IGD GROUP

Consolidated half year report
as at 30 June 2005

GRUPPO IMMOBILIARE GRANDE DISTRIBUZIONE S.p.A.
Via Agro Pontino n°13 - 48100 Ravenna – Share Capital €282,249,261.00 fully paid-up –- Ravenna Economic and Administrative Index (REA) no. 88573 – Business Registry of Ravenna, tax identification Code, and VAT registration no. 00397420399 – Company belonging to the Coop Adriatica S.c.r.l. Group

MANAGEMENT REPORT

The consolidated financial statement of Gruppo Immobiliare Grande Distribuzione S.p.A. (referred to as IGD S.p.A. for the sake of brevity) as at 30 June 2005, accompanied by this report and notes, consolidates both the balance sheet and the income statement of IGD S.p.A. and Gescom S.r.l., which are controlled as fully-owned subsidiaries.

The IGD Group is active in property management and leasing, with the aim of increasing the value of its real estate portfolio through the acquisition, construction, and leasing of commercial properties (shopping centres, hypermarkets, supermarkets, and malls) on the one hand, and on the other, by optimising the return on properties which are among its real estate assets, or through the sale of malls. The IGD Group also provides a wide range of services, primarily consisting in agency and facility management for properties belonging to the group and to third parties.

The first semester of 2005 was a particularly significant period for the IGD Group:

IGD S.p.A.:

1. 11 February 2005 saw the completion of a project that led to listing of IGD shares on the electronic securities exchange (MTA) of the Milan Stock Market. This operation had significant strategic ramifications, in that it has permitted IGD S.p.A. to tap financial resources which will allow it to implement an important development programme, and has granted the group high visibility both in Italy and abroad, allowing it to make optimum use of the exclusive skills it has acquired in the real estate segment of shopping centres. Listing took place through the full subscription of a share capital increase with a par value of €105 million which generated a float of 37%. The project had considerable success, demonstrating enormous appreciation for the IGD Group's business model and growth prospects. Shares were offered at €1.45, but given that demand from institutional and retail investors respectively reached 9 and 5 times the supply, an 18% increase was seen on the first day of their listing on the electronic securities exchange.
2. In keeping with the strategic plan announced to the financial markets, preliminary contracts have already been signed in the first half of 2005 for the realisation of two new large-scale commercial structures. The first, signed in April 2005, regards the mall and retail park connected to the Mondovicino shopping centre located in Mondovì, in the province

of Cuneo, for a total GLA of approximately 18,000 m². Construction will begin between the end of 2005 and the beginning of 2006, and the structures will be ready to open between late 2007 and early 2008. The second, signed in May, is related to a shopping centre of significant size (approximately 53,000 m² of GLA) to be built in the town of Guidonia, in the urban periphery of Rome, on a high-traffic street. In this case as well, construction will begin between the end of 2005 and the beginning of 2006, and the centre will be ready to open between late 2007 and early 2008.

3. In January, a preliminary contract was signed with Eurocommercial Properties for IGD to double the area of the Centro Leonardo mall in Imola. This contract is for the realisation of a new structure, the renovation and expansion of the existing mall (a total of 15,300 m² of GLA) and the construction of a new multilevel car park. Work has already begun and will be concluded in 2006, with the sale of the new structures to Eurocommercial Properties (which already owns the existing mall).

GESCOM Srl:

1. Agency activities have been almost fully completed for the following shopping centres:
   a. Shopping centre belonging to Coop Adriatica S.c.r.l. in a newly built urban centre in Bologna that was formerly the Mignanti factory.
   b. A newly built shopping centre in Rimini (to open in December 2005), whose hypermarket will be purchased by IGD, whereas the mall will belong to third parties
   c. Expansion of the Centro Borgo di Bologna shopping centre, owned by IGD, by approximately 2,500 m² of GLA
   d. The "Arca" shopping centre in Spoltore (Pescara), belonging to third parties, to be opened by the end of 2005
2. Contract renewals for 2005 (23 contracts out of 44) have been completed for the ESP shopping centre in Ravenna.
3. Gescom has also obtained a facility management contract for all the newly built shopping centres.

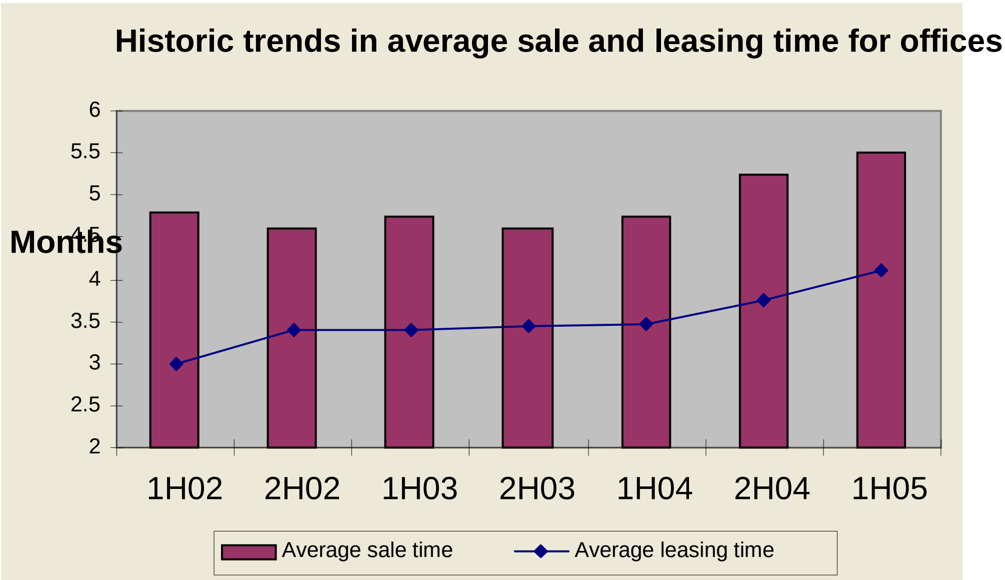
The results achieved in the first six months of 2005 come as a confirmation that the group has achieved the long-term goals it set for itself, especially in terms of profitability and expansion, both in terms of managed assets and innovative areas of business such as services connected to the management of shopping centres. Stock market listing has given considerable impetus to the growth potential of the IGD Group, in part due to the visibility it has achieved on the market.

The consolidated financial statement as at 30 June 2005 shows a net profit of €17,76 million, an increase compared to the consolidated economic result of €3.54 million profit as at 30 June 2004; this variation is the result of an increase in operating revenue from improved financial operations following the change in net financial position due to the financial resources generated by stock market listing (February 2005). Lastly, the improvement in net results was also due to an increase in the value of the IGD Group's real estate portfolio.

KEY REAL ESTATE MARKET

Compared to the strong growth seen in the entire real estate market in 2004, the market has slowed in the year underway. This is, however, a slowdown only when compared to the dizzying growth rates of previous years. Actually, the "long march" of the Italian real estate market has continued. Estimates for 2005[1] project total turnover of over 114 billion euros, a 4% increase compared to 2004. This is thus slower than the variation between 2003 and 2004, which was approximately 6%, but is still an increase at rates significant enough for Italy to rank third for growth in turnover for the sector, after Great Britain and Spain. It is a confirmation that the Italian market is still one of the most attractive ones in Europe.
When speaking of the real estate market, it is necessary to distinguish between the various segments which make it up:

1. the residential sector is definitely the one most exposed to speculation and volatility. The first half of 2005 saw a general slowdown, though in the context of an overall growth in figures. The slowdown is to be seen above all in the lengthening of average sale times. In this context, average sale prices continue to rise, though less than in previous years. Demand is increased in part by low interest rates and the ever more flourishing business of mortgages. One should note that the level of debt for Italian families, though showing a sharp increase, is still far lower than the European average. The overall context does not let one foresee what has been greatly feared, a burst in the bubble of the real estate market.
2. The segment for the service sector and offices is obviously one that suffers from the current economic juncture, and therefore is currently in difficulty,



with falling demand increasingly outweighed by supply. This is confirmed by the lengthening of leasing and sales times. Rent has shown a more limited increase compared to the trend in prices (+1.7% as opposed to 3.2%)[2] reducing average returns on leasing by 5.7%.

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[1] source: Scenari Immobiliari
[2] source: Nomisma – 2005 report on the real estate market

3. The IGD Group's key market is retail, with a particular focus on the segment of shopping centres. As always, this segment of the Italian real estate market is the least cyclical one in the entire sector. Therefore, after a year, 2004, in which the retail sector was the best performer, the first half of 2005 was marked by essential stability, both in terms of supply and demand, and in the rental market. Despite the fact that a "wait-and-see" climate has been created, one which attempts to interpret the overall trend in the economy and in consumption, indicators like sale and leasing times have remained stable compared to those of six months ago. Prices and rents show a tendency to rise, by 3.7% and 2.2%[3] respectively; this has caused a slight drop in average profitability, though the latter remains quite significant (average value currently 8%, as compared to 9.2% at the beginning of the cycle). One should note that the Italian market of shopping centres continues to be in strong expansion. Projections for 2006 indicate that GLA[4] will increase by 2 million m², with the construction of approximately 70 new structures. Most of the new projects are over 12,000 m², in keeping with trends in Europe. The growth trend in Northern Italy continues, but one should note new initiatives in the South which are to be realised over the next few years. Overall, the greatest growth rate will be seen in Central and Southern Italy, especially in terms of large and very large scale centres, retail parks, and factory outlets. According to 2006 projections by CB Richard Ellis, earnings from shopping centres will remain stable in more developed markets and will fall in emerging ones.

The real estate market is affected by the trend in interest rates and by the financial markets in general. For this reason, when analysing trends in the real estate market, one must also take a look at projections for currency and financial markets. Given the lasting nature of the international recession, and despite recent strain in the oil market, the inflation rate seems to be under control, and in the EMU area, no signs of immediate change can be glimpsed in the monetary policy adopted up to now. The general situation indicates that official rates will remain at current levels for many months to come. Medium to long-term returns also reflect the aforementioned economic projections, and those with 10-year expiration have stood at around 3% for some time now.
One should emphasise that the cost of medium to long-term borrowing for the IGD Group as at 30 June 2004 is a fixed one, in that it is entirely hedged by interest rate swaps. The group is therefore completely immune from interest rate risk.

[3] source: Nomisma – 2005 report on the real estate market

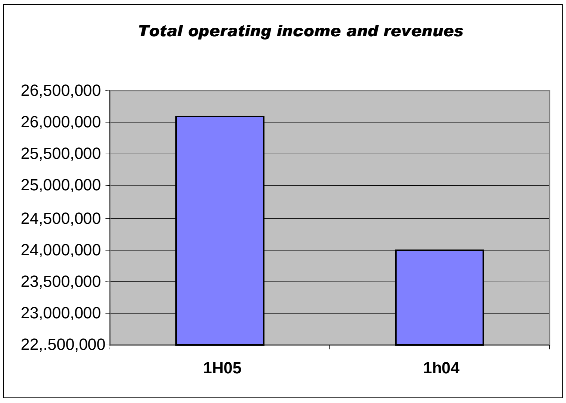
[4] GLA: gross leaseable area

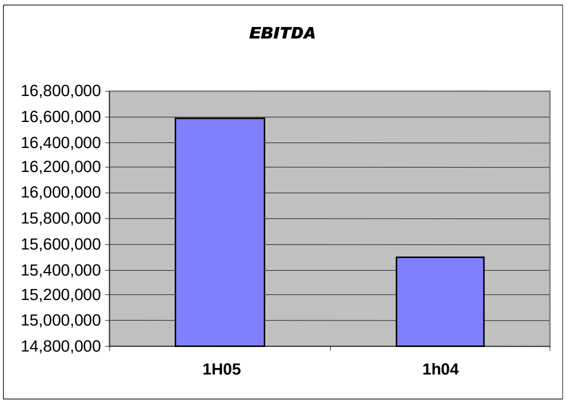
ECONOMIC ANALYSIS

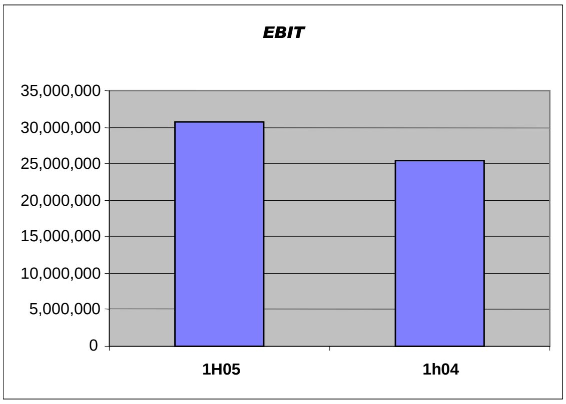
The economic results of the IGD Group in the first half of 2005 and the periods used for comparison have been calculated using the IAS/IFRS standards issued by the IASB and approved by the European Union, as required by art. 81 of CONSOB Issuers' Regulation no. 11971 of 14 May 1999 and subsequent additions and amendments.

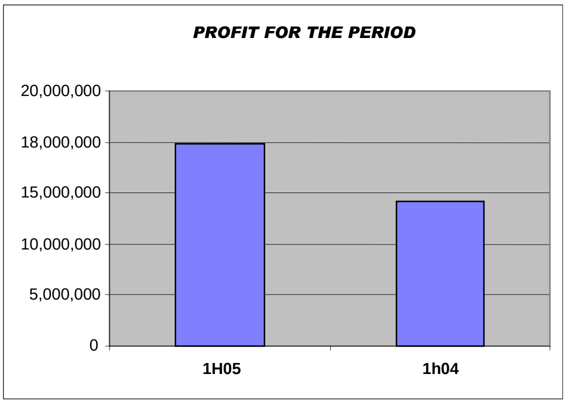
CONSOLIDATED INCOME STATEMENT

	30-Jun-05	30-Jun-04	Var	%	2004
TOTAL REVENUES	**26,088,413**	**23,987,263**	*2,101,150*	***8.76%***	**51,188,225**
EBITDA	**16,591,906**	**15,496,108**	*1,095,798*	***7.07%***	**32,632,890**
EBIT	**30,623,795**	**25,501,191**	*5,122,604*	***20.09%***	**48,704,349**
Financial operations:	**-1,963534**	**-2,288,534**	*325,000*	***14.20%***	**-6,280,081**
PROFIT BEFORE TAX	**28,660,261**	**23,212,657**	*5,447,604*	***23.47%***	**42,424,268**
NET PROFIT	**17,765,958**	**14,221,963**	*3,543,995*	***24,92%***	**25,997,842**
Attributable to:					
Group net profit	*17,765,958*	*14,082,712*	*3,683,246*	*26,15%*	25,765,307
Minority net profit	*0,00*	*139,251*	*-139,251*	*-100,00%*	232,535









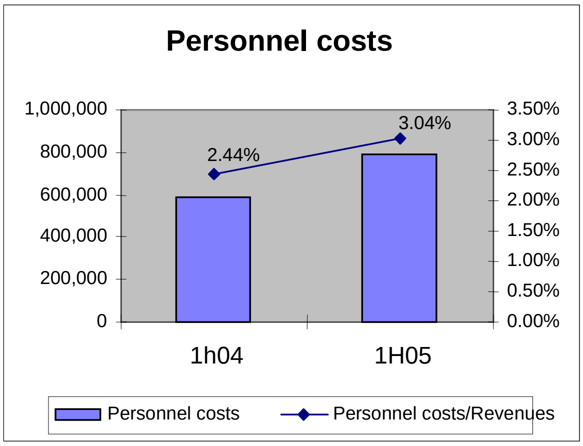
ANALYSIS OF PRIMARY CONSOLIDATED INCOME STATEMENT FIGURES

CONSOLIDATED INCOME STATEMENT	*30-jun-05*	*30-jun-01*	*Change*	*%*	*2004*
Revenues	25.406.393	22.993.700	*2.412.693*	*10,49%*	48.599.689
Other revenues	682.020	993.563	*-311.543*	*-31,36%*	2.588.536
Total revenues	26.088.413	23.987.263	*2.101.150*	*8,76%*	51.188.225
Raw and ancillary materials and goods	10.359.002	6.994.206	*3.364.796*	*48,11%*	15.288.858
Personeel costs	791.787	584.291	*207.496*	*35,51%*	1.236.023
Other operating costs	1.036.219	1.061.048	*-24.829*	*-2,34%*	2.297.316
Change in Inventory	2.690.501	148.390	*2.542.111*	*1713,13%*	266.862
EBITDA	16.591.906	15.496.108	*1.095.798*	*7,07%*	32.632.890
Depreciation	150.219	100.113	*50.106*	*50,05%*	368.097
Gain/Loss from other non current activity	0	0	*0*		0
Change in Fair value	14.182.108	10.105.196	*4.076.912*	*40,34%*	16.439.556
EBIT	30.623.795	25.501.191	*5.122.604*	*20,09%*	48.704.349
Finacial income/(expenses)	-1.963.534	-2.288.534	*325.000*	*14,20%*	-6.280.081
Financial Income	2.452.201	697.987	*1.754.214*	*251,32%*	1.907.737
Financila Expenses	4.415.735	2.986.521	*1.429.214*	*47,86%*	8.187.818
EBT	28,660,261	23.212.657	*5,447,604*	*23,47%*	42.424.268
Taxes	10.894.303	8.990.694	*1.903.609*	*21,17%*	16.426.426
Net Profit	17.765.958	14.221.963	*3.543.995*	*24,92%*	25.997.842
Of which:					
Group Net Profit	*17.765.958*	*14.082.712*	*3.683.246*	*26,15%*	*25.765.307*
Minority Net Profit	*0*	*139.251*	*-139.251*	*-100,00%*	*232.535*

The net consolidated result for the first half of 2005 is €17.76 million, as compared to €14.22 million as at 30 June 2004, an increase of €3.54 million.

The primary factors contributing to this variation are the following:

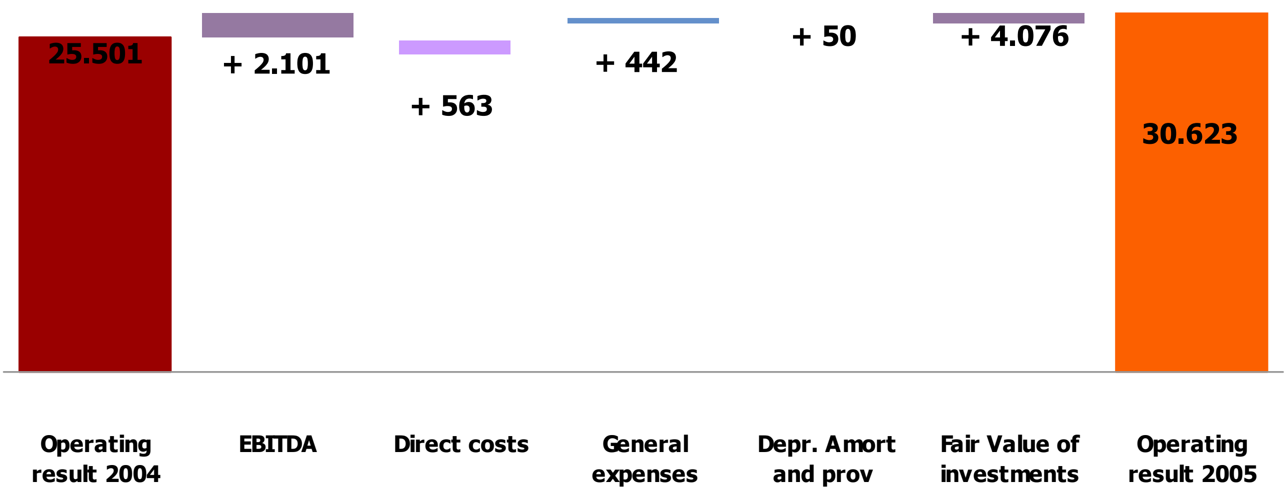
1. €1.1 million (7.07%) increase in EBITDA, primarily due to the combined effect of a €2.10 million increase in operating income and revenues and an increase of approximately €1 million in operating and personnel costs. The increase in revenues can be attributed to organic growth in corporate rent and its contractual indexing (respectively 75% and 100% of ISTAT). It can also be ascribed to leasing revenues from the Livorno shopping centre, which were seen for only three months in the first half of 2004, in that this acquisition was made in late March, whereas in 2005 they were for the entire half-year period. The increase in costs is in line with the new



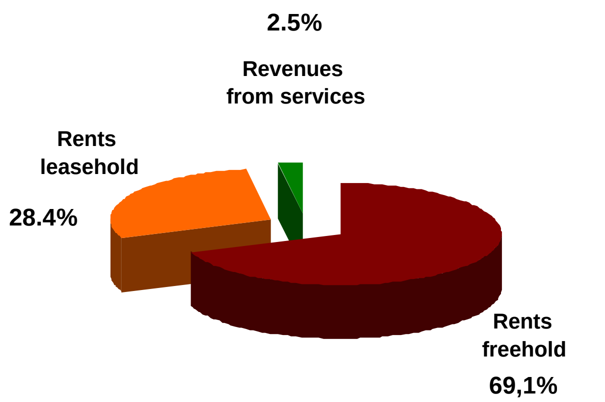
operating approach of the IGD Group, one which is focused on growth and thus the development of its internal organisational structure. One should keep in mind that two preliminary agreements were signed in the first half of the year for the construction of two new shopping centres. Due to the nature of business for this type of property, the organisational structure for each new investment begins to operate 18 to 24 months prior to opening, and the organisational structure of the group must therefore be aligned with this timeframe. One should keep in mind that during the first half of 2004, most activities were outsourced to the parent company. Therefore, the comparison between personnel costs for the first half of 2004 and the first half of 2005 is not a balanced one, in that the IGD Group has now created an independent structure and has transformed outsourcing costs into personnel costs.

2. €5.1 million increase in EBIT, generated by write-ups to the group's real estate assets. This increase in the value of the IGD Group real estate portfolio, due to new acquisitions and good commercial performance, is based on an appraisal by an independent expert (CB Richard Ellis). For more information, please refer to the relevant paragraph in the notes to the financial statement.
3. Increase in financial income due to a reduction in the net financial position, as a result of stock market listing, which was completed in February 2005. There is also an increase in positive spreads from interest rate swaps, amounting to €773,766.
4. Increase in justified financial expenses amounting to €293,069 for the mortgage related to the investment in the Livorno shopping centre, which was taken out at the end of March 2004, generating interest to be paid by IGD for only three months in the first half of 2004, whereas interest was due for the entire period in 2005. There is also a decrease of approximately €1.25 million in negative spreads from interest rate swaps. As at 30 June, IRS operations allowed interest rate risk to be completely hedged for medium to long-term loans, with an average fixed rate of 3.59%.
5. Taxes rose by €1.90 million due to the increase in revenues.

Trend EBIT (variations)



During the first half of 2005 there were no sales of properties by IGD and/or of corporate divisions by Gescom. In the first half of 2004, Gescom sold its corporate division for the Lame shopping centre in Bologna (the property itself had been sold to Eurocommercial Properties by IGD in December 2003), generating a capital gain of approximately €270,000.



Despite this extraordinary source of revenue in the first half of 2004, operating revenue as at 30 June 2005 was up by €2.1 million (+8.76%) compared to 30 June 2004. One should note the excellent results achieved with the rental of temporary spaces within the shopping malls under management, a factor which is on the rise.

The activity of the IGD Group can be broken down into two strategic business areas:

- Property rental
- Services (agency and facility management)

	30-giu-04	30-giu-05	30-giu-04	30-giu-05	30-giu-04	30-giu-05
	RENTAL		SERVICES		TOTAL	
Revenues	**23.469.996**	**25.433.979**	**517.267**	**654.437**	**23.987.263**	**26.088.415**
Direct costs	7.724.599	7.604.776	59.064	489.098	7.783.663	8.093.874
share of EBITDA	**15.745.396**	**17.829.203**	**458.203**	**165.339**	**16.203.599**	**17.994.542**
Costs not divided					707.492	1.402.636
EBITDA	**15.745.396**	**17.829.203**	**458.203**	**165.339**	**15.496.108**	**16.591.906**
ADJT and Depreciation	10.105.196	14.182.108			100.112	- 150.219
EBIT	**25.775.174**	**32.011.311**	**458.203**	**165.339**	**25.501.192**	**30.623.795**
NET PROFIT					**14.221.963**	**17.765.959**

An analysis of the contribution of each area of business shows that income from services accounts for approximately 2.5% of total revenues. This activity is primarily concentrated in the latter part of the year, due to agency revenues, which are usually invoiced and collected only once the service has been carried out. One should emphasise that this area of business was already on the rise in the first half of 2005. There was a variation of 6.53% in revenues from services as at 30 June 2005 compared to the same period in 2004. Revenues from leasing activities amounted to 93% of the total; as previously mentioned, due to the investment in the Livorno shopping centre (at the end of March 2004) becoming fully effective, they grew by 8.37%.

	31-dic-04	30-giu-05	31-dic-04	30-giu-05	31-dic-04	30-giu-05
	RENTAL		SERVICES		TOTAL	
NOT CURRENT ASSETS	530.443.666	544.548.782			530.443.666	544.548.782
INVESTMENTS	12.740.358	45.656.378			12.740.358	45.656.378
WORKING CAPITAL	5.114.676	7.227.293	501.550	245.759	5.616.226	7.473.052
- OTHER LT LIABILITIES	-65.379.933	-79.223.514	-100.468	- 80.420	-65.480.401	-79.303.934
ASSETS NOT DIVIDED					12.409.149	5.322.672
TOTAL INVESTMENTS	**482.918.767**	**518.208.939**	**401.082**	**165.339**	**495.728.998**	**523.696.949**
NFP	188.546.465	150.043.044	-848.591	-	187.697.874	150.043.044
ASSETS	294.372.302	368.165.895	1.249.673	165.339	295.621.975	368.331.233
LIABILITIES NOT DIVIDES					12.409.149	5.322.492
TOTAL SOURCES	**482.918.767**	**518.208.939**	**401.082**	**165.339**	**495.728.998**	**523.696.769**

Financial analysis confirms the capital-intensive nature of rental activities compared with service activities. This characteristic makes the profit margins of service activities even more attractive. The latter activity plays an important role in the Group's future strategies.

ANALYSIS OF BALANCE SHEET

The balance sheet as at 30 June 2005, compared with figures as at 31 December 2004, can be summarised as follows:

CONSOLIDATED BALANCE SHEET: ASSETS	30 June 05	31 Dec 04	Variation	%
Intangible assets	2,905,835	2,906,390	-555	-0.02%
Tangible assets	586,204,175	543,184,024	43,020,151	7.92%
Other non-current assets	7,689,226	941,964	6,747,262	716.30%
TOTAL NON-CURRENT ASSETS (A)	596,799,236	547,032,378	49,766,858	9.10%
TOTAL CURRENT ASSETS (B)	120,004,806	19,567,610	100,437,196	513.28%
TOTAL ASSETS (A + B+C)	716,804,042	566,599,988	150,204,054	26.51%

CONSOLIDATED BALANCE SHEET: LIABILITIES	30 June 05	31 Dec 04	Variation	%
Net assets:				
TOTAL NET ASSETS (C)	461,010,909	304,030,868	156,980,041	51.63%
TOTAL NON-CURRENT LIABILITIES (D)	214,574,728	205,546,040	9,028,688	4.39%
TOTAL CURRENT LIABILITIES (E)	41,218,405	57,023,080	-15,804,675	-27.72%
Total liabilities (F=D + E)	255,793,133	262,569,120	-6,775,987	-2.58%
TOTAL NET ASSETS AND LIABILITIES (C + F)	716,804,042	566,599,988	150,204,054	26.51%

The most significant variation is related to the change in net financial position due to listing on the MTA electronic securities market managed by Borsa S.p.A.; this allowed the Group to tap new financial resources, which net of subscription and sponsor commissions, amount to €145.92 million. These resources are intended to finance the Group's development programme, and were partially used even in the first half of 2005 to finalise two preliminary contracts for the acquisition of two new shopping centres, where construction work will begin between the end of 2005 and the beginning of 2006.

Through the combined effect of the new financial resources which have flowed into the net equity of IGD S.p.A. and the repayment of outstanding loans, due in the first half of 2005, the gearing ratio[5] passes from 0.63x as at 31/12/2004 to 0.14x as at 30 June 2005. Specifically, the ratio of group equity to total sources of financing passes from 61.33% as at 31/12/2004 to 88.03% at 30 June 2005.

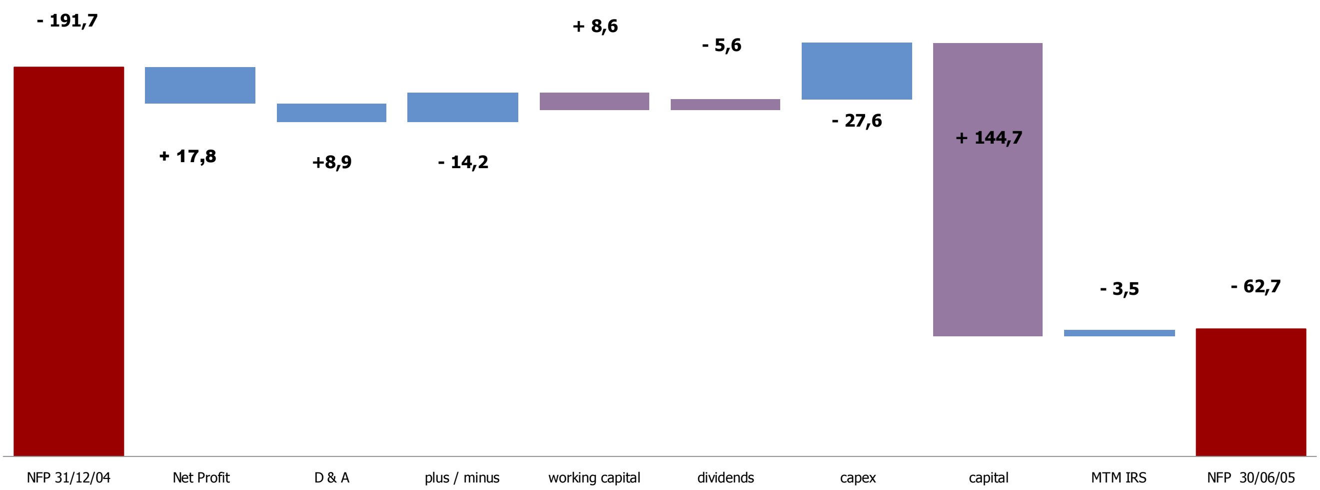
Medium to long-term loans (including short-term portions) as at 30 June 2005 amounted to €146.4 million. These loans, taken out with variable interest rates, are entirely hedged by IRS (interest rate swap) transactions, with the aim of immunising the IGD Group from the risk of future increases in interest rates. For additional details on the financing structure and related costs, please refer to the notes to the financial statement.

[5] Ratios calculated with net assets including IAS provisions

NFP

	2003	2004	June 05
IAS adjustment			35,660
Bank assets	193,560	848,591	53,691,571
Securities in portfolio	0	0	49,639,217
Debt instruments	0	0	313,204
TOTAL ASSETS	**193,560**	**848,591**	**103,679,652**
IAS adjt.		135,803	3,635,431
Bank liabilities	25,735,572	39,008,272	15,280,538
Borrowing	60,140,295	125,513,974	118,518,941
Debt instruments	0	0	1,041,929
Advances on loans	44,415,294	27,888,673	27,888,673
TOTAL LIABILITIES	**130,291,161**	**192,546,722**	**166,365,512**
NFP	**130,097,601**	**191,698,130**	**62,685,860**

Trend in NFP



As regards the primary variations in current assets, one should note an increase in final stock in hand, amounting to 2.69 million, and a reduction in "trade receivables and other receivables", amounting to 5.49 million. In the first case, the variation is due to progress in expansion work underway at the Leonardo shopping centre in Imola, whereas in the second case, it is related to partial repayment of the sum owed by Coop Adriatica S.c.r.l. as a result of the Group VAT payment.

The half-yearly statement as at 30 June 2005 is the first Group financial statement prepared in accordance with the IAS/IFRS standards issued by the IASB and approved by the European Union. At the time of transition to the new accounting standards, the Board of Directors of IGD S.p.A. decided to assess its real estate assets in accordance with IAS 40, by using the fair value method.

For this purpose, IGD S.p.A. engaged an independent expert (CB Richard Ellis) for a special appraisal to assess the fair value of the properties in its portfolio at the date of transition to the new accounting standards. The independent expert determined a market value of €584.77 million for the Group's real estate portfolio as at 30 June 2005.
The consolidated financial statement as at 30 June 2005 reports the appraisal values of the real estate investments, with the following exceptions:

1. The value of land where work is underway for the construction or expansion of shopping centres is assessed at historic cost, and classified under assets under construction, in that they are held for future use, for which IAS 16 is applied up to the moment in which construction and development are concluded (IAS 40 40.9.d); for this land, the appraisal indicated a market value of €26.6 million.
2. The Livorno, Casilino, Afragola, and Bologna (Centro Borgo) shopping centres, where only the real estate portion (hypermarket and mall) is owned by the group, whereas the administrative authorisations that comprise corporate divisions for mall management at these shopping centres belong to third parties (Vignale immobiliare Srl and Coop Adriatica S.c.r.l.), are assessed at fair value; in this case, however, the appraisal has taken into account the fact that the aforementioned rights, which determine the market value of the properties, no longer belonged to the IGD Group as at 30 June 2005, and therefore, compared to an original appraisal value of €148.5 million (which takes into account the provisions of the framework agreement between IGD, Coop Adriatica, Unicoop Tirreno), CB Richard Ellis prepared a second assessment of these properties which takes the above factor into consideration, resulting in a value of €133.9 million. The fair value shown on the balance sheet therefore amounts to €543.7 million.

For more information on the values and accounting principles adopted, please refer to the notes.

Net consolidated assets amounted to €461 million, entirely referring to the parent company.

EVOLUTION OF OPERATIONS MAJOR EVENTS FOLLOWING 30 JUNE 2005 AND PROSPECTS FOR THE YEAR UNDERWAY

No extraordinary operations are foreseen for the second half of 2005, and it is believed that operating results will remain in line with the objectives set by the industrial plan, as confirmed by trends in the first half of the year.
Any investment operations which might be concluded before the end of the year would primarily involve signing of contractual agreements aimed at regulating relations with the sellers or developers over the next few years. Therefore, they will not have any significant effects during 2005.

One should keep in mind that as at 30 June 2005, the IGD Group owned only the property components of the shopping centres in Livorno, Casilino (Rome), Afragola (Naples), and Bologna (Centro Borgo). Under the framework agreement between IGD S.p.A., Coop Adriatica S.c.r.l., and Unicoop Tirreno S.c.r.l. signed in October 2004, the latter two companies agree to provide IGD with all administrative authorisations related to the above properties, and to transfer their corporate divisions.
On 28 September 2005, the agreement was finalised between IGD S.p.A. and the two Cooperative shareholders, having determined the sale value of the aforementioned divisions. This transfer will take place by 31 December 2005.

INTRAGROUP TRANSACTIONS AND TRANSACTIONS WITH AFFILIATES

All operations carried out with the parent company (Coop Adriatica S.c.r.l.) and with affiliates fall into the scope of ordinary group operations, and take place at normal market conditions. Specifically, operations for the management of real estate assets (generally acquisitions or leases) which could potentially generate conflict of interest, in that they involve Coop Adriatica S.c.r.l. e Unicoop Tirreno S.c.r.l., are governed by market conditions through a special framework agreement signed in October 2004.
Lastly, in accordance with corporate governance regulations, the Internal Oversight Committee, made up of three non-executive members of the Board of Directors, two of them with independent status, prepares two sets of notes – one of them to be published as part of the report issued by the Board of Directors upon approval of the draft financial statement, and the other upon approval of the half-yearly statement – regarding transactions the company has carried out with affiliates during the period in question, containing the Committee’s observations on the manner in which these operations reflect company interests, the means of determining prices, and the congruence of these prices with market values for similar transactions; it examines and formulates non-binding opinions for the Board of Directors regarding transactions with affiliates that fall under the authority of the Board itself.

For more details on dealings with affiliates in the first half of 2005, please refer to the relevant paragraph in the notes to the financial statement.

The Internal Oversight Committee has declared that from the time of listing up to the present, IGD S.p.A. has not carried out any transactions with affiliates.

Pursuant to CONSOB ruling no. 11971 of 14 May 1999, the following list shows the shares of IGD S.p.A. owned by Directors, Statutory Auditors, and the General Director.

Surname, first name		Company	no. shares 31/03/2005	Bought	Sold	no. shares 30/06/2005
Filippini, Maurizio		IGD	2000	0	0	2000
Zamboni, Roberto		IGD	3000	0	0	3000
Sabadini, Riccardo		IGD	5000	0	0	5000
Campo, Mariella	Spouse:Gargani, Franco	IGD	0	12000	0	12000
Coffari, Gilberto		IGD	10000	0	9000	1000
Carbonari Filippo, Maria		IGD	0	0	0	0
Santi, Sergio		IGD	0	0	0	0
Pellegrini, Fernando		IGD	0	0	0	0
Franzoni, Massimo		IGD	0	0	0	0
Canosani, Aristide		IGD	0	0	0	0
Carpanelli, Fabio		IGD	0	0	0	0
Bini, Mauro		IGD	0	0	0	0
Roffinella, Lorenzo		IGD	0	0	0	0
Gentili, Francesco		IGD	0	0	0	0
Pozzoli, Stefano		IGD	0	0	0	0
Costalli, Sergio		IGD	0	0	0	0

CORPORATE GOVERNANCE

With a Shareholders' Meeting resolution of 26 March 2003, IGD S.p.A. (hereafter referred to as the "Company") decided to adopt the provisions of the Corporate Governance Code, granting the Board of Directors the powers to implement the guidelines contained in it.
Subsequently, the provisions of the Code were adopted (i) by the Board of Directors of the Issuer at meetings held on 13 November 2003, 22 January 2004, and 30 August 2004, and (ii) by the EGM on 16 September 2004, through amendments to the Articles of Association (hereafter referred to as the "Articles") which will come into force at the date that IGD shares begin to be traded on the MTA electronic securities market.
The corporate governance rules adopted are summarised below:

Members of the Board of Directors and Board of Statutory Auditors

Board of Directors	***Chairman***	Gilberto Coffari	*Executive*
	Vice Chairman	Sergio Costalli	*Executive*
	Managing Director	Filippo-Maria Carbonari	*Executive*
		Roberto Zamboni	
		Sergio Santi	*Independent*
		Maurizio Filippini	
		Fernando Pellegrini	
		Massimo Franzoni	*Independent*
		Aristide Canosani	*Independent*
		Riccardo Sabadini	*Independent*
		Fabio Carpanelli	*Independent*
		Mauro Bini	*Independent*
		Lorenzo Roffinella	*Independent*
		Francesco Gentili	*Independent*
		Stefano Pozzoli	*Independent*

Board of Auditors	***Chairman***	Romano Conti
	Regular Auditor	Franco Gargani
	Regular Auditor	Massimo Lazzari

At a meeting on 12 May 2005, the Board of Directors accepted the resignation of the director Grazia-Margherita Piolanti. At the same session, the Board of Directors designated a new director, Sergio Santi, coopted until approval of the 2005 financial statement. Mr. Santi, Chairman of Fondazione Cassa di Risparmio di Imola, joined the Board of Directors as an independent director, bringing the number of independent directors to 9 out of a total of 12 non-executive directors.

Role of the Board of Directors
The Shareholders' Meeting of 16 September increased the number of members of the Board from 9 to 15, appointing 6 directors. All the aforementioned directors will remain in office until the approval of the company financial statement as at 31 December 2005.
The Articles of Association do not expressly set a minimum for the number of Board meetings. Following listing, Board meetings will take place on at least a

quarterly basis in order to approve the quarterly report, as per art. 82 of CONSOB Regulation no. 11971 of 14 May 1999.
In accordance with the provisions of art. 1.1 of the Code and with common corporate governance practice, art. 18 of the Articles requires meetings of the Board of Directors to be called by the Chairman, or the person standing in for him, whenever he deems it advisable.
A Board meeting must also be called when the majority of the directors request it, or at the request of the executive committee, should one be established. In addition, Board meetings can be called by the Board of Statutory Auditors, or by at least two of its members, in the circumstances foreseen by law.
Pursuant to art. 22 of the Articles of Association, company management falls exclusively under the authority of the Board of Directors, which is invested with full powers for ordinary and extraordinary administration.
In accordance with the provisions of art. 23 of the Articles of Association, the Board of Directors may delegate—within the limits set by art. 2381 of the Italian Civil Code, and establishing the limits to these powers—its functions to an Executive Committee made up of several of its members and/or to one or more of its members who take on the office of Managing Director or Directors.
Pursuant to art. 24 of the Articles of Association, the Chairman, or, should he be unable or absent, the Vice Chairman, when appointed, has legal representation and signing powers.
Unless there are differing provisions in the resolution which confers his powers, each Managing Director is also entitled to legally represent the company.
Representation of the Company for individual acts or categories of acts can be granted to company employees, and also to third parties, by those who have the power of legal representation.
In consideration of the type of business and the role played by the Board of Directors, the Company has not appointed an executive committee.
On 30 August 2004, the Board of Directors appointed Mr. Filippo-Maria Carbonari to the post of Managing Director, granting him the following powers, among others:
- to prepare and propose financial strategies and policies for the company and the group with regard to growth, profitability, and risk objectives set by the Board of Directors, granting responsibility for their implementation; to ensure that the implementation of objectives takes place in compliance with the guidelines set by the Board of Directors to this regard;
- to optimise instruments and procedures for financial management, and to supervise and maintain contacts with the financial system;
- to prepare and propose strategies for organisational development and policies for hiring, managing, and training personnel;
- to propose accounting and management principles for the Group to the Board of Directors, to oversee the correct drafting of the financial statement (statutory, administrative, and consolidated accounts); to ascertain compliance with Group directives as well as administrative, tax, and legal regulations and legislation;
- to coordinate the preparation and reporting of the annual budget forecast;
- to oversee and coordinate activities regarding: general services, legal and tax problems of the company;

- to assume responsibility for prompt and correct realisation of work on property directly carried out by the company, in compliance with the plans, budgets, and timeframes approved by the Board of Directors for realisation;
- to assume responsibility for operational supervision of the progress of turnkey projects outsourced to third parties;
- to assume responsibility for the proper maintenance of real estate assets under rental contracts entered into by IGD with third parties, in accordance with the budgets approved by the Board of Directors, and in compliance with current legal provisions;
- to assume responsibility for the preparation of the annual plan for work on property, as well as the respective budget forecasts, both with regard to new construction and for maintenance, subject to the approval of the Board of Directors.

Mr. Filippo-Maria Carbonari also holds the office of General Manager, for which remuneration is partly linked to the company's achievement of certain targets.

Composition of the Board of Directors

As illustrated above, the Board of Directors currently has fifteen members.

The majority of them are non-executive directors (in that they do not have operating powers and/or executive roles in the company). The sole exception is the Managing Director; the other 14 members of the Board are non-executive directors.

Independent directors

On 25 October 2004, the Board of Directors, in compliance with the indications of art. 3.2 of the Code, carried out an assessment of the independent status of its directors. Based on the results of this evaluation, the directors with independent status are Massimo Franzoni, Aristide Canosani, Riccardo Sabadini, Fabio Carpanelli, Mauro Bini, Lorenzo Roffinella, Francesco Gentili, and Stefano Pozzoli. At the meeting of 12 May 2005, Sergio Santi was coopted to replace resigning director Grazia-Margherita Piolanti. At the same session, the Board of Directors ascertained that Mr. Santi is independent, bringing the number of independent directors to 9.

In accordance with the provisions of art. 3.1 of the Code, independent directors:

(a) do not have any monetary dealings (direct, indirect, or on behalf of third parties), nor have they recently had such dealings with the company, its subsidiary Gescom S.r.l., its executive directors, or with its controlling shareholder which would be so substantial as to influence their independent judgement;

(b) do not possess any shareholdings, whether directly, indirectly, or on behalf of third parties, which would be so substantial as to allow them to exercise control or considerable influence over the company, directly or through participation in shareholder agreements

c) are not close relatives of executive directors of the Company or of individuals who conditions indicated in points a and b.

Chairman of the Board of Directors

The activities of the Board of Directors are coordinated by the Chairman. Pursuant to art. 17 of the Articles, the latter calls and presides over meetings of the Board and the executive committee, when one has been established; he directs, coordinates, and moderates deliberation and related activities and announces voting results. Pursuant to art. 18 of the Articles, convocation notice must be given for Board meetings at least five days prior to the date set for the meeting. In cases of urgency, this time limit is reduced to two days.

Reporting to the Board of Directors

Pursuant to art. 23 of the Articles of Association, delegated bodies report to the Board of Directors and the Board of Statutory Auditors at least once per quarter on general management operations and on their foreseeable evolution, as well as on transactions of particular significance, due to their scope or characteristics, carried out by the company or its subsidiaries.
Any director may ask the delegated bodies to provide information on company operations at the Board meeting.

Reporting to the Board of Statutory Auditors

The members of the Board of Statutory Auditors are present at Shareholders' Meetings and Board meetings. The presence of at least one member of the Board of Statutory Auditors at meetings of the Board of Directors ensures that the Board of Statutory Auditors is kept informed of activities carried out by the company and of transactions with a particular impact on the company's economic, financial, and equity situation carried out by the company itself or by subsidiaries, and specifically, transactions in which directors have an interest, on their own behalf or that of third parties, which are influenced by the subject exercising coordination and control, or which were the subject of deliberation, discussion, or communication during the sessions themselves.
Should none of the members of the Board of Statutory Auditors be present at meetings of the Board of Directors, or should the procedures described above not ensure information on at least a quarterly basis, the Chairman and/or Managing Director provide for a written report on the activities falling under their authority to the Chairman of the Board of Statutory Auditors, within in a maximum of three months. Mention of this report must be made in the minutes of the first effective meeting of the Board of Statutory Auditors.

Confidential information

On 30 August 2004, the Board of Directors approved the internal Regulations for the circulation of price sensitive documents and information, in compliance with the provisions of art. 6 of the Code. These regulations govern the handling and processing of confidential documents and information regarding IGD and its subsidiary Gescom S.r.l, as well as the procedures to be observed for their circulation outside the companies.

Appointment of Directors

Pursuant to art. 16 of the Articles, directors are appointed by the Shareholders' Meeting based on a list vote. Lists are presented by shareholders who jointly or individually represent at least 11% of shares with voting rights at the Ordinary General Meeting.
According to the Articles of Association, along with the lists, it is the responsibility of shareholders presenting them to file the candidates' binding statement that they will accept the office (on the condition of their appointment) and the certification that there are no causes for their ineligibility and/or forfeiture; as well as a curriculum vitae for each candidate.
As no difficulties are foreseen for the shareholders in preparing suitable nominations for corporate positions, at the moment no special nominations committee has been established.

Remuneration of Directors

Pursuant to art. 25 of the Articles, members of the Board of Directors and the executive committee, should one be established, are entitled to remuneration, to be determined by the Shareholders' Meeting. Once such a resolution has been passed, it shall be valid for subsequent financial years until the Shareholders' Meeting shall resolve otherwise.
After hearing the opinion of the Board of Statutory Auditors, the Board of Directors sets the amount of remuneration for directors who hold special offices, including the Chairman.
As no difficulties are foreseen in determining remuneration, at the moment it has been decided not to establish a special remuneration committee.

Internal Oversight Committee

With a resolution of 13 November 2003, the Board of Directors established an Internal Oversight Committee made up of three non-executive directors, two of them independent.
Subsequently, on 22 January 2004, the Board of Directors appointed the non-executive independent directors Massimo Franzoni and Aristide Canosani and the non-executive director Maurizio Filippini to this committee. Specifically, the Internal Oversight Committee:

1. assesses the suitability of the internal oversight system;
2. evaluates the proposal which the external auditing firm has formulated to obtain its engagement for the audit, as well as the operating plan drawn up for the audit and the results described in the letter of comments;
3. reports to the Board of Directors on at least a half-yearly basis, at the approval of the draft financial statement and the half-yearly report, on the activities carried out and the suitability of the system of internal oversight
4. prepares two notes—one of which is to be published in the memorandum issued by the Board of Directors upon approval of the draft financial statement, and the other in the memorandum regarding approval of the half-yearly statement--on transactions the company has carried out with affiliates in the financial period of reference, containing the Committee's observations regarding the degree to which these

transactions reflect company interests, the means of determining prices, and the congruence of these prices with market values for similar transactions;

5. examines in advance any transactions with affiliates which fall under the authority of the Board itself, and formulates non-binding opinions for the Board of Directors;
6. examines the suitability of the accounting principles employed and their uniformity for the purposes of drafting the consolidated financial statement;
7. carries out any other tasks assigned to it by the Board of Directors, specifically with regard to relations with the external auditing firm.

The Chairman of the Board of Statutory Auditors, as well as the other regular auditors, may participate in Committee meetings should it be deemed appropriate. In addition, the Managing Directors may take part in meetings, as parties entitled to address the issues under examination and determine appropriate measures to handle situations that may be potentially critical.

Relations with institutional investors and other shareholders

A Board resolution of 30 August 2004 appointed Filippo-Maria Carbonari as Investor Relator, responsible for relations with institutional investors and other shareholders.

Shareholders' Meetings

The Code's recommendation that the Shareholders' Meeting be considered a preferred occasion for establishing profitable dialogue between shareholders and the Board of Directors (though there is a wide range of means by which listed companies may communicate with their shareholders, institutional investors, and the market) is fully shared by the company, which deems it advisable—in addition to ensuring regular participation by its directors in Shareholders' Meeting proceedings—to adopt specific measures aimed at granting due importance to the Shareholders' Meeting.

With a Shareholders' Meeting resolution of 26 March 2003, the Company adopted special regulations aimed at ensuring orderly and effective proceedings at Shareholders' Meetings through detailed regulation of their various phases, respecting the fundamental right of each shareholder to request clarification on all the issues under discussion, to express their opinions, and to formulate proposals.

Statutory Auditors

The Board of Statutory Auditors, made up of three regular auditors and two alternates, will remain in office until approval of the annual financial statement as at 31 December 2005.

Pursuant to article 26 of the Articles, the members of the Board of Statutory Auditors are appointed through a list vote.

The applicable procedures for the presentation, filing, and publication of lists are those stated in art. 16 of the Articles, which sets out procedures for the appointment of members of the Board of Directors.

Election of statutory auditors takes place as follows:

1. two regular auditors and one alternate are selected in the order in which they are listed from the list which obtains the greatest number of votes cast by the shareholders.
2. the third regular auditor and the second alternate are chosen from the list which comes in second, in the order they are listed.
3. In the event that more than one list obtains the same number of votes, a new vote is held among all shareholders present at the meeting to choose between these lists, and the candidates are elected from the list that obtains a simple majority of votes.
4. the first candidate on the list obtaining the greatest number of votes becomes the Chairman.

Candidates for the office of statutory auditor must be in possession of the attributes required by law. The standard for professionalism requires candidates to have acquired a total of at least three years' experience in the exercise of:
(a) professional activities or tenured university teaching, in legal, economic, financial, and technical/scientific fields closely related to the company's area of business;
(b) management positions with public agencies or administrations operating in sectors closely related to the company's area of business,
with the following specifications:

- all fields in letter a) are considered to be closely related to the company's area of business if connected to real estate activity and activities in economic sectors related to real estate;
- economic sectors related to real estate are those in which the parent companies operate, or which can be controlled subsidiaries or affiliates of businesses operating in the real estate sector.

Individuals may not be appointed statutory auditors, and if elected forfeit the office, if they are in conditions of incompatibility as set forth by law, or are not in possession of the requisite integrity or professionalism it requires, or if they hold the office of regular auditor in more than five Italian companies listed on regulated Italian markets. Offices held in parent companies, subsidiaries, or companies subject to the control of the same parent company are not to be considered in this total.
Statutory auditors remain in office for three years and can be re-elected.

Internal dealing
On 30 August 2004, the Board of Directors adopted the code of behaviour for internal dealing, as laid out by articles 2.6.3 and 2.6.4 of the Regulations for Markets Organised and Managed by Borsa Italiana S.p.A. This code of behaviour sets out requirements for notification and procedure regarding transactions carried out on their own behalf, in accordance with the regulatory provisions regarding their sum and the frequency of reporting, by Directors, Statutory Auditors, the General Manager, and all individuals who, due to the position they hold at IGD or its subsidiaries, have access and information to facts which could cause significant variations in the economic, financial, and equity prospects of IGD and the companies in the Group which it heads, and

which would, if made public, considerably influence the price of the listed financial instruments issued by the company.

Independent Auditing Firm

On 16 September 2004, the Shareholders' Meeting of IGD engaged Reconta Ernst&Young S.p.A. for the auditing of accounts.

OWN SHARES

As at 30 June 2005, the Company does not hold any of its own shares.

RESEARCH AND DEVELOPMENT

In consideration of the type of business it is involved in, the companies in the group do not carry out research and development activities in the strict sense of the term.

As regards the activity of Gescom S.r.l., in the first half of the year internal working groups continued operations centred on the design of projects to improve quality standards and introduce innovations for shopping centres and services.

In November 2004, the company participated for the second consecutive year in the most important specialised trade show for the promotion of shopping centres: MAPIC in Cannes (France). Its presence at the trade show, with a special exhibition space, made it possible to increase contacts with important companies promoting shopping centres and with retailers at the European level.

These contacts have developed into negotiations aimed at finalising agreements for agency management activities with promoters, both inside and outside the sphere of stock cooperatives, relating to the marketing and management of new shopping centres. The IGD Group will also have a special exhibition area at MAPIC in November 2005.

Consolidated half-yearly statement as at 30 June 2005

This half-yearly consolidated statement as at 30 June 2005 was authorised by the Board of Directors on 28 September 2005 for publication. Neither the owners of the company nor other parties have the right to modify it after this date.

1) Balance Sheet

Consolidated balance sheet as at 30 June 2005, compared with balance sheet figures as at 31 December 2004 and 30 June 2004.

CONSOLIDATED BALANCE SHEET

	notes	30/06/05 (a)	31/12/04 (b)	30/06/04	Difference (a-b)
NON CURRENT ASSETS:			0	0	
Intangible assets					
Intangible assets with a limited life	**2)**	9.444	9.999	10.554	(555)
- Goodwill	**2)**	2.896.391	2.896.391	1.637.266	0
		2.905.835	2.906.390	1.647.820	(555)
Tangible assets					
- Real estate investments	**3)**	543.567.000	529.343.500	516.220.000	14.223.500
- Plant and machinery	**4)**	438.115	474.062	531.116	(35.947)
- Equipment	**4)**	161.582	189.077	219.717	(27.495)
- Leasehold improvements	**4)**	382.085	437.027	208.731	(54.942)
- Assets under construction/acquisition	**4)**	41.655.393	12.740.358	15.888.612	28.915.035
		586.204.175	543.184.024	533.068.176	43.020.151
Other non current assets					
- Prepaid taxes	**5)**	3.656.088	916.558	851.756	2.739.530
- Miscellaneous receivables and other non current assets	**6)**	4.033.138	25.406	25.218	4.007.732
		7.689.226	941.964	876.974	6.747.262
TOTAL NON CURRENT ASSETS (A)		**596.799.236**	**547.032.378**	**535.592.970**	**49.766.858**
CURRENT ASSETS:					
Inventories	**7)**	7.170.258	4.479.757	4.361.285	2.690.501
Trade and other receivables	**8)**	7.201.752	12.688.493	17.885.050	(5.486.741)
Other current assets	**9)**	760.486	581.144	722.181	179.342
Current prepaid taxes	**5)**	1.199.692	960.670	926.980	239.022
Financial receivables and other current financial assets	**10)**	49.981.047	8.955	7.095	49.972.092
Cash and cash equivalents	**11)**	53.691.571	848.591	3.980.668	52.842.980
TOTAL CURRENT ASSETS (B)		**120.004.806**	**19.567.610**	**27.883.259**	**100.437.196**
TOTAL ASSETS (A+B+C)		**716.804.042**	**566.599.988**	**563.476.229**	**150.204.054**
NET EQUITY:					
parent company interest	**12)**	461.010.909	304.030.868	301.402.025	156.980.041
minority interest	**12)**	0	0	1.822.792	0
TOTAL NET EQUITY (C)		**461.010.909**	**304.030.868**	**303.224.817**	**156.980.041**
NON CURRENT LIABILITIES:					
Non current financial liabilities	**13)**	134.551.767	139.408.938	146.404.379	(4.857.171)
Severance indemnity	**14)**	174.826	195.845	169.023	(21.019)
Deferred taxes	**5)**	59.947.892	51.877.375	42.699.475	8.070.517
Provisions for risks and charges	**15)**	276.839	338.223	328.977	(61.384)
Miscellaneous payables and other non current liabilities	**16)**	19.623.404	13.725.659	13.433.162	5.897.745
TOTAL NON CURRENT LIABILITIES (D)		**214.574.728**	**205.546.040**	**203.035.016**	**9.028.688**
CURRENT LIABILITIES:					
Current financial liabilities	**17)**	31.806.711	53.146.738	50.851.106	(21.340.027)
Trade and other payables	**18)**	3.891.567	2.055.032	1.936.463	1.836.535
Current liabilities	**19)**	4.190.548	205.241	0	3.985.307
Deferred taxes	**5)**	11.768	0	2.432.816	11.768
Other current liabilities	**20)**	1.317.811	1.616.069	1.996.011	(298.258)
TOTAL CURRENT LIABILITIES (E)		**41.218.405**	**57.023.080**	**57.216.396**	**(15.804.675)**
TOTAL LIABILITIES (F=D + E)		**255.793.133**	**262.569.120**	**260.251.412**	**(6.775.987)**
TOTAL NET EQUITY AND LIABILITIES (C+F)		**716.804.042**	**566.599.988**	**563.476.229**	**150.204.054**

2) Income Statement

Below are the group's consolidated income statement schedules, showing a comparison of figures as at 30 June 2005, 30 June 2004, and 31 December 2004, with costs classified by nature.

	notes	30/06/05 (a)	30/06/04 (b)	Year 2004	Difference (a-b)
Revenues	**21)**	25.406.393	22.993.700	48.599.689	2.412.693
Other income	**22)**	682.020	993.563	2.588.536	(311.543)
Total revenues and operating income		**26.088.413**	**23.987.263**	**51.188.225**	**2.101.150**
Purchase of materials and outside services	**23)**	10.359.002	6.994.206	15.288.858	3.364.796
Personnel costs	**24)**	791.787	584.291	1.236.023	207.496
Other operating costs	**25)**	1.036.219	1.061.048	2.297.316	(24.829)
Changes in inventories		2.690.501	148.390	266.862	2.542.111
OPERATING RESULT BEFORE INTEREST, TAXES, DEPRECIATION, AMORTISATION, CAPITAL GAINS/LOSSES AND WRITEDOWNS/REVERSALS ON NON-CURRENT ASSETS		**16.591.906**	**15.496.108**	**32.632.890**	**1.095.798**
Amortisation and depreciation		150.219	100.113	368.097	50.106
Fair value change	**26)**	14.182.108	10.105.196	16.439.556	4.076.912
OPERATING RESULT (EBIT)		**30.623.795**	**25.501.191**	**48.704.349**	**5.122.604**
Financial income	**27)**	2.452.201	697.987	1.907.737	1.754.214
Financial charges	**27)**	4.415.735	2.986.521	8.187.818	1.429.214
PRE-TAX RESULT		**28.660.261**	**23.212.657**	**42.424.268**	**5.447.604**
Income taxes for the period	**28)**	10.894.303	8.990.694	16.426.426	1.903.609
PROFIT FOR THE PERIOD		**17.765.958**	**14.221.963**	**25.997.842**	**3.543.995**
Attributable to:					
* Parent company profit for the period		17.765.958	14.082.712	25.765.307	
* Profit for minority interest for the period		0	139.251	232.535	
Profit per share:					
- base for profit for the year	**29)**	0,07	0,05	0,00	
- diluted for profit for the year	**29)**	0,07	0,05	0,00	

3) Changes in Net Equity

STATEMENT OF CHANGES IN NET EQUITY - 1ST HALF 2004

	Capital	Share premium reserve	Legal reserve	Other reserves	Accrued profits (losses), including result for the period	Total	Net equity for minority interest	Total net equity
Balance as at 31/12/03 according to Italian standards	177.249.261	28.930.288	252.072	13.758.723	9.133.282	229.323.626	1.692.953	231.016.579
Adoption of IAS/IFRS				57.995.687		57.995.687	(9.412)	57.986.275
Balance as at 31/12/03 - IAS/IFRS	177.249.261	28.930.288	252.072	71.754.410	9.133.282	287.319.313	1.683.541	289.002.854
Allocation of 2003 profit			444.088	6.207.744	(6.651.832)	0		0
Profits (losses) for the period					14.082.712	14.082.712	139.251	14.221.963
Balance as at 30 June 2004 - IAS/IFRS	177.249.261	28.930.288	696.160	77.962.154	16.564.162	301.402.025	1.822.792	303.224.817

STATEMENT OF CHANGES IN NET EQUITY - 1ST HALF 2005

	Capital	Share premium reserve	Legal reserve	Other reserves *Note 15*	Accrued profits (losses), including result for the period	Total net equity
Balance as at 31 December 2004 according to Italian standards	177.249.261	28.930.288	696.160	13.758.723	5.950.282	226.584.714
Adoption of IAS/IFRS				57.986.275	19.459.879	77.446.154
Balance as at 31.12.04 - IAS/IFRS	177.249.261	28.930.288	696.160	71.744.998	25.410.161	304.030.868
Allocation of 2004 profit to legal reserve			302.560		(302.560)	0
Dividends paid					(5.644.986)	(5.644.986)
Capital increase	105.000.000	47.250.000				152.250.000
Capital increase expenses				(7.591.095)		
Unrealised profits (losses) from adjustment of derivative hedging instruments to fair value				(3.827.211)		
Income taxes				4.027.375		
Total profits (losses) for the period directly posted to net equity				(7.390.931)		(7.390.931)
Profits (losses) for the period					17.765.958	17.765.958
Balance as at 30/06/05 - IAS/IFRS	282.249.261	76.180.288	998.720	64.354.067	37.228.573	461.010.909

4) Cash Flow Statement

CASH FLOW STATEMENT FOR PERIODS CLOSED ON	30/06/2005	31/12/2004	30/06/2004
(In Euros)			
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit for the period/year	17.765.958	25.765.307	14.221.963
Adjustments to reconcile profit for the period with cash flow generated (absorbed) by operating activities:			
Amortisation and depreciation	150.219	368.097	100.113
Net difference in (assets) (prepaid) deferred tax provisions	8.803.525	15.297.199	8.634.924
Change in real estate investment fair value	(14.182.108)	(16.439.556)	(10.105.196)
Adjustment of financial receivables and other financial assets to fair value	(35.660)	0	0
(Capital gains)/capital losses from dismissal of non current assets	0	(274.980)	0
Net difference in current assets and liabilities for the year	6.795.212	(4.970.160)	(10.139.980)
Net difference in non current assets and liabilities for the year	1.807.610	2.960.863	2.426.332
CASH FLOW FROM OPERATING ACTIVITIES (a)	21.104.756	22.706.770	5.138.156
Investments in tangible fixed assets	27.633.482	71.980.432	68.231.397
Investments in intangible fixed assets	0	1.844.125	156.399
Proceeds from the sale of tangible and intangible assets	0	(347.503)	(72.456)
CASH FLOW USED IN INVESTMENT ACTIVITIES (b)	27.633.482	73.477.054	68.315.340
Payments to shareholders and increase in net equity	152.250.000	0	0
Reserve distribution	(5.644.986)	(9.012.499)	0
Change in third-party equity	0	(1.692.953)	0
Charges due to reserve reduction	(7.591.095)	0	0
Change in current financial indebtedness	(71.285.414)	16.256.245	13.958.526
Change in non current financial indebtedness	(8.356.799)	43.361.822	50.493.066
CASH FLOW FROM FINANCING ACTIVITIES (c)	59.371.706	48.912.615	64.451.592
NET CASH FLOW FOR THE PERIOD (a) - (b) + (c)	**52.842.980**	**(1.857.669)**	1.274.408
INITIAL CASH AND CASH EQUIVALENTS	848.591	2.706.260	2.706.260
TOTAL NET CASH FLOW FOR THE PERIOD	52.842.980	(1.857.669)	1.274.408
FINAL CASH AND CASH EQUIVALENTS	53.691.571	848.591	3.980.668
ADDITIONAL INFORMATION ON CASH FLOW STATEMENT:			
income taxes paid	574.996	270.703	258.536
interest paid	2.096.041	6.305.134	1.911.931
interest collected	794.240	223.180	1.452

5) Accounting Standards

Immobiliare Grande Distribuzione S.p.A. (IGD S.p.A.) is a corporation organised in accordance with the legal regulations of the Italian Republic. IGD S.p.A. and its subsidiary operate only in Italy.
The IGD Group (made up of the parent company, IGD S.p.A., and its fully-owned subsidiary, Gescom S.r.l.) carries out property management and rental activities aimed at increasing the value of its real estate portfolio, both through the acquisition, construction, and leasing of commercial properties (shopping centres, hypermarkets, supermarkets, and malls) and through the optimisation of returns on property belonging to its portfolio, or through the sale of malls. The IGD Group also provides a wide range of services, primarily consisting in agency and facility management for properties belonging to the group and to third parties.
The parent company, IGD S.p.A., belongs to the Coop Adriatica S.c.r.l. Group.

- ***Primary international accounting standards employed***

Below is a list of the standards used in drafting the half-yearly consolidated statement as at 30 June 2005 and the data presented for purposes of comparison:

Accounting Standard	**Title**
IAS 1 Revised 2003	Presentation of Financial Statements
IAS 2 Revised 2003	Inventories
IAS 7 Revised 2003	Cash Flow Statement
IAS 8 Revised 2003	Accounting Policies, Changes in Accounting Estimates, and Errors
IAS 10 Revised 2003	Events after the Balance Sheet Date
IAS 12 Revised 2003	Income Taxes
IAS 14 Revised 2003	Segment Reporting
IAS 16 Revised 2003	Property, Plant, and Equipment
IAS 18 Revised 2003	Revenue
IAS 19 Revised 2003	Employee Benefits
IAS 24	Related Party Disclosures
IAS 27 Revised 2003	Consolidated and Separate Financial Statements
IAS 32 Revised 2003	Financial Instruments: Disclosure and Presentation
IAS 33 Revised 2003	Earnings Per Share
IAS 36 Revised 2004	Impairment of Assets
IAS 37 Revised 2003	Provisions, Contingent Liabilities, and Contingent Assets
IAS 38 Revised 2004	Intangible Assets
IAS 39 Revised 2003	Financial Instruments: Recognition and Measurement
IAS 40 Revised 2003	Investment Property
IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 3	Business Combinations

No exceptions to the application of international accounting standards have been made in drafting this consolidated half-yearly statement.

- ***Measurement Standards***

The consolidated financial statement has been prepared using the cost method, with the exception of investment property, derivative financial instruments, and financial assets held for trading, which have been measured using the "market value" method. Book values entered for assets and liabilities which are the object of hedging operations are adjusted to reflect changes in market value, especially in reference to risks which have been hedged. The consolidated financial statement is presented in euros. No reclassifications have been made with respect to statements from previous periods.

- ***Statement of Compliance with IFRS***

The annual consolidated financial statement for 2005 will be drafted in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union. IFRS are taken to include all revised international accounting standards ("IAS"), and all interpretations by the International Financial Reporting Interpretations Committee ("SIC"). The form and content of this consolidated half-yearly statement have been prepared in accordance with the reporting methods laid out by International Accounting Standard no. 1, "Presentation of Financial Statements" (IAS 1) and, as regards standards for recognition and measurement, in accordance with the IAS/IFRS issued by IASB and approved by the European Union, as required by art. 81 of CONSOB Issuers' Regulation no. 11971, issued on 14 May. It is assumed that these standards are those which will be effective at the time of preparation of the consolidated financial statement as at 31 December 2005; however, it is also possible that they may not coincide with those effective at the end of 2005, due to new European Commission policies regarding their approval, or new standards or interpretations issued by competent authorities which could have a retroactive effect.

- ***Accounting Policies, Changes in Accounting Estimates, and Errors***

The accounting standards adopted are the same as those used in the previous year, and there has been no change in accounting estimates or need to correct errors in the period in question.

- ***Consolidation standards***

The consolidated financial statement includes the accounts of IGD S.p.A. and its subsidiary Gescom S.r.l. as at 30 June 2005. The subsidiary's financial statement has been drafted adopting the same accounting standards as the parent company for each accounting period. The primary consolidation standards adopted in preparing the consolidated half-yearly statement are the following:

- the subsidiary Gescom S.r.l. was consolidated on a full line-by-line basis; this technique consists in aggregating all financial items at their total sum, regardless of the Group's percentage of ownership; Only when determining net equity and operating profit for the group is any minority interest reported, on a special line of the balance sheet and the income statement;

- the book value of the subsidiary Gescom S.r.l. has been eliminated with the assumption of the shareholding's assets and liabilities. The positive difference between book value and corresponding net equity has been posted to balance sheet assets under "goodwill".

- All intragroup balances and transactions, including any uncollected earnings from dealings between companies in the group, are completely eliminated.

- ***Intangible assets with a finite life***

Intangible assets which have been acquired separately are capitalised at cost, whereas those acquired through acquisition of a business are capitalised at fair value from the date of acquisition. After initial recognition, the cost method is applied to the category. The useful life of intangible assets can be finite or indefinite. Intangible assets with an indefinite life are not amortised, but are tested either annually or on a more frequent basis, whenever there is an indication that the value of an asset may have been reduced, to determine impairment. Intangible assets are tested annually to verify that their value is unchanged and identify any impairment. If the recoverable amount of an intangible asset is less than its book value, the latter is reduced to the recoverable amount. This reduction constitutes an impairment loss, which is immediately recognised in the income statement. The recoverable value of an intangible asset is whichever is greater, its net selling price or its value in use. The value in use is the current value of estimated future cash flows deriving from the asset. In order to measure impairment losses, assets are grouped into the smallest identifiable units for which it is possible to separately identify independent cash inflows (cash generating units). Intangible assets which are not subject to amortisation, as well as those which are not yet available for use, must be annually tested for impairment. If any factors indicate that the impairment loss may have decreased, the recoverable value of the asset is redetermined and the book value is increased to reflect that new value. The increase in book value cannot, however, exceed the net book value that the asset would have had if the impairment had not occurred. Impairment losses on goodwill cannot be reversed.

Other Intangible Assets

Other intangible assets acquired or internally produced are recognised as assets, in accordance with the provisions of IAS 38, when it is likely that their use will generate future economic benefits and when the cost of the asset can be reliably determined.

- ***Goodwill***

At the date of acquisition, any goodwill which arises is allocated to each of the cash generating units (according to IAS 36) which are expected to benefit from the synergy deriving from the acquisition. This item, generated by the amount by which the acquisition cost exceeds the share of the subsidiary's assets and liabilities, which cannot be attributed to specific assets of the company it refers to, is tested for impairment annually, or a more frequent basis if events or changed circumstances indicate possible impairment, in compliance with the provisions of IAS 36 (impairment of assets).

- ***Investment Property***

As at 30/06/05, the IGD Group owns seven shopping centres (each made up of a hypermarket and a mall), five hypermarkets, a supermarket, two shops, two pieces of land, and two office buildings. IGD rents its hypermarket properties to Coop Adriatica and Unicoop Tirreno. Activities regarding management of third-party rental of mall space in shopping centres and agency and facility management are carried out by IGD's subsidiary, Gescom S.r.l. (the malls are leased by IGD to Gescom, which then rents the shops or corporate divisions to third parties). Gescom holds the administrative permits for managing corporate rentals within the malls. These administrative permits are issued by the competent authorities free of charge, and cannot be bought or sold. Therefore no values are recognised on the Gescom financial statements for these permits, in that they have not been paid for. Moreover, there is no active market for these licenses/permits, which are essentially corporate divisions.

At the time of transition to IFRS, the directors of the IGD Group chose to measure investment property belonging to the group using the fair value model provided for in IAS 40; specifically, the fair value of an investment property is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction, and should reflect the actual market state and circumstances as of the balance sheet date. Specifically, the fair value of IGD's investment property reflects, among other things, revenue deriving from current rent and from reasonable, sustainable hypotheses of how much knowledgeable, willing parties would project for income from future rentals in the light of current conditions. Moreover, it reflects, on a similar basis, any cash outflows (including payments of rent and other payments) foreseen in reference to the property. Fair value differs from value in use, as defined by IAS 36, "Impairment of Assets". Fair value reflects the knowledge and estimates of buyers and sellers who are willing and informed. Value in use instead reflects the entity's estimates, including the effects of factors which could be specific to it and not applicable to other entities.

For this purpose, IGD S.p.A. engaged CB Richard Ellis Professional Services S.p.A., which offers specialised services for the measurement of investment property, to prepare an expert appraisal to determine the market value at the date of transition to IAS/IFRS for the following currently operative property components belonging to the group: shopping centres, malls, hypermarkets, supermarkets, shops, offices, and land.

Market value is taken to mean the best price at which the sale of a real estate asset
could reasonably be finalised, unconditionally and against payment in cash, at the date of measurement, assuming the following:

- that the seller has the true intention of selling the asset;

- that there is a reasonable period of time (considering the type of asset and the state of the market) to carry out adequate marketing and negotiate the price and sale conditions to finalise the sale;
- that the market trend, the level of value, and other economic conditions at the date of signing the preliminary sales agreement are the same as those existing at the date of measurement;
- that any offers by buyers for whom the property's attributes would make it overpriced are not taken into consideration.

The following measurement standards are applied to different types of assets:
- Market value of currently operative shopping centres belonging to the group, including any expansion projects underway;
- Market value of currently operative hypermarket components belonging to the group;
- Market value of currently operative supermarket components belonging to the group;
- Market value of retail spaces, office spaces, and office buildings belonging to the group.

For **malls**, the following method has been applied:
- Discounted cash flow method, based on the discounting (for a ten-year period) of future net income deriving from rental of the property. At the end of this period, it is projected that the property will be resold at a value obtained by capitalising the revenue from the last year at the market rate for analogous investments, deducting marketing fees, which are calculated at 2.00% of the selling price.

In the case of expansion projects underway, costs are also deducted which are necessary, at the date of the estimate, to complete construction of the mall.

For **hypermarkets and supermarkets**, the following method has been applied:
- Discounted cash flow method, based on the discounting (for a ten-year period) of future net income deriving from rental of the property. At the end of this period, it is projected that the property will be resold at a value obtained by capitalising the revenue from the last year at the market rate for analogous investments, deducting marketing fees, which are calculated at 2.00% of the selling price.

For **portions of property for retail or office use and office buildings**, the following methods have been applied:
- comparative or market method, based on comparing the asset in question with other similar ones which have recently been bought or sold or are currently offered on the same market, or on competing markets.
- revenue method, based on the current market value of potential revenue for a property, obtained by capitalising revenue at a market rate.

An average is then calculated of the values determined using the above methods.

The consolidated financial statement as at 30 June 2005 adopts the following investment property measurements:

- shopping centres for which the group owns both the property (hypermarket and malls) and the administrative permits and permits (constituting corporate divisions for the management of malls in the shopping centres) are measured in accordance with IAS 40, using the fair value method.
- shopping centres for which the group owns only the property (hypermarket and malls), whereas the administrative permits and permits (constituting corporate divisions for the management of malls in the shopping centres) belong to third parties, are measured in accordance with IAS 40, using the fair value method; in this case, the appraisal has taken into consideration the fact that these rights, which determine the market value of the property, no longer belong to the IGD Group at the closing date of the half-yearly statement.
- hypermarkets, supermarkets, and shops owned by the company are entered as investment property and are measured at fair value;
- the market value of properties includes the value of plant systems and machinery connected to them.

- ***Assets under construction***

Assets under construction are measured at cost; land on which work is underway to carry out projects for the construction of shopping centres is measured at cost; after the construction or development of an investment property has been completed, it is reclassified under "investment property" and measured at fair value; the difference between fair value at the date of reclassification and its previous book value is posted to the income statement for the year in which this reclassification occurs.

- ***Plant and machinery***

Plant systems, machinery, and equipment belonging to the company which cannot be attributed to investment property are entered at purchase cost, deducting commercial discounts, and taking into consideration any directly attributable costs, as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it is located. Costs sustained after acquisition are capitalised only if they cause an increase in future economic benefits deriving from the asset. All other costs (including financial expenses which can be directly attributed to the acquisition, construction, or production of the asset) are recognised on the income statement at the time they are incurred. The capitalised expense is posted to the income statement during the tangible asset's useful life through the process of its depreciation. Depreciation is calculated over the estimated useful life of the assets using the following fixed rates:

Category	**Rate**	
Electrical, fire prevention, compressed air systems	10.00	%
Heating/air conditioning system	15.00	%
Decor	20.00	%
Computers for plant management	20.00	%
Special communications systems - telephone system	25.00	%
Personal computers, printers, and network accessories	20.00	%
Special system	25.00	%
Burglar / alarm system	30.00	%
Miscellaneous and minor equipment	15.00	%
Office decor and furnishings	12.00	%
Tax meters, electronics	20.00	%
Personal computers , network accessories	40.00	%
Personal computers, network accessories - used	42.00	%

- ***Inventories***

Inventories are made up of work on the construction and expansion of the mall and gallery at the Centro Leonardo shopping centre, for the portion destined for sale. Inventories are measured at whichever is lower, cost or the net realisable value. Inventory cost includes all costs for acquisition and conversion, and other costs incurred in bringing the inventories to their present location and condition. The specific cost method is adopted.

- ***Trade and other receivables***

Trade receivables are entered at the nominal value shown on the invoice, net of the bad debt provision. An estimate is carried out on doubtful receivables when it is no longer probable that the entire sum can be collected. Unrecoverable receivables are written down upon identification.

- ***Cash and cash equivalents***

Cash and cash equivalents are entered, according to their nature, at nominal value.

- ***Financial receivables and other current financial assets***

These primarily include financial assets held for the purpose of trading, with a view to gains from short-term price or margin fluctuations. These assets are measured at fair value, without any deduction for trading costs which may be incurred for their sale.

- ***Loans***

Loans are initially shown at cost, which corresponds to the fair value of the amount received, net of accessory expenses for taking out the loan. After initial reporting, loans are measured at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account the issuing cost and any discounts or premiums foreseen at the time of repayment. Any profit or loss is posted to the income statement when the liability has been repaid (or impaired) over the amortisation period.

- ***Provisions for risks and charges***

Provisions for risks and charges include allocations deriving from current obligations (whether legal or implicit) resulting from a past event, whose fulfilment is likely to necessitate the use of resources whose sum can be reliably estimated. Changes in estimates are reflected in the income statement for the period in which the change occurs.

- ***Employee benefits***

The severance indemnity provision, which is obligatory for Italian companies under Law no. 297/1982, is considered a fixed-benefit plan, and is based, among other factors, on the working life of employees and the remuneration received during a pre-established period of service. It is calculated for all employees in accordance with current legislation and contracts. The group has not provided for any kind of remuneration in the form of equity, in that its employees do not provide services in exchange for shares or stock options. Moreover, the group has not provided for employee incentive plans in the form of profit-sharing schemes.

- ***Revenue***

Revenues are entered to the degree in which it is probable that the economic benefits will be perceived by the group, and their sum can be reliably determined. The following specific criteria for recognition of revenue must always be met before it can be reported on the income statement.

- Revenue from services

Revenue from rendering of services is recognised on the income statement in relation to the stage of completion of the transaction, and only when the result of the service can be reliably estimated.

- Interest

This is shown as financial income, following the verification of interest due to the group for the period (carried out using the effective interest rate, the rate that exactly discounts estimated future cash inflows through the expected life of the financial instrument) which increases the net value of the related financial assets reported in the financial statement.

- Dividends

Dividends are shown at the time shareholders become entitled to receive payment.

- ***Income taxes***

Income taxes include all taxes calculated on the taxable income of companies in the group. Income taxes are shown on the income statement, with the exception of taxes regarding items that are directly credited or charged to a net equity reserve, in which case the tax effect is directly charged or credited to the net equity reserve. Provisions for taxes which could result from the transfer of non-distributable earnings of subsidiaries are made only when there is a real intention to transfer such earnings. Other taxes not related to income, such as taxes on property and on capital, are included in operating costs. Deferred and prepaid taxes are recognised according to the balance sheet liability method. They are calculated on all temporary differences which arise between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statement. Deferred tax assets from tax losses and credits that are not used and can be carried forward are recognised to the degree that it is likely that a future taxable income will be available on which they can be recovered. Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same tax authority and when the business has the legal right to settle. Deferred tax assets and liabilities are determined by adopting the tax rates that are expected to apply in the years when the temporary differences will be recovered or settled. In the half-yearly statement, period income taxes for the individual consolidated companies are classified under the item "current tax liabilities", whereas deferred/prepaid taxes are normally classified under "deferred tax liabilities". When this balance is represented by an asset, it is entered under "prepaid tax assets". Period income taxes for the individual consolidated companies are determined using the best possible estimate based on the information available, and on reasonable projections for the year's operations up to the end of the tax period.

- ***Earnings Per Share***

As required by IAS 33 (paragraph 66) the income statement shows basic earnings and diluted earnings per share for the profit or loss on ordinary operations that can be attributed to the holders of ordinary equity instruments issued by the parent company. The information is presented only for consolidated figures, as permitted by the International Accounting Standard cited above.

The basic earnings per share are calculated by dividing the profit or loss attributable to holders of ordinary equity instruments issued by the parent company by the weighted average number of ordinary shares outstanding during the period. The number of ordinary shares has increased during the period as a result of a capital increase at the time of stock market listing. The weighted average of number of shares has been applied with a retroactive effect for all previous periods.

- ***Derecognition of financial instruments***

Financial instruments are derecognised when the group no longer holds the contractual rights on them; this normally occurs when the instrument is sold, or when the financial income generated by the instrument passes through an independent third party.

- ***Derivative financial instruments***

Derivatives held as at 30 June 2005 are shown at fair value and are designated as hedging instruments, in that the hedging relationship is formally documented, and periodic verification shows the hedge to be highly effective. When hedging derivatives cover the risk of changes in fair value of the hedged instruments (fair value hedges), they are shown at fair value with the effects posted to the income statement; in the same way, the hedged instruments are sufficient to reflect fair value changes associated with the hedged risk. When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), changes in fair value are initially recognised in net equity, and subsequently posted to the income statement, in accordance with the economic effects produced by the hedged item. Changes in the fair value of derivatives which do not meet the conditions to be designated hedging instruments are shown on the income statement.

- ***Use of estimates***

Applying IFRS to the preparation of the consolidated financial statement and the notes requires the management to make estimates and hypotheses that have an effect on the values of the assets and liabilities in the accounts and on the reporting of potential assets and liabilities at the date of the financial statement. The final results could differ from these estimates. Estimates are used to show provisions for bad debt, amortisation and depreciation, taxes, and other provisions and allocations. Estimates and assumptions are subject to periodic review, and the effects of all changes are immediately posted to the income statement.

6) Notes to the Financial Statement

Note 1) Segment reporting For the information required by IAS 14, please refer to the Management Report.

Note 2) Intangible assets with a finite life and goodwill

	31/12/2004	**increases**	**decreases**	**reassessments**	**30/06/05**
Intangible assets with a finite life	9,999		(555)		9,444
Goodwill	2,896,391	0	0	0	2,896,391
Total	**2,906,390**	**0**	**(555)**	**0**	**2,905,835**

The intangible assets with a finite life are expenses incurred for the design and registration of corporate brands used by the group; the amortisation period is shown in the table below, and the decrease can be attributed to period amortisation.

During the year no writedowns or reversals have been made on intangible assets, neither on the income statement nor on the balance sheet.

	Useful Life	**Amortisation method employed**	**Product under construction or acquisition**
Licensing and trademarks	Finite	10%	Product

Goodwill, generated by the effect of consolidation of the subsidiary Gescom S.r.l., has been attributed to individual cash generating units (CGU); these consist in management activities carried out by the subsidiary Gescom in malls not belonging to the group, as well as service activities (direction of shopping centres and marketing of spaces) carried out by Gescom within shopping centres belonging to the group and to third parties.

Below is a breakdown of goodwill per CGU as at 30 June 2005.

	Goodwill
Centro Leonardo	147,030
Centro Nova	545,625
Città delle Stelle	270,005
Lungo Savio	416,625
San Donà	448,444
San Ruffillo	62,636
Gescom Service	1,006,026
Total	2,896,391

The sum attributed to each cash generating unit has been determined based on value in use. It has been calculated using estimated cash inflows from the financing plan approved by top management, which covers a three-year timespan. The discount rate applied to prospective cash flow at the last year of measurement is 0.85263.

Note 3) Investment Property

As required by IAS 40, below is a reconciliation between the carrying amounts of investment property at the beginning and end of the period, with separate indication of increases and decreases for sale and for fair value measurement.

	31/12/2004	increases	decreases	adjustment to fair value	30/06/05
Investment property	529,343,500	41,392		14,182,108	543,567,000
Total	**529,343,500**	**41,392**	**0**	**14,182,108**	**543,567,000**

The increase is primarily due to the adjustment of investment property to fair value as at 30 June 2005.

Note 4) Plant and machinery, equipment, leasehold improvements , and assets under construction

	30/06/05	31/12/2004	difference
Plant and machinery	438,115	474,062	31,280
Equipment	161,582	189,077	0
Leasehold improvements	382,085	437,027	0
Assets under construction/acquisition	41,655,393	12,740,358	28,915,035
Total	**42,637,175**	**13,840,524**	**28,946,315**

The increase is primarily due to advance payments for the acquisition of new shopping centres (see note 35 on agreements) and for work on shopping centres that have already been acquired.

Leasehold improvements consist in construction work on buildings not belonging to the group, and are amortised based on the duration of the leasing contracts.

Note 5) Prepaid tax assets and deferred tax liabilities

	30/06/2005	**31/12/2004**	**Difference**
Current prepaid taxes	3.656.088	916.558	2.739.530
Non current prepaid taxes	1.199.692	960.670	239.022
Total prepaid taxes	4.855.780	1.877.228	2.978.552
Total current deferred taxes	(59.947.892)	(51.877.375)	(8.070.517)
Total non current deferred taxes	(11.768)	0	(11.768)
Total deferred taxes	(59.959.660)	(51.877.375)	(8.082.285)

Below is a detailed breakdown of the items shown above:

	30/06/2005	**31/12/2004**	**Difference**
Payable for deferred taxes			
Accelerated depreciation for tax purposes	2.715.034	2.715.034	0
Depreciation of land for tax purposes	2.203.938	2.203.938	0
Apportioned capital gain	54.446	72.595	(18.149)
Tax effect on real estate fair value of 01.01.04	35.291.425	35.291.425	0
Tax effect on real estate fair value of 31.12.04	6.123.735	6.123.735	0
Tax effect on reversal of real estate depreciation 31/12/04	5.145.178	5.145.178	0
Tax effect on other items	168.098	134.744	33.355
Tax effect on real estate fair value of 30.06.05	5.282.837	0	5.282.837
Tax effect on reversal of real estate depreciation 30/6/05	2.662.219	0	2.662.219
Effect on reversal of amortisation 31/12/04	190.727	190.727	0
Effect on reversal of amortisation 30/6/05	115.687	0	115.687
Reversal of deferred taxes	(5.431)	0	(5.431)
Effect on fair value of asset management	11.768	0	11.768
Total deferred taxes	**59.959.660**	**51.877.375**	**8.082.286**

The deferred tax provision contains both the tax effect of adjustments from Italian accounting standards (used to determine the taxable base) to international ones (IAS), and taxes calculated on accelerated depreciation, determined only at the time of filing the income tax return, and taxes calculated only at the time of filing tax declarations regarding depreciation of land. The increase for the period is exclusively due to the effects of taxation on IAS entries. The current share of the amount detailed above, amounting to €11,768, refers to the effect of taxation on the potential capital gain on asset management.

Receivable for deferred taxes	**30/06/2005**	**31/12/2004**	**Difference**
Taxable provisions	220,072	214,969	5,103
Available losses to offset future taxable profits	0	745,701	(745,701)
Effect on reversal of intangible assets	834,182	834,182	0
Tax effect on other items	56,919	37,561	19,358
Effect on measurement of hedging IRS 31/12/04	44,815	44,815	(0)
Effect on measurement of hedging IRS 30/6/05	1,154,877	0	1,154,877
Effect on transfer to equity of IPO costs	2,827,683	0	2,827,683
Reversal of prepaid taxes	(282,768)	0	(282,768)
Total prepaid taxes	**4,855,780**	**1,877,228**	**2,978,552**

The item "receivable for prepaid taxes" primarily contains the effects of taxation on IAS entries. During the period, the group employed approximately €746,000 as prepaid taxes on previous tax losses. A portion of these taxes amounting to €1,199,692 was classified under the item "Current prepaid tax assets" and the remainder under the item "Non-current prepaid tax assets", according to whether they are carried forward in subsequent periods.

Note 6) Miscellaneous receivables and other non-current assets

	30/06/05	**31/12/04**	**Difference**
Advance payment for interest acquisition	4.000.000	0	4.000.000
Tax credits	22.594	25.406	(2.812)
To others	3.000	0	3.000
Security deposits	7.544	0	7.544
Total	**4.033.138**	**25.406**	**4.007.732**

This figure primarily refers to the down payment on the acquisition of MV S.r.l. as part of the purchase agreement for the Mondovi shopping centre (see note 35).

Note 7) Inventories

	30/06/2005	**31/12/2004**	**Difference**
Inventories	7,170,258	4,479,757	2,690,501

The increase in inventories is due to the continuation of work on the Centro Leonardo shopping centre to expand the car park and mall for the portion destined for sale (see note 35).

There have been no circumstances during the period which would lead to the writedown of inventories, or to the reversal of a previous writedown.

Note 8)Trade and other receivables

Trade receivables do not bear interest and generally fall due by the end of the following month. For terms and conditions regarding receivables from affiliates, please refer to note 31.

	30/06/05	31/12/04	Difference
Trade	5,749,283	5,834,918	(85,635)
provision for bad debt	(1,800,671)	(1,748,726)	(51,945)
Total trade	**3,948,612**	**4,086,192**	**(137,580)**
Parent company	3,241,443	7,426,972	(4,185,529)
Total parent company	**3,241,443**	**7,426,972**	**(4,185,529)**
Affiliates			0
Robintur spa	11,697	11,694	3
Total affiliates	**11,697**	**11,694**	**3**
To others			
advances to suppliers	0	1,163,635	(1,163,635)
Total to others	**0**	**1,163,635**	**(1,163,635)**
	7,201,752	**12,688,493**	**(5,486,741)**

The decrease in receivables from subsidiaries is primarily due to the decrease in the VAT receivable from Coop Adriatica S.c.r.l.

The decrease in receivables from others is related to the settlement of advances to suppliers.

Below is a table of changes in the bad debt provision:

CATEGORY	Value at 31/12/04	Use	Allocations	Value at 30/06/05
PROVISION FOR BAD DEBT	1,748,726	91,931	143,876	1,800,671

Note 9) Other current assets

	30/06/05	31/12/04	Difference
Tax credits			
State treasury - IRES		1,223	(1,223)
State treasury - IRAP	3,031	74,384	(71,353)
Total tax credits	**3,031**	**75,607**	**(72,576)**
To others			
monthly advances	10,129	13,858	(3,729)
insurance	9,405	11,090	(1,685)
Gester		340,660	(340,660)
Prepayments and deferrals	682,567	130,743	551,824
Other	55,354	9,186	46,168
Total others	**757,455**	**505,537**	**251,918**
Total	**760,486**	**581,144**	**179,342**

The figure primarily refers to the share of spreads on derivative hedging contracts and interest accrued on asset management.

Note 10) Financial receivables and other current financial assets

As at 30 June 2005, these primarily consist in asset management:

	30/06/05	31/12/04	Difference
Financial assets held for trading	49.981.047	0	49.981.047
			0
	49.981.047	**0**	**49.981.047**

Financial assets held for the purpose of trading consist in cash and cash equivalents, fixed-rate investments, and alternative investments, primarily composed of bonds and fixed-rate securities. All assets are issued in euros and belong to countries in the euro zone. The primary rating agencies have rated the group portfolio at 30 June 2005 with grades not inferior to A.

Note 11) Cash and cash equivalents

	30/06/2005	31/12/2004	Difference
cash and cash equivalents with banks, financial and postal institutions	53,688,968	848,439	52,840,529
Cash	2,603	152	2,451
Total	**53,691,571**	**848,591**	**52,842,980**

The significant increase compared to 31 December 2004 is due to the liquid assets which flowed into the parent company following stock market listing on 11 February 2005. Part of these liquid assets have been employed for investment in asset management operations referred to in note 10.

Note 12) Net Equity

Share capital as at 30 June 2005 is made up of 282,249,261 shares with a par value of €1 each. The €105 million increase is due to the Board resolution of 27 December 2004 to increase share capital for the purpose of admission to stock market listing. Shares are fully paid up and there are no rights, privileges, and restrictions attached to them in the distribution of dividends and the repayment of capital. The group does not hold any of its own shares at the date of this consolidated financial statement.

Reserve for first-time adoption of IAS/IFRS	Euro conversion reserve	Merger reserve	Gains (losses) directly posted to net equity	Total other reserves
57,986,275	23,113	13,735,610	0	71,744,998
			(7,591,095)	(7,591,095)
			(3,827,211)	(3,827,211)
			4,027,375	4,027,375
			(7,390,931)	(7,390,931)
57,986,275	23,113	13,735,610	(7,390,931)	64,354,067

The reserve for "Gains (losses) directly posted to net equity" is fed by unrealised gains and losses (net of taxes) which derive from the remeasurement of a financial instrument designated as a cash flow hedge, as well as listing costs (net of related taxes). IAS 38 requires the expenses of an equity operation to be posted directly to net assets.

The "Reserve for first-time adoption of IAS/IFRS" offsets entries made for the converting the civil law financial statement to the financial statement required by IAS/IFRS, as at 1 January 2004.

Note 13) Non-current financial liabilities

This item includes the fair value at 30 June 2005 of derivative hedging instruments, amounting to €3,635,431, and the long-term share of variable rate loans taken out with banks, amounting to €130,916,336, broken down as follows:

Medium / Long	**Interest rate**	**Expiration**	**balance at 30/06/05**	**balance at 31/12/04**	**Difference**
To banks for loans					
Banca Pop.di Verona scarl	6-month Euribor + 0.49	31/5/2001 - 31/5/2011	13.957.754	15.254.587	(1.296.833)
Intesa BCI spa	6-month Euribor +0.43	31/5/2001 - 31/5/2011	14.491.871	15.754.481	(1.262.610)
Unicredit Banca Impresa spa/Mediocredito	6-month Euribor +0.50	5/4/2001 - 5/4/2011	12.911.422	14.202.565	(1.291.143)
Banca Toscana spa Casilino 1	Euribor + 0.30	31/12/01 - 31/12/2015	26.796.912	27.888.673	(1.091.761)
Banca Toscana spa Casalino 2	Euribor + 0.30	31/12/01 - 31/12/2013	13.125.935	13.840.069	(714.134)
Banca Toscana spa Livorno 1	6-month Euribor +0.43	5/4/2001 - 5/4/2011	26.662.056	28.112.640	(1.450.584)
Banca Toscana spa Livorno 2	6-month Euribor +0.43	5/4/2001 - 5/4/2011	22.970.386	24.220.120	(1.249.734)
Total			130.916.336	139.273.135	(8.356.799)

The decrease in medium/long-term debt compared to 31 December 2004 is due to the payment of amounts due in the first half of 2005.

The loans, which are subject to the rates shown above, are covered by mortgages taken out on properties as collateral.

Note 14) Severance indemnity provision

DESCRIPTION	BALANCE AS AT 31/12/04	TOTAL AS AT 30/06/05	Difference
Severance indemnity	195,845	174,826	(21,019)

The provision is decreased by approximately €21,000, essentially due to the balance between allocations on the income statement, amounting to approximately €52,000, and use for indemnities, primarily paid to an executive who in January 2005 moved from the subsidiary Gescom S.r.l. to IGD S.p.A..

Note 15) Provisions for risks and charges

CATEGORY	Value as at 31/12/04	Use	Allocations	Value as at 30/06/05
OTHER PROVISIONS				
Risk provision for legal proceedings - ex-Laterizi	64,721	0	0	64,721
Tax provision	151,146	14,889	0	136,257
Merit pay provision	46,495	46,495	0	0
Provision for miscellaneous risks and charges	75,861	0	0	75,861
TOTAL OTHER PROVISIONS	**338,223**	**61,384**	**0**	**276,839**

Provision for ex-Laterizi proceedings

The legal risk provision for the ex-Laterizi proceedings regards allocations made in past financial years for risks related to legal disputes with customers of Centro Leonardo S.p.A., a company that was merged into IGD in 2001. The sum has been allocated to cover potential liabilities deriving from judgements that are still pending.

Tax provision

The provision has been allocated to cover risks at the date of the financial statement deriving from tax inspections related to INVIM (municipal capital gains tax on property) and extraordinary INVIM existing. Its use during the period is due in part to a payment on an ICI inspection from 2001-2002 and in part to a payment on a 2002 income inspection.

One should note that on 25 July 2002, the parent company was informed of a citation ("PVC") by the Regional Tax Squad of the Abruzzo Finance Police. The findings gleaned from the report relate to the merged company Did Immobiliare for the years 1999 – 2000 – 2001. These findings are deemed to be unfounded from both a juridical and fiscal point of view, and rejoinders have been prepared and filed to this regard so that the offices involved will not pursue this report. The directors have decided not to make any allocations, in that it is reasonable to believe, based in part on measurements carried out by the tax advisors of the parent company, that the citation will have no consequences, and it is quite unlikely that there will be any related liabilities.

Merit pay provision

The merit pay provision regards the variable remuneration due to employees in 2004 on the basis of estimated group results, and it has been used for payments made in 2005.

Provision for risks and charges

The sum has been allocated in previous years to cover potential liabilities deriving from judgements still pending with group suppliers.

Note 16) Miscellaneous payables and other non-current liabilities

	30/06/05	31/12/04	Difference
Security deposits - Coop Adriatica	7,058,275	7,058,275	0
Accruals and deferrals	227,700	236,027	(8,327)
Security deposits - affiliates	6,621,903	6,415,605	206,298
Advance payment	5,700,000	0	5,700,000
Other liabilities	15,526	15,752	(226)
Total other liabilities	**19,623,404**	**13,725,659**	**5,897,745**

Security deposits consist in sums paid for the rental of hypermarkets and malls.

Note 17) Current financial liabilities

This item includes, at 30 June 2005, the balance of €1,034,865 in the clearing account with TCA S.r.l., the company which has managed the treasury of the Coop Adriatica group since 1 January 2005, and the short-term share of variable rate loans taken out with banks, for which a breakdown is provided below:

	Interest rate	Expiration	Balance at 30/06/05	Balance at 31/12/04	Difference
Short-term					
Payable to banks					
Unicredit Banca d'impresa - Hot Money		before year's end	0	5,000,000	(5,000,000)
Intesa BCI - Ag. Fiera Bologna		before year's end	0	122,130	(122,130)
Banca Toscana - Hot money		before year's end	15,000,000	-	15,000,000
Banca Pop. Emilia Romagna - Hot Money		before year's end		10,000,000	(10,000,000)
Banca Pop. Emilia Romagna - Bologna Office		before year's end		3,018,595	(3,018,595)
Banca Toscana		before year's end		13,744,983	(13,744,983)
Carisbo - Ag. di Castenaso		before year's end	280,538	7,122,564	(6,842,026)
Total			15,280,538	39,008,272	(23,727,734)
To banks for loans					
Banca Pop.di Verona scarl	6-month Euribor + 0.49	31/5/2001 - 31/5/2011	2,577,077	2,540,244	36,833
Intesa BCI spa	6-month Euribor +0.43	31/5/2001 - 31/5/2011	2,494,533	2,433,903	60,630
Unicredit Banca Impresa spa/Mediocredito	6-month Euribor +0.50	5/4/2001 - 5/4/2011	2,582,284	2,582,285	(1)
Banca Toscana spa Casilino 1	Euribor + 0.30	31/12/01 - 31/12/2015	1,091,761	-	1,091,761
Banca Toscana spa Casalino 2	Euribor + 0.30	31/12/01 - 31/12/2013	1,410,849	1,376,438	34,411
Banca Toscana spa Livorno 1	6-month Euribor +0.43	5/4/2001 - 5/4/2011	2,865,788	2,795,890	69,898
Banca Toscana spa Livorno 2	6-month Euribor +0.43	5/4/2001 - 5/4/2011	2,468,986	2,408,767	60,219
Total			15,491,278	14,137,527	1,353,751

The decrease in short-term liabilities is due to the closure of Hot Money contracts.

Note 18)Trade and other payables

	30/06/05	31/12/04	Difference
Trade	2,407,393	713,890	1,693,503
Total trade	**2,407,393**	**713,890**	**1,693,503**
Parent company	1,463,939	1,335,370	128,569
Total parent company	**1,463,939**	**1,335,370**	**128,569**
Affiliates			0
Robintur spa	20,235	5,772	14,463
Total affiliates	**20,235**	**5,772**	**14,463**
of which financial		*0*	*0*
	3,891,567	**2,055,032**	**1,836,535**

Trade payables do not bear interest and are normally paid within the following two months. Accounts payable "to the parent company" primarily regard the normal activity of invoicing for rentals.

Note 19) Current tax liabilities

	30/06/05	31/12/04	Difference
IRPEF	88,019	71,963	16,056
Additional regional and municipal taxes	4,827	10,209	(5,382)
IRAP	200,568	118,952	81,616
IRES	1,294,157	0	1,294,157
VAT	2,588,336	0	2,588,336
Drainage Consortium	3,204	0	3,204
Permit from City of Bologna	11,437	4,117	7,320
Total current liabilities	**4,190,548**	**205,241**	**3,985,307**

This item primarily refers to IRES liabilities, deducting the advance payment made, and the liability for group VAT.

Note 20) Other current liabilities

	30/06/05	31/12/04	Difference
Social security and insurance	58,716	56,248	2,468
Accruals and deferrals	428,769	499,452	(70,683)
Insurance	104,716	92,638	12,078
Employees	147,109	120,732	26,377
Security deposits	471,358	842,442	(371,084)
Other liabilities	107,143	4,557	102,586
Total other liabilities	**1,317,811**	**1,616,069**	**(298,258)**

The figure primarily refers to security deposits paid by operators on rental contracts, and the share of interest on loans and spreads from derivative hedging contracts.

Note 21) Revenue

Below is a detailed breakdown of revenue from hypermarkets, supermarkets, and malls:

BUILDING	CONTRACT TERMS	EXIRATION DATE	VALUE AS AT 30/06/05	VALUE AS AT 30/06/04	Difference
Group hypermarkets					
Ipermercato del Centro Commerciale Lame	15	30/06/2018	1,316,721	1,264,186	52,535
Ipermercato del Centro Commerciale Borgo	8	30/06/2011	1,046,764	976,386	70,378
Ipermercato del Centro Commerciale Esp	16	30/06/2019	1,029,084	1,057,752	(28,668)
Ipermercato del Centro Commerciale d'Abruzzo	9	30/06/2012	580,720	571,716	9,004
Ipermercato del Centro Commerciale Porto Grande	8	30/06/2011	573,060	564,174	8,886
Ipermercato del Centro Commerciale Leonardo	14	30/06/2017	888,586	874,808	13,778
Ipermercato di Lugo	18	30/06/2021	440,784	433,949	6,835
Ipermercato del Centro Commerciale Miralfiore	18	30/06/2021	868,751	855,280	13,471
Ipermercato del Centro Commerciale Maestrale	6	30/06/2009	594,313	585,098	9,215
Ipermercato del Centro Commerciale Casilino di Roma	18	30/06/2021	958,051	942,500	15,551
Ipermercato del Centro Commerciale Le Porte di Napoli	18	25/03/2021	953,819	941,528	12,291
Ipermercato del Centro Commerciale Fonti del Corallo	18	28/02/2022	993,425	661,250	332,175
Third-party hypermarkets					
Ipermercato del Centro Commerciale Centronova	6	11/05/2007	1,660,841	1,476,461	184,380
Ipermercato del Centro Commerciale S. Donà	9	30/04/2013	48,741	16,247	32,494
Gruop supermarket					
Supermercato Aquileia	6	22/07/2008	170,245	167,604	2,641
TOTAL HYPERMARKETS			**12,123,905**	**11,388,939**	**734,966**
Group malls					
Galleria del Centro Commerciale Esp	6	06/11/2006	1,457,298	1,210,403	246,895
Galleria del Centro Commerciale Centro d'Abruzzo	6	28/02/2007	992,762	875,190	117,572
Galleria del Centro Commerciale Porto Grande	6	31/12/2010	751,921	678,466	73,455
Galleria del Centro Commerciale Borgo	6	06/11/2006	1,115,767	1,022,731	93,036
Galleria del Centro Commerciale Casilino	6	30/06/2009	785,246	772,500	12,746
Galleria del Centro Commerciale Le Porte di Napoli	6	25/03/2009	1,600,927	1,580,296	20,631
Galleria del Centro Commerciale Fonti del Corallo	6	28/03/2010	1,330,435	455,000	875,435
Negozio Miralfiore	6	31/12/2006	16,237	16,045	192
Negozio Aquileia	6	31/12/2007	13,575	13,414	161
Third-party malls					
Galleria del Centro Commerciale Centropiave	6	30/06/2010	1,231,054	1,143,198	87,856
Galleria del Centro Commerciale Centronova	12	11/05/2007	1,458,110	1,383,146	74,964
Galleria del Centro Commerciale Centrolame	2	31/12/2005	15,025	36,940	(21,915)
Galleria del Centro Commerciale Centroleonardo	6	31/12/2006	779,742	787,400	(7,658)
Galleria del Centro Commerciale S. Ruffillo	6	28/02/2008	197,477	190,665	6,812
Galleria del Centro Commerciale Lungo Savio	6	30/09/2008	526,359	500,532	25,827
Galleria del Centro Commerciale Città delle Stelle	6	31/12/2010	987,746	938,835	48,911
Galleria del Centro Commerciale Mediterraneo	3	31/12/2007	22,808	0	22,808
TOTAL MALLS			**13,282,488**	**11,604,761**	**1,677,727**
OVERALL TOTAL			**25,406,393**	**22,993,700**	**2,412,693**

The most significant increases relate to revenue from the shopping centre Le Fonti del Corallo, in that it was acquired during the second quarter of 2004, and thus contributed to revenue for a shorter period. The other increases primarily refer to the normal activity of contract renegotiation.

Note 22) Other income

	30/06/05	30/06/04	Difference
Reimbursement of condominium expenses and misc.	29,830	27,577	2,253
Insurance compensation	1,015	2,600	(1,585)
Non-operating income	12,293	56,982	(44,689)
Capital gains	0	274,980	(274,980)
Use of ESP shutter provision	14,461	14,461	0
Revenues from shopping centre administration	598,715	468,393	130,322
Revenues from pre-opening and promotional activities	14,015	142,042	(128,027)
Other misc. revenues	11,691	6,528	5,163
	682,020	**993,563**	**(311,543)**

This item is primarily made up of revenue from the administrative and commercial management of shopping centres belonging to third parties and the group.

Note 23) Purchase of materials and outside services

	30/06/05	30/06/04	Difference
Rental costs	6,560,709	6,092,721	467,988
Work in progress Imola	2,690,501	148,390	2,542,111
Utilities	34,198	34,344	(146)
Advertisement	4,000	0	4,000
Administration service	136,548	86,377	50,171
Condominium expenses	17,994	41,133	(23,139)
Insurance	147,822	131,765	16,057
Honorariums and compensation	269,098	168,403	100,695
Maintenance and repair	4,130	49,144	(45,014)
Other	494,002	241,929	252,073
	10,359,002	**6,994,206**	**3,364,796**

This item primarily comprises rental costs for buildings managed by the group, and costs for work to expand the car park and mall at the Centro Leonardo shopping centre in Imola.

Note 24) Personnel costs

Below is a detailed breakdown of personnel costs:

PERSONNEL COSTS			
DESCRIPTION	**BALANCE AS AT 30/06/05**	**BALANCE AS AT 30/06/04**	**DIFFERENCE**
WAGES AND SALARIES	541,464	394,923	146,541
SOCIAL SECURITY CONTRIBUTIONS	172,315	121,240	51,075
SEVERANCE INDEMNITY	33,623	29,105	4,518
OTHER CHARGES	44,385	39,023	5,362
TOTAL	**791,787**	**584,291**	**207,496**

The increase is related to the items for "wages and salaries" and "social security contributions" and is due to the increase in middle-income staff.

The following table shows a breakdown of staff by category:

	30/06/2005	31/12/2004
Senior management	2.00	2.00
Middle management	5.00	4.00
Office staff	20.67	21.00
TOTAL	**27.67**	**27.00**

Below is a detailed breakdown of remuneration for directors and statutory auditors for services provided to the parent company and the subsidiary.

First name and surname	Office held	Period in which office was held	Expiration of term	Payment for office at the company preparing the financial statement
BOARD OF DIRECTORS				
Gilberto Coffari	Chairman	01/01/05-30/06/05	Appr. 2005 statement	25,000
Sergio Costalli	Vice Chairman	01/01/05-30/06/05	Appr. 2005 statement	25,000
Filippo Maria Carbonari	Managing Director	01/01/05-30/06/05	Appr. 2005 statement	25,000
	GESCOM SRL Director	01/01/05-30/06/05	Appr. 2007 statement	5,165
Roberto Zamboni	Director	01/01/05-30/06/05	Appr. 2005 statement	20,000
Grazia Margherita Piolanti	Director	01/01/05-12/05/05	Appr. 2005 statement	10,000
	GESCOM SRL Director	01/01/04-31/12/04	Appr. 2007 statement	5,165
Maurizio Filippini	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
Fernando Pellegrini	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
Massimo Franzoni	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
Aristide Canosani	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
Riccardo Sabadini	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
Fabio Carpanelli	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
Mauro Bini	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
Lorenzo Roffinella	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
Francesco Gentili	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
Stefano Pozzoli	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
Sergio Santi	Director	01/01/05-30/06/05	Appr. 2005 statement	10,000
BOARD OF STATUTORY AUDITORS				
Romano Conti	Chairman, Board of Statutory	01/01/05-30/06/05	Appr. 2005 statement	12,000
Franco Gargani	Regular Auditor	01/01/05-30/06/05	Appr. 2005 statement	8,000
Massimo Lazzari	Regular Auditor	01/01/05-30/06/05	Appr. 2005 statement	8,000
INTERNAL OVERSIGHT COMMITEE				
Aristide Canosani	Director	01/01/05-30/06/05	Appr. 2005 statement	8,000
Massimo Franzoni	Director	01/01/05-30/06/05	Appr. 2005 statement	8,000
Maurizio Filippini	Director	01/01/05-30/06/05	Appr. 2005 statement	8,000

Note 25) Other operating costs

	30/06/05	30/06/04	Difference
Taxes	827,636	783,321	44,315
Contract registration	14,865	33,579	(18,714)
Ordinary contingent liabilities	33,543	132,995	(99,452)
Bad debt provision	112,340	59,704	52,636
Other operating costs	47,835	51,449	(3,614)
	1,036,219	**1,061,048**	**(24,829)**

This item primarily corresponds to municipal taxes on property belonging to the group.

Note 26) Change in fair value

This item includes the adjustment to fair value of the investment property commented on in note 3.

Note 27) Financial income and expenses

	30/06/05	30/06/04	Difference
Banking interest earned	545.198	1.957	543.241
Miscellaneous interest earned	39.956	209	39.747
Positive IRS spreads	1.366.937	695.821	671.116
Interest collected on TCA	20.609	0	20.609
Interest and discounts on securities	343.112	0	343.112
Interest collected on repurchase agreements	100.729		100.729
Fair value measurement of asset management	35.660		35.660
			0
	2.452.201	**697.987**	**1.754.214**

This item primarily includes IRS spreads, whose increase is due to the signing of new derivative hedging contracts in the period in question, and the fair value measurement as at 30 June 2005 of the asset management item commented on in note 10.

	30/06/05	30/06/04	Difference
interest paid on security deposits	88,228	181,540	(93,312)
Interest paid on Finad / TCA accounts	3,813	299,964	(296,151)
Banking interest paid	108,768	0	108,768
interest on loans	2,041,055	1,747,986	293,069
Writedowns on securities	166,732	0	166,732
Negative IRS spreads	2,007,136	757,053	1,250,083
	4,415,732	**2,986,543**	**1,429,189**

The item primarily includes interest paid on loans, as commented on in notes 13 and 17, and negative spreads on derivative hedging contracts.

Note 28) Income taxes

The primary components of income tax for the periods ended 30 June 2005 and 30 June 2004 are the following:

	30/06/2005	30/06/2004	Difference
Current taxes	2.090.778	355.770	1.735.008
Statutory deferred taxes	722.449	1.215.316	- 492.867
IAS deferred taxes	8.081.076	7.419.608	661.468
	10.894.303	8.990.694	1.903.609

No changes in applicable tax rates have been recorded between the two periods.

Below is the reconciliation of income taxes applicable to the group's pre-tax earnings, using the tax rate in force, compared to the actual rate for the periods ended 30 June 2005 and 30 June 2004:

	30/06/05	30/06/04
Pre-tax result	**6,358,714**	**3,375,371**
Theoretical tax liabilities (33% rate)	*2,098,376*	*1,113,872*
Profit shown on Income Statement	5,671,765	2,160,055
Increases:		
temporary variations:		
2005 financial statement certification expenses	17,720	26,091
pre-listing costs	0	21,746
bad debt	47,000	91,335
variable salary	0	23,227
apportioned capital gain	54,996	0
prepaid taxes	756,108	1,215,316
permanent differences:		
ICI	797,369	772,741
non-deductible amortisation and depreciation	0	17,411
miscellaneous contingent liabilities	44,965	99,451
other miscellaneous differences	116,457	7,520
Decreases:		
temporary variations:		
2004 financial statement certification expenses	(33,090)	(31,910)
variable salary	0	(56,053)
other	(31,539)	(693)
permanent differences:		
use of taxable risk provision	(14,461)	(14,461)
prepaid taxes	(33,659)	0
other miscellaneous differences	(877)	(1,781)
use of previous losses	(2,259,702)	(4,071,979)
Taxable income	**5,133,052**	**258,016**
Current taxes for the year	**1,693,907**	**85,145**
Difference between production value and costs	**8,289,975**	**5,479,654**
Theoretic IRAP (4.25%)	*352,925*	*232,885*
Difference between production value and costs	**8,289,975**	**5,479,654**
Costs not relevant for IRAP purposes	970,162	675,626
Taxed income	0	0
Untaxed income	-22,208	-16,242
Deductible costs	-66,648	-34,564
Non-deductible costs	138,655	263,156
Income subject to IRAP	**9,309,936**	**6,367,630**
Current IRAP for the year	396,871	270,624

Note 29) Earnings per share

As required by IAS 33, we are providing information on the data used for the calculation of per share and diluted earnings.

For the purpose of calculating the basic earnings per share, one should note out that the numerator used has been the profit for the period after deducting minority interest. Moreover, one should note that there are no special categories of dividends, conversions of privileged shares, or other similar effects that would affect the profit attributable to ordinary equity holders. The denominator used is the weighted average number of ordinary shares outstanding, which takes into account the capital increase of €105 million (105,000,000 shares with a par value of €1 each) collected on 11 February 2005.

The *diluted earnings per share* are equal to the earnings per share, in that there are no ordinary shares which could have a dilutive effect, nor will any options or warrants be exercised that could have such an effect.

	30/06/2005	30/06/2004
Net earnings attributable to the parent company's shareholders.	17.765.958	14.082.716
Average weighted number of ordinary shares used in calculating basic earnings per share	258.332.594	258.332.594
Basic earnings per share	0,07	0,05
Diluted earnings per share	0,07	0,05

There have been no other ordinary share transactions between the date of the financial statement and its drafting.

Note 30) Paid and proposed dividends

The company will not propose the distribution of any dividends based on the consolidated half-yearly financial statement. During the period the parent company, as resolved by the Shareholder's Meeting for the approval of the financial statement as at 31 December 2004, held on 28 April 2005, provided for the distribution of a €0.02 dividend for each of the 282,249,261 shares in circulation, a total sum of €5,644,986.

Note 31) Related party disclosures

IGD S.p.A., the parent company, owns 100% of Gescom S.r.l. Below is the information required by IAS 24, paragraph 17.

	Coop Adriatica	Fin.Ad	Robintur spa	Sageco spa	Tca srl	Unicoop Tirr.	Vignale	Ipk Tirr.	total
ACCOUNTS RECEIVABLE	3,241,443	0	11,697	0	304,827	0	0	0	3,557,967
ACCOUNTS PAYABLE	8,522,213	0	20,235	0	1,034,895	26,500	3,492,169	3,000,911	16,096,923
REVENUES	9,693,854	5,165	122,962	170,245	20,609	0	3,716,608	2,905,296	16,634,738
COSTS	2,264,735	0	23,331	0	14,993	31,665	41,669	35,806	2,412,199

The group has financial and economic dealings with its parent company Coop Adriatica, with other companies in the Coop Adriatica group (Fin.Ad. Bologna S.p.A., Sageco S.p.A., Robintur S.p.A., and TCA S.r.l.), and with some companies in the Unicoop Tirreno group (Vignale Immobiliare and Ipercoop Tirreno). Transactions with affiliates take place at normal market conditions and are measured at nominal value.

Transactions carried out with the parent company Coop Adriatica are related to:

- financial and economic dealings regarding the rental (as lessor) of properties intended for use as hypermarkets, one of which is also for use as a mall;
- financial and economic dealings regarding the rental (as lessee) of properties intended for use as malls, invoiced by the parent company;
- financial and economic dealings regarding services supplied by the parent company in the following areas: Accounting, Legal/tax/insurance, Equity, Payroll, EDP.

Dealings with TCA S.r.l. exclusively regard financial transactions of collection and payment. TCA S.r.l. is the corporate treasurer of the Coop Adriatica group.

Transactions carried out with Sageco S.p.A. are related to financial and economic dealings regarding the rental (as lessor) of a property intended for use as a supermarket.

Transactions carried out with Robintur S.p.A. are related to the rental of a shop belonging to the group in the mall of the Miralfiore shopping centre.

Transactions carried out with Vignale Immobiliare are related to:

- liabilities for security deposits on leases;
- financial and economic dealings regarding the rental of properties intended for use as malls;

Transactions carried out with Ipercoop Tirreno are related to:

- liabilities for security deposits on leases;
- financial and economic dealings regarding the rental of properties intended for use as hypermarkets;
- capitalised costs for the acquisition of the "Casilino" shopping centre.

Note 32) Management of financial risk

Group financial instruments which are not derivatives include bank loans and demand and time deposits. Such instruments are intended to finance the group's operating activities. The group has several other kinds of financial instruments, such as trade receivables and payables, deriving from its operations. The group has also carried out derivative interest rate transactions. The aim is to manage the interest rate risk generated by group operations and its sources of financing. The primary risks generated by the group financial instruments are interest rate risk, liquidity risk, and bad debt risk. The Board of Directors examines and agrees on policies to manage these risks, as summarised below. The Group also controls the market price risk generated by its financial instruments. The accounting standards adopted by the group for hedging derivatives are indicated in the next note.

Interest rate risk

The group's exposure to market risk for interest rate variations regards long-term loans taken out with banks, whose conditions and expirations are shown in note 17. To efficiently manage this risk, the group acquires interest rate swap contracts, in which it agrees to exchange, at specific intervals, the difference calculated between fixed-rate and variable-rate interest, referring to a predefined notional capital. The swaps are designated as hedges on the items they cover.

Currency risks
The group uses the euro as the currency for all its acquisitions and sales.

Price risk
The group's exposure to price risk is minimal, given that revenues and costs are foreseen in long-term contracts.

Bad debt risk
The group deals only with well-known, reliable customers, and approximately 65% of its revenues are earned from affiliates.

Note 33) Derivatives
The group has entered into derivative financing contracts for the use of structured products called interest rate swaps; these contracts fall into the scope of interest rate risk management, and have been signed with the aim of reducing the interest rate risk for existing loans. Under these contracts, the parties agree to pay or collect determined sums at pre-established dates on the basis of the spread between different interest rates.
Below is a detailed breakdown of these contracts:

Contract UBM 4°

Notional Principle	16.784.849,22
Start Date	05/10/2004
Expiration Date	05/04/2011
IRS Frequency	Six Months
Bank Rate	6-Month Euribor
Client Rate	3.35% fixed rate

Contract UBM 5°

Notional Principle	16.986.404
Start Date	31/05/2005
Expiration Date	31/05/2011
IRS Frequency	Six Months
Bank Rate	6-Month Euribor
Client Rate	3,10%

Contract UBM 6°

Notional Principle	16.534.831
Start Date	31/05/2005
Expiration Date	31/05/2011
IRS Frequency	Six Months
Bank Rate	6-Month Euribor
Client Rate	3,10%

Contract Monte Paschi Finance 1

Notional Principle	57.537.417
Start Date	31/12/2004
Expiration Date	31/12/2013
IRS Frequency	Six Months
Bank Rate	6-Month Euribor
Client Rate	3,20%

Contract Monte Paschi Finance 3

Notional Principle	15.216.507
Start Date	31/12/2004
Expiration Date	31/12/2013
IRS Frequency	Six Months
Bank Rate	6-Month Euribor
Client Rate	3,23%

Contract Monte Paschi Finance 2

Notional Principle	27.888.673
Start Date	31/12/2004
Expiration Date	31/12/2013
IRS Frequency	Six Months
Bank Rate	6-Month Euribor
Client Rate	3,39%

Note 34) Events after the balance sheet date

At the date of approval, no events have occurred since the closing date of the financial statement that would require the company to adjust the sums shown on its statement, or report elements not previously recognised.

Note 35) Commitments and risks

As at 30 June 2005, the group has entered into the following sales and purchase agreements:

- preliminary sales agreement, with a non-affiliated party, for the new expansion currently under construction of the Leonardo shopping centre mall, for a sum of approximately €38 million;
- agreement for the purchase, from a non-affiliated party, of the retail park of the Mondovicino shopping centre and recreational park in Mondovì; specifically, the purchase, for a sum of €39,5 million, refers to the building housing the retail park and the company MV S.r.l., which will construct the mall connected to the retail park;
- preliminary agreement for the acquisition, from a non-affiliated party, of a shopping centre located in Guidonia with approximately 53,000 m² of gross useable area. The overall investment will be approximately €101.5 million.

Moreover, the group has taken out mortgages on its own assets, amounting to approximately €322 million, to guarantee loans provided by the banking system, and has provided sureties to third parties for various operations underway and for the payment of rent on properties. As required by IAS 38, we would note that the group has not, as at 30 June 2005, entered into any agreements for the acquisition of intangible assets, and there are no restrictions on the use of the rights entered as intangible assets. The group does not hold any assets under financial leasing contracts.

7) The Parent Company IGD S.p.A.

We would note that the consolidated balance sheet and income statement for the six-month period which ended on 30 June 2005 have been drafted in compliance with Italian accounting standards.

7a)
Balance Sheet

BALANCE SHEET AS AT 30 JUNE 2005
(as per Article 2424 of the Italian Civil Code)

	First half 2005	FIN. YEAR 2004	First half 2004
ASSETS			
A) - ACCOUNTS RECEIVABLE FROM SHAREHOLDERS FOR PAYMENTS STILL OWED	**0**	**0**	**0**
B) – FIXED ASSETS			
I - INTANGIBLE FIXED ASSETS			
1) Start-up and expansion costs	6,859,558	42,598	51,941
4) Licensing and trademarks and similar rights	2,685	2,864	3,043
5) Goodwill	1,542,057	1,682,244	1,822,431
7) Other	149,392	157,897	165,954
TOTAL FIXED ASSETS	**8,553,692**	**1,885,603**	**2,043,369**
II – TANGIBLE ASSETS			
1) Land and buildings	367,233,488	368,667,163	362,653,626
2) Plant and machinery	38,334,781	42,087,565	45,362,720
3) Industrial and commercial equipment	64,138	76,329	88,924
5) Assets under construction/acquisition and advance payments	39,735,321	9,987,335	13,350,017
TOTAL TANGIBLE FIXED ASSETS	**445,367,728**	**420,818,392**	**421,455,287**
III - FINANCIAL ASSETS			
1) Shareholdings in:			
a) subsidiaries	7,684,613	7,684,613	4,500,000
d) other companies	1,343	1,343	1,343
2) Accounts receivable:			
d) others:	4,002,303	2,300	440
TOTAL FINANCIAL ASSETS	**11,688,259**	**7,688,256**	**4,501,783**
TOTAL FIXED ASSETS (B)	**465,609,679**	**430,392,251**	**428,000,439**
C) – CURRENT ASSETS			
I- INVENTORIES	0	0	0
TOTAL INVENTORIES	**0**	**0**	**0**
II - ACCOUNTS RECEIVABLE			
1) Trade receivables within 12 months	859,765	132,395	56,363
2) From subsidiaries within 12 months	1,177,401	973,650	8,341
4) From parent companies within 12 months	3,196,831	7,860,181	13,410,731
4 bis) Tax receivables:			
- within 12 months	0	74,257	298,828
- in over 12 months	22,594	22,406	22,218
4 ter) Prepaid taxes within 12 months	0	745,701	926,980
5) From others within 12 months	31,690	7,611	8,446
TOTAL ACCOUNT RECEIVABLES	**5,288,281**	**9,816,201**	**14,731,907**
III - CURRENT FINANCIAL ASSETS			
6) Other securities	49,639,217	0	0
TOT. CURRENT FINANCIAL ASSETS	**49,639,217**	**0**	**0**
IV - LIQUID ASSETS			
1) Bank and postal deposits	53,684,113	19,057	461,899
3) Cash and cash equivalents	1,063	139	129
TOTAL LIQUID ASSETS	**53,685,176**	**19,196**	**462,028**
TOTAL CURRENT ASSETS (C)	**108,612,674**	**9,835,397**	**15,193,935**
D) – ACCRUALS AND DEFERRALS			
Accrued income	587,409	89,564	119,114
Deferred charges within 12 months	44,910	18,695	12,438
TOTAL DEFERRED CHARGES AND ACCRUED INCOME (D)	**632,319**	**108,259**	**131,552**
TOTAL ASSETS	**574,854,672**	**440,335,907**	**443,325,926**

BALANCE SHEET AS AT 30 JUNE 2005
(as per Article 2424 of the Italian Civil Code)

	First six months 2005	FISCAL YEAR 2004	First six months 2004
LIABILITIES			
A) – NET EQUITY			
I - Share capital	282.249.261	177.249.261	177.249.261
II - Share premium reserve	76.180.288	28.930.288	28.930.288
III - Reassessment reserve	0	0	0
IV - Legal reserve	998.720	696.160	696.160
V - Statutory reserves	0	0	0
VI - Treasury shares reserve	0	0	0
VII - Other reserves			
1) Euro conversion	23.113	23.113	23.113
2) mergers	13.735.610	13.735.610	13.735.610
3) accelerated depreciation			6.531.049
VIII - Profit/losses carried forward	103.649	0	2.481.450
IX - Profit (losses) for the year	3.070.365	6.051.195	1.458.519
TOTAL NET EQUITY (A)	**376.361.006**	**226.685.627**	**231.105.450**
B) - PROVISIONS FOR RISKS AND CHARGES			
2) Taxes, also deferred	5.055.229	5.070.118	2.590.581
3) Other	140.582	147.864	141.401
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	**5.195.811**	**5.217.982**	**2.731.982**
C) – EMPLOYEE SEVERANCE INDEMNITY	19.835	11.965	5.069
TOTAL SEVERANCE INDEMNITY (C)	**19.835**	**11.965**	**5.069**
D) – ACCOUNTS PAYABLE			
4) Accounts payable to banks:			
- within 12 months	30.771.816	52.794.433	13.887.548
- in over 12 months	130.916.336	139.273.135	146.404.379
7) Trade payables within 12 months	2.137.631	1.147.530	1.273.280
9) To subsidiaries:			
- within 12 months	3.340.151	0	0
- in over 12 months	10.714	10.714	0
11) To parent company:			
- within 12 months	184.700	239.986	210.349
- in over 12 months	7.058.275	7.058.275	7.058.275
12) Tax liabilities within 12 months	4.136.892	33.267	62.738
13) Social security liabilities within 12 months	16.872	14.931	4.764
14) Other payables:			
5) to other affiliates within 12 months	1.044.729	2.080	32.916.171
5) to others within 12 months	42.787	20.935	13.332
5) to others in over 12 months	12.193.080	6.415.605	6.350.738
TOTAL PAYABLES (D)	**191.853.983**	**207.010.891**	**208.181.574**
E) – ACCRUALS AND DEFERRALS			
Accrued expenses	430.007	331.077	357.807
Deferred income:			
- within 12 months	268.048	176.191	215.109
- in over 12 months	725.982	902.174	728.935
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (E)	**1.424.037**	**1.409.442**	**1.301.851**
TOTAL LIABILITIES AND NET EQUITY	**574.854.672**	**440.335.907**	**443.325.926**
MEMORANDUM ACCOUNTS			
SURETIES			
* Third-party guarantees	11.313.542	8.235.633	2.535.633
OTHER MEMORANDUM ACCOUNTS			
* Interest Rate Swap contracts	146.407.614	74.322.266	93.960.000
* Mortgages for loans	322.039.813	322.039.813	322.039.813
TOTAL MEMORANDUM ACCOUNTS	**479.760.969**	**404.597.712**	**418.535.446**

7b)
Income Statement

INCOME STATEMENT AS AT 30 JUNE 2005

(as per art. 2425 ICC)	First six months 2005	FISCAL YEAR 2004	First six months 2004
A) – PRODUCTION VALUE			
1) Revenues from sales and services	18.286.282	34.996.637	16.823.407
5)Other income and revenues	34.850	134.719	20.970
TOTAL PRODUCTION VALUE (A)	**18.321.132**	**35.131.356**	**16.844.377**
B) – PRODUCTION COSTS			
6) Raw, ancillary and consumable materials and goods	0	0	0
7) Services	790.238	1.926.408	496.119
8) Lease and rental costs	721.146	1.387.536	687.246
9) Personnel costs:	267.640	193.664	64.476
a) wages and salaries	187.138	139.688	46.970
b) social security contributions	56.679	39.742	13.057
c) employee severance indemnity	10.165	9.770	4.216
e) other costs	13.658	4.464	233
10) Amortization, depreciation and write-downs:	8.027.238	14.096.730	9.556.222
a) amortisation on intangible assets	929.646	342.167	169.046
b) depreciation on tangible assets	7.097.592	13.754.563	9.387.176
d) writedowns on receivables entered as current assets	0	0	0
Changes in inventories of raw, subsidiary, consumable materials and goods	0	0	0
12) Provision for risks	0	0	0
13) Other provisions	0	0	0
14) Other operating expenses	892.645	1.649.836	798.867
TOTAL PRODUCTION COSTS (B)	**10.698.907**	**19.254.174**	**11.602.930**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	**7.622.225**	**15.877.182**	**5.241.447**
C) – FINANCIAL INCOME AND EXPENSES			
15) Income from shareholdings	0	950.000	0
a) subsidiaries	0	950.000	0
16) Other financial income:	2.380.764	1.600.081	610.732
c) from securities entered as current assets	343.112	0	0
d) other income	2.037.652	1.600.081	610.732
17) Interest and other financial expenses	4.438.535	8.136.837	2.947.938
a) subsidiaries	24.468		
b) parent companies	88.228	176.457	105.874
c) affiliates	3.814	403.932	261.381
d) others	4.322.025	7.556.448	2.580.683
17bis) Gains and losses on currency conversion	3	0	0
TOTAL FINANCIAL INCOME AND EXPENSES (C)	**-2.057.768**	**-5.586.756**	**-2.337.206**
D) ADJUSTMENTS TO FINANCIAL ASSETS	0	0	0
TOT. ADJUSTMENTS TO FIN. ASSETS (D)	**0**	**0**	**0**
E) - EXTRAORDINARY INCOME AND EXPENSES			
20) Income	0	0	0
21) Expenses	0	0	0
TOTAL EXTRAORDINARY ITEMS (E)	**0**	**0**	**0**
PRE-TAX RESULT (A-B+/-C+/-E)	**5.564.457**	**10.290.426**	**2.904.241**
22) Income taxes for the year			
22a) current taxes	1.748.391	356.480	230.406
22b) deferred/prepaid taxes	745.701	3.882.751	1.215.316
26) PROFIT (LOSS) FOR THE YEAR	**3.070.365**	**6.051.195**	**1.458.519**

7c)

Cash Flow Statement

CASH FLOW STATEMENT FOR PERIOD CLOSED	30/06/2005
(In Euros)	
CASH FLOW FOR OPERATIONS:	
Result for the period	3,070,365
Amortisation and depreciation	8,027,238
Allocation for severance indemnity	30,834
Allocation to provision for bad debts	143,876
Allocation to other provisions	0
(Capital gains) on fixed assets	0
Cash flow from current operations (a)	*11,272,313*
Payments from severance indemnity provision	(22,964)
(Increase) decrease in trade receivables	3,588,353
(Increase) decrease in other non-financial receivables	271,631
Increase (decrease) in accounts payable to suppliers	(419,410)
Increase (decrease) in other payables and other provisions	4,303,788
Change in assets and liabilities for the year (b)	*7,721,398*
CASH FLOW FROM OPERATING ACTIVITIES (a+b)	18,993,711
Net investments in tangible assets	(30,292,703)
Net investments in intangible assets	(7,597,735)
Net investments in financial assets	(4,000,003)
CASH FLOW USED IN INVESTMENT ACTIVITIES:	(41,890,441)
Payments to shareholders and increase in net equity	152,250,000
Reserve distribution	(5,644,986)
Change in other mid-to-long-term liabilities	5,601,283
Change in short-term financial debt	(67,286,788)
Change in medium/long-term financial debt	(8,356,799)
CASH FLOW FROM FINANCING ACTIVITIES	76,562,710
NET CASH FLOW FOR THE FINANCIAL PERIOD	**53,665,980**
INITIAL LIQUID ASSETS	19,196
NET CASH FLOW FOR THE FINANCIAL PERIOD	53,665,980
FINAL LIQUID ASSETS	53,685,176

7d) Changes in net equity of the parent company IGD S.p.A.

Changes in net equity in 2004

CHANGE IN NET EQUITY									
DESCRIPTION	**SHARE CAPITAL**	**SHARE PREMIUM RESERVE**	**LEGAL RESERVE**	**OTHER RESERVES: EURO CONVERSION**	**OTHER RESERVES: MERGER**	**OTHER RESERVES: ACCEL. DEPRECIATIO N**	**PROFIT FROM PREVIOUS YEARS**	**OPERATING RESULT**	**TOTAL**
Balances as at 01/01/04	**177,249,261**	**28,930,288**	**252,072**	**23,113**	**13,735,610**	**0**	**574,833**	**8,881,754**	**229,646,931**
Allocation of 2003 profit			444,088			6,531,049	1,906,617	(8,881,754)	0
Dividend payment						(6,531,049)	(2,481,450)		(9,012,499)
Profit for the year								6,051,195	6,051,195
Balances as at 31/12/04	**177,249,261**	**28,930,288**	**696,160**	**23,113**	**13,735,610**	**0**	**0**	**6,051,195**	**226,685,627**

Change in equity in the first half of 2005

CHANGE IN NET EQUITY								
DESCRIPTION	**SHARE CAPITAL**	**SHARE PREMIUM RESERVE**	**LEGAL RESERVE**	**OTHER RESERVES: EURO CONVERSION**	**OTHER RESERVES: MERGER**	**PROFIT FROM PREVIOUS YEARS**	**OPERATING RESULT**	**TOTAL**
Balances as at 01/01/05	**177,249,261**	**28,930,288**	**696,160**	**23,113**	**13,735,610**	**0**	**6,051,195**	**226,685,627**
Share capital increase	105,000,000	47,250,000						152,250,000
Allocation of 2004 profit			302,560			5,748,635	(6,051,195)	0
Dividend payment						(5,644,986)		(5,644,986)
Profit for the period							3,070,365	3,070,365
Balances as at 30/06/05	**282,249,261**	**76,180,288**	**998,720**	**23,113**	**13,735,610**	**103,649**	**3,070,365**	**376,361,006**

RECONCILIATION WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS AT 1 JANUARY 2004, AS AT 31 DECEMBER 2004 AND FOR THE 2004 FINANCIAL YEAR, AS AT 30 JUNE 2004, AND FOR THE FIRST HALF OF 2004

TRANSITION TO IAS/IFRS

Up until the first quarter of 2005, Immobiliare Grande Distribuzione S.p.A. (IGD) prepared its consolidated financial statement and other interim reports (quarterly and half-yearly) according to Italian accounting standards.

Starting with the half-yearly statement as at 30 June 2005, IGD is preparing its consolidated interim reports in accordance with IAS/IFRS.

Considering this, and taking into account the CESR (Committee of European Securities Regulators) recommendation published on 30 December 2003, containing guidelines for listed EU companies regarding the procedure for transition to IAS/IFRS, as well as the Issuers' Regulations, as amended by CONSOB ruling no. 14990 of 14 April 2005, which was directly related, among other things, to the adoption of International Accounting Standards in interim reporting, below we have presented the information required by IRFS 1. Specifically, this information regards the impact which the transition to IAS/IFRS has had on the consolidated balance sheet, the consolidated income statement, and the consolidated cash flow statement presented, in relation to the 2004 financial year.

For this purpose, notes have been prepared regarding the rules of first-time application of IAS/IFRS (IFRS 1) and the other IAS/IFRS standards selected, including the Board's assumptions about the IAS/IFRS standards and interpretations that will be in force and on the accounting policies that will be adopted at the time of drafting the first complete financial statement prepared according to IAS/IFRS as at 31 December 2005.

As illustrated below in greater detail, the IAS/IRFS consolidated balance sheets and income statement have been obtained by applying the necessary IAS/IFRS adjustments and reclassifications to the consolidated final figures which have been prepared according to the regulations of Italian law, in order to reflect the changes in presentation, disclosure, and measurement standards required by IAS/IFRS.

Accounting schedules and reconcilation statements have been prepared only for the purpose of drafting the first complete consolidated financial statement prepared in accordance with the IAS/IFRS standards approved by the European Commission, the adoption of the approved version of IAS 39 has not led to the application of standards not permitted by the complete version of IAS 39 published by the IASB (International Accounting Standards Board). The aforementioned schedules lack the comparative data and necessary notes that would be required for an accurate and truthful portrayal of the IGD Group's consolidated balance sheet and income statement in compliance with IAS/IFRS.

Adjustments have been made in compliance with the IAS/IFRS standards currently in force. The process of their approval by the Commission and their adaptation and interpretation by official bodies organised for the purpose is still underway. At the time of drafting the first complete IAS/IFRS consolidated statement as at 31 December 2005, new IAS/IFRS standards and IFRIC interpretations could be in force, and their early application may be permitted.

For this reason, the figures presented in the accounting schedules and reconciliation statements could undergo changes for the purpose of using them as comparative data in the first complete consolidated financial statement prepared in accordance with IAS/IFRS.

In order to present the effects of IAS/IFRS transition, and to fulfil the reporting requirements in paragraphs 39 a and b and paragraph 40 of IFRS 1 on the effects deriving from first-time adoption of IAS/IFRS, the IGD group has followed the example contained in IFRS 1 and especially in paragraph IG 63.

The effects of transition to IAS/IFRS derive from changes in accounting policies, and, consequently, as required by IFRS 1, they are reflected in initial net equity at the date of transition (1 January 2004). The switchover to IAS/IFRS has been carried out while maintaining the estimates previously formulated according to Italian accounting standards, except in cases where the adoption of IAS/IFRS required estimates to be formulated using different methods.

RULES OF FIRST-TIME APPLICATION, ACCOUNTING OPTIONS ADOPTED IN THE PHASE OF FIRST APPLICATION OF IAS/IFRS

The recalculation of the consolidated opening balance sheet as at 1 January 2004 and the accounting schedules of the consolidated financial statements as at 31 December 2004 and 30 June 2004 have also required the IGD Group, as a preparatory measure, to make the following choices among the options provided by IAS/IFRS:

- **method of presenting financial statements** for the balance sheet, "current/non-current" standard has been adopted (which is the one generally applied by industrial and commercial firms) whereas for the income statement, costs have been classified by nature; this has entailed the reclassification of the historic accounts prepared using the methods prescribed by Legislative Decree 127/1991;
- **optional exemptions provided for by IFRS 1 upon first-time adoption of IAS/IFRS (1 January 2004):**
  - **measurement of property, plant and equipment, investment property, and intangible assets at fair value or, alternatively, at deemed cost:** investment property has been measured at fair value, whereas intangible assets, plant systems, machinery, and equipment have been entered at cost;

- **business combinations:** for the purpose of first-time application of IAS/IFRS to all merger operations, the purchase method prescribed by IFRS 3 has been applied starting on 1 January 2004 according to the prospective method; this has also entailed halting the process of amortising goodwill and consolidation differences entered at 1 January 2004;
- **classification and measurement of financial instruments:** IAS 32 (Financial instruments: disclosure and presentation) and IAS 39 (Financial instruments: recognition and measurement) were adopted early, as is permitted, on 1 January 2004 (rather than in financial statements for periods starting on 1 January 2005);
- **date of designating financial instruments as fair value instruments in the income statement or as available-for-sale:** as permitted by IFRS 1, financial instruments were designated as "measured at fair value in the income statement" or as "available-for-sale" at the date of transition (1 January 2004) rather than at the date of initial reporting set by IAS 39 for the periods of mandatory application;
- **derecognition of financial assets and liabilities:** according to IFRS 1, if certain financial assets and/or liabilities (other than derivative instruments) related to transactions which took place before 1 January 2004 had been derecognised under the previous accounting standards, these assets and/or liabilities should not be recognised (and thus reinstated in the accounts) under IAS 39, except in cases where the information needed to apply IAS 39 to assets and/or liabilities derecognised on the basis of past transactions is already available at the date of initially reporting these transactions in the accounts. The IGD Group has not made use of this option, and therefore applies the "standard for derecognition of non-derivative financial assets/liabilities" according to the prospective method starting on 1 January 2004;

- **policies chosen from the accounting options provided by IAS/IFRS:**
  - **measurement of tangible and intangible assets:** after initial entry at cost, IAS 16 and IAS 38 state that such assets can be measured at cost (and amortised or depreciated) or at fair value. The IGD Group has chosen to adopt the cost method;
  - **measurement of investment property** according to IAS 40, property held as an investment must be initially entered at cost, including any accessory costs that can be directly attributed to it. Following acquisition, such property can be measured at fair value or at cost. The IGD Group has chosen to adopt the fair value method;
  - **financial expenses:** for the purpose of reporting financial expenses that can be directly attributed to the acquisition, construction, or production of a capitalisable asset, IAS 23 states that a firm may apply the benchmark treatment, in which borrowing costs are charged directly to the income statement, or the alternative treatment, which requires borrowing costs to be capitalised if they meet certain conditions. The IGD Group has decided to charge these financial expenses to the income statement;

IAS/IFRS ADOPTED BY THE IGD GROUP

- The primary international accounting standards employed

Below is a list of the standards used in drafting the consolidated opening balance sheet as at 1 January 2004, the consolidated financial statements as at 31 December 2004 and 30 June 2004, and the data presented for purposes of comparison:

Accounting Standard	**Title**
IAS 1 Revised 2003	Presentation of Financial Statements
IAS 2 Revised 2003	Inventories
IAS 7 Revised 2003	Cash Flow Statement
IAS 8 Revised 2003	Accounting Policies, Changes in Accounting Estimates, and Errors
IAS 10 Revised 2003	Events after the Balance Sheet Date
IAS 12 Revised 2003	Income Taxes
IAS 14 Revised 2003	Segment Reporting
IAS 16 Revised 2003	Property, Plant, and Equipment
IAS 18 Revised 2003	Revenue
IAS 19 Revised 2003	Employee Benefits
IAS 24	Related Party Disclosures
IAS 27 Revised 2003	Consolidated and Separate Financial Statements
IAS 32 Revised 2003	Financial Instruments: Disclosure and Presentation
IAS 33 Revised 2003	Earnings Per Share
IAS 36 Revised 2004	Impairment of Assets
IAS 37 Revised 2003	Provisions, Contingent Liabilities and Contingent Assets
IAS 38 Revised 2004	Intangible Assets
IAS 39 Revised 2003	Financial Instruments: Recognition and Measurement
IAS 40 Revised 2003	Investment Property
IFRS 1	First-time Adoption of International Financial Reporting Standards

No exceptions to the application of international accounting standards have been made in drafting the financial statements indicated above.

- Measurement Standards

The consolidated financial statement has been prepared using the cost method, with the exception of investment property, derivative financial instruments, and financial assets held for trading, which have been measured using the "market value" method. Book values carried for assets and liabilities which are the object of hedging operations are adjusted to reflect changes in market value, especially in reference to risks which have been hedged. The consolidated financial statement is presented in euros. No reclassifications have been made with respect to statements from previous periods.

- Statement of Compliance with IFRS

The annual consolidated financial statement for 2005 will be drafted in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union. IFRS are taken to include all revised international accounting standards ("IAS"), and all interpretations by the International Financial Reporting Interpretations Committee ("SIC"). The form and content of this consolidated half-yearly statement have been prepared in accordance with the reporting methods laid out by International Accounting Standard no. 1, "Presentation of Financial Statements" (IAS 1) and, as regards standards for recognition and measurement, in accordance with the IAS/IFRS issued by IASB and approved by the European Union, as required by art. 81 of CONSOB Issuers' Regulation no. 11971, issued on 14 May.

- Accounting Policies, Changes in Accounting Estimates, and Errors

The accounting standards adopted are the same as those used in the previous year, and there has been no change in accounting estimates or need to correct errors in the period in question.

- Consolidation Standards

This consolidated financial statement includes the accounts of IGD S.p.A. and its subsidiary Gescom S.r.l. The subsidiary's financial statement has been drafted adopting the same accounting standards as the parent company for each accounting period. The primary consolidation standards adopted in preparing the consolidated half-yearly statement are the following:

- the subsidiary Gescom S.r.l. was consolidated on a full line-by-line basis; this technique consists in aggregating all financial items at their total sum, regardless of the Group's percentage of ownership; Only when determining net equity and operating profit for the group is any minority interest reported, on a special line of the balance sheet and the income statement;

- the book value of the subsidiary Gescom S.r.l. has been eliminated with the assumption of the shareholding's assets and liabilities. The positive difference between book value and corresponding net equity has been posted to balance sheet assets under "goodwill".

- All intragroup balances and transactions, including any uncollected earnings from dealings between companies in the group, are completely eliminated.

- Intangible assets with a finite life

Intangible assets which have been acquired separately are capitalised at cost, whereas those acquired through acquisition of a business are capitalised at fair value from the date of acquisition. After initial recognition, the cost method is applied to the category. The useful life of intangible assets can be finite or indefinite. Intangible assets with an indefinite life are not amortised, but are tested either annually or on a more frequent basis, whenever there is an indication that the value of an asset may have been reduced, to determine impairment. If the recoverable amount of an intangible asset is less than its book value, the latter is reduced to the recoverable amount. This reduction constitutes an impairment loss, which is immediately recognised in the income statement. The recoverable value of an intangible asset is whichever is greater, its net selling price or its value in use. The value in use is the current value of estimated future cash flows deriving from the asset. In order to measure impairment losses, assets are grouped into the smallest identifiable units for which it is possible to separately identify independent cash inflows (cash generating units). Intangible assets which are not subject to amortisation, as well as those which are not yet available for use, must be annually tested for impairment. If any factors indicate that the impairment loss may have decreased, the recoverable value of the asset is redetermined and the book value is increased to reflect that new value. The increase in book value cannot, however, exceed the net book value that the asset would have had if the impairment had not occurred. Impairment losses on goodwill cannot be reversed.

Other Intangible Assets
Other intangible assets acquired or internally produced are recognised as assets, in accordance with the provisions of IAS 38, when it is likely that their use will generate future economic benefits and when the cost of the asset can be reliably determined.

- Goodwill

At the date of acquisition, any goodwill which arises is allocated to each of the cash generating units (according to IAS 36) which are expected to benefit from the synergy deriving from the acquisition. This item, generated by the amount by which the acquisition cost exceeds the share of the subsidiary's assets and liabilities, which cannot be attributed to specific assets of the company it refers to, is tested for impairment annually, or a more frequent basis if events or changed circumstances indicate possible impairment, in compliance with the provisions of IAS 36 (impairment of assets).

- Investment Property

At the date of presentation of this reconciliation statement, the IGD Group owns seven shopping centres (each made up of a hypermarket and a mall), five hypermarkets, a supermarket, two shops, two pieces of land, and two office buildings. IGD rents its hypermarket properties to Coop Adriatica and Unicoop Tirreno. Activities regarding management of third-party rental of mall space in shopping centres and agency and facility management are carried out by IGD's subsidiary, Gescom S.r.l. (the malls are leased by IGD to Gescom, which then rents the shops or corporate divisions to third parties). Gescom holds the administrative permits for managing corporate rentals within the malls. These administrative permits are issued by the competent authorities free of charge, and cannot be bought or sold. Therefore no values are recognised in the Gescom financial statements for these permits, in that they have not been paid for. Moreover, there is no active market for these licenses/permits, which are essentially corporate divisions.

At the time of transition to IFRS, the directors of the IGD Group chose to measure investment property belonging to the group using the fair value model provided for in IAS 40; specifically, the fair value of an investment property is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction, and should reflect the actual market state and circumstances as of the balance sheet date. Specifically, the fair value of IGD's investment property reflects, among other things, revenue deriving from current rent and from reasonable, sustainable hypotheses of how much knowledgeable, willing parties would project for income from future rentals in the light of current conditions. Moreover, on a similar basis it reflects any cash outflows (including payments of rent and other payments) foreseen in reference to the property. Fair value differs from value in use, as defined by IAS 36, "Impairment of Assets". Fair value reflects the knowledge and estimates of buyers and sellers who are willing and informed. Value in use instead reflects the entity's estimates, including the effects of factors which could be specific to it and not applicable to other entities.

For this purpose, IGD S.p.A. engaged CB Richard Ellis Professional Services S.p.A., which offers specialised services for the measurement of investment property, to prepare an expert appraisal to determine the market value at the date of transition to IAS/IFRS for the following currently operative property components belonging to the group: shopping centres, malls, hypermarkets, supermarkets, shops, offices, and land.

Market value is taken to mean the best price at which the sale of a real estate asset
could reasonably be finalised, unconditionally and against payment in cash, at the date of measurement, assuming the following:

- that the seller has the true intention of selling the asset;
- that there is a reasonable period of time (considering the type of asset and the state of the market) to carry out adequate marketing and negotiate the price and sale conditions to finalise the sale;
- that the market trend, the level of value, and other economic conditions at the date of signing the preliminary sales agreement are the same as those existing at the date of measurement;
- that any offers by buyers for whom the property's attributes would make it overpriced are not taken into consideration.

The following measurement standards are applied to different types of assets:

- Market value of currently operative shopping centres belonging to the group, including any expansion projects underway;
- Market value of currently operative hypermarket components belonging to the group;
- Market value of currently operative supermarket components belonging to the group;
- Market value of retail spaces, office spaces, and office buildings belonging to the group.

For **malls**, the following method has been applied:

- Discounted cash flow method, based on the discounting (for a ten-year period) of future net income deriving from rental of the property. At the end of this period, it is projected that the property will be resold at a value obtained by capitalising the revenue from the last year at the market rate for analogous investments, deducting marketing fees, which are calculated at 2.00% of the selling price.

In the case of expansion projects underway, costs are also deducted which are necessary, at the date of the estimate, to complete construction of the mall.

For **hypermarkets and supermarkets**, the following method has been applied:

- Discounted cash flow method, based on the discounting (for a ten-year period) of future net income deriving from rental of the property. At the end of this period, it is projected that the property will be resold at a value obtained by capitalising the revenue from the last year at the market rate for analogous investments, deducting marketing fees, which are calculated at 2.00% of the selling price.

For **portions of property for retail or office use and office buildings**, the following methods have been applied:

- comparative or market method, based on comparing the asset in question with other similar ones which have recently been bought or sold or are currently offered on the same market, or on competing markets.
- revenue method, based on the current market value of potential revenue for a property, obtained by capitalising revenue at a market rate.

An average is then calculated of the values determined using the above methods.

The consolidated financial statements shown in the reconciliation statements adopt the following investment property measurements:

- shopping centres for which the group owns both the property (hypermarket and malls) and the administrative permits and permits (constituting corporate divisions for the management of malls in the shopping centres) are measured in accordance with IAS 40, using the fair value method.
- shopping centres for which the group owns only the property (hypermarket and malls), whereas the administrative permits and permits (constituting corporate divisions for the management of malls in the shopping centres) belong to third parties, are measured in accordance with IAS 40, using the fair value method; in this case, the appraisal has taken into consideration the fact that these rights, which determine the market value of the property, no longer belong to the IGD Group at the closing date of the half-yearly statement.

- hypermarkets, supermarkets, and shops owned by the company are entered as investment property and are measured at fair value;
- the market value of properties included the value of plant systems and machinery connected to them.

- Assets under construction

Assets under construction are measured at cost; land on which work is underway to carry out projects for the construction of shopping centres is measured at cost; after the construction or development of an investment property has been completed, it is reclassified under "investment property" and measured at fair value; the difference between fair value at the date of reclassification and its previous book value is posted to the income statement for the year in which this reclassification occurs.

- Plant and machinery

Plant systems, machinery, and equipment belonging to the company which cannot be attributed to investment property are entered at purchase cost, deducting commercial discounts, and taking into consideration any directly attributable costs, as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it is located. Costs sustained after acquisition are capitalised only if they cause an increase in future economic benefits deriving from the asset. All other costs (including financial expenses which can be directly attributed to the acquisition, construction, or production of the asset) are recognised on the income statement at the time they are incurred. The capitalised expense is posted to the income statement during the tangible asset's useful life through the process of its depreciation. Depreciation is calculated over the estimated useful life of the assets using the following fixed rates:

Category	**Rate**	
Electrical, fire prevention, compressed air systems	10.00	%
Heating/air conditioning system	15.00	%
Decor	20.00	%
Computers for plant management	20.00	%
Special communications systems - telephone system	25.00	%
Personal computers, printers, and network accessories	20.00	%
Special system	25.00	%
Burglar / alarm system	30.00	%
Miscellaneous and minor equipment	15.00	%
Office decor and furnishings	12.00	%
Tax meters, electronics	20.00	%
Personal computers, network accessories	40.00	%
Personal computers, network accessories - used	42.00	%

- Inventories

Inventories are made up of work on the construction and expansion of the mall and gallery at the Centro Leonardo shopping centre, for the portion destined for sale. Inventories are measured at whichever is lower, cost or the net realisable value. Inventory cost includes all costs for acquisition and conversion, and other costs incurred in bringing the inventories to their present location and condition. The specific cost method is adopted.

- Trade and other receivables

Trade receivables are entered at the nominal value shown on the invoice, net of the bad debt provision. An estimate is carried out on doubtful receivables when it is no longer probable that the entire sum can be collected. Unrecoverable receivables are written down upon identification.

- Cash and cash equivalents

Cash and cash equivalents are entered, according to their nature, at nominal value.

- Financial receivables and other current financial assets

These primarily include financial assets held for the purpose of trading, with a view to gains from short-term price or margin fluctuations. These assets are measured at fair value, without any deduction for trading costs which may be incurred for their sale.

- Loans

Loans are initially shown at cost, which corresponds to the fair value of the amount received, net of accessory expenses for taking out the loan. After initial reporting, loans are measured at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account the issuing cost and any discounts or premiums foreseen at the time of repayment. Any profit or loss is posted to the income statement when the liability has been repaid (or impaired) over the amortisation period.

- Provisions for risks and charges

Provisions for risks and charges include allocations deriving from current obligations (whether legal or implicit) resulting from a past event, whose fulfilment is likely to necessitate the use of resources whose sum can be reliably estimated. Changes in estimates are reflected in the income statement for the period in which the change occurs.

- Employee benefits

The severance indemnity provision, which is obligatory for Italian companies under Law no. 297/1982, is considered a fixed-benefit plan, and is based, among other factors, on the working life of employees and the remuneration received during a pre-established period of service. It is calculated for all employees in accordance with current legislation and contracts. The group has not provided for any kind of remuneration in the form of equity, in that its employees do not provide services in exchange for shares or stock options. Moreover, the group has not provided for employee incentive plans in the form of profit-sharing schemes.

- Revenue

Revenues are entered to the degree in which it is probable that the economic benefits will be perceived by the group, and their sum can be reliably determined. The following specific criteria for recognition of revenue must always be met before it can be reported on the income statement.

- Revenues from services

Revenue from rendering of services is recognised on the income statement in relation to the stage of completion of the transaction, and only when the result of the service can be reliably estimated.

- Interest

This is shown as financial income, following the verification of interest due to the group for the period (carried out using the effective interest rate, the rate that exactly discounts estimated future cash inflows through the expected life of the financial instrument) which increases the net value of the related financial assets reported in the financial statement.

- Dividends

Dividends are shown at the time shareholders become entitled to receive payment.

- Income taxes

Income taxes include all taxes calculated on the taxable income of companies in the group. Income taxes are shown on the income statement, with the exception of taxes regarding items that are directly credited or charged to a net equity reserve, in which case the tax effect is directly charged or credited to the net equity reserve. Provisions for taxes which could result from the transfer of non-distributable earnings of subsidiaries are made only when there is a real intention to transfer such earnings. Other taxes not related to income, such as taxes on property and on capital, are included in operating costs. Deferred and prepaid taxes are recognised according to the balance sheet liability method. They are calculated on all temporary differences which arise between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statement. Deferred tax assets from tax losses and credits that are not used and can be carried forward are recognised to the degree that it is likely that a future taxable income will be available on which they can be recovered. Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same tax authority and when the business has the legal right to settle. Deferred tax assets and liabilities are determined by adopting the tax rates that are expected to apply in the years when the temporary differences will be recovered or settled. Period income taxes for the individual consolidated companies are classified under the item "current tax liabilities", whereas deferred/prepaid taxes are normally classified under "deferred tax liabilities". When this balance is represented by an asset, it is entered under "prepaid tax assets". Period income taxes for the individual consolidated companies are determined using the best possible estimate based on the information available, and on reasonable projections for the year's operations up to the end of the tax period.

- Derecognition of financial instruments

Financial instruments are derecognised when the group no longer holds the contractual rights on them; this normally occurs when the instrument is sold, or when the financial income generated by the instrument passes through an independent third party.

- Derivative financial instruments

Derivatives are shown at fair value and are designated as hedging instruments, in that the hedging relationship is formally documented, and periodic verification shows the hedge to be highly effective. When hedging derivatives cover the risk of changes in fair value of the hedged instruments (fair value hedges), they are shown at fair value with the effects posted to the income statement; in the same way, the hedged instruments are sufficient to reflect fair value changes associated with the hedged risk. When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), changes in fair value are initially recognised in net equity, and subsequently posted to the income statement, in accordance with the economic effects produced by the hedged item. Changes in the fair value of derivatives which do not meet the conditions to be designated hedging instruments are shown on the income statement.

- Use of estimates

Applying IFRS to the preparation of the consolidated financial statement and the notes requires management to make estimates and hypotheses that have an effect on the values of the assets and liabilities in the accounts and on the reporting of potential assets and liabilities at the date of the financial statement. The final results could differ from these estimates. Estimates are used to show provisions for bad debt, amortisation and depreciation, taxes, and other provisions and allocations. Estimates and assumptions are subject to periodic review, and the effects of all changes are immediately posted to the income statement.

PRIMARY EFFECTS DERIVING FROM THE APPLICATION OF IAS/IFRS TO THE CONSOLIDATED OPENING BALANCE SHEET AS AT 1 JANUARY 2004 AND THE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2004 AND 30 JUNE 2004

The differences arising from the application of IAS/IFRS rather than Italian accounting standards, as well as the choices IGD has made among the accounting options provided by IAS/IFRS, as illustrated above, therefore require the recalculation of the accounting figures prepared in accordance with previous Italian regulations for financial reporting, with effects on the group's net equity and net financial indebtedness that may be significant, as summarised below:

- **Opening balance sheet as at 1 January 2004:**

	Italian standards	Adjustments	IAS/IFRS
Net equity:			
parent company interest	229,323,626	57,995,687	287,319,313
minority interest	1,692,953	(9,412)	1,683,541
Total	231,016,579	57,986,275	289,002,854
Net financial indebtedness	130,026,375	88,279	130,114,654

- **Consolidated financial statement as at 31 December 2004:**

	Italian standards	Adjustments	IAS/IFRS
Net equity:			
parent company interest	226,584,714	77,446,154	304,030,868
minority interest	0	0	0
Total	226,584,714	77,446,154	304,030,868
Net financial indebtedness	191,562,327	135,803	191,698,130
Net profit for the period:			
parent company interest	6,273,587	19,491,720	25,765,307
minority interest	232,535	0	232,535
Total	6,506,122	19,491,720	25,997,842

- **Consolidated half-yearly statement as at 30 June 2004:**

	Italian standards	Adjustments	IAS/IFRS
Net equity:			
parent company interest	230,898,645	70,503,380	301,402,025
minority interest	1,831,259	(8,467)	1,822,792
Total	232,729,904	70,494,913	303,224,817
Net financial indebtedness	193,265,635	2,087	193,267,722
Net profit for the period:			
parent company interest	1,575,019	12,507,693	14,082,712
minority interest	138,306	945	139,251
Total	1,713,325	12,508,638	14,221,963

Specifically, the primary adjustments to net equity as at 1 January 2004 and 31 December 2004 and to the net profit for the 2004 financial year can be summarised as follows:

	Net equity as at 01/01/04	Net equity as at 31/12/04	Net profit for 2004
Total amounts (parent company and minority interest) according to Italian principles	231,016,579	226,584,714	6,506,122
less: minority interest	(1,692,953)	0	(232,535)
Parent company interest according to Italian principles	**229,323,626**	**226,584,714**	**6,273,587**
Adjustments to items according to IAS/IFRS:			
1. Reversal of start-up and capital increase costs	(245,497)	(220,745)	24,752
2. goodwill	(1,993,918)	(1,516,832)	477,086
3. measurement of investment property	94,742,080	125,082,630	30,340,550
4. derivative instruments	(88,279)	70,351	206,154
Tax effect for reconciled items	(34,428,111)	(45,969,250)	(11,556,822)
Minority interest for reconciled items	9,412	0	0
Parent company interest according to IAS/IFRS	**287,319,313**	**304,030,868**	**25,765,307**

The primary adjustments to net equity as at 30 June 2004 and net profit for the first half of 2004 can be summarised as follows:

	Net equity as at 30/06/04	Net profit first six months 2004
Total amounts (parent company and minority interest) according to Italian principles	232,729,904	1,713,325
less: minority interest	(1,831,259)	(138,306)
Parent company interest according to Italian standards	**230,898,645**	**1,575,019**
Adjustments to items according to IAS/IFRS:		
1. reversal of start-up and capital increase costs	(229,047)	16,450
2. goodwill	(1,709,111)	284,807
3. measurement of investment property	114,282,877	19,540,797
4. derivative instruments	(2,087)	86,192
Tax effect for reconciled items	(41,847,719)	(7,419,608)
Minority interest for reconciled items	8,467	(945)
Parent company interest according to IAS/IFRS	**301,402,025**	**14,082,712**

Individual adjustments are shown in the table prior to deduction of taxes and minority interest, whereas the related effects of taxation and minority interest are shown cumulatively in two separate adjustment items.

The effects of IAS/IFRS adjustments on net financial indebtedness as at 1 January 2004, 31 December 2004, and 30 June 2004 can be summarised as follows:

	at 1 January 2004:	At 31 December 2004	At 30 June 2004
Net financial indebtedness according to Italian standards	130,035,586	191,571,282	193,272,730
Adjustments to items according to IAS/IFRS:			
1. reversal of start-up and expansion costs	0	0	0
2. goodwill	0	0	0
3. measurement of investment property	0	0	0
4. derivative instruments	88,279	135,803	2,087
Net financial indebtedness according to IAS/IFRS	130,123,865	191,707,085	193,274,817

Below are notes to the primary IAS/IFRS adjustments (whose content has been outlined above) made to entries calculated according to Italian accounting standards:

1. **reversal of start-up and expansion costs:** according to IAS/IFRS, start-up and expansion costs incurred in relation to equity operations are directly charged to net equity reserves at the date of the operation; other start-up and expansion costs which do not meet the requirements for recognition among intangible assets are charged to the income statement. This different treatment has the following effects:
    - as at 1 January 2004: a €245,497 reduction in total net equity (€236,085 of which pertains to the parent company) prior to deduction of a positive tax effect of €91,448 (for the entry of prepaid tax assets), caused by the reduction of assets that can no longer be capitalised;

- as at 31 December 2004: a €220,745 reduction in total net equity, prior to deduction of a positive tax effect of €82,228 (for the entry of prepaid tax assets) caused by the reduction of assets that can no longer be capitalised; total pre-tax earnings for the year show an increase of €24,752, due to lower depreciation (net of the elimination of increases from the 2004 financial year), prior to deduction of the related tax effect amounting to €9,220;
- as at 30 June 2004: a €229,047 reduction in total net equity (€220,580 pertaining to the parent company), prior to deduction of a positive tax effect of €85,320 (for the entry of prepaid tax assets) caused by the reduction of assets that can no longer be capitalised; total pre-tax earnings for the year show an increase of €16,450 (€15,505 pertaining to the parent company), due to lower depreciation, prior to deduction of the related negative tax effect amounting to €6,128;

2. **goodwill:** this item is no longer systematically amortised on the income statement but is subject to impairment testing, carried out on at least an annual basis. For this purpose, the cash generating units have been identified to which the goodwill has been attributed and on which the tests have been performed.

   Specifically, the two types of goodwill recognised in the IGD Group financial statements have been measured separately:

   - goodwill (consolidation difference) related to the shareholding in Gescom S.r.l., for which an impairment test has been carried out on the individual cash generating units to which the value of the consolidation difference has been attributed; the test has essentially confirmed the amount entered according to Italian accounting principles. The application of IFRS 3 to this item has therefore had the following effects:
     - as at 31 December 2004: a €190,198 increase in total net pre-tax earnings for the 2004 financial year (and thus total assets as at 31 December 2004), prior to deduction of a negative tax effect amounting to €70,849 (for the entry of deferred tax liabilities);
     - as at 30 June 2004: a €90,960 increase in total net pre-tax earnings for the first half of 2004 (and thus total assets as at 30 June 2004), prior to deduction of a positive tax effect amounting to €33,882 (for the entry of deferred tax liabilities).
   - goodwill related to the acquisition of corporate divisions focused on the inauguration of the Centro d'Abruzzo and Porto Grande shopping centres, which has been tested for impairment, and whose value in use has been measured along with the value in use of property related to these shopping centres, entered under investment property, which is measured at fair value. Based on this measurement, the goodwill mentioned above has been reversed, with the following effects:

- as at 1 January 2004: a €1,993,918 reduction in total net equity, prior to a positive tax effect amounting to €742,734 (for the entry of prepaid tax assets);
- as at 31 December 2004: a €1,707,030 reduction in total net equity, prior to a positive tax effect amounting to €635,869 (for the entry of prepaid tax assets), with a positive effect on total pre-tax earnings for the 2004 financial year, which can be attributed to the elimination of €286,888 in amortisation, prior to a positive tax effect of €106,866 (for the entry of deferred tax liabilities);
- as at 30 June 2004: a €1,800,071 reduction in total net equity, prior to a positive tax effect amounting to €670,526 (for the entry of prepaid tax assets), with a positive effect on total pre-tax earnings for the first half of 2004, which can be attributed to the elimination of €193,847 in amortisation, prior to a positive tax effect amounting to €72,208 (for the entry of deferred tax liabilities);

3. **measurement of investment property:** the investment property belonging to the group has been measured using the fair value method. Fair value has been determined on the basis of expert appraisals prepared by an external appraisal firm, which have been used to determine the market value of the investment property belonging to the company at the date of transition to IAS/IFRS, at 31 December 2004, and at 30 June 2004.

   The application of IAS 40 to this item has had the following effects:

   - a €94,742,080 increase in total net equity as at 1 January 2004, completely attributable to the fair value measurement of the investment property, prior to a negative tax effect amounting to €35,291,425 (for the entry deferred tax of liabilities);
   - a €125,082,630 increase in total net equity as at 31 December 2004, attributable to both the fair value measurement of the investment property and to the elimination of amortisation calculated according to Italian accounting principles, prior to a negative tax effect amounting to €46,593,280 (for the entry of deferred tax liabilities);
   - a €30,340,550 increase in total net earnings for the 2004 financial year, attributable in part to the elimination of amortisation calculated according to Italian accounting principles, and in part to the adjustment to fair value measurement, prior to a negative tax effect of €11,301,855 (for the entry of deferred tax liabilities);
   - a €114,282,877 increase in total net equity as at 30 June 2004, attributable to both the fair value measurement of the investment property and to the elimination of amortisation calculated according to Italian accounting principles, prior a negative tax effect amounting to €42,570,372 (for the entry of deferred tax liabilities);
   - a €19,540,797 increase in total net earnings for the first half of 2004, attributable in part to the elimination of amortisation calculated

according to Italian accounting principles, and in part to the adjustment to fair value measurement, prior to a negative tax effect amounting to €7,278,947 (for the entry of deferred tax liabilities);

4. **derivative instruments:** according to Italian accounting principles, derivative instruments are normally "off balance sheet" entries, whereas IAS 39 requires them to be recognised and entered at fair value. The methods of representing their accounting effects vary according to the purpose the derivative instrument is used for:

   - fair value hedges must be entered among assets (liabilities); the derivative and the hedged item are measured at fair value and their respective changes in value (which tend to offset each other) are posted to the income statement;
   - cash flow hedges must be entered among assets (liabilities); the derivative is measured at fair value and changes in value are posted, as regards the effective hedging component, directly to a net equity reserve which is released to the income statement in the periods when the cash flows of the hedged item occur;
   - derivative instruments for managing interest and exchange rate risks which do not meet formal requirements for being considered hedging instruments under IAS/IFRS, are entered on the balance sheet among financial assets/liabilities, and changes in value are posted to the income statement.

   The derivative instruments held by the IGD Group are cash flow hedges, and have been entered among financial assets (liabilities); the derivative has been measured at fair value and changes in value are posted, as regards the effective hedging component, directly to a net equity reserve which is released to the income statement in the periods when the cash flows of the hedged item occur;

   The entry of derivative instruments at fair value has the following effects:

   - as at 1 January 2004; a €88,279 increase in net financial indebtedness (essentially attributable to cash flow hedges) and an equal decrease in total net assets, prior to a positive tax effect amounting to €29,132;
   - as at 31 December 2004: a €135,803 increase in net financial indebtedness (essentially attributable to cash flow hedges) and a €70,351 increase in total net equity, prior to a negative tax effect amounting to €23,216, with a total positive impact of €206,154 on pre-tax earnings (prior to a negative tax effect amounting to €68,031);
   - as at 30 June 2004: a €2,087 increase in net financial indebtedness (essentially attributable to cash flow hedges) and an equal decrease in total net equity, prior to a positive tax effect of €689, and with a positive impact of €86,192 on pre-tax earnings (prior to a positive tax effect amounting to €28,443).

PRIMARY CHANGES IN THE CASH FLOW STATEMENT

The cash flow statements prepared by the IGD Group up to the financial statement closed on 31 December 2004 had the objective of showing the group's net cash flow requirement or surplus arising from the change in net financial indebtedness for the year, whereas the cash flow statement required by IAS 7 is aimed at showing the IGD Group's capacity to generate "cash and cash equivalents".

According to this standard, cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash, and that are subject to a negligible risk of changes in value. A financial investment is therefore generally classified as a cash equivalent only when it is short-term, i.e., with a maturity of three months or less at the date of acquisition. Financial investments in shares do not fall into the category of cash equivalents.

Bank overdrafts generally fall under financial assets, except if they are repayable on demand and form an integral part of an enterprise's cash management, in which case they are classified as a reduction in cash equivalents.

According to IAS 7, the cash flow statement must show cash flow deriving from operating, investing, and financing activities separately:

- **cash flow from operating activities:** cash flow deriving from operating activities are primarily connected to the revenue-producing activity and are reported by the IGD Group using the indirect method; in this method, the profit for the year is adjusted by the effects of entries that have not involved spending during the year, or have not generated liquid assets (non-cash transactions), such as amortisation and depreciation, changes in assets and liabilities, etc.;
- **cash flow from investing activities:** investing activities are indicated separately because they are, among other things, indicative of the acquisition or disposal of long-term investments made with the objective of obtaining future revenue and cash inflows;
- **cash flow from financing activities:** financing activities consist in cash flows that alter the equity capital and the borrowing structure of the enterprise.

Attached is the cash flow statement for 2004 and the first half of 2004, presented in accordance with IAS/IFRS.

CASH FLOW STATEMENT FOR THE YEAR CLOSED ON	31/12/2004
(In Euros)	
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit for the year	25.765.307
Adjustments to reconcile profit for the period with cash flow generated (absorbed) by operating activities:	
Amortisation and depreciation	368.097
Net difference in (assets) (prepaid) deferred tax provisions	15.297.199
Change in investment property fair value	(16.439.556)
Adjustment of financial receivables and other financial assets to fair value	0
(Capital gains)/capital losses from dismissal of non current assets	(274.980)
Net difference in current assets and liabilities for the year	(4.970.160)
Net difference in non current assets and liabilities for the year	2.960.863
CASH FLOW FROM OPERATING ACTIVITIES (a)	22.706.770
Investments in tangible assets	71.980.432
Investments in intangible assets	1.844.125
Proceeds from the sale of tangible and intangible assets	(347.503)
CASH FLOW USED IN INVESTMENT ACTIVITIES (b)	73.477.054
Change in third-party equity	(1.692.953)
Payments to shareholders and increase in net equity	0
Reserve distribution	(9.012.499)
Change in current financial indebtedness	16.256.245
Change in non current financial indebtedness	43.361.822
CASH FLOW FROM FINANCING ACTIVITIES (c)	48.912.615
NET CASH FLOW FOR THE PERIOD (a) - (b) + (c)	(1.857.669)
INITIAL CASH AND CASH EQUIVALENTS	2.706.260
TOTAL NET CASH FLOW FOR THE PERIOD	(1.857.669)
FINAL CASH AND CASH EQUIVALENTS	848.591
ADDITIONAL INFORMATION ON CASH FLOW STATEMENT:	
income taxes paid	270.703
interest paid	6.305.134
interest collected	223.180

CASH FLOW STATEMENT FOR PERIOD CLOSED ON	30/06/2004
(In Euros)	
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit for the period	14.221.963
Adjustments to reconcile profit for the period with cash flow generated (absorbed) by operating activities:	
Amortisation and depreciation	100.113
Net difference in (assets) (prepaid) deferred tax provisions	8.634.924
Change in investment property fair value	(10.105.196)
Adjustment of financial receivables and other financial assets to fair value	0
(Capital gains) capital losses from dismissal of non current assets	0
Net difference in current assets and liabilities for the year	(10.139.980)
Net difference in non current assets and liabilities for the year	2.426.332
CASH FLOW FROM OPERATING ACTIVITIES (a)	5.138.156
Investments in tangible assets	68.231.397
Investments in intangible assets	156.399
Proceeds from the sale of tangible and intangible assets	(72.456)
CASH FLOW USED IN INVESTMENT ACTIVITIES (b)	68.315.340
Change in third-party equity	0
Payments to shareholders and increase in net equity	0
Reserve distribution	0
Change in current financial indebtedness	13.958.526
Change in non current financial indebtedness	50.493.066
CASH FLOW FROM FINANCING ACTIVITIES (c)	64.451.592
NET CASH FLOW FOR THE PERIOD (a) - (b) + (c)	1.274.408
INITIAL CASH AND CASH EQUIVALENTS	2.706.260
TOTAL NET CASH FLOW FOR THE PERIOD	1.274.408
FINAL CASH AND CASH EQUIVALENTS	3.980.668

ADDITIONAL INFORMATION ON CASH FLOW STATEMENT:	
income taxes paid	258.536
interest paid	1.911.931
interest collected	1.452

IAS/IFRS CONSOLIDATED BALANCE SHEETS AS AT 1 JANUARY 2004, 31 DECEMBER 2004, AND 30 JUNE 2004, AND IAS/IFRS CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2004 AND 30 JUNE 2004

To supplement the reconciliation statements for net equity as at 1 January 2004, 31 December 2004, and 30 June 2004, earnings for the 2004 financial year and the first half of 2004, net financial indebtedness as at 1 January 2004, 31 December 2004, and 30 June 2004, accompanied by comments on the adjustments made to balances calculated with Italian accounting principle, we have attached the balance sheets as at 1 January 2004, 31 December 2004, and 30 June 2004, and the income statement for the 2004 financial year and the first half of 2004, showing for each item, in separate columns:

- amounts according to Italian accounting standards, reclassified according to IAS/IFRS;
- adjustments for adaptation to IAS/IFRS standards;
- adjusted amounts according to IAS/IFRS.

CONSOLIDATED BALANCE SHEET AS AT 1st JANUARY 2004 (^)

(In Euros)	**Italian reclassified accounting principles**	**notes**	**Effects of IAS/IFRS conversion**	**IAS/IFRS Principles**
Non current assets				
Intangible assets				
Intangible assets with a finite life	256,606	**(a)**	(245,497)	11,109
Goodwill	3,631,184	**(b)**	(1,993,918)	1,637,266
	3,887,790		(2,239,415)	1,648,375
Tangible assets				
Investment property	344,977,920	**(c)**	94,742,080	439,720,000
- Plant and machinery	594,843			594,843
- Equipment	252,550			252,550
- Leasehold improvements	152,942			152,942
- Assets under construction/acquisition	14,175,253			14,175,253
	360,153,508		94,742,080	454,895,588
Other non current assets				
- Prepaid taxes	0	**(d)**	863,314	863,314
- Miscellaneous receivables and other non current assets	22,031			22,031
	22,031		863,314	885,345
TOTAL NON CURRENT ASSETS (A)	**364,063,329**		**93,365,979**	**457,429,308**
Current assets:				
Inventories	4,212,895			4,212,895
Trade and other receivables	8,411,624			8,411,624
Other current assets	400,560			400,560
Current prepaid taxes	2,142,296			2,142,296
Financial receivables and other current financial assets	69,171	**(*)**		69,171
Cash and cash equivalents	2,706,260	**(*)**		2,706,260
TOTAL CURRENT ASSETS (B)	**17,942,806**		**0**	**17,942,806**
TOTAL ASSETS (A+B)	**382,006,135**		**93,365,979**	**475,372,114**
Net equity:				
Parent Company interest	229,323,626		57,995,687	287,319,313
minority interest	1,692,953		(9,412)	1,683,541
TOTAL NET EQUITY (C)	**231,016,579**		**57,986,275**	**289,002,854**
Non current liabilities:				
Non current financial liabilities	95,911,313	**(*)**		95,911,313
Severance indemnity	166,714			166,714
Deferred taxes	0	**(e)**	35,291,425	35,291,425
Provisions for risks and charges	364,234			364,234
Miscellaneous payables and other non current liabilities	10,970,695			10,970,695
TOTAL NON CURRENT LIABILITIES (D)	**107,412,956**		**35,291,425**	**142,704,381**
Current liabilities:				
Current financial liabilities	36,890,493	**(*)**	88,279	36,978,772
Trade and other payables	2,350,674			2,350,674
Current liabilities	140,185			140,185
Deferred taxes	2,432,816			2,432,816
Other current liabilities	1,762,432			1,762,432
TOTAL CURRENT LIABILITIES (E)	**43,576,600**		**88,279**	**43,664,879**
TOTAL LIABILITIES (F=D + E)	**150,989,556**		**35,379,704**	**186,369,260**
TOTAL NET EQUITY AND LIABILITIES (C+F)	**382,006,135**		**93,365,979**	**475,372,114**

(^) balance sheet figures have been prepared in compliance with IAS/IFRS currently in force

(*) item included in net financial indebtedness

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004 (^)

(In Euros)	Italian reclassified accounting principles	notes	Effects of IAS/IFRS conversion	IAS/IFRS Principles
Non current assets				
Intangible assets				
Intangible assets with a finite life	230,744	(a)	(220,745)	9,999
Goodwill	4,413,223	(b)	(1,516,832)	2,896,391
	4,643,967		(1,737,577)	2,906,390
Tangible assets				
Investment property	404,260,870	(c)	125,082,630	529,343,500
- Plant and machinery	474,062			474,062
- Equipment	189,077			189,077
- Leasehold improvements	437,027			437,027
- Assets under construction/acquisition	12,740,358			12,740,358
	418,101,394		125,082,630	543,184,024
Other non current assets				
- Prepaid taxes	0	(d)	916,558	916,558
- Miscellaneous receivables and other non current assets	25,406			25,406
	25,406		916,558	941,964
TOTAL NON CURRENT ASSETS (A)	**422,770,767**		**124,261,611**	**547,032,378**
Current assets:				
Inventories	4,479,757			4,479,757
Trade and other receivables	12,688,493			12,688,493
Other current assets	581,144			581,144
Current prepaid taxes	960,670			960,670
Financial receivables and other current financial assets	8,955	(*)		8,955
Cash and cash equivalents	848,591	(*)		848,591
TOTAL CURRENT ASSETS (B)	**19,567,610**		**0**	**19,567,610**
TOTAL ASSETS (A+B)	**442,338,377**		**124,261,611**	**566,599,988**
Net equity:				
Parent Company interest	226,584,714		77,446,154	304,030,868
minority interest	0			0
TOTAL NET EQUITY (C)	**226,584,714**		**77,446,154**	**304,030,868**
Non current liabilities:				
Non current financial liabilities	139,273,135	(*)	135,803	139,408,938
Severance indemnity	195,845			195,845
Deferred taxes	4,991,567	(e)	46,885,808	51,877,375
Provisions for risks and charges	338,223			338,223
Miscellaneous payables and other non current liabilities	13,931,813		(206,154)	13,725,659
TOTAL NON CURRENT LIABILITIES (D)	**158,730,583**		**46,815,457**	**205,546,040**
Current liabilities:				
Current financial liabilities	53,146,738	(*)		53,146,738
Trade and other payables	2,055,032			2,055,032
Current liabilities	205,241			205,241
Deferred taxes	0			0
Other current liabilities	1,616,069			1,616,069
TOTAL CURRENT LIABILITIES (E)	**57,023,080**		**0**	**57,023,080**
TOTAL LIABILITIES (F=D + E)	**215,753,663**		**46,815,457**	**262,569,120**
TOTAL NET EQUITY AND LIABILITIES (C+F)	**442,338,377**		**124,261,611**	**566,599,988**

(^) balance sheet figures have been prepared in compliance with IAS/IFRS currently in force

(*) item included in net financial indebtedness

CONSOLIDATED BALANCE SHEET AS AT 30/06/04 (^)

(In Euros)	Reclassified Italian accounting standards	notes	Effects of IAS/IFRS conversion	IAS/IFRS standards
Non current assets				
Intangible assets				
Intangible assets with a finite life	239,601	**(a)**	(229,047)	10,554
Goodwill	3,346,377	**(b)**	(1,709,111)	1,637,266
	3,585,978		(1,938,158)	1,647,820
Tangible assets				
Investment property	401,937,123	**(c)**	114,282,877	516,220,000
- Plant and machinery	531,116			531,116
- Equipment	219,717			219,717
- Leasehold improvements	208,731			208,731
- Assets under construction/acquisition	15,888,612			15,888,612
	418,785,299		114,282,877	533,068,176
Other non current assets				
- Prepaid taxes	0	**(d)**	851,756	851,756
- Miscellaneous receivables and other non current assets	25,218			25,218
	25,218		851,756	876,974
TOTAL NON CURRENT ASSETS (A)	**422,396,495**		**113,196,475**	**535,592,970**
Current assets:				
Inventories	4,361,285			4,361,285
Trade and other receivables	17,885,050			17,885,050
Other current assets	722,181			722,181
Current prepaid taxes	926,980			926,980
Financial receivables and other current financial assets	7,095	**(*)**		7,095
Cash and cash equivalents	3,980,668	**(*)**		3,980,668
TOTAL CURRENT ASSETS (B)	**27,883,259**		**0**	**27,883,259**
TOTAL ASSETS (A+B)	**450,279,754**		**113,196,475**	**563,476,229**
Net equity:				
parent company interest	230,898,645		70,503,380	301,402,025
minority interest	1,831,259		(8,467)	1,822,792
TOTAL NET EQUITY (C)	**232,729,904**		**70,494,913**	**303,224,817**
Non current liabilities:				
Non current financial liabilities	146,404,379	**(*)**		146,404,379
Severance indemnity	169,023			169,023
Deferred taxes	0	**(e)**	42,699,475	42,699,475
Provisions for risks and charges	328,977			328,977
Miscellaneous payables and other non current liabilities	13,433,162			13,433,162
TOTAL NON CURRENT LIABILITIES (D)	**160,335,541**		**42,699,475**	**203,035,016**
Current liabilities:				
Current financial liabilities	50,849,019	**(*)**	2,087	50,851,106
Trade and other payables	1,936,463			1,936,463
Current liabilities	0			0
Deferred taxes	2,432,816			2,432,816
Other current liabilities	1,996,011			1,996,011
TOTAL CURRENT LIABILITIES (E)	**57,214,309**		**2,087**	**57,216,396**
TOTAL LIABILITIES (F=D + E)	**217,549,850**		**42,701,562**	**260,251,412**
TOTAL NET EQUITY AND LIABILITIES (C+F)	**450,279,754**		**113,196,475**	**563,476,229**

(^) balance sheet figures have been prepared in compliance with IAS/IFRS currently in force

(*) item included in net financial indebtedness

CONSOLIDATED INCOME STATEMENT - 2004 (^)

(In Euros)	Reclassified Italian accounting standards	notes	Effects of IAS/IFRS conversion	IAS/IFRS standards
Revenues	48,690,345		(90,656)	48,599,689
Other income	2,588,536	(a)		2,588,536
Total revenues and operating income	**51,278,881**		**(90,656)**	**51,188,225**
Purchase of materials and outside services	(15,288,858)			(15,288,858)
Personnel costs	(1,236,023)			(1,236,023)
Other operating costs	(2,287,136)	(b)	(10,180)	(2,297,316)
Changes in inventories	266,862			266,862
OPERATING RESULT BEFORE INTEREST, TAXES, DEPRECIATION, AMORTISATION, CAPITAL GAINS/LOSSES AND WRITEDOWNS/REVERSALS ON NON-CURRENT ASSETS (EBITDA)	**32,733,726**		**(100,836)**	**32,632,890**
Amortisation and depreciation	(14,871,765)	(c)	14,503,668	(368,097)
Capital gains/losses from sale of non current assets	0			0
Changes in investment property fair value	0	(d)	16,439,556	16,439,556
OPERATING RESULT (EBIT)	**17,861,961**		**30,842,388**	**48,704,349**
Financial income	1,701,583	(e)	206,154	1,907,737
Financial expenses	(8,187,818)			(8,187,818)
PRE-TAX RESULT	**11,375,726**		**31,048,542**	**42,424,268**
Income taxes for the period	(4,869,604)	(f)	(11,556,822)	(16,426,426)
PROFIT FOR THE PERIOD	**6,506,122**		**19,491,720**	**25,997,842**
Attributable to:				
* Parent company profit for the period	6,273,587		19,491,720	25,765,307
* Minority interest profit for the period	232,535			232,535

(^) income statement figures have been prepared in compliance with IAS/IFRS currently in force

CONSOLIDATED INCOME STATEMENT - FIRST HALF 2004 (^)

(In Euros)	Reclassified Italian accounting standards	notes	Effects of IAS/IFRS conversion	IAS/IFRS standards
Revenues	23,039,028		(45,328)	22,993,700
Other income	993,563	(a)		993,563
Total revenues and operating income	**24,032,591**		**(45,328)**	**23,987,263**
Purchase of materials and outside services	(6,994,206)			(6,994,206)
Personnel costs	(584,291)			(584,291)
Other operating costs	(1,061,048)			(1,061,048)
Changes in inventories	148,390			148,390
OPERATING RESULT BEFORE INTEREST, TAXES, DEPRECIATION, AMORTISATION, CAPITAL GAINS/LOSSES AND WRITEDOWNS/REVERSALS ON NON-CURRENT ASSETS (EBITDA)	**15,541,436**		**(45,328)**	**15,496,108**
Amortisation and depreciation	(9,882,299)	(c)	9,782,186	(100,113)
Capital gains/losses from sale of non current assets	0			0
Changes in investment property fair value	0	(d)	10,105,196	10,105,196
OPERATING RESULT (EBIT)	**5,659,137**		**19,842,054**	**25,501,191**
Financial income	611,795	(e)	86,192	697,987
Financial expenses	(2,986,521)			(2,986,521)
PRE-TAX RESULT	**3,284,411**		**19,928,246**	**23,212,657**
Income taxes for the period	(1,571,086)	(f)	(7,419,608)	(8,990,694)
PROFIT FOR THE PERIOD	**1,713,325**		**12,508,638**	**14,221,963**
Attributable to:				
* Parent company profit for the period	1,575,019		12,507,693	14,082,712
* Minority interest profit for the period	138,306		945	139,251

(^) income statement figures have been prepared in compliance with IAS/IFRS currently in force

Comments on the primary IAS/IFRS adjustments made to balance sheet entries at 1 January 2004, 31 December 2004, and 30 June 2004, and income sheet entries for the 2004 financial year and for the first half of 2004

For the primary adjustments which have been made, brief notes are supplied below along with references to the adjustments included in the reconciliation statements for the net equity and net earnings figures illustrated above.

For the effects of changes in financial assets and liabilities included in net financial indebtedness, please refer to the reconciliation statement presented further above.

Balance sheet entries - Assets

a. *intangible assets with a finite life;* these adjustments .(– €245,497 at 1 January 2004, - €220,745 at 31 December 2004, and – €229,047 at 30 June 2004) regard the elimination of some start-up and expansion costs which do not meet IAS/IFRS requirements under for entry among intangible assets (see adjustment no. 1);

b. *goodwill;* these adjustments refer to:

  - as at 1 January 2004 (- € 1,993,918): the reversal of goodwill from the acquisition of corporate divisions related to the inauguration of the Centro d'Abruzzo and Porto Grande shopping centres (see adjustment no. 2);
  - as at 31 December 2004 (- €1,516,832): the reversal of goodwill from the acquisition of corporate divisions related to the inauguration of the Centro d'Abruzzo and Porto Grande shopping centres , amounting to -€1,707,030, and the reversal of amortisation on goodwill related to the shareholding in Gescom S.r.l., amounting to + €190,198 (see adjustment no. 2);
  - as at 1 January 2004 (- € 1.709.111): the reversal of goodwill related to from the acquisition of corporate divisions related to the inauguration of the Centro d'Abruzzo and Porto Grande shopping centres, amounting to - €1,800,071, and the reversal of amortisation on goodwill for the shareholding in Gescom S.r.l., amounting to + € 90,960 (see adjustment no. 2);

c. *investment property*; these adjustments *(*+ €94,742,080 at 1 January 2004, + €125,082,630 at 31 December 2004, and + €114,282,877 at 30 June 2004) regard the fair value of investment property belonging to the group, and the consequences attributable both to fair value measurement of the investment property and the elimination of amortisation entered according to Italian standards (see adjustment no. 3);

d. *prepaid taxes;* these adjustments (+ €863,314 at 1 January 2004, + €916,558 at 31 December 2004, and + €851,756 at 30 June 2004) reflect the balance sheet asset entries offsetting tax effects on reconcilation items.

Balance sheet entries - Liabilities

e. *deferred taxes;* these adjustments (+ €35,291,425 at 1 January 2004, + €46,885,808 at 31 December 2004, and + €42,699,475 at 30 June 2004) reflect the balance sheet liability entries offsetting tax effects on the reconcilation items;

Adjustments to consolidated income statement entries for the 2004 financial year and the first half of 2004

a. *revenue;* these adjustments (- €90,656 for the 2004 financial year and - €45,328 for the first half of 2004) regard reversal of the portion of revenue related to a prepaid expense entered according to Italian accounting standards, deriving from the sale of usufruct rights on three shops in the ESP shopping centre in Ravenna, which does not meet IAS/IFRS requirements for entry under intangible assets. The amounts related to these sales have been included in the fair value measurement of the investment property of the group (see adjustment no. 3);

b. *other operating costs;* this adjustment (-€ 10,180 for the 2004 financial year) regards the reversal of increases related to start-up and expansion costs which do not meet IAS/IFRS requirements for entry under intangible assets and have thus been charged to the income statement;

c. *amortisation;* these adjustments (- €14,503,668 for the 2004 financial year and - €9,782,186 for the first half of 2004) regard:
   - the elimination of amortisation on start-up and expansion costs, amounting to - €34,932 for the 2004 financial year and - €16,450 for the first half of 2004 (see adjustment no. 1);
   - the elimination of amortisation on goodwill for the shareholding in Gescom S.r.l., amounting to - €190,198 for the 2004 financial year and - €90,960 for the first half of 2004 (see adjustment no. 2);
   - the elimination of amortisation on goodwill deriving from the acquisition of corporate divisions related to the inauguration of the Centro d'Abruzzo and Porto Grande shopping centres , amounting to - €286,888 for the 2004 financial year and - €193,847 for the first half of 2004 (see adjustment no. 2);
   - the elimination of amortisation on investment property, amounting to - €13,991,650 for the 2004 financial year and - €9,480,929 for the first half of 2004 (see adjustment no. 3);

d. *change in the fair value of investment property;* these adjustments (- €16,439,556 for the 2004 financial year and - €10,105,196 for the first half of 2004) regard changes that can be attributed to the fair value measurement of investment property (see adjustment no. 3);

e. *financial income;* these adjustments (+ €206,154 for the 2004 financial year and + €86,192 for the first half of 2004) regard the reporting of cash flow hedges and the effects deriving from their entry among assets (liabilities) measured at fair value (see adjustment no. 4);

f. *taxes on profit for the period;* these adjustments (+ €11,556,822 for the 2004 financial year and + €7,419,608 for the first half of 2004) regard the reporting of net negative and positive tax effects on the adjustments described above.