ITALMOBILIARE

Interim Report at June 30, 2014

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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

Interim Report at June 30, 2014

August 6, 2014

ITALMOBILIARE
Società per Azioni

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

Italmobiliare S.p.A. Corporate bodies

Board of Directors

(Term ends on approval of financial statements at 12.31.2016)

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

Board of Statutory Auditor

(Term ends on approval of financial statements at 12.31.2016)

Acting auditors	
Francesco Di Carlo	Chairman
Angelo Casò	
Luciana Ravicini	
Substitute auditors	
Maria Rachele Vigani	
Barbara Berlanda	
Paolo Ludovici	

Manager in charge of preparing financial reporting

Giorgio Moroni

Independent Auditors

KPMG S.p.A.

1 Member of the Executive Committee
2 Director in charge of the internal control and risk management system
3 Member of the Remuneration Committee
4 Member of the Control & Risk Committee
5 Member of the Committee for Transactions with Related Parties
6 Independent director (pursuant to the Code of Conduct and Legislative Decree no. 58 of February 24, 1998)
7 Independent director (pursuant to Legislative Decree no. 58 of February 24, 1998)
8 Lead independent director
9 Member of the Supervisory Body
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 27, 2014, to hold office for the three-year period 2014-2016, that is, until approval of the financial statements as at and for the year ending December 31, 2016. The shareholders established the number of directors at 14.

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

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

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

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

- to the **Executive Committee,** consisting of five members, all the powers and the assignments of the Board of Directors, except for those that the law and the By-laws do not allow to be delegated. As specified at the time of its appointment, the resolutions of the Executive Committee shall be reported to the Board of Directors' at their next meeting.
- to the **Chairman,** Giampiero Pesenti, in addition to the powers contemplated by the By-laws, among others, the powers to oversee and ensure compliance with the principles of Corporate Governance adopted by the company and to oversee the execution and implementation of the investment plans defined by the Board of Directors and/or the Executive Committee. Also, the powers to undertake any administrative act and measure, among which to acquire and dispose of equity investments, carry out credit and securities transactions, accept guarantees, grant collateral and guarantees in favor of third parties provided that are direct or indirect subsidiaries or associates of Italmobiliare, up to a maximum amount of 20 million euro for each transaction; to enter into real estate sale purchase agreements, trade-in and divisions, to settle easements or real estate rights in general, up to a maximum amount of 20 million euro for each transaction;
- to the **Deputy Chairman,** Italo Lucchini, the sole representative powers, in accordance with the By-laws, to be exercised separately from the Chairman;
- to the **Chief Executive Officer – Chief Operating Officer**, Carlo Pesenti, among others the powers to oversee and guide the operations of Italmobiliare and the main direct or indirect subsidiaries, to direct management policies and establish guidelines for management of the main companies in which Italmobiliare S.p.A. directly or indirectly holds an equity investment enabling it to exert significant influence. Also, the powers to undertake any act regarding the management of the company, including securities and credit transactions, to undertake on behalf of the company bonds of any kind including bonds secured by collateral in favor of third parties as long as these are direct or indirect subsidiaries of Italmobiliare, to acquire and sell government securities, bonds, land, stocks, company shareholdings, to perform sale or purchase carryover and forward transactions on securities up to a maximum amount of 20 million euro for each transaction, to negotiate the opening of lines of credit with banks up to a maximum amount of 35 million euro, to recruit personnel of any category and qualification, establishing their remuneration, suspending, terminating and modifying the employment relationship.

Other powers were granted to the joint Chief Financial Officer (Administration and Finance) and to the Secretary of the Board, within their respective areas of competence.

Remuneration Committee and Control & Risk Committee

The corporate governance structure adopted by the company as set up in the binding articles of the By-laws and in the non-binding provisions of the most recent review (July 2014) of the Code of Conduct promoted by the Corporate Governance Committee (the «Code»), reflects Italmobiliare's commitment to complying with national and international best practices for corporate governance.

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

The resolutions adopted by the committees are of an advisory nature and are non-binding.

During the first half of 2014, the Remuneration Committee held three meetings, two of which were attended by all members and one attended by two members out of three; the Control & Risk Committee held four meetings, attended by all members.

Committee for Transactions with Related Parties

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

During the first half of 2014, the Committee for Transactions with Related Parties held two meetings, both attended by all members.

Supervisory body

The Supervisory Body was formed in accordance with the «Organization, Management and Control Model» (the «Model») adopted by the company pursuant to Legislative Decree 231/01, and is responsible for the ongoing monitoring of the effective operation and enforcement of the «Model», and for recommending updates.

As envisaged by the «Model», the Supervisory Body is composed of one independent director (subsequently named Chairman), the Head of Internal Audit and an external professional.

During the first half of 2014, the Supervisory Body held seven meetings to perform the functions assigned to it by the «Model».

Lead independent director

The Code provides that should the Chairman of the Board of Directors be the main officer in charge of company management, or should the position of Chairman be held by the person who controls the company, the Board shall appoint an independent director as «Lead independent director», to provide a reference point for and coordinate requests and contributions of non-executive directors and, in particular, independent directors.

At the meeting that appointed the company officers, the Board of Directors appointed Massimo Tononi, an independent director, as «Lead independent director».

Director in charge of supervising the internal control and risk management system

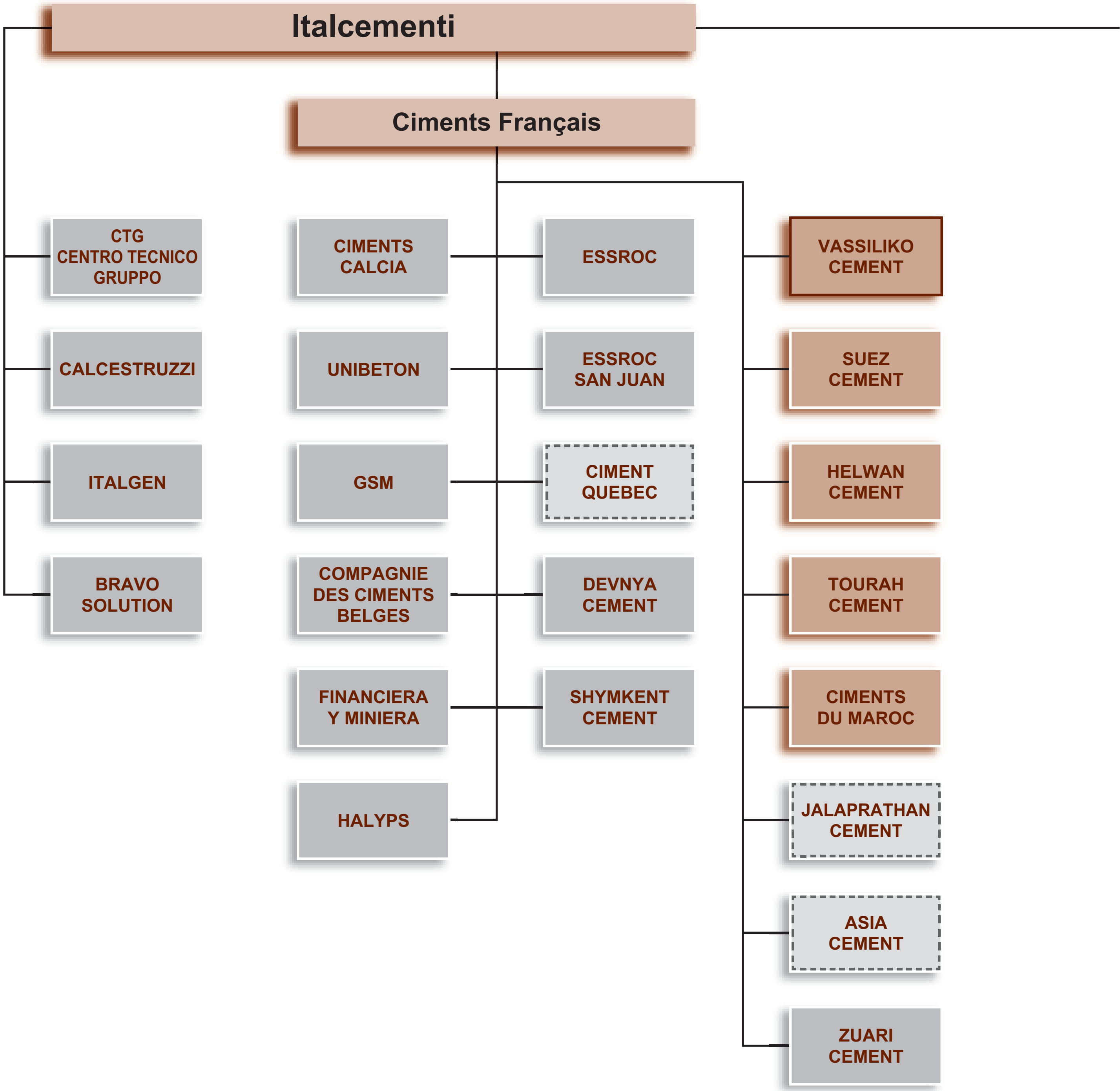
With regard to internal control and risk management, the Code provides that the Board of Directors name a director to take charge of supervising the internal control and risk management system.

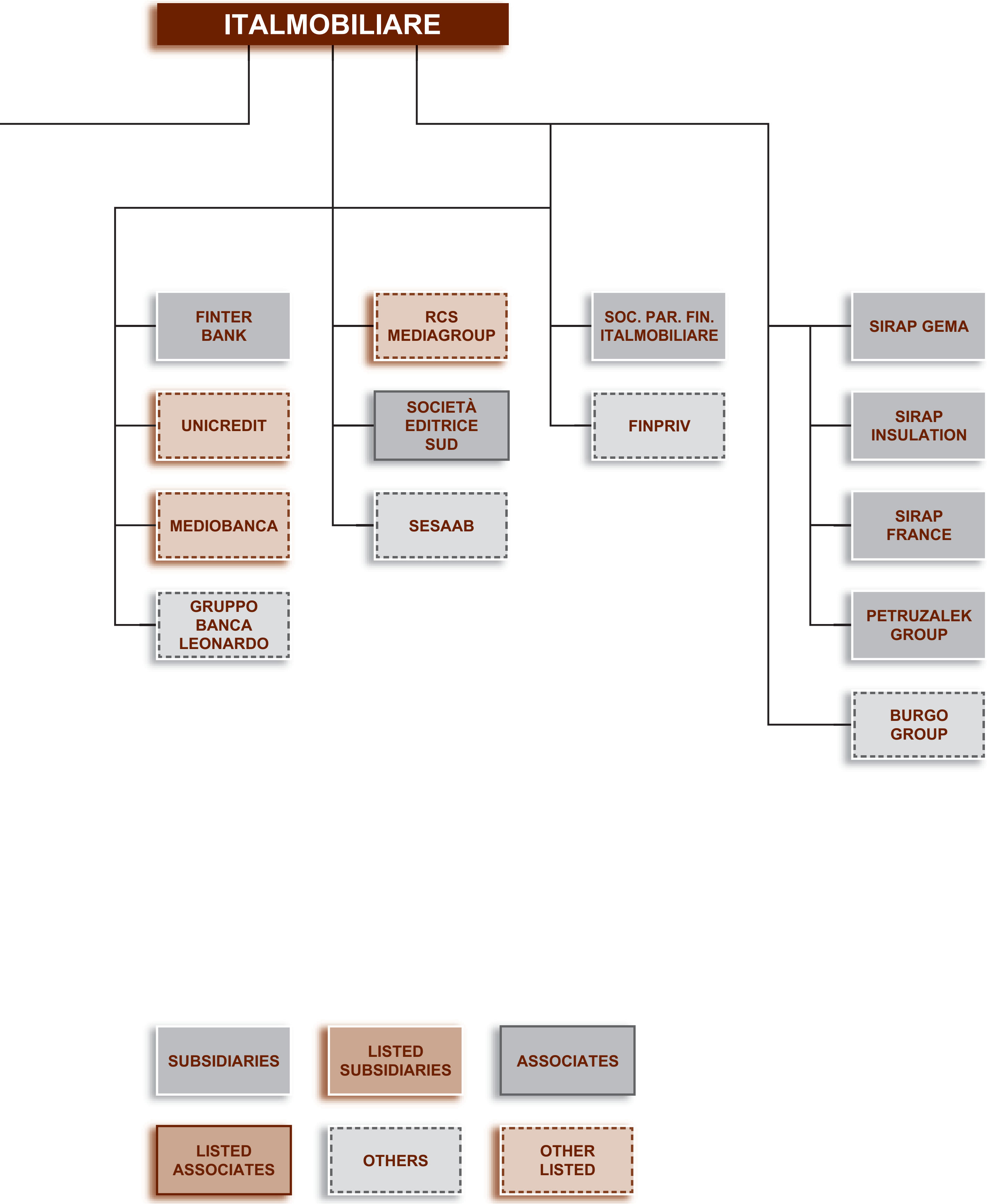
At the meeting in which the company officers were appointed, the Board of Directors named the Chief Executive Officer, Carlo Pesenti, as director in charge of supervising the internal control and risk management system.

Manager in charge of financial reporting

At its meeting on May 27, 2014, 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 T.U.F. and art. 29 of the company By-laws.

Structure of the Group
(at June 30, 2014)





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

Group financial highlights

(in millions of euro)	H1, 2014	H1, 2013 re-stated	H1, 2013 published
Revenue	2,203.4	2,291.8	2,292.7
Recurring gross operating profit	331.2	301.0	301.2
Gross operating profit	326.0	295.5	295.7
Operating profit	116.9	73.4	72.6
Loss for the period	(70.0)	(88.7)	(89.0)
Loss for the period attributable to owners of the parent	(36.8)	(78.9)	(79.1)
Capital expenditure	285.3	144.1	144.0
Employees (headcount)	19,786	20,214	20,163

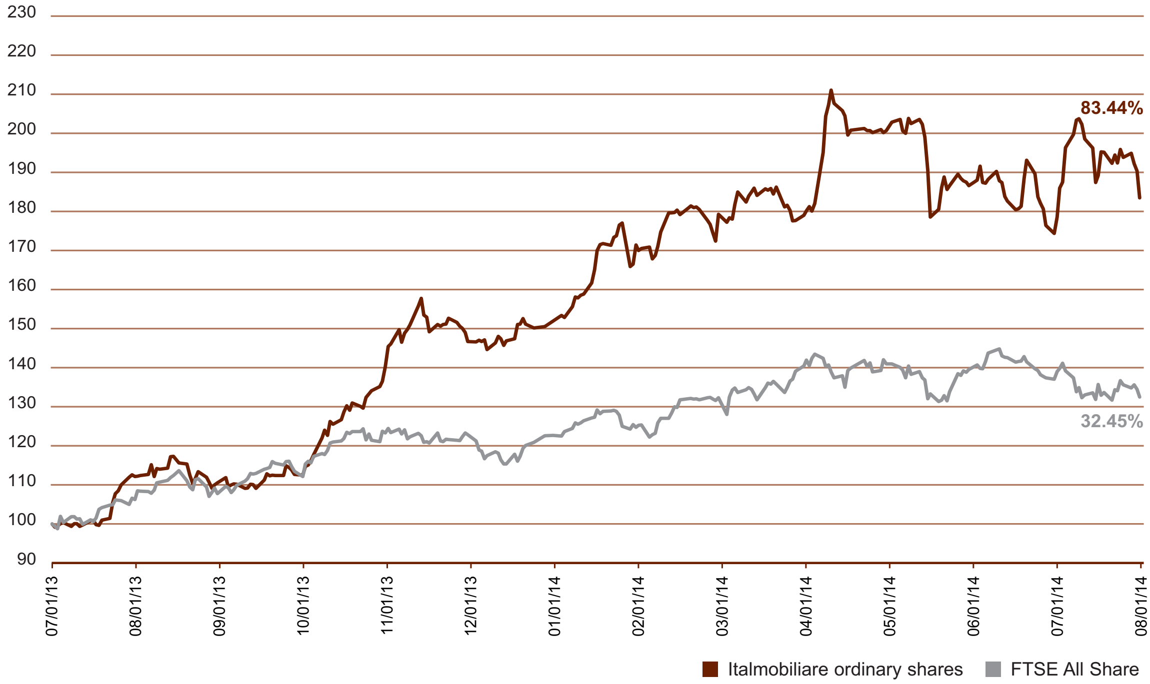
(in millions of euro)	June 30, 2014	December 31, 2013 re-stated
Total equity	4,287.8	4,339.3
Equity attributable to owners of the parent	1,766.1	1,662.1
Net financial debt	1,824.2	1,830.0
Net financial debt / Equity	42.55%	42.17%
Net financial debt / Recurring gross operating profit	2.83	2.98
(Diluted) losses per ordinary share	(0.978)	(4.099)
(Diluted) losses per savings share	(0.978)	(4.099)
Equity attributable per share[1]	46.938	44.174

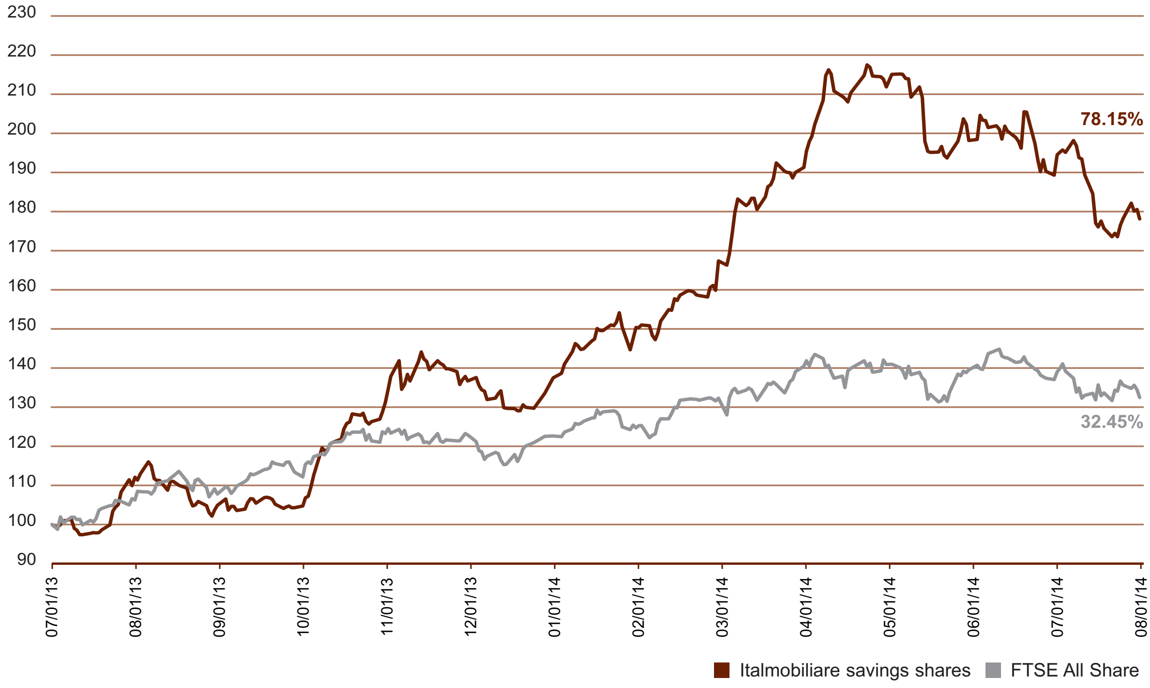
[1] net of treasury shares in portfolio

Italmobiliare S.p.A. on the Stock Exchange

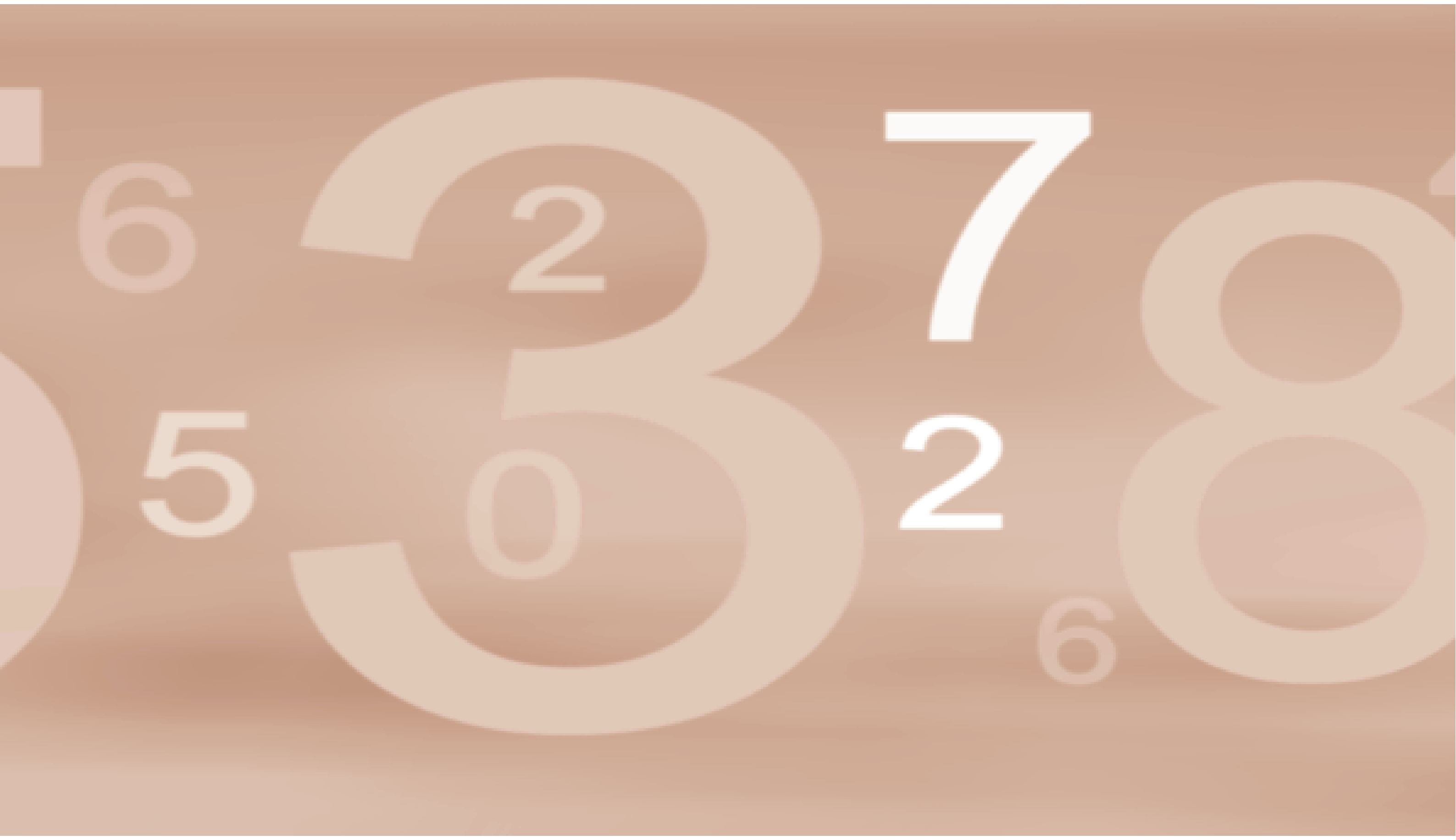
Share prices from 07.01.2013 al 07.31.2014

(euro)	high		low		07.01.2013	07.31.2014	performance
Ordinary shares	34.4752	04.10.2014	16.1971	07.02.2013	16.3375	29.9687	83.44%
Savings shares	22.8275	04.23.2014	10.2214	07.11.2013	10.4944	18.6963	78.15%
FTSE All Share	23,860.93	06.10.2014	16,271.43	07.03.2013	16,475.61	21,821.17	32.45%





Directors' report



Foreword

The interim report at June 30, 2014, has been drawn up in accordance 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 aforementioned paragraph 3, the condensed interim financial statements are presented in consolidated form.

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

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

The period under review was influenced by the plan to streamline the corporate structure and strengthen the Group through the mandatory conversion of Italcementi savings shares into ordinary shares, an increase in Italcementi's share capital and a voluntary public tender offer by Italcementi on Ciments Français minorities. This half-year report reflects the situation as at June 30, 2014, and provides disclosure on the transactions that were still underway and completed in the first half of July 2014, which are analyzed in the section on the construction materials segment.

In the first quarter of 2014, Suez Cement Company SAE acquired the residual 50% of the capital of International City for Ready Mix, a company in Saudi Arabia in which Italcementi S.p.A. already held 50%. The Saudi company has been fully consolidated; in 2013, it was consolidated using the proportionate method.

Since January 1, 2014, operations in Sri Lanka have been reclassified, in the disclosure by geographical segment and related comparatives, from Trading to Asia.

Information on operations

After a moderate deceleration in the first quarter of the year, the world economy made a small recovery fuelled by the growth of the advanced nations, principally the USA and the United Kingdom, while geopolitical uncertainty, weaker domestic demand and worsening financial conditions slowed the economic outlook of a number of important emerging economies.

After a first quarter when GDP rose by 0.2% for the corresponding period of the previous year, at the end of June economic growth in the Eurozone showed a modest and uneven recovery, in a situation of very low inflation and tighter access to credit for corporate borrowers. In June, the European Central Bank took steps to stimulate credit flows into the economy, with measures on the official rates and action to open up credit for households and business. This led to an immediate fall in interest rates, the depreciation of the euro and greater capital flows towards many Eurozone countries, including Italy.

The Italian economy continued to struggle and was largely upheld by foreign trade, although signs of an improvement emerged in domestic demand. There was an initial upturn in business investment in machinery and equipment, whereas the construction industry remained weak, although the latest indicators point to an easing in the difficulties in building construction.

During the first half of the year, yields on 10-year Eurozone treasury bonds continued to fall, especially in June, reaching record lows. The yield spreads on sovereign bonds in the Eurozone continued to narrow, as investor confidence improved.

Share prices rose in the first half, in both the Eurozone and the USA, and displayed limited volatility, reflecting the effects of publication of earnings figures and some signs of an upturn in business activity. Nevertheless, share prices declined on the European markets at the end of the first half, particularly among financial stocks.

In this context, in the first half of 2014, the Italmobiliare Group posted a **loss for the period** of 70.0 million euro and a **loss attributable to owners of the parent** of 36.8 million euro. This compared with a loss for the period of 88.7 million euro and a loss attributable to owners of the parent of 78.9 million euro in the first half of 2013.

Breakdown of consolidated loss by segment

(in millions of euro)	H1 2014	% of total	H1 2013 re-stated	% of total
Construction materials	(46.4)	126.2	(33.3)	42.2
Packaging and insulation	(0.6)	1.8	(2.8)	3.6
Banking	(1.9)	5.1	(2.7)	3.4
Finance	28.9	(78.5)	(31.8)	40.3
Property, services and other	0.3	(0.8)	0.2	(0.3)
Inter-segment eliminations	(17.1)	46.2	(8.5)	10.8
Loss for the period attributable to owners of the parent	**(36.8)**	**100.0**	**(78.9)**	**100.0**

The other main results for the six months ended June 30, 2014 were as follows:

- **Revenue**: 2,203.4 million euro from 2,291.8 million euro for the six months ended June 30, 2013 (-3.9%);
- **Recurring gross operating profit**: 331.2 million euro from 301.0 million euro for the six months ended June 30, 2013 (+10.0%);
- **Gross operating profit**: 326.0 million euro from 295.5 million euro for the six months ended June 30, 2013 (+10.3%);
- **Operating profit**: 116.9 million euro from 73.4 million euro for the six months ended June 30, 2013 (+59.3%);
- **Finance income and costs** (including exchange-rate differences and derivatives): net finance costs of 77.7 million euro from 47.8 million euro for the six months ended June 30, 2013 (-62.5%);
- **Impairment losses on financial assets:** 26.9 million euro compared with 27.9 million euro for the six months ended June 30, 2013 (+3.3%);
- **Share of profit (loss) of equity-accounted investees:** profit of 1.8 million euro compared with a loss of 20.9 million euro for the six months ended June 30, 2013 (a positive change of >100%);
- **Profit (loss) before tax**: a profit of 14.1 million euro compared with a loss of 23.2 million euro for the six months ended June 30, 2013 (a positive change of >100%);

At June 30, 2014, **total equity** was 4,287.8 million euro, compared with 4,339.3 million euro at December 31, 2013.

Net financial debt at June 30, 2014, was 1,824.2 million euro, compared with 1,830.0 million euro at December 31, 2013.

As a result of the changes in equity and net financial debt, the **gearing** ratio (net financial debt / equity) rose from 42.17% at the end of December 2013 to 42.55% at the end of June 2014.

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

- the **construction materials segment**, consisting of the Italcementi group (Italmobiliare's main industrial investment), reported a downturn in sales volumes in the first half, mitigated by the positive performance of the first quarter of the year. Revenue, at 2,048.4 million euro, was down 5.0% on the first half of 2013; at constant exchange rates and on a like-for-like basis in scope, the reduction was 1.8%. Operating performance improved compared with the first half of 2013, thanks to containment of operating expense. The negative volume effect was offset almost in full by the positive price effect, largely thanks to Egypt, while the negative effect from the devaluation of the other currencies against the euro was more than counterbalanced by income from CO_2 emission rights. Recurring gross operating profit, at 304.8 million euro, was up 2.2%, while operating profit improved by 27.7% to 99.8 million euro. After net finance costs of 75.1 million euro (an increase of 66.5%), impairment losses on financial assets of 26.8 million euro (losses of 8.9 million euro in the corresponding period of the previous year) and profit of 3.1 million euro on equity-accounted investees (a loss of 2.3 million euro in the first half of 2013), the group posted profit before tax of 1.0 million euro (21.8 million euro in the first half of 2013). Income tax was 80.6 million euro, up 24.2% from the corresponding period of the previous year, generating a loss for the period of 79.6 million euro (a loss of 43.1 million euro for the first half of 2013);

- performance in the **food packaging and thermal insulation segment**, consisting of the Sirap Gema group, was characterized by difficult market conditions in terms of demand on the core markets and medium-high prices for polystyrene raw materials used in production processes, despite a small decrease compared with the average purchase price in the first half of 2013. In this context, segment revenue was 113.2 million euro, a reduction of 2.2 million euro from the corresponding period of the previous year, of which 1.7 million euro due to the negative exchange-rate effect in the food packaging segment. Despite the reduction in revenue, the Sirap group reported a significant improvement in margins thanks to commercial initiatives and restructuring and optimization measures, which generated an important reduction in costs. Group gross operating profit in the first half was 8.5 million euro (6.0 million euro in the corresponding period of the previous year), arising chiefly from the strong recovery in Italy in both food packaging and thermal insulation. A significant improvement was also reported for operating profit, which amounted to 3.5 million euro (0.5 million euro in the first half of 2013), after a reduction of 0.3 million euro in amortization and depreciation compared with the corresponding period of the previous year. After finance costs (2.9 million euro) and income tax (1.2 million euro), although the group posted a loss for the period of 0.6 million euro, this was an improvement compared with the first half of 2013 (a loss of 2.8 million euro);
- the **financial segment,** which includes the parent Italmobiliare and Société de Participation Financière Italmobiliare S.A., reflected the particularly strong upturn on the financial markets in the first quarter of the year, which stabilized in the second quarter of the year. This was seen in the segment's performance, notably in finance income, which, net of finance costs, amounted to 43.0 million euro (net finance costs of 23.3 million euro in the first half of 2013), thanks largely to gains on sales of equity instruments, in ordinary and extraordinary transactions, to dividends collected, although these were down compared with the first half of 2013, and to cash inflows. After operating expense and income tax, the segment posted a profit for the period of 28.9 million euro (a loss of 31.8 million euro for the first half of 2013);
- the **banking segment** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. Total income in the first half of 2014 was 9.4 million euro, down from 11.0 million euro in the six months ended June 30, 2013, largely due to the reduction in commission income offset only in part by the increase of 61.5% in net trading revenue. The significant reduction in costs for services and personnel expense (-20.3%) cut the loss for the period to 1.9 million euro compared with a loss of 2.7 million euro in the first half of 2013;
- the **property, services and other segment** is not of great importance within the global context of the Group, and its results are therefore not material.

Italmobiliare Net Asset Value (NAV) at June 30, 2014, was 1,490.6 million euro (1,655.5 million euro at March 31, 2014, and 1,283.1 million euro at the end of 2013). A breakdown is set out below:

(in millions of euro)	June 30, 2014	% of total	December 31, 2013	% of total
Construction	1,062.0	71.3	733.7	57.2
Banking	229.7	15.4	282.7	22.0
Publishing	45.7	3.1	51.9	4.1
Cash and cash equivalents	74.0	5.0	146.6	11.4
Other	79.2	5.3	68.2	5.3
Total Net Asset Value	**1,490.6**	**100.0**	**1,283.1**	**100.0**

NAV was computed considering:

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

taking the tax effect into account.

Key consolidated figures for the six months ended June 30, 2014

(in millions of euro)		H1 2014	H1 2013 re-stated	% change	H1 2013 published
Revenue		**2,203.4**	**2,291.8**	**(3.9)**	**2,292.7**
Recurring gross operating profit		**331.2**	**301.0**	**10.0**	**301.2**
% of revenue		*15.0*	*13.1*		*13.1*
Other expense		(5.2)	(5.5)	6.2	(5.5)
Gross operating profit		**326.0**	**295.5**	**10.3**	**295.7**
% of revenue		*14.8*	*12.9*		*12.9*
Amortization and depreciation		(204.5)	(218.4)	6.4	(219.4)
Impairment losses on non-current assets		(4.6)	(3.7)	(25.8)	(3.7)
Operating profit		**116.9**	**73.4**	**59.3**	**72.6**
% of revenue		*5.3*	*3.2*		*3.2*
Net finance costs		(77.7)	(47.8)	(62.5)	(47.7)
Impairment losses on financial assets		(26.9)	(27.9)	3.3	(27.8)
Share of profit (loss) of equity-accounted investees		1.8	(20.9)	n.s.	(20.5)
Profit (loss) before tax		**14.1**	**(23.2)**	**n.s.**	**(23.4)**
% of revenue		*0.6*	*(1.0)*		*(1.0)*
Income tax expense		(84.1)	(65.5)	(28.4)	(65.6)
Loss for the period		**(70.0)**	**(88.7)**	**21.1**	**(89.0)**
attributable:	**Owners of the parent**	**(36.8)**	**(78.9)**	**53.4**	**(79.1)**
	Non-controlling interests	(33.2)	(9.8)	n.s.	(9.9)
Cash flow from operating activities		146.4	159.0		157.6
Capital expenditure		285.3	144.1		144.0
Number of employees at period end		19,786	20,214		20,163

n.s.: not significant

(in millions of euro)	June 30, 2014	Dec. 31, 2013 re-stated
Total equity	4,287.8	4,339.3
Equity attributable to owners of the parent	1,766.1	1,662.1
Net financial debt	1,824.2	1,830.0

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

Gross operating profit corresponds to recurring gross operating profit plus other non-recurring income (expense).

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

Quarterly performance

(in millions of euro)		H1 2014	Q2 2014	Q1 2014
Revenue		**2,203.4**	**1,194.8**	**1,008.6**
% change vs. 2013		*(3.9)*	*(5.4)*	*(2.0)*
Recurring gross operating profit		**331.2**	**221.0**	**110.2**
% change vs. 2013		*10.0*	*5.2*	*21.1*
% of revenue		*15.0*	*18.5*	*10.9*
Gross operating profit		**326.0**	**215.0**	**111.0**
% change vs. 2013		*10.3*	*5.5*	*20.9*
% of revenue		*14.8*	*18.0*	*11.0*
Amortization and depreciation		(204.5)	(102.6)	(101.9)
Impairment losses on non-current assets		(4.6)	(2.8)	(1.8)
Operating profit		**116.9**	**109.6**	**7.3**
% change vs. 2013		*59.3*	*21.8*	*n.s.*
% of revenue		*5.3*	*9.2*	*0.7*
Net finance costs		(77.7)	(36.7)	(40.9)
Impairment losses on financial assets		(26.9)	(26.9)	-
Share of profit (loss) of equity-accounted investees		1.8	2.3	(0.6)
Profit (loss) before tax		**14.1**	**48.3**	**(34.2)**
% of revenue		*0.6*	*4.0*	*(3.4)*
Income tax expense		(84.1)	(70.9)	(13.2)
Loss for the period		**(70.0)**	**(22.6)**	**(47.4)**
attributable:	**Owners of the parent**	**(36.8)**	**(16.8)**	**(20.0)**
	Non-controlling interests	(33.2)	(5.8)	(27.4)

n.s. not significant

The performance of the Group operating segments is affected by seasonality; this generally results in better performance in the second quarter of the year than in the first. This was confirmed in 2014, while compared with the second quarter of 2013 revenue was down in the construction materials segment, largely due to the reduction in sales volumes, despite the particularly strong increase in sales prices in Egypt. Revenue was also down, compared with the second quarter of 2013, in the food packaging and thermal insulation segment and the banking segment, while the financial segment reported a significant increase due to gains on the sale of securities and gains on investment of cash and cash equivalents. The property, services, other segment also made a positive contribution.

Overall operating performance in the second quarter was better in absolute terms than operating performance in the first quarter of 2014 and in the corresponding period of the previous year, thanks to the overall increase in sales prices and income from CO_2 emission rights in the construction materials segment, which offset the negative effects from sales volumes and exchange rates. Operating results in the second quarter also improved in the food packaging and thermal insulation segment, mainly due to seasonal trends and cost cutting. A significant improvement was reported by the financial segment owing to higher revenue, while performance in the banking segment slackened compared with the first quarter of the year.

Compared with the second quarter of 2013, gross operating profit at 215.0 million euro was up 5.5%, while operating profit at 109.6 million euro improved by 21.8% thanks to lower amortization and depreciation and impairment losses.

After net finance costs of 36.7 million euro, an increase of 35.3% from the second quarter of 2013, impairment losses on financial assets of 26.9 million euro largely in the construction materials segment, and profit of 2.3 million euro from equity-accounted investees (a loss of 5.5 million euro in the corresponding period of the previous year), profit before tax was 48.3 million euro, up by 64.0% from 2013.

After income tax expense of 70.9 million euro, the Group posted a loss for the quarter of 22.7 million euro (12.6 million euro in the second quarter of 2013). The loss attributable to owners of the parent was 16.8 million euro (29.9 million euro in the corresponding period of the previous year).

Revenue and operating performance

Contribution to consolidated revenue

(net of intragroup eliminations)

(in millions of euro)	H1 2014		H1 2013		Change	
Operating segment		%		%	%	%[1]
Construction materials	2,048.1	93.0	2,150.5	93.9	*(4.8)*	(1.5)
Packaging and insulation	113.1	5.1	115.3	5.0	*(1.9)*	(0.4)
Finance	32.5	1.5	13.5	0.6	*n.s.*	n.s.
Banking	9.0	0.4	11.9	0.5	*(24.0)*	(24.5)
Property, services and other	0.7	n.s.	0.6	n.s.	*14.8*	14.8
Total	**2,203.4**	**100.0**	**2,291.8**	**100.0**	***(3.9)***	**(0.8)**
Geographical segment						
European Union	1,173.2	53.2	1,224.2	53.4	*(4.2)*	(4.1)
Other European countries	14.7	0.7	18.7	0.8	*(21.4)*	(14.3)
North America	184.9	8.4	201.6	8.8	*(8.3)*	(4.2)
Asia and Middle East	288.6	13.1	316.3	13.8	*(8.7)*	3.0
Africa	437.4	19.9	432.7	18.9	*1.1*	6.2
Trading	67.0	3.0	63.1	2.8	*6.2*	8.4
Other countries	37.6	1.7	35.2	1.5	*6.8*	7.5
Total	**2,203.4**	**100.0**	**2,291.8**	**100.0**	***(3.9)***	**(0.8)**

[1] at constant exchange rates and on a like-for-like basis in scope
n.s. not significant

Revenue and operating performance by operating and geographical segment

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	H1 2014	% change vs. H1 2013	H1 2014	% change vs. H1 2013	H1 2014	% change vs. H1 2013	H1 2014	% change vs. H1 2013
Operating segment								
Construction materials	2,048.4	(5.0)	304.8	2.2	302.9	3.3	99.8	27.7
Packaging and insulation	113.2	(2.0)	9.2	40.8	8.5	41.1	3.5	n.s.
Finance	52.9	n.s.	35.9	n.s.	32.8	n.s.	32.6	n.s.
Banking	9.4	(23.1)	(1.5)	(4.9)	(1.0)	27.9	(1.8)	33.2
Property, services, other	1.2	3.8	0.3	3.0	0.3	9.5	0.3	10.7
Inter segment eliminations	(21.7)	(19.0)	(17.5)	(94.2)	(17.5)	(94.2)	(17.5)	(94.6)
Total	**2,203.4**	**(3.9)**	**331.2**	**10.0**	**326.0**	**10.3**	**116.9**	**59.3**
Geographical segment								
European Union	1,228.3	(3.5)	163.4	30.1	161.2	39.0	55.6	n.s.
Other European countries	15.1	(20.7)	(1.3)	12.4	(0.8)	45.2	(1.5)	43.0
North America	185.1	(8.3)	(6.1)	n.s.	(6.1)	n.s.	(38.8)	(56.8)
Asia and Middle East	291.4	(7.9)	39.8	(5.3)	40.0	(6.6)	17.1	13.2
Africa	453.2	2.5	130.4	(5.9)	130.3	(8.5)	87.6	(8.9)
Trading	101.8	9.5	5.5	36.5	5.5	36.4	4.3	71.5
Other countries	163.3	1.6	(1.4)	90.7	(1.3)	91.8	(4.7)	76.3
Inter segment eliminations	(234.8)	(9.4)	0.9	n.s.	(2.8)	n.s.	(2.7)	n.s.
Total	**2,203.4**	**(3.9)**	**331.2**	**10.0**	**326.0**	**10.3**	**116.9**	**59.3**

n.s. not significant

The fall in **revenue** of 3.9% compared with the first half of 2013 was the result of the following factors:

- decline of 0.8% in business performance;
- negative exchange-rate effect of 3.2% largely caused by the depreciation of the Egyptian pound, the Thai baht and the Ukrainian grivnia against the euro;
- a positive consolidation effect of 0.1%.

The decline in business performance was seen in the Group industrial segments and the banking segment, while the financial segment reported strong progress (>100%). A marginal positive contribution came from the property, services and other segment.

Revenue by geographical segment, net of inter-segment eliminations, at constant exchange rates and on a like-for-like basis in scope, showed a decline in the European countries and in North America; the strongest progress was reported by the emerging countries, notably Egypt, Thailand and India. In absolute terms, the EU countries as a whole were the largest contributor to revenue (53.2% of the total).

Recurring gross operating profit at 331.2 million euro was up 30.2 million euro from the first half of 2013 (301.0 million euro). All Group segments contributed to the improvement, primarily the financial segment and the food packaging and thermal insulation segment, whose healthy recovery was due to the introduction of efficiency programs focused in particular on cost cutting. The Italcementi group made a positive contribution, thanks to the positive price effect, containment of costs and income from CO_2 emission rights transactions, despite lower sales volumes and the negative exchange-rate effect.

After net non-recurring expense of 5.2 million euro (expense of 5.5 million euro in the first half of 2013), relating mainly to the financial segment (3.1 million euro) and the construction materials segment (1.9 million euro) for restructuring expense net of gains from the sale of assets, **gross operating profit** was up 30.5 million euro (to 326.0 million euro from 295.5 million euro in the first half of 2013).

After a decrease of 6.4% in amortization and depreciation (to 204.5 million euro from 218.4 million euro in the first six months of 2013), and impairment losses of 4.6 million euro on non-current assets at the Italcementi group (3.7 million euro in the first half of 2013), **operating profit** was 116.9 million euro, up by 59.3% on the corresponding period of the previous year.

Despite the decrease in sales volumes and negative exchange-rate effect, containment of operating expense and efficiency gains in the Group's industrial segments generated a healthy recovery in operating performance in all Group segments compared with the first half of 2013.

Finance costs and other items

Net finance costs increased by 29.9 million euro, from 47.8 million euro in the first half of 2013 to 77.7 million euro in the first six months of 2014. Interest expense on net financial debt was 69.4 million euro, up 16.1% from the first half of 2013 due largely to derivatives on interest rates. Exchange-rate differences net of hedging reflected a loss of 4.4 million euro (a gain of 4.6 million euro in the corresponding period of the previous year), while there was no effect from hedging derivatives on CO_2 emission rights (income of 8.9 million euro in 2013).

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

Impairment losses on financial assets amounted to 26.9 million euro (losses of 27.9 million euro in the six months ended June 30, 2013); they consisted largely of the impairment loss on the equity investment in the West China Cement company recognized by the construction materials segment.

The **share of profit (loss) of equity-accounted investees** reflected profit of 1.8 million euro (a loss of 20.9 million euro in 2013). The figure arose from the profits of 3.1 million euro reported by the associates in the construction materials segment, while the contribution of the financial segment was negative due to the share of the loss reported by Società Editrice Sud (1.3 million euro).

Loss for the period

The Group recognised a **profit before tax** of 14.1 million euro for the first half of 2014 (a loss of 23.2 million euro in the first half of 2013).

After income tax expense of 84.1 million euro (65.5 million euro in the first half of 2013), the Group posted a **loss for the period** of 70.0 million euro (a loss of 88.7 million euro in the year-earlier period). After a loss attributable to non-controlling interests of 33.2 million euro (a loss of 9.8 million euro for the first half of 2013), the **loss attributable of owners of the parent** was 36.8 million euro (a loss of 78.9 million euro for the six months ended June 30, 2013).

Total comprehensive expense

In the first half of 2014, other comprehensive income amounted to 7.7 million euro (expense of 89.6 million euro in th first half of 2013) arising from the following positive items:

- fair value gains of 28.3 million euro on available-for-sale financial assets,
- translation gains of 3.2 million euro,

and the following negative items:

- re-measurement of the net liability for employee benefits, for 16.4 million euro,
- fair value losses on cash flow hedging for 12.7 million euro,

and the related positive tax effect of 5.3 million euro.

Considering the loss for the period of 70.0 million euro, described in the previous section, and the items described above, total comprehensive expense in the first half of 2014 was 62.3 million euro (expense of 33.7 million euro attributable to owners of the parent and expense of 28.6 million euro attributable to non-controlling interests). This compared with total comprehensive expense of 178.3 million euro in the first half of 2013 (expense of 100.3 million euro attributable to owners of the parent and expense of 78.0 million euro attributable to non-controlling interests).

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

Condensed statement of financial position

(in millions of euro)	June 30, 2014	December 31, 2013 re-stated
Property, plant and equipment and investment property	4,053.5	4,021.0
Intangible assets	1,648.2	1,651.8
Other non-current assets	756.3	872.7
Non-current assets	**6,458.0**	**6,545.5**
Current assets	**3,401.2**	**2,942.5**
Total assets	**9,859.2**	**9,488.0**
Equity attributable to owners of the parent	1,766.1	1,662.1
Non-controlling interests	2,521.7	2,677.2
Total equity	**4,287.8**	**4,339.3**
Non-current liabilities	2,988.3	2,961.6
Current liabilities	2,583.1	2,187.1
Total liabilities	**5,571.4**	**5,148.7**
Total equity and liabilities	**9,859.2**	**9,488.0**

Equity

Total equity at June 30, 2014, amounted to 4,287.8 million euro, and decreased by 51.5 million euro on December 31, 2013. Equity attributable to owners of the parent increased by 104.0 million euro, while equity attributable to non-controlling interests decreased by 155.5 million euro. The overall change arose from,

the following positive items:

- the change of 17.6 million euro in the fair value reserve on equity investments and derivatives;
- the change in the scope of consolidation and other minor reserves for 91.3 million euro. This relates mainly to the non-recurring transactions effected in the first half by Italcementi S.p.A.. Specifically, equity increased for payments by non-controlling interest at June 30 in connection with the Italcementi share capital increase for 258.1 million euro net of transaction costs of 13.9 million euro, offset by the acquisition of Ciments Français shares tendered under the public tender offer for 174.0 million euro;
- the change of 3.2 million euro in the translation reserve due to the depreciation of other currencies against the euro;

and the following negative items:

- the loss for the period of 70.0 million euro;
- dividends declared for 80.9 million euro;
- actuarial losses of 12.7 million euro on defined benefit plans.

At June 30, 2014, Italmobiliare S.p.A. held 871,411 ordinary treasury shares, representing 3.928% of ordinary share capital, and 28,500 savings treasury shares (0.174% of savings share capital); there were no changes with respect to the situation at December 31, 2013.

Net financial debt

At June 30, 2014, **net financial debt** of 1,824.2 million euro showed a small improvement with respect to the figure at December 31, 2013 (1,830.0 million euro).

First-half cash flows were primarily influenced by the non recurring transactions launched in the period by Italcementi S.p.A., which were competed in July: the cash inflows from the Italcementi S.p.A. share capital increase outweighed the outflows for the Italcementi S.p.A. public tender offer on Ciments Français shares.

Breakdown of net financial debt

(in millions of euro)	June 30, 2014	December 31, 2013
Current financial assets	(1,573.1)	(1,211.9)
Current financial liabilities	1,265.2	960.5
Non-current financial assets	(114.6)	(131.0)
Non-current financial liabilities	2,246.7	2,212.4
Net financial debt	**1,824.2**	**1,830.0**

Financial ratios

(amounts in millions of euro)	June 30, 2014	December 31, 2013
Net financial debt	1,824.2	1,830.0
Consolidated equity	4,287.8	4,339.3
Gearing	**42.54%**	**42.17%**
Net financial debt	1,824.2	1,830.0
Gross operating profit before other income and expense[1]	643.7	613.6
Leverage	**2.83**	**2.98**

[1] 12-month rolling basis

Condensed statement of cash flows

(in millions of euro)	H1 2014		H1 2013	
Opening net financial debt		**(1,830.0)**		**(1,923.2)**
Cash flow from operating activities		146.4		159.0
Capital expenditure:				
PPE, investment property and intangible assets	*(278.2)*		*(142.3)*	
Non-current financial assets	*(7.1)*		*(1.8)*	
Capital expenditure		**(285.3)**		**(144.1)**
Gain on sale of non-current assets		100.0		28.7
Dividends paid		(36.4)		(44.8)
Italcementi share capital increase		272.0		
Change in interests in subsidiaries		(171.6)		0.5
Translation differences and other		(19.3)		2.8
Change in net financial debt		5.8		2.1
Closing net financial debt		**(1,824.2)**		**(1,921.1)**

Capital expenditure

(in millions of euro)	Non-current financial assets		PPE and investment property		Intangible assets	
	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013
Operating segment						
Construction materials	2.4	1.8	215.1	124.2	4.5	4.7
Packaging and insulation	-	-	3.1	3.1	0.3	0.1
Finance	4.7	-	0.1	-		-
Banking	-	-	0.1	-		-
Property, services and other	-	-		-		-
Intersegment eliminations	-	-		-		-
Total	**7.1**	**1.8**	**218.4**	**127.3**	**4.8**	**4.8**
Change in payables	-	-	55.0	10.2	-	-
Total capital expenditure	**7.1**	**1.8**	**273.4**	**137.5**	**4.8**	**4.8**
Geographical segment						
European Union	6.7	1.2	118.6	72.1	1.7	2.1
Other European countries	-	-	0.1	-	-	-
North America	-	-	19.5	10.2	-	0.1
Asia and Middle East	-	-	50.4	24.3	0.1	-
Africa	-	0.6	28.0	18.0	0.5	0.2
Trading	-	-	1.5	2.2	0.2	0.1
Other countries	0.4	-	0.3	0.5	2.3	2.3
Total	**7.1**	**1.8**	**218.4**	**127.3**	**4.8**	**4.8**
Change in payables	-	-	55.0	10.2	-	-
Total capital expenditure	**7.1**	**1.8**	**273.4**	**137.5**	**4.8**	**4.8**

Group capital expenditure in the first six months of the year amounted to 285.3 million euro, a significant increase with respect to the corresponding period of the previous year (144.1 million euro).

Investments in property, plant and equipment, investment property and intangible assets, referring for the most part to the construction materials segment, amounted to 278.2 million euro; they were chiefly in Italy (revamping of the Rezzato cement plant), India (new cement plant and power station) and Bulgaria (revamping of the Devnya cement plant). Capital expenditure by the Sirap group in the first six months of the year was essentially in the food packaging segment.

Investments in non-current financial assets amounted to 7.1 million euro (1.8 million euro in the first half of 2013), and related to the financial segment and the construction materials segment.

Construction materials segment

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

(in millions of euro)		H1 2014	H1 2013 re-stated	% change	H1 2013 published
Revenue		**2,048.4**	**2,155.6**	**(5.0)**	**2,156.6**
Recurring gross operating profit		**304.8**	**298.2**	**2.2**	**298.6**
% of revenue		*14.9*	*13.8*		*13.8*
Other expense		(1.9)	(5.0)	n.s.	(5.0)
Gross operating profit		**302.9**	**293.3**	**3.3**	**293.6**
% of revenue		*14.8*	*13.6*		*13.6*
Amortization and depreciation		(198.5)	(211.7)	6.2	(212.7)
Impairment losses on non-current assets		(4.6)	(3.5)	(33.3)	(3.5)
Operating profit		**99.8**	**78.1**	**27.7**	**77.4**
% of revenue		*4.9*	*3.6*		*3.6*
Net finance expense		(75.1)	(45.1)	(66.5)	(45.0)
Impairment losses on financial assets		(26.8)	(8.9)	(>100.0)	(8.9)
Share of profit (loss) of equity-accounted investees		3.1	(2.3)	n.s.	(1.9)
Profit before tax		**1.0**	**21.8**	**(95.6)**	**21.6**
% of revenue		*n.s.*	*1.0*		*1.0*
Income tax expense		(80.6)	(64.9)	(24.2)	(64.9)
Loss for the period		**(79.6)**	**(43.1)**	**(84.6)**	**(43.3)**
attributable:	**Owners of the parent ***	**(113.3)**	**(85.1)**	**(33.2)**	**(85.1)**
	Non-controlling interests	33.7	42.0	(19.7)	41.8
Cash flow from operating activities		162.3	172.8		171.4
Capital expenditure		277.0	140.9		140.9
Number of employees at period end		18,434	18,765	(1.8)	18,714

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

(in millions of euro)	June 30, 2014	December 31, 2013
Total equity	3,854.2	3,783.0
Equity attributable to owners of the parent *	2,937.3	2,603.8
Net financial debt	1,851.7	1,934.0

* Italcementi S.p.A.

The economic slowdown had a particularly strong impact on the construction sector. Although the effects of the international cyclical upturn are not as strong as expected, their impact on the construction sector remains delayed. The moderate recovery was slowed as the result of a combination of factors, some of a temporary nature such as the exceptionally bad weather that hit the US economy, and others that were unforeseen such as the worsening crisis between Russia and Ukraine. In the Eurozone countries, the recessionary trend in the sector continued throughout the first half.

Quarterly performance

(in millions of euro)	H1 2014	Q2 2014	Q1 2014
Revenue	**2,048.4**	**1,115.6**	**932.9**
% change vs. 2013	*(5.0)*	*6.3*	*(3.3)*
Recurring gross operating profit	**304.8**	**209.3**	**95.5**
% change vs. 2013	*2.2*	*(0.2)*	*8.0*
% of revenue	*14.9*	*18.8*	*10.2*
Gross operating profit	**302.9**	**206.4**	**96.5**
% change vs. 2013	*3.3*	*0.9*	*8.9*
% of revenue	*14.8*	*18.5*	*10.3*
Operating profit (loss)	**99.8**	**103.9**	**(4.2)**
% change vs. 2013	*27.7*	*10.0*	*74.6*
% of revenue	*4.9*	*9.3*	*(0.4)*
Profit (loss) before tax	**1.0**	**45.2**	**(44.2)**
Loss for the period	**(79.6)**	**(24.4)**	**(55.2)**
Loss attributable to owners of the parent	**(113.3)**	**(45.0)**	**(68.3)**
Net financial debt (at period end)	1,851.7	1,851.7	2,076.5

n.s. not significant

Compared with the second quarter of 2013, in the second quarter of 2014 the group reported a decrease in sales volumes, which was stronger in ready mixed concrete and aggregates than in cement. The decline was larger in Central Western Europe, largely due to performance in France-Belgium. The overall sales price trend was positive, reflecting the trend in Egypt, which easily offset the sharp increase in the price of energy in Egypt. Recurring gross operating profit was slightly down on the second quarter of 2013 mainly due to the fall in revenue and the negative exchange-rate effect, despite income from CO_2 emission rights transactions. Progress was reported in operating profit (+10.0%), mainly as a result of the reduction in amortization and depreciation.

In **cement and clinker**, the positive performance of Asia, North America and Trading mitigated the downturn in Central Western Europe.

The **aggregates** segment reported a larger reduction than in the first quarter arising from the general decline in all countries, with the sole exception of Greece.

In **ready mixed concrete**, the slowdown with respect to the corresponding period of the previous year was due chiefly to a decline in Central Western Europe, counterbalanced in part by the positive performance of some emerging countries, notably Kuwait, Egypt and Thailand.

Revenue in the second quarter of 2014 amounted to 1,115.6 million euro, a reduction of 6.3% from the corresponding period of the previous year (-3.3% at constant exchange rates and on a like-for-like basis in scope), due mainly to the downturn in Central Western Europe. At constant exchange rates and on a like-for-like basis in scope, a positive contribution came from all the other macro areas, largely thanks to Egypt, Thailand and Trading.

Recurring gross operating profit, at 209.3 million euro, showed a small reduction (-0.2%) on the second quarter of 2013, while **operating profit**, at 103.9 million euro, improved by 10.0%.

Operating results benefited from an overall favorable trend in sales prices, thanks largely to Egypt and, to a limited extent, Thailand, and from CO_2 emission rights transactions. These positive factors offset the negative effects of sales volumes and exchange rates.

Operating profit made significant progress, backed by lower amortization and depreciation.

At constant exchange rates, the most significant progress in recurring gross operating profit was reported in Thailand and Egypt. The largest reductions were in France-Belgium and India.

Half-year performance in the construction materials segment

Sales volumes and internal transfers

	H1 2014[1]	% change on H1 2013 historic	like-for-like basis in scope
Cement and clinker *(millions of metric tons)*	21.7	*(0.5)*	*(0.5)*
Aggregates [2] *(millions of metric tons)*	15.4	*(6.3)*	*(6.3)*
Ready mixed concrete *(millions of m^3)*	5.7	*(8.1)*	*(8.7)*

[1] amounts refer to consolidated on a line-for-line basis and, proquota, to companies consolidated on a proportionate basis
[2] excluding decreases for processing

In **cement and clinker**, thanks to the positive performance of the first quarter, sales volumes were substantially stable in the first half compared with the corresponding period of the previous year. Central Western Europe reported a small improvement arising from strong growth in Spain and Greece and limited reductions in France – Belgium and Italy. Performance in Emerging Europe, North Africa and the Middle East was in line with the first half of 2013, thanks to growth in Egypt, which almost completely offset the decline on the other markets. Sales improved in Asia and Trading, while North America was badly hit by the poor performance of the first quarter due to severe weather.

In **aggregates**, the decline arose from a general downturn in all countries, with the exception of Italy and Greece. In percentage terms, the slowdown was larger in the non-European countries, and exacerbated by performance in the second quarter.

In **ready mixed concrete**, the fall in sales volumes arose largely from the reduction in Central Western Europe and in Morocco, offset to only a small degree by healthy performance in Thailand and Kuwait.

Revenue, at 2,048.4 million euro (2,155.6 million euro in the first half of 2013), was down 5.0% from the corresponding period of the previous year, due to slower business performance (-1.8%) and a negative exchange-rate effect (-3.3%), with a marginally positive consolidation effect (+0.1%).

Revenue reflected the fall in sales volumes, whose impact was nonetheless mitigated by an overall positive dynamic in sales prices, mainly in Egypt and Thailand.

At constant exchange rates and on a like-for-like basis in scope, there was a reduction in Central Western Europe (notably in Italy and France-Belgium) and in North America, while the emerging countries as a whole reported progress (Egypt, Thailand and India).

The negative exchange rate effect arose mainly from the depreciation of the Egyptian pound and the Thai baht against the euro.

Recurring gross operating profit was 304.8 million euro, an improvement of 2.2% on the first half of 2013. After net non-recurring expense of 1.9 million euro (expense of 5.0 million euro in the first half of 2013), **gross operating profit** was 302.9 million euro, an increase of 3.3% from the first half of 2013. **Operating profit** was 99.8 million euro, an improvement of 27.7% from the corresponding period of the previous year.

The trend in operating results was largely driven by the fall in sales volumes and the negative exchange rate effect, but benefited from the positive price effect described above, significant containment of operating expense and income from CO_2 emission rights transactions.

Excluding the positive contribution from CO_2 emission rights (approximately 11.5 million euro), and the negative exchange-rate effect (approximately 10.5 million euro), recurring gross operating profit would still have shown an improvement with respect to the first half of 2013 (about +1.9%).

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

Finance expense net of finance income amounted to 75.1 million euro, up by 66.5% from the first half of 2013 (45.1 million euro). Net expense in respect of financing increased from 57.7 million euro to 67.6 million euro, mainly in connection with interest-rate derivatives. Looking at the other financial items, the most significant negative changes related to exchange rate differences (net of hedges), while derivatives for CO_2 hedging, which generated income of 8.9 million euro in the first half of 2013, had zero effect.

Impairment on financial assets reflected losses of 26.8 million euro, and referred mainly to the impairment loss on the equity investment in the West China Cement company.

The **share of profit (loss) of equity-accounted investees** was positive at 3.1 million euro (a loss of 2.3 million euro in the first half of 2013).

Profit before tax was 1.0 million euro (21.8 million euro in the first half of 2013). Income tax expense amounted to 80.6 million euro, an increase of 24.2% from the corresponding period of the previous year (64.9 million euro).

The **loss for the period** was 79.6 million euro (a loss of 43.1 million euro in the first half of 2013), with a loss of 113.3 million euro **attributable to owners of the parent** (a loss of 85.1 million euro in the first half of 2013) and profit of 33.7 million euro attributable to non-controlling interests (profit of 42.0 million euro in the first half of 2013).

In the first half of 2014, **capital expenditure** amounted to 277.0 million euro, almost double the figure in the first half of 2013 (140.9 million euro).

Investments in property, plant and equipment, investment property and intangible assets totaled 274.6 million euro (139.1 million euro in the first half of 2013), and were evenly distributed among mature countries and emerging countries. With regard to the main current initiatives, investments related mainly to Italy (revamping of the Rezzato cement plant), India (new cement plant and power station in Gulbarga, grinding center in Shalapour), Bulgaria (revamping of the Devnya cement plant).

Investments for the structural improvement of the group's industrial operations and operating efficiency accounted for 64% of total expenditure.

As in the first half of 2013, expenditure for equity investments was immaterial.

Net financial debt at June 30, 2014, stood at 1,851.7 million euro, a decrease of 82.3 million euro from December 31, 2013 (1,934.0 million euro) and of 224.7 million euro from March 31, 2014.

Cash flows for the period were heavily influenced by the non-recurring transactions launched in the first half of the year, which were completed in July 2014. The cash inflows from the share capital increase and from operating activities more than offset the outflows for the public tender offer on Ciments Français shares, dividends paid and capital expenditure, which almost doubled compared with the first half of 2013.

Total **equity** at June 30, 2014, was 3,854.2 million euro, an increase of 71.2 million euro from December 31, 2013 (3,783.0 million euro) influenced by the non-recurring transactions under the plan to streamline the corporate structure and strengthen the group. Specifically, the main increase in equity arose from the payments made on June 30 (483.2 million euro) for the

Italcementi S.p.A. share capital increase, which was completed on July 7. The main decreases related to the purchase by Italcementi S.p.A., also on June 30, 2014, of Ciments Français shares tendered under the offer ending on July 3 (251.7 million euro), dividends paid (81.6 million euro) and the loss for the period (79.6 million euro). These movements generated an increase of 333.5 million euro in equity attributable to owners of the parent and a decrease of 262.2 million euro in equity attributable to non-controlling interests.

Significant events of the period

As illustrated in the quarterly report as at and for the three months ended March 31, 2014, at a meeting on March 6, 2014, the Italcementi S.p.A. Board of Directors approved a plan to streamline the corporate structure and strengthen the group. The plan consisted of the following stages:

- on June 2, 2014, mandatory conversion took place of all 105,431,378 Italcementi savings shares into 68,530,395 Italcementi ordinary shares, with the same characteristics as the ordinary shares outstanding at the date on which conversion became effective, at a conversion rate of 0.65 ordinary shares for each savings share. As from June 2, 2014, only Italcementi ordinary shares trade on the Borsa Italiana S.p.A. electronic stock exchange (*Mercato Telematico Azionario*);
- an increase in Italcementi share capital which began on June 9, 2014, with the offer to all shareholders of 3 new shares for every 7 shares held, at a per-share price of 4.825 euro. The increase closed on July 7, 2014, with the full subscription and payment of the 103,622,721 shares on offer, for an overall amount of 499,979,628.82 euro, of which 119,166,129.15 euro attributable to the nominal value. Since that date, the share capital of Italcementi S.p.A. has therefore been 401,715,071.15 euro, represented by 349,270,680 ordinary shares with no express par value;
- a voluntary public tender offer on Ciments Français shares at a price of 79.5 euro per share, which was completed in July. At the close of the offer period (June 13 – July 3), Italcementi held 97.73% of the capital (83.83% at the start of the transaction) and 98.65% of the voting rights (91.03% at the start of the transaction) of Ciments Français. Since the share still held by CF minorities had decreased to below 5% of capital and voting rights, Italcementi applied to the AMF (the French financial markets authority) for activation of the squeeze-out procedure (*retrait obligatoire*). Under this procedure, on July 15, 2014, CF shares were delisted from the Paris stock exchange.

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

The TX Active active principle was selected for the 2014 European Inventor Award, the annual innovation “Oscar” organized by the European Patent Office (EPO) for the best European patents.

Operating performance by geographical segment

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	H1 2014	% change vs. H1 2013	H1 2014	% change vs. H1 2013	H1 2014	% change vs. H1 2013	H1 2014	% change vs. H1 2013
Geographical segment								
Central Western Europe	1,059.8	(5.8)	128.5	9.4	130.0	20.2	39.6	>100
North America	185.1	(8.3)	(6.1)	n.s.	(6.1)	n.s.	(38.8)	(56.8)
Emerging Europe, North Africa and Middle East	512.9	1.6	139.6	(4.0)	139.6	(6.6)	84.9	(14.6)
Asia	259.6	(8.7)	37.9	(3.2)	38.0	(4.5)	17.1	21.4
Cement and clinker trading	101.8	9.5	5.5	36.5	5.5	36.4	4.3	71.5
Others	163.3	1.6	(1.4)	90.7	(1.3)	91.8	(4.7)	76.3
Eliminations	(234.0)	n.s.	0.9	n.s.	(2.7)	n.s.	(2.6)	n.s.
Total	**2,048.4**	**(5.0)**	**304.8**	**2.2**	**302.9**	**3.3**	**99.8**	**27.7**

n.s. not significant

Conditions remained unfavorable in the construction industry, with many countries struggling to recover from historic lows and others experiencing a worsening in their cyclical positions. The recessionary trend continued in the mature countries: it eased in Italy and Spain, whereas signs of a deterioration in the economic situation intensified in France. As noted above, performance in the USA in the early months of 2014 was affected by exceptionally severe weather; investments picked up with the return to more normal meteorological conditions, especially in residential building, although the speed of the recovery was slower than in previous cyclical upturns. In the Group's emerging countries, the key feature was a progressive differentiation in industry conditions. In North Africa, investment in construction showed a certain resilience in Egypt despite the complex political and institutional situation, largely thanks to the massive financial support provided by a number of Persian Gulf nations. Meanwhile, signs of a slowdown were seen in Morocco, where renewed weakness in private demand had a negative impact on construction industry performance. In Asia, notably in India (in the country as a whole rather than on the group markets) and in Thailand, there was a decline in business activity, generated, albeit in different ways, by political uncertainty and the related weakening of the general domestic economic situation.

E-business

In the first half of 2014, despite continuing difficulties in domestic and international economic conditions, the BravoSolution group reported growth in revenue and operating results. Consolidated revenue for the first half was 33.4 million euro (+9.9%); gross operating profit was 4.0 million euro (3.1 million euro in the first half of 2013), while operating profit was positive at 1.3 million euro (0.6 million euro in the first half of 2013).

Disputes and pending proceedings

An update on developments in the main ongoing disputes and those that arose during the reporting period is provided below.

Spain

On May 14, 2014, after a petition was filed by a local association, the court of Malaga annulled the integrated environmental authorization issued in 2007 for the Malaga production plant of the Spanish subsidiary Financiera Y Minera (“FyM”), on the grounds that the Regional Authority had issued the authorization erroneously in the absence of a prior environmental impact assessment. FyM intends to appeal against the ruling, and is also considering whether to apply for a new authorization subject to execution of an environmental impact assessment. With its legal advisors, FyM is also examining the possible consequences of the ruling, including its effects on the operations of the production facility.

Europe

Regarding the investigation into alleged unfair trading practices/cartel agreements begun in November 2008 by the European Commission into (among others) Italcementi S.p.A. and the foreign subsidiaries Ciments Français S.A., Ciments Calcia S.A. and Compagnie des Ciments Belges (CCB) S.A., in December 2010 the European Commission notified the formal opening of the proceeding to Italmobiliare S.p.A. (and, indirectly, through Italmobiliare, to the above-named group companies and the Spanish subsidiary Financiera Y Minera S.A.). Subsequently, in April 2011, the European Commission served formal notice on Italmobiliare of its decision to request extensive additional economic, financial and commercial information. Italmobiliare provided the information within the required term and, simultaneously, lodged an appeal with the EU General Court against the decision. On March 17, 2014, the EU General Court rejected the appeal presented by Italmobiliare S.p.A., which has now filed an appeal with the European Court of Justice.

Turkey / Russia

Regarding the dispute begun by Sibconcord against Ciments Français for the non-closure of the 2008 agreement for the sale of the group’s Turkish operations (Set Group) to its subsidiary Sibcem, the various lawsuits proceeded regularly in accordance with the civil codes of the countries concerned. After the court of Kemerovo (Russia) issued a ruling in favor of Ciments Français on July 10, 2013, stating that the loss of 50 million euro by Sibcem was solely due to the appellant’s failure to comply with the agreements, Sibconcord filed an appeal against the ruling. In March 2014, the appeals court rejected the appeal and upheld the ruling in favor of Ciments Français. Sibconcord consequently filed an appeal with the regional court of cassation against the decision of the appellate court. The court of cassation annulled the ruling of first instance and referred the case back to the court of Kemerovo (Russia).

India

A tax proceeding is still formally open against the subsidiary Zuari Cement Limited after an assessment relating to 2007-2008 (tax year 2008-2009) identified transfer pricing and expenses that potentially cannot be deducted against income tax. The dispute began for an amount of approximately 7.6 million euro of additional taxable income and approximately 3.3 million euro in higher taxes, fines and interest; the court of Andhra Pradesh issued an initial ruling in favor of Zuari Cement Limited on February 21, 2013, and the supreme court definitively rejected the case on September 27, 2013. India’s tax authorities have until March 31, 2015 to re-open the assessment.

In February 2014, the Indian tax authority notified Zuari Cement Limited of an assessment relating to 2008-2009 (tax year 2009-2010) with regard to transfer pricing and expenses that potentially cannot be deducted against income tax. In March 2014, the company filed an appeal with the competent administrative court and, subsequently, an appeal with the court of appeal against the assessment, which is for an amount of approximately 11.3 million euro of additional taxable income and approximately 6.3 million euro in higher taxes, fines and interest; the case is still pending in the court of appeal.

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

Outlook

Trends in demand on the construction market in the group countries vary significantly and, in Europe in particular, are still largely unfavorable. The positive market dynamic continues in Egypt, although accompanied by inflationary pressures on cost factors; meanwhile, in Morocco, growth has been slower than expected. On the Asian markets, the growth in demand is supported by a positive situation in sales prices.

The measures to improve industrial efficiency and, above all, the far-reaching re-organization of the Group's production operations in Europe will continue to produce improvements in operating profits in the second half.

In this context, the Group feels able to confirm that, largely thanks to the performance expected in the final months of the year, it will report growth in full-year recurring gross operating profit compared with the figure for the year ended December 31, 2013.

At the end of the year, in part as a result of completion of the operations on the group's capital structure, net financial debt will, as forecast, be slightly higher than the amounts at December 31, 2013, owing to the current industrial revamping and strategic development investment projects.

Food packaging and thermal insulation segment

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

(in millions of euro)		H1 2014	H1 2013	% change
Revenue		**113.2**	**115.4**	**(2.0)**
Recurring gross operating profit		**9.2**	**6.6**	**40.8**
% of revenue		*8.2*	*5.7*	
Other expense		(0.7)	(0.6)	(37.0)
Gross operating profit		**8.5**	**6.0**	**41.1**
% of revenue		*7.5*	*5.2*	
Amortization and depreciation		(5.0)	(5.3)	6.1
Impairment losses on non-current assets		-	(0.2)	n.s.
Operating profit		**3.5**	**0.5**	**n.s.**
% of revenue		*3.1*	*0.4*	
Net finance expense		(2.9)	(3.1)	4.6
Profit (loss) before tax		**0.6**	**(2.6)**	**n.s.**
% of revenue		*0.5*	*(2.3)*	
Income tax expense		(1.2)	(0.2)	n.s.
Loss for the period		**(0.6)**	**(2.8)**	**77.3**
attributable:	**Owners of the parent**	**(0.6)**	**(2.8)**	**77.1**
	Non-controlling interests	n.s.	n.s.	
Capital expenditure		3.4	3.1	
Number of employees at period end		1,214	1,291	

n.s. not significant

(in millions of euro)	June 30, 2014	December 31, 2013
Total equity	14.3	9.5
Equity attributable to owners of the parent	13.9	9.1
Net financial debt	117.0	116.1

The market situation remained difficult in all the core group countries in the first half of 2014, due to the economic crisis, which has gradually depressed consumption and demand.

Although prices for polystyrene raw materials were slightly lower than in the first half of 2013, they remained at high levels.

In this context, the Sirap group reported a significant upturn in profitability through commercial initiatives to recover and consolidate sales and through restructuring and optimization measures, which enabled a significant reduction in costs.

Group revenue (113.2 million euro) at constant exchange rates was substantially in line with the first half of 2013 (115.4 million euro), reflecting the overall stability of the group on its core markets.

Gross operating profit was 8.5 million euro, an important improvement (41.1%) on the corresponding period of the previous year (6.0 million euro) achieved chiefly through the action taken to improve profitability. It also included other expense of 0.7 million euro (0.6 million euro in the first half of 2013).

Operating profit was 3.5 million euro (0.5 million euro in the first half of 2013)**,** after amortization and depreciation of 5.0 million euro (amortization, depreciation and impairment losses totaling 5.5 million euro in the first half of 2013).

Net finance expense amounted to 2.9 million euro (3.1 million euro in the corresponding period of the previous year), including exchange-rate losses of 0.4 million euro (0.3 million euro).

Income tax expense (1.2 million euro) was significantly higher than in the first half of 2013 (0.2 million euro), mainly because of the change in taxable income.

The group recognized a **loss for the period** of 0.6 million euro, although this was an improvement on the corresponding period of the previous year (a loss of 2.8 million euro).

Equity was 14.3 million euro (9.5 million euro at the end of 2013): the change arose from the loss for the period and from a capital injection of 6 million euro paid by the parent Italmobiliare S.p.A. to Sirap Gema S.p.A..

Net financial debt stood at 117 million euro (116.1 million euro at December 31, 2013) and benefited from the capital injection described above (6 million euro).

Capital expenditure was 3.4 million euro (3.2 million euro in the first half of 2013) and referred to the food packaging segment for 2.9 million euro and to thermal insulation for 0.5 million euro.

The number of **employees** at June 30, 2014, was 1,214, a decrease of 77 heads from the end of the corresponding period of the previous year (1,291 people); it included 11 people on CIGS state-subsidized lay-off (in 2013, 27 people in connection with the closure of the Corciano factory near Perugia).

Significant events of the period

No significant events took place.

Quarterly performance

(in millions of euro)	H1 2014	Q2 2014	Q1 2014
Revenue	**113.2**	**59.9**	**53.3**
% change vs. 2013	*(2.0)*	*(3.7)*	*-*
Recurring gross operating profit	**9.2**	**5.7**	**3.5**
% change vs. 2013	*40.8*	*35.9*	*49.3*
% of revenue	*8.2*	*9.5*	*6.6*
Gross operating profit	**8.5**	**5.2**	**3.3**
% change vs. 2013	*41.1*	*42.3*	*39.2*
% of revenue	*7.5*	*8.7*	*6.2*
Operating profit	**3.5**	**2.7**	**0.8**
% change vs. 2013	*n.s.*	*n.s.*	*n.s.*
% of revenue	*3.1*	*4.6*	*1.4*
Profit (loss) for the period	**(0.6)**	**0.6**	**(1.2)**
Profit (loss) for the period attributable to owners of the parent	**(0.6)**	**0.6**	**(1.2)**
Net financial debt (at period end)	117.0	117.0	122.0

n.s. not significant

Performance in the second quarter of 2014 was generally better than performance in the first quarter on all the main indicators, in line with the typically favorable seasonal trend.

Second-quarter **revenue** (59.9 million euro) was down (-3.7%) on the corresponding period of the previous year, but increased with respect to the first quarter of 2014.

Gross operating profit was 5.2 million euro, a material improvement on the corresponding period of the previous year (+42.3%) and on the first quarter of 2014 (+58.6%).

Operating profit for the second quarter was 2.7 million euro, a strong increase on the corresponding period of the previous year (improvement of >100%), and on the first quarter of 2014, due in part to seasonality and to a small reduction in amortization and depreciation.

The group posted a consolidated **profit for the second quarter** of 0.6 million euro, a strong recovery from the loss of 1.2 million euro in the first quarter.

Performance by operating and geographical segment

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	H1 2014	% change vs. H1 2013	H1 2014	% change vs. H1 2013	H1 2014	% change vs. H1 2013	H1 2014	% change vs. H1 2013
Food packaging								
- Italy	43.6	(1.2)	4.7	84.1	4.0	56.8	1.1	n.s.
- France	11.4	(6.6)	1.1	(28.0)	1.1	(28.0)	0.6	(42.7)
- Other EU countries	31.8	(2.0)	1.5	11.5	1.5	11.5	0.6	n.s.
- Other non-EU countries	6.5	(13.7)	0.5	n.s.	0.5	n.s.	0.5	n.s.
Eliminations	(7.0)	-	-	-	-	-	-	-
Total	**86.3**	**(2.7)**	**7.8**	**38.9**	**7.1**	**26.4**	**2.8**	**n.s.**
Thermal insulation - Italy	27.0	0.3	1.4	49.6	1.4	n.s.	0.7	n.s.
Eliminations	(0.1)		-	-	-	-	-	-
Total	**113.2**	**(2.0)**	**9.2**	**40.8**	**8.5**	**41.1**	**3.5**	**n.s.**

n.s. not significant

Food packaging

In Western Europe, demand for food packaging products remained weak in the first half of 2014, due to the difficult economic situation, which had a negative impact on spending on fresh food and consequently on demand for related primary packaging.

Segment revenue (86.3 million euro) was down 2.7% from the corresponding period of the previous year; operating profit was 2.8 million euro, a strong improvement on the first half of 2013 (0.9 million euro).

On the Italian market, compared with the first half of 2013, sales revenue (43.6 million euro) showed a small downturn (-1.2%). Revenue on sales of foamed containers was substantially stable; in rigid containers, there was a positive trend in the mix, with buyers purchasing higher volumes of containers and lower volumes of sheet. There was a sharp increase in profitability at all levels, thanks to the improvement in the result of commercial operations, the consolidation of re-organization measures and production cost optimization, the improvement in the mix by both divisions, and a continuing reduction in overheads.

The French market was badly affected by the economic crisis. Sirap France revenue on foamed trays decreased in the first half of 2014 (11.4 million euro, from 12.2 million euro), largely due to a reduction in volumes, which intensified over the period owing to a result of a sharp fall in domestic demand. Average sales prices were also down, owing to strong competitors. Operating profit amounted to 0.6 million euro, compared with 1.0 million euro in the corresponding period of the previous year.

In Poland, thanks to effective action on the domestic market, Inline Poland reported overall revenue of 13.2 million euro in the first half of 2014, an improvement of 7% from the 12.3 million euro in the first six months of 2013; operating profit (0.7 million euro) showed a significant improvement from the first six months of 2013 (0.2 million euro).

In the Petruzalek group countries in Central Eastern Europe, revenue (25.5 million euro) was affected by the weakness of demand, which was particularly pronounced in a number of countries including Austria. The revenue reduction (-9.3%) also arose from the unfavorable exchange rate effect; attention is drawn to the situation in Ukraine, where political and social tensions caused a depreciation in the grivna against the euro of 41.6% compared with December 31, 2013 (depreciation of 35.1% compared with the average value in the first half of 2013).

Nevertheless, the measures begun in 2013 to cut operating and reorganization expense enabled the segment to report a recurring gross operating profit (0.7 million euro) in line with the first half of 2013.

Capital expenditure for the first half of the year amounted to 2.9 million euro (2.1 million euro in the first half of 2013). Investments included asset replacements and efficiency improvements.

R&D activities in the first half of 2014 focused on research into other materials to improve product performance.

Thermal insulation

Revenue in the first half of 2014 was 27.0 million euro, in line with the corresponding period of the previous year. The crisis in building construction had an impact on domestic volumes. This was offset by exports, notably to Austria, Switzerland and Germany. Gross revenue on the Italian market (17.2 million euro) fell by 4.8%, while export revenue (9.8 million euro) rose by 14.3% in part thanks to higher sales volumes of thicker extruded panels.

Operating profit was 0.7 million euro (compared with a loss of 0.4 million euro in the first half of 2013 after a provision of 0.5 million euro).

The liquidity crisis in the building industry requires the company to keep a close watch on credit risk, possibly foregoing potential volumes but continuing to implement rigorous credit checks and credit management procedures.

Capital expenditure in the first half of 2014 amounted to 0.5 million euro (1 million euro in the first half of 2013) and related mainly to automation projects.

In thermal insulation, R&D activities focused largely on the use of new polymer mixes with varying degrees of fluidity for the production of extruded panels.

Environmental initiatives

On January 1, 2012, the Sirap Gema group adopted an Environmental Policy document to give visibility to its commitment to and activities for environmental protection in the countries where it operates. Guidelines have been drawn up and shared with group employees with regard to the group's intention to comply with local regulations and apply the best ecological standards for sustainable and responsible development; in addition, appropriate initiatives in this field are being implemented or are planned with set procedures and deadlines.

Disputes and pending proceedings

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

With the assistance of their legal advisors, the Company and its subsidiaries who received the Statement of Objections provided the information requested within the terms indicated by the Commission.

Events after the reporting period

On July 4, 2014, in Austria, the deed for the upstream merger of Dorner Pack G.m.b.H. into Petruzalek G.m.b.H. was signed; the merger was decided in the light of organizational opportunities.

The formalities are underway for the deed to be filed with the Austrian Business Register.

Outlook

The general economic situation on the Sirap group's core markets remains weak.

Demand for food packaging continues to be influenced by food consumption trends and by the promotional campaigns launched by mass merchandisers. In a particularly dynamic competitive environment, the group has taken commercial action to expand the product range, shift the sales mix toward products with higher added value and target new customers and markets. On the production and industrial front, additional re-organization measures are underway to cut costs and raise efficiency.

In thermal insulation, after a first half in which overall performance improved compared with the corresponding period of the previous year, full-year revenue is expected to be slightly higher than in 2013.

Financial segment

The financial segment consists of the parent Italmobiliare and Société de Participation Financière Italmobiliare S.A. (Luxembourg).

(in millions of euro)	H1 2014	H1 2013 re-stated	% change	H1 2013 published
Revenue	**52.9**	**25.6**	**n.s.**	**25.5**
Recurring gross operating profit	**35.9**	**6.4**	**n.s.**	**6.3**
Other expense	(3.1)	-		(0.1)
Gross operating profit	**32.8**	**6.4**	**n.s.**	**6.2**
Amortization and depreciation	(0.2)	(0.2)	-	(0.2)
Operating profit	**32.6**	**6.2**	**n.s.**	**6.0**
Net finance costs	(0.1)	(0.1)	-	(0.1)
Impairment losses on financial assets	(0.1)	(18.9)	99.6	(18.9)
Share of loss of equity-accounted investees	(1.3)	(18.6)	92.8	(18.6)
Profit (loss) before tax	**31.1**	**(31.4)**	**n.s.**	**(31.6)**
Income tax expense	(2.2)	(0.4)	n.s.	(0.3)
Profit (loss) for the period	**28.9**	**(31.8)**	**n.s.**	**(31.9)**
Number of employees at period end	46	56		56

(in millions of euro)	June 30, 2014	December 31, 2013
Equity	1,073.2	1,028.8
Net financial position	74.0	146.6

Conditions on the financial markets of the advanced economies gradually eased in the first half of the year, despite some uncertainty toward the end of the period. In the Eurozone countries most exposed to the debt crisis, sovereign debt spreads continued to narrow, backed by the expansionary stance of monetary policy and capital inflows from the emerging countries.

On the emerging markets, after the tensions in the second half of 2013, financial conditions improved, with an upturn in share prices and a narrowing in yield differentials between long-term sovereign bonds denominated in dollars and US Treasury bonds.

The financial market in Italy improved in the first half of the year; yields on government securities and premiums for sovereign risk and on private debt decreased, generating a reduction in the cost of public and private bond funding. After a first quarter in which share prices rose strongly, the situation stabilized in the second quarter. Specifically, the Borsa Italiana FTSE MIB index rose by 12.2% from the beginning of the year, supported by the positive performance of the first quarter of 2014.

In this context, the segment reported a satisfactory operating performance, chiefly thanks to gains on the sale of equities, relating in part to non recurring transactions, despite the reduction in dividends received compared with the first half of 2013.

Quarterly performance

(in millions of euro)	H1 2014	Q2 2014	Q1 2014
Revenue	**52.9**	**37.4**	**15.5**
% change vs. 2013	*n.s.*	*n.s.*	*77.2*
Recurring gross operating profit	**35.9**	**28.8**	**7.1**
% change vs. 2013	*n.s.*	*n.s.*	*n.s.*
% of revenue	*67.8*	*76.8*	*45.9*
Gross operating profit	**32.8**	**25.7**	**7.1**
% change vs. 2013	*n.s.*	*n.s.*	*n.s.*
% of revenue	*62.0*	*68.6*	*46.0*
Operating profit	**32.6**	**25.6**	**7.1**
% change vs. 2013	*n.s.*	*n.s.*	*n.s.*
% of revenue	*61.7*	*68.4*	*45.5*
Profit for the period	**28.9**	**23.7**	**5.2**
Net financial position (at period end)	**74.0**	**74.0**	**203.3**

Share and bond prices performed well in the second quarter of the year, especially in the main advanced countries outside the Eurozone, reflecting the consolidation of the recovery in the USA, Japan and the UK. In the Eurozone, share prices slackened slightly, especially among banking stocks, due to uncertainty over the extent of the recovery and the solidity of a Portuguese bank.

In the second quarter, the financial segment reported healthy progress in operating performance compared with both the first quarter of 2014 and the corresponding period of the previous year. This was the result of the increase in revenue driven by gains on the sale of securities, mainly as a result of uptake of the non recurring transactions launched by the subsidiary Italcementi S.p.A., which were supported by the parent Italmobiliare.

After non-recurring expense of 3.1 million euro (0.3 million euro in the second quarter of 2013) relating essentially to restructuring costs, gross operating profit amounted to 25.7 million euro, an increase of 20.0 million euro from the corresponding period of the previous year.

The profit for the second quarter of 23.7 million euro, after the loss reported by equity-accounted investees (1.3 million euro) and income tax (0.5 million euro), was a significant improvement on the first quarter of 2014 (5.2 million euro) and on the second quarter of 2013, which reported a loss of 16.4 million euro. The second quarter of 2013 was penalized by large impairment losses (18.9 million euro) in connection with the share swap organized by Mittel.

The net financial position decreased in the second quarter compared with the first quarter due to significant cash flows in the period, described in “Significant events of the period” and analyzed in “Net financial position of Italmobiliare S.p.A. and the financial segment”.

Results in accordance with the financial model

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

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

(in millions of euro)	H1 2014	H1 2013 re-stated	% change	H1 2013 published
Net gains (losses) on equity investments	36.5	(24.6)	n.s.	(24.6)
Net gains on investments of cash and cash equivalents	8.2	4.0	n.s.	3.9
Net borrowing costs	(1.7)	(2.7)	35.4	(2.7)
Total finance income (expense)	**43.0**	**(23.3)**	**n.s.**	**(23.4)**
Other expense	(11.8)	(8.1)	(45.4)	(8.2)
Income tax expense	(2.3)	(0.4)	n.s.	(0.3)
Profit (loss) for the period	**28.9**	**(31.8)**	**n.s.**	**(31.9)**

The upturn on the financial markets contributed to the achievement of positive results, with a significant improvement compared with the first half of 2013. Specifically, **net gains on equity investments** of 36.5 million euro (net losses of 24.6 million euro in the first half of 2013) were mainly generated by:

- the gain of 28.3 million euro from the sale of equities, essentially the sale of Ciments Français shares for 15.2 million euro after uptake of the public tender offer made by Italcementi and the sale of banking stocks for 13.0 million euro;
- dividends of 9.6 million euro (10.4 million euro in the first half of 2013);
- the losses of the equity-accounted investees of 1.3 million euro (losses of 18.6 million euro in the first half of 2013), due to the loss reported by Società Editrice Sud S.p.A..

There was a significant increase in **net gains on investments of cash and cash equivalents** to 8.2 million euro in the first half of 2014 compared with 4.0 million euro in the first six months of 2013. The improvement was largely due to gains on the sale of trading instruments (3.5 million euro compared with 0.6 million euro in the first half of 2013) and measurement gains on bonds of 3.6 million euro (a loss of 1.0 million euro in the first half of 2013). A small reduction of 0.3 million euro was recorded in interest income (2.9 million euro at the first half of, 2014 compared with 3.2 million euro in the first six months of 2013), while transactions on derivatives generated expense of 2.5 million euro compared with income of 0.9 million euro in the first half of 2013.

Net borrowing costs of 1.7 million euro were down from the first half of 2013 (2.7 million euro), against average financial debt in the segment of 192.2 million euro, down from 291.8 million euro in the first half of 2013.

Other expense net of other income was 11.8 million euro, an increase of 3.7 million euro from the first half of 2013 (8.1 million euro), due to non recurring costs.

After income tax expense of 2.3 million euro (0.4 million euro for the six months ended June 30, 2013), the segment posted a **profit for the period** of 28.9 million euro compared with a loss of 31.8 million euro for the first half of 2013.

The companies in the financial segment hold substantial equity investments, the majority classified as "Available for sale". The fair value changes on these investments, excluding consolidated investments carried at cost less impairment losses in the separate financial statements, are recognized in equity under the "Fair value reserve", or in the income statement if the correlated financial assets have been impaired, in line with the accounting policies adopted by the Italmobiliare Group. At June 30, 2014, the fair value reserve of the financial segment reflected a positive balance of 15.5 million euro, compared with a negative balance of 7.9 million euro at December 31, 2013. The increase arose as a result of the upturn in share prices during the first half of the year, particularly in banking stocks.

Significant events of the period

With reference to the project launched by the Italcementi group to streamline its corporate structure, supported by the Italmobiliare S.p.A. Board of Directors, the following transactions took place in June:

- conversion of Italcementi savings shares into ordinary shares at a rate of 0.65. This involved the conversion of 3,011,500 Italcementi savings shares held by Italmobiliare into 1,957,475 Italcementi ordinary shares;
- the uptake of the Italcementi S.p.A. public tender offer on Ciments Français shares with the tendering of all the shares held in Ciments Français at a price of 79.5 euro per share;
- the pro-quota subscription of the Italcementi share capital increase, with an overall outlay of 225.1 million euro. The transaction was funded with income from the public tender offer described above, from the distribution of reserves by the Luxembourg subsidiary (Société de Participation Financière Italmobiliare S.A.) and from the sale of some equity investments in the banking segment.

Following the completion in July of the transactions described above, Italmobiliare now holds 44.53% of the share capital of Italcementi S.p.A. (45.03% net of treasury shares held by the subsidiary).

On April 4, in order to guarantee an adequate financial structure for Sirap Gema S.p.A., Italmobiliare S.p.A. made a capital injection of 6 million euro to the subsidiary.

Information on some companies in the segment

Italmobiliare S.p.A.

The interim financial statements as at and for the six months ended June 30, 2014, drawn up in accordance with the IFRS for the purposes of the Group consolidated financial statements, reflect the following key data:

(in millions of euro)	H1 2014	H1 2013	% change
Net gains on equity investments	42.9	12.1	*n.s.*
Net gains on investments of cash and cash equivalents	0.3	1.0	*(67.4)*
Net borrowing costs	(1.6)	(2.8)	*41.8*
Total finance income	**41.6**	**10.3**	***n.s.***
Other expense	(11.0)	(7.5)	*(45.6)*
Income tax expense	(0.8)	0.5	*n.s.*
Profit for the period	**29.8**	**3.3**	***n.s.***

n.s. not significant

	June 30, 2014	December 31, 2013
Equity	939.3	900.1
Net financial position	175.1	245.2

During the first half of 2014, there was a clear improvement in net gains on equity investments, from 12.1 million euro in the corresponding period of the previous year to 42.9 million euro, mainly thanks to:

- gains of 33.5 million euro on the sale of equities (a loss of 4.7 million euro in the first half of 2013) thanks to the sale of banking shares and the tendering of all shares held in Ciments Français for the public tender offer made by Italcementi S.p.A.;
- dividends of 9.5 million euro, a reduction compared with the first half of 2013 (19.0 million euro), when a dividend of 8.8 million euro was collected from the Luxembourg subsidiary.

Net borrowing costs improved by 41.8% due to the lower cost of money and chiefly to a reduction in financial debt.

After other net expense of 11.0 million euro, up by 3.5 million euro from the first half of 2013 as a result of non recurring and non-recurring costs, and income tax expense of 0.8 million euro (a positive income tax caption of 0.5 million euro in the first half of 2013), the company reported a profit for the period of 29.8 million euro, compared with 3.3 million euro in the corresponding period of the previous year.

The reduction of 70.1 million euro in Italmobiliare S.p.A. net financial debt from December 31, 2013, is analyzed in the movements set out in the section “Net financial position of Italmobiliare S.p.A. and the financial segment”.

Société de Participation Financière Italmobiliare S.A.

Since 2011, this company has directly held the foreign equity investments of the financial and banking segments. The interim financial statements as at and for the six months ended June 30, 2014, drawn up in accordance with the IFRS reflect the following key data:

(in millions of euro)	H1 2014	H1 2013	% change
Net gains on equity investments	0.2	0.2	-
Net gains on investments of cash and cash equivalents	7.8	3.1	*n.s.*
Net borrowing costs	-	-	-
Total finance income	**8.0**	**3.3**	***n.s.***
Other expense	(0.8)	(0.6)	*(42.7)*
Income tax expense	(0.1)	(0.4)	*85.5*
Profit for the period	**7.1**	**2.3**	***n.s.***

n.s. not significant

	June 30, 2014	December 31, 2013
Equity	294.3	437.2
Net financial position	249.1	391.7

Net gains on equity investments amounted to 0.2 million euro as a result of dividends collected, and were in line with the figure for the first half of 2013.

Investments of cash and cash equivalents generated net gains of 7.8 million euro (3.1 million euro in the first half of 2013) as follows:

- net gains of 3.5 million euro on the sale of bonds (0.1 million euro in the first half of 2013);
- measurement gains of 3.4 million euro on trading securities (losses of 1.0 million euro in the first half of 2013);
- interest income and income net of expense on derivatives, for a positive balance of 0.9 million euro (4.0 million euro in the first half of 2013).

After operating expense of 0.8 million euro (0.6 million euro in the corresponding period of the previous year) and income tax expense of 0.1 million euro (0.4 million euro in the corresponding period of the previous year), the company posted a profit for the period of 7.1 million euro, a strong increase from the first half of 2013 (profit of 2.3 million euro).

The net financial position and equity both decreased from December 31, 2013, mainly owing to reimbursement of reserves in the first half to the parent Italmobiliare S.p.A. for a total of 150 million euro.

Key investments in listed companies held by the financial segment

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

	Quantity	% [1]	Holder
Available-for-sale investments			
Subsidiaries			
Italcementi ordinary	155,530,682	44.530 [2]	Italmobiliare S.p.A.
Other companies			
Mediobanca	14,503,971	1.684	Italmobiliare S.p.A.
Rcs MediaGroup ordinary	13,414,205	2.570	Italmobiliare S.p.A.
UniCredit ordinary	8,182,683	0.140	Italmobiliare S.p.A.

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

[2] The % refers to new share capital subscribed in full on July 7, 2014

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

(in millions of euro)	June 30, 2014		December 31, 2013	
	Italmobiliare	Financial segment[1]	Italmobiliare	Financial segment[1]
Current financial assets	14.6	248.9	13.5	385.0
Current financial liabilities	(178.3)	(181.2)	(226.8)	(228.2)
Current net financial position (debt)	**(163.7)**	**67.7**	**(213.3)**	**156.8**
Non-current financial assets	7.1	25.2	5.3	27.0
Non-current financial liabilities	(18.5)	(18.9)	(37.2)	(37.2)
Non-current net financial position (debt)	**(11.4)**	**6.3**	**(31.9)**	**(10.2)**
Net financial position (debt)	**(175.1)**	**74.0**	**(245.2)**	**146.6**

1 includes: Italmobiliare S.p.A. - Société de Participation Financière S.A.

Current financial assets in the financial segment at June 30, 2014, totaled 248.9 million euro and consisted largely of bonds (44%) and cash/money market instruments (39%). The bond portfolio consisted of floating-rate instruments for 34.64% and fixed-rate instruments for the remaining 65.36% with an average A- rating. The portfolio was diversified on a geographical basis and a segment basis, and maximum exposure on a single bond accounted for 5.35% (A), while maximum exposure to a single issuer (Italian treasury bonds) accounted for 13.90% (Baa2) of the total bond portfolio at June 30, 2014. In this portfolio, treasury instruments amounted to 31.3 million euro, with an average rating of A+.

Italmobiliare S.p.A. had net financial debt of 175.1 million euro (245.2 million euro at December 31, 2013), an improvement of 70.1 million euro. The financial segment, which includes the parent Italmobiliare, had a consolidated net financial position of 74.0 million euro (146.6 million euro at December 31, 2013), a decrease of 72.6 million euro arising largely from transactions on equity investments, including subscription of the Italcementi S.p.A. share capital increase.

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

(in millions of euro)	**Italmobiliare**	**Financial segment**
Sale and reimbursement of equity investments	317.6	167.9
Equity investments acquired	(236.9)	(236.9)
Dividends collected	9.0	9.2
Dividends paid	(7.4)	(7.4)
Net finance income	0.6	8.4
Current operations and extraordinary items	(12.8)	(13.8)
Total	**70.1**	**(72.6)**

Significant events after the reporting period

No significant events took place.

Outlook

Despite signs heralding an acceleration in the world economic cycle (specifically the upturn on the US labor market and the economic policy measures introduced in China), the process of recovery in the Eurozone remains slow, due to the persisting weakness of the credit market.

High global public debt and the ultra-expansionary monetary policies keep real yields compressed. The possible increase in interest rates by the Fed, which is expected by the end of the first quarter of 2015, appears to be an adjustment to improved economic conditions, and could lead to greater volatility.

The low level of interest rates and the sustained trend in earnings therefore continue to sustain the stock markets and credit spreads: valuations are no longer at a discount, but worrying excesses have not emerged.

Geopolitical risk is an unknown, however, and could have an impact on the markets should it lead to a recessionary downturn.

Consequently, the outlook for the segment is affected by the instability of financial market trends: this uncertainty, in conjunction with a contained dividend flow, means it is not possible to provide reliable guidance on the full-year results.

Banking segment

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

(in millions of euro)	H1 2014	H1 2013	% change
Revenue	**9.4**	**12.3**	**(23.1)**
Recurring gross operating loss	**(1.5)**	**(1.5)**	**-**
Gross operating loss	**(1.0)**	**(1.4)**	**27.9**
Amortization and depreciation	(0.8)	(1.3)	39.4
Operating loss	**(1.8)**	**(2.7)**	**33.2**
Loss before tax	**(1.8)**	**(2.7)**	**33.6**
Income tax expense	(0.1)	-	n.s.
Loss for the period	**(1.9)**	**(2.7)**	**31.0**
Number of employees at period end	80	90	(11.1)

n.s. not significant

(in millions of euro)	June 30, 2014	December 31, 2013
Equity	53.8	57.1
Net financial position	68.1	70.9

Quarterly performance

(in millions of euro)	H1 2014	Q2 2014	Q1 2014
Revenue	**9.4**	**4.4**	**5.0**
% change vs. 2013	*(23.1)*	*(29.6)*	*(16.2)*
Recurring gross operating loss	**(1.5)**	**(1.5)**	**-**
% change vs. 2013	*-*	*(11.1)*	*n.s.*
% of revenue	*(16.4)*	*(35.3)*	*0.5*
Gross operating loss	**(1.0)**	**(1.0)**	**-**
% change vs. 2013	*27.9*	*36.3*	*(89.4)*
% of revenue	*(11.0)*	*(23.9)*	*0.5*
Operating loss	**(1.8)**	**(1.4)**	**(0.3)**
% change vs. 2013	*33.2*	*37.6*	*5.5*
% of revenue	*(18.8)*	*(32.2)*	*(6.9)*
Loss for the period	**(1.9)**	**(1.5)**	**(0.4)**
Net financial position at period end	**68.1**	**68.1**	**67.1**

n.s. not significant

The reduction in commission income caused by the decrease in third-party assets under management and in the number of client transactions at the Swiss bank, and the fall in net trading revenue in the second quarter of the year were the key factors in the 10.3% revenue reduction compared with the first quarter of the year. This also had a negative impact on operating performance, which worsened compared with the first quarter of 2014.

The second-quarter gross operating loss and operating loss were smaller than the losses in the corresponding period of the previous year, essentially due to containment of operating expense, despite the significant fall in revenue.

After extraordinary provisions of 0.8 million euro, the segment posted a loss for the second quarter of 1.5 million euro, an improvement of 37.7% compared with the second quarter of 2013 (a loss of 2.3 million euro).

Results in accordance with the banking model

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

- "Net interest income", which reflects the balance on interest income and dividends received, net of interest expense and dividends paid;
- "Total income", which includes commission income and expense on lending transactions, on securities trading, other financial services and income on trading transactions;
- "Gross operating profit (loss)", which also includes personnel expense and overheads for the banking organization;
- "Operating loss", which includes amortization and depreciation, impairment losses and provisions.

(in millions of euro)	H1 2014	H1 2013	% change
Net interest income	1.5	1.8	(12.7)
Total income	9.4	11.0	(15.0)
Gross operating loss	(0.1)	(0.9)	83.8
Operating loss	(1.8)	(2.7)	33.8
Loss for the period	**(1.9)**	**(2.7)**	**30.9**

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

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.

(in millions of CHF)	H1 2014	H1 2013	% change
Net interest income	1.1	1.5	(26.0)
Total income	10.6	12.8	(17.3)
Gross operating loss	(0.5)	(1.3)	64.8
Operating loss	(2.4)	(3.4)	30.3
Loss for the period	**(2.4)**	**(3.4)**	**28.5**

Despite the upturn, the international economic and financial crisis has left an indelible mark on the Swiss private banking market, and growth forecasts are still fragile. At political level, the Swiss authorities have imposed increasingly severe regulations on banks, while international pressure has been growing with regard to bank secrecy and tax issues.

This situation and the overall economic slowdown in Europe had repercussions on Finter Bank Zürich, despite the strategies introduced to adapt the bank's structure to the international changes and new client requirements, against a background of increasingly stringent rules.

In the first half of 2014, Finter Bank Zürich reported a reduction of 17.3% in total income, due to the erosion of net interest income and the significant reduction in commission income from 9.3 million Swiss francs to 7.1 million Swiss francs, offset only in part by the healthy trend in net trading revenue, which rose by 60.5% from the first half of 2013.

The reduction in operating expense continued in the first half (service expense -28.5%, personnel expense -17.5%), keeping the gross operating loss at 0.5 million Swiss francs (a loss of 1.3 million Swiss francs in the first half of 2013).

After amortization and depreciation of 0.9 million Swiss francs (1.5 million Swiss francs in the first half of 2013) and income tax expense of 40 thousand Swiss francs (a positive tax caption of 29 thousand Swiss francs in the year-earlier period), the group reported a loss for the period of 2.4 million Swiss francs, an improvement of 28.5% from the first half of 2013 (a loss of 3.4 million Swiss francs). Specifically, the loss for the period included extraordinary provisions of 1.1 million Swiss francs in connection with costs for international tax questions concerning private banking in Switzerland.

Consolidated equity decreased from 63.0 million Swiss francs at December 31, 2013, to 58.4 million Swiss francs at June 30, 2014.

Third-party assets under management totaled 2.0 billion Swiss francs at June 30, 2014 (excluding assets invested in own funds), a slight decrease from the figure at December 31, 2013 (2.2 billion Swiss francs).

Crédit Mobilier de Monaco S.A.

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans.

In the first six months of 2014, the improvement of 16.6% in net interest income compared with the first six months of 2013 generated an increase of 33.9% in gross operating profit compared with the first half of 2013, from 177 thousand euro to 237 thousand euro. After impairment losses on non-current assets and income tax expense, the bank posted a profit for the period of 128 thousand euro (71 thousand euro for the first half of 2013).

Equity amounted to 5.7 million euro, in line with 2013 (5.8 million euro).

Significant events of the period

No significant events took place.

Events after the reporting date

No significant events took place.

Outlook

The outlook for 2014 is conditioned by international economic and regulatory developments and by growing competition in Switzerland; meanwhile, the regulatory changes and new tax treatment have put the Swiss banking sector into direct competition with other banking sectors.

In this context, the tightening on expected profits and the impact of expense to make the necessary regulatory adjustments will affect the results of the segment, which maintains a constant focus on improving the quality of products and services offered to clients, on covering the market and on containing costs, without neglecting new growth opportunities.

Property, services and other segment

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

Segment revenue in the first half of 2014 amounted to 1,195 thousand euro, a small increase on the first half of 2013 (1,151 thousand euro). After operating expense and amortization and depreciation of 926 thousand euro, the segment recognized a profit for the period of 254 thousand euro, an improvement on the first half of 2013 (231 thousand euro).

For the reasons detailed above, the 2014 full-year result for the segment is expected to be in line with the 2013 result, subject to currently unforeseeable events.

Transactions with related parties

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

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

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

The summary of transactions with related parties for the six months ended June 30, 2014, is provided in the notes.

No atypical or unusual transactions took place in the first half of 2014.

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

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

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

Transactions with other related parties

Transactions with other related parties in the first half of 2014 were as follows:

- administrative, financial, contractual and tax consultancy services, as well as support for the organization of corporate restructuring operations, supplied to the Italmobiliare Group by Finsise S.p.A., whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare, for considerations totaling approximately 183.6 thousand euro;

- legal consultancy, judicial and extrajudicial assistance provided to the Italmobiliare Group by the law firm Gattai – Minoli & Partners, of which Italmobiliare director Luca Minoli is a partner, for considerations of 48.3 thousand euro.

In the first half of 2014, the Italmobiliare S.p.A. Group made an endowment to the Italcementi Cav. Lav. Carlo Pesenti foundation of 900 thousand euro. The Italcementi S.p.A. group charged the foundation an amount of approximately 92 thousand euro for administrative and corporate services and other services.

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 operating segments.

Outlook

The indicators for the current year appear to herald a recovery in the international economy, particularly in the USA and China. At the same time, the risks arising from geopolitical tension in a number of regions have increased, and the contraction in business activity in some emerging countries could have a negative impact on trade, notably on demand for goods and services from the Eurozone.

Looking at the financial markets, the uncertainty created by high volatility and tension on interest rates means caution should be exercised in formulating forecasts. Risks of a downturn in the financial and banking segments could develop should the favorable conditions on the financial markets in the first half of the year prove to be only temporary.

In this context, the action taken by the Group's industrial segments to streamline production operations through important capital expenditure, reorganization measures to raise industrial and commercial efficiency, and the reduction in fixed costs and overheads, should permit an improvement in consolidated gross operating profit compared with 2013.

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

With reference to the *Conditions for the listing of certain companies*, laid out in art. 36 of the market regulation adopted by CONSOB with Resolution no. 16191 of October 29, 2007, and subsequent amendments, on the basis of the «2013 Audit Plan», 22 subsidiaries headquartered in 10 non-European Union countries are included in the scope of «material significance».

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

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

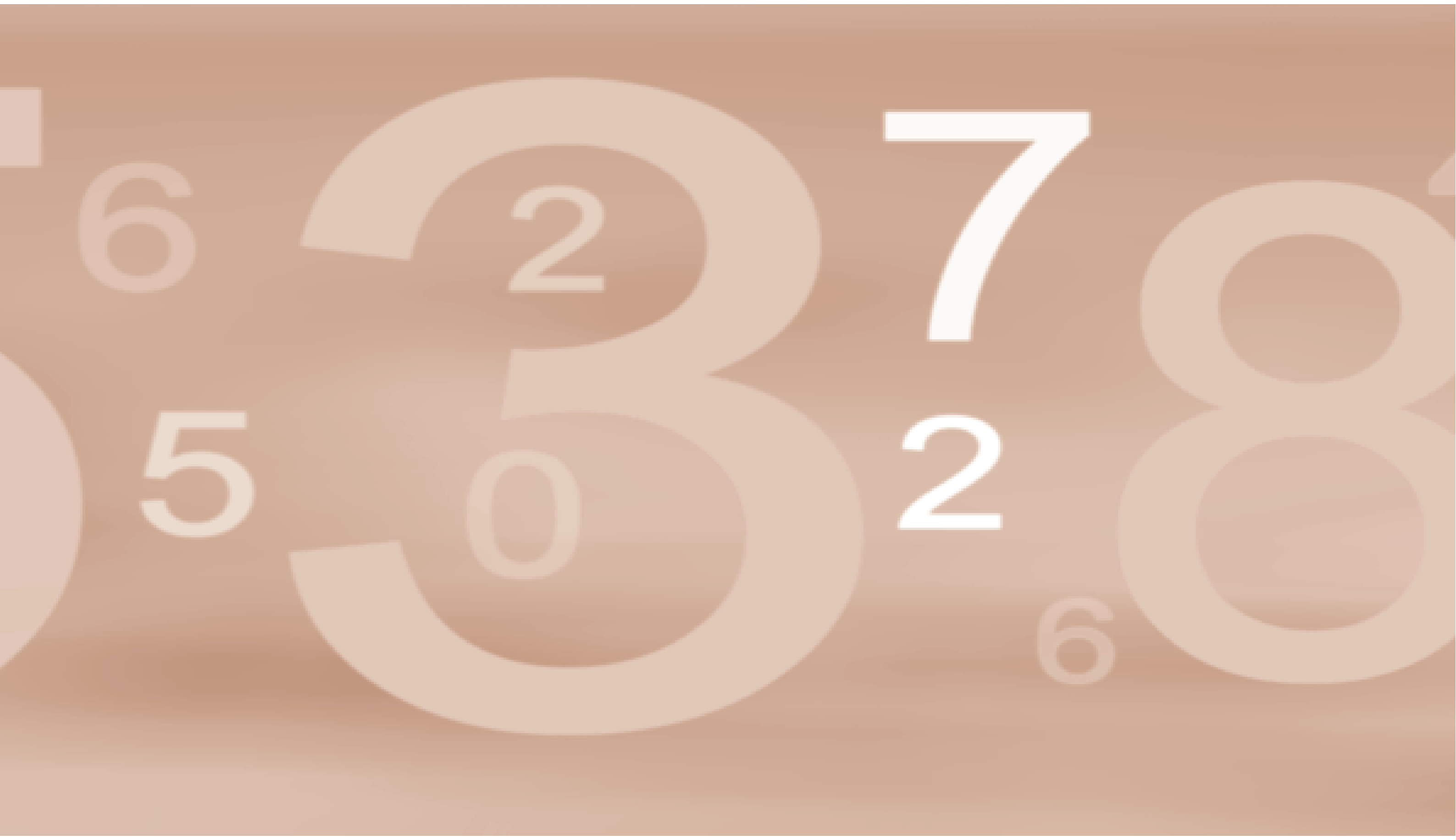
Italmobiliare S.p.A. has adopted the opt-out regime envisaged by the Consob Issuers Regulation, exercising the right to waive the obligations to publish disclosure documents required in connection with significant merger and demerger transactions, acquisitions and sales and capital increases by contributions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

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

Milan, August 6, 2014

for the Board of Directors
The Chairman
(signed on the original)

Condensed interim consolidated financial statements



Financial statements

Statement of financial position

(in thousands of euro)	Notes	06.30.2014	12.31.2013 re-stated	Change	1.1.2013 re-stated
Non-current assets					
Property, plant and equipment	1	4,024,509	3,991,449	33,060	4,200,413
Investment property		28,942	29,545	(603)	34,162
Goodwill	2	1,552,632	1,552,944	(312)	1,643,488
Intangible assets		95,581	98,872	(3,291)	108,210
Equity-accounted investees	3	216,896	228,556	(11,660)	303,761
Other equity investments	4	256,787	320,363	(63,576)	306,375
Trade receivables and other non-current assets		178,354	199,327	(20,973)	262,868
Deferred tax assets		105,929	123,562	(17,633)	127,659
Non-current amounts due from employees		(1,650)	913	(2,563)	(48)
Total non-current assets		**6,457,980**	**6,545,531**	**(87,551)**	**6,986,888**
Current assets					
Inventories		698,179	662,176	36,003	734,100
Trade receivables	5	782,717	724,092	58,625	809,621
Other current assets including derivatives		345,478	343,332	2,146	392,440
Tax assets		58,074	67,418	(9,344)	64,930
Equity investments, bonds and financial assets	6	243,333	403,810	(160,477)	468,340
Cash and cash equivalents	7	1,273,484	741,639	531,845	954,377
Total current assets		**3,401,265**	**2,942,467**	**458,798**	**3,423,808**
Non-current discontinued operations					**2,104**
Total assets		**9,859,245**	**9,487,998**	**371,247**	**10,412,800**
Equity					
Share capital	9	100,167	100,167		100,167
Share premium		177,191	177,191		177,191
Reserves	10	78,153	60,244	17,909	(9,826)
Treasury shares	11	(21,226)	(21,226)		(21,226)
Retained earnings		1,431,805	1,345,701	86,104	1,535,605
Equity attributable to owners of the parent		**1,766,090**	**1,662,077**	**104,013**	**1,781,911**
Non-controlling interests	12	2,521,687	2,677,192	(155,505)	2,939,503
Total equity		**4,287,777**	**4,339,269**	**(51,492)**	**4,721,414**
Non-current liabilities					
Financial liabilities	14	2,212,266	2,189,179	23,087	2,193,607
Employee benefits		298,852	293,697	5,155	334,223
Provisions	13	237,329	241,388	(4,059)	247,712
Other liabilities		39,723	30,142	9,581	40,652
Deferred tax liabilities		200,181	207,232	(7,051)	197,055
Total non-current liabilities		**2,988,351**	**2,961,638**	**26,713**	**3,013,249**
Current liabilities					
Bank loans and borrowings	14	731,960	430,554	301,406	652,031
Financial liabilities	14	273,925	272,075	1,850	222,068
Trade payables	15	645,096	562,434	82,662	650,934
Provisions	13	982	1,771	(789)	612
Tax liabilities		26,291	37,719	(11,428)	33,494
Other liabilities	16	904,863	882,538	22,325	1,118,707
Total current liabilities		**2,583,117**	**2,187,091**	**396,026**	**2,677,846**
Total liabilities		**5,571,468**	**5,148,729**	**422,739**	**5,691,095**
Liabilities directly associated with to discontinued operations					**291**
Total equity and liabilities		**9,859,245**	**9,487,998**	**371,247**	**10,412,800**

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

Income statement

(in thousands of euro)	Notes	H1 2014	%	H1 2013 re-stated	%	Change	%
Revenue	17	**2,203,444**	**100.0**	**2,291,765**	**100.0**	**(88,321)**	**-3.9**
Other revenue		20,794		24,540		(3,746)	
Change in inventories		(8,666)		(9,799)		1,133	
Internal work capitalized		13,321		15,635		(2,314)	
Raw materials and supplies	18	(875,078)		(939,482)		64,404	
Services	19	(538,465)		(551,499)		13,034	
Personnel expense	20	(458,458)		(476,196)		17,738	
Other operating expense	21	(25,737)		(53,948)		28,211	
Recurring gross operating profit		**331,155**	**15.0**	**301,016**	**13.1**	**30,139**	**10.0**
Net gains from the sale of non-current assets	22	1,888		6,197		(4,309)	
Non-recurring personnel expense for reorganizations	22	(4,315)		(11,122)		6,807	
Other net non-recurring expense	22	(2,766)		(610)		(2,156)	
Gross operating profit		**325,962**	**14.8**	**295,481**	**12.9**	**30,481**	**10.3**
Amortization and depreciation	1	(204,417)		(218,394)		13,977	
Impairment losses on non-current assets	1	(4,617)		(3,670)		(947)	
Operating profit		**116,928**	**5.3**	**73,417**	**3.2**	**43,511**	**59.3**
Finance income	23	12,278		28,603		(16,325)	
Finance costs	23	(80,617)		(82,922)		2,305	
Exchange rate differences and net gains (losses) on derivatives	23	(9,295)		6,539		(15,834)	
Impairment losses on financial assets	24	(26,926)		(27,859)		933	
Share of profit (loss) of equity-accounted investees	3	1,764		(20,929)		22,693	
Profit (loss) before tax		**14,132**	**0.6**	**(23,151)**	**-1.0**	**37,283**	**n.s.**
Income tax expense	25	(84,142)		(65,550)		(18,592)	
Loss for the period		**(70,010)**	**-3.2**	**(88,701)**	**-3.9**	**18,691**	**-21.1**
Attributable to:							
Owners of the parent		(36,765)	-1.7	(78,930)	-3.5	42,165	-53.4
Non-controlling interests		(33,245)	-1.5	(9,771)	-0.4	(23,474)	n.s.
Losses per share							
- Basic							
ordinary shares	27	(0.978) €		(2.098) €			
savings shares	27	(0.978) €		(2.098) €			
- Diluted							
ordinary shares	27	(0.978) €		(2.098) €			
savings shares	27	(0.978) €		(2.098) €			

Statement of comprehensive income

(in thousands of euro)	Notes	H1 2014	%	H1 2013 re-stated	%	Change	%
Loss for the period		**(70,010)**	**-3.2**	**(88,701)**	**-3.9**	**18,691**	**21.1**
Items that will not be reclassified to profit or loss subsequently							
Remeasurement of the net liability/(asset) for employee benefits		(16,390)		16,116		(32,506)	
Income tax		3,330		116		3,214	
Total items that will not be reclassified to profit or loss subsequently		**(13,060)**		**16,232**		**(29,292)**	
Items that might be reclassified to profit or loss subsequently							
Translation reserve on foreign operations		2,784		(96,000)		98,784	
Translation reserve on foreign operations - investments in equity-accounted investees		405		(7,628)		8,033	
Fair value gains (losses) on cash flow hedges		(12,705)		18,010		(30,715)	
Fair value gains (losses) on cash flow hedges - investments in equity-accounted investees				115		(115)	
Fair value gains (losses) on available-for-sale financial assets		28,326		(22,872)		51,198	
Fair value gains (losses) on available-for-sale financial assets - investments in equity-accounted investees				868		(868)	
Income tax		1,969		1,676		293	
Total items that might be reclassified to profit or loss subsequently		**20,779**		**(105,831)**		**126,610**	
Total other comprehensive income (expense)	26	**7,719**		**(89,599)**		**97,318**	
Total comprehensive expense		**(62,291)**	**-2.8**	**(178,300)**	**-7.8**	**116,009**	**-65.1**
Attributable to:							
owners of the parent		(33,707)		(100,273)		66,566	
non-controlling interests		(28,584)		(78,027)		49,443	

