

DRAFT
2012 ANNUAL REPORT

 **cementir**holding
GRUPPO CALTAGIRONE





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Company Officers

Board of Directors

Chairman

Francesco Caltagirone Jr. ¹

Deputy President

Carlo Carlevaris

Directors

Alessandro Caltagirone

Azzurra Caltagirone

Edoardo Caltagirone

Saverio Caltagirone

Flavio Cattaneo ^{2 - 3}

Mario Ciliberto

Fabio Corsico

Mario Delfini ^{1 - 3}

Paolo Di Benedetto ^{2 - 3 - 4}

Alfio Marchini ²

Riccardo Nicolini ¹

Board of Statutory Auditors

Chairman

Claudio Bianchi

Standing Members

Giampiero Tasco

Federico Malorni

Manager responsible for financial reporting

Massimo Sala

Independent auditors

KPMG SpA

¹ Member of the Executive Committee

² Member of the Control and Risk Committee

³ Member of the Appointment and Remuneration Committee

⁴ Lead Independent Director



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DIRECTORS' REPORT



GROUP PERFORMANCE

This report covers both the consolidated financial statements and the separate financial statements as at and for the year ended 31 December 2012, prepared in accordance with the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Commission (the “IFRS”).

It should be read together with the financial statements schedules and related notes, making up the consolidated and separate financial statements as at and for the year ended 31 December 2012. The consolidated financial statements of the Cementir Holding group at 31 December 2012 have been prepared pursuant to the requirements of Consob regulation no. 11971/1999, as amended by subsequent resolutions.

Results

(EUR'000)	2012	2011	Δ %
REVENUE	976,193	933,014	4.6%
Change in inventories	8,264	4,289	92.7%
Other revenue *	12,839	16,390	-21.7%
TOTAL OPERATING REVENUE	997,296	953,693	4.6%
Raw materials costs	(455,708)	(448,968)	1.5%
Personnel costs	(157,303)	(154,459)	1.8%
Other operating costs	(246,231)	(226,075)	8.9%
TOTAL OPERATING COSTS	(859,242)	(829,502)	3.6%
EBITDA	138,054	124,191	11.2%
<i>EBITDA Margin%</i>	<i>14.14%</i>	<i>13.31%</i>	
Amortisation, depreciation, impairment losses and provisions	(89,824)	(87,985)	2.1%
EBIT	48,230	36,206	33.2%
<i>EBIT Margin %</i>	<i>4.94%</i>	<i>3.88%</i>	
FINANCIAL INCOME (EXPENSE)	(19,614)	(20,602)	4.8%
PROFIT (LOSS) BEFORE TAXES	28,616	15,604	83.4%
<i>Profit (loss) before taxes Margin %</i>	<i>2.93%</i>	<i>1.67%</i>	
Income taxes	(4,572)	(5,766)	
PROFIT (LOSS) FOR THE PERIOD	2,044	9,838	144.4%
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	7,582	6,813	11.3%
PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT	16,462	3,025	444.2%

* “Other revenue” includes the income statement captions “Increase for internal work” and “Other operating revenue”.



Revenue came to EUR 976.2 million (+4.6% on the 2011 balance of EUR 933.0 million), the EBITDA to EUR 138.0 million (+11.2% on the 2011 figure of EUR 124.2 million), EBIT to EUR 48.2 million (+33.2% on the 2011 figure of EUR 36.2 million) and the profit attributable to the owners of the parent to EUR 16.5 million (EUR 3.0 million in 2011).

The EUR 43.2 million improvement in revenue is mostly due to the positive price trends in all the geographical segments in which the group operates, although growth rates were slower in the Scandinavian countries and Turkey, which offset the downturn in the volumes of cement, concrete and aggregates sold. Cement and clinker volumes contracted by 6% (from 10.5 million tons in 2011 to 9.8 million tons in 2012). This reduction was a result of the slowdown in the Italian and Egyptian markets and, to a lesser extent, the drop in exports by Turkey and sales in Denmark, partly countered by the group's positive performance in the Far East, thanks in part to the Chinese site's new capacity in its second year of full-scale production. In detail, revenue grew in the Scandinavian countries by approximately EUR 13 million on 2011, driven by the satisfactory performance of sales in Norway, which continues to lead growth in the Nordic countries, compensating the weak Danish and Swedish markets. The roughly EUR 14 million upturn in revenue in the Far East is due to the higher sales in China and Malaysia (both domestic and export markets) with prices on the rise. Revenue generated in Egypt increased by about EUR 10 million, thanks to the higher exports of white cement, which covered the drop in the domestic market, which is still reeling from the local crisis. Turkish revenue, expressed in the local currency and using the same consolidation scope, decreased slightly on 2011 as a result of the smaller cement volumes sold on export markets with slightly better sales prices. Finally, Italian revenue contracted by approximately 5% in 2011 following the large decrease in the cement and concrete volumes sold due to the continued construction sector crisis.

Operating costs increased by 3.6% from EUR 829.5 million in 2011 to EUR 859.3 million in 2011, mainly because of the other operating costs (+8.9% on 2011). This variation is principally due to the higher transport and logistics costs following the larger volumes of concrete exported by Egypt and Denmark and higher concrete sales in Norway. Costs for raw materials costs increased slightly (+1.5% on 2011), principally as a result of the hike in electricity costs in the main production markets, only partly compensated by the reduction in volumes produced and the decrease in the fuel unit cost. Personnel costs increased by 1.8% on 2011, due to extraordinary non-recurring costs.



Both EBITDA and EBIT at EUR 138.0 million and EUR 48.2 million, respectively, improved (2011: EUR 124.2 million and EUR 36.2 million), including as a percentage of revenue. EBITDA Margin equals 14.1% of revenue in 2012 compared to 13.3% for the previous year.

Finance expense of EUR 19.6 million was better than in the previous year (costs of EUR 20.6 million), despite the increase in the group's average debt. It includes unrealised fair value losses of EUR 9.6 million recognised after the mark to market measurement of certain hedging financial instruments.

The profit before taxes and the profit for the period both improved considerably to EUR 28.6 million and EUR 24.0 million for the year compared to EUR 15.6 million and EUR 9.8 million for 2011.

Profit attributable to the owners of the parent, less that attributable to non-controlling interests, came to EUR 16.5 million (2011: EUR 3.0 million).

Finally, the Neales Waste Management Group, acquired on 4 July and consolidated for the second half of 2012, contributed revenue of EUR 8.8 million, EBITDA of EUR 0.5 million, a negative EBIT of EUR 43 thousand and a loss for the year of EUR 179 thousand to the group's results.

Financial position

(EUR)	31.12.2012	31.12.2011
Net invested capital*	1,487,152	1,440,415
Total equity	1,114,123	1,082,881
Net financial debt**	373,029	357,534

Net financial debt of EUR 373.0 million at 31 December 2012 increased by EUR 15.5 million, mainly due to changes in working capital, the investments made in the waste management business in Turkey, the distribution of dividends of EUR 6.5 million and the acquisition of the Neales Waste Management Group in July 2012 for GBP 8.6 million (roughly EUR 10.7 million).

*Net invested capital comprises equity and net financial debt.

**The group calculates net financial debt (see note 15 to the consolidated financial statements) pursuant to Consob communication no. DEM/6064293 of 28 July 2006.



Key events of the year

On 4 July 2012, the parent finalised its acquisition of the Neales Waste Management Group via the Turkish subsidiary Recydia A.S.. The acquiree collects, treats, recycles and disposes of urban and industrial waste in Lancashire and in Manchester and Liverpool and surrounding areas in England. Acquisition of 100% control cost GBP 8.6 million which was paid by Recydia at the closing date. The transaction represents the group's entry into the attractive English market and confirms the parent's commitment to the waste treatment and renewable energy sector.

On the same date, as part of a reorganisation of the group's investments, the parent transferred its 25% stake in the Turkish subsidiary Cimentas to the Danish subsidiary Aalborg Portland, which it wholly owns.

On 11 July 2012, the subsidiary Cementir Italia signed a master agreement with the trade unions for a company restructuring plan. The plan entails the lay-off of a maximum 70 workers to be identified during its implementation (from July 2012 to December 2013) and the presentation of an application for the government-sponsored lay-off scheme for restructuring purposes for 24 months for a maximum 80 workers. The plan is completely new compared to similar schemes used in the past and its implementation will be defined during the coming year.

On 6 December 2012, the group executed a strategic agreement with the Adelaide Brighton Limited group, the second largest Australian cement and concrete manufacturer, via its wholly-owned subsidiary Aalborg Portland. The agreement provides for: a) the sale of 30% of Aalborg Portland Malaysia for USD 29.4 million (roughly EUR 22.6 million) to the Australian group, b) expansion of Aalborg Portland Malaysia's production capacity for white clinkers by 150,000 tons/year (this company currently runs an integrated clinker/white cement production plant in Malaysia with annual capacity of roughly 200,000 tons). The investment will be completed before the end of 2014 for a total outlay of USD 18.6 million (roughly EUR 14.3 million); and c) a 10-year contract for the sale of white clinkers by Aalborg Portland Malaysia to an Adelaide Brighton Limited Group company starting from 2015. This agreement will allow the Cementir Holding group to increase its sales in Australia, becoming the principal white cement supplier. It will also lead to a significant rise in Aalborg Portland Malaysia's EBITDA after 2015.



Directors' comments

Performance of the main subsidiaries

Aalborg Portland group

The Aalborg Portland group, which manufactures and sells cement and concrete in the Scandinavian countries, Egypt and the Far East, recorded revenue of EUR 580.3 million (2011: EUR 549.9 million), EBITDA of EUR 111.9 million (2011: EUR 91.0 million) and an EBIT of EUR 65.1 million (2011: EUR 46.0 million) for 2012.

The improvement in its performance indicators is due to the satisfactory results obtained in all its markets, as disclosed in more detail below.

Scandinavian countries

The international crisis has hit the Danish and Swedish markets but has not affected Norway's strong growth. Despite the governments' expansionary policies in Denmark and Sweden, the construction sectors underperformed in 2012 leading to a drop in cement and concrete sales. However, the rise in cement exports to Iceland, Germany and the UK, the higher volumes of cement and concrete sold in Norway and the better average prices of cement and concrete offset the smaller sales in Denmark and Sweden. Thanks to these positive factors, the Danish group's revenue increased by approximately EUR 13 million. It managed to reduce its variable operating costs, mainly thanks to the lower cost of fuel compared to 2011 (-25%), partly countered by the upturn in electricity prices (+10%) and fixed costs (-10%), following the organisational restructuring and energy savings projects.

The combined effect of these actions on revenue and costs led the group to increase its EBITDA by roughly EUR 11 million on 2011.

The Danish group invested approximately EUR 13.5 million in the cement sector, mainly to obtain significant energy consumption savings through ordinary plant maintenance and work to upgrade kilns and mills. Specifically, it carried out work to improve the energy efficiency of the cement kiln in Aalborg (Denmark) by changing the cooling grid for clinkers and adapting the white cement milling circuit. The investment of about EUR 3.5 million enabled compliance with the environmental legislation's mandatory reduction in energy consumption and a 30% increase in the milling division's production capacity. In 2012, the Danish group also commenced work to roll out systems at the Aalborg facility, which will significantly increase the feeding of the kilns with alternative fuel replacing traditional fossil fuels. It invested approximately EUR 16.4 million in the concrete sector, mainly to lease new vehicles, the mobile system in Norway and a new plant in Sonderborg, Denmark.



Egypt

The instable domestic political situation adversely affected the Egyptian economy, completely paralysing the construction sector with the subsequent fall in grey cement sales on the domestic market (-56% on 2011). The Danish group focused on developing white cement exports, which led to a 25% rise in exported volumes with sales prices also generally up. Thanks to this diverse combination of products sold and the end markets, the Danish group improved revenue by roughly 20% on 2011, making a larger contribution of approximately EUR 6 million to the group's EBITDA.

During 2012, the Danish group invested approximately EUR 170 thousand, mainly for maintenance of cement bagging machinery.

Far East

The Chinese economy continued to grow in 2012, boosting the construction and infrastructure sector and encouraging market demand. The group met the greater demand for cement thanks to the increased production capacity of the Anqing facility in its second year of full production. Volumes sold increased by roughly 24% on 2011. Average 2012 prices on the domestic and international markets grew slightly on the previous year, leading to a 25% increase in revenue, expressed in local currency. EBITDA jumped significantly to EUR 9.4 million (+76% on 2011). Investments made in China in 2012 came to roughly EUR 1.1 million and mainly related to the final work after the increase in production capacity.

Domestic sales in Malaysia increased by roughly 7% on 2011 with prices down slightly. Export sales grew by 2%, with prices up roughly 19%, thanks to development of commercial relations with Australia, Singapore, South Korea and Hong Kong. As a result, both revenue and the EBITDA, expressed in local currency, grew by 16% and 43%, respectively, compared to 2011.

Investments of roughly EUR 1.4 million were made in this geographical segment, mainly to upgrade the cement powder mill to improve its milling capacity.



Cimentas group

The Cimentas group manufactures and sells cement and concrete in Turkey and operates in the waste management sector in Turkey and the UK. It recorded 2012 revenue of EUR 261.2 million (2011: EUR 240.1 million), a EBITDA of EUR 31.8 million (2011: EUR 41.2 million) and an EBIT of EUR 11.0 million (2011: EUR 20.1 million).

The upturn in revenue is basically due to the different consolidation scope following the July 2012 acquisition of the Neales Waste Management Group, active in the USW management sector in the UK, and the development of waste management operations in Turkey. Cement and concrete sector revenue, expressed in local currency, decreased slightly on 2011 due to the smaller volumes sold (-2% and -8%, respectively, on 2011). Specifically, the reduction in cement sales was a result of the 25% drop in export sales, only partly countered by the 2% improvement in domestic sales despite the particularly unfavourable weather conditions in early 2012.

The EBITDA, down EUR 9.4 million on 2011, was affected by the 25% increase in the unit cost of electricity, imposed in two instalments by the relevant Turkish authority during the year. This measure was only partly eased by the reduction in fuel costs.

The Cimentas group invested roughly EUR 41 million in Turkey in 2012, half of which in the cement and concrete manufacturing business and the other half in waste management. The most significant investments in the cement sector related to making the Izmir plant compliant with environmental legislation and adjustment of the Trakya facility's kiln feeding system to the use of alternative fuel. During the work at the Izmir facility, the existing electric precipitators were converted into bag filters, maintaining the position and frames of the existing filters but modifying the upper heads that are fitted with tube plates and filtering bags. The group completed the new receiving, storage and feeding line for alternative solid fuel for the kiln calcinator at the Trakya facility. The project to replace conventional fuel with more alternative fuel will be continued in the 2013 and 2014 investment plans. The largest investment in the concrete sector related to the purchase of moveable plant for greater flexibility and service quality, as well as the replacement and maintenance of machinery.

Investments in the waste management sector mainly related to the development of an USW treatment plant by the subsidiary Hereko at Komurcuoda (near Istanbul) and the upgrading of the industrial waste management plant in Kula by Sureko.



Cementir Italia group

This group manufactures and sells cement and concrete in Italy. Its 2012 revenue came to EUR 135.6 million (2011: EUR 143.4 million) while it recorded a negative EBITDA of EUR 2.5 million (2011: loss of EUR 4.7 million) and a negative EBIT of EUR 24.3 million (2011: loss of EUR 26.2 million).

The 5.4% reduction in revenue is due to the significant contraction in sales volumes, a direct consequence of the continued construction and infrastructure sector crisis, with rising sales prices. Specifically, cement sales volumes dropped roughly 16% on 2011, with an average decrease on the domestic market of 22% only partly offset by the rise in exports. Concrete volumes fell approximately 30% on 2011.

The Cementir Italia group took extraordinary organisational measures for its production plants and to optimise all production procedures to counter the reduction in sales volumes and rise in certain direct costs. These measures enabled the group to contain the negative EBITDA of EUR 2.5 million, a slight improvement on 2011.

It invested EUR 9.3 million during the year, mainly to maintain and improve production efficiency and roll out the activities for the Nuova Taranto project.

Capital expenditure

During the year, the group invested approximately EUR 87.5 million, including EUR 3 million in intangible assets and EUR 84.5 million in property, plant and equipment.

Outlook

2013 revenue and EBITDA are both set to grow to above EUR 1 billion and above EUR 150 million, respectively. The group expects to see a slight improvement in sales volumes in 2013, thanks to the positive developments in white cement sales in China and the good performances in Turkey and Malaysia, which will offset the contraction foreseen for Italy. Cement volumes are expected to be in line with those for 2012 in the Scandinavian countries while concrete sales are forecast to grow, principally as a result of the positive performance in Sweden and Norway. Growth prospects for Turkey are modest due to the contraction in the residential market and large investments will be made in infrastructure. Overall, price trends will be favourable in the main geographical segments in which the group operates.

Net financial debt should decrease to below EUR 350 million despite the planned industrial investments of roughly EUR 73 million.



The Italian market may become more critical due to the further contraction in the construction sector, following the current measures to contain public expenditure while uncertainty still reigns in Egypt about the political and economic situation.

Innovation, research and development

Innovation, research and development are fundamental to the Cementir Holding group and are aimed at concurrently improving product quality and cutting production costs. Accordingly, the group set up an innovation committee in 2012, so that senior management can constantly share the innovative methods applied by the various operating companies to their products and production procedures. Innovative capacity is also improved through close collaboration with customers and all the key stakeholders, both in the traditional cement and concrete sectors and the waste management sector.

Cement and concrete

Cement and concrete R&D centres are located in Aalborg (Denmark), Izmir (Turkey) and Spoleto (Italy), belonging to Aalborg Portland, Cimentas and Cementir Italia, respectively. They are located near the main facilities to facilitate close collaboration with the R&D specialists, namely, engineers, chemists, geologists, industrial technicians and product technicians. The centres study and research cement and concrete as well as the raw materials and fuel used in production to improve product quality, production efficiency and the related environmental issues.

Innovation mainly refers to the development of production processes to decrease CO₂ emissions from the cement production cycle and to extend the portfolio of value added products. The group's aim is to cut CO₂ emissions from cement production by 30% by using locally available raw materials and different compositions of clinkers and by making greater use of biological fuels rather than fossil fuels.

In fact, the Turkish subsidiary Cimentas has developed a cement which requires smaller use of clinkers compared to traditional cement and, hence, the reduced consumption of energy and emission of CO₂. Moreover, careful marketing with customers during the new product's launch led to identification of its advantages for the production of concrete as well. The Danish subsidiary Aalborg Portland developed and improved the production procedure for high resistance cement, Low Alkali Cement, used for large civil infrastructure works such as the Copenhagen Metro. This has led to a 40% reduction in energy consumption, a 30% decrease in CO₂ emissions and a 70% concentration in the emission of nitrogen oxide.



Waste management

In 2009, the group commenced an investment project in Turkey in waste management aimed at creating value from the management of waste, thus contributing to the cement sector business, through the greater use of alternative fuel, while protecting the environment with lower CO₂ emissions and the correct elimination of waste, thereby preventing pollution and contamination.

The group continued to invest in this sector in 2012, completing the acquisition of the Neales Waste Management Group (commented on earlier) and continuing the activities commenced in Turkey. Specifically, the Turkish subsidiary Hereko started to supply alternative solid fuel to the Trakya cement facility of its parent, Cimentas, as well as to other third party manufacturers in the same region. The Trakya facility applied for the Golden Standard Certification due to its voluntary reduction of CO₂ emissions thanks to the greater use of alternative fuel. It should be awarded this certification in 2013.

The Turkish subsidiary Recydia completed installation of the plant to process USW under the terms of the 25-year contract signed with the Istanbul municipal authorities in 2011. Its objective is to recycle materials and generate quality alternative solid fuels. The plant has a mechanical treatment section, a biological drying plant to dry the biodegradable part of USW and a refinery to transform the bio-dried material into alternative solid fuel. The bio-drying plant will be extended in 2013 to be able to treat all the biodegradable waste generated by the 2,000 tons/day USW provided for in the contract.

The Turkish subsidiary Sureko continued to strengthen its position in the Aegean Sea region in the industrial waste management sector. It provides alternative fuel to Cimentas' cement manufacturing facility in Izmir as well as starting projects in other areas, especially in the Marmara region, where most of Turkey's industries are based.

Finally, R&D activities for the application of the technologically advanced pyrolysis process continued. The group completed the installation and roll out of the first pyrolysis module and the Sureko plant has commenced generation of renewable energy. This first module will enable the group to check the industrial application of the pyrolysis process to evaluate its possible commercial use.



Information technology

The group made large investments in IT during the year to better integrate applications and processes.

The most significant project in application terms related to consolidation of the Business Intelligence platforms at group and local level. This entailed completion of a management dashboard, which brackets the 20 main business indicators and 60 management key performance indicators of global interest at group level and the development of an IT platform in the Scandinavian countries for the cement and concrete businesses in Denmark and Norway at local level. This provides local management with a set of management reports split by business segment and internal department (control, production, sales, purchases and logistics).

The group extended SAP to the operating waste management companies in Turkey during the year. The Italian companies implemented the project system functionality to monitor investments.

During the first half of the year, the IT department carried out an in-depth analysis of the main group companies active in the cement sector in order to integrate processes. This led to the identification of existing gaps in the individual processes and sub-processes and the definition of best practices to be used as guidelines by the group as a whole.

Environment

The Cementir Holding group pursues sustainable development through its commitment to the ongoing improvement of its financial, environmental and social performances. Its 2012 investment decisions were aimed at using the best technologies to harness economic growth to long-term objectives such as monitored energy consumption, greater use of alternative fuels in production, reducing greenhouse gas emissions and ensuring employees' health and safety.

With respect to greenhouse gas emissions, CO₂ emissions in 2012 from the group's facilities amounted to 7.05 million tons, down on 2011 (7.7 million tons), explained by the slight reduction in cement production and optimised fuel mix. The 2012 average of 724 kg per total cement equivalent (kg/TCE) decreased compared to the 2011 figure (736 kg/TCE). Sulphur dioxide (SO₂) emissions, linked to the presence of sulphur in the fuels and raw materials used, amounted to 114 g per ton of cement manufactured (g/t TCE), down roughly 6% on the 2011 figure (121 g/t TCE) and by roughly 33% on 2010 (171 g/t TCE).

The group's environmental management systems are certified in accordance with ISO 14001. This voluntary regulation sets the requirements for an efficient environmental management system. Nine of the group's facilities were certified in 2012, one more than in 2011 following the certification of the Italian Arquata Scrivia facility.



The group's commitment to sustainable development is illustrated in its Environmental Report, published for the sixth year in 2012.

Human resources

At 31 December 2012, the group has 3,311 employees, up 111 on the 3,200 employees at the end of 2011. The increase is mainly due to the Turkish subsidiary Recydia's acquisition of Neales Waste Management Group, active in the waste management sector.

Organisational structure

Cementir Holding's corporate governance objective is to develop a shared way of working that makes the business more competitive and efficient in the present global market characterised by continuing economic difficulties, especially in Europe. The group is undergoing change and growth, with reorganisation of senior management in order to consolidate internal strength and synergies. In order to best respond to the challenges thrust on it by the diverse business sectors in which it operates, the group has reviewed the modus operandi of its internal structures through its committees to increase cooperation and speed up decision-making.

The group has developed a project for the setup of professional groups that reflect its various cultures and geographical bases, to increase supervision of operating performances and circulate best practices.

It has also introduced a performance appraisal procedure, aimed at management, to administer internal resources by assigning individual objectives, essential to obtain the group's strategic targets.

During the year, the European Works Council of the group's employees started its activities as per the agreement signed in Rome on 26 October 2011. This Council's aim is to encourage social dialogue, communication and consultation among employees and enhance privileged communication with management. It intends to make a difference and create value for the group.

Training

The group's investments in training and professional development reflected the specific requirements of the local companies, especially as regards high technical-professional expertise. During 2012, the group held courses for senior management, managers and facilities personnel mainly in Italy, Turkey, Denmark and China in order to set up or develop improvement projects using operational excellence methods.



It launched a far-reaching leadership programme for managers in the Scandinavian countries aimed at linking company strategies, persons and performances to encourage attainment of business objectives.

During the year, the group also completed a training programme about its values, enabling employees with different nationalities and cultures to share approaches and actions in line with such values. New ideas and projects were developed during the programme, which were introduced at local level during meetings and through communications.

Safety at work

One of the group's primary objectives is to respect the health and safety of its employees, which it ensures through ongoing training about both specific health and safety issues and about technical skills for the correct use of machinery. It also continues its investments in safety devices and machinery to maintain its technological edge. It invested EUR 20.3 million in health, safety and the environment in 2012 and EUR 45.2 million in the three years from 2010 to 2012, bringing the accident frequency ratio down from 21.0 in 2010 to 15.9 in 2012.

The group has occupational health and safety management systems that comply with OHSAS 18001 for the high level of occupational safety. Five of its facilities are OHSAS 18001 certified in 2012.

Financial indicators

The following table sets out the most pertinent financial indicators for a brief assessment of the group's financial position and performance.

PERFORMANCE INDICATORS	2012	2011	
Return on Equity	2.16%	0.91%	Profit/Equity
Return on Capital Employed	3.24%	2.51%	EBIT/(Equity+Net financial debt)

FINANCIAL INDICATORS	2012	2011	
Equity ratio	56.41%	56.74%	Equity/Total assets
Net gearing ratio	33.48%	33.02%	Net financial debt/Equity

The performance indicators show the improvement in the group's profitability in 2012 following the upturn in EBIT and the profit for the period.

The financial indicators reflect the group's continued financial strength.



Financial risk management

The Cementir Holding group is exposed to financial risk arising from its operations and especially to credit risk, liquidity risk and market risk. It manages its financial risk according to strict organisational instructions, which regulate their implementation, and controls over all transactions that create financial assets/liabilities or trade receivables/payables.

At 31 December 2012, the group's maximum exposure to *credit risk* consists of the carrying amount of trade receivables of EUR 200.6 million. This credit risk is theoretically significant and the group mitigates it by carefully assessing customers before granting them credit. It is also assisted by the fact that it does not have significant exposure to a few customers.

The *liquidity risk* to which the group is exposed relates to the availability of financial resources, access to credit and financial instruments in general. The group manages this risk by regularly monitoring expected cash flows and the related time required to decrease debt, its liquidity and any financial requirements of its subsidiaries to identify the structures most appropriate to ensure the most efficient management of financial resources.

Market risk mainly relates to fluctuations in exchange and interest rates. No new market risks arose in 2012 compared to those identified in 2011. As the group companies operate on an international scale, they are structurally exposed to *currency risk* on cash flows generated by operating activities and financing activities in currencies other than the functional currency. Specifically, the cement sector is exposed to currency risk for its revenue on exports and costs to purchase solid fuel in US dollars. The concrete sector is less exposed as its revenue and costs are in local currency. The group assesses the natural hedging of cash flows and financing for these risks and agrees currency forwards and currency put and call options for hedging purposes.

As the group has net financial debt of EUR 373.0 million at 31 December 2012, it is exposed to the *risk of fluctuations in interest rates*. It carefully assesses expected interest rates and the period in which it will reduce its debt by using estimated cash inflows and agrees interest rates swaps to partly cover the risk.

