	(14,659)
Financial liabilities	(295)	(48)	(36)	(379)
Non-current provisions and Employee benefits	90,276	1,151	9,986	101,413
Other	32,498	21,285	(6,468)	47,315
Total	**(128,999)**	**67,478**	**6,996**	**(54,525)**
of which:				
Deferred tax assets	117,944			172,466
Deferred tax liabilities	(246,943)			(226,991)
Total	**(128,999)**			**(54,525)**

At December 31, 2011, net deferred tax liabilities reflected in equity reserves amounted to 19,173 thousand euro (16,773 thousand euro at December 31, 2010).
Off-balance sheet deferred tax assets relating to tax losses for the year and previous years amounted to approximately 168.0 million euro (130.9 million euro at December 31, 2010); they related to Group company losses, reversal of which is not considered probable today.

23) Trade payables

See the section on IFRS 7.

24) Tax liabilities

Tax liabilities amounted to 44,753 thousand euro (68,196 thousand euro at December 31, 2010) and reflected amounts due to tax authorities for income taxes accrued in the year.

25) Other current liabilities

(in thousands of euro)	December 31, 2011	December 31, 2010	Change
Due to employees	116,693	117,009	(316)
Due to social security authorities	60,978	59,658	1,320
Due to tax authorities	83,101	79,227	3,874
Accruals and deferred income	38,235	39,750	(1,515)
Derivatives	37,775	20,839	16,936
Amounts due in banking and insurance segment	655,532	584,166	71,366
Customer advances	73,971	61,558	12,413
Put options on non-controlling interests	67,768	63,749	4,019
Other amounts due	158,680	193,955	(35,275)
Total	**1,292,733**	**1,219,911**	**72,822**

"Other amounts due" includes amounts due to suppliers for fixed assets, mainly in the construction materials segment.

26) Liabilities directly linked to discontinued operations

The balance on this caption at December 31, 2011 was 372 thousand euro, reflecting deferred tax liabilities arising on the total difference between the carrying amount and the tax base of discontinued operations, specifically the Sirap Gema S.p.A. plant in Perugia (packaging and insulation segment).

Commitments

(in millions of euro)	December 31, 2011	December 31, 2010
Guarantees on company assets	183.9	247.2
Deposits, guarantees, commitments, other	192.3	207.4
Total	**376.2**	**454.6**

Guarantees on company assets at December 31, 2011, consisted mainly of mortgages securing loans and borrowings at the Indian subsidiaries and equities provided as guarantees to credit institutes.

Contracts and orders issued for investments at December 31, 2011, amounted to 83.6 million euro, relating mainly to property, plant and equipment, as follows:

		Nominal values		
(in millions of euro)	Dec. 31, 2011	< 1 year	1 - 5 years	> 5 years
Commitments for fixed asset purchases	83.6	71.3	12.3	-

Finter Bank Zürich and its subsidiaries provided guarantees in favor of third parties on behalf of their own clients, for 11,006 thousand Swiss francs (14,101 thousand Swiss francs at December 31, 2010), against which the clients made deposits to cover possible enforcement of the guarantees provided.

Income statement

27) Revenue

Revenue from sales and services totaled 5,016,035 thousand euro, as follows:

(in thousands of euro)	2011	2010	Change	% change
Industrial revenue				
Product sales	4,791,819	4,699,971	91,848	2.0%
Services provided	120,922	157,463	(36,541)	-23.2%
Other revenue	35,430	34,396	1,034	3.0%
Total	**4,948,171**	**4,891,830**	**56,341**	**1.2%**
Financial revenue				
Interest	10,526	29,605	(19,079)	-64.4%
Dividends	11,412	6,703	4,709	70.3%
Capital gains and other revenue	13,044	53,002	(39,958)	-75.4%
Total	**34,982**	**89,310**	**(54,328)**	**-60.8%**
Bank revenue				
Interest	5,954	5,270	684	13.0%
Commissions	23,470	26,319	(2,849)	-10.8%
Other revenue	2,789	2,429	360	14.8%
Total	**32,213**	**34,018**	**(1,805)**	**-5.3%**
Property and service revenue	**669**	**1,245**	**(576)**	**-46.3%**
Grand total	**5,016,035**	**5,016,403**	**(368)**	**0.0%**

28) Goods and utilities expense

Goods and utilities expense amounted to 2,105,741 thousand euro, as follows:

(in thousands of euro)	2011	2010	Change	% change
Raw materials and semifinished goods	632,256	529,866	102,390	19.3%
Fuel	526,315	532,315	(6,000)	-1.1%
Materials and machinery	297,178	277,566	19,612	7.1%
Finished goods	170,260	218,316	(48,056)	-22.0%
Electricity, water, gas	476,185	473,262	2,923	0.6%
Change in inventories of raw materials, consumables, other	3,547	27,564	(24,017)	-87.1%
Total	**2,105,741**	**2,058,889**	**46,852**	**2.3%**

29) Services

Services amounted to 1,194,331 thousand euro, as follows:

(in thousands of euro)	2011	2010	Change	% change
External services and maintenance	375,146	358,297	16,849	4.7%
Transport	513,547	443,805	69,742	15.7%
Legal fees and consultancy	58,729	63,716	(4,987)	-7.8%
Rents	90,664	78,059	12,605	16.1%
Insurance	38,862	40,355	(1,493)	-3.7%
Subscriptions	8,974	7,979	995	12.5%
Other expense	108,409	110,148	(1,739)	-1.6%
Total	**1,194,331**	**1,102,359**	**91,972**	**8.3%**

“Other expense” consisted mainly of expenses for post and telephone, cleaning and surveillance, communication and marketing, chiefly in the construction materials segment.

30) Employee expense

Employee expense totaled 1,033,649 thousand euro, as follows:

(In thousands of euro)	2011	2010	Change	% change
Wages and salaries	700,398	666,297	34,101	5.1%
Social security contributions	230,638	214,617	16,021	7.5%
Costs of stock option plans	653	4,842	(4,189)	-86.5%
Other expense	101,960	96,344	5,616	5.8%
Total	**1,033,649**	**982,100**	**51,549**	**5.2%**

“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)	2011	2010	Change
Number of employees at period end	21,399	21,638	(239)
Average number of employees	22,036	21,938	98

31) Other operating income (expense)

Other operating expense net of other operating income amounted to 79,183 thousand euro, as follows:

(in thousands of euro)	2011	2010	Change	% change
Other taxes	81,799	78,691	3,108	3.9%
Provision for bad debts	27,478	12,669	14,809	n.s.
Interest expense and other expense for companies in the financial and banking segments	39,858	55,123	(15,265)	-27.7%
Provision for environmental restoration: quarries, other	74,106	75,024	(918)	-1.2%
Miscellaneous income	(144,058)	(102,552)	(41,506)	40.5%
Total	**79,183**	**118,955**	**(39,772)**	**-33.4%**

2011 "miscellaneous income" includes net capital gains of 59.8 million euro on CO_2 emission rights trading (55.2 million euro in 2010) and income from the reimbursement of "new entry" CO_2 quotas assigned to Italcementi S.p.A. for 2008-2012; the amount was 18.9 million euro and represents the present value of the receivable at December 31, 2011.

32) Non-recurring income (expense)

Non-recurring expense net of non-recurring income amounted to 37,710 thousand euro (2,625 thousand euro at December 31, 2010). It arose largely from capital gains on the sale of non current assets, employee expense for re-organizations and industrial restructurings, penalties and fines, as follows:

(in thousands of euro)	2011	2010	Change	% change
Net capital gains on sale of fixed assets	66,274	9,385	56,889	n.s.
Employee expense for re-organizations	(26,467)	(11,850)	(14,617)	123.4%
Other non-recurring income (expense)	(2,097)	(160)	(1,937)	n.s.
Total	**37,710**	**(2,625)**	**40,335**	**n.s.**

Gains for the sale of non current assets included the gain on the sale of Axim operations for 33.6 million euro and the net gain of 14.0 million euro on the sale of Italgen Turkey and Bares, whose main asset was the license for the Balikesir wind farm project in Turkey.

In 2011 expense for re-organization programs chiefly referred to Italy, specifically the Calcestruzzi group for 14.2 million euro and Italcementi S.p.A. for 8.1 million euro, as well as North America for 2.6 million euro and Spain for 1.4 million euro; the item also includes the surplus of 3.3 million euro on the Calcestruzzi S.p.A. risk provision for fines imposed by the Competition and Market Authority.

33) Amortization and depreciation

The total amount of 491,101 thousand euro (477,036 thousand euro at December 31, 2010) reflects depreciation of property, plant and equipment for 472,798 thousand euro (460,768 thousand euro at December 31, 2010), depreciation of investment property for 813 thousand euro (681 thousand euro at December 31, 2010) and amortization of intangible assets for 17,490 thousand euro (15,587 thousand euro at December 31, 2010).

34) Impairment

Impairment losses amounted to 148,099 thousand euro at December 31, 2011 (7,871 thousand euro at December 31, 2010) and referred to impairment on intangible assets and goodwill for 114,503 thousand euro (2,697 thousand euro at December 31, 2010) and impairment on property, plant and equipment for 33,596 thousand euro (5,174 thousand euro at December 31, 2010).

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

Finance costs, net of finance income, amounted to 106,138 thousand euro, as follows:

	2011		2010	
(in thousands of euro)	**Income**	**Costs**	**Income**	**Costs**
Interest income	27,933		27,548	
Interest expense		(113,299)		(136,098)
Sub total	**27,933**	**(113,299)**	**27,548**	**(136,098)**
Net interest in respect of net financial position		**(85,366)**		**(108,550)**
Dividends	1,125		3,539	
Capital gains/(losses) from sale of equity investments	24,965	(919)	7,737	(1,506)
Other finance income	20,349		8,545	
Capitalized interest expense		670		8,370
Other finance costs		(48,732)		(34,334)
Sub total	**46,439**	**(48,981)**	**19,821**	**(27,470)**
Total finance income (costs)	**74,372**	**(162,280)**	**47,369**	**(163,568)**
Gains/(losses) on interest-rate derivatives		(6,799)		(3,875)
Gains/(losses) on exchange-rate derivatives		(11,066)	1,140	
Net exchange-rate differences		(365)	7,441	
Net exchange-rate differences and derivatives		**(18,230)**		**4,706**
Total finance income (costs), net exchange-rate differences and derivatives		**(106,138)**		**(111,493)**

Net finance costs of 106,138 thousand euro (111,493 thousand euro at December 31, 2010) included capitalized finance costs for 670 thousand euro (8,370 thousand euro at December 31, 2010).
Net interest in respect of the net financial debt in 2011 included net income of 2.8 million euro relating to the partial repurchase of bonds, and, in 2010, net costs of 15.9 million euro for the share of costs relating to the re-purchase of the notes in question.
Excluding these components, net interest in respective of net financial debt decreased to 88.2 million euro from 92.6 million euro in 2010.
Total finance costs net of finance income not considering net exchange-rate differences and derivatives amounted to 87,908 thousand euro (116,119 thousand euro in 2010 of which 21,395 thousand euro arising from the repurchase of the notes for the “US Private Placements”).

36) Impairment on financial assets

(in thousands of euro)	2011	2010	Change	% change
Calcestruzzi	(7,524)	19,732	(27,256)	n.s.
Unicredito	49,241		49,241	100.0%
RCS MediaGroup	35,506	(8,541)	44,047	n.s.
UBI (shares and warrants)	9,122	8,661	461	5.3%
Intek warrants	27	8	19	n.s.
Mediobanca warrants		2,463	(2,463)	-100.0%
Other	190	888	(698)	-78.6%
Total	**86,562**	**23,211**	**63,351**	**n.s.**

The amount of 7,524 thousand euro refers to the reversal of the impairment loss recognized on the Calcestruzzi group at December 31, 2010, in the fair value reserve, which was taken to income in 2011 after the consolidation of the group as from January 1, 2011.

In accordance with the parent's accounting policy, the carrying amounts of Unicredito, Ubi shares and warrants and Intek shares and warrants were restated at the stock exchange values at December 31, 2011, generating an aggregate impairment loss of 58,390 thousand euro.

With reference to the associate RCS Mediagroup S.p.A., whose market value at December 31, 2011, was 0.6727 euro per share, an impairment test was conducted by an independent assessor using the method indicated in IAS 36.

The impairment procedure was based on the following hypotheses:

- the projected future cash flows to be discounted were based on the best available public information;
- the explicit projection horizon for the cash flows to be discounted was not more than five years;
- the cash flow growth rates for the long term beyond the explicit projection horizon, used to determine terminal value, were prudently set at zero;
- the cash flow discount rate (opportunity cost of capital) was determined using standard methodologies, also indicated by IAS 36 (Capital Asset Pricing Model), and was 8.87%.

The test found a recoverable amount of 0.900 euro per share, below the carrying amount; consequently the equity investment was written down with an impairment loss of 35,306 thousand euro, taking the carrying amount to 0.900 euro per share.

The sensitivity analysis indicates that an increase or decrease of 0.25% on the WACC or of the growth rate of the terminal value would generate a valuation between a minimum of 0.815 euro per share and a maximum of 0.996 euro per share.

37) Share of profit (loss) of equity accounted investees

(in thousands of euro)	2011	2010	Change	% change
Mittel (Italy)	(6,463)	(4,635)	(1,828)	39.4%
RCS MediaGroup (Italy)	(1,372)	(4,029)	2,657	-65.9%
SES (Italy)	(1,093)	(1,052)	(41)	3.9%
Vassiliko (Cyprus)	154	(1,561)	1,715	n.s.
Techno Gravel (Egypt)	644	1,162	(518)	-44.6%
Asment Cement (Morocco)	7,904	8,730	(826)	-9.5%
Ciment Quebec (Canada)	10,396	9,744	652	6.7%
Others	(461)	233	(694)	n.s.
Total	**9,709**	**8,592**	**1,117**	**13.0%**

The share of the result of RCS MediaGroup was computed on the consolidated profit (loss) for the year to September 30, 2011.

38) Income tax expense

Income tax expense for the year amounted to 63,659 thousand euro, as follows:

(in thousands of euro)	2011	2010	Change	% change
Current tax	94,418	112,845	(18,427)	-16.3%
Prior-year tax and other net non-recurring fiscal items	4,854	(4,156)	9,010	-216.8%
Deferred tax	(44,460)	(44,456)	(4)	n.s.
Tax from change in tax rate	8,847	(216)	9,063	n.s.
Total	**63,659**	**64,017**	**(358)**	**-0.6%**

In Italy, the IRES income tax rate applied by the parent on estimated taxable income for the year was 27.5% (as in 2010); taxes for Group companies in other countries were calculated using local tax rates.
To assist understanding of the reconciliation between the tax charge recognized in the income statement and the theoretical tax charge, IRAP is not considered since it refers to a taxable base other than profit before tax.

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

(in thousands of euro)		2011
Consolidated profit (loss) before tax		**(103,467)**
Current IRES tax rate		27.5%
Theoretical tax charge		**28,453**
Fiscal effect on permanent differences		
- foreign dividends and other exempt income		10,239
- non-deductible costs		(40,900)
Net effect for the year of unrecognized deferred tax on temporary differences (*)		(32,915)
Effect of change in tax rates (***)		(12,085)
Withholdings on foreign dividends		(3,669)
Effect of estimate adjustments and/or recognition of previously unrecognized deferred tax		1,817
Effect of difference betwen Italian and foreign tax rate (**)		(5,077)
Other taxes		(4,343)
Actual income tax charge	**-56.5%**	**(58,480)**
Actual IRAP tax charge		(5,158)
Other components not related to income for the year		(21)
Total	**-61.5%**	**(63,659)**

(*) Refers mainly to unrecognized deferred tax assets on the losses for the period in the USA.
(**) The difference between the Italian tax rate and the rates in the foreign countries in which the Group operates refers mainly to France and USA.
(***) The effect of the change in the tax rates chiefly refers to Egypt.

39) Profit (losses) relating to discontinued operations

On March 25, 2011, the Group sold the companies in Set Group Holding – Turkey, as described in note 3 "Changes in the scope of consolidation": the net sale price of 269.7 million euro generated a consolidated net gain for the sale of non current assets of 106.5 million euro after tax for 3.6 million euro.
The income statement and the statement of cash flows of the sold Set Group Holding operations are set out below:

(in millions of euro)	2011	2010
Income statement		
Revenue		131.0
Recurring EBITDA		(5.4)
EBITDA		(5.1)
EBIT		(16.5)
Profit before tax		(17.3)
Income tax (expense)		(1.5)
Gains (losses) relating to discontinued operations	**106.5**	**(18.8)**
Attributable to:		
Owners of the parent	88.7	(15.4)
Non-controlling interests	17.8	(3.4)
(in millions of euro)		
Statement of cash flows	**2011**	**2010**
Cash flow from operating activities		(7.0)
Cash flow from (investing activities) sale of fixed assets		(4.8)
Cash flow from financing activities		11.5
Translation differences		0.3
Net cash flows from discontinued operations	**256.9**	**(0.0)**

40) Other comprehensive income

(in thousands of euro)	Gross amount	Tax	Net amount
Fair value adjustments on			
Available-for-sale financial assets	(154,228)	742	(153,486)
Derivatives	20,144	(3,142)	17,002
Translation differences	(27,502)		(27,502)
Share of other comprehensive income of equity accounted investees	(712)		(712)
Other comprehensive income	**(162,298)**	**(2,400)**	**(164,698)**

41) Earnings per share

Earnings per share at December 31, 2011 and 2010, is determined on the parent-company profit (loss) for the respective years and is stated separately for savings shares and ordinary shares.

Basic earnings per share

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

	2011		2010	
(n° shares in 000)	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 treasury shares sold in year				
Total	**21,312**	**16,315**	**21,312**	**16,315**
Attributable profit in thousands of euro	(83,661)	(64,046)	11,326	9,943
Basic earnings per share in euro	(3.926)	(3.926)	0.531	0.609

Attributable profit for the year by share category was determined as follows:

	2011		2010	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)				1,273
Residual profit apportioned to all shares	(83,661)	(64,046)	11,326	8,670
Total	**(83,661)**	**(64,046)**	**11,326**	**9,943**

Diluted earnings per share

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

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

	2011		2010	
(n° shares in 000)	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			3	
Total	**21,311**	**16,315**	**21,314**	**16,315**
Attributable profit for the year for diluted earnings in thousands of euro	(83,661)	(64,046)	11,327	9,942
Diluted earnings per share in euro	(3.926)	(3.926)	0.531	0.609

Attributable profit for the period by share category was determined as follows:

	2011		2010	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)				1,272
Residual profit apportioned to all shares	(83,661)	(64,046)	11,327	8,670
Total	**(83,661)**	**(64,046)**	**11,327**	**9,942**

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Net financial debt

The net financial debt at December 31, 2011, arose on the following line items:

(in thousands of euro)	Line item	Non net financial debt	Net financial debt	Current assets	Current liabilities	Non-current assets	Non-current liabilities
Trade receivables and other non-current assets	224,219	56,760	167,459	59		167,400	
Other current financial assets	411,129	298,908	112,221	112,221			
Financial assets and trading equities	759,715	289	759,426	759,426			
Cash and cash equivalents	821,478		821,478	821,478			
Non-current financial liabilities	(2,318,948)		(2,318,948)				(2,318,948)
Other non-current liabilities	(29,830)	(16,044)	(13,786)				(13,786)
Loans and borrowings	(349,436)		(349,436)		(349,436)		
Current financial liabilities	(538,579)		(538,579)		(538,579)		
Other liabilities	(1,292,733)	(613,279)	(679,454)		(679,454)		
Total	**(2,312,985)**	**(273,366)**	**(2,039,619)**	**1,693,184**	**(1,567,469)**	**167,400**	**(2,332,734)**

The net financial debt at December 31, 2011, reflected debt of 2,039,619 thousand euro, as follows:

(in thousands of euro)	December 31, 2011		December 31, 2010		Change	
Cash, cash equivalents and current financial assets	**1,693,184**		**1,912,071**		**(218,887)**	
Cash and cash equivalents		821,478		739,217		82,261
Derivatives		8,279		6,506		1,773
Other current financial assets		863,427		1,166,348		(302,921)
Short-term financing	**(1,567,469)**		**(1,377,248)**		**(190,221)**	
Loans and borrowings		(349,436)		(286,902)		(62,534)
Current financial liabilities		(1,193,157)		(1,069,461)		(123,696)
Derivatives		(24,876)		(20,885)		(3,991)
Medium/long-term financial assets	**167,400**		**134,320**		**33,080**	
Non-current financial assets		72,144		86,564		(14,420)
Non-current derivatives		95,256		47,756		47,500
Medium/long-term financing	**(2,332,734)**		**(2,764,599)**		**431,865**	
Non-current financial liabilities		(2,318,948)		(2,735,959)		417,011
Non-current derivatives		(13,786)		(28,640)		14,854
Net financial debt	**(2,039,619)**		**(2,095,456)**		**55,837**	

Current financial assets at December 31, 2010, reflected the current account relationship between Italcementi S.p.A. and the companies in the Calcestruzzi group for 217.7 million euro.

The net financial debt at December 31, 2011, computed in compliance with Consob communication no. DEM/6064293 of July 28, 2006 (i.e., not including medium/long-term financial assets) was negative at 2,207,019 thousand euro (negative at 2,229,776 thousand euro at December 31, 2010).

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, 2011 and 2010:

	December 31, 2011		December 31, 2010	
(in thousands of euro)	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Assets at fair value through profit and loss				
Cash and cash equivalents	821,478	821,478	739,217	739,217
Short-term derivatives	*6,822*	*6,822*	*5,490*	*5,490*
Banking derivatives	*1,457*	*1,457*	*1,016*	*1,016*
Medium/long-term derivatives	*95,256*	*95,256*	*47,756*	*47,756*
Derivatives	103,535	103,535	54,262	54,262
Equity investments, bonds and financial assets	759,715	759,715	1,033,309	1,033,309
Banking and other receivables	111,287	111,287	139,999	139,999
Loans and receivables				
Trade receivables	925,843	925,843	811,609	811,609
Receivables and other non-current assets	119,237	119,237	129,623	129,623
Available-for-sale assets				
Non-current equity investments	338,886	338,886	612,278	612,278
Held-to-maturity investments				
Total	**3,179,981**	**3,179,981**	**3,520,297**	**3,520,297**
Financial liabilities				
Trade payables	690,831	690,831	635,440	635,440
Current financial liabilities	*888,015*	*888,015*	*773,141*	*773,141*
Other financial liabilities	*654,578*	*654,578*	*583,222*	*583,222*
Total short-term financial liabilities	1,542,593	1,542,593	1,356,363	1,356,363
Short-term derivatives	*23,922*	*23,922*	*19,941*	*19,941*
Banking derivatives	*954*	*954*	*944*	*944*
Medium/long-term derivatives	*13,786*	*13,786*	*28,640*	*28,640*
Total derivatives	38,662	38,662	49,525	49,525
Non-current financial liabilities	2,318,948	2,379,848	2,735,959	2,775,659
Total	**4,591,034**	**4,651,934**	**4,777,287**	**4,816,987**

Trade receivables and payables are short-term 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 liabilities and receivables is determined using the exchange rates at the reporting date. The fair value of fixed-rate liabilities and receivables 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, 2011, financial instruments stated at fair value were as follows:

(in thousands of euro)	December 31, 2011	Level 1	Level 2	Level 3
Derivatives - assets	103,535	829	102,706	
Equity investments, bonds and financial assets	470,482	257,503	208,636	4,343
Banking and other receivables	7,345			7,345
Receivables and other non-current assets	6,176	139	6,037	
Non-current equity investments	338,886	207,595	10,434	120,857
Derivatives - liabilities	(38,662)		(38,245)	(417)

	Level 3	Increases						Decreases							Level 3
(in thousands of euro)	12/31/2010	Purchases	Capital gains in income	Other gains in income	Gains in equity	Other increases	Transfers from other levels	Sales	Repayments	Capital losses in income	Other losses in income	Losses in equity	Other decreases	Transfers to other levels	12/31/2011
Derivatives - assets	238								-238						
Equity investments, bonds and financial assets	17,096	125	15						-1,265	-2,174				-9,454	4,343
Banking and other receivables	6,714		1,031						-400						7,345
Non-current equity investments	183,551	28			32	25		-2,634	-229		-156	-3,537	-56,223		120,857
Derivatives - liabilities	-931							931			-417				-417

No reclassifications from categories measured at fair value to categories valued at amortized cost were made, in 2011 or 2010, in the Group financial asset portfolio.

Cash and cash equivalents

(in thousands of euro)	December 31, 2011	December 31, 2010	Change
Cash and checks in hand	3,966	4,257	(291)
Bank and postal accounts	565,403	606,798	(41,395)
Short-term deposits	252,109	128,162	123,947
Net amount	**821,478**	**739,217**	**82,261**

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 are not immediately available to the holding Ciments Français S.A.; at December 31, 2011, they amounted to 368.1 million euro (377.7 million euro at December 31, 2010).
Cash and cash equivalents are also shown under "Cash and cash equivalents at end of year" on the statement of cash flows.

Derivatives

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

	December 31, 2011		December 31, 2010	
(in thousands of euro)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest-rate derivatives hedging cash flows	379	(2,728)		(5,017)
Interest-rate derivatives hedging fair value				
Interest-rate derivatives for trading	829	(728)	983	(1,352)
Interest-rate derivatives	**1,208**	**(3,456)**	**983**	**(6,369)**
Exchange-rate derivatives hedging cash flows	4,237	(37)	1,393	(882)
Exchange-rate derivatives hedging fair value	1,377	(20,301)	3,079	(12,359)
Exchange-rate derivatives for trading		(128)	35	(331)
Exchange-rate derivatives	**5,614**	**(20,466)**	**4,507**	**(13,572)**
Total current instruments	**6,822**	**(23,922)**	**5,490**	**(19,941)**
Interest-rate derivatives hedging cash flows		(5,498)	105	(8,716)
Interest-rate derivatives hedging fair value	95,256	(8,288)	46,882	(19,924)
Interest-rate derivatives	**95,256**	**(13,786)**	**46,987**	**(28,640)**
Exchange-rate derivatives hedging cash flows				
Exchange-rate derivatives hedging fair value			769	
Exchange-rate derivatives			**769**	
Total long-term instruments	**95,256**	**(13,786)**	**47,756**	**(28,640)**
Bank derivatives - forwards	1,457	(954)	1,016	(944)
Bank derivatives - options				
Bank derivatives	**1,457**	**(954)**	**1,016**	**(944)**
Total	**103,535**	**(38,662)**	**54,262**	**(49,525)**

Long-term interest-rate derivatives reflected under assets for 95.3 million euro related principally to a fixed-rate to Euribor-indexed floating rate interest-rate swap hedging part of a 500 million euro bond issued by Ciments Français S.A. for an amount of 22.0 million euro and hedging part of a 750 million euro bond issued by Italcementi Finance S.A. for an amount of 72.4 million euro, both issued at a fixed rate under the companies' respective EMTN programs; at December 31, 2010, the derivatives were carried under assets for 15.0 million euro and 15.6 million euro respectively.

The Group does not transact hedges on equities trading.

Interest-rate derivatives and derivatives on trading currencies refer to assets that do not qualify for hedge accounting.

The fair value of derivatives relating to EUA and CER transactions was 6.6 million euro at December 31, 2011, of which -13.9 million euro reflected under "Other current liabilities", 22.6 million euro under "Other current assets", -11.7 million euro under "Other non-current liabilities" and 9.6 million euro under "Other non-current assets".
2011 derivative transactions on emission rights had an impact of -5.9 million euro on profit before tax and an impact of 11.0 million euro on equity.
The fair value of derivatives relating to transactions on electric energy at December 31, 2011, was –0.5 million euro, reflected under "Other current liabilities" for –0.8 million euro and "Other current assets" for 0.3 million euro.
In 2011 derivative transactions on electric energy generated an immaterial impact on profit before tax and an impact of -0.5 million euro on equity.

The fair value of derivatives relating to transactions on tin(II) sulfate at December 31, 2011, was immaterial.

Equity investments, bonds and financial assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2011	December 31, 2010	Change
Securities and bonds	253,260	304,564	(51,304)
Trading equities	20,147	30,205	(10,058)
Amounts due from banks	454,959	454,763	196
Other financial assets	31,349	243,777	(212,428)
Net amount	**759,715**	**1,033,309**	**(273,594)**

The change in other financial assets related mainly to the intercompany current accounts between Italcementi S.p.A. and the companies in the Calcestruzzi group for 217.7 million euro included in 2010.

Trade receivables

(in thousands of euro)	December 31, 2011	December 31, 2010	Change
Gross amount	1,027,367	900,529	126,838
Provision for bad debts	(101,524)	(88,920)	(12,604)
Total	**925,843**	**811,609**	**114,234**

At the end of December 2011, Ciments Calcia and Unibeton renewed their factoring programs for an additional five years.
At December 31, 2011, factored receivables amounted to 133.5 million euro (118.8 million euro at December 31, 2010). The associated risk is transferred with the receivables, for approximately 90% of the factored amount.

After this operation, the statement of financial position continued to reflect:
- additional subordinate deposits for 24.8 million euro (21.0 million euro at December 31, 2010) under other current assets;
- non-transferred receivables, in the form of arranged guarantees, for 11 million euro reflected under trade receivables with balancing entries of 9.1 million euro in financial liabilities and 2.1 million euro deducted against miscellaneous receivables.

At December 31, 2011, Calcestruzzi S.p.A. had trade receivables factored without recourse with factoring companies for 4.9 million euro.

The allowance for impairment is determined using Group procedures, and taking account of bank guarantees and guarantees on company assets. At closure of the reporting period, the Group companies analyze doubtful overdue receivables on a customer-by-customer basis. The amount of overdue receivables at risk is adjusted accordingly.

Trade receivables and other non-current assets

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2011	December 31, 2010	Change
Non-current receivables	23,399	18,677	4,722
Bonds	58,451	75,026	(16,575)
Guarantee deposits	34,724	33,261	1,463
Other	2,668	2,667	1
Total financial instruments	**119,242**	**129,631**	**(10,389)**
Derivatives	95,256	47,756	47,500
Medium/long-term derivatives on commodities and CO_2	9,559	3,109	6,450
Concessions and licenses paid in advance	162	174	(12)
Total	**224,219**	**180,670**	**43,549**

Investments in equity accounted investees

This caption reflects equity interests, including goodwill of 34.4 million euro at December 31, 2011 (47.0 million euro at December 31, 2010), in equity accounted investees. The main equity accounted investees are listed below:

	Value of investments		Share of profit (loss)	
(in thousands of euro)	December 31, 2011	December 31, 2010	2011	2010
Ciment Québec (Canada)	92,000	86,300	10,396	9,744
Vassiliko Cement Works (Cyprus)	61,200	61,600	154	(1,561)
Asment Cement (Morocco)	40,700	40,700	7,904	8,730
RCS Mediagroup (Italy) (*)	49,222	86,309	(1,372)	(4,029)
Mittel (Italy) (*)	36,515	42,916	(6,463)	(4,635)
S.E.S. (Italy)	22,181	23,735	(1,093)	(1,052)
Techno Gravel (Egypt)	5,100	5,900	644	1,162
Acquitaine de transformation (France)	4,100	4,100		
Others	13,644	13,660	(461)	233
Total	**324,662**	**365,220**	**9,709**	**8,592**

(*) consolidated figures at September 30, 2011

Testing of goodwill recoverability generated an impairment loss of 35,506 thousand euro on the equity investment in RCS Mediagroup.

The data for the main equity accounted investees adjusted for compliance with Group principles is set out below:

	Total assets		Total liabilities		Revenue		Profit (loss)	
(in millions of euro)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Ciment Québec	210.9	202.1	38.9	40.4	139.4	123.7	19.9	19.5
Vassiliko Cement Works	351.4	368.9	130.7	137.6	90.3	93.3	0.6	(6.3)
Asment Cement	114.0	115.0	28.4	29.3	98.0	93.0	21.4	23.6
RCS MediaGroup (*)	3,193.3	3,408.5	2,170.0	2,304.1	1,511.9	1,644.7	(29.9)	0.7
Mittel	997.5	601.7	516.2	243.5	20.8	23.8	(59.4)	(38.1)
S.E.S.	103.4	110.7	30.8	34.7	24.6	25.7	(3.5)	(3.3)

(*) consolidated figures at September 30, 2011

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, 2010	**612,278**
Acquisitions	1,387
Sales and repayments	(13,235)
Fair value changes taken to equity	(143,720)
Currency translation differences	394
Other	(67,162)
Impairment losses	(51,056)
At December 31, 2011	**338,886**

“Sales” referred mainly to 11% of the share capital of Goltas Cimento (Turkey) for 33.2 million euro and the entire investment in Bursa (Turkey) (1.2% of capital) for 2.9 million euro. The gains from the sale of assetss, 25 million euro, were recognized in finance income.

“Fair value changes taken to equity” related essentially to Mediobanca S.p.A. for -51.3 million euro, Unicredit S.p.A. for -43.4 million euro, Goltas for 41.5 million euro, Fin.Priv. S.r.l. for -4.7 million euro, Gruppo Banca Leonardo for -1.6 million euro and Burgo for -1.4 million euro.

Impairment losses are discussed in note 33 above.

Other equity investments at December 31, 2011, were as follows:

(in thousands of euro)		Number of shares	December 31, 2011
Investments in listed companies			
Mediobanca		22,568,992	99,563
Unicredito		9,979,390	64,018
UBI		2,818,792	8,800
Intek		407,205	147
Goltas (Turkey)			35,069
	Total		**207,597**
Investments in non-listed companies			
Fin Priv			9,724
Burgo Group			39,719
Gruppo Banca Leonardo			15,110
Sesaab			9,800
Others			56,936
	Total		**131,289**
At December 31, 2011			**338,886**

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, 2011	December 31, 2010	Change
Suppliers	666,573	604,800	61,773
Bills payable	19,296	21,647	(2,351)
Other trade payables	4,962	8,993	(4,031)
Total	**690,831**	**635,440**	**55,391**

Financial liabilities

Financial liabilities are shown below by category, subdivided by current and non-current liabilities:

(in thousands of euro)	December 31, 2011	December 31, 2010	Change
Amounts due to banks	831,932	1,125,799	(293,867)
Bonds	1,318,260	1,284,837	33,423
Other financing entities	154,539	310,931	(156,392)
Finance lease payables	14,217	14,392	(175)
Non-current financial liabilities	**2,318,948**	**2,735,959**	**(417,011)**
Fair value of hedging derivatives	13,786	28,640	(14,854)
Total medium/long-term financial liabilities	**2,332,734**	**2,764,599**	**(431,865)**
Amounts due to banks	349,436	286,902	62,534
Current portion of borrowings	374,665	404,573	(29,908)
Bonds	15,959	9	15,950
Other financing entities	748,842	611,654	137,188
Finance lease payables	5,675	4,381	1,294
Accrued interest expense	48,016	48,844	(828)
Amounts due to banks and current financial liabilities	**1,542,593**	**1,356,363**	**186,230**
Fair value of hedging derivatives	24,876	20,885	3,991
Total short-term financial liabilities	**1,567,469**	**1,377,248**	**190,221**
Total financial liabilities	**3,900,203**	**4,141,847**	**(241,644)**

At December 31, 2011, short-term "Other financing entities" included 9.1 million euro relating to factoring programs (8.2 million euro at December 31, 2010).
"Billets de trésorerie", previously linked to medium/long-term lines of credit (177 million euro), were reclassified under current financial liabilities for 70 million euro at December 31, 2011.

At December 31, 2011, under "Amounts due to banks", loans secured by mortgages and liens on property, plant and equipment and equities amounted to 183.1 million euro, of which 50.0 million euro short-term and 143.1 million euro medium/long-term.

At December 31, 2011, under "Current portion of borrowings", equity-backed loans amounted to 24.3 million euro.

Medium/long-term financial liabilities by currency are as follows:

(in thousands of euro)	December 31, 2011	December 31, 2010	Change
Euro	2,173,551	2,497,417	(323,866)
Indian rupee	77,700	92,400	(14,700)
Moroccan dirham	29,700	108,200	(78,500)
US and Canadian dollar	25,800	14,600	11,200
Polish zloty	2,596	3,397	(801)
Egyptian pound	1,600	2,600	(1,000)
Hungarian florin	267	445	(178)
Saudi riyal		8,000	(8,000)
Other	7,734	8,900	(1,166)
Total	**2,318,948**	**2,735,959**	**(417,011)**

Medium/long-term financial liabilities by maturity are as follows:

(in thousands of euro)	December 31, 2011	December 31, 2010	Change
2012		395,320	(395,320)
2013	425,948	466,512	(40,564)
2014	332,984	172,561	160,423
2015	171,427	319,659	(148,232)
2016	5,960	20,638	(14,678)
Beyond	1,382,629	1,361,269	21,360
Total	**2,318,948**	**2,735,959**	**(417,011)**

Main bank loans, drawings on lines of credit, available lines of credit

The main borrowings are as follows:

a) in November 2010 Italmobiliare arranged a 50 million euro irrevocable line of credit with Intesa Sanpaolo for 18 months less one day, maturing on May 22, 2012; drawings at December 31, 2011, totaled 30.5 million euro;

b) in December 2010 Italmobiliare arranged a 130 million euro loan with Intesa Sanpaolo maturing on December 31, 2015, to service the purchase of two share packages from Italcementi (RCS Mediagroup and Mediobanca): a first portion of 111 million euro was used, while the second residual portion, of 19 million euro, was used at the end of March 2011;

c) in November 2011 the 170 million euro five-year borrowing from BNP Paribas, based on prepaid forward contracts and equity swaps, guaranteed by a pledge of 51.4 million Unicredit shares and subject to a daily margin call linked to the stock price, was extinguished;

d) in December 2011 the borrowing granted by Mediobanca, guaranteed by 23.6 million Unicredit shares, with a monthly margin call, was extinguished;

e) against these repayments, in November and December 2011, Italmobiliare arranged a new three-year borrowing in two tranches with Société Générale in the form of a loan guaranteed by listed shares (7.5 million post-regrouping Unicredit shares at December 31, 2011): at the end of the year it amounted to 49.5 million euro. The borrowing is subject to a daily margin call with respect to a 12% threshold;

f) in December 2011 Italmobiliare arranged a 50 million euro irrevocable line of credit with UBI><Banca Popolare of Bergamo maturing on June 26, 2013. No drawings had been made at December 31, 2011;

g) on April 29, 2011, Italcementi Finance S.A. arranged a five year, floating rate 50 million euro medium/long-term bilateral line of credit, guaranteed by Italcementi S.p.A.. No drawings had been made at December 31, 2011;

h) during 2011, Italcementi Finance S.A. arranged bilateral lines of credit with leading international banks for an aggregate amount of 200 million euro at 364 days. No drawings had been made at December 31, 2011;

i) during 2010, Italcementi S.p.A. arranged a three-year line of credit for an original amount of 100 million euro, subsequently reduced to 25 million euro after the counterpart joined the syndicated line of credit headed by Italcementi Finance S.A. No drawings had been made at December 31, 2011;

j) in the third quarter of 2010, Italcementi Finance S.A. was granted a five-year floating-rate 920 million euro syndicated line of credit guaranteed by Italcementi S.p.A. The group of banks was coordinated by Bank of America, BNP Paribas, Credit Agricole, Intesa Sanpaolo, Natixis, Société Générale, The Royal Bank of Scotland and Unicredit. The arrangement of the syndicated line of credit extinguished the similar facility for 700 million euro granted to Ciments Français S.A. in May 2005. No drawings had been made on the syndicated line of credit at December 31, 2011;

k) on November 30, 2010, Zuari Cement Ltd. refinanced a 4.2 billion rupee repayable syndicated line of credit, negotiating bilateral lines of credit with a syndacate of international banks for a total amount of 5.1 billion Indian rupees, repayable in five years. It also arranged a bilateral line of credit repayable in five years for 20 million US dollars (approximately 900 million rupees). Drawings of 6.2 billion Indian rupees, equivalent to 89.6 million euro, had been made on these long-term facilities at December 31, 2011;

l) 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) targeting qualified investors on the European market, for a maximum amount of 2 billion euro. This replaces the program previously in operation at Ciments Français S.A.. 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 company responsible for the coordination and direct implementation of financing programs for all group operations. Under this program, on March 16, 2010, Italcementi Finance S.A., a French subsidiary of Italcementi S.p.A., 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 program reference material was renewed on June 30, 2011. The placement was managed by Banca IMI, BNP Paribas, Bank of America Merrill Lynch, Société Générale and Unicredit. The proceeds from the issue have been transferred to Italcementi S.p.A. and Ciments Français S.A. through medium/long-term intercompany loans for 210 million euro and 540 million euro respectively. 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 will be applied as from the next annual coupon due on March 19, 2013. At December 2011, Italcementi S.p.A had effected a partial repurchase of the bonds for an overall nominal value of 11 million euro;

m) Ciments Français S.A. covers its long-term financial requirements largely through Italcementi Finance S.A., the company that coordinates and implements programs to provide funding for the entire Italcementi Group. Consequently, it has not renewed the EMTN program reference material since July 17, 2008. The maximum amount authorized under this program is 1,500 million euro. At December 31, 2011, notes issued under the program totaled 515.0 million euro, including 500 million euro issued on March 21, 2007, assisted by ABN Amro, Natixis and The Royal Bank of Scotland, at a fixed rate of 4.75% with a 10-year maturity;

n) on February 24, 2010, Ciments Français S.A. launched an offer for holders of its 2002 and 2006 US private placements to repurchase any and all outstanding notes. It also reached an agreement with the note holders permitting it to borrow funds from the parent company Italcementi S.p.A. and from subsidiaries of the parent company. On April 7, 2010, the offer obtained an uptake for a nominal amount of 183.5 million US dollars out of a total 200 million US dollars of notes issued in 2002, and for a nominal amount of 300 million US dollars out of a total of 300 million US dollars of notes issued in 2006. Ciments Français S.A. repurchased all the tendered securities at a price of 1,065 US dollars for each note with a nominal value of 1,000 US dollars, in addition to accrued interest. The amount was paid on April 14, 2010. The remaining securities for 16.5 million US dollars relate to the ten-year issue of November 15, 2002, at a fixed rate of 5.63%. They continue to be regulated by the issue contracts and related supplementary agreements;

o) 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. The program, guaranteed by Italcementi S.p.A., has an NP Moody's rating and an A3 Standards & Poors rating. The operation was managed by Natixis, with Bred Banque Populaire, Credit Agricole CIB, Credit Industriel et Commercial, HSBC France, ING Belgium S.A., Natixis and Société Générale as bookrunners. The program was granted a STEP label on October 24, 2011. The program (reference number #0002214) meets the criteria of the STEP market convention;

p) in 2011, 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 50 million euro five-year renewable line of credit. No drawings had been made on the line at December 31, 2011;

q) in the third quarter of 2011, Ciments Français S.A. obtained a 200 million euro short-term line of credit from Italcementi Finance S.A. maturing on July 31, 2012, replacing the previous facilities at 364 days. No drawings had been made on the line at December 31, 2011;

r) in the first half of 2010, concomitantly with the Italcementi Finance S.A. bond issue, Italcementi S.p.A. obtained two ten-year intercompany loans from Italcementi Finance S.A., one at a fixed rate and one at a floating rate, for an aggregate amount of 210 million euro;

s) in the first half of 2010, Italcementi S.p.A. took part in financing the repurchase offer on the Ciments Français S.A. US Private Placements, granting Ciments Français S.A. a long-term 5-year floating-rate intercompany loan for 100 million euro;
t) in the third quarter of 2010, concomitantly with the finalization of the Italcementi Finance S.A. syndicated line of credit, Italcementi S.p.A. obtained from Italcementi Finance S.A. a five-year 220 million euro renewable line of credit. No drawings had been made on the line at December 31, 2011;
u) in the first half of 2010, Ciments Français S.A. financed the repurchase of the US Private Placements and the reimbursement of part of the short-term loans with a five-year long-term floating-rate intercompany loan granted by Italcementi S.p.A. for an amount of 100 million euro and with a ten-year long-term floating-rate intercompany loan granted by Italcementi Finance S.A. for an amount of 540 million euro;
v) in the third quarter of 2010, Ciments Français S.A. replaced the 700 million euro five-year syndicated line of credit maturing in May 2012, with a 700 million euro five-year renewable line of credit granted by Italcementi Finance S.A.. This made it possible to extend the average life of available lines of credit, giving Ciments Français S.A. debt coverage for the following 4 years. No drawings had been made on the line at December 31, 2011.

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 to 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 intercompany loans, arranged at arm’s length conditions.

As a result of the Moody’s rating downgrade on December 15, 2011, the intercompany loans granted by Italcementi Finance S.A. to Italcementi S.p.A. and Ciments Français S.A. respectively for an aggregate amount of 210 million euro and 540 million euro, will be subject to the applicable interest-rate increase of 125 basis points, in compliance with the step-up clause of the 750 million euro bond issued by Italcementi Finance. The rating downgrade had no other direct consequences on the cost of Group financing.

