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BUZZI UNICEM

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Annual Report 2005

BUZZI UNICEM S.p.A.

Registered office in Casale Monferrato (AL) - Via Luigi Buzzi, 6

Share Capital: euro 118,535,736.60

Company Register of Alessandria no. 00930290044

BUZZI UNICEM

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La presente pubblicazione costituisce una sintesi degli elementi più significativi contenuti nel bilancio 2005.

La versione completa ed ufficiale dello stesso, redatta in lingua italiana, è disponibile presso la sede sociale e sul sito www.buzziunicem.it

Le richieste possono essere inoltrate anche via e-mail a: info@buzziunicem.it

This annual report is a summary of the most significant contents included in the financial statements for the year ended December 31, 2005.

The complete and binding Italian version is available from the company's registered office and at www.buzziunicem.it

Requests can be addressed also by e-mail to: info@buzziunicem.it

CARICHE SOCIALI

DIRECTORS AND STATUTORY AUDITORS

Consiglio di Amministrazione *Board of Directors*

Alessandro BUZZI	Presidente <i>Chairman</i>
Enrico BUZZI	Vice Presidente <i>Deputy Chairman</i>
Franco BUZZI	Vice Presidente <i>Deputy Chairman</i>
Michele BUZZI	Amministratore Delegato <i>Managing Director</i>
Pietro BUZZI	Amministratore Delegato <i>Managing Director</i>
Gianfranco BARZAGHINI	Consigliere e Direttore Generale <i>Director and General Manager</i>
Onorato CASTELLINO	Consigliere <i>Director</i>
Alvaro DI STEFANO	Consigliere <i>Director</i>
Klaus DYCKERHOFF	Consigliere <i>Director</i>
Jürgen LOSE	Consigliere <i>Director</i>
Gianfelice ROCCA	Consigliere <i>Director</i>
Maurizio SELLA	Consigliere <i>Director</i>
Marco WEIGMANN	Consigliere <i>Director</i>

Collegio Sindacale *Statutory Auditors' Committee*

Mario PIA	Presidente <i>Chairman</i>
Paolo BURLANDO	Sindaco Effettivo <i>Member</i>
Giorgio GIORGI	Sindaco Effettivo <i>Member</i>
Franco BAROLO	Sindaco Supplente <i>Alternate</i>
Roberto D'AMICO	Sindaco Supplente <i>Alternate</i>

PROFILO DEL GRUPPO

GROUP PROFILE

Chi siamo

About us

Gruppo multi-regionale internazionale, focalizzato su cemento, calcestruzzo e aggregati naturali

International multi-regional, heavy-side group, focused on cement, ready-mix concrete and aggregates

Visione a lungo termine dell'impresa e management dedicato in ottica di sviluppo sostenibile

Long-term view of the business and dedicated management towards a sustainable development

Strutture produttive di alta qualità, ecologicamente compatibili

High quality and environmentally friendly assets

Creazione di valore grazie a profondo e sperimentato know-how, efficienza operativa

Value creation through lasting, experienced know-how and operating efficiency

Principali società operative

Main Operating Companies

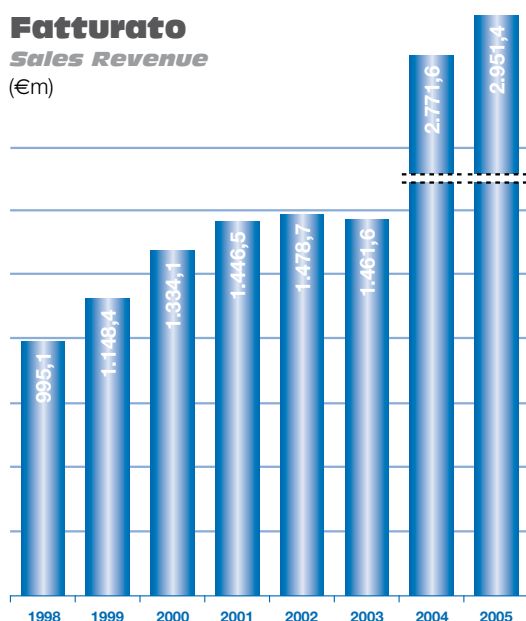


Principali dati economico finanziari

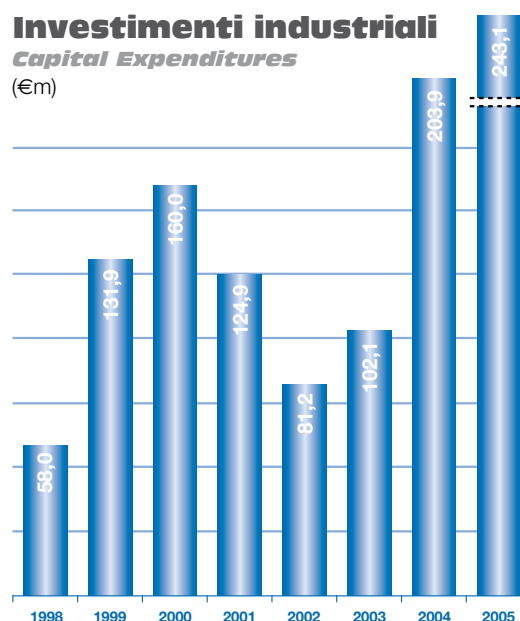
Key Figures

		1998 ⁽¹⁾	1999	2000	2001	2002	2003	2004 ⁽²⁾	2005
Vendite di cemento Cement sales	t/000	11.725	12.036	12.607	13.131	13.662	14.196	31.936	32.245
Vendite di calcestruzzo Concrete sales	mc/000	7.052	7.743	8.186	8.585	8.948	9.850	15.241	15.649
Vendite di aggregati Aggregate sales	t/000	5.099	5.811	6.560	5.909	5.427	5.939	7.873	7.884
Fatturato Sales revenue	€m	995,1	1.148,4	1.334,1	1.446,5	1.478,7	1.461,6	2.771,6	2.951,4
Investimenti industriali Capital expenditures	€m	58,0	132,0	160,0	124,9	81,2	102,1	203,9	243,1
Addetti a fine esercizio Headcount at year end	nr	4.092	3.927	3.842	3.869	3.797	3.828	11.836	11.805

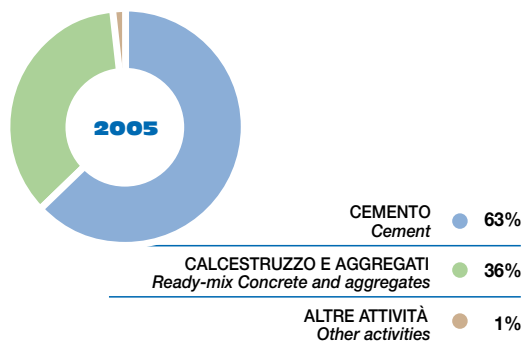
Fatturato Sales Revenue (€m)



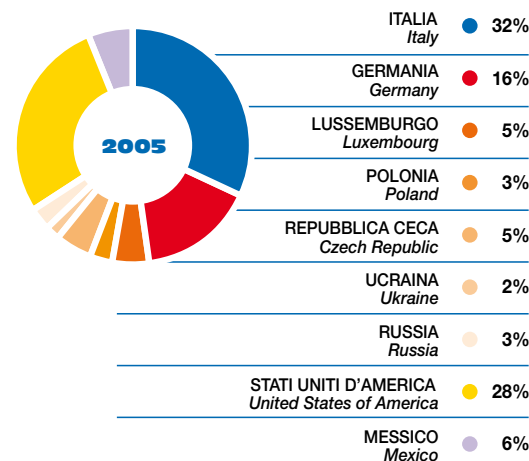
Investimenti industriali Capital Expenditures (€m)



Fatturato per settore di attività⁽³⁾ Sales Revenue by Line of Business



Fatturato per area geografica Sales Revenue by Region



(1) Dati aggregati pro forma / Combined pro forma figures

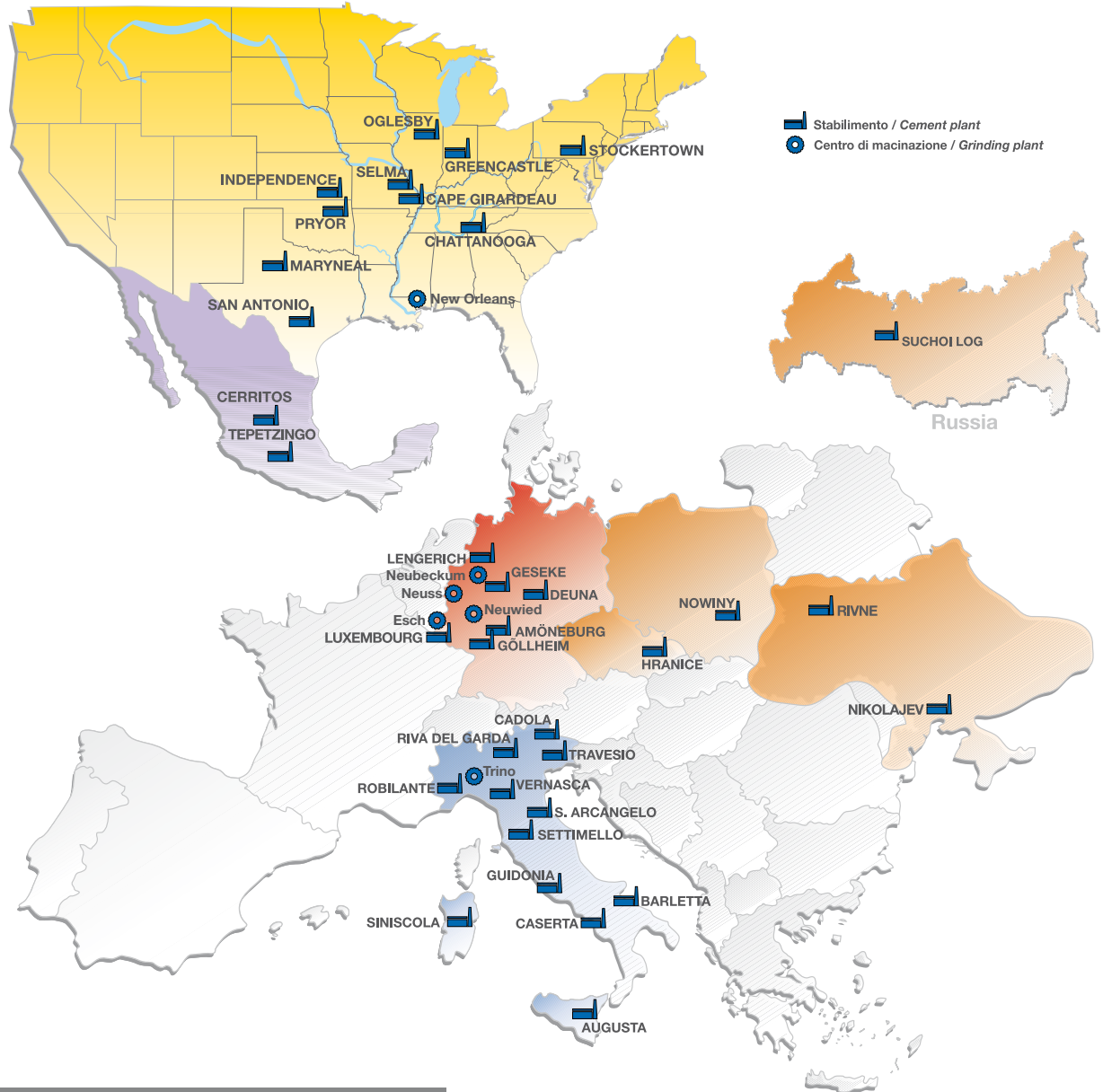
(2) Primo consolidamento integrale Dyckerhoff / First time consolidation of Dyckerhoff

(3) Prima delle elisioni tra settori di attività / Before eliminations among lines of business

Dove siamo

Cement Plants Location

Situazione al 31/12/2005 - As of December 31, 2005



Struttura operativa

Operating Structure

		ITALIA	GERMANIA	LUSSEMBURGO	POLONIA	REPUBBLICA Ceca	UCRAINA	RUSSIA	STATI UNITI D'AMERICA	MESSICO	TOTALE
Stabilimenti / Cement plants di cui macinazione / of which grinding	nr	13 1	8 3	2 1	1	1	2	1	11 1	2	41 6
Capacità produttiva cemento Cement capacity	mio t/anno mio t/yr	10,1	7,5	0,9	1,4	1,1	2,8	2,4	9,6	5,0	40,8
Impianti di produzione calcestruzzo Ready-mix concrete plants	nr	177	106	-	31	80	3	-	56	32	485
Cave di estrazione aggregati naturali Aggregate quarries	nr	21	-	-	-	7	-	-	3	1	32
Depositi e terminali di distribuzione Terminals	nr	8	-	-	2	-	3	-	27	-	40

ITALIA

Italy



Capacità produttiva cemento 10,1 milioni di ton, 13 stabilimenti, 8 depositi e terminali, 177 impianti di produzione calcestruzzo, 21 cave di estrazione aggregati naturali.
Cement production capacity 10.1 million tons, 13 plants, 8 terminals, 177 ready-mix concrete plants, 21 aggregate quarries.

		2005	2004	05/04 (in %)
Vendite di cemento Cement sales	t/000	8.387	8.641	-2,9
Vendite di calcestruzzo Concrete sales	mc/000	7.563	7.817	-3,2
Vendite di aggregati Aggregate sales	t/000	4.659	4.845	-3,8
Fatturato Sales revenue	€m	939,6	965,8	-2,7
Investimenti industriali Capital expenditures	€m	54,8	65,7	-16,6
Addetti a fine esercizio Headcount at year end	nr	2.161	2.172	-0,5

GERMANIA

Germany



Capacità produttiva cemento 7,5 milioni di ton, 8 stabilimenti, 106 impianti di produzione calcestruzzo.
Cement production capacity 7.5 million tons, 8 plants, 106 ready-mix concrete plants.

		2005	2004	05/04 (in %)
Vendite di cemento Cement sales	t/000	5.231	5.575	-6,2
Vendite di calcestruzzo Concrete sales	mc/000	2.902	2.947	-1,5
Fatturato Sales revenue	€m	486,4	501,9	-3,1
Investimenti industriali Capital expenditures	€m	51,6	26,4	95,4
Addetti a fine esercizio Headcount at year end	nr	1.968	2.016	-2,4

LUSSEMBURGO

Luxembourg



Capacità produttiva cemento 0,86 milioni di ton, 2 stabilimenti.
Cement production capacity 0.86 million tons, 2 plants.

		2005	2004	05/04 (in %)
Vendite di cemento Cement sales	t/000	847	719	17,7
Fatturato Sales revenue	€m	146,2	142,4	2,7
Investimenti industriali Capital expenditures	€m	5,5	6,9	-21,0
Addetti a fine esercizio Headcount at year end	nr	641	634	1,1

POLONIA

Poland



Capacità produttiva cemento 1,4 milioni di ton, 1 stabilimento, 2 depositi e terminali, 31 impianti di produzione calcestruzzo.
Cement production capacity 1.4 million tons, 1 plant, 2 terminals, 31 ready-mix concrete plants.

		2005	2004	05/04 (in %)
Vendite di cemento Cement sales	t/000	1.111	1.162	-4,4
Vendite di calcestruzzo Concrete sales	mc/000	703	666	5,5
Fatturato Sales revenue	€m	79,3	70,9	11,9
Investimenti industriali Capital expenditures	€m	5,4	6,6	-17,8
Addetti a fine esercizio Headcount at year end	nr	412	409	0,7

REPUBBLICA CECA

Czech Republic



Capacità produttiva cemento 1,1 milioni di ton, 1 stabilimento, 80 impianti di produzione calcestruzzo, 7 cave di estrazione aggregati naturali.
Cement production capacity 1.1 million tons, 1 plant, 80 ready-mix concrete plants, 7 aggregate quarries.

		2005	2004	05/04 (in %)
Vendite di cemento Cement sales	t/000	754	760	-0,8
Vendite di calcestruzzo Concrete sales	mc/000	1.809	1.468	23,3
Vendite di aggregati Aggregate sales	t/000	497	556	-10,6
Fatturato Sales revenue	€m	147,3	117,1	25,8
Investimenti industriali Capital expenditures	€m	10,9	7,7	42,1
Addetti a fine esercizio Headcount at year end	nr	783	758	3,3

UCRAINA

Ukraine



Capacità produttiva cemento 2,8 milioni di ton, 2 stabilimenti, 3 terminali, 3 impianti di produzione calcestruzzo.
Cement production capacity 2.8 million tons, 2 plants, 3 terminals, 3 ready-mix concrete plants.

		2005	2004	05/04 (in %)
Vendite di cemento Cement sales	t/000	2.005	1.636	22,5
Vendite di calcestruzzo Concrete sales	mc/000	204	127	61,2
Fatturato Sales revenue	€m	72,1	46,4	55,3
Investimenti industriali Capital expenditures	€m	11,5	6,4	80,5
Addetti a fine esercizio Headcount at year end	nr	1.620	1.596	1,5

RUSSIA

Russia



Capacità produttiva cemento 2,4 milioni di ton, 1 stabilimento.
Cement production capacity 2.4 million tons, 1 plant.

		2005	2004	
Vendite di cemento Cement sales	t/000	2.294	2.000	14,7
Fatturato Sales revenue	€m	90,9	62,5	45,4
Investimenti industriali Capital expenditures	€m	4,0	3,5	15,4
Addetti a fine esercizio Headcount at year end	nr	1.517	1.556	-2,5

STATI UNITI D'AMERICA

United States of America



Capacità produttiva cemento 9,6 milioni di ton, 11 stabilimenti, 27 depositi e terminali, 56 impianti di produzione calcestruzzo, 3 cave di estrazione aggregati naturali.
Cement production capacity 9.6 million ton, 11 plants, 27 terminals, 56 ready-mix concrete plants, 3 aggregate quarries.

		2005	2004	
Vendite di cemento Cement sales	t/000	9.840	9.977	-1,4
Vendite di calcestruzzo Concrete sales	mc/000	1.849	1.616	14,4
Vendite di aggregati Aggregate sales	t/000	2.729	2.472	10,4
Fatturato Sales revenue	\$m	1.038,6	917,2	13,2
Investimenti industriali Capital expenditures	\$m	79,9	66,2	20,7
Addetti a fine esercizio Headcount at year end	nr	2.246	2.261	-0,7

MESSICO

Mexico



Capacità produttiva cemento 5,0 milioni di ton, 2 stabilimenti, 32 impianti di produzione calcestruzzo, 1 cava di estrazione aggregati naturali.
Cement production capacity 5.0 million tons, 2 plants, 32 ready-mix concrete plants, 1 aggregate quarry.

		2005	2004	
Vendite di cemento Cement sales	t/000	3.552	2.931	21,2
Vendite di calcestruzzo Concrete sales	mc/000	1.239	1.200	3,2
Fatturato Sales revenue	\$m	405,6	334,7	21,2
Investimenti industriali Capital expenditures	\$m	73,9	84,1	-12,2
Addetti a fine esercizio Headcount at year end	nr	913	868	5,2

Il frantoio della cava calcare di Robilante, Italia
Limestone crusher at the Robilante quarry, Italy



RELAZIONE SULLA GESTIONE REVIEW OF OPERATIONS

Signori Azionisti,

a partire dal 1 gennaio 2005 Buzzi Unicem adotta i principi contabili internazionali IFRS. Nel presente bilancio consolidato i dati comparativi per il corrispondente periodo dell'esercizio precedente sono stati pertanto riclassificati e rideterminati secondo i nuovi principi contabili.

Il 2005 è stato un anno positivo per la Vostra società, con vendite e risultati in progresso. Nell'anno appena trascorso, il gruppo ha venduto 32,2 milioni di tonnellate di cemento (+1,0% rispetto al 2004) e 15,6 milioni di metri cubi di calcestruzzo preconfezionato (+2,7%), con un fatturato consolidato in aumento del 6,5%, da 2.771,6 a 2.951,4 milioni di euro. Le variazioni di perimetro hanno determinato una riduzione del fatturato di 42,6 milioni, mentre l'effetto cambio è stato positivo per 28,4 milioni. In apprezzabile progresso la redditività: il margine operativo lordo è infatti aumentato da 699,1 milioni di euro a 800,8 milioni, anche grazie a proventi non ricorrenti per 38,9 milioni. Dopo ammortamenti e svalutazioni per 226,2 milioni, di cui 18,2 una tantum per la ristrutturazione delle attività tedesche, il risultato operativo si è attestato a 574,6 milioni, contro i 484,2 milioni del 2004 (+18,7%).

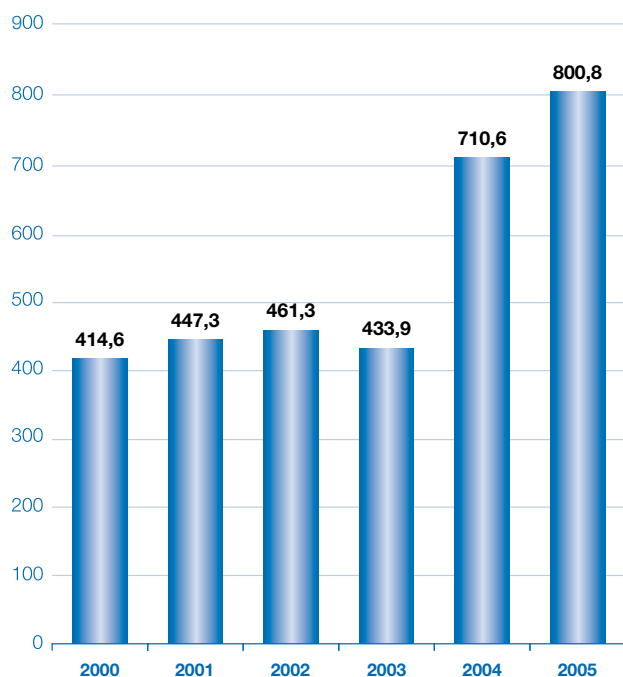
Shareholders,

As from 1 January 2005 Buzzi Unicem has adopted the IFRS international accounting principles. In these consolidated financial statements, comparative figures for the corresponding period of the previous year were therefore reclassified and restated according to the new accounting principles.

2005 was a positive year for your company, with good progress made in sales and operating results. During the year just ended, the group's cement sales amounted to 32.2 million tons (+1.0% over 2004) and ready-mix concrete sales totaled 15.6 million cubic meters (+2.7%), with an increase in consolidated net sales of 6.5%, from €2,771.6 million to €2,951.4 million. The changes in scope led to a reduction in net sales by €42.6 million, while the impact of foreign exchange was positive by €28.4 million. Profitability rose appreciably: EBITDA, in fact, increased from €699.1 million to €800.8 million, thanks in part to non-recurring income for €38.9 million. After depreciation and amortization totaling €226.2 million, €18.2 million thereof due to a one-off expense for the restructuring of German operations, Ebit was recorded at €574.6 million, as against €484.2 million in 2004 (+18.7%).

Margine operativo lordo EBITDA (Operating Cash Flow)

(milioni di euro / millions of euro)



Gli oneri finanziari sono ammontati a 156,5 milioni di euro, contro i 133,2 milioni del 2004; il peggioramento è unicamente attribuibile alle componenti legate alla fluttuazione dei tassi di cambio.

L'utile ante imposte è aumentato da 345,5 a 412,8 milioni di euro, +19,5%. Le imposte sul reddito si sono attestate a 117,8 milioni di euro (133,7 milioni del 2004), comprese imposte differite attive per 32,7 milioni riferite alla rivalutazione dei cespiti ai sensi della legge n. 266/05. L'utile netto di competenza del gruppo è passato da 174,9 a 255,6 milioni (+46,1%).

L'indebitamento finanziario netto è diminuito dai 1.275,4 milioni di fine 2004 ai 1.051,3 milioni del 31 dicembre 2005 (-224,1 milioni), dopo aver effettuato investimenti per 243,0 milioni di euro e distribuito dividendi per 66,9 milioni. Il rapporto indebitamento finanziario/patrimonio netto è migliorato da 0,73 di fine 2004 a 0,47 di fine dicembre 2005.

Il miglioramento dei risultati è attribuibile agli Stati Uniti d'America, in particolare alla favorevole evoluzione dei prezzi di vendita, al Messico, in cui il percorso di crescita organica si è tradotto in un ulteriore miglioramento di volumi e risultati, ed ai mercati dell'Europa Centro-Orientale, Russia ed Ucraina innanzitutto. In Italia, nonostante una domanda sempre forte, l'elevata tensione competitiva ha determinato per gran parte dell'anno una contrazione dei ricavi unitari, che, abbinate all'incremento dei costi di produzione, ha sensibilmente penalizzato i margini operativi. La redditività della Germania si è mantenuta insoddisfacente, a causa sia di minori volumi che dell'aumento dei costi di produzione, che hanno parzialmente eroso il parziale recupero dei prezzi di vendita.

Financial expenses amounted to €156.5 million, compared with €133.2 million in 2004; the worsening is only due to items linked to fluctuations in exchange rates.

Profit before tax increased from €345.5 million to €412.8 million, +19.5%. Income taxes stood at €117.8 million (€133.7 million in 2004), including deferred tax income totaling €32.7 million and referring to the revaluation of fixed assets, in compliance with Italian Law no. 266/05. Net profit attributable to the equity holders of the Company increased from €174.9 million to €255.6 million (+46.1%).

Net indebtedness decreased from €1,275.4 million at 2004 year-end to €1,051.3 million as of 31 December 2005 (-€224.1 million), after investments for €243.0 million and paid out dividends for €66.9 million. The debt/equity ratio increased from 0.73 as of 2004 year-end to 0.47 as of 31 December 2005.

The improvement is due to the US, in particular to the favorable trend in sales prices, Mexico, where organic growth has led to a further increase in volumes and operating results, and Central-Eastern European markets, especially Russia and Ukraine. In Italy, in spite of a strong demand, high competition for much of the year led to a reduction in unit revenues which, combined with an increase in production costs, greatly affected operating margins. Profitability in Germany remained unsatisfactory, due to both lower volumes and an increase in production costs, which partly impaired the partial recovery of sales prices.

Andamento economico e finanziario *Operating and financial results*

Nel 2005, le vendite di cemento a livello consolidato sono ammontate a 32,2 milioni di tonnellate, +1,0% rispetto al 2004, ovvero +2,5% al netto della variazione di perimetro conseguente alla cessione di Glens Falls (USA) ad inizio anno. Il progresso è attribuibile a Stati Uniti, Messico, Russia ed Ucraina, mentre sono diminuiti i volumi in Germania, Polonia e, in misura più contenuta, in Italia.

Le vendite di calcestruzzo sono aumentate del 2,7% a 15,6 milioni di metri cubi, soprattutto per il contributo di Stati Uniti e Repubblica Ceca, a cui si è contrapposta la diminuzione di Italia e Germania.

Il fatturato consolidato è aumentato del 6,5%, da 2.771,6 a 2.951,4 milioni di euro; le variazioni di perimetro hanno avuto un effetto negativo di 42,6 milioni, mentre l'effetto cambio è stato positivo per 28,4 milioni. Al netto di tali elementi, il fatturato sarebbe aumentato del 7,0%. Il progresso è innanzitutto attribuibile all'ottimo andamento del mercato statunitense: il lieve incremento delle quantità vendute e l'importante miglioramento dei ricavi medi unitari hanno consentito al fatturato di oltrepassare per la prima volta la soglia del miliardo di dollari fino a raggiungere i 1.038,6 milioni, +18,7% a parità di perimetro; in presenza di un effetto cambio ininfluente, il fatturato in euro si è attestato a 834,8 milioni. Molto buono anche l'andamento del mercato messicano, il cui fatturato è passato da 134,5 milioni di euro a 163,0 milioni, +21,2%; l'aumento, pari a 28,5 milioni, è per 5,5 milioni dovuto all'effetto cambio. Il driver principale della performance messicana è stato il rapido raggiungimento di un buon livello di sfruttamento del nuovo stabilimento di Cerritos, inaugurato nel maggio 2004. Meno favorevole è stata la dinamica nei due principali mercati europei, Italia e Germania. Nel nostro Paese, il fatturato è diminuito del 2,7% a 939,6 milioni di euro, in primo luogo per la flessione dei ricavi unitari e poi anche dei volumi nel settore cemento. In Germania, il fatturato è sceso da 501,9 milioni di euro a 486,4 milioni, -3,1% ovvero -1,4% a perimetro omogeneo: lo sfavorevole andamento delle vendite, soprattutto nella seconda parte dell'anno, ha limitato il beneficio riveniente dal lento recupero dei prezzi di vendita. Complessivamente positiva l'evoluzione del fatturato nei mercati dell'Europa Centro-Orientale, aumentato da 297,0 a 389,7 milioni di euro (+31,2%) anche per un effetto cambio positivo di 23,0 milioni. Molto soddisfacente è stata la dinamica di Russia ed Ucraina, che hanno registrato un incremento del fatturato in valuta locale del 42,9% e 49,1% rispettivamente, grazie ad una crescita a doppia cifra sia delle quantità vendute che dei ricavi unitari.

In 2005, cement sales at consolidated level amounted to 32.2 million tons, +1.0% over 2004, i.e. +2.5% net of a change in scope relating to the sale of Glens Falls (USA) at the beginning of the year. This progress is due to the US, Mexico, Russia and Ukraine, while a decrease in volumes was recorded in Germany, Poland and, to a lesser extent, Italy.

Sales of ready-mix concrete increased by 2.7%, totaling 15.6 million cubic meters, mainly due to the US and the Czech Republic, while sales in Italy and Germany declined.

Consolidated net sales increased by 6.5%, from €2,771.6 million to €2,951.4 million. Changes in scope had a negative impact of €42.6 million, while foreign exchange impact led to an increase of €28.4 million. Without considering these effects, sales would have increased by 7.0%, especially as a result of the excellent trend in the US market. The slight increase in volumes and the significant improvement of unit average revenues made sales overcome the threshold of one billion dollars for the first time, up to \$1,038.6 million, +18.7% at same scope. In the presence of a non-influential foreign exchange impact, sales in euro were recorded at €834.8 million. The Mexican market showed a very good performance, and sales grew from €134.5 million to €163.0 million, +21.2%; the improvement, amounting to €28.5 million, is due for €5.5 million to foreign exchange. The main drive behind the Mexican performance was the fact that the new plant at Cerritos, opened in May 2004, attained a good operating condition very quickly. The dynamics in Italy and Germany, the two main European markets, proved to be less favorable. In Italy, sales decreased by 2.7% to €939.6 million, first of all due to the drop in unit revenues and volumes in the cement sector. In Germany, sales decreased from €501.9 million to €486.4 million, -3.1%, or -1.4% at same scope of consolidation. The unfavorable sales trend, mainly in the second half of the year, limited the benefit deriving from the slow recovery of sales prices. Overall, net sales development in Central-Eastern European countries was favorable, resulting in an increase from € 297.0 to €389.7 million (+31.2%), which was also due to a positive foreign exchange impact of €23.0 million. The dynamics of Russia and Ukraine proved to be very satisfactory, with net sales in local currency increasing by 42.9% and 49.1% respectively, thanks to a double-digit growth in both volumes and unit revenues.

In Polonia, il fatturato 2005 in valuta locale è stato appena inferiore al 2004 (-0,6%), mentre in Repubblica Ceca, grazie anche al significativo contributo della divisione attiva nel calcestruzzo preconfezionato, si è registrato un incremento del 17,5%. L'effetto cambio è stato positivo per entrambi i Paesi (9,7 milioni Repubblica Ceca e 8,8 milioni Polonia).

Il margine operativo lordo è aumentato da 699,1 milioni di euro a 800,8 milioni (+101,7 milioni), valore che include proventi non ricorrenti per 38,9 milioni. Tra essi si segnalano le plusvalenze sulla cessione del 5% di E.On Italia Produzione (37,1 milioni), del 50% di Glens Falls (10,5 milioni) e gli oneri di ristrutturazione relativi alle attività tedesche (9,9 milioni). Escludendo i componenti non ricorrenti sia dai valori del 2005 che del 2004 (3,5 milioni), il margine operativo lordo è passato da 695,6 a 761,9 milioni di euro (+9,5%), con un miglioramento dell'incidenza sul fatturato dal 25,0% al 25,8%. Le variazioni del perimetro di consolidamento sono state negative per 12,4 milioni, mentre l'effetto cambio è stato positivo per 9,6 milioni.

Tra i mercati presidiati, è stata ottima la performance degli Stati Uniti, che hanno conseguito un margine operativo lordo di oltre un terzo superiore a quello del 2004, grazie al miglioramento dei ricavi unitari ed ai buoni volumi; in Messico, il principale indicatore di redditività è aumentato di oltre il 16% in valuta locale. È notevolmente progredito il margine operativo lordo dei mercati dell'Europa Centro-Orientale, in cui spiccano i miglioramenti di Russia ed Ucraina. L'andamento più sfavorevole si è registrato in Italia, ove il combinato effetto di minori ricavi unitari e maggiori costi di produzione ha determinato una riduzione del margine operativo lordo superiore al 23%, non considerando le plusvalenze da cessione. La redditività della Germania si è mantenuta insoddisfacente, a causa sia di minori volumi che dell'aumento dei costi di produzione, che hanno parzialmente eroso il graduale recupero dei prezzi di vendita. Ciò ha reso necessari ulteriori provvedimenti volti alla razionalizzazione della capacità produttiva.

In Poland, net sales in local currency were slightly lower than in 2004 (-0.6%), while in the Czech Republic, also thanks to the significant contribution of ready-mix concrete operations, sales increased by 17.5%. Foreign exchange impact was positive for both countries (€9.7 million in the Czech Republic and €8.8 million in Poland).

EBITDA increased from €699.1 million to €800.8 million (+€101.7 million); this figure includes non-recurring items for €38.9 million, among which the gains on disposal of the 5% interest in E.On Italia Produzione (€37.1 million) and the 50% of Glens Falls (€10.5 million) and restructuring charges regarding German operations (€9.9 million). Excluding non-recurring items from both 2005 and 2004 figures (€3.5 million in 2004), EBITDA increased from €695.6 to €761.9 million (+9.5%), with an improvement of EBITDA to sales margin from 25.0% to 25.8%. The scope of consolidation changes were negative by €12.4 million, while foreign exchange impact was positive by €9.6 million.

Amongst the markets of presence, the performance of the US was excellent; the US reported an EBITDA which is more than one third higher than in 2004, thanks to improvement in unit revenues and good volumes. In Mexico, the main profitability indicator increased by more than 16% in local currency. EBITDA for Central-Eastern European markets greatly improved, mainly thanks to the remarkable progress of Russia and Ukraine. The most unfavorable performance was recorded in Italy, where the combined impact of lower unit revenues and higher production costs caused a reduction in EBITDA of over 23%, not considering gains on disposal. Profitability in Germany remained unsatisfactory due to both lower volumes and higher costs of production which partially reduced the gradual recovery of sales prices. This situation required further measures aimed at rationalizing the production capacity.

Gli ammortamenti e le svalutazioni sono ammontati a 226,2 milioni di euro, contro i 214,9 del 2004; l'aumento è dovuto agli oneri di ristrutturazione una tantum delle attività tedesche per 18,2 milioni, contabilizzati nel terzo trimestre; di conseguenza, il risultato operativo è aumentato del 18,7% da 484,2 milioni a 574,6 milioni, +90,4 milioni. Gli oneri finanziari si sono attestati a 156,5 milioni di euro, contro i 133,2 milioni dello scorso esercizio; il peggioramento è unicamente attribuibile alle componenti più volatili legate alla fluttuazione dei tassi di cambio, che hanno determinato un onere di 36,9 milioni (3,4 nel 2004). È invece in sensibile riduzione il costo del servizio del debito: gli interessi passivi sono infatti diminuiti da 128,0 milioni a 99,8 milioni, -22,0%. Per effetto di quanto esposto, l'utile ante imposte è aumentato da 345,5 a 412,8 milioni di euro, +19,5%. Le imposte sul reddito si sono attestate a 117,8 milioni di euro (133,7 milioni del 2004), comprese imposte differite attive per 32,7 milioni riferite alla rivalutazione dei cespiti ai sensi della legge n. 266/05. Dopo utile di spettanza dei terzi per 39,4 milioni, l'utile netto di competenza del gruppo ha raggiunto 255,6 milioni di euro (174,9 milioni nel 2004, +46,1%). Il cash flow dell'esercizio 2005 è stato pari a 521,2 milioni di euro, contro 426,7 milioni del 2004.

Amortization and depreciation amounted to €226.2 million, as against €214.9 million in 2004. This trend is due to one-off restructuring charges regarding German operations amounting to €18.2 million and booked in the third quarter. Therefore, Ebit increased by 18.7%, from €484.2 million to €574.6 million, +€90.4 million. Financial expenses stood at €156.5 million, as against €133.2 million in the past year. This worsening is due solely to more volatile elements related to fluctuation in exchange rates, which caused a loss of €36.9 million (€3.4 million in 2004). Conversely, debt servicing costs show a significant decrease: interest costs, in fact, decreased from €128.0 million to €99.8 million, -22.0%. Consequently, profit before tax increased from €345.5 to €412.8 million, +19.5%. Income taxes stood at €117.8 million (€133.7 million in 2004), including deferred tax income totaling €32.7 million and referring to the revaluation of fixed assets, in compliance with Italian Law no. 266/05. After minority interest amounting to €39.4 million, the net profit attributable to the equity holders of the Company reached €255.6 million (€174.9 million in 2004, +46.1%). Cash flow of the year 2005 amounts to €521.2 million, compared to €426.7 million in 2004.

Robilante, Italia: le 3 torri di condizionamento e rispettivi elettrofiltri del forno 3
Robilante, Italy: the 3 conditioning towers and associated precipitators of kiln 3



Conto economico consolidato sintetico
Summary Consolidated Income Statement

(milioni di euro / millions of euro)

	2005	2004
	IFRS	IFRS
Ricavi netti Net sales	2.951,4	2.771,6
Consumi, costi operativi e servizi <i>Materials, operating expenses and services</i>	(1.770,6)	(1.658,0)
Proventi e oneri non ricorrenti <i>Non-recurring income and expenses</i>	38,9	3,5
Costo del lavoro <i>Staff costs</i>	(418,9)	(418,0)
Margine operativo lordo Operating cash flow (EBITDA)	800,8	699,1
Ammortamenti e svalutazioni <i>Depreciation and amortization</i>	(226,2)	(214,9)
Risultato operativo Operating profit (EBIT)	574,6	484,2
Oneri finanziari netti <i>Finance costs, net</i>	(156,5)	(133,2)
Risultati delle partecipazioni <i>Equity in earnings of associates</i>	(5,3)	(5,5)
Risultato ante imposte Profit before tax	412,8	345,5
Imposte sul reddito <i>Income tax expense</i>	(117,8)	(133,7)
Utile netto Net Profit	295,0	211,8
Quota terzi <i>Minority interest</i>	(39,4)	(36,9)
Utile netto del gruppo Consolidated net profit	255,6	174,9
Autofinanziamento (utile + ammortamenti) Cash flow (<i>net profit + depreciation</i>)	521,2	426,7

L'indebitamento finanziario netto del gruppo al 31 dicembre 2005 si è attestato a 1.051,3 milioni di euro, in diminuzione di 224,1 milioni rispetto ai 1.275,4 milioni di fine 2004. Nel 2005, il gruppo ha distribuito dividendi per 66,9 milioni, di cui 57,5 milioni da parte della capogruppo Buzzi Unicem S.p.A., ed effettuato investimenti per 243,0 milioni di euro. Di questi, circa 21 milioni (per il 50% di competenza del gruppo) sono stati destinati alla costruzione della seconda linea di produzione che raddoppierà la capacità della cementeria di Cerritos. A Houston, Alamo Cement ha iniziato la costruzione di un terminale di importazione cemento in partnership con Ash Grove, mentre Buzzi Unicem USA ha acquistato 10 betoniere ed ha migliorato il sistema di alimentazione del petcoke ai forni di Selma (MO).

The group's net indebtedness as of 31 December 2005 stood at €1,051.3 million, showing a decrease of €224.1 million compared with €1,275.4 million at 2004 year-end. In 2005 the group paid out dividends for €66.9 million, €57.5 million thereof by the parent company Buzzi Unicem S.p.A., and invested €243.0 million, of which around €21 million (50% share) for the construction of the second production line which will double the capacity of the cement plant of Cerritos. In Houston, Alamo Cement started the construction of a cement transfer terminal in partnership with Ash Grove, while Buzzi Unicem USA purchased 10 truck mixers and improved the petcoke feeding system for the kilns at Selma (MO).

Tra i principali investimenti effettuati in Italia, si segnalano il nuovo mulino Horomill presso lo stabilimento di Augusta (SR), il completamento delle opere minerarie presso la cava di Monfranco (CN), l'installazione del controllo di qualità online a Trino (VC), il by-pass del cloro con recupero delle polveri a Barletta (BA).

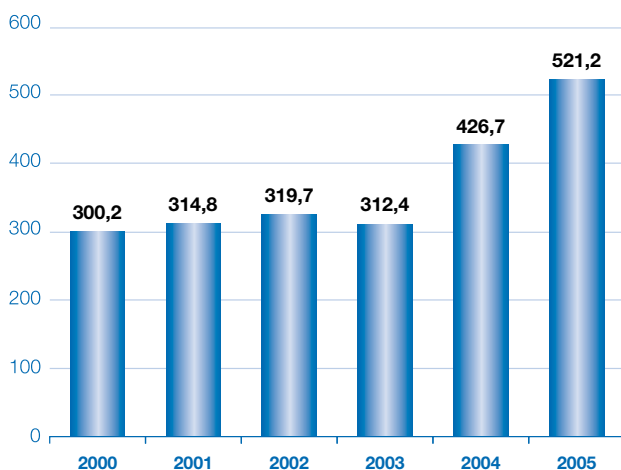
In Germania, è stato completato il by-pass del forno per il trattamento dei gas residui nello stabilimento di Amöneburg ed è stato rafforzato il sistema industriale, incrementando le quote detenute in NCD (Olanda) e Cement Hranice (Repubblica Ceca), con un investimento complessivo di circa 30 milioni. In Ucraina, è continuato nel 2005 il programma di investimenti volto a modernizzare e rendere più efficienti le strutture produttive; in particolare, si segnalano l'ammodernamento del forno n. 2 e l'installazione di un nuovo separatore del cemento a Yugcement (Nikolajev, ca 35 km dal Mar Nero), per oltre 7 milioni di euro. Anche in Repubblica Ceca è in corso di installazione un nuovo separatore del cemento. Si ricorda infine che nel mese di gennaio, Buzzi Unicem ha rilevato da Banca IMI il 24,2% del capitale ordinario Dyckerhoff AG, con un esborso di 418,5 milioni di euro. A seguito dell'introduzione dei criteri IFRS, in base ai quali il presente bilancio è stato redatto, tale impegno è già incluso nell'indebitamento al 31 dicembre 2004.

Among the major investments that were made in Italy, worth mentioning are the new Horomill at the Augusta plant (SR), the completion of the mining works at the Monfranco quarry (CN), the installation of the online quality control system at Trino (VC), and the Chlorine bypass with dust recovery at Barletta (BA).

In Germany, the bypass of the kiln for residual gas treatment at the Amöneburg plant was completed, and the industrial system was reinforced by increasing the ownership interest held in NCD (Holland) and Cement Hranice (Czech Republic), with a total investment of about €30 million. In Ukraine, in 2005 the investment plan continued in order to modernize the production units and increase their efficiency. We highlight in particular the refurbishing of kiln no. 2 and the installation of a new cement separator at Yugcement (Nikolajev, about 35 km from the Black Sea), amounting to more than €7 million. Also in the Czech Republic, a new cement separator is being installed. Finally, it is worth mentioning that in January, Buzzi Unicem acquired 24.2% of the ordinary capital of Dyckerhoff AG from Banca IMI, paying €418.5 million. Following the introduction of IFRS criteria, according to which these financial statements were drawn up, the above-mentioned obligation has already been included in the net debt as of 31 December 2004.

Autofinanziamento **Cash Flow**

(milioni di euro / millions of euro)



Le componenti attive e passive della posizione finanziaria netta, suddivise per grado di liquidità, sono riportate nella tabella seguente:

The assets and liabilities of the net financial position, divided by degree of liquidity, are shown in the table below:

<p>Posizione finanziaria netta <i>Net financial position</i></p>

(milioni di euro / millions of euro)

	31.12.2005 IFRS	31.12.2004 IFRS
Disponibilità ed attività finanziarie a breve <i>Cash, banks and marketable securities</i>	520,4	886,4
Debiti finanziari a breve <i>Short-term debt</i>	(131,1)	(662,2)
Disponibilità netta a breve <i>Net short-term cash</i>	389,3	224,2
Attività finanziarie a medio lungo termine <i>Long-term assets</i>	5,5	4,8
Debiti finanziari a medio e lungo termine <i>Long-term debt</i>	(1.446,1)	(1.504,4)
Posizione finanziaria netta <i>Net financial position</i>	(1.051,3)	(1.275,4)

Il patrimonio netto al 31 dicembre 2005, inclusa la quota spettante ai terzi, si è attestato a 2.230,1 milioni di euro contro 1.754,2 milioni di fine 2004; pertanto, il rapporto indebitamento finanziario/patrimonio netto è migliorato da 0,73 di fine 2004 a 0,47 al 31 dicembre 2005.

Durante il mese di giugno sono state assegnate n. 147.180 azioni di risparmio Buzzi Unicem di nuova emissione al personale con incarichi direttivi, legate al raggiungimento degli obiettivi 2004.

Nel corso dell'esercizio 2005, sono state convertite 115.440 obbligazioni convertibili "Buzzi Unicem 4% 2003-2008", con conseguente emissione di altrettante azioni ordinarie e riduzione dell'indebitamento per circa 11,5 milioni di euro.

The shareholders' equity as of 31 December 2005, including minority interest, was recorded at €2,230.1 million, against €1,754.2 million as of 2004 year-end. Therefore, the debt/equity ratio improved from 0.73 as of 2004 year-end to 0.47 as of 31 December 2005.

In June, no. 147,180 Buzzi Unicem new savings shares were assigned to the management, linked to the achievement of 2004 targets.

During the 2005 financial year, no. 115,440 "Buzzi Unicem 4% 2003-2008" convertible bonds were converted, with the consequent issue of a corresponding number of ordinary shares and a reduction of indebtedness by around €11.5 million.

Stato patrimoniale consolidato sintetico
Summary Consolidated Balance Sheet

(milioni di euro / millions of euro)

	31.12.2005 IFRS	31.12.2004 IFRS
Immobilizzazioni materiali ed immateriali nette <i>Property, plant, equipment and intangible fixed assets, net</i>	3.692,6	3.455,3
Immobilizzazioni finanziarie <i>Financial fixed assets</i>	185,5	162,4
Capitale d'esercizio <i>Working capital</i>	562,5	471,5
Capitale investito netto <i>Net invested capital</i>	4.440,6	4.089,2
Patrimonio netto <i>Equity</i>	2.230,1	1.754,2
di cui, Quota terzi <i>of which, Minority interest</i>	346,2	287,4
Fondi e benefici per i dipendenti <i>Employee benefits and provisions</i>	1.159,2	1.059,6
Posizione finanziaria netta <i>Net financial position</i>	1.051,3	1.275,4
Copertura <i>Total financing</i>	4.440,6	4.089,2

Intorno ai Giochi Olimpici

Around the Olympic Games

Il Villaggio Olimpico di Torino

Questa struttura ospiterà ha ospitato 2.600 atleti. La zona interessata - attigua al Lingotto e collegata da un ponte pedonale al quartiere generale di Torino 2006 - è di oltre centomila metri quadrati: al centro si trova l'edificio storico dei Mercati Generali, che risale al 1934 ed è stato restaurato.

Tale struttura è destinata a diventare un'area di servizi: durante i Giochi hanno trovato qui la loro sede il centro logistico, quello commerciale, l'area relax riservata agli atleti e allo staff e anche un'ampia zona parcheggi.

All'interno sono stati collocati il centro di accreditamento, un polo commerciale di circa 1.500 m², una zona ristoro per gli atleti e gli accompagnatori, sale mediche e sale massaggi, aree riservate al personale del villaggio e altre per il tempo libero. Attorno al nucleo centrale sono state disposte le strutture residenziali per i 2.500 atleti.

Nello stesso complesso è sorto anche il Villaggio Media principale (Main Media Centre).

Dopo le Olimpiadi è diventato patrimonio della città: in parte riconvertito a uso residenziale, in parte ospita spazi per la ricerca e i servizi avanzati.

Il progetto è stato scelto attraverso un concorso internazionale vinto da un raggruppamento coordinato dagli architetti Benedetto Camerana e Giorgio Rosental. E' stato realizzato seguendo i criteri della bioarchitettura: pannelli e celle fotovoltaiche, una rete di teleriscaldamento e sistemi solari ad aria per la ventilazione, con un risparmio pari al 60% di energia usata ed emissioni inquinanti.

The Olympic Village in Turin

It covered an area of more than 100,000 square meters and accommodated 2,600 athletes. It is situated next to the Lingotto and connected to the Torino 2006 district by a pedestrian bridge. The historic Mercati Generali structure built in 1934 is located in the middle of the district and underwent restoration for the Olympic Games. The building became a service area during the

Games, accommodating the logistics center, commercial center, relaxation area reserved for athletes and coaches, plus a large parking area.

There was also be an accreditation center, a 1,500 square meter commercial center, a restaurant for the athletes and coaches, medical and massage rooms, and areas reserved for the village staff and for recreation.

The residential buildings housing the 2,600 athletes were built around the central nucleus, with the main Media Village located in the same complex. After the Olympic Games, the complex turned over to the city for residential use and facilities for research and advanced services. The design for the complex was chosen through an international competition, which was won by a team coordinated by architects Benedetto Camerana and Giorgio Rosental. The environmentally friendly design features photovoltaic panels and cells, a district heating system, solar heating and cooling systems, estimated to reduce energy consumption and pollution emissions by 60%.



PALAZZO A VELA

Una struttura a vela realizzata su tre archi in cemento armato, ruotata di 60 gradi ed ancorata a terra in tre punti, con base esagonale e inscritta in un cerchio di 130 m di diametro e altezza di 29 m, con 16.000 m² di volta. Ha ospitato le specialità olimpiche di Pattinaggio Artistico e Short-Track.

The sail-like structure consists of three reinforced concrete arches, rotated by 60° and fixed to the ground at three points. It has a hexagonal base within a 130-meter diameter circle, is 29 meters high and has 16,000 square meters of vaulted ceiling. It served as the venue for the Figure Skating and Short-Tracking competitions.



PALAHOCKEY

E' sorto a fianco dell'area dell'ex stadio comunale, dove si trovano la Torre Maratona, lo Stadio ed il Grande Green che hanno ridefinito lo scenario urbano dell'area di Piazza D'armi. E' una costruzione in acciaio Inox che racchiude un sistema di tribune mobili e la possibilità di modificare la quota del campo di hockey: permetterà di ottenere un grande numero di assetti e differenti possibilità d'uso in futuro del palazzo.

The new Palahockey stadium was built in the former municipal stadium area and includes the Torre Maratona, the stadium and the Grande Green, redefining the urban landscape of the Piazza D'Armi area. The stainless steel structure features movable seating and the ability to change the layout of the hockey rink, thus creating many different configurations for a variety of uses of the stadium.



PALAZZO DEL GHIACCIO

Si presenta con un lato curvilineo ed un muro in mattoni a vista, parallelo a corso Tazzoli e che prosegue all'esterno dell'edificio delimitando le due piazze d'ingresso: un richiamo, nella forma e nel materiale, ad esempi storici quali il Teatro Regio o il Palazzo Carignano.

The curved front of the Palaghiaccio features an exposed brick wall parallel to corso Tazzoli that continues outside the building, demarcating the two entrance squares. The form and the materials used are reminiscent of historic places in Turin, such as the Teatro Regio and the Palazzo Carignano.



PALASPORT OVAL

Il palazzetto di velocità su ghiaccio è una struttura nuova, polivalente, costruita nell'area del Lingotto, a sud dell'attuale struttura fieristica e su terreni dello scalo ferroviario, che, durante il periodo olimpico era attigua al villaggio Olimpico, al Main Press Center e all'OBO. E' collegato al centro della città e alle stazioni ferroviarie con una fitta rete di mezzi di trasporto pubblico. Durante i Giochi, ha ospitato le gare di pattinaggio di velocità su anello di 400 m delle diverse specialità uomini e donne; nell'uso post-olimpico la struttura ha una destinazione dedicata ad attività fieristiche ed espositive connesse all'esistente Lingotto Fiere, pur mantenendo la possibilità di utilizzare l'impianto sportivo del ghiaccio.

L'edificio è contraddistinto da due grandi facciate a sud e nord mentre quella verso il Lingotto è completamente vetrata: ha ospitato al suo interno una pista ad anello refrigerata per il ghiaccio, con un ingombro di circa 180 x 68 m. La copertura della struttura è interamente sospesa, senza appoggi intermedi, in modo da creare un'unica superficie libera. Lungo il perimetro della pista erano previste le tribune per gli spettatori che, per il programma Olimpico hanno offerto una ricettività per le gare di velocità di circa 8.000 spettatori, mentre nella configurazione postolimpica si prevede una capacità ridotta a circa 2.000 spettatori, da ricavarli in tribune retrattili, disposte lungo un rettilineo e in superfici libere al piano della pista. Nell'uso postolimpico, per utilizzare il fabbricato come spazio espositivo, sono stati previsti elementi mobili trasversali che possano consentire la suddivisione dell'edificio in più volumi di superficie ridotta.

La gara per la realizzazione dell'OVAL è stata aggiudicata al gruppo Hok Sport di Londra e allo Studio Zoppini di Milano. Tra gli incarichi del gruppo Hok l'adattamento sportivo del Millenium Dome (Greenwich, London UK), la Philips Arena e il grande palasport di Nashville (Tennessee USA), lo stadio Olimpico di Sidney, lo stadio di Wembley; lo Studio Zoppini invece ha nel suo curriculum la realizzazione dello stadio di Ryad, il centro sportivo della Sciorba a Genova, la piscina Olimpica di Fiume.

The speed skating rink is a new building located in the Lingotto area to the south of the current conference center. It is situated on land owned by the railway adjacent to the Olympic Village, the Main Press Center and the OBO. It is connected to the city center and railway station by a good public transport



VILLAGGI MEDIA / MEDIA VILLAGES

per gli operatori della stampa mondiale / for journalists from around the world

Villaggio Media / Media Village	Persone ospitate / People accomodated
Università / University (ex area Italgas / former Italgas area)	383
Politecnico / Polytechnic	404
Bit (ITC-ILO-BIT)	323
Mortara	1464
Verolengo	1380
Riberi (ex Ospedale Militare / former Military Hospital)	925
Grugliasco (ex Villa Claretta / former Villa Claretta)	374

10.000 operatori dei mass-media sono stati accreditati ai Giochi Olimpici e hanno alloggiato nei 7 Villaggi Media dislocati a Torino e in strutture alberghiere di montagna. Tutti i Villaggi hanno offerto uno standard di servizio equivalente a un Bed&Breakfast a tre stelle, nel rispetto di quanto richiesto dal CIO, con aree comuni di lavoro, ristoro e intrattenimento

The 10,000 mass media operators accredited for the Olympic Games stayed in the 7 Media Villages located in Turin and hotels in the mountains. All the Villages provided a standard of service equivalent to a 3-star Bed & Breakfast as requested by the CIO. The facilities provided common work, eating and entertainment areas.



system. During the Games, this large, new, multi-purpose structure hosted the men's and women's speed skating competitions on a 400 meter track. After the Olympics, the covered building is used for shows and fairs associated with the existing Lingotto Fiere complex, but it retains also still its use as an ice rink. The building features two large facades to the north and south, while the facade facing the Lingotto is made completely of glass. It accommodated a refrigerated track measuring approximately 180x68 meters. The roof is completely suspended without intermediate supports, thus creating a single surface free of encumbrances. The spectator seating was located around the perimeter of the rink with nearly 8,000 seats for the speed skating competitions but

reduced to approximately 2,000 seats after the Olympics. The seats are retractable, arranged simply in a straight line in the free areas at the edge of the track. After the Olympics, movable elements divide the building into several smaller areas that can be used for exhibitions.

The design competition for the OVAL was judged by Hok Sport of London and Studio Zoppini of Milan. The Hok group was responsible for adapting the Millennium Dome (Greenwich, London UK) for sporting events, the Philips Arena and the large sports stadium in Nashville (Tennessee USA), the Olympic stadium in Sydney, and Wembley Stadium. Studio Zoppini created the stadium in Riyadh, the Sciorba sports center in Genoa, and the Fiume Olympic swimming pool.



IMPIANTI NELLE VALLI / FACILITIES IN THE VALLEYS

BOB, SLITTINO E SKELETON A CESANA PARIOL

La pista per il bob aveva una lunghezza di 1760 m, dei quali 1435 di percorso di gara, 19 curve, 125 m di dislivello per una velocità massima 130 km/h, 15.000 spettatori, quota dell'intervento da 1700 a 1550 m.

Erano previsti alcuni edifici di supporto quali la partenza maschile e femminile, la partenza junior, l'edificio del traguardo e il ristorante, oltre a due edifici tecnici: la centrale impiantistica per la produzione del fluido freddo ed un edificio di allenamento, parzialmente interrato e con uno sviluppo di oltre 100 m, destinato ad una pista ghiacciata per effettuare gli allenamenti della spinta per le varie discipline.

The bobsled track was 1,760 meters long, 1,435 meters of which was used for the competition. Its features included 19 curves, a drop of 125 meters, a maximum speed of 130 km/h, 15,000 spectators at a height ranging between 1,700 and 1,550 meters. Several support buildings served as the men's and women's start, the junior start, the finish line and the restaurant. Two technical buildings contained the cold fluid production system and a training room which was partially underground, 100 m long and was used as an ice rink for the push training in different disciplines.

TRAMPOLINI DEL SALTO A PRAGELATO

L'opera comprende: trampolini olimpici (K120 gare individuali e a squadre; K95 gare individuali e combinata nordica); trampolini scuola (K60, K30, K15); torre dei giudici e locali di riscaldamento e di partenza (K120 e K95); pedane giudici (K60 e K30) e pedane allenatori (K120, K95, K60); locali tecnici; edificio polifunzionale; seggiovia, strade d'accesso, impianto di innevamento programmato e di irrigazione estiva dei trampolini, impianto di illuminazione per gare in notturna, reti di servizio. La struttura delle piste di lancio è in acciaio, con finitura in ceramica speciale; quella delle piste di atterraggio e di frenata è in cemento armato, appoggiata al suolo, con finitura in spazzole plastiche che permetteranno l'uso estivo dell'impianto. Entrambe le strutture sono fondate su pali e costituite da elementi prefabbricati dotati di sistemi di regolazione.

The facility consists of the Olympic ski jumps (K120 individual and team competitions; K95 individual and Nordic combined competitions); junior ski jumps (K60, K30, K15); judges' towers, warming rooms and starting platforms (K120 and K95); judges' platforms (K60 and K30) and coaches' platforms (K120, K95, K60); technical rooms; multi-purpose building; chairlift, access roads, programmed snow-making equipment and summer irrigation for the ski jumps, lighting for nighttime competitions, and service systems.

The ski jump structure is made of steel with a special ceramic finish; the raised landing and stopping area is made of reinforced concrete with a plastic brush finish so that the facility can also be used in the summer. Both structures are built on posts and are composed of prefabricated elements equipped with adjustment systems.



Nel 2005, il PIL italiano è rimasto sostanzialmente invariato rispetto all'anno precedente (+0,1%); si tratta di una performance deludente, che colloca il nostro Paese nelle ultime posizioni all'interno dell'Unione Europea e conferma le difficoltà di rilancio della nostra economia. Hanno mostrato un andamento negativo sia l'agricoltura che l'industria, mentre moderatamente positivo è stato il contributo dei servizi e delle costruzioni (+0,7%). L'inflazione media del 2005 si è attestata all'1,9%, con forti incrementi per elettricità e combustibili, dovuti all'escalation nel prezzo del greggio.

Dopo otto anni di crescita ininterrotta, il consumo di cemento nel 2005 è stato appena inferiore al 2004, a causa di una domanda meno dinamica da parte del settore delle opere pubbliche e di quello commerciale/industriale, che ha risentito delle difficoltà dell'economia. Si è invece confermata la vivacità del settore residenziale.

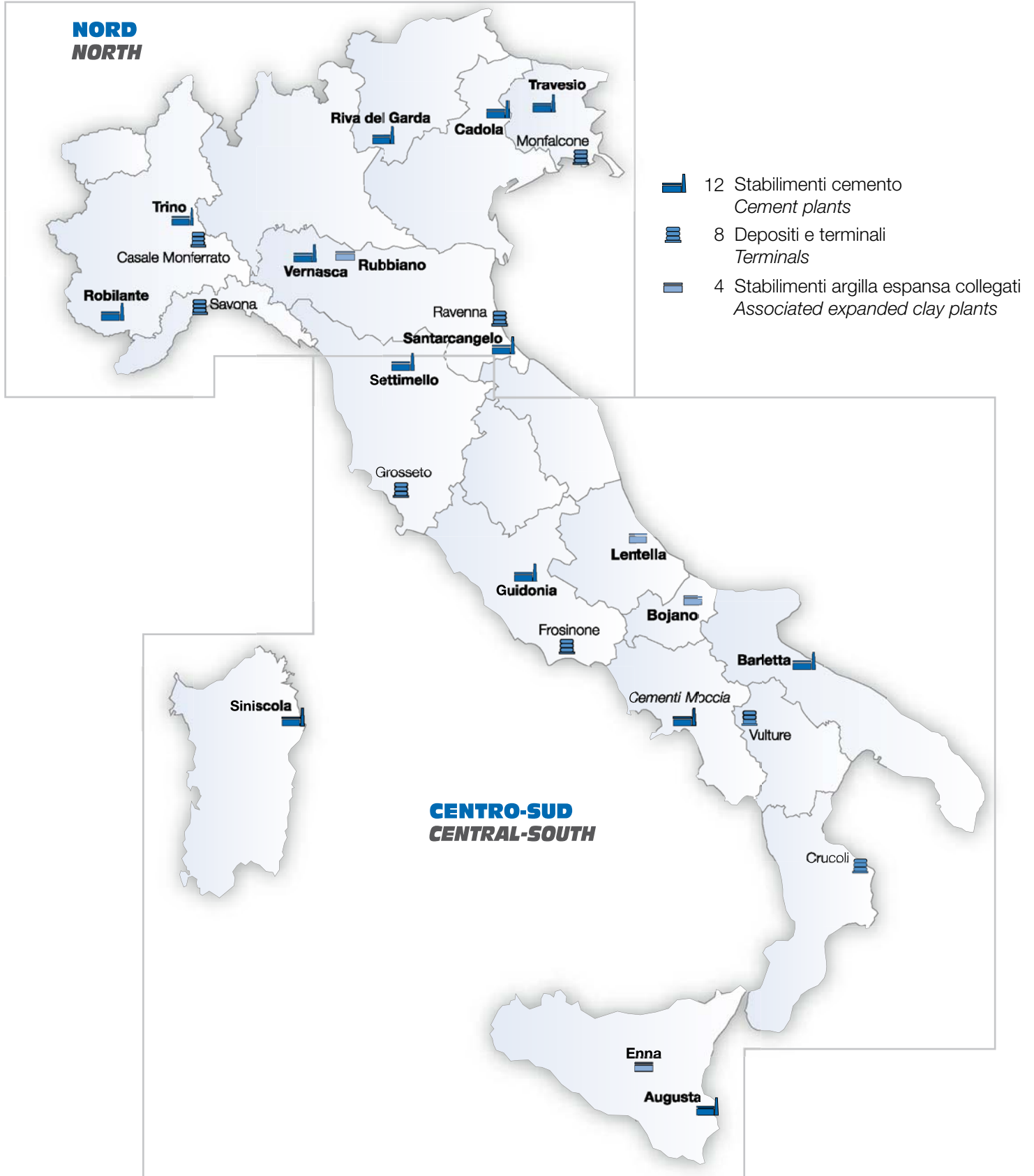
Per l'industria del **cemento**, il 2005 è stato un anno particolarmente complesso; alla tradizionale ed elevata pressione competitiva si sono abbinati un rilevante incremento del costo dei principali fattori produttivi ed un'importante discontinuità del contesto normativo, vale a dire l'entrata in vigore del protocollo di Kyoto. L'avvio della prima fase di applicazione, che abbraccia il triennio 2005–2007, è stato caratterizzato da notevoli ritardi da parte del legislatore, che hanno determinato un contesto normativo dai contorni non definiti, con ripercussioni sulla pianificazione della produzione ed aumento del livello di incertezza nel mercato. L'applicazione del protocollo ha infatti creato una notevole distorsione competitiva tra i produttori di Paesi ad esso aderenti e quelli che invece non lo sono: infatti, i primi hanno dovuto ed ancora devono affrontare interventi ed investimenti impegnativi e costosi per il rispetto dei limiti di emissione di anidride carbonica, che inevitabilmente li pone in una posizione di svantaggio competitivo nei confronti di chi invece non è sottoposto a tali vincoli.

In 2005, Italy's GDP remained substantially unchanged compared to the previous year (+0.1%). This is poor performance, which places Italy among the lowest performers in the European Union and confirms the difficulties of an economic re-launch. Both agriculture and industry showed a negative trend, while a moderate positive result was recorded in the services and construction industries (+0,7%). In 2005, average inflation was recorded at 1.9%, with strong increase in electricity and fuel costs, due to the escalation in the price of oil.

After eight years of uninterrupted growth, cement consumption in 2005 was slightly lower than in 2004, due to a less favorable demand by the public works sector and the commercial/industrial sector, which were affected by the difficulties in the economy. Conversely, residential building confirmed its vigorous performance.

*As regards the **cement** industry, 2005 was a particularly complex year. A relevant increase in the major production factors and a remarkable discontinuity of the regulation framework (i.e. the enforcement of the Kyoto protocol) were added to the traditionally strong competition. The beginning of the first implementation phase, covering the years 2005-2007, was characterized by remarkable legislation delays, which caused an indefinite regulatory context, with a negative impact on the scheduling of production and a greater uncertainty in the market. The implementation of the protocol in fact created a remarkable competition misalignment between producers of countries adhering to the protocol and those of non-adhering ones. The former had, and still have, to carry out demanding and costly interventions and investments to comply with restrictions of carbon dioxide emissions, which inevitably place them in a disadvantageous position with respect to competitors who are not bound by those restrictions.*

Cemento Italia
Cement Operations in Italy



Buzzi Unicem si è preparata con grande attenzione ai cambiamenti imposti dalla nuova regolamentazione, con l'obiettivo di perseguire il miglior compromesso tra l'esigenza di non penalizzare il livello di produzione e quella di ridurre le emissioni di anidride carbonica; tra gli interventi principali, si segnalano la riduzione del rapporto clinker/cemento, il ricorso a combustibili alternativi, la riduzione delle vendite di semilavorato. Varie altre misure sono in fase di studio o implementazione; la loro realizzabilità è pesantemente condizionata dalle lacune e dalle contraddizioni delle norme attuali. Si auspica che, in vista della seconda fase di applicazione del protocollo, il quadro sia opportunamente rivisto e corretto per consentire a tutti i produttori domestici di continuare a soddisfare la domanda e competere con i produttori siti in Paesi extra Kyoto senza ulteriori penalizzazioni.

Buzzi Unicem prepared itself for the changes defined by the new legislation with great care, striving to obtain the best compromise between the need to not penalize the production level and the need to reduce carbon dioxide emissions. Among the major investments, we highlight the reduction of the clinker/cement ratio, the adoption of alternative fuels, and the reduction in sales of semi-finished products. Various other measures are being studied or implemented, and their feasibility is greatly affected by the shortcomings and contradictions of the regulations in force. We hope that, in view of the second implementation phase of the protocol, the framework will be adequately reviewed and adjusted in order to enable every domestic producer to meet the demand and compete with producers in extra-Kyoto countries without further constraints.

Robilante, Italia: pala gommata al lavoro in cava calcare
Robilante, Italy: wheel loader working in the limestone quarry



In questo contesto sfidante, le vendite di leganti idraulici e clinker di Buzzi Unicem nel 2005 sono diminuite del 2,9% rispetto al 2004; i volumi, fino a settembre sostanzialmente in linea con l'esercizio precedente, hanno subito un rallentamento nel quarto trimestre dell'anno, attribuibile da un lato ad una politica commerciale orientata a contenere l'impatto dell'aumento dei costi di produzione sulla redditività e dall'altro alle difficili condizioni meteorologiche, in particolare nel mese di dicembre. In contraddizione con una domanda comunque su livelli elevati, fino a metà 2005 i ricavi medi unitari hanno mantenuto il trend decrescente manifestatosi a partire dal settembre 2004, attribuibile all'accesa concorrenzialità tra gli operatori. Solo a partire dalla seconda metà dell'anno si sono osservati i primi segnali di inversione, rafforzatisi nell'ultimo trimestre anche se a parziale discapito delle quantità vendute. Per l'intero 2005, i ricavi medi unitari sono così diminuiti di alcuni punti percentuali, portandosi su livelli non soddisfacenti in relazione sia al livello medio dei principali Paesi occidentali sia al forte incremento dei costi di produzione. Il fatturato del settore cemento nel 2005 si è attestato a 544,5 milioni di euro, -4,6% nei confronti del 2004 (571,0 milioni). Il margine operativo lordo, pari a 215,4 milioni nel 2004, è sceso a 199,5 milioni (-7,4%); tale valore include proventi non ricorrenti per 37,1 milioni, relativi alla cessione della partecipazione di minoranza (5%) posseduta da Buzzi Unicem S.p.A. in E.On Italia Produzione a E.On Kraftwerke, già azionista di controllo della società ed operatore internazionale di prima grandezza. La cessione rientra nell'ambito dell'intensa collaborazione fra Buzzi Unicem ed E.On, che ha permesso di assicurare al nostro Paese un progetto industriale ed un investimento estero di rilevante interesse strategico ed economico, che si concretizzerà nella realizzazione di una centrale elettrica a gas naturale a Livorno Ferraris (VC). La cooperazione tra Buzzi Unicem ed E.On proseguirà nella fase di realizzazione della centrale e fino al suo avvio e porterà alla definizione di nuove intese per garantire a Buzzi Unicem la fornitura di energia elettrica a condizioni migliori di quelle del mercato.

Escludendo i proventi non ricorrenti di cui sopra, il margine operativo lordo si sarebbe attestato a 162,5 milioni di euro, -24,9% sul 2004, con un'incidenza sul fatturato scesa al 29,9% (37,9% nel 2004); la notevole contrazione della redditività è dovuta al combinato effetto di minori ricavi unitari e maggiori costi di produzione, in particolare combustibili e materie prime. Non trascurabili sono stati anche i costi per l'adeguamento alle sempre più stringenti normative in tema ambiente e sicurezza, fra cui la direttiva sulla riduzione del contenuto di cromo esavalente nel cemento.

Within this challenging context, in 2005 Buzzi Unicem's sales of hydraulic binders and clinker decreased by 2.9% over 2004. Volumes, which until September were substantially in line with the previous year, slowed down in the last three months of the year, due to a commercial policy aimed at containing the impact of production cost increases on profitability on the one hand, and the harsh weather conditions, particularly in December, on the other hand. In contrast with a still high demand, until mid-2005 unit average revenues maintained the downward trend shown since September 2004, due to strong competition. The first signs of an upward trend were recorded only from the second half of the year onward. These signs strengthened in the last quarter, although to the partial detriment of sales. Throughout 2005, average unit revenues therefore decreased by some percentage points, reaching unsatisfactory levels with respect to both the average level of the major Western countries and the high increase in production costs. In 2005, net sales in the cement sector were recorded at €544.5 million, -4.6% over 2004 (€571.0 million). EBITDA, equal to €215.4 million in 2004, decreased to €199.5 million (-7.4%). This figure includes non-recurring income of €37.1 million regarding the sale of the minority interest (5%) held by Buzzi Unicem SpA in E.On Italia Produzione to E.On Kraftwerke, already the controlling shareholder of the company and a top international player. The agreement is the completion of a successful co-operation between Buzzi Unicem and E.On, which led to an industrial project and a foreign investment of major strategic and economic interest for Italy. According to this project, a natural gas power plant will be built at Livorno Ferraris (VC). The cooperation between Buzzi Unicem and E.On will continue with the construction and start-up phases of the power plant and will lead to the definition of new agreements to ensure the supply of electric power to Buzzi Unicem at competitive terms.

Net of the above non-recurring income, EBITDA would be recorded at €162.5 million, -24.9% over 2004, with EBITDA to sales margin down to 29.9% (37.9% in 2004). The remarkable reduction in profitability is due to the combined effect of lower unit revenues and higher production costs, in particular fuels and raw materials. Not insignificant were also the costs for the compliance to the ever more stringent regulations regarding safety and the environment, among which we note the directive regarding the reduction of hexavalent chromium in cements.

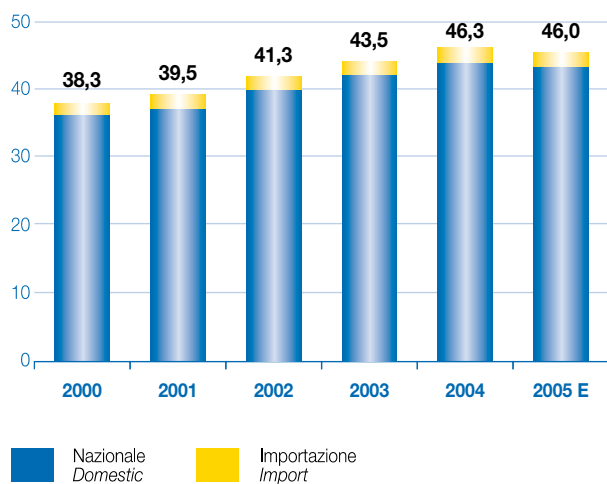
Si riportano di seguito i dati di sintesi delle società del settore cemento operanti in Italia, prima delle eliminazioni tra settori di attività:

The following shows the key data for the cement sector in Italy, before eliminations between lines of business:

	(milioni di euro / millions of euro)	
	2005	2004
Ricavi netti <i>Net sales</i>	544,5	571,0
Margine operativo lordo <i>EBITDA</i>	199,5	215,4
Margine operativo lordo al netto componenti non ricorrenti <i>EBITDA, net of non-recurring items</i>	162,5	216,4
% sui ricavi netti <i>% of sales</i>	29,9	37,9
Investimenti industriali <i>Capital expenditures</i>	40,2	54,1
Addetti a fine periodo <i>Headcount end of period</i>	1.468	1.475

Consumo di cemento in Italia *Cement Consumption in Italy*

(milioni di ton / million tons)



Calcestruzzo Italia
Ready-mix Concrete Operations in Italy



Tra gli investimenti effettuati nel settore cemento, si segnalano il nuovo mulino Horomill presso lo stabilimento di Augusta (SR), il completamento delle opere minerarie presso la cava di Monfranco (CN), l'installazione del controllo di qualità online a Trino (VC), il by-pass del cloro con recupero delle polveri a Barletta (BA).

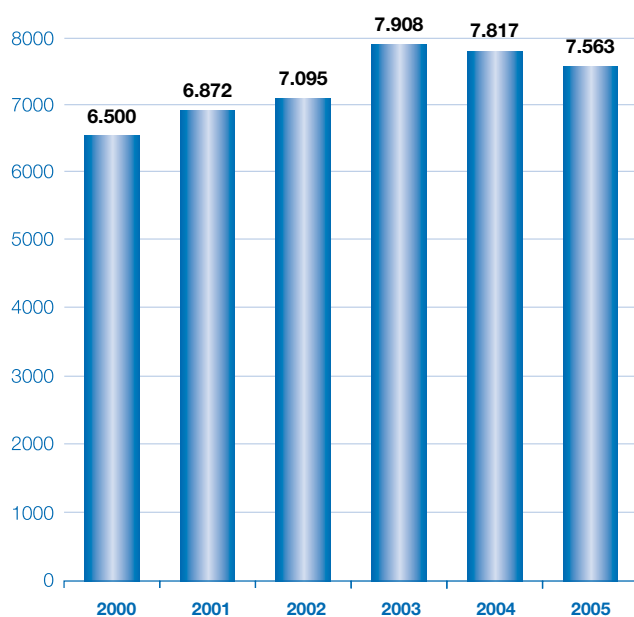
Le vendite di **calcestruzzo preconfezionato** sono diminuite del 3,2%; confermando la tendenza già delineatasi a metà anno, i volumi realizzati nel mercato ordinario si sono mantenuti su livelli analoghi allo scorso esercizio, mentre è risultato inferiore il prodotto destinato ai grandi progetti. I ritardi nell'apertura di alcuni cantieri hanno impedito di compensare il fisiologico declino delle forniture ad alcune grandi commesse in avanzato stadio di realizzazione. In presenza di ricavi medi unitari appena superiori al 2004, il fatturato del settore calcestruzzo si è attestato a 532,1 milioni di euro (-1,0%). Il forte aumento dei combustibili, con conseguente aggravio dei costi di trasporto e delle materie prime, ha penalizzato la redditività: il margine operativo lordo è infatti declinato a 39,0 milioni (48,9 del 2004), pari al 7,3% del fatturato (9,1% nel 2004).

Amongst the investments made in Italy worth mentioning are the new Horomill at the Augusta plant (SR), the completion of mining works at the Monfranco quarry (CN), the installation of the online quality control at Trino (VC), and the chlorine bypass with dust recovery at Barletta (BA).

Sales of ready-mix concrete decreased by 3.2%, thus confirming the trend which was already clear by mid-year. Volumes achieved in the ordinary market stood at the same levels as the previous year, while supplies to civil engineering works were lower. Due to the delays in the opening of some large construction sites, the natural decrease in supplies to some important projects in advanced stages of execution could not be offset. In the presence of unit average revenues slightly higher than in 2004, net sales regarding the concrete sector were recorded at €532.1 million (-1.0%). The strong increase in fuels, with consequent increase in transportation costs and raw materials, penalized profitability. EBITDA has, in fact, decreased to € 39.0 million (€48.9 million in 2004), corresponding to 7.3% of sales (9.1% in 2004).

Vendite di calcestruzzo in Italia Ready-mix Concrete Sales in Italy

(m³/000)



Si riassumono 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 is a summary of the key data for the ready-mix concrete and aggregates sector in Italy, before elimination between lines of business:

		(milioni di euro / millions of euro)	
		2005	2004
Ricavi netti <i>Net sales</i>		532,1	537,3
Margine operativo lordo EBITDA		39,0	48,9
% sui ricavi netti <i>% of sales</i>		7,3	9,1
Investimenti industriali <i>Capital expenditures</i>		14,4	11,4
Addetti a fine periodo <i>Headcount end of period</i>	(numero / number)	680	687

Tra gli investimenti più significativi del 2005, si segnala l'acquisto della cava di Cascina Suffragio (CN) e la sostituzione dell'impianto di frantumazione di Cava Ceretto (TO); è stato inoltre acquisito il restante 75% di Nova Beton, successivamente fusa in Unical.

Amongst the most significant investments in 2005, noteworthy are the purchase of the Cascina Suffragio quarry (CN) and the replacement of the grinding plant at Cava Ceretto (TO). Moreover the remaining 75% of Nova Beton, subsequently merged into Unical, was acquired.

Oval, il grande anello di ghiaccio

The big ring of ice

Una miscela da Olimpiade

Il mix design è stato progettato con lo scopo di limitare il più possibile la formazione di fessure sulla superficie della pista che, data l'assenza di giunti di controllo, comprometterebbero la durabilità ed eventualmente la continuità dello strato di ghiaccio sovrastante.

La fitta maglia di ferri e tubazioni ha reso necessario ideare una miscela con proprietà reologiche tali da consentire un'omogenea distribuzione del materiale all'interno del massetto anche in assenza di vibrazione. Dopo numerose prove di laboratorio si è individuata la miscela idonea a soddisfare i requisiti previsti, ovvero contenimento dei fenomeni di ritiro, accentuati dalle alte temperature previste in fase di getto, facilità di messa in opera, elevata resistenza e scorrimento tale da assicurare una buona capacità di riempimento.

Le prove si sono indirizzate verso l'utilizzo di una miscela che, mantenendo le prescrizioni richieste consentisse ai pavimentisti incaricati una buona messa in opera. Tale fattore è stato determinante per stabilire

una maggior sinergia tra i tempi di presa e l'organizzazione della manodopera, allo scopo di evitare interruzioni di getto e garantire la costanza delle fasi di lavorazione. I fenomeni di ritiro sono stati controllati aggiungendo all'impasto sia fibre polipropilene che additivo espansivo, mentre la lavorabilità è stata ottenuta ricorrendo ad additivi fluidificanti a base acrilica nonché ad un adeguato fuso granulometrico. È stata aggiunta, inoltre, una piccola quantità di aerante per migliorare il comportamento del calcestruzzo con l'azione del ghiaccio.

A mixture of Olympic proportions

The mix was designed to reduce cracking on the surface of the track to a minimum, to avoid jeopardizing the reliability, and eventually the continuity, of the overlying ice layer due to the lack of control joints.

The embedded network of iron rods and pipes required us to design a mixture whose rheological properties would allow the material to be distributed uniformly inside the slab even in the absence of vibrations.

After numerous laboratory tests we finally

came up with the ideal mixture to meet the specifications, which were to reduce the shrinkage phenomenon (that was exacerbated by the hot weather during the casting phase), to facilitate construction, and confer a high level of resistance; moreover to flow to ensure the good fill capacity of the concrete.

Tests were performed on the mixture to determine how best to lay the floors and still meet the required specifications, an important factor in creating greater synergies between the setting times of the concrete and organizing the manpower to avoid interruptions during casting and ensure consistency during the work phases.

The shrinkage phenomenon was controlled by adding polypropylene fibers and an expansion additive to the mixture, while the workability of the cement was increased by adding acrylic-based fluidizing agents and ensuring adequate granulometry during casting.

A small amount of aerating agent was also added to improve the behavior of the concrete when the ice is laid.





Fase lavorativa / Casting time checklist		Ora / Time
Controllo efficienza impianto <i>Check effectiveness of the system</i>		h. 9:30 - 03/08/2005
Partenza prima autobetoniera <i>Start first Concrete truck-mixer</i>		h. 15:00
Inizio scarico prima autobetoniera <i>Start unloading first Concrete truck-mixer</i>		h. 15:45
Inizio elicotteratura <i>Start finishing</i>		h. 18:00
Fine scarico ultima autobetoniera <i>Start unloading last Concrete truck-mixer</i>		h. 11:30 - 04/08/2005
Fine lavorazione <i>Finish work</i>		h. 14:00 - 04/08/2005

Prescrizioni del calcestruzzo

- Rck 30 D_{max} 20 mm a consistenza S5 e a/c ≤ 0,50.
- Classe esposizione 2b (con circa il 4% di aria).
- Calcestruzzo con minimi valori di ritiro plastico e igrometrico.
- Mantenimento della lavorabilità superiore a 2 ore.
- Calcestruzzo con assenza di segregazione ed ottime proprietà di riempimento in modo tale da avvolgere completamente serpentina e ferri.
- Getto monolitico con assenza di giunti di contrazione o controllo.
- Inizio della fase di frattazzatura superficiale dopo un massimo di 3/4 ore dall'inizio del getto.

Concrete specifications

- Rck 30 D_{max} 20 mm with a consistency of S5 and a/c ≤ 0.50.
- Exposure class 2b (with approximately 4% air).
- Concrete with minimum plastic and hygrometric shrinkage values.
- Over 2 hours of workability.
- Concrete without joints and excellent fill properties to completely cover the serpentine piping and iron rods.
- Monolithic casting without contraction or control joints.
- Start of the float-finish phase of the surface no more than 3/4 hours after start of casting.

Dati Tecnici

- Superficie 5.060 m² 400 m x 12.65 m.
- Spessore medio del massetto 15 cm.
- Presenza di doppia rete elettrosaldata di Ø 5 con maglia di 15 cm.
La rete sottostante tenuta sollevata di 2 cm mediante distanziali mentre quella sovrastante appoggiata sulla serpentina.
- Sviluppo lineare della serpentina per il congelamento pista: circa 60 km.
- Presenza di cavedi per l'alloggiamento dell'impianto di refrigerazione.
- Interasse tubazioni serpentina di refrigerazione 80 mm.
- Isolamento costituito da un doppio strato incrociato di Foam Glass avente spessore 5 cm ed impermeabilizzato con guaina bituminosa.

Specifications

- Surface area 5,060 m² 400 m x 12.65 m.
- Average thickness of the slab 15 cm.
- Double network of electrowelded Ø 5 pipe with a mesh of 15 cm.
The lower network is raised 2 cm with spacers while the upper network is supported on the serpentine piping.
- Laying of the serpentine piping to freeze the track: approximately 60 km.
- Creation of shafts to house the refrigeration system.
- Distance between refrigeration serpentine piping 80 mm.
- Insulation consisting of a double 5 cm thick layer of Foam Glass impermeabilized with a bitumen sheath.

Germania Germany

Negli ultimi anni, le aziende tedesche hanno realizzato un'impressionante serie di ristrutturazioni, mirate al recupero dell'efficienza e della competitività; gli altrettanto notevoli sforzi profusi a livello statale sembrano aver trovato nuovo slancio dopo le elezioni politiche ed il varo del nuovo governo, sostenuto da un'ampia ed apparentemente solida coalizione. Grazie al recupero di efficienza, le esportazioni hanno mantenuto il proprio ruolo di traino dell'economia, consentendo al PIL di crescere dello 0,9% nel 2005. L'elevata disoccupazione e la debolezza della domanda interna, consumi privati innanzitutto, continuano invece a costituire un freno all'economia; gli investimenti in costruzioni sono nuovamente diminuiti ed hanno determinato una contrazione del consumo di cemento del 6,5% circa, peggiore delle attese di inizio anno. E' proseguito, da parte degli operatori leader di mercato, il tentativo di riduzione del divario tra domanda e offerta, presupposto indispensabile per un recupero di redditività del settore; si è inoltre assistito ad alcuni mutamenti nell'assetto proprietario, che hanno coinvolto anche operatori di elevato standing, senza però ridurre significativamente la frammentazione del sistema.

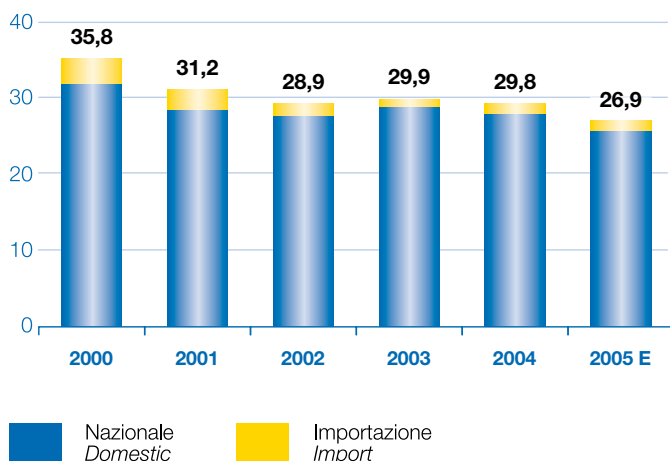
A cavallo tra il 2005 ed il 2006, accreditati indicatori sulle prospettive dell'economia hanno toccato i livelli massimi da quasi sei anni, alimentando aspettative di un rafforzamento dell'economia tedesca; se le indicazioni venissero confermate, potrebbe delinearsi una lieve ripresa anche nel settore delle costruzioni, dopo anni di continuo declino.

In the last few years, German companies carried out major restructuring aimed at recovering efficiency and competitiveness. The great efforts made at government level seem to gain new strength after the political elections and the inauguration of the new government, supported by a wide and apparently strong coalition. Thanks to the recovery of efficiency, exports maintained their driving role in the economy, allowing a 0.9% growth in GDP in 2005. High unemployment and weak national demand, due especially to low consumer spending, still have a braking effect on the economy. Investments in new constructions have decreased, thus causing a reduction in cement consumption by around 6.5%, worse than what forecast at the beginning of the year. The leading players in the market are still striving to reduce the gap between demand and supply, which is the indispensable prerequisite to recovering profitability in the sector. Furthermore, some changes in ownership structure have occurred, involving also producers of high standing, without however remarkably reducing the fragmentation of the system.

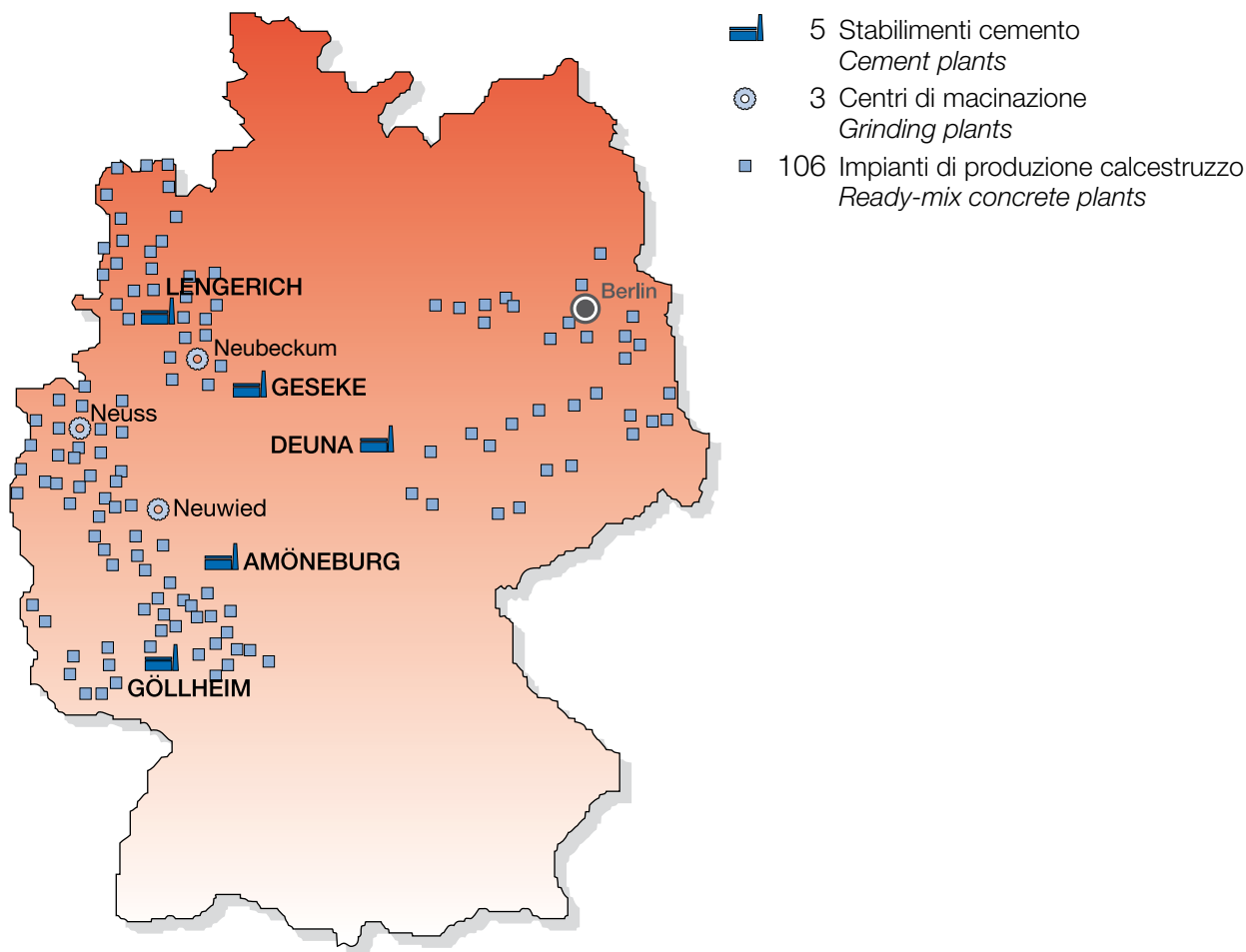
Between 2005 and 2006, accredited indicators of economic trends reached their highest levels in almost six years, thus fostering expectations of a strengthening German economy. If these indications are confirmed, a slight recovery in the construction industry may be on the horizon, after several years of continuous decline.

Consumo di cemento in Germania Cement Consumption in Germany

(milioni di ton / million tons)



Attività in Germania Operations in Germany



Anche in Germania, come in tutta l'Unione Europea, il 2005 è stato l'anno dell'entrata in vigore del protocollo di Kyoto, in vista del quale il Paese si è dotato per tempo di un quadro normativo appropriato. Il settore del cemento tedesco, perlomeno nel triennio 2005–2008, sembra trovarsi in una condizione antitetica rispetto a quella italiana. La drastica riduzione del consumo di cemento dai livelli dell'anno 2000 (oltre il 25%) ha comportato pesanti sofferenze sul piano reddituale ed una forte riduzione della produzione, realizzata anche attraverso difficili processi di ristrutturazione da parte dei principali attori. Alla riduzione della produzione ha corrisposto un'analogua diminuzione delle emissioni di anidride carbonica; dal momento che il livello delle emissioni assegnato per il triennio 2005–2008 è strettamente connesso a quello degli anni a cavallo del 2000, l'industria del cemento in Germania dispone tendenzialmente di assegnazioni in eccesso rispetto a quelle necessarie a garantire i livelli di produzione attesi.

In Germany, as in the entire European Union, 2005 was the year in which the Kyoto protocol came into force. In this regard, this country provided itself with adequate standards. At least in the years 2005–2008, Germany's cement sector is likely to be in the opposite position to the Italian one. The fall in cement consumption from the levels of the year 2000 (over 25%), involved heavy reductions in income and a great production downsizing, implemented through difficult restructuring processes carried out by the major players. The decrease in production was combined with a similar decrease in carbon dioxide emissions. Since the emissions allowances set for the years 2005–2008 are strictly connected to the emissions recorded in the years immediately before and after 2000, the cement industry in Germany tends to have higher allowances than those required to guarantee the expected production levels.

Per quanto riguarda in particolare Dyckerhoff, si ritiene che le assegnazioni ricevute siano superiori alle necessità produttive attese nel 2005–2008; le quote di anidride carbonica eccedenti saranno gestite e valorizzate nel modo più opportuno, in un'ottica di gruppo, anche attraverso vendite sul mercato.

Nel 2005, le vendite di cemento e prodotti cementizi del gruppo in Germania sono diminuite del 6,2%; la seconda parte dell'anno ha avuto un'evoluzione più sfavorevole rispetto alla prima, quando la contrazione delle vendite era limitata al 3,9%. Tale dinamica si è riflessa sull'andamento dei ricavi unitari, che, dopo il miglioramento nel primo semestre dell'anno, non sono più riusciti a segnare ulteriori apprezzabili progressi; il livello medio del 2005, nonostante un recupero di svariati punti percentuali, si attesta comunque su livelli ancora ampiamente inferiori a quelli prevalenti nei mercati occidentali.

Le vendite di calcestruzzo preconfezionato sono diminuite dell'1,5%, in un contesto di prezzi appena superiori al 2004.

Le persistenti difficoltà del mercato e le scarse prospettive di recupero nel breve termine hanno imposto a Dyckerhoff l'adozione di ulteriori misure di razionalizzazione e riduzione della capacità produttiva. In estate, il Vorstand ed il Supervisory Board hanno deliberato di fermare da fine 2005 la produzione di clinker per cemento grigio nello stabilimento di Amöneburg, continuando invece le attività di macinazione cemento grigio, con una capacità di circa 280.000 tonnellate annue. Ad Amöneburg viene pure mantenuta la produzione di cemento bianco. È stata inoltre decisa la cessazione completa della produzione di clinker nello stabilimento di Neubeckum, già oggetto di un intervento di riduzione parziale effettuato nel 2003; la macinazione cemento continuerà invece sino a tutto il 2006. Il programma di ridimensionamento permetterà a Dyckerhoff un migliore utilizzo della capacità produttiva nei rimanenti stabilimenti e una riduzione di costi e investimenti industriali per circa 10 milioni di euro all'anno, su base permanente.

For Dyckerhoff, in particular, the allocations are expected to be higher than the production requirements for 2005–2008. The excess carbon dioxide emission rights will be managed and used in the most convenient manner, from a group viewpoint, including sale on the market.

In 2005, the group's sales in cement and cement products in Germany decreased by 6.2%. The second half of the year saw a more unfavorable evolution compared to the first half, when the decrease in sales was limited to 3.9%. This dynamics affected the trend in unit revenues, which, after showing an improvement in the first six months of the year, did not record any further remarkable progress. However, in spite of a recovery of several percentage points, the average level of 2005 was still lower than those recorded in Western markets.

Sales in ready-mix concrete decreased by 1.5% in a pricing environment which was slightly higher than 2004.

The current difficulties in the market and the poor recovery perspectives in the short term forced Dyckerhoff to adopt further measures aimed at rationalizing and reducing the production capacity. In summer, the Vorstand and the Supervisory Board resolved to stop production of clinker for grey cement as from the end of 2005 at the Amöneburg plant while grinding operations for grey cement is continued at a capacity of about 280,000 tons per year. The production of white cement at Amöneburg is maintained. At the Neubeckum plant clinker production will be discontinued entirely after having been downsized to part time production in 2003. Conversely, cement grinding will be maintained till the end of 2006. The downsizing plan will help Dyckerhoff upgrade the capacity utilization rate of the remaining plants and achieve cost and capex cash savings in the range of €10 million a year on a permanent basis.

Il fatturato realizzato in Germania è passato da 501,9 milioni a 486,4 milioni di euro, -3,1%; le variazioni di perimetro hanno comportato una diminuzione di 8,5 milioni, al netto delle quali il fatturato sarebbe diminuito dell'1,4%. Il margine operativo lordo è diminuito da 60,1 milioni a 51,4 milioni; tale valore include oneri di ristrutturazione per 9,9 milioni e proventi da vendita di quote di emissione per 8,0 milioni. La redditività continua ad essere insoddisfacente, come evidente dal rapporto tra margine operativo lordo e fatturato, pari al 10,6%; il lento recupero dei prezzi di vendita è stato infatti parzialmente controbilanciato dai minori volumi e dall'aumento del costo dei principali fattori di produzione.

Net sales recorded in Germany decreased from €501.9 million to €486.4 million, -3.1%. Changes in scope involved a decrease of €8.5 million, net of which net sales would have decreased by 1.4%. EBITDA decreased from €60.1 million to €51.4 million. This figure includes restructuring charges amounting to €9.9 million and income from the sale of carbon dioxide emission rights totaling €8.0 million. Profitability is still unsatisfactory, as it is highlighted by the EBITDA to sales margin, amounting to 10.6%. The slow recovery of sales prices was, in fact, partially offset by lower volumes and the increase in production costs.

Si riporta qui di seguito il contributo della Germania alle attività del gruppo:
The following table shows Germany's contribution to group operations:

	(milioni di euro / millions of euro)	
	2005	2004
Ricavi netti <i>Net sales</i>	486,4	501,9
Margine operativo lordo <i>EBITDA</i>	51,4	60,1
% sui ricavi netti <i>% of sales</i>	10,6	12,0
Investimenti industriali <i>Capital expenditures</i>	51,6	28,0
Addetti a fine periodo* <i>Headcount end of period</i>	1.968	2.016

*inclusi i servizi centrali / including central services.

Gli investimenti industriali sono ammontati a 51,6 milioni, di cui 18,5 milioni per immobilizzazioni tecniche e 29,8 milioni per l'acquisto di partecipazioni, tra cui l'aumento al 55% della quota in NCD (Olanda) e al 100% nella controllata ceca Cement Hranice. Tra le immobilizzazioni tecniche, si ricorda il completamento del by-pass del forno per il trattamento dei gas residui nello stabilimento di Amöneburg.

Capital expenditures amounted to €51.6 million, of which €18.5 million for property, plant and equipment and €29.8 million for the purchase of stakes, among which the increase in the ownership interest held in NCD (Holland) and in the Czech subsidiary Cement Hranice to 55%, and to 100% respectively. Among property, plant and equipment, noteworthy is the completion of the kiln bypass for the treatment of residual gas at the Amöneburg plant.

Lussemburgo Luxembourg

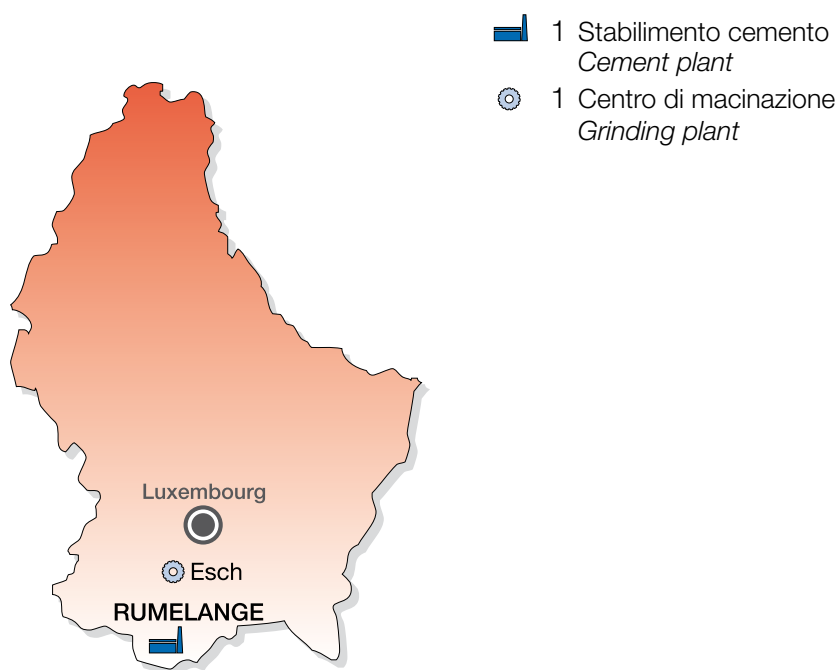
Nel 2005, il PIL del Lussemburgo è aumentato del 4,2%, mentre il settore delle costruzioni è stato sostanzialmente stabile. Le vendite di cemento e prodotti a base cementizia del gruppo sono aumentate del 17,7%, ma il cambiamento del mix di prodotto, con una maggiore incidenza delle vendite di clinker, ha determinato una riduzione di alcuni punti percentuali dei ricavi medi unitari. Ne è derivato un incremento del fatturato del 2,7%, da 142,4 a 146,2 milioni di euro.

Il margine operativo lordo è aumentato da 26,6 milioni di euro a 29,6 milioni (+11,1%); tale valore include una plusvalenza per 1,8 milioni di euro riveniente dalla cessione di una cava di aggregati. Escludendo tali proventi, il margine operativo aumenta del 4,5%, mentre l'incidenza sul fatturato migliora lievemente, dal 18,7% al 19,0%.

In 2005, Luxembourg's GDP increased by 4.2%, while the construction industry remained substantially stable. The group's cement and cement products sales increased by 17.7%. However, the change in the product mix, with a greater share of clinker sales, led to a reduction in unit average revenues by some percentage points. As a consequence, net sales increased by 2.7%, from €142.4 million to €146.2 million.

EBITDA increased from €26.6 million to €29.6 million (+11.1%). This figure includes a gain on disposal totaling €1.8 million deriving from the sale of a quarry of aggregates, net of which, EBITDA increased by 4.5%, and the EBITDA to sales margin slightly improved from 18.7% to 19.0%.

Attività in Lussemburgo Operations in Luxembourg



Si riporta qui di seguito il contributo del Lussemburgo alle attività del gruppo:
The following table shows Luxembourg's contribution to group operations:

	(milioni di euro / millions of euro)	
	2005	2004
Ricavi netti <i>Net sales</i>	146,2	142,4
Margine operativo lordo <i>EBITDA</i>	29,6	26,6
% sui ricavi netti <i>% of sales</i>	20,2	18,7
Investimenti industriali <i>Capital expenditures</i>	5,5	7,3
Addetti a fine periodo <i>Headcount end of period</i>	641	634

Cisterna carico cemento sfuso
Silotruck loading bulk cement

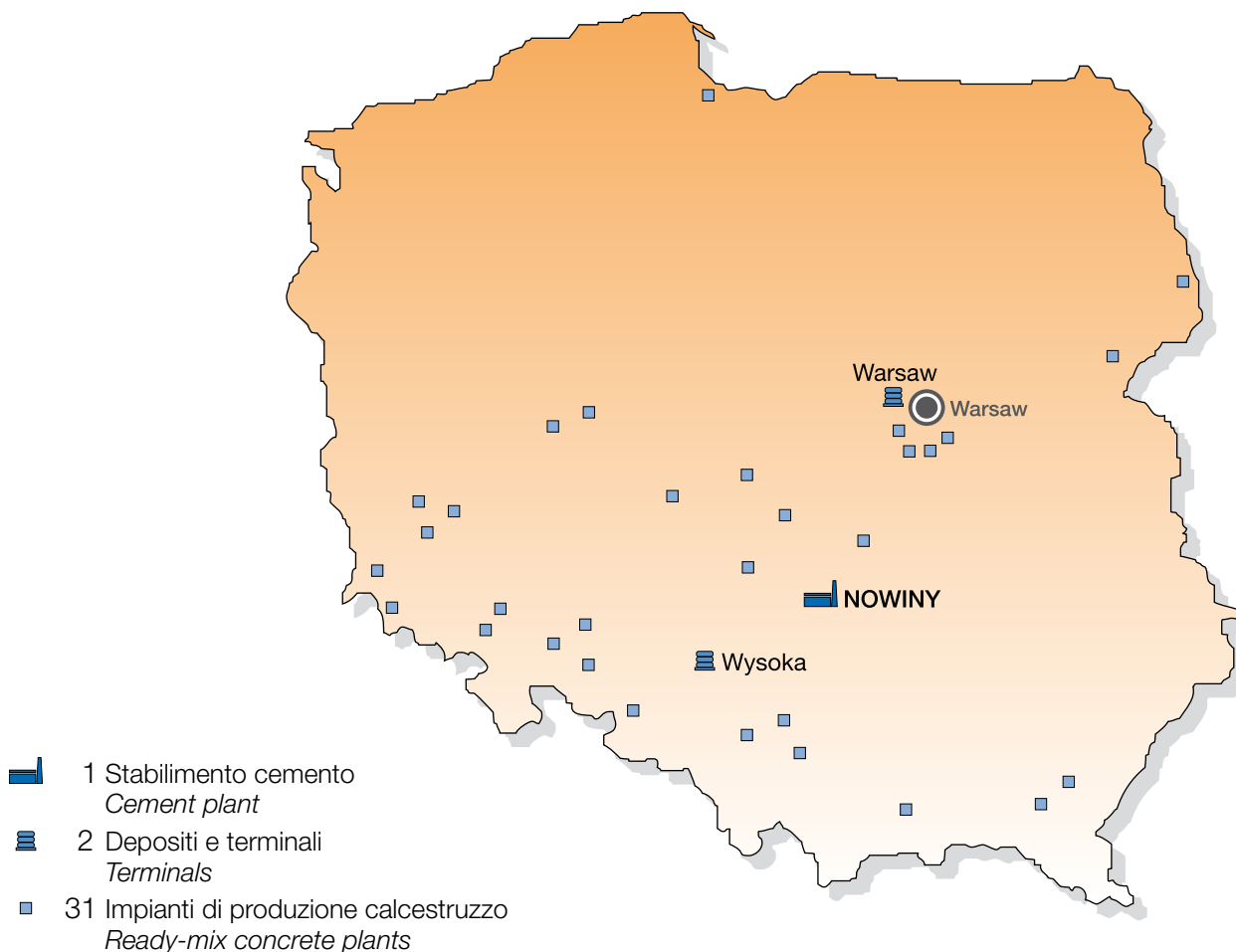


Polonia Poland

L'economia della Polonia è stata caratterizzata da una prima metà d'anno piuttosto deludente, cui è seguita una seconda in miglioramento; nel corso del 2005, la valutazione sull'andamento dell'economia e del settore delle costruzioni in particolare ha risentito dell'effetto statistico distorsivo creato dall'aumento, nel maggio 2004, dell'imposta sul valore aggiunto, a seguito dell'ingresso nell'Unione Europea. A consuntivo, il PIL polacco è aumentato del 3,2%, mentre gli investimenti in costruzioni sono cresciuti di oltre il 6%; il consumo di cemento è tuttavia progredito solamente dell'1,7%, principalmente grazie al buon andamento del mercato della zona di Varsavia, cui si è contrapposto un arretramento dei volumi nelle altre aree.

The economy in Poland was characterized by a rather poor first half of the year, which was followed by an improvement in the second half. During 2005, the assessment of the economic performance, and in particular the construction industry, was affected by the impact of statistical misalignment, created by the increase in VAT, which came into force in May 2004 following the entrance of the country into the European Union. Actually, Polish GDP increased by 3.2%, while investments in buildings increased by over 6%. However, cement consumption increased by only 1.7%, mainly due to the good market performance of the Warsaw area while the other areas showed a decrease in volumes.

Attività in Polonia Operations in Poland



A causa della minore esposizione al mercato della capitale e di un cambiamento nella politica commerciale volto ad ampliare la base della clientela, le vendite di cemento del gruppo nel 2005 sono diminuite del 4,4%; i ricavi medi unitari hanno mostrato un'evoluzione favorevole nella prima parte dell'anno, riassorbita poi nella seconda parte a causa della debolezza della domanda. Il livello medio del 2005 ha così mostrato un lieve deterioramento nei confronti del 2004 se misurato in valuta locale, ed un progresso significativo se misurato in euro, grazie al rafforzamento dello zloty. Le vendite di calcestruzzo preconfezionato sono cresciute del 5,5%, con ricavi unitari migliori di alcuni punti percentuali.

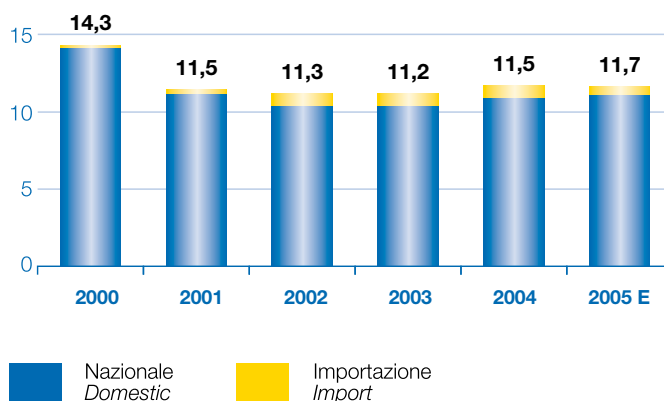
Il fatturato in valuta locale è diminuito dello 0,6%, mentre il margine operativo lordo è aumentato del 2,1%. In euro, le due grandezze sono aumentate rispettivamente da 70,9 a 79,3 milioni (+11,9%) e da 20,0 a 22,9 (+14,9%). In lieve progresso il livello di redditività: il rapporto tra margine operativo lordo e fatturato è infatti aumentato dal 28,2% al 28,9%, grazie agli sforzi profusi nel contenimento dei costi operativi (maggiore ricorso a combustibili alternativi e ottimizzazione delle manutenzioni).

Due to both the lower market exposure of the capital city and the changes in the trade policy aimed at widening the customer base, in 2005 the group's cement sales decreased by 4.4%; unit average revenues showed a favorable trend in the first half of the year that was reabsorbed in the second half due to weak demand. Hence the average level for 2005 showed a slight decrease compared to 2004, if measured in local currency, and a significant progress if measured in euro, thanks to the strengthening of the zloty. Ready-mix concrete sales increased by 5.5%, with an increase in unit average revenues of some percentage points.

Net sales in local currency decreased by 0.6%, while EBITDA increased by 2.1%. In euro, the two figures increased, respectively, from €70.9 million to €79.3 million (+11.9%) and from €20.0 million to €22.9 million (+14.9%). Profitability level showed a slight improvement: EBITDA to sales margin, in fact, increased from 28.2% to 28.9% thanks to efforts made to contain operating costs (greater use of alternative fuels and optimization of maintenance).

Consumo di cemento in Polonia Cement Consumption in Poland

(milioni di ton / million tons)



Si riporta qui di seguito il contributo della Polonia alle attività del gruppo:
The following table shows Poland's contribution to group operations:

	(milioni di euro / millions of euro)	
	2005	2004
Ricavi netti <i>Net sales</i>	79,3	70,9
Margine operativo lordo <i>EBITDA</i>	22,9	20,0
% sui ricavi netti <i>% of sales</i>	28,9	28,2
Investimenti industriali <i>Capital expenditures</i>	5,4	6,6
Addetti a fine periodo <i>Headcount end of period</i>	412	409

Nowiny, Polonia: vista aerea della cementeria
Nowiny, Poland: aerial view of the plant



Repubblica Ceca Czech Republic

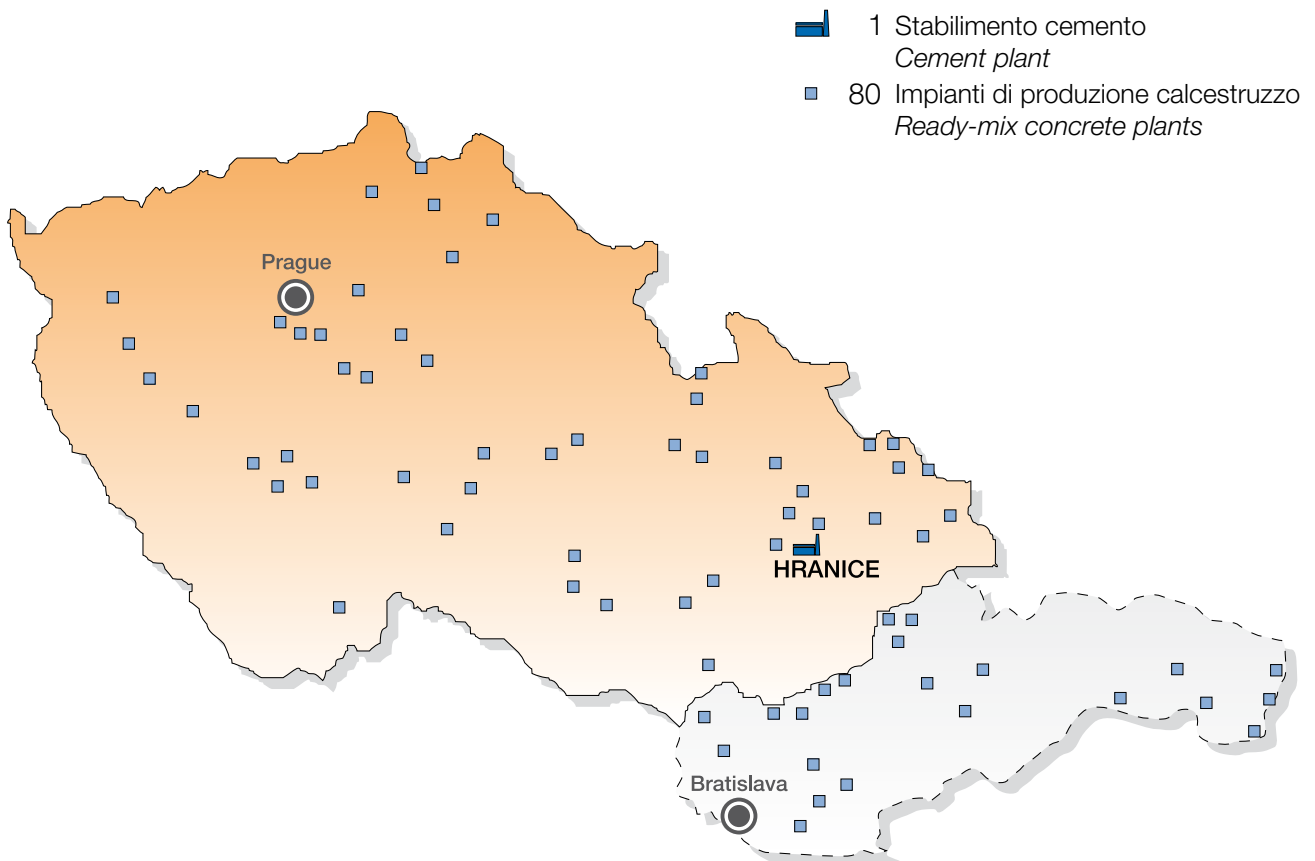
Trainato dalle esportazioni di prodotti ad alta tecnologia verso altri Stati membri dell'Unione Europea, il PIL della Repubblica Ceca è cresciuto del 4,2% nel 2005; significativo è stato il contributo del settore delle costruzioni, che ha beneficiato di investimenti in aumento del 5,5% ed ha determinato un consumo di cemento del 2,3% superiore allo scorso esercizio.

Nel 2005 le vendite del gruppo in Repubblica Ceca sono state sostanzialmente in linea con lo scorso anno (-0,8%); la performance, negativa rispetto all'andamento del mercato, è dovuta al maggior afflusso di importazioni dai Paesi confinanti, attratte dal buon livello dei ricavi unitari. Questi ultimi, grazie all'apprezzamento di oltre il 7% della corona nei confronti dell'euro, hanno infatti raggiunto livelli comparabili ai principali mercati occidentali, rendendo le importazioni più competitive.

Driven by exports of high-tech products to other member states of the European Union, the Czech Republic's GDP increased by 4.2% in 2005. A significant contribution came from the construction industry, which enjoyed an increase in investments of 5.5%, leading to a cement consumption which was 2.3% higher than in the previous year.

In 2005, the group's sales in the Czech Republic were substantially in line with 2004 (-0.8%). The performance, negative compared to the market trend, is due to higher imports from neighboring countries, attracted by the good level of unit revenues which, thanks to the appreciation of the koruna of over 7% against the euro, reached levels which can be compared with the major Western markets, thus making imports more competitive.

Attività in Repubblica Ceca Operations in Czech Republic



Nel corso dell'anno si è gradualmente attenuato ed infine assorbito l'effetto distorsivo creato, nel maggio 2004, dall'aumento dell'IVA sui materiali da costruzione in coincidenza con l'ingresso nell'Unione Europea, che aveva indotto un forte incremento delle vendite nel primo semestre 2004 per anticipare l'effetto della tassazione.

Si è confermato il buon trend di sviluppo nel settore del calcestruzzo preconfezionato: le vendite della controllata Zapa Beton sono aumentate di oltre il 20%, con un incremento ancora superiore in Slovacchia, giunta a rappresentare circa un quinto delle vendite della società. I ricavi medi unitari in valuta locale si sono attestati su livelli analoghi al 2004.

Il fatturato realizzato dal gruppo in Repubblica Ceca nello scorso esercizio è aumentato del 25,8% da 117,1 a 147,3 milioni di euro; l'apprezzamento della corona ha avuto un effetto positivo di 9,7 milioni. Il margine operativo lordo è salito da 37,4 a 53,5 milioni di euro, +16,1 milioni, di cui 6,1 milioni rivenienti dalla cessione sul mercato dei diritti di emissione anidride carbonica; l'effetto cambio è stato positivo per 3,5 milioni. A conferma della buona redditività delle attività in Repubblica Ceca e nonostante un utilizzo della capacità produttiva che lascia ampi margini di crescita, il rapporto tra margine operativo lordo e fatturato, escludendo i proventi da cessione di anidride carbonica, è aumentato dal 31,9% al 32,2%.

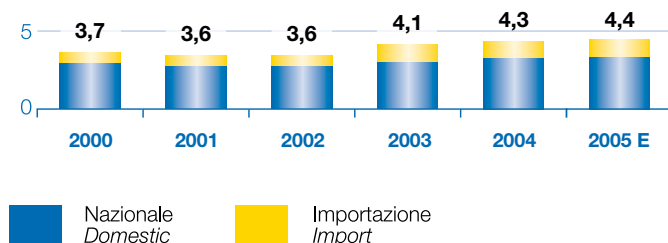
During the year, the misalignment effect created in May 2004 by the VAT increase on building materials following the entrance into the European Union, was gradually softened and finally re-absorbed. In fact in the first half of 2004 cement volumes had been exceptionally high to anticipate the impact of the VAT tax.

The good development trend was confirmed in the ready-mix concrete sector. Sales of the subsidiary Zapa Beton increased by over 20%, with an even higher increase in Slovakia which now represents around one fifth of the company's sales. Average unit revenues in local currency were recorded at levels similar to those of 2004.

Last year, group's net sales in the Czech Republic increased by 25.8%, from €117.1 million to €147.3 million. The appreciation of the koruna had a positive impact of €9.7 million. EBITDA increased from €37.4 million to €53.5 million, +€16.1 million, €6.1 million thereof deriving from the sale on the market of carbon dioxide emission rights. The foreign exchange impact was positive by €3.5 million. In confirmation of the good profitability of operations in the Czech Republic, and in spite of a production capacity which still has wide growth margins, EBITDA to sales margin increased from 31.9% to 32.2%, excluding income from sale of carbon dioxide emission rights.

Consumo di cemento in Repubblica Ceca Cement Consumption in Czech Republic

(milioni di ton / million tons)



Si riporta qui di seguito il contributo della Repubblica Ceca alle attività del gruppo:
The following table shows the Czech Republic's contribution to group operations:

	(milioni di euro / millions of euro)	
	2005	2004
Ricavi netti <i>Net sales</i>	147,3	117,1
Margine operativo lordo <i>EBITDA</i>	53,5	37,4
% sui ricavi netti <i>% of sales</i>	36,3	31,9
Investimenti industriali <i>Capital expenditures</i>	11,0	7,7
Addetti a fine periodo <i>Headcount end of period</i>	783	758

La prima centrale di betonaggio ZAPA, nei dintorni di Praga
The original ZAPA batching plant, in the surroundings of Prague



Ucraina Ukraine

Secondo le prime stime disponibili, nel 2005 il PIL dell'Ucraina è cresciuto del 4% circa; il settore delle costruzioni ha mostrato un buon andamento, fornendo una robusta spinta alla crescita del consumo di cemento. La controllata ucraina ha ben sfruttato il trend di mercato, con un incremento del 22,6% delle vendite di cemento e di oltre il 60% dei volumi di calcestruzzo preconfezionato, business peraltro in fase iniziale. È stata molto favorevole anche la dinamica dei ricavi unitari, cosicché il fatturato realizzato in Ucraina è aumentato del 55,3% (49,1% in valuta locale) da 46,4 a 72,1 milioni di euro. Come conseguenza del notevole incremento del livello di attività e del miglioramento dei prezzi, la redditività è anch'essa progredita: il margine operativo lordo è salito da 4,5 a 10,6 milioni di euro, portando l'incidenza sul fatturato dal 9,6% al 14,7%.

According to initial available estimates, in 2005 Ukraine's GDP increased by about 4%. The construction industry showed a good performance, marking a boost in cement consumption. The Ukraine's subsidiary exploited the market trend well, and showed a 22.6% increase in cement sales and over 60% in ready-mix concrete volumes - a business which is in its initial stages. The dynamics of unit revenues was very favorable; hence, net sales in Ukraine increased by 55.3% (49.1% in local currency), from 46.4 million to €72.1 million. Profitability improved too, as a consequence of the remarkable increase in activities and the improvement in prices. EBITDA grew from €4.5 million to € 10.6 million, with EBITDA to sales margin from 9.6% to 14.7%.

Attività in Ucraina Operations in Ukraine



Si riporta qui di seguito il contributo dell'Ucraina alle attività del gruppo:
The following table shows Ukraine's contribution to group operations:

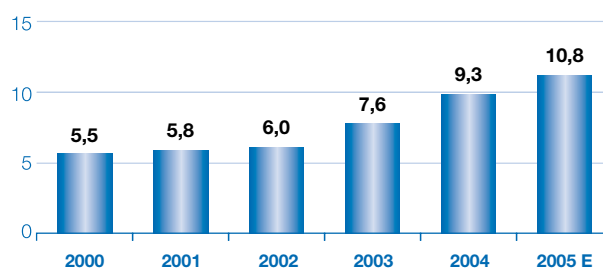
		(milioni di euro / millions of euro)	
		2005	2004
Ricavi netti <i>Net sales</i>		72,1	46,4
Margine operativo lordo <i>EBITDA</i>		10,6	4,5
% sui ricavi netti <i>% of sales</i>		14,7	9,6
Investimenti industriali <i>Capital expenditures</i>		11,5	6,4
Addetti a fine periodo <i>Headcount end of period</i>	(numero / number)	1.620	1.596

Oltre agli usuali interventi di manutenzione ordinaria, è continuato nel 2005 il programma di investimenti volto a modernizzare e rendere più efficienti le strutture produttive ucraine; in particolare, si segnalano l'ammmodernamento del forno n. 2 e l'installazione di un nuovo separatore del cemento a Yugcement (Nikolajev, ca 35 km dal Mar Nero), per oltre 7 milioni di euro.

In addition to the ordinary maintenance interventions, in 2005 the investment program aimed at modernizing the Ukraine production structures and making them more efficient continued. In particular, noteworthy are the refurbishing of kiln no. 2 and the installation of a new cement separator at Yugcement (Nikolajev, approx. 35 km from the Black Sea), totaling over €7 million.

Consumo di cemento in Ucraina **Cement Consumption in Ukraine**

(milioni di ton / million tons)



Russia Russia

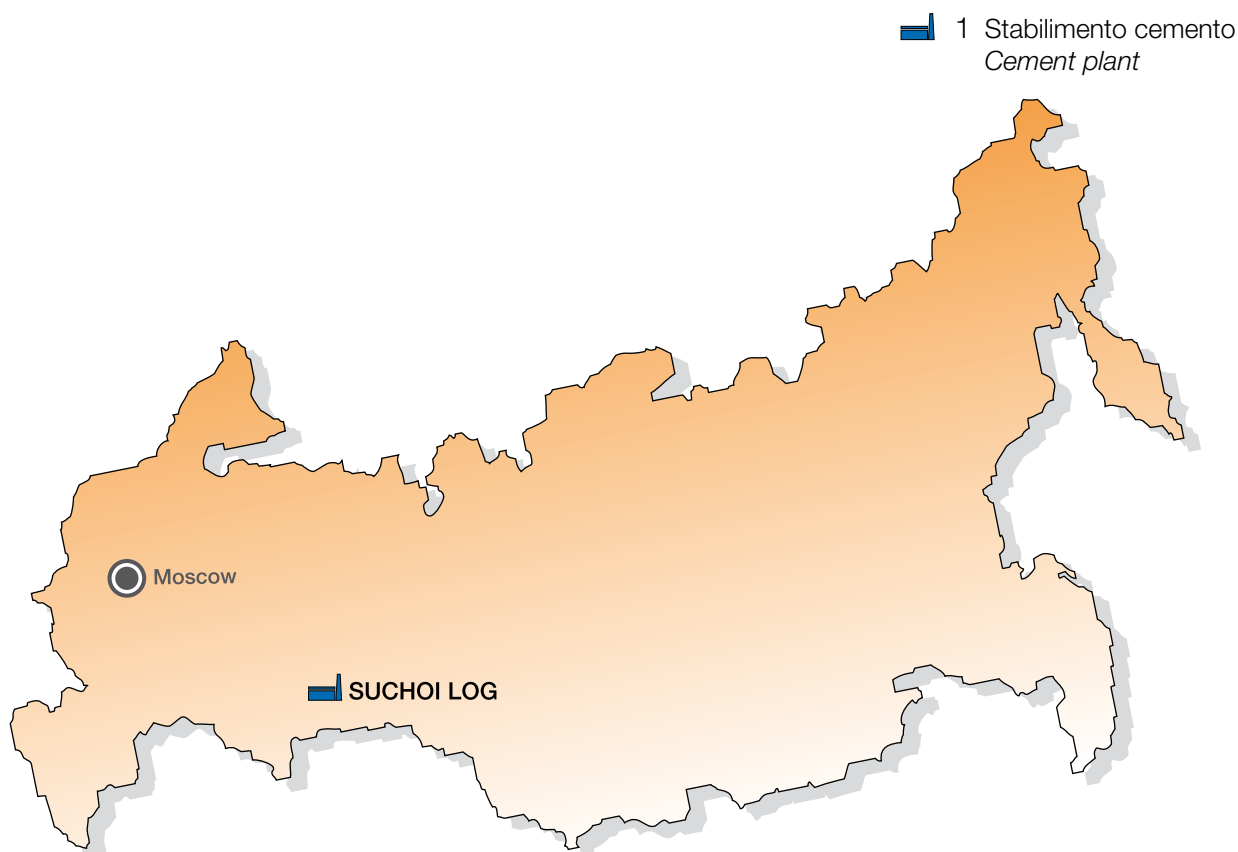
Nel 2005 il PIL russo è cresciuto del 6,4%; i consumi sono stati i principali motori della crescita, grazie all'aumento dei salari reali e all'incremento dell'attività creditizia. Anche gli investimenti hanno segnato una buona performance, alimentati dai prestiti esterni. L'ingente saldo positivo delle partite correnti, grazie al boom dei prezzi delle materie prime, ha favorito un lieve rafforzamento del rublo. Il consumo di cemento nel Paese è aumentato di oltre il 10%.

Per la cementeria di Suchoi Log, l'anno appena trascorso è stato favorevole, con un aumento delle vendite di cemento del 14,7% ed un'evoluzione dei ricavi unitari ancora più favorevole, da cui sono derivate ottime performance reddituali: il fatturato è aumentato da 62,5 a 90,9 milioni di euro (+45,4%), mentre il margine operativo lordo è più che raddoppiato, passando da 15,6 a 33,3 milioni di euro (+113,6%). Il rapporto tra margine operativo lordo e fatturato, già al 24,9% nel 2004, ha raggiunto il 36,7%, valore di eccellenza anche in rapporto agli standard occidentali.

In 2005, Russia's GDP increased by 6.4%. Spending was the main drive behind growth, thanks to higher salaries and increased credit activity. Also investments, fostered by foreign loans, showed good performance. The remarkable positive balance of current items, thanks to the price boom of raw materials, favored a slight reinforcement of the ruble. Cement consumption in the country increased by over 10%.

Regarding Suchoi Log cement plant, the year just ended was favorable, with an increase in cement sales of 14.7% and an even more favorable increase in unit revenues, which resulted in an excellent profitability. Net sales increased from €62.5 million to €90.9 million (+45.4%), while EBITDA more than doubled, from €15.6 million to €33.3 million (+113.6%). EBITDA to sales margin, already at 24.9% in 2004, reached 36.7%, an excellent level even by Western standards.

Attività in Russia Operations in Russia



Si riporta qui di seguito il contributo della Russia alle attività del gruppo:
The following table shows Russia's contribution to group operations:

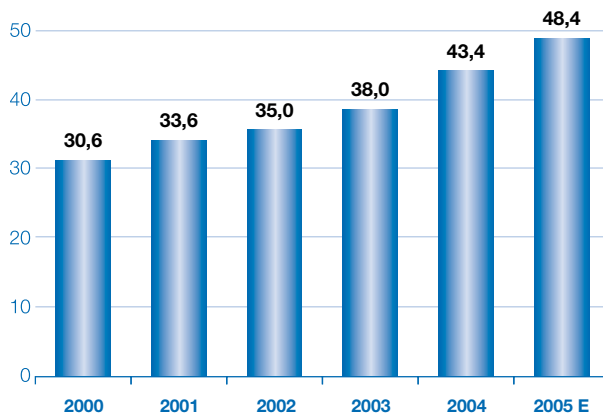
		(milioni di euro / millions of euro)	
		2005	2004
Ricavi netti <i>Net sales</i>		90,9	62,5
Margine operativo lordo <i>EBITDA</i>		33,3	15,6
% sui ricavi netti <i>% of sales</i>		36,7	24,9
Investimenti industriali <i>Capital expenditures</i>		4,1	3,5
Addetti a fine periodo <i>Headcount end of period</i>	(numero / number)	1.517	1.556

Dal momento che l'impianto russo si è approssimato più rapidamente delle aspettative al pieno utilizzo della capacità produttiva, si renderanno necessari nel prossimo futuro investimenti idonei a soddisfare l'attesa crescita del mercato.

Since the Russian plant reached a utilization close to capacity more rapidly than expected, in the years to come adequate investments will be necessary to meet the forecast market growth.

Consumo di cemento in Russia **Cement Consumption in Russia**

(milioni di ton / million tons)



Dai deserti alle giungle attraverso steppe e praterie

From deserts to jungles, through steppes and prairies

Lo sfruttamento dei giacimenti di petrolio, gas, acqua o calore avviene mediante fori di trivellazione.

Più i pozzi penetrano in profondità e maggiori sono i valori di temperatura e pressione, con effetti gravosi sui materiali e sulla tecnica di trivellazione: alla profondità di 4.000 metri, ad esempio, la temperatura può raggiungere 130°C e la pressione 450 bar. Nei pozzi per l'estrazione di petrolio e gas naturale, nei punti più fondi del foro di estrazione (fino a 8.000 metri) o in virtù della geotermia, si raggiungono temperature di 350°C e oltre.

Per garantire una perfetta tenuta e un buon ancoraggio dei tubi d'acciaio, si utilizzano cementi speciali per pozzi petroliferi: un mantello di cemento tra la parete del foro di estrazione e l'armatura del pozzo deve garantire che il petrolio o il gas scorrano all'interno del foro, senza fuoriuscire nell'atmosfera. Se le cementazioni dei pozzi (vedi schema a lato) non fossero a perfetta tenuta, potrebbero verificarsi negli strati sotterranei perdite di elementi preziosi, quali petrolio o gas, o addirittura pericolose fuoriuscite nell'atmosfera.

La riparazione delle cementazioni difettose dei fori di trivellazione è molto onerosa, spesso addirittura impossibile: nella peggiore delle ipotesi, le melme cementizie solidificano precocemente lungo il cammino e, in questo caso, si rischia il fallimento dell'intero progetto di trivellazione, con conseguenti perdite d'investimenti che, nel caso di perforazioni off-shore, possono superare i 20 milioni di euro.

Affidabilità e tradizione riconosciute

I cementi per pozzi petroliferi rivestono dunque un ruolo fondamentale nelle cementazioni dei fori di trivellazione: ad essi si richiede un'elevata uniformità nella reattività del cemento nonché un'ottima tollerabilità con pressoché tutti gli additivi comunemente in uso. Dyckerhoff soddisfa questi requisiti

ed è nota in tutto il mondo per l'eccellente qualità di questa tipologia di cementi; negli ultimi tempi, molti concorrenti hanno scoperto questa nicchia di mercato ma i nostri prodotti sono nella condizione di stabilire degli standard di settore.

I requisiti minimi dei cementi per pozzi petroliferi sono definiti, da diversi decenni, attraverso standard industriali americani. Da molti anni Dyckerhoff partecipa attivamente alle attività di standardizzazione dell'American Petroleum Institutes (API) con sede a Washington, USA. Nel frattempo le specifiche API sono state recepite da una normativa ISO valida a livello mondiale ed anche in questo caso il ruolo di Dyckerhoff è stato determinante: sono state definite otto classi diverse, a loro volta suddivise in tre gradi di resistenza ai solfati.

Nei campi petroliferi occidentali oltre l'80%

della richiesta è orientata verso i cementi per pozzi petroliferi cosiddetti di base (classe G e classe H) nella maggioranza dei casi nella versione ad alta o moderata resistenza ai solfati: si tratta di cementi Portland universali altamente puri. Dyckerhoff offre inoltre una serie di miscele speciali di cemento per pozzi petroliferi. Le analisi fisiche dei cementi a norma ISO/API sono molto diverse rispetto a quelle previste per il comune cemento da costruzione: complesse apparecchiature speciali riproducono le condizioni di pressione e di temperatura proprie dei profondi fori di trivellazione.

Il parametro più importante da determinare è il "tempo di indurimento", vale a dire il tempo durante il quale la melma cementizia può essere pompata.

Per produrre cemento per pozzi petroliferi, API concede delle speciali licenze che consentono ai produttori di applicare sui documenti di consegna e sui marchi del prodotto il monogramma "API". Presupposto fondamentale per ottenere la licenza è avvalersi di un sistema di gestione qualità completo nei centri di produzione, inoltre, almeno tre volte l'anno, gli stabilimenti ai quali è stata concessa la licenza vengono ispezionati da auditor esterni API per una settimana: il rinnovo della licenza presuppone il superamento di queste ispezioni. I centri di produzione di Lengerich e Suchołoszczement sono titolari di licenza API già da diversi anni.

Verso Asia ed Africa

I cementi per pozzi petroliferi Dyckerhoff sono noti e apprezzati in tutto il mondo: nei deserti del Nord Africa, nei giacimenti off-shore del tempestoso mare del Nord, nelle gelide aree permafrost della Siberia o davanti alle coste e nella giungla dell'Africa occidentale.

La storia di questi cementi ha inizio negli anni '50, con le prime forniture nei giacimenti petroliferi della Germania del nord.

Dyckerhoff, nel 1995, è stata la prima azienda del settore ad avviare la produzione e distribuzione di un cemento di qualità a norma API



Pozzo petrolifero offshore cementato.

Cemented offshore well.

nella comunità degli Stati Indipendenti della Russia¹.

Con una produzione annua di quasi 800.000 tonnellate, il gruppo Dyckerhoff è oggi uno dei maggiori produttori mondiali. Per ciascun pozzo, secondo la profondità di trivellazione e le condizioni in loco, si utilizzano tra le 150 e le 500 tonnellate di cemento. Dalla cementeria di Lengerich, nella Germania nord-occidentale, Dyckerhoff rifornisce mercati che vanno dall'Africa settentrionale e occidentale al Mare del Nord, fino all'America del sud ed al Medio Oriente.

Grazie alle peculiarità di questi cementi, le commesse oggi arrivano da regioni ancor più lontane: recentemente, su speciale richiesta del cliente, sono state consegnate alcune tonnellate per via aerea in India!

Lo stabilimento di Sukholoschskzement, invece, rifornisce i principali campi di estrazione di petrolio e gas naturale in Russia, Kazakistan, Azerbaigian e Turkmenistan con il cemento Dyckerhoff API Class G „DylogCem“.

Sukholoschskzement è uno dei maggiori produttori al mondo del cemento summenzionato, nonché di quelli conformi alle norme russe GOST. Oltre alle API, esistono infatti anche altre norme nazionali - in Russia e in Ucraina, ad esempio - spesso di carattere meno restrittivo.

La distribuzione dei cementi per pozzi petroliferi a norma API provenienti dagli stabilimenti di Lengerich e Sucholoschskzement, è coordinata a livello centrale dal reparto Export e Costruzioni speciali in sotterraneo

di Wiesbaden, ma per un efficace sfruttamento del mercato della Comunità degli Stati Indipendenti, è stata fondata una società di distribuzione (vedi box a pag 10). Tra i principali clienti sono annoverate le aziende più note del settore: Halliburton, Schlumberger e BJ Services. Si tratta di società che si occupano della cementazione su incarico delle grosse industrie petrolifere, ad esempio ExxonMobil, ChevronTexaco, AGIP, Shell, Gasprom, ecc...

Nel 2000 Dyckerhoff ha acquistato, negli Stati Uniti, la Lone Star Industries (ora Buzzi Unicem USA) acquisendo così altri decenni di esperienza nella produzione di cementi per pozzi petroliferi d'alta qualità. Oggi i due stabilimenti di Maryneal e Pryor riforniscono i mercati locali statunitensi, superando i confini dei ben noti campi petroliferi del Texas e dell'Oklahoma.

Non solo qualità ma...

In questo settore non è solo la qualità che conta. La logistica, in particolare, rappresenta una vera e propria sfida per l'esportazione dei cementi per pozzi petroliferi. Per Lengerich e per il reparto Export e Costruzioni speciali in sotterraneo è "ordinaria amministrazione": ogni settimana devono essere immesse oltre 7.000 t di cemento in Big Bags, di capacità pari a 1,5 t ciascuno, da caricare e trasportare puntualmente alle navi in attesa al porto. Eventuali anticipi o ritardi nella fornitura comportano elevati costi aggiuntivi legati a tasse di sosta dei vagoni ferroviari, controspallie delle navi per la na-

vigazione lacustre/fluviatile o marittima, (fino a 12.000 \$/giorno) nonché costi di trasbordo nel porto.

La Russia e gli altri paesi della Comunità degli Stati Indipendenti dispongono di una rete di comunicazioni ferroviarie relativamente buona ma la ricorrente mancanza di vagoni ferroviari, e l'eccessiva burocrazia, richiedono impegno e misure d'intervento significative: così, i collaboratori della società distributrice devono affrontare, ogni giorno, problemi differenti.

Da diversi mesi il prezzo del petrolio ha raggiunto un livello insolitamente elevato: tutti noi lo abbiamo sperimentato alle stazioni di rifornimento. Nello stesso tempo la richiesta di petrolio e di gas è in costante aumento, per il rapido sviluppo della Cina e di altri paesi emergenti.

L'industria globale del petrolio e del gas si trova costretta ad incrementare le attività di trivellazione per la prospezione e lo sviluppo dei giacimenti: per il futuro si prevede, quindi, un aumento della richiesta complessiva di questo tipo di cemento.

Dyckerhoff, con i suoi cementi per pozzi petroliferi, terrà il passo con questa tendenza: in particolare nell'Asia centrale, con i paesi della Comunità degli Stati Indipendenti, ma anche nelle regioni dell'Africa e del Medio Oriente, dove la concorrenza è notevole, i cementi Dyckerhoff manterranno la loro "leadership".

In fin dei conti, ciò che conta veramente è l'affidabilità e la qualità.

La cementazione dei pozzi petroliferi

Durante la trivellazione il pozzo viene costantemente riempito con fluido fangoso. Per la cementazione del foro di trivellazione viene pompata, fino al punto più profondo, una pasta cementizia nell'armatura del pozzo, nello spazio compreso tra le formazioni rocciose (parete del foro di trivellazione) e l'armatura del pozzo: in questo modo la pasta cementizia sposta i fluidi fangosi, prendendone il posto. Per evitare la miscelazione delle due sospensioni, si utilizzano di norma dei tappi di gomma: il tratto che la sospensione di cemento deve attraversare fino al punto in cui dovrà solidificare, nello spazio compreso tra la formazione rocciosa e l'armatura del pozzo, può essere di diversi chilometri. Le proprietà delle paste cementizie devono essere perfettamente adeguate alle condizioni reali del foro di trivellazione, vale a dire elevati valori di temperatura (T) e pressione idrostatica (p): ciò si ottiene con l'aggiunta di speciali e costosi additivi, che garantiscono una buona affidabilità. Il cemento per pozzi petroliferi è il componente principale delle paste cementizie, relativamente ricche di acqua. Importanti additivi sono, tra l'altro, i fluidificanti (reologia), gli inibitori (tempo di indurimento) e gli agglomeranti (riduzione delle perdite di filtrato); non vi sono materiali inerti grossolani, come nel calcestruzzo. Scopo della cementazione di un pozzo profondo è quello di convogliare la melma cementizia nel foro di trivellazione per chilometri di profondità, in modo sicuro e mirato, fino al punto previsto per l'indurimento, esternamente all'armatura del pozzo.

Cementing subterranean wells

As the well is being drilled it constantly fills up with a muddy liquid. The drilling hole is cemented by pumping a cement slurry inside the space between the rock (wall of the drilling hole) and the well casing all the way to the bottom of the hole, a process that causes the cement slurry to displace the muddy liquid. Rubber caps are used to prevent the two suspensions from mixing together. The cement suspension may have to travel a distance of several kilometers inside the space between the rock wall and the well casing before it reaches the point at which it will harden. The properties of the cement slurries must be able to completely withstand the actual conditions of the drilling hole, in other words, the high temperatures (T) and high hydrostatic pressures (p), and these requirements are met by adding special, costly additives to ensure excellent reliability. Deep-well cement is the main component of these slurries, which are very rich in water. Important additives include fluidificants (rheology), inhibitors (hardening time) and binders (reduction of filtered waste). There are no coarse inert materials as in concrete. The key to cementing a deep well is to transport the cement slurry through the drilling hole for several kilometers in a safe, targeted manner until it reaches the hardening point outside the well casing.

Oil, gas, water or heat deposits are often extracted by means of drilled wells. The deeper the well, the greater the temperature and pressure, with serious consequences to the drilling equipment and process. At 4,000 meters, for example, the temperature may reach 130°C and the pressure 450 bars.

Temperatures can reach 350°C or more at the deepest point of these wells, which may reach 8,000 meters deep, or the geothermy of the location may cause excessive temperatures. The steel pipes used to carry the oil or gas are secured and made leakproof by pumping a layer of cement between the wall of the drilled hole and the well casing to ensure that the resource flows through the interior of the well and does not escape into the environment. If the wells (see section on page 6) are not perfectly sealed by the cement, valuable oil or gas may leak into the subterranean strata or other toxic substances may escape into the atmosphere. Repairing failed cement jobs in drilled holes is an extremely difficult or often impossible task. In the worst case scenario, cement slurry hardening too quickly during the drilling process can cause the entire operation to fail leading to costs that can exceed 20 million dollars in the case of offshore drilling.

Well-established reliability and tradition

Deep-well cements play an essential role in the cementing of drilling holes and need to demonstrate highly consistent reactivity and a high level of tolerance to almost all the additives that are normally used. Dyckerhoff's deep-well cements meet these requirements and are known throughout the world for their excellent quality.

Many competitors have recently discovered this market niche but it is our cements that set the standard in the sector. The minimum requirements for deep-well cements have been defined by American industrial standards for decades, and Dyckerhoff has been an active participant in the standardization procedures of the American Petroleum Institute (API), headquartered in Washington, USA. The API standards have been recognized by a worldwide ISO standard, and Dyckerhoff has played an important role in defining the eight different classes of cement, which are further subdivided into three levels of resistance to sulfates.

Over 80% of the demand in western oil fields is for the so-called basic class G and H deep-well cements, with the majority being for the high or moderate resistance to sulfates, in

other words, extremely pure universal Portland cements.

Dyckerhoff also offers a line of special deep-well cement mixtures. The physical analyses for ISO/API standard deep-well cements are very different to those performed for ordinary construction cement and require special equipment to reproduce the pressure and temperature conditions found in deep drilling holes. The most critical factor is the "hardening time", or the period of time during which the cement slurry can be pumped.

The API grants special deep-well cement production licenses so that manufacturers can apply the API mark to their shipping documentation and product brand names. An essential element to obtain this license is implementing a complete quality management system in the production plant and undergoing at least three one-week inspections per year performed by external API auditors, with renewal being granted only if the plant passes inspection. The Lengerich and Sucholochskzement plants have held the API license for many years.

To Asia and Africa

Dyckerhoff's deep-well cements are well-known and established throughout the world, in markets that include the deserts of North Africa, the offshore oil wells in the stormy North Sea, the frozen permafrost regions of Siberia and the coasts and jungles of West Africa. These products date back to the 1950s, when the first cements were delivered to the oil wells in North Germany.

Dyckerhoff was the first company to produce and supply an API standard cement in 1956 in what is now the Commonwealth of Independent States of Russia¹.

With an annual production of approximately 800,000 tons, the Dyckerhoff group is one of the leading producers in the world. Each



Dyckerhoff e Buzzi Unicem USA producono cementi per pozzi petroliferi in 5 stabilimenti: Deep-well cements are produced in 5 plants:

- Lengerich in Germania
- Sucholochskzement in Russia
- Zdolbuniv di Volyn, Ucraina
- Maryneal nel Texas occidentale, USA
- Pryor in Oklahoma, USA.

- Lengerich plant in Germany
- Sucholochskzement plant in Russia
- Zdolbuniv plant in Volyn, Ukraine
- Maryneal plant in West Texas, USA
- Pryor plant in Oklahoma, USA.

well can use between 150 and 500 tons of cement depending upon the drilling depth and the conditions of the site.

The Lengerich plant in northwestern Germany supplies the markets of North and West Africa, the North Sea, South America and the Middle East. The special qualities of the deep-well cements produced at Lengerich have attracted demand from even more distant regions, with several tons of cement being shipped by air (!) to India upon special request of a customer.

The Sukholoschskzement plant supplies the main oil and natural gas fields in Russia, Ka-

zakhstan, Azerbaijan and Turkmenistan with the Dyckerhoff API Class G cement "DylogCem" (see <http://www.dyckerhoff-sl.ru>). The Sukholoschskzement plant is one of the major producers in the world of the above product and other deep-well cements that meet the Russian GOST standards. There are other standards besides the API, such as in Russia and the Ukraine, but often with less stringent requirements.

Shipments of API standard deep-well cements produced by the Lengerich and Sucholoshskzement plants are coordinated at the

corporate level by the Special Subterranean Construction and Export Department of Wiesbaden, but we have also created a distributor company specifically to develop the Commonwealth of Independent States market more efficiently (see box on page 10). Some of our main customers are among the best-known global companies in the sector and include Halliburton, Schlumberger and BJ Services. These companies are contracted by the large oil concerns such as ExxonMobil, ChevronTexaco, AGIP Shell, Gasprom, etc., to perform the cementing operations of their oil wells. In 2000 Dyckerhoff bought the Lone Star Industries - now known as Buzzi Unicem USA - acquiring along with it decades of experience in the production of high quality deep-well cements. The Maryneal and Pryor plants supply the local American markets, reaching as far as the famous oil fields of Texas and Oklahoma.

Not only quality but also...

Quality is not the only decisive factor in this sector - the logistics required to export these cements also poses a real challenge. This is "business as usual" for Lengerich and the Special Subterranean Construction and Export Department, which ships more than 7,000 tons of cement per week in 1.5 ton Big Bags to be loaded and transported to ships waiting in the port. Early or late deliveries can result in high additional costs due to layover charges (for railway cars), demurrage fees (for lake/river or maritime vessels and which may be as much as \$12,000 per day), as well as transfer costs at the port. Russia and the other countries in the Commonwealth of Independent States have quite a good railway system but the constant lack of railway cars and excessive bureaucracy require enormous effort and significant measures to be taken by the employees of the distributor company, who face different problems every day. Oil prices have been steadily rising for several months, as we have all no doubt noticed at the gas pumps, and demand for oil and gas is constantly increasing due to the rapid growth of China and other developing countries.

The global oil and gas industry has been forced to increase drilling activities to prospect for and develop deposits, which we anticipate will lead to increased demand for these special cements in the future.

Dyckerhoff will lead the way with its deep-well cements, particularly in central Asia with the countries of the Commonwealth of Independent States and also in various regions of Africa and the Middle East, where the competition is huge. What really counts at the end of the day, however, is the reliability and quality of the product.







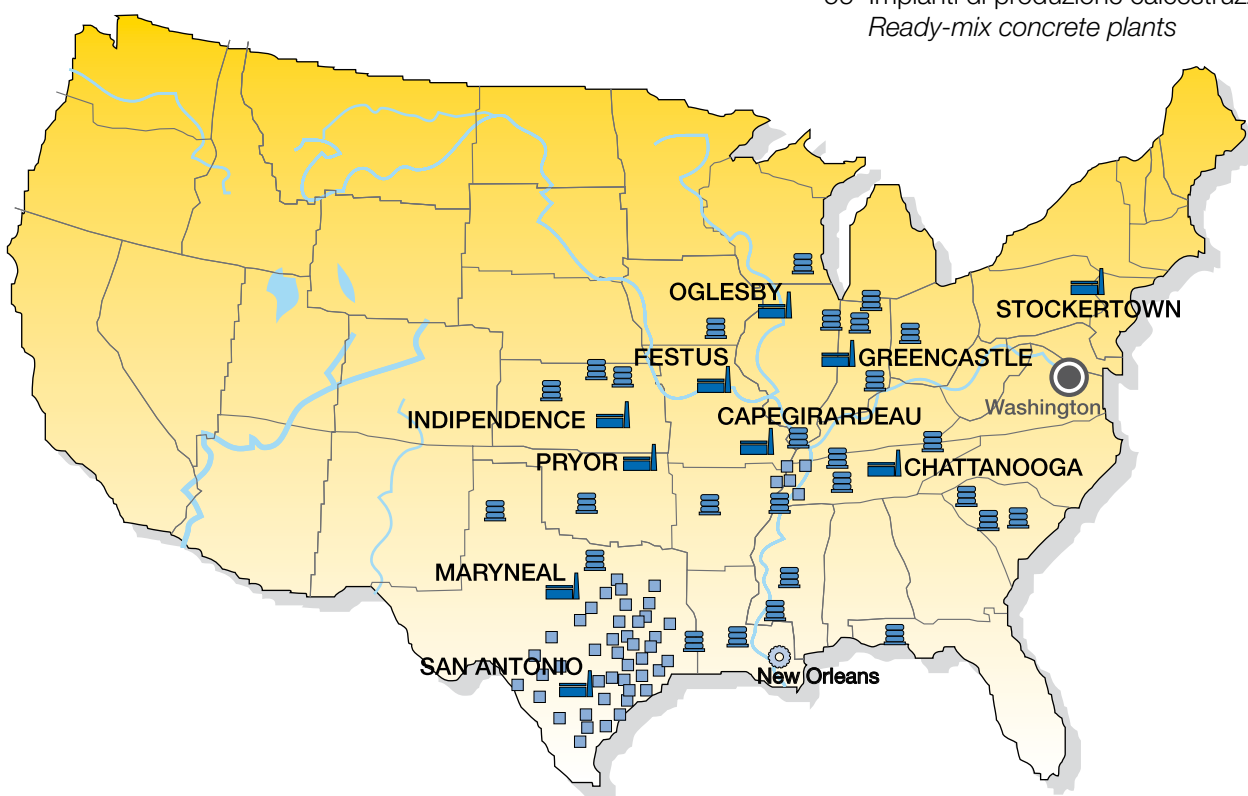
Stati Uniti d'America United States of America

Anche il 2005 è stato un anno positivo per l'economia statunitense, che ha saputo coniugare una crescita del PIL del 3,5% ad un basso livello di inflazione. L'anno ha visto la continuazione della politica monetaria restrittiva da parte della Fed, che, con 15 consecutivi interventi al rialzo, ha portato i tassi a breve al 4,75% (dal minimo dell'1% di giugno 2004). Il settore delle costruzioni ha contribuito in modo significativo alla crescita; in particolare, l'edilizia residenziale si è fregiata di un record di 2,065 milioni di nuove abitazioni, +5,6% sul 2004 e seconda prestazione di sempre dopo il 1972. Solo nell'ultima parte dell'anno è emerso qualche segnale di rallentamento, che però non ha interessato gli Stati meridionali.

2005 was also a positive year for the US economy, which succeeded in combining the 3.5% growth in GDP with a low inflation level. In the past year the Fed continued its restrictive monetary policy which, through 15 consecutive hikes, has brought short-time rates to 4.75% (from an all-time low 1% in June 2004). The construction industry made a significant contribution to growth. In particular, residential building marked a record figure of 2.065 million new homes, +5.6% compared to 2004 and, as regards performance, second only to 1972 results. Only in the last part of the year some signs of a slowdown were recorded, which however did not affect the Southern states.

Attività negli Stati Uniti d'America Operations in the United States of America

-  10 Stabilimenti di cemento
Cement Plants
-  1 Centro di macinazione
Grinding plants
-  27 Depositi e terminali
Terminals
-  56 Impianti di produzione calcestruzzo
Ready-mix concrete plants



Nel 2005, il consumo di cemento negli Stati Uniti è aumentato del 5,9%; la dinamica più favorevole si è registrata negli Stati del Sud-Est, Sud-Ovest e sulla costa occidentale, mentre è diminuito il consumo nelle regioni del Nord-Est. La forza della domanda si è coniugata alla maggiore onerosità delle importazioni, per la relativa debolezza del dollaro e la minore disponibilità di prodotto sui mercati internazionali, in particolare del Far East asiatico. Si sono quindi create condizioni favorevoli al miglioramento dei ricavi unitari ed al rafforzamento della redditività per i produttori domestici.

Le nostre vendite di cemento nel Paese sono aumentate del 3,6% a parità di perimetro, mentre quelle di calcestruzzo preconfezionato sono progredite del 14,4%; gli incrementi maggiori si sono registrati in Texas, Tennessee e Georgia, cui si è contrapposto la negativa performance in Louisiana, per le devastanti conseguenze dell'uragano Katrina. L'impianto di macinazione di Buzzi Unicem USA a New Orleans è stato pesantemente danneggiato da Katrina ed ancora a fine 2005 non era nelle condizioni di operare; le attività, riprese nel primo trimestre dell'anno in corso, saranno a lungo penalizzate dalle difficoltà logistiche sorte a seguito della devastazione del sistema fluviale dell'area.

In 2005, US cement consumption increased by 5.9%. The most favorable dynamics was recorded in the Southeast, Southwest and West Coast states, while consumption in Northeast states decreased. The strength of demand was combined with costlier imports, due to the relative weakness of the dollar and a lower product availability on international markets, in particular in the Asian Far East. Hence, favorable conditions were created to improve unit revenues and strengthen profitability for domestic producers.

Our cement sales in the country increased by 3.6%, at same scope of consolidation, while sales in ready-mix concrete increased by 14.4%. The highest increases were posted in Texas, Tennessee and Georgia, while Louisiana recorded a negative performance, due to the devastating consequences of hurricane Katrina. The Buzzi Unicem USA grinding plant in New Orleans was heavily damaged by Katrina and at the end of 2005 the plant was not yet operational. The plant activities, resumed in the first quarter of the current year, will suffer from the logistical difficulties linked to the devastation of the river system.

Greencastle, Indiana: vista notturna della cementeria
Greencastle, Indiana: the cement plant by night



Grazie anche al sensibile miglioramento dei ricavi unitari, sia nel settore cemento che nel calcestruzzo preconfezionato, il fatturato delle attività statunitensi ha superato il miliardo di dollari, attestandosi a 1.038,6 milioni (+18,7% a parità di perimetro, ovvero al netto della cessione del 50% di Glens Falls), ovvero 834,8 milioni di euro. L'effetto cambio è stato ininfluenza. Alcuni contratti di approvvigionamento biennali hanno consentito di contenere la pressione esercitata dai costi energetici sui costi di produzione, il cui aumento, relativamente limitato, è stato ampiamente compensato dai maggiori ricavi unitari; ulteriori benefici sono stati conseguiti dalla piena realizzazione delle sinergie rivenienti dalla fusione nel gennaio 2004 delle attività di RC Cement e Lone Star in Buzzi Unicem USA. Tali sinergie hanno principalmente riguardato le politiche commerciali, l'ottimizzazione della logistica ed il coordinamento degli investimenti; apprezzabile anche il contributo derivante dall'unificazione delle sedi centrali e dalle politiche di approvvigionamento.

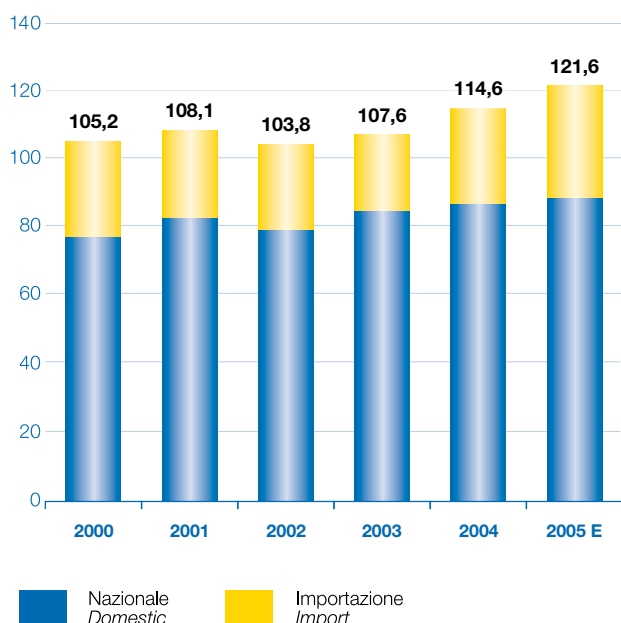
Per effetto di quanto esposto, il margine operativo lordo è aumentato da 206,2 a 283,5 milioni, ovvero 273,0 (+32,3%) al netto della plusvalenza di 10,5 milioni riveniente dalla vendita di Glens Falls nel primo trimestre del 2005, con un'incidenza sul fatturato in miglioramento dal 28,0% al 32,7%. La maggiore redditività è dovuta soprattutto al miglioramento dei prezzi, che ha più che compensato l'incremento dei costi energetici.

Thanks to the appreciable improvement of unit revenues in both cement and ready-mix concrete sectors, US net sales skimmed one billion dollar, recording \$1,038.6 million (+18.7% at same scope of consolidation, i.e. net of the sale of 50% Glens Falls), or €834.8 million. The foreign exchange impact was non-influential. Some two-year supply contracts allowed to limit the impact of energy costs on production costs. Their increase, relatively limited, was widely offset by greater unit revenues. Further benefits were gained by the full use made of synergies deriving from the merging of RC Cement and Lone Star operations into Buzzi Unicem USA in January 2004. Those synergies mainly regarded trade policies, optimization of logistics and coordination of investments. The contribution deriving from the unification of headquarters and purchasing policies was also considerable.

As a result, EBITDA increased from €206.2 million to €283.5 million, or €273.0 (+32.3%) net of €10.5 million gain on disposal of Glens Falls in the first quarter of 2005, with EBITDA to sales margin from 28.0% to 32.7%. The higher profitability is mainly due to price improvement, which more than offset the increase in energy costs.

Consumo di cemento in USA Cement Consumption in the USA

(milioni di ton / million tons)



Si riporta qui di seguito il contributo degli Stati Uniti alle attività del gruppo:
The following table shows the United States' contribution to group operations:

	(milioni di euro / millions of euro)	
	2005	2004
Ricavi netti <i>Net sales</i>	834,8	737,4
Margine operativo lordo <i>EBITDA</i>	283,5	206,4
Margine operativo lordo al netto componenti non ricorrenti <i>EBITDA, net of non-recurring items</i>	273,0	206,4
% sui ricavi netti <i>% of sales</i>	32,7	28,6
Investimenti industriali <i>Capital expenditures</i>	67,7	48,6
Addetti a fine periodo <i>Headcount end of period</i>	2.246	2.261

Una nave per il trasporto del cemento ancorata alla banchina dello stabilimento di New Orleans, LA
A cement ship moored to the dock of the New Orleans plant, LA



Nel 2005, Alamo Cement, in partnership con il produttore statunitense Ash Grove, ha avviato a Houston la costruzione di un terminale per la commercializzazione di cemento. Per la quota di propria competenza nell'iniziativa, attualmente pari al 25%, Alamo ha finora investito 6,4 milioni di dollari al netto di 4,0 milioni incassati per la cessione del terreno ove il terminale viene realizzato. Buzzi Unicem USA ha acquistato 10 betoniere ed ha migliorato il sistema di alimentazione del petcoke ai forni di Selma (MO); quest'ultimo impianto sarà inoltre oggetto di un rilevante potenziamento. Infatti, nel mese di dicembre, completato con successo il procedimento di autorizzazione ed approfonditi con esito favorevole gli impatti ambientali, Buzzi Unicem USA ha iniziato un importante progetto di rinnovamento ed espansione della capacità produttiva di Selma: un nuovo forno a 5 stadi con precalcinazione sostituirà gli attuali due forni a via secca senza torre di preriscaldamento, con una capacità produttiva attesa di 2,3 milioni di tonnellate, contro gli attuali 1,3 milioni di tonnellate. Di conseguenza, la capacità produttiva di Buzzi Unicem USA aumenterà del 10%, fino a 9,6 milioni di tonnellate. Grazie alla capacità produttiva addizionale, la società ridurrà la dipendenza dalle importazioni e sarà in grado di rispondere in modo ottimale alle crescenti necessità del mercato, rafforzando nel contempo la propria leadership di costo. L'incremento della capacità produttiva a Selma, situata sulle sponde del Mississippi, potenzierà ulteriormente il già rilevante posizionamento di Buzzi Unicem USA lungo le principali vie fluviali del Midwest, portando a complessivi 4,5 milioni di tonnellate (comprese le cementerie di Cape Girardeau, MO e Chattanooga, TN) la capacità, ad alta efficienza, installata sull'acqua. Si prevede che il nuovo impianto venga completato ed avviato nella seconda parte del 2008. L'investimento complessivo è stimato in 262 milioni di dollari e sarà finanziato dalle disponibilità liquide esistenti e tramite i flussi di cassa attesi generati dalla gestione.

In 2005, Alamo Cement, in partnership with the US producer Ash Grove, started the construction of a terminal for cement trading. For its pertaining share in the initiative, currently 25%, Alamo has invested \$6.4 million, net of \$4.0 million cashed for the sale of the land where the terminal will be built. Buzzi Unicem USA purchased 10 truck mixers and improved the petcoke feeding system in the kilns at Selma (MO), plant which will be remarkably developed. In fact in December, following a successful permit application and full clearance of all environmental issues, Buzzi Unicem USA gave the green light to its Selma, MO cement plant major renovation and upgrading project. A new 5 stage preheater/precalcyner kiln will replace two long dry kilns, with a projected cement capacity of 2.3 million tons versus the existing 1.3 million output. As a result, overall Buzzi Unicem USA cement capacity will increase a 10%, up to a total after project of 9.6 million tons. With the new capacity the company will be less dependent from costly cement imports and well positioned to respond to growing market needs, while considerably enhancing cost leadership. Located on the Mississippi river, the new Selma plant capacity will further add to Buzzi Unicem USA already strong position along the major Midwest water-ways, totaling 4.5 million tons (including Cape Girardeau, MO and Chattanooga, TN works) of very efficient water based capacity. The plant is expected to be completed and in operation in the second half of 2008. Total project cost is estimated in \$262 million, to be financed out of existing cash reserves and expected future internal financing.

Messico Mexico

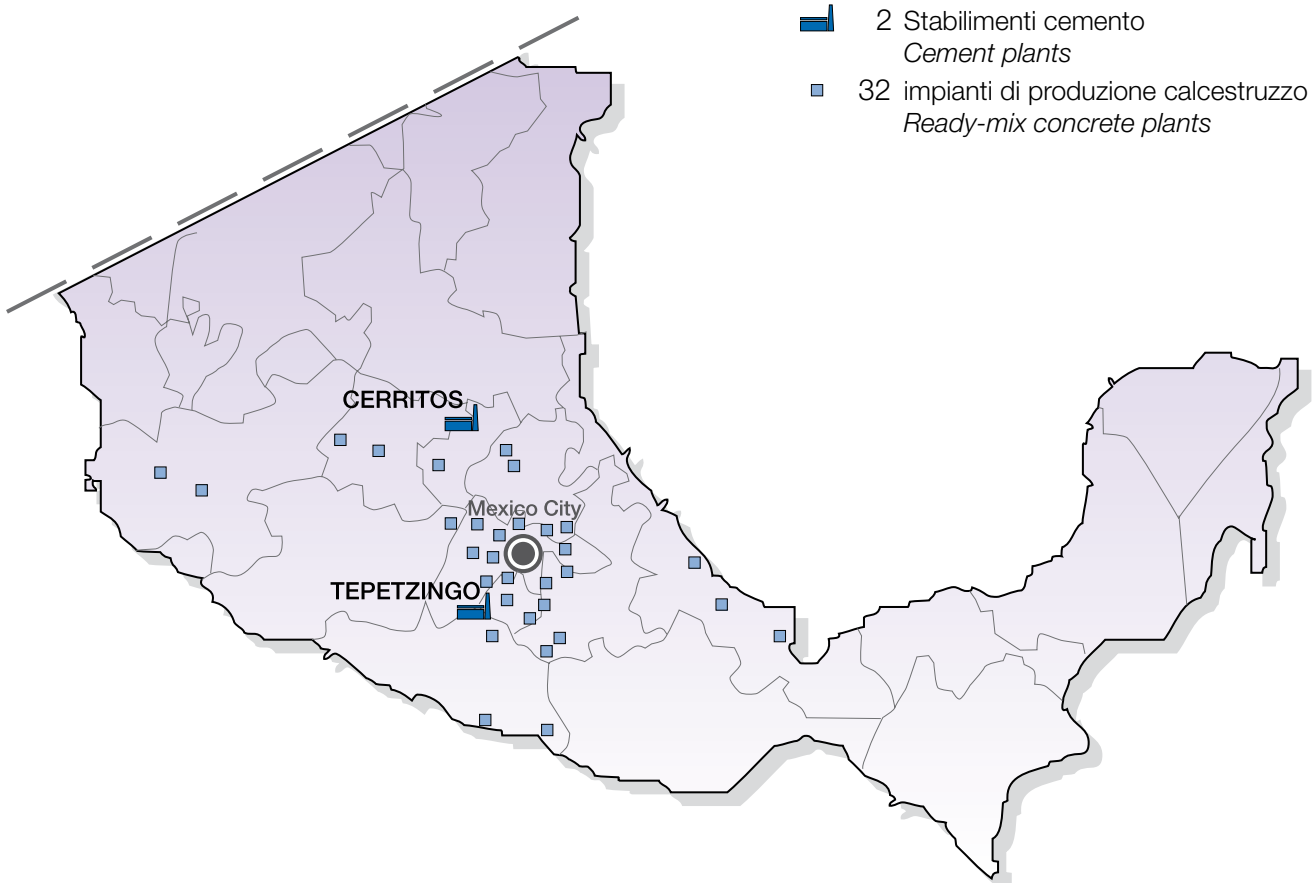
Anche grazie al positivo andamento della congiuntura statunitense, l'economia messicana nel 2005 è cresciuta del 3%, con un tasso di inflazione del 3,3%, apprezzabilmente inferiore al 5,2% dell'anno precedente. La forte concorrenza dei Paesi asiatici nei settori ad alto contenuto di manodopera sta lentamente modificando la realtà produttiva, con una salutare conversione verso produzioni a più elevato valore aggiunto, fatto che ha consentito di mantenere un buon tasso di crescita. Gli elevati corsi del petrolio hanno contribuito a rafforzare la condizione finanziaria del Paese, come evidente dalla riduzione del differenziale tra i titoli locali e quelli del Tesoro USA e dal lieve rafforzamento del peso.

Secondo le stime disponibili, l'industria delle costruzioni è cresciuta ad un ritmo del 2% circa, mentre il consumo di cemento è aumentato del 4,2%.

Thanks also to the positive trend in the US market, in 2005 the Mexican economy increased by 3%, with a 3.3% rate of inflation, appreciably lower than the 5.2% of the previous year. The strong competition of Asian countries in labor-intensive sectors is slowly changing the production scenario, with a positive conversion towards higher added value productions, thus maintaining growth rate at a good level. The high price of oil helped to strengthen the financial situation of the country, as proven by the reduction in the gap between local equities and US Treasury equities and the slight strengthening of the peso.

According to estimates available, the construction industry grew at a rate of approximately 2%, while cement consumption increased by 4.2%.

Attività in Messico Operations in Mexico



La crescita del mercato ha consentito alla nuova cementeria di Cerritos, avviata nel maggio 2004, di raggiungere rapidamente un buon livello di sfruttamento della capacità produttiva; la collegata Corporación Moctezuma ha così realizzato un incremento delle vendite di cemento del 20% circa, con prezzi in valuta locale in diminuzione di alcuni punti percentuali. La flessione dei ricavi unitari è effetto sia di una generalizzata tendenza di mercato (con una maggiore incidenza delle vendite all'ingrosso ed una riduzione del sacco) che di una politica commerciale orientata all'aumento del tasso di utilizzo di Cerritos. In crescita anche i volumi di calcestruzzo preconfezionato (+3,2%), con prezzi analoghi al 2004.

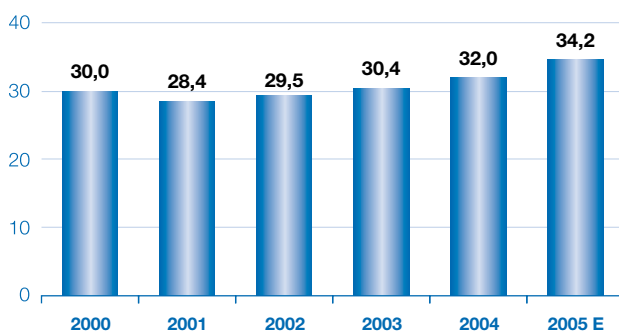
Il fatturato è aumentato in valuta locale del 17,1%, mentre per il margine operativo lordo l'incremento è stato del 16,1%. In euro, con riferimento al 50% di competenza del gruppo, i due valori si sono attestati rispettivamente a 163,0 milioni (+21,2%) e 76,1 milioni (+20,1%). Il raggiungimento di un buon livello di attività a Cerritos e la modifica nel mix dei combustibili a Tepetzingo hanno contribuito a contenere l'impatto dei crescenti costi di produzione sulla redditività. Il rapporto tra margine operativo lordo e fatturato è infatti diminuito di circa mezzo punto percentuale, passando dal 47,1% al 46,7%.

Thanks to market growth, the new cement plant in Cerritos, opened in May 2004, rapidly reached a good capacity utilization level. The subsidiary Corporación Moctezuma has thus increased cement sales by around 20%, with prices in local currency down by some percentage points. The decrease of unit revenues stems from both the general market trend (with a greater impact from wholesale sales and a reduction of sales in bags) and a trade policy aimed at increasing the utilization rate of Cerritos. Volumes of ready-mix concrete are increasing (+3.2%), with similar prices to those in 2004.

Net sales increased in local currency by 17.1%, while EBITDA increased by 16.1%. In euro, with reference to 50% pertaining to the group, the two figures stood at €163.0 million (+21.2%) and €76.1 million (+20.1%), respectively. The good operating condition attained by Cerritos and the change in fuel mix at Tepetzingo helped to reduce the impact of the increase of production costs on profitability. In fact, EBITDA to sales margin decreased by around half a percentage point, from 47.1% to 46.7%.

Consumo di cemento in Messico **Cement Consumption in Mexico**

(milioni di ton / million tons)



Nel 2005, Corporación Moctezuma ha investito circa 74 milioni di dollari; di questi, oltre 50 sono stati destinati alla realizzazione della seconda linea di produzione di Cerritos, che ne raddoppierà la capacità produttiva entro il primo semestre dell'anno in corso. È proseguito il rafforzamento nel settore del calcestruzzo preconfezionato, con un incremento del parco betoniere e betonpompe.

In 2005, Corporación Moctezuma invested around \$74 million, of which over 50 for the construction of the second production line in Cerritos, which will double its production capacity by the first half of the current year. The strengthening of the ready-mix concrete sector continued through the purchase of a fleet of truck mixers and truck-mounted concrete pumps.

Si riportano di seguito i dati consolidati di Corporación Moctezuma, dei quali al nostro gruppo spetta una quota pari al 50%:

The following shows the consolidated figures of Corporación Moctezuma, of which 50% pertains to our group:

	(milioni di euro / millions of euro)	
	2005	2004
Ricavi netti <i>Net sales</i>	326,0	269,1
Margine operativo lordo <i>EBITDA</i>	152,2	126,7
% sui ricavi netti <i>% of sales</i>	46,7	47,1
Investimenti industriali <i>Capital expenditures</i>	62,6	61,8
Addetti a fine periodo <i>Headcount end of period</i>	913	868

Cerritos, Messico: nastro trasportatore del cemento ai silos
Cerritos, Mexico: cement transportation by belt conveyor to silos



Risorse Umane Human Resources

Da sempre Buzzi Unicem affida alle proprie risorse umane un ruolo centrale nel perseguimento degli obiettivi aziendali.

I progressi tecnici ed i miglioramenti organizzativi fanno sì che cresca il potenziale contributo di ciascun dipendente ai risultati. L'inserimento di personale in possesso di idonee caratteristiche personali e professionali ed il raggiungimento di un livello di performance effettivo il più vicino possibile a quello potenziale di ciascun dipendente sono gli obiettivi prioritari della gestione delle risorse umane.

Il raggiungimento di questi traguardi passa anche attraverso la possibile maggior integrazione a livello internazionale, nei settori di attività che più si prestino alla valorizzazione delle potenziali sinergie.

Gli andamenti macroeconomici e del settore cemento nel 2005, in ciascuna delle regioni in cui opera Buzzi Unicem, hanno comunque determinato le principali linee di azione. Il trend positivo dell'economia negli USA favorisce il moltiplicarsi di occasioni di lavoro, pertanto devono essere dedicati molti sforzi alla fidelizzazione dei dipendenti (retention); viceversa, in Germania, i bassi livelli di produzione fanno sì che l'attenzione sia mantenuta sul contenimento dei costi ed il miglioramento dell'efficienza. Negli altri paesi (Italia compresa) il livello di attività è stato analogo al 2004 con una sostanziale saturazione del livello di impiego delle risorse. Le relazioni con il personale si sono mantenute su un livello di normalità in ciascuna regione, con un rispetto generalizzato delle prassi e degli accordi vigenti.

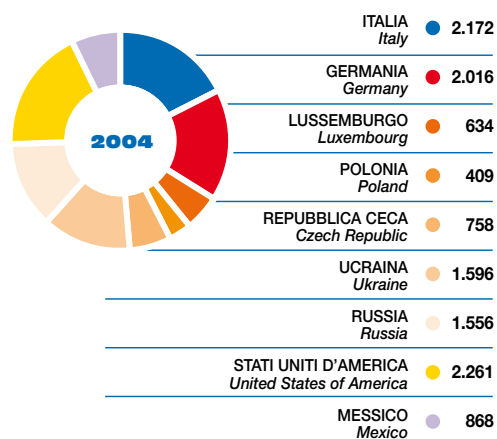
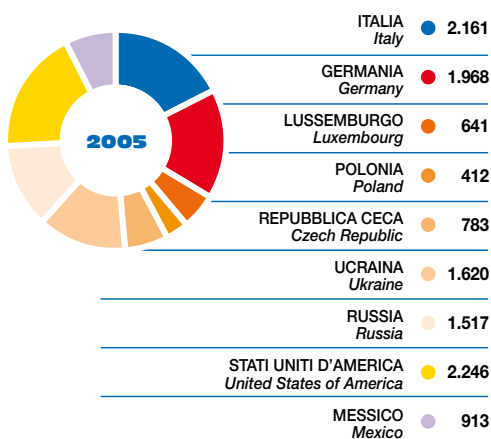
Since the beginning of its long tradition, Buzzi Unicem has always assigned a key role to human resources in the pursuit of company's targets.

The technical progress and organizational improvements facilitate the growth of the potential contribution of every single employee. The enrolment of personnel with adequate professional and personal characteristics and the attainment of a performance level as near as possible to the potential of every single employee, are the primary objectives in the management of human resources.

These targets also require the highest integration possible at international level in the business lines which are most suited to enhance these potential synergies.

In any case, in 2005, in the different regions where Buzzi Unicem operates, the company's policy was determined by the macroeconomic scenario and the cement sector performance. The positive trend shown in the United States' economy favored the growth in work opportunities, and considerable effort should therefore be aimed at retaining employees. Conversely, in Germany, low production levels led to cost reduction and improvement of efficiency. In the other countries (including Italy) the business level remained unchanged compared to 2004, with a substantial saturation of employment resources. Relationships with personnel remained normal in all regions, generally consistent with normal practice and agreements in force.

Addetti per area geografica a fine esercizio Headcount by region at year end



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

Buzzi Unicem, come tradizione dalle origini, dedica particolare attenzione ai controlli di qualità nonché alla ricerca applicata alle specifiche produzioni, e conduce ricerca e sperimentazione su ingegneria di processo e su nuovi prodotti.

La società è rappresentata in tutti i principali organismi, nazionali e sopranazionali, 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.

In particolare presso le nostre strutture di ricerca, rappresentate dai tre laboratori centrali di Guidonia, Trino e Wiesbaden (Dyckerhoff), è stata data particolare enfasi alla riduzione del coefficiente di emissione di anidride carbonica dei nostri cementi, lavorando alla ottimizzazione del contenuto di clinker ed allo sviluppo di nuovi prodotti innovativi. Si tratta in particolare di cementi a base di clinker solfoalluminato, a bassa emissione di CO₂, caratterizzati da rapido sviluppo delle resistenze e ritiro ridotto, di cui è già stata avviata la produzione industriale per il mercato europeo (sono inoltre già prodotti dal gruppo negli Stati Uniti da oltre un decennio).

La gamma dei nostri prodotti speciali, grazie alla collaborazione con Dyckerhoff, è stata ulteriormente ampliata, con l'introduzione di cementi per iniezioni (Eco T 55), di cementi per stabilizzazione terreni ed inertizzazione (LIPIDUR) e di cementi microfini (MICRODUR).

Particolare attenzione viene dedicata al miglioramento delle performance dei prodotti esistenti: il caso più significativo è rappresentato da Ecospritz Gunite WLT "nuova formula", che ha permesso la realizzazione della pista da bob olimpica di Cesana-Pariol, passando brillantemente le severe prove di accettazione e comportandosi egregiamente all'impiego.

Ever since it was established, Buzzi Unicem has traditionally paid special attention to quality control, as well as to applied research for cement manufacturing; it also carries out research and testing on process engineering and new products.

The company has a presence in all the main national and international bodies dealing with regulations and certification. We are also particularly active in the manufacture of special products – not only on an experimental basis – which can be used in the building industry, adding to and backing up our main catalogue.

In particular, our research centers, which are the three central laboratories of Guidonia, Trino and Wiesbaden (Dyckerhoff), place great importance on reducing the CO₂ emission ratio in our cements, and they have been working on optimizing the clinker content and developing new innovative products. In particular, these are cements based on sulfoaluminate clinker with low carbon dioxide emissions, characterized by fast development of initial strength and reduced-shrinkage, whose industrial production has already begun for the European market (they have been produced by the group in the US for over ten years).

Thanks to the co-operation with Dyckerhoff, the range of our special products has further widened, with the introduction of injection cements (Eco T 55), cements for soil stabilization and inertia (LIPIDUR) as well as microfine cement (MICRODUR).

Special attention is paid to enhancing the performance of already existing products. The most important case is represented by the "new formula" Ecospritz Gunite WLT, which was used in the construction of the Olympic bobsleigh track in Cesana-Pariol, successfully passing the stringent final tests and showing excellent performance.

Da segnalare inoltre che il nostro prodotto Solidur®, premiscelato per diaframmi plastici impermeabili, ha ottenuto il premio “Costruire”, il più prestigioso riconoscimento in Italia nel campo delle innovazioni di materiali e sistemi.

Proseguono infine le attività di ricerca rivolte a sperimentazione di nuove tecniche di analisi e di automazione del controllo di produzione: grazie agli interessanti risultati raggiunti ed alle prospettive future, sono state rinnovate le collaborazioni in corso con importanti Università italiane ed estere.

Per quanto riguarda i cementi comuni secondo UNI EN 197/1 ed il sistema qualità aziendale, tutti i nostri cementi possiedono il marchio CE e Buzzi Unicem, in tutti i suoi stabilimenti italiani, ha ottenuto il rinnovo della certificazione volontaria secondo la nuova versione delle norme di sistema qualità UNI EN ISO 9001:2000, nota anche come “Vision 2000”.

Worth mentioning is our Solidur® product, a pre-mix for waterproof barriers. This product was in fact awarded the “Costruire” prize, the most prestigious award in Italy in the field of material and system innovation.

Finally, research activities aimed at experimenting and developing new techniques for analysis and production control automation are also continuing. In this regard, thanks to the interesting results reached and prospects for the years to come, joint projects already set up with major Italian and foreign universities have been renewed.

Regarding common cements according to UNI EN 197/1 and the company's quality system, all our cements have the CE mark and all Buzzi Unicem plants in Italy have obtained renewal of the voluntary certification according to the new version of the quality standards UNI EN ISO 9001:2000, also known as “Vision 2000”.

Test di rottura a compressione dei provini in malta plastica
Testing compression strength of the standard mortar



Ecologia, ambiente e sicurezza **Ecology, Environment and Safety**

Buzzi Unicem è sempre più consapevole che il successo di un'azienda dipende dal saper capire, se non addirittura anticipare, le aspettative legittime del contesto in cui opera e con cui interagisce. Conformemente ai principi ispiratori della "Politica Ambiente e Sicurezza" ed alla propria missione aziendale, la promozione della centralità della persona ed il rispetto dell'ambiente sono obiettivi prioritari del percorso, iniziato nel 1997, di miglioramento continuo della gestione in un'ottica di sviluppo sostenibile.

E' sempre più importante la volontà e forte l'impegno aziendale nell'ambito della protezione ambientale e della responsabilità sociale, al fine di gestire e minimizzare l'impatto ambientale, andando oltre il semplice rispetto dei vincoli legislativi e sviluppando una cultura della prevenzione e della promozione della qualità ambientale e della sicurezza radicata nel sentire aziendale. Per comunicare le attività e gli sforzi effettuati nello sviluppo sostenibile e dare appropriata diffusione agli importanti traguardi raggiunti, viene pubblicato annualmente il "Bilancio di Sostenibilità".

In tale ambito, nel 2005, i principali obiettivi ed azioni delle società del gruppo sono stati indirizzati al progressivo miglioramento delle prestazioni qualitative ed ambientali dei processi produttivi, attraverso l'implementazione e controllo delle tecniche di riduzione delle emissioni inquinanti, con particolare riguardo all'applicazione delle *Best Available Techniques* (soprattutto per il contenimento delle emissioni di ossidi di azoto), ed al monitoraggio sempre più accurato ed affidabile delle emissioni dei forni di cottura clinker.

Similmente ed in relazione anche all'applicazione del protocollo di Kyoto, è continuata la ricerca volta ad aumentare il ricorso a materiali residuali e combustibili alternativi, in sostituzione delle materie prime naturali e dei combustibili fossili tradizionali.

Coerentemente con gli obiettivi della politica aziendale, è stato ulteriormente ottimizzato e diffuso il sistema di gestione integrata dell'ambiente e della sicurezza, con l'ottenimento della certificazione UNI EN ISO 14001 per le cementerie di Augusta (SR) e Siniscola (NU) ed il terminale di Ravenna. Inoltre, è proseguito il percorso di studio e quantificazione dei profili ambientali dei nostri prodotti: dopo la EPD (Environmental Product Declaration) del "prodotto cemento", Buzzi Unicem ha ottenuto anche la certificazione della dichiarazione ambientale del "prodotto calcestruzzo". L'adozione volontaria di questi innovativi strumenti manageriali e schemi certificativi consente di garantire la massima tutela del cliente e di ridurre le criticità ed i costi di

Buzzi Unicem is ever more aware that the success of a company relies on understanding, and even anticipating, the legitimate expectations within the context in which it operates and interacts. In compliance with the principles of the "Environment and Safety Policy" and the company's mission, the promotion of the centrality of the individual and the protection of the environment are the primary objectives of the path, which began in 1997, for a continuous improvement in the management of sustainable development.

The willingness and strength of the company's commitment is ever more important to the protection of the environment and social responsibility, in order to manage and minimize environmental impact. The objective is not only to comply with legislative restrictions, but also to develop a culture of prevention and promotion of environmental quality and safety, rooted in the company's philosophy. In view of communicating the steps accomplished and the efforts made in the field of sustainable development, as well as adequately disclosing the important results obtained, every year the "Sustainability Report" is published.

In this context, in 2005 the major objectives and actions of the group's companies were aimed at progressively improving the qualitative and environmental performance of the production processes, through the implementation and control of techniques for reducing pollutant emissions, with special attention to the application of the Best Available Techniques (especially for reducing nitric oxide emissions), and to the more and more accurate and reliable monitoring of emissions of clinker kilns.

Similarly, and in relation to the application of the Kyoto protocol, research continues aimed at increasing the use of residual materials and alternative fuels to reduce the consumption of natural raw materials and traditional fossil fuels.

In compliance with the objectives of the company's policy, the integrated environmental and safety management system was further optimized and promoted, and resulted in the awarding of the UNI EN ISO 14001 certification for the cement plants in Augusta (SR) and Siniscola (NU) and the terminal in Ravenna. In addition, the study and quantification of environmental profiles of our products has continued: following the EDP (Environmental Product Declaration) of the "cement product", Buzzi Unicem was also awarded the certification of environmental declaration for the "concrete product". The voluntary adoption of

gestione, assicurando la costante adeguatezza ed efficacia degli standard aziendali ai livelli normativi. Si segnala infine che la cementeria di Greencastle, nell'Indiana, ha ricevuto il Premio 2004 per la "Eccellenza Ambientale", grazie al raggiungimento dell'obiettivo della significativa riduzione del consumo termico e dei flussi di massa emessi, attraverso la conversione della linea di cottura clinker da via umida a via semi-secca, con cicloni e precalcinatore, ed il monitoraggio continuo delle emissioni.

Anche nel 2005 le unità produttive sono state sottoposte a sistematici controlli ispettivi che, utilizzando un unico e sintetico protocollo di valutazione, analizzano puntualmente 16 punti, dalle apparecchiature alle norme di lavoro sicuro, dai controlli operativi alla gestione delle emergenze ambientali.

these innovative management tools and certification schemes allows us to ensure the utmost protection of customers as well as reduce critical issues and management costs, while still guaranteeing the compliance and effectiveness of the company's standards at legislative levels. Finally, it is worth mentioning that the cement plant in Greencastle, Indiana, was awarded the 2004 Prize for "Environmental Excellence", thanks to the significant reduction in thermal consumption and emitted mass flows in the clinker kilns, through the conversion from a wet process to a semi-dry process, with cyclone kilns and precalciner and the continuous monitoring of emissions. Also in 2005, the production units underwent inspections which, by using a single and short assessment protocol, assessed 16 items, from equipment to safe work rules, from operative checks to the handling of environmental emergencies.

Un'immagine autunnale dell'oasi Botanico Ricreativa del Ceretto (Torino)
The fall season at the Ceretto Botanical and Recreational Oasis (Turin)



Evoluzione prevedibile della gestione **Outlook for Operations**

In Italia, il recupero dei ricavi unitari, in presenza di volumi in marginale contrazione, dovrebbe consentire un progresso della redditività caratteristica rispetto al 2005.

In Germania si prevedono vendite di cemento in linea con lo scorso esercizio, con risultati operativi in miglioramento. Il Lussemburgo dovrebbe presentare un quadro di sostanziale stabilità, sia in termini di mercato che di risultati a parità di perimetro, tenendo cioè conto dell'alienazione avvenuta nel gennaio 2006 della quota di controllo in Eurobeton.

Russia ed Ucraina dovrebbero confermare la buona intonazione della domanda, con positive ripercussioni sui ricavi unitari. In Russia, la cemeniteria di Suchoi Log, vicina al pieno utilizzo della capacità produttiva, incontrerà probabilmente limitazioni nel soddisfare un'eventuale crescita del mercato. In Ucraina, l'aumento dei costi di produzione, dovuto al forte incremento del gas naturale, potrebbe essere in parte recuperato attraverso il miglioramento dei prezzi. Sia in Repubblica Ceca che in Polonia le prospettive 2006 per il settore delle costruzioni sono positive; in presenza di costi di produzione in aumento, la conferma dei buoni livelli di redditività del 2005 dipende da un'evoluzione favorevole dei prezzi di vendita.

Negli Stati Uniti i volumi sono attesi in lieve aumento, mentre il miglioramento dei ricavi unitari sarà in parte assorbito dall'incremento dei costi di produzione. In dollari, i risultati operativi dovrebbero confermarsi anche nel 2006 su livelli molto favorevoli.

In Messico il consumo di cemento è atteso in crescita. L'entrata in funzione della seconda linea di produzione di Cerritos consentirà a Corporación Moctezuma di aumentare le vendite rispetto al 2005; ipotizzando prezzi almeno costanti in termini reali, l'incremento delle attività si rifletterà positivamente sui risultati operativi.

Pertanto, a livello consolidato, le prospettive per l'anno in corso appaiono complessivamente positive ed il margine operativo lordo atteso per il 2006, al netto dei proventi non ricorrenti, dovrebbe essere in miglioramento rispetto a quello del 2005.

In Italy, although volumes are likely to slightly decline, the price recovery should bring to an improvement of the operating income compared with 2005 (net of non-recurring items).

In Germany cement sales should come out in line with the previous year, with better operating results. In Luxembourg, expectations are for stable market and results at constant scope, i.e. taking into account the disposal of the controlling stake in Eurobeton effected in January 2006.

Russia and Ukraine should confirm the favorable market trend, with positive impact on unit revenues. In Russia, Suchoi Log cement plant, running close to capacity, might face constraints in meeting a fast growing demand. In Ukraine, the hike in production costs due to gas price increase could be partly recovered through better pricing. In the Czech Republic and in Poland prospects are bright for the construction industry. Since production costs are on the rise, the good margin level attained in 2005 can be confirmed only if selling prices show a favorable development.

In the United States volumes are expected to slightly rise, while unit revenues improvement will be partly absorbed by the increase in production costs. Operating results in dollars should remain at a very positive level also in 2006.

In Mexico cement consumption is expected to grow. The coming on stream of the second production line at Cerritos should allow Corporación Moctezuma to further increase sales; assuming prices remain at least stable in real terms, the operations enhancement will positively reflect on operating results.

Consequently, at consolidated level, the outlook for the current year is overall positive and EBITDA in 2006, net of non-recurring items, is expected to improve compared with 2005.

Una pista a cinque cerchi

A five-ring track

È un tracciato molto tecnico: a tratti ricorda quello di Salt Lake City ed è stato un bene provarlo fin da ora»: ecco il commento del campione olimpico di slittino individuale, il carabiniere altoatesino Armin Zoeggeler, che, l'8 gennaio scorso ha provato la pista da bob ben tre volte. Ad inizio 2005, infatti, nel corso di competizioni internazionali, le federazioni sportive hanno omologato la pista. Per il bob, hanno testato l'impianto, tra gli altri, i campioni italiani Fabrizio Tosini e Simone Bertazzo, il canadese Pierre Luders, medaglia d'oro nel bob a due di Nagano 1998, ed il tedesco Andre Lange, medaglia d'oro nel bob a 4 a Salt Lake City 2002. Anche il principe Alberto Grimaldi di Monaco, atleta olimpico di bob e membro del CIO, Comitato Internazionale Olimpico,

e della Commissione di Coordinamento per Torino 2006 ha espresso il proprio apprezzamento per le qualità tecniche del tracciato.

Nuove tecnologie di costruzione

Oltre alla pista vera e propria, che ha richiesto un sedime d'intervento complessivo di 280.000 m², sono stati realizzati gli edifici accessori: alcuni di tipo permanente, e perciò in grado di ospitare strutture con destinazioni d'uso post-olimpiche, altri di tipo temporaneo, ovvero occorrenti per lo svolgimento delle Olimpiadi ma pensati per essere totalmente smantellati alla fine dei giochi.

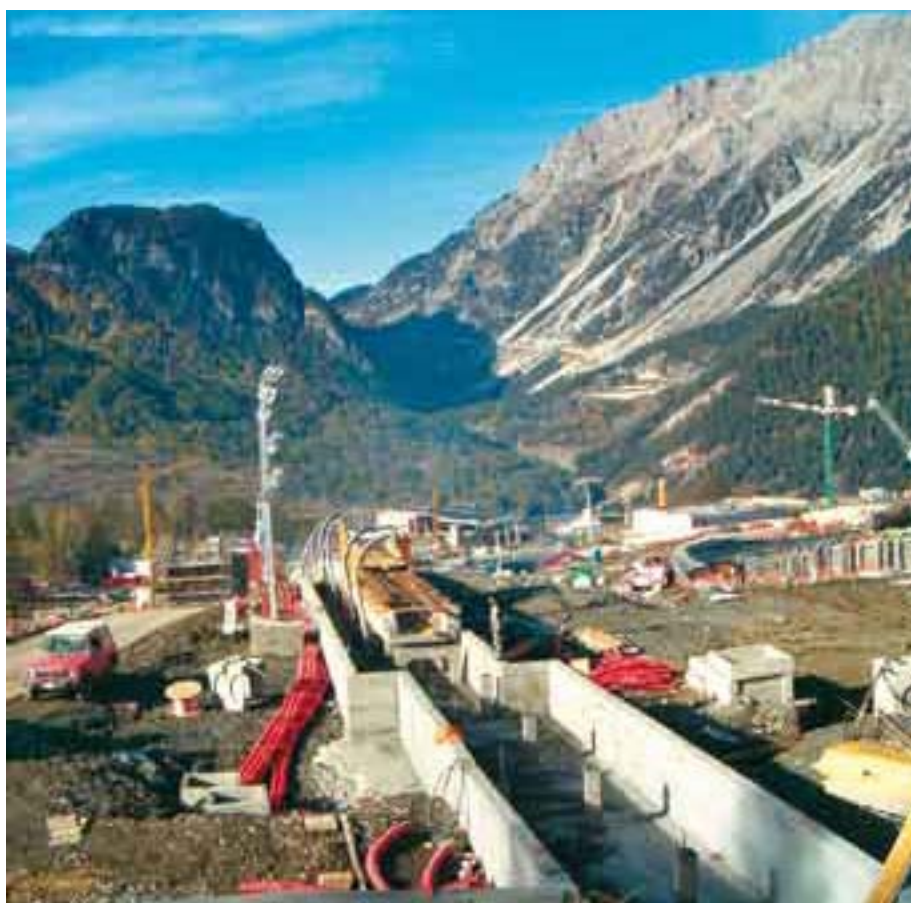
Sul tracciato della nuova telecabina, è stata prevista una stazione intermedia che ha collegato Cesana allo Ski Lodge

e consente agli spettatori di raggiungere il piazzale centrale. Tale piazzale è stato collegato direttamente alla strada che da Cesana porta a San Sicario e, esaurita la sua funzione di parcheggio per la pista da bob e slittino, è stato destinato ad area di posteggio per la vicina pista da sci e la telecabina.

Le prime prove di qualifica sui materiali si sono svolte a febbraio 2004 mentre i lavori veri e propri hanno avuto inizio a luglio e sono terminati a dicembre dello scorso anno. La pista è lunga 1700 m ca., spazio di sicurezza compreso, e dispone di 6 posizioni di partenza, poste ad altezza diversa, in modo da poter ospitare gare di vari livelli di difficoltà: a seconda della velocità, infatti, le curve hanno una diversa sopraelevazione mentre pendenza, successione delle curve e lunghezza sono stabilite sulla base di regolamenti sportivi. Una copertura protegge il tracciato dai raggi solari mentre una rete di percorsi pedonali e un impianto di illuminazione artificiale e diffusione sonora garantiscono la fruizione ottimale delle gare.

I pali trivellati rappresentano il vero e proprio appoggio della struttura: sopra di essi viene gettata la piattaforma di fondazione - il profilo ad U in calcestruzzo - collegata alla pista attraverso due tondini, di diametro 20 mm e posti all'interno e al centro di ogni singolo pilastro; lo spazio libero viene riempito di sabbia asciutta. I tondini sono saldati direttamente alla centina, progettata sulla base del raggio di inarcamento delle varie curve, e sopra di essa, ma inglobati nello strato di calcestruzzo spruzzato, con un interasse di 9 cm l'uno dall'altro, sono allocati i tubi d'acciaio per l'ammoniaca, aventi diametro 3,7 cm e che hanno permesso la ghiacciatura della pista con temperature fino a -12 °C. Per la refrigerazione della pista è stata scelta l'ammoniaca (NH₃) perché, evaporando direttamente nelle tubazioni, consente una gestione più economica dell'impianto.

Dietro la centina e sopra i tubi in cui scorre l'ammoniaca, a sostenere l'an-



damento parabolico della curva troviamo un'armatura a rete di tondini posizionati in diagonale ad una distanza di 10 x 10 cm: dietro questa struttura è stata posata un'altra rete metallica molto fine, tipo zanzariera, che funge da cassero per l'Ecospritz Gunita WLT, la malta premiscelata pronta all'uso prodotta da Buzzi Unicem, che assicura un'ottima lavorabilità ottenendo una finitura idonea a consentire un'adeguata aderenza del ghiaccio.

La pendenza e la difficile accessibilità del cantiere - insieme al continuo spostamento delle squadre da un punto all'altro - hanno suggerito la consegna delle 2400 t di Ecospritz Gunita WLT in sacchi da 25 kg, stoccati in vari punti del tracciato, in pallet da una tonnellata e mezza e protetti da un film plastico.

Calcestruzzo particolare per una superficie levigata e innovativa

L'esigenza del cliente era di poter disporre di un conglomerato spruzzabile che garantisse durabilità e resistenza, permettesse una fase prolungata di lavorabilità (60 minuti) e che potesse essere posato sulla parte strutturale principale in un getto unico. In questi casi il rischio è che il calcestruzzo, durante la fase di spruzzaggio, non ammantamenti completamente il tubo di refrigerazione e si creino delle sacche vuote le quali, con le escursioni termiche, possono generare condense e quindi riempimenti di acqua che potrebbero corrodere il tubo. Meticolose prove in cantiere e accurati studi hanno fatto scegliere Ecospritz Gunita WLT Buzzi Unicem, malta speciale a base di cemento pozzolanico tipo IV 42,5, a ritiro compensato, fibrorinforzata con polipropilene, priva di additivi alcalini aggiunti, comprendente sia il legante che l'aggregato con granulometria 0 - 3 mm. Oltre alla durabilità, la sua partico-

lare formulazione garantisce l'assenza di fessurazioni e gradi precisi di finitura con ogni tipo di frattazzo. Inoltre, la capacità del materiale di autosostenersi consente la posa, senza scarti, di strati di notevole spessore. Poiché è necessario garantire la compattazione del prodotto, la pressione alla lancia è notevole, variabile da 1,5 a 1,8 atmosfere: così, inizialmente, è stata posata la prima parte strutturale avente spessore di 10 cm.

Quando Ecospritz Gunita WLT ha iniziato a far presa, si è proceduto a spruzzare gli ultimi 3 cm che, in seguito, sono stati frattazzati e lisciati.

Il prodotto può essere posato sia con il procedimento a secco che con quello ad umido: quest'ultimo è stato preferito perché esalta la tixotropicità e riduce sia le polveri che lo sfrido, ovvero il materiale che rimbalza sulla superficie di applicazione durante la proiezione.

It is a very technical course with parts that are similar to the one in Salt Lake City, and it has been a privilege to be able to test it immediately» declared Armin Zoeggeler, a carabinieri from Alto Adige and Olympic champion of the single luge event after testing the bobsled track three times on 8 January. The sports federations in fact approved the track at the beginning of 2005 during international competitions.

The bobsled course testers included, among others, Italian champions Fabrizio Tosini and Simone Bertazzo, Pierre Luders, the Canadian gold medalist in the two-man bobsled at Nagano in 1998, and Andre Lange, the gold medalist from Germany in the four-man bobsled in Salt Lake City in 2002. Even Prince Albert Grimaldi of Monaco, Olympic bobsled athlete and member of the International Olympic Committee (IOC) and the Coor-

inating Committee for Torino 2006, sang the praises of the technical features of the course.

New construction technologies

Ancillary buildings were also constructed in addition to the track, which covers a total surface area of 280,000 m². Some of these are permanent structures that can be used after the Olympic Games, while others have been built temporarily for the Olympics and have been dismantled at the end of the games.

The new cable car route includes an intermediate station that links Cesana to the Ski Lodge and brought spectators to the central plaza, which connects directly to the Cesana-San Sicario road.

Once the plaza's function as a car park for the bobsled and luge track was over, it became a parking area for the nearby ski area and cable car. The first certification tests on the materials were performed in February 2004 while the actual construction work was started in July and concluded in December 2004.

The track is 1700 m long, including the safety area, and features 6 starting positions located at different heights so that competitions of varying levels of difficulty can be held. The curves are banked differently depending upon the speed, while the gradient, succession of curves and length are determined by sports regulations. The course is protected from the sun by a cover, and a network of pedestrian walkways and artificial lighting and audio system ensure that the races can be enjoyed to the full.

Sunken pillars support the structure on top of which the U-shaped concrete foundation platform was cast. The platform was connected to the track via two 20 mm diameter reinforcing iron rods located inside the center of each pillar, and the empty space was filled with dry sand.

The iron rods were welded directly to the



centering, which was designed based on the radius of curvature of the various curves. The steel pipes for the ammonia that freeze the track to temperatures of up to -12°C were laid on top of this.

The pipes were incorporated into the layer of sprayed concrete and spaced 9 cm apart. Ammonia (NH_3) was chosen as the cooling agent because it evaporates directly in the pipes, thus rendering the system more economical to operate. Behind the centering and above the ammonia pipes is a mesh reinforcement of iron rods positioned diagonally at a distance of 10×10 cm to support the parabolic line of the curve.

Another very fine metal mesh similar to a fly screen was placed behind this structure to serve as a form for the premixed, ready-to-use Ecospritz Gunita WLT mortar produced by Buzzi Unicem, ensuring optimum workability with a suitable finish that allows the ice to adhere to it properly. 2400 tons of Ecospritz Gunita WLT were delivered in 25 kg bags and stored at various points along the course in 1.5 ton plastic-covered pallets because the gra-

dient and accessibility of the construction site were so difficult, plus the fact that the construction teams were constantly moving from one place to another.

Special concrete for a smooth, innovative surface

The customer required a sprayable concrete that guarantees durability and strength, a long period of workability (60 minutes), and which could be laid on the main structure in a single casting. The risk in these situations is that the sprayed concrete does not completely cover the cooling pipe, thus creating empty spaces which may cause condensation to form during thermal expansions and fill with water that may corrode the pipe. Careful tests at the construction site and thorough studies led to a decision to use Ecospritz Gunita WLT Buzzi Unicem, a special mortar based on type IV 42.5 "pozzolanico" cement. Some of the features of this concrete include compensated shrinkage, polypropylene fiber reinforcement, and no alkaline additives, including both the binding agent

and the aggregate with a granulometry of 0 – 3 mm. Besides its durability, the special formulation of the concrete prevents cracking and guarantees precise grades of finish with every type of float. The fact that the material is self-supporting also means that it can be laid in fairly thick layers without wastage.

The casting pressure, which varied between 1.5 to 1.8 atmospheres, had to be high to guarantee the compactness of the product, so the first structural part was laid at an initial thickness of 10 cm. The last 3 cm were sprayed when the Ecospritz Gunita WLT started to harden, which was then float-finished and smoothed. The product can be laid using both the dry and wet process, but it was decided to use the latter method because it enhances thixotropicity and reduces both dust and wastage, in other words, the material that spills over the application surface during the casting.



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Cerritos, Messico: varie specie di cactus di fronte alla nuova cementeria
Cerritos, Mexico: different species of cactus in front of the new cement plant



Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

thousands of euro	Note	31.12.2005	31.12.2004
ASSETS			
Non-current assets			
Goodwill	7	543,722	540,025
Other intangible assets	7	5,672	3,374
Property, plant and equipment	8	3,135,400	2,902,335
Investment property	9	7,759	9,613
Investments in associates	10	180,344	155,307
Available-for-sale investments	11	5,135	7,077
Deferred income tax assets	26	117,449	53,094
Derivative financial instruments	12	537	3,064
Other non-current assets	13	114,969	110,999
Total non-current assets		4,110,987	3,784,888
Current assets			
Inventories	14	296,050	266,421
Trade receivables	15	500,582	476,227
Other receivables	16	97,892	119,662
Derivative financial instruments	12	3,200	376
Available-for-sale financial assets	11	149,485	148,095
Cash and cash equivalents	17	364,931	732,097
Total current assets		1,412,140	1,742,878
Total Assets		5,523,127	5,527,766
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	18	118,270	117,490
Paid-in capital	19	375,932	365,081
Other reserves	20	556,701	283,739
Retained earnings	21	850,499	717,706
Less, Treasury shares	18	(17,507)	(17,140)
		1,883,895	1,466,876
Minority interest	22	346,225	287,371
Total Equity		2,230,120	1,754,247
LIABILITIES			
Non-current liabilities			
Long-term debt	23	1,434,773	1,413,359
Derivative financial instruments	12	11,308	105,486
Employee benefits	24	339,859	352,625
Provisions for liabilities and charges	25	232,008	239,327
Deferred income tax liabilities	26	587,309	467,630
Other non-current liabilities	27	12,550	9,227
Total non-current liabilities		2,617,807	2,587,654
Current liabilities			
Current portion of long-term debt	23	19,118	122,766
Bank overdrafts and borrowings	23	71,453	103,778
Trade payables	28	281,254	270,194
Income tax payables	29	111,866	131,170
Derivative financial instruments	12	30,077	422,713
Other payables	30	161,432	135,244
Total current liabilities		675,200	1,185,865
Total Liabilities		3,293,007	3,773,519
Total Equity and Liabilities		5,523,127	5,527,766

CONSOLIDATED INCOME STATEMENT

thousands of euro	Note	2005	2004
Net sales	31	2,951,436	2,771,598
Changes in inventories of finished goods and work in progress		217	9,862
Other operating income	32	97,670	96,433
Gains on disposal of investments	33	49,342	–
Raw materials, supplies and consumables	34	1,131,120	1,060,310
Services	35	648,958	597,154
Staff costs	36	418,935	418,012
Other operating expenses	37	98,891	103,277
Operating cash flow (EBITDA)		800,761	699,140
Depreciation, amortization and impairment charges	38	226,160	214,924
Operating profit (EBIT)		574,601	484,216
Finance costs	39	(156,498)	(133,200)
Equity in earnings of associates	40	(5,274)	(5,470)
Profit before tax		412,829	345,546
Income tax expense	41	(117,782)	(133,764)
Net profit		295,047	211,782
Attributable to:			
Equity holders of the Company		255,586	174,884
Minority interest		39,461	36,898
euro			
Earnings per share			
Basic	42		
- ordinary share		1.31	0.97
- savings share		1.33	0.99
Diluted	42		
- ordinary share		1.27	0.93
- savings share		1.29	0.95

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

thousands of euro

	Share capital	Paid-in capital	Other reserves	Retained earnings	Treasury shares	Minority interest	Total
Balance as of 1 January, 2004	102,821	173,017	263,383	749,164	(15,833)	79,408	1,351,960
Allocation of 2003 net profit:							
- Dividends	-	-	-	(46,780)	-	(8,654)	(55,434)
- To reserves	91	-	7,887	(7,978)	-	-	-
Conversion of bonds	49	767	-	-	-	-	816
Differences on translation of foreign financial statements	-	-	(71,210)	-	-	(8,353)	(79,563)
Capital increase	14,529	191,297	-	-	-	-	205,826
Other movements	-	-	83,679	(151,584)	(1,307)	188,072	118,860
Net profit of the period	-	-	-	174,884	-	36,898	211,782
Balance as of 31 December, 2004	117,490	365,081	283,739	717,706	(17,140)	287,371	1,754,247
Allocation of 2004 net profit:							
- Dividends	-	-	-	(57,512)	-	(13,660)	(71,172)
- To reserves	87	-	47,638	(47,725)	-	-	-
Conversion of bonds	693	10,851	-	-	-	-	11,544
Differences on translation of foreign financial statements	-	-	204,724	-	-	38,723	243,447
Fair value changes	-	-	-	2,012	-	-	2,012
Other movements	-	-	20,600	(19,568)	(367)	(5,670)	(5,005)
Net profit of the period	-	-	-	255,586	-	39,461	295,047
Balance as of 31 December, 2005	118,270	375,932	556,701	850,499	(17,507)	346,225	2,230,120

CONSOLIDATED CASH FLOW STATEMENT

thousands of euro	2005	2004
Cash flows from operating activities		
Net profit	295,047	211,782
Depreciation, amortization and impairment charges	226,160	214,924
Equity in earnings of associates	5,274	5,470
Gains on disposal of fixed assets	(51,087)	(20,431)
Deferred income taxes	(29,778)	(92,307)
Net change in provisions and employee benefits	(26,918)	27,887
Changes in operating assets and liabilities:	5,931	93,011
– Inventories	(16,264)	(22,460)
– Trade receivables	(8,999)	(32,810)
– Other receivables	58,659	113,172
– Trade payables	(11,120)	47,362
– Other payables	48,113	(54,027)
– Income tax payables	(64,458)	41,774
Net cash provided by operating activities	424,629	440,336
Cash flows from investing activities		
Purchase of intangible assets	(2,330)	(3,333)
Purchase of property, plant and equipment	(193,274)	(177,009)
Purchase of equity investments	(47,424)	(541,763)
Proceeds from sale of fixed assets	14,446	30,536
Proceeds from sale of equity investments	82,427	10,285
Capital grants received	1,051	1,361
Dividends received from associates	8,558	7,460
Changes in financial assets and liabilities	(382,260)	409,462
Changes in available-for-sale financial assets	21,293	67,235
Net cash used in investing activities	(497,513)	(195,766)
Cash flows from financing activities		
Proceeds from long-term debt	1,170	413,496
Principal payments on long-term debt	(255,641)	(510,538)
Net change in bank overdrafts and borrowings	378	(624)
Issuance of ordinary shares	–	205,827
Purchase of treasury shares	(366)	(1,308)
Shares issued to minority interest	–	2,016
Dividends paid to equity holders of the Company	(57,512)	(46,780)
Dividends paid to minority interest	(9,364)	(8,635)
Net cash provided by (used in) financing activities	(321,335)	53,454
Increase (decrease) in cash and cash equivalents	(394,219)	298,024
Cash and cash equivalents at beginning of year	732,097	202,246
Increase (decrease) in cash and cash equivalents	(394,219)	298,024
Translation differences	28,523	(12,366)
Change in scope of consolidation	(1,470)	246,817
Cash and cash equivalents at end of year	364,931	734,721
Supplemental cash flow information		
Interest paid	109,684	110,210
Interest received	24,077	24,239
Income taxes paid	191,501	100,245

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Buzzi Unicem SpA ('the company') and its subsidiaries (together 'the group' or 'Buzzi Unicem') manufactures, distributes and sells cement, ready-mix concrete and aggregates. The group has manufacturing plants in several countries, which also represent the natural outlet for its goods and services. The operations are located mainly in Italy, United States of America, Germany, Luxembourg, Poland, Czech Republic, Ukraine, Russia and Mexico.

The company is a limited liability company incorporated and domiciled in Italy. The address of its registered office is via Luigi Buzzi 6, Casale Monferrato (AL).

The company has its primary listing on the Borsa Italiana stock exchange.

The Board of Directors has approved these consolidated financial statements for issue on 30 March 2006.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and endorsed by the European Commission. The definition of IFRS also encompasses all valid international accounting principles (IAS) as well as all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those formerly issued by the Standing Interpretations Committee (SIC).

Buzzi Unicem adopted IFRS on 1 January 2005 on the coming into effect of European Union Regulation no. 1606/02. In this context, the accounting policies applied in these financial statements are consistent with those adopted in preparing the IFRS opening consolidated balance sheet at 1 January 2004, as well as the consolidated financial statements at 31 December 2004, as restated in accordance with IFRS and presented in the Appendix attached to these notes. Reconciliations between profit or loss and equity under previous GAAP (Italian GAAP) to profit or loss and equity under IFRS for the period shown as comparative, as required by IFRS 1 – First-time adoption of IFRS, together with related explanatory notes, are included in this Appendix. Certain changes, however, have been made to the figures reported in the Appendix to the Semiannual Report at 30 June 2005, and the comparative data for the prior period have been reclassified accordingly.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets/liabilities (including derivative instruments) at fair value through profit or loss.

The format of the financial statements selected by Buzzi Unicem is the following: for the balance sheet implementation of the current/non-current classification, which is generally applied by industrial and commercial firms; for the income statement application of the nature of expense method; for the cash flow statements adoption of the indirect method.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The IASB withdrew IFRIC 3 (Emission Rights) in its June 2005 session. Awaiting new interpretations, the accounting method followed provides not to value as assets the free emissions allowances allocated and to recognize only the effects of emission rights purchasing and/or selling transactions. Moreover a liability is recognized only when emissions exceed the allowances allocated and the deficit will have to be remedied through the purchase of the rights at fair value. Differently from the other EU countries where the group has operations, in Italy the national allocation plan for phase 1 (2005-2007) was approved very late. The allowances allocated to the group's production units outside Italy are in excess of the emissions foreseen in the near future and such as to more than offset the Italian situation, which, on the contrary, is slightly insufficient.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the accounting periods beginning on or after 1 January 2006 or later periods but which Buzzi Unicem has not early adopted, as follows:

- IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. As Buzzi Unicem does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The group will apply this amendment from annual periods beginning 1 January 2006.
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006). This amendment is not relevant to the group's operations, as Buzzi Unicem currently does not have any intragroup transactions that would qualify as a hedged item.
- IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006). This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. Buzzi Unicem believes that this amendment should not have a significant impact on the classification of financial instruments, as the group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss.
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006). Management considered this amendment to IAS 39 and concluded that it is not relevant to the group.
- IFRS 6, Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)¹. IFRS 6 is not relevant to Buzzi Unicem's operations.
- IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. Buzzi Unicem will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

2.2 Consolidation

Subsidiaries

Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at full fair values at the date of acquisition, irrespective of the extent of any minority interest. Minority interest is determined by multiplying the net assets at fair value by the share of minority interest in the acquiree. The excess of the investment cost over the fair value of the net assets acquired is recorded as goodwill. Negative goodwill, if any, is recognized immediately in the income statement as a gain.

IFRS do not specify an accounting treatment for transactions with minority interests that occur after having acquired control. In the absence of a standard or an interpretation that specifically applies to such transaction, management has elected to apply the economic entity model, under which all shareholders are viewed as one

group and transactions between them are booked as changes in shareholders' equity. Therefore the premium paid to acquire minority interest is debited to equity; any gain or loss arising from the disposal of a minority interest is also taken through equity as long as control continues to exist.

Intercompany receivables and payables, costs and revenues are eliminated. Significant 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. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with those adopted by the group.

Subsidiaries either dormant or immaterial, both from an investment point of view and in terms of their net equity and results, are not included in the consolidated financial statements.

Joint ventures

Jointly controlled entities are accounted for using the proportionate consolidation method. In its financial statements, the group combines its share of the joint ventures' assets, liabilities, income and expenses with similar items, line by line.

Associates

Associates are entities over which the group has significant influence but not control or joint control. Generally a holding between 20% and 50% of the voting rights indicates significant influence. Investments in associates are valued by the equity method, i.e. the initial carrying amount of the investment is adjusted at each reporting date to reflect the corresponding interest of the associate's net profit or loss less any dividends received. The investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. Accounting policies of associates have been adjusted where necessary to ensure consistency with those adopted by the group.

Investments in other companies

Other companies, normally not listed companies below 20% ownership, are carried at fair value (available-for-sale investments), when this can be reliably determined. Gains or losses arising from changes in fair value are recognized directly in equity until the assets are sold or are impaired, when the accumulated fair value adjustments previously recognized in equity are included in the income statement of the period. Impairments losses recognized in the income statement on available-for-sale equity instruments are not reversed through the income statement. Those unlisted investment for which fair value is not available are carried at cost less any provision for impairment.

2.3 Segment reporting

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

2.4 Foreign currency translation

The consolidated financial statements are presented in euros, which is the company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement. Monetary assets, monetary liabilities, derivative contracts denominated in foreign currencies are translated 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 date of the transactions are also booked to the income statement.

The translation of financial statements in foreign currencies is done at the current rate method. Such method entails translating assets and liabilities at the exchange rates ruling at the end of the period and income statement figures at the average exchange rates for the period. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. The difference that arises from converting the balance sheet and the income statement at different exchange rates is also booked to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

The exchange rates used for translation of the financial statements in foreign currencies are the following:

euro 1 = Currency	Year-end		Average	
	2005	2004	2005	2004
US Dollar	1.1797	1.3621	1.2441	1.2439
Mexican Peso	12.5752	15.2204	13.5600	14.0333
Danish Kroner	7.4605	7.4388	7.4519	7.4399
Czech Koruna	29.0000	30.4640	29.7820	31.8911
Slovakian Koruna	37.8800	38.745	38.5989	40.0218
Ukrainian Hryvnia	5.9575	7.2348	6.3559	6.6196
Russian Ruble	33.9200	37.9010	35.1860	35.8084
Polish Zloty	3.8600	4.0845	4.0230	4.5268
Hungarian Forint	252.8700	245.9700	248.0540	251.6560

2.5 Intangible assets

Intangible assets, acquired externally or internally generated, are recognized only if they are identifiable, controlled by the company and able to produce future economic benefit. Intangible assets with definite useful life are booked at the purchase or production cost and amortized on a straight-line basis over their useful lives. Intangible assets with indefinite useful life are not amortized but tested for impairment at least annually and whenever there is an indication of a potential impairment loss.

Goodwill represents the excess of the cost of a business combination over the group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortized and its recoverable amount is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The gain or loss on disposal of an entity includes the carrying amount of the related goodwill, in proportion to the disposed share. Acquired software licences are capitalized on the basis of the costs incurred and amortized over their estimated useful lives. Costs associated with developing or maintaining computer software are recognized as an expense as incurred.

Research and development costs are capitalized only if and when demonstration of the ability to generate future economic benefits is established.

Other intangible assets, such as mining rights, are amortized in proportion to the volume extracted.

2.6 Property, plant and equipment

They are booked at purchase or production cost, including overheads, less accumulated depreciation and any accumulated impairment losses. Production cost includes the reasonably attributable portion of the direct and indirect costs incurred to bring the asset into service. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation is calculated under the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives, as follows:

Buildings	10 – 40 years
Plant and machinery	5 – 20 years
Transportation equipment	3 – 14 years
Furniture, fittings and others	3 – 20 years

Land is not depreciated. Raw material reserves are depleted in proportion to the volume of material quarried during the period.

Under Italian GAAP, Buzzi Unicem revalued certain property, plant and equipment in excess of historical cost, according to specific laws and to the real economic value of the items. As allowed by IFRS 1, the company elected to use the previous GAAP revaluation before the date of transition to IFRS as deemed cost at the date of revaluation.

2.7 Investment property

Investment property, comprising land and buildings non-strictly pertinent to the business held to earn rental income or for capital appreciation, is carried at cost less accumulated depreciation and impairment losses.

2.8 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount and the impairment loss is charged to income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows expected to be derived through the continued use of an asset or cash-generating unit including its eventual disposal. Cash flows are based on budgets and reasonable and documented assumptions on the future company's results and macro-economic conditions. The discount rate takes into account the specific risks of industry and countries.

When it is not possible to determine the recoverable amount of a single item, the group tests the recoverable value of the cash-generating unit to which the item belongs.

If there is an indication that an impairment loss recognized in prior years on an asset other than goodwill may have decreased, the impairment write-down is reversed. After reversal, the carrying amount of the asset shall not exceed the carrying amount that would have been determined (net of depreciation and amortization) had the impairment loss not been recognized.

2.9 Financial assets

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss have two sub-categories: held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified at fair value through profit or loss if acquired mainly for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Financial assets at fair value through profit and loss and financial assets available-for-sale are initially recognized and subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Gains and losses arising from changes in the fair value of financial assets at fair value through profit and loss are included in the income statement in the period in which they arise. Fair value changes of securities classified as available-for-sale are recognized in equity, except for interest, impairment losses, and foreign exchange gains or losses. The cumulative fair value adjustments are included in the income statement when an available-for-sale financial asset is derecognized. Dividends on available-for-sale equity instruments are recognized in the income statement when the right to receive payments is established.

The group assesses at each balance sheet date whether there is objective evidence of impairment relating to financial assets carried at amortized cost or as available-for-sale. If any such evidence exists, a detailed calculation is carried out to determine whether an impairment loss should be recognized.

2.10 Derivative instruments

Derivative financial instruments are only used for hedging purposes, in order to reduce currency, interest rate and market price risks.

Derivative financial instruments are initially recognized and subsequently measured in the balance sheet at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as hedging instrument and, if so, the nature of the item being hedged.

Certain derivative transactions, while providing effective economic hedges, do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement.

Hedge accounting is allowed only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective both at inception and on an ongoing basis. The full fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction ultimately affects the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes all costs of purchase, of conversion and others incurred in bringing the inventories to their present location and condition.

2.12 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment. A provision is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The allowance covers generic collection risks, calculated on all receivables on the basis of past experience and the level of solvency of debtors or classes of debtors, as well as individual doubtful accounts.

2.13 Cash and cash equivalents

They include cash on hand, deposits held at call with banks and highly liquid investments that are readily convertible to a known amount of cash and are subject to a very low risk of change in value.

Available-for-sale financial assets classified as current include short-term marketable securities or money market funds, issued by institutions with high credit rating, which represent temporary investments of available cash and do not satisfy the requirements for being classified as cash equivalents.

2.14 Treasury shares

When the parent or its subsidiaries purchase the company's share capital, the consideration paid is deducted from equity attributable to equity holders of the company until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, the consideration received is recognized in equity attributable to equity holders of the company.

2.15 Debt and borrowings

They include financial debt, bonds, notes payable and trade payables. Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently stated at amortized cost using the effective interest method.

Convertible bonds are accounted for as a compound financial instrument made of two components, which are treated separately only if relevant: a liability and a conversion option. The liability is the present value of the future cash flows, based on the market interest rate at the time of issue for an equivalent non-convertible bond. The amount of the option is defined as the difference between the net proceeds and the amount of the liability component and included in equity. The value of the conversion option is not changed in subsequent periods.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

2.16 Income tax

Income tax payables for the period are credited to current liabilities. The tax rates applied vary according to the jurisdiction and fiscal situation of each consolidated company. Some Italian companies are members of a controlled group of corporations for domestic income tax purposes, with Fimedi SpA (majority shareholder of the group) acting as the parent.

Deferred income tax is provided in full using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated financial statements. However, the deferred income is not accounted for tax if it arises from initial recognition of an asset or a liability other than in a business combination that, at the time of the transaction, does not affect either the accounting or the taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax assets and current tax liabilities are offset only if the enterprise has the legal right and the intention to settle on a net basis.

Deferred income tax assets and deferred income tax liabilities are offset only if the enterprise has the legal right to settle on a net basis and they are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time.

2.17 Employee benefits

The accounting treatment of pension plans and other post-retirement benefits depends upon the nature of the plan.

A defined contribution plan is a pension plan under which a company pays fixed contributions into a separate entity on a mandatory, contractual or voluntary basis and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all accrued benefits. The regular contributions constitute net periodic costs for the period in which they are due and are included in staff costs.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually as a function of one or more factors such as age, years of service and compensation. The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for actuarial gains or losses and prior service cost. The defined benefit obligation and the service cost are calculated annually by independent actuaries using the projected unit credit method. The portion of the cumulative actuarial gains and losses, resulting from experience adjustments and changes in actuarial assumptions, which exceeds 10% of the greater between the defined benefit obligation and the fair value of plan assets, at the end of the previous year, is amortized over the average remaining service period of the employees (corridor approach).

At transition, Buzzi Unicem has elected to recognize all cumulative actuarial gains and losses for all defined benefit plans as of 1 January 2004, and therefore reset any previously existing corridor to zero. However, the corridor booked by the subsidiaries that already applied IFRS at transition date was maintained.

Post-retirement life insurance and health coverage plan, as well as the Italian employee severance indemnities (TFR), are considered defined benefit programs and accounted for accordingly.

The group has an incentive and loyalty plan in place, based on equity compensation, which rewards executive employees according to the goals reached (MBO system). Savings shares are granted to management via a dedicated capital issue or treasury shares. A charge is made to staff costs in connection with these share grants, equal to the fair value of those instruments on the date of granting.

2.18 Provisions for liabilities and charges

They are liabilities of uncertain timing or amount. A provision is recognized when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount is on a present value basis where the effect of discounting is material. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Restructuring provisions are recognized in the period in which the company formally defines the plan and creates a valid expectation in the interested parties that the restructuring will occur.

2.19 Revenue recognition

Revenue from the sale of goods and services to third parties is reported net of value-added tax, rebates and discounts.

Sales of goods are recognized when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income is recognized on a time-proportion basis, using the effective interest method.

Dividend income from equity investments that are not consolidated is recognized when the right to receive payment is established.

2.20 Borrowing costs

They include interest and other costs, such as amortization of premiums or discounts, amortization of ancillary costs incurred in the arrangement of borrowings, finance charges on leases. All borrowing costs are expensed in the period in which they are incurred.

2.21 Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Leased assets are capitalized at the lease's commencement at the lower of the fair value and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in financial debt. Property, plant and equipment acquired under finance leases are depreciated over their useful life.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term.

2.22 Dividend distribution

Dividend distribution is recorded as a liability in the financial statements of the period in which the dividends are approved by the company's shareholders. Disclosure of dividends proposed but not formally approved for payment is made in the notes.

3. Financial risk management

The group's activities are exposed to a variety of financial risks such as foreign exchange, interest rates, credit and liquidity. The group uses derivative financial instruments to hedge certain risk exposures.

Buzzi Unicem operates internationally through its foreign subsidiaries or joint ventures, therefore enjoys locally a natural hedging on market risk, since all major commercial transactions are made in local currencies and are not suffering from the foreign exchange fluctuations. The net investments in foreign operations are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed partially through borrowings denominated in the relevant foreign currencies.

The group has no significant concentration of credit risk. It has policies to ensure that sales of goods are made to customers with an appropriate credit rating. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. Policies are in place that limit the amount of credit exposure to any financial institution.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to support the operating activities with correct timing. The group aims to maintain flexibility in funding by keeping committed and uncommitted credit facilities available, in addition to the own liquidity.

The interest rate risk arises from long-term debt. Buzzi Unicem's policy is to maintain a predefined optimal mix of its borrowings between fixed rates and variable rates instruments. Generally, the group raises long-term borrowings at fixed rates; sometimes, the group also enters into fixed-to-floating interest rate swaps to hedge the fair value interest rate risk arising where it has borrowed at fixed rates in excess of the target mix.

4. Estimates and relevant assumptions

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Per definition the actual results seldom equal the estimated results. Estimates are used in many areas, including bad debt provisions on accounts receivables, inventory obsolescence, depreciation, asset impairment, employee benefits, income taxes, other provisions and contingencies. Estimates are reviewed annually according to management's best knowledge of the business and other factors reasonably assumed under the current circumstances.

5. Scope of consolidation

The main changes to the group structure during 2005 are the disposal of the 50% joint venture interest in Glens Falls Lehigh Cement Co. (USA), the first time consolidation of Orionidas, S.A. (Spain) and several mergers within Dyckerhoff.

Since the overall effects arising from such changes in the group of consolidated companies are not material, the comparative information remains significant.

Through acquisition of the Dutch participation WBT West Bouw Toelevering B.V. in the year 2005, Dyckerhoff now holds a total 55.6% stake in NCD Nederlandse Cement Deelnemingsmaatschappij B.V. In spite of the majority voting interest, Dyckerhoff does not have control of the company; rather it only has a significant influence. In accordance with Dutch corporate law the legal form of NCD does not grant the majority shareholder a controlling influence in the company, per se. Moreover, Dyckerhoff does not appoint the majority of the NCD supervisory board members. For this reason, NCD continues to be accounted for under the equity method.

6. Segment information

Primary reporting format – geographical area

The primary segment reporting format is provided by geographical area. The area named Eastern Europe covers Poland, Czech Republic, Ukraine and Russia; Western Europe consists of Germany and Luxembourg. The internal organization, management structure and financial reporting system are consistent with such segmentation.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories and receivables. They exclude deferred taxation and investments.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings. Capital expenditures comprise additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

Sales relate mainly to the local market, consequently the revenues of the entities in each geographical segment arise essentially in the regions in which the fixed assets are located. Intersegment transfers or transactions are not material and are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

millions of euro	Italy	USA	Mexico	Western Europe	Eastern Europe	Elimin.	Total
2005							
Net sales	939.6	834.8	163.0	625.0	389.7	(0.7)	2,951.4
Operating cash flow (EBITDA)	239.9	283.5	76.1	81.0	120.3	-	800.8
Depreciation and amortization	(49.7)	(65.4)	(11.0)	(54.4)	(24.3)	-	(204.8)
Impairment charges	(0.9)	-	-	(20.5)	-	-	(21.4)
Operating profit (EBIT)	189.3	218.1	65.1	6.1	96.0	-	574.6

millions of euro	Italy	USA	Mexico	Western Europe	Eastern Europe	Elimin.	Total
2004							
Net sales	965.8	737.4	134.5	637.7	297.0	(0.8)	2,771.6
Operating cash flow (EBITDA)	265.5	206.4	63.3	86.7	77.5	(0.3)	699.1
Depreciation and amortization	(52.0)	(65.5)	(9.5)	(54.1)	(30.7)	-	(211.8)
Impairment charges	(0.8)	-	-	(2.3)	-	-	(3.1)
Operating profit (EBIT)	212.7	140.9	53.8	30.3	46.8	(0.3)	484.2

millions of euro	Italy	USA	Mexico	Western Europe	Eastern Europe	Total
31 December 2005						
Segment operating assets	920.5	1,949.8	231.1	909.2	691.4	4,702.0
<i>Reconciliation to enterprise assets as reported in the consolidated balance sheet</i>						
Investments in associates						180.3
Derivative financial instruments (non-current and current)						3.7
Deferred income tax assets						117.4
Available-for-sale financial assets (non-current and current)						154.6
Cash and cash equivalents						364.9
Total assets as reported						5,523.1
Segment operating liabilities	268.8	176.9	12.5	528.9	40.0	1,027.1
<i>Reconciliation to enterprise liabilities as reported in the consolidated balance sheet</i>						
Long-term debt (including current portion)						1,453.9
Bank overdrafts and borrowings						71.5
Derivative financial instruments (non-current and current)						41.4
Income tax liabilities (current and deferred)						699.1
Total liabilities as reported						3,293.0
Capital expenditures	54.8	67.8	31.3	57.2	32.0	243.0
31 December 2004						
Segment operating assets	913.2	1,719.5	178.6	922.6	694.8	4,428.7
<i>Reconciliation to enterprise assets as reported in the consolidated balance sheet</i>						
Investments in associates						155.3
Derivative financial instruments (non-current and current)						3.5
Deferred income tax assets						53.1
Available-for-sale financial assets (non-current and current)						155.1
Cash and cash equivalents						732.1
Total assets as reported						5,527.8
Segments operating liabilities	249.3	196.5	7.4	515.2	38.2	1,006.6
<i>Reconciliation to enterprise liabilities as reported in the consolidated balance sheet</i>						
Long-term debt (including current portion)						1,536.1
Bank overdrafts and borrowings						103.8
Derivative financial instruments (non-current and current)						258.2
Income tax liabilities (current and deferred)						598.8
Total liabilities as reported						3,773.5
Capital expenditures	65.6	48.6	30.9	35.3	24.2	204.6

Secondary reporting format – class of business

The secondary basis of segmentation is by line of business: cement and clinker, ready-mix concrete and aggregates, other related activities (transport, admixtures for cement and ready-mix concrete, etc.).

Business operations are organized and managed by country and by type of activity. The cement business area delivers a portion of its production to the ready-mix concrete segment.

millions of euro	Cement and clinker	Ready-mix concrete and aggregates	Other related activities	Total
2005				
Net sales	1,844.1	1,091.4	15.9	2,951.4
31 December 2005				
Segments operating assets	3,987.5	694.8	19.7	4,702.0
Capital expenditures	193.9	49.0	0.1	243.0

millions of euro	Cement and clinker	Ready-mix concrete and aggregates	Other related activities	Total
2004				
Net sales	1,715.7	1,041.8	14.1	2,771.6
31 December 2004				
Segments operating assets	3,742.0	668.7	18.0	4,428.7
Capital expenditures	165.2	39.3	0.1	204.6

7. Goodwill and other intangible assets

thousands of euro	Goodwill	Other intangible assets			Total
		Industrial patents, licenses and similar rights	Assets in progress and advances	Others	
Net book amount at 1 Jan. 2004	79,900	1,835	64	1,585	3,484
Year ended 31 December 2004					
Translation differences	932	(120)	-	(104)	(224)
Amortization	(7,123)	(1,099)	-	(1,473)	(2,572)
Additions	-	1,611	9	1,713	3,333
Change in scope of consolidation	466,316	-	-	-	-
Reclassifications	-	-	-	-	-
Disposals and other	-	-	(26)	(621)	(647)
Net book amount at 31 Dec. 2004	540,025	2,227	47	1,100	3,374
Year ended 31 December 2005					
Translation differences	1,031	(9)	-	191	182
Amortization	-	(1,696)	-	(599)	(2,295)
Additions	-	2,069	-	261	2,330
Change in scope of consolidation	2,785	247	15	-	262
Reclassifications	-	1,784	-	(62)	1,722
Disposals and other	(119)	(4)	(5)	106	97
Net book amount at 31 Dec. 2005	543,722	4,618	57	997	5,672

At 31 December 2005, the item Industrial patents, licenses and similar rights is made up of mining rights (€812 thousand), industrial patents (€1,287 thousand), application software for plant and office automation (€2,470 thousand), industrial licenses (€36 thousand) and of trademarks mainly owned by the parent company (€13 thousand).

Goodwill and impairment test

On first time adoption (1 January 2004), the group applied the optional exemption provided by IFRS 1 First-time Adoption of IFRS, thus maintaining as goodwill the residual value of the positive differential arising from the first-time consolidation of the main subsidiaries acquired (see Appendix for details). As a consequence, goodwill at 31 December 2005 amounts to €543,722 thousand and is broken-down as follows:

- €460,182 thousand refer to Dyckerhoff, thereof approximately 67% allocated to the segment Eastern Europe, and the remaining 33% to Western Europe;
- €55,917 thousand, resulting from the merger with Unicem SpA in 1999;
- the remaining €27,623 thousand regarding other companies operating in Italy and abroad, mainly in the concrete and aggregates sector.

Goodwill is allocated to the cash-generating units (CGUs) identified according to the geographic business areas of the group, as illustrated in the primary segment information. The key assumptions used for calculations of the recoverable amount of a CGU concern primarily:

- discount rate after tax, which reflects the market assessment of the time value of money and the specific country risk (7.13% and 10.97% average respectively for Western Europe and Eastern Europe, 8.80% for the Italian units and 7.82% for the United States),
- perpetual growth rate, based upon the development forecasts of the industry (conservatively assumed at 0.5% per year), and
- the forecasts on volumes, selling prices and main costs of the relevant period, extrapolated from the most recent budgets and multi-annual plans, prepared by management on the basis of the past experience and of the future market expectations.

Applying the above techniques, no impairment losses arose in 2005.

8. Property, plant and equipment

thousands of euro	Land and buildings	Plant and machinery	Industrial and commercial equipment	Assets in progress and advances	Other	Total
At 1 January 2004						
Cost/deemed cost	486,373	1,358,575	84,153	78,700	35,334	2,043,135
Accumulated depreciation	(260,723)	(909,156)	(61,832)	-	(28,646)	(1,260,357)
Net book amount	225,650	449,419	22,321	78,700	6,688	782,778
Year ended 31 December 2004						
Opening net book amount	225,650	449,419	22,321	78,700	6,688	782,778
Translation differences	(1,707)	(233)	(2,144)	163	2,329	(1,592)
Depreciation	(42,783)	(134,293)	(17,495)	-	(7,579)	(202,150)
Reclassifications	24,577	57,050	31,664	(114,725)	1,434	-
Additions	16,363	50,163	15,477	88,675	6,331	177,009
Change in scope of consolidation	1,342,393	776,527	37,578	25,823	9,242	2,191,563
Disposals and other	(40,235)	(5,625)	(363)	3,291	(2,341)	(45,273)
Closing net book amount	1,524,258	1,193,008	87,038	81,927	16,104	2,902,335
At 31 December 2004						
Cost/deemed cost	2,115,972	3,252,160	260,322	81,927	97,279	5,807,660
Accumulated depreciation	(591,714)	(2,059,152)	(173,284)	-	(81,175)	(2,905,325)
Net book amount	1,524,258	1,193,008	87,038	81,927	16,104	2,902,335
Year ended 31 December 2005						
Opening net book amount	1,524,258	1,193,008	87,038	81,927	16,104	2,902,335
Translation differences	171,730	84,698	11,378	4,491	1,169	273,466
Depreciation	(46,977)	(128,716)	(20,611)	-	(6,180)	(202,484)
Reclassifications	9,176	36,870	7,176	(54,374)	(570)	(1,722)
Additions	17,842	53,199	22,760	95,291	4,182	193,274
Change in scope of consolidation	(4,448)	(11,232)	758	(406)	(244)	(15,572)
Disposals and other	(1,809)	(20,781)	(2,354)	(1,649)	12,696	(13,897)
Closing net book amount	1,669,772	1,207,046	106,145	125,280	27,157	3,135,400
At 31 December 2005						
Cost/deemed cost	2,326,972	3,429,841	300,786	125,280	107,903	6,290,782
Accumulated depreciation	(657,200)	(2,222,795)	(194,641)	-	(80,746)	(3,155,382)
Net book amount	1,669,772	1,207,046	106,145	125,280	27,157	3,135,400

The changes in scope of consolidation of the year 2005 are mainly driven by the exit of Glens Falls Lehigh Cement Co. (in 2004 by the first time consolidation of Dyckerhoff AG).

Real guarantees on assets of consolidated companies are represented by mortgages and liens on property, plant and equipment and amount to €5,321 thousand at 31 December 2005 (2004: €6,588 see also Note 23).

9. Investment property

The caption shows a decrease from €9,613 thousand to €7,759 thousand primarily due to reclassifications. It is carried at cost, which is representative of the fair value of the assets at 31 December 2005.

thousands of euro	2005	2004
Beginning of the year	9,613	9,477
Translation differences	85	136
Reclassifications	(2,035)	-
Disposals and other	96	-
End of the year	7,759	9,613

10. Investments in associates

As summarized in the table below, compared to the prior year the caption increased by €25,037 thousand mainly due to the investment in Houston Cement Co. (€8,815 thousand), the additional ownership in the Dutch group NCD (€18,825 thousand), the share of profit in Kosmos Cement Co. (€6,838 thousand), partly offset by the write-down of some associates, among which NCD itself for €10,211 thousand.

thousands of euro	2005	2004
Beginning of the year	155,307	943,552
Translation differences	6,303	59
Acquisitions	31,201	11,718
Equity in earnings	(5,274)	(5,470)
Disposals and other	(7,193)	(794,552)
End of the year	180,344	155,307

The main equity investments accounted for under the equity method are detailed as follows:

thousands of euro	Registered office	Book value	% of ownership	
			Direct	Indirect
Kosmos Cement Company	Louisville US	48,497		25.0
NCD Nederlandse Cement Deelnemingsmaatschappij B.V.	Nieuwegein NL	43,922		55.6
quick-mix Holding GmbH & Co. KG	Osnabrück DE	15,668		34.0
Sievert AG & Co. KG	Osnabrück DE	14,995		32.5
Laterlite S.p.A.	Solignano IT	9,566	30.0	
Houston Cement Company LP	Houston US	8,815		25.0
Cementi Moccia S.p.A.	Napoli IT	8,366	50.0	
Bétons Feidt S.A.	Luxembourg LU	5,341		30.0
Technobeton S.r.l.	Riva del Garda IT	2,349	45.0	
Siefic Calcestruzzi S.r.l.	Isernia IT	2,191		50.0
S.A. des Bétons Frais	Schiffange LU	2,182		41.0
Sibobeton Osnabrück GmbH & Co. KG	Osnabrück DE	1,899		23.3
NCH Nederlandse Cement Handelmaatschappij B.V.	Nieuwegein NL	1,734		38.4
Premix S.p.A.	Melilli IT	1,408	40.0	
Cave Alto Santerno S.r.l.	Calenzano IT	1,367		49.0
E.L.M.A. S.r.l.	Sinalunga IT	1,354		50.0
Tricosal Beton-Chemie GmbH & Co. KG i.L.	Lugde DE	1,300		50.0
Ciments de Balears, S.A.	Palma de Mallorca ES	806	35.0	
Kieswerk E. Kiebert GmbH	Tebur-Geinsheim DE	742		26.0
Betonfer S.r.l.	Arma di Taggia IT	589		50.0
Normensand GmbH	Beckum DE	547		38.0
Piskovny Hradek a.s.	Hradek nad Nisou CZ	534		45.6
BBG-Betonbau Beteiligungs GmbH	Waghäusel DE	525		34.3
TRAMIRA – Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	520		48.6
Transass S.A.	Shiffange LU	479		41.0
Cobéton S.A.	Differdange LU	394		33.3
SAFI S.r.l.	Mezzana Bigli IT	333		33.3
Beton Union Ruhr-Lenne GmbH & Co. KG	Iserlhon DE	332		50.0
Transportbeton- und Mörtelwerk Bochum GmbH & Co. KG	Bochum DE	322		50.0
EKO ZAPA beton, a.s.	Praha CZ	279		50.0
André Frères et Broos S.A.	Saint Mard BE	259		30.0
Niemeier Beton GmbH & Co. KG	Diepholz DE	256		33.3
Other< 250,000 euro		2,473		
		180,344		

11. Available-for-sale financial assets

The non-current portion, which declines from €7,077 thousand to €5,135 thousand at 31 December 2005, refers to the investments in unconsolidated subsidiaries and other companies. The main changes are attributable to disposals for €1,132 thousand and write-downs for €315 thousand.

The current portion includes temporary placements of available cash. The breakdown by nature is as follows:

thousands of euro	2005	2004
Listed securities	93,683	96,119
Unlisted securities	55,802	15,047
Other (primarily certificates of deposit)	-	36,929
	149,485	148,095

12. Derivative financial instruments

The derivative contracts entered into by the company for hedging purposes do not qualify for hedge accounting under IFRS and accordingly are defined as trading derivatives. Usually the derivative contracts set up by Dyckerhoff meet the conditions stated for hedge accounting treatment and thus are designated as hedging transactions. The trading derivatives are booked at their fair value, within current assets or liabilities.

thousands of euro	2005		2004	
	Assets	Liabilities	Assets	Liabilities
Non-current				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	19,756
Not designated as hedges	537	1,008	3,064	71,300
Options on equity investments	-	10,300	-	14,430
	537	11,308	3,064	105,486
Current				
Fair value hedges	-	-	-	-
Cash flow hedges	47	28	376	-
Not designated as hedges	3,153	30,049	-	-
Options on equity investments	-	-	-	422,713
	3,200	30,077	376	422,713

The liabilities include the negative value of the contracts set up by the company to hedge the foreign exchange risk on the dollar denominated long-term debt (forward foreign exchange and cross currency swaps), for a total of €28,959 thousand at 31 December 2005 (€71,300 thousand at closing 2004). At 31 December 2004 the main item within liabilities is the recognition of the obligation related to the put option on 5,000,000 ordinary Dyckerhoff shares, which were purchased in January 2005 at the strike price of €418,500 thousand.

The notional principal amount and the fair value of the outstanding derivative instruments is summarized as follows:

thousands of euro	2005		2004	
	Notional	Fair value	Notional	Fair value
Interest rate swaps	202,043	224	206,178	3,301
Cross currency swaps	188,790	(22,947)	296,610	(60,372)
Forward foreign exchange, <i>thereof</i>	476,517	(4,683)	420,553	(30,841)
- <i>Currency options</i>	1,513	27	4,747	(146)
Cap/Swaption	5,000	58	16,000	53
Take over commitments of shares (put)	36,919	(10,300)	55,398	(436,900)
Take over options of shares (call)	28,508	-	55,398	-

During 2005 the changes in the fair value of derivative financial instruments recognized in equity and in the income statement are positive for €291 thousand and €56,341 thousand respectively.

13. Other non-current assets

thousands of euro	2005	2004
Receivables from unconsolidated subsidiaries	-	1,501
Receivables from associates	7,705	7,052
Tax receivables	4,501	5,436
Receivables from sale of equity investments	48,500	51,791
Advances to suppliers	11,667	11,667
Receivables from personnel	1,987	4,314
Loans to customers	4,516	3,993
Guarantee deposits	11,493	2,289
Other	24,600	22,956
	114,969	110,999

The receivables from associates are made up of mainly interest-bearing loans.

The item advances to suppliers is a down payment for construction of buildings on the former industrial site of Piacenza, in part already sold to developers.

Receivables from personnel include loans to employees equal to €1,734 thousand.

Loans to customers are granted by Buzzi Unicem USA to some major accounts; they bear interests at market rates, are adequately secured and are performing regularly.

The guarantee deposits mainly represent assets held in trust to secure the payment of benefits under certain executive plans; the increase versus last year is due for the most part to reclassifications.

The item other include loans to third parties for a total amount of €20,112, which are adequately secured.

14. Inventories

thousands of euro	2005	2004
Raw materials, supplies and consumables	179,272	154,689
Work in progress	51,979	51,734
Finished goods and goods for resale	62,570	56,973
Advances	2,229	3,025
	296,050	266,421

Increases and decreases of the various categories depend on normal movements in the manufacturing operations, 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 amount shown is net of an allowance for obsolescence of €12,736 thousand (2004: €11,728 thousand).

15. Trade receivables

thousands of euro	2005	2004
Trade receivables	516,662	490,104
Less: Allowance for doubtful accounts	(30,895)	(31,112)
Trade receivables, net	485,767	458,992
Other trade receivables:		
- From unconsolidated subsidiaries	23	1,570
- From associates	14,792	15,661
- From parent companies	-	4
	500,582	476,227

The increase by €26,775 thousand of trade receivables from customers is attributable, on the one hand, to the normal trend in operating flows and on the other, to the revaluation of the foreign currencies against the euro.

The impact of the changes in scope of consolidation is negligible.

The year-end balances from associates arise from normal and regular business transactions entered into mostly with firms operating in the ready-mix concrete sector. The decline of receivables from unconsolidated subsidiaries (by €1,547 thousand) derives from the first time consolidation in 2005 of Orionidas, S.A.

The carrying amount of trade receivables is considered in line with their fair value at the date.

16. Other receivables

thousands of euro	2005	2004
Tax receivables	58,721	49,134
Receivables from sale of equity investments	–	11,495
Receivables from social security institutions	283	161
Receivables from unconsolidated subsidiaries and associates	1,676	–
Receivables from suppliers	2,095	2,613
Receivables from personnel	811	525
Accrued income and prepaid expenses	12,151	11,848
Other	22,155	43,886
	97,892	119,662

Included in tax receivables are deferred income tax assets of €9,458 thousand, classified as current (2004: €4,445 thousand). The overall picture of deferred income tax assets and liabilities is illustrated in Note 26.

Accrued income total €2,070 thousand (2004: €2,296 thousand) and is made up primarily of interest income on marketable securities and time deposits. Prepaid expenses amount to €10,081 thousand (2004: €9,552 respectively) relating to operating expenses pertaining to the following period.

The item other consists of sundry items, among which loans to third parties for €4,238 thousand.

17. Cash and cash equivalents

thousands of euro	2005	2004
Cash at banks and in hand	316,881	731,665
Short-term deposits	48,050	432
	364,931	732,097

The total of €364,931 thousand is held primarily by foreign operating companies. A major decrease in cash occurred at the beginning of the year, following the exercise by Banca IMI of the put option on no. 5,000,000 ordinary shares of Dyckerhoff AG, with a strike price of €418,500 thousand. At 31 December 2004 this obligation was already recognized as a financial liability.

Short-term deposits and securities earn interest at about 4.0% on average (2.0% in 2004): yield in euro is around 2.0%, in dollars 4.0% and in Mexican pesos 8.0%. The average maturity of such deposits and securities is lower than 60 days.

The cash flows, the working capital and the available liquidity of the subsidiaries are handled locally but under a global finance function, to ensure an efficient and effective management of the resources generated and/or of the financial needs.

18. Share Capital

At the balance sheet date the share capital of Buzzi Unicem SpA is as follows:

number of shares	2005	2004
Shares issued and fully paid		
Ordinary shares	156,544,476	155,390,097
Savings shares	40,573,014	40,425,834
	197,117,490	195,815,931
Share capital (thousands of euro)	118,270	117,490

All categories of shares have a par value of €0.60 each.

Each ordinary share gives right to one vote, without any restrictions whatsoever. Savings shares are not entitled to vote and they can be either registered or bearer, at the shareholder's preference. Savings shares are entitled to a preferential dividend equal to 5% of par value and a total dividend equal to ordinary shares' dividend plus 4% of par value. In case of no dividend distribution, the right to the preference dividend is carried forward over the two following years.

If the savings shares are delisted, they shall be converted into preference shares, with no change in their dividend and asset distribution rights, according to a resolution of the extraordinary meeting of shareholders to be held within three months from the date of delisting.

If the ordinary shares are delisted, the greater dividend payable to savings shares versus the dividend payable to ordinary shares shall be automatically increased to 4.5% of par value.

The reconciliation of the number of shares outstanding during 2005 is the following:

number of shares	Ordinary	Savings	Total
At 31 December 2004			
Shares issued	155,390,097	40,425,834	195,815,931
Less: Treasury shares	(1,977,000)	-	(1,977,000)
Shares outstanding	153,413,097	40,425,834	193,838,931
Year ended 31 December 2005			
Conversion of bonds	1,154,379		1,154,379
Employee share grant scheme		147,180	147,180
Purchase of treasury shares		(44,200)	(44,200)
Closing shares outstanding	154,567,476	40,528,814	195,096,290
At 31 December 2005			
Shares issued	156,544,476	40,573,014	197,117,490
Less: Treasury shares	(1,977,000)	(44,200)	(2,021,200)
Shares outstanding	154,567,476	40,528,814	195,096,290

The company acquired 44,200 of its own savings shares through purchases on the Borsa Italiana stock exchange in October 2005. The total amount paid to acquire the shares was €366 thousand and has been deducted from equity.

19. Paid-in capital

It consists of the overall premium on shares issued over time. The rise of €10,851 thousand vis-à-vis 31 December 2004 follows the partial conversion of the facility 'Buzzi Unicem 4% 2003-2008 convertible' (no. 1,154,379 shares issued at a premium of €9.4 per share).

20. Other reserves

The caption encompasses several items, which are listed and described here below:

thousands of euro	2005	2004
Legal reserve	30,132	16,945
Translation differences	(36,184)	(232,500)
Revaluation reserves	85,520	85,520
Merger surplus	185,156	183,332
Other	292,077	230,442
	556,701	283,739

According to the bylaws, 5% of the net profit resulting from the statutory financial statements of Buzzi Unicem SpA is allocated to the Legal reserve until it reaches 20% of share capital. The increase of €13,187 thousand is due to the partial allocation of 2004 net income, as for the shareholders' resolution of 29 April 2005.

The Translation differences reflect the exchange rate differences that were generated starting from the first time consolidation of financial statements denominated in foreign currencies. The favorable variance of €196,316 thousand is attributable, to the extent of €141,275 thousand, to the strengthening of the dollar.

The Merger surplus shows a slight change solely due to resolutions authorizing the company to purchase treasury shares and to other transactions carried out by the company involving treasury shares.

Other reserves include the reserves for treasury shares and for purchase of treasury shares (overall €65,140 thousand), which correspond to the amount of shares held in treasury at year end and define the maximum amount of treasury shares which the company is allowed to purchase. They also reflect the fair value adjustments to available-for-sale financial assets and derivative financial instruments designated as cash flow hedges.

21. Retained earnings

The caption contains both retained earnings and net profit for the financial year attributable to equity holders of the company. It consists of the corresponding item from the statutory financial statements of Buzzi Unicem SpA, changes in shareholders' equity of consolidated companies pertaining to the parent company that took place after the first consolidation and the revaluation reserves accrued by the Mexican companies that used inflation accounting up to the year 2001.

22. Minority interest

The balance as of 31 December 2005 refers mainly to Dyckerhoff AG and subsidiaries (€95,340 thousand), RC Lonestar Inc. (€139,007 thousand), Betonval SpA (€18,466 thousand) and to Corporación Moctezuma, SA de CV (€93,245 thousand). The latter corresponds to 16.7% of the shareholders' equity of Corporación Moctezuma, 50% consolidated under the proportionate method, of which Buzzi Unicem holds the 66.7% majority interest jointly with a Spanish partner.

23. Debt and borrowings

thousands of euro	2005	2004
Non-current		
Convertible bond	88,558	100,102
Senior notes and bonds	992,605	882,779
Mezzanine loan	211,906	208,915
Finance lease obligations	1,807	2,769
Secured term loans	1,703	3,045
Unsecured term loans	138,194	215,749
	1,434,773	1,413,359
Current		
Senior notes and bonds	15,500	117,471
Secured term loans	3,618	3,543
Unsecured term loans	–	1,752
Current portion of long-term debt	19,118	122,766
Bank overdrafts and borrowings	71,453	103,778
	1,525,344	1,639,903

The repayment schedule of non-current debt and borrowings is as follows:

thousands of euro	2005	2004
Between 1 and 2 years	58,393	81,860
Between 2 and 3 years	369,821	53,180
Between 3 and 4 years	95,769	376,953
Between 4 and 5 years	431,484	104,582
Beyond 5 years	479,306	796,784
	1,434,773	1,413,359

Senior Notes and Bonds

The senior notes and bonds issued by Buzzi Unicem are governed by different terms and conditions according to their type as follows:

- the convertible bond is denominated 'Buzzi Unicem 4% 2003-2008 convertible' and was issued on 24 February 2003 for an original amount of €101,073 thousand. It has to be noted that the share option component embedded in the convertible bond has been separately valued; no adjustment has been booked due to the immateriality of the amounts.
- the non-convertible bonds relates primarily to Senior Unsecured Notes placed privately in the US market (USPP). The issuers are our subsidiaries RC Lonestar Inc. and Alamo Cement Company; Buzzi Unicem SpA guarantees the obligations of the issuers. These fund-raising operations are partly backed by interest rate swaps, cross currency swaps and forward foreign exchange contracts. The income statement 2005 benefited of financial income resulting from the interest rate swap contracts to the extent of €5,556 thousand (2004: €6,123 thousand).

The main bonds include covenants by the issuer and by Buzzi Unicem SpA as the guarantor, which require compliance with certain financial ratios. Such commitments are common in international practice for bond issues of this type. In particular, the most significant financial conditions consist of a minimum consolidated net worth and a ratio of consolidated net debt to consolidated EBITDA not exceeding 3 times. The following table summarizes the main terms of bond issues outstanding at 31 December 2005:

Type	Outstanding	Maturity	Coupon	Notes
Buzzi Unicem SpA Convertible Bond February 2003	€m 88.6	2008	4.00%	American conversion option (1 ordinary share to 1 bond, meaning a strike price €10/share)
RC Lonestar Inc. Senior Notes May 2002 Series A	\$m 175	2008-2010	6.60%	Forward foreign exchange on principal Interest rate swap from fix to floating US Libor 6M +1.41%
RC Lonestar Inc. Senior Notes May 2002 Series B	\$m 240	2011-2013	6.92%	Forward foreign exchange on principal (\$m 160 million)
RC Lonestar Inc. Senior Notes May 2002 Series C	\$m 35	2017	7.12%	Forward foreign exchange on principal
RC Lonestar Inc. Senior Notes September 2003 Series A	\$m 170	2014-2016	5.08%	Cross currency swap on principal and coupons Interest rate swap from fix to floating Euribor 6M +1.025%
RC Lonestar Inc. Senior Notes September 2003 Series A	\$m 70	2014-2016	5.08%	Cross currency swap on principal and coupons
RC Lonestar Inc. Senior Notes September 2003 Series B	€m 30	2013	5.05%	
Alamo Cement Company Senior Notes October 2004 Series A	\$m 25	2007	4.41%	Cross currency swap on principal and coupons Interest rate swap from fix to floating Euribor 6M +0.55%
Alamo Cement Company Floating Rate Senior Notes October 2004 Series B	€m 15	2009	Euribor 6M +0.70%	
Alamo Cement Company Senior Notes October 2004 Series C	\$m 109.7	2005-2011	4.90%	Cross currency swap on principal and coupons Interest rate swap from fix to floating Euribor 6M +0.55%
Lone Star Industries, Inc Notes June 2000	\$m 315.5	2010	9.25%	

Notes of \$142 million, issued by Lone Star Industries, Inc. at a fix rate of 8.85%, have been entirely paid in June 2005.

Mezzanine loan

It is the subordinated loan granted by the Dyckerhoff family to Dyckerhoff AG. The loan matures in 2012 and carries a fixed coupon of 4.5% per annum plus an additional 2.5% per annum simple interest payable in a lump sum at maturity. The lenders have the option to call the loan in 2008. The increase in the loan balance is simply due to the 2.5% interest accrual, calculated according to the effective interest method.

Term loans and other borrowings

During 2005 borrowings from banks of €119,771 have been repaid, while new borrowings were obtained for €1,170 thousand. Real guarantees on assets of consolidated companies are represented by mortgages and liens on property, plant and equipment.

At 31 December 2005 the group had undrawn committed facilities available for €493,000 thousand (2004: €467,000), thereof €235,000 thousand to the company and the remaining €258,000 thousand to Dyckerhoff AG.

The committed and unsecured line of credit of €300,000 thousand with SanPaolo IMI requires compliance with a ratio of consolidated net debt to consolidated EBITDA less than 3 times.

In respect with interest rate and currency the indebtedness of the group at 31 December 2005 is substantially consistent with last year, and roughly split as follows (after hedging): 32% variable and 68% fix; 22% denominated in dollar and 78% in euro and euro-zone currencies.

The fair value of long-term debt exceeds the carrying amounts by about €50 million. The carrying amounts of short-term borrowings and floating rate loans approximate their fair value.

24. Employee benefits

The caption includes post-employment benefits and other long-term benefits.

Post-employment benefits

They consist of pension plans, life insurance and healthcare plans, employee severance indemnities and other. Group companies provide post-employment benefits for their employees either directly or indirectly, by paying contributions to independently administered funds. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which Buzzi Unicem operates. The benefits generally are based on the employees' remuneration and years of service. The obligations relate both to active employees and to retirees.

Under a defined contribution plan, the company pays contributions to publicly or privately administered entities on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations. Liabilities for contributions accrued but not paid are included within Other payables (see Note 30). The entity recognizes the contribution cost as employees render their services and allows for this expense in Staff costs.

Defined benefit plans may be unfunded, or they may be wholly or partly funded by the contributions paid by the company, and sometimes by its employees, to an entity or fund legally separate from the employer by which the benefits are paid.

In the case of funded and unfunded post-employment benefits, the group obligation is determined on an actuarial basis, using the projected unit credit method and is booked net of the fair value of plan assets, if any. Actuarial gains and losses arising from the calculations of employee benefits are accounted for using the corridor approach.

The defined benefit pension schemes that the group operates in Germany and, to a lesser extent, in Luxembourg are mainly unfunded. In USA, pension plans are mainly funded, while healthcare obligations are unfunded in nature.

The obligation for employee severance indemnities (TFR) is considered a defined benefit plan and is unfunded. Italian companies accrue the liability each year, in compliance with domestic labor legislation. The provision is settled upon retirement or resignation and can be partially paid in advance if certain conditions are met.

The item other includes loyalty bonuses, which are due to employees who reach a specified seniority and are generally settled when an employee terminates its employment. A plan similar to Italian TFR exists in Mexico (*prima de antigüedad*). The payment of such benefits is certain (subject to any vesting or minimum service requirements) but the timing of their payment is uncertain. These schemes are unfunded.

Other long-term benefits

The group grants also other long-term benefits to its employees, which include those generally paid when the employee attains a specific seniority. In this case the valuation reflects the probability that payment is required and the length of time for which payment is likely to be made. These schemes are unfunded and the amount of the obligation is calculated on an actuarial basis, in accordance with the projected unit credit method. The corridor approach is not used for actuarial gains and losses arising from this obligation.

In the United States of America the group sponsors a deferred compensation plan for certain employees. Amounts deferred are funded into a trust and the earnings in the trust accrue to the benefit of the participants. The asset and liability are reported at fair value (the net asset value of each investment fund).

The obligations for employee benefits are analyzed as follows:

thousands of euro	2005	2004
By category		
Post-employment benefits:		
- Pension plans	172,067	195,596
- Healthcare plans	121,804	112,744
- Employee severance indemnities	40,559	39,680
- Other	170	58
Other long-term benefits	5,259	4,547
	339,859	352,625
By geographic area		
Italy	40,571	39,695
Germany and Luxembourg	218,391	223,035
USA and Mexico	80,897	89,895
	339,859	352,625

The amounts recognized in the balance sheet for post-employment benefits are determined as follows:

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2005	2004	2005	2004	2005	2004	2005	2004
thousands of euro								
Present value of funded obligations	232,880	195,037			–	–	–	–
Less: Fair value of plan assets	(205,433)	(163,102)	(558)	(4,408)	–	–	–	–
	27,447	31,935	(558)	(4,408)	–	–	–	–
Present value of unfunded obligations	226,690	219,692	133,703	117,547	40,317	39,512	170	58
Unrecognized actuarial loss/gain	(82,070)	(57,148)	(11,341)	(8,136)	242	168	–	–
Unrecognized past service cost	–	1,117	–	7,741	–	–	–	–
Liability in the balance sheet	172,067	195,596	121,804	112,744	40,559	39,680	170	58

The changes in the present value for post-employment obligations during 2005 are illustrated below:

	Pension plans	Healthcare plans	Employee severance indemnities	Other
thousands of euro				
Beginning of the year	195,596	112,744	39,680	58
Net interest cost	13,135	(6,333)	379	–
Service cost	5,004	8,774	3,695	112
Actuarial gains or losses	11	–	–	–
Contributions and benefits paid	(40,505)	(8,978)	(3,195)	–
Translation differences	(1,174)	15,597	–	–
Change in scope of consolidation	–	–	–	–
End of the year	172,067	121,804	40,559	170

The main actuarial assumptions used were as follows:

in %	2005			2004		
	Italy	EU	USA	Italy	EU	USA
Discount rate	4.00	4.00	5.50	4.00	4.50	5.75
Expected return on plan assets	–	–	7.25 - 8.25	–	–	7.25 - 8.50
Future compensation increase	2.50	2.50	4.50	2.50	2.50	4.00
Future pension increase	2.00	1.70	4.00	2.00	1.70	3.30
Healthcare cost trend	–	–	5.00 - 10.00	–	–	5.00 - 9.00

25. Provisions for liabilities and charges

thousands of euro	Environmental restoration	Antitrust	Legal claims Tax risks	Other risks	Total
At 1 January 2005	36,784	95,612	68,456	38,475	239,327
Additional provisions	7,284	–	8,315	19,223	34,822
Discount unwinding	1,282	5,958	–	153	7,393
Unused amounts released	(1,034)	–	(4,815)	(14,848)	(20,697)
Used during the year	(5,780)	(5,788)	(16,334)	(8,334)	(36,236)
Translation differences	261	–	3,631	3,159	7,051
Reclassifications	–	11,000	(11,000)	–	–
Change in scope of consolidation	20	–	(7)	335	348
At 31 December 2005	38,817	106,782	48,246	38,163	232,008

The environmental restoration provision mainly includes the obligations for site remediation, which are applicable to the quarries where the extraction of raw materials takes place.

The antitrust provision is associated with the cartel fines inflicted in Germany (cement) and Italy (ready-mix concrete), which are currently under legal dispute (see Note 45).

Legal risks are mainly associated with the disposal of equity investments (€25,882 thousand), meanwhile the tax provision of €17,272 thousand reflects amounts for liabilities that are considered probable as a result of tax audits and adjustments to tax returns.

The provision for other risks represents the amounts set aside by the individual companies in connection with miscellaneous contractual and commercial risks and disputes. The increase results mainly from the creation of provisions for a possible return of CO₂ emission rights. In 2005, Dyckerhoff sold about 1.2 million ton of carbon credits, for a total consideration of €26,418 thousand. However, part of the €26,418 thousand was offset by a €12,273 thousand provision in Germany, as the group was not sure it was legally entitled to sell part of the credits.

26. Deferred income tax

Net deferred tax liability at 31 December 2005 consists of deferred tax liabilities, net of deferred tax assets, which have been offset where possible by the individual consolidated companies.

Temporary differences and carryforwards that give rise to deferred tax assets and liabilities are analyzed as follows:

	2005
thousands of euro	
Deferred income tax assets related to:	
- Provisions for liabilities and charges	(9,401)
- Trade receivables	(8,826)
- Employee benefits	(76,565)
- Write-downs of financial assets	(6,338)
- Measurement of derivative financial instruments	(1,204)
- Property, plant and equipment	(47,211)
- Tax loss carryforwards (theoretical benefit)	(408,604)
- Other	(736)
Total deferred income tax assets	(558,885)
Valuation allowances	252,272
Net deferred income tax assets	(306,613)
Deferred income tax liabilities related to:	
- Depreciation and amortization	301,057
- Employee benefits	28,726
- Property, plant and equipment	419,888
- Inventories	5,238
- Gains on disposal of fixed assets	1,732
- Measurement of derivative financial instruments	2,964
- Other	7,410
Total deferred income tax liabilities	767,015
Net deferred income tax liability	460,402

The deferred tax liability related to property, plant and equipment refers for the most part to the positive differential that in 1999, year of the acquisition, Dyckerhoff allocated to the raw material reserves of Lone Star Industries.

The movement in deferred tax assets and liabilities during the year, taking into consideration the offsetting of balances within the same tax jurisdiction, is summarized in the following table:

thousands of euro	2005
Beginning of the year	410,091
Income statement charge	(33,783)
Tax charged to equity	2,813
Translation differences	81,180
Change in scope of consolidation	101
End of the year	460,402

The deferred income tax charged to equity during 2005 mainly relates to the reclassification as puttable instruments of the investments held in partnerships.

At the end of the year the company booked €46,651 thousand as deferred tax income due to the revaluation for tax purposes of some equipment in its statutory financial statements and the reversal of the revaluation entry under IFRS in these consolidated accounts.

27. Other non-current liabilities

thousands of euro	2005	2004
Advances	1,075	580
Notes payable	186	238
Payables to personnel	4,081	4,417
Other	7,208	3,992
	12,550	9,227

28. Trade payables

thousands of euro	2005	2004
Trade payables	275,254	263,350
Other trade payables:		
- To unconsolidated subsidiaries	996	1,262
- To associates	5,004	5,582
	281,254	270,194

29. Income tax payables

It reflects current income tax liabilities, including amounts owed to the parent Fimedi SpA by certain companies that are members of the controlled group of corporations for domestic income tax purposes.

30. Other payables

thousands of euro	2005	2004
Advances	11,563	5,029
Notes payable	350	347
Payables to social security institutions	11,825	10,953
Payables to personnel	59,891	61,774
Payables to customers	8,451	8,791
Accrued expenses and deferred income	18,184	18,427
Other	51,168	29,923
	161,432	135,244

The item other consist of sundry items, among which valued added tax for €10,910.

31. Net sales

Net sales breakdown is as follows:

	2005	2004
Sale of goods	2,865,565	2,693,343
Rendering of services and other	85,871	78,255
	2,951,436	2,771,598

The 6.5% increase compared to year 2004 is due to favorable currency effects for 1.0%, to favorable market trends for 7.0% and to unfavorable changes in the scope of consolidation for 1.5%.

32. Other operating income

thousands of euro	2005	2004
Recovery of expenses	10,898	10,790
Indemnity for damages	1,049	1,053
Revenue from leased properties	5,541	5,580
Gains on disposals of property, plant and equipment	6,537	5,154
Capital grants	507	395
Release of provisions for liabilities and charges	20,697	19,620
Internal work capitalized	2,522	1,789
Sale of emission rights	26,418	–
Other	23,501	52,052
	97,670	96,433

Release of provisions includes €4,000 thousand for guarantees and risks associated to the disposal of the investments in Anneliese Zement and Cementos Hispania, occurred in the year 2003, for respectively €3,000 thousand and €1,000 thousand.

Disposal of CO₂ emission rights were executed in Germany and Czech Republic. Due to a possible retroactive correction of the rights allocated to the plants of Neubeckum and Lengerich that have already been sold, a portion of the revenues stemming from the disposal (€12,273 thousand) has been prudentially booked as a provision (see Note 25).

33. Gains on disposal of investments

This caption, amounting to €49,342 thousand in 2005, consists of the book profit arising from the sale of the following equity investments:

- Glens Falls Lehigh Cement Company , United States of America (€10,487 thousand)
- E.On Italia Produzione SpA, Italy (€37,095 thousand)
- S.A. Carrières de Leffe, Belgium (€1,760 thousand).

34. Raw materials, supplies and consumables

thousands of euro	2005	2004
Raw materials, semi-finished products and goods for resale	611,096	573,253
Supplies and consumables	157,508	145,938
Electricity	179,827	169,681
Fuels	167,267	157,571
Other goods	24,137	24,845
Changes in inventories of raw materials, supplies, consumables and goods for resale	(8,715)	(10,978)
	1,131,120	1,060,310

35. Services

thousands of euro	2005	2004
Transportation	367,856	336,840
Maintenance and contractual services	101,981	104,906
Insurance	19,664	18,340
Legal and professional consultancy	22,143	19,637
Property and equipment rentals	30,612	29,417
Travel	5,870	3,788
Sales commissions	2,738	3,218
Other	98,094	81,008
	648,958	597,154

36. Staff costs

thousands of euro	2005	2004
Salaries and wages	304,810	301,734
Social security contributions	79,241	77,698
Post-employment benefits	17,596	28,083
Other long-term benefits	5,248	4,533
Shares granted to employees	917	–
Other	11,123	5,964
	418,935	418,012

In the year 2005 other costs include restructuring expenses of €3,947 thousand.

The average number of employees, including Buzzi Unicem's proportionate share of employees in joint venture, is the following:

number	2005	2004
White collar and executives	4,224	4,244
Blue collar and supervisors	7,591	7,605
	11,815	11,849

37. Other operating expenses

Other operating expenses, related to both the ordinary and the non recurring course of business, are composed as follows:

thousands of euro	2005	2004
Bad debt expense	14,920	15,872
Provisions for liabilities and charges	23,242	6,031
Association dues	8,876	8,812
Indirect taxes and duties	17,524	16,448
Losses on disposal of property, plant and equipment	4,333	2,556
Restructuring costs	1,170	1,192
Other	28,826	52,366
	98,891	103,277

The increase in provisions is primarily due to a charge of €12,273 thousand referred to the CO₂ emission rights sold in Germany, with the purpose to hedge the risk arising from the possible retroactive correction of the allowances sold against the allowances originally allocated. This item includes also €6,430 thousand for the hurricane damages in the USA. The remaining amount (€4,539 thousand) concerns the provision for environmental restoration (quarries).

Restructuring costs have been incurred by Dyckerhoff.

38. Depreciation, amortization and impairment charges

thousands of euro	2005	2004
Amortization of intangible assets	2,295	9,695
Depreciation of property, plant and equipment	202,484	202,150
Impairment losses of fixed assets	21,381	3,079
	226,160	214,924

The impairment losses chiefly relates to the restructuring of the Amöneburg plant in Germany (€18.200 thousand), and, always in Germany, to ready-mix concrete equipment which had to be written off due to limited usability and intended plant shutdowns (€2.185 thousand).

39. Finance costs

thousands of euro	2005	2004
Finance costs		
Interest expense on bank borrowings	18,333	19,701
Interest expense on senior notes and bonds	74,689	88,703
Interest expense on mezzanine loan	14,356	14,222
Interest cost of employee benefits	25,326	24,992
Changes in fair value of derivative instruments	11,596	84,433
Discount unwinding on provisions	7,393	5,309
Foreign exchange losses	121,659	10,780
Other	19,571	30,986
	292,923	279,127
Finance revenue		
Interest income on bank deposits	6,587	11,009
Interest income on available-for-sale financial assets	7,563	3,051
Interest income on interest rate swap contracts	5,556	6,123
Expected return on plan assets of employee benefits	18,145	19,177
Changes in fair value of derivative instruments	67,937	9,449
Foreign exchange gains	15,457	86,421
Dividend income	4,053	1,494
Other	11,127	9,202
	136,425	145,927
	(156,498)	(133,200)

Interest expense decreases versus the previous year due to the contraction of net debt, as well as to the overall improved interest rate mix.

On the contrary interest income suffers of the reduction of currency gains for €70,964 thousand.

40. Equity in earnings of associates

The caption includes the share of profit (loss) of associates accounted for under the equity method, net of dividends received and accruals to provisions against investments. Profits come primarily from Kosmos Cement Company (€6,838 thousand) and Technobeton Srl (€674 thousand); losses come mainly from the write-down of NCD for €10,211 thousand, in line with the impairment test result. The write down reflects anticipated lower earnings as well as pending restructuring measures, associated with refocusing the core business of the company on ready-mix concrete and aggregates.

41. Income tax expense

thousands of euro	2005	2004
Current tax	142,578	134,357
Deferred tax	(33,783)	(619)
Tax relating to prior periods	8,987	26
	117,782	133,764

Current taxes include an extraordinary charge of €15,406 thousand from the voluntary revaluation of some equipment (Italian law 266/05) carried out by the company in its statutory financial statements, with no effect in these IFRS consolidated financial statements. The charge is more than offset by a corresponding deferred tax income of €46,651 thousand, which will be realized starting from 2008.

Tax relating to prior years includes charges resulting from the settlement with foreign authorities of the claims that arose during recurring tax audits, net of any refund.

The reconciliation of income tax computed at the theoretical tax rate applicable in Italy to income tax expense recorded in the income statement, is the following:

thousands of euro	2005
Profit before tax	412,829
Italian income tax rate (IRES)	33%
Theoretical income tax expense	136,235
Tax effect of permanent differences	(12,154)
Tax relating to prior years	8,987
Net effect of revaluation in the statutory financial statements of the company	(31,245)
Effect of difference between Italian and foreign tax rates and other	8,547
Effect of rate change on deferred tax	(1,593)
Use of tax loss carryforwards	(554)
Withholding tax on foreign dividends	1,991
Provision for regional income tax in Italy (IRAP)	7,568
Income tax expense	117,782

The weighted average tax rate of the period is 29% (2004: 39%). The reduction is mainly caused by the positive impact on deferred tax of the voluntary revaluation enacted by the company, which was disregarded under IFRS as already explained. In addition, there is a different contribution of the foreign subsidiaries to overall profitability and the presence of some significant extraordinary income not subject to taxation.

42. Earnings per share

Basic

Basic EPS is calculated, per each class of shares, by dividing the net profit or loss by the weighted average number of shares outstanding during the period, excluding treasury shares. To calculate basic EPS attributable to ordinary shares, net profit is adjusted for the amount of the preferential dividend to which the savings shares are entitled.

		2005	2004
Net profit attributable to equity holders of the Company	euro thousand	255,586	174,884
- Attributable to savings shares	euro thousand	53,892	40,027
- Attributable to ordinary shares	euro thousand	201,694	134,857
Average number of ordinary shares outstanding	number	154,402,635	139,358,470
Average number of saving shares outstanding	number	40,511,689	40,362,583
Basic earnings per ordinary share	euro	1.31	0.97

Diluted

Diluted EPS is calculated by adjusting the earnings and weighted average number of shares for the effects of dilutive options and other dilutive potential shares. In particular, the bond "Buzzi Unicem 4%, 2003-2008 convertible" is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense less the tax effect. To calculate diluted EPS attributable to ordinary shares, net profit is adjusted for the amount of the preferential dividend to which the savings shares are entitled.

		2005	2004
Net profit attributable to equity holders of the Company	euro thousand	255,586	174,884
Interest expense on convertible bond (net of tax)	euro thousand	2,362	2,690
Net profit used to determine diluted earnings per share	euro thousand	257,948	177,574
- Attributable to savings shares	euro thousand	52,052	38,533
- Attributable to ordinary shares	euro thousand	205,896	139,041
Average number of ordinary shares outstanding	number	154,402,635	139,358,470
Adjustments for assumed conversion of bond	number	8,895,933	10,038,411
Adjusted average number of ordinary shares outstanding	number	163,298,568	149,396,881
Adjusted average number of saving shares outstanding	number	40,511,689	40,362,583
Diluted earnings per ordinary share	euro	1.27	0.93
Diluted earnings per savings share	euro	1.29	0.96

43. Dividends

The dividends paid in 2005 and 2004 were €57,512 thousand (€0.290 per ordinary share and €0.314 per savings share) and €46,780 thousand (€0.270 per ordinary share and €0.294 per savings share) respectively. A dividend in respect of the year ended 31 December 2005 of €0.320 per ordinary share and €0.344 per savings share, amounting to a total dividend of €63,513 thousand, is to be proposed at the annual general meeting on 11 May 2006. These financial statements do not reflect this dividend payable.

44. Commitments

thousands of euro	2005	2004
Guarantees given	26,593	30,561
Guarantees received	29,244	24,851
Operating leases	41,171	51,100
Other commitments and guarantees	13,473	14,399

Guarantees given include commitments toward banks in favor of investee companies. Guarantees received include bank and insurance guarantees in favor of various entities, public administration, etc.

Buzzi Unicem entered into operating lease contracts for the right to use land, industrial buildings, offices, vehicles and computer equipment. The leases have various terms, duration, escalation clauses and renewal rights.

In the cancellable agreements, normally the group is required to give a six-month notice for the termination.

45. Legal claims and contingencies

Buzzi Unicem is exposed to numerous legal risks, stemming from the variety and complexity of the norms and regulations that apply to the industrial operations of the group, particularly in the areas of environment, safety, product liability, taxation and competition. There are claims arising in the normal course of business that are pending against the group. While it is not feasible to predict the outcome of any case, it is the opinion of management that the ultimate dispositions will not have a material adverse effect on the group's financial condition. Instead, when it is likely that an outflow of resources will be required to settle obligations and this amount can be reliably estimated, the group recognizes specific provision for this purpose.

As reported in the previous years, the company underwent tax audits which resulted, in August 2005, in two notices of assessments on the year 2000 related to the deductibility of the antitrust fines inflicted to the group by the European authority. Buzzi Unicem and its subsidiaries were assessed a greater taxable income for 8.4 million euro, with an income tax assessed for 3.7 million and sanctions imposed for 3.8 million euro. In February 2006 the company appealed against both notices of assessment. The company's professionals confirm the opinion already expressed and reported that the defense elements are legitimate and sound. Under these circumstances the company deems it not necessary to make provisions in the financial statements to cover the risk arising from the dispute.

In July 2004, certain minority shareholders of Dyckerhoff AG brought a case against the German subsidiary demanding the annulment of resolutions taken by the annual general meeting of shareholders on 12 May 2004. They specifically request the annulment of the merger resolution between RC Lonestar Inc. and Dyckerhoff Inc., which gave rise to Buzzi Unicem USA on 1 January 2004, and of the authorization to purchase treasury shares. Dyckerhoff took all necessary steps to oppose these demands, considered to be unfounded and pretextuous and on 9 March 2005 the Wiesbaden court rejected the petition at the first instance. The Superior Court of Frankfurt recently pronounced the same favorable sentence at the second instance.

There is no further progress about the fine inflicted on Dyckerhoff AG in early 2003 by the German antitrust authority, in the context of wider investigations into the domestic cement industry.

The amount of the fine (about 95 million euro) has been fully provided for in the financial statements and the ruling has been appealed (see Note 25).

As regards the 11 million euro fine inflicted by the Italian antitrust authority to the subsidiary Unical SpA for alleged anti-competitive practices in the Milan market, together with other ready-mix concrete producers, we inform that on 2 December 2005 the grounds for the judgment of the Regional Administrative Court (TAR) of Lazio dated 23 March 2005 were lodged. By this judgment the court had partially admitted our claim, insofar as the fine inflicted was not proportionate to the limited effects produced by the agreement. Unical shall appeal to the Council of State firstly with regard to the reasons not admitted by the TAR judgment and secondarily against the evaluation of the harshness of the infraction. The fine has been fully provided for in the financial statements. (see Note 25).

Lone Star Industries, Inc. (LSI) is presently subject to numerous lawsuits and claims in the United States of America regarding silica-containing materials (primarily products used for sandblasting), which were sold or distributed by our subsidiary until 1985. The plaintiffs allege that the use of such materials caused work-related injuries, including silicosis, silica-related lung cancer and other conditions. Other similar claims may be filed in the future. LSI maintained product liability insurance coverage for most of the time that it sold or distributed silica-containing materials, and the company believes that it has significant insurance coverage for silica-related liabilities. To date, most costs associated with silica claims have been handled and paid by Liberty Mutual Insurance Company (LM). In addition, LSI is a party to a Settlement Agreement with LM which was approved by the United States Bankruptcy Court in connection with LSI's emergence from bankruptcy in 1994 and which governs the handling of silica-related claims against LSI.

On 20 February 2004, a lawsuit was filed by LM against LSI and 35 other insurers that provided insurance to LSI. The lawsuit, among other things, seeks a judgment declaring the rights and obligations of all parties with respect to the handling and payment of silica-related claims. In addition, since 1 October 2005, LM has taken the position that it is responsible for only a pro rata share of defense and indemnity costs. Accordingly, as an interim measure pending the conclusion of the litigation, LSI has assumed direct control of its defense and intends to pay defense costs directly and to seek reimbursement from LM and its other carriers thereafter.

On 6 December 2005, the court issued a memorandum of decision granting certain motions filed by LM. It is the company's position that the court's rulings are in error; to press that position LSI has already filed a motion for reargument and intends to continue vigorously defending the case. In addition, LSI, LM and the other parties are currently engaged in a court-ordered, confidential mediation that involves a number of matters in dispute.

Due to the nature and number of claims asserted in the action, the significance of the 1994 Settlement Agreement, uncertainties involving the relevant facts and applicable state law, ongoing court proceedings as well as the mediation, it is difficult, at this time, to predict the outcome of the litigation or to estimate what, if any, liabilities LSI may incur relating to this or any future silica-related litigation.

46. Related-party transactions

Buzzi Unicem SpA is controlled by Fimedi SpA, which directly and indirectly, through its subsidiary Presa SpA, owns 55.3% of the voting rights.

The company assembles the professional skills, the human resources and the equipment that allow it to provide assistance to other subsidiaries and associates.

Buzzi Unicem SpA regularly carries out trading transactions with a number of associates, which mainly consist of sales of goods to entities operating in the business of cement, ready-mix concrete and admixtures. Furthermore the company provides upon request to the same entities technical and engineering services. Goods are sold on the basis of the price lists in force with non-related parties. Services are usually negotiated with related parties on a cost-plus basis.

The main relationship with the parent company Fimedi SpA and its subsidiaries or other entities that are significantly influenced by individuals with significant voting power in Fimedi SpA, consist of sales of services in the area of administration, taxation, legal affairs, payroll and information systems, for limited amounts.

Some Italian companies are members of a controlled group of corporations for domestic income tax purposes, with Fimedi SpA acting as the parent.

Key management compensation for carrying out its duties also in other consolidated companies is illustrated in the notes to Buzzi Unicem SpA's statutory financial statements, in accordance with Consob resolution no. 11971 dated 14 May 1999, as amended.

47. Events after the balance sheet date

Effective as from 1 January 2006, Ciments Luxembourgeois S.A., a subsidiary based in Luxembourg, sold to a consortium of investors 80% of Eurobeton S.A., a company active in the manufacturing and marketing of concrete products. Ciments Luxembourgeois kept a 20% minority interest in Eurobeton, so as to ensure the continuity of cement supplies. In 2005 Eurobeton reported net sales of 73 million euro and EBITDA of about 12%, with an headcount of over 400 people.

On March 9, with the publishing on the Official Gazette of the ministerial decree DEC/ras/074/2006 the Italian national allocation plan of CO₂ allowances required by the Kyoto Protocol was finalized, more than a year after the coming into force of the protocol. The plan sets out the number of free CO₂ allowances allocated to each plant in the years from 2005 to 2007. Under the current environmental legislation, Buzzi Unicem's filing in Italy for the year 2005 recognizes emissions slightly higher than the yearly allowances allocated. Considering that the company is being implementing various measures to curb emissions within the three years covered by the allocation, that for the time being in Italy the trading scheme is not active and that the relevant accounting procedure is being updated, no specific provision has been made in the financial statements 2005.

In March as well, fully on schedule, the second production line at the new Cerritos plant (SLP, Mexico) came successfully on stream. A contribution to the group results is expected as early as in 2006.

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

Companies consolidated on a line-by-line basis

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Buzzi Unicem S.p.A.	Casale Monferrato (AL)	EUR 118,270,494			
Unical S.p.A.	Casale Monferrato (AL)	EUR 200,000,000	Buzzi Unicem S.p.A.	100.00	
Buzzi Unicem Investimenti S.r.l.	Casale Monferrato (AL)	EUR 419,100,000	Buzzi Unicem S.p.A.	100.00	
Finpresa S.A.	Luxembourg LU	EUR 22,000,000	Buzzi Unicem S.p.A.	100.00	
Buzzi Unicem International S.à r.l.	Luxembourg LU	EUR 15,529,900	Buzzi Unicem S.p.A.	100.00	
Orionidas, S.A.	Valencia ES	EUR 2,000,000	Buzzi Unicem S.p.A.	68.00	
Dyckerhoff AG	Wiesbaden DE	EUR 105,639,816	Buzzi Unicem S.p.A. Buzzi Unicem Deutschland GmbH	64.61 12.12	67.01 24.19
La Rinascita Calcestruzzi S.p.A.	Casale Monferrato (AL)	EUR 2,476,800	Unical S.p.A.	80.00	
Betonval S.p.A.	Calenzano (FI)	EUR 12,500,000	Unical S.p.A.	70.00	
Simco S.r.l.	Casale Monferrato (AL)	EUR 104,000	Unical S.p.A.	44.10	
San Martino S.c.r.l.	Casale Monferrato (AL)	EUR 100,000	Unical S.p.A. Betonval S.p.A.	51.00 24.00	
Buzzi Unicem Deutschland GmbH	Frankfurt am Main DE	EUR 26,000	Buzzi Unicem Investimenti S.r.l.	100.00	
Presca International B.V.	Amsterdam NL	EUR 4,000,000	Finpresa S.A.	100.00	
Alamo Cement Company	San Antonio US	USD 200,000	Finpresa S.A.	100.00	
RC Cement International A.p.S.	Copenhagen DK	DKK 200,000	Buzzi Unicem International S.à r.l.	100.00	
RC Lonestar Inc.	Wilmington US	USD 10	RC Cement International A.p.S. Dyckerhoff AG	51.50 48.50	
Deuna Zement GmbH	Deuna DE	EUR 5,113,000	Dyckerhoff AG	100.00	
Dycura Versicherungs-Vermittlungs-GmbH	Wiesbaden DE	EUR 25,600	Dyckerhoff AG	100.00	
Dyckerhoff Ausbauprodukte GmbH	Wiesbaden DE	EUR 36,000,000	Dyckerhoff AG	100.00	
Dyckerhoff Beteiligungsverwaltung GmbH	Wiesbaden DE	EUR 26,000	Dyckerhoff AG	100.00	
Dyckerhoff Transportbeton Elbe-Spree GmbH & Co. KG	Berlin DE	EUR 5,000,000	Dyckerhoff AG	100.00	
Dyckerhoff Transportbeton Rhein-Main-Taunus GmbH & Co. KG	Flörsheim DE	EUR 2,470,000	Dyckerhoff AG	100.00	
Dyckerhoff Beton Beteiligungsverwaltung GmbH & Co. KG	Wiesbaden DE	EUR 100,000	Dyckerhoff AG	100.00	
Dyckerhoff Fertigbeton Saar-Mosel GmbH & Co. KG	Saarbrücken DE	EUR 1,000,000	Dyckerhoff AG	100.00	
Mörtelwerk Colonia GmbH	Köln DE	EUR 153,388	Dyckerhoff AG	100.00	
Tubag GmbH	Kruft DE	EUR 3,835,000	Dyckerhoff AG	100.00	
Beton Union GmbH & Co. KG	Wiesbaden DE	EUR 8,691,962	Dyckerhoff AG	99.55	
Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	Nordhausen DE	EUR 100,000	Dyckerhoff AG	90.00	
TBG Kinzigbeton GmbH & Co. KG	Wächtersbach DE	EUR 237,812	Dyckerhoff AG	75.59	
Dyckerhoff Transportbeton Frankfurt GmbH & Co. KG	Frankfurt am Main DE	EUR 4,600,000	Dyckerhoff AG	51.00	
Dyckerhoff Luxembourg S.A.	Luxembourg LU	EUR 10,000,000	Dyckerhoff AG	100.00	
Cementownia Nowiny Sp. z o.o.	Sitkowka-Nowiny PL	PLN 70,651,500	Dyckerhoff AG	100.00	
Dyckerhoff Beton Polska Sp. z o.o.	Sitkowka-Nowiny PL	PLN 116,815,000	Dyckerhoff AG Cementownia Nowiny Sp. z o.o.	81.59 18.41	
Cement Hranice a.s.	Hranice CZ	CZK 510,219,300	Dyckerhoff AG	100.00	
ZAPA beton a.s.	Praha CZ	CZK 300,200,000	Dyckerhoff AG	100.00	
WBT West Bouw Toelevering BV	Zwolle NL	EUR 25,000	Dyckerhoff AG	100.00	
TOB Dyckerhoff Ukraina	Kyiv UA	UAH 155,942,246	Dyckerhoff AG Dyckerhoff Beton Polska Sp. z o.o.	95.60 4.40	
VAT Volyn- Cement	Zdolbuniv UA	UAH 1,402,422	Dyckerhoff AG TOB Dyckerhoff Ukraina	94.70 0.89	

Companies consolidated on a line-by-line basis (continued)

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
VAT Yugcement	Olshanske UA	UAH 3,188,529	Dyckerhoff AG	90.00	
VAT Kyivcement	Kyiv UA	UAH 277,536	Dyckerhoff AG TOB Dyckerhoff Ukraina	76.00 7.06	
OOO Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow	Suchoi Log RU	RUB 4,100,000	Dyckerhoff AG	95.00	
OAo Sucholoshskzement	Suchoi Log RU	RUB 30,625,900	Dyckerhoff AG OOO Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow	65.99 4.42	
Alamo Cement Holding Company	Wilmington US	USD 1	Alamo Cement Company	100.00	
Alamo Cement Management Company	Wilmington US	USD 1	Alamo Cement Company	100.00	
Buzzi USA Inc.	Wilmington US	USD 1	RC Lonestar Inc.	100.00	
Unicement Handelsgesellschaft mbH	Berlin DE	EUR 256,000	Deuna Zement GmbH	100.00	
Dyckerhoff Betonprodukte GmbH	Wiesbaden DE	EUR 25,564,594	Dyckerhoff Beteiligungsverwaltung GmbH	100.00	
TBG Lieferbeton GmbH & Co. KG Odenwald	Reichelsheim DE	EUR 306,900	Dyckerhoff Transportbeton Rhein-Main-Taunus GmbH & Co. KG	66.67	
Nordenhamer Transportbeton GmbH & Co. KG	Nordenham DE	EUR 322,114	Dyckerhoff Beton Beteiligungsverwaltung GmbH & Co. KG	51.59	
Beton Union Rhein-Ruhr GmbH & Co. KG	Essen DE	EUR 1,110,000	Beton Union GmbH & Co. KG	100.00	
Beton Union West GmbH & Co. KG	Mönchengladbach DE	EUR 1,023,000	Beton Union GmbH & Co. KG	100.00	
Dyckerhoff Beton Service GmbH & Co. KG	Köln DE	EUR 103,000	Beton Union GmbH & Co. KG	100.00	
Beton Union Köln-Bonn GmbH & Co. KG	Köln DE	EUR 3,000,000	Beton Union GmbH & Co. KG	100.00	
Beton Union Rhein-Ahr GmbH & Co. KG	Remagen- Kripp DE	EUR 511,300	Beton Union GmbH & Co. KG	65.00	
Frisch-Beton Aegidienberg GmbH & Co. KG	Bad Honnef-Aegidienberg DE	EUR 385,000	Beton Union GmbH & Co. KG	62.50	
Rapid Beton Nord-Thüringen GmbH	Nordhausen DE	EUR 25,000	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Schmalkalden GmbH & Co. KG	Schwabhausen DE	EUR 512,000	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	51.00	
Transportbeton Gelnhausen GmbH	Gelnhausen DE	EUR 130,379	TBG Kinzigbeton GmbH & Co. KG	54.00	
Ciments Luxembourgeois S.A.	Esch-sur-Alzette LU	EUR 29,900,000	Dyckerhoff Luxembourg S.A.	96.55	
Matériaux S.A.	Luxembourg LU	EUR 3,720,000	Ciments Luxembourgeois S.A. Eurimex S.A.	99.98 0.02	
Eurobeton S.A.	Luxembourg LU	EUR 17,886,385	Ciments Luxembourgeois S.A.	100.00	
Nowiny-Administracja Nieruchomosci Sp. z o.o.	Sitkowka-Nowiny PL	PLN 8,436,450	Cementownia Nowiny Sp. z o.o.	100.00	
Cemos Ostrava a.s.	Ostrava CZ	CZK 342,941,000	Cement Hranice a.s.	100.00	
VIA-VODA spol. s.r.o.	Hlubocky CZ	CZK 1,000,000	ZAPA beton a.s.	100.00	
ZAPA beton SK s.r.o.	Bratislava SK	SKK 159,000,000	ZAPA beton a.s.	100.00	
Bohemia Beton Union Decin s.r.o.	Decin CZ	CZK 30,000,000	ZAPA beton a.s.	94.74	
Beton Union Plzen s.r.o.	Plzen CZ	CZK 31,600,000	ZAPA beton a.s.	71.20	
D.P. Pansionat Primorskij	Ribakovka UA	UAH 165,558	VAT Yugcement	100.00	
Longhorn Cement Company	San Antonio US	USD 101,000	Alamo Cement Holding Company	100.00	
Alamo Cement Trucking Company	San Antonio US	USD 10	Alamo Cement Holding Company	100.00	
Alamo Concrete Products, Ltd.	San Antonio US	USD n/a	Alamo Cement Holding Company Alamo Cement Management Company	99.00 1.00	
Alamo Concrete Products, Ltd.	San Antonio US	USD n/a	Alamo Cement Holding Company Alamo Cement Management Company	99.00 1.00	
Alamo Transit Company II, Ltd.	San Antonio US	USD n/a	Alamo Cement Holding Company Alamo Cement Management Company	99.00 1.00	
Buzzi Unicem USA (Midwest) Inc.	Wilmington US	USD 1	Buzzi USA Inc.	100.00	
Lone Star Industries, Inc.	Wilmington US	USD 28	Buzzi USA Inc.	100.00	
River Cement Company	Wilmington US	USD 100	Buzzi USA Inc.	100.00	
Buzzi Unicem USA (Mid-Atlantic) Inc.	Wilmington US	USD 1,000	Buzzi USA Inc.	100.00	

Companies consolidated on a line-by-line basis (continued)

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Signal Mountain Cement Company	Wilmington US	USD	100 Buzzi USA Inc.	100.00	
Heartland Cement Company	Wilmington US	USD	100 Buzzi USA Inc.	100.00	
Heartland Cement Sales Company	Wilmington US	USD	10 Buzzi USA Inc.	100.00	
Buzzi Unicem USA Inc.	Wilmington US	USD	10 Buzzi USA Inc.	100.00	
Glens Falls Cement Company, Inc.	New York US	USD	500 Buzzi USA Inc.	100.00	
Rhebau Rheinische Beton- und Bauindustrie GmbH & Co. KG	Dormagen DE	EUR	1,840,651 Dyckerhoff Betonprodukte GmbH	90.00	
Marbrerie Jacquemart S.à r.l.	Luxembourg LU	EUR	619,734 Matériaux S.A.	100.00	
Eurimex S.A.	Luxembourg LU	EUR	205,000 Matériaux S.A. Ciments Luxembourgeois S.A.	99.94 0.06	
Eurobeton International S.A.S.	Steinbourg FR	EUR	20,009,000 Eurobeton S.A.	100.00	
S.A. des Chaux de Contern	Contern LU	EUR	2,974,722 Eurobeton S.A. Eurimex S.A.	99.64 0.14	
Préfalor S.A.	Hagondange FR	EUR	612,000 Eurobeton S.A.	80.00	
Collot Produits TP S.A.	Bar-le-Duc FR	EUR	702,000 Eurobeton S.A.	66.00	
ZAPA beton Hungaria k.f.t.	Zsujta HU	HUF	88,000,000 ZAPA beton SK s.r.o.	100.00	
Lone Star Hawaii, Inc.	Wilmington US	USD	100 Lone Star Industries, Inc.	100.00	
Lone Star Properties, Inc.	Wilmington US	USD	100 Lone Star Industries, Inc.	100.00	
NYTR Corporation	Wilmington US	USD	100 Lone Star Industries, Inc.	100.00	
Lone Star Cement Inc.	West Trenton US	USD	10,809 Lone Star Industries, Inc.	99.97	100.00
San-Vel Concrete Corporation	Topeka US	USD	500 Lone Star Industries, Inc.	100.00	
Utah Portland Quarries, Inc.	Salt Lake City US	USD	378,900 Lone Star Industries, Inc.	100.00	
Rosebud Holdings, Inc.	Wilmington US	USD	100 Lone Star Industries, Inc.	100.00	
Construction Aggregates Limited	Halifax CA	USD	1 Lone Star Industries, Inc.	100.00	
Compañia Cubana de Cemento Portland, S.A.	Havana CU	CUP	100 Lone Star Industries, Inc.	100.00	
Transports Mariel, S.A.	Havana CU	CUP	100 Lone Star Industries, Inc.	100.00	
River Cement Sales Company	Wilmington US	USD	100 River Cement Company	100.00	
Hercules Cement Sales Company	Wilmington US	USD	10 Buzzi Unicem USA (Mid-Atlantic) Inc.	100.00	
Hercules Cement Holding Company	Wilmington US	USD	10 Buzzi Unicem USA (Mid-Atlantic) Inc.	100.00	
Hercules Cement Company LP	Bethlehem US	USD	n/a Buzzi Unicem USA (Mid-Atlantic) Inc. Hercules Cement Holding Company	99.00 1.00	
Klein Agglomérés S.A.S.	Hagondange FR	EUR	81,130 Eurobeton International S.A.S.	100.00	
Heinrich & Bock S.A.S.	Steinbourg FR	EUR	3,201,430 Eurobeton International S.A.S.	100.00	
Tubaggio S.A.S.	Dannemarie-sur-Crête FR	EUR	72,000 Eurobeton International S.A.S.	100.00	
Justin Dreyer S.A.S.	Rixheim FR	EUR	45,735 Eurobeton International S.A.S.	100.00	
Préfarhin S.A.S.	Steinbourg FR	EUR	40,000 Eurobeton International S.A.S.	74.00	
Tetris S.A.	Contern LU	EUR	2,000,000 S.A. des Chaux de Contern	70.25	
Lone Star Hawaii Cement Corporation	Honolulu US	USD	100 Lone Star Hawaii, Inc.	100.00	
G.M. Stewart Lumber Company Inc.	Minneapolis US	USD	100 Lone Star Properties, Inc.	100.00	
Cornell Steamboat Company	New York US	USD	100 NYTR Corporation	100.00	
KCOR Corporation	Wilmington US	USD	1,956 Rosebud Holdings, Inc.	100.00	
Rosebud Real Properties, Inc.	Wilmington US	USD	100 Rosebud Holdings, Inc.	100.00	
Rosebud General Corporation	Wilmington US	USD	100 Rosebud Holdings, Inc.	100.00	
Proyectos Industrias de Jaruco, S.A.	Havana CU	CUP	86,700 Compañia Cubana de Cemento Portland, S.A.	100.00	
HCC Holding, Inc.	Wilmington US	USD	1 Hercules Cement Company LP	100.00	

Companies consolidated by the proportional method

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Addiment Italia S.r.l.	Casale Monferrato (AL)	EUR 10,400	Buzzi Unicem S.p.A.	50.00	
Fresit B.V.	Amsterdam NL	EUR 6,795,000	Finpresa S.A.	50.00	
Westerwald-Beton GmbH & Co. KG	Westerburg DE	EUR 282,233	Dyckerhoff AG	50.00	
Corporación Moctezuma, S.A. de C.V.	Mexico MX	MXN 171,376,652	Presa International B.V. Fresit B.V.	7.58 51.51	
Betonbau Holding GmbH	Waghäusel DE	EUR 141,000	Dyckerhoff Betonprodukte GmbH	45.75	
Cementos Portland Moctezuma, S.A. de C.V.	Emiliano Zapata MX	MXN 3,287,739	Corporación Moctezuma, S.A. de C.V.	100.00	
Cementos Moctezuma, S.A. de C.V.	Mexico MX	MXN 2,500,000	Corporación Moctezuma, S.A. de C.V.	100.00	
Latinoamericana de Agregados y Concretos, S.A. de C.V.	Mexico MX	MXN 10,929,252	Corporación Moctezuma, S.A. de C.V.	100.00	
Latinoamericana de Comercio, S.A. de C.V.	Emiliano Zapata MX	MXN 10,775,000	Corporación Moctezuma, S.A. de C.V.	100.00	
Moctezuma Industrial, S.A. de C.V.	Emiliano Zapata MX	MXN 1,029,589,650	Corporación Moctezuma, S.A. de C.V.	100.00	
Latinoamericana de Concretos, S.A. de C.V.	Mexico MX	MXN 7,321,821	Corporación Moctezuma, S.A. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98.00 2.00	
Arrendadora de Equipos de Transporte, S.A. de C.V.	Emiliano Zapata MX	MXN 5,300,000	Corporación Moctezuma, S.A. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98.00 2.00	
Inmobiliaria Lacosa, S.A. de C.V.	Mexico MX	MXN 50,068,500	Corporación Moctezuma, S.A. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98.00 2.00	
Grupo Impulsor Industrial, S.A. de C.V.	Emiliano Zapata MX	MXN 50,000	Corporación Moctezuma, S.A. de C.V. Cementos Moctezuma, S.A. de C.V.	98.00 2.00	
Cementos Moctezuma de San Luis, S.A. de C.V.	Mexico MX	MXN 660,780	Corporación Moctezuma, S.A. de C.V. Inmobiliaria Lacosa, S.A. de C.V.	99.85 0.15	
Moctezuma Capital, S.A. de C.V.	Mexico MX	MXN 1,690,894,000	Corporación Moctezuma, S.A. de C.V. Inmobiliaria Lacosa, S.A. de C.V. Cementos Moctezuma, S.A. de C.V.	53.82 5.91 40.27	
Servicios Corporativos Moctezuma, S.A. de C.V.	Emiliano Zapata MX	MXN 11,040,000	Corporación Moctezuma, S.A. de C.V.	100.00	
Latinoamericana de Concretos de San Luis, S.A. de C.V.	Mexico MX	MXN 15,676,550	Latinoamericana de Concretos, S.A. de C.V.	60.00	
Concretos Moctezuma de Torreón, S.A. de C.V.	Mexico MX	MXN 100,000	Latinoamericana de Concretos, S.A. de C.V.	55.00	
Betonbau GmbH & Co. KG	Waghäusel DE	EUR 750,000	Betonbau Holding Dyckerhoff Betonprodukte GmbH	94.00 6.00	
Betonbau GmbH, Bockenem	Bockenem DE	EUR 1,022,584	Betonbau GmbH & Co. KG	49.00	
Betonbau GmbH, Ingolstadt	Ingolstadt DE	EUR 1,022,584	Betonbau GmbH & Co. KG	49.00	
Betonbau GmbH, Schkeuditz	Schkeuditz DE	EUR 1,533,876	Betonbau GmbH & Co. KG	49.00	

Companies valued by the equity method

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Cementi Moccia S.p.A.	Napoli	EUR 7,398,300	Buzzi Unicem S.p.A.	50.00	
Technobeton S.r.l.	Riva del Garda (TN)	EUR 512,200	Buzzi Unicem S.p.A.	45.00	
Premix S.p.A.	Melilli (SR)	EUR 3,483,000	Buzzi Unicem S.p.A.	40.00	
Ciments de Balears, S.A.	Palma de Mallorca ES	EUR 306,510	Buzzi Unicem S.p.A.	35.00	
Laterlite S.p.A.	Solignano (PR)	EUR 25,000,000	Buzzi Unicem S.p.A.	30.00	
Siefic Calcestruzzi S.r.l.	Isernia	EUR 5,080,000	Unical S.p.A.	50.00	
Albenga Calcestruzzi S.r.l.	Albenga (SV)	EUR 100,700	Unical S.p.A.	50.00	
Betonfer S.r.l.	Arma di Taggia (IM)	EUR 62,400	Unical S.p.A.	50.00	
S.A.F.I. S.r.l.	Mezzana Bigli (PV)	EUR 332,010	Unical S.p.A.	33.33	
Edilcave S.r.l.	Villar Focchiaro (TO)	EUR 72,800	Unical S.p.A.	30.00	
Calcestruzzi Bell'Italia S.r.l.	Montanaso Lombardo (LO)	EUR 40,000	Unical S.p.A.	25.00	
Calcestruzzi Faure S.r.l.	Salbertrand (TO)	EUR 53,560	Unical S.p.A.	24.00	
Beton Biella S.r.l.	Biella	EUR 52,000	Unical S.p.A.	20.00	

Companies valued by the equity method (continued)

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Westerwald-Beton GmbH	Westerburg DE	EUR 25,565	Dyckerhoff AG	50.00	
Tricosal Beton-Chemie GmbH & Co. KG i.L.	Lügde DE	EUR 2,600,000	Dyckerhoff AG	50.00	
Tricosal Beton-Chemie Verwaltungs-GmbH i.L.	Lügde DE	EUR 26,000	Dyckerhoff AG	50.00	
NCH Nederlandse Cement Handelmaatschappij B.V.	Nieuwegein NL	EUR 1,361,341	Dyckerhoff AG	38.40	
NCD Nederlandse Cement Deelnemingsmaatschappij B.V.	Nieuwegein NL	EUR 75,100,626	Dyckerhoff AG	37.98	
			WBT West Bouw Toelevering BV	17.62	
Projektgesellschaft Warstein-Kallenhardt-Kalkstein mbH	Warstein DE	EUR 25,200	Dyckerhoff AG	33.33	
Niemeier Beton GmbH & Co. KG	Diepholz DE	EUR 766,938	Dyckerhoff AG	33.33	
Niemeier Beton GmbH	Sulingen DE	EUR 25,565	Dyckerhoff AG	33.20	
Sievert AG & Co. KG	Osnabrück DE	EUR 27,021,776	Dyckerhoff AG	32.45	
Sievert Holding AG	Osnabrück DE	EUR 255,646	Dyckerhoff AG	32.46	
Hausgesellschaft des Vereins Deutscher Zementwerke mbH	Düsseldorf DE	EUR 51,129	Dyckerhoff AG	32.20	
Franz Köster GmbH & Co. KG	Warstein DE	EUR 357,904	Dyckerhoff AG	24.90	
Köster Verwaltungs-GmbH	Warstein DE	EUR 25,565	Dyckerhoff AG	24.80	
Ostfriesische Transport- Beton GmbH	Emden DE	EUR 25,565	Dyckerhoff AG	24.80	
Sibobeton Osnabrück GmbH & Co. KG	Osnabrück DE	EUR 5,368,565	Dyckerhoff AG	23.25	
Vereinigte Transportwerke Nordtrans GmbH & Co. KG	Delmenhorst DE	EUR 225,224	Dyckerhoff AG	20.60	
			Nordenhamer Transportbeton GmbH & Co. KG	7.38	
S. Paolo S.c.r.l.	Calenzano (FI)	EUR 50,000	Betonval S.p.A.	50.00	
E.L.M.A. S.r.l.	Sinalunga (SI)	EUR 15,000	Betonval S.p.A.	50.00	
Cave Alto Santerno S.r.l.	Calenzano (FI)	EUR 250,000	Betonval S.p.A.	49.00	
Consorzio CO.ES. S.r.l.	Vezzano Ligure (SP)	EUR 46,800	Betonval S.p.A.	44.05	
Warsteiner Kalksteinmehl GmbH & Co. KG	Warstein DE	EUR 51,129	Dyckerhoff Beteiligungsverwaltung GmbH	50.00	
Bildungs-Zentrum-Deuna Gemeinnützige GmbH	Deuna DE	EUR 25,565	Dyckerhoff Beteiligungsverwaltung GmbH	50.00	
Normensand GmbH	Beckum DE	EUR 1,000,000	Dyckerhoff Beteiligungsverwaltung GmbH	38.02	
Süddeutscher Zementverband Heidelberg GmbH i.L.	Heidelberg DE	EUR 62,503	Dyckerhoff Beteiligungsverwaltung GmbH	21.44	
Lieferbeton Vordertaunus GmbH & Co. KG i.L.	Oberursel DE	EUR 204,517	Dyckerhoff Transportbeton Rhein-Main-Taunus GmbH & Co. KG	45.00	
Lieferbeton Vordertaunus GmbH i.L.	Frankfurt am Main DE	EUR 25,565	Dyckerhoff Transportbeton Rhein-Main-Taunus GmbH & Co. KG	45.00	
Kieswerk E. Kiebert GmbH	Trebur-Geinsheim DE	EUR 125,000	Dyckerhoff Transportbeton Rhein-Main-Taunus GmbH & Co. KG	26.00	
Warsteiner Kalksteinmehl Verwaltungsgesellschaft mbH	Warstein DE	EUR 25,565	Dyckerhoff Beteiligungsverwaltung GmbH	50.00	
TBM Transportbeton Mittelbaden GmbH & Co. KG	Offenburg DE	EUR 205,000	Dyckerhoff Beton Beteiligungsverwaltung GmbH & Co. KG	50.00	
Transportbeton Mittelbaden GmbH	Offenburg DE	EUR 26,000	Dyckerhoff Beton Beteiligungsverwaltung GmbH & Co. KG	50.00	
Transportbeton Kall GmbH	Kall DE	EUR 25,565	Dyckerhoff Fertigbeton Saar-Mosel GmbH & Co. KG	50.00	
Transportbeton Kall GmbH & Co. KG	Kall DE	EUR 133,000	Dyckerhoff Fertigbeton Saar-Mosel GmbH & Co. KG	46.15	
CHEMEGRA chemische und mechanische Granulatverarbeitung GmbH & Co. KG	Dillingen DE	EUR 307,000	Dyckerhoff Fertigbeton Saar-Mosel GmbH & Co. KG	20.00	
Geschäftsführungsgesellschaft CHEMEGRA chemische und mechanische Granulatverarbeitung mbH	Dillingen DE	EUR 25,750	Dyckerhoff Fertigbeton Saar-Mosel GmbH & Co. KG	20.00	
Beton Union Ruhr-Lenne GmbH & Co. KG	Iserlohn DE	EUR 664,679	Beton Union GmbH & Co. KG	50.00	
Beton Union Ruhr-Lenne Verwaltungs-GmbH	Iserlohn DE	EUR 26,000	Beton Union GmbH & Co. KG	50.00	
Transportbeton- und Mörtelwerk Bochum GmbH & Co. KG	Bochum DE	EUR 562,421	Beton Union GmbH & Co. KG	50.00	
Sibobeton Enger GmbH & Co. KG	Enger DE	EUR 306,775	Beton Union GmbH & Co. KG	50.00	
Sibobeton Enger GmbH	Enger DE	EUR 30,678	Beton Union GmbH & Co. KG	50.00	
TRAMIRA - Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	EUR 999,985	Beton Union GmbH & Co. KG	48.59	

Companies valued by the equity method (continued)

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
TRAMIRA - Transportbetonwerk Minden-Ravensberg GmbH	Minden-Dankersen DE	EUR 29,808	Beton Union GmbH & Co. KG	47.51	
Transportbeton und Betonstein-Werk Herten GmbH & Co. KG	Herten DE	EUR 561,654	Beton Union GmbH & Co. KG	40.00	
Transportbeton und Betonstein-Werk Herten GmbH	Herten DE	EUR 30,678	Beton Union GmbH & Co. KG	40.00	
Transbeton GmbH & Co. KG	Löhne DE	EUR 643,205	Beton Union GmbH & Co. KG	30.45	
ZAPA UNISTAV, s.r.o.	Brno CZ	CZK 200,000	ZAPA beton a.s.	50.00	
EKO ZAPA beton, a.s.	Praha CZ	CZK 1,008,000	ZAPA beton a.s.	50.00	
Piskovny Hradek a.s.	Hradek nad Nisou CZ	CZK 12,000,000	ZAPA beton a.s.	45.60	
OOO OSK Sosnoviy Bor	Sucholoshskij Raion, pos. Kurii 2 RU	RUB 10,000	OAO Sucholoshskzement	49.00	
quick-mix Holding GmbH & Co. KG	Osnabrück DE	EUR 3,000,000	Tubag GmbH	34.00	
quick-mix Holding Beteiligungsgesellschaft mbH	Osnabrück DE	EUR 25,000	Tubag GmbH	34.00	
MKB Mörteldienst Köln-Bonn GmbH & Co. KG	Köln DE	EUR 203,400	Beton Union Köln-Bonn GmbH & Co. KG	46.46	
Beton Union Hunsrück GmbH & Co. KG	Kastellaun DE	EUR 255,646	Beton Union Rhein-Ahr GmbH & Co. KG	50.00	
Beton Union Hunsrück Verwaltungsgesellschaft mbH	Kastellaun DE	EUR 25,565	Beton Union Rhein-Ahr GmbH & Co. KG	50.00	
Transass S.A.	Schiffange LU	EUR 50,000	Matériaux S.A.	41.00	
S.A. des Bétons Frais	Schiffange LU	EUR 1,250,000	Matériaux S.A.	41.00	
Arlon Béton S.A.	Arlon BE	EUR 492,000	Matériaux S.A.	40.00	
Cobéton S.A.	Differdange LU	EUR 1,000,000	Matériaux S.A.	33.32	
Bétons Feidt S.A.	Luxembourg LU	EUR 2,500,000	Matériaux S.A.	30.00	
André Frères et Broos S.A.	Saint Mard BE	EUR 655,147	Matériaux S.A.	30.00	
quick-mix Tubag S.A.	Contern LU	EUR 500,000	Matériaux S.A.	25.00	
Houston Cement Company LP	Houston US	USD n/a	Alamo Cement Company II, Ltd.	25.00	
Kosmos Cement Company	Louisville US	USD n/a	Lone Star Industries, Inc.	25.00	
Cemstra Grabkammersysteme GmbH & Co. KG i.L.	Ennigerloh DE	EUR 208,000	Rhebau Rheinische Beton- und Bauindustrie GmbH & Co. KG	25.00	
Betonbau CS s.r.o.	Praha CZ	CZK 100,000	Betonbau Holding GmbH	47.75	
Metalit S.à r.l.	Mirambeau FR	EUR 304,898	Betonbau Holding GmbH	45.75	
BBG-Betonbau Beteiligungs-GmbH	Waghäusel DE	EUR 1,533,876	Betonbau Holding GmbH	34.31	
Entreprise Val Béton Moulé de l'Est S.à r.l.	Gandrage FR	EUR 52,000	Klein Agglomérés S.A.S.	25.00	
Betonbau Verwaltungs-GmbH	Waghäusel DE	EUR 25,000	Betonbau GmbH & Co. KG	49.00	

Other investments in subsidiaries and associates

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Serenergy S.r.l.	Milano	EUR 25,500	Buzzi Unicem S.p.A.	50.00	
Cementi e Calci di Santa Marinella S.r.l.	Bergamo	EUR 10,000	Buzzi Unicem S.p.A.	33.33	
Hafenbetonwerk Trier GmbH i.L.	Trier DE	EUR 3,579,043	Dyckerhoff AG	100.00	
Dyckerhoff Transportbeton Südhessen Verwaltungs-GmbH	Griesheim DE	EUR 25,000	Dyckerhoff AG	100.00	
Dyckerhoff Transportbeton Mainz Verwaltungsgesellschaft mbH	Flörsheim DE	EUR 26,100	Dyckerhoff AG	100.00	
Dyckerhoff Transportbeton Taunus Verwaltungsgesellschaft mbH	Brechen DE	EUR 25,600	Dyckerhoff AG	100.00	
Dyckerhoff Transportbeton Trier Mosel Verwaltungs-GmbH	Trier DE	EUR 25,600	Dyckerhoff AG	100.00	
Dyckerhoff Fertigbeton Saar-Mosel Verwaltungsgesellschaft mbH	Saarbrücken DE	EUR 25,600	Dyckerhoff AG	100.00	
Dyckerhoff Transportbeton Elbe-Spree Verwaltungs-GmbH	Berlin DE	EUR 25,565	Dyckerhoff AG	100.00	
Dyckerhoff Transportbeton Rhein-Main-Taunus Verwaltungs-GmbH	Flörsheim DE	EUR 25,600	Dyckerhoff AG	100.00	

Other investments in subsidiaries and associates (continued)

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Dyckerhoff Transportbeton Chemnitz Verwaltungsgesellschaft mbH	Chemnitz DE	EUR 25,565	Dyckerhoff AG	100.00	
Dyckerhoff Beton Verwaltungs-GmbH	Wiesbaden DE	EUR 26,100	Dyckerhoff AG	100.00	
Dyckerhoff Weiss Marketing und Vertrieb Verwaltungs-GmbH	Wiesbaden DE	EUR 25,565	Dyckerhoff AG	100.00	
Main-Beton Verwaltungsgesellschaft mbH	Frankfurt am Main DE	EUR 25,565	Dyckerhoff AG	100.00	
Hansa Vermögensverwaltung Die Sechste GmbH	Wiesbaden DE	EUR 25,565	Dyckerhoff AG	100.00	
KYV Zement Holding Verwaltungs-GmbH	Wiesbaden DE	EUR 25,565	Dyckerhoff AG	100.00	
Beton Union GmbH	Köln DE	EUR 46,016	Dyckerhoff AG	98.89	
Kinzigbeton GmbH	Wächtersbach DE	EUR 29,502	Dyckerhoff AG	75.56	
Dyckerhoff Transportbeton Thüringen Verwaltungs-GmbH	Nordhausen DE	EUR 25,565	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Schmalkalden Verwaltungsgesellschaft mbH	Schwabhausen DE	EUR 25,600	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	51.17	
Dyckerhoff Transportbeton Sachsen-Thüringen Verwaltungs-GmbH	Mülsen DE	EUR 25,700	Dyckerhoff Transportbeton Elbe-Spree GmbH & Co. KG	100.00	
MTM Maintal-Mörtel GmbH & Co. KG i.L.	Frankfurt am Main DE	EUR 153,450	Dyckerhoff Transportbeton Rhein-Main-Taunus GmbH & Co. KG	66.67	
MTM Maintal-Mörtel Verwaltungsgesellschaft mbH i.L.	Frankfurt am Main DE	EUR 25,565	Dyckerhoff Transportbeton Rhein-Main-Taunus GmbH & Co. KG	66.60	
GfBB Gesellschaft für Beton und Baustoffüberwachung mbH i.L.	Frankfurt am Main DE	EUR 34,768	Dyckerhoff Transportbeton Rhein-Main-Taunus GmbH & Co. KG TBG Kinzigbeton GmbH & Co. KG	80.00 20.00	
Nordenhamer Transportbeton GmbH	Elsfleth DE	EUR 25,565	Dyckerhoff Beton Beteiligungsverwaltung GmbH & Co. KG	56.60	
Beton Union Verwaltungsgesellschaft mbH	Radevormwald DE	EUR 25,565	Beton Union GmbH & Co. KG	100.00	
Beton Union West Verwaltungs- mbH	Mönchengladbach DE	EUR 25,600	Beton Union GmbH & Co. KG	100.00	
Beton Union Köln-Bonn Verwaltungs- GmbH	Köln DE	EUR 25,600	Beton Union GmbH & Co. KG	100.00	
Beton Union Rhein-Ruhr Verwaltungs- GmbH	Essen DE	EUR 30,000	Beton Union GmbH & Co. KG	100.00	
MTB Beton Union GmbH	Hagen DE	EUR 25,565	Beton Union GmbH & Co. KG	100.00	
Hansa Vermögensverwaltung Die Siebte GmbH	Wiesbaden DE	EUR 25,565	Beton Union GmbH & Co. KG	100.00	
Hansa Vermögensverwaltung Die Achte GmbH	Wiesbaden DE	EUR 25,565	Beton Union GmbH & Co. KG	100.00	
Hansa Vermögensverwaltung Die Neunte GmbH	Wiesbaden DE	EUR 51,129	Beton Union GmbH & Co. KG	100.00	
Beton Union Eifel GmbH	Köln DE	EUR 25,565	Beton Union GmbH & Co. KG	100.00	
Beton Union Herne GmbH	Herne DE	EUR 25,565	Beton Union GmbH & Co. KG	100.00	
Beton Union Rhein-Ahr GmbH	Remagen-Kripp DE	EUR 26,000	Beton Union GmbH & Co. KG	65.00	
Frisch-Beton Aegidienberg GmbH	Bad Honnef-Aegidienberg DE	EUR 25,565	Beton Union GmbH & Co. KG	62.50	
Dyckerhoff Transportbeton Frankfurt Verwaltungsgesellschaft mbH	Frankfurt am Main DE	EUR 25,000	Dyckerhoff Transportbeton Frankfurt GmbH & Co. KG	100.00	
Rhebau Rheinische Beton- und Bauindustrie Beteiligungsgesellschaft mbH	Dormagen DE	EUR 26,076	Dyckerhoff Betonprodukte GmbH	90.00	
Beton Union Technik Verwaltungs- und Beteiligungsgesellschaft mbH	Köln DE	EUR 25,565	Dyckerhoff Beton Service GmbH & Co. KG	100.00	
PD Betonpumpendienst Verwaltungsgesellschaft mbH	Köln DE	EUR 25,565	Beton Union Köln-Bonn GmbH & Co. KG	100.00	
Bonner Bauspezial Verwaltungsgesellschaft mbH	Köln DE	EUR 25,565	Beton Union Köln-Bonn GmbH & Co. KG	100.00	
ARGE Betonversorgung LGV Brüssels-Köln GbR	Aachen-Brand DE	EUR n/a	Beton Union West GmbH & Co. KG Dyckerhoff Transportbeton Elbe-Spree GmbH & Co. KG	33.33 33.33	

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

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Iipse S.r.l.	Settimo Torinese (TO)	EUR 52,000	Buzzi Unicem S.p.A.	11.00	
Romana Calcestruzzi S.p.A.	Roma	EUR 2,597,312	Unical S.p.A.	16.66	
Fratelli Bianchi fu Michele & C. S.p.A.	Roma	EUR 486,606	Unical S.p.A.	16.66	
Cava degli Olmi S.r.l.	Carignano (TO)	EUR 1,000,000	Unical S.p.A.	12.00	
Forschungs- und Entwicklungs- und Marketinggesellschaft der Leichtbetonindustrie mbH	Neuwied DE	EUR 30,000	Dyckerhoff AG	19.40	
Ostfriesische Transport- Beton GmbH & Co. KG	Emden DE	EUR 1,300,000	Dyckerhoff AG	19.13	
Sibobeton Kurhessen/ Leintal GmbH & Co.KG	Baunatal DE	EUR 4,601,627	Dyckerhoff AG	14.66	
Beton Marketing West GmbH	Beckum DE	EUR 90,000	Dyckerhoff AG	11.11	
Kompetenzzentrum Leichtbeton GmbH	Neuwied DE	EUR 38,700	Dyckerhoff AG	11.11	
Betonwerke Fidgor GmbH & Co. KG	Willhelmshaven DE	EUR 310,000	Dyckerhoff AG	10.00	
Betonwerke Fidgor GmbH	Willhelmshaven DE	EUR 26,000	Dyckerhoff AG	10.00	
SAFA Saarfiterasche-Vertriebs-GmbH & Co. KG	Baden-Baden DE	EUR 1,100,000	Dyckerhoff AG	10.00	
Saarfiterasche- Vertriebs- GmbH	Baden-Baden DE	EUR 55,000	Dyckerhoff AG	10.00	
Vereinigte Tranportbetonwerke Nortrans GmbH	Delmenhorst DE	EUR 25,872	Dyckerhoff AG Nordenhamer Transportbeton GmbH & Co. KG	6.82 4.55	
Beton Marketing Ost Gesellschaft für Baubertung und Marktförderung mbH	Berlin-Zehlendorf DE	EUR 72,000	Deuna Zement GmbH	16.67	
SILEX Grundstücksvermietungsgesellschaft mbH Objekt Eduard Dyckerhoff OHG	Düsseldorf DE	EUR 10,226	Dyckerhoff Ausbauprodukte GmbH	94.00	15.00
Zementvertrieb Berlin Verwaltungs-GmbH i. L.	Ennigerloh DE	EUR 30,678	Dyckerhoff Beteiligungsverwaltung GmbH	11.67	
Rheinkalk Lengerich GmbH	Wülfrath DE	EUR 400,000	Dyckerhoff Beteiligungsverwaltung GmbH	10.00	
Kruffer Bimsabbau GmbH	Krufft DE	EUR 782,277	Tubag GmbH	18.94	

APPENDIX

Transition to international financial reporting standards (IFRS)

Following the resolution no. 1606 taken by the European Union in 2002, all listed companies whose securities are traded on regulated markets of a member state, effective as from 1 January 2005, are required to prepare consolidated financial statements for annual periods, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and in the version endorsed by the European Commission.

This appendix provides the reconciliation of profit and equity reported under previous Italian GAAP to profit and equity under IFRS for the prior comparative period, a description of material adjustments to the balance sheet and income statement, together with the related appropriate explanatory notes, as required by IFRS 1 – First-time adoption of IFRS.

On 1 January 2004 immediately after having acquired control of Dyckerhoff AG, Buzzi Unicem incorporated Dyckerhoff Inc. (a 100% subsidiary of Dyckerhoff AG and consequently a 64.61% subsidiary of Buzzi Unicem) into its US subsidiary RC Lonestar Inc. (100% indirectly owned). Under this transaction Buzzi Unicem and Dyckerhoff AG were assigned 51.5% and 48.5% respectively of the capital stock of the absorbing company. Consequently Buzzi Unicem directly and indirectly held 83% of the capital stock of RC Lonestar Inc. Following the merger, having Buzzi Unicem's stake in the new entity changed, a positive differential arose concerning its portion of the shareholders' equity of the group, which had been written off against the new entity assets, since no specific IFRS treatment is applicable to transactions carried out under common control. In fact a merger between two companies belonging to the same group which does not imply a change of control falls within the transactions carried out under common control, to which IFRS 3 -Business combinations is not applicable.

It is reminded that in the reconciliation of equity at 31 December 2004, included in the half-year interim report, Buzzi Unicem booked amid the financial liabilities the put option obligation for the purchase of 12% of Dyckerhoff AG capital stock. The excess between exercise price and net assets acquired was debited against equity, since the group had adopted the economic entity model as accounting treatment of transactions with minority interest. Under the economic entity model, the majority and minority shareholders are all viewed as one group and transactions between them are booked as changes in shareholders' equity. The choice, broadly accepted by the international doctrine, was made in compliance with IAS 8, according to which, in the absence of a standard or an interpretation that specifically applies to a transaction, management must use its judgment in developing and applying an accounting policy that results in information that is relevant and reliable.

In drawing up its first complete IFRS financial statements as of 31 December 2005, management reviewed the above two business combinations, both not falling under IFRS 3, and decided to revise them according to the economic entity model that the company had chosen to adopt as accounting principle for transactions with minority interest. On the ground of the above, the accounting treatment of the merging transaction of the US subsidiaries was adjusted, booking the changes in Buzzi Unicem and Dyckerhoff AG ownership interest as equity movements between holders of the company and minority interest. As a consequence, compared with the figures already published, the following increases are recorded: property, plant and equipment by €145,4 million, goodwill by €11.3 million, deferred tax liabilities by €56.7 million, equity attributable to the holders of the company by €88.3 million and minority interest by €11.7 million.

IFRS 1 first-time adoption of international financial reporting standards

IFRS 1 sets out the transition procedures that must be followed when IFRS are adopted for the first time. A first-time-adopter is an entity that, for the first time, clearly states that its financial statements comply with IFRS.

According to IFRS 1 all assets and liabilities should be appropriately recognized and presented under the same accounting policies in all periods reported. Complete retrospective application is encouraged. However, IFRS 1 allows a number of exemptions and includes some areas where retrospective application is prohibited (mandatory exceptions).

Among the exemptions provided by IFRS 1 upon first time adoption of IFRS, Buzzi Unicem decided the following:

Standard	Principle	Exemption	Decision	Accounting treatment
IAS 19 Employee benefits: actuarial gains and losses	Restate all defined benefit plans under IAS 19 since inception to date of transition (Retrospective application)	An entity may elect to recognize all cumulative actuarial gains and losses for defined benefit plans at the opening balance sheet date	Exemption applied	Reset any corridor recognized under previous GAAP to zero, even if election to adopt the corridor approach for future actuarial gains and losses, with impact on shareholders' equity
IFRS 3 Business combinations	Restate all combinations - such as acquisition of subsidiaries, associates and joint ventures - occurred before opening balance sheet date (Retrospective application)	A first-time adopter may choose not to retrospectively account for business combinations	Exemption applied	Maintained Italian GAAP accounting, no restatement of: - previous mergers or written-off goodwill - carrying amounts of assets and liabilities recognized at the date of acquisition although an initial impairment test is required at transition date
IAS 16-38-40 Ppe, Intangible assets, Investment property	Carry property, plant and equipment, intangible assets, and investment property at cost less accumulated depreciation and impairment losses	Option to use fair value at transition date as "deemed cost"	Exemption not applied	Kept the historic cost net of accumulated depreciation as carrying amount at transition date
IAS 21 Accumulated translation reserves	Accumulated net exchange differences on translation of foreign financial statements classified as equity Gain or loss on subsequent disposal of the foreign entity adjusted by accumulated translation differences	The exemption allows to reset the translation reserve included in equity under previous GAAP to zero	Exemption not applied	Maintained and recognized the translation reserve included in equity under previous GAAP at transition date
IAS 32-39 Derecognition of financial instruments	Retrospective application of the standard except for: - application of derecognition requirements to transactions occurred before the transition date; - measurement of all derivatives at fair value	An entity need not to comply with IAS 32 and 39 in the comparative amounts presented in its first annual financial statements	Exemption not applied	IAS 32 and 39 adopted from 1 January 2004, to be consistent with the principles applied by Dyckerhoff AG
IFRS 2 Share-based payment	Recognize the value of equity instruments granted after 7 November 2002	No recognition of cost of equity instruments vested before 1 January 2005	Exemption applied	No adjustment posted at transition date or in the 2004 comparatives

IFRS 1 requires that, if an entity becomes a First Time Adopter later than one of its subsidiaries or associates, the entity shall measure the assets and liabilities of the subsidiary or associate at the amounts in the balance sheet of the subsidiary or associate. Dyckerhoff AG, which at transition date was an associate of the group, had already adopted IFRS prior to 1 January 2004.

In terms of presentation, accounting options and new requirements provided by IFRS, the main choices taken by the company and consequent differences compared to previous GAAP are summarized here below.

IAS 1 Presentation of financial statements: For the balance sheet the “current/non-current” format, which is generally applied by industrial and commercial firms is implemented; for the income statement the “nature of expense” method is applied; for the cash flow statements, the indirect method is adopted. Treasury shares are deducted from shareholders’ equity, rather than disclosed as financial assets. Also related movements and consideration received or paid are then reported in the financial statements as a change in equity, instead of as gain or loss as they were booked under Italian GAAP.

IAS 2 Inventories: the standard requires using the FIFO or the weighted average cost formula. Buzzi Unicem already valued almost all its inventories with the weighted average method.

IAS 8 Accounting policies, changes in accounting estimates and errors: after the transition date, as explained in more detail below, the company has acquired minority interests in subsidiaries. IFRS do not specify an accounting treatment for transactions with minority interests, as IFRS 3 only deals with transactions where control passes. According to IAS 8, in the absence of a standard or an interpretation that specifically applies to a transaction, management must use its judgment in developing and applying an accounting policy that results in information that is relevant and reliable. Accounting literature indicates that there are two possible options when dealing with the purchase of minority interests: a) under the parent entity model, minority and parent shareholders are viewed as distinct and any premium paid to acquire minority interest over their share of the carrying amount of the subsidiary net assets is treated as goodwill; b) under the economic entity model all shareholders are viewed as one group and transactions between them are booked as changes in shareholders’ equity; therefore the premium paid to acquire minority interest is debited to equity. Buzzi Unicem has elected to apply the economic entity model.

IAS 12 Income taxes: changes include both the deferred tax effects, after allowance, on the mentioned IFRS adjustments, and other minor differences between Italian GAAP and IFRS on the recognition of tax assets and liabilities.

IAS 16 Property, plant and equipment, IAS 38 Intangible assets, IAS 40 Investment property: the group has:

- derecognized those intangible assets which did not meet the requirements of IAS 38;
- separated land previously subsumed in buildings and retrospectively adjusted accumulated depreciation;
- separated components with different useful lives (“component approach”);
- adopted an homogeneous depletion method for all quarries, based on the proportion of quantities extracted over the period to the total expected reserve;
- ceased the amortization of goodwill and performed annual impairment tests.

IAS 17 Leases: the company has completed the full adoption of the standard.

IAS 19 Employee benefits: Italian employee severance indemnities (TFR) have been treated as a defined benefit plan, and thus recalculated applying the projected unit credit method.

Any previously existing corridor was set to zero, as mentioned among the optional exemptions adopted, with a negative impact on the opening retained earnings. However, according to the general principle previously set forth, the corridor booked by Dyckerhoff AG was maintained, because this company already applied IFRS at transition date. Pension liabilities calculated under FASB 87 for US companies were adjusted in accordance with IAS 19.

IAS 21 The effects of changes in foreign exchange rates: under Italian GAAP, until 31 December 2003 unrealized exchange gains on long-term items were deferred. In 2004 the company released those deferred gains to the income statement, following a change in Italian GAAP. According to IFRS, all realized and unrealized foreign exchange differences should be charged to income statement. Therefore, at transition date, the group released previously unrecognized exchange gains against retained earnings.

IAS 31 Financial reporting of interests in joint ventures: Buzzi Unicem chose the proportionate consolidation method (benchmark treatment). This method was used also under previous GAAP, therefore no adjustment was necessary due to the transition to IFRS.

IAS 32 Financial instruments: disclosure and presentation, IAS 39 Financial instruments: recognition and measurement: the equity component of the convertible bond has been valued separately; no adjustment was posted because of the immateriality of the amount.

Furthermore the group has:

- measured at fair value all hedging instruments held at transition date;
- measured at fair value derivatives previously unrecognized under Italian GAAP. In particular, as described more in detail below, the company had given a written put option on the shares of the associate Dyckerhoff AG that at transition date has been measured at fair value;
- adopted the amortized cost to measure its financial liabilities. The effective interest rate has been determined including also transaction costs that were previously reported as intangible assets and depreciated over the duration of the loan.

Main adjustments and impact of the transition from previous GAAP to IFRS

The reconciliation between Italian GAAP and IFRS and the effects of choices adopted in first time adoption on the financial statements are summarized in the following tables.

Equity

thousands of euro	1 January 2004	31 December 2004
Capital and reserves attributable to equity holders of the Company according to Italian GAAP	1,356,529	1,706,415
Adjustments to Italian GAAP financial statements		
IAS 1 - SIC 16: Treasury shares	(15,833)	(17,140)
IAS 2: Weighted average versus LIFO	2,166	1,698
IFRS 3: Business combinations	0	(181,050)
IFRS 3 – IAS 36: Amortization of goodwill discontinued	0	46,488
IAS 8.10: Choice of accounting principle for transactions between entities under common control	-	110,636
IAS 16: Component approach, review of useful life	6,118	5,298
IAS 17: Financial leases	1,168	727
IAS 18: Revenue recognition	2,542	2,356
IAS 19: Employee severance indemnities (TFR) and other post-retirement benefits	(11,132)	5,091
IAS 21: Release of unrealized exchange gains deferred under previous GAAP	123,705	-
IAS 32-39 and 37: Valuation of put option on Dyckerhoff shares; recognition of derivatives to fair value; discounting of antitrust fine	(149,298)	(157,082)
IAS 38: Write-off of intangible assets recognized under previous GAAP	3,252	(5,144)
IAS 12: Deferred income tax assets and liabilities	(46,665)	(51,417)
<i>thereof:</i>		
- IAS 2, inventories	(807)	(632)
- IFRS 3 - IAS 36, goodwill amortization	-	(5,745)
- IAS 8.10, as above	-	(41,212)
- IAS 16, tangible assets	(2,279)	(1,974)
- IAS 17, financial leases	(443)	(276)
- IAS 19, pension plans and post-retirement benefits	(4,787)	(884)
- IAS 37, provisions	(40,823)	-
- IAS 38, intangible assets	(1,237)	3,530
- IAS 39, financial instruments	115	1,754
- others	(5,978)	(5,978)
Capital and reserves attributable to equity holders of the Company according to IFRS	1,272,552	1,466,876
Net difference	(83,977)	(239,539)

The main reasons of the overall reduction of shareholders' equity at the opening date and at 31 December 2004 by respectively €84.0 million and €239.5 million are the following.

IAS 1 Presentation of financial statements. SIC 16, which is now part of the new version of IAS 32, requires that treasury shares are charged in deduction of equity and that no gain/loss is recognized upon the sale, cancellation or issuance of the same shares. The consequent reduction in equity at 1 January 2004 is €15.8 million. Following the exercise of the rights on the capital increase resolved by Buzzi Unicem SpA in June 2004, at 31 December 2004 the company increased the number of ordinary shares held in treasury, resulting in a decrease in equity of €17.1 million.

IAS 2 Inventories. All group's companies already used the weighted average cost to measure inventory, except Unical SpA. At transition date, also Unical adopted the same formula, with a positive effect on equity for €2.2 million and €1.7 million, before deferred tax of €0.8 and €0.6 million respectively, at the two balance sheet dates.

IFRS 3 Business combinations. At 1 January 2004 Dyckerhoff is an associate valued at equity. Control was acquired at the beginning of 2004, following the increase in Dyckerhoff's voting capital from 49.6% to 67.0%. Any additional increase of interest subsequent to obtaining control is not a business combination, and therefore the current version of IFRS 3 is not applicable to this type of transactions. When IFRS do not provide an accounting treatment for specific transactions, management needs to select a policy relevant to the economic decision-making needs of users and reliable. Transactions with minority interest have two options as to the accounting treatment. The options depend on whether the company follows the parent company model or the economic entity model of accounting. Under the economic entity model, the shareholders are all viewed as one group and transactions between them are booked as changes in shareholders' equity; therefore the premium paid to acquire minority interest is debited to equity. Any gain or loss arising from the disposal of a minority interest should also be taken through equity. The group has adopted the economic entity model, also in consideration of the recent ED of IFRS 3, which removes the alternative treatment based on the parent company model. Although the results of the impairment test fully confirmed the value of the Dyckerhoff investment, the company has therefore debited the excess price against equity for an additional amount of €181.1 million (including interest costs for €12.2 million). Such impact advances the effect of the shares purchased in January 2005 following the exercise of the put option; therefore it refers to an ownership interest in Dyckerhoff's voting capital of 91.2%.

IFRS 3 Business combinations - IAS 36 Impairment of assets. Goodwill amortization charged to the income statement in 2004 (€46.5 million) was cancelled and transferred to equity. Impairment tests were carried out on all cash generating units to which goodwill was allocated and there was no indicator of impairment.

IAS 8.10 - Choice of accounting principle for transactions between entities under common control. In the absence of a standard that specifically applies to transactions between companies under common control, these transactions are treated maintaining the historical values of the concerned assets and liabilities.

IAS 16 Property, plant and equipment. The separation of land and building and the reversal of accumulated depletion of land cause a positive adjustment of €6.1 and €5.3 million at the two balance sheet dates.

IAS 17 Leases. Full application of the standard causes an increase in equity by €0.7 million at opening balance sheet and €0.5 million at 31 December 2004, net of deferred taxes.

IAS 18 Revenue. The amounts of €2.5 and €2.4 million refer to a gain on sale of land to related party realized by Alamo Cement several years ago, net of related deferred taxes. Such gain, previously deferred under Italian GAAP, is now recognized in accordance with the standard.

IAS 19 Employee benefits. At transition date, the US subsidiaries had unrecognized actuarial losses amounting to €25.7 million. Since the group adopted the fresh start method the corridor was set to zero. At the same time, the additional minimum liability of US companies, calculated under FAS 87, was adjusted pro-rata in compliance with the standard, with a positive impact of €14.6 million. At the end of 2004, besides the corridor effect, the remaining pro-rata of the additional minimum liability is €16.2 million positive, thus resulting in a beneficial influence of €5.1 million.

IAS 21 The effects of changes in foreign exchange rates. Under Italian GAAP, at transition date, unrealized exchange gains on long-term items were deferred. Following a change in the Italian business law, these gains were released to the income statement in 2004. In the opening balance sheet, the deferred exchange gains recognized under previous GAAP were credited to equity, therefore leading to an increase of €123.7 million. Related deferred taxes amount to €40.8 million.

IAS 32 Financial instruments: disclosure and presentation - IAS 39 Financial instruments: recognition and measurement. The adjustments to equity related to IAS 32-39 concern primarily the valuation of the put option held by IMI Finance Luxembourg on 5,000,000 ordinary Dyckerhoff shares (representing 24.2% of voting rights), with a strike price of €418.5 million. The value of the option has been assessed comparing the strike price with the fair value given by the discounted cash flow analysis carried out also for the impairment test purpose.

IAS 38 Intangible assets. At transition date, some debt issuance costs classified as intangible assets but not meeting the recognition criteria of the standard were recalculated over their estimated useful life and transferred to prepaid expenses, with an increase in equity of €2.2 million, net of deferred taxes. The same prepaid expenses expired during 2004 because of the early repayment of the loan, with an overall negative impact at year-end of €1.6 million.

IAS 12 Income taxes. The cumulative deferred tax impact (€46.7 million negative at transition date and €51.4 million negative at 31 December 2004) refers to all the adjustments listed above, when relevant. In particular, €40.8 million is due to the recognition at transition date of exchange gains that were deferred under previous GAAP. Other significant components are the write-off of some tangible and intangible assets, the recognition of new financial instruments and the fine tuning of the carrying amounts of the net assets acquired in the merger between RC Lonestar Inc. and Dyckerhoff Inc.

Net Financial Position at 31 December 2004

thousands of euro	Italian GAAP	Impact of IFRS	IFRS
Cash and marketable securities	885,698	(2,382)	883,318
Short-term debt	(245,807)	(416,392)	(662,199)
Net short-term cash	639,891	(418,772)	221,119
Long-term assets	4,838	3,064	7,902
Long-term debt	(1,487,016)	(17,399)	(1,504,415)
Net financial position	(842,287)	(433,107)	(1,275,394)
Memorandum account of the put option	(418,500)	418,500	-
Net financial position, adjusted	(1,260,787)	(14,607)	(1,275,394)

The main change driven by the transition to IFRS is the recognition as financial debt of the obligation related to the put option on 5,000,000 ordinary Dyckerhoff shares, representing 24.2% of voting capital and exercised in December 2004 by IMI Finance Luxembourg. Under previous GAAP the put option was considered as an adjustment to the reported net financial position and disclosed in the "memorandum accounts". According to IAS 32 instead, any contractual obligation for the acquisition of own equity instruments shall be immediately recognized for the present value of the redemption amount. As a consequence the full strike amount of €418.5 million was booked as a liability at 31 December 2004, inclusive of the effect of the interests actualization.

Besides some reclassifications, net debt in IFRS format also differs from Italian GAAP because:

- it includes the mark-to-market valuation of derivative instruments (net negative effect of €16.7 million);
- bonds and notes payable, including the USPPs issued by RC Lonestar and Alamo Cement, are recorded at amortized cost using the effective interest method, and no longer at the residual nominal value with separate amortization of related transaction costs (limited positive impact of €2.4 million);
- all capital lease obligations are recognized as financial debt.

Cash Flow Statement

No material difference to the cash flow statement rose up following IAS 7 application since the group was already using the indirect method under Italian GAAP, with classification of cash flows by operating, investing and financing activities. For the year ended 31 December 2004, the most relevant changes, apart from the obvious adjustments required by IFRS on net profit, depreciation and amortization are in terms of higher financial debt, and have been already commented in the above section.

Reconciliation of Consolidated Balance Sheet at 31 December 2004

thousands of euro	Note	Italian GAAP restated IFRS	Adjustments	IFRS
ASSETS				
Non-current assets				
Goodwill	1	492,266	47,759	540,025
Other intangible assets	2	5,922	(2,548)	3,374
Property, plant and equipment	3	2,783,510	118,825	2,902,335
Investment property		9,613	-	9,613
Investments in associates		148,309	-	155,307
Available-for-sale investments		7,077	-	7,077
Deferred income tax assets		53,094	-	53,094
Derivative financial instruments	4	-	3,064	3,064
Other non-current assets		111,691	(692)	110,999
		3,611,482	173,406	3,784,888
Current assets				
Inventories	5	264,717	1,704	266,421
Trade receivables		476,227	-	476,227
Other receivables		119,695	(33)	119,662
Derivatives financial instruments		376	-	376
Available-for-sale financial assets	6	165,235	(17,140)	148,095
Cash and cash equivalents		732,097	-	732,097
		1,758,347	(15,469)	1,742,878
TOTAL ASSETS		5,369,829	157,937	5,527,766
EQUITY				
Capital and reserves attributable to equity holders of the company				
Share capital		117,490	-	117,490
Paid-in capital		365,081	-	365,081
Other reserves		219,691	64,048	283,739
Retained earnings		1,004,153	(286,447)	717,706
less, Treasury shares	6	-	(17,140)	(17,140)
		1,706,415	(239,539)	1,466,876
Minority interest	7	365,981	(78,610)	287,371
		2,072,396	(318,149)	1,754,247
LIABILITIES				
Non-Current liabilities				
Long-term debt	8	1,416,014	(2,655)	1,413,359
Derivative financial instruments	9	85,730	19,756	105,486
Employee benefits	10	361,798	(9,173)	352,625
Provisions for liabilities and charges	11	251,582	(12,255)	239,327
Deferred income tax liabilities	12	403,898	63,732	467,630
Other non-current liabilities		8,288	939	9,227
		2,527,310	60,344	2,587,654
Current liabilities				
Current portion of long-term debt		122,856	(90)	122,766
Bank overdrafts and borrowings		102,520	1,258	103,778
Trade payables		270,194	-	270,194
Income tax payables		131,170	-	131,170
Derivative financial instruments	9	4,200	418,513	422,713
Other payables	13	139,183	(3,939)	135,244
		770,123	415,742	1,185,865
TOTAL EQUITY AND LIABILITIES		5,369,829	157,937	5,527,766

The restatement of the balance sheet at 31 December 2004 under IFRS follows the same considerations and accounting principles adopted for the opening balance sheet.

Besides the effects already detailed above, the material adjustments that were made to the assets side are explained here below.

Note 1) - Goodwill: net effect of €47.8 million, mainly due to the previously existing goodwill no longer amortized according to IAS 36.

Note 2) - Other intangible assets: write-off of some minor assets that do not qualify for IAS 38, like formation and expansion costs; deduction of USPPs issuance costs from borrowings in the amount of €2.4 million, with no impact on shareholders' equity.

Note 3) - Property, plant and equipment: adjustments can be listed as follows:

- i) recalculation of Italian cement quarries depletion, proportionally to the amount mined, which brings a positive adjustment equal to €5.3 million;
- ii) fine tuning of the differential allocation arising from the US merger between RC Lonestar Inc. and Dyckerhoff Inc.;
- iii) full application of IAS 17 to the leased machinery and equipment, which increases the balance by €3.6 million;
- iv) reclassification of land, previously depreciated together with the related building, and now, in accordance with IFRS, recorded separately and no longer depreciated (€0.6 million).

Note 4) – Derivative financial instruments: changes are attributable for €3.1 million to the recognition of the mark-to market valuation, according to IAS 39. In particular, it is the positive component of the interest rate swap on the 450 million dollar US Private Placement.

Note 5) – Inventories: the increase for €1.7 million is related to Unical SpA, the sole company within the group still using the LIFO method, no longer allowed by IFRS and replaced by the weighted average cost.

Note 6) - Treasury shares: no longer recognized as available-for-sale investments and a corresponding reserve, but instead booked as a deduction from equity. The adjustment totals €17.1 million at 31 December 2004. The increase versus the amount booked in the opening balance sheet (€15.8 million) mainly depends on Buzzi Unicem's pro quota subscription of the rights issue in August 2004.

On the liability side, besides the major changes to shareholder's equity (adjusted by €239.5 million) already commented in the specific section, material adjustments brought up by IFRS are explained in the following paragraphs.

Note 7) - Minority interest: decreased by €78.6 million, following the various adjustments required by the IFRS above described, pertaining to minorities.

Note 8) - Long-term debt: decreased by €2.7 million, mainly driven by the adoption of the amortized cost method for borrowings (€2.4 million); other adjustments consist of the complete adoption of IAS 17 (slight increase) and minor reclassifications.

Note 9) – Derivative financial instruments: the increase of €19.8 million is due to the recognition of derivatives associated with the 240 million dollar US private placement. The further change of €418.5 million relates to the put option obligation, fully recognized as financial liability in accordance with IAS 32. This amount, formerly showed off-balance sheet as an adjustment to net debt under Italian GAAP, is fully covered by cash and equivalents for €732.1 million.

Note 10) – Employee benefits: affected by €9.2 million, including the impact of the actuarial assumption revision, due to two main issues introduced by IFRS, which implied an overall decrease in the provision. In particular, an increase of €22.5 million for the corridor recognition at end of period exchange rate; a decrease of €31.0 million for the reversal under IFRS of the additional minimum pension liability.

Note 11) – Provisions for liabilities and charges: lessened by €12.3 million, in reason of Dyckerhoff's antitrust fine actualization.

Note 12) - Deferred income tax liabilities: a net addition of €63.7 million, recognized for all taxable temporary differences consequent to the balance sheet's adjustments from Italian GAAP to IFRS.

Note 13) - Other payables: lowered by €3.9 million because of the recognition, according to IAS 18, of the gross gain on sale of land to a related party realized by Alamo Cement several years ago and previously deferred under Italian GAAP.

Reconciliation of 2004 Consolidated Income Statement

thousands of euro	Note	Italian GAAP restated IFRS	Adjustments	IFRS
Net sales		2,771,598	-	2,771,598
Changes in inventories of finished goods and work in progress		9,862	-	9,862
Other operating income	1	221,036	(124,603)	96,433
Raw materials, supplies and consumables		1,059,689	621	1,060,310
Services	2	598,259	(1,105)	597,154
Staff costs	3	420,740	(2,728)	418,012
Other operating expenses	1	143,993	(40,716)	103,277
Operating cash flow (EBITDA)		779,815	(80,675)	699,140
Depreciation, amortization and impairment charges	4	260,699	(45,775)	214,924
Operating profit (EBIT)		519,116	(34,900)	484,216
Finance costs	5	(104,191)	(29,009)	(133,200)
Equity in earnings of associates		(5,470)	-	(5,470)
Profit before tax		409,455	(63,909)	345,546
Income tax expense		(131,905)	(1,859)	(133,764)
Net profit		277,550	(65,678)	211,782
Attributable to:				
- Equity holders of the Company		238,708	(63,824)	174,884
- Minority interest		38,842	(1,944)	36,898

The material adjustments that were made, in adopting IFRS for the first time, to the 2004 income statement are explained here below.

Note 1) – Other operating income/expenses: extraordinary items no longer exist under IFRS and thus they have been reclassified as other operating income or expenses. The main adjustments (€123.7 million on income and €40.8 million on expenses) relate to the release to the income statement of the deferred exchange gains booked in the 2003 balance sheet, as required by Italian GAAP effective at the time, and lately reversed in accordance with IFRS.

Note 2) – Services: a decrease of €1.1 million, as a consequence of the new treatment of assets held under financial lease, with a corresponding increase split between depreciation and interest expense.

Note 3) - Staff costs: a decline of €2.7 million, as a consequence of the revised calculation of the Italian severance indemnities (€1.5 million) and the US pension plans (€1.2 million) in accordance with IAS 19. The interest costs of the pension plans are classified among finance costs, and the associated change amounts to €1.2 million.

Note 4) – Depreciation, amortization and impairment charges: stop of goodwill amortization produces lower amortization and a corresponding increase in net profit of €46.5 million; write-offs of intangible assets reduce amortization by €2.1 million while depreciation slightly increases by €1.0 million, due on one side to assets held under financial lease and the amended depletion method for quarries, on the other to the separation of land from buildings.

Note 5) - Finance costs: overall recognition of additional interests cost for €29.0 million, thereof €12.2 million for accrued interests on the put option, €4.3 million for the actualization of Dyckerhoff's antitrust fine, €5.7 million related to the hedging derivatives, €5.2 million because of the early repayment of existing credit facilities, €1.2 million as financial interest component of the employee benefits.

**AUDITORS' REPORT
PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58
OF FEBRUARY 24, 1998**

**To the Shareholders of
BUZZI UNICEM S.p.A.**

We have audited the consolidated financial statements of Buzzi Unicem S.p.A. and its subsidiaries (the "Buzzi Unicem Group") as of and for the year ended December 31, 2005, constituted by the consolidated balance sheet, the consolidated income statement, cash flows and changes in equity and the related explanatory notes. These consolidated financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. These consolidated financial statements represent Buzzi Unicem S.p.A.'s first annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present for comparative purposes the corresponding data for the year 2004 prepared in accordance with IFRS. In addition, the appendix "Transition to International Financial Reporting Standards" explains the effects of transition to IFRS as adopted by the European Union. As explained in the above mentioned appendix, the Directors have modified and added the information on the effects of transition to IFRS included in the reconciliation statements required by IFRS 1, previously approved by the Board of Directors and published as an attachment to the Buzzi Unicem Group's half-yearly interim financial statements, which have been audited by other auditors whose special purpose auditors' report has been issued on September 13, 2005. The information presented in the appendix concerning the modifications and additions made to the previous reconciliation statements, have been examined by us in order to express our opinion on the consolidated financial statements as of December 31, 2005.

In our opinion, the consolidated financial statements present fairly the financial position of the Buzzi Unicem Group as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with IFRS as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Santo Rizzo
Partner

Turin, Italy
April 14, 2006

This report has been translated into the English language solely for the convenience of international readers.

SHARES AND SHAREHOLDERS

Since September 1999 the ordinary and savings shares of Buzzi Unicem SpA are traded in Italy on the Borsa Italiana system (Reuters BZU.MI). Stock market capitalization at year end was euro 2,432 million.

As of April 30, 2006 the share capital is made up of 156,887,963 ordinary shares and 40,573,014 savings shares, both with par value of 0.60 euro. Each ordinary share gives right to one vote. Savings shares, which do not have voting rights, may be registered at the shareholders' preference.

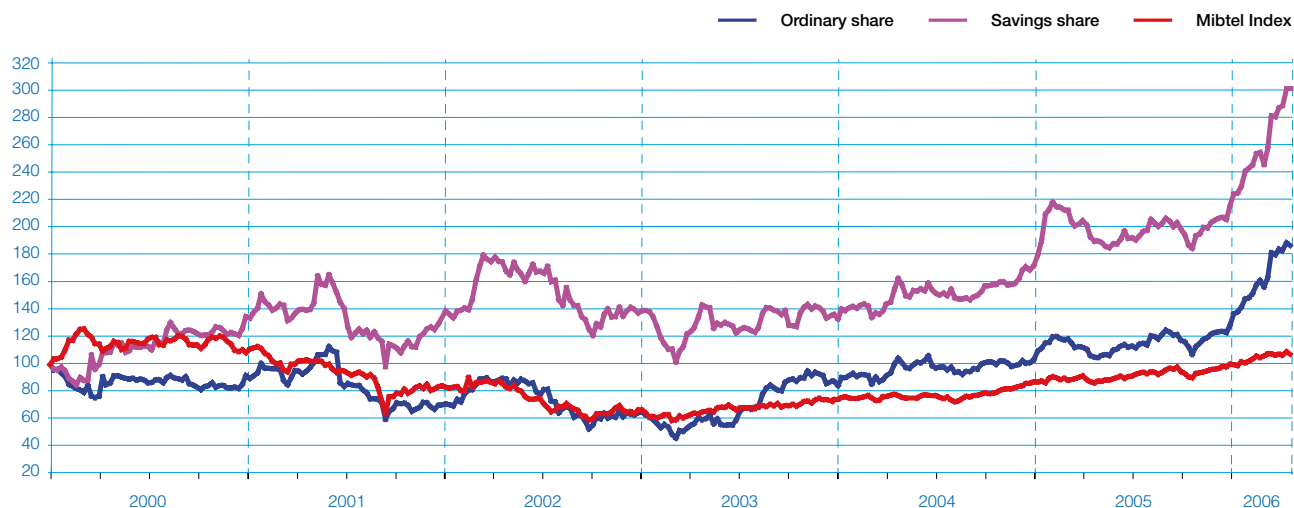
Trading in Buzzi Unicem shares*

Period	number		millions of euro	
	Ordinary	Savings	Ordinary	Savings
Year 2000	42,154,500	62,314,500	389.6	301.9
Year 2001	78,364,744	11,301,071	730.0	71.6
Year 2002	51,043,944	1,605,164	406.3	11.5
Year 2003	84,170,106	19,078,125	638.8	115.0
Year 2004	74,527,636	39,594,779	766.0	261.6
Year 2005	85,769,049	28,311,046	1,045.5	252.9
Jan - Apr 2006	36,916,519	11,925,808	625.9	137.1

* Non adjusted data for conversion of savings shares and capital increases

Price development of the Buzzi Unicem share

(base January 2000=100)



Distribution of shareholding

	Number of shareholders		%	
1 - 1,000	7,754	74.8	2,916,008	1.8
1,001 - 10,000	2,189	21.1	6,234,254	4.0
10,001 - 100,000	319	3.1	10,059,551	6.4
100,001 -	103	1.0	137,678,150	87.8

Source: Shareholders' Register completed with additional information available to the company, as of 30 April 2006.

Main shareholders

	Ordinary	Savings	% of share capital	% of voting rights
Fimedi SpA (Buzzi family)	15,200,000	-	7.7	9.7
Presa SpA (Buzzi family)	71,300,000	-	36.1	45.4
Fidelity Investments	7,822,883	-	3.9	5.0

Source: Shareholders' Register completed with additional informations available to the company, as of 30 April 2006.

In total 36,347,629 of the ordinary shares representing 23.2% of the voting rights were owned by foreign investors.

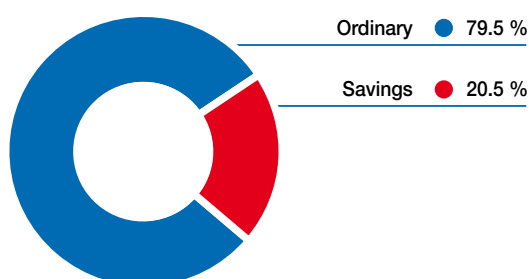
Highlights per share*

	1999	2000	2001	2002	2003	2004	2005
Basic earnings per ordinary share	0.81	1.04	1.15	0.93	1.07	0.97	1.31
Diluted earnings per ordinary share	0.83	1.07	1.17	0.93	1.01	0.93	1.26
Cash flow per share	1.68	1.96	2.22	2.31	2.10	2.37	2.67
Shareholders' equity per share	4.96	6.03	7.94	7.87	9.13	8.16	9.67
Price/Earnings ratio	13.23	8.72	6.46	7.21	8.72	11.14	10.07
Price at year end							
- ordinary	10.68	9.08	7.43	6.68	9.32	10.78	13.16
- savings	4.64	5.59	5.76	6.06	6.04	7.51	9.17
Dividend per share							
- ordinary	0.15	0.20	0.23	0.25	0.27	0.29	0.32
- savings	0.18	0.22	0.25	0.27	0.29	0.31	0.34
Yield							
- ordinary	1.4%	2.2%	3.1%	3.7%	2.9%	2.7%	2.4%
- savings	3.9%	4.0%	4.4%	4.5%	4.9%	4.2%	3.8%

* Italian GAAP from 1999 to 2003, IFRS from 2004

Capital structure

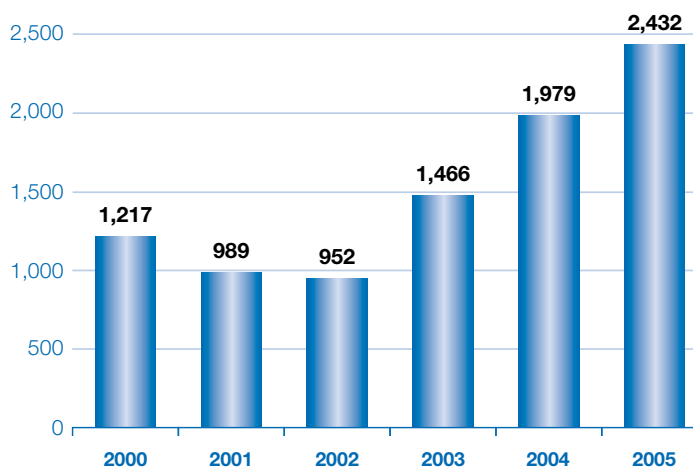
April 2006



Market capitalization

at 31 December

(millions of euro)



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Robilante, Italia: operatore esterno al controllo del forno 2
Robilante, Italy: checking kiln 2 from the outside



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