Environmental and safety risk

The group mitigates *environmental risk* by strictly complying with the legislation and regulations mentioned earlier for occupational health and safety.



Main uncertainties and going concern

In addition to that set out in the section on business risks, the group does not have issues with applying the going concern assumption as it has adequate own funds and is not exposed to uncertainty that would compromise its ability to continue to operate.

PARENT PERFORMANCE

The following table shows the parent's key financial statements figures at 31 December 2012:

Results

(EUR'000)	2012	2011	Δ %
REVENUE	11,949	12,181	-1.9%
Other revenue	682	1,233	-44.7%
Personnel costs	(8,460)	(9,135)	-7.4%
Other operating costs	(6,141)	(6,009)	2.2%
EBITDA	(1,970)	(1,729)	-13.9%
Amortisation, depreciation, impairment losses and provisions	(424)	(354)	19.8%
EBIT	(2,394)	(2,083)	-14.9%
Financial income	2,430	3,017	-19.5%
Financial expense	(19,706)	(28,164)	-30.0%
FINANCIAL INCOME (EXPENSE)	(17,276)	(25,147)	31.3%
PROFIT (LOSS) BEFORE TAXES	(19,670)	(27,230)	27.8%
Income taxes	5,012	7,055	
PROFIT (LOSS) FOR THE PERIOD	(14,658)	(20,175)	27.3%

Revenue decreased by 1.9% on 2011 and is earned on consultancy services provided to subsidiaries and royalties on their use of the trademark.

Other revenue mostly consists of lease income on the lease of an investment property in Rome, owned by the parent. The decrease on 2011 is due to non-renewal of a lease that expired in early 2012.

EBITDA negative for EUR 2.0 million increased over 2011 as a consequence of the downturn in revenue, only partly countered by the reduction in personnel costs (-7.4% on 2011).



Financial expense of EUR 17.3 million has improved significantly on 2011 when it was a negative EUR 25.1 million. It includes interest on the parent's debt and unrealised fair value losses of EUR 9.6 million recognised following the mark to market measurement of derivatives agreed for hedging purposes.

Tax income of EUR 5.0 million consists of the tax benefit accrued on the loss for the year. The parent and all its Italian subsidiaries opted to join the national tax consolidation scheme pursuant to articles 117 to 129 of the Consolidated Income Tax Act. They have renewed the option several times and it is applicable for the three-year period from 2010 to 2012. As the consolidating party, the parent calculates a single tax base for the group companies participating in the national tax consolidation scheme and thus benefits from the possibility to set off taxable profit with tax losses in the single tax return.

The notes to the separate financial statements of Cementir Holding S.p.A. provide a detailed analysis of its financial position and performance.

Financial indicators

Cementir Holding S.p.A. does not carry out operating activities and therefore its financial indicators are of little significance for a brief assessment of the company's performance.

The equity ratio in the following table shows the parent's sound financial position. It has improved on the previous year, mainly thanks to a decrease in total assets following the sale of 25% of the Turkish subsidiary Cimentas to the Danish subsidiary Aalborg Portland.

FINANCIAL INDICATORS	2012	2011	
Equity Ratio	77.84%	73.82%	Equity/Total assets

Financial risk management

The parent is exposed to financial risks arising from its operations and, in particular, credit risk, liquidity risk and market risk.

At 31 December 2012, its exposure to *credit risk* is not material as the parent has receivables of insignificant amounts, mainly from subsidiaries for services provided to them.

The parent is exposed to *liquidity risk* with respect to the availability of financial resources, access to credit and financial instruments in general. Given its strong financial position, this risk is not material. Nonetheless, Cementir Holding S.p.A. manages liquidity risk by carefully checking cash flows and its need for funds. It has sufficient credit facilities to meet any unforeseen requirements.



Market risk mainly arises on fluctuations in currency and interest rates.

Cementir Holding S.p.A. is directly exposed to currency risk to a limited degree on its financing and/or deposits in foreign currency. The parent constantly monitors this risk so as to assess any impact in advance and take any necessary mitigating actions.

Finally, the parent has floating rate bank loans and borrowings and is exposed to the risk of fluctuations in interest rates. However, this risk is considered moderate as the parent's loans are currently only in Euros and the medium to long-term interest rate curve is not steep. It agrees interest rate swaps to partly hedge the risk after assessing forecast interest rates and the time required to reduce its debt considering estimated cash flows.

Related party transactions

The group did not perform any atypical and/or unusual related party transactions, as defined by IAS 24. All transactions, both financial and commercial, took place on an arm's length basis.

The group did not carry out significant transactions or ordinary transactions defined as related party transactions by the Consob regulation adopted with resolution no. 17221 of 12 March 2010.

Note 21 to the consolidated financial statements and note 33 to the separate financial statements provide an analysis of the transactions with all related parties, as required by Consob resolution no. 15519 of 27 July 2006.

Treasury shares

At 31 December 2012, neither the parent nor its subsidiaries held, directly or indirectly, shares of the ultimate parent. They did not purchase or sell such shares during the year.

Corporate Governance

Introduction

On 18 April 2012, the parent's shareholders elected a new board of directors for the three-year period from 2012 to 2014 using the one list of candidates presented by the majority shareholder, Calt 2004 S.r.l.. They elected Francesco Caltagirone, Carlo Carlevaris, Azzurra Caltagirone, Edoardo Caltagirone, Alessandro Caltagirone, Saverio Caltagirone, Mario Ciliberto, Mario Delfini, Riccardo Nicolini, Fabio Corsico, Paolo Di Benedetto (independent director), Flavio Cattaneo (independent director) and Alfio Marchini (independent director).



After confirming Francesco Caltagirone as chairman in its meeting of 23 April 2012, the board of directors checked that the independent directors (Paolo Di Benedetto, Alfio Marchini and Flavio Cattaneo) met the independence requirements as per current legislations and the Code of Conduct.

During this meeting, the board also appointed the executive, internal control and appointments and remuneration committees.

The board appointed the parent's chief financial officer Massimo Sala as manager in charge of financial reporting for 2012.

With respect to the organisational and control model pursuant to Legislative decree no. 231/2001, the board of directors renewed the term of the supervisory body, appointed on 7 May 2009, for the three years from 2012 to 2014. The body is responsible for the ongoing updating and supervision of the model's working and compliance.

Reference should be made to the Corporate governance report, available on the parent's internet site, www.cementirholding.it, in the *Investor relations>Corporate Governance* section for more information about the parent's corporate governance system and ownership structure, as required by article 123-bis of Legislative decree no. 58 of 24 February 1998 (the Consolidated Finance Act). The report complies with the recommendations and guidelines of Borsa Italiana S.p.A..

Organisational and control model pursuant to Legislative decree no. 231/2001

Following a careful analysis of the risk that crimes related to the group's business could be committed, the parent's board of directors approved an organisational and control model on 8 May 2008. This model complies with the guidance set out in Legislative decree no. 231/2001, Italian best practices and Confindustria recommendations.

Specifically, the parent has adopted a Code of Conduct that sets out a number of corporate ethical practices endorsed by it. Cementir Holding S.p.A. requires that its company officers, employees and all its consultants comply with the Code during their activities performed on its behalf.

The supervisory body, appointed pursuant to Legislative decree no. 231/2001 for the three years from 2012 to 2014, has continued to supervise the parent's model and to revise it on an ongoing basis.



Management and coordination

Cementir Holding S.p.A. is not managed or coordinated by another company, as it decides its general and operating strategies independently. Specifically, its board of directors has sole responsibility for the review and approval of strategic, business and financial plans and the appropriateness of its organisational, administrative and accounting structures.

Therefore, the conditions indicated in article 37 of Consob's Market regulation no. 16191/2007 do not exist.

Departure from the obligation to publish information documents about significant non-recurring transactions

Pursuant to article 70.8 and article 71.1-bis of Consob's Issuer regulation, on 31 January 2013, the parent's board of directors resolved to avail of the option not to comply with the publication obligations for the information documents required when significant mergers, demergers, capital increases through the transfer of assets, acquisitions and disposals take place.

Personal data protection pursuant to Legislative decree no. 196/2003

As required by point 26 of the technical regulations about minimum security measures, Annex B to Legislative decree no. 196/2003, the group will update its data protection document as per article 34.g and point 19 of Annex B to the above decree before 31 March 2013.

Investments of the directors, general manager and statutory auditors

(article 84-quater of Consob regulation no. 11971/1999)

Name and surname	Beneficiary	No. of shares held at the end of the previous year	No. of shares purchased	No. of shares sold	No. of shares held at the end of the current year
Francesco Caltagirone Jr.	Cementir Holding S.p.A.	6,999,799	103,630	-	7,103,429
Alessandro Caltagirone	Cementir Holding S.p.A.	3,151,404	-	-	3,151,404
Azzurra Caltagirone	Cementir Holding S.p.A.	2,291,796	-	-	2,291,796
Edoardo Caltagirone	Cementir Holding S.p.A.	286,000	-	-	286,000
Mario Ciliberto	Cementir Holding S.p.A.	158,000	37,000	-	195,000
Fabio Corsico	Cementir Holding S.p.A.	6,900	-	-	6,900
Riccardo Nicolini	Cementir Holding S.p.A.	60,000	47,500	-	107,500

Events after the reporting period

There are no significant events to report.



Report on the remuneration or fees paid to the directors, general manager and statutory auditors

Annex 3 provides details of the fees paid to the board of directors, the board of statutory auditors, the general manager and key management personnel.

The specific report, available on the parent's internet site www.cementirholding.it, provides complete information about its remuneration policy. The parent prepared it in line with the recommendations and guidelines set out in article 6 of the Code of Conduct for Listed Companies.

The parent has made its Remuneration report available for consultation at its offices and on its internet site www.cementirholding.it. Pursuant to article 123-ter of the Consolidated Act, this report includes information about the parent's remuneration policy for its directors and statutory auditors, the fees paid to directors and statutory auditors and their investments.

Reconciliation of the parent's equity at 31 December 2012 and loss for the period then ended with consolidated equity and profit

(EUR'000)	2012 Profit (Loss)	31 December 2012 Equity
Cementir Holding S.p.A.	(14,658)	615,104
Effect of consolidating subsidiaries	28,976	461,279
Effect of equity-accounting investees	2,144	24,838
Change in reserves	-	(63,382)
Other changes	-	(2,919)
Total owners of the parent	16,462	1,034,920
Total non-controlling interests	7,582	79,205
Cementir Holding Group	24,044	1,114,123

Proposed allocation of the loss for the period

The board of directors proposes that the shareholders:

- approve the directors' report and the separate financial statements as at and for the year ended 31 December 2012;
- cover the loss for the year of EUR 14,658,064 using retained earnings;
- distribute dividends of EUR 6,364,800 with EUR 0.04 per ordinary share, using retained earnings.

Rome, 7 March 2013

Chairman of the board of directors

Francesco Caltagirone Jr.

(signed on the original)



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DRAFT 2012 CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position*

(EUR'000)	Note	31 December 2012	31 December 2011
ASSETS			
Intangible assets with finite useful life	1	44,738	46,392
Intangible assets with indefinite useful life	1	441,614	431,225
Property, plant and equipment	2	831,701	815,310
Investment property	3	104,502	93,740
Equity-accounted investments	4	16,917	15,956
Available-for-sale investments	5	8,231	8,148
Non-current financial assets		941	1,620
Deferred tax assets	18	60,095	48,015
Other non-current assets		7,834	3,070
TOTAL NON-CURRENT ASSETS		1,516,573	1,463,476
Inventories	6	151,721	144,287
Trade receivables	7	200,568	188,771
Current financial assets	8	3,361	1,888
Current tax assets		5,146	3,681
Other current assets	9	13,541	14,691
Cash and cash equivalents	10	84,251	91,651
TOTAL CURRENT ASSETS		458,588	444,969
TOTAL ASSETS		1,975,161	1,908,445
EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,710	35,710
Other reserves		823,628	806,707
Profit attributable to the owners of the parent		16,462	3,025
Equity attributable to the owners of the parent	11	1,034,920	1,004,562
Profit attributable to non-controlling interests		7,582	6,813
Reserves attributable to non-controlling interests		71,621	71,506
Equity attributable to non-controlling interests	11	79,203	78,319
TOTAL EQUITY		1,114,123	1,082,881
Employee benefits obligations	12	17,542	17,344
Non-current provisions	13	19,405	15,552
Non-current financial liabilities	15	220,251	153,164
Deferred tax liabilities	18	95,150	96,599
Other non-current liabilities	17	10,820	1,469
TOTAL NON-CURRENT LIABILITIES		363,168	284,128
Current provisions	13	2,537	2,862
Trade payables	14	191,037	182,935
Current financial liabilities	15	240,390	297,909
Current tax liabilities	16	12,104	6,009
Other current liabilities	17	51,802	51,721
TOTAL CURRENT LIABILITIES		497,870	541,436
TOTAL LIABILITIES		861,038	825,564
TOTAL EQUITY AND LIABILITIES		1,975,161	1,908,445

* Pursuant to Consob resolution no. 15519 of 27 July 2006, information about related party transactions is disclosed in the notes to the consolidated financial statements and the following tables.



Income statement*			
(EUR'000)	Note	2012	2011
REVENUE	19	976,193	933,014
Change in inventories		8,264	4,289
Increase for internal work		4,816	4,036
Other operating revenue	20	8,023	12,354
TOTAL OPERATING REVENUE		997,296	953,693
Raw materials costs	21	(455,708)	(448,968)
Personnel costs	22	(157,303)	(154,459)
Other operating costs	23	(246,231)	(226,075)
TOTAL OPERATING COSTS		(859,242)	(829,502)
EBITDA		138,054	124,191
Amortisation and depreciation	24	(85,182)	(84,040)
Provisions	24	(2,689)	(2,449)
Impairment losses	24	(1,953)	(1,496)
Total amortisation, depreciation, impairment losses and provisions		(89,824)	(87,985)
EBIT		48,230	36,206
Share of net profits of equity-accounted investees		2,144	2,000
Financial income		6,628	16,566
Financial expense		(29,932)	(36,323)
Foreign exchange rate gains (losses)		1,546	(2,845)
Net financial expense		(21,758)	(22,602)
NET FINANCIAL EXPENSE AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEEES	25	(19,614)	(20,602)
PROFIT (LOSS) BEFORE TAXES		28,616	15,604
Income taxes	26	(4,572)	(5,766)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		24,044	9,838
PROFIT (LOSS) FOR THE PERIOD		24,044	9,838
Attributable to:			
Non-controlling interests		7,582	6,813
Owners of the parent		16,462	3,025
(EUR)			
Basic earnings per share	27	0.104	0.019
Diluted earnings per share	27	0.104	0.019

* Pursuant to Consob resolution no. 15519 of 27 July 2006, information about related party transactions is disclosed in the notes to the consolidated financial statements and the following tables.



Statement of comprehensive income

(EUR'000)	Note	2012	2011
PROFIT (LOSS) FOR THE PERIOD		24,044	9,838
Other comprehensive income (expense)*:			
Foreign currency translation differences – foreign operations	28	14,555	(76,195)
Reclassification of property, plant and equipment	28	8,175	-
Financial instruments	28	(700)	(1,583)
Actuarial gains (losses) on post-employment benefits obligations	28	(1,156)	(381)
Total other comprehensive income (expense):		20,874	(78,159)
TOTAL COMPREHENSIVE INCOME (EXPENSE)		44,918	(68,321)
Attributable to:			
Non-controlling interests		6,106	3,322
Owners of the parent		38,812	(71,643)

* Other comprehensive income (expense) is shown net of the tax effect, which is analysed in note 28.



Statement of changes in equity

(EUR'000)	Share capital	Share premium reserve	Other reserves			Profit attributable to the owners of the parent	Equity attributable to the owners of the parent	Profit attributable to non-controlling interests	Reserves attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
			Legal reserve	Translation reserve	Other reserves						
Equity at 1 January 2012	159,120	35,710	31,825	(177,914)	952,796	3,025	1,004,562	6,813	71,506	78,319	1,082,881
Allocation of 2011 profit					3,025	(3,025)	-	(6,813)	6,813	-	-
Distribution of 2011 dividends					(6,365)		(6,365)		(5,223)	(5,223)	(11,588)
Other changes							-			-	-
Total owner transactions	-	-	-	-	(3,340)	(3,025)	(6,365)	(6,813)	1,590	(5,223)	(11,588)
Change in translation reserve				16,028			16,028		(1,473)	(1,473)	14,555
Net actuarial losses					(903)		(903)		(253)	(253)	(1,156)
Fair value losses on financial instruments					(700)		(700)			-	(700)
Fair value gains on investment property					7,925		7,925		250	250	8,175
Total other Comprehensive income	-	-	-	16,028	6,322	-	22,350	-	(1,476)	(1,476)	20,874
Change in other reserves					(2,089)		(2,089)		1	1	(2,088)
Total other transactions	-	-	-	-	(2,089)	-	(2,089)	-	1	1	(2,088)
Net profit for the period						16,462	16,462	7,582		7,582	24,044
Equity at 31 December 2012	159,120	35,710	31,825	(161,886)	953,689	16,462	1,034,920	7,582	71,621	79,203	1,114,123
Equity at 1 January 2011	159,120	35,710	31,825	(105,009)	946,151	9,344	1,077,141	8,255	71,216	79,471	1,156,612
Allocation of 2010 profit					9,344	(9,344)	-	(8,255)	8,255	-	-
Distribution of 2010 dividends					(9,547)		(9,547)		(6,491)	(6,491)	(16,038)
Other changes							-			-	-
Total owner transactions	-	-	-	-	(203)	(9,344)	(9,547)	(8,255)	1,764	(6,491)	(16,038)
Change in translation reserve				(72,905)			(72,905)		(3,290)	(3,290)	(76,195)
Net actuarial losses					(180)		(180)		(201)	(201)	(381)
Fair value losses on financial instruments					(1,583)		(1,583)			-	(1,583)
Fair value gains on investment property							-			-	-
Total other comprehensive expense	-	-	-	(72,905)	(1,763)	-	(74,668)	-	(3,491)	(3,491)	(78,159)
Change in other reserves					8,611		8,611		2,017	2,017	10,628
Total other transactions	-	-	-	-	8,611	-	8,611	-	2,017	2,017	10,628
Net profit for the period						3,025	3,025	6,813		6,813	9,838
Equity at 31 December 2011	159,120	35,710	31,825	(177,914)	952,796	3,025	1,004,562	6,813	71,506	78,319	1,082,881



Statement of cash flows

(EUR'000)	Note	2012	2011
Profit (loss) for the period		24,044	9,838
Amortisation and depreciation		85,182	84,040
(Reversals of impairment losses) and impairment losses		1,953	(13,133)
Share of net profits of equity-accounted investees		(2,144)	(2,000)
Net finance expense		21,758	31,157
(Profits) losses on disposals		(1,025)	(139)
Income taxes		4,572	5,765
Change in employee benefits		(349)	(1,588)
Change in provisions (current and non-current)		3,159	1,533
<u>Operating cash flows before changes in working capital</u>		137,150	115,473
(Increase) decrease in inventories		(7,434)	(450)
(Increase) decrease in trade receivables		(13,629)	(38,704)
Increase (decrease) in trade payables		3,907	16,274
Change in other non-current and current assets and liabilities		7,168	6,841
Change in current and deferred taxes		1,561	(2,297)
<u>Operating cash flows</u>		128,723	97,137
Dividends collected		2,240	3,050
Interest collected		4,593	5,267
Interest paid		(14,268)	(11,412)
Other net expense paid		(3,968)	(3,442)
Income taxes paid		(18,011)	(20,527)
Cash flows from operating activities (A)		99,309	70,073
Investments in intangible assets		(2,444)	(7,649)
Investments in property, plant and equipment		(75,094)	(57,641)
Investments in equity and other non-current securities		(11,194)	(3,544)
Proceeds from the sale of intangible assets		-	-
Proceeds from the sale of property, plant and equipment		2,409	6,229
Proceeds from the sale of equity investments and non-current securities		-	11,666
Change in non-current financial assets		679	(1,093)
Change in current financial assets		(279)	620
Other changes in investing activities		-	-
Cash flows used in investing activities (B)		(85,923)	(51,412)
Change in non-current financial liabilities		64,700	(80,308)
Change in current financial liabilities		(69,837)	71,578
Dividends distributed		(10,702)	(11,467)
Other changes in equity		(6,373)	2,287
Cash flows used in financing activities (C)		(22,212)	(17,910)
Net exchange rate gains (losses) on cash and cash equivalents (D)		1,426	(9,119)
Net change in cash and cash equivalents (A+B+C+D)		(7,400)	(8,368)
Opening cash and cash equivalents	10	91,651	100,019
Closing cash and cash equivalents	10	84,251	91,651



Statement of financial position

pursuant to Consob resolution no. 15519 of 27 July 2006

(EUR'000)	Note	31 December 2012		31 December 2011	
		Total	of which with related parties	Total	of which with related parties
ASSETS					
Intangible assets with finite useful life	1	44,738	-	46,392	-
Intangible assets with indefinite useful life	1	441,614	-	431,225	-
Property, plant and equipment	2	831,701	-	815,310	-
Investment property	3	104,502	-	93,740	-
Equity-accounted investments	4	16,917	-	15,956	-
Available-for-sale equity investments	5	8,231	-	8,148	-
Non-current financial assets		941	-	1,620	853
Deferred tax assets	18	60,095	-	48,015	-
Other non-current assets		7,834	-	3,070	-
TOTAL NON-CURRENT ASSETS		1,516,573	-	1,463,476	-
Inventories	6	151,721	-	144,287	-
Trade receivables	7	200,568	4,609	188,771	4,882
Current financial assets	8	3,361	2,365	1,888	382
Current tax assets		5,146	-	3,681	-
Other current assets	9	13,541	-	14,691	-
Cash and cash equivalents	10	84,251	2,456	91,651	2,344
TOTAL CURRENT ASSETS		458,588	-	444,969	-
TOTAL ASSETS		1,975,161	-	1,908,445	-
EQUITY AND LIABILITIES					
Share capital		159,120	-	159,120	-
Share premium reserve		35,710	-	35,710	-
Other reserves		823,628	-	806,707	-
Profit attributable to the owners of the parent		16,462	-	3,025	-
Equity attributable to the owners of the parent	11	1,034,920	-	1,004,562	-
Profit attributable to non-controlling interests		7,582	-	6,813	-
Reserves attributable to non-controlling interests		71,621	-	71,506	-
Equity attributable to non-controlling interests	11	79,203	-	78,319	-
TOTAL EQUITY		1,114,123	-	1,082,881	-
Employee benefits obligations	12	17,542	-	17,344	-
Non-current provisions	13	19,405	-	15,552	-
Non-current financial liabilities	15	220,251	7,748	153,164	44,789
Deferred tax liabilities	18	95,150	-	96,599	-
Other non-current liabilities	17	10,820	777	1,469	226
TOTAL NON-CURRENT LIABILITIES		363,168	-	284,128	-
Current provisions	13	2,537	-	2,862	-
Trade payables	14	191,037	398	182,935	588
Current financial liabilities	15	240,390	50,009	297,909	72,564
Current tax liabilities	16	12,104	-	6,009	-
Other current liabilities	17	51,802	-	51,721	-
TOTAL CURRENT LIABILITIES		497,870	-	541,436	-
TOTAL LIABILITIES		861,038	-	825,564	-
TOTAL EQUITY AND LIABILITIES		1,975,161	-	1,908,445	-



Income statement

pursuant to Consob resolution no. 15519 of 27 July 2006

(EUR'000)	Note	2012		2011	
		Total	of which with related parties	Total	of which with related parties
REVENUE	19	976,193	9,106	933,014	7,692
Change in inventories		8,264	-	4,289	-
Increase for internal work		4,816	-	4,036	-
Other operating revenue	20	8,023	430	12,354	770
TOTAL OPERATING REVENUE		997,296	-	953,693	-
Raw materials costs	21	(455,708)	-	(448,968)	-
Personnel costs	22	(157,303)	-	(154,459)	-
Other operating costs	23	(246,231)	(1,966)	(226,075)	(1,960)
TOTAL OPERATING COSTS		(859,242)	-	(829,502)	-
EBITDA		138,054	-	124,191	-
Amortisation and depreciation	24	(85,182)	-	(84,040)	-
Provisions	24	(2,689)	-	(2,449)	-
Impairment losses	24	(1,953)	-	(1,496)	-
Total amortisation, depreciation, impairment losses and provisions		(89,824)	-	(87,985)	-
EBIT		48,230	-	36,206	-
Share of net profits of equity-accounted investees		2,144	-	2,000	-
Financial income		6,628	37	16,566	51
Financial expense		(29,932)	(2,346)	(36,323)	(2,732)
Foreign exchange rate gains (losses)		1,546	-	(2,845)	-
Net finance expense		(21,758)	-	(22,602)	-
NET FINANCE EXPENSE AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEEES	25	(19,614)	-	(20,602)	-
PROFIT (LOSS) BEFORE TAXES		28,616	-	15,604	-
Income taxes	26	(4,572)	-	(5,766)	-
PROFIT (LOSS) FROM CONTINUING OPERATIONS		24,044	-	9,838	-
PROFIT (LOSS) FOR THE PERIOD		24,044	-	9,838	-
Attributable to:					
Non-controlling interests		7,582	-	6,813	-
Owners of the parent		16,462	-	3,025	-
(EUR)					
Basic earnings per share	27	0.104		0.019	
Diluted earnings per share	27	0.104		0.019	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Cementir Holding S.p.A.¹ (the “parent”), a company limited by shares with its registered office in Corso di Francia 200, Rome, Italy, and its subsidiaries make up the Cementir Holding group (the “group”), mainly active in the concrete and cement sector in Italy and abroad.

Based on the shareholder register at 31 December 2012, the communications received pursuant to article 120 of Legislative decree no. 58 of 24 February 1998 and other available information, the shareholders with an investment of more than 2% in the parent’s share capital are the following:

- 1) Calt 2004 S.r.l. - 47,860,813 shares (30.078%);
- 2) Lav 2004 S.r.l. - 40,543,880 shares (25.480%);
- 3) Pantheon 2000 S.p.A. - 4,466,928 shares (2.807%);
- 4) Gamma S.r.l. - 5,575,220 shares (3.504%);
- 5) Chupas 2007 S.r.l. - 4,083,130 shares (2.566%).

The parent’s board of directors approved the draft consolidated financial statements at 31 December 2012 on 7 March 2013 and authorised their publication.

Cementir Holding S.p.A. is included in the consolidated financial statements of the Caltagirone group. At the date of preparation of these draft consolidated financial statements, the ultimate parent is FGC S.p.A. due to the shares held via its subsidiaries.

The consolidated financial statements at 31 December 2012 include the financial statements of the parent and its subsidiaries. The financial statements of the individual companies prepared by their directors were used for the consolidation. No changes in the consolidation scope took place during the year.

Statement of compliance with the IFRS

The consolidated financial statements at 31 December 2012, drawn up on a going concern basis for the parent and the subsidiaries, have been prepared pursuant to articles 2 and 3 of Legislative decree no. 38/2005 and the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Commission and enacted at the reporting date, as well as the previous International Accounting Standards (IAS). For simplicity purposes, all these standards and interpretations are referred to herein as the “IFRS”.