Consolidated statement of changes in equity

	Attributable to owners of the parent											Non-controlling interests	Total equity
		Reserves											
(in thousands of euro)	Share capital	Share premium reserve	General bank risk reserve	AFS fair value reserve	Hedging reserve	Actuarial gains/losses on defined benefit plans	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total share capital and reserves		
Balances at January 1, 2013	**100,167**	**177,191**	**1,781**	**-50,278**	**-8,152**	**-9,475**	**56,298**	**-21,226**	**-2,901**	**1,538,506**	**1,781,911**	**2,933,276**	**4,715,187**
Effect of changes in accounting standards												6,227	6,227
Re-stated balances at January 1, 2013	**100,167**	**177,191**	**1,781**	**-50,278**	**-8,152**	**-9,475**	**56,298**	**-21,226**	**-2,901**	**1,538,506**	**1,781,911**	**2,939,503**	**4,721,414**
Profit (loss) for the period										-78,930	-78,930	-9,771	-88,701
Total other comprehensive income (expense)			-38	-17,717	6,904	5,667	814		-16,973		-21,343	-68,256	-89,599
Total comprehensive income (expense)			**-38**	**-17,717**	**6,904**	**5,667**	**814**		**-16,973**	**-78,930**	**-100,273**	**-78,027**	**-178,300**
Stock options							10				10	-437	-427
Dividends												-67,039	-67,039
% change in control and scope of consolidation							7		-38	-13,105	-13,136	-639	-13,775
Balances at June 30, 2013	**100,167**	**177,191**	**1,743**	**-67,995**	**-1,248**	**-3,808**	**57,129**	**-21,226**	**-19,912**	**1,446,471**	**1,668,512**	**2,793,361**	**4,461,873**
Profit (loss) for the period										-50,805	-50,805	-14,929	-65,734
Total other comprehensive income (expense)			8	74,031	-408	3,546	-1,300		-33,826		42,051	-93,214	-51,163
Total comprehensive income (expense)			**8**	**74,031**	**-408**	**3,546**	**-1,300**		**-33,826**	**-50,805**	**-8,754**	**-108,143**	**-116,897**
Stock options							166				166		166
Dividends												-7,134	-7,134
% change in control and scope of consolidation			-1,751				131		8	3,765	2,153	-892	1,261
Balances at December 31, 2013	**100,167**	**177,191**		**6,036**	**-1,656**	**-262**	**56,126**	**-21,226**	**-53,730**	**1,399,431**	**1,662,077**	**2,677,192**	**4,339,269**
Profit (loss) for the period										-36,765	-36,765	-33,245	-70,010
Total other comprehensive income (expense)				21,663	-5,770	-5,426			-7,409		3,058	4,661	7,719
Total comprehensive income (expense)				**21,663**	**-5,770**	**-5,426**			**-7,409**	**-36,765**	**-33,707**	**-28,584**	**-62,291**
Stock options										83	83		83
Dividends										-7,360	-7,360	-73,539	-80,899
% change in control and scope of consolidation				-541	-90	831			-10,420	155,217	144,997	-53,382	91,615
Balances at June 30, 2014	**100,167**	**177,191**		**27,158**	**-7,516**	**-4,857**	**56,126**	**-21,226**	**-71,559**	**1,510,606**	**1,766,090**	**2,521,687**	**4,287,777**

Statement of cash flows

(in thousands of euro)	Notes	H1 2014	H1 2013 re-stated
A) Cash flow from (used in) operating activities:			
Profit (loss) before tax		14,132	(23,151)
Adjustments for:			
Amortization, depreciation and impairment losses		237,054	250,996
Reversal of share of loss of equity-accounted investees		13,220	27,100
Net gains from the sale of non-current assets		(21,857)	(9,056)
Change in employee benefits and other provisions		(17,088)	(1,759)
Stock options		83	262
Reversal of net finance costs		69,265	46,988
Cash flow from operating activities before tax, finance income/costs, change in working capital		**294,809**	**291,380**
Change in working capital:			
Inventories		(37,018)	(2,861)
Trade receivables		(36,900)	(25,385)
Trade payables		64,948	(9,155)
Other receivables/payables, prepayments and accrued income, accrued expenses and deferred income		(12,337)	13,923
		273,502	**267,902**
Cash flow from operating activities before tax, finance income/costs			
Net finance costs paid		(60,932)	(52,318)
Dividends received		1,732	3,511
Taxes paid		(67,912)	(60,033)
Proceeds from derivatives			221
		(127,112)	**(108,619)**
Total A)		**146,390**	**159,283**
B) Cash flow from (used in) investing activities:			
Capital expenditure:			
PPE and investment property		(273,396)	(137,570)
Intangible assets		(4,798)	(4,771)
Financial assets (equity investments) net of cash acquisitions (*)		(7,128)	(1,787)
Total capital expenditure		**(285,322)**	**(144,128)**
Proceeds from sale of non-current assets and loan repayments		92,535	26,118
Total sales		**92,535**	**26,118**
Total B)		**(192,787)**	**(118,010)**
C) Cash flow from (used in) financing activities:			
Change in non-current loans and borrowings		319,919	(250,591)
Change in loans and assets		210,150	198,447
Change in equity investments		(991)	169
Percentage change in interests in consolidated companies		(171,627)	468
Outflows/proceeds from derivatives		(12,469)	
Share capital increases		271,965	
Dividends paid		(36,442)	(44,797)
Other changes in equity		(1,142)	344
Total C)		**579,363**	**(95,960)**
D) Translation differences and other changes			
Translation differences and other changes		(1,121)	(20,294)
Total D)		**(1,121)**	**(20,294)**
E) Cash flows for the period (A+B+C+D)		**531,845**	**(74,981)**
F) Opening Cash and cash equivalents		**741,639**	**954,377**
Closing Cash and cash equivalents (E+F)	**7**	**1,273,484**	**879,396**

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

Cash flows used in investing activities and from sales of non-current assets are discussed in the relevant section of the notes, to which the reader is referred.

Notes to the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of Italmobiliare S.p.A. as at and for the six months ended June 30, 2014, were approved by the Board of Directors on August 6, 2014. At the meeting, the Board authorized publication of a press release dated August 6, 2014, containing key information from the financial statements.

Statement of compliance with the IFRS

The condensed interim consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at June 30, 2014, endorsed by the EC Commission; specifically, the condensed interim consolidated financial statements have been drawn up in accordance with International Accounting Standard 34 governing interim financial reporting.
The condensed interim consolidated financial statements do not present all the information and notes published in the annual report and should therefore be read in conjunction with the consolidated financial statements of Italmobiliare S.p.A. as at and for the year ended December 31, 2013.

The accounting policies used to draw up these condensed interim consolidated financial statements are consistent with the accounting policies used to draw up the Group financial statements as at and for the year ended December 31, 2013, and, in addition, with the policies and interpretations endorsed by the European Union and applicable as from January 1, 2014, specifically:

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

The financial position and results of operations in 2013 reflected in the comparative statements have been re-stated by applying IFRS 10, 11 and IAS 28 as from January 1, 2013. The effects arising from application of these standards are illustrated later in these notes.

Discretional measurements and use of estimates

In the preparation of these condensed interim consolidated financial statements, the discretional measurements made in the application of the Group accounting policies and the main sources of uncertainty relating to estimates are the same as those used in the preparation of the consolidated financial statements as at and for the year ended December 31, 2013.

Change in accounting policies

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

In compliance with IFRS 11, the Group reviewed its conclusions regarding control of a company in which it holds more than half of the voting rights; considering the related arrangements and contracts, the Group deems that it does not hold control of the company, which has therefore been consolidated using the proportionate method.
The Group also reviewed its interests in joint arrangements as at January 1, 2014, and consequently reclassified 15 companies from “joint operations” to “joint ventures”; the investments in question have therefore been accounted for using the equity method.

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

Statement of financial position

(in thousands of euro)	12.31.2013 re-stated	12.31.2013 published	Change
Non-current assets			
Property, plant and equipment	3,991,449	4,009,847	(18,398)
Investment property	29,545	29,545	
Goodwill	1,552,944	1,553,756	(812)
Intangible assets	98,872	98,419	453
Equity-accounted investees	228,556	209,867	18,689
Other equity investments	320,363	320,386	(23)
Trade receivables and other non-current assets	199,327	199,339	(12)
Deferred tax assets	123,562	123,618	(56)
Non-current amounts due from employees	913	913	
Total non-current assets	**6,545,531**	**6,545,690**	**(159)**
Current assets			
Inventories	662,176	663,210	(1,034)
Trade receivables	724,092	725,173	(1,081)
Other current assets including derivatives	343,332	344,744	(1,412)
Tax assets	67,418	67,285	133
Equity investments, bonds and financial assets	403,810	401,306	2,504
Cash and cash equivalents	741,639	745,639	(4,000)
Total current assets	**2,942,467**	**2,947,357**	**(4,890)**
Total assets	**9,487,998**	**9,493,047**	**(5,049)**
Equity			
Share capital	100,167	100,167	
Share premium	177,191	177,191	
Reserves	60,244	60,250	(6)
Treasury shares	(21,226)	(21,226)	
Retained earnings	1,345,701	1,345,695	6
Equity attributable to owners of the parent	**1,662,077**	**1,662,077**	
Non-controlling interests	2,677,192	2,670,703	6,489
Total equity	**4,339,269**	**4,332,780**	**6,489**
Non-current liabilities			
Financial liabilities	2,189,179	2,192,235	(3,056)
Employee benefits	293,697	293,707	(10)
Provisions	241,388	243,053	(1,665)
Other liabilities	30,142	30,142	
Deferred tax liabilities	207,232	207,466	(234)
Total non-current liabilities	**2,961,638**	**2,966,603**	**(4,965)**
Current liabilities			
Bank loans and borrowings	430,554	430,683	(129)
Financial liabilities	272,075	275,362	(3,287)
Trade payables	562,434	563,804	(1,370)
Provisions	1,771	1,771	
Tax liabilities	37,719	37,658	61
Other liabilities	882,538	884,386	(1,848)
Total current liabilities	**2,187,091**	**2,193,664**	**(6,573)**
Total liabilities	**5,148,729**	**5,160,267**	**(11,538)**
Total equity and liabilities	**9,487,998**	**9,493,047**	**(5,049)**

(in thousands of euro)	1.1.2013 re-stated	1.1.2013 published	Change
Non-current assets			
Property, plant and equipment	4,200,413	4,220,901	(20,488)
Investment property	34,162	34,162	
Goodwill	1,643,488	1,644,299	(811)
Intangible assets	108,210	107,643	567
Equity-accounted investees	303,761	283,720	20,041
Other equity investments	306,375	306,397	(22)
Trade receivables and other non-current assets	262,868	262,921	(53)
Deferred tax assets	127,659	127,452	207
Non-current amounts due from employees	(48)	(48)	
Total non-current assets	**6,986,888**	**6,987,447**	**(559)**
Current assets			
Inventories	734,100	735,519	(1,419)
Trade receivables	809,621	810,439	(818)
Other current assets including derivatives	392,440	394,258	(1,818)
Tax assets	64,930	64,771	159
Equity investments, bonds and financial assets	468,340	465,301	3,039
Cash and cash equivalents	954,377	957,573	(3,196)
Total current assets	**3,423,808**	**3,427,861**	**(4,053)**
Non-current discontinued operations	**2,104**	**2,104**	
Total assets	**10,412,800**	**10,417,412**	**(4,612)**
Equity			
Share capital	100,167	100,167	
Share premium	177,191	177,191	
Reserves	(9,826)	(9,826)	
Treasury shares	(21,226)	(21,226)	
Retained earnings	1,535,605	1,535,605	
Equity attributable to owners of the parent	**1,781,911**	**1,781,911**	
Non-controlling interests	2,939,503	2,933,276	6,227
Total equity	**4,721,414**	**4,715,187**	**6,227**
Non-current liabilities			
Financial liabilities	2,193,607	2,196,608	(3,001)
Employee benefits	334,223	334,224	(1)
Provisions	247,712	249,288	(1,576)
Other liabilities	40,652	40,652	
Deferred tax liabilities	197,055	197,219	(164)
Total non-current liabilities	**3,013,249**	**3,017,991**	**(4,742)**
Current liabilities			
Bank loans and borrowings	652,031	652,629	(598)
Financial liabilities	222,068	225,936	(3,868)
Trade payables	650,934	651,591	(657)
Provisions	612	612	
Tax liabilities	33,494	33,539	(45)
Other liabilities	1,118,707	1,119,636	(929)
Total current liabilities	**2,677,846**	**2,683,943**	**(6,097)**
Total liabilities	**5,691,095**	**5,701,934**	**(10,839)**
Liabilities directly associated with discontinued operations	**291**	**291**	
Total equity and liabilities	**10,412,800**	**10,417,412**	**(4,612)**

Income statement

(in thousands of euro)	H1 2013 re-stated	%	H1 2013 published	%	Change
Revenue	**2,291,765**	**100.0**	**2,292,718**	**100.0**	**(953)**
Other revenue	24,540		24,621		(81)
Change in inventories	(9,799)		(10,282)		483
Internal work capitalized	15,635		15,635		
Raw materials and supplies	(939,482)		(937,457)		(2,025)
Services	(551,499)		(553,794)		2,295
Personnel expense	(476,196)		(476,313)		117
Other operating expense	(53,948)		(53,915)		(33)
Recurring gross operating profit	**301,016**	**13.1**	**301,213**	**13.1**	**(197)**
Net gains from the sale of non-current assets	6,197		6,197		
Non-recurring personnel expense for reorganizations	(11,122)		(11,122)		
Other net non-recurring expense	(610)		(610)		
Gross operating profit	**295,481**	**12.9**	**295,678**	**12.9**	**(197)**
Amortization and depreciation	(218,394)		(219,436)		1,042
Impairment losses on non-current assets	(3,670)		(3,670)		
Operating profit	**73,417**	**3.2**	**72,572**	**3.2**	**845**
Finance income	28,603		28,825		(222)
Finance costs	(82,922)		(83,002)		80
Exchange rate differences and net gains (losses) on derivatives	6,539		6,508		31
Impairment losses on financial assets	(27,859)		(27,859)		
Share of loss of equity-accounted investees	(20,929)		(20,472)		(457)
Loss before tax	**(23,151)**	**-1.0**	**(23,428)**	**-1.0**	**277**
Income tax expense	(65,550)		(65,571)		21
Loss for the period	**(88,701)**	**-3.9**	**(88,999)**	**-3.9**	**298**
Attributable to:					
Owners of the parent	(78,930)	-3.4	(79,071)	-3.5	141
Non-controlling interests	(9,771)	-0.4	(9,928)	-0.4	157
Losses per share					
- Basic					
ordinary shares	(2.098) €		(2.102) €		
savings shares	(2.098) €		(2.102) €		
- Diluted					
ordinary shares	(2.098) €		(2.102) €		
savings shares	(2.098) €		(2.102) €		

Statement of comprehensive income

(in thousands of euro)	H1 2013 re-stated	%	H1 2013 published	%	Change
Loss for the period	**(88,701)**	**-3.9**	**(88,999)**	**-3.9**	**298**
Items that will not be reclassified to profit or loss subsequently					
Remeasurement of the net liability/(asset) for employee benefits	16,116		15,853		263
Income tax	116		523		(407)
Total items that will not be reclassified to profit or loss subsequently	**16,232**		**16,376**		**(144)**
Items that might be reclassified to profit or loss subsequently					
Translation reserve on foreign operations	(96,000)		(95,460)		(540)
Translation reserve on foreign operations - investments in equity-accounted investees	(7,628)		(7,601)		(27)
Fair value gains on cash flow hedges	18,010		18,010		
Fair value gains on cash flow hedges - investments in equity-accounted investees	115		115		
Fair value losses on available-for-sale financial assets	(22,872)		(22,872)		
Fair value gains on available-for-sale financial assets - investments in equity-accounted investees	868		868		
Income tax	1,676		1,676		
Total items that might be reclassified to profit or loss subsequently	**(105,831)**		**(105,264)**		**(567)**
Total other comprehensive expense	**(89,599)**		**(88,888)**		**(711)**
Total comprehensive expense	**(178,300)**	**-7.8**	**(177,887)**	**-7.8**	**(413)**
Attributable to:					
owners of the parent	(100,273)		(99,695)		(578)
non-controlling interests	(78,027)		(78,192)		165

Statement of cash flows

(in thousands of euro)	H1 2013 re-stated	H1 2013 published	Change
A) Cash flow from (used in) operating activities:			
Loss before tax	(23,151)	(23,428)	277
Adjustments for:			
Amortization, depreciation and impairment losses	250,996	252,037	(1,041)
Reversal of share of loss of equity-accounted investees	27,100	25,999	1,101
Net gains from the sale of non-current assets	(9,056)	(9,056)	
Change in employee benefits and other provisions	(1,759)	(1,879)	120
Stock options	262	262	
Reversal of net finance costs	46,988	46,846	142
Cash flow from operating activities before tax, finance income/costs, change in working capital	**291,380**	**290,781**	**599**
Change in working capital:			
Inventories	(2,861)	(2,276)	(585)
Trade receivables	(25,385)	(26,912)	1,527
Trade payables	(9,155)	(8,860)	(295)
Other receivables/payables, prepayments and accrued income, accrued expenses and deferred income	13,923	13,529	394
	267,902	**266,262**	**1,640**
Cash flow from operating activities before tax, finance income/costs			
Net finance costs paid	(52,318)	(52,176)	(142)
Dividends received	3,511	3,511	
Taxes paid	(60,033)	(60,192)	159
Proceeds from derivatives	221	221	
	(108,619)	**(108,636)**	**17**
Total A)	**159,283**	**157,626**	**1,657**
B) Cash flow from (used in) investing activities:			
Capital expenditure:			
PPE and investment property	(137,570)	(137,490)	(80)
Intangible assets	(4,771)	(4,771)	
Financial assets (equity investments) net of cash acquisitions (*)	(1,787)	(1,787)	
Total capital expenditure	**(144,128)**	**(144,048)**	**(80)**
Proceeds from sale of non-current assets and loan repayments	26,118	26,119	(1)
Total sales	**26,118**	**26,119**	**(1)**
Total B)	**(118,010)**	**(117,929)**	**(81)**
C) Cash flow from (used in) financing activities:			
Change in non-current loans and borrowings	(250,591)	(249,838)	(753)
Change in loans and assets	198,447	198,770	(323)
Change in equity investments	169	169	
Percentage change in interests in consolidated companies	468	468	
Dividends paid	(44,797)	(44,825)	28
Other changes in equity	344	399	(55)
Total C)	**(95,960)**	**(94,857)**	**(1,103)**
D) Translation differences and other changes			
Translation differences and other changes	(20,294)	(20,287)	(7)
Cash flows relating to discontinued operations			
Total D)	**(20,294)**	**(20,287)**	**(7)**
E) Cash flows for the period (A+B+C+D)	**(74,981)**	**(75,447)**	**466**
F) Opening Cash and cash equivalents	**954,377**	**957,573**	**(3,196)**
Closing Cash and cash equivalents (E+F)	**879,396**	**882,126**	**(2,730)**

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

Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

	Average rate			Closing rate		
Currencies	H1 2014	2013	H1 2013	June 30, 2014	December 31, 2013	June 30, 2013
Thai baht	44.61699	40.79178	39.16925	44.32300	45.17800	40.61300
Czech crown	27.44386	25.97397	25.69659	27.45300	27.42700	25.94900
Libyan dinar	1.70179	1.67945	1.67267	1.67795	1.70192	1.67196
Serbian dinar	115.61085	113.06400	111.89400	115.80900	114.79100	113.93900
Kuwaiti dinar	0.38630	0.37687	0.37278	0.38528	0.38954	0.37303
UAE Dubai dirham	5.03326	4.87640	4.82212	5.01636	5.06539	4.80422
Moroccan dirham	11.22729	11.16730	11.14072	11.23470	11.25385	11.14996
Canadian dollar	1.50288	1.36747	1.33333	1.45890	1.46710	1.37140
US dollar	1.37035	1.32764	1.31286	1.36580	1.37910	1.30800
Hungarian florin	306.93104	296.92600	296.14500	309.30000	297.04000	294.85000
Swiss franc	1.22145	1.23085	1.22956	1.21560	1.22760	1.23380
Ukrainian hrivna	14.34004	10.78280	10.61210	16.04740	11.32920	10.55990
Croatian kuna	7.62468	7.57870	7.57052	7.57600	7.62650	7.44950
Albanian lek	140.21078	140.29165	140.21964	140.30100	140.53300	141.07180
Moldavian leu	18.54842	16.71205	16.11984	19.14390	18.00690	16.38505
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Egyptian pound	9.62222	9.12954	8.94770	9.77228	9.58716	9.18203
Bosnian mark	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Mozambique metical	41.77476	-	-	41.83450	-	-
New Turkish lira	2.96777	2.52634	2.37409	2.89690	2.96050	2.51090
New Romanian leu	4.46428	4.41873	4.39152	4.38300	4.47100	4.46030
Mauritanian ouguiya	411.65694	399.27700	394.62980	410.79200	412.68900	397.06300
Mexican peso	17.97472	16.95204	16.48857	17.71240	18.07310	17.04130
Chinese renminbi	8.44997	8.16286	8.12609	8.47550	8.34910	8.02800
Brazilian real	3.14987	2.86477	2.66675	3.00020	3.25760	2.88990
Saudi riyal	5.13940	4.97905	4.92356	5.12237	5.17242	4.90526
Qatar riyal	4.98962	4.83385	4.77985	4.97292	4.83385	4.76232
Indian rupee	83.28892	77.81510	72.22227	82.20230	85.36600	77.72100
Sri Lanka rupee	178.95556	171.46200	166.45059	178.00800	180.38600	170.65750
Pound sterling	0.82134	0.84908	0.85043	0.80150	0.83370	0.85720
Kazakh tenge	251.92781	202.03991	198.14205	250.64200	212.43900	198.51130
Polish zloty	4.17550	4.19670	4.17624	4.15680	4.15430	4.33760

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 rate for the Turkish lira, published by the Turkish central bank.

Significant events and changes in the scope of consolidation

As illustrated in the quarterly report as at and for the three months ended March 31, 2014, at its meeting on March 6, 2014, the Italcementi S.p.A. Board of Directors approved a plan to streamline the structure and strengthen the construction materials segment, through:

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

During the second quarter, the conversion of savings shares into ordinary shares was completed; as from June 2, 2014, only Italcementi ordinary shares trade on the Borsa Italiana S.p.A. electronic stock exchange (*Mercato Telematico Azionario*).

After the conversion, at June 30 the share held by Italmobiliare in Italcementi was 45.106%, compared with 39.449% (61.74% of voting rights) at December 31, 2013.

Although Italmobiliare holds less than half of the voting rights of the investee Italcementi, it deems that it holds *de facto* control; the parent holds more voting rights than any other shareholder, there are no organized groups of shareholders and the other shareholders are highly fragmented.

The share capital increase of Italcementi S.p.A. began on June 9 and offered all shareholders three new shares for every seven shares held, at a per-share price of 4.825 euro. The increase closed on July 7 with the full subscription and payment of the 103,622,721 shares on offer, for an overall amount of 499,979,628.82 euro, of which 119,166,129.15 euro attributable to nominal value. At June 30, subscribed capital stood at 497,096,354 euro, including a share premium of 378,617,430 euro.

Italmobiliare subscribed its share of the increase with an outlay of 225,130,680 euro.

The public tender offer on Ciments Français shares began on June 13 and ended on July 3, reaching 97.73% of Ciments Français capital. At June 30, Italcementi held a share of 92.40% in Ciments Français, an increase of 9.25% from December 31, 2013.

Italmobiliare sold to Italcementi the 977,051 shares in its possession for proceeds of 77,675,554.50 euro, generating a gain of 15,168,600.73 euro, which was reversed at consolidated level.

Changes in the scope of consolidation

During the first half of 2014, Suez Cement Company SAE acquired the residual 50% of International City for Concrete in Saudi Arabia; the Saudi company is now owned 100% and is fully consolidated (in 2013 it was consolidated using the proportionate method).

Seasonal nature of interim business

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

Operating segment disclosure

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

The Group management and organizational structure reflects the segment reporting format by line of business described above. Identification of the operating segments is based on the elements used by Group senior management to take decisions regarding allocation of resources and evaluation of results. In addition to the segment reporting required by IFRS 8, information is also disclosed below subdivided by the following geographical segment: European Union, Other European countries, North America, Asia and Middle East, Africa, Trading and others. As from January 1, 2014, in the geographical segment disclosure, operations in Sri Lanka have been reclassified from Trading to India; for comparative purposes, the figures for the corresponding period of the previous year have also been reclassified.

The table below sets out segment revenue and performance for the six months ended June 30, 2014:

(in thousands of euro)	Revenue	Intragroup sales	Contribution revenue	Recurring gross operating profit (loss)	Gross operating profit (loss)	Operating profit (loss)	Finance income (costs)	Impair-ment losses on financial assets	Share of profit (loss) of equity-accounted investees	Profit before tax	Income tax expense
Construction materials	2,048,435	(307)	2,048,128	304,844	302,903	99,762		(26,844)	3,100		
Packaging and insulation	113,151	(43)	113,108	9,228	8,532	3,502					
Finance	52,935	(20,414)	32,521	35,869	32,803	32,636		(82)	(1,336)		
Banking	9,422	(404)	9,018	(1,548)	(1,039)	(1,775)					
Property, services, other	1,195	(526)	669	347	347	341					
Unallocated items and adjustments	(21,694)	21,694		(17,585)	(17,584)	(17,538)	(77,634)			14,132	(84,142)
Total	**2,203,444**		**2,203,444**	**331,155**	**325,962**	**116,928**	**(77,634)**	**(26,926)**	**1,764**	**14,132**	**(84,142)**

The table below sets out segment revenue and performance for the six months ended June 30, 2013:

(in thousands of euro)	Revenue	Intragroup sales	Contribution revenue	Recurring gross operating profit (loss)	Gross operating profit (loss)	Operating profit (loss)	Finance income (costs)	Impair-ment losses on financial assets	Share of loss of equity-accounted investees	Loss before tax	Income tax expense
Construction materials	2,155,551	(5,033)	2,150,518	298,218	293,256	78,101		(8,947)	(2,310)		
Packaging and insulation	115,442	(144)	115,298	6,556	6,048	487					
Finance	25,593	(12,096)	13,497	6,434	6,355	6,189		(18,912)	(18,619)		
Banking	12,255	(386)	11,869	(1,476)	(1,441)	(2,656)					
Property, services, other	1,151	(568)	583	337	317	308					
Unallocated items and adjustments	(18,227)	18,227		(9,053)	(9,054)	(9,012)	(47,780)			(23,151)	(65,550)
Total	**2,291,765**		**2,291,765**	**301,016**	**295,481**	**73,417**	**(47,780)**	**(27,859)**	**(20,929)**	**(23,151)**	**(65,550)**

The table below sets out other segment data at June 30, 2014:

(in thousands of euro)	June 30, 2014 Total assets	June 30, 2014 Total liabilities	June 30, 2014 PPE, investment property and intangible assets	Non-current financial assets	Amortization and depreciation	Impairment losses on non-current assets
Construction materials	8,778,851	4,924,612	219,598	2,414	(198,525)	(4,617)
Packaging and insulation	215,099	200,826	3,444		(5,031)	
Finance	1,330,218	256,984	52	4,690	(167)	
Banking	324,125	270,344	57		(736)	
Property, services, other	3,934	1,312	12		(6)	
Intersegment eliminations	(792,982)	(82,610)			48	
Total	**9,859,245**	**5,571,468**	**223,163**	**7,104**	**(204,417)**	**(4,617)**

The table below sets out other segment data at December 31, 2013 and at June 30, 2013:

(in thousands of euro)	December 31, 2013 Total assets	December 31, 2013 Total liabilities	June 30, 2013 PPE, investment property and intangible assets	Non-current financial assets	Amortization and depreciation	Impairment losses on non-current assets
Construction materials	8,215,015	4,432,016	128,893	1,776	(211,692)	(3,463)
Packaging and insulation	218,592	209,085	3,139		(5,355)	(206)
Finance	1,401,426	372,661	43		(166)	
Banking	333,643	276,529	11		(1,214)	
Property, services, other	4,350	1,678	10		(9)	
Intersegment eliminations	(685,028)	(143,240)			42	(1)
Total	**9,487,998**	**5,148,729**	**132,096**	**1,776**	**(218,394)**	**(3,670)**

Additional disclosure by geographical segment

	Contribution revenue		PPE, investment property and intangible assets		Non-current financial assets		Total assets		Total liabilities	
(in thousands of euro)	**06/30/14**	**06/30/13**	**06/30/14**	**06/30/13**	**06/30/14**	**06/30/13**	**06/30/14**	**12/31/13**	**06/30/14**	**12/31/13**
European Union	1,173,163	1,224,222	120,222	74,201	6,682	1,194	7,635,979	7,267,244	3,101,644	2,989,959
Other European countries	14,697	18,707	65	18			314,777	324,617	265,464	271,512
North America	184,915	201,551	19,596	10,334			1,082,945	1,067,215	605,984	648,167
Asia and Middle East	288,635	316,298	50,453	24,266			1,037,955	963,043	380,947	343,154
Africa	437,421	432,706	28,567	18,170		570	2,063,826	1,992,701	530,759	376,541
Trading and others	104,613	98,281	4,260	5,107	422	12	5,498,549	5,188,665	3,574,145	3,333,150
Intersegment eliminations							(7,774,786)	(7,315,487)	(2,887,475)	(2,813,754)
Total	**2,203,444**	**2,291,765**	**223,163**	**132,096**	**7,104**	**1,776**	**9,859,245**	**9,487,998**	**5,571,468**	**5,148,729**

Assets

Non-current assets

1) Property, plant and equipment

Property, plant and equipment amounted to 4,024,509 thousand euro. Additions for capital expenditure totaled 218,365 thousand euro and were mainly concentrated in Italy (60,206 thousand euro), India (32,428 thousand euro), Bulgaria (30,437 thousand euro), France (21,492 thousand euro), Egypt (20,388 thousand euro) and North America (19,541 thousand euro).

Depreciation for the period totaled 193,361 thousand euro (218,394 thousand euro in the first half of 2013).
Impairment losses on non-current assets amounted to 4,617 thousand euro (3,670 thousand euro in the first half of 2013) and related to Devnya in Bulgaria for 7,771 thousand euro net of reversals of impairment losses of 3,900 thousand euro on plant and industrial land in Italy.
The carrying amount of non-current assets pledged as security for bank loans at June 30, 2014, was 161.8 million euro (168.4 million euro at December 31, 2013).

(in millions of euro)	June 30, 2014	less than 1 year	1 to 5 years	more than 5 years
Purchase commitments on PPE	193.4	142.2	50.5	0.7

2) Goodwill

Goodwill at June 30, 2014 was 1,552,632 thousand euro, as follows:

- construction materials segment for 1,541,348 thousand euro, of which 34,328 thousand euro recognized in Italmobiliare S.p.A.;
- packaging and insulation segment for 11,284 thousand euro.

The difference compared with the amount at December 31, 2013, arose largely from the exchange rate effect.

Goodwill impairment testing

Construction materials segment

At June 30, 2014, no indications of impairment emerged in the segment CGUs with regard to expected cash flows in the current reporting period and to WACC discount rates.
Expected cash flows for 2014 do not modify the long-term projections used in the impairment tests at December 31, 2013; similarly, the WACC rates, computed using the Group methodology, do not differ materially from those used in December 2013.

3) Equity-accounted investees

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

(in thousands of euro)	Carrying amount June 30, 2014	Carrying amount December 31, 2013	Share of profit (loss) H1 2014	Share of profit (loss) H1 2013
Ciment Québec (Canada)	79,300	83,300	(739)	(2,374)
Vassiliko Cement Works (Cyprus)	49,900	51,200	(1,052)	(4,935)
Asment Cement (Morocco)	35,600	40,800	5,042	4,517
RCS Mediagroup (Italy)	0	0		(17,109)
Mittel (Italy)	0	0		(925)
S.E.S. (Italy)	18,750	20,642	(1,336)	(585)
Techno Gravel (Egypt)	4,100	4,200	153	223
Medcem (Italy)	3,400	3,600	(149)	(654)
Others	25,846	24,814	(155)	913
Total	**216,896**	**228,556**	**1,764**	**(20,929)**

4) Other equity investments

A breakdown of other equity investments at June 30, 2014, is set out below:

(in thousands of euro)	Number of shares	June 30, 2014
Investments in listed companies		
Mediobanca	14,503,971	105,489
Unicredito	8,182,683	49,894
West China Cement	284,200,000	19,300
RCS MediaGroup	13,414,205	16,472
Atlantia	85,000	1,766
Assicurazioni Generali	100,000	1,599
Terna	350,000	1,358
Total		**195,878**
Investments in non-listed companies		
Fin Priv		15,480
Gruppo Banca Leonardo		10,818
Sesaab		9,800
Others		24,811
Total		**60,909**
At June 30, 2014		**256,787**

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

Other equity investments decreased by 63,576 thousand euro from December 31, 2013 (320,363 thousand euro).

The decrease arose chiefly as follows:

- West China Cement, for -11.3 million euro, as the result of an impairment loss of 24.7 million euro taken to the income statement, including the recognition in the income statement of the negative fair value reserve of 13.4 million euro, since the reduction in value compared with the carrying amount was considered material;
- Al Badia, for -2.2 million euro, as a result of the impairment loss recognized in the income statement;
- the partial sale of Unicredito shares and the change in the fair value reserve for a net amount of -1.2 million euro;
- the partial sale of Mediobanca shares and the change in the fair value reserve for a net amount of -38.2 million euro;
- the partial sale of RCS MediaGroup shares and the change in the fair value reserve for a net amount of -5.0 million euro;
- the sale of all UBI Banca shares and the change in the fair value reserve for a net amount of -11.4 million euro;
- the purchase of Assicurazioni Generali shares for +1.7 million euro, of Atlantia shares for +1.6 million euro and of Terna shares for +1.4 million euro.

Current assets

5) Trade receivables

(in thousands of euro)	June 30, 2014	December 31, 2013	Change
Gross amount	881,709	821,522	60,187
Allowance for impairment	(98,992)	(97,430)	(1,562)
Total	**782,717**	**724,092**	**58,625**

At June 30, 2014, receivables factored without recourse amounted to 196.1 million euro (190.5 million euro at December 31, 2013). They referred to the Group's French and Belgian companies for 170.0 million euro (167.3 million euro at December 31, 2013), the American companies for 35.0 million dollars equivalent to 25.6 million euro (26.8 million dollars equivalent to 19.4 million euro at December 31, 2013) and Calcestruzzi S.p.A. for 0.5 million euro (3.8 million euro at December 31, 2013).
For the Group's French and Belgian companies, the factoring program at June 30, 2014 referred to the contracts signed in December 2012, and the subsequent extension in 2013 to the American companies. Under these two programs, the seller retains responsibility for collecting receivables on behalf of the factoring company, while receivables provided as guarantees, and still reflected on the statement of financial position at June 30, 2014, totaled 28.2 million euro. This guarantee does not cover credit risk on the factored receivables
In the first half of 2014, finance costs arising from the above factoring transactions amounted to 2.2 million euro.

6) Equity investments, bonds and financial assets

The balance on this caption was as follows:

(in thousands of euro)	June 30, 2014	December 31, 2013	Change
Securities and bonds	141,648	285,665	(144,017)
Trading equities	18,448	20,176	(1,728)
Amounts due from banks	30,276	72,083	(41,807)
Other financial assets	52,961	25,886	27,075
Net amount	**243,333**	**403,810**	**(160,477)**

The decrease in "Securities and bonds" related to funding for subscription of the share capital increase of the subsidiary Italcementi S.p.A..

7) Cash and cash equivalents

(in thousands of euro)	June 30, 2014	December 31, 2013	Change
Cash and checks on hand	4,117	3,340	777
Bank and postal accounts	1,126,246	631,373	494,873
Short-term deposits	143,121	106,926	36,195
Net amount	**1,273,484**	**741,639**	**531,845**

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 "Closing cash and cash equivalents" on the statement of cash flows.

Equity and liabilities

Share capital, reserves and retained earnings

9) Share capital

At June 30, 2014, the fully paid-up share capital of the parent amounted to 100,166,937 euro represented by 38,525,745 shares with a nominal value of 2.6 euro each, as follows:

Number of shares	June 30, 2014	December 31, 2013	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

10) Reserves

Fair value reserve – attributable to owners of the parent

Besides the changes indicated in note 4, the increase of 21,663 thousand euro was primarily due to application of the official share prices at June 30, 2014 to measure available-for-sale listed companies and, for a smaller amount, to measurement at fair value of other non-listed available-for-sale investments.

Translation reserve – attributable to owners of the parent

This reserve reflects exchange rate differences on the translation of the financial statements of consolidated foreign operations. At June 30, 2014, the balance on the reserve was negative at 71.6 million euro, relating to the following currencies:

(in millions of euro)	June 30, 2014	December 31, 2013	Change
Egypt (Pound)	(67.8)	(49.6)	(18.2)
USA and Canada (Dollar)	(2.3)	(2.7)	0.4
Thailand (Baht)	11.7	7.2	4.5
Morocco (Dirham)	(1.8)	(1.6)	(0.2)
India (Rupee)	(33.5)	(29.3)	(4.2)
Switzerland (Franc)	20.5	20.0	0.5
Other countries	1.6	2.3	(0.7)
Net amount	**(71.6)**	**(53.7)**	**(17.9)**

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

Dividends paid

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

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

11) Treasury shares

At June 30, 2014, treasury shares in portfolio amounted to 21,226 thousand euro, unchanged from December 31, 2013. The amount is deducted against equity reserves. Treasury shares were as follows:

	N° ordinary shares	Carrying amount (000 euro)	N° savings shares	Carrying amount (000 euro)	Total carrying amount
At December 31, 2013	**871,411**	**20,830**	**28,500**	**396**	**21,226**
At June 30, 2014	**871,411**	**20,830**	**28,500**	**396**	**21,226**

Ordinary treasury shares in portfolio at June 30, 2014, service stock option plans for directors and managers.

12) Non-controlling interests

At June 30, 2014, non-controlling interests stood at 2,521.7 million euro (2,677.2 million euro at December 31, 2013). The decrease of 155.5 million euro in the period arose largely as follows:

- from the effects of the Italcementi public tender offer on Ciments Français shares/non-controlling interests. The offer began on June 13 and has not yet been concluded: the net effect on non-controlling interests amounts to approximately -159.9 million euro;
- from the effects of the share capital increase subscribed by non-controlling interests for approximately +258.1 million euro;
- from the effects of conversion of savings shares for approximately -147.3 million euro;
- from dividends paid to non-controlling interests for -73.5 million euro;
- from total comprehensive expense of 28.6 million euro.

Non-current and current liabilities

13) Provisions

Non-current and current provisions amounted to 238,311 thousand euro at June 30, 2014 (243,159 thousand euro at December 31, 2013). They consisted largely of obligations for environmental restoration of quarries, amounts set aside for the reorganization of industrial operations and amounts set aside for tax and legal disputes.
In the first half of 2014, there was a decrease of 4.8 million euro in provisions.

14) Financial liabilities

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

(in thousands of euro)	June 30, 2014	December 31, 2013	Change
Banks loans and borrowings	368,325	334,116	34,209
Bonds	1,802,684	1,794,640	8,044
Loans and borrowings from other financial backes	40,964	59,492	(18,528)
Finance lease payables	293	931	(638)
Non-current loans and borrowings	**2,212,266**	**2,189,179**	**23,087**
Fair value of hedging derivatives	34,449	23,180	11,269
Total non-current loans and borrowings	**2,246,715**	**2,212,359**	**34,356**
Banks loans and borrowings	731,960	430,554	301,406
Current portion of borrowings	68,061	98,033	(29,972)
Loans and borrowings from other financial backes	421,019	337,317	83,702
Finance lease payables	1,678	2,857	(1,179)
Accrued interest expense	34,370	85,909	(51,539)
Banks loans and current loans and borrowings	**1,257,088**	**954,670**	**302,418**
Fair value of hedging derivatives	8,112	5,811	2,301
Total current loans and borrowings	**1,265,200**	**960,481**	**304,719**
Total loans and borrowings	**3,511,915**	**3,172,840**	**339,075**

In June 2014, Italcementi Finance S.A. arranged a new 5-year 450 million euro syndicated line of credit replacing the 920 million euro syndicated facility maturing in September 2015, which was cancelled in conjunction with the arrangement of the new line. The new facility was arranged with an international pool of banks formed by Mediobanca and Société Générale Corporate & Investment Banking as coordinators and documentation agents, Banca IMI, BNP Paribas, Crédit Agricole CIB, HSBC, Royal Bank of Scotland and Unicredit as mandated lead arrangers and bookrunners, and Banca Popolare dell'Emilia Romagna, Banca Popolare di Sondrio, Banco Popolare, Crédit Industriel et Commercial and UBI Banca (lenders). No draw-downs had been made on the facility at June 30, 2014.
In June 2014, Italcementi Finance S.A. re-negotiated two bilateral lines of credit with international banks for an aggregate amount of 100 million euro at 364 days. The facilities had been fully draw-down at June 30, 2014.

During the first half of the year the parent:
- repaid in full the 30.0 million euro loan arranged with Intesa Sanpaolo;
- repaid in full the 34.7 million euro loan arranged with Banca Leonardo;
- repaid a tranche of the loan arranged with Banca Intesa for 18.6 million euro;
- made draw-downs of 139.0 million euro on the revolving lines of credit arranged with Intesa Sanpaolo, Credito Bergamasco, Banca Popolare di Bergamo, BNL, Unicredit, Banca Sella.

Non-current financial liabilities by currency were as follows:

(in thousands of euro)	June 30, 2014	December 31, 2013	Change
Euro	2,162,839	2,127,425	35,414
Indian rupee	40,100	48,600	(8,500)
US and Canadian dollar	1,600	500	1,100
Polish zloty	1,623	175	1,448
Egyptian pound	200		200
Hungarian florin	144		144
Other	5,760	5,479	281
Total	**2,212,266**	**2,189,179**	**23,087**

Non-current loans and borrowing by maturity were as follows:

(in thousands of euro)	within Dec. 2015	within Dec. 2016	within Dec. 2017	within Dec. 2018	beyond	Total
Total loans and borrowings at June 30, 2014	46,035	179,137	539,639	520,062	927,393	2,212,266

At June 30, 2014, loans secured by collateral amounted to 55.8 million euro (78.4 million euro at December 31, 2013).

Net financial position

Net financial debt at June 30, 2014, was as follows:

(in thousands of euro)	Statement of financial position caption	Non net financial position	Net financial position	Current assets	Current liabilities	Non-current assets	Non-current liabilities
Trade receivables and other non-current assets	178,354	63,798	114,556			114,556	
Other current assets including derivatives	345,478	288,909	56,569	56,569			
Financial assets and equity investments	243,333	267	243,066	243,066			
Cash and cash equivalents	1,273,484		1,273,484	1,273,484			
Non-current loans and borrowings	(2,212,266)		(2,212,266)				(2,212,266)
Other non-current liabilities	(39,723)	(5,274)	(34,449)				(34,449)
Bank loans and borrowings	(731,960)		(731,960)		(731,960)		
Current loans and borrowings	(273,925)		(273,925)		(273,925)		
Other liabilities	(904,863)	(645,548)	(259,315)		(259,315)		
Total	**(2,122,088)**	**(297,848)**	**(1,824,240)**	**1,573,119**	**(1,265,200)**	**114,556**	**(2,246,715)**

Net financial debt at June 30, 2014, stood at 1,824,240 thousand euro, as follows:

(in thousands of euro)	June 30, 2014	December 31, 2013	Change
Current financial assets	**1,573,119**	**1,211,892**	**361,227**
Cash and cash equivalents	1,273,484	741,639	531,845
Derivatives	5,266	13,351	(8,085)
Other current financial assets	294,369	456,902	(162,533)
Current financial liabilities	**(1,265,200)**	**(960,481)**	**(304,719)**
Bank loans and borrowings	(731,960)	(430,554)	(301,406)
Current loans and borrowings	(525,128)	(524,116)	(1,012)
Derivatives	(8,112)	(5,811)	(2,301)
Non-current financial assets	**114,556**	**130,960**	**(16,404)**
Non-current loans and borrowings	42,549	42,412	137
Non-current derivatives	72,007	88,548	(16,541)
Non-current financial liabilities	**(2,246,715)**	**(2,212,359)**	**(34,356)**
Non-current financial liabilities	(2,212,266)	(2,189,179)	(23,087)
Non-current derivatives	(34,449)	(23,180)	(11,269)
Net financial debt	**(1,824,240)**	**(1,829,988)**	**5,748**

Net financial debt at June 30, 2014, computed in compliance with Consob communication no. DEM 6064293/2006 of July 28, 2006 (i.e., not including non-current financial assets), amounted to 1,938,796 thousand euro (1,960,948 thousand euro at December 31, 2013).

In some Group countries, where there are also non-controlling interests, currency regulations restrict the immediate availability of cash and cash equivalents for the holding Company Ciments Français S.A.. At June 30, 2014, cash and cash equivalents in these countries amounted to 433.0 million euro (365.3 million euro at December 31, 2013) and were in Egypt for 187.0 million euro, Morocco for 142.4 million euro, Thailand for 85.0 million euro and India for 18.6 million euro.

Comparison between fair value and carrying amount

The table below compares the carrying amount and the fair value of financial assets and liabilities at June 30, 2014:

	June 30, 2014		December 31, 2013	
(in thousands of euro)	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Assets at fair value through profit or loss				
Cash and cash equivalents	1,273,484	1,273,484	741,639	741,639
Short-term derivatives	*4,848*	*4,848*	*13,156*	*13,156*
Banking derivatives	*420*	*420*	*197*	*197*
Medium/long-term derivatives	*72,038*	*72,038*	*88,579*	*88,579*
Derivatives	77,306	77,306	101,932	101,932
Equity investments, bonds and financial assets	243,333	243,333	403,810	403,810
Banking and other receivables	56,070	56,070	58,105	58,105
Loans and receivables				
Trade receivables	782,717	782,717	724,092	724,092
Receivables and other non-current assets	105,159	105,159	109,447	109,447
Available-for-sale assets				
Non-current equity investments	256,787	256,787	320,363	320,363
Held-to-maturity investments				
Total	**2,794,856**	**2,794,856**	**2,459,388**	**2,459,388**
Financial liabilities				
Trade payables	645,096	645,096	562,434	562,434
Current financial liabilities	*1,007,884*	*1,007,884*	*702,629*	*702,629*
Other financial liabilities	*249,204*	*249,204*	*252,041*	*252,041*
Total current financial liabilities	1,257,088	1,257,088	954,670	954,670
Short-term derivatives	*7,545*	*7,545*	*4,906*	*4,906*
Banking derivatives	*566*	*566*	*904*	*904*
Medium/long-term derivatives	*34,449*	*34,449*	*23,180*	*23,180*
Total derivatives	42,560	42,560	28,990	28,990
Non-current financial liabilities	2,212,266	2,274,466	2,189,179	2,240,179
Commitments to purchase equity investments	40,055	40,055	41,308	41,308
Total	**4,197,065**	**4,259,265**	**3,776,581**	**3,827,581**

Trade receivables and payables are current assets and liabilities and are their carrying amounts represent reasonable approximations of their fair value.
Derivatives are measured and recognized at fair value net of credit valuation adjustment (CVA) and debit valuation adjustment (DVA), in compliance with IFRS 13. The fair value of interest-rate contracts is determined by discounting future cash flows using the zero coupon curve.
The fair value of forward foreign-currency purchase contracts is based on the current exchange rates for contracts with similar maturity profiles.
The fair value of foreign-currency assets and liabilities is determined using the closing rates. The fair value of fixed-rate assets and liabilities is determined using a fixed rate, net of transaction costs directly attributable to the financial assets and financial liabilities.

Fair Value - hierarchy

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

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

At June 30, 2014, financial instruments measured at fair value were as follows:

(in thousands of euro)	June 30, 2014	Level 1	Level 2	Level 3
Derivatives - assets	77,306	1,440	75,866	
Equity investments, bonds and current financial assets	181,865	155,508	23,941	2,416
Banking and other receivables	4,740			4,740
Receivables and other non-current assets	7,267		7,267	
Non-current equity investments	256,787	195,878	15,480	45,429
Current financial liabilities	1,004,207		1,004,207	
Derivatives - liabilities	42,560	348	41,963	249
Non-current financial liabilities	2,274,173	1,886,384	387,789	
Commitments to purchase equity investments	40,055			40,055

	Level 3	Increases						Decreases							Level 3
(in thousands of euro)	12/31/2013	Pur-chases	Gains in income state-ment	Other gains in income state-ment	Gains in equity	Other in-creases	Transfers from other levels	Sales	Repay ments	Losses in income state-ment	Other losses in income state-ment	Losses in equity	Other de-creases	Transfers to other levels	06/30/2014
Equity investments, bonds and financial assets	2,656		58	3		217				(334)			(184)		2,416
Banking and other receivables	4,799		525	44					(103)				(525)		4,740
Non-current equity investments	48,496	300			25	126			(957)	(22)	(2,411)	(127)	(1)		45,429
Derivatives - liabilities	(364)										115				(249)
Commitments to purchase equity investments	(41,308)												1,253		(40,055)

No reclassifications from categories measured at fair value to categories measured at amortized cost were made in the Group's financial asset portfolio in the current or previous reporting period.
In the first half of 2014, no transfers were made to and from level 3.

Covenants

In addition to the customary clauses, some of the loan agreements granted to Group companies include covenants requiring compliance with financial ratios, fixed for the most part at the reporting date of the financial year.
In the construction materials segment, the financial ratio included in the covenants for the main Group lines of credit is "leverage" (consolidated net debt/recurring gross operating profit, on a rolling 12-month basis), with a ceiling of 3.75x. For bilateral or syndicated lines of credit and borrowings, failure to comply with covenants leads to termination and consequent early repayment, although the covenants also include a stand-by period prior to actual execution. Lines of credit and financing contracts do not contain rating triggers that would lead to early repayment. Some loan agreement involve assumption of negative pledges to the counterparty, 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, 2014, lines of credit and loans subject to covenants totaled 307 million euro of total drawn-downs (257 million euro at December 31, 2013) and 1,025 million euro of total undrawn lines of credit (1,545 million euro at December 31, 2013).
Loans subject to covenants in the packaging and insulation segment amounted to 7.8 million euro.

At June 30, 2014, both segments complied with all contractual commitments; covenant-related financial ratios were within the contractual limits stipulated by the loans in question.

The Group expects to comply with its covenants and will provide appropriate disclosure in the event of a deterioration in its financial position.

Derivatives

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

	June 30, 2014		December 31, 2013	
(in thousands of euro)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate derivatives hedges cash flow	331	(1,196)	890	(844)
Interest rate derivatives hedges fair value	438	(55)	108	(141)
Interest rate derivatives trading	2,526	(5,670)	2,616	(1,982)
Interest rate derivatives	**3,295**	**(6,921)**	**3,614**	**(2,967)**
Exchange rate derivatives hedges cash flows	171	(192)	2	(1,145)
Exchange rate derivatives hedges fair value	1,380	(410)	9,481	(792)
Exchange rate derivatives trading		(23)	57	(3)
Exchange rate derivatives	**1,551**	**(625)**	**9,540**	**(1,940)**
Total current instruments	**4,846**	**(7,546)**	**13,154**	**(4,907)**
Interest rate derivatives hedges cash flows		(17,651)		(3,324)
Interest rate derivatives hedges fair value	66,738	(16,798)	82,262	(19,834)
Interest rate derivatives	**66,738**	**(34,449)**	**82,262**	**(23,158)**
Exchange rate derivatives hedges cash flows	46		4	(22)
Exchange rate derivatives hedges fair value	5,223		6,282	
Exchange rate derivatives	**5,269**	**0**	**6,286**	**(22)**
Total long-term instruments	**72,007**	**(34,449)**	**88,548**	**(23,180)**
Bank derivatives - forwards	420	(566)	197	(904)
Bank derivatives - options				
Bank derivatives	**420**	**(566)**	**197**	**(904)**
Total	**77,273**	**(42,561)**	**101,899**	**(28,991)**

15) Trade payables

The balance on this caption was as follows:

(in thousands of euro)	**June 30, 2014**	**December 31, 2013**	**Change**
Suppliers	620,156	545,337	74,819
Bills payable	9,184	6,492	2,692
Other trade payables	15,756	10,605	5,151
Total	**645,096**	**562,434**	**82,662**

16) Other liabilities

(in thousands of euro)	June 30, 2014	December 31, 2013	Change
Due to employees	87,788	115,432	(27,644)
Due to social security authorities	52,877	57,040	(4,163)
Due to tax authorities	134,939	68,492	66,447
Accrued expenses and deferred income	42,714	34,337	8,377
Derivatives	7,545	4,906	2,639
Amounts due in banking and insurance segment	249,770	252,945	(3,175)
Purchase commitments on non-controlling interests	40,055	41,308	(1,253)
Other	289,175	308,078	(18,903)
Total	**904,863**	**882,538**	**22,325**

Contingent liabilities

At June 30, 2014, analysis of the main contingent liabilities relating to disputes and proceedings pending at December 31, 2013, found no need to accrue provisions.
The Group is not aware of other disputes, legal controversies or other exceptional facts that might have a material impact on its financial position and results of operations.

An update on developments in the main ongoing disputes and those that arose during the reporting period is provided below:

Spain
On May 14, 2014, after a petition was filed by a local association, the court of Malaga annulled the integrated environmental authorization issued in 2007 for the Malaga production plant of the Spanish subsidiary Financiera Y Minera ("FyM"), on the grounds that the Regional Authority had issued the authorization erroneously in the absence of a prior environmental impact assessment. FyM intends to appeal against the ruling, and is also considering whether to apply for a new authorization subject to execution of an environmental impact assessment. With its legal advisors, FyM is also examining the possible consequences of the ruling, including its effects on the operations of the production facility.

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

Turkey / Russia
Regarding the dispute begun by Sibconcord against Ciments Français for the non-closure of the 2008 agreement for the sale of the Group's Turkish operations (Set Group) to its subsidiary Sibcem, the various lawsuits proceeded regularly in accordance with the civil codes of the countries concerned. After the court of Kemerovo (Russia) issued a ruling in favor of Ciments Français on July 10, 2013, stating that the loss of 50 million euro by Sibcem was solely due to the appellant's failure to comply with the agreements, Sibconcord filed an appeal against the ruling. In March 2014, the appeals court rejected the appeal and upheld the ruling in favor of Ciments Français. Sibconcord consequently filed an appeal with the regional court of cassation against the decision of the appellate court. The court of cassation annulled the ruling of first instance and referred the case back to the court of Kemerovo (Russia).

India

A tax proceeding is still formally open against the subsidiary Zuari Cement Limited after an assessment relating to 2007-2008 (tax year 2008-2009) identified transfer pricing and expenses that potentially cannot be deducted against income tax. The dispute began for an amount of approximately 7.6 million euro of additional taxable income and approximately 3.3 million euro in higher taxes, fines and interest; the court of Andhra Pradesh issued an initial ruling in favor of Zuari Cement Limited on February 21, 2013, and the supreme court definitively rejected the case on September 27, 2013. India's tax authorities have until March 31, 2015 to re-open the assessment.

In February 2014, the Indian tax authority notified Zuari Cement Limited of an assessment relating to 2008-2009 (tax year 2009-2010) with regard to transfer pricing and expenses that potentially cannot be deducted against income tax. In March 2014, the company filed an appeal with the competent administrative court and, subsequently, an appeal with the court of appeal against the assessment, which is for an amount of approximately 11.3 million euro of additional taxable income and approximately 6.3 million euro in higher taxes, fines and interest; the case is still pending in the court of appeal.

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

Income statement

17) Revenue

Revenue from sales and services totaled 2,203,444 thousand euro, as follows:

(in thousands of euro)	H1 2014	H1 2013	Change	% change
Industrial revenue				
Product sales	2,081,856	2,185,651	(103,795)	-4.7%
Services provided	63,433	64,316	(883)	-1.4%
Other revenue	16,395	15,895	500	3.1%
Total	**2,161,684**	**2,265,862**	**(104,178)**	**-4.6%**
Financial revenue				
Interest	2,574	2,980	(406)	-13.6%
Dividends	1,809	2,810	(1,001)	-35.6%
Gains and other revenue	28,513	8,425	20,088	n.s
Total	**32,896**	**14,215**	**18,681**	**n.s.**
Bank revenue				
Interest	1,508	1,626	(118)	-7.3%
Commissions	6,278	8,470	(2,192)	-25.9%
Other revenue	852	1,037	(185)	-17.8%
Total	**8,638**	**11,133**	**(2,495)**	**-22.4%**
Property and service revenue	**226**	**555**	**(329)**	**-59.3%**
Total	**2,203,444**	**2,291,765**	**(88,321)**	**-3.9%**

18) Raw materials and supplies

Raw materials and supplies amounted to 875,078 thousand euro, as follows:

(in thousands of euro)	H1 2014	H1 2013	Change	% change
Raw materials and semifinished goods	284,582	281,719	2,863	1.0%
Fuel	181,815	191,803	(9,988)	-5.2%
Materials and machinery	124,757	128,481	(3,724)	-2.9%
Finished goods	79,423	87,519	(8,096)	-9.3%
Electricity, water and gas	204,543	240,202	(35,659)	-14.8%
Change in inventories of raw materials, consumables and other	(42)	8,758	(8,800)	n.s.
Total	**875,078**	**938,482**	**(63,404)**	**-6.8%**

19) Services

Services amounted to 538,465 thousand euro, as follows:

(in thousands of euro)	H1 2014	H1 2013	Change	% change
External services and maintenance	171,493	178,903	(7,410)	-4.1%
Transport	237,813	238,007	(194)	-0.1%
Legal fees and consultancy	22,261	22,728	(467)	-2.1%
Rents	39,521	40,926	(1,405)	-3.4%
Insurance	18,273	19,290	(1,017)	-5.3%
Subscriptions	5,109	5,735	(626)	-10.9%
Other expense	43,995	45,910	(1,915)	-4.2%
Total	**538,465**	**551,499**	**(13,034)**	**-2.4%**

20) Personnel expense

Personnel expense totaled 458,458 thousand euro, as follows:

(in thousands of euro)	H1 2014	H1 2013	Change	% change
Wages and salaries	311,145	322,945	(11,800)	-3.7%
Social security contributions	98,762	101,881	(3,119)	-3.1%
Cost of stock option plans	83	262	(179)	-68.3%
Other expense	48,468	51,225	(2,757)	-5.4%
Total	**458,458**	**476,313**	**(17,855)**	**-3.7%**

The number of employees is shown below:

(headcount)	H1 2014	H1 2013	Change
Number of employees at period end	19,786	20,214	(428)
Average number of employees	19,832	20,337	(505)

21) Other operating expense

Other operating expense net of other operating income amounted to 25,737 thousand euro, as follows:

(in thousands of euro)	H1 2014	H1 2013	Change	% change
Other taxes	39,805	41,327	(1,522)	-3.7%
Allowance for impairment	6,007	11,638	(5,631)	-48.4%
Interest expense and other expense for companies in the financial and banking segments	6,231	9,929	(3,698)	-37.2%
Provision for environmental restoration, quarries, other	21,765	21,228	537	2.5%
Miscellaneous income	(48,071)	(30,175)	(17,896)	59.3%
Total	**25,737**	**53,947**	**(28,210)**	**-52.3%**

The increase in "Miscellaneous income" arose largely from net gains of 11.4 million euro on CO_2 emission rights trading. Miscellaneous income also included income of 7.2 million euro relating to assignment of white certificates (5.4 million euro in the first half of 2013) and income of 4.0 million euro relating to green certificates assigned to Italgen S.p.A. (2.8 million euro in the first half of 2013).

22) Non-recurring income (expense)

Net non-recurring expense amounted to 5,193 thousand euro (net non-recurring expense of 5,535 thousand euro in the first half of 2013), as follows:

(in thousands of euro)	H1 2014	H1 2013	Change	% change
Net gains from sale of non-current assets	1,888	6,197	(4,309)	-69.5%
Personnel expense for reorganizations	(4,315)	(11,122)	6,807	-61.2%
Other non-recurring expense	(2,766)	(610)	(2,156)	n.s.
Total	**(5,193)**	**(5,535)**	**342**	**-6.2%**

Expense relating to reorganization programs in the first half of 2014 referred mainly to the construction materials segment for 1.5 million euro and the parent Italmobiliare for 2.8 million euro, for personnel leaving incentives.

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

Net finance costs amounted to 77,634 thousand euro, as follows:

	H1 2014		H1 2013	
(in thousands of euro)	Income	Costs	Income	Costs
Interest income	9,939		6,506	
Interest expense		(60,037)		(52,818)
Dividends	1,186		1,374	
Gains and losses from equity investments	(48)	(161)	20	(908)
Other finance income	1,201		20,703	
Capitalized finance costs		2,302		976
Other finance costs		(22,721)		(30,172)
Total finance income (costs)	**12,278**	**(80,617)**	**28,603**	**(82,922)**
Gains/(losses) on interest-rate derivatives		(4,887)	1,916	
Net losses on exchange rate derivatives		(9,676)		(14,045)
Net exchange rate gains	5,268		18,668	
Net exchange rate differences and derivatives		**(9,295)**		**6,539**
Total finance income (costs), exchange rate differences and net gains (losses) on derivatives		**(77,634)**		**(47,780)**

The increase in finance costs net of finance income and net exchange rate differences and derivatives was 29.9 million euro. The most significant changes referred to exchange rate differences net of hedging, for 9.0 million euro, interest rate derivatives for 6.8 million euro and net interest expense on borrowings for 2.7 million euro, and to the absence in the first half of 2014 of the net hedging effect on EU emission allowances (EUA) and certified emission reduction units (CER/ERU), which generated income of 8.9 million euro in the first half of 2013.
“Other finance costs” included net finance costs of 3,567 thousand euro on employee defined benefit plans (3,366 thousand euro in the first half of 2013).

24) Impairment losses on financial assets

Impairment losses on financial assets totaled 26,926 thousand euro, of which 24,687 thousand euro on the West China Cement equity investment, 2,157 thousand euro on the Al Badia equity investment, 61 thousand euro on the Draper equity investment, 19 thousand euro on the Atmos equity investment and 2 thousand euro on the Atmos Venture equity investment.

At June 30, 2013, the caption reflected impairment losses totaling 27,859 thousand euro, of which 18,930 thousand euro on the Mittel equity investment, 8,947 thousand euro on the Al Badia equity investment, 96 thousand euro on the UBI equity investment and 5 thousand euro on the Atmos equity investment, set against an impairment reversal of 119 thousand euro on rights on RCS Mediagroup shares.

25) Income tax expense

Income tax expense for the period was 84,142 thousand euro, as follows:

(in thousands of euro)	H1 2014	H1 2013	Change	% change
Current tax	71,025	66,485	4,540	6.8%
Prior-year tax and other net non-recurring tax items	968	(2,175)	3,143	n.s.
Deferred tax	12,149	1,240	10,909	n.s.
Total	**84,142**	**65,550**	**18,592**	**28.4%**

Income tax expense for the period includes non-recurring effects such as the rise in the tax rate in Egypt from 25% to 30%.

26) Other comprehensive income

(in thousands of euro)	Gross amount	Tax	Net amount
Remeasurement of the net liability (asset) for employee benefits	(16,390)	3,330	(13,060)
Fair value gains (losses) on:			
Available-for-sale financial assets	28,326	1,702	30,028
Derivatives	(12,705)	267	(12,438)
Translation differences	3,189		3,189
Other comprehensive income	**2,420**	**5,299**	**7,719**

27) Earnings (losses) per share

Earnings (losses) per share at June 30, 2014 and 2013 are determined on the parent profit (loss) for the respective periods. They are stated separately for ordinary shares and savings shares.

Basic earnings (losses) per share

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

	H1, 2014		H1, 2013	
(n° shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
N° shares at January 1	22,182	16,343	22,182	16,343
Treasury shares at January 1	(911)	(28)	(871)	(28)
Weighted average number of treasury shares sold in the period				
Total	**21,271**	**16,315**	**21,311**	**16,315**
Attributable loss in thousands of euro	(20,807)	(15,958)	(44,706)	(34,224)
Basic losses per share	(0.978)	(0.978)	(2.098)	(2.098)

Loss attributable by share category was determined as follows:

(in thousands of euro)	H1, 2014 Ordinary shares	H1, 2014 Savings shares	H1, 2013 Ordinary shares	H1, 2013 Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)				
Residual loss apportioned to all shares	(20,807)	(15,958)	(44,706)	(34,224)
Total	**(20,807)**	**(15,958)**	**(44,706)**	**(34,224)**

Diluted earnings (losses) per share

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

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

(in thousands of euro)	H1, 2014 Ordinary shares	H1, 2014 Savings shares	H1, 2013 Ordinary shares	H1, 2013 Savings shares
Weighted average number of shares at December 31	21,274	16,315	21,311	16,315
Dilutive effect of stock options	20			
Total	**21,294**	**16,315**	**21,311**	**16,315**
Attributable loss for the period for diluted earnings in 000 euro	(20,815)	(15,950)	(44,706)	(34,224)
Diluted losses per share in euro	(0.978)	(0.978)	(2.098)	(2.098)

Loss attributable by share category was determined as follows:

(in thousands of euro)	June 30, 2014 Ordinary shares	June 30, 2014 Savings shares	June 30, 2013 Ordinary shares	June 30, 2013 Savings shares
Profit reserved for savings shareholders (euro 0.078 per share)				
Residual loss apportioned to all shares	(20,815)	(15,950)	(44,786)	(34,285)
Total	**(20,815)**	**(15,950)**	**(44,786)**	**(34,285)**

28) Transactions with related parties

Transactions with related parties in the first half of 2014 are detailed below:

(in thousands of euro) **Italmobiliare Group**	**Revenue (expense)**	**Trade receivables (payables)**	**Financial assets (liabilities)**	**Finance income (expense)**	**Other operating income (expense)**
Subsidiaries and associates not consolidated on a line-by-line basis	27,165	10,180	25,419	70	
	(13,067)	(4,760)	(390)	(19)	
Subsidiaries of associates and joint ventures	1,263	552			
	(1,993)	(139)			
Other related parties	58	68			34
	(232)	(195)			(900)
Total	**28,486**	**10,800**	**25,419**	**70**	**34**
	(15,292)	**(5,094)**	**(390)**	**(19)**	**(900)**
% impact on financial statement items	1.3%	1.4%	1.5%	0.6%	0.1%
	0.8%	0.8%	0.0%	0.0%	3.5%

The comparatives for the first half of 2013 are set out below:

(in thousands of euro) **Italmobiliare Group**	**Revenue (expense)**	**Trade receivables (payables)**	**Financial assets (liabilities)**	**Finance income (expense)**	**Other operating income (expense)**
Subsidiaries and associates not consolidated on a line-by-line basis	29,435	13,400	47,028	388	
	(16,155)	(4,978)	(548)	(34)	(86)
Other related parties	69	45			19
	(197)	(412)			(304)
Total	**29,504**	**13,445**	**47,028**	**388**	**19**
	(16,352)	**(5,390)**	**(548)**	**(34)**	**(390)**
% impact on financial statement items	1.8%	1.6%	3.2%	1.4%	0.0%
	0.8%	0.8%	0.0%	0.0%	0.7%

Revenue from and purchases of goods and services in respect of subsidiaries and associates consisted mainly of transactions with companies consolidated proportionately, notably Société des Carrieres du Tournaisis, Atlantica de Graneles, and with equity-accounted investees, including the Ciments Quebec Inc. group and Les Calcaires Girondins S.a.s.

At June 30, 2014, the amount of 900 thousand euro shown under "Other operating income (expense)" (304 thousand euro for the first half of, 2013) referred entirely to the amounts paid by Italmobiliare S.p.A. and Italcementi S.p.A. to the Italcementi Cav. Lav. Carlo Pesenti foundation (300 thousand euro at June 30, 2013).

Non-recurring transactions

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

	H1, 2014					
	Equity		Loss for the period		Net financial debt	
(in thousands of euro)	amount	%	amount	%	amount	%
Carrying amounts	**4,287,777**		**(70,010)**		**(1,824,240)**	
Net gains from the sale of non-current assets	1,888	0.04%	1,888	2.70%	4,896	0.27%
Non-recurring personnel expense for reorganizations	(4,315)	0.10%	(4,315)	6.16%		
Other net non-recurring expense	(2,766)	0.06%	(2,766)	3.95%	(300)	0.02%
Total	**(5,193)**	**0.12%**	**(5,193)**	**7.42%**	**4,596**	**0.25%**
Figurative amount without non-recurring transactions	**4,292,970**		**(64,817)**		**(1,828,836)**	

	H1, 2013					
	Equity		Loss for the period		Net financial debt	
(in thousands of euro)	amount	%	amount	%	amount	%
Carrying amounts	**4,461,873**		**(88,701)**		**(1,921,126)**	
Net gains from the sale of non-current assets	6,197	0.14%	6,197	6.99%	12,208	0.64%
Non-recurring personnel expense for reorganizations	(11,122)	0.25%	(11,122)	12.54%		
Other net non-recurring expense	(610)	0.01%	(610)	0.69%	(300)	0.02%
Total	**(5,535)**	**0.12%**	**(5,535)**	**6.24%**	**11,908**	**0.62%**
Figurative amount without non-recurring transactions	**4,467,408**		**(83,166)**		**(1,933,034)**	

Events after the reporting period

No significant events have taken place since the end of the reporting period whose effects require amendments to or additional comments on the Group's financial position, results of operations, and cash flows as at and for the six months ended June 30, 2014.

Share capital increase

On July 7, 2014, the Italcementi S.p.A. share capital increase was completed, with subscription of the remaining 1,394,300 rights; as a result, all 103,622,721 shares on offer were subscribed and paid, for an overall amount of 499,979,628.82 euro, of which 119,166,129.15 euro as nominal value.

Public tender offer on Ciments Français

On July 3, 2014, the offer period of the simplified public tender offer for Ciments Français minorities ended (June 13 – July 3). Italcementi now holds 97.73% of the capital and 98.65% of the voting rights of the French company. Considering that Ciments Français non-controlling interests now hold less than 5% of the capital and voting rights, Italcementi applied to the AMF (the French financial market authority) to activate the squeeze-out procedure.
The squeeze-out was completed on July 15, at the same price as that paid under the offer, i.e., 79.5 euro per share, for a maximum of 808,794 shares representing 2.27% of Ciments Français capital. Italcementi opened a bank deposit with BNP Paribas Security Services in which it deposited an amount corresponding to the compensation due to the shareholders who did not take up the public tender offer. On the same day, Ciments Français shares were delisted from the Paris stock exchange.

ITALMOBILIARE
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(Translation from the original Italian text)

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

1. The undersigned Carlo Pesenti, Chief Executive Officer and Giorgio Moroni, Manager in charge of financial reporting of Italmobiliare S.p.A, also taking into consideration art. 154-bis, paragraphs 3 and 4, of the Legislative Decree February 24th, 1998, no. 58, do hereby certify:

   - the adequacy in relation to the company structure and
   - the actual application

   of the administrative and accounting procedures adopted for the preparation of the **condensed interim consolidated financial statements**, in the period from January 1st, 2014 to June 30th, 2014.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of condensed half-year financial statements as of June 30th, 2014 is based on a pattern identified by Italmobiliare according to the CoSO framework (illustrated in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both issued by the Committee of Sponsoring Organizations of the Treadway Commission representing a generally accepted international framework.

3. It is also certified that:

   3.1 the condensed interim consolidated financial statements as of June 30th , 2014:

   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 19th, 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 on operations includes a reliable analysis about the significant events occurred in the first six months of the financial year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties in the remaining six months of the year. The interim directors' report on operations also includes a reliable analysis of the information on significant dealings with related parties.

August 6th, 2014

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

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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 2014, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these 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 prior year annual and condensed interim consolidated financial statements figures and the statement of financial position as at 1 January 2013. As disclosed in the notes "Statement of compliance with the IFRS" and "Change in accounting policies", due to the application of IFRS 10 - Consolidated financial statements and IFRS 11 - Joint arrangements, the parent's directors restated some of the corresponding figures included in the prior year annual and condensed interim consolidated financial statements and in the statement of financial position as at 1 January 2013 derived from the consolidated financial statements at 31 December 2012. We audited the 2013 and 2012 consolidated financial statements and reviewed the condensed interim consolidated financial statements at 30 June 2013 and issued our reports thereon on 15 April 2014, 12 April 2013 and 7 August 2013, respectively. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of preparing this report.

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 2014 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, 7 August 2014

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

September 2014
Project of LSVmultimedia
Olginate - Lecco