ITALMOBILIARE

Quaterly report
at March 31,2015

ITALMOBILIARE

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Quarterly report

at March 31, 2015

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ITALMOBILIARE
Società per Azioni

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

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

Board of Directors

(Term ends on approval of financial statements at 12.31.2016)

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

Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2016)

Acting Auditors

Francesco Di Carlo	Chairman
Angelo Casò	
Luciana Ravicini	

Substitute Auditors

Maria Rachele Vigani
Barbara Berlanda
Paolo Ludovici

Manager in charge of preparing the company's financial reports

Giorgio Moroni

Independent Auditors

KPMG S.p.A.

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

COMMENTS ON OPERATIONS

FOREWORD

This quarterly report as at and for the three months ended March 31, 2015, has been drawn up in compliance with article 154 ter, paragraph 5, of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments. It is also compliant with the measurement and recognition criteria of the International Accounting and Financial Reporting Standards (IAS/IFRS).

The changes in accounting policies and interpretations with respect to those used to draw up the financial statements as at and for the year ended December 31, 2014, have not had material effects on this quarterly report. They arose from the application as from January 1, 2015, of:

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

With regard to application of IAS 16 “Property, plant and equipment”, attention is also drawn to the fact that the review of industrial assets and their useful lives generated a reduction of 3.2 million euro in amortization and depreciation expense in the first quarter.

With regard to the scope of consolidation, immaterial changes took place with respect to 2014. These changes stemmed mainly from the acquisition of three companies of modest dimensions in the aggregates segment in France, which have been consolidated on a line-by-line basis starting from the quarter under review.

The reader is also reminded that, after the voluntary public tender offer for all Ciments Français shares and the subsequent “*retrait obligatoire*” procedure for the delisting of the stock from the Paris Stock Exchange (NYSE – Euronext Paris), since July 2014 Italcementi S.p.A. has held 100% of the share capital of Ciments Français S.A. (since November 2014, Ciments Français S.A.S.).

As already noted in prior-year quarterly reports, Group business activities are subject to seasonal trends: performance in the first months of the year is particularly vulnerable to meteorological conditions and influenced by the fact that plant maintenance work is concentrated in the winter months. The results for the first quarter therefore cannot be considered as a significant indication of a full-year trend.

ITALMOBILIARE

INFORMATION ON OPERATIONS

The economic upturn in the advanced countries grew stronger in the early months of 2015: in the USA, the unemployment rate fell to pre-crisis levels, although industrial production was affected by unfavorable weather; Japan reported a moderate improvement in industrial operations; in the UK, the positive indications emerging on the labor market gained strength. A small improvement was also recorded in industrial operations in the Eurozone: in the first quarter of 2015, production rose by about half a percentage point, confirming the trend of the final months of 2014.

The government-bond purchase program launched by the ECB in January to support the economy and face off the risks arising from an excessively long period of low price growth had positive effects on the financial and currency markets. Overall, the reduction in government bond yields continued, with the exception of Greece, where premiums rose to reflect sovereign risk. Low market volatility drove an upward trend in share prices, assisted by a more expansionary monetary policy trend in both the Eurozone and Japan. In the emerging economies, too, conditions on the financial markets in the first quarter of the year were less tense, due to a resumption of portfolio investments in bonds.

During the first quarter of 2015, the euro continued to depreciate against the dollar, a trend that first emerged in 2014, and reabsorbed the appreciation against the yen recorded at the end of 2014 after the introduction of new monetary policy measures by the Japanese central bank.

In Italy, although positive signs emerged in the first three months, the economic recovery is still fragile. After the mild upturn at the end of 2014, industrial production rose slightly in the first quarter of 2015 and continues to reflect a residual weakness in the underlying economic dynamic. The Italian financial markets made progress in the first three months, chiefly because of the launch of the Eurosystem asset purchase program, which has fuelled a significant reduction in government bond yields, while share prices rose sharply and volatility fell.

In this context, in the first quarter of 2015 the Italmobiliare Group posted a total **loss for the period** of 54.6 million euro and a **loss attributable to owners of the parent** of 31.3 million euro. This compared, respectively, with a total loss of 47.4 million euro and a loss attributable to owners of the parent of 20.0 million euro for the first quarter of 2014.

The main consolidated results in the three months ended March 31, 2015 were as follows:

- **Revenue**: 1,047.6 million euro from 1,008.6 million euro in the year-earlier period (+3.9%);
- **Recurring gross operating profit**: 102.8 million euro from 110.2 million euro in the year-earlier period (-6.7%);
- **Gross operating profit**: 104.3 million euro from 111.0 million euro in the year-earlier period (-6.1%);
- **Operating profit**: 0.7 million euro from 7.3 million euro in the year-earlier period (-91.1%);
- **Finance income and costs** (including exchange-rate differences and derivatives): net costs of 30.8 million euro from net costs of 40.9 million euro in the year-earlier period (an improvement of 24.8%);

- **Loss before tax:** 29.5 million euro from a loss of 34.2 million euro in the year-earlier period (an improvement of 13.5%)

At March 31, 2015, **total equity** was 4,510.2 million euro, compared with 4,286.4 million euro at December 31, 2014.

Net financial debt at March 31, 2015 was 2,288.6 million euro, up by 173.8 million euro from December 31, 2014 (2,114.8 million euro).

The **gearing** ratio (net financial debt/total equity) rose from 49.34% at the end of December 2014 to 50.74% at March 31, 2015.

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

- in the **construction materials segment** where the Italcementi group operates (Italmobiliare's core industrial investment), trends varied greatly from region to region. The expansionary phase continued in North America, whereas the group's two main European markets, France and Italy, were weak and some signs of a business recovery were observed in the other Eurozone countries. Performance in the construction industry remained generally positive in the group's emerging countries. In this context, segment revenue rose by 5.1% due to the appreciation of the various currencies against the euro; at constant exchange rates and on a like-for-like basis, revenue was down 2.4%, largely due to the decrease in sales volumes. Despite the increase in income on carbon emission rights trading, recurring gross operating profit at 95.2 million euro was slightly down on the first quarter of 2014, mainly owing to the decrease in revenue (at constant exchange rates and on a like-for-like basis) and the rise in some operating expense in Egypt and maintenance operations in North America. After amortization and depreciation expense and impairment losses totaling 101.0 million euro (100.7 million euro in the first quarter of 2014), the group posted an operating loss of 4.7 million euro (a loss of 4.2 million euro in the year-earlier period). The loss for the period of 56.8 million euro (a loss of 55.2 million euro in the first quarter of 2014) reflected net finance costs of 29.8 million euro, a significant decrease from the year-earlier period (39.4 million euro), and income tax expense of 22.8 million euro;
- the market situation remained difficult in terms of demand on core markets in the first quarter for the **food packaging and thermal insulation segment,** consisting of the Sirap Gema group, despite a temporary decrease in the price of polystyrene raw materials used in production with respect to the first quarter of 2014. These difficulties notwithstanding, the segment reported revenue of 54.9 million euro, up by 3.1% from the year-earlier period. There was a strong improvement in first-quarter operating performance: gross operating profit was up 29.8% and operating profit, after amortization and depreciation expense in line with the year-earlier period, was 2.1 million euro (0.8 million euro in the first quarter of 2014). After a significant reduction in finance costs (-34.3%) from the first quarter of 2014 and income tax of 0.4 million euro, the segment posted a profit for the period of 0.6 million euro (a loss of 1.2 million euro for the three months ended March 31, 2014);
- the **financial segment,** which includes the parent Italmobiliare and Société de Participation Financière Italmobiliare S.A., saw an upturn on the financial markets in response to the monetary policy measures introduced by the ECB. In this context, positive liquidity management and gains on the sale of equity investments generated finance income of 6.3 million euro, a decrease of 5.0 million euro from the year-earlier period, when the segment posted significant income on the sale of bank stocks. After a 20.6% reduction in operating expense from the first quarter of 2014 and income tax of

1.7 million euro, the segment posted a profit for the first quarter of 1.2 million euro (5.2 million euro for the first three months of 2014);

- the **banking segment** comprises the operations of Finter Bank Zürich and Crédit Mobilier de Monaco. Its results, consisting almost entirely of the results of the Swiss bank, were influenced by the decision of the Swiss National Bank to abolish the minimum exchange rate, although the depreciation of the euro against the Swiss franc had a marginal impact on first-quarter results and the comparison with the year-earlier period. In this context, total income in the first quarter of 2015 was 5.3 million euro, an increase of 16.6% from March 31, 2014, arising from the rise in net trading revenue and non-recurring income from the sale of the equity investment in Finanzgesellschaft Hugo Kahn. After first-quarter personnel expense and operating expense of 4.7 million euro (4.5 million euro in 2014), gross operating profit increased by 0.6 million euro. These items, and income tax expense of 40 thousand euro (76 thousand euro in 2014), generated profit for the period of 433 thousand euro, compared with a loss of 411 thousand euro in the first quarter of 2014;

- the **property, services and other segment** is not of great importance within the global context of the Group and its results are therefore not of material significance.

Italmobiliare Net Asset Value (NAV) at March 31, 2015 was 1,612.4 million euro (1,165.4 million euro at December 31, 2014).

NAV was computed considering:

- the market price of investments in listed companies at March 31, 2015;
- 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 the IAS/IFRS, where available, or with local GAAP;
- the increased value of any real estate assets.

taking account of the tax effect.