Reference was also made to article 9 of Legislative decree no. 38 of 28 February 2005, the provisions of the Italian Civil Code, Consob (the Commission for listed companies and the stock exchange) resolutions no.

¹ Cementir Holding S.p.A. (formerly Cementir - Cementir del Tirreno S.p.A.) changed its name following the resolution of its shareholders in their extraordinary meeting on 15 January 2008.



15519 (“Instructions for financial statements implementing article 9.3 of Legislative decree no. 38/2005”) and no. 15520 (“Amendments and integrations to the regulation implementing Legislative decree no. 58/1998”), both dated 27 July 2006, and Consob communication no. DEM/6064293 of 28 July 2006 (“Corporate disclosures of listed issuers and issuers with financial instruments traded on the market as per article 116 of the Consolidated Finance Act”).

Basis of presentation

The consolidated financial statements at 31 December 2012 are presented in Euros, the parent’s functional currency. All amounts are expressed in thousands of Euros, unless indicated otherwise. The consolidated financial statements consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes. The group has opted to present these statements as follows:

- the statement of financial position presents current and non-current assets and liabilities separately;
- the income statement classifies costs by nature;
- the statement of comprehensive income presents the effect of gains and losses recognised directly in equity starting from the profit for the year;
- the statement of changes in equity is presented using the changes in equity method;
- the statement of cash flows is presented using the indirect method.

The IFRS have been applied consistently with the guidance provided in the Framework for the preparation and presentation of financial statements. The group was not required to make any departures as per IAS 1.19.

Consob resolution no. 15519 of 27 July 2006 requires that sub captions be added in the financial statements, in addition to those specifically requested by IAS 1 and the other standards when they involve significant amounts so as to show transactions with related parties separately or, in the case of the income statement, profits and losses on non-recurring or unusual transactions.

Assets and liabilities are presented separately and are not netted.

The parent has also prepared its separate financial statements at 31 December 2012 in accordance with the IFRS, as defined above.

Standards and amendments to standards adopted by the group

a) Standards and interpretations applied since 1 January 2012: no amendments, interpretations or revisions have become applicable since 1 January 2012.

b) Standards and interpretations of standards applicable for the years after 2012 and not adopted early by the group:

- IAS 12 - Income taxes - deferred tax: recovery of underlying assets;



- *IAS 19 – Employee benefits*, as part of the revision of the current standard (endorsed on 5 June 2012 and applicable from 1 January 2013);
- Amendment to *IAS 1 - Presentation of financial statements: statement of comprehensive income* covering the presentation of the statement of comprehensive income (endorsed on 5 June 2012 and applicable from 1 July 2012);
- *IFRS 10 - Consolidated financial statements* covering the consolidation of financial statements of subsidiaries as part of the revision of *IAS 27 and SIC 12 - Consolidation - special purpose entities*;
- *IFRS 11 - Joint arrangements*, as part of the revision of *IAS 31 - Interests in joint ventures*;
- *IFRS 12 - Disclosures of interests in other entities*;
- *IFRS 13 - Fair value measurement*;

c) Standards and interpretations to be applied shortly

At the date of approval of these consolidated financial statements, the IASB has issued certain standards, interpretations and amendments that the European Commission has yet to endorse, certain of which are still at the discussion stage. They include:

- *IFRS 9 - Financial instruments*, as part of the project to revise the current *IAS 39*;
- several *Exposure Drafts (ED)*, also issued as part of the same project to revise *IAS 39*, about amortised cost and impairment, the fair value option for financial liabilities and hedge accounting;
- *Exposure Draft (ED) “Measurement of non-financial liabilities”* as part of the project to revise the current *IAS 37* for the recognition and measurement of provisions, liabilities and contingent assets;
- *Exposure Draft (ED) “Revenue from contracts with customers”* as part of the project to revise the current *IAS 11* and *IAS 18*, for the recognition of revenue;
- *Exposure Draft (ED) “Insurance contracts”* as part of the project to revise the current *IFRS 4*, for the recognition of insurance contracts;
- *Exposure Draft (ED) “Leases”* as part of the project to revise the current *IAS 17*, for the recognition of leases;
- *Exposure Draft (ED) “Improvements to IFRSs”*, as part of the annual project to improve and revise the standards.

The group has not opted to adopt early endorsed standards, interpretations and amendments, whose mandatory application is after the reporting date.

It is assessing the possible effects of application of the new standards and amendments to existing standards listed below. Based on its preliminary assessment, the group does not expect that they will have a significant effect on either the consolidated or separate financial statements.



Basis of consolidation

Consolidation scope

Annex 1 sets out the list of companies included in the consolidation scope and the associates. Annex 2 shows the significant equity investments as per Consob resolution no. 11971 of 14 May 1999 (article 126).

Subsidiaries

The consolidation scope includes the parent, Cementir Holding S.p.A., and the companies over which it has direct or indirect control. Specifically, control exists when the parent directly or indirectly holds the majority of shares with voting rights and can exercise dominant influence, thus determining the subsidiary's financial and management policies, including indirectly as a result of contractual or legal agreements, obtaining the related benefits, including regardless of the investment percentage. The existence of potentially exercisable voting rights at the reporting date is considered when determining whether control exists.

Subsidiaries are consolidated from the date on which control is obtained until when it ceases to exist. The financial statements used for consolidation purposes have a reporting date of 31 December, i.e., the same as that of the consolidated financial statements. They are usually specially prepared and approved by the directors of the individual companies and adjusted, when necessary, to comply with the parent's accounting policies.

Consolidation criteria

Subsidiaries are consolidated using the following criteria:

- assets, liabilities, expense and income are consolidated line-by-line, attributing to non-controlling interests (when they exist) their share of equity and profit (loss) for the year, which is presented separately under equity in the income statement;
- business combinations where the parent acquires control of an entity are recognised using the purchase method. The purchase cost is recognised at the acquisition-date fair value of the assets acquired, the liabilities assumed, equity instruments issued and any other directly related expense. The acquired assets, liabilities and contingent liabilities are recognised at their acquisition-date fair value. The difference between the purchase cost and the fair value of the acquired assets and liabilities is recognised as goodwill, if positive, or directly as income in profit or loss, if negative;
- intragroup transactions and balances, including any unrealised profits with third parties arising on transactions with group companies, are eliminated, net of the related tax effect, if material. Unrealised losses are not eliminated if the transaction shows an impairment loss on the transferred asset;



- gains or losses on the sale of investments in consolidated companies are recognised in equity attributable to the owners of the parent as owner transactions for the difference between the sales price and the related share of equity sold. If the sale leads to the loss of control and, therefore, the exclusion of the investee from the consolidation scope, the difference between the sales price and the related share of equity is recognised as a gain or loss in profit or loss.

Associates

Associates are entities over which the group has significant influence, which is assumed to exist when the investment is between 20% and 50% of the voting rights.

Joint control over an entity exists when the co-venturers have an agreement which establishes control over the entity's operations.

Investments in associates and joint ventures are measured using the equity method and initially recognised at cost. The equity method may be described as follows:

- the carrying amount of the investments equals the group's share of the investees' equity and includes the recognition of the greater amounts attributable to the assets and liabilities and any goodwill identified at the acquisition date;
- the group's share of profits or losses is recognised from the date that significant influence commences and until such significant influence ceases to exist. If an equity-accounted investee has a deficit due to losses, the carrying amount of the investment is cancelled and any excess is provided for when the group has a constructive or legal obligation to cover such losses. Changes in the equity of the equity-accounted investee not related to its profit or loss for the year are offset directly against reserves;
- significant unrealised gains and losses on transactions between the parent/subsidiaries and equity-accounted investees are eliminated to the extent of the group's investment therein. Unrealised losses are eliminated, unless they represent an impairment loss.

Accounting policies

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. They are a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow. They are recognised at cost, including any directly related costs necessary for the asset to be available for use.



Upon initial recognition, the group determines the asset's useful life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the group. Useful life is reviewed annually and any changes, if necessary, are applied prospectively.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and the gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of its derecognition.

Intangible assets with finite useful life are recognised net of accumulated amortisation and any impairment losses determined using the methods set out below. Amortisation begins when the asset is available for use and is allocated systematically over its residual useful life. Amortisation is determined in the period in which the intangible asset becomes available for use when it actually becomes available for use.

Intangible assets with indefinite useful life are those assets for which, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate inflows for the group. They are initially recognised at cost, determined using the same methods indicated above for intangible assets with finite useful lives. They are not amortised but are tested for impairment annually or more frequently, if specific events suggest that they may be impaired, using the methods set out below for goodwill. Any impairment losses are reversed when the reasons therefor no longer exist.

In the case of an acquisition of a subsidiary or associate, the acquired identifiable assets, liabilities and contingent liabilities are recognised at acquisition-date fair value. Any positive difference between the purchase cost and the group's share of fair value of these assets and liabilities is recognised as goodwill under intangible assets. Any negative difference (negative goodwill) is recognised in profit or loss at the acquisition date.

Goodwill is not amortised after initial recognition but is tested for impairment annually or more frequently whenever there is an indication that it may be impaired. Impairment losses are not reversed.

Property, plant and equipment

Property, plant and equipment are recognised at acquisition or construction cost, including directly attributable costs required to make the asset ready for the use for which it was purchased, increased by the present value of the estimated cost of dismantlement or removal of the asset, if the group has an obligation in this sense.

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalised as part of the asset's cost until the asset is ready for its intended use or sale.



Ordinary and/or regular maintenance and repair costs are expensed when incurred. Costs to extend, upgrade or improve group-owned assets or assets owned by third parties are capitalised only when they meet the requirements for their separate classification as assets or a part of an asset, using the component approach.

Property, plant and equipment are recognised net of accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually. Any necessary changes to its useful life are applied prospectively. Quarries are depreciated considering the quantities extracted in the period compared to the quantity extractable over the quarry's useful life (extracted/extractable criterion). When the group has a specific commitment to do so, it recognises a provision for the site restoration costs.

The estimated useful life of the main items of property, plant and equipment is as follows:

	Estimated useful life Asset
Quarries	Extracted/extractable
Production plant	10-20 years
Other plant (not production):	
- Industrial buildings	18-20 years
- Light construction	10 years
- Generic or specific plant	8 years
- Sundry equipment	4 years
- Transport vehicles	5 years
- Office machines and equipment	5 years

The above time brackets, which show the minimum and maximum number of years, reflect the existence of components with different useful lives in the same asset category.

Land, whether free of construction or part of civil or industrial buildings, is not depreciated as it has an unlimited useful life.

If the asset to be depreciated consists of separate identifiable components with different useful lives, they are depreciated separately using the component approach.

Property, plant and equipment are derecognised at the time of sale or when no future economic benefits are expected from their use. The related gain or loss (calculated as the difference between the net disposal proceeds and related carrying amount) is recognised in profit or loss in the year of derecognition.



Investment property

Investment property held to earn rentals or for capital appreciation is measured at fair value and is not depreciated. Any gain or loss in fair value is recognised in profit or loss.

Impairment losses

The group assesses at each reporting date whether there is any indication that the carrying amount of intangible assets or property, plant and equipment may not be recovered due to the existence of events or changes in circumstances. If any such indication exists, the group determines the asset's recoverable amount. If the carrying amount exceeds the recoverable amount, the asset is impaired to reflect its recoverable amount. The recoverable amount of goodwill and other intangible assets with indefinite lives is estimated at each reporting date or whenever changed circumstances or specific events make it necessary.

The recoverable amount of property, plant and equipment and intangible assets is the higher of their fair value less costs to sell and their value in use, which is the present value of the future cash flows expected to be derived from an asset or a cash-generating unit to which the asset belongs, in the case of assets that do not independently generate largely independent cash flows.

When defining value in use, the future cash flows are discounted using a pre-tax rate that reflects the current market estimate of the time value of money and specific risks of the asset.

Impairment losses are recognised in profit or loss when the carrying amount of the asset or related cash-generating unit (CGU) to which it is allocated is higher than its recoverable amount. Impairment losses on CGUs are firstly used to decrease the carrying amount of any goodwill allocated thereto and subsequently the other assets, in proportion to their carrying amounts. When the reason for an impairment loss on property, plant and equipment and intangible assets other than goodwill no longer exists, the carrying amount of the asset is increased through profit or loss to the carrying amount the asset would have had, had the impairment loss not been recognised and depreciation/amortisation charged.

If the impairment loss is higher than the carrying amount of the tested asset allocated to the CGU to which it belongs, the remaining amount is allocated to the assets included in the CGU in proportion to their carrying amounts. This allocation has as a minimum limit the higher amount of:

- the fair value of the asset, net of the costs to sell;
- the value in use, as defined above;
- zero.

Impairment losses are recognised in profit and loss under amortisation, depreciation and impairment losses.



Inventories

Raw materials, semi-finished products and finished goods are recognised at cost and measured at the lower of cost and net realisable value. Cost is determined using the FIFO method and includes any ancillary costs. In order to determine net realisable value, the carrying amount of any obsolete or slow-moving inventories is written down to reflect their future utilisation/net realisation by recognising an allowance for inventory write-down.

Emission rights

The IFRS do not specifically regulate emission rights (CO₂). The IASB has issued IFRIC 3 - Emission rights for consultation purposes. However, as it was not endorsed by the EFRAG, the IASB subsequently withdrew it. Emission rights are initially recognised as intangible assets at fair value using the cap and trade scheme. They are subsequently measured using the cost model. Emission rights recognised under intangible assets are not amortised but are tested for impairment. At the end of each reporting period, if production requires a greater number of CO₂ allowances than those available in the register, the group sets up a provision for risks and charges for the fair value of the number of allowances to be purchased subsequently on the market.

Financial instruments

Financial assets are classified in one of the following categories upon initial recognition and measured as follows:

- *Available-for-sale financial assets*: these are non-derivative financial assets that are explicitly designated as belonging to this category and are recognised as non-current assets unless management intends to sell them within 12 months of the reporting date. They are measured at fair value and fair value gains or losses are recognised in equity through the statement of comprehensive income. They are transferred to profit or loss only when they are effectively sold or when any accumulated fair value losses are deemed to reflect the impairment which will not be recovered in the future. Given the objective uncertainty about the future economic situation and the financial markets' performance, characterised by speculation, especially in Italy, the group has determined a 50% reduction in carrying amount and 60 months as the parameters to be considered separately as "materiality" and "duration" for impairment loss purposes of AFS securities pursuant to IAS 39.

Financial assets are derecognised when the right to receive the cash flow from the asset has been extinguished and the group has transferred substantially all the risks and rewards of ownership of the instrument along with control. When fair value cannot be determined reliably, AFS financial assets continue to be recognised at cost, adjusted for impairment. Impairment losses are not reversed.



- *Financial assets at fair value through profit or loss*: this category (investments in other companies) includes financial assets mainly acquired for sale in the short term, those designated at fair value through profit or loss at the acquisition date and derivatives. The fair value of financial instruments quoted on active markets is determined using the market prices at the reporting date. If an active market does not exist, the fair value is determined using prices supplied by external operators and valuation techniques, mainly based on objective financial variables, as well as considering prices of recent transactions and the prices of similar financial instruments. Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. If fair value cannot be determined reliably, they are maintained at cost, adjusted for impairment. Impairment losses are not reversed. These instruments are classified as current assets or liabilities if they are “held for trading” or the group intends to sell them within 12 months of the reporting date. Derivatives are treated as assets when they have a positive fair value and as liabilities when they have a negative fair value. The group offsets positive and negative fair values arising on transactions with the same counterparty, when such offsetting is provided for contractually.
- *Loans and receivables*: they are non-derivative financial instruments, mainly trade receivables, that are not quoted on an active market from which the group expects to receive fixed or determinable payments. They are recognised as current (when the deadline is within ordinary commercial terms) except for those with a deadline of more than 12 months after the reporting date, which are classified as non-current. These assets are measured at amortised cost using the effective interest method (which matches their nominal amount). If there is objective indication of impairment, the asset is impaired to the present value of future cash flows. Impairment losses are recognised in profit or loss. If the reasons for the impairment are no longer valid in future years, the impairment loss is reversed to the amount the asset would have had, had the impairment loss not been recognised and the amortised cost method applied.
Financial assets are derecognised when the right to receive cash flows therefrom has been extinguished and the group has transferred substantially all the risks and rewards of ownership and the related control.

Financial liabilities, related to loans and borrowings, trade payables and other obligations to pay, are initially recognised at fair value, less directly related costs. They are subsequently measured at amortised cost, using the effective interest method. If there is a change in the estimated future cash flows and they can be determined reliably, the carrying amount of the loan is recalculated to reflect this change based on the present value of the new estimated future cash flows and the initially determined internal rate of return.



Financial liabilities are classified as current liabilities, unless the group has the unconditional right to defer their payment for at least 12 months after the reporting date.

Financial liabilities are derecognised when they are extinguished and the group has transferred all the risks and obligations related thereto.

Derivatives

The group uses derivatives to hedge currency, interest rate and market price fluctuation risks.

All derivatives are measured and recognised at fair value, as required by IAS 39.

Transactions that meet the requirements for application of hedge accounting are classified as hedging transactions. The other transactions are designated as trading transactions, even when they are agreed to manage risk. Therefore, as some of the formal requirements of IAS 39 were not met at the derivative agreement date, changes in their fair value are recognised in profit or loss.

Subsequent fair value gains or losses on derivatives that meet the requirements for classification as hedging instruments are recognised using the criteria set out below.

A derivative qualifies for hedge accounting if, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, including the entity's risk management objective and strategy for undertaking the hedge as well as the methods to test effectiveness. The hedge's effectiveness is assessed when the hedge is agreed and during its life. Generally, a hedge is considered to be highly effective if, both upon inception and during its life, changes in fair value (fair value hedges) or estimated cash flows (cash flow hedges) of the hedged item are substantially covered by changes in fair value of the hedging instrument.

When the hedge relates to changes in fair value of a recognised asset or liability (fair value hedge), both changes in fair value of the hedging instrument and the hedged item are recognised in profit or loss.

In the case of cash flow hedges (hedges designed to offset the risk of changes in cash flows generated by the future execution of contractually defined obligations at the reporting date), changes in fair value of the derivative recognised after its initial recognition are recognised under reserves (in equity) for the effective part only. When the economic effects of the hedged item arise, the reserve is reversed to profit or loss under operating income (expense). If the hedge is not perfectly effective, the changes in fair value of the hedging instrument, related to the ineffective portion, are immediately taken to profit or loss. If, during the life of a derivative, the estimated cash flows hedged are no longer highly probable, the portion of the reserves related to that instrument is immediately reversed to profit or loss. Conversely, if the derivative is sold or no longer qualifies as an effective hedging instrument, the part of the reserves representing the fair value changes in the instrument, accumulated to date, is maintained in equity and reversed to profit or loss using the above classification method when the originally hedged transaction takes place.



Cash and cash equivalents

Cash and cash equivalents are recognised at fair value and include bank deposits and cash-on-hand, i.e., short-term, highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Employee benefits obligations

Liabilities for employee benefits paid concurrently with or after termination of employment related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions, estimating the amount of future benefits accrued by employees at the reporting date. They are recognised on an accruals basis over the period in which the employees' rights accrue.

Defined benefit plans include the Italian post-employment benefits (TFR) due to employees pursuant to article 2120 of the Italian Civil Code for benefits vested up to 31 December 2006. Following the pension reform, post-employment benefits accruing since 1 January 2007 are mandatorily transferred to a supplementary pension fund or the special treasury fund set up by INPS (the Italian social security institution) depending on which option the employee has chosen. Therefore, the group's liability for defined benefits² with its employees solely relates to those vested up to 31 December 2006.

The accounting treatment adopted by the group² since 1 January 2007 (described below) complies with the prevailing interpretation of the new legislation and abides by the accounting treatment defined by the relevant professional bodies. Specifically:

Post-employment benefits accruing since 1 January 2007 are considered to be defined contribution plans, including when the employee has opted to have them transferred to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements and not subjected to an actuarial valuation, are recognised as personnel expense.

Post-employment benefits vested up to 31 December 2006 continue to be recognised as the group's liability for defined benefit plans. This liability will not increase in the future by additional accruals. Therefore, unlike in the past, the actuarial calculation used to determine the 31 December 2012 balance did not include future salary increases. The difference compared to the previous amount is a curtailment in the plans, regulated by IAS 19.109. Therefore, it is recognised as personnel expense.

² For the Italian companies.



Independent actuaries calculate the present value of the group's obligations using the projected unit credit method. They project the liability into the future to determine the probable amount to be paid when the employment relationship terminates and then discount it to consider the time period before the first effective payment. This calculation includes post-employment benefits accrued for past service and uses actuarial assumptions, mainly based on interest rates, which reflect the market yield on high quality corporate bonds with a term consistent with that of the group's obligation³ and employee turnover.

As the group is not liable for post-employment benefits that accrue after 31 December 2006, the actuarial calculation of these benefits excludes the future salary increase component.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the group's obligations at the reporting date, due to changes in the actuarial assumptions used (see above), are recognised directly in equity.

Share-based plans

The group has a share-based plan (stock options) for directors with special duties and key management personnel with the parent and/or its subsidiaries. Pursuant to IFRS 2 - Share-based payment, this plan is part of the beneficiaries' remuneration. Therefore, the cost is the fair value of the stock options at the grant date, determined using financial valuation techniques and considering market conditions. The cost is recognised in profit or loss on an accruals basis over the plan period, with a balancing entry under equity.

Provisions for risks and charges

These provisions cover certain or probable risks and charges, the due date or amount of which is unknown at the reporting date.

Accruals to the provisions for risks and charges are recognised when the group has a constructive or legal obligation at the reporting date as a result of a past event and it is likely that an outflow of resources will be necessary to settle the obligation and the amount of this outflow can be estimated reliably. When the time value of money is material and the payment dates can be estimated reliably, the provision is discounted. Increases in the provision due to the passage of time are recognised as financial expense. The group sets up a specific provision when it has an obligation to dismantle and restore sites (e.g., quarries), thus increasing the carrying amount of the related asset pursuant to IFRIC 1.

³ Discounting uses the curve of the IRS rates equal to the term of the relevant observation period (50 years).



Grants

Government and other grants are recognised at their fair value when the group is reasonably certain they will be received and it will meet all the conditions for their receipt.

Grants for the purchase or development of non-current assets (grants related to assets) are either recognised directly as a reduction in the non-current asset or under other liabilities and taken to profit or loss over the related asset's useful life.

Grants related to income are recognised in full in profit or loss when the conditions for their recognition are met.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and it can be estimated reliably. Revenue is recognised at the fair value of the consideration received net of VAT, discounts, allowances and returns.

Specifically, revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenue from the rendering of services is recognised when the services are rendered by reference to the stage of completion of the transaction at the end of the reporting period.

Financial income and expense

Financial income and expense are recognised on an accruals basis considering the interest accrued on the carrying amount of the related financial assets and liabilities using the effective interest rate, i.e., the interest rate that matches cash inflows and outflows of a specific transaction. Reference should be made to the section on property, plant and equipment for the treatment of capitalised borrowing costs.

Dividends

Dividends are recognised when the shareholders' right to receive them is established. This usually takes place with the shareholders' resolution to distribute the dividends. Therefore, distribution is recognised as a liability in the period in which the shareholders approve it.

Income taxes

Current income taxes are determined using an estimate of the tax base and current regulations.

Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax base, except for goodwill, applying the tax rates expected to be enacted in the years in which the temporary differences will be recovered or settled.



The group recognises deferred tax assets when their recovery is probable, i.e., when taxable profits sufficient to allow recovery are foreseen for the future. Recoverability is reviewed at the end of each reporting period.

Current and deferred income taxes are recognised in profit and loss except for those related to captions directly debited or credited to equity, when the tax effect is recognised directly in equity. They are offset when the taxes are imposed by the same tax authority, the group has the legal right to offset them and the net balance is expected to be paid.

Other non-income taxes, such as property taxes, are recognised under operating costs.

Earnings per share

(i) Basic: basic earnings per share are calculated by dividing the group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares.

(ii) Diluted: diluted earnings per share are calculated by dividing the group's profit by the weighted average of shares outstanding during the year, excluding treasury shares. The weighted average is adjusted assuming that all potential shares with diluting effects have been converted. Diluted earnings per share are not calculated if the group makes a loss, as any dilutive effect would lead to an improvement in the earnings per share.

Transactions in currencies other than the functional currency

All transactions in currencies other than the Euro are translated into Euros using the exchange rate applicable at the transaction date.

Monetary assets and liabilities in currencies other than the Euro are subsequently retranslated using the closing rate. Any resulting exchange rate gains or losses are recognised in profit or loss.

Non-monetary assets and liabilities in currencies other than the Euro recognised at historical cost are translated using the exchange rate ruling on the date the transaction was initially recognised.

Non-monetary assets and liabilities recognised at fair value are translated using the exchange rate ruling on the date fair value was determined.

Translation of financial statements of foreign operations

The financial statements of subsidiaries and associates are prepared using the currency of the primary economic environment in which they operate (the functional currency).

The financial statements of group companies operating outside the Euro zone are translated into Euros using the closing rate for the statement of financial position captions and the average annual rate for the income statement captions. Translation differences arising on the adjustment of opening equity at the closing



spot rates and the differences arising from the diverse methods used to translate the profit for the year are recognised in equity through the statement of comprehensive income and shown separately in a special reserve.

When a foreign operation is sold, the translation differences accumulated in the specific equity reserve are reclassified to profit or loss.

As provided for by IFRS 1, translation differences existing on the date of first-time adoption of the IFRS are reclassified to retained earnings under equity.

Use of estimates

Preparation of consolidated financial statements requires management to use accounting policies and methods that are sometimes based on difficult and subjective judgments and estimates, considering past experience and assumptions that are considered reasonable and realistic in the circumstances. The application of these estimates and assumptions affects the amounts presented in the consolidated financial statements and the disclosures. The actual results for which these estimates and assumptions were used may differ due to the uncertainties that characterise the assumptions and the conditions on which the estimates were based.

The accounting policies and financial statements captions that require greater subjectivity by management when making the estimates and for which a change in the conditions underlying the assumptions could have a significant impact on the group's consolidated financial statements are the following:

- *Intangible assets with indefinite life:* goodwill is tested for impairment annually to identify any impairment losses to be recognised in profit or loss. Specifically, the test entails the allocation of goodwill to the CGUs and the subsequent determination of the related fair value; if the fair value of the related net capital employed is lower than the CGUs' carrying amount, the goodwill allocated thereto is impaired. Allocation of goodwill to the CGUs and determination of their fair value involves the use of estimates that rely on factors that may change over time, with potential significant effects compared to the valuations made by management.
- *Impairment losses on non-current assets:* pursuant to the group's accounting policies, property, plant and equipment and intangible assets with finite lives are tested for impairment when indicators exist showing that recovery of the related carrying amount through the assets' use is unlikely. Management makes use of subjective judgments based on information available within the group and on the market as well as past experience to check the existence of these indicators. If there is indication of impairment, the group determines such impairment using valuation techniques deemed suitable. The correct identification of the indicators of impairment and the estimates to determine such impairment rely on factors that may vary over time, affecting management's judgement and estimates.



