ANNUAL REPORT 2008

Buzzi Unicem

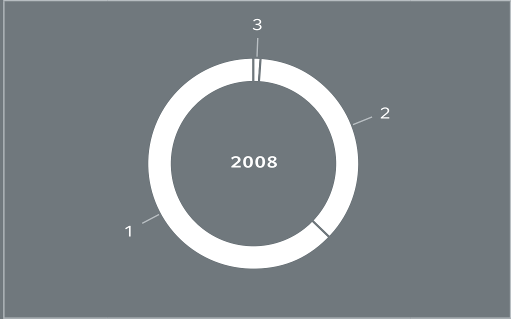
CONTENTS

Key Figures

		2002	2003	2004[1]	2005	2006	2007	2008
Cement sales	t/000	13,662	14,196	31,936	32,245	33,320	34,067	32,093
Concrete sales	mc/000	8,948	9,850	15,241	15,649	16,542	17,096	16,996
Aggregate sales	t/000	5,427	5,939	7,873	7,794	9,442	14,050	12,187
Sales revenue	€ m	1,478.7	1,461.6	2,771.6	2,951.4	3,205.0	3,496.1	3,520.2
Capital expenditures	€ m	81.2	102.1	203.9	243.1	254.0	527.4	853.3
Headcount at year end	no.	3,797	3,828	11,836	11,805	11,054	11,520	11,845

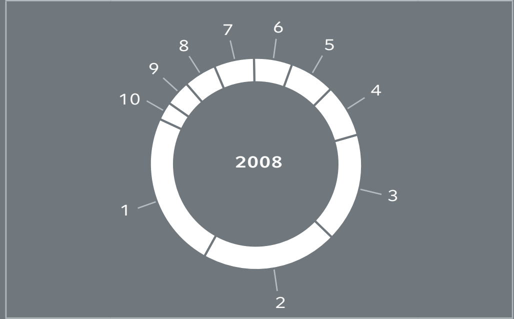
[1] first time Dyckerhoff consolidation

Sales Revenue by Line of Business
(in %)



1	Cement and clinker	63
2	Ready-mix concrete and aggregates	36
3	Related activities	1

Sales Revenue by Region
(in %)



1	Italy	24
2	USA	21
3	Germany	17
4	Russia	8
5	Czech Republic and Slovakia	7
6	Ukraine	6
7	Mexico	6
8	Poland	5
9	Netherlands	4
10	Luxembourg	3

Sales Revenue
(in million of EUR)

2002	1,478.7
2003	1,461.6
2004	2,771.6
2005	2,951.4
2006	3,205.0
2007	3,496.1
2008	3,520.2

Capital expenditures
(in million of EUR)

2002	81.2
2003	102.1
2004	203.9
2005	243.1
2006	254.0
2007	527.4
2008	853.3

International presence

ITALY	Buzzi Unicem, Unical, Cementi Moccia (50 %), Laterlite (33 %), Addiment Italia (50 %)
GERMANY	Dyckerhoff, Deuna Zement, Dyckerhoff Beton, Dyckerhoff Transportbeton
LUXEMBOURG	CIMALUX
NETHERLANDS	Dyckerhoff Basal Nederland
POLAND	Dyckerhoff Polska
CZECH REPUBLIC AND SLOVAKIA	Cement Hranice, ZAPA beton
UKRAINE	Volyn-Cement, VAT YUGcement, Dyckerhoff Ukraina
RUSSIA	OAO Sukholozhskcement
USA	Buzzi Unicem USA, Alamo Cement, Kosmos Cement (25 %)
MEXICO	Corporación Moctezuma (50 %)
ALGERIA	Société des Ciments de Hadjar Soud (35 %), Société des Ciments de Sour El Ghozlane (35 %)

Operating structure

		ITA	GER	LUX	NLD	POL	CZE/SVK	UKR	RUS	USA	MEX[1]	Total
Cement plants	no.	13	7	2	–	1	1	2	1	10	2	39
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	9.7	5.0	41.2
Ready-mix concrete plants	no.	188	105	–	17	32	78	6	–	84	47	557
Aggregate quarries	no.	16	1	–	2	–	10	–	–	4	1	34
Terminals and deposits	no.	6	–	–	–	2	–	3	–	30	–	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

[1] figures at 100 %

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

VISION

Dear Shareholders,

At the next Annual General Meeting we will review together the financial statement for the year ended December 31, 2008.

They are once again highly respectable figures although lower than those of the previous year. They in fact show EBITDA of € 923 million and net profit of € 395 million. These figures well represent the commitment of our group, of its managers and of all our employees who are now working with a strong and shared group identity in 13 countries in the world. It's not only the commitment, but also the success of our work.

The figures, however, have something odd, something unusual. They show three efficient quarters and a "sub-standard" fourth quarter. This means an "exit speed" of the various data and metrics that indicates a downward path, in returns and investments, and therefore in growth – very different to what we have presented to you for many years.

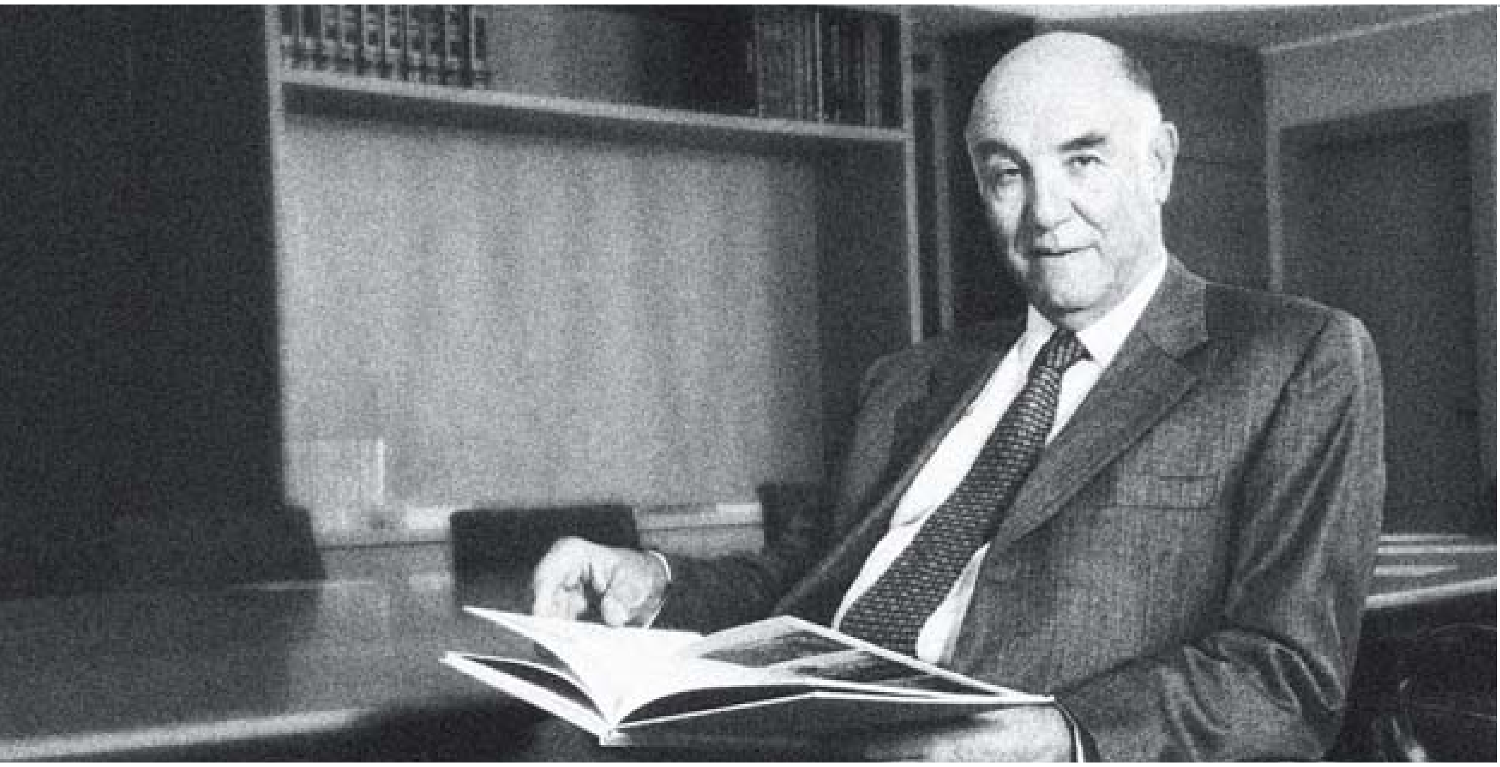
As you well know, the last part of 2008 and even more intensely these early months of 2009 featured the occurrence – in a non-stop, frenzied and frightening succession – of a series of serious and untoward economic events, unexpected even by those who have bread and macroeconomics for breakfast, lunch and dinner. An extremely severe crisis has spread like wildfire in the world, which looks around dazed and unable to understand the whys and wherefores of such a crash.

FINANCIAL CRISIS AND CEMENT MARKETS

At the beginning of 2008, half of America was found to be insolvent in the immense subprime sea due to mortgage loans too easily granted. But already in the summer the reasons for the crisis shifted to the financial level, to the immateriality of derivatives – most of which emerge as "toxic" – with figures that gradually reached "thousands of trillions of dollars", a combination of digits that even a mathematics professor would have trouble writing without making mistakes.

In September, Lehman Brothers – one of the financial giants, a legend in international finance and a symbol of wealth and solidity – went bankrupt. And many major American and European banks, with gigantic balance sheet assets set against meagre share capital, stated that they had "clay feet", giving up their independence and asking governments for substantial aid. Citigroup, the largest of them all, lost 80% of its market capitalisation and reached the brink of bankruptcy. The banks' liabilities exceed countries' GDP by several times and the new buzz words have become "bad bank" and "nationalisation".

This was joined by the crisis of the car industry and of other manufacturing industries, to which the press dedicates less attention but is not any less important because of this. It is astounding how everything happened "simultaneously" throughout the world. By the



end of 2008 many, nearly all, listed companies had lost half of their capitalisation. To those who thought this was the bottom, the first three months of 2009 have demonstrated the contrary, dragging the capitalisation of excellent companies down to price levels well below book value, equivalent to a third or a quarter of what they were 12 months earlier.

And now – with a steep curve – unemployment rates are rising. And at this point it is the "social" side that is most worrying for people in general, heads of companies, and governments.

The picture is deteriorating constantly and perhaps it will have already changed by the time you read this letter.

One feels small and confused in the face of such events, as if looking at a war.

Because of all this, I think you expect to hear from us not so much a comment on 2008, rather an indication of how your Company intends to address this tempest, this sort of Deluge – which will not last less than the next two financial years – 2009 and 2010. You would like to know and to be sure that Buzzi Unicem has a place in the Ark, capable of keeping afloat in the storm and of landing on a safe beach when the sea once again becomes calm.

Even although we do not have a crystal ball, today we believe we are well prepared to cross the stormy sea.

This firm belief is based on tangible facts, i.e.
_Our work as cement producers is fortunately less sensitive to the social factor. The risk of our employees losing their jobs and pay is much lower than in manufacturing companies.
_Our financial position is good; our Net Debt/EBITDA ratio is definitely one of the best in the industry.
_In the event of possible severe compression of operating results, our industry – and in particular your Company – has an important safety valve, i.e. reduction – even drastic, if necessary – of investments, that is to say of discretionary capital expenditure, expenditure not necessary for the maintenance of plant and of environmental and safety measures.

In the 2008 letter, I informed you of a 5-year investment plan in the region of € 1,500 million earmarked for strong "organic growth" in the USA, Mexico, Russia and Ukraine. Some of these investments will be accelerated and completed, but a significant part will be postponed for 24 – 30 months and – if conditions make it necessary – even cancelled. It is a negative move in terms of growth that, however, has a strong return in terms of cash, which is necessary in 2009 and 2010.
_Cement consumption depends substantially on "infrastructures", on a country's modernisation. And periods of severe crisis are the ones that necessarily feature the highest investments in infrastructures. We will have delays but also boosts and accelerations in such programmes. In 6 – 12 months' time we should be able to count on a return to significant consumption levels in this respect.
_Our cement factories are efficient and can compete well even in conditions featuring a slack market and low rates of plant utilisation.

Beyond all our possibilities and our self-regulation capacity, there are in any case external difficulties that have to be addressed by the system – headed by the shortage of loans and liquidity being generated by the financial crisis in production sectors.

Over the years, I think the difficulties facing us now will ultimately have positive effects on the business system and model and – as far as we are concerned – will strengthen our group spirit and ability to consider a "job" as the real personal asset, therefore honouring it by "working harder and better".

Alessandro Buzzi

ALESSANDRO BUZZI
CHAIRMAN

Group Profile

GROUP PROFILE

REVIEW OF OPERATIONS

FINANCIAL INFORMATION

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Board of Directors

ALESSANDRO BUZZI

CHAIRMAN

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

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 Chairman of AITEC (Italian Cement Association) and since 2004 member of Dyckerhoff AG's management board. Chief Executive Operations since 2006.

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.

WOLFGANG BAUER

EXECUTIVE DIRECTOR

Born in 1959. Director since 2008.
He starts his career with the KPMG auditing firm where he has been working for 15 years attaining also the partner status. In 2000 he joins Dyckerhoff AG as member of the Board of Management of which he becomes Chairman in 2004. As such he is responsible for the Central Europe and Eastern Europe divisions.

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.

PAOLO BURLANDO

NON EXECUTIVE DIRECTOR

Born in 1962. Director since 2008.
Since 1997 he is the managing partner of a public accounting and consulting firm, specializing in corporate finance transactions and investment banking. He is also a Statutory Auditor of Gruppo Mutui Online SpA, YARPA Investimenti SGR SpA, Laterlite SpA, Stefanina Group SpA and Marina Porto Antico SpA. From 1987 to 1997 he had various experiences as private equity analyst and corporate adviser.

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.

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.

YORK DYCKERHOFF

NON EXECUTIVE INDEPENDENT DIRECTOR

Born in 1963. Director since 2008. Presently Managing Partner of Komrowski Maritime GmbH in Hamburg, a German shipping and trading company, operating worldwide. He can boast a significant international working experience within Man Ferrostaal: from 1990 to 1994 as Project Manager in Germany, from 1994 to 2000 as General Manager of Ferrostaal Bolivia, from 2000 to 2004 as General Manager of Ferrostaal Argentina and from 2004 to 2006 as Area Manager for South America of Man Ferrostaal.

ELSA FORNERO

NON EXECUTIVE INDEPENDENT DIRECTOR

Born in 1948. Director since 2008.
Professor of Economics at the University of Turin and Principal of CeRP (Centre for Research on Pensions and Welfare Policies). She is part of the commission for the evaluation of pension expenditure by the Ministry of Welfare and of the editorial board of the Italian Journal of Economists. Columnist of Il Sole24Ore, she is Vice-Chairman of Compagnia di San Paolo, Director of Eurizon Vita SpA and Teatro Regio of Turin.

GIANFELICE ROCCA

NON EXECUTIVE INDEPENDENT DIRECTOR

Born in 1948. Director since 2003.
Chairman of the controlling Holding of Techint Group. Chairman of Humanitas Institute in Milan. Director of Tenaris SA, Ternium, Allianz SpA, RCS Quotidiani, Italian Institute of Technology (IIT). Vice Chairman 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.

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 Chairman 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).

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.

Statutory Auditors

MARIO PIA	CHAIRMAN
GIANFRANCO BARZAGHINI	MEMBER
GIORGIO GIORGI	MEMBER
ROBERTO D'AMICO	ALTERNATE
PAOLA GIORDANO	ALTERNATE

Cement Plants Location
as of December 31, 2008

Italy

		2008	2007	08/07 var %
Cement sales	t/000	7,347	8,465	–13.2
Concrete sales	mc/000	5,632	6,819	–17.4
Aggregate sales	t/000	2,983	3,772	–20.9
Sales revenue	€m	850.2	961.5	–11.6
Capital expenditures	€m	177.9	57.5	209.4
Headcount at year end	no.	2,071	2,072	–

NUMBERS & FACTS

Cement production capacity 10.4 million tons, 13 plants, 6 terminals/deposits, 188 ready-mix concrete plants, 16 aggregate quarries.

Germany

		2008	2007	08/07 var %
Cement sales	t/000	5,511	5,400	2.1
Concrete sales	mc/000	3,281	2,932	11.9
Sales revenue	€m	594.8	514.9	15.5
Capital expenditures	€m	63.0	59.8	5.3
Headcount at year end	no.	1,653	1,537	7.5

NUMBERS & FACTS

Cement production capacity 7.0 million tons, 7 plants, 105 ready-mix concrete plants, 1 aggregate quarry.

Luxembourg

		2008	2007	08/07 var %
Cement sales	t/000	1,091	1,102	–1.0
Sales revenue	€m	89.3	91.8	–2.7
Capital expenditures	€m	21.3	4.2	410.0
Headcount at year end	no.	150	149	0.7

NUMBERS & FACTS

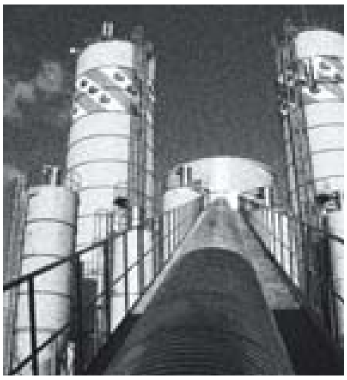
Cement production capacity 1.0 million tons, 2 plants.

Netherlands

		2008	2007	08/07 var %
Concrete sales	mc/000	1,167	992	17.6
Aggregate sales	t/000	4,785	6,052	−20.9
Sales revenue	€ m	132.9	140.6	−5.5
Capital expenditures	€ m	5.4	3.2	70.4
Headcount at year end	no.	297	277	7.2

NUMBERS & FACTS

17 ready-mix concrete plants, 2 aggregate quarries.



Poland

		2008	2007	08/07 var %
Cement sales	t/000	1,553	1,414	9.8
Concrete sales	mc/000	982	938	4.7
Sales revenue	€ m	183.7	142.8	28.6
Capital expenditures	€ m	13.7	7.9	73.0
Headcount at year end	no.	419	403	4.0

NUMBERS & FACTS

Cement production capacity 1.6 million tons, 1 plant, 2 terminals, 32 ready-mix concrete plants.

Czech Republic and Slovakia

		2008	2007	08/07 var %
Cement sales	t/000	1,064	1,042	2.1
Concrete sales	mc/000	2,431	2,302	5.6
Aggregate sales	t/000	1,917	1,609	19.2
Sales revenue	€ m	260.8	215.8	20.8
Capital expenditures	€ m	14.6	8.4	74.3
Headcount at year end	no.	936	880	6.4

NUMBERS & FACTS

Cement production capacity 1.1 million tons, 1 plant, 78 ready-mix concrete plants, 10 aggregate quarries.

Ukraine

		2008	2007	08/07 var %
Cement sales	t/000	2,495	2,552	–2.2
Concrete sales	mc/000	349	375	–6.9
Sales revenue	€ m	209.4	179.2	16.8
Capital expenditures	€ m	48.9	20.3	140.7
Headcount at year end	no.	1,782	1,740	2.4

NUMBERS & FACTS

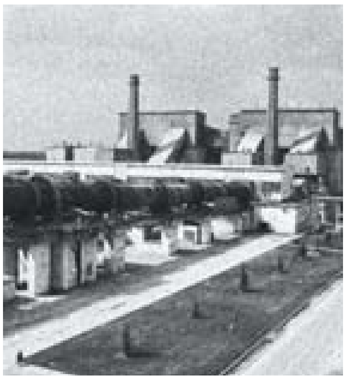
Cement production capacity 3.0 million tons, 2 plants, 3 terminals, 6 ready-mix concrete plants.

Russia

		2008	2007	08/07 var %
Cement sales	t/000	2,261	2,330	–3.0
Sales revenue	€ m	267.3	197.9	35.1
Capital expenditures	€ m	96.8	34.1	184.3
Headcount at year end	no.	1,549	1,531	1.2

NUMBERS & FACTS

Cement production capacity 2.4 million tons, 1 plant.

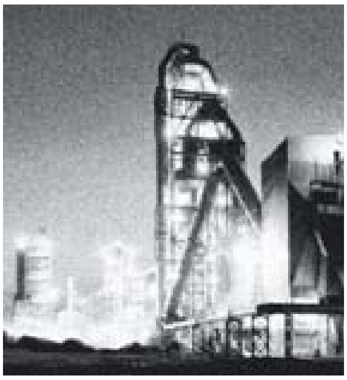


USA

		2008	2007	08/07 var %
Cement sales	t/000	8,387	9,367	–10.5
Concrete sales	mc/000	2,306	1,940	18.9
Aggregate sales	t/000	2,501	2,617	–4.4
Sales revenue	$ m	1,103.1	1,166.1	–5.4
Capital expenditures	$ m	287.4	232.8	23.5
Headcount at year end	no.	2,440	2,382	2.4

NUMBERS & FACTS

Cement production capacity 9.7 million tons, 10 plants, 30 terminals, 84 ready-mix concrete plants, 4 aggregate quarries.



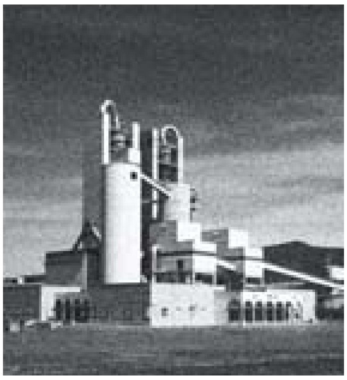
Mexico[1]

		2008	2007	08/07 var %
Cement sales	t/000	4,838	4,922	–1.7
Concrete sales	mc/000	1,694	1,596	6.1
Sales revenue	$m	603.4	581.0	3.9
Capital expenditures	$m	53.4	31.2	70.9
Headcount at year end	no.	1,096	1,097	–0.1

[1] figures at 100%

NUMBERS & FACTS

Cement production capacity 5.0 million tons, 2 plants, 47 ready-mix concrete plants, 1 aggregate quarry.



1. Thanks to continuous research, we are able to offer our customers a product fully meeting their needs.

2. The consistency of our cement starts from the raw materials, to assure our customers a product suiting the best standards.

3. We use the best technology to grant our customers top quality products.

4. Quality is a tangible sign of the way we work.

5. Our customers' satisfaction is born of a relationship based on fairness and trust.


1
2
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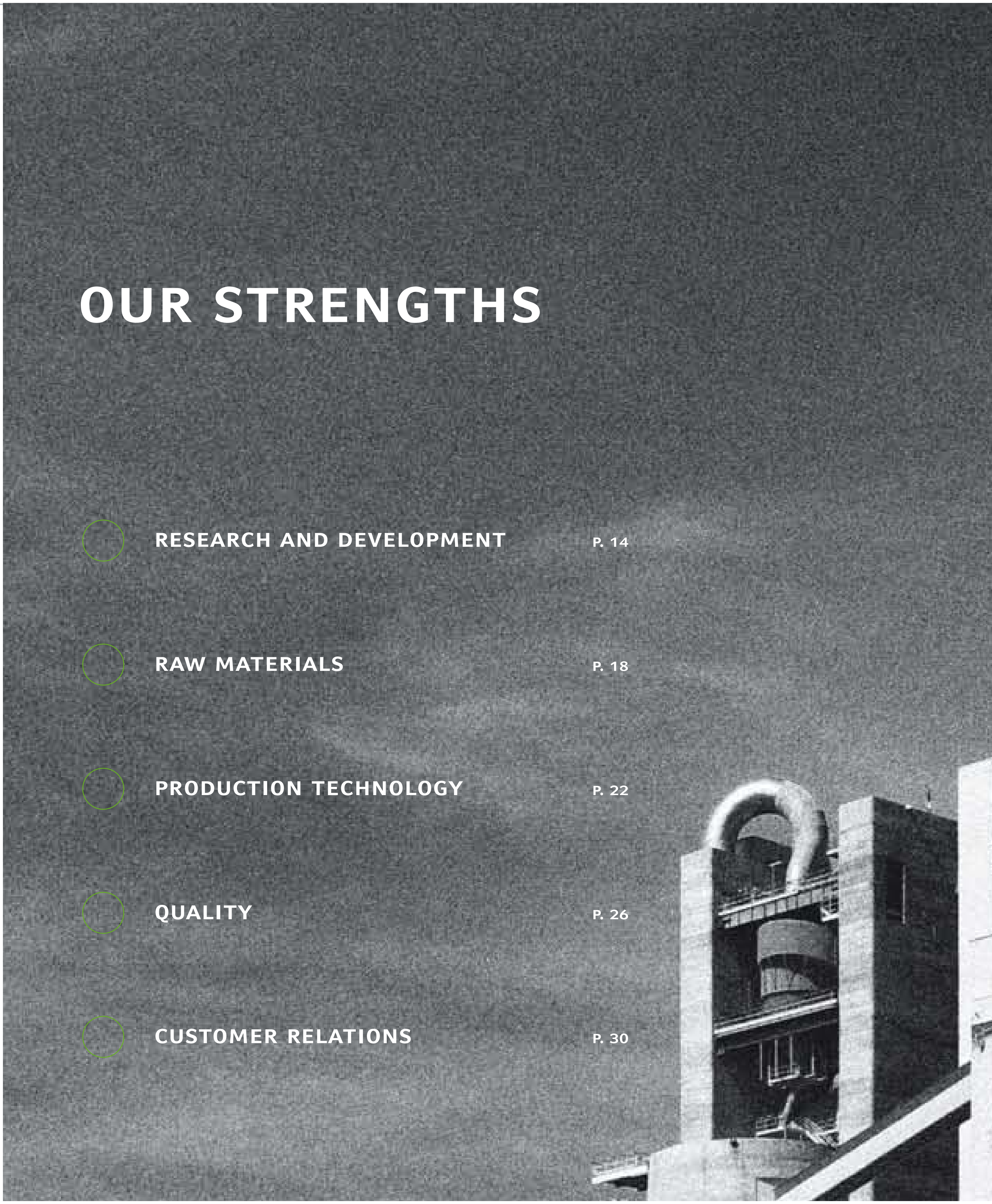
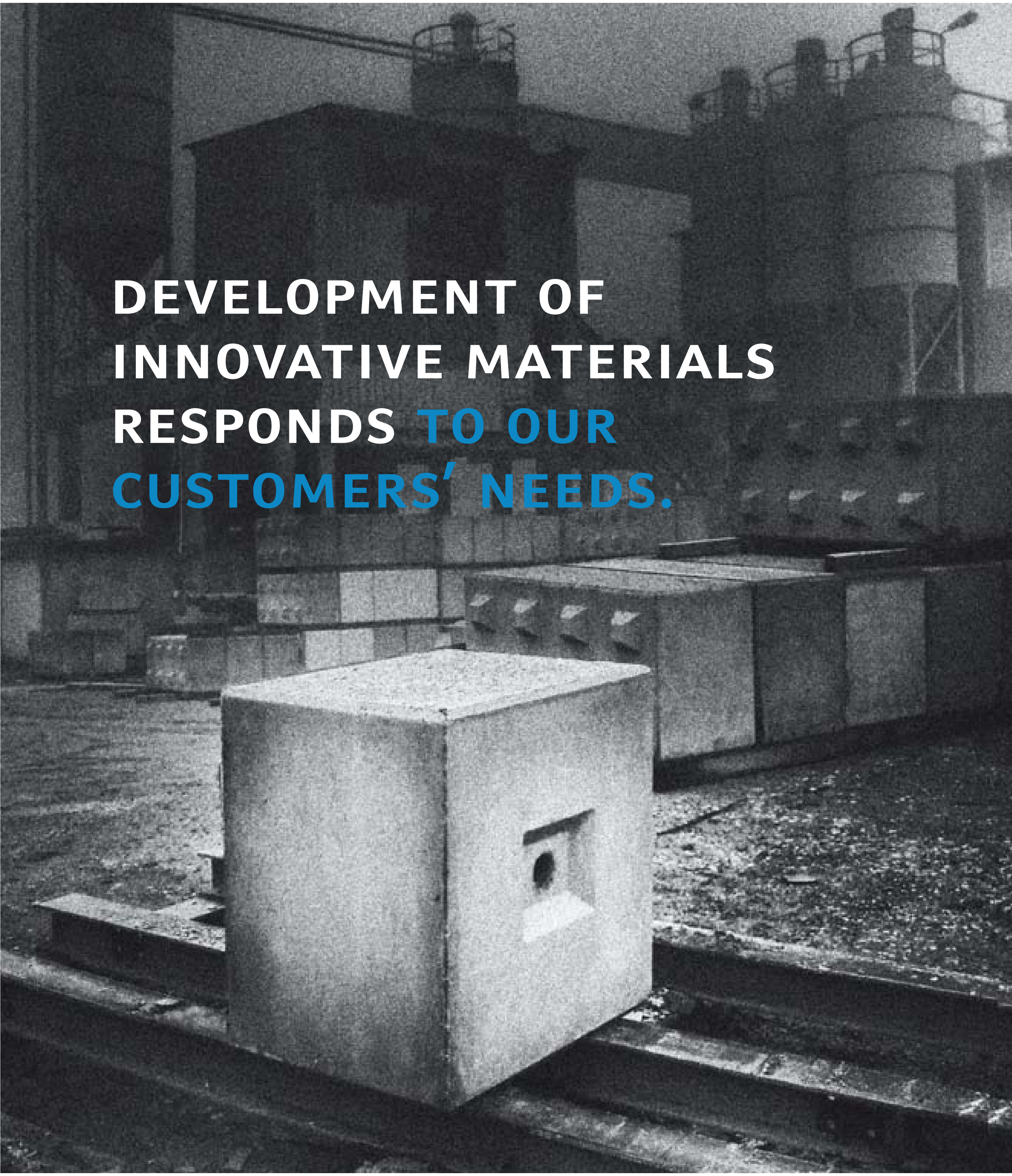


OUR STRENGTHS



DEVELOPMENT OF INNOVATIVE MATERIALS RESPONDS TO OUR CUSTOMERS' NEEDS.

TECHNOLOGICAL INNOVATION IS THE BEST RESPONSE TO THE GROWING DEMAND FOR TOTALLY NEW AND EFFECTIVE SOLUTIONS.

Ultra High Performance Concrete (UHPC): the concrete of the future

Research and development are an important part of our business. In the plant of the Wilhelm Dyckerhoff Institute, we work constantly on the evolution and optimisation of building materials. It is the best way of assuring customers tailor-made solutions for construction of their projects, by means of advanced, easy-to-use products.

We possess decades of know-how and experience in this field and we are the only cement producer to have entered into numerous research projects with the Federal Ministry of Education & Research (the BMBF). In particular, we are involved in the subject "Nanotechnology in construction – NanoTecture: development of optimised resources, energy saving and achievement of potential, as well as of new functionalities" as part of the WING programme, i. e. "Materials innovation for industry and society" (Werkstoffinnovationen für Industrie und Gesellschaft).

Modern buildings require new sophisticated and lightweight components, conceived to be visually pleasing and long lasting. Buildings constructed with traditional standard concrete are usually heavy and massive – and consume huge quantities of energy and raw materials. Moreover, traditional concretes are less durable and robust, and more often than not have to be reinforced with steel.

UHPC is a cutting-edge solution as it:
_Is highly resistant to compression
_Is over five times more resistant than traditional concrete
_Possesses remarkable flexural resistance and does not require use of conventional steel reinforcements …
_… and, lastly – extremely important in economic terms – has durability that, after having reached final toughness, is assured in the long term, without having to use any sealants or protective paints.

