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RELAZIONE SULLA GESTIONE REVIEW OF OPERATIONS

Signori Azionisti,

Vi presentiamo il bilancio consolidato relativo all'esercizio 2000. Il gruppo Buzzi Unicem opera in Italia, Stati Uniti d'America e Messico nei settori del cemento, del calcestruzzo pre-confezionato, degli aggregati naturali ed altri minori. La capogruppo Buzzi Unicem SpA svolge attività di produzione e vendita di cemento nonché quella di holding industriale con funzione di indirizzo, controllo, coordinamento delle imprese che da essa dipendono e con l'obiettivo di sostenerne la crescita e lo sviluppo.

L'esercizio 2000 si chiude con risultati economico-finanziari eccellenti, migliori di quelli già molto positivi consuntivati l'anno scorso, ottenuti grazie alla crescita del mercato Italia, alla tenuta degli USA ed all'ottimo andamento del Messico. La buona intonazione dell'economia nazionale ed internazionale ha, in parte, facilitato il compito delle nostre risorse umane,

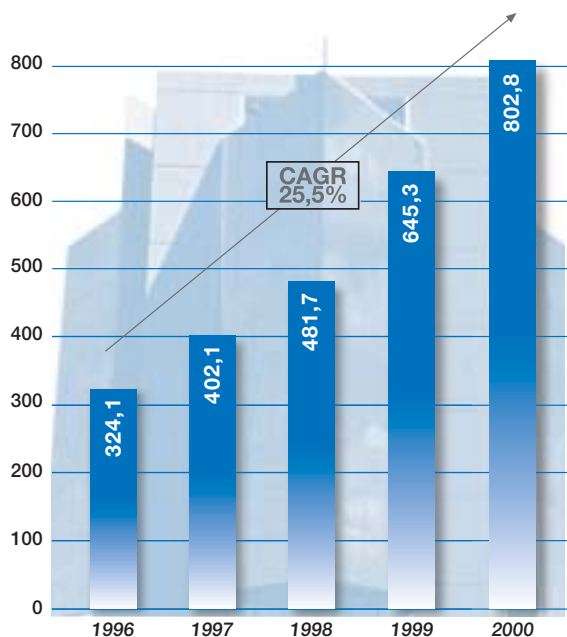
Stockholders,

We are pleased to present you the consolidated financial statements for the year 2000. The Buzzi Unicem group operates in Italy, United States of America and Mexico in the following sectors: cement, ready-mix concrete, natural aggregates and other related activities. The parent company Buzzi Unicem SpA produces and sells cement and acts as the industrial holding company that directs, controls and coordinates the subsidiaries to sustain their growth and development.

The financial year 2000 closed with excellent results, outperforming the already positive ones of the previous year, thanks to growth in the Italian market, stability in the USA and a strong performance in Mexico. The firm tone of the economy, both nationally and internationally, made it a bit easier for us to achieve the objectives of continuous improvement and

Margine operativo lordo Gross operating income

(miliardi di lire / billions of lire)



costantemente impegnate, con lodevole determinazione, per il raggiungimento di obiettivi di miglioramento continuo e di efficienza gestionale in tutte le funzioni operative. Il conto economico consolidato evidenzia un fatturato di 2.583,2 miliardi di lire, in aumento del 16,2% rispetto al precedente esercizio ed un utile netto di competenza del gruppo pari a 310,6 miliardi (230,1 miliardi nel 1999). Il margine operativo lordo passa dai 645,3 miliardi del 1999 agli 802,8 miliardi del 2000, con un incremento del 24% circa. L'indebitamento finanziario netto diminuisce ulteriormente dai 486,4 miliardi di fine 1999 a 357,1 miliardi, con un miglioramento di oltre 129 miliardi.

management efficiency in all operating functions which our personnel pursue with laudable determination. The consolidated income statement shows sales of lire 2,583.2 billion, an increase of 16.2% on last year, while consolidated net profit grew from lire 230.1 billion in 1999, to lire 310.6 billion in 2000. Gross operating income improved by approximately 24% to lire 802.8 billion, up from 645.3 billion in 1999. Net debt fell by lire 129.3 billion from lire 486.4 billion at the end of 1999 to lire 357.1 billion in 2000.



Andamento economico e finanziario *Operating and financial results*

I volumi di vendita del settore **cemento** sono migliori in Italia e particolarmente in Messico, mentre gli Stati Uniti d'America registrano una lieve diminuzione. Complessivamente le quantità vendute raggiungono quota 12,6 milioni di tonnellate, con una variazione del 4,7% rispetto al 1999.

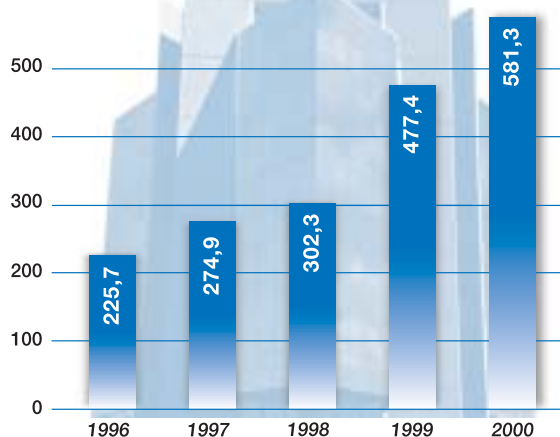
Molto simile, dal punto di vista geografico, risulta l'andamento delle vendite di **calcestruzzo preconfezionato** ed **aggregati naturali**, con variazioni più marcate rispetto al periodo precedente sia in senso positivo (Italia) che negativo (Stati Uniti d'America). A livello gruppo le vendite di calcestruzzo si attestano a 8,2 milioni di metri cubi (+5,7% sul 1999), quelle di aggregati a 5,9 milioni di tonnellate (+2,1% sul 1999).

*Sales volumes in the **cement** sector have improved in Italy and especially in Mexico, while the United States of America registered a slight decline. Overall, sales volumes reached a level of 12.6 million tons, +4.7% on 1999.*

*Similar trends, geographically speaking, were reported in **ready-mix concrete** and **natural aggregates**, with a steeper slope though of both upward (Italy) and downward (USA) changes. At group level, concrete sales reached 8.2 million cubic meters (+5.7% on 1999) and aggregates sales were 5.9 million tons (+2.1% from 1999).*

Autofinanziamento *Cash flow*

(miliardi di lire / billions of lire)



La crescita dei ricavi netti consolidati è, in valore assoluto, abbastanza equamente ripartita tra Italia ed estero. L'aumento realizzato in Italia (+12,8%) deriva da un andamento positivo sia dei volumi sia dei prezzi. Negli USA (+10,4%) la rivalutazione del dollaro compensa largamente una modesta flessione nelle quantità vendute e nei prezzi. Il giro d'affari realizzato in Messico registra un incremento molto importante (+64,1%), di cui quasi il 40% attinente ai maggiori volumi. La porzione di fatturato estero passa dal 41% al 43% circa del totale, grazie soprattutto alla crescita interna delle attività localizzate in Messico.

I saldi intermedi del conto economico mostrano un'accelerazione più significativa di quella dei ricavi. Il rapporto margine operativo lordo su giro d'affari migliora di due punti percentuali, attestandosi al 31,1%; il risultato operativo raggiunge i 567,4 miliardi (446,9 miliardi nel 1999), con un aumento del rapporto tra questa grandezza ed il fatturato di poco inferiore ai due punti percentuali. Gli oneri finanziari netti sono superiori di 5,3 miliardi; il peggioramento è perlopiù riconducibile ad eventi che nel 1999 avevano portato all'iscrizione di importanti utili su cambi. Dopo rettifiche di valore negative per 1,4 miliardi, proventi straordinari per 14,0 miliardi ed imposte sul reddito per 208,9 miliardi, l'esercizio chiude con un risultato attivo di 310,6 miliardi, al netto della quota spettante agli azionisti terzi, pari a 35,2 miliardi di lire. L'autofinanziamento di 581,3 miliardi è superiore di 103,9 miliardi a quello del 1999.

The growth of consolidated net sales in absolute terms is distributed more or less equally between Italy and abroad. The increase in Italy of +12.8% derived from a positive trend in both volumes and prices. In the USA (+10.4%), the strength of the dollar more than made up for the minor fluctuations in prices and quantities sold. Turnover in Mexico saw an important increase of +64.1%, 40% of which concerns the rise in volumes. The share of international sales went from 41% to 43% of the total, mainly as a result of internal growth in the Mexican operations.

The intermediate balances of the income statement have been growing faster than revenues. The gross operating income to turnover ratio rose by two percentage points, to 31.1%. Operating income reached lire 567.4 billion (446.9 billion in 1999), with an increase in the operating income to sales ratio of just below two percentage points. Net financial charges increased by 5.3 billion as events in 1999 allowed for the realization of substantial exchange gains. After writedowns of lire 1.4 billion, extraordinary income of 14.0 billion and income taxes of 208.9 billion, net income for the year reaches lire 310.6 billion, already deducted minority interests of lire 35.2 billion. Cash flow of lire 581.3 billion is up lire 103.9 billion over 1999.

Conto economico consolidato sintetico
Summary consolidated income statement

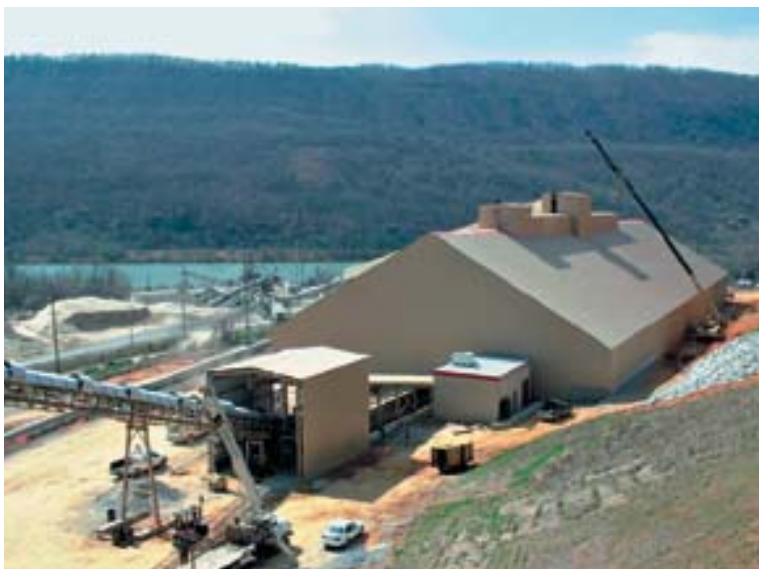
	(miliardi di lire / billions of lire)			
	2000	% sui ricavi % of sales	1999	% sui ricavi % of sales
Ricavi netti Net sales	2.583,2	100,0	2.223,7	100,0
Consumi, costi operativi e servizi <i>Materials, operating costs and services</i>	(1.443,5)	(55,9)	(1.262,2)	(56,8)
Valore aggiunto Value added	1.139,7	44,1	961,5	43,2
Costo del lavoro <i>Labour costs</i>	(336,9)	(13,0)	(316,2)	(14,2)
Margine operativo lordo Gross operating income	802,8	31,1	645,3	29,0
Ammortamenti <i>Depreciation and amortization</i>	(235,5)	(9,1)	(198,4)	(8,9)
Risultato operativo Operating income	567,4	22,0	446,9	20,1
Proventi (oneri) finanziari <i>Financial income (expenses)</i>	(25,2)	(1,0)	(19,9)	(0,9)
Altri proventi (oneri) <i>Other income (charges)</i>	12,6	0,5	13,2	0,5
Risultato ante imposte Income before taxes	554,7	21,5	440,2	19,7
Imposte sul reddito <i>Income taxes</i>	(208,9)	(8,1)	(161,1)	(7,2)
Utile netto dell'esercizio Combined net income	345,8	13,4	279,1	12,5
Quota terzi <i>Minority interests</i>	(35,2)	(1,4)	(49,0)	(2,2)
Utile netto del gruppo Consolidated net income	310,6	12,0	230,1	10,3
Cash flow (utile + ammortamenti) Cash flow (combined net income + depreciation)	581,3	22,5	477,4	21,5

Gli investimenti industriali realizzati nel 2000 ammontano a circa 294 miliardi di lire, contro i 255 miliardi del precedente esercizio. In Italia essi hanno riguardato, in sintesi, l'adeguamento tecnico-ambientale ed il rafforzamento della competitività delle unità produttive, il reintegro delle riserve di materie prime, il costante rinnovo tecnologico e funzionale dei sistemi informativi, l'ampliamento delle strutture di sede in vista di un'ulteriore concentrazione del personale. Nell'ambito del settore calcestruzzo preconfezionato è proseguita un'attenta attività di acquisizione partecipazioni immobilizzate, nelle quali si ottiene l'incarico di gestione o comunque un peso significativo, che ha comportato investimenti per 11 miliardi di lire. All'estero gli impegni finanziari più rilevanti si riferiscono al completamento delle due nuove linee di produzione cemento a Chattanooga (USA) e Tepetzingo (Messico); da segnalare inoltre la costruzione di un nuovo stabilimento di produzione leganti premiscelati a San Antonio (USA), del valore di 8 miliardi di lire circa.

Tra gli investimenti di carattere finanziario, esclusi dall'importo sopra citato, merita segnalare l'acquisto di ulteriori quote di partecipazione nella controllata Unimed SpA (società quotata, risultante dall'incorporazione di Cementeria di Barletta SpA in Cementeria di Augusta SpA) per complessivi 8,5 miliardi, effettuato dalla capogruppo Buzzi Unicem SpA mediante acquisti sul mercato telematico della Borsa Italiana.

Capital expenditures in year 2000 amounted to lire 294 billion compared with 255 billion the previous year. Investments in Italy were mainly geared towards the environmental-technical adequacy and the competitive upgrade of production units, the reintegration of raw material reserves, the steady technological and functional renovation of information systems, the expansion of our headquarters building to accommodate a higher concentration of personnel. Acquisitions of equity investments, where we are in charge of running the company or at least have a significant influence over management, continued in the ready-mix concrete business; these investments totalled lire 11 billion. The most important investment projects abroad include completion of two new cement production lines in Chattanooga (USA) and Tepetzingo (Mexico), and construction of a new facility for the manufacturing of pre-mixed, dry-packaged concrete in San Antonio (USA), whose total cost was about lire 8 billion.

The parent company Buzzi Unicem SpA bought on the Italian Stock Exchange additional stakes in the subsidiary Unimed SpA (listed company resulting from the merger of Cementeria di Barletta SpA into Cementeria di Augusta SpA) with an outlay of lire 8.5 billion. This financial investment is not included in the figure mentioned above.



Stato patrimoniale consolidato sintetico
Summary consolidated balance sheet

	(miliardi di lire / billions of lire)	
	31.12.2000	31.12.1999
Immobilizzazioni materiali ed immateriali nette <i>Property, plant, equipment and intangible fixed assets, net</i>	2.098,8	1.915,4
Immobilizzazioni finanziarie <i>Financial fixed assets</i>	121,9	113,3
Capitale d'esercizio <i>Working capital</i>	401,0	310,5
Capitale investito netto <i>Net invested capital</i>	2.621,7	2.339,2
Patrimonio netto <i>Stockholders' equity</i>	1.993,4	1.593,9
di cui, Quota terzi <i>of which, Minority interests</i>	207,9	180,2
Fondi <i>Reserves for risks and charges</i>	271,2	258,9
Posizione finanziaria netta <i>Net financial position</i>	357,1	486,4
Totale copertura <i>Total financing</i>	2.621,7	2.339,2

La riduzione dell'indebitamento finanziario netto deriva dal buon livello di cash flow operativo realizzato nell'esercizio, più che sufficiente a coprire gli investimenti e la remunerazione spettante agli azionisti. Il rapporto debiti/patrimonio a fine 2000 scende a 0,18, rispetto a 0,31 del 31 dicembre 1999. Le componenti attive e passive della posizione finanziaria netta, suddivise per grado di liquidità, sono riportate nella tabella seguente:

The reduction in net financial debt is due to the high level of cash flow from operations, more than sufficient to cover investments and remunerate the shareholders. At year end the debt/equity ratio decreased to 0.18 with respect to 0.31 on December 31, 1999. The assets and liabilities making up the net financial position are provided below, grouped according to their level of liquidity:

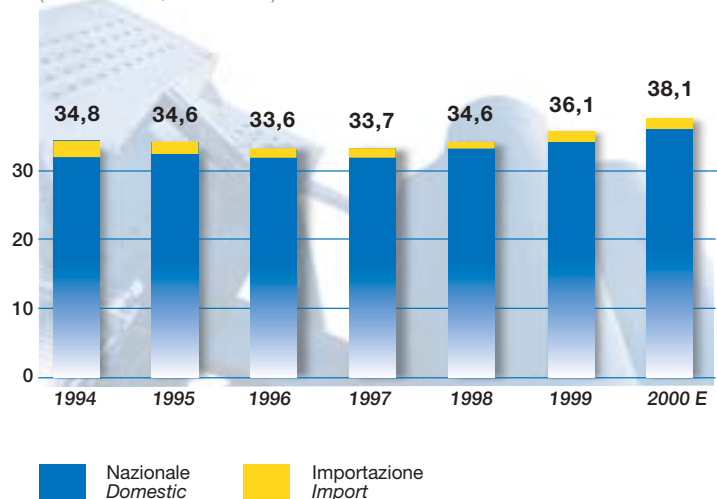
	(miliardi di lire / billions of lire)	
	31.12.2000	31.12.1999
Disponibilità ed attività finanziarie a breve <i>Cash, banks and marketable securities</i>	539,4	779,5
Debiti finanziari a breve <i>Short-term debt</i>	(237,0)	(612,1)
Disponibilità (indebitamento) netta a breve <i>Net short-term cash (debt)</i>	302,4	167,4
Debiti finanziari a medio e lungo termine <i>Long-term debt</i>	(659,5)	(653,8)
Posizione finanziaria netta <i>Net financial position (net debt)</i>	(357,1)	(486,4)

Dai conti economici nazionali, resi noti in via preliminare dall'Istat, risulta che il Pil italiano è cresciuto nell'anno in esame del 2,9%; il risultato dello scorso anno è il migliore degli ultimi cinque, caratterizzati da modesti ritmi di sviluppo (+1,6% in media nel periodo 1996-1999). La crescita è trainata dal recupero delle esportazioni e dal ciclo favorevole degli investimenti, mentre appare più contenuta la dinamica dei consumi privati. La ripresa in atto mostra pertanto una certa tenuta, dopo alcuni anni di debolezza, tale da avvicinare l'economia italiana a quelle europee, anche se una significativa differenza continua a rimanere dal momento che l'area dell'euro è stimata in crescita di circa il 3,4% nella media del 2000. Secondo i dati della contabilità nazionale, l'aumento del Pil registrato nel corso del 2000 è attribuibile sia all'espansione del settore terziario, sia alla ripresa dell'edilizia, favorita dalle misure di incentivazione delle ristrutturazioni residenziali e dalle opere pubbliche; anche il contributo dell'industria manifatturiera, dopo un deludente '99, è diventato positivo, essendo il settore tornato a crescere con buoni ritmi (+4% circa in termini annui).

Preliminary statistics on the Italian economy published by ISTAT indicate that GDP increased by 2.9% during the year. This was the best result for the past five years, which featured modest economic development (+1.6% on average in 1996-1999). The growth has been driven by an upswing in exports and a favourable cycle in capital expenditures, while the rise in consumer spending has been moderate. This recovery seems to be holding up after several years of stagnation and the Italian economy is now heading more towards the levels of the European ones, even though a significant difference remains, considering that average growth in the euro area in 2000 is expected to come in at 3.4%. According to the national accounts, the increase in GDP during 2000 was attributable to expansion in the services sector and a recovery in construction spending, helped by tax incentives on home restoration and public works. Growth in the manufacturing industry has also contributed to the increase in GDP. After a disappointing year 1999, this sector is now progressing nicely at around +4% per year.

Consumo di cemento in Italia **Cement consumption in Italy**

(milioni di ton / million tons)



Cemento Italia
Cement operations in Italy



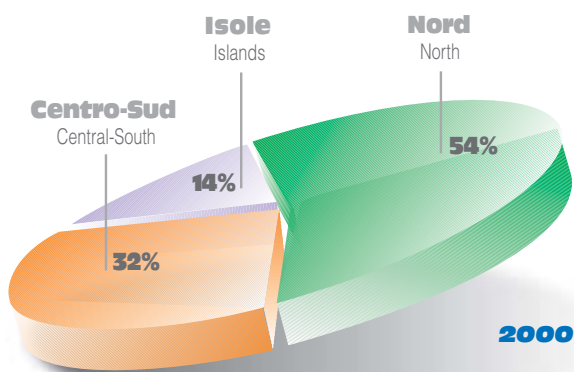
La produzione italiana di **cemento** è stimata pari, nel 2000, a 39,0 milioni di tonnellate, +4,6% rispetto ai 37,3 milioni del '99. Nell'ambito dei vari comparti macro-regionali, le produzioni variano in modo differenziato: in sensibile recupero Setteentrione ed Isole (rispettivamente +7,2% e +6,5%), stazionario il Centro (-1,0%), in crescita il Meridione (+3,7%). La ripresa del mercato in termini di volumi e prezzi ha favorito un maggior ricorso alle importazioni di cemento, peggiorando la bilancia commerciale di settore. Come conseguenza dei suddetti dati e flussi e del movimento scorte, risulta un consumo interno del paese per il 2000 dell'ordine di 38,1 milioni di tonnellate, in recupero del 5,5% rispetto a 36,1 milioni di tonnellate del '99.

Le nostre vendite di leganti idraulici e clinker fanno segnare un aumento del 4%. A fronte di una crescita sul mercato interno superiore alla media nazionale, diminuiscono sensibilmente, per contro, le quantità vendute all'esportazione (-28%), causa l'impossibilità da parte del mercato USA di continuare ad assorbire una porzione significativa di tali flussi. Da segnalare il fatto che alcune cementerie abbiano stabilito nell'anno nuovi record di produzione clinker e cemento. La vivacità della domanda italiana ha stimolato una buona ripresa dei prezzi netti di vendita riferiti al mercato domestico (+12% circa), permettendo al fatturato di settore di crescere del 13,3% a 861,8 miliardi di lire.

*Domestic production of **cement** in Italy has increased by 4.6% from 37.3 million tons in 1999 to some 39.0 million tons in 2000. The production results vary by macro-region: strong rise in the North and Islands (+7.2% and +6.5% respectively), growth in the South (+3.7%) while the Centre remained relatively stationary (-1.0%). The market recovery in terms of volumes and prices encouraged cement imports, causing a deterioration in the sector's balance of trade. Because of these figures and flows, combined with the changes in inventories, domestic consumption in 2000 reached about 38.1 million tons, which means an improvement of 5.5% with respect to 36.1 million tons in 1999.*

Our sales of cement and clinker increased by 4%. Compared with above-average growth on the domestic market, export sales decreased by 28%, as the USA market was no longer able to absorb a significant portion of such flows. It is worth mentioning that during the year certain cement plants established new records in the production of clinker and cement. The liveliness of the Italian demand stimulated a good recovery in domestic prices (approximately +12%), pushing up revenues by 13.3% to lire 861.8 billion.

Vendite di cemento per Area **Cement Sales by Area**



Sul fronte dei costi di produzione, l'anno 2000 è stato caratterizzato da un tasso di inflazione dei fattori energetici molto elevato. Abbiamo purtroppo dovuto fronteggiare una situazione di grande tensione sul mercato del petcoke, nostro principale combustibile, con prezzi in continuo aumento (+45% anno su anno) e difficoltà nel ricevere il materiale nei tempi stabiliti. Per quanto riguarda l'energia elettrica, le azioni intraprese a fine '99 hanno permesso di contenere l'aumento al 9%, ma il mancato avvio della piena liberalizzazione rende più difficile l'approvvigionamento a condizioni favorevoli nel prossimo futuro. Il margine operativo lordo aumenta di 59,4 miliardi (289,3 nel 2000 rispetto a 229,9 nel 1999), grazie al buon andamento della produzione, che ha ridotto l'incidenza unitaria dei costi fissi, nonché ad un efficace contenimento delle spese generali e di struttura.

L'estensione alla cementeria di Robilante della certificazione del sistema qualità aziendale secondo la norma di riferimento ISO 9002, avvenuta nello scorso mese di ottobre, completa il programma di certificazione aziendale delle cementerie a ciclo completo operanti in Italia.

In tema di certificazioni prodotto segnaliamo l'ottenimento, per alcuni nostri leganti ad alta resistenza, della certificazione greca ELOT e di quella portoghese CERTIF, che aprono nuove possibilità di vendita sui mercati esteri.

Si riportano di seguito i dati di sintesi delle società del settore cemento operanti in Italia, prima delle eliminazioni tra settori di attività:

The following are key figures for the cement sector in Italy, before eliminations among lines of business:

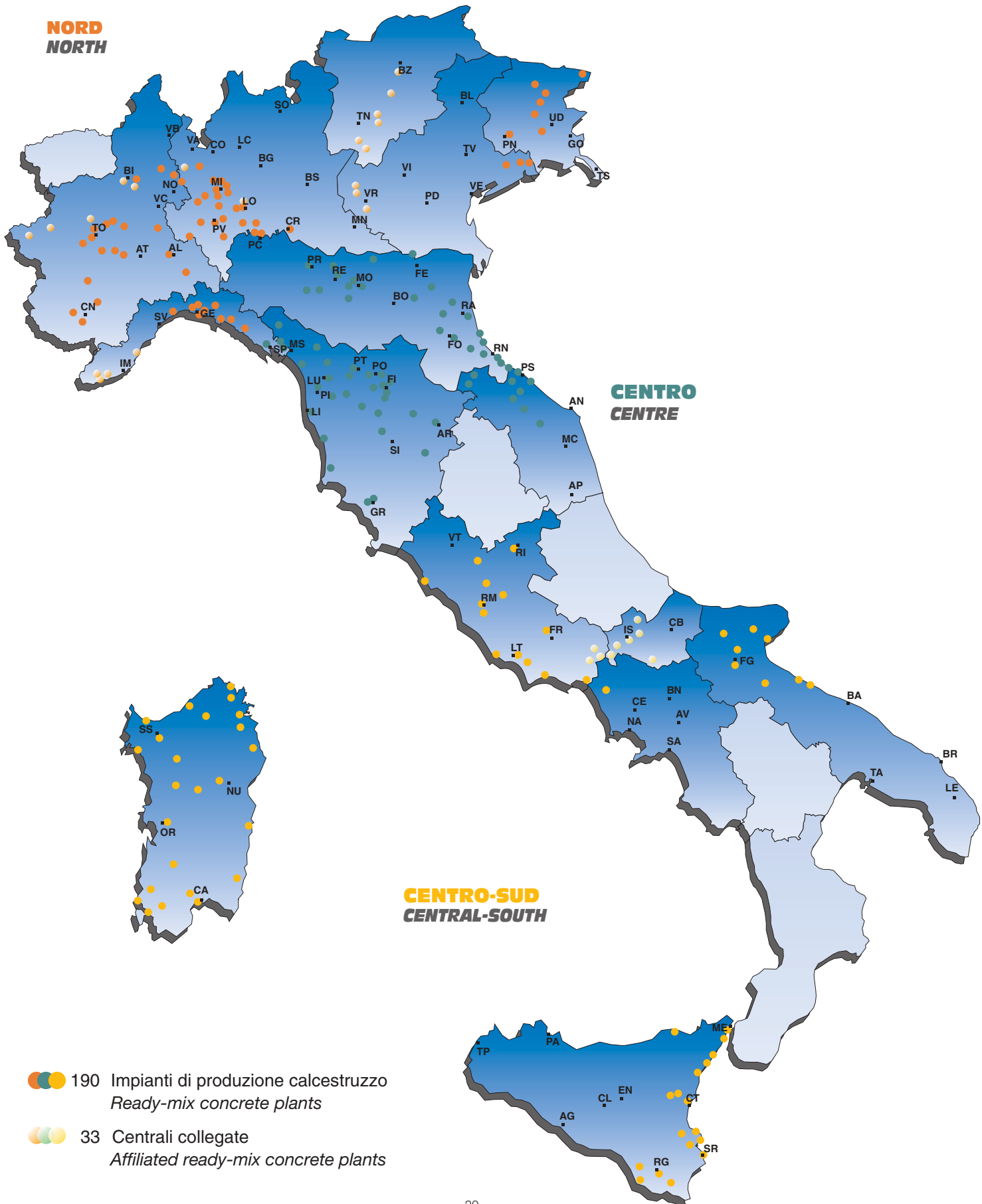
	(miliardi di lire / billions of lire)	
	2000	1999
Ricavi netti <i>Net sales</i>	861,8	760,9
Margine operativo lordo <i>Gross operating income</i>	289,3	229,9
% sui ricavi netti <i>% of sales</i>	33,6	30,2
Investimenti industriali <i>Capital expenditures</i>	66,3	64,3
Addetti a fine esercizio <i>Payroll at year end</i>	1.628	1.669
	(numero/number)	

Regarding production costs, the year suffered from a particularly high rate of inflation in energy. Tensions were high on the market for petcoke, our main type of fuel, due to continuous price increases (+45% year on year) and we faced problems in receiving it on time. Actions were taken at the end of 1999 that allowed us to keep the increase of electrical power at 9%, but the delayed privatization of this sector makes it harder to obtain favourable procurement terms for the near future. Gross operating income increased by lire 59.4 billion to 289.3 billion (229.9 billion in 1999) thanks to the positive trend in production, which prompted a decline in fixed costs per unit, and to effective steps to contain overheads.

The ISO 9002 quality system certification awarded in October to the Robilante factory completed the company's certification program of its full-cycle cement plants operating in Italy.

Regarding product certifications, some of our high strength cements were awarded the Greek certificate ELOT and the Portuguese certificate CERTIF. This has opened up new possibilities for sales in foreign markets.

Calcestruzzo Italia
 Ready-mix concrete operations in Italy



Nel settore **calcestruzzo preconfezionato** ed **aggregati** naturali possiamo considerare superate le difficoltà scaturite dalla complessa integrazione di realtà industriali appartenenti a diverse culture. Il settore è ormai dotato di una struttura organizzativa efficiente e ben rodada, in grado di dedicarsi non solo alla gestione ordinaria ma anche al raggiungimento di obiettivi strategici a medio termine quali: lo sviluppo delle quote di mercato, il lancio di nuovi prodotti, il miglioramento della qualità e della redditività in genere.

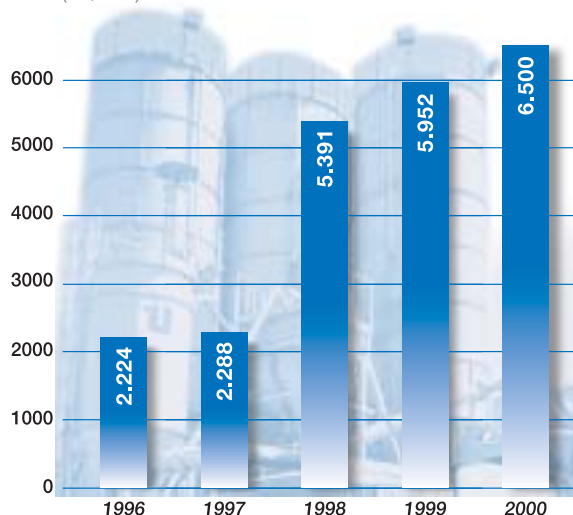
La favorevole congiuntura dell'attività edilizia ha permesso, anche in questo ambito, una crescita interessante delle quantità e dei prezzi. Le vendite di calcestruzzo preconfezionato raggiungono quota 6,5 milioni di metri cubi, +9,2% sull'esercizio precedente. Nel valutare tale incremento occorre tenere conto che una parte significativa di esso si riferisce ai cantieri TAV Bologna-Firenze, che nel 2000 hanno raggiunto il massimo delle produzioni annuali previste. Il fatturato si attesta a 751,3 miliardi, con un aumento del 16,7%. Dal lato dei costi, hanno avuto un'inflazione superiore all'indice Istat la materia prima cemento e, come conseguenza del caro petrolio, le spese di distribuzione del prodotto finito, nonostante il programma in corso di graduale sostituzione dei mezzi sociali con quelli di autotrasportatori terzi.

*In the business area of **ready-mix concrete** and natural **aggregates**, we reckon that we have overcome the difficulties associated with the complex integration of industrial realities belonging to different cultures. This sector now has an efficient, tried and tested organizational structure which can concentrate not only on day-to-day management, but also on the attainment of long-term strategic objectives such as the development of market share, launching of new products and improving quality and profitability in general.*

The favourable economic environment of the building industry allowed an increase in volumes and prices in this sector as well. Sales of ready-mix concrete reached 6.5 million cubic meters, up 9.2% from 1999. In valuing this growth we must keep in mind that a significant part of it refers to the Bologna-Florence high-speed train building sites, which in 2000 achieved a high in annual output, as forecasted. Sales revenue increased 16.7% reaching lire 751.3 billion. On the costs side, however, inflation was higher than the ISTAT cost-of-living index for the raw material cement and, due to higher fuel prices, for delivery expenses, despite the plan to gradually replace our ready-mix trucks with independent owner drivers.

Vendite di calcestruzzo **Concrete sales**

(m³ / 000)



Si riportano di seguito i dati di sintesi delle società del settore calcestruzzo preconfezionato ed aggregati naturali operanti in Italia, prima delle eliminazioni tra settori di attività:

The following are key figures for the ready-mix concrete and natural aggregates sector in Italy, before eliminations among lines of business:

		(miliardi di lire / billions of lire)	
		2000	1999
Ricavi netti <i>Net sales</i>		751,3	643,7
Margine operativo lordo <i>Gross operating income</i>		73,9	54,1
% sui ricavi netti <i>% of sales</i>		9,8	8,4
Investimenti industriali <i>Capital expenditures</i>		30,9	14,3
Addetti a fine esercizio <i>Payroll at year end</i>	(numero/number)	701	730



Prosegue il positivo trend di sviluppo della **Addiment Italia Srl** (collegata al 50%), società specializzata nel settore chimica dell'edilizia, in particolare additivi per calcestruzzo e cemento. I ricavi di vendita aumentano da 15,5 a 16,7 miliardi nel 2000, mentre cala leggermente il risultato operativo, da 2,4 a 2,2 miliardi. L'esercizio chiude con risultato netto di 1,2 miliardi, dopo 821 milioni di imposte (rispettivamente 1,4 e 1,1 miliardi nel 1999).

***Addiment Italia Srl** (50% associated), a company operating in the construction chemicals sector which specializes in concrete and cement admixtures, continued to expand. Net sales increased from lire 15.5 billion in 1999 to 16.7 billion in 2000, while there was a slight drop in operating income from lire 2.4 to 2.2 billion. The year ended with a net profit of lire 1.2 billion after income taxes of lire 821 million (1.4 billion and 1.1 billion respectively in 1999).*

Stati Uniti d'America United States of America

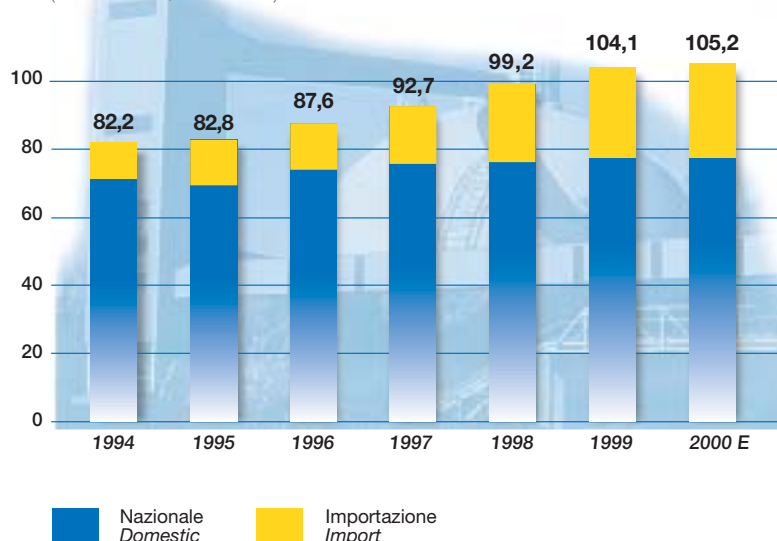
Malgrado il notevole rallentamento registrato nel quarto trimestre, il Pil americano cresce nel 2000 del 5%, vale a dire la migliore prestazione dal +7,3% messo a segno nel 1984. Gli investimenti infrastrutturali si mantengono elevati nel paese e le performances leggermente negative messe a segno dalle nostre attività sono dovute ad eventi contingenti, quali scioperi dei trasportatori di calcestruzzo preconfezionato in estate e le condizioni climatiche particolarmente severe di fine anno, piuttosto che alla debolezza della congiuntura. A fronte di una variazione positiva dei consumi nazionali di cemento superiore all'1%, le aree di mercato servite da RC Cement ed Alamo Cement chiudono l'esercizio in rassegna, stabili oppure in lieve regresso (il consumo del Texas, in particolare, è inferiore del 2,5% circa rispetto al periodo precedente).

Despite the considerable slowdown of the economy in the fourth quarter, GDP grew by 5% in 2000, the best result since 1984 (+7.3%). Investments in infrastructure remained at high levels, so the slightly negative results turned in by our operations were due to contingencies such as strikes of the ready-mix concrete drivers during the summer and particularly bad weather at the end of the year, rather than weakness of the economic cycle.

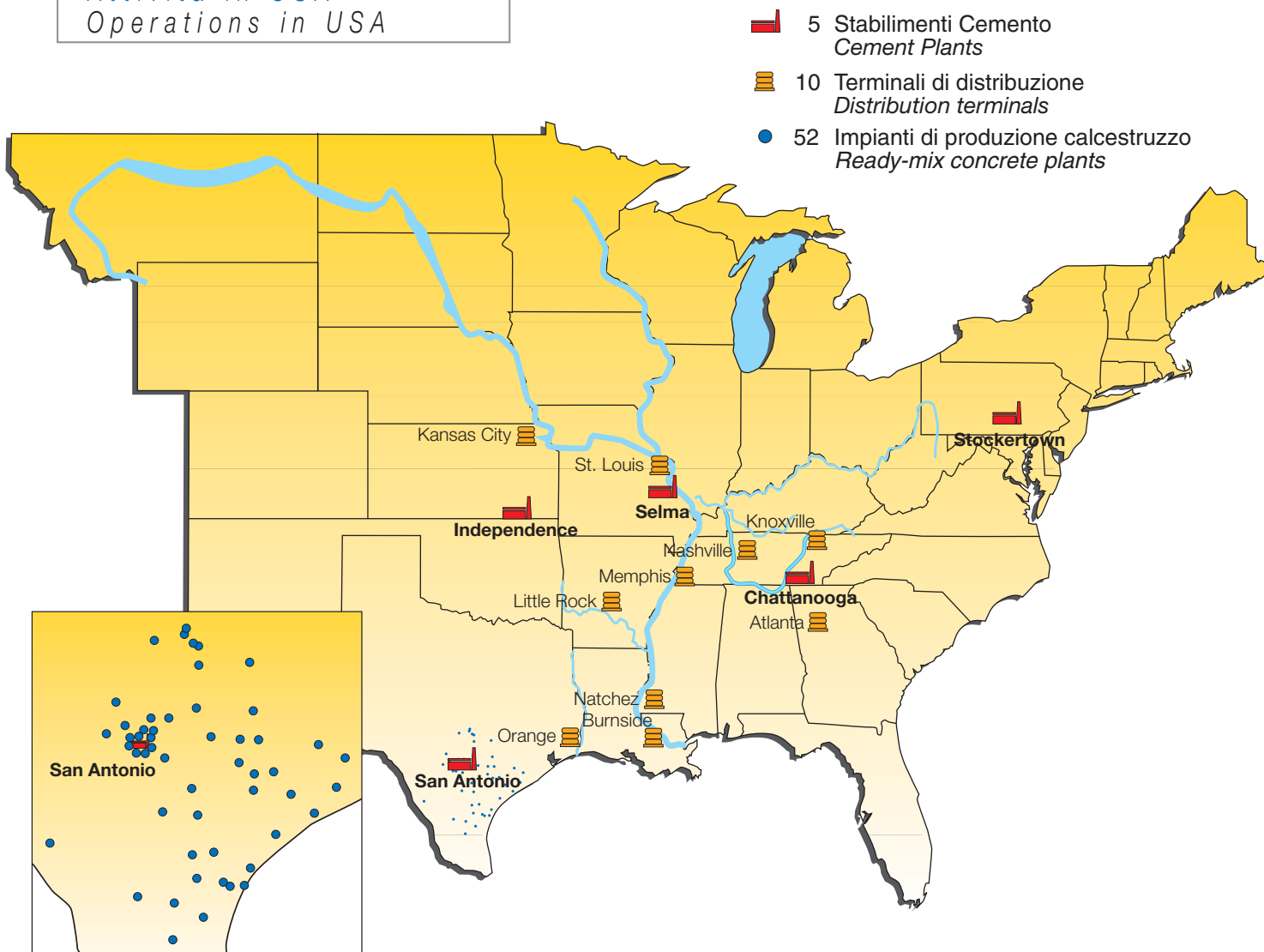
At a time when national cement consumption rose by more than 1%, the market areas served by RC Cement and Alamo Cement ended the year with stable results or a soft decline on 1999 (consumption in Texas was down 2.5% on 1999).

Consumo di cemento in USA Cement consumption in the USA

(milioni di ton / million tons)



Attività in USA
Operations in USA



Le quantità di cemento vendute si attestano a 4,3 milioni di tonnellate (erano 4,4 nel 1999, -1,8%), mentre il livello dei prezzi di vendita espresso in valuta locale subisce una leggera diminuzione. Le vendite di calcestruzzo preconfezionato mostrano un andamento più riflessivo, attestandosi a 1,4 milioni di metri cubi (-11,1%); il regresso è dovuto al completamento di alcuni grandi lavori, alle condizioni climatiche relativamente poco clementi ed al trend discendente delle costruzioni in Texas. Il peggioramento della domanda non ha avuto riflessi negativi sui prezzi del calcestruzzo, che anzi hanno recuperato nella media più del 2%. Il reddito operativo del mercato USA, espresso in dollari, diminuisce del 5,6%. Incidono su questo risultato il suindicato andamento dei ricavi e, sul fronte dei costi, soprattutto la crescita dei combustibili e dell'energia elettrica.

The quantity of cement sold stood at 4.3 million tons (down 1.8% on the 4.4 million tons in 1999), while the sales prices expressed in local currency also fell slightly. Sales of ready-mix concrete were more affected, dropping 11.1% to 1.4 million cubic meters. This was due to the completion of certain major projects, relatively poor weather and the slowdown of construction activity in Texas. However the worsening in demand did not affect concrete prices; indeed, they actually increased on average by more than 2%. Operating income of the USA market, expressed in dollars, decreased by 5.6%. The situation of sales revenue, already described, and higher production costs, fuel and power in particular, weighed heavily on this result. Inflation in labour costs was also hard to curtail, because the fast pace of the economy brought unemployment practically to zero.

È difficilmente contrastabile anche l'inflazione delle spese per prestazioni di lavoro dipendente, poichè nella fase economica attuale il mercato del lavoro non conosce, in pratica, disoccupazione. Durante il 2000 il dollaro si è rivalutato rispetto all'euro del 15% circa; ne deriva un rilevante effetto di conversione positivo sui risultati gestionali, che, tradotti in lire, sono migliori di quelli consuntivati nel 1999.

Gli investimenti realizzati nel 2000 sono finalizzati all'ampliamento della capacità produttiva, al miglioramento della competitività, alla tutela dell'ambiente. I principali interventi hanno riguardato l'installazione di un nuovo impianto filtrante a Stockertown, un nuovo sistema di scarico delle chiatte presso il terminale di Nashville, l'avvio del progetto nuovo mulino materie prime a San Antonio, la costruzione di un impianto di miscelazione e stoccaggio leganti speciali a San Antonio, il rinnovo delle autobetoniere appartenenti alla divisione calcestruzzo. L'avvio della nuova linea di produzione cemento a Chattanooga è in ritardo rispetto ai tempi previsti ed il budget di spesa ha superato le nostre previsioni iniziali. Nell'anno sono entrati in funzione i reparti macinazione cemento, frantumazione materie prime e carico chiatte; l'avviamento del forno e della macinazione materie prime è previsto per il prossimo mese di aprile.

Verso la fine dell'esercizio è stato raggiunto con Ultimax Corporation un accordo a lungo termine per la produzione su licenza, la vendita e la distribuzione di leganti speciali a presa rapida, nelle aree di mercato in cui già operiamo. Valutiamo positivamente l'opportunità che ci apre l'accordo di partecipare ad una nicchia di mercato in rapido sviluppo.

Si riportano di seguito i dati di sintesi delle società operanti negli Stati Uniti d'America:
The following are key figures for the companies operating in the United States of America:

	(miliardi di lire / billions of lire)	
	2000	1999
Ricavi netti <i>Net sales</i>	891,8	808,0
Margine operativo lordo <i>Gross operating income</i>	309,6	281,2
% sui ricavi netti <i>% of sales</i>	34,7	34,8
Investimenti industriali <i>Capital expenditures</i>	191,3	139,9
Addetti a fine esercizio <i>Payroll at year end</i>	1.260	1.265
	(numero/number)	

The value of the dollar increased about 15% against the euro in 2000, thus generating considerable exchange gains on the conversion of operating results, which translated into lire are better than in 1999.

Investments in 2000 were geared to expanding production capacity, increasing competitiveness, and protecting the environment. The main capital projects included the installation of a new kiln baghouse at Stockertown, a new pneumatic vacuum barge unloading system at the Nashville terminal, the first steps of a new raw mill project in San Antonio, the construction of a mixing plant and warehouse in San Antonio for packaged building products, and the renewal of mixer trucks for the concrete division. The start-up of the new cement production line in Chattanooga is behind schedule and spending is over the budgeted amount. In 2000, the cement finish grinding, quarry crushing and cement barge loading systems have begun operating. The raw material handling, raw grinding and pyro-processing systems are scheduled to commence in April 2001.

Towards the end of the year, a long-term agreement was finalized and signed with Ultimax Corporation for the production under license, sale and distribution of special fast-setting cements in the market areas which we already cover. This agreement opens up a new business opportunity as it allows us to participate in a niche market that is currently in the midst of rapid development.

Messico Mexico

I principali indicatori dell'andamento macroeconomico messicano nel periodo sono tutti molto favorevoli: crescita del Pil pari al 6,9%, inflazione all'8,9% (12,3% nel 1999), tassi di interesse in diminuzione di 6 punti percentuali e stabilità del peso rispetto al dollaro.

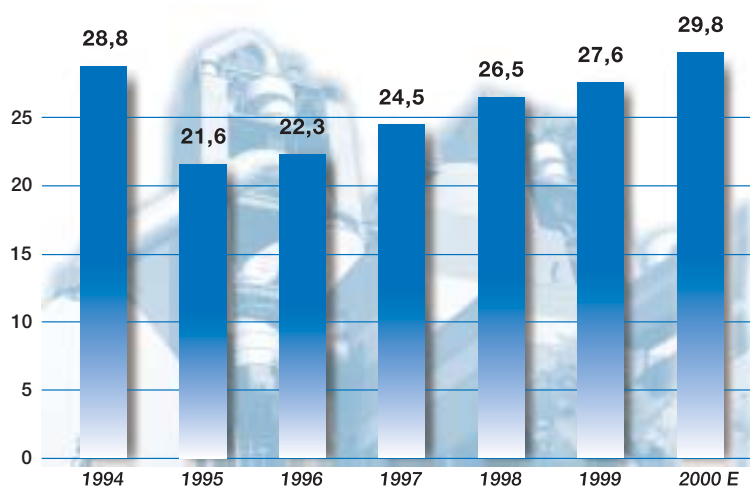
Il mercato del cemento e del calcestruzzo crescono rispettivamente del 9% e del 20%, incrementi senza precedenti nell'ultimo decennio, che permettono di raggiungere i livelli di consumo del 1994, prima della grande crisi valutaria ed economica del 1995.

The main Mexican macroeconomic indicators were all quite favourable in the financial year: growth in GDP of 6.9%, inflation of 8.9% (12.3% in 1999), interest rates down by 6 percentage points and stability of the peso against the dollar.

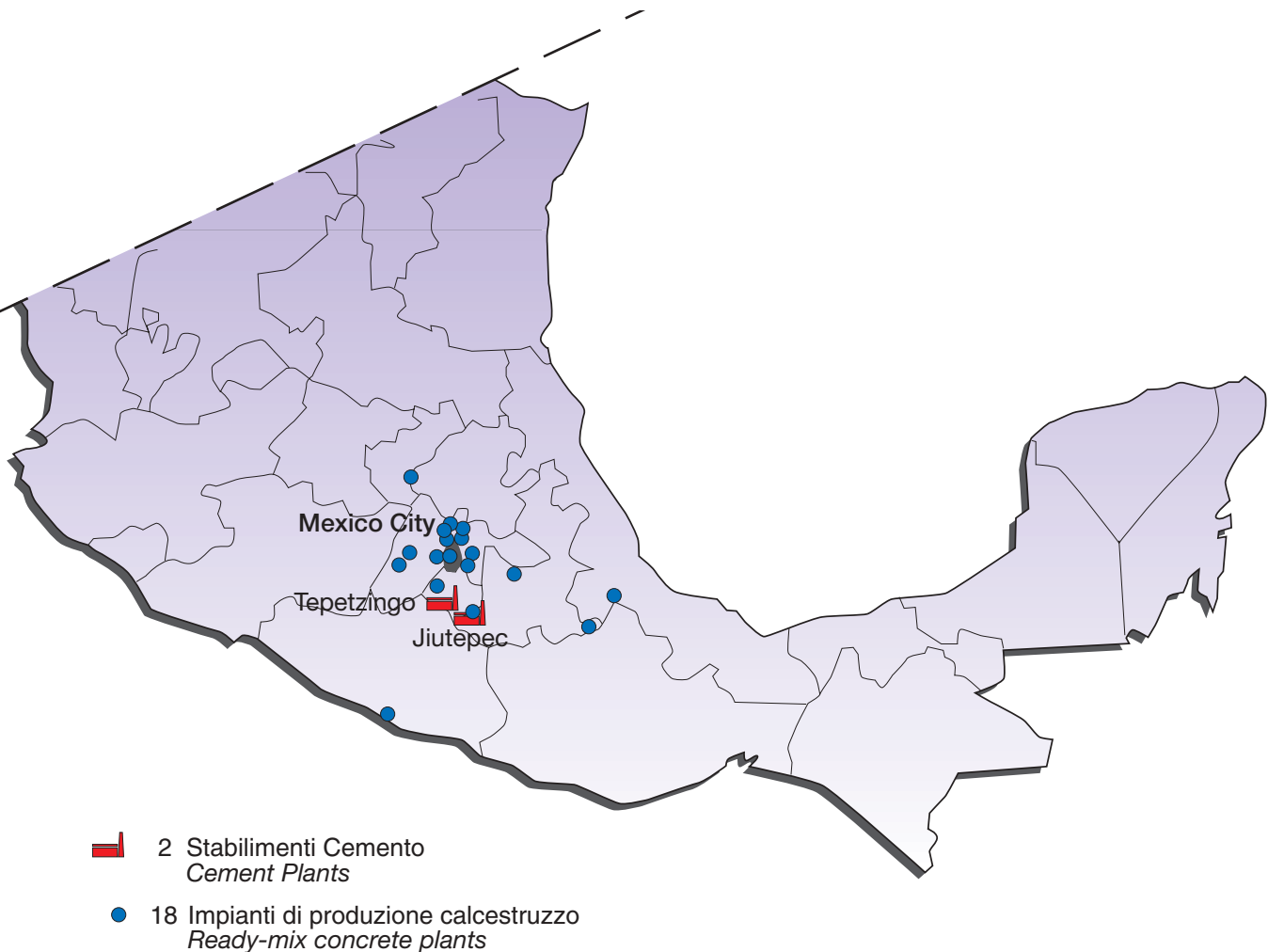
The cement and ready-mix concrete markets rose by 9% and 20% respectively. These growth levels have not been seen for the past ten years, bringing consumption close and above what it was in 1994, before the deep economic and currency crisis of 1995.

Consumo di cemento in Messico Cement consumption in Mexico

(milioni di ton / million tons)



Attività in Messico Operations in Mexico



Forti di una organizzazione ormai sperimentata, il 5 febbraio 2000, in soli ventuno mesi di lavoro, è stato messo in marcia il secondo forno della cementeria di Tepetzingo. La linea sarà completata con alcune opere accessorie, quali la costruzione di un secondo deposito clinker e di un ulteriore silo cemento, con lo scopo di migliorare la capacità di scorta del semilavorato e del prodotto finito. La razionalità del progetto e la favorevole ubicazione rispetto al mercato principale di Città del Messico, hanno permesso di raggiungere una quota di mercato pari al 5,5% circa del totale nazionale.

Thanks to our effective organization, the second kiln at the Tepetzingo cement plant was started up on February 5, 2000 after just 21 months of work. The line will be completed with some ancillary works, such as the construction of a second clinker deposit and another cement silo to improve the storage capacity for semi-finished and finished products. The rationality of the project and its favourable location as to the main consumption centre, namely Mexico City, allowed us to reach a 5.5% share of the domestic market.

Lo sviluppo del settore calcestruzzo preconfezionato procede parallelamente a quello del cemento, con l'apertura nel 2000 di quattro nuove centrali di betonaggio. Tutti gli impianti situati nell'area metropolitana della capitale sono da quest'anno certificati ISO 9002; Moctezuma è il primo produttore della nazione ad ottenere tale riconoscimento.

I risultati ottenuti dalla nostra collegata sono anch'essi senza precedenti nella storia della società. Le vendite di leganti idraulici raggiungono 1,8 milioni di tonnellate (1,3 nel 1999) e quelle di calcestruzzo preconfezionato sono pari a 559.000 metri cubi (416.000 nel 1999). Buono anche l'andamento dei prezzi espressi in pesos, con miglioramenti che vanno dal +6% circa del cemento (inferiore al tasso di inflazione) al +18% del calcestruzzo. Tutti i saldi intermedi del conto economico (margine operativo lordo, risultato operativo) sono in netta crescita, grazie ai maggiori volumi di attività ed alla elevata efficienza produttiva dello stabilimento di Tepetzingo.

Development in the ready-mix concrete sector showed the same trend as the cement, with the opening of four new batching plants. In 2000, the quality systems of all concrete plants located in the metropolitan area of the capital were awarded ISO 9002 certification. Moctezuma is the first producer in the country to attain such recognition.

The results achieved by our Mexican affiliate are without precedent in the history of the company. Sales of cement reached 1.8 million tons (1.3 in 1999) while ready-mix concrete sales came to 559,000 cubic meters (416,000 in 1999). The trend in prices expressed in local currency is also favourable, with improvements of 6% for cement (less than inflation) and 18% for concrete. Both gross operating income and operating income show distinct growth, thanks to greater operating volumes and the high level of production efficiency at the Tepetzingo plant.

Si riportano di seguito i dati di sintesi delle società operanti in Messico; essi si riferiscono al bilancio consolidato di Corporación Moctezuma e pertanto al nostro gruppo spetta una quota pari al 50% degli stessi:

The following are key figures for the companies operating in Mexico. They refer to the consolidated financial statements of Corporación Moctezuma, of which 50% pertains to our group:

		(miliardi di lire / billions of lire)	
		2000	1999
Ricavi netti <i>Net sales</i>		459,6	280,0
Margine operativo lordo <i>Gross operating income</i>		257,4	152,8
% sui ricavi netti <i>% of sales</i>		56,0	54,6
Investimenti industriali <i>Capital expenditures</i>		41,8	73,6
Addetti a fine esercizio <i>Payroll at year end</i>	(numero/number)	485	488

Risorse umane *Human Resources*

Obiettivi primari dell'anno 2000 sono stati la crescita professionale e l'incremento delle competenze nelle posizioni strategiche, a livello sia centrale che periferico. Si è cercato con successo di attrarre persone ad alto potenziale, da inserire nei vari settori, senza tralasciare un'importante attività di formazione e sviluppo professionale per i dipendenti già in forza. Sono intervenute società esterne specializzate che hanno tenuto corsi *in house* per le funzioni centrali e negli stabilimenti. Numerose persone hanno partecipato a corsi esterni di specializzazione.

La società ha ottenuto significativi contributi della CEE in tema di formazione. Le attività formative si svolgono secondo le più moderne metodologie, che prevedono argomenti personalizzati, esposizione teorica e contestuale esercitazione pratica. Proseguono anche i programmi per consentire scambi di esperienze tra il personale delle varie unità operative. Un esempio particolarmente riuscito di questo impegno è l'attività svolta dalla funzione Qualità, Ricerca e Sviluppo a supporto della formazione tecnica del personale commerciale cemento e nella preparazione di analoghi corsi ai venditori e capi impianto del settore calcestruzzo preconfezionato.

Possiamo considerare concluso con soddisfazione il progetto volto a raggiungere una nuova e più efficiente organizzazione delle funzioni tecniche negli stabilimenti di Guidonia, Augusta e Vernasca.

The main emphasis in 2000 was professional growth and increased skills in strategic positions, both at head office and out in the field. The objective of recruiting high potential people to introduce in the various functions has been successful, without overlooking the important activity of professional training and development of current employees. Specialized consulting companies gave in-house training courses for head office and plant personnel and numerous employees took part in external training programs. The company received significant contributions from the EC for professional training and development. The most modern training methods were used, which include personalized topics, theoretical explanation and immediate practical application.

The exchange of know-how and temporary staff transfers continued throughout the year to gain maximum benefit from our group status. A particularly successful example of this is the commitment by the Quality, Research and Development function to support the technical training of the cement sales forces and the preparation of analogous courses for the salesmen and the plant supervisors in the ready-mix concrete division.

The project to develop a new and more efficient organization of the technical functions at the Guidonia, Augusta and Vernasca cement plants in Italy can be considered satisfactorily concluded.



Al 31 dicembre 2000 l'organico Buzzi Unicem è costituito da 3.842 unità, con una diminuzione di 85 unità rispetto all'esercizio precedente. La ripartizione del personale per area geografica è la seguente:

On December 31, 2000, Buzzi Unicem had 3,842 employees, 85 fewer than at the end of the previous year. The breakdown by geographical area is as follows:

	(numero addetti / no. of employees)			
	2000	%	1999	%
Italia <i>Italy</i>	2.339	60,9	2.418	61,6
Stati Uniti d'America <i>United States of America</i>	1.260	32,8	1.265	32,2
Messico (50%) <i>Mexico (50%)</i>	243	6,3	244	6,2
Totale Total	3.842	100,0	3.927	100,0

Addetti a fine esercizio
Payroll at year end

(numero / number)



Attività di ricerca e sviluppo **Research and development**

Da sempre Buzzi Unicem dedica particolare attenzione ai controlli di qualità nonché alla ricerca applicata alle specifiche produzioni. In associazione con altri operatori, sovente stranieri, conduce ricerca e sperimentazione su ingegneria di processo e su nuovi prodotti. Siamo presenti in tutti i principali organismi, nazionali e sovranazionali, che si occupano di normativa e certificazione. Inoltre siamo particolarmente attivi nella produzione, non solo sperimentale, di prodotti speciali, utilizzabili nell'industria della costruzione ad integrazione e sostegno delle nostre produzioni principali.

Buzzi Unicem has always devoted a great deal of attention to quality control and to applied research into specific products. Together with other producers, often foreign, we carry out research and testing on process engineering and new products. We have a presence in all of the main national and supranational organizations that look after regulation and certification. We are also particularly active in the production – not only on an experimental basis – of special products, for use in the construction industry to integrate and support our main products.



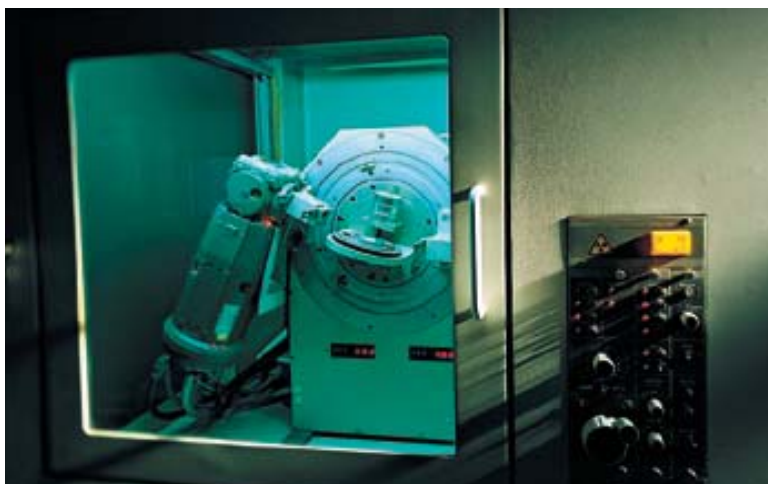
Nel corso del 2000 la società ha dedicato particolare impegno all'attività di ricerca e sviluppo e di controllo qualità. È proseguita la ricerca applicativa, rivolta allo sviluppo di nuovi prodotti e/o tecniche di impiego, per soddisfare specifiche esigenze di clienti e committenti. Molto stretta è la collaborazione tecnico-scientifica con la controllata Unical per affrontare problemi relativi ad applicazioni particolari ed alla sperimentazione su larga scala di nuovi prodotti.

L'entrata in vigore del DM 314/99 (regolamento per rilascio attestato di conformità dei cementi) ha richiesto particolare sforzo per adeguare alle nuove prescrizioni gli stabilimenti del gruppo non ancora certificati e quelli delle società collegate.

Il Sistema Qualità è stato riorganizzato con l'istituzione di procedure di gruppo, comuni a tutti gli stabilimenti e rispondenti all'attuale organizzazione aziendale. La cementeria di Robilante ha ottenuto la certificazione del sistema qualità secondo le norme ISO 9002; abbiamo in programma nel prossimo futuro di estendere la certificazione al centro di macinazione di Trino, portando così a termine l'ambizioso progetto di conseguimento della certificazione di qualità in tutti gli stabilimenti italiani. Analogo programma è in corso di realizzazione nell'ambito del settore calcestruzzo preconfezionato.

Over the course of 2000, we put significant effort in R&D and quality control activity. Applied research continued to develop new products and application techniques to satisfy the specific needs of customers and contractors. Close collaboration on technical-scientific matters is maintained with the subsidiary Unical to deal with problems relating to particular applications and the large-scale test of new products. It required a great activity to bring the group's uncertified plants and those belonging to affiliates into line with DM 314/99 (certification of compliance with regulations governing cements).

The Quality System was reorganized with the introduction of group procedures common to all plants and reflecting the way the company is currently organized. The Robilante cement plant obtained ISO 9002 certification of its quality system; in the near future we aim at extending the same certificate to our grinding plant in Trino, thus completing the ambitious plan to achieve ISO 9002 recognition for all plants in Italy. A similar program for the ready-mix concrete sector is currently being implemented as well.



Fatti di rilievo avvenuti dopo la data di riferimento del bilancio consolidato

Significant subsequent events after closing of the financial year

Tra i fatti significativi avvenuti dopo la chiusura dell'esercizio, si segnala il buon esito dell'operazione di conversione volontaria delle azioni risparmio in azioni ordinarie, chiusasi il 9 febbraio scorso. La struttura del capitale risulta ora notevolmente semplificata, con un peso delle azioni risparmio che passa dal 32% al 9% del totale. A partire dall'esercizio in corso, a parità di altre condizioni, miglioreranno gli indicatori economico-finanziari per azione e la negoziabilità del titolo ordinario.

Among significant events that took place after closing of the financial year, it is worth mentioning the positive outcome of the voluntary conversion of savings shares into ordinary shares, which ended on February 9, 2001. The equity structure of the parent company is now simpler, with the weight of savings shares moving from 32% to 9% of the total. All else being equal, the per share ratios and the liquidity of ordinary shares will improve beginning the current financial year.

Evoluzione prevedibile della gestione

Outlook for operations

Per quanto riguarda l'andamento gestionale del mercato Italia, prevediamo per il corrente 2001 una domanda in ulteriore crescita (+2% circa) ed un adeguamento dei prezzi di vendita volto a fronteggiare l'inflazione di settore, molto più elevata di quella rilevabile dagli indici medi nazionali. Dal lato dei costi prosegue il forte aumento dei fattori energetici, combustibili ed energia elettrica; anche il costo del lavoro per addetto tende a salire in modo sensibile. Complessivamente le prospettive delle costruzioni in Italia si mantengono buone ed il risultato dovrebbe essere almeno pari e forse migliore di quello consumativo nel 2000.

As regards trends on the Italian market in 2001, we expect demand to continue growing (around +2%); there is also likely to be a hike in selling prices to compensate for industry inflation, which is much higher than the national average. Energy costs, both fuel and power, are expected to rise significantly. Payroll costs per capita will tend to increase at a considerable rate too. Overall, prospects of the construction industry in Italy remain good and this year's results should be the same as or slightly better than in 2000.

Negli Stati Uniti d'America lo stato d'animo generale è pessimista sul 2001, perchè la debolezza mostrata dall'economia americana alla fine dell'anno scorso non è stata pienamente superata ed il peggio potrebbe ancora arrivare. I segnali che giungono sull'andamento della fiducia dei consumatori non permettono ancora di capire se vi sia davvero una recessione o se invece si tratti solo di una fase di rallentamento. In questo clima peraltro, la domanda di cemento si mantiene stabile o addirittura in leggera crescita, sostenuta da progetti pubblici infrastrutturali molto importanti, il cui avvio è parzialmente slittato in avanti nel tempo. Difficilmente i prezzi potranno mantenere il livello dello scorso anno, a causa di alcune turbolenze provocate dall'avvento sul mercato di capacità produttive nuove o completamente rinnovate. A parità di tassi di cambio, grazie anche al completamento dei progetti di ammodernamento che accrescono la nostra efficienza produttiva, l'anno 2001 chiuderà probabilmente con risultati ancora molto buoni e poco dissimili da quelli del 2000.

In the United States of America the general mood is pessimistic about 2001, as the weakness in the economy that we saw at the end of 2000 is not over yet; indeed, the worst may still be to come. The indicators of consumer confidence make it hard to understand if this really is a recession or if only a temporary slowdown. Despite these conditions, the demand for cement should remain stable or see a slight increase, helped by important public sector infrastructure projects, whose start has been partially delayed. It will be difficult for prices to remain at the levels of last year because of some turbulence caused by the entrance on the market of new or completely renovated production capacities. At constant exchange rates, thanks to the completion of the modernization projects which improve our production efficiency, year 2001 should still close with very good results, similar to those of 2000.

Sono favorevoli le prospettive 2001 del Messico, dove la domanda di cemento é robusta ed i prezzi reali sono stabili a livello elevato. La cementeria di Tepetzingo sarà ulteriormente potenziata con l'installazione di un terzo mulino cemento Horomill e nuove attività sono previste nel campo dell'estrazione aggregati naturali. Considerato il differenziale di inflazione che tuttora sussiste tra il Messico ed i principali paesi europei, riteniamo probabile una certa svalutazione del peso rispetto alle valute forti, la quale avrebbe come effetto un ridimensionamento dei risultati espressi in euro.

In conclusione, l'anno in corso dovrebbe chiudere con margini reddituali stabili o, possibilmente, in ulteriore leggero progresso rispetto agli ottimi risultati che l'esercizio di fine secolo ci ha riservato.

Azioni proprie **Treasury shares**

A fine anno, così come risulta dai prospetti di bilancio, la controllante Buzzi Unicem SpA possedeva n. 134.150 azioni proprie ordinarie, del valore nominale di lire 1.000 ciascuna (ora 0,60 euro), corrispondenti allo 0,088% del capitale.

Nessuna delle imprese controllate possiede azioni della controllante.

The prospects for 2001 are favourable in Mexico where the demand for cement is strong and prices in real terms are stable at quite high levels. The Tepetzingo cement plant will be further upgraded with the installation of a third Horomill for cement grinding and new quarry operations are planned in the field of natural aggregates. Given the inflation rate differential between Mexico and the principal European countries, the peso will probably lose some of its value against the strong currencies. This would obviously lower our Mexican earnings once they are translated into euros.

In conclusion, 2001 should close with stable profit margins or possibly even slightly better than the excellent results achieved in this end of the century financial year.

As of December 31, 2000 the parent company Buzzi Unicem SpA held in treasury 134,150 ordinary shares of par value 1,000 lire each (now 0.60 euros), equal to 0.088% of the capital stock.

None of the subsidiaries hold shares of the parent company.



CONSOLIDATED BALANCE SHEET

ASSETS

	Dec. 31,2000 (in millions of lire)	Dec. 31,1999 (in millions of lire)	Dec. 31,2000 (in thousands of euros)
A) RECEIVABLES FROM STOCKHOLDERS FOR SUBSCRIBED CAPITAL UNPAID	—	—	—
B) FIXED ASSETS			
I Intangible fixed assets:			
1) Formation and expansion costs	5,948	8,111	3,072
2) Research, development and advertising expenses	—	—	—
3) Industrial patents and intellectual property rights	1,734	1,485	896
4) Concessions, licenses, trademarks and similar rights	1,537	1,626	794
5) Goodwill	215,876	241,996	111,491
6) Assets in progress and advances	48	900	25
7) Differential arising from consolidation	83,368	104,628	43,056
8) Others	2,250	1,038	1,162
Total	310,761	359,784	160,496
II Property, plant and equipment:			
1) Land and buildings	496,711	491,688	256,530
2) Plant and machinery	885,529	806,484	457,338
3) Industrial and commercial equipment	46,478	37,077	24,004
4) Other assets	26,738	27,394	13,809
5) Assets in progress and advances	332,545	193,024	171,745
Total	1,788,001	1,555,667	923,426
III Financial fixed assets:			
1) Equity investments in:	48,267	43,203	24,927
a) unconsolidated subsidiaries	668	1,169	345
b) associated companies	37,036	31,415	19,127
c) parent companies	—	—	—
d) other companies	10,563	10,619	5,455
2) Receivables:	73,583	70,036	38,002
a) from unconsolidated subsidiaries	492	442	254
- due beyond 12 months	492	442	254
b) from associated companies	16,976	3,970	8,767
- due within 12 months	300	1,239	155
- due beyond 12 months	16,676	2,731	8,612
c) from parent companies	—	—	—
d) from others	56,115	65,624	28,981
- due within 12 months	1,056	2,977	545
- due beyond 12 months	55,059	62,647	28,436
3) Other securities	44	44	23
4) Treasury stock	—	—	—
Total	121,894	113,283	62,952
Total fixed assets (B)	2,220,656	2,028,734	1,146,874

C) CURRENT ASSETS**I Inventories:**

	Dec. 31, 2000 (in millions of lire)	Dec. 31, 1999 (in millions of lire)	Dec. 31, 2000 (in thousands of euros)
1) Raw materials, supplies and consumables	152,266	132,252	78,639
2) Work in progress and semi-finished products	42,519	35,158	21,959
3) Contract work in progress	—	250	—
4) Finished products and goods for resale	55,094	39,679	28,454
5) Advances to suppliers	1,922	1,988	993
Total	251,801	209,327	130,045

II Receivables:

1) Trade receivables	541,330	520,665	279,574
- due within 12 months	540,401	517,998	279,094
- due beyond 12 months	929	2,667	480
2) From unconsolidated subsidiaries	—	—	—
3) From associated companies	13,285	19,554	6,861
- due within 12 months	11,807	18,566	6,098
- due beyond 12 months	1,478	988	763
4) From parent companies	8	8	4
5) From others	65,688	45,328	33,925
- due within 12 months	40,749	25,130	21,045
- due beyond 12 months	24,939	20,198	12,880
Total	620,311	585,555	320,364

III Financial assets not held as fixed assets:

1) Equity investments in unconsolidated subsidiaries	—	—	—
2) Equity investments in associated companies	—	—	—
3) Equity investments in parent companies	—	—	—
4) Other equity investments	—	—	—
5) Treasury stock (nominal value lire 134,150,000)	2,298	—	1,187
6) Other securities	176,167	389,173	90,983
Total	178,465	389,173	92,170

IV Cash and cash equivalents:

1) Bank and post office deposits	340,326	378,164	175,761
2) Checks	3,144	905	1,624
3) Cash on hand	205	177	106
Total	343,675	379,246	177,491

Total current assets (C)**1,394,252** **1,563,301** **720,070****D) ACCRUED REVENUES AND PREPAID EXPENSES****9,573** **8,848** **4,944****TOTAL ASSETS****3,624,481** **3,600,883** **1,871,888**

LIABILITIES AND STOCKHOLDERS' EQUITY

	Dec. 31,2000 (in millions of lire)	Dec. 31,1999 (in millions of lire)	Dec. 31,2000 (in thousands of euros)
A) STOCKHOLDERS' EQUITY			
I Capital stock	152,931	152,820	78,982
II Paid-in capital	65,113	65,113	33,628
III Revaluation reserves	133,932	84,902	69,170
IV Legal reserve	13,362	10,118	6,901
V Reserve for treasury stock	2,298	–	1,187
VI Statutory reserves	–	–	–
VII Other reserves:			
1) Consolidation reserve	4,232	4,232	2,186
2) Translation differences	110,482	57,046	57,059
3) Reserve for gains on contributions ex law 904/77	43,116	43,116	22,268
4) Reserve for purchase of treasury stock	76,732	30,000	39,629
5) Reserve for capital grants	15,822	15,822	8,171
6) Reserve for gains ex law 169/83	19,200	19,200	9,916
7) Reserve for issuing of share art. 2349 Civil Code	339	–	175
8) Merger surplus	294,652	371,520	152,175
VIII Retained earnings (losses)	542,708	329,778	280,285
IX Consolidated net income (loss)	310,566	230,057	160,394
Total stockholders' equity of the group	1,785,485	1,413,724	922,126
X Minority interests	207,885	180,210	107,364
Total stockholders' equity (A)	1,993,370	1,593,934	1,029,490
B) RESERVES FOR RISKS AND CHARGES			
1) Pensions and similar obligations	36,234	33,444	18,713
2) Taxation	135,314	101,107	69,884
3) Others	23,761	49,068	12,272
Total reserves for risks and charges (B)	195,309	183,619	100,869
C) RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES	75,956	75,361	39,228

	Dec. 31, 2000 (in millions of lire)	Dec. 31, 1999 (in millions of lire)	Dec. 31, 2000 (in thousands of euros)
D) PAYABLES			
1) Bonds	250,000	480,000	129,114
- due within 12 months	-	230,000	-
- due beyond 12 months	250,000	250,000	129,114
2) Convertible bonds	-	-	-
3) Borrowings from banks	613,650	684,316	316,923
- due within 12 months	220,631	356,193	113,946
- due beyond 12 months	393,019	328,123	202,977
4) Other providers of finance	17,810	93,314	9,198
- due within 12 months	1,285	17,579	664
- due beyond 12 months	16,525	75,735	8,534
5) Advances	7,197	4,057	3,717
6) Trade payables	340,584	334,141	175,897
7) Notes payable	-	-	-
8) Payables to unconsolidated subsidiaries	-	-	-
9) Payables to associated companies	231	284	119
10) Payables to parent companies	-	198	-
11) Taxes payable	56,079	84,345	28,962
- due within 12 months	53,858	77,009	27,815
- due beyond 12 months	2,221	7,336	1,147
12) Payables to social security institutions	12,879	12,712	6,652
- due within 12 months	12,095	11,037	6,247
- due beyond 12 months	784	1,675	405
13) Other payables	27,051	26,242	13,971
- due within 12 months	26,465	24,404	13,668
- due beyond 12 months	586	1,838	303
Total Payables (D)	1,325,481	1,719,609	684,553
E) ACCRUED EXPENSES AND DEFERRED REVENUES	34,365	28,360	17,748
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,624,481	3,600,883	1,871,888
MEMORANDUM ACCOUNTS			
Guarantees given	309,951	79,532	160,076
Guarantees received	45,340	307,781	23,416
Other memorandum accounts	64,530	25,420	33,327
Total memorandum accounts	419,821	412,733	216,819

CONSOLIDATED INCOME STATEMENT

	2000 (in millions of lire)	1999 (in millions of lire)	2000 (in thousands of euros)
A) VALUE OF PRODUCTION			
1) Revenues from sales and services	2,583,218	2,223,693	1,334,121
2) Changes in inventories of work in progress, semi-finished and finished products	21,615	6,604	11,163
3) Changes in contract work in progress	(250)	(644)	(129)
4) Additions to internally produced fixed assets	2,267	8,452	1,171
5) Other revenues and income	21,674	19,193	11,194
Total value of production (A)	2,628,524	2,257,298	1,357,520
B) COSTS OF PRODUCTION			
6) Raw materials, supplies, consumables and goods for resale	942,216	755,813	486,614
7) Services	472,935	451,097	244,251
8) Use of third party assets	28,309	18,735	14,620
9) Labour costs:	336,835	316,243	173,962
a) salaries and wages	245,025	227,617	126,545
b) social security contributions	76,203	75,808	39,356
c) employee severance indemnities	10,217	10,062	5,277
d) pensions and similar obligations	1,860	1,203	961
e) other costs	3,530	1,553	1,823
10) Amortization, depreciation and writedowns:	247,197	214,070	127,667
a) amortization of intangible fixed assets	58,701	49,088	30,317
b) depreciation of property, plant and equipment	176,778	149,210	91,298
c) other adjustments to fixed assets	6,028	4,621	3,113
d) writedown of receivables under current assets and liquid funds	5,690	11,151	2,939
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	(13,479)	(3,008)	(6,961)
12) Provisions for risks	30	-	15
13) Other provisions	2,400	1,764	1,239
14) Other expenses	44,722	55,601	23,097
Total costs of production (B)	2,061,165	1,810,315	1,064,504
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	567,359	446,983	293,016
C) FINANCIAL INCOME AND EXPENSES			
15) Income from equity investments:	284	328	147
a) dividends from unconsolidated subsidiaries	-	-	-
b) dividends from associated companies	95	89	49
c) dividends from other companies	189	239	98
d) other income from equity investments	-	-	-

	2000 (in millions of lire)	1999 (in millions of lire)	2000 (in thousands of euros)
16) Other financial income:	41,544	47,379	21,455
a) from receivables under fixed assets:	2,462	560	1,271
- from unconsolidated subsidiaries	-	-	-
- from associated companies	529	31	273
- from parent companies	-	-	-
- from others	1,933	529	998
b) from securities under fixed assets other than equity investments	11	19	6
c) from securities under current assets other than equity investments	8,442	9,109	4,360
d) other income:	30,629	37,691	15,818
- from unconsolidated subsidiaries	-	-	-
- from associated companies	165	335	85
- from parent companies	22	45	11
- from others	30,442	37,311	15,722
17) Interest and other financial expenses:	67,073	67,646	34,640
a) unconsolidated subsidiaries	-	-	-
b) associated companies	-	-	-
c) parent companies	101	476	52
d) others	66,972	67,170	34,588
Total financial income and expenses (15+16-17)	(25,245)	(19,939)	(13,038)
D) ADJUSTMENTS TO FINANCIAL ASSETS			
18) Revaluations:	1,090	3,873	563
a) of equity investments	1,074	3,815	555
b) of financial fixed assets other than equity investments	16	58	8
c) of securities under current assets other than equity investments	-	-	-
19) Writedowns:	2,455	4,904	1,267
a) of equity investments	2,429	4,888	1,254
b) of financial fixed assets other than equity investments	-	16	-
c) of securities under current assets other than equity investments	26	-	13
Total adjustments (18-19)	(1,365)	(1,031)	(704)
E) EXTRAORDINARY INCOME AND EXPENSES			
20) Income:	18,375	25,179	9,490
a) gains on disposals	3,710	2,161	1,916
c) other extraordinary income	14,665	23,018	7,574
21) Expenses:	4,402	10,989	2,274
a) losses on disposals	223	35	115
b) prior years taxes	623	105	322
c) other extraordinary expenses	3,556	10,849	1,837
Total extraordinary income and expenses (20-21)	13,973	14,190	7,216
INCOME BEFORE TAXES (A-B+C+D+E)	554,722	440,203	286,490
22) Income taxes	(208,943)	(161,136)	(107,910)
23) COMBINED NET INCOME (LOSS)	345,779	279,067	178,580
24) Minority interests	(35,213)	(49,010)	(18,186)
CONSOLIDATED NET INCOME (LOSS)	310,566	230,057	160,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form and content of the consolidated financial statements

The consolidated financial statements have been prepared according to the rules introduced by Italian Legislative Decree 127/91, which fulfilled the Fourth and Seventh EC Directive. They include the financial statements as of December 31, 2000 of Buzzi Unicem SpA and subsidiaries in which Buzzi Unicem SpA directly or indirectly holds more than 50% of the capital stock or in which it exercises a dominant influence, despite having a minority interest, directly or indirectly. The scope of consolidation does not include those subsidiaries in which the parent company rights are seriously and permanently restricted, nor those whose shares or quotas are held exclusively with a view to selling them in the future. Subsidiaries in liquidation and those companies with insignificant assets, both from an investment point of view and in terms of their net equity and results, have also been excluded from the scope of consolidation. Companies in which the group, directly or indirectly, exercises joint control with other stockholders have been consolidated under the proportional method. Unconsolidated subsidiaries and associated companies in which the direct or indirect holding is between 20% and 50% are carried at equity.

The financial statements used in the consolidation are those prepared or approved as of December 31, 2000 by the boards of the individual companies. These financial statements have been adjusted, where necessary, to bring them into line with group accounting principles, which comply with those laid down by current Italian law and those issued by the Italian accounting profession. The adjustments to the individual financial statements made to eliminate items of a purely fiscal nature or to align them with group accounting principles, as well as other consolidation adjustments, take into account the related deferred tax effect, where appropriate. The Mexican companies prepare their financial statements in accordance with the principles of inflation accounting. The closing date and the reference period for the consolidated financial statements coincide with those of the statutory financial statements of the parent company and its subsidiaries.

The 2000 balance sheet and income statement are comparable with those of the prior year, except for changes in the scope of consolidation. In certain cases, comparability of content entailed some adjustments to the prior year figures.

The main changes to the group structure during 2000 are summarized below.

- Buzzi Unicem SpA carried out the following operations: merger of Bazzi Impianti Srl; purchase of 3.60% of Cementeria di Augusta SpA and 1.94% of Cementeria di Barletta SpA, now Unimed SpA after the former's absorption of the latter.
- Presinvest SA carried out the following operations: merger of Finpresa SA and contextual change of the company's name to Finpresa SA.
- Cementeria di Augusta SpA carried out the following operations: merger of Cementeria di Barletta SpA and contextual change of the company's name to Unimed SpA.
- Unicalcestruzzi SpA carried out the following operations: purchase of 66.6% of Fratelli Napoli SpA and its subsequent merger; purchase of 50% of Siefic Calcestruzzi Srl.
- Betonval SpA carried out the following operations: purchase of 10% of Maddaleni Pietro Srl.

Consolidation principles

Subsidiaries have been consolidated under the line-by-line method, fully consolidating all assets, liabilities, costs and revenues, regardless of the percentage of ownership. The portions of stockholders' equity and of the result for the year pertaining to minority interests are shown separately in the consolidated balance sheet and income statement under caption *Minority interests*. The main consolidation principles are:

- The carrying value of consolidated equity investments is eliminated against the related portion of stockholders' equity. Credit differentials arising from this elimination are booked to the *Consolidation reserve*. Debit differentials are allocated, where possible, to the assets or liabilities to which the higher value refers; any residual portion represents goodwill, which is booked to *Differential arising from consolidation*.
- Intercompany receivables and payables, costs and revenues are eliminated. Significant unrealized profits and losses deriving from transactions between consolidated companies and not yet realized with third parties are also eliminated.
- Dividends distributed within the group are eliminated from the consolidated income statement.

The proportional consolidation method, used for subsidiaries that are jointly controlled together with other stockholders, entails the inclusion of assets, liabilities and income statement results in proportion to the percentage of ownership held.

The valuation by the equity method, used for unconsolidated subsidiaries and associated companies in which the group has a significant influence, entails carrying the investment at the corresponding interest in the underlying stockholders' equity, after deducting dividends and making the adjustments required by the accounting principles for the preparation of consolidated financial statements.

The translation of financial statements in foreign currencies is done using the current rate method. Such method entails translating assets and liabilities at the exchange rate ruling at the end of the year, and converting income statement figures at the average exchange rate for the year. Stockholders' equity is translated at the historical exchange rate ruling at the date of acquisition. The exchange difference arising using a different exchange rate than the one used the previous year is attributed to *Translation differences* under stockholders' equity. The difference that arises on converting the balance sheet and the income statement at different exchange rates is also booked to *Translation differences*. As for the financial statements of the Mexican companies, in which balance sheet and income statement figures are expressed at their current purchasing power at the end of the period, both accounting schedules are translated at the exchange rate ruling at year end.

The exchange rates used for translation are the following:

(lire)

Currency	Exchange rate as of Dec. 31, 2000	Average exchange rate for 2000	Exchange rate as of Dec. 31, 1999	Average exchange rate for 1999
US Dollar	2,080.89	2,102.59	1,927.40	1,819.27
Mexican Peso	217.15	–	203.33	–
Dutch Guilder	878.64	878.64	878.64	878.64
Danish Kroner	259.45	259.77	260.14	260.41
Euro	1,936.27	–	1,936.27	–

Accounting policies

To improve the true and fair representation of the group's economic results and financial position, the consolidated financial statements have been prepared applying different accounting policies from those used for the statutory financial statements of Buzzi Unicem SpA, without any changes from the previous year. Assets and liabilities are valued on a substantially consistent basis. Certain items in the financial statements of foreign operating companies have deliberately not been aligned to group accounting policies, as this better achieves a true and fair view.

Intangible fixed assets

Intangible fixed assets are booked at purchase or production cost, including ancillary charges, and amortized on a straight line basis over their estimated useful life. The capitalization of individual costs is economically justified by the future benefit they will bring. Their book value is shown net of accumulated amortization, which is generally calculated over five years. The useful life of *Goodwill* and *Differential arising from consolidation* has been set at 5 or 10 years, depending on the distinctive features of the sector in which the companies operate and the estimated payback period of the investments concerned. Mining licenses for the quarrying of natural aggregates are amortized in proportion to the volume extracted.

Assets whose value at the balance sheet date is permanently lower than their book value are shown at this lower value. If the reasons for a permanent writedown no longer apply, the original value is reinstated within the limits of prior writedowns and, in any case, only to the extent that it has effectively recovered economic value.

Property, plant and equipment

Property, plant and equipment are booked at purchase or production cost, including overheads, restated in certain cases according to the law on monetary revaluations or as part of consolidation or merger operations, attributing indirect acquisition costs to the related assets. Production cost includes a reasonably attributable portion of the direct and indirect costs incurred before the asset entered into service. The cost of certain tangible fixed assets, especially new production lines, may include the interest expense on specific loans obtained during their construction.

Leased assets are booked to the assets side of the balance sheet at the lower of market and the net present value of future contractual lease payments. This accounting treatment is in line with IAS 17.

Ordinary maintenance and repairs are expensed in the year they are incurred. Maintenance costs entailing a genuine improvement in terms of productivity, useful life or value are capitalized and added to the value of the assets concerned.

Property, plant and equipment are depreciated systematically each year over their estimated residual useful life. Land on which natural aggregates are quarried is depleted in proportion to the volume of material extracted during the year. The value shown in the financial statements is net of accumulated depreciation and adjustments.

Assets whose value at the balance sheet date is permanently lower than their book value are shown at this lower value. If the reasons for a permanent writedown no longer apply, the original value is reinstated within the limits of prior writedowns and, in any case, only to the extent that it has effectively recovered economic value.

Financial fixed assets

Equity investments in unconsolidated subsidiaries and associated companies are generally valued by the equity method. Other equity investments are carried at purchase or subscription cost. If the stockholders' equity of investments appearing in the financial statements suffers a permanent loss in value, or the stock prices of listed companies are permanently lower than the carrying value, the cost is written down accordingly. The original value is reinstated in subsequent years, if the reasons for such writedowns no longer apply.

Receivables are recorded at their estimated realizable value.

Other securities are valued at acquisition cost, which includes overheads. This value is written down in the event of permanent losses. If the reasons for a permanent writedown no longer apply, the original value is reinstated within the limits of prior writedowns and, in any case, only to the extent that it has effectively recovered economic value.

Inventories

Inventories are valued at the lower of purchase or production cost and market. Cost is generally determined at average cost for the period.

Receivables and payables

Receivables are booked at their estimated realizable value, being the difference between their nominal value and the allowance for doubtful accounts. The reserve covers generic collection risks, calculated on all receivables and on the basis of experience and the level of solvency of debtors or classes of debtors, as well as individual doubtful accounts.

Payables are recorded at their nominal value.

Receivables and payables denominated in foreign currency are translated into lire at the exchange rate ruling at the end of the year. Positive and/or negative differences between the amounts translated at the year-end exchange rate and those recorded at the time of the transaction are booked to the income statement, together with exchange differences realized during the year.

Financial assets not held as fixed assets

Equity investments, *Treasury stock* and *Other securities* not held as fixed assets are carried at the lower of cost and realizable value, based on market trends at the end of the year. Their original value is reinstated in subsequent years, if the reasons for writedowns no longer apply. *Other securities* are valued taking into account issue discounts accrued during the period in which they were held.

Reserves for risks and charges

The reserves for risks and charges are recorded to cover specific losses or liabilities whose existence is certain or likely, but whose timing or amount is not yet known at the balance sheet date. The provision reflects the best possible estimate based on available information.

Reserve for employee severance indemnities

The amount of this reserve is adjusted each year in compliance with current laws and labor contracts. It represents a certain liability, even if not yet payable, which has accrued up to the end of the year to the benefit of the employees of the Italian companies, net of advances paid.

Accruals and deferrals

Accruals and deferrals are made up of expenses and revenues common to two or more years, the amount of which varies exclusively over time.

Capital grants

The capital grants received up to the end of 1999 were booked to *Other reserves*, net of taxes. Beginning from the current year, they are recorded within *Other revenues and income* and then deferred to future years by being booked to deferred revenues. The income statement therefore reflects the portion related to the depreciation of property, plant and equipment to which they refer.

Revenues and costs

Revenues and costs are recorded in the financial statements on an accrual basis, notwithstanding their collection or payment date. Dividends from equity investments in unconsolidated companies are accounted for upon receipt.

Income taxes

The estimated amount of taxes for the year, calculated in accordance with current law, is credited to Taxes payable, net of advances, withholdings and tax credits. The tax rates applied vary according to the nationality and fiscal situation of each consolidated company. The *Taxation* reserve includes deferred taxes on the timing differences between the book and taxable income of the individual companies included in the consolidation, the deferred taxes caused by consolidation adjustments, and an estimate of the tax charges likely to arise on open years or matters in dispute. The tax effect of timing differences that lead to deferred tax assets is only recorded if there is a reasonable chance that it will be recovered.

Comments on items in the consolidated balance sheet

(in millions of lire)

FIXED ASSETS

Intangible fixed assets

Formation and expansion costs comprise lire 5,468 million of notary fees, taxes and duties, and other expenses relating to deeds concerning the legal and corporate expansion of the group, such as capital stock increases, mergers, admission to listing. The balance also includes lire 480 million for the start-up of new production sites.

Industrial patents and intellectual property rights mainly include expenses incurred for the purchase of software for industrial and office automation.

The caption *Concessions, licenses, trademarks and similar rights* comprises lire 1,406 million of mining concessions, lire 65 million of industrial licenses and lire 66 million of trademarks mainly owned by the parent company.

Goodwill shown in the balance sheet refers to the merged company Unicem SpA for lire 189,955 million. The balance also includes an amount of lire 25,921 million which is the cost incurred for the acquisition of companies operating in the concrete and aggregates sector. The merger of Fratelli Napoli SpA into Unicalcestruzzi SpA gave rise to a goodwill of lire 3,844 million.

Differential arising from consolidation of lire 83,368 million consists of the positive differences arising on first-time consolidation of the main subsidiaries. The most significant surpluses refer to Alamo Cement Company (lire 55,780 million), which arose at the end of 1999 after the increase in our holding from 67% to 100%, Betonval SpA (lire 20,628 million) and Cementi Riva Srl (lire 5,237 million).

The caption *Others* is made up of leasehold improvements and other deferred charges.

The following table shows details of changes during the year:

	Net value as of Dec. 31, 1999	Additions	Amortization	Transfers and reclassifications	Translation differences	Disposals and others	Net value as of Dec. 31, 2000
Formation and expansion costs	8,111	617	(3,017)	(5)	242	–	5,948
Industrial patents and intellectual property rights	1,485	1,292	(1,105)	62	–	–	1,734
Concessions, licenses, trademarks and similar rights	1,626	83	(187)	6	9	–	1,537
Goodwill	241,996	5,634	(31,754)	–	–	–	215,876
Assets in progress and advances	900	93	–	(242)	–	(703)	48
Differential arising from consolidation	104,628	604	(21,864)	–	–	–	83,368
Others	1,038	1,180	(774)	179	–	627	2,250
Total	359,784	9,503	(58,701)	–	251	(76)	310,761

The effect of changes in the scope of consolidation amounts to lire 644 million, due to the inclusion of Fratelli Napoli SpA.

Property, plant and equipment

The amount shown in the financial statements comes from the gross value of lire 4,074,680 million less accumulated depreciation of lire 2,286,679 million (lire 3,642,966 million and lire 2,087,299 million respectively as of December 31, 1999). Increases and decreases in the gross value refer to normal business investments and disposals of fixed assets during the year. The net book value of lire 1,788,001 million increases by lire 232,334 million in comparison with the prior year.

The following table shows details of changes during the year:

	<i>Net value as of Dec. 31, 1999</i>	<i>Additions and revaluations</i>	<i>Depreciation</i>	<i>Transfers and reclassifications</i>	<i>Translation differences</i>	<i>Disposals and others</i>	<i>Net value as of Dec. 31, 2000</i>	<i>Accumulated depreciation as of Dec. 31, 2000</i>
Land and buildings	491,688	18,555	(25,676)	14,184	11,156	(13,196)	496,711	(469,234)
Plant and machinery	806,484	105,993	(131,718)	93,486	29,895	(18,611)	885,529	(1,639,530)
Industrial and commercial equipment	37,077	21,420	(11,674)	6,176	2,451	(8,972)	46,478	(118,635)
Other assets	27,394	5,909	(7,710)	2,694	1,298	(2,847)	26,738	(59,280)
Assets in progress and advances	193,024	250,404	–	(117,118)	6,235	–	332,545	–
Total	1,555,667	402,281	(176,778)	(578)	51,035	(43,626)	1,788,001	(2,286,679)

Amounts shown in column *Transfers and reclassifications* refer to the completion of capital expenditures projects, which were in progress at the end of the prior fiscal year. The effect of changes in the scope of consolidation amounts to lire 7,461 million, due to the inclusion of Fratelli Napoli SpA.

Financial fixed assets

In detail, *Equity investments* are the following:

	Book value	% of stockholding	
		direct	indirect
Unconsolidated subsidiaries:			
Alfacementi Srl	598		100.0
Iniziative Siciliane Srl (in liquidation)	70		70.0
Total unconsolidated subsidiaries:	668		
Associated companies:			
Cementi Moccia SpA	18,191	30.0	
Siefic Calcestruzzi Srl	4,925		50.0
Baumit Italia Srl	3,397	30.0	
Technobeton Srl	3,240	45.0	
Premix SpA	1,882		40.0
Alpine Srl	1,499	50.0	
E.L.M.A. Srl	726		50.0
Cave Alto Santerno Srl	522		49.0
Ciments de Balears, SA	446		35.0
Monterosa Calcestruzzi Srl	375		20.0
Vielle Calcestruzzi Srl	251		40.0
Nova Beton Srl	243		30.0
Betonfer Srl	226		33.3
Calcestruzzi Faure Srl	173		24.0
Edilcave Srl	169		30.0
S.A.F.I. Srl	159		33.3
Beton Biella Srl	135		20.0
Brizzi Calcestruzzi Srl	123		50.0
Cementi e Calci di Santa Marinella Srl	94		33.3
Consorzio CO.ES. Srl	73		44.0
Albenga Calcestruzzi Srl	59		30.0
Betonsud Srl (in liquidation)	46		49.9
A.P.I.C.E. Srl (in liquidation)	42		46.0
Iblea Calcestruzzi Srl (in liquidation)	25		50.0
Calcestruzzi Bell'Italia Srl	15		25.0
Total associated companies	37,036		
Other companies:			
Romana Calcestruzzi SpA	5,640		16.7
Partecipazioni Porto Antico di Genova SpA	2,283	14.0	
Cava degli Olmi Srl	656		12.0
Terminal Rinfuse Genova SpA	470	6.7	
Tassullo SpA	336		1.9
Ipse Srl	330	11.0	
F.lli Bianchi fu Michele & C. SpA	220		16.7
Sipac SpA (in liquidation)	220		11.0
Navicelli di Pisa SpA	83		10.4
Other minor investments	325		
Total other companies	10,563		
Total	48,267		

The breakdown by consolidation method is the following:

	Value as of Dec. 31, 2000	Value as of Dec. 31, 1999
Equity investments valued at equity	31,843	28,190
Equity investments valued at cost	16,424	15,013
Total	48,267	43,203

Baumit Italia Srl is carried at cost because of clauses in the contract stipulated with the majority stockholder, which guarantee reimbursement of the price paid. The other subsidiaries and associated companies carried at cost are not very significant in terms of their net worth and results. The following table shows details of changes during the year:

	Value as of Dec. 31, 1999	Valuation at equity	Change in scope of consolidation	Purchases and subscriptions	Writedowns	Disposals and others	Value as of Dec. 31, 2000
Unconsolidated subsidiaries	1,169	–	–	–	(501)	–	668
Associated companies	31,415	(1,001)	–	7,449	(334)	(493)	37,036
Other companies	10,619	–	–	2	–	(58)	10,563
Total	43,203	(1,001)	–	7,451	(835)	(551)	48,267

Receivables from unconsolidated subsidiaries pass from lire 442 million to lire 492 million. They are made up of non-interest bearing loans granted to Betongenova Srl in liquidation (lire 57 million), Sofinvest Srl in liquidation (lire 235 million), and Inerti e Calcestruzzi Srl in liquidation (lire 200 million).

Receivables from associated companies are made up of non-interest bearing loans granted to S.A.F.I. Srl (lire 97 million), Albenga Calcestruzzi Srl (lire 44 million), Vielle Calcestruzzi Srl (lire 80 million), PRO.CAL.MI. Srl in liquidation (lire 36 million), A.P.I.C.E. Srl in liquidation (lire 56 million), as well as interest bearing loans granted to Alpine Srl (lire 12,150 million), Siefic Calcestruzzi Srl (lire 2,050 million), Nova Beton Srl (lire 300 million), Albenga Calcestruzzi Srl (lire 187 million), Premix SpA (lire 1,400 million), Betonsud Srl in liquidation (lire 125 million) and Iblea Calcestruzzi Srl in liquidation (lire 150 million).

Receivables from others total lire 56,115 million, compared with lire 65,624 million at the end of last year. The caption includes lire 47,924 million of receivables from tax authorities including accrued interest; lire 106 million of interest-bearing loans granted to third parties; lire 1,510 million of guarantee deposits receivable; other receivables for lire 6,575 million. The receivables from tax authorities have been allocated to fixed assets because the rebate is not forthcoming and it is unlikely to be paid in the near future. In practice this has created a long-term investment even if it is neither desirable nor welcome.

CURRENT ASSETS

Inventories

The amount of lire 251,801 million shows a growth of lire 42,474 million against the prior year. Increases and decreases in the various categories involve normal movements in materials and finished goods, in line with the trend in production and sales, as well as changes in exchange rates used for the translation of foreign financial statements. The item *Inventories* is recorded net of allowance for obsolescence of lire 4,376 million.

Receivables

Trade receivables amount to lire 541,330 million, net of allowance for doubtful accounts of lire 27,689 million, and increase by lire 20,665 million versus the previous year. This change is attributable, on the one hand, to the normal trend in operating flows; on the other, to differences on translation of foreign financial statements.

Receivables from associated companies are made up of lire 3,051 million of interest-bearing loans granted to Premix SpA (lire 200 million), Alpine Srl (lire 389 million), Baumit Italia Srl (lire 984 million) and Cave Alto Santerno Srl (lire 1,478 million). The balance also includes lire 10,234 million deriving from normal and regular trade relationships with affiliated firms, mainly in the concrete and aggregates sector. As of December 31, 1999, financial receivables from associated companies amounted to lire 10,630 million, trade receivables to lire 8,924 million. The decrease in financial receivables is mainly due to the reclassification of certain receivables among financial fixed assets.

Receivables from others total lire 65,688 million. They include receivables from tax authorities for lire 22,217 million, from personnel for lire 370 million, from social security institutions for lire 1,363 million, from suppliers for lire 849 million, deferred tax assets for lire 12,533 million, loans to third parties for lire 17,257 million and other receivables for lire 11,099 million. Loans to third parties include those granted to important customers by RC Cement; they bear interest at market rates, are adequately secured and are performing regularly.

Financial assets not held as fixed assets

At year end, the parent company Buzzi Unicem SpA holds in treasury 134,150 ordinary shares, equal to 0.088% of the capital stock.

Other securities are made up of cash invested in marketable securities, bonds and shares in mutual funds. The decrease of lire 213,006 million is mainly due to the utilization of the cash collected by the "Presinvest SA FRN Due 2000" bond loan for the repayment of the loan itself. Bonds for a total of lire 22,936 million have been given to San Paolo Imi SpA as collateral for a long-term loan granted to the parent company.

Cash and cash equivalents

These total lire 343,675 million, with a decrease of lire 35,572 million compared to December 31, 1999. They include checking accounts and time deposits.

ACCRUED REVENUES AND PREPAID EXPENSES

Accrued revenues amounts to lire 1,975 million and are made up of lire 1,624 million of interest income on marketable securities and time deposits. As of December 31, 1999 accrued revenues totaled lire 1,942 million.

Prepaid expenses amount to lire 7,598 million, of which lire 7,585 million relating to operating expenses and lire 13 million to financial expenses pertaining to the following year, including expenses for medium-term financial operations. As of December 31, 1999 prepaid expenses totaled lire 6,906 million.

STOCKHOLDERS' EQUITY

The table below summarizes changes in stockholders' equity of the group during the fiscal year ended on December 31, 2000:

	Capital stock	Paid-in capital	Revaluation reserves	Legal reserve	Reserve for treasury stock	Other reserves	Retained earnings	Consolidated net income	Total
Balance as of December 31, 1999	152,820	65,113	84,902	10,118	-	540,936	329,778	230,057	1,413,724
Allocation of 1999 net income:									
- dividends	-	-	-	-	-	-	(47,816)	-	(47,816)
- to reserves	-	-	-	3,244	-	450	226,363	(230,057)	-
Bonus issue	111	-	-	-	-	-	-	-	111
Differences on traslation of foreign financial statements	-	-	-	-	-	53,436	-	-	53,436
Application of inflation accounting	-	-	-	-	-	-	7,200	-	7,200
Other movements	-	-	49,030	-	2,298	(30,247)	27,183	-	48,264
Net income for 2000	-	-	-	-	-	-	-	310,566	310,566
Balance as of December 31, 2000	152,931	65,113	133,932	13,362	2,298	564,575	542,708	310,566	1,785,485

Capital stock

The capital stock, wholly paid-in, is made up of 103,566,094 ordinary shares and 49,364,764 savings shares, both with par value of lire 1,000 each. The increase of lire 111 million is a bonus issue, using the *Reserve for issuing of shares art. 2349 Civil Code*.

Paid-in capital

This amounts to lire 65,113 million; there have been no changes with respect to the prior year.

Revaluation reserves

These are special reserves originated by specific laws, as follows:

- Reserve ex law 1952 and previous years 1,382
- Reserve ex law 72/83 47,196
- Reserve ex law 413/91 36,324
- Reserve ex law 342/00 49,030

The voluntary revaluation of fixed assets carried out by the parent company according to law 342/00 entailed the following movements: an increase of lire 60,530 million equivalent to the higher value charged to fixed assets and a decrease of lire 11,500 million for the substitute tax due on the revaluation.

Legal reserve

This amounts to lire 13,362 million, with an increase of lire 3,244 million due to the partial allocation of 1999 net income in application of the stockholders' resolution dated June 20, 2000. Current law and the by-laws foresee a maximum limit of 20% of capital stock.

Reserve for treasury stock

This amount corresponds to the value of treasury stock in portfolio at the year end, shown under current assets.

Other reserves

The *Consolidation reserve* remains unchanged with respect to last year (lire 4,232 million). This reserve comprises negative differences that arose on elimination of consolidated equity investments against the corresponding portion of stockholders' equity and on adjustment of the value of investments accounted for by the equity method.

The *Translation differences* are detailed as follows:

	Value as of Dec. 31, 2000	Value as of Dec. 31, 1999
Alamo Cement Company (USD)	32,728	26,929
RC Cement Holding Company (USD)	101,068	63,116
Corporación Moctezuma, SA de CV (MXN)	(25,956)	(35,631)
RC Cement International ApS (DKK)	10	-
Presinvest SA (EUR)	2,135	2,135
Fresit BV (EUR)	505	505
Finpresa SA (EUR)	(8)	(8)
Total	110,482	57,046

The *Reserve for gains on contributions ex law 904/77* amounts to lire 43,116 million, unchanged with respect to the prior year.

The *Reserve for purchase of treasury stock* has decreased by lire 30,000 million following the cancellation of the resolution of June 4, 1999, but increased by lire 90,000 million as a result of the resolution of June 20, 2000. The total amount used for the purchase of treasury stock is lire 13,268 million. The algebraic sum of these movements leads to a balance of lire 76,732 million.

The *Reserve for capital grants* remains unchanged. The *Reserve for gains ex law 169/83* amounts to lire 19,200 million; no changes occurred in comparison with the prior year.

The *Merger surplus* goes from lire 371,520 million to lire 294,652 million, a decrease of lire 76,868 million. The merger of Bazzi Impianti Srl resulted in a merger surplus of lire 2,162 million. Other additions or uses derive from the resolutions for the purchase of treasury stock and from transactions in treasury stock during the year.

Retained earnings (losses)

The amount of lire 542,708 million increases by lire 212,930 million compared with the prior year. It includes the corresponding caption of the statutory financial statements of Buzzi Unicem SpA, changes in stockholders' equity of consolidated companies pertaining to the parent company that took place after the first consolidation and the revaluation reserves of Mexican companies that use inflation accounting.

The following table shows the reconciliation between the statutory financial statements of Buzzi Unicem SpA and the consolidated financial statements:

	<i>Stockholders' equity</i>	<i>Net income for the year</i>
Buzzi Unicem SpA financial statements	909,723	48,800
Income (losses) of consolidated companies	349,589	349,589
Adjustments to bring the statutory financial statements into line with the accounting principles used in the consolidated financial statements	(169,360)	(63,229)
Elimination of items of a fiscal nature from the statutory financial statements	134,123	28,924
Differences resulting from the translation of foreign currency financial statements	53,436	-
Adjustment to the value of investments carried on an equity basis	(9,195)	(392)
Surplus of stockholders' equity of consolidated companies compared with their carrying value	725,054	39,844
Elimination of dividends distributed by consolidated companies	-	(57,757)
Minority interests	(207,885)	(35,213)
Consolidated financial statements	1,785,485	310,566

Minority interests

This reflects the portion of stockholders' equity pertaining to minority interests in consolidated companies. The balance as of December 31, 2000 is due for lire 86,331 million to Unimed SpA, lire 13,970 million to Betonval SpA, lire 1,735 million to Cementi Riva Srl and lire 104,345 million to Corporación Moctezuma, SA de CV. The latter corresponds to 16.7% of the stockholders' equity of Corporación Moctezuma, 50% consolidated under the proportional method, of which Buzzi Unicem holds the 66.7% majority interest jointly with the Spanish partner.

RESERVES FOR RISKS AND CHARGES

Pensions and similar obligations

This caption includes lire 35,853 million for funds existing in the financial statements of foreign companies which cover the liability to personnel for long-service bonuses to be paid on termination of employment. It also includes lire 381 million for indemnities on termination of agency agreements.

Taxation

This reserve includes lire 127,276 million of deferred taxes, net of deferred tax assets, which have been offset where possible with reference to the individual companies being consolidated. The estimated liability for probable taxes on open years or matters under dispute totals lire 8,038 million.

Others

The reserve for the EEC Antitrust dispute, which amounted to lire 16,654 million at the end of 1999, has been fully utilized to pay the fine established by the European Court of Justice of first degree, with sentence deposited on March 15, 2000.

The Morando lawsuit reserve (lire 5,300 million in 1999) has been almost fully used to pay the sum established by the settlement between Buzzi Unicem SpA and Morando Impianti and the related legal expenses.

The consolidation reserve for future risks and charges (lire 6,500 million in 1999) has been released. Following the absorption of Cementeria di Barletta SpA by Unimed SpA (formerly Cementeria di Augusta SpA) the conditions that led to it being set up in 1996 no longer apply.

The residual amount is made up of the reserve for environmental risks for lire 3,242 million, quarry restoration reserves for lire 6,851 million and other reserves for miscellaneous contractual and commercial risks for lire 13,668 million.

RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES

The net increase of lire 595 million is determined by the following movements:

	<i>Value as of Dec. 31, 1999</i>	<i>Indemnities accrued</i>	<i>Indemnities paid</i>	<i>Other movements</i>	<i>Value as of Dec. 31, 2000</i>
Reserve for employee severance indemnities	75,361	10,217	(11,328)	1,706	75,956

PAYABLES

Bonds

The amount refers to a bond loan issued on October 1, 1998, denominated "Buzzi Unicem SpA 1998-2003", bearing interest at a floating rate (Euribor plus 0.35%) and to be repaid in a single installment. This funding is backed by interest rate swaps designed to transform the coupons maturing in the period 1999-2003 from floating rate to fixed rate. The statement of income for 2000 comprises lire 337 million of financial income due to this interest rate swap contract.

The bond loan denominated "Presinvest SA FRN Due 2000", lire 230,000 million in 1999, was repaid in full on May 9, 2000. This funding was partially backed by an interest collar designed to limit interest rate fluctuations. The 2000 statement of income includes lire 1,633 million of financial expenses due to the collar contract.

Borrowings from banks

This caption is made up of secured loans (lire 428,319 million), unsecured loans (lire 180,526 million), bank overdrafts, other short-term loans and items to be settled (lire 4,805 million). During 2000, borrowings from banks of lire 398,183 million came to maturity; they were partially refinanced through new loans for lire 337,183 million.

Real guarantees on assets of consolidated companies are represented by: mortgages and liens on production facilities and industrial buildings; pledge on shares representing 80.5% of Unicalcestruzzi SpA's capital.

The table below summarizes the information about interest rates on long-term debt, including their current portion:

	<i>Value as of Dec. 31, 2000</i>	<i>Value as of Dec. 31, 1999</i>
Lower than 5.5%	280,973	596,315
From 5.5% to 7%	315,833	51,887
From 7% to 10%	4,185	12,392
Higher than 10%	7,854	14,079
Total	608,845	674,673

Other providers of finance

These consist of financial payables to third parties, lire 15,560 million, and the present value of capital lease obligations, lire 2,250 million. The decrease of lire 75,504 million with respect to 1999 is due to reimbursements for lire 76,816 million, new payables for lire 9,575 million and translation losses for lire 8,263 million.

Payables reimbursed during the year refer for lire 73,649 million to the second installment established by the agreement for the purchase of treasury stock (33% of capital) signed by Alamo Cement Company and the former minority stockholder Vigier at the end of 1999.

Trade payables

They amount to lire 340,584 million, with an increase of lire 6,443 million, and reflect liabilities to suppliers of goods and services at the end of the year. The increase is substantially due to the growth in the group's operations.

Taxes payable

The caption comprises value added tax payable (lire 1,673 million), withholding taxes payable (lire 4,563 million), substitute tax on revaluation of assets ex law 342/00 (lire 15,940 million), income taxes and other dues (lire 33,903 million). At the end of the year, the subsidiary Unimed SpA owes the tax authorities lire 5,977 million, part of which is still in suspense because of the earthquake which struck the Augusta factory in 1990.

Payables to social security institutions

This caption does not require further explanation about its content. The balance is in line with 1999. Payments of social contributions by Unimed SpA are still partially in suspense, to the extent of lire 755 million, because of the earthquake which struck the Augusta factory in 1990.

Other payables

These amount to lire 27,051 million and include, among others, payables to personnel (lire 15,221 million), to customers (lire 1,070 million), to corporate bodies (lire 451 million) and guarantee deposits (lire 561 million).

ACCRUED EXPENSES AND DEFERRED REVENUES

Accrued expenses total lire 19,281 million; they refer to interest expense on loans and bond loans for lire 14,998 million and other costs pertaining to the year of lire 4,283 million, the most important of which are the deferred portions of labour costs. As of December 31, 1999 accrued expenses totaled lire 14,220 million.

Deferred revenues, amounting to lire 15,084 million, relate to financial and operating income pertaining to 2001 and/or subsequent years. They also include a deferred capital gain of lire 13,352 million booked by Alamo Cement Company. As of December 31, 1999 deferred revenues totaled lire 14,140 million.

MEMORANDUM ACCOUNTS

Guarantees given include commitments toward banks in favour of investee companies and a pledge on shares representing 80.5% of Unicalcestruzzi SpA's capital stock owned by the parent company for lire 262,701 million. *Guarantees received* include bank and insurance guarantees in favor of various entities, the public administration, etc. *Other memorandum accounts* consist of a commitment to buy further shares in Cementi Moccia SpA, our assets in the hands of third parties, third party assets in our hands, risk of recourse on discounted bills, etc. They also include a commitment of lire 43,266 million subscribed by the parent company Buzzi Unicem SpA for the forward sale to San Paolo Imi of USD 19 million against the collection of dividends from RC Cement International, which took place in January 2001.

The commitments of foreign group companies not shown in the balance sheet are not such as to prejudice the valuation of the net assets and financial position in the financial statements taken as a whole.

Comments on items in the consolidated income statement

(in millions of lire)

VALUE OF PRODUCTION

Revenues from sales and services

They amount to lire 2,583,218 million, net of premiums and discounts granted to customers. The increase of 16.2% is due to: favourable market situation +10.5%, change in exchange rates +5.5%, and change in the scope of consolidation +0.2%. The breakdown by sector and geographical area is the following:

	<i>Italy</i>	<i>United States of America</i>	<i>Mexico</i>	<i>Total</i>
Cement and clinker	707,510	621,442	160,148	1,489,100
Concrete and aggregates	751,304	235,500	69,608	1,056,412
Others	2,856	34,850	-	37,706
Total	1,461,670	891,792	229,756	2,583,218

Other revenues and income

This caption includes: revenues from rented properties (lire 1,735 million), gains on disposal of fixed assets (lire 5,692 million), insurance claims (lire 869 million), out-of-period revenues and other expense recoveries and/or income for the residual amount.

COSTS OF PRODUCTION

Raw materials, supplies, consumables and goods for resale

The amount of lire 942,216 million is made up of the purchase of raw materials and finished products (lire 515,898 million), supplies and consumables (lire 117,241 million), power (lire 147,721 million), fuel (lire 133,590 million), other goods used in production, selling and administration (lire 27,766 million).

Services

The amount of lire 472,935 million includes: maintenance on tangible fixed assets, transportation, general factory services, consultancy, professional fees, emoluments of corporate bodies, personnel services, commercial services, bank and insurance services, general and administrative services.

Use of third party assets

Total costs incurred amount to lire 28,309 million. The main categories of expenses listed in this caption are: rent payable for land and buildings, quarry concessions, operating leases of vehicles, means of transportation and office equipment.

Labour costs

The format of the income statement gives full disclosure about labour costs. The average number of employees working in fully consolidated companies split by category is the following:

	2000	1999
White collar and executives	1,427	1,418
Blue collar and supervisors	2,183	2,315
Total	3,610	3,733

The average number of employees working in companies consolidated under the proportional method, split by category and in proportion to the percentage of ownership is the following:

	2000	1999
White collar and executives	118	110
Blue collar and supervisors	140	124
Total	258	234

Amortization, depreciation and writedowns

The income statement format foresees four sub-caption sufficiently detailed.

Other adjustments to fixed assets refer to buildings to be sold (lire 2,000 million) and to the disposal of a kiln at the Jiutepec cement plant in Mexico (lire 3,692 million).

The *writedowns of receivables under current assets and liquid funds* consist of provisions to the allowance for doubtful accounts and direct writedowns.

Other expenses

This caption includes indirect taxes and duties (lire 15,468 million), memberships in industry organizations (lire 6,147 million), losses on disposal of fixed assets (lire 2,610 million), as well as out-of-period expenses, costs relating to real estate properties and other costs for the balance.

FINANCIAL INCOME AND EXPENSES

Other financial income

Income *from receivables under fixed assets* refers to interest revenue on loans to third parties, to associated companies and on amounts due from tax authorities.

Income *from securities under current assets other than equity investments* relates to the short-term investment of cash in marketable securities and other financial instruments.

Other income refers to interest revenue on amounts receivable from banks, lire 11,576 million, on trade and other receivables, lire 515 million, as well as other interest income and revenues for the residual amount, including foreign exchange gains of lire 4,698 million.

Interest and other financial expenses

Financial expenses *others* represent interest expense on bonds (lire 16,580 million), on borrowings from banks (lire 32,591 million) and other bank and financial charges for the residual amount of lire 17,902 million, including foreign exchange losses of lire 1,233 million and the loss due to inflation accounting (booked by the Mexican companies) for lire 7,907 million.

ADJUSTMENTS TO FINANCIAL ASSETS

Revaluations

The revaluations of *equity investments* represent the subsidiary earnings of investments carried on an equity basis.

Writedowns

Writedowns of *equity investments* reflect subsidiary losses of investments carried on an equity basis, lire 1,594 million, and writedowns of investments carried at cost, lire 835 million.

EXTRAORDINARY INCOME AND EXPENSES

Income

Gains on disposals derive mainly from the sale of non-industrial fixed assets.

Other extraordinary income includes lire 6,500 million for the release of the consolidation reserve for future risks and charges (already explained earlier) and lire 4,313 million for out-of-period income and others. This caption also includes lire 3,852 million of revenues deriving from the purchase of Unimed SpA shares (formerly Cementeria di Augusta SpA and Cementeria di Barletta SpA) carried out during the year on the Italian Stock Exchange.

Expenses

Losses on disposals mainly derive from the sale of tangible fixed assets.

Other extraordinary expenses include out-of-period expenses (lire 2,754 million) and miscellaneous expenses for the residual amount.

Income taxes

Income taxes amount to lire 208,943 million, of which lire 18,179 million for deferred tax liabilities.

Maturity of receivables and payables

(in millions of lire)

The expected maturities of receivables outstanding at the financial statements date are the following:

	<i>Within 1 year</i>	<i>Beyond 1 year and within 5 years</i>	<i>Beyond 5 years</i>	<i>Total as of Dec. 31, 2000</i>
B) Fixed assets				
2) Receivables:				
a) from unconsolidated subsidiaries	–	492	–	492
b) from associated companies	300	16,676	–	16,976
d) from others	1,056	55,059	–	56,115
C) Current assets				
II Receivables				
1) trade receivables	540,401	929	–	541,330
3) from associated companies	11,807	1,478	–	13,285
4) from parent companies	8	–	–	8
5) from others	40,749	24,939	–	65,688
Total	594,321	99,573	–	693,894

The expected maturities of payables at the closing date are listed below:

	<i>Within 1 year</i>	<i>Beyond 1 year and within 5 years</i>	<i>Beyond 5 years</i>	<i>Total as of Dec. 31, 2000</i>
D) Payables				
1) Bonds	–	250,000	–	250,000
3) Borrowings from banks	220,631	391,755	1,264	613,650
4) Other providers of finance	1,285	16,525	–	17,810
5) Advances	7,197	–	–	7,197
6) Trade payables	340,584	–	–	340,584
9) Payables to associated companies	231	–	–	231
11) Taxes payable	53,858	2,221	–	56,079
12) Payables to social security institutions	12,095	784	–	12,879
13) Other payables	26,465	586	–	27,051
Total	662,346	661,871	1,264	1,325,481

Financial expenses allocated to assets

During the year, no financial expenses have been allocated to items recorded in the assets side of the consolidated balance sheet.

Emoluments to corporate bodies

Fees to Directors and Statutory Auditors for carrying out their duties also in other consolidated companies are illustrated in the notes to Buzzi Unicem SpA's statutory financial statements according to Consob's resolution 11971 of May 14, 1999.

The consolidated statement of cash flows, the list of companies included in the consolidated financial statements (article 38 and 39 of Italian Legislative Decree 127/91), the list of unquoted equity investments in which the group ownership is between 10% and 20% (article 125 and 126 of Consob's resolution 11971) are attached to these notes.

These consolidated financial statements agree with the accounting records as adjusted for consolidation entries.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of lire)

	2000	1999
A) Cash and cash equivalents at beginning of year	379,246	424,479
B) Cash provided (used) by operating activities		
Combined net income	345,779	279,067
Amortization and depreciation	235,479	198,298
Writedowns of fixed assets	1,365	5,652
Gains on disposals of fixed assets	(6,569)	(4,012)
Net change in reserves for risks and charges	11,690	(11,026)
Net change in reserve for employee severance indemnities	595	1,135
Changes in working capital:	(109,730)	52,901
• Inventories	(42,474)	(32,084)
• Trade receivables	(20,665)	(37,438)
• Other current assets	(21,084)	40,050
• Trade payables	6,443	59,220
• Other current liabilities	8,800	(26,945)
• Taxes payable	(40,750)	50,098
Total B)	478,609	522,015
C) Cash provided (used) by investing activities		
Investments in fixed assets:	(307,000)	(335,237)
• <i>Intangibles</i>	(5,659)	(75,313)
• <i>Property, plant and equipment</i>	(288,341)	(250,096)
• <i>Equity investments</i>	(13,000)	(9,828)
Revaluation of property, plant and equipment, net of revaluation reserve	(12,484)	–
Proceeds from the sale of fixed assets	57,459	21,035
Proceeds from the sale of equity investments	3,507	1,293
Changes in financial receivables and payables	(76,636)	56,005
Changes in other securities	210,708	(86,852)
Total C)	(124,446)	(343,756)
D) Cash provided (used) by financing activities		
New long-term loans	337,183	2,000
Principal payments on bonds	(230,000)	(20,000)
Principal payments on long-term debt	(398,183)	(72,428)
Net change in short-term bank borrowings	(9,666)	(74,879)
Capital grants	1,074	6,962
Dividends paid	(47,816)	(29,048)
Total D)	(347,408)	(187,393)
E) Change in the scope of consolidation and translation differences	(42,326)	(36,099)
F) (Increase) decrease in cash and cash equivalents (B+C+D+E)	(35,571)	(45,233)
G) Cash and cash equivalents at end of year (A+F)	343,675	379,246

List of companies included in the consolidated financial statements and of equity investments

Companies consolidated on a line-by-line basis

Name	Registered office	Capital stock	Ownership interest held by	% of ownership
Buzzi Unicem SpA	Casale Monferrato (AL)	ITL 152.930.858.000		
Finpresa SA	Luxembourg L	EUR 22.000.000	Buzzi Unicem SpA	100,00
RC Cement International ApS	Copenhagen DK	DKK 200.000	Buzzi Unicem SpA	100,00
Cementi Riva Srl	Riva del Garda (TN)	ITL 1.500.594.000	Buzzi Unicem SpA	90,00
Unimed SpA	Casale Monferrato (AL)	ITL 86.874.123.000	Buzzi Unicem SpA	76,88
Unicalcestruzzi SpA	Torino	ITL 400.000.000.000	Buzzi Unicem SpA Unimed SpA	80,50 19,50
Uniserv Srl	Casale Monferrato (AL)	ITL 180.000.000	Buzzi Unicem SpA Unimed SpA	70,00 30,00
Presa International BV	Utrecht NL	NLG 20.000.000	Finpresa SA	100,00
Alamo Cement Company	San Antonio USA	USD 300.000	Finpresa SA	100,00
RC Cement Holding Company	Wilmington USA	USD 100	RC Cement International ApS	100,00
La Rinascita Calcestruzzi SpA	Torino	ITL 4.800.000.000	Unicalcestruzzi SpA	80,00
Betonval Calcestruzzi di Cemento SpA	Sesto Fiorentino (FI)	ITL 25.000.000.000	Unicalcestruzzi SpA	70,00
Frantoio Taro Srl	Parma	ITL 1.200.000.000	Unicalcestruzzi SpA	68,33
Simco Srl	Torino	ITL 200.000.000	Unicalcestruzzi SpA	44,10
San Martino Srl	Torino	ITL 200.000.000	Unicalcestruzzi SpA Betonval Calcestruzzi di Cemento SpA	51,00 24,00
Alamo Cement Holding Company	Wilmington USA	USD 1	Alamo Cement Company	100,00
Alamo Cement Management Company	Wilmington USA	USD 1	Alamo Cement Company	100,00
River Cement Company	Wilmington USA	USD 100	RC Cement Holding Company	100,00
Hercules Cement Company	Wilmington USA	USD 1.000	RC Cement Holding Company	100,00
Signal Mountain Cement Company	Wilmington USA	USD 100	RC Cement Holding Company	100,00
Signal Holding of Tennessee, Inc.	Knoxville USA	USD 100	RC Cement Holding Company	100,00
Heartland Cement Company	Wilmington USA	USD 100	RC Cement Holding Company	100,00
RC Cement Co., Inc.	Wilmington USA	USD 100	RC Cement Holding Company	100,00
Maddaleni Pietro Srl	Sesto di Moriano (LU)	ITL 99.000.000	Betonval Calcestruzzi di Cemento SpA	100,00
Longhorn Cement Company	San Antonio USA	USD 101.000	Alamo Cement Holding Company	100,00
Alamo Cement Trucking Company	San Antonio USA	USD 10	Alamo Cement Holding Company	100,00
Alamo Cement Company II, Ltd.	San Antonio USA	USD n/a	Alamo Cement Holding Company Alamo Cement Management Company	99,00 1,00
Alamo Concrete Products, Ltd.	San Antonio USA	USD n/a	Alamo Cement Holding Company Alamo Cement Management Company	99,00 1,00
Alamo Transit Company II, Ltd.	San Antonio USA	USD n/a	Alamo Cement Holding Company Alamo Cement Management Company	99,00 1,00
River Cement Sales Company	Wilmington USA	USD 100	River Cement Company	100,00
Hercules Cement Sales Company	Wilmington USA	USD 10	Hercules Cement Company	100,00
Hercules Cement Holding Company	Wilmington USA	USD 10	Hercules Cement Company	100,00
Hercules Cement Company LP	Bethlehem USA	USD n/a	Hercules Cement Company Hercules Cement Holding Company	99,00 1,00
Signal Holding of Delaware, Inc.	Wilmington USA	USD 100	Signal Mountain Cement Company	100,00
Heartland Cement Sales Company	Wilmington USA	USD 10	Heartland Cement Company	100,00
HCC Holding, Inc.	Wilmington USA	USD 1	Hercules Cement Company LP	100,00
Signal Mountain Cement Company LP	Knoxville USA	USD n/a	Signal Holding of Tennessee, Inc. Signal Holding of Delaware, Inc.	1,00 99,00

Companies consolidated by the proportional method

Name	Registered office	Capital stock	Ownership interest held by	% of ownership
Additum Italia Srl	Casale Monferrato (AL)	ITL 20.000.000	Buzzi Unicem SpA	50,00
Fresit BV	Utrecht NL	NLG 15.000.000	Finpresa SA	50,00
Corporación Moctezuma, SA de CV	Miguel Hidalgo MEX	MXN 743.409.141	Presa International BV Fresit BV	7,59 51,51
Cementos Portland Moctezuma, SA de CV	Jiutepec MEX	MXN 438.499.368	Corporación Moctezuma, SA de CV	100,00
Cementos Moctezuma, SA de CV	Miguel Hidalgo MEX	MXN 33.146.024	Corporación Moctezuma, SA de CV	100,00
Latinoamericana de Agregados y Concretos, SA de CV	Miguel Hidalgo MEX	MXN 39.806.339	Corporación Moctezuma, SA de CV	100,00
Latinoamericana de Concretos, SA de CV	Alvaro Obregón MEX	MXN 9.999.837	Corporación Moctezuma, SA de CV Cementos Portland Moctezuma, SA de CV	98,00 2,00

Companies consolidated by the proportional method (continued)

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	
Arrendadora de Equipos de Transporte, SA de CV	Emiliano Zapata MEX	MXN	47.024.780	Corporación Moctezuma, SA de CV Cementos Portland Moctezuma, SA de CV	98,00 2,00
Inmobiliaria Lacosa, SA de CV	Miguel Hidalgo MEX	MXN	78.454.474	Corporación Moctezuma, SA de CV Cementos Portland Moctezuma, SA de CV	98,00 2,00
Latinoamericana de Comercio, SA de CV	Miguel Hidalgo MEX	MXN	13.125.284	Corporación Moctezuma, SA de CV	100,00
Servicios Corporativos Moctezuma, SA de CV	Emiliano Zapata MEX	MXN	116.857	Corporación Moctezuma, SA de CV Cementos Portland Moctezuma, SA de CV Inmobiliaria Lacosa, SA de CV La. de Agregados y Concretos, SA de CV	98,00 1,00 0,50 0,50

Companies valued by the equity method

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	
Technobeton Srl	Riva del Garda (TN)	ITL	985.000.000	Buzzi Unicem SpA	45,00
Cementi Moccia SpA	Napoli	ITL	14.227.500.000	Buzzi Unicem SpA	30,00
Premix SpA	Mellini (SR)	ITL	5.000.000.000	Unimed SpA	40,00
Ciments de Balears, SA	Palma de Mallorca E	EUR	306.510	Unimed SpA	35,00
Inerti e Calcestruzzi Srl (in liquidation)	Torino	ITL	190.000.000	Unicalcestruzzi SpA	100,00
Sofinvest Srl (in liquidation)	Milano	ITL	50.000.000	Unicalcestruzzi SpA	100,00
Betongenova Srl (in liquidation)	Genova	ITL	20.000.000	Unicalcestruzzi SpA	54,88
Siefic Calcestruzzi Srl	Isernia	ITL	10.000.000.000	Unicalcestruzzi SpA	50,00
Betonsud Srl (in liquidation)	Foggia	ITL	2.122.000.000	Unicalcestruzzi SpA	49,99
A.P.I.C.E. Srl (in liquidation)	Trino (VC)	ITL	196.000.000	Unicalcestruzzi SpA	46,00
Vielle Calcestruzzi Srl	Gallarate (VA)	ITL	300.000.000	Unicalcestruzzi SpA	40,00
S.A.F.I. Srl	Pieve del Cairo (PV)	ITL	651.000.000	Unicalcestruzzi SpA	33,33
Betonfer Srl	Torino	ITL	90.000.000	Unicalcestruzzi SpA	33,33
Nova Beton Srl	S. Maurizio Canavese (TO)	ITL	90.000.000	Unicalcestruzzi SpA	30,00
Albenga Calcestruzzi Srl	Albenga (SV)	ITL	195.000.000	Unicalcestruzzi SpA	30,00
Edilcave Srl	Villarfocchiaro (TO)	ITL	140.000.000	Unicalcestruzzi SpA	30,00
Calcestruzzi Bell'Italia Srl	Montanaso Lombardo (LO)	ITL	60.000.000	Unicalcestruzzi SpA	25,00
Calcestruzzi Faure Srl	Salbertrand (TO)	ITL	103.000.000	Unicalcestruzzi SpA	24,00
PRO.CAL.MI. Srl (in liquidation)	Milano	ITL	100.000.000	Unicalcestruzzi SpA	23,77
Beton Biella Srl	Biella	ITL	100.000.000	Unicalcestruzzi SpA	20,00
Monterosa Calcestruzzi Srl	Biella	ITL	25.000.000	Unicalcestruzzi SpA	20,00
Beton Pavia Srl (in liquidation)	Milano	ITL	190.000.000	Sofinvest Srl (in liquidazione)	100,00
Brizzi Calcestruzzi Srl	Grosseto	ITL	90.000.000	Betonval Calcestruzzi di Cemento SpA	50,00
E.L.M.A. Srl	Sinalunga (SI)	ITL	30.000.000	Betonval Calcestruzzi di Cemento SpA	50,00
Cave Alto Santerno Srl	Sesto Fiorentino (FI)	ITL	500.000.000	Betonval Calcestruzzi di Cemento SpA	49,00
Consorzio CO.ES. Srl	Vezzano Ligure (SP)	ITL	90.000.000	Betonval Calcestruzzi di Cemento SpA	44,05

Other investments in subsidiaries and associated companies

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	
Cementi e Calci di Santa Marinella Srl	Bergamo	EUR	10.000	Buzzi Unicem SpA	33,33
Baumit Italia Srl	Bosco Marengo (AL)	ITL	6.000.000.000	Buzzi Unicem SpA	30,00
Alpine Srl	Padova	ITL	2.000.000.000	Buzzi Unicem SpA	50,00
Alfacementi Srl	Siracusa	ITL	20.000.000	Unimed SpA	100,00
Iniziative Siciliane Srl (in liquidation)	Ragusa	ITL	100.000.000	Unimed SpA	70,00
Iblea Calcestruzzi Srl (in liquidation)	Ragusa	EUR	25.000	Unicalcestruzzi SpA	50,00

List of equity investments in unquoted companies between 10% and 20%

Name	Registered office	Capital stock	Ownership interest held by	% of ownership
Partecipazioni Porto Antico di Genova SpA	Genova	ITL 7,370,000,000	Buzzi Unicem SpA	14.00
Ipose Srl	Settimo Torinese (TO)	ITL 99,000,000	Buzzi Unicem SpA	11.00
Romana Calcestruzzi SpA	Roma	ITL 5,033,550,000	Unicalcestruzzi SpA	16.66
Cava degli Olmi Srl	Carignano (TO)	ITL 2,000,000,000	Unicalcestruzzi SpA	12.00
Fratelli Bianchi fu Michele & C. SpA	Roma	ITL 935,780,000	Unicalcestruzzi SpA	16.66
Sipac SpA (in liquidation)	Milano	ITL 2,000,000,000	Unicalcestruzzi SpA	11.00
Navicelli di Pisa SpA	Pisa	ITL 800,000,000	Bentonval Calcestruzzi di Cemento SpA	10.37

N.B. The Company does not hold equity investments through trustees or other persons nor investments in which the voting right is held by such trustees or persons.

**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW
DECREE No. 58, DATED 24 FEBRUARY 1998**

To the Shareholders of
BUZZI UNICEM SpA
Casale Monferrato (AL)
(Italy)

- 1 We have audited the consolidated financial statements of BUZZI UNICEM SpA as at 31 December 2000. These financial statements are the responsibility of BUZZI UNICEM SpA Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. These standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the statutory financial statements are free of material misstatement and, taken as a whole, are presented fairly and can be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion. The financial statements of some subsidiaries, which represent around 29 percent of consolidated assets and nearly 35 percent of consolidated revenue from sales, have been examined by other auditors, who provided us with the relevant reports. As for the figures concerning these subsidiaries, our opinion, expressed in this report, is based on the controls performed by other auditors.

For the opinion on the financial statements of the prior period, which are presented for comparative the purposes as required by the law, reference is made to the report we issued on 15 May 2000.

- 3 In our opinion, the consolidated financial statements of BUZZI UNICEM SpA as at 31 December 2000 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the statutory financial position and operating results of the Company.

- 4 Without qualifying our opinion, we wish to highlight that, during the period ended 31 December 2000, the Group wrote up some tangible assets in accordance with

law No. 342/2000. The effects of such write-up on the value of assets, net equity and on tax payables for the substitute tax are detailed in the Notes to the consolidated financial statements.

Milan, 17 April 2001

PricewaterhouseCoopers SpA

Roberto Pirola
(Auditor)

This report has been translated from the original which was issued in accordance with Italian legislation. The consolidated financial statements referred to in the above report have been translated by the company and the translation has not been examined by us.