- *Amortisation and depreciation of non-current assets:* amortisation and depreciation are significant costs for the group. The cost of property, plant and equipment is depreciated systematically over the assets' estimated useful lives, which is determined by management when the asset is purchased. Management uses past experience of similar assets, market conditions and expectations about future events that could impact the assets' useful life, such as technological change. Therefore, the effective useful life may differ from the estimated useful life. The group regularly assesses technological and sector changes, dismantlement costs and the recoverable amount to update useful life. This regular update could lead to a change in the depreciation period and, therefore, the amount of depreciation in future years. Management regularly reviews the estimates and assumptions and the effects of each change are recognised in profit or loss. When the review affects the current and future years, the change is recognised in the year in which it is made and the related future years, as explained in more detail in the next section.

Changes in accounting policies, errors and changes in estimates

The group amends the accounting policies from one reporting period to another only if the change is required by a standard or contributes to providing more reliable and relevant information about the effects of transactions on the group's financial position, financial performance and cash flows.

Changes in accounting policies are recognised retrospectively; the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented are adjusted as if the new accounting policy had always been applied. The prospective approach is only applied when it is impracticable to reconstruct the comparative amounts.

If a change in accounting policy is required by a new or revised standard, the change is accounted for as required by that new pronouncement or, if the new pronouncement does not include specific transition provisions, then the change in accounting policy is applied retrospectively. If this is impracticable, it is applied prospectively.

The same treatment for changes in accounting policies is applied to material errors. Non-material errors are recognised in profit or loss in the period in which the error is identified.

Changes in estimates are recognised prospectively in profit or loss in the period in which the change takes place if it only affects that period or in the period in which the change takes place and subsequent periods if the change also affects these periods.



Financial risk management

The group is exposed to financial risks related to its operations, namely:

Credit risk

The group is not particularly exposed to credit risk, although it operates in different geographical markets, as it is not overly exposed to just a few positions. Moreover, its operating procedures provide for checks of credit risk, limiting the sale of products and/or services to customers without suitable credit ratings and guarantees.

Receivables are recognised net of the allowance for impairment, calculated considering the risk of the counterparty's default, based on all available information about the customer's solvency.

With respect to bank deposits and derivatives, the group has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk is the risk that the group does not have financial resources available or access to the credit market and financial instruments.

Specifically, the group monitors and manages its cash flows, financing requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.

It meets its liquidity requirements for investing activities, working capital and repayment of its payables using the cash flows generated constantly by its operating activities and credit facilities.

The group aims to maintain its ability to generate cash flows through operating activities, given the current market conditions. In fact, thanks to its strong financial position, any unplanned financial requirements can be funded through resort to credit.

Market risk

Market risk mainly relates to currency, interest rate and raw materials price risk as the group operates internationally in areas with different currencies. It uses financial instruments to hedge these risks.

The group monitors the financial risks to which it is exposed regularly so as to assess in advance the potential impact and take the most suitable actions to mitigate them. It uses derivatives to do so.

Currency risk

As the group companies operate internationally, they are structurally exposed to currency risk for cash flows from operating activities and financing operations in currencies other than the functional currency.

The group's operating activities are exposed differently to changes in exchange rates. Specifically, the cement sector is exposed to currency risk for its revenue on exports and costs for the purchase of solid fuel in US dollars. The concrete sector is less exposed as both its revenue and costs are in local currency. The group assesses the natural hedging of cash flows and financing for these risks and agrees currency forwards and currency put and call options for hedging purposes. These transactions involving derivatives are agreed for hedging purposes.



The group's presentation currency is the Euro. This implies it is open to currency risk for the translation of the financial statements of the consolidated companies based in non-Euro zone countries (except for Denmark whose currency is historically tied to the Euro). The income statements of these companies are translated into Euros using the average annual rate and changes in exchange rates may affect the Euro balances, even when the revenue and profits in local currency remain unchanged. Pursuant to the IFRS, translation differences on assets and liabilities are recognised directly in equity in the translation reserve (note 11).

Interest rate risk

As the group has net financial debt, it is exposed to the risk of fluctuations in interest rates. It carefully assesses expected interest rates and the period in which it will reduce its debt by using estimated cash inflows and agrees interest rates swaps to partly cover the risk.

The group's operating and financial policies aim to minimise the impact of these risks on its performance.

Raw materials price risk

The group is exposed to the risk of fluctuations in raw materials prices. It manages this risk through supply agreements with Italian and foreign suppliers which set the prices and quantities for roughly 12 months. It also uses suppliers in different geographical areas to avoid the risk of concentration of offer and to obtain the most competitive prices.



Segment reporting

Pursuant to IFRS 8, the group has identified its operating segments considering the parent's internal reporting system for management purposes.

Its operating activities organised and managed by geographical segment are: Italy, Denmark, other Scandinavian countries (Norway, Sweden and Iceland), Turkey, Egypt, the Far East (Malaysia and China) and the rest of the world (Spain, Portugal, Poland, Russia and the US).

The group's geographical segments comprise the non-current assets of each company based and operational in the above areas. Transfer prices applied to transactions between segments for the exchange of goods and services comply with normal market conditions.

The following table shows the operating segments' performance in 2012:

(EUR'000)	Denmark	Turkey	Italy	Other Scandinavian countries	Egypt	Far East	Rest of the world	Unallocated items and adjustments	CEMENTIR HOLDING GROUP
Operating revenue	284,998	254,589	150,755	192,857	61,397	64,054	35,091	(46,445)	997,296
<i>Intra-segment operating revenue</i>	(32,284)	-	(9,711)	(2,988)	(869)	-	(593)	46,445	-
<i>Contributed operating revenue</i>	252,714	254,589	141,044	189,869	60,528	64,054	34,498	-	997,296
Segment result (EBITDA)	58,839	31,285	⁴ (5,647)	16,161	18,750	15,162	3,504	-	138,054
Amortisation and depreciation, impairment losses and provisions	(25,993)	(20,247)	(22,175)	(8,432)	(6,195)	(4,882)	(1,900)	-	(89,824)
EBIT	32,846	11,038	(27,822)	7,729	12,555	10,280	1,604	-	48,230
Net profit of equity-accounted investees	-	-	-	222	-	-	1,922	-	2,144
Net financial expense	-	-	-	-	-	-	-	(21,758)	(21,758)
Profit (loss) before tax	-	-	-	-	-	-	-	-	28,616
Income taxes	-	-	-	-	-	-	-	(4,572)	(4,572)
Profit (loss) for the period	-	-	-	-	-	-	-	-	24,044

⁴ Italy's segment result, includes EBITDA of Cementir Holding S.p.A as per EUR -1.9 million.



The following table shows the operating segments' performance in 2011:

(EUR'000)	Denmark	Turkey	Italy	Other Scandinavian countries	Egypt	Far East	Rest of the world	Unallocated items and adjustments	CEMENTIR HOLDING GROUP
Operating revenue	277,879	254,356	157,443	181,120	51,058	49,966	21,565	(39,694)	953,693
<i>Intra-segment operating revenue</i>	(27,983)	-	(9,600)	(1,423)	(272)	-	(416)	39,694	-
<i>Contributed operating revenue</i>	249,896	254,356	147,843	179,697	50,786	49,966	21,149	-	953,693
Segment result (EBITDA)	50,923	41,244	⁵(7,995)	16,066	12,811	9,080	2,062	-	124,191
Amortisation and depreciation, impairment losses and provisions	(27,341)	(21,128)	(21,860)	(7,408)	(4,346)	(4,542)	(1,360)	-	(87,985)
EBIT	23,582	20,116	(29,855)	8,658	8,465	4,538	702	-	36,206
Profit of equity-accounted investees	-	-	-	122	-	-	1,878	-	2,000
Net financial expense	-	-	-	-	-	-	-	(22,602)	(22,602)
Profit (loss) before tax	-	-	-	-	-	-	-	-	15,604
Income taxes	-	-	-	-	-	-	-	(5,766)	(5,766)
Profit (loss) for the period	-	-	-	-	-	-	-	-	9,838

The next table shows the other geographical segment data at 31 December 2012:

(EUR'000)	Segment assets	Segment liabilities	⁶ Investments in property, plant and equipment and intangible assets	Equity-accounted investments
Denmark	495,401	145,451	22,408	-
Turkey	620,199	150,001	41,150	-
Italy	435,327	428,602	13,991	-
Other Scandinavian countries	120,863	51,090	7,756	1,443
Egypt	120,388	29,704	168	-
Far East	123,826	42,846	1,727	-
Rest of the world	59,157	13,344	347	15,474
Total	1,975,161	861,038	87,547	16,914

The next table shows the other geographical segment data at 31 December 2011:

(EUR'000)	Segment assets	Segment liabilities	⁶ Investments in property, plant and equipment and intangible assets	Equity-accounted investments
Denmark	501,673	99,376	12,916	-
Turkey	581,383	139,514	41,663	-
Italy	424,149	460,945	12,371	-
Other Scandinavian countries	120,595	51,784	4,462	1,456
Egypt	120,453	26,588	233	-
Far East	110,195	42,264	1,475	-
Rest of the world	49,997	5,093	91	14,500
Total	1,908,445	825,564	73,211	15,956

⁵ Italy's segment result, includes EBITDA of Cementir Holding S.p.A as per EUR -1.7 million.

⁶ Investments made during the year



The following table shows revenue with third party customers by geographical segment for 2012:

(EUR'000)	Denmark	Italy	Other Scandinavian countries	Turkey	Egypt	Far East	Rest of the world	Total
Revenue by customer geographical location	197,843	124,676	189,689	239,170	21,152	75,605	128,058	976,193

The following table shows revenue with third party customers by geographical segment for 2011:

(EUR'000)	Denmark	Italy	Other Scandinavian countries	Turkey	Egypt	Far East	Rest of the world	Total
Revenue by customer geographical location	198,114	142,179	181,003	212,656	29,304	67,974	101,784	933,014



Notes to the consolidated financial statements

1) Intangible assets

Intangible assets of EUR 486,352 thousand (31 December 2011: EUR 477,617 thousand) include those with a finite useful life of EUR 44,738 thousand (31 December 2011: EUR 46,392 thousand) and those with an indefinite useful life of EUR 441,614 thousand (31 December 2011: EUR 431,225 thousand).

Intangible assets with finite useful life

At 31 December 2012, intangible assets with finite useful life amount to EUR 44,738 thousand (31 December 2011: EUR 46,392 thousand). Concession rights and licences mainly consist of concessions to use quarries and software licences for the IT system (SAP R/3). Amortisation is applied over the assets' estimated useful lives.

(EUR'000)	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and payments on account	Total
Gross amount at 1 January 2012	1,235	32,382	33,900	976	68,493
Increase	321	320	1,624	707	2,972
Decrease	-	(728)	-	-	(728)
Change in consolidation scope	-	279	2,496	-	2,775
Translation differences	13	(179)	507	(14)	327
Reclassifications	47	(2,204)	(1,188)	(433)	(3,778)
Gross amount at 31 December 2012	1,616	29,870	37,339	1,236	70,061
Amortisation at 1 January 2012	765	11,959	9,377	-	22,101
Amortisation	245	1,672	2,800	-	4,717
Decrease	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-
Translation differences	8	(107)	125	-	26
Reclassifications	-	-	(1,521)	-	(1,521)
Amortisation at 31 December 2012	1,018	13,524	10,781	-	25,323
Carrying amount at 31 December 2012	598	16,346	26,558	1,236	44,738

The group incurred research and development costs of roughly EUR 1,7 million during the year which it expensed.



(EUR'000)	Development expenditure	Concession, licences and trademark	Other intangible assets	Assets under development and payments on account	Total
Gross amount at 1 January 2011	984	30,560	10,300	11,765	53,609
Increase	252	1,643	785	864	3,544
Decrease	-	(136)	-	-	(136)
Change in consolidation scope	-	-	12,054	-	12,054
Translation differences	1	(103)	(798)	(211)	(1,111)
Reclassifications	(2)	418	11,559	(11,442)	533
Gross amount at 31 December 2011	1,235	32,382	33,900	976	68,493
Amortisation at 1 January 2011	544	10,349	7,375	-	18,268
Amortisation	219	1,666	2,320	-	4,205
Decrease	-	(135)	-	-	(135)
Change in consolidation scope	-	-	-	-	-
Translation differences	2	79	(318)	-	(237)
Reclassifications	-	-	-	-	-
Amortisation at 31 December 2011	765	11,959	9,377	-	22,101
Carrying amount at 31 December 2011	470	20,423	24,523	976	46,392

Intangible assets with indefinite useful life

The group regularly tests intangible assets with indefinite useful life for impairment.

At 31 December 2012, the caption amounts to EUR 441,614 thousand (31 December 2011: EUR 431,225 thousand). The following table shows the CGUs by macro geographical segment:

(EUR'000)	31.12.2012				31.12.2011			
	Turkey	Denmark	Italy	Total	Turkey	Denmark	Italy	Total
Opening balance	154,109	271,938	5,178	431,225	182,456	271,703	5,178	459,337
Increase	-	-	-	-	-	-	-	-
Decrease	-	-	-	-	-	-	-	-
Change in consolidation scope	3,352	-	-	3,352	-	-	-	-
Translation differences	5,459	1,578	-	7,037	(28,347)	235	-	(28,112)
Closing balance	162,920	273,517	5,178	441,614	154,109	271,938	5,178	431,225

The change in consolidation scope balance of EUR 3,352 thousand relates to the acquisition of the Neales group (note 29).

In line with its practice of previous years, the group tested the three CGUs, to which goodwill had been allocated, for impairment.



The CGUs, defined as the smallest identifiable group of assets that generates cash inflows which are largely independent of cash inflows generated by other assets or groups of assets, are the companies and/or specific plant to which they relate and to which goodwill paid at acquisition was allocated.

The CGU groupings for the “Turkey” and “Denmark” macro geographical segments include the CGUs to which goodwill was allocated for the local acquisitions of companies and/or plant. Specifically, the “Turkey” macro segment includes the Cimentas group, Lalapasa, Sureko, Elazig Cimento, Ilion Cimento and the newly acquired Neales. The “Denmark” macro segment includes the Aalborg Portland group, Unicon AS and Sinai White Cement Company.

The impairment tests of the “Cimentas” and “Aalborg Portland” CGUs included consolidated cash flows as they are tied to the acquisition of the same groups at Cementir Holding level to check the goodwill generated during their acquisition by the parent for impairment.

The group tested the above goodwill for impairment by comparing its carrying amount with the CGU’s value in use, determined using the discounted cash flow (DCF) method applied to the future cash flows for the plans of next three/five years of each CGU. The cash flow projections were estimated considering the budget for 2013 and subsequent two/four years while the terminal values were determined using a perpetual growth rate.

The discount rate applied to the future cash flows was determined for each CGU using the weighted average cost of capital (WACC). The key assumptions to determine value in use were:

% as	31.12.2012			31.12.2011		
	Turkey	Denmark	Italy	* Turkey	Denmark	Italy
Growth rate of terminal values	4%	2%	2%	1%	1.5%	0.5%
Discount rate	11%	5%	7%	9.9%	5.5%	6.2%

* amounts expressed in real terms

The sensitivity analysis does not affect the results of the impairment tests, considering the impairment indicators used. It was performed assuming a hypothetical variation in the WACC. A reasonable variation in the WACC (+/-2%) would not give rise to an impairment loss on the intangible assets with indefinite useful life.

The above tests did not give rise to a decrease in equity at 31 December 2012 or the profit for the year then ended.

The group considered the expected 2013 performance when carrying out the impairment tests. It made specific forecasts about its business performance for following years, considering the financial and market situation.

The group determined the estimates and forecasts to which the above parameters were applied using its past experience and expectations about market developments. It constantly monitors those circumstances and events that could lead to impairment losses based on developments in the current economic climate.



2) Property, plant and equipment

At 31 December 2012, property, plant and equipment amount to EUR 831,701 thousand (31 December 2011: EUR 815,310 thousand). The additional disclosures required for each category of property, plant and machinery are set out below:

(EUR'000)	Land and buildings	Quarries	Plant and machinery	Other assets	Assets under construction and payments on account	Total
Gross amount at 1 January 2012	428,642	30,939	1,240,907	79,949	40,671	1,821,108
Increase	1,417	1,050	11,366	7,501	63,240	84,574
Decrease	(169)	(407)	(2,022)	(5,484)	-	(8,082)
Change in consolidation scope	2,223	9,522	6,788	2,683	-	21,216
Translation differences	1,442	176	7,974	1,380	24	10,996
Reclassifications	3,826	2,421	15,247	1,552	(20,438)	2,608
Gross amount at 31 December 2012	437,381	43,701	1,280,260	87,581	83,497	1,932,420
Depreciation at 1 January 2012	196,560	7,353	747,094	54,791	-	1,005,798
Depreciation	12,398	1,200	60,674	6,193	-	80,465
Decrease	(19)	-	(1,596)	(5,083)	-	(6,698)
Change in consolidation scope	1,538	3,336	4,552	2,249	-	11,675
Translation differences	850	38	7,661	936	-	9,845
Reclassifications	354	-	(268)	(92)	-	(6)
Depreciation at 31 December 2012	211,681	11,927	818,117	58,994	-	1,100,719
Carrying amount at 31 December 2012	225,700	31,774	462,143	28,587	83,497	831,701

(EUR'000)	Land and buildings	Quarries	Plant and machinery	Other assets	Assets under construction and payments on account	Total
Gross amount at 1 January 2011	442,057	29,895	1,274,272	83,802	27,052	1,857,078
Increase	2,252	1,671	10,046	1,635	38,393	53,997
Decrease	(1,615)	(746)	(8,210)	(3,828)	(1,362)	(15,761)
Change in consolidation scope	1,152	-	2,043	238	(68)	3,365
Translation differences	(18,353)	(848)	(50,673)	(4,014)	(1,616)	(75,504)
Reclassifications	3,149	967	13,429	2,116	(21,728)	(2,067)
Gross amount at 31 December 2011	428,642	30,939	1,240,907	79,949	40,671	1,821,108
Depreciation at 1 January 2011	192,307	6,658	725,835	56,102	-	980,902
Depreciation	12,328	810	60,890	5,806	-	79,834
Decrease	(562)	(16)	(5,270)	(3,651)	-	(9,499)
Change in consolidation scope	(131)	-	(16)	-	-	(147)
Translation differences	(7,382)	(99)	(32,754)	(3,466)	-	(43,701)
Reclassifications	-	-	(1,591)	-	-	(1,591)
Depreciation at 31 December 2011	196,560	7,353	747,094	54,791	-	1,005,798
Carrying amount at 31 December 2011	232,082	23,586	493,813	25,158	40,671	815,310



The accounting policy section sets out the useful lives adopted by the group.

At 31 December 2012, EUR 2.5 million of the carrying amount of property, plant and equipment (31 December 2011: EUR 32.2 million) has been pledged as guarantee for bank financing with a residual amount of EUR 0.2 million at the reporting date (31 December 2011: EUR 0.2 million).

Contractual commitments in place at 31 December 2012 to purchase property, plant and machinery amount to EUR 3.3 million (31 December 2011: EUR 0.7 million). The group did not capitalise borrowing costs in 2012 or in 2011.

3) Investment property

Investment property of EUR 104,502 thousand is recognised at fair value, determined using appraisals prepared by independent experts on an annual basis.

(EUR'000)	31.12.2012			31.12.2011		
	Land	Buildings	Total	Land	Buildings	Total
Balance at 1 January	63,682	30,058	93,740	66,818	31,759	98,577
Increase	-	-	-	-	-	-
Decrease	-	-	-	-	-	-
Fair value gains	8,605	-	8,605	6,044	204	6,248
Translation differences	1,997	160	2,157	(10,289)	(796)	(11,085)
Reclassifications	-	-	-	1,109	(1,109)	-
Closing balance	74,284	30,218	104,502	63,682	30,058	93,740

At 31 December 2012, EUR 20.8 million of investment property has been pledged to guarantee bank financing with a residual amount, gross of discounting, of roughly EUR 11.2 million at the reporting date.

4) Equity-accounted investments

The caption includes the group's share of equity of the equity-accounted associates. The carrying amount of these investments and the group's share of the associates' profit or loss are shown below:

(EUR'000)	Carrying amount		Share of profit or loss	
	31.12.2012	31.12.2011	2012	2011
Leigh White Cement Company Joint Venture	11,279	10,981	2,002	1,775
Secil Unicon SGPS Lda	-	-	(187)	(255)
Sola Betong AS	1,443	1,456	222	122
ECOL Unicon Spzoo	4,195	3,519	657	576
EPI UK R&D	-	-	(550)	(218)
Equity-accounted investments	16,917	15,956	2,144	2,000



The following table summarises the key financial statements figures of the associates:

(EUR'000)

	Currency	Registered office	Assets	Liabilities	Revenue	Profit (loss) for the year	Investment %
31.12.2012							
Leigh White Cement Company Joint Venture	USD	Allentown (USA)	53,757	15,328	72,612	7,963	24.5%
Secil Unicon SGPS Lda	EUR	Lisbon (Portugal)	11,761	12,228	6,762	(1,768)	50%
Sola Betong AS	NOK	Risvika (Norway)	6,924	4,720	10,130	678	33.3%
ECOL Unicon Spzoo	PLN	Gdansk (Poland)	13,424	4,864	25,637	1,339	49%
EPI UK R&D	GBP	Trowbridge (UK)	1,125	2,678	191	(1,100)	50%
Total			86,991	39,818	115,332	7,112	

(EUR'000)

	Currency	Registered office	Assets	Liabilities	Revenue	Profit (loss) for the year	Investment %
31.12.2011							
Leigh White Cement Company Joint Venture	USD	Allentown (USA)	46,847	9,779	64,298	7,244	24.5%
Secil Unicon SGPS Lda	EUR	Lisbon (Portugal)	14,255	12,955	9,977	(518)	50%
Sola Betong AS	NOK	Risvika (Norway)	6,972	4,562	13,473	371	33.3%
ECOL Unicon Spzoo	PLN	Gdansk (Poland)	11,387	4,589	26,169	1,177	49%
EPI UK R&D	GBP	Trowbridge (UK)	1,083	1,535	-	(436)	50%
Total			80,544	34,420	113,917	7,838	

No indicators of impairment were identified for these investments.

5) Available-for-sale investments

(EUR'000)

	31.12.2012	31.12.2011
Available-for-sale investments opening balance	8,148	6,519
Increase	487	3,544
Decrease	-	-
Fair value losses	(406)	(1,906)
Translation differences	2	(9)
Available-for-sale investments	8,231	8,148



Available-for-sale investments comprise:

(EUR'000)	No. of shares	Investment % in invested capital	31.12.2012
Investments in listed companies			
Italcementi S.p.A.	1,897,000	1.071%	8,043
Investments in unlisted companies:			
Consorzio Valle Caudina			140
Other			47
Total investments in other companies			8,231

No indicators of impairment were identified for the above investments.

The group calculated the fair value of the listed companies using the official stock exchange price of the last trading day of the year.

With respect to the disclosures required by IFRS 7 about the fair value hierarchy, the investments in listed companies qualify for level 1, as they are financial instruments quoted on an active market.

6) Inventories

Inventories, whose carrying amount approximates their fair value, may be analysed as follows:

(EUR '000)	31.12.2012	31.12.2011
Raw materials, consumables and supplies	85,599	86,083
Work in progress	34,329	29,981
Finished goods	31,150	27,332
Payments on account	643	891
Inventories	151,721	144,287

7) Trade receivables

Trade receivables of EUR 200,568 thousand (31 December 2011: EUR 188,771 thousand) include:

(EUR '000)	31.12.2012	31.12.2011
Trade receivables	204,763	190,013
Allowance for impairment	(9,693)	(6,504)
Net trade receivables	195,070	183,509
Advances to suppliers	889	380
Trade receivables - related parties (note 32)	4,609	4,882
Trade receivables	200,568	188,771

The carrying amount of trade receivables approximates their fair value. They arise on commercial transactions for the sale of goods and services and do not present significant concentration risks.



The due dates of trade receivables are as follows:

(EUR'000)	31.12.2012	31.12.2011
Not yet due	145,509	143,042
Overdue:	59,254	46,971
0-30 days	16,207	16,949
30-60 days	10,077	6,954
60-90 days	6,004	3,794
More than 90 days	26,966	19,274
Total trade receivables	204,763	190,013
Allowance for impairment	(9,693)	(6,504)
Net trade receivables	195,070	183,509

8) Current financial assets

(EUR'000)	31.12.2012	31.12.2011
Fair value of derivatives	-	293
Accrued income	922	1,104
Prepayments	74	109
Loan assets - related parties (note 32)	2,365	382
Current financial assets	3,361	1,888

9) Other current assets

Other current assets of EUR 13,541 thousand (31 December 2011: EUR 14,691 thousand) comprise non-commercial items. They may be analysed as follows:

(EUR'000)	31.12.2012	31.12.2011
VAT assets	2,340	3,202
Personnel	269	372
Accrued income	201	890
Prepayments	4,204	3,372
Other assets	6,527	6,855
Other current assets	13,541	14,691

10) Cash and cash equivalents

This caption of EUR 84,251 thousand (31 December 2011: EUR 91,651 thousand) comprises the group's temporary liquidity which is usually invested in short-term financial transactions. It may be analysed as follows:

(EUR'000)	31.12.2012	31.12.2011
Bank and postal deposits	81,402	88,643
Bank deposits - related parties (note 32)	2,456	2,344
Cash-in-hand and cash equivalents	393	664
Cash and cash equivalents	84,251	91,651



11) Equity

Equity attributable to the owners of the parent

The directors' report includes a table showing the reconciliation between the parent's equity at 31 December 2012 and its loss for the year then ended with the group's equity and profit for the year.

Share capital

The parent's share capital consists of 159,120,000 ordinary shares with a nominal amount of EUR 1 each. It is fully paid-up and has not changed with respect to 31 December 2011.

Translation reserve

At 31 December 2012, the translation reserve has a negative balance of EUR 161,886 thousand (31 December 2011: negative EUR 177,914 thousand) as follows:

(EUR'000)	31.12.2012	31.12.2011	Variation
Turkey (Turkish lira – TRY)	(166,401)	(184,539)	18,138
USA (US dollar – USD)	(2,960)	(2,546)	(414)
Egypt (Egyptian pound – EGP)	(4,438)	(895)	(3,543)
Iceland (Icelandic krona – ISK)	(3,188)	(3,050)	(138)
Norway (Norwegian krone – NOK)	5,794	3,355	2,439
Sweden (Swedish krona – SEK)	654	257	397
Other countries	8,653	9,504	(851)
Total translation reserve	(161,886)	(177,914)	16,028

Other reserves

At 31 December 2012, other reserves amount to EUR 953,689 thousand (31 December 2011: EUR 952,796 thousand). They mainly consist of retained earnings of EUR 686,162 thousand and the fair value reserve of EUR 58,035 thousand created by the change of use of certain items of property, plant and equipment.