As a building material it has high structural density, shows virtually no pores and micro-cracks and is virtually impervious to liquids, gases, and chlorides. In addition, thanks to its strong anti-corrosive qualities, it is particularly suited for utilisation in sewer systems and in chemical companies' plants. The first applications have had excellent results in the production of panels for extremely thin and broad façades. Thus far, UHPC preparation had been problematical for ready-mix concrete plants, because the complex modification effects of UHPC ingredients require very precise calibration.

The product consists of cement, water, sand, and gravel, as well as steel fibres and silica components. The latter

SVEN SCHOON
Head of
Rhein-Main-Taunus branch,
Flörsheim am Rhein
Dyckerhoff Beton GmbH & Co. KG,
Germany

normally consists of fly ash, coming from the production of ferrosilicon and is chemically related to sand. Large quantities of these very fine particles of silica dust are needed, together with quartz powder and grains of varying sizes. In conventional pre-blended or ready-mix concrete plants management of silica powders and quartz components is complicated and costly in terms of on-the-job safety. The sand and gravel normally used have different and above all variable water contents, with consequent difficulties as regards dosage. In addition, the fine fractions of particles – necessary to form a dense structure – are often absent.

With the very first utilisations of the ready-mix concrete (RMC) version, it took about an hour and a half to produce 1.5 cubic metres of UHPC – whereas production of a similar amount of traditional RMC takes just a few minutes. Thus far there had been no economic, conventional and easy-to-use production of UHPC in RMC production plants. We have finally overcome this difficulty with a special binder: Dyckerhoff Nanodur®, the first certified ready-to-use cement for real production of UHPC and winner of the 2008 Innovation Award at the 52nd BetonTage congress of Ulm.

With Nanodur®, the customer receives a ready-mix binder based on Mikrodur® technology, already containing nano-structured synthetic silica components – and simple to use because it does not have the problems of managing silica fumes.

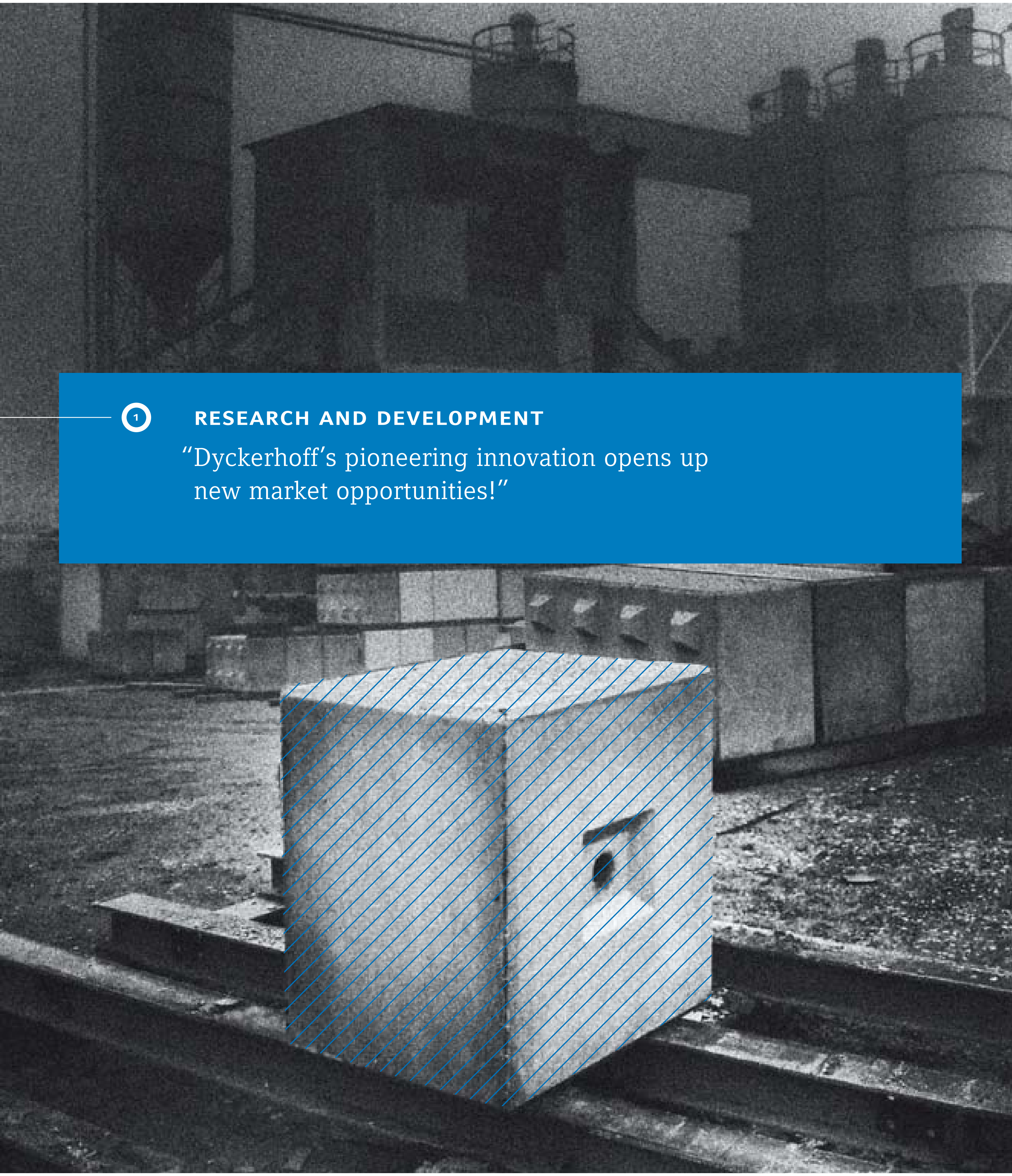
This compound permits use of all the binder's ingredients. Thanks to intensive high-speed pre-blending, all fine powder ingredients are well distributed and production of UHPC is now possible using normal RMC equipment. To be used in a plant of this type, Nanodur® can be preblended with quartz powder in a mix, so that powder ingredients are exactly calibrated according to the aggregates available at the plant. In this way all the dry ingredients and those featuring high powder density become just one binder, which is then delivered in the usual manner in a tank vehicle and automatically distributed in the RMC production plants' closed-circuit system. A practical test performed at the end of 2008 demonstrated the effectiveness of this solution: with use of a Nanodur® blend, the first 2 cubic metres of UHPC were produced totally automatically in a RMC production plant – and in just 30 minutes.

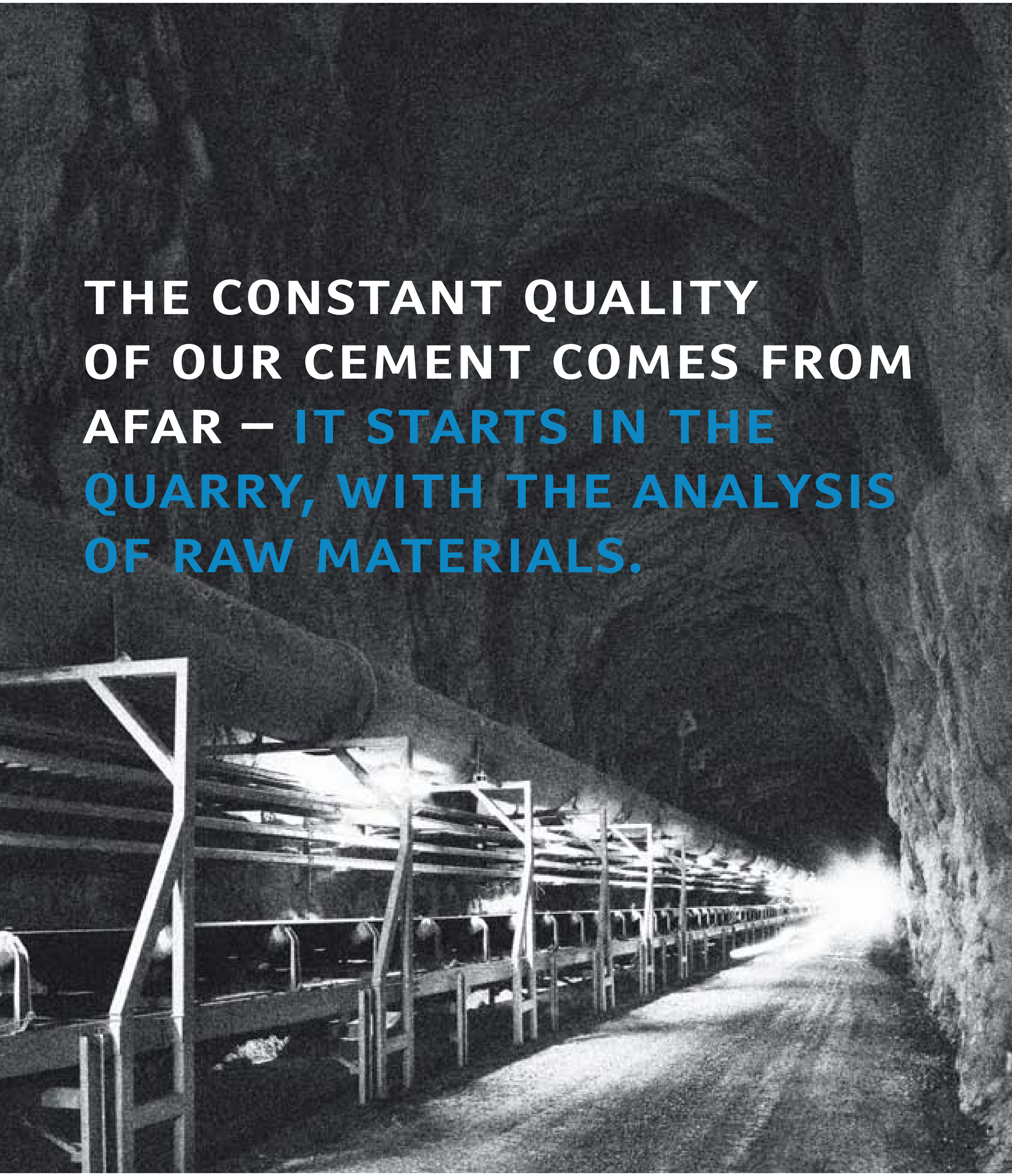
At the same time, use of construction material optimised with UHPC has also made it possible to save resources and reduce CO_2 emissions.

1

RESEARCH AND DEVELOPMENT

"Dyckerhoff's pioneering innovation opens up new market opportunities!"





THE CONSTANT QUALITY OF OUR CEMENT COMES FROM AFAR – IT STARTS IN THE QUARRY, WITH THE ANALYSIS OF RAW MATERIALS.

LIMESTONE, A NATURAL ELEMENT, IS THE RAW MATERIAL OF OUR CEMENT.

Limestone is the most important raw material for cement production. It was formed millions of years ago by gigantic deposits present on our planet. Clay and marl – a natural mixture of clay and limestone and equally essential – are also present in nature. The quality of these raw materials varies from quarry to another because the content of calcium carbonate, the main ingredient of limestone, and of other substances in the rocks, may vary significantly. Given that cement acts as "glue", as its task is to bind together different types of materials in a long-lasting manner, it is clear that all the chemical reactions – and consequently the composition of the raw materials' various ingredients – must be precisely co-ordinated with one another. The very first phase of production, quarrying of the raw material and subsequent processing of the rocks into different sizes via crushing and grinding, is therefore very important to obtain uniform end-product quality. The whole process is accompanied by constant analysis of the raw materials' main ingredients based on given target values and ranges of tolerance. This is the starting point for making any corrections required. During the phases of quarrying and processing of raw materials at the production facilities of Cement Hranice, in the Czech Republic, maintaining uniform quality of such materials is a stimulating challenge. Here, the peculiarity lies in the fact that the raw materials for clinker production come from two different quarries. Starting from different qualities and varied composition of rocks, it is necessary to obtain a homogenous crude mixture of constant quality.

Today, in Hranice raw materials are quarried simultaneously by exploding mines in three different quarrying sites, each of which features materials with different compositions. During drilling of the holes necessary to place the explosives, the powder produced is collected and sent to the plant's laboratory for the first chemical analyses – performed using X-ray fluorescence (XRF) techniques. The samples are examined for their saturation factor, which provides information concerning the material's content of limestone or of other ingredients. One of the Hranice quarries mainly supplies pure limestone, while the other one mainly supplies pure clay. However, neither of the quarries' rocks contain sufficient aluminium oxide (aluminium), iron oxide (iron) and silicon oxide (quartz) – all of which are important substances for the cement's ultimate composition.

Given this, the first homogenisation phase already takes place in the quarries, where the raw material is selectively quarried at different levels according to its chemical composition. In addition quartz sand and fly ash (supplying aluminium) are added as correctives before materials are crushed on the relevant lines. In other words, the prerequisites for raw materials of uniform quality and consequently for a homogenous end-product

VÁCLAV SLÁDEČEK
Sales Officer
Raab Karcher staviva,
Hranice,
Czech Republic

are created right from the very first processes inside the quarry. After the rocks have been crushed on the two lines into pieces the size of a fist, they are sent by conveyor belt to the plant's so-called blending bed. It is in this phase that automatic sampling takes place, with some 300 tonnes of raw material processed.

A pneumatic tube system conveys the samples to the laboratory for analysis. In the blending bed, a circular intake bed, the crushed material is channelled into a pile in layers and subsequently horizontally shifted between the layers. In this way the material is blended and therefore homogenised for the second time, substantially offsetting any raw material variations.

The raw material coming from the blending bed and the corrective substances necessary to obtain the right chemical composition of the crude blend – pure limestone and also pyrite to make up for the raw material's lack of iron – are then fed into the grinder in given proportions via dosing devices. In the grinder they are then finely ground to obtain the crude material (called "meal"). Once again during this phase, samples are taken every 20 minutes and sent to the laboratory.

A third homogenisation process takes place after grinding and before the material is transferred to the rotary kiln, in the so-called homogenisation silo. Any residual variations in the crude meal are further adjusted, after which it is transported via a circular overhead system using five containers and lastly fed into the homogenisation silo.

Our customers trust the constancy of our production conditions and the guaranteed properties of the cement obtained via the procedures described, which assure long-term satisfaction. And they can serve their customers in the ready-mix concrete sector with products that are always uniform and of top quality.

2 RAW MATERIALS

"Thanks to Cement Hranice products, I'm able to offer adeguate solutions to my customers."

TECHNOLOGY IMPROVES ALL ASPECTS OF PRODUCTION. WE USE THE BEST ON THE MARKET TO OFFER THE MOST TO OUR STAKEHOLDERS.

TECHNOLOGY AT THE ROOTS OF EVERY NEW PROJECT.

Our Mexican affiliate Corporación Moctezuma owns two plants with total annual installed capacity of 5 million tonnes of cement. Built during the last 12 years, they are our most recently constructed production units and the whole wealth of the group's know-how has been put into them.

For the entire production process use has been made of all technology available to ensure the best quality control and assure product excellence for end-users. Together with the market's particularly favourable development, this has contributed to the commercial success and growth of business volume achieved by the company in the last few years.

To explain how our Mexican factories have achieved these results, it is worth taking a quick look at the guidelines leading to innovation of some long-established past traditions.

Cement production features two distinct phases:

1) Burning of the clinker followed by storage in large storage units
2) Subsequent milling of the clinker together with other secondary components, such as gypsum, pozzolanic ash and limestone, to obtain cement

Until a few years ago, production quality was almost totally assured by ex-post controls. A somewhat complicated laboratory organisation involved taking of samples of raw materials in the quarry after grinding in crude mills and at the exit of the big homogenisation silos, followed by sampling of the clinker at the cooler discharge point.

After final milling in the mills, chemical composition and fineness were analysed and checks carried out of the cement's performance. In the best of hypotheses this permitted confirmation or otherwise the acceptability of the outcome after 3 whole days.

Feedback to production permitted, if anything, only modification of the process to prevent repetition of any anomalies found.

In parallel with technological advancement, processing batches gradually became larger in terms of raw materials stored and homogenisation silos, monitored – in chemical and physical (fineness) terms – both during production and after burning so as to assure ideal conditions throughout the process. The size of the batch depended on the quantity of product stored in the raw materials store or in the silo.

In Corporación Moctezuma all controls of the chemistry and fineness of meal up to clinker burning are delegated

GIOVANNI BATTISTA AUXILIA
Head of New Plants & Technologies
Buzzi Unicem SpA
Italy

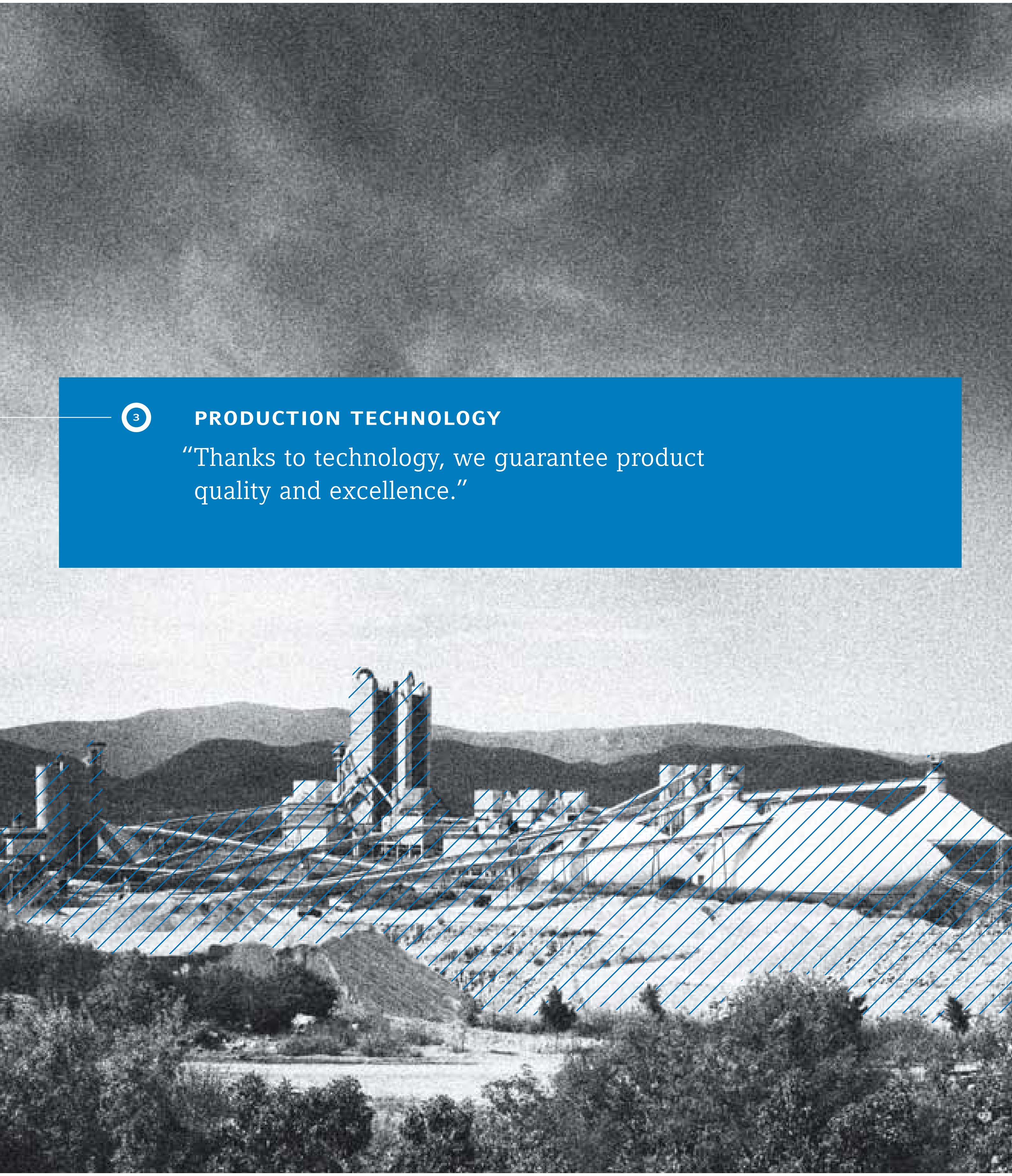
to in-line automatic devices. There are no longer any batches; stores are no longer considered as pre-homogeniser devices and homogeniser silos are no longer considered.

A "monotonous constancy" as thus replaced the old fluctuations in process parameters.

Similarly, fuels are chemically controlled in order to optimise their characteristics, thus assuring maximum operating regularity for the kiln. The improvement of the kiln's operating conditions is clearly shown by the trend in the diagrams of the automated system that continuously monitors temperature and pressure. These parameters, which used to fluctuate due to the changeable characteristics of the raw material being burned, are now rectilinear segments. This means being able to base cement mills' output on raw materials of constant quality – and this, in the production world – in any sector – is often wishful thinking or an impossible dream.

In the cement-milling phase, other latest-generation technologies permit maintenance of constant fineness parameters during the process and performance of continuous analyses of the mineralogical components to optimise the recipes in real time.

We have come a long way and the typical evening discussion between the plant manager and the laboratory manager, to review analyses of meal and results of physical tests of cement and decide the changes to be made to the percentage of clinker or cement fineness for the next day's product, is now a thing of the distant past.



3 PRODUCTION TECHNOLOGY

"Thanks to technology, we guarantee product quality and excellence."

QUALITY? NOT JUST AN OBJECTIVE TO BE ACHIEVED BUT A TANGIBLE SIGN OF OUR WAY OF WORKING.

THE QUALITY OF OUR PRODUCTS AT OUR CUSTOMERS' DISPOSAL.

In Buzzi Unicem SpA and in Unical SpA we work in such a way as to ensure that our products' quality meets the needs and expectations of our customers. An objective simple to state but that, in practice, requires considerable commitment in terms of effort and resources.

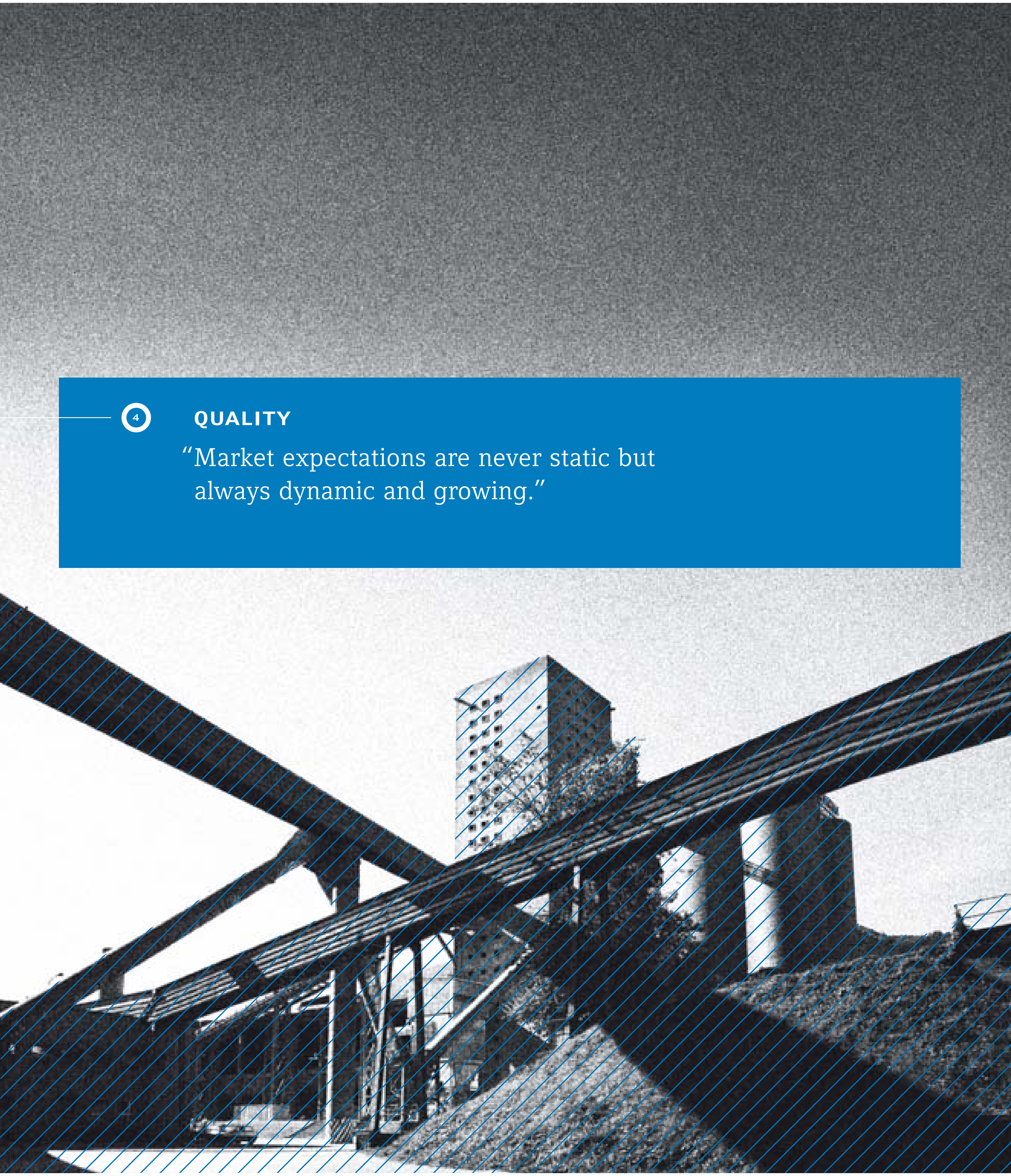
Firstly, because customers' needs and expectations are never static but always dynamic and always growing. Secondly, because, in our sector, the concept of "customer" has broadened considerably following the introduction of requirements concerning environmental impact (emissions of carbon dioxide and nitrogen oxides, etc.), safeguarding of health (chromium-6), and eco-sustainable conduct (use of unconventional fuels and materials).

For several years, we have been witnessing an ongoing increase in the performance both of processes and of products. Today we are aware that monitoring of their interaction is essential to assure constant achievement of the best trade-off. To manage this complex system of product/process interaction successfully, in Buzzi Unicem and Unical we focus on five key actions.

1. **We meticulously select and manage materials used in the production process.** In the majority of the plants' quarries, the material quarried undergoes screening and treatment with which the downstream flow of unwanted fractions, such as soil inclusions, high magnesium counts, and adverse crystalline phases (quartz), is diluted and maintained constant, at acceptable levels. In Unical's case, screening of materials relates above all to assessment of aggregates and additives. The recent introduction of compulsory "CE" marking and "2+" certification has undoubtedly facilitated the selection and qualitative stability of aggregates. As regards additives, it is important to underline the now prevalent use (over 70 %) of the new acrylic additives, which permit better performance in terms both of reducing water requirements and of maintaining workability.
2. **We take care of our plants' efficiency and keep it high.** Regardless of their years of service, each of our plants is kept constantly efficient in order to meet the imperative need to plan production as per the schedule, in terms of timing, methods, and costs. While the Central Engineering Department develops and proposes new investments to improve plant efficiency or simplify processes, the similar department responsible for maintenance, in a direct link with production, constantly monitors the key technological indicators to permit predictive and preventive work. Reduction of accidental machine downtimes and optimisation of running factors – objectives essential to eliminate the risk of substandard output – form part of the core activities of our technicians' modus operandi.

MASSIMO PARIS
Head of Quality & Research
Buzzi Unicem SpA
Italy

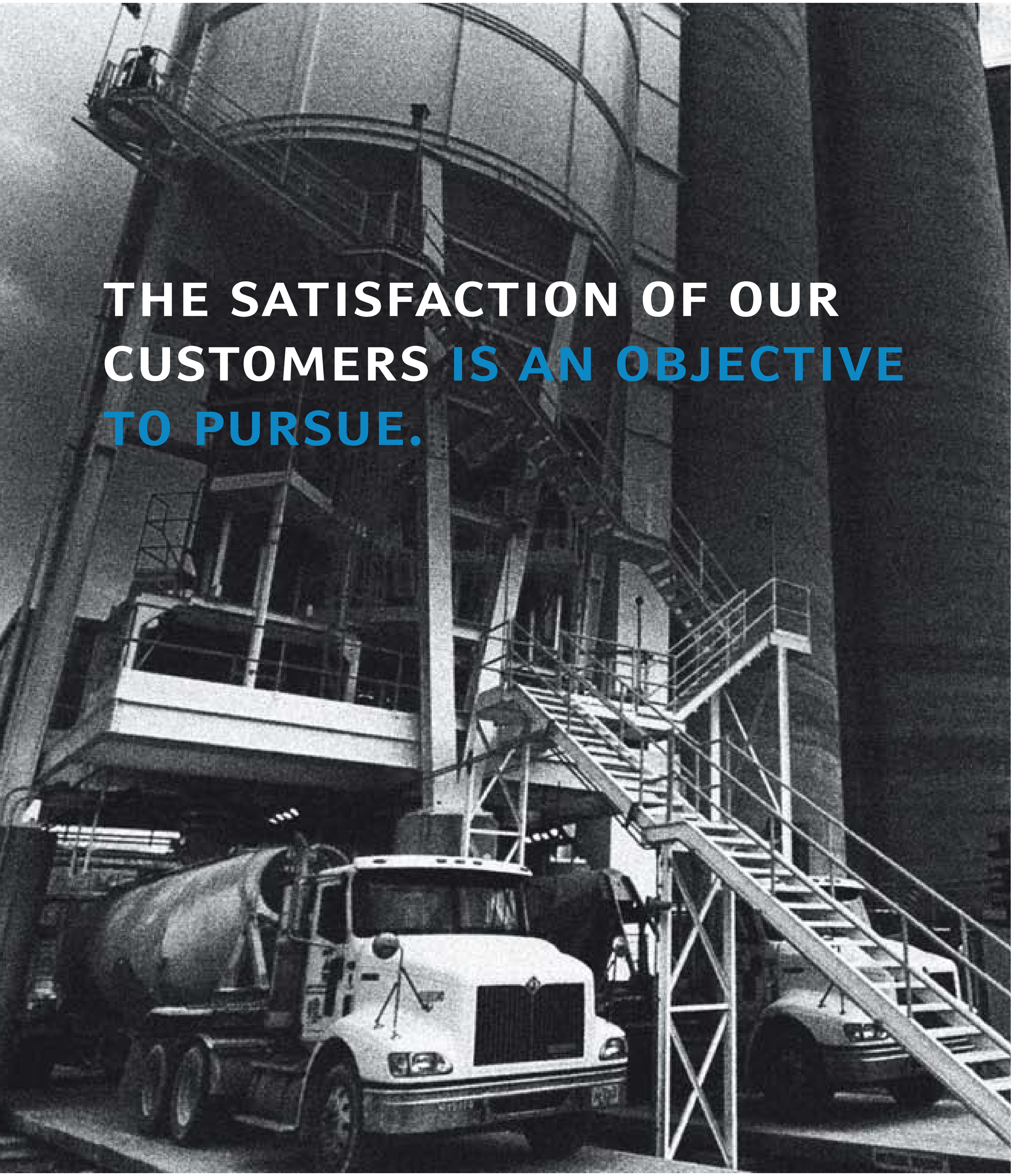
3. **We constantly improve process control, implementing the most modern technologies**. In Buzzi Unicem, at the Robilante plant – as done in the plants in Guidonia, Barletta, Augusta, Siniscola and Vernasca – we have implemented control of crude meal using a cross-belt neutron analyser. This eliminates the need to take samples of the material and assures more frequent analysis than traditional X-ray analysis techniques. At the Guidonia plant, following installation at the Trino plant, an innovative automatic in-line system has been installed for control and regulation of cements' mineralogical composition and fineness using an X-ray diffractometer and laser granulometer. In Unical we have now automated the load cycles for all plants and on all transit mixer trucks we have installed ISMs (Infrared Slump Meters), which permit monitoring and recording of concrete consistency not only during loading but also upon arrival at the building site. Once again for concrete, we have started installation of CHTT (Concrete High Tech Turbomixer) pre-blenders of cement dough and additives, which tangibly improve the blend's quality.
4. **We apply quality-oriented management and organisational procedures.** Our quality management system is now fully mature. Numerous targeted audits are constantly planned and performed both in factories and at the Casale HQ with the direct participation of managers of the main business processes. Within the company we share operating decisions that have an impact on quality and we have set up a system of indicators to assess and monitor any deviations versus pre-established target values. During 2008 we formalised and implemented some 200 different improvement actions involving many business processes on an across-the-board basis. In addition, a system is in place to record and handle any written and/or verbal complaints received from customers.
5. **We develop and expand product application know-how.** In this field the R&D work done by the Trino and Settimello laboratories and the Guidoni Research Centre is fundamental. During 2008 we managed, working in concert with several Italian universities, about 10 projects. Two of these concern (a) photocatalytic cements capable of reducing some atmospheric pollutants and (b) binders using sulphur aluminate clinker, which, for certain applications, provide better performance than common Portland cements, and for which we have started the procedure to obtain the CE mark.



