

CEMENTIR HOLDING S.p.A.

Rome, Corso di Francia 200
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**REPORT OF THE BOARD OF AUDITORS TO THE SHAREHOLDERS' MEETING
PURSUANT TO ART. 153 OF LEGISLATIVE DECREE 58/98 AND ART. 2429(3)
OF THE CIVIL CODE**

Dear Shareholders,

We feel obliged to open this report by discharging our obligation under Article 2408 of the Italian Civil Code to respond to the shareholder who submitted a complaint to the Board of Auditors pursuant to that article. More specifically, at the Shareholders' Meeting to approve the 2011 financial statements, the shareholder Carlo Fabris stated:

“ ‘First I would like to file a complaint with the Board of Auditors pursuant to Article 2408 of the Civil Code reporting the following censurable fact.

At its meeting of 5 November 2010, the Board of Directors amended the bylaws, including Article 11, whose first paragraph had established:

Shareholders' Meetings shall be called by means of a notice published in accordance with statutory time limits in the Gazzetta Ufficiale or in the daily newspapers Il Sole 24 Ore or Il Messaggero.

The amendment changed the language of the paragraph to:

Shareholders' Meetings shall be called by means of a notice published on the Company's website in accordance with statutory time limits, as well as by other means provided for by applicable law.

and inserted the new mandatory language provided for in the reform law (publication of notice on website) but removing the reference to “*in the Gazzetta Ufficiale or in the daily newspapers Il Sole 24 Ore or Il Messaggero*” without any power to do so as the change was not a mandatory amendment and therefore not within the powers of the Board of Directors but rather within those of the Shareholders' Meeting as the

shareholders had so resolved and there was, and is, no impediment to retaining the reference to the *Gazzetta*, as other listed companies have done.

I await, in compliance with the law, the response of the Board of Auditors.’

The Chairman of the Board of Auditors, as noted at that Shareholders’ Meeting, included the issue raised by Mr. Fabris in the agenda of the meeting of the Board of Auditors of 5 July 2012.

On that occasion, having finished reading the report of Mr. Fabris, Professor Bianchi recalled that he had said during the Shareholders’ Meeting of 18 April 2012, that he would address the issue raised by Mr. Fabris at the next meeting of the Board of Auditors and would report on the Board of Auditors’ findings at the next Shareholders’ Meeting.

That noted, the Board of Auditors asked Mr. Pantaleo, attorney at law, for documentation concerning the objection raised by the shareholder.

The attorney provided the Board of Auditors with the minutes of the Board of Directors meeting of 5 November 2010, which indicated that the minutes were prepared by the notary Fabio Orlandi, with regard to the item on the agenda concerning “the adaptation of the bylaws in application of Legislative Decree 27 of 27 January 2010, resulting in changes to Articles 5, 11, 12 and 15”.

The article concerned in the matter raised by Mr. Fabris is Article 11, which – in the language approved unanimously by the Board of Directors, with a favourable opinion of the Board of Auditors – was redrafted as follows:

“Shareholders’ Meetings shall be called by means of a notice published on the Company’s website in accordance with statutory time limits, as well as by other means provided for by applicable law”.

The Board of Auditors notes that, with regard to the calling of the Shareholders’ meeting of 18 April 2012, to which Mr. Fabris refers in his complaint under Article 2408 of the Civil Code, the procedure specified in Article 11 as cited above was followed correctly. The meeting was convened through the website of Cementir Holding S.p.A. and in the daily paper *Il Messaggero*.

However, Mr. Fabris objects that the language of the new Article makes no explicit reference to the *Gazzetta Ufficiale* or the daily papers *Il Sole 24 Ore* or *Il Messaggero* as there was in the previous version of the article and that ‘as the change was not a mandatory amendment and therefore not within the powers of the Board of Directors but rather within those of the Shareholders Meeting as the shareholders had so resolved and there was, and is, no impediment to retaining the reference to the *Gazzetta*, as other listed companies have done’.

The Board of Auditors notes that the Board of Directors had the statutory power to modify the notice calling the Shareholders’ Meeting in compliance with the rationale underpinning the provisions of Legislative Decree 27 of 27 January 2010, and this is what it did, drafting the minutes as an official notary instrument.

As regard the substance of the issue, the new language of the article does not preclude alternative forms of communication, including with respect to the past, since, as noted, in addition to mandatory publication on the website it also provides for the possible use of other channels provided for in applicable law, which in the case of the Shareholders’ Meeting of 18 April 2012, was represented by the decision to publish the notice calling the meeting in *Il Messaggero*.

In the light of the investigation summarised above, the Board of Auditors feels that the Board of Directors did not act in a censurable manner with regard to either the procedure following in amending Article 11 of the bylaws concerning the calling of Shareholders’ Meetings or, consequently, in the consistent application of the provision of the bylaws as regards the Shareholders’ Meeting of 18 April 2012.

The Board of Auditors will include the section of the minutes concerning the complaint under Article 2408 of the Civil Code in its own report to the next Ordinary Shareholders’ Meeting.”

During 2012 we continued to perform the supervisory functions required by the law, and in particular Legislative Decree 58 of 24 February 1998, as statutory auditing activities are performed by KPMG S.p.A., which was engaged by the Shareholders’ Meeting of 18 April 2012 for nine financial years as from 2012, with whom we maintained constant contact, as discussed more specifically below.

As regards our activities during the year, we report the following:

- we monitored compliance with the law and the bylaws;
- we received from the directors information on operations and on the most financially significant transactions carried out by Cementir and its subsidiaries during the year. Based on the information provided to us, we can reasonably conclude that these operations comply with the law and the bylaws and that they were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or otherwise prejudicial to the integrity of the Company's assets. Based on information reported to the Board of Directors, no director engaged in a transaction that posed a potential conflict of interest;
- we acquired information and monitored, within the scope of our duties, the adequacy of the Company's organizational structure, compliance with the principles of sound administration and the appropriateness of the instructions issued by Cementir Holding S.p.A. to its subsidiaries pursuant to Article 114(2) of Legislative Decree 58/98, gathering information from the relevant department heads;
- we examined and monitored the appropriateness of the internal control system, as well as the administrative and accounting system and its reliability in representing operational events accurately. For this purpose, we regularly met with the manager responsible for preparing the company's financial reports, provided for by Art. 16 of the bylaws, and with the head of the Internal Auditing unit and the manager responsible for corporate legal affairs. No significant concerns arose during the course of these meetings;
- we examined and obtained information on organizational and procedural activities relating to Legislative Decree 231/2001. The Chairman of the Board of Auditors attended the meetings of the Supervisory Body to the extent possible, reporting on its proceedings to the other members of the Board of Auditors. The Supervisory Body was also invited to participate in the meetings of the Board of Auditors, with the presence of all control managers;

- we monitored the work of the former Internal Control Committee, now the Control and Risk Committee, whose meetings were was attended by the Chairman of the Board of Auditors, who also following the work of the Nomination and Remuneration Committee;
- pursuant to Art. 150 (2) of Legislative Decree 58/98, we met regularly with the independent auditors, KPMG S.p.A., to exchange information and opinions. No significant information or circumstances were found that would require mention in this report;
- we did not find any atypical or unusual transactions with Group companies, third parties or related parties. For transactions with such parties, the Company has adopted a specific procedure approved by the Board of Directors. In the notes to the financial statements, the directors provide information on those transactions, reporting that all transactions with subsidiaries, associates, the controlling shareholder (Caltagirone S.p.A.), whether of a financial or commercial nature, took place in the ordinary course of business under normal market terms and conditions;
- we verified that, apart from the matter addressed at the start of this report, no complaints of any kind were filed, nor did we encounter any omissions, irregularities or other censurable facts needing to be reported either to control bodies or in this report during the course of our supervisory activity;
- as regards the results reported in the financial statements for the year ended 31 December 2012, we held specific meetings with representatives of KPMG S.p.A. to review, within the scope of our respective duties, the most important items contained in the document. There is nothing significant to report;
- we also verified, through meetings with the head of Administration, Finance and Control, Mr. Massimo Sala, the completeness of the information contained in the Report on Operations. We reached the conclusion that the Report on Operations complies with the law and the relevant accounting standards. KPMG S.p.A. was also obviously involved in the discussion, particularly concerning the consistency of the Report on Operations with the related financial statements;

- in 2012 the audit firm was engaged to perform the following:
 - the separate financial statements (EUR 32,000.00);
 - the consolidated financial statements and coordination activities (EUR 25,000.00).

As part of our supervisory activities, the Board of Auditors met five times, including via tele-conferencing. We attended five meetings of the Board of Directors and attended the Ordinary Shareholders' Meeting to approve the financial statements for the year ended 31 December 2011.

Based on the activity carried out during the year, we find no grounds to oppose approval of the financial statements of Cementir Holding SpA for the period ended 31 December 2012 and the accompanying Report on Operations. We also concur with the directors' proposal to cover the loss of EUR 14,658,064 using retained earnings and to distribute a dividend of EUR 0.04 per share, for a total of EUR 6,364,800, again drawing on retained earnings.

The Board of Auditors also examined the consolidated financial statements and acknowledges the unqualified opinion issued by KPMG S.p.A.

Rome, 28 March 2013

THE BOARD OF AUDITORS

CLAUDIO BIANCHI
CHAIRMAN

FEDERICO MALORNI
STANDING AUDITOR

GIAMPIERO TASCO
STANDING AUDITOR