

DRAFT
2013 ANNUAL REPORT

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







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Company officers

Board of Directors

for the period 2012 – 2014

Chairman

Deputy Chairman

Directors

Francesco Caltagirone Jr.

Carlo Carlevaris (*independent*)

Alessandro Caltagirone

Azzurra Caltagirone

Edoardo Caltagirone

Saverio Caltagirone

Flavio Cattaneo (*independent*)

Mario Ciliberto

Paolo Di Benedetto (*independent*)

Fabio Corsico

Mario Delfini

Alfio Marchini (*independent*)

Riccardo Nicolini

Executive Committee

Chairman

Components

Francesco Caltagirone Jr.

Mario Delfini

Riccardo Nicolini

Control and Risks Committee

Chairman

Components

Paolo Di Benedetto* (*independent*)

Flavio Cattaneo

Alfio Marchini

Appointment and Remuneration Committee

Chairman

Components

Paolo Di Benedetto* (*independent*)

Mario Delfini

Flavio Cattaneo

Board of Statutory Auditors

for the period 2011-2013

Chairman

Auditors

Claudio Bianchi

Giampiero Tasco (*standing*)

Federico Malorni (*standing*)

Vincenzo Sportelli (*alternate*)

Maria Assunta Coluccia (*alternate*)

Patrizia Amoretti (*alternate*)

Manager responsible for financial reporting

Massimo Sala

Independent auditors

for the period 2012 - 2020

KPMG SpA

* *Lead Independent Director*



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DIRECTORS' REPORT



GROUP PERFORMANCE

This report accompanies both the consolidated financial statements and the separate financial statements as at and for the year ended 31 December 2013, 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 2013. The consolidated financial statements of the Cementir Holding Group at 31 December 2013 have been prepared pursuant to the requirements of Consob (the Italian Commission for Listed Companies and the Stock Exchange) regulation no. 11971/1999, as amended by subsequent resolutions.

Results

(EUR'000)	2013	2012	Change %
REVENUE FROM SALES AND SERVICES	988,614	976,193	1.3%
Change in inventories	3,931	8,264	-52.4%
Other revenue *	24,267	12,839	89.0%
TOTAL OPERATING REVENUE	1,016,812	997,296	2.0%
Raw materials costs	(434,972)	(455,708)	-4.6%
Personnel costs	(156,481)	(157,303)	-0.5%
Other operating costs	(255,639)	(246,231)	3.8%
TOTAL OPERATING COSTS	(847,092)	(859,242)	-1.4%
EBITDA	169,720	138,054	22.9%
<i>EBITDA Margin %</i>	<i>17.17%</i>	<i>14.14%</i>	
Amortisation, depreciation, impairment losses and provisions	(93,036)	(89,824)	3.6%
EBIT	76,684	48,230	59.0%
<i>EBIT Margin %</i>	<i>7.76%</i>	<i>4.94%</i>	
FINANCIAL INCOME (EXPENSE)	(13,530)	(19,614)	31.0%
PROFIT BEFORE TAXES	63,154	28,616	120.7%
<i>PROFIT BEFORE TAXES Margin %</i>	<i>6.39%</i>	<i>2.93%</i>	
Income taxes	(14,992)	(4,572)	
PROFIT FOR THE PERIOD	48,162	24,044	100.3%
Attributable to:			
NON-CONTROLLING INTERESTS	8,038	7,582	6.0%
OWNERS OF THE PARENT	40,124	16,462	143.7%

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



Revenue from sales and services came to EUR 988.6 million (+1.3% on the 2012 balance of EUR 976.2 million), EBITDA to EUR 169.7 million (+22.9% on the 2012 figure of EUR 138.1 million), EBIT to EUR 76.7 million (+59.0% on the 2012 figure of EUR 48.2 million) and the profit attributable to the owners of the parent to EUR 40.1 million (+143.7% on the 2012 figure of EUR 16.5 million).

Revenue grew 1.3% on 2012, though slightly below forecasts (approximately EUR 1 billion) due to the devaluation of the Turkish lira and Egyptian pound against the Euro in 2013; indeed, at constant currency rates, revenue amounts to EUR 1,031 million, up 5.6% on 2012 and in line with forecast. The increase in revenue, despite the 1% drop in total quantities of cement sold from 9.8 million tons in 2012 to 9.7 million tons in 2013, is due to the positive results recorded in Scandinavian countries, Turkey and the Far East which offset the difficulties faced in Egypt and the weakness of Italy. Specifically, Scandinavian countries recorded an approximate EUR 28 million rise in revenue on 2012, mainly due to the excellent concrete sales trends in Norway (+11.8%), Sweden (+6.4%) and Denmark (+5.7%) with unchanged or rising prices.

In Turkey revenue from sales in local currency grew 12% on the previous year due to both the increase in cement and concrete sales quantities (+4.0% and +6.6%) and the better sales prices. However, the Turkish lira's slump against the Euro in 2013 cut the effect of such increase in the financial statements translated into Euro down to 2.4% (roughly EUR 6 million).

In the Far East the growth in revenue is approximately EUR 4.5 million, mainly due to the increase in sales in China, on both the domestic and export markets, with sales prices on the rise. In Malaysia revenue from sales in local currency rose by 5.0% on 2012, however the devaluation of the Malaysian ringgit against the Euro eliminated such benefit in the financial statements translated into Euros.

In Egypt, revenue in local currency was largely in line with the previous year, but the unstable socio-political situation in the country led to the severe devaluation of the Egyptian Pound, causing it to lose over 17% of its average value against the Euro in 2013, generating a 15% drop in the revenue expressed in Euros. Finally, in Italy, the construction sector showed no signs of recovery. 2013 saw a downswing and cement and concrete quantities sold fell 13.6% and 56.6%, respectively, on 2012, leading to a EUR 23 million decline in revenue.

Operating costs decreased 1.4%, from EUR 859.2 million in 2012 to EUR 847.1 million in 2013, mainly due to the drop in the cost of raw materials. Specifically, the latter fell EUR 20.7 million, benefiting from savings achieved through a careful centralised procurement policy and greater plant production efficiency. These



offset the rise in fuel and electrical energy unit prices. Personnel costs decreased 0.5% on 2012, showing the positive effects of the company reorganisation carried out in recent years which covered the inflationary component of salaries. Other operating costs (EUR 255.6 million; EUR 246.2 million in 2012) rose 3.8%, mainly due to the increase in transport and logistics costs caused by larger volumes of concrete sold in Scandinavian countries.

EBITDA amounted to EUR 169.7 million, up 22.9% on 2012 (EUR 31.7 million). This was favoured by non-recurring items of approximately EUR 10 million. Excluding these items, EBITDA would have amounted to EUR 159.7 million, up 15.6% on 2012 and higher than management's expectation for the year (EUR 150 million). EBITDA as a percentage of revenue increased from 14.1% in 2012 to 17.2% in 2013; net of the non-recurring items, the percentage would have been 16.2%, recovering 2.1 percentage points in industrial profitability. EBIT shot up by 59%, from EUR 48.2 million in 2012 to EUR 76.7 million in 2013. The impact of non-recurring income is reduced to roughly EUR 5 million due to non-recurring accruals and impairment losses.

Financial expense, amounting to EUR 13.5 million, improved EUR 6.1 million on 2012 (EUR -19.6 million), thanks to the fair value gains on the financial instruments in place to hedge commodity and interest rate risks, which offset the exchange rate losses, mostly unrealised, mainly caused by the devaluation of the Turkish Lira.

Profit before taxes of EUR 63.2 million reported a considerable improvement over 2012 (EUR 28.6 million), while profit for the period reached EUR 48.2 million (EUR 24.0 million 2012).

The profit attributable to the owners of the parent, net of the profit attributable to non-controlling interests, amounts to EUR 40.1 million, leaping 143.7% on 2012 (EUR 16.5 million).

Finally, the results of the Neales Waste Management Group were consolidated for all of 2013, unlike in 2012 when it was only consolidated for the second six-month period (the Group was acquired on 4 July 2012). It contributed to the Group's results as follows: revenue of EUR 13.3 million (EUR 8.8 million in 2012), EBITDA of EUR 0.9 million (EUR 0.5 million in 2012), operating loss of EUR 0.4 million (EUR 43 thousand in 2012) and loss for the year of EUR 0.6 million (EUR -179 thousand in 2012). The moderate impact of such consolidation variation does not require the presentation of pro forma data.



Financial highlights

(EUR'000)	31-12-2013	31-12-2012
Net capital employed	1,354,291	1,487,152
Total equity	1,029,409	1,114,123
Net financial debt*	324,882	373,029

Net financial debt at 31 December 2013, amounting to EUR 324.9 million, improved by EUR 48.1 million on 31 December 2012, due to the cash flows generated by operations, net of industrial investments (roughly EUR 82 million) and the distribution of dividends (EUR 6.5 million). As a result of the positive operating performance and working capital management, net financial debt was lower than the budgeted EUR 350 million.

Key events of the year

In 2013, the Group's results exceeded management's expectations. Its profitability and ability to generate cash flows have made strides, despite the limited rise in revenue and strong devaluation of the Turkish and Egyptian currencies. The Group's broad geographical spread gave it greater protection against fluctuations in individual markets. In addition, its positive performance in Scandinavian countries, Turkey and the Far East fully offset the persistent weakness of the Italian market and the uncertainties troubling the Egyptian market.

Italy continues to suffer from considerable excess in installed production capacity. After six consecutive negative years, cement sales on the Italian market are less than half pre-recession figures. Against this backdrop, the Group persists with its initiatives aimed at cutting operating costs and recovering economic balance. These include signing a new corporate restructuring agreement, turning the Arquata and Taranto sites into grinding centres, setting up innovative processes for assisted professional requalification, incorporation and outplacement and implementing initiatives to boost self-entrepreneurship thus reducing numbers on the redundancy plan to the minimum. Furthermore, the redundancy plan agreed in 2012 was completed during the year with 53 departures and Cementir Italia's entire workforce (sites, sales offices, distribution centres and head office) was put on the government-sponsored lay-off scheme, with an average of 30 employees a month.

With respect to the waste management operations in Turkey, the investments to be made to complete the municipal waste treatment plant in Istanbul were finalised during the year. Plant performance will be

* 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.



optimized during the first quarter of 2014. According to the plan already provided for at the time of the acquisition, investments in the Neales Waste Management subsidiary in England were commenced during the second half of 2013 to install a waste treatment plant for the recovery of the recycle fraction and the minimisation of the use of landfills.

With a view to reorganising the investment structure of the Cementir Group, in September, Cementir Holding SpA transferred 46% of the share capital of the Turkish subsidiary Cimentas AS to the Danish Group Aalborg Portland A/S, fully controlled by Cementir Holding SpA, with no effects on the consolidated financial statements. As a result of this transfer, the Aalborg Portland group holds 71% of the Cimentas group.

Furthermore, to carry out this transaction, the Danish subsidiary Aalborg Portland A/S agreed and received a 15-year loan of EUR 150 million from a leading Scandinavian bank during the third quarter of 2013. This will significantly improve the structure of the Group's financial debt by cutting average interest rates on indebtedness, extending average due dates for debt and increasing short-term financing sources.

Finally, actions, tools and timeframes were defined during the year in order to further recoup operating profitability in 2014 by the various group companies, leveraging on making both industrial sites and sales departments and staff efficient.

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 609.4 million (EUR 580.3 million in 2012), EBITDA of EUR 122.5 million (EUR 111.9 million in 2012) and EBIT of EUR 80.2 million (EUR 65.1 million in 2012).

The improvement in its performance indicators is due to the satisfactory results obtained in the Scandinavian countries and the Far East, which offset the difficulties encountered in Egypt.

Scandinavian countries

In the Scandinavian countries, the Group recorded revenue of EUR 476.9 million (EUR 449.3 million in 2012), EBITDA of EUR 86.3 million (EUR 75.0 million in 2012) and EBIT of EUR 53.9 million (EUR 40.6 million in 2012). These positive results were due to the surge in concrete sales and the stable levels of cement sales, with varying market trends in Norway, Denmark and Sweden. Specifically, Norway confirmed



its title as the economic leader of the Scandinavian countries, presenting sturdy internal growth and a construction sector driven by state-funded public infrastructure.

Sales of concrete on the Norwegian market rose 11.8% on 2012, with largely stable sales prices, generating a boost in revenue of roughly EUR 14 million.

On the other hand, the Danish construction sector, particularly residential building, did not show any signs of development. Therefore, cement sales and their contribution to the Group's results remained more or less unvaried on the previous year. The Danish concrete market, however, was bolstered by the building of the new Copenhagen metro line with production fully launched in 2013, leading to a 5.7% rise in concrete sales, with stable sales prices, and a resulting boost to revenue of approximately EUR 6.7 million compared to 2012.

Finally, in Sweden, there were signs of a revival in the commercial and residential construction sector, especially in the country's southern regions. This led to a 6.4% rise in volumes of concrete sold, coupled with a plummet in large infrastructure construction works which led to a 4% drop in sales of aggregates. In any case, revenue generated in Sweden is up approximately EUR 5.6 million on the previous year.

Operating costs rose 3.4%, mainly due to the rise in costs linked to increased business in the concrete sector. These costs assimilated the savings achieved in the cement sector's variable costs, connected to lower fuel prices and greater efficiency obtained in plant consumption partly thanks to increased usage of alternative fuels.

The upswing in revenue, together with savings in variable costs, caused a EUR 10.9 million jump in EBITDA compared to 2012.

Investments totalled roughly EUR 28 million. EUR 15 million was invested in the cement sector, mainly for energy saving via ordinary maintenance on plants and upgrading and renovation of kilns and mills, while EUR 13 million was spent in the concrete sector, principally for extraordinary maintenance on production plant.

Egypt

In Egypt, the Group recorded revenue of EUR 49.3 million (EUR 58.1 million in 2012), a EBITDA of EUR 15.2 million (EUR 18.7 million in 2012) and an EBIT of EUR 11.2 million (EUR 12.6 million in 2012).

Unlike in the previous year, when the outbreak of social unrest paralysed the construction sector and led to the collapse of cement sales on the domestic market, the internal demand began growing once again in 2013. However, the continuing political instability caused severe problems in doing business with neighbouring countries, thus curbing exports.



Cement sales on the domestic market soared by roughly 25% compared to 2012, while exports plummeted by roughly 35%. Average prices were strikingly higher on the previous year for both internal sales and exports. Such prices and volumes mix generated stability in revenue in local currency; however, the dramatic devaluation of the Egyptian pound against the Euro in 2013 meant the financial statements translated into Euros made a smaller contribution in terms of revenue and EBITDA (EUR 8.8 million and EUR 3.5 million, respectively) compared to 2012.

Costs for investments during the year were negligible as the site's activities were conditioned by the social and political instability mentioned above.

Far East

The Group operates in China and Malaysia through its two white cement production plants.

In China, the Group recorded revenue of EUR 39.7 million (EUR 35.2 million in 2012), EBITDA of EUR 11.7 million (EUR 9.5 million in 2012) and EBIT of EUR 8.7 million (EUR 6.5 million in 2012).

The 12.8% improvement in revenue, with largely unvaried sales prices, was driven by the growth in tonnes of cement sold (+12% on 2012) thanks to the increase in internal demand, caused by the expansion of the construction sector and infrastructure, and the development of new export sales channels. Despite benefiting from savings in raw materials procurement, especially for fuel, operating costs rose roughly 7% on the previous year due to inflation and increased business volumes.

EBITDA and EBIT grew 24% and 35.5%, respectively, on 2012, as did EBITDA as a percentage of revenue (29.5%; 26.8% in 2012). These results highlight a strong improvement in profitability.

Investments of roughly EUR 1.0 million were made in China in 2013, mainly to reduce greenhouse gas emissions and to integrate the IT systems.

In Malaysia, the Group recorded revenue of EUR 29.4 million (EUR 29.5 million in 2012), a EBITDA of EUR 6.6 million (EUR 5.7 million in 2012) and an EBIT of EUR 4.9 million (EUR 3.8 million in 2012).

Overall cement sales volumes dropped 3% on 2012 figures, with differing trends on the domestic and export markets. Sales on the internal market grew by approximately 10% on the previous year, with sales prices in local currency slightly up on 2012. Export sales, on the other hand, decreased roughly 6% on the prior year, with prices in line with 2012, following lower sales volumes to Vietnam and South Korea, markets considered less profitable in relation to maximising profitability. This different sales mix between



the domestic and export markets led to an approximate 5% rise in revenue in local currency, despite overall sales being lower than in 2012. However, the devaluation of the Malaysian ringgit against the Euro during 2013 eliminated such increase in the financial statements translated into Euros, where revenue results unchanged on 2012.

EBITDA and EBIT, on the other hand, rose on 2012 amounts, benefiting from the substantial savings in fuel purchases and the reorganisation of distribution costs for export sales.

Roughly EUR 4.2 million was mainly invested for the expansion of the site's production capacity, in accordance with the strategic agreement signed in 2012 between the subsidiary Aalborg Portland and the Adelaide Brighton Limited Group, Australia's second largest cement and concrete producer. Such plan provides for the 150,000 tons increase in the annual production capacity of white clinker by the end of 2014 and a ten-year sales agreement for white clinker from Aalborg Portland Malaysia to the Adelaide Brighton Limited group starting from 2015. This agreement will enable the Cementir Holding group to develop its sales on the Australian market, becoming the leading supplier of white cement, and significantly boosting the Malaysian subsidiary's EBITDA starting from 2015.