4 QUALITY

"Market expectations are never static but always dynamic and growing."

THE SATISFACTION OF OUR CUSTOMERS IS AN OBJECTIVE TO PURSUE.



RECIPROCAL FAIRNESS AND TRUST ARE THE CORNERSTONES OF OUR RELATIONSHIP WITH CUSTOMERS.

Buzzi Unicem USA draws on its staff in the Marketing & Sales, Customer Service, Technical Assistance and Quality Assurance departments to meet customer preferences and needs, while also striving to increase productivity and efficiency in each individual department. The employees of our US subsidiary see interaction with existing and prospective customers as an opportunity to grow, increase income and build relations based on reciprocal fairness and trust.

Marketing & Sales

_The department regularly reviews regulations issued and/or controls introduced by government and environmental agencies involving the sector in which the company is active.
_It prepares customer profiles for sales reps, including contact data, the trade history for each name, and expected future volume utilisation.
_The sales reps meet the main customers regularly in order to ensure that Buzzi Unicem USA lives up to or exceeds their expectations.
_In addition, they collaborate with the Credit department and with customers to ensure that any issue concerning receivables and invoicing is solved in a timely manner
_Staff's promotional activities have led to completion of several projects using construction techniques such as pervious concrete, roller-compacted concrete, and full-depth reclamation.

Customer Service

_This department is crucially important in building proper relationships with customers. It regularly deals with numerous transporters and creates long-term relations with them, so that they understand the company's commitment to delivering the goods on time and in totally safe conditions.
_It decides on the best and most cost-effective means of transport for goods delivery (road, rail, or water), whether they have to be shipped directly to the customer's plant, to a project site or to one of the Buzzi Unicem USA terminals.
_Shipping hours are very flexible and, if necessary, customer's can contact caretaker staff on a 24-hour basis – a very useful distinctive feature whenever it is necessary to assure the utmost flexibility for special projects – for example transport at unconventional times.

Technical Assistance

_This is the area providing technical and engineering support. It also organises seminars, plant visits and training courses for customers, suppliers, engineers, architects, and state and federal public works officials.
_It is constantly committed to increasing employees' technical skills and encourages their active participation in various state and federal associations, as well as attendance of seminars and conferences relating to the sector.

RAYMOND SEIPP
Vice President – Marketing,
Promotion & Government Affairs
Buzzi Unicem USA
USA

_It has received repeated national awards for its promotional commitment.

Quality Assurance

_The quality of Buzzi Unicem USA products normally speaks for itself. The company receives very few technical complaints but, if there are any, the problem is immediately examined and the question settled to the customer's full satisfaction.
_The high standards applied by the department ensure that Buzzi Unicem USA cement meets all quality requirements before it is shipped.

All these characteristics are just some of the factors that, according to Buzzi Unicem USA, are necessary to build positive relationships with customers and therefore develop fruitful long-term business.

They say about us …

Customer: Fulton Concrete Company

"We have been a customer of Buzzi Unicem USA for over 20 years. Presently we sole-source all our bulk cement from Buzzi.

Here is what we value most about Buzzi:
_Cement performance is consistent throughout the entire year.
_The personal relationship we have with Ray Seipp and Randy Brown. They convey a genuine interest in our company, our people and our business.
_Always a willingness to accommodate our needs under special circumstances (early/late opening or weekends)
_High level of communication during scheduled mill/terminal maintenance.
_Quality of people at the terminals: they are always helpful and courteous.
_Equipment at the terminals is well-maintained and the properties are neat and clean.

Sincerely,

Bill Benzur, P.E.
Vice President
Fulton Concrete Company"

5 CUSTOMER RELATIONS

"We offer our customers professionalism and on-time deliveries."

Review of operations

The economic contraction and the weakness of the cement demand have been compensated by favorable sales price and careful cost management, allowing to maintain an adequate profitability.

CONTENTS

Shares and Shareholders

Since September 1999 the ordinary and shavings shares of Buzzi Unicem SpA are traded in Italy on the Borsa Italiana system. As of 31 December 2008, stock market capitalization was EUR 2,182 million. At the same date the share capital is made up of 165,349,149 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

	Ordinary	Savings	Ordinary	Savings
Period	**number**	**number**	**€ m**	**€ m**
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
Year 2008	217,560,057	31,688,570	3,194.2	321.5

Price development of the Buzzi Unicem shares
(base January 2002 = 100)

Main shareholders
at 31 December 2008

	Ordinary	% of total share capital	% of ordinary share capital	% of voting rights
Presa SpA (Buzzi family)	76,600,000	37.2	46.3	46.3
Fimedi SpA (Buzzi family)	17,100,000	8.3	10.3	10.3
Barclays Global Investors Ltd	5,461,600	2.6	3.3	3.3
Artio Global Management LLC	3,625,590	1.8	2.2	2.0
JPMorgan Asset Management Ltd	3,418,921	1.7	2.1	2.1

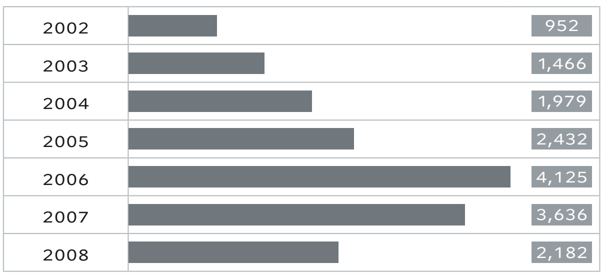
Source: Shareholders' register and additional information available to the Company

In total 43,862,476 ordinary shares, representing 26.53 % of the voting rights, are owned by foreign investors.

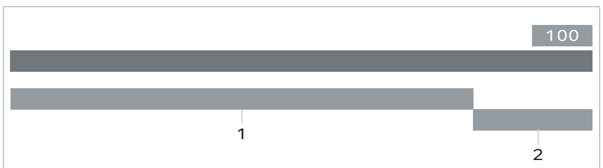
Distribution of shareholding
at 31 December 2008 (ordinary shares)

	No. of Shareholders	in %	No. of shares	in %
1–1,000	15,278	87.13	3,175,253	1.92
1,001–10,000	1,714	9.77	5,006,564	3.03
10,001–100,000	415	2.37	13,982,042	8.46
100,001–	128	0.73	143,185,290	86.60

Market capitalization
at 31 December (million of EUR)



Capital structure
at 31 December 2008 (in numbers/in %)



1	Ordinary shares (165,349,149)	80.2
2	Savings shares (40,711,949)	19.8

Highlights per share[1]

	2002	2003	2004	2005	2006	2007	2008
euro							
Basic EPS (ordinary)	0.93	1.07	0.97	1.31	1.77	2.23	1.92
Diluted EPS (ordinary)	0.93	1.01	0.93	1.26	1.71	2.23	1.92
Cash flow per share	2.31	2.10	2.37	2.67	3.14	3.64	3.39
Shareholders' equity per share	7.87	9.13	8.16	9.67	10.63	10.95	12.14
Price/Earnings ratio	7.21	8.72	11.14	10.07	12.14	8.49	6.03
Price at year end							
ordinary	6.68	9.32	10.78	13.16	21.45	18.93	11.58
savings	6.06	6.04	7.51	9.17	14.56	12.51	6.57
Dividend per share[2]							
ordinary	0.25	0.27	0.29	0.32	0.40	0.42	0.36
savings	0.27	0.29	0.31	0.34	0.42	0.44	0.38
Yield							
ordinary	3.7 %	2.9 %	2.7 %	2.4 %	1.9 %	2.2 %	3.1 %
savings	4.5 %	4.9 %	4.2 %	3.8 %	2.9 %	3.5 %	5.8 %

[1] Italian GAAP until 2003, IFRS from 2004
[2] 2008: proposed to the Annual General Meeting

Performance indicators
(in %)

	2007	2008
EBITDA margin	29.9	26.2
Return on sales (ROS)	23.9	19.8
Return on Equity (ROE)[1]	21.7	18.0
Return on Capital Employed (ROCE)[2]	17.9	13.4
Debt/Equity ratio	25.0	39.0

[1] Net income to shareholders' equity ratio, it indicates the latter's profitability.
[2] EBIT to Total Assets less Current Liabilities ratio, it indicates the efficiency and profitability of a company's capital investments.

Business review

The difficulties relating to accentuation of the financial crisis and consequent contraction of the global economic development affected the company's results, halting its growth. During the year 2008 the group sold 32.1 million tons of cement (– 5.8 % vs. 2007) and 17.0 million cubic metres of ready-mix concrete (– 0.6 % YoY). Consolidated net sales progressed by 0.7 % YoY to € 3,520.2 million (mn), as opposed to growth of 9.1 % YoY reported in 2007. Changes in the scope of consolidation had a positive effect of € 48.5 mn, whereas there was a negative foreign exchange effect of € 67.7 mn. Like-for-like, net sales would have increased by 1.2 %. Operating profitability instead suffered contraction, with EBITDA down by – 11.8 % to € 922.7 mn vs. € 1,046.3 mn in 2007, which, however, had benefited from non-recurring income of € 61.2 mn. After amortization and depreciation totalling € 225.0 mn, EBIT amounted to € 697.7 mn vs. € 835.3 mn in 2007 (– 16.5 %). Net finance costs increased from € 22.2 mn to € 66.4 mn. Profit before tax decreased to € 650.3 mn vs. € 824.8 mn in 2007. Thanks to a far more favourable average tax rate, income taxes amounted to € 179.6 mn vs. € 288.3 mn in 2007 and the income statement ended the year with net profit of € 470.8 mn, of which € 395.3 mn attributable to the equity holders of the company (– 13.8 % YoY).

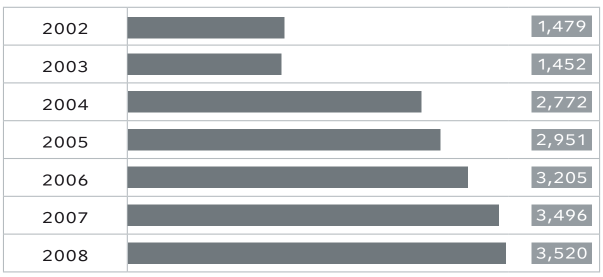
At 2008 year-end net debt totalled € 1,059.7 mn, up vs. € 621.2 mn as at 31 December 2007, after having made investments of € 853.3 mn and distributed dividends totalling € 127.6 mn. Compared with 2007 year-end, the debt/equity ratio rose from 0.25 to 0.39.

Results were mixed and featured the favourable contribution of East European markets, thanks to volume/price mix, plus improved operating performance in Central Europe. In Italy, the continuing lack of new public works contracts and slowdown of residential demand caused further shrinkage of sales and operating profitability, severely eroded by cost inflation. In the USA, the downturn of results was very tangible due to continuation of the residential market's extremely slack phase and to the financial system troubles, which caused difficulties for the construction industry. In Mexico, plant capacity utilisation remained high but the operating result slowed due to the increase in production costs.

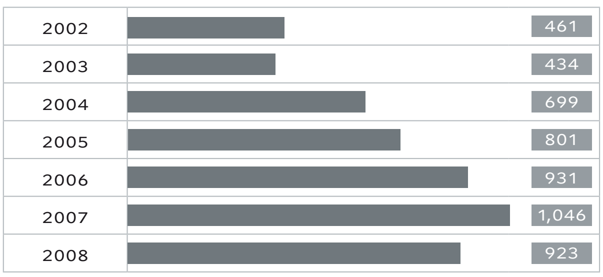
Operating and financial performance

In 2008 consolidated unit sales of cement totalled 32.1 mn tons, – 5.8 % YoY. The Polish, Czech, and German markets ended the year showing progress, whereas a downward trend was recorded in all the other countries, with sharp decreases in Italy and the USA and slight softening in Russia and Mexico, where operating profitability is higher.

Turnover
(millions of EUR)



EBITDA
(millions of EUR)



Ready-mix concrete unit sales slipped only slightly to 17.0 mn cubic metres (– 0.6 %) thanks to the contribution of Germany and the USA – essentially due to the change in the scope of consolidation – and to the favourable market trend in the Netherlands, Czech Republic/Slovakia, Poland and Mexico. Italy confirmed itself as the weakest market in outright terms, totally wiping out the positive contribution of other countries. The Ukrainian market was also negative.

Consolidated net sales progressed by 0.7 % YoY from € 3,496.1 mn to € 3,520.2 mn. Changes in the scope of consolidation had a positive effect of € 48.5 mn, whereas there was a negative foreign exchange effect of € 67.7 mn. Like-for-like, net sales would have increased by 1.2 %. Progress was largely attributable to the geographical areas covered by the Dyckerhoff subsidiary, as well as to consolidation of some new operations in the ready-mix concrete sector.

The growth drivers were the East European markets, whose net sales surged from € 735.7 mn to € 916.7 mn (+ 24.6 %), including a favourable foreign exchange effect of € 5.2 mn. Net sales continued to be very positive in Russia (+ 35.1 %) and Poland (+ 28.7 %), which benefited from a growth rate of the construction industry higher than the European average, combined with a vigorous pricing increase. Thanks to still high ready-mix concrete output, the Czech Republic and Slovakia also ended the year showing significant progress (+ 20.8 %). Net sales performance in Ukraine was good (+ 16.8 %), notwithstanding the economic impasse suffered by the country as from the fourth quarter. The foreign exchange effect was positive for the two EU countries (€ 39.7 mn) whereas in Russia and Ukraine it was negative (– € 34.5 mn).

Central European markets progressed, in an economic environment that for a good part of the year was quite favourable. In Germany, the increase in volume and prices drove net sales up from € 514.9 mn to € 594.8 mn (+ 15.5 %). Luxembourg also did well with net sales moving from € 91.8 mn to € 89.3 mn, which would be growing by 4.8 % on a like-for-like basis. In the Netherlands, the wholly owned subsidiary Basal, active in the ready-mix concrete and aggregates sector, achieved net sales of € 132.9 mn, down by 5.5 % YoY following a downsizing of the trading activities in the aggregate business.

After a positive start to the year on the price front, the Italian market trend worsened during 2008. In Italy net sales decreased by – 11.6 % YoY to € 850.2 mn (vs. € 961.5 mn in 2007). This was due to cement demand that did not show signs of recovery in the second half of the year, which on top of this also featured price shrinkage. The average change in prices vs. the previous 12 months nevertheless remained positive.

US market performance featured accentuation of the residential building crisis and of all the ensuing financial repercussions. It thus continued its negative trend vs. a 2007 that had already featured a tangible decrease in unit sales. Average prices also showed a certain slackness and net sales in local currency decreased to USD 1,103.1 mn (– 5.4 % YoY), i. e. € 750 mn (– 11.9 % YoY).

Mexico was penalised by its economic proximity to the USA and, besides this, the positive thrust of the building market, particularly in the last few months of 2008, slowed down. Net sales thus slipped from € 212.0 mn to € 205.1 mn (– 3.2 %), weakened by an adverse foreign exchange effect, without which they would have grown by 5.3 % YoY.

EBITDA decreased from € 1,046.3 mn to € 922.7 mn, i. e. – 11.8 % vs. 2007, which however included non-recurring income of € 61.2 mn. Excluding non-recurring items, EBITDA decreased from € 985.1 mn to € 915.4 mn

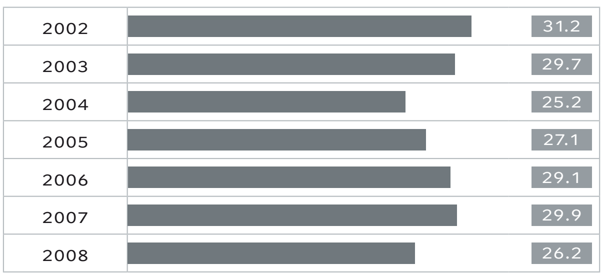
(– 7.1 %), with a 26.0 % margin on sales (vs. 28.2 % in 2007). Changes in the scope of consolidation had a positive effect of € 5.3 mn, whereas there was a negative foreign exchange effect of € 22.2 mn. East European countries showed total EBITDA growth of 33.0 %, with outstanding peaks in Russia and Poland. Recurring EBITDA achieved in Central European countries (Germany, Luxembourg, and the Netherlands) also exceeded that of the previous year. Mexico's growth trend instead slowed, ending the year with lower EBITDA than in 2007. Italy's contribution was € 63.0 mn lower than in 2007. In the USA EBITDA fell back by € 98.2 mn (– 32.3 % YoY), penalised by USD depreciation, without which the decrease would have been of 27.4 %.

Amortization and depreciation amounted to € 225.0 mn vs. € 210.9 mn in 2007. Contributors to this income statement item were write-downs of € 13.7 mn relating to the plants of Independence (Kansas) and New Orleans (Louisiana) in the USA, which ceased production, and those relating to closure of the Santarcangelo plant in Italy (€ 3.4 mn). EBIT decreased by 16.5 % from € 835.3 mn to € 697.7 mn. Net finance costs amounted to 66.4 mn vs. € 22.2 mn in 2007. Deterioration was due to greater use of available lines of credit and to a less favourable net balance of the most volatile components of financial operations. Capital gains on disposal of equity interests made a positive contribution of € 12.0 mn, whereas the earnings in the equity associates decreased from € 12.4 mn in 2007 to € 7.0 mn in 2008. As a result, profit before tax amounted to € 650.3 mn, down by 21.2 % vs. € 824.8 mn in 2007. Income taxes totalled € 179.6 mn (vs. € 288.3 mn in 2007), reflecting a more favourable average tax rate. The year-end income statement thus showed a decrease of € 65.7 mn in net profit from € 536.5 mn to € 470.8 mn (– 12.3 %), of which € 395.3 mn attributable to the equity holders of the company (– 13.8 %).

Cash flow for the year 2008, including positive and/or negative non-recurring items, totalled € 695.8 mn vs. € 747.5 mn in 2007. As at 31 December 2008, the group's net debt stood at € 1,059.7 mn, up by € 438.5 mn vs. € 621.2 mn at 2007 year-end. In 2008, the group paid out dividends totalling € 127.6 mn, of which € 87.2 mn by the parent company Buzzi Unicem SpA, and invested a total of € 853.3 mn, of which € 283.1 mn for production-capacity increase projects and € 333.5 mn in equity interests.

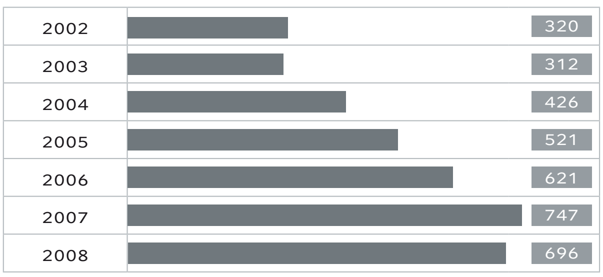
The main industrial investments made in Italy were aimed at improving the production efficiency of some of the main plants (Robilante, Augusta and Guidonia). In the USA production capacity expansion work progressed in Selma, MO (the "River 7000" project), the impact of which was € 108.8 mn in 2008. In Germany, € 13.8 mn

EBITDA margin[1]
(in %)



[1] EBITDA / Net sales

Cash Flow[1]
(millions of EUR)



[1] Net income + amortization and depreciation

was invested in upgrading the Lengerich slag-grinding facilities and in Luxembourg € 17.4 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 € 63.2 mn. In Ukraine, upgrading of Kiln 6 at the Rivne factory was completed, while work continued on the installation of grinding mills for coal, replacing natural gas as the primary fuel. In the ready-mix concrete business, work continued on further internal and external development in the USA, Czech Republic and Slovakia, Poland, Mexico.

Equity investments related to the purchase in Italy of three grinding stations (Cementi Cairo Srl, Parmacementi SpA, and Escalcementi Srl) for an outlay of € 93.9 mn and with the primary objective of strengthening the domestic industrial system. The purchase of a 35 % equity stake in two Algerian companies – respective owners of the cement factories of Hadjar Soud and Sur El Ghozlane – instead amounted to € 110.0 mn. In addition, in the stock market we purchased 308,226 Dyckerhoff AG ordinary and 1,631,228 preference shares, for a total outlay of € 75.9 mn, thus increasing our stake in the subsidiary to 93.1 %.

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

Net financial position

millions of euro	Dec. 31, 2008	Dec. 31, 2007
Cash, banks and marketable securities:		
Cash & cash equivalents	578.7	760.7
Derivative financial instruments	9.1	3.0
Other current financial receivables	9.8	–
Assets held for sale	0.2	–
Short-term debt:		
Current portion of long-term debt	(141.3)	(107.0)
Bank overdrafts and borrowings	(10.0)	(17.8)
Derivative financial instruments	(61.4)	(112.3)
Other current financial liabilities	(16.5)	(9.8)
Liabilities held for sale	(17.7)	–
Net short-term cash	**350.9**	**516.8**
Long-term financial assets:		
Derivative financial instruments	–	0.3
Other non-current financial receivables	17.0	2.0
Long-term financial liabilities:		
Long-term debt	(1,394.7)	(1,140.4)
Derivative financial instruments	(32.9)	–
Net debt	**(1,059.7)**	**(621.2)**

As at 31 December 2008, shareholders' equity, including minority interest, amounted to €2,705.4 mn vs. € 2,513.4 mn at 2007 year-end. The debt/equity ratio therefore rose from 0.25 to 0.39.

Italy

TRADING CONDITIONS CEMENT BUSINESS

Volumes	− 13.2 %
Prices	+ 8.0 %
Mkt share	16 %

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

Cement

millions of euro		2008	2007	08/07
Net sales		560.8	606.7	−7.6 %
EBITDA		134.8	179.9	−25.1 %
EBITDA recurring		127.8	179.9	−29.0 %
% of sales		22.8	29.7	
Capital expenditures		162.7	45.1	260.5 %
Headcount end of period	no.	1,425	1,416	0.6 %

before eliminations between lines of business

Ready-mix concrete

millions of euro		2008	2007	08/07
Net sales		420.9	497.0	−15.3 %
EBITDA		6.9	24.9	−72.3 %
% of sales		1.6	5.1	
Capital expenditures		15.1	12.2	−23.8 %
Headcount end of period	no.	632	642	−1.6 %

before eliminations between lines of business

Italy

The economic slowdown that emerged in the last quarter of 2007 continued for the whole of 2008, hastening Italy's entry into a recessionary phase. 2008 GDP shrank by 1.0 %, dragged down by the disappointing performance of the fourth quarter, when GDP decreased by 1.8 % vs. the third quarter and by 2.6 % when compared to the previous year. The main factor affecting the result was the decline of consumer spending and investments. The former decreased for two consecutive quarters – indicating a critical state that previously had occurred only in 1997 and 2002. On the investment front, there was a decrease in expenditure for industrial machinery and equipment. Public expenditure instead grew by 0.9 %, less so than in 2007 and not enough to counterbalance the negative contribution of other components. Deterioration of the economic picture involved several construction industry segments. After a decade of non-stop growth, the residential market featured a minus, with 2008 sales down by over 15 %. The downturn in demand was caused by various factors, i.e. the natural end of a cyclical period of constant growth, the increase in interest rates in the first nine months of the year, and the restriction of credit line facilities offered by the banking system. Lastly, the continuous upward trend of home prices set against a phase of general economic decline led to a negative price to quality ratio, particularly in Italy's largest metropolitan areas. Similarly, industrial building – accounting for about 30 % of the non-residential segment – featured a reduction of 4.5 %, while the commercial area achieved a partial growth of 5 % in the niche consisting of shopping centres and mass-market retail outlets. New public infrastructure works featured a reduction in investments (– 7.3 % vs. 2007) mainly because of cuts in the development and refurbishment of road and rail networks. The only sector going against the current trend was expenditure in the energy sector, slightly up vs. 2007 thanks to private investments by the major sector players.

January 2008 marked the coming into force of the second National Allocation Plan (NAP II) concerning the new allocation of CO_2 (carbon dioxide) emission quotas in compliance with the targets set by the Kyoto Protocol. After conclusion of a positive first cycle of emission reduction, the new plan covers a 5-year time span (2008 – 2012) and sets reduction targets that are tough for all players in the industry. The company recognises the importance of the new plan and will continue in the direction undertaken since 2005, i.e. earmarking of financial resources to reduce pollutant emissions and increase production efficiency, while respecting current regulations and the interests of the company's stakeholders.

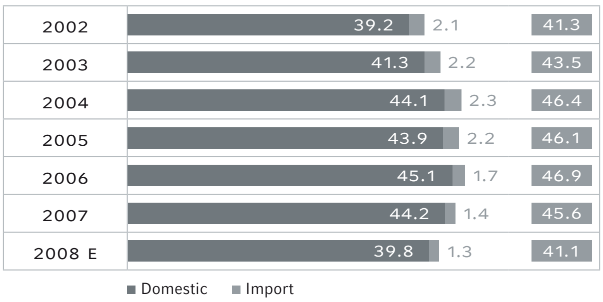
The decline of the building market affected cement deliveries in Italy (– 8.6 %). They were also affected by particularly adverse weather conditions in the latter months of the year, making it impossible to make up for losses suffered in the previous period. In December alone the market decreased by 32 % vs. December 2007. Our unit sales of hydraulic binders and clinker decreased by 13.2 % YoY, including quantities for export, which ended with a worse-than-average trend. Prices featured a positive trend in the first half of 2008, followed by gradual but continuous reduction, due to shrinkage of demand and intensification of competition. Unit revenues increased by an average of 8 %, which was not sufficient to counterbalance lower unit sales. The combination of lower volume and higher prices translated into a 7.6 % reduction in net sales of cement, which decreased from € 606.7 mn to € 560.8 mn. To the detriment of profitability there was a further increase in production costs, mainly due to the surge of oil prices, which affected fuel and electricity prices. EBITDA was consequently 25.1 % lower than in 2007, decreasing from € 179.9 to € 134.8 mn. The year 2008 benefited from non-recurring income of € 7.0 mn, consisting of a project development fee paid by E.On upon conclusion of the cooperation in the energy sector, which culminated in construction of a new power plant fuelled by natural gas in Livorno Ferraris (in the province of Vercelli).

A major investment in the cement sector was the purchase of Dyckerhoff AG shares for a total of € 75.9 mn, which enabled Buzzi Unicem to increase its equity interest to 93.1 %. We also highlight the € 93.9 mn outlay to purchase the three grinding plants Cementi Cairo Srl, Parmacementi SpA, and Escalcementi Srl, enabling the group to increase its output capacity, with the aim of consolidating the market in Italy. Maintenance investments mainly related to upgrading of kilns at the Augusta, Travesio and Guidonia factories, for a total amount of € 8.2 mn. In Guidonia a new clinker depot was also built, making it possible to increase storage capacity by 60 thousand tons, with an investment of € 3.9 mn.

On 31 December 2008 production activity at the Santarcangelo (Rimini) plant ended. The company reached this decision because the competitiveness of the cement factory – which started operation back in 1920 – had steadily deteriorated in recent years. Moreover, the shortage of raw materials and increasing proximity of the residential area had made it impossible to plan growth. Total costs for site closure amounted of € 6.7 mn, consisting of write-downs of property, plant and equipment and of inventories and staff-related restructuring charges.

The ready-mix concrete sector built up a 17.4 % slowdown in output vs. 2007. This negative trend was common to all Italian regions, both as regards the ordinary market and the plants dedicated to major works. Profitability was dampened by the price increases of raw materials and diesel fuel, which had a heavy impact on distribution and logistics costs. The increase in selling prices (+ 4.9 %) was not sufficient to counterbalance the volume downturn. Net sales totalled € 420.9 mn (vs. € 497.0 mn in 2007), decreasing by 15.3 % YoY. Segment EBITDA was severely down vs. 2007 (– 72.2 %), decreasing from € 24.9 mn in 2007 to € 6.9 mn in 2008. The purchase of Calcestruzzi Nord Est Srl, completed during the year, for € 6.2 mn, will enable the group to consolidate its presence already as from 2009 in the geographical areas concerned and to intensify its activity particularly in the Piedmont region.

Italy – Cement Consumption
(million tons)



Germany

TRADING CONDITIONS CEMENT BUSINESS

Volumes	+ 2.1 %
Prices	+ 6.7 %
Mkt share	15 %

Cement plants
Grinding plants
Ready-mix concrete plants

millions of euro	2008	2007	08/07
Net sales	594.8	514.9	15.5 %
EBITDA	102.7	138.9	−26.1 %
EBITDA recurring	102.4	80.5	27.2 %
% of sales	17.2	15.6	
Capital expenditures	63.0	59.8	5.3 %
Headcount end of period no.	1,653	1,537	7.5 %

Germany

The German economy maintained the positive growth trend of previous years. Nevertheless, analysis of the various periods of 2008 shows progressive slowing of GDP. While full-year GDP grew by 1 %, already in the second and third quarters economic grow started to slip (−0.5 %), with this becoming more evident in the fourth quarter when GDP decreased by 2.1 % vs. the same period of 2007. Manufacturing performance signalled the country's entry into recession mode. This was an across-the-board occurrence involving all the main European countries and was the result of the first intense repercussions of the financial crisis on the European real economy.

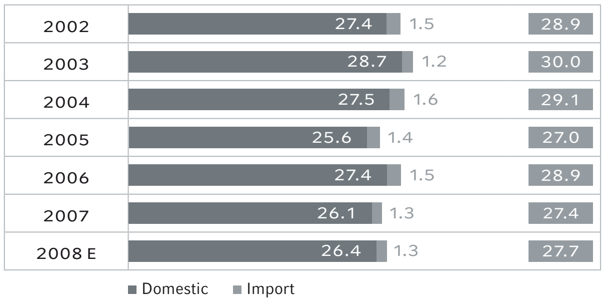
In the first part of the year Germany continued to benefit from the reform processes undertaken in the last few years by the various economic players. The government, able in restraining public spending, has managed to reform the pension system; companies have continued to work on internal restructuring and manufacturing delocalisation to reduce costs; trade unions have supported change, consenting to greater workforce flexibility. In the fourth quarter of 2008, however, the general lack of confidence drastically reduced the already low domestic demand coming from consumer spending and also exports, a key component of the German economy. Similarly, investments in durable goods suffered a notable downturn towards year-end.

The building industry experienced slowdown in the number of residential units completed during 2008 – just over 170 thousand (vs. 180 thousand in 2007). Many operations instead consisted of refurbishment and modernisation of existing buildings, partly because of their growing average age and partly with the aim of improving energy efficiency in the sense of long-term sustainability. In the non-residential sector, 2008 featured an increase in expenditure for the construction of new offices and industrial facilities, following the slow but steady return to Germany of some of the operations delocalised in Eastern Europe. In addition, there was favourable continuation of earmarking of funds for infrastructural works – in particular for development of the road network (investments up by 5 % vs. 2007) and of the rail network, which continues to benefit from the € 12.5 bn plan earmarked for the 5-year period 2006 – 2010.

The upturn in the Dyckerhoff subsidiary's unit sales of cement, which started in 2007, was consolidated during 2008, with progress of 2.1 % YoY, also thanks to exports to neighbouring countries. The average level of prices grew by 6.7 %, continuing the improved trend of 2007. Progress was major in the ready-mix concrete sector, which featured an 11.9 % increase in unit sales – mainly thanks to the enlarged scope of consolidation – with prices following suit (+ 10.6 %). Positive developments in Germany led to net sales of € 594.8 mn, up by 15.5 % vs. 2007 (€ 514.9 mn). Part of the growth was, however, due to the changes in the scope of consolidation occurring in the year, which had an impact of € 20.0 mn on total net sales. Recurring EBITDA amounted to € 102.4 mn, growing by 27.1 % vs. 2007 (€ 80.5 mn). Net costs for the purchase of CO_2 emission rights had an impact of € 3.2 mn on income statement.

Investments in property, plant and equipment totalled € 56.3 mn, mainly for expansion projects. More specifically, € 13.8 mn were used to increase slag-grinding capacity at the Lengerich factory and € 4 mn to replace the kiln used for white-cement production at the Amöneburg plant. € 3.9 million was used to adapt the Göllheim plant to make increased use of alternative fuels, and € 1.3 mn for big-bag bagging at the Deuna site. In addition, strengthening of the ready-mix concrete business continued via installation of new batching units.

Germany – Cement Consumption
(million tons)



Luxembourg

TRADING CONDITIONS CEMENT BUSINESS

Volumes	– 1.0 %
Prices	+ 5.1 %
Mkt share	NA

Cement plants
Grinding plants

millions of euro		2008	2007	08/07
Net sales		89.3	91.8	–2.7 %
EBITDA		17.4	21.5	–19.1 %
EBITDA recurring		17.4	22.0	–20.9 %
% of sales		19.5	24.0	
Capital expenditures		21.3	4.2	410.0 %
Headcount end of period	no.	150	149	0.7 %

Luxembourg

The efficient legislation and a business-friendly tax system mean that the finance sector continues to be the cornerstone of Luxembourg's economy. In 2008 the global financial turmoil therefore eroded the little country's economic growth, with GDP in the third quarter decreasing by 1.4 % YoY. The slowdown underway is also confirmed by other economic indicators, including the increase in the unemployment rate and the reduction of domestic demand and public expenditure.

Export unit sales of hydraulic binders and clinker remained virtually stable (– 1.0 %). Considering an average price increase of 5.1 %, net sales amounted to € 89.3 mn (vs. € 91.8 mn in 2007), down by 2.7 %. This reduction was solely due to the change in the scope of consolidation, following sale of Marbrerie Jaquemart in 2007, net of which net sales would have grown by 4.8 %. EBITDA decreased by 19.2 % to € 17.4 mn (vs. € 21.5 mn in 2007), with a 19.5 % margin on net sales. On a like-for-like basis, the decrease would have been of 25.5 % YoY. Deterioration of profitability was caused both by production cost inflation and by some extraordinary plant maintenance work.

The project to expand finishing mill capacity at the Esch Sur Alzette factory is nearing completion. As from 2009 this will make it possible to substitute part of clinker sales with sales of cement, thus favourably modifying the mix of average unit revenues. In 2008 the investments booked for the project amounted to € 17.4 million.

Netherlands

• Ready-mix concrete plants

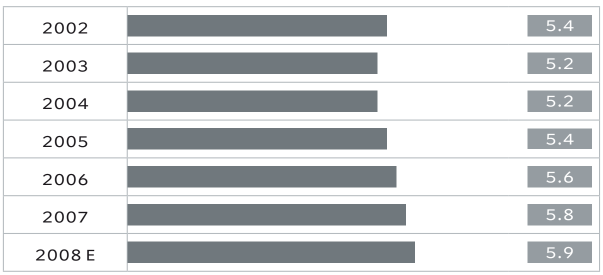
	2008	2007	08/07
millions of euro			
Net sales	132.9	140.6	–5.5 %
EBITDA	7.2	8.1	–11.3 %
% of sales	5.4	5.8	
Capital expenditures	5.4	3.2	70.4 %
Headcount end of period no.	297	277	7.2 %

The Netherlands

Dutch economic growth stopped at + 2.0 %, lower than in 2007 (+ 3.5 %) and showing a tendency to deteriorate in the third quarter (+ 1.9 %) and last quarter (– 0.6 %) of the year. The general slowdown in global trade dampened Dutch foreign trade, remembering that the international market is the main outlet market for the Dutch economy. Other economic indicators also show a decline in consumer spending and an increase in the ratio of public deficit to GDP, due to the growth of public expenditure to support domestic demand.

The residential construction sector, comprising both refurbishment & modernisation and new buildings, progressed by 0.8 % YoY, with production worth € 38 bn. Growth was dampened by the negative performance of new buildings (– 0.2 %), whereas maintenance activities – which are less influenced by cyclical trends – continued to grow. Conversely, growth of the non-residential market was definitely positive, and should be over 6 % YoY, driven by the industrial segment. Between these two results there was public infrastructural spending (+ 2.6 %), headed by investments for a new road network. Spending on flood-control works and barriers continues to grow constantly (+ 2 % YoY).

Netherlands – Cement Consumption
(million tons)



Poland

TRADING CONDITIONS
CEMENT BUSINESS

Volumes	+ 9.8 %
Prices*	+ 13.2 %
Mkt share	9 %

* in local currency

Cement plants
Grinding plants
Ready-mix concrete plants

millions of euro		2008	2007	08/07
Net sales		183.7	142.8	28.6 %
EBITDA		70.0	52.1	34.2 %
% of sales		38.1	36.5	
Capital expenditures		13.7	7.9	73.0 %
Headcount end of period	no.	419	403	4.0 %

Ready-mix concrete unit sales beat 2007 results, reaching 1.2 mn cubic m. (+ 17.7 %). Net sales totalled € 132.9 mn, slightly down vs. 2007 (€ 140.6 mn), following downscaling of trading activities in natural aggregates. EBITDA amounted to € 7.2 mn (vs. € 8.1 mn in 2007), thus confirming a recurring margin on net sales (5.4 %) similar to that of 2007.

Investments booked during 2008 amounted to € 5.4 mn and were dedicated to strengthening of the production and distribution network.

Poland

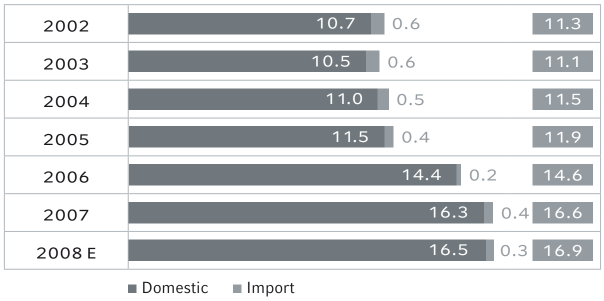
Poland continued its growth trend throughout 2008, albeit at a slower pace than in previous years. Despite the global crisis, GDP in fact progressed by 4.8 %. In 2009, however, the country is expected to enter a phase of technical recession, due to the crisis that is hitting its main foreign trade partners, i.e. Germany, Italy, France and the UK, together with Russia and Ukraine. Pressures on the Euro/Zloty exchange rate – which depreciated sharply in the last two months of 2008 after months of continuous appreciation – may affect the economic performance of Poland, which generates 75 % of its international transactions with EU countries. Notwithstanding a 2008 unemployment rate that was one of the lowest in recent years (9.5 %), together with slower growth of salaries, the creation of new jobs was on the decrease towards the end of 2008. These factors, combined with the decline in confidence and its related adverse effect on consumer spending, point to a deteriorating economic scenario in 2009.

2008 featured 13 % growth of the construction industry, albeit a few points less than in 2007 (+ 15.6 %). The American subprime mortgage crisis changed the approach to accessing credit, particularly for real estate projects, thus causing postponement of an unspecified number of possible developments. In addition, zloty devaluation continues to weigh heavily on the budgets of private individuals who have taken out debt in foreign currency, above all in euro and Swiss francs. Growth nevertheless involved the residential segment and also the public works segment, particularly for transport (roads and railways) – also thanks to EU funds.

Total quantities of cement produced in Poland grew by 1.5 % (+ 16.1 % in 2007), touching on 17 mn tons. December production, however, was tangibly down, with an 8.7 % decrease vs. December 2007. Our group managed to increase its unit sales of cement by 9.8 %, thanks also to the support received from the Czech Republic. Ready-mix output also grew (+ 4.6 %). Average selling prices progressed by 13.2 % in local currency, meaning that total net sales grew by 28.7 %, rising from € 142.8 mn in 2007 to € 183.7 mn in 2008. EBITDA featured a clear increase to € 70.0 mn (vs. € 52.1 mn in 2007), i. e. + 34.3 % YoY inclusive of the favourable foreign exchange effect. Results also improved in terms of margin on net sales, thus confirming a standard of operating efficiency among the best in the group.

Among the most important investments, we highlight revamping of a mill to increase production of composite cements (€ 1.5 mn) and replacement of the rotor and hammers of a crusher (€ 1.6 mn). In addition, ready-mix concrete production capacity was increased with the installation of new units for a total of € 3.5 mn.

Poland – Cement Consumption
(million tons)



GROUP PROFILE
REVIEW OF OPERATIONS
FINANCIAL INFORMATION

Czech Republic and Slovakia

TRADING CONDITIONS CEMENT BUSINESS

Volumes	+ 2.1 %
Prices*	+ 5.0 %
Mkt share	15 %

* in local currency

○ Cement plants
• Ready-mix concrete plants

millions of euro		2008	2007	08/07
Net sales		260.8	215.8	20.8 %
EBITDA		73.2	70.3	4.1 %
EBITDA recurring		73.2	67.0	9.3 %
% of sales		28.1	31.0	
Capital expenditures		14.6	8.4	74.3 %
Headcount end of period	no.	936	880	6.4 %

Czech Republic and Slovakia

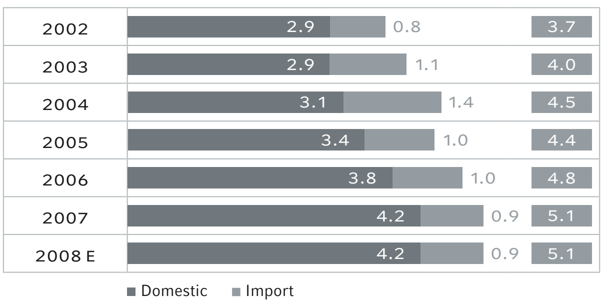
The Czech Republic's economy is estimated to have grown by around 3.5 % in 2008, fuelled by the increase of exports and of spending, both public and private, notwithstanding only a small increase in disposable incomes. GDP growth was thus tangibly lower than in 2007 (+ 6 %) following the European economy's adverse developments and strengthening of the Czech koruna against the US dollar and the euro. The Czech Republic's adoption of the euro, which had already been postponed from 2010 to 2012, has now once again been delayed. Oscillations of the koruna's value therefore remain a potential sensitive variable in the medium term. The foreign trade balance remained positive, with exports far exceeding imports and generating inward flows of capital. Germany confirmed its standing as the country's trading partner per excellence, followed by Poland, Slovakia and France.

Residential buildings were the segment growing the most in the building industry. Demand, however, was dampened by a marked increase in the price of homes, with percent rises higher than average consumer goods inflation. Data concerning civil buildings instead started to show inversion of their trend after two years of stagnation. Growth of the non-residential sector, although positive, fell short of expectations due to the decrease of investments, above all by private individuals, caused by the global economic slowdown.

In this setting, unit sales of cement grew by 2.1 %, while cement consumption in the country remained substantially stable at around 5.1 mn tons. Ready-mix concrete production in the Czech Republic and Slovakia topped 2.4 mn cubic metres (+ 5.6 %). Total net sales rose to € 260.8 mn, increasing by + 20.8 % vs. € 215.8 mn in 2007 – aided by an increase in the average prices of cement (+ 5.0 %) and RMC (+ 2.3 %). EBITDA progressed to € 73.2 mn vs. € 70.3 mn in 2007, growing more slowly than other indicators, albeit still improving by 4.0 % YoY. While the 2007 figure benefited from non-recurring income concerning disposal of some company branches in the ready-mix concrete sector, the 2008 figure was instead affected by costs of € 1.6 mn for the purchase of emission rights. Operating costs also grew, both in the cement segment – due to higher prices of raw materials, electricity and fuel and to greater maintenance activity – and in the ready-mix concrete sector, in particular for the distribution function.

Enhancement maintenance accounted for the largest percentage of total capital expenditure. Specifically, it related to upgrading of ready-mix concrete production plant, in both the Czech Republic and Slovakia, for over € 3 million. In the cement segment, some items of machinery were replaced relating to quarrying of raw materials and clinker burning. Purchase of 100 % of SONDA sro, a company active in the natural aggregates business in Slovakia, led to an investment of € 4.9 mn.

Czech Republic – Cement Consumption
(million tons)



Ukraine

TRADING CONDITIONS CEMENT BUSINESS

Volumes	– 2.2 %
Prices*	+ 33.9 %
Mkt share	18 %

* in local currency

- Cement plants
- Grinding plants
- Ready-mix concrete plants

millions of euro		2008	2007	08/07
Net sales		209.4	179.2	16.8 %
EBITDA		49.9	58.1	– 14.1 %
% of sales		23.8	32.4	
Capital expenditures		48.9	20.3	140.7 %
Headcount end of period	no.	1,782	1,740	2.4 %

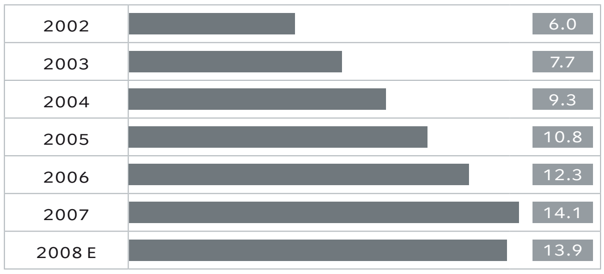
Ukraine

Ukraine was affected by the succession of political events occurring in the last few months. These featured, in particular, international tensions with Russia due to the energy disputes arising between the two countries and also following the USA's opening to Ukraine's entry into NATO. Internally, it was instead the difference of visions concerning the country's future – evident among the country governors – that caused a definitely unstable climate. This was such as to block the reforms necessary to modernise the country, bring it closer to other European countries, and create the prerequisites for sustainable long-term economic growth. As a result, Ukraine is one the countries hardest hit by the global economic crisis, due to the very lack of a network of political and economic infrastructures able to respond fast to decline. After economic growth averaging 7.4 % in the last seven years, in 2008 GDP growth stopped at + 2.1 %. Once again in this case, the year-end result was decisively affected by the last few months of 2008 – and in particular by November and December, when GDP dropped by 14 % and 19 % respectively. For 2009 negative grow in excess of 5 % is expected, thus meaning deep recession for the country. The economic situation was further exacerbated by the rapid growth of inflation, which in 2008 reached 25 %, double that of 2007 (12.8 %), and by the depreciation experienced by local currency hryvna. In order to head off the country's potential insolvency, the International Monetary Fund earmarked USD 16.4 billion for the 3-year period 2008 – 2010, part of which had already been used at the end of 2008.

The construction market suffered marked deterioration towards the end of the year, with a downturn of 16 % in the fourth quarter. In line with this trend and notwithstanding excellent progress in the first nine months of the year unit sales of cement and ready-mix concrete ended the year down by several percent points, i. e. – 2.2 % and – 6.9 % respectively. Consistently with the inflation rate highlighted above and with relatively strong demand for a good part of the year, average price in local currency showed an evident increase, i. e. + 33.9 % for cement and + 22.7 % for ready-mix concrete. Net sales totalled € 209.4 mn, growing by 16.8 % vs. 2007 (€ 179.2 mn). Notwithstanding this progress, however, EBITDA fell back both in absolute value (– € 8.2 million) and in terms of margin on net sales (from 32.4 % to 23.8 %).

The marked slowdown in demand, which emerged very forcefully in the latter months of the year, has made it necessary to revise projects for expansion of our Ukrainian production capacity. At the beginning of 2009, upgrading of a previously unused kiln at the Rivne factory was completed and substitution of natural gas with coal at both sites – which will restore a better profitability already starting from 2010 – continues to be of primary importance. We have instead suspended sine die the project for the new brownfield production line at the Rivne plant, which in 2008 required further investment of € 13.6 mn. The other investments booked in 2008 consisted of € 1.9 mn for upgrading of the kiln and € 11.7 mn for work relating to the switch to coal. The production and distribution capacity of our products was also increased, via investments of € 1.2 mn in new ready-mix concrete units and of € 4.6 mn in equipment for delivery by road and rail.

Ukraine – Cement Consumption
(million tons)



Russia

TRADING CONDITIONS CEMENT BUSINESS

Volumes	−3.0 %
Prices*	+45.7 %
Mkt share	4 %

* in local currency

Cement plants

		2008	2007	08/07
millions of euro				
Net sales		267.3	197.9	35.1 %
EBITDA		173.2	94.7	82.9 %
% of sales		64.8	47.9	
Capital expenditures		96.8	34.1	184.3 %
Headcount end of period	no.	1,549	1,531	1.2 %

Russia

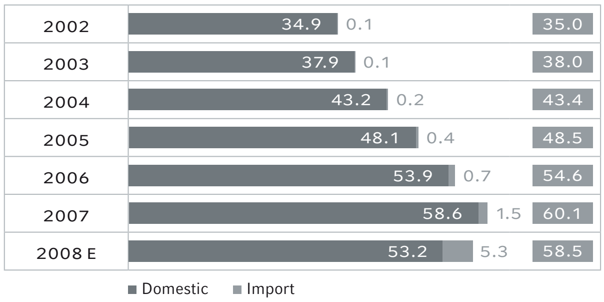
The first part of the year was favourable for the Russian economy, driven by the energy sector, which experienced strong growth of commodity prices, headed by gas and oil. The first signs of slowdown emerged towards the end of the first half, then becoming more accentuated in the second part of 2008, when the price of oil slumped to USD 40/bbl. The energy sector in fact accounts for half of the Russian Federation's total income. Disappearance of growth expectations for the Russian market – which in the first half of 2008 were still pervading financial analyses – triggered a rapid change in perception of the country risk, with a consequent abrupt outflow of investments and foreign capital for an estimated total amount of around USD 100 billion. Central state intervention and the sale of USD reserves to stem rouble depreciation had marginal and short-lived benefits. Recent news is downgrading of the rating assigned to Russia by the main international agencies.

The downturn in investments had immediate effects also on the construction industry, which nevertheless grew by 12.8 % vs. 2007 (when it grew by 18.2 % YoY). Civil engineering works were the main type of constructions completed (52.5 %), followed by commercial buildings (24.4 %) and residential buildings (23.1 %). Deterioration of the macroeconomic picture created huge financial problems for real estate players, with consequent interruption of a wide range of projects either underway and/or scheduled, aided and abetter by the mortgage credit crunch and the surge in interest rates, which in 2008 hit a peak of 30 % on an annual basis. Despite government intervention to support the sector, via earmarking of over USD 17 billion, many projects (including the Russia Tower in Moscow and the Mediapark of Konstantinovo) have been postponed.

The picture described above led to reduction of cement volume produced in 2008 by over 10 %. Thanks, however, to our more favourable geographical exposure (the Urals region), our group was able to maintain a level of unit sales (–3.0 %) not too far off that achieved in 2007. Driven by quite high inflation (13.3 % in December), prices experienced an annual average increase of 45.7 % in local currency. Net sales rose from € 197.9 mn to € 267.3 mn (+ 35.1 %) and EBITDA improved by 82.9 % from 94.7 mn in 2007 to € 173.2 mn in 2008. Logistics and assembly costs for the new production line had an impact of € 5.5 mn on the income statement (vs. € 30.0 mn in 2007). EBITDA margin on net sales, already 47.9 % in 2007, reached 64.8 %, at the group's highest level.

Work continued on 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 tons in addition to the present 2.4 mn tons (+ 50 %). We expect that the new plant will be completed and started up by the end of 2009. In 2008 € 63.2 mn was booked for this project. Due to Russia's changed economic conditions, the project for the new greenfield line in Akbulak has been slowed and start-up is now expected to take place not earlier than 2014. Commitments made in this respect do not exceed 25 % of the total budget, which amounts to approximately € 440 mn. During 2008 the Akbulak project required investments totalling € 22.0 mn.

Russia – Cement Consumption
(million tons)



United States of America

TRADING CONDITIONS CEMENT BUSINESS

Volumes	– 10.5 %
Prices*	– 3.2 %
Mkt share	9 %

* in local currency

- Cement plants
- Grinding plants
- Ready-mix concrete plants

millions of euro		2008	2007	08 / 07
Net sales		750.0	850.9	– 11.9 %
EBITDA		205.8	304.1	– 32.3 %
% of sales		27.4	35.7	
Capital expenditures		206.5	158.1	30.6 %
Headcount end of period	no.	2,440	2,382	2.4 %

United States of America

The downward economic trend, which started in 2005 – 2006, also continued in 2008 and US GDP growth stopped at + 1.1 % after the worst fourth quarter of the last 26 years (– 6.2 %). The USA, – the epicentre of the financial and economic collapse triggered by the real estate crisis – was the first country to experience inversion of the economy's direction and a big drop in production. The problems relating to the sudden lack of financial cover rapidly contaminated some of the big players in the insurance and finance industry. Fannie Mae, Freddie Mac and AIG, the most sensational cases, required Washington's direct intervention to avoid bankruptcy, which instead was the fate of the merchant bank Lehman Brothers. In this economic environment, public debt (excluding that of the federal pension system) grew to more than 40 % of GDP while household debt is now close to 100 % of GDP. The unemployment rate rose from just under 5 % at the beginning of 2008 to 7.6 % in January 2009. Domestic demand has slumped with deflationary effects, leading to an average reduction of prices of more than 1 % month-on-month in the fourth quarter of 2008. On the currency front, the EUR / USD exchange rate featured annual depreciation of the USD, which, after hitting all-time lows between the first and second quarter, then picked up towards the end of 2008.

The construction market decreased by over USD 50 billion between the start of 2007 and December 2008, shrinking by 6.5 %. The segment hardest hit by the real estate crisis was the residential one, which suffered a decrease of 24.0 %. The non-residential market and public works instead featured positive trends, i.e. + 10.6 % and + 2.3 % respectively. Cement consumption necessarily felt the effects of such a negative economic situation, decreasing by nearly 30 mn tons in the last two years. Forecasts for the 2-year period 2009 – 2010 remain negative – but may change significantly based on the economic stimulus plan launched by the new government following the taking of office by President Obama. The plan envisages investments totalling USD 800 billion, of which about 100 directly or indirectly benefiting construction. The plan could benefit cement volume by over 45 mn tons in the 3-year period 2009 – 2011, permitting positive revision of growth estimates and triggering a first positive sign in consumption already in 2010 (+ 9.1 %) then continuing in 2011 (+ 7.3 %).

The country’s economic environment penalised the group’s results, reducing unit sales by 10.5 %. The figure is better than that of the national market as a whole (– 15.3 %), but even States that in the first part of 2008 had featured growth, like Texas, dipped into recession in the fourth quarter. Acquisitions made in the ready-mix concrete sector instead permitted unit sales growth of 18.9 %. During the year weather conditions, both in the spring and in the last two months of the year were less than favourable for building activity, with widespread rainfall and extensive hard frosts.

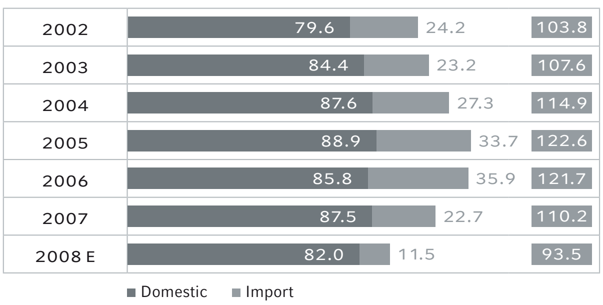
Total net sales, aggravated by a moderate decrease in prices (– 3.2 % in local currency), ended the year at USD 1,103.1 mn (– 5.4 %), i. e. € 750,0 mn (– 11.9 % YoY). Foreign exchange had a negative effect of € – 54.8 mn, while enlargement of the scope of consolidation gave a positive contribution of € 35.8 mn. The trend in production costs was unfavourable, mainly as regards energy factors and gasoil, the impact of which on the US distribution structure is significant. Lower unit sales also affected the level of capacity utilisation, further worsening unit production costs. As a result, EBITDA deteriorated by 32.3 % from € 304.1 mn to € 205.8 mn, with EBITDA margin doing likewise and retrenching from 35.7 % to 27.4 %.

In the second half of the year, we implemented a process to restructure our US operations. This led to the halt of clinker and cement production at Independence (Kansas) and of slag grinding at the New Orleans (Louisiana) site. The two units remain active solely as distribution terminals. In addition, the cement factory in Oglesby (Illinois) has temporarily ceased production, as of 1 December 2008, pending better market conditions.

Work continued on expansion of the Selma (Missouri) factory, which, when on-stream, will feature production capacity of 2.3 mn tons vs. 1.3 mn tons today. In 2008 the investments booked for the project amounted to € 108.8 mn. The new plant is nearing completion and will be started up by the end of the first half 2009. Other investments also involved the sites of Chattanooga (Tennessee), with modifications to the clinker-burning line totalling € 7.3 mn, and Stockertown (Pennsylvania), where a start was made on the preliminary work necessary for total revamping of the cement-grinding department.

During the year a number of deals were completed in the ready-mix concrete segment with the aim of assuring better vertical integration. Alamo Cement acquired Dorsett Bros. Concrete Supply, an important producer of ready-mix concrete and stabilisers in Houston (Texas).

USA – Cement Consumption
(million tons)



Mexico

TRADING CONDITIONS CEMENT BUSINESS

Volumes	–1.7 %
Prices*	+5.7 %
Mkt share	11 %

* in local currency

○ Cement plants
• Ready-mix concrete plants

millions of euro		2008	2007	08/07
Net sales		410.3	424.0	–3.2 %
EBITDA		159.8	183.9	–13.1 %
% of sales		38.9	43.4	
Capital expenditures		38.4	21.2	80.8 %
Headcount end of period	no.	1,096	1,097	–0.1 %

figures at 100 %

In the last few days of the year it also acquired Barrett Holding, a group active in the ready-mix concrete and natural aggregates segments in the Harlingen zone in Texas. Buzzi Unicem USA purchased the assets of US Concrete in Memphis (Tennessee) integrating them in its facility already existing at the location.

Mexico

Mexico felt the effects of the global economic slowdown mainly because of its very close trade relations with the USA. Its GDP nevertheless progressed by 1.3 % vs. annual average growth of 3.8 % in the period from 2004 to 2007.

Factors affecting the figure were the decline of investments and of exports of goods and services, as well as shrinkage of personal consumption expenditure, coupled with higher inflation (+4.5 % in the last part of the year), which also affected consumer goods. Public spending went against the current, fuelled by higher tax income. 2008 also featured a sharp decrease in remittances coming from expatriate Mexicans working abroad (especially in the USA), which are an important source of consumer-spending finance. On a full-year basis their total value decreased by about 3.6 %, from USD 26.1 billion to USD 25.1 billion, whereas in December alone the decrease was 10 %.

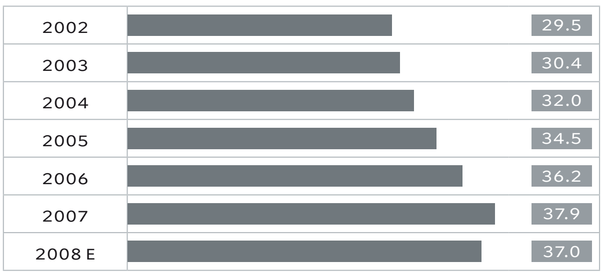
Foreign relations continue to be fundamental for the Mexican economy, both in terms of the weight of exports on GDP and as regards the growth of inward foreign investments underlying the development of local industry. In this scenario, the Mexican peso's depreciation versus both the euro and US dollar – particularly marked in 2008 – should be able to revitalise the economic opportunities offered by the country. The new administration is working on an extensive development programme, ranging from modernisation of legislation to reform of the energy sector, but whose key issues still have to be solved. Full implementation of these and other socioeconomic reforms remain a necessity to enable Mexico to continue the course of development initiated, with the awareness, however, of the slowdown underway.

During the first 11 months the value of the building market's product shrank by 0.4 %. The positive growth trend in the early months of the year came to a halt during the summer and, as from August, the minus sign characterised the building industry, with decreases of up to 3.6 %. Decline mainly involved the oil sector (–27 %) whereas growth of infrastructural spending for transport (+14 %), energy and telecommunications (+17 %) continued.

This sector scenario affected the results of the associate company Corporación Moctezuma, which ended the year 2008 with a 1.7 % reduction of unit sales of cement, whereas prices continued to show reasonable progress (+5.7 %), in line with inflation. Net sales and EBITDA in local currency respectively featured an increase of 5.3 % and a decrease of 5.5 %. Weakening of the peso continued to penalise translation of results into euro: reported sales decreased by 3.2 % YoY, descending (as regards the group's 50 % share) from € 212.0 mn to € 205.1 mn, while EBITDA fell back by 13.1 % to € 79.9 mn (vs. € 91.9 mn in 2007). EBITDA margin slipped from 43.4 % to 38.9 % due to tangible increases on the cost front, in particular of raw materials and fuels.

Construction of the new plant in the state of Veracruz, in the municipality of Apazapan, is proceeding on schedule with an estimated investment of USD 265 mn for a 1.3 mn tons line. The new line is scheduled to start operation in 2011. In 2008 investments booked for the project, for our 50 % share, amounted to € 24.1 mn. Ordinary capital expenditure continued in the direction of strengthening of the distribution system (€ 1.6 mn) and of the ready-mix concrete sector, with the purchase of new mobile resources and construction of new batching units (€ 4.5 mn).

Mexico – Cement Consumption
(million tons)



Algeria

As part of the privatisation programme promoted by the local government, in January 2008 Buzzi Unicem completed the purchase of 35 % of two Algerian companies – the respective owners of the cement factories in Hadjar Soud (located about 30 km from Annaba) and Sour El Ghozlane (located about 130 km south of Algiers). The governance agreement signed with the Algerian State, the majority shareholder, assigns to Buzzi Unicem the management of these units' operations.

We have set up an enthusiastic and highly professional team on-site, which has started to get familiar with the country and tackle the tasks assigned in a new and complex cultural reality. In the start-up phase, difficulties were not lacking. Specifically, in one of the two plants production activity was less than that of 2007, because installations required lengthy maintenance work – necessary to restore more efficient operating conditions. Conversely, at the second of the two production sites the production targets set for the first year of partnership were achieved and exceeded. Work will continue also in 2009 to support plant productivity and reduce emissions. Similarly, we will continue to focus our efforts on training local personnel and on achieving the best business organisation.

In 2008, cement demand in Algeria remained at high levels, in an environment of stable prices. As regards 100 % of the Algerian assets in which we have a stake, the year 2008 ended with net sales of € 64.7 mn and EBITDA of € 23.8 mn.

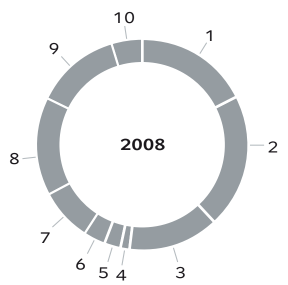
Human resources

The recessionary trend of the global economy – and in particular acceleration of deterioration starting in the second half of 2008 – affected the company's relations with personnel and with their representatives. In this climate of uncertainty, the group has trusted even more strongly in its fundamental values, in the firm belief that the commitment and involvement of people at all levels can be a source of ideas, proposals and projects useful for identifying new opportunities, improving those that already exist, and for building future development.

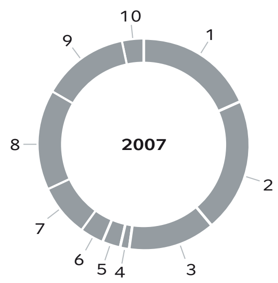
Trade union relations in 2008 featured some extremely important events. In Wiesbaden, on 29 and 30 January the foundations were laid for creation of the Buzzi Unicem European Works Council (EWC). The EWC agreement was signed at our World HQ in Casale Monferrato on 18 June, with the participation of all employee delegates coming from the 6 EU countries in which group companies are present.

19 February marked signature, in Rome, of renewal of the national collective labour contract for the cement industry in Italy, while the national collective labour contract applied by ready-mix concrete producers was renewed on 19 June 2008. In both cases agreements were reached with negotiations featuring normal dialectics between counterparties and avoiding futile conflictual tones.

Headcount by region at year end



1	Italy	2,071
2	United States of America	2,440
3	Germany	1,653
4	Luxembourg	150
5	Netherlands	297
6	Poland	419
7	Czech Republic and Slovakia	936
8	Ukraine	1,782
9	Russia	1,549
10	Mexico (50 %)	548



1	Italy	2,072
2	United States of America	2,382
3	Germany	1,537
4	Luxembourg	149
5	Netherlands	277
6	Poland	403
7	Czech Republic and Slovakia	880
8	Ukraine	1,740
9	Russia	1,531
10	Mexico (50 %)	549

Between 10 and 18 May 2008, at the initiative of CEMBUREAU (The European Cement Association), a Europe-wide "Cement Factory Open Days" event was organised for employees, their families, business partners (customers, suppliers, advisors, transporters, etc.) and local communities. Buzzi Unicem took part in the event with the factories of Hranice (Czech Republic), Nowiny (Poland), Geseke (Germany), Esch (Luxembourg) and Vernasca, Robilante and Augusta in Italy. It was a great success and equally great was the satisfaction of all the employees involved.

With the deterioration of the global economic situation we unfortunately had to take painful decisions concerning the halt of some production activities. Buzzi Unicem USA decided on definitive cessation, as from 5 September 2008, of cement production in Independence (Kansas). A similar, but not definitive decision – in the hope of market improvement – was taken, as of 1 December 2008 for the factory in Oglesby (Illinois).

As of 31 December 2008, operations ceased definitively at the Buzzi Unicem plant located in Santarcangelo di Romagna in Italy. In completing these restructuring moves, the company has endeavoured to make every effort to help people willing to transfer to other group factories and has activated initiatives to help employees left jobless to find possible alternative employment. The corporate attitude was appreciated by employees and union representatives. Thanks to a serious collaborative spirit and to everyone's efforts, it was possible to reduce difficulties for those who have had to face up to the drama of losing their jobs.

Part of the ex-employees of Santarcangelo were transferred to Unical, mainly thanks to the start, in December, of the "ACCADUEO Project" – a major initiative designed to assure, for end-user customers, the exact match between the product's actual and theoretical performance. The work plan required extensive initial training for all Unical personnel and creation of a new professional figure, i.e. the Technical Site Assistant. Training activity will also continue after launch of the project because, alongside technical skills, the Unical organisation must be the carrier of a new culture, in a sector typically resistant to change.

Projects to hire and bring on board young university graduates continued, together with the growth plans for those hired in 2006 and 2007. Efforts focused on technical/production professional skills and on specialisation in occupational safety and environmental protection. Personal training activities continued to be extensive: in 2008 group employees received 30,153 days of training. The 2007 total was about 5,000 days higher due to an extraordinary safety training initiative in Russia (9,000 training days).

As for personnel, we highlight hereunder some main indicators:

	2008	2007
Turnover	13.8 %	13.3 %
Absence days	88,708	89,576
Training days	30,153	35,058

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 of special products for use in the construction industry that supplement and underpin our main product ranges.

The Research & Development Division has the responsibility for all projects and for co-ordination of the three central laboratories of Guidonia, Trino and Wiesbaden. The most recent activity goes in the direction of consolidating a leadership role in research, to blaze the trail for new knowledge able to contribute to innovation of construction materials. Nanosciences, nanotechnologies, and the study of new materials and production technologies, together with strengthening of our ties with the university world form the basis on which to work to achieve this objective.

In the last year, with the introduction of new analysis technologies at group laboratories and thanks to scientific collaboration with the Università del Piemonte Orientale (East Piedmont University), a start has been made on important work concerning study of the chemical/physical systems regulating cement hydration. Turin University is a strategic partner in in-depth study and development of the potential offered by photo-catalytic systems, an area in which Buzzi Unicem is developing its own technology. This research topic – particularly delicate given the environmental expectations involved – is addressed with the assistance of experts coming from various industrial sectors, from the environmental field, and from the academic world. The objective is to understand to what extent the overall technology of photo-catalytic materials can really affect the environment and thus to permit development of materials featuring highly efficient and long-lasting photo-catalytic properties.

The spread and use of new analysis technologies in our laboratories, the introduction of X-ray diffractometric analysis to control production, together with utilisation of advanced chemometric techniques to manage and optimise production processes, are the approaches we are promoting to support the group's production operations.

Work is continuing, with the collaboration of Università della Basilicata, on development of new-generation hydraulic binders that are innovative in terms of performance and environmental impact. Market launch took place about a year ago of a range of products (marketed under the name "S.A.Cement") featuring sulphur-aluminate cement – a binder with low CO_2 emission and extraordinary performance in terms of strength gain and shrinkage compensation.

Lastly, as regards common cements coming with the UNI EN 197/1 standard and our corporate quality system, all our cements have the CE mark and Buzzi Unicem has obtained renewal of voluntary UNI EN ISO 9001 quality system certification for all its Italian plants.

Ecology, environment and safety

Buzzi Unicem is increasingly aware that a company's success depends on understanding, and on even possibly pre-empting, the legitimate expectations of the environment in which it operates and with which it interacts.

In this respect, championing of the centrality of the individual and of environmental protection are primary objectives of responsible management. The latter in term is indispensable to combine technical and production necessities with regulatory requirements and, above all, to ensure production processes that are technologically and qualitatively excellent, in places that are safe, controlled and respectful of the environment and of employees' health and safety.

Enhancement of our eco-efficiency and eco-compatibility is constantly pursued via technical work designed to assure systematic application of the best available techniques (BATS), together with voluntary adoption of innovative management tools and certification schemes, in line with evolution of the European legislative scenario.

Consistently with these objectives and commitments, in 2008 numerous investments concerned improvement of production processes' qualitative and environmental performance. This involved (a) creation and optimisation of techniques for the abatement of pollutant emissions (powders and nitrogen oxides) and (b) increased energy recovery, relating to the search of alternative fuels having sufficient caloric content and biogenic fraction, in order to make a significant contribution to minimisation of CO_2 emissions, in accordance with the commitments by the European Community via the Kyoto Protocol.

Increasingly effective and reliable monitoring of clinker-burning kilns' emissions assures a significant "image effect", which can easily be understood by a larger number of people and also be a key moment in legitimation of our work and consolidation of our credibility.

The spread of consistent initiatives in this respect, such as the "Cement Factory Open Days" in which we took part with our 7 most representative European factories, opening them for a few days to local communities – provide a comprehensive overview of the group in the complex mechanism of social interaction and sharing and make it possible to strengthen the dialogue with people, institutions, and environmentalist associations.

Buzzi Unicem also continued to dedicate the utmost attention to the environmental profiles associated with "cement" and "ready-mix concrete" as products. It did so by promoting a series of information activities concerning the EPD (Environmental Product Declaration) mark in order to give greater visibility to this certification, which in future will be an essential accompanying document and characterisation of construction materials' performance.

In "eco-sustainable" design, it is in fact desirable that designers, architects and engineers also consider environmental performance, and not just economic and structural performance, in order to stimulate demand and direct consumers and the public administration towards the choice of greener products.

Great attention was paid to on-the-job safety, notwithstanding occurrence of a fatal casualty in the USA. Careful analysis of group injuries confirms that about 90 % of them occurred due to behavioural factors (e.g. failure to use individual protective devices and non-compliance with established procedures, etc.), whereas only 10 % related to structural failings involving plant or equipment. Because of this, the group's safety initiatives have been directed towards awareness-building and involvement of all personnel, based on the slogan "Only with the awareness and commitment of each of you we can build real safety".

This means considering the worker as the "subject" – and no longer the "object" – of prevention. It means prevention is no longer viewed passively or left exclusively to the professional specialists responsible for it, but instead recognised as a shared need by personnel and outside staff, in which everyone is at one and the same time responsible, aware, and involved.

Starting from Italy, this ambitious participative project led to the distribution of posters and information brochures and, in particular, to implementation of specific training modules targeting the various company functions.

In 2008 the group maintained the excellent standards of past years as regards both the injury frequency rate and the lost-time injury rate. For the third consecutive year no injuries occurred in the factories of Augusta (Italy); Independence, Maryneal and New Orleans (USA); Neuss (Germany), and Tepetzingo (Mexico) and none for the second year running in the factories of Nikolajev (Ukraine) and Hranice (Czech Republic). Also in the Ukrainian RMC batching units, no injuries occurred for the second consecutive year.

Risk management and description of main risks

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 Inc. and its subsidiaries
_Alamo Cement Co. and its subsidiaries.

The risk management system has 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, our enterprise risk management (ERM) takes the concrete form of a 6-monthly procedure of risk inventory-taking, control and reporting. All this is based on a comprehensive, known, and acceptable risk strategy.

Buzzi Unicem's approach to risk 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. As part of the overall risk management and control process, risks may therefore be avoided, mitigated, transferred or taken.

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 have been 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 performed by group central units and divisions have been recorded in a single central database. The categories of risk analysed were those concerning production, financial, legal, and tax risks underlying the overall operations of group companies.

For the sake of completeness, we point out that the risk highlighted by the ERM system and accounting provisions do not necessarily match. This is because of the different purposes of these two instruments (prevention and management in the case of the former and proper accounting representation in the case of the latter). ERM necessarily takes into account unbudgeted risks and also those whose estimate (in terms both of likelihood of occurrence and of impact) is not such as to cause their representation in financial statements. In any case, ERM, although it is indeed a management tool at the disposal of top management to assess and control risks, has also been very useful indeed for the calculation of provisions, permitting more direct and thorough knowledge of operational processes and more accurate calculations when making provisions.

In the second year of use of the ERM system, besides their absolute value, we have also been able to assess the evolution over time of the main risk categories and their possible impact on corporate assets. More specifically, as regards cash investments, there is evidence of a fair increase in risks relating to bank deposits and intergroup loans in Central European countries. In the face of this increase, the mitigation actions envisaged are (a) concentration of transactions in banks with high ratings and (b) a limited number of bank accounts in the more unstable countries, as well as (c) provision of loans only when we own a majority interest. The foreign exchange risk relating to foreign-currency financial transactions or purchases of goods and services instead regards the part not hedged by specific forward contracts. This risk can be monitored by (a) closer monitoring of exchange rates, (b) greater contact with banks and their research departments, and (c) analysis of their forecast reports. As far as the operating market risk is concerned, there is evidence pointing to deterioration of profitability in the Ukraine, Russia and USA due to a probable decrease of prices and volume in the next two years, with limited and not very effective mitigation actions. As regards procurement, possible fuel price tensions can be combated by changing the mix of fuels used and increasing the share of waste-derived fuels (made from both industrial and domestic waste).

Following the mitigation actions implemented or envisaged by the group's central units and divisions, with insurance policies taken out and provisioning in accounts, the residual risk amount is equivalent to a very small portion of equity attributable to parent company equity holders and with no effect whatsoever on continuation of business.

Outlook

In Italy, cement demand is expected to slow down by about 10 %, due to the lack of new public works jobs and the downward residential building cycle. We nevertheless do not rule out a certain improvement in selling prices, albeit only partly sufficient to make up for the negative impact of lower volume on profitability. The income statement will start to show more evident benefit from current energy cost deflation as from the second half of the year.

In Central European markets (Germany, Luxembourg, and the Netherlands), the trend in construction investments is expected to decline, with decreases in the region of 5 %. Consequently, demand is likely to weaken, although not too abruptly. We do not exclude market acceptance of some price increases and therefore expect operating performance to be only a few percentage points lower than in 2008.

East European countries (the Czech Republic, Poland, Ukraine, and Russia) will cease to have the profit-driver effect distinguishing the last two years, even though, in some markets, profitability will remain at satisfactory levels. We expect slack volume in Russia and a very difficult situation for the building industry in Ukraine. In these two countries, the pricing trend looks set to be unfavourable, especially in Russia where the level will decrease very visibly compared with the first quarter of 2008. In the two EU countries (the Czech Republic and Poland), the market and pricing slowdown should be less marked. There has been recent news of the sizeable devaluation involving most of the East European currencies (i.e. hryvnia 40 %, zloty 23 %, ruble 22 % in the first two months of 2009). Given this, translation of the results into euro is likely to be further penalized by the negative foreign exchange effect.

In the USA, the economic situation is not yet showing any tangible sign of recovery. The crisis of the residential real estate market is expected to last for the whole of 2009 and cement consumption is again expected to feature double-digit decline. Lower unit sales will continue to impact imports, but above all local production levels, with consequent worsening of operating margins. It is thought that the stimulus package launched by President Obama will yield its first positive effects starting in the last part of the year.

In Mexico, the economic growth outlook for 2009 is negative (about –3 %). We nevertheless expect government commitments to be maintained as regards the infrastructure and welfare development plans. Our associate Corporación Moctezuma projects unit sales declining slightly vs. those of 2008, combined with recovery of average unit revenues. Operating results in local currency will probably be lower than those of the previous year, but still satisfactory. We expect exchange rate fluctuations to have a somewhat penalising effect (in the first two months of 2009 the peso lost 16 % against the euro).

The 2009 economic scenario looks tough and very insidious, as the extent and global scope of the crisis will tend to neutralise the benefits of our good geographical diversification. Given this, albeit in the uncertainty typical of estimates – particularly at the present time – we believe that 2009 consolidated accounts will end with recurring operating results about 20–30 % lower than those of 2008. Foreign exchange volatility will play a decisive role in determining the exact decrease. We nevertheless still hope that marketplace conditions will start to improve in the last part of the year, particularly in those countries (the USA and Italy) hardest hit by the crisis in 2008.

Financial information year 2008

CONTENTS

Consolidated Balance sheet

	Note	Dec. 31, 2008	Dec. 31, 2007
thousands of euro			
Assets			
Non-current assets			
Goodwill	7	576,104	550,369
Other intangible assets	7	15,130	9,715
Property, plant and equipment	8	3,222,193	2,837,601
Investment property	9	15,394	13,483
Investments in associates	10	232,701	130,083
Available-for-sale financial assets	11	65,731	12,382
Deferred income tax assets	27	44,057	40,460
Defined benefit plan assets	25	48,826	39,572
Derivative financial instruments	12	–	287
Other non-current assets	13	89,033	94,034
		4,309,169	**3,727,986**
Current assets			
Inventories	14	382,623	319,671
Trade receivables	15	511,281	534,981
Other receivables	16	132,595	138,421
Derivative financial instruments	12	9,096	2,985
Available-for-sale financial assets	11	2	14
Cash and cash equivalents	17	578,694	760,672
		1,614,291	**1,756,744**
Assets held for sale	18	30,267	
Total Assets		**5,953,727**	**5,484,730**
Equity			
Capital and reserves attributable to equity holders of the company			
Share capital	19	123,637	123,532
Share premium	20	458,696	457,059
Other reserves	21	71,568	110,150
Retained earnings	22	1,847,756	1,561,249
Treasury shares		(8,286)	(6,100)
		2,493,371	**2,245,890**
Minority interest	23	212,085	267,537
Total Equity		**2,705,456**	**2,513,427**
Liabilities			
Non-current liabilities			
Long-term debt	24	1,394,665	1,140,368
Employee benefits	25	322,490	322,734
Provisions for liabilities and charges	26	244,678	230,031
Deferred income tax liabilities	27	475,062	451,491
Other non-current liabilities	28	43,430	10,907
		2,480,325	**2,155,531**
Current liabilities			
Current portion of long-term debt	24	141,580	107,024
Short-term debt	24	10,039	17,835
Trade payables	29	310,429	318,212
Income tax payables	30	63,171	108,462
Derivative financial instruments	12	61,395	112,278
Other payables	31	154,843	151,961
		741,457	**815,772**
Liabilities held for sale	18	26,489	–
Total Liabilities		**3,248,271**	**2,971,303**
Total Equity and Liabilities		**5,953,727**	**5,484,730**

Consolidated Income Statement

	Note	2008	2007
thousands of euro			
Net sales	32	**3,520,232**	**3,496,134**
Changes in inventories of finished goods and work in progress		20,985	27,206
Other operating income	33	97,799	142,517
Raw materials, supplies and consumables	34	(1,431,059)	(1,355,332)
Services	35	(761,305)	(763,391)
Staff costs	36	(429,994)	(414,105)
Other operating expenses	37	(93,983)	(86,755)
Operating cash flow (EBITDA)		**922,675**	**1,046,274**
Depreciation, amortization and impairment charges	38	(225,003)	(210,945)
Operating profit (EBIT)		**697,672**	**835,329**
Gains (losses) on disposal of investments	39	11,968	(639)
Net finance costs	40	(66,352)	(22,245)
Equity in earnings of associates	41	7,050	12,385
Profit before tax		**650,338**	**824,830**
Income tax expense	42	(179,557)	(288,301)
Net profit		**470,781**	**536,529**
Attributable to:			
Equity holders of the company		395,252	458,463
Minority interest		75,529	78,066
euro			
Earnings per share	43		
basic			
ordinary		1.92	2.23
savings		1.94	2.25
diluted			
ordinary		1.92	2.23
savings		1.94	2.25

Consolidated Cash Flow Statement

thousands of euro	2008	2007
Cash flows from operating activities		
Net profit	470,781	536,529
Depreciation, amortization and impairment charges	225,003	210,945
Equity in earnings of associates	(7,050)	(12,385)
Gains on disposal of fixed assets	(19,120)	(6,096)
Deferred income taxes	(12,007)	14,180
Employee share grants expense	592	1,716
Other non-cash movements	5,726	–
Net change in provisions and employee benefits	(261)	(36,883)
Changes in operating assets and liabilities	(139,334)	(119,239)
Net cash provided by operating activities	**524,330**	**588,767**
Cash flows from investing activities		
Purchase of intangible assets	(2,053)	(6,575)
Purchase of property, plant and equipment	(517,732)	(315,878)
Purchase of equity investments	(333,551)	(204,901)
Proceeds from sale of property, plant and equipment	16,189	17,707
Proceeds from sale of equity investments	18,104	12,549
Capital grants received	1,578	88
Dividends received from associates	10,652	12,555
Changes in financial assets and liabilities	43,098	(15,014)
Changes in available-for-sale financial assets	11	173,060
Net cash used in investing activities	**(763,704)**	**(326,409)**
Cash flows from financing activities		
Proceeds from long-term debt	342,519	200,973
Principal payments on long-term debt	(114,257)	(58,175)
Net change in short-term debt	7,841	(20,800)
Purchase of treasury shares	(2,778)	(2,831)
Shares issued to minority interest	340	257
Dividends paid to equity holders of the company	(87,231)	(83,042)
Dividends paid to minority interest	(40,335)	(16,714)
Net cash provided by (used in) financing activities	**106,099**	**19,668**
Increase (decrease) in cash and cash equivalents	**(133,275)**	**282,026**
Cash and cash equivalents at beginning of year	**760,672**	**514,798**
Increase (decrease) in cash and cash equivalents	(133,275)	282,026
Translation differences	(50,091)	(34,493)
Change in scope of consolidation	1,388	(1,659)
Cash and cash equivalents at end of year	**578,694**	**760,672**
Supplemental cash flow information		
Interest paid	88,876	84,682
Interest received	39,788	33,734
Income tax paid	184,300	253,461

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the company							
	Share capital	Share premium	Other reserves	Retained earnings	Treasury shares	Total	Minority interest	Total Equity
thousands of euro								
Balance as of January 1, 2007	**123,209**	**452,885**	**305,160**	**1,221,430**	**(3,269)**	**2,099,415**	**325,966**	**2,425,381**
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
Employee share grants expense	–	–	–	1,716	–	1,716	–	1,716
Net profit	–	–	–	458,463	–	458,463	78,066	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	–	(27,140)	23,385	–	(3,698)	(2,020)	(5,718)
Balance as of December 31, 2007	**123,532**	**457,059**	**110,150**	**1,561,249**	**(6,100)**	**2,245,890**	**267,537**	**2,513,427**
Income and expenses recognized directly in equity:								
Currency translation differences	–	–	(34,882)	–	–	(34,882)	(27,896)	(62,778)
Application of IAS 32 and 39	–	–	–	725	–	725	54	779
Employee share grants expense	–	–	–	–	592	592	–	592
Net profit	–	–	–	395,252	–	395,252	75,529	470,781
Conversion of bonds	105	1,637	–	–	–	1,742	–	1,742
Dividends paid	–	–	–	(87,231)	–	(87,231)	(40,335)	(127,566)
Purchase of treasury shares	–	–	–	–	(2,778)	(2,778)	–	(2,778)
Buyout of minorities	–	–	–	(25,396)	–	(25,396)	(55,899)	(81,295)
Other changes	–	–	(3,700)	3,157	–	(543)	(6,905)	(7,448)
Balance as of December 31, 2008	**123,637**	**458,696**	**71,568**	**1,847,756**	**(8,286)**	**2,493,371**	**212,085**	**2,705,456**

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 and Slovakia, 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).

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 24 March 2009.

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, as well as on the going concern assumption. In this respect, despite operating in a difficult economic and financial environment, it is the group's assessment that no material uncertainties exist about its ability to continue as a going concern. 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 position and economic performance of the group. The main amendment concerns the item gains (losses) on disposal of investments, which are now recorded below operating profit.

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 some 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, also as a consequence of the weak trading conditions.

Amendments and interpretations effective in 2008

- IFRIC 11, IFRS 2 – Group and treasury share transactions. 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 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction. 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. This interpretation did not have an impact on the consolidated financial statements.
- IAS 39 (Amendment), Financial instruments: recognition and measurement and IFRS 7 (Amendment), Financial instruments: disclosures (effective from 1 July 2008).

The amendment permits the reclassification of some non-derivative financial assets that are classified under the fair value through profit or loss category, in particular circumstances. The amendment also permits an entity to transfer a financial asset from the available-for-sale category to the loans and receivables category where it has the intention and ability to hold such asset for the foreseeable future. The adoption has had no effect on the financial statements presented herein.

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

- 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.
- 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. The amendment applies to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009.
- IAS 1 (Revised), Presentation of financial statements (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, non-owner changes in equity) in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income).
- IFRS 3 (Revised), Business combinations (effective prospectively from 1 January 2010). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The European Union has not yet endorsed the revised principle.
- IAS 27 (Revised), Consolidated and separate financial statements (effective prospectively from 1 January 2010). The revised standard requires the effects of all transac-

tions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The European Union has not yet endorsed the revised principle.

- IFRS 2 (Amendment), Share-based payment (effective from 1 January 2009). The amended stardard deals with vesting conditions and cancellations. It clarifies that vesting condition are service conditions and performance conditions only. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.
- IAS 32 (Amendment), Financial instruments: presentation and IAS 1 (Amendment), Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation (effective from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The European Union has not yet endorsed the revised principle.

On 22 May 2008, the IASB has published final amendments to 20 IFRSs. Some amendments, in turn, cause consequential amendments to other IFRSs. The improvements are of two broad types: a) amendments that result in accounting changes in presentation, recognition, or measurement (listed in the paragraphs below); b) terminology or editorial changes that have no or minimal effect on accounting.

- IFRS 5 (Amendment), Non-current assets held-for-sale and discontinued operations (effective from 1 January 2010). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control.
- IAS 1 (Amendment), Presentation of financial statements (effective from 1 January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading are examples of current assets and liabilities respectively. It is likely to have an impact on the consolidated financial statements as far as derivative financial instruments are concerned.
- IAS 16 (Amendment), Property, plant and equipment (effective from 1 January 2009). Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. Cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities (not investing activities).
- IAS 19 (Amendment), Employee benefits (effective prospectively from 1 January 2009 to change in benefits that occur after that date). One of the amendment's aim is to provide clarity on what is the difference between a curtailment and negative past ser-

vice cost. Furthermore the definition of return on plan assets has been amended to state the costs of administering the plan are deducted only to the extent that such costs have been excluded from measurement of the defined benefit obligation. At last the distinction between short term and long term employee benefits will be based on an improved terminology.

- IAS 20 (Amendment), Accounting for government grants and disclosure of government assistance (effective from 1 January 2009). The benefit of a government loan at below-market rate of interest shall be treated as a government grant and then accounted for in accordance with IAS 20.
- IAS 23 (Amendment), Borrowing costs (effective from 1 January 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39. This eliminates the inconsistency of terms between IAS 39 and IAS 23.
- IAS 28 (Amendment), Investments in associates (and consequential amendments to IAS 32 Financial instruments: presentation and IFRS 7 Financial instruments: disclosures, effective from 1 January 2009). An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example goodwill, but to the carrying amount of the investment overall.
- IAS 28 (Amendment), Investments in associates and IAS 31 (Amendment) Interests in joint ventures (consequential amendments to IAS 32 Financial instruments: presentation and IFRS 7 Financial instruments: disclosures, effective from 1 January 2009). Where an investment in associate or in joint venture is accounted for in accordance with IAS 39 Financial instruments: recognition and measurement, only certain rather than all disclosure requirements in IAS 28 and IAS 31 need to be made in addition to disclosures required by IAS 32 and IFRS 7.
- IAS 29 (Amendment), Financial reporting in hyperinflationary economies (effective from 1 January 2009). The guidance has been amended to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost.
- IAS 36 (Amendment), Impairment of assets (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.
- IAS 38 (Amendment), Intangible assets (effective from 1 January 2009). It requires expenditure on advertising and promotional activities to be recognized in the income statement. Further, it states that when payment is incurred to provide future economic benefits, in the case of the supply of goods, the entity recognizes it as an expense when it has the right to access the goods or in the case of the supply of services, when the services are rendered. The standard has been revised in order to allow entities to use the unit of production method for determining the amortization charge for an intangible asset with a finite useful life.
- IAS 39 (Amendment), Financial instruments: recognition and measurement (effective from 1 January 2009). When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a re-

vised effective interest rate is used. Besides it clarifies that it is possible for there to be movements into and out of the fair value through profit and loss category when a derivative commences or ceases to qualify as a hedging instrument. The amendment removes the example of a segment as a reporting entity, so that the guidance on designating and documenting hedges is consistent with IFRS 8 Operating segments.

- IAS 40 (Amendment), Investment property (and consequential amendments to IAS 16 Property, plant and equipment, effective from 1 January 2009). Property that is under construction or development for future use as investment property is within the scope of IAS 40 and not that of IAS 16.

These improvements had not yet been endorsed by the European Union at the date of this financial report.

- IFRIC 12, Service concession arrangements. The interpretation 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 should have been effective from 1 January 2008 but it has not yet been endorsed by the European Union.
- IFRIC 13, Customer loyalty programs (recently endorsed by the European Union, effective from 1 January 2009). 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.
- IFRIC 15, Agreements for construction of real estates (effective from 1 January 2009). The interpretation clarifies whether IAS 18 Revenue or IAS 11 Construction contracts should be applied to particular transactions. It is likely to result in IAS 18 being applied to a wider range of transactions. At the date of this report the interpretation has not yet been endorsed by the European Union.
- IFRIC 16, Hedges of a net investment in a foreign operation (effective from 1 January 2009). The interpretation clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the group. The requirements of IAS 21 The effects of changes in foreign exchange rates, do apply to the hedged item. At the date of this report the interpretation has not yet been endorsed by the European Union.
- IFRIC 17, Distribution of non-cash assets to owners (effective from 1 January 2010). The interpretation addresses how an entity should measure distributions of assets other than cash when it pays dividends to its owners. 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

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. The accounting treatment chosen by Buzzi Unicem is consistent with the revised version of IFRS 3 and IAS 27.

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	
	2008	2007	2008	2007
euro 1 =				
Currency				
US Dollar	1.3917	1.4721	1.4708	1.3705
Mexican Peso	19.2333	16.0547	16.2911	14.9748
Czech Koruna	26.8750	26.6280	24.9463	27.7656
Slovakian Koruna	30.1260	33.5830	31.2617	33.7745
Ukrainian Hryvnia	10.9596	7.4341	7.6873	6.9033
Russian Ruble	41.2830	35.9860	36.4207	35.0183
Polish Zloty	4.1535	3.5935	3.5121	3.7837
Hungarian Forint	266.7000	253.7300	251.5120	251.3520
Algerian Dinar	98.3946	98.2547	94.9078	95.3088

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 an acquisition over the fair value of the group's share of the net identifiable assets of the acquired entity at the date of acquisition. 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. For the purpose of impairment testing, goodwill is allocated to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Separately acquired trademarks and licenses are capitalized on the basis of the costs incurred and amortized over their estimated useful lives. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and licensed have a finite useful life and are amortized using the straight-line method over their estimated useful lives.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of five years. 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

An asset's carrying amount is written down to its recoverable amount if the book value is greater than its estimated recoverable amount.

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 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.10 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.

2.11 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.

2.12 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.

Inventories include the emission rights acquired against payment, stated at the lower of cost and net realizable value, which matches the market price at the balance sheet date.

2.13 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.

2.14 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.

2.15 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.

2.16 Debt and borrowings

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.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement except to the extent that it relates to items directly charged or credited to equity, in which case the related income tax effect is also recognized in equity.

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. 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. 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.

2.23 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 co-operation 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, Ukraine 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.

The recognition of exchange rate risks concerning the financial instruments to which IFRS 7 is applicable, shows the following net exposure to foreign currencies:

thousands of euro	2008	2007
Euro	(75,665)	(33,548)
US Dollar	39,954	58,500
Czech Koruna	(14,776)	(45,479)
Slovakian Koruna	5,052	2,827
Ukrainian Hryvnia	86	–
Russian Ruble	(7,810)	444
Polish Zloty	157	(29,080)
Great Britain Pound	–	(10)

At 31 December 2008, 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, profit before tax for the year would have been € 3,367 thousand lower/higher (2007: € 3,949 thousand higher/lower). This is mainly a result of foreign exchange gains/losses on liquid assets denominated in US dollar (€ 5,858 thousand), on financial liabilities denominated in Czech koruna (€ 2,231 thousand) and Russian ruble (€ 781 thousand), on trade receivables denominated in Slovakian koruna (€ 505 thousand). Profit is especially sensitive to movement in euro/US dollar and in euro/Czech koruna exchange rates, where the associated exposures have changed considerably versus last year.

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 because of the repercussions that the trend of the oil price can have on the cost of fuels, power and logistics. To cope with this risk the group diversifies its sources of supply and stipulates fixed price contracts over a sufficiently long time frame, sometimes greater than one year, at a level that management thinks it convenient.

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 long-term borrowings in fixed rate instruments. During 2008 and 2007, the group's borrowings at variable rate were denominated in euro and the US dollar.

The group analyzes 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 would be a maximum decrease of € 8,396 thousand (2007: € 5,306 thousand) or increase of € 8,514 thousand (2007: € 5,992 thousand), respectively. For each simulation, the same interest rate shift is used for all currencies. The sensitivity 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 2008, 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 € 11,722 thousand (2007: € 9,879 thousand) lower or € 11,840 thousand (2007: € 10,561 thousand) 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 2008, 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 € 1,434 thousand (2007: € 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 uncommitted 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. Estimates and projections, considering the changes that may occur in the profitability trend, show that the group is in a position to operate at the present level of financing. Buzzi Unicem will start negotiations with the banks for loans renewal in due time and for the time being it has not required a written commitment that the loans will be renewed. A regular relationship exists with the usual and prospective financing institutions about the future needs, from which it appears that renewal may take place under acceptable terms. The maturity analysis for financial liabilities showing the remaining contractual maturities is included within note 24.

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 2008, the group's strategy, which was unchanged from 2007, was to maintain the Gearing ratio below 0.40 and a Net debt/EBITDA ratio not exceeding 2 times. The ratios at 31 December 2008 and 2007 were as follows:

	2008	2007
thousands of euro		
Net debt	1,059,738	621,227
Equity	2,705,456	2,513,427
Total Capital	3,765,194	3,134,654
Gearing	**28 %**	**20 %**
Net debt	1,059,738	621,227
Operating cash flow (EBITDA)	922,675	1,046,274
Net debt/EBITDA	**1.15**	**0.59**

The change in the two ratios during 2008 resulted primarily from the strong investing activity, in a measure exceeding the generation of cash from operations, which was penalized by the difficult trading conditions faced by some of our key markets.

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. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. 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, above all in the situation caused by the present economic and financial crisis. 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, provision for receivables impairment, 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 2008 include the company and 129 consolidated subsidiaries. The total number of consolidated subsidiaries increased by 5 compared with that at the end of the previous year. Excluded from consolidation are 16 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 Dyckerhoff group was simplified, thanks to the cross-border merger of Buzzi Unicem Deutschland GmbH (Germany) into Buzzi Unicem Investimenti Srl (Italy).

The following main acquisitions were made in 2008, which relate to the purchase of minority interests where control already existed:

- the holding in Dyckerhoff AG's share capital has been taken from 88.4 % to 93.1 % (98.0 % of voting capital), through purchases carried out in the stock market;
- purchase of a 100 % ownership interest in Cementi Cairo Srl and subsequent merger of the newly acquired subsidiary into Buzzi Unicem SpA effective 31 October 2008;
- purchase of a 100 % ownership interest in Dorsett Brothers Concrete Supply, Inc. with registered office in Pasadena, TX and line-by-line consolidation of the newly acquired subsidiary effective July 2008;
- purchase of a 100 % ownership interest in Barrett Holding Company, parent of a group of companies operating in the ready-mix concrete and aggregate business in the area of Harlingen, TX; line-by-line consolidation of the newly acquired subsidiary effective 31 December 2008 (balance sheet only);

- purchase of a 100 % ownership interest in SONDA sro, a company operating in the aggregate business in Slovakia and line-by-line consolidation of the newly acquired subsidiary effective August 2008;
- purchase at the beginning of December 2008 of a 100 % ownership interest in Escalcementi Srl and Parmacementi SpA; in these consolidated financial statements the two investments are temporarily carried at cost in expectation of adopting the full consolidation method effective 1 January 2009;
- subscription of a 74.9 % ownership interest in OOO Omsk Cement and line-by-line consolidation of the newly acquired subsidiary effective from the incorporation date (October 2008);
- purchase of a 51 % ownership interest in Dyckerhoff Transportbeton Hamburg GmbH and line-by-line consolidation of the newly acquired subsidiary effective January 2008;
- purchase of the residual 10 % interest in Oriónidas SAU; as of 31 December 2008 the company is classified as held for sale in expectation of the next disposal;
- purchase of the residual 2 % interest in ZAO Akmel;
- subscription of a 50 % ownership interest in Thorcem Srl and proportional consolidation of the newly acquired joint venture effective September 2008;
- purchase during January 2008 of a 35 % ownership interest in Société des Ciments de Hadjar Soud and Société des Ciments de Sour El Ghozlane, with registered office in Algeria; the newly acquired associates are accounted for under the equity method.

The following main disposals of investments were made during 2008:

- disposal of the associate interest (20.1 %) in Eurobeton Holding SA, a group based in Luxembourg and operating in the concrete products business;
- disposal of the associate interest (45 %) in Technobeton Srl, a company operating in the ready-mix concrete business.

The impact due to the changes in scope following the line-by-line consolidation of the newly acquired subsidiaries (Dorsett, Dyckerhoff Transportbeton Hamburg, SONDA, etc.) is discussed in the course of these notes when material.

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.

thousands of euro	Italy	USA	Mexico	Central Europe	Eastern Europe	Elimin.	Total
2008							
Net sales	850,249	750,025	205,135	798,430	916,748	(355)	3,520,232
Operating cash flow (EBITDA)	143,381	205,826	79,885	127,283	366,300	–	922,675
Depreciation and amortization	(46,911)	(63,491)	(12,329)	(49,234)	(31,647)	–	(203,612)
Impairment charges	(3,819)	(13,697)	–	(3,390)	(485)	–	(21,391)
Operating profit (EBIT)	92,651	128,638	67,556	74,659	334,168	–	697,672

thousands of euro	Italy	USA	Mexico	Central Europe	Eastern Europe	Elimin.	Total
2007							
Net sales	961,462	850,857	211,969	736,604	735,736	(494)	3,496,134
Operating cash flow (EBITDA)	206,408	304,060	91,944	168,520	275,342	–	1,046,274
Depreciation and amortization	(47,033)	(63,260)	(13,353)	(48,812)	(28,607)	–	(201,065)
Impairment charges	(2,095)	–	(14)	(7,771)	–	–	(9,880)
Operating profit (EBIT)	157,280	240,800	78,577	111,937	246,735	–	835,329

	Italy	USA	Mexico	Central Europe	Eastern Europe	Total
thousands of euro						
31 December 2008						
Segment operating assets	1,335,018	2,034,572	184,924	745,936	692,731	4,993,181
Reconciliation to enterprise assets as reported in the consolidated balance sheet						
Investments in associates						232,701
Derivative financial instruments (non-current and current)						9,096
Deferred income tax assets						44,057
Available for sale financial assets (non-current and current)						65,731
Cash and cash equivalents						578,694
Assets held for sale						30,267
Total assets as reported						**5,953,727**
Segment operating liabilities	261,157	240,316	16,011	493,732	64,654	1,075,870
Reconciliation to enterprise liabilities as reported in the consolidated balance sheet						
Long-term debt (including current portion)						1,536,245
Short-term debt						10,039
Derivative financial instruments (non-current and current)						61,395
Income tax liabilities (current and deferred)						538,233
Liabilities held for sale						26,489
Total liabilities as reported						**3,248,271**
Capital expenditures	363,836	206,528	19,176	87,490	176,306	853,336

	Italy	USA	Mexico	Central Europe	Eastern Europe	Total
thousands of euro						
31 December 2007						
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
Total assets as reported						**5,484,730**
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
Short-term debt						7,716
Derivative financial instruments (non-current and current)						112,278
Income tax liabilities (current and deferred)						559,953
Total liabilities as reported						**2,971,303**
Capital expenditures	220,715	158,142	10,607	67,180	70,710	527,354

Secondary reporting format – business segments

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

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

	Cement and clinker	Ready-mix concrete and aggregates	Other related activities	Total
thousands of euro				
2008				
Net sales	2,246,373	1,246,511	27,348	3,520,232
31 December 2008				
Segment operating assets	4,191,135	768,227	33,819	4,993,181
Capital expenditures	757,995	94,552	789	853,336

	Cement and clinker	Ready-mix concrete and aggregates	Other related activities	Total
thousands of euro				
2007				
Net sales	2,222,683	1,256,387	17,064	3,496,134
31 December 2007				
Segment operating assets	3,844,479	684,292	9,076	4,537,847
Capital expenditures	461,570	65,629	155	527,354

7. Goodwill and Other intangible assets

		Other intangible assets			
	Goodwill	Industrial patents, licenses and similar rights	Assets in progress and advances	Others	Total
thousands of euro					
Net book amount at 1 January 2007	540,350	4,743	55	967	5,765
Year ended 31 December 2007					
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)
Net book amount at 31 December 2007	**550,369**	**7,878**	**2**	**1,835**	**9,715**
Year ended 31 December 2008					
Translation differences	(879)	(11)	–	(163)	(174)
Amortization and impairment charges	(182)	(2,717)	–	(463)	(3,180)
Additions	40	1,644	16	353	2,013
Change in scope of consolidation	26,756	3,266	–	3,701	6,967
Reclassifications	–	(205)	–	–	(205)
Disposals and other	–	(1)	(2)	(3)	(6)
Net book amount at 31 December 2008	**576,104**	**9,854**	**16**	**5,260**	**15,130**

At 31 December 2008, the item industrial patents, licenses and similar rights is made up of mining rights (€ 3,929 thousand), industrial patents (€ 929 thousand), application software for plant and office automation (€ 1,962 thousand), industrial licenses (€ 3,033

thousand). The increase in the category industrial patents, licenses and similar rights stems for € 3,266 thousand from the combination with Dorsett Brothers and refers to trademark, software, permits and other licenses. The increase in the category others includes customer lists for € 3,701 thousand, separately recognized as assets in the acquisition of Dorsett Brothers.

Goodwill and impairment test

Goodwill at 31 December 2008 amounts to € 576,104 thousand and is broken-down as follows:

- € 466.830 thousand refer to Dyckerhoff, thereof approximately 70 % allocated to the segment Eastern Europe and the remaining 30 % to Central Europe;
- € 55,916 thousand resulting from the merger with Unicem SpA in 1999;
- € 25,972 thousand emerging from the acquisition of Dorsett Brothers in 2008 and South-Tex Concrete in 2007, allocated to the cement segment of Alamo Cement Company, which is expected to benefit from the synergies of the business combination in which the goodwill arose;
- € 27,386 thousand regarding other companies operating in Italy and abroad, mainly in the ready-mix concrete and aggregates sector, of which € 1,868 thousand referred to the acquisition of Dorsett Brothers in July 2008, € 1,563 thousand equivalent to the provisional value coming from the acquisition of Barrett Holding at year end and € 975 thousand to the provisional value attached to the new joint venture Thorcem.

For the purpose of impairment testing, 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 (9,31 % and 11,40 % average respectively for Central Europe and Eastern Europe, 8,10 % for the Italian units and 7,18 % 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 € 182 thousand was recognized in a specific geographic area of the ready-mix concrete segment in United States of America.

8. Property, plant and equipment

thousands of euro	Land and buildings	Plant and machinery	Industrial and commercial equipment	Assets in progress and advances	Other	Total
At 1 January 2007						
Cost/deemed cost	2,160,720	3,389,129	297,650	106,284	104,302	6,058,085
Accumulated depreciation	(660,817)	(2,259,070)	(185,141)	–	(76,958)	(3,181,986)
Net book amount	**1,499,903**	**1,130,059**	**112,509**	**106,284**	**27,344**	**2,876,099**
Year ended 31 December 2007						
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)
Closing net book amount	**1,384,818**	**1,055,776**	**117,535**	**252,049**	**27,423**	**2,837,601**
At 31 December 2007						
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)
Net book amount	**1,384,818**	**1,055,776**	**117,535**	**252,049**	**27,423**	**2,837,601**
Year ended 31 December 2008						
Opening net book amount	1,384,818	1,055,776	117,535	252,049	27,423	2,837,601
Translation differences	44,249	(9,337)	(7,918)	(3,813)	460	23,641
Additions	26,929	83,307	36,280	366,643	4,363	517,522
Change in scope of consolidation	27,941	50,801	9,910	710	11,406	100,768
Disposals and other	(1,982)	(2,471)	(443)	(3,892)	(4,841)	(13,629)
Depreciation and impairment charges	(37,794)	(148,354)	(28,164)	(463)	(6,641)	(221,416)
Reclassifications	11,292	37,327	19,137	(98,075)	8,025	(22,294)
Closing net book amount	**1,455,453**	**1,067,049**	**146,337**	**513,159**	**40,195**	**3,222,193**
At 31 December 2008						
Cost/deemed cost	2,166,920	3,470,841	383,054	513,159	116,258	6,650,232
Accumulated depreciation	(711,467)	(2,403,792)	(236,717)	–	(76,063)	(3,428,039)
Net book amount	**1,455,453**	**1,067,049**	**146,337**	**513,159**	**40,195**	**3,222,193**

Additions of €517,522 thousand in 2008 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 merged company Cementi Cairo Srl and of Dorsett Brothers Concrete

Supply, Inc. The changes in scope of the year 2007 were attributable to the first time consolidation of the group Basal, operating in the Netherlands.

Positive translation differences of € 23,641 thousand principally reflect strength in the exchange rate of the US dollar versus the euro, which offset weakness of the other currencies used for conversion of the foreign financial statements. In 2007, the trend in exchange rates of the dollar and other minor currencies had given rise to negative translation differences of € 167,723 thousand as a whole.

Real guarantees on assets of consolidated companies are represented by liens on industrial and commercial equipment for the amount of € 7,584 thousand at 31 December 2008 (2007: € 1,109 thousand).

Rent expenses amounting to € 43,268 thousand (2007: € 38,647 thousand) relating to the operating lease of property and machinery are included in the income statement among services (note 35).

9. Investment property

The caption amounts to € 15,394 thousand and shows an increase of € 1,911 thousand versus last year, following the reclassification of some assets not instrumental in the business anymore. It is carried at cost, being representative of its fair value at the balance sheet date.

	2008	2007
thousands of euro		
At 1 January	13,483	13,997
Translation differences	(142)	(106)
Additions	210	85
Reclassifications	2,797	–
Disposals and other	(954)	(493)
At 31 December	**15,394**	**13,483**

10. Investments in associates

	2008	2007
thousands of euro		
Accounted for using the equity method	204,485	101,483
Valued at fair value (puttable instruments)	25,021	25,946
Valued at cost	3,195	2,654
	232,701	**130,083**

The net increase of € 102,618 thousand was affected by the purchase of a 35 % ownership interest in the capital stock of the Algerian companies Société des Ciments de Hadjar Soud and Société des Ciments de Sour El Ghozlane, executed at the beginning of 2008 for a cash consideration of € 110,000 thousand.

	2008	2007
thousands of euro		
At 1 January	130,083	157,111
Translation differences	2,979	(6,206)
Additions	110,923	3,625
Equity in earnings	7,050	12,385
Changes in fair value recognized in equity	(925)	(4,708)
Dividends received	(10,652)	(12,555)
Disposals and other	(6,757)	(19,569)
At 31 December	**232,701**	**130,083**

The balance at end of year includes implicit goodwill of € 9,399 thousand.

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
thousands of euro				
Société des Ciments de Hadjar Soud EPE S.p.A.	Azzaba DZ	51,561	35.0	
Société des Ciments de Sour El Ghozlane EPE S.p.A.	Sour El Ghozlane DZ	57,265	35.0	
Kosmos Cement Company	Louisville US	35,215		25.0
Houston Cement Company LP	Houston US	12,276		20.0
Laterlite S.p.A.	Solignano IT	11,019	33.3	
Cementi Moccia S.p.A.	Napoli IT	9,882	50.0	
Bétons Feidt S.A.	Luxembourg LU	6,771		30.0
S.A. des Bétons Frais	Schifflange LU	2,614		41.0
Siefic Calcestruzzi S.r.l.	Isernia IT	2,211		50.0
Premix S.p.A.	Melilli IT	1,678	40.0	
NCH Nederlandse Cement Handelmaatschappij B.V. i.L.	Nieuwegein NL	1,664		38.4
E.L.M.A. S.r.l.	Sinalunga IT	1,364		50.0
NCD Nederlandse Cement Deelnemingsmaatschappij B.V.	Nieuwegein NL	1,326		63.1
Eljo Holding B.V.	Zuidbroek NL	1,263		50.0
Ciments de Balears, S.A.	Palma de Mallorca ES	1,240	35.0	
Basal Hanson Utrecht V.O.F.	Maarssen NL	826		50.0
sibobeton Hannover GmbH & Co. KG	Osnabrück DE	800		40.0
Transass S.A.	Schifflange LU	717		41.0
Albenga Calcestruzzi S.r.l.	Albenga IT	623		50.0

→

	Registered office	Book value	% of ownership direct	% of ownership indirect
Normensand GmbH	Beckum DE	494		38.0
Van Zanten Holding B.V.	Zuidbroek NL	492		25.0
San Paolo S.c.r.l.	Calenzano IT	429		50.0
DE CUP N.V.	Lanaken BE	305		49.9
EKO ZAPA beton, a.s.	Praha CZ	300		50.0
B.V. Betonmortel Centrale Leeuwarden (B.C.L.)	Leeuwarden NL	280		50.0
Niemeier Beton GmbH & Co. KG	Diepholz DE	256		33.3
Other < 250,000 euro		4,809		
		207,680		

In spite of the majority voting interest (63.1 %), Buzzi Unicem does not have control of NCD Nederlandse Cement Deelnemingsmaatschappij BV, 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 and the right to appoint the majority of the supervisory board members. For this reason, NCD continues to be accounted for under the equity method.

The following equity investments in associates are valued at fair value, determined according to the discounted cash flow method:

	Registered office	Book value	% of ownership indirect
thousands of euro			
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	534	50.0
sibobeton Osnabrück GmbH & Co. KG	Osnabrück DE	584	23.3
		25,021	

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
thousands of euro				
Société des Ciments de Hadjar Soud EPE S.p.A.	219,685	47,485	35,735	(1,057)
Société des Ciments de Sour El Ghozlane EPE S.p.A.	200,701	47,395	28,952	(1,957)
Kosmos Cement Company	151,640	11,888	84,176	13,955
Sievert AG & Co. KG	118,936	84,665	7,461	1,429
Houston Cement Company LP	79,364	4,387	104,288	(8,487)
Laterlite S.p.A.	74,197	41,140	81,647	5,864
Bétons Feidt S.A.	39,000	14,000	68,000	3,000
Cementi Moccia S.p.A.	37,527	17,564	35,933	(310)

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.

	Subsidiaries	Other	Total
thousands of euro			
At 1 January 2008	7,306	5,076	12,382
Additions	69,333	41	69,374
Change in scope of consolidation	(14,387)	–	(14,387)
Write-ups (write-downs)	–	(62)	(62)
Disposals and other	(1,531)	(45)	(1,576)
At 31 December 2008	**60,721**	**5,010**	**65,731**

A contribution to the balance change during the financial year came from the acquisitions of Parmacementi SpA (€ 32,307 thousand), Escalcementi Srl (€ 20,623 thousand), Calcestruzzi Nord Ovest Srl (€ 6,097 thousand) and the decreases due to the first time consolidation of Béton du Ried SA (€ 2,686 thousand), the absorption of Dyckerhoff Transportbeton Marl GmbH & Co. KG (€ 1,074 thousand), the liquidation of WBT West Bouw Toelevering BV. There were no impairment provisions on available-for-sale financial assets (non-current portion) in 2008 or 2007.

In practical terms, the equity investments included in this line item are all carried at cost less any provision for impairment. In fact, leaving out some entities temporarily classified as available-for-sale before adopting the full consolidation method, these are immaterial companies both from an investment point of view and in terms of their net equity and results, for which a reliable determination of the fair value would only be possible as part of specific sales negotiations.

The current portion includes short-term or marketable securities, which represent temporary placements of available cash.

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.

	2008		2007	
	Assets	Liabilities	Assets	Liabilities
thousands of euro				
Non-current				
Not designated as hedges	–	–	287	–
	–	**–**	**287**	**–**
Current				
Not designated as hedges	9,096	53,695	2,985	104,578
Options on equity investments	–	7,700	–	7,700
	9,096	**61,395**	**2,985**	**112,278**

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 € 40,515 thousand at 31 December 2008 (€ 101,706 at closing 2007) and the assets a positive value of € 7,258 thousand for the same reason.

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

	2008		2007	
	Notional	Fair value	Notional	Fair value
thousands of euro				
Interest rate swaps	145,745	3,677	123,878	3,084
Currency swaps	34,374	(1,822)	–	–
Cross currency swaps	211,868	(26,117)	273,881	(64,098)
Forward foreign exchange	387,992	(10,315)	405,028	(40,441)
Interest rate options	5,000	33	5,000	149
Commodity swaps	44,038	(10,055)	–	–
Put options on equity instruments	13,860	(7,700)	21,815	(7,700)
Call options on equity instruments	13,068	–	13,936	–

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 € 12,194 thousand, and that of the call option at € 11,401 thousand. The put option expires on 31 December 2011; the call option has no expiration date but it cannot be exercised before 30 June 2009. Moreover options on equity instruments include a put option on 49 % of the subsidiary Dyckerhoff Transportbeton Hamburg GmbH, exercisable starting from 1 January 2009 until 31 December 2001, at a strike price of € 1,666 thousand, and a corresponding call option on 49 % of the same company, exercisable after 30 June 2009, always at a strike price of € 1,666 thousand. The latter option has been recognized as a financial liability within other payables.

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

During 2008, the changes in the fair value of derivative financial instruments recognized in the income statement are positive for € 57,803 thousand (2007: € 26,805 thousand negative).

13. Other non-current assets

	2008	2007
thousands of euro		
Advances on acquisition of equity investments	2,111	152
Receivables from associates	7,264	10,069
Tax receivables	27,462	29,454
Receivables from sale of equity investments	–	7,906
Advances to suppliers	10,065	9,456
Receivables from personnel	1,981	2,949
Loans to customers	3,256	1,803
Guarantee deposits	18,413	15,309
Other	18,481	16,936
	89,033	**94,034**

The increase in advances on acquisition of equity investments stems from the purchase contract of a minority stake in Gravières et Sablières Karl Epple Snc, a company operating in the natural aggregates industry in France.

The receivables from associates are made up of mainly interest-bearing loans granted to sibobeton Hannover GmbH & Co. KG (€ 1,200 thousand) and quick-mix Holding GmbH & Co. KG (€ 5,832 thousand).

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 booked in the annual report of last year, 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 € 1,606 thousand (2007: € 1,825 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 and insurance deposits.

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

All non-current receivables are due within five years from the balance sheet date. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

14. Inventories

	2008	2007
thousands of euro		
Raw materials, supplies and consumables	234,780	193,211
Work in progress	76,770	63,306
Finished goods and merchandise	65,845	57,756
Advances	2,941	5,398
Emission rights	2,287	–
	382,623	**319,671**

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 € 18,509 thousand (2007: € 14,120 thousand). The write-down of inventories recognized as an expense during the year includes € 1,004 thousand referred to the shut down of the Italian cement plant of Santarcangelo (RN) plus € 2,134 thousand referred to the permanent closure of the Independence, KS cement plant and the New Orleans, LA slag grinding facility in United States of America.

15. Trade receivables

thousands of euro	2008	2007
Trade receivables	529,922	541,182
Less: Provision for receivables impairment	(34,412)	(29,125)
Trade receivables, net	**495,510**	**512,057**
Other trade receivables:		
From unconsolidated subsidiaries	702	2,076
From associates	15,050	20,827
From parent companies	19	21
	511,281	**534,981**

The impact of the changes in scope of consolidation equals to €13,492 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:

thousands of euro	2008	2007
Fully performing	357,617	309,156
Past due up to 2 months	98,375	127,817
Past due between 2 and 6 months	32,003	49,540
Past due over 6 months	7,515	25,544
	495,510	**512,057**

The carrying amounts of net trade receivables are denominated in the following currencies:

thousands of euro	2008	2007
Euro	315,004	346,699
US Dollar	82,402	76,892
Russian Ruble	9,832	2,368
Mexican peso	31,338	29,780
Other currencies	56,934	56,318
	495,510	**512,057**

Changes in the provision for receivables impairment during the year are as follows:

	2008	2007
thousands of euro		
At 1 January	29,125	30,764
Translation differences	(1,421)	119
Provision for impairment	17,169	9,546
Receivables written off as uncollectible	(7,821)	(8,917)
Unused amounts reversed and other	(2,640)	(2,387)
At 31 December	**34,412**	**29,125**

The creation of provision for impaired receivables has been included in other operating expenses (note 37); the release of the same provision has been included in other operating income (note 33).

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.

16. Other receivables

	2008	2007
thousands of euro		
Tax receivables	74,336	81,529
Receivables from social security institutions	357	190
Receivables from unconsolidated subsidiaries and associates	3,008	127
Receivables from suppliers	14,861	16,184
Receivables from personnel	1,155	927
Receivables from sale of equity investments	3,223	4,204
Accrued income and prepaid expenses	18,427	20,405
Other	17,228	14,855
	132,595	**138,421**

Tax receivables include income tax payments in advance and the debit balance of periodic value added tax when money is to be returned. The German VAT receivable associated with dealer sales from the years 1993 through 2004, whose refund claim closed with a successful outcome, has been fully cashed in (2007: €37,452 thousand).

Receivables from unconsolidated subsidiaries and associates are in the nature of short-term loans.

Receivables from sale of equity investments concern the disposal of the associates Technobeton Srl (€ 1,297 thousand) and André Frères et Broos SA (€ 870 thousand), plus the sale of a 81 % interest in i4 Transportation GmbH & Co. KG (€ 1,056 thousand).

Accrued income total € 4,232 thousand (2007: € 4,251 thousand) and is made up primarily of interest income on marketable securities and time deposits. Prepaid expenses amount to € 14,195 thousand (2007: € 16,153 thousand) relating to operating expenses pertaining to the following period.

The increase in the item other is mainly due to the recognition of a receivable towards insurance companies, referring to damages caused by the hurricanes that hit our USA plants in 2003 and 2004.

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

	2008	2007
thousands of euro		
Cash at banks and in hand	419,144	513,695
Short-term deposits	159,550	246,978
	578,694	**760,673**

Foreign operating companies hold about 81 % of the balance. At the closing date, short-term deposits and securities earn interest at about 3.0 % on average (5.0 % in 2007): yield in euro is around 2.8 %, in dollar 2,4 % and in Mexican pesos 8,0 %. The average maturity of such deposits and securities is lower than 60 days.

The cash flows, the working capital and the available liquidity of the subsidiaries are handled locally but under a 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:

	2008	2007
thousands of euro		
Euro	227,979	250,082
US Dollar	209,937	287,686
Mexican Peso	34,710	59,514
Russian Ruble	61,887	69,913
Other currencies	44,181	93,477
	578,694	**760,672**

18. Assets and Liabilities held for sale

The assets and liabilities related to the fully owned subsidiary Oriónidas, SAU have been presented as held for sale, following the preliminary contract on 3 October 2008 to sell this company. The closing date for the transaction is expected by May 2009.

	2008	2007
thousands of euro		
Assets held for sale		
Goodwill	1,002	–
Other intangible assets	50	–
Property, plant and equipment	24,760	–
Inventories	744	–
Trade receivables	2,188	–
Other receivables	1,372	–
Cash and cash equivalents	151	–
	30,267	**–**
Liabilities held for sale		
Long-term debt	409	–
Deferred income tax liabilities	42	–
Short-term debt	17,256	–
Trade payables	1,954	–
Other payables	6,828	–
	26,489	**–**

Since the data of the subsidiary are immaterial, it was decided not to present separately, on the face of the income statement and the cash flow statement, the profit (loss) and the net cash flows from the discontinued operation. The economic and financial results of Oriónidas, SAU are consolidated line-by-line as if no discontinued operation has occured.

19. Share capital

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

	2008	2007
number of shares		
Shares issued and fully paid		
Ordinary shares	165,349,149	165,174,946
Savings shares	40,711,949	40,711,949
	206,061,098	**205,886,895**
Share capital (thousands of euro)	123,637	123,532

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 2008 is the following:

	Ordinary	Savings	Total
number of shares			
At 1 January 2008			
Shares issued	165,174,946	40,711,949	205,886,895
Less: Treasury shares	(377,000)	(200,500)	(577,500)
Shares outstanding	**164,797,946**	**40,511,449**	**205,309,395**
Year ended 31 December 2008			
Conversion of bonds	174,203	–	174,203
Employee share grant scheme	–	45,025	45,025
Purchase of treasury shares	(123,000)	(150,000)	(273,000)
Closing shares outstanding	**164,849,149**	**40,406,474**	**205,255,623**
At 31 December 2008			
Shares issued	165,349,149	40,711,949	206,061,098
Less: Treasury shares	(500,000)	(305,475)	(805,475)
Shares outstanding	**164,849,149**	**40,406,474**	**205,255,623**

In June 2008, no. 45,025 savings shares out of treasury, with a fair value of € 592 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. 123,000 of its own ordinary shares for a consideration of € 1,126 thousand and no. 150,000 of its own savings shares for a consideration of € 1,652 thousand. The total amount paid to acquire the share was € 2,778 thousand and has been debited directly to equity.

20. Share premium

It consists of the overall premium on shares issued over time. The rise of € 1,637 thousand vis-à-vis 31 December 2007 follows the partial conversion of the facility 'Buzzi Unicem 4 % 2003–2008 convertible' (no. 174,203 common shares issued at a premium of € 9.40 per share).

21. Other reserves

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

	2008	2007
thousands of euro		
Translation differences	(398,208)	(363,326)
Revaluation reserves	88,286	88,286
Merger surplus	247,530	247,530
Other	133,960	137,660
	71,568	**110,150**

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 € 34,882 thousand is the result of three separate effects: an increase of € 77,458 thousand due to the strengthening of the US dollar, a decrease of € 31,288 thousand due to the weakness of the Mexican peso and a decrease of € 81,052 thousand due to the devaluation of the Eastern European currencies.

Other reserves also reflect the fair value adjustments to available-for-sale financial assets and to associates classified as puttable instruments.

22. 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 has been applied, i.e. the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted directly from retained earnings. The main deals have been:

- purchase of no. 1,939,454 shares of Dyckerhoff AG, with a difference equal to € 20,324 thousand;
- purchase of 10 % of Oriónidas, SAU with a difference equal to € 1,055 thousand;
- purchase of 2 % of ZAO Akmel with a difference equal to € 1,482 thousand;
- purchase of no. 3,679,500 shares of Corporación Moctezuma, SAB de CV with a difference equal to € 1,153 thousand.

23. Minority interest

The balance as of 31 December 2008 refers to Dyckerhoff AG and subsidiaries (€ 104,998 thousand), RC Lonestar Inc. (€ 40,574 thousand) and Corporación Moctezuma, SAB de CV (€ 66,096 thousand). Buzzi Unicem jointly controls Corporación Moctezuma together with Cementos Molins (Spain); the company is consolidated under the proportionate method at 50 %, but the actual economic interest attributable to equity holders of the company is about 33 %.

24. Debt and borrowings

thousands of euro	2008	2007
Long-term debt		
Senior notes and bonds	693,625	723,929
Mezzanine loan	223,895	220,744
Finance lease obligations	1,546	1,109
Secured term loans	6,227	692
Unsecured term loans	469,372	193,894
	1,394,665	**1,140,368**
Current portion of long-term debt		
Convertible bond	–	2,253
Senior notes and bonds	70,054	52,048
Mezzanine loan	1,179	–
Finance lease obligations	503	476
Secured term loans	6,255	445
Unsecured term loans	63,589	51,802
	141,580	**107,024**
Short-term debt		
Bank overdrafts and borrowings	10,039	7,716
Payables to parent companies	–	10,119
	10,039	**17,835**

The exposure of the group’s borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

thousands of euro	2008	2007
6 months or less	102,041	33,431
6 – 12 months	49,578	91,428
1 – 5 years	1,190,542	759,285
Over 5 years	204,123	381,083
	1,546,284	**1,265,227**

Senior Notes and Bonds

No issuance of bonds has occurred versus 31 December 2007. The change is due to principal repayments for € 55,565 thousand (of which € 511 thousand related to the convertible bond) and to foreign exchange effect for € 42,258 thousand.

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

- On 24 February 2008 came to maturity the convertible bond denominated 'Buzzi Unicem 4 % 2003–2008 convertible', issued on 24 February 2003 for an original amount of € 101,073 thousand and made up of no. 10,107,299 bonds with a nominal value of € 10 each, convertible into ordinary shares Buzzi Unicem SpA. During the 5 years span of the issue no. 10,056,165 bonds were converted in the same number of shares; at maturity, the residual no. 51,134 bonds were reimbursed at their nominal value of € 511 thousand.

- 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 2008 suffers net financial costs resulting from the interest rate swap contracts to the extent of € 1,273 thousand (2007: net financial expense of € 3,667 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 2008:

Issue	Outstanding amount	Maturity	Coupon	Notes
Buzzi USA Inc. Senior Notes May 2002 Series A	$m 116.7	2008–2010	6.60 %	FX forward on principal; Interest rate swap from fix to floating US Libor 6M +1.41 %
Buzzi USA Inc. Senior Notes May 2002 Series B	$m 240.0	2011–2013	6.92 %	FX forward on principal
Buzzi USA Inc. Senior Notes May 2002 Series C	$m 35.0	2017	7.12 %	FX forward on principal
Buzzi USA Inc. 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 %
Buzzi USA Inc. Senior Notes September 2003 Series A	$m 70.0	2014–2016	5.08 %	Cross currency swap on principal and coupons
Buzzi USA Inc. Senior Notes September 2003 Series B	€m 30.0	2013	5.05 %	
Alamo Cement Company Floating Rate Senior Notes October 2004 Series B	€m 15.0	2009	Euribor 6M +0.70 %	
Alamo Cement Company Senior Notes October 2004 Series C	$m 54.9	2005–2011	4.90 %	Cross currency swap on principal and coupons; Interest rate swap from fix to floating 6M +0.55 %
Lone Star Industries, Inc. Notes June 2000	$m 315.5	2010	9.25 %	

Mezzanine loan

It is the subordinated loan granted by the Dyckerhoff family to Dyckerhoff AG. The loan matures in 2012 and carries a fixed coupon of 4.5 % per annum plus an additional 2.5 % per annum simple interest payable in a lump sum at maturity. The lenders have the option to call the loan from 2008 onward. During the year few creditors exercised this special termination right and an amount of € 1,030 thousand was repaid. Despite the repayment, the liability still increases as a whole due to the 2.5 % interest accrual, calculated according to the effective interest method.

Term loans and other borrowings

During 2008 new borrowings were obtained for € 342,519 thousand and principal payments on long-term debt amounted to € 57,662 thousand.

In essence, the increase in net debt is mainly due to the industrial and expansion investments carried out during the year, more specifically: investments in associates based in Algeria (€ 110,000 thousand); purchase of the grinding facilities denominated Cementi Cairo Srl, Escalcementi Srl and Parmacementi SpA in Italy (€ 93,906 thousand); pursuit of a greater vertical integration strategy in the ready-mix concrete business, through acquisitions in Italy and United States of America (€ 43,185 thousand).

At 31 December 2008 the group had undrawn committed facilities expiring after 2009 of € 514,709 thousand (2007: € 531,397 thousand), thereof € 183,765 thousand at floating rate available to the company and the remaining € 330,944 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.

In respect with interest rate and currency the gross indebtedness at 31 December is roughly split as follows (after hedging): 53 % floating and 47 % fix; 16 % denominated in dollar and 84 % in euro and euro-zone currencies.

At the balance sheet date, the fair value of the fix rate borrowings exceeds the carrying amount by about € 102,000 thousand (2007: fair value greater than carrying amount by about € 76,000 thousand). The carrying amount of short-term and floating rate borrowings approximate their fair value, as the impact of discounting is not significant.

25. 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 31).

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 pension plans are mainly funded, while healthcare obligations are unfunded in nature. The defined benefit plan of the companies operating in Mexico is funded to a large extent.

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 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:

	2008	2007
thousands of euro		
By category		
Post-employment benefits:		
Pension plans	175,410	177,157
Healthcare plans	105,229	99,825
Employee severance indemnities	32,508	36,139
Other	102	104
Other long-term benefits	9,242	9,509
	322,491	**322,734**
By geographical area		
Italy	33,332	37,238
Germany, Luxembourg, Netherlands	183,858	186,788
USA, Mexico	105,301	98,708
	322,491	**322,734**

The defined benefit plan assets separately recognized in the balance sheet pertain to the USA geographical area (€ 48,826 thousand).

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

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2008	2007	2008	2007	2008	2007	2008	2007
thousands of euro								
Present value of funded obligations	387,166	381,335	–	–	–	–	–	–
Less: Fair value of plan assets	(206,756)	(242,300)	–	–	–	–	–	–
	180,410	**139,035**	**–**	**–**	**–**	**–**	**–**	**–**
Present value of unfunded obligations	22,667	22,559	92,203	94,299	32,028	34,995	102	104
Unrecognized actuarial gains (losses)	(27,667)	15,563	13,026	5,526	480	1,144	–	–
Unrecognized past service cost	–	–	–	–	–	–	–	–
Liability in the balance sheet	**175,410**	**177,157**	**105,229**	**99,825**	**32,508**	**36,139**	**102**	**104**

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

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2008	2007	2008	2007	2008	2007	2008	2007
thousands of euro								
At 1 January	403,894	420,759	94,299	113,489	34,995	39,795	104	104
Interest cost	23,379	21,721	5,079	5,766	1,531	1,539	–	–
Current service cost	6,938	7,160	1,658	1,774	25	677	128	–
Actuarial losses (gains)	(7,748)	(38,560)	(7,512)	(9,252)	687	(1,134)	(110)	–
Employee contributions	69	68	444	423	–	–	–	–
Benefits paid	(28,377)	(28,884)	(7,821)	(6,974)	(5,253)	(4,055)	–	–
Translation differences	9,987	(21,839)	4,623	(10,928)	–	–	(3)	–
Change in scope of consolidation	–	40,498	156	–	28	(63)	–	–
Other changes	1,691	2,971	1,277	1	15	(1,764)	(17)	–
At 31 December	**409,833**	**403,894**	**92,203**	**94,299**	**32,028**	**34,995**	**102**	**104**

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

	Pension plans		Healthcare plans	
	2008	2007	2008	2007
thousands of euro				
At 1 January	242,300	206,318	–	–
Expected return on plan assets	17,466	18,136	–	–
Actuarial gains (losses)	(57,737)	(8,216)	–	–
Translation differences	8,385	(22,620)	–	–
Employer contributions	10,696	28,341	6,543	5,580
Employee contributions	69	68	444	423
Benefits paid	(14,423)	(14,478)	(7,821)	(6,974)
Change in scope of consolidation	–	34,751	–	–
Other changes	–	–	834	971
At 31 December	**206,756**	**242,300**	**–**	**–**

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

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2008	2007	2008	2007	2008	2007	2008	2007
thousands of euro								
Current service cost	6,938	7,160	1,658	1,774	26	677	129	72
Interest cost	23,379	21,721	5,079	5,765	1,531	1,539	–	–
Expected return on plan assets	(17,466)	(18,136)	–	–	–	–	–	–
Net actuarial losses recognized	1,911	1,698	(458)	(226)	3	(23)	–	–
Past service cost	899	1,215	(638)	–	–	–	–	–
Gains on curtailments	–	–	156	–	–	(2,600)	–	–
Other	1,198	1,777	290	3	(1)	–	–	–
	16,859	**15,435**	**6,087**	**7,316**	**1,559**	**(407)**	**129**	**72**

The actual return on plan assets was € 40,270 thousand negative (2007: € 9,920 thousand positive).

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:

	2008				2007			
	Italy	UE	USA	Mexico	Italy	UE	USA	Mexico
in %								
Discount rate	4.8	5.9	6.5	8.0	4.6	5.5	6.3	4.5
Expected return on plan assets	–	–	8.0	9.0	–	6.0	8.0	9.7
Future compensation increase	3.5	2.5	5.0	6.7	3.0	2.5	4.8	4.0
Future pension increase	2.5	2.0	3.0	–	2.5	1.6	3.0	–
Healthcare cost trend	–	2.0	7.5	–	–	1.7	8.0	–

Plan assets are comprised as follows:

	Germany		USA	
	2008	2007	2008	2007
in %				
Equity instruments issued by third parties	27.0	39.0	39.0	63.0
Debt instruments issued by third parties	47.0	45.0	58.0	34.4
Other	26.0	16.0	3.0	2.6

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

thousands of euro	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	612	(476)
Effect on the defined benefit obligation	5,245	(4,671)

26. Provisions for liabilities and charges

thousands of euro	Environmental risks and restoration	Antitrust	Legal claims Tax risks	Other risks	Total
At 1 January 2008	53,362	116,369	25,897	34,403	230,031
Additional provisions	7,297	1,564	6,569	3,672	19,102
Discount unwinding	(327)	6,857	–	299	6,829
Unused amounts released	(1,493)	–	(6,920)	(6,386)	(14,799)
Used during the year	(10,592)	–	(2,191)	(4,864)	(17,647)
Translation differences	382	–	316	328	1,026
Reclassifications	3,655	–	18,946	(3,655)	18,946
Change in scope of consolidation	764	–	27	372	1,163
Other changes	–	–	22	5	27
At 31 December 2008	**53,048**	**124,790**	**42,666**	**24,174**	**244,678**

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. During the financial year there was a partial utilization of the provision for the damage claims against Lone Star Industries, regarding possible work-related injuries caused by the exposure to silica-containing materials, against the assets side of the balance sheet (€ 5,174 thousand). Moreover, a provision of € 2,000 thousand was recognized for costs likely to be incurred for the reclamation of the industrial site on which the Augusta (SR) cement plant is located.

The antitrust provision is associated with the cartel fines inflicted in Germany (cement) and Italy (ready-mix concrete), which are currently under legal dispute (note 46). The additional provision is due to a reassessment of the risks linked to such lawsuits on the whole.

Within legal risks, we released the provision of € 6,000 thousand attributable to the sale of Cementos Hispania. A provision for tax risks is recognized in the amount of € 34,388 thousand; it reflects amounts for liabilities that are considered probable as a result of tax audits and adjustments to tax returns. To be noticed a reclassification of €18,946 thousand from tax payables to tax risks, decided at RC Lonestar Inc. to give a better representation of the group's financial position.

The provision for other risks represents the amounts set aside by the individual companies in connection with miscellaneous contractual and commercial risks and disputes. At year-end, the resolution to cease production activities in Santarcangelo (RN) triggered a provision of €2,341 thousand for restructuring costs, which comprises the estimated indemnities payable to plant's staff on earlier termination of employment. In the United States, after termination of the corresponding insurance case, we were able to use completely the provision for damages caused by the hurricanes which hit our plants in 2003–2004.

27. Deferred income tax

Net deferred tax liability at 31 December 2008 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:

thousands of euro	2008	2007
Deferred income tax assets:		
To be recovered after more than 12 months	(150,688)	(162,593)
To be recovered within 12 months	(15,658)	(13,684)
	(166,346)	**(176,277)**
Deferred income tax liabilities:		
To be recovered after more than 12 months	584,050	572,720
To be recovered within 12 months	13,301	14,588
	597,351	**587,308**
Net deferred income tax liabilities	**431,005**	**411,031**

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

	2008	2007
thousands of euro		
Deferred income tax assets related to:		
Provisions for liabilities and charges	(12,401)	(12,570)
Trade receivables	(3,876)	(2,896)
Employee benefits	(26,616)	(29,292)
Write-down of financial assets	(4,957)	(4,334)
Derivative financial instruments	(11,928)	(11,704)
Property, plant and equipment	(31,929)	(39,458)
Tax loss carryforwards (theoretical benefit)	(286,898)	(249,225)
Other	(4,822)	(6,419)
Total deferred income tax assets	**(383,427)**	**(355,898)**
Valuation allowances	217,081	179,621
Net deferred income tax assets	**(166,346)**	**(176,277)**
Deferred income tax liabilities related to:		
Accelerated depreciation	136,841	129,889
Employee benefits	490	547
Property, plant and equipment	427,207	428,094
Inventories	6,909	3,289
Gains on disposal of fixed assets	1,508	1,462
Derivative financial instruments	7,654	6,680
Other	16,742	17,347
Total deferred income tax liabilities	**597,351**	**587,308**
Net deferred income tax liabilities	**431,005**	**411,031**

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

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

	2008	2007
thousands of euro		
At 1 January	411,031	443,911
Income statement charge (credit)	(11,778)	12,461
Tax charged to equity	(146)	(1,748)
Translation differences	20,234	(45,661)
Change in scope of consolidation	11,664	2,068
At 31 December	**431,005**	**411,031**

The deferred income tax charged to equity during 2008 relates primarily to the movements of investments in associates that are classified as puttable instruments.

28. Other non-current liabilities

thousands of euro	2008	2007
Purchase of equity investments	32,944	–
Minority interest in partnerships	2,073	1,484
Payables to personnel	3,473	4,154
Other	4,940	5,269
	43,430	**10,907**

Some third parties and managers have an obligation to sell their minority interest (23.3 %) in the subsidiary OAO Sukholozhskcement. The liability for purchase of equity investments recognizes the present value of this obligation, spread over the years 2010–2017 (€ 5,636 thousand). The same liability also comprises an amount of € 27,308 thousand corresponding to the present value of the deferred consideration to acquire 100 % of Dorsett Brothers Concrete Supply, which is due in November 2010.

All non-current liabilities are due within five years from the balance sheet date, except for the item minority interest in partnerships whose maturity is indefinite. The carrying amount of the caption is deemed to approximate its fair value.

29. Trade payables

thousands of euro	2008	2007
Trade payables	306,760	305,983
Other trade payables:		
To unconsolidated subsidiaries	18	6,708
To associates	3,643	5,411
To parent companies	8	110
	310,429	**318,212**

30. Income tax payables

It reflects current income tax liabilities, net of advances, withholdings and 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.

31. Other payables

thousands of euro	2008	2007
Advances	8,653	11,115
Notes payable	–	78
Payables to social security institutions	14,001	10,259
Payables to personnel	47,735	49,551
Payables to customers	7,655	8,798
Payables for purchase of emission rights	6,250	–
Accrued expenses and deferred income	20,222	19,677
Other	46,794	52,483
	151,310	**151,961**

The item other consist of sundry elements, among which the credit balance of periodic valued added tax for € 5,389 thousand (2007: € 8,395 thousand) and payables for interest expense on tax relating to prior years of € 12,686 thousand (2007: € 15,019 thousand).

32. Net sales

Net sales breakdown is as follows:

thousands of euro	2008	2007
Cement and clinker	2,246,373	2,222,683
Ready-mix concrete and aggregates	1,246,511	1,256,387
Related activities	27,348	17,064
	3,520,232	**3,496,134**

The 0.7 % increase compared to year 2007 is due to overall unfavorable currency effects for 1.9 %, to favorable market trends for 1.2 % and to additions in the scope of consolidation for 1.4 %. Reference is made to the segment information for additional disclosure (note 6).

33. 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.

thousands of euro	2008	2007
Recovery of expenses	11,741	10,053
Indemnity for damages	2,825	1,354
Revenue from leased properties	12,757	6,479
Gains on disposals of property, plant and equipment	7,721	8,130
Capital grants	708	515
Release of provisions	15,004	20,736
Internal work capitalized	9,419	4,417
Sale of emission rights	6,439	–
Other	31,185	90,833
	97,799	**142,517**

The caption other includes € 7,000 thousand non-recurring income, represented by a project development fee, granted by E.On, at the end of the fruitful cooperation in the energy field which brought to the realization of a natural gas power plant at Livorno Ferraris (VC). In 2007, it included 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.

34. Raw materials, supplies and consumables

thousands of euro	2008	2007
Raw materials, semifinished products and merchandise	707,593	692,686
Supplies and consumables	199,969	163,736
Electricity	230,672	218,387
Fuels	299,200	248,492
Other goods	35,938	45,659
Changes in inventories of raw materials, supplies, consumables and merchandise	(42,313)	(13,628)
	1,431,059	**1,355,332**

35. Services

	2008	2007
thousands of euro		
Transportation	414,434	406,864
Maintenance and contractual services	125,950	124,946
Insurance	16,482	18,928
Legal and professional consultancy	24,640	26,241
Operating leases of property and machinery	43,268	38,647
Travel	7,433	7,955
Sales commissions	3,179	3,057
Other	125,919	136,753
	761,305	**763,391**

36. Staff costs

	2008	2007
thousands of euro		
Salaries and wages	315,415	309,918
Social security contributions and defined contribution plans	83,837	72,769
Employee severance indemnities and defined benefit plans	12,015	22,557
Other long-term benefits	5,208	288
Shares granted to employees	592	1,716
Other	12,927	6,857
	429,994	**414,105**

The increase in salaries and wages is primarily due to the change in scope of consolidation.

Other costs include restructuring expenses of € 3,633 thousand (2007: € 844 thousand).

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

	2008	2007
number		
White collar and executives	4,292	4,136
Blue collar and supervisors	7,479	7,237
	11,771	**11,373**

37. Other operating expenses

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

	2008	2007
thousands of euro		
Write-down of receivables	19,350	12,194
Provisions for liabilities and charges	15,004	24,429
Association dues	9,336	9,791
Indirect taxes and duties	17,839	16,919
Losses on disposal of property, plant and equipment	579	1,993
Purchase of emission rights	8,732	–
Other	23,143	21,429
	93,983	**86,755**

The provision for environmental restoration (quarries) accrued during the year is € 4,880 thousand (2007: € 2,685 thousand).

38. Depreciation, amortization and impairment charges

	2008	2007
thousands of euro		
Amortization of intangible assets	3,362	3,022
Depreciation of property, plant and equipment	200,250	198,044
Impairment losses of fixed assets	21,391	9,880
	225,003	**210,946**

The impairment losses for the most part relate to significant restructuring plans of the production facilities, like the permanent closure of the Independence, KS cement plant and New Orleans, LA slag grinding in United States (€ 13,697 thousand), as well as the Santarcangelo (RN) cement plant in Italy (€ 3,361 thousand). Furthermore property, plant and equipment located in Germany, Belgium, Czech Republic, France and Russia was impaired for € 3,744 thousand overall. In the previous year, impairment losses basically related to German assets in the ready-mix concrete business (€ 5,630 thousand), always in Germany to raw material reserves of the Neubeckum and Amöneburg, plants (€ 8,950 thousand) and to the goodwill of a specific geographical area of the ready-mix concrete segment in Italy (€ 1,945 thousand).

39. Gains (losses) on disposal of investments

This caption consists of non-recurring income arising from the sale of the associates Eurobeton Holding SA for € 7,063 thousand, Technobeton Srl for € 4,281 thousand and other minor investments.

40. Net finance costs

thousands of euro	2008	2007
Finance costs		
Interest expense on bank borrowings	23,254	12,646
Interest expense on senior notes and bonds	52,092	58,818
Interest expense on mezzanine loan	14,384	10,948
Interest expense on employee benefits	30,037	29,068
Interest expense on interest rate swap contracts	4,180	3,820
Changes in the fair value of derivative instruments	13,191	34,038
Discount unwinding on provisions	6,829	2,742
Foreign exchange losses	78,632	15,779
Other	19,732	24,887
	242,331	**192,746**
Finance revenues		
Interest income on liquid assets	31,872	33,620
Interest income on interest rate swap contracts	2,494	153
Expected return on plan assets of employee benefits	17,466	18,136
Changes in the fair value of derivative instruments	70,994	7,233
Foreign exchange gains	40,677	75,653
Dividend income	3,021	2,894
Other	9,455	32,813
	175,979	**170,502**
	(66,352)	**(22,244)**

Net finance costs increase versus the previous year due to smaller net income coming from fluctuation of foreign exchange and derivative instruments, besides the disadvantage associated with the gradual rise of net debt. The comparison with the prior year is penalizing, because in 2007 Dyckerhoff benefited from one-off interest income referred to the German VAT receivable on dealer sales during the period 1993–2004.

41. 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 companies are positive and contribute as follows: Kosmos Cement Company (€ 3,402 thousand), Bétons Feidt SA (€ 936 thousand), Laterlite SpA (€ 1,339 thousand), Eljo Holding BV (€ 749 thousand), Premix SpA (€ 201 thousand), Basal Hanson Utrecht VOF (€ 430 thousand), Eurobeton Holding SA (€ 106 thousand). Losses come mainly from the write-downs of the Algerian companies Société des Ciments de Hadjar Soud (€ 439 thousand) and Société des Ciments de Sour El Ghozlane (€ 735 thousand).

42. Income tax expense

	2008	2007
thousands of euro		
Current tax	179,330	253,986
Deferred tax	(11,778)	12,461
Tax relating to prior years	12,005	21,854
	179,557	**288, 301**

The decrease in current tax is ascribable to a lower taxable income, the abatement of the nominal income tax rates in Italy and Germany effective 1 January 2008 and the greater contribution to profit before tax given by countries with moderate taxation.

Also deferred tax is favorably affected by the above-mentioned reduction of the nominal tax rates, meanwhile in 2007 there was an opposite effect caused by the alignment of all deferred tax balances to the new direct taxation level.

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, net of any refund. It largely consists of the costs arising from the assessments made in Germany for the fiscal years 1993 through 1997. In 2007 the group recognized an income tax expense of € 21,185 thousand, applicable to the contingent asset for VAT refund on sales effected in Germany through distributors during the period 1993–2004.

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:

	2008	2007
thousands of euro		
Profit before tax	650,338	824,830
Italian income tax rate (IRES)	27.5 %	33.0 %
Theoretical income tax expense	**178,843**	**272,194**
Tax effect of permanent differences	(5,935)	(18,751)
Tax relating to prior years	12,005	21,854
Effect of difference between Italian and foreign tax rates	(4,570)	(20,284)
Effect of a rate change on deferred income tax	(5,254)	16,626
Use of tax losses for which no deferred income tax assets was recognized	(842)	297
Derecognition of deferred income tax assets	(4,538)	(3,306)
Withholding tax on foreign dividends	2,454	4,961
Italian regional income tax on production activities (IRAP)	7,458	10,481
Other differences	(64)	4,229
Income tax expense	**179,557**	**288,301**

The weighted average tax rate of the period is 28 % (2007: 35 %). The drop largely reflects those changes in deferred tax and prior years taxation that have been already illustrated. The remaining variance is explained by the different relative contribution of the foreign subsidiaries to profit before tax and by the abatement of the nominal tax rates.

43. Earnings per share

Basic

Basic earnings per share is calculated, per each class of shares, by dividing net profit 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.

		2008	2007
Net profit attributable to equity holders of the company	euro thousand	395,252	458,463
attributable to savings shares	euro thousand	78,565	91,487
attributable to ordinary shares	euro thousand	316,687	366,976
Average number of ordinary shares outstanding	no.	164,937,351	164,566,135
Average number of savings shares outstanding	no.	40,412,714	40,589,076
Basic earnings per ordinary share	euro	1.92	2.23
Basic earnings per savings share	euro	1.94	2.25

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares to assume conversion of all dilutive potential shares. As per above, net profit attributable to ordinary shares is adjusted for the amount of the preferential dividend to which the savings shares are entitled. Beginning from 25 February 2008, when the convertible bond has come to maturity, no more dilutive potential shares exist and thus basic and diluted earnings per share are equivalent.

		2008	2007
Net profit attributable to equity holders of the company	euro thousand	395,252	458,463
Interest expense on convertible bond (net of tax)	euro thousand	5	122
Net profit used to determine diluted earnings per share	euro thousand	**395,257**	**458,585**
attributable to savings shares	euro thousand	78,557	91,309
attributable to ordinary shares	euro thousand	316,700	367,276
Average number of ordinary shares outstanding	no.	164,937,351	164,566,135
Adjustments for assumed conversion of bond	no.	23,020	457,148
Adjusted average number of ordinary shares outstanding	no.	**164,960,371**	**165,023,283**
Average number of saving shares outstanding	no.	40,412,714	40,589,076
	euro		
Diluted earnings per ordinary share	euro	1.92	2.23
Diluted earnings per savings share	euro	1.94	2.25

44. Dividends

The dividends paid in 2008 and 2007 were € 87,231 thousand (€ 0.420 per ordinary shares and € 0.444 per savings shares) and € 83,042 thousand (€ 0.350 euro per ordinary shares and € 0.374 euro per savings shares, plus a € 0.05 supplement for both categories of shares on the occasion of the company's centennial). A dividend in respect of the year ended 31 December 2008 of € 0.360 per ordinary share and € 0.384 per savings share, is to be proposed at the annual general meeting on 28 April 2009. Therefore expected dividend distribution amounts to a total of € 74,862 thousand. These financial statements do not reflect this dividend payable.

45. Commitments

thousands of euro	2008	2007
Guarantees granted	19,490	14,239
Guarantees received	11,616	7,416
Other commitments and guarantees	241,000	159,251

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

Capital expenditure contracted for at the balance sheet date to acquire property, plant and equipment, but not yet incurred, amount to € 227,756 thousand (2007: € 141,677 thousand). It can essentially be traced back to the expansion of production capacity in Russia (€ 75,720 thousand), to the modernization of kilns and the coal mills in Ukraine (€ 57,290 thousand), to the expansion of the cement grinding capacity in Luxembourg (€ 22,528 thousand), to the expansion of production capacity at Selma, MO in United States (€ 38,604 thousand), to various project in Germany (€ 10,763 thousand) and to the erection of a new cement plant in the state of Veracruz (Mexico), municipality of Apazapan (€ 21,456 thousand).

Buzzi Unicem entered into operating lease contracts for the right to use land, industrial buildings, offices, vehicles and computer equipment. The leases have various terms, duration, escalation clauses and renewal rights. In the cancellable agreements, normally the group is required to give a six-month notice for the termination. 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:

thousands of euro	2008	2007
No later than 1 year	15,081	11,430
Later than 1 year 1 and no later than 5 years	41,493	30,687
Later than 5 years	14,844	13,382
	71,418	**55,499**

46. 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 was fully provided for in the financial statements 2006 and in the financial statements for the year ended 31 December 2008, it was reduced to €3.8 million, following the payment of the tax-assessment bills received, for which splitting into installments was granted. The Regional Tax Court of Turin, by judgment of January 2009, confirmed the ruling of the Tax Court of Alessandria; the company is evaluating the reasons reported in the above verdict so as to decide whether to pursue the litigation.

As regards the €11 million fine inflicted by the Italian antitrust authority to the subsidiary Unical SpA for alleged anti-competitive practices in the Milan market, together with other ready-mix concrete producers, 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 Sate 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.

Following the Decision-Making Conferences promoted by the Ministry for the Environment and Land and Sea Conservation, measures have been adopted for the clean up of the depth of the Augusta (SR) roadstead, which proved to be heavily polluted. Pursuant to the said measures, which also identify a large land area facing the shore of the roadstead as a Site of National Interest, liability for pollution damage, and accordingly for reclamation costs, lies with the companies whose industrial sites are situated around the Augusta roadstead, which sites, as everybody knows, essentially belong to the petrochemical industry. For the sole reason that it operates in the area with its Augusta cement factory, Buzzi Unicem had to institute a number of proceedings before the Regional Administrative Court (TAR) of Sicily – Catania division – against the Ministry and various public and private entities, some of which unfavorably evaluated by the Administrative Justice Council of Sicily at the preliminary and cautionary stage of the proceedings. At the subsequent stages of the proceedings before the TAR of Sicily – Catania, the TAR ordered that:

a) three Court-Appointed Experts be appointed to investigate on various issues concerning both the contamination of the roadstead and the plaintiff companies' liability for such contamination;
b) a question of interpretation be referred to the European Court of Justice regarding the principles of attribution of pollution costs.

Proceedings have been stayed pending the decisions of the European Court. However, to the extent verified by the company's advisors, the Court-Appointed Experts' report, which has been recently filed, shows a favorable outcome in terms of non-liability of the company for the contamination of the roadstead. In light of the above, no elements are deemed to exist, with respect to the roadstead, which may result in any liability of the company at the current stage of the proceedings, which proceedings are not likely to be concluded by the end of this year. On the contrary, with respect to the land areas and the underneath aquifer, notwithstanding the favorable outcome of the Court-Appointed Experts' investigation, the company will be responsible for prevention measures and clean-up works, at least by way of property burden. As a result of the above, without prejudice to the belief that the company has nothing to do with the contamination, the company deemed it prudent to set aside a provision in an amount of €2 million for possible works required by the public authorities.

As regards the fine inflicted on Dyckerhoff AG in early 2003 by the German antitrust authority, in the context of a wider investigation into the domestic cement industry, the main lawsuit began before the Court of First Instance of Düsseldorf on 11 December 2008 and the calendar of the hearings for the first quarter 2009 was established. The amount of the fine (€95 million) has been fully provided for in the financial statements. Moreover, in 2005, along with five other competitors, Dyckerhoff was also sued for damages to customers in the Düsseldorf District Court for alleged cartel agreements. In February 2007 the claim for damages was declared admissible and Dyckerhoff appealed against this determination. In May 2008 the appeal was rebutted and Dyckerhoff has made an appeal to the Court of last resort in Karlsruhe. This second appeal is still pending.

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. Until 1 October 2005, 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 2008, $ 6.6 million have been paid by the company and not reimbursed by Liberty Mutual and its other carriers in respect of defense and indemnity costs for claims that have been resolved on behalf of LSI.

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 in the appellate court. The oral argument on appeal took place before the Supreme Court of Connecticut on 4 December 2008 and the parties are now awaiting for the ruling. 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, a specific contingency reserve has been accrued in the consolidated balance sheet.

47. Related-party transactions

Buzzi Unicem SpA is controlled by Fimedi SpA, which directly and indirectly, through its subsidiary Presa SpA, owns 56.7 % of the voting rights. The company assembles the professional skills, the human resources and the equipment that allow it to provide assistance to other subsidiaries and associates. Buzzi Unicem SpA regularly carries out trading transactions with a number of associates and/or joint ventures, which mainly consist of sales of goods to entities operating in the business of cement, ready-mix concrete and admixtures. Furthermore the company provides upon request to the same entities technical and engineering services. Goods are sold on the basis of the price lists in force with non-related parties. Services are usually negotiated with related parties on a cost-plus basis. There are also some transactions of financial nature with the same entities; equally, they have normal terms and interest rate conditions. The loans granted by Presa SpA, carrying a market interest rate and outstanding at 31 December 2007, were completely repaid during the year. 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 main transactions carried out with related parties and associated year-end balances:

	2008	2007
thousands of euro		
Sales of goods and services:		
associates and unconsolidated subsidiaries	92,662	82,481
parent companies	17	17
joint ventures	343	321
other related parties	–	210
Purchases of goods and services:		
associates and unconsolidated subsidiaries	38,956	8,483
parent companies	6,003	6,158
joint ventures	15,025	13,798
Finance revenues:		
associates and unconsolidated subsidiaries	722	647
Finance costs:		
associates and unconsolidated subsidiaries	20	30
parent companies	150	575
Trade receivables:		
associates and unconsolidated subsidiaries	17,962	17,384
parent companies	20	20
joint ventures	137	151
other related parties	50	109
Loans receivable:		
associates and unconsolidated subsidiaries	7,952	9,861
Other receivables:		
associates and unconsolidated subsidiaries	2,543	3,066
parent companies	28,715	1,594
Trade payables:		
associates and unconsolidated subsidiaries	2,416	942
joint ventures	1,853	1,901
other related parties	9,447	4,933
Loans payable:		
parent companies	–	10,119
Other payables:		
associates and unconsolidated subsidiaries	2,557	2,683
parent companies	–	666

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.

48. Business combinations

At the end of February, the company acquired 100 % of the share capital of **Cementi Cairo Srl**, a company incorporated on 19 February 2008, owner of a new cement grinding plant located in the municipality of Cairo Montenotte (SV). Since the new grinding plant has never operated, for the period from 1 March to 31 December 2008 there are no revenues related to the acquisition and the effect on net profit is a loss of € 165 thousand.

Purchase consideration:

thousands of euro	
Cash paid	40,966
Direct costs relating to the acquisition	9
Total purchase consideration	**40,975**

The assets and liabilities as of 19 February 2008 arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
thousands of euro		
Property, plant and equipment	42,416	37,606
Trade and other receivables	3	3
Trade and other payables	(642)	(642)
Deferred income tax	(802)	113
Fair value of net assets	**40,975**	**37,080**
Total purchase consideration	**40,975**	

On 31 October 2008, Buzzi Unicem SpA absorbed Cementi Cairo Srl. The integration of Cementi Cairo's operations with those of the Italian cement segment provides benefits with respect to market share, capacity utilization of Robilante (CN) cement plant and sales price stability in the area.

By the end of November 2008, the company acquired 100 % of the share capital of **Escalcementi Srl**, owner of a cement grinding plant, recently built, located in the municipality of Manfredonia (FG). The acquired business did not contribute to the economic results of the group for the period from 1 December to 31 December 2008, because the investment is temporarily carried at cost in expectation of adopting the full consolidation method effective 1 January 2009. Had this business combination occurred on

1 January 2008 net sales would have been € 3,530,802 thousand and net profit € 468,905 thousand.

Purchase consideration:

thousands of euro	
Cash paid	20,618
Direct costs relating to the acquisition	5
Total purchase consideration	**20,623**

The initial accounting for the acquisition of Escalcementi Srl could be determined only provisionally by the end of the fiscal year. Hence, the fair values assigned to the acquiree's identifiable assets, liabilities or contingent liabilities represent management's best estimate of likely values. The assets and liabilities as of 1 December 2008 arising from the acquisition are as follows:

thousands of euro	Provisional fair value	Acquiree's carrying amount
Other intangible assets	898	898
Property, plant and equipment	18,680	18,680
Inventories	711	711
Trade and other receivables	5,147	5,147
Cash and cash equivalents	353	353
Other non-current liabilities	(72)	(72)
Trade and other payables	(1,636)	(1,636)
Fair value of net assets	**24,081**	**24,081**
Negative goodwill	(3,458)	
Total purchase consideration	**20,623**	

thousands of euro	
Purchase consideration settled in cash	20,623
Cash and cash equivalents in subsidiary acquired	(353)
Cash outflow on acquisition	**20,270**

The provisional fair value of net assets acquired exceeds the cost of the business combination. Management will reassess the identification and measurement of the acquiree's net assets and possibly recognize in profit or loss any excess remaining after that reassessment.

By the end of November 2008, the company acquired 100 % of the share capital of **Parmacementi SpA**, owner of a cement grinding plant, recently built, located in the municipality of Sorbolo (PR). The acquired business did not contribute to the economic results of the group for the period from 1 December to 31 December 2008, because the investment is temporarily carried at cost in expectation of adopting the full consolidation method effective 1 January 2009. Had this business combination occurred on 1 January 2008 net sales would have been €3,530,506 thousand and net profit €469,297 thousand. These amounts have been calculated without adjusting yet the results of the subsidiary to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to acquired fixed assets had applied from 1 January 2008, together with the consequential tax effect.

Purchase consideration:

thousands of euro	
Cash paid	32,304
Direct costs relating to the acquisition	3
Total purchase consideration	**32,307**

The initial accounting for the acquisition of Parmacementi SpA could be determined only provisionally by the end of the fiscal year. Hence, the fair values assigned to the acquiree's identifiable assets, liabilities or contingent liabilities represent management's best estimate of likely values. The assets and liabilities as of 1 December 2008 arising from the acquisition are as follows:

thousands of euro	Provisional fair value	Acquiree's carrying amount
Other intangible assets	15	15
Property, plant and equipment	28,772	18,893
Inventories	1,121	1,121
Trade and other receivables	5,410	5,410
Cash and cash equivalents	60	60
Deferred income tax	(3,102)	–
Other non-current liabilities	(71)	(71)
Trade and other payables	(1,552)	(1,552)
Fair value of net assets	**30,653**	**23,876**
Goodwill	1,654	
Total purchase consideration	**32,307**	

thousands of euro	
Purchase consideration settled in cash	32,307
Cash and cash equivalents in subsidiary acquired	(60)
Cash outflow on acquisition	**32,247**

Provisional goodwill is attributable to the new customers brought by the subsidiary and to economies of scale achievable through integration of the Buzzi Unicem's operations in the region of Emilia Romagna with those of Parmacementi SpA.

Around mid July 2008, by means of Alamo Cement Company, the group acquired 100 % of the share capital of **Dorsett Brothers Concrete Supply, Inc.**, a leading supplier of ready-mix concrete in Houston, TX and surrounding areas. The acquired business contributed a loss of € 1.126 thousand to consolidated net profit for 2008. Had this business combination occurred on 1 January 2008 net sales would have been € 3,552,698 thousand and net profit € 470,691 thousand.

Purchase consideration:

thousands of euro	
Cash paid	24,589
Present value of deferred purchase	26,569
Direct costs relating to the acquisition	–
Total purchase consideration	**51,158**

The assets and liabilities as of 30 June 2008 arising from the acquisition are as follows:

thousands of euro	Fair value	Acquiree's carrying amount
Other intangible assets	6,965	185
Property, plant and equipment	36,845	24,231
Other non-current assets	6	6
Inventories	2,787	2,787
Trade and other receivables	11,660	11,896
Cash and cash equivalents	1,135	1,135
Deferred income tax	(10,723)	(4,101)
Other non-current liabilities	(5,064)	(5,064)
Current portion of long-term debt	(5,177)	(5,177)
Trade and other payables	(11,149)	(11,149)
Fair value of net assets	**27,285**	**14,749**
Goodwill	23,873	
Total purchase consideration	**51,158**	

thousands of euro	
Purchase consideration settled in cash	24,589
Cash and cash equivalents in subsidiary acquired	(1,135)
Cash outflow on acquisition	**23,454**

Goodwill arises in the business combination because the purchase consideration includes amounts paid for the ability to control the procurement of cement by the subsidiary for use in its ready-mix operations and amounts paid to acquire the trained workforce of the subsidiary.

At the end of December 2008, by means of Alamo Cement Company, Buzzi Unicem acquired 100 % of the share capital of **Barrett Holding, Inc.**, a group of companies operating in the ready-mix concrete and aggregates business in the area of Harlingen, TX. The acquired concern did not contribute to the economic results of the group for the financial year because the acquisition date coincides with the balance sheet date. Had this business combination occurred on 1 January 2008 net sales would have been € 3,531,112 thousand and net profit € 469,066 thousand.

Purchase consideration:

thousands of euro	
Cash paid	7,976
Direct costs relating to the acquisition	–
Total purchase consideration	**7,976**

The initial accounting for the acquisition of Barrett Holding, Inc. could be determined only provisionally by the end of the fiscal year. Hence, the fair values assigned to the acquiree's identifiable assets, liabilities or contingent liabilities represent management's best estimate of likely values. The assets and liabilities as of 31 December 2008 arising from the acquisition are as follows:

thousands of euro	Provisional fair value	Acquiree's carrying amount
Property, plant and equipment	6,316	5,330
Inventories	2,949	2,949
Trade and other receivables	1,803	1,826
Cash and cash equivalents	(154)	(154)
Deferred income tax	1,233	1,581
Other non-current liabilities	(2,490)	(2,490)
Current portion of long-term debt	(2,189)	(2,189)
Trade and other payables	(1,055)	(1,079)
Fair value of net assets	**6,413**	**5,774**
Goodwill	1,563	
Total purchase consideration	**7,976**	

thousands of euro	
Purchase consideration settled in cash	7,976
Cash and cash equivalents in subsidiary acquired	154
Cash outflow on acquisition	**8,130**

Goodwill arises in the business combination because the purchase consideration includes amounts paid for the ability to control the procurement of cement by the subsidiary for use in its ready-mix operations and amounts paid to acquire the trained workforce of the subsidiary.

49. Events after the balance sheet date

No significant event has occurred after the balance sheet date. As far as the trading outlook is concerned, reference is made to the appropriate chapter of the review of operations.

Casale Monferrato, 24 March 2009

On behalf of the Board of Directors
The Chairman
ALESSANDRO BUZZI

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

Name	Registered office		Share capital	Ownership interest held by	% of owner-ship	% of voting rights
Companies consolidated on a line-by-line basis						
Buzzi Unicem S.p.A.	Casale Monferrato (AL)	EUR	123,636,659			
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	
Dyckerhoff AG	Wiesbaden DE	EUR	105,639,816	Buzzi Unicem S.p.A. Buzzi Unicem Investimenti S.r.l.	81.01 12.12	73.78 24.19
Buzzi Unicem Algérie E.u.r.l.	Annaba DZ	DZD	3,000,000	Buzzi Unicem S.p.A.	100.00	
Oriónidas, S.A.U.	Valencia ES	EUR	2,000,000	Buzzi Unicem S.p.A.	100.00	
La Rinascita Calcestruzzi S.p.A.	Casale Monferrato (AL)	EUR	2,476,800	Unical S.p.A.	80.00	
Buzzi Unicem International S. à r.l.	Luxembourg LU	EUR	37,529,900	Buzzi Unicem Investimenti S.r.l.	100.00	
Béton du Ried S.A.	Krautergersheim FR	EUR	500,000	Dyckerhoff AG	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	Kruft 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	
Basal Belgie BVBA	Antwerp BE	EUR	5,900,000	Dyckerhoff AG Dyckerhoff Basal Toeslagstoffen B.V.	99.95 0.05	
Dyckerhoff Polska Sp. z o.o.	Sitkówka-Nowiny PL	PLN	70,000,000	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	
TOB Dyckerhoff Ukraina	Kyiv UA	UAH	230,943,447	Dyckerhoff AG	100.00	
VAT Volyn – Cement	Zdolbuniv UA	UAH	1,402,422	Dyckerhoff AG TOB Dyckerhoff Ukraina	94.82 2.61	
VAT YUGcement	Olshanske UA	UAH	6,237,414	Dyckerhoff AG TOB Dyckerhoff Ukraina	93.78 5.36	
OOO Russkiy Cement	Ekaterinburg RU	RUB	350,000	Dyckerhoff AG	100.00	
OOO Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow	Suchoi Log RU	RUB	4,100,000	Dyckerhoff AG	95.00	
OAO Sukholozhskcement	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	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated on a line-by-line basis (continued)						
RC Lonestar Inc.	Wilmington US	USD	10	Buzzi Unicem International S.à r.l. Dyckerhoff AG	51.50 48.50	
Mörtelwerk Colonia GmbH	Köln DE	EUR	153,388	Dyckerhoff Beton GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	Nordhausen DE	EUR	100,000	Dyckerhoff Beton GmbH & Co. KG	95.00	
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	
Dyckerhoff Transportbeton Hamburg GmbH	Wiesbaden DE	EUR	25,000	Dyckerhoff Beton GmbH & Co. KG	51.00	
Dyckerhoff Kieswerk Trebur GmbH	Trebur-Geinsheim DE	EUR	125,000	Dyckerhoff Beton GmbH & Co. KG	51.00	
CIMALUX S.A.	Esch-sur-Alzette LU	EUR	29,900,000	Dyckerhoff Luxembourg S.A.	98.35	
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	
Dyckerhoff Basal Betonmortel B.V.	Nieuwegein NL	EUR	18,004	Dyckerhoff Basal Nederland B.V.	100.00	
Dranaco N.V.	Antwerp BE	EUR	347,051	Basal Belgie BVBA	100.00	
Nowiny-Administracja Nieruchomosci Sp. z o.o. w likwidacji	Sitkówka-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	
TOB Dyckerhoff Transport Ukraina	Kyiv UA	UAH	51,721,476	TOB Dyckerhoff Ukraina	100.00	
TOB Pansionat Primorskij	Ribakovka UA	UAH	45,000	VAT YUGcement	100.00	
ZAO Akmel	Akbulak RU	RUB	1,600,000	OOO Russkiy Cement Dyckerhoff AG	51.00 49.00	
OOO CemTrans	Suchoi Log RU	RUB	10,000	OAO Sukholozhskcement	100.00	
OOO Omsk Cement	Omsk RU	RUB	10,000,000	OAO Sukholozhskcement	74.90	
Alamo Cement Holding Company	Wilmington US	USD	1	Alamo Cement Company	100.00	
Alamo Cement Management Company	Wilmington US	USD	1	Alamo Cement Company	100.00	
Buzzi USA Inc.	Wilmington US	USD	1	RC Lonestar Inc.	100.00	
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	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated on a line-by-line basis (continued)						
CIMALUX Société Immobilière S.à r.l.	Esch-sur-Alzette LU	EUR	24,789	CIMALUX S.A.	100.00	
BSN Beton Service Nederland B.V.	Franeker NL	EUR	113,445	Dyckerhoff Nederland B.V.	100.00	
B.V. Betoncentrale "Fabriton"	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	
Bouwmaterialenhandel Jonker B.V.	Nieuwegein NL	EUR	22,689	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	
Friesland Beton Heerenveen B.V.	Heerenveen NL	EUR	34,487	Dyckerhoff Basal Betonmortel B.V.	80.26	
Betonmortel Centrale Groningen (B.C.G.) B.V.	Groningen NL	EUR	42,474	Dyckerhoff Basal Betonmortel B.V.	52.35	
Dragage Mosan International S.A.	Antwerp BE	EUR	106,000	Dranaco N.V.	100.00	
SONDA s.r.o.	Most pri Bratislave SK	SKK	200,000	ZAPA beton SK s.r.o.	100.00	
ZAPA beton Hungaria k.f.t.	Zsujita HU	HUF	88,000,000	ZAPA beton SK s.r.o.	100.00	
VAT Kyivcement	Kyiv UA	UAH	277,536	TOB Dyckerhoff Transport Ukraina TOB Dyckerhoff Ukraina	79.73 13.17	
Longhorn Cement Company	San Antonio US	USD	101,000	Alamo Cement Holding Company	100.00	
Alamo Cement Trucking Company	San Antonio US	USD	10	Alamo Cement Holding Company	100.00	
Alamo Cement Company II, Ltd.	San Antonio US	USD	n/a	Alamo Cement Holding Company Alamo Cement Management Company	99.00 1.00	
Alamo Concrete Products, Ltd.	San Antonio US	USD	n/a	Alamo Cement Holding Company Alamo Cement Management Company	99.00 1.00	
Alamo Transit Company II, Ltd.	San Antonio US	USD	n/a	Alamo Cement Holding Company Alamo Cement Management Company	99.00 1.00	
ACP Valley, Ltd.	San Antonio US	USD	n/a	Alamo Cement Holding Company Alamo Cement Management Company	99.00 1.00	
Buzzi Unicem USA (Midwest) Inc.	Wilmington US	USD	1	Buzzi USA Inc.	100.00	
Lone Star Industries, Inc.	Wilmington US	USD	28	Buzzi USA Inc.	100.00	
River Cement Company	Wilmington US	USD	100	Buzzi USA Inc.	100.00	
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	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated on a line-by-line basis (continued)						
Heartland Cement Sales Company	Wilmington US	USD	10	Buzzi USA Inc.	100.00	
Hercules Cement Holding Company	Wilmington US	USD	10	Buzzi USA Inc.	100.00	
Hercules Cement Company LP	Bethlehem US	USD	n/a	Buzzi USA Inc. Hercules Cement Holding Company	99.00 1.00	
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	
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	
Dorsett Brothers Concrete Supply Inc.	Pasadena US	USD	500	Alamo Cement Company II, Ltd.	100.00	
Barrett Holding Company	San Antonio US	USD	86,270	ACP Valley, Ltd.	100.00	
BK Industries, L.L.C.	Clayton US	USD	n/a	Buzzi Unicem USA (Midwest) Inc.	100.00	
Buzzi Unicem Ready Mix, L.L.C.	Knoxville US	USD	n/a	Buzzi Unicem USA (Midwest) 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	
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	
Compañia Cubana de Cemento Portland, S.A.	Havana CU	CUP	100	Lone Star Industries, Inc.	100.00	
Transports Mariel, S.A.	Havana CU	CUP	100	Lone Star Industries, Inc.	100.00	
River Cement Sales Company	Wilmington US	USD	100	River Cement Company	100.00	
Causeway Concrete LP	Pasadena US	USD	n/a	Dorsett Brothers Concrete Supply Inc.	51.00	
La Roca Development L.L.C.	San Antonio US	USD	n/a	Barrett Holding Company	100.00	
Varmicon Industries Inc.	Harlingen US	USD	100,245	Barrett Holding Company	100.00	
RED-E-MIX, L.L.C.	Troy US	USD	n/a	BK Industries, L.L.C.	100.00	
RED-E-MIX Transportation, L.L.C.	Highland US	USD	n/a	BK Industries, L.L.C.	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	
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	
Proyectos Industries de Jaruco, S.A.	Havana CU	CUP	186,700	Compañia Cubana de Cemento Portland, S.A.	100.00	
Valley Ready Mix Concrete Inc.	Harlingen US	USD	1,000	Varmicon Industries Inc.	100.00	
Varmicon Concrete Products Inc.	Wilmington US	USD	1,000	Varmicon Industries Inc.	100.00	
Varmicon Partnership Ltd.	San Antonio US	USD	n/a	Varmicon Concrete Products Inc. Varmicon Industries Inc. Valley Ready Mix Concrete Inc.	99.00 0.50 0.50	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated by the proportionate method						
Addiment Italia S.r.l.	Casale Monferrato (AL)	EUR	10,400	Buzzi Unicem S.p.A.	50.00	
Thorcem S.r.l.	Casale Monferrato (AL)	EUR	100,000	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	
ARGE Betonversorgung Osterbergtunnel GbR	Nordhausen DE	EUR	n/a	Dyckerhoff Transportbeton Thüringen 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 Moctezuma, S.A. de C.V.	Mexico MX	MXN	3,146,003	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Cementos Portland Moctezuma, S.A. de C.V.	Emiliano Zapata MX	MXN	3,287,739	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	
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 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 Portland Moctezuma, S.A. de C.V.	98.00 2.00	
Materiales Pétreos Moctezuma, S.A. de C.V.	Mexico MX	MXN	50,000	Corporación Moctezuma, S.A.B. de C.V. Latinoamericana de Concretos, 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	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated by the proportionate method (continued)						
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	10,000,000	Latinoamericana de Concretos, S.A. de C.V.	60.00	
Concretos Moctezuma de Torreón, S.A. de C.V.	Mexico MX	MXN	14,612,489	Latinoamericana de Concretos, S.A. de C.V.	55.00	
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	
Companies valued by the equity method						
Cementi Moccia S.p.A.	Napoli	EUR	7,398,300	Buzzi Unicem S.p.A.	50.00	
Premix S.p.A.	Melilli (SR)	EUR	3,483,000	Buzzi Unicem S.p.A.	40.00	
Ciments de Balears, S.A.	Palma de Mallorca ES	EUR	306,510	Buzzi Unicem S.p.A.	35.00	
Laterlite S.p.A.	Solignano (PR)	EUR	25,000,000	Buzzi Unicem S.p.A.	33.33	
Société des Ciments de Sour El Ghozlane EPE S.p.A.	Sour El Ghozlane DZ	EUR	1,900,000,000	Buzzi Unicem S.p.A.	35.00	
Société des Ciments de Hadjar Soud EPE S.p.A.	Azzaba DZ	DZD	1,550,000,000	Buzzi Unicem S.p.A.	35.00	
Siefic Calcestruzzi S.r.l.	Isernia	EUR	5,080,000	Unical S.p.A.	50.00	
Albenga Calcestruzzi S.r.l.	Albenga (SV)	EUR	100,700	Unical S.p.A.	50.00	
E.L.M.A. S.r.l.	Sinalunga (SI)	EUR	15,000	Unical S.p.A.	50.00	
S. Paolo S.c.r.l.	Calenzano (FI)	EUR	50,000	Unical S.p.A.	50.00	
Consorzio CO.ES. S.r.l. i. L.	Vezzano Ligure (SP)	EUR	46,800	Unical S.p.A.	44.05	
Cave di Carpenosa S.r.l.	Molini di Triora (IM)	EUR	100,000	Unical S.p.A.	33.50	
S.A.F.I. S.r.l.	Mezzana Bigli (PV)	EUR	332,010	Unical S.p.A.	33.33	
Edilcave S.r.l.	Villarfocchiardo (TO)	EUR	72,800	Unical S.p.A.	30.00	
Calcestruzzi Bell'Italia S.r.l.	Montanaso Lombardo (LO)	EUR	40,000	Unical S.p.A.	25.00	
Calcestruzzi Faure S.r.l.	Salbertrand (TO)	EUR	53,560	Unical S.p.A.	24.00	
Beton Biella S.r.l.	Biella	EUR	52,000	Unical S.p.A.	20.00	
NCD Nederlandse Cement Deelnemingsmaatschappij B.V.	Nieuwegein NL	EUR	82,750	Dyckerhoff AG	63.12	
NCH Nederlandse Cement Handelmaatschappij B.V. i.L.	Nieuwegein NL	EUR	1,361,341	Dyckerhoff AG	38.40	
Normensand GmbH	Beckum DE	EUR	1,000,000	Dyckerhoff Beteiligungs-verwaltung GmbH	38.02	
Transass S.A.	Schifflange LU	EUR	50,000	CIMALUX S.A.	41.00	
S.A. des Bétons Frais	Schifflange 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	
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	

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

Name	Registered office	Share capital		Ownership interest held by	% of ownership	% of voting rights
Companies valued by the equity method (continued)						
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	
Basal Hanson Utrecht V.O.F.	Maarssen NL	EUR	n/a	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.C.	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	n/a	Wolst Mortel B.V.	50.00	
Other investments in subsidiaries and associates						
Serenergy S.r.l.	Milano	EUR	25,500	Buzzi Unicem S.p.A.	50.00	
Cementi e Calci di Santa Marinella S.r.l.	Bergamo	EUR	10,000	Buzzi Unicem S.p.A.	33.33	
Parmacementi S.p.A.	Casale Monferrato (AL)	EUR	8,000,000	Buzzi Unicem S.p.A.	100.00	
Escalcementi S.r.l.	Casale Monferrato (AL)	EUR	10,610,000	Buzzi Unicem S.p.A.	100.00	
Calcestruzzi Nord Ovest S.r.l.	Casale Monferrato (AL)	EUR	100,000	Unical S.p.A.	100.00	
San Martino S.c.r.l. i.L.	Casale Monferrato (AL)	EUR	10,000	Unical S.p.A.	75.00	
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	
Dyckerhoff Transportbeton Frankfurt GmbH & Co. KG i.L.	Frankfurt am Main DE	EUR	4,600,000	Dyckerhoff AG	51.00	
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	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Other investments in subsidiaries and associates (continued)						
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 Beteiligungs-verwaltung GmbH	50.00	
Warsteiner Kalksteinmehl Verwaltungsgesellschaft mbH	Warstein DE	EUR	25,600	Dyckerhoff Beteiligungs-verwaltung GmbH	50.00	
Bildungs-Zentrum-Deuna Gemeinnützige GmbH	Deuna DE	EUR	25,565	Dyckerhoff Beteiligungs-verwaltung GmbH	50.00	
quick-mix Holding Beteiligungsgesell-schaft 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	
Krufter Bimsabbau GmbH i.L.	Kruft 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	
Beton Union Rhein-Ruhr Verwaltungs GmbH	Essen DE	EUR	30,000	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	
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	

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership	% of voting rights
Other investments in subsidiaries and associates (continued)						
Transportbeton- und Mörtelwerk Bochum GmbH & Co. KG i.L.	Bochum DE	EUR	562,421	Dyckerhoff Beton GmbH & Co. KG	50.00	
MKB Mörteldienst Köln-Bonn GmbH & Co. KG	Köln DE	EUR	203,400	Dyckerhoff Beton GmbH & Co. KG	46.46	
Transportbeton Kall GmbH & Co. KG	Kall DE	EUR	133,000	Dyckerhoff Beton GmbH & Co. KG	46.15	
sibobeton Hannover Beteiligungsgesellschaft mbH	Osnabrück DE	EUR	25,000	Dyckerhoff Beton GmbH & Co. KG	40.00	
sibobeton Hannover GmbH & Co. KG	Osnabrück DE	EUR	1,000,000	Dyckerhoff Beton GmbH & Co. KG	40.00	
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	
Transbeton GmbH & Co. KG	Löhne DE	EUR	643,205	Dyckerhoff Beton GmbH & Co. KG	30.45	
ZAPA UNISTAV, s.r.o.	Brno CZ	CZK	20,000,000	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 UA	UAH	220,500	TOB Dyckerhoff Ukraina	100.00	
OOO OSK Sosnoviy Bor	Sucholoschskij Raion RU	RUB	10,000	OAO Sukholozhskcement	49.00	
Dyckerhoff Transportbeton Thüringen Verwaltungs GmbH	Nordhausen DE	EUR	25,565	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Schmalkalden Verwaltungsgesellschaft mbH	Schwabhausen DE	EUR	25,600	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	67.58	
Beton Union Hunsrück GmbH & Co. KG	Kastellaun DE	EUR	255,646	Beton Union Rhein-Ahr GmbH & Co. KG	50.00	
Beton Union Hunsrück Verwaltungsgesellschaft mbH	Kastellaun DE	EUR	25,565	Beton Union Rhein-Ahr GmbH & Co. KG	50.00	
Fertigbeton Kumm GmbH	Neuwied DE	EUR	153,388	Beton Union Rhein-Ahr GmbH & Co. KG	40.00	
Hurofer Holding B.V.	Nieuwegein NL	EUR	1,837,901	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
WWB – Service + Logistik Verwaltungs GmbH	Westerburg DE	EUR	25,565	Westerwald-Beton GmbH & Co. KG	100.00	
WWB – Service + Logistik GmbH & Co. KG	Westerburg DE	EUR	100,000	Westerwald-Beton GmbH & Co. KG	100.00	
Basal Toeslagstoffen Noord B.V.	Nieuwegein NL	EUR	18,000	Basal Toeslagstoffen B.V.	100.00	
Dyckerhoff Basal Deutschland GmbH	Bad Bentheim DE	EUR	25,565	Basal Toeslagstoffen B.V.	100.00	
Liesen-Baustoffe, Beteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung i.L.	Bad Bentheim DE	EUR	25,565	Dyckerhoff Basal Deutschland GmbH	100.00	

List of equity investments in unlisted companies between 10 % and 20 %
(CONSOB resolution no. 11971 article 125 and 126)

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	Dyckerhoff AG	19.00	
i4 Transportation Verwaltungs GmbH	Wiesbaden DE	EUR	25,000	Dyckerhoff AG	19.00	
Sibobeton Kurhessen/Leinetal 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	Wilhelmshaven DE	EUR	310,000	Dyckerhoff AG	10.00	
Betonwerke Fidgor GmbH	Wilhelmshaven DE	EUR	26,000	Dyckerhoff AG	10.00	
SAFA Saarfilterasche-Vertriebs-GmbH & Co. KG	Baden-Baden DE	EUR	1,100,000	Dyckerhoff AG	10.00	
Saarfilterasche-Vertriebs-GmbH	Baden-Baden DE	EUR	55,000	Dyckerhoff AG	10.00	
Beton Marketing Ost Gesellschaft für Bauberatung und Marktförderung mbH	Berlin-Zehlendorf DE	EUR	72,000	Deuna Zement GmbH	16.67	
SILEX Grundstücksvermietungs-gesellschaft mbH Objekt Eduard Dyckerhoff OHG	Düsseldorf DE	EUR	10,226	Dyckerhoff Beteiligungs-verwaltung GmbH	94.00	15.00
Rheinkalk Lengerich GmbH	Wülfrath DE	EUR	400,000	Dyckerhoff Beteiligungs-verwaltung GmbH	10.00	
V.O.F. “Bouwdok Barendrecht”	Barendrecht NL	EUR	n/a	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	n/a	Wolst Mortel B.V.	20.00	
HSL Noord-Brabant 5-A V.O.F.	Oosterhout NL	EUR	n/a	Wolst Mortel B.V.	20.00	

Information required under 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 2008 for audit 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 2008
thousands of euro			
Audit	Deloitte & Touche S.p.A.	Parent – Buzzi Unicem S.p.A.	217
	Deloitte & Touche S.p.A.	Subsidiaries	95
	Deloitte network	Subsidiaries	1,254
Attestation	Deloitte & Touche S.p.A.	Parent – Buzzi Unicem S.p.A. [1]	15
	Deloitte & Touche S.p.A.	Subsidiaries	–
	Deloitte network	Parent – Buzzi Unicem S.p.A. [2]	38
	Deloitte network	Subsidiaries [3]	22
Other services	Rete Deloitte	Parent – Buzzi Unicem S.p.A. [4]	20
	Deloitte & Touche S.p.A.	Subsidiaries	–
	Rete Deloitte	Subsidiaries [4]	41
Totale			**1,702**

[1] Auditing procedures agreed on the annual financial information the company must provide to the subscribers of the secured senior notes (in compliance with covenants);

[2] Auditing procedures agreed on the annual financial information of the Algerian associates Société des Ciments de Sour El Ghozlane and Société des Ciments de Hadjar Soud;

[3] Certifications required under the German law and the Czech Republic law;

[4] Tax and other services.

Certification of the consolidated financial statements pursuant to article 154-bis of Legislative Decree 58/98

The undersigned Pietro Buzzi, as Chief Executive Finance, and Silvio Picca, as Manager responsible for preparing Buzzi Unicem's financial reports, hereby certify, pursuant to 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 consolidated financial statements during the year 2008:
– are adequate with respect to the company structure and
– have been effectively applied.

□ The undersigned also certify that:
a) the consolidated financial statements
_ have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel dated 19 July 2002;
_ correspond to the results documented in the books and the accounting records;
_ provide a true and correct representation of the financial conditions, results of operations and cash flows of the issuer and of the entities included in the scope of consolidation.
b) the management report includes a reliable operating and financial review as well as the situation of the issuer and of the entities included in the scope of consolidation, as well as a description of the major risks and uncertainties to which they are exposed.

Casale Monferrato, 24 March 2009

Chief Executive Finance	Manager responsible for preparing financial reports
PIETRO BUZZI	SILVIO PICCA

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AUDITORS' REPORT 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 of December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared 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 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's consolidated financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on April 2, 2008.

3. In our opinion, the consolidated financial statements present fairly the financial position of the Buzzi Unicem Group as of December 31, 2008, 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.

4. The directors of Buzzi Unicem S.p.A. are responsible for the preparation of the Review of Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Review of Operations with the financial statements, as required by art. 156, paragraph 4-bis, letter d), of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Review of Operations is consistent with the consolidated financial statements of the Buzzi Unicem Group as of December 31, 2008.

DELOITTE & TOUCHE S.p.A.

Signed by
Santo Rizzo
Partner

Turin, Italy
April 6, 2009

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

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

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Share Capital: euro 123.636.658,80
Company Register of Alessandria nr. 00930290044

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