Equity attributable to non-controlling interests

Equity attributable to non-controlling interests amounts to EUR 79,203 thousand at the reporting date (31 December 2011: EUR 78,319 thousand). The profit attributable to non-controlling interests comes to EUR 7,582 thousand (31 December 2011: EUR 6,813 thousand).



Share-based plans (stock options)

Cementir Holding has approved a share-based plan (stock options) for three beneficiaries of the group companies at 31 December 2011. The board of directors granted the first tranche of options in its meeting of 11 February 2008. They originally numbered 1,225,000 and now amount to 820,000. The board of directors also set the exercise price as shown in the following table:

Position	Date of shareholders' resolution	Board of directors' grant date	Type of instrument	No. of financial instruments underlying the granted options	Exercise price	Option expiry date
Board members (3)	15-01-2008	11-02-2008	Options on Cementir Holding S.p.A.	820,000	EUR 7	11-02-2013
Total				820,000		

The following should be noted with respect to the terms and conditions for the subscription of the options and their exercise:

- (i) the options were subscribed before 31 March 2008 with delivery of the letters granting the options and the approved regulation, signed for acceptance by each beneficiary;
- (ii) the beneficiaries may exercise the options - in one or more tranches - after 11 February 2011 and before 11 February 2013 during the timeframes specified in the option grant letters. At least 2,500 options must be exercised each time using the methods set out in paragraph 6 of the regulation.

Moreover, the regulation provides that the beneficiaries may only exercise their options if: (i) they are still employees of the parent and/or subsidiaries in their current position as manager or director when they exercise their options; and (ii) they have met the objectives set for their subgroup.

The exercise price is EUR 7 which is above the reference price of EUR 5.50 (the average of the official prices of the parent's shares on the stock exchange managed and organised by Borsa Italiana S.p.A. in the month before the grant date). This exercise price has been determined to create value for the parent, which is the incentive plan's main objective.

Given that the exercise price is higher than the reference price and the conditions regulating exercise, the group deems that the options, measured using financial methods, suitable to determine the price of these financial instruments, do not have a significant carrying amount.

None of the beneficiaries has exercised their options at the date of approval of these draft consolidated financial statements.



12) Employee benefits obligations

The group has employee benefits obligations and Italian post-employment benefits obligations. The latter are an unfunded and fully provided for liability recognised for benefits attributable to employees when they leave the group or subsequently. This liability qualifies as a defined benefit plan; therefore, it is determined using actuarial methods.

The following table sets out the actuarial assumptions:

%	31.12.2012	31.12.2011
Annual discount rate	3.30%-3%-3.2%	4.6%-3%-4.5%
Expected return on plan assets	4%-5%	4%-5%
Annual salary growth rate	3%-4%	2.2%-3%-4%
Annual post-employment benefits obligations growth rate	3.15%	3.1%

The amounts disclosed in the statement of financial position were determined as follows:

(EUR'000)	31.12.2012	31.12.2011
Nominal amount of post-employment benefits obligations	25,992	26,161
Adjustment for discounting	(8,450)	(8,817)
Employee benefits obligations	17,542	17,344

Changes in the liability are as follows:

(EUR'000)	31.12.2012	31.12.2011
Net opening balance	17,344	18,695
Current service cost	1,382	1,164
Financial expense	743	747
Net actuarial gains recognised in the year	1,220	328
Change in consolidation scope	-	-
Translation differences	442	(728)
Other changes	(402)	(43)
(Benefits paid)	(3,187)	(2,819)
Net closing balance	17,542	17,344



13) Provisions

The non-current and current provisions amount to EUR 19,405 thousand (31 December 2012: 15,552 thousand) and EUR 2,537 thousand (31 December 2011: EUR 2,862 thousand) respectively, as follows:

(EUR'000)	Quarry restructuring provision	Legal litigation provision	Other provisions	Total provisions
Balance at 1 January 2012	13,649	3,269	1,496	18,414
Accruals	164	416	2,109	2,689
Utilisations	(612)	(1,294)	(296)	(2,202)
Decrease	(161)	(1,038)	-	(1,199)
Change in consolidation scope	1,378	-	1,310	2,688
Translation differences	292	120	(66)	346
Reclassifications	-	(279)	279	-
Other changes	1,178	-	28	1,206
Balance at 31 December 2012	15,888	1,194	4,860	21,942
including:				
non-current portion	15,888	434	3,083	19,405
current portion	-	760	1,777	2,537

(EUR'000)	Quarry restructuring provision	Legal litigation provision	Other provisions	Total provisions
Balance at 1 January 2011	13,808	1,371	1,703	16,882
Accruals	244	2,148	57	2,449
Utilisations	(547)	-	(178)	(725)
Decrease	(54)	(109)	-	(163)
Translation differences	(1,117)	(141)	(86)	(1,344)
Reclassifications	-	-	-	-
Other changes	1,315	-	-	1,315
Balance at 31 December 2011	13,649	3,269	1,496	18,414
including:				
Non-current portion	13,649	855	1,048	15,552
Current portion	-	2,414	448	2,862

The group set up the quarry restructuring provision for the cleaning and maintenance of quarries where it extracts raw materials to be performed before the utilisation concession expires.

The other provisions mainly includes environmental provisions for about EUR 1.3 million coming from the acquisition and provision for a company restructuring plan for about EUR 0.9 million.



14) Trade payables

The carrying amount of trade payables approximates their fair value as follows:

(EUR'000)		31.12.2012	31.12.2011
Suppliers		187,823	179,668
Related parties	(note 32)	398	588
Payments on account		2,816	2,679
Trade payables		191,037	182,935

15) Financial liabilities

Non-current and current financial liabilities are set out below:

(EUR'000)		31.12.2012	31.12.2011
Bank loans and borrowings		212,503	108,375
Non-current loan liabilities - related parties	(note 32)	7,748	44,789
Non-current financial liabilities		220,251	153,164
Bank loans and borrowings		107,590	113,182
Current portion of non-current financial liabilities		61,729	100,784
Current loan liabilities - related parties	(note 32)	50,009	72,564
Other loan liabilities		1,648	1,263
Fair value of derivatives		19,414	10,116
Current financial liabilities		240,390	297,909
Total financial liabilities		460,641	451,073

The carrying amount of non-current and current financial liabilities approximates their fair value. Roughly 50.7% of the financial liabilities require compliance with financial covenants. The group has complied with these covenants at the reporting date.

The group's exposure with respect to the remaining expiry dates of financial liabilities is as follows:

(EUR'000)		31.12.2012	31.12.2011
Within three months		141,618	82,354
Between three months and one year		98,772	215,555
Between one and two years		55,027	26,571
Between two and five years		96,631	78,947
After five years		68,593	47,646
Total financial liabilities		460,641	451,073



(EUR'000)	31.12.2012	31.12.2011
Floating rate liabilities	458,319	449,930
Fixed rate liabilities	2,322	1,143
Financial liabilities	460,641	451,073

As required by Consob communication no. 6064293 of 28 July 2006, the group's net financial debt is shown in the next table:

(EUR'000)	31.12.2012	31.12.2011
A. Cash	392	664
B. Other cash equivalents	83,859	90,987
C. Securities held for trading	-	-
D. Cash and cash equivalents	84,251	91,651
E. Current loan assets	3,361	1,888
F. Current bank loans and borrowings	(119,274)	(135,746)
G. Current portion of non-current debt	(100,054)	(100,784)
H. Other current loan liabilities	(21,062)	(61,379)
I. Current financial debt (F+G+H)	(240,390)	(297,909)
J. Net current financial debt (I-E-D)	(152,778)	(204,370)
K. Non-current bank loans and borrowings	(220,251)	(153,164)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	(220,251)	(153,164)
O. Net financial debt (J+N)	(373,029)	(357,534)

Financial debt with related parties includes credit positions of EUR 2.5 million (31 December 2011: EUR 2.7 million) and debit positions of EUR 57.8 million (31 December 2011: EUR 117.4 million).

16) Current tax liabilities

They amount to EUR 12,104 thousand (31 December 2011: EUR 6,009 thousand) and include the payments due within one year for the agreement to settle an assessment with the tax authorities and the income tax payable, net of payments on account made.



17) Other liabilities

Other non-current liabilities of EUR 10,820 thousand (31 December 2011: EUR 1,469 thousand) includes deferred income for about EUR 9 million related to future benefits from a business agreement which will start on 1 January 2013 of which EUR 3,3 million falling due between one-five years and EUR 5,7 million falling due after more than five years.

Other current liabilities of EUR 51,802 thousand (31 December 2011: EUR 51,721 thousand) is as follows:

(EUR'000)	31.12.2012	31.12.2011
Personnel	15,808	17,344
Social security institutions	3,737	3,770
Deferred income	1,281	418
Accrued expenses	6,220	6,208
Other sundry liabilities	24,756	23,981
Other current liabilities	51,802	51,721

Deferred income includes for about EUR 0,8 million future benefits from the business agreement mentioned above. Other sundry liabilities mainly consists of payable to tax authorities for employees, VAT payables and payable for unpaid dividends.

18) Deferred tax assets and liabilities

Deferred taxes are calculated on temporary differences between the taxable profit (tax loss) and the accounting profit (loss).

Deferred tax liabilities of EUR 95,150 thousand (31 December 2011: EUR 96,599 thousand) and deferred tax assets of EUR 60,095 thousand (31 December 2010: EUR 48,015 thousand) comprise:

(EUR'000)	01.01.2012	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2012
Fiscally-driven depreciation of property, plant and equipment	50,894	(4,331)	3,475	50,038
Fiscally-driven amortisation of intangible assets	13,596	-	489	14,085
Revaluation of plant	14,245	(1,101)	518	13,662
Other	17,864	(720)	221	17,365
Deferred tax liabilities	96,599	(6,152)	4,703	95,150
Tax losses carried forward	37,716	6,833	(735)	43,814
Provisions for risks and charges	5,168	627	(269)	5,526
Other	5,131	2,060	3,564	10,755
Deferred tax assets	48,015	9,520	2,560	60,095

Increase net of decreases in equity includes also the deferred tax effect coming from the acquisition equal to EUR 1.6 million.



(EUR'000)	01.01.2011	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2011
Fiscally-driven depreciation of property, plant and equipment	52,747	462	(2,315)	50,894
Fiscally-driven amortisation of intangible assets	13,377	2,411	(2,192)	13,596
Revaluation of plant	15,189	(494)	(450)	14,245
Other	17,631	207	26	17,864
Deferred tax liabilities	98,944	2,586	(4,931)	96,599
Tax losses carried forward	26,142	14,204	(2,630)	37,716
Provisions for risks and charges	4,120	1,443	(395)	5,168
Other	3,868	1,141	122	5,131
Deferred tax assets	34,130	16,788	(2,903)	48,015

Accrual net of utilisation recognised in profit or loss includes also the deferred tax effect coming from the acquisition equal to EUR 2.1 million.

19) Revenue

(EUR'000)		2012	2011
Goods		931,552	891,074
Goods - related parties	(note 32)	9,106	7,692
Services		35,535	34,248
Revenue		976,193	933,014

Sales performed differently in the main geographical segments and by business segment due to the financial crisis of the last few years. The section on segment reporting and the directors' report (to which reference should be made) give full accounts of this trend.

20) Other operating revenue

(EUR'000)		2012	2011
Rent, leases and hires		1,532	1,569
Rent, leases and hires - related parties	(note 32)	430	770
Gains		1,111	1,308
Release of provision for risks		1,196	163
Revaluation of investment property		-	6,248
Other revenue and income		3,754	2,296
Other operating revenue		8,023	12,354



21) Raw materials costs

(EUR'000)	2012	2011
Raw materials and semi-finished products	196,826	183,932
Fuel	113,601	136,332
Electricity	99,444	87,721
Finished products and goods	918	1,016
Other materials	43,779	42,064
Change in raw materials, consumables and goods	1,140	(2,097)
Raw materials costs	455,708	448,968

22) Personnel costs

(EUR'000)	2012	2011
Wages and salaries	125,630	124,285
Social security charges	19,717	19,549
Other costs	11,956	10,625
Personnel costs	157,303	154,459

The group's workforce comprises:

	31.12.2012	31.12.2011	2012 average	2011 average
Executives	62	68	64	69
Middle management, white collars and intermediates	1,572	1,507	1,559	1,536
Blue collars	1,677	1,625	1,660	1,669
Total	3,311	3,200	3,283	3,274

At 31 December 2012, employees with the parent and the Italian subsidiaries numbered 576 (31 December 2011: 621), those of the Cimentas group numbered 1,204 (31 December 2011: 1,070), those of the Aalborg Portland group numbered 850 (31 December 2011: 835) and those of the Unicon group numbered 681 (31 December 2011: 674).

23) Other operating costs

(EUR'000)		2012	2011
Transport		113,222	104,483
Services and maintenance		65,813	62,577
Consultancy		10,109	7,998
Insurance		4,791	4,532
Other services - related parties	(note 32)	516	541
Rent, leases and hires		14,308	13,743
Rent, leases and hires - related parties	(note 32)	1,450	1,419
Other operating costs		36,022	30,782
Other operating costs		246,231	226,075



24) Amortisation, depreciation, impairment losses and provisions

(EUR'000)	2012	2011
Amortisation	4,717	4,205
Depreciation	80,465	79,834
Provisions	2,689	2,449
Impairment losses	1,953	1,497
Amortisation, depreciation, impairment losses and provisions	89,824	87,985

The impairment losses refer to trade receivables.

25) Net financial expense and share of net profits of equity-accounted investees

The negative balance for 2012 of EUR 19,614 thousand (2011: negative EUR 20,602 thousand) relates to the share of net profits of equity-accounted investees and net finance expense as follows:

(EUR'000)	2012	2011
Share of profits of equity-accounted investees	2,881	2,473
Share of losses of equity-accounted investees	(737)	(473)
Share of net profits of equity-accounted investees	2,144	2,000
Interest and financial income	3,799	4,062
Interest and financial income - related parties (note 32)	37	51
Grants related to interest	2,453	3,227
Financial income on derivatives	339	848
Income from allocation of the purchase price (note 29)	-	8,378
<i>Total financial income</i>	<i>6,628</i>	<i>16,566</i>
Interest expense	(12,981)	(9,946)
Other financial expense	(2,477)	(2,586)
Interest and financial expense - related parties (note 32)	(2,346)	(2,732)
Losses on derivatives	(12,128)	(21,059)
<i>Total financial expense</i>	<i>(29,932)</i>	<i>(36,323)</i>
Exchange rate gains	12,758	23,509
Exchange rate losses	(11,212)	(26,354)
<i>Net exchange rate gains (losses)</i>	<i>1,546</i>	<i>(2,845)</i>
Net finance expense	(21,758)	(22,602)
Net finance expense and share of net profit of equity-accounted investees	(19,614)	(20,602)

Losses on derivatives of approximately EUR 12 million (2011: roughly EUR 21 million) mainly comprise those on derivatives entered into to hedge currency, interest rate and commodities risks. They are due to the unprecedented drop in value of these derivatives in 2012 following extreme market volatility. Approximately



EUR 9.6 million (2011: roughly EUR 11 million) are unrealised losses recognised as a result of the mark to market measurement of the derivatives.

26) Income taxes

(EUR'000)	2012	2011
Current taxes	20,244	22,063
Deferred taxes	(15,672)	(16,297)
Income taxes	4,572	5,766

The following table analyses the difference between the theoretical and effective tax rates:

(EUR'000)	2012	2011
Theoretical tax expense	5,540	8,232
Taxable permanent differences	1,498	1,898
Deductible permanent differences	(566)	(237)
Tax consolidation scheme	(933)	(1,604)
Other changes	(1,206)	(2,646)
Effective IRAP tax expense	239	123
Income taxes	4,572	5,766

27) Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year.

(EUR)	2012	2011
Profit for the period – Owners of the parent ((EUR'000)	16,462	3,025
Weighted average number of outstanding ordinary shares ('000)	159,120	159,120
Basic earnings per share	0.104	0.019

The diluted earnings per share equal the basic earnings as the only outstanding shares are the parent's ordinary shares.

Capital management

The group distributes dividends considering its existing financial resources and those required for its ongoing development.



28) Other comprehensive income (expense)

The following table gives a breakdown of other comprehensive income (expense), including the related tax effect:

(EUR'000)

	2012			2011		
	Pre-tax amount	Tax effect	Post-tax amount	Pre-tax amount	Tax effect	Post-tax amount
Reclassification of property, plant and equipment	8,605	(430)	8,175	-	-	-
Actuarial gains (losses) on post-employment benefits	(1,220)	64	(1,156)	(328)	(53)	(381)
Foreign currency translation differences - foreign operations	14,555	-	14,555	(76,195)	-	(76,195)
Financial instruments	(406)	(294)	(700)	(1,906)	323	(1,583)
Total other comprehensive income (expense)	21,534	(660)	20,874	(78,429)	270	(78,159)

29) Company acquisitions and sales

2012 acquisitions

The group acquired the NWM Holdings Limited (NWMH) group on 4 July 2012 through the Turkish subsidiary Recydia A.S., active in the waste and renewable energy sector in Turkey. The acquiree collects, treats, recycles and disposes of urban and industrial waste in Lancashire and in Manchester and Liverpool and surrounding areas in England.

NWHM has a portfolio of long-term contracts for waste management with several local bodies. It also manages a network of transfer stations, depots and a landfill generating renewable electrical energy from the gas produced there. The acquisition provides the group with a significant opportunity to capitalise on Recydia's technologies and knowhow and to develop its business model on an international scale.

The transaction cost of GBP 8.6 million was paid by Recydia at the closing date. It may pay another GBP 1.2 million if certain events take place within the next 36 months. Cimentas has guaranteed this contingent consideration.

The acquisition has been treated in accordance with IFRS 3 - Business combinations using the purchase price allocation method, assisted by independent experts. This led to the recognition of goodwill of roughly EUR 3.3 million.



The fair value of the assets and liabilities acquired, the effect of the purchase price allocation and related cash flows are set out below:

(EUR'000)		Carrying amount	Fair value	Total 04.07.2012
<i>Net assets acquired:</i>				
Cash and cash equivalents		2,642	7	2,649
Trade receivables		4,401	(35)	4,366
Inventories		290	-	290
Other current assets		504	16	520
Intangible assets with indefinite useful lives	(note 1)	-	2,775	2,775
Property, plant and equipment	(note 2)	4,953	4,588	9,541
Current financial liabilities		(172)	-	(172)
Trade payables		(1,830)	(10)	(1,840)
Current tax liabilities		(2,605)	-	(2,605)
Other current liabilities		(102)	-	(102)
Non-current financial liabilities		(2,881)	-	(2,811)
Non-current portion of provisions		(2,688)	-	(2,688)
Deferred tax liabilities		118	(1,689)	(1,571)
Total fair value of net assets acquired		2,700	5,652	8,353
Goodwill	(note 1)			3,352
Purchase price paid				11,704

2011 acquisitions

On 11 March 2011, the group acquired a collection plant and agreed a waste management contract with the Istanbul municipal body for EUR 5.2 million (TRY EUR 12.1 million) through the subsidiary Recydia, active in the waste treatment and renewable energy sector. The contract has a 25-year term and covers the management and treatment of roughly 700,000 tons of USW per year. The assets purchased constitute an independent business and the group intends to manage them as such. The acquisition was treated pursuant to IFRS 3 - Business combinations with the application of the purchase price allocation method, assisted by independent experts. This gave rise to the higher value of the business acquired, mainly due to the measurement of its ongoing contract. The resulting bargain purchase gain on the acquisition EUR 8.4 million (TRY 19.5 million) was recognised under financial income in the consolidated income statement (note 25).



The fair value of the assets and liabilities acquired, the effect of the purchase price allocation and related cash flows are set out below:

(EUR'000)		Fair value 11.03.2011
<i>Net assets acquired:</i>		
Intangible assets with indefinite useful lives		12,054
Property, plant and equipment		3,617
Deferred tax liabilities		(2,411)
Deferred tax assets		316
Total fair value of net assets acquired		13,576
Effect of allocation of the bargain purchase gain	(note 25)	(8,378)
Purchase price paid		5,198



30) Financial risks

Credit risk

The group's maximum exposure to credit risk at the reporting date equals the carrying amount of loans and receivables recognised in the statement of financial position.

Given the sector's collection times and the group's procedures in place to assess whether to grant customers credit, the percentage of disputed receivables is low. If an individual credit position shows irregular payment trends, the group blocks further suppliers and takes steps to recover the outstanding amount.

It assesses recoverability considering guarantees given that can be enforced and the advice of the legal advisors that chase up outstanding receivables. The group impairs all receivables for which a loss is probable at the reporting date, based on whether the entire amount or a part thereof will not be recovered.

Notes 7 and 9 provide information about trade and other receivables.

Liquidity risk

The group has credit facilities which cover any unforeseen requirements.

Note 15 Financial liabilities provides a breakdown of financial liabilities by due date.

Market risk

The information necessary to assess the nature and scope of financial risks at the reporting date is provided in this section.

Currency risk

The group is exposed to risks arising from variations in exchange rates, which may affect its financial performance and equity.

With respect to the main effects of consolidating the foreign companies, if the exchange rates for the Turkish lira (TRY), Norwegian krone (NOK), Swedish krona (SEK), US dollar (USD), Chinese Renminbi-Yuan (CNY), Malaysian (MYR) and Egyptian pound (EGP) were an average 10% below the effective exchange rates, the translation of equity would have generated a decrease of EUR 64.7 million or roughly 5.8% in consolidated equity at 31 December 2012 (31 December 2011: decrease of EUR 60.7 million or roughly 5.6%). If the Egyptian pound exchange rate was 15% below the effective exchange rate, consolidated equity would have been a further EUR 4.2 million smaller at 31 December 2012 (31 December 2011: smaller by EUR 4.3 million). Other currency risks arising on the consolidation of other foreign companies are immaterial.

The group is mainly exposed to currency risk for its operating profit on sales and purchases in TRY, DKK, USD and NOK. A hypothetical decrease of 10% in all these exchange rates (excluding the DKK) would have decreased gross operating profit by EUR 8.5 million (2011: EUR 6.1 million).



At 31 December 2012, the group's risks arising from the main receivables and payables in foreign currency relate to those in TRY, DKK, NOK, SEK and USD. Assuming that all the interest rates decreased by an average 10%, the potential effect of this exposure, created by fluctuations in exchange rates, apart from the DKK, would be a positive approximate EUR 1.8 million (31 December 2011: approximately EUR 2 million). Similarly, a hypothetical increase in exchange rates would have an identical negative effect.

Interest rate risk

The group is exposed to the risk of fluctuations in interest rates. It has net financial debt of EUR 373.0 million at the reporting date (31 December 2011: EUR 357.5 million). All the interest rates are floating rates, like in 2011.

Assuming all the other variables remain stable, an annual 1% increase in interest rates for all the currencies in which the group has borrowings would have had a negative effect on the pre-tax profit of EUR 3.6 million (2011: EUR 3.5 million) and on equity of EUR 2.7 million (31 December 2011: EUR 2.5 million) with respect to the floating rate on the group's loans and cash and cash equivalents. A similar decrease in interest rates would have an identical positive impact.

31) Fair value hierarchy under IFRS 7

IFRS 7 requires that financial instruments carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to determine their fair value in the following levels:

- Level 1: determination of fair value using quoted prices on active markets for identical assets or liabilities being measured;
- Level 2: determination of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (i.e., as prices) or indirectly observable (i.e., derived from prices) on the market. This category includes instruments without sufficient liquidity or that do not have an ongoing binding market price.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The hierarchical level for the group's assets and liabilities measured at fair value is as follows:

31 December 2012 (EUR'000)	Note	Level 1	Level 2	Level 3	Total
Available-for-sale equity investments	5	8,044	-	-	8,044
Total assets		8,044	-	-	8,044
Current financial liabilities	15	-	(19,414)	-	(19,414)
Total liabilities		-	(19,414)	-	(19,414)



31 December 2011 (EUR'000)	Note	Level 1	Level 2	Level 3	Total
Available-for-sale equity investments	5	7,963	-	-	7,963
Current financial assets	8	-	293	-	293
Total assets		7,963	293	-	8,256
Current financial liabilities	15	-	(10,116)	-	(10,116)
Total liabilities		-	(10,116)	-	(10,116)

No transfers among the levels took place during the year and no changes in level 3 were made.

32) Related party transactions

Following the regulation issued by Consob setting out guidelines for related party transactions, pursuant to Consob resolution no. 17221 of 12 March 2010 and subsequent amendments and integrations, aimed at ensuring transparency and the substantial and procedural correctness of transactions performed by the group with related parties, the parent's board of directors approved a procedure for related party transactions on 5 November 2010. The instructions, available on the parent's internet site www.cementirholding.it, have been applicable since 1 January 2011.

Transactions performed by group companies with related parties are part of their normal business operations and take place at market conditions. No atypical or unusual transactions took place. The following table shows the related party transactions:

31 December 2012 (EUR'000)	Parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statements caption	% of caption
Statement of financial position							
Non-current financial assets	-	-	-	-	-	-	-
Current financial assets	-	2,365	-	-	2,365	3,361	70.4%
Trade receivables	-	2,715	1,894	-	4,609	200,568	2.3%
Cash and cash equivalents	-	-	-	2,456	2,456	84,251	2.9%
Trade payables	-	-	398	-	398	191,037	0.2%
Other non-current liabilities	-	777	-	-	777	10,820	7.2%
Non-current financial liabilities	-	-	-	7,748	7,748	220,251	3.5%
Current financial liabilities	-	-	-	50,009	50,009	240,390	20.8%
Income statement							
Revenue	-	8,638	468	-	9,106	976,193	0.9%
Other operating revenue	-	-	430	-	430	8,023	5.4%
Other operating costs	450	-	1,516	-	1,966	246,231	0.8%
Financial income	-	15	19	3	37	6,628	0.6%
Financial expense	-	-	600	1,746	2,346	29,932	7.8%



2011 (EUR'000)	Parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statements caption	% of caption
Statement of financial position							
Non-current financial assets	-	853	-	-	853	1,620	52.7%
Current financial assets	-	382	-	-	382	1,888	20.2%
Trade receivables	-	2,750	2,132	-	4,882	188,771	2.6%
Cash and cash equivalents	-	-	-	2,344	2,344	91,651	2.6%
Trade payables	272	-	316	-	588	182,935	0.3%
Other non-current liabilities	-	226	-	-	226	1,469	15.4%
Non-current financial liabilities	-	-	-	44,789	44,789	153,164	29.2%
Current financial liabilities	-	-	50,000	22,564	72,564	297,909	24.4%
Income statement							
Revenue	-	7,009	683	-	7,692	933,014	0.8%
Other operating revenue	-	-	770	-	770	12,354	6.2%
Other operating costs	450	-	1,510	-	1,960	226,075	0.9%
Financial income	-	19	-	32	51	16,566	0.3%
Financial expense	(427)	(35)	(294)	(1,976)	2,732	36,323	7.5%

The main related party transactions are summarised below:

Trading transactions with associates include the sale of products and semi-finished products (cement and clinkers) at normal market conditions. Trading transactions with joint ventures include the long-time sale of cement to Caltagirone group companies. In 2012, the group sold 5,801 tons of cement at market conditions to Vianini Industria (2011: 10,273 tons). Revenue and costs arising on trading transactions with the ultimate parent and joint ventures include various services, such as leases.