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 2013 revenue of EUR 267.4 million (EUR 261.2 million in 2012), EBITDA of EUR 56.1 million (EUR 31.8 million in 2012) and EBIT of EUR 32.0 million (EUR 11.0 million in 2012).

The 2.4% boost in revenue is mainly due to the good performance of cement and concrete sales in the Turkish market, in addition to the largely stable revenue from waste management, still in its start-up stage (approximately EUR 20 million in 2013). Specifically, tons of cement sold rose 4% on 2012, with local currency sales prices up approximately 7%, in line with the annual inflation rate, while cement volumes increased 6.6% on 2012, with local currency sales prices up 15%. Therefore, revenue in local currency is 12.1% higher than in 2012, but the marked devaluation of the Turkish lira against the Euro cut such increase to 2.4% in the financial statements translated into Euro.

Operating costs fell slightly on 2012 thanks to the drop in average fuel prices, the improvement in the fuel mix used and the greater efficiency of plants, which offset the 15% rise in the electrical energy unit price.



EBITDA and EBIT benefit from non-recurring income of EUR 12.9 million. Net of the latter, they would have amounted to EUR 43.2 million and EUR 19.1 million, respectively (up 35.7% and 73.7% on 2012).

The Cimentas group invested approximately EUR 38.5 million in 2013, including EUR 14.7 million in the cement business, EUR 1.5 million in the concrete sector and EUR 22.3 million in waste management. Specifically, investments in the cement sector mainly related to maintenance of blast furnaces, grinding mills and storage deposits. In the concrete sector, investments were made in building mobile plant enabling greater flexibility and service quality and mandatory work to reduce environmental impact. Waste management investments were mainly related to developing plant for treating the urban solid waste of the subsidiaries, Hereko (roughly EUR 17 million), located in Komurcuoda near Istanbul, and Quercia (approximately EUR 4.1 million) based in Blackburn, England.

Cementir Italia group

This Group manufactures and sells cement and concrete in Italy. Its 2013 revenue came to EUR 112.1 million (EUR 135.6 million in 2012), EBITDA to EUR -6.0 million (EUR -2.5 million in 2012) and EBIT to EUR -32.3 million (EUR -24.3 million in 2012).

The 17.3% decrease in revenue on 2012 is due to the additional downturn in operations caused by the continuing crisis in the residential and commercial construction industry and public infrastructure. Specifically, cement and concrete sales volumes dropped 13% and 56%, respectively, on 2012, with prices remaining more or less stable.

Faced with a stagnant market, the Group took steps to contain falling sales volumes and growing direct costs, such as electrical energy, via extraordinary organisational work on production plants and optimising all industrial processes (see the “Key events of the year” section).

2013 investments approximated EUR 10.0 million, mainly related to maintaining and improving the industrial efficiency of cement production plants.

Capital expenditure

2013 capital expenditure totalled EUR 82 million, including EUR 38.5 million by the Cimentas group, EUR 32.5 million by the Aalborg Portland group, EUR 10 million by the Cementir Italia group and EUR 0.6 million by Cementir Holding SpA. It may be broken down by operating sector as follows: cement: EUR 44.7 million; waste management EUR 22.2 million; concrete: EUR 14.5 million; the parent’s IT structures: EUR 0.6 million. EUR 80 million was invested in property, plant and equipment and EUR 2 million in intangible assets.



Outlook

In 2014 the Group expects to see growth in both revenue and EBITDA, with an improvement in the key financial indicators in the Scandinavian countries, Turkey and the Far East due to positive cement and concrete sales trends, with prices stable or slightly rising. Waste management is forecast to increase its contribution to Group results, completing its start-up stage and becoming operational starting from 2014.

In Italy market demand is expected to remain weak; however, the Group's profitability should improve as a result of the industrial and corporate restructuring implemented in recent years.

Finally, results in Egypt are forecast to remain unchanged from 2013, unless intensification of socio-political upheaval deteriorates market conditions in a manner that cannot currently be predicted.

In line with the 2014-2016 business plan, EBITDA is expected to exceed EUR 180 million.

Net financial debt is forecast at approximately EUR 280 million, with industrial investments planned at EUR 70 million.

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. Innovative capacity is improved through close collaboration with customers and all the key stakeholders, both in the traditional cement and concrete sectors and the waste management sector. Innovation activities is defined and supported by an innovation committee, chaired by the Chairman of Cementir Holding and composed of the Group's top managers. The committee constantly shares the innovative methods applied by the various operating companies to their products and production procedures.

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 constantly cut CO₂ emissions from cement production by using locally-available raw materials and different compositions of clinkers and by making greater use of biological fuels rather than fossil fuels. This has led to a 0.7% reduction in the average clinker content in a ton of cement, maintaining the same cement quality and cutting overall CO₂ emissions by 35,000 tons in 2013.

Waste management

Starting in 2009 and continuing in 2013, the Group implemented 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.

Specifically, the Turkish subsidiaries Hereko and Sureko manage urban solid waste and industrial solid waste, respectively, while the UK-based subsidiary Neales Waste Management Group manages both industrial and urban waste.

More specifically, in 2013, Hereko invested roughly EUR 17 million in expanding and improving the performance of the waste management plant. Such plant, which became fully operational in late 2012 under the terms of the 25-year contract signed with the municipality of Istanbul for urban solid waste management, with a mechanical treatment section, a biological drying plant to dry the biodegradable part of urban solid waste and a refinery to transform the bio-dried material into alternative solid fuel. The expansion, completed at the end of 2013, will be fully up and running in 2014. With this, the company can treat all the biodegradable waste generated by the 2,000 tons/day urban solid waste provided for in the contract, as well as recover recyclable material and produce quality alternative solid fuel.

With regard to industrial waste management, the Turkish subsidiary Sureko continued to supply alternative fuel to the cement production facility at Izmir owned by Cimentas, in addition to third-party industrial companies, while simultaneously improving the efficiency and flexibility of the biodrying plant which can now process various types of industrial waste.

Finally, in 2013, the Neales Waste Management Group invested approximately EUR 4.1 million to install plant that automatically treats the waste received, dividing it up more efficiently into material that can be used to generate alternative fuel. Such investment will be completed in 2014. When fully up and running, scheduled for 2015, it should lead to significant benefits from exploiting waste in terms of both profitability and sustainability over the long period.



Information technology

The Group made large investments in information technology during the year in relation to infrastructure, applications and processes.

The Group's application functionalities were improved during the year through various actions, above all the SAP implementation project for companies operating in China and Malaysia. This project was launched in spring 2013 and will be completed in autumn 2014, based on Aalborg Portland's existing process infrastructure and logistics. Again in relation to applications, Cementir Holding's SAP system was expanded in 2013 with the GRC (Governance, Risk & Compliance) module, specifically in relation to traceability, ownership and follow-up of company risks (Risk Management). Furthermore, the Group's reporting platform (SAP Business Warehouse), already populated by numerous report and KPI related to all functional areas, was upgraded with indicators aimed at analysing the performances of the purchase process, especially in relation to the categories managed by the Strategic Sourcing function. In the waste management sector, the implementation of SAP functionalities was completed for companies operating in Turkey and a similar implementation project was launched for companies active in the UK. Finally, the project to extend Hyperion Financial Management (separate and consolidated financial statements management software) functionalities to the Cimentas Group, scheduled for completion in 2014, was commenced. This will enable Cimentas to automatically provide the parent Cementir Holding budget and actual data on the same application platform, and to prepare sub-consolidation financial statements.

From an infrastructure point of view, the data processing centre of the Italian companies underwent numerous infrastructure consolidation actions to make data and systems secure, while the subsidiary Aalborg Portland successfully completed the outsourcing of its data centre in summer 2013.

Environment

The Cementir Holding group pursues sustainable development through its commitment to the ongoing improvement of its financial, environmental and social performances. Its 2013 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 2013 generated by the production activities of the Cementir Holding Group's facilities amounted to 7.07 million tons, in line with 2012 (7.05 million tons) despite the increase in cement production and thanks to the ongoing optimisation of the fuel mix used. The 2013 average of 720 kg per total cement equivalent (kg/TCE) increased slightly compared to the 2012 figure (714 kg/TCE). Sulphur dioxide (SO₂) emissions, linked to the presence of sulphur in the fuels and raw



materials used, amounted to 130 g per ton of cement manufactured (g/t TCE), up roughly 14% on the 2012 figure (114 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 2013, unchanged from 2012.

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

Human resources

At 31 December 2013, the Group has 3,170 employees, up 141 on the 3,311 employees at the end of 2012. The decrease is mainly due to company restructuring projects involving the Italian and Turkish operating companies.

Organisational structure and development of human resources

The Group continued its production activities during the year through its workforce present in 16 countries. Human capital is considered a crucial factor for increasing and creating value that is sustainable over time. The Group continued its commitment to recovering management efficiency during the year by building simpler functioning and internal collaboration mechanisms coordinated centrally. Supported by the strong commitment of the entire management body, this process positively contributed to the change and streamlining the Group has been undergoing for numerous years.

Thanks to the personnel management processes structured and implemented on a global level, Cementir enhances its employees' skills, motivating them and supporting the merit system. It has also introduced a performance appraisal procedure, aimed at management, to administer internal resources by assigning individual objectives, essential to attain the Group's strategic targets.

An assessment of professional Groups also began during the year to take a snapshot of the various internal structures and supervise their performance, in addition to identifying employees worth investing in due to their potential as future leaders. In this way, the mapping of the performance and leadership was applied at Group level to approximately 1,100 employees, both managers and white collars.



Developing leadership and a new collaboration model for all operating companies was the focus of an initial programme aimed at the Group's top 90 managers. The growth path implemented is based on the managerial characteristics of each individual, enabling them to lead the rest of the Group towards creating a group culture and shared identity, as well as reaching short-term strategic and results-based goals.

Social dialogue

At European level, the European Works Council (EWC) is a supranational body that provides information and consultancy to workers at EU companies. The Cementir Holding Group's EWC held its first meeting in Rome in 2013, with members from Denmark, Norway and Italy taking part. The aim of the meeting was to discuss data related to financial results, the situation of the workforce, investments and social responsibility activities. It also served as a platform to emphasise the importance of such tool as an opportunity for discussion and sharing of privileged information between Group employees and management.

Due to the continuing problems with the European, and above all Italian, macroeconomic situation, in 2013, the Group continued to discuss a common approach with the trade unions to face the industrial difficulties arisen in recent years. In this regard, Cementir Italia and the trade unions signed an agreement on 19 September 2013 planning for the streamlining of the Italian production sector and using welfare support provisions such as the government-sponsored lay-off scheme and redundancy programme, with related training activities and outplacement initiatives for employees.

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 11 million in health, safety and the environment in 2013 and EUR 43.7 million in the three years from 2011 to 2013, bringing the accident frequency ratio down from 21.1 in 2011 to 14.7 in 2013.

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 2013. The Group's commitment to safety at work is illustrated in its Environmental Report, published for the seventh year 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	2013	2012	COMPOSITION
Return on Equity	4.68%	2.16%	Profit/Equity
Return on Capital Employed	5.66%	3.24%	EBIT/(Equity + Net Financial Debt)

FINANCIAL INDICATORS	31/12/2013	31/12/2012	COMPOSITION
Equity ratio	55.70%	56.41%	Equity/Total Assets
Net Gearing Ratio	31.56%	33.48%	Net Financial Debt/Equity

The performance indicators show the improvement in the Group's profitability in terms of both its EBIT and profit for the year.

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 2013, the Group's maximum exposure to credit risk consists of the carrying amount of trade receivables of EUR 184.2 million (31 December 2012: 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. In addition, maximum exposure is down roughly EUR 16.4 million on the previous year thanks to an improvement in average collection times, mainly in Turkey and Scandinavian countries.

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 2013 compared to those identified in 2012. 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 324.9 million at 31 December 2013, 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 2013:

Results

(EUR'000)	2013	2012	Δ %
REVENUE	14,582	11,949	22.0%
Other revenue	638	682	-6.4%
Personnel costs	(7,844)	(8,460)	-7.3%
Other operating costs	(8,273)	(6,141)	34.7%
EBITDA	(897)	(1,970)	54.4%
Amortisation, depreciation, impairment losses and provisions	(434)	(424)	2.4%
EBIT	(1,331)	(2,394)	44.4%
Financial income	10,044	2,430	313.3%
Financial expense	(9,003)	(19,706)	-54.3%
FINANCIAL INCOME (EXPENSE)	1,041	(17,276)	106.0%
LOSS BEFORE TAXES	(290)	(19,670)	98.5%
Income taxes	(1,318)	5,012	
LOSS FOR THE PERIOD	(1,609)	(14,658)	89.0%

Revenue is earned on consultancy services provided to subsidiaries and royalties on their use of the trademark. The 22.0% rise on the previous year is due to the increase in services provided by the parent to subsidiaries.

Other revenue mostly consists of lease income on the lease of an investment property in Rome, owned by the parent. It is largely unchanged compared to 2012.

The gross operating loss of EUR 0.9 million is better than the previous year following the rise in revenue and the drop in personnel expense, only partly absorbed by the increase in other operating costs.

Net financial income of EUR 1.0 million improved dramatically on the net financial expense of EUR 17.3 million in 2012, thanks to unrealised financial gains recognised following the mark to market measurement of hedging derivatives (approximately EUR 6.6 million), which offset financial expense on debt.



Income taxes amount to EUR 1.3 million. 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 2012 to 2014. 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 Cementi Holding SpA provide a detailed analysis of its financial position and performance.

Financial indicators

Cementir Holding SpA 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 46% of the Turkish subsidiary Cimentas to the Danish subsidiary Aalborg Portland.

FINANCIAL INDICATORS	2013	2012	COMPOSITION
Equity ratio	84.56%	77.84%	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 2013, 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 SpA 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 SpA is directly exposed to currency risk to a limited degree on its financing and/or deposits in foreign currency. The parent constantly monitors these risks 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 32 to the consolidated financial statements and note 32 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 2013, 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

Pursuant to article 70.8 and article 71.1-bis of Consob's Issuer regulation, during the year, 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 contribution of assets, acquisitions and disposals take place in its meeting of 31 January 2013. The Board of Directors appointed Massimo Sala, the Group CFO, as the parent's Investor Relations Manager in the same meeting.

On 7 March 2013, the Board of Directors approved the revised version of the guidelines for the parent's internal controls and risk management system and the update to Model 231 and the Code of Conduct.

It confirmed Massimo Sala (the CFO) as the Manager responsible for financial reporting in its meeting of 9 May 2013, during which and in accordance with the ruling Code of Conduct of Borsa Italiana SpA, it checked



that the directors qualified as “independent” were actually independent pursuant to this Code (namely, Paolo di Benedetto, Flavio Cattaneo and Alfio Marchini).

At its meeting held on 26 July 2013, the Board of Directors approved the updated Organisational and control model 231 in relation to the introduction of crimes under the Anti-corruption law (Law no. 160/2012).

Pursuant to article 2365.2 of the Italian Civil Code and article 10 of the by-laws, at its meeting of 7 November 2013, the Board of Directors resolved to modify articles 5 and 15 of the by-laws, related to gender equality in the election and composition of the company bodies, in order to adjust the regulatory and legislative provisions (Law no. 120 of 12 July 2011 on “female quotas” and article 144-undecies.1 of Consob regulation no. 11971/99).

Finally, the Board of Directors approved the new investor relations procedure for internal management and public communication of documents and information related to the Group, aimed at ensuring the correct management of group information.

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 together with the 2013 directors’ report, 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).

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 SpA 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 SpA 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.



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

The company ensures the protection of personal data on the basis of ruling legislation. Article 45.c of Law decree no. 5 of 9 February 2012 (the so-called "Simplification decree"), abrogating article 34.g.1/1-bis of Legislative decree no. 196/2003 (the Privacy code), removed the obligation to prepare a data protection document by 31 March of each year. This amendment also abolished the crime under article 169 and penalties set out in article 162.2 of Legislative decree no. 196/2003 applied when such document is not prepared.

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 at the parent's registered office and on its 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. 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.

Movements in such investments during the year are set out below:

Investments of the Directors, General Manager and Statutory Auditors

Name and surname	Investee	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 SpA	7,103,429	501,870	-	7,605,299
Alessandro Caltagirone	Cementir Holding SpA	3,151,404	-	-	3,151,404
Azzurra Caltagirone	Cementir Holding SpA	2,291,796	-	-	2,291,796
Edoardo Caltagirone	Cementir Holding SpA	286,000	-	-	286,000
Mario Ciliberto	Cementir Holding SpA	195,000	-	-	195,000
Fabio Corsico	Cementir Holding SpA	6,900	-	-	6,900
Riccardo Nicolini	Cementir Holding SpA	107,500	32,500	-	140,000



Reconciliation of the parent's equity at 31 December 2013 and loss for the year then ended with consolidated equity and profit

(EUR'000)	2013 profit/loss	Equity at 31 December
Cementir Holding SpA	(1.609)	610.608
Effect of consolidating subsidiaries	39.491	500.770
Effect of equity-accounting investees	2.242	27.080
Change in reserves	-	(181.558)
Other changes	-	(2.475)
Total owners of the parent	40.124	954.425
Total non-controlling interests	8.038	74.984
Cementir Holding Group	48.162	1.029.409

Proposed allocation of the loss for the year

The Board of Directors proposes that the shareholders:

AT THEIR ORDINARY MEETING:

- approve the directors' report and the separate financial statements as at and for the year ended 31 December 2013;
- carry forward the loss for the year of EUR 1,608,773, except under subsequent resolutions during their extraordinary meeting.