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 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, 2011, is set out below, subdivided by business segment and expiry date:

	Nominal values				
(in millions of euro)	Construction materials	Packaging and insulation	Finance	Banking	Total
Derivatives on interest rates	1,431.4	3.3	50.7		1,485.4
Derivatives on exchange rates	813.3			240.0	1,053.3
Derivatives on equities			0.1	1.1	1.2
Total	**2,244.7**	**3.3**	**50.8**	**241.1**	**2,539.9**

Nominal amount of derivatives by expiry date was as follows:

	Nominal values				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**	**Total**
Derivatives on interest rates	441.1	28.7	200.6	815.0	1,485.4
Derivatives on exchange rates	1,053.3				1,053.3
Derivatives on equities	1.2				1.2
Total	**1,495.6**	**28.7**	**200.6**	**815.0**	**2,539.9**

Currency hedging

The table below sets out currency risk hedging contracts measured at the closing exchange rates:

(in thousands of euro)	**Cash flow**	**Fair value**	**Trading**	**Total**
Situation at December 31, 2011				
Forward purchases				
US dollars	98.9	6.4	22.4	127.7
Swiss francs			58.5	58.5
Other	0.4	100.7	39.3	140.4
Total	**99.3**	**107.1**	**120.2**	**326.6**
Forward sales				
US dollars		489.4	25.6	515.0
Swiss francs			57.8	57.8
Other		11.5	39.2	50.7
Total		**500.9**	**122.6**	**623.5**
Cross currency swaps				
Other		103.2		103.2
Total		**103.2**		**103.2**
Total	**99.3**	**711.2**	**242.8**	**1,053.3**

All currency risk hedges expire within 12 months.

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 Group general 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 counterpart 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 income if the company were obliged to sustain additional costs to meet its commitments, or conditions of insolvency putting continuation of the company business at risk.

The table below shows consolidated net financial debt by maturity (without the fair value of derivatives and financial receivables) compared with undrawn credit lines and cash and cash equivalents.

At December 31, 2011:

	Maturity				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total financial liabilities	(1,547.4)	(415.5)	(514.5)	(1,384.1)	(3,861.5)
Undrawn committed lines of credit	239.5	247.0	1,490.0		1,976.5
Cash and cash equivalents	821.5				821.5

Total undrawn lines of credit consisted of committed lines of credit for 1,976.5 million euro and uncommitted lines of credit for 3,111.3 million euro.

At December 31, 2010:

(in millions of euro)	Maturity				
	< 1 year	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financial liabilities	(1,366.2)	(384.8)	(954.0)	(1,387.3)	(4,092.3)
Undrawn committed lines of credit	489.0	50.0	1,670.0		2,209.0
Cash and cash equivalents	739.2				739.2

Total undrawn lines of credit consisted of committed lines of credit for 2,209.0 million euro and 5,247.3 million euro of uncommitted credit.

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 asset 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. Hedges with options are often asymmetric collars. Since these transactions are generally at zero cost, the net result of option sales never exceeds the value of the underlying (book exposure, future transaction or fixed commitment).

Net debt at inception and after interest-rate hedging at December 31, 2011, was as follows:

(in millions of euro)	
Situation at December 31, 2011	
Fixed-rate financial liabilities	(1,411.7)
Fixed-rate financial assets	229.9
Fixed-rate NFP at inception	**(1,181.8)**
Fixed-rate/Floating-rate hedging	765.0
Floating-rate/Fixed-rate hedging	(616.4)
Fixed-rate NFP after hedging	**(1,033.2)**
Floating-rate financial liabilities	(2,450.0)
Floating-rate financial assets	1,506.4
Floating-rate NFP at inception	**(943.6)**
Fixed-rate/Floating-rate hedging	(765.0)
Floating-rate/Fixed-rate hedging	616.4
Floating-rate NFP after hedging	**(1,092.2)**
Other instruments not subject to interest-rate risk	85.8
Total NFP	**(2,039.6)**

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 (*)	Other (*)
Financial assets (**)	3.1	691.0	9.8
Financial liabilities (**)	(28.0)	(39.6)	(97.8)
Derivatives		(566.7)	89.2
Net exposure by currency	**(24.9)**	**84.7**	**1.2**

(*) assets and liabilities are stated at nominal value 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 reporting 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.

Equity price risk

The Group is exposed to the risk of market fluctuations on unconsolidated listed equities and the 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, 2011	December 31, 2010	Change
Available-for-sale equity investments	207,597	413,659	(206,062)
Trading securities	11,019	18,375	(7,356)
Overall exposure	**218,616**	**432,034**	**(213,418)**

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 parent company in the construction materials segment procures sources of funds and provides management of interest rates, exchange rates and counterpart risk for all the companies in the scope of consolidation. It uses derivatives to hedge interest-rate and exchange-rate 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 amounts normally provided for bad and doubtful receivables.

Cash and cash equivalents consist primarily of short-term investments with an insignificant risk of change in value (short-term deposits, deposit certificates, mutual funds). At December 31, 2011, maximum exposure on cash and cash equivalents for a single counterpart was 20%.

Instruments for management of foreign-exchange and interest-rate risk are transacted exclusively with highly rated counterparts, selected on the basis of various criteria: ratings attributed by specialist agencies, assets, equity, nature and maturity of instruments. The majority of counterparts are leading international banks.
No financial instruments are contracted with counterparts in geographical regions exposed to political or financial risks (all counterparts are in Western Europe or the USA).

Liquidity risk

The segment aims to keep indebtedness at a level that ensures a balance between average maturity, flexibility and diversification of sources of funds. Consequently, it negotiates committed lines of credit and diversified sources of finance (bank overdrafts, bank loans, bonds, drawings on credit lines, commercial papers, finance leases and factoring).
Borrowing maturities are evenly distributed, without particular concentrations in specific periods, thereby enabling the segment to refinance transactions due in a satisfactory manner, notwithstanding the difficult economic scenario.
The segment policy is designed to ensure that at any time debt maturing within two years is less than or equal to undrawn committed lines of credit.

Since 2006, Italcementi S.p.A. has had public credit ratings, from the Moody's and Standards & Poors ratings agencies. At December 31, 2011, the rating was, respectively, Ba1 outlook negative-NP and BBB – outlook negative-A3. During 2011 the ratings were reviewed on, respectively, September 14, 2011, by Standards & Poor's, which confirmed the rating and downgraded the outlook from stable to negative, and December 15, 2011, by Moody's, which lowered the long-term rating from Baa3 to Ba1, outlook negative.

In addition to the customary clauses, some of the segment's financing contracts include covenants requiring compliance with financial ratios, determined for the most part at the year-end date. Failure to comply with covenants leads to termination and early repayment in the case of bilateral or syndicated lines of credit and borrowings. Lines of credit and financing contracts do not contain rating triggers that would require early repayment. Some financing contracts involve assumption of negative pledges to the counterpart, which are however limited to specific instances that do not compromise the segment's ability to finance or refinance its operations.

At December 31, 2011, lines of credit and loans subject to covenants accounted for 14% of total drawings represented by gross financial liabilities (2,721 million euro at December 31, 2011, excluding the fair value effects of derivatives).

At December 31, 2011, the segment complied with all contractual commitments; covenant-related financial ratios were well within the contractual limits stipulated 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.

Market risks

Interest-rate risk

The segment's interest-rate risk management policy is designed to minimize the cost of net financial debt and reduce exposure to fluctuation risk. Two different risks 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" risk 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 earnings in the event of liquidation or early repayment of these instruments;
- the cash flow risk with respect to floating-rate assets and liabilities. A change in interest rates will have a negligible impact on the fair value of floating-rate financial assets and liabilities, but will affect the finance cost trend and consequently future earnings.

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. All derivative exposures may not exceed the value of the hedged underlying.
At December 31, 2011, 56% of the segment's net financial debt (not considering the fair value of derivatives) was at a fixed rate or a capped rate. 42% of fixed-rate commitments arose from swapped contracts initially arranged at floating rates.
Hedges are reflected at nominal amount for each period (consistently with instrument maturity) and do not include fixed- to fixed-rate contracts.

At December 31, 2011, a +0.5% change in the interest-rate curve would have an impact of –4.8 million euro, that is, 5.6 % of 2011 net finance costs. The impact on interest-rate derivatives in portfolio would be +5.9 million euro on equity and -3.8 million euro on profit before tax; the latter effect would be countered by an effect of +4.4 million euro on fixed-rate liabilities with fair value hedges.

At December 31, 2011, a -0.5% change in the interest-rate curve would have an impact of +4.8 million euro, that is, 5.6% of 2011 net finance costs. The impact on interest-rate derivatives in portfolio would be -6.2 million euro on equity and +4.0 million euro on profit before tax; the latter effect would be countered by an effect of -4.5 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 reporting 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, spares 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 exchange-rate 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, 2011, 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 +35.6 million euro on equity, of which +8.3 million euro on non-controlling interests.
At December 31, 2011, a 10% rise in the US dollar would have an impact on exchange-rate derivatives in portfolio of +9.9 million euro on equity and -39.3 million euro on profit before tax. A 10% decrease in the US dollar would have an impact on exchange-rate derivatives in portfolio of -9.9 million euro on equity and +39.3 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 investment in Goltas Cimento.

The risk of fluctuations in the value of such investments is not actively managed with financial hedging instruments.

Commodity price risk

CO_2
The segment's European subsidiaries are exposed to market fluctuations on CO_2 emission rights prices, in connection with their surplus or deficit on the quotas allocated by their respective national governments.
Trades on emission rights markets are transacted by the parent company, Italcementi S.p.A., which since 2010 has also operated on behalf of the group's other European subsidiaries under an agency basis.
From 2008 to 2011, the segment transacted forward EUA-CER swaps (forward EUA sales and forward CER purchases) distributed in the period 2009-2013, to diversify and optimize its CO_2 emission rights portfolio.
Furthermore, in 2010 and 2011, the segment arranged price risk hedges with respect to the sales of surplus emission rights planned in the fourth quarter of 2010 for 2011 and 2012.
In 2011, in view of the surplus accumulated and the macroeconomic and industry scenario, the segment sold EUAs on the spot market for 62.1 million euro (55.8 million euro in 2010).

Electric energy
In 2011, the segment arranged price risk hedges on electric power purchases for 2011 and 2012.

Tin(II) sulfate
In 2011, the segment arranged a modest volume of price risk hedges on tin(II) sulfate purchases for 2011 and 2012.

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.

New derivatives recognized in equity totaled +3.3 million euro at December 31, 2011 (+2.2 million euro at December 31, 2010). The eliminated portion of the reserve relating to instruments that expired in 2010 amounted to +12.0 million euro at December 31, 2011, compared with +21.4 million euro at December 31, 2010. The changes in equity relating to derivatives contracted in 2010 and still in portfolio at December 31, 2011, amounted to -1.8 million euro (-12.0 million euro at December 31, 2010).

The non-effective component of cash flow hedges in portfolio at December 31, 2011, recognized in profit and loss was immaterial in both 2011 and 2010.

With reference to fair value hedges in portfolio at December 31, 2011, the amount taken to profit and loss totaled +3.1 million euro for 2011 (+6.5 million euro for 2010). Recognized amounts attributable to underlying risk hedged during the year totaled -3.3 million euro at December 31, 2011 (-6.7 million euro at December 31, 2010). These amounts are taken to profit and loss as gains and losses on interest-rate and exchange-rate 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, 2008, the Sirap Gema S.p.A. Board of Directors approved a policy to be implemented by all the companies it controls directly and indirectly, in the food packaging and thermal insulation segment.

Objectives

The objective of the 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	91-120 days	more than 120 days	Total
Sirap Gema	3.1	0.8	0.2	0.1	0.1	4.3
Sirap Gema Insulation Systems	1.3	0.6	0.4	0.2	0.1	2.6
Sirap Gema France	1.5					1.5
Total	**5.9**	**1.4**	**0.6**	**0.3**	**0.2**	**8.4**

Total non-overdue trade receivables stood at 62.4 million euro.

Since 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 have been systematically reviewed and a bad debt provision 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 provision for bad debts in 2011 were as follows:

(in millions of euro)	Opening balance	Additions	Uses	Closing balance
Sirap Gema	1.8	0.2	(0.2)	1.8
Sirap Gema Insulation	1.4	0.6	(0.3)	1.7
Sirap Gema France	0.4	0.1		0.5
Inline group	0.1			0.1
Petruzalek group	1.4			1.4
Total	**5.1**	**0.9**	**(0.5)**	**5.5**

As part of action taken to contain the credit risk, during the year almost all the companies in the segment formed credit control committees, which conduct monthly reviews and analyses of situations at greatest risk; also, credit insurance policies were taken out by Sirap Gema S.p.A. and Sirap Insulation S.r.l..

Liquidity risk

The segment is exposed to a liquidity risk (the risk of being unable to settle financial liabilities) on its debt position.

Its policy provides criteria for definition of financing amounts, terms and conditions, in relation to conditions on the markets on which it operates.

Medium/long-term financial liabilities at December 31, 2011, by maturity, are set out below:

(in millions of euro)	December 31, 2011	December 31, 2010	Change
2012		18.9	(18.9)
2013	23.9	17.3	6.6
2014	18.6	12.9	5.7
2015	15.6	11.2	4.4
2016	9.3	7.5	1.8
2017	0.4	1.0	(0.6)
2018	0.4		0.4
Total	**68.2**	**68.8**	**(0.6)**

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 payable and receivable rates in relation to its operating needs, 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 carries a loan with covenants 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 2-year pre-amortization period.
Consequently, the outstanding principal to be repaid at December 31, 2011, amounted to 35 million euro.

The floating interest rate is 6-month Euribor + spread, varying in relation to the covenants, which are the following financial ratios:
a) debt/equity
b) Debt/EBITDA
c) working capital / turnover
d) equity value
Compliance with the covenants is checked every 12 months and the spread is adjusted as necessary (based on the consolidated financial statements at December 31 of the previous year), with the adjustment applied to the following 12 months.
For 2012 the adjustment to the spread arising from the covenants is expected to show an increase with respect to the spread for 2011.

Currency risk

The segment is exposed to currency risk largely with regard to the East European currencies.
In 2011 these currencies depreciated against the euro, compared with 2010.
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 2011.
The prices of these production factors and the related market indicators are monitored continually to mitigate risks and negative effects on segment results wherever possible.
Generally speaking, the price 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 companies in the financial segment adopt management policies based on the guidelines set by the parent company Board of Directors and the "Investment and financial risk management policies" approved by the Italmobiliare Chairman-Chief Executive Officer.

Objectives

In the financial segment, management of financial risk is an opportunity to generate profits, albeit guided by a general principle of prudence.

Financial instruments

The segment policies define the types of financial instruments allowed, maximum amounts, counterparts, procedures and approval models.

Derivatives may be used as risk management instruments and as instruments to generate profit. Consequently, policy regulations are particularly restrictive with regard to types of instrument and approval levels.

The companies in the financial segment provide financial support for the operating companies in the other segments as required, at market conditions.

Credit risk

Italmobiliare and the companies in the financial segment are exposed to credit risk with respect to issuers of financial instruments and counterparts on financial transactions.

Segment policies establish minimum rating levels for individual investments (where applicable), quantitative levels for each type of instrument and rating family, and the maximum limit available for individual counterparts.

They indicate management procedures for approving amounts in excess of such limits and for drafting management reports.

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 counterparts with which the segment has contracted interest-rate swaps carried with a positive fair value.

(in millions of euro)	**Fair value**	**Average rating**	**Average outstanding life (in years) (*)**
Trading bonds	241.4	AA-	3.37
Available-for-sale bonds	6.6	NR	39.00
Other financial assets	22.7	NR	NR
Interest-rate derivatives	0.4	A-	3.00

(*) determined on first call
N.R. = non rated

Assuming a +100 bp parallel instantaneous shift in the credit curve, the overall change in the fair value of financial instruments would be -3.3 million euro, of which -2.5 million euro impacting the income statement and -0.8 million euro impacting equity.

Other financial assets and derivatives are excluded from the sensitivity analysis since their fair value does not depend on the creditworthiness of the counterpart.

Liquidity risk

Risk management policy in the financial segment is designed to ensure, with regard to the financial projections approved at the budget meeting, a financial structure that guarantees adequate liquidity by minimizing opportunity cost and maintains a balance in terms of duration and composition of debt.

The Finance division draws up regular reports for top management analyzing the net financial debt trend of each company in the financial segment and of the segment as a whole.
The table below sets out debt by maturity compared with undrawn lines of credit and cash and cash equivalents.

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financial liabilities	(99.0)		(179.5)	(2.6)	(281.1)
Cash and cash equivalents	76.0				76.0
Committed undrawn lines of credit	19.5	50.0			69.5

Short-term drawings on committed lines of credit are reclassified on expiry of the respective facility.

Total undrawn lines of credit consist of committed lines for 69.5 million euro and non-committed lines for 265.1 million euro.

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. Segment policies are designed to minimize interest-rate risk as the segment works to achieve the financial structure objectives set and approved under the financial projections drawn for the year's budget.

Use of derivatives is allowed, subject to policy guidelines.

Compatibly with the objectives of the financial projections, the Finance division manages positions at risk, including structural transactions, to keep the risk profile within the approved limits.

It draws up regular reports for top management setting out the average cost of liabilities and asset yields.

The table below illustrates the composition of the net financial debt in the financial segment at December 31, 2011, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of the net financial debt.

(in millions of euro)	
Situation at December 31, 2011	
Fixed-rate financial liabilities	
Fixed-rate financial assets	180.8
Fixed-rate NFD at inception	**180.8**
Fixed-rate/Floating-rate hedging	(50.0)
Floating-rate/Fixed-rate hedging	
Fixed-rate NFD after hedging	**130.8**
Floating-rate financial liabilities	(281.5)
Floating-rate financial assets	184.5
Floating-rate NFD at inception	**(97.0)**
Fixed-rate/Floating-rate hedging	50.0
Floating-rate/Fixed-rate hedging	
Floating-rate NFD after hedging	**(47.0)**
Assets not exposed to interest-rate risk	21.4
Liabilities not exposed to interest-rate risk	
Total NFD	**105.2**

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 financial instruments caused by an instantaneous shift of 100 bp in forward interest rates (assuming a parallel shift in the curve). Modified duration was used to measure sensitivity.

The sensitivity analysis found that an instantaneous 100 bp parallel upward shift in the rate curve would produce a change of -3.3 million euro in fair value, of which -2.5 million euro in profit and loss and -0.8 million euro on the statement of financial position.
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 like options or collars.

No impact was calculated for the other liabilities on the statement of financial position, since such liabilities are recognized at nominal value.

Currency risk

Segment policies require investments to be made essentially in euro, although they allow for the possibility of a very limited currency risk.

Exchange-rate derivatives are normally used to hedge currency risk by transforming it from a currency risk to a euro risk. Exchange-rate derivatives may be used for speculative purposes within very restricted limits.

The exposure of the financial segment to this risk is extremely limited.

Other price risks

The price risk is the potential loss on listed equities carried at fair value, in the event of a downturn in share prices; this risk is particularly significant for Italmobiliare and the companies in the financial segment.

Since Italmobiliare is a holding company with the same characteristics as the other companies in the financial segment, exposure to the equity risk is inherent to its core business; generally speaking, therefore, the risk is maintained and no specific action is taken to reduce risk. In some cases, and for limited amounts, segment policies set out procedures and approvals for the use of derivatives to reduce risk or to open a risk position in relation to market expectations.

At December 31, 2011, assets exposed to price risk amounted to 183.5 million euro, of which 172.5 million euro classified as available-for-sale and the remaining 11.0 million euro as held-for-trading.
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 58.3 million euro, of which 0.4 million euro against equity and 57.9 million euro directly in profit and loss.

(in millions of euro)	Fair value	Share price delta	Impact on income	Impact on equity
Trading equities	11.0	-5%	(0.6)	
Available-for-sale equities	172.5	-5%	(57.3)	(0.4)

Banking segment

The banking segment 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 account 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 active 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 counterparts.
Counterpart 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 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 2011:

(in millions of euro)	Present value of assets	+ 100 bp	- 100 bp
Swiss francs	222.9	(0.3)	0.3
Euro	181.0	(0.6)	0.6
US dollars	58.4	(0.1)	0.1
Other currencies	132.4	(0.7)	0.7
Total	**594.7**	**(1.7)**	**1.7**

The total impact on profit would be 1.7 million euro.
Compared with the present value of assets, this effect is immaterial (0.29%).

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 2011 were not significant. They are detailed in the table below:

(in thousands of euro)	Revenue (expense)	Trade receivables (payables)	Finance receivables (payables)	Receivables (payables) on tax conso-lidation	Finance income (costs)	Other operating income (expense)
Italmobiliare Group						
Subsidiaries and associates not consolidated line-by-line	63,284	15,101	38,619		555	25
	(35,799)	(5,156)	(512)		(148)	(1,020)
Other related parties	178	63				30
	(1,144)	(135)				(1,200)
Total	**63,462**	**15,164**	**38,619**		**555**	**55**
	(36,943)	**(5,291)**	**(512)**		**(148)**	**(2,220)**
% impact on book items	1.3%	1.6%	2.1%		0.7%	0.1%
	-0.9%	0.8%	0.0%		0.1%	2.8%

The comparatives for 2010 are set out below:

(in thousands of euro)	Revenue (expense)	Trade receivables (payables)	Finance receivables (payables)	Receivables (payables) on tax conso-lidation	Finance income (costs)	Other operating income (expense)
Italmobiliare Group						
Subsidiaries and associates not consolidated line-by-line	41,775	2,641	24,275		241	1,091
	(17,803)	(1,817)	(461)		(5)	(1,092)
Calcestruzzi group companies	93,417	28,538	223,996		2,176	2,239
	(19)	(58)	(6,321)	(9,393)	(64)	(1)
Other related parties	177	130				49
	(1,304)	(132)				(900)
Total	**135,369**	**31,309**	**248,271**		**2,417**	**3,379**
	(19,126)	**(2,007)**	**(6,782)**		**(69)**	**(1,993)**
% impact on book items	2.7%	3.9%	12.1%		5.1%	2.8%
	0.5%	0.3%	0.2%	0.8%	0.0%	1.7%

In 2010 business and financial transactions with the Calcestruzzi group companies were treated as dealings with related parties, those conducted in 2011 were eliminated after the consolidation of the group as from January 1, 2011.

Revenue from and purchases of goods and services in respect of subsidiaries and associates consisted mainly of transactions with the companies consolidated on a proportionate basis, notably Société des Carrieres du Tournaisis, Medcem S.r.l., Les Calcaires Girondins S.a.s., Medcem S.r.l., Atlantica de Graneles and Société Parisienne des Sablières S.A. and with companies valued at equity, including the Ciments Quebec Inc. group, Vassiliko Cement Ltd. and Cementi della Lucania S.p.A..

At December 31, 2011, other operating expense relating to “Other related parties” of 1,200 thousand euro (900 thousand euro at December 31, 2010) referred to payments made by Italmobiliare S.p.A. and Italcementi S.p.A. to the Italcementi Cav. Lav. Carlo Pesenti foundation.

Compensation paid to directors

The table below sets out compensation accrued during the financial year to the directors and the chief operating officer of Italmobiliare S.p.A. for positions held in the Group:

(in thousands of euro)	2011	2010
Short-term benefits: compensation and remuneration	9,537	7,346
Post-employment benefits: provision for leaving and end-of-term entitlements	4,090	2,218
Other long-term benefits: length-of-service bonuses and incentives	2,421	2,535
Share-based payments (stock options)	619	1,105
Total	**16,667**	**13,204**

Joint ventures

The Group's most significant joint ventures in 2011 were the French construction materials companies, the Medcem S.r.l. shipping company and the Saudi company International City for Ready Mix, active in ready mixed concrete.
The following table sets out the most significant share of assets, liabilities, revenue and expense relating to joint ventures reflected in the Group consolidated financial statements:

(in millions of euro)	December 31, 2011	December 31, 2010
Current assets	30.7	30.9
Non-current assets	92.0	89.7
Total assets	**122.7**	**120.6**
Current liabilities	23.3	25.9
Non-current liabilities	14.4	21.5
Total liabilities	**37.7**	**47.4**

	2011	2010
Revenue	43.4	41.9
Expense	(44.6)	(43.3)
Profit before tax	**(1.2)**	**(1.4)**

Non-recurring transactions

The following tables itemize the most significant non-recurring transactions and their impact on Group equity, financial debt and profit (loss) for the period:

	2011					
(in thousands of euro)	Equity		Profit (loss) for the period		Net financial debt	
	amount	%	amount	%	amount	%
Book values	**5,539,564**		**(60,624)**		**(2,039,619)**	
Net capital gains on sale of fixed assets	66,274	1.20%	66,274	109.32%	103,988	5.10%
Non-recurring employee expense for re-organizations	(26,467)	0.48%	(26,467)	43.66%		
Other non-recurring income/(expense)	(2,097)	0.04%	(2,097)	3.46%	(600)	0.03%
Income tax on non-recurring transactions	(5,964)	0.11%	(5,964)	9.84%		
Total	**31,746**	**0.57%**	**31,746**	**52.37%**	**103,388**	**5.07%**
Figurative value without non-recurring transactions	**5,507,818**		**(92,370)**		**(2,143,007)**	

	2010					
(in thousands of euro)	Equity		Profit (loss) for the period		Net financial debt	
	amount	%	amount	%	amount	%
Book values	**5,932,785**		**187,776**		**(2,095,456)**	
Net capital gains on sale of fixed assets	9,385	0.16%	9,385	5.00%	23,385	1.12%
Non-recurring employee expense for re-organizations	(11,850)	0.20%	(11,850)	6.31%		
Other non-recurring income/(expense)	(6,243)	0.11%	(6,243)	3.32%	(600)	0.03%
Income tax on non-recurring transactions	647	0.01%	647	0.34%		
Non-recurring tax	2,763	0.05%	2,763	1.47%		
Total	**(5,298)**	**0.09%**	**(5,298)**	**2.82%**	**22,785**	**1.09%**
Figurative value without non-recurring transactions	**5,938,083**		**193,074**		**(2,118,241)**	

Fees to the Independent Auditors

The table below sets out details of the fees paid in financial year 2011 by the Italmobiliare Group for the Independent Auditors KPMG and for the foreign companies of the same network, pursuant to CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, paragraph 1:

(in thousands of euro)	KPMG S.p.A.	Other Italian companies in the KPMG network	Other non-Italian companies in the KPMG network
Auditing services	1,094		2,360
Other services with issue of attestation	5		56
Other juridical, fiscal, social services	23	315	214
Total	**1,122**	**315**	**2,630**

Statement of cash flows

B) Cash flow from investing activities

The table below itemizes the main equity investments made by the Group in 2011:

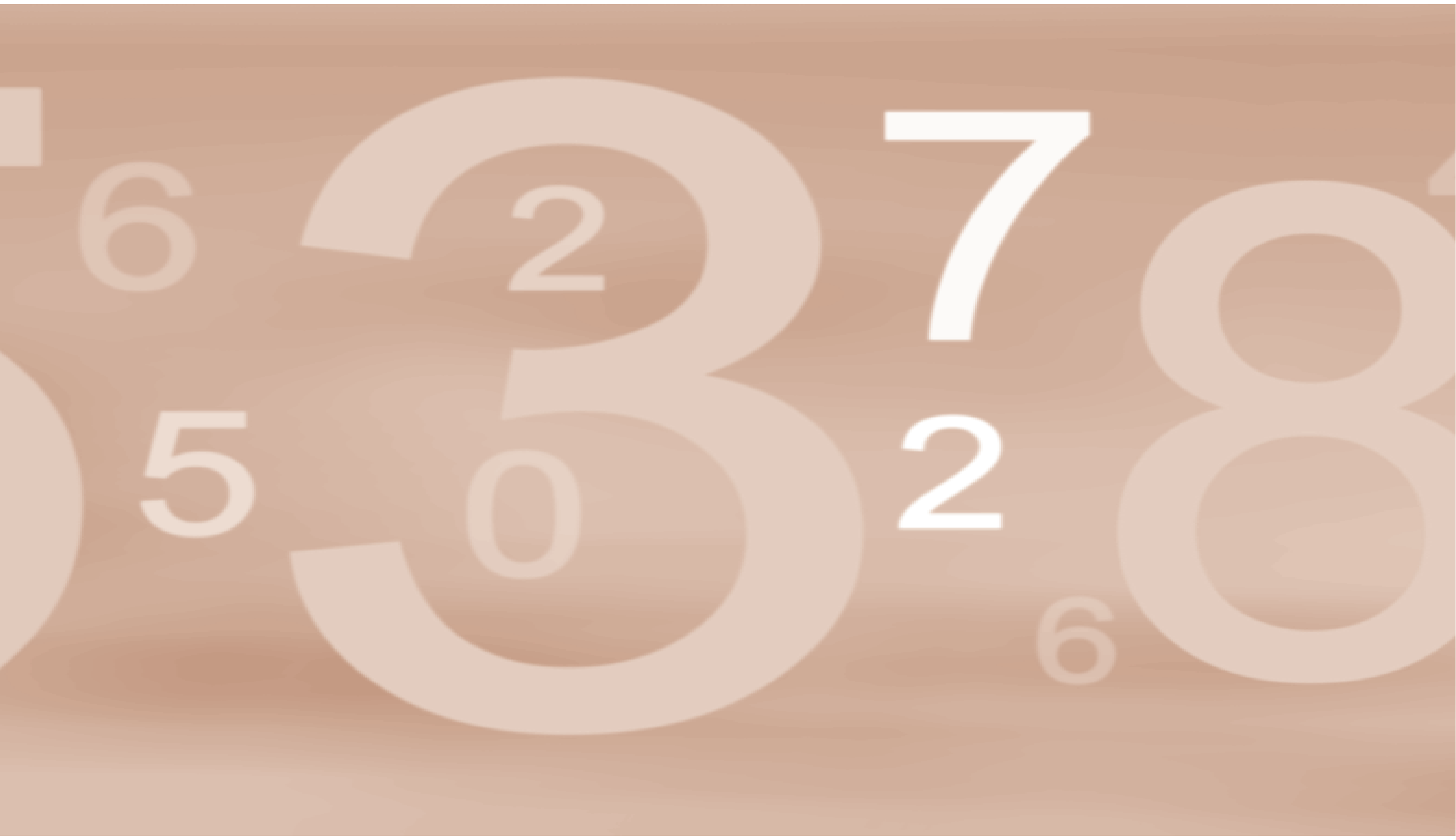
(in millions of euro)	2011	2010
Ciments Français (including treasury shares for 6.4 million euro in 2009) - France	41.6	15.3
Commerciale Inerti - Italy	2.3	
UBI - Italy	1.4	
Italcementi S.p.A.	0.9	
Mittel - Italy	0.2	
Masoni - France		9.1
Shifeng - China		5.3
Unicredit - Italy		4.8
Al Badia - Syria		4.7
Star.Co. - Italy		2.8
Gardawind - Italy		1.2
Sable Wilson - Canada		0.2
Others	0.6	1.3
Total	**47.0**	**44.7**

Equity investments are shown net of the cash and cash equivalents of the companies acquired and the change in payables for equity investment acquisitions.

Subsequent events

No significant events have taken place since closure of the financial year that require amendments to or additional comments on the Group's business, financial and equity situation at December 31, 2011.
In February the Group signed an agreement with Cimsa Cimento Sanayi ve Ticaret A.S. for the sale of the remaining 51% of the capital of Afyon Cimento Sanayi Turk A.S. The overall sale price has been set at 57,530,000 Turkish lire, equivalent to approximately 25 million euro. The shares will be transferred to Cimsa and the payment made after approval has been obtained from the authorities and all conditions of the agreement fulfilled. The final price may be subject to the usual contractual adjustments.

Annex



Annex

The following table has been prepared in accordance with CONSOB Resolution no. 11971 of May 14, 1999, art. 126, which requires listed companies to disclose their investments in unlisted companies when such investments exceed 10% of those companies' voting capital.
For a full description of the consolidated companies, the table also sets out equity investments held in listed companies when investments exceed 10% of those companies' voting capital.
The table also indicates the consolidation method and shows investments valued with the equity method.

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Parent company **Italmobiliare S.p.A.**	Milan	IT	EUR	100,166,937.00					
Burgo Group S.p.A.	Altavilla Vicentina	IT	EUR	205,443,391.40	-	11.68	11.68	Société de Participation Financière Italmobiliare SA	Cost/Fair Value
CJSC INLINE-R	Moscow	RU	RUB	30,230,640.00		23.99	23.99	Inline Poland Sp. z.o.o.	Cost
Compagnia Fiduciaria Nazionale S.p.A.	Milan	IT	EUR	312,000.00	16.67	-	16.67	Italmobiliare S.p.A.	Cost/Fair Value
Crédit Mobilier de Monaco S.A.	Monte Carlo	MC	EUR	5,355,000.00	-	99.91	99.91	Société de Participation Financière Italmobiliare SA	Line-by-line
Enhanced Frontier Limited	Nassau	BS	EUR	100.00	-	100.00	100.00	Finter Bank Zurich S.A.	Cost
Fin.Priv. S.r.l.	Milan	IT	EUR	20,000.00	14.28	-	14.28	Italmobiliare S.p.A.	Cost/Fair Value
Finter Bank & Trust (Bahamas) Ltd.	Nassau	BS	USD	5,000,000.00	-	100.00	100.00	Finter Bank Zurich A.G.	Line-by-line
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
Finter Fund Management Company S.A.	Luxembourg	LU	CHF	250,000.00	-	100.00	100.00	Finter Bank Zurich A.G.	Line-by-line
Finanzgesellschaft Hugo Kahn & Co AG	Zurich	CH	CHF	10,000,000.00	-	100.00	100.00	Finter Bank Zurich A.G.	Line-by-line
FinterLife Lebensversicherungs-Aktiengesellschaft S.A.	Vaduz	LI	CHF	7,000,000.00	-	90.00	90.00	Finter Bank Zurich A.G.	Line-by-line
Franco Tosi S.r.l.	Milan	IT	EUR	260,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
GIST S.r.l. Gamma Iniziative Sportive Turistiche	Milan	IT	EUR	389,200.00	-	50.00	50.00	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Proportionate
ICS Petruzalek Srl	Chisinau	MD	MDL	81,518.50	-	100.00	100.00	Petruzalek Com S.r.l. (Romania)	Line-by-line
Immobiliare Lido di Classe S.p.A.	Rome	IT	EUR	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
Italmobiliare International Finance Ltd.	Dublin	IE	EUR	1,336,400.00	-	100.00	100.00	Société de Participation Financière Italmobiliare SA	Line-by-line
Mittel S.p.A.	Milan	IT	EUR	70,504,505.00	12.43	-	12.43	Italmobiliare S.p.A.	Equity
Petruzalek Ltd (Turkey)	Istanbul	TR	TRY	40,000.00	-	100.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
							10.00	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
Petruzalek Com S.r.l. (Romania)	Ilfov Chiajna	RO	RON	2,600.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Croatia)	Zabok	HR	HRK	129,500.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Serbia)	Zemun (Batajnica)	RS	EUR	1,066,060.09	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Slovenia)	Maribor	SI	EUR	9,959.08	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek Gesellschaft mbH (Austria)	Tattendorf	AT	EUR	1,000,000.00	-	99.00	99.00	Sirap Gema S.p.A.	Line-by-line
Petruzalek Kft (Ungheria)	Budapest	HU	HUF	300,000,000.00	-	100.00	75.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
							25.00	Petruzalek spol. S.r.o. (Rep. Ceca)	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Petruzalek o.o.o. (Ucraina)	Odessa	UA	UAH	214,831.00	-	90.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.l. (Bosnia)	Sarajevo	BA	BAM	10,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Rep. Slovacca)	Bratislava	SK	EUR	15,269.20	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Rep. Ceca)	Breclav	CZ	CZK	2,300,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	IT	EUR	1,300,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
RCS MediaGroup S.p.A. [1]	Milan	IT	EUR	762,019,050.00	7.46		7.46	Italmobiliare S.p.A.	Equity
Sirap France SAS	Noves	FR	EUR	3,520,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Insulation S.r.l.	Verolanuova (BS)	IT	EUR	2,815,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Gema S.p.A.	Verolanuova (BS)	IT	EUR	17,020,905.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Soc. Editrice Siciliana S.E.S. S.p.A	Messina	IT	EUR	5,347,752.54	32.36	-	32.36	Italmobiliare S.p.A.	Equity
Société d'Etudes de Participations et de Courtages S.A.	Montecarlo	MC	EUR	1,290,000.00	-	99.98	99.98	Société de Participation Financière Italmobiliare SA	Line-by-line
Société de Participation Financière Italmobiliare S.A.	Luxembourg	LU	EUR	127,062,864.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Universal Imballaggi Sr.l.	Palermo	IT	EUR	1,731,588.00	-	92.64	92.64	Sirap Gema S.p.A.	Line-by-line
Italcementi S.p.A.	Bergamo	IT	EUR	282,548,942.00	38.90	1.38	38.90	Italmobiliare S.p.A.	Line-by-line
							1.38	Italcementi S.p.A.	
								(voting rights:	
							60.36	Italmobiliare S.p.A.)	
Aliserio S.r.l.	Bergamo	IT	EUR	2,270,000.00	10.00	90.00	10.00	Italmobiliare S.p.A.	Line-by-line
							90.00	Italcementi S.p.A.	
Azienda Agricola Lodoletta S.r.l.	Bergamo	IT	EUR	10,400.00	-	75.00	75.00	Italcementi S.p.A.	
B2e Markets France S.A.R.L.	Parigi	FR	EUR	20,000.00	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
BravoBus S.r.l.	Bergamo	IT	EUR	600,000.00	-	51.00	51.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Benelux B.V.	Almere	NL	EUR	250,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Brasil Serviços de Tecnologia Ltda	San Paolo	BR	BRL	500.00	-	99.99	99.99	BravoSolution Mexico S.r.l. de C.V.	
BravoSolution China Co. Ltd	Shanghai	CN	CNY	80,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Espana S.A.	Madrid	ES	EUR	120,400.00	-	99.99	99.99	BravoSolution S.p.A.	Line-by-line
BravoSolution France S.a.s.	Boulogne Bilancourt	FR	EUR	3,254,150.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution GmbH	Unterhaching	DE	EUR	1,000,000.00	-	100.00	100.00	Bravosolution S.p.A.	Line-by-line
BravoSolution Mexico S.r.l. de C.V.	Città del Messico	MX	MXN	3,200,000.00	-	100.00	99.99	BravoSolution S.p.A.	Line-by-line
							0.01	BravoSolution Espana S.A.	
BravoSolution S.p.A.	Bergamo	IT	EUR	29,302,379.00	8.15	83.01	8.15	Italmobiliare S.p.A.	Line-by-line
							83.01	Italcementi S.p.A.	
BravoSolution Software, Inc.	Wilmington	US	-	-	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
BravoSolution UK Ltd	Londra	UK	GBP	50,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution US, Inc.	Harrisburg	US	USD	1.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Technologies Ltd	Guildford	UK	GBP	50,000.00	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line
C.T.G. S.p.A.	Bergamo	IT	EUR	500,000.00	-	100.00	50.00	Italcementi S.p.A.	Line-by-line
							50.00	Ciments Français S.A.	
C.T.G. Devnya EAD	Devnya	BG	BGN	200,000.00	-	100.00	100.00	C.T.G. S.p.A.	Line-by-line
CTG USA LLC	Nazareth	US	-	-	-	100.00	90.00	C.T.G. S.p.A.	Line-by-line
							10.00	Essroc Cement Corp.	

[1] Le percentuali di partecipazione sono indicate tenendo conto anche delle azioni non apportate al patto di sindacato.

