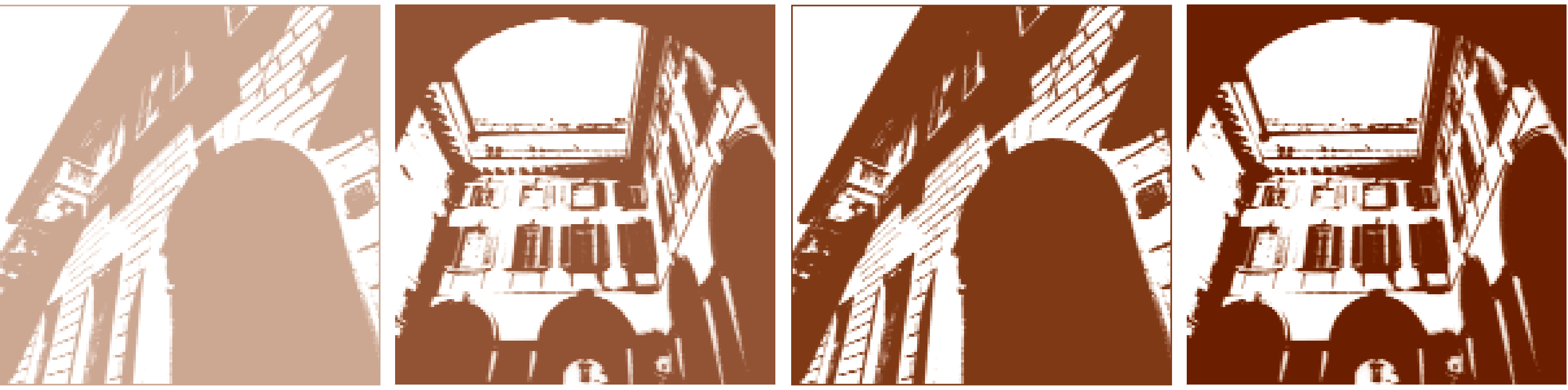
ITALMOBILIARE

Half-year financial report at June 30, 2011



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

ITALMOBILIARE

Half-year financial report at June 30, 2011

August 5, 2011

ITALMOBILIARE
Società per Azioni

Registered Office: Via Borgonuovo, 20
20121 Milan - Italy
Share Capital € 100,166,937
Milan Company Registrar

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

Board of Directors

(Term ends on approval of financial statements at 12.31.2013)

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

Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2013)

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

Giorgio Moroni	Manager in charge of financial reporting
KPMG S.p.A.	Independent Auditors

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

Company officers and delegation of powers

The current Board of Directors was elected at the Shareholders' Meeting of May 25, 2011, to hold office for the three-year period 2011-2013, that is, until approval of the financial statements as at and for the year ended December 31, 2013.

On the same date, the Board of Directors appointed the company officers and attributed their powers.

The company By-laws provide that the Board of Directors be vested with full powers for the management of the company's ordinary and extraordinary operations. Therefore, the Board may perform all acts and execute all disposals that it deems appropriate for the achievement of the corporate purpose, with the sole exception of those that, by law, are expressly reserved for the Shareholders.

The company By-laws grant the **legal representation** of the company to, separately, the Chairman and, if appointed, to the Deputy Chairman (or Deputy Chairmen) and to the Chief Executive Officer.

The powers are delegated as follows:

- to the **Executive Committee,** consisting of five members, all the powers of the Board of Directors, with the exception of those that, under the Italian Civil Code and the company By-laws, may not be delegated. As specified at the time of the appointment, the resolutions adopted by the Executive Committee shall be reported to the Board of Directors at the following Board meeting;
- to the **Chairman – Chief Executive Officer**, Giampiero Pesenti, in addition to the powers envisaged by the company By-laws and by the Code of Conduct, *inter alia*, the powers to undertake any act of administration and disposal, including the buying and selling of equity investments, to undertake security and loan operations, to accept guarantees, to provide collateral in favor of third parties provided that they are directly or indirectly controlled subsidiaries or associates of Italmobiliare S.p.A., up to a limit of 150 million euro for each individual transaction; to undertake real estate transactions, exchanges and real estate divisions, regulation of easements or property rights generally, up to a maximum limit of 25 million euro for each individual transaction; to recruit staff at all levels, set their pay, suspend them, change their employment terms and dismiss them;
- to the **Deputy Chairman,** Italo Lucchini, solely the powers of corporate representation, pursuant to the company By-laws, to be exercised separately from those of the Chairman – Chief Executive Officer;
- to the **Chief Operating Officer**, Carlo Pesenti, *inter alia*, the duty of following the performance of subsidiaries and investee companies generally and the powers to formulate proposals on company organization to the Chief Executive Officer. The Chief Operating Officer is also empowered, *inter alia*, to undertake any act concerning the management of the company, including undertaking security and loan transactions, accepting on behalf of the company obligations of any kind, including those backed by collateral in favor of third parties provided that they are direct or indirect subsidiaries of Italmobiliare S.p.A., buying and selling government securities, bonds, mortgage bonds, equity securities, interests in companies, undertaking lending and borrowing transactions and repurchase transactions on securities up to a maximum of 75 million euro for each transaction; negotiating lines of credit with banks up to a maximum of 75 million euro, for higher amounts and up to a maximum limit of 100 million euro with the joint signature of the Joint Chief Financial Officer.

Other delegated powers have been allocated to the Joint Chief Administrative and Financial Officer and to the Secretary to the Board within their respective competences.

The Chief Operating Officer has conferred specific and limited delegated powers to company employees for day to day operations.

Remuneration Committee and Internal Control Committee

The corporate governance structure, as set out in the binding articles of the company By-laws and in the non-binding provisions of the Code of Conduct (the «Code»), reflects Italmobiliare S.p.A. compliance with generally accepted best practices.

The «Code» provides, *inter alia,* for the Board of Directors to appoint, from among its members, a «Remuneration Committee» and an «Internal Control Committee», whose role is to provide assistance and submit proposals to the Board itself.

During the meeting at which the company officers were granted the above mentioned powers, the Board of Directors also appointed the «Remuneration Committee», and the «Internal Control Committee», both consisting of three non-executive directors, of whom two are independent. All the members of the Internal Control Committee have adequate experience in accounting and finance (as required by the «Code» of at least one committee member).

During the first half of the year, both Committees met three times, always with the attendance of two of the three members, except in one case when the Internal Control Committee met with all members present.

Committee for Transactions with Related Parties

In compliance with the regulations governing transactions with related parties, in November 2010 the Board of Directors adopted the relevant procedure and appointed a Committee for Transactions with Related Parties.

During the meeting at which the company officers were granted delegated powers, the Board of Directors confirmed as members of the Committee for Transactions with Related Parties the three outgoing directors, who are all independent directors.

In the half year, the Committee for Transactions with Related Parties met twice, with two members present at both meetings.

Compliance Committee

The Compliance Committee, established pursuant to the «Organizational, management and control model» (the «Model») adopted by the Company in application of Legislative Decree 231/01, is responsible for on-going monitoring of the effectiveness and enforcement of the «Model» and for recommending updates.

In compliance with the provisions of the «Model» itself, the Compliance Committee consists of an independent director (subsequently appointed Chairman), the head of the company Internal Audit function and an external professional.

During the half year the Compliance Committee met 7 times to perform the functions attributed by the «Model».

Lead independent director

The «Code» provides, with reference to independent directors, that when the Chairman of the Board of Directors is the principal officer responsible for the management of the company, the Board of Directors should designate a «Lead independent director», to provide a reference for and to coordinate the contributions and requests of the non-executive directors, and in particular, those who are independent.

During the meeting at which the company officers were granted delegated powers, the Board of Directors confirmed independent director Mauro Bini as the «Lead independent director».

Executive director responsible for supervising the internal control system

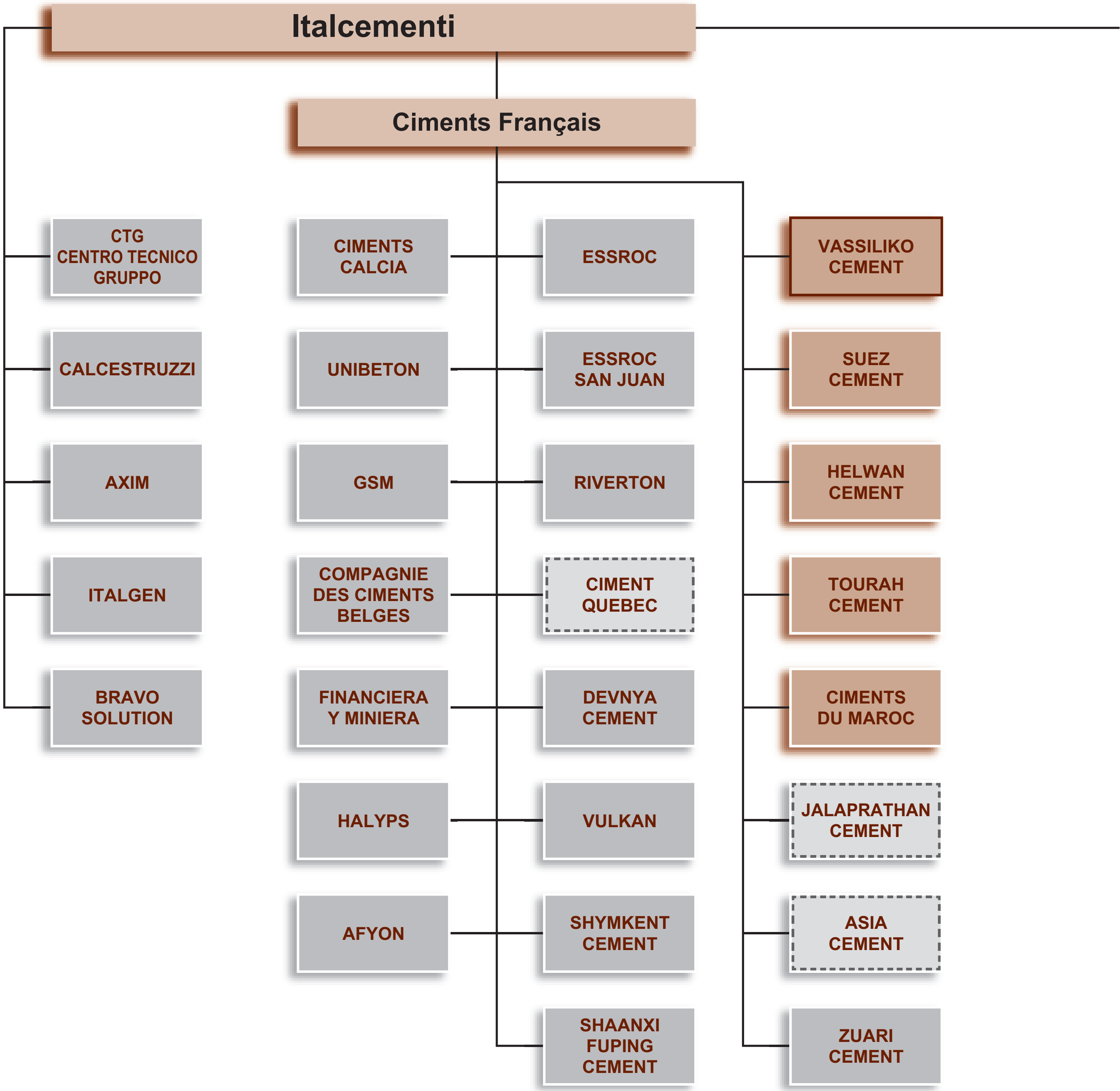
With regard to the system of controls, the «Code» provides for the Board of Directors to select, with the assistance of the Internal Control Committee, an executive director to supervise the internal control system.

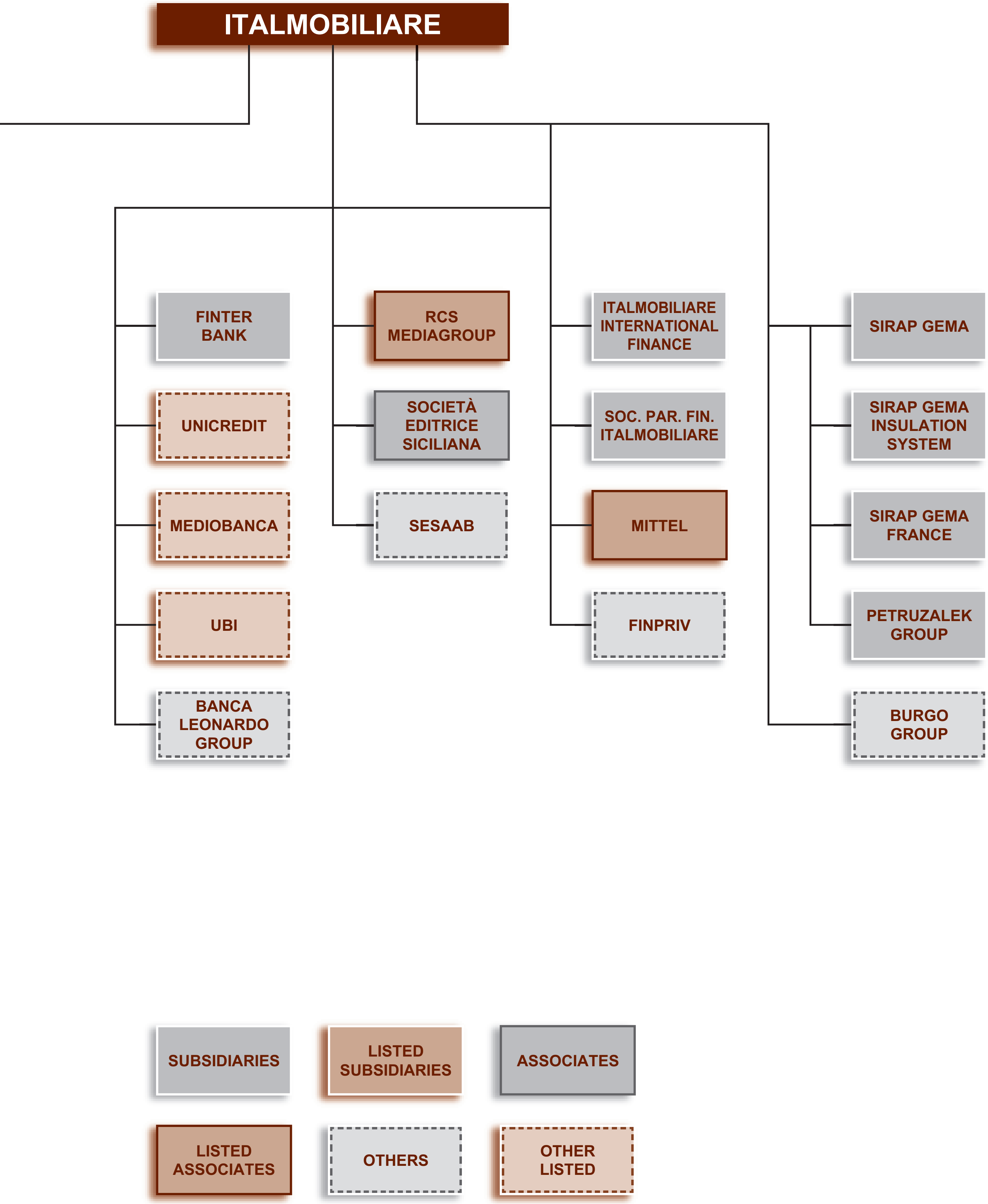
During the meeting at which the company officers were granted delegated powers, the Board of Directors, upon the recommendation of the Internal Control Committee, appointed the Chairman – Chief Executive Officer, Giampiero Pesenti, as the executive director responsible for supervising the internal control system.

Manager in charge of financial reporting

At the meeting held on May 25, 2011, the Board of Directors confirmed Giorgio Moroni as the Manager in charge of financial reporting pursuant to art. 154-bis of the Consolidated Finance Act and to art. 29 of the company By-laws.

Structure of the Group
(at June 30, 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 business and financial highlights

(in millions of euro)	H1 2011	H1 2010 (IFRS 5)	H1 2010 (published)
Revenue	2,598.1	2,574.7	2,628.5
Recurring EBITDA	365.5	469.4	463.9
EBITDA	383.4	463.3	458.3
EBIT	143.1	229.8	219.3
Profit (loss) for the period	164.0	84.3	84.3
Profit (loss) for the period attributable to owners of parent	25.3	2.7	2.7
Capital expenditure	257.5	282.6	284.7
Number of employees (heads)	22,057	21,923	22,549

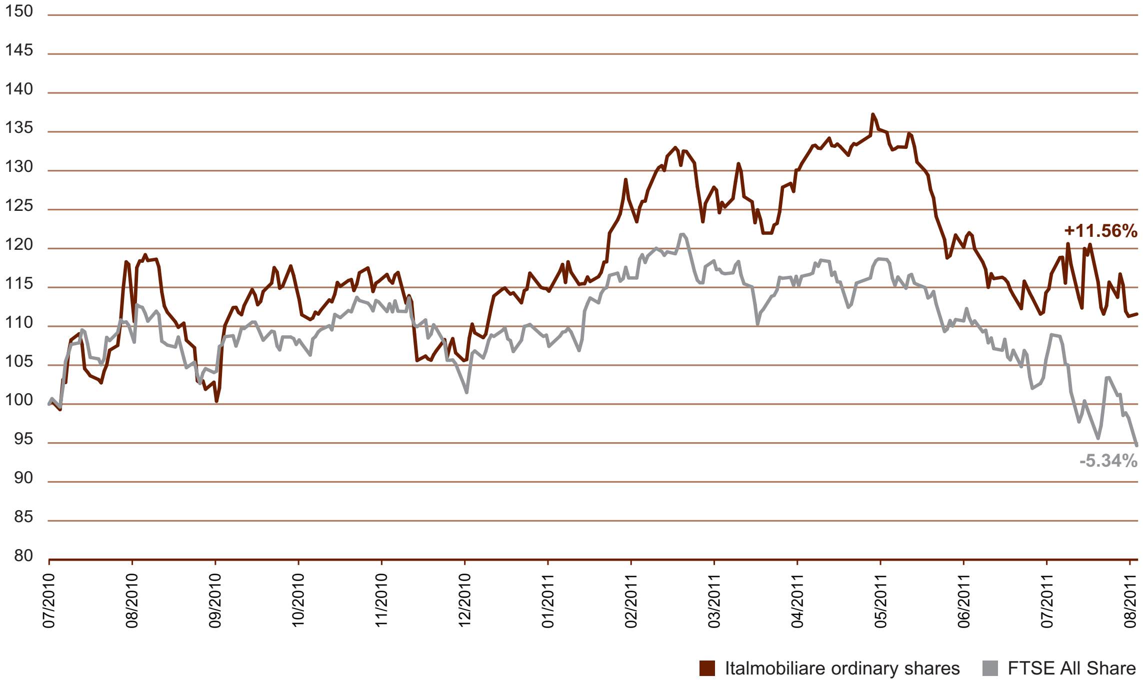
(in millions of euro)	June 30, 2011	December 31, 2010
Total equity	5,737.0	5,932.8
Equity attributable to owners of parent	2,328.9	2,359.4
Net financial debt	2,177.4	2,095.5
Net financial debt / Equity	37.95%	35.32%
Net financial debt / Recurring EBITDA	2.79	2.38
(Diluted) earnings per ordinary share	0.657	0.531
(Diluted) earnings per savings share	0.696	0.609
Equity attributable per share[1]	61.897	62.708

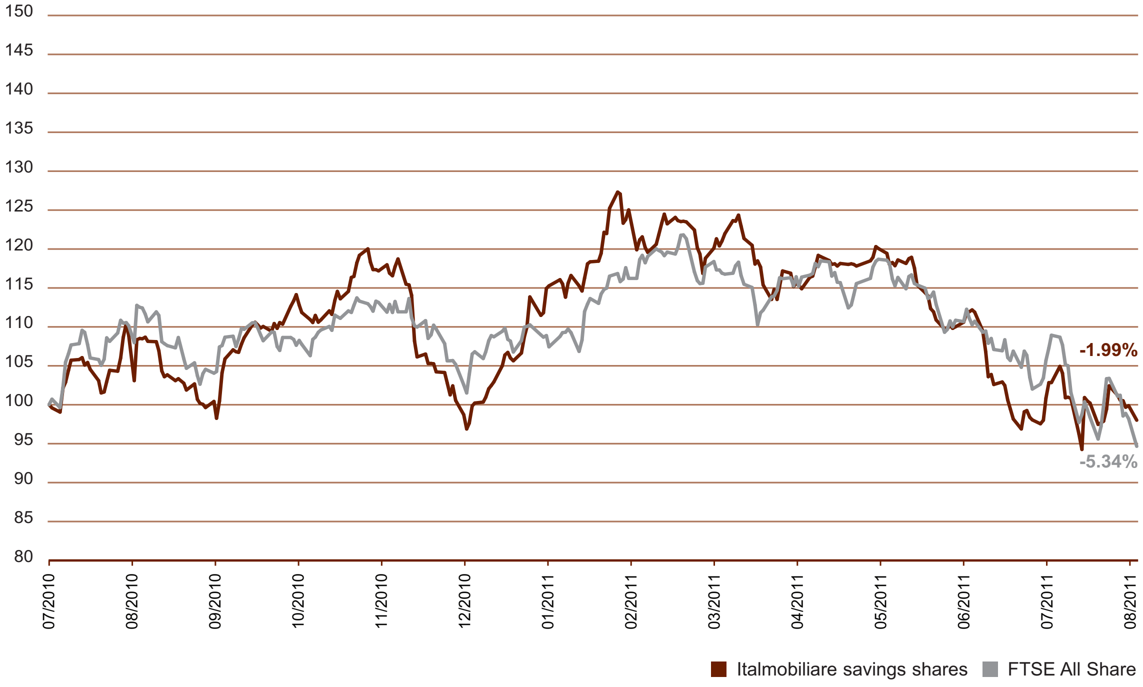
[1] net of treasury shares in portfolio

Italmobiliare S.p.A. on the Stock Exchange

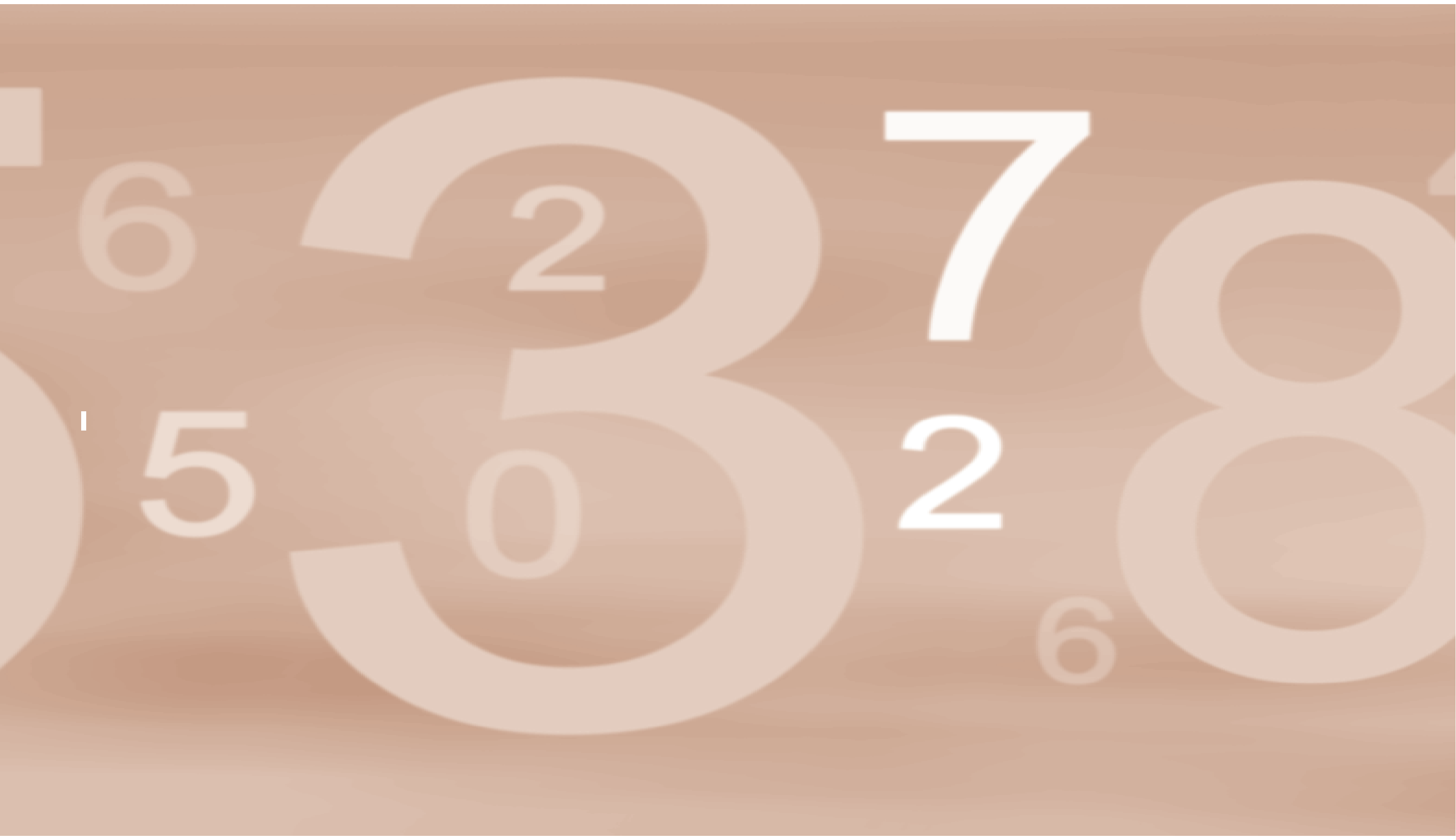
Prices from 07.01.2010 to 08.01.2011

(euro)	high		low		07.01.2010	08.01.2011	performance
Ordinary shares	29.9609	04.27.2011	21.6749	07.05.2010	21.8298	24.3544	11.565%
Savings shares	19.5899	01.24.2011	14.5017	07.12.2011	15.3863	15.0798	-1.992%
FTSE All Share	23,740.79	02.17.2011	18,448.14	08.01.2011	19,489.44	18,448.14	-5.343%





Directors’ report on operations



Foreword

The half-year financial report at June 30, 2011, has been drawn up in compliance with article 154 ter, paragraphs 2, 3 and 4, of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments.

In accordance with the above-mentioned paragraph 3, the condensed interim financial statements are presented in consolidated form.

The condensed interim consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards in force at June 30, 2011, as endorsed by the EC Commission; specifically these condensed interim consolidated financial statements have been drawn up in compliance with International Accounting Standard 34 on interim financial reporting.

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those used in the preparation of the Group financial statements as at and for the year ended December 31, 2010, with the exception of the standards and interpretations endorsed by the European Union and applicable as from January 1, 2011, which are detailed in the notes.

The application of the new standards and interpretations did not have material effects on the Group interim financial statements.

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 the corresponding period of 2010. A similar presentation has been applied for cash flows.

Information on operations

In the first half of 2011 the recovery in the international economy proceeded at a pace that, overall, was slower than expected. This was due to the rises in raw material prices, the slower rate of economic activity in the USA, the financial difficulties of some Eurozone countries, the sharp slowdown in Japan after the catastrophic events in March and, lastly, the repercussions of the uprisings in a number of Med Rim countries and the Middle East. These trends were accompanied by growing inflationary pressures, fuelled as well by unexpected and continual increases in energy costs, a worrying rise in volatility on the financial markets, greater instability in exchange rates stemming in part from growing divergences in monetary and fiscal policy in the main countries, notably between the Eurozone and the USA. Meanwhile, the emerging area continued to progress at a sustained rate, although several major countries, headed by China and India, adopted monetary measures to limit the risks of excessive economic overheating.

During the first half of the year there was a new upsurge in volatility on the financial markets, determined by uncertainty over economic recovery prospects, which were downgraded, and by pressure on some sovereign debt markets in the Eurozone, which had a negative impact on share indices in the Eurozone and the USA, leading to a general downturn.

Specifically, in June, financial securities prices in the Eurozone dropped significantly against growing uncertainty over the resolution of the serious public debt crisis in some European countries, especially Greece and Portugal, and rising fears of the crisis spreading to other Eurozone countries. The Italian general stock exchange index fell by approximately 7% in the second quarter, the largest decline among all the main markets: bank stocks were particularly exposed, due to fears of a restructuring of Greek debt and warnings of a possible downgrade from the ratings agencies.

The uncertainty over the strength of the economic recovery and the sovereign debt troubles in the Eurozone also had a sharp impact on bond markets: the yield differentials on European government securities continued to widen, especially for Greece, Portugal and Ireland. During the period under review, concerns emerged on less exposed markets like Belgium, Italy and Spain in the form of relatively broad swings in the yield differentials compared with securities issued by the German government, with a high rating (triple A), which stayed substantially steady for the whole six months.

In this context, after capital gains for approximately 109 million euro on the sale of equity investments, the Italmobiliare Group posted profit for the period of 164.0 million euro and profit attributable to owners of the parent of 25.3 million euro; this compared with 84.3 million euro and 2.7 million euro in the first half of 2010.

Contribution to profit for the period attributable to owners of the parent

(in millions of euro)	**H1 2011**	**% of total**	**H1 2010**	**% of total**
Construction materials	48.0	*189.4*	0.2	*6.8*
Packaging and insulation	(3.6)	*(14.1)*	0.9	*33.8*
Banking	(7.6)	*(30.0)*	(0.6)	*(20.3)*
Finance	8.6	*34.1*	19.6	*715.1*
Property and other	0.2	*0.7*	0.3	*10.7*
Inter-segment eliminations	(20.3)	*(80.1)*	(17.7)	*(646.1)*
Profit (loss) for the period attributable to owners of the parent	**25.3**	***100.0***	**2.7**	***100.0***

The other main results of the six-month period ended June 30, 2011, were:

- **Revenue**: 2,598.1 million euro from 2,574.7 million euro for the six-month period ended June 30, 2010 (+0.9%);
- **Recurring EBITDA**: 365.5 million euro from 469.4 million euro for the six-month period ended June 30, 2010 (-22.1%);
- **EBITDA**: 383.4 million euro from 463.3 million euro for the six-month period ended June 30, 2010 (-17.3%);
- **EBIT**: 143.1 million euro from 229.8 million euro for the six-month period ended June 30, 2010 (-37.7%);
- **Finance income and costs** (including exchange rate differences and derivatives): net costs of 40.3 million euro from 59.2 million euro for the six-month period ended June 30, 2010 (-31.9%);
- **Impairment losses on financial assets:** a gain of 1.2 million euro from a loss of 29.0 million euro for the six-month period ended June 30, 2010 (% not significant);
- **Share of profit/(loss) of associates:** profit of 4.6 million euro from a loss of 0.4 million euro for the six-month period ended June 30, 2010 (% not significant);
- **Profit before tax**: 108.6 million euro from 141.2 million euro for the six-month period ended June 30, 2010 (-23.1%);
- **Gains (losses) relating to continuing operations:** 55.3 million euro from 96.4 million euro for the six-month period ended June 30, 2010 (-42.6%).

At the end of June 2011 **total equity** amounted to 5,737.0 million euro, compared with 5,932.8 million euro at December 31, 2010.

Net financial debt at June 30, 2011, was 2,177.4 million euro, compared with 2,095.5 million euro at December 31, 2010.

After the changes in equity and debt, the gearing ratio (net financial debt/equity) increased from 35.32% at the end of December 2010 to 37.95% at the end of June 2011.

The performance of the individual segments that make up the Italmobiliare Group is summarized below:

- the **construction materials** segment, consisting of the Italcementi group (Italmobiliare's main industrial investment), reported sales volumes substantially in line with the year-earlier period at constant size; after a positive first quarter, helped by very favorable weather, performance slowed due to slack market conditions in some mature countries and the difficult situation on the Egyptian market. In the first half as a whole, the market mood was more than lively in South East Asia and had a positive impact on the performance of the local subsidiaries. In the second quarter, there was also an overall improvement in sales prices in the cement sector, including a contribution from Italy after two years of constant decline. Operating results were negatively affected by the significant and widespread rise in energy costs, although they benefited in full from the material advantages generated by the new production lines. Revenue, at 2,452.0 million euro, rose by 2.1% from the first half of 2010, while progress at constant size and exchange rates was marginal. Operating results were down on the first half of 2010: recurring EBITDA was 372.1 million euro, a decrease of 15.4%, while EBIT, at 158.0 million euro, fell by 24.2%. Profit for the period was 187.8 million euro, an increase from the first half of 2010 (81.8 million euro) despite the higher tax charge, thanks to the rise in finance income, which generated a significant reduction in net costs, and, above all, to the capital gain on the sale of Set Group in Turkey;

- in the **food packaging and thermal insulation segment**, consisting of the Sirap Gema group, demand fell for food packaging products compared with the first half of 2010 due to the difficult economic situation, which had a negative impact on fresh food spending and consequently on demand for related primary packaging; performance was lively in thermal insulation, especially in the second quarter of 2011. Half-year revenue was 115.8 million euro, a small increase (+1.5%) from the year-earlier period. EBITDA was positive at 4.4 million euro (10.5 million euro for the six-month period ended June 30, 2010), while EBIT was negative at 1.3 million euro after a reduction of 5.9 million euro from the first half of 2010. These significant decreases stemmed essentially from the rise of approximately 25% in the average procurement cost for polymers, combined with a market situation that allowed the increase to be recovered only in part through adjustments to sales prices. After finance costs of 2.2 million euro and tax expense of 0.1 million euro, the segment posted a loss for the period of 3.6 million euro (a profit of 1.0 million euro at June 30, 2010);
- the **financial segment**, comprising the parent company Italmobiliare and the wholly owned financial companies, reported profit for the period of 8.6 million euro, a significant reduction from 19.6 million euro in the first six months of 2010. The reduction in profit for the period compared with the year-earlier first half was caused largely by lower capital gains and higher net finance costs as a result of the increase in average debt, counterbalanced only in part by a rise in dividends received, an improvement in the share of the result of associates, which nevertheless remained negative, and a decrease in impairment losses;
- the **banking segment** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. Operating income for the first half of 2011 was 15.8 million euro, slightly down from 16.9 million euro for the six-month period ended June 30, 2010, chiefly as a result of a reduction in commission income and a slight reduction in third-party assets under management. After provisions for credit risks of approximately 4.2 million euro, the segment had a loss for the period of 7.6 million euro (-0.6 million euro for the six-month period ended June 30, 2010);
- the **property segment, services and other** is not of great importance within the global context of the Group and its results are therefore not of material significance**.**

Italmobiliare Net Asset Value (NAV) at June 30, 2011, was 1,581.3 million euro (1,744.2 million euro at March 31, 2011, and 1,654.9 million euro at the end of 2010) as shown below by business:

(in millions of euro)	**June 2011**	**% of total**	**December 2010**	**% of total**
Construction materials	743.5	*47.0*	708.6	*42.8*
Packaging and insulation	23.5	*1.5*	41.1	*2.5*
Banking	456.5	*28.9*	496.2	*30.0*
Cash and cash equivalents	133.4	*8.4*	170.6	*10.3*
Other	224.4	*14.2*	238.4	*14.4*
Total net asset value	**1,581.3**	***100.0***	**1,654.9**	***100.0***

The reduction compared to December 2010 was mainly due to the fall in the market prices of the listed securities held in portfolio.

Consolidated figures for the six-month period ended June 30, 2011

(in millions of euro)		H1 2011	H1 2010 (IFRS 5)	% change	H1 2010 published
Revenue		**2,598.1**	**2,574.7**	***0.9***	**2,628.5**
Recurring EBITDA		**365.5**	**469.4**	***(22.1)***	**463.9**
% of revenue		*14.1*	*18.2*		*17.6*
Other income (expense)		17.9	(6.1)	*n.s.*	(5.6)
EBITDA		**383.4**	**463.3**	***(17.3)***	**458.3**
% of revenue		*14.8*	*18.0*		*17.4*
Amortization and depreciation		(240.9)	(233.1)	*3.3*	(238.8)
Impairment		0.6	(0.4)	*n.s.*	(0.2)
EBIT		**143.1**	**229.8**	***(37.7)***	**219.3**
% of revenue		*5.5*	*8.9*		*8.3*
Finance income (costs)		(40.3)	(59.2)	*(31.9)*	(59.4)
Impairment on financial assets		1.2	(29.0)	*n.s.*	(29.0)
Share of profit/(loss) of associates		4.6	(0.4)	*n.s.*	(0.4)
Profit before tax		**108.6**	**141.2**	***(23.1)***	**130.4**
% of revenue		*4.2*	*5.5*		*5.0*
Income tax expense		(53.3)	(44.8)	*19.1*	(46.1)
Gains (losses) relating to continuing operations		**55.3**	**96.4**	***(42.6)***	**84.3**
Gains (losses) relating to discontinued operations		108.7	(12.1)	*n.s.*	-
Profit (loss) for the period		**164.0**	**84.3**	***94.5***	**84.3**
attributable to:	**Owners of the parent**	**25.3**	**2.7**	***n.s.***	**2.7**
	Non-controlling interests	138.7	81.6	*70.0*	81.6
Cash flow from operating activities		66.0	374.3		371.1
Capital expenditure		257.5	282.6		284.7
Number of employees at period end		22,057	21,923		22,549

n.s.: not significant

(in millions of euro)	June 30 2011	December 31 2010
Total equity	5,737.0	5,932.8
Equity attributable to owners of the parent	2,328.9	2,359.4
Net financial debt	2,177.4	2,095.5

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 associates and income tax expense.

EBITDA is the sum of recurring EBITDA plus other (non-recurring) income and expense.

EBIT is the sum of EBITDA plus amortization and depreciation and impairment.

Quarterly trend

(in millions of euro)		H1 2011	Q2 2011	Q1 2011
Revenue		**2,598.1**	**1,373.7**	**1,224.4**
% change vs. 2010		*0.9*	*(3.5)*	*6.3*
Recurring EBITDA		**365.5**	**233.8**	**131.7**
% change vs. 2010		*(22.1)*	*(20.6)*	*(24.8)*
% of revenue		*14.1*	*17.0*	*10.8*
EBITDA		**383.4**	**234.4**	**149.0**
% change vs. 2010		*(17.3)*	*(19.7)*	*(13.1)*
% of revenue		*14.8*	*17.1*	*12.2*
Amortization and depreciation		(240.9)	(119.6)	(121.2)
Impairment		0.6	(4.4)	4.9
EBIT		**143.1**	**110.4**	**32.7**
% change vs. 2010		*(37.7)*	*(34.4)*	*(46.8)*
% of revenue		*5.5*	*8.0*	*2.7*
Finance income (costs)		(40.3)	(17.0)	(23.4)
Impairment on financial assets		1.2	(4.9)	6.2
Share of profit/(loss) of associates		4.6	2.9	1.7
Profit before tax		**108.6**	**91.4**	**17.2**
% of revenue		*4.2*	*6.7*	*1.4*
Income tax expense		(53.3)	(48.7)	(4.6)
Gains (losses) relating to continuing operations		**55.3**	**42.7**	**12.6**
Gains (losses) relating to discontinued operations		108.7	(0.4)	109.2
Profit (loss) for the period		**164.0**	**42.3**	**121.8**
attributable to:	**Owners of the parent**	**25.3**	**(1.7)**	**27.0**
	Non-controlling interests	*138.7*	*44.0*	*94.8*

The seasonal trends typical of the Group core businesses normally generate better performance in the second quarter of the year compared with the first. This was confirmed in 2011, although the higher tax charge for the second quarter and the capital gain recognized at March 31 after the sale of Set Group had a significant impact on profit for the periods.

Second-quarter operating results were stronger in absolute terms than the first quarter of 2011, but down on the corresponding year-earlier period as a result of the significant increase in raw material costs, especially for energy, which affected the Group's industrial operations.

After tax of 48.7 million euro (4.6 million euro for the three-month period ended March 31, 2011), total profit for the second quarter was 42.3 million euro, with a loss attributable to owners of the parent of 1.7 million euro; this compared with a first-quarter profit of 121.8 million euro, including profit attributable to owners of the parent of 27.0 million euro, after capital gains of approximately 109 million euro on the sale of equity investments.

Revenue and operating results

Contribution to consolidated revenue

(net of intragroup eliminations)

(in millions of euro)	H1 2011		H1 2010 (IFRS 5)		Change	
Business segment		%		%	%	%[1]
Construction materials	2,447.7	*94.2*	2,397.3	*93.1*	*2.1*	*0.1*
Packaging and insulation	115.8	*4.5*	114.2	*4.4*	*1.5*	*1.4*
Finance	17.0	*0.6*	43.6	*1.7*	*(61.0)*	*(59.2)*
Banking	17.0	*0.7*	18.3	*0.7*	*(7.1)*	*(19.2)*
Property, services, other	0.6	*n.s.*	1.3	*0.1*	*(59.2)*	*(59.2)*
Total	**2,598.1**	***100.0***	**2,574.7**	***100.0***	***0.9***	***(1.0)***
Geographical area						
European Union	1,497.5	*57.6*	1,386.7	*53.8*	*8.0*	*0.1*
Other European countries	35.7	*1.4*	36.4	*1.4*	*(1.9)*	*(4.4)*
North America	171.7	*6.6*	185.3	*7.2*	*(7.3)*	*(2.0)*
Asia and Middle East	293.7	*11.3*	239.5	*9.3*	*22.6*	*24.7*
Africa	489.6	*18.9*	616.9	*24.0*	*(20.6)*	*(13.7)*
Trading	63.6	*2.4*	68.5	*2.7*	*(7.1)*	*(6.6)*
Other countries	46.3	*1.8*	41.4	*1.6*	*11.7*	*22.9*
Total	**2,598.1**	***100.0***	**2,574.7**	***100.0***	***0.9***	***(1.0)***

[1] at constant size and exchange rates

n.s. not significant

Revenue and operating results by line of business and geographical area

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	H1 2011	% change vs.H1 2010	H1 2011	% change vs.H1 2010	H1 2011	% change vs.H1 2010	H1 2011	% change vs.H1 2010
Business segment								
Construction materials	2,452.0	*2.1*	372.1	*(15.4)*	390.3	*(10.1)*	158.0	*(24.2)*
Packaging and insulation	115.8	*1.5*	4.4	*(57.6)*	4.4	*(57.6)*	(1.3)	*(127.4)*
Finance	41.3	*(36.4)*	14.8	*(57.8)*	14.5	*(58.3)*	14.5	*(58.4)*
Banking	17.6	*(6.8)*	(5.2)	*n.s.*	(5.2)	*n.s.*	(7.3)	*n.s.*
Property, services, other	1.2	*(39.1)*	0.3	*(73.5)*	0.3	*(72.7)*	0.2	*(74.7)*
Inter-segment eliminations	(29.8)	*12.7*	(20.9)	*13.7*	(20.9)	*13.7*	(21.0)	*13.7*
Total	**2,598.1**	***0.9***	**365.5**	***(22.1)***	**383.4**	***(17.3)***	**143.1**	***(37.7)***
Geographical area								
European Union	1,549.1	*8.8*	171.1	*(26.0)*	187.3	*(16.6)*	62.8	*(41.6)*
Other European countries	36.2	*(2.0)*	(5.7)	*n.s.*	(5.7)	*n.s.*	(8.8)	*n.s.*
North America	171.9	*(7.4)*	(9.4)	*74.2*	(9.7)	*50.7*	(42.1)	*2.0*
Asia and Middle East	293.7	*21.8*	57.5	*53.2*	57.7	*54.3*	31.3	*n.s.*
Africa	494.4	*(20.1)*	164.9	*(17.9)*	164.5	*(18.2)*	115.5	*(24.8)*
Trading	91.3	*(29.0)*	6.0	*(46.2)*	6.0	*(46.2)*	4.5	*(54.9)*
Other countries	226.6	*11.8*	(18.9)	*n.s.*	(16.7)	*n.s.*	(20.1)	*94.8*
Inter-area eliminations	(265.1)	*0.2*	-	-	-	-	-	-
Total	**2,598.1**	***0.9***	**365.5**	***(22.1)***	**383.4**	***(17.3)***	**143.1**	***(37.7)***

n.s. not significant

The 0.9% increase in **revenue** from the first half of 2010 arose from:

- the contraction in business by 1.0%;
- the negative exchange-rate effect of 2.2% mainly following the depreciation of the Egyptian pound, the US dollar and the Indian rupee against the euro, while the Swiss franc showed a significant appreciation;
- the positive change in the scope of consolidation, of 4.1%.

The business downturn stemmed from the financial and banking segments, while the Group industrial businesses reported a small improvement. The negative contribution of property, services, other, was marginal.

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

Revenue by geographical area, net of inter-segment eliminations, reflected growth in the EU driven by the progress reported in France and Belgium and the emerging countries (India, Thailand and Morocco), and a significant downturn in Egypt due to the country's difficult political situation and in Switzerland. In absolute terms, the EU countries as a whole made the largest contribution to revenue.

Recurring EBITDA at 365.5 million euro was down by 103.9 million euro from the first half of 2010 (469.4 million euro). The decrease arose in all businesses, but the largest reductions in absolute terms were reported in construction materials (-67.9 million euro) as a result of the sharp rise in energy costs, and in the financial segment (-20.3 million euro).

After net non-recurring income of 17.9 million euro (net expense of 6.1 million euro at June 30, 2010), arising in the main in the construction materials segment for the capital gain on the sale of a wind farm development license in Turkey, **EBITDA** was down by 79.9 million euro (383.4 million euro, from 463.3 million euro in the first half of 2010).

After an increase in amortization and depreciation charges (+3.3%) compared with the first half of 2010 (240.9 million euro compared with 233.1 million euro), **EBIT** fell by 37.7%, from 229.8 million euro to 143.1 million euro.

Finance costs and other components

Net finance costs, affected in the first half of 2010 by non-recurring costs for the repayment of the notes issued in the USA, decreased by 18.9 million euro, from 59.2 million euro in the first half of 2010 to 40.3 million euro for the six-month period ended June 30, 2011. Interest expense on net financial debt amounted to 43.7 million euro, an improvement of 5.9% from the first half of 2010, while the exchange rate effect, net of hedging, generated a loss of 9.7 million euro compared with a gain of 10.8 million euro for the six-month period ended June 30, 2010. A positive effect came from the sale of some equity investments in the construction materials segment (a capital gain of 25.0 million euro).

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

Impairment on financial assets reflected a gain of 1.2 million euro compared with a loss of 29.0 million euro for the six-month period ended June 30, 2010; this was due to the positive effect of the reversal of the impairment loss on the Calcestruzzi group at December 31, 2010, net of the impairment loss recognized in the first half of 2010, and the impairment losses on listed equity investments. These adjustments were in construction materials for 7.5 million euro and the financial segment for -6.3 million euro.

Share of profit/(loss) of associates reflected profit of 4.6 million euro (a loss of 0.4 million euro in 2010) arising from the profit reported by the associates in the construction materials segment for 6.5 million euro, offset in part by the losses of the associates in the financial segment
(-1.9 million euro).

Profit for the period

Profit before tax for the half year was 108.6 million euro, down by 23.1% from the first half of 2010 (141.2 million euro).

Despite the decrease in profit before tax, **income tax expense** rose by 19.1% from the first half of 2010 (from 44.8 million euro to 53.3 million euro in the first half of 2011), largely due to the change in the tax rate in Egypt, which was raised to 25% at the end of June 2011, from the previous rate of 20%. The overall average tax rate rose from 31.7% to 49.1%.

Gains relating to continuing operations were 55.3 million euro, a decrease of 42.6% from 2010.

The capital gain on the sale of Set Group enabled a **profit for the period** of 164.0 million euro to be reported (84.3 million euro in the year-earlier period); after profit attributable to non-controlling interests of 138.7 million euro (81.6 million euro for the first half of 2010), **profit attributable to owners of the parent** was 25.3 million euro (2.7 million euro for the first half of 2010).

Total comprehensive income

Starting from the profit for the period, the components of comprehensive income for the first half of 2011 showed a negative balance of 252.2 million euro (a positive balance of 315.4 million euro in the first half of 2010), arising from: translation losses of 216.4 million euro, fair value losses on available-for-sale financial assets for 43.9 million euro, fair value gains on derivatives for 7.9 million euro and a positive tax effect of 0.2 million euro. Considering the profit for the period of 164.0 million euro described in the previous section and the components described above, total comprehensive loss in the first half of the year was 88.2 million euro (41.5 million euro attributable to owners of the parent and 46.7 million euro to non-controlling interests) compared with an income of 418.5 million euro in the first half of 2010 (18.9 million euro attributable to owners of the parent and 399.6 million euro attributable to non-controlling interests).

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

Condensed statement of financial position

(in millions of euro)	June 30, 2011	December 31, 2010
Property, plant and equipment and investment property	4,511.8	4,735.7
Intangible assets	2,131.2	2,250.7
Other non-current assets	1,189.6	1,278.4
Non-current assets	**7,832.6**	**8,264.8**
Current assets	**3,934.4**	**3,830.1**
Total assets	**11,767.0**	**12,094.9**
Equity attributable to owners of the parent	2,329.0	2,359.4
Non-controlling interests	3,408.0	3,573.4
Total equity	**5,737.0**	**5,932.8**
Non-current liabilities	3,290.9	3,461.8
Current liabilities	2,739.1	2,700.3
Total liabilities	**6,030.0**	**6,162.1**
Total equity and liabilities	**11,767.0**	**12,094.9**

Equity

Total equity at June 30, 2011, was 5,737.0 million euro, a reduction of 195.8 million euro from December 31, 2010, of which 30.4 million euro from the decrease in equity attributable to owners of the parent and 165.4 million euro attributable to the decrease in non-controlling interests. The overall change was determined largely by the following positive factors:

- profit for the period of 164.0 million euro;
- the change in the scope of consolidation and other minor reserves for 31.7 million euro;

and the following negative factors:

- the change in the translation reserve for 216.5 million euro due to the depreciation of the other currencies against the euro;
- dividends declared for 139.3 million euro;
- the change in the fair value reserve on equity investments and derivatives for 35.7 million euro.

At June 30, 2011, Italmobiliare S.p.A. held 871,411 ordinary treasury shares, accounting for 3.928% of ordinary share capital, and 28,500 savings treasury shares (0.174% of ordinary share capital); there were therefore no changes with respect to December 31, 2010.

Net financial debt

Net financial debt at June 30, 2011, stood at 2,177.4 million euro, showing an increase of 81.9 million euro from December 31, 2010 (2,095.5 million euro).

The change arose largely as a result of the period's high capital expenditure (257.5 million euro), dividends paid (138.4 million euro), and the 217.7 million euro increase in debt after the consolidation of the Calcestruzzi group as from January 1, 2011, offset only in part by cash flows from operating activities (66.0 million euro) and proceeds on the sale of industrial and financial assets (393.7 million euro).

Breakdown of net financial debt

(in millions of euro)	June 30, 2011	December 31, 2010
Cash, cash equivalents and current financial assets	(1,749.4)	(1,912.1)
Short-term financing	1,458.7	1,377.3
M/L financial assets	(113.3)	(134.3)
M/L financial liabilities	2,581.4	2,764.6
Net financial debt	**2,177.4**	**2,095.5**

Financial ratios

(absolute values in millions of euro)		June 30, 2011	December 31, 2010
Net financial debt		2,177.4	2,095.5
Consolidated equity		5,737.0	5,932.8
	Gearing	**37.95%**	**35.32%**
Net financial debt		2,177.4	2,095.5
EBITDA before other income (expense)[1]		780.4	878.8
	Leverage	**2.79**	**2.38**

[1] rolling year basis

Summary of cash flows

(in millions of euro)	H1 2011		H1 2010	
Net financial debt at beginning of period		**(2,095.5)**		**(2,200.8)**
Cash flow from operating activities		66.0		374.3
Capital expenditure				
PPE, investment property and intangible assets	*(223.5)*		*(261.5)*	
Financial assets	*(34.0)*		*(21.1)*	
Capital expenditure		**(257.5)**		**(282.6)**
Proceeds from sale of fixed assets		112.3		66.3
Dividends		(138.4)		(134.6)
Net financial debt Calcestruzzi group		(217.7)		-
Cash flow relating to discontinued operations		281.4		(0.1)
Other changes		72.0		(36.5)
Change in net financial debt		(81.9)		(13.2)
Net financial debt at end of period		**(2,177.4)**		**(2,214.0)**

Capital expenditure

(in millions of euro)	Investments in financial assets		Investments in PPE + inv.mt prop		Investments in intangible assets	
	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
Line of business						
Construction materials	4.4	6.6	140.6	196.9	9.7	10.8
Packaging and insulation	-	-	5.1	3.2	0.7	1.2
Finance	29.4	4.8	-	0.1	-	-
Banking	-	-	0.7	0.2	0.2	0.6
Property, services, other	-	-	-	-	-	-
Inter-segment eliminations	-	-	-	-	-	-
Total	**33.8**	**11.4**	**146.4**	**200.4**	**10.6**	**12.6**
Change in payables for capital expenditure	0.2	9.7	66.5	48.5	-	-
Total capital expenditure	**34.0**	**21.1**	**212.9**	**248.9**	**10.6**	**12.6**
Geographical area						
European Union	33.8	6.0	75.3	87.1	8.3	9.5
Other European countries	-	-	1.0	0.3	0.2	0.6
North America	-	0.5	8.3	19.9	0.1	0.3
Asia and Middle East	-	-	21.4	31.4	-	-
Africa	-	-	39.0	59.4	-	-
Trading	-	-	0.8	0.9	-	-
Other countries	-	4.9	0.6	1.4	2.0	2.2
Total	**33.8**	**11.4**	**146.4**	**200.4**	**10.6**	**12.6**
Change in payables for capital expenditure	0.2	9.7	66.5	48.5	-	-
Total capital expenditure	**34.0**	**21.1**	**212.9**	**248.9**	**10.6**	**12.6**

Capital expenditure in property, plant and equipment, investment property and intangible assets, relating in the main to construction materials and, to a much smaller degree, to the food packaging and thermal insulation segment, amounted to 223.5 million euro, down by 38.0 million euro from the first half of 2010 (261.5 million euro), which still included a significant portion for strategic projects launched by the Italcementi group in previous periods.

Investments in financial assets, at 34.0 million euro (21.1 million euro in the first half of 2010), consisted chiefly of the purchase of Ciments Français shares by the financial segment.

Construction materials segment

This segment, which is the core industrial business of the Italmobiliare Group, includes the businesses in the cement, ready mixed concrete and aggregates segments, which are under the Italcementi group.

(in millions of euro)		H1 2011	H1 2010 (IFRS 5)	% change	H1 2010 published
Revenue		**2,452.0**	**2,401.3**	***2.1***	**2,455.1**
Recurring EBITDA		**372.1**	**440.0**	***(15.4)***	**434.5**
% of revenue		*15.2*	*18.3*		*17.7*
Other income (expense)		18.2	(5.8)	*n.s.*	(5.3)
EBITDA		**390.3**	**434.2**	***(10.1)***	**429.2**
% of revenue		*15.9*	*18.1*		*17.5*
Amortization and depreciation		(232.9)	(225.5)	*3.3*	(231.1)
Impairment		0.5	(0.3)	*n.s.*	(0.2)
EBIT		**158.0**	**208.4**	***(24.2)***	**197.9**
% of revenue		*6.4*	*8.7*		*8.1*
Finance income (costs)		(38.0)	(57.6)	*(33.9)*	(57.7)
Impairment on financial assets		7.5	(20.7)	*(136.4)*	(20.7)
Share of profit/(loss) of associates		6.5	6.2	*5.1*	6.2
Profit before tax		**134.0**	**136.4**	***(1.8)***	**125.7**
% of revenue		*5.5*	*5.7*		*5.1*
Income tax (expense)		(55.3)	(42.6)	*(29.9)*	(43.9)
Gains (losses) relating to continuing operations		**78.7**	**93.9**	***(16.1)***	
Gains (losses) relating to discontinued operations		109.1	(12.1)	n.s.	
Profit (loss) for the period		**187.8**	**81.8**	***129.7***	**81.8**
attributable to:	**Owners of the parent ***	**115.0**	**0.4**	***>100***	**0.4**
	Non-controlling interests	72.8	81.4	*(10.5)*	81.4
Cash flow from operating activities		78.5	377.9	*(79.2)*	374.7
Capital expenditure		219.9	272.4	*(19.3)*	274.4
Number of employees at period end		20,535	20,404		21,030

n.s. not significant
* Italcementi S.p.A.

(in millions of euro)	June 30 2011	December 31 2010
Total equity	4,852.2	4,985.9
Equity attributable to owners of the parent *	3,510.0	3,525.1
Net financial debt	2,256.7	2,230.9

* Italcementi S.p.A.

Among the mature countries, the turnaround from the deep recession in the construction industry is proceeding unevenly and with significant differences from one country and from one segment to another. The residential segment continues to present the greatest difficulties, due to surplus production that has yet to be reabsorbed and households' weak financial and income position in some of the industrialized countries. The complexity in interpreting the industry's economic cycle is compounded by worse-than-average seasonal meteorological conditions (in a negative sense in the fourth quarter of 2010 and a positive sense in the first quarter of 2011) so that a more reliable assessment of the basic trend in construction demand will be possible only in the summer.

Among the group's emerging countries, where generally speaking the construction industry continues to progress at a sustained pace, the growth phase in Egypt has come to a temporary halt, due to the widespread uncertainty caused by the political situation and the consequent block on decision making after the political upheavals of the past few months.

Performance in the construction materials segment in the first half of the year

Sales and internal transfers

	H1 2011[1]	% change vs. H1 2010	
		historical	a like-for-like basis
Cement and clinker *(millions of metric tons)*	26.4	*(0.3)*	*(0.3)*
Aggregates[2] *(millions of metric tons)*	19.9	*3.5*	*(5.0)*
Ready mixed concrete *(millions of m^3)*	7.4	*53.5*	*1.7*

[1] figures refer to companes consolidated on a line-by-line basis and, pro quota, to companies consolidated on a proportionate basis
[2] excluding decreases for processing

The figures and changes in the table do not include operations in Turkey (Set Group) which were sold at the end of the first quarter of 2011. The changes on an historical basis in aggregates and ready mixed concrete reflect the re-inclusion of Calcestruzzi S.p.A. in the scope of consolidation.

In the first half of 2011, on a like-for-like basis, group sales volumes were substantially in line with the year-earlier period; after a positive first quarter assisted by very favorable weather conditions, a slowdown emerged as the result of difficult market conditions in some of the mature countries, in which the full force of the situation in Egypt made itself felt.

On a like-for-like basis, sales volumes for the three lines of business as a whole were slightly lower in the first half of 2011, due to the downturn in the second quarter.

In **cement and clinker**, performance was positive in the mature countries, thanks to France/Belgium and North America and despite the additional decreases in Greece and Spain. Progress was also reported in Asia, driven by India and Thailand. Conversely, in the Emerging Europe, North Africa and Middle East area, the positive performance of Morocco was counterbalanced by slowdowns in Egypt and Bulgaria.

In **aggregates**, performance was negative in the mature countries where the majority of group operations are located, largely because of the sharp declines in Greece and Spain, despite progress in France/Belgium and North America.

In **ready mixed concrete**, sales volumes made a significant improvement in France/Belgium and a more moderate increase in Morocco, Kuwait and Thailand. This progress was more than sufficient to offset the reductions in the other countries in Central Western Europe, North America and Egypt.

Revenue, at 2,452.0 million euro, was up 2.1% from the first half of 2010, an improvement arising from substantially stable business performance (+0.1%), a positive consolidation effect of 4.4% and a negative exchange rate effect of 2.4%.

The trend reflects the decline reported in the second quarter after a bright first quarter assisted by favorable meteorological conditions, as well as the slight reduction in sales volumes, countered by a contained positive sales price effect.

On a like-for-like basis in scope and exchange rates, revenue increases were reported in France/Belgium, India, Thailand and Morocco, with the largest reductions in Egypt, Italy, Spain, Greece, and Bulgaria.

The negative exchange rate effect related largely to the depreciation against the euro of the Egyptian pound, US dollar and Indian rupee.

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

Recurring EBITDA was 372.1 million euro, down 15.4% from the first half of 2010, while **EBIT**, at 158.0 million euro, fell by 24.2%.

The key elements affecting operating results were energy costs, which increased sharply in both quarters, the rise in operating expenses, the negative exchange rate effect caused by the depreciation of some currencies (notably the Egyptian pound) against the euro, and the consolidation of the Calcestruzzi group.

2011 first-half income from the sale of CO_2 emission rights, at 21.3 million euro, was down on the year-earlier period (29.8 million euro), but an important benefit arose from the receivables relating to the additional quotas for “new entry” plants assigned in Italy (a positive effect of 18.9 million euro).

Finance costs net of finance income amounted to 38.0 million euro, down by 33.9% from the first half of 2010 (57.6 million euro). The reduction reflected the impact of non-recurring costs of 21.4 million euro in the year-earlier period for the reimbursement of the notes issued in the USA and the decrease in net interest expense on net financial debt, from 45.4 million euro to 42.4 million euro.

The negative impact (20.1 million euro) of exchange rate differences net of hedging compared with the first half of 2010 was fully counterbalanced by the increase in income from the sale of securities (notably Goltas).

Impairment on financial assets (7.5 million euro) reflected gains, already present in the first quarter of the year, from the reversal of the impairment on the Calcestruzzi group recognized at December 31, 2010; this compared with an impairment loss of 20.7 million euro, also for the Calcestruzzi group, posted in the first half of 2010.

The **share of profit (loss) of associates** was 6.5 million euro (6.2 million euro in the first half of 2010).

Profit before tax amounted to 134.0 million euro (136.4 million euro in the first half of 2010). Income tax expense was 55.3 million euro, a significant increase (+29.9%) from the year-earlier period (42.6 million euro) due to the change in the tax rate in Egypt, which was 25% at the end of June 2011, compared with 20% previously.

Gains (losses) relating to continuing operations amounted to 78.7 million euro, a reduction of 16.1% from 2010.

The capital gain on the sale of Set Group generated **profit for the period** of 187.8 million euro (81.8 million euro in the first half of 2010), with **profit attributable to owners of the parent** of 115.0 million euro (0.4 million euro) and to non-controlling interests of 72.8 million euro (81.4 million euro in the first half of 2010).

Capital expenditure in the first half of 2011 was 219.9 million euro (272.4 million euro in the first half of 2010). Investments in property, plant and equipment, investment property and intangible assets amounted to 215.3 million euro and referred mainly to France/Belgium, Italy, Egypt, Morocco and India; they were down with respect to the first half of 2010 (256.2 million euro), which still included a significant portion relating to the strategic projects set up in previous periods. Expenditure for revamps of the group’s industrial facilities and operating efficiency improvements accounted for a large proportion of the total, at 45%.

Net financial debt at June 30, 2011, stood at 2,256.7 million euro, showing a slight increase (25.8 million euro) from the figure at December 31, 2010 (2,230.9 million euro). The change reflected the negative impact of the inclusion of the Calcestruzzi group in the scope of consolidation (net financial debt of 217.7 million euro at January 1, 2011), but benefited from the inflows on the sale of Set Group (281.4 million euro).

The decrease in cash flow from operating activities, reflecting a seasonal increase in working capital and the reduction in operating results, was counterbalanced in part by prudent investment management and proceeds from the sale of fixed assets.

Total **equity** at June 30, 2011, at 4,852.2 million euro, was down 133.7 million euro from 4,985.9 million euro at December 31, 2010, of which 15.1 million euro relating to owners of the parent and 118.6 million euro to non-controlling interests. The reduction arose largely from negative net translation differences (215.4 million euro) and dividends paid (133.0 million euro). Positive contributions came from the profit for the period (187.8 million euro) and the sale of Afyon shares (62.8 million euro).

Quarterly trend

(in millions of euro)	H1 2011	Q2 2011	Q1 2011
Revenue	**2,452.0**	**1,298.8**	**1,153.2**
% change vs. 2010	*2.1*	*(3.8)*	*9.7*
Recurring EBITDA	**372.1**	**241.7**	**130.4**
% change vs. 2010	*(15.4)*	*(19.6)*	*(6.4)*
% of revenue	*15.2*	*18.6*	*13.3*
EBITDA	**390.3**	**242.3**	**148.0**
% change vs. 2010	*(10.1)*	*(18.7)*	*8.8*
% of revenue	*15.9*	*18.7*	*12.8*
EBIT	**158.0**	**122.4**	**35.6**
% change vs. 2010	*(24.2)*	*(31.3)*	*17.6*
% of revenue	*6.4*	*9.4*	*3.1*
Gains (losses) relating to continuing operations	**78.7**	**60.2**	**18.5**
Profit (loss) for the period	**187.8**	**60.2**	**127.6**
% of revenue	*7.7*	*4.6*	*11.1*
Profit (loss) attributable to owners of parent	**115.0**	**34.3**	**80.7**
Net financial debt (at period end)	2,256.7	2,256.7	2,166.4

The Italcementi group core businesses are subject to seasonal trends, which usually generate stronger performance in the second quarter of the year than in the first quarter.

In the first half under review, this trend was confirmed, but, given the extremely positive meteorological situation of the first quarter, the differences between the two quarters were less marked than in previous years.

Compared with the previous year, despite a positive overall price dynamic the second quarter saw a reduction in revenue and, in part as a result of the increase in operating expenses, a reduction in operating results.

Sales volumes in the second quarter reflected a general downturn. In cement and clinker there was a fall in Egypt, Greece and Spain, while performance was positive in Morocco, India, Thailand, France and Belgium. The market was stable in North America. In aggregates, on a like-for-like basis, the downturn arose chiefly from the reduction in Central Western Europe (largely as a result of performance in Spain and Greece) and in Morocco, while strong growth was reported in North America; in ready mixed concrete there was a general slowdown, with the exceptions of France, Belgium and Kuwait.

Revenue in the second quarter of 2011 amounted to 1,298.8 million euro, a decrease of 3.8% (-4.0% on a like-for-like basis in scope and exchange rates) from the second quarter of 2010. The reduction arose largely from a business slowdown in the mature countries and the contingent situation in Egypt, despite a positive price effect, especially in India and Thailand, and also in Italy after two years of falling sales prices.

The revenue reduction reflected performance on the Egyptian market, where, with the current political crisis and excess production capacity, a significant decrease was reported in sales volumes and sales prices. The strongest progress, on a like-for-like basis in scope and exchange rates, was in India, Thailand and Morocco.

Recurring EBITDA, at 241.7 million euro, was down 19.6% from the year-earlier second quarter, while the reduction in **EBIT** to 122.4 million euro was 31.3%.

Operating results were affected by the revenue decrease, the consolidation of the Calcestruzzi group, the significant increase in energy costs in all countries, and the smaller but generalized rise in operating expenses, as well as by a negative exchange rate effect due to the depreciation of some currencies (notably the Egyptian pound) against the euro.

Significant events in the period

A brief summary of significant events in the first quarter of the year, illustrated in greater detail in the quarterly report at March 31, 2011, is provided below

The **Calcestruzzi group** returned to the Italcementi S.p.A. scope of consolidation as from January 1, 2011, after completing the full schedule of prescriptions required by the courts, with the board and its officers resuming long-term decision-making powers. With a ruling on April 20, 2011, the court of Caltanissetta also ordered the full cancellation of the preventive seizure on Calcestruzzi S.p.A. and the restitution of company assets to the owners.

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.

The significant events of the second quarter are illustrated below.

In May, the **Calcestruzzi S.p.A.** Shareholders approved a share capital increase from 59.2 million to 110 million euro, which was subscribed and simultaneously paid in full by the owners, Italcementi S.p.A. for 99.90% and SICIL.FIN.S.r.l. for 0.10%. The 50.8 million euro capital increase has not only eased the company's debt exposure and had a positive impact on its accounts, it is also a tangible contribution from Italcementi to the rationalization and re-launch of Calcestruzzi with a view to strengthening the entire group supply chain.

Ciments Français S.A. continued the sale on the stock market of the shares held in the listed Turkish company **Afyon Cimento Sanayii Turk A.S**., thereby reducing the controlling interest from 76.51% at the beginning of the year to 51.0%. At the end of June, Ciments Français S.A. engaged Mediobanca as its financial advisor to value and sell the entire shareholding in the company.

Performance by geographical area

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	H1 2011	% change vs.H1 2010	H1 2011	% change vs.H1 2010	H1 2011	% change vs.H1 2010	H1 2011	% change vs.H1 2010
Geographical area								
Central Western Europe	1,402.1	*12.4*	152.0	*(20.6)*	170.4	*(8.1)*	60.6	*(23.2)*
North America	171.9	*(7.4)*	(9.4)	*(74.2)*	(9.7)	*(50.7)*	(42.1)	*(2.0)*
Emerging Europe, North Africa and Middle East	556.1	*(18.8)*	185.5	*(14.3)*	185.2	*(14.6)*	124.6	*(22.8)*
Asia	262.0	*23.1*	53.1	*55.7*	53.2	*56.5*	28.7	*>100*
Cement and clinker trading	91.3	*(29.0)*	6.1	*(46.2)*	6.1	*(46.2)*	4.5	*(54.9)*
Others	226.6	*11.8*	(15.1)	*(89.3)*	(14.8)	*(>100)*	(18.2)	*(77.6)*
Eliminations	(257.9)	*n.s.*	-	-	-	-	-	-
Total	**2,452.0**	***2.1***	**372.1**	***(15.4)***	**390.3**	***(10.1)***	**158.0**	***(24.2)***

n.s. not significant

Central Western Europe

Trends differed in the countries of Central Western Europe.

In **Italy** cement and clinker consumption in the first half of 2011 was substantially in line with the year-earlier period. Although the price effect improved compared with 2010, it was negative and was the main cause of the downturn in revenue and recurring EBITDA, combined with the rise in variable costs generated largely by the increase in the cost of energy. These negative effects were counterbalanced by the savings in fixed costs and the income posted for CO_2 rights. Overall business results in Italy also reflected the negative consolidation effect triggered by the consolidation, as from the beginning of the year, of the aggregates and ready mixed concrete sector, which reported negative recurring EBITDA for the first half. Having finally regained full control of its ready mixed concrete and aggregates operations, the group immediately took a series of incisive measures to restore a high level of industrial efficiency and effective organization.

The positive trend in residential building in **France and Belgium** underpinned sales volumes of cement, ready mixed concrete and aggregates, although operating results were down overall due to the increase in operating expenses, especially energy and maintenance, and the decrease in sales of CO_2 emission rights.

The crisis in the construction sector in **Spain** affected operating results, which decreased as a result of the revenue reduction caused by lower sales volumes and prices in the three lines of business and the rise in some operating expenses (mainly energy costs), offset only in part by measures to contain fixed costs.

In **Greece**, the crisis generated by the country's public debt situation continued without any indications of an imminent return to growth. In these difficult conditions, the fall in sales volumes led to a significant reduction in operating results, although this was mitigated by the action taken to reduce fixed costs.

North America

In the USA, the construction sector was affected by the difficult situation of state and local government budgets, which constrained public works, and by a high unemployment rate, which slowed private investment.

Against this background, group cement sales volumes managed to make a degree of progress; average sales prices were pressured by fierce competition and were down on the first half of 2010. Sales of aggregates made strong progress, while ready mixed concrete sales volumes fell.

Overall, operating results were down on the first half of 2010, due to the reduction in sales prices and higher operating expenses, largely for energy.

Emerging Europe, North Africa and Middle East

Performance varied from one country to another in this area, although revenue and operating results were down overall.

The political events in **Egypt** in the early months of the year affected operating results, which were significantly lower, adversely affected by the sharp fall in revenue (volume and price effect). Operating expenses also reflected the repercussions of the political crisis, including soaring inflation, higher payroll expenses and general expenses. Another major negative effect (11.3 million euro at recurring EBITDA level) was the depreciation of the local currency in the euro-denominated presentation of results.

Thanks to private investments in housing and by state-financed public works, cement consumption in **Morocco** in the first half of 2011 increased by an estimated 7.2% from the year-earlier period. Operating results improved as a result of the revenue increase (volume and price effect), but above all as a result of the sharp fall in clinker purchases, thanks to the additional capacity provided by the Ait Baha plant, whose overall efficiency more than made up for the increase in fuel costs.

In **Bulgaria***,* despite the significant revenue reduction, operating results improved, thanks to the containment of fixed costs and to income from the sale of CO_2 emission rights.

Higher sales volumes in **Kuwait** boosted revenue and operating results, despite the impact of an unfavorable variable cost dynamic on operating results.

Asia

In Asia too, trends varied in the countries where the group operates.

In **Thailand**, the growth reported in the construction sector in 2010 continued in the first half of 2011, buoyed by government investment in infrastructure and by private investment. Operating results showed a strong improvement from the year-earlier period as a result of the rise in revenue, driven above all by prices and offset in part by the increase in fuel costs.

The overall progress in sales of cement and clinker in 2011 in **India** generated a strong improvement in operating results, due above all to the rise in average sales prices and, to a lesser extent, in sales volumes, offset only in part by the rise in energy costs.

In **China**, the economy reported a further sharp acceleration in the first half of 2011. Overall cement and clinker sales volumes decreased by 1.4% with a fall in sales prices caused by fiercer competitive pressures following the start-up of new production capacity. Operating results were down on the first half of 2010, mainly because of the fall in sales prices and the rise in the cost of coal

In **Kazakhstan**, the decrease in cement sales combined with the rise in some variable costs (energy and transport) led to a downturn in operating results, despite the healthy trend in sales prices.

E-business

Despite the difficult domestic and international economic situation, the BravoSolution group reported steady revenue performance in the first half of 2011, and maintained positive earnings. Consolidated revenue for the period amounted to 25.9 million euro (-1.2%); EBITDA was 2.2 million euro (3.0 million euro in the first half of 2010), while EBIT decreased from 1.1 million euro to 0.2 million euro.

In February the group established a German subsidiary, BravoSolution GmbH, headquartered near Munich. The subsidiary operates on German-speaking markets and is currently starting up operations.

Energy

During the first half of 2011 Italgen S.p.A. continued to work on its projects in Italy, Morocco and Egypt, while Italgen Elektrik Uretim, the company that developed the wind park project in Turkey, was sold. In Italy construction and start-up work proceeded on the 6 MW photovoltaic plant in the province of Modena, through the I.Fotoguiglia S.r.l. company owned 30% by Italgen S.p.A..

For the first half of 2011, Italgen S.p.A. reported consolidated revenue of 26.7 million euro (23.4 million euro in the first half of 2010).

Consolidated recurring EBITDA for the first half of 2011 was 8.0 million euro, down by 1.6% from the year-earlier period.

Disputes and pending proceedings

No significant developments took place in the first half of 2011 in the antitrust proceedings in Belgium, India and Europe, illustrated in the 2010 annual report.

With regard to the Ciments Français / Sibirskiy Cement (Sibcem) dispute, at the end of May a court in Turkey upheld Sibcem’s petition to annul (in Turkey) the arbitration award of December 2010. Ciments Français lodged an appeal.

On July 13, 2011, the Kemerovo court in Russia upheld Ciments Français’ petition to recognize the arbitration award in Russia. Subsequently, on July 19, 2011, the suit filed in Russia by Sibconcord (Sibcem’s main shareholder), currently in the appeal stage, was suspended until the grounds for the ruling of the Kemerovo court had been filed.

Outlook

The uncertain mood at macroeconomic level extends to the construction sector, where the long period of decline seems to be stabilizing in the mature countries, even though the recovery is struggling to get underway on the markets like the USA that experienced a particularly intense and prolonged downturn. The outlook remains favorable on the group's emerging markets, but Egypt continues to be a major unknown quantity, with a gradual return to conditions of stability likely only after the elections expected to take place in the fall.

In this context, the group's business performance in the second half of the year should present a significant recovery in sales prices in some countries, including Italy, to absorb the inflationary pressures generated by energy factors. The positive performance expected in France and the main emerging countries, together with the relative stabilization of results in the outlying European countries, could provide a counterbalance to the negative effects likely on the Egyptian market.

Second-half operating results as a whole are expected to be comparable to those of the second half of 2010, subject to the situation in Egypt.

The group management intends to introduce new efficiency measures in addition to the plans already implemented and to maintain rigorous control over group debt.

Food packaging and thermal insulation segment

The Group is present in the food packaging and thermal insulation segment through Sirap Gema S.p.A. and its subsidiaries.

(in millions of euro)		H1 2011	H1 2010	% change
Revenue		**115.8**	**114.2**	***1.5***
Recurring EBITDA		**4.4**	**10.5**	***(57.6)***
% of revenue		*3.8*	*9.2*	
Other income (expense)		-	-	
EBITDA		**4.4**	**10.5**	***(57.6)***
% of revenue		*3.8*	*9.2*	
Amortization and depreciation		(5.8)	(5.8)	*0.3*
Impairment		0.1	(0.1)	*n.s.*
EBIT		**(1.3)**	**4.6**	***n.s.***
% of revenue		*(1.1)*	*4.1*	
Finance income (costs)		(2.2)	(1.8)	*24.3*
Profit (loss) before tax		**(3.5)**	**2.8**	***n.s.***
% of revenue		*(3.0)*	*2.5*	
Income tax (expense)		(0.1)	(1.8)	*(95.8)*
Profit (loss) for the period		**(3.6)**	***1.0***	***n.s.***
attributable to:	**Owners of the parent**	**(3.6)**	***0.9***	***n.s.***
	Non-controlling interests	n.s.	*n.s.*	
Capital expenditure		5.8	4.5	
Number of employees at period end		1,322	1,307	

n.s. not significant

(in millions of euro)	June 30 2011	December 31 2010
Total equity	46.4	52.1
Equity attributable to owners of the parent	46.0	51.7
Net financial debt	127.9	114.9

The unstable economic climate and high volatility of the first half created a mood of great uncertainty; this was inevitably reflected on the group's interim results, although the impact differed in the two lines of business: food packaging and thermal insulation.

In food packaging, the difficult market situation caused by weak demand led to a reduction in turnover of 1.1% from the year-earlier period; furthermore, the rise in raw material prices, which reached peaks of 25% compared with 2010, and the great difficulty in transferring these increases to sales prices were significant factors leading to a decline in operating results.

In thermal insulation, on the other hand, steady market demand and the important commercial measures introduced at the beginning of the year meant that as early as March the segment was able to recover sales volumes by boosting exports and to achieve a gradual recovery in sales prices.

Group revenue (115.8 million euro) rose by 1.5% from the year-earlier period (114.2 million euro), as a result of the contrasting trends in the two lines of business.

EBITDA was 4.4 million euro and was significantly down on the first half of 2010 (10.5 million euro) almost exclusively as a result of the rise in the cost of raw materials.

EBIT was negative at 1.3 million euro (+4.6 million euro in the first half of 2010), with substantially unchanged amortization and depreciation expenses.

Finance costs amounted to 2.2 million euro and were up on the year-earlier period (1.8 million euro) due entirely to the exchange-rate effect, which in 2010 was significantly positive.

Income tax expense (0.1 million euro) was virtually zero (1.8 million euro in the first half of 2010) as a result of the reduction in taxable income.

The group posted a **loss for the period** of 3.6 million euro (profit of 1.0 million euro in 2010).

Net financial debt stood at 127.9 million euro, an increase from December 31, 2010 (114.9 million euro) after a reduction in cash flow from operating activities.

Capital expenditure amounted to 5.8 million euro (4.5 million euro in the first half of 2010) and related primarily to the food packaging segment and development of the new IT system.

Significant events in the period

No significant events took place.

Quarterly trend

(in millions of euro)	H1 2011	Q2 2011	Q1 2011
Revenue	**115.8**	**61.6**	**54.2**
% change vs. 2010	*1.5*	*2.2*	*0.7*
Recurring EBITDA	**4.4**	**4.2**	**0.2**
% change vs. 2010	*(57.6)*	*(35.7)*	*(93.8)*
EBITDA	**4.4**	**4.2**	**0.2**
% change vs. 2010	*(57.6)*	*(35.8)*	*(93.8)*
EBIT	**(1.3)**	**1.3**	**(2.6)**
% change vs. 2010	*(127.4)*	*(65.5)*	*n.s.*
Profit (loss) for the period	**(3.6)**	**(0.3)**	**(3.3)**
% change vs. 2010	*n.s.*	*(119.2)*	*n.s.*
Profit (loss) attributable to owners of the parent	**(3.6)**	**(0.3)**	**(3.3)**
Net financial debt (at period end)	127.9	127.9	118.9

n.s. not significant

The second quarter of 2011 showed a strong improvement in all the main business indicators: the traditionally favorable seasonal trend was boosted significantly by the slowdown in the rise in the cost of polymers and by the increase in sales prices throughout the entire second quarter.

Performance by segment and geographical area

(in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	H1 2011	% change vs.H1 2010	H1 2011	% change vs.H1 2010	H1 2011	% change vs.H1 2010	H1 2011	% change vs.H1 2010
Food packaging								
- Italy	44.4	*(0.5)*	0.7	*(83.6)*	0.7	*(83.6)*	(2.6)	*n.s.*
- France	12.5	*(2.3)*	1.3	*(24.3)*	1.3	*(24.3)*	0.9	*(31.9)*
- Other EU countries	29.7	*1.0*	0.5	*(71.4)*	0.5	*(71.4)*	(0.3)	*n.s.*
- Other non EU countries	8.8	*1.7*	0.1	*(59.7)*	0.1	*(59.7)*	(0.1)	*n.s.*
Eliminations	(8.0)	-	-	-	-	-	-	-
Total	**87.4**	***(1.1)***	**2.6**	***(68.5)***	**2.6**	***(68.5)***	**(2.1)**	***(28.0)***
Thermal insulation - Italy	28.7	*9.8*	1.8	*(17.7)*	1.8	*(17.7)*	0.8	*(30.6)*
Eliminations	(0.3)	-	-	-	-	-	-	
Total	**115.8**	***1.5***	**4.4**	***(57.6)***	**4.4**	***(57.6)***	**(1.3)**	***n.s.***

n.s. not significant

Food packaging

In Western Europe, demand in the first half of 2011 for polystyrene products in the food packaging segment dropped from the year-earlier period due to the difficult economic situation, which had a negative impact on fresh food spending and consequently on demand for packaging. Also, in fruit and vegetables, especially in Germany and central Europe, the downturn was compounded by the recent food scare (Escherichia Coli bacterium).

On the Italian market, compared with the first half of 2010, revenue from sales dropped slightly (0.5%) largely as a result of lower volumes, offset in part by a modest increase in average prices. EBITDA (0.7 million euro) was significantly lower owing to the significant rise in the cost of polymers.

Similar trends emerged in France, but were mitigated in part by the gradual shift in the sales mix toward barrier trays (which store food in a modified atmosphere), a product category with higher added value.

In Poland the market bucked the trend with estimated growth of 3% from the first half of 2010. Local group revenue amounted to 10.3 million euro, with a healthy increase assisted by the introduction of new containers for meat. The strong sales performance supported margins, reabsorbing the impact of raw material costs.

The situation was more difficult in the other east European countries: throughout the area demand dropped to a greater or lesser extent, depending on the economic solidity of each country. The fall in demand had particular repercussions on revenue for packaging machines (although timid signs of a recovery emerged at the end of the first half); in containers, the shift to a less remunerative mix was confirmed. While revenue was therefore substantially stable, margins narrowed, also as a result of significant costs for the re-organization of the company that operates on these particular markets.

Capital expenditure in the first half amounted to 5.3 million euro and included machinery replacements and implementation costs for the new IT system.

Thermal insulation

Despite the difficulties of the first half, this business performed well, helped by a market enjoying greater support from legislation on energy saving, which requires use of thick panels to ensure higher quality, and by the increase in exports, mainly to German-speaking countries, in part as a result of the strengthening of the distribution network.

Revenue (28.7 million euro) improved by 9.8% from the first half of 2010 thanks to higher sales prices and sales volumes. EBIT (0.8 million euro) was down on the year-earlier period, largely because of the rise in the cost of polymers which was particularly negative in the first quarter.

Capital expenditure in the first half was limited to 0.5 million euro.

Disputes and pending proceedings

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

Subsequently, as part of the continuation of its investigation, the Commission has served Sirap Gema S.p.A., also on behalf of its subsidiaries, with a series of requests for information concerning specific circumstances.

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

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

Significant subsequent events

No significant events took place.

Outlook

The large increases in the cost of raw materials in the first half of 2011 slackened at the end of the period, but prices remain higher than those of 2010.

The group has taken immediate steps to deal with the situation in both lines of business.

In food packaging, action has been taken at commercial level to broaden the offer, improve the mix and acquire new customers; on the production and industrial front, restructuring measures are underway, whose effects on cost cutting and improved efficiency are unlikely to be felt in full this year.

In thermal insulation, despite satisfactory demand for products, the outlook is uncertain and depends on the volatile trend in raw materials and developments in the economic situation.

Financial segment

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

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

(in millions of euro)	H1 2011	H1 2010	% change
Revenue	**41.3**	**64.9**	***(36.4)***
Recurring EBITDA	**14.8**	**35.2**	***(57.8)***
Other income (expense)	(0.3)	(0.3)	*4.5*
EBITDA	**14.5**	**34.9**	***(58.3)***
Amortization and depreciation	-	(0.1)	*(5.3)*
EBIT	**14.5**	**34.8**	***(58.4)***
Finance income (costs)	(0.1)	(0.1)	*(4.7)*
Impairment on finanial assets	(6.3)	(8.3)	*(24.6)*
Share of profit (loss) of associates	(1.9)	(6.7)	*(70.9)*
Profit before tax	**6.2**	**19.7**	***(68.7)***
Income tax (expense)	2.4	(0.1)	*n.s.*
Profit (loss) for the period	**8.6**	**19.6**	***(55.9)***
Number of employees at period end	55	58	

n.s. not significant

(in millions of euro)	June 30 2011	December 31 2010
Net financial position	133.4	170.6
Equity	1,263.2	1,281.5

Quarterly trend

(in millions of euro)	H1 2011	Q2 2011	Q1 2011
Revenue	**41.3**	**26.2**	**15.1**
% change vs. 2010	*(36.4)*	*3.5*	*(61.8)*
EBIT	**14.5**	**11.1**	**3.4**
% change vs. 2010	*(58.4)*	*n.s.*	*(88.5)*
Profit (loss) for the period	**8.6**	**6.0**	**2.6**
% change vs. 2010	*(55.9)*	*n.s.*	*(90.2)*
Net financial position (at period end)	**133.4**	**133.4**	**143.7**

n.s. not significant

The second quarter of 2011 posted a profit of 6.0 million euro, an improvement of 13 million euro from the second quarter of 2010 (a loss of 7.0 million euro), arising largely from lower impairment losses on trading securities and lower impairment losses on securities in portfolio, as well as from a stronger positive income tax effect in the quarter.

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 on 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 on investments of cash", 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)	**H1 2011**	**H1 2010**	**% change**
Net gains on investments	17.4	29.4	*(41.0)*
Net gains on investments of cash	2.7	2.2	*23.0*
Net borrowing costs	(3.5)	(1.9)	*81.5*
Net finance income	**16.6**	**29.7**	***(44.2)***
Other income and expense	(10.4)	(9.9)	*4.6*
Income tax (expense)	2.4	(0.1)	*n.s.*
Profit (loss) for the period	**8.6**	**19.6**	***(55.9)***

n.s. not significant

Net gains on investments decreased in the first half by 12.0 million euro, from 29.4 million euro in 2010 to 17.4 million euro, largely as a result of the absence of the capital gains in the first half of 2010 on the sale of Unicredit shares, offset only in part by a rise in dividends received in the period and an improvement in the result of associates, although the result remained negative.

Net gains on investments of cash in the first half of 2011 reflected income of 2.7 million euro, a slight rise from June 30, 2010 (2.2 million euro). The positive trend on the money and bond market generated an increase in interest income, while the volatility of the stock market led to a decrease in capital gains on trading securities and a reduction in impairment losses on securities.

Market volatility was particularly high due to the impact of the decision variable (government and political) on market drivers, which assumed a central role compared with previous cycles; the weight of this factor is likely to increase.

Net borrowing costs (3.5 million euro) were up 1.6 million euro from the first half of 2010, owing to higher debt in the segment and an increase in interest rates on the money markets during the first half.

Other income and expense showed a small increase of 0.5 million euro in net expense, from 9.9 million euro to 10.4 million euro for the first half of 2011. The caption includes operating expense of 14.4 million euro (13.4 million euro in the first half of 2010) net of income of 4.0 million euro (3.5 million euro in the first half of 2010).

Income tax was positive at 2.4 million euro (expense of 0.1 million euro for the first half of 2010), due to negative taxable income in the first half of the year.

For the reasons described above **profit for the period** was 8.6 million euro, down by 11.0 million euro from the first half of 2010.

The companies in the financial segment hold substantial equity investments, the majority classified as "Available for sale". The fair value changes on these investments, excluding consolidated investments carried at cost in the separate financial statements, are recognized in equity under the "Fair value reserve". At June 30, 2011, the consolidated fair value reserve in the financial segment stood at 21.2 million euro, compared with 29.0 million euro at December 31, 2010. The reduction arose essentially from the negative Unicredit share price trend mitigated in part by a healthy rise in the Mediobanca share price.

Significant events in the period

In the first half of the year Italmobiliare S.p.A. purchased **Ciments Français** shares for a total amount of 28 million euro. As a result of these purchases, Italmobiliare holds 1.775% of Ciments Français 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 amount of 1,383,064 new UBI shares, for an outlay totaling 5.3 million euro.

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

Information on some companies in the segment

Italmobiliare S.p.A.

The financial statements at June 30, 2011, drawn up in accordance with IFRS, reflected the following figures:

(in millions of euro)	H1 2011	H1 2010	% change
Revenue	30.9	50.0	*(38.1)*
EBIT	15.0	30.1	*(50.2)*
Profit (loss) for the period	15.1	30.8	*(50.9)*

	June 30 2011	December 31 2010
Equity	1,061.8	1,075.7
Net financial debt	258.7	220.9

The downturn in the first half stemmed from the significant reduction of 19.1 million euro in revenue, largely due to the capital gains in 2010 on the sale of Unicredit shares. Consequently, despite the improvement in operating expense of 4.8 million euro, generated by a reduction in capital losses in the first half and a positive income tax effect, profit for the period was 15.1 million euro, a decrease compared with the profit for the six-month period ended June 30, 2010 (30.8 million euro).

Italmobiliare International Finance Limited

This company, the Italmobiliare Group's key financial operator, is active mainly on the international securities markets and also provides financial support for Group companies if necessary.

The financial statements at June 30, 2011, drawn up in accordance with IFRS, reflected the following figures:

(in millions of euro)	H1 2011	H1 2010	% change
Revenue	7.0	11.7	*(40.1)*
EBIT	4.6	4.8	*(4.5)*
Profit (loss) for the period	4.5	3.8	*16.4*

	June 30 2011	December 31 2010
Equity	385.6	384.3
Net financial position	379.1	378.0

Although revenue fell by 40.1% from the first half of 2010, due to lower capital gains on the trading portfolio and a decrease in measurement gains, profit for the period improved by 16.4%, from 3.8 million euro for the six-month period ended June 30, 2010, to 4.5 million euro for the six-month period ended June 30, 2011, thanks to a reduction in impairment losses on trading securities, lower expense on derivatives and a reduction in income tax expense compared with the first half of 2010.

Société de Participation Financière S.A.

The financial statements at June 30, 2011, drawn up in accordance with IFRS, reflected the following figures:

(in millions of euro)	**H1 2011**	**H1 2010**	**% change**
Revenue	6.4	2.2	*n.s.*
EBIT	(1.1)	(4.9)	*76.8*
Profit (loss) for the period	(6.4)	(4.8)	*(76.7)*

	June 30 2011	**December 31 2010**
Equity	193.2	179.3
Net financial position	13.0	11.6

As reported in "Significant events in the period" during the first half of the year the upstream merger of Fincomind A.G. into Société de Participation Financière Italmobiliare S.A. took place, with effect from January 1, 2011; consequently the figures shown above also include Fincomind results.

First-half revenue was significantly higher than in the year-earlier period, rising from 2.2 million euro to 6.4 million euro for the six-month period ended June 30, 2011, thanks to higher dividends received and capital gains on the trading portfolio. Significant impairment losses on the equities portfolio (5.3 million euro) and impairment losses mainly on trading equities (6.2 million euro) led to a loss for the period of 6.4 million euro (-4.8 million euro for the six-month period ended June 30, 2010).

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	106,734,000	60.262	Italmobiliare S.p.A.
Italcementi savings	3,011,500	2.856	Italmobiliare S.p.A.
Ciments Français	644,078	1.775	Italmobiliare S.p.A.
Associates			
Mittel	8,645,190	12.262	Italmobiliare S.p.A.
Rcs MediaGroup ordinary	54,691,627	7.465	Italmobiliare S.p.A.
Other companies			
UniCredit ordinary	99,793,905	0.518	Italmobiliare S.p.A.
Mediobanca	22,568,992	2.621	Italmobiliare S.p.A.
Ubi Banca	1,718,500	0.269	Soparfi S.A.
Ubi Banca	1,100,292	0.172	Italmobiliare S.p.A.
Intek ordinary	1,615,764	1.239	Italmobiliare S.p.A.
Trading investments in other companies [2]			
Ubi Banca	3,244,260	0.508	Soparfi S.A.
Eni ordinary	49,500	n.s.	Soparfi S.A.
Warrants			
Intek 2005/2011	1,305,307		Italmobiliare S.p.A.
Kme Group 2011	1,374,940		Italmobiliare S.p.A.
Kme Group 2014	2,175,512		Italmobiliare S.p.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 S.p.A. and the financial segment

The table below provides an itemized description of the net financial positions 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)	June 30, 2011		December 31, 2010	
	Italmobiliare	Financial segment[1]	Italmobiliare	Financial segment[1]
Cash, cash equivalents and current financial assets	122,481	478,937	116,555	469,056
Short-term financing	(260,464)	(263,266)	(211,506)	(214,512)
Short-term net financial position	**(137,983)**	**215,671**	**(94,951)**	**254,544**
M/L financial assets	9,266	47,766	9,362	51,362
M/L financing	(130,000)	(130,000)	(135,338)	(135,338)
M/L net financial position	**(120,734)**	**(82,234)**	**(125,976)**	**(83,976)**
Net financial position	**(258,717)**	**133,437**	**(220,927)**	**170,568**

1 comprising: Italmobiliare S.p.A. - Italmobiliare International Finance Ltd. - Société de Partecipation Financière S.A.

Italmobiliare S.p.A. had net financial debt of 258.7 million euro (220.9 million euro at December 31, 2010), a rise of 37.8 million euro mainly caused by the investments in Ciments Français (28 million euro) and dividends paid (21.3 million euro), offset in part by dividends received (26.0 million euro).

The financial segment, which includes the parent Italmobiliare, had a positive consolidated net financial position of 133.4 million euro (170.5 million euro at December 31, 2010), down by 37.1 million euro mainly as a result of cash flows relating to the transactions described above.

The financial segment had cash, cash equivalents and current financial assets of 478.9 million euro at June 30, 2011, consisting for 61.32% of bonds, of which 50.95% at fixed rates, with an average AA- rating. Bonds with a rating of at least AA- accounted for 59.2% of the total. The portfolio is diversified on both a geographical and a sector basis and maximum exposure with respect to a single issuer (excluding government instruments) is 1.7% (AA- rating) of the total bonds portfolio at June 30, 2011.

The net financial position of Italmobiliare and the financial segment is illustrated below.

(in millions of euro)	Italmobiliare	Financial segment
Equity investments sold	0.9	1.8
Equity investments acquired	(30.2)	(30.2)
Dividends paid	(21.3)	(21.3)
Dividends collected	26.0	25.2
Finance income (costs)	(2.3)	(0.3)
Current operations and extraordinary items	(10.9)	(12.3)
Total	**(37.8)**	**(37.1)**

Significant subsequent events

No significant events took place.

Outlook

The uncertainty of the economic and financial scenario has been compounded by the fiscal and public debt policy decisions in the USA and the Eurozone. The weight of the “political” variable affects market trends to the extent that the decision stalemate affects an international economic cycle that is already slowing and is also feeling the impact on global industrial production of recent natural calamities, especially in Japan.

Despite this, the international equities markets continue to be supported by corporate earnings that, on average, are higher than expected, although bank stocks continue to be troubled throughout the Eurozone and especially in Italy, and by interest rates, net of inflation, at record lows. Bond yields are feeling the effects of the tension generated by the rise in aversion to risk and the uncertain identification of risk-free financial assets.

These factors make it impossible to provide any reliable guidance for 2011 full-year results in the financial segment.

Banking segment

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

(in millions of euro)	H1 2011	H1 2010	% change
Revenue	**17.6**	**18.9**	***(6.8)***
Recurring EBITDA	**(5.2)**	**1.3**	***n.s.***
EBITDA	**(5.2)**	**1.3**	***n.s.***
Amortization and depreciation	(2.1)	(1.8)	*21.3*
EBIT	**(7.3)**	**(0.5)**	***n.s.***
Profit before tax	**(7.3)**	**(0.5)**	***n.s.***
Income tax (expense)	(0.3)	(0.1)	*n.s.*
Profit (loss) for the period	**(7.6)**	**(0.6)**	***n.s.***
Number of employees at period end	130	138	

n.s. not significant

(in millions of euro)	June 30 2011	December 31 2010
Net financial position	69.5	74.7
Equity	101.5	109.5
Equity attributable to owners of the parent	101.0	109.0

Quarterly trend

(in millions of euro)	H1 2011	Q2 2011	Q1 2011
Revenue	**17.6**	**8.6**	**9.0**
% change vs. 2010	*(6.8)*	*(4.4)*	*(9.0)*
EBIT	**(7.3)**	**(6.8)**	**(0.5)**
% change vs. 2010	*n.s.*	*n.s.*	*n.s.*
Profit (loss) for the period	**(7.6)**	**(6.9)**	**(0.7)**
% change vs. 2010	*n.s.*	*n.s.*	*n.s.*
Net financial position at period end	**69.5**	**69.5**	**70.6**

n.s. not significant

After the revenue reduction and a slight rise in operating expenses in the second quarter of 2011 compared with the year-earlier period, the sharp rise in EBIT arose largely from the impairment loss of approximately 4.2 million euro on the income statement to reflect the revised assessment of credit risk with respect to clients.

Results in accordance with the banking model

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

- "Net interest income", which reflects the balance on interest income and dividends received, net of interest expense and dividends paid;
- the "Operating income", which includes commission income and expense on lending transactions, on securities trading, other financial services and income on trading transactions. The income 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)	H1 2011	H1 2010	% change
Net interest income	3.4	3.1	*9.6*
Operating income	15.8	16.9	*(6.0)*
Gross operating profit	(1.0)	1.5	*n.s.*
Profit (loss) from operations	(7.4)	(0.5)	*n.s.*
Profit (loss) for the period	**(7.6)**	**(0.6)**	***n.s.***

n.s. not significant

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

Finter Bank Zürich A.G.

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.

(millions of CHF)	H1 2011	H1 2010	% change
Net interest income	3.7	3.7	*(1.5)*
Operating income	19.5	23.5	*(17.1)*
Gross operating profit	(1.4)	2.0	*n.s.*
Profit (loss) from operations	(9.6)	(0.8)	*n.s.*
Profit (loss) for the period	**(9.8)**	**(0.9)**	***n.s.***

n.s. non significativo

The operating income fell from 23.5 million Swiss francs in the first half of 2010 to 19.5 million Swiss francs (-17.1%). The decrease stemmed chiefly from lower commission income (15.6 million Swiss francs compared with 19.5 million Swiss francs for the first half of 2010) as a result of the reduction in the number of client transactions in response to uncertainty on the financial markets, and a small decrease in third-party assets under management.

The volatile financial markets also led to a reduction in net trading revenue, from 2.0 million Swiss francs in the first half of 2010 to 1.3 million Swiss francs in the first half of 2011 (-35%).

The margin contraction was accompanied by a small reduction in operating expenses. Decreases were posted both in service expense (9.0 million Swiss francs in the first half of 2011 from 9.2 million Swiss francs in the year-earlier period) and in personnel expense (11.9 million Swiss francs in the first half of 2011 from 12.3 million Swiss francs in the first half of 2010).

Gross operating profit fell from 2.0 million Swiss francs in the first half of 2010 to a loss of 1.4 million Swiss francs in the first half of 2011.

After amortization and depreciation (2.7 million Swiss francs), impairment losses on client loans receivables (5 million Swiss francs) and income tax (0.3 million Swiss francs), the bank posted a loss for the period of 9.8 million Swiss francs compared with a loss of 0.9 million Swiss francs in the year-earlier period.

Consolidated equity decreased from 129.8 million Swiss francs at December 31, 2010, to 115.7 million Swiss francs at June 30, 2011.

Third-party assets under management amounted to 4.2 billion Swiss francs at the end of the first half of 2011 (excluding assets invested in own funds), a slight decrease from 2010.

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

Crédit Mobilier de Monaco S.A.

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. Containment of administrative expense and personnel expense generated an increase in the operating profit of 35.9% compared with the first half of 2010; this benefited profit for the period, which rose from 64,000 euro for the six-month period ended June 30, 2010, to 111,000 euro for the six-month period ended June 30, 2011.

Significant events in the period

No significant events took place.

Significant subsequent events

No significant events took place.

Outlook

The outlook for the second half of 2011 is uncertain, owing to the monetary crisis and the sovereign debt situation in some European countries and the USA.

In this situation of economic and financial instability, it is difficult to provide reliable guidance for performance in the second half of 2011.

Property segment, services, other

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

Segment revenue for the six-month period ended June 30, 2011, was 1.2 million euro, a decrease from the year-earlier period (1.9 million euro).

As a result, profit for the period dropped slightly to 0.2 million euro from the first half of 2010 (0.3 million euro).

For the reasons illustrated above, the 2011 annual results of the segment are expected to be slightly lower than in 2010, subject to currently unforeseeable events.

Human resources

The number of employees working in the Group at June 30, 2011, was 22,057, compared with 21,923 at June 30, 2010.

(headcount[1])	June 30 2011		June 30 2010	
Business segment		**%**		**%**
Construction materials	20,535	*93.1*	20,404	*93.1*
Packaging and insulation	1,322	*6.0*	1,307	*6.0*
Finance	55	*0.2*	58	*0.3*
Banking	130	*0.6*	138	*0.6*
Property, service, other	15	*0.1*	16	-
Total	**22,057**	***100.0***	**21,923**	***100.0***

Transactions with related parties

With reference to the Group consolidated situation and in compliance with IAS 24, applicable as from 2011, transactions with related parties were with:

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

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

A summary of transactions with related parties at June 30, 2011, is provided in the notes.

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

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

Transactions with subsidiaries, joint ventures, associates and non-consolidated subsidiaries of such companies were of a commercial nature (exchange of goods and/or services) and financial nature. Italmobiliare also provides some associates with an “administrative service”, regulated on the basis of the costs attributable to performance of the service.

Transactions with other related parties

Transactions with other related parties in the first half of the year consisted of:

- administrative, financial, contractual and fiscal consultancy services, as well as support for corporate restructuring operations supplied to the Italmobiliare Group by Finsise S.p.A., whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare, for considerations totaling approximately 180,300 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 334,600 euro;
- consultancy services provided by Paolo Sfameni, an Italmobiliare director, for considerations totaling 5,200 euro;
- consultancy services for Italmobiliare senior management concerning the simplification and development of the operations of Group companies provided by Piergiorgio Barlassina, an Italmobiliare director, until May 25, 2011, for considerations totaling 113,400 euro.

In the first half of 2011 the Italmobiliare S.p.A. Group made an endowment of 600,000 euro to the Italcementi Cav. Lav. Carlo Pesenti foundation to cover operating expenses. The Italcementi S.p.A. group charged the foundation for an amount of approximately 76,000 euro under the contract for the supply of administrative-corporate services and reimbursement of expenses sustained on behalf of the foundation.

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.

Compliance with the CONSOB regulation on markets

With reference to the *Conditions for the listing of certain companies,* laid out in the regulation on markets as adopted by CONSOB with Resolution no. 16191 of October 29, 2007, and on the basis of the «2010 Audit Plan», 35 subsidiaries, headquartered in 14 non European Union countries, are included in the scope of «material significance», as defined by art. 36, par 2.

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

Two Turkish companies previously included in the scope of «material significance», which were sold in the first quarter of the year, have already been removed from the number of companies indicated above.

Outlook

World economic growth is slowing and characterized by persistent uncertainty over government decisions in the Eurozone countries and the USA with regard to sovereign debt and fiscal policy, which are playing an increasingly central role on market drivers. Nevertheless, growth prospects continue to be positive, especially in the emerging countries, despite inflationary pressures fuelled by the rises in prices for raw materials and energy, which will also impact the Group's results.

From an industrial viewpoint, the Group intends to continue optimizing the efficiency programs already introduced to rationalize production costs and overheads and, as far as possible, transfer the rise in raw material and energy costs to sales prices.

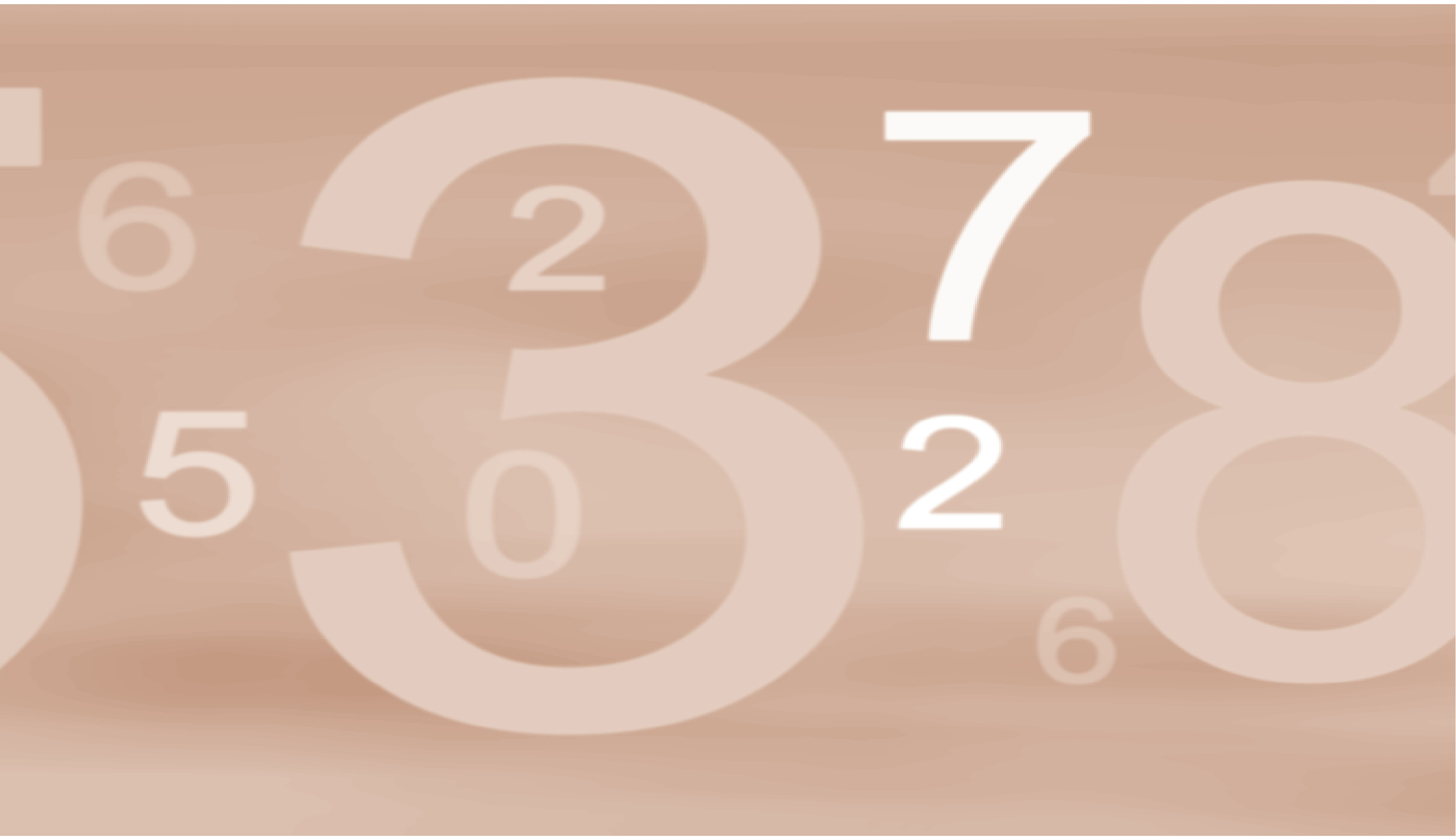
In the climate of uncertainty over the intensity and quality of the international recovery, volatility continues to rise on the financial markets, with repercussions for share prices, while the sovereign debt difficulties in some Eurozone countries is pushing down yields on government securities in the countries considered to be more solid, leading to a rise in risk premiums on other bonds.

This scenario, exacerbated by the difficulties for Italy's economic recovery and political uncertainties in some of the countries where the Group operates, makes it difficult to provide reliable guidance with regard to full-year results.

Milan, August 5, 2011

for the Board of Directors
The Chairman

Condensed interim consolidated financial statements at June 30, 2011



Financial statements

Statement of financial position

(in thousands of euro)	Notes	06.30.2011	12.31.2010	Change
Non-current assets				
Property, plant and equipment	1	4,475,206	4,700,014	(224,808)
Investment property		36,620	35,692	928
Goodwill	2	2,008,860	2,095,916	(87,056)
Intangible assets		122,325	154,790	(32,465)
Investments in associates	3	354,649	365,220	(10,571)
Other equity investments	4	502,387	612,278	(109,891)
Trade receivables and other non-current assets		181,068	180,662	406
Deferred tax assets		149,272	117,944	31,328
Non-current amounts due from employees		2,237	2,272	(35)
Total non-current assets		**7,832,624**	**8,264,788**	**(432,164)**
Current assets				
Inventories		762,254	755,015	7,239
Trade receivables	5	1,050,696	811,609	239,087
Other current assets including derivatives		417,760	397,820	19,940
Tax assets		85,933	93,170	(7,237)
Equity investments, debentures and financial assets	6	837,578	1,033,309	(195,731)
Cash and cash equivalents	7	780,137	739,217	40,920
Total current assets		**3,934,358**	**3,830,140**	**104,218**
Total assets		**11,766,982**	**12,094,928**	**(327,946)**
Equity				
Share capital	8	100,167	100,167	
Share premium	8	177,191	177,191	
Reserves	9	115,155	137,468	(22,313)
Treasury shares	10	(21,226)	(21,226)	
Retained earnings	9	1,957,653	1,965,835	(8,182)
Equity attributable to owners of the parent		**2,328,940**	**2,359,435**	**(30,495)**
Non-controlling interests		3,408,026	3,573,350	(165,324)
Total equity		**5,736,966**	**5,932,785**	**(195,819)**
Non-current liabilities				
Financial liabilities	12	2,577,270	2,735,959	(158,689)
Employee benefits		189,938	193,038	(3,100)
Provisions	11	257,460	252,685	4,775
Other non-current liabilities		8,603	33,222	(24,619)
Deferred tax liabilities		257,629	246,943	10,686
Total non-current liabilities		**3,290,900**	**3,461,847**	**(170,947)**
Current liabilities				
Loans and borrowings	12	320,717	286,902	33,815
Financial liabilities	12	545,613	486,239	59,374
Trade payables	13	704,039	635,440	68,599
Provisions	11	1,593	3,608	(2,015)
Tax liabilities		31,162	68,196	(37,034)
Other current liabilities	14	1,135,992	1,219,911	(83,919)
Total current liabilities		**2,739,116**	**2,700,296**	**38,820**
Total liabilities		**6,030,016**	**6,162,143**	**(132,127)**
Total equity and liabilities		**11,766,982**	**12,094,928**	**(327,946)**

In compliance with Consob Resolution no. 155519 of July 27, 2006, the effects of transactions with related parties on the financial statements are disclosed in the related annexes.

Income statement

(in thousands of euro)	Notes	H1 2011	%	H1 2010 IFRS 5	%	Change	%	H1 2010 published	%
Revenue	15	**2,598,109**	**100.0**	**2,574,679**	**100.0**	**23,430**	**0.9**	**2,628,508**	**100.0**
Other revenue		23,365		21,414		1,951		21,646	
Change in inventories		(13,417)		(22,138)		8,721		(22,684)	
Internal work capitalized		13,918		24,758		(10,840)		24,758	
Goods and utilities expense	16	(1,080,327)		(1,018,983)		(61,344)		(1,055,031)	
Service expense	17	(607,778)		(545,100)		(62,678)		(557,371)	
Employee expense	18	(521,184)		(493,550)		(27,634)		(503,362)	
Other operating income (expense)	19	(47,173)		(71,676)		24,503		(72,573)	
Recurring EBITDA		**365,513**	**14.1**	**469,404**	**18.2**	**(103,891)**	**-22.1**	**463,891**	**17.6**
Net capital gains on sale of fixed assets	20	19,581		2,382		17,199		2,894	
Non-recurring income (expenses) for re-organizations	20	(1,422)		(8,093)		6,671		(8,112)	
Other non-recurring income (expenses)	20	(256)		(348)		92		(348)	
EBITDA		**383,416**	**14.8**	**463,345**	**18.0**	**(79,929)**	**-17.3**	**458,325**	**17.4**
Amortization and depreciation	1	(240,914)		(233,147)		(7,767)		(238,779)	
Impairment	1	577		(354)		931		(254)	
EBIT		**143,079**	**5.5**	**229,844**	**8.9**	**(86,765)**	**-37.7**	**219,292**	**8.3**
Finance income	21	43,709		26,734		16,975		27,229	
Finance costs	21	(71,617)		(95,985)		24,368		(96,680)	
Net exchange-rate differences and derivatives	21	(12,411)		10,027		(22,438)		10,039	
Impairment on financial assets	22	1,239		(29,029)		30,268		(29,029)	
Share of profit/(loss) of associates	3	4,605		(429)		5,034		(429)	
Profit before tax		**108,604**	**4.2**	**141,162**	**5.5**	**(32,558)**	**-23.1**	**130,422**	**5.0**
Income tax (expense)	23	(53,279)		(44,743)		(8,536)		(46,095)	
Gains (losses) relating to continuing operations		**55,325**	**2.1**	**96,419**	**3.7**	**(41,094)**	**-42.6**	**84,327**	**3.2**
Gains (losses) relating to discontinued operations	24	108,703		(12,092)		120,795			
Profit (loss) for the period		**164,028**	**6.3**	**84,327**	**3.3**	**79,701**	**94.5**	**84,327**	**3.2**
Attributable to:									
owners of parent		25,348	1.0	2,743	0.1	22,605	n.s.	2,743	0.1
non-controlling interests		138,680	5.3	81,584	3.2	57,096	70.0	81,584	3.1
Earnings per share (EPS)									
- Basic									
ordinary shares	26	0.657 €		0.056 €				0.056 €	
savings shares	26	0.696 €		0.095 €				0.095 €	
- Diluted									
ordinary shares	26	0.657 €		0.056 €				0.056 €	
savings shares	26	0.696 €		0.095 €				0.095 €	

Statement of comprehensive income

(in thousands of euro)	Notes	H1 2011	%	H1 2010 IFRS 5	%	Change	%	H1 2010 published	%
Profit (loss) for the period		**164,028**	**6.3**	**84,327**	**3.3**	**79,701**	**94.5**	**84,327**	**3.2**
Fair value gains (losses) on:									
Available-for-sale financial assets		(43,901)		(97,904)		54,003		(97,904)	
Derivatives		7,890		5,548		2,342		5,548	
Translation differences		(216,433)		408,495		(624,928)		427,307	
Tax on other comprehensive income		266		(765)		1,031		(765)	
Other comprehensive income	**25**	**(252,178)**		**315,374**		**(567,552)**		**334,186**	
Other comprehensive income on discontinued operations				18,812		(18,812)			
Total comprehensive income		**(88,150)**	**-3.4**	**418,513**	**16.3**	**(506,663)**	**-121.1%**	**418,513**	**15.9**
Attributable to:									
owners of parent		(41,474)		18,860		(60,334)		18,860	
non-controlling interests		(46,676)		399,653		(446,329)		399,653	

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 period									2,743	2,743	81,584	84,327
Total other comprehensive income			595	-103,000	1,534			116,988		16,117	318,069	334,186
Total comprehensive income			**595**	**-103,000**	**1,534**			**116,988**	**2,743**	**18,860**	**399,653**	**418,513**
Stock options						1,985				1,985	2,078	4,063
Dividends									-33,480	-33,480	-102,998	-136,478
Share capital increases												
Treasury share buyback												
Treasury shares sales												
Elimination of treasury shares												
% change in control and scope of consolidation					-6	253		595	10,442	11,284	2,396	13,680
Hedging of a net investment												
Other												
Balances at June 30, 2010	**100,167**	**177,191**	**18,558**	**100,100**	**-5,917**	**53,544**	**-21,226**	**72,557**	**1,901,307**	**2,396,281**	**3,670,621**	**6,066,902**
Profit (loss) for the period									18,526	18,526	84,923	103,449
Total other comprehensive income			2,755	-31,310	1,932			-50,745		-77,368	-155,137	-232,505
Total comprehensive income			**2,755**	**-31,310**	**1,932**			**-50,745**	**18,526**	**-58,842**	**-70,214**	**-129,056**
Stock options						499				499	281	780
Dividends											-13,808	-13,808
Share capital increases												
Treasury share buyback												
Treasury shares sales												
Elimination of treasury shares												
% change in control and scope of consolidation			-1,599		6	-1,100		2,755	21,435	21,497	-13,530	7,967
Hedging of a net investment												
Other												
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 period									25,348	25,348	138,680	164,028
Total other comprehensive income			707	-19,979	2,940			-50,490		-66,822	-185,356	-252,178
Total comprehensive income			**707**	**-19,979**	**2,940**			**-50,490**	**25,348**	**-41,474**	**-46,676**	**-88,150**
Stock options						1,053				1,053	993	2,046
Dividends									-21,289	-21,289	-118,014	-139,303
Share capital increases												
Treasury share buyback												
Treasury shares sales												
Elimination of treasury shares												
% change in control and scope of consolidation			-7,042			8		707	37,542	31,215	-1,627	29,588
Hedging of a net investment												
Other												
Balances at June 30, 2011	**100,167**	**177,191**	**13,379**	**48,811**	**-1,039**	**54,004**	**-21,226**	**-25,216**	**1,982,869**	**2,328,940**	**3,408,026**	**5,736,966**

Statement of cash flows

(in thousands of euro)			H1 2011	H1 2010 IFRS 5	H1 2010 published
A) Cash flow from operating activities:					
Profit before tax			108,604	141,162	130,422
Adjustments for:					
Amortization, depreciation and impairment			238,700	258,234	263,866
Reversal of the share of profit/(loss) of associates			7,866	17,371	17,371
Net capital (gains)/losses on sale of fixed assets			(43,794)	(26,545)	(27,156)
Change in employee benefits and other provisions			(8,679)	4,553	4,669
Stock options			1,971	3,348	3,348
Reversal of net finance costs			46,730	49,687	49,856
Cash flow from operating activities before tax, finance income/costs, change in working capital			**351,398**	**447,810**	**442,376**
Change in working capital:					
Inventories			(31,797)	19,299	18,986
Trade receivables			(143,516)	(25,375)	(25,072)
Trade payables			49,108	97,051	97,926
Other receivables/payables accruals and deferments			(30,396)	(58,433)	(56,710)
Cash flow from operating activities before tax and finance income/costs			**194,797**	**480,352**	**477,506**
Net finance costs paid			(49,264)	(66,496)	(66,913)
Dividends received			(2,078)	(3,363)	(3,115)
Taxes paid			(81,548)	(30,311)	(30,470)
Proceeds from derivatives			4,109	(5,860)	(5,860)
			(128,781)	**(106,030)**	**(106,358)**
Total A)			**66,016**	**374,322**	**371,148**
B) Cash flow from investing activities:					
Capital expenditure:					
Property, plant and equipment and investment property			(212,873)	(248,898)	(251,002)
Intangible assets			(10,644)	(12,617)	(12,630)
Financial assets (equity investments) net of cash acquisitions (*)			(33,752)	(21,078)	(21,078)
Other assets					(1,438)
Total investments			**(257,269)**	**(282,593)**	**(286,148)**
Proceeds from the sale of fixed assets and loan repayments			105,435	70,288	72,237
Total sales			**105,435**	**70,288**	**72,237**
Total B)			**(151,834)**	**(212,305)**	**(213,911)**
C) Cash flow from financing activities:					
Increase in non-current financial liabilities			(13,545)	(44,347)	(46,117)
Changes in financial receivables			8,644	(19,731)	(17,011)
Changes in equity investments			5,157	7,225	7,225
Percentage change in interests in consolidated companies			56,481		
Dividends paid			(138,469)	(134,578)	(134,578)
Other changes in equity			(495)	(5,974)	10
Cash flow from discontinued financing activities			5,714	(2,720)	(2,720)
Total C)			**(76,513)**	**(200,125)**	**(193,191)**
Translation differences and other changes			(55,802)	57,696	55,605
Translation differences and other changes relating to discontinued operations			**259,053**	**63**	
D) Translation differences and other changes	**Total D)**		**203,251**	**57,759**	**55,605**
E) Cash flows for the period	**(A+B+C+D)**		**40,920**	**19,651**	**19,651**
F) Cash and cash equivalents at beginning of period			**739,217**	**727,793**	**727,793**
Cash and cash equivalents at end of period	**(E+F)**	**7**	**780,137**	**747,444**	**747,444**
(*) cash of acquired and consolidated companies			195	15	15

Notes to the condensed interim consolidated financial statements

The Italmobiliare S.p.A. condensed interim consolidated financial statements at June 30, 2011, were approved by the Board of Directors on August 5, 2011. At the meeting the Board authorized publication of a press release dated August 5, 2011, containing key information from the financial statements.

Declaration of compliance with the IFRS – Accounting policies

The condensed interim consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at June 30, 2011, adopted by the EC Commission; specifically, these condensed interim consolidated financial statements at June 30, 2011, have been drawn up in compliance with International Accounting Standard 34 governing interim financial reporting.
The condensed interim consolidated financial statements at June 30, 2011, do not present all the information and notes published in the annual report and should therefore be read in conjunction with the Italmobiliare S.p.A. consolidated financial statements at December 31, 2010.

The accounting policies used to draw up the condensed interim consolidated financial statements at June 30, 2011, are consistent with the accounting policies used to draw up the Group annual report at December 31, 2010, with the exception of the following standards and interpretations endorsed by the European Union and applicable as from January 1, 2011:

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

The above changes had no material effects on the period under review.

The preparation of the consolidated financial statements and the notes thereto, in compliance with the international financial reporting standards, requires management to make estimates that affect the carrying amounts of assets, liabilities, income and expense, such as amortization, depreciation and provisions, and the disclosures on contingent assets and liabilities in the notes.

Sale of operations in Turkey

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

To ensure clarity, the comparative information for the first half of 2010 on the face of the income statement and the statement of comprehensive income is presented both restated as required by IFRS 5 and as published in the condensed interim consolidated financial statements at June 30, 2010.
During the first half of 2011, through its subsidiary Ciments Français the Group reduced its controlling interest in the listed Turkish company Afyon Cimento from 76.5% to 51.0% for proceeds of 62.8 million euro; the difference between the carrying amount of the sold equity investment and the sum collected, 54.1 million euro, was recognized under equity attributable to the owners of the parent.

Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

	Average rate			Closing rate		
Currencies	**H1 2011**	**Full year 2010**	**H1 2010**	**June 30 2011**	**December 31 2010**	**June 30 2010**
Thai baht	42.68928	42.02675	43.31648	44.38000	40.17000	39.76700
Czech crown	24.34687	25.28480	25.72424	24.34500	25.06100	25.69100
Kuwaiti dinar	0.38938	0.38019	0.38336	0.39724	0.37594	0.35687
Libyan dinar	1.73400	1.67844	-	1.77989	1.67606	-
Serbian dinar	101.86800	103.01500	100.08420	101.17500	106.04500	104.93000
Moroccan dirham	11.27818	11.15625	11.15493	11.32420	11.17980	11.03370
Canadian dollar	1.37079	1.36508	1.37170	1.39510	1.33220	1.28900
US dollar	1.40410	1.32588	1.32714	1.44530	1.33620	1.22710
Hungarian florin	269.36200	275.39800	271.57900	266.11000	277.95000	286.00000
Swiss franc	1.26968	1.38063	1.43563	1.20710	1.25040	1.32830
Ukraine hrivna	11.18380	10.53970	10.57990	11.53530	10.62540	9.72040
Croatian kuna	7.39694	7.28886	7.26629	7.40180	7.38300	7.19800
Albanian lek	140.62522	137.74003	137.95962	141.25000	138.86000	136.67800
Moldavian leu	16.60791	16.38605	16.74655	16.77550	16.24000	15.75620
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Egyptian pound	8.30555	7.47113	7.34767	8.62746	7.75751	6.98744
Bosnian mark	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
New Turkish lira	2.19572	1.98756	2.01416	2.34920	2.04910	1.92170
New Romanian leu	4.17841	4.21125	4.14856	4.24350	4.26200	4.37000
Mauritanian ouguiya	390.67819	365.68685	354.35751	396.77100	377.75700	348.75400
Mexican peso	16.69035	16.73637	16.80398	16.97650	16.54750	15.73630
Chinese renmimbi	9.18010	8.97294	9.05887	9.34160	8.82200	8.32150
Qatar riyal	5.11287	4.82647	4.83089	5.26296	4.86375	4.46780
Saudi riyal	5.26569	4.97226	4.97694	5.42017	5.01060	4.60210
Russian rouble	40.14460	40.25900	39.88170	40.40000	40.82000	38.28200
Indian rupee	63.16779	60.58486	60.72543	64.56200	59.75800	56.99300
Sri Lankan rupee	154.81798	149.85278	151.36775	158.24900	148.24700	139.36900
Pound sterling	0.86839	0.85805	0.87023	0.90255	0.86075	0.81745
Kazakh tenge	205.01043	195.38110	195.44604	211.03700	196.96400	180.91700
Polish zloty	3.95267	3.99352	3.99957	3.99030	3.97500	4.14700

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

Scope of consolidation

Changes in the scope of consolidation

The main changes in the scope of consolidation at June 30, 2011, with respect to June 30, 2010, are as follows:

- the line-by-line consolidation of the Calcestruzzi group (Italy) as from January 1, 2011, as described in the directors' report on operations;
- at June 30, 2011, the Calcestruzzi group comprised the subsidiaries: Calcestruzzi S.p.A., Cemencal S.p.A., Eica S.r.l., Esa Monviso S.p.A. and Speedybeton S.p.A. (consolidated on a line-by-line basis), the associates: Mantovana Inerti S.r.l. and Ecoinerti S.r.l. (consolidated on a proportionate basis) and the associates: General Cave S.r.l., Safra S.r.l. and Commercial 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 upstream merger of Sance S.r.l. and Tosi S.r.l. (Italy) into Italmobiliare S.p.A.;
- the upstream merger of Fincomind AG (Switzerland) into Soparfi SA (Luxembourg);
- the sale of 100% of SG Finance SA and 90% of Soparfinter SA (Luxembourg).

Seasonal nature of interim business

The Group's industrial segments are subject to seasonal trends and this must be taken into account when examining and assessing performance in interim periods. Specifically, operations are affected by meteorological conditions, which usually are less favorable in the winter months (in Europe and North America), although obviously they vary from year to year. Consequently, performance in the first half of the year is not necessarily a reliable indicator of a full-year trend.

Operating segment disclosure

The businesses in which the Group operates that constitute its reportable segments as required by IFRS 8 are: construction materials segment, other industrial segments (packaging and insulation), financial segment, banking segment, property, services, and other segment.
The Group management and organizational structure reflects the segment reporting format by line of business described above. In addition to the segment reporting required by IFRS 8, information is also disclosed by geographical area.
The geographical segments that form the disclosure by geographical area are: European Union, Other European countries, North America, Asia and Middle East, Africa, Trading and others.

IFRS 8 disclosure by business

The table below sets out segment revenues and results for the six-month period ended June 30, 2011:

(in thousands of euro)	Revenue	Intra-group sales	Contributive revenue	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Impairment on financial assets	Share of profit (loss) of associates	Profit before tax	Income tax (expense)
Construction materials	2,452,008	(4,308)	2,447,700	372,140	390,342	157,974		7,524	6,543		
Packaging and insulation	115,840	(1)	115,839	4,444	4,444	(1,269)					
Finance	41,328	(24,309)	17,019	14,848	14,548	14,488		(6,285)	(1,938)		
Banking	17,593	(567)	17,026	(5,163)	(5,162)	(7,327)					
Property, services, other	1,165	(640)	525	252	252	222					
Unallocated postings and adjustments	(29,825)	29,825		(21,008)	(21,008)	(21,009)	(40,319)			108,604	(53,279)
Total	**2,598,109**		**2,598,109**	**365,513**	**383,416**	**143,079**	**(40,319)**	**1,239**	**4,605**	**108,604**	**(53,279)**

The table below sets out segment revenue and results for the six-month period ended June 30, 2010:

(in thousands of euro)	Revenue	Intra-group sales	Contributive revenue	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Impairment on financial assets	Share of profit (loss) of associates	Profit before tax	Income tax (expense)
Construction materials	2,401,265	(3,999)	2,397,266	439,990	434,217	208,444		(20,695)	6,226		
Packaging and insulation	114,156		114,156	10,473	10,473	4,631					
Finance	64,931	(21,292)	43,639	35,174	34,887	34,830		(8,334)	(6,655)		
Banking	18,883	(552)	18,331	1,296	1,324	(461)					
Property, services, other	1,913	(626)	1,287	951	922	877					
Unallocated postings and adjustments	(26,469)	26,469		(18,480)	(18,478)	(18,477)	(59,224)			141,162	(44,743)
Total	**2,574,679**		**2,574,679**	**469,404**	**463,345**	**229,844**	**(59,224)**	**(29,029)**	**(429)**	**141,162**	**(44,743)**

The following table sets out other segment data at June 30, 2011:

(in thousands of euro)	June 30, 2011 Total assets	June 30, 2011 Total liabilities	June 30, 2011 PPE, investment property and intangibles	Non-current financial assets	Amortization and depreciation	Impairment
Construction materials	9,711,849	4,859,674	150,336	4,381	232,894	525
Packaging and insulation	258,887	212,520	5,812		5,765	52
Finance	1,780,445	517,258	27	29,409	60	
Banking	698,078	596,546	834		2,165	
Property, services, other	6,236	1,484	11		30	
Inter-segment eliminations	(688,513)	(157,466)				
Total	**11,766,982**	**6,030,016**	**157,020**	**33,790**	**240,914**	**577**

The following table sets out other segment data at December 31, 2010 and June 30, 2010:

(in thousands of euro)	December 31, 2010 Total assets	December 31, 2010 Total liabilities	June 30, 2010 PPE, investment property and intangibles	Non-current financial assets	Amortization and depreciation	Impairment
Construction materials	10,021,129	5,035,196	207,663	6,648	225,515	(259)
Packaging and insulation	255,364	203,253	4,498		5,745	(95)
Finance	1,739,480	457,991	80	4,797	57	
Banking	705,484	596,004	766		1,785	
Property, services, other	7,292	1,680	26		45	
Inter-segment eliminations	(633,821)	(131,981)				
Total	**12,094,928**	**6,162,143**	**213,033**	**11,445**	**233,147**	**(354)**

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)	**06/30/11**	**06/30/10**	**06/30/11**	**06/30/10**	**06/30/11**	**06/30/10**	**06/30/11**	**12/31/10**	**06/30/11**	**12/31/10**
European Union	1,497,455	1,386,663	83,516	96,579	33,754	6,007	8,515,142	8,396,415	3,199,059	3,013,268
Other European countries	35,680	36,382	1,127	881			736,262	958,268	606,537	663,076
North America	171,716	185,307	8,420	20,173		494	1,202,578	1,286,520	711,763	723,081
Asia and Middle East	293,686	239,524	21,445	31,395			1,113,363	1,156,703	357,624	338,450
Africa	489,634	616,873	38,977	59,448			2,218,175	2,505,682	497,965	596,464
Trading and others	109,938	109,930	3,535	4,557	36	4,944	5,068,254	5,152,364	2,900,095	3,156,519
Inter-area eliminations							(7,086,792)	(7,361,024)	(2,243,027)	(2,328,715)
Total	**2,598,109**	**2,574,679**	**157,020**	**213,033**	**33,790**	**11,445**	**11,766,982**	**12,094,928**	**6,030,016**	**6,162,143**

Assets

Non-current assets

1) Property, plant and equipment

Property, plant and equipment amounted to 4,475,206 thousand euro. Additions for capital expenditure were 145,868 thousand euro, concentrated mainly in France/Belgium for 35,599 thousand euro, Italy for 30,275 thousand euro, Morocco for 19,695 thousand euro, Egypt for 19,282 thousand euro, India for 16,158 thousand euro and North America for 8,346 thousand euro.

Depreciation charges for the half year amounted to 232,100 thousand euro (232,377 thousand euro in the first half of 2010).
Fixed assets pledged as security for bank loans were carried at a net amount of 198.4 million euro (200.0 million euro at December 31, 2010).
The review of the investment plan for the Varna cement plant in Bulgaria generated an impairment loss of 4.0 million euro on construction in progress.

(in millions of euro)	June 30 2011	less than 1 year	from 1 to 5 years	more than 5 years
Commitments for purchases of property, plant and equipment	103.0	93.6	9.1	0.3

2) Goodwill

Goodwill at June 30, 2011, amounted to 2,008,860 thousand euro, as follows:

- construction materials segment for 1,964,079 thousand euro, of which 34,328 thousand euro in Italmobiliare S.p.A.;
- packaging and insulation segment for 38,135 thousand euro;
- banking segment for 6,646 thousand euro.

Since 2011 first-half results under-performed budget projections, the construction materials segment tested some cash-generating units (CGUs) to ascertain the recoverability of goodwill.
The CGUs tested for impairment were: Italy cement, Greece, Spain, North America, Egypt, Bulgaria and China.
The following hypotheses were applied to determine value in use:

- the present value of expected future cash flows in the 2010-2014 business plan, taking account of economic performance in the current year;
- confirmation of the discount factors used in December 2010;
- confirmation of the scenarios used to determine terminal value.

For Egypt, recoverable value was also estimated by valuing production capacity with the multiples from the most recent transactions for similar operations in Egypt.
None of the CGUs tested for impairment showed impairment losses with respect to the amounts at December 2010.
The net goodwill allocated to the CGUs, net of the exchange rate effect, was different with respect to December 31, 2010, as a result of the consolidation of the Calcestruzzi group companies for 26.0 million euro and the sale of operations in Turkey for 22.9 million euro.

Business combinations

Calcestruzzi group

The Calcestruzzi group has again been included in the Italmobiliare 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 the revised IFRS 3, 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)
Badwill				(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 badwill difference has been taken to income in compliance with the revised IFRS 3.

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

(in millions of euro)	
Revenue *	161.2
Recurring EBITDA	(14.5)
EBIT	(16.9)
Profit (loss) for the period	(12.3)

* after intragroup eliminations

3) Investments in associates

This caption reflects equity interests, including goodwill, in associates, accounted for with the equity method. The main associates are listed below:

	Value of investments		Share of profit (loss)	
(in thousands of euro)	June 30 2011	December 31 2010	H1 2011	H1 2010
RCS Mediagroup (Italy)	85,694	86,309	(1,040)	(6,301)
Ciment Québec (Canada)	81,400	86,300	2,001	3,234
Vassiliko Cement Works (Cyprus)	61,500	61,600	(128)	(1,081)
Mittel (Italy)	42,622	42,916	216	(1,269)
Asment Cement (Morocco)	36,000	40,700	3,918	4,755
S.E.S. (Italy)	22,622	23,735	(1,114)	(1,052)
Techno Gravel (Egypt)	5,200	5,900	361	679
Acquitaine de transformation (France)	4,100	4,100		
Others	15,511	13,660	391	606
Total	**354,649**	**365,220**	**4,605**	**(429)**

The value of the investment in RCS Mediagroup S.p.A. was determined on the basis of the most recently approved consolidated financial statements at March 31, 2011; the share of profit (loss) includes both the first quarter of 2011 and the fourth quarter of 2010.

4) Other equity investments

Other equity investments at June 30, 2011, was as follows:

(in thousands of euro)		Number of shares	June 30 2011
Investments in listed companies			
Mediobanca		22,568,992	156,272
Unicredito		99,793,905	143,204
UBI		2,818,792	10,846
Intek		1,615,764	633
Intek warrants		1,305,307	16
KME warrants 2006-2011		1,374,940	8
KME warrants 2009-2011		2,175,512	15
Goltas (Turkey)		1,730,400	48,200
	Total		**359,194**
Investments in non-listed companies			
Fin Priv			14,853
Burgo Group			41,736
Gruppo Banca Leonardo			16,777
Sesaab			9,800
Others			60,027
	Total		**143,193**
At June 30, 2010			**502,387**

The fair value of listed companies is determined with reference to the official share price on the last accounting day. For non-listed investments, a variety of valuation methods is used, depending on characteristics and available data, in accordance with IAS 39.

The value of other equity investments decreased with respect to December 31, 2010 (612,278 thousand euro) by 109,891 thousand euro.
The change was due largely to the line-by-line consolidation of Calcestruzzi as from January 1, 2011, for 59.8 million euro, the partial sale on the stock market of shares in Goltas Cimento (Turkey) for 33.2 million euro, the fair value change in Unicredito for 13.5 million euro, and the change in UBI for 5.4 million euro (including 6.2 million euro for impairment losses).

Current assets

5) Trade receivables

(in thousands of euro)	June 30 2011	December 31 2010	Change
Gross amount	1,148,909	900,529	248,380
Provision for bad debt	(98,213)	(88,920)	(9,293)
Total	**1,050,696**	**811,609**	**239,087**

Trade receivables factored under the factoring programs stipulated by Ciments Calcia and Unibeton in December 2006 amounted to 145.4 million euro at June 30, 2011 (118.8 million euro at December 31, 2010).
Risk equivalent to approximately 90% of the factored amount is transferred with the receivables.
After this transaction, the statement of financial position continued to reflect:

- additional subordinate deposits for 25.6 million euro reflected under other current assets (21 million euro at December 31, 2010);
- receivables, in the form of arranged guarantees, for 12.1 million euro reflected under trade receivables with balancing entries of 10.0 million euro in loans and borrowings and 2.1 million euro against miscellaneous receivables.

At June 30, 2011, Calcestruzzi S.p.A. had trade receivables factored without recourse with factoring companies for 7.9 million euro.

6) Equity investments, bonds and financial assets

The balance on equity investments, bonds and financial assets was as follows:

(in thousands of euro)	June 30 2011	December 31 2010	Change
Securities and bonds	316,929	304,564	12,365
Trading equities	41,866	30,205	11,661
Amounts due from banks	448,641	454,763	(6,122)
Other financial assets	30,142	243,777	(213,635)
Net amount	**837,578**	**1,033,309**	**(195,731)**

The decrease was due largely to the consolidation of the Calcestruzzi group.

7) Cash and cash equivalents

(in thousands of euro)	June 30 2011	December 31 2010	Change
Cash and checks on hand	15,682	4,257	11,425
Bank and postal accounts	701,459	606,798	94,661
Short-term deposits	62,996	128,162	(65,166)
Net amount	**780,137**	**739,217**	**40,920**

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.
Cash and cash equivalents are also shown under the caption "Cash and cash equivalents at end of period" on the statement of cash flows.

Equity and liabilities

Share capital, reserves and retained earnings

8) Share capital and Share premium

At June 30, 2011, the fully paid-up share capital of the parent 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)	June 30 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**	

Share premium amounted to 177,191 thousand euro, unchanged from December 31, 2010.

9) Reserves and retained earnings

Fair value reserve for available-for-sale financial assets – share attributable to owners of parent
The decrease, gross of deferred tax of 43 thousand euro, amounted to 19,936 thousand euro and arose mainly on the partial sale of Goltas Cimento shares and on application of the official share prices at June 30, 2011, to listed companies available for sale (Unicredito for -13,492 thousand euro and Mediobanca for +5,371 thousand euro) and, to a lesser degree, to the fair value measurement of other non-listed available-for-sale investments.

Translation reserve – share attributable to owners of parent
This reserve reflects exchange rate differences on the translation of the financial statements of consolidated foreign operations. At June 30, 2011, it reflected a loss of 25,216 thousand euro, referring to the following currencies:

(in millions of euro)	June 30 2011	December 31 2010	Change
Egypt (Pound)	(34.6)	(12.6)	(22.0)
USA and Canada (Dollar)	(6.7)	4.8	(11.5)
Thailand (Baht)	8.4	15.9	(7.5)
Morocco (Dirham)	(2.4)	(0.5)	(1.9)
India (Rupee)	(6.0)	1.0	(7.0)
Turkey (Lira)	(2.2)	(3.9)	1.7
Switzerland (Franc)	13.5	14.8	(1.3)
Other countries	4.8	5.1	(0.3)
Net amount	**(25.2)**	**24.6**	**(49.8)**

The change in the translation reserve – share attributable to owners of the parent – was substantially due to the depreciation of the currencies of the foreign countries in which the Group operates against the euro.

Dividends paid
Dividends declared and paid by the parent company Italmobiliare S.p.A. in 2011 and 2010 are as follows:

	2011 (euro per share)	2010 (euro per share)	2011 (in thousands of euro)	2010 (in thousands of 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**

10) Treasury shares

At June 30, 2011, the value of treasury shares in portfolio, deducted against equity, was 21,226 thousand euro, unchanged from December 31, 2010. Treasury shares were as follows:

	No. ordinary shares	Carrying amount (in thousands of euro)	No. savings shares	Carrying amount (in thousands of euro)	Total carrying amount
At December 31, 2010	**871,411**	**20,830**	**28,500**	**396**	**21,226**
Additions					
Disposals					
At June 30, 2011	**871,411**	**20,830**	**28,500**	**396**	**21,226**

Ordinary treasury shares held at June 30, 2011, service stock option plans for directors and managers.

Non-current liabilities

11) Provisions

Non-current and current provisions totaled 259,053 thousand euro at June 30, 2011 (256,293 thousand euro at December 31, 2010). They refer chiefly to quarry environmental restoration obligations, re-organizations of industrial operations and fiscal and legal disputes.

12) Financial liabilities

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

(in thousands of euro)	June 30 2011	December 31 2010	Change
Amounts due to banks	1,047,872	1,125,799	(77,927)
Bonds	1,284,051	1,284,837	(786)
Other financing entities	228,726	310,931	(82,205)
Finance lease payables	16,640	14,392	2,248
Non-current financial liabilities	**2,577,289**	**2,735,959**	**(158,670)**
Fair value of hedging derivatives	4,105	28,640	(24,535)
Total medium/long-term financial liabilities	**2,581,394**	**2,764,599**	**(183,205)**
Amounts due to banks	320,717	286,902	33,815
Current portion of borrowings	495,326	404,573	90,753
Bonds	9	9	
Other financing entities	610,383	611,654	(1,271)
Finance lease payables	3,819	4,381	(562)
Accrued interest expense	21,470	48,844	(27,374)
Amounts due to banks and current financial liabilities	**1,451,724**	**1,356,363**	**95,361**
Fair value of hedging derivatives	6,974	20,885	(13,911)
Total short-term financial liabilities	**1,458,698**	**1,377,248**	**81,450**
Total financial liabilities	**4,040,092**	**4,141,847**	**(101,755)**

On June 30, 2011, Italcementi Finance S.A. renewed its Euro Medium Term Notes (EMTN) program for a maximum amount of 2 billion euro. The issued instruments are listed on the Luxembourg stock exchange.

Medium/long-term amounts due to at June 30, 2011, included “Billets de trésorerie” for 77.5 million euro (177 million euro at December 31, 2010).

Medium/long-term financial liabilities are shown below by currency:

(in thousands of euro)	June 30 2011	December 31 2010	Change
Euro	2,391,870	2,497,417	(105,547)
Indian rupee	104,300	92,400	11,900
Moroccan dirham	48,600	108,200	(59,600)
US and Canadian dollar	20,600	14,600	6,000
Egyptian pound	1,600	2,600	(1,000)
Polish zloty	3,141	3,397	(256)
Hungarian florin	356	445	(89)
Others	6,822	16,900	(10,078)
Total	**2,577,289**	**2,735,959**	**(158,670)**

Non-current loans and borrowings are shown below by maturity:

(in thousands of euro)	within 2 years	within 3 years	within 4 years	within 5 years	beyond	Total
Total loans and borrowings at June 30, 2011	531,210	288,747	331,228	96,739	1,329,365	2,577,289

Collateral amounted to 122.8 million euro at June 30, 2011, of which 108.8 million euro relating to the Indian subsidiaries.

Net financial position

Net financial debt at June 30, 2011, arose on the following line items:

(in thousands of euro)	Fin.statmt line item	Non NFP	NFP	Current assets	Current liabilities	Non-current assets	Non-current liabilities
Trade receivables and other non-current assets	181,068	67,742	113,326	54		113,272	
Other current financial assets	417,760	285,828	131,932	131,932			
Financial assets and trading securities	837,578	289	837,289	837,289			
Cash and cash equivalents	780,137		780,137	780,137			
Financial liabilities (non-current)	(2,577,270)	19	(2,577,289)				(2,577,289)
Other non-current liabilities	(8,603)	(4,498)	(4,105)				(4,105)
Bank loans and borrowings	(320,717)		(320,717)		(320,717)		
Financial liabilities (current)	(545,613)		(545,613)		(545,613)		
Other current liabilities	(1,135,992)	(543,624)	(592,368)		(592,368)		
Total	**(2,371,652)**	**(194,244)**	**(2,177,408)**	**1,749,412**	**(1,458,698)**	**113,272**	**(2,581,394)**

Net financial debt at June 30, 2011, stood at 2,177,408 thousand euro, as follows:

(in thousands of euro)	June 30, 2011	December 31, 2010	Change
Cash, cash equivalents and current financial assets	**1,749,412**	**1,912,071**	**(162,659)**
Cash and cash equivalents	780,136	739,217	40,919
Derivatives	5,975	6,506	(531)
Other current financial assets	963,301	1,166,348	(203,047)
Short-term financing	**(1,458,698)**	**(1,377,248)**	**(81,450)**
Bank loans and borrowings	(320,717)	(286,902)	(33,815)
Financial liabilities (current)	(1,131,007)	(1,069,461)	(61,546)
Derivatives	(6,974)	(20,885)	13,911
M/L financial assets	**113,272**	**134,320**	**(21,048)**
Securities and bonds	89,789	86,564	3,225
Derivatives	23,483	47,756	(24,273)
M/L financing	**(2,581,394)**	**(2,764,599)**	**183,205**
Financial liabilities(non-current)	(2,577,289)	(2,735,959)	158,670
Derivatives	(4,105)	(28,640)	24,535
Net financial debt	**(2,177,408)**	**(2,095,456)**	**(81,952)**

Consolidated net financial debt at December 31, 2010, continued to reflect under current financial assets the current account relationship between Italcementi S.p.A. and the Calcestruzzi group companies for 217.7 million euro.

The net financial position at June 30, 2011, computed in accordance with CONSOB communication no. DEM/6064293 of July 28, 2006 (i.e., excluding medium/long-term financial assets), stood at 2,290,680 thousand euro (2,229,776 thousand euro at December 31, 2010).

Covenants

In addition to the customary clauses, some of the Group's financing contracts include covenants requiring compliance with financial ratios, determined mainly at the close of the reporting period. Non-compliance leads to termination and early repayment in the case of bilateral or syndicated lines of credit and borrowings. The lines of credit and loans underwritten by Group companies do not contain rating triggers that would require early repayment. Some contracts involve assumption of negative pledges to the counterpart, although these are limited to specific instances that do not substantially compromise the Group's ability to finance or refinance its operations.

At June 30, 2011, lines of credit and loans subject to covenants accounted for 13% of total drawings represented by gross debt (4,029 million euro at June 30, 2011, excluding the fair value effects of derivatives).
At June 30, 2011, the Group complied with all contractual undertakings; covenant-related financial ratios were well within the contractual limits stipulated by the loans in question. The Group expects to comply with its covenants over the next 12 months and will issue appropriate disclosure should its financial situation deteriorate.

Derivatives

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

	June 30, 2011		December 31, 2010	
(in thousands of euro)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest-rate derivatives hedging cash flows	95	(2,411)	-	(5,017)
Interest-rate derivatives for trading	867	(482)	983	(1,352)
Interest-rate derivatives	**962**	**(2,893)**	**983**	**(6,369)**
Exchange-rate derivatives hedging cash flows	80	(1,739)	1,393	(882)
Exchange-rate derivatives hedging fair value	4,062	(1,163)	3,079	(12,359)
Exchange-rate derivatives for trading	24	(401)	35	(331)
Exchange-rate derivatives	**4,166**	**(3,303)**	**4,507**	**(13,572)**
Total current instruments	**5,128**	**(6,196)**	**5,490**	**(19,941)**
Interest-rate derivatives hedging cash flows	25	(3,359)	105	(8,716)
Interest-rate derivatives hedging fair value	15,148	(746)	46,882	(19,924)
Interest-rate derivatives	**15,173**	**(4,105)**	**46,987**	**(28,640)**
Exchange-rate derivatives hedging fair value	8,310	-	769	-
Exchange-rate derivatives	**8,310**	-	**769**	-
Total long-term instruments	**23,483**	**(4,105)**	**47,756**	**(28,640)**
Bank derivatives - forwards	847	(778)	1,016	(944)
Bank derivatives	**847**	**(778)**	**1,016**	**(944)**
Total	**29,458**	**(11,079)**	**54,262**	**(49,525)**

13) Trade payables

“Trade payables” were as follows:

(in thousands of euro)	June 30 2011	December 31 2010	Change
Suppliers	652,753	604,800	47,953
Bills payable	25,350	21,647	3,703
Other trade payables	25,936	8,993	16,943
Total	**704,039**	**635,440**	**68,599**

14) Other current liabilities

“Other current liabilities” were as follows:

(in thousands of euro)	June 30 2011	December 31 2010	Change
Amounts due to employees	96,033	117,009	(20,976)
Amounts due to social security authorities	57,736	59,658	(1,922)
Amounts due to tax authorities	97,543	79,227	18,316
Accruals and deferred income	53,898	39,750	14,148
Derivatives	8,429	20,839	(12,410)
Amounts due in banking and insurance sector	586,172	584,166	2,006
Customer advances	52,162	61,558	(9,396)
Other amounts due	184,019	257,704	(73,685)
Total	**1,135,992**	**1,219,911**	**(83,919)**

Income statement

15) Revenue

Revenue from sales and services amounted to 2,598,109 thousand euro, as follows:

(in thousands of euro)	H1 2011	H1 2010	Change	% change
Industrial revenue				
Product sales	2,472,416	2,424,557	47,859	2.0%
Services provided	73,392	70,019	3,373	4.8%
Other revenue	17,442	16,911	531	3.1%
Total	**2,563,250**	**2,511,487**	**51,763**	**2.1%**
Financial revenue				
Interest	4,993	4,327	666	15.4%
Dividends	4,771	4,553	218	4.8%
Capital gains and other revenue	8,606	35,387	(26,781)	-75.7%
Total	**18,370**	**44,267**	**(25,897)**	**-58.5%**
Bank revenue				
Interest	2,717	2,642	75	2.8%
Commissions	12,180	13,503	(1,323)	-9.8%
Other revenue	1,115	1,493	(378)	-25.3%
Total	**16,012**	**17,638**	**(1,626)**	**-9.2%**
Property and service revenue	**477**	**1,287**	**(810)**	**-62.9%**
Grand total	**2,598,109**	**2,574,679**	**23,430**	**0.9%**

16) Goods and utilities expense

Goods and utilities expense amounted to 1,080,327 thousand euro, as follows:

(in thousands of euro)	H1 2011	H1 2010	Change	% change
Raw materials and semifinished goods	321,796	239,152	82,644	34.6%
Fuel	282,510	258,329	24,181	9.4%
Materials and machinery	158,475	139,348	19,127	13.7%
Finished goods	100,529	142,353	(41,824)	-29.4%
Electricity, water, gas	236,880	226,469	10,411	4.6%
Change in inventories of raw materials, consumables, other	(19,863)	13,332	(33,195)	n.s.
Total	**1,080,327**	**1,018,983**	**61,344**	**6.0%**

17) Service expense

Service expense amounted to 607,778 thousand euro, as follows:

(in thousands of euro)	H1 2011	H1 2010	Change	% change
External services and maintenance	201,610	184,334	17,276	9.4%
Transport	252,668	212,133	40,535	19.1%
Legal fees and consultancy	27,717	29,873	(2,156)	-7.2%
Rents	45,621	39,900	5,721	14.3%
Insurance	21,240	21,006	234	1.1%
Subscriptions	5,315	4,358	957	22.0%
Other expense	53,607	53,496	111	0.2%
Total	**607,778**	**545,100**	**62,678**	**11.5%**

“Other expense” referred mainly to the subsidiaries in the Construction materials segment.

18) Personnel expense

Personnel expense in the first half of 2011 was 521,184 thousand euro, as follows:

(in thousands of euro)	H1 2011	H1 2010	Change	% change
Wages and salaries	354,042	332,951	21,091	6.3%
Social security contributions	82,753	77,009	5,744	7.5%
Provisions and contributions to pension funds	34,429	33,592	837	2.5%
Costs of stock option plans	1,971	4,063	(2,092)	-51.5%
Other	47,989	45,935	2,054	4.5%
Total	**521,184**	**493,550**	**27,634**	**5.6%**

The number of employees is shown below:

(heads)	H1 2011	H1 2010	Change
Employees at period end	22,057	21,923	134
Average number of employees	22,206	22,013	193

Stock options

At a meeting on March 30, 2011, based on the results posted for 2010 the Italmobiliare Board of Directors granted a total of 112,900 stock options to managers and directors, vesting as from March 30, 2014.

The table below sets out the assumptions used and results obtained in measuring stock options for the plan:

	2010 plan
Option value at grant date	8.81
Share value	28.39
Exercise price	27.469
Volatility as %	26.2%
Option term (in years)	10.00
Dividends in %	3.01%
10-year BTP risk-free rate	4.775%

No options relating to plans approved in previous years were exercised or cancelled during the first half.

19) Other operating income (expense)

Other operating expense net of other operating income amounted to 47,173 thousand euro, as follows:

(in thousands of euro)	**H1 2011**	**H1 2010**	**Change**	**% change**
Other taxes	43,471	38,414	5,057	13.2%
Provision for bad debts	14,190	5,919	8,271	n.s.
Provision for environmental restoration - quarries, other	39,378	56,644	(17,266)	-30.5%
Interest expense and other expense for companies in the financial and banking segments	15,613	19,757	(4,144)	-21.0%
Miscellaneous income	(65,479)	(49,058)	(16,421)	33.5%
Total	**47,173**	**71,676**	**(24,503)**	**-34.2%**

"Miscellaneous income" included net capital gains of 21.3 million euro on CO_2 emissions rights trading (29.8 million euro in the first half of 2010) and income from the reimbursement of "new entry" CO_2 quotas assigned to Italcementi S.p.A. for the period 2008-2012; the amount was 18.9 million euro, representing the present value of the receivable at June 30, 2011.

20) Non-recurring income (expense)

Non-recurring income net of non-recurring expense amounted to 17,903 thousand euro, as follows:

(in thousands of euro)	**H1 2011**	**H1 2010**
Net capital gains on sale of fixed assets	19,581	2,382
Non-recurring expense for re-organizations	(1,422)	(8,093)
Other non-recurring income (expense)	(256)	(348)
Total	**17,903**	**(6,059)**

In the first half of 2011 net capital gains from the sale of fixed assets included a net capital gain of 14.0 million euro on the sale of Italgen Turkey and Bares, whose main asset was the license for the Balikesir wind park project in Turkey.

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

Finance costs, net of finance income and net exchange rate differences and derivatives, amounted to 40,319 thousand euro (59,224 thousand euro in the first half of 2010), as follows:

	H1 2011		H1 2010	
(in thousands of euro)	Income	Costs	Income	Costs
Interest income	11,218		18,181	
Interest expense		(54,475)		(80,192)
Sub total	**11,218**	**(54,475)**	**18,181**	**(80,192)**
Net interest in respect of net financial position		**(43,257)**		**(62,011)**
Net dividends	937		1,213	
Capital gains/(losses) from sale of equity investments	25,104	(509)	4,208	(746)
Other finance income	6,450		3,132	
Capitalized finance costs		245		5,328
Other finance costs		(16,878)		(20,375)
Sub total	**32,491**	**(17,142)**	**8,553**	**(15,793)**
Total finance income (costs)	**43,709**	**(71,617)**	**26,734**	**(95,985)**
Gains/(losses) on interest-rate derivatives		(2,670)		(821)
Gains/(losses) on exchange-rate derivatives	19,465			(9,703)
Net exchange-rate differences		(29,206)	20,551	
Net exchange-rate differences and derivatives		**(12,411)**	**10,027**	
Total finance income (costs), net exchange-rate differences and derivatives		**(40,319)**		**(59,224)**

At June 30, 2011, the item “Capital gains/(losses) from sale of equity investments” included net capital gains totaling 25.0 million euro from the partial sale of Goltas shares and the full sale of Bursa.

22) Impairment losses on financial assets

The caption reflects an amount of 1,239 thousand euro, arising from +7,524 thousand euro for the reversal of the impairment loss recognized on the Calcestruzzi group at December 31, 2010, in the fair value reserve, which has been taken to income after the consolidation of the Calcestruzzi group as from January 1, 2011; -6,204 thousand euro for the impairment loss on the equity investment in UBI; -2 thousand euro for the impairment loss on UBI warrants; -32 thousand euro for the impairment loss on KME warrants; -32 thousand euro for the impairment loss on Ascend; and -15 thousand euro for the impairment loss on Intek warrants.
Impairment losses on listed securities were determined in accordance with IAS 39 and in compliance with the Group impairment policy.

23) Income tax expense

Income tax expense for the first half of the year was 53,279 thousand euro, as follows:

(in thousands of euro)	H1 2011	H1 2010	Change	% change
Current tax	43,694	79,323	(35,629)	-44.9%
Prior-year tax and other net non-recurring fiscal items	4	(1,021)	1,025	-100.4%
Deferred tax	9,581	(33,559)	43,140	n.s.
Total	**53,279**	**44,743**	**8,536**	**19.1%**

The higher proportion of income tax expense on profit before tax in the first half of 2011 compared with the first half of 2010 stemmed chiefly from non-activation of deferred tax in North America and the rise in the tax rate in Egypt.

24) Gains (losses) relating to discontinued operations

On March 25, 2011, the Group sold the companies in Set Group Holding – Turkey. The net sale price of 269.7 million euro generated a consolidated net capital gain of 108.7 million euro.
The income statement and the statement of cash flows of the sold operations of the Set Group Holding group are set out below:

(in millions of euro)	H1 2011	H1 2010
Income statement		
Revenue		53.9
Recurring EBITDA		(5.5)
EBITDA		(5.1)
EBIT		(10.6)
Profit before tax		(10.7)
Income tax expense		(1.4)
Gains (losses) relating to discontinued operations	**108.7**	**(12.1)**

(in millions of euro)	H1 2011	H1 2010
Statement of cash flows		
Cash flow from operating activities		(3.2)
Cash flow from investing (divesting) activities	259.1	(1.6)
Cash flow from financing activities		4.2
Translation differences		0.7
Cash flows from discontinued operations	**259.1**	**0.1**

25) Other comprehensive income

(in thousands of euro)	Gross amount	Tax	Net amount
Fair value adjustments on:			
Available-for-sale financial assets	(43,901)		(43,901)
Derivatives	7,890	266	8,156
Translation differences	(216,433)		(216,433)
Total	**(252,444)**	**266**	**(252,178)**

26) Earnings per share

Earnings per share June 30, 2011 and 2010, is determined on the profit for the respective periods attributable to owners of the parent and is stated separately for ordinary shares and savings shares.

Basic earnings per share

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

	June 30, 2011		June 30, 2010	
(no. shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
No. shares at January 1	22,183	16,343	22,183	16,343
Treasury shares at January 1	(871)	(29)	(871)	(29)
Weighted average number of treasury shares sold during period				
Total	**21,312**	**16,314**	**21,312**	**16,314**
Attributable profit (loss) for the period in thousands of euro	13,997	11,351	1,193	1,550
Basic earnings per share in euro	0.657	0.696	0.056	0.095

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

	June 30, 2011		June 30, 2010	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Profit reserved for savings shareholders (0.078 euro per share)		636		636
Residual profit apportioned to all shares	13,997	10,715	1,193	914
Total	**13,997**	**11,351**	**1,193**	**1,550**

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 is shown below.

	June 30, 2011		June 30, 2010	
(no. shares in thousands)	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	4		4	
Total	**21,315**	**16,315**	**21,315**	**16,315**
Attributable profit for the period for diluted earnings per share in thousands of euro	13,998	11,350	1,193	1,550
Diluted earnings per share in euro	0.657	0.696	0.056	0.095

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

	June 30, 2011		June 30, 2010	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Profit reserved for savings shareholders (0.078 euro per share)		636		636
Residual profit apportioned to all shares	13,998	10,714	1,193	914
Total	**13,998**	**11,350**	**1,193**	**1,550**

27) Transactions with related parties

The following table illustrates transactions with related parties at June 30, 2011:

(in thousands of euro) **Italmobiliare Group**	Revenue (costs)	Trade receivables (payables)	Finance receivables (payables)	Tax consolid. Receivables (payables)	Finance income (costs)	Other operating income (expense)
Subsidiaries and associates not consolidated line-by-line	31,572	23,662	27,467		182	14
	(16,703)	(4,139)	(2,315)	(20)	(6)	(478)
Other related parties	57	37				19
	(1,235)	(104)				
Total	**31,629**	**23,699**	**27,467**		**182**	**33**
	(17,938)	**(4,243)**	**(2,315)**	**(20)**	**(6)**	**(478)**
% impact on book items	1.2%	2.4%	3.8%		0.4%	0.1%
	0.8%	0.6%	0.1%	0.0%	0.0%	1.0%

The corresponding figures at June 30, 2010, are set out below:

(in thousands of euro) **Italmobiliare Group**	**Revenue (costs)**	**Trade receivables (payables)**	**Finance receivables (payables)**	**Tax consolid. Receivables (payables)**	**Finance income (costs)**	**Other operating income (expense)**
Subsidiaries and associates not consolidated line-by-line	15,950	4,656	19,121		93	326
	(7,653)	(2,987)	(535)		(2)	(621)
Calcestruzzi group companies	50,740	34,366	209,905	208	903	115
		(64)	(6,210)	(4,482)	(27)	(1)
Other related parties	97	123				20
	(464)	(230)				(300)
Total	**66,787**	**39,145**	**229,026**	**208**	**996**	**461**
	(8,117)	**(3,281)**	**(6,745)**	**(4,482)**	**(29)**	**(922)**
% impact on book items	2.5%	3.9%	11.1%	0.0%	3.7%	0.6%
	0.4%	0.5%	0.2%	0.3%	0.0%	1.3%

Business and financial transactions with the companies in the Calcestruzzi group in the first half of 2010 are treated as transactions with related parties; those in the first half of 2011 have been eliminated following the consolidation of the group as from January 1, 2011.

Revenue from and purchases of goods and services with respect to subsidiaries and associates mainly refer to transactions with companies consolidated on a proportionate basis, notably Société des Carrieres du Tournaisis, Medcem S.r.l., Atlantica de Graneles and Les Calcaires Girondins S.a.s., and with companies measured with the equity method, including the Ciments Quebec Inc. group and Vassiliko Cement Ltd..

Details on transactions with related parties are provided in the directors’ report on operations.

28) Non-recurring transactions

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

(in thousands of euro)	2011 Equity		Profit (loss) for the period		Net financial debt	
	amount	**%**	**amount**	**%**	**amount**	**%**
Book values	**5,736,966**		**164,028**		**(2,177,408)**	
Net capital gains on sale of fixed assets	19,581	0.34%	19,581	11.94%	30,805	1.41%
Non-recurring employee expense for re-organizations	(1,422)	0.02%	(1,422)	0.87%		
Other non-recurring income (expenses)	(256)	0.00%	(256)	0.16%	(300)	0.01%
Income tax on non-recurring transactions	(1,532)	0.03%	(1,532)	0.93%		
Total	**16,371**	**0.29%**	**16,371**	**9.98%**	**30,505**	**1.40%**
Figurative value without non-recurring transactions	**5,720,595**		**147,657**		**(2,207,913)**	

(in thousands of euro)	2010 Equity		Profit (loss) for the period		Net financial debt	
	amount	**%**	**amount**	**%**	**amount**	**%**
Book values	**6,066,902**		**84,327**		**(2,214,004)**	
Net capital gains on sale of fixed assets	2,382	0.04%	2,382	2.82%	8,805	0.40%
Non-recurring employee expense for re-organizations	(8,093)	0.13%	(8,093)	9.60%		
Other non-recurring income (expenses)	(348)	0.01%	(348)	0.41%	(290)	0.01%
Finance costs on repurchase of "US Private Placement" notes	(21,395)	0.35%	(21,395)	25.37%	(21,395)	0.97%
Income tax on non-recurring transactions	8,389	0.14%	8,389	9.95%		
Total	**(19,065)**	**0.31%**	**(19,065)**	**22.61%**	**(12,880)**	**0.58%**
Figurative value without non-recurring transactions	**6,085,967**		**103,392**		**(2,201,124)**	

Subsequent events

No significant events have taken place since closure of the first half of the year whose effects require amendments to or additional comments on the Group's, financial position and results of operations at June 30, 2011.
Further details are provided in the directors' report on operations.

Milan, August 5, 2011

for the Board of Directors
the Chairman

ITALMOBILIARE
SOCIETA' PER AZIONI

(Translation from the original Italian text)

Representation pursuant to art. 154-bis subsection 5 of TUF regarding the condensed interim consolidated financial statements (according to art. 81-ter of the Consob Regulation no. 11971 of May 14, 1999 and subsequent modifications and integrations)

1. The undersigned Giampiero Pesenti, Chief Executive Officer and Giorgio Moroni, Manager in Charge of preparing the company's financial reports 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 **condensed half-year financial statements**, in the period from January 1st, 2011 to June 30th, 2011.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of condensed half-year financial statements at June 30, 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 represented that:

   3.1 the condensed half-year financial statements as of June 30th , 2011:

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

   b) correspond to the accounting books and entries;

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

   3.2 the interim directors' report includes a reliable analysis about the significant events occurred in the first six months of the financial year and their impact on the condensed half-year financial statements, together with a description of the main risks and uncertainties in the remaining six months of the year. The interim directors' report also includes a reliable analysis of the information on significant dealings with related parties.

August 5th, 2011

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Giorgio Moroni, Manager in Charge

KPMG

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

Auditors' report on review of condensed interim consolidated financial statements

To the shareholders of
Italmobiliare S.p.A.

1 We have reviewed the condensed interim consolidated financial statements of the Italmobiliare Group as at and for the six months ended 30 June 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 condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to prepare this report based on our review.

2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information about the captions of the condensed interim consolidated financial statements and the consistency of application of the accounting policies through discussions with company directors and analytical procedures applied to the financial data presented in such condensed interim consolidated financial statements. The review excluded such audit procedures as tests of controls and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, contrary to our report on the annual consolidated financial statements, we do not express an audit opinion on the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements present the corresponding figures of the prior year annual consolidated financial statements and condensed interim consolidated financial statements. As disclosed in the note "Sale of operations in Turkey", in applying IFRS 5 Non-current assets held for sale and discontinued operations, the parent's directors restated some of the corresponding figures included in the prior year condensed interim consolidated financial statements. We reviewed such condensed interim consolidated financial statements and issued our report thereon on 9 August 2010. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of preparing our report on the condensed interim consolidated financial statements at 30 June 2011. Reference should be made to the report dated 18 April 2011 for our opinion on the prior year consolidated financial statements.

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Italmobiliare Group as at and for the six months ended 30 June 2011 have not been prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 8 August 2011

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

August 2011
Project of LSVmultimedia
Olginate - Lecco