AT THEIR EXTRAORDINARY MEETING:

- cover the loss for the year of EUR 1,608,773 using the revaluation reserve as per Law no. 266/2005;
- not rebuild the revaluation reserve as per Law no. 266/2005 and reduce it permanently to EUR 1,608,773 used to cover the loss.

AT THEIR ORDINARY MEETING:

- distribute dividends of EUR 12,729,600 with EUR 0.08 per ordinary share, using retained earnings.

Rome, 7 March 2014

Chairman of the Board of Directors

Francesco Caltagirone Jr.

(signed on the original)



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DRAFT 2013 CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position*			
(EUR'000)	Notes	31 December 2013	31 December 2012
ASSETS			
Intangible assets with a finite useful life	1	40,094	44,738
Intangible assets with an indefinite useful life	1	403,159	441,614
Property, plant and equipment	2	762,098	831,701
Investment property	3	98,952	104,502
Equity-accounted investments	4	17,240	16,917
Available-for-sale equity investments	5	210	8,231
Non-current financial assets	9	840	941
Deferred tax assets	18	60,339	60,095
Other non-current assets		8,541	7,834
TOTAL NON-CURRENT ASSETS		1,391,473	1,516,573
Inventories	6	139,602	151,721
Trade receivables	7	184,204	200,568
Current financial assets	8	3,660	3,361
Current tax assets	16	5,972	5,146
Other current assets	9	12,390	13,541
Cash and cash equivalents	10	110,726	84,251
TOTAL CURRENT ASSETS		456,554	458,588
TOTAL ASSETS		1,848,027	1,975,161
EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,710	35,710
Other reserves		719,471	823,628
Profit attributable to the owners of the parent		40,124	16,462
Equity attributable to the owners of the parent	11	954,425	1,034,920
Profit attributable to non-controlling interests		8,038	7,582
Reserves attributable to non-controlling interests		66,946	71,621
Equity attributable to non-controlling interests	11	74,984	79,203
TOTAL EQUITY		1,029,409	1,114,123
Employee benefits	12	16,260	17,542
Non-current provisions	13	21,965	19,405
Non-current financial liabilities	15	284,135	220,251
Deferred tax liabilities	18	82,974	95,150
Other non-current liabilities	17	10,344	10,820
TOTAL NON-CURRENT LIABILITIES		415,678	363,168
Current provisions	13	1,119	2,537
Trade payables	14	183,192	191,037
Current financial liabilities	15	155,132	240,390
Current tax liabilities	16	11,201	12,104
Other current liabilities	17	52,296	51,802
TOTAL CURRENT LIABILITIES		402,940	497,870
TOTAL LIABILITIES		818,618	861,038
TOTAL EQUITY AND LIABILITIES		1,848,027	1,975,161

* 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)	Notes	2013	2012
REVENUE	19	988,614	976,193
Change in inventories		3,931	8,264
Increase for internal work		4,466	4,816
Other operating revenue	20	19,801	8,023
TOTAL OPERATING REVENUE		1,016,812	997,296
Raw materials costs	21	(434,972)	(455,708)
Personnel costs	22	(156,481)	(157,303)
Other operating costs	23	(255,639)	(246,231)
TOTAL OPERATING COSTS		(847,092)	(859,242)
EBITDA		169,720	138,054
Amortisation and depreciation	24	(86,202)	(85,182)
Provisions	24	(2,247)	(2,689)
Impairment losses	24	(4,587)	(1,953)
Total amortisation, depreciation, impairment losses and provisions		(93,036)	(89,824)
EBIT		76,684	48,230
Share of net profits of equity-accounted investees	25	2,242	2,144
Financial income	25	13,985	6,628
Financial expense	25	(19,310)	(29,932)
Foreign exchange rate gains (losses)	25	(10,447)	1,546
Net financial expense		(15,772)	(21,758)
NET FINANCIAL EXPENSE AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEEES		(13,530)	(19,614)
PROFIT BEFORE TAXES		63,154	28,616
Income taxes	26	(14,992)	(4,572)
PROFIT FROM CONTINUING OPERATIONS		48,162	24,044
PROFIT FOR THE YEAR		48,162	24,044
Attributable to:			
Non-controlling interests		8,038	7,582
Owners of the parent		40,124	16,462
(EUR)			
Basic earnings per share	27	0.252	0.103
Diluted earnings per share	27	0.252	0.103

* 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)	Notes	2013	2012
PROFIT FOR THE YEAR		48,162	24,044
Other comprehensive income (expense)			
<i>Items that will never be reclassified to profit (loss):</i>			
Reclassification of property, plant and equipment		-	8,605
Actuarial gains (losses) on post-employment benefits	28	(2,031)	(1,220)
Taxes related to equity	28	715	(366)
Total items that will never be reclassified to profit (loss)		(1,316)	7,019
<i>Items that may be reclassified to profit (loss):</i>			
Foreign currency translation differences - foreign operations	28	(128,584)	14,555
Financial instruments	28	3,567	(406)
Taxes related to equity	28	(78)	(294)
Total items that may be reclassified to profit (loss)		(125,095)	13,855
Total other comprehensive income (expense)		(126,411)	20,874
TOTAL COMPREHENSIVE INCOME (EXPENSE)		(78,249)	44,918
Attributable to:			
Non-controlling interests		(2,426)	6,106
Owners of the parent		(75,823)	38,812



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 on financial instruments					(700)		(700)			-	(700)
Fair value gains on investment property					7,925		7,925		250	250	8,175
Total other comprehensive income (expense)	-	-	-	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)
Profit for the year						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 2013	159,120	35,710	31,825	(161,886)	953,689	16,462	1,034,920	7,582	71,621	79,203	1,114,123
Allocation of 2012 profit					16,462	(16,462)	-	(7,582)	7,582	-	-
Distribution of 2012 dividends					(6,365)		(6,365)		(1,795)	(1,795)	(8,160)
Other changes							-			-	-
Total owner transactions	-	-	-	-	10,097	(16,462)	(6,365)	(7,582)	5,787	(1,795)	(8,160)
Change in translation reserve				(118,176)			(118,176)		(10,408)	(10,408)	(128,584)
Net actuarial losses					(1,260)		(1,260)		(56)	(56)	(1,316)
Fair value on financial instruments					3,489		3,489			-	3,489
Fair value gains on investment property							-			-	-
Total other comprehensive income (expense)	-	-	-	(118,176)	2,229	-	(115,947)	-	(10,464)	(10,464)	(126,411)
Change in other reserves					1,693		1,693		2	2	1,695
Total other transactions	-	-	-	-	1,693	-	1,693	-	2	2	1,695
Profit for the year						40,124	40,124	8,038		8,038	48,162
Equity at 31 December 2013	159,120	35,710	31,825	(280,062)	967,708	40,124	954,425	8,038	66,946	74,984	1,029,409



Statement of cash flows

(EUR'000)	Notes	2013	2012
Profit for the year		48,162	24,044
Amortisation and depreciation		86,202	85,182
(Reversals of impairment losses) and impairment losses		(8,321)	1,953
Share of net profits of equity-accounted investees		(2,242)	(2,144)
Net financial expense		16,162	21,758
(Profits) losses on disposals		(1,566)	(1,025)
Income taxes		14,992	4,572
Change in employee benefits		(3,560)	(349)
Change in provisions (current and non-current)		(2,199)	3,159
Operating cash flows before changes in working capital		147,630	137,150
(Increase) decrease in inventories		10,763	(7,434)
(Increase) decrease in trade receivables		13,519	(13,629)
Increase (decrease) in trade payables		(4,509)	3,907
Change in other non-current and current assets and liabilities		(2,756)	7,168
Change in current and deferred taxes		(5,058)	1,561
Operating cash flows		159,589	128,723
Dividends collected		1,724	2,240
Interest collected		3,132	4,593
Interest paid		(13,790)	(14,268)
Other net expense paid		(2,992)	(3,968)
Income taxes paid		(20,989)	(18,011)
CASH FLOWS FROM OPERATING ACTIVITIES (A)		126,674	99,309
Investments in intangible assets		(1,866)	(2,444)
Investments in property, plant and equipment		(79,762)	(75,094)
Investments in equity investments and other non-current securities		(12)	(11,194)
Proceeds from the sale of intangible assets		-	-
Proceeds from the sale of property, plant and equipment		2,547	2,409
Proceeds from the sale of equity investments and non-current securities		12,061	-
Change in non-current financial assets		101	679
Change in current financial assets		1,149	(279)
Other changes in investing activities		-	-
CASH FLOWS USED IN INVESTING ACTIVITIES (B)		(65,782)	(85,923)
Change in non-current financial liabilities		63,759	64,700
Change in current financial liabilities		(88,788)	(69,837)
Dividends distributed		(8,094)	(10,702)
Other changes in equity		10,002	(6,373)
CASH FLOWS FROM FINANCING ACTIVITIES (C)		(23,121)	(22,212)
NET EXCHANGE RATE GAINS (LOSSES) ON CASH AND CASH EQUIVALENTS (D)		(11,296)	1,426
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		26,475	(7,400)
Opening cash and cash equivalents	10	84,251	91,651
Closing cash and cash equivalents	10	110,726	84,251



Statement of financial position

pursuant to Consob resolution no. 15519 of 27 July 2006

(EUR'000)	Notes	31 December 2013		31 December 2012	
		Total	of which with related parties	Total	of which with related parties
ASSETS					
Intangible assets with a finite useful life	1	40,094	-	44,738	-
Intangible assets with an indefinite useful life	1	403,159	-	441,614	-
Property, plant and equipment	2	762,098	-	831,701	-
Investment property	3	98,952	-	104,502	-
Equity-accounted investments	4	17,240	-	16,917	-
Available-for-sale equity investments	5	210	-	8,231	-
Non-current financial assets	9	840	-	941	-
Deferred tax assets	18	60,339	-	60,095	-
Other non-current assets		8,541	-	7,834	-
TOTAL NON-CURRENT ASSETS		1,391,473	-	1,516,573	-
Inventories	6	139,602	-	151,721	-
Trade receivables	7	184,204	5,961	200,568	4,609
Current financial assets	8	3,660	2,750	3,361	2,365
Current tax assets	16	5,972	-	5,146	-
Other current assets	9	12,390	-	13,541	-
Cash and cash equivalents	10	110,726	2,298	84,251	2,456
TOTAL CURRENT ASSETS		456,554	-	458,588	-
TOTAL ASSETS		1,848,027	-	1,975,161	-
EQUITY AND LIABILITIES					
Share capital		159,120	-	159,120	-
Share premium reserve		35,710	-	35,710	-
Other reserves		719,471	-	823,628	-
Profit attributable to the owners of the parent		40,124	-	16,462	-
Equity attributable to the owners of the parent	11	954,425	-	1,034,920	-
Profit attributable to non-controlling interests		8,038	-	7,582	-
Reserves attributable to non-controlling interests		66,946	-	71,621	-
Equity attributable to non-controlling interests	11	74,984	-	79,203	-
TOTAL EQUITY		1,029,409	-	1,114,123	-
Employee benefits	12	16,260	-	17,542	-
Non-current provisions	13	21,965	-	19,405	-
Non-current financial liabilities	15	284,135	-	220,251	7,748
Deferred tax liabilities	18	82,974	-	95,150	-
Other non-current liabilities	17	10,344	1,167	10,820	777
TOTAL NON-CURRENT LIABILITIES		415,678	-	363,168	-
Current provisions	13	1,119	-	2,537	-
Trade payables	14	183,192	152	191,037	398
Current financial liabilities	15	155,132	9,390	240,390	50,009
Current tax liabilities	16	11,201	-	12,104	-
Other current liabilities	17	52,296	-	51,802	-
TOTAL CURRENT LIABILITIES		402,940	-	497,870	-
TOTAL LIABILITIES		818,618	-	861,038	-
TOTAL EQUITY AND LIABILITIES		1,848,027	-	1,975,161	-



Income statement

pursuant to Consob resolution no. 15519 of 27 July 2006

(EUR'000)	Notes	2013		2012	
		Total	of which with related parties	Total	of which with related parties
REVENUE	19	988,614	8,456	976,193	9,106
Change in inventories		3,931	-	8,264	-
Increase for internal work		4,466	-	4,816	-
Other operating revenue	20	19,801	438	8,023	430
TOTAL OPERATING REVENUE		1,016,812	-	997,296	-
Raw materials costs	21	(434,972)	-	(455,708)	-
Personnel costs	22	(156,481)	-	(157,303)	-
Other operating costs	23	(255,639)	(1,994)	(246,231)	(1,966)
TOTAL OPERATING COSTS		(847,092)	-	(859,242)	-
EBITDA		169,720	-	138,054	-
Amortisation and depreciation	24	(86,202)	-	(85,182)	-
Provisions	24	(2,247)	-	(2,689)	-
Impairment losses	24	(4,587)	-	(1,953)	-
Total amortisation, depreciation, impairment losses and provisions		(93,036)	-	(89,824)	-
EBIT		76,684	-	48,230	-
Share of net profits of equity-accounted investees	25	2,242	-	2,144	-
Financial income	25	13,985	554	6,628	37
Financial expense	25	(19,310)	(1,862)	(29,932)	(2,346)
Foreign exchange rate gains (losses)	25	(10,447)	-	1,546	-
Net financial expense		(15,772)	-	(21,758)	-
NET FINANCIAL EXPENSE AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES		(13,530)	-	(19,614)	-
PROFIT BEFORE TAXES		63,154	-	28,616	-
Income taxes	26	(14,992)	-	(4,572)	-
PROFIT FROM CONTINUING OPERATIONS		48,162	-	24,044	-
PROFIT FOR THE YEAR		48,162	-	24,044	-
Attributable to:					
Non-controlling interests		8,038	-	7,582	-
Owners of the parent		40,124	-	16,462	-
(EUR)					
Basic earnings per share	27	0.252		0.103	
Diluted earnings per share	27	0.252		0.103	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Cementir Holding SpA (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 2013, 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 Srl - 47,860,813 shares (30.078%);
- 2) Lav 2004 Srl - 40,543,880 shares (25.480%);
- 3) Gamma Srl - 5,575,220 shares (3.504%);
- 4) Pantheon 2000 SpA - 4,466,928 shares (2.807%);
- 5) Chupas 2007 Srl - 4,150,000 shares (2.608%);
- 6) Francesco Caltagirone - 3,420,299 shares (2.149%).

The parent’s Board of Directors approved the draft consolidated financial statements of the Cementir Holding Group at 31 December 2013 on 7 March 2014 and authorised their publication.

Cementir Holding SpA is included in the consolidated financial statements of the Caltagirone Group. At the date of preparation of these consolidated financial statements, the ultimate parent is FGC SpA due to the shares held via its subsidiaries.

The consolidated financial statements at 31 December 2013 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, except for that reported in note 29.

Statement of compliance with the IFRS

The consolidated financial statements at 31 December 2013, 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. 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 2013 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 period;
- 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 general criteria adopted is the historical cost method, except for captions recognised and measured at fair value based on specific IFRS as described in the section on accounting policies.

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 2013 in accordance with the IFRS, as defined above.

Change in method used to calculate acquisition cost of raw materials, semi-finished products and finished goods

In order to provide adequate disclosure on the effects of the Group’s operations on its financial position, financial performance and cash flows, starting from 2013, the Group has adopted the weighted average cost method instead of the FIFO method adopted in drafting previous financial statements. Therefore, the Group retrospectively recalculated the captions effected by the change.



Given the immateriality of the accounting effects (as set out later), the Group did not restate the corresponding figures at 31 December 2012.

Effects of the change

(EUR'000)	2012 Published	Change	2012 Restated
Deferred tax assets	60,095	339	60,434
Inventories	151,721	(935)	150,786
TOTAL ASSETS	1,975,161	(596)	1,974,565
Other reserves	823,628	(672)	822,956
Profit attributable to the owners of the parent	16,462	(103)	16,359
Equity attributable to the owners of the parent	1,034,920	(775)	1,034,145
Profit attributable to non-controlling interests	7,582	29	7,611
Equity attributable to non-controlling interests	79,203	29	79,232
TOTAL EQUITY	1,114,123	(746)	1,113,377
Deferred tax liabilities	95,150	150	95,300
TOTAL EQUITY AND LIABILITIES	1,975,161	(596)	1,974,565
Change in inventories	8,264	233	8,497
Raw materials costs	(455,708)	(330)	(456,038)
EBITDA	138,054	(97)	137,957
EBIT	48,230	(97)	48,133
PROFIT BEFORE TAXES	28,616	(97)	28,519
Income taxes	(4,572)	23	(4,549)
PROFIT FOR THE YEAR	24,044	(74)	23,970

Standards and amendments to standards adopted by the Group

a) Starting from 1 January 2013, the Group has adopted the following new standards:

- Amendment to IAS 1 - Presentation of financial statements: as a result of the amendment, entities are required to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently.
- IAS 19 - Employee benefits: the amendment eliminates the corridor method option and requires that all actuarial gains and losses be recognised in other comprehensive income (already adopted by the Group in the preparation of previous financial statements). Furthermore, past service costs are to be recognised immediately.
- Amendment to IFRS 7 - Financial instruments - Disclosures - Offsetting financial assets and financial liabilities: as a result of the amendment, the standard requires disclosures about the effects or potential effects of offsetting financial assets and financial liabilities in the statement of financial position. This has no effect on the Group's consolidated financial statements.



