ITALMOBILIARE

Quaterly report at March 31,2014

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Quarterly report
at March 31, 2014

May 15, 2014

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 12.31.2013)

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

Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2013)

Acting auditors

Francesco Di Carlo	Chairman
Angelo Casò	
Leonardo Cossu	

Substitute auditors

Luciana Ravicini
Enrico Locatelli
Paolo Ludovici

Manager in charge of preparing the compay's financial reports

Giorgio Moroni

Independent Auditors

KPMG S.p.A.

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

COMMENTS ON OPERATIONS

FOREWORD

This quarterly report as at and for the three months ended March 31, 2014, has been drawn up in accordance with article 154 ter, paragraph 5 of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments, and 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, 2013, are illustrated in the notes. The main change concerns IFRS 11 “Joint arrangements”, which distinguishes between joint operations and joint ventures in order to define the appropriate accounting criteria. Until December 31, 2013, the Group accounted for joint ventures with the proportionate consolidation method, whereas the new IAS 28 (“Investments in associates and joint ventures”) and IFRS 11 provide for joint ventures to be accounted for with the equity method.

Although the application of the new policies as from January 1, 2014, had a very limited impact, for the purposes of consistent presentation with the previous year it required the re-statement of assets and liabilities as at December 31, 2013, and of the income statement for the first quarter of 2013.

During the period under review, Suez Cement Company SAE acquired the residual 50% of the capital of International City for Ready Mix, a company in Saudi Arabia in which a 50% interest was already held through the subsidiary Italcementi S.p.A.. The Saudi company has been fully consolidated; in 2013, it was accounted for with the proportionate consolidation method.

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 affected in particular by meteorological conditions and 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.

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INFORMATION ON OPERATIONS

World economic growth continued in the first quarter of the year, although signs of weakness were observed in some emerging countries, notably China, which was affected by the less accommodating financial conditions introduced by the Chinese authorities to contain public and private debt levels. The impact of the difficulties with Russia in connection with the Ukrainian crisis has been contained so far, although the possible heightening of tension could have repercussions on energy prices and supplies for the eurozone. Economic growth was also reported in the eurozone in the first quarter, although it was not particularly significant, while there was a sharp fall in inflation.

Financial market conditions in the advanced economies relaxed in the early months of 2014, especially in the eurozone, thanks to the fall in spreads with Germany in the countries most exposed to the sovereign debt crisis, the growing signs of an economic recovery, the expansionary focus of ECB monetary policy and capital inflows from the emerging countries.

After a sharp increase in the second half of 2013, interest rates on ten-year government securities in the advanced economies dropped slightly in the first quarter of 2014, due to less positive employment figures in the USA and the shift in capital flows toward lower-risk activities.

Although share price trends varied in the advanced countries, they were stable overall, affected only temporarily by tensions on the financial markets of the emerging countries. Stock indices rose slightly in the eurozone, and were down in the USA and the UK; in Japan, indices fell significantly after the cut in the economic growth forecast. In Italy, share prices rose by 14.6% (FTSE MIB index), sustained by a slight improvement in the earnings forecasts of listed companies and by a reduction in long-term interest rates on the securities of public issuers. The upturn in share prices was seen in all the main sectors of the Italian stock exchange and was particularly strong among bank, telecommunication and utilities stocks.

In this context, in the first quarter of 2014 the Italmobiliare Group posted a **loss for the period** of 47.4 million euro and a **loss attributable to owners of the parent** of 20.0 million euro; this compared respectively with a loss of 76.1 million euro and a loss attributable to owners of the parent of 49.1 million euro in the first quarter of 2013.

The main consolidated results in the quarter ended March 31, 2014, are shown below:

- **Revenue**: 1,008.6 million euro from 1,028.8 million euro in the quarter ended March 31, 2013 (-2.0%);
- **Recurring gross operating profit**: 110.2 million euro from 91.0 million euro in the quarter ended March 31, 2013 (+21.1%);
- **Gross operating profit**: 111.0 million euro from 91.8 million euro in the quarter ended March 31, 2013 (+20.9%);
- **Operating profit**: 7.3 million euro compared with an operating loss of 16.6 million euro in the quarter ended March 31, 2013 (positive change >100%);
- **Finance income and costs** (including exchange-rate differences and derivatives): net costs of 40.9 million euro from net costs of 20.6 million euro in the quarter ended March 31, 2013 (-98.4%);

- **Loss before tax:** 34.2 million euro from a loss of 52.6 million euro in the quarter ended March 31, 2013 (+35.1%)

At March 31, 2014, **total equity** was 4,304.6 million euro, compared with 4,339.3 million euro at December 31, 2013.

Net financial debt at March 31, 2014 was 1,925.6 million euro, an increase of 95.6 million euro from December 31, 2013 (1,830.0 million euro).

Gearing (net financial debt / total equity) rose from 42.17% at December 31, 2013 to 44.73% at March 31, 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 investee), showed highly diverse trends among the areas where the group operates. In the eurozone, the weakness of the peripheral countries was confirmed, while France and Belgium reported healthy growth in sales volumes. In North America, adverse weather slowed investment in construction, while performance was positive in the group's emerging countries. In this context, construction materials revenue at constant exchange rates and on a like-for-like basis showed a small improvement (+0.2%), largely thanks to performance in March, which enabled the segment to recover the delay in the first two months of the year. Recurring gross operating profit was 95.5 million euro, an improvement of 8.0% on the first quarter of 2013, driven by on-going action to cut operating expense. After amortization, depreciation and impairment losses totaling 100.7 million euro (105.1 million euro in the first three months of 2013), an operating loss of 4.2 million euro was reported, although this was an improvement on the year-earlier period (a loss of 16.4 million euro). The segment posted a loss for the period of 55.2 million euro (a loss of 58.5 million euro in the first quarter of 2013), after net finance costs of 39.4 million euro, up on the year-earlier period, and income tax expense of 11.0 million euro;
- the first quarter in the **food packaging and thermal insulation** segment, where the Sirap Gema group operates, was affected by continuing difficulties for demand on the core markets and by high prices for polystyrene raw materials used in production, although there was a slight decrease in prices from the first quarter of 2013. Despite the difficulties, the segment reported revenue of 53.3 million euro in line with the year-earlier period. Operating results showed a strong improvement: gross operating profit was up 39.2% and operating profit was 0.8 million euro (an operating loss of 0.3 million euro at March 31, 2013). In addition to business performance, the result was achieved through restructuring, optimization and cost reduction measures already introduced in 2013. Amortization and depreciation was down 3.9% in the first quarter, while net finance costs rose from 1.3 million euro to 1.7 million euro in the first quarter. After income tax expense of 0.3 million euro, the segment posted a loss for the period of 1.2 million euro (a loss of 1.8 million euro in the quarter to March 31, 2013);
- in the **financial segment**, which includes the Italmobiliare parent and Société de Participation Financière Italmobiliare S.A., there was an upturn on the financial markets, whose positive impact contributed to net finance income of 11.3 million euro (net finance costs of 9.9 million euro in the first quarter of 2013), arising from gains on the sale of equity investments and gains on liquidity management. After operating expense and income tax expense, the segment posted a profit for the period of 5.2 million euro (a loss of 15.4 million euro in the quarter to March 31, 2013);
- the **banking segment** comprises the operations of Finter Bank Zürich and Crédit Mobilier de Monaco. Total income in the first quarter of 2014 was 4.6 million euro, a

decrease of 22.3% compared with March 31, 2013, caused chiefly by the contraction in commission income. The significant reduction in expense for services and personnel (-19.2%) kept the loss for the quarter to 0.4 million euro, a downturn of 13.2% from the loss reported in the first quarter of 2013;

- the **property, services, 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, 2014, was 1,655.5 million euro (1,283.1 million euro at the end of 2013).