The non-current financial liabilities relate to Unicredit Banca's floating rate loan of approximately EUR 7.7 million due in 2014. At 31 December 2011, the balance related to the EUR 45 million floating rate loan from Banca Monte dei Paschi di Siena due in 2017.

Current financial liabilities mainly relate to Unicredit Banca and the roughly EUR 30 million floating rate loan due in 2013, the on demand loan of approximately EUR 11 million and the repayments due during the year of the loan due in 2014. At 31 December 2011, the balance included the EUR 50 million interest-bearing loan from UGI S.p.A. (a joint venture) and the EUR 22 million on demand loan and the floating rate EUR 45 million loan due in 2017 from Banca Monte dei Paschi di Siena.

The group did not grant loans to the directors, statutory auditors or key management personnel during the year and did not have loan assets with them at the reporting date.



33) Independent auditors' fees

In 2012 fees paid by the parent company Cementir Holding S.p.A. and its subsidiaries to the independent auditors, including related entities, amounted to about EUR 812 thousand, of which EUR 496 thousand for auditing services and EUR 316 thousand for other services.



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ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012



Annex 1

List of consolidated companies at 31 December 2012:

Name	Registered office	Reporting date
Cementir Holding S.p.A. - <i>parent</i>	Rome (Italy)	31/12/2012
Aalborg Cement Company Inc.	Dover (USA)	31/12/2012
Aalborg Portland A/S	Aalborg (Denmark)	31/12/2012
Aalborg Portland International S.r.l.	Rome (Italy)	31/12/2012
Aalborg Portland Islandi EHF	Kopavogur (Iceland)	31/12/2012
Aalborg Portland Polska Spzoo	Warsaw (Poland)	31/12/2012
Aalborg Portland US Inc	Dover (USA)	31/12/2012
Aalborg Resources Sdn Bhd	Perak (Malaysia)	31/12/2012
Aalborg Portland (Anqing) Co Ltd	Anqing (China)	31/12/2012
Aalborg Portland Malaysia Sdn Bhd	Perak (Malaysia)	31/12/2012
Aalborg Portland (Australia) Pty Ltd	Sydney (Australia)	31/12/2012
Aalborg White Italy S.r.l. ^A	Rome (Italy)	31/12/2012
Aalborg Portland OOO	St. Petersburg (Russia)	31/12/2012
AB Sydsten	Malmö (Sweden)	31/12/2012
AGAB Syd Aktiebolag	Malmö (Sweden)	31/12/2012
Alfacem S.r.l.	Rome (Italy)	31/12/2012
Bakircay AS	Izmir (Turkey)	31/12/2012
Betontir S.p.A.	Rome (Italy)	31/12/2012
Cementir Espana SL	Madrid (Spain)	31/12/2012
Cementir Italy S.r.l.	Rome (Italy)	31/12/2012
Cimbeton AS	Izmir (Turkey)	31/12/2012
Cimentas AS	Izmir (Turkey)	31/12/2012
Destek AS	Izmir (Turkey)	31/12/2012
Elazig Cimento AS	Elazig (Turkey)	31/12/2012
Everts Betongpump & Entreprenad AB	Halmstad (Sweden)	31/12/2012
Gaetano Cacciatore LLC	Somerville N.J. (USA)	31/12/2012
Globocem SL	Madrid (Spain)	31/12/2012
Hereko Instabul 1 A.Ş.	Izmir (Turkey)	31/12/2012
Ilion Cimento Ltd	Soma (Turkey)	31/12/2012

^A Company in liquidation

**Annex 1 (continued)**

Name	Registered office	Reporting date
Italian Cement Company LLC (Cemit)	Krasnodar (Russia)	31/12/2012
Kars Cimento AS	Kars (Turkey)	31/12/2012
Kudsk & Dahl A/S	Vojens (Denmark)	31/12/2012
Neales Waste Management Ltd	Lancashire (UK)	31/12/2012
NWM Holdings Ltd	Lancashire (UK)	31/12/2012
Quercia Ltd	Lancashire (UK)	31/12/2012
Recydia AS	Izmir (Turkey)	31/12/2012
Sinai White Portland Cement Co. SAE	Cairo (Egypt)	31/12/2012
Skane Grus AB	Malmö (Sweden)	31/12/2012
Sureko AS	Izmir (Turkey)	31/12/2012
Unicon A/S	Copenhagen (Denmark)	31/12/2012
Unicon AS	Sandvika (Norway)	31/12/2012
Vianini Pipe Inc.	Somerville (USA)	31/12/2012
Yapitek AS	Izmir (Turkey)	31/12/2012

List of equity-accounted investees at 31 December 2012:

Name	Registered office	Reporting date
ECOL Unicon Spzoo	Gdansk (Poland)	31/12/2012
Environmental Power International (UK R&D) Ltd	Trowbridge (UK)	31/12/2012
Lehigh White Cement Company - J.V.	Allentown (USA)	31/12/2012
Secil Prebetão SA	Montijo (Portugal)	31/12/2012
Secil Unicon SGPS Lda	Lisbon (Portugal)	31/12/2012
Sola Betong AS	Risvika (Norway)	31/12/2012



Annex 2

List of significant investments at 31 December 2012 pursuant to article 120 of Legislative decree no. 58 of 24 February 1998 and article 12 of Consob regulation no. 11971/99:

Name	Registered office	Share/ quota capital	Currency	Type of investment		Investment held by % group company
				% Direct	% Indirect	
Cementir Holding S.p.A.	Rome (I)	159,120,000	EUR			Parent
Aalborg Cement Company Inc.	Dover (USA)	1,000	USD		100	100 Aalborg Portland US Inc.
Aalborg Portland A/S	Aalborg (DK)	300,000,000	DKK		75	75 Cementir Espana SL
					25	25 Globocem SL
Aalborg Portland International S.r.l.	Rome (I)	10,000	EUR		100	100 Aalborg Portland A/S
Aalborg Portland Islandi EHF	Kopavogur (IS)	303,000,000	ISK		100	100 Aalborg Portland A/S
Aalborg Portland Polska Spzoo	Warsaw (PL)	100,000	PLN		100	100 Aalborg Portland A/S
Aalborg Portland US Inc	Dover (USA)	1,000	USD		100	100 Aalborg Portland A/S
Aalborg Resources Sdn Bhd	Perak (MAL)	2,543,972	MYR		100	100 Aalborg Portland Malaysia Sdn Bhd
Aalborg Portland (Anqing) Co Ltd	Anqing (VR)	265,200,000	CNY		100	100 Aalborg Portland A/S
Aalborg Portland Malaysia Sdn Bhd	Perak (MAL)	95,400,000	MYR		70	70 Aalborg Portland A/S
Aalborg Portland (Australia) Pty Ltd	Sydney (AUS)	1,000	AUD		100	100 Aalborg Portland Malaysia Sdn Bhd
Aalborg White Italy S.r.l. ^A	Rome (I)	10,000	EUR		82	82 Aalborg Portland A/S
Aalborg Portland OOO	St. Petersburg (RUS)	14,700,000	RUB		100	100 Aalborg Portland A/S
AB Sydsten	Malmö (S)	15,000,000	SEK		50	50 Unicon A/S
AGAB Syd Aktiebolag	Malmö (S)	500,000	SEK		40	40 AB Sydsten
Alfacem S.r.l.	Rome (I)	1,010,000	EUR	99.99		99.99 Cementir Holding S.p.A.
Bakircay AS	Izmir (TR)	420,000	TRY		97.86	97.86 Kars Cimento AS
					2.14	2.14 Yapitek AS
Betontir S.p.A.	Rome (I)	104,000	EUR		99.89	99.89 Cementir Italy S.r.l.
Cementir Espana SL	Madrid (E)	3,007	EUR	100		100 Cementir Holding S.p.A.
Cementir Italy S.r.l.	Rome (I)	40,000,000	EUR	100		100 Cementir Holding S.p.A.
Cimbeton AS	Izmir (TR)	1,770,000	TRY		50.28	50.28 Cimentas AS
					0.06	0.06 Yapitek AS
				71.43		71.43 Cementir Holding S.p.A.
Cimentas AS	Izmir (TR)	87,112,463	TRY		25	25 Aalborg Portland
					0.12	0.12 Cimbeton AS
					0.48	0.48 Kars Cimento AS

^A Company in liquidation


Annex 2 (continued)

Name	Registered office	Share/ quota capital	Currency	Type of investment		Investment held by % group company
				Direct	Indirect	
					99.93	99.93 Cimentas AS
					0.02	0.02 Cimbeton AS
Destek AS	Izmir (TR)	50,000	TRY		0.02	0.02 Yapitek AS
					0.02	0.02 Bakircay AS
					0.01	0.01 Cimentas Foundation
ECOL Unicon Spzoo	Gdansk (PL)	1,000,000	PLN		49	49 Unicon A/S
					93.55	93.55 Kars Cimento AS
Elazig Cimento AS	Elazig (TR)	46,000,000	TRY		6.17	6.17 Cimentas AS
					0.27	0.27 Bakircay AS
Environmental Power International (UK R&D) Limited	Trowbridge (UK)	100	GBP		50	50 Recydia
Everts Betongpump & Entreprenad AB	Halmstad (S)	100,000	SEK		73.5	73.5 AB Sydsten
Gaetano Cacciatore LLC	Somerville N.J. (USA)	-	USD		100	100 Aalborg Cement Company Inc
Globocem S.L.	Madrid (E)	3,007	EUR		100	100 Alfacem S.r.l.
Hereko Istanbul 1 A.Ş.	Izmir (TR)	9,000,000	TRY		99.99	99.99 Recydia AS
					99.99	99.99 Cimbeton AS
Ilion Cimento Ltd.	Soma (TR)	300,000	TRY		0.01	0.01 Bakircay AS
Italian Cement Company LLC (Cemit)	Krasnodar (RUS)	3,000,000	RUB		100	100 Cimentas AS
					58.38	58.38 Cimentas AS
Kars Cimento AS	Kars (TR)	3,000,000	TRY		39.81	39.81 Alfacem S.r.l.
Kudsk & Dahl A/S	Vojens (DK)	10,000,000	DKK		100	100 Unicon A/S
Lehigh White Cement Company - J.V.	Allentown (USA)	-	USD		24.5	24.5 Aalborg Cement Company Inc
Neales Waste Management Ltd	Lancashire (UK)	100.00	GBP		100	100 NWM Holdings Ltd.
NWM Holdings Ltd	Lancashire (UK)	1	GBP		100	100 Recydia A.S.
Quercia Ltd	Lancashire (UK)	100	GBP		100	100 NWM Holdings Ltd
					99.85	99.85 Cimentas AS
Recydia AS	Izmir (TR)	80,000,000	TRY		0.07	0.07 Yapitek AS
					0.07	0.07 Bakircay
Secil Unicon SGPS Lda	Lisbon (P)	4,987,980	EUR		50	50 Unicon A/S
Secil Prebetão SA	Montijo (P)	3,454,775	EUR		79.60	79.60 Secil Unicon SGPS Lda
Sinai White Portland Cement Co. SAE	Cairo (ET)	350,000,000	EGP		57.14	57.14 Aalborg Portland A/S
Skane Grus AB	Malmö (S)	1,000,000	SEK		60	60 AB Sydsten



Annex 2

Name	Registered office	Share/ quota capital	Currency	Type of investment		Investment held by % group company
				% Direct	% Indirect	
Sola Betong AS	Risvika (N)	9,000,000	NOK	33.33	33.33	Unicon AS
Sureko AS	Izmir (TR)	7.000.000	TRY	69.90	0.10	Recydia AS Bakircay AS
Unicon A/S	Copenhagen (DK)	150,000,000	DKK	100	100	Aalborg Portland A/S
Unicon AS	Sandvika (N)	13,289,100	NOK	100	100	Unicon A/S
Vianini Pipe Inc.	Somerville N.J. (USA)	4,483,396	USD	99.99	99.99	Aalborg Portland US Inc.
Yapitek AS	Izmir (TR)	50,000	TRY	98.75	1.25	Cimentas AS Cimbeton AS



Annex 3

Cementir Holding S.p.A. - 2012

FEES PAID TO THE DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGER AND KEY MANAGEMENT PERSONNEL
(EUR '000)

Name and surname	Position held	Period of term of office	End of term of office	Fixed fees			Fees for participation in committees	Variable non-share-based payments		Non-monetary benefits	Other fees	Total	Fair value of share-based payments	End of term of office benefits or termination benefits
				Attendance fees	Fees resolved by the shareholders or BoD	Employee remuneration		Bonuses and other incentives	Profit participation					
BOARD OF DIRECTORS														
Francesco Caltagirone	Chairman of BoD	Whole year	2014	5	1.262	61		410		5		1.743		
Carlo Carlevaris	Deputy chairman	Whole year	2014	5								5		
Alessandro Caltagirone	Director	Whole year	2014	5								5		
Azzurra Caltagirone	Director	Whole year	2014	4								4		
Edoardo Caltagirone	Director	Whole year	2014	3								3		
Saverio Caltagirone	Director	Whole year	2014	4		60						64		
Flavio Cattaneo	Director	Whole year	2014	1			20					21		
Mario Ciliberto	Director	Whole year	2014	5	500					12		517		
Massimo Confortini	Director	January - April	2012	1								1		
Fabio Corsico	Director	Whole year	2014	3								3		
Paolo Di Benedetto	Director	Whole year	2014	4			50					54		
Mario Delfini	Director	Whole year	2014	4			10					14		
Alfio Marchini	Director	Whole year	2014	3			10					13		
Walter Montevocchi	Director	January - April	2012	-		151				1		152		
Riccardo Nicolini	Director	Whole year	2014	5		806		152		20		983		
Enrico Vitali	Director	January - April	2012	1								1		
Board of statutory auditors														
Claudio Bianchi	Chairman board of statutory auditors	Whole year	2013		77							77		
Gianpiero Tasco	Statutory auditor	Whole year	2013		51							51		
Federico Malorni	Statutory auditor	Whole year	2013		48							48		
TOTAL				53	1.938	1.078	90	562	-	38	-	3.759	-	-
Key management personnel	2			5		989	*	152	**	46	***	1.192		
Fees from company preparing financial statements				53	1.406	1.050	90	562	-	52	-	3.213	-	-
Fees from subsidiaries and associates				-	532	211	-	-	-	12	-	755	-	-

* Includes Riccardo Nicolini's fees, already included in the "Employee remuneration" column for directors.

** Includes Riccardo Nicolini's bonuses and other incentives already shown as due to directors

*** Includes Riccardo Nicolini's non-monetary benefits already shown as due to directors



Rome, 7 March 2013

Chairman of the board of directors

Francesco Caltagirone Jr.
(signed on the original)



Statement on the consolidated financial statements as at and for the year ended 31 December 2012 pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1. The undersigned Francesco Caltagirone Jr., chairman of the board of directors, and Massimo Sala, manager in charge of financial reporting, of Cimentir Holding S.p.A. confirm the following, considering also the provisions of article 154-*bis*.3/4 of Legislative decree no. 58 of 24 February 1998:

- the adequacy of the administrative and accounting procedures given the group's characteristics; and
- their effective application to prepare the consolidated financial statements during 2012.

2. No significant issues arose during preparation of the consolidated financial statements.

3. They also state that:

3.1 the consolidated financial statements:

- a) were prepared in compliance with the applicable IFRS endorsed in the European Community pursuant to EC regulation 1606/2001 of the European Parliament and Council of 19 July 2002 and the measures enacted by Legislative decree no. 38/2005;
- b) are consistent with the accounting records and entries;
- c) are suitable to provide a true and fair view of the financial position, financial performance and cash flows of the issuer and the consolidated companies;

3.2 the directors' report refers to important events that took place during the year and their impact on the consolidated financial statements; it also describes the main risks and uncertainties.

Rome, 7 March 2013

Chairman of the board of directors

Manager in charge of
financial reporting

Francesco Caltagirone Jr. (signed on the original)

Massimo Sala (signed on the original)



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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Cementir Holding S.p.A.

- 1 We have audited the consolidated financial statements of the Cementir Holding Group as at and for the year ended 31 December 2012, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards 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 and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report of other auditors dated 28 March 2012 for their opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.
- 3 In our opinion, the consolidated financial statements of the Cementir Holding Group as at and for the year ended 31 December 2012 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Cementir Holding Group as at 31 December 2012, the results of its operations and its cash flows for the year then ended.
- 4 The directors of Cementir Holding S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and shareholding structure, published in the "Investor Relations" section of Cementir Holding S.p.A.'s website, in accordance with the applicable laws and regulations. Our



responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the consolidated financial statements of the Cementir Holding Group as at and for the year ended 31 December 2012.

Rome, 28 March 2013

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit



DRAFT 2012 SEPARATE FINANCIAL STATEMENTS



SEPARATE FINANCIAL STATEMENTS

Statement of financial position			
(EUR)	Note	31 December 2012	31 December 2011
ASSETS			
Intangible assets	1	836,004	658,564
Property, plant and equipment	2	106,103	83,101
Investment property	3	23,000,000	23,000,000
Investments in subsidiaries	4	690,148,784	779,439,058
Available-for-sale investments	5	8,043,280	7,962,826
Non-current financial assets	6	123,659	105,968
Deferred tax assets	22	34,766,903	23,887,864
TOTAL NON-CURRENT ASSETS		757,024,733	835,137,381
Trade receivables	7	5,215,208	5,153,612
- Trade receivables - third parties		121,068	117,002
- Trade receivables - related parties	33	5,094,140	5,036,610
Current financial assets	8	17,062,007	6,215,764
- Current financial assets - third parties		705,768	803,336
- Current financial assets - related parties	33	16,356,240	5,412,428
Current tax assets	9	3,105,593	2,091,773
Other current assets	10	2,112,217	1,957,549
- Other current assets - third parties		1,843,097	691,644
- Other current assets - related parties	33	269,120	1,265,905
Cash and cash equivalents	11	5,686,113	5,376,605
- Cash and cash equivalents - third parties		3,253,220	3,036,732
- Cash and cash equivalents - related parties	33	2,432,893	2,339,873
TOTAL CURRENT ASSETS		33,181,139	20,795,303
TOTAL ASSETS		790,205,872	855,932,684
EQUITY AND LIABILITIES			
Share capital	12	159,120,000	159,120,000
Share premium reserve	13	35,710,275	35,710,275
Other reserves	14	434,932,075	462,182,534
Loss for the period		(14,658,064)	(20,175,215)
TOTAL EQUITY		615,104,286	636,837,594
Employee benefits obligations	15	323,776	325,154
Non-current provisions obligations	16	600,000	600,000
Non-current financial liabilities	17	53,986,502	71,715,245
- Non-current financial liabilities - third parties		46,238,661	26,926,182
- Non-current financial liabilities - related parties	33	7,747,841	44,789,063
Deferred tax liabilities	22	4,619,962	4,640,513
Other non-current liabilities	18	-	1,128,053
TOTAL NON-CURRENT LIABILITIES		59,530,240	78,408,965
Trade payables	19	1,402,039	2,097,407
- Trade payables - third parties		1,091,881	1,257,392
- Trade payables - related parties	33	310,158	840,015
Current financial liabilities	17	87,849,665	118,350,064
- Current financial liabilities - third parties		68,674,265	105,652,136
- Current financial liabilities - related parties	33	19,175,400	12,697,928
Current tax liabilities	20	1,137,517	1,516,689
Other current liabilities	21	25,182,125	18,721,965
- Other current liabilities - third parties		2,142,632	2,628,931
- Other current liabilities - related parties	33	23,039,493	16,093,034
TOTAL CURRENT LIABILITIES		115,571,346	140,686,125
TOTAL LIABILITIES		175,101,586	219,095,090
TOTAL EQUITY AND LIABILITIES		790,205,872	855,932,684



Income statement

(EUR)	Note	2012	2011
REVENUE	23	11,948,464	12,181,242
- Revenue - related parties	33	11,948,464	12,181,242
Other operating revenue	24	682,239	1,232,913
- Other operating revenue - third parties		252,239	462,542
- Other operating revenue - related parties	33	430,000	770,371
TOTAL OPERATING REVENUE		12,630,703	13,414,155
Personnel costs	25	(8,459,506)	(9,134,729)
- Personnel costs - third parties		(8,370,690)	(8,826,927)
- Personnel costs - related parties		(88,816)	(307,802)
Other operating costs	26	(6,141,509)	(6,008,924)
- Other operating costs - third parties		(5,442,638)	(5,386,195)
- Other operating costs - related parties	33	(698,871)	(622,729)
TOTAL OPERATING COSTS		(14,601,015)	(15,143,653)
EBITDA		(1,970,312)	(1,729,498)
Amortisation, depreciation, impairment losses and provisions	27	(424,296)	(353,745)
EBIT		(2,394,608)	(2,083,243)
Financial income	28	2,429,645	3,017,366
- Financial income - third parties		2,394,279	2,985,587
- Financial income - related parties	33	35,366	31,779
Financial expense	28	(19,705,582)	(28,164,621)
- Financial expense - third parties		(18,258,382)	(26,181,572)
- Financial expense - related parties	33	(1,447,200)	(1,983,049)
NET FINANCIAL EXPENSE		(17,275,937)	(25,147,255)
LOSS BEFORE TAXES		(19,670,545)	(27,230,499)
Income taxes	29	5,012,481	7,055,284
LOSS FROM CONTINUING OPERATIONS		(14,658,064)	(20,175,215)
LOSS FOR THE PERIOD		(14,658,064)	(20,175,215)



Statement of comprehensive income

(EUR'000)	Note	2012	2011
LOSS FOR THE PERIOD		(14,658)	(20,175)
Other comprehensive expense*:			
Financial instruments	30	(700)	(1,583)
Actuarial gains (losses) on post-employment benefits obligations	30	(11)	(3)
Total other comprehensive expense		(711)	(1,586)
TOTAL COMPREHENSIVE EXPENSE		(15,369)	(21,716)

* Other comprehensive expense is shown net of the tax effect, which is analysed in note 30.



Statement of changes in equity

(EUR'000)	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Other reserves						Retained earnings	Loss for the period	Total equity
					Reserve for grants related to assets	Reserve as per art. 15 of Law no. 67/88	Reserve as per Law no. 349/95	Goodwill arising on merger	Other IFRS reserves	Reserves for post-employment benefits as per IAS 19			
Equity at 1 January 2011	159,120	35,710	97,733	31,824	29,435	138	41	-	97,636	504	130,647	(12,718)	570,070
Allocation of 2010 loss											(12,718)	12,718	-
Distribution of 2010 dividends											(9,547)		(9,547)
Total owner transactions	-	-	-	-	-	-	-	-	-	-	(22,265)	12,718	(9,547)
Net actuarial losses										(3)			(3)
Financial instruments									(1,583)				(1,583)
Total other comprehensive expense	-	-	-	-	-	-	-	-	(1,583)	(3)	-	-	(1,586)
Reclassifications													-
Change in other reserves								98,076					98,076
Total other transactions	-	-	-	-	-	-	-	98,076	-	-	-	-	98,076
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(20,175)	(20,175)
Equity at 31 December 2011	159,120	35,710	97,733	31,824	29,435	138	41	98,076	96,053	501	108,382	(20,175)	636,838
Equity at 1 January 2012	159,120	35,710	97,733	31,824	29,435	138	41	98,076	96,053	501	108,382	(20,175)	636,838
Allocation of 2011 loss											(20,175)	20,175	-
Distribution of 2011 dividends											(6,365)		(6,365)
Total owner transactions	-	-	-	-	-	-	-	-	-	-	(26,540)	20,175	(6,365)
Net actuarial losses										(11)			(11)
Financial instruments									(700)				(700)
Total other comprehensive expense	-	-	-	-	-	-	-	-	(700)	(11)	-	-	(711)
Reclassifications													-
Change in other reserves													-
Total other transactions	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss for the period												(14,658)	(14,658)
Equity at 31 December 2012	159,120	35,710	97,733	31,824	29,435	138	41	98,076	95,353	490	81,842	(14,658)	615,104



Statement of cash flows

(EUR'000)	Note	2012	2011
Loss for the period		(14,658)	(20,175)
Amortisation and depreciation		424	354
Net financial expense:		17,276	25,147
- <i>Third parties</i>		(15,828)	(23,196)
- <i>Related parties</i>		(1,448)	(1,951)
Income taxes		(5,012)	(7,055)
Change in employee benefits		(16)	(161)
<u>Operating cash flows before changes in working capital</u>		<u>(1,986)</u>	<u>(1,890)</u>
(Increase) Decrease in trade receivables - third parties		(4)	240
(Increase) Decrease in trade receivables - related parties		(57)	7,892
Increase (Decrease) in trade payables - third parties		(369)	(377)
Increase (Decrease) in trade payables - related parties		(530)	(216)
Change in other non-current and current assets and liabilities - third parties		(1,637)	2,904
Change in other non-current and current assets and liabilities - related parties		2,027	(1,694)
Change in current and deferred taxes		(962)	-
<u>Operating cash flows</u>		<u>(3,518)</u>	<u>6,859</u>
Dividends collected		210	120
Interest collected		699	1,241
Interest paid		(6,996)	(5,292)
Other net interest paid		(1,778)	(11,583)
Income taxes paid		(1,821)	(1,838)
CASH FLOWS USED IN OPERATING ACTIVITIES (A)		(13,204)	(10,493)
Investments in intangible assets		(398)	(240)
Investments in property, plant and equipment		(23)	(33)
Acquisitions of equity investments		(487)	(3,544)
Proceeds from the sale of equity investments		89,290	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)		88,382	(3,817)
Change in non-current assets and liabilities - third parties		19,241	(51,776)
Change in non-current assets and liabilities - related parties		(37,133)	42
Change in current financial assets and liabilities - third parties		(47,997)	50,964
Change in current financial assets and liabilities - related parties		(2,615)	21,640
Dividends distributed		(6,365)	(9,547)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)		(74,869)	11,323
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		309	(2,987)
OPENING CASH AND CASH EQUIVALENTS	11	5,377	8,364
CLOSING CASH AND CASH EQUIVALENTS	11	5,686	5,377



NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information

Cementir Holding S.p.A. is a company limited by shares with its registered office in Corso di Francia 200, Rome.

Based on the shareholder register at 31 December 2012, the communications received pursuant to article 120 of Legislative decree no. 58 of 24 February 1998 and other available information, the shareholders with an investment of more than 2% in the company's share capital are the following:

- 1) Calt 2004 S.r.l. - 47,860,813 shares (30.078%);
- 2) Lav 2004 S.r.l. - 40,543,880 shares (25.480%);
- 3) Pantheon 2000 S.p.A. - 4,466,928 shares (2.807%);
- 4) Gamma S.r.l. - 5,575,220 shares (3.504%);
- 5) Chupas 2007 S.r.l. - 4,083,130 shares (2.566%).

The company's board of directors approved the draft separate financial statements of Cementir Holding S.p.A. at 31 December 2012 on 7 March 2013 and authorised their publication.

Legislative framework

The provisions of Italian legislation implementing the EC IV Directive are applicable to companies that prepare IFRS-compliant financial statements, as long as they are compatible. Therefore, the separate financial statements reflect the requirements of the Italian Civil Code articles and related provisions of the Consolidated Finance Act for listed companies with respect to the directors' report (article 2428 of the Italian Civil Code), legally-required audit (article 2409-bis of the Italian Civil Code) and publication of financial statements (article 2435 of the Italian Civil Code).

The separate financial statements and these notes provide the additional analyses and disclosures required by articles 2424, 2425 and 2427 of the Italian Civil Code as they do not conflict with the IFRS.

Statement of compliance with the IFRS

The separate financial statements have been prepared in accordance with the IFRS, issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission (EC) at 31 December 2012.

The acronym "IFRS" includes all the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).

The company has not opted to adopt early endorsed standards, interpretations and amendments, whose mandatory application is after the reporting date.

It is assessing the possible effects of application of the new standards and amendments to existing standards listed below. Based on its preliminary assessment, the company does not expect that they will have a significant effect on either the consolidated or separate financial statements.



Standards and amendments to standards adopted by the company

a) Standards and interpretations applied since 1 January 2012: no amendments, interpretations or revisions have become applicable since 1 January 2012.

b) Standards and interpretations of standards applicable for the years after 2012 and not adopted early by the company:

- *IAS 12 - Income taxes - deferred tax: recovery of underlying assets;*
- *IAS 19 - Employee benefits obligations*, as part of the revision of the current standard (endorsed on 5 June 2012 and applicable from 1 January 2013);
- *IFRS 11 - Joint arrangements*, as part of the revision of *IAS 31 - Interests in joint ventures;*
- *IFRS 12 - Disclosures of interests in other entities;*
- *IFRS 13 - Fair value measurement;*
- Amendment to *IAS 1 - Presentation of financial statements: statement of comprehensive income* covering the presentation of the statement of comprehensive income (endorsed on 5 June 2012 and applicable from 1 July 2012);

c) Standards and interpretations to be applied shortly

At the date of approval of these separate financial statements, the IASB has issued certain standards, interpretations and amendments that the European Commission has yet to endorse, certain of which are still at the discussion stage. They include:

- *IFRS 9 - Financial instruments*, as part of the project to revise the current *IAS 39;*
- several *Exposure Drafts (ED)*, also issued as part of the same project to revise *IAS 39*, about amortised cost and impairment, the fair value option for financial liabilities and hedge accounting;
- *Exposure Draft (ED) "Measurement of non-financial liabilities"* as part of the project to revise the current *IAS 37* for the recognition and measurement of provisions, liabilities and contingent assets;
- *Exposure Draft (ED) "Revenue from contracts with customers"* as part of the project to revise the current *IAS 11* and *IAS 18*, for the recognition of revenue;
- *Exposure Draft (ED) "Insurance contracts"* as part of the project to revise the current *IFRS 4*, for the recognition of insurance contracts;
- *Exposure Draft (ED) "Leases"* as part of the project to revise the current *IAS 17*, for the recognition of leases;
- *Exposure Draft (ED) "Improvements to IFRSs"*, as part of the annual project to improve and revise the standards.

The company is assessing the possible effects of application of the new standards, amendments to existing standards and interpretations on its financial reporting.



Basis of presentation

The separate financial statements at 31 December 2012 are presented in Euros. They consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes.

The separate financial statements have been prepared on a going concern basis as the directors are reasonably certain that the company will continue to operate in the foreseeable future based on their assessment of the risks and uncertainties to which it is exposed.

The statement of changes in equity, the statement of comprehensive income, the statement of cash flows and these notes are presented in thousands of Euros.

The company has adopted the current/non-current presentation format for the statement of financial position, the income statement classifies costs by nature while the statement of cash flows is presented using the indirect method.

The IFRS have been applied consistently with the guidance provided in the Framework for the preparation and presentation of financial statements. The company was not required to make any departures as per IAS 1.19.

Consob resolution no. 15519 of 27 July 2006 requires that sub captions be added in the financial statements, in addition to those specifically requested by IAS 1 and the other standards when they involve significant amounts so as to show transactions with related parties separately or, in the case of the income statement, profits and losses on non-recurring or unusual transactions.

Assets and liabilities are presented separately and are not netted.

Accounting policies

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. They are a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow. They are recognised at cost, including any directly related costs necessary for the asset to be available for use.

Upon initial recognition, the company determines the asset's useful life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the company. Useful life is reviewed annually and any changes, if necessary, are applied prospectively. An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and the gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of its derecognition.

Intangible assets with finite useful life are recognised net of accumulated amortisation and any impairment losses determined using the methods set out below. Amortisation begins when the asset is available for use and is allocated systematically over its residual useful life.



Property, plant and equipment

Property, plant and equipment are recognised at acquisition or construction cost, including directly attributable costs required to make the asset ready for the use for which it was purchased, increased by the present value of the estimated cost of dismantlement or removal of the asset, if the company has an obligation in this sense. Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalised as part of the asset's cost until the asset is ready for its intended use or sale.

Ordinary and/or regular maintenance and repair costs are expensed when incurred. Costs to extend, upgrade or improve company-owned assets or assets owned by third parties are capitalised only when they meet the requirements for their separate classification as assets or a part of an asset, using the component approach.

Property, plant and equipment are recognised net of accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually. Any necessary changes to its useful life are applied prospectively.

The estimated useful life of the main items of plant and equipment is as follows:

	Estimated useful life
- Sundry equipment	5 years
- Office machines and equipment	5 years

If the asset to be depreciated consists of separate identifiable components with different useful lives, they are depreciated separately using the component approach.

Property, plant and equipment are derecognised at the time of sale or when no future economic benefits are expected from their use. The related gain or loss (calculated as the difference between the net disposal proceeds and related carrying amount) is recognised in profit or loss in the year of derecognition.

Investment property

Investment property held to earn rentals or for capital appreciation is measured at fair value and is not depreciated. Any gain or loss in fair value is recognised in profit or loss.



Investments in subsidiaries and associates

Subsidiaries are all those entities over which Cementir Holding S.p.A. has the power to directly or indirectly determine their financial and operating policies in order to derive benefits from their operations. Associates are entities over which the company has significant influence, but not control or joint control, over the financial and operating policies. Investments in subsidiaries and associates are recognised at cost adjusted by any impairment losses.

Impairment losses

The company assesses at each reporting date whether there is any indication that the carrying amount of intangible assets or property, plant and equipment may not be recovered due to the existence of events or changes in circumstances. If any such indication exists, the company determines the asset's recoverable amount. If the carrying amount exceeds the recoverable amount, the asset is impaired to reflect its recoverable amount. The recoverable amount of goodwill and other intangible assets with indefinite lives is estimated at each reporting date or whenever changed circumstances or specific events make it necessary. The recoverable amount of property, plant and equipment and intangible assets is the higher of their fair value less costs to sell and their value in use.

When defining value in use, the future cash flows are discounted using a pre-tax rate that reflects the current market estimate of the time value of money and specific risks of the asset. The realisable amount of an asset that does not generate largely independent cash flows is determined by considering the cash-generating unit (CGU) to which the asset belongs. Impairment losses are recognised in profit or loss under amortisation, depreciation and impairment losses.

Financial instruments

Financial assets are classified in one of the following categories upon initial recognition and measured as follows:

- available-for-sale financial assets: these are non-derivative financial assets that are explicitly designated as belonging to this category and are recognised as non-current assets unless management intends to sell them within 12 months of the reporting date. They are measured at fair value and fair value gains or losses are recognised in equity through the statement of comprehensive income. They are transferred to profit or loss only when they are effectively sold or when any accumulated fair value losses are deemed to reflect the impairment which will not be recovered in the future. Given the objective uncertainty about the future economic situation and the financial markets' performance, characterised by speculation, especially in Italy, the company has determined a 50% reduction in carrying amount and 60 months as the parameters to be considered separately as "materiality" and "duration" for impairment loss purposes of AFS securities pursuant to IAS 39. Financial assets are derecognised when the right to receive the cash flow from the asset has been extinguished and the company has transferred substantially all the risks and rewards of ownership of the instrument along with control. When fair value cannot be



determined reliably, AFS financial assets continue to be recognised at cost, adjusted for impairment. Impairment losses are not reversed.

- financial assets at fair value through profit or loss: this category includes financial assets mainly acquired for sale in the short term, those designated at fair value through profit or loss at the acquisition date and derivatives. The fair value of financial instruments quoted on active markets is determined using the market prices at the reporting date. If an active market does not exist, the fair value is determined using prices supplied by external operators and valuation techniques, mainly based on objective financial variables, as well as considering prices of recent transactions and the prices of similar financial instruments. Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. If fair value cannot be determined reliably, they are maintained at cost, adjusted for impairment. These instruments are classified as current assets or liabilities if they are “held for trading” or the group intends to sell them within 12 months of the reporting date. Derivatives are treated as assets when they have a positive fair value and as liabilities when they have a negative fair value. The company offsets positive and negative fair values arising on transactions with the same counterparty, when such offsetting is provided for contractually.
- loans and receivables: they are non-derivative financial instruments, mainly trade receivables (from subsidiaries and associates), that are not quoted on an active market from which the company expects to receive fixed or determinable payments. They are recognised as current (when the deadline is within ordinary commercial terms) except for those with a deadline of more than 12 months after the reporting date, which are classified as non-current. These assets are measured at amortised cost using the effective interest method. If there is objective indication of impairment, the asset is impaired to the present value of future cash flows. Impairment losses are recognised in profit or loss. If the reasons for the impairment are no longer valid in future years, the impairment loss is reversed to the amount the asset would have had, had the impairment loss not been recognised and the amortised cost method applied.

Financial assets are derecognised when the right to receive cash flows therefrom has been extinguished and the company has transferred substantially all the risks and rewards of ownership and the related control.

Financial liabilities, related to loans and borrowings, trade payables and other obligations to pay, are initially recognised at fair value, less directly related costs. They are subsequently measured at amortised cost, using the effective interest method. If there is a change in the estimated future cash flows and they can be determined reliably, the carrying amount of the loan is recalculated to reflect this change based on the present value of the new estimated future cash flows and the initially determined internal rate of return. Financial liabilities are classified as current liabilities, unless the company has the unconditional right to defer their payment for at least 12 months after the reporting date.

Financial liabilities are derecognised when they are extinguished and the company has transferred all the risks and obligations related thereto.



Derivatives

The company uses derivatives to hedge currency, interest rate and market price fluctuation risks.

All derivatives are measured and recognised at fair value, as required by IAS 39.

Transactions that meet the requirements for application of hedge accounting are classified as hedging transactions. The other transactions are designated as trading transactions, even when they are agreed to manage risk. Therefore, as some of the formal requirements of IAS 39 were not met at the derivative agreement date, changes in their fair value are recognised in profit or loss.

Subsequent fair value gains or losses on derivatives that meet the requirements for classification as hedging instruments are recognised using the criteria set out below.

A derivative qualifies for hedge accounting if, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, including the entity's risk management objective and strategy for undertaking the hedge as well as the methods to test effectiveness. The hedge's effectiveness is assessed when the hedge is agreed and during its life. Generally, a hedge is considered to be highly effective if, both upon inception and during its life, changes in fair value (fair value hedges) or estimated cash flows (cash flow hedges) of the hedged item are substantially covered by changes in fair value of the hedging instrument.

When the hedge relates to changes in fair value of a recognised asset or liability (fair value hedge), both changes in fair value of the hedging instrument and the hedged item are recognised in profit or loss.

In the case of cash flow hedges (hedges designed to offset the risk of changes in cash flows generated by the future execution of contractually defined obligations at the reporting date), changes in fair value of the derivative recognised after its initial recognition are recognised under reserves (in equity) for the effective part only. When the economic effects of the hedged item arise, the reserve is reversed to profit or loss under operating income (expense). If the hedge is not perfectly effective, the changes in fair value of the hedging instrument, related to the ineffective portion, are immediately taken to profit or loss. If, during the life of a derivative, the estimated cash flows hedged are no longer highly probable, the portion of the reserves related to that instrument is immediately reversed to profit or loss. Conversely, if the derivative is sold or no longer qualifies as an effective hedging instrument, the part of the reserves representing the fair value changes in the instrument, accumulated to date, is maintained in equity and reversed to profit or loss using the above classification method when the originally hedged transaction takes place.



Cash and cash equivalents

Cash and cash equivalents are recognised at fair value and include bank deposits and cash-on-hand, i.e., short-term, highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Employee benefits obligations

Liabilities for employee benefits obligations paid concurrently with or after termination of employment related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions, estimating the amount of future benefits accrued by employees at the reporting date. They are recognised on an accruals basis over the period in which the employees' rights accrue.

Defined benefit plans include the Italian post-employment benefits obligations (TFR) due to employees pursuant to article 2120 of the Italian Civil Code for benefits vested up to 31 December 2006. Following the pension reform, post-employment benefits obligations accruing since 1 January 2007 are mandatorily transferred to a supplementary pension fund or the special treasury fund set up by INPS (the Italian social security institution) depending on which option the employee has chosen. Therefore, the company's liability for defined benefits with its employees solely relates to those vested up to 31 December 2006.

The accounting treatment adopted by the company since 1 January 2007 (described below) complies with the new legislation and abides by the accounting treatment defined by the relevant professional bodies. Specifically:

- Post-employment benefits obligations accruing since 1 January 2007 are considered to be defined contribution plans, including when the employee has opted to have them transferred to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements and not subjected to an actuarial valuation, are recognised as personnel expense costs.
- Post-employment benefits obligations vested up to 31 December 2006 continue to be recognised as the company's liability for defined benefit plans. This liability will not increase in the future by additional accruals. Therefore, the actuarial calculation used to determine the 31 December 2012 balance did not include future salary increases.

Independent actuaries calculate the present value of the company's obligations using the projected unit credit method. They project the liability into the future to determine the probable amount to be paid when the employment relationship terminates and then discount it to consider the time period before the first effective payment. This calculation includes post-employment benefits obligation accrued for past service and uses actuarial assumptions, mainly based on interest rates, which reflect the market yield on high quality corporate bonds with a term consistent with that of the company's obligation¹ and employee turnover.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the company's obligations at the reporting date, due to changes in the actuarial

¹ Discounting uses the curve of the IRS rates equal to the term of the relevant observation period (50 years).



assumptions used (see above), are recognised directly in equity, net of the related tax effect, rather than in profit or loss, like in the past.

Share-based plans

The company has a share-based plan (stock options) for directors with special duties and key management personnel with the company and/or its subsidiaries. Pursuant to IFRS 2 - Share-based payment, this plan is part of the beneficiaries' remuneration. Therefore, the cost is the fair value of the stock options at the grant date, determined using financial valuation techniques and considering market conditions. The cost is recognised in profit or loss on an accruals basis over the plan period, with a balancing entry under equity.

Provisions for risks and charges

These provisions cover certain or probable risks and charges, the due date or amount of which is unknown at the reporting date.

Accruals to the provisions for risks and charges are recognised when the company has a constructive or legal obligation at the reporting date as a result of a past event and it is likely that an outflow of resources will be necessary to settle the obligation and the amount of this outflow can be estimated reliably. When the time value of money is material and the payment dates can be estimated reliably, the provision is discounted. Increases in the provision due to the passage of time are recognised as financial expense.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and it can be estimated reliably. Revenue is recognised net of discounts, allowances and returns.

Revenue from the rendering of services is recognised when the services are rendered by reference to the stage of completion of the transaction at the end of the reporting period.



Transactions in currencies other than the Euro

All transactions in currencies other than the Euro are translated into Euros using the exchange rate applicable at the transaction date.

Monetary assets and liabilities in currencies other than the Euro are subsequently retranslated using the closing rate. Any resulting exchange rate gains or losses are recognised in profit or loss. If a net gain arises at the reporting date, it is recognised in a specific reserve and cannot be distributed until it is realised.

Financial income and expense

Financial income and expense are recognised on an accruals basis considering the interest accrued on the carrying amount of the related financial assets and liabilities using the effective interest rate. Reference should be made to the section on property, plant and equipment for the treatment of capitalised borrowing costs.

Dividends

Dividends are recognised when the shareholders' right to receive them is established.

Income taxes

Current income taxes are determined using an estimate of the tax base and current regulations.

Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax base, applying the tax rates expected to be enacted in the years in which the temporary differences will reverse.

The company recognises deferred tax assets when their recovery is probable, i.e., when taxable profits sufficient to allow recovery are foreseen for the future.

Recoverability is reviewed at the end of each reporting period.

Use of estimates

Preparation of financial statements requires management to use accounting policies and methods that are sometimes based on difficult and subjective judgments, estimates based on past experience and assumptions that are considered reasonable and realistic in the circumstances. The application of these estimates and assumptions affects the amounts presented in the financial statements and the disclosures. The actual results for which these estimates and assumptions were used may differ due to the uncertainties that characterise the assumptions and the conditions on which the estimates were based.



The accounting policies and financial statements captions that require greater subjectivity by management when making the estimates and for which a change in the conditions underlying the assumptions could have a significant impact on the company's separate financial statements are the following:

- measurement of non-current assets;
- deferred tax assets and liabilities.

Management regularly reviews the estimates and assumptions and the effects of each change are recognised in profit or loss if the change only affects that year. When the review affects the current and future years, the change is recognised in the year in which it is made and the related future years, as explained in more detail in the next section.

Changes in accounting policies, errors and changes in estimates

The company amends the accounting policies from one reporting period to another only if the change is required by a standard or contributes to providing more reliable and relevant information about the effects of transactions on the company's financial position, financial performance and cash flows.

Changes in accounting policies are recognised retrospectively; the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented are adjusted as if the new accounting policy had always been applied. The prospective approach is only applied when it is impracticable to reconstruct the comparative amounts.

If a change in accounting policy is required by a new or revised standard, the change is accounted for as required by that new pronouncement or, if the new pronouncement does not include specific transition provisions, then the change in accounting policy is applied retrospectively. If this is impracticable, it is applied prospectively.

The same treatment for changes in accounting policies is applied to material errors. Non-material errors are recognised in profit or loss in the period in which the error is identified.

Changes in estimates are recognised prospectively in profit or loss in the period in which the change takes place if it only affects that period or in the period in which the change takes place and subsequent periods if the change also affects these periods.

Financial risk management

The company is exposed to financial risks related to its operations, namely:

Credit risk

The company's exposure to credit risk is not material as it has receivables of insignificant amounts, mainly from subsidiaries for services provided to them.

With respect to bank deposits and derivatives, the company has always worked with leading counterparties, thus limiting its credit risk in this sense.

**Liquidity risk**

Cementir Holding S.p.A. is exposed to liquidity risk with respect to the availability of financial resources, access to credit and financial instruments in general. Given its strong financial position, this risk is not material. Nonetheless, Cementir Holding S.p.A. manages liquidity risk by carefully checking cash flows and its need for funds. It has sufficient credit facilities to meet any unforeseen requirements.

Market risk

Market risk mainly arises on fluctuations in currency and interest rates.

Cementir Holding S.p.A. is directly exposed to currency risk to a limited degree on its financing and/or deposits in foreign currency. The company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.

Finally, the company has floating rate bank loans and borrowings and is exposed to the risk of fluctuations in interest rates. However, this risk is considered moderate as the company's loans are currently only in Euros and the medium to long-term interest rate curve is not steep. It agrees interest rate swaps to partly hedge the risk after assessing forecast interest rates and the time required to reduce its debt considering estimated cash flows.



Notes to the separate financial statements

1) Intangible assets

Intangible assets of EUR 836 thousand (31 December 2011: EUR 659 thousand) comprise costs incurred to purchase and implement IT software such as SAP/R3 and Hyperion System 9. Amortisation is calculated over five years.

(EUR'000)	Other intangible assets	Total
Gross amount at 1 January 2012	3,485	3,485
Increase	577	577
Gross amount at 31 December 2012	4,062	4,062
Amortisation at 1 January 2012	2,826	2,826
Increase	400	400
Amortisation at 31 December 2012	3,226	3,226
Carrying amount at 31 December 2012	836	836
Gross amount at 1 January 2011	3,067	3,067
Increase	418	418
Gross amount at 31 December 2011	3,485	3,485
Amortisation at 1 January 2011	2,501	2,501
Increase	325	325
Amortisation at 31 December 2011	2,826	2,826
Carrying amount at 31 December 2011	659	659



2) Property, plant and equipment

At 31 December 2012, this caption of EUR 106 thousand (31 December 2011: EUR 83 thousand) comprises furniture, electronic equipment and servers used by the company.

(EUR'000)

	Other assets	Total
Gross amount at 1 January 2012	553	553
Increase	47	47
Gross amount at 31 December 2012	600	600
Depreciation at 1 January 2012	470	470
Increase	24	24
Depreciation at 31 December 2012	494	494
Carrying amount at 31 December 2012	106	106
Gross amount at 1 January 2011	508	508
Increase	45	45
Gross amount at 31 December 2011	553	553
Depreciation at 1 January 2011	441	441
Increase	29	29
Depreciation at 31 December 2011	470	470
Carrying amount at 31 December 2011	83	83

3) Investment property

Investment property of EUR 23,000 thousand (unchanged from 31 December 2011) is recognised at fair value, determined using appraisals prepared by an independent expert. It consists of the property in Torrespaccata (Rome). The entire caption has been pledged to guarantee non-current bank loans and borrowings with a residual amount, gross of discounting, of EUR 11,211 thousand at the reporting date.



4) Investments in subsidiaries

This caption of EUR 690,149 thousand (31 December 2011: EUR 779,439 thousand) comprises:

(EUR'000)	Registered office	Investment %	Carrying amount at 31.12.2012	Investment %	Carrying amount at 31.12.2011
Cimentas AS	Izmir (Turkey)	71.43%	254,987	96.43%	344,277
Cementir Espana	Madrid (Spain)	100.00%	206,735	100.00%	206,735
Alfacem S.r.l.	Rome (Italy)	99.99%	85,220	99.99%	85,220
Cementir Italy S.p.A.	Rome (Italy)	99.99%	143,207	99.99%	143,207
Equity investments			690,149		779,439

The EUR 89,290 thousand decrease on 31 December 2011 is due to the sale of 25% of Cimentas AS to the subsidiary Aalborg Portland AS on 4 July 2012 as part of an internal reshuffling of the group's investments.

All the investments in subsidiaries are in unlisted companies, apart from Cimentas AS, listed on the Istanbul stock exchange.

The company did not identify any indication of impairment.

5) Available-for-sale investments

This caption of EUR 8,043 thousand comprises 1,897,000 shares of Italcementi S.p.A. (equal to 1.071% of its invested capital), which underwent the following changes during the year:

(EUR'000)	31.12.2012	31.12.2011
Available-for-sale investments opening balance	7,963	6,325
Increase	486	3,544
Decrease	-	-
Fair value losses	(406)	(1,906)
Available-for-sale investments	8,043	7,963

The company did not identify any indication of impairment.

It calculated the fair value using the official stock exchange price of the last trading day of the year.

With respect to the disclosures required by IFRS 7 about the fair value hierarchy, the investment qualifies for level 1, as it is a financial instrument quoted on an active market.



6) Non-current financial assets

The caption of EUR 124 thousand (31 December 2011: EUR 106 thousand) comprises guarantee deposits expiring in less than five years.

7) Trade receivables

Trade receivables of EUR 5,215 thousand (31 December 2011: EUR 5,154 thousand) include:

(EUR'000)	31.12.2012	31.12.2011
Trade receivables	121	117
Impairment	-	-
Trade receivables - subsidiaries (note 33)	3,970	3,541
Trade receivables - other group companies (note 33)	1,124	1,496
Trade receivables	5,215	5,154

The carrying amount of trade receivables approximates their fair value.

The due dates of trade receivables from third parties are as follows:

(EUR'000)	31.12.2012	31.12.2011
Not yet due	121	117
Overdue	-	-
Total trade receivables	121	117
Fair value	-	-
Total trade receivables	121	117

Trade receivables from subsidiaries relate to consultancy services provided to them and royalties on their use of the trademark.

Note 33 Related party transactions provides more information about trade receivables from subsidiaries, associates and other group companies.



8) Current financial assets

Current financial assets of EUR 17,062 thousand (31 December 2011: EUR 6,216 thousand) comprise the non-interest-bearing revocable loan of EUR 14,330 thousand granted to the subsidiary Alfacem S.r.l., the interest-bearing revocable loan (3-month Euribor/360 + 1 spread) of EUR 2,006 thousand granted to Cementir Italia S.p.A., the non-interest bearing revocable loan of EUR 20 thousand to Cementir Espana S.L. and accrued interest on the grant related to interest from Simest S.p.A. on the loans disbursed by diverse banks of EUR 706 thousand.

The significant variation in the 31 December 2012 balance is due to the increase in the loan to Alfacem S.r.l. and the disbursement of loans to Cementir Espana and Cementir Italia S.p.A. to cover their temporary financial requirements.

9) Current tax assets

Current tax assets of EUR 3,106 thousand (31 December 2011: EUR 2,092 thousand) mainly consist of IRES and IRAP payments on account to the tax authorities and withholdings on the grants related to interest received from Simest.

10) Other current assets

This caption of EUR 2,112 thousand (31 December 2011: EUR 1,958 thousand) comprises:

(EUR'000)	31.12.2012	31.12.2011
VAT (tax consolidation scheme)	1,586	997
Subsidiaries (IRES tax consolidation scheme) (note 33)	269	269
Other assets	182	609
Prepaid general expenses	75	83
Other current assets	2,112	1,958

11) Cash and cash equivalents

This caption of EUR 5,686 thousand (31 December 2011: EUR 5,377 thousand) represents the company's cash and cash equivalents as follows:

(EUR'000)	31.12.2012	31.12.2010
Bank deposits	3,250	3,032
Bank deposits - related parties (note 33)	2,433	2,341
Cash-in-hand and cash equivalents	3	4
Cash and cash equivalents	5,686	5,377



12) Share capital

At 31 December 2012, the company's fully paid-up share capital amounts to EUR 159,120,000, split into 159,120,000 shares with a nominal amount of EUR 1 each.

13) Share premium reserve

This caption of EUR 35,170 thousand is unchanged from 31 December 2011.

14) Other reserves

Other reserves of EUR 434,932 thousand (31 December 2011: EUR 462,183 thousand) comprise:

(EUR'000)	31.12.2012	31.12.2011
Monetary revaluation reserves	97,733	97,733
Legal reserve	31,824	31,824
Other reserves	127,690	127,690
Other IFRS reserves	95,843	96,554
Retained earnings	81,842	108,382
Other reserves	434,932	462,183

A breakdown of the other IFRS reserves is as follows:

(EUR'000)	31.12.2012	31.12.2011
Fair value reserves - property, plant and equipment	99,371	99,371
Fair value reserves - equity investments	(3,489)	(2,789)
Discounting reserves - financial liabilities	61	61
Actuarial reserve	(100)	(89)
Total other IFRS reserves	95,843	96,554



Equity captions

The following table shows the origin, possible use and distributability of the equity captions:

(EUR'000)

	Amount	Possible use	Available portion	Summary of utilisation in previous three years to cover losses	for other reasons
Share capital	159,120				
Share premium reserve	35,710	A,B,C	35,710		
Revaluation reserve as per Law no. 342/00 2000 and 2003	97,733	A,B,C	97,733		
Legal reserve	31,824	B	31,824		
Adjustment reserve as per Law no. 266/05	16,228	A,B,C	16,228		
Reserve for grants related to assets	13,207	A,B	13,207		
Reserve as per art. 15 of Law no. 67 of 11/3/88	138	A,B	138		
Reserve as per Law no. 349/95	41	A,B	41		
Negative goodwill	98,076	A,B,C	98,076		
Other IFRS reserves - Revaluation reserve a per Law no. 266/05	90,635	A,B,C	90,635		
Other IFRS reserves	5,208				
Retained earnings	81,842	A,B,C	81,842	34,499	25,459
Total	470,642		465,434	34,499	24,459
Non-distributable portion			45,210		
Remaining distributable portion			420,224		

Key: **A:** for capital increases **B:** to cover losses **C:** for dividend distributions

The reserves that form part of the company's taxable profit if distributed total EUR 354,944 thousand.

The non-distributable portion includes the legal reserve, the reserve for grants related to assets, the reserve as per art. 15 of Law no. 67 of 11/3/88 and the reserve as per Law no. 349/95.

Dividends

On 7 March 2013, the board of directors proposed that a dividend of EUR 0.04 per ordinary share be distributed to the shareholders, for a total EUR 6,365 thousand.

During 2012, the company distributed the 2011 dividends to the shareholders: EUR 0.04 per ordinary share for a total EUR 6,365 thousand.



Share-based plans (stock options)

Cementir Holding has approved a share-based plan (stock options) for three beneficiaries of the group companies at 31 December 2012. The board of directors granted the first tranche of options in its meeting of 11 February 2008. They originally numbered 1,225,000 and now amount to 820,000. The board of directors also set the exercise price as shown in the following table:

Position	Date of shareholders' resolution	Board of directors' grant date	Type of instrument	No. of financial instruments underlying the granted options	Exercise price	Option expiry date
Board members (3)	15-01-2008	11-02-2008	Options on Cementir Holding S.p.A. shares	820,000	EUR 7	11-02-2013
Total				820,000		

The following should be noted with respect to the terms and conditions for the subscription of the options and their exercise:

- (i) the options were subscribed before 31 March 2008 with delivery of the letters granting the options and the approved regulation, signed for acceptance by each beneficiary;
- (ii) the beneficiaries may exercise the options - in one or more tranches - after 11 February 2011 and before 11 February 2013 during the timeframes specified in the option grant letters. At least 2,500 options must be exercised each time using the methods set out in paragraph 6 of the regulation.

Moreover, the regulation provides that the beneficiaries may only exercise their options if: (i) they are still employees of the company and/or subsidiaries in their current position as manager or director when they exercise their options; and (ii) they have met the objectives set for their subgroup.

The exercise price is EUR 7 which is above the reference price of EUR 5.50 (the average of the official prices of the company's shares on the stock exchange managed and organised by Borsa Italiana S.p.A. in the month before the grant date). This exercise price has been determined to create value for the company, which is the incentive plan's main objective.

Given that the exercise price is higher than the reference price and the conditions regulating exercise, the company deems that the options, measured using financial methods, suitable to determine the price of these financial instruments, do not have a significant carrying amount.

None of the beneficiaries has exercised their options at the date of approval of these draft separate financial statements.



15) Employee benefits obligations

Post-employment benefits obligations of EUR 324 thousand (31 December 2011: EUR 325 thousand) represent the company's estimate of its obligation, determined using actuarial techniques, with its employees when the employment relationship terminates. On 1 January 2007, the Finance Act and related implementing decrees made significant changes to the regulations governing post-employment benefits obligations, including the employees' right to decide where to allocate their accruing benefits. The benefits may be transferred to a pension fund or kept within the company, in which case they are transferred to a special treasury fund set up by INPS.

As a result of the change in the legislation, accruing post-employment benefits obligations now qualify as defined contribution plans rather than defined benefit plans.

The following table sets out the actuarial assumptions:

%	31.12.2012	31.12.2011
Discount rate	3.30%	4.60%
Annual post-employment benefits obligations growth rate	3.15%	3.15%

Changes in the liability are as follows:

(EUR'000)	31.12.2012	31.12.2011
Net opening balance	325	482
Current service cost	-	-
Financial expense	15	16
Net actuarial gains recognised in the year	27	4
(Contributions received)	-	122
(Benefits paid)	(43)	(299)
Net closing balance	324	325

16) Provisions

This caption of EUR 600 thousand was set up in 2011 in relation to the Supreme Court ruling about the 1998 tax dispute, which ordered recovery of the ILOR exemption on 1988 profits of Lire 3,738,546,000. The provision reflects the translation of this amount into Euros, increased by the related fine and additional charges. The company did not receive any communications about when and how to pay the amount in 2012 and, therefore, the provision is unchanged.



17) Financial liabilities

Non-current and current financial liabilities are set out below:

(EUR'000)		31.12.2012	31.12.2011
Bank loans and borrowings		46,239	26,926
Bank loans and borrowings - related parties	(note 33)	7,748	44,789
Non-current financial liabilities		53,987	71,715
Bank loans and borrowings		39,064	42,850
Bank loans and borrowings - related parties	(note 33)	19,176	541
Current portion of non-current financial liabilities		9,771	51,920
Loan liabilities - related parties	(note 33)	-	12,157
<i>Fair value</i> of derivatives		19,414	10,116
Other loan liabilities		425	766
Current financial liabilities		87,850	118,350
Total financial liabilities		141,837	190,065

Non-current bank loans and borrowings of EUR 53,987 thousand refer to the floating rate loan (6-month Euribor + spread of 0.75%) granted by Banca Intesa S.p.A. and secured by the company-owned property in Torrespaccata. It is due in 2014. They also include the floating rate loan (6-month Euribor + spread of 0.50%) granted by a syndicate comprising Unicredit Banca (agent) and Banca Intesa S.p.A., due in 2014. Finally, they comprise the floating rate loan (6-month Euribor + spread of 1.25%) from Monte dei Paschi di Siena S.p.A., due in 2017. The loans from Monte dei Paschi di Siena S.p.A. and Unicredit S.p.A. are subsidised by a fixed grant related to interest, provided by Simest to companies that make investments in non-EU countries.

The current portion of non-current financial liabilities includes the instalments of the floating rate loan (6-month Euribor + spread of 0.75%) granted by Banca Intesa S.p.A. due in 2013 (EUR 771 thousand). The loan is secured by a company-owned property in Torrespaccata. It also comprises the instalments due in 2013 of the floating rate loan (6-month Euribor + spread of 1.25%) granted by Monte dei Paschi di Siena S.p.A. (EUR 9,000 thousand).

Loan liabilities - related parties of EUR 19,176 thousand include the floating rate loan (6-month Euribor + spread of 0.50%) disbursed by Unicredit S.p.A. (agent) and Banca Intesa S.p.A. (EUR 8,000 thousand), liabilities with the related bank Finnat (EUR 1,072 thousand) and the related bank Unicredit (EUR 10,104 thousand).

The other loan liabilities of EUR 425 thousand mainly comprise the accrued interest due on non-current financing.

Roughly 43% of the financial liabilities require compliance with financial covenants. The company has complied with these covenants at the reporting date.

At 31 December 2012, the company-owned property in Torrespaccata, Rome, has been mortgaged to third parties for EUR 20.8 million to secure the loan granted by Banca Intesa S.p.A.. Sureties given to third parties at the same date amount to EUR 82,296 thousand. They comprise a surety given to Banca Intesa of EUR 44 million for the loan disbursed to the subsidiary Alfacem S.r.l., a surety of EUR 37,896 thousand (USD 50



million) given to Unicredit S.p.A. for the loan granted to the Turkish subsidiary, Cimentas SA, and the surety of EUR 400 thousand given by Unicredit S.p.A. to the Alessandria provincial authorities to guarantee the works to repair the road surface of the provincial road no. 160. Sureties in US dollars were translated into Euros using the closing rate of EUR/USD 1.3194.

The company's exposure with respect to the remaining expiry dates of financial liabilities is as follows:

(EUR'000)	31.12.2012	31.12.2011
Within three months	54,665	47,680
- <i>Third parties</i>	39,489	47,139
- <i>Related parties</i> (note 33)	15,176	541
Between three months and one year	33,185	70,670
- <i>Third parties</i>	29,185	58,513
- <i>Related parties</i> (note 33)	4,000	12,157
Between one and two years	17,545	17,771
- <i>Third parties</i>	9,797	-
- <i>Related parties</i> (note 33)	7,748	-
Between two and five years	29,392	37,223
After five years	7,050	16,721
Total financial liabilities	141,837	190,065

The carrying amount of current and non-current financial liabilities equals their fair value.

Net financial debt

As required by Consob communication no. 6064293 of 28 July 2006, the company's net financial debt is shown in the next table:

(EUR'000)	31.12.2012	31.12.2011
A. Cash	3	4
B. Other cash equivalents	5,683	5,373
C. Securities held for trading	-	-
D. Cash and cash equivalents (A+B+C)	5,686	5,377
E. Current loan assets	17,062	6,216
F. Current bank loans and borrowings	50,137	42,850
G. Current portion of non-current debt	17,771	51,920
H. Other current loan liabilities	19,942	23,580
I. Current financial debt (F+G+H)	87,850	118,350
J. Net current financial debt (I-E-D)	65,102	106,757
K. Non-current bank loans and borrowings	53,986	71,715
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	53,986	71,715
O. Net financial debt (J+N)	119,088	178,472



Financial debt with related parties includes credit positions of EUR 18.8 million (31 December 2011: EUR 7.7 million) and debit positions of EUR 28.8 million (31 December 2011: EUR 57.5 million).

18) Other non-current liabilities

This caption shows a nil balance at the reporting date due to the expiry of the tax assessment payments following the agreement to settle the assessment signed in 2010 with the tax authorities for direct taxes and VAT in 2004 and following years. The company has three instalments to pay in 2013 which are recognised as other current liabilities.

19) Trade payables

The carrying amount of trade payables approximates their fair value. The balance of EUR 1,402 thousand (31 December 2011: EUR 2,097 thousand) may be analysed as follows:

(EUR'000)		31.12.2012	31.12.2011
Trade payables		1,092	1,257
Trade payables - related parties	(note 33)	310	840
Trade payables		1,402	2,097

Note 33 Related party transactions gives a breakdown of trade payables to subsidiaries, associates and parents.

20) Current tax liabilities

At 31 December 2012, this caption amounts to EUR 1,138 thousand and entirely consists of the payments due in 2013 for the agreement to settle the tax assessment signed with the tax authorities in 2010 for direct taxes and VAT for 2004 and following years.

21) Other current liabilities

(EUR'000)		31.12.2012	31.12.2011
Personnel		759	1,202
Social security institutions		341	296
Other liabilities		1,010	554
Other liabilities - subsidiaries (IRES and VAT tax consolidation scheme)	(note 33)	23,039	16,638
Deferred income		33	32
Other current liabilities		25,182	18,722

Deferred income solely comprises 2013 lease income on the Torrespaccata property.



22) Deferred tax assets and liabilities

(EUR'000)	31.12.2011	Accruals, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2012
Tax losses	20,367	10,402	-	30,769
Other	3,521	771	(294)	3,998
Deferred tax assets	23,888	11,173	(294)	34,767
Difference between fair value of	4,630	(17)	-	4,613
Employee benefits obligations	11	-	(4)	7
Deferred tax liabilities	4,641	(17)	(4)	4,620

Deferred taxes are calculated by applying the enacted tax rate to temporary differences between the taxable profit (tax loss) and the accounting profit (loss).

At 31 December 2012, deferred tax assets of EUR 34,767 thousand include IRES assets of EUR 34,589 thousand and IRAP assets of EUR 178 thousand. The company expects to recover them over the coming years within the timeframe defined by the relevant legislation.

Deferred tax liabilities of EUR 4,620 thousand at the reporting date comprise IRES and IRAP liabilities of EUR 4,037 thousand and EUR 583 thousand, respectively.

23) Revenue

(EUR'000)	2012	2011
Services	11,949	12,181
Revenue	11,949	12,181

Revenue from services includes EUR 4,400 thousand on management services provided to subsidiaries and EUR 7,549 thousand on royalties arising from the same subsidiaries' use of the trademark. Note 33 Related party transactions provides a breakdown of revenue from subsidiaries, associates and other group companies.

24) Other operating revenue

(EUR'000)	2012	2011
Building lease payments	682	1,233
Other operating revenue	682	1,233

Building lease payments relate to the leases of the property in Torrespaccata, Rome.



25) Personnel costs

(EUR'000)	2012	2011
Wages and salaries	5,633	6,531
Social security charges	1,467	1,448
Other costs	1,360	1,156
Personnel costs	8,460	9,135

Other costs include additional allowances, insurance and extraordinary adjustments related to personnel. At 31 December 2012, the company's workforce is as follows:

	31.12.2012	31.12.2011	2012 average	2011 average
Executives	20	21	20	20
Middle management, white collars and intermediates	33	34	33	31
Total	53	55	53	50

26) Other operating costs

(EUR'000)	2012	2011
Consultancy	1,099	1,283
Directors' fees	1,850	2,005
Independent auditors' fees	81	63
Other services	1,138	1,113
Other operating costs	1,974	1,545
Other operating costs	6,142	6,009

Other operating costs include, inter alia, the lease payment for the Corso Francia property (EUR 570 thousand), the cost of managing the Torrespaccata property (EUR 10 thousand) and the statutory auditors' fees (EUR 150 thousand).

The total balance includes transactions with related parties (see note 33).

27) Amortisation, depreciation, impairment losses and provisions

(EUR' 000)	2012	2011
Amortisation	400	325
Depreciation	24	29
Amortisation, depreciation, impairment losses and provisions	424	354



28) Net financial expense

Net finance expense of EUR 17,276 thousand is the result of:

(EUR'000)	2012	2011
Dividends from other companies	210	120
Interest income	36	32
Grants related to interest - Simest	1,363	2,012
Other financial income	821	853
Total financial income	2,430	3,017
Interest expense	(7,204)	(6,220)
Other financial expense	(12,502)	(21,944)
Total financial expense	(19,706)	(28,164)
Net financial expense	(17,276)	(25,147)

Dividends from other companies of EUR 210 thousand were received on part of the Italcementi S.p.A. shares held at the reporting date.

Other financial expense of EUR 12,502 thousand mainly comprises losses on derivatives agreed to hedge interest rate and commodities risks. Moreover, EUR 9.6 million of this balance refers to unrealised losses recognised as a result of the mark to market measurement of the derivatives.

Net financial expense also refers to related party transactions (see note 33).

29) Income taxes

Net tax income of EUR 5,012 thousand (2011: income of EUR 7,055 thousand) comprises:

(EUR'000)	2012	2011
Current taxes	(6,178)	(6,967)
- IRES	(5,874)	(6,703)
- IRAP	(304)	(264)
Deferred tax income	11,173	14,006
- IRES	11,173	14,006
- IRAP	-	-
Deferred tax expense	17	16
- IRES	4	3
- IRAP	13	13
Total	5,012	7,055

Current tax expense of EUR 6,177 thousand mainly arose on the national tax consolidation scheme.



The following table shows a reconciliation between the theoretical tax expense and the effective expense recognised in profit or loss:

(EUR'000)	2012	2011
Theoretical tax expense	5,409	7,488
Taxable permanent differences	(627)	(200)
Deductible permanent differences	212	62
Prior year taxes	267	(44)
Effective IRAP tax expense	(249)	(251)
Income taxes	5,012	7,055

30) Other comprehensive expense

The following table gives a breakdown of other comprehensive expense, including the related tax effect:

(EUR'000)	2012			2011		
	Pre-tax amount	Tax effect	Post-tax amount	Pre-tax amount	Tax effect	Post-tax effect
Financial instruments	(406)	(294)	(700)	(1,906)	323	(1,583)
Actuarial gains (losses) on post-employment benefits obligations	(14)	3	(11)	(4)	1	(3)
Total other comprehensive expense	(420)	(291)	(711)	(1,910)	324	(1,586)

31) Financial risk management and disclosures

The company is exposed to financial risks related to its operations, namely:

Credit risk

The credit risk to which the company is exposed is not deemed particularly significant as it principally works with subsidiaries and related parties with a basically inexistent insolvency risk.

Note 7 provides details about trade receivables from third parties that are overdue, impaired or not yet due.

With respect to bank deposits and derivatives, the company has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk is the risk that the company does not have financial resources available or access to the credit market and financial instruments.

The company monitors its cash flows, financing requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.

The company has credit facilities which cover any unforeseen requirements.

Note 17 provides a breakdown of financial liabilities by due date.



Market risk

Market risk mainly relates to exchange and interest rate risks.

Currency risk

Cementir Holding S.p.A. is directly exposed to currency risk to a limited degree on its financing and/or deposits in foreign currency. The company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.

Interest rate risk

The company has floating rate bank loans and borrowings and is exposed to the risk of fluctuations in interest rates. However, this risk is considered moderate as the company's loans are currently only in Euros and the medium to long-term interest rate curve is not steep. It agrees interest rate swaps to partly hedge the risk after assessing forecast interest rates and the time required to reduce its debt considering estimated cash flows.

The company has net financial debt of EUR 119.1 million at 31 December 2012 (current loan assets and cash and cash equivalents of EUR 22.7 million, current loan liabilities of EUR 87.8 million and non-current loan liabilities of EUR 54 million). All its exposure bears floating interest rates.

At 31 December 2011, the company's net financial debt amounted to EUR 178.5 million (current loan assets and cash and cash equivalents of EUR 11.6 million, current loan liabilities of EUR 118.4 million and non-current loan liabilities of EUR 71.7 million). Again, all its exposure bore floating interest rates.



32) Fair value hierarchy under IFRS 7

IFRS 7 requires that financial instruments carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to determine their fair value in the following levels:

- Level 1: determination of fair value using quoted prices on active markets for identical assets or liabilities being measured;
- Level 2: determination of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (i.e., as prices) or indirectly observable (i.e., derived from prices) on the market. This category includes instruments without sufficient liquidity or that do not have an ongoing binding market price
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The hierarchical level for the company's assets and liabilities measured at fair value is as follows:

31 December 2012 (EUR'000)	Note	Level 1	Level 2	Level 3	Total
Available-for-sale equity investments	5	8,043	-	-	8,043
Total assets		8,043	-	-	8,043
Current financial liabilities	17	-	(19,414)	-	(19,414)
Total liabilities		-	(19,414)	-	(19,414)

No transfers among the levels took place during the year and no changes in level 3 were made.

33) Related party transactions

Transactions performed by the company with related parties are part of its normal business operations and take place at market conditions. No atypical or unusual transactions took place.

Following the regulation issued by Consob setting out guidelines for related party transactions, pursuant to Consob resolution no. 17221 of 12 March 2010 and subsequent amendments and integrations, aimed at ensuring transparency and the substantial and procedural correctness of transactions performed by the company with related parties, its board of directors approved a procedure for related party transactions on 5 November 2010. The instructions, available on the company's internet site www.cementirholding.it, have been applicable since 1 January 2011.

As required by Consob communication no. 6064293 of 28 July 2006, the following table sets out the related party transactions and their effects:



Trade and financial

31 December 2012

(EUR'000)	TRADE RECEIVABLES	LOAN ASSETS	OTHER ASSETS	CASH AND CASH EQUIVALENTS	TRADE PAYABLES	LOAN LIABILITIES	OTHER LIABILITIES	BALANCE
Betontir S.p.A.	4	-	-	-	-	-	(2,374)	(2,370)
Cimentas AS	1,681	-	-	-	(23)	-	-	1,658
Alfacem S.r.l.	1	14,330	269	-	-	-	(90)	14,510
Aalborg Portland A/S	1,546	-	-	-	(28)	-	-	1,518
Cementir Espana SL	-	20	-	-	-	-	-	20
Cementir Italy S.p.A.	738	2,006	-	-	(195)	-	(20,575)	(18,026)
Vianini Lavori S.p.A.	-	-	-	-	(38)	-	-	(38)
Vianini Ingegneria S.p.A.	-	-	-	-	(1)	-	-	(1)
Piemme S.p.A.	-	-	-	-	(25)	-	-	(25)
E-Care S.p.A.	1,124	-	-	-	-	-	-	1,124
Unicredit S.p.A.	-	-	-	11	-	(25,851)	-	(25,840)
Finnat Euramerica S.p.A.	-	-	-	2,422	-	(1,073)	-	1,349
TOTAL	5,094	16,356	269	2,433	(310)	(26,924)	(23,039)	(26,121)
Total financial statements caption	5,215	17,062	2,112	5,686	(1,402)	(141,836)	(25,182)	
% of financial statements	97.68%	95.86%	12.74%	42.79%	22.11%	18.98%	91.49%	

31 December 2011

(EUR'000)	TRADE RECEIVABLES	LOAN ASSETS	OTHER ASSETS	CASH AND CASH EQUIVALENTS	TRADE PAYABLES	LOAN LIABILITIES	OTHER LIABILITIES	BALANCE
Betontir S.p.A.	-	-	-	-	-	(889)	(1,470)	(2,359)
Cimentas AS	913	-	-	-	(200)	-	-	713
Alfacem S.r.l.	3	5,412	269	-	-	(76)	(48)	5,560
Aalborg Portland A/S	1,614	-	-	-	(357)	-	-	1,257
Cementir Italy S.r.l.	1,010	-	997	-	(178)	(11,192)	(14,575)	(23,938)
Vianini Lavori S.p.A.	-	-	-	-	(51)	-	-	(51)
Piemme S.p.A.	-	-	-	-	(54)	-	-	(54)
E-Care S.p.A.	1,496	-	-	-	-	-	-	1,496
MpS S.p.A.	-	-	-	29	-	(44,789)	-	(44,760)
Finnat Euramerica S.p.A.	-	-	-	2,311	-	(541)	-	1,770
TOTAL	5,036	5,412	1,266	2,340	(840)	(57,487)	(16,093)	(60,366)
Total financial statements caption	5,154	6,216	1,957	5,377	(2,097)	(190,065)	(18,721)	
% of financial statements	97.71%	87.07%	64.69%	43.51%	40.05%	30.24%	85.96%	



Revenue and costs

2012

(EUR'000)	OPERATING REVENUE	FINANCIAL INCOME	PERSONNEL EXPENSE	OPERATING COSTS	FINANCIAL EXPENSE	BALANCE
Cimentas AS	3,428	-	-	-	-	3,428
Alfacem S.r.l.	-	-	-	-	-	-
Aalborg Portland A/S	6,282	-	(89)	-	-	6,193
Cementir Italy S.p.A.	2,238	14	-	(634)	(218)	1,400
Vianini Lavori S.p.A.	-	-	-	(42)	-	(42)
Vianini Ingegneria S.p.A.	-	-	-	(1)	-	(1)
Piemme S.p.A.	-	-	-	(22)	-	(22)
E-Care S.p.A.	430	18	-	-	-	448
Unicredit S.p.A.	-	-	-	-	(1,080)	(1,080)
Finnat Euramerica S.p.A.	-	3	-	-	(149)	(146)
TOTAL	12,378	35	(89)	(699)	(1,447)	10,178
Total financial statements caption	12,631	2,430	(8,459)	(14,601)	(19,706)	
% of financial statements caption	98.00%	1.44%	1.05%	4.79%	7.34%	

2011

(EUR'000)	OPERATING REVENUE	FINANCIAL INCOME	PERSONNEL EXPENSE	OPERATING COSTS	FINANCIAL EXPENSE	BALANCE
Cimentas AS	3,486	-	-	-	-	3,486
Alfacem S.r.l.	-	-	-	-	(72)	(72)
Aalborg Portland A/S	6,115	-	(308)	-	-	5,807
Cementir Italy S.r.l.	2,581	-	-	(559)	(392)	1,630
Vianini Lavori S.p.A.	-	-	-	(42)	-	(42)
Piemme S.p.A.	-	-	-	(22)	-	(22)
E-Care S.p.A.	770	-	-	-	-	770
MpS S.p.A.	-	5	-	-	(1,268)	(1,263)
Finnat Euramerica S.p.A.	-	26	-	-	(251)	(225)
TOTAL	12,952	31	(308)	(623)	(1,983)	(10,069)
Total financial statements caption	13,414	3,017	(9,135)	(6,009)	(28,165)	
% of financial statements caption	96.56%	1.02%	3.37%	10.37%	7.04%	

Revenue from transactions with the subsidiaries Cimentas AS, Aalborg Portland A/S and Cementir Italia S.p.A. relate to brand royalty fees and management fees.

Revenue from transactions with E-Care S.p.A. relate to the lease of the civil property (in Torrespaccata).

Costs on transactions with Vianini Lavoro S.p.A. relate to recharges for services. Costs on transactions with joint ventures relate to sundry services. In 2012, the company incurred costs to lease the Corso di Francia property, which houses its registered office, from the subsidiary Cementir Italia S.p.A..



Rome, 7 March 2013

Chairman of the board of directors

Francesco Caltagirone Jr.
(signed on the original)



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Statement on the separate financial statements as at and for the year ended 31 December 2012 pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1. The undersigned Francesco Caltagirone Jr., chairman of the board of directors, and Massimo Sala, manager in charge of financial reporting, of Cimentir Holding S.p.A. confirm the following, considering also the provisions of article 154-*bis*.3/4 of Legislative decree no. 58 of 24 February 1998:

- the adequacy of the administrative and accounting procedures given the company's characteristics; and
- their effective application to prepare the separate financial statements during 2012.

2. No significant issues arose during preparation of the separate financial statements.

3. They also state that:

3.1 the separate financial statements:

- a) were prepared in compliance with the applicable IFRS endorsed in the European Community pursuant to EC regulation 1606/2001 of the European Parliament and Council of 19 July 2002 and the measures enacted by Legislative decree no. 38/2005;
- b) are consistent with the accounting records and entries;
- c) are suitable to give a true and fair view of the issuer's financial position, financial performance and cash flows.

3.2 the directors' report refers to important events that took place during the year and their impact on the separate financial statements; it also describes the main risks and uncertainties.

Rome, 7 March 2013

Chairman of the board of directors

Manager in charge of
financial reporting

Francesco Caltagirone Jr. (signed on the original)

Massimo Sala (signed on the original)



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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Cementir Holding S.p.A.

- 1 We have audited the separate financial statements of Cementir Holding S.p.A. as at and for the year ended 31 December 2012, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards 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 separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report of other auditors dated 28 March 2012 for their opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.
- 3 In our opinion, the separate financial statements of Cementir Holding S.p.A. as at and for the year ended 31 December 2012 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of Cementir Holding S.p.A. as at 31 December 2012, the results of its operations and its cash flows for the year then ended.
- 4 The directors of Cementir Holding S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and shareholding structure, published in the "Investor Relations" section of Cementir Holding S.p.A.'s website, in accordance with the applicable laws and regulations. Our

responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the separate financial statements of Cementir Holding S.p.A. as at and for the year ended 31 December 2012.

Rome, 28 March 2013

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit