ANNUAL REPORT 2006

100 YEARS OF BUZZI UNICEM

Excellent results, technological efficiency and continuous improvement following a centennial tradition.

1907 BUZZI 2007

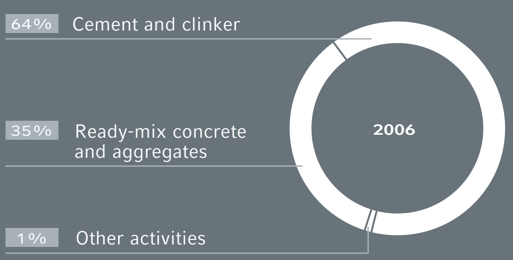
CONTENTS

Key Figures

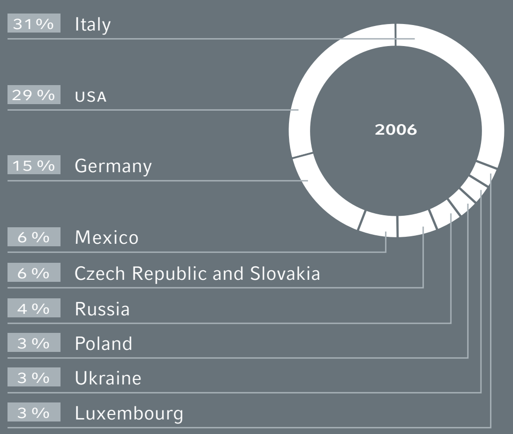
		1999	2000	2001	2002	2003	2004[1]	2005	2006
Cement sales	t/ooo	12,036	12,607	13,131	13,662	14,196	31,936	32,245	33,320
Concrete sales	mc/ooo	7,743	8,186	8,585	8,948	9,850	15,241	15,649	16,542
Aggregate sales	t/ooo	5,811	6,560	5,909	5,427	5,939	7,873	7,794	9,442.0
Sales revenue	€m	1,148.4	1,334.1	1,446.5	1,478.7	1,461.6	2,771.6	2,951.4	3,205.0
Capital expenditures	€m	132.0	160.0	124.9	81.2	102.1	203.9	243.1	254.0
Headcount at year end	no.	3,927	3,842	3,869	3,797	3,828	11,836	11,805	11,054

[1] first time Dyckerhoff consolidation

Sales Revenue by Line of Business



Sales Revenue by Region



Sales Revenue
(millions of EUR)

Capital Expenditures
(millions of EUR)

International presence

ITALY	Buzzi Unicem, Unical, Betonval, Cementi Moccia (50 %), Laterlite (30 %), Addiment Italia (50 %)
USA	Buzzi Unicem USA, Alamo Cement, Kosmos Cement (25 %)
GERMANY	Dyckerhoff, Deuna Zement, Beton Union, Dyckerhoff Transportbeton
LUXEMBOURG	Ciments Luxembourgeois, Matériaux
POLAND	Cementownia Nowiny, Dyckehoff Beton Polska
CZECH REPUBLIC AND SLOVAKIA	Cement Hranice, Zapa Beton
UKRAINE	Volyn, Yugcement
RUSSIA	Sucholoshskzement
MEXICO	Corporación Moctezuma (50 %)

Operating structure

		ITA	GER	LUX	POL	CZE/SK	UKR	RUS	USA	MEX[1]	Total
Cement plants	no.	13	8	2	1	1	2	1	11	2	41
of which grinding	no.	1	3	1	–	–	–	–	1	–	6
Cement capacity	Mio t/yr	10.4	7.2	1.0	1.6	1.1	3.0	2.4	10.0	5.0	41.7
Ready-mix concrete plants	no.	181	108	–	33	81	5	–	56	36	500
Aggregate quarries	no.	20	–	–	–	7	–	–	3	1	31
Terminals	no.	8	–	–	2	0	3	–	27	0	40

ITA / Italy, GER / Germany, LUX / Luxembourg, POL / Poland, CZE / Czech Republic, SK / Slovakia, UKR / Ukraine, RUS / Russia, USA / United States of America, MEX / Mexico
[1] figures at 100 %

BUZZI UNICEM

1907 BUZZI 2007

Dear Shareholders,

I have always preferred the forum of our General Assembly meetings to address you and during which I have been pleased to answer your questions regarding the company's progress and plans for the year, but today I am writing to you directly for the very first time.

However, this year is somewhat different from the others, because we are celebrating the 100 year anniversary of our company, and we are also presenting for the first time the efforts and results of our two new General Managers, Pietro and Michele Buzzi, the fourth generation family members to run the company.

The financial statement that we are presenting clearly supersedes three important thresholds, all of which involve the number three or its multiples, in that we generated over € 3,000 million in sales, over € 900 million in operating margin, and over € 330 million in net profit. Oddly enough, the number three also figures prominently in the volume of product sold, which equaled 33.3 million tons of cement. I have to say that having been born in 1933 I am especially fond of this number!

It's not our habit to overrate past results, albeit recent, even if they are "great numbers" as in this case. It almost seems like a waste of time. Plus, we also feel that if we are not wasting time, and driven by new ideas and plans, we can prioritize and improve our efforts to create value for you and for us.

Fortunately, cement is both a "mature" and a "youthful" material:
- It is mature because it originated 150 years ago, and came about as reinforced concrete 100 years ago
- It is youthful because its potential applications continue to increase and it makes an exceptional contribution to the growth of emerging economies.

We have always believed in the necessity and versatility of this "gray, miracle powder", which turns to stone in any desired shape or form with the addition of water, and in its inherent ability to create at low cost the extraordinary objects that we need and can make to develop our civilization.

It is a demanding but fascinating process for us to participate in the growth of distant, developing countries such as Russia, Poland and Mexico, or to feel that we are an integral part of well-established and vital economies such as Italy, the United States and Germany.

Cement has always been a “local” product and one that does not export well. Unlike the products of many other industries, cement is produced “on site” and our work is therefore very closely tied to the territory, the local inhabitants, and the climate. In order to produce the cement “on site”, we must first of all find mineral deposits, then we must acquire the land, and lastly we have to build everything from scratch, the so-called “greenfield”: water shafts, electrical lines, and sometimes even a village where people can live during and after the construction of the plant.

We have built five new “greenfield” production lines in the United States and especially in Mexico during the last ten years, having accumulated a wealth of engineering, operational and human resource experience along the way. We are currently building two more plants, one in the United States and the other in Asiatic Russia, while others are in the planning stages.

The so-called “internal growth” is a sound and gradual way to strengthen the company and one which allows us to expand at a controlled, cautious rate not only in terms of sales but in all the other parts of the company, and also to prepare the necessary human resources for the new goals.

At the same time, we are carefully looking at opportunities for further “growth through acquisition”, particularly in developing countries, which has been our biggest commitment during the last ten years and from which we have learned much, both financially and operationally, due to the consolidation of larger companies such as Unicem and Dyckerhoff.

In a globalized world where rules and regulations can change at an alarming speed, it is not ideal to stick to any particular philosophy for growth. We must remain flexible and keep our ears and eyes wide open. We should reiterate, however, that Buzzi Unicem wants to increase its size gradually and still maintain "direct control" of operations and resources as it moves through each stage of growth. In other words, we do not want our growth to harm the ability of the group's management team to control the company life and to communicate a corporate spirit that is based on efficiency and an intense exchange of knowledge.

Because of this, and despite pressures from merchant banks, M&A organizations, etc., as they drive towards new goals and markets, our company is striving to consolidate and improve in those markets in which it already operates and we are confident that we will be able to satisfy our shareholders. It's like saying: to build up a house we first need to expand and reinforce its foundations.

As we enter 2007 and look to the future, I would like to extend my best wishes to Buzzi Unicem, its shareholders and employees for them to continue successfully the job done so far, with the same passion, dedication and corporate spirit that has distinguished us for the last 100 years.

ALESSANDRO BUZZI
CHAIRMAN

Buzzi Unicem is an international multiregional, “heavy-side“ group, focused on cement, ready-mix concrete and aggregates. The company’s dedicated management has long-term view of the business and commitment towards a sustainable development supported by high quality and environmentally friendly assets. Buzzi Unicem pursues value creation through lasting, experienced know-how and operating efficiency.

VISION

TRADITION: FOUR GENERATIONS, ONE COMPANY

Robilante 1965.
Plant start up. In the foreground Cav. Luigi Buzzi shows the innovative project to the Treasure Minister Emilio Colombo. On the Minister's right Ignazio Giraudi. In the background Enrico Benazzo (left) and Romano Vanoli (right). On Luigi Buzzi's left a young Sandro Buzzi.

Tradition

During its first 100 years of existence, the company that is now named Buzzi Unicem has always been able to keep alive its tradition as a family-controlled firm, capitalizing on this type of ownership structure to the best of its potential. Not only has this tradition not constituted a brake, but rather it has positively supported our extraordinary growth. Credit for this must be given mainly to the previous generations and to their ability to implement the most appropriate corporate strategies with courage and determination, during the various phases of the lifecycle of the "cement" product at both the national and international level.

For many years, our priority has been to increase as much as possible the knowledge about the industry, the production technology, the essential qualities of the "cement" product and its direct applications. Acquiring, disseminating and continuously updating our internal know-how in this manner has allowed us to achieve a leadership position in terms of production costs, apply novel solutions to plants and equipment, and obtain an often greater level of operational efficiency than our competitors, but with lower investments. Also our first ventures into international expansion have begun and have been accomplished thanks to the expertise of our company to best meet production requirements. We intend to maintain the cement culture that has always differentiated Buzzi Unicem, a tradition that helps keep us competitive as we try to anticipate innovation in a mature but constantly growing business.

An even more important tradition that we intend to preserve is to fully adhere to the principles of sound, honest management. This has come a long way, evolving over time together with the size of the organization, and is now consistent with the corporate governance criteria associated with listed companies. It also means knowing when to place continuity before mere growth and reputation before image. In this spirit, the prevailing strategic decisions are often conservative but they certainly meet the objective of reducing risks and creating value for the shareholders.

Our generation is completely aware of having inherited an important, solid company. Our colleagues fully share the same fundamental values that have made it successful. We look to the future with confidence because with their professional support we will be able to keep going like this for a very long time.

TRADITION

An even more important tradition that we intend to preserve is to fully adhere to the principles of sound, honest management.

Group Profile

CONTENTS

Board of Directors

ALESSANDRO BUZZI

CHAIRMAN

Born in 1933. Director since 1999.
He acquired a long and remarkable experience in the industry and enjoys a specific knowledge of cement technology and applications. He was for many years President of the Italian Cement Association (AITEC), Deputy Vice Chairman of UNI, President of Cembureau (European Cement Association). Since October 2001 he has been Vice Chairman of Dyckerhoff AG's supervisory board.

PIETRO BUZZI

CHIEF EXECUTIVE FINANCE

Born in 1961. Director since 2000.
After some short experiences outside the company, joined Buzzi Cementi in 1989 first as Controller and then with growing operating responsibilities within the administration, financial and information system functions. Chief Financial Officer of Buzzi Unicem since 1999, he became Chief Executive Finance in 2006. He is also Director of Banco Popolare di Verona e Novara Scrl.

FRANCO BUZZI

VICE CHAIRMAN

Born in 1935.
Director since 1999. Since the '70s he has been appointed Chief Executive Officer of Buzzi Cementi with coordination and representation in the group's major foreign initiatives (USA, Mexico). Director of Banca del Piemonte SpA and Banca Passadore SpA, Chairman of Fimedi SpA holding company of the Buzzi family. In October 2001 he was appointed as member of Dyckerhoff AG's supervisory board.

GIANFRANCO BARZAGHINI

NON EXECUTIVE DIRECTOR

Born in 1941. Director since 1999.
He spent most of his career in SKF where, among others, he held senior management position such as Operating Division Manager and Chief Financial Officer of the Italian operations. He joined Unicem's top management in 1994 and following the merger into Buzzi Cementi he was, until January 2007, General Manager of the new entity.

ENRICO BUZZI

VICE CHAIRMAN

Born in 1938. Director since 1999.
He has held senior management positions in Buzzi Cementi, especially in production management, strategic procurement, development of new industrial projects (Italy, (Mexico). Former Chief Executive Officer of the ready-mix concrete operations. In October 2001 he was appointed member of Dyckerhoff AG's supervisory board.

ONORATO CASTELLINO

NON EXECUTIVE INDEPENDENT DIRECTOR

Born in 1935. Director since 1999.
He is Professor of Economics at Turin University, fellow of National Academy of the Lincei and Academy of Science in Turin. He has been social security advisor to the Ministers of the Treasury, Budget and Labour and President of Compagnia di San Paolo. He is currently Director of Eurizon Financial Group SpA and Statutory Auditor of Reale Mutua Assicurazioni and Reale Immobili SpA.

MICHELE BUZZI

CHIEF EXECUTIVE OPERATIONS

Born in 1963. Director since 2005.
In Buzzi Cementi since 1990, he performed various management tasks first in the ready-mix concrete sector and then in the sales and marketing function of the cement sector. In 2002 he became Chief Operating Officer of Cement Italian Operations. Since 1999 he has been Deputy President of AITEC (Italian Cement Association) and since 2004 member of Dyckerhoff AG's management board. Chief Executive Operations since 2006.

ALVARO DI STEFANO

NON EXECUTIVE DIRECTOR

Born in 1930. Director since 2002.
Entrepreneur since 1955, he runs business in transportation, logistics, mechanics and industrial services. In 1986 he became a shareholder of Cementeria di Augusta SpA and then Director. Formerly Chairman of Marconi Leasing SpA and Director of Banca di Credito Popolare di Siracusa Scrl. Currently Chairman of Siracusa Industrial Employers' Association.

KLAUS DYCKERHOFF

NON EXECUTIVE INDEPENDENT DIRECTOR

Born in 1927. Director since 2004.
Since 1947 he has been active in the cement industry in Argentina. He enjoyed a long working experience in Germany with Krupp AG up to the position of Chairman and Chief Executive Officer of Krupp Polysius AG from 1970 to 1980. He was formerly Director of Dyckerhoff AG, Bilfinger Berger AG, Loma Negra SA, Mauser AG, Siepmann-Werke GmbH, Hannover Finanz GmbH, HDI Versicherungen AG.

MARCO WEIGMANN

NON EXECUTIVE DIRECTOR

Born in 1940. Director since 1999.
Leading partner of Tosetto, Weigmann and Associates, a law firm established in 1847, based in Turin, Milan and Rome. Member of the National and International Arbitration Chamber of Milan and the Piedmont Arbitration Chamber. He holds directorships in: Reale Mutua Assicurazioni, Italiana Assicurazioni SpA, Reale Immobili SpA, Banca Reale SpA, Sara Assicurazioni SpA, EurizonVita SpA, Sella Holding Banca SpA, Auchan Italia SpA, Pernigotti SpA.

JÜRGEN LOSE

NON EXECUTIVE DIRECTOR

Born in 1934. Director since 2002.
He started his working carrier with Frankfurter Bank (now BHF-Bank AG). He joined Dyckerhoff AG in 1972 and in 1977 was appointed as member of the managementboard. In June 1998 he retired from the executive tasks and became Chairman of Dyckerhoff AG's supervisory board, position which he still holds. He is a past President of Bundesverband der Deutschen Zementindustrie, Bundesverband Baustoffe, Steine und Erden and Cembureau.

GIANFELICE ROCCA

NON EXECUTIVE INDEPENDENT DIRECTOR

Born in 1948. Director since 2003.
He is Chairman of the controlling Holding of Techint Group, Director of Tenaris SA, Ras SpA, Sirti SpA, Fastweb SpA and President of Humanitas Institute in Milan. He is currently Vice President of Confindustria for Education, member of the Trilateral Commission, the European Advisory Board of the Harvard Business School and the Executive Committee of Aspen Institute.

MAURIZIO SELLA

NON EXECUTIVE INDEPENDENT DIRECTOR

Born in 1942. Director since 1999.
He is Chairman of Sella Holding Banca, (Banca Sella group), Chairman of Banca Sella SpA, Chairman of Banca Patrimoni e Investimenti di Torino and President of Ente Luigi Einaudi. Chairman of ABI (Italian Banks Association 1998–2006) and Director of Toro Assicurazioni SpA and Assonime. Former Chairman of S.I.A. (Società Interbancaria per l'Automazione 1988–1999) and of Banking Federation of the European Union (1998–2004).

Statutory Auditors

MARIO PIA	CHAIRMAN
PAOLO BURLANDO	MEMBER
GIORGIO GIORGI	MEMBER
FRANCO BAROLO	ALTERNATE
ROBERTO D'AMICO	ALTERNATE

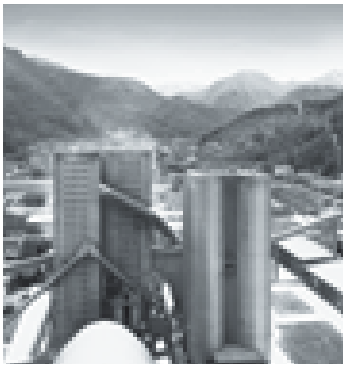
Cement Plants Location
as of December 31, 2006

Italy

		2006	2005	06/05 var %
Cement sales	t/000	8,565	8,387	2.1
Concrete sales	mc/000	7,652	7,563	1.2
Aggregate sales	t/000	5,258	4,569	15.1
Sales revenue	€m	1,004.0	939.6	6.8
Capital expenditures	€m	70.8	54.8	29.2
Headcount at year end	no.	2,122	2,161	– 1.8

NUMBERS & FACTS

Cement production capacity 10.4 million tons, 13 plants, 8 terminals, 181 ready-mix concrete plants, 20 aggregate quarries.

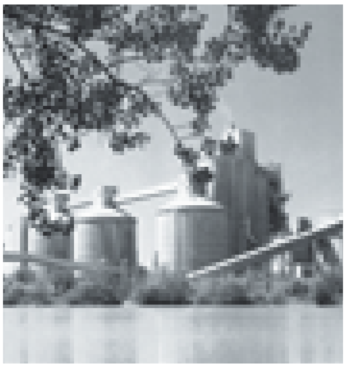


Germany

		2006	2005	06/05 var %
Cement sales	t/000	5,147	5,231	– 1.6
Concrete sales	mc/000	3,039	2,902	4.7
Sales revenue	€m	480.0	486.4	– 1.3
Capital expenditures	€m	30.8	51.6	– 40.3
Headcount at year end	no.	1,532	1,968	– 22.2

NUMBERS & FACTS

Cement production capacity 7.2 million tons, 8 plants, 108 ready-mix concrete plants.



Luxembourg

		2006	2005	06/05 var %
Cement sales	t/000	901	847	6.4
Sales revenue	€m	83.6	146.2	– 42.8
Capital expenditures	€m	1.9	5.5	– 66.3
Headcount at year end	no.	220	641	– 65.7

NUMBERS & FACTS

Cement production capacity 1.0 million tons, 2 plants.

Poland

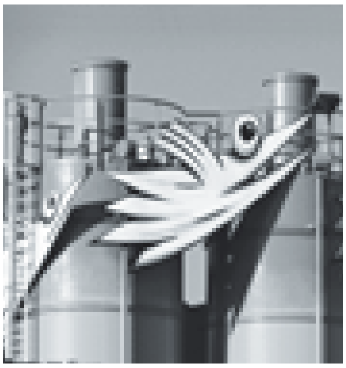
		2006	2005	06/05 var %
Cement sales	t/000	1,408	1,111	26.7
Concrete sales	mc/000	913	703	29.9
Sales revenue	€m	110.4	79.3	39.2
Capital expenditures	€m	4.5	5.4	– 16.8
Headcount at year end	no.	401	412	– 2.7

NUMBERS & FACTS

Cement production capacity 1.6 million tons, 1 plant, 2 terminals, 33 ready-mix concrete plants.

Czech Republic and Slovakia

		2006	2005	06/05 var %
Cement sales	t/000	868	754	15.2
Concrete sales	mc/000	2,076	1,809	14.7
Aggregate sales	t/000	1,361	497	174.1
Sales revenue	€m	182.4	147.3	23.8
Capital expenditures	€m	7.3	11.0	– 33.8
Headcount at year end	no.	874	783	11.6



NUMBERS & FACTS

Cement production capacity 1.1 million tons, 1 plant, 81 ready-mix concrete plants, 7 aggregate quarries.

Ukraine

		2006	2005	06/05 var %
Cement sales	t/000	2,271	2,005	13.3
Concrete sales	mc/000	274	204	34.3
Sales revenue	€m	107.2	72.1	48.7
Capital expenditures	€m	9.6	11.5	– 16.3
Headcount at year end	no.	1,629	1,620	0.6

NUMBERS & FACTS

Cement production capacity 3.0 million tons, 2 plants, 3 terminals, 5 ready-mix concrete plants.

Russia

		2006	2005	06/05 var %
Cement sales	t/000	2,309	2,294	0.7
Sales revenue	€m	123.9	90.9	36.2
Capital expenditures	€m	8.4	4.1	107.0
Headcount at year end	no.	1,519	1,517	0.1

NUMBERS & FACTS

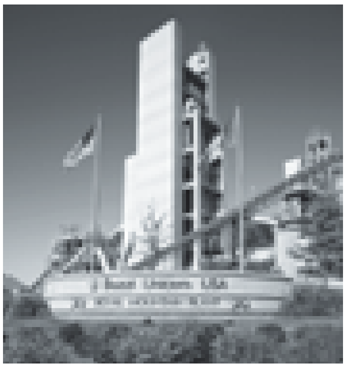
Cement production capacity 2.4 million tons, 1 plant.

United States of America

		2006	2005	06/05 var %
Cement sales	t/000	9,766	9,840	– 0.8
Concrete sales	mc/000	1,877	1,849	1.5
Aggregate sales	t/000	2,823	2,729	3.5
Sales revenue	$m	1,161.5	1,038.6	11.8
Capital expenditures	$m	102.0	79.9	27.6
Headcount at year end	no.	2,269	2,246	1.0

NUMBERS & FACTS

Cement production capacity 10.0 million ton, 11 plants, 27 terminals, 56 ready-mix concrete plants, 3 aggregate quarries.



Mexico[1]

		2006	2005	06/05 var %
Cement sales	t/000	4,172	3,552	17.5
Concrete sales	mc/000	1,422	1,239	14.8
Sales revenue	$m	494.7	405.6	21.9
Capital expenditures	$m	36.9	73.9	– 50.1
Headcount at year end	no.	975	913	6.8

[1] figures at 100 %

NUMBERS & FACTS

Cement production capacity 5.0 million tons, 2 plants, 36 ready-mix concrete plants, 1 aggregate quarry.

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). As of December 31, 2006, stock market capitalization was EUR 4,125 million. At the same date the share capital is made up of 164,730,937 ordinary shares and 40,617,554 savings shares, both with par value of 0.60 EUR. 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	Ordinary number	Savings number	Ordinary €m	Savings €m
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
Year 2006	100,899,098	32,479,343	1,850.5	398.8

Price development of the Buzzi Unicem shares

(base January 2000 = 100)

Main shareholders

at December 31, 2006

	Ordinary	Savings	% of total share capital	% of ordinary share capital	% of voting rights
Presa SpA (Buzzi family)	72,736,806	–	35.4	44.2	44.2
Fimedi SpA (Buzzi family)	15,700,000	–	7.6	9.5	9.5
Alliance Bernstein LP	16,208,569	–	7.9	9.8	6.6
Julius Bär Investment	3,435,622	–	1.7	2.1	2.0
Amber Capital	3,360,529	–	1.6	2.0	2.0

In total 53,804,264 of the ordinary shares representing 32.7 % of the voting rights were owned by foreign investors.

Distribution of shareholding

at December 31, 2006 (ordinary shares)

	No. of Shareholders	in %	No. of shares	in %
1–1,000	8,251	79.47	2,205,469	1.34
1,001–10,000	1,609	15.50	4,649,405	2.82
10,001–100,000	398	3.83	13,090,272	7.95
100,001–	125	1.20	144,785,791	87.89

Highlights per share [1]

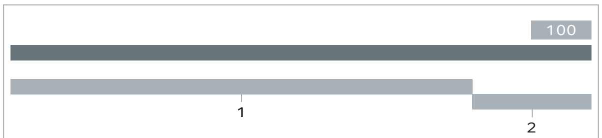
EUR	2000	2001	2002	2003	2004	2005	2006
Basic earnings per ordinary share	1.04	1.15	0.93	1.07	0.97	1.31	1.77
Diluted earnings per ordinary share	1.07	1.17	0.93	1.01	0.93	1.27	1.71
Cash flow per share	1.96	2.22	2.31	2.10	2.37	2.67	3.14
Shareholders' equity per share	6.03	7.94	7.87	9.13	8.16	9.67	10.63
Price/Earnings ratio	8.72	6.46	7.21	8.72	11.14	10.07	12.63
Price at year end							
ordinary	9.08	7.43	6.68	9.32	10.78	13.16	21.45
savings	5.59	5.76	6.06	6.04	7.51	9.17	14.56
Dividend per share [2]							
ordinary	0.20	0.23	0.25	0.27	0.29	0.32	0.40
savings	0.22	0.25	0.27	0.29	0.31	0.34	0.42
Yield							
ordinary	2.2 %	3.1 %	3.7 %	2.9 %	2.7 %	2.4 %	1.9 %
savings	4.0 %	4.4 %	4.5 %	4.9 %	4.2 %	3.8 %	2.9 %

[1] Italian GAAP from 1999 to 2003, IFRS from 2004

[2] 2006: proposed to the Annual General Meeting; thereof 0.05 euro as supplement on the occasion of the company 100 years Anniversary

Capital structure

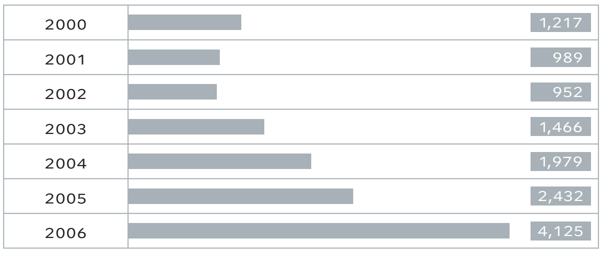
at December 31, 2006 (in %)



1	Ordinary	80.2
2	Savings	19.8

Market capitalization

at December 31 (millions of EUR)



EXPERIENCE: FOLLOWING THE PATH TO CONTINUOUS IMPROVEMENT

Marl mines.
The old procedure of exctracting raw materials.

Experience

Cement is a material with very specific characteristics that are defined in detail by legally binding standards and, as such, it can be considered a "commodity".

In reality, this constraint has never prevented our company from developing processes, products and applications in the search for continuous improvement.

After evolving relatively slowly in the past, the last 15 years has seen a rapid acceleration, mainly associated with increasing environmental responsibility such as sustainability, reduction of CO_2 emissions, conservation of natural resources, etc., in the cost of energy and fossil fuels and in the relentless drive to globalize the sector. This has led to drastic changes in production conditions.

On the one hand, we are using larger amounts of alternative fuels and raw materials, which have caused greater variability and more disturbances to the process but which our company has resolved by using increasingly sophisticated and advanced online control systems.

On the other hand, the need to reduce CO_2 emissions to comply with the Kyoto Protocol has led to a drastic decrease in clinker content in cement recipes and a phased, but rapid, transition to the production of "composite cements" containing active mineral additives.

We have developed this process very carefully with priority given to the customers' needs, providing them with all the necessary information and proposing new products but without sacrificing the guaranteed performances of the older ones.

We are very aware of the key role played by the customer in the past, the present, and especially in the near future. Above and beyond the minimum requirements that must be met, it is essential that we strive to satisfy the customer's needs, which means that we must pay greater attention not only to the strength of the concrete but also optimize other features such as the rheology, additives, color consistency, to mention just a few.

The "entrepreneurial" management style typically employed by our company and characterized by quick and often bold decision-making, has allowed us to differentiate ourselves from the competition and offer original and innovative solutions for the market. We pioneered the development of special, dedicated cements and now, thanks to the invaluable support of the Dyckerhoff technology center, we are ready to explore the as yet unknown possibilities of this material, which has given so much to the world of construction during the last century, but which we feel has still so much more to give.

EXPERIENCE

We have developed this process very carefully with priority given to the customers' needs, providing them with all the necessary information and proposing new products but without sacrificing the guaranteed performances of the older ones.

Review of operations

The strategy of expansion and geographical diversification pursued in the last ten years continues to deliver encouraging results. The positive trend of mature markets goes along with the strong growth of the emerging ones.

CONTENTS

Business review

The year 2006 was once again markedly favourable for your company, with improving sales and results. During the accounting period that has just ended, the group sold 33.3 million tons of cement (+3.3 % as compared with 2005) and 16.5 million cubic meters of ready-mix concrete (+15.7 %), resulting in consolidated net sales growth by 8.6 % to 3,205.0 million euro. The changes in scope of consolidation brought about a reduction of 103.6 million in net sales whereas the effect of exchange rates was an increase of 5.6 million. Clearly improving too, was profitability; EBITDA increased from 800.8 to 931.1 million, thanks also to non-recurring revenues for 21.4 million. After depreciation and amortization for 203.2 million, EBIT reached 727.9 million as against 574.6 million in 2005 (+26.7 %). Finance charges are reduced significantly, to 44.7 million versus 156.5 million in 2005; it follows that profit before tax increased from 412.8 to 658.7 million. Income taxes reached 241.2 million (117.8 million in 2005) and the income statement closed with a net profit of 417.5 million, of which 349.8 million is attributable to the equity holders of the company (+36.9 %).

Net indebtedness reduced from 1,051.3 million at the end of 2005 to 609.0 million at 31 December 2006 (–442.3 million), after investments for 254.0 million and having distributed dividends for 91.2 million. The net debt/equity ratio improved from 0.47 in December 2005 to 0.25 at the end of 2006.

The improvement is attributable to the favourable sales price development in the United States of America and the excellent progress of Central Eastern Europe markets, where in addition to the growth in Russia were the construction boom in Poland and the Czech Republic. In Italy, record consumption and favourable price dynamics allowed profitability to improve over a lacklustre 2005. Operating results in Germany remained below group average due to volumes slow down and to the reduced pace of recovery in sales prices. In Mexico, the positive tone of construction investments and the increased production capacity at the Cerritos plant allowed for a clear improvement in results.

Operating and financial results

In 2006, cement sales at consolidated level totalled 33.3 million tons, i.e. +3.3 % as compared with 2005. The growth is attributable to Poland, Czech Republic, Ukraine, Mexico and Italy, whereas volumes declined in Germany,

Turnover
(millions of EUR)

2000	1,334
2001	1,446
2002	1,479
2003	1,452
2004	2,772
2005	2,951
2006	3,205

EBITDA
(millions of EUR)

2000	415
2001	447
2002	461
2003	434
2004	699
2005	801
2006	931

and somewhat less so in the United States. In a rising market, the quantities sold in Russia remained stable due to the full utilization of the currently available production capacity.

Sales of ready-mix concrete increased by 5.7 % to 16.5 million cubic meters, mainly due to the contribution of Poland and Czech Republic, as well as to the upward trend in Mexico, Germany and Italy; worthy of note was also the organic expansion of the Ukraine market.

Consolidated net sales increased by 8.6 % from 2,951.4 to 3,205.0 million; variations in scope of consolidation had an adverse effect for 103.6 million, whereas the exchange rate effect was favourable to the extent of 5.6 million. Excluding these effects, net sales would have increased by 12.3 %. The improvement is first of all attributable to the excellent progress of the United States market, featuring rises in prices and volumes still at high levels; notwithstanding the fall in demand in the residential sector, revenues in the USA reached 1,165.5 million dollars, + 11.8 % in local currency, translating into 925.1 million in euro (+ 10.8 % over 2005).

Progress in Italy was also positive: in our country, net sales grew by 6.8 %, breaking the billion euro barrier for the very first time (939.6 million in 2005); the demand for cement, after starting the year rather weakly, took off after the summer break and, thanks to exceptionally favourable weather conditions, recorded a growth of almost 2 %.

In Germany, net sales dropped from 486.4 to 480.0 million (– 1.3 %), but would have increased by 6.4 % at constant scope; sales were particularly hard hit during the first part of 2006, then recovered in the second half of the year, even though the favourable variation mentioned above comes mainly from pricing effects.

The development of net sales in Central European markets was consistently favourable, increasing from 389.7 to 523.9 million (+ 34.4 %), gross of a positive exchange rate effect accounting for 16.2 million. Results in sales in Poland were above expectations, benefiting from European Union funds and generalized economic growth, and thus achieving an increase in net sales of 34.8 % in local currency. Substantial improvement was also witnessed in the Czech Republic, with a rise in net sales of 18.2 % in local currency. The exchange rate effect impacted favourably in both countries, respectively for 8.4 and 3.5 million. In Russia too, the trend was very satisfying, recording a rise in net sales in local currency of 32.1 % and 36.2 % in euro, thanks to double digit growth in average unit prices. In the Ukraine, the marked increase in volumes and prices, this latter necessary to compensate the penalizing trend in the cost of natural gas, brought about overall growth in revenues of 48.0 % in local currency (48.7 % in euro).

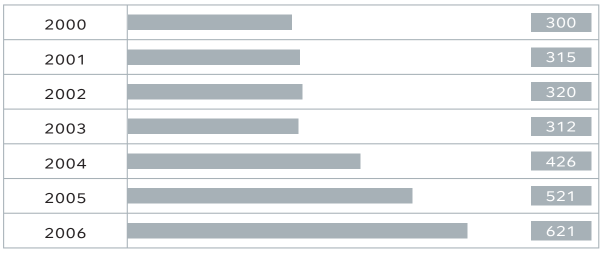
In the year of presidential elections, the trend of the Mexican market was also excellent, where net sales jumped from 163.0 to 197.0 million (+ 20.8 %); net of the exchange rate effect, the rise would have been around 1 percentage point greater.

EBITDA increased from 800.8 million to 931.1 million (+ 130.3 million), including non-recurring income for 21.4 million deriving from gains on disposal of investments (within Dyckerhoff) and other sundry gains / losses. Excluding the non-recurring items from both years 2006 and 2005 (38.9 million), EBITDA went from 761.9 to 909.7 million (+ 19.4 %), with an improvement of the EBITDA / net sales ratio from 25.8 % to 28.4 %. Changes in scope of consolidation were adverse for 4.7 million whereas the exchange rate effect was favourable for 1.7 million. Among the markets, the contribution of the United States was decisive, the greatest in absolute terms and greater by 13.7 % if compared to 2005. All the Central Eastern Europe countries

EBITDA margin[1]
(in %)

[1] EBITDA/Net sales

Cash Flow[1]
(millions of EUR)



[1] Net income + amortization and depreciation

showed strong growth, +36.1 % overall with peaks of excellence in Russia and Poland. The EBITDA achieved in the Western European countries (Italy, Germany, Luxembourg) exceeded brilliantly the previous year one (+9.7 %). Mexico continued in its trend of organic growth and closed the accounting period with an EBITDA increase of 22.0 %.

Depreciation and amortization amounted to 203.2 million, against 226.2 million in 2005; the reduction was mainly due to the one-off restructuring charges of German operations booked in 2005 (18.2 million); as a result, EBIT increased by 26.7 % from 574.6 to 727.9 million. Net financial charges reached 44.7 million against 156.5 million of the last accounting period; the sizeable improvement can be attributed to the more volatile components linked to foreign exchange fluctuation and derivative instruments, which brought about 30.9 million of income (charge of 49.9 million in 2005) and to a further decrease of debt service cost, which benefited from net debt reduction. Due to the above mentioned conditions, the pre-tax profit increased from 412.8 million to 658.7 million, i.e. +59.6 %. Income taxes reached 241.2 million (117.8 million in 2005); the average tax rate cannot be compared with that from the previous accounting period, which benefited from extraordinary deferred tax income for 31.2 million. The income statement closes with a significant improvement in net profit at 417.5 million (+41.5 %) of which 349.8 million is attributable to the equity holders of the company (+36.9 %).

Cash flow for the 2006 accounting period, gross of the non-recurring entries (positive and/or negative), amounted to 620.7 million, as compared with the 521.2 million in 2005. Net indebtedness for the group as of 31 December 2006 reached 609.0 million lower by 442.3 million if compared with the 1,051.3 million at the end of 2005. In the same accounting period, the group distributed dividends for 91.2 million, thereof 63.5 million by the parent company Buzzi Unicem SpA, and made investments for 254.0 million, of which 33.5 million were intended to increase the production capacity.

The main capital expenditures occurred in Italy concerned the completion of the new Horomill in Augusta (SR), the chlorine by-pass in Robilante plant (CN) and the extension and settlement works along the Monfranco quarry front (Robilante location as well). In the United States of America, the production capacity expansion continued ("River 7000" project) at Selma (Missouri), with an impact in the year of 25.0 million euro. In Houston, Alamo Cement built and started up a marine terminal for cement import in partnership with Ash Grove and Texas Lehigh with an investment in the year of 6.9 million. Other improvements notable of mention were the modification to the alkaline by-pass at Greencastle (Indiana), the rebuilding of the kiln 1 cooler at Pryor (Oklahoma), the replacement of the kiln tyre and shell at Cape Girardeau (Missouri), the installation of a movable crusher at Oglesby (Illinois). In Germany the kiln by-pass at Lengerich was completed whilst in the Ukraine the revamping of kiln 2 at Nikolajev was terminated. The final building stage of the second production line at the Cerritos plant (San Luis Potosí, Mexico) involved investments amounting to 5.6 million. Further internal and external development in ready-mix concrete continued in the Ukraine, the Czech Republic and Poland.

Equity investments mainly concerned the purchase of no. 746,120 Dyckerhoff AG ordinary shares for 29.1 million euro and the growth from 70 % to 100 % in the capital of Betonval SpA for 24.1 million.

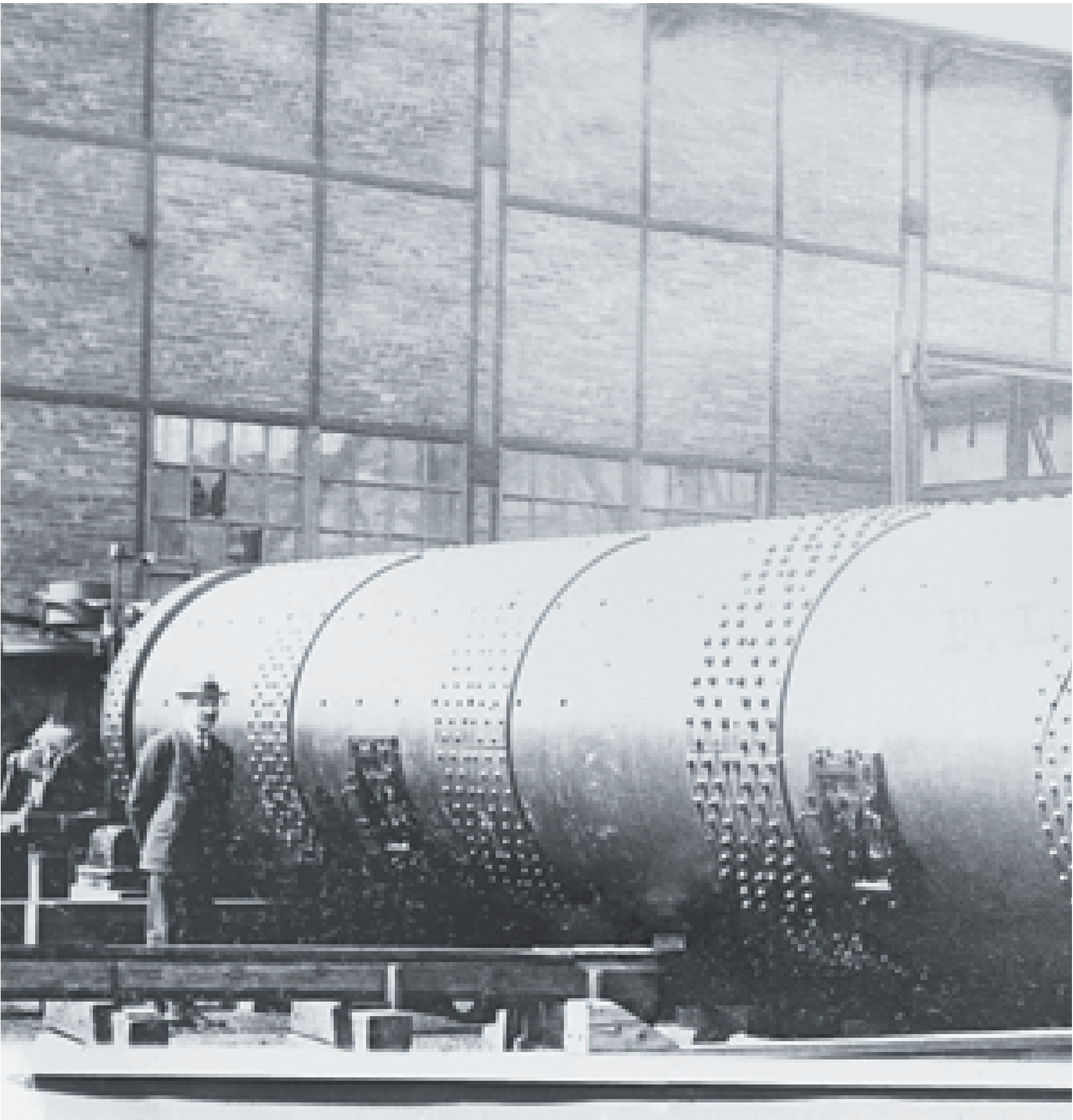
The asset and liabilities of the net financial position, divided by degree of liquidity, are shown in the following table

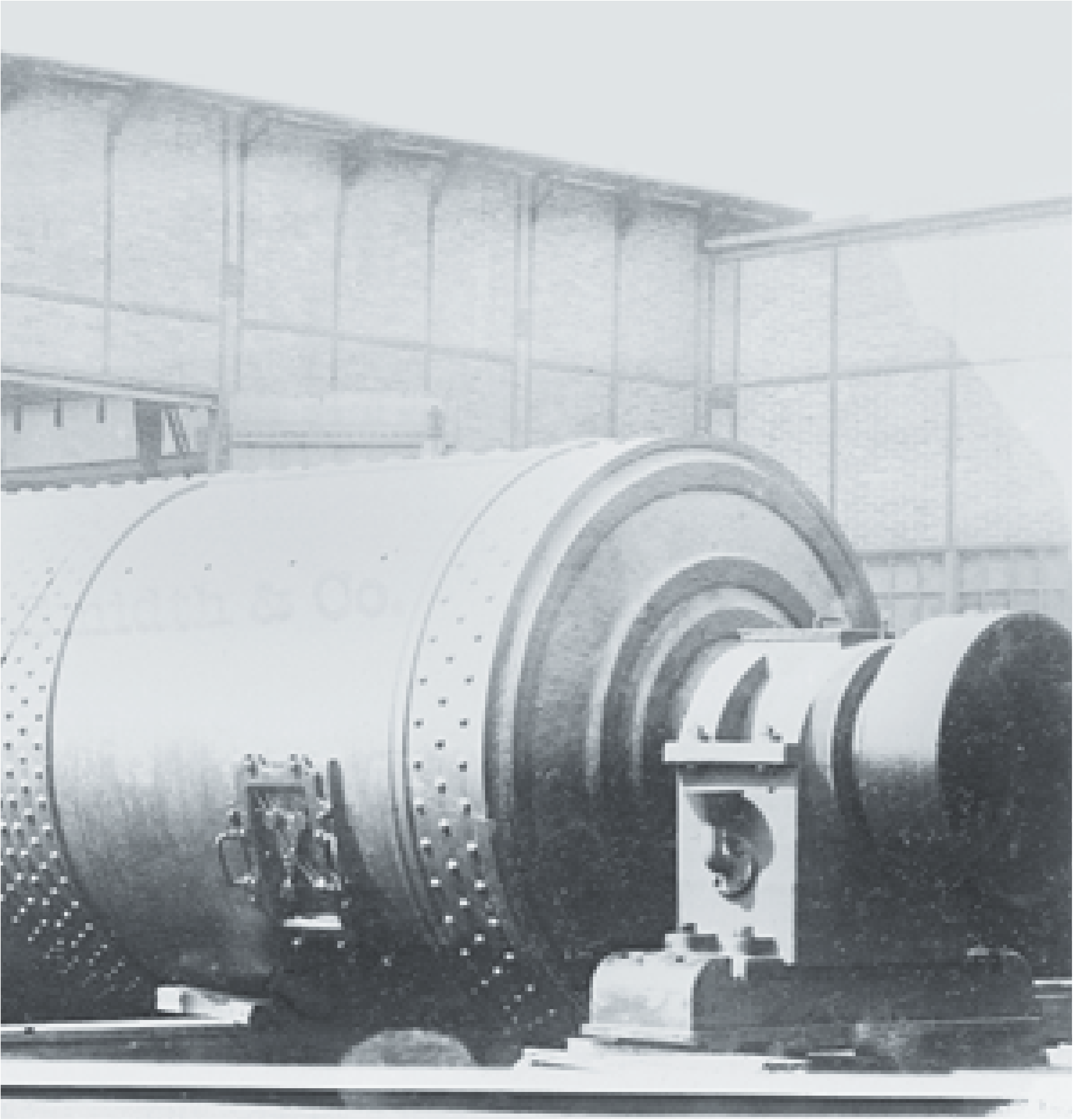
Net financial position

millions of EUR	Dec. 31, 2006	Dec. 31, 2005
Cash, banks and marketable securities:		
Cash and cash equivalents	514.8	360.1
Available-for-sale financial assets	192.6	154.4
Derivative financial instruments	0.8	3.2
Other current financial receivables	–	2.9
Short-term debt:		
Current portion of long-term debt	(35.3)	(20.8)
Bank overdrafts and borrowings	(53.0)	(69.8)
Derivative financial instruments	(78.3)	(30.1)
Accrued interest expense	(9.0)	(10.5)
Net short-term cash	**532.6**	**389.3**
Long-term financial assets:		
Derivative financial instruments	0.2	0.5
Other non-current financial receivables	3.4	4.9
Long-term borrowings:		
Long-term debt	(1,140.1)	(1,434.8)
Derivative financial instruments	(5.0)	(11.3)
Net debt	**(609.0)**	**(1,051.3)**

The shareholders' equity as of 31 December 2006, including minority interests, reached 2,425.4 million versus 2,230.1 million at the end of 2005; thus, the debt/equity ratio improved from 0.47 at the end of 2005 to 0.25 at 31 December 2006. In the month of June no. 88,740 Buzzi Unicem saving shares were assigned to the management, linked to the achievement of individual targets, in part via the usage of treasury shares (no. 44,200) and in part by newly issued shares (no. 44,540).

During the 2006 financial year no. 8,186,461 "Buzzi Unicem 2003–2008" convertible bonds were converted, with a consequent issue of the corresponding number of ordinary shares and a reduction of indebtedness by around 81.9 million.





PROGRESS: LOOKING BACK BEFORE MOVING FORWARD

An old mill from the '30s with riveted shells, used for raw material grinding.

Progress

The machines from the past were absolutely huge, requiring enormous amounts of energy and giving an overall impression of solidity due to their sheer size. The kiln tyres rings were made of cast iron and the reducers had hardened and tempered toothed wheels. The mills moved rivers of mountains of balls and the kilns were more than 100m long.

New developments in materials technology and quality assurance methods meant that design engineers could rely on stronger and more uniform materials, allowing them to design smaller machines with lighter rotating masses and which ensure greater continuity of operations. The discovery of new production processes, such as case hardening and grinding the gears of toothed wheels of the reducers, has allowed us to build much smaller reducers and, likewise, the ability to forge large parts has allowed us to increase their strength. At the same time, progress in process technology has led to more efficient machines. Our company has always pursued a policy of improving its production processes keeping a constant eye on what the market is offering, and in some cases we have chosen innovative solutions that are well ahead of their time. The kilns and mills are shorter and lighter, they operate at triple the speed and, on average, consume two-thirds of the electricity and fuel used by the machines of the previous generation. The mills use a compression system to grind the material between two surfaces whose relative motion is completely defined, replacing the friction grinding technique in which thousands of steel balls tumbled inside the old mills. Identical machines are used to grind both the raw meal and the cement, so components and parts are now standardized. The mills are equipped with devices to protect them against wear and heat, which have been specifically designed for the materials they handle. They are constantly evolving to keep up with the process modifications resulting from the increased use of alternative fuels and the consequent growing problem of damage from acids and chlorine.

The filters eliminate dust with an efficiency that was unthinkable a few years ago, and new process techniques have all but eliminated the use of water to cool the gases.

Our company has always had an innovative approach toward process control. We replaced the traditional inspection methods five years ahead of our competitors and now use online systems that analyze the raw materials on the conveyor belts before they are ground. The quality control system, which involves downstream inspections of the strength of the cement and which is still employed by the majority of the cement industry, is now being replaced with online systems that can predict the product characteristics based on newly designed process and analysis parameters.

PROGRESS

Our company has always had an innovative approach toward process control.

Italy

TRADING CONDITIONS CEMENT BUSINESS

Volumes	+ 2.1 %
Prices	+ 8.7 %
Mkt share	16 %

- Cement plants
- Grinding plants
- Ready-mix concrete plants
- Affiliated ready-mix concrete plants

Cement

millions of EUR		2006	2005	06/05
Net sales		603.8	544.5	10.9 %
EBITDA		194.0	199.4	– 2.7 %
EBITDA, net of non-recurring items		194.0	162.8	19.2 %
% of sales		32.1	29.9	
Capital expenditures		34.4	40.2	– 14.4 %
Headcount end of period	no.	1,433	1,468	– 2.4 %

before eliminations between lines of business

Ready-mix concrete

millions of EUR		2006	2005	06/05
Net sales		551.0	532.1	3.5 %
EBITDA		40.2	39.0	3.0 %
% of sales		7.3	7.3	
Capital expenditures		36.4	14.4	152.8 %
Headcount end of period	no.	674	678	– 0.6 %

before eliminations between lines of business

Italy

In 2006, gross domestic product (GDP) recorded a growth of around 2 %, lower than the European average, but in any event recovering after the recent years of economic stagnation. The ratio between deficit and GDP (net of extraordinary items) reached 2.4 %, a level in compliance with the 3 % target imposed by the Maastricht parameters and its lowest since 2001; such an improvement is certainly to be attributed to the increased tax income generated by the acceleration in the country economic growth. Supporting the improvement of the gross domestic product were the industry sector (+ 2.5 %), the building sector (+ 1.8 %) and the service one (+ 1.9 %); agriculture and fishing fell however (– 3.1 %). Average inflation for 2006 reached 1.9 % and total employment rate improved by 1.6 %.

After the slight reduction in 2005, the year that has just ended reached a record in the consumption of cement, which increased by almost 2 %: the favourable investments cycle in residential construction continued, whereas that in public works and the commercial / industrial sector fell slightly. Of great significance was also the weather factor, especially mild, which held up sales volumes during the final quarter of the year.

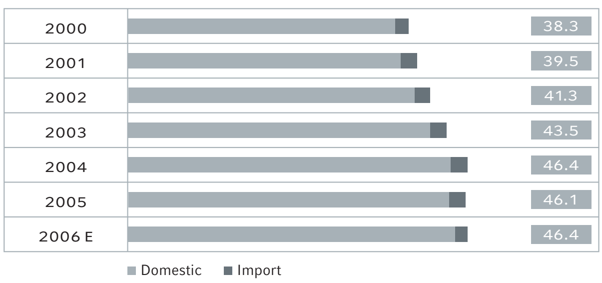
2006 was a year of improved average conditions in sales prices for the cement industry in Italy, in a context of heightened competitive pressure from "unconventional players", i.e. grinding plants used to transform clinker into cement (final stage of the production cycle) and purely commercial importing activities. Almost all cost items increased greatly, energy factors (fuels and electricity) in particular, following oil prices at record highs. Constraints linked to the coming into force of the Kyoto protocol, faced for the first time in 2005, continued to present a challenge with repercussions on production planning and on sales mix, which now favours blended cements with lower clinker content and physical-chemical performances particularly appreciated by customers. The programme of ever greater use of alternative fuels, mainly waste derived, is proceeding successfully with the goal of containing production costs and further reducing plant emission levels.

Buzzi Unicem continues to be particularly sensitive to the changes imposed by the regulations of the Kyoto protocol and is already looking at the regulatory framework for the period 2008 – 2012, which is still under definition, but which will presumably set new reduction goals that are even more ambitious than those of today, so risking to penalize domestic producers versus others located in countries that have not signed up to the treaty. We will continue to pursue the best compromise between the demands of not penalising production levels and reducing carbon dioxide emissions, following investment plans to optimise our plant and innovating in the field of systems and process control technologies.

Sales of hydraulic binders and clinker grew by 2.1 %; volumes, which fell up to September, were kept up during the final quarter of the year by extremely favourable weather conditions, allowing for a positive outcome of the final balance. Further more, in 2006 the goal of recovering market share, which at the end of 2005 was temporarily set aside in order to facilitate the general improvement of domestic prices, was pursued. The combination of better average prices (+ 8.7 %) and moderately growing volumes allowed the cement sector revenues to reach 603.8 million, a growth of 10.9 % over 2005. EBITDA, amounting to 194.0 million was a reduction as compared to the 199.4 million in 2005, which however included non-recurring income for 36.6 million; excluding these one-off items, progress would have been 19.2 %. It follows that the EBITDA to sales margin of the cement sector moved from 29.9 % to 32.1 %: the improvement can be attributed not only to the increase in average sales prices, but also and above all to the remarkable efforts spent to contain costs in a context of continuing rises in fuel, power, transportation and raw materials.

Among the investments made in the cement sector, worthy of mention are the completion of the Horomill at the Augusta (SR) plant, the mining works and the installation of a movable crusher at the Monfranco (CN) quarry, the chlorine by-pass at kiln 2 in Robilante (CN).

Italy – Cement Consumption
million tons

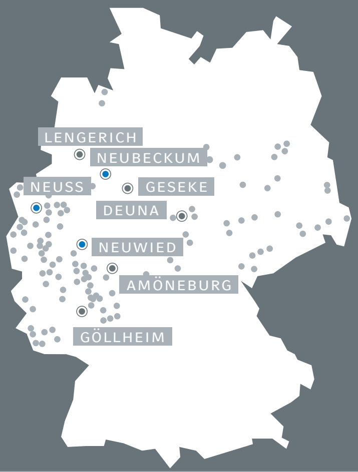


GROUP PROFILE
REVIEW OF OPERATIONS
FINANCIAL INFORMATION

The mild weather in the last quarter also favoured the sales trend of the ready-mix concrete business, which increased by 1.2 %. Demand was found to be quite perky concerning volumes relating to large public works whereas the ordinary market suffered, above all in certain regions of Central Northern Italy. With average unit prices barely above those of 2005, net sales for the ready-mix concrete sector reached 551.0 million (+3.5 %). The accounting period featured a large increase in fuel costs with consequent worsening of distribution expenses and raw materials. EBITDA remained at the same levels as last year in terms of profitability (7.3 %) and closed showing a slight growth in absolute value (40.2 million against 39.0 million in 2005).

Among the investments of greatest significance, we recall the acquisition of the 30 % non yet held in Betonval SpA for 24.1 million; also worthy of mention is the investment of 1.8 million to replace the crushing system at Ceretto quarry (TO) and 1.4 million for two new ready-mix batch plants at Cagliari and at Caselle Morimondo (MI).

Germany



TRADING CONDITIONS CEMENT BUSINESS

Volumes	– 1.6 %
Prices	+ 6.3 %
Mkt share	15 %

Cement plants
Grinding plants
Ready-mix concrete plants

millions of EUR		2006	2005	06/05
Net sales		480.0	486.4	– 1.3 %
EBITDA		91.2	51.4	77.5 %
EBITDA, net of non-recurring items		64.0	61.3	4.4 %
% of sales		13.3	12.6	
Capital expenditures		30.8	51.6	– 40.3 %
Headcount end of period	no.	1,532	1,968	– 22.2 %

Germany

The reawakening of the German economy had already commenced in 2005, but the increase in GDP in 2006 (+ 2.7 %) was markedly greater than that of the previous year (+ 0.9 %). The German locomotive seems to be on its way again; the recovery is witnessed by increases in orders in the internal market and the growth in exports, which produce a stimulating effect on the labour market and final consumers. Thanks to the continuing restructurings carried out in recent years, Germany has recovered efficiency and competitiveness and the government intends to consolidate the results obtained by promoting courageous reforms for the labour market.

After many long years of crisis and a 2006 winter particularly cold, construction investments shifted gear, growing by 4.2 % on an annual basis. The trend in the building sector held up demand for building materials: consumption of cement rose to 28.7 million tons as compared to 27.0 million of the previous year (+ 6.3 %) and that for ready-mix concrete to 43.4 million cubic meters compared to 40.5 million in 2005 (+ 7.2 %). In Germany, as in all the European Union countries, CO_2 emission limits imposed by the Kyoto protocol continued to be monitored in 2006. The cement industry tends to have available surplus quotas versus the expected production, as emission rights assigned for the years 2005 – 2007 were calculated referring to the situation measured during the years before and after 2000, when cement consumption was more than 20 % above the current levels. Dyckerhoff has properly valorized the excess quotas, by means of sales in the marketplace. The limits imposed by the national allocation plan should still allow ease of production in 2007, whereas in 2008, with the introduction of the second phase (2008– 2012), there will be a further tightening of the emission rights available.

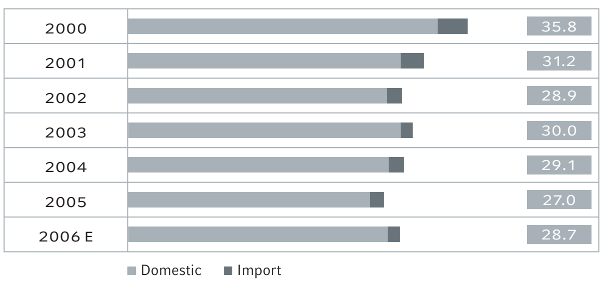
In 2006, the quantity of cement sold by our subsidiary reduced by 1.6 %, but the second part of the year saw a clearly more favourable development as compared to the first, which had been penalized by adverse weather conditions. It has also to be pointed out that in practice Dyckerhoff does not hold significance market shares in southern regions (Bavaria and Baden-Württenberg) where the trend of demand was much more favourable than elsewhere. This dynamic was seen in the trend in prices (+ 6.3 %), which after the improvement at the start of the year, were no longer able to record further progress; the average prices in 2006 reached levels still lower than those prevailing in western markets and in any event unfitting for the cost structure that distinguishes the country. On the other hand, sales of ready-mix concrete grew by 4.7 % in a price context barely higher than 2005.

Rationalization measures and reductions of the production capacity in the cement sector were terminated, whereas in the concrete sector is ongoing a process of reorganisation through company simplifications and reviews of internal processes, from which we expect important economic returns in the near future.

The net sales achieved in Germany went from 486.4 to 480.0 million, i.e. – 1.3 %; changes in scope brought about a reduction of 35.1 million, net of which sales would have increased by 6.4 %. EBITDA grew from 51.4 million to 91.2 million; this value includes revenues from the sale of carbon emission rights for 6.6 million, gains from the disposal of companies operating in the concrete product division (Betonbau and Rhebau) for 5.8 million and contingent assets from the cash-in of a credit of 20.0 million attributable to the sale of the building material division which took place at the end of 2001. Profitability, excluding the non-recurring items, was penalised by the increase in production costs (electric power in particular) and was able to achieve the hoped for improvement only partially.

Capital expenditures amounted to 30.8 million. The main activities concerned the ongoing modernisation of the production cycle and the preparation of the plants for a growing use of alternative fuels.

Germany – Cement Consumption
million tons



Luxembourg

TRADING CONDITIONS CEMENT BUSINESS

Volumes	+ 6.4 %
Prices	+ 5.6 %
Mkt share	N/A

○ Cement plants
○ Grinding plants

millions of EUR		2006	2005	06/05
Net sales		83.6	146.2	– 42.8 %
EBITDA		25.0	29.6	– 15.5 %
EBITDA, net of non-recurring items		21.3	27.8	– 23.5 %
% of sales		25.5	19.0	
Capital expenditures		1.9	5.5	– 66.3 %
Headcount end of period	no.	220	641	– 65.7 %

Luxembourg

In 2006, Luxembourg GDP increased by 5.0 % and the building sector recorded a slight growth (0.6 %), favoured by good progress in residential and commercial building. Our sales of hydraulic binders increased by 6.4 % with a lesser impact of clinker as compared to the previous year; growing too were the average unit prices (+ 5.6 %) upon which the main impact was the increase in the price of clinker sold to third parties. Net sales reached 83.6 million, a drop of 42.8 % compared to the previous period. The large reduction was caused by the deconsolidation of Eurobeton, a company active in the concrete product division; indeed, with the same scope of consolidation, net sales would have increased by 7.6 %.

EBITDA decreased from 29.6 million in 2005 to 25.0 million (– 15.5 %), almost entirely due to the reduction of the scope of consolidation; this value includes gains for 3.7 million referring to the mentioned disposal of the controlling interest (80 %) in the Eurobeton group and revenues from the sale of emission rights for 3.3 million. Excluding non-recurring items, EBITDA recorded a worsening of 6.5 million in absolute terms, but the EBITDA margin went from 19.0 % to 25.5 %.

Poland

TRADING CONDITIONS CEMENT BUSINESS

Volumes	+ 26.7 %
Prices*	+ 6.9 %
Mkt share	9 %

* in local currency

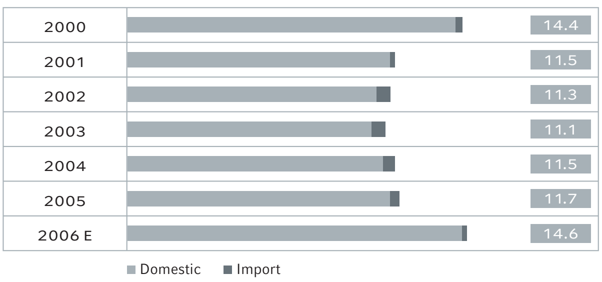
Cement plants
Ready-mix concrete plants

millions of EUR		2006	2005	06/05
Net sales		110.4	79.3	39.2 %
EBITDA		33.5	22.9	46.2 %
% of sales		30.4	28.9	
Capital expenditures		4.5	5.4	– 16.8 %
Headcount end of period	no.	401	412	– 2.7 %

Poland

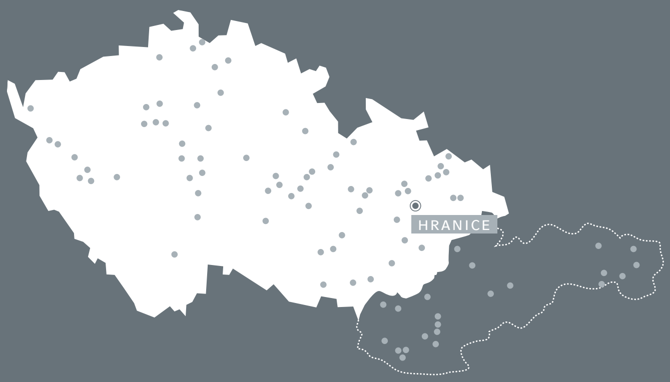
The GDP of the country exceeded initial forecasts, displaying growth of 5.2 % as compared to the 3.4 % of 2005. Foreign investments reached a record level, exceeding 14.7 billion dollars and domestic demand grew by around 5% (compared with the 1.1 % of 2005). Low inflation estimates (1.3 %) and the rising value of Polish currency are further signs of a favourable trend in the economy and the inflow of foreign capital. In 2005, Poland was second last in the EU in the use of European funds; in 2006 it was placed fifth, spending 32 % of allocated funds for the years 2004–2006. Monetary policy supported the development by reducing interest rates to the current 4 %. Investments growth in the building sector reached almost 10 %, driven in particular by civil engineering projects (infrastructure) and the commercial sector.

Poland – Cement Consumption
million tons



Consumption of cement in the country displayed a significant upward trend, going from 11.7 to 14.6 tons and our sales volumes fully benefited from this (+ 26.7 %), with average unit prices rising by 6.9 % in local currency, after the weakening of last year. The dynamism of demand also affected the ready-mix concrete sector, which increased

Czech Republic/Slovakia



TRADING CONDITIONS CEMENT BUSINESS

Volumes	+ 15.2 %
Prices*	– 0.1 %
Mkt share	17 %

* in local currency

Cement plants
Ready-mix concrete plants

millions of EUR		2006	2005	06/05
Net sales		182.4	147.3	23.8 %
EBITDA		61.8	53.5	15.6 %
% of sales		33.9	36.3	
Capital expenditures		7.3	11.0	– 33.8 %
Headcount end of period	no.	874	783	11.6 %

sales volumes by 29.9 % with average unit prices increasing too.

Net sales in local currency thus increased by 34.8 % and the slight strengthening of the zloty contributed to further improve the euro figures, which went from 79.3 to 110.4 million for net sales (+ 39.2 %) and from 22.9 to 33.5 million for EBITDA (+ 46.2 %); this latter indicator included revenues from the sale of emission rights for 4.8 million and risk provisions for 6.0 million. The ratio between EBITDA and net sales grew from 28.9 % to 30.4 % thanks to the efforts in containing operating costs (greater usage of alternative fuels) and to a greater utilization rate of the production capacity.

Czech Republic and Slovakia

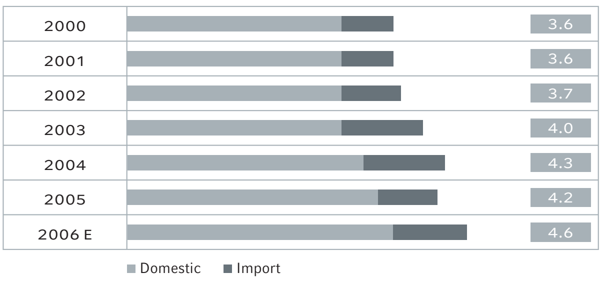
National accounting data recorded a growth of 5.6 % in GDP, slightly less than that for 2005. The driving force was the development of foreign trade, above all within the EU, notwithstanding the constant strengthening of the local currency against the euro; to this it must be added a steady increase in consumer spending (+ 3.8 %) and favourable interest rates, which enhanced the propensity to invest in real estate. Industrial production ran at high levels (+ 10 %), especially the automobile segment and the stable supply of fuel and energy. Growth in employment is supported by a significant improvement in productivity. The revaluation of the currency has limited the shocks deriving from the take-off in energy prices and inflation has been held at 2.9 %. Construction investments increased by 5.5 %; civil engineering works for mobility of persons and goods played a leading role, together with the dynamism of the residential sector.

Consumption of cement in the country reached a level of 4.6 million tons (4.2 million in 2005) and group sales recorded an increase of 15.2 %. On the price side, levels are now comparable with the main western markets and no variations in local currency were recorded as compared to the previous accounting period.

In 2006 the development trend in the concrete sector continued; the mild weather in the last quarter and the involvement in a number of large projects, allowed the ZAPA subsidiary to increase sales by almost 15 % with average unit prices in local currency remaining at similar levels of 2005.

Net sales achieved in the Czech Republic and Slovakia in the last accounting period increased by 23.8 % from 147.3 to 182.4 million: the appreciation of the Czech crown had a beneficial effect for 8.4 million. EBITDA rose from 53.5 to 61.8 million, + 8.3 million, including income from emission rights sale for 6.0 million (6.1 million in 2005). Operating profitability, notwithstanding the improved usage of production capacity, suffered the effects of steep increases in fuel (greater than 15 %) and electrical power. It follows that the EBITDA margin remained excellent, but lower by more than 2 percentage points as compared with that for 2005.

Czech Republic – Cement Consumption
million tons



Ukraine

TRADING CONDITIONS CEMENT BUSINESS

Volumes	+ 13.2 %
Prices*	+ 29.6 %
Mkt share	17 %

* in local currency

- Cement plants
- Ready-mix concrete plants

millions of EUR		2006	2005	06/05
Net sales		107.2	72.1	48.7 %
EBITDA		15.3	10.6	43.4 %
% of sales		14.2	14.7	
Capital expenditures		9.6	11.5	– 16.3 %
Headcount end of period	no.	1,629	1,620	0.6 %

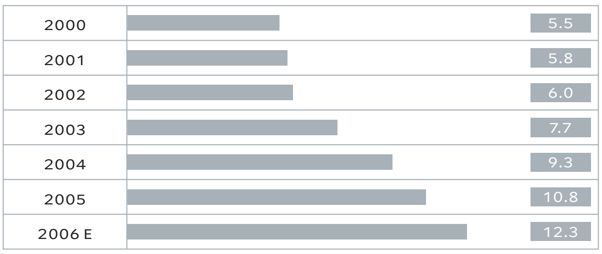
Ukraine

After a slowdown in 2005 (GDP + 2.6 % compared with 12.1 % in 2004), in 2006 a recovery in the economic system was recorded, with GDP growth estimated at around 7 %. This conjuncture occurs in an uncertain political framework, where government action finds itself managing as priorities the deepening of relations with the EU, the greater integration into international markets through joining the WTO and the stabilisation of the relationship with Russia, mainly with respect to energy issues. Building sector, which it is estimated to have grown by around 10 %, the retail sales and the service sector, contributed tangibly to the growth. The confirmation of the favourable economic frame, even with doubts arising from the inflation rate above 11 %, seems for the time being to contradict the expectation of those who predicted a significant impact on GDP of greater energy costs, in particular natural gas imported from Russia.

The growth of construction investments confirmed the highly favourable trend of recent years providing further robust drive to the cement consumption. The local activities of Buzzi Unicem increased the tonnages of cement sold by 13.2 % and by 34.0 % the volume of ready-mix concrete. The trend in unit prices was also very favourable (+ 29.6 %), to the extent that net sales increased by 48.7 %, going from 72.1 to 107.2 million. The increase in prices was caused to a large degree by rising production costs: in particular natural gas from Russia skyrocketed, going from 50 dollars per 1,000 cubic meters in 2005 to 130 dollars in January 2007. EBITDA benefited from heightened activity, recording a fair progress in absolute terms (+ 4.6 million), whereas the improvement in profitability was compromised by the exceptional inflation in energy factors and the EBITDA to sales ratio remained practically unaltered at around 14 %.

At the beginning of 2006, at Nikolajev plant, the revamping of kiln 2 as well as the installation of a new cement separator was completed. Supporting average profitability and in order to offset the rising gas costs, new investments setting forth replacement of such fuel with coal by installing coal grinding facilities, were approved. The budget forecasted for both plants exceeds 40 million euro.

Ukraine – Cement Consumption
million tons



Russia

The country macroeconomic framework remains positive, thanks above all to the high international price of raw materials and a growing domestic demand brought about by an appreciation of the ruble in real terms. According to the estimates, the rate of economic growth in Russia in 2006 was 6.7 %, and thus among the most dynamic in the world. The building sector confirmed the growth too. Inflation on an annual basis reached 9 %. Since 2000 the federal accounts balance has been positive; furthermore, the most accredited rating agencies have raised their judgment for the country, bringing it back up to investment grade.

Consumption of cement in the country increased by around 12 % nationally and 10 % in Yekaterinburg region, where the Suchoi Log cement plant operates. Our sales remained stable as compared to 2005 (+0.7 %) since full capacity utilization was reached, but the particularly favourable trend in prices (+34.1 % in local currency) led to much improved margins and record results. Net sales increased from 90.9 to 123.9 million (+36.2 %), whereas EBITDA improved from 33.3 to 53.2 million (+59.6 %). EBITDA to sales margin, already at 36.7 % in 2005, reached 42.9 %, in line with the profitability of the emerging markets where the group is present with the most advanced production technologies.

As for capital expenditures, worth mentioning is the kick-off of the expansion project which provides for the installation at Suchoi Log of a new dry-process production line, partly built with equipment and machinery from our factories in Western Europe. A new 5-stage kiln with precalciner will be built to accompany the four existing wet proc-

Russia

TRADING CONDITIONS CEMENT BUSINESS

Volumes	+ 0.7 %
Prices*	+ 34.1 %
Mkt share	4 %

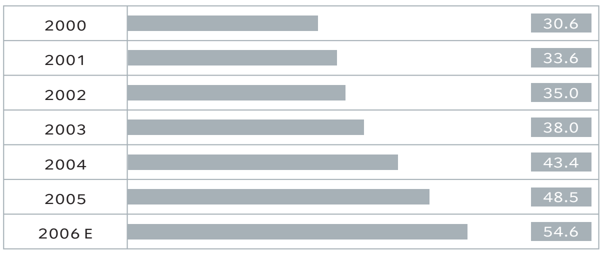
* in local currency

Cement plants

millions of EUR		2006	2005	06/05
Net sales		123.9	90.9	36.2 %
EBITDA		53.2	33.3	59.6 %
% of sales		42.9	36.7	
Capital expenditures		8.4	4.1	107.0 %
Headcount end of period	no.	1,519	1,517	0.1 %

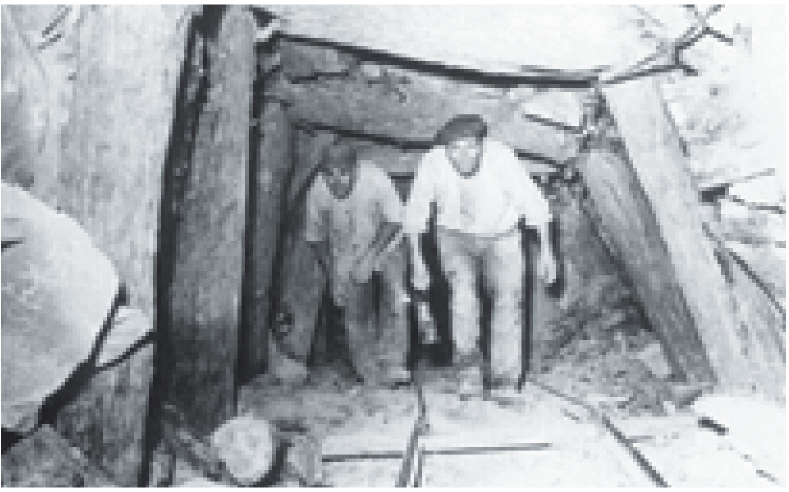
ess kilns, with an expected production capacity of 1.2 million tons besides the current 2.4 million tons (+ 50 %). The overall investment is estimated at 130 million euro. Construction works began in January 2007 and the plant is slated for completion and start up in early 2009.

Russia – Cement Consumption
million tons



COMMITMENT: TOWARDS THE PEOPLE, TOWARDS OUR LAND

Settimello plant, Florence, Italy.
Mine workers taking a break after a hard day at work.



Commitment

Cement production: the ancient ties between man and the land are strengthened by this work, which is characterized by its very continuity.

The same names often crop up in our plants as sons and grandchildren from the same family follow in the footsteps of their elders. The plants and their mode of operation have changed over time, of course, but just like the roots of a 100-year old tree, they come to the surface and provide a solid support when necessary.

We hand down the unspoken value of teamwork, creating a sense of unity that does not need any announcement or a study in social communication because it comes from the hard work and satisfaction that we share in our common commitment on a daily basis.

We cultivate the respect for knowledge, expertise and availability and we strive to transmit to younger employees the know-how and the desire to learn and improve even more, not only for themselves but also for those who will follow in their footsteps.

As we celebrate our 100th anniversary, we should bear in mind that many of our now modern plants started operating almost one hundred years ago. Building a plant also means that the raw materials, a market, an energy supply, and a region with a willing labor force must be readily available. We believed in the future, despite the huge initial investments and long-term returns. In this sector, when we choose a region, we choose it so that we can become part of it. We do not decide to move production at the first signs of a problem. The kilns, mills and silos have solid foundations, creating a strong relationship with the land. We interact deeply with our environment and we respect it because we need it. We need raw materials, water, and natural fuels such as gas, coal and oil. We have always worked and will continue to work with the land, using the best technologies available, in order to provide a functional product for the development of modern society. We consider our activities in the regions as a mutual symbiosis in which we supply the power to help fuel the social and economic growth of the regions that accommodate us. Besides providing employment to a direct labor force, we also generate important side activities, we recycle raw materials and energy from waste, and we actively participate in the development of local culture. Even the markets for our products during these first hundred years have remained local, being sold very close to the plants where they originated. We predict that this could not be so in the future, as even environmental problems have become more global in nature.

We are avid promoters of continuous improvement. For us, this signifies corporate culture, social responsibility and sustainable development: an important commitment toward our people and our land.

COMMITMENT

The same names often crop up in our plants as sons and grandchildren from the same family follow in the footsteps of their elders.

United States of America

TRADING CONDITIONS CEMENT BUSINESS

Volumes	− 0.8 %
Prices*	+ 13.5 %
Mkt share	8 %

* in local currency

Cement plants
Grinding plants
Ready-mix concrete plants

millions of EUR		2006	2005	06/05
Net sales		925.1	834.8	10.8 %
EBITDA		322.5	283.5	13.8 %
EBITDA, net of non-recurring items		332.0	273.0	21.6 %
% of sales		35.9	32.7	
Capital expenditures		77.5	67.7	14.3 %
Headcount end of period	no.	2,269	2,246	1.0 %

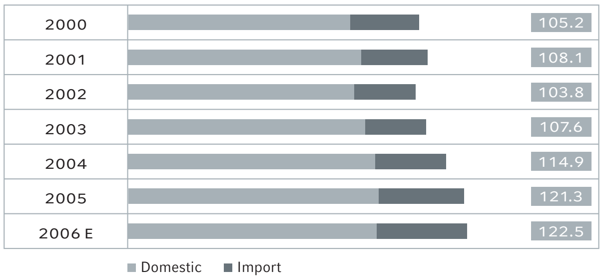
United States of America

2006 was a positive year for the US economy. Notwithstanding a slowdown recorded in the last part of the year GDP grew 3.4 %, in line with the previous year. The risk of inflation led the Federal Reserve to further raise rates, which reached 5.25 %. As for foreign exchange, after a first quarter when the US currency recovered against the euro, from the second quarter on the dollar underwent a progressive weakening and closed the year at about 1.32 to the euro (1.18 at end 2005). The building sector contributed to GDP growth, but remained below average (+ 1.1 %). Demand was kept up by commercial building and public works, whereas the residential sector suffered an abrupt slowdown.

In 2006 cement consumption in the United States increased by around 1.1 % with an exceptional first quarter followed by a good second quarter and a decline in the second part of the year; the most favourable dynamics were recorded in the South-eastern and South-western states whereas consumption decreased in the West coast, especially California, and the North-eastern and North-western regions. Moreover, to meet domestic demand, 2006 was a record year also for imports, which rose to 32.6 million tons, to a large extent from China.

Sales of hydraulic binders of our US subsidiaries decreased by 0.8 %; imports accounted for around 8 % of volumes sold. The greatest increases were recorded in Texas, stable were Tennessee, Georgia and the North East, declining were the Mississippi regions. The slight decrease in sales can be attributed to a large extent to the lack of slag production in the New Orleans plant, which was halted during

USA – Cement Consumption
million tons



the whole of the first quarter of 2006 due to the serious damage caused by hurricane Katrina. The plant resumed activities, but its performance was penalised for a long time by the logistic difficulties linked to the devastation of the river system in the area and the impossibility of gaining access to the loading/unloading dock for large displacement vessels. Ready mixed concrete volumes improved (+ 1.6 %) thanks to the contribution of the batching plants in Texas, which raised their record breaking sales. A sustained demand in the first half-year and growing costs brought about an improvement in prices (+ 13.5 % in cement and + 12.5 % in concrete in local currency).

US subsidiaries net sales reached 1,161.5 million dollars (+ 11.8 %), or 925.1 million euro. Foreign exchange effect was negative for 8.6 million. On the costs side, a marked worsening occurred, above all concerning fuels, raw materials, spare parts and maintenance. Distribution costs were negatively affected not only by the increase in diesel fuel, but also by the reduced availability of river barges, as hundreds of these were destroyed by hurricane Katrina.

As a result, EBITDA increased from 283.5 to 322.5 million (+ 13.7 %); excluding non-recurring items (10.5 million income in 2005 and 9.5 million net charges in 2006) the improvement would have been even more remarkable with EBITDA up 59.0 million. The improvement in profitability is mainly due to increased prices which allowed to offset costs hikes.

The new distribution terminal in Houston, built in partnership with Ash Grove and Texas Lehigh, was officially opened in October. Our stake in the initiative is 20 %, for an overall investment of 12.2 million (of which 6.9 million in 2006). Other main capital expenditures concerned the renewal of the mixer truck fleet in Texas, the installation of a movable grinder for the quarry in Oglesby (Illinois), the replacement of the kiln ring and shell at Cape Girardeau (Missouri), the modification of the alkali by-pass at Greencastle (Indiana).

Expansion works are ongoing at the Selma (Missouri) plant, the so-called "River 7000" project, where a new 5 stage kiln with pre-calciner will replace the current two dry process kilns without preheating tower, with expected production output of 2.3 million tons against the current 1.3 million tons. As a result, our production capacity in the country will increase by around 10 % to 11.0 million tons. The new plant is slated for completion and start-up in the second half of 2008. The overall investment is estimated at 270 million dollars; in 2006 investments booked in with respect of the "River 7000" project totalled 25.0 million euro.

Mexico

TRADING CONDITIONS CEMENT BUSINESS

Volumes	+ 17.4 %
Prices*	+ 4.4 %
Mkt share	11 %

* in local currency

○ Cement plants
• Ready-mix concrete plants

millions of EUR		2006	2005	06 / 05
Net sales		394.0	326.0	20.8 %
EBITDA		185.6	152.2	22.0 %
% of sales		47.1	46.7	
Capital expenditures		28.0	62.6	– 55.3 %
Headcount end of period	no.	975	913	6.8 %

figures at 100 %

Mexico

In the year of the presidential election, the Mexican economy recorded its best trend under the Fox administration, growing by 4.8 % with a rate of inflation of 4.2 %, slightly above expectations. The Mexican peso held its value against the dollar, whereas against the euro the devaluation was 13.7 %. Mexico confirmed its stability from the point of view of federal budget and monetary policy and a very low level of risk, second only to Chile among Latin American countries. The economic upturn however suffered from the lack of reforms, in particular in the electricity and energy sector, which require a wider participation of private initiative in managing and developing the national resources. Internationally, the policy of entering into free trade agreements continued, the latest of which was signed with Japan.

According to the available estimates, the building industry grew at a rate of 6.9 %. The cement market recorded a much higher increase (+ 10 % approx.) thanks to government spending on social housing, investments in public works and to a larger degree of people purchasing power

Mexico – Cement Consumption
million tons

2000	30.0
2001	28.4
2002	29.5
2003	30.4
2004	32.0
2005	34.5
2006 E	37.9

due to the lively economy. This growth allowed the second line at Cerritos, which started up in March 2006, to quickly reach a high rate of capacity utilization. Sales of cement of the associate Corporación Moctezuma increased by 17 % approx.; prices in local currency, steady or somewhat declining for years, grew in line with the inflation rate. Sales of ready mixed concrete increased by 14.7 %, with prices slightly higher than in 2005.

Net sales and EBITDA expressed in local currency recorded respectively an increase of 22.0 % and 23.2 %. In euro, for the 50 % pertaining to the group, the two figures reached 197.0 million (+20.8 %) and 92.8 million (+22.0 %) respectively. The heavy increases in production costs, in particular concerning energy factors (fuels +8 %, electrical power +17 %) and the shifting of sales mix to bulk product, which gives a lower return as compared to bagged product, put pressure on margins. However, it was possible to confirm operating margin in full, thus proving the technical reliability and operating excellence of the Mexican production units.

In 2006, Corporación Moctezuma invested 28.0 million euro, of which around 10.9 million intended for completing the second production line at Cerritos. Other significant investments concerned the strengthening of the distribution structure and with respect to the ready mixed concrete sector, the increase in the number of batching plants and the consequent larger fleet of mixer trucks and concrete pumps was achieved.

Human resources

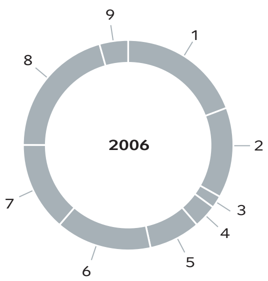
Buzzi Unicem is engaged in the constant research of the most effective tools that will allow its human resources to enhance the quality of their essential contribution to the achievement of the corporate objectives.

The international footprint of the group, being of a multiregional type, provides an exchange of experience and collaboration on specific technical-professional matters, both in respect of the highly important ongoing investment projects (e.g. "River 7000") and also concerning the functions that are typically central by nature, such as marketing and communications, information systems and finance. Opportunities for cooperation at production units and with corporate entities belonging to different nationalities, especially for high potential young people, are therefore increasingly frequent. The development of the 2006 Sustainability Report enabled intense cooperation to take place between the different regional structures, even on themes that are typical of human resource management.

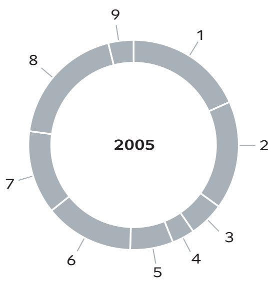
Buzzi Unicem has also launched initiatives for employee awareness and training in environmental and safety issues and organisation itineraries based on principles of "shared responsibility" that are indispensable for integrating the technical and production demands with regulatory requirements, stimulating and guiding operational culture towards a quest for effective internal synergies. Through this process of self-analysis, the EAS internal auditors can acquire competence and a dynamic style of leadership, promoting their service and advice function with constant professional updating, developing communication and organisational skills alongside technical ones; awareness of the role and preventive mindset will allow criticalities to be analysed and multiple changes to be governed as well as the growing, future challenges in the field of ecology, environment and safety.

At the end of 2006, the headcount of the group was 11,054 units, with a reduction of 751 as compared with the previous year; the fall was due to the disposal in Luxembourg and Germany of the concrete product division, which involved around 850 employees. On the other hand, workforce expansion was recorded in the Czech Republic and in the Ukraine following the development of the ready-mix concrete sector (90 units). In Mexico, the operation at full capacity of the second line of the new plant and the growth in headcount in the ready-mix concrete sector brought about an increase in the workforce of 42 persons, for the pro-quota pertaining to Buzzi Unicem. In other countries, there were no variations worthy of special note; the level of the production activities, as in 2005, was regular and relations with personnel and with workers organisations continued as normal.

Headcount by region at year end



1	Italy	2,122
2	Germany	1,532
3	Luxembourg	220
4	Poland	401
5	Czech Republic and Slovakia	874
6	Ukraine	1,629
7	Russia	1,519
8	United States of America	2,269
9	Mexico (50 %)	488



1	Italy	2,161
2	Germany	1,968
3	Luxembourg	641
4	Poland	412
5	Czech Republic and Slovakia	783
6	Ukraine	1,620
7	Russia	1,517
8	United States of America	2,246
9	Mexico (50 %)	457

Research and development

Buzzi Unicem devotes special attention to quality controls as well as to research applied to the production, and conducts research and experimentation into process engineering and new products.

The company is represented in the main national and supranational bodies dealing with regulatory compliance and certification. Moreover we are especially active in the production, not only experimentally, of special products to use in the building industry, to be integrated and to support our main products.

In particular, in our research facilities, which consist of three central laboratories in Guidonia, Trino and Wiesbaden (Dyckerhoff), special emphasis has been given to reducing the emission of carbon dioxide by unit of cement, working towards optimising the clinker content and developing innovative products. This is concerned in particular with cements obtained from sulphur-aluminate clinker, with low CO_2 emission, featuring rapid strength development and reduced shrinkage, of which the industrial production for the European market was started (they have already been in our USA catalogue for more than a decade).

The range of special products, thanks to the cooperation with Dyckerhoff, has been further widened with the introduction of cement for injection (Eco T 55), cements for soil stabilization (Lipidur) and micro-fine cement (Mikrodur). Special attention was also given to improve the performance of existing products.

During the course of the year the new central laboratory of the Unical subsidiary was inaugurated within the Settimello (FI) cement plant and equipped with the most up-to-date means of inquiry for concrete and aggregates; this will allow the research activities of the group to integrate even more fully.

Finally, the study activities aimed at experimenting new techniques of analysis and the automation of process control continues: thanks to the interesting results achieved and future prospect, the current cooperation with important Universities in Italy and abroad has been renewed.

Concerning common cements in accordance with UNI EN 197/1 and the quality system, all our cements possess CE marking and Buzzi Unicem has obtained renewal of voluntary certification in accordance with the new version of the UNI EN ISO 9001:2000 quality system rules, also known as “Vision 2000”, in all its Italian plants.

Ecology, environment and safety

Buzzi Unicem celebrates 100 years, not only an anniversary but also a not-to-be-missed opportunity to remember and to confirm the constant commitment toward the continuous improvement in any topics pertaining to health and safety of workers, ecology and respect for nature.

The promotion of the systemic management of these issues and a careful assessment of the relationship between the "environment factor" and the strategic variables of the firm, amply satisfy the awareness and growing need for "sustainable development". Buzzi Unicem, by adopting voluntarily innovative management tools and certification schemes, alongside the annual publication of the Sustainability Report, intends to cherish the eco-efficiency and eco-compatibility of its certified processes and products, in addition to spreading information widely on the achievement of high corporate goals and the effectiveness of the prevention and protection measures adopted, which have also positive impact upon the economic and financial aspects as well as upon commercial results.

In particular, in 2006 a significant improvement in performance indicators, such as the limitation in the number and frequency of accidents, the implementations of containment techniques in the consumption of water resources and non renewable energy sources, the reduction in emissions into the atmosphere by the systematic application of Best Available Techniques was recorded. Above all, the greater use of sub-products with a sufficient caloric content and biogenic fraction, such as animal meals and quality fuels derived from the solid portion of urban waster (CDR) to replace non renewable fossil fuels, makes an important contribution to reduce greenhouse gas emissions in addition to being a safe and consolidated manner of disposal, with excellent guarantees as to protection of the environment. Technical intervention has been implemented both for eliminating sources of widespread dust, with the construction of storage sheds, silos and suitable filtering systems, and to reduce emissions of nitrogen and sulphur oxides from the clinker burning process, with the installation respectively of SNCR (Selective Non Catalytic Reduction) systems, and calcium hydroxide abatement systems. In accordance with the targets formalised in the "Environment and Safety Policy" and in the integrated management system, the periodic auditing activities of the production units have been increased in accordance with the protocols defined by the UNI EN ISO 14001 and OHSAS 18001 international regulations. Finally, the company has planned innovative internal and external communications itineraries which will allow stakeholders to be offered objective and comparable information so as to enhance their involvement and favour clear and capillary awareness of the positive corporate culture.

The modern entrepreneurial and ethical approach of Buzzi Unicem, together with the legitimising of its operations and reliability of the strategic choices, are widely acknowledged and confirmed by the flattering results of the "SAM benchmarking report" on economic, environmental and social sustainability, which places the group at a level of excellence among the firms forming the DJSL, with performance indicators in line with the best in class for the sector.

Outlook

In Italy, volumes are expected to be steady or slightly growing, thanks to the mild weather conditions during the winter just ended. Since production costs inflation has not become stable yet, selling prices recovery should be implemented for 2006 operating results to be confirmed.

In Germany cement sales in excess of those of the last accounting period and a further closing of the price gap with the average Western European levels are expected. The more favourable market situation should translate into an improvement in operating results. In Luxembourg, a solid economic situation concerning the demand for cement is foreseen in the country and in the adjoining zones of influence. Expectations in terms of results are comforting.

Both in the Czech Republic and Poland, the 2007 outlook for the construction sector is optimistic. Poland however offers a greater potential for improvement, thanks to the size of its overall market and the degree of development of the country, which is slightly behind the bordering Czech Republic.

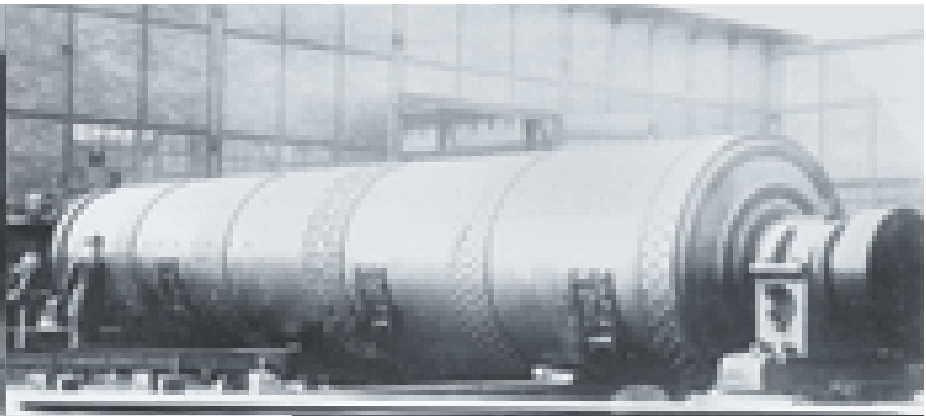
In Russia, being the new production capacity not yet available, growth opportunity will derive from the probable upward movement in prices.

In the Ukraine, the benefits deriving from the structural investment projects initiated in 2007 will not be visible yet; however, the outlook for the building sector in the country is interesting and operating results, in absolute terms, ought to improve.

In the United States, volumes are expected to decline, the extent of which depends on how the real estate market will react (in particular residential building) to the slowdown in the economy. In such a situation, increases in sale prices are not likely to occur whereas the strong pressure on production costs continues. Operating results expressed in dollars will be almost certainly lower by some percentage points compared with the very brilliant ones for 2006.

In Mexico, the consumption of cement is expected to grow and Corporación Moctezuma will profit for the whole year by the second production line available at Cerritos. Assuming an upward movement in prices, it is probable that 2007 will close with operating results no lower in absolute terms than those of 2006, expressed in local currency.

At consolidated level, the outlook for the current year is overall encouraging and consequently the group expects to attain operating results, net of non-recurring items, consistent with the very positive ones posted in 2006.



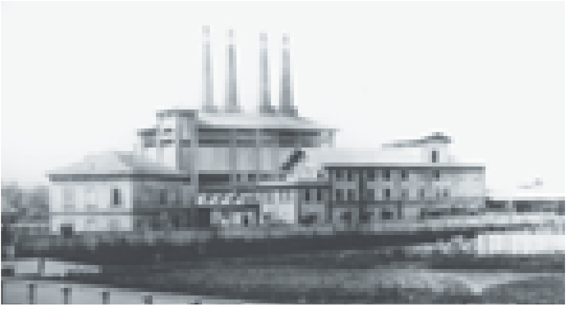




1907–2007

100 years. Our history.

Milestones



The Trino plant

1907
Fratelli Buzzi Snc was founded by Pietro and Antonio Buzzi. Cement production begins at the Trino (VC) plant, which was constructed with an investment of £ 280,000.

1925
Fratelli Buzzi builds the **Casale cement plant**, which is connected to the quarry by an industrial narrow gauge railway that operates from 1920 to 1960.

1940
Pietro Buzzi (1879 – 1940) is replaced upon his death by his son **Luigi**, who has been working in the company since the '30s and who also replaces him in the company's name which becomes Fratelli Buzzi di Antonio e Luigi Buzzi s.n.c.

1948
After surviving the very difficult production conditions during 1940 – 45, **Fratelli Buzzi** is incorporated thus providing the company with a structure that is more suitable for its development needs during the post-war years.

1951
After the death of Antonio Buzzi (1881 – 1951), Luigi leads the company through its transition from the production of natural cement to the production of **artificial cement (Portland)** cement, gradually abandoning the underground excavation of marl in favor of open-pit limestone quarries.

1952 – 1959
The years during which **Trino** and **Casale** cement plants undergo a technological transformation. Situated at this point in the center of town, the Casale plant is equipped with a vertical kiln while the grinding plant is modernized with the installation of an electrostatic filter. Two new Lepol rotary kilns fueled by methane (natural gas) are installed at Trino.

1957
50 years in the words of **Luigi Buzzi**
"A company is not just a complex of buildings and machinery… It has a personality of its own, which is in full development at 50 years of age. At this age, we need to take stock of how far we have come and prepare ourselves for the distance we still have to go."

The production capacity of the Trino and Casale cement plants reaches 300,000 and 100,000 tons/year respectively.

1907 1910 1915 1920 1925 1930

1907
Fratelli Buzzi Snc founded by Pietro and Antonio Buzzi.

1925
Construction of Casale cement plant.

The Robilante plant

1963 – 1965
The **Robilante** cement plant is built near the town of Cuneo, the first plant in Europe equipped with centralised control system, featuring with an initial production capacity of 300,000 tons/year.

1966
The F.lli Buzzi group starts pro duction of **ready-mixed concrete** with the establishment of Plusbeton, followed by the acquisition of Calcestruzzi Torino, Calcestruzzi Genova and Milano shortly thereafter.

The third generation of the family takes over the top management of the company, with **Sandro** as Technical Director, **Franco** as Financial and Commercial Operations Director, **Enrico** as Project Manager and later the Operations Director at Robilante, followed a short while later by **Pier Emanuele**, who is in charge of integrating the cement and concrete sectors. The father, Luigi, thus devotes himself to AITEC (Italian Technical and Economical Cement Association), which he founded in 1959 and serving as the president until 1968.

1970 – 1977
A second line is installed at **Robilante**, bringing the production capacity of the plant to 700,000 tons/year, while the production of expanded clay ARES, used for structural lightweight concretes, is implemented at **Trino**.

1978 – 1982
The process to acquire a few companies that have played an important role on the local cement business such as Cementi Alta Italia, Bargero, Gabba & Miglietta was implemented at Casale.

1979
The group initiates its overseas expansion with the joint venture acquisition of S. Antonio Portland Cement in San Antonio, Texas (USA), and the following construction of the new production line, **"Alamo Cement 1604"**.

1982
In Mexico, a major portion of the equity of **Corporación Moctezuma**, with a plant in Jiutepec – Morelos, is acquired.

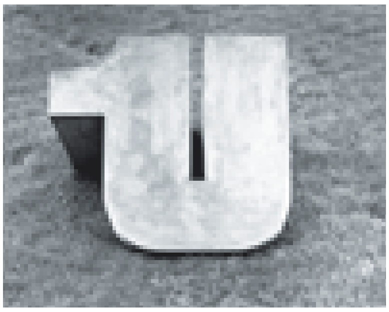
Corporación Moctezuma Jiutepec (Mexico).

1935 1940 1945 1950 1955 1960

1940
Pietro Buzzi (1879 – 1940) is replaced upon his death by his son Luigi.

1951
Transition from the production of natural cement to the production of artificial cement.

1957
Company's 50th anniversary.



The Unicem Logo

1990
Addiment Italia is formed in partnership with Heidelberg Cement in Medolago (BG) operating in the field of specialty chemical products for the construction industry.

1992
Following the deaths of Pier Emanuele Buzzi and the patriarch, Luigi, the **fourth generation** steps into key positions in the company, with Pietro taking over the administrative management of the group and Michele responsible for the ready-mixed concrete sector.

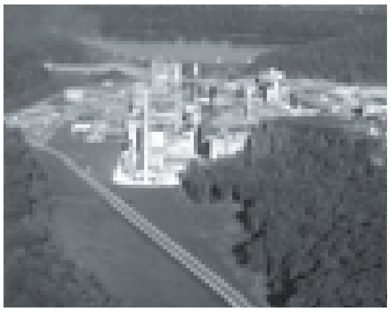
1996
The new, technologically innovative **Tepetzingo** cement plant goes into operation.

1997–1998
An agreement with IFI-IFIL is signed on 12 May for the acquisition of the controlling majority interest in Unicem, second Italian cement producer with presence in the USA. The ready-mixed concrete business operations of both groups are merged into **Unical.**

1999–2000
Buzzi Cementi incorporates Unicem and becomes listed on the Stock Exchange under the name of **Buzzi Unicem**. 13,000 million tons of cement and 7 million cubic meters of concrete per year.

2001
In June, an industrial alliance is reached between **Dyckerhoff AG**, the main German player in the cement field, family and Buzzi Unicem, allowing the latter to acquire 34 % of Dyckerhoff's ordinary capital. Dyckerhoff also operates in the USA and in Eastern Europe.

The Cerritos (Mexico) cement plant.



River, one of the Unicem plants in the USA.

Ready-mix batch plant

1965 1970 1975 1980 1985 1990

1965
Start up of the Robilante plant.

1966
Beginning of ready-mixed concrete production.

1979
Beginning of overseas expansion (San Antonio,Texas, USA).

1982
Entering the Mexican market.

1989
The fourth generation steps into the company.

2002–2003
Through the step acquisition of Dyckerhoff AG, Buzzi Unicem thus achieves the ambitious goal of establishing a presence in 10 countries, subdivided into five large market areas with more than double the size with respect to 1999.

Construction starts at **Cerritos**, a "greenfield" plant producing 2.5 million tons/year in Mexico.

2004
After receiving anti-trust approval from the Federal Trade Commission, the two American companies within the group, RC Cement (Buzzi Unicem)

Buzzi Unicem Headquarter in Casale Monferrato.

and Lonestar (Dyckerhoff), are merged. Operating as **Buzzi Unicem USA**, together with Alamo Cement the new company now counts 11 cement plants and approximately 30 river and railway terminals at its disposal.

After consolidating Dyckerhoff line by line since the beginning of the year, Buzzi Unicem thus increases its sales and production capacity tenfold with respect to 1995, with sales volume of 32 million tons of cement, 15 million cubic meters of concrete and approximately 12,000 employees.

2006
The Board of Directors appoints **Pietro Buzzi**, 45 years, and **Michele Buzzi**, 43 years, as **chief executive officers,** with Pietro in charge of Corporate Finance and Michele heading Operations.

2007
The **centenary** year is ushered in with a voluntary tender offer to the Dyckerhoff minorities allowing Buzzi Unicem to increase its holdings to 96 % of the voting shares and 88 % of the overall capital.

The 2006 books close with sales exceeding 3,000 million euro, an operating margin over 900 million euro, and a net profit over 330 million euro.

The company 100th years anniversary logo

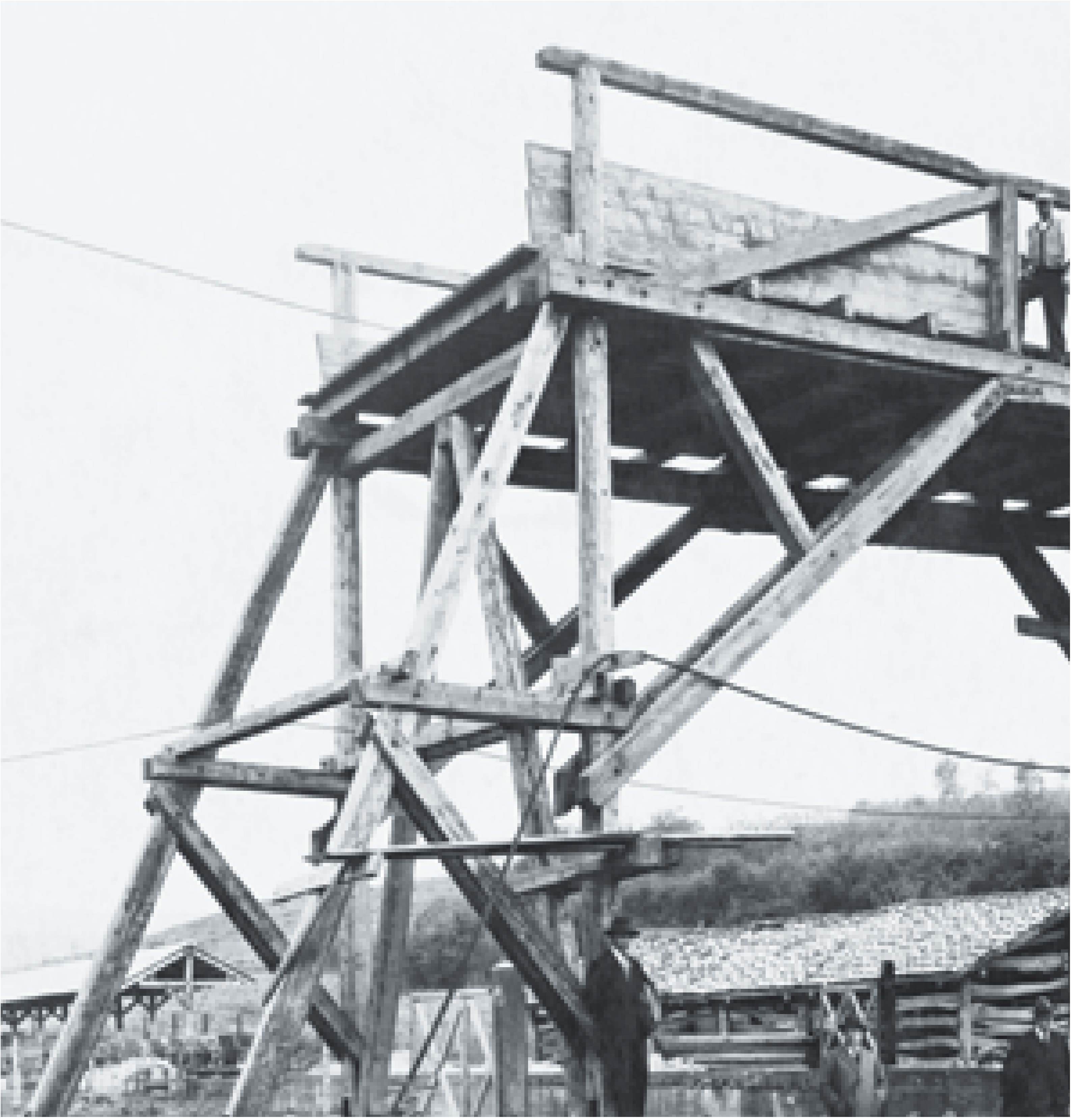
1995 2000 2005 **2007**

2001
Industrial alliance between the Dyckerhoff family and Buzzi Unicem.

2007
100 years of Buzzi Unicem

1999
Buzzi Cementi incorporates Unicem. Listing of Buzzi Unicem on the Stock Exchange.

2006
Pietro and Michele Buzzi become chief executive officers.



CHALLENGE: ENTERING THE THIRD MILLENNIUM

The building of a bridge at the beginning of last century.

Challenge

World consumption of cement has not stopped growing since the last century and in our particular case, to indicate the value of cement sales in our 100th anniversary year we should actually square the total sales of our first year of operation (6,000 tons in 1907).

We believe it will be difficult to project the consumption and evolution of cement during the next few decades, and there are no replacement materials (at the same cost) on the horizon as of now. Furthermore, the marked growth of developing countries should also lead to increased global consumption.

The production cycle is not expected to undergo any drastic changes, rather a continuous evolution that will be dictated not only by the usual technological improvements but also by a strong, shared obligation to fully address environmental concerns during all phases of the production cycle. Optimizing the use of raw materials and combustibles and reducing emissions to the absolute lowest levels technologically possible are both key factors for us in the pursuit of our business activities and remaining competitive. Our company has always been at the forefront in this regard, and we have every intention of continuing to do so.

As far as research is concerned, the recent use of technology and equipment developed for other purposes in cement analysis is leading to a detailed knowledge of our product that was unthinkable a few years ago, with obvious consequences on the overall quality of the usual product and allowing for the development of new applications and uses with specific products. Cement is still a mass consumption product but there is ample room for transforming potential market niches into relevant business areas in the future.

In a world where rapid, sudden change is the norm, we still want to maintain our traditional, long-term vision of the business, a key element to our success in the past and, we believe, in the future, steering clear of anything that is not strictly necessary to its core but remaining focused, agile and flexible in order to seize new opportunities.

We intend to further strengthen our international, multiregional organization, in which the local management in all the countries where we are present plays a vital role, through increased integration and greater participation in our strategy and in an environment of appreciation and respect in which everyone can feel that they are contributing to the results of the company.

CHALLENGE

In a world where rapid, sudden change is the norm, we still want to maintain our traditional, long-term vision of the company.

Financial Information
year 2006

CONTENTS

Consolidated Balance Sheet

	Note	Dec. 31, 2006	Dec. 31, 2005
thousands of euro			
Assets			
Non-current assets			
Goodwill	7	540,350	543,722
Other intangible assets	7	5,765	5,672
Property, plant and equipment	8	2,876,099	3,135,400
Investment property	9	13,997	7,759
Investments in associates	10	157,111	180,344
Available-for-sale financial assets	11	5,223	5,135
Deferred income tax assets	26	61,443	117,449
Derivative financial instruments	12	192	537
Other non-current assets	13	104,036	114,969
		3,764,216	**4,110,987**
Current assets			
Inventories	14	290,839	296,050
Trade receivables	15	549,610	500,582
Other receivables	16	67,628	97,892
Derivative financial instruments	12	848	3,200
Available-for-sale financial assets	11	192,570	154,360
Cash and cash equivalents	17	514,798	360,056
		1,616,293	**1,412,140**
Total Assets		**5,380,509**	**5,523,127**
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	18	123,209	118,270
Share premium	19	452,885	375,932
Other reserves	20	305,160	526,569
Retained earnings	21	1,221,430	880,631
Treasury shares	18	(3,269)	(17,507)
		2,099,415	**1,883,895**
Minority interest	22	**325,966**	**346,225**
Total Equity		**2,425,381**	**2,230,120**
Liabilities			
Non-current liabilities			
Long-term debt	23	1,140,098	1,434,773
Derivative financial instruments	12	5,000	11,308
Employee benefits	24	319,982	341,495
Provisions for liabilities and charges	25	242,752	232,019
Deferred income tax liabilities	26	505,354	587,309
Other non-current liabilities	27	12,689	10,903
		2,225,875	**2,617,807**
Current liabilities			
Current portion of long-term debt	23	35,318	20,813
Bank overdrafts and borrowings	23	52,991	69,758
Trade payables	28	311,298	281,254
Income tax payables	29	120,476	111,866
Derivative financial instruments	12	78,330	30,077
Other payables	30	130,840	161,432
		729,253	**675,200**
Total Liabilities		**2,955,128**	**3,293,007**
Total Equity and Liabilities		**5,380,509**	**5,523,127**

Consolidated Income Statement

	Note	2006	2005
thousands of euro			
Net sales	31	**3,204,995**	**2,951,436**
Changes in inventories of finished goods and work in progress		12,794	217
Other operating income	32	120,486	97,670
Gains on disposal of investments	33	9,719	49,342
Raw materials, supplies and consumables	34	1,236,521	1,131,120
Services	35	684,558	648,958
Staff costs	36	399,281	418,935
Other operating expenses	37	96,554	98,891
Operating cash flow (EBITDA)		**931,080**	**800,761**
Depreciation, amortization and impairment charges	38	203,170	226,160
Operating profit (EBIT)		**727,910**	**574,601**
Net finance costs	39	(44,667)	(156,498)
Equity in earnings of associates	40	(24,528)	(5,274)
Profit before tax		**658,715**	**412,829**
Income tax expense	41	(241,191)	(117,782)
Net profit		**417,524**	**295,047**
Attributable to:			
Equity holders of the Company		349,837	255,586
Minority interest		67,687	39,461
euro			
Earnings per share	42		
basic			
ordinary		1.77	1.31
savings		1.79	1.33
diluted			
ordinary		1.71	1.27
savings		1.74	1.29

Consolidated Cash Flow Statement

	2006	2005
thousands of euro		
Cash flows from operating activities		
Net profit	417,524	295,047
Depreciation, amortization and impairment charges	203,170	226,160
Equity in earnings of associates	24,528	5,274
Gains on disposal of fixed assets	(21,803)	(51,087)
Deferred income taxes	41,159	(29,778)
Employee share grants expense	989	917
Net change in provisions and employee benefits	(4,615)	(27,835)
Changes in working capital	(64,875)	5,931
Net cash provided by operating activities	**596,077**	**424,629**
Cash flows from investing activities		
Purchase of intangible assets	(2,460)	(2,330)
Purchase of property, plant and equipment	(188,207)	(193,274)
Purchase of equity investments	(63,323)	(47,424)
Proceeds from sale of fixed assets	19,315	14,446
Proceeds from sale of equity investments	26,084	82,427
Capital grants received	836	1,051
Dividends received from associates	9,583	8,558
Changes in financial assets and liabilities	23,171	(382,260)
Changes in available-for-sale financial assets	(54,268)	16,418
Net cash used in investing activities	**(229,269)**	**(502,388)**
Cash flows from financing activities		
Proceeds from long-term debt	1,023	1,170
Principal payments on long-term debt	(119,460)	(255,641)
Net change in bank overdrafts and borrowings	(2,088)	378
Sale (purchase) of treasury shares	29,838	(366)
Dividens paid to equity holders of the Company	(63,513)	(57,512)
Dividends paid to minority interest	(27,673)	(9,364)
Net cash provided used in financing activities	**(181,873)**	**(321,335)**
Increase (decrease) in cash and cash equivalents	**184,935**	**(399,094)**
Cash and cash equivalents at beginning of year	**360,056**	**732,097**
Increase (decrease) in cash and cash equivalents	184,935	(399,094)
Translation differences	(27,725)	28,523
Change in scope of consolidation	(2,468)	(1,470)
Cash and cash equivalents at end of year	**514,798**	**360,056**
Supplemental cash flow information		
Interest paid	90,633	109,684
Interest received	35,001	24,077
Income taxes paid	153,969	191,501

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company							
	Share capital	Share premium	Other reserves	Retained earnings	Treasury shares	Total	Minority interest	Total Equity
thousands of euro								
Balance as of January 1, 2005	**117,490**	**365,081**	**253,607**	**747,838**	**(17,140)**	**1,466,876**	**287,371**	**1,754,247**
Income and expenses recognized directly in equity:								
Currency translation differences	–	–	204,724	–	–	204,724	38,723	**243,447**
Application of IAS 32 and 39	–	–	–	2,012	–	2,012	468	**2,480**
Shares granted to employees	–	–	–	917	–	917	–	**917**
Net profit	–	–	–	255,586	–	255,586	39,461	**295,047**
Conversion of bonds	693	10,851	–	–	–	11,544	–	**11,544**
Dividends paid	–	–	–	(57,512)	–	(57,512)	(9,364)	**(66,876)**
Other changes	87	–	68,238	(68,210)	(367)	(252)	(10,434)	**(10,686)**
Balance as of December 31, 2005	**118,270**	**375,932**	**526,569**	**880,631**	**(17,507)**	**1,883,895**	**346,225**	**2,230,120**
Income and expenses recognized directly in equity:								
Currency translation differences	–	–	(159,827)	–	–	(159,827)	(25,891)	**(185,718)**
Application of IAS 32 and 39	–	–	–	475	–	475	130	**605**
Gains on disposal of treasury shares	–	–	–	10,678	–	10,678	–	**10,678**
Shares granted to employees	–	–	–	623	366	989	–	**989**
Net profit	–	–	–	349,837	–	349,837	67,687	**417,524**
Conversion of bonds	4,912	76,953	–	–	–	81,865	–	**81,865**
Dividends paid	–	–	–	(63,513)	–	(63,513)	(27,673)	**(91,186)**
Buyout of minorities	–	–	–	(19,273)	–	(19,273)	(33,904)	**(53,177)**
Other changes	27	–	(61,582)	61,972	13,872	14,289	(608)	**13,681**
Balance as of December 31, 2006	**123,209**	**452,885**	**305,160**	**1,221,430**	**(3,269)**	**2,099,415**	**325,966**	**2,425,381**

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 29 March 2007.

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 of Buzzi Unicem SpA have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission. The definition of IFRS also encompasses all valid International Accounting Standards (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. The information required by IFRS 1 First-time Adoption of International Financial Reporting Standards on the effects of transition to IFRS was included in the Appendix to the consolidated financial statements at 31 December 2005, to which reference should be made.

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 statement adoption of the indirect method. Where necessary, comparability of content entails a restatement of the prior year amounts.

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 group'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. The allowances allocated to Buzzi Unicem's manufacturing units outside Italy are in excess of the emissions foreseen in the near future; also the emissions produced by the Italian cement plants are expected not to exceed the rights allocated by the national plan for the first phase of the EU Emissions Trading Scheme (2005–2007).

Standards, amendments and interpretations effective in 2006

- IAS 19 (Amendment), Employee Benefits. This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It also provides guidance on allocating the cost of a multi-employer defined benefit plan to the entities in the group. 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 only impacts the format and extent of disclosures presented in the accounts.
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions. The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the group's operations, as Buzzi Unicem normally does not have any intragroup transactions that would qualify as a hedged item.

- IAS 39 (Amendment), The Fair Value Option. 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. This amendment does not have a significant impact on the classification of financial instruments, as the group is 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. Under IAS 39 as amended, financial guarantee contracts are initially recognized at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with IAS 37 and (b) the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with IAS 18. No significant effect arose on applying the amendment.
- IFRS 6, Exploration for and Evaluation of Mineral Resources. Following the adoption of the standard Buzzi Unicem continues to use existing accounting policies for extracting activities, which entail recognizing all exploration and evaluation expenditures in profit or loss as incurred.
- IFRIC 4, Determining whether an Arrangement contains a Lease. It requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. No significant effect arose from the adoption of this interpretation.
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds. IFRIC 5 is not relevant to the group's operations.

Standards, amendments and interpretations that are not yet effective and have not been early adopted

- 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.
- IFRS 8, Operating Segments (effective on 1 January 2009 and will replace IAS 14, Segment Reporting from that date). The new standard requires the information provided in segment reporting to be based upon the components of the entity that management uses to make decisions about operational matters. The standard requires these operating segments to be identified on the basis of internal reports that are regularly reviewed by an entity's management in order to allocate

resources to the segment and assess its performance. The group is currently assessing any impact that the adoption of this new standard may have on the financial statements.

- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006). As none of the consolidated entities have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the group's operations.
- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006). The amendment clarifies that IFRS 2 applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration.
- IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006). IFRIC 9 clarifies certain aspects of the treatment of embedded derivatives under IAS 39.

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.

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 consolidated and are valued at cost less any provision for impairment.

Transactions and minority interests

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 transactions, 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. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity as long as control continues to exist.

Minority interests in fully consolidated partnerships are included with the caption Other non-current liabilities.

Joint ventures

Jointly controlled entities are accounted for using the proportionate consolidation method. In its financial statements, the group combines the joint ventures' assets, liabilities, income and expenses with similar items, on a line-by-line basis according to its share of economic ownership or ownership of the controlling interest.

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 usually 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 identified on acquisition, net of any accumulated impairment loss. Accounting policies of associates have been adjusted where necessary to ensure consistency with those adopted by the group.

Those associates organized as partnerships are classified as puttable instruments and thus carried at fair value or, alternatively, at cost when the fair value cannot be reliably determined due to insufficient marketability of the ownership interest.

Associates either dormant or immaterial, both from an investment point of view and in terms of their net equity and results, are valued at cost less any provision for impairment.

Investments in other companies
Other corporations or partnerships, normally not listed companies below 20 % ownership, are carried at fair value (available-for-sale financial assets), 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. Impairment losses recognized in the income statement on available-for-sale equity instruments are not reversed through the income statement.

Those unlisted investments 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 rates of exchange ruling at the balance sheet date and income statement figures at the average exchange rates for the year. 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:

	Year-end		Average	
	2006	2005	2006	2005
euro 1 =				
Currency				
US Dollar	1.3170	1.1797	1.2556	1.2441
Mexican Peso	14.2937	12.5752	13.6943	13.5600
Danish Kroner	7.4560	7.4605	7.4591	7.4519
Czech Koruna	27.4850	29.0000	28.3417	29.7820
Slovakian Koruna	34.4350	37.8800	37.2341	38.5989
Ukrainian Hryvnia	6.6462	5.9575	6.3282	6.3559
Russian Ruble	34.6800	33.9200	34.1117	35.1860
Polish Zloty	3.8310	3.8600	3.8959	4.0230
Hungarian Forint	251.7700	252.8700	264.2630	248.0540

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 trademarks, licences and computer 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.

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

Mining rights are amortized in the ratio of quarried volumes to available mineral reserves under concession.

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. Subsequent costs are capitalized or recognized as a separate asset, as appropriate, only when future economic benefits will flow to the group. The carrying amount of the replaced part is derecognized. 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 the ratio of the quarried material during the period to extractable minerals.

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 non-financial 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.

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 asset belongs.

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.

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 are financial assets held for trading. A financial asset is classified in this category if acquired mainly for the purpose of selling in the short term. Derivatives are categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

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 or loss and financial assets available-for-sale are initially recognized and subsequently carried at fair value. Loans and receivables 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 impairment losses, interest calculated using the effective interest method 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.

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 financial instruments

The group employs derivative contracts only 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 instruments, 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 stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes all expenditures incurred in acquiring the inventories and bringing them to their present location and condition. In the case of finished goods and work in progress, cost includes direct materials, direct labor, other direct costs and attributable production overhead based on normal operating capacity; it excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

2.12 Trade receivables and payables

Trade receivables and payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

A provision for impairment of trade receivables 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 carrying amount of the asset is reduced through the use of an allowance account. The allowance covers collection risks, calculated on individual doubtful accounts, as well as on the basis of past experience and the level of solvency of debtors or classes of debtors.

2.13 Cash and cash equivalents

They include cash on hand, deposits held at call with banks and highly liquid investments with original maturities of three months or less, which 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 or disposed of. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Where such shares are subsequently reissued, the consideration received, net of the related income tax effects, is recognized in equity attributable to equity holders of the company.

2.15 Debt and borrowings

They include financial debt, bonds and notes payable. 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 twelve months after the balance sheet date.

2.16 Income tax

Taxes on income are recognized in the income statement except to the extent that they relate to items directly charged or credited to equity, in which case the related income tax effect is recognized in equity too. 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 tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit (loss). 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

Pension plans

The companies of the group operate several defined benefit and/or defined contribution pension schemes.

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 unrecognized actuarial gains or losses and past service cost. The defined benefit obligation and the service cost are calculated annually by independent qualified 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). The expense related to the reversal of discounting pension liabilities for defined benefit plans are reported separately within finance costs. All other expenses associated with pension plans are allocated to staff costs.

Other post-employment benefits

Post-retirement life insurance and health coverage plan, as well as the Italian employee severance indemnities (TFR), are considered defined benefit programs. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as for defined benefit pension plans.

Share-based compensation

The company 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 group 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.

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.

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.

2.19 Revenue recognition

Buzzi Unicem recognizes revenue when it is probable that future economic benefits will flow to the entity and the amount of revenue can be reliably measured. 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 a significant portion of 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. A central treasury department carries out risk management and identifies, evaluates and possibly hedges financial risks in close co-operation with the group's operating units.

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 and services 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.

As the group has no significant interest-bearing assets, income and operating cash flows are substantially independent of changes in market interest rates. 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 (about 60 % fixed and 40 % floating). 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. Accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions concerning the future 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. The estimates and assumptions that can have a significant effect on the carrying amounts of assets and liabilities include impairment of assets, income taxes, employee benefits, inventory obsolescence, allowance for doubtful accounts, other provisions and contingencies. Estimates are reviewed continually according to management's best knowledge of the business and other factors reasonably assumed under the current circumstances.

5. Scope of consolidation

The consolidated financial statements as of 31 December 2006 include the company and 95 consolidated subsidiaries. The total number of consolidated subsidiaries decreased by 23 compared with that at the end of the previous year. Excluded from consolidation are 42 subsidiaries that are either dormant or immaterial. Several mergers occurred during the year, particularly within Dyckerhoff, to continue streamline and simplify the organizational structure and without any effect on the consolidated financial statements.

The following main acquisitions were made in 2006, which relate to the purchase of minority interests where control already existed:

- in the months of May, June and September Buzzi Unicem acquired a total of no. 764,120 common shares of Dyckerhoff AG, taking its holding from 76.7 % to 78.6 % of the share capital (from 91.2 % to 94.9 % of voting capital);
- by the end of the year Unical acquired the 30 % minority stake of Betonval SpA, already a 70 % owned subsidiary operating in the ready-mix concrete business in Tuscany; at the same time Buzzi Unicem sold to its party in the deal (SACCI SpA) five lines of business for the production of ready-mix concrete with operations in Tuscany and Marche region.

The following disposals of investments were made during 2006:

- Dyckerhoff sold 80 % of Eurobeton, a group based in Luxembourg and operating in the business of concrete products; the remaining 20 % investment is now valued at equity.
- Dyckerhoff sold the subsidiary Rhebau (Rheinische Beton und Bauindustrie), a German group operating in the field of concrete products too.
- Dyckerhoff sold its holding (approx. 50 %) in Betonbau, a group operating in Germany in the prefab industry and previously consolidated by the proportionate method.

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

Dyckerhoff holds a 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.

thousands of euro	Italy	USA	Mexico	Western Europe	Eastern Europe	Elimin.	Total
2006							
Net sales	1,003,936	925,069	196,972	556,417	523,838	(1,237)	3,204,995
Operating cash flow (EBITDA)	235,824	322,471	92,826	116,174	163,785	–	931,080
Depreciation and amortization	(49,359)	(67,284)	(13,150)	(44,800)	(26,380)	–	(200,973)
Impairment charges	(233)	–	–	(1,964)	–	–	(2,197)
Operating profit (EBIT)	186,232	255,187	79,676	69,410	137,405	–	727,910

thousands of euro	Italy	USA	Mexico	Western Europe	Eastern Europe	Elimin.	Total
2005							
Net sales	939,634	834,805	163,029	625,009	389,659	(700)	2,951,436
Operating cash flow (EBITDA)	239,840	283,492	76,096	80,960	120,373	–	800,761
Depreciation and amortization	(49,588)	(65,410)	(11,029)	(54,370)	(24,382)	–	(204,779)
Impairment charges	(903)	–	–	(20,478)	–	–	(21,381)
Operating profit (EBIT)	189,349	218,082	65,067	6,112	95,991	–	574,601

thousands of euro	Italy	USA	Mexico	Western Europe	Eastern Europe	Total
31 December 2006						
Segment operating assets	917,846	1,796,107	210,986	807,264	716,121	4,448,324
Reconciliation to enterprise assets as reported in the consolidated balance sheet						
Investments in associates						157,111
Derivative financial instruments (non-current and current)						1,040
Deferred income tax assets						70,252
Available for sale financial assets (non-current and current)						197,793
Cash and cash equivalents						514,798
Total assets as reported						**5,389,318**
Segment operating liabilities	288,443	168,638	8,752	501,039	50,689	1,017,561
Reconciliation to enterprise liabilities as reported in the consolidated balance sheet						
Long-term debt (including current portion)						1,175,416
Bank overdrafts and borrowings						52,991
Derivative financial instruments (non-current and current)						83,330
Income tax liabilities (current and deferred)						634,639
Total liabilities as reported						**2,963,937**
Capital expenditures	99,984	77,464	14,000	32,747	29,795	253,990

	Italy	USA	Mexico	Western Europe	Eastern Europe	Total
thousands of euro						
31 December 2005						
Segment operating assets	920,535	1,949,773	231,110	909,185	691,443	4,702,046
Reconciliation to enterprise assets as reported in the consolidated balance sheet						
Investments in associates						180,344
Derivative financial instruments (non-current and current)						3,737
Deferred income tax assets						117,449
Available for sale financial assets (non-current and current)						159,495
Cash and cash equivalents						360,056
Total assets as reported						**5,523,127**
Segment operating liabilities	268,820	176,935	12,501	528,944	39,903	1,027,103
Reconciliation to enterprise liabilities as reported in the consolidated balance sheet						
Long-term debt (including current portion)						1,455,586
Bank overdrafts and borrowings						69,758
Derivative financial instruments (non-current and current)						41,385
Income tax liabilities (current and deferred)						699,175
Total liabilities as reported						**3,293,007**
Capital expenditures	54,788	67,758	31,327	57,267	31,888	243,028

Secondary reporting format – business segments
The secondary basis of segmentation is by line of business: cement and clinker, ready-mix concrete and aggregates, other related activities (transportation, 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.

	Cement and clinker	Ready-mix concrete and aggregates	Other related activities	Total
thousands of euro				
2006				
Net sales	2,061,223	1,126,485	17,287	3,204,995
31 December 2006				
Segment operating assets	3,801,744	625,490	21,090	4,448,324
Capital expenditures	187,644	66,294	52	253,990

	Cement and clinker	Ready-mix concrete and aggregates	Other related activities	Total
thousands of euro				
2005				
Net sales	1,844,052	1,091,414	15,970	2,951,436
31 December 2005				
Segment operating assets	3,987,483	694,828	19,735	4,702,046
Capital expenditures	193,983	48,899	146	243,028

7. Goodwill and Other intangible assets

		Other intangible assets			
	Goodwill	Industrial patents, licenses and similar rights	Assets in progress and advances	Others	Total
thousands of euro					
Net book amount at 1 January 2005	540,025	2,227	47	1,100	3,374
Year ended 31 December 2005					
Translation differences	1,031	(9)	–	191	182
Amortization and impairment charges	–	(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 December 2005	**543,722**	**4,618**	**57**	**997**	**5,672**
Year ended 31 December 2006					
Translation differences	122	(55)	–	(114)	(169)
Amortization and impairment charges	–	(1,660)	–	(339)	(1,999)
Additions	–	2,102	–	358	2,460
Change in scope of consolidation	(1,599)	(76)	–	–	(76)
Reclassifications	–	(71)	–	71	–
Disposals and other	(1,895)	(115)	(2)	(6)	(123)
Net book amount at 31 December 2006	**540,350**	**4,743**	**55**	**967**	**5,765**

At 31 December 2006, the item Industrial patents, licenses and similar rights is made up of mining rights (€ 1,225 thousand), industrial patents (€ 1,392 thousand), application software for plant and office automation (€ 1,881 thousand) and industrial licenses (€ 245 thousand).

Goodwill and impairment test

Goodwill at 31 December 2006 amounts to € 540,350 thousand and is broken-down as follows:

- € 458,355 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;
- € 26,078 thousand regarding other companies operating in Italy and abroad, mainly in the ready-mix 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 (8.09 % and 10.29 % average respectively for Western Europe and Eastern Europe, 7.52 % for the Italian units and 8.68 % for the United States of America),
- 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 (3 – 5 years), 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 2006.

8. Property, plant and equipment

thousands of euro	Land and buildings	Plant and machinery	Industrial and commercial equip.	Assets in progress and advances	Other	Total
At 1 January 2005						
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 and impairment charges	(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**
Year ended 31 December 2006						
Opening net book amount	1,669,772	1,207,046	106,145	125,280	27,157	3,135,400
Translation differences	(128,199)	(52,609)	(10,652)	(1,046)	(2,008)	(194,514)
Depreciation and impairment charges	(40,791)	(130,291)	(22,776)	–	(5,116)	(198,974)
Reclassifications	15,422	65,596	30,727	(119,134)	1,206	(6,183)
Additions	12,042	50,965	14,644	103,526	7,030	188,207
Change in scope of consolidation	(21,480)	(6,736)	(3,301)	(1,697)	(753)	(33,967)
Disposals and other	(6,893)	(3,912)	(2,278)	(645)	(172)	(13,870)
Closing net book amount	**1,499,903**	**1,130,059**	**112,509**	**106,284**	**27,344**	**2,876,099**
At 31 December 2006						
Cost/deemed cost	2,160,720	3,389,129	297,650	106,284	104,302	6,058,085
Accumulated depreciation	(660,817)	(2,259,070)	(185,141)	–	(76,958)	(3,181,986)
Net book amount	**1,499,903**	**1,130,059**	**112,509**	**106,284**	**27,344**	**2,876,099**

The changes in scope of consolidation of the year 2006 are mainly driven by the exit of some companies that belonged to the Dyckerhoff domain, like Betonbau and Rhebau in Germany as well as Eurobeton in Luxembourg (in 2005 exit of Glens Falls Lehigh Cement Company, operating in the USA).

Real guarantees on assets of consolidated companies are represented by mortgages and liens on property, plant and equipment and amount to €5,165 thousand at 31 December 2006 (2005: €5,321 thousand; see also Note 23).

Rent expenses amounting to € 33,986 thousand (2005: € 30,612 thousand) relating to the operating lease of property and machinery are included in the income statement among Services (Note 35).

9. Investment property

The caption shows an increase from € 7,759 thousand to € 13,997 thousand, primarily due to reclassifications. It is carried at cost, which is representative of the fair value of the assets at 31 December 2006.

thousands of euro	2006	2005
Beginning of year	7,759	9,613
Translation differences	(105)	85
Reclassifications	6,183	(2,035)
Change in scope of consolidation	–	–
Disposals and other	160	96
End of year	**13,997**	**7,759**

Rental income in 2006 amounted to € 5,850 thousand, in line with the 2005 amount (Note 32).

10. Investments in associates

thousands of euro	2006	2005
Accounted for using the equity method	117,509	142,431
Valued at fair value (puttable instruments)	34,245	30,663
Valued at cost	5,357	7,250
	157,111	**180,344**

As summarized in the table below, compared to the prior year the caption decreased by € 23,233 thousand, mainly due to the additional capitalization of Houston Cement Co. (€ 6,854 thousand) and the write-down of the Dutch group NCD (€ 25,519 thousand).

thousands of euro	2006	2005
Beginning of year	180,344	155,307
Translation differences	(5,976)	6,303
Acquisitions	8,466	31,201
Changes in fair value recognized in equity	595	1,895
Equity in earnings	(24,528)	(5,274)
Disposals and other	(1,790)	(9,088)
End of year	**157,111**	**180,344**

The main equity investments in associates valued by the equity method and at cost are detailed as follows:

thousands of euro	Registered office	Book value	% of direct ownership	% of indirect ownership
Kosmos Cement Company	Louisville US	38,972		25.0
NCD Nederlandse Cement Deelnemingsmaatschappij B.V.	Nieuwegein NL	18,403		55.6
Houston Cement Company LP	Houston US	14,514		20.0
Laterlite S.p.A.	Solignano IT	10,739	30.0	
Cementi Moccia S.p.A.	Napoli IT	9,928	50.0	
Bétons Feidt S.A.	Luxembourg LU	5,560		30.0
Eurobeton Holding S.A.	Sennigerberg LU	3,850		20.1
S.A. des Bétons Frais	Schifflange LU	2,718		41.0
Siefic Calcestruzzi S.r.l.	Isernia IT	2,256		50.0
Technobeton S.r.l.	Riva del Garda IT	2,237	45.0	
NCH Nederlandse Cement Handelmaatschappij B.V. i.L.	Nieuwegein NL	1,664		38.4
Premix S.p.A.	Melilli IT	1,549	40.0	
E.L.M.A. S.r.l.	Sinalunga IT	1,305		50.0
Ciments de Balears, S.A.	Palma de Mallorca ES	1,156	35.0	
Cave Alto Santerno S.r.l.	Calenzano IT	652		49.0
Normensand GmbH	Beckum DE	593		38.0
Transass S.A.	Schifflange LU	535		41.0
S.A.F.I. S.r.l.	Mezzana Bigli IT	533		33.3
Cobéton S.A.	Differdange LU	398		33.3
Beton Union Ruhr-Lenne GmbH & Co. KG	Iserlohn DE	332		50.0
Transportbeton- und Mörtelwerk Bochum GmbH & Co. KG i.L.	Bochum DE	322		50.0
Albenga Calcestruzzi Srl	Albenga IT	303		50.0
EKO ZAPA beton, a.s.	Praha CZ	293		50.0
André Frères et Broos S.A.	Saint Mard BE	262		30.0
Niemeier Beton GmbH & Co. KG	Diepholz DE	256		33.3
Other < 250,000 euro		3,536		
		122,866		

The equity investments in associates valued at fair value (puttable instruments) are detailed as follows:

thousands of euro	Registered office	Book value	% of direct ownership	% of indirect ownership
Sievert AG & Co. KG	Osnabrück DE	14,995		32.5
quick-mix Holding GmbH & Co. KG	Osnabrück DE	14,908		34.0
sibobeton Osnabrück GmbH & Co. KG	Osnabrück DE	2,354		23.3
TRAMIRA – Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	1,988		50.0
		34,245		

11. Available-for-sale financial assets

The non-current portion refers to the investments in unconsolidated subsidiaries and other companies.

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

	2006	2005
thousands of euro		
Listed securities	75,663	93,683
Unlisted securities	82,158	60,677
Other (primarily certificates of deposit)	34,749	–
	192,570	**154,360**

The current portion of available-for-sale financial assets is denominated in the following currencies:

	2006	2005
thousands of euro		
Euro	10,214	7,861
US Dollar	160,147	121,256
Mexican Peso	22,209	25,243
	192,570	**154,360**

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.

	2006		2005	
	Assets	Liabilities	Assets	Liabilities
thousands of euro				
Non-current				
Fair value hedges	192	–	–	–
Cash flow hedges	–	–	–	–
Not designated as hedges	–	–	537	1,008
Options on equity investments	–	5,000	–	10,300
	192	**5,000**	**537**	**11,308**
Current				
Fair value hedges	665	–	–	–
Cash flow hedges	11	4,103	47	28
Not designated as hedges	172	74,227	3,153	30,049
	848	**78,330**	**3,200**	**30,077**

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 € 74,133 thousand at 31 December 2006 (€ 28,959 thousand at closing 2005).

At end of year, the options on equity investments include a put agreement on a 15.1 % share of our associates Sievert AG & Co. KG and a corresponding call agreement on a 20.0 % stake of the same company. The strike price of both options has been computed under certain assumptions at € 12,000 thousand. The options cannot be exercised earlier than 31 December 2008.

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

	2006		2005	
	Notional	Fair value	Notional	Fair value
thousands of euro				
Interest rate swaps	137,878	255	202,043	224
Cross currency swaps	387,866	(54,937)	332,635	(22,947)
Forward foreign exchange, thereof:	358,724	(22,717)	476,517	(4,683)
Currency options	–	–	1,513	27
Interest rate options (cap)	5,000	109	5,000	58
Take over commitments of shares (put)	19,416	(5,000)	36,919	(10,300)
Take over options of shares (call)	12,000	–	28,508	–

Some third parties and managers have an obligation to sell Dyckerhoff their minority interest (25.5 %) in the subsidiary OAO Sucholoshzement. The total commitment for the company amounts to € 7,416 thousand, spread over the years 2007 – 2017. No liability arises from this forward contract.

During 2006, the changes in the fair value of derivative financial instruments recognized in equity and in the income statement are respectively positive for € 475 thousand and negative for € 50,474 thousand.

13. Other non-current assets

	2006	2005
thousands of euro		
Advances on acquisition of equity investments	7,216	–
Receivables from associates	9,025	7,705
Tax receivables	32,930	4,501
Receivables from sale of equity investments	6,622	48,500
Advances to suppliers	11,667	11,667
Receivables from personnel	2,744	1,987
Loans to customers	3,087	4,516
Guarantee deposits	17,009	11,493
Other	13,736	24,600
	104,036	**114,969**

The advances on acquisition of equity investments refer to the Dutch investment NTM, within the reorganization of NCD group.

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

Tax receivables remarkably increases by virtue of the booking at present value of the corporate tax credit in Germany, which became finally collectable and will be cashed-in over a period of 10 years starting from 2008 (Note 41).

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 € 2,172 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.

Receivables from sale of equity investments decrease as a result of the cashing-in of the purchase price referred to the sale of the finishing products division, effected by Dyckerhoff at the end of 2001.

The item other include loans to third parties for a total amount of € 8,220 thousand, which are adequately secured.

14. Inventories

thousands of euro	2006	2005
Raw materials, supplies and consumables	173,904	179,272
Work in progress	48,939	51,979
Finished goods and goods for resale	66,557	62,570
Advances	1,439	2,229
	290,839	**296,050**

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 € 11,901 thousand (2005: € 12,736 thousand). Write-down of inventories recognized as an expense during the year is € 900 thousand.

15. Trade receivables

thousands of euro	2006	2005
Trade receivables	563,768	516,662
Less: Allowance for doubtful accounts	(30,764)	(30,895)
Trade receivables, net	**533,004**	**485,767**
Other trade receivables:		
From unconsolidated subsidiaries	10	23
From associates	16,590	14,792
From parent companies	6	–
	549,610	**500,582**

The increase by € 47,237 thousand of net receivables from customers is attributable, on the one hand, to the normal trend in operating flows and on the other, to the devaluation of the dollar 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 carrying amount of trade receivables is considered in line with their fair value at the date.

16. Other receivables

thousands of euro	2006	2005
Tax receivables	26,524	58,721
Receivables from social security institutions	308	283
Receivables from unconsolidated subsidiaries and associates	211	1,676
Receivables from suppliers	4,436	2,095
Receivables from personnel	729	811
Accrued income and prepaid expenses	15,655	12,151
Other	19,765	22,155
	67,628	**97,892**

Tax receivables mainly include income tax payments in advance.

Accrued income total € 2,216 thousand (2005: € 2,070 thousand) and is made up primarily of interest income on marketable securities and time deposits. Prepaid expenses amount to € 13,439 thousand (2005: € 10,081 thousand) relating to operating expenses pertaining to the following period.

The item other consists of sundry items, among which interest bearing loans to third parties for € 90 thousand (2005: € 4,238 thousand).

17. Cash and cash equivalents

thousands of euro	2006	2005
Cash at banks and in hand	453,218	312,006
Short-term deposits	61,580	48,050
	514,798	**360,056**

Foreign operating companies hold about 72 % of the balance. At the closing date, short-term deposits and securities earn interest at about 4.7 % on average (4.0 % in 2005): yield in euro is around 3.6 %, in dollars 5.2 % and in Mexican pesos 7.1 %. 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 central finance function, to ensure an efficient and effective management of the resources generated and/or of the financial needs.

Cash and equivalents are denominated in the following currencies:

	2006	2005
thousands of euro		
Euro	315,334	182,410
US Dollar	121,674	136,468
Mexican Peso	3,659	3,163
Other currencies	74,131	38,015
	514,798	**360,056**

18. Share capital

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

	2006	2005
number of shares		
Shares issued and fully paid		
Ordinary shares	164,730,937	156,544,476
Savings shares	40,617,554	40,573,014
	205,348,491	**197,117,490**
Share capital (thousands of euro)	123,209	118,270

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.

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.

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 2006 is the following:

	Ordinary	Savings	Total
number of shares			
At 1 January 2006			
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**
Year ended 31 December 2006			
Conversion of bonds	8,186,461	–	8,186,461
Employee share grant scheme	–	88,740	88,740
Sale of treasury shares	1,600,000	–	1,600,000
Closing shares outstanding	**164,353,937**	**40,617,554**	**204,971,491**
At 31 December 2006			
Shares issued	164,730,937	40,617,554	205,348,491
Less: Treasury shares	(377,000)	–	(377,000)
Shares outstanding	**164,353,937**	**40,617,554**	**204,971,491**

In July the company sold in blocks no. 1,000,000 ordinary shares held in treasury at € 17.29 per share, corresponding to the reference price on the trading day, for a total amount of € 17,280 thousand. The buyer was Fimedi SpA (also through its subsidiary Presa SpA), which qualifies as a related party, being Buzzi Unicem SpA's controlling entity.

Towards the end of the year the company sold in blocks no. 600,000 ordinary treasury shares at € 20.93 per share, corresponding to the reference price on the trading day, for a total amount of € 12,558 thousand. The sale was part of the agreement entered into with SACCI SpA for the purchase of the minority stake (30 %) in the subsidiary Betonval SpA.

The book value of the treasury shares sold during the year is € 13,872 thousand and the corresponding realized gain (€ 10,678 thousand, net of related tax effect) has been credited directly to equity.

19. Share premium

It consists of the overall premium on shares issued over time. The rise of € 76,953 thousand vis-à-vis 31 December 2005 follows the partial conversion of the facility "Buzzi Unicem 4 % 2003–2008 convertible" (no. 8,186,461 common shares issued at a premium of € 9.40 per share).

20. Other reserves

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

	2006	2005
thousands of euro		
Translation differences	(195,456)	(36,184)
Revaluation reserves	88,286	88,286
Merger surplus	161,292	199,896
Other reserves	251,038	274,571
	305,160	**526,569**

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 unfavorable variance of € 159,272 thousand is attributable, to the extent of € 136,741 thousand, to the weakness of the dollar.

The change of the merger surplus is 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 chiefly include the reserve for treasury shares and for purchase of treasury shares (overall € 86,238 thousand); the former matches the amount of shares held in treasury at year end, the latter defines 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, to associates classified as puttable instruments and to 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 also includes the legal reserve 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.

During the year, transactions with minority interests were carried out after acquisition of control, to which the economic entity model described in Note 2.2. Consolidation has been applied. Particularly, in the purchase of no. 764,120 Dyckerhoff AG's ordinary shares, the difference between the consideration paid and the book value of the acquired interest in the subsidiary's net assets amounts to € 11,683 thousand; in the purchase of a 30 % stake in Betonval SpA, the difference amounts to € 7,590 thousand. Both amounts have been directly deducted from retained earnings.

22. Minority interest

The balance as of 31 December 2006 refers mainly to Dyckerhoff AG and subsidiaries (€ 119,556 thousand), RC Lonestar Inc. (€ 124,061 thousand) and Corporación Moctezuma, SA de CV (€ 80,744 thousand). The last 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. Following the acquisition of the full ownership of the company, the amount pertaining to Betonval SpA has disappeared (2005: € 18,466 thousand).

23. Debt and borrowings

thousands of euro	2006	2005
Non-current		
Convertible bond	6,693	88,558
Senior notes and bonds	861,495	992,605
Mezzanine loan	218,810	211,906
Finance lease obligations	800	1,807
Secured term loans	298	1,703
Unsecured term loans	52,002	138,194
	1,140,098	**1,434,773**
Current		
Senior notes and bonds	32,867	15,500
Secured term loans	1,277	3,618
Finance lease obligations	1,174	1,695
Current portion of long-term debt	**35,318**	**20,813**
Bank overdrafts and borrowings	52,991	69,758
	1,228,407	**1,525,344**

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

	2006	2005
thousands of euro		
Between 1 and 2 years	336,647	58,393
Between 2 and 3 years	71,747	369,821
Between 3 and 4 years	297,736	95,769
Between 4 and 5 years	75,940	431,484
Beyond 5 years	358,028	479,306
	1,140,098	**1,434,773**

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; however no adjustment has been booked due to the immateriality of the amounts.
- The non-convertible bonds relate 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, entered into by Buzzi Unicem SpA. The income statement 2006 suffers net financial costs resulting from the interest rate swap contracts to the extent of € 69 thousand (2005: net financial revenues of € 5,556 thousand).

The main bonds include covenants by the issuer and by the company 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 2006:

Issue	Outstanding amount	Maturity	Coupon	Notes
Buzzi Unicem SpA Convertible Bond February 2003	€ m 6.7	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 175.0	2008–2010	6.60 %	Forward foreign exchange on principal Interest rate swap from fix to floating US Libor 6 M + 1.41 %
RC Lonestar Inc. Senior Notes May 2002 Series B	$ m 240.0	2011–2013	6.92 %	Forward foreign exchange on principal ($m 205)
RC Lonestar Inc. Senior Notes May 2002 Series C	$ m 35.0	2017	7.12 %	Forward foreign exchange on principal
RC Lonestar Inc. Senior Notes September 2003 Series A	$ m 170.0	2014–2016	5.08 %	Cross currency swap on principal and RC Lonestar Inc. coupons. Interest rate swap from fix to floating Euribor 6 M + 1.025 %
RC Lonestar Inc. Senior Notes September 2003 Series A	$ m 70.0	2014–2016	5.08 %	Cross currency swap on principal and coupons
RC Lonestar Inc. Senior Notes September 2003 Series B	€ m 30.0	2013	5.05 %	
Alamo Cement Company Senior Notes October 2004 Series A	$ m 25.0	2007	4.41 %	Cross currency swap on principal and coupons Interest rate swap from fix to floating Euribor 6 M + 0.55 %
Alamo Cement Company Floating Rate Senior Notes October 2004 Series B	€ m 15.0	2009	Euribor 6 M + 0.70 %	
Alamo Cement Company Senior Notes October 2004 Series C	$ m 91.4	2005–2011	4.90 %	Cross currency swap on principal and coupons Interest rate swap from fix to floating Euribor 6 M + 0.55 %
Lone Star Industries, Inc Notes June 2000	$ m 315.5	2010	9.25 %	

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 2006 borrowings from banks of € 119,460 thousand have been repaid, while new borrowings were obtained for € 1,023 thousand. Real guarantees on assets of consolidated companies are represented by mortgages and liens on property, plant and equipment.

At 31 December 2006 the group had undrawn committed facilities expiring after 2007 of € 339,143 thousand (2005: € 493,000), thereof € 189,143 thousand available to the company and the remaining € 150,000 thousand to Dyckerhoff AG. The committed and unsecured line of credit of € 250,000 thousand with Intesa SanPaolo (formerly 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 consolidated indebtedness at 31 December 2006 is consistent with last year, and roughly split as follows (after hedging): 36 % variable and 64 % fix; 21 % denominated in dollar and 79 % in euro and euro-zone currencies.

At the balance sheet date, the fair value of long-term debt exceeds the carrying amounts by about € 39 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 companies pay contributions to publicly or privately administered entities on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the companies have no further payment obligations. Liabilities for contributions accrued but not paid are included within Other payables (see Note 30). The entities recognize 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 rising 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 and Mexico, 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. In particular, a plan similar to the Italian TFR exists in Mexico and is called "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:

	2006	2005
thousands of euro		
By category		
Post-employment benefits:		
Pension plans	159,201	172,068
Healthcare plans	110,268	121,804
Employee severance indemnities	40,655	40,560
Other	104	170
Other long-term benefits	9,754	6,893
	319,982	**341,495**
By geographic area		
Italy	41,700	41,559
Germany and Luxembourg	214,071	218,391
USA and Mexico	64,211	81,545
	319,982	**341,495**

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

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2006	2005	2006	2005	2006	2005	2006	2005
thousands of euro								
Present value of funded obligations	200,436	232,880	–		–	–	–	–
Less: Fair value of plan assets	(206,318)	(205,433)	–	(558)	–	–	–	–
	(5,881)	**27,447**	**–**	**(558)**	**–**	**–**	**–**	**–**
Present value of unfunded obligations	220,323	226,691	113,489	133,703	40,833	40,318	104	170
Unrecognized actuarial gains (losses)	(55,241)	(82,070)	(3,221)	(11,341)	67	242	–	–
Unrecognized past service cost	–	–	–	–	(246)	–	–	–
Liability in the balance sheet	**159,201**	**172,068**	**110,268**	**121,804**	**40,655**	**40,560**	**104**	**170**

The changes in the liability recognized in the balance sheet for post-employment obligations are illustrated below:

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2006	2005	2006	2005	2006	2005	2006	2005
thousands of euro								
Beginning of year	172,068	195,596	121,804	112,744	40,560	39,680	170	58
Current service cost	13,710	5,004	2,946	8,774	3,860	3,695	151	112
Interest cost	4,746	13,135	6,523	(6,333)	1,544	379	–	–
Actuarial loss	435	11	–	–	–	–	–	–
Employer contributions and benefits paid	(30,046)	(40,505)	(8,830)	(8,978)	(5,310)	(3,194)	(190)	–
Translation differences	(1,010)	(1,173)	(12,175)	15,597	–	–	(27)	–
Change in scope of consolidation	(703)	–	–	–	–	–	–	–
End of year	**159,201**	**172,068**	**110,268**	**121,804**	**40,655**	**40,560**	**104**	**170**

The main actuarial assumptions used were as follows:

	2006				2005		
	Italy	EU	USA	Mexico	Italy	EU	USA
in %							
Discount rate	4.25	4.30	5.75	4.50	4.00	4.00	5.50
Expected return on plan assets	–	–	8.25	–	–	–	7.25–8.25
Future compensation increase	3.00	2.50	4.25	1.00	2.50	2.50	4.50
Future pension increase	2.00	1.70	3.30	–	2.00	1.70	4.00
Healthcare cost trend	–	–	5.00–9.00	–	–	–	5.00–10.00

25. Provisions for liabilities and charges

	Environmental risks and restoration	Antitrust	Legal claims Tax risk	Other risks	Total
thousands of euro					
At 1 January 2006	39,355	106,782	40,914	44,968	232,019
Additional provisions	20,147	–	7,291	21,198	48,636
Discount unwinding	17	(5,270)	–	353	(4,900)
Unused amounts released	(2,710)	–	(1,403)	(2,013)	(6,126)
Used during the year	(1,332)	(310)	(5,465)	(9,827)	(16,934)
Translation differences	(1,362)	–	(3,537)	(15)	(4,914)
Reclassifications	–	–	(4,919)	–	(4,919)
Change in scope of consolidation	625	–	(65)	(670)	(110)
At 31 December 2006	**54,740**	**101,202**	**32,816**	**53,994**	**242,752**

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. Legal claims against Lone Star Industries, regarding work-related injuries caused by the use of silica-containing materials, which were sold or distributed by our subsidiary until 1985, have been carefully assessed and a specific provision has been set up accordingly (Note 45).

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). The decrease results from a discounting effect, which was linked to a new estimate of the likely date of payment and it overcompensated the regular addition of accrued interest.

Legal risks are mainly associated with the disposal of equity investments (€ 12,900 thousand), meanwhile the tax provision of € 14,687 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 provision for a possible return of CO_2 emissions has reached a balance of € 15,975 thousand (2005: € 12,273 thousand). In 2006, Dyckerhoff sold further 1.5 million ton of carbon credits, for a total consideration of € 24,386 thousand, but still the group is not positive about being legally entitled to trade part of its emission rights. To be noticed, during the year, also a provision of € 7,000 thousand for risks connected to the liquidation of the Dutch associate NCD and of € 6,000 thousand for a potential dispute in Poland. In the United States estimated liabilities are booked for € 6,036 thousand, referring to damages caused by the hurricanes which hit our plants in 2003 and 2004.

26. Deferred income tax

Net deferred tax liability at 31 December 2006 consists of deferred tax liabilities, net of deferred tax assets, which have been offset where possible by the individual consolidated companies. The net balance may be analyzed as follows:

	2006	2005
thousands of euro		
Deferred income tax assets:		
To be recovered after more than 12 months	(239,557)	(300,784)
To be recovered within 12 months	(1,549)	(5,829)
	(241,106)	**(306,613)**
Deferred income tax liabilities:		
To be recovered after more than 12 months	665,161	752,932
To be recovered within 12 months	19,856	14,083
	685,017	**767,015**
Net deferred income tax liabilities	**443,911**	**460,402**

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

	2006	2005
thousands of euro		
Deferred income tax assets related to:		
Provisions for liabilities and charges	(9,567)	(9,401)
Trade receivables	(4,750)	(8,826)
Employee benefits	(39,437)	(76,565)
Write-down of financial assets	(4,872)	(6,338)
Derivative financial instruments	(13,536)	(1,204)
Property, plant and equipment	(46,999)	(47,211)
Tax loss carryforwards (theoretical benefit)	(432,833)	(408,604)
Other	(10,390)	(736)
Total deferred income tax assets	**(562,384)**	**(558,885)**
Valuation allowances	321.278	252,272
Net deferred income tax assets	**(241,106)**	**(306,613)**
Deferred income tax liabilities related to:		
Accelerated depreciation	148,586	301,057
Employee benefits	310	28,726
Property, plant and equipment	504,761	419,888
Inventories	4,984	5,238
Gains on disposal of fixed assets	3,015	1,732
Derivative financial instruments	11,337	2,964
Other	12,024	7,410
Total deferred income tax liabilities	**685,017**	**767,015**
Net deferred income tax liabilities	**443,911**	**460,402**

The deferred tax liability related to property, plant and equipment refers mainly 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	2006	2005
Beginning of year	460,917	410,091
Income statement charge (credit)	38,660	(33,783)
Tax charged to equity	214	2,813
Translation differences	(52,089)	81,180
Change in scope of consolidation	(3,791)	101
End of year	**443,911**	**460,402**

The deferred income tax charged to equity during 2006 relates to the hedge accounting treatment of derivatives and to the movements of investments in associates that are classified as puttable instruments.

27. Other non-current liabilities

thousands of euro	2006	2005
Advances	674	1,075
Notes payable	87	186
Minority interest in partnerships	1,452	2,150
Payables to personnel	4,689	2,434
Other	5,787	5,058
	12,689	**10,903**

28. Trade payables

thousands of euro	2006	2005
Trade payables	306,193	275,254
Other trade payables:		
To unconsolidated subsidiaries	1,598	996
To associates	3,507	5,004
	311,298	**281,254**

29. Income tax payables

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

30. Other payables

thousands of euro	2006	2005
Advances	11,274	11,563
Notes payable	80	350
Payables to social security institutions	8,570	11,825
Payables to personnel	48,771	59,891
Payables to customers	8,356	8,451
Accrued expenses and deferred income	17,553	18,184
Other	36,236	51,168
	130,840	**161,432**

The item other consist of sundry items, among which valued added tax for € 9,605 thousand.

31. Net sales

Net sales breakdown is as follows:

thousands of euro	2006	2005
Sale of goods	3,103,282	2,865,565
Rendering of services and other	101,713	85,871
	3,204,995	**2,951,436**

The 8.6 % increase compared to year 2005 is due to favorable currency effects for 0.2 %, to favorable market trends for 11.9 % and to unfavorable changes in the scope of consolidation for 3.5 %. Reference is made to the segment information for additional disclosure (Note 6).

32. Other operating income

thousands of euro	2006	2005
Recovery of expenses	10,618	10,898
Indemnity for damages	986	1,049
Revenue from leased properties	5,850	5,541
Gains on disposals of property, plant and equipment	13,443	6,537
Capital grants	1,090	507
Release of provisions for liabilities and charges	6,126	20,697
Internal work capitalized	2,737	2,522
Sale of emission rights	24,386	26,418
Other	55,250	23,501
	120,486	**97,670**

Disposal of CO_2 emission rights were executed in Germany, Czech Republic, Poland and Luxembourg. Due to a possible retroactive correction of the rights allocated to the German plants of Neubeckum and Lengerich that have already been sold, a portion of the revenues stemming from the disposal (€ 3,702 thousand) has been prudentially booked as a provision (see Note 25).

Other income includes a € 20,002 thousand earn-out brought about by the cashing-in of the receivable referred to the disposal of the finishing products division, effected by Dyckerhoff at the end of 2001.

33. Gains on disposal of investments

This caption largely consists of the book profit arising from the sale of the following equity investments:

- Eurobeton S.A., Luxembourg (€ 3,231 thousand),
- Betonbau Holding GmbH, Germany (€ 3,724 thousand),
- Rhebau Rheinische Beton und Bauindustrie GmbH & Co, KG, Germany (€ 2,126 thousand),
- Arlòn Béton S.A., Belgium (€ 476 thousand).

34. Raw materials, supplies and consumables

thousands of euro	2006	2005
Raw materials, semi-finished products and goods for resale	618,648	611,096
Supplies and consumables	154,639	157,508
Electricity	209,580	179,827
Fuels	206,465	167,267
Other goods	43,628	24,137
Changes in inventories of raw materials, supplies, consumables and goods for resale	3,561	(8,715)
	1,236,521	**1,131,120**

35. Services

thousands of euro	2006	2005
Transportation	397,663	367,856
Maintenance and contractual services	103,514	101,981
Insurance	18,816	19,664
Legal and professional consultancy	23,507	22,143
Operating leases of property and machinery	33,986	30,612
Travel	7,428	5,870
Sales commissions	3,195	2,738
Other	96,449	98,094
	684,558	**648,958**

36. Staff costs

thousands of euro	2006	2005
Salaries and wages	289,601	304,810
Social security contributions	77,838	79,241
Post-employment benefits	21,276	17,596
Other long-term benefits	2,232	5,248
Shares granted to employees	990	917
Other	7,344	11,123
	399,281	**418,935**

In the year 2006 other costs include restructuring expenses of € 605 thousand (2005: € 3,947 thousand).

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

	2006	2005
number		
White collar and executives	4,009	4,224
Blue collar and supervisors	7,116	7,591
	11,125	**11,815**

37. Other operating expenses

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

	2006	2005
thousands of euro		
Bad debt expense	11,573	14,920
Provisions for liabilities and charges	33,338	23,242
Association dues	8,402	8,876
Indirect taxes and duties	16,934	17,524
Losses on disposal of property, plant and equipment	1,359	4,333
Restructuring costs	–	1,170
Other	24,948	28,826
	96,554	**98,891**

The increase in provisions is primarily due to the charge recognized in the United States for the risks associated with the claims against Lone Star Industries (see Note 45). Furthermore Dyckerhoff has increased by € 3,702 thousand (2005: € 12,273 thousand) the provision referred to the CO_2 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. The provision for environmental restoration (quarries) accrued during the year is € 2,250 thousand (2005: € 4,539 thousand).

38. Depreciation, amortization and impairment charges

	2006	2005
thousands of euro		
Amortization of intangible assets	1,999	2,295
Depreciation of property, plant and equipment	198,974	202,484
Impairment losses of fixed assets	2,197	21,381
	203,170	**226,160**

The impairment losses for the most part relate to German assets, that is industrial land and goodwill of some ready-mix concrete plants. In the previous year, impairment losses basically related to the restructuring of the Amöneburg plant, always in Germany (€ 18.200 thousand).

39. Net finance costs

thousands of euro	2006	2005
Finance costs		
Interest expense on bank borrowings	12,103	18,333
Interest expense on senior notes and bonds	67,695	74,689
Interest expense on mezzanine loan	15,911	14,356
Interest expense on employee benefits	28,950	25,326
Interest expense on interest rate swap contracts	873	–
Changes in the fair value of derivative instruments	53,371	11,596
Discount unwinding on provisions	(4,900)	7,393
Foreign exchange losses	15,246	121,659
Other	3,719	19,571
	192,968	**292,923**
Finance revenue		
Interest income on bank deposits	6,950	6,587
Interest income on available-for-sale financial assets	14,940	7,563
Interest income on interest rate swap contracts	804	5,556
Expected return on plan assets of employee benefits	16,098	18,145
Changes in the fair value of derivative instruments	2,897	67,937
Foreign exchange gains	96,641	15,457
Dividend income	2,521	4,053
Other	7,450	11,127
	148,301	**136,425**
	(44,667)	**(156,498)**

Net interest expense decreases versus the previous year due to the fluctuation of foreign exchange and derivative instruments, as well as to the advantage deriving from the gradual contraction of net debt.

The positive effect of discount unwinding on provisions stems from a new estimate of the likely date of payment; the postponement of the maturity more than offset the accrued interest for the period.

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 possible write-downs. The net results of the major operating companies are positive. Losses come mainly from the write-down of NCD (€ 32,519 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

	2006	2005
thousands of euro		
Current tax	224,356	142,578
Deferred tax	38,660	(33,783)
Tax relating to prior years	(21,713)	8,987
	241,191	**117,782**

The increase in current taxes is strictly associated with improved results across the scope of consolidation.

The higher impact of deferred tax is essentially due to the adjustment of the probable benefit of tax loss carryforwards within Dyckerhoff, which remarkably reduced the tax assets booked in the balance sheet. Moreover in 2005 the company reported a deferred tax income of € 46,651 thousand, due to the revaluation for tax purposes of some equipment in its statutory financial statements, with no effect on IFRS consolidated financial statements.

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. In November 2006, as a consequence of some amendments in the German tax regulations, a credit became finally due which will be cashed-in in 10 equal annual installments starting from 2008. As a result, the company posted to income the present value of this receivable, equal to € 27,630 thousand. In Italy, the Tax Court in first instance filed a partially negative verdict on the deductibility of the anti-trust fine (see Note 45). On these grounds the company made a provision for tax relating to prior years of € 4,273 thousand.

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:

	2006
thousands of euro	
Profit before tax	658,715
Italian income tax rate (IRES)	33 %
Theoretical income tax expense	**217,376**
Tax effect of permanent differences	2,908
Tax relating to prior years	(21,712)
Effect of difference between Italian and foreign tax rates	(6,556)
Effect of a rate change on deferred income tax	(6,602)
Use of tax loss carryforwards	(526)
Derecognition of deferred income tax assets	43,481
Withholding tax on foreign dividends	2,508
Other differences	(2,716)
Provision for regional income tax in Italy (IRAP)	13,030
Income tax expense	**241,191**

The weighted average tax rate of the period is 37 % (2005: 29 %). The surge largely reflects those changes in deferred tax and prior years taxation that have been already illustrated. In addition, there is a different contribution of the foreign subsidiaries to overall profitability.

42. Earnings per share

Basic

Basic earnings per share 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 earnings per share attributable to ordinary shares, net profit is adjusted for the amount of the preferential dividend to which the savings shares are entitled.

		2006	2005
Net profit attributable to equity holders of the Company	euro thousand	349,837	255,586
Attributable to savings shares	euro thousand	72,688	53,892
Attributable to ordinary shares	euro thousand	277,149	201,694
Average number of ordinary shares outstanding	number	156,901,506	154,402,635
Average number of saving shares outstanding	number	40,580,579	40,511,689
Basic earnings per ordinary share	euro	1.77	1.31
Basic earnings per savings share	euro	1.79	1.33

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares to assume conversion of all 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 earnings per share attributable to ordinary shares, net profit is adjusted for the amount of the preferential dividend to which the savings shares are entitled.

		2006	2005
Net profit attributable to equity holders of the Company	euro thousand	349,837	255,586
Interest expense on convertible bond (net of tax)	euro thousand	1,738	2,362
Net profit used to determine diluted earnings per share	euro thousand	351,575	257,948
Attributable to savings shares	euro thousand	70,517	52,052
Attributable to ordinary shares	euro thousand	281,058	205,896
Average number of ordinary shares outstanding	number	156,901,506	154,402,635
Adjustments for assumed conversion of bond	number	7,180,110	8,895,933
Adjusted average number of ordinary shares outstanding	number	164,081,616	163,298,568
Adjusted average number of saving shares outstanding	number	40,580,579	40,511,689
Diluted earnings per ordinary share	euro	1.71	1.27
Diluted earnings per savings share	euro	1.74	1.29

43. Dividends

The dividends paid in 2006 and 2005 were € 63,513 thousand (€ 0.320 per ordinary share and € 0.344 per savings share) and € 57,511 thousand (€ 0.290 per ordinary share and € 0.314 per savings share) respectively. A dividend in respect of the year ended 31 December 2006 of € 0.350 per ordinary share and € 0.374 per savings share, is to be proposed at the annual general meeting on 11 May 2007; on the occasion of the company's Centennial, an extraordinary supplement of € 0.05 will be proposed for both categories of shares. Therefore expected dividend distribution amounts to a total of € 83,042 thousand. These financial statements do not reflect this dividend payable.

44. Commitments

	2006	2005
thousands of euro		
Guarantees granted	29,922	26,593
Guarantees received	9,823	11,000
Operating leases	29,830	41,171
Other commitments and guarantees	23,011	13,473

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 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 the amount can be reliably estimated, the group recognizes specific provisions for this purpose.

As reported in the previous years, the company underwent tax audits by the Italian authorities which resulted, in August 2005, in two notices of assessment on the year 2000 related to the deductibility of the antitrust fines inflicted to the group by the European authority. On 18 July 2006 the Tax Court of Alessandria filed the verdict partially upholding the appeals made by the company. By this judgment the Court ruled as non applicable the penalties imposed with respect to corporate income tax and value added tax (for a total amount of €3.8 million), since it recognized certain indeterminacy on the extent and the scope of the rule application. Conversely it deemed the antitrust fine expense non-deductible and pronounced that the additional taxes assessed (about €3.7 million) and related interests were due. The opportunity to continue with the litigation is being examined and evaluated, also considering the opinion already expressed and reported by the company's professionals that the defense elements are legitimate, sound and consistent with both the prevailing doctrine orientation and the interpretation issued by Assonime (association of Italian corporation) which deems the cartel fine deductible. An amount equal to the greater income tax assessed and related interest expense has been fully provided for in the financial statements (€4.3 million).

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 on 9 March 2005 the Court of Wiesbaden rejected the petition at the first instance. The Superior Court of Frankfurt recently pronounced the same favorable sentence at the second instance and the case is currently pending before the Supreme German Court.

In May 2005 Dyckerhoff AG's general meeting of shareholders renewed the authorization to purchase treasury shares and, as in 2004, the same minority shareholders appealed against this resolution before the Court of Wiesbaden, which rejected the charge. The lawsuit is now pending at second instance before the Superior Court of Frankfurt.

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 (€ 95.5 million) has been fully provided for in the financial statements and the ruling has been appealed. In 2005, along with five other competitors, Dyckerhoff was also sued for damages in the Düsseldorf District Court for alleged cartel agreements. We believe that the accusation is groundless.

As regards the € 11 million 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, the Regional Administrative Court (TAR) of Lazio has partially admitted our claim, insofar as the fine inflicted was not proportionate to the limited effects produced by the agreement. Unical has already appealed 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. At the moment we are waiting for the hearing date to be fixed. The fine has been fully provided for in the financial statements.

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.

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 (Liberty Mutual). In addition, LSI is a party to a Settlement Agreement with Liberty Mutual 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 Liberty Mutual 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, Liberty Mutual 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 Liberty Mutual and its other carriers thereafter. At 31 December 2006, $ 3.6 million has been paid in respect of defense and indemnity costs for claims that have been resolved on behalf of LSI and for which LSI intends to seek reimbursement.

The memoranda of decision issued by the Court on 6 December 2005 and 25 January 2007 are granting all or in part certain motions filed by Liberty Mutual and denying all or in part the other such motions. It is the company's position that certain of the Court's rulings are in error and LSI filed an appeal on 13 February 2007.

LSI intends to continue vigorously defending the case and to utilize the action to obtain a judgment or order confirming its insurance carriers' responsibility to manage and pay silica-related claims under the terms of the Bankruptcy Court-approved 1994 Settlement Agreement. In addition, LSI, Liberty Mutual 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 such litigation. However, an amount that reflects the estimated loss from the contingency has been accrued in the financial statements.

46. Related-party transactions

Buzzi Unicem SpA is controlled by Fimedi SpA, which directly and indirectly, through its subsidiary Presa SpA, owns 53.7 % 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 and/or joint ventures, 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 transactions of financial nature also have normal terms and interest rate conditions.

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. The company and its Italian subsidiaries are members of a controlled group of corporations for domestic income tax purposes, with Fimedi SpA acting as the parent.

The following are the transactions carried out with related parties and associated year-end balances:

	2006				2005			
	Sales	Purchases	Receivables	Payables	Sales	Purchases	Receivables	Payables
thousands of euro								
Associates/Unconsolidated subsidiaries	45,673	957	19,892	2,555	80,784	4,337	14,251	3,454
Parents	5	–	6	22,811	5	–	14,088	–
Other related parties	54	10,143	55	2,791	215	16,255	1,107	2,577

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

The voluntary public offer made to all minority shareholders of Dyckerhoff AG expired on 29 January 2007. During the acceptance period Buzzi Unicem acquired no. 3,725,637 preferred shares and no. 315,732 common shares. In accordance with the terms of the offer Buzzi Unicem paid € 42.00 per common share and € 40.00 per preferred share. This corresponds to a total purchase price of € 162.3 million. The tendered shares correspond to approximately 9.8 % of Dyckerhoff AG's share capital and Buzzi Unicem's interest in Dyckerhoff has been increased from 78.6 % to 88.4 % (96.4 % of the voting rights). The new ownership interest is not sufficient to activate the right to purchase the remaining outstanding shares (squeeze-out procedure), but nevertheless the transaction will immediately create value for our shareholders.

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

Name	Registered office	Share capital	Ownership interest held by	% of owner-ship	% of voting rights
Companies consolidated on a line-by-line basis					
Buzzi Unicem S.p.A.	Casale Monferrato (AL)	EUR 123,209,095			
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 300,000,000	Buzzi Unicem S.p.A.	100.00	
Finpresa S.A.	Luxembourg LU	EUR 22,000,000	Buzzi Unicem Investimenti S.r.l.	100.00	
Buzzi Unicem International S.à r.l.	Luxembourg LU	EUR 15,529,900	Buzzi Unicem Investimenti S.r.l.	100.00	
Dyckerhoff AG	Wiesbaden DE	EUR 105,639,816	Buzzi Unicem S.p.A. Buzzi Unicem Deutschland GmbH	66.46 12.12	70.71 24.19
Orionidas, S.A.	Valencia ES	EUR 2,000,000	Buzzi Unicem S.p.A.	68.00	
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.	100.00	
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	
Presa 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	
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 Beteiligungsverwaltung GmbH	Wiesbaden DE	EUR 26,000	Dyckerhoff AG	100.00	
Dyckerhoff Beton Beteiligungsverwaltung GmbH & Co. KG	Wiesbaden DE	EUR 100,000	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	
Dyckerhoff Beton GmbH & Co. KG	Wiesbaden DE	EUR 15,804,220	Dyckerhoff AG	100.00	
Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	Nordhausen DE	EUR 100,000	Dyckerhoff AG	90.00	
Kinzigbeton GmbH & Co. KG	Wächtersbach DE	EUR 237,812	Dyckerhoff AG	75.59	
Dyckerhoff Luxembourg S.A.	Luxembourg LU	EUR 10,000,000	Dyckerhoff AG	100.00	
WBT West Bouw Toelevering B.V.	Zwolle NL	EUR 25,000	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	
GfBB Gesellschaft für Beton- und Baustoffüberwachung GmbH & Co. KG	Flörsheim DE	EUR 40,000	Dyckerhoff AG	100.00	
TOB Dyckerhoff Ukraina	Kyiv UA	UAH 222,127,546	Dyckerhoff AG	100.00	
VAT Volyn-Cement	Zdolbuniv UA	UAH 1,402,422	Dyckerhoff AG TOB Dyckerhoff Ukraina	94.82 1.42	

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

Name	Registered office	Share capital		Ownership interest held by	% of ownership	% of voting rights
Companies consolidated on a line-by-line basis (continued)						
VAT Yugcement	Olshanske UA	UAH	3,188,529	Dyckerhoff AG TOB Dyckerhoff Ukraina	93.05 3.94	
VAT Kyivcement	Kyiv UA	UAH	277,536	Dyckerhoff AG TOB Dyckerhoff Ukraina	79.72 10.85	
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	66.40 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	
RC Lonestar Inc.	Wilmington US	USD	10	RC Cement International A.p.S. Dyckerhoff AG	51.50 48.50	
Unicement Handelsgesellschaft mbH	Berlin DE	EUR	256,000	Deuna Zement GmbH	100.00	
Nordenhamer Transportbeton GmbH & Co. KG	Nordenham DE	EUR	322,114	Dyckerhoff Beton Beteiligungsverwaltung GmbH & Co. KG	51.59	
TBG Lieferbeton GmbH & Co. KG Odenwald	Reichelsheim DE	EUR	306,900	Dyckerhoff Beton GmbH & Co. KG	66.67	
Beton Union Rhein-Ahr GmbH & Co. KG	Remagen-Kripp DE	EUR	511,300	Dyckerhoff Beton GmbH & Co. KG	65.00	
Frisch-Beton Aegidienberg GmbH & Co. KG	Bad Honnef-Aegidienberg DE	EUR	385,000	Dyckerhoff Beton 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	67.55	
Transportbeton Gelnhausen GmbH	Gelnhausen DE	EUR	130,379	Kinzigbeton GmbH & Co. KG	54.00	
Ciments Luxembourgeois S.A.	Esch-sur-Alzette LU	EUR	29,900,000	Dyckerhoff Luxembourg S.A.	97.06	
Nowiny-Administracja Nieruchomosci Sp. z o.o.	Sitkowka-Nowiny PL	PLN	3,374,580	Cementownia Nowiny Sp. z o.o.	100.00	
ZAPA beton SK s.r.o.	Bratislava SK	SKK	259,000,000	ZAPA beton a.s.	100.00	
Bohemia Beton Union Decin s.r.o.	Decin CZ	CZK	30,000,000	ZAPA beton a.s.	100.00	
Beton Union Plzen s.r.o.	Plzen CZ	CZK	31,600,000	ZAPA beton a.s.	71.20	
Piskovny Hradek a.s.	Hradek nad Nisou CZ	CZK	12,000,000	ZAPA beton a.s.	50.60	
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 Cement Company II, Ltd.	San Antonio US	USD	n/a	Alamo Cement Holding Company Alamo Cement Management Company	99.00 1.00	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated on a line-by-line basis (continued)						
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 USA Inc.	Wilmington US	USD	1	RC Lonestar Inc.	100.00	
Matériaux S.A.	Luxembourg LU	EUR	3,720,000	Ciments Luxembourgeois S.A.	100.00	
Marbrerie Jacquemart S.à r.l.	Luxembourg LU	EUR	619,734	Ciments Luxembourgeois S.A.	100.00	
ZAPA beton Hungaria k.f.t.	Zsujita HU	HUF	88,000,000	ZAPA beton SK s.r.o.	100.00	
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	
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	
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	
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	

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

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated on a line-by-line basis (continued)					
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 Industries de Jaruco, S.A.	Havana CU	CUP 186,700	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 proportionate method					
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	
Lichtner-Dyckerhoff Beton GmbH & Co. KG	Berlin DE	EUR 200,000	Dyckerhoff Beton GmbH & Co. KG	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	
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 3,146,003	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	
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, 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	
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	

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

Name	Registered office		Share capital	Ownership interest held by	% of owner-ship	% of voting rights
Companies consolidated by the proportionate method (continued)						
Concretos Moctezuma de Torreón, S.A. de C.V.	Mexico MX	MXN	100,000	Latinoamericana de Concretos, S.A. de C.V.	55.00	
Companies valued by the equity method						
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	
Cave di Carpenosa S.r.l.	Molini di Triora (IM)	EUR	100,000	Unical S.p.A.	33.50	
S.A.F.I. S.r.l.	Mezzana Bigli (PV)	EUR	332,010	Unical S.p.A.	33.33	
Edilcave S.r.l.	Villarfocchiardo (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	
NCD Nederlandse Cement Deelnemingsmaatschappij B.V.	Nieuwegein NL	EUR	75,100,626	Dyckerhoff AG	55.60	
NCH Nederlandse Cement Handelmaatschappij B.V. i.L.	Nieuwegein NL	EUR	1,361,341	Dyckerhoff AG	38.40	
Sievert AG & Co. KG	Osnabrück DE	EUR	27,021,776	Dyckerhoff AG	32.45	
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	
Normensand GmbH	Beckum DE	EUR	1,000,000	Dyckerhoff Beteiligungs-verwaltung GmbH	38.02	
quick-mix Holding GmbH & Co. KG	Osnabrück DE	EUR	3,000,000	Tubag GmbH	34.00	
Houston Cement Company LP	Houston US	USD	n/a	Alamo Cement Company II, Ltd.	20.00	
Transass S.A.	Schifflange LU	EUR	50,000	Ciments Luxembourgeois S.A.	41.00	
S.A. des Bétons Frais	Schifflange LU	EUR	1,250,000	Ciments Luxembourgeois S.A.	41.00	
Cobéton S.A.	Differdange LU	EUR	1,000,000	Ciments Luxembourgeois S.A.	33.32	
Bétons Feidt S.A.	Luxembourg LU	EUR	2,500,000	Ciments Luxembourgeois S.A.	30.00	
André Frères et Broos S.A.	Saint Mard BE	EUR	655,147	Ciments Luxembourgeois S.A.	30.00	
Eurobeton Holding S.A.	Sennigerberg LU	EUR	7,160,000	Ciments Luxembourgeois S.A.	20.10	
St. Gen Ready-Mix, L.L.C.	St. Louis US	USD	n/a	Buzzi Unicem USA (Midwest) Inc.	33.33	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies valued by the equity method (continued)						
Kosmos Cement Company	Louisville US	USD	n/a	Lone Star Industries, Inc.	25.00	
Other investments in subsidiaries and associates						
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	
Dyckerhoff Transportbeton Chemnitz Verwaltungsgesellschaft mbH	Chemnitz DE	EUR	25,565	Dyckerhoff AG	100.00	
Dyckerhoff Beton Beteilingungen-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 i.L.	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	
GfBB Gesellschaft für Beton- und Baustoffüberwachung Verwaltungs mbH	Flörsheim DE	EUR	25,600	Dyckerhoff AG	100.00	
Dyckerhoff Beton Verwaltungs-GmbH	Wiesbaden DE	EUR	46,100	Dyckerhoff AG	100.00	
Kinzigbeton GmbH	Wächtersbach DE	EUR	29,502	Dyckerhoff AG	75.56	
Dyckerhoff Transportbeton Frankfurt GmbH & Co. KG i.L.	Frankfurt am Main DE	EUR	4,600,000	Dyckerhoff AG	51.00	
Westerwald-Beton GmbH	Westerburg DE	EUR	25,565	Dyckerhoff AG	50.00	
Niemeier Beton GmbH & Co. KG	Diepholz DE	EUR	766,938	Dyckerhoff AG	33.33	
Projektgesellschaft Warstein-Kallenhardt-Kalkstein mbH	Warstein DE	EUR	25,200	Dyckerhoff AG	33.33	
Niemeier Beton GmbH	Sulingen DE	EUR	25,565	Dyckerhoff AG	33.20	
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	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Other investments in subsidiaries and associates (continued)						
sibobeton Osnabrück GmbH & Co. KG	Osnabrück DE	EUR	5,368,565	Dyckerhoff AG	23.25	
Warsteiner Kalksteinmehl GmbH & Co. KG	Warstein DE	EUR	51,129	Dyckerhoff Beteiligungs-verwaltung GmbH	50.00	
Warsteiner Kalksteinmehl Verwaltungsgesellschaft mbH	Warstein DE	EUR	25,565	Dyckerhoff Beteiligungs-verwaltung GmbH	50.00	
Bildungs-Zentrum-Deuna Gemeinnützige GmbH	Deuna DE	EUR	25,565	Dyckerhoff Beteiligungs-verwaltung GmbH	50.00	
Dyckerhoff Transportbeton Sachsen-Thüringen Verwaltungs-GmbH	Mülsen DE	EUR	25,700	Dyckerhoff Beton GmbH & Co. KG	100.00	
Beton Union Verwaltungs-gesellschaft mbH	Radevormwald DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
Beton Union West Verwaltungs GmbH	Mönchengladbach DE	EUR	25,600	Dyckerhoff Beton GmbH & Co. KG	100.00	
Beton Union Köln-Bonn Verwaltungs-GmbH	Köln DE	EUR	25,600	Dyckerhoff Beton GmbH & Co. KG	100.00	
Beton Union Rhein-Ruhr Verwaltungs-GmbH	Essen DE	EUR	30,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
MTB Beton Union GmbH	Hagen DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
Hansa Vermögensverwaltung Die Siebte GmbH	Wiesbaden DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
Hansa Vermögensverwaltung Die Achte GmbH	Wiesbaden DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
Hansa Vermögensverwaltung Die Neunte GmbH	Wiesbaden DE	EUR	51,129	Dyckerhoff Beton GmbH & Co. KG	100.00	
Beton Union Eifel GmbH	Köln DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
Beton Union Herne GmbH	Herne DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
Beton Union Technik Verwaltungs- und Beteiligungsgesellschaft mbH	Köln DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
PD Betonpumpendienst Verwaltungsgesellschaft mbH	Köln DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
Bonner Bauspezial Verwaltungs-gesellschaft mbH	Köln DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
ARGE Betonversorgung LGV Brüssel-Köln GbR	Aachen-Brand DE	EUR	n/a	Dyckerhoff Beton GmbH & Co. KG	66.67	
MTM Maintal-Mörtel GmbH & Co. KG i.L.	Frankfurt am Main DE	EUR	153,450	Dyckerhoff Beton GmbH & Co. KG	66.67	
MTM Maintal-Mörtel Verwaltungsgesellschaft mbH i.L.	Frankfurt am Main DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	66.60	
Beton Union Rhein-Ahr GmbH	Remagen-Kripp DE	EUR	26,000	Dyckerhoff Beton GmbH & Co. KG	65.00	
Frisch-Beton Aegidienberg GmbH	Bad Honnef-Aegidienberg DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	62.50	
Lichtner-Dyckerhoff Beton Verwaltungs-GmbH	Berlin DE	EUR	25,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
Transportbeton Kall GmbH	Kall DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	50.00	
TRAMIRA – Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	EUR	1,000,000	Dyckerhoff Beton GmbH & Co. KG	50.00	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Other investments in subsidiaries and associates (continued)						
sibobeton Enger GmbH & Co. KG	Enger DE	EUR	306,775	Dyckerhoff Beton GmbH & Co. KG	50.00	
sibobeton Enger GmbH	Enger DE	EUR	30,678	Dyckerhoff Beton GmbH & Co. KG	50.00	
Beton Union Ruhr-Lenne GmbH & Co. KG	Iserlohn DE	EUR	664,679	Dyckerhoff Beton GmbH & Co. KG	50.00	
Beton Union Ruhr-Lenne Verwaltungs-GmbH	Iserlohn DE	EUR	26,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
Transportbeton- und Mörtelwerk Bochum GmbH & Co. KG i.L.	Bochum DE	EUR	562,421	Dyckerhoff Beton GmbH & Co. KG	50.00	
MKB Mörteldienst Köln-Bonn GmbH & Co. KG	Köln DE	EUR	203,400	Dyckerhoff Beton GmbH & Co. KG	46.46	
Transportbeton Kall GmbH & Co. KG	Kall DE	EUR	133,000	Dyckerhoff Beton GmbH & Co. KG	46.15	
Transportbeton und Betonstein-Werk Herten GmbH & Co. KG	Herten DE	EUR	561,654	Dyckerhoff Beton GmbH & Co. KG	40.00	
Transbeton GmbH & Co. KG	Löhne DE	EUR	643,205	Dyckerhoff Beton GmbH & Co. KG	30.45	
Kieswerk E. Kiebert GmbH	Trebur-Geinsheim DE	EUR	125,000	Dyckerhoff Beton GmbH & Co. KG	26.00	
Nordenhamer Transportbeton GmbH	Elsfleth DE	EUR	25,565	Dyckerhoff Beton Beteiligungsverwaltung GmbH & Co. KG	56.60	
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	
quick-mix Holding Beteiligungs-gesellschaft mbH	Osnabrück DE	EUR	25,000	Tubag GmbH	34.00	
WWB – Service+Logistik GmbH & Co. KG	Westerburg DE	EUR	100,000	Westerwald Beton GmbH & Co. KG	100.00	
WWB – Service+Logistik Verwaltungs-GmbH	Westerburg DE	EUR	25,565	Westerwald Beton GmbH & Co. KG	100.00	
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	Thüringen GmbH & Co. KG i.L.	67.58	
Dyckerhoff Transportbeton Frankfurt Verwaltungsgesellschaft mbH	Frankfurt am Main DE	EUR	25,000	Dyckerhoff Transportbeton Frankfurt GmbH & Co. KG i.L.	100.00	
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	
TOB Dyckerhoff Transport Ukraina	Olshanske UA	UAH	35,000	TOB Dyckerhoff Ukraina	100.00	
OOO OSK Sosnoviy Bor	Sucholoschskij Raion, RU	RUB	10,000	OAO Sucholoshskzement	49.00	
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	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Ipse 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 Saarfilterasche-Vertriebs-GmbH & Co. KG	Baden-Baden DE	EUR	1,100,000	Dyckerhoff AG	10.00	
Saarfilterasche-Vertriebs-GmbH	Baden-Baden DE	EUR	55,000	Dyckerhoff AG	10.00	
Beton Marketing Ost Gesellschaft für Bauberatung und Marktförderung mbH	Berlin-Zehlendorf DE	EUR	72,000	Deuna Zement GmbH	16.67	
SILEX Grundstücksvermietungs-gesellschaft mbH Objekt Eduard Dyckerhoff OHG	Düsseldorf DE	EUR	10,226	Dyckerhoff Beteiligungs-verwaltung GmbH	94.00	15.00
Rheinkalk Lengerich GmbH	Wülfrath DE	EUR	400,000	Dyckerhoff Beteiligungs-verwaltung GmbH	10.00	
Krufter Bimsabbau GmbH	Kruft DE	EUR	782,277	Tubag GmbH	18.94	

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AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998

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

1. We have audited the consolidated financial statements of Buzzi Unicem S.p.A. and its subsidiaries (the "Buzzi Unicem Group"), which comprise the balance sheet as at December 31, 2006, the income statement, the statements of changes in equity and cash flows for the year then ended 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.

2. 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.

   For the opinion on the prior year consolidated financial statements, whose balances are presented for comparative purposes, reference should be made to our auditors' report issued on April 14, 2006.

3. In our opinion, the consolidated financial statements present fairly the financial position of the Buzzi Unicem Group as of December 31, 2006, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

DELOITTE & TOUCHE S.p.A.

Signed by
Colin Johnston
Partner

Turin, Italy
April 11, 2007

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Perugia Roma Torino Treviso Verona

Member of
Deloitte Touche Tohmatsu

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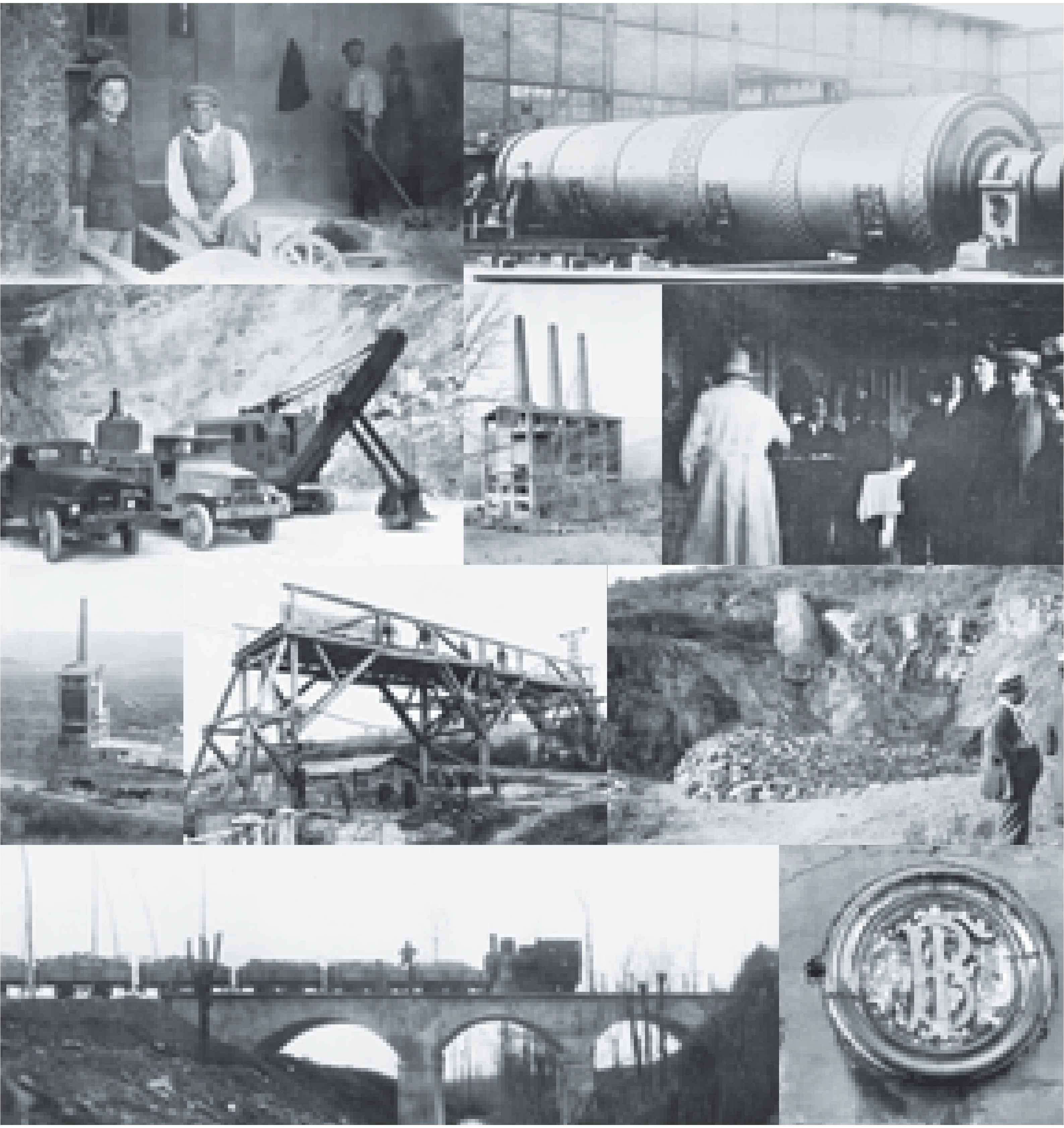
Company Register of Alessandria nr. 00930290044



BUZZI UNICEM

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