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Calcementi Jonici S.r.l.	Siderno (RC)	IT	EUR	9,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
Calcestruzzi S.p.A.	Bergamo	IT	EUR	110,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
Cava delle Capannelle S.r.l.	Bergamo	IT	EUR	31,200.00	-	49.00	49.00	Calcestruzzi S.p.A.	
Cementi della Lucania S.p.A.	Potenza	IT	EUR	619,746.00	-	30.00	30.00	Italcementi S.p.A.	Equity
Cementificio di Montalto S.p.A.	Bergamo	IT	EUR	10,000,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Commerciale Inerti S.r.l.	Casalpusterlengo(LO)	IT	EUR	52,000.00	-	33.00	33.00	Esa Monviso S.p.A.	Equity
E.S.A. Monviso S.p.A.	Bergamo	IT	EUR	1,340,000.00	-	100.00	100.00	Calcestruzzi S.p.A.	Line-by-line
Ecoinerti S.r.l.	Recanati (MC)	IT	EUR	91,800.00	-	50.00	50.00	Calcestruzzi S.p.A.	Proportionate
Gardawind S.r.l.	Vipiteno (BZ)	IT	EUR	100,000.00	-	49.00	49.00	Italgen S.p.A.	Equity
Generalcave S.r.l.	Fiumicino (RM)	IT	EUR	31,200.00	-	50.00	50.00	Calcestruzzi S.p.A.	Equity
Gruppo Italsfusi S.r.l.	Savignano s/P. (MO)	IT	EUR	156,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	Italcementi Ingegneria S.r.l.	
i.FotoGuiglia S.r.l.	Torino	IT	EUR	14,290.00	-	30.00	30.00	Italgen S.p.A.	Equity
I.GE.PO. - Impresa Gestione Porti S.r.l. - in liquidazione	Vibo Valentia	IT	EUR	25,500.00	-	18.00	18.00	Italcementi S.p.A.	
Ing. Sala S.p.A.	Sorisole (BG)	IT	EUR	5,858,722.00	-	100.00	99.90	Nuova Sacelit S.r.l.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
International City for Ready Mix	Jeddah	SA	SAR	100,000,000.00	-	50.00	50.00	Italcementi S.p.A.	Proportionate
Italcementi Finance	Puteaux	FR	EUR	20,000,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Italcementi Ingegneria S.r.l.	Bergamo	IT	EUR	650,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Italgen Maroc Ener S.A.	Casablanca	MA	MAD	8,000,000.00	-	100.00	99.99	Italgen S.p.A.	Line-by-line
							0.01	Procimar S.A.	
Italgen Maroc S.A.	Casablanca	MA	MAD	300,000.00	-	99.87	99.87	Italgen S.p.A.	Line-by-line
Italgen Misr for Energy SAE	Cairo	EG	EGP	35,000,000.00	-	100.00	98.00	Italgen S.p.A.	Line-by-line
							1.00	Helwan Cement Co.	
							1.00	Suez Cement Company SAE	
Italgen S.p.A.	Bergamo	IT	EUR	20,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	Italcementi Ingegneria S.r.l.	
Italterminali S.r.l.	Bergamo	IT	EUR	10,000.00	-	100.00	99.50	Cementificio di Montalto S.p.A.	Line-by-line
							0.50	Italcementi Ingegneria S.r.l.	
Les Ciments de Zouarine S.A. - in liq.	Tunisi	TN	TND	80,000.00	-	49.93	49.93	Italcementi S.p.A.	
Mantovana Inerti S.r.l.	Castiglione delle Stiviere (MN)	IT	EUR	702,000.00	-	50.00	50.00	Calcestruzzi S.p.A.	Proportionate
Nuova Sacelit S.r.l.	Sorisole (BG)	IT	EUR	7,500,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Procalmi S.r.l. in liquidazione	Milan	IT	EUR	51,000.00	-	11.52	11.52	Calcestruzzi S.p.A.	
S.A.F.R.A. S.r.l. - in liquidazione	Bologna	IT	EUR	51,480.00	-	33.33	33.33	Calcestruzzi S.p.A.	Equity
SAMA S.r.l.	Bergamo	IT	EUR	1,000,000.00	-	100.00	99.00	Italcementi S.p.A.	Line-by-line
							1.00	Italcementi Ingegneria S.r.l.	
San Francesco S.c.a r.l.	Foligno (PG)	IT	EUR	5,000,000.00	-	40.00	40.00	Calcestruzzi S.p.A.	
Shqiperia Cement Company Shpk	Tirana	AL	ALL	74,250,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Silos Granari della Sicilia S.r.l.	Bergamo	IT	EUR	7,980,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	LU	EUR	1,771,500.00	-	100.00	99.87	Italcementi S.p.A.	Line-by-line
							0.13	Italcementi Ingegneria S.r.l.	
SO.RI.TE. S.r.l.	Torino	IT	EUR	100,000.00	-	25.00	25.00	Calcestruzzi S.p.A.	
Star.co S.r.l.	Napoli	IT	EUR	118,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Vert Tech LLC	Wilmington	US	-	-	-	100.00	100.00	BravoSolution US, Inc.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Ciments Français S.A.	Puteaux	FR	EUR	143,114,304.00	2,43	83.41	2.43	Italmobiliare S.p.A.	Line-by-line
							83.20	Italcementi S.p.A.	
							0.21	Ciments Français S.A.	
								(diritti di voto:	
							1.33	Italmobiliare S.p.A.	
							90.74	Italcementi S.p.A.)	
3092-0631 Quebec Inc.	St. Basile	CA	CAD	6,250.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Afyon Cimento Sanayi Tas	Istanbul	TR	TRY	3,000,000.00	-	51.00	51.00	Ciments Français S.A.	Line-by-line
Al Badia Cement JSC	Damasco	SY	SYP	12,200,000,000.00	-	12.00	12.00	Menaf S.a.s.	
Al Mahaliya Ready Mix Concrete WLL	Safat	KW	KWD	500,000.00	-	51.00	51.00	Hilal Cement Company KSCC	Line-by-line
Al Manar Cement Holding S.a.s.	Puteaux	FR	EUR	3,300,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Arrowhead Investment Company	Carson City	US	USD	1,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Asia Cement Energy Conservation Ltd	Bangkok	TH	THB	1,001,000,000.00	-	39.52	39.52	Asia Cement Public Co., Ltd (*)	Line-by-line
Asia Cement Products Co., Ltd	Bangkok	TH	THB	10,000,000.00	-	39.52	39.52	Asia Cement Public Co., Ltd (*)	Line-by-line
Asia Cement Public Co., Ltd	Bangkok	TH	THB	4,670,523,072.00	-	39.53	25.43	Ciments Français S.A.	Line-by-line
							14.10	Vaniyuth Co. Ltd (*)	
Asment Temara S.A.	Temara	MA	MAD	495,000,000.00	-	37.01	19.99	Ciments Français S.A.	Equity
							17.02	Procimar S.A.	
Atlantica de Graneles y Moliendas S.A.	Vizcaya	ES	EUR	5,000,000.00	-	50.00	50.00	Sociedad Financiera y Minera S.A.	Proportionate
Axim for Industrials SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	90.00	Suez Cement Company SAE	Line-by-line
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company SAE	
Betomar S.A.	Casablanca	MA	MAD	84,397,800.00	-	99.99	99.99	Ciments du Maroc S.A.	Line-by-line
Beton.Ata LLP	Almaty	KZ	KZT	416,966,426.00	-	75.50	75.50	Shymkent Cement JSC	Line-by-line
Béton Contrôle de Gascogne S.A.	Soorts Hossegor	FR	EUR	40,000.00	-	37.00	37.00	Béton Contrôle du Pays Basque S.a.s.	
Béton Contrôle de l'Adour S.a.s.	Bayonne	FR	EUR	150,000.00	-	59.96	59.96	Béton Contrôle du Pays Basque S.a.s.	Line-by-line
Béton Contrôle des Abers S.a.s.	Lannilis	FR	EUR	104,000.00	-	34.00	34.00	Unibéton S.a.s.	Equity
Béton Contrôle du Pays Basque S.a.s.	Bayonne	FR	EUR	120,000.00	-	59.98	59.98	Unibéton S.a.s.	Line-by-line
Béton Mercier Inc.	Chateaugauy	CAN	-	-	-	100.00	100.00	Ciment Quebec Inc.	Equity
Bonafini S.a.s.	Argences	FR	EUR	45,392.00	-	100.00	96.79	Tratel S.a.s.	Line-by-line
							3.21	Larricq S.a.s.	
Cambridge Aggregates Inc.	Cambridge	CA	CAD	10.00	-	60.00	60.00	Essroc Canada Inc.	Line-by-line
Canteras Aldoyar S.L.	Olazagutia	ES	EUR	1,508,510.00	-	20.00	20.00	Hormigones y Minas S.A.	
Capitol Cement Corporation	Winchester	US	USD	1,000,000.00	-	100.00	100.00	Riverton Investment Corporation	Line-by-line
Carrières Bresse Bourgogne	Epervans	FR	EUR	387,189.00	-	66.48	66.48	Dragages et Carrières S.A.	Proportionate
Centro Administrativo y de Servicios de Malaga S.A.	Malaga	FR	EUR	60,200.00	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line
Cie pour l'Investissement Financier en Inde	Puteaux	FR	EUR	7,350,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Ciment Quebec Inc.	St. Basile	CA	CAD	19,461,161.70	-	100.00	100.00	Groupe Ciment Quebec Inc.	Equity
Cimento de Bissau Limitada	Guinea Bissau	GW	XOF	2,000,000.00	-	99.00	99.00	Tercim S.A.	
Ciment du Littoral S.A.	Bassens	FR	EUR	37,000.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line
Ciments Calcia S.a.s.	Guerville	FR	EUR	593,836,525.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Ciments du Maroc S.A.	Casablanca	MA	MAD	1,443,600,400.00	-	62.31	58.79	Cocimar S.a.s.	Line-by-line
							3.52	Procimar S.A.	
Ciments du Nord	Nouadhibou	MR	MRO	1,340,000,000.00	-	15.00	15.00	Ciments du Maroc S.A.	
Ciments Français Europe N.V.	Amsterdam	NL	EUR	392,596,275.00	-	100.00	67.99	Sodecim S.a.s.	Line-by-line
							32.01	Ciments Français S.A.	
CIMFRA (China) Limited	Puteaux	FR	EUR	62,116,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Ciminter S.A.	Luxembourg	LU	EUR	53,800,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Cocimar S.a.s.	Puteaux	FR	EUR	72,957,690.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Codesib S.a.s.	Puteaux	FR	EUR	5,037,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Compagnie des Ciments Belges S.A.	Tournai	BE	EUR	295,031,085.00	-	100.00	39.74	Ciments Français S.A.	Line-by-line
							38.78	Ciments Français Europe N.V.	
							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	FR	EUR	18,000,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Compania General de Canteras S.A.	Malaga	ES	EUR	479,283.69	-	99.41	96.12	Sociedad Financiera y Minera S.A.	Line-by-line
							3.29	Sax S.a.s.	
Conglomerantes Hidraulicos Especiales S.A.	Madrid	ES	EUR	2,361,960.00	-	85.00	85.00	Sociedad Financiera y Minera S.A.	Line-by-line
De Paepe Béton N.V.	Gent	BE	EUR	500,000.00	-	99.99	99.99	Compagnie des Ciments Belges S.A.	Line-by-line
DECOM Egyptian Co for Development of Building Materials SAE	Cairo	EG	EGP	63,526,401.28	-	99.99	99.99	Ready Mix Production Universal Company CO SAE	Line-by-line
Decoux S.a.s.	Beaucaire	FR	EUR	120,000.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Development for Industries Co. SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	90.00	Suez Cement Company SAE	Line-by-line
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company SAE	
Devnya Bulk Services EAD	Devnya	BG	BGN	50,000.00	-	100.00	100.00	Devnya Cement AD	
Devnya Cement AD	Devnya	BG	BGN	1,028,557.00	-	99.97	99.97	Marvex Bulgaria EOOD	Line-by-line
Devnya Finance A.D.	Devnya	BG	BGN	5,000,000.00	-	50.00	50.00	Devnya Cement AD	Equity
Dobrotitsa BSK A.D.	Dobrich	BG	BGN	88,954.00	-	26.40	26.40	Devnya Cement AD	
Dragages et Carrières S.A.	Epervans	FR	EUR	1,000,000.00	-	49.99	49.99	GSM S.a.s.	Proportionate
Dragages Transports & Travaux Maritimes S.A.	La Rochelle	FR	EUR	3,947,894.00	-	50.00	33.33	GSM S.a.s.	Proportionate
							16.67	Granulats Ouest - GO	
Dunkerque Ajouts Snc	Parigi	FR	EUR	6,000.00	-	34.00	34.00	Ciments Calcia S.a.s.	
Ecocim S.a.s.	Casablanca	MA	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	FR	EUR	10,000.00	-	100.00	100.00	GSM S.a.s.	
Essroc Canada Inc.	Mississauga	CA	CAD	258,135,174.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Essroc Cement Corp.	Nazareth	US	USD	8,330,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Essroc Corporation	Nazareth	US	USD	1,000.00	-	100.00	100.00	Essroc International	Line-by-line
Essroc International	Puteaux	FR	EUR	244,398,096.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Essroc Ready Mix Corp	Nazareth	US	USD	1.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Essroc San Juan Inc.	Espinosa	PR	USD	10,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Eurarco France S.A.	Le Crotoy	FR	EUR	1,520,000.00	-	64.99	64.99	GSM S.a.s.	Line-by-line
Eurocalizas S.L.	Cantabria	ES	EUR	723,030.00	-	33.33	33.33	Hormigones y Minas S.A.	
Eurotech Cement S.h.p.k.	Durres	AL	ALL	273,214,000.00	-	84.00	84.00	Halyps Building Materials S.A.	Line-by-line
Fraimbois Granulats S.A.R.L.	Moncel les Luneville	FR	EUR	75,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Gacem Company Limited	Serrekunda	GM	GMD	4,500,000.00	-	80.00	80.00	Tercim S.A.	Line-by-line
Goltas Goller Bolgesi Cimento Sanayi ve Ticaret	Isparta	TR	TRY	20,000,000.00	-	24.03	24.03	Ciments Français S.A.	
Granulats de la Drôme S.a.s.	Saint Jean de Vedas	FR	EUR	645,600.00	-	51.01	51.01	GSM S.a.s.	Line-by-line
Granulats Ouest - GO	Saint Herblain	FR	EUR	784,657.44	-	100.00	100.00	GSM S.a.s.	Line-by-line
Graves de l'Estuaire de la Gironde L.G.E.G.	St. Jean de Blaignac	FR	-	-	-	50.00	50.00	GSM S.a.s.	Proportionate
Greyrock Inc.	Nazareth	US	USD	1,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Groupe Ciment Quebec Inc.	St. Basile	CA	CAD	57,000,000.00	-	50.00	50.00	Essroc Canada Inc.	Equity
GSM S.a.s.	Guerville	FR	EUR	18,675,840.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Gulf Ready Mix Concrete Company WLL	Kuwait	KW	KWD	100,000.00	-	100.00	99.90	Al Mahaliya Ready Mix Concrete WLL	Line-by-line
							0.10	Hilal Cement Company KSCC	
Halyps Building Materials S.A.	Aspropyrgos	EL	EUR	48,821,060.64	-	99.91	59.89	Ciments Français S.A.	Line-by-line
							40.02	Sociedad Financiera y Minera S.A.	
								(diritti di voto:	
							59.93	Ciments Français S.A.	
							39.99	Sociedad Financiera y Minera S.A.)	
Helwan Cement Co.	Cairo	EG	EGP	583,875,425.00	-	99.47	99.47	Suez Cement Company SAE	Line-by-line
Helwan Bags Company SAE	Helwan	EG	EGP	6,000,000.00	-	71.00	70.00	Helwan Cement Co.	Line-by-line
							1.00	Development for Industries Co. SAE	
Hilal Cement Company KSCC	Safat	KW	KWD	6,987,750.00	-	51.00	51.00	Suez Cement Company SAE	Line-by-line
Hormigones Olatzi S.A.	Olazagutia	ES	EUR	283,804.22	-	25.00	25.00	Hormigones y Minas S.A.	
Hormigones Txingudi S.A.	San Sebastian	ES	EUR	240,560.22	-	33.33	33.33	Hormigones y Minas S.A.	
Hormigones y Minas S.A.	Malaga	ES	EUR	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line
ICS Danube Cement S.r.l.	Chisinau	MD	MDL	556,000.00	-	100.00	100.00	Devnya Cement AD	Line-by-line
Immobilière des Technodes S.a.s.	Guerville	FR	EUR	8,024,400.00	-	100.00	59.97	Ciments Français S.A.	Line-by-line
							40.03	Ciments Calcia S.a.s.	
Industrie Sakia el Hamra "Indusaha" S.A.	Laayoune	MA	MAD	81,680,000.00	-	91.00	91.00	Ciments du Maroc S.A.	Line-by-line
Innocon Inc.	Richmond Hill	CA	CAD	18,300,000.20	-	50.00	50.00	Essroc Canada Inc.	Equity
Innocon Partnership Agreement Inc.	Richmond Hill	CA	CAD	2,003.00	-	51.50	48.50	Essroc Canada Inc	Equity
							3.00	Innocon Inc.	
Interbulk Egypt for Export SAE	Cairo	EG	EGP	250,000.00	-	100.00	98.00	Interbulk Trading S.A.	Line-by-line
							1.00	Menaf S.a.s.	
							1.00	Tercim S.A.	
Interbulk Trading S.A.	Lugano	CH	CHF	7,470,600.00	-	99.99	84.99	Ciminter S.A.	Line-by-line
							15.00	Italcementi Ingegneria S.r.l.	
Intercom S.r.l.	Bergamo	IT	EUR	2,750,000.00	-	100.00	99.50	Interbulk Trading S.A.	Line-by-line
							0.50	Italcementi Ingegneria S.r.l.	
Inversiones e Iniciativas en Aridos S.L.	Madrid	ES	EUR	3,010.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Investcim S.A.	Puteaux	FR	EUR	110,405,840.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Italcementi for Cement Manufacturing Libyian JS CO	Tripoli	LY	LYD	20,000,000.00	-	50.00	50.00	Al Manar Cement Holding S.a.s.	Proportionate
Italmed Cement Company Ltd	Limassol	CY	EUR	21,063,780.00	-	100.00	100.00	Halyps Building Materials S.A.	Line-by-line
Jalaprathan Cement Public Co, Ltd	Bangkok	TH	THB	1,200,000,000.00	-	58.96	12.42	Asia Cement Public Co., Ltd (*)	Line-by-line
							37.00	Ciments Français S.A.	
							9.54	Vesprapat Holding Co, Ltd (*)	
Jalaprathan Concrete Products Co, Ltd	Bangkok	TH	THB	280,000,000.00	-	58.95	58.95	Jalaprathan Cement Public Co, Ltd (*)	Line-by-line
Johar S.a.s.	Luxemont et Villotte	FR	EUR	1,221,632.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
JTC	Bangkok	TH	THB	10,400,000.00	-	58.95	58.95	Jalaprathan Concrete Products Co Ltd (*)	
Kuwait German Company for Ready Mix Concrete WLL	Kuwait	KW	KWD	824,000.00	-	100.00	99.00	Al Mahaliya Ready Mix Concrete WLL	Line-by-line
							1.00	Hilal Cement Company KSCC	
Larricq S.a.s.	Airvault	FR	EUR	508,000.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Les Calcaires Girondins S.a.s.	Cenon	FR	EUR	100,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Calcaires Sud Charentes	Cherves Richemont	FR	EUR	1,524.50	-	34.00	34.00	GSM S.a.s.	
Les Graves de l'Estuaire S.a.s.	Le Havre	FR	EUR	297,600.00	-	33.33	33.33	GSM S.a.s.	Proportionate
Les Quatre Termes S.a.s.	Salon de Provence	FR	EUR	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Sables de Mezieres S.a.s	St Pierre des Corps	FR	EUR	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Les Sabliers de l'Odet S.a.s.	Quimper	FR	EUR	134,400.00	-	97.47	94.93	Dragages Transports & Travaux Maritimes S.A.	Proportionate
							2.54	GSM S.a.s.	
Lyulyaka E.A.D.	Devnya	BG	BGN	759,372.00	-	100.00	100.00	Devnya Cement AD	Line-by-line
Marvex Bulgaria EOOD	Devnya	BG	BGN	89,424,100.00	-	100.00	100.00	Sociedad Financiera y Minera S.A.	Line-by-line
Mauritanienne des Batiments et Routes S.A.	Nouakchott	MR	MRO	690,000,000.00	-	99.42	99.42	Mauritano-Française des Ciments	Line-by-line
Mauritano-Française des Ciments	Nouakchott	MR	MRO	1,111,310,000.00	-	51.11	51.11	Ciments Français S.A.	Line-by-line
Medcem S.r.l.	Napoli	IT	EUR	5,500,000.00	-	50.00	50.00	Intercom S.r.l.	Proportionate
Menaf S.a.s.	Puteaux	FR	EUR	352,500,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
MTB - Maritime Trading & Brokerage Srl	Genova	IT	EUR	70,000.00	-	33.33	33.33	Interbulk Trading S.A.	Equity
Naga Property Co	Bangkok	TH	THB	100,000,000.00	-	58.95	58.95	Jalaprathan Cement Public Co. Ltd (*)	Line-by-line
Neuciclaje S.A.	Bilbao	ES	EUR	396,669.00	-	30.00	30.00	Sociedad Financiera y Minera S.A.	
Novhorvi S.A.	Vitoria	ES	EUR	180,300.00	-	25.00	25.00	Hormigones y Minas S.A.	
Parcib s.a.s.	Puteaux	FR	EUR	40,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Procimar S.A.	Casablanca	MA	MAD	27,000,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Ready Mix Production Company SAE	Cairo	EG	EGP	5,000,000.00	-	52.00	52.00	Suez Cement Company SAE	Line-by-line
Ready Mix Production Universal Company SAE	Cairo	EG	EGP	15,000,000.00	-	52.00	52.00	Suez Cement Company SAE	Line-by-line
Riverton Corporation	Winchester	US	USD	859,310.00	-	100.00	100.00	Riverton Investment Corporation	Line-by-line
Riverton Investment Corporation	Winchester	US	USD	8,340.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
S.A. Dijon Béton	Digione	FR	EUR	184,000.00	-	15.00	15.00	GSM S.a.s.	Equity
Saarlandische Zementgesellschaft MBH	Saarbrucken	DE	EUR	52,000.00	-	80.00	80.00	Ciminter S.A.	Line-by-line
Sablimaris S.a.s.	Lanester	FR	EUR	4,094,776.00	-	100.00	66.28	Dragages Transports & Travaux Maritimes S.A.	Proportionate
							33.72	Les Sabliers de l'Odet	
Sable Classifie et Equipement de Wilson Ltèe	Alcove	CA	CAD	12,100.00	-	100.00	100.00	Essroc Canada Inc.	Line-by-line
Sas des Gresillons	Parigi	FR	EUR	60,000.00	-	35.00	35.00	GSM S.a.s.	Proportionate
Sax S.a.s.	Guerville	FR	EUR	482,800.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
SCI de Balloy	Avon	FR	EUR	20,310.00	-	100.00	100.00	GSM S.a.s.	Line-by-line
SCI de Barbeau	Bray sur Seine	FR	EUR	8,000.00	-	49.00	49.00	GSM S.a.s.	
SCI des Granets	Cayeux sur M.	FR	EUR	4,575.00	-	33.33	33.33	GSM S.a.s.	
SCI du Colombier	Rungis	FR	EUR	2,000.00	-	63.00	63.00	GSM S.a.s.	
SCI Lepeltier	S. Doulchard	FR	EUR	6,150.00	-	100.00	100.00	GSM S.a.s.	Line-by-line
SCI Taponnat	Cherves Richemont	FR	EUR	1,500.00	-	50.00	50.00	GSM S.a.s.	
Scori S.A.	Plaisir	FR	EUR	1,092,800.00	-	13.95	13.95	Ciments Calcia S.a.s.	
Shaanxi Fuping Cement Co. Ltd	Shaanxi Province	CN	CNY	597,000,000.00	-	100.00	100.00	CIMFRA (China) Limited	Line-by-line
Shaanxi Shifeng Cement Co. Ltd	Shaanxi Province	CN	CNY	100,000,000.00	-	35.00	35.00	Shaanxi Fuping Cement Co. Ltd	
Shymkent Cement JSC	Shymkent	KZ	KZT	380,660,000.00	-	92.88	92.88	Ciments Français S.A.	Line-by-line
Sider Navi S.p.A.	Napoli	IT	EUR	22,000,000.00	-	20.00	20.00	Medcem S.r.l.	Equity
Singha Cement (Private) Limited	Colombo	LK	LKR	397,395,770.00	-	80.16	80.16	Ciments Français S.A.	Line-by-line
Sitapuram Power Limited	Hyderabad	IN	INR	480,000,000.00	-	50.99	50.99	Zuari Cement Ltd	Line-by-line
Sociedad Financiera y Minera S.A.	Madrid	ES	EUR	39,160,000.00	-	99.94	56.58	Sodecim S.a.s.	Line-by-line
							39.87	Ciments Français Europe N.V.	
							3.02	Hormigones y Minas S.A.	
							0.47	Sociedad Financiera y Minera S.A.	
								(diritti di voto:	
							58.61	Sodecim S.a.s.	
							41.30	Ciments Français Europe N.V.)	
Société Calcaires Lorrains	Heillecourt	FR	EUR	40,000.00	-	49.92	49.92	GSM S.a.s.	Proportionate

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Société Civile d'Exploitation Agricôle de l'Avesnois	Reims	FR	EUR	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	FR	EUR	3,750.00	-	99.60	99.60	Ciments Calcia S.a.s.	Line-by-line
Société des Calcaires de Souppes sur Loing S.C.S.L.	Souppes sur Loing	FR	EUR	2,145,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Société des Carrières du Tournaisis S.C.T. S.A.	Tournai	BE	EUR	12,297,053.42	-	65.00	23.90	Ciments Français Europe N.V.	Proportionate
							18.79	Ciments Français S.A.	
							16.31	Ciments Calcia S.a.s.	
							6.00	Compagnie des Ciments Belges S.A.	
Société Foncière de la Petite Seine S.a.s.	Saint Sauveur les Bray	FR	EUR	50,000.00	-	40.00	40.00	GSM S.a.s.	
Société Immobilière Marguerite VIII S.r.l.	Casablanca	MA	MAD	100,000.00	-	98.00	98.00	Ciments du Maroc S.A.	Line-by-line
Société Immobilière Marguerite X S.r.l.	Casablanca	MA	MAD	100,000.00	-	98.00	98.00	Ciments du Maroc S.A.	Line-by-line
Société Parisienne des Sablières S.A.	Pont de L'Arche	FR	EUR	320,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Socli S.a.s.	Izaourt	FR	EUR	144,960.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line
Sodecim S.a.s.	Puteaux	FR	EUR	458,219,678.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Sodramaris S.n.c.	La Rochelle	FR	EUR	7,001,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Soficem S.n.c.	Puteaux	FR	EUR	1,000.00	-	100.00	99.00	Ciments Français S.A.	Line-by-line
							1.00	Compagnie Financière et de Partecipations S.a.s.	
Srt Rouennaise de Transformation	Grand Couronne	FR	EUR	7,500.00	-	60.00	60.00	Ciments Calcia S.a.s.	Line-by-line
Ste Aquitaine de Transformation S.a.s.	Saint Cloud	FR	EUR	10,000,000.00	-	40.00	40.00	Ciments Calcia S.a.s.	Equity
Ste Extraction & Amenagement de la Plaine de Marolles S.a.s.	Avon	FR	EUR	40,000.00	-	56.40	56.40	GSM S.a.s.	Proportionate
Stinkal S.a.s.	Ferques	FR	EUR	1,540,000.00	-	35.00	35.00	GSM S.a.s.	Equity
St. Basile Transport Inc.	St. Basile	CA	CAD	9,910.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Suez Bag Company SAE	Cairo	EG	EGP	20,250,000.00	-	57.84	53.32	Suez Cement Company SAE	Line-by-line
							4.52	Tourah Portland Cement Company SAE	
Suez Bosphorus Cimento Sanayi Ticaret	Istanbul	TR	TRY	50,000.00	-	99.99	99.99	Suez Cement Company SAE	Line-by-line
Suez Cement Company SAE	Cairo	EG	EGP	909,282,535.00	-	55.07	26.05	Menaf S.a.s.	Line-by-line
							12.36	Ciments Français S.A.	
							11.66	Ciments du Maroc S.A.	
							5.00	Tercim S.A.	
Suez for Import & Export Company SAE	Cairo	EG	EGP	3,750,000.00	-	100.00	40.00	Axim for Industrials SAE	Line-by-line
							40.00	Development for Industries Co. SAE	
							20.00	Suez for Transportation & Trade SAE	
Suez for Transportation & Trade SAE	Cairo	EG	EGP	10,000,000.00	-	100.00	55.00	Helwan Cement Co.	Line-by-line
							35.00	Suez Cement Company SAE	
							10.00	Tourah Portland Cement Company SAE	
Suez Lime SAE	Cairo	EG	EGP	7,390,000.00	-	50.00	49.00	Suez Cement Company SAE	Proportionate
							1.00	Tourah Portland Cement Company SAE	
Tameer Betoon for Trading and Contracting LLC	Doha	QA	QAR	200,000.00	-	49.00	49.00	Hilal Cement Company KSCC	Equity
Technodes S.a.s.	Guerville	FR	EUR	3,200,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Tecno Gravel Egypt SAE	Cairo	EG	EGP	15,000,000.00	-	45.00	45.00	Suez Cement Company SAE	Equity
Tercim S.A.	Puteaux	FR	EUR	55,539,000.00	-	100.00	99.99	Ciments Français S.A.	Line-by-line
							0.01	Sax S.a.s.	
Tomahawk Inc.	Wilmington	US	USD	100.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Tourah Portland Cement Company SAE	Cairo	EG	EGP	357,621,000.00	-	71.93	66.12	Suez Cement Company SAE	Line-by-line
							5.81	Menaf S.a.s.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Trabel Affretement	Gaurain Ramecroix	BE	EUR	61,500.00	-	100.00	99.84	Tratel S.a.s.	Line-by-line
							0.16	Ciments Calcia S.a.s.	
Trabel Transports S.A.	Gaurain-Ramecroix	BE	EUR	750,000.00	-	100.00	89.97	Tratel S.a.s.	Line-by-line
							10.03	Compagnie des Ciments Belges S.A.	
Tragor S.a.s.	Pessac	FR	EUR	892,048.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Tratel S.a.s.	Guerville	FR	EUR	6,025,580.00	-	100.00	100.00	Ciments Calcia S.a.s.	Line-by-line
Unibéton Luxembourg S.A.	Luxembourg	LU	EUR	35,000.00	-	100.00	100.00	Unibéton S.a.s.	
Unibéton S.a.s.	Guerville	FR	EUR	27,159,732.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Unibéton Var S.a.s.	Lambesc	FR	EUR	40,000.00	-	100.00	100.00	Unibéton S.a.s.	Line-by-line
Uniwerbéton S.a.s.	Heillecourt	FR	EUR	160,000.00	-	70.00	70.00	Unibéton S.a.s.	Line-by-line
Valoise S.a.s.	Pierrelaye	FR	EUR	37,570.00	-	60.00	60.00	GSM S.a.s.	Proportionate
Vaniyuth Co. Ltd	Bangkok	TH	THB	100,000.00	-	48.80	48.80	Investcim S.A.	Line-by-line
Vassiliko Cement Works Ltd	Nicosia	CY	EUR	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	ES	EUR	14,400.00	-	100.00	99.56	Sociedad Financiera y Minera S.A.	Line-by-line
							0.44	Hormigones y Minas S.A.	
Vesprapat Holding Co, Ltd	Bangkok	TH	THB	20,000,000.00	-	49.00	49.00	Sax S.a.s.	Line-by-line
Vulkan Cement S.A.	Dimitrovgrad	BG	BGN	452,967.00	-	98.40	70.00	Ciments Français S.A.	Line-by-line
							28.40	Devnya Cement A.D.	
Xinpro Limited	Puteaux	FR	EUR	37,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Yuzhno-Kyrgyzsky Cement CJSC	Batken Oblast	KG	KGS	528,317,200.00	-	11.00	11.00	Codesib S.a.s.	
Zuari Cement Ltd	Andra Pradesh	IN	INR	4,279,614,000.00	-	99.99	80.14	Ciments Français S.A.	Line-by-line
							19.85	Cie pour l'Investissement Financier en Inde	
								(diritti di voto:	
							99.99	Ciments Français S.A.)	

(*) Percentuale di interesse del Gruppo Ciments Français

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 Giampiero 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, 2011 to December 31st, 2011.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of consolidated financial statements as of December 31st, 2011 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 , 2011:

   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: Giampiero Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in charge of financial reporting

March 28th, 2012

KPMG S.p.A.
Revisione e organizzazione contabile
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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 2011, 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 for comparative purposes. As disclosed in the note "Sale of operations in Turkey", the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements in accordance with the requirements of IFRS 5. We audited such financial statements and issued our report thereon on 18 April 2011. 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 2011.

3 In our opinion, the consolidated financial statements of the Italmobiliare Group as at and for the year ended 31 December 2011 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 2011, the results of its operations and its cash flows for the year then ended.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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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 director's 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 director's 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 2011.

Milan, 16 April 2012

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 laws compared to 2010 are set out in the notes in the section "Statments of compliance with the IFRS". On the basis of the provisions of EU Regulation 1606/2002, the standards to be adopted do not include the principles and interpretations published by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC) at December 31, 2011, 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

In order to facilitate understanding of its business and financial data, Italmobiliare S.p.A. employs a number of widely used indicators, which are not envisaged by the IAS/IFRS.

In particular, the income statement presents the following intermediate indicators/results: Recurring EBITDA, EBITDA, EBIT, 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 IAS/IFRS, their definitions may not be the same as those used by other companies/groups and therefore may not be comparable.

This report contains many financial and non-financial earnings indicators, including those mentioned above. The financial indicators, taken from the financial statements, are used in the tables summarizing Italmobiliare S.p.A.'s business, equity and financial performance, in relation to comparative values and other values for the same period (e.g., change in revenue, recurring EBITDA and EBIT with respect to the previous year).

In the notes, the section on IFRS 7 provides information on the effects of changes in interest rates and share prices on the income statement and the statement of financial position.

General overview

Italmobiliare S.p.A. closed 2011 with a loss of 57.3 million euro, compared with a profit of 35.2 million euro for the year to December 31, 2010. The loss was largely due to impairment losses on equity investments of 80.4 million euro and a reduction in capital gains posted in 2011 compared with 2010 for 20.8 million euro.

Condensed income statement

(in thousands of euro)	2011	2010	Change
Revenue	**49,239**	**67,706**	**(18,467)**
of which:			
Dividends	*38,823*	*35,078*	*3,745*
gains on sales of investments and securities	*1,234*	*21,985*	*(20,751)*
Interest income and other finance income	*2,963*	*4,147*	(1,184)
Services	*6,219*	*6,496*	(277)
Personnel expenses, services and other operating expenses	(20,821)	(20,895)	74
Finance costs	(8,499)	(5,108)	(3,391)
Capital losses, impairment losses and other charges	(1,583)	(6,549)	4,966
Recurring EBITDA [1]	**18,336**	**35,154**	**(16,818)**
Other income (expense)	(617)	(600)	(17)
EBITDA [2]	**17,719**	**34,554**	**(16,835)**
Amortization and depreciation	(112)	(119)	7
EBIT [3]	**17,607**	**34,435**	**(16,828)**
Finance income (costs)	(40)	(49)	9
Impairment losses on financial assets	(80,412)	(191)	(80,221)
Profit before tax	**(62,845)**	**34,195**	**(97,040)**
Income tax expense	5,545	1,042	4,503
Profit (loss) for the year	**(57,300)**	**35,237**	**(92,537)**

[1] Recurring EBITDA is the difference between revenue and costs excluding: other non-recurring income (expense), amortization and depreciation, impairment, finance income (costs) and income tax expense.

[2] EBITDA corresponds to recurring EBITDA net of other non-recurring income (expense).

[3] EBIT corresponds to EBITDA plus amortization and depreciation .

At December 31, 2011, Italmobiliare recorded revenue of 49.2 million euro compared to 67.7 million euro in 2010. The marked fall in revenue in 2011 was largely due to the capital gains realized during 2010 on the sale of Unicredit shares.

After operating expenses and finance costs of 31.5 million euro (33.2 million euro at December 31, 2010), EBITDA and EBIT respectively totaled 17.7 and 17.6 million euro, both down by 16.8 million euro compared to 2010. The worsening in profits, mainly due to the aforementioned sharp fall in revenue, was slightly mitigated by the reduction in operating expenses.

The negative performance of the stock markets during 2011 led to material impairment losses on the equity investments held by Italmobiliare, specifically:

- the alignment to year-end market values of the investment in Unicredit and in UBI led to impairment losses of 43.7 million euro;
- the adjustment to the values of the independent evaluation performed by an external professional on the investment in RCS Media Group estimated the value in use of the associate at 0.900 euro per share, which led to an impairment loss of 36.3 million euro.

After a positive tax posting of 5.5 million euro (1 million euro at December 31, 2010), the company posted a loss for the year of 57.3 million euro.

The statement of financial position at December 31, 2011, and December 31, 2010, is summarized below:

(in thousands of euro)	December 31, 2011	December 31, 2010
Fixed assets	3,824	3,882
Equity investments in subsidiaries	871,068	828,538
Equity investments in associates	75,340	110,630
Other equity investments	202,914	356,701
Receivables and other non-current assets	100,080	69,467
Non-current assets	**1,253,226**	**1,369,218**
Current assets	**70,595**	**160,098**
Total assets	**1,323,821**	**1,529,316**
Equity	**886,324**	**1,075,695**
Non-current liabilities	304,801	230,492
Current liabilities	132,696	223,129
Total liabilities	**437,497**	**453,621**
Total equity and liabilities	**1,323,821**	**1,529,316**

Italmobiliare S.p.A. equity fell compared to December 31, 2010, by 189.4 million euro, from 1,075.7 million euro to 886.3 million euro, due to:

- the reduction in reserves of 110.8 million euro, mainly due to the fall in the amounts of available-for-sale financial assets (for 111.6 million euro net of deferred tax);
- the dividends paid under the resolution of the ordinary shareholders' meeting of May 25, 2011, for 21.3 million euro;
- the loss for the period (57.3 million euro).

Net financial debt stood at 270.5 million euro, up on 220.9 million euro at December 31, 2010. The comment on the finance segment in the Directors' report on Group operations analyzes the Italmobiliare S.p.A. cash flows.

Transactions on equity investments

Regarding transactions on equity investments, reference should be made to the section on the finance segment in the report on Group operations, under the heading "Significant events in the period".

During 2011 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 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, 2011, the number of people employed at Italmobiliare S.p.A. was 46, unchanged on 2010.

(headcount)	2011	2010
Senior managers	13	13
Middle managers	5	5
White collars	28	28
Total	**46**	**46**

The workforce is adequate for the company's mission and objectives, and turnover is limited.

Italmobiliare S.p.A. as the data owner, states that the Policy Document on Data Safety was updated, in compliance with Legislative Decree no. 196/2003, as well as the Technical Specifications on minimum safety measures. In particular, in compliance with Paragraph 9 "Training Plan" of the aforementioned Policy Document on Data Safety, new recruits received appropriate training and information about the minimum safety measures, through an online course.

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 business are illustrated in the corresponding section of the finance segment in the report on Group operations, to which reference should be made.

Transactions with related parties

Italmobiliare S.p.A.'s transactions with related parties concerned:

- companies which are 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 competencies 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 Voluntary Code of Conduct.

Data on the analysis of transactions with related parties and the impact of the transactions on the company's equity, income and financial situation 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 provides administrative, fiscal and legal services for subsidiaries and their investee companies and for associates with no specific internal competences.

In addition, it has dealings with some subsidiaries and associates involving the exchange of services, in particular:

- the Italmobiliare legal service provides Group companies with specific assistance;
- Italcementi S.p.A. provides Italmobiliare with personnel administration services, a share register management service, administration services for shareholders' meetings, public relations services and assistance in corporate affairs;
- Italmobiliare leases some of its real estate properties to its subsidiaries;
- Franco Tosi S.r.l. provides Italmobiliare and some of its subsidiaries with IT support services and some general services;
- RCS Pubblicità S.p.A. has provided advertising services in the newspaper "Corriere della Sera".

Within the Group, exchanges of personnel take place to optimize overall use of resources.

On the financial front, Italmobiliare 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.

2011 was the second tax year in the period 2010/2012, under the domestic tax consolidation envisaged by art. 117 ff. of the Income Tax Consolidation Act (TUIR), which was renewed in 2010 by the parent company Italmobiliare S.p.A. – which acts as the parent-consolidating company – and by some directly and indirectly controlled subsidiaries.

The list of subsidiaries which renewed their three-year participation in the domestic tax consolidation is as follows:

- Italcementi S.p.A.
- Aliserio S.p.A.
- Axim Italia S.r.l.
- BravoSolution S.p.A.
- Cementificio di Montalto S.p.A.
- Imes S.r.l.
- Immobiliare Salesiane S.r.l.
- Intertrading S.r.l.
- Italgen S.p.A.
- Gruppo Italsfusi S.r.l.
- Nuova Sacelit S.r.l.
- Sama S.r.l.
- Sicilfin S.r.l.
- Silos Granari della Sicilia S.r.l.
- Società del Gres Ing. Sala S.p.A.,
- Calcestruzzi S.p.A.
- Cemencal S.p.A.
- Escavazione Sabbia ed affini Monviso S.r.l.
- E.I.C.A. S.r.l.
- Sirap Gema S.p.A.
- Sirap Gema Insulation System S.r.l.
- Franco Tosi S.r.l.

During the year under review, the tax unit underwent some changes as follows:

- on November 1, 2011, with tax effect as from January 1, 2011, the subsidiaries Cemencal S.p.A. and Eica S.r.l. were merged into Calcestruzzi S.p.A.;
- on December 1, 2011, with tax effect as from January 1, 2011, the subsidiaries Intertrading S.r.l., Imes S.r.l., and Immobiliare Salesiane S.r.l. were merged into Sicil.fin S.r.l. As from the same date the incorporating company took the name Italcementi Ingegneria S.r.l.;
- also in December 2011, the subsidiary Axim Italia S.r.l. was sold to a third party not belonging to the Group and so, with retroactive effect from January 1, 2011, is no longer included in the scope of consolidation.

The above events did not have any negative impact on the companies participating in the tax consolidation.

Economic and financial relations among the consolidated companies which are directly connected to and derive from participation in the tax unit and the aforementioned tax regime, are governed by a specific *"Regulation implementing intercompany dealings 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 Luca Minoli, a director of Italmobiliare S.p.A., as an equity partner in the legal firm Dewey LeBoeuf for considerations totaling 43 thousand euro;
- consultancy services for the senior management of Italmobiliare S.p.A. in relation to the rationalization and development of Group activities, provided by Piergiorgio Barlassina (a director of Italmobiliare up to May 25, 2011) for a fee of 104.2 thousand euro and extra costs of 9.3 thousand euro;
- corporate consultancy services provided by Paolo Sfameni, a director of Italmobiliare S.p.A., for 5.2 thousand euro;
- administrative, contractual and tax consultancy services as well as support for corporate operations, provided by Finsise S.p.A., a company whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare S.p.A., for 0.6 thousand euro.

The amounts paid are in line with market conditions for the respective types of professional service supplied.

During 2011 Italmobiliare endowed the “Fondazione Italcementi Cav. Lav. Carlo Pesenti” with 600 thousand euro to cover operating expenses.

The equity investments held by Directors, Statutory Auditors, the Chief Operating Officer, 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, 2011, on transactions with related parties are provided in the notes.

Significant subsequents events

As regards the share capital increase approved by Unicredit at the end of 2011 and finalized in January 2012, Italmobiliare exercised 2,876,645 rights to subscribe 5,753,290 shares for a total outlay of 11.2 million euro funded through the sale of the remaining rights.

Outlook

Please refer to the section in the “Directors’ report on Group operations”.

Report on Corporate Governance and ownership structure

ITALMOBILIARE S.p.A. PROFILE

The Corporate Governance system adopted by Itamobiliare S.p.A. is based not only on the company by-laws, but also on the following codes and/or polices:

1) Code of Conduct;

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;

6) Regulation for the manager in charge of preparing the company's financial reports;

7) Organizational, Management and Control Model.

The above documents are all available on the company's website *www.italmobiliare.it*, 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 for the special part of the Organizational, Management and Control Model.

The Company, as holding company of the Group, has been actively committed in modernizing its business culture over the years 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 governance goes hand in hand with the dissemination of a business culture built on transparency, adequate management and effective controls.

The corporate governance structure of the Company, as set up in the binding articles of the by-laws and in the provisions of the above mentioned codes and policies confirms and bears witness to Italmobiliare S.p.A.'s commitment to complying with national and international best practices.

INFORMATION ON OWNERSHIP STRUCTURE

This section includes the information required by art. 123-bis of Leg. Decree no. 58 of February 24, 1998 (TUF).

a) Share capital structure, indicating the various share categories, related rights and obligations, as well as the percentage of share capital represented

Italmobiliare S.p.A. share capital is equal to 100,166,937 euro, divided into 38,525,745 shares with a nominal 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. 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.

In the event of an increase in share capital against consideration for which option rights have not been excluded or limited, the holders of savings shares have option rights on the newly issued savings shares or, in their absence or to cover the difference, on other categories of shares. Resolutions to issue new savings shares with the same characteristics as those already outstanding, either through a share capital increase or through the conversion of other categories of shares, do not require approval by the special meetings of the holders of different share categories. Should ordinary and/or savings shares be excluded from trading, savings shares maintain the rights granted to them by law and by the by-laws, unless otherwise provided for by the shareholders' meeting.

When the net profit for the year is allocated, savings shares are entitled to a privileged dividend up to 5% of the nominal share value, increased with respect to that of ordinary shares, by an amount equivalent to 3% of the nominal share value. When in a financial 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.

In the event of distribution of reserves, savings shares have the same rights as other shares.

A reduction in share capital owing to losses does not cause a reduction in the nominal value of the savings shares, except for that part of the loss in excess of the overall nominal value of the other shares.

In case of dissolution of the Company, savings shares have priority in the repayment of the share capital for the full nominal 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, and cancelled for the non executed part, 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 Leg. Dec. no. 58 of February 24, 1998

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.	871,411	2.26	3.92

d) Shares that confer special control rights

No shares conferring special control rights have been issued.

e) Shareholding of employees: mechanism for exercise of voting rights

There is no specific system for employees to have shareholdings.

f) Restrictions on voting rights

The by-laws does not provide for restrictions on the exercise of voting rights.

g) Agreements among shareholders, pursuant to article 122 of Leg. Decree 58/98, 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 become effective, are modified or expire should there be a change in the control of the company and their effects, and by-laws provisions on takeover bid

Within the activities aimed at supporting its business and development, the Company have not entered into loan agreements, which grant to the lender the right, in case of a reduction of the stake directly or indirectly held by the majority shareholders, to withdraw from the loan agreement.

As far as takeover bids are concerned, the Company by-laws do not provide for the waiver of the provisions of TUF related to the passivity rule nor is the breakthrough rule 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

For this information, please refer to the Report on Remuneration, published in compliance with art. 123-ter TUF.

l) Laws applicable to the appointment and replacement of directors and to amendments of the by-laws

Appointment of directors

For this information, please refer to section «The Code of Conduct and corporate governance rules – A) Organizational structure – Board of Directors».

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 and to purchase treasury shares

Delegated powers for share capital increases

The Board of Directors has the right, on once or more times within five years of the shareholders' resolution made at their extraordinary shareholders' meeting of June 18, 2007:

a) pursuant to art. 2443 of the Italian Civil Code, to increase the share capital up to a maximum overall amount of 260 million euro in once or more times, free of charge and/or by means of payment, through the issue of ordinary and/or savings shares, also to serve bond emission issued by other entities which grant the power to convert them into ordinary and/or savings shares or linked to warrants entitled to subscribe ordinary and/or savings shares of the Company;

b) pursuant to art. 2420-ter of the Italian Civil Code, to issue, in once or more times, bonds convertible into ordinary and/or savings shares or linked to warrants with purchase or subscription rights of ordinary and/or savings shares, up to a maximum overall amount of 260 million euro, within the limits allowed by law from time to time, and with subsequent share capital increase to serve such conversions or warrants exercise,

all with full powers in this regard, including the powers to offer shares and convertible bonds or convertible bonds in the form as set out in the penultimate paragraph of art. 2441 of the Italian Civil Code; to reserve up to a quarter of such shares, bonds and warrants pursuant to art. 2441 of the Italian Civil Code, last paragraph; to identify the funds and reserves to be allocated to capital in the case of a free of charge increase; to establish the issue price, conversion ratios, terms and method of execution of transactions.

By resolution of May 25, 2011 at their extraordinary meeting, the shareholders granted to the Board of Directors:

- the power, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital against consideration, on once or more times within five years of the aforementioned resolution, for a maximum amount of 910,000 euro through the issue of a maximum 350,000 ordinary and/or savings shares, of nominal value of 2.60 euro each, to be reserved, pursuant to art. 2441 of the Italian Civil Code, paragraph 8, for employees of Italmobiliare S.p.A. and its subsidiaries, both in Italy and abroad and in compliance with the regulations in force in the countries of the beneficiaries;

- the power, consequently, to establish the entitlement rights to the shares, to establish the timeframes, method, characteristics and conditions of the offer to employees and to set the issue price of the shares, including the related share premium all according to the provisions of the "Stock option Plan for Officers".

Moreover, by resolution of June 18, 2007 at their extraordinary meeting, the shareholders granted to the Board of Directors:

- the power, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital against consideration, on once or more times within five years of the above resolution date, for a maximum amount of 910,000 euro through the issue of a maximum 350,000 ordinary and/or savings shares Italmobiliare, with a nominal value of 2.60 euro each, excluding the right of first refusal pursuant to art. 2441 of the Italian Civil Code, paragraph 5, to serve the incentives plan for Directors of the Company and of subsidiaries vested with special powers in compliance with the articles of association or who perform specific operational duties;
- the power, consequently, to establish the entitlement rights to the shares, to establish the timeframes, method, characteristics and conditions of the offer and to set the issue price of the shares, including the related share premium, all according to the provisions of the "Stock option Plan for Directors".

Financial equity 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 for the purchase of treasury shares

At their ordinary meeting of May 25, 2011, the shareholders renewed the Company's authorization to buy and dispose of treasury shares for a period of 18 months from the date of the resolution.

Within the scope of the above authorization, since that date the Company has not purchased any ordinary or savings treasury shares, nor have shares held in its portfolio been used to grant them to beneficiaries of stock options, since no vested rights have been exercised by directors or officers.

Therefore, on December 31, 2011, the Company held:

- 871,411 ordinary treasury shares, equal to 3.93% of the share capital represented by ordinary shares, a portion of which 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 S.p.A.: according to the last notice received as well as to the other Company's information, it held indirectly a shareholding, net of the treasury shares held by the same Italmobiliare, equal to 47.26% of Italmobiliare S.p.A.'s ordinary shares, representing the share capital with voting right.

According to both art. 2497-sexies and art. 2359 of the Italian civil code, any company exercises management and coordination activity over Italmobiliare S.p.A.

FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM REGARDING THE FINANCIAL DISCLOSURE PROCESS

1. Foreword

The risk management is part of the Italmobiliare Group strategy and represents a fundamental component of the corporate governance system.

As already noted in the section on "Risks and Uncertainties" of construction materials sector, in 2010 Italcementi S.p.A. set up the Risk Management Department aimed at improving the creation of value for stakeholders, also by optimizing enterprise risk management (Enterprise Risk Management – ERM). This initiative is part of the Group's "*Risk & compliance*" program launched in 2008, which classified risks related to the financial disclosure process as one of the key risks.

Same evaluation is extended to Italmobiliare Group considering the significant influence of the Italcementi group on the consolidate financial disclosure.

The risk management and internal control system relating to the financial disclosure process also benefited from:

- the continuous development of an integrated organizational governance system (organization notices, job descriptions, corporate powers and processes) whose tools are available in a Knowledge Management Database, B.E.S.T. (Business Excellence Support Tool), which allows easy access to information and encourages cross-circulation within the Group;
- a more timely organization and planning relating to the provisions of Law no. 262 of December 28, 2005, stating "Provisions for the protection of savings and the regulation of the financial markets" and the following corrective decrees (hereinafter the "Law on Savings") issued by lawmakers with the aim of increasing the transparency of corporate disclosure and enhancing the internal control system of listed companies.

With reference to this regulation, far-back Italmobiliare S.p.A. put in place a cycle of activities, described in section 2 below, which are included in an action plan integrated into the Company's processes.

2. Description of the main features of the system

2.1 Stages in the risk management and internal control system

Italmobiliare has established its own model for the assessment of the internal control system relating to the disclosure about financial position and results of operations (hereinafter the "Operational model") and has established the operational approach for undertaking these activities. This model is based on the CoSO framework, issued by the Committee of Sponsoring Organizations of the Tradeway Commission (CoSO), and also takes into account the document "Internal Control over Financial Reporting - Guidance for Smaller Public Companies", which was also drafted 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 belonging to the latter.

The Operational model defined by Italmobiliare is based on the following main elements:

a) **Preliminary analysis**. This is undertaken annually or whenever considered necessary and aims to identify and assess risks relating to the internal control system with regard to financial position and results of operations' disclosure, so as to establish the priorities for documenting, assessing and testing the administrative and accounting procedures and the related controls. Identification of the relevant entities and processes is based on quantitative and qualitative elements. In particular, the Company identified the relevant components with respect to the consolidated figures and the main processes determining them; then, it identified the relevant companies having regard to the weight of revenues and net profits of a single entity with respect to the aggretgate amounts and based on further qualitative considerations (i.e. country where the entity operates, complexity and/or legal framework evolution, business sector, specific risks); in the end, the two levels of analysis have been compared defining the relevant processes and companies included within the scope perimeter association;

b) **Operational planning**. Every year the activities are planned on the basis of the priorities identified through the preliminary analysis and any other assumptions;

c) **Analysis of company controls**. The individual entities in the area for action identified in the preliminary analysis are responsible for 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 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 operational planning and on the basis of the guidelines, instructions and templates provided;

d) **Analysis of controls at process level**. The individual entities in the area for action identified in the preliminary analysis are responsible for: a) documenting, with varying levels of detail depending on the level of risk allocated, the administrative and accounting processes which have been identified, b) performing tests to check the effective operation of the key controls, in accordance with the deadlines established during operational planning and on the basis of the guidelines, instructions and templates provided by the manager in charge of preparing the company's financial reports;

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 work carried out and the documentation obtained, 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.

2.2. Roles and Functions involved

The financial disclosure related to the risk management system is supervised by various Company bodies/functions, each with specific roles and responsibilities. In particular, as already stated in other sections of this corporate governance report, the duties of the following bodies/functions with reference to the issues referred to in this section, are here reported:

1) The ***Board of Directors***, to which the Code of Conduct assigns, among other things, the task of:

    a) checking and approving the strategic, business and financial plans of the company;

    b) assessing the forecasts on operations and the adequacy of the organizational, administrative and general accounting system of the company and subsidiaries;

    c) evaluating and approving the periodic accounting reports; assessing the company's operational structure;

    d) establishing the guidelines for the internal control system so that the main risks for the company and the subsidiaries are correctly identified, as well as adequately measured, managed and monitored, and, also, determining criteria for the suitability of these risks with safe and appropriate management of the company;

    e) assessing, at least on an annual basis, the adequacy, effectiveness and effective functioning of the internal control system with respect to the characteristics of the company.

2) The ***Chief Executive Officer***, who, as executive director responsible for overseeing the functioning of the internal control system, has the task of:

    a) identifying the main company risks, taking into account the characteristics of the activities carried out by the company and by the subsidiaries, and periodically submitting them for examination to the Board of Directors;

    b) implementing the guidelines defined by the Board of Directors, taking care of the planning, achievement and management of the internal control system, constantly checking its overall adequacy, effectiveness and efficiency; also, adapting this system to changes in operating conditions and the legal and regulatory framework;

    c) issuing, with the manager in charge, certificates on the adequacy and effective application of the administrative and accounting procedures, the compliance of documents with applicable IFRS, the correspondence of documents to entries in the accounting books and records, the suitability of documents in providing a true and fair representation of financial position and results of operations of the company and Group, etc.

3) The ***Internal control committee***, to which the Code of Conduct assigns, among other things, the task of:
   a) assessing, together with the manager in charge of preparing the company's financial reports and the external auditors, the correct application of accounting policies and their uniformity for the purposes of preparing the consolidated financial statements;
   b) examining the audit plan and periodic reports prepared by the controller;
   c) reporting, at least every six months, to the Board of Directors called to approve the financial statements and the half-year report, on the activities undertaken and on the adequacy of the internal control system;
4) The ***Chief Operating Officer***, to whom are entrusted, among others, the duties of coordinating and supervising the operations of both Italmobiliare S.p.A. and its direc and indirect subsiadiaries, overseeing the group companies' performance in general as well as proposing and submitting to the Chief Executive Officer organizational proposals aimed at improving the Company efficiency. He is also involved in supervising the process of drafting the Company financial disclosures.
5) The ***Manager in charge of preparing the company's financial reports***, who, as envisaged 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 half-year financial statements and the consolidated financial statements, as well as any other financial communication, by updating such procedures and ensuring dissemination and compliance, as well as verifying their effective application;
   b) assessing, together with the Internal Control 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 senior 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 information systems that have an impact on the company's financial positions and results of operations.
6) The ***Controller***, who has the task of verifying that the internal control system is always adequate, fully operational and functional. The controller has direct access to all the information required to perform this task, is not responsible for any operational area and does not report to any manager in the operational areas, including administration and finance. The controller reports on the way risk management is handled, in compliance with the plans established to contain such risks and, in compliance with the legally prescribed terms and procedures, to the Internal Control Committee, the executive director in charge of overseeing the functioning of the internal control system, and the Board of Statutory Auditors and states his opinion on the suitability of the internal control system to achieve an acceptable overall risk profile.
7) ***Compliance committee***, who is responsible for continuously overseeing the effective functioning and enforcement of the organizational, management and control model pursuant to Leg. Dec. 231/01, liaising with, among others, the manager in charge of preparing the financial reports with reference to relevant issues in terms of financial disclosure;
8) the ***Company Functions*** involved in the process of drafting the financial disclosure, which, must release specific attestations on data and information provided, guarantee both with respect to the correct representation as well as to the effective and efficient application of the administrative and accounting procedures in the areas they are responsible for.

Finally, against this background, the Committee for the internal control and audits (***Board of Statutory Auditors***), in connection with the duties assigned by Leg. Decree 39/2010, oversees on:

a) the financial disclosure process;
b) the effectiveness of the internal control system, the internal audit and the risk management;
c) the annual and consolidated accounts audits;
d) the audit firm independence.

The circulation and integration of the information produced in the various areas is ensured by a structured information flow. In this sense, an important role is played, for example, by the quarterly report of the manager in charge, setting out, among other things, the results of the activities undertaken, problems that came out, the action plans established and their progress.

THE CODE OF CONDUCT AND THE CORPORATE GOVERNANCE RULES

Italmobiliare complies with the Code of Conduct of the Italian Corporate Governance committee, promoted by the Italian stock exchange, Borsa Italiana S.p.A., since its first edition. The Company adopted its own Code of Conduct (the "Code"), last updated by the Company Board of Directors in February 2007, which constitutes a self-regulation system including legal and regulatory framework provisions, which Italmobiliare S.p.A. and its corporate bodies voluntarily comply with. Its end is to highlight the corporate governance model of the Company established to achieve its primary goal of maximizing value for shareholders.

The Code is based on the Code of Conduct, in its version of March 2006. The Code of Conduct of the Italian Corporate Governance committee was updated in March 2010 with reference to the sole art. 7 and, further, in December 2011, it has been completely renewed also to the extent of eliminating discrepancies with current law provisions. The Company, although it did not include the new art. 7 provisions (subsequently remunerated in art. 6) in its Code, has already been complying with them, submitting to the examination (i) of the Board of Directors in March 2011, upon proposal of the Remuneration Committee, the Remuneration policy for directors, officers and managers vested with special powers and (ii) of the shareholders at their meeting in May 2011, the Report on remuneration policy. On the other hand, the Company will comply with the new recommendations within the deadline envisaged therein.

The Code envisages the establishment of corporate bodies and offices as well as the adoption of specific procedures and conduct, with the sole exceptions described below and with the amendments required by the specific features of Italmobiliare S.p.A.

The Board of Directors, moreover, is always willing to assess further trends introduced in the Code of Conduct and their possible implementation in the Company's Corporate Governance system, provided that, in respect with the current company situation, the recommendations allow the Company's standing with investors to be further enhanced.

A) ORGANIZATIONAL STRUCTURE

Board of Directors

The Company by-laws provide for the company to be managed by a Board of Directors consisting of 5 up to 15 directors who serve for the period established on their appointment, and in any case no more than three financial years, and who terminate their office on the date of the shareholders' meeting called to approve the financial statements for the final year of their appointment, they may be re-elected.

The Company by-laws, in compliance with the law currently in force, provide for the appointment of the Board of Directors to occur on the basis of lists that ensure for minority shareholders the minimum number of directors envisaged by the law.

In addition, the Code of Conduct recommends that this must occur in accordance with a transparent procedure to ensure, among other things, timely and adequate information on the personal and professional skills of candidates.

The lists must be filed at the company 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. For 2012, the threshold established for the presentation of candidates' lists for the election of the Board of Directors of Italmobiliare S.p.A. is 2,5% of the ordinary share capital.

No shareholder may file or participate in the filing of more than one list, directly or through third parties 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 third party or trust companies.

Lists filed in violation of these restrictions will not be accepted.

Each candidate may be filed on one list only under penalty of ineligibility.

At the time of their filing, lists must include:

a) statements by which individual candidates:
   * accept their candidature
   * under his/her own responsibility state:
     - the non-existence of causes for ineligibility
     - entitlement of the good reputation requirements established by the law
     - entitlement of the independence qualification required by the law and by the Code of Conduct, if any;

b) a brief resume on the personal and professional skills of each candidate with 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.

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 shall make 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 the 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.

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, the Board of Directors is respectively appointed or supplemented by the shareholders at their meeting with the legal majority, provided that at least the minimum number of directors holding the independence qualification required by the law is guaranteed.

If during the year, owing 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 shall act pursuant to the law.

Directors appointed in this manner hold office until the following shareholders' meeting.

The shareholders' meeting resolve 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 by 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 are envisaged, although directors holding the same position for more than nine years in the last twelve years could be considered - on voluntary basis - no longer to meet the independence qualification pursuant to the Code of Conduct.

Pursuant to the current regulations, at least one of the members of the Board of Directors, or two if the Board of Directors consists of more than seven members, must be vested with the independence qualification established by the law for the members of the Board of Statutory Auditors, while the law requires all directors to meet the good reputation requirements established by the Minister of Justice for statutory auditors' regulation.

The Code, as stated by the Corporate Governance Committee, requires an adequate number of non-executive directors to be independent in the sense that they do not have, nor have recently had, directly or indirectly, relationships with the company or with parties linked to it, such as to influence their independence of judgment.

Should an elected director during their term of office no longer satisfy the good reputation requirements established by the law or the by-laws, their office shall terminate.

Should the independence criteria prescribed by the law no longer be met, the director concerned must immediately inform the Board of Directors. In the event, the office of the director shall terminate, except in cases where such criteria are still held by at least the minimum number of directors envisaged by the current regulation.

No exception to the ban on competition envisaged by art. 2390 of the Italian Civil Code has been authorized by the shareholders' meeting or is envisaged by the Company by-laws. Moreover, no director is a shareholder with unlimited responsibility in competitors or runs a competing business on their own or on behalf of third parties, or is a director or chief operating officer in competitors.

Pursuant to the Company by-laws, the Board of Directors is vested with full powers of ordinary and extraordinary company management. It may, therefore, perform all acts which it deems necessary to achieve the business purpose with the sole exclusion of those expressly reserved by law to the shareholders' meeting.

Besides the powers vested with the Board of Directors by law and by the Company by-laws regarding the issue of shares and bonds, in compliance with art. 2436 of the Italian Civil Code, resolutions on the matters listed below are assigned not only to the extraordinary shareholders' meeting, but also to the Board of Directors:

- incorporation of wholly owned or at least ninety percent owned companies;
- transfer of the registered office, provided that it remains within Italy;
- establishment or removal of secondary offices, in Italy and abroad;
- reduction of the share capital in the case of withdrawal by a shareholder;
- amendment of the company by-laws to comply with legal requirements.

The Board of Directors, in compliance with the by-laws, meets at least once every quarter. At these meetings, the executive directors report to the Board and Board of Statutory Auditors on significant transactions undertaken in execution of the powers granted to them.

The Code underlines the key role played by the Board of Directors and sets out and supplements its specific duties which include, among other things: the assignment and termination of delegated powers to senior officers; the evaluation and approval of strategic, business and financial plans as well as the assessment of business forecasts and the adequacy of the organizational, administrative and general accounting arrangements of the company and subsidiaries; the examination and approval of the accounting entries for the period; the prior evaluation and approval of strategic transactions; the assessment of the company operational structure; the determination of the remuneration of directors vested with special powers and the manager in charge of preparing the company's financial reports; reports presented at shareholders' meetings; the examination and approval of the Corporate Governance system.

In addition, the Board of Directors is required to evaluate and approve in advance:

- the transactions with related parties undertaken by the company itself and by its subsidiaries when such transactions are of strategic or financial importance for Italmobiliare S.p.A.;
- other transactions with related parties when expressly required by the specific company procedure and in compliance with the methods therein.

Finally, the Board of Directors must review, at least once a year, the size, composition and functioning of the Board itself and of its Committees.

The Board of Directors mainly consists of non-executive members and among these a sufficient number are independent. Should the Chairman of the Board of Directors be the primary officer responsible for company management, as also whenever the position of Chairman is held by the person who controls the company, the Code envisages that the Board appoints an independent director as the "*lead independent director*", to be a reference for and to coordinate the requests and contributions of non-executive directors and, in particular, independent directors.

The Chairman coordinates the activities and chairs meetings of the Board of Directors and ensures that its members are provided in due time with information on the related significant items on the agenda in order to assure a useful attendance, subject to any needs of urgency or confidentiality. To this extent, the supporting documentation on the items on the agenda is sent by e-mail to each member of both the Board of Directors and the Board of Statutory Auditors some days before each meeting (generally two days before the meeting). Moreover, when the supporting documentation is particularly complex and/or heavy, explanatory notes are provided with.

In addition, the Chairman, through the competent company departments, acts to ensure that the directors take part in initiatives aimed at increasing their knowledge of the company and its dynamics and are informed about the main amendments to the legislative and regulatory framework concerning the company and its corporate bodies.

Directors act and pass informed resolutions independently, pursuing the primary goal of creating value for shareholders. They accept their offices acknowledging that they can devote the due time to diligent performance of their duties. Pursuant to the Code, effective performance of the duties of director is deemed to be consistent with no more than:

- 5 offices as executive director,
- 10 offices as non-executive director or independent director or statutory auditor

in companies listed also abroad on regulated markets, in financial, banking, insurance or major companies, excluding subsidiaries of Italmobiliare S.p.A., parents and companies subject to joint control.

A list of the positions as director, statutory auditor, and chief operating officer held by each director in other companies listed on regulated markets, in financial, banking, insurance or major companies is set out below:

Giampiero Pesenti	* Italcementi S.p.A.	- Chairman
	* Ciments Français S.A. (*representing Italcementi S.p.A.)*	- Director
	* Allianz S.p.A.	- Director
	* Compagnie Monegasque de Banque	- Director
	* Credit Mobilier de Monaco	- Director
	* Finter Bank Zürich	- Director
	* Mittel S.p.A.	- Director
Italo Lucchini	* Italcementi S.p.A.	- Director
	* Unione di Banche Italiane S.c.p.a.	- Supervisory Director
	* Ciments Français S.A.	- Director
	* BMW Italia S.p.A.	- Chairman Board of Statutory Auditors
	* BMW Financial Services Italia S.p.A.	- Chairman Board of Statutory Auditors
	* Cartiere Fedrigoni & C. S.p.A.	- Chairman Board of Statutory Auditors
	* Fedrigoni S.p.A.	- Chairman Board of Statutory Auditors
Carlo Pesenti	* Italcementi S.p.A.	- Chief Executive Officer
	* Ciments Français S.A.	- Deputy Chairman
	* Mediobanca S.p.A.	- Director
	* RCS MediaGroup S.p.A.	- Director
	* Ambienta SGR	- Director
Giorgio Bonomi	* Italcementi S.p.A.	- Director
	* IGP - Decaux S.p.A.	- Director
Gabriele Galateri di Genola	* Assicurazioni Generali S.p.A.	- Chairman
	* TIM Brasil Serviços e Participaçoes S.A.	- Chairman
	* Banca CARIGE	- Director
	* Cassa di Risparmio di Savigliano	- Director
	* Edenred	- Director
	* Saipem	- Director
	* Telecom Italia S.p.A.	- Director
	* Tim Participaçoes	- Director

Jonella Ligresti	* Fondiaria- SAI S.p.A.	- Chairman
	* Sai Holding Italia S.p.A.	- Chairman
	* Mediobanca S.p.A.	- Director
	* Milano Assicurazioni S.p.A.	- Director
	* RCS MediaGroup S.p.A.	- Director
Sebastiano Mazzoleni	* Italcementi S.p.A.	- Director
	* Ciments Français S.A. (*representing italcementi Ingegneria S.r.l.)*	- Director
Luca Minoli	* Cemital S.p.A.	- Chairman
	* Finanziaria Aureliana S.p.A.	- Chairman
	* Privital S.p.A.	- Chairman
Gianemilio Osculati	* Eurizon Capital S.g.r.	- Chairman
	* Intesa SanPaolo Assicurazioni	- Chairman
	* Osculati & Partners S.p.A.	- Chairman
	* Valore S.p.A.	- Chairman
	* Intesa SanPaolo Vita	- Chief Executive Officer
	* Intesa SanPaolo Previdenza	- Chief Executive Officer
	* Intesa SanPaolo Life	- Director
	* Société Générale	- Director
	* Miroglio S.p.A.	- Director
	* Gas Plus S.p.A.	- Director
Giorgio Perolari	* Unione Banche Italiane S.c.p.a.	- Supervisory Director
Clemente Rebecchini	* Gemina S.p.A.	- Director
	* ADR S.p.A.	- Director
	* Telco S.p.A.	- Director
Paolo Sfameni	* Allianz Bank Financial Advisor S.p.A.	- Director
	* Allianz Global Investors Sgr S.p.A.	- Deputy Chairman
	* Pirelli & C. S.p.A.	- Statutory Auditor
	* Banca ITB S.p.A.	- Statutory Auditor
	* Cordusio Fiduciaria S.p.A.	- Chairman Board of Statutory Auditors
	* Unimanagement S.r.l.	- Statutory Auditor
	* Equita Sim S.p.A.	- Statutory Auditor
	* Unicredit Audit S.c.r.l.	- Statutory Auditor
Livio Strazzera	* Serfis S.p.A.	- Sole Director
	* Banca Regionale Europea	- Director

Legal representation – Executives

According to the by-laws, legal representation of the Company vis-à-vis third parties and in lawsuits lies severally with the Chairman and, if appointed, the Deputy Chairman (or Deputy Chairmen) and the Chief Executive Officer (or Chief Executive Officers).

The Board of Directors has granted to an Executive Committee all its powers, except those that the Italian Civil Code and the by-laws do not allow to be delegated.

The resolutions of the Executive Committee are reported to the Board of Directors at the first following meeting.

The Board of Directors has granted to the Chairman the office of Chief Executive Officer and it appointed a Deputy Chairman and a Chief Operating Officer. Upon their appointment each of them has been entrusted with the powers which will be illustrated herein below.

The Code provides for the Board of Directors, at its first possible meeting and, in any case, at least on a quarterly basis, to be informed on the activities carried out by the Chief Executive Officer and the other executive directors, and in particular on the most important transactions with an impact on the financial statements undertaken by the company or by the subsidiaries, on the main transactions with related parties and those with a potential conflict of interest which have not been submitted to the Board for its prior approval.

Upon proposal of the Remuneration committee, the Board of Directors, in the absence of those directly concerned, establishes the remuneration, grants monetary benefits for directors vested with special powers in compliance with the articles of association, based on the opinion of the Board of Statutory Auditors and, when required, upon further evaluation of the Committee for Transactions with Related Parties. A significant part of the remuneration of the Chairman-Chief Executive Officer and of the Director-chief Operating Officer is tied to business results and to achievement of specific targets.

A consistent approach and coordination of activities are ensured by the presence of the Chairman-Chief Executive Officer, Deputy Chairman and Director-Chief Operating Officer, directors or officers of Italmobiliare S.p.A. on the Boards of Directors of the main subsidiaries.

Transactions with related parties

Without prejudice to the provisions of the Procedure for Transactions with Related Parties last approved by the Board of Directors in its session of November 2010, transactions with related parties must be carried transparently and in compliance with the criteria of formal and substantial accuracy. Therefore, directors who have an interest, even if only potential or indirect, in a transaction are required to:

a) provide timely and exhaustive information to the Board on the existence of the interest and on its circumstances;

b) to leave the Board meeting at the time the resolution is taken.

In specific circumstances, however, the Board of Directors may allow the participation of the director concerned in the discussion and/or the vote.

Moreover, according to the by-laws and the above mentioned procedure, the Board of Directors may undertake significant transactions with related parties notwithstanding a negative opinion of the Committee for Transactions with Related Parties, upon authorization of the shareholders' meeting, provided that, without prejudice to the majorities of law, the shareholders who are not related parties present at the meeting represent at least 10% of the share capital and those do not vote against the transaction (the so-called "whitewash").

In cases of urgency, the Board of Directors, or the competent body, may, directly or through subsidiaries, execute transactions with related parties, that are not under the prerogatives of the shareholders' meeting and do not require its authorization, by applying the simplified rules envisaged by the Procedure for Transactions with related parties adopted by the Company.

Appointment of committees

Italmobiliare S.p.A., in its own Code, provides for the Board of Directors to appoint a Remuneration committee and an Internal control committee from among its members. Their resolutions are of advisory or propositional role and do not bind the following Board resolutions.

The Committees shall be composed of no fewer than three members and, in carrying out their duties, may access the supporting corporate information and functions, and also request the assistance of external advisors.

Each Committee elects its own Chairman and a secretary (who is not required to be a member of the committee) and meets at request of its Chairman or his/her delegate. The meeting may be called informally (including by unwritten means).

The meetings of each committee are validly convened with the participation of the majority of its members, in person or via an audio or video-conference link. Each committee carries resolutions by an absolute majority vote of the members participating at the meeting.

The Remuneration committee, consisting of non-executive directors, the majority of whom are independent, has the task of proposing to the Board, in the absence of those directly involved, the remuneration of directors vested with special powers, as well as of the Chief Operating Officer and Officers with strategic responsibilities. It also enforces their application on the basis of the information supplied by the executive directors. The Remuneration committee also performs additional advisory functions on remuneration and related matters which the Board of Directors may request from time to time.

The Internal control committee, consisting of non-executive directors, the majority of whom independent, has the task, in addition to the above, of verifying, together with the manager in charge of preparing the company's financial reports and the external auditors, the correct application of accounting policies and their consistency for the purposes of preparing the consolidated financial statements; of expressing, at request of the Chief Executive Officer, opinions on specific aspects regarding identification of the main company risks as well as the planning, realization and management of the internal control system; of examining the activities' program and periodic reports prepared by the Controller. In addition, the Internal control committee performs further duties assigned by the Board of Directors and reports, at least on a half-yearly basis, during approval of the yearly and half-yearly reports, on the activities undertaken and on the adequacy of the internal control system.

The Internal Control committee also supports the Board of Directors with the activities related to the functioning of the internal control system.

The meetings of the committee are attended by the Chairman of the Board of Statutory Auditors or other auditor appointed by him/her; the Chairman and the Chief Executive Officer may also take part, as well as, if invited, the Chief Operating Officer, the internal control staff and the heads of other company functions.

Among the committees recommended by the Corporate Governance Committee, the Italmobiliare S.p.A. Code does not provide for a «Nomination committee». This is consistent with the shareholding structure of the Company which has a constant shareholder who exercise a significant influence on the shareholders' meeting. Moreover, the appointment of the Board of Directors is now governed by the Company by-laws which envisage that upon presentation of the list a brief resume is attached for each candidate with their personal and professional skills. These resumes, pursuant to the law and the Code, must be duly published on the company website; in addition, it is now current practice that during the shareholders' meeting the Chairman provides data and professional details on candidates and their eligibility as independent directors.

Further, in inviting issuers to evaluate the setting-up of a Nomination committee within the Board of Directors, the «Corporate Governance Committee» stated that "... *this solution has its origin in systems with widespread shareholdings, to ensure an adequate level of independence of the directors in relation to management* ...".

Lastly, the Board of Directors, in compliance with the regulation envisaged for transactions with related parties, set up from among its members, during the adoption of the related procedure, a Committee for Transactions with Related Parties, which consists of three independent directors, two of which coincides with that of the Internal control committee.

The Committee for Transactions with Related Parties has the task of assessing the formal and substantial accuracy of the transactions undertaken directly by the Company, or through its subsidiaries, with other related parties.

The members of the Committee were asked to express their approval on the procedure prior to its adoption.

The committee elects its own Chairman and, at the latter's request, a secretary who is not necessarily a member of the committee and who has the task of preparing the minutes of meetings. The members of the committee for Transactions with Related Parties are required to promptly declare the existence of any dealings in relation to the specific transaction with related parties, in order to permit application of the equivalent controls. In order for the meetings of the committee to be valid, it is necessary for the majority of the serving members to be present. The meetings of the committee can also be held using broadcasting technology channels. The committee passes resolutions with the majority of those with voting rights.

Lead independent director

The Code envisages, in relation to independent directors, that should the Chairman of the Board of Directors be the primary officer responsible for company management, and also when the position of Chairman is held by the person who controls the company, the Board appoints 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.

At the meeting of May 25, 2011, the Board of Directors confirmed Mr. Mauro Bini, independent director, as "*Lead independent director*".

Controls' system

For information on the Internal control system, please refer to section "Features of the Risk management and internal control system regarding the financial disclosure process".

Executive director responsible for overseeing the internal control system

With reference to the control system, during the meeting of May 25, 2011, pursuant to the Code and with the assistance of the Internal control committee, the Board of Directors appointed the Chairman-Chief Executive Officer as the executive director responsible for overseeing the internal control system.

Manager in charge of preparing the company's financial reports

The Consolidated Law on Finance (TUF) provides that, within the corporate organization of companies listed on regulated markets which have Italy as their homemember state, should be appointed a manager in charge of preparing the company's financial reports who is assigned with specific responsibilities, in particular for corporate disclosure.

On May 25, 2011, the Board of Directors confirmed Giorgio Moroni, Co-Chief Operating Officer Administration & Finance, as Manager in charge of preparing the company's financial reports, pursuant to art. 154-bis of TUF and art. 29 of the Company by-laws. The office of Mr. Giorgio Moroni will expire at the same time of the mandate of the Board of Directors currently in office and therefore upon approval of the financial statetments as at decemebr 31, 2013.

Pursuant to the Company by-laws, the Manager in charge of preparing the company's financial reports must:

1) be a manager and meets the good reputation requirements established by law for the members of the Board of Directors;
2) have at least three consecutive years' experience in the exercise of administrative/accounting and/or financial and/or control activities at the company and/or its subsidiaries and/or at other joint stock companies.

At the time of the appointment, the Board of Directors provided the Manager in charge of preparing the company's financial reports with adequate powers and means to exercise the duties granted to him according to the law and defines his remuneration.

Board of Statutory Auditors

The Code takes up and supplements the laws and by-laws with reference to the appointment of the Board of Statutory Auditors which shall occur in accordance with a transparent procedure guaranteeing, among other things, timely and adequate information on the personal and professional skills of the candidates.

The Board of Statutory Auditors is appointed on the basis of lists aimed at ensuring for minority shareholders the appointment of one acting auditor and one substitute auditor.

Lists must be filed at the company head offices or by sending notice to the address of certified electronic mail 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 means and minimum stake required to file the lists, must be mentioned in the notice of call.

Lists may be presented 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 for the appointment of the Board of Directors. For 2012, the established threshold is 2.5% of the ordinary share capital.

No shareholder may file or participate in the presentation 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 filed on one list only under penalty of ineligibility.

At the time of their filing, lists must include:

a) statements by which 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;

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 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 further to the file 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 company head offices, at the Italian stock exchange and on its website, the lists of candidates which have been submitted by shareholders and the belonging 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 the said auditor.

Should a single list be presented, all the candidates included in that list are elected with a majority vote of the share capital represented at the shareholders' meeting.

Should no lists be presented, the shareholders' meeting appoints the Board of Statutory Auditors with a majority vote of the share capital represented at the shareholders' meeting.

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 to the first name in the single list presented or to the person appointed as such by the shareholders' meeting should no lists be presented.

Pursuant to the by-laws of Italmobiliare S.p.A., those who are in situations of incompatibility as envisaged by the law or those who have exceeded the limit of engagements established by the regulation in force, cannot be elected as auditors, and if elected cease to serve.

Should an elected auditor during his/her term of office no longer satisfy the requirements envisaged by the law or the by-laws, his/her office shall terminate.

When it is necessary to replace an acting auditor, the substitute auditor belonging to the same list as the removed auditor takes over.

In their absence, 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 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 an 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 among the candidates indicated in the original majority list;
- to replace an 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 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 among the candidates indicated in the list belonging to which each auditor was part of, with a number of auditors equal to the number of ceased auditors belonging to the same list.

Whenever would not be 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 by which 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 auditor representing the minority shareholders.

Auditors shall accept their appointment when they believe they can devote the appropriate time to the diligent performance of their duties.

The Code recommends the statutory auditors to be chosen among those who qualify as independent on the basis of the criteria provided therein for directors and, as mentioned above, upon filing of the list they submit a statement to confirm that they meet the independence criteria. The Board of Statutory Auditors shall verify the proper application of and compliance with these criteria upon appointment and then annually; the outcome of this assessment and of that performed by the Board of Directors to assess the independence criteria of directors so defined will be disclosed in the corporate governance report or in the auditors' report to the shareholders' meeting.

The Code states that auditors, too, are bound by an obligation of confidentiality and are prohibited by law from using, directly or indirectly, confidential information for immediate or future personal or financial gain.

Besides the duties envisaged by the law and the by-laws, the Code requires the Board of Statutory Auditors to:

a) oversee the independence of the external auditors by verifying both compliance with relevant laws and the nature and extent of services other than account auditing provided to the company and its subsidiaries by the external auditors and companies belonging to its group;

b) evaluate the proposals made by external auditors for their appointment to this position, as well as the audit plan and the results set out in their report and any letter of recommendations;

c) oversee the effectiveness of the audit process.

Under the Code of Conduct approved by the «Corporate Governance Committee», these last two duties could have been entrusted to the Internal control committee rather than to the Board of Statutory Auditors. The Company believed to be more consistent with the actual functions of the corporate bodies the assignment of these duties to the Board of Statutory Auditors, which already reviews the proposals of the external auditors and their activity program and, pursuant to the current regulations, proposes the engagement and termination of the external auditors at the shareholders' meeting. This interpretation has been confirmed by Leg. Dec. 39/2010 by which VIII directive on statutory audits has been acknowledged in Italy.

The Code provide for the Auditor who has, directly or through third parties, any interest in a specific Company transaction, to timely and exhaustively inform the other Auditors and the Chairman of the Board of Directors about nature, terms, cause and value of his/her interest.

Shareholders' Meetings

The Code envisages that all the Directors regularly attend shareholders' meetings and encourage and facilitate the broadest possible participation by shareholders smoothing the process of exercising voting rights.

To this extent, the Board of Directors reports to the shareholders' meeting on the fulfillment of their duties as performed and planned and ensures shareholders to have adequate information in order to them to well-informed resolve upon the matters within their prerogatives.

Shareholders who hold voting rights as certified by the communication envisaged by law and received by the Company no later than the end of the third trading day prior to the date set for the shareholders' meeting on first or single call, are entitled to vote and attend shareholders' meetings. The legitimacy to vote and attend shareholders' meetings is in any case entrusted with when the company has received the communication after the terms fixed by current regulations, provided that this is before the beginning of the proceedings for each individual meeting.

For each shareholders' meeting the Company may appoint, with a specific indication in the notice of call, a subject to whom entitled shareholders may confer a proxy, with voting instructions on all or some of the items on the agenda, as envisaged by the current regulations.

No regulations have been envisaged for the proceedings of shareholders' meeting since the broad powers assigned to the Chairman by law and current practices, as well as the by-law (art. 14) that expressly grants to the Chairman the power to lead the discussions, keep order and establish the voting method, as long as pursuant to disclosed proceeds, are considered adequate tools for the orderly running of shareholders' meetings.

Relationships with institutional investors and shareholders

The Company seeks continuous dialogue with shareholders, based on a mutual understanding of their respective roles. To this end, the Chairman-Chief Executive Officer provides for the general guidelines to be adopted by company departments in dealings with institutional investors and other shareholders.

To this extent, the Investor relations function, lead by Mr. Enrico Benaglio, has been established within the Shareholdings and investements department.

In addition to that and in order to provide timely and easy access to company information and thus allow shareholders to exercise their rights well-informed, a specific website section has been created, in which corporate information and documentations are available, in particular the procedures to participate and exercise voting rights at shareholders' meetings, documentation relating to the items on the agenda, including Reports on the latter, lists of candidates to director and statutory auditor positions, with their curricula, financial reports, press releases issued by the company pursuant to the Consolidated Law on Finance, the corporate calendar, etc.

B) IMPLEMENTATION OF CORPORATE GOVERNANCE RULES

Board of Directors composition and its meetings

The shareholders' meeting of May 25, 2011, appointed the Board of Directors for 2011 – 2013. On that occasion, the relative majority shareholder and a minority shareholder - Serfis S.p.A. - both presented its own list of candidates.

The Board of Directors, according to the applicable laws and Company by-laws, is currently made up of 14 directors, of whom13 elected from the list presented by the relative majority shareholder and one – Mr. Livio Strazzera – elected form the list presented by the minority shareholder Serfis S.p.A.

The Board of Directors, at its first meeting upon appointment and then during examination of the draft financial statements for the year, assessed, in compliance with the Code, the good reputation and independence qualification of its members taking into account the information supplied by each director. With reference to the independence evaluation, the Board agreed upon the declaration provided by Mr. Mauro Bini and Mr. Giorgio Perolari, who considered themselves to be vested with the independence qualification despite the fact that they hold the office for more than 9 years out of the last 12 years.

The outcome of this assessment has been disclosed to the market and is underlined in the Corporate Bodies table at the premise of this Report as well as in the table attached to this section.

As envisaged by the «Code», on March 28, 2012, the Board of Directors assessed the size, composition and functioning of the Board and its Committees.

To this extent, the Company circulated among the directors a self-evaluation questionnaire made up of statements, for which their level of agreement has been marked.

The outcome of this assessment and the comments, sometimes expressed, showed a positive judgment on the adequacy of the composition as well as of the efficiency and of the functioning of the Board of Directors and its Committees.

In particular, note was made to the following: i) the frequency and duration of Board meetings are adequate with respect to the items on the agenda, ii) relationships among Chairman and Directors are positive and fruitful.

During 2011 the Board of Directors met 7 times in total; 9 directors attended all the meetings, 4 directors, 2 of whom independent, attended 6 meetings and 2 independent directors attended 3 meetings.

The average length of meetings of the Board of Directors held during the year was of approximately 3 hours. However, if reference is made to the Board meetings during which,among others, the financial statements are approved, this average raises to 3 hours and 50 minutes.

During 2012 the Board of Directors has so far met twice, the first time to examine outlook for 2012, the second to examine and approve – among other things – the draft financial statements for 2011. During the year no fewer than a further three meetings are currently planned to approve the interim accounts.

The entire Board of Statutory Auditors attended 5 of the meetings; two statutory auditors were present at one meeting while only one statutory auditor attended the remaining meeting.

During 2011 the Executive committee has met only once, with all its members present.

During 2012, Executive committee has not met yet.

Assignment of duties and granting of powers

The Italmobiliare S.p.A. Board of Directors has 12 non-executive directors out of a total of 14. Among the non-executive directors, 7 are independent according to the criteria established for the statutory auditors by TUF; 6 of them are also independent according to the requisites provided for by the Company Code of Conduct.

The Chairman -Chief Executive Officer belongs to the executive directors. The Board of Directors, upon his/her appointment, determines duties and powers and sets any quantitative limits on the exercise of such powers.

The granting of powers (including those of the Director-Chief Operating Officer) is based on the principle of segregation of duties.

The granting of powers, i.e., the assignment of operational powers to one or more directors and/or to the Executive Committee does not exclude the prerogative of the Board of Directors, which in any case holds a greater power of guidance and control over the general business of the company in its various aspects.

Two of the 5 members of the Executive Committee, are executive directors; the others are, in any case, deemed non-executive directors. That because the Company's Executive Committee does not meet on a regular basis and in fact only meets when it is necessary to promptly adopt specific resolutions. The Code of Conduct promoted by Borsa Italiana S.p.A., also, agrees with this interpretation provided that, as in this case, the director is not granted individual executive powers.

Legal representation of the Company is granted by the by-laws, severally, to the Chairman, Deputy Chairman (or Deputy Chairmen), if appointed, and to the Chief Executive Officer.

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

- to the **Executive Committee**, consisting of five members, all the powers and duties of the Board of Directors, except for those which the laws 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 first Board of Directors' meeting following the meeting of the latter;
- to the **Chairman-Chief Executive Officer**, Mr. Giampiero Pesenti, among others, the duties to ensure the compliance with Corporate Governance principles approved by the Company and to propose any amendment to them at the Board of Directors, with the assitance of the Group Corporate Affairs department which reports to him; to take care of management policies, business development strategies of Italmobiliare S.p.A. and its main directly and indirectly subsidiaries; to supervise and indicate general strategic guidelines for the business of Italmobiliare S.p.A. and its main directly and indirectly subsidiaries, by issuing the appropriate instructions to the Chief Operating Officer and the other corporate bodies; to define general policies for the management of the affiliated companies whether the interest in the latter is such to grant to Italmobiliare the power to significantly influence them; set guidelines concerning the choice of senior officers and staff management of Italmobiare S.p.A. and of the main direct or indirect subsidiaries as well as, limited to Italmobiliare S.p.A., manage the personnel. To the Chairman-Chief Executive Officer were granted, among others, in addition to the powers envisaged by the bylaws and the Code of Conduct, the powers to undertake any administrative act and disposal, among which, to acquire and dispose of shareholdings, carry out credit and securities transactions, accept guarantee, grant real guarantee and guarantee in favor of third parties as long as are directly or indirectly subsidiaries or affiliated of Italmobiliare S.p.A., within the maximum amount of 150 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 25 million euro for each transaction; recruite staff at all levels defining their remuneration, suspending, terminating and modifying the employment relationship with the latter; appoint every kind of consultant defining their remuneration, possible deposits, suspending, terminating and modifying the relationship with the latter, with the power of grantig power of attorney to manage them.

- • to the **Deputy Chairman**, Mr. Italo Lucchini, the sole representative powers, according to the bylaws, to be exercised severally by the Chairman-Chief Executive Officer;
- to the **Chief Operating Officer**, Mr. Carlo Pesenti, among others, the responsibility for supervising the performance of the shareholdings in general and to propose to the Chief Executive Officer corporate organization solutions. Among others, to him were granted the duties to undertake any act regarding the management of the Company, among which securities and credits transactions, to undertake on behalf of the Company bonds of any kind, also linked to real guarantee in favor of third parties as long as are directly or indirectly subsidiaries of Italmobiliare S.p.A., acquire and dispose of government securities, bonds, land, stocks, company shareholdings, performing sale or purchase carry-over and forward transactions on securities within the maximum amount of 75 million euro, for major amounts and up to 100 million euro with the joint signature of the Co-Chief Operating Officer Administration and Finance.

Other powers were granted to the Co-Chief Operating Officer Administration and Finance ant to Secretary of the Board, within their respective area of comptences.

The Chief Executive Officer and the Chief Operating Officer have assigned specific and limited powers to employees of the Company for the current management activities.

The Chairman-Chief Executive Officer and the Director-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 with an impact on the financial statements undertaken by the Company, the main transactions with related parties as well as transactions leading to potential conflicts of interests, have been submitted to the Board of Directors, even when within the limits of their powers.

Remuneration for Directors, the Chief Operating Officer and Officers with strategic responsibilities

According to the recommendations of the Code of Conduct promoted by the Italian Stock exchange, as updated in March 2010, and in compliance with the Recommendations of the European Committee no. 385 of April 30, 2009 and no. 913 of December 14, 2004, the Board of Directors, upon proposal of the Remuneration committee, submitted to the consultancy vote of the shareholders' meeting held on May 25, 2011, the report on the Company remuneration policy for executive directors, other directors vested with special powers and key management personnel.

At the same meeting held on May 25, 2011, the shareholders also resolved upon the amendment of art. 31 of the by-laws by deleting the provisions of granting 1% of the net profits arising from the annual financial statements to the Board of Directors and recognized, till a new resolution, a fixed amount of 45,000 euro to each Board member; amount to be doubled for the Bod members who are named to be also part of the Executive committee.

The Board of Directors, upon proposal of the Remuneration Committee and based on a positive opinion of the Board of Statutory Auditors, has also established, in the absence of the recipients, the amounts, both fixed and variable, to be allocated to the Chief Executive Officer, Chief Operating Officer and the Manager in charge of preparing the company's financial reports, to be defined every year in relation to the targets assigned.

At the beginning of his office, to the Deputy-Chairman was assigned a fixed annual remuneration.

At the beginning of his office as well, to the Chief Executive Officer, was assigned a “Severance Pay” which will be vested at the end of the office.

About the Remuneration policy, please refer to the Report drafted by the Board of Directors according to art. 123-ter of TUF and object of a specific item on the shareholders' meeting agenda.

Composition and activities of the Committees

The *Remuneration committee* is made up of three non-executive members, the majority of whom independent. All of them are vested with a specific competence on financial and accounting matters, as envisaged by the Code of conduct for at least one member.

During the fiscal year, it met 4 times; the average length of its meetings was of less then 1 hour. One member took part in all the meetings, one member participate at three meetings and the other at the remaning meeting; the entire Board of Statutory Auditors attended one of the meetings; one statutory auditor at least was present at the other meetings.

The committee, in the absence of the recipients, examined, and then approved, the Remuneration policy for executive directors, other directors vested with special powers and key management personnel and proposed the remuneration to be granted to them at the Board of Directors.

The Chief of Human resources department is always invited to participate at the meetings.

During 2012 the Remuneration committee has so far met twice, to resolve upon the proposals to the Board of Directors on the remuneration of Directors and Officers as well as on the remuneration for 2012 of the Controller, upon proposal of the executive director responsible for overseeing the functioning of the internal control system in agreement with the Chairman of the Internal control committee.

The *Internal control committee* consists of three members, all non-executive, two of whom independent, vested with specific competence in financial and accounting matters, as envisaged by the Code of conduct for at least one member.

During 2011 the Internal control committee met 8 times; the average length of its meetings was of approximately 2 hours. All the members attended 5 meetings and the othe 3 were held with one member absent; the Board of Statutory Auditors attended with at least one of its members at the meetings; five times it was present in its whole.

The Committee examined the reports prepared by the Controller and by the external auditors to verify the adequacy, effectiveness and correct functioning of the internal control system, and reported to the Board of Directors during approval of the annual report and the half-year financial report, on the activities undertaken and on the adequacy of the internal control system.

Some officers of the Company and of its subsidiaries and managers responsible for Company functions, from time to time involved, are invited to attend the meetings to refer upon the items on the agenda of their fields.

During 2012 the Internal control committee has so far met once, to examine, among others, the 2011 impairment test methodology and results, the accounting methods adopted to draft the 2011 consolidated financial statements, the final balance of 2011 audit and the three-year audit plan for 2012-2014.

The *Committee for Transactions with Related Parties* is made up of three members, all of whom are non-executive and independent. During 2011 the Committee met once (additional to the meeting held to appoint the Chairman of the Committee), with 2 of its members present. The length of its meeting was of approximately 40 minutes.

The meetings of the Remuneration committee, the Internal control committee and the committee for Transactions with Related Parties were duly minuted.

Internal control system

The internal control system is defined as the set of rules, procedures and organizational structures designed to ensure, through adequate identification, measurement, management and monitoring of key risks, healthy and proper management of the company in line with objectives, thus guaranteeing the safekeeping of the company assets, the efficiency and effectiveness of company transactions, the reliability of financial information, and compliance with laws and regulations.

The Board of Directors exercises its functions in relation to the internal control system based on national and international reference models and best practice and pays particular attention to the organizational, management and control model adopted pursuant to Legislative Decree no. 231 of June 8, 2001.

The structure of the internal control system of Italmobiliare S.p.A. is consistent with the Group structure, which could be defined as “Group of the Group”. In particular the activity of the Internal control system related to the “construction materials” sector is monitored by Internal control committee of Italcementi, which the Internal control committee of Italmobiliare periodically receives half-year activity report by. Thus, although Italmobiliare takes in its consolidated financial statetments the losses for value reduction of the goodwill as assessed by Italcementi Group on the basis of a CGU evaluation (cash generating Unit) more detailed of that of the holding Italmobiliare, to the extent of the impairment test of the goodwill allocated by Italmobiliare to the CGU of Italcementi, this last one is considered as a sole CGU.

The Board of Directors, with the assistance of the Internal control committee, sets the guidelines for the internal control system so that the main risks regarding the Company and the subsidiaries (except for Italcementi group which has its own autonomous internal control committee and Finter bank Zurich which has its own Internal Audit) are correctly identified and adequately measured, managed and monitored. It also sets the criteria to ensure the compatibility of these risks with correct and proper management of the Company and assesses, at least on an annual basis, the adequacy, effectiveness and functioning of the internal control system with respect to the characteristics of the Company. The Internal control committee monitors the internal control system of both Italcementi group and Finter Bank directly and through contacts and meetings with corresponding committees of the two entities.

As envisaged by the Code, the executive director responsible for overseeing the functioning of the internal control system was actively involved to identify the main corporate risks and to verify the overall adequacy, effectiveness and efficiency of this internal control system, by asking in particular the Controller to undertake specific controls of the procedures regarding both Italmobiliare S.p.A. and its subsidiaries.

Some time ago, the Company set up an internal audit department. The Board of directors, upon proposal of the executive director responsible for overseeing the functioning of the internal control system and based on the positive opinion of the Internal control committee, confirmed as Controller, on its meeting of May 25, 2011, the head of the internal audit department.

The Internal audit department, performing its duties, got access to all the necessary information to execute them. He reported periodically to the Internal control committee, the Board of Statutory Auditors as well as to the executive director responsible for overseeing the functioning of the internal control system.

During 2011 the Controller implemented the audit plan, as presented to the Internal control committee, and undertook the appropriate measures within his duties, as assigned from time to time by the Chief Executive Officer in his capacity as the executive director responsible for overseeing the internal control system.

During 2011 the executive director responsible for overseeing the internal control system and the Controller attended the meetings of the Internal control committee of the Company.

The Board of Directors, to which the Internal control committee reports on a half-yearly basis, deems the internal control system in its whole adequate for the structure and kind of Company and Group businesses.

Board of Statutory Auditors

During the renewal of the Board of Statutory Auditors at the shareholders' meeting of May 25, 2011, the relative majority shareholder presented its own list of candidates while three minority shareholders – Hermes, Amber LB and Amber SGR - jointly presented its own list.

Therefore, the office of Chairman of the Board of Statutory Auditors, according to the current laws and Bylaws, is presently vested with Mr. Francesco Di Carlo, elected from the list presented by the minority shareholders as above indicated, while the two remaining Acting Statutory Auditors were elected from the list presented by the relative majority shareholder.

As envisaged by the Code, during 2011, the Board of Statutory Auditors, among other things, oversaw the independence of the external auditors, by verifying both compliance with the relevant regulatory provisions and the nature and extent of the non-audit services provided to the Company and its subsidiaries by the external auditors and bodies belonging to their group.

During the year, the internal audit manager took part in several meetings of the Board of Statutory Auditors, as the Board of Statutory Auditors attended all the meetings of the Internal control committee and of the Remuneration committee. This enabled a continuous information flow among the various bodies involved in monitoring the whole control system.

TABLE 1

STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Board of Directors							Executive Committee		Internal Control Committee		Remuneration Committee		Committee for Transactions with Related Parties	
Position	**Member**	Executives	Non executives	Indipend.	Attendance	N. other posts	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance
Chairman-Chief Executive Officer	Giampiero Pesenti	•			7/7	7	•	1/1						
Deputy Chairman	Italo Lucchini		•		7/7	7	•	1/1			•	3/4		
Chief Operating Officer	Carlo Pesenti	•			7/7	6	•	1/1						
Director	Pier Giorgio Barlassina		•		0/4	6								
Director	Mauro Bini		•	•	6/7	1			•	7/8			•	2/2
Director	Giorgio Bonomi		•		7/7	2			•	8/8				
Director	Gabriele Galateri di Genola		•	•	3/7	8					•	1/4		
Director	Jonella Ligresti		•	•	3/7	8							•	0/2
Director	Sebastiano Mazzoleni		•		3/3	2								
Director	Luca Minoli		•		7/7	3								
Director	Gianemilio Osculati		•	•	3/3	10								
Director	Giorgio Perolari		•	•	6/7	1	•	1/1	•	6/8	•	4/4	•	2/2
Director	Clemente Rebecchini		•		3/3	3								
Director	Paolo Sfameni		•	•	3/3	10								
Director	Livio Strazzera		•		6/7	2	•	1/1						
Director	Francesco Saverio Vinci		•		3/4	7								

TABLE 2

BOARD OF STATUTORY AUDITORS

Position	Member	Attendance at meetings
Chairman	Mario Cera	3/3
Chairman	Francesco Di Carlo	8/8
Acting auditor	Luigi Guatri	3/3
Acting auditor	Angelo Casò	8/8
Acting auditor	Leonardo Cossu	10/11

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

In terms of managing confidential information, the Code, after recalling the obligation of confidentiality and the prohibition on using such information for personal gain, envisages the adoption of procedures for the disclosure of documents and information, with particular reference to price-sensitive information which may be disclosed only by people who are generally or specifically authorized to do so.

At its meeting of February 9, 2001, the Company's Board of Directors approved a specific procedure requiring strict compliance with the disclosure procedures and terms envisaged by the provisions in force, in full alignment with the principle of fairness and contextuality.

Regarding relationships with institutional investors and other shareholders, based, as envisaged by the Code, on continuous attention, the organization notices issued by the Chief Executive Officer have established general guidelines and identified the Company structures dedicated to this activity.

INTERNAL DEALING CODE OF CONDUCT

The Company adopted its own 'Internal Dealing Code of Conduct', originally in application of the provisions issued by Borsa Italiana S.p.A. and then to take account of the new regulatory provisions adopted by CONSOB in execution of the new European regulation (so-called *Market abuse*) introduced by the Law on Savings of 2005. The 'Internal Dealing Code of Conduct' governs the information to be disclosed to the Company, and by the Company to the market, on any transactions involving Italmobiliare shares, Italcementi shares and other financial instruments connected to them undertaken by 'Relevant persons' on their own behalf.

Pursuant to the 'Internal Dealing Code of Conduct', 'Relevant persons' are the members of the Board of Directors, the Board of Statutory Auditors and the Chief Operating Officer of Italmobiliare S.p.A. and any subject holding an equity investment of at least 10% of the voting share capital of Italmobiliare S.p.A., as well as any other subject who controls Italmobiliare S.p.A.

In particular, 'Relevant persons' must inform Italmobiliare S.p.A., which in turn informs the market, about completed transactions of an aggregate amount crossing the 5,000 euro threshold by the end of the year. It is to be noted that Consob, the Italian market Authority, with its resolution no. 18079 of last January 20, introduced an exemption to the disclosure of these transactions to the market establishing that only the further transactions executed during the year and crossing the previous mentioned threshold (5,000 euro) within the same reference period shall be disclosed.

Given the particular structure of the Group, the 'Internal Dealing Code of Conduct' is associated with the one adopted by Italcementi S.p.A., since the market disclosures of the sole transactions performed on Italcementi securities by parties who are 'Relevant persons' for both Italmobiliare S.p.A. and Italcementi S.p.A., 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 holding company.

The ‘Code of internal dealing’ also states that the 'relevant Persons' will have to refrain from entering into transactions which are the subject of disclosures to the Company:

- on listed financial instruments issued by Italmobiliare SpA:
  - within 30 calendar days prior to the Board of Directors’ meeting of Italmobiliare SpA called to approve the financial statements 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 Italmobiliare SpA called to approve the interim management reports, including the day on which the meeting is held;
- on financial instruments issued by the listed subsidiary Italcementi SpA:
  - within 30 calendar days prior to the Board of Directors’ meeting of Italcementi SpA called to approve the financial statements 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 SpA called to approve the interim management reports, including the day on which the meeting is held.

PROCEDURE FOR 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, 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, whether directly or through subsidiaries, are carried out transparently and in compliance with the criteria of substantial and procedural correctness.

In particular, with the exception of some situations which are described below, 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, prior to completing the transaction, the prior examination or authorization by a corporate body of Italcementi or by an officer of Italcementi with relevant delegated powers is requested. The Procedure is also applied to transactions undertaken by Italmobiliare with a subsidiary or associate, as well as among 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 the different kind of rules applicable on transparency transactions, which are simplified for minor transactions and more stringent for significant transactions, although both envisage 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 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 right to seek the assistance, at the Company’s expense, of independent experts of its choosing.

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 this divergence.

For significant transactions, on the other hand, should the Committee express a negative opinion, the Board of Directors may approve the transaction only with the prior authorization of the shareholders’ meeting.

Finally, in application of the determination powers provided by the CONSOB Regulation, the Company has identified the following main exemptions:
- transactions of a **negligible amount** (transactions that do not exceed **500,000 euro**);
- **ordinary** transactions (which fall within the sphere of ordinary business and the related financial transactions of the Company and of the Group generally) provided that they are completed on arms-length terms and equivalent to market standards*;*
- transactions **with or between subsidiaries or with associates**, unless in the counterpart subsidiaries or associates there are *significant interests* of other related parties of the Company;
- **urgent** transactions.

The Procedure is available on the company website at *www.italmobiliare.it.*
At their meeting last year, in accordance with the proposal of the Board of Directors, the shareholders integrated the by-laws provisions stating that:

- the significant transactions with related parties can be performed despite the negative opinion of the Committee for Transactions with related parties provided that the execution is authorized by the shareholders meeting and, without prejudice to the majorities of law, the non-related shareholders present at the shareholders' meeting represent at least 10% of the share capital with voting rights and that a contrary vote is not expressed by the majority of the non-related shareholders (so called *whitewash*);
- the Company may, in cases of urgency, execute transactions with related parties, that are not under the prerogatives of the shareholders' meeting and do not require its authorization, by applying the simplified rules envisaged by the Procedure for Transactions with related parties.

REGULATION OF THE MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

As mentioned in another part of the report, the Company, in connection with 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 disclosed acts and communications of the Company to the documents and the 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 has been approved by the Board of Directors and refers to all the entities, functions, corporate bodies of Italmobiliare S.p.A., 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.

ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL

In order to make the control system and *Corporate Governance* more effective, and prevent corporate offenses and offenses against the public administration, during 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 of the «Model».

In 2008 the Model was also extended to crimes connected to violation of the laws on workplace health and safety (section later revised in 2010), on transnational crimes, conspiracy to handle stolen goods and money-laundering. Finally, on March 2011, several amendments have been 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 with the Compliance committee of Italmobiliare S.p.A.

The Model will be further amended to include the crimes further introduced by the lawmaker in Leg. Decree 231/01 as crimes relevant for the purposes of applying the Decree itself. To this extent, the Company already appointed a specialized consultancy company to perform a risk assessment on the new risks.

The duty of ongoing overseeing the effective functioning and enforcement of the Model, as well as proposing amendments, is entrusted to a Compliance Committee, which operates on an autonomous, professional and independent basis.

In accordance with the provisions of the Model, the Compliance Committee is currently composed of an independent director (subsequently appointed Chairman), an external qualified advisor and the company's Internal Audit manager.

CONSOB Regulation on Markets

The Consob Regulation on Markets (approved with the resolution no. 16191 of October 29, 2007, provides for specific conditions to be complied with by the listed companies:

A) that control companies whose registered office is outside 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, including at least the balance sheet and the income statement;
2) gather non-EU subsidiaries by-laws, composition and powers of the corporate bodies;
3) check that the non-EU subsidiaries:
   * provide the parent company external auditor with the information needed to audit the annual and interim accounts of the parent company,
   * have an administrative-accounting system consistent to provide the management and external auditor of the parent company, on a regular basis, with the business, financial and equity information needed to draft the consolidated financial statements.

The companies set out at letter B), on the other hand, may be admitted for trading on a regulated Italian 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, with the company that exercises administration and control activity or with any other company of the group to which belongs, a centralized treasury management agreement, which is not in their corporate interest. The correspondence with the corporate interest is attested by the Board of Directors with a detailed declaration verified by the Board of Statutory Auditors;
d) have a Board of Directors composed mainly of independent directors (pursuant to the Code of Conduct) and an Internal Control Committee consisting solely of independent directors. Where appointed, also the other committees, as recommended by corporate governance codes promoted by regulated market managers or by category associations, shall consist solely of independent directors.

With reference to the provisions set out at art. 36, at Italmobiliare S.p.A., the scope of application involves as of today 33 subsidiaries, located in 14 countries outside the European Union.

The information flow between the Company and its subsidiaries is adequate to guarantee:

* the transmission of the accounts of the non-EU subsidiaries drawn up for the purposes of the consolidated financial statements, to enable such accounts to be disclosed;
* the gathering and storing of the by-laws, the composition and powers of the corporate bodies of the mentioned subsidiaries and any subsequent amendment.

Thus, 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, it has been verified that the subsidiaries based in countries outside European Union, and relevant for the purpose of the captioned regulation:

* provide the company's external auditor with the information needed to verify the annual and interim accounts of Italmobiliare S.p.A.,
* have an administrative-accounting system suitable to provide the management and external auditor of the parent company, on a regular basis, with the business, financial and equity information 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 SpA is not subject to the obligations laid down therein.

Although Efiparind B.V., pursuant to Art. 2359 in the Italian Civil Code, paragraph no.1, no.2, has a sufficient number of voting rights to exercise a dominant influence in the ordinary 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 SpA, therefore, has always taken its decisions in full autonomy without any interference whatsoever by the relative majority shareholder.

Resolutions

To the Shareholders,
The period closed with a loss of 57,299,908.50 euro which we propose to cover in full by drawing a similar amount from retained earnings.

Since no allocation of a dividend to the ordinary shares or to the savings shares is planned, pursuant to art. 8 of the company by-laws, the preferred dividend entitlement of the savings shares up to 5% of the share nominal value will be computed as an addition to the preferred dividend in the next two financial years.

* * *

To the Shareholders,

If you agree with our proposals, we invite you to adopt the following resolution:
"The Shareholders' Meeting of Italmobiliare S.p.A. held on May 29, 2012,

- having noted the Directors' report on operations and the report of the Board of Statutory Auditors upon examination of the financial statements as at and for the year to December 31, 2011;

resolves

- to approve:
  - the Directors' report on operations;
  - the separate financial statements for 2011, 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 loss of 57,299,908.50 euro as presented by the Board of Directors in its entirety, in the individual accounting entries and with the proposed allocations;
- to cover in full the loss for the year of 57,299,908.50 euro by drawing a similar amount from the reserves available under "Retained earnings".

  In particular, the aforementioned loss is replenished as follows:

  a) for 184,678.57 euro through full use of the reserve "*Fund ex art. 54 Pres. Decree 597/73"*, which is thus set to zero;

  b) for 1,771,133.42 euro through full use of the reserve "*Fund ex art. 55 Pres, Decree 597/73",* which is thus set to zero;

  c) for 29,473,394.21 euro through full use of the "*Revaluation reserve ex Law 408/90"* which is thus set to zero (already included in Revaluation reserves);

  d) for 3,279,409.10 euro through full use of the "*Revaluation reserve ex Law 413/91"* which is thus set to zero (already included in Revaluation reserves);

  e) for 22,591,293.20 through partial use of the "*Revaluation reserve ex Law 72/83"* (already included in Revaluation reserves).
- to supplement Retained earnings for an amount of 412.70 euro, which increases to euro 151,563,413.19, from the Translation reserve.

Other resolutions

Report on Remuneration

Dear Shareholders,

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 vested with special powers and Officers with strategic responsibilities - identified as the Chairman / Chief Executive Officer, the Deputy Chairman, the Chief Operating Officer and the Joint Chief Operating Officer / Manager in charge of preparing the company's financial reports - as well as of the Controller and of the Officers directly reporting to the Chairman / Chief Executive Officer, the 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.

* * *

The Report on Remuneration presented herein was examined and approved by the Remuneration Committee on March 28, 2012.

<u>SECTION I</u>

The term Company 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 / Chief Executive Officer, the 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:

<u>Shareholders' Meeting</u>

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.

<u>Board of Directors</u>

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 the Chairman / Chief Executive Officer, the Deputy Chairman, the Chief Operating Officer and the Joint Chief Operating Officer / Manager in charge of preparing the company's financial reports and the Controller, 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.

The Board of Directors may also approve a *Long-Term Incentive* 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, and at the time of monitoring and at the time of 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 was established within the Board of Directors, it is made up of three non-executive members, mainly independent, as follows:

Italo Lucchini - chairman

Gabriele Galateri di Genola - member - independent

Giorgio Perolari - member - independent

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 Directors vested with special powers and Officers with strategic responsibilities;
- periodically evaluating the criteria adopted for the remuneration of Officers directly reporting to the Chairman / Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer / Manager in charge of preparing the company's financial reports and the Controller, supervising their application on the basis of information provided by the Chairman / Chief Executive Officer and by the corporate functions possibly involved in 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, analyzes the composition and disbursement of the remuneration of Directors vested with special powers, Officers with strategic responsibilities, the Controller and Officers directly reporting to the Chairman / Chief Executive Officer, the 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 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 this policy, in particular, were provided by the following companies: *Hay Consulting, Mercer 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:

- compliance with regulations of both legal and self-regulatory sources, as well as with the regulators' recommendations;
- governance of the Policy's definition and implementation process, in line and consistent with current best practices;
- an ongoing dialogue 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 issued by *Borsa Italiana* (i.e. the Italian stock exchange); 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 considered adjusting its Remuneration Policy, by confirming the principles and guidelines already expressed in the previous version of the same, but expressing them according to the new legal framework.

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) Directors vested with special powers and Officers with strategic responsibilities

The yearly variable remuneration for 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 value creation for the Company and the shareholders in the medium to 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 / Chief Executive Officer, the 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 / Chief Executive Officer, the 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 Human Resources and Organization Department, in relation to achievement of annual targets assigned.

Such targets are predetermined and measurable, and are in any case linked to value creation for the Company and the shareholders in the medium to 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.

2) Medium-Long Term Variable Component (LTI)

Two different long-term incentive plans are currently in place: one for Directors vested with special powers and Officers with strategic responsibilities and one for the other officers – Officers directly reporting to the Chairman / Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer / Manager in charge of preparing the company's financial reports.

i) Directors vested with special powers and Officers with strategic responsibilities

Among the Directors entrusted with special powers, the Chairman / Chief Executive Officer 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 analyzes 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 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 each year making up each cycle. 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 and sustainable development, targets additional to those established in the annual incentive plan. 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.

ii) Officers directly reporting to the Chairman / Chief Executive Officer, the 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 / Chief Executive Officer, the 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 analyzes 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 / Chief Executive Officer, the 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 / Chief Executive Officer.

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 each year making up each cycle. 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 and sustainable development, targets additional to those established in the annual incentive plan. 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.

Allocation of the amount awarded normally takes place within the month of April of the year following the end of the three-year reference period.

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 Operating Officer, whose remuneration was given ample representation under point 6) 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:

a) an annual fixed component;
b) an annual variable component linked to the achievement of specific business targets *(Management By Targets);*
c) a monetary medium-long term variable component *(Long Term Incentive)* and linked to the performance of Italmobiliare shares, also linked to the achievement of specific targets as the previous one.

Having defined the overall remuneration package as sum of the three components listed above in the event of targets 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 60% of total remuneration;
b) the weight of the annual variable component *(MBO)* is approximately equal to 25% 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 as to the annual amount thereof, 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 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 targets.

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 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 this 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) Remuneration of the Controller

The remuneration of the Controller is established by the Board of Directors upon proposal of the Remuneration Committee based on the opinion of the Executive Director in charge of overseeing the functioning of the Internal Control system.

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 Controller is respectively 70% and 30% of his / her overall remuneration.

c) Remuneration of Officers directly reporting to the Chairman / Chief Executive Officer, the 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 / Chief Executive Officer, the 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 / Chief Executive Officer, the 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 Targets);*
c) a variable medium-long term component *(Long Term Incentive),* monetary-based and linked to the performance of "Italmobiliare S.p.A. - Ordinary" shares, also subject to the achievement of specific targets as the previous one.

Having defined the overall remuneration package as sum of the three components listed above in the event of targets 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 / Chief Executive Officer, the 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 as to the annual amount thereof, has a weight equal to about 10% of total remuneration.

With respect to the variable components of the remuneration of Officers directly reporting to the Chairman / Chief Executive Officer, the 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 / Chief Executive Officer, the 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 / Chief Executive Officer, the 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 targets, submitting the results to the approval of the Chairman / Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer / Manager in charge of preparing the company's financial reports.

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 / Chief Executive Officer, the Chief Operating Officer and the Joint Chief Operating Officer / Manager in charge of preparing the company's financial reports, and ii) 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 company's long-term objectives' pursue 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 / Chief Executive Officer 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 the establishing such periods and, if applicable, ex-post correction mechanism

Not applicable.

See also Section I - letter e) A) 2) for detailed information on LTI functioning.

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 events, 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 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 and geographical, business scope and product sector of the constraints arising from same.

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 / Chief Executive Officer and the Chief Operating Officer.

n) Remuneration policy possibly followed 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 two categories of directors:

a) Directors vested with special powers;
b) Directors not vested with special powers.

As of January 31, 2012, the members of the Company's Board of Directors were divided in the two categories as shown below:

a) Giampiero Pesenti Chairman / Chief Executive Officer • Italo Lucchini Deputy Chairman • Carlo Pesenti Chief Operating Officer;
b) Mauro Bini • Giorgio Bonomi • Gabriele Galateri di Genola • Jonella Ligresti • Sebastiano Mazzoleni • Luca Minoli • Gianemilio Osculati • Giorgio Perolari • Clemente Rebecchini • Paolo Domenico Sfameni • Livio Strazzera.

The shareholders' meeting held on May, 25 2011 granted to the Board of Directors' members an annual remuneration of € 45,000, increased to € 90,000 for those being also members of the Executive Committee.

Such amount is increased for Directors who are members of Board's Committees, and for Chairmen of the latter.

In compliance with best practices in place for Directors not vested with special powers, no variable component of remuneration is provided for, 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 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 Directors vested with special powers are as follows:

A) Chairman / Chief Executive Officer and Chief Operating Officer:

a) an annual fixed component;

b) an annual variable component linked to the achievement of specific business targets *(Management By Targets);*

c) a monetary medium-long term variable component *(Long Term Incentive)* and linked to the performance of Italmobiliare shares, also linked to the achievement of specific targets as the previous one.

Having defined the overall remuneration package as sum of the three components listed above in the event of targets 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 / Chief Executive Officer's and 40% of the Chief Operating Officer's overall remuneration;

b) the weight of the annual variable component (MBO) is approximately equal to 20% of the Chairman / Chief Executive Officer's and 30% of the 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 / Chief Executive Officer and 120% of said amount for the 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 / Chief Executive Officer's and 30% of the 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 / Chief Executive Officer and 400% of said amount for the Chief Operating Officer.

With reference to the variable components of remuneration of 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 targets.

For the 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 / Chief Executive Officer is entitled to a "Severance pay", which will accrue at the end of each term of office.

Such compensation has been calculated so as to not exceed 3 years of remuneration and it will not be granted if termination of office is due to the attainment of objectively inadequate results.

In addition to benefits usually provided for similar positions, the Chairman / Chief Executive Officer is also entitled to an illness and injury policy, and reimbursement of expenses incurred to attend meetings and conferences, etc..

Total compensation granted to the 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 severance indemnity.

Benefits are provided for the Chief Operating Officer in line with those of the Chairman / Chief Executive Officer.

The Board of Directors may also grant special awards, exceptionally, upon occurrence of significant, specific and unforeseen, circumstances in order to remunerate 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 this 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.

SECTION II

I.1 – PART ONE

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.

Stock Option Plan for Directors 2002

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.

In view of such stock option plan, the Board of Directors met on March 30, 2011 and voted to grant the Chairman / Chief Executive Officer, on the basis of results achieved in 2010, # 48,000 options and the Chief Operating Officer # 30,700 options.

Overall, as of the date of preparation of this report, # 442,500 options were granted.

The Board of Directors, finally, set at 442,500 the number of shares to service the stock option plan for Directors, initially set at 350,000 shares and also decided not to proceed to any further allocation based on the same plan, which, therefore, should be considered closed except for the terms provided to each beneficiary for the exercise of options already granted.

Stock Option Plan for Officers 2001

By resolution of the Board of Directors on March 27, 2001, the Company approved a stock option plan for company officers (whose relevant regulation was subsequently subject to non-significant changes), against which the Board of Directors on March 30 2011, voted to grant the Joint Chief Operating Officer / Manager responsible for preparing the company's financial reports, based on the results obtained by the same in 2010, # 14,150 options. Finally, a total of # 20,050 options were granted to Group officers, based on the results achieved during the year 2010.

Overall, as of the date of preparing this report, # 424,494 options, # 201,500 of which to the Chief Operating Officer, were granted to Group officers.

The Board of Directors, finally, definitively set at 424,494 the number of shares to service the stock option plan for company officers, initially set at 350,000 and, also, decided not to proceed to any further allocation based on 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 2011, 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 at 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 of 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 S.p.A.

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, attainable amounts 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 structure,

ii) consistency with the principles of "overall remuneration" underlining the Company's remuneration policy.

iii) overall Payout of annual MBO plans during the relevant period of the plan.

Accrual of the incentive is conditional upon at least achieving 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 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 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 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 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 case of revocation of, or change in, position 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 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 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

Long-term monetary incentive plan linked to the performance of Italmobiliare shares, for company officers - 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 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 / Chief Executive Officer 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 of 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 S.p.A.

The plan is offered to participants considering the relevance of the functions attributed to them for the achievement of the Company's strategic targets.

To be 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

i) on the weight of the participant's position within the Company's structure,
ii) consistency with the principles of "overall remuneration" underlining 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 at least achieving 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 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 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 provide 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 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 are 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 case of retirement - in the event of interruption of the employment relationship within the Group.

     In 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 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 29, 2012,

- 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 Members of the Governing and Supervising Bodies, 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 remuneration	Remuneration for taking part in committees	Compensi variabili non equity		Non- monetary benefits	Other remuneration	Total	Fair value of equity remuneration	End-of-service bonus and severance indemnity
						Bonuses and other incentives	Profit sharing					
Giampiero Pesenti	Chairman Chief Executive Officer Executive Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				690,000				228,241	2,346,989	3,265,230	514,344	
(II) Remuneration from subsidiaries and affiliated companies				1,119,719		690,000		256,983		2,066,702		
			Total	1,809,719		690,000		485,224	2,346,989	5,331,932	514,344	
Italo Lucchini	Deputy Chairman Remuneration Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				148,750	15,000					163,750		
(II) Remuneration from subsidiaries and affiliated companies				80,200	15,000					95,200		
			Total	228,950	30,000					258,950		
Carlo Pesenti	Director General Manager	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				1,596,679*		875,000*		116,753		2,588,432	387,886	
(II) Remuneration from subsidiaries and affiliated companies												
			Total	1,596,679		875,000		116,753		2,588,432	387,886	
Pier Giorgio Barlassina	Director	1.1 – 25.5	-									
(I) Remuneration in the company preparing the financial statements				18,750					104,167	122,917		
(II) Remuneration from subsidiaries and affiliated companies				1,194						1,194		
			Total	19,944					104,167	124,111		
Mauro Bini	Director Internal Control Committee Supervising Body Committee for Transactions with Related Parties	1.1 – 31-12	2013									
(I) Remuneration in the company preparing the financial statements				45,000	90,000					135,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	45,000	90,000					135,000		
Giorgio Bonomi	Director	1.1 – 31-12	2013									
(I) Remuneration in the company preparing the financial statements				45,000	35,000					80,000		
(II) Remuneration from subsidiaries and affiliated companies				45,000						45,000		
			Total	90,000	35,000					125,000		
Gabriele Galateri di Genola	Director Remuneration Committee	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000	15,000					60,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	45,000	15,000					60,000		
Jonella Ligresti	Committee for Transactions with Related Parties	1.1 – 31-12	2013									
(I) Remuneration in the company preparing the financial statements				45,000	38,333					83,333		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	45,000	38,333					83,333		
Sebastiano Mazzoleni	Director	25.5 – 31-12	2013									
(I) Remuneration in the company preparing the financial statements				26,250						26,250		
(II) Remuneration from subsidiaries and affiliated companies				74,000						74,000		
			Total	100,250						100,250		
Luca Minoli	Director	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				45,000					166	45,166		
(II) Remuneration from subsidiaries and affiliated companies									2,167	2,167		
			Total	45,000					2,333	47,333		

* Please note that EUR 1,245,000 of the amount reported in column "Fixed remuneration" and the entire amount shown in column "Bonuses and other incentives" are paid by Italmobiliare SpA to its Chief Operating Officer as compensation in favor of Mr. Carlo Pesenti, its Chief Executive Officer, by the subsidiary Italcementi S.p.A., to which the full cost including social charges related to the social security contributions paid by the company and severance indemnity is charged.

Name, last name	Position	Period during which the office was held	End of office term	Fixed remuneration	Remuneration for taking part in committees	Compensi variabili non equity		Non- monetary benefits	Other remuneration	Total	Fair value of equity remuneration	End-of-service bonus and severance indemnity
						Bonuses and other incentives	Profit sharing					
Gianemilio Osculati	Director	25.5 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				26,250						26,250		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	26,250						26,250		
Giorgio Perolari	Director Executive Committee Internal Control Committee Remuneration Committee Committee for Transactions with Related Parties	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				90,000	88,333					178,333		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	90,000	88,333					178,333		
Clemente Rebecchini	Director	25.5 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				26,250						26,250		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	26,250						26,250		
Livio Strazzera	Director Executive Committee	1.1 – 31-12	2013									
(I) Remuneration in the company preparing the financial statements				90,000						90,000		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	90,000						90,000		
Paolo Sfameni	Director Supervising Body	25.5 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				26,250	23,333					49,583		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	26,250	23,333					49,583		
Francesco Saverio Vinci	Director	1.1 - 25.5	-									
(I) Remuneration in the company preparing the financial statements				18,750						18,750		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	18,750						18,750		
Francesco Di Carlo	Chairman of the Board of Statutory Auditors	25.5 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				59,500						59,500		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	59,500						59,500		
Mario Cera	Chairman of the Board of Statutory Auditors	1.1 – 25.5	-									
(I) Remuneration in the company preparing the financial statements				26,875						26,875		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	26,875						26,875		
Angelo Casò	Regular Auditor	25.5 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				39,667						39,667		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	39,667						39,667		
Leonardo Cossu	Regular Auditor	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				59,388						59,388		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	59,388						59,388		
Luigi Guatri	Regular Auditor	1.1 – 25.5	-									
(I) Remuneration in the company preparing the financial statements				17,917						17,917		
(II) Remuneration from subsidiaries and affiliated companies												
			Total	17,917						17,917		
Giorgio Moroni	Responsible Manager	1.1 – 31.12	2013									
(I) Remuneration in the company preparing the financial statements				470,000		188,500		9,129	31,564	699,193	108,707	
(II) Remuneration from subsidiaries and affiliated companies												
			Total	470,000		188,500		9,129	31,564	699,193	108,707	

Remuneration for each office when the amount reported in the above table are in aggregate form

Fixed remuneration		
Giampiero Pesenti	*Italmobiliare S.p.A.:*	
	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000
	Fixed remuneration	600,000
	Subsidiaries and affiliated companies:	
	Italcementi S.p.A.:	
	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000
	Fixed remuneration	950,000
	Ciments Français S.A.:	
	Remuneration as Director	35,500
	Finter Bank Zürich:	
	Remuneration as Director	40,693
	Fincomind:	
	Remuneration as Director	3,526
Italo Lucchini	*Italmobiliare S.p.A.:*	
	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000
	Fixed remuneration	58,750
	Subsidiaries and affiliated companies:	
	Italcementi S.p.A.:	
	Remuneration as Director	45,000
	Ciments Français S.A.:	
	Remuneration as Director	29,000
	Azienda Agricola Lodoletta S.p.A.:	
	Remuneration as Director	6,200
Carlo Pesenti	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000
	Fixed remuneration	1,506,679
Livio Strazzera	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000
Giorgio Perolari	Remuneration as Director	45,000
	Remuneration as Executive Committee Member	45,000

Remuneration for the Board committees' members		
Mauro Bini	Internal Control Committee	35,000
	Committee for Transactions with related parties	38,333
	Supervising Body	16,667
Giorgio Perolari	Internal Control Committee	35,000
	Committee for Transactions with related parties	38,333
	Supervising Body	15,000

Stock-options Granted to Members of the Governing and Supervising Bodies, 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).1 1.14	(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 Chief Executive Officer																
(I) Remuneration in the company preparing the financial statements		Stock option plan for directors (BoD resolution 27.03.2002)	45,000	35.199	01.01.2007 31.12.2013	-	-	-	-	-	-	-	-	-	-	45,000	-
			55,000	54.535	30.03.2008 29.03.2015	-	-	-	-	-	-	-	-	-	-	55,000	-
			55,000	65.701	21.03.2009 20.03.2016	-	-	-	-	-	-	-	-	-	-	55,000	-
			60,000	86.069	21.03.2010 20.03.2017	-	-	-	-	-	-	-	-	-	-	60,000	-
			60,000	59.908	28.03.2011 27.03.2018	-	-	-	-	-	-	-	-	-	-	60,000	86,047
			53,000	28.834	24.03.2013 23.03.2020	-	-	-	-	-	-	-	-	-	-	53,000	163,956
			-	-	-	48,000	27.469	30.03.2014 29.03.2021	2.937	30.03.2011	28.37	-	-	-	-	48,000	105,750
(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	17.03.2008 16.03.2015	-	-	-	-	-	-	-	-	-	-	150,000	-
			150,000	16.89	07.03.2009 06.03.2016	-	-	-	-	-	-	-	-	-	-	150,000	-
			150,000	23.049	07.03.2010 06.03.2017	-	-	-	-	-	-	-	-	-	-	150,000	-
		Total	778,000	-	-	48,000	-	-	-	-	-	-	-	-	-	826,000	355,753
Carlo Pesenti	General Manager																
(I) Remuneration in the company preparing the financial statements		Stock option plan for directors (BoD resolution 27.03.2001)	24,500	35.199	01.01.2007 31.12.2013	-	-	-	-	-	-	-	-	-	-	24,500	-
			37,500	54.535	30.03.2008 29.03.2015	-	-	-	-	-	-	-	-	-	-	37,500	-
			37,500	65.701	21.03.2009 20.03.2016	-	-	-	-	-	-	-	-	-	-	37,500	-
			40,000	86.069	21.03.2010 20.03.2017	-	-	-	-	-	-	-	-	-	-	40,000	-
			35,500	59.908	28.03.2011 27.03.2018	-	-	-	-	-	-	-	-	-	-	35,500	50,911
		Stock option plan for directors (BoD resolution 27.03.2002)	35,800	28.834	24.03.2013 23.03.2020	-	-	-	-	-	-	-	-	-	-	35,800	110,747
			-	-	-	30,700	27.469	30.03.2014 29.03.2021	2.937	30.03.2011	28.37	-	-	-	-	30,700	67,636
(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	17.03.2008 16.03.2015	-	-	-	-	-	-	-	-	-	-	135,000	-
			85,000	16.89	07.03.2009 06.03.2016	-	-	-	-	-	-	-	-	-	-	85,000	-
			200,000	23.049	07.03.2010 06.03.2017	-	-	-	-	-	-	-	-	-	-	200,000	-
		Total	630,800	-	-	30,700	-	-	-	-	-	-	-	-	-	661,500	229,294
Giorgio Moroni	Responsible Manager																
(I) Remuneration in the company preparing the financial statements		Stock option plan for directors (BoD resolution 27.03.2001)	-	-	-	14,150	27.469	30.03.2014 29.03.2021	2.937	30.03.2011	28.37					14,150	31,174
(II) Remuneration from subsidiaries and affiliated companies			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Total	-			14,150										14,150	31,174

Incentive Plans Based on Financial Instruments, Other Than Stock Options in Favor of Members of the Governing and Supervising Bodies, 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 not attributed		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 Chief Executive 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	28.6337	25.05.2011 31.12.2013	25.05.2011	25.99				158,591
(II) Remuneration from subsidiaries and affiliated companies	-												
		Total											158,591
Carlo Pesenti	Member 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	28.6337	25.05.2011 31.12.2013	25.05.2011	25.99				158,591
(II) Remuneration from subsidiaries and affiliated companies	-												
		Total											158,591
Giorgio Moroni	Responsible Manager												
(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	28.6337	25.05.2011 31.12.2013	25.05.2011	25.99				77,533
(II) Remuneration from subsidiaries and affiliated companies	-												
		Total											77,533

Monetary Incentive Plans in Favor of Members of the Governing and Supervising Bodies, 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	March 30, 2011	Annual MBO	-						
(II) Remuneration from subsidiaries and affiliated companies	February 3, 2011	Three-year LTI		Max 1,092,500*				Max 1,092,500**	
	March 4, 2011	Annual MBO	690,000						
		Total	690,000						
Carlo Pesenti	Director General Manager								
(I) Remuneration in the company preparing the financial statements	March 30, 2011	Annual MBO	875,000						
(II) Remuneration from subsidiaries and affiliated companies	February 3, 2011	Three-year LTI		Max 1,437,500*				Max 1,437,500**	
		Total	875,000						
Giorgio Moroni	Responsible Manager								
(I) Remuneration in the company preparing the financial statements	March 30, 2011	Annual MBO	188,500						
(II) Remuneration from subsidiaries and affiliated companies									
		Total	188,500						

* Theoretical portion of the 2010.2012 LTI plan accrued in financial year 2011
** Theoretical portion of the 2010.2012 LTI plan accrued in financial year 2010

Participation of Governing and Supervising Bodies, Chief Operating Officer and Manager in charge of Preparing the Company's Financial Reports

	Position	Company held	Numbers of shares held at the end of the previous financial year	Numbers of shares purchased	Numbers of shares sold	Numbers of shares held at the end of the current financial year
Giampiero Pesenti	Chairman Chief Executive Officer	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: 22,698 [1]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 10,972 [2] savings shares: 22,698 [1]
Italo Lucchini	Deputy Chairman	CIMENTS FRANÇAIS	ordinary shares: 50	ordinary shares: -	ordinary shares: -	ordinary shares: 50
Carlo Pesenti	Director General Manager	ITALMOBILIARE	ordinary shares: 16,441	ordinary shares: -	ordinary shares: -	ordinary shares: 16,441
		ITALCEMENTI	ordinary shares: 1,500 [2] savings shares: 3,000 [2]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 1,500 [2] savings shares: 3,000 [2]
		CIMENTS FRANÇAIS	ordinary shares: 50	ordinary shares: -	ordinary shares: -	ordinary shares: 50
Giorgio Barlassina	Director	ITALMOBILIARE	ordinary shares: 1,500	ordinary shares: -	ordinary shares: -	ordinary shares: 1,500
Giorgio Bonomi	Director	ITALCEMENTI	ordinary shares: 2,500	ordinary shares: -	ordinary shares: -	ordinary shares: 2,500
Sebastiano Mazzoleni	Director	ITALMOBILIARE	ordinary shares: 2,100	ordinary shares: -	ordinary shares: -	ordinary shares: 2,100
		ITALCEMENTI	ordinary shares: 7,352 savings shares: 7,040	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 7,352 savings shares: 7,040
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]	ordinary shares: - savings shares: -	ordinary shares: - savings shares: -	ordinary shares: 20,280 savings shares: 130,000 [2]
Livio Strazzera	Director	ITALMOBILIARE	ordinary shares: 100	ordinary shares: -	ordinary shares: -	ordinary shares: 100
Leonardo Cossu	Regular Auditor	ITALMOBILIARE	ordinary shares: 1,000	ordinary shares: -	ordinary shares: -	ordinary shares: 1,000
Luigi Guatri	Regular Auditor	ITALCEMENTI	savings shares: 10,000	savings shares: -	savings shares: -	savings shares: 10,000
Giorgio Moroni	Responsible Manager	CREDIT MOBILIER DE MONACO	ordinary shares: -	ordinary shares: 10	ordinary shares: -	ordinary shares: 10

[1] shares in part held directly and in part by spouse
[2] shares held by spouse

Authorization to purchase and dispose of treasury shares

Dear Shareholders,

The ordinary shareholders' meeting of May 25, 2011, 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 28, 2012, 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 November 24, 2012, 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.

This proposal does not contain any differences in respect to the proposal approved by the shareholders' meeting of last year.

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 ordinary and/or savings shares of the Company 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 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 same regulated market 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, 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 29, 2012,

- 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 25, 2011;

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 100 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 and Director-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 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 and Director-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".

Milan, March 28, 2012

On behalf of the Board of Directors
The Chairman
Giampiero Pesenti

Italmobiliare S.p.A. - Separate financial statements as at and for the year ended December 31, 2011

Financial statements

Statement of financial position

(euro)	Notes	12.31.2011	12.31.2010	Change
Non-current assets				
Property, plant and equipment	1	3,622,815	3,662,479	(39,664)
Investment property	2	138,860	96,842	42,018
Intangible assets	3	62,031	122,483	(60,452)
Investments in subsidiaries and associates	4	946,408,259	939,168,799	7,239,460
Other equity investments	5	202,914,352	356,700,945	(153,786,593)
Deferred tax assets	6	91,875,552	60,064,936	31,810,616
Other non-current assets	7	8,203,685	9,402,235	(1,198,550)
Total non-current assets		**1,253,225,554**	**1,369,218,719**	**(115,993,165)**
Current assets				
Trade receivables	8	3,425,425	3,370,600	54,825
Other current assets including derivatives	9	3,817,181	1,051,602	2,765,579
Tax assets	10	42,175,367	39,934,016	2,241,351
Equity investments, bonds and financial receivables	11	14,668,881	13,549,449	1,119,432
Cash and cash equivalents	12	6,508,549	102,192,528	(95,683,979)
Total current assets		**70,595,403**	**160,098,195**	**(89,502,792)**
Total assets		**1,323,820,957**	**1,529,316,914**	**(205,495,957)**
Equity				
Share capital	13	100,166,937	100,166,937	
Share premium	14	177,191,252	177,191,252	
Reserves	14	(52,711,444)	58,071,101	(110,782,545)
Treasury shares	15	(21,226,190)	(21,226,190)	
Retained earnings	16	682,902,643	761,492,044	(78,589,401)
Total equity		**886,323,198**	**1,075,695,144**	**(189,371,946)**
Non-current liabilities				
Financial liabilities	18	179,530,905	135,338,453	44,192,452
Employee benefits	17	1,543,488	1,463,325	80,163
Provisions	19	6,045,188	6,045,188	
Other non-current liabilities	20	117,590,425	86,283,648	31,306,777
Deferred tax liabilities	21	91,147	1,361,345	(1,270,198)
Total non-current liabilities		**304,801,153**	**230,491,959**	**74,309,194**
Current liabilities				
Loans and borrowings		70,451,000	-	70,451,000
Financial liabilities	18	48,502,705	210,574,819	(162,072,114)
Trade payables	22	3,825,599	3,033,240	792,359
Provisions		-	-	-
Tax liabilities		-	-	-
Other current liabilities	23	9,917,302	9,521,752	395,550
Total current liabilities		**132,696,606**	**223,129,811**	**(90,433,205)**
Total liabilities		**437,497,759**	**453,621,770**	**(16,124,011)**
Total equity and liabilities		**1,323,820,957**	**1,529,316,914**	**(205,495,957)**

Pursuant to CONSOB Resolution no. 155519 of July 27, 2006, the impact of transactions with related parties on the statement of financial position, income statement and cash flow statement is shown in the specific annexes.

Income statement

(euro)	Notes	2011	%	2010	%	Change value	%
Revenue	24	**49,239,677**	**100.0**	**67,707,046**	**100.0**	**(18,467,369)**	**-27.3**
Other revenue	25	936,516		933,398		3,118	
Goods and utilities expense	26	(146,261)		(119,608)		(26,653)	
Services	27	(5,707,106)		(5,985,939)		278,833	
Employee expense	28	(15,904,607)		(15,723,285)		(181,322)	
Other operating expense	29	(10,082,195)		(11,657,365)		1,575,170	
Recurring EBITDA		**18,336,024**	**37.2**	**35,154,247**	**51.9**	**(16,818,223)**	**-47.8**
Net gains from sale of non current assets		50		-		50	
Other non-recurring expense	30	(617,158)		(600,001)		(17,157)	
EBITDA		**17,718,916**	**36.0**	**34,554,246**	**51.0**	**(16,835,330)**	**-48.7**
Amortization and depreciation	31	(112,442)		(119,093)		6,651	
EBIT		**17,606,474**	**35.8**	**34,435,153**	**50.9**	**(16,828,679)**	**-48.9**
Finance costs	32	(39,752)		(49,257)		9,505	
Impairment losses on financial assets	33	(80,411,448)		(190,472)		(80,220,976)	
Profit before tax		**(62,844,726)**	**n.s.**	**34,195,424**	**50.5**	**(97,040,150)**	**n.s.**
Income tax expense	34	5,544,817		1,041,659		4,503,158	
Profit (loss) for the year		**(57,299,909)**	**n.s.**	**35,237,083**	**52.0**	**(92,536,992)**	**n.s.**

n.s.= not significant

Statement of comprehensive income

(euro)	Notes	2011	2010	Change value	%
Profit (loss) for the year		**(57,299,909)**	**35,237,083**	**(92,536,992)**	**n.s.**
Fair value gains (losses) on:					
Available-for-sale financial assets		(112,360,315)	(92,167,271)	(20,193,044)	
Tax on other comprehensive income		741,728	1,576,268	(834,540)	
Other comprehensive income		**(111,618,587)**	**(90,591,003)**	**(21,027,584)**	
TOTAL COMPREHENSIVE INCOME		**(168,918,496)**	**(55,353,920)**	**(113,564,576)**	**n.s.**

n.s. = not significant

Statement of change in equity

(euro)	Share capital	Reserves				Treasury shares	Retained earnings	Total equity
		Share premium	Fair value reserve for available for sale assets	Other reserves	Total reserves			
Balances at December 31, 2009 restated	**100,166,937**	**177,191,252**	**138,677,533**	**8,708,672**	**324,577,457**	**(21,226,190)**	**843,441,182**	**1,246,959,386**
Profit (loss) for the year							35,237,083	**35,237,083**
Total other comprehensive income			(90,591,003)		(90,591,003)			(90,591,003)
Stock options				1,275,899	1,275,899			1,275,899
Merger surplus/deficit							(83,705,971)	(83,705,971)
Distribution of profits:								
Dividends							(33,480,258)	(33,480,258)
Other changes							8	8
Balances at December 31, 2010	**100,166,937**	**177,191,252**	**48,086,530**	**9,984,571**	**235,262,353**	**(21,226,190)**	**761,492,044**	**1,075,695,144**
Profit (loss) for the year							(57,299,909)	**(57,299,909)**
Total other comprehensive income			(111,618,587)		(111,618,587)			(111,618,587)
Stock options				836,042	836,042			836,042
Distribution of profits:								
Dividends							(21,289,487)	(21,289,487)
Other changes							(5)	(5)
Balances at December 31, 2011	**100,166,937**	**177,191,252**	**(63,532,057)**	**10,820,613**	**124,479,808**	**(21,226,190)**	**682,902,643**	**886,323,198**

Statement of cash flows

(in thousands of euro)	Notes	2011	2010
A) Cash flow from operating activities:			
Profit (Loss) before tax		(62,845)	34,195
Amortization, depreciation and impairment losses		112	119
Capital (gains)/losses on securities, equity investments and property, plant and equipment		(955)	(16,959)
Change in employee benefit and other provisions		80	144
Stock options		836	1,276
Reversal of impairment losses on financial assets		80,412	191
Reversal of net finance income		(33,286)	(34,117)
Cash flow from operating activities before tax, finance income/costs and change in working capital:		**(15,646)**	**(15,151)**
Change in trade receivables		(55)	1,703
Change in trade payables		792	572
Change in other receivables/payables, accruals and deferrals		(3,856)	8,124
Total change in working capital:		**(3,119)**	**10,399**
Net finance costs paid		(5,738)	(913)
Dividends received		38,823	35,078
Net tax paid/refunds			
Total A)		**14,320**	**29,413**
B) Cash flow from investing activities:			
Capital expenditure:			
PPE and investment property		(53)	(57)
Intangible assets		(2)	(49)
Financial assets (Equity investments)		(44,207)	(130,778)
Change in payables for equity investment acquisitions			
Total investments		**(44,262)**	**(130,884)**
Change in receivables on disposal of financial assets			
Proceeds from the sale of property, plants and equipments		1,160	60,047
Total sales		**1,160**	**60,047**
Total B)		**(43,102)**	**(70,837)**
C) Cash flow from financing activities:			
Change in financial liabilities		(47,024)	83,979
Change in financial receivables		2,407	1,500
Change in current equity investments		(996)	(2,334)
Treasury share purchases			
Dividends paid		(21,289)	(33,480)
Total C)		**(66,902)**	**49,665**
D) Cash flows for the year (A+B+C)		**(95,684)**	**8,241**
E) Cash and cash equivalents at beginning of year		**102,193**	**93,952**
D+E) Cash and cash equivalents at end of year	**12**	**6,509**	**102,193**

Notes

The Italmobiliare S.p.A. draft financial statements as at and for the year ended December 31, 2011, were approved by the Board of Directors on March 28, 2012. At the meeting, the Board authorized publication of the financial statements in a press release dated March 28, 2012, containing key information from the financial statements.
The separate financial statements are subject to approval by the Shareholders' meeting, which has the power to make changes following publication. 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 going-concern status, in part by virtue of its creditworthiness and solid equity structure.

Core businesses

Italmobiliare S.p.A. is a corporate entity established in accordance with the laws of the Republic of Italy. 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, 2011, 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 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 or other CONSOB regulations and provisions on financial statements.
In compliance with European Regulation no. 1606 of July 19, 2002, the standards adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2011, that had not been endorsed by the European Union at that date.

Since December 31, 2010, the following standards, amendments and interpretations endorsed by the European Union have come into force and have been applied in the financial statements as at and for the year ended December 31, 2011, in particular:

- IAS 24 revised ""Related party disclosures" which simplifies disclosure requirements relating to related parties in which public entities are present and provides a new definition of related parties that also comprises the subsidiaries of associates and joint ventures;
- amendment to IAS 32 "Financial instruments presentation" regarding classification of rights issues. The changes permit classification of rights issues (e.g., options and warrants) as equity instruments independently of the currency in which exercise price is denominated;
- amendment to IFRS 1 "First-time adoption of IFRS" and the related amendment to IFRS 7 "Financial instruments: disclosures" relating to the exemption from comparative disclosure allowed by IFRS 7 on first-time adoption. The amendment exempts the reporting entity, on first-time adoption of IFRS, from providing the comparative data required by IFRS 7 for fair value measurement and liquidity risk;

- amendments to a number of IAS/IFRS/IFRIC as part of the improvement of the same: IFRS 1 "First-time adoption of IFRS", IFRS 3 "Business combinations", IFRS 7 "Financial instruments: disclosures", IAS 1 "Presentation of financial statements", IAS 27 "Consolidated and separate financial statements", IAS 34 "Interim financial reporting", IFRIC 13 "Customer loyalty programs";
- amendment to IFRIC 14 "Prepayments of a minimum funding requirement" governing cases where an entity subject to a minimum funding requirement on defined benefit plans, makes prepayments to guarantee the limits in question. The benefits arising from the prepayments may be recognized as assets. This case does not apply to the company;
- IFRIC 19 "Extinguishing financial liabilities with equity instruments" which provides guidelines for accounting treatment of extinction of a financial liabilities through issue of own equity instruments. The difference between the carrying amount of the financial liability to be extinguished and the initial measurement of the equity instruments to be issued must be reflected in the income statement.

The application of the new standards and interpretations has not had a material impact on the company's annual financial statements.

At December 31, 2011, the European Union had endorsed an amendment to IFRS 7 "Financial instruments: disclosures" concerning disclosures to be made on the transfer of financial assets. This amendment is not yet in effect and the company has not elected for early application. This standard will be applicable as from the financial statements as at and for the year ending December 31, 2012, and will not have a significant impact on the company's financial statements.

Standards, amendments and interpretations published by the IASB but not yet approved by the European Union are:
- amendment to IAS 1 "Presentation of financial statements" relating to the presentation of other components recognized under equity;
- amendment to IAS 12 "Income taxes" with reference to deferred tax: recovery of underlying assets;
- amendment to IAS 19 "Employee benefits". The main change is the elimination of the "corridor" for defined benefit plans with the requirement for immediate and full recognition of actuarial gains and losses in the statement of comprehensive income;
- review of IAS 27 "Consolidated and separate financial statements" and IAS 28 "Investments in associates";
- amendment to IAS 32 "Financial instruments: presentation" regarding the offset of financial assets and liabilities;
- amendments to IFRS 1 "First-time adoption of IFRS" for situations subsequent to hyperinflationary periods and suppression of fixed dates on first-time adoption;
- IFRS 10 "Consolidated financial statements". This new standard replaces IAS 27 "Consolidated and separate financial statements" with regard to consolidated financial statements. IAS 27 has been renamed "Separate financial statements" and deals exclusively with preparation of separate financial statements;
- IFRS 11 "Joint arrangements". The new standard replaces IAS 31 "Interests in joint ventures", and identifies two categories of arrangement, with separate accounting treatments;
- IFRS 12 "Disclosure of interests in other entities" which re-organizes and supplements disclosures on subsidiaries, associates, joint ventures and other equity investments;
- IFRS 13 "Fair value measurement". This new standard provides guidelines for measurement and disclosure of fair value.

Use of estimates

The preparation of the separate financial statements and the notes in conformity with the international accounting standards requires formulation of estimates that affect the values of assets, liabilities, income and expense, such as amortization, depreciation, impairment losses and provisions, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates are on a going-concern basis and determined using the information available at the time, they could diverge from the actual future results.
Assumptions and estimates are particularly sensitive with regard to measurement of financial assets, which depend on forecasts of future results and cash flows, and 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 the interim financial statements, with consequent identification of a six-month interim period, any reductions in value are recorded at closure of the half year.

Measurement policies 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 accounting schedules, statement of financial position, income statement and statement of changes in equity, are expressed in euro, while the statement of cash flows is expressed in thousands of euro; the amounts in the notes are rounded to thousands of euro, unless otherwise indicated.

The basis of presentation of the company’s 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 reporting date;
- on the income statement, costs are analyzed by the nature of the expense;
- with regard to comprehensive income, the company presents two statements: the first shows the traditional income statement components and profit (loss) for the period, while the second, starting from profit (loss), shows in detail the other components of comprehensive income, previously shown only in the statement of changes in equity, i.e., fair value gains/losses on available-for-sale financial assets and derivatives and related taxes;
- on the cash flow statement, the indirect method is used.

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 which may be exercised at ordinary shareholders’ meetings, 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’ meetings 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 voting trusts or other forms of material exercise of rights of governance.

Equity investments in subsidiaries and associates are measured at cost. Under this method equity investments are initially recorded at cost, subsequently adjusted for impairment should impairment testing indicate that the carrying amount be written down to reflect the investment’s actual business value. The original cost is restored in future periods if the grounds for the impairment losses no longer exist. Impairment losses and reversals are taken to income.

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 the transition date.
As from January 1, 2011 business combinations are accounted for using the acquisition method as envisaged by IFRS 3 revised.

Cost of business combinations

In accordance with IFRS 3 revised, acquisition cost is the sum of the acquisition-date fair value of the contingent consideration and the amount of non-controlling interests in the acquired entity. For every business combination, any non-controlling interest in the acquired entity must be measured at fair value or in proportion to the non-controlling interest in the identifiable net assets of the acquired entity.
IFRS 3 revised envisages that the costs related to the acquisition be considered as an expense in the periods in which the costs are incurred and the services are received.

Apportionment of the cost of business combinations

Goodwill is determined as the difference between, on the one hand:

- the aggregate of the consideration transferred, the amount of any non-controlling interest in the purchased company, the fair value at the acquisition date of interests previously held in the purchased company and, on the other
- the net value of the identifiable assets and liabilities at the acquisition date.

Negative differences are taken immediately to the income statement. If on initial recognition the purchase cost of a business combination can only be determined provisionally, the apportioned amounts are adjusted within twelve months of the acquisition date (measurement period).

Transactions in currencies other than the reporting currency

Any foreign currency transactions are translated into the reporting currency at the exchange rate at the transaction date. At closure of the reporting period, foreign currency monetary assets and liabilities are translated into the reporting currency at the closing exchange rate. Exchange-rate gains and losses are taken to the income statement.
Foreign currency non-monetary 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 is recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and directly attributable costs of bringing the asset to the location and the conditions required for its operation.
Finance costs relating to the purchase, construction and production of an asset 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 periods in connection with specific local laws, based on the real economic value of the assets in question. Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the purchase date and subsequently adjusted within the following twelve months.
Subsequent to initial recognition, property, plant and equipment is carried at cost depreciated over the asset's useful life, less any impairment losses.
Assets under construction are recognized at cost and are depreciated when they enter the production cycle.
When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are effected 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 net carrying amount of the replaced component is expensed.

Depreciation

Depreciation is generally calculated on a straight-line basis over the estimated useful life of each component of an asset. Land is recognized separately from any buildings constructed thereon, and is not depreciated.
Asset useful life determines the depreciation rate until a subsequent review of residual useful life. The range of useful lives used 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 incident 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 rentals 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 on the basis of the useful life of the asset and net of 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 purchase date and adjusted where necessary within the following twelve months.
Subsequent to initial recognition, intangible assets are carried at cost amortized over asset useful life, less any impairment losses.
The company has not identified intangible assets with an indefinite useful life.

Impairment of assets

Property, plant and equipment, investment property and amortizable intangible assets are tested for impairment if indications of impairment emerge.
Equity investments in subsidiaries and associates are tested for impairment if indications of impairment emerge.
Impairment losses reflect 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 and its value in use, determined as the present value of discounted future cash flows. The discount factor is determined using the weighted average cost of capital method (WACC).

Financial assets

All financial assets are recognized initially at cost at the purchase date, which corresponds to fair value plus additional costs attributable to the purchase, except in the case of financial assets held for trading (fair value through profit and 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 income.
Assets held to maturity 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 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 losses in equity are taken to the income statement. Impairment is recorded when there is objective evidence that one or more events, which occurred after the 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, the company 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.
Taking account of the specific type of available-for-sale financial asset portfolio currently held by the company and in view of the current situation of the financial markets and the relative volatility of yields on shares, for the purposes of recognizing impairment, at December 31, 2011, consistently with the approach taken in the previous year, the company identified the conditions for a prolonged or material fair value reduction on available-for-sale listed securities as, alternatively:

- a fair value reduction of more than 35% of the original cost at the reporting date;
- a fair value that is constantly below the original carrying amount, observed for a two-year timeframe.

Should the conditions of the financial markets, the composition of the company's portfolio and the volatility of the shares concerned no longer adequately represent the real situation, the materiality threshold may be reviewed.
With regards to assets on which impairment losses were recognized in previous periods, additional losses of value are automatically regarded as impairment losses.
Impairment due to the fall in value of available-for-sale assets which is taken to the income statement is not subsequently reversed on the income statement but recorded under equity, should the grounds for the impairment no longer exist.
Only equity instruments that are not listed on an active market or 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 recorded at their fair value, net of allowances for uncollectible amounts which are written down when they are identified.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, checks and 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 cash flow statement is identical to that in the statement of financial position.

Employee benefits

The company operates pension plans, post-employment medical benefit plans and leaving entitlement provisions.
It also has other commitments, in the form of bonuses payable to employees on the basis of length of service.

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 have 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 company. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the company uses the unitary credit projection method to determine the present value of obligations and the related benefit cost of current services rendered.
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 increments on 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.

In Italy, leaving entitlements (TFR, *trattamento di fine rapporto*) are treated in the same way as benefit obligations arising from defined benefit plans, for the portion not transferred to supplementary pension plans.

Other long-term benefits

The existence of legal or constructive obligations to employees pursuant to employment contracts, and consisting largely of length-of-service bonuses, involves application of the criterion used to determine defined benefit plans (unitary credit projection method).
The obligation carrying amount is adjusted to reflect the value arising from application of the relevant actuarial assumptions.

Treatment of actuarial gains and losses

Actuarial gains and losses may arise as a result of changes in the actuarial assumptions used in two consecutive periods 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 period.
The company uses the "corridor" method, where actuarial gains and losses are recognized as income or expense when their unrecognized cumulative net value at the end of the previous period exceeds 10% of the present value of the obligation. These gains or losses are taken to income over the estimated average residual working life of the employees participating in the plans.
Actuarial gains and losses relating to other long-term benefits (length of service bonuses) and to early retirement benefits are recognized as income or expense immediately.

Provisions for risks and charges

The company 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 measurable and 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 as income or expense for the period.

Loans and borrowings

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, 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 at the fair value of the original consideration received, and subsequently measured at amortized cost.

Share-based payments

The company has decided to apply IFRS 2 as from January 1, 2005.
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 employee expenses, with a corresponding increase in equity.

In accordance with IFRS 2, only options granted after November 7, 2002, that 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 correction for extraordinary events or factors.
The cost of options is reviewed on the basis of the actual number of vested options at the beginning of the exercise period.

Revenue

Revenue is recognized to the extent 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 discounts given.
Revenue from the sale of goods is recognized when the company transfers the material risks and rewards incident to ownership of the goods to the purchaser.
Revenue includes dividends received, interest and commission income.
Dividends are recognized when the 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 tax

Current income taxes are provided in accordance with current laws.
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.
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 closure of the reporting period.
Taxes relating to items recognized directly in equity are recognized in equity, not income.
As noted in the directors' report, for the three-year period 2010 – 2012 the company together with some subsidiaries applied the Italian tax consolidation system.

Assets

Non-current assets

1) Property, plant and equipment

At December 31, 2011, and December 31, 2010, these assets totaled respectively 3,623 thousand euro and 3,662 thousand euro. The movements on the heading are set out below:

(in thousands of euro)	Land and buildings	Plant and machinery	Office furniture and machines	Motor vehicles	Total
Gross amount	4,425	530	992	56	6,003
Accumulated depreciation	(967)	(502)	(852)	(20)	(2,341)
Net carrying amount at December 31, 2010	**3,458**	**28**	**140**	**36**	**3,662**
Additions		6	3		9
Disposals		(63)	(8)		(71)
Depreciation		(16)	(20)	(12)	(48)
Use accumulated depreciation		63	8		71
Net carrying amount at December 31, 2011	**3,458**	**18**	**123**	**24**	**3,623**
Gross amount	4,425	473	987	56	5,941
Accumulated depreciation	(967)	(455)	(864)	(32)	(2,318)
Net carrying amount at December 31, 2011	**3,458**	**18**	**123**	**24**	**3,623**

The decrease in the year was due to the scrapping of obsolete plant and machinery.

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 139 thousand euro (97 thousand euro at December 31, 2010) is valued at cost.
The fair value of investment property at December 31, 2011, was 1,365 thousand euro and was determined on the basis of evaluations made by independent external experts.

(in thousands of euro)	Investment property
Gross amount	133
Accumulated depreciation	(36)
Net carrying amount at December 31, 2010	**97**
Additions	44
Disposals	
Depreciation	(2)
Net carrying amount at December 31, 2011	**139**
Gross amount	177
Accumulated depreciation	(38)
Net carrying amount at December 31, 2011	**139**

Investment property is amortized at an annual rate of 1.50% which reflects its residual useful life.

3) Intangible assets

Intangible assets are investments in administrative software applications.

(in thousands of euro)	Licenses and various rights	Total
Gross amount	232	232
Accumulated amortization	(110)	(110)
Net carrying amount at December 31, 2010	**122**	**122**
Additions	2	2
Disposals		
Amortization	(62)	(62)
Net carrying amount at December 31, 2011	**62**	**62**
Gross amount	234	234
Accumulated amortization	(172)	(172)
Net carrying amount at December 31, 2011	**62**	**62**

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 2011	December 31 2010	Change
Receivables due from subsidiaries for tax consolidation	2,006	2	2,004
Receivables due from employees	6	5	1
Receivables due from social security bodies	2	2	
Receivables due from tax authorities for VAT	256		256
Other miscellaneous current receivables	853	155	698
Accrued income due from subsidiaries	18	47	(29)
Miscellaneous accrued income due from others	32	27	5
Prepaid expenses due from others	644	814	(170)
Total	**3,817**	**1,052**	**2,765**

Receivables due from subsidiaries included in the domestic tax consolidation rose by 2,004 thousand euro following the higher tax payable of the subsidiaries transferred to the parent Italmobiliare S.p.A.

10) Tax assets

Tax assets totaled 42,175 thousand euro (39,934 thousand euro at December 31, 2010) and were mainly due to tax payments on account made in previous years and to withholding taxes on interest and dividends.

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, 2011, 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.

Number of shares	December 31 2011	December 31 2010	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, 2011, reserves totaled 124,480 thousand euro, an overall fall of 110,783 thousand euro compared to December 31, 2010, owing to:
- a fall in the value of available-for-sale financial assets, net of the impact of deferred tax, for 111,619 thousand euro;
- an increase of 836 thousand euro in the stock option reserve.

15) Treasury shares

At December 31, 2011 the cost of treasury share buy-backs totaled 21,226 thousand euro, deducted against equity. Treasury shares were as follows:

	No. ordinary shares	Carrying amount in euro	No. savings shares	Carrying amount in euro	Total carrying amount
December 31, 2011	**871,411**	**20,830**	**28,500**	**396**	**21,226**

A total of 827,274 ordinary treasury shares were held at December 31, 2011, to service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid in 2011 and 2010 are detailed below:

	2011 (euro per share)	2010 (euro per share)	December 31, 2011 (in thousands of euro)	December 31, 2010 (in thousands of euro)
Ordinary shares	0.532	0.856	11,338	18,242
Savings shares	0.610	0.934	9,952	15,238
Total dividends			**21,290**	**33,480**

Movements in equity are illustrated in the “Statement of changes in equity”.

16) Retained earnings

The overall change, a fall of 78,589 thousand euro, includes:

- the loss for the period of 57,300 thousand euro;
- dividends approved in 2011 of 21,289 thousand euro.

Non-current liabilities

17) Employee benefits

This item includes the provision for leaving entitlements adjusted in accordance with IAS 19 and liabilities for future commitments, in the form of bonuses to be paid to employees on the basis of their length of service in the company; these liabilities arise from actuarial assessments at December 31, 2011.

Movements on the item are detailed below:

(in thousands of euro)	Leaving entitlements	Long-service bonus	Total
At December 31, 2010	1,280	183	**1,463**
Use during year	(618)		**(618)**
Provision of year	713	5	**718**
Present value of leaving entitlements	(20)		**(20)**
At December 31, 2011	**1,355**	**188**	**1,543**

Expenses of the year included:

(in thousands of euro)	December 31 2011	December 31 2010	Change
Current service cost	(92)	(79)	(13)
Finance costs	(71)	(70)	(1)
Actuarial adjustment for prior year			
Total	**(163)**	**(149)**	**(14)**

The assumptions used to determine liabilities arising from long-term benefits are illustrated below:

	Provision for leaving entitlements
Discount factor	4.60%
Future wage and salary increases	3.47%

Stock options

The company has arranged stock option plans for directors and managers who hold special posts.
Stock options refer to ordinary shares and 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 granted to managers are not recognized in the event of termination of employment, 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, 2011, are set out below:

Grant date	No. options granted	Exercise period	Options exercised	Options cancelled	Unexercised options		Unit subscription price
March 24, 2003	49,283	3/24/2006 - 3/23/2013	39,720		9,563	€	31.2800
March 30, 2004	96,080	3/30/2007 - 3/29/2014			96,080	€	35.1990
March 30, 2005	108,437	3/30/2008 - 3/29/2015			108,437	€	54.5355
March 21, 2006	109,880	3/21/2009 - 3/20/2016			109,880	€	65.7010
March 21, 2007	122,479	3/21/2010 - 3/20/2017			122,479	€	86.0685
March 28, 2008	124,200	3/28/2011 - 3/27/2018			124,200	€	59.9080
March 25, 2009	19,350	3/25/2012 - 3/24/2019			19,350	€	20.5260
March 24, 2010	124,385	3/24/2013 - 3/23/2020			124,385	€	28.8340
March 30, 2011	112,900	3/30/2014 - 3/30/2021			112,900	€	27.4690
Total	**866,994**		**39,720**	**-**	**827,274**		

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 periods in question are set out below:

	12.31.2011			12.31.2010		
(in thousands of euro)	Number options		Average subscription price	Number options		Average subscription price
Unexercised options at beginning of year	**714,374**	**€**	**54.2852**	**589,989**	**€**	**59.6509**
Granted during year	112,900	€	27.4690	124,385	€	28.8340
Cancelled during year						
Exercised during year						
Expired during year						
Unexercised options at end of year	**827,274**	**€**	**50.6255**	**714,374**	**€**	**54.2852**
Vested options at end of year	**570,639**			**446,439**		

The average price of ordinary shares for full-year 2011 was 23.709 euro (26.075 euro for full-year 2010).
The average residual life of unexercised options was 3 years and 7 months.
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 "Employee expenses":

(in thousands of euro)			Employee expenses	
Grant date	No. options granted	Vesting period	2011	2010
March 24, 2003	49,283	3 years		
March 30, 2004	96,080	3 years		
March 30, 2005	108,437	3 years		
March 21, 2006	109,880	3 years		
March 21, 2007	122,479	3 years		241
March 28, 2008	124,200	3 years	178	722
March 25, 2009	19,350	3 years	24	24
March 24, 2010	124,385	3 years	384	289
March 30, 2011	112,900	3 years	249	
Total	**866,994**		**835**	**1,276**

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 non recurring events, is indicative of future trends.
The following table sets out the assumptions used and results obtained in measuring stock options relating to periods that are still to vest:

	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 totaled 6,045 thousand euro at December 31, 2011 and were unchanged compared to December 31, 2010.

(in thousands of euro)	Opening value	Additions	Decreases	Closing value
Provisions for risks	6,045			6,045

20) Other non-current liabilities

Other non-current liabilities referred essentially to the amount due to subsidiaries for the tax consolidation, which at December 31, 2011, totaled 117,527 thousand euro (86,221 thousand euro at December 31, 2010).
This item was reclassified from other current liabilities in light of the forecast payment times. The figure at December 31, 2010, was also reclassified to allow comparison.

21) Deferred tax liabilities

Total deferred tax liabilities were 92 thousand euro at December 31, 2011, as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change
Deferred tax and duties - available-for-sale shares	60	142	(82)
Deferred tax and duties - available-for-sale bonds		659	(659)
Deferred tax and duties - other	65	560	(495)
Deferred tax assets	(33)		(33)
Total	**92**	**1,361**	**(1,269)**

The change was largely due to the reduction in the fair value reserve for available-for-sale equities and securities.

Current liabilities

22) Trade payables

See the specific IFRS 7 section.

23) Other current liabilities

(in thousands of euro)	December 31 2011	December 31 2010	Change
Amounts due to employees	5,737	3,894	1,843
Amounts due to social security authorities	881	861	20
Amounts due to tax authorities	404	322	82
Accruals and deferred income	130	112	18
Other amounts due	2,347	3,402	(1,055)
Interest-rate derivatives for trading	417	931	(514)
Total	**9,916**	**9,522**	**394**

The payables due to subsidiaries on the tax consolidation were reclassified to Other non-current liabilities.

Commitments

(in thousands of euro)	December 31 2011	December 31 2010
Guarantees on company assets	51,957	90,045
Deposits, guarantees, commitments, other	45,134	38,447
Total	**97,091**	**128,492**

The decreases compared to December 31, 2010 were largely due to the reduction in medium/long-term financial transactions secured by equities and the release of stock option grants to managers under the 2011 plan.
The value of guarantees on company assets shown above reflects fair value at closure of the reporting period.

Income statement

24) Revenue

Revenue from sales and services totaled 49,239 thousand euro, as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
Dividends	38,823	35,078	3,745	10.7%
Interest income	2,963	4,147	(1,184)	-28.6%
Capital gains on equity investments and securities	1,234	21,986	(20,752)	-94.4%
Services	6,219	6,496	(277)	-4.3%
Total	**49,239**	**67,707**	**(18,468)**	**-27.3%**

The breakdown of the various items was as follows:

Revenue from dividends:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
Subsidiaries				
Italcementi S.p.A.	13,169	13,169		
Ciments Francais S.A.	2,783	34	2,749	n.s.
Punta Ala Promozione Sviluppo Immobiliare S.r.l.	1,000	1,000		
Sirap Gema S.p.A.	2,144	3,002	(858)	-28.6%
So.Par.Fi. Italmobiliare S.A.	5,000		5,000	100.0%
Italmobiliare International Finance Ltd	3,000		3,000	100.0%
Franco Tosi S.r.l.	100	100		
Fincomind S.A.		10,526	(10,526)	-100.0%
Total	**27,196**	**27,831**	**(635)**	**-2.3%**
Associates				
Mittel S.p.A.	865	1,729	(864)	-50.0%
Total	**865**	**1,729**	**(864)**	**-50.0%**
Other companies				
Unicredito Italiano S.p.A.	2,994	2,737	257	9.4%
Unione di Banche Italiane S.c.p.a.	111	516	(405)	-78.5%
Fin.Priv. S.r.l.	348	348		
Gruppo Banca Leonardo S.p.A.	3,182		3,182	100.0%
Intek S.p.A.	97		97	100.0%
Compagnia Fiduciaria Nazionale S.p.A.	170	100	70	70.0%
Enel S.p.A.		8	(8)	-100.0%
Eni S.p.A.		10	(10)	-100.0%
Mediobanca S.p.A.	3,837	1,780	2,057	n.s.
Emittente Titoli S.p.A.	23	19	4	21.1%
Total	**10,762**	**5,518**	**5,244**	**95.0%**
Grand total	**38,823**	**35,078**	**3,745**	**10.7%**

n.s. = not significant

Revenue from interest income:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
Interest and finance income from subsidiaries	4	3	1	33.3%
Interest on securities and debentures	786	681	105	15.4%
Bank interest income	1,164	973	191	19.6%
Interest from tax authorities		1	(1)	-100.0%
Commissions and other income	527	46	481	n.s.
Options on securities	427	2,443	(2,016)	-82.5%
Income from interest rate hedges	55		55	100.0%
Total	**2,963**	**4,147**	**(1,184)**	**-28.6%**

n.s. = not significant

Capital gains on equity investments and securities:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
From sale of available-for-sale equity investments				
Unicredito Italiano Spa - rights		4,386	(4,386)	-100.0%
Unicredito Italiano Spa - shares		17,063	(17,063)	-100.0%
Gazzetta del Sud Calabria	450		450	100.0%
Solar Energy		34	(34)	-100.0%
Intek	202		202	100.0%
KME	59	187	(128)	-68.4%
Total	**711**	**21,670**	**(20,959)**	**-96.7%**
From sale of trading equity investments				
Enel	46		46	100.0%
Eni	18		18	100.0%
Intesa	3		3	100.0%
Unipol priv	2		2	100.0%
Total	**69**		**69**	**100.0%**
From sale of trading bonds		**295**	**(295)**	**-100.0%**
From measurement of trading instruments at fair value				
Enel		2	(2)	-100.0%
Eni		18	(18)	-100.0%
Unipol priv		1	(1)	-100.0%
Mutual funds	454		454	100.0%
Total	**454**	**21**	**433**	**-98.6%**
Grand total	**1,234**	**21,986**	**(20,752)**	**-94.4%**

n.s. = not significant

25) Other revenue

Other revenue totaled 937 thousand euro (933 thousand euro at December 31, 2010) and included rents and recovery of condominium expenses for 279 thousand euro, directors' pensions for 178 thousand euro, other income for 147 thousand euro and non-recurring income for 333 thousand euro.

26) Goods and utilities expense

Goods and utilities expenses amounted to 146 thousand euro, as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
Materials and machinery	6	6		
Other materials	69	62	7	11.3%
Electricity, water and gas	71	52	19	36.5%
Total	**146**	**120**	**26**	**21.7%**

27) Services

Service expense amounted to 5,707 thousand euro, as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
Legal fees, consultancy and compensation	4,064	4,472	(408)	-9.1%
Rents and fees for use of third-party assets	260	289	(29)	-10.0%
Insurance	461	359	102	28.4%
Lease payments and expense on civil buildings	88	79	9	11.4%
Maintenance and repairs	172	183	(11)	-6.0%
Subscriptions	78	81	(3)	-3.7%
Communication and promotions	123	78	45	57.7%
Post and telephone	49	45	4	8.9%
Cleaning	108	112	(4)	-3.6%
Other expenses and residual services	304	288	16	5.6%
Total	**5,707**	**5,986**	**(279)**	**-4.7%**

Compensation includes that paid to the Board of Statutory Auditors of 212 thousand euro.

28) Employee expense

Employee expense amounted to 15,905 thousand euro, as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
Wages and salaries	8,977	9,717	(740)	-7.6%
Social security contributions	2,322	2,331	(9)	-0.4%
Provisions and pension funds	663	439	224	51.0%
Directors' remuneration	3,886	3,175	711	22.4%
Other miscellaneous expenses	57	61	(4)	-6.6%
Total	**15,905**	**15,723**	**182**	**1.2%**

The number of employees is shown below:

(heads)	December 31 2011	December 31 2010
Employees at year end	46	46
Average number of employees	45.08	46.67

29) Other operating income (expense)

Other operating expense, net of other operating income, amounted to 10,082 thousand euro, as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
Finance costs				
Interest on short-term financing	3,309	7	3,302	n.s.
Interest on medium/long-term financing	4,184	2,405	1,779	74.0%
Current account and financial interest expense due to subsidiaries	51	34	17	50.0%
Commissions for non-utilization	534	386	148	38.3%
Costs for interest-rate hedging	417	552	(135)	-24.5%
Options on securities		1,693	(1,693)	-100.0%
Other expense	4	31	(27)	-87.1%
Total	**8,499**	**5,108**	**3,391**	**66.4%**
Losses on sale of assets and impairment losses				
Sale Mediobanca warrants	28		28	100.0%
Sale Intek warrants	1		1	100.0%
Sale Kme warrants	13		13	100.0%
Sale Unione di Banche Italiane S.c.p.a.	1	4,848	(4,847)	-100.0%
Impairment losses on mutual funds	111	52	59	n.s.
Impairment losses on trading securities	125	126	(1)	-0.8%
Total	**279**	**5,026**	**(4,747)**	**-94.4%**
Other expense and income				
Condominium expenses on own buildings	199	282	(83)	-29.4%
Other operating expense	99	84	15	17.9%
Non-deductible sales tax	613	859	(246)	-28.6%
ICI tax	52	52		
Other tax	26	28	(2)	-7.1%
Non-recurring expense	23	17	6	35.3%
Other income (expense)	292	201	91	45.3%
Total	**1,304**	**1,523**	**(219)**	**-14.4%**
Total other operating income (expense)	**10,082**	**11,657**	**(1,575)**	**-13.5%**

n.s. = not significant

The increase in interest on short-term and medium/long-term financing is mainly due to the increase in interest rates and, to a lesser extent, to the increase in average financial debt in the year.

30) Non-recurring expense

Non-recurring expense net of non-recurring income amounted to 617 thousand euro (600 thousand euro at December 31, 2010), as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
Other income (expense)	(617)	(600)	(17)	2.8%
Total	**(617)**	**(600)**	**(17)**	**2.8%**

Other expense included 600 thousand euro for the endowment made to the “Italcementi Cav. Lav. Carlo Pesenti” foundation.

31) Amortization and depreciation

The overall amount of 112 thousand euro (119 thousand euro in 2010) refers to depreciation of property, plant and equipment for 50 thousand euro (54 thousand euro in 2010) and amortization of intangible assets for 62 thousand euro (65 thousand euro in 2010).

32) Finance costs

Finance costs, net of finance income, amounted to 40 thousand euro, as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
Financial services	38	48	(10)	-20.8%
Miscellaneous finance costs	2	1	1	100.0%
Total	**40**	**49**	**(9)**	**-18.4%**

33) Impairment losses on financial assets

Impairment losses totaled 80,411 thousand euro (190 thousand euro at December 31, 2010). They referred mainly to the measurement of the equity investments in Unione di Banche Italiane S.c.p.a. and Unione di Banche Italiane S.c.p.a. warrants for 3,454 thousand euro and Unicredito Italiano S.p.A. for 40,202 thousand euro, which were aligned with year-end market values.

The impairment loss on the investment in R.C.S. Mediagroup S.p.A. for 36,307 thousand euro was based on an expert's independent evaluation.

34) Income tax expense

This posting reflected income for the year of 5,545 thousand euro, as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change	% change
Deferred tax assets	4,407	944	3,463	n.s.
Prior-year tax	1,138	98	1,040	n.s.
Total	**5,545**	**1,042**	**4,503**	**n.s.**

n.s. = not significant

IFRS 7

Management Policies

Introduction

The Italmobiliare Board of Directors establishes the policy for Italmobiliare and the financial segment of which the company is part. For the other Group segments, the management policy for financial instruments and risks is established in line with the general Group principles and taking into account the specific features of each segment.

Objectives

In the operating segments, the sole objective of financial instrument management is to reduce risk, whereas in the financial segment management of financial risks is an opportunity to generate profits, albeit within the general goal of acting with due prudence.

To this end the parent Italmobiliare has issued a document "Policies for investment and financial risk management" (the "Policies") approved by the Chairman-Chief Executive Officer, which is valid both for operations by Italmobiliare S.p.A. and as guidance for the whole financial segment, since the other main companies adopt the Italmobiliare document by approving a similar one.

Capital management policy

The company manages its capital structure by adjusting it as circumstances change, in order to adequately support operations and maximize value for shareholders. The company also aims to maintain a solid credit rating and adequate capital indicators in line with its asset structure. No change was made to the objectives, policies and procedures during 2011.

Financial instruments

The Policies described above define the type of financial instruments allowed, the maximum amounts, the counterparties, and the methods and levels of approval.

Derivatives are allowed both as risk management instruments and as instruments to generate profits. For this reason, the regulations included in the Policies are particularly restrictive in terms of both the types allowed and the levels of approval.
Intercompany loans fall within the mission of the financial segment to support the operating needs of the Group companies. With regard to borrowings received, all types of facilities are used: medium-term loans with or without guarantees, structures with medium-term derivatives, securities lending agreements with collateral, secured lines of credit, and unsecured lines of credit with use of hot money.

Financial risk management

Credit risk

Credit risk represents the company's exposure to potential losses arising from non-fulfillment of obligations by counterparts.
Italmobiliare S.p.A. has no significant exposure to commercial credit risk.
With regard to financial counterpart risk arising from investment of liquidity and from positions on derivative contracts, identification of counterparts refers to the aforementioned Policies, on the basis of which the characteristics and limits of the authorized counterparts are established, largely in relation to their ratings.
The table below details the level of credit risk exposure through definition of the average rating of bond issuers and that of counterparts on interest-rate swaps carried at fair value.

	Fair value (in millions of euro)	**Average rating**	**Outstanding average life** **(in years)**
Trading bonds	3.8	BBB+	1.22 years
Available-for-sale bonds	6.6	n.r.	39 years
Other financial assets	10.4	n.r.	n.r.
Fair value derivatives	(0.4)	AA-	3 years

n.r. not rated

Other financial assets include variable-yield securities which are mainly invested in funds whose yield is linked to inflation trends in the euro zone, with a time line of around three years.
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 -0.83 million euro, of which -0.03 million euro on the income statement and -0.8 million euro on equity.

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, with effects on income if it is obliged to sustain additional costs to meet its commitments, or conditions of insolvency that put its business continuity at risk.
Italmobiliare's objective is to establish, through the "Financial Plan" approved at the budget meeting, a financial structure that guarantees adequate liquidity by minimizing opportunity cost and maintains a balance in terms of duration and composition of debt.
Italmobiliare's Finance Division is responsible for centralized procurement of funds and investment for the parent and for the smaller Italian companies.
A report with an analysis of the trend in the net financial debt is prepared at regular intervals for senior management.
The table below shows debt by maturity compared with undrawn credit lines:

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financial liabilities	(119.0)		(179.5)		**(298.5)**
Total financial assets	22.0			6.0	**28.0**
Net financial position	**(97.0)**		**(179.5)**	**6.0**	**(270.5)**
Available undrawn lines of credit	*19.5*	*50.0*			***69.5***

Total undrawn lines of credit consist of committed credit lines for 69.5 million euro and uncommitted credit lines for 265.1 million euro.

The main borrowings used and available were as follows:

- in November 2010 Italmobiliare negotiated a 50 million euro committed line of credit with Intesa Sanpaolo which expires on May 22, 2012; drawings amounted to 30.5 million euro;
- in December 2010 Italmobiliare took out a 130 million euro loan with Intesa Sanpaolo which expires on December 31, 2015, to service the purchase from Italcementi of RCS Mediagroup and Mediobanca shares: the first tranche used was 111 million euro, while the second residual tranche of 19 million euro was used at the end of March 2011;
- in November 2011 the 170 million euro, 5-year loan from BNP Paribas was extinguished. This was based on Prepaid Forward and Equity Swap contracts and guaranteed by a pledge of 51.4 million Unicredit shares and regulated by a daily margin call on changes in the share price;
- in December 2011 the loan provided by Mediobanca guaranteed by 23.6 million Unicredit shares, with a monthly margin call, was extinguished;
- against these repayments, in November and December 2011, Italmobiliare negotiated a new three-year loan in two tranches with Société Générale in the form of a loan guaranteed by listed shares (at 12/31/2011, 7.5 million post-regrouping Unicredit shares): at the end of the year it totaled 49.5 million euro. The loan is subject to a daily margin call against a threshold of 12%;
- in December 2011 Italmobiliare signed with UBI><Banca Popolare di Bergamo an irrevocable line of credit for 50 million euro (undrawn at December 31, 2011) with expiry on June 26, 2013;
- in December 2011 Italmobiliare signed with SO.PAR.FI an uncommitted line of credit for 100 million euro of which 20 million euro was used, with expiry on December 21, 2012.

Market risk

Interest-rate risk

Fluctuations in interest rates affect the market value of the company’s financial assets and liabilities and the level of net finance costs. The aim of the Policies is to minimize interest-rate risk in pursuing the financial structure objectives established and approved in the “Financial Plan” for the budget.
The use of derivatives is allowed within the guidelines established by the Policies.
Consistently with the objectives of the “Financial Plan”, the Finance Division also manages risk positions through the use of derivatives, including structural transactions, to keep the risk profile within the approved limits. It draws up regular reports for senior management setting out the average costs of liabilities and yields on assets.

The following table illustrates the composition of the net financial debt at December 31, 2011, 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)	
At December 31, 2011	
Fixed-rate financial liabilities	
FIxed-rate financial assets	
Fixed-rate NFP at inception	
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	(50.0)
Fixed-rate NFP after hedging	**(50.0)**
Floating-rate financial liabilities	(298.9)
Floating-rate financial assets	7.0
Floating-rate NFP at inception	**(291.9)**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	50.0
Floating-rate NFP after hedging	**(241.9)**
Assets not subject to interest-rate risk	21.4
Liabilities not subject to interest-rate risk	
Total NFP	**(270.5)**

Floating-rate assets include receivables due from Group companies and floating-rate bonds, while floating-rate liabilities include financial liabilities due to third parties and to Group companies.
A sensitivity analysis was performed to determine the change in the fair value of financial instruments following an instantaneous shift of 100 bp in forward interest rates The analysis showed a total impact of -1.83 million euro, of which -1.03 million euro on the income statement and – 0.8 million euro on the statement of financial position.
No impact was calculated for other liabilities on the statement of financial position, since such liabilities are recognized at their nominal value.

Currency risk

The Policies require investments to be made essentially in euro, although they allow for the possibility of a very limited currency risk.
Foreign-exchange derivatives are normally used to hedge currency risk by transforming it from a foreign currency risk to a euro risk. The Policies allow use of foreign-exchange derivatives for speculative purposes within very restricted limits.
Italmobiliare's exposure to this risk is very limited.

Other price risks

The price risk is the potential loss on listed equities carried at fair value, in the event of a downturn in share prices.
At December 31, 2011, assets exposed to price risk and classified as "Available for Sale" (AFS) amounted to 167.2 million euro.
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 59.2 million euro, of which 0.2 million euro against equity and 59.0 million euro directly in profit and loss.

(in millions of euro)	Underlying		Share price delta	Impact on P&L		Impact on equity
Shares (AFS)	167.2		-5%		(59.0)	(0.2)

Net financial debt

The net financial debt at December 31, 2011, was 270,494 thousand euro, an increase of 49,567 thousand euro compared to 220,927 thousand euro at December 31, 2010.

The breakdown of the net financial debt was as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change
Cash and cash equivalents	6,508	102,193	(95,685)
Financial receivables due from Group	327		327
Government securities and bonds - current	2,394	2,580	(186)
Government securities and bonds - non-current	6,629	9,362	(2,733)
Mutual funds	10,402	9,948	454
Index-linked ETFs	1,411		1,411
Trading equity investments		683	(683)
Prepayments and accrued income	737	1,151	(414)
Total financial assets	**28,408**	**125,917**	**(97,509)**
Bank loans	(274,320)	(340,597)	66,277
Financial liabilities vs subsidiaries	(23,777)	(4,524)	(19,253)
Interest-rate swaps	(417)	(931)	514
Accruals and deferred income	(388)	(792)	404
Total financial liabilities	**(298,902)**	**(346,844)**	**47,942**
Net financial debt	**(270,494)**	**(220,927)**	**(49,567)**

Comparison between fair value and carrying amount

		December 31, 2011		December 31, 2010	
(in thousands of euro)		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Assets at fair value through profit and loss					
	Cash and cash equivalents	6,508	6,508	102,193	102,193
	Derivatives				
	Equity investments, bonds and financial assets	14,669	14,669	13,549	13,549
Loans and receivables					
	Trade receivables	3,425	3,425	3,370	3,370
	Receivables and other non-current assets	100,080	100,080	69,467	69,467
Available-for-sale assets					
	Non-current equity investments other companies	202,914	202,914	356,701	356,701
Held-to-maturity investments					
Total		**327,596**	**327,596**	**545,280**	**545,280**
Financial liabilities					
	Trade payables	3,826	3,826	3,033	3,033
	Current financial liabilities	48,503	48,503	210,575	210,575
	Bank overdrafts and short-term borrowings	70,451	70,451		
	Non-current financial liabilities	179,531	179,531	135,338	135,338
	Interest-rate derivatives	417	417	931	931
Total		**302,728**	**302,728**	**349,877**	**349,877**

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, 2011, financial instruments measured at fair value were as follows:

(in thousands of euro)	December 31 2011	Level 1	Level 2	Level 3
Equity investments, bonds and financial assets	14,207	14,207		
Receivables and other non-current assets	6,628		6,037	591
Non-current equity investments	202,914	167,162	9,724	26,028
Derivatives - liabilities	(417)			(417)

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	Interest rate derivatives	Total
Balance at December 31, 2010	**591**	**28,295**	**(931)**	**27,955**
Changes due to:				
Purchases/subscriptions		11		**11**
Fair value changes		(2,278)	(417)	**(2,695)**
Sales/reductions in capital			931	**931**
Total changes	**0**	**(2,267)**	**514**	**(1,753)**
Balance at December 31, 2011	**591**	**26,028**	**(417)**	**26,202**

The change in fair value mainly refers to the Banca Leonardo Group.

Cash and cash equivalents

(in thousands of euro)	December 31 2011	December 31 2010	Change
Cash and checks on hand	19	24	(5)
Bank and postal accounts	6,490	102,169	(95,679)
Net amount	**6,509**	**102,193**	**(95,684)**

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 variation mainly refers to the cancellation of variable-amount tied deposits correlated to borrowings with guarantees, which matured during 2011.
The fair value of cash and cash equivalents corresponds to the carrying amount.

Equity investments, bonds and current financial assets

The balance on this heading was as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change
Trading bonds	14,207	12,528	1,679
Listed shares for trading		683	(683)
Current financial receivables due from subsidiaries	327	1	326
Financial prepayments	135	337	(202)
Total	**14,669**	**13,549**	**1,120**

Trading bonds rose by 1,522 thousand euro due to the purchases made in the period, by 218 thousand euro due to year-end fair value adjustments and fell by 61 thousand euro due to the detachment of rights on the Ubi bond for subscription of the share capital increase.
The change in listed shares for trading refers to sales made during 2011.

Details of the items “Trading bonds” and “Listed shares for trading” are set out respectively in annexes “C” and “D”.

Trade receivables

(in thousands of euro)	December 31 2011	December 31 2010	Change
Trade	7	13	(6)
Associates	6	52	(46)
Subsidiaries	3,412	3,306	106
Total	**3,425**	**3,371**	**54**

Receivables referred in the main to Italian subjects.

Deferred tax assets

Deferred tax assets totaled 91,876 thousand euro (60,065 thousand euro at December 31, 2010) and consisted of tax assets calculated on the tax losses posted by Italmobiliare S.p.A. and the subsidiaries in the Italian tax consolidation. The amount calculated on the tax losses transferred from the subsidiaries, which represents most of the balance, is offset by payables due to subsidiaries which are recorded under current liabilities. Recognition occurred in relation to a forecast made by the companies in the tax consolidation, whereby it is considered likely that in future years taxable income will be realized against which to use the past tax losses.

The temporary differences which are excluded from the determination of deferred tax assets and liabilities are as follows:

(in thousands of euro)	2011 Amount	Tax effect	2010 Amount	Tax effect
Provision for risks	6,045	1,662	6,045	1,662

Deferred tax assets have not been recorded since it is not expected that the existing provisions can be offset over a reasonably predictable timeframe.

Other non-current assets

Other non-current assets" were as follows:

(in thousands of euro)	December 31 2011	December 31 2010	Change
Financial receivables due from subsidiaries	1,535		1,535
Available-for-sale bonds	6,629	9,362	(2,733)
Guarantee deposits	13	13	
Other	27	27	
Total	**8,204**	**9,402**	**(1,198)**

The change of 1,535 thousand euro refers to receivables for costs incurred in 2010 in regard to subsidiaries.
The fall in available-for-sale bonds is due to the fair value measurement of Unicredito cashes.

Investments in subsidiaries and associates

The movements on this heading with respect to December 31, 2010, are illustrated below:

(in thousands of euro)	
At December 31, 2010	**939,169**
Acquisitions	43,546
Impairment losses	(36,307)
At December 31, 2011	**946,408**

Acquisitions of 43,546 thousand euro refer mainly to the purchase of Ciments Français shares for 41,629 thousand euro and Italcementi shares for 901 thousand euro, which both occurred during the year.
In reference to the associate R.C.S. Mediagroup S.p.A., whose market value at December 31, 2011, was 0.6727 per share, an impairment test was carried out by an independent expert in accordance with IAS 36.
The impairment test was based on the following assumptions:
a) projections of future cash flows to be discounted were based on the best publicly available information;
b) the explicit forecast period for the cash flows to be discounted did not exceed five years;
c) the cash flow growth rate beyond the explicit forecast period that was used to determine the terminal value was prudently assumed to be zero;
d) the cash flow discount rate (opportunity cost of capital) was determined on the basis of standard methods that are also recommended by IAS 36 (Capital Asset Pricing Model) and is 8.87%.
The test showed a recoverable value of 0.900 euro per share, lower than the carrying amount; consequently an impairment loss of 36,307 thousand euro was recognized to bring the carrying amount to 0.900 euro per share.
The sensitivity analysis showed that a variation of +/-0.25% on the WACC or of the growth rate of the terminal value determines a value between a low of 0.815 euro per share and a high of 0.996 euro per share.

Equity investments in subsidiaries and associates at December 31, 2011, are listed below:

Subsidiaries	Location	% held
Aliserio S.r.l.	Bergamo	10.00
Bravosolution S.p.A.	Bergamo	8.154
Ciments Francais S.A.	Puteaux	2.432
Italcementi S.p.A. - ordinary shares	Bergamo	60.363
Italcementi S.p.A. - savings shares	Bergamo	2.856
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		
Mittel S.p.A.	Milan	12.429
R.C.S. Mediagroup S.p.A.	Milan	7.465
Società Editrice Siciliana S.p.A.	Messina	32.358

Please refer to annexes “A” and “B” for further information on equity investments in subsidiaries and associates.

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, 2010	**356,701**
Acquisitions	1,431
Sales	(1,480)
Fair value taken to reserve	(109,633)
Fair value taken to income statement (impairment)	(44,105)
At December 31, 2011	**202,914**

The acquisitions of 1,431 thousand euro refer to subscription of share capital increases for 1,420 thousand euro for Ubi S.c.p.a. and 11 thousand euro for Atmos S.p.A..

Sales refer for 1,160 thousand euro to the sales made in the year and for 320 thousand euro to a merger.

Fair value taken to reserves mainly reflects the measurement of Unicredito Italiano S.p.A. for 52,477 thousand euro and Mediobanca S.p.A. for 51,338 thousand euro on the basis of their share price at December 31, 2011.
Fair value taken to the income statement relate to the impairment losses of Unione di Banche Italiane S.c.p.a. (shares and warrants) and Unicredito Italiano S.p.A., again on the basis of the stock market prices at December 31, 2011.
The fair value of other listed companies is determined on the basis of the official share price on the last accounting day of the reporting period, while the fair value of unlisted companies is calculated using the methods envisaged by IAS 39.

The breakdown of other equity investments at December 31, 2011, was as follows:

(in thousands of euro)	Number shares	December 31 2011
Equity investments in listed companies:		
Intek S.p.A.	407,205	147
Mediobanca S.p.A.	22,568,992	99,563
Unione di Banche Italiane S.c.p.a.	1,100,292	3,435
Unicredito Italiano S.p.A.	9,979,390	64,018
Total		**167,163**
Equity investments in unlisted companies:		
Ambienta S.p.A.	150	16
Atmos S.p.A.	4,000	75
Atmos Venture S.p.A.	200,000	177
Compagnia Fiduciaria Nazionale S.p.A.	20,001	660
Emittente Titoli S.p.A.	209,000	159
Fin Priv S.r.l.	2,857	9,724
Gruppo Banca Leonardo S.p.A.	7,576,661	15,110
Idrovia Ticino - Milano Nord - Mincio S.p.A.	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
Total		**35,752**
Total equity investments		**202,915**

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 2011	December 31 2010	Change
Suppliers	3,154	2,150	1,004
Group companies	672	883	(211)
Total	**3,826**	**3,033**	**793**

Financial liabilities

Financial liabilities are shown below by category, subdivided by non-current and current liabilities:

(in thousands of euro)	December 31 2011	December 31 2010	Change
Amounts due to banks (medium/long-term)	179,531	135,338	44,193
Bank overdrafts and short-term borrowings	70,451		70,451
Short-term financial liabilities	48,503	210,575	(162,072)
Interest-rate derivatives	417	931	(514)
Total financial liabilities	**298,902**	**346,844**	**(47,942)**

The reduction in financial liabilities is mainly connected to the cancellation and stipulation of loans.

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 50 million euro, expiring in December 2015. This contract is classified under trading financial instruments.
The fair value of this derivative at December 31, 2011, stood at 417 thousand euro.

Main bank loans and lines of credit

The main borrowings were as follows:

(in thousands of euro)		December 31 2011	December 31 2010	Change
With collateral security:				
Other loans				
- BNP Paribas	maturity 11/21/2011		170,000	(170,000)
- Sogen Paris fin. Tres	maturity 05/08/2012	24,338	24,338	
- Sogen Paris - Unicredit shares	maturity 11/12/2014	49,531		49,531
Total		**73,869**	**194,338**	**(120,469)**
Without collateral security:				
- Mediobanca - Unicredit shares	maturity 12/21/2011		35,259	(35,259)
- Intesa San Paolo S.p.A.	maturity 12/31/2015	130,000	111,000	19,000
- Intesa San Paolo S.p.A.	Short-term	70,451		70,451
Total		**200,451**	**146,259**	**54,192**
Total loans and borrowings		**274,320**	**340,597**	**(66,277)**

The change refers to the cancellation of loans that had matured, the increase in the previous loan arranged with Intesa Sanpaolo and a new loan provided by Sogen which matures on November 21, 2014.

Short-term financing includes the Intesa Sanpaolo loan for 70,451 thousand euro and current account amounts and borrowings due to subsidiaries which totaled 23,777 thousand euro (4,524 thousand euro at December 31, 2010).

Non-recurring transactions

The tables below itemize the main non-recurring transactions and their impact on equity, the financial debt and profit:

	12/31/2011					
(in thousands of euro)	Equity		Profit (loss) for the year		Net financial debt	
		%		%		%
Carrying amounts	**886,323**		**(57,300)**		**(270,494)**	
Net gains on sale of non current assets						
Other non-recurring expenses	(617)	-0.07%	(617)	1.08%	(617)	0.23%
Tax on non-recurring transactions						
Total	**(617)**	**-0.07%**	**(617)**	**1.08%**	**(617)**	**0.23%**
Figurative amount without non-recurring transactions	**886,940**		**(56,683)**		**(269,877)**	

	12/31/2010					
(in thousands of euro)	Equity		Profit (loss) for the year		Net financial debt	
		%		%		%
Carrying amounts	**1,075,695**		**35,237**		**(220,927)**	
Net gains on sale of non current assets						
Other non-recurring expenses	(600)	-0.06%	(600)	-1.70%	(600)	0.27%
Tax on non-recurring transactions						
Total	**(600)**	**-0.06%**	**(600)**	**-1.70%**	**(600)**	**0.27%**
Figurative amount without non-recurring transactions	**1,076,295**		**35,837**		**(220,327)**	

Fees for the independent auditors

A breakdown is set out below of the fees paid in 2011 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	280
Non-audit services	2
Total	**282**

Transactions with related parties

The figures at December 31, 2011, for transactions with related parties are set out in the table below:

Receivables and payables vs related parties

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Trade receivables	Franco Tosi S.r.l.	50,646			
Subsidiaries	Finter Bank Zurich S.A.	32,790			
	Italcementi S.p.A.	3,008,842			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	28,753			
	Sirap-Gema S.p.A.	290,826			
Trade receivables	G.I.S.T. S.r.l.	6,241			
Associates					
Total trade receivables		**3,418,098**	**99.79%**	**3,425,425**	**Note 8**
Other receivables	Italcementi S.p.A.	1,535,450			
Subsidiaries					
Total other non-current assets		**1,535,450**	**18.72%**	**8,203,685**	**Note 7**
Receivables for tax consolidation	Italgen S.p.A.	1,976,787			
Subsidiaries	Silos Granari della Sicilia S.r.l.	29,485			
Accrued income	Bravosolution S.p.A.	1,902			
Subsidiaries	Franco Tosi S.r.l.	10,915			
	Italcementi S.p.A.	5,831			
Total other current assets including derivatives		**2,024,920**	**53.05%**	**3,817,181**	**Note 9**
Current account receivables	Italcementi S.p.A.	5,095			
Subsidiaries	Sirap-Gema S.p.A.	321,653			
Total financial receivables		**326,748**	**2.23%**	**14,668,881**	**Note 11**
Current account payables	Franco Tosi S.r.l.	(646,251)			
Subsidiaries	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(3,131,075)			
Loans and borrowings	SO.PAR.FI Italmobiliare S.A.	(20,000,000)			
Subsidiaries					
Financial accruals	SO.PAR.FI Italmobiliare S.A.	(12,960)			
Subsidiaries					
Total financial liabilities		**(23,790,286)**	**49.05%**	**(48,502,705)**	**Note 18**

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Trade payables	Bravosolution S.p.A.	(3,000)			
Subsidiaries	Finter Bank Zurich S.A.	(4,650)			
	Franco Tosi S.r.l.	(585,088)			
	Italcementi S.p.A.	(78,732)			
	Other related parties	(30,600)			
Total trade payables		**(702,070)**	**18.35%**	**(3,825,599)**	**Note 22**
Payables for tax consolidation	Aliserio S.r.l.	(46,312)			
Subsidiaries	Bravosolution S.p.A.	(318,215)			
	Calcestruzzi S.p.A.	(24,331,081)			
	Cementificio Montalto S.p.A.	(4,515,230)			
	Escavazione Sabbia e Affini Monviso S.p.A.	(80,263)			
	Franco Tosi S.r.l.	(4,876)			
	Gruppo Italsfusi S.r.l.	(57,175)			
	Ing. Sala S.p.A.	(1,249,598)			
	Italcementi S.p.A.	(72,793,599)			
	Italcementi Ingegneria S.r.l.	(65,694)			
	Nuova Sacelit S.r.l.	(11,493,974)			
	Sama S,p.A.	(487,421)			
	Sirap-Gema S.p.A.	(1,936,089)			
	Sirap-Gema Insulation System S.p.A.	(147,538)			
Other payables	Bravosolution S.p.A.	(12,973)			
Subsidiaries	Franco Tosi S.r.l.	(30,435)			
	Italcementi S.p.A.	(16,224)			
Total other non-current liabilities		**(117,586,697)**	**100.00%**	**(117,590,425)**	**Note 20**

COMMITMENTS WITH RELATED PARTIES

Description	Company	Amount
Letters of patronage to	Sirap Gema S.p.A.	18,125,000
Subsidiaries		
Total commitments		**18,125,000**

REVENUE AND EXPENSE VS RELATED PARTIES

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Dividends	Ciments Francais S.A.	2,783,301			
Subsidiaries	Italcementi S.p.A.	13,169,460			
	Franco Tosi S.r.l.	100,000			
	Italmobiliare International Finance Ltd	2,999,880			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	1,000,000			
	Sirap Gema S.p.A.	2,144,106			
	SO.PAR.FI Italmobiliare S.A.	5,000,000			
Dividends	Mittel S.p.A.	864,519			
Associates					
Total dividends		**28,061,266**	**72.28%**	**38,823,498**	**Note 24**
Financial and current a/c interest income and other income	Italcementi S.p.A.	94			
Subsidiaries	Sirap-Gema S.p.A.	3,511			
Total interest income		**3,605**	**0.12%**	**2,962,612**	**Note 24**
Recovery cost of services	Ciments Francais S.A.	27,500			
Subsidiaries	Fincomind A.G.	2,448			
	Finter Bank Zurich S.A.	215,966			
	Franco Tosi S.r.l.	90,022			
	Italcementi S.p.A.	4,868,911			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	51,344			
	Sirap-Gema S.p.A.	583,960			
	Sirap-Gema Insulation Systems S.r.l.	27,000			
Recovery cost of services	G.I.S.T. S.r.l.	3,071			
Associates					
Total services		**5,870,222**	**94.39%**	**6,219,242**	**Note 24**
Total revenue		**33,935,093**	**70.69%**	**48,005,352**	**Note 24**
Other revenue	Bravosolution S.p.A.	56,975			
Subsidiaries	Franco Tosi S.r.l.	142,767			
	Italcementi S.p.A.	101,204			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	2,882			
Associates	Gist S.r.l.	975			
Total other revenue		**304,803**	**32.55%**	**936,516**	**Note 25**

(euro) Description	**Company**	**Amount**	**% impact on book values**	**Book values**	**Reference**
Service expense	Finter Bank Zurich S.A.	(108,351)			
Subsidiaries	Franco Tosi S.r.l.	(1,208,791)			
	Italcementi S.p.A.	(322,349)			
	Other related parties	(162,226)			
Total service expense		**(1,801,717)**	**31.57%**	**(5,707,106)**	**Note 27**
Financial and current account interest expense	Franco Tosi S.r.l.	(10,266)			
Subsidiaries	Italcementi S.p.A.	(828)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(40,492)			
	SO.PAR.FI Italmobiliare S.A.	(12,960)			
Total other operating income (expense)		**(64,546)**	**0.64%**	**(10,082,195)**	**Note 29**
Other related parties	(endowment to Fondazione Italcementi)	(600,000)			
Total other non-recurring income (expense)		**(600,000)**	**97.22%**	**(617,158)**	**Note 30**
Interest expense on trade payables	Bravosolution S.p.A.	(191)			
Subsidiaries	Franco Tosi S.r.l.	(430)			
	Italcementi S.p.A.	(224)			
Total finance income and costs		**(845)**	**2.13%**	**(39,752)**	**Note 32**

Impact of transactions with related parties on cash flows

	Cash flows	
(in thousands of euro)	**Value**	**%**
Cash flow from operating activities with related parties	61,104	426.7%
Total A) - from cash flow statement	14,320	
Cash flow from investing activities with related parties	(42,530)	98.7%
Total B) - from cash flow statement	(43,102)	
Cash flow from financing activities with related parties	18,927	-28.3%
Total C) - from cash flow statement	(66,902)	
Change in cash and cash equivalents with related parties	**37,501**	
Change in cash and cash equivalents from cash flow statement (A+B+C)	**(95,684)**	

Fees paid to directors and the chief operating officer

The table below sets out fees accrued during the financial year for the directors and the chief operating officer of Italmobiliare S.p.A. (officers with strategic responsibilities) for positions held:

(euro)	**2011**	**2010**
Short-term benefits: fees and remuneration	4,162,494	2,283,217
Post-employment benefits	2,833,118	961,411
Other long-term benefits	11,579	125,754
Share-based payments (stock options)	616,223	950,868
Total	**7,623,414**	**4,321,250**

Annex A

Statement of changes in the financial statements of equity investments in subsidiaries, associates and other companies at December 31, 2011

(euro)

Equities and interests	Position at 1/1/2011		Additions		Decreases	
Subsidiaries	**Quantity**	**Amounts**	**Quantity**	**Amounts**	**Quantity**	**Amounts**
Aliserio S.r.l.	227,000	238,788				
BravoSolution S.p.A.	2,389,332	3,243,051				
Ciments Francais S.A.	241,120	15,959,566	628,991	41,628,887		
Fincomind S.A.	7,000	3,642,830			7,000	3,642,830 (2)
Italcementi S.p.A. - ordinary shares	106,734,000	415,254,183	180,000	900,916		
Italcementi S.p.A. - savings shares	3,011,500	33,092,016				
Italmobiliare International Finance Ltd	249,990	220,628,628			249,990	220,628,628 (2)
Franco Tosi S.r.l.	260,000	258,228				
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	1,300,000	3,629,411				
Sirap Gema S.p.A.	3,298,625	37,489,427				
Société de Participation Financière Italmobiliare S.A.	4,296,622	95,102,040	997,664	224,271,458 (2)		
Total subsidiaries		**828,538,168**		**266,801,261**		**224,271,458**
Associates						
Mittel S.p.A.	8,645,190	15,650,202	117,877	245,978		
R.C.S. Mediagroup S.p.A.	54,691,627	85,529,633				
Società Editrice Siciliana S.p.A.	29,700	9,450,796	760	770,847 (+)		
Total associates		**110,630,631**		**1,016,825**		**--**
Other companies						
Ambienta S.p.A.	150	14,709				
Atmos S.p.A.	4,000	113,569		10,909 (3)		
Atmos Venture S.p.A.	200,000	185,690				
Compagnia Fiduciaria Nazionale S.p.A.	20,001	522,210				
Emittenti Titoli S.p.A.	209,000	154,358				
Fin.Priv. S.r.l.	2,857	14,384,249				
Gazzetta del Sud Calabria S.p.A.	4,788	77,847			4,788	320,782 (+)
Gruppo Banca Leonardo S.p.A.	7,576,661	16,703,399				
Kme Group S.p.A.	1,094,580	365,590			1,094,580	365,590
Kme Group S.p.A. - warrant 2006/2011	1,374,940	24,749			1,374,940	5,637
Kme Group S.p.A. - warrant 2009/2011	2,175,512	30,893			2,175,512	15,446
Idrovia Ticino Milano Nord Mincio S.p.A. in liquidation	100	568				
Intek S.p.A.	2,564,566	1,008,131			2,157,361	708,833
Intek S.p.A. - warrant	1,305,307	30,544			1,305,307	3,655
Immobiliare Lido di Classe S.p.A.	45,991	1				
Immobiliare Astra S.p.A.	12,012	29,719				
Mediobanca S.p.A.	22,568,992	150,900,794				
Mediobanca S.p.A. - warrants	9,971,282	61,822			9,971,282	61,822
Sesaab S.p.A.	700,000	9,800,000				
UniCredit S.p.A. - ordinary shares	99,793,905	156,696,390	5	3	10	16
Unione di Banche Italiane S.c.p.a.	743,500	4,900,334	356,792	1,419,503		
Unione di Banche Italiane S.c.p.a. - warrants	743,500	2,379			743,500	669
Total other companies		**356,700,945**		**1,430,415**		**1,482,450**
Total equity investments		**1,295,869,744**		**269,248,502**		**225,753,908**

(+) Merger of Gazzetta del Sud Calabria S.p.A. into S.E.S. S.p.A.
(*) of ordinary capital
(1) controlled through Italcementi S.p.A.
(2) merger of Fincomind S.A. into Société de Partecipation Financière Italmobiliare S.A. and subsequent transfer of Italmobiliare International Finance Ltd into Société de Partecipation Financière Italmobiliare S.A.
(3) share capital increase

Changes in Fair Value	Impairment	Interest held	Position at 12/31/2011		Gains/(losses) on sales	
Amounts	**Amounts**	**%**	**Quantity**	**Amounts**	**Amounts**	**Subsidiaries**
		10.000 (1)	227,000	238,788	--	Aliserio S.r.l.
		8.154 (1)	2,389,332	3,243,051	--	BravoSolution S.p.A.
		2.432 (1)	870,111	57,588,453	--	Ciments Francais S.A.
			--	--	--	Fincomind S.A.
		60.363 (*)	106,914,000	416,155,099	--	Italcementi S.p.A. - ordinary shares
		2.856	3,011,500	33,092,016	--	Italcementi S.p.A. - savings shares
			--	--	--	Italmobiliare International Finance Ltd
		100.000	260,000	258,228	--	Franco Tosi S.r.l.
		100.000	1,300,000	3,629,411	--	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
		100.000	3,298,625	37,489,427	--	Sirap Gema S.p.A.
		100.000	5,294,286	319,373,498	--	Société de Participation Financière Italmobiliare S.A.
--	**--**			**871,067,971**	**--**	**Total subsidiaries**
						Associates
		12.429	8,763,067	15,896,180	--	Mittel S.p.A.
	(36,307,169)	7.465 (*)	54,691,627	49,222,464	--	R.C.S. Mediagroup S.p.A.
		32.358	30,460	10,221,643	--	Società Editrice Siciliana S.p.A.
--	**(36,307,169)**			**75,340,287**	**--**	**Total associates**
						Other companies
1,634		1.000	150	16,343	--	Ambienta S.p.A.
75,522	(124,780)	1.818	4,000	75,220	--	Atmos S.p.A.
(8,505)		9.090	200,000	177,185	--	Atmos Venture S.p.A.
137,661		16.668	20,001	659,871	--	Compagnia Fiduciaria Nazionale S.p.A.
4,701		2.549	209,000	159,059	--	Emittenti Titoli S.p.A.
(4,659,875)		14.285	2,857	9,724,374	--	Fin.Priv. S.r.l.
(450,065)			--	--	--	Gazzetta del Sud Calabria S.p.A.
(1,593,722)		2.901	7,576,661	15,109,677	--	Gruppo Banca Leonardo S.p.A.
			--	--	59,326	Kme Group S.p.A.
(8,387)	(10,725)		--	--	(1,779)	Kme Group S.p.A. - warrant 2006/2011
(6,962)	(8,485)		--	--	(10,927)	Kme Group S.p.A. - warrant 2009/2011
		0.200	100	568	--	Idrovia Ticino Milano Nord Mincio S.p.A. in liquidation
116,805	(269,509)	0.312	407,205	146,594	202,340	Intek S.p.A.
8,354	(35,243)		--	--	(1,487)	Intek S.p.A. - warrant
		18.036	45,991	1	--	Immobiliare Lido di Classe S.p.A.
64		1.784	12,012	29,783	--	Immobiliare Astra S.p.A.
(51,337,686)		2.621	22,568,992	99,563,108	--	Mediobanca S.p.A.
			--	--	(27,977)	Mediobanca S.p.A. - warrants
		7.000	700,000	9,800,000	--	Sesaab S.p.A.
(52,476,699)	(40,201,892)	0.518 (*)	9,979,390	64,017,787	(5)	UniCredit S.p.A. - ordinary shares
566,880	(3,451,935)	0.122	1,100,292	3,434,782	(5)	Unione di Banche Italiane S.c.p.a.
	(1,710)		--	--	(669)	Unione di Banche Italiane S.c.p.a. - warrants
(109,630,280)	**(44,104,279)**			**202,914,352**	**218,817**	**Total other companies**
(109,630,280)	**(80,411,448)**			**1,149,322,610**	**218,817**	**Total equity investments**

Annex B

List of equity investments in subsidiaries and associates at December 31, 2011 (art. 2427 no.5 Italian Civil Code)

	Registered office		Share capital (in euro)	Total equity (in euro)	Profit (loss) for period (in euro)	Interest held %
Subsidiaries						
Aliserio S.r.l.	Bergamo	€	2,270,000	2,230,217	36,608	10.00 (1)
BravoSolution S.p.A.	Bergamo	€	29,302,379	36,690,946	1,898,611	8.15 (1)
Ciments Francais S.A.	Puteaux	€	143,114,304	2,555,847,692	296,278,725	2.432 (1)
Italcementi S.p.A. ordinary shares	Bergamo	€	177,117,564	1.784.647,798	7,001,951	60.36
Italcementi S.p.A. savings shares	Bergamo	€	105,431,378	1,784,647,798	7,001,951	2.86
Franco Tosi S.r.l.	Milan	€	260,000	937,654	127,589	100.00
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	€	1,300,000	4,070,761	199,631	100.00
Sirap Gema S.p.A.	Verolanuova	€	17,020,905	35,807,254	(5,414,902)	100.00
Société de Participation Financière Italmobiliare S.A.	Luxembourg	€	127,062,864	410,162,136	10,372,106	100.00
Total subsidiaries						
Associates						
Mittel S.p.A.	Milan	€	70,504,505	261,837,318	(17,764,357) (2)	12.429
R.C.S. Mediagroup S.p.A.	Milan	€	762,019,050	1,188,711,933	(43,176,408) (3)	7.47
Società Editrice Siciliana S.p.A.	Messina	€	5,112,900	63,173,301	(2,606,037) (3)	32.358
Total associates						

(1) controlled through Italcementi S.p.A.
(2) figures at 09/30/2010 (last approved financial statements available)
(3) figures at 12/31/2010

Reasons for negative difference in final column:
- BravoSolution S.p.A.: carrying amount is maintained because lower than recoverable amount.

Number shares or interests	Nominal unit value (in euro)	Carrying amount Unit	Carrying amount (in euro)	Total (thousands of €) (A)	Value ex art. 2426 no.4 Ital.C.Code (thousands of €) (B)	Difference (thousands of €) (B) – (A)	
							Subsidiaries
227,000	1.00	1.05	238,788	239	239	--	Aliserio S.r.l.
2,389,332	1.00	1.36	3,243,051	3,243	2,251	(992)	BravoSolution S.p.A.
870,111	4.00	66.19	57,588,453	57,588	83,398	25,810	Ciments Francais S.A.
106,914,000	1.00	3.89	416,155,099	416,155	1,380,239	964,084	Italcementi S.p.A. ordinary shares
3,011,500	1.00	10.99	33,092,016	33,092	33,092	--	Italcementi S.p.A. savings shares
260,000	1.00	0.99	258,228	258	932	674	Franco Tosi S.r.l.
1,300,000	1.00	2.79	3,629,411	3,629	4,000	371	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
3,298,625	5.16	11.37	37,489,427	37,489	43,844	6,355	Sirap Gema S.p.A.
5,294,286	24.00	60.32	319,373,498	319,373	513,056	193,683	Société de Participation Financière Italmobiliare S.A.
			871,067,971	**871,068**	**2,061,053**	**1,189,985**	**Total subsidiaries**
							Associates
8,763,067	1.00	1.81	15,896,180	15,896	36,515	20,619	Mittel S.p.A.
54,691,627	1.00	0.90	49,222,464	49,222	49,225	3	R.C.S. Mediagroup S.p.A.
30,460	56.81	335.58	10,221,643	10,222	22,181	11,959	Società Editrice Siciliana S.p.A.
			75,340,287	**75,340**	**107,921**	**32,581**	**Total associates**

Annex C
Statement of changes in the financial statements of trading equity investments at December 31, 2011

(euro) Equities and interests	Position at 1.1.2011		Additions		Decreases		Changes in fair value	Interest held	Position at 12.31.2011		Gains/ (losses) on sales
	Quantity	Amounts	Quantity	Amounts	Quantity	Amounts	Amounts	%	Quantity	Amounts	Amounts
Other companies											
Enel S.p.A. - ordinary shares	76,000	285,851			76,000	285,851		n.r.	--	--	45,509
Eni S.p.A. - ordinary shares	20,000	327,964			20,000	327,964		n.r.	--	--	18,236
Intesa Sanpaolo S.p.A. - ordinary shares	20,000	40,846			20,000	40,846		n.r.	--	--	3,154
Unipol S.p.A. - preferred shares	80,003	28,713			80,003	28,713		n.r.	--	--	1,968
Total other companies		**683,374**		**--**		**683,374**	**--**			**--**	**68,867**

n.r. = not relevant

Annex D
Statement of changes in bonds during 2011

(euro)	Position at 1.1.2011	Additions	Decreases	Change in fair value	Position at 12.31.2011
Available-for-sale portfolio					
Other variable-income securities	9,362,169			(2,734,000)	6,628,169
Other fixed-income securities		--		--	--
Total	**9,362,169**	**--**	**--**	**(2,734,000)**	**6,628,169**

	Position at 1.1.2011	Additions	Decreases	Change in fair value	Position at 12.31.2011
Trading portfolio					
Other variable-income securities	9,947,785	1,521,820		342,911	11,812,516
Other fixed-income securities	2,580,360		60,845	(125,005)	2,394,510
Total	**12,528,145**	**1,521,820**	**60,845**	**217,906**	**14,207,026**

The position at December 31, 2011 was equal to market value at December 31, 2011.

Annex E

Comparison of carrying amount and market prices at December 31, 2011, for equity investments in companies with listed shares.

(euro) **Equity securities**	**Number shares**	**Book value**	**Unit book value**	**Unit fair value at December 31, 2011**	**Fair value at December 31, 2011**
Subsidiaries					
Italcementi S.p.A. - ordinary shares	106,914,000	416,155,099	3.892	4.5343	484,780,150
Italcementi S.p.A. - savings shares	3,011,500	33,092,016	10.989	1.9274	5,804,365
Ciments Français S.A.	870,111	57,588,453	66.185	59.8000	52,032,638
		506,835,568			**542,617,153**
Associates					
Mittel S.p.A.	8,763,067	15,896,181	1.814	1.6082	14,092,764
R.C.S. Mediagroup S.p.A.	54,691,627	49,222,464	0.900	0.6727	36,791,057
		65,118,645			**50,883,821**
Other companies					
Intek S.p.A.	407,205	146,594	0.3600	0.3600	146,594
Mediobanca S.p.A.	22,568,992	99,563,108	4.4115	4.4115	99,563,108
Unione di Banche Italiane S.c.p.a.	1,100,292	3,434,782	3.1217	3.1217	3,434,782
Unicredito Italiano S.p.A. - ordinary shares	9,979,390	64,017,787	6.4150	6.4150	64,017,787
		167,162,271			**167,162,271**
Treasury shares (deducted against equity)					
Italmobiliare Società per Azioni - ordinary shares(*)	871,411	20,830,105	23.904	14.3711	12,523,135
Italmobiliare Società per Azioni - savings shares	28,500	396,085	13.898	9.5840	273,144
		21,226,190			**12,796,279**

(*) of which 827,274 servicing stock option plans

Annex F
Reconciliation of theoretical tax charge and income tax expense reflected in the income statement

	(in thousands of euro)			
A)	**Loss before tax at 12/31/2011**			**-62,845**
B)	Current IRES tax rate	**27.5%**		
C)	**Theoretical IRES tax rate (AxB)**			**17,282**
	Tax effects on permanent differences:			
D)	- non-deductible			-24,452
	- non-taxable/exempt			11,048
			tot. D)	-13,404
E)	Deferred tax assets/liabilities generated in the year:			
	- deferred tax liabilities on unrecorded taxable temporary differences			528
	- deferred tax assets on unrecorded deductible temporary differences			
	- deferred tax assets on unrecorded tax loss			
			tot. E)	528
F)	Recovery in the year of deferred tax assets not recognized in prior years on deductible temporary differences and/or tax losses		tot. F)	0
G)	Other changes		tot. G)	1
	Total		**(C+D+E+F+G)**	**4,407**
H)	Other taxes (prior-year taxes)			1,138
I)	**Income tax reflected in the income statement for 2011**			**5,545**

Annex G

Analysis of equity line items at December 31, 2011

(in thousands of euro) **Nature / description**	**Amount**	**Possible uses**	**Amount available**	**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 reserve	10,820	-	-		
Fair value reserve	(63,532)	-	-		
Total reserves	**124,479**	**-**	**177,191**		
Treasury shares at cost	**(21,226)**	**-**			
Retained earnings:					
Revaluation reserves	86,760	A, B, C	86,760		
Reserve for grants related to assets	2,164	A, B, C	2,164		
Merger surplus	57,715	A, B, C	57,715		
Merger deficit on merger of Franco Tosi S.r.l. and Sance S.r.l.	-	-	-		
Fund ex art.55 Pres.Decrees 597/1973 and 917/86	1,771	A, B, C	1,771		
Fund ex art.54 Pres.Decrees 597/1973 and 917/86	185	A, B, C	185		
Reserve art.33 law 413/91	3	A, B, C	3		
Reserve art.34 law 576/75	93,242	A, B, C	93,242		
Legal reserve	20,034	B			
Extraordinary reserve	310,757	A, B, C	310,757	(23,390)	
Retained earnings	151,563	A, B, C	151,563		
Translation reserve	-	A, B, C			
Reserve ex art.7 Leg.D 38/2005	16,009	A, B, C	16,009		
Loss for the year	(57,300)		(57,300)		
Total retained earnings	**682,903**		**662,869**	**(23,390)**	
Total			**840,060**		
Non-distributable portion - art. 2426 no. 5 Italian Civil Code					
Residual distributable portion			**840,060**		

Key: A: for share capital increase
B: to cover losses
C: for distribution to shareholders

(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 Giampiero 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, 2011 to December 31st, 2011.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of separate financial statements as of December 31st, 2011 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 , 2011:

   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: Giampiero Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in charge of financial reporting

March 28th, 2012

Report of the Board of Statutory Auditors to the shareholders' meeting in compliance with article 153 of Legislative Decree 58/1998 and article 2429, paragraph 2 of the Italian Civil Code

Dear shareholders,
In compliance with article 153 of Legislative Decree 58/1998 ("TUF") 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 during the period, as well as on any omissions and censurable 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 period, 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 25 May 2011 and its members are Mr. Francesco Di Carlo (Chairman), Mr. Angelo Casò and Mr. Leonardo Cossu. Mr. Enrico Locatelli, Ms. Luciana Ravicini and Mr. Paolo Ludovici are substitute auditors.
The Board of Statutory Auditors has held 16 meetings since its appointment. It also attended all meetings of the Board of Directors, the Executive Committee, the Internal Control Committee, the Remuneration Committee and the Committee for Transactions with Related Parties held since it was appointed.

Significant events during the financial period
As regards significant events occurring during the financial year ended at 31 December 2011, 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
The Board of Statutory Auditors found no evidence of atypical or unusual transactions during the course of its supervisory activities.

Intragroup or related parties transactions
In compliance with article 2391-bis of the Italian Civil Code and Consob regulation 17221 of 12 March 2010 regarding "Provisions relating to transactions with related parties", the Company has implemented a "Procedure for transactions with related parties" and has established a "Committee for Transactions with Related Parties".
During the financial period 2011, transactions with related parties were entered into, resorting where required by the Procedure for transactions with related parties (in one case, specifically) to the opinion of the Committee for Transactions with Related Parties.
The Board of Statutory Auditors examined the procedure for transactions with related parties adopted by the Company and published on its website, and deemed it essentially

adequate with regard to the provisions of current regulations, market practice and the characteristics of the Company.
The intragroup transactions we examined essentially consist in the provision 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.

Supervisory activities in accordance with the Consolidated Legal Auditing Act "Testo Unico della Revisione Legale dei conti"
The Consolidated Legal Auditing Act (Legislative Decree 39/2010) requires the Board of Statutory Auditors (identified in the Consolidated Legal Auditing Act as the "Internal Control and Legal Audit Committee") to supervise: (i) the process of financial disclosures; (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 in favour of the entity being audited.
The supervisory activities carried out by the Board of Statutory Auditors provided the following indications.
i) Supervision of the process of financial disclosures
The Board of Statutory Auditors verified the existence of appropriate regulations and processes supporting the process of "preparation" and "publishing" of financial disclosures during meetings with the Manager in charge of preparing the company's financial reports and with the Internal Audit Manager (who, in turn, monitors the process of financial disclosures), obtaining from them evidence of the process of preparing financial disclosures, of the management and accounting processes of the Company and the current reporting process in place regarding subsidiary companies, also in accordance with article 114 paragraph 2 of Legislative Decree 58/98.
The supervisory activities carried out did not reveal any deficiencies or facts to be reported to the shareholders.

ii) Supervisory activities of the effectiveness of the internal control, internal audit and risk management systems
The Board of Statutory Auditors periodically met the Internal Control Committee or its Chairman to exchange information on the activities carried out by the two bodies and also held joint control meetings with that Committee.
As part of its supervisory duties, the Board of Statutory Auditors periodically met the Internal Audit Manager and obtained updates on the outcome of the audits aiming to ascertain the adequacy and operational procedures of the internal control system, compliance with the law, of the corporate procedures and processes, as well as of the implementation of the related plans for improvement. A significant portion of the meetings of the Board of Statutory Auditors and the Internal Audit Manager were held together with the Internal Control Committee.
It also received and examined the Audit Plan for the financial period 2012, which is deemed adequate.
Also supported by the information provided to the Board of Statutory Auditors by the Internal Control Committee and the Internal Audit Manager, it emerged that the powers and resources made available to him by the Board of Directors of the Company are adequate and appropriate.

The Board of Statutory Auditors periodically received from the Internal Audit Manager reports upon completion of the individual control activities carried out by that department.
The Board of Statutory Auditors also took favourable note of the initiative adopted by the Internal Audit Manager, in agreement with the Chief Executive Officer, to subject the internal control system to a Quality Assessment Review, following the guidelines of the Internal Audit Standard Boards of the Institute of Internal Auditors, as adopted by the Italian Association of Internal Auditors. In this regard, an independent consultancy firm was appointed with the mandate of assessing the internal control system and obtaining a quality certification for the activities carried out by that department with respect to international internal auditing standards, the expectations of the stakeholders and industry best practices. To the knowledge of the Board of Statutory Auditors, the assessment will be completed during this year. Finally, the Board of Statutory Auditors examined the report prepared by the independent auditor in accordance with article 19, paragraph 3, Legislative Decree 39/2010, on the fundamental issues arising from the legal audit, no significant deficiencies in the internal control system in relation to the process of financial disclosures were encountered.
In light of the results of the activities carried out, the information obtained from the Internal Control Committee and the disclosures of that Committee in its annual report, the content of the report prepared by the auditing company in compliance with article 19, paragraph 3, Legislative Decree 39/2010, as well as the information acquired from the Board of Statutory Auditors of Italcementi (regarding the internal control system of the main subsidiary), the Board of Statutory Auditors deems the internal control system and the internal audit process to be adequate, even as regards effectiveness.
The Company has not established a specific risk management function, delegating this task to the various operating departments. At the same time, we learned from the Board of Statutory Auditors of Italcementi that the Company's main subsidiary has a detailed and effective risk management system. In this light, our opinion is that operating risks are adequately managed at the Group level.

iii) Supervision of the legal auditing of the separate financial statements and the consolidated financial statements
The Board of Statutory Auditors periodically met the persons in charge of the independent auditor (KPMG S.p.A.) and the expected exchange of information has been established with them. The meetings did not bring to light any fundamental issues during the audit nor significant deficiencies in the internal control system in terms of the process of financial disclosures, even with regard to the provisions of article 19, paragraph 3 of the Consolidated Legal Auditing Act.

iv) Supervision of the independence of the auditing company, especially regarding the provision of services other than legal auditing
The Board of Statutory Auditors monitored the independence of the auditing company 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 accepting mandates which may 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 auditing company the annual statement of independence, in compliance with article 17, paragraph 9, clause a), of Legislative Decree 39/2010.
The auditing company disclosed to the Board of Statutory Auditors the remuneration received by it and parties, even foreign, belonging to the KPMG network, specifying the amounts relating to activities other than auditing. During the financial period ended 31 December 2011, KPMG S.p.A. and the companies belonging to the same network altogether received from Italmobiliare Group 4,067 thousand euro, broken down as follows: 3,454 thousand euro for the auditing activity and 613 thousand euro for other services. From 1 January 2012 to the date of preparation of this report, companies of the KPMG network provided Italmobiliare S.p.A. services other than legal auditing totalling 32 thousand euro. The provision of these other services by companies belonging to the KPMG network in favour of the Group do not, in our opinion, prejudice the independence of the auditing company. Starting this year and specifically related to the activities other than legal auditing conferred to KPMG by Group companies, upon the request of the Board of Statutory Auditors, a procedure is currently being formulated to ensure that the Board of Statutory Auditors receives evidence periodically of the services other than legal auditing conferred to the auditing company, or other companies belonging to its network, by Italmobiliare and its Group companies.

Separate and consolidated financial statements

As regards the separate and the consolidated financial statements at 31 December 2011, while the duty of the legal audit and, therefore, the opinion on the separate and the consolidated financial statements are of the exclusive domain of the independent auditor, KPMG, we note 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 regarding their form and structure. We have no observations to make regarding the above;
- the separate and the consolidated financial statements at 31 December 2011 were prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and adopted by the European Union, in force at 31 December 2011, which were duly described in the explanatory notes, along with the standards, amendments and interpretations adopted by the European Union after 31 December 2010;
- 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 of the Executive Committee and in carrying out its supervisory activities;
- the Company paid great attention to the impairment test, which resulted in significant value adjustments of fixed assets and goodwill totalling 148.1 million euro, and value adjustment of financial assets totalling 86.6 million euro, which contributed to the loss for the period of 57.3 million euro for the Company and 60.6 million euro at the consolidated level;
- the provisions of article 154-ter, paragraph 1-ter, Legislative Decree 58/98 have been complied with.

The Board of Statutory Auditors periodically met the independent auditor, KPMG, to continually exchange 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 auditor on the separate and the consolidated financial statements at 31 December 2011 and takes note of:

- the opinion on the separate and the consolidated financial statements contained therein, from which it emerges that they comply with the regulations governing their preparation and that they are a true and accurate presentation of the financial position, performance and earnings for the period, both of the Company and at the consolidated level, respectively;
- the absence of disclosure recalls;
- the opinion of consistency of the Directors' Report on company operations and the Directors' Report on Group operations with the separate and the consolidated financial statements, respectively, as well as of the information contained in the Report on corporate governance and on the shareholder 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 certification reports prepared by the Chief Executive Officer and the Manager in charge of preparing the company's financial reports in accordance with article 154-bis, paragraph 5, Legislative Decree 58/98 regarding the separate and the consolidated financial statements and takes note of the completeness of their content.

Separate and Group Directors' Reports

The Board of Statutory Auditors verified the contents of the Report on company operations and the Report on Group operations prepared by the Board of Directors. The Reports summarize the principle 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 the principles of proper management 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 meetings of the Board of Directors and obtained periodical information from the Directors on general operations, on the expected business outlook, as well as on the most significant transactions in terms of Company financial performance, situation and earnings, ensuring that the decisions taken were not evidently imprudent, careless, in potential conflict of interest, in conflict with shareholder resolutions or such as to compromise the solidity of the financial position.

The Board of Statutory Auditors received and examined the Report on corporate governance and the shareholder structure, which adequately and completely illustrates the company's compliance with the Code of Conduct of listed companies.
As regards the governance bodies, we point out that:

- at the date of this report, the Board of Directors – appointed on 25 May 2011 – is made up of 13 Directors, 6 of whom possess the requirements of independence envisaged in the Code of Conduct. The Board of Directors held 7 meetings in 2011 (3 of which after the appointment of the current Board of Statutory Auditors);
- the Executive Committee is made up of 5 Directors and held one meeting in 2011 (after the appointment of the current Board of Statutory Auditors);
- the Internal Control Committee is made up of 4 Directors, 3 of whom possess the requirements of independence envisaged in the Code of Conduct. The Internal Control Committee held 8 meetings in 2011 (5 of which after the appointment of the current Board of Statutory Auditors);
- the Remuneration Committee is made up of 4 Directors, 2 of whom possess the requirements of independence envisaged in the Code of Conduct. The Remuneration Committee held 4 meetings in 2011 (2 of which after the appointment of the current Board of Statutory Auditors);
- the Committee for transactions with related parties is made up of 3 independent Directors. The Committee held two meetings in 2011 (1 of which after the appointment of the current Board of Statutory Auditors).

By attending the meeting of the various governance bodies and, regarding compliance with 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 Internal Control Committee, the Remuneration Committee and the Committee for transactions with related parties, as regards the provisions of the Code of Conduct and the procedures for dealings 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 – of the Company during financial year 2011 and up to the date of preparation of this report;

As part of its supervisory activities, the Board of Statutory Auditors:

- periodically met the auditing company, in order to constantly exchange information as well as the Internal Audit Manager, receiving from him information on the outcome of his activities;
- periodically met the members of the Supervisory Board, established in compliance with Legislative Decree 8 June 2001, no. 231 and received from them information on the outcome of their supervisory activities, supported by the Reports of the Supervisory Board to the Board of Directors. The Reports reveal that no anomalies or exceptionable facts were encountered and the Supervisory Board received no indications from parties within or outside the Company regarding alleged breaches of the Organizational and Management Model or the related procedures;
- periodically met the Manager in charge of preparing the company's financial reports;
- met the Board of Statutory Auditors of Italcementi, which provided information regarding the management and control systems, and the general operations of the company, receiving a positive opinion in this respect.

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 period, 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 within its sphere of competence, the Board of Statutory Auditors, supported by the report prepared by the auditing company and its opinion on the financial statements, has no remarks on the approval of the financial statements prepared by the Board of Directors for the period ended at 31 December 2011 and has no objections to the proposals made to the Shareholders' Meeting by the Board of Directors.

Milan, 16 April 2012

The Board of Statutory Auditors
Mr. Francesco Di Carlo
Mr. Angelo Casò
Mr. Leonardo Cossu

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 2011, comprising the statement of financial position, income statement, statement of comprehensive income, statement of change 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.

Reference should be made to the report dated 18 April 2011 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the separate financial statements of Italmobiliare S.p.A. as at and for the year ended 31 December 2011 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 2011, 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

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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 2011.

Milan, 16 April 2012

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

Extraordinary session

Proposed amendments to articles 16 (Appointment of the Board of Directors), 17 (Replacement of Directors), 25 (Appointment of the Board of Statutory Auditors) and 26 (Replacement of statutory auditors) of the company By-Laws. Ensuing and consequent resolutions.

Dear Shareholders,

You have been called to discuss and resolve upon the proposed amendments to art. 16, 17, 25 and 26 of Italmobiliare S.p.A. By-laws (the "**By-laws**") in order to comply with certain provisions introduced by Law no. 120, of July 12, 2011 (the "**Law 120**"), amending Legislative Decree 24 February 1998, no. 58 ("**TUF**"), regarding the equity of access to the administration and control bodies of listed companies.

Art. 1 of Law 120 amended articles 147-ter and 148 of TUF concerning respectively the appointment methods and composition requirements of the administration and control bodies of listed companies, requiring the amendment of the by-laws in order to provide for the allocation of Directors and Statutory Auditors to be appointed, according to the principle, to be applied for three consecutive mandates, which ensure a gender balance in such way that the less represented gender gets at least one third of elected Directors and Statutory Auditors.

The new provisions of articles 147-ter and 148 of TUF will be applicable upon the first renewal of the Board of Directors and Board of Statutory Auditors of listed companies occurring after one year as of the entry into force of Law 120, occurred on August 12, 2011.

Thus, it is necessary to amend the Company By-laws and, in particular those articles governing composition, appointment and replacement of Directors and Statutory Auditors. The By-laws must also set forth provisions concerning, *inter alia*, the modalities according to which lists shall be formed, as well as additional criteria to be applied to identify each member of the mentioned corporate bodies in a way that the gender balance as outcome of the polls is ensured, as well as replacement modalities of members ceased serving during the office.

By-laws provisions, amended according to the above, will be therefore applicable as of the renewal of the Board of Directors whose term of office will expire upon approval of the financial statements as at December 31, 2013. However, a transitional regime is provided for and it sets out that for the first term of office under the new provisions of Law 120, a portion equal to at least one fifth of elected Directors and Statutory Auditors, instead of the higher percentage of one third applicable when said provisions will be fully applicable, shall be reserved to the less represented gender.

In light of the above, the proposed amendments to articles 16, 17, 25 and 26 of the By-Laws are set out below.

Current text	Proposed text
<u>**Article 16**</u> **Appointment of the Board of Directors**	<u>**Article 16**</u> **Appointment of the Board of Directors**
The Board of directors is appointed based on lists whose objective is to ensure that the minority has the minimum number of directors envisaged by law.	The Board of directors is appointed based on lists whose objective is to ensure that the minority has the minimum number of directors envisaged by law **and the current provisions on gender balance are complied with.**
Only those Shareholders having the right to submit lists who, alone or together with other shareholders, prove that, as at the day on which the lists are submitted to the Company, they hold a total stake in share capital with voting rights which is no lower than that determined under current laws and regulations.	Only those Shareholders having the right to submit lists who, alone or together with other shareholders, prove that, as at the day on which the lists are submitted to the Company, they hold a total stake in share capital with voting rights which is no lower than that determined under current laws and regulations.

Current text	Proposed text
The notice of call to the General Meeting to resolve upon the appointment of the Board of directors includes procedures, deadline and the participation stake necessary to submit the lists of candidates for the directorship.	The notice of call to the General Meeting to resolve upon the appointment of the Board of directors includes procedures, deadline and the participation stake necessary to submit the lists of candidates for the directorship.
No shareholder may present, or participate in presenting, not even by means of another person or a trust company, more than one list or vote more than one list.	No shareholder may present, or participate in presenting, not even by means of another person or a trust company, more than one list or vote more than one list.
Shareholders who belong to the same group and the shareholders who are members of a shareholders' agreement whose object are company shares', cannot present or vote for more than one list, not even by means of another person or trust companies.	Shareholders who belong to the same group and the shareholders who are members of a shareholders' agreement whose object are company shares', cannot present or vote for more than one list, not even by means of another person or trust companies.
Lists submitted that breach these conditions will not be accepted.	Lists submitted that breach these conditions will not be accepted.
In each list, the names of candidates must be listed by means of a progressive number.	In each list, the names of candidates must be listed by means of a progressive number.
Each candidate can only be presented in one list or he\she shall be ineligible.	Each candidate can only be presented in one list or he\she shall be ineligible.
Lists must be submitted to the company head office not later than the twenty-fith day preceding the Meeting's called, on first or single call, in order to resolve upon the appointment of the members of the Board of Directors; this must be mentioned in the notice of call, without prejudice to any other forms of public disclosure set forth by the applicable laws and regulations.	Lists must be submitted to the company head office not later than the twenty-fith day preceding the Meeting's called, on first or single call, in order to resolve upon the appointment of the members of the Board of Directors; this must be mentioned in the notice of call, without prejudice to any other forms of public disclosure set forth by the applicable laws and regulations. **Lists including a number of candidates equal to or more than three, shall be made up of candidates representing both genders, so that one or the other gender represents at least one third (rounded up) of the candidates.**
Together with each list, by the above deadline, the following must be filed at the company head office:	Together with each list, by the above deadline, the following must be filed at the company head office:
a) statements by means of which the candidates accept their candidature and state, under their own responsibility, that there are no causes for ineligibility and that they are in possession of the good reputation requirements established by law;	a) statements by means of which the candidates accept their candidature and state, under their own responsibility, that there are no causes for ineligibility and that they are in possession of the good reputation requirements established by law;
b) a brief resume with personal and professional features of each candidate, stating the management and control positions held in other companies;	b) a brief resume with personal and professional features of each candidate, stating the management and control positions held in other companies;

Current text	Proposed text
c) statements by each candidate about their possible independence as required by law, if any;	c) statements by each candidate about their possible independence as required by law, if any;
d) information regarding the identity of shareholders who have submitted the lists;	d) information regarding the identity of shareholders who have submitted the lists;
e) a statement by the shareholders, other than those who own, even jointly, a controlling or relative majority stake, which states that there are no connections, as is defined by current laws and regulations.	e) a statement by the shareholders, other than those who own, even jointly, a controlling or relative majority stake, which states that there are no connections, as is defined by current laws and regulations.
The certification or attestation providing evidence of the ownership of the share capital percentage required by the laws applicable at the time of the list submission may be produced even after its submission, provided that such certification is received by the Company within the deadline set out by the applicable laws and regulations concerning the publication of the lists by the Company.	The certification or attestation providing evidence of the ownership of the share capital percentage required by the laws applicable at the time of the list submission may be produced even after its submission, provided that such certification is received by the Company within the deadline set out by the applicable laws and regulations concerning the publication of the lists by the Company.
Any list submitted without complying with the provisions above is considered as not being submitted.	Any list submitted without complying with the provisions above is considered as not being submitted.
In the event more than one list is presented:	In the event more than one list is presented:
- all Directors to be elected are elected from the list that has obtained during the General Meeting the highest number of votes, on the basis of the progressive order with which they are listed in the list, with the exception of the minimum number reserved by law to the minority list;	- all Directors to be elected are elected from the list that has obtained during the General Meeting the highest number of votes, on the basis of the progressive order with which they are listed in the list, with the exception of the minimum number reserved by law to the minority list;
- the minimum number of directors reserved by law to the minority are elected from the minority list that has obtained the highest number of votes and is not connected in any way, even indirectly, with the reference shareholders;	- the minimum number of directors reserved by law to the minority are elected from the minority list that has obtained the highest number of votes and is not connected in any way, even indirectly, with the reference shareholders;
- if various lists have obtained the same number of votes, a ballot shall be performed between these lists with the participation of all entitled to vote who are present at the General Meeting, and the candidates from the list that obtains the relative majority of share capital represented at the Meeting will be elected.	- if various lists have obtained the same number of votes, a ballot shall be performed between these lists with the participation of all entitled to vote who are present at the General Meeting, and the candidates from the list that obtains the relative majority of share capital represented at the Meeting will be elected.
For the purpose of the allocation of directors to elect, the lists that have not obtained a percentage of votes at least equal to half of that required for their presentation shall not be considered.	For the purpose of the allocation of directors to elect, the lists that have not obtained a percentage of votes at least equal to half of that required for their presentation shall not be considered.
If a subject connected to a reference shareholder has voted for a minority list, the connection only becomes	If a subject connected to a reference shareholder has voted for a minority list, the connection only becomes

Current text	Proposed text
relevant for the purposes of the exclusion of the elected minority director if the vote has been decisive for the election of that director.	relevant for the purposes of the exclusion of the elected minority director if the vote has been decisive for the election of that director.
In the event only one list is presented, all the candidates included in that list are elected, with a relative majority vote of the share capital represented at the General Meeting.	In the event only one list is presented, all the candidates included in that list are elected, with a relative majority vote of the share capital represented at the General Meeting.
	If by means of the mechanism of the list vote or further to the poll on the single list filed, the Board of Directors composition results non compliant with the applicable laws on gender balance, the necessary replacements shall be performed by choosing within the list which obtained the highest number of votes or within the sole filed list starting from the last candidate of the captioned list.
	Then, if the minimum percentage required by the current applicable laws and regulations on gender balance results not to be met, similar replacements will be performed again within the list which obtained the highest number of votes or within the sole filed list.
If there are no lists, and in the event by means of the mechanism of the list vote, the number of elected candidates is lower than the minimum number envisaged by the By laws for its composition, the Board of directors is appointed or supplemented by the General Meeting with the legal majority, as long as the presence of the minimum number of directors required by current laws and regulations who have the requirements of independence is guaranteed.	If there are no lists, and in the event by means of the mechanism of the list vote, the number of elected candidates is lower than the minimum number envisaged by the By laws for its composition, the Board of directors is appointed or supplemented by the General Meeting with the legal majority, as long as **the gender balance under the current applicable laws and regulations is ensured and, in any case, provided that** the presence of the minimum number of directors required by current laws and regulations who have the requirements of independence is guaranteed.
Any elected director who, during the term, no longer has the requirements of good reputation required by law or by the By laws, shall forfeit his office.	Any elected director who, during the term, no longer has the requirements of good reputation required by law or by the By laws, shall forfeit his office.
If the requirements of independence required by law are no longer held, the director concerned must immediately inform the Board of directors.	If the requirements of independence required by law are no longer held, the director concerned must immediately inform the Board of directors.
This event implies the director's forfeiture of office, with the exception of the case when such requirements are still held by the minimum number of directors envisaged by current laws and regulations.	This event implies the director's forfeiture of office, with the exception of the case when such requirements are still held by the minimum number of directors envisaged by current laws and regulations.

Current text	Proposed text
Article 17 **Replacement of directors**	**Article 17** **Replacement of directors**
If during the year, because of resignations or other causes, one or various directors no longer hold their office, the others, as long as the majority always consists of directors appointed by the General Meeting, replace them by means of a resolution approved by the Board of statutory auditors.	If during the year, because of resignations or other causes, one or various directors no longer hold their office, the others, as long as the majority always consists of directors appointed by the General Meeting, replace them by means of a resolution approved by the Board of statutory auditors.
Directors are replaced, without prejudice to the compliance with the requirements of good reputation and independence as per art. 16, means of the appointment of the candidates that were not elected and who belong to the same list of the former directors according to the original order of submission. If this is not possible, the Board of directors shall take care of the case under the law.	Directors are replaced, without prejudice to the compliance with the requirements of good reputation and independence as per art. 16, means of the appointment of the candidates that were not elected and who belong to the same list of the former directors according to the original order of submission. If this is not possible, the Board of directors shall take care of the case under the law. **The above shall be in any case carried out in compliance with the current applicable laws and regulations on gender balance.**
Directors so appointed shall hold their office until the following General Meeting.	Directors so appointed shall hold their office until the following General Meeting.
The meeting shall decide with respect to the replacement of directors, under the principles as per art. 16, based on the relative majority of share capital represented at the Meeting.	The meeting shall decide with respect to the replacement of directors, under the principles as per art. 16, based on the relative majority of share capital represented at the Meeting, **and in any case in compliance with the current applicable laws and regulations on gender balance.**
The term of Directors so appointed will expire with those already in office at the moment of their appointment.	The term of Directors so appointed will expire with those already in office at the moment of their appointment.
Article 25 **Appointment of the Board of statutory auditors**	**Article 25** **Appointment of the Board of statutory auditors**
The Board of statutory auditors is appointed based on lists aimed at ensuring both the appointment of one Acting Auditor and one Substitute Auditor representing the minority.	The Board of statutory auditors is appointed based on lists aimed at ensuring both the appointment of one Acting Auditor and one Substitute Auditor representing the minority **and the compliance with the current applicable laws and regulations on gender balance.**
Only those Shareholders have the right to present the lists who, alone or together with other shareholders, prove that they hold, as at the day on which the lists are submitted to the Company, a total percentage of share capital with voting right that is no lower than that determined under the current regulation for the appointment of the Board of directors.	Only those Shareholders have the right to present the lists who, alone or together with other shareholders, prove that they hold, as at the day on which the lists are submitted to the Company, a total percentage of share capital with voting right that is no lower than that determined under the current regulation for the appointment of the Board of directors.

Current text	Proposed text
Procedures, terms and participation stake required for the presentation of the lists of candidates for the office are indicated in the notice of call of the General Meeting called to resolve upon the appointment of the Board of statutory auditors. No Shareholder may present, or participate in presenting, not even by means of another person or a trustee company, more than one list, nor vote more than one list. Shareholders belonging to the same group and shareholders who are members of a shareholders' agreement, whose object are Company's shares, cannot present or vote for more than one list, not even by means of another person or by means of trustee companies. Lists presented that breach these conditions shall not be accepted. Each list comprises two sections: one for the candidates for the office of Acting Auditor and the other for the candidates for the office of Substitute Auditor. The names of no more than three candidates for the office of Acting Auditor and no more than three candidates for the office of Substitute Auditor must be listed in each section, by means of a progressive number. Each candidate can only participate in one list, or he shall be ineligible. The lists must be filed with the company head office not later than the twenty-fifth day preceding the date of General Meeting called on first or single call, in order to resolve upon the appointment of the members of the Board of Statutory auditors; this must be mentioned in the notice of call, without prejudice to any other forms of public disclosure set forth by the applicable laws and regulations.	Procedures, terms and participation stake required for the presentation of the lists of candidates for the office are indicated in the notice of call of the General Meeting called to resolve upon the appointment of the Board of statutory auditors. No Shareholder may present, or participate in presenting, not even by means of another person or a trustee company, more than one list, nor vote more than one list. Shareholders belonging to the same group and shareholders who are members of a shareholders' agreement, whose object are Company's shares, cannot present or vote for more than one list, not even by means of another person or by means of trustee companies. Lists presented that breach these conditions shall not be accepted. Each list comprises two sections: one for the candidates for the office of Acting Auditor and the other for the candidates for the office of Substitute Auditor. The names of no more than three candidates for the office of Acting Auditor and no more than three candidates for the office of Substitute Auditor must be listed in each section, by means of a progressive number. Each candidate can only participate in one list, or he shall be ineligible. The lists must be filed with the company head office not later than the twenty-fifth day preceding the date of General Meeting called on first or single call, in order to resolve upon the appointment of the members of the Board of Statutory auditors; this must be mentioned in the notice of call, without prejudice to any other forms of public disclosure set forth by the applicable laws and regulations. **Lists including a number of candidates equal to or more than three, shall be made up of candidates representing both genders, so that one or the other gender represents at least one third (rounded up) of the candidates to the office of Acting auditor and of at least one third (rounded up) of the candidates to the office of Substitute auditor.**

Current text	Proposed text
Together with each list, by the deadline above, the following shall be filed: a) statements by means of which the individual candidates accept the candidacy and state, under their own responsibility, that there are no causes for ineligibility or incompatibility, and that they are vested with the requirements stated in law or in these By laws for the office; b) a brief resume about personal and professional skills of each candidate, stating the management and control positions held at other companies; c) information regarding the identity of the shareholders who have presented the lists; d) the statement of shareholders, other than those who hold, even jointly, a controlling or a relative majority stake, which states that there are no relationships of connection, as defined by current regulations. The certification or attestation providing evidence of the ownership of the share capital percentage required by the laws applicable at the time of the list submission may be produced even after its submission, provided that such certification is received by the Company within the deadline set out by the applicable laws and regulations concerning the publication of the lists by the Company. A list presented without complying with the provisions above is considered as not being presented. In the event that, as at the expiration date of the twenty-fifth day term preceding the date of the General Meeting called, on first or single call, in order to resolve upon the appointment of the members of the Board of Statutory auditors, only one list has been filed, or only lists presented by shareholders who are connected to each other under current regulations, within the term provided by the applicable laws and regulations, further lists can be presented, and the threshold mentioned in the notice of call will be halved. In the event various lists are presented: - two Acting Auditors and two Substitute Auditors are elected from the list that has obtained the highest number of votes at the General Meeting, based on the progressive order with which they are listed in the sections of the list;	Together with each list, by the deadline above, the following shall be filed: a) statements by means of which the individual candidates accept the candidacy and state, under their own responsibility, that there are no causes for ineligibility or incompatibility, and that they are vested with the requirements stated in law or in these By laws for the office; b) a brief resume about personal and professional skills of each candidate, stating the management and control positions held at other companies; c) information regarding the identity of the shareholders who have presented the lists; d) the statement of shareholders, other than those who hold, even jointly, a controlling or a relative majority stake, which states that there are no relationships of connection, as defined by current regulations. The certification or attestation providing evidence of the ownership of the share capital percentage required by the laws applicable at the time of the list submission may be produced even after its submission, provided that such certification is received by the Company within the deadline set out by the applicable laws and regulations concerning the publication of the lists by the Company. A list presented without complying with the provisions above is considered as not being presented. In the event that, as at the expiration date of the twenty-fifth day term preceding the date of the General Meeting called, on first or single call, in order to resolve upon the appointment of the members of the Board of Statutory auditors, only one list has been filed, or only lists presented by shareholders who are connected to each other under current regulations, within the term provided by the applicable laws and regulations, further lists can be presented, and the threshold mentioned in the notice of call will be halved. In the event various lists are presented: - two Acting Auditors and two Substitute Auditors are elected from the list that has obtained the highest number of votes at the General Meeting, based on the progressive order with which they are listed in the sections of the list;

Current text	Proposed text
- the third Acting Auditor and the third Substitute Auditor are elected from the minority list that has obtained the highest number of votes in the lists presented and voted on by the shareholders that are not connected in any way, not even indirectly, with the reference shareholders, based on the progressive order with which they are listed in the sections of the list;	- the third Acting Auditor and the third Substitute Auditor are elected from the minority list that has obtained the highest number of votes in the lists presented and voted on by the shareholders that are not connected in any way, not even indirectly, with the reference shareholders, based on the progressive order with which they are listed in the sections of the list;
- if various lists have obtained the same number of votes, a ballot vote will be carried out between these lists by all entitled to vote at the General Meeting, and Auditors will be elected from the list that obtaines the relative majority of share capital represented at the General Meeting.	- if various lists have obtained the same number of votes, a ballot vote will be carried out between these lists by all entitled to vote at the General Meeting, and Auditors will be elected from the list that obtaines the relative majority of share capital represented at the General Meeting.
If a subject connected to a reference shareholder has voted for a minority list, the connection only becomes relevant, for the purpose of excluding the elected minority Auditor, if the vote was crucial for the election of the Auditor.	If a subject connected to a reference shareholder has voted for a minority list, the connection only becomes relevant, for the purpose of excluding the elected minority Auditor, if the vote was crucial for the election of the Auditor.
In the event one single list has been presented, all the candidates included in that list are elected by a relative majority vote of share capital represented at the General Meeting.	In the event one single list has been presented, all the candidates included in that list are elected by a relative majority vote of share capital represented at the General Meeting.
	If by means of the mechanism of the list vote or further to the poll on the single list filed, the Board of Statutory auditors composition (Acting Auditors) results non compliant with the applicable laws on gender balance, the necessary replacements shall be performed by choosing within the section for Acting auditors of the list which obtained the highest number of votes or within the sole list filed starting from the last candidate of the captioned list.
In the event no list has been presented, the Board of statutory auditors shall be appointed by the General Meeting by means of a relative majority vote of share capital represented at the General Meeting.	In the event no list has been presented, the Board of statutory auditors shall be appointed by the General Meeting by means of a relative majority vote of share capital represented at the General Meeting, **provided that the gender balance stated by the current applicable laws and regulations is complied with.**
The Chairman of the Board of statutory auditors will be the person listed at the top of the list presented and voted by the minority, or the first name on the single list presented or the person appointed by the General Meeting in the event no list has been presented.	The Chairman of the Board of statutory auditors will be the person listed at the top of the list presented and voted by the minority, or the first name on the single list presented or the person appointed by the General Meeting in the event no list has been presented.

Current text	Proposed text
Any elected Auditor who, during office, no longer hold the necessary requirements according to regulations and by laws, forfeits office.	Any elected Auditor who, during office, no longer hold the necessary requirements according to regulations and by laws, forfeits office.
Article 26 **Replacement of Auditors**	**Article 26** **Replacement of Auditors**
In the event of replacement of an Acting Auditor, he\she shall be replaced by the Substitute Auditor belonging to the same list.	In the event of replacement of an Acting Auditor, he\she shall be replaced by the Substitute Auditor belonging to the same list.
If this is not possible, he\she shall be replaced, according to the original order of presentation, by the candidate placed in the same list as the one that left, without considering the initial section of belonging.	If this is not possible, he\she shall be replaced, according to the original order of presentation, by the candidate placed in the same list as the one that left, without considering the initial section of belonging.
If the Chairman of the Board of statutory auditors has to be replaced, this office will be taken by the minority Auditor.	If the Chairman of the Board of statutory auditors has to be replaced, this office will be taken by the minority Auditor.
Auditors appointed under the clauses above shall hold their office until the next General Meeting.	Auditors appointed under the clauses above shall hold their office until the next General Meeting.
If auditors need to be added to the Board:	If auditors need to be added to the Board:
- to replace the Auditor elected from the majority list, the new Auditor is appointed by means of a relative majority vote of share capital represented at the General Meeting, choosing from the candidates listed in the original majority list;	- to replace the Auditor elected from the majority list, the new Auditor is appointed by means of a relative majority vote of share capital represented at the General Meeting, choosing from the candidates listed in the original majority list;
- to replace the Auditor elected from the minority list, the new Auditor is appointed by means of a relative majority vote of share capital represented at the General Meeting, choosing from the candidates listed in the original minority list;	- to replace the Auditor elected from the minority list, the new Auditor is appointed by means of a relative majority vote of share capital represented at the General Meeting, choosing from the candidates listed in the original minority list;
- to simultaneously replace Auditors elected from the majority and minority lists, the new Auditors are appointed by means of a relative majority vote of share capital represented at the General Meeting, choosing, from the candidates indicated in the list in which each Auditor being replaced appeared, a number of Auditors equal to the number of Auditors leaving belonging to the same list.	- to simultaneously replace Auditors elected from the majority and minority lists, the new Auditors are appointed by means of a relative majority vote of share capital represented at the General Meeting, choosing, from the candidates indicated in the list in which each Auditor being replaced appeared, a number of Auditors equal to the number of Auditors leaving belonging to the same list.
If it is not possible to proceed under the previous clause, the General Meeting called for the integration of the Board of statutory auditors shall resolve with the relative majority of the share capital represented at the General Meeting, without prejudice to the principle as per clause 1 of the previous article. However, the Chairman of the Board of statutory auditors shall be the minority auditor.	If it is not possible to proceed under the previous clause, the General Meeting called for the integration of the Board of statutory auditors shall resolve with the relative majority of the share capital represented at the General Meeting, without prejudice to the principle as per clause 1 of the previous article. However, the Chairman of the Board of statutory auditors shall be the minority auditor.

Current text	Proposed text
	The above mentioned replacement procedures must, in any case, comply with the current applicable laws and regulations on gender balance.

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 29, 2012, having examined the Report of the Board of Directors,

hereby resolves

a) to approve the amendment to articles 16 (Appointment of the Board of Directors), 17 (Replacement of Directors), 25 (Appointment of the Board of Statutory Auditors) and 26 (Replacement of Statutory Auditors) of the company By-Laws in the contents set out above;

b) to grant to the Chairman-Chief Executive Officer, the Deputy Chairman, the Director-Chief Operating Officer 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".

Proposal to renew the directors' powers, under article 2443 and 2420-ter of the Italian Civil code, to increase the share capital and issue convertible bonds or cum warrant, once or more times, for a maximum amount of nominal €260,000,000. Ensuing and consequent resolutions.

Dear Shareholders,

By today's shareholders' meeting you are called to renew the authorization granted to the Board of Directors on June 18, 2007, pursuant to Art. 2443 and 2420-ter of the Italian Civil Code, to increase the share capital and issue convertible bonds or cum warrant, once or in various times, within the period of 5 years, up to a maximum amount of Euros 260,000,000 and in compliance with the terms and conditions established by the laws and regulations in force from time to time.

The exercise of such power will allow the Board of Directors to execute the transactions that will be deemed appropriate to support the growth of the company activities with a strong financial structure, ensuring the timely implementation necessary to take advantage of the most favorable market conditions to achieve them.

* * *

Dear Shareholders,

If you agree with our proposal, we invite you to resolve upon the following resolution:

"The extraordinary shareholders' meeting of Italmobiliare S.p.A. of May 29, 2012,

- having acknowledged the proposal of the Board of Directors,
- considering that the captioned proposal is of interest for the company,
- having acknowledged the statement of the Board of Statutory Auditors that the current share capital of 100,166,937, divided into 22,182,583 ordinary shares and 16,343,162 savings shares of a face value equal to 2.60 each, is fully subscribed and paid up

hereby resolves

1) to grant to the Directors the powers on once or more times, within the period of 5 years of the present resolution:
   a) to increase the share capital, according to Art. 2443 of the Italian civil code, on once or more times up to a maximum amount of 260 million Euros through the issue, free of charge or against consideration, of ordinary or savings shares, also to serve bonds issued by other entities convertible into ordinary or savings shares of the Company or bonds cum warrant entitled to subscribe ordinary or savings shares of the Company;
   b) to issue, according to Art. 2420-ter of the Italian civil code, bonds also convertible into ordinary or savings shares or cum warrant to acquire ordinary or savings shares, up to a maximum amount of 260 million Euros, 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 to it, 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,

2) to replace art. 5 of the company By-Laws, second and third paragraph, with the following:

"In execution of the extraordinary shareholders' resolutions of May 29, 2012, the Directors are granted with the powers, in once or more times within the period of 5 years of the resolution:

a) under art. 2443 of the Italian Civil Code, to increase share capital once or in various times up to a maximum amount of Euros 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 purchase ordinary and/or savings shares, up to a maximum overall amount of Euros 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 to it, 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."

3) to grant the Chairman-Chief Executive Officer, the Deputy Chairman and on the Director-Chief Operating Officer, 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.

Proposal to repeal the powers granted to the directors, under article 2443 of the Italian Civil code, to increase the share capital in favor of Directors and Officers of the Company and its subsidiaries. Ensuing and consequent resolutions.

Dear Shareholders,

The shareholders' meeting of June 18, 2007 granted to the Board of Directors the power, pursuant to article 2443 of the Italian civil code, to increase, in once or more times within five years of such resolution, the share capital against consideration up to a maximum amount of Euros 910,000 excluding the right of first refusal according to art. 2441, fifth paragraph of the Italian civil code, to serve the incentive plan for directors of the Company and the Company's subsidiaries who are vested with special offices in compliance with the Articles of association or who perform specific operating duties.

Moreover, the shareholders' meeting of May 25, 2011, renewed the Board of Directors power to increase the share capital against consideration, pursuant to art. 2443 of the Italian civil code, in once or more times within five years of such resolution for a maximum amount of Euros 910,000 to be reserved, according to art. 2441, eight paragraph of the Italian civil code, to Italmobiliare S.p.A. employees or employees of the latter's subsidiaries, both in Italy and abroad.

The Company Board of Directors, in its meeting of March 25, 2011, resolved to do not proceed anymore with the granting of rights according to stock option plans for Directors and Officers and that, therefore, such plans should have been deemed closed except for the terms provided for each beneficiary to exercise the already granted options.

Thus, currently there's no more outstanding stock option plan, neither for Directors nor for Officers while as of today, according to the rights granted during the effective period of each Plan, repealed for the non executed part, no. 442,500 options on the Stock options plan for Directors and no. 384,774 options on the Stock options plan for Officers are exercisable.

Considering that the Company hold no. 871,411 ordinary treasury shares, which are sufficient to entirely satisfy any exercise of the options granted to both Directors and Officers, the repealed of the last two paragraph of art. 5 of the Company By-laws, is proposed; the text of art. 5 of the Company By-laws is reported below and takes into account also the resolution proposed according the previous item on the agenda of the extraordinary session.

Current text	Proposed text
<u>**Article 5**</u> **Share capital**	<u>**Article 5**</u> **Share capital**
The share capital is EUR 100,166,937 (one-hundred million one hundred sixty-six thousand ninehundred and thirty-seven), broken down into 22,182,583 (twenty-two million one hundred eightytwo thousand five hundred eighty-three) ordinary shares and 16,343,162 (sixteen million three hundred fourty-three thousand one hundred sixty-two) non-convertible savings shares, with a face value of EUR 2.60 each.	The share capital is EUR 100,166,937 (one-hundred million one hundred sixty-six thousand ninehundred and thirty-seven), broken down into 22,182,583 (twenty-two million one hundred eightytwo thousand five hundred eighty-three) ordinary shares and 16,343,162 (sixteen million three hundred fourty-three thousand one hundred sixty-two) non-convertible savings shares, with a face value of EUR 2.60 each.
Implementing the decision taken by the Extraordinary Meeting dated June 18th 2007, Directors have the power so that they can, once or in various times, within the period of five years from the decision:	In execution of the extraordinary shareholders' resolutions of May 29, 2012, the Directors are granted with the powers, in once or more times within the period of 5 years of the resolution:

Current text	Proposed text
a) under art. 2443 of the Italian Civil Code, increase share capital once or in various times by a maximum amount of EUR 260 million, free-of-charge or under a payment, by issuing ordinary and/or savings shares, also to serve debenture loans issued by other institutions with the power to be converted 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;	a) under art. 2443 of the Italian Civil Code, to increase share capital once or in various times up to a maximum amount of Euros 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, issue once or in various times bonds to be converted into ordinary and/or savings shares or with warrants to purchase ordinary and/or savings shares, up to a maximum overall amount of EUR 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.	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 purchase ordinary and/or savings shares, up to a maximum overall amount of Euros 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 to it, 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.	All with the widest powers connected to it, 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.
With the resolution made on May 25 2011, the Extraordinary Meeting granted to the Board of Directors, - the right, pursuant to Art. 2443 of the Italian Civil Code, to increase the share capital against payment, once or more times, within five years from the date of the resolution for a maximum amount of Euros 910,000, by issuing a maximum of 350,000 Italmobiliare ordinary and/or savings shares, with a face value of Euros 2.60 each, to be reserved to the employees of Italmobiliare S.p.A. and to the employees of its subsidiaries in Italy and abroad, pursuant to Art. 2441, clause 8 of the Italian Civil Code and in compliance with the laws and regulations in force in the countries where the beneficiaries are located; - consequently, the right to establish the dividend entitlement of the shares, to determine methods,	**REPEALED**

Current text	Proposed text
features and the terms and conditions of the offer to the employees and to establish the issue price of the shares, all in compliance with the terms and conditions envisaged in the "Stock Option Plan for Executives", including the premium, if any.	
By means of a resolution dated June 18 2007, the Extraordinary Meeting assigned to the Board of Directors: - the right, under art. 2443 of the Italian Civil Code, to increase the share capital against consideration, once or in various times within the period of five years from the above resolution, for a maximum amount of EUR 910,000 (nine hundred and ten thousand) by issuing a maximum of 350,000 (three hundred and fifty thousand) Italmobiliare ordinary and/or savings shares, with a face value of EUR 2.60 (two point sixty) each, with the exclusion of the right of first refusal under art. 2441 of the Italian Civil Code, 5th clause, to serve the incentive plan reserved to the directors of the company and of subsidiaries that hold specific positions in line with the by laws or that have specific operative duties; - the right, as a consequence, to establish the due date of the shares, to determine times, modes, features and terms of the offer and to establish the issue price of the shares, all in line with that envisaged in the "Stock option plan for directors", including the relevant premium, if any.	**REPEALED**

* * *

Dear Shareholders,

If you agree with our proposal, we invite you to resolve upon the following resolution:

"The extraordinary shareholders' meeting of Italmobiliare S.p.A. of May 29, 2012,

- having acknowledged the proposal of the Board of Directors,

hereby resolves

1) to repeal the fourth and fifth paragraph of art. 5 of the Company By-laws;
2) to grant the Chairman-Chief Executive Officer, the Deputy Chairman and on the Director-Chief Operating Officer, 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 28, 2012

On behalf of the Board of Directors
The Chairman
(Giampiero Pesenti)

Summary of resolutions

The Shareholders' Meeting held on May 29, 2012, in Piazza Belgioioso 1, Milan, chaired by Giampiero Pesenti and attended in person or by proxy by 133 shareholders holding a total of 18,016,613 ordinary shares of the 22,182,583 outstanding ordinary shares,

carried the following resolutions

at an ordinary session:

1) to approve the 2011 separate financial statements, consisting of the statement of financial position, the income statement and the notes, which reflect a loss of 57,299,908.50 euro, as presented by the Board of Directors in its entirety, in the individual postings and with the proposed allocations, as well as the accompanying Directors' report on operations;
   - to cover in full the loss for the year of 57,299,908.50 euro by withdrawing an equal amount from the available "Retained earnings" reserves.

     Specifically, the above-mentioned loss is to be replenished:
     - for 184,678.57 euro, through use of the entire "Reserve ex art. 54 DPR 597/73", which is consequently written off;
     - for 1,771,133.42 euro, through use of the entire "Reserve ex art. 55 DPR 597/73", which is consequently written off;
     - for 29,473,394.21 euro, through use of the entire "Revaluation reserve ex L. 408/90", which is consequently written off (previously included in the item Revaluation reserves);
     - for 3,279,409.10 euro, through use of the entire "Revaluation reserve ex L. 413/91", which is consequently written off (previously included in the item Revaluation reserves);
     - for 22,591,293.20 euro, through partial use of the "Revaluation reserve ex L. 72/83" (previously included in the item Revaluation reserves).
   - to make an addition of 412.70 euro from the Translation reserve to Retained earnings, which consequently rise to 151,563,413.19 euro;

2) to agree upon the Remuneration Report drawn up by the Directors;

3) subject to revocation of the resolution authorizing the acquisition and disposal of treasury shares carried by the ordinary Shareholders' Meeting of May 25, 2011, to authorize, pursuant to art. 2357 of the Italian Civil Code, the buy-back of ordinary and/or savings treasury shares, in accordance with the amounts, price, terms and procedures indicated below:
   - the buy-back may be carried through one or more purchases, 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 on the same regulated market in the three sessions preceding each transaction;
   - the overall consideration paid by the company for the purchase shall in no case exceed the amount of 50 million euro;
   - the maximum number of ordinary and/or savings shares acquired shall not have an overall nominal value, including treasury shares already held as of today by the company and by the subsidiaries, in excess of one tenth of the share capital.

at an extraordinary session:

1) to amend articles 16 (Appointment of the Board of Directors), 17 (Replacement of directors), 25 (Appointment of the Board of Statutory Auditors) and 26 (Replacement of auditors) of the By-Laws, on the basis of the text set out in the report drawn up by the directors;

2) to grant the directors the power, on one or more occasions, within five years of the resolution date:

   a) to increase, according to art. 2443 of the Italian Civil Code, the share capital, once or more than once for a maximum amount of Euro 260 million, either free of charge and/or against consideration, by issuing ordinary and/or savings shares, also to serve bonds issued by other entities, convertible into ordinary or savings shares of the Company or bonds cum warrant entitled to subscribe ordinary or savings shares of the Company;

   b) to issue, according to art. 2420-ter of the Italian Civil Code, once or more than once, bonds convertible in ordinary and/or savings shares or cum warrant to acquire ordinary and/or savings shares, up to a maximum amount of Euro 260 million, in compliance with the terms and conditions set forth 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.

3) to repeal paragraphs 4 and 5 of art. 5 of the By-Laws.

May 2012
Project of LSVmultimedia
Olginate - Lecco