NAV was computed considering:

- the quarter-end market price of investments in listed companies;
- the value of non-listed companies, determined, when possible, on the basis of market multiples or specific valuations or, alternatively, on the basis of equity determined in accordance with the 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 Italmobiliare Group key consolidated figures for the first quarter of 2014:

(in millions of euro)		Q1 2014	Q1 2013 re-stated	% change	Q1 2013 published
Revenue		**1,008.6**	**1,028.8**	***(2.0)***	**1,029.2**
Recurring gross operating profit		**110.2**	**91.0**	***21.1***	**91.2**
% of revenue		*10.9*	*8.8*		*8.9*
Other income		0.8	0.8	*4.2*	0.8
Gross operating profit		**111.0**	**91.8**	***20.9***	**92.0**
% of revenue		*11.0*	*8.9*		*8.9*
Amortization and depreciation		(101.9)	(108.4)	*6.0*	(108.6)
Impairment losses on non-current assets		(1.8)	-	*n.s.*	0.1
Operating profit (loss)		**7.3**	**(16.6)**	***n.s.***	**(16.5)**
% of revenue		*0.7*	*(1.6)*		*(1.6)*
Net finance costs		(40.9)	(20.6)	*(98.4)*	(20.7)
Share of profit (loss) of equity-accounted investees		(0.6)	(15.4)	*96.2*	(15.2)
Loss before tax		**(34.2)**	**(52.6)**	***35.1***	**(52.4)**
% of revenue		*(3.4)*	*(5.1)*		*(5.1)*
Income tax expense		(13.2)	(23.5)	*43.7*	(23.5)
Loss for the period		**(47.4)**	**(76.1)**	***37.7***	**(75.9)**
attributable to:	**Owners of the parent**	**(20.0)**	**(49.1)**	***59.3***	**(48.9)**
	Non-controlling interests	(27.4)	(27.0)	*(1.5)*	(27.0)
Number of employees at period end		**19,801**	**20,298**	***(2.4)***	**20,248**

n.s not significant

(in millions of euro)	March 31, 2014	December 31, 2013 re-stated	December 31, 2013 published
Net financial debt	**1,925.6**	**1,830.0**	**1,835.0**

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), 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 2014**	**% change vs.Q1 2013**	**Q1 2014**	**% change vs.Q1 2013**	**Q1 2014**	**% change vs.Q1 2013**	**Q1 2014**	**% change vs.Q1 2013**
Construction materials	932.9	*(3.3)*	95.5	*8.1*	96.5	*8.9*	(4.2)	*74.6*
Packaging and insulation	53.3	-	3.5	*49.3*	3.3	*39.2*	0.8	*n.s.*
Finance	15.5	*77.2*	7.1	*n.s.*	7.1	*n.s.*	7.1	*n.s.*
Banking	5.0	*(16.2)*	-	*n.s.*	-	*(89.4)*	(0.3)	*5.5*
Property, services, other	0.3	*(42.6)*	-	*n.s.*	-	*n.s.*	(0.1)	*n.s.*
Inter-segment eliminations	1.6	*n.s.*	4.1	*n.s.*	4.1	*n.s.*	4.0	*n.s.*
Total	**1,008.6**	***(2.0)***	**110.2**	***21.1***	**111.0**	***20.9***	**7.3**	***n.s.***
Geographical area								
European Union	568.9	*1.7*	53.2	*n.s.*	54.0	*n.s.*	1.5	*n.s.*
Other European countries	7.2	*(19.4)*	0.1	*n.s.*	0.1	*(47.3)*	(0.3)	*36.4*
North America	61.3	*(17.2)*	(23.0)	*(96.9)*	(22.9)	*n.s.*	(39.2)	*(40.8)*
Asia and Middle East	139.8	*(7.9)*	20.9	*(1.1)*	21.0	*(0.8)*	10.0	*35.0*
Africa	213.8	*(1.2)*	58.9	*(21.2)*	58.8	*(21.9)*	37.6	*(28.8)*
Trading	46.6	*19.7*	2.5	*31.2*	2.5	*30.9*	1.9	*59.2*
Other countries	79.0	*5.5*	(2.4)	*79.3*	(2.4)	*79.1*	(4.1)	*69.6*
Inter-area eliminations	(108.0)	*13.0*	-	*n.s.*	(0.1)	*n.s.*	(0.1)	*n.s.*
Total	**1,008.6**	***(2.0)***	**110.2**	***21.1***	**111.0**	***20.9***	**7.3**	***n.s.***

n.s. not significant

The 2.0% decrease in **revenue** from the first quarter of 2013 arose from the negative exchange-rate effect of 3.4%, mitigated in part by the improvement of 1.4% in business performance.

Contributions to the business performance improvement came from the Group industrial segments (+0.5%) and the financial segment (change >100%), while the banking segment reported a downturn of 17.6%. The contribution of the food packaging and thermal insulation segment was in line with the first quarter of 2013. There was a marginal negative contribution from the property, services, other segment.

At constant exchange rates and on a like-for-like basis, revenue rose in the emerging countries thanks to the positive trend in construction material sales volumes in Egypt and Thailand. The EU countries also reported a small improvement thanks to the positive contribution of the financial segment, while severe weather conditions on the construction materials markets were a significant factor in the negative performance of North America. Overall, the EU countries were the largest contributor to revenue.

The negative exchange-rate effect was largely the result of the depreciation of the Egyptian pound, Thai baht and Ukrainian hryvnia against the euro.

Recurring gross operating profit was 110.2 million euro, a material increase on the first quarter of 2013 (91.0 million euro). Growth was particularly strong in the financial segment, thanks to the notable rise in revenue, and in the Group industrial segments, largely as a result of containment of operating expense. A small positive contribution came from the banking segment, with an improvement compared with the negative figure in the year-earlier period.

Looking at performance in the individual countries, the strongest progress was reported in the European Union, notably in Italy and Spain, while there was a sharp contraction in North America.

After net non-recurring income of 0.8 million euro (in line with March 31, 2013), **gross operating profit** was up by 19.2 million euro (to 111.0 million euro from 91.8 million euro in the first quarter of 2013).

After a reduction of 6.0% in amortization and depreciation compared with the first quarter of 2013 (101.9 million euro against 108.4 million euro) and impairment losses on non-current assets of 1.8 million euro (absent in 2013), **operating profit** totaled 7.3 million euro, compared with an operating loss of 16.6 million euro in the first quarter of 2013.

Finance income and costs, and other items

The Group posted **net finance costs**, including exchange-rate differences and derivatives, of 40.9 million euro compared with net finance costs of 20.6 million euro in the first quarter of 2013. Net interest expense on financing operations rose by 4.1 million euro (to 32.9 million euro in the first quarter of 2014 compared with 28.8 million euro in the year-earlier period); there was a negative change of 11.0 million euro in exchange-rate differences net of hedging.

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 a loss of 0.6 million euro (a loss of 15.4 million euro in 2013), arising from results reported by the associates in the construction materials segment.

Loss for the period

After income tax expense of 13.2 million euro (expense of 23.5 million euro in the first quarter of 2013), the **loss for the period** was 47.4 million euro compared with a loss of 76.1 million euro for the first quarter of 2013. After a loss of 27.4 million euro attributable to non-controlling interests (a loss of 27.0 million euro in the quarter ended March 31, 2013), the **loss attributable to owners of the parent** was 20.0 million euro (a loss of 49.1 million euro for the first quarter of 2013).

Total comprehensive expense

In the first quarter of 2014, other comprehensive income amounted to 38.7 million euro (income of 2.4 million euro in the first quarter of 2013), arising from the following positive items:

- fair value gains of 41.4 million euro on available-for-sale financial assets,
- translation reserve on foreign operations of 2.1 million euro.

and the following negative items:

- fair value losses of 5.8 million euro on cash flow hedges,

and the related positive tax effect of 1.0 million euro.

Considering the loss for the period of 47.4 million euro described in the previous segment, and the aforementioned items, the Group had total comprehensive expense for the first quarter of 2014 of 8.7 million euro (income of 25.3 million euro attributable to owners of the parent and expense of 34.0 million euro attributable to non-controlling interests). This compared with total comprehensive expense of 73.7 million euro in the first quarter of 2013 (expense of 57.3 million euro attributable to owners of the parent and expense of 16.4 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 purchases, amounted to approximately 169.6 million euro (65.9 million euro in the first quarter of 2013). It consisted essentially of investments in property, plant and equipment, investment property and intangible assets (167.7 million euro compared with 65.9 million euro in the first quarter of 2013). These investments were in the construction materials segment for 165.7 million euro and the food packaging and thermal insulation segment for 2.0 million euro.

Net financial debt

At March 31, 2014, net financial debt amounted to 1,925.6 million euro, an increase of 95.6 million euro from December 31, 2013. The main contributing factor was capital expenditure (169.6 million euro), offset only in part by proceeds from the sale of financial and industrial assets (61.9 million euro) and cash flow from operating activities (15.9 million euro).

(in millions of euro)	March 31, 2014	December 31, 2013
Current financial assets	(1,192.7)	(1,211.9)
Current financial liabilities	1,020.4	960.5
Non-current financial assets	(115.7)	(131.0)
Non-current financial liabilities	2,213.6	2,212.4
Net financial debt	**1,925.6**	**1,830.0**

Financial ratios

(in millions of euro)	March 31, 2014	December 31, 2013
Net financial debt	1,925.6	1,830.0
Consolidated equity	4,304.6	4,339.3
Gearing	**44.73%**	**42.17%**
Net financial debt	1,925.6	1,830.0
Gross operating profit before income and expense	632.8	613.6
Leverage[1]	**3.04**	**2.98**

[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 2014	Q1 2013 re-stated	% change	Q1 2013 published
Revenue		**932.9**	**964.5**	***(3.3)***	**964.8**
Recurring gross operating profit		**95.5**	**88.4**	***8.0***	**88.5**
% of revenue		*10.2*	*9.2*		*9.2*
Other income		1.0	0.3		0.3
Gross operating profit		**96.5**	**88.7**	***8.9***	**88.7**
% of revenue		*10.3*	*9.2*		*9.2*
Amortization and depreciation		(98.9)	(105.1)	*5.9*	(105.3)
Impairment losses on non-current assets		(1.8)	n.s.		-
Operating loss		**(4.2)**	**(16.4)**	***74.6***	**(16.5)**
% of revenue		*(0.4)*	*(1.7)*		*(1.7)*
Net finance costs		(39.4)	(19.4)	***(>100)***	(19.5)
Share of profit (loss) of equity-accounted investees		(0.6)	(1.1)	*46.1*	(0.9)
Loss before tax		**(44.2)**	**(36.9)**	***(19.6)***	**(36.9)**
% of revenue		*(4.7)*	*(3.8)*		*(3.8)*
Income tax expense		(11.0)	(21.6)	*48.9*	(21.6)
Loss for the period		**(55.2)**	**(58.5)**	***5.7***	**(58.5)**
attributable to:	**Owners of the parent**	**(68.3)**	**(78.2)**	***12.7***	**(78.2)**
	Non-controlling interests	13.1	19.7	*(33.5)*	19.7
Number of employees at period end		**18,434**	**18,845**		**18,795**

(in millions of euro)	March 31, 2014	December 31, 2013
Net financial debt	**2,076.5**	**1,934.0**

International business activity has been gradually strengthening over recent months. The upturn in the economic mood was largely a feature of the advanced economies, whereas although the emerging area displayed higher growth rates than the advanced nations, its performance was slacker than some years ago. As a whole, the eurozone finally seems to have come out of a long recession, and in the USA the recovery has seen a move toward a normalization of monetary policy. The available indicators for the first quarter of 2014 confirm these moderately favorable trends, despite a temporary setback caused by adverse weather conditions in North America, against a contained dynamic in the prices of energy and industrial raw materials.

In this context, group revenue showed a small improvement at constant exchange rates, largely thanks to performance in March, when the group recovered the delay of the first two months. Recurring gross operating profit rose, benefiting from on-going measures to cut costs. Operating profit was assisted by a decrease in amortization and depreciation expense, while earnings before tax were penalized by higher net finance costs.

Significant events in the period

At its meeting on March 6, 2014, the Italcementi S.p.A. Board of Directors examined and approved a plan to streamline its corporate structure and strengthen the group. The plan envisages:

- the mandatory conversion of Italcementi savings shares into ordinary shares at a rate of 0.65 ordinary shares for each savings share (“Mandatory Conversion”);
- an increase in Italcementi’s capital through a rights issue for a maximum of 450 million euro (“Capital Increase”);
- a voluntary public tender offer by Italcementi on Ciments Français minorities at a price of 78 euro per share (cum dividend), for the purpose of delisting Ciments Français from the Paris Stock Exchange (the “PTO”).

The aim of the plan is to streamline the Italcementi group’s present capital structure, governance and control chain, while boosting its capital base and preserving financial flexibility. The plan also aims to increase Italcementi’s capitalization and overall free float, thereby generating greater share liquidity for the benefit of shareholders and potential investors.

After Italcementi S.p.A. announced its plan for a simplified public tender offer for Ciments Français shares, at a meeting on March 12, 2014, the Board of Directors of Ciments Français approved the proposal presented by the committee of the company’s independent directors to designate the FINEXSI company as independent expert responsible for drawing up a report on the financial conditions of the offer. FINEXSI, engaged pursuant to article 261-1 of the General Regulation of the Financial Markets Authority, will perform its assignment under the supervision of the Ciments Français S.A. independent directors committee, on the basis of best governance practice.

Sales volumes

	Q1 2014	% change on Q1 2013	
		Historic	Like-for-like basis
Cement and clinker *(millions of metric tons)*	10.1	*1.7*	*1.7*
Aggregates* *(millions of metric tons)*	6.9	*(2.2)*	*(2.2)*
Ready mixed concrete *(millions of m³)*	2.7	*(4.9)*	*(5.5)*

* excluding decreases for processing

The increase in sales volumes in **cement and clinker** compared with the first quarter of 2013 largely originated in Central Western Europe, where all countries reported progress with the sole exception of Italy, whose performance was substantially stable. Performance was also positive in Trading and in Asia, stable in Emerging Europe, North Africa and Middle East, and showed a downturn in North America, where the unfavorable meteorological conditions on the group markets were a contributing factor.

In **aggregates**, sales volumes decreased despite a recovery in Central Western Europe, due to the downturn reported on all the other markets.

The fall in sales volumes in **ready mixed concrete** affected all the regions, with the sole exception of Asia, driven by strong growth in Thailand.

Revenue was 932.9 million euro (964.5 million euro in the first quarter of 2013), a decrease of 3.3% from the year-earlier period arising from a negative exchange-rate effect of 3.6%, mitigated by a business improvement (+0.2%) and a positive consolidation effect (+0.1%).

At constant exchange rates and on a like-for-like basis, a revenue increase was reported in the emerging countries as a result of progress in Egypt (driven largely by higher sales prices) and Thailand. Revenue was substantially stable in Central Western Europe, reflecting a decline in Italy offset by growth in the other countries. Performance on the group markets in North America was badly affected by severe weather conditions. The negative exchange-rate effect related in the main to the depreciation of the Egyptian pound and Thai baht against the euro.

Recurring gross operating profit was 95.5 million euro, an improvement of 8.0% from the first quarter of 2013. This was largely due to containment of operating expense, whose positive impact was countered in part by a negative exchange-rate effect. Looking at performance in the individual countries, the strongest improvements in recurring gross operating profit from the first quarter of 2013 were in Italy, Thailand and Spain, while the largest downturns were in North America, Egypt and India.

Gross operating profit, at 96.5 million euro (88.7 million euro in the first quarter of 2013), benefited as in the previous period from limited net non-recurring income (1.0 million euro), rising by 8.9% from the first quarter of 2013.

The group reported an **operating loss** of 4.2 million euro (a loss of 16.4 million euro in the year-earlier period) after amortization and depreciation expense of 98.9 million euro (105.1 million euro in the first quarter of 2013) and impairment losses on non-current assets of 1.8 million euro (absent in the first quarter of 2013).

The **loss before tax** of 44.2 million euro (a loss of 36.9 million euro in the first quarter of 2013) reflected the impact of **net finance costs** of 39.4 million euro, an increase compared with the year-earlier period (19.4 million euro). Net expense on financing operations increased by 4.2 million euro (from 27.8 million euro in the first quarter of 2013 to 31.9 million euro in the period under review); there was a negative change of 10.7 million euro on exchange-rate differences net of the hedging effect.

The estimated **tax** charge of 11.0 million euro compared with income tax expense of 21.6 million euro in the first quarter of 2013.

The **loss for the period** was 55.2 million euro, compared with a loss of 58.5 million euro for the first quarter of 2013.

The **loss attributable to owners of the parent** was 68.3 million euro (a loss of 78.2 million euro in the first quarter of 2013), while profit attributable to non-controlling interests was 13.1 million euro (19.7 million euro).

Total equity at March 31, 2014 was 3,691.4 million euro (3,783.0 at March 31, 2013), with **equity attributable to owners of the parent** standing at 2,523.3 million euro (2,603.8 million euro at March 31, 2013).

Net financial debt at March 31, 2014, stood at 2,076.5 million euro, up by 142.4 million euro from December 31, 2013. The increase was driven by seasonal dynamics and by the high level of capital expenditure in the period (167.5 million euro compared with 64.4 million euro in the first quarter of 2013). The investments in question were largely industrial investments, chiefly in India, Bulgaria and Italy, relating in the main to current strategic projects.

Performance by geographical area

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
Geographical area	**Q1 2014**	**% change vs.Q1 2013**	**Q1 2014**	**% change vs.Q1 2013**	**Q1 2014**	**% change vs.Q1 2013**	**Q1 2014**	**% change vs.Q1 2013**
Central Western Europe	490.2	*(0.6)*	36.3	*>100.0*	37.3	*>100.0*	(11.5)	*68.2*
North America	61.3	*(17.2)*	(23.0)	*(96.9)*	(22.9)	*(>100.0)*	(39.2)	*(40.8)*
Emerging Europe, North Africa and Middle East	238.0	*(1.9)*	62.1	*(18.9)*	62.0	*(19.8)*	39.1	*(26.2)*
Asia	125.1	*(8.0)*	20.0	*1.7*	20.1	*2.7*	9.7	*43.4*
Cement and clinker trading	46.6	*19.7*	2.5	*31.2*	2.5	*30.9*	1.9	*59.2*
Others	79.0	*5.5*	(2.4)	*79.3*	(2.4)	*79.1*	(4.1)	*69.6*
Inter-area eliminations	(107.5)	*n.s.*	-	-	(0.1)	*n.s.*	(0.1)	*n.s.*
Total	**932.9**	***(3.3)***	**95.5**	***8.0***	**96.5**	***8.9***	**(4.2)**	***74.6***

n.s. not significant

In the construction sector, significant differences in performance continued among the areas in which the group operates, and also among the individual countries of each area. In the eurozone, the effects of the macroeconomic cyclical upturn have yet to emerge in the construction sector: the weakness of the eurozone peripheral countries was confirmed, while the signs coming from the French-Belgian market are less easy to decipher. In North America, the slowdown in construction investments continued in the first quarter, although this stemmed more from exceptionally harsh weather conditions than from structural causes heralding a new downturn. In the group's emerging countries, average industry results were positive, although growth rates were slower than in the past, with the exception of Morocco, where stagnation in the public sector continued to depress industry activity.

E-business

Despite continuing unfavorable national and international economic conditions, in the first quarter of 2014 the overall performance of BravoSolution S.p.A. and its subsidiaries reflected healthy revenue growth to 15.6 million euro (+12.8% from the first quarter of 2013). Operating results also improved: consolidated gross operating profit was 1.4 million euro (0.7 million euro in the year-earlier period), while the group broke even in terms of operating profit (operating loss of 0.6 million euro in the first quarter of 2013).

Disputes and pending proceedings

No major new disputes emerged in the first quarter of 2014. An update is provided below on the developments during the period in current disputes in the construction materials segment, illustrated in the 2013 annual report.

Europe

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

Turkey / Russia

Regarding the proceeding begun by Sibconcord against Ciments Français for the non-closure of the 2008 agreement for the sale of the group's Turkish operations (Set Group) to the subsidiary Sibcem, the various proceedings moved ahead in accordance with the procedural regulations of the countries in question. On July 10, 2013, the court of Kemerovo (Russia) issued a ruling in favor of Ciments Français, stating that the loss of 50 million euro by Sibcem was solely due to the appellant's failure to comply with the agreements. Sibconcord appealed against the ruling. In March 2014, the Court of Appeal rejected the appeal and confirmed the ruling in favor of Ciments Français. Sibconcord has filed an appeal against the ruling with the Court of Cassation.

Significant events after the reporting period

On April 7, the special meeting of Italcementi S.p.A. savings shareholders approved, with a large majority, the mandatory conversion of savings shares into ordinary shares at the proposed conversion rate of 0.65 ordinary shares for each savings share, without cash balance and without a reduction in share capital. The ordinary shares issued after the conversion will carry dividend entitlement as from January 1, 2014.

The conversion and the subsequent amendments to the by-laws were also approved at an extraordinary meeting of Italcementi shareholders held the following day.

Savings shareholders who did not vote to adopt the resolutions (i.e., shareholders who were absent, who voted against the proposal or who abstained from voting) had the opportunity to exercise their right of withdrawal within the terms provided by law, at the established amount of 3.519 euro per savings share. No savings shareholder exercised the right of withdrawal.

As a preliminary to the mandatory conversion, the extraordinary shareholders' meeting also approved the proposal to eliminate the expressed nominal value of the outstanding ordinary and savings shares, and to amend the by-laws accordingly.

Outlook

After a first quarter that confirmed an easing in the fall in demand in Europe, a recovery in North America and albeit contained growth in sales volumes in the emerging countries, the group feels able to confirm its expectation of an improvement in full-year recurring gross operating profit compared with 2013, subject to currently unforeseeable events.

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 2014	Q1 2013	% change
Revenue		**53.3**	**53.3**	**-**
Recurring gross operating profit		**3.5**	**2.4**	***49.3***
% of revenue		*6.6*	*4.5*	
Other income (expense)		(0.2)	-	n.s.
Gross operating profit		**3.3**	**2.4**	***39.2***
% of revenue		*6.2*	*4.5*	
Amortization and depreciation		(2.5)	(2.7)	*3.9*
Impairment losses on non-current assets		-	-	
Operating profit (loss)		**0.8**	**(0.3)**	***n.s.***
% of revenue		*1.4*	*(0.5)*	
Net finance costs		(1.7)	(1.3)	*(23.4)*
Loss before tax		**(0.9)**	**(1.6)**	*43.7*
% of revenue		*(1.7)*	*(3.1)*	
Income tax expense		(0.3)	(0.2)	*(30.6)*
Loss for the period		**(1.2)**	**(1.8)**	*35.3*
attributable to:	**Owners of the parent**	**(1.2)**	**(1.8)**	*36.1*
	Non-controlling interests	n.s.	n.s.	
Number of employees at period end *		**1,222**	**1,292**	***(5.4)***

n.s. not significant

* The figure at March 31, 2014, includes 7 people on state-subsidized layoff. 29 people at March 31, 2013, after closure of the Corciano faciity near Perugia

(in millions of euro)	March 31, 2014	December 31, 2013
Net financial debt	**122.0**	**116.1**

In all the group countries, the market situation remained difficult in the first quarter of 2014 due to the long economic crisis, which has gradually pushed down consumption and demand.

The cost of polystyrene materials was substantially in line with the year-earlier period, at a high average price level.

Revenue amounted to 53.3 million euro, unchanged from the year-earlier period.

Recurring gross operating profit was 3.5 million euro, a material improvement (+49.3%) on the corresponding 2013 figure (2.4 million euro) arising from a favorable sales mix, greater efficiency and important benefits from savings on overheads.

Operating profit was 0.8 million euro (an operating loss of 0.3 million euro in the first quarter of 2013), after restructuring expense of 0.2 million euro and amortization and depreciation of 2.5 million euro.

Net finance costs were 1.7 million euro, an increase on the year-earlier period (1.3 million euro) arising mainly from larger exchange-rate losses.

Income tax expense for the first quarter was 0.3 million euro (0.2 million euro in 2013), reflecting the change in taxable income.

The group posted a **loss for the period** of 1.2 million euro (a loss of 1.8 million euro in the first quarter of 2013).

Equity was 7.8 million euro, including the loss for the period and a reduction of 0.5 million euro in the translation reserve.

Net financial debt amounted to 122.0 million euro, an increase with respect to December 31, 2013 (116.1 million euro), largely due to seasonal trends.

First-quarter **capital expenditure** amounted to 2.0 million euro (1.6 million euro in the first quarter of 2013) and was largely in food packaging.

Significant events in the period

There were no significant events in the period.

Performance by operating segment and geographical area

(in millions of euro)	Revenue		Recurring gross operating profit		Gross operating profit		Operating profit	
	Q1 2014	% change vs.Q1 2013	Q1 2014	% change vs.Q1 2013	Q1 2014	% change vs.Q1 2013	Q1 2014	% change vs.Q1 2013
Food packaging								
Italy	21.3	-	1.9	*69.1*	1.7	*47.8*	0.2	*n.s.*
France	5.4	*(9.8)*	0.3	*(56.4)*	0.3	*(56.4)*	0.1	*(83.5)*
Other EU countries	15.4	*(0.2)*	0.7	*15.9*	0.7	*15.9*	0.2	*n.s.*
Other non-EU countries	2.6	*(21.5)*	0.2	*n.s.*	0.2	*n.s.*	0.2	*n.s.*
Eliminations	(3.2)		-		-		-	*n.s.*
Total	**41.5**	***(2.4)***	**3.1**	***25.0***	**2.9**	***15.3***	**0.7**	***n.s.***
Thermal insulation	**11.8**	***9.6***	**0.4**	***n.s.***	**0.4**	***n.s.***	**0.1**	***n.s.***
Eliminations	-	-	-	-	-	-	-	-
Total	**53.3**	***n.s.***	**3.5**	***49.3***	**3.3**	***39.2***	**0.8**	***n.s.***

n.s. not significant

Food packaging

The complex and difficult economic situation continued to have a negative impact on consumption of fresh food produce, generating weak performance in demand for food packaging products similar to that of 2013. Food packaging revenue amounted to 41.5 million euro, a decrease of 2.4% from the first quarter of 2013. All earnings indicators improved, with recurring gross operating profit up 25.0% (to 3.1 million euro) and operating profit rising from 0.2 million euro in 2013 to 0.7 million euro, thanks to the positive effects of rationalization and efficiency improvement measures taken mainly in the second half of 2013 and significant savings in overheads.

Revenue on the Italian market was stable (21.3 million euro), but there was important progress in margins: recurring gross operating profit was 1.9 million euro (+69.1%) thanks to the results of the measures described above and a more successful product mix.

In France, revenue in the quarter (5.4 million euro) was down 9.8% on the first quarter of 2013, mainly due to lower sales volumes caused by a continuous and progressive decline in domestic demand, which gathered speed in the first quarter of 2014. This led to an intensification of competitive pressures and a consequent reduction in average sales prices. Recurring gross operating profit (0.3 million euro) therefore showed a significant reduction from 2013 (0.8 million euro), as did operating profit, which fell from 0.5 to 0.1 million euro.

In Poland, sales amounted to 6.7 million euro, an improvement from the year-earlier period (6.1 million euro) driven by the increase in sales volumes; this led to a rise in gross operating profit (0.7 million euro, +47.4% from the year-earlier period) and operating profit (from 0.1 to 0.4 million euro).

In the key countries of the Petruzalek group in central-eastern Europe, sales reflected the characteristic weakness of demand in the first quarter of the year, although compared with previous years the fall in demand was stronger in some countries (Austria, Serbia) due to the economic crisis and continuing intense competition. The fall in revenue, generated in part by an adverse exchange-rate effect, affected all product families (containers, machinery, film and other packaging materials). Measures to cut operating and reorganization expense launched in 2013 enabled an improvement in margins, albeit modest, compared with 2013.

Thermal insulation

Revenue from thermal insulation products in the first quarter was 11.8 million euro, an improvement of 9.6% from 10.8 million euro in the year-earlier period. Given an adverse seasonal trend, the increase in sales was largely due to higher sales volumes of extruded panels, especially on the international market. Despite the continuing crisis in the construction sector in Italy, domestic sales showed a small improvement (+3.3%), but export sales were the main driver, notably to Austria, Switzerland and Germany, with growth of 28.7%.

Gross operating profit (0.4 million euro) and operating profit (0.1 million euro) were therefore positive once again, compared with losses in the first quarter of 2013 (0.1 and 0.5 million euro respectively).

The liquidity crisis in building construction is forcing the company to pay close attention to credit risk, if necessary forgoing potential volumes, and continuing to apply stringent customer credit vetting and credit management procedures.

Disputes and pending proceedings

With reference to the proceeding started in 2008 by the European Commission regarding supposed violations of EU competition laws on the market for plastic wrapping for food, no new developments took place with respect to the events detailed in the previous report on operations in the food packaging and thermal insulation segment.

Environmental initiatives

Since January 1, 2012, the Sirap Gema group has had an Environmental Policy document to give visibility to its commitment to and activities for environmental protection in the countries in which it operates. The document sets out guidelines for employees illustrating the group’s commitment to complying with local regulations and applying the top ecological standards for sustainable and responsible development; in addition, appropriate initiatives in this field are being implemented or are planned, with specific procedures and deadlines.

Significant events after the reporting period

On April 4, 2014, the sole shareholder Italmobiliare S.p.A. made a capital contribution of 6.0 million euro to Sirap Gema S.p.A.. The contribution is in addition to the three other amounts paid during 2013, for an overall amount of 15.0 million euro, to guarantee an adequate capital structure for the company.

Outlook

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

Specifically, demand for food packaging continues to be influenced by food consumption, which should remain stable in terms of volumes, although with a reduction in value, in part due to promotions introduced by mass merchandisers. In a situation of particularly fierce competition, the group has adopted commercial measures to expand the product range and improve its sales mix.

In thermal insulation, after a first quarter that showed an improvement on the year-earlier period, largely thanks to healthy performance on international markets, revenue is expected to be slightly higher than in 2013.

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 2014	Q1 2013 re-stated	% change	Q1 2013 published
Revenue	15.5	8.8	*77.2*	8.9
Recurring gross operating profit	7.1	0.5	*n.s.*	0.6
Gross operating profit	7.1	0.7	*n.s.*	0.8
Operating profit	7.1	0.6	*n.s.*	0.7
Profit (loss) for the period	**5.2**	**(15.4)**	***n.s.***	**(15.3)**
Number of employees at period end	52	58	*(10.3)*	58

n.s. not significant

(in millions of euro)	March 31, 2014	December 31, 2013
Net financial position	203.3	146.6

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 2014	Q1 2013 re-stated	% change	Q1 2013 published
Net gains (losses) on equity investments	8.6	(11.9)	*n.s.*	(11.9)
Net gains on investments of cash and cash equivalents	3.8	3.2	*17.7*	3.4
Net borrowing costs	(1.1)	(1.2)	*3.3*	(1.2)
Total finance income (costs)	**11.3**	**(9.9)**	*n.s.*	**(9.7)**
Other expense	(4.3)	(3.9)	*(8.1)*	(3.9)
Income tax expense	(1.8)	(1.6)	*(10.9)*	(1.7)
Profit (loss) for the period	**5.2**	**(15.4)**	***n.s.***	**(15.3)**

n.s. not significant

Net gains on equity investments of 8.6 million euro arose from gains on the sale of bank stocks in portfolio during the first quarter. The net losses of 11.9 million euro posted at March 31, 2013 arose from the loss of 14.1 million euro reported by RCS MediaGroup (Italmobiliare Group share), offset only in part by the gain of 2.1 million euro on the sale of Unicredit shares.

Net gains on investments of cash and cash equivalents amounted to 3.8 million euro in the first quarter of 2014, an increase of 0.6 million euro from the year-earlier period, generated by the positive trend in share prices and bonds.

Net borrowing costs were down 3.3% on average segment debt of 238.0 million euro (265.9 million euro in 2013). **Total finance income and costs** reflected net income of 11.3 million euro, compared with net costs of 9.9 million euro in the first quarter of 2013.

Other income and expense reflected net expense of 4.3 million euro, an increase of 0.4 million euro from the first quarter of 2013 (net expense of 3.9 million euro).

After income tax expense of 1.8 million euro (1.6 million euro at March 31, 2013), the segment posted a **profit for the period** of 5.2 million euro compared with a loss of 15.4 million euro for the year-earlier period.

Segment **equity** at March 31, 2014 stood at 1,088.6 million euro (1,028.8 million euro at March 31, 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 are found to be impaired, in line with the accounting standards adopted by the Italmobiliare Group. At March 31, 2014, the fair value reserve of the financial segment reflected a positive balance of 46.6 million euro, compared with a negative balance of 7.9 million euro at December 31, 2013, due to the rise in share prices during the first quarter, particularly among banking stocks.

Significant events in the period

With regard to the project launched by the subsidiary Italcementi S.p.A. to simplify its corporate structure, illustrated in detail in the section on the construction materials segment, on March 6, 2014, the Italmobiliare Board of Directors expressed its willingness to convert its Italcementi savings shares (representing 2.856% of savings share capital), to subscribe its rights under the Italcementi capital increase and to tender the shares it holds directly in Ciments Français for the PTO (2.73% of share capital).

On the successful outcome of these operations, Italmobiliare will retain a share of more than 45% in Italcementi voting capital and consequently Efiparind BV, through Italmobiliare, will retain control of Italcementi pursuant to art. 93 of the Consolidated Finance Act (TUF).

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

Net financial position of Italmobiliare and the financial segment

	March 31, 2014		**December 31, 2013**	
(in millions of euro)	**Italmobiliare**	**Financial segment**	**Italmobiliare**	**Financial segment**
Current financial assets	11.3	336.7	13.5	385.0
Current financial liabilities	(121.9)	(123.2)	(226.8)	(228.2)
Current net financial position (debt)	**(110.6)**	**213.5**	**(213.3)**	**156.8**
Non-current financial assets	6.2	27.3	5.3	27.0
Non-current financial liabilities	(37.1)	(37.5)	(37.2)	(37.2)
Non-current financial debt	**(30.9)**	**(10.2)**	**(31.9)**	**(10.2)**
Net financial position (debt)	**(141.5)**	**203.3**	**(245.2)**	**146.6**

At March 31, 2014, Italmobiliare S.p.A. had net financial debt of 141.5 million euro, a reduction of 103.7 million euro from December 31, 2013 (245.2 million euro) arising largely from the proceeds on the sale of banking stocks.

The decrease in the parent’s net financial debt also had a positive impact on the consolidated net financial position of the financial segment, which stood at 203.3 million euro, an improvement compared with 146.6 million euro at December 31, 2013.

Events after the reporting period

No significant events took place.

Outlook

The scenario for the first quarter of 2014 continues to be characterized by a moderate economic growth cycle and inflation at record lows.

Given the “normalization” of the US ultra-expansionary monetary policy, there is a possibility that the ECB will introduce extraordinary measures to support the signs of recovery in the eurozone and mitigate the risk of deflation.

The compression of interest rates and bond yields in a context of M&As and high corporate earnings continues to underpin the stock markets and loan spreads.

Nevertheless, the risks stemming from the deceleration in growth and from the deflation risk in some advanced nations, as well as from the vulnerability of some of the main emerging economies, are still present.

The performance of the financial segment reflects the uncertainty of the financial markets and the moderate level of dividends, and it is therefore difficult to provide reliable guidance.

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 2014	Q1 2013	% change
Revenue	5.0	5.9	*(16.2)*
Recurring gross operating profit (loss)	0.0	(0.1)	*n.s.*
Gross operating profit	0.0	0.2	*(89.4)*
Operating loss	(0.3)	(0.4)	*5.5*
Loss for the period	**(0.4)**	**(0.4)**	**-**
Number of employees at period end	81	91	*(11.0)*

n.s. not significant

	March 31, 2014	December 31, 2013
Net financial position	67.1	70.9

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 2014	Q1 2013	% change
Net interest income	0.8	0.9	*(10.8)*
Total income	4.6	5.9	*(22.3)*
Operating expense	(4.5)	(5.6)	*19.2*
Gross operating profit	0.0	0.3	*(84.5)*
Loss from operations	(0.3)	(0.3)	*1.2*
Loss for the period	**(0.4)**	**(0.4)**	**-**

The segment again reported a slightly negative but improved performance, consisting almost entirely of the results of Finter Bank Zürich.

Finter Bank Zürich

The Swiss banking sector is still suffering from the repercussions of the economic crisis that hit the European and American economies particularly hard. The Swiss federal financial market authority (FINMA) has responded to the difficulties by imposing increasingly stringent requirements on Swiss banks through greater regulation; at the same time, countries have redoubled their efforts to combat tax evasion, causing a flight in international capital from the Swiss financial market. This situation had an impact on the performance of the bank as it took action to align its strategies with the changes taking place at international level.

Performance in the first quarter of 2014 was affected by the reduction in total income from 6.9 million Swiss francs to 5.1 million Swiss francs in the three months to March 31, 2014, caused chiefly by a significant fall in commission income (-19.1%) and to a small extent by the fall in net trading revenue (-2.5%).

The reduction in operating expense continued during the first quarter (services -24.5%, personnel expense -17.8%), enabling the bank to limit its gross operating loss to 95 thousand Swiss francs (profit of 261 thousand Swiss francs in the first quarter of 2013).

After amortization and depreciation of 0.4 million Swiss francs (0.7 million Swiss francs at March 31, 2013) and income tax expense of 44 thousand Swiss francs (income of 15 thousand Swiss francs in the year-earlier period), the bank posted a loss for the period of 0.6 million Swiss francs, a downturn of 26.2% from the first quarter of 2013.

Consolidated equity decreased from 63.0 million Swiss francs at December 31, 2013, to 61.2 million Swiss francs at March 31, 2014.

Third-party assets under management at the end of the first quarter of 2014 totaled 2.2 billion Swiss francs (not including assets invested in own funds), substantially in line with the figure at December 31, 2013.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. It posted a profit for the first quarter of 66,000 euro, up from 13,000 euro at March 31, 2013.

Significant events in the period

No significant events took place.

Events after the reporting period

No significant events took place.

Outlook

The segment's prospects will be affected by the international financial markets, international lobbying on tax issues as well as by increasingly fierce competition in the Swiss private banking sector.

The segment will continue to take action to cut costs and improve efficiency, with attention to enhancing its services in response to the changing needs of clients and society.

PROPERTY, SERVICES AND OTHER SEGMENT

This segment includes a number of real estate companies and services companies essentially providing services within the Group.

At March 31, 2014, segment revenue totaled 0.3 million euro, a decrease from the first quarter of 2013 (0.5 million euro). After operating expense and amortization and depreciation expense of 0.4 million euro, the segment posted a loss for the quarter of 0.1 million euro (profit of 0.1 million euro in the year-earlier period).

The segment makes a marginal contribution to Group results.

TRANSACTIONS WITH RELATED PARTIES

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

- subsidiaries not accounted for on a full consolidation 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 the first quarter 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) and 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 2014, Italcementi S.p.A. made an endowment of 600,000 euro to the Italcementi Cav. Lav. Carlo Pesenti foundation to cover management costs. Under contractual arrangements, Italcementi S.p.A. charged the foundation 37,000 euro for the supply of corporate and administrative services and other services.

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 93,000 euro, under contractual arrangements.

OUTLOOK

The economic figures for the first three months of the year appear to confirm that a moderate recovery is underway. The eurozone should see a further consolidation in domestic demand, thanks to an expansionary monetary policy, greater availability of credit to support the real economy, and the moderate progress achieved in improving state budgets and introducing structural reforms.

Indirectly, these prospects could be negatively affected by the reduction in the Federal Reserve's monetary stimulus, by the slowdown in the Chinese economy and by international tension over the crisis in Ukraine, which could have an impact on financial market volatility.

Against these uncertainties, the Group nonetheless confirms its expectation of an improvement in its full-year consolidated recurring gross operating profit compared with 2013, subject to currently unforeseeable events.

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 derogate from the obligations to publish disclosure documents required in connection with significant merger transactions, spin-offs, acquisitions and disposals, 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 2014	%	Q1 2013 (re-stated)	%	Change	%	Q1 2013 (published)
Revenue	**1,008,628**	**100.0**	**1,028,783**	**100.0**	**(20,155)**	**-2.0**	**1,029,207**
Other revenue	9,704		11,710		(2,006)		11,987
Change in inventories	1,725		14,345		(12,620)		14,181
Internal work capitalized	4,882		4,757		125		4,757
Raw materials and supplies	(414,749)		(443,940)		29,191		(442,945)
Services	(254,059)		(255,825)		1,766		(257,042)
Personnel expense	(225,904)		(235,868)		9,964		(235,900)
Other operating expense	(20,075)		(32,986)		12,911		(33,063)
Recurring gross operating profit	**110,152**	**10.9**	**90,976**	**8.8**	**19,176**	**21.1**	**91,182**
Net gains from the sale of non-current assets	1,273		2,633		(1,360)		2,633
Non-recurring employee expense for re-organizations	(264)		(2,061)		1,797		(2,061)
Other non-recurring income (expense)	(187)		217		(404)		217
Gross operating profit	**110,974**	**11.0**	**91,765**	**8.9**	**19,209**	**20.9**	**91,971**
Amortization and depreciation	(101,861)		(108,390)		6,529		(108,564)
Impairment (losses) reversals on non-current assets	(1,809)		47		(1,856)		47
Operating profit (loss)	**7,304**	**0.7**	**(16,578)**	**-1.6**	**23,882**	**144.1**	**(16,546)**
Finance income	5,966		8,362		(2,396)		8,356
Finance costs	(40,236)		(35,091)		(5,145)		(35,133)
Exchange-rate differences and net gains (losses) on derivatives	(6,603)		6,129		(12,732)		6,093
Impairment losses on financial assets							
Share of profit (loss) of equity-accounted investees	(584)		(15,422)		14,838		(15,190)
Loss before tax	**(34,153)**	**-3.4**	**(52,600)**	**-5.1**	**18,447**	**35.1**	**(52,420)**
Income tax expense	(13,205)		(23,475)		10,270		(23,462)
Loss relating to continuing operations	**(47,358)**	**-4.7**	**(76,075)**	**-7.4**	**28,717**	**37.7**	**(75,882)**
Profit (loss) relating to discontinued operations							
Loss for the period	**(47,358)**	**-4.7**	**(76,075)**	**-7.4**	**28,717**	**37.7**	**(75,882)**
Attributable to:							
Owners of the parent	(19,953)	-2.0	(49,066)	-4.8	29,113	59.3	(48,924)
Non-controlling interests	(27,405)	-2.7	(27,009)	-2.6	(396)	-1.5	(26,958)

Statement of comprehensive income

(in thousands of euro)	Q1 2014	% of revenue	Q1 2013 (re-stated)	% of revenue	Change	%	Q1 2013 published
Loss for the period	**(47,358)**	**-4.7**	**(76,075)**	**-7.4**	**28,717**	**37.7**	**(75,882)**
Other comprehensive income (expense) relating to continuing operations							
Items that will not subsequently be reclassified to the income statement							
Re-measurement of the net liability (asset) for employee benefits	(1)		266		(267)		
Income tax (expense)			(406)		406		
Total items that will not be reclassified to the income statement	**(1)**		**(140)**		**139**		
Items that might subsequently be reclassified to the income statement							
Translation reserve on foreign operations	5,200		25,957		(20,757)		26,230
Translation reserve on foreign operations - investments in equity-accounted investees	(3,165)		818		(3,983)		819
Fair value gains (losses) on cash flow hedging	(5,826)		6,580		(12,406)		6,579
Fair value gains (losses) on cash flow hedging - investments in equity-accounted investees			51		(51)		52
Fair value gains (losses) on available-for-sale financial assets	41,446		(30,980)		72,426		(30,980)
Fair value gains (losses) on available-for-sale financial assets - investments in equity-accounted investees							(776)
Income tax (expense)	1,006		122		884		1,071
Total items that might subsequently be reclassified to the income statement	**38,661**		**2,548**		**36,113**		**2,995**
Total other comprehensive income relating to continuing operations net of the tax effect	**38,660**		**2,408**		**36,252**		**2,995**
Other comprehensive income (expense) relating to discontinued operations							
Total other comprehensive income	**38,660**		**2,408**		36,252		**2,995**
Total comprehensive expense	**(8,698)**	**-0.9**	**(73,667)**	**-7.2**	**64,969**	**88.2**	**(72,887)**
Attributable to:							
owners of the parent	25,279		(57,251)		82,530		(56,524)
non-controlling interests	(33,977)		(16,416)		(17,561)		(16,363)

Condensed statement of change in total net financial position

(in thousands of euro)	03/31/2014	03/31/2013 (Re-stated)	03/31/2013 Published
Net financial position (debt) at beginning of period	**(1,829,988)**	**(1,923,178)**	**(1,930,488)**
Cash flow from operating activities before change in working capital	29,145	43,640	43,568
Change in working capital	(13,216)	(91,828)	(91,790)
Total cash flow from (used in) operating activities	**15,929**	**(48,188)**	**(48,222)**
Investments in PPE, investment property, and intangible assets	(128,548)	(52,031)	(52,223)
Change in liabilities for purchase of PPE, investment property, intangibles	(39,135)	(13,824)	(13,778)
Cash flow net of investments in PPE, investment property, intangibles	**(151,754)**	**(114,043)**	**(114,223)**
Investments in equity investments	(1,851)	(86)	(86)
Change in liabilities for purchase of equity investments	(42)	24	24
Proceeds from sale of non-current assets	61,909	11,390	11,390
Dividends paid	-	(668)	(668)
Other changes	(3,897)	(8,349)	(8,275)
Change in net financial position	**(95,635)**	**(111,732)**	**(111,838)**
Net financial position (debt) at end of period	**(1,925,623)**	**(2,034,910)**	**(2,042,326)**

Financial position

(in thousands of euro)	March 31, 2014	December 31, 2013 (re-stated)	Change	%
Current financial assets	(1,192,664)	(1,211,892)	19,228	-1.6
Current financial liabilities	1,020,406	960,481	59,925	-6.2
Non-current financial assets	(115,748)	(130,960)	15,212	-11.6
Non-current financial liabilities	2,213,629	2,212,359	1,270	-0.1
Total net financial debt	**1,925,623**	**1,829,988**	**95,635**	**-5.2**

Net Financial Debt at March 31, 2014, computed in compliance with Consob Communication no. DEM/6064293 of July 28, 2006 (i.e., not including non-current financial assets) amounted to 2,041,371 thousand euro (1,960,948 thousand euro at December 31, 2013).

Equity

(in thousands of euro)	March 31, 2014	December 31, 2013 (re-stated)	Change	%
Total equity	**4,304,596**	**4,339,269**	**(34,673)**	**-0.8**

Comments on the financial statements

Foreword

The quarterly report as at and for the three months ended March 31, 2014, 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 has also been drawn up in compliance with the measurement and recognition criteria of the International Financial Reporting Standards (IFRS).

Basis of presentation

The consolidated financial statements have been drawn up on the basis of the financial statements as at and for the three months ended March 31, 2014 of the consolidated companies, adjusted where necessary to ensure alignment with the Group IFRS-compliant classification criteria and accounting policies.

The accounting policies used to draw up the condensed quarterly consolidated financial statements are consistent with those 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”, in the application guidance, regarding offsetting of financial assets and liabilities.
- IFRS 10 “Consolidated financial statements”. The new standard replaces IAS 27 “Consolidated and separate financial statements” and SIC 12 “Consolidation – Special-purpose entities”. IFRS 10 introduces a new control model, applicable to all entities in which an investment is held, based on the Group’s power over the entities, its exposure or rights to variable returns arising from its involvement with the entities and its ability to affect those returns through its power over the entities.
- 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.

Application of the above policies, amendments and interpretations did not generate significant impacts on the Group financial statements.

The results of operations and financial position in 2013 used for the comparison with 2014 have been re-stated by applying IFRS 10, 11 and12 and IAS 28 as from January 1, 2013.

Scope of consolidation

In the first quarter of 2014, Suez Cement Company SAE purchased the residual 50% of the capital of International City for Concrete in Saudi Arabia; the Saudi company is now 100% controlled and is fully consolidated (in 2013 it was accounted for with the proportionate consolidation method).

Exchange rates used to translate the financial statements of foreign operations

The local-currency accounts of the fully or proportionately consolidated foreign subsidiaries and the foreign associates accounted for with the equity method were translated into the functional currency at the exchange rate at March 31, 2014 for assets and liabilities, and at the average exchange rate for the first three months of 2014 for the income statement.

Exchange rates for 1 euro:

	Average rate			Closing rate		
Currencies	Q1 2014	Full year 2013	Q1 2013	March 31, 2014	December 31, 2013	March 31, 2013
Thai baht	44.72210	40.79178	39.34642	44.70900	45.17800	37.42300
Czech crown	27.44216	25.97397	25.56173	27.44200	27.42700	25.74000
Kuwaiti dinar	0.38637	0.37687	0.37328	0.38829	0.38954	0.36544
Libyan dinar	1.70751	1.67945	1.67345	1.71687	1.70192	1.65042
Serbian dinar	115.67051	113.06400	111.67200	115.56100	114.79100	111.86800
UAE dirham	5.03064	4.87640	4.84830	5.06430	5.06539	4.70321
Moroccan dirham	11.22593	11.16730	11.14981	11.25110	11.25385	11.08174
Australia dollar	1.52746	1.37571	-	1.49410	1.54230	-
Canadian dollar	1.51068	1.36747	1.33058	1.52250	1.46710	1.30210
US dollar	1.36963	1.32764	1.31998	1.37880	1.37910	1.28050
Hungarian florin	307.93190	296.92600	296.55900	307.18000	297.04000	304.42000
Swiss franc	1.22370	1.23085	1.22793	1.21940	1.22760	1.21950
Ukrainian hryvnia	12.52300	10.78280	10.66170	15.49960	11.32920	10.36870
Croatian kuna	7.64977	7.57870	7.58354	7.64750	7.62650	7.59400
Albanian lek	140.35840	140.29165	139.67016	140.17100	140.53300	139.85660
Moldavian leu	18.33688	16.71205	16.07178	18.54030	18.00690	15.86271
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Egyptian pound	9.54109	9.12954	8.81947	9.61262	9.58716	8.71341
Bosnian mark	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
New Turkish lira	3.03719	2.52634	2.35113	2.96930	2.96050	2.32060
New Romanian leu	4.50231	4.41873	4.38787	4.45920	4.47100	4.41930
Mauritanian ouguiya	411.95376	399.27700	394.97396	412.59900	412.68900	383.66980
Mexican peso	18.12987	16.95204	16.69782	18.01470	18.07310	15.81460
Brazilian real	3.23995	2.86477	2.63678	3.12760	3.25760	2.57030
Chinese renminbi	8.35762	8.16229	8.21685	8.57540	8.34910	7.96000
Qatar riyal	4.98746	4.83385	4.80553	5.02067	5.02187	4.66214
Saudi riyal	5.13666	4.97905	4.95027	5.17095	5.17224	4.80212
Indian rupee	84.57944	77.81510	71.52409	82.57840	85.36600	69.56600
Sri Lanka rupee	179.05460	171.46200	167.37305	180.22100	180.38600	162.34970
Sterlina inglese	0.82787	0.84908	0.85047	0.82820	0.83370	0.84560
Kazakh tenge	233.50479	202.03991	198.90765	251.04400	212.43900	193.17940
Polish zloty	4.18430	4.19670	4.15494	4.17190	4.15430	4.18040

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

Income statement

Revenue

Revenue from sales and services amounted to 1,008,628 thousand euro, as follows:

(in thousands of euro)	Q1 2014	Q1 2013	Change	% change
Industrial revenue				
Product sales	948,098	978,499	(30,401)	-3.1%
Services provided	29,925	29,432	493	1.7%
Other revenue	7,964	7,462	502	6.7%
Total	**985,987**	**1,015,393**	**(29,406)**	**-2.9%**
Financial revenue				
Interest	1,485	1,299	186	14.3%
Dividends	120	21	99	n.s.
Gains and other revenue	16,363	6,230	10,133	n.s.
Total	**17,968**	**7,550**	**10,418**	**n.s.**
Bank revenue				
Interest	761	862	(101)	-11.7%
Commissions	3,436	4,292	(856)	-19.9%
Other revenue	448	457	(9)	-2.0%
Total	**4,645**	**5,611**	**(966)**	**-17.2%**
Property and service revenue	**28**	**229**	**(201)**	**n.s.**
Grand total	**1,008,628**	**1,028,783**	**(20,155)**	**-2.0%**

Raw materials and supplies

Raw materials and supplies amounted to 414,749 thousand euro, as follows:

(in thousands of euro)	Q1 2014	Q1 2013	Change	% change
Raw materials and semifinished products	127,507	130,658	(3,151)	-2.4%
Fuel	86,233	88,628	(2,395)	-2.7%
Materials and machinery	65,309	67,815	(2,506)	-3.7%
Finished goods	34,771	38,702	(3,931)	-10.2%
Electricity, water and gas	100,885	117,458	(16,573)	-14.1%
Change in inventories of raw materials, consumables and other	44	679	(635)	-93.5%
Total	**414,749**	**443,940**	**(29,191)**	**-6.6%**

Services

Services amounted to 254,059 thousand euro, as follows:

(in thousands of euro)	Q1 2014	Q1 2013	Change	% change
External services and maintenance	84,831	84,334	497	0.6%
Transport	106,909	105,645	1,264	1.2%
Legal fees and consultancy	10,001	10,728	(727)	-6.8%
Rents	19,407	20,442	(1,035)	-5.1%
Insurance	9,053	9,563	(510)	-5.3%
Subscriptions	2,607	2,810	(203)	-7.2%
Other expense	21,251	22,303	(1,052)	-4.7%
Total	**254,059**	**255,825**	**(1,766)**	**-0.7%**

Personnel expense

Personnel expense totaled 225,904 thousand euro, as follows:

(in thousands of euro)	Q1 2014	Q1 2013	Change	% change
Wages and salaries	154,239	159,188	(4,949)	-3.1%
Social security contributions	34,206	35,025	(819)	-2.3%
Provisions and contributions to pension funds	15,094	15,024	70	0.5%
Cost of stock option plans	83	179	(96)	-53.6%
Other expense	22,282	26,452	(4,170)	-15.8%
Total	**225,904**	**235,868**	**(9,964)**	**-4.2%**

The number of employees is shown below:

(heads)	Q1 2014	Q1 2013	Change
Number of employees at end of period	19,801	20,298	(497)
Average number of employees	19,840	20,333	(493)

Other operating expense

Other operating expense net of other operating income amounted to 20,075 thousand euro, as follows:

(in thousands of euro)	Q1 2014	Q1 2013	Change	% change
Other taxes	19,900	20,601	(701)	-3.4%
Allowance for impairment	3,030	9,155	(6,125)	-66.9%
Interest expense and other expense for companies in the financial and banking segments	2,901	3,787	(886)	-23.4%
Provision for environmental restoration - quarries, other	10,811	9,662	1,149	11.9%
Miscellaneous income	(16,567)	(10,219)	(6,348)	62.1%
Total	**20,075**	**32,986**	**(12,911)**	**39.1%**

The increase in “Miscellaneous income” arose mainly from income of 4.6 million euro on the assignment of white certificates (0.2 million euro in the first quarter of 2013) and from the reimbursement of “new entry” CO_2 quotas of 0.5 million euro.

Non-recurring income

Non-recurring income net of non-recurring expense amounted to 822 thousand euro (net income of 789 thousand euro in the first quarter of 2013), as follows:

(in thousands of euro)	Q1 2014	Q1 2013	Change	% change
Net gains from sale of non-current assets	1,273	2,633	(1,360)	-51.7%
Personnel expense for re-organizations	(264)	(2,061)	1,797	87.2%
Other non-recurring income (expense)	(187)	217	(404)	n.s.
Total	**822**	**789**	**33**	**4.2%**

Amortization and depreciation

The total amount of 101,861 thousand euro (108,390 thousand euro in the first quarter of 2013) consisted of depreciation of property, plant and equipment for 96,291 thousand euro (102,895 thousand euro in the first quarter of 2013), depreciation of investment property for 263 thousand euro (299 thousand euro in the first quarter of 2013) and amortization of intangible assets for 5,307 thousand euro (5,196 thousand euro in the first quarter of 2013).

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

Finance costs net of finance income amounted to 40,873 thousand euro, as follows:

	Q1 2014		Q1 2013	
(in thousands of euro)	**Income**	**Costs**	**Income**	**Costs**
Interest income	5,351		3,560	
Interest expense		(29,526)		(25,815)
Dividends			494	
Gains/losses on sale of equity investments		(5)		(264)
Other finance income	615		4,308	
Capitalized finance costs		1,036		462
Other finance costs		(11,741)		(9,474)
Total finance income (costs)	**5,966**	**(40,236)**	**8,362**	**(35,091)**
Losses on interest-rate derivatives		(1,992)		(264)
Losses on exchange-rate derivatives		(4,369)		(42,639)
Net exchange-rate differences		(242)	49,032	
Net exchange-rate differences and losses on derivatives		**(6,603)**	**6,129**	
Total finance income (costs), exchange-rate differences and net gains (losses) on derivatives		**(40,873)**		**(20,600)**

Total finance costs net of finance income, not considering exchange-rate differences and net gains (losses) on derivatives, amounted to 34,270 thousand euro (26,729 thousand euro in the first quarter of 2013).
“Capitalized finance costs” in the first quarter totaled 1,036 thousand euro (462 thousand euro in the first quarter of 2013).
The most significant changes were in exchange-rate differences net of the hedging effect for 11.0 million euro and in net interest expense on debt for 2.3 million euro, as well as the absence in the first quarter of 2014 of the net effect of hedging on EUA emission rights and CER/ERU emission reduction credits, compared with income of 2.1 million euro in the first quarter of 2013.
“Other finance costs” included net finance costs of 1,762 thousand euro on employee defined benefit plans (1,732 thousand euro in the first quarter of 2013).

Impairment losses on financial assets

There were no impairment losses on financial assets in the first quarter of 2014.

Share of profit (loss) of equity-accounted investees

(in thousands of euro)	Q1 2014	Q1 2013	Change	% change
Asment Cement (Morocco)	2,115	1,730	385	22.3%
Techno Gravel (Egypt)	81	137	(56)	-40.9%
Innocon and Ciment du Quebec (Canada)	(1,188)	(2,159)	971	45.0%
Vassiliko (Cyprus)	(1,272)	(503)	(769)	-152.9%
Mittel (Italy)	-	(271)	271	100.0%
RCS MediaGroup (Italy)	-	(14,067)	14,067	100.0%
Others	(320)	(289)	(31)	-10.7%
Total	**(584)**	**(15,422)**	**14,838**	**96.2%**

The share of profit (loss) of equity-accounted investees in the first quarter of 2014 amounted to a loss of 584 thousand euro (a loss of 15,422 thousand euro in the first quarter of 2013). It related entirely to companies in the construction materials segment (a loss of 1,084 thousand euro in the first quarter of 2013), while investees in the financial segment had no effect in the first quarter of 2014 (a loss of 14,338 thousand euro in the first quarter of 2013).

Income tax expense

Income tax expense in the first quarter of 2014 amounted to 13,205 thousand euro, as follows:

(in thousands of euro)	Q1 2014	Q1 2013	Change	% change
Current tax	(17,928)	(42,666)	24,738	58.0%
Prior-year tax and other net non-recurring tax items	279	1,828	(1,549)	-84.7%
Deferred tax	4,444	17,363	(12,919)	-74.4%
Total	**(13,205)**	**(23,475)**	**10,270**	**43.7%**

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:

	Q1 2014					
(in thousands of euro)	Equity		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%		
Income tax expense 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)**	

	Q1 2013					
(in thousands of euro)	Equity (re-stated)		Loss for the period (re-stated)		Net financial debt (re-stated)	
	amount	%	amount	%	amount	%
Carrying amounts	**4,617,990**		**(76,075)**		**(2,034,910)**	
Net gains from the sale of non-current assets	2,633	0.06%	2,633	5.56%	2,720	0.14%
Non-recurring personnel expense for re-organizations	(2,061)	0.05%	(2,061)	4.35%		
Other non-recurring income	217	0.01%	217	0.46%	(300)	0.02%
Income tax expense on non-recurring transactions						
Total	**789**	**0.02%**	**789**	**1.67%**	**2,420**	**0.13%**
Figurative amount without non-recurring transactions	**4,617,201**		**(76,864)**		**(2,037,330)**	

Capital expenditure

Capital expenditure in the first quarter of 2014 was as follows:

(in thousands of euro)	Q1 2014	Q1 2013	Change	% change
Intangible assets	2,155	2,321	(166)	-7.2%
Property, plant and equipment, investment property	126,393	49,710	76,683	n.s.
Change in payables for purchases of property, plant and equipment, investment property and intangible assets	39,135	13,824	25,311	n.s.
Total investments in property, plant and equipment, investment property and intangible assets	**167,683**	**65,855**	**101,828**	**n.s.**
Non-current financial assets	1,851	86	1,765	n.s.
Change in payables for purchases of non-current financial assets	42	(24)	66	n.s.
Total investments in equity investments	**1,893**	**62**	**1,831**	n.s.
Total	**169,576**	**65,917**	**103,659**	**n.s.**

Net financial debt

Net financial debt at March 31, 2014, stood at 1,925,623 thousand euro (1,829,988 thousand euro at December 31, 2013), consisting of gross financial liabilities of 3,234,035 thousand euro and gross financial assets of 1,308,412 thousand euro.
At March 31, 2014, non-current financial liabilities amounted to 2,213,629 thousand euro (2,212,359 at December 31, 2013).

* * *

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.