

PAGE 10 "HIGH SPEED /  
HIGH CAPACITY" PROJECT  
CONSUMPTION: 3,450,000 m<sup>3</sup>  
COUNTRY: ITALY

PAGE 26 MILITARY HISTORY MUSEUM  
DRESDEN  
CONSUMPTION: 1,500 m<sup>3</sup>  
COUNTRY: GERMANY

PAGE 38 SECURING WELL HOLES  
CONSUMPTION: 300 m<sup>3</sup>  
COUNTRY: RUSSIA

PAGE 48 HIGHWAY ZARAGOZA –  
TEXCOCO  
CONSUMPTION: 15,000 m<sup>3</sup>  
COUNTRY: MEXICO

PAGE 58 THE TAUM SAUK PLANT  
WATER RESERVOIR  
CONSUMPTION: 2,300,000 m<sup>3</sup>  
COUNTRY: USA



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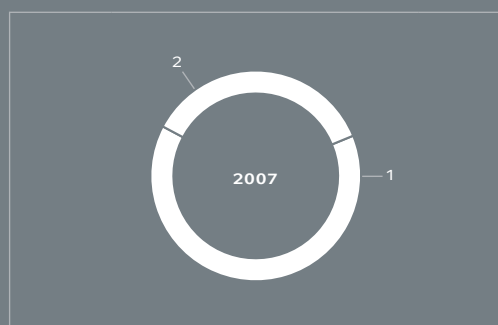
## Key figures

		2000	2001	2002	2003	2004 <sup>1</sup>	2005	2006	2007
Cement sales	t/000	12,607	13,131	13,662	14,196	31,936	32,245	33,320	34,067
Concret sales	mc/000	8,186	8,585	8,948	9,850	15,241	15,649	16,542	17,096
Aggregate sales	t/000	6,560	5,909	5,427	5,939	7,873	7,794	9,442.0	13,688
Sales revenue	€m	1,334.1	1,446.5	1,478.7	1,461.6	2,771.6	2,951.4	3,205.0	3,496.1
Capital expenditures	€m	160.0	124.9	81.2	102.1	203.9	243.1	254.0	527.4
Headcount at year end	no.	3,842	3,869	3,797	3,828	11,836	11,805	11,054	11,520

<sup>1</sup> first time Dyckerhoff consolidation

### Sales Revenue by Line of Business

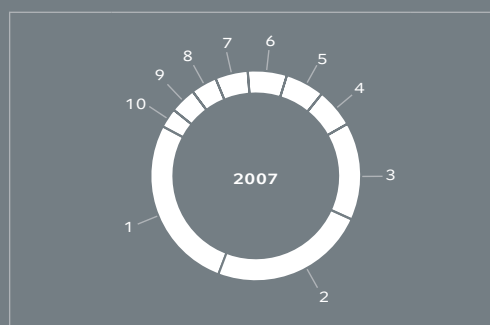
(in %)



1	Cement and clinker	64
2	Ready-mix concrete/aggregates	36

### Sales Revenue by Region

(in %)



1	Italy	27
2	USA	24
3	Germany	15
4	Czech Republic and Slovakia	6
5	Mexico	6
6	Russia	6
7	Ukraine	5
8	Poland	4
9	Netherlands	4
10	Luxembourg	3

### Sales Revenue

(millions of EUR)

2000	1,334.1
2001	1,446.5
2002	1,478.7
2003	1,461.6
2004	2,771.6
2005	2,951.4
2006	3,205.0
2007	3,496.1

### Capital Expenditures

(millions of EUR)

2000	160.0
2001	124.9
2002	81.2
2003	102.1
2004	203.9
2005	243.1
2006	254.0
2007	527.4



International presence



<b>ITALY</b>	Buzzi Unicem, Unical, Cementi Moccia (50 %), Laterlite (33 %), Addiment Italia (50 %)
<b>GERMANY</b>	Dyckerhoff, Deuna Zement, Dyckerhoff Beton, Dyckerhoff Transportbeton
<b>LUXEMBOURG</b>	CIMALUX
<b>NETHERLANDS</b>	Dyckerhoff Basal Nederland
<b>POLAND</b>	Dyckerhoff Polska
<b>CZECH REPUBLIC AND SLOVAKIA</b>	Cement Hranice, ZAPA beton
<b>UKRAINE</b>	Volyn-Cement, Yugcement, Dyckerhoff Ukraina
<b>RUSSIA</b>	Sucholoshskzement
<b>USA</b>	Buzzi Unicem usa, Alamo Cement, Kosmos Cement (25 %)
<b>MEXICO</b>	Corporación Moctezuma (50 %)

Operating structure

		ITA	GER	LUX	NLD	POL	CZE/SVK	UKR	RUS	USA	MEX <sup>1</sup>	Total
Cement plants	no.	13	7	2	–	1	1	2	1	11	2	40
of which grinding	no.	1	2	1	–	–	–	–	–	1	–	5
Cement capacity	Mio t/yr	10.4	7.0	1.0	–	1.6	1.1	3.0	2.4	10.0	5.0	41.5
Ready-mix concrete plants	no.	184	102	–	17	30	77	6	–	60	44	520
Aggregate quarries	no.	20	–	–	2	–	9	–	–	4	1	36
Terminals	no.	7	–	–	–	2	–	3	–	29	–	41

ITA/Italy, GER/Germany, LUX/Luxembourg, NLD/Netherlands, POL/Poland, CZE/Czech Republic, SVK/Slovakia, UKR/Ukraine, RUS/Russia, USA/United States of America, MEX/Mexico  
<sup>1</sup> figures at 100 %



## Dear Shareholders

It is a pleasure for me to meet You again here, continuing with the approach initiated last year – our Centenary year. The series of events organised for the Centenary – in 2007 – at our home base and in all the Italian plants, together with the trips to South Africa with our customers and to America & Mexico with our employees with over 30 years of tenure, meant a not indifferent effort. They nevertheless were all gradually completed with great involvement and, I would say, across-the-board satisfaction. The purpose of all this was both to recall the past to reinvigorate our future drive and, even more so, to unite the various components of our group – Buzzi, Unicem, and Dyckerhoff – all over a hundred years old but with different histories, spirit, and operating habits. It was certainly a major step forward.

Today we have another important initiative underway, on which our Chief Executives are very keen indeed, i.e. to consolidate a strong and shared group identity. In my 2007 letter, I said 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 company life and to communicate a corporate spirit that is based on efficiency and on an intense exchange of knowledge”.

And it is indeed in this perspective that the new group identity should be viewed. Growth requires greater strength – and for us greater strength means the ability to enhance control and to convey our distinctive corporate spirit. The campaign has therefore started to unify the logo and at the same time harmonise the typeface in the trademarks of our various subsidiaries. The pictogram will be the classic “U” with the Buzzi name in the centre (in the heart, as I say by means of a joke, ... but not so much) and it will be the same for all subsidiaries. In the logo – consisting of the “pictogram + company name” combination – each company will maintain its own name: an important feature that I want to underline. Nevertheless, in the quest for the greatest possible uniformity, each company’s name will be shown using the same font. And the font we have chosen is the present, attractive font of the Dyckerhoff trademark.

This is a delicate move that touches strongly rooted corporate sensibilities. It has therefore been addressed skilfully and professionally. I very much hope that all our employees, customers, and stakeholders understand it in the right way and support it. The right way is the fact of working under the same flag, even although preserving, in all our companies, the original name, i.e. the traditions and specifics distinguishing those companies in the various regions of the world.

A year ago, I mentioned our commitment concerning two new production lines under construction, in the USA and Russia. In reality, this was just the start of a far wider commitment,



“The targets reached in the last two years give us the boost to realize the next five year growth projects.”

which – in the frame of five years – will cause us to invest some € 1.5 billion in internal growth. This means investing in 6 new, extremely modern production lines (3 in Eastern Europe, 2 in the USA, and 1 in Mexico), of which 2 greenfield projects. It also means investing in some major grinding facilities, with an increase in annual capacity of 10-11 million tonnes. It will be followed by the closure of some minor lines, now obsolete. All this is now easier to be achieved, starting from the contribution provided by the outstanding 2007 results:

- 34 million tonnes of cement sold in 12 countries
- 17 million cubic metres of concrete produced in 10 countries
- Sales of some € 3,500 million
- EBITDA of € 1,046 million
- Net profit of € 537 million.

Numbers that surge beyond those of 2006, giving some idea, albeit faint, of the hard work needed to achieve them. Even more so, they give us the boost necessary – together with the launch of the new corporate identity – to accomplish our challenging 5-year program. It will be our pleasure and duty to keep you informed about the future progress of it.

A handwritten signature in black ink, which appears to read 'Alessandro Buzzi'. The signature is written in a cursive, flowing style.

ALESSANDRO BUZZI  
CHAIRMAN



During the year 2008 Buzzi Unicem wishes to achieve an important goal: create a univocal group identity by adopting a shared logo as a distinctive sign for all the companies.

The international re-branding process has officially kicked off with the Dyckerhoff AG Annual Report publication. The new logo brings together the concepts of tradition and firmness: generated by the union of the pictogram Buzzi Unicem and the historical Dyckerhoff lettering, it defines in a simple but strong symbol the synergy amongst the group companies.

The U acquires the new meaning of union strengthened by the 1, of which the shape can be perceived in the pictogram. Every company will keep its name thus enhancing its cultural value and will adopt the new logo as a stimulus to build a new shared identity.



ITALY – BUZZI UNICEM SPA



ITALY

**Unical**

NETHERLANDS

**Dyckerhoff Basal Nederland**

USA

**Buzzi Unicem USA**

CZECH REPUBLIC

**Cement Hranice**

USA

**Alamo Cement**

POLAND

**Dyckerhoff Polska**

GERMANY

**Dyckerhoff**

UKRAINE

**Dyckerhoff Ukraina**

LUXEMBOURG

**Cimalux**

RUSSIA

**Sucholoshskcement**



# Group Profile

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## Board of Directors

### Onorato Castellino

We communicate the passing away, on 11 December 2007, of Professor Onorato Castellino. He was an independent director of our company right from the time of the merger with Unicem SpA in 1999 and of Unicem SpA itself since June 1998. We recall with infinite sadness and regret the great professional and human qualities that distinguished his directorship. Onorato Castellino represented – and will continue to represent – a rare example of moral integrity and methodological rigour, coupled with a friendly and amiable nature, always available for dialogue and exchange of ideas. The Statutory Auditors join us in the remembrance of him.

### On May 12th, 2008 (before AGM)

#### 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.

#### 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.

#### 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. Chairman of Corporación Moctezuma SA since 2006.

#### 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.

#### PIETRO BUZZI

##### CHIEF EXECUTIVE FINANCE

Born in 1961. Director since 2000. After some 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. Since May 2007 he is member of Dyckerhoff AG's supervisory board. Director of Efibanca SpA.

#### 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.

**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.

**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 Sella & C. 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).

**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 Versicherung 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, Sara Vita 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 1997 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**

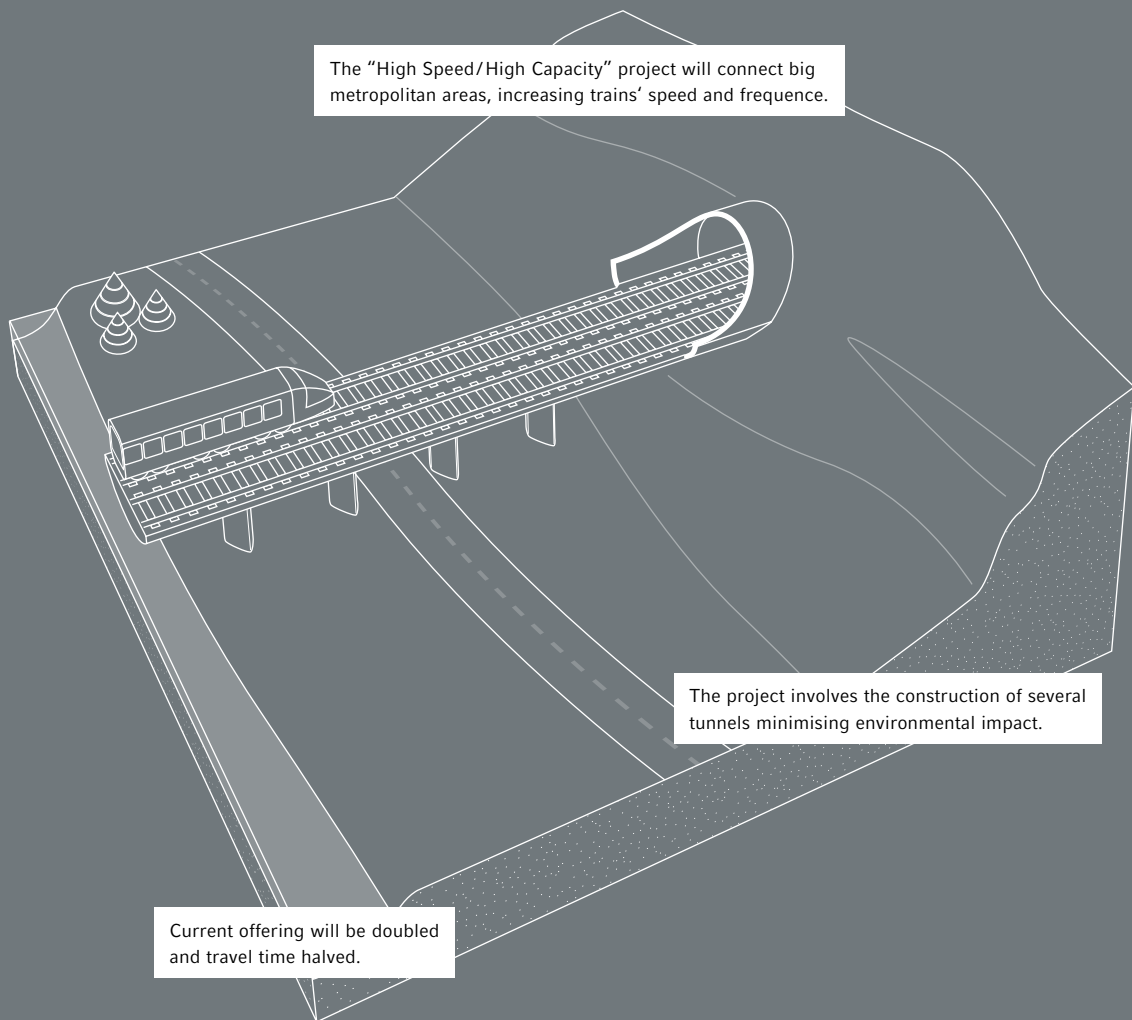
Born in 1948. Director since 2003. Chairman of the controlling Holding of Techint Group. President of Humanitas Institute in Milan. Director of Tenaris SA, Ternium, Allianz SpA, rcs Quotidiani, Italian Institute of Technology (IIT). Vice President of Confindustria for Education, member of the Trilateral Commission, the European Advisory Board of the Harvard Business School, the Advisory Board of Allianz Group and the Executive Committee of Aspen Institute.

## Statutory Auditors

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

High speed trains bring  
cities near.

– How is it possible to ensure  
infrastructures' time durability?



The "High Speed/High Capacity" project will connect big metropolitan areas, increasing trains' speed and frequency.

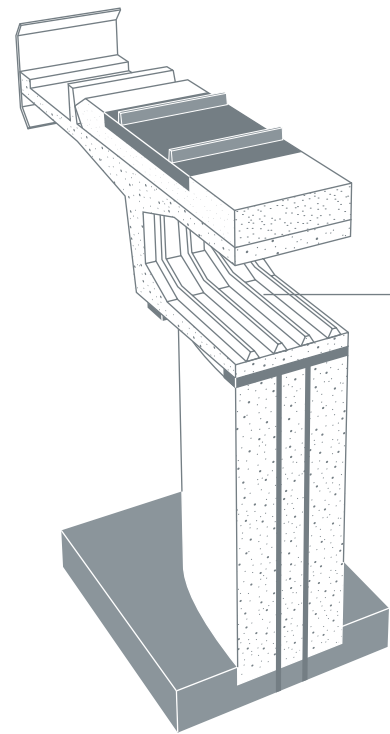
The project involves the construction of several tunnels minimising environmental impact.

Current offering will be doubled and travel time halved.

## Unical concretes for the “High Speed/High Capacity” project

UNICAL was responsible for producing and supplying all the concrete for the “High Speed/High Capacity” project.

The “High Speed/High Capacity” project involves developing and reorganizing the layout of the Italian railway system to handle the growing traffic and mobility needs associated with large metropolitan catchment areas, easing goods and passenger transport and significantly reducing travel times. The high speed trains line will include the cities of Turin, Milan, Bologna, Florence, Rome and Naples. The concrete used for the project should have a 200-year durability; much more than what is normally foreseen by law. The economical damages deriving from a possible breakdown of traffic for repairing works will be considerable, as well as the fact of intervening in a region that was already impacted by the existing construction project. UNICAL has constantly kept pace with the situation, producing the concrete within a quality control system and running its production plants in accordance with the strictest safety and environmental protection standards.

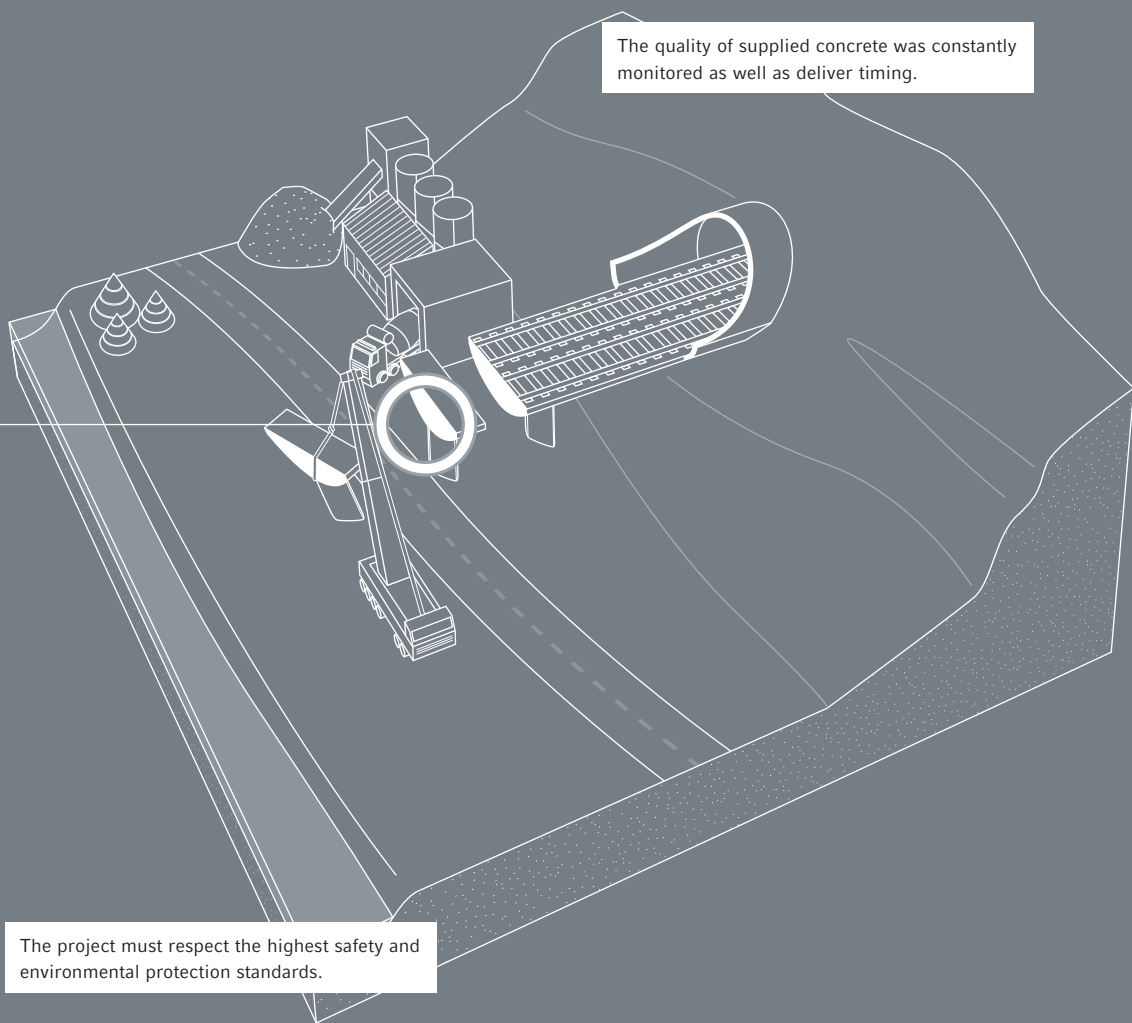


### ITALY

Belonging to the Buzzi Unicem group, UNICAL S.p.A. has been producing bagged concrete in Italy since the mid-1960s. It operates over 180 plants throughout Italy and employs approximately 2,000 direct and indirect employees. The company is also involved in quarrying activities and operates a large number of quarries where the aggregates required to produce concrete are selected and processed.







The quality of supplied concrete was constantly monitored as well as deliver timing.

The project must respect the highest safety and environmental protection standards.

Cement plants location  
as of December 31, 2007



## Italy

		2007	2006	07 / 06
				<b>var %</b>
Cement sales	t/000	8,465	8,565	- 1.2
Concrete sales	mc/000	6,819	7,652	- 10.9
Aggregates sales	t/000	3,772	5,258	- 28.3
Sales revenue	€m	961.5	1,004.0	- 4.2
Capital expenditures	€m	57.5	70.8	- 18.8
Headcount at year end	no.	2,072	2,122	- 2.4

**NUMBERS & FACTS**

Cement production capacity 10.4 million tons, 13 plants, 7 terminals,  
184 ready-mix concrete plants, 20 aggregate quarries.



## Germany

		2007	2006	07 / 06
				<b>var %</b>
Cement sales	t/000	5,355	5,147	4.0
Concrete sales	mc/000	2,932	3,039	- 3.5
Sales revenue	€m	514.9	480.0	7.3
Capital expenditures	€m	59.8	30.8	94.0
Headcount at year end	no.	1,537	1,532	0.3

**NUMBERS & FACTS**

Cement production capacity 7.0 million tons, 7 plants, 102 ready-mix concrete plants.



## Luxembourg

		2007	2006	07 / 06
				<b>var %</b>
Cement sales	t/000	1,081	901	20.0
Sales revenue	€m	91.8	83.6	9.7
Capital expenditures	€m	4.2	1.9	124.6
Headcount at year end	no.	149	220	- 32.3

**NUMBERS & FACTS**

Cement production capacity 1.0 million tons, 2 plants.



## Netherlands

		2007	2006	07/06
				var %
Concrete sales	mc/000	992	-	-
Aggregates sales	t/000	5,690	-	-
Sales revenue	€m	140.6	-	-
Capital expenditures	€m	3.2	-	-
Headcount at year end	no.	277	-	-

## NUMBERS &amp; FACTS

17 ready-mix concrete plants, 2 aggregate quarries.



## Poland

		2007	2006	07/06
				var %
Cement sales	t/000	1,414	1,408	0.4
Concrete sales	mc/000	938	913	2.7
Sales revenue	€m	142.8	110.4	29.3
Capital expenditures	€m	7.9	4.5	75.3
Headcount at year end	no.	403	401	0.5

## NUMBERS &amp; FACTS

Cement production capacity 1.6 million tons, 1 plant, 2 terminals, 30 ready-mix concrete plants.



## Czech Republic and Slovakia

		2007	2006	07/06
				var %
Cement sales	t/000	1,042	868	20.1
Concrete sales	mc/000	2,302	2,076	10.9
Aggregates sales	t/000	1,609	1,361	18.2
Sales revenue	€m	215.8	182.4	18.4
Capital expenditures	€m	8.4	7.3	15.5
Headcount at year end	no.	880	874	0.7

## NUMBERS &amp; FACTS

Cement production capacity 1.1 million tons, 1 plant, 77 ready-mix concrete plants, 9 aggregate quarries.



## Ukraine

		2007	2006	07/06
				var %
Cement sales	t/000	2,552	2,271	12.4
Concrete sales	mc/000	375	274	36.9
Sales revenue	€m	179.2	107.2	67.2
Capital expenditures	€m	20.3	9.6	110.8
Headcount at year end	no.	1,740	1,629	6.8

## NUMBERS &amp; FACTS

Cement production capacity 3.0 million tons, 2 plants, 3 terminals, 6 ready-mix concrete plants.



## Russia

		2007	2006	07/06
				var %
Cement sales	t/000	2,330	2,309	0.9
Sales revenue	€m	197.9	123.9	59.8
Capital expenditures	€m	34.1	8.4	306.3
Headcount at year end	no.	1,531	1,519	0.8

### NUMBERS & FACTS

Cement production capacity 2.4 million tons, 1 plant.

## United States of America

		2007	2006	07/06
				var %
Cement sales	t/000	9,367	9,766	- 4.1
Concrete sales	mc/000	1,940	1,877	3.4
Aggregates sales	t/000	2,617	2,823	- 7.3
Sales revenue	\$m	1,166.1	1,161.5	0.4
Capital expenditures	\$m	232.8	102.0	128.2
Headcount at year end	no.	2,382	2,269	5.0

### NUMBERS & FACTS

Cement production capacity 10.0 million tons, 11 plants, 29 terminals, 60 ready-mix concrete plants, 4 aggregate quarries.

## Mexico<sup>1</sup>

		2007	2006	07/06
				var %
Cement sales	t/000	4,922	4,172	18.0
Concrete sales	mc/000	1,596	1,422	12.2
Sales revenue	\$m	581.0	494.7	17.5
Capital expenditures	\$m	31.2	36.9	- 15.3
Headcount at year end	no.	1,097	975	12.6

<sup>1</sup> figures at 100 %

### NUMBERS & FACTS

Cement production capacity 5.0 million tons, 2 plants, 44 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, 2007, stock market capitalization was EUR 3.636 million. At the same date the share capital is made up of 165,174,946 ordinary

shares and 40,711,949 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	Savings	Ordinary	Savings
	number	number	€m	€m
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
Year 2007	168,024,567	21,128,085	3,635.8	319.3

### Price development of the Buzzi Unicem shares

(base January 2001 = 100)



### Main shareholders

at December 31, 2007

	Ordinary	% of total share capital	% of ordinary share capital	% of voting rights
Presa SpA (Buzzi family)	73,693,000	35.8	44.6	44.6
Fimedi SpA (Buzzi family)	16,500,000	8.0	10.0	10.0
Alliance Bernstein LP	17,069,179	8.3	10.3	6.6
Julius Bär Investment	3,625,590	1.8	2.2	2.0
Barclays Global Investors LTD	3,379,479	1.6	2.1	2.1

Source: Shareholders' register and additional information available to the Company

In total 51,286,533 of the ordinary shares representing 31,05 % of the voting rights were owned by foreign investors.

#### Distribution of shareholding

at December 31, 2007 (ordinary shares)

	No. of Shareholders	in %	No. of shares	in %
1–1,000	8,748	81.08	2,055,559	1.24
1,001–10,000	1,481	13.73	4,524,931	2.74
10,001–100,000	429	3.98	13,831,254	8.37
100,001–	131	1.21	144,763,202	87.65

#### Highlights per share<sup>1</sup>

	2001	2002	2003	2004	2005	2006	2007
<b>EUR</b>							
Basic earnings per ordinary share	1.15	0.93	1.07	0.97	1.31	1.77	2.23
Diluted earnings per ordinary share	1.17	0.93	1.01	0.93	1.26	1.71	2.23
Cash flow per share	2.22	2.31	2.10	2.37	2.67	3.14	3.64
Shareholders' equity per share	7.94	7.87	9.13	8.16	9.67	10.63	10.95
Price/Earnings ratio	6.46	7.21	8.72	11.14	10.07	12.14	8.49
Price at year end							
ordinary	7.43	6.68	9.32	10.78	13.16	21.45	18.93
savings	5.76	6.06	6.04	7.51	9.17	14.56	12.51
Dividend per share <sup>2</sup>							
ordinary	0.23	0.25	0.27	0.29	0.32	0.40	0.42
savings	0.25	0.27	0.29	0.31	0.34	0.42	0.44
Yield							
ordinary	3.1 %	3.7 %	2.9 %	2.7 %	2.4 %	1.9 %	2.2 %
savings	4.4 %	4.5 %	4.9 %	4.2 %	3.8 %	2.9 %	3.5 %

<sup>1</sup> Italian GAAP until 2003, IFRS from 2004

<sup>2</sup> 2007: proposed to the Annual General Meeting

#### Capital structure

at December 31, 2007 (in %)

		100
	1	
		2
1	Ordinary	80.2
2	Savings	19.8

#### Market capitalization

at December 31 (millions of EUR)

2001		989
2002		952
2003		1,466
2004		1,979
2005		2,432
2006		4,125
2007		3,636





## Review of operations

The strategy followed in the past years and the encouraging results coming from the emerging markets allow for a correct geographical diversification, able to balance the negative economic cycles with positive ones.

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## Business review

The year 2007 was a good year for your company, with sales and results showing considerable progress. In the year just closed the group sold 34.1 million tonnes of cement (+2.2 % vs. 2006) and 17.1 million cubic metres of ready-mix concrete (+3.4 % YoY), with consolidated net sales growing by 9.1 % to €3,496 million (mn). Changes in the scope of consolidation generated a sales increase of €122.2 mn, whereas there was an adverse foreign exchange impact of €110.8 mn. Profitability featured equally tangible improvement. EBITDA grew from €931.1 mn to €1,045.6 mn, also thanks to non-recurring income of €60.5 mn. After amortization and depreciation of €210.9 mn, EBIT amounted to €834.7 mn vs. €727.9 mn in 2006 (+14.7%). Finance charges was well down, i.e. to €22.2 mn vs. €44.7 mn. Profit before tax consequently rose from €658.7 mn to €824.8 mn. Income taxes amounted to €288.3 mn (€241.2 mn in 2006) and the income statement therefore ended the year with net profit of €536.5 mn, of which €458.5 mn (+31.1 % YoY) attributable to the equity holders of the company.

At 2007 year-end net indebtedness totalled €621.2 mn, slightly up vs. €609.0 mn as at 31 December 2006, after








having made investments of €527.4 mn and distributed dividends totalling €99.8 mn. Compared with 2006 year-end, the debt/equity ratio remained stable at 0.25.

The improvement in results was directly attributable to the very favourable trend in volume/price mix in East European markets, plus improvement in Central European operating performance. In Italy, the lack of new awards of major public works and softening of the residential market's demand caused shrinkage of sales volume and of operating profitability, already eroded by cost inflation. In the USA, a singular combination of upward prices and downward volume made it possible to maintain excellent results – not lower, in local currency, than the record results of 2006. In Mexico, plant capacity utilisation was high, but profitability was penalized by (a) the difficulty of aligning selling prices with sector inflation and (b) depreciation of the local currency.








### Operating and financial performance

In 2007 consolidated sales of cement amounted to 34.1 mn tonnes, +2.2 % vs. 2006. Progress was driven by the quantities in the Czech Republic, Luxembourg, Mexico, Ukraine, and Germany, whereas volume in the USA decreased, as it did, to a lesser extent, in Italy. Quantities sold in Russia remained steady – due to full utilisation

**Turnover**  
(millions of EUR)

2001		1,446
2002		1,479
2003		1,452
2004		2,772
2005		2,951
2006		3,205
2007		3,496

**EBITDA**  
(millions of EUR)

2001		447
2002		461
2003		434
2004		699
2005		801
2006		931
2007		1,046

of currently available production capacity – as they did in Poland, where market growth was underpinned by exports from other countries.

Ready-mix concrete sales grew by 3.4 % to 17.1 mn cubic metres, mainly thanks to the contribution of the Czech Republic (Slovakia), Ukraine, and Mexico, as well as to positive Polish progress. In Germany they were down and, more markedly so, also in Italy. Conversely, USA volume improved thanks to the integration of new company branches in the scope of operations.

Consolidated net sales grew by 9.1 % YoY from € 3,205.0 mn to € 3,496.1 mn. Changes in the scope of consolidation had a positive effect of € 122.2 mn, whereas the foreign exchange effect was negative by € 110.8 mn. Net of these factors, sales would have grown by 8.8 %. Progress was largely attributable to the geographical areas handled by the Dyckerhoff subsidiary, as well as to inclusion in the scope of consolidation of business in the Netherlands.

The growth drivers were East European markets, whose sales – which have almost doubled in the last two years – rose from € 523.9 mn to € 735.7 mn (+ 40.5 %), including an adverse foreign exchange effect of € 13.1 mn. Sales revenues were way ahead of expectations in Russia (+ 59.8 %) and Ukraine (+ 67.2 %), which benefited from a growth rate in the construction industry well above the European average and from strongly upward prices. Thanks above all to the price effect, top-line progress was also very good in Poland (+ 25.6 % in local currency), where the economy continues to make good use of EU funds. There was also substantial improvement in the Czech Republic, with a 15.9 % increase in local-currency net sales. The foreign exchange factor had a positive effect on these last two countries of € 4.1 mn and € 4.4 mn respectively.

Central European markets made positive progress, in a scenario of widespread economic recovery. In Germany, the increase in both volume and prices drove sales up from € 480.0 mn to € 514.9 mn (+ 7.3 %). Progress was also good in Luxembourg, with net sales growing by 9.7 % to € 91.8 mn. In the Netherlands, effective as of 1 January 2007, operations featured the new wholly owned Basal subsidiary, active in ready-mix concrete and natural aggregates, which achieved net sales of € 140.6 mn.

The Italian market trend deteriorated. In Italy net sales in fact decreased by 4.2 % to € 961.5 mn (vs. € 1,004.0 mn in 2006). This was due to cement demand, which, after a sparkling start to the year aided by particularly mild weather, began to decrease tangibly in the second half of 2007. The change in average prices was slightly favourable, in line with inflation in the period.

Performance in the US market was generally good, despite continuation of the residential building crisis and the consequent slowdown in volume compared with the previous two years' record levels. Underpinned by growing average prices, net sales progressed to USD 1,166.1 mn (+ 0.4 % YoY in local currency), corresponding to € 850.9 mn (– 8.0% vs. 2006).

In the year following presidential elections – statistically unfavourable for the local building market – confirmation of positive performance in Mexico was reassuring. Here sales rose from € 197.0 mn to € 212.0 mn (+ 7.6 % YoY), despite being penalized by an adverse foreign exchange effect, without which the increase would have been 17.7 %.

Reported EBITDA grew from € 931.1 mn to € 1,045.6 mn (€ + 114.6 mn). This figure included non-recurring income of € 60.5 mn coming from contingent assets and from gains/losses on disposals of equity investments. Stripping out non-recurring items both from 2007 and 2006 figures

### EBITDA margin<sup>1</sup>

(in %)

2001		30.9
2002		31.2
2003		29.7
2004		25.2
2005		27.1
2006		29.1
2007		29.9

<sup>1</sup> EBITDA/Net sales

(2006 totalled € 21.4 mn of income), EBITDA rose from € 909.7 mn to € 985.2 mn (+8.3 %), with a 28.2 % margin on sales (vs. 28.4 % in 2006). Changes in the scope of consolidation had a positive effect of € 6.9 mn, whereas the foreign exchange factor had a negative effect of € 41.3 mn. All East European countries showed strong growth, i.e. +68.1 % overall with outstanding levels in Russia, Ukraine, and Poland. EBITDA achieved in Central European countries (Germany, Luxembourg, and the Netherlands) was also way ahead of the 2006 figure (+44.1 % YoY). Mexico continued its organic growth trend but ended the year with EBITDA in euro aligned with that of the previous year. Italy's contribution was € 28.7 mn lower than in 2006. In the USA, USD depreciation caused a reported decrease of 5.7 %, whereas, at constant exchange rates, there would have been growth of 2.9 % YoY.

Depreciation and amortisation expense totalled € 210.9 mn vs. € 203.2 mn in 2006. A contributor to this income statement item was an € 8.0 mn write-up on the Amöneburg and Neubeckum assets. These had been written down in 2005 during restructuring of the German business but are now being reutilised in our production capacity expansion projects.

EBIT grew by 14.7 % from € 727.9 mn to € 834.7 mn. Net finance expense totalled € 22.2 mn vs. € 44.7 mn in

### Cash Flow<sup>1</sup>

(millions of EUR)

2001		315
2002		320
2003		312
2004		426
2005		521
2006		621
2007		747

<sup>1</sup> Net income + amortization and depreciation

2006. The improvement was attributable to (a) a certain reduction of the average cost of debt, due to the greater weight of variable-rate items, (b) better returns achieved on liquidity invested, and (c) some one-off interest income.

Following completion of the extraordinary operations concerning the associate company NCD, equity in associates' earnings delivered income of € 12.4 mn vs. a cost of € 24.5 mn in 2006.

As a result of the above, profit before tax grew from € 658.7 mn to € 824.8 mn (+25.2%). Income taxes amounted to € 288.3 mn (€ 241.2 mn in 2006), reflecting a slightly lower average tax rate. The year-end income statement thus featured tangibly improved net profit, which totalled € 536.5 mn (+28.5 % YoY), of which € 458.5 mn attributable to the equity holders of the company (+31.1 %).

Cash flow for the 2007 accounting period, including positive and/or negative non-recurring items, totalled € 747.5 mn vs. € 620.7 mn recorded into 2006. As at 31 December 2007, the group's net financial debt stood at € 621.2 mn, up by € 12.3 mn vs. € 609.0 mn at 2006 year-end. In the year just closed, the group paid out dividends totalling € 99.8 mn, of which € 83.0 mn by the par-

ent company Buzzi Unicem SpA, and invested €322.4 mn in property, plant, and equipment and €204.9 mn in equity interests.

The purpose of the main industrial investments made in Italy was environmental, i.e. reduction of emissions and upgrading of feed systems for alternative fuels. In the USA production capacity expansion work progressed at Selma, in Missouri (the "River 7000" project), the impact of which in 2007 was €79.6 mn. In Germany, €5.7 mn was invested in upgrading slag grinding facilities and in Luxembourg a further €1.4 mn to increase clinker-grinding capacity. In Russia, the production-capacity expansion project continued at the Suchoi Log plant, with investment during the year of €28.2 mn. In Ukraine, with capital expenditure of €18.4 mn, work progressed on upgrading kiln 6 at Rivne, designed to assure higher output in line with market demand, and also on installation of grinding mills for coal, replacing natural gas as primary fuel. There was also major development in the ready-mix concrete sector, with the installation of new batching units. Once again in the ready-mix, work continued on further internal and external development in the Czech Republic, Poland, and Mexico.

Equity investments mainly involved the purchase of no. 326,153 ordinary shares and no. 3,738,558 preferred shares of Dyckerhoff AG, via the voluntary public tender offer concluded on 29 January 2007 and following market transactions, with a total outlay of €163.2 mn. In addition, it has been purchased for €8.0 mn 98 % of the ZAO Akmel company, the vehicle via which a greenfield plant in the Orenburg region in Russia (35 km away from the border with Kazakhstan) will be built.

The following table shows the assets and liabilities of the net financial position, divided by degree of liquidity:

#### Net financial position

	Dec. 31, 2007	Dec. 31, 2006
<b>millions of EUR</b>		
Cash, banks, and marketable securities		
Cash and cash equivalents	760.7	514.8
Available-for-sale financial assets	–	192.6
Derivative financial instruments	3.0	0.8
Short-term debt:		
Current portion of long-term deb	(107.0)	(35.3)
Bank overdrafts and borrowings	(7.7)	(53.0)
Amounts payable to parent companies	(10.1)	–
Derivative financial instruments	(112.3)	(78.3)
Accrued interest expense	(9.8)	(9.0)
<b>Net short-term cash</b>	<b>516.8</b>	<b>532.6</b>
Long-term financial assets:		
Derivative financial instruments	0.3	0.2
Other non-current financial receivables	2.0	3.4
Long-term borrowings:		
Long-term debt	(1,140.4)	(1,140.1)
Derivative financial instruments	–	(5.0)
<b>Net debt</b>	<b>(621.2)</b>	<b>(609.0)</b>

As at 31 December 2007, shareholders' equity, including minority interest, amounted to €2,513.4 mn vs. €2,425.4 mn at 2006 year-end. The debt/equity ratio therefore remained stable at 0.25.

In June 2007, no. 94,395 of the company's savings shares, all newly issued, were assigned to management personnel in connection with the achievement of individual objectives.

During the 2007, no. 444,009 "Buzzi Unicem 2003–2008" convertible bonds were converted, with consequent issuance of an equal number of ordinary shares and reduction of debt by approximately €4.4 mn.

Special design needs special solutions.

– How can slopes be concreted?

A bold wedge-shaped design creates exciting new spatial harmony.



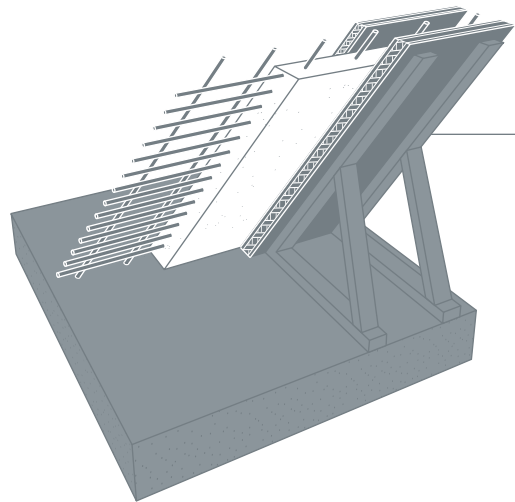
The tradition-laden Military History Museum is being renovated.

The wedge-shaped annex provides space for new ideas.

## Renovation of Dresden's Military History Museum

In Dresden, the tradition-laden Military History Museum is undergoing exciting renovation based on designs by Daniel Libeskind. What was once Saxony's arsenal is being restored to its original form and extended by means of a new wedge-shaped annex.

The key feature of the wedge-shaped extension – a typical Libeskind design solution – consists of its jutting exposed concrete walls, leaning in various directions. These have now been included in the original building's design as distinctive elements. They were concreted on site in order to achieve the high quality of exposed concrete on both sides required by the architect. The concreting of the spatial elements – which are typical of Libeskind's work – required solution of a number of technological concrete problems. This affected both the casting of the angular exposed concrete walls, sloping in various directions, and the techniques used for compaction of the specially devised exposed concrete. For structural engineering reasons, the lower surfaces of the sloping walls had to stay fully encased until the ceiling of the specific floor was completed. It was decided that the ductile concrete needed for the project would consist of a blend of c30/37, x4 (WU), xA1, xD1, and xF1. This special formula permits even spreading of concrete both in winter and in summer.



### GERMANY

For over 140 years, Dyckerhoff has been a highly qualified and first-choice partner for construction firms. Our German cement factories produce both conventional cements and innovative special purpose cements. In this case, a cement – Dyckerhoff mZ-Normal CEM II/B-M (S-LL) 32.5 R-AZ – with an ideal blend of raw materials was used. The high quality of the cement's powdered limestone content helped produce a very robust concrete formula – thus assuring top exposed-concrete quality for the ductile concrete needed for the Military History Museum project.

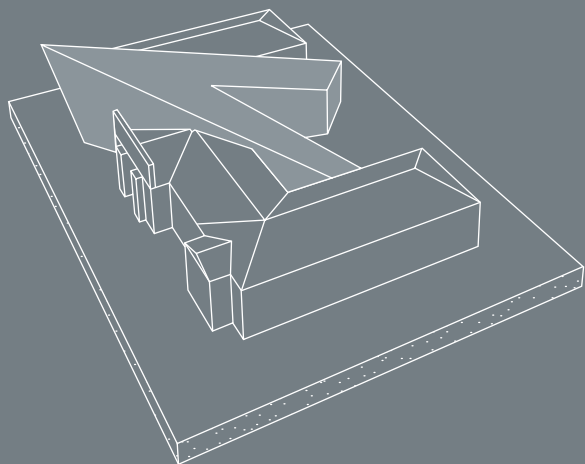
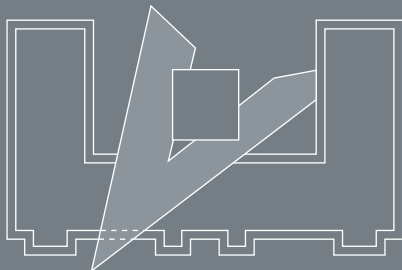




A special formwork system was developed, capable of withstanding the extremely high pressure of fresh concrete caused by the sloping walls.



To ensure state-of-the art quality an exposed-concrete team was created.



## Italy



## Cement

	2007	2006	07/06
millions of EUR			
Net sales	606.7	603,8	0.5 %
EBITDA	180.0	194,0	-7.2%
% of sales	29.7	32,1	
Capital expenditures	45.1	34,4	31.2 %
Headcount end of period	no. 1,416	1,433	-1.2%

before eliminations between lines of business

## Ready-mix concrete

	2007	2006	07/06
millions of EUR			
Net sales	497.0	551.0	-9.8 %
EBITDA	25.5	40.2	-36.6 %
% of sales	5.1	7.3	
Capital expenditures	12.2	36.4	-66.5 %
Headcount end of period	no. 642	674	-4.7 %

before eliminations between lines of business

## Italy

In 2007, Italian GDP grew at a rate of 1.5 % vs. 1.9 % in 2006, hampered in the last quarter of the year by the constant ascent of crude oil prices and by deterioration of the global economy after the start of the credit crunch in the USA. The sectors underpinning real GDP growth were industry in the strict sense of the term (+0.8 %), construction (+1.6 %), and services (+1.8 %). Average inflation in 2007 rose to 2.6 %. Conversely, the deficit/GDP ratio improved tangibly, decreasing to 1.9 % vs. 3.4 % in 2006.

A good part of this improvement was attributable to higher tax revenues. Tax pressure in 2007 in fact increased by 1.2 percent points vs. 2006 (from 42.1 % to 43.3 %).

For the Italian cement industry, after record-breaking consumption in 2006 and after a first quarter favourably affected by the weather factor, 2007 featured a negative trend in consumption. This started to emerge in April and became increasingly evident in the second half of the year. The cause of this decrease was attributable to lower investments in residential buildings and to the pub-

lic works sector, where the flow of calls for tenders and of awards showed no signs of recovery. Loans to companies for construction investments decreased and, at the same time, the banks' non-performing loans to consumers increased, with consumers in difficulty due to the increasing debt taken on in the last few years.

2007 also confirmed the complexity of operating in a mature and competitive market that is also subject to strict regulations. For Buzzi Unicem the first period (2005 – 2007) of the Emission Trading Scheme – which features allocation of CO<sub>2</sub> (carbon dioxide) emission quotas in compliance with targets set by the Kyoto Protocol – ended positively. CO<sub>2</sub> emissions per tonne of cement produced were considerably lower than in the period before the plan came into force. Emission constraints continue to be a challenge, with repercussions on production planning, also following the coming into force of the second National Allocation Plan (NAP II, 2008–2012), which sets equally tough targets. The company intends to maintain a level of production consistent with market needs, achievable with targeted investment plans focusing on efficient operating solutions, friendly for both the environment and for the community. As regards customers, the aim continues to be to provide them with increasingly high value-added products and services. With the support of the new regulations (the Italian Consolidated Construction Act) and association activity, we expect the winners to be virtuous producers able to assure excellent standards of service, supplying products such as special cements, high-performance and extra-durable concrete.

Sales of cement and clinked decreased by 1.4 %. Volumes, which grew in the first quarter of the year thanks to extremely favourable weather conditions, lost momentum during the second half, particularly in the last quarter. This was also due to (a) colder weather than in the same period in the previous year and (b) the road hauliers'

strike in December. The high cost inflation of the main production factors caused unit production costs to increase by about 5 %, largely driven by the increase in fossil fuel prices following the continuous records hit by oil prices. Overhead costs also increased, reflecting the effects of the various types of one-off expenses incurred for the company's centennial celebrations. The trend in average selling prices was positive (+2.2 %) but only partly able to offset higher costs. The combination of higher prices and slightly lower volume enabled the cement sector to achieve net sales of € 606.7 mn, progressing by 0.5 % vs. 2006. EBITDA, which amounted to € 180.0 mn, was down vs. € 194.0 mn in 2006. Given this, the cement sector's EBITDA margin decreased from 32.1 % to 29.7 %.

Among investments made in the cement sector, we highlight those concerning reduction of NO<sub>x</sub> (nitrogen oxide) gases in various plants, together with those needed to increase use of quality waste-derived fuel (Italian acronym: CRD-Q) as an alternative source of energy at the Robilante plant. Another highlight was work to build a new import terminal in Spain, totalling € 8.4 mn.

Italy – Cement Consumption  
(million tons)

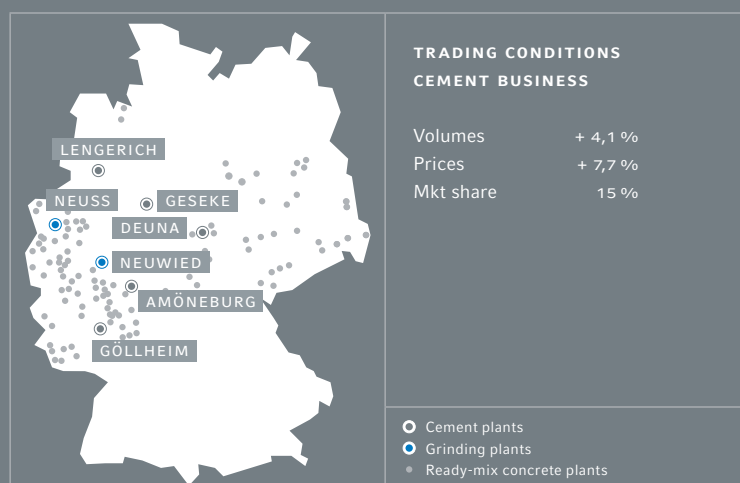
2001	37.3	2.2	39.5
2002	39.2	2.1	41.3
2003	41.3	2.2	43.5
2004	44.1	2.3	46.4
2005	43.9	2.2	46.1
2006	45.2	1.7	46.9
2007 E	44.2	1.4	45.6

■ Domestic ■ Import

The ready-mix concrete sector, which is by definition more volatile and linked to the daily trend of the construction market, encountered greater difficulty, building up a –10.9% decrease in production vs. 2006. It was penalised by less than favourable weather conditions in some months and by the disposal of some company assets effective 31 December 2006 (the Betonval-SACCI deal). Demand was down both in the ordinary market and in plants dedicated to major public works. All regions – except for Lombardy, Latium and Apulia – ended the year with lower volume. Moreover, the market, in the face of demand for higher-performance products, continued to be insignificantly rewarding, not enough to offset higher specific production costs, which translated into deterioration of profitability. Sector sales thus slipped to €497.0 mn vs. €551.0 mn in 2006 (–9.8%). EBITDA margin decreased noticeably from 7.3% in 2006 to 5.1% in 2007, whilst EBITDA in absolute value decreased to €25.5 mn vs. €40.2 mn of 2006.

Among the most important ready-mix concrete investments, we highlight those for the installation of new plant in Venturina (province of Livorno) and Cagliari (Sardinia), plus the new crusher at the Renai (Tuscany) quarry.

## Germany



	2007	2006	07/06
<b>millions of EUR</b>			
Net sales	514.9	480.0	7.3 %
EBITDA	139.5	91.2	53.0 %
EBITDA, net of non-recurring items	80.5	64.0	25.8 %
% of sales	15.6	13.3	
Capital expenditures	59.8	30.8	94.0 %
Headcount end of period	no. 1,537	1,532	0.3 %

## Germany

German economic recovery – which started in the last quarter of 2005 and continued during 2006 – consolidated in 2007, notwithstanding initial fears concerning (a) steadiness of the international economy and (b) the possible effects of the 3-point increase in German VAT rates on consumption. Growth instead showed only slight signs of slowing, buoyed up not only by exports but also by internal demand, headed by investments, but also by consumer spending. In 2006 GDP growth was 2.8 % and in 2007 it grew by an additional 2.5 % vs. the previous year.

The German economy seems once again to have benefited from its tried-and-true model in terms of economic cycle, i.e. initially driven by exports and by a major trade surplus, which stimulates investment demand, the employment

market, and then internal demand. Germany is also benefiting from the reform processes implemented in the last few years by the government (reining in of public spending plus welfare and labour market reform), by businesses (manufacturing rationalisation, delocalisation, and tight cost control), and by unions, which have accepted a phase of greater flexibility plus moderation on the pay front.

Thanks to the positive economic trend, the public deficit also decreased, with a 2.9 % increase in revenues set against outgoings that remained at the same level as in 2007. Consumer prices instead increased substantially in the last quarter of 2007. During the 3-year period 2003–2005, the weakness of the German economy had kept inflation low, at between 1.1 % and 1.6 % p.a. Conversely, in 2007 prices increased by 2.2 % on average, driven upwards by energy factors.

After a decade of recession, the building industry's crisis came to an end in 2006 and, during 2007, construction investments grew by 2.3 %. The sector suffered physiological slowdown of demand in the second part of 2007, mainly in the residential sector. This was partly caused by (a) the VAT increase, (b) elimination of government subsidies for new-house purchases, and (c) the new tax rules concerning speculative property transactions. The commercial and industrial building segments showed improvement, as did civil engineering works, buoyed up by investments in infrastructure maintenance and by higher tax revenues. The combined effect of all these factors was that domestic consumption of cement returned to 2005 levels, i.e. to €27.2 mn tonnes (vs. 28.9 mn tonnes in 2006) whilst ready-mix concrete consumption hit a floor of 40.9 mn cubic metres vs. 43.4 mn cubic metres in 2006 (-6.0 %).

In Germany, as was the case throughout the EU, monitoring continued of the CO<sub>2</sub> emission limits imposed by the Kyoto protocol. During 2007, Dyckerhoff – after having extracted the best possible value from its surplus rights in the previous two years via sale on the market at attractive prices – was able to make fuller use of its production capacity, increasing its export sales volume. The Allocation Plan that came into force at the beginning of 2008 – marking the start of the second phase – envisages a further squeeze on availability of emission rights. Given this, in a growing market it is likely that CO<sub>2</sub> emission rights will have to be purchased.

In 2007, the quantities of cement sold by our subsidiary grew by 4.1 % thanks to higher exports, particularly to the Netherlands. The commercial policy of gradual price improvement continued, with prices rising by +7.7 % YoY. The average 2007 price level was nevertheless still lower than that of Western European markets with a

similar cost structure. Ready-mix concrete sales instead decreased by 3.5 %, in a scenario featuring prices some 9 % better than in 2006.

Total net sales grew from €480.0 mn to €514.9 mn (+7.3 %). Changes in the scope of consolidation caused a decrease of €13.8 mn, without which net sales would have grown by 10.4 %. EBITDA grew from €91.2 mn to €139.7 mn. This figure includes contingent assets of €58.2 mn relating to VAT on sales completed via distributors from 1993 to 2004, for which the reimbursement application was successful. Although penalized by higher production costs, recurring EBITDA improved quite significantly, aided by the increase in average selling prices and the considerable effort made to use alternative fuels. There was no income from the sale of emission rights (vs. €6.6 mn in 2006).

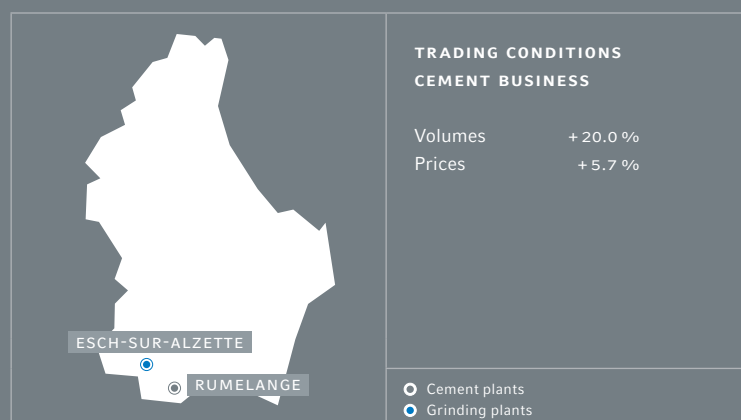
Capital expenditure amounted to €59.8 mn, of which €18.2 mn earmarked for equity investments. The main projects related to the increase in slag grinding capacity at the Lengerich plant, adaptation of the Göllheim and Geseke plants to increase use of alternative fuels, and the new bagging system for special binders at the Neuwied site.

**Germany – Cement Consumption**  
(million tons)

2001	28.7	2.5	31.2
2002	27.4	1.5	28.9
2003	28.8	1.2	30.0
2004	27.5	1.6	29.1
2005	25.6	1.4	27.0
2006	27.4	1.5	28.9
2007 E	26.1	1.1	27.2

■ Domestic ■ Import

## Luxembourg



	2007	2006	07/06
<b>millions of EUR</b>			
Net sales	91.8	83.6	9.8 %
EBITDA	19.5	25.0	- 21.9 %
EBITDA, net of non-recurring items	22.0	21.3	3.4 %
% of sales	24.0	25.5	
Capital expenditures	4.2	1.9	124.6 %
Headcount end of period	no. 149	220	- 32.3 %

Significant investments were also made to strengthen the ready-mix concrete sector. Of financial investments, € 8.0 mn referred to purchase of the ZAO Akmel company (Russia), € 2.2 mn to the increase of our stake in CIMALUX SA (Luxembourg), and € 4.8 mn to modifications of our Dutch equity interests (NCD Nederlandse Cement Deelnemingsmaatschappij BV and NTM Transportgroep BV), made to complete the restructuring of these operations.

## Luxembourg

The small Luxembourgian economy is particularly sensitive to the pace of European growth and to oil price trends. In addition, the economy's performance depends primarily on development of the global economy and of foreign trade, with 2007 featuring an export surplus. GDP grew by about 5.2 %, with financial services continuing to be the biggest contributor to growth – but with industry and the construction and commercial sectors showing signs of improvement. Construction investments reached levels similar to those of 2006, but total sales of cement and clinker benefited from growth of exports, particularly to France.

Our Luxembourg sales of hydraulic binders, net of intra-group sales volume, grew by 20.0 %, with third party clinker sales volume accounting for a higher share than

in 2006. Average unit revenues also grew (+ 5.7 %), primarily driven by the increase in clinker prices. Before elimination of intercompany sales to Germany, sales amounted to € 91.8 mn, improving by 9.7 % YoY. October featured sale of 100 % of Marbrerie Jacquemart Sàrl. Given this, based on comparable scope, turnover would have grown by 12.7 %.

EBITDA decreased from € 25.0 mn to € 19.5 mn (-21.9 %) solely because of the change in consolidation scope. The 2006 figure in fact included a capital gain of € 3.7 mn on sale of the controlling interest in the Eurobeton group, whilst 2007 included a capital loss of € 2.0 mn on the sale just mentioned of the Marbrerie Jacquemart Sàrl stake. With exclusion of all non-recurring items, EBITDA progressed by € 0.7 mn in absolute value with a margin on sales that went from 25.5 % to 24.0 %. There was no income from sale of emission rights (€ 3.3 mn in 2006).

During 2007 work started on the project to increase cement grinding capacity at the Esch-Sur-Alzette plant.



## Netherlands



	2007	2006	07/06
millions of EUR			
Net sales	140.6	–	–
EBITDA	8.1	–	–
% of sales	5.8	–	–
Capital expenditures	3.2	–	–
Headcount end of period	no. 277	–	–

## The Netherlands

Following the corporate restructuring process undertaken by Dyckerhoff in the concrete sector, as from 1 January 2007 a significant part of activities previously performed by the NCD associate company were transferred to the new wholly controlled Basal subsidiary, based in Nieuwegein, near Utrecht. Basal provides direct access to the Dutch market and is a preferential captive-sales vehicle for the Dyckerhoff system in Central Europe. Basal operates with nearly 300 employees and is leader of ready-mix concrete production in the Netherlands, as well as possessing significant vertical integration in the natural aggregates sector. The Betonmortel division (ready-mix concrete) is extensively present in three regions (North, West, and Central). The Toeslagstoffen division (natural aggregates) manages the production, trading and transport of sand and gravel, both for internal use and for third parties.

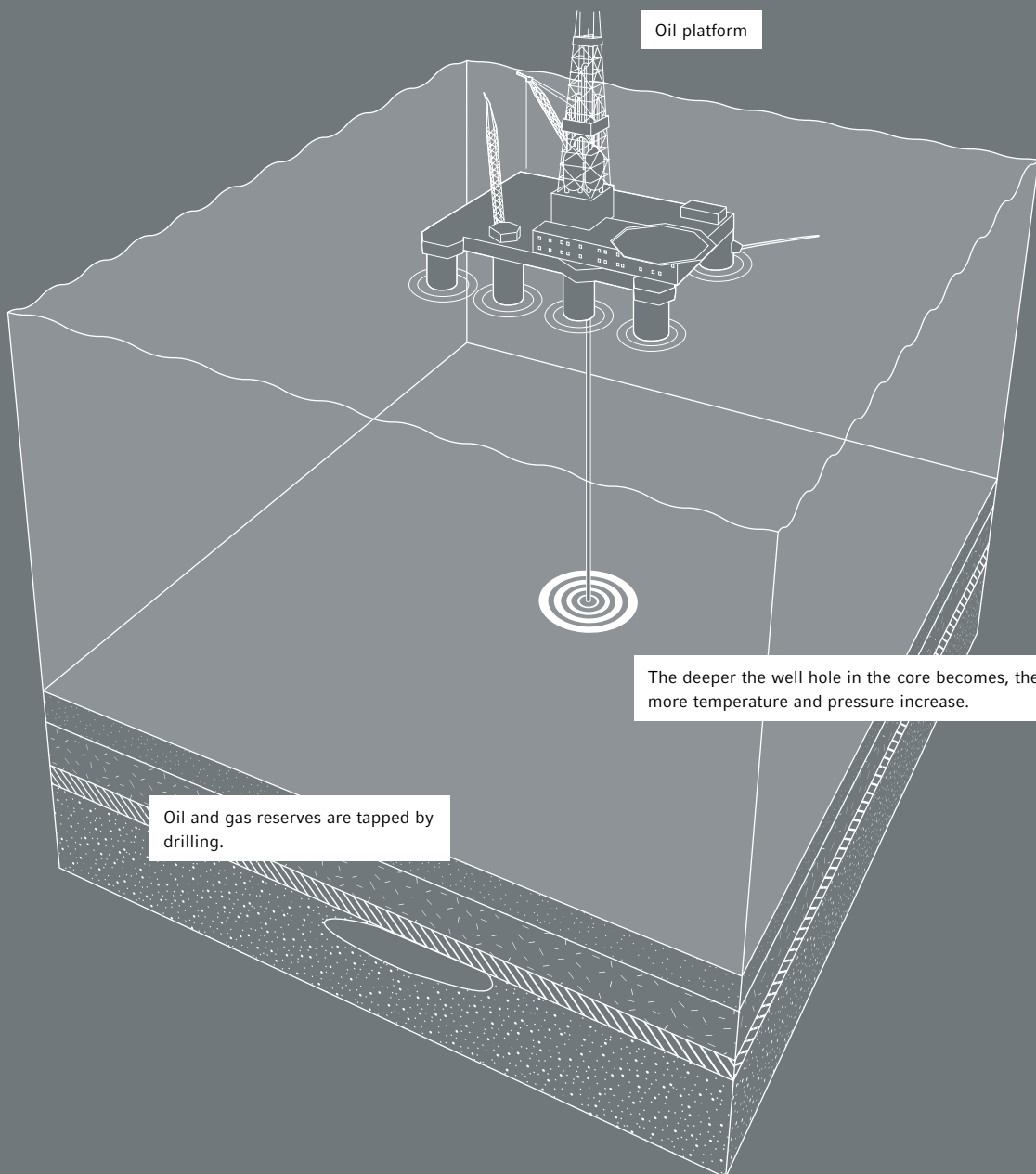
In an economy growing by 3.5 %, plus low inflation (+ 1.6 %), the construction market progressed by +5.5 %. Sales totalled 1 mn cubic metres of concrete and 5.7 mn tonnes of aggregates, with net sales of € 140.6 mn. EBITDA amounted to € 8.1 mn with a 5.8 % margin on sales.

### The Netherlands – Cement Consumption (million tons)

2001		5.8
2002		5.4
2003		5.2
2004		5.2
2005		5.4
2006		5.6
2007 E		5.8

The tapping of oil sources is complex and demanding.

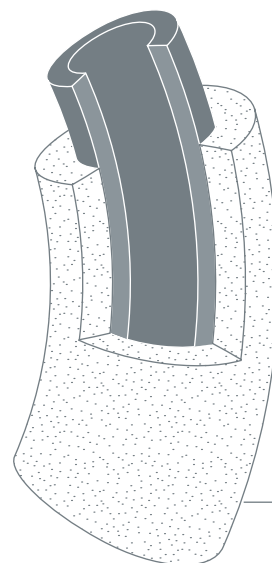
– How can well holes be secured?



## Dyckerhoff DylogCem Well Cement

Oil and gas are still essential to our daily lives. The modern world's thirst for energy places ever-greater challenges on the development of oil and gas deposits.

To tap into underground oil reserves, it is necessary to drill deeper and deeper. High temperatures of up to more than 150°C and pressures that can be as high as 1,000 bar make this particularly challenging. In order to ensure that the oil or gas flows reliably – under these exacting conditions – into the well hole and from there to the surface, a cement slurry is pumped between the wall of the well and the steel casing. These cement slurries consist of a high-grade well cement, water and special additives, and often needs to be pumped several kilometres through the inside of the steel pipe to the bottom of the well. From there, it rises through the annular space between the steel pipe and the rock, to the desired cementation point. A special attribute of DylogCem is that it can be formulated to set reliably and uniformly, even under extreme temperature and pressure conditions. This enables the cement slurry to reach the desired cementation point in the well without setting too early or too late.

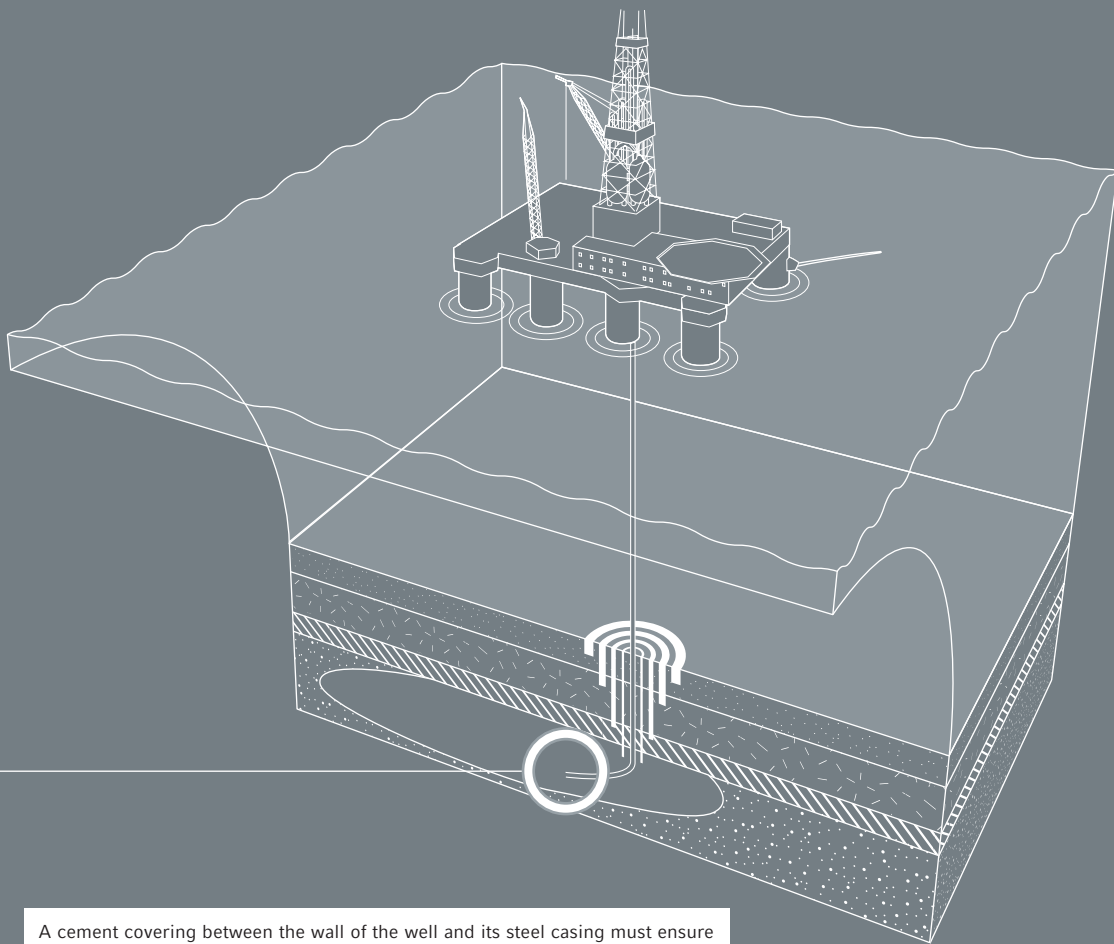


### RUSSIA

Dyckerhoff well cements have been used around the globe for over 50 years in the development and production of oil and gas fields under the most exacting conditions. Dyckerhoff has been a pioneer in Russia, and in 1995 it was the first company in the CIS to start producing and marketing high-grade well cement meeting the internationally accepted standards of the American Petroleum Institute (API). Its salient feature is its reliability especially under the most challenging temperature and pressure conditions.

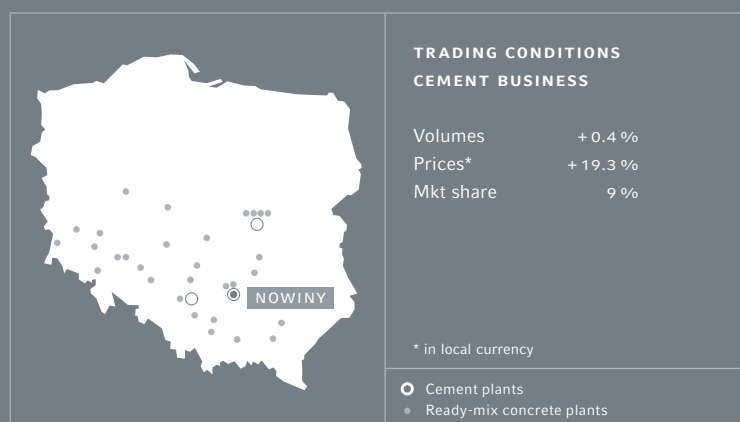


Well cements are needed for effective and enduring sealing of steel pipes in wells.



A cement covering between the wall of the well and its steel casing must ensure that the oil or gas flows into the well hole and up to the surface.

## Poland



	2007	2006	07/06
millions of EUR			
Net sales	142.8	110.4	29.3 %
EBITDA	52.1	33.5	55.5 %
% of sales	36.5	30.4	
Capital expenditures	7.9	4.5	75.3 %
Headcount end of period	no. 403	401	0.5 %

## Poland

Polish GDP grew by close to 6.5 %, in line with/slightly ahead of 2006 growth. The country's economic development outlook remains positive, with growth also forecast for the next two years. The primary drivers were (a) robust internal demand (both for consumer spending and investments) and (b) the substantial inward flow of foreign direct investments. In 2007, there was an increase in the annual rate of inflation, which rose to 2.5 % vs. 1 % in 2006. The return of inflationary pressure, accompanied by a still dynamic salary trend, with annual average increases of close to 9 %, led to subsequent action by the Central Bank on interest rates, which now stand at 5.50 %.

The extended period of economic growth has had especially positive effects on the employment market. The

unemployment rate, which was 18 % at the beginning of 2006, decreased to 14.9 % by the end of the same year, further decreasing to 12 % in 2007. The decline in unemployment is gradually turning Poland into a country of immigration, not only from neighbouring countries such as Ukraine and Belarus for seasonal or unskilled jobs, but also from West European countries for certain professional positions. The government is currently working to implement social and welfare reforms to encourage emigrants to return and to halt the Polish labour drain, which makes it difficult to find labour locally.

For construction investments, 2007 was a year of major progress, with 15.6 % growth in the industry's value-added. As well as the strong drive coming from residential building, there was constant growth in calls for tenders for road and rail infrastructures and for buildings of public and strategic interest (power stations, for example).

Polish cement consumption grew considerably, increasing from 14.6 mn to 16.6 mn tonnes. Our sales volume was aligned with that of the year 2006 (+0.4 %) but the market share was maintained thanks to the supplement of inter-group trading from Germany and the Czech Republic. Average unit revenues progressed by 19.3 % in local currency, after the signs of revival emerging in the previous year. The dynamism of demand also affected the ready-mix concrete sector, which increased sales by 2.8 % with growth also of unit revenues.

Local-currency net sales thus grew by 25.6 % YoY and the strengthening of the zloty further helped to improve the results in euro, which grew from € 110.4 mn to € 142.8 mn for sales (+29.3 %) and from € 33.5 mn to € 52.1 mn for EBITDA (+55.5 %). EBITDA margin on sales grew from 30.4 % to 36.5 %, thanks to full production capacity utilisation and to better market conditions. There was no income from sale of emission rights (€ 4.8 mn in 2006).

Among the most important investments, we highlight the kiln bypass and upgrading of the railway exchange node. The ready-mix concrete sector featured purchase of 6 concrete pumps, with an outlay of € 1.6 mn.

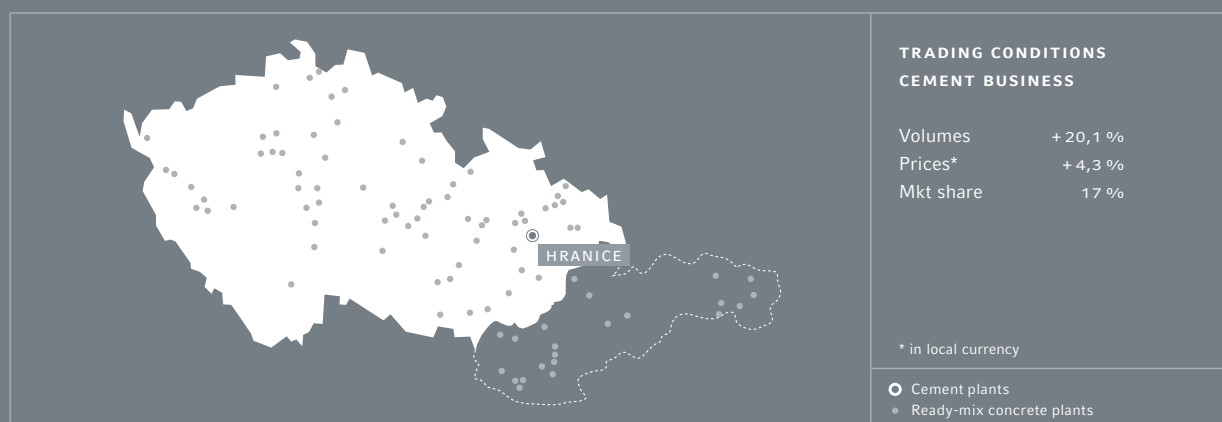
#### Poland – Cement Consumption

(million tons)

2001	11.2	0.3	11.5
2002	10.7	0.6	11.3
2003	10.5	0.6	11.1
2004	11.0	0.5	11.5
2005	11.5	0.4	11.9
2006	14.4	0.2	14.6
2007 E	16.2	0.4	16.6

■ Domestic ■ Import

## Czech Republic/Slovakia



		2007	2006	07/06
millions of EUR				
Net sales		215.8	182.4	18.3 %
EBITDA		70.3	61.8	13.8 %
EBITDA, net of non-recurring items		67.0	61.8	8.3 %
% of sales		31.0	33.9	
Capital expenditures		8.4	7.3	15.5 %
Headcount end of period	no.	880	874	0.7 %

## Czech Republic and Slovakia

In 2007, the Czech economy continued the positive trend in performance already initiated two years ago. Annual real GDP growth is estimated to have exceeded 5.5 %, coming close to the 6.4 % growth reported in 2006. Growth drivers were gross capital formation and strong private demand, buoyed up by the decrease in unemployment and the sharp increase in average wages and salaries. The contribution of foreign trade instead remained low. In the last few years, low interest rates have encouraged the local population to invest in property purchases. According to government estimates, growth prospects should continue to be good also in the near future.

The trend in the main macroeconomic variables apparently does not fully justify the local currency's trend, which has increasingly appreciated against the euro and USD since 2006. The strong koruna has partially miti-

gated repercussions on the economy of the steep increase in oil and gas prices but, at the same time, has started to be a heavy constraint for exports. In addition, as regards inflation, the consumer price index surged in the second half of 2007, reaching an annual rate of 5.4 %. This triggered adjustment of interest rates, which were increased from 3.5 % to 3.75 %.

Construction investments increased by some 6.0 % and the production output by 6.7 %, driven by the expansion of infrastructure projects and by the boom in the residential sector. In 2007, 41,650 apartments were built, the highest number ever in the 18 years of the country's existence. Underlying this growth was the favourable situation of the mortgage loan market.

Local cement consumption rose to 5.1 mn tonnes (vs. 4.8 mn tonnes in 2006) and our sales volume grew by 20.1 %, partly aided by a share of export to Poland. As



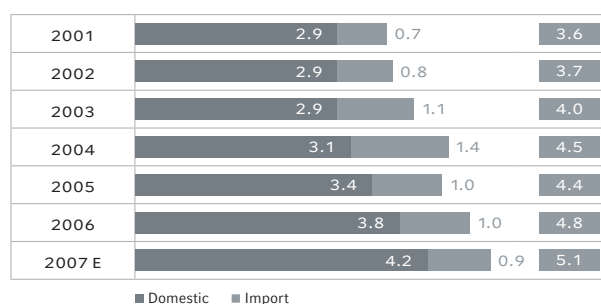
regards cement prices, there was improvement of 4.3 % YoY in local-currency terms. The ready-mix concrete growth trend also continued in 2007. Mild weather in the first quarter and the favourable sector scenario enabled the ZAPA subsidiary to increase its sales by 10.9 % YoY, with average unit prices in local currency that remained at levels similar to those of 2006, in the face of growing cost inflation.

Net sales achieved in the Czech Republic and Slovakia into 2007 grew by 18.4 % from €182.4 mn to €215.8 mn. The koruna's appreciation had a positive effect of € 4.4 mn. EBITDA rose from € 61.8 mn to € 70.3 mn. It should however be pointed out that, in 2006, EBITDA benefited from income of € 6.0 mn from sale of emission rights, whilst the 2007 figure includes € 3.4 mn of non-recurring gains on disposal of assets related to the concrete sector. EBITDA margin on sales in any case remained at excellent levels, above the group average.

Capital expenditure in the cement sector mainly concerned upgrading of production control and storage system. Significant investments were also made in the ready-mix concrete business for efficiency improvement and expansion of batching facilities in excess of € 3.5 mn.

### Czech Republic – Cement Consumption

(million tons)



## Ukraine



	2007	2006	07/06
<b>millions of EUR</b>			
Net sales	179.2	107.2	67.2 %
EBITDA	58.1	15.3	281.2 %
% of sales	32.4	14.2	
Capital expenditures	20.3	9.6	111.8 %
Headcount end of period	no. 1,740	1,629	6.8 %

## Ukraine

During 2007 the Ukrainian economy featured GDP growth of 7.2 %. The metalworking, coal & steel, and chemicals industries continued to be the drivers of the local economy. In more general terms, in recent years economic growth has been boosted mainly by the steel sector – where prices have hit record levels – and by the increase in consumer spending, driven in turn by the growth in available income (nearly 30 % more than in the previous year). In this environment, the commerce, transport, and construction sectors have also been particularly dynamic. Industrial output grew by 11.8 %.

The financial and banking sector has been especially active, with a foreign presence that has now exceeded 20 %. This has boosted a determined move by local banks to adopt international standards to achieve better

access to credit. The main rating agencies now show consensus in keeping Ukraine's level of risk – both short-term and long-term – unchanged. Upward price pressure continued, fuelled by the increase in social expenditure and by energy price trends. As far as currency is concerned, in 2007, the hryvna (UAH) remained substantially stable versus the USD, the reference currency, whereas depreciated versus the euro by approximately 8 %.

Construction investments maintained the excellent trend of recent years, with annual production growing by 15.8 % vs. 2006 and consequent boost on cement consumption, with a situation today where demand has outstripped available supply.








The local Buzzi Unicem operations increased cement sales volume by 12.4 %, whilst increasing ready-mix concrete volumes by 37.2 %. The local-currency unit price trend was

also very favourable (+69.3%), meaning that net sales grew by 67.2% YoY, increasing from €107.2 mn to €179.2 mn. The price increase was partly due to the upturn in production costs, but above all to the strength of demand. EBITDA benefited from this state of affairs, making amazing progress both in absolute value (€+42.9 mn) and in terms of margin on sales (up from 14.2% to 32.4%).

To support growing Ukrainian demand and turn the level of profitability so far achieved sustainable over time, an ambition investment plan is underway. This envisages revamping of a currently disused kiln at the Rivne plant and replacement of natural gas with coal. These changes should be operational as from the early months of 2009. The investment relating to 2007 amounted to €8.3 mn, whilst further outlays totalling €70 mn are forecast for completion. In addition, it is planned to build a new brownfield production line at the Rivne site with total capacity of 2 mn tonnes of cement. This will in part replace obsolete production capacity and in part will go to meet the expected growth in market demand. We estimate that this new capacity will become operational during 2011.

#### Ukraine – Cement Consumption

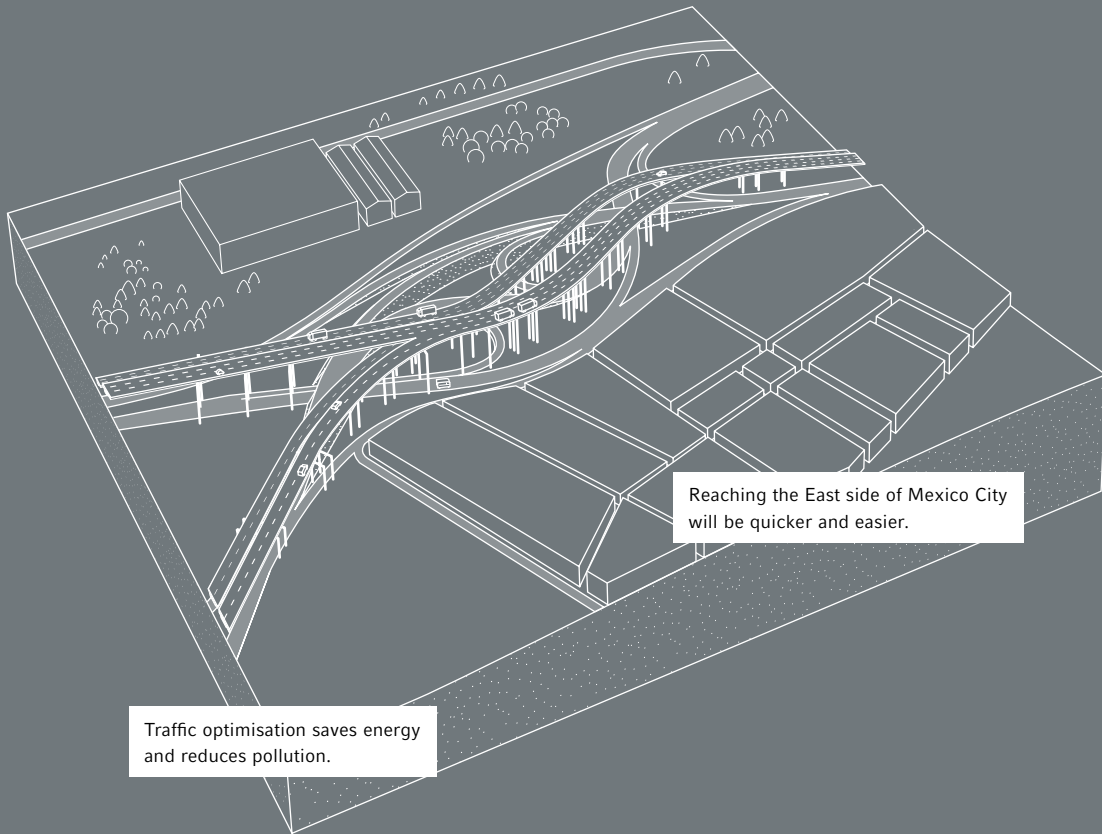
(million tons)

2001		5.8
2002		6.0
2003		7.7
2004		9.3
2005		10.8
2006		12.3
2007 E		14.1

Traffic congestion is on the rise  
in big metropolis.

– What can be done to ease it?

The ground the highway is built upon was originally a lake.



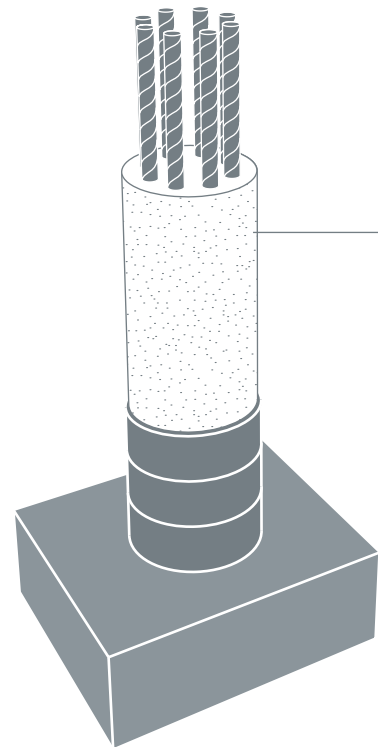
Traffic optimisation saves energy and reduces pollution.

Reaching the East side of Mexico City will be quicker and easier.

## Construction of the Zaragoza-Texcoco Highway

In Mexico, 930,000 people will find it easier to reach Texcoco and Puebla from Mexico City. The Distribuidor Vial (highway) Zaragoza – Texcoco solves a 20 years traffic problem and helps Mexico reduce air pollution.

With a total length of 3.8 km, a maximum height of 25 m in bridges, driving in the east area of Mexico City has greatly improved. The project “Distribuidor Vial Zaragoza – Texcoco” will solve a 20 years old traffic problem for which a community of 930,000 people will benefit, not only from a timesaving standpoint, but also regarding air quality. The project cost nearly one billion pesos and will use 15,000 cubic meter of concrete. The construction system is done with a base of cement piers and piles, poured on site. This is done to reach the hilly area, as the ground in the Valley of Mexico was originally a lake. LACOSA participated in massive foundation pourings of 400 m<sup>3</sup> cement foundations, in a steady process with the participation of various plants and supplied 80 % of the project’s total concrete. Concretes with a resistance of 65 MPa were also used, with 90 % of it being used in two days. Polycarbonate-based additives and accelerants were used in order to guarantee the specifications.

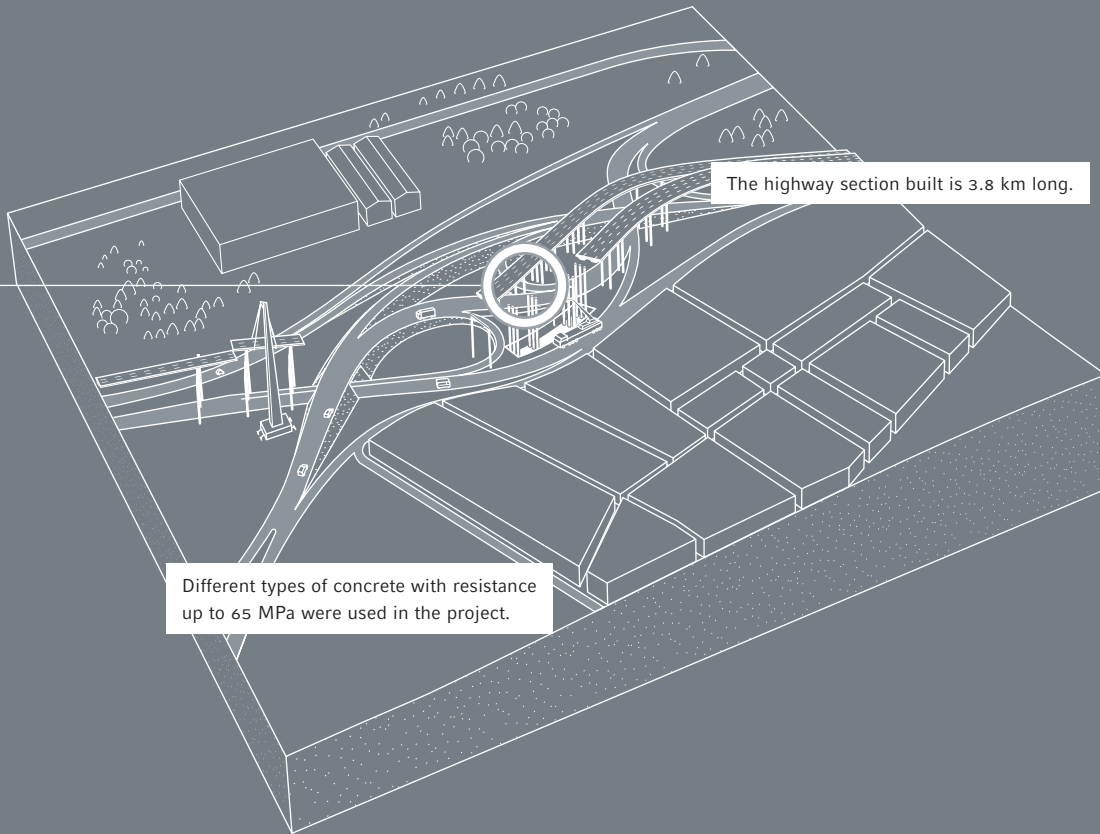


### MEXICO

Founded in 1943, Corporación Moctezuma is a well-known business group with prestige and financial solidity whose objective is to supply the construction industry with the highest quality cement and concrete and to offer its direct clients and distributors excellent service as well as results and benefits for their shareholders. Corporación Moctezuma consists of several companies including Cementos Moctezuma, Concretos Moctezuma and Concretos LACOSA.



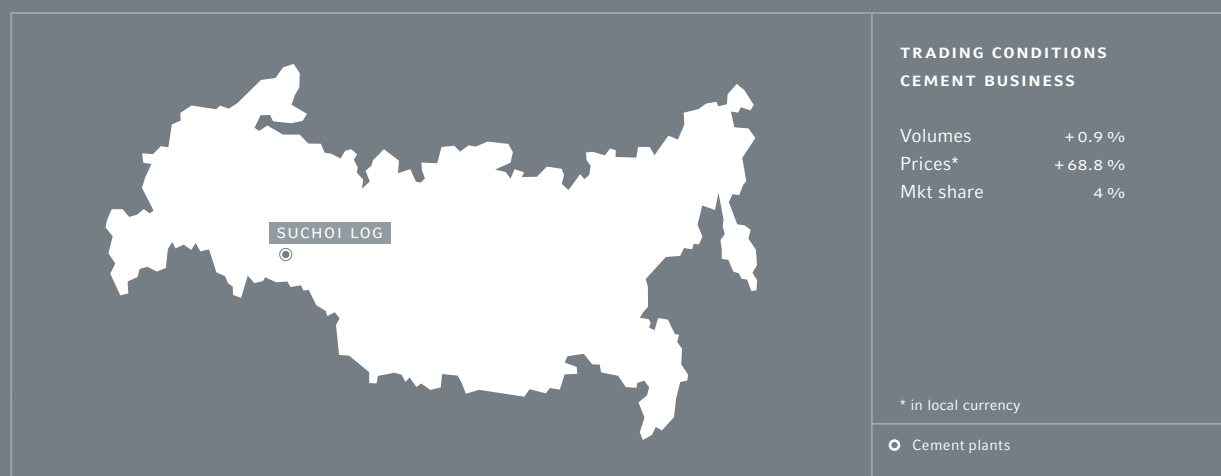
The highway to Zaragoza has 3 lanes in each direction.



The highway section built is 3.8 km long.

Different types of concrete with resistance up to 65 MPa were used in the project.

## Russia



	2007	2006	07/06
<b>millions of EUR</b>			
Net sales	197.9	123.9	59.8 %
EBITDA	94.7	53.2	78.1 %
% of sales	47.9	42.9	
Capital expenditures	34.1	8.4	306.3 %
Headcount end of period	no. 1,531	1,519	0.8 %

## Russia

The macroeconomic scenario remained positive, with the economy growing at a rate of 7.5 %, much higher than projected in the national budget law. Statistics show growth of industrial output also in sectors not linked to commodities – such as the manufacturing industry – and strong expansion of capital spending. They also show a further increase in internal consumption, fuelled by the increase in average income and by growing demand for financial services, both consumers and businesses driven.

For a country where two thirds of exports consist of energy products, the continuation of high commodity prices (headed by oil and gas) remains a key growth driver. The huge inflows of foreign currency relating to exports have had a positive impact on the main economic indicators, reinforcing an already sound financial situation. On the other hand, however, the stable rouble, the increase

in salaries and the demand for consumer goods and quality products have continued to drive imports upwards. Inflation remains the focal point of attention. In 2007 it reached a level of 11.9 %, far above the government target of 8 %.

In the last two years the construction industry has virtually doubled its production, growing from € 48.5 billion to € 94.1 billion and with 18.2 % growth in 2007 vs. 2006. In 2007 cement consumption in Russia grew by about 10 % to 60 mn tonnes. Our sales remained stable (+ 0.9 %) due, as is known, to full utilisation of the available production capacity, but the extremely positive trend in prices (+ 68.8 % in local currency) allowed for further improvement in margins, now the highest in the group.

Net sales grew from € 123.9 mn to € 197.9 mn (+ 59.8 %), whilst EBITDA surged from € 53.2 mn to € 94.7 mn (+ 78.1 %). EBITDA margin on sales – already 42.9 % in



2006 – reached a level of 47.9 %. It should also be remembered that in 2007, we expensed an amount of € 30.0 mn relating to the logistics costs for the new Suchoi Log production line.

As regards capital expenditure, work continued on the first capacity addition project, which envisages installation at the Suchoi Log site of a new dry-process production line. A 5-stage kiln with precalciner will be set up alongside the present 4 wet-process kilns, with expected production capacity of 1.2 mn tonnes in addition to the present 2.4 mn tonnes (+ 50 %). The total updated investment cost is estimated to be approximately € 150 mn, of which € 28.2 mn booked in 2007. We envisage that the new plant will be completed and started up during 2009.

In order to meet the internal market's growing demand, Buzzi Unicem intends to build a greenfield plant in the Orenburg region for annual production of some 2 mn tonnes of cement, located 35 km from the border with Kazakhstan. The total investment, inclusive of related infrastructure works, will exceed € 350 mn. The new production plant will benefit from effective transport links, thanks to direct access to the Moscow-Tashkent railway line, thus permitting a wide range of operation. The site chosen will enable the group to supply markets in the north of the Volga/Urals region, as well as North-West Kazakhstan

as far as the Caspian Sea. Both Russia and Kazakhstan are fast-expanding markets. The specific economies of the Orenburg region and of Kazakhstan are underpinned by the exploitation of oil and natural gas reserves – and this should assure a sound and controlled growth for the new initiative.

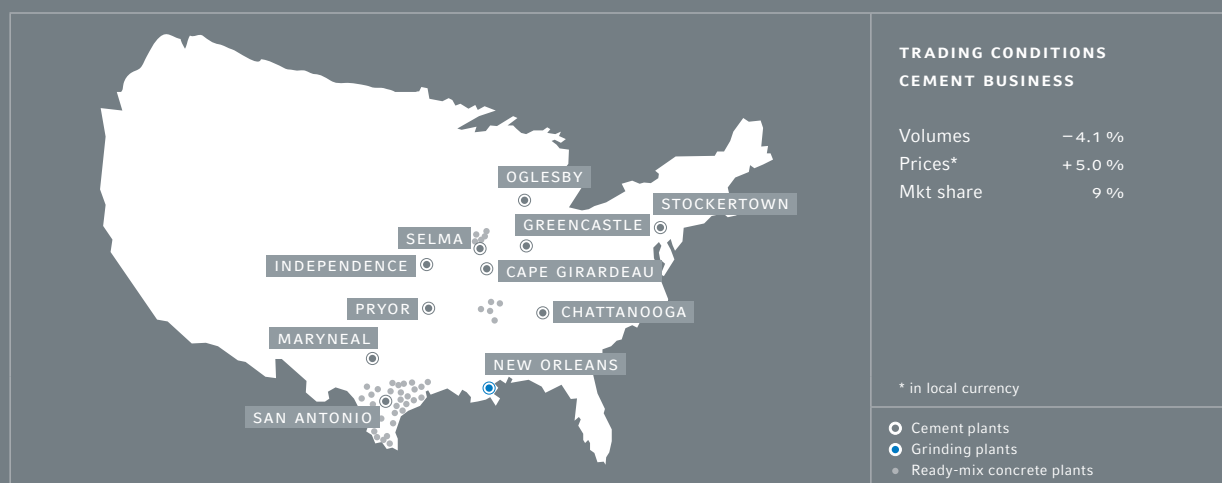
#### Russia – Cement Consumption

(million tons)

2001	33.5	0.1	33.6
2002	34.9	0.1	35.0
2003	37.9	0.1	38.0
2004	43.2	0.2	43.4
2005	48.1	0.4	48.5
2006	53.6	1.0	54.6
2007 E	58.6	1.5	60.1

■ Domestic ■ Import

## United States of America



	2007	2006	07/06
millions of EUR			
Net sales	850.9	925.1	- 8.0 %
EBITDA	304.1	322.5	- 5.2 %
EBITDA, net of non-recurring items	304.1	332.0	- 8.4 %
% of sales	35.6	35.9	
Capital expenditures	158.1	77.5	104.2 %
Headcount end of period	no. 2,382	2,269	5.0 %

## United States of America

In 2007, the US economy grew less than in 2006, stopping at an annual rate of +2.2 % and slowing down in the last quarter. Notwithstanding inflationary risks following the surge in oil prices, the Federal Reserve cut interest rates several times (reducing them from 5.25 % in July 2007 to 2.25 % at the end of March 2008). These were designed to support the economy and businesses after the subprime mortgage crisis and consequently higher credit risk for the banks had made the cost of money difficult to bear for consumers and corporations. Average annual inflation of 2.8 % gives cause for concern (in the fourth quarter of 2007 inflation was 4.3 % YoY), with its upturn triggered by energy costs and possibly indicative of stagflation. The factors hindering economic growth were, first and foremost, the crisis of the real estate market, which has now been decreasing very tangibly since the second half of 2006, and lower demand for goods and services towards

the end of 2007. Residential capital spending – the barometer of the building industry – fell back by about 20 %, causing over 1 percent point of slowdown in US GDP growth. On the currency front, the USD featured gradually worsening quarters, ending 2007 with an average value of 1.37 and a year-end value of about 1.47 versus the euro (1.32 at the end of 2006).

Generally speaking the construction put in place decreased by about -5.5 % almost solely because of the adverse situation of the residential sector (-18.7 %). In the commercial building sector it in fact grew by +10.9 % and in the public works sector by +5.2 %. Cement consumption in the USA felt the effects of the residential crisis, with domestic deliveries down by about -9.5 %. The most negative trend occurred in the Southern states on the Atlantic coast, in the states belonging to the mountain regions, and in states on the Pacific coast. Volume instead remained firm in Central-Southern states such as Texas

and Louisiana. The US market's singularity of being structurally served by high import volume made it possible to absorb the downturn in demand via drastic reduction of imports (from 35.9 mn to 22.7 mn tonnes), without unduly eroding domestic production levels. This trend, accompanied by growing average prices, enabled players well diversified geographically to maintain almost the same profit margins.

Our US subsidiaries' sales of hydraulic binders decreased by 4.1 %. They benefited from still robust demand in Texas, where an active contributor was the new Houston terminal, owned in partnership with other operators. Ready-mix concrete volume improved (+ 3.3 %), thanks to the investment in new batching units in Texas and Missouri. Increasing costs and the uncompetitiveness of imports created the conditions for improvement of average unit prices (+ 5.1 % in cement and + 5.2 % in ready-mix concrete, in local currency).

Our US net sales thus totalled USD 1,166.1 mn (+ 0.4 % YoY) or € 850.9 mn. There was a negative foreign exchange effect of € 77.9 mn. On the cost front, there was an increase, above all as regards energy, maintenance and services. Distribution costs were affected by the increase in diesel prices and by the now notorious problem of less availability of river barges, after destruction of many of them by the Hurricane Katrina.

As a result, EBITDA decreased from € 322.5 mn to € 304.1 mn (-5.7%). Net of non-recurring items (€ 9.5 mn of net expenses in 2006), the decrease was more notable. Reported worsening was, however, almost solely due to translation of results into euro, whereas EBITDA margin remained virtually unchanged, at excellent levels.

Work continued on expansion of the Selma (Missouri) plant, which, when on-stream, will feature expected production capacity of 2.3 mn tonnes vs. 1.3 mn tonnes

today. We expect the new plant to be completed and running by the end of 2008. The estimated total investment amounts to approximately USD 300 mn. The investment booked into 2007 for the project amounted to € 79.6 mn.

Further capital investments were made at the Greencastle plant, which purchased quarry mobile equipment, upgraded the solid-fuel feed system, and modified the secondary crusher. The other main investments consisted of the strengthening of logistics and distribution capabilities with construction of a new terminal in Cincinnati, ongoing renewal of the fleet of concrete truck mixers and river barges, and expansion of the raw material and natural aggregate reserves.

During the year, greater effort was dedicated to the growing need for vertical integration in the ready-mix concrete sector. Buzzi Unicem USA therefore incorporated the company RED-E-MIX, 80 % owned, and active with 7 batching units and 66 concrete truck mixers in the metropolitan zone of East St. Louis. In addition, Alamo Cement acquired the assets of South Tex Concrete line of business, active in the Rio Grande Valley (in the southern tip of Texas) with 6 batching units and 45 concrete truck mixers.

**USA – Cement Consumption**  
(million tons)

2001	82.2	25.9	108.1
2002	79.6	24.2	103.8
2003	84.4	23.2	107.6
2004	87.6	27.3	114.9
2005	88.9	33.7	122.6
2006	85.8	35.9	121.7
2007 E	87.5	22.7	110.2

■ Domestic ■ Import

## Mexico



	2007	2006	07/06
<b>millions of EUR</b>			
Net sales	423.9	393.9	7.6 %
EBITDA	183.9	185.7	- 1.0 %
% of sales	43.4	47.1	
Capital expenditures	21.2	28.0	- 24.2 %
Headcount end of period	no. 1,097	975	12.5 %

figures at 100 %

## Mexico

The first year of administration of the new president, Felipe Calderón, led to generally good results, discontinuing the typical Mexican history of a downturn in economic growth at the start of a new government mandate. GDP in fact grew by 3.3 % and the construction industry was well set throughout the year, with players increasing their production value by about 7 % over 2006. Inflation stopped at 3.8 %, lower than in 2006. On the foreign exchange front, the Mexican peso maintained its value versus the USD, whereas versus the euro it depreciated by 12.8 %.

Mexico today features a stable, growing economy, a sound financial system, trade agreements with the world's main economies, and a climate favouring foreign investments in a liberal economic environment, with evident improve-

ments in the financial and legal sectors. This is the merit of the executive's effort to assure economic stability and free trade. Some structural reforms, which many observers had hoped to see after the 2000 elections, are nevertheless still missing. In particular, there is still excessive public and private control over many sectors, which prevents faster growth and greater competitiveness.








During 2007 the cement market grew faster than GDP, i.e. by around 5 %, mainly thanks to continuation of government social housing programmes and public works investments and to consumers' increased purchasing power. This industry scenario enabled the associate company Corporación Moctezuma to make full utilisation of the production capacity of its second line at Cerritos, increasing sales by 18.0 % YoY. Our average local-currency prices decreased by -2.0 % due to wider-ranging logistical distribution of product and to a shift of almost 5 % in sales mix from bagged to bulk cement. Ready-mix concrete sales

increased by 12.3 % YoY, with prices aligned with those of 2006.

Local-currency net sales and EBITDA grew by 17.7 % and 8.3 % respectively. In euro – referring to the group's 50 % controlling share – the two figures amounted to € 212.0 mn (+ 7.6 %) and 91.9 mn (– 1.0 %). There was a major increase in production costs, particularly as regards energy factors and the non-alignment of prices with inflation, that squeezed margins and penalized operating profitability.

In 2007 capital expenditure was dedicated to strengthening the distribution channel and the ready-mix concrete sector, with the purchase of new mobile equipment and construction of new batching units. At the Tepetzingo plant, upgrading of the grinding system was completed with the installation of a fourth finishing mill. In August 2007, the project was approved for construction of a new plant in the state of Veracruz, in the municipality of Apazapan, with an estimated investment of USD 265 mn for a 1.3-mn tonnes line. The new production line is scheduled to start operation in early 2011. With this investment, the company will be able to count on three production sites in Mexico, endowed with the most advanced and efficiency production technologies and located in geographical areas featuring the highest consumption.

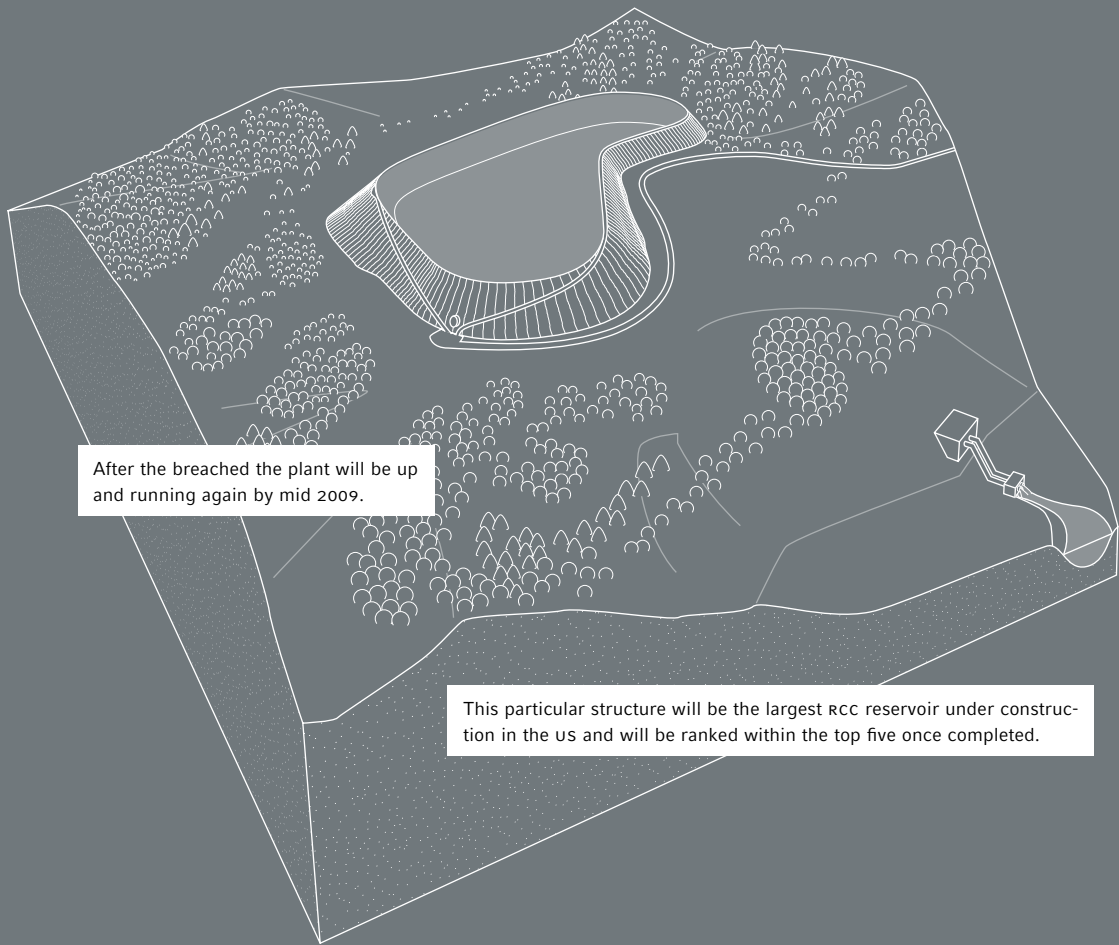
#### Mexico – Cement Consumption (million tons)

2001		28.4
2002		29.5
2003		30.4
2004		32.0
2005		34.5
2006		37.9
2007 E		39.4

Water is a safe and renewable energy source.

– How can water supply be constantly guaranteed?

The Taum Sauk Plant is a pumped-storage hydroelectric facility.



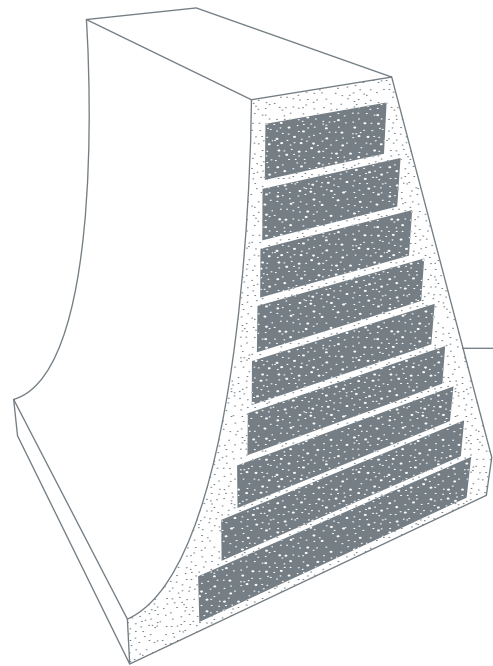
After the breach the plant will be up and running again by mid 2009.

This particular structure will be the largest RCC reservoir under construction in the US and will be ranked within the top five once completed.

## Repair of Taum Sauk Reservoir

In the USA the Taum Sauk Plant water reservoir is under repair. The pumped-storage hydroelectric facility will be up and running again by mid 2009.

AmerenUE's Taum Sauk Plant, located 90 miles south of St. Louis, is a pumped-storage hydroelectric facility. After more than 40 years of service, in December 2005, a catastrophic event occurred. A triangular section, on the NW side of the upper reservoir, breached; this resulted in the uncontrolled discharge of over one billion gallons of water, in approximately 12 minutes, and the subsequent flooding of Johnsons Shut-Inns State Park. Unable to operate, the Taum Sauk Plant was closed indefinitely. After many years of feasibility studies, a complete rebuild of the upper reservoir was decided. The project management, Rizzo Ass Selected Ozark constructor and Buzzi Unicem USA was awarded the cement supply for the entire project. Main suppliers will be the Festus plant, with Cape Girardeau as a back up plant. High volume rcc placement will begin in the spring of 2008 and the project is scheduled to be completed by mid 2009. Approximately 2.7 million cubic yards of RCC and 300,000 cubic yards of conventional concrete will be needed to rebuild the reservoir, equating to 180,000 to 200,000 tons of Portland cement.



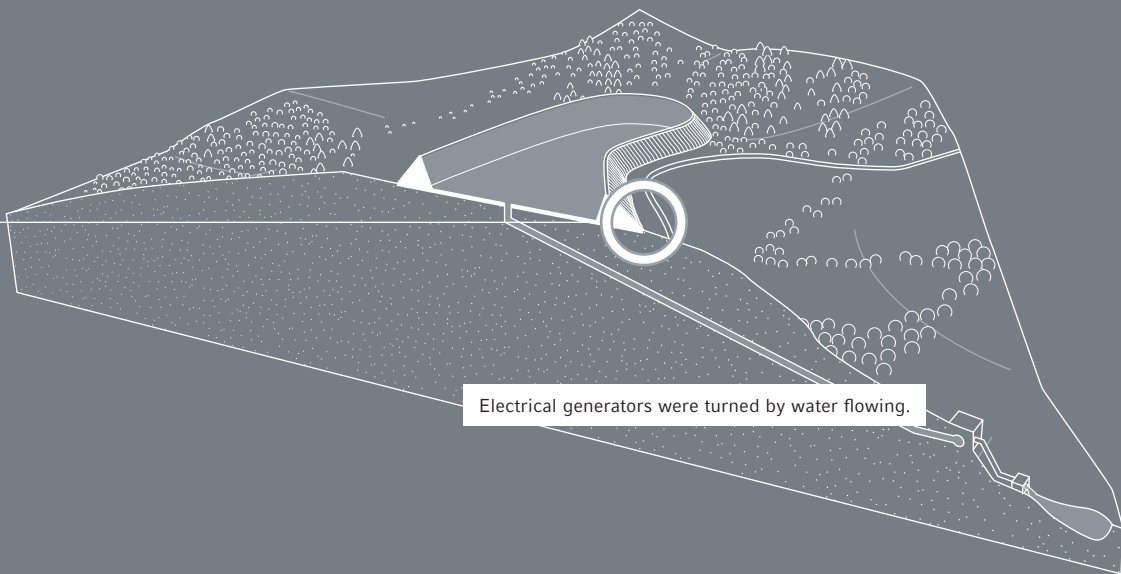
### USA

Buzzi Unicem USA, headquartered in Bethlehem, Pennsylvania, is the fourth largest cement manufacturer in the U.S. Its nine cement plants produce almost 9 million tons of Portland cement annually. The company operates 30 cement terminals across the U.S. that distribute cement and slag into 21 states. With over 1,600 valued employees, the company supplies cement and masonry cement to over 3,800 ready-mix concrete, highway and airport paving firms, concrete block companies and concrete product firms. Buzzi Unicem USA represents a family of companies ultimately controlled by their Italian parent, Buzzi Unicem S.p.A.





Approximately 3 million cubic yards of concrete will be needed.



Electrical generators were turned by water flowing.

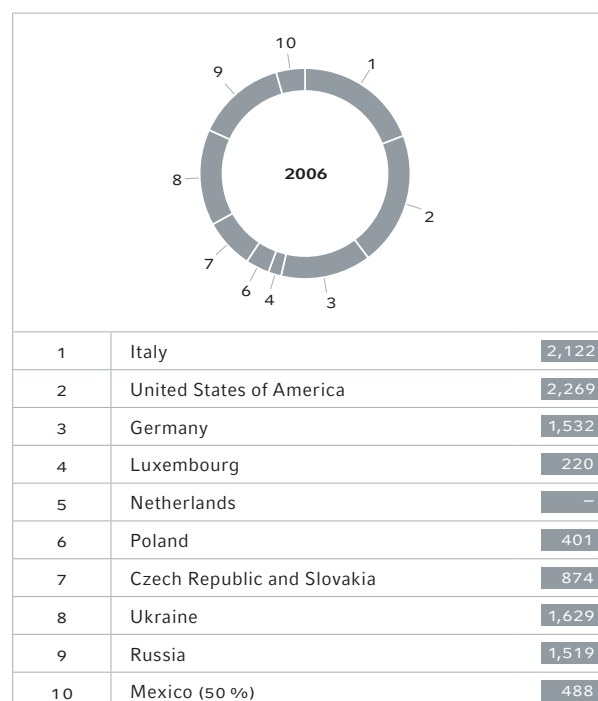
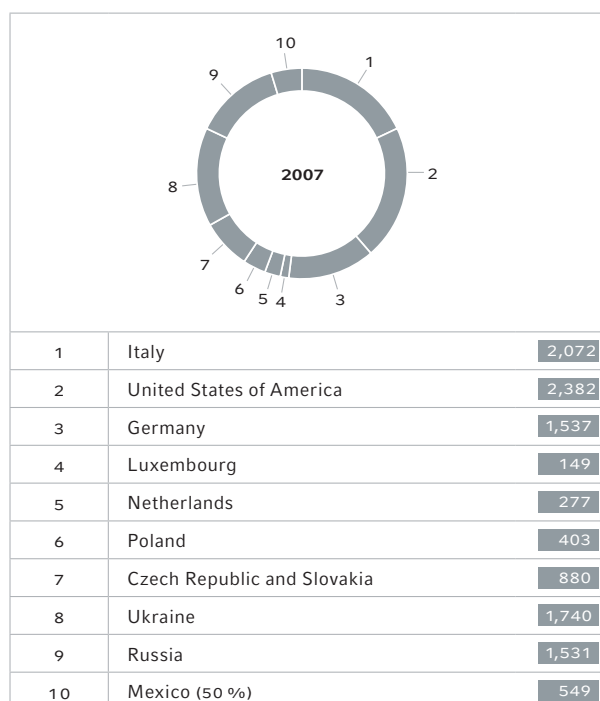
## Human resources

In Italy relations between the company and human resources featured involvement of all employees in the celebrations of our 100 years anniversary. The Board of Directors wanted to make the Centennial an occasion strongly oriented towards employees, thus deciding to pay an extra month's salary and dedicating to employees and their families a special celebration day called "Welcome into the Plant" ("Benvenuti in Fabbrica"). In this way it has been recognized once again – with both facts and words – the core importance attributed by the company to human resources' contribution to the success and continuity of the business.

At the end of 2007, the "Targeting Safety" project was presented. Company units and each individual are called upon to make an extraordinary effort, in terms of attention and reflection, concerning on-the-job safety. All employees, at their respective levels of responsibility, must become fully aware of the importance of proper individual conduct for their own safety and that of their colleagues.

With development of work on the Group Sustainability Report, there was intensification of international contacts between our human resources management units. This work will enhance skills and knowledge among colleagues doing similar jobs in the various countries where Buzzi Unicem is present.

### Headcount by region at year end



2008 will mark the formal creation of the Buzzi Unicem EWC (European Works Council), after a negotiation process started a few years ago but also delayed by simultaneous enlargement of the EU to countries where labour relations are not structured like they are in Germany and Italy. The first meeting with full delegations took place in Wiesbaden on 29 and 30 January 2008.

During the year, many young potential high-fliers achieved important career advancements – with recognition of their commitment to their jobs or acceptance of positions of greater responsibility, even when this meant a heavier workload and moving away from home. The group's recent development programmes (in Algeria, Russia, and Mexico) offer interesting opportunities for professional growth. With a view to possible outward secondment abroad of professionally skilled talents, a plan is underway to recruit young university graduates to bring on board and develop for the immediate future. Training and development activities concerning all employees also continued, with special attention to the technical side (production, maintenance, quality, and foreign languages), without neglecting the side relating to people organizational behaviour (sales and technical/sales staff).

## Research and development

Right from the start, Buzzi Unicem has always dedicated special attention to quality assurance, as well as to applied research for specific products. It also performs research and experimental work on process engineering and new products.

The company is represented in all the main national and supranational bodies concerned with standards, regulations, and certification. In addition, we are especially active in the production – not only experimental – of special products for use in the construction industry that supplement and underpin our main product ranges.

Thanks to a specific agreement made with the Dyckerhoff subsidiary, our R&D organisation is now more direct and efficient. By virtue of this, an R&D Division has been created with responsibility for all projects in the area and for coordination of the three laboratories in Guidonia, Trino, and Wiesbaden. On the special products front, we successfully launched sulphur-aluminate cement – featuring low CO<sub>2</sub> emission – marketed with the name “S.A.Cement”. It can be used either as-is to obtain mortars and concretes featuring extraordinarily resistances and low shrinkage, or mixed with Portland cement for an extensive range of self-levelling products with totally compensated shrinkage.

Other important novelty was the newborn Dyckerhoff product, i.e. NANODUR® – which has already won the Innovation award, on occasion of its first official presentation, at the 52nd UHPC (Ultra-High-Performance Concrete) in Ulm, in February 2008. To all intents and purposes, NANODUR® is a common cement classifiable under the UNI EN 197/1 standard, but featuring outstanding performance in terms of strength (200 MPa at 28 days). This opens up new horizons for engineers and architects in

the design of concrete structures and products. Nanotechnology will become increasingly important in directing R&D efforts, particularly those aiming to enhance concrete surfaces (reduction of environmental pollutants and improvement of appearance and durability, etc.).

Lastly, research work concerning the trial of new analysis techniques and automation of production control continued. Thanks to the interesting results already achieved and to future prospects, we have renewed the co-operation agreements underway with major Italian and international universities.

## Ecology, environment and safety

Buzzi Unicem has always been sensitive to the promotion of more sustainable production and consumption models. It therefore involves its stakeholders in the quest for maximum eco-compatibility of business processes and in assessing the impact of its products, implementing all the technical and operational measures necessary to assure enduring and effective governance of sustainability.

This fundamental set of values is the cornerstone of our corporate strategies, focused on systematic control and on minimisation of the more significant environmental events, via constant compliance with legislative constraints and championing of environmental quality and safety. This in turn is supported by an increasingly deeply rooted prevention culture, modelled on consistent and agreed roles and responsibilities.

This is the framework featuring regular audits – performed by our central EES department and by accredited organisations – intended to check, validate and renew certification of the integrated environmental and safety management system of our production units, in accordance with the protocols established by in the international standards UNI EN ISO 14001 and OHSAS 18001 (Occupational Health and Safety Assessment Series).

In addition, by achieving certification, the first to do in Europe, of its Environmental Product Declarations (EPDs) for some types of cement and concrete produced, Buzzi Unicem is also committed to spreading the technologies, experience, and preventive measures applied or applicable to these products of primary importance for constructing road and rail infrastructures and in the building sector.

In 2007, some of our factories received the first Comprehensive Environmental Approvals (CEAs), for which the key prerequisite is achievement of a high degree of overall environmental protection. This in turn is achievable via application of the best available techniques (commonly known as BATs).

As regards reduction of atmospheric emissions, installation was completed on Italian cement factories' kilns with cyclone preheaters of SNCR (selective non-catalytic reduction) systems for the abatement of nitrogen oxides, together with design of modern sleeve filters, to replace electrical filters, with the aim of assuring residual powder content in all conditions of operation of the clinker burning line.

As regards safety, Buzzi Unicem has been working for many years on minimising potential causes of incidents and injuries via structural, plant-based, and organisational action. In so doing, it aims to optimise and balance man-machine-environment interaction and has also taken coordinated action to do so. In 2007, the results of this commitment were once again demonstrated by ongoing reduction of the injury rate, with performance indicators ranking as excellent in the cement industry. Occupational health and safety are recognised as a shared need by all our staff. We endeavour to go beyond the prevalently technical and regulatory approach to risk prevention, seeking also to develop it based on three key pillars, i.e. awareness, protection, and shared responsibility.

## Risk management

Based on the guidance provided by the Italian Corporate Governance Code (Codice di Autodisciplina), in 2007 Buzzi Unicem implemented a risk management system. The following companies were included in the scope of risk assessment:

- Buzzi Unicem SpA (parent company)
- Unical SpA
- Dyckerhoff AG and its subsidiaries
- Buzzi Unicem USA and its subsidiaries
- Alamo Cement Co. and its subsidiaries

The risk management process involved the Board of Directors, management, and staff with the aim of (a) identifying contingencies that might hit the companies, (b) managing risk within certain limits, and therefore of (c) providing reasonable assurance of achieving corporate objectives. As part of the internal control & audit system, corporate risk management takes the form of an ongoing and systematic risk assessment, control and reporting process. All this is based on a comprehensive, known, and acceptable risk strategy.

Buzzi Unicem's risk strategy does not aim for outright elimination of all potential risks but – taking corporate objectives into account – for provision of a systematic methodology permitting knowledgeable risk assessment, based on prompt information on risks and on their implications. Risks may therefore be avoided, mitigated, transferred or taken as part of the overall risk management and control process.

Operating responsibility for limiting risks is attributed to the heads of central divisions and of group divisions identified as relevant for risk management. The respective senior managers are responsible for all material risks

foreseeable in their areas, regardless of whether or not such risks have been identified in the risk management system.

Risks were assessed considering their likelihood of occurrence and their impact in euro on group income, in accordance with certain standards, and considering their respective relevance and importance. The risk assessments of all group functions involved were recorded in a single central database. The categories of risk analyses were those concerning production, financial, legal, and tax risks underlying the overall operations of group companies.

For 2007, following the mitigation actions implemented or envisaged by operating functions concerning specific risks, the insurance policies possibly taken out, and planned provisioning in accounts, the residual risk amount was equivalent to a very small portion of the group net equity and with no effect whatsoever on its ability to continue as a going concern.

## Outlook

In Italy, cement demand is expected to slow down, due to the absence of major new public projects and to the start of a weaker cycle in the residential sector. We nevertheless expect selling prices to improve, offsetting the growing costs experienced in recent years. This will probably be sufficient to counterbalance the decrease in volume and maintain levels of profitability similar to those of 2007.

In Central European markets (Germany, Luxembourg, the Netherlands), we expect the short-term trend in building investments to slow slightly, although still remaining positive, with increases in the 1–3 % range. Cement demand is therefore likely to remain positive, albeit at lower levels than in 2007. We do not rule out market acceptance of some price increases. Given this, we expect the good performance of our business to continue also in 2008.

We believe that East European countries (Czech Republic, Poland, Ukraine, and Russia) will continue to be profit drivers also in 2008, thanks to the dynamism of their respective economies. Volume and price prospects remain attractive and results should therefore show good progress. There is nevertheless the fear that the present loss of confidence characterising capital markets may spread and trigger some slowdowns.

In the USA, the residential real estate market will continue to be slack throughout 2008 and cement consumption is once again expected to decrease this year. Lower sales volume will continue to affect above all imports, still uncompetitive. Nevertheless, the decline in demand will inevitably have an impact also on local production levels,

with consequent worsening of operating margins. The results of our American operations are therefore likely to be lower than the record ones posted in 2006 and 2007, also because of ongoing USD weakness.

Forecast economic growth for Mexico in 2008 is around 3 %, just slightly lower than the rate of growth in 2007. Given, however, the importance of the country's trade relations with the USA, this growth forecast may perhaps turn out to be over-optimistic. Our associate company Corporación Moctezuma forecasts sales volume in line with the very good 2007 level, recovery in average unit prices, and operating results consistent with those of 2007 (in local currency).

The 2008 economic scenario is challenging and features gradual worsening. Our forecasts are based on the assumption that financial markets' present turmoil will have limited repercussions on the real economy, confined mainly to the USA. The group's good geographical diversification and its distinctive operating efficiency should make it possible to offset slowdown in some countries, and the adverse impact of exchange-rate fluctuations in the dollar area, with the growth achieved in more dynamic markets. We are confident that 2008 will end with recurrent operating results similar to the very satisfactory ones posted into 2007.





# Financial information year 2007

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## Consolidated Balance sheet

	Note	Dec. 31, 2007	Dec. 31, 2006
<b>thousands of euro</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	7	550,369	540,350
Other intangible assets	7	9,715	5,765
Property, plant and equipment	8	2,837,601	2,876,099
Investment property	9	13,483	13,997
Investments in associates	10	130,083	157,111
Available-for-sale financial assets	11	12,382	5,223
Deferred income tax assets	26	40,460	61,443
Defined benefit plan assets	24	39,572	45,570
Derivative financial instruments	12	287	192
Other non-current assets	13	94,034	104,036
		<b>3,727,986</b>	<b>3,809,786</b>
<b>Current assets</b>			
Inventories	14	319,671	290,839
Trade receivables	15	534,981	549,610
Other receivables	16	138,421	67,628
Derivative financial instruments	12	2,985	848
Available-for-sale financial assets	11	14	192,570
Cash and cash equivalents	17	760,672	514,798
		<b>1,756,744</b>	<b>1,616,293</b>
<b>Total Assets</b>		<b>5,484,730</b>	<b>5,426,079</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	18	123,532	123,209
Share premium	19	457,059	452,885
Other reserves	20	110,150	305,160
Retained earnings	21	1,561,249	1,221,430
Treasury shares	18	(6,100)	(3,269)
		<b>2,245,890</b>	<b>2,099,415</b>
Minority interest	22	267,537	325,966
<b>Total Equity</b>		<b>2,513,427</b>	<b>2,425,381</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term debt	23	1,140,368	1,140,098
Derivative financial instruments	12	–	5,000
Employee benefits	24	322,734	365,552
Provisions for liabilities and charges	25	230,031	242,752
Deferred income tax liabilities	26	451,491	505,354
Other non-current liabilities	27	10,907	12,689
		<b>2,155,531</b>	<b>2,271,445</b>
<b>Current liabilities</b>			
Current portion of long-term debt	23	107,024	35,318
Bank overdrafts and borrowings	23	7,716	52,991
Trade payables	28	318,212	311,298
Income tax payables	29	108,462	120,476
Derivative financial instruments	12	112,278	78,330
Other payables	30	162,080	130,840
		<b>815,772</b>	<b>729,253</b>
<b>Total Liabilities</b>		<b>2,971,303</b>	<b>3,000,698</b>
<b>Total Equity and Liabilities</b>		<b>5,484,730</b>	<b>5,426,079</b>

## Consolidated Income Statement

	Note	2007	2006
<b>thousands of euro</b>			
<b>Net sales</b>	31	<b>3,496,134</b>	<b>3,204,995</b>
Changes in inventories of finished goods and work in progress		27,206	12,794
Other operating income	32	142,517	120,486
Gains (losses) on disposal of investments	33	(639)	9,719
Raw materials, supplies and consumables	34	(1,355,332)	(1,236,521)
Services	35	(763,391)	(684,558)
Staff costs	36	(414,105)	(399,281)
Other operating expenses	37	(86,755)	(96,554)
<b>Operating cash flow (EBITDA)</b>		<b>1,045,635</b>	<b>931,080</b>
Depreciation, amortization and impairment charges	38	(210,945)	203,170
<b>Operating profit (EBIT)</b>		<b>834,690</b>	<b>727,910</b>
Net finance costs	39	(22,245)	(44,667)
Equity in earnings of associates	40	12,385	(24,528)
<b>Profit before tax</b>		<b>824,830</b>	<b>658,715</b>
Income tax expense	41	(288,301)	(241,191)
<b>Net profit</b>		<b>536,529</b>	<b>417,524</b>
<b>Attributable to:</b>			
Equity holders of the company		458,463	349,837
Minority interest		78,066	67,687
<b>euro</b>			
<b>Earnings per share</b>	42		
basic			
ordinary		2.23	1.77
savings		2.25	1.79
diluted			
ordinary		2.23	1.71
savings		2.25	1.74

## Consolidated Cash Flow Statement

	2007	2006
<b>thousands of euro</b>		
<b>Cash flows from operating activities</b>		
Net profit	536,529	417,524
Depreciation, amortization and impairment charges	210,945	203,170
Equity in earnings of associates	(12,385)	24,528
Gains on disposal of fixed assets	(6,096)	(21,803)
Deferred income taxes	14,180	41,159
Employee share grants expense	1,716	989
Net change in provisions and employee benefits	(36,883)	(4,615)
Changes in working capital	(119,239)	(64,875)
<b>Net cash provided by operating activities</b>	<b>588,767</b>	<b>596,077</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(6,575)	(2,460)
Purchase of property, plant and equipment	(315,878)	(188,207)
Purchase of equity investments	(204,901)	(63,323)
Proceeds from sale of fixed assets	17,707	19,315
Proceeds from sale of equity investments	12,549	26,084
Capital grants received	88	836
Dividends received from associates	12,555	9,583
Changes in financial assets and liabilities	(15,014)	23,171
Changes in available-for-sale financial assets	173,060	(54,268)
<b>Net cash used in investing activities</b>	<b>(326,409)</b>	<b>(229,269)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	200,973	1,023
Principal payments on long-term debt	(58,175)	(119,460)
Net change in bank overdrafts and borrowings	(30,919)	(2,088)
Sale (purchase) of treasury shares	(2,831)	29,838
Financing from parent company	10,119	–
Shares issued to minority interest	257	–
Dividends paid to equity holders of the company	(83,042)	(63,513)
Dividends paid to minority interest	(16,714)	(27,673)
<b>Net cash provided by (used in) financing activities</b>	<b>19,668</b>	<b>(181,873)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>282,026</b>	<b>184,935</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>514,798</b>	<b>360,056</b>
Increase (decrease) in cash and cash equivalents	282,026	184,935
Translation differences	(34,493)	(27,725)
Change in scope of consolidation	(1,659)	(2,468)
<b>Cash and cash equivalents at end of year</b>	<b>760,672</b>	<b>514,798</b>
<b>Supplemental cash flow information</b>		
Interest paid	84,682	90,633
Interest received	33,734	35,001
Income tax paid	253,461	153,969

## Consolidated Statement of Changes in Equity

	Attributable to equity holders of the company						Minority interest	Total Equity
	Share capital	Share premium	Other reserves	Retained earnings	Treasury shares	Total		
<b>thousands of euro</b>								
<b>Balance as of January 1, 2006</b>	<b>118,270</b>	<b>375,932</b>	<b>526,569</b>	<b>880,631</b>	<b>(17,507)</b>	<b>1,883,895</b>	<b>346,225</b>	<b>2,230,120</b>
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
<b>Balance as of December 31, 2006</b>	<b>123,209</b>	<b>452,885</b>	<b>305,160</b>	<b>1,221,430</b>	<b>(3,269)</b>	<b>2,099,415</b>	<b>325,966</b>	<b>2,425,381</b>
Income and expenses recognized directly in equity:								
Currency translation differences	-	-	(167,870)	-	-	(167,870)	(18,507)	(186,377)
Application of IAS 32 and 39	-	-	-	4,386	-	4,386	574	4,960
Shares granted to employees	-	-	-	1,716	-	1,716	-	1,716
Net profit	-	-	-	458,464	-	458,464	78,065	536,529
Conversion of bonds	266	4,174	-	-	-	4,440	-	4,440
Dividends paid	-	-	-	(83,042)	-	(83,042)	(16,714)	(99,756)
Purchase of treasury shares	-	-	-	-	(2,831)	(2,831)	-	(2,831)
Buyout of minorities	-	-	-	(65,089)	-	(65,089)	(99,828)	(164,917)
Other changes	57	-	(27,141)	23,385	-	(3,699)	(2,019)	(5,718)
<b>Balance as of December 31, 2007</b>	<b>123,532</b>	<b>457,059</b>	<b>110,149</b>	<b>1,561,250</b>	<b>(6,100)</b>	<b>2,245,890</b>	<b>267,537</b>	<b>2,513,427</b>

## 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, the United States of America, Germany, Luxembourg, the Netherlands, Poland, the Czech Republic, Ukraine, Russia and Mexico.

Buzzi Unicem SpA is a limited liability company incorporated and domiciled in Italy. The address of its registered office is via Luigi Buzzi 6, Casale Monferrato (AL) 15033.

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

These consolidated financial statements were authorized for issue by the board of directors on 27 March 2008.

### 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 and with the provisions implementing article 9 of Legislative Decree no. 38/2005. 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).

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 items presented in these consolidated financial statements have been slightly adjusted and integrated compared with those previously published, to give a better representation of the financial condition and economic performance of the group. The main amendment concerns the fair value of defined benefit plan assets, in case this should exceed the value of the obligation for post-employment benefits and give right to a refund or to a curtailment in future contributions to the plan; this excess has been separately recognized as an asset, in compliance with IAS 19 provisions.

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. Under the second phase of the Emissions Trading Scheme (2008–2012), the allowances allocated to Buzzi Unicem's manufacturing units in several EU countries (Germany, Poland, Czech Republic), by the respective national plans, will likely be not sufficient to cover the emissions foreseen in the same period. On the other hand, the emissions produced by the Italian cement plants are expected not to exceed the allocated rights.

#### **Standards, amendments and interpretations effective in 2007**

- IFRS 7, Financial Instruments: Disclosures, and the complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures, introduces new disclosures relating to financial instruments. Following the application of the new standard Buzzi Unicem has amended the classification and valuation of its financial instruments included within available-for-sale financial assets. The impact has been a substantial reclassification of certain liquid investments from available-for-sale financial assets (current portion) to cash and cash equivalents.
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies. As none of the consolidated entities has 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. The amendment clarifies that IFRS 2 applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration. This standard did not have any impact on the consolidated financial statements.

- IFRIC 9, Reassessment of Embedded Derivatives. IFRIC 9 clarifies certain aspects of the treatment of embedded derivatives under IAS 39 and is not relevant to the group's operations.
- IFRIC 10, Interim Financial Reporting and Impairment. IFRIC 10 prohibits the impairment losses recognized in an interim period on goodwill and certain financial assets to be reversed at a subsequent balance sheet date. No significant effect arose from the adoption of this interpretation.

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

- IAS 1 (Comprehensive revision), Presentation of Financial Statements (effective from 1 January 2009). The revised standard requires an entity to present all non-owner changes in equity (that is, comprehensive income) either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity. This standard had not yet been endorsed by the European Union at the date of this report.
- IAS 23 (Amendment), Borrowing Costs (effective from 1 January 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. At the date of this report the amended standard has not yet been endorsed by the European Union.
- IFRS 8, Operating Segments (effective from 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. Buzzi Unicem is still currently assessing in detail the expected impact, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will not change in a material way.
- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). It provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and subsidiaries. This interpretation does not have an impact on the consolidated financial statements.
- IFRIC 12, Service Concession Arrangements (effective from 1 January 2008). IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 has not yet been endorsed by the European Union and is not relevant to the group's operations.



- IFRIC 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is not relevant to the group's operations and it has not yet been endorsed by the European Union.
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. At the date of this report the interpretation has not yet been endorsed by the European Union.

## 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, a policy of treating transactions with minority interests as transactions with equity owners of the group. 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

Items included in the financial statements of each consolidated entity are measured using the functional currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in euro, which is the company's functional and presentation currency.

Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing at the dates of the transaction. 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.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss, are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

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	
	2007	2006	2007	2006
<b>euro 1 =</b>				
<b>Currency</b>				
us Dollar	1.4721	1.3170	1.3705	1.2556
Mexican Peso	16.0547	14.2937	14.9748	13.6943
Danish Kroner	7.4583	7.4560	7.4507	7.4591
Czech Koruna	26.6280	27.4850	27.7656	28.3417
Slovakian Koruna	33.5830	34.4350	33.7745	37.2341
Ukrainian Hryvnia	7.4341	6.6462	6.9033	6.3282
Russian Ruble	35.9860	34.6800	35.0183	34.1117
Polish Zloty	3.5935	3.8310	3.7837	3.8959
Hungarian Forint	253.7300	251.7700	251.3520	264.2630

## 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.

Land is not depreciated. Raw material reserves are depleted in the ratio of the quarried material during the period to extractable minerals. Depreciation on other assets 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

## 2.7 Investment property

Investment property, comprising land and buildings non-strictly pertinent to the business held to earn rental income and/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.

If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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 makes use of derivative contracts only for hedging purposes, 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. The 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 comprises 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 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, money market securities and other 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.

#### 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 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generate taxable income. The tax rates applied vary according to the jurisdiction and fiscal situation of each consolidated company. 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. Income tax payables for the period are credited to current liabilities. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. 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 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. Independent actuaries calculate the defined benefit obligation and the service cost annually, using the projected unit credit method. If the calculation of the balance sheet amount results in an asset, the amount recognized is limited to the net total of unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan. 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.

A defined contribution plan is a pension plan under which a company pays fixed contributions to publicly or privately administered pension insurance plans 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 contributions are recognized as employees render their services and are included in staff costs.

##### **Other post-employment benefits**

Post-retirement life insurance and health coverage plans 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.

The scheme underlying the Italian employee severance indemnities (TFR) was classified as a defined benefit program, until 31 December 2006. The legislation regarding this scheme

was amended by the “Financial Law 2007” and subsequent regulations issued in the first part of 2007. Following these changes, for companies with at least 50 employees, the TFR only continues to be classified as a defined benefit plan for those benefits accrued up to 31 December 2006, while after that date the scheme is classified as a defined contribution plan.

#### **Share-based compensation**

The company has an incentive and loyalty plan in place, based on equity compensation, which rewards the Italian 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 is reported net of value-added tax, returns, 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 retains 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

#### 3.1 Financial risk factors

The group's activities are exposed to a variety of financial risks such as market risk (including currency and price), credit risk and liquidity risk. 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 cooperation with the group's operating units.

##### **Market risk**

Buzzi Unicem operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the currencies of Russia and Mexico. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The foreign subsidiaries or joint ventures enjoy a natural hedging on market risk, since all major commercial transactions are made in their functional currency and are not suffering from the foreign exchange fluctuations. Management has set up a policy to require entities in the group to manage their residual exposure to currency risk, by using mainly forward contracts, transacted locally. The policy is to hedge between 40 % and 90 % of anticipated cash flows in each major foreign currency for the subsequent 12 months.

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. In addition, it is sometimes deemed convenient for foreign companies to convert into euro a portion of their liquid assets.

A recognition of exchange rate risk according to the principles stated by IFRS 7 shows the following net exposure to foreign currencies:

	2007	2006
<b>thousands of euro</b>		
Euro	(33,548)	(12,028)
us Dollar	58,500	16,914
Russian Ruble	444	2,414
Slovakian Koruna	2,827	1,530
Polish Zloty	(29,080)	1,421
Czech Koruna	(45,479)	(14,694)
British Pound	(10)	-
Ukrainian Hryvnia	-	(14,020)

At 31 December 2007, with reference to the same data reported above, if the euro had strengthened/weakened by 10 % against the major foreign currencies to which Buzzi Unicem is exposed, net profit before tax for the year would have been € 3,949 thousand higher/lower.

At 31 December 2007, if the euro had weakened/strengthened by 10 % against the us dollar and the Mexican peso with all other variables held constant, net profit for the year and equity would have been respectively € 20,588 thousand higher/lower, mainly as a result of foreign exchange gains/losses on translation of financial statements in those foreign currencies, borrowings denominated in us dollar, financial assets at fair value through profit or loss and cash denominated in us dollar and Mexican peso. Equity would have been € 139,350 thousand higher/lower, arising mainly from the conversion of assets and liabilities of consolidated companies whose functional currency is the us dollar or the Mexican peso.

Buzzi Unicem has a very limited exposure to equity securities price risks because of investments classified on the balance sheet as available for sale representing less than 0.1 % of total assets. The group is exposed to commodity price risk, mainly as far as fossil fuels and electrical power are concerned.

As the group has no significant interest-bearing assets, income and operating cash flows are substantially independent of changes in market interest rates. Changes in market interest rates can affect the cost of the various forms of financing or the return on investments in monetary instruments, causing an impact at the level of net finance costs

incurred. The interest rate risk arises mainly from long-term debt. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. Buzzi Unicem's policy is to maintain approximately 60 % of its borrowings in fixed rate instruments. During 2007 and 2006, the group's borrowings at variable rate were denominated in euro and the US dollar.

The group analyses its interest rate exposure on a dynamic basis, taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit before tax of a 1 % interest rate shift (used for all currencies) would be a maximum increase of € 5,992 thousand or decrease of € 5,306 thousand, respectively. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

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.

At 31 December 2007, if interest rates on euro-denominated borrowings had been 1 % higher/lower with all other variables held constant, profit before tax for the year would have been € 9,879 thousand lower or € 10,561 higher, mainly as a result of higher/lower interest expense on floating rate borrowings; other components of equity would have not shown any material difference. At 31 December 2007, if interest rates on US dollar-denominated cash and cash equivalents at that date had been 1 % higher/lower with all other variables held constant, profit before tax for the year would have been € 2,144 thousand higher/lower, mainly as a result of higher/lower interest income on liquid assets; likewise other components of equity would have been basically unchanged.

#### **Credit risk**

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only primary national and international entities with high credit quality are accepted as counterparties. Policies are in place that limit the amount of credit exposure to any financial institution. The credit management functions assess the quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored. Due to its widespread customer base, typical of the industry, Buzzi Unicem has no significant concentration of credit risk in trade receivables.

#### **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed and uncom-

mitted credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the central treasury department aims to maintain flexibility in funding by keeping availability under committed credit lines. Management monitors rolling forecasts of future liquidity reserve (comprises undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flow.

### 3.2 Capital management

Buzzi Unicem's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or modify the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, make purchases of treasury shares or sell assets to reduce debt.

Consistent with other players in the industry, which is highly capital intensive, the group monitors capital on the basis of the gearing ratio and the net debt to EBITDA ratio. The first ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt. The second ratio uses the same numerator as gearing and the EBITDA figure as shown in the income statement as the divisor.

During 2007, the group's strategy, which was unchanged from 2006, was to maintain the gearing ratio below 0.40 and the net debt/EBITDA ratio not exceeding 2 times. The ratios at 31 December 2007 and 2006 were as follows:

	2007	2006
<b>thousands of euro</b>		
Net debt	621,227	608,952
Equity	2,513,427	2,425,381
Total capital	3,134,654	3,034,333
<b>Gearing ratio</b>	<b>20 %</b>	<b>20 %</b>
Net debt	621,227	608,952
Operating cash flow (EBITDA)	1,045,635	931,080
<b>Net debt/EBITDA ratio</b>	<b>0.59</b>	<b>0.65</b>

The small change in the two ratios during 2007 resulted primarily from the strong investing activity, which offsets an equally strong generation of cash from industrial operations.

### 3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques widely accepted in the corporate finance environment and assumptions based on market conditions existing at each balance sheet date; the result is checked against the value provided by the financial counterpart. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

#### **4. Critical 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 areas involving a high degree of judgment or complexity, or areas where assumptions and estimates can have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, relate primarily to impairment of assets, current and deferred income tax, employee benefits, allowance for doubtful accounts, other provisions and contingencies and are documented in the relevant accounting policies above. Estimates are continually evaluated according to management's best knowledge of the business and other factors reasonably assumed under the circumstances.

#### **5. Scope of consolidation**

The consolidated financial statements as of 31 December 2007 include the company and 127 consolidated subsidiaries. The total number of consolidated subsidiaries increased by 32 compared with that at the end of the previous year. Excluded from consolidation are 30 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 control chain of the companies operating in United States of America and Mexico was simplified, thanks to the winding up of RC Cement International ApS (Denmark) and the absorption of Finpresa SA by Buzzi Unicem International Sàrl (both Luxembourg entities).



The main change in the scope of consolidation occurred in 2007 relates to the consolidation line-by-line effective from 1 January 2007 of the newly incorporated 100 % subsidiary Dyckerhoff Basal Nederland BV, which, within the restructuring of NCD group, has been assigned some ready-mix concrete and aggregate assets operating in the Netherlands. The Basal system is made up of 22 subsidiaries.

The following main acquisitions were made in 2007, which relate to the purchase of minority interests where control already existed:

- the holding of Buzzi Unicem in Dyckerhoff AG's share capital has been taken from 78.6 % to 88.4 % (96.5 % of voting capital), mainly through the outcome of a voluntary public offer to minority shareholders, which was carried out in the month of January;
- by the end of the year Buzzi Unicem increased its ownership interest in the Spanish subsidiary Oriónidas SA, taking it from 68 % to 90 %.

The following main disposals of investments were made during 2007:

- Dyckerhoff sold its fully owned subsidiary Marbrerie Jacquemart Sàrl, a company based in Luxembourg and operating in the building materials industry;
- Dyckerhoff sold its 50 % ownership interest in TBM Transportbeton Mittelbaden GmbH & Co. KG, operating in Germany in the ready-mix concrete business;
- Dyckerhoff sold its fully owned subsidiary Bohemia Beton Union Decin sro, operating in Czech Republic in the ready-mix concrete business.

The impact due to the changes in scope following the line-by-line consolidation of the Basal group (Netherlands) is discussed in the course of these notes when material.

Dyckerhoff holds a 63.1 % stake in NCD Nederlandse Cement Deelnemingsmaatschappij BV. 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; Central Europe consists of Germany, Luxembourg and the Netherlands. 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.

	Italy	USA	Mexico	Central Europe	Eastern Europe	Elimin.	Total
<b>thousands of euro</b>							
<b>2007</b>							
Net sales	961,462	850,857	211,969	736,604	735,736	(494)	3,496,134
Operating cash flow (EBITDA)	207,131	304,060	91,944	167,159	275,342	–	1,045,636
Depreciation and amortization	(47,034)	(63,260)	(13,353)	(48,812)	(28,607)	–	(201,066)
Impairment charges	(2,095)	–	(14)	(7,771)	–	–	(9,880)
Operating profit (EBIT)	158,002	240,800	78,577	110,576	246,735	–	834,690

	Italy	USA	Mexico	Central Europe	Eastern Europe	Elimin	Total
<b>thousands of euro</b>							
<b>2006</b>							
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

	Italy	USA	Mexico	Central Europe	Eastern Europe	Total
<b>thousands of euro</b>						
<b>31 December 2007</b>						
Segment operating assets	908,679	1,748,221	198,379	954,968	727,600	4,537,847
Reconciliation to enterprise assets as reported in the consolidated balance sheet						
Investments in associates						130,083
Derivative financial instruments (non-current and current)						3,272
Deferred income tax assets						40,460
Available for sale financial assets (non-current and current)						12,396
Cash and cash equivalents						760,672
<b>Total assets as reported</b>						<b>5,484,730</b>
Segment operating liabilities	226,823	198,636	14,063	545,256	59,186	1,043,964
Reconciliation to enterprise liabilities as reported in the consolidated balance sheet						
Long-term debt (including current portion)						1,247,392
Bank overdrafts and borrowings						7,716
Derivative financial instruments (non-current and current)						112,278
Income tax liabilities (current and deferred)						559,953
<b>Total liabilities as reported</b>						<b>2,971,303</b>
Capital expenditures	220,715	158,142	10,607	67,180	70,710	527,354

	Italy	USA	Mexico	Central Europe	Eastern Europe	Total
<b>thousands of euro</b>						
<b>31 December 2006</b>						
Segment operating assets	917,846	1,841,677	210,986	807,264	716,121	4,493,894
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						61,443
Available for sale financial assets (non-current and current)						197,793
Cash and cash equivalents						514,798
<b>Total assets as reported</b>						<b>5,426,079</b>
Segment operating liabilities	288,443	214,208	8,752	501,039	50,689	1,063,131
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)						625,830
<b>Total liabilities as reported</b>						<b>3,000,698</b>
Capital expenditures	99,984	77,464	14,000	32,747	29,795	253,990

### 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
<b>thousands of euro</b>				
<b>2007</b>				
Net sales	2,222,683	1,256,387	17,064	3,496,134
<b>31 December 2007</b>				
Segment operating assets	3,844,479	684,292	9,076	4,537,847
Capital expenditures	461,570	65,629	155	527,354

	Cement and clinker	Ready-mix concrete and aggregates	Other related activities	Total
<b>thousands of euro</b>				
<b>2006</b>				
Net sales	2,061,223	1,126,485	17,287	3,204,995
<b>31 December 2006</b>				
Segment operating assets	3,847,314	625,490	21,090	4,493,894
Capital expenditures	187,644	66,294	52	253,990

## 7. Goodwill and Other intangible assets

	Goodwill	Other intangible assets			Total
		Industrial patents, licenses and similar rights	Assets in progress and advances	Others	
<b>thousands of euro</b>					
Net book amount at 1 January 2006	543,722	4,618	57	997	5,672
<b>Year ended 31 December 2006</b>					
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)
<b>Net book amount at 31 December 2006</b>	<b>540,350</b>	<b>4,743</b>	<b>55</b>	<b>967</b>	<b>5,765</b>
<b>Year ended 31 December 2007</b>					
Translation differences	554	(47)	–	(80)	(127)
Amortization and impairment charges	(1,945)	(2,247)	–	(776)	(3,023)
Additions	3,751	1,481	2	1,340	2,823
Change in scope of consolidation	7,659	3,012	–	446	3,458
Reclassifications	–	1,028	(13)	(62)	953
Disposals and other	–	(92)	(42)	–	(134)
<b>Net book amount at 31 December 2007</b>	<b>550,369</b>	<b>7,878</b>	<b>2</b>	<b>1,835</b>	<b>9,715</b>

At 31 December 2007, the item industrial patents, licenses and similar rights is made up of mining rights (€ 4,161 thousand), industrial patents (€ 1,153 thousand), application software for plant and office automation (€ 2,378 thousand) and industrial licenses (€ 186 thousand).

**Goodwill and impairment test**

Goodwill at 31 December 2007 amounts to €550,369 thousand and is broken-down as follows:

- €466,568 thousand refer to Dyckerhoff, thereof approximately 70 % allocated to the segment Eastern Europe and the remaining 30 % to Central Europe;
- €55,917 thousand resulting from the merger with Unicem SpA in 1999;
- €27,884 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 (9.06 % and 11.36 % average respectively for Central Europe and Eastern Europe, 7.57 % for the Italian units and 9.23 % 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, an impairment charge against goodwill of €1,945 thousand was recognized in a specific geographic area of the ready-mix concrete segment in Italy.

## 8. Property, plant and equipment

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Assets in progress and advances	Other	Total
<b>thousands of euro</b>						
<b>At 1 January 2006</b>						
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)
<b>Net book amount</b>	<b>1,669,772</b>	<b>1,207,046</b>	<b>106,145</b>	<b>125,280</b>	<b>27,157</b>	<b>3,135,400</b>
<b>Year ended 31 December 2006</b>						
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)
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	(6,863)	(3,912)	(2,278)	(645)	(172)	(13,870)
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)
<b>Closing net book amount</b>	<b>1,499,903</b>	<b>1,130,059</b>	<b>112,509</b>	<b>106,284</b>	<b>27,344</b>	<b>2,876,099</b>
<b>At 31 December 2006</b>						
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)	–	(79,958)	(3,181,986)
<b>Net book amount</b>	<b>1,499,903</b>	<b>1,130,059</b>	<b>112,509</b>	<b>106,284</b>	<b>27,344</b>	<b>2,876,099</b>
<b>Year ended 31 December 2007</b>						
Opening net book amount	1,499,903	1,130,059	112,509	106,284	27,344	2,876,099
Translation differences	(112,405)	(39,229)	(8,920)	(5,010)	(2,159)	(167,723)
Additions	25,364	58,342	23,356	204,065	4,666	315,793
Change in scope of consolidation	18,518	5,170	7,945	(3)	411	32,041
Disposals and other	(14,381)	(2,233)	(1,034)	(729)	(496)	(18,873)
Depreciation and impairment charges	(37,431)	(131,290)	(24,004)	–	(5,317)	(198,042)
Reclassifications	5,250	34,957	7,683	(52,558)	2,974	(1,694)
<b>Closing net book amount</b>	<b>1,384,818</b>	<b>1,055,776</b>	<b>117,535</b>	<b>252,049</b>	<b>27,423</b>	<b>2,837,601</b>
<b>At 31 December 2007</b>						
Cost/deemed cost	2,064,203	3,360,505	326,363	252,049	101,964	6,105,084
Accumulated depreciation	(679,385)	(2,304,729)	(208,828)	–	(74,541)	(3,267,483)
<b>Net book amount</b>	<b>1,384,818</b>	<b>1,055,776</b>	<b>117,535</b>	<b>252,049</b>	<b>27,423</b>	<b>2,837,601</b>

Additions of € 315,793 thousand in 2007 are shortly described in the review of operations, to which reference is made. The changes in scope are mainly driven by the first time consolidation of the group Basal, operating in the Netherlands. The changes in scope of the year 2006, a negative of € 33,967 thousand, were attributable to the exit of some companies that belonged to the Dyckerhoff domain, like Betonbau and Rhebau in Germany as well as Eurobeton in Luxembourg.

Exchange losses of € 167,723 thousand principally reflect weakness in the exchange rate of the us dollar, Mexican peso, Ukrainian hryvnia and Russian ruble versus the euro. Also in 2006 the same currencies have been losing value, causing exchange losses of € 194,514 thousand.

Real guarantees on assets of consolidated companies are represented by liens on industrial and commercial equipment for the amount of € 1,109 thousand at 31 December 2007.

Rent expenses amounting to € 38,647 thousand (2006: € 33,986) relating to the operating lease of property and machinery are included in the income statement among services (note 35).

## 9. Investment property

The caption amounts to € 13,483 thousand and shows a decrease of € 514 thousand versus last year, following some disposals. The fair value of the assets at the end of the year is estimated at € 15,863 thousand.

	2007	2006
<b>thousands of euro</b>		
Beginning of year	13,997	7,759
Translation differences	(106)	(105)
Additions	85	–
Reclassifications	–	6,183
Disposals and other	(493)	160
<b>End of year</b>	<b>13,483</b>	<b>13,997</b>

Rental income in 2007 amounted to € 6,479 thousand (2006: € 5,850 thousand, see note 32).

## 10. Investments in associates

	2007	2006
<b>thousands of euro</b>		
Accounted for using the equity method	101,483	117,509
Valued at fair value (puttable instruments)	25,946	34,245
Valued at cost	2,654	5,357
	<b>130,083</b>	<b>157,111</b>

The net decrease of € 27,028 thousand was affected to the extent of € 14,199 thousand by the spin-off of the associate NCD. Within the context of the break-up, some ready-mix concrete and natural aggregates assets operating in the Netherlands were allotted to the group Basal, in which we hold 100 % of the shares.



	2007	2006
<b>thousands of euro</b>		
Beginning of year	157,111	180,344
Translation differences	(6,206)	(5,976)
Additions	3,625	8,466
Equity in earnings	12,385	(24,528)
Changes in fair value recognized in equity	(4,708)	595
Dividends from companies valued by the equity method	(12,555)	(9,583)
Disposals and other	(19,569)	7,793
<b>End of year</b>	<b>130,083</b>	<b>157,111</b>

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

	Registered office	Book value	% of ownership direct	% of ownership indirect
<b>thousands of euro</b>				
Kosmos Cement Company	Louisville us	35,498		25.0
Houston Cement Company LP	Houston us	12,620		20.0
Cementi Moccia S.p.A.	Napoli IT	9,882	50.0	
Laterlite S.p.A.	Solignano IT	9,827	33.3	
Bétons Feidt s.a.	Luxembourg LU	6,335		30.0
Eurobeton Holding s.a.	Sennigerberg LU	2,918		20.1
s.a. des Bétons Frais	Schifflange LU	2,657		41.0
Eljo Holding b.v.	Zuidbroek NL	2,514		50.0
Technobeton S.r.l.	Riva del Garda IT	2,342	45.0	
Siefic Calcestruzzi S.r.l.	Isernia IT	2,211		50.0
NCH Nederlandse Cement Handelmaatschappij b.v. i.L.	Nieuwegein NL	1,664		38.4
Premix S.p.A.	Mellini IT	1,634	40.0	
Ciments de Balears, s.a.	Palma de Mallorca ES	1,426	35.0	
ncd Nederlandse Cement Deelnemingsmaatschappij b.v.	Nieuwegein NL	1,325		63.1
E.L.M.A. S.r.l.	Sinalunga IT	1,321		50.0
Cave Alto Santerno S.r.l.	Calenzano IT	641		49.0
Normensand GmbH	Beckum DE	547		38.0
Transass s.a.	Schifflange LU	543		41.0
DE CUP N.V.	Lanaken BE	431		49.9
Albenga Calcestruzzi S.r.l.	Albenga IT	424		50.0
Basal Hanson Utrecht v.o.f.	Maarssen NL	396		50.0
s.a.f.i. S.r.l.	Mezzana Bigli IT	379		33.3
André Frères et Broos s.a.	Saint Mard BE	374		30.0
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
EKO ZAPA beton, a.s.	Praha CZ	303		50.0
Niemeier Beton GmbH & Co. KG	Diepholz DE	256		33.3
Other < 250.000 euro		5,015		
		<b>104,137</b>		

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

	Registered office	Book value	% of ownership indirect
<b>thousands of euro</b>			
quick-mix Holding GmbH & Co. KG	Osnabrück DE	14,508	34.0
Sievert AG & Co. KG	Osnabrück DE	9,395	32.5
TRAMIRA – Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	1,459	50.0
sibobeton Osnabrück GmbH & Co. KG	Osnabrück DE	584	23.3
		<b>25,946</b>	

The total balance sheet and income statement items of the principal operative associates, all of which are unlisted, are as follows:

	Assets	Liabilities	Net sales	Net profit
<b>thousands of euro</b>				
Kosmos Cement Company	156,155	14,522	110,483	35,104
Houston Cement Company LP	81,640	5,315	120,297	(16)
Laterlite S.p.A. *	62,376	27,000	66,917	5,530
Cementi Moccia S.p.A. *	40,916	21,115	37,851	4,141
Bétons Feidt s.A.	36,115	15,000	68,046	3,322
Sievert AG & Co. KG	103,522	69,882	7,758	416

\* financial year 2006

## 11. Available-for-sale financial assets

The non-current portion refers to the investments in unconsolidated subsidiaries and other companies, all of which are unlisted.

	2007	2006
<b>thousands of euro</b>		
Unconsolidated subsidiaries	7,306	1,499
Other companies	5,076	3,724
	<b>12,382</b>	<b>5,223</b>

A contribution to the balance increase during the financial year came from the additions in Béton du Ried SA (€ 2,686 thousand, unconsolidated subsidiaries) and i4 Transportation GmbH & Co. KG (€ 1,216 thousand, other companies). There were no impairment provisions on available-for-sale financial assets (non-current portion) in 2007 or 2006.

The current portion includes short-term or marketable securities, which represent temporary placements of available cash. Following the application of IFRS 7, Buzzi Unicem has amended the classification and valuation of its financial instruments included within available-for-sale financial assets. The impact has been a substantial reclassification of certain liquid investments from available-for-sale financial assets (current portion) to cash and cash equivalents.

## 12. Derivative financial instruments

The derivative contracts, entered into for hedging purposes to reduce currency, interest rate and market price risks, are all “plain vanilla” type. They do not qualify for hedge accounting under IFRS and accordingly are defined as trading derivatives and are booked at their fair value, within current assets or liabilities.

thousands of euro	2007		2006	
	Assets	Liabilities	Assets	Liabilities
<b>Non-current</b>				
Fair value hedges	-	-	192	-
Not designated as hedges	287	-	-	-
Options on equity investments	-	-	-	5,000
	<b>287</b>	<b>-</b>	<b>192</b>	<b>5,000</b>
<b>Current</b>				
Fair value hedges	-	-	665	-
Cash flow hedges	-	-	11	4,103
Not designated as hedges	2,985	104,578	172	74,227
Options on equity investments	-	7,700	-	-
	<b>2,985</b>	<b>112,278</b>	<b>848</b>	<b>78,330</b>

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 € 101,706 thousand at 31 December 2007 (€ 74,133 thousand at closing 2006).

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

	2007		2006	
	Notional	Fair value	Notional	Fair value
<b>thousands of euro</b>				
Interest rate swaps	123,878	3,084	137,878	255
Cross currency swaps	273,881	(64,098)	387,866	(54,937)
Forward foreign exchange	405,028	(40,441)	358,724	(22,717)
Interest rate options (cap)	5,000	149	5,000	109
Put options on equity instruments	21,815	(7,700)	19,416	(5,000)
Call options on equity instruments	13,936	–	12,000	–

At end of year, the options on equity instruments include a put agreement on a 15.1 % share of our associate Sievert AG & Co. KG and a corresponding call agreement on a 20.0 % stake of the same company. Under certain assumptions, the strike price of the put option has been computed at € 12,168 thousand, and that of the call option at € 11,366 thousand. The options cannot be exercised earlier than 31 December 2008. Moreover options on equity instruments include:

- a put option on our 20.1 % ownership of Eurobeton Holding SA, which can be exercised starting from 1 January 2011 at a strike price of € 3,598 thousand;
- a call option on 100 % of SONDA sro, a company operating in the aggregates business in Slovakia, which can be exercised until 17 March 2010 at a strike price of € 2,570 thousand.

Some third parties and managers have an obligation to sell Dyckerhoff their minority interest (23.3 %) in the subsidiary OAO Sucholoshzement. The total commitment for the company amounts to € 6,049 thousand, spread over the years 2010–2017. No liability arises from this forward contract.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

During 2007, the changes in the fair value of derivative financial instruments recognized in equity and in the income statement are respectively negative for € 223 thousand and negative for € 26,805 thousand.

### 13. Other non-current assets

	2007	2006
<b>thousands of euro</b>		
Advances on acquisition of equity investments	152	7,216
Receivables from associates	10,069	9,025
Tax receivables	29,454	32,930
Receivables from sale of equity investments	7,906	6,622
Advances to suppliers	9,456	11,667
Receivables from personnel	2,949	2,744
Loans to customers	1,803	3,087
Guarantee deposits	15,309	17,009
Other	16,936	13,736
	<b>94,034</b>	<b>104,036</b>

The decrease in advances on acquisition of equity investments stems from the execution of the share transfers to which they referred.

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

Tax receivables include the booking at present value of a corporate tax credit in Germany, which became finally collectable already in 2006 and will be cashed-in over a period of 10 years starting from 2008.

Receivables from sale of equity investments mainly pertain to the disposal of Cementos Hispania, which took place in 2003.

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

Receivables from personnel include loans to employees equal to € 1,825 thousand (2006: € 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 pension plans.

The item other includes for the most part loans to third parties, which are adequately secured.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

## 14. Inventories

	2007	2006
<b>thousands of euro</b>		
Raw materials, supplies and consumables	193,211	173,904
Work in progress	63,306	48,939
Finished goods and goods for resale	57,756	66,557
Advances	5,398	1,439
	<b>319,671</b>	<b>290,839</b>

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 € 14,120 thousand (2006: € 11,901 thousand). There was no write-down of inventories recognized as an expense during the year.

## 15. Trade receivables

	2007	2006
<b>thousands of euro</b>		
Trade receivables	541,182	563,768
Less: Allowance for doubtful accounts	(29,125)	(30,764)
<b>Trade receivables, net</b>	<b>512,057</b>	<b>533,004</b>
Other trade receivables:		
From unconsolidated subsidiaries	2,076	10
From associates	20,827	16,590
From parent companies	21	6
	<b>534,981</b>	<b>549,610</b>

The impact of the changes in scope of consolidation equals to € 20,814 thousand.

The year-end balances from associates arise from normal and regular business transactions entered into mostly with firms operating in the ready-mix concrete segment.

The ageing analysis of net trade receivables is as follows:

	2007	2006
<b>thousands of euro</b>		
Fully performing	309,156	326,773
Past due up to 2 months	127,817	178,477
Past due between 2 and 6 months	49,540	20,153
Past due over 6 months	25,544	7,601
	<b>512,057</b>	<b>533,004</b>

Changes in the allowance for doubtful accounts during the year are as follows:

	2007	2006
<b>thousands of euro</b>		
Beginning of year	30,764	30,894
Translation differences	119	(188)
Provision for impairment	9,546	9,737
Receivables written off as uncollectible	(8,917)	(7,272)
Unused amounts reversed and other	(2,387)	(2,407)
<b>End of year</b>	<b>29,125</b>	<b>30,764</b>

The creation and release of allowance for doubtful accounts have been included in other operating expenses (note 37).

The carrying amount of trade receivables is considered in line with their fair value at the date. The maximum exposure to credit risk at the reporting date is the carrying value of the caption.

The net trade receivables are denominated in the following currencies:

	2007	2006
<b>thousands of euro</b>		
Euro	346,699	357,295
us Dollar	76,892	90,572
Russian Ruble	2,368	1,780
Mexican Peso	29,780	24,586
Other currencies	56,318	58,771
	<b>512,057</b>	<b>533,004</b>

## 16. Other receivables

	2007	2006
<b>thousands of euro</b>		
Tax receivables	81,529	26,524
Receivables from social security institutions	190	308
Receivables from unconsolidated subsidiaries and associates	127	211
Receivables from suppliers	16,184	10,097
Receivables from personnel	927	729
Receivables from sale of equity investments	4,204	–
Accrued income and prepaid expenses	20,405	15,655
Other	14,855	14,104
	<b>138,421</b>	<b>67,628</b>

Tax receivables include income tax payments in advance and largely a German VAT receivable of €58,293 thousand, associated with dealer sales from the years 1993 through 2004, whose refund claim closed with a successful outcome.

Accrued income total €4,251 thousand (2006: €2,216 thousand) and is made up primarily of interest income on marketable securities and time deposits. Prepaid expenses amount to €16,153 thousand (2006: €13,439 thousand) relating to operating expenses pertaining to the following period.

At the balance sheet date the carrying amount of other receivables is considered to be in line with their fair value. The items within this caption do not contain impaired assets.

## 17. Cash and cash equivalents

	2007	2006
<b>thousands of euro</b>		
Cash at banks and in hand	513,695	453,218
Short-term deposits	246,978	61,580
	<b>760,673</b>	<b>514,798</b>

Foreign operating companies hold about 83 % of the balance. At the closing date, short-term deposits and securities earn interest at about 5.0 % on average (4.7 % in 2006): yield in euro is around 4.8 %, in dollars 4.7 % and in Mexican pesos 7.5 %. 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:

	2007	2006
<b>thousands of euro</b>		
Euro	250,082	315,334
us Dollar	287,686	121,674
Mexican Peso	59,514	3,659
Other currencies	163,391	74,131
	<b>760,673</b>	<b>514,798</b>



## 18. Share capital

At the balance sheet date the share capital of the company is as follows:

	2007	2006
number of shares		
<b>Shares issued and fully paid</b>		
Ordinary shares	165,174,946	164,730,937
Savings shares	40,711,949	40,617,554
	<b>205,886,895</b>	<b>205,348,491</b>
Share capital (thousands of euro)	123,532	123,209

All categories of shares have a par value of € 0.60 each. Each ordinary share gives right to one vote, without any restrictions whatsoever. Savings shares are not entitled to vote and they can be either registered or bearer, at the shareholder's preference.

Savings shares are entitled to a preferential dividend equal to 5 % of par value and a total dividend equal to ordinary shares' dividend plus 4 % of par value. In case of no dividend distribution, the right to the preference dividend is carried forward over the two following years.

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

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

The reconciliation of the number of shares outstanding during 2007 is the following:

	Ordinary	Savings	Total
<b>number of shares</b>			
<b>At 1 January 2007</b>			
Shares issued	164,730,937	40,617,554	205,348,491
Less: Treasury shares	(377,000)	–	(377,000)
<b>Shares outstanding</b>	<b>164,353,937</b>	<b>40,617,554</b>	<b>204,971,491</b>
<b>Year ended 31 December 2007</b>			
Conversion of bonds	444,009	–	444,009
Employee share grant scheme	–	94,395	94,395
Purchase of treasury shares	–	(200,500)	(200,500)
<b>Closing shares outstanding</b>	<b>164,797,946</b>	<b>40,511,449</b>	<b>205,309,395</b>
<b>At 31 December 2007</b>			
Shares issued	165,174,946	40,711,949	205,886,895
Less: Treasury shares	(377,000)	(200,500)	(577,500)
<b>Shares outstanding</b>	<b>164,797,946</b>	<b>40,511,449</b>	<b>205,309,395</b>

In June 2007, no. 94,395 savings shares of new issuance, with a fair value of € 1,716 thousand, were granted to the managers of the company and of its Italian subsidiaries, according to the goals reached under the existing incentive and loyalty plan (MBO system). The company acquired no. 200,500 of its own savings shares through purchases on the Borsa Italiana stock exchange during the month of August 2007. The total amount paid to acquire the share was € 2,831 thousand and has been debited directly to equity.

## 19. Share premium

It consists of the overall premium on shares issued over time. The rise of € 4,174 thousand vis-à-vis 31 December 2006 follows the partial conversion of the facility 'Buzzi Unicem 4% 2003–2008 convertible' (no. 444,009 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:

	2007	2006
<b>thousands of euro</b>		
Translation differences	(363,326)	(195,456)
Revaluation reserves	88,286	88,286
Merger surplus	247,530	161,292
Other	137,660	251,038
	<b>110,150</b>	<b>305,160</b>

The translation differences reflect the exchange rate variations that were generated starting from the first time consolidation of financial statements denominated in foreign currencies. The unfavorable variance of € 167,870 thousand is attributable, to the extent of € 143,494 thousand, to the weakness of the dollar.

The change of merger surplus and other reserves is mostly due to reclassifications between them, in connection with the resolutions authorizing the company to purchase treasury shares that are regularly passed at the annual general meeting of the shareholders.

Other reserves include the reserve for purchase of treasury shares equal to € 6,100 thousand. They also reflect the fair value adjustments to available-for-sale financial assets and to associates classified as puttable instruments.

## 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 has been applied. Particularly, in the purchase of no. 4,064,711 Dyckerhoff AG's shares, the difference between the consideration paid and the book value of the acquired interest in the subsidiary's net assets amounts to € 63,397 thousand and it has been directly deducted from retained earnings.

## 22. Minority interest

The balance as of 31 December 2007 refers to Dyckerhoff AG and subsidiaries (€ 118,480 thousand), RC Lonestar Inc. (€ 63,072 thousand) and Corporación Moctezuma, SAB de CV (€ 85,274 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 Cementos Molins (Spain).

## 23. Debt and borrowings

	2007	2006
<b>thousands of euro</b>		
<b>Non-current</b>		
Convertible bond	–	6,693
Senior notes and bonds	723,929	861,495
Mezzanine loan	220,744	218,810
Finance lease obligations	1,109	800
Secured term loans	692	298
Unsecured term loans	193,894	52,002
	<b>1,140,368</b>	<b>1,140,098</b>
<b>Current</b>		
Convertible bond	2,253	–
Senior notes and bonds	52,048	32,867
Finance lease obligations	476	1,174
Secured term loans	445	1,277
Unsecured term loans	51,802	–
<b>Current portion of long-term debt</b>	<b>107,024</b>	<b>35,318</b>
Bank overdrafts and borrowings	7,716	52,991
	<b>1,255,108</b>	<b>1,228,407</b>

The repayment schedule of non-current debt and borrowings at the balance sheet date is as follows:

	2007	2006
<b>thousands of euro</b>		
Between 1 and 2 years	28,155	336,647
Between 2 and 3 years	305,261	71,747
Between 3 and 4 years	12,810	297,736
Between 4 and 5 years	413,059	75,940
Beyond 5 years	381,083	358,028
	<b>1,140,368</b>	<b>1,140,098</b>

### 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 Buzzi USA 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 2007 suffers net financial costs resulting from the interest rate swap contracts to the extent of € 3,667 thousand (2006: net financial expense of € 69 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 2007:

Issue	Outstanding amount	Maturity	Coupon	Notes
<b>Buzzi Unicem SpA</b> Convertible Bond February 2003	€ m 2.3	2008	4.00 %	American conversion option (1 ordinary share to 1 bond, meaning a strike price €10/share)
<b>Buzzi USA Inc.</b> 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 6M + 1.41 %
<b>Buzzi USA Inc.</b> Senior Notes May 2002 Series B	\$ m 240.0	2011–2013	6.92 %	Forward foreign exchange on principal
<b>Buzzi USA Inc.</b> Senior Notes May 2002 Series C	\$ m 35.0	2017	7.12 %	Forward foreign exchange on principal
<b>Buzzi USA Inc.</b> Senior Notes September 2003 Series A	\$ m 170.0	2014–2016	5.08 %	Cross currency swap on principal and coupons Interest rate swap from fix to floating Euribor 6M + 1.025 %
<b>Buzzi USA Inc.</b> Senior Notes September 2003 Series A	\$ m 70.0	2014–2016	5.08 %	Cross currency swap on principal and coupons
<b>Buzzi USA Inc.</b> Senior Notes September 2003 Series B	€ m 30.0	2013	5.05 %	
<b>Alamo Cement Company</b> Floating Rate Senior Notes October 2004 Series B	€ m 15.0	2009	Euribor 6M + 0.70 %	
<b>Alamo Cement Company</b> Senior Notes October 2004 Series C	\$ m 73.1	2005–2011	4.90 %	Cross currency swap on principal and coupons Interest rate swap from fix to floating Euribor 6M + 0.55 %
<b>Lone Star Industries, Inc.</b> 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 from 2008 onward; however, we deem the principal payment will not occur before the final maturity. 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 2007 borrowings from banks of €58,175 thousand have been repaid, while new borrowings were obtained for €200,973 thousand. In essence, proceeds of the new

indebtedness were used to finance the voluntary tender offer addressed to the minority shareholders of Dyckerhoff AG. The increase for €51,802 thousand in current unsecured term loan is due to the transfer from the non-current portion of the principal amounts falling due in the short run.

At the balance sheet date, the fair value of long-term debt exceeds the carrying amount by about €55,000 thousand (2006: fair value greater than carrying amount by about €39,000 thousand). The carrying amount of short-term borrowings approximate their fair value, as the impact of discounting is not significant.

In respect with interest rate and currency the gross indebtedness at 31 December 2007 is roughly split as follows (after hedging): 45 % variable and 55 % fix; 16 % denominated in dollar and 84 % in euro and euro-zone currencies.

At 31 December 2007 the group had undrawn committed facilities expiring after 2008 of €532,000 thousand (2006: €339,143), thereof €207,000 thousand at floating rate available to the company and the remaining €325,000 thousand to Dyckerhoff AG, always at floating rate. The committed and unsecured line of credit of €250,000 thousand with Intesa Sanpaolo requires compliance with a ratio of consolidated net debt to consolidated EBITDA less than 3 times.

## 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 obligations relate both to active employees and to retirees. Liabilities for contributions accrued but not yet paid are included within other payables (note 30).

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. The defined benefit pension schemes that the group operates in Germany and, to a lesser extent, in Luxembourg are mainly unfunded. Besides, during 2007 in Germany a portion of the pension plan liability was transferred to an independently administered fund through a cash contribution of €25,000 thousand. 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. It consists of the residual amount that was required until 31 December 2006 under Italian legislation to be paid by companies with more than 50 employees, and accrued over the employee's working life for other companies. The provision is settled upon retirement or resignation and may be partially paid in advance if certain conditions are met. The changes in legislation introduced in 2007 led to a curtailment in the present value of the obligation at 1 January 2007 by a total of €2,599 thousand; the income from this reduction was added to the immediate recognition in the income statement of the unrecognized actuarial gains at 31 December 2006, amounting to €24 thousand, with the result that a revenue of €2,622 thousand arising from the curtailment has been booked.

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:

	2007	2006
<b>thousands of euro</b>		
<b>By category</b>		
Post-employment benefits:		
Pension plans	177,157	204,771
Healthcare plans	99,825	110,268
Employee severance indemnities	37,238	40,655
Other	104	104
Other long-term benefits	8,410	9,754
	<b>322,734</b>	<b>365,552</b>
<b>By geographic area</b>		
Italy	37,238	41,700
Central Europe	186,788	214,071
USA and Mexico	98,708	64,211
	<b>322,734</b>	<b>365,552</b>

The defined benefit plan assets separately recognized in the balance sheet pertain to the USA geographical area.

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

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>thousands of euro</b>								
Present value of funded obligations	387,789	200,436	-	-	-	-	-	-
Less: Fair value of plan assets	(242,300)	(206,318)	-	-	-	-	-	-
	<b>145,489</b>	<b>(5,881)</b>	-	-	-	-	-	-
Present value of unfunded obligations	16,105	220,323	94,299	113,489	36,094	40,833	104	104
Unrecognized actuarial gains (losses)	15,563	(9,671)	5,526	(3,221)	1,144	67	-	-
Unrecognized past service cost	-	-	-	-	-	(245)	-	-
<b>Liability in the balance sheet</b>	<b>177,157</b>	<b>204,771</b>	<b>99,825</b>	<b>110,268</b>	<b>37,238</b>	<b>40,655</b>	<b>104</b>	<b>104</b>

The movement in the defined benefit obligation for post-employment benefits is illustrated below:

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>thousands of euro</b>								
Beginning of year	420,759	459,571	113,489	133,703	40,833	40,318	104	170
Interest cost	21,721	20,843	5,766	6,523	1,583	1,544	–	–
Current service cost	7,160	7,931	1,774	1,798	754	2,878	–	–
Actuarial losses (gains)	(38,560)	(12,443)	(9,252)	(6,666)	(1,134)	219	–	–
Contribution by plan participants	68	–	423	475	–	–	–	–
Benefits paid	(28,884)	(28,149)	(6,974)	(10,222)	(4,195)	(4,093)	–	–
Translation differences	(21,839)	(23,967)	(10,928)	(12,172)	–	–	–	–
Change in scope of consolidation	40,498	(3,076)	–	–	(63)	–	–	–
Other	2,971	49	1	50	(1,684)	(33)	–	(66)
<b>End of year</b>	<b>403,894</b>	<b>420,759</b>	<b>94,299</b>	<b>113,489</b>	<b>36,094</b>	<b>40,833</b>	<b>104</b>	<b>104</b>

Changes in the fair value of plan assets are as follows:

	Pension plans		Healthcare plans	
	2007	2006	2007	2006
<b>thousands of euro</b>				
Beginning of year	206,318	205,433	–	557
Expected return on plan assets	15,059	21,281	–	3
Actuarial gains (losses)	(5,139)	–	–	–
Translation differences	(22,620)	(22,409)	(1)	(58)
Contributions by employer	28,341	14,125	5,580	7,824
Contributions by plan participants	68	–	423	475
Benefits paid	(14,478)	(12,112)	(6,969)	(8,801)
Change in scope of consolidation	34,751	–	–	–
Other	–	–	967	–
<b>End of year</b>	<b>242,300</b>	<b>206,318</b>	<b>–</b>	<b>–</b>

The amounts recognized in the income statement for post-employment benefits are as follows:

	Pension plan		Healthcare plans		Employee severance indemnities		Other	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>thousands of euro</b>								
Current service cost	7,160	7,931	1,774	1,801	677	2,878	76	72
Interest cost	21,721	20,843	5,765	6,523	1,539	1,544	44	41
Expected return on plan assets	(18,136)	(16,098)	–	–	–	–	–	–
Net actuarial losses (gains) recognized	1,698	3,075	(226)	1,531	(23)	–	74	101
Past service cost	1,215	1,260	–	(386)	–	–	–	–
Gains on curtailments	–	–	–	–	(2,599)	–	–	–
Other	1,777	936	3	–	–	–	–	–
	<b>15,435</b>	<b>17,947</b>	<b>7,316</b>	<b>9,469</b>	<b>(407)</b>	<b>4,422</b>	<b>194</b>	<b>214</b>

Post-employment benefits and other long-term benefits are computed according to the following main actuarial assumptions, identified on the basis of independent sources that are constant over time:

	2007				2006			
	Italy	UE	USA	Mexico	Italy	UE	USA	Mexico
<b>in %</b>								
Discount rate	4.60	5.50	6.30	8.70	4.25	4.30	5.75	4.50
Expected return on plan assets	–	5.80	8.00	9.70	–	–	8.25	–
Future compensation increase	3.00	2.50	4.80	5.00	3.00	2.50	4.25	1.00
Future pension increase	2.50	1.50	3.30	4.00	2.00	1.70	3.30	–
Healthcare cost trend	–	1.70	8.00	–	–	–	5.00–9.00	–

Plan assets are comprised as follows:

	2007	2006
<b>in %</b>		
Equity instruments issued by third parties	62.99	62.20
Debt instruments issued by third parties	34.44	36.90
Other	2.57	0.90
	<b>100.00</b>	<b>100.00</b>

The effects of a 1 % movement in the assumed healthcare cost trend rate would be as follows:

	Increase	Decrease
<b>thousands of euro</b>		
Effect on the aggregate of the current service cost and interest cost	679	(543)
Effect on the defined benefit obligation	6,250	(5,434)

## 25. Provisions for liabilities and charges

	Environmental risks and restoration	Antitrust	Legal claims Tax risks	Other risks	Total
<b>thousands of euro</b>					
Beginning of year	54,740	101,202	32,815	53,995	242,752
Additional provisions	3,036	13,843	2,167	5,383	24,429
Discount unwinding	(610)	3,025	–	327	2,742
Unused amounts released	(2,460)	–	(1,166)	(17,110)	(20,736)
Used during the year	(1,849)	(1,700)	(6,491)	(7,482)	(17,522)
Translation differences	(2,175)	(1)	(1,170)	(1,011)	(4,357)
Reclassifications	408	–	–	–	408
Change in scope of consolidation	2,272	–	–	301	2,573
Other	–	–	(258)	–	(258)
<b>End of year</b>	<b>53,362</b>	<b>116,369</b>	<b>25,897</b>	<b>34,403</b>	<b>230,031</b>

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. No changes occurred to the amount provided for the legal claims against Lone Star Industries, regarding possible work-related injuries caused by the use of silica-containing materials, which were sold or distributed by our subsidiary until 1985 (note 45). The anti-trust 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 additional provision is due to a reassessment of the risks linked to such lawsuits on the whole.

Legal risks are mainly associated with the disposal of equity investments (€ 6,900 thousand, thereof € 6,000 thousand attributable to the sale of Cementos Hispania), meanwhile the tax provision of € 13,597 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<sub>2</sub> emissions sold on the market, equal to € 15,975 thousand at the beginning of the year, has been completely released. In fact during 2007 it became clear that Dyckerhoff would not be entitled to trade those emission rights for which the provision was set up. In order to avoid the applicable sanctions, our subsidiary bought on the market 910 thousand tons of CO<sub>2</sub>, corresponding to the emission rights to return, at a total consideration of € 146 thousand. To be noticed, during the year, also a provision of € 3,500 thousand for risks connected to the liquidation of the Dutch associate NCD. In the United States estimated liabilities are booked for € 4,568 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 2007 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:

	2007	2006
<b>thousands of euro</b>		
Deferred income tax assets:		
To be recovered after more than 12 months	(162,593)	(239,557)
To be recovered within 12 months	(13,684)	(1,549)
	<b>(176,277)</b>	<b>(241,106)</b>
Deferred income tax liabilities:		
To be recovered after more than 12 months	572,720	665,161
To be recovered within 12 months	14,588	19,856
	<b>587,308</b>	<b>685,017</b>
<b>Net deferred income tax liabilities</b>	<b>411,031</b>	<b>443,911</b>

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

	2007	2006
<b>thousands of euro</b>		
Deferred income tax assets related to:		
Provisions for liabilities and charges	(12,570)	(9,567)
Trade receivables	(2,896)	(4,750)
Employee benefits	(29,292)	(39,437)
Write-down of financial assets	(4,334)	(4,872)
Derivative financial instruments	(11,704)	(13,536)
Property, plant and equipment	(39,458)	(46,999)
Tax loss carryforwards (theoretical benefit)	(249,225)	(432,833)
Other	(6,419)	(10,390)
<b>Total deferred income tax assets</b>	<b>(355,898)</b>	<b>(562,384)</b>
Valuation allowances	179,621	321,278
<b>Net deferred income tax assets</b>	<b>(176,277)</b>	<b>(241,106)</b>
Deferred income tax liabilities related to:		
Accelerated depreciation	129,889	148,586
Employee benefits	547	310
Property, plant and equipment	428,094	504,761
Inventories	3,289	4,984
Gains on disposal of fixed assets	1,462	3,015
Derivative financial instruments	6,680	11,337
Other	17,347	12,024
<b>Total deferred income tax liabilities</b>	<b>587,308</b>	<b>685,017</b>
<b>Net deferred income tax liabilities</b>	<b>411,031</b>	<b>443,911</b>

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 reduction of the tax rates applied in the calculation of deferred tax that occurred in 2007 in certain countries, including Italy and Germany, led to a significant reduction in the theoretical deferred tax benefit deriving from tax losses carryforwards and in the deferred tax assets and liabilities arising from temporary differences (€ 16,626 thousand). However, since the total future theoretical tax benefits arising from deductible temporary differences and tax losses had been written down considerably over time, applying the new rates led to a corresponding reduction in this write-down without therefore having any significant effect on the net result.

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:

	2007	2006
<b>thousands of euro</b>		
Beginning of year	443,911	460,917
Income statement charge	12,461	38,660
Tax charged to equity	(1,748)	214
Translation differences	(45,661)	(52,089)
Change in scope of consolidation	2,068	(3,791)
<b>End of year</b>	<b>411,031</b>	<b>443,911</b>

The deferred income tax charged to equity during 2007 relates basically to the movements of investments in associates that are classified as puttable instruments.

## 27. Other non-current liabilities

	2007	2006
<b>thousands of euro</b>		
Advances	–	674
Notes payable	–	87
Minority interest in partnerships	1,484	1,452
Payables to personnel	4,154	4,689
Other	5,269	5,787
	<b>10,907</b>	<b>12,689</b>

All other non-current liabilities expire within 5 years, except those for minority interests in partnerships, which have indefinite duration. The book value of the caption is deemed to be approximate to its fair value.

## 28. Trade payables

	2007	2006
<b>thousands of euro</b>		
Trade payables	305,983	306,193
Other trade payables:		
To unconsolidated subsidiaries	6,708	1,598
To associates	5,411	3,507
To parent companies	110	–
	<b>318,212</b>	<b>311,298</b>

## 29. Income tax payables

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

## 30. Other payables

	2007	2006
<b>thousands of euro</b>		
Advances	11,115	11,274
Notes payable	78	80
Payables to social security institutions	10,259	8,570
Payables to personnel	49,551	48,771
Payables to customers	8,798	8,356
Payables to parent company	10,119	–
Accrued expenses and deferred income	19,677	17,553
Other	52,483	36,236
	<b>162,080</b>	<b>130,840</b>

The item other consists of sundry items, among which valued added tax for € 8,395 thousand and payables for interest expense on tax relating to prior years for € 15,019 thousand.

### 31. Net sales

Net sales breakdown is as follows:

	2007	2006
<b>thousands of euro</b>		
Sale of goods	3,389,738	3,103,282
Rendering of services	89,328	83,094
Other	17,068	18,619
	<b>3,496,134</b>	<b>3,204,995</b>

The 9.1 % increase compared to year 2006 is due to unfavorable currency effects for 3.5 %, to favorable trading trends for 8.7 % and to additions in the scope of consolidation for 3.8 %. Reference is made to the segment information for further disclosure (note 6).

### 32. Other operating income

This caption consists of income arising from the ordinary and non-recurring course of business that is not attributable to sales of goods and rendering of services.

	2007	2006
<b>thousands of euro</b>		
Recovery of expenses	10,053	10,618
Indemnity for damages	1,354	986
Revenue from leased properties	6,479	5,850
Gains on disposals of property, plant and equipment	8,130	13,443
Capital grants	515	1,090
Release of provisions for liabilities and charges	20,736	6,126
Internal work capitalized	4,417	2,737
Sale of emission rights	–	24,386
Other	90,833	55,250
	<b>142,517</b>	<b>120,486</b>

The gains on disposal of property, plant and equipment include a € 3,353 thousand non-recurring income from the sale of some batching plants belonging to ZAPA beton in the Czech Republic.

The provision for a possible return of CO<sub>2</sub> emission rights sold on the market has been completely released, realizing a € 15,975 thousand income (see note 25).

The item other includes a non-recurring contingent revenue of € 58,293 thousand, deriving from the VAT paid in Germany from 1993 to 2004 on sales effected through distributors, for which the outcome of the refund application was successful.



### 33. Gains (losses) on disposal of investments

The caption largely consists of the book profit arising from the sale of our equity investment in TBM Transportbeton Mittelbaden GmbH & Co. KG for € 801 thousand and Simco Srl for € 621 thousand. The disposal of 100 % of Marbrerie Jacquemart Sàrl brought about a loss equal to € 2,012 thousand.

### 34. Raw materials, supplies and consumables

	2007	2006
<b>thousands of euro</b>		
Raw materials, semi-finished products and goods for resale	692,686	618,648
Supplies and consumables	163,736	154,639
Electricity	218,387	209,580
Fuels	248,492	206,465
Other goods	45,659	43,628
Changes in inventories of raw materials, supplies, consumables and goods for resale	(13,628)	3,561
	<b>1,355,332</b>	<b>1,236,521</b>

### 35. Services

	2007	2006
<b>thousands of euro</b>		
Transportation	406,864	397,663
Maintenance and contractual services	124,946	103,514
Insurance	18,928	18,816
Legal and professional consultancy	26,241	23,507
Operating leases of property and machinery	38,647	33,986
Travel	7,955	7,428
Sales commissions	3,057	3,195
Other	136,753	96,449
	<b>763,391</b>	<b>684,558</b>

The increase is primarily due to the expense for the dismantling and transportation from Italy and Germany of used machinery for the ongoing capacity expansion projects in Russia and Ukraine, overall amounting to € 32,324 thousand.

### 36. Staff costs

	2007	2006
<b>thousands of euro</b>		
Salaries and wages	309,918	289,601
Social security contributions	81,675	77,838
Post-employment benefits	13,666	21,103
Other long-term benefits	273	2,405
Shares granted to employees	1,716	990
Other	6,857	7,344
	<b>414,105</b>	<b>399,281</b>

The increase in salaries and wages is primarily due to the change in the scope of consolidation (€9,596 thousand) as well as to the extra-month salary paid to the Italian employees on the occasion of the company's centennial (€5,379 thousand).

In the year 2007 other costs include restructuring expenses of €844 thousand (2006: €605 thousand).

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

	2007	2006
<b>number</b>		
White collar and executives	4,136	4,009
Blue collar and supervisors	7,237	7,116
	<b>11,373</b>	<b>11,125</b>

### 37. Other operating expenses

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

	2007	2006
<b>thousands of euro</b>		
Bad debt expense	12,194	11,573
Provisions for liabilities and charges	24,429	33,338
Association dues	9,791	8,402
Indirect taxes and duties	16,919	16,934
Losses on disposal of property, plant and equipment	1,993	1,359
Other	21,429	24,948
	<b>86,755</b>	<b>96,554</b>

The decrease in provisions is due to the absence of the charge recognized last year in the United States for the risks associated with the claims against Lone Star Industries (see note 45). This decrease more than offsets the additional antitrust provision of € 13,843 thousand made following a reassessment of the total risk. To be noticed in the year 2007 also a provision of € 3,500 thousand for risks related to the liquidation of the Dutch associate NCD and a receivable write-down of € 998 thousand coupled with the sale of Marbrerie Jacquemart Sàrl. The provision for environmental restoration (quarries) accrued during the year is € 2,685 thousand (2006: € 2,250 thousand).

### 38. Depreciation, amortization and impairment charges

	2007	2006
<b>thousands of euro</b>		
Amortization of intangible assets	3,022	1,999
Depreciation of property, plant and equipment	198,044	198,974
Impairment losses of fixed assets	9,880	2,197
	<b>210,946</b>	<b>203,170</b>

For the most part the impairment losses relate to German assets in the ready-mix concrete sector (€ 5,630 thousand), to raw materials reserves of the Neubeckum and Amöneburg plants, always in Germany (€ 8,950 thousand) and to the goodwill of a specific geographic area of the ready-mix concrete segment in Italy (€ 1,945 thousand). The same item includes also the partial reversal of the impairment losses charged beforehand to the equipment of Amöneburg and Neubeckum, which it has been decided to start up again or reutilize in the production capacity expansion project in Russia (€ 8,005 thousand). In the previous year, impairment losses basically related to industrial land and goodwill of some ready-mix concrete plants in Germany.

### 39. Net finance costs

	2007	2006
<b>thousands of euro</b>		
<b>Finance costs</b>		
Interest expense on bank borrowings	12,646	12,103
Interest expense on senior notes and bonds	58,818	67,695
Interest expense on mezzanine loan	10,948	15,911
Interest expense on employee benefits	29,068	28,950
Interest expense on interest rate swap contracts	3,820	873
Changes in the fair value of derivative instruments	34,038	53,371
Discount unwinding on provisions	2,742	(4,900)
Foreign exchange losses	15,779	15,246
Other	24,887	3,719
	<b>192,746</b>	<b>192,968</b>
<b>Finance revenues</b>		
Interest income on liquid assets	33,620	21,890
Interest income on interest rate swap contracts	153	804
Expected return on plan assets of employee benefits	18,136	16,098
Changes in the fair value of derivative instruments	7,233	2,897
Foreign exchange gains	75,653	96,641
Dividend income	2,894	2,521
Other	32,813	7,450
	<b>170,502</b>	<b>148,301</b>
	<b>(22,244)</b>	<b>(44,667)</b>

Net finance costs decrease versus the previous year mainly due to lower interest expense as well as higher yield of short-term available funds.

In the year 2007 Dyckerhoff benefits from one-off interest income referred to the above described VAT rebate for €22,501 thousand, booked within other finance revenues. Conversely, other finance costs include €9,983 thousand for accrued interests on arrear taxes in relation to the same rebate and €8,257 thousand for interest expense on tax provisions.

### 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 and contribute as follows: Kosmos Cement Company (€8,523 thousand), Bétons Feidt SA (€1,275 thousand), Laterlite SpA (€1,188 thousand), Eljo Holding BV (€726 thousand), Ciments de Balears SA (€690 thousand), Cave Alto Santerno Srl (€254 thousand) Basal Hanson Utrecht vof (€244 thousand), Eurobeton Holding SA (€241 thousand).

Losses come mainly from the write-down of sibobeton Osnabrück GmbH & Co. KG (€ 1,770 thousand), in line with the relative impairment test result, and from Houston Cement Company LP (€ 138 thousand).

#### 41. Income tax expense

	2007	2006
<b>thousands of euro</b>		
Current tax	253,986	224,356
Deferred tax	12,461	38,660
Tax relating to prior years	21,854	(21,713)
	<b>288,301</b>	<b>241,191</b>

The increase in current tax is strictly associated with improved results, mainly in countries with moderate taxation.

Deferred tax is affected by the reduction of the nominal tax rates in countries such as Italy and Germany, where, in the year 2008, a new direct taxation level will come into force. In the year 2006 deferred tax was negatively impacted by the adjustment of the probable benefit of tax loss carryforwards within Dyckerhoff.

Tax relating to prior years includes charges resulting from the settlement, or probable settlement, with tax authorities of the claims that arose during recurring tax audits. The income tax applicable to the contingent asset for VAT refund, as described in note 32, amounts to € 21,185 thousand. In the year 2006 the company posted to this item an income of € 27,630 thousand, corresponding to a tax credit which became finally due as a consequence of some amendments in the German tax regulations and which will be cashed-in in 10 annual installments starting from 2008.

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:

	2007	2006
<b>thousands of euro</b>		
Profit before tax	824,830	658,715
Italian income tax rate (IRES)	33 %	33 %
<b>Theoretical income tax expense</b>	<b>272,194</b>	<b>217,376</b>
Tax effect of permanent differences	(18,751)	2,908
Tax relating to prior years	21,854	(21,713)
Effect of difference between Italian and foreign tax rates	(20,284)	(6,556)
Effect of a rate change on deferred income tax	16,626	(6,602)
Use of tax loss carryforwards for which no deferred income tax assets was recognized	297	(526)
Derecognition of deferred income tax assets	(3,306)	43,481
Withholding tax on foreign dividends	4,961	2,508
Provision for regional income tax in Italy (IRAP)	10,481	13,030
Other differences	4,229	(2,716)
<b>Income tax expense</b>	<b>288,301</b>	<b>241,191</b>

The weighted average tax rate of the period is 35 % (2006: 37 %). The decrease largely reflects the different contribution of the foreign subsidiaries to overall profit before taxes.

## 42. Earnings per share

### Basic

Basic earnings per share is calculated, per each class of shares, by dividing the net profit or loss attributable to equity holders of the company 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.

		2007	2006
Net profit attributable to equity holders of the company	euro thousand	458,464	349,837
Attributable to savings shares	euro thousand	91,487	72,688
Attributable to ordinary shares	euro thousand	366,977	277,149
Average number of ordinary shares outstanding	number	164,566,135	156,901,506
Average number of saving shares outstanding	number	40,589,076	40,580,579
Basic earnings per ordinary share	euro	2.23	1.77
Basic earnings per savings share	euro	2.25	1.79

### 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 convertible bond issued by the company 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.

		2007	2006
Net profit attributable to equity holders of the company	euro thousand	458,464	349,837
Interest expense on convertible bond (net of tax)	euro thousand	122	1,738
Net profit used to determine diluted earnings per share	euro thousand	<b>458,586</b>	<b>351,575</b>
Attributable to savings shares	euro thousand	91,309	70,517
Attributable to ordinary shares	euro thousand	367,277	281,058
Average number of ordinary shares outstanding	number	164,566,135	156,901,506
Adjustments for assumed conversion of bond	number	457,148	7,180,110
Adjusted average number of ordinary shares outstanding	number	<b>165,023,283</b>	<b>164,081,616</b>
Adjusted average number of saving shares outstanding	number	40,589,076	40,580,579
Diluted earnings per ordinary share	euro	2.23	1.71
Diluted earnings per savings share	euro	2.25	1.74

### 43. Dividends

The dividends paid in 2007 and 2006 were €83,042 thousand (€0.350 per ordinary share and €0.374 per savings share, plus a €0.05 supplement for both categories of shares on the occasion of the company's centennial) and €63,513 thousand (€0.320 per ordinary share and €0.344 per savings share) respectively. A dividend in respect of the year ended 31 December 2007 of €0.420 per ordinary share and €0.444 per savings share is to be proposed at the annual general meeting on 13 May 2008. Therefore expected dividend distribution amounts to €87,230 thousands. These financial statements do not reflect this dividend payable.

### 44. Commitments

	2007	2006
<b>thousands of euro</b>		
Guarantees granted	14,239	29,922
Guarantees received	7,416	9,823
Other commitments and guarantees	159,251	145,050

Guarantees given include commitments toward banks in favor of investee companies.

Capital expenditures to acquire property, plant and equipment contracted for at the balance sheet date but not yet incurred amount to € 141,677 thousand (2006: € 137,842 thousand).

Buzzi Unicem entered into operating lease contracts for the right to use land, industrial building, offices vehicles and computer equipment. These 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. The lease expenditure charged to the income statement during the year is disclosed in note 35. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2007	2006
<b>thousands of euro</b>		
No later than 1 year	11,430	11,906
Later than 1 year 1 and no later than 5 years	30,687	26,364
Later than 5 years	13,382	12,036
	<b>55,499</b>	<b>50,307</b>

#### 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 for a total of € 4.3 million. This amount has been fully provided for in the financial statements 2006. In October 2007 the company appealed to the Regional Tax Court of Turin against the above verdict.



The cases brought by some Dyckerhoff AG's minority shareholders in July 2004 and May 2005, which were disclosed in the previous financial statements, were settled in favor of Dyckerhoff AG.

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. In February 2007 the claim for damages was declared admissible and Dyckerhoff has appealed against this determination. The appeal is now pending.

As regards the €11.0 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, we are still waiting for the hearing date for the discussion of the company's appeal to the Council of State to be fixed. The appeal to the Council of State was filed firstly with regard to the reasons not admitted by the Regional Administrative Court (TAR) of Lazio judgment and secondarily against the evaluation of the harshness of the infraction. The claim filed to the TAR of Lazio was partially upheld, insofar as the fine inflicted was not proportionate to the limited effects produced by the agreement. 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 2007, \$ 6.1 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. On 22 February 2007 the Court issued an order staying the trial of this case until resolution of that appeal. On 14 September 2007 LSI completed the filing of briefs and we are now waiting for the appellate court to schedule a date for oral argument on appeal.

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 54.6 % 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:

	2007	2006
<b>thousand of euro</b>		
Sales of goods and rendering of services:		
Associates and unconsolidated subsidiaries	82,802	46,343
Parent companies	17	5
Other related parties	210	54
Purchases of goods and services:		
Associates and unconsolidated subsidiaries	14,641	14,791
Parent companies	–	–
Other related parties	13,798	10,143
Receivables:		
Associates and unconsolidated subsidiaries	30,461	20,113
Parent companies	1,614	6
Other related parties	109	55
Payables:		
Associates and unconsolidated subsidiaries	5,526	3,464
Parent companies	10,785	22,811
Other related parties	4,933	2,791

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

In January 2008, Buzzi Unicem executed the contract for the acquisition of a 35 % interest in the share capital of two Algerian companies, which respectively own the cement plants of Hadjar Soud and Sur El Ghozlane. The Algerian state will maintain the ownership of the remaining 65 % of the share capital. At the same time an agreement was signed for the two companies' governance, which assigns to Buzzi Unicem the responsibility for the management of the two production units. The two cement plants are located, one – Hadjar Soud – in the north-east of the country, approx. 30 km from the important trading

port of Annaba, and the other – Sur El Ghozlane – at about 130 km south of Algiers. The overall production capacity exceeds 2 million tons of cement. The investment amounts to €58,000 thousand for Hadjar Soud and €52,000 thousand for Sur El Ghozlane.

In the months of January and February 2008 Buzzi Unicem overall acquired no. 14,275 ordinary shares and no. 231,954 preferred shares of Dyckerhoff for a total purchase price of €9,800 thousand. Consequently as of now Buzzi Unicem holds overall, directly or indirectly no. 19,954,515 ordinary shares (equal to 96.55 % of ordinary stock) and no. 16,781,856 preferred shares (equal to 81.47 % of preferred stock), corresponding to 89.02 % of Dyckerhoff AG's total share capital.

At the end of February 2008 Buzzi Unicem concluded the purchase from Cementilce Srl of 100 % of the newly established company Cementi Cairo Srl, owner of a clinker grinding plant in Cairo Montenotte (sv), with an authorized production capacity of 500,000 tons of cement. The purchase price amounted to approx. €41,000 thousand.

The date of 24 February 2008 marked the maturity of the convertible bond "Buzzi Unicem 4 % 2003–2008 convertible" issued on 24 February 2003 for an original amount of €101,073 thousand and consisting of no. 10,107,299 bonds convertible into Buzzi Unicem ordinary shares, each having a par value of 10 euro. During the five-year life of the bond no. 10,056,165 bonds were converted into an equal number of Buzzi Unicem ordinary shares. Consequently, on 24 February 2008 the remaining no. 51,134 bonds were repaid at par value, for a total amount of €511 thousand.

In March the acquisition of the 100 % of the Spanish subsidiary Oriónidas SA was completed, with the purchase of the remaining 10 % stake at a price of €1,250 thousand.

Casale Monferrato, 27 March 2008

On behalf of the Board of Directors

The Chairman

ALESSANDRO BUZZI

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

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
<b>Companies consolidated on a line-by-line basis</b>					
Buzzi Unicem S.p.A.	Casale Monferrato (AL)	EUR 123,532,137			
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	
			Buzzi Unicem S.p.A.	76.31	72.29
Dyckerhoff AG	Wiesbaden DE	EUR 105,639,816	Buzzi Unicem Deutschland GmbH	12.12	24.19
Oriónidas, s.a.	Valencia ES	EUR 2,000,000	Buzzi Unicem S.p.A.	90.00	
La Rinascita Calcestruzzi S.p.A.	Casale Monferrato (AL)	EUR 2,476,800	Unical S.p.A.	80.00	
San Martino S.c.r.l.	Casale Monferrato (AL)	EUR 10,000	Unical S.p.A.	75.00	
Buzzi Unicem International S.à r.l.	Luxembourg LU	EUR 37,529,900	Buzzi Unicem Investimenti S.r.l.	100.00	
Buzzi Unicem Deutschland GmbH	Frankfurt am Main DE	EUR 26,000	Buzzi Unicem Investimenti S.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	
Tubag GmbH	Krufft DE	EUR 3,835,000	Dyckerhoff AG	100.00	
Dyckerhoff Beton GmbH & Co. KG	Wiesbaden DE	EUR 17,000,000	Dyckerhoff AG	100.00	
GfBB Gesellschaft für Beton- und Baustoffüberwachung mbH & Co. KG	Flörsheim DE	EUR 40,000	Dyckerhoff AG	100.00	
Dyckerhoff Luxembourg s.a.	Esch-sur-Alzette LU	EUR 10,000,000	Dyckerhoff AG	100.00	
Dyckerhoff Basal Nederland b.v.	Nieuwegein NL	EUR 18,002	Dyckerhoff AG	100.00	
Dyckerhoff Polska Sp. z o.o.	Sitkowka-Nowiny PL	PLN 86,180,500	Dyckerhoff AG	100.00	
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	
ТОВ Dyckerhoff Ukraina	Kyiv UA	UAH 222,127,546	Dyckerhoff AG	100.00	
ЗАО Акмел	Akbulak, RU	RUB 1,600,000	Dyckerhoff AG	98.00	
			Dyckerhoff AG	94.82	
VAT Volyn – Cement	Zdolbuniv UA	UAH 1,402,422	ТОВ Dyckerhoff Ukraina	2.06	
			Dyckerhoff AG	93.78	
VAT Yugcement	Olshanske UA	UAH 6,237,414	ТОВ Dyckerhoff Ukraina	5.24	
			Dyckerhoff AG	79.72	
VAT Kyivcement	Kyiv UA	UAH 277,536	ТОВ Dyckerhoff Ukraina	11.34	
ООО Dyckerhoff Suchoi Log obshchestvo po sbitu tamponashnich zementov	Suchoi Log RU	RUB 4,100,000	Dyckerhoff AG	95.00	
ОАО Sucholoshskcement	Suchoi Log RU	RUB 30,625,900	Dyckerhoff AG	73.06	
Presa International b.v.	Amsterdam NL	EUR 4,000,000	Buzzi Unicem International S.à r.l.	100.00	
Alamo Cement Company	San Antonio US	USD 200,000	Buzzi Unicem International S.à r.l.	100.00	
			Buzzi Unicem International S.à r.l.	51.50	
RC Lonestar Inc.	Wilmington US	USD 10	Dyckerhoff AG	48.50	
Mörtelwerk Colonia GmbH	Köln DE	EUR 153,388	Dyckerhoff Beton GmbH & Co. KG	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
<b>Companies consolidated on a line-by-line basis (continued)</b>						
Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	Nordhausen DE	EUR	100,000	Dyckerhoff Beton GmbH & Co. KG	90.00	
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	
Nordenhamer Transportbeton GmbH & Co. KG	Nordenham DE	EUR	322,114	Dyckerhoff Beton GmbH & Co. KG	51.59	
CIMALUX S.A.	Esch-sur-Alzette LU	EUR	29,900,000	Dyckerhoff Luxembourg S.A.	98.34	
Dyckerhoff Nederland B.V.	Nieuwegein NL	EUR	18,002	Dyckerhoff Basal Nederland B.V.	100.00	
Dyckerhoff Basal Toeslagstoffen B.V.	Nieuwegein NL	EUR	20,050	Dyckerhoff Basal Nederland B.V.	100.00	
Nowiny-Administracja Nieruchomosci Sp. z o.o.	Sitkowa-Nowiny PL	PLN	3,374,580	Dyckerhoff Polska Sp. z o.o.	100.00	
ZAPA beton SK s.r.o.	Bratislava SK	SKK	259,000,000	ZAPA beton a.s.	100.00	
Piskovny Hradek a.s.	Hradek nad Nisou CZ	CZK	12,000,000	ZAPA beton a.s.	100.00	
Beton Union Plzen s.r.o.	Plzen CZ	CZK	31,600,000	ZAPA beton a.s.	71.20	
ТОВ Dyckerhoff Transport Ukraina	Olshanske UA	UAH	31,721,476	ТОВ Dyckerhoff Ukraina	100.00	
ТОВ Pansionat Primorskij	Ribakovka UA	UAH	45,000	VAT Yugcement	100.00	
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	
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	
CIMALUX SOCIETE IMMOBILIERE S.à r.l.	Esch-sur-Alzette LU	EUR	24,789	CIMALUX S.A.	100.00	
BSN Beton Service Nederland B.V.	Franeke NL	EUR	113,445	Dyckerhoff Nederland B.V.	100.00	
Dyckerhoff Basal Betonmortel B.V.	Nieuwegein NL	EUR	18,004	Dyckerhoff Nederland B.V.	100.00	
B.V. Betoncentrale "Fabriton"	s-Gravenhage NL	EUR	158,823	Dyckerhoff Nederland B.V.	99.14	
Eemland Beton B.V.	Eemnes NL	EUR	226,890	Dyckerhoff Nederland B.V.	66.60	
Wolst Beheer B.V.	Dordrecht NL	EUR	45,378	Dyckerhoff Nederland B.V.	60.00	
Betonmortel Centrale Groningen (B.C.G.) B.V.	Groningen NL	EUR	42,474	Dyckerhoff Nederland B.V.	52.35	
Basal Belgie BVBA	Antwerp BE	EUR	5,900,000	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
Basal Toeslagstoffen B.V.	Nieuwegein NL	EUR	90,000	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
Basal Toeslagstoffen Maastricht B.V.	Nieuwegein NL	EUR	27,000	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
ZAPA beton Hungaria k.f.t.	Zsujta HU	HUF	88,000,000	ZAPA beton SK s.r.o.	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	

## 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
<b>Companies consolidated on a line-by-line basis (continued)</b>					
Alamo Cement Company II, Ltd.	San Antonio us	USD	n/a	Alamo Cement Holding Company 99.00 Alamo Cement Management Company 1.00	
Alamo Concrete Products, Ltd.	San Antonio us	USD	n/a	Alamo Cement Holding Company 99.00 Alamo Cement Management Company 1.00	
Alamo Transit Company II, Ltd.	San Antonio us	USD	n/a	Alamo Cement Holding Company 99.00 Alamo Cement Management Company 1.00	
ACP Valley, Ltd.	San Antonio us	USD	n/a	Alamo Cement Holding Company 99.00 Alamo Cement Management Company 1.00	
Buzzi USA Inc.	Wilmington us	USD	1	rc Lonestar Inc.	100.00
Friesland Beton Heerenveen B.V.	Heerenveen NL	EUR	34,487	Dyckerhoff Basal Betonmortel B.V.	80.26
Wolst Megamix B.V.	Dordrecht NL	EUR	18,151	Wolst Beheer B.V.	100.00
Wolst Mortel B.V.	Dordrecht NL	EUR	204,201	Wolst Beheer B.V.	100.00
Wolst Transport B.V.	Dordrecht NL	EUR	45,378	Wolst Beheer B.V.	100.00
Dranaco N.V.	Antwerp BE	EUR	347,051	Basal Belgie BVBA	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
Dragage Mosan International S.A.	Antwerp BE	EUR	106,000	Dranaco N.V.	100.00
BK Industries, L.L.C.	Clayton us	USD	n/a	Buzzi Unicem USA (Midwest) Inc.	80.00
Buzzi Unicem Ready Mix L.L.C.	Knoxville us	USD	n/a	Lone Star Industries, 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
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
Compañía 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

## 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
<b>Companies consolidated on a line-by-line basis (continued)</b>					
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	
RED-E-MIX, L.L.C.	Troy us	USD n/a	BK Industries, LLC	100.00	
RED-E-MIX Transportation, L.L.C.	Highland IL	USD n/a	BK Industries, LLC	100.00	
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	
Rosebud Real Properties, Inc.	Wilmington us	USD 100	Rosebud Holdings, Inc.	100.00	
Rosebud General Corporation	Wilmington us	USD 100	Rosebud Holdings, Inc.	100.00	
Proyectos Industrias de Jaruco, S.A.	Havana cu	CUP 186,700	Compañía Cubana de Cemento Portland, S.A.	100.00	
HCC Holding, Inc.	Wilmington us	USD 1	Hercules Cement Company LP	100.00	
<b>Companies consolidated by the proportional method</b>					
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	Buzzi Unicem International S.à r.l.	50.00	
Lichtner-Dyckerhoff Beton GmbH & Co. KG	Berlin DE	EUR 200,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
Westerwald-Beton GmbH & Co. KG	Westerburg DE	EUR 282,233	Dyckerhoff Beton GmbH & Co. KG	50.00	
Corporación Moctezuma, S.A.B. 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.B. de C.V.	Emiliano Zapata MX	MXN 3,287,739	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Cementos Moctezuma, S.A. de C.V.	Mexico MX	MXN 3,146,003	Corporación Moctezuma, S.A.B. 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.B. de C.V.	100.00	
Latinoamericana de Comercio, S.A. de C.V.	Emiliano Zapata MX	MXN 10,775,000	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Moctezuma Industrial, S.A. de C.V.	Emiliano Zapata MX	MXN 1,029,589,650	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Servicios Corporativos Moctezuma, S.A. de C.V.	Emiliano Zapata MX	MXN 11,040,000	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Latinoamericana de Concretos, S.A. de C.V.	Mexico MX	MXN 7,321,821	Corporación Moctezuma, S.A.B. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98.00 2.00	



**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
<b>Companies consolidated by the proportional method (continued)</b>					
Arrendadora de Equipos de Transporte, S.A. de C.V.	Emiliano Zapata MX	MXN 5,300,000	Corporación Moctezuma, S.A.B. 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.B. 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.B. 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.B. 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	
Concretos Moctezuma de Xalapa, S.A. de C.V.	Xalapa MX	MXN 100,000	Latinoamericana de Concretos, S.A. de C.V.	60.00	
Maquinaria y Canteras del Centro, S.A. de C.V.	Mexico MX	MXN 5,225,000	Latinoamericana de Concretos, S.A. de C.V.	51.00	
Concretos Moctezuma de Torreón, S.A. de C.V.	Mexico MX	MXN 100,000	Latinoamericana de Concretos, S.A. de C.V.	55.00	
<b>Companies valued by the equity method</b>					
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 22,500,000	Buzzi Unicem S.p.A.	33.33	
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.	Villarfocchiaro (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	
S. Paolo S.c.r.l.	Calenzano (FI)	EUR 50,000	Unical S.p.A.	50.00	
E.L.M.A. S.r.l.	Sinalunga (SI)	EUR 15,000	Unical S.p.A.	50.00	
Cave Alto Santerno S.r.l.	Calenzano (FI)	EUR 250,000	Unical S.p.A.	49.00	
Consorzio co.es. S.r.l. in liquidazione	Vezzano Ligure (SP)	EUR 46,800	Unical S.p.A.	44.05	
NCD Nederlandse Cement Deelnemingsmaatschappij B.V.	Nieuwegein NL	EUR 82,750	Dyckerhoff AG	63.12	
NCH Nederlandse Cement Handelmaatschappij B.V. i.L.	Nieuwegein NL	EUR 1,361,341	Dyckerhoff AG	38.40	

## 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
<b>Companies valued by the equity method</b> (continued)						
Normensand GmbH	Beckum DE	EUR	1,000,000	Dyckerhoff Beteiligungsverwaltung GmbH	38.02	
Kieswerk E. Kiebert GmbH	Trebur-Geinsheim DE	EUR	125,000	Dyckerhoff Beton GmbH & Co. KG	26.00	
Transass S.A.	Schiffflange LU	EUR	50,000	CIMALUX S.A.	41.00	
S.A. des Bétons Frais	Schiffflange LU	EUR	1,250,000	CIMALUX S.A.	41.00	
Cobéton S.A.	Differdange LU	EUR	100,000	CIMALUX S.A.	33.32	
Bétons Feidt S.A.	Luxembourg LU	EUR	2,500,000	CIMALUX S.A.	30.00	
André Frères et Broos S.A.	Saint Mard BW	EUR	1,000,073	CIMALUX S.A.	30.06	
Eurobeton Holding S.A.	Sennigerberg LU	EUR	7,160,000	CIMALUX S.A.	20.10	
Basal Hanson Utrecht v.o.f.	Maarsse NL	EUR	n/a	Dyckerhoff Nederland B.V.	50.00	
Betoncentrale Haringman B.V.	Goes NL	EUR	45,378	Dyckerhoff Nederland B.V.	50.00	
B.V. Betonmortel Centrale Leeuwarden (B.C.L.)	Leeuwarden NL	EUR	10,891	Dyckerhoff Nederland B.V.	50.00	
Eljo Holding B.V.	Zuidbroek NL	EUR	45,378	Dyckerhoff Nederland B.V.	50.00	
Van Zanten Holding B.V.	Zuidbroek NL	EUR	18,151	Dyckerhoff Nederland B.V.	25.00	
DE CUP N.V.	Lanaken BE	EUR	757,000	Dyckerhoff Basal Toeslagstoffen B.V.	49.98	
B.V. Betonmortelcentrale Purmerend (B.C.P.)	Le Cruquius NL	EUR	45,378	Dyckerhoff Basal Betonmortel B.V.	50.00	
Baggerbedrijf De Bonkelaar B.V.	Nijmegen NL	EUR	20,000	Basal Toeslagstoffen Maastricht B.V.	50.00	
Roprivest N.V.	Grimbergen BE	EUR	105,522	Basal Toeslagstoffen Maastricht B.V.	50.00	
Société Anonyme Belge de Graviers et Sables	Brussel BE	EUR	247,894	Basal Toeslagstoffen Maastricht B.V.	49.80	
Grondmaatschappij De Maasoever B.V.	Wessem NL	EUR	47,647	Basal Toeslagstoffen Maastricht B.V.	33.33	
Houston Cement Company LP	Houston US	USD	n/a	Alamo Cement Company II, Ltd.	20.00	
St. Gen Ready-Mix, L.L.P.	St. Louis US	USD	n/a	Buzzi Unicem USA (Midwest) Inc.	33.33	
Kosmos Cement Company	Louisville US	USD	n/a	Lone Star Industries, Inc.	25.00	
HSL Zuid-Holland Zuid v.o.f.	Dordrecht NL	EUR	0	Wolst Mortel B.V.	50.00	
<b>Other investments in subsidiaries and associates</b>						
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	
Dyckerhoff Fertigbeton Saar-Mosel Verwaltungsgesellschaft mbH	Saarbrücken DE	EUR	25,600	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	
Lieferbeton Odenwald Verwaltungs-GmbH	Griesheim DE	EUR	25,000	Dyckerhoff AG	100.00	
wBT West Bouw Toelevering B.V. i.L.	Zwolle NL	EUR	25,000	Dyckerhoff AG	100.00	
Béton du Ried S.A.	Krautergersheim FR	EUR	500,000	Dyckerhoff AG	99.98	
Dyckerhoff Transportbeton Frankfurt GmbH & Co. KG i.L.	Frankfurt am Main DE	EUR	4,600,000	Dyckerhoff AG	51.00	

**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
<b>Other investments in subsidiaries and associates (continued)</b>						
Projektgesellschaft Warstein-Kallenhardt-Kalkstein mbH	Warstein	DE	EUR 25,200	Dyckerhoff AG	33.33	
Sievert Holding AG	Osnabrück	DE	EUR 255,646	Dyckerhoff AG	32.46	
Sievert AG & Co. KG	Osnabrück	DE	EUR 27,021,776	Dyckerhoff AG	32.45	
Hausgesellschaft des Vereins Deutscher Zementwerke mbH	Düsseldorf	DE	EUR 51,129	Dyckerhoff AG	32.20	
Franz Köster GmbH & Co. KG	Warstein	DE	EUR 357,904	Dyckerhoff AG	24.90	
Köster Verwaltungs GmbH	Warstein	DE	EUR 25,565	Dyckerhoff AG	24.80	
Ostfriesische Transport-Beton GmbH	Emden	DE	EUR 25,565	Dyckerhoff AG	24.80	
sibobeton Osnabrück GmbH & Co. KG	Osnabrück	DE	EUR 5,368,565	Dyckerhoff AG	23.25	
Warsteiner Kalksteinmehl GmbH & Co. KG	Warstein	DE	EUR 51,129	Dyckerhoff Beteiligungsverwaltung GmbH	50.00	
Warsteiner Kalksteinmehl Verwaltungsgesellschaft mbH	Warstein	DE	EUR 25,600	Dyckerhoff Beteiligungsverwaltung GmbH	50.00	
Bildungs-Zentrum-Deuna Gemeinnützige GmbH	Deuna	DE	EUR 25,565	Dyckerhoff Beteiligungsverwaltung GmbH	50.00	
quick-mix Holding Beteiligungs-gesellschaft mbH	Osnabrück	DE	EUR 25,000	Tubag GmbH	34.00	
quick-mix Holding GmbH & Co. KG	Osnabrück	DE	EUR 3,000,000	Tubag GmbH	34.00	
Kruffer Bimsabbau GmbH i.L.	Krufft	DE	EUR 782,277	Tubag GmbH	21.07	
Dyckerhoff Beton Beteiligungen-Verwaltungs-GmbH	Wiesbaden	DE	EUR 26,100	Dyckerhoff Beton GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Rhein-Main-Taunus Verwaltungs-GmbH	Flörsheim	DE	EUR 25,600	Dyckerhoff Beton GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Sachsen-Thüringen Verwaltungs-GmbH	Mülsen	DE	EUR 25,700	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	
Hansa Vermögensverwaltung Die Neunte GmbH	Wiesbaden	DE	EUR 51,129	Dyckerhoff Beton GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Marl GmbH & Co. KG	Essen	DE	EUR 561,654	Dyckerhoff Beton GmbH & Co. KG	100.00	
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	
Nordenhamer Transportbeton GmbH	Elsfleth	DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	56.60	
Westerwald-Beton GmbH	Westerburg	DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	50.00	
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	
sibobeton Enger GmbH & Co. KG	Enger	DE	EUR 306,775	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
<b>Other investments in subsidiaries and associates (continued)</b>					
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	
МКВ 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	
Transbeton GmbH & Co. KG	Löhne DE	EUR 643,205	Dyckerhoff Beton GmbH & Co. KG	30.45	
Niemeier Beton GmbH & Co. KG	Diepholz DE	EUR 766,938	Dyckerhoff Beton GmbH & Co. KG	33.33	
Niemeier Beton GmbH	Sulingen DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	33.20	
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	
LLC "MAGISTRALBUD"	Odessa region UA	EUR 20,500	тов Dyckerhoff Transport Ukraina	0.01	
ooo CemTrans	Suchoi Log RU	EUR 10,000	тов Dyckerhoff Ukraina	99.99	
ooo osk Sosnoviy Bor	Sucholoschskij Raion RU	RUB 10,000	оАО Sucholoshskcement	100.00	
Bouwmaterialenhandel Jonker B.V.	Nieuwegein NL	EUR 22,689	оАО Sucholoshskcement	49.00	
Hurofer Holding B.V.	Nieuwegein NL	EUR 1,837,901	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
Basal Toeslagstoffen Noord B.V.	Nieuwegein NL	EUR 18,000	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
ELKA – Baustoffgroßhandels-gesellschaft mbH	Bad Bentheim DE	EUR 25,565	Basal Toeslagstoffen B.V.	100.00	
Dyckerhoff Transportbeton Thüringen Verwaltungs- GmbH	Nordhausen DE	EUR 25,565	Basal Toeslagstoffen B.V.	100.00	
Dyckerhoff Transportbeton Schmalkalden Verwaltungsgesellschaft mbH	Schwabhausen DE	EUR 25,600	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	100.00	
Liesen-Baustoffe, Beteiligungs- und Verwaltungsgesellschaft mbH	Bad Bentheim DE	EUR 25,565	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	67.58	
Beton Union Hunsrück GmbH & Co. KG	Kastellaun DE	EUR 255,646	ELKA – Baustoffgroßhandels-gesellschaft mbH	100.00	
Beton Union Hunsrück Verwaltungsgesellschaft mbH	Kastellaun DE	EUR 25,565	Beton Union Rhein-Ahr GmbH & Co. KG	50.00	
Fertigbeton Kumm GmbH	Neuwied DE	EUR 153,388	Beton Union Rhein-Ahr GmbH & Co. KG	50.00	
wwb – Service+Logistik Verwaltungs-GmbH	Westerburg DE	EUR 25,565	Beton Union Rhein-Ahr GmbH & Co. KG	40.00	
wwb – Service+Logistik GmbH & Co. KG	Westerburg DE	EUR 100,000	Westerwald-Beton GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Marl Verwaltungs- GmbH	Essen DE	EUR 30,678	Westerwald-Beton GmbH & Co. KG	100.00	
Buzzi Unicem Ready Mix LLC	Knoxville US	EUR n/a	Dyckerhoff Transportbeton Marl GmbH & Co. KG	100.00	
			Lone Star Industries, Inc.	100.00	

## 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	
I4 Transportation GmbH & Co. KG	Wiesbaden DE	EUR 1,000,000		19.00	
I4 Transportation Verwaltungs GmbH	Wiesbaden DE	EUR 25,000		19.00	
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 Beteiligungsverwaltung GmbH	94.00	15.00
Rheinkalk Lengerich GmbH	Wülfrath DE	EUR 400,000	Dyckerhoff Beteiligungsverwaltung GmbH	10.00	
v.o.f. "Bouwdok Barendrecht"	Barendrecht NL	EUR 0	Dyckerhoff Nederland b.v.	17.92	
Cooperatie Megamix B.A.	Almere NL	EUR 80,000	Wolst Megamix b.v.	12.50	
HSL Noord-Brabant 5-A v.o.f.	Alphen aan den Rijn NL	EUR 0	Wolst Mortel b.v.	20.00	
HSL Noord-Brabant 5-B v.o.f.	Oosterhout NL	EUR 0	Wolst Mortel b.v.	20.00	

## Information requested by article 149-duodecies of the CONSOB Regulation for listed companies

The following table, prepared in accordance with article 149-duodecies of the CONSOB Regulation no. 11971/99, reports the amount of fees charged in 2007 for the audit job and audit related services provided by the same audit firm and by entities that are part of its network.

	Service provider	Service recipient	Fees charged in 2007
<b>thousands of euro</b>			
Audit	Deloitte & Touche S.p.A.	Parent – Buzzi Unicem S.p.A.	215
	Deloitte & Touche S.p.A.	Subsidiaries	115
	Deloitte network	Subsidiaries	1,056
Attestation	Deloitte & Touche S.p.A.	Parent – Buzzi Unicem S.p.A. <sup>1</sup>	12
	Deloitte & Touche S.p.A.	Subsidiaries	–
	Deloitte network	Subsidiaries	–
Other services	Deloitte network	Parent – Buzzi Unicem S.p.A. <sup>2</sup>	97
	Deloitte & Touche S.p.A.	Subsidiaries	–
	Deloitte network	Subsidiaries <sup>2</sup>	150
<b>Total</b>			<b>1,645</b>

<sup>1</sup> Studies and analysis related to the treatment of significant transactions;

<sup>2</sup> Tax and other services.

## Certification of the consolidated financial statements pursuant to article 81-ter of CONSOB Regulation for listed companies

- The undersigned Pietro Buzzi, as Chief Executive Finance, and Aldo Arri, as Manager responsible for preparing Buzzi Unicem S.p.A.'s financial reports, hereby certify, having also taken into consideration the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, that the administrative and accounting procedures for the preparation of the consolidated financial statements during financial year 2007:
  - are adequate with respect to the company structure and
  - have been effectively applied.
  
- The undersigned also certify that the consolidated financial statements for the year ended 31 December 2007:
  - correspond to the results documented in the books and the accounting records;
  - have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union as well as with the provisions implementing article 9 of Legislative Decree no. 38/2005 and based on their knowledge, fairly and correctly present the financial condition, results of operations and cash flows of the issuer and of the entities included in the scope of consolidation.

Chief Executive Finance

PIETRO BUZZI

Manager responsible for preparing  
financial reports

ALDO ARRI



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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, 2007, 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 11, 2007.



3. In our opinion, the consolidated financial statements present fairly the financial position of the Buzzi Unicem Group as of December 31, 2007, 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  
Santo Rizzo  
Partner

Turin, Italy  
April 2, 2008

*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

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.  
Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239

Member of  
Deloitte Touche Tohmatsu

This Annual Report appears in Italian (original version) and English (non-binding version)

Designed and produced by Heisters & Partner, Büro für Kommunikationsdesign, Mainz

Buzzi Unicem S.p.A.

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

Share Capital: euro 123,636,658.80

Company Register of Alessandria nr. 00930290044



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