GROUP OPERATING AND FINANCIAL HIGHLIGHTS

The table below sets out the results of the Italmobiliare Group for the first quarter of 2015:

(in millions of euro)		Q1 2015	Q1 2014	% change
Revenue		**1,047.6**	**1,008.6**	***3.9***
Recurring gross operating profit		**102.8**	**110.2**	***(6.7)***
% of revenue		*9.8*	*10.9*	
Other income		1.5	0.8	*81.6*
Gross operating profit		**104.3**	**111.0**	***(6.1)***
% of revenue		*10.0*	*11.0*	
Amortization and depreciation		(102.0)	(101.9)	*(0.2)*
Impairment losses on non-current assets		(1.6)	(1.8)	*12.6*
Operating profit		**0.7**	**7.3**	***(91.1)***
% of revenue		*0.1*	*0.7*	
Net finance costs		(30.8)	(40.9)	*24.8*
Share of profit (loss) of equity-accounted investees		0.6	(0.6)	*n.s.*
Loss before tax		**(29.5)**	**(34.2)**	***13.5***
% of revenue		*(2.8)*	*(3.4)*	
Income tax expense		(25.1)	(13.2)	*(89.6)*
Loss for the period		**(54.6)**	**(47.4)**	***(15.2)***
attributable to:	**Owners of the parent**	**(31.3)**	**(20.0)**	***(57.1)***
	Non-controlling interests	(23.3)	(27.4)	*15.2*
Number of employees at period end		**19,021**	**19,801**	***(3.9)***

n.s not significant

(in millions of euro)	March 31, 2015	December 31, 2014	March 31, 2014
Net financial debt	**2,288.6**	**2,114.8**	**1,925.6**

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), the 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.

Revenue and operating performance by segment and geographical area

(in millions of euro)	Q1							
	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
Operating segment	**Q1 2015**	**% change vs Q1 2014**	**Q1 2015**	**% change vs Q1 2014**	**Q1 2015**	**% change vs Q1 2014**	**Q1 2015**	**% change vs Q1 2014**
Construction materials	980.5	*5.1*	95.2	*(0.4)*	96.3	*(0.3)*	(4.7)	*(13.0)*
Packaging and insulation	54.9	*3.1*	4.6	*29.8*	4.6	*39.2*	2.1	*n.s.*
Finance	8.9	*(42.5)*	3.4	*(52.3)*	3.1	*(56.7)*	3.0	*(57.4)*
Banking	5.2	*5.3*	(0.1)	*n.s.*	0.6	*n.s.*	0.5	*n.s.*
Property, services, other	0.3	*(9.7)*	(0.1)	*12.3*	(0.1)	*13.8*	-	*14.7*
Inter-segment eliminations	(2.2)	*n.s.*	(0.2)	*n.s.*	(0.2)	*n.s.*	(0.2)	*n.s.*
Total	**1,047.6**	***3.9***	**102.8**	***(6.7)***	**104.3**	***(6.1)***	**0.7**	***(91.1)***
Geographical area								
European Union	523.7	*(8.0)*	38.5	*(27.6)*	41.8	*(22.6)*	(5.3)	*n.s.*
Other European countries	7.6	*5.8*	-	*(68.1)*	0.7	*n.s.*	0.6	*n.s.*
North America	76.9	*25.3*	(29.4)	*(28.2)*	(29.6)	*(29.4)*	(47.6)	*(21.4)*
Asia and Middle East	189.2	*32.4*	33.5	*60.2*	33.4	*58.8*	20.4	*n.s.*
Africa	234.7	*9.8*	54.2	*(8.0)*	54.2	*(7.7)*	32.3	*(14.1)*
Trading	39.7	*(11.6)*	8.2	*n.s.*	7.9	*n.s.*	6.0	*n.s.*
Other countries	89.9	*13.8*	(2.2)	*8.3*	(4.2)	*(73.9)*	(5.8)	*(43.2)*
Inter-area eliminations	(114.1)	*(4.2)*	-	*n.s.*	0.1	*n.s.*	0.1	*n.s.*
Total	**1,047.6**	***3.9***	**102.8**	***(6.7)***	**104.3**	***(6.1)***	**0.7**	***(91.1)***

n.s. not significant

In the first quarter of 2015, **revenue** was 1,047.6 million euro (1,008.6 million euro in the year-earlier period), an increase of 3.9%, arising from a positive exchange-rate effect for 6.9% and a business slowdown for 3.1%, with a marginal positive consolidation effect for 0.1%.

The business slowdown was seen in the construction materials segment (-2.5%) owing to lower sales volumes and average sales prices per unit, in the financial segment (-59.0%) due to the decrease in income on equity investments, and in the banking segment (-5.1%) due to lower commission income. The contribution of the Sirap group food packaging segment was positive, with an improvement of 5.7% on the year-earlier period. The negative contribution of the property, services and other segment had a marginal impact.

At constant exchange rates and on a like-for-like basis, revenue rose in the emerging countries, chiefly thanks to India and Morocco, while the largest decreases were in the EU countries, specifically France, Italy and Belgium.

The positive exchange-rate effect benefited the construction materials segment, particularly with regard to the Egyptian pound, Thai baht, US dollar and Indian rupee, while revenue in the banking segment was positively affected by the appreciation of the Swiss franc against the euro after the decision of the Swiss National Bank to eliminate the minimum CHF/EURO exchange rate. The contribution of the food packaging and thermal insulation segment was negative, due to the depreciation of the Ukrainian hryvnia against the euro.

Recurring gross operating profit at 102.8 million euro was down 6.7% from the first quarter of 2014 (110.2 million euro). The downturn was particularly marked in the financial segment and more contained in the banking and construction materials segments, despite the important contribution of carbon emission rights trading (+21.2 million euro from the first quarter of 2014) and an overall positive exchange-rate effect.

Looking at the individual countries, the most significant progress was reported in Italy (thanks to income on carbon emission rights), India and Morocco, while the largest reductions were in France, Belgium, Egypt, North America due to maintenance work, and some east European countries where the Sirap group operates.

After net non-recurring income of 1.5 million euro (net income of 0.8 million euro in the first quarter to March 31, 2014), **gross operating profit** was down 6.1% (to 104.3 million euro from 111.0 million euro in the first quarter of 2014).

Operating profit totaled 0.7 million euro (7.3 million euro in the year-earlier period), after amortization and depreciation in line with the first quarter of 2014 and impairment losses on non-current assets of 1.6 million euro (1.8 million euro in the year-earlier period) in the construction materials segment.

Finance income and costs, and other items

Finance income and costs, including exchange-rate differences and derivatives, reflected net costs of 30.8 million euro, a reduction of 24.8% from the first quarter of 2014 (net costs of 40.9 million euro). There was a slight increase of 1.8 million euro in net expense on borrowings (34.7 million euro in the first quarter of 2015 compared with 32.9 million euro in the year-earlier period), while exchange-rate gains net of hedges amounted to 8.0 million euro (losses of 4.6 million euro in the first quarter of 2014).

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

The **share of profit (loss) of equity-accounted investees** reflected profit of 0.6 million euro (a loss of 0.6 million euro in 2014) due to the impact of the results of investees in the construction materials segment.

Loss for the period

Income tax expense was 25.1 million euro, up by 11.9 million euro from the first quarter of 2014, largely due to recognition of tax expense normally recorded in the second quarter in the construction materials segment.

The **loss for the period** of 54.6 million euro compared with a loss of 47.4 million euro in the first quarter of 2014. After a loss of 23.3 million euro attributable to non-controlling interests (-27.4 million euro for the first quarter of 2014), the **loss attributable to owners of the parent** was 31.3 million euro (-20.0 million euro for the first quarter of 2014).

Total comprehensive income

In the first quarter of 2015, other comprehensive income amounted to 303.4 million euro (income of 38.7 million euro in the first quarter of 2014), arising from the following positive items:

- fair value gains of 60.0 million euro on available-for-sale financial assets and derivatives,
- translation reserve on foreign operations of 243.0 million euro.

and the following negative items:

- re-measurement of net liabilities (assets) for employee benefits, for 0.2 million euro,

and the related positive tax effect of 0.6 million euro.

Considering the loss for the period of 54.6 million euro described in the previous section, and the aforementioned items, the Group had total comprehensive income for the first quarter of 2015 of 248.8 million euro (income of 110.5 million euro attributable to owners of the parent and of 138.3 million euro attributable to non-controlling interests). This compared with total comprehensive expense of 8.7 million euro for the first quarter of 2014 (income of 25.3 million euro attributable to owners of the parent and expense of 34.0 million euro attributable to non-controlling interests).

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

Capital expenditure

Capital expenditure in the first quarter, including changes in payables/receivables for acquisitions, amounted to 111.4 million euro (169.6 million euro in the first quarter of 2014) and related essentially to property, plant and equipment, investment property and intangible assets (106.5 million euro compared with 167.7 million euro in the first quarter of 2014). Expenditure arose in construction materials for 103.0 million euro and food packaging and thermal insulation for 1.9 million euro.

Net financial debt

At March 31, 2015, net financial debt was 2,288.6 million euro, up by 173.8 million euro from December 31, 2014. This was chiefly due to capital expenditure in the first quarter (111.4 million euro), cash flows from operating activities (28.8 million euro), translation losses on the appreciation against the euro of the other currencies used by the Group (37.2 million euro), offset only in part by proceeds from sales of financial and industrial assets (14.8 million euro).

(in millions of euro)	March 31, 2015	December 31, 2014
Current financial assets	(1,191.2)	(1,139.7)
Current financial liabilities	1,148.6	1,009.9
Non-current financial assets	(87.2)	(135.0)
Non-current financial liabilities	2,418.4	2,379.6
Net financial debt	**2,288.6**	**2,114.8**

Financial ratios

(in millions of euro)	March 31, 2015	December 31, 2014
Net financial debt	2,288.6	2,114.8
Consolidated equity	4,510.2	4,286.4
Gearing	**50.74%**	**49.34%**
Net financial debt	2,288.6	2,114.8
Gross operating profit before income and expense	673.7	681.0
Leverage[1]	**3.40**	**3.11**

[1] Leverage was computed on rolling-year income statement data

CONSTRUCTION MATERIALS SEGMENT

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

(in millions of euro)		Q1 2015	Q1 2014	% change
Revenue		**980.5**	**932.9**	***5.1***
Recurring gross operating profit		**95.2**	**95.5**	***(0.4)***
% of revenue		*9.7*	*10.2*	
Other income		1.1	1.0	
Gross operating profit		**96.3**	**96.5**	***(0.3)***
% of revenue		*9.8*	*10.3*	
Amortization and depreciation		(99.4)	(98.9)	*(0.5)*
Impairment losses on non-current assets		(1.6)	(1.8)	
Operating loss		**(4.7)**	**(4.2)**	***(13.0)***
% of revenue		*(0.5)*	*(0.4)*	
Net finance costs		(29.8)	(39.4)	***24.3***
Share of profit (loss) of equity-accounted investees		0.6	(0.6)	*n.s.*
Loss before tax		**(34.0)**	**(44.2)**	***23.1***
% of revenue		*(3.5)*	*(4.7)*	
Income tax expense		(22.8)	(11.0)	*(>100.0)*
Loss for the period		**(56.8)**	**(55.2)**	***(2.9)***
attributable to:	**Owners of the parent**	**(73.4)**	**(68.3)**	***(7.5)***
	Non-controlling interests	16.6	13.1	*26.9*
Number of employees at period end		**17,711**	**18,434**	

(in millions of euro)	March 31, 2015	December 31, 2014	March 31, 2014
Net financial debt	**2,343.9**	**2,156.7**	**2,076.5**

The long-standing uncertainty in the international economy lessened slightly in the first quarter of 2015. On one hand, low commodity prices were confirmed as non-episodic; on the other, the decisive monetary easing measures announced by the European Central Bank at the beginning of the year drove a rapid change in expectations and effectively contrasted deflationary trends in the Eurozone. Specifically, the significant depreciation of the euro against the dollar, the narrowing spreads on government bonds, the recovery on the stock markets and the first signs of an improvement in credit conditions in the Eurozone are positive indications of an imminent economic upturn. While alignment among the economic cycles of the most industrialized nations seems to be growing, the divergences among those of the emerging countries have continued to widen.

In the countries where the group operates, significant differences also persisted in cyclical positions in the construction industry. The expansionary phase continued in North America, whereas the trend remained negative on the group's two main euro markets, France and Italy, and some signs of a business recovery were observed in the other Eurozone countries. Performance in the construction industry remained generally positive in the group's emerging countries, which continued to be largely sheltered from the instability that, as noted above, affected most of the emerging area. India also reported appreciable results overall, although these did not spread fully to the southern part of the country where the group operates.

In the context described above, group revenue rose thanks to the appreciation of other currencies against the euro. On a like-for-like basis and at constant exchange rates, revenue was down, largely due to the decrease in sales volumes.

Recurring gross operating profit was in line with the first quarter of 2014, and benefited from income on carbon emission rights and, to a lesser extent, the exchange-rate effect, which was positive for all the group currencies against the euro but of modest overall dimensions.

Significant events

No significant events took place in the first quarter of 2015.

Sales volumes

	Q1 2015	**% change on Q1 2014**	
		Historic	Like-for-like basis
Cement and clinker *(millions of metric tons)*	10.0	*(1.3)*	*(1.3)*
Aggregates* *(millions of metric tons)*	7.4	*7.1*	*5.5*
Ready mixed concrete *(millions of m³)*	2.6	*(2.1)*	*(2.1)*

* excluding decreases for processing

Performance in the **cement and clinker** segment was affected by the general decline in sales volumes in Central Western Europe (with the greatest impact in France-Belgium) and in Trading. Compared with the first quarter of 2014, performance was stable in North America and in Emerging Europe, North Africa and Middle East (a decline in Egypt and growth in the other countries), while Asia made progress, with positive performance reported by Thailand and Kazakhstan.

In **aggregates**, the increase in sales volumes (also on a like-for-like basis, excluding the impact of acquisitions in France) stemmed from a widespread positive trend with important improvements in some countries (Italy, Thailand, Morocco and North America).

Conversely, in the **ready mixed concrete** segment, the negative performance of Central Western Europe (caused largely by France-Belgium) conditioned the overall trend in sales volumes, despite healthy progress in Emerging Europe, North Africa and Middle East to which all countries contributed.

Revenue and operating performance

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
Geographical area	**Q1 2015**	**% change vs Q1 2014**	**Q1 2015**	**% change vs Q1 2014**	**Q1 2015**	**% change vs Q1 2014**	**Q1 2015**	**% change vs Q1 2014**
Central Western Europe	453.6	*(7.5)*	28.8	*(20.7)*	32.3	*(13.3)*	(11.5)	*(0.8)*
North America	76.9	*25.3*	(29.4)	*(28.2)*	(29.6)	*(29.4)*	(47.6)	*(21.4)*
Emerging Europe, North Africa and Middle East	266.8	*12.1*	57.4	*(7.6)*	57.4	*(7.5)*	33.0	*(15.6)*
Asia	167.4	*30.5*	32.5	*62.9*	32.4	*62.0*	21.3	*>100.0*
Cement and clinker trading	39.7	*(11.6)*	8.2	*>100.0*	7.9	*>100.0*	6.0	*>100.0*
Others	90.0	*13.8*	(2.2)	*8.3*	(4.2)	*(73.9)*	(5.9)	*(43.2)*
Inter-area eliminations	(113.9)	*n.s.*	-	-	-	-	-	-
Total	**980.5**	***5.1***	**95.2**	***(0.4)***	**96.3**	***(0.3)***	**(4.7)**	***(13.0)***

n.s. not significant

Revenue was 980.5 million euro (932.9 million euro in the first quarter of 2014), an increase of 5.1% from the year-earlier period arising from a positive exchange-rate effect for 7.5% and a business slowdown for 2.5%, accompanied by a marginal consolidation effect (+0.1%).

Revenue performance was affected by the reduction in sales volumes and, to a lesser extent, the trend in average prices per unit, which fell in Central Western Europe but rose in the emerging countries as a whole and in North America.

At constant exchange rates and on a like-for-like basis, revenue progress was reported in a number of emerging countries, notably India and Morocco; the most significant revenue decreases were in Central Western Europe, due to France-Belgium and Italy. The positive exchange-rate effect related to all the currencies in the countries where the group operates, and was significant for the Egyptian pound, the Thai baht, the US dollar and the Indian rupee.

Recurring gross operating profit, at 95.2 million euro, showed a small decrease from the year-earlier period (-0.4%), but benefited from the significant contribution of carbon emission rights (+21.2 million euro compared with the first quarter of 2014) and a positive overall exchange-rate effect of 5.6 million euro. The dynamic reflected the impact of the reduction in revenue (at constant exchange rates and on a like-for-like basis), and the increase in some operating expense caused by specific situations (variable costs in Egypt, the bringing forward of maintenance work in North America). These trends were offset in part by the results of the on-going efficiency and cost-cutting plans. Looking at the individual countries, the most important growth in recurring gross operating profit compared with the first quarter of 2014, at constant exchange rates and on a like-for-like basis, was reported by Italy (thanks to the carbon emission rights effect), India (largely due to the sales price effect) and Morocco (higher revenue and containment of variable costs). The largest downturns were in France-Belgium (a fall in revenue) and Egypt (a rise in variable costs).

Gross operating profit, at 96.3 million euro, reflected net non-recurring income of 1.1 million euro (in line with the first quarter of 2014) and was slightly down on the year-earlier period (-0.3%).

The group reported an **operating loss** of 4.7 million euro, (-4.2 million euro in the year-earlier period) after amortization and depreciation expense of 99.4 million euro (98.9 million euro in the first quarter of 2014) and impairment losses on non-current assets of 1.6 million euro (1.8 million euro).

The **loss before tax** of 34.0 million euro (a loss of 44.2 million euro in the first quarter of 2014) reflected the impact of net finance costs of 29.8 million euro, a reduction of 24.3% from the year-earlier period (39.4 million euro). Although there was a modest increase in net finance costs relating to net debt (from 28.9 million euro in the first quarter of 2014 to 29.3 million euro in the period under review), the group posted exchange-rate gains, net of hedges, of 8.0 million euro (losses of 4.3 million euro in the first quarter of 2014). The result for equity-accounted investees was positive at 0.6 million euro (a loss of 0.6 million euro in the year-earlier period).

The estimated tax charge of 22.8 million euro compared with income tax expense of 11.0 million euro in the first quarter of 2014. The apparent increase arose from recognition of tax expense normally recognized in the second quarter.

The loss for the period was 56.8 million euro, compared with a loss of 55.2 million euro in the first quarter of 2014.

The loss attributable to owners of the parent was 73.4 million euro (a loss of 68.3 million euro in the first quarter of 2014); profit attributable to non-controlling interests was 16.6 million euro (13.1 million euro).

At March 31, 2015, **net financial debt** stood at 2,343.9 million euro, an increase of 187.2 million euro from December 31, 2014, generated largely by seasonal dynamics in working capital and the translation losses generated by the appreciation against the euro of the other currencies used by the group.

E-business

Despite continuing unfavorable national and international economic conditions, in the first quarter of 2015 the overall performance of BravoSolution S.p.A. and its subsidiaries reflected revenue growth of 6.5% to 16.6 million euro. Operating results declined: the group reported a consolidated gross operating loss of 0.6 million euro (profit of 1.4 million euro in the year-earlier period) and an operating loss of 2.1 million euro (break-even in the first quarter of 2014).

Disputes and pending proceedings

With regard to current disputes, illustrated in the 2014 Annual Report of the construction materials segment, a number of developments occurred in the first quarter of 2015. These related to Calcestruzzi, in connection with the procedures underway with the Competition & Market Authority (AGCM), and to the suit begun by Sibconcord for the non-closure of the 2008 agreement for the sale of Italcementi croup Turkish operations (Set Group).

No significant proceedings were begun in the first quarter.

Italy (Calcestruzzi S.p.A.)

With reference to the current proceeding for the redetermination of the fine imposed on Calcestruzzi by the AGCM in 2004, with a closed-session ruling reached on March 25, 2015 and published on April 20, the Lazio Regional Administrative Tribunal overturned the late-payment increase and reduced the basic fine by 60%. The overall amount was thus redetermined at 3.25 million euro (from the original amount of 15.4 million euro, of which 8.12 million euro basic fine, plus 7.31 million euro increase).

With reference to the other proceeding begun by the AGCM for alleged unfair trading in the Friuli region (notably in the provinces of Udine and Trieste), with a ruling of March 25 subsequently notified to Calcestruzzi S.p.A., the AGCM concluded the proceeding by imposing fines on all the companies involved with the exception of Calcestruzzi S.p.A..

Turkey / Russia

On July 10, 2013, the court of Kemerovo (Russia) issued a ruling in favor of Ciments Français, stating that the loss of 50 million euro by Sibcem was solely due to the appellant’s failure to comply with the agreements. Sibconcord appealed against the ruling. In March 2014, the Court of Appeal rejected the appeal and confirmed the ruling in favor of Ciments Français. Sibconcord subsequently filed an appeal with the regional Court of Cassation. This court overturned the ruling of first instance and referred the case back to the court of Kemerovo (Russia), which had rejected Sibconcord’s requests.

Significant events after the reporting period

In April, Standard & Poor’s reviewed the Italcementi S.p.A. corporate rating and, consequently, the ratings of the Italcementi Finance S.A. bond issues, from BB+ with negative outlook to BB with stable outlook. The rating on the remaining Ciments Français bond was also reviewed to BB/stable.

Also in April, through the North American subsidiary Essroc, the group signed an agreement with Holcim to purchase a blast-furnace slag grinding center in Camden (New Jersey) and a cement terminal in Everett (Massachusetts). Under the agreement, to be finalized on the date of completion of the merger between Holcim and Lafarge, the staff of the two plants will be transferred to Essroc. The Camden facility has a ground slag production capacity of 500,000 mt/year. This confirms the group’s attention to high-performance, sustainable products. In addition to its specific technical characteristics, slag-based cement has an overall positive environmental impact, as a material that uses secondary products from the steelmaking industry that would otherwise be sent for disposal.

Outlook

Market trends continue to diverge in the group’s main countries, with signs of a recovery in North America and Asia and stabilization in Europe.

Against this background, and subject to currently unforeseeable events, the group expects to report growth in its overall full-year sales volumes.

Given the effects of the improvement measures it has taken and the positive exchange-rate trend, the group confirms its expectation of moderate growth in recurring gross operating profit.

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)		Q1 2015	Q1 2014	% change
Revenue		**54.9**	**53.3**	**3.1**
Recurring gross operating profit		**4.6**	**3.5**	***29.8***
% of revenue		*8.4*	*6.6*	
Other income (expense)		-	(0.2)	n.s.
Gross operating profit		**4.6**	**3.3**	***39.2***
% of revenue		*8.4*	*6.2*	
Amortization and depreciation		(2.5)	(2.5)	*3.5*
Impairment losses on non-current assets		-	-	
Operating profit		**2.1**	**0.8**	***n.s.***
% of revenue		*3.9*	*1.4*	
Net finance costs		(1.1)	(1.7)	*34.3*
Profit (loss) before tax		**1.0**	**(0.9)**	*n.s.*
% of revenue		*1.9*	*(1.7)*	
Income tax expense		(0.4)	(0.3)	*(52.7)*
Profit (loss) for the period		**0.6**	**(1.2)**	*n.s.*
attributable to:	**Owners of the parent**	**0.6**	**(1.2)**	*n.s.*
	Non-controlling interests	n.s.	n.s.	
Number of employees at period end *		**1,198**	**1,222**	***(2.0)***

n.s. not significant

(in millions of euro)	March 31, 2015	December 31, 2014	March 31, 2014
Net financial debt	**107.3**	**107.6**	**122.0**

In the first quarter of 2015, the market situation remained difficult with regard to demand in the countries where the group operates.

Prices of polystyrene raw materials used in production decreased temporarily (by about 24% from the average price in 2014); however, a sudden and significant price increase was observed after the reporting date, and reductions appear unlikely for the future.

Group **revenue** in the first quarter of 2015 totaled 54.9 million euro, up by 1.6 million euro from the year-earlier period (53.3 million euro), despite the exchange-rate effect, which had a negative impact of approximately 1.4 million euro on Petruzalek group revenue.

Group **recurring gross operating profit** in the first quarter of 2015 was 4.6 million euro, an improvement of 1.1 million euro from the year-earlier period (3.5 million euro).

Gross operating profit rose by 1.3 million euro to 4.6 million euro, from 3.3 million euro in the year-earlier period which recorded non-recurring expense of 0.2 million euro.

Amortization and depreciation expense amounted to 2.5 million euro, a small decrease on the year-earlier period.

Group **operating profit** for the first quarter of 2015 was 2.1 million euro, a strong increase from 0.8 million euro in the first quarter of 2014.

Net finance costs were 1.1 million euro, an improvement of 0.6 million euro from 1.7 million euro in the year-earlier period. Net exchange-rate gains accounted for 0.4 million euro of the improvement.

Income tax expense (0.4 million euro) was up on 2014 (0.3 million euro) due to the general improvement in taxable income at the group companies.

The group posted **profit for the period** of 0.6 million euro (a loss of 1.2 million euro in the first quarter of 2014).

Consolidated **net financial debt** at March 31, 2015 stood at 107.3 million euro, compared with 107.6 million euro at December 31, 2014.

Consolidated **equity** at March 31, 2015 was 13.0 million euro, against 12.2 million euro at December 31, 2014; the change arose from the profit for the period of 0.6 million euro, together with a gain totaling 0.2 million euro on the translation and consolidation reserves.

Capital expenditure in the first quarter of 2015 paid close attention to the group's funding ability, but without compromising the need to recover production efficiency.

Investments in property, plant and equipment and investment property amounted to 1.9 million euro, in line with the first quarter of 2014. They related largely to the food packaging sector for 1.8 million euro, of which 1.0 million euro at the parent Sirap Gema S.p.A..

Significant events in the period

On January 19, 2015, a new company wholly owned by Sirap France S.a.s., Sirap Remoulins S.a.s., was established to acquire foamed-tray production assets from "Vitembal Société Industrielle", a company that went into "*rédressement judiciaire*" in 2013; the assets in question have been part of the Sirap Gema group since February 1, 2015. The acquisition is a strategic step in achieving the group's goal of becoming market leader in foamed trays in France.

In February, the sale of the Corciano site in Perugia, where production terminated at the end of 2011, was completed for an overall amount of 1 million euro.

Performance by operating segment and geographical area

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	Q1 2015	% change vs Q1 2014	Q1 2015	% change vs Q1 2014	Q1 2015	% change vs Q1 2014	Q1 2015	% change vs Q1 2014
Food packaging								
Italy	22.1	*3.6*	2.4	*25.0*	2.4	*43.0*	1.0	*n.s.*
France	7.0	*28.7*	0.5	*43.0*	0.5	*43.0*	0.2	*n.s.*
Other EU countries	15.9	*3.6*	0.9	*34.5*	0.9	*34.5*	0.5	*n.s.*
Other non-EU countries	2.8	*6.3*	0.2	*42.9*	0.2	*42.9*	0.2	*50.0*
Eliminations	(3.9)		-		-		-	
Total	**43.9**	***5.7***	**4.0**	***29.1***	**4.0**	***40.0***	**1.9**	***n.s.***
Thermal insulation	**11.1**	***(6.0)***	**0.6**	***37.1***	**0.6**	***37.1***	**0.2**	***n.s.***
Eliminations	(0.1)		-		-		-	
Total	**54.9**	***3.1***	**4.6**	***29.8***	**4.6**	***39.2***	**2.1**	***n.s.***

n.s. not significant

Food packaging

In Western Europe, product demand in the food packaging segment remained weak in the first quarter of 2015 due to continuing stagnation, which had a negative impact on fresh food spending and consequently on demand for primary packaging.

Despite this, total group food packaging revenue was 43.9 million euro in the first quarter of 2015, up from 41.5 million euro in the year-earlier period.

Performance on the individual core markets was as follows:

- in Italy, revenue from sales of foamed containers (XPS) rose to 13.4 million euro, from 12.9 million euro in the first quarter of 2014. Rigid container revenue, at 4.4 million euro, was up 5% on the year-earlier period (4.2 million euro). Sirap-Gema S.p.A. (which, with the subsidiary Universal Imballaggi S.r.l., heads Italian foamed and rigid container operations) closed the period under review with revenue of 21.6 million euro, up from 20.6 million euro in the first quarter of 2014. Recurring gross operating profit totaled 2.4 million euro, an improvement of 0.5 million euro from 1.9 million euro in the year-earlier period, thanks to more favorable margins and sales mix, together with consolidation of the re-organization and cost-optimization measures taken in both divisions. Gross operating profit, with no non-recurring costs (0.2 million euro at March 31, 2014), amounted to 2.4 million euro, an improvement of 0.7 million euro from the year-earlier period (1.7 million euro);
- in France, despite the economic crisis, there was a significant increase in revenue in the first quarter of 2015 (7.0 million euro, from 5.4 million euro), as a result of higher sales volumes (+14.3%), together with substantial stability in average sales prices. Gross operating profit was 0.5 million euro, compared with 0.3 million euro in the year-earlier period; operating profit amounted to 0.2 million euro, compared with 0.1 million euro in the first quarter of 2014. The Sirap Remoulins company was established in January, to acquire foamed-tray production assets from Vitembal Société Industrielle; production commenced in February 2015;
- in Poland, Inline Poland reported revenue of 7.7 million euro in the first quarter of 2015, an improvement of almost 16% from 6.7 million euro in the first quarter to March

31, 2014; gross operating profit and operating profit were 0.8 and 0.5 million euro respectively, up on the figures reported in the year-earlier period;

- revenue at the Petruzalek group in central eastern Europe, where demand was generally weak, especially in Austria, was 11.2 million euro, in line with the first quarter of 2014. Gross operating profit was 0.4 million euro, an improvement of 0.2 million euro from the first quarter of 2014.

Thermal insulation

2015 first-quarter revenue amounted to 11.1 million euro, down by 6.0% from 11.8 million in the year-earlier period.

The first three months of 2015 reported recurring gross operating profit of 0.6 million euro, compared with 0.4 million euro in the first quarter of 2014; the improvement was substantially due to a profit-oriented revenue selection and a more favorable mix than in the year-earlier period, as well as lower raw material procurement costs.

Generally speaking, the group continued to pay close attention to credit risk for all customers, implementing rigorous credit check and credit management procedures. The group believes that the default risk has been adequately assessed in relation to the receivables reflected in the consolidated financial statements at March 31, 2015.

Disputes and pending proceedings

With reference to the proceedings started in 2008 by the European Commission regarding alleged violations of EU competition laws on the market for plastic wrapping for food, illustrated in detail in previous financial reports and reports on operations, in the first quarter the Commission requested updates on some economic data from the company and the subsidiaries involved in the proceedings, presumably of importance in determining a series of parameters to apply in computing a possible fine. In April, at a meeting between the members of the Commission and our legal advisors, information was provided with regard to possible developments in the case, which is believed to be nearing a conclusion.

Environmental initiatives

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

R&D

In the food packaging segment, projects continued to support production improvements at the Sirap group factories, for both extrusion and thermoforming.

In thermal insulation, operations focused chiefly on the use of new formulations with varying degrees of polymer fluidity for production of extruded panels, and on productivity improvements, especially for extra-thick panels.

Safety initiatives

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

Significant events after the reporting period

No significant events took place.

Outlook

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

Food packaging

Demand for food packaging continues to be influenced by the low level of food consumption and the promotions offered by supermarkets. In this context, improvements in operating margins were consolidated thanks to the efficiencies achieved through restructuring, greater production automation and constant attention to costs. The recent acquisition in France is part of the consolidation of Sirap Gema on key markets.

Thermal insulation

Despite the slight fall in revenue compared with the first quarter of 2014, a recovery is expected during the year in both revenue and profitability.

FINANCIAL SEGMENT

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

(in millions of euro)	Q1 2015	Q1 2014	% change
Revenue	8.9	15.5	*(42.5)*
Recurring gross operating profit	3.4	7.1	*(52.3)*
Gross operating profit	3.1	7.1	*(56.7)*
Operating profit	3.0	7.1	*(57.4)*
Profit for the period	**1.2**	**5.2**	***(76.7)***
Number of employees at period end	29	52	*(44.2)*

n.s. not significant

(in millions of euro)	March 31, 2015	December 31, 2014	March 31, 2014
Net financial position	87.4	77.6	203.3

Trends on the Eurozone financial markets in the first quarter of 2015 were affected by the monetary policy initiatives adopted by the ECB, notably the decision to extend its asset purchase program to bonds issued by Eurozone government agencies and European institutions.

The initiative generated a substantial easing in general financial conditions. Specifically, yields in the Eurozone decreased across all financial instruments, in some cases to new record lows. Long-term AAA government bond yields fell (and in some cases were negative), while yields on corresponding US instruments rose, widening the spread.

Most yields on sovereign bonds with lower ratings in the Eurozone also fell, although volatility increased given uncertainty over whether Greece would be able to retain access to financial aid.

The monetary policy measures adopted by the ECB generated a reduction in banks' cost of funds, which have been gradually and selectively transmitted to external borrowing costs for the private sector.

Share prices were significantly higher at the end of the first quarter (FTSE MIB +21.8%), and higher than in the USA and Japan.

In this context, the financial segment reported profit for the period of 1.2 million euro, down from the year-earlier period largely owing to the reduction in gains on the sale of equities.

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)	Q1 2015	Q1 2014	% change
Net gains on equity investments	2.8	8.6	*(66.7)*
Net gains on investments of cash and cash equivalents	4.0	3.8	*3.8*
Net borrowing costs	(0.5)	(1.1)	*57.9*
Total finance income (costs)	**6.3**	**11.3**	*(43.7)*
Other expense	(3.4)	(4.3)	*20.6*
Income tax (expense)	(1.7)	(1.8)	*2.1*
Profit for the period	**1.2**	**5.2**	***(76.7)***

n.s. not significant

Net gains on equity investments of 2.8 million euro were down on 8.6 million euro in the year-earlier period, and reflected gains on financial transactions, including the sale of equities for 1.5 million euro (8.5 million euro in 2014).

Net gains on investments of cash and cash equivalents were up 3.8% from the first quarter of 2014, mainly thanks to measurement gains on bonds of 4.0 million euro (2.8 million euro in the first quarter of 2014).

Net borrowing costs improved, on average segment debt of 154.9 million euro, down from March 31, 2014 (238.0 million euro in 2014). **Total finance income and costs** reflected net income of 6.3 million euro (11.3 million euro in the first quarter of 2014).

Other expense and income reflected net expense of 3.4 million euro, down from 2014 (4.3 million euro), despite recognition of extraordinary expense of 300 thousand euro for amounts paid to the Italcementi Cav. Lav. Carlo Pesenti. Thanks to the corporate restructuring and simplification program, operating expense net of non-recurring items decreased 28.1% from the first quarter of 2014.

After income tax expense of 1.7 million euro (1.8 million euro at March 31, 2014), the segment posted a **profit for the period** of 1.2 million euro (5.2 million euro in the year-earlier period).

At March 31, 2015, segment **equity** was 1,092.1 million euro (1,046.7 million euro at March 31, 2014).

The companies in the financial segment hold substantial equity investments, the majority classified as “Available for sale”. The fair value changes on these investments, excluding consolidated investments carried at cost less impairment losses in the separate financial statements, are recognized in equity under the “Fair value reserve” or in the income statement if the correlated financial assets have been impaired, in line with the accounting standards adopted by the Italmobiliare Group. At March 31, 2015, the consolidated balance on this reserve in the financial segment was positive at 48.3 million euro, well up on the figure at December 31, 2014 (4.6 million euro), due to the rise in share prices during the first three months, especially on bank stocks.

Significant events in the period

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

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

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

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

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

Net financial position of Italmobiliare and the financial segment

	March 31, 2015		December 31, 2014	
(in millions of euro)	Italmobiliare	Financial segment	Italmobiliare	Financial segment
Current financial assets	7.7	208.0	8.1	216.8
Current financial liabilities	(135.3)	(136.4)	(139.5)	(140.5)
Current net financial position (debt)	**(127.6)**	**71.6**	**(131.4)**	**76.3**
Non-current financial assets	6.8	35.8	6.3	21.3
Non-current financial liabilities	(20.0)	(20.0)	(20.0)	(20.0)
Non-current net financial position (debt)	**(13.2)**	**15.8**	**(13.7)**	**1.3**
Net financial position (debt)	**(140.8)**	**87.4**	**(145.1)**	**77.6**

At March 31, 2015, Italmobiliare S.p.A. had net financial debt of 140.8 million euro, an improvement of 4.3 million euro from December 31, 2014 (145.1 million euro), largely arising from proceeds on the sale of shares in portfolio net of outlays for operations.

The reduction in Italmobiliare debt had benefits for the consolidated financial position of the financial segment, which rose to 87.4 million euro, an increase of 9.8 million euro from December 31, 2014 (77.6 million euro).

Current financial assets in the financial segment amounted to 208.0 million euro and mainly consisted of bonds (48.6%) and cash/money market instruments (37.2%). The bond portfolio consisted of floating-rate instruments for 37.3% and fixed-rate instruments for the remaining 62.7%, with an average “A” rating. The portfolio was diversified on a geographical basis and a segment basis, and maximum exposure to a single instrument was 6.27% (A), while maximum exposure for a single issuer (Italian government bonds) was 11.96% (BBB) out of the total bond portfolio at March 31, 2015. In this portfolio, treasury instruments amounted to 28 million euro, with an average AA- rating.

Significant events after the reporting period

No significant events took place.

Outlook

The expansion of the global economic cycle is continuing, although at a slower rate than expected. The divergence between the USA and the other areas has narrowed somewhat due to greater stability in Europe and Japan against a downturn in the USA, which continues nonetheless to drive the global economy. The appreciation of the dollar has begun to produce some effects.

The increase in multiples, in parallel with a downgrade of earnings forecasts, could trigger a short-term correction on the global equities market, whose mid- and long-term outlooks are unchanged: the expansionary climate, low inflation and low interest rates are the drivers for an upward moving equities market.

Prices on the bond markets are impacted by a high deflation risk and yields could increase, although they will remain below their real historic equilibrium levels.

Exogenous risks are still present, including geopolitical tensions and political-economic obstacles in the Eurozone and China, which could weaken the economic cycle.

In this context, although the financial segment is subject to market tension, it should close the year with a profit, although lower than in 2014, which benefited from significant gains on the sale of equities, relating in part to extraordinary transactions.

BANKING SEGMENT

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

(in millions of euro)	Q1 2015	Q1 2014	% change
Revenue	5.2	5.0	*5.3*
Recurring gross operating loss	(0.1)	-	*n.s.*
Gross operating profit	0.6	-	*n.s.*
Operating profit (loss)	0.5	(0.3)	*n.s.*
Profit (loss) for the period	**0.4**	**(0.4)**	***n.s.***
Number of employees at period end	71	81	*(12.3)*

n.s. not significant

	March 31, 2015	December 31, 2014
Net financial position	73.1	69.7

Results in accordance with the banking model

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

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

(in millions of euro)	Q1 2015	Q1 2014	% change
Net interest income	0.7	0.8	*(17.9)*
Total income	5.3	4.5	*16.6*
Operating expense	(4.7)	(4.5)	*(4.2)*
Gross operating profit	0.6	-	*n.s.*
Profit (loss) from operations	0.5	(0.3)	*n.s.*
Profit (loss) for the period	**0.4**	**(0.4)**	***n.s.***

The results of the segment were still slightly negative but improved, and consisted almost entirely of the results of Finter Bank Zürich.

Finter Bank Zürich

The upturn in the Swiss banking sector is still weak and fragile, given exposure to a still uncertain economic and regulatory situation, which is putting Swiss banking under strain, in particular in relations with international clients.

The performance of the banking segment in the first quarter of the year was characterized by the introduction of the voluntary disclosure program with Italy and the decision of the Swiss National Bank to abolish the minimum CHF/EURO exchange rate, which generated a immediate loss in portfolio value and the prospect of a fall in management commissions on foreign-currency asset investments.

This situation had an impact on the results of the bank, which is committed to aligning its strategies with the changes at international level.

Despite the decrease in net interest income and commission income from 4.0 million Swiss francs in the first quarter of 2014 to 3.5 million Swiss francs in 2015, total income improved by 3.2%, thanks to net trading revenue and non-recurring income of 0.8 million Swiss francs on the sale of the equity investment in Finanzgesellschaft Hugo Kahn.

The reduction in operating expense continued in the first quarter (service expense -17.1%, personnel expense -3.3%), generating operating income of 526 thousand Swiss francs, an improvement from operating expense of 95 thousand Swiss francs in the first quarter of 2014.

After a reduction of 0.3 million Swiss francs in amortization and depreciation expense, the segment posted a profit for the period of 0.4 million Swiss francs (a loss of 0.6 million Swiss francs in the first quarter of 2014).

Consolidated equity decreased from 57.2 million Swiss francs at December 31, 2014 to 55.0 million Swiss francs at March 31, 2015.

The decision of the Swiss National Bank on January 15, 2015 to abolish the minimum exchange rate for the Swiss franc against the euro led to an immediate measurement loss on the securities portfolio denominated in euro, causing a contraction of 0.2 billion Swiss francs in third-party assets managed by Finter Bank Zürich (1.7 billion Swiss francs at March 31, 2015 against 1.9 billion Swiss francs at December 31, 2014).

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. It reported a profit for the first quarter of 2015 of 66 thousand euro in line with the year-earlier period.

Significant events in the period

No significant events took place.

Significant events after the reporting period

No significant events took place.

Outlook

The outlook for 2015 continues to be subject to economic performance on the key European markets and to international developments on fiscal and regulatory issues in private banking.

The abolition of the minimum exchange rate of 1.20 Swiss francs per euro and consequent appreciation of the Swiss franc could undermine the competitiveness of Swiss banks this year, although this will be attenuated by the weak economic recovery in Europe and the consolidated upturn in the USA.

In this scenario, the segment intends to maintain a constant focus on cost optimization, the quality of client services and market coverage, 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's results at March 31, 2015 were in line with the year-earlier period. Specifically, revenue was 0.3 million euro, set against an equivalent amount for operating expense and amortization and depreciation. After income tax expense of 0.1 million euro, the segment posted a loss for the period of 0.1 million euro (unchanged from the year-earlier period).

The segment is of marginal importance with respect to the results of the Group as a whole.

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.

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

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

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

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

Transactions with other related parties

In the first quarter of 2015, Italmobiliare S.p.A. made an endowment of 300 thousand euro to the Italcementi Cav. Lav. Carlo Pesenti foundation to cover management expense. Under the contract for the supply of administrative and corporate services and other services, Italcementi S.p.A. charged the foundation an amount of 41 thousand euro.

Finsise S.p.A., whose majority shareholder is director Italo Lucchini, provided the Group with administrative, financial, contractual and tax consultancy services, as well as support for the organization of corporate restructuring operations, for 90 thousand euro, as contractually agreed.

Legal services were provided during the first quarter to Italcementi for approximately 76 thousand euro by the Gattai – Minoli & Partners law firm, of which director Luca Minoli is a partner.

OUTLOOK

The growth prospects for the world economy in 2015 appear to confirm the current widespread improvement, even if trends vary from one country to another. Economic indicators highlight the solidity of the economic cycle in North America and Asia, where the construction materials segment operates. In Europe, the monetary policy measures taken by the ECB in the early months of the year, low oil prices and the depreciation of the euro should help to stabilize and strengthen the recovery, with benefits for the earnings of the Group's industrial companies.

The banking and financial segments will continue to be exposed to uncertainty on their key markets and to the volatility generated on the financial markets by a number of specific situations, which could be a risk factor.

Given this economic and market context, and the effects of the action taken across the Group to improve efficiency, expectations of a moderate increase in consolidated recurring gross operating profit are confirmed.

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, capital increases by contributions in kind.

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

Notes to the Italmobiliare Group consolidated financial statements

Financial statements

Income statement

(in thousands of euro)	Q1 2015	%	Q1 2014	%	Change	%
Revenue	**1,047,588**	**100.0**	**1,008,628**	**100.0**	**38,960**	**3.9**
Other revenue	11,086		9,704		1,382	
Change in inventories	(6,442)		1,725		(8,167)	
Internal work capitalized	6,772		4,882		1,890	
Raw materials and supplies	(452,032)		(414,749)		(37,283)	
Services	(270,457)		(254,059)		(16,398)	
Personnel expense	(239,818)		(225,904)		(13,914)	
Other operating income (expense)	6,060		(20,075)		26,135	
Recurring gross operating profit	**102,757**	**9.8**	**110,152**	**10.9**	**(7,395)**	**-6.7**
Net gains from the sale of non-current assets	693		1,273		(580)	
Non-recurring personnel income (expense) for re-organizations	1,089		(264)		1,353	
Other non-recurring expense	(289)		(187)		(102)	
Gross operating profit	**104,250**	**10.0**	**110,974**	**11.0**	**(6,724)**	**-6.1**
Amortization and depreciation	(102,016)		(101,861)		(155)	
Impairment losses on non-current assets	(1,581)		(1,809)		228	
Operating profit	**653**	**0.1**	**7,304**	**0.7**	**(6,651)**	**-91.1**
Finance income	13,882		5,966		7,916	
Finance costs	(48,880)		(40,236)		(8,644)	
Exchange-rate differences and net gains (losses) on derivatives	4,245		(6,603)		10,848	
Impairment losses on financial assets						
Share of profit (loss) of equity-accounted investees	561		(584)		1,145	
Loss before tax	**(29,539)**	**-2.8**	**(34,153)**	**-3.4**	**4,614**	**13.5**
Income tax expense	(25,035)		(13,205)		(11,830)	
Loss for the period	**(54,574)**	**-5.2**	**(47,358)**	**-4.7**	**(7,216)**	**-15.2**
Attributable to:						
Owners of the parent	(31,343)	-3.0	(19,953)	-2.0	(11,390)	-57.1
Non-controlling interests	(23,231)	-2.2	(27,405)	-2.7	4,174	15.2

Statement of comprehensive income

(in thousands of euro)	Q1 2015	% of revenue	Q1 2014	% of revenue	Change	%
Loss for the period	**(54,574)**	**-5.2**	**(47,358)**	**-4.7**	**(7,216)**	**-15.2**
Other comprehensive income (expense)						
Items that will not be reclassified to profit or loss subsequently						
Revaluation of the net liability/(asset) for employee benefits	(201)		(1)		(200)	
Income tax	122				122	
Total items that will not be reclassified to profit or loss subsequently	**(79)**		**(1)**		**(78)**	
Items that might be reclassified to profit or loss subsequently						
Translation reserve on foreign operations	238,925		5,200		233,725	
Translation reserve on foreign operations - investments in equity-accounted investees	4,020		(3,165)		7,185	
Fair value gains (losses) on cash flow hedging	2,170		(5,826)		7,996	
Fair value gains (losses) on cash flow hedging - investments in equity-accounted investees	(21)				(21)	
Fair value gains on available-for-sale financial assets	57,841		41,446		16,395	
Fair value gains on available-for-sale financial assets - investments in equity-accounted investees						
Income tax (expense)	498		1,006		(508)	
Total items that might be reclassified to profit or loss subsequently	**303,433**		**38,661**		**264,772**	
Total other comprehensive income	**303,354**		**38,660**		264,694	
Total comprehensive income (expense)	**248,780**	**23.7**	**(8,698)**	**-0.9**	**257,478**	**n.s.**
Attributable to:						
owners of the parent	110,515		25,279		85,236	
non-controlling interests	138,265		(33,977)		172,242	

Condensed statement of change in total net financial position

(in thousands of euro)	03/31/2015	03/31/2014
Net financial position at beginning of period	**(2,114,773)**	**(1,829,988)**
Cash flow from operating activities before change in working capital	40,077	29,145
Change in working capital	(68,902)	(13,216)
Total cash flow from operating activities	**(28,825)**	**15,929**
Investments in PPE, investment property and intangible assets	(65,401)	(128,548)
Change in payables for purchases of PPE, investment property, intangibles	(41,100)	(39,135)
Cash flow net of investments in PPE, inv. property and intangible assets	**(135,326)**	**(151,754)**
Investments in equity investments	(5,472)	(1,851)
Change in payables for purchases of equity investments	604	(42)
Proceeds from sale of non-current assets	14,831	61,909
Translation differences	(37,221)	224
Other changes	(11,257)	(4,121)
Change in the period	**(173,841)**	**(95,635)**
Net financial position at end of period	**(2,288,614)**	**(1,925,623)**

Financial position

(in thousands of euro)	March 31, 2015	December 31, 2014	Change	%
Current financial assets	(1,191,265)	(1,139,699)	(51,566)	4.5
Current financial liabilities	1,148,647	1,009,914	138,733	-13.7
Non-current financial assets	(87,185)	(135,018)	47,833	-35.4
Non-current financial liabilities	2,418,417	2,379,576	38,841	-1.6
Total net financial debt	**2,288,614**	**2,114,773**	**173,841**	**-8.2**

The Net Financial Position at March 31, 2015 computed in compliance with Consob Communication no. DEM/6064293 of July 28, 2006 (i.e., excluding non-current financial assets) amounted to -2,375,799 thousand euro (-2,249,791 thousand euro at December 31, 2014).

Equity

(in thousands of euro)	March 31, 2015	December 31, 2014	Change	%
Total equity	**4,510,228**	**4,286,380**	**223,848**	**5.2**

Comments on the financial statements

Foreword

This quarterly report as at and for the three months ended March 31, 2015, has been drawn up in accordance with the provisions of article 154 ter, paragraph 5, of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments. It has also been prepared in compliance with the measurement and recognition criteria of the International Financial Reporting Standards (IFRS).

Basis of presentation

The consolidated financial statements are based on the accounts of the consolidated companies as at and for the three months ended March 31, 2015, adjusted where necessary to ensure alignment with the IFRS-compliant classification criteria and accounting policies adopted by the Group.

The accounting policies are those used to prepare the consolidated financial statements as at and for the year ended December 31, 2014, and, in addition, the policies and interpretations endorsed by the European Union and applicable as from January 1, 2015:

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

Application of the above policies, amendments and interpretations did not have a material impact on the Group financial statements.

As from January 1, 2015, with regard to application by the Group of IAS 16 "Property, plant and equipment", attention is drawn to the fact that the list of the components and the useful lives of the Group industrial assets has been updated to reflect technological developments and the benefits expected to accrue from use of the assets in question.

Scope of consolidation

No material changes occurred in the scope of consolidation in the first quarter of 2015.

Exchange rates used to translate the financial statements of foreign operations

The local-currency financial statements of the fully or proportionately consolidated foreign subsidiaries and those of the foreign associates accounted for with the equity method have been translated into the presentation currency at the exchange rate ruling at March 31, 2015 for assets and liabilities and at the average rate for the first three months of 2015 for the income statement.

Exchange rates for 1 euro:

	Average rate			Closing rate		
Currencies	**Q1 2015**	**Full year 2014**	**Q1 2014**	**March 31 2015**	**December 31 2014**	**March 31 2014**
Thai baht	36.76554	43.14687	44.72210	35.01800	39.91000	44.70900
Czech crown	27.62363	27.53586	27.44216	27.53300	27.73500	27.44200
Gambian dalasi	51.80370	54.91143	53.81670	51.42800	54.67090	54.22820
Kuwaiti dinar	0.33367	0.37804	0.38637	0.32363	0.35558	0.38829
Libyan dinar	1.50085	1.64626	1.70751	1.48819	1.45389	1.71687
Serbian dinar	121.37286	117.23088	115.67051	119.81400	121.12200	115.56100
UAE dirham	4.13537	4.87957	5.03064	3.94963	4.45942	5.06430
Moroccan dirham	10.80770	11.16302	11.22593	10.68910	10.98020	11.25110
Australian dollar	1.43129	1.47188	1.52746	1.41540	1.48290	1.49410
Canadian dollar	1.39573	1.46614	1.51068	1.37380	1.40630	1.52250
US dollar	1.12614	1.32850	1.36963	1.07590	1.21410	1.37880
Hungarian florin	308.88873	308.70612	307.93190	299.43000	315.54000	307.18000
Swiss franc	1.07221	1.21462	1.22370	1.04630	1.20240	1.21940
Ukrainian hryvnia	23.92529	15.86431	12.52300	25.25010	19.20600	15.49960
Croatian kuna	7.68109	7.63442	7.64977	7.64500	7.65800	7.64750
Albanian lek	140.17848	139.95452	140.35840	140.27200	140.09500	140.17100
Moldavian leu	20.27812	18.61587	18.33688	19.77420	18.95840	18.54030
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Egyptian pound	8.44724	9.41554	9.54109	8.20371	8.68519	9.61262
Syrian lira	223.17668	203.69370	196.83667	228.12600	218.88600	200.58800
Bosnian mark	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
New Turkish lira	2.77309	2.90650	3.03719	2.81310	2.83200	2.96930
New Romanian leu	4.45159	4.44372	4.50231	4.40980	4.48280	4.45920
Mauritanian ouguiya	353.78846	401.62913	411.95376	341.27500	380.52300	412.59900
Mexican peso	16.82747	17.65504	18.12987	16.51240	17.86790	18.01470
Brazilian real	3.22363	3.12113	3.23995	3.49580	3.22070	3.12760
Chinese renminbi	7.02310	8.18575	8.35762	6.67100	7.53580	8.57540
Qatar riyal	4.10067	4.83737	4.98746	3.91750	4.42155	5.02067
Saudi riyal	4.22619	4.98307	5.13666	4.03594	4.55733	5.17095
Indian rupee	70.08667	81.04062	84.57944	67.27380	76.71900	82.57840
Sri Lankan rupee	149.26600	173.48069	179.05460	143.26400	159.34700	180.22100
Pound sterling	0.74336	0.80612	0.82787	0.72730	0.77890	0.82820
Kazakh tenge	208.00757	238.15509	233.50479	199.81900	221.46000	251.04400
Polish zloty	4.19263	4.18426	4.18430	4.08540	4.27320	4.17190

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

Income statement

Revenue

Revenue from sales and services totaled 1,047,588 thousand euro, as follows:

(in thousands of euro)	Q1 2015	Q1 2014	Change	% change
Industrial revenue				
Product sales	994,368	948,098	46,270	4.9%
Services provided	33,495	29,925	3,570	11.9%
Other revenue	7,277	7,964	(687)	-8.6%
Total	**1,035,140**	**985,987**	**49,153**	**5.0%**
Financial revenue				
Interest	429	1,485	(1,056)	-71.1%
Dividends	77	120	(43)	-35.8%
Gains and other revenue	6,888	16,363	(9,475)	-57.9%
Total	**7,394**	**17,968**	**(10,574)**	**-58.8%**
Bank revenue				
Interest	933	761	172	22.6%
Commissions	3,452	3,436	16	0.5%
Other revenue	667	448	219	48.9%
Total	**5,052**	**4,645**	**407**	**8.8%**
Property and service revenue	**2**	**28**	**(26)**	**-92.9%**
Grand total	**1,047,588**	**1,008,628**	**38,960**	**3.9%**

Raw materials and supplies

Raw materials and supplies amounted to 452,032 thousand euro, as follows:

(in thousands of euro)	Q1 2015	Q1 2014	Change	% change
Raw materials and semifinished goods	126,638	127,507	(869)	-0.7%
Fuel	133,188	111,392	21,796	19.6%
Materials and machinery	77,747	65,309	12,438	19.0%
Finished goods	35,720	34,771	949	2.7%
Electricity and water	88,537	75,726	12,811	16.9%
Change in inventories of raw materials, consumables and other	(9,798)	44	(9,842)	n.s.
Total	**452,032**	**414,749**	**37,283**	**9.0%**

Services

Services amounted to 270,457 thousand euro, as follows:

(in thousands of euro)	Q1 2015	Q1 2014	Change	% change
External services and maintenance	93,377	84,831	8,546	10.1%
Transport	110,607	106,909	3,698	3.5%
Legal fees and consultancy	13,044	10,001	3,043	30.4%
Rents	20,844	19,407	1,437	7.4%
Insurance	9,156	9,053	103	1.1%
Subscriptions	2,487	2,607	(120)	-4.6%
Other expense	20,942	21,251	(309)	-1.5%
Total	**270,457**	**254,059**	**16,398**	**6.5%**

Personnel expense

Personnel expense totaled 239,818 thousand euro, as follows:

(in thousands of euro)	Q1 2015	Q1 2014	Change	% change
Wages and salaries	164,734	154,239	10,495	6.8%
Social security contributions	33,805	34,206	(401)	-1.2%
Provisions and contributions to pension plans	15,907	15,094	813	5.4%
Costs of stock option plans		83	(83)	-100.0%
Other expense	25,372	22,282	3,090	13.9%
Total	**239,818**	**225,904**	**13,914**	**6.2%**

The number of employees is shown below:

(headcount)	Q1 2015	Q1 2014	Change
Number of employees at period end	19,021	19,801	(780)
Average number of employees	19,071	19,840	(769)

Other operating income and expense

Other operating income net of other operating expense amounted to 6,060 thousand euro, as follows:

(in thousands of euro)	Q1 2015	Q1 2014	Change	% change
Other taxes	20,028	19,900	128	0.6%
Allowance for impairment	2,834	3,030	(196)	-6.5%
Interest expense and other expense for companies in the financial and banking segments	1,768	2,901	(1,133)	-39.1%
Provision for environmental restoration, quarries, other	8,088	10,811	(2,723)	-25.2%
Miscellaneous income	(38,778)	(16,567)	(22,211)	n.s.
Total	**(6,060)**	**20,075**	**(26,135)**	**n.s.**

The increase in “Miscellaneous income” arose largely from gains of 21.4 million euro on carbon emission rights trading.

Non-recurring income and expense

Non-recurring income net of non-recurring expense amounted to 1,493 thousand euro (net income of 822 thousand euro in the first quarter of 2014), as follows:

(in thousands of euro)	Q1 2015	Q1 2014	Change	% change
Net gains from sale of non-current assets	693	1,273	(580)	-45.6%
Personnel income (expense) for re-organizations	1,089	(264)	1,353	n.s.
Other non-recurring expense, net	(289)	(187)	(102)	-54.5%
Total	**1,493**	**822**	**671**	**81.6%**

Amortization and depreciation

The total amount of 102,016 thousand euro (101,861 thousand euro in the first quarter of 2014) reflects depreciation of property, plant and equipment for 95,166 thousand euro (96,291 thousand euro in the first quarter of 2014), depreciation of investment property for 255 thousand euro (263 thousand euro in the first quarter of 2014) and amortization of intangible assets for 6,595 thousand euro (5,307 thousand euro in the first quarter of 2014).

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

Net finance costs amounted to 30,753 thousand euro, as follows:

	Q1 2015		Q1 2014	
(in thousands of euro)	**Income**	**Costs**	**Income**	**Costs**
Interest income	13,450		5,351	
Interest expense		(37,798)		(29,526)
Dividends	41			
Gains/losses from sale of equity investments				(5)
Other finance income	391		615	
Capitalized finance costs		838		1,036
Other finance costs		(11,920)		(11,741)
Total finance income (costs)	**13,882**	**(48,880)**	**5,966**	**(40,236)**
Losses on interest-rate derivatives		(3,784)		(1,992)
Losses on exchange-rate derivatives		(24,456)		(4,369)
Net exchange-rate differences	32,485			(242)
Net exchange-rate differences and derivatives		**4,245**		**(6,603)**
Total finance income (costs), exchange-rate differences and net gains (losses) on derivatives		**(30,753)**		**(40,873)**

Total finance costs net of finance income, not including net exchange-rate differences and derivatives, amounted to 34,998 thousand euro (34,270 thousand euro in the first quarter of 2014).
"Capitalized finance costs" totaled 838 thousand euro in the first quarter of 2015 (1,036 thousand euro in the first quarter of 2014).
"Other finance costs" included net finance costs of 1,515 thousand euro on employee defined benefit plans (1,762 thousand euro in the first quarter of 2014).

Impairment losses on financial assets

No impairment losses were applied to financial assets in the first quarter of 2015.

Share of profit (loss) of equity-accounted investees

(in thousands of euro)	Q1 2015	Q1 2014	Change	% change
Asment Cement (Morocco)	2,590	2,115	475	22.5%
Techno Gravel (Egypt)	146	81	65	80.2%
Innocon and Ciment du Quebec (Canada)	(1,619)	(1,188)	(431)	-36.3%
Vassiliko (Cyprus)	224	(1,272)	1,496	n.s.
Medcem	(1,155)	(65)	(1,090)	n.s.
Others	375	(255)	630	n.s.
Total	**561**	**(584)**	**1,145**	**n.s.**

The share of profit (loss) of equity-accounted investees refers entirely to companies in the construction materials segment.

Income tax expense

Income tax expense for the period was 25,035 thousand euro, as follows:

(in thousands of euro)	Q1 2015	Q1 2014	Change	% change
Current tax	(36,517)	(17,928)	(18,589)	n.s.
Prior-year tax and other net non-recurring tax items	491	279	212	76.0%
Deferred tax	10,991	4,444	6,547	n.s.
Total	**(25,035)**	**(13,205)**	**(11,830)**	**-89.6%**

Non-recurring transactions

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

	Q1 2015					
(in thousands of euro)	Equity		Profit (loss) for the period		Net financial debt	
	amount	%	amount	%	amount	%
Carrying amounts	**4,510,228**		**(54,574)**		**(2,288,614)**	
Net gains from the sale of non-current assets	693	0.02%	693	1.27%	1,461	0.06%
Non-recurring personnel income (expense) for re-orgs	1,089	0.02%	1,089	2.00%		
Other non-recurring expense	(289)	0.01%	(289)	0.53%	(300)	0.01%
Tax on non-recurring transactions						
Total	**1,493**	**0.03%**	**1,493**	**2.74%**	**1,161**	**0.05%**
Figurative amount without non-recurring transactions	**4,508,735**		**(56,067)**		**(2,289,775)**	

	Q1 2014					
(in thousands of euro)	Equity		Profit (loss) for the period		Net financial debt	
	amount	%	amount	%	amount	%
Carrying amounts	**4,304,596**		**(47,358)**		**(1,925,623)**	
Net gains from the sale of non-current assets	1,273	0.03%	1,273	2.69%	2,870	0.15%
Non-recurring personnel expense for re-organizations	(264)	0.01%	(264)	0.56%		
Other non-recurring expense	(187)	0.00%	(187)	0.39%		
Tax on non-recurring transactions						
Total	**822**	**0.02%**	**822**	**1.74%**	**2,870**	**0.15%**
Figurative amount without non-recurring transactions	**4,303,774**		**(48,180)**		**(1,928,493)**	

Capital expenditure

The table below sets out capital expenditure in the first quarter of 2015:

(in thousands of euro)	Q1 2015	Q1 2014	Change	% change
Investments in intangible assets	1,451	2,155	(704)	-32.7%
Investments in property, plant and equipment and investment property	63,950	126,393	(62,443)	-49.4%
Change in liabilities for purchases of PPE, inv. property, intangibles	41,100	39,135	1,965	5.0%
Total expenditure on PPE, investment property, intangibles	**106,501**	**167,683**	**(61,182)**	**-36.5%**
Investments in non-current financial assets	5,472	1,851	3,621	n.s.
Change in liabilities for purchases of non-current financial assets	(604)	42	(646)	n.s.
Total expenditure on financial investments (equity investments)	**4,868**	**1,893**	**2,975**	**n.s.**
Total	**111,369**	**169,576**	**(58,207)**	**-34.3%**

Net financial debt

Net financial debt at March 31, 2015, amounted to 2,288,614 thousand euro (2,114,773 thousand euro at December 31, 2014). It reflected gross financial liabilities of 3,567,064 thousand euro and gross financial assets of 1,278,450 thousand euro.
At March 31, 2015, non-current financial liabilities amounted to 2,418,417 thousand euro (2,379,576 at December 31, 2014). They included bonds issued on the European market by Italcementi Finance S.A. for an aggregate nominal amount of 1,250 million euro, of which a ten-year 750 million euro bond issued in 2010, 350 million euro issued on February 14, 2013, and 150 million euro issued on May 14, 2013. The latter two issues mature on February 21, 2018.

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The Manager in charge of preparing the Italmobiliare S.p.A. financial reports, Giorgio Moroni, declares – pursuant to paragraph 2 article 154-bis of the Consolidated Law on Finance (Legislative Decree 58/1998) – that the accounting information contained in this press release corresponds to the document results, books and accounting entries.