- IFRS 13 - Fair value measurement: the new standard defines methods to measure the fair value of assets and liabilities where another standard requires or allows fair value measurement. Furthermore, IFRS 13 provides guidelines for the disclosure to be provided in the notes to the financial statements on assets and liabilities measured at fair value. For the Cementir Holding Group, the introduction of this standard mainly relates to measuring derivative instruments.
- Amendments to IAS 12 - Income taxes - Deferred tax: recovery of underlying assets: following the amendments, this standard provides that deferred tax related to intangible assets, property, plant and equipment and investment property measured at fair value shall be fully reversed upon sale, unless it is evident that they may be recovered with use. These amendments have no effect on the Group's consolidated financial statements.

b) Standards and interpretations of standards applicable for the years after 2013 and not adopted early by the Group:

- Amendments to IAS 32 - Financial instruments - Presentation - Offsetting financial assets and financial liabilities: the standard clarifies that assets and liabilities already recognised can only be offset when an entity has a legally enforceable right that is not contingent on a future event and is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all other counterparties.
- IFRS 10 - Consolidated financial statements: the scope of IFRS 10 is to provide a consolidation model that identifies control as the basis for consolidation for all types of entities. Specifically, the standard provides that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Therefore, an investor controls an investee if and only if the investor has all of the following: (i) power over the investee, (ii) exposure or rights to variable returns from involvement with the investee, (iii) the ability to use its power over the investee to affect the amount of the investor's returns. To sum up, IFRS 10 clarifies the concept of control and its application in circumstances of de facto control, potential voting rights and complex investment entities.
- IFRS 11 - Joint arrangements: this standard classifies joint arrangements into two types: (i) joint operations, whereby the parties have rights to the assets and obligations for the liabilities relating to the arrangement, (ii) joint ventures, whereby the parties have rights to the net assets of the arrangement, for example, legal entities. IFRS 11 requires a joint operator to recognise the revenues, expenses, assets and liabilities deriving from the arrangement (proportionate consolidation). In the case of joint venturers, on the other hand, the standard eliminates the option previously provided by IAS 31 to proportionately consolidate the arrangements. Therefore, they shall be recognised in the consolidated financial statements using the equity method in accordance with the provisions of IAS 28.



- IFRS 12 - Disclosures of interests in other entities: under this standard, an entity shall provide in its financial statements a list of information on interests held in other entities, including associates, joint ventures, special purpose entities and other unconsolidated structured entities.
- Revised IAS 27 - Separate financial statements: with the approval of IFRS 10, the application of IAS 27 was revised and limited to separate financial statements only.
- Revised IAS 28 - Investments in associates and joint ventures: together with the approval of the new standards IFRS 10, IFRS 11, IFRS 12 and IAS 27, IAS 28 was revised in order to implement the amendments introduced by such standards.
- Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets: such amendments relate to disclosure to be provided in the notes to the financial statements exclusively with reference to impaired non-financial assets (or where such impairment loss was eliminated), should the related recoverable amount be calculated at fair value less costs of disposal.
- Amendment to IAS 39 - Novation of derivatives and continuation of hedge accounting: the amendments to this standard add an exception to previous provisions related to the discontinuance of hedge accounting, in situations where a hedging derivative is novated by an original counterparty to a central counterparty, as a consequence of laws or regulations or the introduction of laws or regulations, so that hedge accounting can continue, despite the novation.

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 SpA, 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 and 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 and equity instruments issued. 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 and jointly controlled entities

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 a 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.

The estimated useful life of the main items of intangible assets with a finite useful life is as follows:

	Useful life of intangible assets with a finite useful life
- Development expenditure	5
- Concessions, licences and trademarks	4-18
- Other intangible assets	5-22

Intangible assets with an indefinite useful life are those assets for which, based on an analysis of all 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 a finite useful life. 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/extractible 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:

	Useful life of property, plant and equipment
Quarries	Extracted/extractible
Production plant	10-20 years
Other plant (not production):	
- Industrial buildings	18-20 years
- Light construction	10 years
- Generic or specific plant	8years
- Sundry equipment	4years
- 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.

Fair value is calculated on the basis of the following methods, depending on the type of investment:

- market value approach, based on an analysis of a sample of recent sales of similar properties located nearby. Such amount is then adjusted to account for the particular features of the building or land (level 2);
- projection of discounted cash flows based on reliable estimates of future cash flows supported by instalments of leases and/or other existing contracts (level 3).

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 an indefinite life 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 weighted average cost 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 12 months after 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 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 and there is no market price available for an identical asset, the fair value is determined using a valuation technique that maximises the use of input data observable on the market and minimises the use of non-observable parameters. Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. 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 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 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 liability 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 the IFRS 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.

The fair value of financial instruments was calculated using pricing techniques in order to define the present value of future cash flows attributable to such instruments using market curves in place at the measurement date. Furthermore, the component related to the risk of non-compliance (by the Group and the counterparty) was measured using the “spreaded curve” method.

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

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 employees¹ 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 benefits with its employees solely relates to those vested up to 31 December 2006.



The accounting treatment adopted by the Group¹ 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 2013 balance did not include future salary increases.

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 obligation² 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 roles 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.

¹ For the Italian companies.

² Discounting uses the curve of the IRS rates equal to the term of the relevant observation period (50 years).



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.

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 recognised in other comprehensive income. 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 functional currency of the individual group companies are recognised at the exchange rate applicable at the transaction date.

Monetary assets and liabilities in currencies other than the functional currency 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.

The main exchange rates used in translating the financial statements of companies with functional currencies other than the Euro are as follows:

	31 December 2013	Average 2013	31 December 2012	Average 2012
Turkish lira – TRY	2.96	2.53	2.36	2.31
US dollar – USD	1.38	1.33	1.32	1.28
Egyptian pound – EGP	9.58	9.13	8.39	7.80
Danish krone – DKK	7.46	7.46	7.46	7.44
Icelandic krona – ISK	158.52	162.30	169.80	160.93
Norwegian krone – NOK	8.42	7.80	7.34	7.47
Swedish krona – SEK	8.93	8.65	8.56	8.70
Malaysian ringgit - MYR	4.54	4.18	4.04	3.97
Chinese renminbi - CNY	8.36	8.16	8.22	8.10

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, 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 Group's consolidated financial statements are the following:

- *Intangible assets with an 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 calculation of the



recoverable amount of the CGUs to which goodwill is allocated by estimating the related value of use or fair value less costs to sell; 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 a finite life 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 life, 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. Therefore, the maximum exposure to credit risk is the equivalent of the carrying amount.

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 commodity 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. 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.

Commodity 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 the year:

(EUR'000)	Denmark	Turkey	Italy	Other Scandinavian countries	Egypt	Far East	Rest of the world	Unallocated items and adjustments	Cementir Holding Group
Operating revenue	292,856	272,334	128,067	211,811	53,508	68,636	41,511	(51,911)	1,016,812
<i>Intra-segment operating revenue</i>	(35,145)	-	(12,362)	(3,553)	(307)	-	(544)	51,911	-
<i>Contributed operating revenue</i>	257,711	272,334	115,705	208,258	53,201	68,636	40,967	-	1,016,812
Segment result (EBITDA)	63,372	55,183	(6,798)³	22,974	15,231	18,310	1,448	-	169,720
Amortisation and depreciation, impairment losses and provisions	(24,999)	(22,764)	(26,733)	(7,400)	(3,985)	(4,612)	(2,543)	-	(93,036)
EBIT	38,373	32,419	(33,531)	15,574	11,246	13,698	(1,095)	-	76,684
Net profit of equity-accounted investees	-	-	-	493	-	-	1,749	-	2,242
Net financial expense	-	-	-	-	-	-	-	(15,772)	(15,772)
Profit before taxes	-	-	-	-	-	-	-	-	63,154
Income taxes	-	-	-	-	-	-	-	(14,992)	(14,992)
Profit for the year	-	-	-	-	-	-	-	-	48,162

³ EBITDA of the Italian segment includes EBITDA of Cementir Holding SpA of EUR 0.9 million.



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	(5,647)⁴	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 before taxes	-	-	-	-	-	-	-	-	28,616
Income taxes	-	-	-	-	-	-	-	(4,572)	(4,572)
Profit for the year	-	-	-	-	-	-	-	-	24,044

The next table shows the other geographical segment data at 31 December 2013:

(EUR'000)	Segment assets	Segment liabilities	⁵ Investments in property, plant and equipment and intangible assets	Equity-accounted investments
Denmark	481,798	284,501	18,168	-
Turkey	531,073	119,548	33,957	-
Italy	415,588	277,178	10,668	-
Other Scandinavian countries	121,360	55,725	7,561	1,440
Egypt	114,793	27,051	33	-
Far East	127,252	41,013	5,133	-
Rest of the world	56,163	13,602	6,213	15,800
Total	1,848,027	818,618	81,733	17,240

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

(EUR'000)	Segment assets	Segment liabilities	⁵ 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	16,917

⁴ EBITDA of the Italian segment includes EBITDA of Cementir Holding SpA of EUR -1.97 million.

⁵ Investments made in the year.



The next table shows revenue with third party customers by geographical segment for 2013:

(EUR'000)	Denmark	Italy	Other Scandinavian countries	Turkey	Egypt	Far East	Rest of the world	Total
Revenue by customer geographical location	203,754	105,194	212,913	245,717	24,000	73,145	123,891	988,614

The next 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



Notes to the consolidated financial statements

1) Intangible assets

Intangible assets of EUR 443,253 thousand (31 December 2012: EUR 486,352 thousand) include those with a finite useful life of EUR 40,094 thousand (31 December 2012: EUR 44,738 thousand) and those with an indefinite useful life of EUR 403,159 thousand (31 December 2012: EUR 441,614 thousand).

Intangible assets with a finite useful life

At 31 December 2013, intangible assets with a finite useful life amount to EUR 40,094 thousand (31 December 2012: EUR 44,738 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 life.

(EUR'000)	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and payments	Total
Gross amount at 1 January 2013	1,616	29,870	37,339	1,236	70,061
Increase	181	1,175	473	271	2,100
Decrease	(139)	(3,946)	-	-	(4,085)
Change in consolidation scope	-	-	-	-	-
Translation differences	(43)	(923)	(3,175)	(50)	(4,191)
Reclassifications	-	311	1,444	(1,085)	670
Gross amount at 31 December 2013	1,615	26,487	36,081	372	64,555
Amortisation at 1 January 2013	1,018	13,524	10,781	-	25,323
Amortisation	239	1,015	3,052	-	4,306
Decrease	(139)	(3,945)	-	-	(4,084)
Change in consolidation scope	-	-	-	-	-
Translation differences	(14)	(149)	(869)	-	(1,032)
Reclassifications	-	-	(52)	-	(52)
Amortisation at 31 December 2013	1,104	10,445	12,912	-	24,461
Carrying amount at 31 December 2013	511	16,042	23,169	372	40,094

The Group incurred research and development expenditure of approximately EUR 1.6 million during the year (2012: EUR 1.7 million) which it expensed.



(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

Intangible assets with an indefinite useful life

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

At 31 December 2013, the caption amounts to EUR 403,159 thousand (31 December 2012: EUR 441,614 thousand). The following table shows the CGUs by macro geographical segment.

(EUR'000)	31.12.2013				31.12.2012			
	Turkey	Denmark	Italy	Total	Turkey	Denmark	Italy	Total
Opening balance	162,920	273,516	5,178	441,614	154,109	271,938	5,178	431,225
Increase	-	-	-	-	-	-	-	-
Decrease	-	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	3,352	-	-	3,352
Translation differences	(32,546)	(5,441)	-	(37,987)	5,459	1,578	-	7,037
Reclassifications	(468)	-	-	(468)	-	-	-	-
Closing balance	129,906	268,075	5,178	403,159	162,920	273,516	5,178	441,614

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 and 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. Furthermore, the goodwill related to the Italian CGU refers to the subsidiary Betontir. Though no specific goodwill is allocated to the subsidiary Cementir Italia, following the persisting difficulties of the reference market, the Group checked the recoverability of its net capital employed.

The Group tested 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 three/five year plans prepared by the directors of each CGU. The cash flow projections were estimated using the budget for 2014 (approved by the Boards of Directors of the related subsidiaries) and subsequent two/four years prepared by Group management. Such projections are also reflected in the Group’s 2014-2016 three-year business plan examined and approved by the Board of Directors of Cementir Holding SpA on 17 December 2013. 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:

Values in %	31.12.2013			31.12.2012		
	Turkey	Denmark	Italy	Turkey	Denmark	Italy
Growth rate of terminal values	4%	2%	2%	4%	2%	2%
Discount rate	12%	5%	7.5%	11%	5%	7%

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 (+/-0,5%) would not give rise to an impairment loss on the intangible assets with indefinite useful lives.

The above tests did not give rise to a decrease in equity at 31 December 2013 or the profit for the year then ended.



The Group considered the expected 2014 performance when carrying out the impairment tests. It made specific forecasts about its business performance for the 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 2013, property, plant and equipment amount to EUR 762,098 thousand (31 December 2012: EUR 831,701 thousand). The additional disclosures required for each category of property, plant and equipment are set out below:

(EUR'000)	Land and buildings	Quarries	Plant and machinery	Other	Assets under construction and payments on account	Total
Gross amount at 1 January 2013	437,381	43,701	1,280,260	87,581	83,497	1,932,420
Increase	2,836	682	21,835	1,633	52,647	79,633
Decrease	(3,826)	(471)	(20,853)	(3,396)	(386)	(28,932)
Change in consolidation scope	-	76	170	-	(243)	3
Translation differences	(32,959)	(2,221)	(94,969)	(6,956)	(7,342)	(144,447)
Reclassifications	8,682	2,502	58,248	4,061	(72,965)	528
Gross amount at 31 December 2013	412,114	44,269	1,244,691	82,923	55,208	1,839,205
Depreciation at 1 January 2013	211,681	11,927	818,117	58,994	-	1,100,719
Depreciation	12,463	2,715	60,328	6,390	-	81,896
Decrease	(3,824)	(322)	(20,062)	(3,119)	-	(27,327)
Change in consolidation scope	-	-	-	-	-	-
Translation differences	(12,656)	(754)	(59,909)	(4,902)	-	(78,221)
Reclassifications	-	-	(11)	51	-	40
Depreciation at 31 December 2013	207,664	13,566	798,463	57,414	-	1,077,107
Carrying amount at 31 December 2013	204,450	30,703	446,228	25,509	55,208	762,098



(EUR'000)	Land and buildings	Quarries	Plant and machinery	Other	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

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

At 31 December 2013, EUR 111.3 million of the carrying amount of property, plant and equipment (31 December 2012: EUR 2.5 million) has been pledged to guarantee bank financing with a residual amount of EUR 143.4 million at the reporting date (31 December 2012: EUR 0.2 million).

Contractual commitments in place at 31 December 2013 to purchase property, plant and machinery amount to EUR 11 million (31 December 2012: EUR 3.3 million). The Group did not capitalise borrowing costs in 2013 or in 2012.

3) Investment property

Investment property of EUR 98,952 thousand is recognised at fair value, determined using appraisals prepared by independent experts on an annual basis.

(EUR'000)	31.12.2013			31.12.2012		
	Land	Buildings	Total	Land	Buildings	Total
Opening balance	74,284	30,218	104,502	63,682	30,058	93,740
Increase	-	-	-	-	-	-
Decrease	(1,480)	-	(1,480)	-	-	-
Fair value gains	12,525	382	12,907	8,605	-	8,605
Translation differences	(15,981)	(996)	(16,977)	1,997	160	2,157
Reclassifications	-	-	-	-	-	-
Closing balance	69,348	29,604	98,952	74,284	30,218	104,502



At 31 December 2013, EUR 20 million of investment property has been pledged to guarantee bank financing with a residual amount, gross of discounting, of roughly EUR 10.4 million at the reporting date.

Fair value gains, amounting to EUR 12.9 million, relate to gains on land and buildings of the Cimentas Group recognised in profit or loss (note 20).

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	
	31.12.2013	31.12.2012	2013	2012
Lehigh White Cement Company <i>Joint Venture</i>	11,791	11,279	2,170	2,002
Secil Unicon SGPS Lda	-	-	(224)	(187)
Sola Betong AS	1,440	1,443	493	222
ECOL Unicon Spzoo	4,009	4,195	205	657
EPI UK R&D	-	-	(402)	(550)
Equity-accounted investments	17,240	16,917	2,242	2,144

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 %
31.12.2013							
Lehigh White Cement Company <i>Joint Venture</i>	USD	Allentown (USA)	52,779	11,936	76,113	8,858	24.5%
Secil Unicon SGPS Lda	EUR	Lisbon (Portugal)	11,745	15,231	1,125	(520)	50%
Sola Betong AS	NOK	Risvika (Norway)	6,603	3,487	9,004	1,477	33.3%
ECOL Unicon Spzoo	PLN	Gdansk (Poland)	11,566	3,385	24,422	418	49%
EPI UK R&D	GBP	Trowbridge (United Kingdom)	1,101	3,438	-	(803)	50%
Total			83,794	37,477	110,664	9,430	



(EUR'000)

	Currency	Registered office	Assets	Liabilities	Revenue	Profit (loss) for the year	Investment %
31.12.2012							
Lehigh White Cement Company <i>Joint Venture</i>	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 (United Kingdom)	1,125	2,678	191	(1,100)	50%
TOTAL			86,991	39,818	115,332	7,112	

No indicators of impairment were identified for these investments.

5) Available-for-sale equity investments

(EUR'000)

	31.12.2013	31.12.2012
Available-for-sale equity investments opening balance	8,231	8,148
Increase	12	487
Decrease	(11,622)	-
Fair value gains (losses)	3,567	(406)
Change in consolidation scope	143	-
Translation differences	(121)	2
Available-for-sale equity investments closing balance	210	8,231

The decrease and fair value gains refer to the sale of 1,897,000 shares of Italcementi SpA during the year, thus eliminating the parent's investment therein at 31 December 2013.

6) Inventories

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

(EUR'000)

	31.12.2013	31.12.2012
Raw materials, consumables and supplies	73,034	85,599
Work in progress	35,654	34,329
Finished goods	29,051	31,150
Payments on account	1,863	643
Inventories	139,602	151,721



7) Trade receivables

Trade receivables of EUR 184,204 thousand (31 December 2012: EUR 200,568 thousand) include:

(EUR'000)	31.12.2013	31.12.2012
Trade receivables	190,394	204,763
Allowance for impairment	(12,886)	(9,693)
Net trade receivables	177,508	195,070
Advances to suppliers	735	889
Trade receivables - related parties (note 32)	5,961	4,609
Trade receivables	184,204	200,568

The carrying amount of trade receivables equals 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)	31.12.2013	31.12.2012
Not yet due	133,070	145,509
Overdue:	57,324	59,254
0-30 days	12,852	16,207
30-60 days	5,255	10,077
60-90 days	4,208	6,004
More than 90 days	35,009	26,966
Total trade receivables	190,394	204,763
Allowance for impairment	(12,886)	(9,693)
Net trade receivables	177,508	195,070

8) Current financial assets

(EUR'000)	31.12.2013	31.12.2012
Fair value of derivatives	75	-
Accrued income	668	922
Prepayments	38	74
Loan assets - related parties (note 32)	2,750	2,365
Other loan assets	129	-
Current financial assets	3,660	3,361



9) Other current and non-current assets

Other non-current assets of EUR 8,541 thousand (31 December 2012: EUR 7,834 thousand) mainly refer to VAT assets and deposits.

Other current assets of EUR 12,390 thousand (31 December 2012: EUR 13,541 thousand) comprise non-commercial items. They may be analysed as follows:

(EUR'000)	31.12.2013	31.12.2012
VAT assets	570	2,340
Personnel	238	269
Accrued income	1,743	201
Prepayments	2,592	4,204
Other assets	7,247	6,527
Other current assets	12,390	13,541

10) Cash and cash equivalents

This caption of EUR 110,726 thousand (31 December 2012: EUR 84,251 thousand) comprises the Group's temporary liquidity which is usually invested in short-term financial transactions. It may be analysed as follows:

(EUR'000)	31.12.2013	31.12.2012
Bank and postal deposits	108,097	81,402
Bank deposits - related parties (note 32)	2,298	2,456
Cash-in-hand and cash equivalents	331	393
Cash and cash equivalents	110,726	84,251

11) Equity

Equity attributable to the owners of the parent

Equity attributable to the owners of the parent amounts to EUR 954,425 thousand at the reporting date (31 December 2012: EUR 1,034,920 thousand). The profit for the year attributable to the owners of the parent comes to EUR 40,124 thousand (2012: EUR 16,462 thousand).

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 2012.

Translation reserve

At 31 December 2013, the translation reserve has a negative balance of EUR 280,062 thousand (31 December 2012: negative balance of EUR 161,886 thousand) as follows:

(EUR'000)	31.12.2013	31.12.2012	Variation
Turkey (Turkish lira – TRY)	(267,050)	(166,401)	(100,649)
USA (US dollar – USD)	(4,117)	(2,960)	(1,157)
Egypt (Egyptian pound – EGP)	(11,591)	(4,438)	(7,153)
Iceland (Icelandic krona – ISK)	(3,027)	(3,188)	161
Norway (Norwegian krone – NOK)	(516)	5,794	(6,310)
Sweden (Swedish krona – SEK)	172	654	(482)
Other countries	6,067	8,653	(2,586)
Total translation reserve	(280,062)	(161,886)	(118,176)



Other reserves

At 31 December 2013, other reserves amount to EUR 967,708 thousand (31 December 2012: EUR 953,689 thousand). They mostly consist of retained earnings of EUR 698,581 thousand (31 December 2012: 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 (in line with 31 December 2012).

Equity attributable to non-controlling interests

Equity attributable to non-controlling interests amounts to EUR 74,984 thousand at the reporting date (31 December 2012: EUR 79,203 thousand). The profit for the year attributable to non-controlling interests comes to EUR 8,038 thousand (2012: EUR 7,582 thousand).

Share-based plans (stock options)

The exercise period for the stock options provided for in the plan introduced in 2008 for directors with special roles and key management personnel of the parent and/or its subsidiaries lapsed on 11 February 2013.

12) Employee benefits

The Group has employee benefits and Italian post-employment benefits. 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:

Value in %	31.12.2013	31.12.2012
Annual discount rate	3.10%-4.1%-5%	3.30%-3%-3.2%
Expected return on plan assets	4%	4%-5%
Annual salary growth rate	3%-4%	3%-4%
Annual post-employment benefits growth rate	3.15%	3.15%

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

(EUR'000)	31.12.2013	31.12.2012
Nominal amount of post-employment benefits	23,287	25,992
Adjustment for discounting	(7,027)	(8,450)
Employee benefits	16,260	17,542



Changes in the liability are as follows:

(EUR'000)	31.12.2013	31.12.2012
Net opening balance	17,542	17,344
Current service cost	1,357	1,382
Financial expense	743	743
Net actuarial gains recognised in the year	2,031	1,220
Change in consolidation scope	-	-
Translation differences	(1,685)	442
Other changes	(10)	(402)
(Benefits paid)	(3,718)	(3,187)
Net closing balance	16. 260	17,542

13) Provisions

The non-current and current provisions amount to EUR 21,965 thousand (31 December 2012: EUR 19,405 thousand) and EUR 1,119 thousand (31 December 2012: EUR 2,537 thousand), respectively:

(EUR'000)	Quarry restructuring provision	Legal litigation provision	Other provisions	Total provisions
Balance at 1 January 2013	15,888	1,194	4,860	21,942
Accruals	169	453	1,625	2,247
Utilisations	(422)	(780)	(1,216)	(2,418)
Decrease	(78)	-	(302)	(380)
Change in consolidation scope	-	-	-	-
Translation differences	(1,841)	(26)	(196)	(2,064)
Reclassifications	-	-	-	-
Other changes	3,756	-	-	3,756
Balance at 31 December 2013	17,472	841	4,771	23,084
including:				
Non-current portion	17,472	481	4,012	21,965
Current portion	-	360	759	1,119

(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



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 consist of environmental provisions (approximately EUR 1.2 million) and the provision for redundancy risks (roughly EUR 1.9 million).

14) Trade payables

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

(EUR'000)		31.12.2013	31.12.2012
Suppliers		177,621	187,823
Related parties	(note 32)	152	398
Payments on account		5,419	2,816
Trade payables		183,192	191,037

15) Financial liabilities

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

(EUR'000)		31.12.2013	31.12.2012
Bank loans and borrowings		284,135	212,503
Non-current loan liabilities - related parties	(note 32)	-	7,748
Non-current financial liabilities		284,135	220,251
Bank loans and borrowings		18,941	107,590
Current portion of non-current financial liabilities		112,215	61,729
Current loan liabilities - related parties	(note 32)	9,390	50,009
Other loan liabilities		1,574	1,648
Fair value of derivatives		13,012	19,414
Current financial liabilities		155,132	240,390
Total financial liabilities		439,267	460,641

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

The Danish subsidiary Aalborg Portland A/S received a 15-year loan of EUR 150 million from a leading Scandinavian bank, lengthening the average due date of financial liabilities.

The negative fair value of derivatives of approximately EUR 13 million (31 December 2012: EUR 19.4 million) relates to the fair value measurement of derivatives agreed to hedge interest rate, commodity price and currency risks with due dates in the period from January 2014 to August 2021.

Roughly 71.4% 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)	31.12.2013	31.12.2012
Within three months	51,990	141,618
Between three months and one year	103,142	98,772
Between one and two years	43,720	55,027
Between two and five years	107,724	96,631
After five years	132,691	68,593
Total financial liabilities	439,267	460,641

(EUR'000)	31.12.2013	31.12.2012
Floating rate	409,135	458,319
Fixed rate	30,132	2,322
Financial liabilities	439,267	460,641

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)	31.12.2013	31.12.2012
A. Cash	331	392
B. Other cash equivalents	110,395	83,859
C. Securities held for trading	-	-
D. Cash and cash equivalents	110,726	84,251
E. Current loan assets	3,659	3,361
F. Current bank loans and borrowings	(20,553)	(119,274)
G. Current portion of non-current debt	(110,856)	(100,054)
H. Other current loan liabilities	(23,723)	(21,062)
I. Current financial debt (F+G+H)	(155,132)	(240,390)
J. Net current financial debt (I-E-D)	(40,747)	(152,778)
K. Non-current bank loans and borrowings	(284,135)	(220,251)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	(284,135)	(220,251)
O. Net financial debt (J+N)	(324,882)	(373,029)

Financial debt with related parties includes credit positions of EUR 2.3 million (31 December 2012: EUR 2.5 million) and debit positions of EUR 9.4 million (31 December 2012: EUR 57.8 million).



16) Current tax assets and liabilities

Current tax assets of EUR 5,972 thousand (31 December 2012: EUR 5,146 thousand) mainly refer to IRES and IRAP payments on account to the tax authorities (roughly EUR 2.9 million) and IRES reimbursements requested for the non-deductibility of IRAP in previous years (approximately EUR 1 million).

Current tax liabilities amount to EUR 11,201 thousand (31 December 2012: EUR 12,104 thousand) and relate to the income tax payable, net of payments on account made.

17) Other non-current and current liabilities

Other non-current liabilities of EUR 10,344 thousand (31 December 2012: EUR 10,820 thousand) include deferred income of roughly EUR 8.2 million (31 December 2012: EUR 9 million) related to future benefits from a business agreement which started to accrue from 1 January 2013, of which EUR 3.3 million within the next five years and EUR 4.9 million (31 December 2012: EUR 5.7 million) after five years.

Other current liabilities of EUR 52,296 thousand (31 December 2012: EUR 51,802 thousand) are as follows:

(EUR'000)	31.12.2013	31.12.2012
Personnel	17,655	15,808
Social security institutions	3,461	3,737
Deferred income	873	1,281
Accrued expenses	6,340	6,220
Other sundry liabilities	23,967	24,756
Other current liabilities	52,296	51,802

Deferred income relates to the future benefits of the above-mentioned business agreement (roughly EUR 0.8 million; in line with 31 December 2012).

Other sundry liabilities principally consist of tax liabilities for employee withholdings, VAT liabilities and liabilities for unpaid dividends.



18) Deferred tax assets and liabilities

Deferred tax liabilities of EUR 82,974 thousand (31 December 2012: EUR 95,150 thousand) and deferred tax assets of EUR 60,339 thousand (31 December 2012: EUR 60,095 thousand) comprise:

(EUR'000)	Balance at 1 January 2013	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2013
Fiscally-driven depreciation of property, plant and equipment	50,038	(2,748)	(10,839)	36,451
Fiscally-driven amortisation of intangible assets	14,085	(568)	5,498	19,015
Revaluation of plant	13,662	(322)	(740)	12,600
Other	17,365	(113)	(2,344)	14,908
Deferred tax liabilities	95,150	(3,751)	(8,425)	82,974
Tax losses carried forward	43,814	2,068	(1,413)	44,469
Provisions for risks and charges	5,526	2,064	(366)	7,224
Other	10,755	(1,246)	(863)	8,646
Deferred tax assets	60,095	2,886	(2,642)	60,339

(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

The accrual, net of utilisation in profit or loss also includes the deferred tax effect that arose on the acquisition of EUR 1.6 million.



19) Revenue

(EUR'000)		2013	2012
Product sales		944,782	931,552
Product sales - related parties	(note 32)	8,456	9,106
Services		35,376	35,535
Revenue		988,614	976,193

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 give accounts of this trend.

20) Other operating revenue

(EUR'000)		2013	2012
Rent, lease and hires		1,557	1,532
Rent, lease and hires - related parties	(note 32)	438	430
Gains		1,383	1,111
Release of provision for risks		419	1,196
Revaluation of investment property		12,908	-
Other revenue and income		3,096	3,754
Other operating revenue		19,801	8,023

21) Raw materials costs

(EUR'000)		2013	2012
Raw materials and semi-finished products		201,352	197,744
Fuel		99,874	113,601
Electrical energy		92,109	99,444
Other materials		36,350	43,779
Change in raw materials, consumables and goods		5,287	1,140
Raw materials costs		434,972	455,708

The drop in raw materials costs is due to a vigilant centralised procurement policy and greater plant production efficiency. These offset the rise in fuel and electrical energy unit prices.

22) Personnel costs

(EUR'000)		2013	2012
Wages and salaries		125,174	125,630
Social security charges		21,683	19,717
Other costs		9,624	11,956
Personnel costs		156,481	157,303



The Group's workforce comprises:

	31.12.2013	31.12.2012	2013 average	2012 average
Executives	62	62	63	64
Middle management, white collars and intermediates	1,508	1,572	1,514	1,559
Blue collars	1,600	1,677	1,656	1,660
Total	3,170	3,311	3,233	3,283

At 31 December 2013, employees with the parent and the Italian subsidiaries numbered 520 (31 December 2012: 576); those of the Cimentas Group numbered 1,129 (31 December 2012: 1,204), those of the Aalborg Portland Group numbered 852 (31 December 2012: 850) and those of the Unicon Group numbered 669 (31 December 2012: 681).

23) Other operating costs

(EUR'000)		2013	2012
Transport		110,514	109,308
Services and maintenance		64,506	64,113
Consultancy		7,599	10,194
Insurance		4,235	4,791
Other services - related parties	(note 32)	515	516
Rent, lease and hires		17,625	19,483
Rent, lease and hires - related parties	(note 32)	1,479	1,450
Other operating costs		49,166	36,376
Other operating costs		255,639	246,231

24) Amortisation, depreciation, impairment losses and provisions

(EUR'000)		2013	2012
Amortisation		4,306	4,717
Depreciation		81,896	80,465
Provisions		2,247	2,689
Impairment losses		4,587	1,953
Amortisation, depreciation, impairment losses and provisions		93,036	89,824

The impairment losses refer to trade receivables.



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

The negative balance for 2013 of EUR 13,530 thousand (2012: negative EUR 19,614 thousand) relates to the share of net profits of equity-accounted investees and net financial expense as follows:

(EUR'000)		2013	2012
Share of profits of equity-accounted investees		2,868	2,881
Share of losses of equity-accounted investees		(626)	(737)
Share of net profits of equity-accounted investees		2,242	2,144
Interest and financial income		3,265	4,349
Interest and financial income - related parties	(note 32)	554	37
Grants related to interest		1,439	1,903
Financial income on derivatives		8,727	339
<i>Total financial income</i>		<i>13,985</i>	<i>6,628</i>
Interest expense		(13,249)	(12,981)
Other financial expense		(2,284)	(2,477)
Interest and financial expense - related parties	(note 32)	(1,862)	(2,346)
Losses on derivatives		(1,915)	(12,128)
<i>Total financial expense</i>		<i>(19,310)</i>	<i>(29,932)</i>
Exchange rate gains		8,345	12,758
Exchange rate losses		(18,792)	(11,212)
<i>Net exchange rate gains (losses)</i>		<i>(10,447)</i>	<i>1,546</i>
Net financial expense		(15,772)	(21,758)
Net financial expense and share of net profits of equity-accounted investees		(13,530)	(19,614)

Financial income on derivatives of approximately EUR 8.7 million (2012: approximately EUR 0.3 million) mainly relates to the fair value gains on derivatives, agreed to hedge currency, interest rate and commodity price risks, thanks to the more stable financial markets. EUR 7.5 million are unrealised gains recognised as a result of the mark to market measurement of the derivatives.

26) Income taxes

(EUR'000)		2013	2012
Current taxes		21,629	20,244
Deferred taxes		(6,637)	(15,672)
Income taxes		14,992	4,572



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

(EUR'000)	2013	2012
Theoretical tax expense	13,683	5,540
Taxable permanent differences	2,751	1,498
Deductible permanent differences	(373)	(566)
Tax consolidation scheme	413	(933)
Other changes	(1,868)	(1,206)
Effective IRAP tax expense	386	239
Income taxes	14,992	4,572

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 in the year.

(EUR)	2013	2012
Profit for the year attributable to the owners of the parent (EUR '000)	40,124	16,462
Weighted average number of outstanding ordinary shares ('000)	159,120	159,120
Basic earnings per share	0.252	0.103

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 and excluding the related tax effect:

(EUR'000)	2013			2012		
	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	(2,031)	715	(1,316)	(1,220)	64	(1,156)
Foreign currency translation differences - foreign operations	(128,584)	-	(128,584)	14,555	-	14,555
Financial instruments	3,567	(78)	3,489	(406)	(294)	(700)
Total other comprehensive income (expense)	(127,048)	637	(126,411)	21,534	(660)	20,874



29) Company acquisitions and sales

2013 acquisitions

The Group neither acquired nor sold companies during the year.

2012 acquisitions

The Group acquired the NWM Holdings Limited (NWMH) Group on 4 July 2012 through the Turkish subsidiary Recydia AS, 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 an indefinite useful life	(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 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



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 ringgit (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 60.3 million or roughly 5.9% in consolidated equity at 31 December 2013 (31 December 2012: decrease of EUR 64.7 million or roughly 5.8%). Other currency risks arising on the consolidation of other foreign companies are negligible.

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 11.4 million (2012: EUR 8.5 million).

At 31 December 2013, 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 exchange 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 million (31 December 2012: approximately EUR 1.8 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 324.9 million at the reporting date (31 December 2012: EUR 373.0 million). 91% of the interest rates are floating rates, with the remaining 9% fixed rates.

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 profit before taxes of EUR 3.3 million (2012: EUR 3.6 million) and on equity of EUR 2.4 million (31 December 2012: EUR 2.7 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

IFRS 13 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.
- 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.
- 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 2013 (EUR'000)	Note	Level 1	Level 2	Level 3	Total
Investment property	3	-	69,827	29,125	98,952
Available-for-sale equity investments	5	-	-	-	-
Current financial assets (derivative instruments)	8	-	75	-	75
Total assets		-	69,902	29,125	99,027
Current financial liabilities (derivative instruments)	15	-	(13,012)	-	(13,012)
Total liabilities		-	(13,012)	-	(13,012)

31 December 2012 (EUR'000)	Note	Level 1	Level 2	Level 3	Total
Investment property	3	-	75,377	29,125	104,502
Available-for-sale equity investments	5	8,044	-	-	8,044
Current financial assets (derivative instruments)	8	-	-	-	-
Total assets		8,044	75,377	29,125	112,546
Current financial liabilities (derivative instruments)	15	-	(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.



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 tables show the related party transactions:

31 December 2013 (EUR'000)	Ultimate parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statements caption	% of caption
Statement of financial position							
Current financial assets	-	2,750	-	-	2,750	3,660	75.1%
Trade receivables	-	3,009	2,952	-	5,961	184,204	3.2%
Cash and cash equivalents	-	-	-	2,298	2,298	110,726	2.1%
Trade payables	-	-	152	-	152	183,192	0.1%
Other non-current liabilities	-	1,167	-	-	1,167	10,344	11.3%
Non-current financial liabilities	-	-	-	-	-	-	-
Current financial liabilities	-	-	-	9,390	9,390	155,132	6.1%
Income statement							
Revenue	-	8,005	451	-	8,456	988,614	0.9%
Other operating revenue	-	-	438	-	438	19,801	2.2%
Other operating costs	450	-	1,544	-	1,994	255,639	0.8%
Financial income	-	196	107	251	554	13,985	4.0%
Financial expense	530	-	-	1,332	1,862	19,310	9.6%



31 December 2012 (EUR'000)	Ultimate parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statements caption	% of caption
Statement of financial position							
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%

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 companies under common control include the long-term sale of cement to Caltagirone Group companies. Specifically, in 2013, the Group sold 5,724 tons of cement at market conditions to Vianini Industria (2012: 5,801 tons). Revenue and costs arising on trading transactions with the ultimate parent and the companies under common control include various services, such as leases.

There are no non-current financial liabilities. At 31 December 2012, such caption related to Unicredit Banca's roughly EUR 7.7 million floating rate loan due in 2014.

Current financial liabilities relate to Unicredit Banca for the repayments due in 2014. At 31 December 2012, the balance mainly related 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.

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

2013 fees paid by the parent and its subsidiaries to the independent auditors and their network totalled approximately EUR 953 thousand (2012: EUR 812 thousand), including EUR 703 thousand (2012: EUR 496 thousand) for the audit and EUR 250 thousand (2012: EUR 316 thousand) for other services.



ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013



Annex 1

List of consolidated companies at 31 December 2013:

Name	Registered office	Reporting date
Cementir Holding SpA - <i>Parent</i>	Rome (Italy)	31/12/2013
Aalborg Cement Company Inc	Dover (USA)	31/12/2013
Aalborg Portland A/S	Aalborg (Denmark)	31/12/2013
Aalborg Portland Islandi EHF	Kopavogur (Iceland)	31/12/2013
Aalborg Portland Polska Spzoo	Warsaw (Poland)	31/12/2013
Aalborg Portland US Inc	Dover (USA)	31/12/2013
Aalborg Resources Sdn Bhd	Perak (Malaysia)	31/12/2013
Aalborg Portland (Anqing) Co Ltd	Anqing (China)	31/12/2013
Aalborg Portland Malaysia Sdn Bhd	Perak (Malaysia)	31/12/2013
Aalborg Portland (Australia) Pty Ltd	Sydney (Australia)	31/12/2013
Aalborg White Italia Srl ^A	Rome (Italy)	31/12/2013
Aalborg Portland OOO	St. Petersburg (Russia)	31/12/2013
AB Sydsten	Malmö (Sweden)	31/12/2013
AGAB Syd Aktiebolag	Malmö (Sweden)	31/12/2013
Alfacem Srl	Rome (Italy)	31/12/2013
Bakircay AS	Izmir (Turkey)	31/12/2013
Betontir SpA	Rome (Italy)	31/12/2013
Cementir Espana SL	Madrid (Spain)	31/12/2013
Cementir Italia SpA	Rome (Italy)	31/12/2013
Cimbeton AS	Izmir (Turkey)	31/12/2013
Cimentas AS	Izmir (Turkey)	31/12/2013
Destek AS	Izmir (Turkey)	31/12/2013
Elazig Cimento AS	Elazig (Turkey)	31/12/2013
Everts Betongpump & Entreprenad AB	Halmstad (Sweden)	31/12/2013
Gaetano Cacciatore LLC	Somerville N.J. (USA)	31/12/2013
Globocem SL	Madrid (Spain)	31/12/2013
Hereko Instabul 1 AŞ	Izmir (Turkey)	31/12/2013
Ilion Cimento Ltd	Soma (Turkey)	31/12/2013

^A Company in liquidation



Annex 1 (continued)

Name	Registered office	Reporting date
Kars Cimento AS	Kars (Turkey)	31/12/2013
Kudsk & Dahl A/S	Vojens (Denmark)	31/12/2013
Neales Waste management Ltd	Lancashire (UK)	31/12/2013
NWM Holdings Ltd	Lancashire (UK)	31/12/2013
Quercia Ltd	Lancashire (UK)	31/12/2013
Recydia AS	Izmir (Turkey)	31/12/2013
Sinai White Portland Cement Co. SAE	Cairo (Egypt)	31/12/2013
Skane Grus AB	Malmö (Sweden)	31/12/2013
Spring Rain Investments SL	Madrid (Spain)	31/12/2013
Sureko AS	Izmir (Turkey)	31/12/2013
Unicon A/S	Copenhagen (Denmark)	31/12/2013
Unicon AS	Sandvika (Norway)	31/12/2013
Vianini Pipe Inc	Somerville (USA)	31/12/2013
Yapitek AS ^B	Izmir (Turkey)	31/12/2013

List of equity-accounted investees at 31 December 2013:

Name	Registered office	Reporting date
ECOL Unicon Spzoo	Gdansk (Poland)	31/12/2013
Environmental Power International (UK R&D) Ltd	Trowbridge (UK)	31/12/2013
Lehigh White Cement Company - J.V.	Allentown (USA)	31/12/2013
Secil Prebetão SA	Montijo (Portugal)	31/12/2013
Secil Unicon SGPS Lda	Lisbon (Portugal)	31/12/2013
Sola Betong AS	Risvika (Norway)	31/12/2013

^B Company consolidated up to 31 September 2013



Annex 2

List of significant investments at 31 December 2013 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 capital	Currency	Type of investment		Investment held by % group company
				% Direct	% Indirect	
Cementir Holding SpA	Rome (Italy)	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 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 Italia Srl ^A	Rome (Italy)	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 Srl	Rome (Italy)	1,010,000	EUR	99.99		99.99 Cementir Holding SpA
Bakircay AS	Izmir (Turkey)	420,000	TRY		100	100 Kars Cimento AS
Betontir SpA	Rome (Italy)	104,000	EUR		99.89	99.89 Cementir Italia SpA
Cementir Espana SL	Madrid (E)	3,007	EUR	100		100 Cementir Holding SpA
Cementir Italia SpA	Rome (Italy)	40,000,000	EUR	100		100 Cementir Holding SpA
Cimbeton AS	Izmir (Turkey)	1,770,000	TRY		50.28	50.28 Cimentas AS
					0.06	0.06 Kars Cimento AS
				25.43		25.43 Cementir Holding SpA
Cimentas AS	Izmir (Turkey)	87,112,463	TRY		71	71 Spring Rain Investments SL

^A Company in liquidation



Annex 2 (continued)

Name	Registered office	Share capital	Currency	Type of investment		Investment held by % group company
				% Direct	% Indirect	
Destek AS	Izmir (Turkey)	50,000	TRY	99.98	0.01	Cimentas AS Cimentas Foundation
ECOL Unicon Spzoo	Gdansk (PL)	1,000,000	PLN	49	49	Unicon A/S
Elazig Cimento AS	Elazig (TR)	46,000,000	TRY	93.82	6.17	Kars Cimento AS Cimentas 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 SL	Madrid (E)	3,007	EUR	100	100	Alfacem Srl
Hereko Istanbul 1 AŞ	Izmir (Turkey)	98,000,000	TRY	100	100	Recydia AS
Ilion Cimento Ltd	Soma (TR)	300,000	TRY	100	100	Cimbeton AS
Kars Cimento AS	Kars (TR)	3,000,000	TRY	58.38	39.81	Cimentas AS Alfacem Srl
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)	100,000	GBP	100	100	NWM Holdings Ltd
NWM Holdings Ltd	Lancashire (UK)	1	GBP	100	100	Recydia AS
Quercia Ltd	Lancashire (UK)	100	GBP	100	100	NWM Holdings Ltd
Recydia AS	Izmir (Turkey)	182,500,000	TRY	63.01	36.99	Cimentas AS Aalborg Portland AS
Secil Unicon SGPS Lda	Lisbona (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
Sola Betong AS	Risvika (N)	9,000,000	NOK	33.33	33.33	Unicon AS
Spring Rain Investments SL	Madrid (E)	3.002	EUR	100	100	Aalborg Portland A/S
Sureko AS	Izmir (Turkey)	43,443,679	TRY	94.24	94.24	Recydia 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 (Turkey)	1,817,199	TRY	2	2	Cimentas AS

Cementir Holding SpA - 2013

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	6	1.800	63		1.058		3		2.930		
Carlo Carlevaris	Deputy Chairman	Whole year	2014	6								6		
Alessandro Caltagirone	Director	Whole year	2014	2								2		
Azzurra Caltagirone	Director	Whole year	2014	4								4		
Edoardo Caltagirone	Director	Whole year	2014	6								6		
Saverio Caltagirone	Director	Whole year	2014	6		60						66		
Flavio Cattaneo	Director	Whole year	2014	2			20					22		
Mario Ciliberto	Director	Whole year	2014	6						12	650	668		
Fabio Corsico	Director	Whole year	2014	5								5		
Paolo Di Benedetto	Director	Whole year	2014	6			50					56		
Mario Delfini	Director	Whole year	2014	6			10					16		
Alfio Marchini	Director	Whole year	2014	2			10					12		
Riccardo Nicolini	Director	Whole year	2014	6		830		95		14		945		
BOARD OF STATUTORY AUDITORS														
Claudio Bianchi	Chairman Board of Statutory	Whole year	2013		60						15	75		
Gianpiero Tasco	Statutory auditor	Whole year	2013		40						10	50		
Federico Malorni	Statutory auditor	Whole year	2013		40						6	46		
TOTAL				63	1.940	953	90	1.153	-	29	681	4.909	-	-
Key management personnel	2			6	-	1.100	*	-	135	**	-	28	***	1.269
Fees from company preparing financial statements				63	1.940	1.163		90	1.193	-	31	4.480	-	-
Fees from subsidiaries and associates				-	-	60		-	-	-	12	753	-	-

* 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

**** Fees following resolutions of the Board of Directors or shareholders of subsidiaries.



Rome, 7 March 2014

Chairman of the Board of Directors

Francesco Caltagirone Jr.
(signed on the original)



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Statement on the consolidated financial statements 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 responsible for financial reporting, of Cimentir Holding SpA 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 the year.

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 1606/2002 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 for the second half of the year.

Rome, 7 March 2014

Chairman of the Board of Directors

Manager responsible for 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 2013, 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 dated 28 March 2013 for our 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 2013 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 2013, 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 2013.

Rome, 26 March 2014

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit



DRAFT 2013 SEPARATE FINANCIAL STATEMENTS



SEPARATE FINANCIAL STATEMENTS

Statement of financial position			
(EUR)	Notes	31 December 2013	31 December 2012
ASSETS			
Intangible assets	1	908,144	836,004
Property, plant and equipment	2	231,529	106,103
Investment property	3	23,000,000	23,000,000
Investments in subsidiaries	4	525,854,677	690,148,784
Available-for-sale equity investments	5	-	8,043,280
Non-current financial assets	6	143,959	123,659
Deferred tax assets	21	39,460,139	34,766,903
TOTAL NON-CURRENT ASSETS		589,598,448	757,024,733
Trade receivables	7	7,698,414	5,215,208
- <i>Trade receivables - third parties</i>		61,215	121,068
- <i>Trade receivables - related parties</i>	32	7,637,199	5,094,140
Current financial assets	8	114,725,442	17,062,008
- <i>Current financial assets - third parties</i>		538,712	705,768
- <i>Current financial assets - related parties</i>	32	114,186,730	16,356,240
Current tax assets	9	4,574,494	3,105,593
Other current assets	10	620,332	2,112,217
- <i>Other current assets - third parties</i>		103,462	1,843,097
- <i>Other current assets - related parties</i>	32	516,870	269,120
Cash and cash equivalents	11	4,871,474	5,686,113
- <i>Cash and cash equivalents - third parties</i>		2,894,064	3,253,220
- <i>Cash and cash equivalents - related parties</i>	32	1,977,410	2,432,893
TOTAL CURRENT ASSETS		132,490,156	33,181,139
TOTAL ASSETS		722,088,604	790,205,872
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	417,386,751	434,932,075
Loss for the year		(1,608,773)	(14,658,064)
TOTAL EQUITY		610,608,253	615,104,286
Employee benefits	15	406,579	323,776
Non-current provisions	16	600,000	600,000
Non-current financial liabilities	17	36,483,482	53,986,502
- <i>Non-current financial liabilities - third parties</i>		36,483,482	46,238,661
- <i>Non-current financial liabilities - related parties</i>	32	-	7,747,841
Deferred tax liabilities	21	4,754,324	4,619,962
TOTAL NON-CURRENT LIABILITIES		42,244,385	59,530,240
Trade payables	18	1,495,198	1,402,039
- <i>Trade payables - third parties</i>		1,276,231	1,091,881
- <i>Trade payables - related parties</i>	32	218,967	310,158
Current financial liabilities	17	35,653,580	87,849,665
- <i>Current financial liabilities - third parties</i>		26,263,346	68,674,265
- <i>Current financial liabilities - related parties</i>	32	9,390,234	19,175,400
Current tax liabilities	19	-	1,137,517
Other current liabilities	20	32,087,188	25,182,125
- <i>Other current liabilities - third parties</i>		3,458,285	2,142,632
- <i>Other current liabilities - related parties</i>	32	28,628,903	23,039,493
TOTAL CURRENT LIABILITIES		69,235,966	115,571,346
TOTAL LIABILITIES		111,480,351	175,101,586
TOTAL EQUITY AND LIABILITIES		722,088,604	790,205,872



Income statement

(EUR)	Notes	2013	2012
REVENUE		14,581,961	11,948,464
- Revenue - related parties	22	14,581,961	11,948,464
Other operating revenue	32	638,178	682,239
- Other operating revenue - third parties	23	200,438	252,239
- Other operating revenue - related parties	32	437,740	430,000
TOTAL OPERATING REVENUE		15,220,139	12,630,703
Personnel costs		(7,843,994)	(8,459,506)
- Personnel costs - third parties	24	(7,843,994)	(8,370,690)
- Personnel costs - related parties		-	(88,816)
Other operating costs		(8,273,382)	(6,141,509)
- Other operating costs - third parties	25	(7,150,167)	(5,442,638)
- Other operating costs - related parties	32	(1,123,215)	(698,871)
TOTAL OPERATING COSTS		(16,117,376)	(14,601,015)
EBITDA		(897,237)	(1,970,312)
Amortisation, depreciation, impairment losses and provisions		(433,898)	(424,296)
26			
EBIT		(1,331,135)	(2,394,608)
Financial income		10,044,154	2,429,645
- Financial income - third parties	27	9,177,495	2,394,279
- Financial income - related parties	32	866,659	35,366
Financial expense		(9,003,482)	(19,705,582)
- Financial expense - third parties	27	(7,636,119)	(18,258,382)
- Financial expense - related parties	32	(1,367,363)	(1,447,200)
NET FINANCIAL INCOME (EXPENSE)		1,040,672	(17,275,937)
LOSS BEFORE TAXES		(290,463)	(19,670,545)
Income taxes		(1,318,310)	5,012,481
28			
LOSS FROM CONTINUING OPERATIONS		(1,608,773)	(14,658,064)
LOSS FOR THE YEAR		(1,608,773)	(14,658,064)



Statement of comprehensive income

(EUR'000)	Notes	2013	2012
LOSS FOR THE YEAR		(1,609)	(14,658)
Other comprehensive income (expense)			
<i>Items that will never be reclassified to profit (loss):</i>			
Actuarial gains (losses) on post-employment benefits	29	(15)	(14)
Taxes related to equity	29	4	3
Total items that will never be reclassified to profit (loss)		(11)	(11)
<i>Items that may be reclassified to profit (loss):</i>			
Financial instruments	29	3,567	(406)
Taxes related to equity	29	(78)	(294)
Total items that may be reclassified to profit (loss)		3,489	(700)
Total other comprehensive income (expense)		3,478	(711)
TOTAL COMPREHENSIVE INCOME (EXPENSE)		1,869	(15,369)



Statement of changes in equity

(EUR'000)	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Other reserves					Retained earnings (losses carried forward)	Loss for the year	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				Actuarial reserves
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 year												(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	
Equity at 1 January 2013	159,120	35,710	97,733	31,824	29,435	138	41	98,076	95,353	490	81,842 (14,658)	615,104	
Allocation of 2012 loss											(14,658)	14,658	-
Distribution of 2012 dividends											(6,365)		(6,365)
Total owner transactions	-	-	-	-	-	-	-	-	-	-	(21,023)	14,658	(6,365)
Net actuarial losses										(11)			(11)
Financial instruments									3,489				3,489
Total other comprehensive income	-	-	-	-	-	-	-	-	3,489	(11)	-	-	3,478
Reclassifications					(16,228)				(3,037)	(590)	19,855		-
Change in other reserves													-
Total other transactions	-	-	-	-	(16,228)	-	-	-	(3,037)	(590)	19,855	-	-
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(1,609)	(1,609)
Equity at 31 December 2013	159,120	35,710	97,733	31,824	13,207	138	41	98,076	95,805	(111)	80,674 (1,609)	610,608	



Statement of cash flows

(EUR'000)	Notes	2013	2012
Loss for the year		(1,609)	(14,658)
Amortisation and depreciation		434	424
Net financial expense:		(1,041)	17,276
- <i>Third parties</i>		(1,541)	(15,828)
- <i>Related parties</i>		500	(1,448)
Income taxes		1,318	(5,012)
Change in employee benefits		56	(16)
Operating cash flows before changes in working capital		(842)	(1,986)
(Increase) Decrease in trade receivables - third parties		60	(4)
(Increase) Decrease in trade receivables - related parties		(2,543)	(57)
Increase (Decrease) in trade payables - third parties		(112)	(369)
Increase (Decrease) in trade payables - related parties		(91)	(530)
Change in other non-current and current assets and liabilities - third parties		3,056	(1,637)
Change in other non-current and current assets and liabilities - related parties		(778)	2,027
Change in current and deferred taxes		(1,047)	(962)
Operating cash flows		(2,297)	(3,518)
Dividends collected		114	210
Interest collected		835	699
Interest paid		(7,267)	(6,996)
Other net expense paid		(1,106)	(1,778)
Income taxes paid		(1,391)	(1,821)
CASH FLOWS USED IN OPERATING ACTIVITIES (A)		(11,112)	(13,204)
Investments in intangible assets		(298)	(398)
Investments in property, plant and equipment		(37)	(23)
Acquisitions of equity investments		(12)	(487)
Proceeds from the sale of equity investments		176,228	89,290
CASH FLOWS FROM INVESTING ACTIVITIES (B)		175,881	88,382
Change in non-current financial assets and liabilities - third parties		(9,775)	19,241
Change in non-current financial assets and liabilities - related parties		(7,748)	(37,133)
Change in current financial assets and liabilities - third parties		(34,636)	(47,997)
Change in current financial assets and liabilities - related parties		(107,060)	(2,615)
Dividends distributed		(6,365)	(6,365)
CASH FLOWS USED IN FINANCING ACTIVITIES (C)		(165,584)	(74,869)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(815)	309
Opening cash and cash equivalents	11	5,686	5,377
Closing cash and cash equivalents	11	4,871	5,686



NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information

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

Based on the shareholder register at 31 December 2013, 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 Srl - 47,860,813 shares (30.078%);
- 2) Lav 2004 Srl - 40,543,880 shares (25.480%);
- 3) Gamma Srl - 5,575,220 shares (3.504%);
- 4) Pantheon 2000 SpA - 4,466,928 shares (2.807%);
- 5) Chupas 2007 Srl - 4,150,000 shares (2.608%);
- 6) Francesco Caltagirone - 3,420,299 shares (2.149%).

The company's Board of Directors approved the draft separate financial statements of Cementir Holding SpA at 31 December 2013 on 7 March 2014 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 these 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 2013.

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). For simplicity purposes, all these standards and interpretations are referred to herein as the "IFRS".



Standards and amendments to standards adopted by the company

a) Starting from 1 January 2013, the company has adopted the following new standards:

- Amendment to IAS 1 - Presentation of financial statements: as a result of the amendment, entities are required to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently;
- IAS 19 - Employee benefits: the amendment eliminates the corridor method option and requires that all actuarial gains and losses be recognised in other comprehensive income (already adopted by the company in the preparation of previous financial statements). Furthermore, past service costs are to be recognised immediately;
- Amendment to IFRS 7 - Financial instruments - Disclosures - Offsetting financial assets and financial liabilities: as a result of the amendment, the standard requires disclosures about the effects or potential effects of offsetting financial assets and financial liabilities in the statement of financial position. This has no effect on the company's separate financial statements;
- IFRS 13 - fair value measurement: the new standard defines methods to measure the fair value of assets and liabilities where another standard requires or allows fair value measurement. Furthermore, IFRS 13 provides guidelines for the disclosure to be provided in the notes to the financial statements on assets and liabilities measured at fair value. For Cementir Holding SpA, the introduction of this standard mainly relates to measuring derivative instruments;
- Amendments to IAS 12 - Income taxes - Deferred tax: recovery of underlying assets: following the amendments, this standard provides that deferred tax related to intangible assets, property, plant and equipment and investment property measured at fair value shall be fully reversed upon sale, unless it is evident that they may be recovered with use. These amendments have no effect on the company's separate financial statements.

b) Standards and interpretations of standards applicable for the years after 2013 and not adopted early by the company:

- Amendments to IAS 32 - Financial instruments - Presentation - Offsetting financial assets and financial liabilities: the standard clarifies that assets and liabilities already recognised can only be offset when an entity has a legally enforceable right that is not contingent on a future event and is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all other counterparties;
- Revised IAS 27 - Separate financial statements: with the approval of IFRS 10, the application of IAS 27 was revised and limited to separate financial statements only.
- Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets: such amendments relate to disclosure to be provided in the notes to the financial statements exclusively with reference to impaired non-financial assets (or where such impairment loss was eliminated), should the related recoverable amount be calculated at fair value less costs of disposal;



- Amendment to IAS 39 - Novation of derivatives and continuation of hedge accounting: the amendments to this standard add an exception to previous provisions related to the discontinuance of hedge accounting, in situations where a hedging derivative is novated by an original counterparty to a central counterparty, as a consequence of laws or regulations or the introduction of laws or regulations, so that hedge accounting can continue, despite the novation.

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 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 the separate financial statements.

Basis of presentation

The separate financial statements at 31 December 2013 are presented in thousands of Euros, unless indicated otherwise. 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 company 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 general criteria adopted is the historical cost method, except for captions recognised and measured at *fair* value based on specific IFRS as described in the section on accounting policies.

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 a 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 (level 3).

Fair value is calculated on the basis of the projection of discounted cash flows based on reliable estimates of future cash flows supported by instalments of leases and/or other existing contracts.



Investments in subsidiaries and associates

Subsidiaries are all those entities over which Cementir Holding SpA 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 an indefinite life 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 12 months after 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 and there is no market price available for an identical asset, the fair value is determined using a valuation technique that maximises the use of input data observable on the market and minimises the use of non-observable parameters. Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. 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 liability 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 the IFRS 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.

The fair value of financial instruments was calculated using pricing techniques in order to define the present value of future cash flows attributable to such instruments using market curves in place at the measurement date. Furthermore, the component related to the risk of non-compliance (by the company and the counterparty) was measured using the “spreaded curve” method.

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

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 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 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 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 2013 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 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 assumptions used (see above), are recognised directly in equity.

Share-based plans

The company has a share-based plan (stock options) for directors with special roles 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.

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



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.

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.

Current and deferred income taxes are recognised in profit and loss except for those related to captions directly recognised in other comprehensive income. They are offset when the taxes are imposed by the same tax authority, the company 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.

Transactions in currencies other than the functional currency

All transactions in currencies other than the functional currency are recognised 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.



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

The company 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 SpA 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 SpA 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 908 thousand (31 December 2012: EUR 836 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 2013	4,062	4,602
Increase	462	462
Gross amount at 31 December 2013	4,524	4,524
Amortisation at 1 January 2013	3,226	3,226
Increase	390	390
Amortisation at 31 December 2013	3,616	3,616
Carrying amount at 31 December 2013	908	908
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



2) Property, plant and equipment

At 31 December 2013, this caption of EUR 232 thousand (31 December 2012: EUR 106 thousand) comprises furniture, electronic equipment and servers used by the company.

(EUR'000)

	Other assets	Total
Gross amount at 1 January 2013	600	600
Increase	170	170
Gross amount at 31 December 2013	770	770
Depreciation at 1 January 2013	494	494
Increase	44	44
Depreciation at 31 December 2013	538	538
Carrying amount at 31 December 2013	232	232
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

3) Investment property

Investment property of EUR 23,000 thousand (unchanged from 31 December 2012) 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 10,441 thousand at the reporting date.

4) Investments in subsidiaries

This caption of EUR 525,855 thousand (31 December 2012: EUR 690,149 thousand) comprises:

(EUR'000)	Currency	Registered office	Investment %	Carrying amount at 31.12.2013	Investment %	Carrying amount at 31.12.2012
Cimentas AS	TRY	Izmir (Turkey)	25.43%	90,693	71.43%	254,987
Cementir Espana	EUR	Madrid (Spain)	100.00%	206,735	100.00%	206,735
Alfacem Srl	EUR	Rome (Italy)	99.99%	85,220	99.99%	85,220
Cementir Italy SpA	EUR	Rome (Italy)	99.99%	143,207	99.99%	143,207
Equity investments				525,855		690,149



The EUR 164,294 thousand decrease on 31 December 2012 is due to the sale of an additional 46% of Cimentas AS to the subsidiary Aalborg Portland A/S on 10 September 2013 as part of an internal reshuffling of the Group's investments. As such sale is a common control transaction, it was recognised using the previous carrying amounts of the shares without generating any effect on profit or loss.

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

Following the persisting problems of the reference market, the company tested the investment in Cementir Italia for impairment. Specifically, the impairment test was carried out by comparing the carrying amount with the investee's value in use, determined using the discounted cash flow (DCF) method applied to future cash flows. The cash flow projections were estimated using the budget for 2014 and the subsequent four years while the terminal value was determined using a perpetual growth rate of 2%. The discount rate applied to the future cash flows was determined for using the weighted average cost of capital (WACC) equal to 7.5%. The company did not identify any indication of impairment. Furthermore, 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 (+/-0,5 %) would not give rise to an impairment loss on the investment.

5) Available-for-sale equity investments

This caption shows a nil balance following the sale of the 1,897,000 shares in Italcementi SpA during the year, with the company making a gain of approximately EUR 312 thousand.

(EUR'000)	31.12.2013	31.12.2012
Available-for-sale equity investments <i>opening balance</i>	8,043	7,963
Increase	12	486
Fair value gains (losses)	3,567	(406)
Decrease	(11,622)	-
Available-for-sale equity investments <i>closing balance</i>	-	8,043

6) Non-current financial assets

The caption of EUR 144 thousand (31 December 2012: EUR 124 thousand) comprises guarantee deposits expiring in less than five years.



7) Trade receivables

Trade receivables of EUR 7,698 thousand (31 December 2012: EUR 5,215 thousand) include:

(EUR'000)	31.12.2013	31.12.2012
Trade receivables	61	121
<i>Allowance for impairment</i>	-	-
Trade receivables - subsidiaries (note 32)	6,983	3,970
Trade receivables - other group companies (note 32)	654	1,124
Trade receivables	7,698	5,215

The carrying amount of trade receivables approximates their fair value.

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

(EUR'000)	31.12.2013	31.12.2012
Not yet due	61	121
Overdue	-	-
<i>Allowance for impairment</i>	-	-
Total trade receivables	61	121

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

Note 32 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 114,725 thousand (31 December 2012: EUR 17,062 thousand) comprise the interest-bearing revocable loan (3-month Euribor/360 + 1.9% *spread*) of EUR 91,036 thousand granted to Cementir Italia SpA, the non-interest-bearing revocable loan of EUR 23,110 thousand granted to the subsidiary Alfacem Srl, the non-interest bearing revocable loan of EUR 40 thousand to Cementir Espana SL and accrued interest income on the grant related to interest from Simest SpA on the loans disbursed by diverse banks of EUR 539 thousand.

The significant rise on the 31 December 2012 balance is due to the increase in the loans to Cementir Italia SpA and Alfacem Srl to optimise management of the Group treasury and to cover the subsidiaries' temporary financial requirements.



9) Current tax assets

Current tax assets of EUR 4,574 thousand (31 December 2012: EUR 3,106 thousand) consist of IRES and IRAP payments on account to the tax authorities in the current and previous years (EUR 2,188 thousand), IRES reimbursements requested for the non-deductibility of IRAP in previous years (EUR 1,009 thousand) and withholdings on both grants related to interest received from Simest and royalties on using the trademark related to the Turkish subsidiary Cimentas (EUR 1,378 thousand).

10) Other current assets

This caption of EUR 620 thousand (31 December 2012: EUR 2,112 thousand) comprises:

(EUR'000)		31.12.2013	31.12.2012
VAT		-	1,586
Subsidiaries (IRES tax consolidation scheme)	(note 32)	517	269
Other assets		53	182
Prepayments		50	75
Other current assets		620	2,112

11) Cash and cash equivalents

This caption of EUR 4,871 thousand (31 December 2012: EUR 5,686 thousand) represents the company's cash and cash equivalents as follows:

(EUR'000)		31.12.2013	31.12.2012
Bank deposits		2,892	3,250
Bank deposits - related parties	(note 32)	1,977	2,433
Cash-in-hand and cash equivalents		2	3
Cash and cash equivalents		4,871	5,686

12) Share capital

The company'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 2012.

13) Share premium reserve

This caption of EUR 35,170 thousand is unchanged from 31 December 2012.



14) Other reserves

Other reserves of EUR 417,387 thousand (31 December 2012: EUR 434,932 thousand) comprise:

(EUR'000)	31.12.2013	31.12.2012
Monetary revaluation reserves	97,733	97,733
Legal reserve	31,824	31,824
Other reserves	127,690	127,690
Other IFRS reserves	99,321	95,843
Retained earnings	60,819	81,842
Other reserves	417,387	434,932

A breakdown of the other IFRS reserves is as follows:

(EUR'000)	31.12.2013	31.12.2012
Fair value reserves - property, plant and equipment	99,371	99,371
Fair value reserves - equity investments	-	(3,489)
Discounting reserves - financial liabilities	61	61
Actuarial reserves	(111)	(100)
Total other IFRS reserves	99,321	95,843

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. 342/2000 2000 and 2003	97,733	A,B,C	97,733		
Legal reserve	31,824	B	31,824		
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 as per Law no. 266/05	90,635	A,B,C	90,635		
Other IFRS reserves	5,059				
Retained earnings – Mandatory adjustment to revaluation reserve as per Law no. 266/05	16,229	A,B,C	16,229		
Retained earnings	64,445	A,B,C	60,819	47,551	22,277
Total	453,098		444,412	47,551	22,277
Non-distributable portion			45,210		
Remaining distributable portion			399,202		

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 315,639 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 2014, the Board of Directors proposed that a dividend of EUR 0.08 per ordinary share be distributed to the shareholders, for a total EUR 12,730 thousand.

During 2013, the company distributed the 2012 dividends to the shareholders: EUR 0.04 per ordinary share for a total EUR 6,365 thousand.

Share-based plans (stock options)

The exercise period for the stock options provided for in the plan introduced in 2008 for directors with special roles and key management personnel of the company and/or its subsidiaries lapsed on 11 February 2013.

15) Employee benefits

Post-employment benefits of EUR 407 thousand (31 December 2012: EUR 324 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, 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 now qualify as defined contribution plans rather than defined benefit plans.

The following table sets out the actuarial assumptions:

%	31.12.2013	31.12.2012
Annual discount rate	3.10%	3.30%
Annual post-employment benefits growth rate	3.15%	3.15%



Changes in the liability are as follows:

(EUR'000)	31.12.2013	31.12.2012
Net opening balance	324	325
Current service cost	-	-
Financial expense	11	15
Net actuarial gains recognised in the year	2	27
(Contributions received)	70	-
(Benefits paid)	-	(43)
Net closing balance	407	324

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. The company did not receive any communications about when and how to pay the amount in 2013 and, therefore, the provision is unchanged.

17) Financial liabilities

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

(EUR'000)	31.12.2013	31.12.2012
Bank loans and borrowings	36,483	46,239
Bank loans and borrowings - related parties (note 32)	-	7,748
Non-current financial liabilities	36,483	53,987
Bank loans and borrowings	4,100	39,064
Bank loans and borrowings - related parties (note 32)	9,390	19,176
Current portion of non-current financial liabilities	9,798	9,771
Fair value of derivatives	11,983	19,414
Other loan liabilities	383	425
Current financial liabilities	35,654	87,850
Total financial liabilities	72,137	141,837

Non-current bank loans and borrowings of EUR 36,483 thousand refer to the floating rate loan (6-month Euribor + spread of 0.75%) granted by Banca Intesa SpA and secured by the company-owned property in Torrespaccata. It is due in 2024. They also include the floating rate loan (6-month Euribor + spread of 1.25%) from Monte dei Paschi di Siena SpA, due in 2017. The loan from Monte dei Paschi di Siena SpA is subsidised by a fixed grant related to interest, provided by Simest to companies that make investments in non-EU countries.



Bank loans and borrowings - related parties of EUR 9,390 thousand include the floating rate loan (6-month Euribor + spread of 0.50%) disbursed by Unicredit SpA (agent) and Banca Intesa SpA (EUR 7,778 thousand) and liabilities with Finnat Euramerica SpA (EUR 1,612 thousand).

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 SpA due in 2014 (EUR 798 thousand). The loan is secured by a company-owned property in Torrespaccata. The caption 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 SpA (EUR 9,000 thousand).

The other loan liabilities of EUR 383 thousand mainly comprise the accrued interest due on non-current financing. Total financial liabilities fell roughly EUR 70 million, mainly due to the repayment of current bank loans and borrowings by using part of the cash received from the sale of 46% of Cimentas to the subsidiary Aalborg Portland AS.

The negative fair value of derivatives of approximately EUR 11,983 thousand has shown a significant improvement compared to previous year and it is related to the fair value measurement of derivatives agreed to hedge interest rate, commodity price and currency risks with due dates in the period from January 2014 to August 2021.

Roughly 61% of the financial liabilities require compliance with financial covenants. The company has complied with these covenants at the reporting date.

At 31 December 2013, a company-owned property in Torrespaccata, Rome, has been mortgaged to third parties for EUR 20.0 million to secure the loan granted by Banca Intesa SpA.

Sureties given to third parties at the same date amount to EUR 76,399 thousand. They comprise a surety given to Banca Intesa of EUR 44 million for the loan disbursed to the subsidiary Alfacem Srl, a surety of EUR 30 million given to the Turkish bank Yapikredi for the loan granted to the Turkish subsidiary, Cimentas SA, and the surety of EUR 2,399 thousand (GBP 2 million) given to Intesa San Paolo SpA for the loan to the subsidiary Quercia Limited.

The surety in Pounds sterling was translated into Euros using the closing rate of EUR/GBP 0.8337.

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

(EUR'000)	31.12.2013	31.12.2012
Within three months	9,730	54,665
- <i>Third parties</i>	4,118	39,489
- <i>Related parties</i> (note 32)	5,612	15,176
Between three months and one year	25,923	33,185
- <i>Third parties</i>	22,145	29,185
- <i>Related parties</i> (note 32)	3,778	4,000
Between one and two years	9,825	17,545
- <i>Third parties</i>	9,825	9,797
- <i>Related parties</i> (note 32)	-	7,748
Between two and five years	20,521	29,392
After five years	6,138	7,050
Total financial liabilities	72,137	141,837



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

Net financial position

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

(EUR'000)	31.12.2013	31.12.2012
A. Cash	2	3
B. Other cash equivalents	4,869	5,683
C. Securities held for trading	-	-
D. Cash and cash equivalents (A+B+C)	4,871	5,686
E. Current loan assets	114,725	17,062
F. Current bank loans and borrowings	(13,490)	(50,137)
G. Current portion of non-current debt	(9,798)	(17,771)
H. Other current loan liabilities	(12,366)	(19,942)
I. Current financial debt (F+G+H)	(35,654)	(87,850)
J. Net current financial position (debt) (I-E-D)	83,942	(65,102)
K. Non-current bank loans and borrowings	(36,483)	(53,986)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	(36,483)	(53,986)
O. Net financial position (debt) (J+N)	47,460	(119,088)

The financial position with related parties includes credit positions of EUR 116.2 million (31 December 2012: EUR 18.8 million) and debit positions of EUR 9.4 million (31 December 2012: EUR 26.9 million).

18) Trade payables

The carrying amount of trade payables approximates their fair value. The balance of EUR 1,495 thousand (31 December 2012: EUR 1,402 thousand) may be analysed as follows:

(EUR'000)	31.12.2013	31.12.2012
Trade payables	1,276	1,092
Trade payables - related parties (note 32)	219	310
Trade payables	1,495	1,402

Note 32 Related party transactions gives a breakdown of trade payables to subsidiaries, associates and parents.



19) Current tax liabilities

This caption shows a nil balance at 31 December 2013 following the gradual payment of instalments under the agreement to settle the tax assessment signed with the tax authorities in 2010 for direct taxes and VAT for 2004 and following years.

20) Other current liabilities

(EUR'000)		31.12.2013	31.12.2012
Personnel		1,422	759
Social security institutions		395	341
Other liabilities		1,608	1,010
Other liabilities - subsidiaries (IRES and VAT tax consolidation scheme)	(note 32)	28,629	23,039
Deferred income		33	33
Other current liabilities		32,087	25,182

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

21) Deferred tax assets and liabilities

(EUR'000)	31.12.2012	Accruals, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2013
Tax losses	30,769	5,690	-	36,459
Other	3,998	(919)	(78)	3,001
Deferred tax assets	34,767	4,771	(78)	39,460
Difference between fair value of property, plant and Employee benefits	4,613 7	(139) -	- (5)	4,752 2
Deferred tax liabilities	4,620	(139)	(5)	4,754

At 31 December 2013, deferred tax assets of EUR 39,460 thousand are composed entirely of IRES assets due to the tax losses of companies that opted to join the national tax consolidation scheme. The company expects to recover them over the coming years within the timeframe defined by the relevant legislation.

Deferred tax liabilities of EUR 4,754 thousand at the reporting date comprise IRES and IRAP liabilities of EUR 4,032 thousand and EUR 722 thousand, respectively.



22) Revenue

(EUR'000)	2013	2012
Services	14,582	11,949
Revenue	14,582	11,949

Revenue from services includes EUR 7,100 thousand on consultancy services provided to subsidiaries and EUR 7,482 thousand on royalties arising from the same subsidiaries' use of the trademark. The increase on 2012 derives from the increase in consultancy services provided to subsidiaries by parent employees.

Note 32 Related party transactions provides more information about revenue with subsidiaries, associates and other group companies.

23) Other operating revenue

(EUR'000)	2013	2012
Building lease payments	638	682
Other operating revenue	638	682

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

24) Personnel expense

(EUR'000)	2013	2012
Wages and salaries	5,502	5,633
Social security charges	1,451	1,467
Other costs	891	1,360
Personnel expense	7,844	8,460

Other costs, amounting to EUR 891 thousand (2012: EUR 1,360 thousand), include additional allowances, termination incentives and insurance. The decrease on 2012 is mainly due to extraordinary items in the previous year. At 31 December 2013, the company's workforce is as follows:

	31.12.2013	31.12.2012	2013 average	2012 average
Executives	21	20	20	20
Middle management, white collars and intermediates	37	33	35	33
Total	58	53	54	53



25) Other operating costs

(EUR'000)	2013	2012
Consultancy	888	1,099
Directors' fees	3,047	1,850
Independent auditors' fees	98	81
Other services	1,814	1,138
Other operating costs	2,426	1,974
Other operating costs	8,273	6,142

Other operating costs include, inter alia, the lease payment for the Corso Francia property (EUR 581 thousand), the statutory auditors' fees (EUR 140 thousand) and the cost of managing the Torrespaccata property (EUR 7 thousand).

The total balance includes transactions with related parties (see note 32).

26) Amortisation, depreciation, impairment losses and provisions

(EUR'000)	2013	2012
Amortisation	390	400
Depreciation	44	24
Amortisation, depreciation, impairment losses and provisions	434	424

27) Net financial income

Net financial income of EUR 1,041 thousand is the result of:

(EUR'000)	2013	2012
Dividends from other companies	114	210
Interest income	868	36
Grants related to interest - Simest	1,093	1,363
Other financial income	7,969	821
Total financial income	10,044	2,430
Interest expense	(7,362)	(7,204)
Other financial expense	(1,641)	(12,502)
Total financial expense	(9,003)	(19,706)
Net financial expense	1,041	(17,276)

Dividends from other companies of EUR 114 thousand were received on part of the Italcementi SpA shares. All shares held in the latter company at 31 December 2012 (1,897,000 shares) were sold during the year, recognising a gain of EUR 312 thousand under "Other financial income". Such caption of EUR 7,969 thousand mainly comprises gains on derivatives agreed to hedge interest rate and commodities risks. Moreover, EUR 7.5 million of this balance refers to unrealised gains recognised as a result of the mark to market measurement of the derivatives.



Net financial income also refers to related party transactions (see note 32).

28) Income taxes

Net tax expense of EUR 1,318 thousand (2012: income of EUR 5,012 thousand) comprises:

(EUR'000)	2013	2012
Current taxes	(5,950)	(6,178)
- IRES	(5,728)	(5,874)
- IRAP	(222)	(304)
Deferred tax income	4,771	11,173
- IRES	4,949	11,173
- IRAP	(178)	-
Deferred tax expense	(139)	17
- IRES	-	4
- IRAP	(139)	13
Total	(1,318)	5,012

Current tax expense of EUR 5,950 thousand mainly arose on the national tax consolidation scheme, offset by deferred tax income on consolidated IRES tax losses of EUR 4,949 thousand.

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

(EUR'000)	2013	2012
Theoretical tax expense	80	5,409
Taxable permanent differences	(1,366)	(627)
Deductible permanent differences	116	212
Prior year taxes	391	267
Effective IRAP tax expense	(539)	(249)
Income taxes	(1,318)	5,012



29) Other comprehensive income (expense)

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

(EUR'000)	2013			2012		
	Pre-tax amount	Tax effect	Post-tax amount	Pre-tax amount	Tax effect	Post-tax effect
Financial instruments	3,567	(78)	3,489	(406)	(294)	(700)
Actuarial gains (losses) on post-employment benefits	(15)	4	(11)	(14)	3	(11)
Total other comprehensive income (expense)	3,552	(74)	3,478	(420)	(291)	(711)

30) 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 SpA 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.

At 31 December 2013 the company's net financial position amounted to EUR 47.5 million (current loan assets and cash and cash equivalents of EUR 119.6 million, current loan liabilities of EUR 35.7 million and non-current loan liabilities of EUR 36.5 million). All its exposure bears floating interest rates.

The company had 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 bore floating interest rates.

Assuming all the other variables remain stable, an annual 1% increase in interest rates would have had a negative effect on the profit before taxes of EUR 0.5 million (2012: EUR 1.6 million) and on equity of EUR 0.4 million (31 December 2012: EUR 1.2 million) with respect to the floating rate on the current and non-current loans. A similar decrease in interest rates would have an identical positive impact.

31) Fair value hierarchy

IFRS 13 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;
- 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 2013

(EUR'000)	Note	Level 1	Level 2	Level 3	Total
Investment property	3			23,000	23,000
Available-for-sale equity investments	5	-	-	-	-
Total assets		-	-	23,000	23,000
Current financial liabilities (derivative instruments)	17	-	(11,982)	-	(11,982)
Total liabilities		-	(11,982)	-	(11,982)

31 December 2012

(EUR'000)	Note	Level 1	Level 2	Level 3	Total
Investment property	3			23,000	23,000
Available-for-sale equity investments	5	8,043	-	-	8,043
Total assets		8,043	-	23,000	31,043
Current financial liabilities (derivative instruments)	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.

32) 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 2013

(EUR'000)	Trade receivables	Current loan assets	Other current assets	Cash and cash equivalents	Trade payables	Current and non-current loan liabilities	Other current liabilities	Balance
Betontir SpA	4	-	-	-	-	-	(3,170)	(3,166)
Cimentas AS	2,225	-	-	-	-	-	(16)	2,209
Alfacem Srl	-	23,110	269	-	-	-	(125)	23,254
Aalborg Portland A/S	2,207	-	-	-	(1)	-	-	2,206
Cementir Espana SL	-	40	-	-	-	-	-	40
Cementir Italia SpA	2,548	91,037	248	-	(185)	-	(25,318)	68,330
Vianini Lavori SpA	-	-	-	-	(26)	-	-	(26)
Vianini Ingegneria SpA	-	-	-	-	-	-	-	-
Piemme SpA	-	-	-	-	(7)	-	-	(7)
E-Care SpA	654	-	-	-	-	-	-	654
Unicredit SpA	-	-	-	2	-	(7,778)	-	(7,776)
Finnat Euramerica SpA	-	-	-	1,976	-	(1,612)	-	364
Total	7,637	114,187	517	1,977	(219)	(9,390)	(28,629)	86,082
Total financial statements caption	7,698	114,725	620	4,871	(1,495)	(72,137)	(32,087)	
% of financial statements	99.20%	99.53%	83.32%	40.59%	14.64%	13.02%	89.22%	

31 December 2012

(EUR'000)	Trade receivables	Current loan assets	Other current assets	Cash and cash equivalents	Trade payables	Current and non-current loan liabilities	Other current liabilities	Balance
Betontir SpA	4	-	-	-	-	-	(2,374)	(2,370)
Cimentas AS	1,681	-	-	-	(23)	-	-	1,658
Alfacem Srl	1	14,330	269	-	-	-	(90)	14,510
Aalborg Portland A/S	1,546	-	-	-	(28)	-	-	1,518
Cementir Espana SL	-	20	-	-	-	-	-	20
Cementir Italia SpA	738	2,006	-	-	(195)	-	(20,575)	(18,026)
Vianini Lavori SpA	-	-	-	-	(38)	-	-	(38)
Vianini Ingegneria SpA	-	-	-	-	(1)	-	-	(1)
Piemme SpA	-	-	-	-	(25)	-	-	(25)
E-Care SpA	1,124	-	-	-	-	-	-	1,124
Unicredit SpA	-	-	-	11	-	(25,851)	-	(25,840)
Finnat Euramerica SpA	-	-	-	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%	



Revenue and costs

2013

(EUR'000)	Operating revenue	Financial income	Personnel expense	Operating costs	Financial expense	Balance
Caltagirone SpA	-	-	-	(450)	-	(450)
Cimentas AS	4,498	-	-	-	-	4,498
Alfacem Srl	-	-	-	-	-	-
Aalborg Portland A/S	7,864	-	-	-	-	7,864
Cementir Italia SpA	2,220	587	-	(609)	(256)	1,942
Vianini Lavori SpA	-	-	-	(42)	-	(42)
Vianini Ingegneria SpA	-	-	-	-	-	-
Piemme SpA	-	-	-	(23)	-	(23)
E-Care SpA	438	29	-	-	-	467
Unicredit SpA	-	250	-	-	(1,008)	(758)
Finnat Euramerica SpA	-	1	-	-	(103)	(102)
Total	15,020	867	-	(1,124)	(1,367)	13,396
Total financial statements caption	15,220	10,044	(7,844)	(8,273)	(9,003)	
% of financial statements caption	98.68%	8.63%	-	13.58%	15.19%	

2012

(EUR'000)	Operating revenue	Financial income	Personnel expense	Operating costs	Financial expense	Balance
Caltagirone SpA	-	-	-	-	-	-
Cimentas AS	3,428	-	-	-	-	3,428
Alfacem Srl	-	-	-	-	-	-
Aalborg Portland A/S	6,282	-	(89)	-	-	6,193
Cementir Italia SpA	2,238	14	-	(634)	(218)	1,400
Vianini Lavori SpA	-	-	-	(42)	-	(42)
Vianini Ingegneria SpA	-	-	-	(1)	-	(1)
Piemme SpA	-	-	-	(22)	-	(22)
E-Care SpA	430	18	-	-	-	448
Unicredit SpA	-	-	-	-	(1,080)	(1,080)
Finnat Euramerica SpA	-	3	-	-	(149)	(146)
Total	12,378	35	(89)	(699)	(1,447)	10,178
Total financial statements caption	12,631	2,430	(8,459)	(6,142)	(19,706)	
% of financial statements caption	98.00%	1.44%	1.05%	11.38%	7.34%	

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

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



Costs on transactions with Vianini Lavoro SpA relate to recharges for services. Costs on transactions with joint ventures relate to sundry services.

In 2013, the company incurred costs to lease the Corso di Francia property, which houses its registered office, from the subsidiary Cementir Italia SpA.

32) Independent auditors' fees

2013 fees paid to the independent auditors totalled approximately EUR 98 thousand (2012: EUR 67 thousand).

Rome, 7 March 2014

Chairman of the Board of Directors

Francesco Caltagirone Jr.
(signed on the original)



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Statement on the separate financial statements 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 responsible for financial reporting of Cimentir Holding SpA 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 the year.

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 1606/2002 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 2014

Chairman of the Board of Directors

Manager responsible for 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 2013, 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 dated 28 March 2013 for our 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 2013 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 2013, 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 2013.

Rome, 26 March 2014

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit