

## SMI Consolidated Income Statement SMI (identical criteria)

(in billions of Italian lire)

Comparable figures (\*)  
(IAS 8 principle)

	1 <sup>st</sup> half year 2000-2001		1 <sup>st</sup> half year 1999-2000		Half-year on half-year		Period 1999-2000
<b>Sales</b>	<b>2.377,2</b>		<b>1.854,9</b>				<b>4.046,4</b>
Cost of raw materials	(1.360,0)		(1.047,7)				(2.295,6)
<b>Net sales</b>	<b>1.017,2</b>	100%	<b>807,2</b>	100%	<b>26,0%</b>		<b>1.750,8</b> 100%
Cost of work	(362,0)		(335,8)				(698,0)
Other operating costs	(438,0)		(317,0)				(693,1)
<b>Gross operating margin</b>	<b>217,2</b>	21,4%	<b>154,4</b>	19,1%	<b>40,7%</b>		<b>359,7</b> 20,5%
Amort./depr. and provisions	(69,5)		(63,1)				(143,1)
<b>Net operating margin</b>	<b>147,7</b>	14,5%	<b>91,3</b>	11,3%	<b>61,8%</b>		<b>216,6</b> 12,4%
Net financial charges	(43,3)		(22,4)				(34,6)
<b>Ordinary profit</b>	<b>104,4</b>	10,3%	<b>68,9</b>	8,5%	<b>51,5%</b>		<b>182,0</b> 10,4%
Managed start-up KME	(10,5)		(10,5)				(21,0)
Extraordinary components	(35,3)		10,9				20,0
Equity results	0,9		0,1				(3,4)
<b>Pre-tax profits</b>	<b>59,5</b>	5,8%	<b>69,4</b>	8,6%	<b>-14,3%</b>		<b>177,6</b> 10,1%
Income tax							(95,4)
							<b>82,2</b> 4,7%
Deferred taxation							8,6
Minority interest result	(0,8)		(1,0)				(1,1)
<b>Net profit for the Group</b>							<b>89,7</b> 5,1%

(\*) Starting from 31 December 2000, it was decided to adopt a system whereby there is evaluated the relative cost of coverage of that part of the stock of raw materials formerly covered by orders acquired but not yet completed.

This new accounting principle makes it possible to prevent that the income figures become distorted when there are rapid variations in prices for raw materials, due to the normal time difference between the completion of the orders for purchasing raw materials and the subsequent sale of products.

This solution enables us to have an accounting representation which better reflects real operations; it is in line with the international accounting principles and is approved by the auditing company. The figures in the 1999/2000 financial statements have been recalculated in order to make them comparable with the figures for 2000/2001.

## SMI Consolidated Balance Sheet (identical criteria)

(in billions of Italian lire)

	<i>Comparable data (*)</i> <i>(IAS 8 principle)</i>		
	<i>31 December 2000</i>	<i>30 June 2000</i>	<i>31 December 1999</i>
Invested capital			
<b>Fixed assets</b>			
Goodwill KME	346,7	357,1	367,6
Intangible assets	7,2	7,6	5,8
Manufacturing equipment	1.012,5	987,9	973,6
Investments	102,4	101,8	113,8
<b>Total fixed assets</b>	<b>1.468,8</b>	<b>1.454,4</b>	<b>1.460,8</b>
<b>Current assets</b>			
Inventory	742,9	731,6	651,2
Other current assets	284,3	273,0	227,5
<b>Total current assets</b>	<b>1.027,2</b>	<b>1.004,6</b>	<b>878,7</b>
<b>Staff leaving indemnity</b>	<b>(218,6)</b>	<b>(214,1)</b>	<b>(212,2)</b>
<b>Total capital invested</b>	<b>2.277,4</b>	<b>2.244,9</b>	<b>2.127,3</b>

	<i>Comparable data (*)</i> <i>(IAS 8 principle)</i>		
	<i>31 December 2000</i>	<i>30 June 2000</i>	<i>31 December 1999</i>
Coverage			
<b>Shareholders' equity</b>			
Capital stock	701,9	701,9	636,7
Retained earnings	178,9	114,6	124,7
Profit for the period	58,8 (1)	89,7 (1)	68,4
<b>Total stockholders' equity</b>	<b>939,6</b>	<b>906,2</b>	<b>829,8</b>
<b>Minority interest</b>	<b>7,8</b>	<b>10,5</b>	<b>17,0</b>
<b>Total equity</b>	<b>947,4</b>	<b>916,7</b>	<b>846,8</b>
<b>Financial payables</b>	<b>1.330,0</b>	<b>1.328,2</b>	<b>1.280,5</b>
<b>Total coverage</b>	<b>2.277,4</b>	<b>2.244,9</b>	<b>2.127,3</b>

(1) Before taxes.

(\*) Starting from 31 December 2000, it was decided to adopt a system whereby there is evaluated the relative cost of coverage of that part of the stock of raw materials formerly covered by orders acquired but not yet completed.

This new accounting principle makes it possible to prevent that the income figures become distorted when there are rapid variations in prices for raw materials, due to the normal time difference between the completion of the orders for purchasing raw materials and the subsequent sale of products.

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## Consolidated balance sheet – Assets

(in millions of Italian lire)

Figures not comparable (\*)  
(Accounting principle 29)

	31 December 2000	30 June 2000	31 December 1999
<b>A) Receivables from shareholders for capital stock not called for</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B) Fixed assets</b>			
I - Intangible assets	353.939	364.686	373.421
II - Tangible assets	1.012.486	987.931	973.733
III - Investments	102.411	101.764	113.811
<b>Total fixed assets (B)</b>	<b>1.468.836</b>	<b>1.454.381</b>	<b>1.460.965</b>
<b>C) Current assets</b>			
I - Inventory	742.914	700.142	642.922
II - Receivables	918.598	920.559	795.019
III - Securities	63.654	57.713	55.825
IV - Cash at bank or in hand	64.491	42.265	51.786
<b>Total current assets (C)</b>	<b>1.789.657</b>	<b>1.720.679</b>	<b>1.545.552</b>
<b>E) Prepayments and accrued income</b>	<b>4.465</b>	<b>3.336</b>	<b>3.568</b>
<b>TOTAL ASSETS</b>	<b>3.262.958</b>	<b>3.178.396</b>	<b>3.010.085</b>

## Financial Info

### Consolidated balance sheet – Liabilities

(in millions of Italian lire)

Figures not comparable (\*)  
(Accounting principle 29)

	31 December 2000		30 June 2000		31 December 1999	
<b>A) Shareholders' equity</b>						
I - Capital		701.884		701.884		636.746
IV - Legal reserve		10.263		6.881		6.881
V - Reserve for own shares and those of parent company		12.071		0		0
VIII - Reserve from consolidation		43.617		40.796		50.947
VIII - Profit (loss) carried forward		81.753		66.903		66.903
IX - Profit (loss) for the period		89.986		71.004		60.222
<b>Total</b>		<b>939.574</b>		<b>887.468</b>		<b>821.699</b>
Minority interest		7.759		10.288		16.861
<b>Total</b>		<b>947.333</b>		<b>897.756</b>		<b>838.560</b>
<b>B) Provisions for contingencies and other liabilities</b>		<b>185.066</b>		<b>166.159</b>		<b>145.756</b>
<b>C) Employment severance indemnity</b>		<b>218.604</b>		<b>214.069</b>		<b>212.152</b>
<b>D) Payables</b>						
	<i>of which: payable after next period</i>		<i>of which: payable after next period</i>		<i>of which: payable after next period</i>	
3) Financial payables	1.073.814	1.454.372	701.609	1.422.401	696.351	1.375.082
13) Other payables		457.126		476.287		438.051
<b>Total</b>	<b>1.073.814</b>	<b>1.911.498</b>	<b>701.609</b>	<b>1.898.688</b>	<b>696.351</b>	<b>1.813.133</b>
<b>E) Accruals and other deferred income</b>		<b>457</b>		<b>1.724</b>		<b>484</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3.262.958</b>		<b>3.178.396</b>		<b>3.010.085</b>
<b>MEMORANDUM ACCOUNTS</b>						
1) Guarantees and liens given on behalf of others		40.117		11.060		18.026
2) Guarantees and liens received from others		26.378		0		0
3) Futures contracts in foreign exchange		0		0		1.980
4) Leased goods		32.169		42.672		30.475
5) Receivables transferred to third parties		0		0		30.415
6) Securities held in safe deposit		0		0		15.671
7) Hedging against interest rates		43.190		50.334		290.440
8) Others		75		90		127
<b>Total</b>		<b>141.929</b>		<b>104.155</b>		<b>387.134</b>

## Consolidated financial statements – Profit and Loss

(in millions of Italian lire)

Figures not comparable (\*)  
(Accounting principle 29)

	1 <sup>st</sup> half-year 2000/2001	1 <sup>st</sup> half-year 1999/2000	Period 1999/2000
<b>A) Value of production</b>			
1) Sale of goods and services	2.377.171	1.854.907	4.046.369
2) Change in finished goods and work in progress inventory	(6.449)	(2.129)	77.100
3) Variation in contracts in progress	2.692	(12.257)	(1.294)
4) Work in progress at cost	2.619	2.960	6.536
5) Other revenues and income	10.080	15.641	33.328
<b>Total value of production (A)</b>	<b>2.386.113</b>	<b>1.859.122</b>	<b>4.162.039</b>
<b>B) Cost of production</b>			
6) Raw materials, consumable and goods for sale	(1.389.583)	(1.084.304)	(2.536.809)
7) Services	(357.944)	(277.771)	(585.936)
8) Rent and leasing	(7.900)	(8.170)	(16.420)
9) Staff	(358.961)	(334.994)	(697.181)
10) Amortisation, Depreciation and Valuation adjustments	(80.020)	(68.378)	(147.994)
11) Change in raw materials, consumables and goods	(34.741)	(5.444)	21.276
12) Amounts provided for contingencies	0	(5.281)	(7.078)
14) Other operating costs	(16.677)	(1.512)	(26.914)
<b>Total cost of production (B)</b>	<b>(2.245.826)</b>	<b>(1.785.854)</b>	<b>(3.997.056)</b>
<b>Difference between costs and production value (A-B)</b>	<b>140.287</b>	<b>73.268</b>	<b>164.983</b>
<b>C) Financial income and expenses</b>			
15) Income from equity investments	0	349	35.356
16) Financial income	8.614	5.930	13.633
17) Interest payable and similar charges	(50.978)	(28.517)	(83.954)
<b>Total financial income and expenses (C) (15+16-17)</b>	<b>(42.364)</b>	<b>(22.238)</b>	<b>(34.965)</b>
<b>D) Valuation adjustments to investments</b>			
18) Revaluation	867	0	2.209
19) Writing-down	(940)	0	(5.265)
<b>Total valuation adjustments to investments (D)</b>	<b>(73)</b>	<b>0</b>	<b>(3.056)</b>
<b>E) Extraordinary income and charges</b>			
20) Income	52.757	14.626	24.656
21) Charges	(59.605)	(4.495)	(5.520)
<b>Total of extraordinary items (E)</b>	<b>(6.848)</b>	<b>10.131</b>	<b>19.136</b>
<b>Profit (loss) before tax (A+B+C+D+E)</b>	<b>91.002</b>	<b>61.161</b>	<b>146.098</b>
22) Income taxes for the period	0	0	(74.200)
<b>26) PROFIT (LOSS) FOR THE PERIOD</b>	<b>91.002</b>	<b>61.161</b>	<b>71.898</b>
Minority interest share	(1.016)	(939)	(894)
<b>26) PROFIT (LOSS) OF THE GROUP</b>	<b>89.986</b>	<b>60.222</b>	<b>71.004</b>

## Consolidated cash flow statement for the first half 2000/2001

(in millions of lire)

	31 December 2000	30 June 2000
<b>(A) Net short term indebtedness at beginning of the year</b>	<b>(626.591)</b>	<b>(492.015)</b>
<b>Cash flow from operating activities::</b>		
Result with others' equity	91.002	72.098
Depreciation and amortisation	65.479	146.165
Equity result	73	3.056
Capital gains from net transfer sales	(20.383)	(2.226)
Allocation to/use of contingency funds	20.719	2.318
	<b>156.890</b>	<b>221.411</b>
Change in stock	28.971	(17.924)
Impact of change of stock evaluation principles	(71.785)	0
Change in other circulating assets	(21.256)	(186.865)
Deferred taxation receivable	0	(20.106)
Movements in funds	(5.509)	(6.556)
Change to area of consolidation	0	19.936
Change to severance indemnity payment	4.504	1.526
<b>(B) Cash flow from operating activities</b>	<b>91.815</b>	<b>11.422</b>
<b>Investments:</b>		
Cash flow from investments (net)	(58.811)	(155.369)
Investment in subsidiary companies' equity	(684)	(10.961)
Investment in consolidated companies' equity	0	(255.800)
<b>(C) Cash flow from investments</b>	<b>(59.495)</b>	<b>(422.130)</b>
<b>Financing activities:</b>		
Capital increase	0	65.867
Changes in medium term debt	335.736	241.075
Payment of dividends	(36.238)	(30.810)
<b>(D) Cash flow from financial activities</b>	<b>299.498</b>	<b>276.132</b>
<b>(E) Cash flow from operations in the period (B+C+D+E)</b>	<b>331.818</b>	<b>(134.576)</b>
<b>(F) Short term borrowings net at the end of the period (A+E)</b>	<b>(294.773)</b>	<b>(626.591)</b>