DRAFT

21014 ANNUAL REPORT

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

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GENERAL INFORMATION

GROUP PROFILE

Cementir Holding is an Italian multinational company that produces and distributes grey and white cement, ready-mix concrete, aggregates and concrete products. Cementir Holding is part of Caltagirone Group and has been listed on the Italian Stock Exchange (Borsa Italiana) since 1955, currently in the STAR segment.
Through its subsidiaries Aalborg Portland, Cimentas and Cementir Italia, Cementir Holding operates in 16 countries across 5 continents; sales volumes in 2014 totalled 9.6 million tons of cement, 3.5 million m^3 of ready-mix concrete and 3.3 million tons of aggregates.
Cementir Holding is the largest manufacturer and exporter of white cement in the world. It operates production sites in Denmark, Egypt, China, Malaysia and the United States, for a total production capacity of 3.3 million tons, with the cement manufactured shipped to over 60 countries throughout the world.
Through its subsidiary Sinai White Cement, Cementir Holding operates the largest white cement production plant in the world, located in El-Arish, Egypt.
Cementir Group is the sole manufacturer of cement in Denmark, the 4th biggest manufacturer in Italy and among the top manufacturers in Turkey; in Scandinavia it is the leading manufacturer of ready-mixed concrete.
Since 2009, Cementir Holding has also operated in the municipal and industrial waste management and renewable energy sectors in Turkey and England, through its subsidiary Recydia.

14	Cement plants
15.1 (million t)	Cement production capacity
113	Ready-mixed concrete plants
3.3 (million t)	Aggregate sold
3	Waste management facilities
257 (thousand t)	Waste processed
3,053	Employees

GLOBAL PRESENCE

Grey cement production capacity: 11.8 million t
White cement production capacity: 3.3 million t
Grey cement sales: 7.7 million t
White cement sales: 1.9 million t
Ready-mixed concrete sales: 3.5 million m3
Aggregate sales: 3.3 million t

Cement plants: 14
Terminals: 24
Ready-mixed concrete plants: 113
Quarries: 8
Cement products plants: 1
Waste management facilities: 3

Denmark

Grey cement production capacity: 2.1 million t
White cement production capacity: 0.85 million t
Grey cement sales: 1.30 million t
White cement sales: 0.56 million t
Ready-mixed concrete sales: 1.02 million m3
Aggregate sales: 0.71 million t
Cement plants: 1 (7 kilns)
Ready-mixed concrete plants: 42
Terminals: 9
Quarries: 3

Norway

Ready-mixed concrete sales: 0.90 million m3
Ready-mixed concrete plants: 31
Terminals: 1

Sweden

Ready-mixed concrete sales: 0.15 million m3
Aggregate sales: 2.55 million t
Ready-mixed concrete plants: 10
Quarries: 5

Turkey

Grey cement production capacity: 5.4 million t
Grey cement sales: 4.76 million t
Ready-mixed concrete sales: 1.39 million m3
Cement plants: 4
Ready-mixed concrete plants: 14
Waste management facilitiies: 2

Italy

Grey cement production capacity: 4.3 million t
Grey cement sales: 1.62 million t
Ready-mixed concrete sales: 0.04 million m3
Cement plants: 4
Ready-mixed concrete plants: 16
Terminals: 3

Egypt

White cement production capacity: 1.1 million t
White cement sales: 0.53 million t
Cement plants: 1

China

White cement production capacity: 0.7 million t
White cement sales: 0.60 million t
Cement plants: 1

Malaysia

White cement production capacity: 0.35 million t[1]
White cement sales: 0.19 million t
Cement plants: 1

USA

White cement production capacity: 0.26 million t
Cement plants: 2 (24.5%-owned joint ventures with Heidelberg and Cemex)
Cement product plants: 1
Terminals: 1

United Kingdom

Waste management facilities: 1
Terminals: 1

Australia

Terminals: 4

Germany

Terminals: 1

Iceland

Terminals: 1

Netherlands

Terminals: 1

Poland

Terminals: 1

Russia

Terminals: 1

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[1] In December 2014, expansion works were completed to increase cement production capacity from 0.2 to 0.35 million t.

Denmark

1 Grey and white cement plant
42 Ready-mixed concrete plants
9 Terminals
3 Quarries

Volumes sold (million/t–m^3)	2014	2013
Grey cement sales	1.30	1.30
White cement sales	0.56	0.53
Ready-mixed concrete sales	1.02	1.02
Aggregate sales	0.71	0.54

- In Denmark, the construction sector remained largely stable with respect to the previous year.
- Cement and ready-mixed concrete sales recorded a slight increase in both prices and sales volumes.
- Large savings were achieved in the cement sector's variable costs, connected to lower fuel and electricity prices and greater energy efficiency in plant consumption.
- Capital expenditure was focused on the upgrading and renovation of kilns and mills and the increased use of alternative fuel.

Other Scandinavian countries

41 Ready-mixed concrete plants
2 Terminals
5 Quarries

Volumes sold (million/t–m^3)	2014	2013
Norway		
Ready-mixed concrete sales	0.90	0.97
Sweden		
Ready-mixed concrete sales	0.15	0.17
Aggregate sales	2.55	2.69

- In Norway, concrete sales fell by 7.5% in volumes compared to 2013, as a result of negative growth in the commercial building sector and the completion of major infrastructure works in the first half of the year.
- In Sweden, concrete sales fell by 15.5% due to the sharp decline in building works in the Malmö area, in the south of the country, where plants are located.
- Sales prices for ready-mixed concrete were stable or slightly on the rise.
- Costs savings were achieved on the purchase of raw materials and on ready-mixed concrete distribution costs, thanks to more efficient distribution logistics.

Turkey

4 Grey cement plants
14 Ready-mixed concrete plants
2 Waste management facilities

Volumes sold (million/t–m^3)	2014	2013
Grey cement sales	4.76	4.76
Ready-mixed concrete sales	1.39	1.49

- The Turkish market was adversely affected by the downturn in the real estate sector, triggered by the Central Bank of the Republic of Turkey's decision to raise interest rates and by delays to the start of infrastructure works and commercial projects in the Aegean area.
- Sales prices for cement and ready-mixed concrete rose sharply in the domestic market, while the drop in sales volumes in the domestic market was offset by rising sales volumes in export markets.
- Savings were achieved on the purchase of fuel and electricity, and plant efficiency was improved.
- Investments were made to improve production efficiency and build mobile concrete plant equipment, enabling greater flexibility and service quality.

Waste management

- Capital expenditure continued to focus on the urban solid waste treatment facility in Kumurcuoda, near Istanbul.

Italy

4 Grey cement plants
16 Ready-mixed concrete plants
3 Terminals

Volumes sold (million/t–m^3)	2014	2013
Grey cement sales	1.62	1.76
Ready-mixed concrete sales	0.04	0.08
White cement sales	0.00	0.01

- The continued slowdown in residential and commercial construction and public infrastructure caused cement and ready-mixed concrete sales volumes to drop by 7.8% and 48.8% respectively, with prices on the decline.
- Corporate restructuring plans launched in 2013, involving the transformation of the Arquata and Taranto plants into grinding centres, enabled a reduction in operating costs.

Egypt

1 White cement plant

Volumes sold (million/t)	2014	2013
White cement sales	0.53	0.56

- Political instability in the country held back domestic market sales and trade with nearby countries, limiting export sales.
- Cement sales fell by 6.5%, but with sales prices rising on the domestic market, resulting in stable revenue in local currency compared to 2013.

Far East

2 White cement plants

Volumes sold (million/t)	2014	2013
China		
White cement sales	0.60	0.64
Malaysia		
White cement sales	0.19	0.20

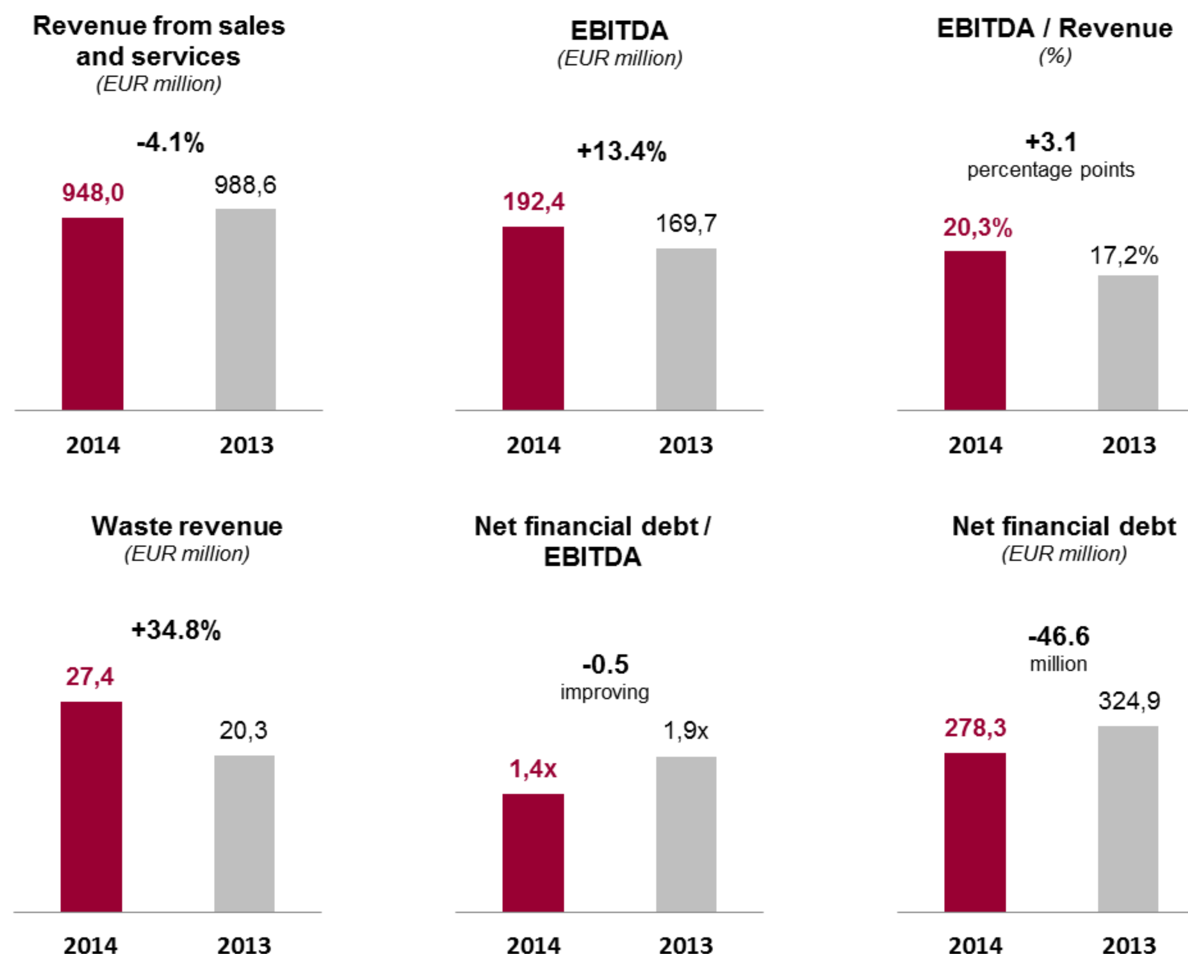
- In China, the construction sector suffered a slowdown, while local competition was on the rise.
- Sales volumes dropped by 5%, with sales prices substantially stable.
- In Malaysia, white cement sales fell by 3% in volume, due to expansion work to increase local production capacity.
- Clinker production capacity was increased to 150,000 tons over the course of 2014, in accordance with a strategic agreement with Adelaide Brighton Group of Australia, to which the Malaysian subsidiary will begin selling clinker from 2015.

Rest of the world

2 White cement plants
1 Cement products plant
1 Waste management facility
10 Terminals

- At the Blackburn site in the United Kingdom, capital expenditure continued to focus on the installation of a new automatic processing system, enabling the more efficient sorting of waste and the recovery of recyclable material and other material for the generation of alternative fuel, thereby minimising the use of landfill.

PERFORMANCE, FINANCIAL AND EQUITY HIGHLIGHTS



Performance highlights

(EUR'000)	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Revenue from sales and services	948,013	988,614	976,193	933,014	842,260	822,473	1,092,186
EBITDA	192,432	169,720	138,054	124,191	108,930	135,491	209,227
EBITDA Margin %	*20.3%*	*17.2%*	*14.1%*	*13.3%*	*12.9%*	*16.5%*	*19.2%*
EBIT	104,085	76,684	48,230	36,206	22,521	52,137	128,142
EBIT Margin %	*11.0%*	*7.8%*	*4.9%*	*3.9%*	*2.7%*	*6.3%*	*11.7%*
Net financial income (expense)	(4,602)	(13,530)	(19,614)	(20,602)	3,384	(4,106)	(35,934)
Profit (loss) before taxes	99,483	63,154	28,616	15,604	25,905	48,031	92,208
Income taxes	(20,758)	(14,992)	(4,572)	(5,766)	(8,306)	(13,688)	(18,730)
Profit (loss) for the year	78,725	48,162	24,044	9,838	17,599	34,343	73,478
Profit margin %	*8.3%*	*4.9%*	*2.5%*	*1.1%*	*2.1%*	*4.2%*	*6.7%*
Group net profit	71,634	40,124	16,462	3,025	9,344	29,842	65,273
Net profit margin %	*7.6%*	*4.1%*	*1.7%*	*0.3%*	*1.1%*	*3.6%*	*6.0%*

Financial and equity highlights

(EUR'000)	2014	2013	2012	2011	2010	2009	2008
Net capital employed	1,401,632	1,354,291	1,487,152	1,440,415	1,492,744	1,447,544	1,455,555
Total assets	1,873,410	1,848,027	1,975,161	1,908,445	1,950,718	1,818,533	1,798,752
Total equity	1,123,301	1,029,409	1,114,123	1,082,881	1,156,612	1,066,251	1,039,123
Group shareholders' equity	1,043,070	954,425	1,034,920	1,004,562	1,077,141	1,002,481	979,996
Net financial debt	278,331	324,882	373,029	357,534	336,132	381,293	416,432

Profit and equity ratios

	2014	2013	2012	2011	2010	2009	2008
Return on equity (a)	7.0%	4.7%	2.2%	0.9%	1.5%	3.2%	7.1%
Return on capital employed (b)	7.4%	5.7%	3.2%	2.5%	1.5%	3.6%	8.8%
Equity ratio (c)	60.0%	55.7%	56.4%	56.7%	59.3%	58.6%	57.8%
Net gearing ratio (d)	24.8%	31.6%	33.5%	33.0%	29.1%	35.8%	40.1%
Net financial debt/EBITDA	1.4x	1.9x	2.7x	2.9x	3.1x	2.8x	2.0x

(a) Profit (loss) for the year/Total equity
(b) EBIT/Net capital employed
(c) Total equity/Total assets
(d) Net Financial Debt/Total equity

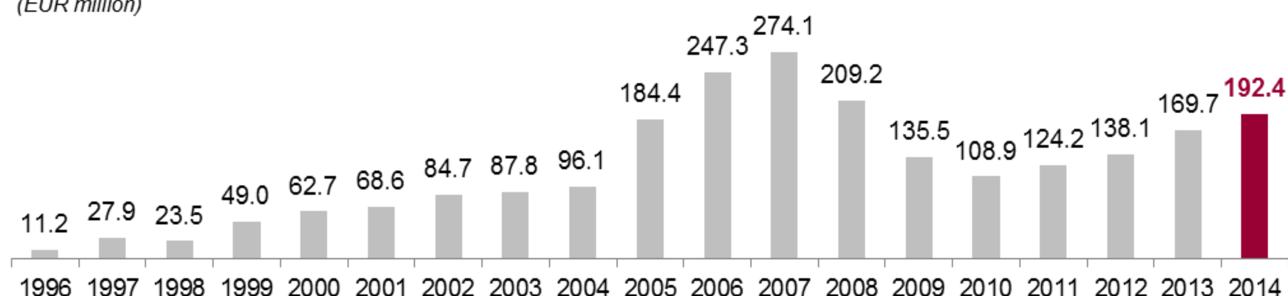
Employees and investments

	2014	2013	2012	2011	2010	2009	2008
Number of employees (at 31 Dec)	3,053	3,170	3,311	3,200	3,289	3,439	3,847
Acquisitions (EUR millions)	-	-	10.7	5.2	8.5	10.8	22.2
Investments (EUR millions)	66.3	81.7	87.5	73.2	62.6	98.4	191.0

Sales volumes

(000)	2014	2013	2012	2011	2010	2009	2008
Grey and white cement (t)	9,560	9,737	9,833	10,468	10,013	9,641	10,461
Ready-mixed concrete (m^3)	3,495	3,736	3,580	3,843	3,185	3,074	4,056
Aggregates (t)	3,259	3,234	3,490	3,834	3,605	4,079	4,539

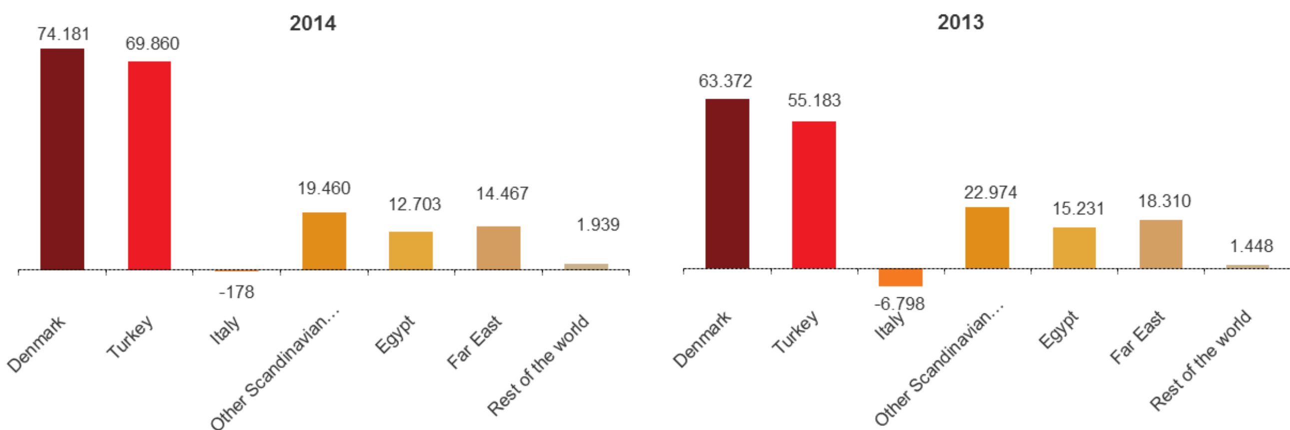
EBITDA performance



Operating revenue by geographical segment

(EUR'000)	2014	2013	Change %
Denmark	264,029	257,711	2.5%
Turkey	276,003	272,334	1.3%
Italy	85,436	115,705	-26.2%
Other Scandinavian countries	186,092	208,258	-10.6%
Egypt	44,866	53,201	-15.7%
Far East	68,025	68,636	-0.9%
Rest of the world	48,602	40,967	18.6%
Total operating revenue	**973,053**	**1,016,812**	**-4.3%**

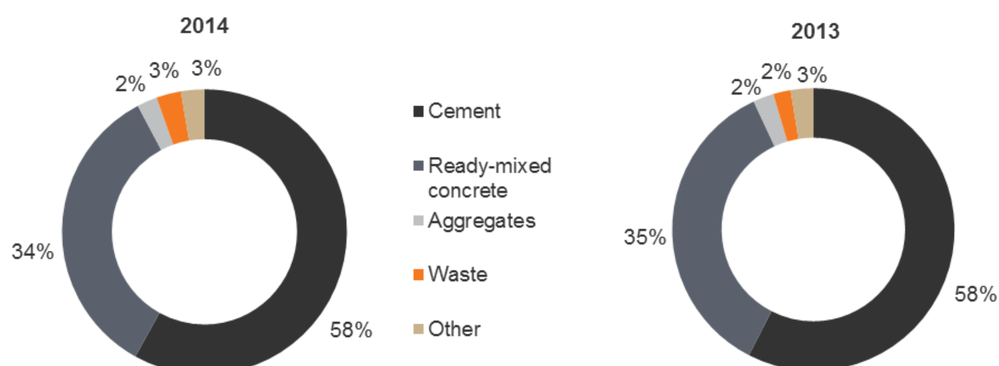
EBITDA by geographical segment



(EUR'000)	2014	2013	Change %
Denmark	74,181	63,372	17.1%
Turkey	69,860	55,183	26.6%
Italy [1]	(178)	(6,798)	97.4%
Other Scandinavian countries	19,460	22,974	-15.3%
Egypt	12,703	15,231	-16.6%
Far East	14,467	18,310	-21.0%
Rest of the world	1,939	1,448	33.9%
Total EBITDA	**192,432**	**169,720**	**13.4%**

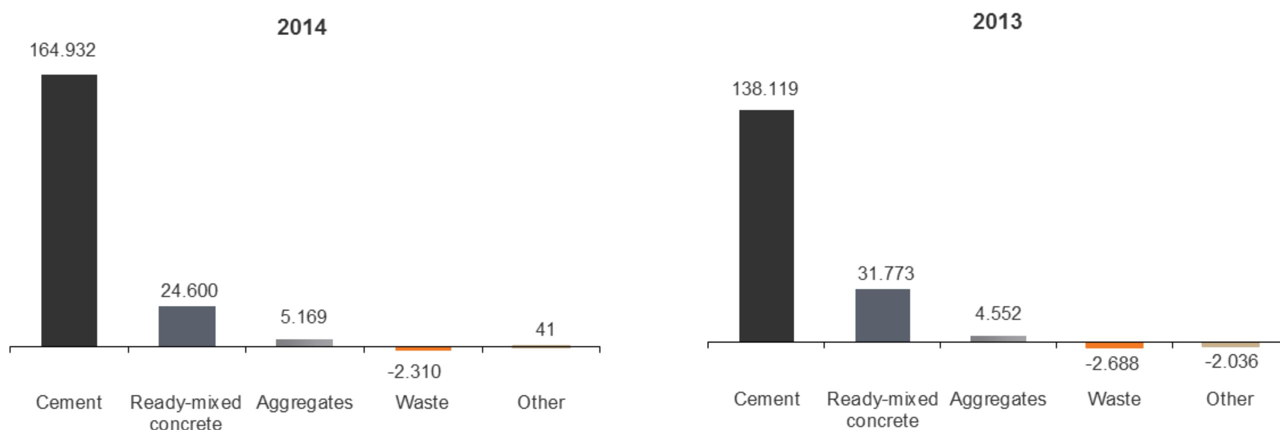
[1] Includes EBITDA of Cementir Holding Spa, totalling EUR -0.5 million in 2014 and EUR -0.9 million in 2013.

Operating revenue by business segment



(EUR'000)	2014	2013	Change %
Cement	565,045	585,161	-3.4%
Ready-mixed concrete	332,635	361,007	-7.9%
Aggregates	22,240	24,076	-7.6%
Waste	27,362	20,297	34.8%
Other	25,771	26,271	-1.9%
Total operating revenue	**973,053**	**1,016,812**	**-4.3%**

EBITDA by business segment



(EUR'000)	2014	2013	Change %
Cement	164,932	138,119	19.4%
Ready-mixed concrete	24,600	31,773	-22.6%
Aggregates	5,169	4,552	13.6%
Waste	(2,310)	(2,688)	14.1%
Other	41	(2,036)	102.0%
Total EBITDA	**192,432**	**169,720**	**13.4%**

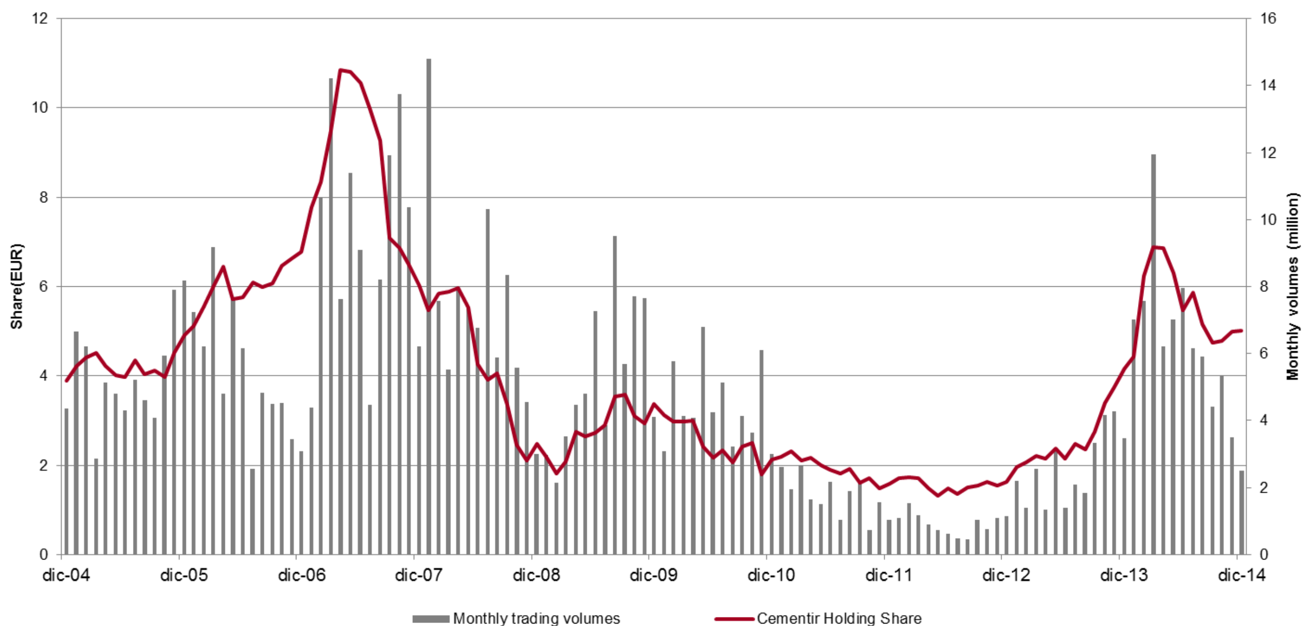
CEMENTIR HOLDING ON THE STOCK EXCHANGE

Key market data

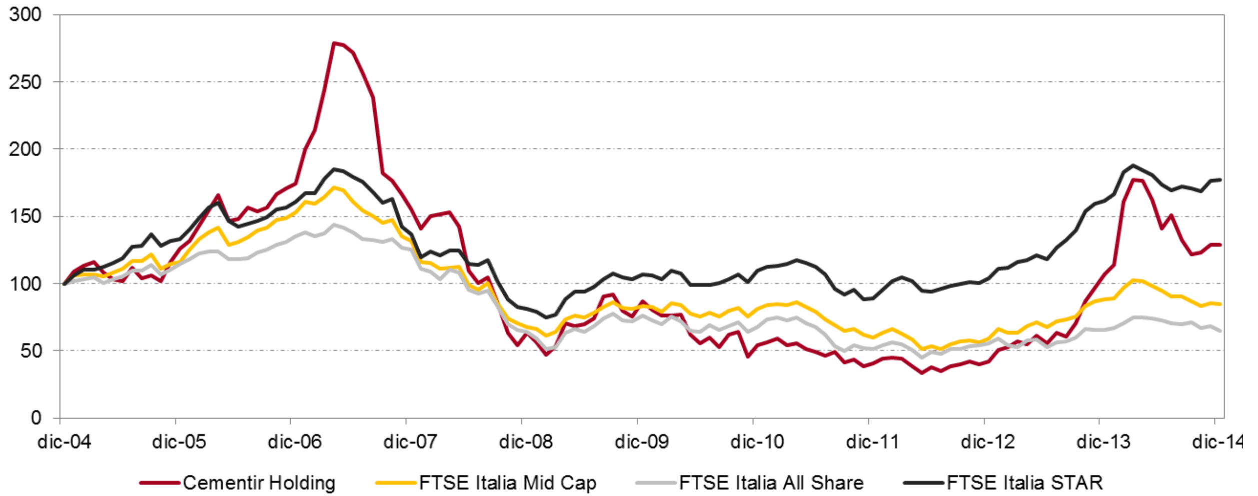
(EUR'000)	**2014**	**2013**	**2012**	**2011**	**2010**
Share capital at 31 December (EUR)	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Number of ordinary shares	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Earnings per share (EUR)	0.450	0.252	0.103	0.019	0.059
Dividend per share (EUR)	0.10 (1)	0.08	0.04	0.04	0.06
Pay-out ratio	22.2%	31.7%	38.7%	210.4%	102.2%
Dividend yield (2)	2.0%	1.9%	2.4%	2.5%	2.8%
Market capitalisation (EUR million)(2)	798.0	662.3	260.5	253.0	336.5
Share price (EUR)					
Low	4.05	1.67	1.23	1.28	1.78
High	7.49	4.20	1.88	2.35	3.41
Year-end price	5.02	4.16	1.64	1.59	2.12

(1) Dividend proposed to the Shareholders' Meeting
(2) Figures are calculated on the basis of the year-end price.

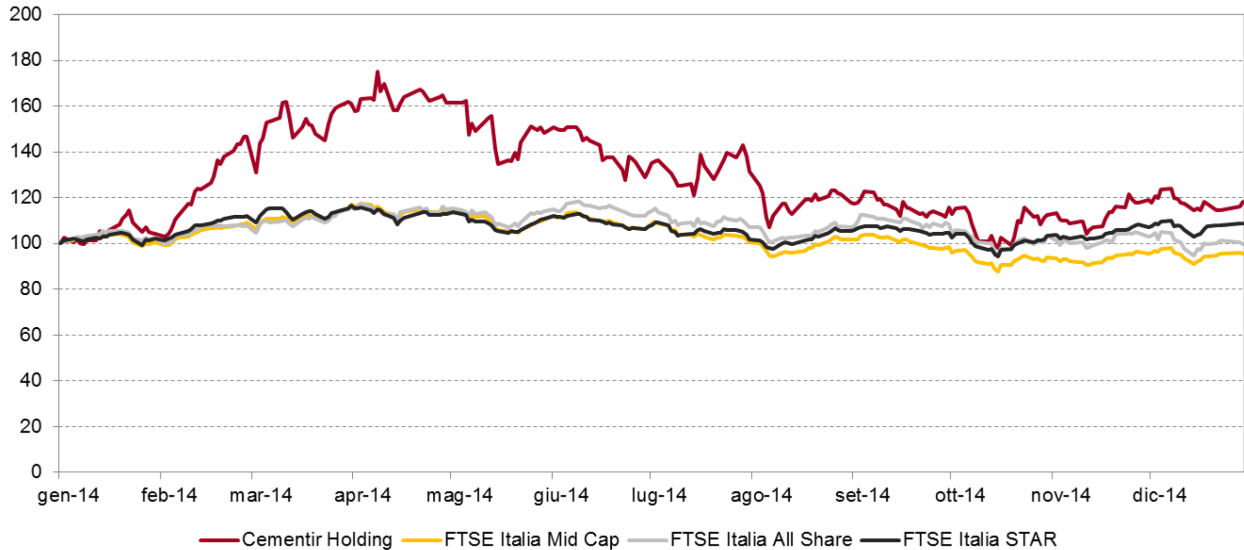
Performance of Cementir Holding shares (31 December 2004–31 December 2014)



Performance of Cementir Holding shares versus FTSE Italia Mid Cap, FTSE Italia All Share and FTSE Italia STAR indexes (base 31 December 2004 = 100)



Performance of Cementir Holding shares versus FTSE Italia Mid Cap, FTSE Italia All Share and FTSE Italia STAR indexes (base 2 January 2014 = 100)



Corporate officers

Board of Directors for the period 2012–2014	*Chairman*	Francesco Caltagirone Jr
	Deputy Chairman	Carlo Carlevaris *(independent)*
	Directors	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*	Francesco Caltagirone Jr
	Members	Mario Delfini
		Riccardo Nicolini
Control and Risks Committee	*Chairman*	Paolo Di Benedetto* *(independent)*
	Members	Flavio Cattaneo *(independent)*
		Alfio Marchini *(independent)*
Appointment and Remuneration Committee	*Chairman*	Paolo Di Benedetto* *(independent)*
	Members	Mario Delfini
		Flavio Cattaneo *(independent)*
Board of Statutory Auditors for the period 2014–2016	*Chairman*	Claudio Bianchi
	Statutory auditors	Giampiero Tasco *(standing)*
		Maria Assunta Coluccia *(standing)*
		Vincenzo Sportelli *(alternate)*
		Patrizia Amoretti *(alternate)*
		Stefano Giannuli *(alternate)*
Manager responsible for financial reporting		Massimo Sala
Independent Auditors for the period 2012–2020		KPMG S.p.A.

* *Lead Independent Director*

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DIRECTORS' REPORT

GROUP PERFORMANCE

This report accompanies both the Consolidated Financial Statements and the Separate Financial Statements of Cementir Holding Group at 31 December 2014. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), as endorsed by the European Commission (collectively “IFRS”).

This report should be read together with the financial statements and related notes, together making up the consolidated and separate financial statements at 31 December 2014. The consolidated financial statements of Cementir Holding Group at 31 December 2014 have been prepared in accordance with the requirements of the Italian Securities and Exchange Commission (CONSOB), specifically the provisions of CONSOB Regulation 11971/1999 and subsequent amendments thereto.

The table below reports key earnings figures for the year 2014, with comparative figures provided for 2013.

Earnings

(EUR'000)	2014	2013	Change %
REVENUE FROM SALES AND SERVICES	**948,013**	**988,614**	**-4.1%**
Change in inventories	(3,922)	3,931	n/a
Other revenue *	28,962	24,267	19.3%
TOTAL OPERATING REVENUE	**973,053**	**1,016,812**	**-4.3%**
Raw materials costs	(398,861)	(434,972)	-8.3%
Personnel costs	(147,624)	(156,481)	-5.7%
Other operating costs	(234,136)	(255,639)	-8.4%
TOTAL OPERATING COSTS	**(780,621)**	**(847,092)**	**-7.8%**
EBITDA	**192,432**	**169,720**	**13.4%**
EBITDA Margin %	*20.30%*	*17.17%*	
Amortisation, depreciation, impairment losses and provisions	(88,347)	(93,036)	-5.0%
EBIT	**104,085**	**76,684**	**35.7%**
EBIT Margin %	*10.98%*	*7.76%*	
FINANCIAL INCOME (EXPENSE)	**(4,602)**	**(13,530)**	**66.0%**
PROFIT (LOSS) BEFORE TAXES	**99,483**	**63,154**	**57.5%**
PROFIT (LOSS) BEFORE TAXES Margin %	*10.49%*	*6.39%*	
Income taxes	(20,758)	(14,992)	
PROFIT (LOSS) FOR THE YEAR	**78,725**	**48,162**	**63.5%**
NON-CONTROLLING INTERESTS	**7,091**	**8,038**	**-11.8%**
OWNERS OF THE PARENT	**71,634**	**40,124**	**78.5%**

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

Revenue from sales and services amounted to EUR 948.0 million (-4.1% on the 2013 figure of EUR 988.6 million); EBITDA totalled EUR 192.4 million (+13.4% on the 2013 figure of EUR 169.7 million); EBIT totalled EUR 104.1 million (+35.7% on the 2013 figure of EUR 76.7 million). Profit attributable to the owners of the parent amounted to EUR 71.6 million (+78.5% on the 2013 figure of EUR 40.1 million).

Revenue from sales and services fell by 4.1% over 2013, partly due to the negative impact of the depreciation of the major currencies against the Euro, which lowered revenue by approximately EUR 50.4 million. At constant exchange rates, revenue would have amounted to EUR 998.4 million, an increase of 1.0% on the previous year. The rise in revenue at constant exchange rates was achieved in spite of the decline in cement and clinker sales, which dropped by 1.8% in volume terms, from 9.7 million tons in 2013 to 9.6 million tons in 2014; the increase was driven primarily by the positive performance of operations in Turkey, where revenue in local currency grew by roughly 15% over 2013, due to the sharp rise in sales prices for cement and ready-mixed concrete on the domestic market. However, the depreciation of the Turkish lira against the Euro by over 14% cancelled out the increase in the consolidated financial statements, when translated into Euros.

Revenue at constant exchange rates in Scandinavia instead showed a slight drop compared to the previous year's figure, with performances varying across Denmark, Norway and Sweden. Denmark recorded a moderate increase in volumes of cement (+1.7%) and ready-mixed concrete (+0.5%) sold, which boosted revenue by approximately EUR 4 million. In contrast, revenue in local currency fell in both Norway and Sweden, by 5.5% and 14.5% respectively, driven down by the drop in volumes of ready-mixed concrete sales, at stable or slightly higher prices. The decrease in revenue was accentuated when translated in the consolidated financial statements by the depreciation of the Norwegian krone and the Swedish krona against the Euro.

In the Far East, Malaysian and Chinese operations recorded different trends. Revenue in local currency in Malaysia was substantially stable compared to 2013, with the rise in sales prices offset by an approximate 3% drop in volumes of cement sold, the result of plant expansion work to increase local production capacity. In China, revenue in local currency recorded a 4.4% drop over the previous year, due to declining volumes sold, with stable sales prices.

In Egypt, revenue in local currency was in line with 2013, with the 6.5% drop in tons of cement sold offset by the increase in sales prices on the domestic market.

In Italy, revenue fell by approximately 20%, pushed down by a further decline in volumes of cement and ready-mixed concrete sold, which fell by 7.8% and 48.8% respectively over 2013.

Operating costs totalled EUR 780.6 million, down 7.8% on the EUR 847.1 million posted in 2013; the drop was driven by currency depreciation with respect to the Euro and targeted action by management to improve industrial efficiency. In particular, the cost of raw materials, totalling EUR 398.9 million, fell by EUR 36.1 million compared to 2013, due to EUR 24.6 million in positive foreign exchange effects and EUR 11.5 million

in savings in fuel and energy costs, achieved thanks to a centralised procurement policy and greater plant efficiency. Personnel costs totalled EUR 147.6 million, down EUR 8.9 million over 2013 thanks to EUR 5.2 million in positive foreign exchange effects and EUR 3.6 million in savings achieved through corporate restructuring initiatives in recent years. Other operating costs, amounting to EUR 234.1 million, fell by EUR 21.5 million compared to the previous year were driven down by EUR 9.8 million in positive foreign exchange effects and costs savings achieved through the careful monitoring of all company costs.

EBITDA rose to EUR 192.4 million, up by EUR 22.7 million over the previous year (EUR 169.7 million). This result reflected the positive effect of non-recurring items of around EUR 12 million. Net of these non-recurring items, EBITDA would have amounted to EUR 180.4 million, in line with management forecasts. The EBITDA margin rose from 17.2% in 2013 to 20.3% in 2014; net of positive non-recurring income in 2014 (EUR 12 million) and 2013 (EUR 10 million), the margin would have come to 19.0% for 2014 and 16.2% for 2013, showing an increase in profitability of 2.8 percentage points. At constant exchange rates, EBITDA would have come to EUR 206.6 million, up by EUR 36.9 million over 2013, representing an EBITDA margin of 20.7% at constant exchange rates.

With amortisation, depreciation and provisions totalling EUR 88.3 million, EBIT rose to EUR 104.1 million, an increase of 35.7% over 2013 (EUR 76.7 million); non-recurring accruals and impairment losses reduced the positive impact of extraordinary items by approximately EUR 5 million.

Net financial expense amounted to EUR 4.6 million, representing an improvement of EUR 8.9 million over the previous year (EUR -13.5 million at 31 December 2013), largely due to exchange rate gains from the appreciation of some currencies against the Euro and to the steady drop in interest rates.

Profit before taxes totalled EUR 99.5 million, up by 57.5% over the EUR 63.2 million figure posted in 2013, driving profit for the year up to EUR 78.7 million (EUR 48.2 million in 2013).

Profit attributable to the owners of the parent, once non-controlling interests were accounted for, amounted to EUR 71.6 million, up by 78.5% on 2013 (EUR 40.1 million).

Financial highlights

(EUR'000)	31-12-2014	31-12-2013
Net capital employed	1,401,632	1,354,291
Total equity	1,123,301	1,029,409
Net financial debt♦	278,331	324,882

Net financial debt at 31 December 2014 totalled EUR 278.3 million, an improvement of EUR 46.6 million compared to the figure at 31 December 2013, driven by positive cash flow from operating activities, less EUR 66 million in capital expenditure and dividend payments totalling EUR 12.7 million.

Total equity at 31 December 2014 amounted to EUR 1,123.3 million (EUR 1,029.4 million at 31 December 2013).

Financial indicators

Key performance and financial indicators for Cementir Holding Group are reported in the table below.

PERFORMANCE INDICATORS	2014	2013	COMPOSITION
Return on Equity	7.01%	4.68%	Profit/Equity
Return on Capital Employed	7.43%	5.66%	EBIT/(Equity + Net financial debt)

FINANCIAL INDICATORS	2014	2013	COMPOSITION
Equity ratio	59.96%	55.70%	Equity/Total assets
Net gearing ratio	24.78%	31.56%	Net financial debt/Equity

Performance indicators show an improvement in Group profitability in terms of both EBIT and net profit.

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

Key events of the year

Despite the difficult economic environment, the Group closed the year 2014 with earnings figures above the targets set, thanks to the strong performance of Turkish and Scandinavian operations, which, together with the positive contribution of Egyptian and Far Eastern operations, although lower than the previous year, offset the weakness of the Italian market and the adverse impact of currency depreciations.

♦ Net financial debt (see note 17 to the consolidated financial statements) has been calculated in accordance with CONSOB rules, as per CONSOB Communication DEM/6064293 of 28 July 2006.

The result underscores once again how the broad geographical diversification of the Group ensures greater protection against fluctuations in individual markets. It should also be stressed that stronger performance was driven primarily by improvements in the structure of fixed and variable costs, achieved through targeted action by management, but also thanks to falling raw material prices, in particular fuel prices.

Net financial debt fell below the forecast target of EUR 280 million, thanks to growth in operations and the tight monitoring of working capital and capital expenditure, which brought the debt-to-EBITDA ratio down to 1.4.

As concerns waste management operations, the company Neales Waste Management, which operates in the urban and industrial waste management sector in the United Kingdom, completed the implementation of a new mechanical waste treatment system designed to improve efficiency in landfill management and the production of alternative fuel. Sureko, which operates in the industrial waste management sector in Turkey, improved its profitably significantly compared to 2013, thanks to the different mix of materials recovered, especially ferrous material, and an increase in volumes treated. Hereko, which operates in the municipal waste management sector in Istanbul, is nearing the end of its start-up phase and shortly will become fully operational.

In September, as part of plans to restructure Cementir group's equity investments, Cementir Holding SpA transferred a 14% shareholding in the Turkish subsidiary Cimentas AS to the Danish Aalborg Portland A/S group, wholly owned by Cementir Holding SpA. As a result of the transfer, Aalborg Portland group holds 85% of Cimentas group.

Performance of key subsidiaries

Aalborg Portland group

Aalborg Portland group manufactures and sells cement and ready-mixed concrete in the Scandinavian countries, Egypt and the Far East. In 2014, it recorded EUR 589.4 million in revenue (EUR 609.4 million in 2013), EUR 123.6 million of EBITDA (EUR 122.5 million in 2013) and EUR 86.2 million of EBIT (EUR 80.2 million in 2013).

The drop in revenue was mainly driven by the depreciation of the major foreign currencies against the Euro, while the improvement in earnings was due to savings achieved in operating costs, in particular fuel costs in the Scandinavian countries.

Scandinavian countries

In the Scandinavian countries, the Group recorded EUR 458.7 million in revenue (EUR 476.9 million in 2013), EUR 94.6 million of EBITDA (EUR 87.3 million in 2013) and EUR 67.4 million of EBIT (EUR 54.9 million in 2013). The drop in revenue was mainly driven by the depreciation of the Norwegian krone and the Swedish krona against the Euro, which brought the figure down by EUR 10 million, and by lower sales

in Norway and Sweden, which were only partly offset by the strong performance of Danish operations. In Norway, ready-mixed concrete sales fell by 7.5% in volume compared to 2013, as a result of negative growth in the commercial building sector and the completion of major infrastructure works in the first half of the year. In Sweden, ready-mixed concrete sales fell by 15.5% due to the sharp decline in building works in the Malmö area, where most of the plants run by the subsidiaries are located. In Denmark, by contrast, the construction sector remained largely stable with respect to the previous year; the slight increase in prices and in volumes of cement and ready-mixed concrete sold led to growth in revenue, which rose by approximately EUR 4 million.

Despite the drop in revenues, EBITDA rose by EUR 7.3 million compared to 2013, thanks to the significant drop in operating costs. In Denmark, significant cost savings were achieved in cement production due to lower purchase costs for fuel and electricity and greater efficiency in plant energy consumption. In Norway and Sweden, costs savings were achieved on the purchase of raw materials and on ready-mixed concrete distribution costs, thanks to more efficient distribution logistics. The EBITDA margin rose to 20.6%, representing a 2.3 percentage point improvement in industrial profitability compared to 2013.

Capital expenditure totalled approximately EUR 21.2 million. A total of EUR 12.7 million was invested in the cement sector, mainly on the upgrading and renovation of kilns and mills and direct capital expenditure to boost the use of alternative fuel, while EUR 8.5 million was spent in the ready-mixed concrete sector, primarily on the extraordinary maintenance of production equipment and on transport vehicles.

Egypt

In Egypt, the Group recorded EUR 48.1 million in revenue (EUR 49.3 million in 2013), EUR 12.7 million of EBITDA (EUR 15.2 million in 2013) and EUR 8.9 million of EBIT (EUR 11.2 million in 2013).

Revenue was driven down primarily by the 3% drop over 2014 in the value of the Egyptian pound against the Euro; otherwise, revenue in the local currency was stable compared to 2013, with the rise in sales prices on the domestic market offsetting the 6.5% drop in tons of cement sold, due primarily to political instability across all of North Africa, which depressed sales in both the domestic market and nearby export markets.

EBITDA was driven down by the depreciation of the local currency and by the rise in variable production costs, due to the different mix of fuels adopted by the Company as a result of shortages of natural gas in the country. The EBITDA margin, at 26.4%, shows the strong profitability of local operations, despite the complex scenario unfolding in the country.

Capital expenditure in 2014 totalled EUR 0.6 million and referred essentially to the servicing and update of the plant control system.

Far East

In the Far East the Group operates in China and Malaysia through its two white cement production plants.

In China, the Group recorded EUR 38.0 million in revenue (EUR 39.7 million in 2013), EUR 9.4 million in EBITDA (EUR 11.7 million in 2013) and EUR 6.4 million in EBIT (EUR 8.7 million in 2013).

The drop in revenue, at substantially stable sales prices, was due to the 5% decrease in tons of cement sold compared to 2013, due to the slow-down of the local construction sector and stronger local competition. Despite savings in procurement costs for raw materials, operating costs rose by approximately 5% on the previous year due to greater maintenance work on the plant, and inflation, which affected the cost of labour.

EBITDA fell by EUR 2.3 million; however, the EBITDA margin, at 24.7%, shows that local operations continue to be profitable despite the recession in the market.

Capital expenditure in China in 2014 amounted to approximately EUR 1.3 million, focused mainly on the integration of ICT systems and ordinary maintenance work on the plant.

In Malaysia, the Group recorded EUR 28.8 million in revenue (EUR 29.4 million in 2013), EUR 5.0 million of EBITDA (EUR 6.6 million in 2013) and EUR 3.0 million of EBIT (EUR 4.9 million in 2013).

Revenue in the local currency was stable compared to the previous year, as the rise in sales prices offset the drop in volumes sold, which was mainly connected with plant expansion work to increase production capacity; when translated into Euros in the consolidated financial statements, revenue recorded a 2% decrease, due to the depreciation of the Malaysian ringgit, which fell by 4% over the year against the Euro.

Operating costs rose by approximately EUR 1.5 million over 2013 due to the higher cost of electricity and raw materials and higher plant maintenance expenses.

As a result of these trends, EBITDA showed a drop of EUR 1.6 million over the previous year, with the EBITDA margin falling to 17.4% for the year (22.4% in 2013).

Capital expenditure in Malaysia in 2014 amounted to EUR 10.9 million, of which EUR 9 million was spent on expanding production capacity of the plant, in accordance with the strategic agreement signed in 2012 between the subsidiary Aalborg Portland and Adelaide Brighton Limited Group, Australia's second-largest cement and ready-mixed concrete manufacturer. Under the agreement, the annual production capacity for white clinker was to be increased by 150,000 tons by the end of 2014 to service a ten-year contract that will take effect as of 2015 for the sale of white clinker by Aalborg Portland Malaysia to Adelaide Brighton Limited Group. The agreement will enable Cementir Holding group to expand its sales on the Australian market and become the leading supplier of white cement in the country. A marked increase in the Malaysian subsidiary's EBITDA is expected starting from 2015.

Cimentas group

Cimentas group manufactures and sells cement and ready-mixed concrete in Turkey and operates in the waste management sector in Turkey and the United Kingdom. In 2014 it recorded EUR 269.0 million in revenue (EUR 267.4 million in 2013), EUR 69.0 million of EBITDA (EUR 56.1 million in 2013) and EUR 44.7 million of EBIT (EUR 32.0 million in 2013).

In 2014, Turkish operations performed more strongly than expected by management, with revenue in the local currency up by 15%, driven by higher sales prices for cement and ready-mixed concrete, which offset the decline in volumes sold on the domestic market.

Domestic demand in the local market was dampened by the downturn in the real estate sector, triggered by the Central Bank of the Republic of Turkey's decision to raise interest rates to combat the depreciation of the Turkish lira; in addition to this, infrastructure works and commercial projects in the Aegean region, which is served by the Izmir plant, failed to commence due to delays in the issue of the necessary authorisations and permits required. The depreciation of the Turkish lira, which fell by 14% on the average value for 2013, cancelled out the increase in revenue in the consolidated financial statements, when translated into Euros.

Operating costs showed a decrease of approximately EUR 6 million over the previous year, driven down by the depreciation of the local currency, but also by the drop in fuel prices, costs savings on electricity by purchasing from private companies with lower prices than government utilities and greater plant efficiency.

EBITDA amounted to EUR 69.0 million, up by 23.0% on 2013 (EUR 56.1 million). EBITDA was affected positively by non-recurring items approximating EUR 12 million in 2014 and EUR 12.9 million in 2013; net of those items, EBITDA would have come to EUR 57.0 million in 2014 and EUR 43.2 million in 2013. The EBITDA margin, net of non-recurring items, came to 21.2% in 2014, showing a 4 percentage point improvement in industrial profitability over the previous year (16.2% in 2013). At constant exchange rates, EBITDA would have amounted to EUR 79.3 million, up by EUR 23.2 million over 2013.

Capital expenditure by Cimentas group totalled approximately EUR 28.2 million in 2014 and included EUR 15.5 million in the cement business, EUR 0.9 million in the ready-mixed concrete business and EUR 11.8 million in waste management. In the cement sector, expenditure focused on the upgrading of kilns and grinding mills to improve production efficiency and on extraordinary maintenance of storage deposits for semi-finished clinker. In the ready-mixed concrete sector, expenditure focused on building mobile plant equipment, enabling greater flexibility and service quality, and on mandatory work to reduce environmental impact. Waste management expenditure focused on expanding the waste treatment facilities for urban solid waste operated by the subsidiary Hereko in Komurcuoda near Istanbul (approximately EUR 7 million), and by the subsidiary Quercia in Blackburn, UK (approximately EUR 3.5 million).

Cementir Italia group

Cementir Italia group manufactures and sells cement and ready-mixed concrete in Italy. In 2014 the Group recorded EUR 89.9 million in revenue (EUR 112.1 million in 2013), EUR 0.4 million of EBITDA (EUR -6.0 million in 2013) and EUR 25.7 million of EBIT (EUR -32.3 million in 2013).

In Italy, the construction sector continued to contract, as concerns both residential and commercial building and public infrastructure, driving down volumes of cement and ready-mixed concrete sold by 7.8% and 48.8% respectively over 2013, with falling prices. Management thus focused on defending market share, implementing corporate restructuring plans launched in 2013, involving the transformation of the Arquata and Taranto sites into grinding centres, and the tight control of operating costs.

Capital expenditure in 2014 totalled approximately EUR 3.0 million and was mainly focused on maintaining and improving industrial efficiency levels at cement production plants.

Capital expenditure

Capital expenditure in 2014 totalled EUR 66 million and included EUR 34.3 million invested by the Aalborg Portland group, EUR 28.2 million invested by the Cimentas group, EUR 3 million invested by the Cementir Italia group and EUR 0.8 million invested by Cementir Holding SpA. Broken down by operating sector, EUR 44.0 million was invested in the cement business; EUR 11.8 million in waste management; EUR 9.5 million in ready-mixed concrete; and EUR 0.8 million in Group ICT systems. The break-down by asset class shows that EUR 62.7 million was invested in property, plant and equipment and EUR 3.6 million in intangible assets.

Business outlook

For the year underway, the Group forecasts sales volumes of both cement and ready-mixed concrete to grow, while waste treatment subsidiaries in Turkey and the United Kingdom are expected to become fully operational. It also expects further efficiency improvements in production costs thanks to falling energy prices and the continued restructuring of operations in Italy.

The Group expects to achieve EBITDA of around EUR 190 million and a net financial debt of about EUR 230 million, with planned capital expenditure of around EUR 70–75 million.

Innovation, research and development

Innovation, research and development are fundamental to the Cementir Holding group and have the dual aim of improving product quality and cutting production costs. The Group’s capacity for innovation is enhanced through close collaboration with customers and all key stakeholders, both in the traditional cement and ready-mixed concrete sectors and the waste management sector. Innovation activities are planned and supported by an innovation committee, chaired by the Chairman of Cementir Holding and composed of the Group’s senior managers. The committee tracks and oversees the methods applied by the various operating companies in pursuing product and process innovation.

Cement and ready-mixed concrete

Cement and ready-mixed concrete R&D is conducted in the centres run by Aalborg Portland in Aalborg (Denmark), by Cimentas in Izmir (Turkey) and by Cementir Italia in Spoleto (Italy). The centres are located near the main production plants to facilitate close collaboration between R&D specialists, including engineers, chemists, geologists, industrial technicians and product technicians. The centres conduct research into cement and ready-mixed concrete as well as the raw materials and fuel used in production with a view to improving product quality and production efficiency and addressing environmental issues.

Innovation focuses primarily on developing production processes that minimize CO_2 emissions from the cement production cycle and on expanding the portfolio of value-added products. The objective is to continue reducing CO_2 emissions from cement production by using locally-available raw materials combined with different compositions of clinker and by making greater use of alternative fuels to fossil fuels.

Waste management

The Group's investment programme for the waste management sector was launched in 2009 and continued through 2014. Its objective is to create value from the management of waste through the greater use of alternative fuels for the cement business, while protecting the environment through lower CO_2 emissions and the correct elimination of waste so as to prevent pollution and contamination.

The Group operates in the waste management sector through the Turkish subsidiaries Hereko, engaged in urban solid waste management, and Sureko, engaged in industrial solid waste management, while the UK-based subsidiary Neales Waste Management group is engaged in the management of both industrial and urban waste.

In 2014, Hereko invested approximately EUR 7 million in expanding and improving the performance of its waste management plant. The plant became fully operational at the end of 2012, in accordance with the 25-year agreement signed with the municipality of Istanbul for urban solid waste management; it has 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 investments will enable the company to handle all the biodegradable waste recovered from the 2,000 tons/day of urban solid waste to be treated under the terms of the municipal agreement, and to recover recyclable material for the production of quality alternative solid fuel.

As concerns the management of industrial waste, in 2014 the Turkish subsidiary Sureko continued to supply alternative fuel to the Izmir cement plant operated by Cimentas and to other industrial manufacturers. The increased flexibility of the biodrying plant, achieved through investments made in earlier years, enabled the mix of waste treated to be improved, boosting operating profitability with respect to 2013.

Finally, in 2014, Neales Waste Management group invested approximately EUR 3.5 million to complete the installation of equipment that automatically treats waste received and sorts it efficiently into material that can be used to generate alternative fuel, minimizing the use of landfill. As of 2015, the new equipment is expected to significantly improve the long-term profitability and sustainability of waste treatment operations at the plant.

Information technology

In 2014 the Group invested heavily in information technology, focusing on IT infrastructure, applications and processes.

Various initiatives were pursued during the year to enhance the application software used by the Group. Of particular importance was the SAP implementation project for companies operating in China and Malaysia; modelled on Aalborg Portland's infrastructure and process logic, the project was launched on the spring of 2013 and completed in autumn 2014. Other application software projects saw the full

implementation of *Salesforce* at the subsidiary Unicon, paving the way for the global implementation of the software across the group in 2015. Projects launched included the introduction of *Supplier Performance Evaluation*, designed to minimize risks connected with supply quality and boost the efficiency of purchasing procedures, and the *G.En.I.U.S* project, aimed at standardising the management of capex projects at global level. Carrying on with initiatives pursued in recent years, the Group's reporting platform (SAP Business Warehouse) was enhanced with new features and indicators, in particular as concerns the sales and purchasing modules. A project was also completed to extend Hyperion Financial Management to Cimentas Group for the reporting of accounts for the separate and consolidated financial statements, which will enable Cimentas to provide the parent, Cementir Holding, with budget and actual data automatically over the same application platform and to produce sub-consolidated figures for its own group in accordance with local GAAP.
In terms of IT infrastructure, numerous consolidation measures were implemented at the data processing centre serving the Group's Italian companies to enhance data and system security, while Cimentas group pushed ahead with the outsourcing of its data centre, with 60% of systems now outsourced and completion due in 2015.

Human resources, safety and the environment
At 31 December 2014, the Group had a workforce of 3,053 employees, 117 less than the 3,170 employees recorded at the end of 2013. The decrease is mainly due to the implementation of corporate restructuring plans at the Group's Italian and Turkish operating companies.

Organisational structure and development of human resources
Cementir Holding is a global company which over the years has developed its know-how and policies for the management of human resources in more than 15 countries worldwide. We invest to develop the potential, talent and skills of our people, creating the best conditions possible to help them grow and to steer them towards a career of excellence. The commitment and motivation of our employees is fundamental for achieving ambitious goals. We engage and develop our people through career paths that make the most of their talent, building on a human resources management policy and manager development programme based on the following fundamental principles: i) Leadership in driving change and people; ii) Meritocracy in rewarding results; iii) Diversity to develop innovation and boost competitiveness; iv) Engagement for the sharing of information among employees of the Group, management and stakeholders; v) Workplace safety and the health of workers.
To consolidate our leadership we invest in ideas, projects and, above all, people. Our performance management system is global in reach, enabling the management of all the Group's human resources, while steering them towards objectives and the achievement of the Group's strategic goals.

We are convinced that it is by sharing different visions that highly innovative ideas can emerge and contribute to boosting the competitiveness of our business. With this in mind, our organisational policies are designed to promote a multicultural and multiethnic work environment in which all employees are respected and valued, offering them a fulfilling and stimulating experience of the workplace.

The Group's experience in international acquisitions bears witness to the effectiveness of Group policies for integrating and developing international management and human resources.

Stakeholder dialogue

The success of our company also depends on our capacity to hear out and understand the needs and expectations of our stakeholders, including workers and trade unions. Dialogue with these groups is pursued continuously and systematically as it is considered strategic and fundamental for the sustainable growth of our business. In 2014, a second meeting was held in Rome with the European Works Council (EWC) for Cementir Holding Group. The EWC is a supranational body at the European level that provides information and consultancy to workers at companies operating across the European Union. With representatives attending from Denmark, Norway and Italy, the purpose of the meeting was to discuss financial figures, the situation of the workforce, capital expenditure and corporate social responsibility initiatives. The meeting also served to emphasize the importance of the EWC as a key opportunity for Group employees and management to share views and information.

Workplace safety

The health and safety of employees is a primary commitment for the Group. Efforts to improve the Group's safety record involve ongoing health and safety training, specific technical training on the safe use of machinery and investment in safety devices and machinery to maintain a high level of technology. In 2014 the Group invested EUR 9.2 million in health, safety and the environment; investments over the three years from 2012 to 2014 totalled EUR 40.5 million. The accident frequency rate at Group cement and ready-mixed concrete plants was 15.2 in 2014 (14.7 in 2013), with serious accidents down to 0.19 (0.30 in 2013).

The Group has adopted occupational health and safety management systems that comply with OHSAS 18001 to boost levels of workplace safety. In 2014, seven Group sites were certified to meet the standard, of which five operating in the cement business and two operating in the waste management sector. The Group's commitment to sustainable development is illustrated in its Environmental Report, now published for the eighth year.

Environment

Cementir Holding group pursues sustainable development through its commitment to the ongoing improvement of its financial, environmental and social performance. In 2014, investment decisions were aimed at using the best technologies to harness economic growth to long-term objectives, such as monitoring energy consumption, increasing the use of alternative fuels in production, reducing greenhouse gas emissions and ensuring employees' health and safety.

With respect to greenhouse gas emissions, CO_2 emissions for the year generated by production operations at Cementir Holding Group facilities dropped to 6.78 million tons, (7.07 million tons in 2013), mainly due to the decline in cement output. The average for 2014 of 734kg per total cement equivalent (kg/TCE) was substantially in line with the 2013 figure (723kg/TCE). Emissions of nitrogen oxides (NOx), connected with the combustion of certain fuels, dropped to 10.5 thousand tons from the 11.3 thousand tons recorded in 2013. The ratio of emissions to tons of cement produced (Kg/t TCE) came to 1.13, an improvement on the ratio of 1.15 recorded for 2013.

Financial risk management

Cementir Holding Group is exposed to financial risks in connection with its operations; in particular it is exposed to credit risk, liquidity risk and market risk. Financial risks are managed according to strict organisational procedures, which govern their management and apply to all transactions that give rise to financial assets/liabilities or trade receivables/payables.

At 31 December 2014, the Group's maximum exposure to *credit risk* totalled EUR 178.1 million, consisting of the carrying amount of trade receivables booked in the statement of financial position (EUR 184.2 million in 2013). This credit risk is theoretically significant and is mitigated by the Group through the careful assessment of customers before credit is granted, and by the fact that the exposure is not concentrated in a few accounts. The maximum exposure for the year fell by approximately EUR 6 million on the previous year thanks to an improvement in average collection times in the main geographical areas of our business.

The Group is exposed to *liquidity risk* in connection with the availability of funding and its access to credit markets and financial instruments in general. The Group manages liquidity risk by regularly monitoring expected cash flows and the resulting timeframe for the repayment of debt, liquidity levels and the financial requirements of its subsidiaries, with a view to identifying the most appropriate means of ensuring the most efficient management of financial resources.

Market risk is primarily connected with fluctuations in exchange and interest rates. No new market risks arose in 2014 compared to those identified in 2013. Since Group companies operate on a global 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 in relation to revenue from exports and costs to purchase solid fuel in US dollars. The ready-mixed concrete sector is less exposed as its revenue and costs are in local currency. Besides the natural hedge created between cash flows and loans, the Group hedges market risk by purchasing currency forwards and currency put and call options.

At 31 December 2014, the Group had a net financial debt of EUR 278.3 million, in relation to which it is exposed to the *risk of fluctuations in interest rates.* Accordingly, it keeps track of expected interest rates and debt repayment times on the basis of expected cash flows, but also purchases interest rate swaps to partially hedge risk.

Workplace risk and safety

The Group mitigates *workplace risk* by strictly complying with occupational health and safety laws and regulations, as reported earlier.

Main uncertainties and going concern

The main business risks to which the Group is exposed are stated in the relevant section. There are no issues to report that would undermine the assumption that the business is a going concern, as the Group has adequate funding and is not exposed to uncertainty that would compromise its ability to continue its operations.

Other information

This Report is accompanied by the reconciliation of the Group's equity at 31 December 2014 and profit (loss) for the year then ended with the same figures for the Parent, as required by Consob Communication No. DEM/6064293 of 28/07/2006.

PERFORMANCE OF THE PARENT

The following table shows the parent's key financial statement figures at 31 December 2014:

Earnings

(EUR'000)	2014	2013	Change %
REVENUE FROM SALES AND SERVICES	**17,767**	**14,582**	**21.8%**
Other revenue	660	638	3.4%
Personnel costs	(9,031)	(7,844)	15.1%
Other operating costs	(9,960)	(8,273)	20.4%
EBITDA	**(564)**	**(897)**	**37.1%**
Amortisation, depreciation, impairment losses and provisions	(487)	(434)	12.2%
EBIT	**(1,051)**	**(1,331)**	**21.0%**
Financial income	4,491	10,044	-55.3%
Financial expense	(80,300)	(9,003)	791.9%
FINANCIAL INCOME (EXPENSE)	**(75,809)**	**1,041**	**n/a**
PROFIT (LOSS) BEFORE TAXES	**(76,860)**	**(290)**	**n/a**
Income taxes	1,407	(1,318)	
PROFIT (LOSS) FOR THE YEAR	**(75,453)**	**(1,609)**	**n/a**

Revenue was earned from consultancy services provided to subsidiaries and from royalties on their use of the trademark. The 21.8% rise on the previous year was due to the increase in services provided by the parent to subsidiaries.

Other revenue mostly consisted of lease income on the operational lease of an investment property in Rome, owned by Cementir Holding SpA. It remained largely unchanged compared to 2013.

EBITDA totalled a negative EUR 0.6 million; the figure was an improvement on the previous year thanks to higher revenue, which was only partly offset by the increase in personnel costs and other operating costs as a result of greater services provided to subsidiaries.

Net financial expense totalled EUR 75.8 million and was primarily attributable to the impairment loss of EUR 69.7 million on the equity investment in Cementir Italia SpA; net of that extraordinary item, net financial expense would have totalled EUR 6.1 million, consisting primarily of financial expense, part of which was unrealised but recognised on the basis of the mark-to-market valuation of derivative financial instruments held for hedging purposes.

With income taxes totalling EUR 1.4 million for the year, 2014 was closed showing a loss of EUR 75.5 million (loss of EUR 1.6 million in 2013).
The Company's net financial debt at 31 December 2014 amounted to EUR 28.4 million, an improvement of EUR 17.2 million over the previous year, in spite of the distribution of EUR 12.7 million in dividends, thanks to careful management of equity investments.
The notes to the separate financial statements of Cementir Holding SpA provide a detailed analysis of its financial position and performance.

Financial indicators

Cementir Holding SpA does not have operations and, therefore, its financial indicators are of limited relevance in giving a snapshot of the Company's performance.
The equity ratio reported in the table below shows the parent's sound financial position. It has improved on the previous year, mainly thanks to a decrease in total assets following the transfer of 14% of the Company's equity interest in the Turkish subsidiary Cimentas to the Danish subsidiary Aalborg Portland.

FINANCIAL INDICATORS	2014	2013	COMPOSITION
Equity ratio	74.73%	84.56%	Equity/Total Assets

Financial risk management

Cementir Holding SpA is exposed to financial risks in relation to its business activities, in particular, credit risk, liquidity risk and market risk.
At 31 December 2014, its exposure to *credit risk* was not material as the Company's receivables are of limited amount, and are mainly due from subsidiaries for services provided.
The parent is exposed to *liquidity risk* in connection with the availability of funding and its access to credit markets and financial instruments in general. Given its strong financial position, this risk is not material. Nonetheless, Cementir Holding SpA manages liquidity risk by carefully monitoring cash flows and funding requirements. It has sufficient credit facilities to meet any unforeseen requirements.
Market risk is primarily connected with fluctuations in foreign exchange and interest rates.
Cementir Holding SpA is directly exposed to currency risk to a limited degree in relation to loans and deposits held in foreign currency. The Company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.
Finally, Cementir Holding SpA has floating-rate bank loans and borrowings and is exposed to the risk of fluctuations in interest rates. 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. Nevertheless, the Company monitors forecast interest rates and timeframes for the repayment of debt and purchases interest rate swaps as a partial hedge on interest rate risk.

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 conduct any significant or ordinary transactions as defined for the purposes of CONSOB regulation No. 17221 of 12 March 2010 concerning related party transactions.

Note 34 to the consolidated financial statements and note 30 to the separate financial statements provide an analysis of transactions with related parties, as required by CONSOB Resolution 15519 of 27 July 2006.

Treasury shares

At 31 December 2014, 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

In 2014, the Shareholders' Meeting held on 17 April 2014 elected a Board of Statutory Auditors for the years 2014, 2015 and 2016 from a single slate of candidates nominated by the majority shareholder Calt 2004 S.r.l. The new board's members are: Mr Claudio Bianchi (chairman); Mr Giampiero Tasco and Ms Maria Assunta Coluccia (standing auditors); Mr Vincenzo Sportelli, Mr Stefano Giannuli and Ms Patrizia Amoretti (alternate auditors). On 9 May 2014, the Board of Directors confirmed the appointment of Mr Massimo Sala (Group CFO) as the Manager responsible for financial reporting for 2014; at the same meeting, it was also verified that the independent directors Mr Paolo di Benedetto, Mr Flavio Cattaneo and Mr Alfio Marchini continued to meet the eligibility criteria for their designation as "independent" in accordance with the Corporate Governance Code for listed companies issued by Borsa Italiana SpA.

For more information about the parent's corporate governance system and ownership structure, provided as required by article 123-bis of Legislative Decree No. 58 of 24 February 1998 (Consolidated Finance Act), see the Corporate Governance Report, available at the Company's registered office and published on the corporate website, www.cementirholding.it, in the *Investor relations*>*Corporate Governance* section, and the 2014 Directors' Report. The Corporate Governance Report has been prepared in accordance with the instructions and recommendations of Borsa Italiana SpA.

The report on remuneration, available at the parent's registered office and on the corporate website www.cementirholding.it, provides complete disclosure of the remuneration policy. The report has been prepared in line with the recommendations and guidelines set forth in article 6 of the Corporate Governance Code for listed companies. Pursuant to article 123-ter of the Consolidated Act, this report discloses information about the parent's remuneration policy for directors and statutory auditors, fees paid to directors and statutory auditors and equity interests held by them.

Organisational and Control Model pursuant to Legislative Decree No. 231/2001

On 8 May 2008, the Board of Directors of Cementir Holding SpA approved a new organisational model based on a careful analysis of the risk of corporate crimes in connection with Group operations. The model complies with guidance provided by Legislative Decree No. 231/2001, Italian best practice and Confindustria recommendations.

Specifically, Cementir Holding SpA has adopted a Code of Conduct endorsing the business principles that all company officers and employees, and anyone working with the Company in any capacity, are required to comply with, in pursuing company business.

The supervisory body, appointed pursuant to Legislative Decree No. 231/2001 for the three years from 2012 to 2014, performed its function of overseeing and continuously updating the Organisational and Control Model adopted by the Parent.

Management and coordination

Cementir Holding SpA is not managed or coordinated by another company, as it sets its general and operating strategies independently. The company's Board of Directors has sole responsibility for reviewing and approving strategic, business and financial plans and overseeing the suitability of organisational, administrative and accounting structures.

As such, the conditions indicated in article 37 of CONSOB 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 in accordance with laws in force. By repealing article 34.g.1/1-bis of Legislative Decree No. 196/2003 (Data Protection Code), Article 45(c) of Law Decree No. 5 of 9 February 2012 (the “Simplification Decree”), removed the obligation to prepare a data protection statement by 31 March of each year. The amendment also abolished the relative crime of failing to produce the statement, as defined by article 169, and the penalties applicable under article 162.2 of Legislative Decree No. 196/2003.

Events after the reporting date

There are no significant events to report.

Proposal for the allocation of the year-end loss for 2014 of Cementir Holding S.p.A.

The Board of Directors proposes that the shareholders:

AT THEIR ORDINARY MEETING:

- approve the directors' report and the separate financial statements as at 31 December 2014;
- carry forward the loss for the year of EUR 75,453,281, without prejudice to subsequent resolutions adopted during their extraordinary meeting.

AT THEIR EXTRAORDINARY MEETING:

- cover the loss for the year of EUR 75,453,281 by drawing on the revaluation reserve as per Law No. 266/2005;
- not integrate the revaluation reserve as per Law No. 266/2005 and reduce it permanently by the amount of EUR 75,453,281, as drawn on to cover the loss.

AT THEIR ORDINARY MEETING:

- distribute EUR 15,912,000 of retained earnings as dividends at a rate of EUR 0.10 per ordinary share.

Rome, 10 March 2015

Chairman of the Board of Directors
/s/ Francesco Caltagirone Jr.

Reconciliation of the parent's equity at 31 December 2014 and profit (loss) for the year then ended with consolidated equity and profit (loss)

(EUR'000)	2014 Profit (loss)	Equity at 31 December 2014
Cementir Holding SpA	**(75,453)**	**522,406**
Effect of consolidating subsidiaries	143,872	644,642
Effect of equity-accounting investees	3,215	30,295
Change in reserves	-	(151,382)
Other changes	-	(2,891)
Total owners of the parent	**71,634**	**1,043,070**
Total non-controlling interests	**7,091**	**80,231**
Cementir Holding Group	**78,725**	**1,123,301**

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DRAFT 2014 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position[*]			
(EUR'000)	Notes	31 December 2014	31 December 2013
ASSETS			
Intangible assets with a finite useful life	1	40,780	40,094
Intangible assets with an indefinite useful life	2	407,661	403,159
Property, plant and equipment	3	768,709	762,098
Investment property	4	110,307	98,952
Equity-accounted investments	5	20,342	17,240
Available-for-sale equity investments	6	213	210
Non-current financial assets		769	840
Deferred tax assets	20	69,792	60,339
Other non-current assets	11	8,061	8,541
TOTAL NON-CURRENT ASSETS		**1,426,634**	**1,391,473**
Inventories	7	145,724	139,602
Trade receivables	8	178,084	184,204
Current financial assets	9	5,729	3,659
Current tax assets	10	5,875	5,972
Other current assets	11	17,508	12,391
Cash and cash equivalents	12	93,856	110,726
TOTAL CURRENT ASSETS		**446,776**	**456,554**
TOTAL ASSETS		**1,873,410**	**1,848,027**
EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,710	35,710
Other reserves		776,606	719,471
Profit attributable to the owners of the parent		71,634	40,124
Equity attributable to the owners of the parent	13	**1,043,070**	**954,425**
Profit attributable to non-controlling interests		7,091	8,038
Reserves attributable to non-controlling interests		73,140	66,946
Equity attributable to non-controlling interests	13	**80,231**	**74,984**
TOTAL EQUITY		**1,123,301**	**1,029,409**
Employee benefits	14	17,891	16,260
Non-current provisions	15	18,821	21,965
Non-current financial liabilities	17	255,754	284,135
Deferred tax liabilities	20	83,368	82,974
Other non-current liabilities	19	8,895	10,344
TOTAL NON-CURRENT LIABILITIES		**384,729**	**415,678**
Current provisions	15	1,327	1,119
Trade payables	16	181,587	183,192
Current financial liabilities	17	122,162	155,132
Current tax liabilities	18	12,693	11,201
Other current liabilities	19	47,611	52,296
TOTAL CURRENT LIABILITIES		**365,380**	**402,940**
TOTAL LIABILITIES		**750,109**	**818,618**
TOTAL EQUITY AND LIABILITIES		**1,873,410**	**1,848,027**

[*] 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.

Consolidated income statement*

(EUR'000)	Notes	2014	2013
REVENUE	21	**948,013**	**988,614**
Change in inventories	7	(3,922)	3,931
Increase for internal work		4,297	4,466
Other operating revenue	22	24,665	19,801
TOTAL OPERATING REVENUE		**973,053**	**1,016,812**
Raw materials costs	23	(398,861)	(434,972)
Personnel costs	24	(147,624)	(156,481)
Other operating costs	25	(234,136)	(255,639)
TOTAL OPERATING COSTS		**(780,621)**	**(847,092)**
EBITDA		**192,432**	**169,720**
Amortisation and depreciation	26	(80,107)	(86,202)
Provisions	26	(804)	(2,247)
Impairment losses	26	(7,436)	(4,587)
Total amortisation, depreciation, impairment losses and provisions		(88,347)	(93,036)
EBIT		**104,085**	**76,684**
Share of net profits of equity-accounted investees	27	3,215	2,242
Financial income	27	9,355	13,985
Financial expense	27	(20,746)	(19,310)
Foreign exchange rate gains (losses)	27	3,574	(10,447)
Net financial expense		(7,817)	(15,772)
NET FINANCIAL EXPENSE AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED		**(4,602)**	**(13,530)**
PROFIT (LOSS) BEFORE TAXES		**99,483**	**63,154**
Income taxes	28	(20,758)	(14,992)
PROFIT FROM CONTINUING OPERATIONS		**78,725**	**48,162**
PROFIT (LOSS) FOR THE YEAR		**78,725**	**48,162**
Attributable to:			
Non-controlling interests		7,091	8,038
Owners of the parent		**71,634**	**40,124**

(EUR)			
Basic earnings per share	29	**0.450**	**0.252**
Diluted earnings per share	29	**0.450**	**0.252**

* 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.

Consolidated statement of comprehensive income

(EUR'000)	Notes	2014	2013
PROFIT (LOSS) FOR THE YEAR		**78,725**	**48,162**
Other comprehensive income (expense):			
Items that will never be reclassified to profit (loss):			
Actuarial gains (losses) on post-employment benefits	30	(3,183)	(2,031)
Taxes related to equity	30	718	715
Total items that will never be reclassified to profit (loss)		**(2,465)**	**(1,316)**
Items that may be reclassified to profit (loss):			
Foreign currency translation differences - foreign operations	30	37,172	(128,584)
Financial instruments	30		3,567
Taxes related to equity	30		(78)
Total items that may be reclassified to profit (loss)		**37,172**	**(125,095)**
Total other comprehensive income (expense)		**34,707**	**(126,411)**
TOTAL COMPREHENSIVE INCOME (EXPENSE)		**113,432**	**(78,249)**
Attributable to:			
Non-controlling interests		13,400	(2,426)
Owners of the parent		**100,032**	**(75,823)**

Consolidated 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 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
Total other comprehensive income	**-**	**-**	**-**	**(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**

(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 2014	**159,120**	**35,710**	**31,825**	**(280,062)**	**967,708**	**40,124**	**954,425**	**8,038**	**66,946**	**74,984**	**1,029,409**
Allocation of 2013 profit					40,124	(40,124)	-	(8,038)	8,038		-
Distribution of 2013 dividends					(12,730)		(12,730)		(1,881)	(1,881)	(14,611)
Other changes							-			**-**	-
Total owner transactions	**-**	**-**	**-**	**-**	**27,394**	**(40,124)**	**(12,730)**	**(8,038)**	**6,157**	**(1,881)**	**(14,661)**
Change in translation reserve				30,176			**30,176**		6,996	6,996	**37,172**
Net actuarial losses					(1,778)		**(1,778)**		(687)	(687)	**(2,465)**
Fair value on financial instruments							**-**			-	**-**
Total other comprehensive income	**-**	**-**	**-**	**30,176**	**(1,778)**	**-**	**28,398**	**-**	**6,309**	**6,309**	**34,707**
Change in other reserves					1,343		**1,343**		(6,272)	(6,272)	**(4,929)**
Total other transactions	**-**	**-**	**-**	**-**	**1,343**	**-**	**1,343**	**-**	**(6,272)**	**(6,272)**	**(4,929)**
Profit for the year						71,634	**71,634**	7,091		**7,091**	**78,725**
Equity at 31 December 2014	**159,120**	**35,710**	**31,825**	**(249,886)**	**994,667**	**71,634**	**1,043,070**	**7,091**	**73,140**	**80,231**	**1,123,301**

Consolidated statement of cash flows

(EUR'000)	Notes	31 December 2014	31 December 2013
Profit for the year		**78,725**	**48,162**
Amortisation and depreciation		80,107	86,202
(Reversals of impairment losses) Impairment losses		(4,618)	(8,321)
Share of net profits of equity-accounted investees		(3,215)	(2,242)
Net financial expense		7,817	16,162
(Profits) Losses on disposals		(2,564)	(1,566)
Income taxes		20,758	14,992
Change in employee benefits		(1,695)	(3,560)
Change in provisions (current and non-current)		(3,630)	(2,199)
Operating cash flows before changes in working capital		**171,685**	**147,630**
(Increase) decrease in inventories		(6,182)	10,763
(Increase) decrease in trade receivables		4,745	13,519
Increase (decrease) in trade payables		2,091	(4,509)
Change in other non-current and current assets and liabilities		(8,483)	(2,756)
Change in current and deferred taxes		(354)	(5,058)
Operating cash flows		**163,502**	**159,589**
Dividends collected		2,687	1,724
Interest collected		3,676	3,132
Interest paid		(11,972)	(13,790)
Other net expense paid		1,851	(2,992)
Income taxes paid		(29,517)	(20,989)
CASH FLOWS FROM OPERATING ACTIVITIES (A)		**130,227**	**126,674**
Investments in intangible assets		(3,200)	(1,866)
Investments in property, plant and equipment		(66,391)	(79,762)
Investments in equity investments and other non-current securities		-	(12)
Proceeds from the sale of intangible assets		30	-
Proceeds from the sale of property, plant and equipment		3,274	2,547
Proceeds from the sale of equity investments and non-current securities		-	12,061
Change in non-current financial assets		71	101
Change in current financial assets		(250)	1,149
Other changes in investing activities		-	-
CASH FLOWS USED IN INVESTING ACTIVITIES (B)		**(66,421)**	**(65,782)**
Change in non-current financial liabilities		(28,412)	63,759
Change in current financial liabilities		(35,408)	(88,788)
Dividends distributed		(14,608)	(8,094)
Other changes in equity		(6,427)	10,002
CASH FLOWS FROM FINANCING ACTIVITIES (C)		**(84,855)**	**(23,121)**
NET EXCHANGE RATE GAINS (LOSSES) ON CASH AND CASH EQUIVALENTS (D)		**4,179**	**(11,296)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(16,870)**	**26,475**
Opening cash and cash equivalents	12	**110,726**	**84,251**
Closing cash and cash equivalents	12	**93,856**	**110,726**

Consolidated statement of financial position

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(EUR'000)	Notes	31 December 2014 Total	31 December 2014 of which with related parties	31 December 2013 Total	31 December 2013 of which with related parties
ASSETS					
Intangible assets with a finite useful life	1	40,780	-	40,094	-
Intangible assets with an indefinite useful life	2	407,661	-	403,159	-
Property, plant and equipment	3	768,709	-	762,098	-
Investment property	4	110,307	-	98,952	-
Equity-accounted investments	5	20,342	-	17,240	-
Available-for-sale equity investments	6	213	-	210	-
Non-current financial assets		769	-	840	-
Deferred tax assets	20	69,792	-	60,339	-
Other non-current assets	11	8,061	-	8,541	-
TOTAL NON-CURRENT ASSETS		**1,426,634**	-	**1,391,473**	-
Inventories	7	145,724	-	139,602	-
Trade receivables	8	178,084	10,360	184,204	5,961
Current financial assets	9	5,729	3,376	3,659	2,750
Current tax assets	10	5,875	-	5,972	-
Other current assets	11	17,508	-	12,391	-
Cash and cash equivalents	12	93,856	1,066	110,726	2,298
TOTAL CURRENT ASSETS		**446,776**	-	**456,554**	-
TOTAL ASSETS		**1,873,410**	-	**1,848,027**	-
EQUITY AND LIABILITIES					
Share capital		159,120	-	159,120	-
Share premium reserve		35,710	-	35,710	-
Other reserves		776,606	-	719,471	-
Profit attributable to the owners of the parent		71,634	-	40,124	-
Equity attributable to the owners of the parent	13	**1,043,070**	-	**954,425**	-
Profit attributable to non-controlling interests		7,091	-	8,038	-
Reserves attributable to non-controlling interests		73,140	-	66,946	-
Equity attributable to non-controlling interests	13	**80,231**	-	**74,984**	-
TOTAL EQUITY		**1,123,301**	-	**1,029,409**	-
Employee benefits	14	17,891	-	16,260	-
Non-current provisions	15	18,821	-	21,965	-
Non-current financial liabilities	17	255,754	50,000	284,135	-
Deferred tax liabilities	20	83,368	-	82,974	-
Other non-current liabilities	19	8,895	-	10,344	1,167
TOTAL NON-CURRENT LIABILITIES		**384,729**	-	**415,678**	-
Current provisions	15	1,327	-	1,119	-
Trade payables	16	181,587	77	183,192	152
Current financial liabilities	17	122,162	18,960	155,132	9,390
Current tax liabilities	18	12,693	-	11,201	-
Other current liabilities	19	47,611	-	52,296	-
TOTAL CURRENT LIABILITIES		**365,380**	-	**402,940**	-
TOTAL LIABILITIES		**750,109**	-	**818,618**	-
TOTAL EQUITY AND LIABILITIES		**1,873,410**	-	**1,848,027**	-

Consolidated income statement

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(EUR'000)	Notes	2014 Total	2014 of which with related parties	2013 Total	2013 of which with related parties
REVENUE	21	**948,013**	**12,275**	**988,614**	**8,456**
Change in inventories	7	(3,922)	-	3,931	-
Increase for internal work		4,297	-	4,466	-
Other operating revenue	22	24,665	1,499	19,801	438
TOTAL OPERATING REVENUE		**973,053**	-	**1,016,812**	-
Raw materials costs	23	(398,861)		(434,972)	
Personnel costs	24	(147,624)		(156,481)	
Other operating costs	25	(234,136)	(2,019)	(255,639)	(1,994)
TOTAL OPERATING COSTS		**(780,621)**	-	**(847,092)**	-
EBITDA		**192,432**	-	**169,720**	-
Amortisation and depreciation	26	(80,107)	-	(86,202)	-
Provisions	26	(804)	-	(2,247)	-
Impairment losses	26	(7,436)	-	(4,587)	-
Total amortisation, depreciation, impairment losses and provisions		(88,347)	-	(93,036)	-
EBIT		**104,085**	-	**76,684**	-
Share of net profits of equity-accounted investees	27	3,215	-	2,242	-
Financial income	27	9,355	253	13,985	554
Financial expense	27	(20,746)	(769)	(19,310)	(1,862)
Foreign exchange rate gains (losses)	27	3,574	-	(10,447)	-
Net financial expense		(7,817)	-	(15,772)	-
NET FINANCIAL EXPENSE AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES		**(4,602)**	-	**(13,530)**	-
PROFIT (LOSS) BEFORE TAXES		**99,483**	-	**63,154**	-
Income taxes	28	(20,758)	-	(14,992)	-
PROFIT FROM CONTINUING OPERATIONS		**78,725**	-	**48,162**	-
PROFIT (LOSS) FOR THE YEAR		**78,725**	-	**48,162**	-
Attributable to:					
Non-controlling interests		7,091	-	8,038	-
Owners of the parent		**71,634**	-	**40,124**	-
(EUR)					
Basic earnings per share	29	**0.450**		**0.252**	
Diluted earnings per share	29	**0.450**		**0.252**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Cementir Holding SpA (the "parent"), a company limited by shares with registered office in Corso di Francia 200, Rome, Italy, and its subsidiaries make up the Cementir Holding Group (the "Group"), mainly active in the cement and ready-mixed concrete sector in Italy and around the world.

Based on the shareholder register at 31 December 2014, the communications received pursuant to article 120 of Legislative Decree No. 58 of 24 February 1998 and other available information, the following are the shareholders with an investment of more than 2% in the Parent's share capital:

1) Francesco Gaetano Caltagirone – 104,921,927 shares (65.939%). The shareholding is held as follows:
   - Direct ownership of 1,327,560 shares (0.834%)
   - Indirect ownership through the companies:
     - Calt 2004 Srl – 47,860,813 shares (30.078%)
     - Lav 2004 Srl – 40,543,880 shares (25.480%)
     - Gamma Srl – 5,575,220 shares (3.504%);
     - Pantheon 2000 SpA – 4,466,928 shares (2.807%);
     - Vianini Industria SpA – 2,614,300 shares (1.643%)
     - Caltagirone SpA – 2,533,226 shares (1.592%)
2) Francesco Caltagirone – 7,925,299 shares (4.981%). The shareholding is held as follows:
   - Direct ownership of 3,170,229 shares (1.992%)
   - Indirect ownership through the company Chupas 2007 Srl – 4,755,000 shares (2.988%).

On 10 March 2015, the parent's Board of Directors approved the draft consolidated financial statements of Cementir Holding Group at 31 December 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 2014 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 scope of consolidation took place during the year, other than that reported in the notes.

Statement of compliance with the IFRS

These consolidated financial statements at 31 December 2014, 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), as endorsed by the European Commission and in force 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 "IFRS". Reference was also made to article 9 of Legislative Decree 38 of 28 February 2005, the provisions of the Italian Civil Code, CONSOB (Italian Securities and Exchange Commission) resolutions No.15519 ("Instructions for financial statements implementing article 9.3 of Legislative Decree 38/2005") and No.15520 ("Amendments and additions to the regulation implementing Legislative Decree 58/1998"), both dated 27 July 2006, and CONSOB Communication 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 2014 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 criterion 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 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 2014 in accordance with the IFRS, as defined above.

Effects arising from the application of IFRS 11 Joint Arrangements

As a result of the application of IFRS 11, the Group modified the measurement and reporting criteria adopted for equity investments that are joint arrangements. IFRS 11 contemplates two types of joint arrangements—joint operations and joint ventures, each with its own accounting treatment. Joint operations exist when the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement; joint ventures exist when the parties have rights to the net assets of the arrangement only. Accordingly, with the introduction of the standard, AGAB Syd Aktiebolag was consolidated as of 1 January 2014 using the equity method. Given the immateriality of the accounting effects arising from the change (as reported below), the Group did not restate the corresponding figures at 31 December 2013.

(EUR'000)	2013 Published	Change	2013 Represented
Property, plant and equipment	762,098	(433)	761,665
Equity-accounted investments	17,240	858	18,098
Total non-current assets	**1,391,473**	**425**	**1,391,898**
Inventories	139,602	(60)	139,542
Trade receivables	184,204	(410)	183,794
Cash and cash equivalents	110,726	(371)	110,355
Total current assets	**456,554**	**(841)**	**455,713**
TOTAL ASSETS	**1,848,027**	**(416)**	**1,847,611**
Total non-current liabilities	**415,678**	**(76)**	**415,602**
Total current liabilities	**402,940**	**(340)**	**402,600**
TOTAL LIABILITIES	**818,618**	**(416)**	**818,202**
TOTAL EQUITY AND LIABILITIES	**1,848,027**	**(416)**	**1,847,611**
Revenue	988,614	(2,039)	986,575
EBITDA	**169,720**	**(163)**	**169,883**
EBIT	**76,684**	**(136)**	**(76,548)**
PROFIT (LOSS) BEFORE TAXES	**63,153**	**(31)**	**(63,122)**
PROFIT (LOSS) FOR THE YEAR	**48,161**	**-**	**48,161**

Standards and amendments to standards adopted by the Group

a) Commencing as of 1 January 2014, the Group has adopted the following new accounting standards:

- 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 satisfies all of the following conditions:

  (i) power over the investee,

  (ii) exposure or rights to variable returns from its 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, and

  (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. As such, 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*: this standard requires an entity to 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 said standards.
- Amendments to IAS 36 – *Recoverable Amount Disclosures for Non-financial Assets*: the amendments relate to disclosures to be provided in the notes to the financial statements exclusively with reference to impaired non-financial assets (or where such impairment loss was reversed), 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 relating to the discontinuation 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.

b) Standards and interpretations of standards applicable for annual reporting periods starting after 2014 and not early adopted by the Group:

- On 20 May 2013, the IASB issued IFRIC 21 – *Levies*, which provides an interpretation for IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 provides guidance on when an entity should recognise a liability for a levy imposed by the government, with the exception of levies covered by other accounting standards (e.g., IAS 12 – *Income Taxes*). IAS 37 outlines the recognition criteria for contingent liabilities, which include the existence of a present obligation on the entity arising from a past event, known as the obligating event. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. Entities are required to apply IFRIC 21 at the latest starting from the first annual reporting period commencing on or after 17 June 2014.
- On 21 November 2013, the IASB issued *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits)*. The amendments introduced to IAS 19 permit (but do not require) contributions paid to employees or third parties to be deducted from the current service cost for the period, where the amount of the contributions is independent of the number of years of service, instead of attributing the amount to the full length of the period in which the service is rendered.
- On 12 December 2013, the IASB issued *Annual Improvements to IFRSs, Cycle 2010–2012*. The amendments contained in the improvements affect:
  - IFRS 2, amending the definition of vesting condition;
  - IFRS 3, clarifying that contingent consideration classified as an asset or liability should be measured at fair value at each reporting date;

- IFRS 8, primarily requiring disclosure of the criteria and measurement factors considered when aggregating operating segments, as presented in the financial statements;
- the Basis for Conclusions of IFRS 13, confirming the possibility of measuring short-term receivables and payables with no stated interest rate at their face value, if the impact of their not being discounted is not material;
- IAS 16 and IAS 38, clarifying how to measure the total carrying amount of assets, where their restatement is the result of the application of a revaluation method;
- IAS 24, specifying that an entity is a related party of the reporting entity if the entity (or a member of the group to which it belongs) provides key management personnel services to the reporting entity (or its parent).

The provisions of the Annual Improvements are applicable starting from annual reporting periods commencing on or after 1 February 2015.

- On the same date, the IASB issued Annual Improvements to IFRSs, Cycle 2011–2013. The amendments contained in the improvements affect:
  - the Basis for Conclusions of IFRS 1, clarifying the meaning of "effective" in the IFRSs for first-time adopters;
  - IFRS 3, clarifying scope exceptions for joint arrangements in the financial statements of the arrangements themselves;
  - IFRS 13, clarifying that the scope of the portfolio exception contemplated by paragraph 48 of the standard extends to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32;
  - IAS 40, clarifying the interrelationship of IFRS 3 and IAS 40.

The provisions of the Annual Improvements are applicable starting from annual reporting periods commencing on or after 1 January 2015.

The Group has not opted for the early adoption of endorsed standards, interpretations and amendments, whose mandatory application is after the reporting date.

The Group is assessing the possible effects of the application of the new standards and amendments. Based on its preliminary assessment, the Group does not expect their application will have a significant effect on the consolidated financial statements.

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 Union has yet to endorse, some of which are still at the discussion stage. They include:

- On 12 November 2009, the IASB published IFRS 9 – *Financial Instruments*; the standard was reissued in October 2010 and amended in November 2013. The standard introduces new criteria for the classification, recognition and measurement of financial assets and financial liabilities and a new hedge accounting model, replacing the related provisions of IAS 39 – *Financial Assets*: *Recognition and Measurement*. Among the various amendments introduced in November 2013, the IASB eliminated the

mandatory effective date for the first-time application of the standard, which had been set for 1 January 2015. A mandatory effective date will be introduced when the complete standard is published, upon completion of the IFRS 9 project.

- On 30 January 2014, the IASB published IFRS 14 – *Regulatory Deferral Accounts*. The standard permits first-time adopters that operate in sectors subject to rate regulation to continue to account, with some limited changes, for “regulatory deferral account balances” in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. However, it requires that regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required in the notes. The provisions of the standard are applicable starting from annual reporting periods commencing on or after 1 January 2016.
- On 6 May 2014, the IASB issued *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 Joint Arrangements)*. The amendments to IFRS 11, applicable starting from annual reporting periods commencing as of 1 January 2016, clarify the most appropriate approach to account for the acquisition of an interest in a joint operation that is a business.
- On 12 May 2014, the IASB published the *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*, with the objective of clarifying that a revenue-based method of amortisation is not considered appropriate because it represents the generation of economic benefits from an asset rather than the consumption of the economic benefits embodied in the asset. The clarifications are applicable starting from annual reporting periods commencing on or after 1 January 2016.
- On 28 May 2014, the IASB published IFRS 15 – *Revenue from Contracts with Customers*. The standard identifies criteria for recognising revenue from the sale of goods or the provision of services based on the “five-step model framework”, and requires that useful information be provided in the notes to the financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The provisions of the standard are applicable starting from annual reporting periods commencing on or after 1 January 2017.
- On 12 August 2014, the IASB published *Equity Method in Separate Financial Statements* (*Amendments to* IAS 27). The amendments permit entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- On 11 September 2014, the IASB published *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture* (*Amendments to* IFRS 10 *and* IAS 28), with a view resolving the conflict between IAS 28 and IFRS 10. Under IAS 28, the gain or loss resulting from the sale or contribution of non-monetary assets to a joint venture or associate in exchange for an equity stake in the entity is recognised only to the extent of unrelated investors’ interests in the associate or joint venture. In contrast, IFRS 10 requires the recognition of the full gain or loss upon loss of control, even if the entity continues to hold a non-controlling interest in the associate, also in the case of the sale or contribution of a subsidiary to a joint venture or associate. The amendments introduced clarify that in the case of the sale or contribution of assets or a subsidiary to a joint venture or an associate, the extent to which the

resulting gain or loss is recognised in the financial statements of the seller/contributor depends on whether the assets or subsidiary transferred constitute a business, as defined in IFRS 3. If the assets or subsidiary transferred represent a business, then the entity is required to recognise the full gain or loss on the entire equity interest formerly held; if the assets or subsidiary transferred do not constitute a business, only a partial gain or loss is to be recognised in relation to the equity interest still held by the entity.

- On 25 September 2014, the IASB published *Annual Improvements to IFRSs: Cycle 2012–2014*. The amendments introduced affect the following standards: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosure*, IAS 19 – *Employee Benefits*, IAS 34 – *Interim Financial Reporting*.
- On 18 December 2014, the IASB published *Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28*). The objective of the amendment is to address three issues relating to the consolidation of investment entities.
- On 18 December 2014, the IASB published a series of amendments to IAS 1 *Presentation of Financial Statements*, with a view to clarifying certain aspects of disclosure. The project was part of the IASB's overall *Disclosure Initiative*, the objective of which is to improve the presentation and disclosure of financial information in financial reports and resolve certain issues raised by operators.
- On 30 June 2014, the IASB published a series of amendments to IAS 16 and IAS 41 concerning bearer plants. The amendments permit bearer plants to be recognised at cost instead of fair value, while continuing to require that harvests be measured at fair value.

The potential impact of the accounting standards, amendments and interpretations to be applied in the future on the Group's financial reports is currently being studied and assessed.

Basis of consolidation

Consolidation scope

A list of the companies included in the scope of consolidation at 31 December 2014 is provided in annex 1.

Subsidiaries

The scope of consolidation includes the parent, Cementir Holding SpA, and the companies over which it has direct or indirect control. Subsidiaries subject to direct or indirect control include companies for which the Group 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. The existence of potential voting rights is considered when determining whether control exists.

Subsidiaries are consolidated from the date on which control is obtained until when control 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 prepared specifically for the purpose 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 line-by-line. The criteria adopted for line-by-line consolidation are as follows:

- 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 acquisition method. The purchase cost is recognised at the acquisition date fair value of the assets acquired, the liabilities assumed and equity instruments issued as at the acquisition date. 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 scope of consolidation, the difference between the sales price and the related share of equity is recognised as a gain or loss in the income statement.

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 ventures are entities created by contractual agreement, whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are measured using the equity method and are 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 any greater value 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 or joint control commences and until such significant influence or joint control 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 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 reported below:

	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 therefore 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 on goodwill are not reversed.

Property, plant and equipment

Property, plant and equipment are recognised at their 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 site restoration costs.

The estimated useful life of the main items of property, plant and equipment is reported below:

	Useful life of property, plant and equipment
Quarries	Extracted/extractible
Production plants	10-20 years
Other plants (not production):	
- Industrial buildings	18-20 years
- Light construction	10 years
- Generic or specific plant	8 years
- Sundry equipment	4 years
- Transport vehicles	5 years
- Office machines and equipment	5 years

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

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

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

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

Investment property

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

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 in the nearby area. The resulting 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 lease and/or other existing contracts (level 3).

Impairment losses

At each reporting date, the Group assesses whether events or changes in circumstances exist suggesting that the carrying amount of intangible assets or property, plant and equipment may not be recovered. 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 and written down 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 changes in 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 separate 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 costs to sell;
- the value in use, as defined above;
- zero.

Impairment losses are recognised in profit or 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 (CO_2). 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 CO_2 allowances than those available in the register, the Group sets up a provision for risks and charges for the fair value of the number of allowances to be purchased subsequently on the market.

Financial instruments

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

- *Available-for-sale financial assets:* these are non-derivative financial assets that are explicitly designated as belonging to this category and are recognised as non-current assets unless management intends to sell them within 12 months from 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 recognised in profit or loss only when they are effectively sold or when any accumulated fair value losses are deemed to indicate an impairment which will not be recovered in the future. Given the objective uncertainty about the future economic situation and financial market performance, given high levels of speculation, especially in Italy, the Group has identified a 50% reduction in carrying amount and 60 months as separate parameters for "materiality" and "duration" respectively, for the purposes of determining impairment of AFS securities pursuant to IAS 39.

  Financial assets are derecognised when the right to receive cash flows 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 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*: these are non-derivative financial instruments, mainly trade receivables, which 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 the risk of fluctuations in exchange rates, interest rates and market prices.

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

Transactions that meet requirements for the application of hedge accounting are classified as hedging transactions. Other transactions are designated as trading transactions, even when their purpose is to manage risk. Therefore, as some of the formal requirements of 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 methods to test effectiveness. The hedge's effectiveness is assessed at inception and over the life of the hedge. Generally, a hedge is considered to be highly effective if, both upon inception and over its life, changes in the fair value (fair value hedges) or estimated cash flows (cash flow hedges) of the hedged item are substantially covered by changes in the fair value of the hedging instrument.

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

In the case of cash flow hedges (hedges designated 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, changes in the fair value of the hedging instrument, related to the ineffective portion, are immediately charged 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 used 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 yield-curve spreads.

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 at 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 post-employment benefits (TFR) due to employees[1] pursuant to article 2120 of the Italian Civil Code for benefits vested up to 31 December 2006. Following pension law 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 owing to employees solely relates to those vested up to 31 December 2006.

The accounting treatment adopted by the Group[1] since 1 January 2007 (described below) complies with the prevailing interpretation of the new legislation and follows the accounting guidance provided by 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 transfer the benefits to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements, are not subjected to actuarial valuation and are recognised as personnel expense.
- Post-employment benefits vested up to 31 December 2006 continue to be recognised as a Group liability for defined benefit plans. This liability will not increase in the future through additional accruals. Therefore, unlike in the past, the actuarial calculation used to determine the 31 December 2014 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 obligation[2] and employee turnover rate.

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 other comprehensive income.

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 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

[1] For Italian companies.

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

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 a 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 value of the non-current asset or under other liabilities and charged 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 the 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 at the date of 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 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 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 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 in force at the date the transaction was initially recognised.

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

Translation of financial statements of foreign operations

The financial statements of subsidiaries, associates and joint ventures 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 Eurozone 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 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 by IFRS 1, translation differences existing at the date of first-time adoption of 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 2014	Average 2014	31 December 2013	Average 2013
Turkish lira – TRY	2.83	2.90	2.96	2.53
US dollar – USD	1.21	1.33	1.38	1.33
British pound – GBP	0.78	0.81	0.84	0.85
Egyptian pound – EGP	8.68	9.40	9.58	9.13
Danish krone – DKK	7.44	7.45	7.46	7.46
Icelandic krona – ISK	154.13	154.86	158.52	162.30
Norwegian krone – NOK	9.04	8.35	8.42	7.80
Swedish krona – SEK	9.39	9.10	8.93	8.65
Malaysian ringgit – MYR	4.26	4.34	4.54	4.18
Chinese renminbi-yuan – CNY	7.54	8.17	8.36	8.16

Use of estimates

The preparation of consolidated financial statements requires management to use accounting policies and methods that are sometimes based on difficult and subjective judgements, 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 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 subjective judgement by management when making 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, testing entails the calculation of the recoverable amount of the CGUs to which goodwill is allocated by estimating the related value in use or fair value less costs to sell; if the fair value of the relative net capital employed is lower than the CGUs' carrying amount, the goodwill allocated to it 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 potentially significant effects compared to the valuations made by management.
- *Impairment losses on non-current assets*: in accordance with 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 relative 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 impairment using valuation techniques deemed suitable. The correct identification of impairment indicators and the estimates used to determine 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 on the basis of past experience of similar assets, market conditions and expectations about future events that could impact the assets' useful life, such as technological change. As such, effective useful life may differ from 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 current and future years, the change is recognised in the year in which it is made and in the related future years, as explained in more detail in the next section.

Changes in accounting policies, errors and changes in estimates

The Group modifies the accounting policies adopted 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 financial position, performance and cash flows of the enterprise.

Changes in accounting policies are recognised retrospectively; the opening balance of each equity component affected for the earliest comparative period presented and other comparative amounts shown for each comparative 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.

This same approach 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, despite operating in different geographical markets, as it is not overly exposed to a limited number of positions. Moreover, its operating procedures require checks on credit risk, with the sale of products and/or services limited to customers with 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 equivalent to 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 concerns the availability of financial resources and access to credit market and financial instruments.

Specifically, the Group monitors and manages its cash flows, funding 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 the payment of amounts payable drawing on cash flows generated constantly by its operating activities and on credit facilities.

In the current market conditions, the Group expects to maintain its ability to generate cash flows through operating activities. In fact, thanks to its strong financial position, any unplanned financial requirements can be funded through its access to credit facilities.

Market risk

Market risk mainly concerns 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 any potential impacts and take the most suitable action to mitigate them; it does this through the use of derivatives.

Currency risk

Group companies operate internationally; as such 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 in relation to revenue from 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 purchases currency forwards and currency put and call options for hedging purposes. Transactions involving derivatives are performed for hedging purposes.

The Group's presentation currency is the Euro. As a result, it is open to currency risk in relation to the translation of the financial statements of 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 timeframes for the repayment of debt by using estimated cash inflows and purchases 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 prices and quantities for roughly 12 months. It also uses suppliers in different geographical areas to avoid the risk of supply chain concentration and to obtain the most competitive prices.

Segment reporting

In accordance with IFRS 8, the Group has identified its operating segments on the basis of the parent's internal reporting system for management purposes.

Its operating activities are organised and managed by geographical segments, identified as: Italy, Denmark, Other Scandinavian Countries (Norway, Sweden and Iceland), Turkey, Egypt, the Far East (Malaysia and China) and the rest of the world (Spain, Poland, Russia, the United Kingdom and the USA).

The Group's geographical segments consist of the non-current assets of each company based and operating 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 performance of each operating segment at 31 December 2014:

(EUR'000)	**Denmark**	**Turkey**	**Italy**	**Other Scandinavian countries**	**Egypt**	**Far East**	**Rest of the world**	Unallocated items and adjustments	**CEMENTIR HOLDING GROUP**
Operating revenue	302,348	276,190	101,010	189,079	45,227	68,025	49,159	(57,983)	**973,053**
Intra-segment operating revenue	(38,319)	(187)	(15,574)	(2,987)	(361)	-	(555)	57,983	**-**
Contributed operating revenue	264,029	276,003	85,436	186,092	44,866	68,025	48,602	-	**973,053**
Segment result (EBITDA)	**74,181**	**69,860**	**(178)**[3]	**19,460**	**12,703**	**14,467**	**1,939**	**-**	**192,432**
Amortisation and depreciation, impairment losses and provisions	(21,180)	(21,918)	(26,637)	(5,930)	(3,836)	(5,084)	(3,762)	-	**(88,347)**
EBIT	**53,001**	**47,942**	**(26,815)**	**13,530**	**8,867**	**9,383**	**(1,823)**	**-**	**104,085**
Net profit of equity-accounted investees	-	-	-	159	-	-	3,056	-	**3,215**
Net financial expense	-	-	-	-	-	-	-	(7,817)	**(7,817)**
Profit before taxes	-	-	-	-	-	-	-	-	**99,483**
Income taxes	-	-	-	-	-	-	-	(20,758)	**(20,758)**
Profit for the year	-	-	-	-	-	-	-	-	**78,725**

[3] EBITDA for Italy includes the EBITDA of Cementir Holding SpA for a total of EUR -0.5 million.

The following table shows the performance of each operating segment at 31 December 2013:

(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**
Intra-segment operating revenue	(35,145)	-	(12,362)	(3,553)	(307)	-	(544)	51,911	**-**
Contributed operating revenue	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)**[4]	**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**

The following table shows other data for each geographical segment at 31 December 2014:

(EUR'000)	Segment assets	Segment liabilities	[5]Investments in property, plant and equipment and intangible assets	Equity-accounted investments
Denmark	488,758	291,349	15,638	-
Turkey	579,229	103,978	23,679	-
Italy	375,162	237,255	3,788	-
Other Scandinavian countries	115,498	53,669	5,585	1,887
Egypt	132,924	28,404	544	-
Far East	121,136	18,655	12,228	-
Rest of the world	60,703	16,799	4,842	18,455
Total	**1,873,410**	**750,109**	**66,304**	**20,342**

[4] EBITDA for Italy includes the EBITDA of Cementir Holding SpA for a total of EUR -0.9 million.

[5] Investments made in the year.

The following table shows other data for each geographical segment 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 following table shows revenue from third-party customers by geographical segment at 31 December 2014:

(EUR'000)	Denmark	Italy	Other Scandinavian countries	Turkey	Egypt	Far East	Rest of the world	Total
Revenue by customer geographical location	208,897	83,698	185,831	242,867	25,457	66,580	134,683	**948,013**

The following table shows revenue from third party customers by geographical segment at 31 December 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**

1) Intangible assets with a finite useful life

At 31 December 2014, intangible assets with a finite useful life amounted to EUR 40,780 thousand (31 December 2013: EUR 40,094 thousand). Concession rights and licences mainly consisted of concessions to use quarries and software licences for the IT system (SAP R/3). Amortisation is applied over the assets' estimated useful life.

Other intangible assets include a waste management agreement signed in 2011 (for a term of 25 years) with the municipal company of Istanbul (Turkey), with an original consideration of TL 12.1 million (equal to EUR 5.2 million at the acquisition date).

At 31 December 2014, the recoverable amount of the CGU (Hereko) was estimated on the basis of its value in use, due to delays in capital expenditure which postponed full operation of the facilities and did not enable the achievement of the earnings targets.

Key assumptions were based on assessments by management concerning future projections for the sector of reference and an historic analysis of internal and external factors of information. Future cash flows were considered until 2035, when the waste management agreement will expire.

Key assumptions used to estimate the recoverable amount of the CGU were:

- WACC of 12.7%;
- Growth rate of 5%;
- EBITDA margin between 24% and 40.9%, in line with company forecasts starting from 2015 onwards.

Impairment testing at 31 December 2014 found a recoverable amount for the CGU of EUR 55.7 million, compared to a carrying amount of EUR 57 million. Accordingly, an impairment loss of EUR 1.3 million was recognised under the caption "Impairment losses".

(EUR'000)	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2014	**1,615**	**26,487**	**36,081**	**372**	**64,555**
Increase	407	615	1,798	770	3,590
Decrease	-	(41)	-	-	(41)
Impairment losses	-	-	(1,298)		(1,298)
Change in consolidation scope	-	-	-	-	-
Translation differences	(16)	1,254	771	6	2,015
Reclassifications	-	367	1,270	(440)	1,197
Gross amount at 31 December 2014	**2,006**	**28,682**	**38,622**	**708**	**70,018**
Amortisation at 1 January 2014	**1,104**	**10,445**	**12,912**	**-**	**24,461**
Amortisation	255	1,204	3,147	-	4,406
Decrease	-	(10)	-	-	(10)
Change in consolidation scope	-	-	-	-	-
Translation differences	(6)	247	153	-	394
Reclassifications	-	-	(213)	-	(213)
Amortisation at 31 December 2014	**1,353**	**11,886**	**15,999**	**-**	**29,238**
Carrying amount at 31 December 2014	**653**	**16,796**	**22,623**	**708**	**40,780**

The Group spent approximately EUR 1.3 million on research and development during the year (31 December 2013: EUR 1.6 million), all of which was expensed in the income statement.

(EUR'000)	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	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**

2) Intangible assets with an indefinite useful life

The Group regularly tests intangible assets with an indefinite useful life, consisting of goodwill allocated to CGUs, for impairment.

At 31 December 2014, the caption amounted to EUR 407,661 thousand (31 December 2013: EUR 403,159 thousand). The following table shows CGUs by macro geographical segment.

				31.12.2014				31.12.2013
(EUR'000)	Turkey	Denmark	Italy	Total	Turkey	Denmark	Italy	Total
Opening balance	**129,906**	**268,075**	**5,178**	**403,159**	**162,920**	**273,516**	**5,178**	**441,614**
Increase	-	-	-	**-**	-	-	-	**-**
Decrease	-	-	-	**-**	-	-	-	**-**
Change in consolidation	-	-	-	**-**	-	-	-	**-**
Translation differences	5,994	(1,492)	-	**4,502**	(32,546)	(5,441)	-	**(37,987)**
Reclassifications	-	-	-	**-**	(468)	-	-	**(468)**
Closing balance	**135,900**	**266,583**	**5,178**	**407,661**	**129,906**	**268,075**	**5,178**	**403,159**

In line with previous years, the Group tested the three cash generating units (CGUs), to which goodwill had been allocated, for impairment.

CGUs are 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. The Group's CGUs consist of companies and/or the specific facilities they operate and to which goodwill paid at acquisition was allocated.

The CGU groupings for the "Turkey" and "Denmark" macro-geographical segments include CGUs to which goodwill was allocated for the local acquisitions of companies and/or plants. 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.

Impairment testing of the "Cimentas" and "Aalborg Portland" CGUs covered cash flows tied to the acquisition of the relative groups and consolidated at Cementir Holding level, to check the goodwill generated upon acquisition by the parent for impairment. Goodwill allocated to the Italian CGU refers to the subsidiary Betontir. Although no specific goodwill is allocated to the subsidiary Cementir Italia, in view of the persistent difficulties of the reference market, the Group tested the recoverability of its net capital employed. The test showed that the enterprise value of Cementir Italia is higher than the net capital employed in the company.

Impairment testing involved comparing each CGU's carrying amount with its value in use, determined using the discounted cash flow (DCF) method applied to the future cash flows forecast by the three/five year plans prepared by the directors of each CGU. Cash flow projections were estimated using budget forecasts for 2015 (as approved by the Board of Directors of each subsidiary) and management forecasts for the following two/four years. 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 a weighted average cost of capital (WACC). Key assumptions to determine value in use were as follows:

	31.12.2014			31.12.2013		
Values in %	**Turkey**	**Denmark**	**Italy**	**Turkey**	**Denmark**	**Italy**
Growth rate of terminal values	4%	1.5%	1.5%	4%	2%	2%
Discount rate	12.5%	5.2%	6.8%	12%	5%	7.5%

The above tests did not give rise to any impairment losses either in equity at 31 December 2014 or in profit for the year 2014.
A sensitivity analysis was performed assuming a hypothetical variation in the WACC and showed that the impairment test results were not sensitive to changes in input assumptions. Specifically a reasonable variation in WACC (+/- 4%, 3% and 2%), at the same conditions, would not result in the recognition of any impairment loss for the Turkey CGU, the Denmark CGU and the Italy CGU.
Impairment testing took into consideration performance expectations for 2015; the Group made specific forecasts about its business performance for subsequent years considering the financial and market situation.
The input assumptions stated in the table above were applied to estimates and forecasts determined by on the basis of past experience and expected developments in the markets in which the Group operates. The Group constantly monitors circumstances and events that could lead to impairment losses based on developments in the current economic climate.

3) Property, plant and equipment

At 31 December 2014, property, plant and equipment amounted to EUR 768,709 thousand (31 December 2013: EUR 762,098 thousand). Additional disclosures 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 advances	Total
Gross amount at 1 January 2014	**412,114**	**44,269**	**1,244,691**	**82,923**	**55,208**	**1,839,205**
Increase	1,618	296	15,812	3,003	41,985	62,714
Decrease	(216)	(1,380)	(2,866)	(4,419)	(7)	(8,888)
Change in consolidation scope	-	-	-	-	-	-
Translation differences	12,355	705	25,539	706	883	40,188
Reclassifications	7,275	681	43,858	7,360	(61,168)	(1,994)
Gross amount at 31 December 2014	**433,143**	**44,571**	**1,327,034**	**89,573**	**36,901**	**1,931,225**
Depreciation at 1 January 2014	**207,664**	**13,566**	**798,463**	**57,414**	**-**	**1,077,107**
Depreciation	10,951	1,515	56,806	6,229	-	75,501
Decrease	(95)	(11)	(2,805)	(4,209)	-	(7,120)
Change in consolidation scope	-	-	-	-	-	-
Translation differences	4,428	279	11,991	506	-	17,204
Reclassifications	(15)	91	(814)	562	-	(176)
Depreciation at 31 December 2014	**222,933**	**15,440**	**863,641**	**60,502**	**-**	**1,162,516**
Carrying amount at 31 December 2014	**210,213**	**29,131**	**463,393**	**29,071**	**36,901**	**768,709**

(EUR'000)	Land and buildings	Quarries	Plant and machinery	Other	Assets under construction and advances	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**

See the section on accounting policies for the useful life criteria adopted by the Group.

At 31 December 2014, a total of EUR 107.2 million of property, plant and equipment (31 December 2013: EUR 111.3 million) was pledged as collateral for bank loans totalling a residual EUR 134.7 million at the reporting date (31 December 2013: EUR 143.4 million).

Contractual commitments in place at 31 December 2014 to purchase property, plant and machinery amounted to EUR 2.4 million (31 December 2013: EUR 11 million). The Group did not capitalise borrowing costs in 2014 or in 2013.

4) Investment property

Investment property, totalling EUR 110,307 thousand, is recognised at fair value, as determined on an annual basis using appraisals prepared by independent property assessors.

(EUR'000)		31.12.2014			31.12.2013	
	Land	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
Opening balance	**69,348**	**29,604**	**98,952**	**74,284**	**30,218**	**104,502**
Increase	-	-	**-**	-	-	**-**
Decrease	(4,071)	-	**(4,071)**	(1,480)	-	**(1,480)**
Fair value gains (losses)	11,590	464	**12,054**	12,525	382	**12,907**
Translation differences	3,178	194	**3,372**	(15,981)	(996)	**(16,977)**
Reclassifications	-	-	**-**	-	-	**-**
Closing balance	**80,045**	**30,262**	**110,307**	**69,348**	**29,604**	**98,952**

At 31 December 2014, approximately EUR 19 million of investment property was pledged as collateral for bank loans totalling a residual, undiscounted amount of approximately EUR 9.6 million at the reporting date.

Fair value changes amounted to a gain of EUR 12.1 million from the reappraisal of land and buildings owned by Cimentas Group, which was recognised in profit or loss (note 22).

The fair value of investment property was determined by independent property assessors.

5) Equity-accounted investments

This caption shows the Group's share of equity in equity-accounted associates and joint ventures. The carrying amount of these investments and the Group's share of the investees' profit or loss are shown below:

Company	Business	Registered office	Investment %	**Carrying amount**	**Share of profit or loss**
31.12.2014					
Lehigh White Cement Company Joint Venture	Cement	Allentown (USA)	24.5%	14,359	2,958
Secil Unicon SGPS Lda	Cement	Lisbon (Portugal)	50%	-	-
Sola Betong AS	Ready-mixed concrete	Risvika (Norway)	33.3%	1,030	118
ECOL Unicon Spzoo	Ready-mixed concrete	Gdansk (Poland)	49%	4,097	350
ÅGAB Syd Aktiebolag	Aggregates	Malmö (Sweden)	40%	856	41
EPI UK R&D	Research & development	Trowbridge (UK)	50%	-	(252)
Total				**20,342**	**3,215**

Company	Business	Registered office	Investment %	**Carrying amount**	**Share of profit or loss**
31.12.2013					
Lehigh White Cement Company *Joint Venture*	Cement	Allentown (USA)	24.5%	11,791	2,170
Secil Unicon SGPS Lda	Cement	Lisbon (Portugal)	50%	-	(224)
Sola Betong AS	Ready-mixed concrete	Risvika (Norway)	33.3%	1,440	493
ECOL Unicon Spzoo	Ready-mixed concrete	Gdansk (Poland)	49%	4,009	205
ÅGAB Syd Aktiebolag	Aggregates	Malmö (Sweden)	40%	-	-
EPI UK R&D	Research & development	Trowbridge (UK)	50%	-	(402)
Total				**17,240**	**2,242**

As of 1 January 2014, the company ÅGAB Syd Aktiebolag has been consolidated using the equity method. No indicators of impairment were identified for these investments.

The Group holds 24.5% of the voting rights in the company Lehigh White Cement Company; the other two shareholders each hold 24.5% and 51% respectively. The joint venture does not have contingent liabilities and the maximum exposure of the Group to the joint venture does not exceed its share of equity. The relative agreement between the shareholders establishes that all material decisions about the joint venture's activities require the unanimous consent of the parties, which means that all the shareholders have joint control over the company.

Since each of the shareholders has a proportional right to the net assets of the arrangement, Lehigh White Cement Company qualifies as a joint venture and, as such, is accounted for using the equity method.

The table below reports the full values of Lehigh White Cement Company:

	Lehigh White Cement Company	
(EUR'000)	**31.12.2014**	**31.12.2013**
Revenue	**98,853**	**78,989**
Profit for the year	**12,073**	**8,908**
Dividends received from the associate	**2,260**	**1,088**
Assets:	**62,888**	**52,801**
- Non-current assets	*26,672*	*23,388*
- Current assets	*36,216*	*29,413*
Liabilities:	**12,543**	**11,546**
- Non-current liabilities	*2,554*	*4,171*
- Current liabilities	*9,989*	*7,375*
Net assets	**50,345**	**41,255**
Investment %	24.5%	24.5%
Share of equity attributable to the owners of the parent	12,335	10,107
Adjusting entries	-	(100)
Consolidation differences	2,024	1,784
Value of the equity-accounted investment	**14,359**	**11,791**

6) Available-for-sale equity investments

(EUR'000)	31.12.2014	31.12.2013
Available-for-sale equity investments *opening balance*	**210**	**8,231**
Increase	-	12
Decrease	-	(11,622)
Fair value gains (losses)	-	3,567
Change in consolidation scope	-	143
Translation differences	3	(121)
Available-for-sale equity investments *closing balance*	**213**	**210**

No indicators of impairment were identified.

7) Inventories

The carrying amount of inventories approximates their fair value; a breakdown of the caption is shown below:

(EUR'000)	31.12.2014	31.12.2013
Raw materials, consumables and supplies	81,453	73,034
Work in progress	34,841	35,654
Finished goods	28,016	29,051
Advances	1,414	1,863
Inventories	**145,724**	**139,602**

The various categories of inventories changed as a result of variations in manufacturing and sales processes, costs of production inputs, and exchange rates used to translate the financial statements of foreign companies. The change in raw materials, consumables and supplies, representing a decrease of EUR 6,515 thousand (increase of EUR 5,287 thousand at 31 December 2013), has been recognised through profit or loss under “Raw materials costs” (note 23). The change in work in progress and finished products recognised through profit or loss consisted of a decrease of EUR 3,922 thousand (increase of EUR 3,931 thousand at 31 December 2013).

8) Trade receivables

Trade receivables totalled EUR 178,084 thousand (31 December 2013: EUR 184,204 thousand) and break down as follows:

(EUR'000)		31.12.2014	31.12.2013
Trade receivables		180,000	190,394
Allowance for impairment		(16,568)	(12,886)
Net trade receivables		**163,432**	**177,508**
Advances to suppliers		4,292	735
Trade receivables - related parties	(note 34)	10,360	5,961
Trade receivables		**178,084**	**184,204**

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 breakdown by due date is shown below:

(EUR'000)	31.12.2014	31.12.2013
Not yet due	130,779	133,070
Overdue:	49,221	57,324
0-30 days	*13,020*	*12,852*
30-60 days	*5,150*	*5,255*
60-90 days	*1,211*	*4,208*
More than 90 days	*29,840*	*35,009*
Total trade receivables	180,000	190,394
Allowance for impairment	(16,568)	(12,886)
Net trade receivables	**163,432**	**177,508**

9) Current financial assets

(EUR'000)		31.12.2014	31.12.2013
Fair value of derivatives		1,313	75
Accrued income		308	668
Prepayments		2	37
Loan assets - related parties	(note 34)	3,376	2,750
Other loan assets		730	129
Current financial assets		**5,729**	**3,659**

10) Current tax assets

Current tax assets, totalling EUR 5,875 thousand (31 December 2013: EUR 5,972 thousand), mainly refer to IRES and IRAP payments on account to tax authorities (approximately EUR 2.9 million) and IRES refunds requested for the non-deductibility of IRAP in previous years (approximately EUR 1 million).

11) Other current and non-current assets

Other non-current assets totalled EUR 8,061 thousand (31 December 2013: EUR 8,541 thousand) and mainly consisted of VAT assets and deposits.

Other current assets totalled EUR 17,508 thousand (31 December 2013: EUR 12,391 thousand) and consisted of non-commercial items. The caption breaks down as follows:

(EUR'000)	31.12.2014	31.12.2013
VAT assets	3,824	570
Personnel	283	238
Accrued income	376	1,743
Prepayments	3,510	2,593
Other assets	9,515	7,247
Other current assets	**17,508**	**12,391**

12) Cash and cash equivalents

Totalling EUR 93,856 thousand (31 December 2013: EUR 110,726 thousand), the caption consists of temporary liquidity held by the Group, which is usually invested in short-term financial transactions. The caption breaks down as follows:

(EUR'000)		31.12.2014	31.12.2013
Bank and postal deposits		92,123	108,097
Bank deposits - related parties	(note 34)	1,066	2,298
Cash-in-hand and cash equivalents		667	331
Cash and cash equivalents		**93,856**	**110,726**

13) Equity

Equity attributable to the owners of the parent

Equity attributable to the owners of the parent amounted to EUR 1,043,070 thousand at 31 December 2014 (31 December 2013: EUR 954,425 thousand). Profit for the year attributable to the owners of the parent totalled EUR 71,634 thousand (2013: EUR 40,124 thousand).

Share capital

The parent's share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid-up and has not changed with respect to 31 December 2013.

Translation reserve

At 31 December 2014, the translation reserve had a negative balance of EUR 249,886 thousand (31 December 2013: EUR -280,062 thousand), broken down as follows:

(EUR'000)	**31.12.2014**	**31.12.2013**	**Change**
Turkey (Turkish lira – TRY)	(249,978)	(267,050)	17,072
USA (US dollar – USD)	(480)	(4,117)	3,637
Egypt (Egyptian pound – EGP)	(6,110)	(11,591)	5,481
Iceland (Icelandic krona – ISK)	(2,959)	(3,027)	68
China (Chinese renminbi – CNY)	10,446	4,924	5,522
Norway (Norwegian krone – NOK)	(3,235)	(516)	(2,719)
Sweden (Swedish krona – SEK)	(298)	172	(470)
Other countries	2,728	1,143	1,585
Total translation reserve	**(249,886)**	**(280,062)**	**30,176**

Other reserves

At 31 December 2014, other reserves amounted to EUR 994,667 thousand (31 December 2013: EUR 967,708 thousand) and consisted primarily of retained earnings, totalling EUR 728,626 thousand (31 December 2013: EUR 698,581 thousand) and the fair value reserve connected to changes in the designation of use of certain items of property, plant and equipment, totalling EUR 56,772 thousand (in line with 31 December 2013).

Equity attributable to non-controlling interests

Equity attributable to non-controlling interests amounted to EUR 80,231 thousand at 31 December 2014 (31 December 2013: EUR 74,984 thousand). Profit for the year attributable to non-controlling interests totalled EUR 7,091 thousand (2013: EUR 8,038 thousand).

Subsidiaries with material non-controlling interests

(EUR'000)	Aalborg Portland Malaysia 31.12.2014	Aalborg Portland Malaysia 31.12.2013	AB Sydsten 31.12.2014	AB Sydsten 31.12.2013	Sinai White Portland Cement 31.12.2014	Sinai White Portland Cement 31.12.2013
Revenue	**28,764**	**29,416**	**44,201**	**54,352**	**48,150**	**49,278**
Profit for the year	**3,193**	**3,670**	**3,340**	**3,345**	**7,185**	**9,035**
- attributable to the owners of the parent	*2,235*	*2,569*	1,572	*1,575*	*4,106*	*5,163*
- attributable to non-controlling interests	*958*	*1,101*	1,768	*1,770*	*3,079*	*3,872*
Other comprehensive income (expense)	781	(1,385)	(918)	(530)	3,873	(4,616)
Total comprehensive income (expense)	**3,974**	**2,285**	**2,422**	**2,815**	**11,058**	**4,419**
Assets:	**54,058**	**45,418**	**43,599**	**43,730**	**132,924**	**114,792**
- Non-current assets	*38,604*	*26,773*	*22,370*	*23,137*	*78,072*	*73,991*
- Current assets	*15,454*	*18,645*	*21,229*	*20,593*	*54,852*	*40,801*
Liabilities:	**10,385**	**7,511**	**22,207**	**20,266**	**34,990**	**33,078**
- Non-current liabilities	*4,024*	*3,262*	*11,640*	*11,631*	*11,804*	*10,563*
- Current liabilities	*6,361*	*4,429*	*10,567*	*8,635*	*23,186*	*22,515*
Net assets	**43,673**	**37,907**	**21,392**	**23,464**	**397,934**	**81,714**
- attributable to the owners of the parent	*30,571*	*26,535*	*10,071*	*11,047*	*55,959*	*46,691*
- attributable to non-controlling interests	*13,102*	*11,372*	*11,321*	*12,417*	*41,975*	*35,023*
Net change in cash flow	**(5,552)**	**2,666**	**(507)**	**3,509**	**12,095**	**6,210**
Dividends paid to non-controlling interests	**-**	**-**	**1,637**	**1,479**	**-**	**-**

14) Employee benefits

Provisions for employee benefits totalled EUR 17,891 thousand (Eur 16,260 thousand at 31 December 2013) and did not change significantly over the year. The caption includes provisions for employee benefits and post-employment benefits.

Where the conditions for their recognition arise, liabilities are also recognised for future commitments connected with medium/long-term incentive plans that will be paid to employees at the end of the plan period. The long-term incentive plan envisages the payment of a variable monetary reward, calculated on the basis of the gross annual salary of the beneficiary, which is tied to the achievement of the business and financial objectives set forth in the 2014–2016 business plan.

Post-employment benefits, for the employees of the Italian companies, are an unfunded and fully provisioned liability recognised for benefits attributable to employees upon or after termination of employment. This liability qualifies as a defined benefit plan, and as such it is determined using actuarial methods. The actuarial assumptions used for their measurement are summarised below:

Values in %	**31.12.2014**	**31.12.2013**
Annual discount rate	1.6%–3%–4%	3.1%–4.1%–5%
Expected return on plan assets	3%	4%
Annual post-employment benefits growth rate	2.62%	3.15%

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

(EUR'000)	31.12.2014	31.12.2013
Nominal amount of provisions	19,049	23,287
Adjustment for discounting	(1,158)	(7,027)
Employee benefits	**17,891**	**16,260**

Changes in the liability are shown below:

(EUR'000)	31.12.2014	31.12.2013
Net opening balance	**16, 260**	**17,542**
Current service cost	1,524	1,357
Financial expense	540	743
Net actuarial (gains)/losses recognised in the year	3,185	2,031
Change in consolidation scope	-	-
Translation differences	(93)	(1,685)
Other changes	-	(10)
(Benefits paid)	(3,525)	(3,718)
Net closing balance	**17,891**	**16, 260**

15) Provisions

Non-current and current provisions amounted to EUR 18,821 thousand (31 December 2013: EUR 21,965 thousand) and EUR 1,327 thousand (31 December 2013: EUR 1,119 thousand) respectively.

(EUR'000)	Quarry restructuring provision	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2014	**17,472**	**841**	**4,771**	**23,084**
Accruals	71	320	413	804
Utilisations	(1,682)	(157)	(2,214)	(4,053)
Decrease	-	(8)	(49)	(57)
Change in consolidation scope	-	-	-	-
Translation differences	62	4	117	183
Reclassifications	(6)	-	-	(6)
Other changes	472	-	(279)	193
Balance at 31 December 2014	**16,389**	**1,000**	**2,759**	**20,148**
Including:				
Non-current portion	16,389	671	1,761	**18,821**
Current portion	-	329	998	**1,327**

(EUR'000)	Quarry restructuring provision	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**

Provisions for quarry restructuring are allocated for the cleaning and maintenance of quarries where raw materials are extracted, to be performed before the utilisation concession expires.

Other provisions mainly consist of environmental provisions totalling approximately EUR 1.3 million (EUR 1.2 million at 31 December 2013), while the provision for employee redundancy risks was used in full during the year (approximately EUR 1.9 million at 31 December 2013).

16) Trade payables

The carrying amount of trade payables approximates their fair value; the caption breaks down as follows:

(EUR'000)		31.12.2014	31.12.2013
Suppliers		177,782	177,621
Related parties	(note 34)	77	152
Payments on account		3,728	5,419
Trade payables		**181,587**	**183,192**

17) Financial liabilities

Non-current and current financial liabilities are shown below:

(EUR'000)		31.12.2014	31.12.2013
Bank loans and borrowings		205,754	284,135
Non-current loan liabilities - related parties	(note 34)	50,000	-
Non-current financial liabilities		**255,754**	**284,135**
Bank loans and borrowings		40,357	18,941
Current portion of non-current financial liabilities		45,457	112,215
Current loan liabilities - related parties	(note 34)	18,960	9,390
Other loan liabilities		1,119	1,574
Fair value of derivatives		16,269	13,012
Current financial liabilities		**122,162**	**155,132**
Total financial liabilities		**377,916**	**439,267**

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

Non-current financial liabilities mainly refer to loan repayments on the 15-year, EUR 150 million loan signed in 2013 by the Danish subsidiary Aalborg Portland A/S.

Derivatives purchased to hedge interest rate, commodity price and currency risks falling due between January 2015 and December 2025 had a negative fair value of approximately EUR 16 million at 31 December 2014 (31 December 2013: approximately EUR 13 million).

Approximately 72.2% of financial liabilities require compliance with financial covenants. The Group has complied with these covenants at 31 December 2014.

The Group's exposure, broken down by residual expiry of the financial liabilities, is as follows:

(EUR'000)	31.12.2014	31.12.2013
Within three months	70,510	51,990
Between three months and one year	51,652	103,142
Between one and two years	19,933	43,720
Between two and five years	143,246	107,724
After five years	92,575	132,691
Total financial liabilities	**377,916**	**439,267**

(EUR'000)	31.12.2014	31.12.2013
Floating rate	377,100	409,135
Fixed rate	816	30,132
Financial liabilities	**377,916**	**439,267**

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)	31.12.2014	31.12.2013
A. Cash	667	331
B. Other cash equivalents	93,189	110,395
C. Securities held for trading	-	-
D. Cash and cash equivalents	**93,856**	**110,726**
E. Current loan assets	**5,729**	**3,659**
F. Current bank loans and borrowings	(59,208)	(20,553)
G. Current portion of non-current debt	(36,219)	(110,856)
H. Other current loan liabilities	(26,735)	(23,723)
I. Current financial debt (F+G+H)	**(122,162)**	**(155,132)**
J. Net current financial position (debt) (I-E-D)	**(22,577)**	**(40,747)**
K. Non-current bank loans and borrowings	(255,754)	(284,135)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	**(255,754)**	**(284,135)**
O. Net financial debt (J+N)	**(278,331)**	**(324,882)**

The financial debt with related parties includes credit positions of EUR 1.1 million (31 December 2013: EUR 2.3 million) and debit positions of EUR 69 million (31 December 2013: EUR 9.4 million).

18) Current tax liabilities

Current tax liabilities amounted to EUR 12,693 thousand (31 December 2013: EUR 11,201 thousand) and relate to income tax payable, net of payments on account.

19) Other non-current and current liabilities

Other non-current liabilities, totalling EUR 8,895 thousand (31 December 2013: EUR 10,344 thousand) included approximately EUR 7.4 million of deferred income (31 December 2013: EUR 8.2 million) relating to future benefits from a business agreement which started to accrue from 1 January 2013, of which EUR 3.3 million are expected within the next five years and EUR 4.1 million (31 December 2013: EUR 4.9 million) are expected after five years.

Other current liabilities totalled EUR 47,611 thousand (31 December 2013: EUR 52,296 thousand) and break down as follows:

(EUR'000)	31.12.2014	31.12.2013
Personnel	17,842	18,910
Social security institutions	2,941	3,461
Deferred income	854	873
Accrued expenses	5,588	6,340
Other sundry liabilities	20,386	22,712
Other current liabilities	**47,611**	**52,296**

Deferred income refers to the future benefits of the above-mentioned business agreement (approximately EUR 0.8 million; in line with 31 December 2013).

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

20) Deferred tax assets and liabilities

Deferred tax liabilities totalling EUR 83,368 thousand (31 December 2013: EUR 82,974 thousand) and deferred tax assets totalling EUR 69,792 thousand (31 December 2013: EUR 60,339 thousand) break down as follows:

(EUR'000)	01.01.2014	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2014
Fiscally-driven depreciation of property, plant and equipment	36,451	(924)	2,323	37,850
Fiscally-driven amortisation of intangible assets	19,015	347	172	19,534
Revaluation of plant	12,600	(769)	149	11,980
Other	14,908	(470)	(434)	14,004
Deferred tax liabilities	**82,974**	(1,816)	2,210	**83,368**
Tax losses carried forward	44,469	5,489	238	50,196
Provisions for risks and charges	7,224	1,682	57	8,963
Other	8,646	1,115	872	10,633
Deferred tax assets	**60,339**	8,286	1,167	**69,792**

(EUR'000)	**01.01.2013**	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**

The deferred tax assets are expected to be recovered over the coming years within the limits established by the applicable legislation.

21) Revenue

(EUR'000)		**2014**	**2013**
Product sales		902,167	944,782
Product sales to related parties	(note 34)	12,275	8,456
Services		33,571	35,376
Revenue		**948,013**	**988,614**

Information on sales trends is provided in the section on segment reporting and the Directors' Report.

22) Other operating revenue

(EUR'000)		**2014**	**2013**
Rent, lease and hires		1,474	1,557
Rent, lease and hires - related parties	(note 34)	440	438
Gains		1,538	1,383
Release of provision for risks		57	419
Revaluation of investment property	(note 4)	12,054	12,908
Other revenue and income		8,043	3,096
Other revenue and income- related parties	(note 34)	1,059	-
Other operating revenue		**24,665**	**19,801**

23) Raw materials costs

(EUR'000)	2014	2013
Raw materials and semi-finished products	189,419	201,352
Fuel	102,448	99,874
Electrical energy	78,548	92,109
Other materials	34,961	36,350
Change in raw materials, consumables and goods	(6,515)	5,287
Raw materials costs	**398,861**	**434,972**

The drop in costs for raw materials was achieved thanks to a careful centralised procurement policy and greater plant production efficiency.

24) Personnel costs

(EUR'000)	2014	2013
Wages and salaries	118,703	125,174
Social security charges	19,871	21,683
Other costs	9,050	9,624
Personnel costs	**147,624**	**156,481**

The Group's workforce breaks down as follows:

	31.12.2014	31.12.2013	2014 average	2013 average
Executives	57	62	60	63
Middle management, white collars and intermediates	1,426	1,508	1,473	1,514
Blue collars	1,570	1,600	1,577	1,656
Total	**3,053**	**3,170**	**3,110**	**3,233**

At 31 December 2014, employees in service at the parent and the Italian subsidiaries numbered 470 (31 December 2013: 520); those at the Cimentas Group numbered 1,082 (31 December 2013: 1,129), those at the Aalborg Portland Group numbered 861 (31 December 2013: 852) and those at the Unicon Group numbered 640 (31 December 2013: 669).

25) Other operating costs

(EUR'000)		2014	2013
Transport		102,799	110,514
Services and maintenance		61,912	64,506
Consultancy		7,504	7,599
Insurance		4,180	4,235
Other services - related parties	(note 34)	522	515
Rent, lease and hires		15,919	17,625
Rent, lease and hires - related parties	(note 34)	1,497	1,479
Other operating costs		39,803	49,166
Other operating costs		**234,136**	**255,639**

26) Amortisation, depreciation, impairment losses and provisions

(EUR'000)	2014	2013
Amortisation	4,606	4,306
Depreciation	75,501	81,896
Provisions	804	2,247
Impairment losses	7,436	4,587
Amortisation, depreciation, impairment losses and provisions	**88,347**	**93,036**

Impairment losses include EUR 6.1 million in losses on trade receivables and EUR 1.3 million in losses on intangible assets with a finite useful life (note 1).

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

The negative balance for 2014 of EUR 4,602 thousand (2013: EUR -13,530 thousand) relates to the share of net profits of equity-accounted investees and net financial expense, broken down as follows:

(EUR'000)		2014	2013
Share of profits of equity-accounted investees		3,467	2,868
Share of losses of equity-accounted investees		(252)	(626)
Share of net profits of equity-accounted investees		**3,215**	**2,242**
Interest and financial income		3,203	3,265
Interest and financial income - related parties	(note 34)	253	554
Grants related to interest		675	1,439
Financial income on derivatives		5,224	8,727
Total financial income		*9,355*	*13,985*
Interest expense		(11,958)	(13,249)
Other financial expense		(2,355)	(2,284)
Interest and financial expense - related parties	(note 34)	(769)	(1,862)
Losses on derivatives		(5,664)	(1,915)
Total financial expense		*(20,746)*	*(19,310)*
Exchange rate gains		14,838	8,345
Exchange rate losses		(11,264)	(18,792)
Net exchange rate gains (losses)		*3,574*	*(10,447)*
Net financial expense		**(7,817)**	**(15,772)**
Net financial expense and share of net profits of equity-accounted investees		**(4,602)**	**(13,530)**

The improvement in financial income (expenses) over the previous year was largely due to foreign exchange gains from the appreciation of some currencies against the Euro and to the progressive drop in interest rates.

Financial income and expense from derivative financial instruments mainly relate to the mark-to-market measurement of outstanding positions hedging on currencies, interest rates and commodities. The recognition of these measurements resulted in around EUR 2.9 million (around EUR 7.5 million at 31

December 2013) of unrealised gains and around EUR 5 million (around EUR 1 million at 31 December 2013) of unrealised losses.

28) Income taxes

(EUR'000)	2014	2013
Current taxes	30,860	21,629
Deferred taxes	(10,102)	(6,637)
Income taxes	**20,758**	**14,992**

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

(EUR'000)	2014	2013
Theoretical tax expense	**21,225**	**13,683**
Taxable permanent differences	1,559	2,751
Deductible permanent differences	(748)	(373)
Tax consolidation scheme	1,121	413
Other changes	(2,836)	(1,868)
Effective IRAP tax expense	436	386
Income taxes	20,757	**14,992**

29) Earnings per share

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

(EUR)	2014	2013
Profit for the year attributable to the owners of the parent (EUR '000)	71,634	40,124
Weighted average number of outstanding ordinary shares ('000)	159,120	159,120
Basic earnings per share	**0.450**	**0.252**

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

Capital management

The Group distributes dividends considering its existing financial resources and funding required for its ongoing development.

30) Other comprehensive income (expense)

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

(EUR'000)	2014			2013		
	Pre-tax amount	**Tax effect**	**Post-tax amount**	**Pre-tax amount**	**Tax effect**	**Post-tax amount**
Actuarial gains (losses) on post-employment benefits	(3,183)	718	**(2,465)**	(2,031)	715	**(1,316)**
Foreign currency translation differences - foreign operations	37,172	-	**37,172**	(128,584)	-	**(128,584)**
Financial instruments	-	-	**-**	3,567	(78)	**3,489**
Total other comprehensive income (expense)	**33,989**	**718**	**34,707**	**(127,048)**	**637**	**(126,411)**

31) Company acquisitions and sales

The Group did not acquire or sell companies during the year.

32) Financial risks

Credit risk

The Group's maximum exposure to credit risk at 31 December 2014 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 for assessing customers' creditworthiness, 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.

Recoverability of receivables is assessed considering any collateral pledged that legally can be attached and advice from legal advisors who oversee collection procedures. 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 8 and 11 provide information on trade and other receivables.

Liquidity risk

The Group has credit facilities which cover any unforeseen requirements.

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

Market risk

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 the risk of fluctuations in exchange rates, which may affect its earnings performance and equity.

With respect to the main effects of consolidating 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 rate, the translation of equity would have generated a decrease of EUR 69.1 million or approximately 6.1% in consolidated equity at 31 December 2014 (31 December 2013: decrease of EUR 60.3 million or approximately 5.9%). Other currency risks connected with the consolidation of other foreign companies are negligible.

The Group is mainly exposed to currency risk in relation to operating profit from sales and purchases in TRY, DKK, USD and NOK. A hypothetical decrease of 10% in all these exchange rates (excluding the DKK) would have lowered EBITDA by EUR 12.5 million (2013: EUR 11.4 million).

At 31 December 2014, risks connected with the main receivables and payables in foreign currency related to those in TRY, DKK, NOK, SEK and USD. Assuming an average drop of 10% in all the exchange rates, the potential effect of the fluctuation, excluding the DKK, would be negative for approximately EUR 1 million (31 December 2013: positive for approximately EUR 1 million). Similarly, a hypothetical increase in exchange rates would have an identical positive effect.

Interest rate risk

The Group is exposed to the risk of fluctuations in interest rates. Consolidated net financial debt totalled EUR 278.3 million at 31 December 2014 (31 December 2013: EUR 324.9 million), all of which is subject to floating interest 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 profit before taxes of EUR 2.9 million (31 December 2013: EUR 3.3 million) and on equity of EUR 2.1 million (31 December 2013: EUR 2.4 million) with respect to the floating rates applicable to the Group’s loans and cash and cash equivalents. A similar decrease in interest rates would have an identical positive impact.

33) 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 measure their fair value. The hierarchy consists of 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 (such as prices) or indirectly observable (i.e., derived from prices) on the market.
- Level 3: determination of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

31 December 2014 (EUR'000)	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	4	-	81,182	29,125	**110,307**
Current financial assets (derivative instruments)	9	-	1,313	-	**1,313**
Total assets		**-**	**82,495**	**29,125**	**111,620**
Current financial liabilities (derivative instruments)	17	-	(16,269)	-	**(16,269)**
Total liabilities		**-**	**(16,269)**	**-**	**(16,269)**

31 December 2013 (EUR'000)	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	4	-	69,827	29,125	**98,952**
Current financial assets (derivative instruments)	9	-	75	-	**75**
Total assets		**-**	**69,902**	**29,125**	**99,027**
Current financial liabilities (derivative instruments)	17	-	(13,012)	-	**(13,012)**
Total liabilities		**-**	**(13,012)**	**-**	**(13,012)**

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

34) Related party transactions

On 5 November 2010, the Board of Directors of Cementir Holding SpA approved a new procedure for related party transactions complying with CONSOB guidelines, issued pursuant to CONSOB Resolution 17221 of 12 March 2010 and subsequent amendments and additions thereto, designed to ensure the transparency and the substantial and procedural fairness of related party transactions within the Group. The procedure is applicable starting from 1 January 2011 and is published on the corporate website www.cementirholding.it.

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

31 December 2014 (EUR'000)	Ultimate parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statement	% of caption
Statement of financial position							
Current financial assets	-	3,376	-	-	**3,376**	**5,729**	58.9%
Trade receivables	-	3,537	6,823	-	**10,360**	**178,084**	5.8%
Cash and cash equivalents	-	-	-	1,066	**1,066**	**93,856**	1.1%
Trade payables	-	4	73	-	**77**	**181,587**	0%
Other non-current liabilities	-	-	-	-	**-**	**-**	-
Non-current financial liabilities	-	-	-	50,000	**50,000**	**255,754**	19.6%
Current financial liabilities	-	-	108	18,852	**18,960**	**122,162**	15.5%
Income statement							
Revenue	-	11,545	730	-	**12,275**	**948,013**	1.3%
Other operating revenue	-	-	1,499	-	**1,499**	**24,665**	6.1%
Other operating costs	450	-	1,569	-	**2,019**	**234,136**	0.9%
Financial income	-	218	34	1	**253**	**9,355**	2.7%
Financial expense	-	-	-	769	**769**	**20,746**	3.7%

31 December 2013 (EUR'000)	Ultimate parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statement	% 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%

The main related party transactions are summarised below.

Trading transactions with associates concern the sale of products and semi-finished products (cement and clinkers) at normal market conditions. As concerns companies under common control, Cementir Group has

traditionally long sold cement to Caltagirone Group companies. Specifically in 2014, the Group sold 9,777 tons of cement at arm's-length conditions to Vianini Industria (2013: 5,724 tons). Revenue and costs connected with trading transactions with the ultimate parent and companies under common control include various services, such as leases.

As concerns transactions of a financial nature, non-current financial liabilities refer to a floating-rate loan held with Banca UniCredit that expires in 2017 (at 31 December 2013, no non-current financial liabilities were recognised).

Current financial liabilities refer to on-demand loans totalling EUR 18.8 million with Banca UniCredit (at 31 December 2013, the amount referred to repayments falling due in 2014 on loans held with Banca UniCredit).

The Group did not grant loans to directors, statutory auditors or key management personnel during the year and did not have loan assets due from them at 31 December 2014.

At 31 December 2014, remuneration due to directors and key management personnel totalled EUR 5,408 thousand.

35) Independent auditors' fees

Fees paid in 2014 by the parent and its subsidiaries to the independent auditors and their network totalled approximately EUR 1,042 thousand (31 December 2013: EUR 953 thousand), including EUR 800 thousand for auditing (31 December 2013: EUR 703 thousand) and EUR 242 thousand for other services (31 December 2013: EUR 250 thousand).

ANNEX

Annex 1

List of investments at 31 December 2014

Company name	Registered office	Share capital	Currency	Type of % Direct	% Indirect	Investment held by Group companies	Method
Cementir Holding SpA	Rome (Italy)	159,120,000	EUR			Parent	Line-by-line
Aalborg Cement Company Inc.	Dover (USA)	1,000	USD		100	Aalborg Portland US Inc.	Line-by-line
Aalborg Portland A/S	Aalborg (Denmark)	300,000,000	DKK		75 25	Cementir Espana SL Globocem SL	Line-by-line
Aalborg Portland España SL	Madrid (Spain)	3,003	EUR		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Islandì EHF	Kopavogur (Iceland)	303,000,000	ISK		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Malaysia Sdn Bhd	Perak (Malaysia)	95,400,000	MYR		70	Aalborg Portland A/S	Line-by-line
Aalborg Portland Polska Spzoo	Warszawa (Poland)	100,000	PLN		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland US Inc	Dover (USA)	1,000	USD		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland (Anqing) Co Ltd	Anqing (China)	265,200,000	CNY		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland (Australia) Pty Ltd	Sydney (Australia)	1,000	AUD		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
Aalborg Portland OOO	St. Petersburg (Russia)	14,700,000	RUB		100	Aalborg Portland A/S	Line-by-line
Aalborg Resources Sdn Bhd	Perak (Malaysia)	2,543,972	MYR		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
Aalborg White Italia Srl [A]	Rome (Italy)	10,000	EUR		82	Aalborg Portland A/S	Line-by-line
AB Sydsten	Malmö (Sweden)	15,000,000	SEK		50	Unicon A/S	Line-by-line
AGAB Syd Aktiebolag	Malmö (Sweden)	500,000	SEK		40	AB Sydsten	Equity
Alfacem Srl	Rome (Italy)	1,010,000	EUR	99.99		Cementir Holding SpA	Line-by-line
Betontir SpA	Rome (Italy)	104,000	EUR		99.89	Cementir Italia SpA	Line-by-line
Cementir Espana SL	Madrid (Spain)	3,007	EUR	100		Cementir Holding SpA	Line-by-line
Cementir Italia SpA	Rome (Italy)	40,000,000	EUR	100		Cementir Holding SpA	Line-by-line
Cimbeton AS	Izmir (Turkey)	1,770,000	TRY		50.28 0.06	Cimentas AS Kars Cimento AS	Line-by-line
Cimentas AS	Izmir (Turkey)	87,112,463	TRY	12.80	 85 0.12 0.48	Cementir Holding SpA Aalborg Portland España SL Cimbeton AS Kars Cimento AS	Line-by-line
Destek AS	Izmir (Turkey)	50,000	TRY		99.99 0.01	Cimentas AS Cimentas Foundation	Line-by-line
ECOL Unicon Spzoo	Gdansk (Poland)	1,000,000	PLN		49	Unicon A/S	Equity

[A] Company in liquidation

Annex 1 (cont'd)

Company name	Registered office	Share capital	Currency	Type of % Direct	% Indirect	Investment held by Group companies	Method
Environmental Power International (UK R&D) Limited	Trowbridge (Great Britain)	100	GBP		50	Recydia	Equity
Everts Betongpump & Entreprenad AB	Halmstad (Sweden)	100,000	SEK		73.5	AB Sydsten	Line-by-line
Gaetano Cacciatore LLC	Somerville N.J. (USA)	-	USD		100	Aalborg Cement Company Inc	Line-by-line
Globocem SL	Madrid (Spain)	3,007	EUR		100	Alfacem Srl	Line-by-line
Ilion Cimento Ltd.	Soma (Turkey)	300,000	TRY		100	Cimbeton AS	Line-by-line
Kars Cimento AS	Kars (Turkey)	3,000,000	TRY		58.38 39.81	Cimentas AS Alfacem Srl	Line-by-line
Kudsk & Dahl A/S	Vojens (Denmark)	10,000,000	DKK		100	Unicon A/S	Line-by-line
Lehigh White Cement Company - *J.V.*	Allentown (USA)	-	USD		24.5	Aalborg Cement Company Inc	Equity
Neales Waste Management Ltd	Lancashire (Great Britain)	100,000	GBP		100	NWM Holdings Ltd	Line-by-line
NWM Holdings Ltd	Lancashire (Great Britain)	1	GBP		100	Recydia AS	Line-by-line
Quercia Ltd	Lancashire (Great Britain)	100	GBP		100	NWM Holdings Ltd	Line-by-line
Recydia AS	Izmir (Turkey)	551,544,061	TRY		62.82 24.93 12.24	Kars Cimento AS Cimentas AS Aalborg Portland AS	Line-by-line
Secil Unicon SGPS Lda	Lisbona (Portugal)	4,987,980	EUR		50	Unicon A/S	Equity
Secil Prebetão SA	Montijo (Portugal)	3,454,775	EUR		79.60	Secil Unicon SGPS Lda	Equity
Sinai White Portland Cement Co. SAE	Cairo (Egypt)	350,000,000	EGP		57.14	Aalborg Portland A/S	Line-by-line
Skane Grus AB	Malmö (Sweden)	1,000,000	SEK		60	AB Sydsten	Line-by-line
Sola Betong AS	Risvika (Norway)	9,000,000	NOK		33.33	Unicon AS	Equity
Sureko AS	Izmir (Turkey)	43,443,679	TRY		99.73	Recydia AS	Line-by-line
Unicon A/S	Copenaghen (Denmark)	150,000,000	DKK		100	Aalborg Portland A/S	Line-by-line
Unicon AS	Sandvika (Norway)	13,289,100	NOK		100	Unicon A/S	Line-by-line
Vianini Pipe Inc	Somerville N.J. (USA)	4,483,396	USD		99.99	Aalborg Portland US Inc	Line-by-line

Rome, 10 March 2015

Chairman of the Board of Directors

/s/ Francesco Caltagirone Jr.

Certification of the consolidated financial statements as per article 81-ter of CONSOB Regulation 11971 of 14 May 1999 as amended

1. The undersigned Francesco Caltagirone Jr., Chairman of the Board of Directors, and Massimo Sala, as Manager responsible for financial reporting, of Cementir Holding SpA, hereby certify, having also taken into consideration the provisions of Article 154-*bis,* paragraphs 3 and 4 of Italian Legislative Decree 58 of 24 February 1998:

- the adequacy, in relation to the characteristics of the Company, and
- the effective implementation of the administrative and accounting procedures for the preparation of the consolidated financial statements for the year ended 31 December 2014.

2. No significant aspects emerged in this regard..

3. It is also certified that:

3.1 the consolidated financial statements:

a) have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union as per Regulation (EC) No 1606/2002/EC of the European Parliament and of the Council of 19 July 2002;

b) are consistent with the entries in the accounting books and records;

c) provide a true and fair representation of the financial position, earnings performance and cash flows of the issuer and the companies included in the scope of consolidation;

3.2 the directors' report, prepared using a standard format for both the separate and consolidated financial statements, includes a reliable analysis of operations and operating results, in addition to the financial position of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 10 March 2015

Chairman of the Board of Directors	Manager responsible for financial reporting
/s/ Francesco Caltagirone Jr.	/s/ Massimo Sala

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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 2014, 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 26 March 2014 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 2014 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 2014, 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

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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20124 Milano MI ITALIA

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 2014.

Rome, 30 March 2015

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit

DRAFT 2014 SEPARATE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Statement of financial position

(EUR)	Notes	31 December 2014	31 December 2013
ASSETS			
Intangible assets	1	944,380	908,144
Property, plant and equipment	2	443,273	231,529
Investment property	3	23,000,000	23,000,000
Investments in subsidiaries	4	410,965,477	525,854,677
Non-current financial assets	5	140,759	143,959
Deferred tax assets	19	45,328,322	39,460,139
TOTAL NON-CURRENT ASSETS		**480,822,211**	**589,598,448**
Trade receivables	6	15,934,683	7,698,414
- Trade receivables - third parties		*123,371*	*61,215*
- Trade receivables - related parties	30	*15,811,312*	*7,637,199*
Current financial assets	7	193,131,639	114,725,442
- Current financial assets - third parties		*259,389*	*538,712*
- Current financial assets - related parties	30	*192,872,250*	*114,186,730*
Current tax assets	8	4,827,156	4,574,494
Other current assets	9	1,091,993	620,332
- Other current assets - third parties		*369,464*	*103,462*
- Other current assets - related parties	*30*	*722,529*	*516,870*
Cash and cash equivalents	10	3,267,446	4,871,474
- Cash and cash equivalents - third parties		*2,918,078*	*2,894,064*
- Cash and cash equivalents - related parties	30	*349,368*	*1,977,410*
TOTAL CURRENT ASSETS		**218,252,917**	**132,490,156**
TOTAL ASSETS		**699,075,128**	**722,088,604**
EQUITY AND LIABILITIES			
Share capital	11	159,120,000	159,120,000
Share premium reserve	12	35,710,275	35,710,275
Other reserves	13	403,029,368	417,386,751
Loss for the year		(75,453,281)	(1,608,773)
TOTAL EQUITY		**522,406,362**	**610,608,253**
Employee benefits	14	438,137	406,579
Non-current provisions	15	-	600,000
Non-current financial liabilities	16	76,700,964	36,483,482
- Non-current financial liabilities - third parties		*26,700,964*	*36,483,482*
- Non-current financial liabilities - related parties	30	*50,000,000*	-
Deferred tax liabilities	19	4,751,890	4,754,324
TOTAL NON-CURRENT LIABILITIES		**81,890,991**	**42,244,385**
Trade payables	17	2,269,669	1,495,198
- Trade payables - third parties		*1,803,676*	*1,276,231*
- Trade payables - related parties	30	*465,993*	*218,967*
Current financial liabilities	16	54,826,214	35,653,580
- Current financial liabilities - third parties		*35,975,607*	*26,263,346*
- Current financial liabilities - related parties	30	*18,850,607*	*9,390,234*
Current tax liabilities	18	362,152	-
Other current liabilities	19	37,319,740	32,087,188
- Other current liabilities - third parties		*4,305,635*	*3,458,285*
- Other current liabilities - related parties	30	*33,014,105*	*28,628,903*
TOTAL CURRENT LIABILITIES		**94,777,775**	**69,235,966**
TOTAL LIABILITIES		**176,668,766**	**111,480,351**
TOTAL EQUITY AND LIABILITIES		**699,075,128**	**722,088,604**

Income statement

(EUR)	Notes	2014	2013
REVENUE	20	**17,767,234**	**14,581,961**
- Revenue - related parties	30	*17,767,234*	*14,581,961*
Other operating revenue	21	659,892	638,178
- Other operating revenue - third parties		*220,182*	*200,438*
- Other operating revenue - related parties	30	*439,710*	*437,740*
TOTAL OPERATING REVENUE		**18,427,126**	**15,220,139**
Personnel costs	22	(9,031,160)	(7,843,994)
- Personnel costs - third parties		*(9,031,160)*	*(7,843,994)*
- Personnel costs - related parties		-	-
Other operating costs	23	(9,960,046)	(8,273,382)
- Other operating costs - third parties		*(8,068,246)*	*(7,150,167)*
- Other operating costs - related parties	30	*(1,891,800)*	*(1,123,215)*
TOTAL OPERATING COSTS		**(18,991,206)**	**(16,117,376)**
EBITDA		**(564,080)**	**(897,237)**
Amortisation, depreciation, impairment losses and provisions	24	(486,807)	(433,898)
EBIT		**(1,050,887)**	**(1,331,135)**
Financial income	25	4,491,311	10,044,154
- Financial income - third parties		*3,041,116*	*9,177,495*
- Financial income - related parties	30	*1,450,195*	*866,659*
Financial expense	25	(80,300,479)	(9,003,482)
- Financial expense - third parties		*(79,531,622)*	*(7,636,119)*
- Financial expense - related parties	30	*(768,857)*	*(1,367,363)*
NET FINANCIAL EXPENSE		**(75,809,168)**	**1,040,672**
PROFIT (LOSS) BEFORE TAXES		**(76,860,055)**	**(290,463)**
Income taxes	26	1,406,774	(1,318,310)
LOSS FROM CONTINUING OPERATIONS		**(75,453,281)**	**(1,608,773)**
PROFIT (LOSS) FOR THE YEAR		**(75,453,281)**	**(1,608,773)**

Statement of comprehensive income

(EUR'000)	Notes	**2014**	**2013**
PROFIT (LOSS) FOR THE YEAR		**(75,453)**	**(1,609)**
Other comprehensive income (expense):			
Items that will never be reclassified to profit (loss):			
Actuarial gains (losses) on post-employment benefits	27	(26)	(15)
Taxes related to equity	27	7	4
Total items that will never be reclassified to profit (loss)		**(19)**	**(11)**
Items that may be reclassified to profit (loss):			
Financial instruments	27	-	3,567
Taxes related to equity	27	-	(78)
Total items that may be reclassified to profit (loss)		**-**	**3,489**
Total other comprehensive income (expense)		**(19)**	**3,478**
TOTAL COMPREHENSIVE INCOME (EXPENSE)		**(75,472)**	**1,869**

Statement of changes in equity

(EUR'000)	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Other reserves						Retained earnings	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 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		-
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**

(EUR'000)	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Other reserves						Retained earnings	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 2014	**159,120**	**35,710**	**97,733**	**31,824**	**13,207**	**138**	**41**	**98,076**	**95,805**	**(111)**	**80,674**	**(1,609)**	**610,608**
Allocation of 2013 loss									(1,609)			1,609	-
Distribution of 2013 dividends											(12,730)		**(12,730)**
Total owner transactions	-	-	-	-	-	-	-	-	**(1,609)**	-	**(12,730)**	**1,609**	**(12,730)**
Net actuarial losses										(19)			**(19)**
Financial instruments													-
Total other comprehensive income	-	-	-	-	-	-	-	-	-	**(19)**	-	-	**(19)**
Reclassifications					-				-	-	-		-
Total other transactions	-	-	-	-	-	-	-	-	**(1,609)**	**(19)**	**(12,730)**	**1,609**	**(12,749)**
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(75,453)	**(75,453)**
Equity at 31 December 2014	**159,120**	**35,710**	**97,733**	**31,824**	**13,207**	**138**	**41**	**98,076**	**94,196**	**(130)**	**67,944**	**(75,453)**	**522,406**

Statement of cash flows

(EUR'000)	Notes	31 December 2014	31 December 2013
Loss for the year		**(75,453)**	**(1,609)**
Amortisation and depreciation		487	434
Net financial (income) expense		75,809	(1,041)
- third parties		*76,490*	*(1,541)*
- related parties		*(681)*	*500*
(Gains) Losses on disposal		(2)	-
Income taxes		(1,407)	1,318
Change in employee benefits		(7)	56
Change in non-current provisions		(600)	-
Operating cash flows before changes in working capital		**(1,173)**	**(842)**
(Increase) Decrease in trade receivables - third parties		(62)	60
(Increase) Decrease in trade receivables - related parties		(8,174)	(2,543)
Increase (Decrease) in trade payables - third parties		373	(112)
Increase (Decrease) in trade payables - related parties		247	(91)
Change in other non-current and current assets and liabilities - third parties		581	3,056
Change in other non-current and current assets and liabilities - related parties		18	(778)
Change in current and deferred taxes		-	(1,047)
Operating cash flows		**(8,190)**	**(2,297)**
Dividends collected		-	114
Interest collected		1,146	835
Interest paid		(5,413)	(7,267)
Other net expense paid		1,541	(1,106)
Income taxes paid		(186)	(1,391)
CASH FLOWS USED IN OPERATING ACTIVITIES (A)		**(11,102)**	**(11,112)**
Investments in intangible assets		(237)	(298)
Investments in property, plant and equipment		(349)	(37)
Acquisitions of equity investments		(4,567)	(12)
Proceeds from the sale of property, plant and equipment		8	-
Proceeds from the sale of equity investments		49,756	176,228
CASH FLOWS FROM INVESTING ACTIVITIES (B)		**44,611**	**175,881**
Change in non-current financial assets and liabilities - third parties		(9,810)	(9,775)
Change in non-current financial assets and liabilities - related parties		50,000	(7,748)
Change in current financial assets and liabilities - third parties		6,307	(34,636)
Change in current financial assets and liabilities - related parties		(68,880)	(107,060)
Dividends distributed		(12,730)	(6,365)
CASH FLOWS USED IN FINANCING ACTIVITIES (C)		**(35,113)**	**(165,584)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**(1,604)**	**(815)**
Opening cash and cash equivalents	10	**4,871**	**5,686**
Closing cash and cash equivalents	10	**3,267**	**4,871**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information

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

Based on the shareholder register at 31 December 2014, the communications received pursuant to article 120 of Legislative Decree 58 of 24 February 1998 and other available information, the following are the shareholders with an investment of more than 2% in the company's share capital:

1) Francesco Gaetano Caltagirone – 104,921,927 shares (65.939%). The shareholding is held as follows:
   - Direct ownership of 1,327,560 shares (0.834%)
   - Indirect ownership through the companies:
     - Calt 2004 Srl – 47,860,813 shares (30.078%)
     - Lav 2004 Srl – 40,543,880 shares (25.480%)
     - Gamma Srl – 5,575,220 shares (3.504%);
     - Pantheon 2000 SpA – 4,466,928 shares (2.807%);
     - Vianini Industria SpA – 2,614,300 shares (1.643%)
     - Caltagirone SpA – 2,533,226 shares (1.592%)
2) Francesco Caltagirone – 7,925,299 shares (4.981%). The shareholding is held as follows:
   - Direct ownership of 3,170,299 shares (1.992%)
   - Indirect ownership through the company Chupas 2007 Srl – 4,755,000 shares (2.988%).

On 10 March 2015, the company's Board of Directors approved the draft separate financial statements at 31 December 2014 and authorised their publication.

Legislative framework

The provisions of Italian legislation implementing the EU Directive 78/660/EC are applicable, where compatible, to companies that prepare IFRS-compliant financial statements. Accordingly, these separate financial statements comply with the requirements of the Italian Civil Code and related provisions of the Consolidated Finance Act for listed companies governing directors' reports (article 2428 of the Italian Civil Code), statutory auditing (article 2409-bis of the Italian Civil Code) and the publication of financial statements (article 2435 of the Italian Civil Code).

The separate financial statements and these notes provide the additional disclosures and information required by articles 2424, 2425 and 2427 of the Italian Civil Code as these do not conflict with 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 2014.

The acronym "IFRS" includes all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). For simplicity purposes, all these standards and interpretations are referred to herein as "IFRS".

Standards and amendments to standards adopted by the company

a) Commencing as of 1 January 2014, the company has adopted the following new accounting standards:

- 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 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, and

(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. As such, 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*: this standard requires an entity to 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 said standards.
- Amendments to IAS 36 – *Recoverable Amount Disclosures for Non-financial Assets*: the amendments relate to disclosures to be provided in the notes to the financial statements exclusively with reference to impaired non-financial assets (or where impairment loss was reversed), 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 relating to the discontinuation 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.

b) Standards and interpretations of standards applicable for years starting after 2014 and not early adopted in advance by the Company:

- On 20 May 2013, the IASB issued IFRIC 21 – *Levies*, which provides an interpretation for IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 provides guidance on when an entity should recognise a liability for a levy imposed by the government, with the exception of levies covered by other accounting standards (e.g., IAS 12 – *Income Taxes*). IAS 37 outlines the recognition criteria for contingent liabilities, which include the existence of a present obligation on the entity arising from a past event, known as the obligating event. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. Entities are required to apply IFRIC 21 at the latest starting from the first annual reporting period commencing on or after 17 June 2014.
- On 21 November 2013, the IASB issued *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits)*. The amendments introduced to IAS 19 permit (but do not require) contributions paid to employees or third parties to be deducted from the current service cost for the period, where the amount of the contributions is independent of the number of years of service, instead of attributing the amount to the full length of the period in which the service is rendered.
- On 12 December 2013, the IASB issued *Annual Improvements to IFRSs, Cycle 2010–2012*. The amendments contained in the improvements affect:
  - IFRS 2, amending the definition of vesting condition;
  - IFRS 3, clarifying that contingent consideration classified as an asset or liability should be measured at fair value at each reporting date;
  - IFRS 8, primarily requiring disclosure of the criteria and measurement factors considered when aggregating operating segments, as presented in the financial statements;
  - the Basis for Conclusions of IFRS 13, confirming the possibility of measuring short-term receivables and payables with no stated interest rate at their face value, if the impact of their not being discounted is not material;
  - IAS 16 and IAS 38, clarifying how to measure the total carrying amount of assets, where their restatement is the result of the application of a revaluation method;
  - IAS 24, specifying that an entity is a related party of the reporting entity if the entity (or a member of the group to which it belongs) provides key management personnel services to the reporting entity (or its parent).

The provisions of the Annual Improvements are applicable starting from annual reporting periods commencing on or after 1 February 2015.

- On the same date, the IASB issued Annual Improvements to IFRSs, Cycle 2011–2013. The amendments contained in the improvements affect:
  - the Basis for Conclusions of IFRS 1, clarifying the meaning of “effective” in the IFRSs for first-time adopters;
  - IFRS 3, clarifying scope exceptions for joint arrangements in the financial statements of the arrangements themselves;
  - IFRS 13, clarifying that the scope of the portfolio exception contemplated by paragraph 48 of the standard extends to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32;
  - IAS 40, clarifying the interrelationship of IFRS 3 and IAS 40.

The provisions of the Annual Improvements are applicable starting from annual reporting periods commencing on or after 1 January 2015.

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

The company is assessing the possible effects of the application of the new standards and amendments. Based on its preliminary assessment, the Company does not expect their application will have a significant effect on the separate financial statements.

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, some of which are still at the discussion stage. They include:

- On 12 November 2009, the IASB published IFRS 9 – *Financial Instruments*; the standard was reissued in October 2010 and amended in November 2013. The standard introduces new criteria for the classification, recognition and measurement of financial assets and financial liabilities and a new hedge accounting model, replacing the related provisions of IAS 39 – *Financial Assets*: *Recognition and Measurement*. Among the various amendments introduced in November 2013, the IASB eliminated the mandatory effective date for the first-time application of the standard, which had been set for 1 January 2015. A mandatory effective date will be introduced when the complete standard is published, upon completion of the IFRS 9 project.
- On 30 January 2014, the IASB published IFRS 14 – *Regulatory Deferral Accounts*. The standard permits first-time adopters that operate in sectors subject to rate regulation to continue to account, with some limited changes, for “regulatory deferral account balances” in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. However, it requires that regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and

specific disclosures are required in the notes. The provisions of the standard are applicable starting from annual reporting periods commencing on or after 1 January 2016.

- On 6 May 2014, the IASB issued *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 Joint Arrangements)*. The amendments to IFRS 11, applicable starting from annual reporting periods commencing as of 1 January 2016, clarify the most appropriate approach to account for the acquisition of an interest in a joint operation that is a business.
- On 12 May 2014, the IASB published the *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*, with the objective of clarifying that a revenue-based method of amortisation is not considered appropriate because it represents the generation of economic benefits from an asset rather than the consumption of the economic benefits embodied in the asset. The clarifications are applicable starting from annual reporting periods commencing on or after 1 January 2016.
- On 28 May 2014, the IASB published IFRS 15 – *Revenue from Contracts with Customers*. The standard identifies criteria for recognising revenue from the sale of goods or the provision of services based on the "five-step model framework", and requires that useful information be provided in the notes to the financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The provisions of the standard are applicable starting from annual reporting periods commencing on or after 1 January 2017.
- On 12 August 2014, the IASB published *Equity Method in Separate Financial Statements* (*Amendments to* IAS 27). The amendments permit entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- On 11 September 2014, the IASB published *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture* (*Amendments to* IFRS 10 *and* IAS 28), with a view resolving the conflict between IAS 28 and IFRS 10. Under IAS 28, the gain or loss resulting from the sale or contribution of non-monetary assets to a joint venture or associate in exchange for an equity stake in the entity is recognised only to the extent of unrelated investors' interests in the associate or joint venture. In contrast, IFRS 10 requires the recognition of the full gain or loss upon loss of control, even if the entity continues to hold a non-controlling interest in the associate, also in the case of the sale or contribution of a subsidiary to a joint venture or associate. The amendments introduced clarify that in the case of the sale or contribution of assets or a subsidiary to a joint venture or an associate, the extent to which the resulting gain or loss is recognised in the financial statements of the seller/contributor depends on whether the assets or subsidiary transferred constitute a business, as defined in IFRS 3. If the assets or subsidiary transferred represent a business, then the entity is required to recognise the full gain or loss on the entire equity interest formerly held; if the assets or subsidiary transferred do not constitute a business, only a partial gain or loss is to be recognised in relation to the equity interest still held by the entity.

- On 25 September 2014, the IASB published *Annual Improvements to IFRSs: Cycle 2012–2014*. The amendments introduced affect the following standards: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosure*, IAS 19 – *Employee Benefits* and IAS 34 – *Interim Financial Reporting*.
- On 18 December 2014, the IASB published *Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28*). The objective of the amendment is to address three issues relating to the consolidation of investment entities.
- On 18 December 2014, the IASB published a series of amendments to IAS 1 *Presentation of Financial Statements*, with a view to clarifying certain aspects of disclosure. The project was part of the IASB's overall *Disclosure Initiative*, the objective of which is to improve the presentation and disclosure of financial information in financial reports and resolve certain issues raised by operators.
- On 30 June 2014, the IASB published a series of amendments to IAS 16 and IAS 41 concerning bearer plants. The amendments permit bearer plants to be recognised at cost instead of fair value, while continuing to require that harvests be measured at fair value.

The potential impact of the accounting standards, amendments and interpretations to be applied in the future on the company's financial reports is currently being studied and assessed.

Basis of presentation

The separate financial statements at 31 December 2014 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 criterion 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 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 their 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 reported below:

	Useful life of property, plant and equipment
- 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.

Fair value is calculated by projecting discounted cash flows based on reliable estimates of future cash flows supported by instalments of leases and/or other existing contracts (level 3).

Investments in subsidiaries and associates

Subsidiaries are entities in which Cementir Holding SpA is exposed to variable returns, or holds rights over those returns, resulting from its power over those entities. Associates are entities over which the company has significant influence, but not control or joint control, over their financial and operating policies. Investments in subsidiaries and associates are recognised at cost and adjusted in the event of impairment.

Impairment losses

At each reporting date, the Company assesses whether events or changes in circumstances exist suggesting that the carrying amount of intangible assets or property, plant and equipment may not be recovered. 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 and written down 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 changes in circumstances or specific events make it necessary.

The recoverable amount of property, plant and equipment and intangible assets is the higher of their fair value less costs to sell and their value in use.

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

Financial instruments

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

- *Available-for-sale financial assets*: these are non-derivative financial assets that are explicitly designated as belonging to this category and are recognised as non-current assets unless management intends to sell them within 12 months from 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 recognised in profit or loss only when they are effectively sold or when any accumulated fair value losses are deemed to indicate an impairment which will not be recovered in the future. Given the objective uncertainty about the future economic situation and financial market performance, given high levels of speculation, especially in Italy, the company has identified a 50% reduction in carrying amount and 60 months as separate parameters for "materiality" and "duration" respectively, for the purposes of determining impairment of AFS securities pursuant to IAS 39. Financial assets are derecognised when the right to receive cash flows 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 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*: these are non-derivative financial instruments, mainly trade receivables (from subsidiaries and associates), which 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 the risk of fluctuations in exchange rates, interest rates and market prices.

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

Transactions that meet requirements for the application of hedge accounting are classified as hedging transactions. Other transactions are designated as trading transactions, even when their purpose is to manage risk. Therefore, as some of the formal requirements of 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 methods to test effectiveness. The hedge's effectiveness is assessed at inception and over the life of the hedge. Generally, a hedge is considered to be highly effective if, both upon inception and over its life, changes in the fair value (fair value hedges) or estimated cash flows (cash flow hedges) of the hedged item are substantially covered by changes in the fair value of the hedging instrument.

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

In the case of cash flow hedges (hedges designated 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, changes in the fair value of the hedging instrument, related to the ineffective portion, are immediately charged 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 used 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 yield-curve spreads.

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 at 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 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 pension law 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 owing to 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 prevailing interpretation of the new legislation and follows the accounting guidance provided by 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 transfer the benefits to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements, are not subjected to actuarial valuation and are recognised as personnel expense.
- Post-employment benefits vested up to 31 December 2006 continue to be recognised as a company liability for defined benefit plans. This liability will not increase in the future through additional accruals. Therefore, the actuarial calculation used to determine the 31 December 2014 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 obligation[1] and employee turnover rate.

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

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 other comprehensive income.

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 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 a financial expense.

Revenue

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

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

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 judgements, 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 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 subjective judgement by management when making 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 current and future years, the change is recognised in the year in which it is made and in the related future years, as explained in more detail in the next section.

Changes in accounting policies, errors and changes in estimates

The company modifies the accounting policies adopted 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, performance and cash flows.

Changes in accounting policies are recognised retrospectively; the opening balance of each equity component affected for the earliest comparative period presented and other comparative amounts shown for each comparative 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.

This same approach 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 has no material exposure to credit risk as its receivables are of small amounts, due 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 as concerns the availability of financial resources and access to the credit market and financial instruments in general. Given its strong financial position, this risk is not material. Nonetheless, Cementir Holding SpA manages liquidity risk by carefully monitoring cash flows and funding requirements. It has sufficient credit facilities to meet any unforeseen requirements.

Market risk

Market risk mainly concerns fluctuations in currency and interest rates.

Cementir Holding SpA is directly exposed to currency risk to a limited degree in relation to loans and deposits held in foreign currency. The Company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.

Finally, Cementir Holding SpA has floating-rate bank loans and borrowings and is exposed to the risk of fluctuations in interest rates. 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. The company purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.

Notes to the separate financial statements

1) Intangible assets

Intangible assets, totalling EUR 944 thousand (31 December 2013: EUR 908 thousand) included 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 2014	**4,524**	**4,524**
Increase	434	434
Gross amount at 31 December 2014	**4,958**	**4,958**
Amortisation at 1 January 2014	**3,616**	**3,616**
Increase	398	398
Amortisation at 31 December 2014	**4,014**	**4,014**
Carrying amount at 31 December 2014	**944**	**944**
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**

2) Property, plant and equipment

At 31 December 2014, the caption totalled EUR 443 thousand (31 December 2013: EUR 232 thousand) and consisted of furniture, electronic equipment and servers and motor vehicles used by the company.

(EUR'000)	Other assets	Total
Gross amount at 1 January 2014	**770**	**770**
Increase	294	294
Gross amount at 31 December 2014	**1,064**	**1,064**
Amortisation at 1 January 2014	**538**	**538**
Increase	83	83
Amortisation at 31 December 2014	**621**	**621**
Carrying amount at 31 December 2014	**443**	**443**
Gross amount at 1 January 2013	**600**	**600**
Increase	170	170
Gross amount at 31 December 2013	**770**	**770**
Amortisation at 1 January 2013	**494**	**494**
Increase	44	44
Amortisation at 31 December 2013	**538**	**538**
Carrying amount at 31 December 2013	**232**	**232**

3) Investment property

Investment property, totalling EUR 23,000 thousand (unchanged from 31 December 2013), is recognised at fair value, as determined using appraisals prepared by an property assessor. The amount refers to property in Torrespaccata (Rome). The entire caption has been pledged as collateral to secure non-current bank loans and borrowings with a residual, undiscounted amount of EUR 9,643 thousand at 31 December 2014.

4) Investments in subsidiaries

Totalling EUR 410,965 thousand (31 December 2013: EUR 525,855 thousand) the caption breaks down as follows:

(EUR'000)	Currency	Registered office	Investment %	Carrying amount at 31.12.2014	Investment %	Carrying amount at 31.12.2013
Cimentas AS	TRY	Izmir (Turkey)	12.80%	45,503	25.43%	90,693
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 Italia SpA	EUR	Rome (Italy)	99.99%	73,507	99.99%	143,207
Equity investments				**410,965**		**525,855**

The change with respect to 2013, totalling EUR 114,890 thousand, was due to impairment losses recognised on the Cimentas and Cementir Italia equity investments. The carrying amount of the Cimentas investment was adversely affected by the repurchase of a 1.38% holding from Simest for EUR 4,567 thousand on 7 July 2014 and by the sale of a 14% holding to the subsidiary Aalborg Portland A/S for EUR 49,756 thousand on 12 September 2014; both transactions were part of the internal restructuring of the Group's equity investments. The sale qualifies as a common control transaction and, accordingly, was recognised using the previous carrying amounts of the investment without generating any effect on profit or loss.

With regard to Cementir Italia, given the persistent slowdown of the reference market, the carrying amount of the equity investment was tested for impairment, on the basis of which an impairment loss of EUR 69,700 thousand was recognised. Specifically, impairment testing 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. Cash flow was projected using budget forecasts for 2015 and for the subsequent four years while the terminal value was determined using a perpetual growth rate of 1.5%. The discount rate applied to the future cash flows was determined using a weighted average cost of capital (WACC) equal to 6.8%. Testing showed the recoverable amount of the Cementir Italia investment to be approximately EUR 73.5 million, EUR 69.7 million less than the carrying amount of the equity investment in the 2013 financial statements, equal to EUR 143.2 million. A sensitivity analysis of the parameters used for the impairment test showed that the estimated recoverable amount of Cementir Italia was influenced by the discount rate and by the growth rate used, as well as the Company's ability to achieve the expected earnings and financial performance.

All investments in subsidiaries are in unlisted companies, with the exception of Cimentas AS, which is listed on the Istanbul stock exchange.

5) Non-current financial assets

The caption totalled EUR 141 thousand (31 December 2013: EUR 144 thousand) and consisted of guarantee deposits expiring within five years.

6) Trade receivables

Trade receivables totalled EUR 15,935 thousand (31 December 2013: EUR 7,698 thousand) and break down as follows:

(EUR'000)		31.12.2014	31.12.2013
Trade receivables from third parties		123	61
Allowance for impairment		-	-
Trade receivables - subsidiaries	(note 30)	15,224	6,983
Trade receivables - other group companies	(note 30)	588	654
Trade receivables		**15,935**	**7,698**

The carrying amount of trade receivables approximates their fair value.

The breakdown by due date of trade receivable from third parties is shown below:

(EUR'000)	31.12.2014	31.12.2013
Not yet due	123	61
Overdue	-	-
Allowance for impairment	-	-
Total trade receivables from third parties	**123**	**61**

Trade receivables due from subsidiaries refer to consultancy services provided to them and royalties on their use of the trademark.
Note 30 Related-Party Transactions provides more information about trade receivables from subsidiaries, associates and other Group companies.

7) Current financial assets
Current financial assets totalled EUR 193,132 thousand (31 December 2013: EUR 114,725 thousand) and consisted of an interest-bearing revocable loan (with a floating rate of 1.2%, in line with current market rates) for EUR 160,867 thousand granted to Cementir Italia SpA, a non-interest-bearing revocable loan for EUR 31,965 thousand granted to the subsidiary Alfacem Srl, a non-interest bearing revocable loan for EUR 40 thousand to Cementir Espana SL and accrued interest income on the interest grants from Simest SpA in relation to loans received from various banks, for a total of EUR 260 thousand.
The sharp rise in the caption compared to 31 December 2013 was due to higher loans to Cementir Italia SpA and Alfacem Srl for the purposes of optimising Group treasury management and to cover the subsidiaries' temporary funding requirements.

8) Current tax assets
Current tax assets totalled EUR 4,827 thousand (31 December 2013: EUR 4,574 thousand) and consisted of IRES payments on account to the tax authorities in the current and previous years (EUR 2,211 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 from the use the trademark by the Turkish subsidiary Cimentas (EUR 1,607 thousand).

9) Other current assets

The caption totalled EUR 1,092 thousand (31 December 2013: EUR 620 thousand) and breaks down as follows:

(EUR'000)		31.12.2014	31.12.2013
Subsidiaries (IRES tax consolidation scheme)	(note 30)	722	517
Other assets		105	53
Prepayments		265	50
Other current assets		**1,092**	**620**

10) Cash and cash equivalents

This caption, totalling EUR 3,267 thousand (31 December 2013: EUR 4,871 thousand) consists of cash and cash equivalents held by the company and breaks down as follows:

(EUR'000)		31.12.2014	31.12.2013
Bank deposits		2,915	2,892
Bank deposits - related parties	(note 30)	349	1,977
Cash-in-hand and cash equivalents		3	2
Cash and cash equivalents		**3,267**	**4,871**

11) Share capital

The company's share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid-up and has not changed with respect to 31 December 2013.

12) Share premium reserve

This caption, totalling EUR 35,710 thousand, is unchanged from 31 December 2013.

13) Other reserves

Other reserves totalled EUR 403,029 thousand (31 December 2013: EUR 417,387 thousand) and break down as follows:

(EUR'000)	31.12.2014	31.12.2013
Monetary revaluation reserves	97,733	97,733
Legal reserve	31,824	31,824
Other reserves	111,462	127,690
Other IFRS reserves	94,066	99,321
Retained earnings	67,944	60,819
Other reserves	**403,029**	**417,387**

Other IFRS reserves break down as follows:

(EUR'000)	31.12.2014	31.12.2013
Fair value reserves – property, plant and equipment	94,135	99,371
Discounting reserves – financial liabilities	61	61
Actuarial reserves	(130)	(111)
Total other IFRS reserves	**94,066**	**99,321**

Equity captions

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

(EUR'000) Nature / Description	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 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 article 15 Law 67 of 11/3/88	138	A,B	138		
Reserve as per Law 349/95	41	A,B	41		
Negative goodwill	98,076	A,B,C	98,076		
Other IFRS reserves - Revaluation reserve as per Law 266/05	89,026	A,B,C	89,026	1,609	
Other IFRS reserves	5,040				
Retained earnings – Mandatory adjustment to revaluation reserve as per Law 266/05	16,229	A,B,C	16,229		
Retained earnings	51,715	A,B,C	51,715	34,833	25,460
Total	**438,739**		**433,699**	**36,442**	**25,460**
Non-distributable portion			**45,210**		
Remaining distributable portion			**388,489**		

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 202,986 thousand.

The non-distributable portion includes the legal reserve, the reserve for grants related to assets, the reserve as per art. 15 of Law 67 of 11/3/88 and the reserve as per Law 349/95.

Dividends

On 10 March 2015, the Board of Directors proposed that a dividend of EUR 0.10 per ordinary share be distributed to the shareholders, for a total EUR 15,912 thousand.

During 2014, the company distributed a total of EUR 12,730 thousand in dividends to shareholders for 2013, corresponding to EUR 0.08 per ordinary share.

14) Employee benefits

Post-employment benefits totalled EUR 438 thousand (31 December 2013: EUR 407 thousand). The figure represents the company's estimate of its obligation, determined using actuarial techniques, towards employees upon termination of employment. On 1 January 2007, the Finance Act and related implementing decrees introduced significant reforms to the regulations governing post-employment benefits, including the right of employees to decide where to allocate their accruing benefits. 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 reforms, accruing post-employment benefits now qualify as a defined contribution plan rather than a defined benefit plan.

The actuarial assumptions used for their measurement are summarised below:

Values in %	**31.12.2014**	**31.12.2013**
Annual discount rate	1.60%	3.10%
Annual post-employment benefits growth rate	2.62%	3.15%

Changes in the liability are shown below:

(EUR'000)	**31.12.2014**	**31.12.2013**
Net opening balance	**407**	**324**
Current service cost	-	-
Financial expense	13	11
Payments of post-employment benefits	(3)	-
Net actuarial (gains)/losses recognised in the year	21	2
(Contributions received)	-	70
(Benefits paid)	-	-
Net closing balance	**438**	**407**

15) Provisions

In 2014 the company received a statement of notice from the Inland Revenue Agency notifying the amount payable in relation to litigation over taxes for 1988, for which in 2011 a total of EUR 600 thousand was allocated to provisions for risks and charges. The provisions allocated were found to be sufficient and were released following payment of the fine.

16) Financial liabilities

Non-current and current financial liabilities are shown below:

(EUR'000)		31.12.2014	31.12.2013
Bank loans and borrowings		26,701	36,483
Bank loans and borrowings - related parties	(note 30)	50,000	-
Non-current financial liabilities		**76,701**	**36,483**
Bank loans and borrowings		10,000	4,100
Bank loans and borrowings - related parties	(note 30)	18,850	9,390
Current portion of non-current financial liabilities		9,829	9,798
Fair value of derivatives		16,001	11,983
Other loan liabilities		146	383
Current financial liabilities		**54,826**	**35,654**
Total financial liabilities		**131,527**	**72,137**

Non-current bank loans and borrowings, totalling EUR 76,701 thousand, refer to a floating-rate mortgage loan (Euribor 6 months + spread of 0.75%) granted by Banca Intesa SpA on property owned by the company in Torrespaccata, due in 2024, a floating-rate loan (Euribor 6 months + spread of 1.25%) granted by Monte dei Paschi di Siena SpA, due in 2017, and a floating-rate loan (Euribor 3 months + spread of 1.15%) granted by UniCredit SpA, due in 2017. The loan from Monte dei Paschi di Siena SpA is subsidised by a fixed interest grant provided by Simest to companies that make investments in non-EU countries.

Current bank loans and borrowings with related parties, totalling EUR 18,850 thousand, refer to a "hot money" facility with UniCredit SpA.

The current portion of non-current financial liabilities includes repayment instalments on the floating-rate loan (Euribor 6 months + spread of 0.75%) granted by Banca Intesa SpA due in 2015 (EUR 825 thousand); the loan is secured by a company-owned property in Torrespaccata. The caption also includes repayment instalments due in the year on the floating-rate loan (Euribor 6 months + spread of 1.25%) granted by Monte dei Paschi di Siena SpA (EUR 9,000 thousand) and an overdraft facility on the current account held at the reporting date with Credito Emiliano (EUR 4 thousand).

Other loan liabilities, totalling EUR 146 thousand, mainly consist of accrued interest due on non-current loans.

Total financial liabilities rose by approximately EUR 59 million, driven primarily by a new loan agreement with UniCredit (EUR 50 million).

The negative fair value of derivatives totalled approximately EUR 16,001 thousand; the figure is related to the fair value measurement at 31 December 2014 of derivatives purchased to hedge interest rate, commodity price and currency risks connected with liabilities falling due between January 2015 and August 2025.

Approximately 58% of financial liabilities require compliance with financial covenants. The company has complied with these covenants at 31 December 2014.

At 31 December 2014, a company-owned property in Torrespaccata, Rome, was mortgaged to third parties for EUR 19.1 million to secure the loan granted by Banca Intesa SpA.

Sureties given to third parties at the same date amounted to EUR 61,876 thousand. They include a surety given to Banca Intesa of EUR 44 million on the loan disbursed to the subsidiary Alfacem Srl; a surety of EUR 10 million given to Intesa San Paolo SpA on the loan granted to the Turkish subsidiary Cimentas SA; a surety of EUR 2,568 thousand (GBP 2 million) given to Intesa San Paolo SpA for the subsidiary Quercia Limited; and a surety of EUR 5,308 thousand (CNY 40 million) to BNP Paribas China Ltd for the subsidiary Aalborg Portland Anqing.

Sureties in GBP and CNY were translated into Euros at the exchange rates effective at 31 December 2014, equal to EUR/GBP 0.8533 and EUR/CNY 7.7143.

The company's exposure, broken down by residual expiry of the financial liabilities, is as follows:

(EUR'000)		**31.12.2014**	**31.12.2013**
Within three months		28,857	9,730
- *third parties*		*10,006*	*4,118*
- *related parties*	*(note 30)*	*18,851*	*5,612*
Between three months and one year		25,969	25,923
- *third parties*		*25,969*	*22,145*
- *related parties*	*(note 30)*	-	*3,778*
Between one and two years		9,853	9,825
- *third parties*		*9,853*	*9,825*
- *related parties*	*(note 30)*	-	-
Between two and five years		61,654	20,521
- *third parties*		*11,654*	*20,521*
- *related parties*	*(note 30)*	*50,000*	-
After five years		5,194	6,138
Total financial liabilities		**131,527**	**72,137**

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

Net financial debt

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

(EUR'000)	31.12.2014	31.12.2013
A. Cash	3	2
B. Other cash equivalents	3,264	4,869
C. Securities held for trading	-	-
D. Cash and cash equivalents (A+B+C)	**3,267**	**4,871**
E. Current loan assets	**193,132**	**114,725**
F. Current bank loans and borrowings	(28,854)	(13,490)
G. Current portion of non-current debt	(9,825)	(9,798)
H. Other current loan liabilities	(16,147)	(12,366)
I. Current financial debt (F+G+H)	**(54,826)**	**(35,654)**
J. Net current financial position (debt) (I-E-D)	**141,573**	**83,942**
K. Non-current bank loans and borrowings	(76,701)	(36,483)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	**(76,701)**	**(36,483)**
O. Net financial debt (J+N)	**64,872**	**47,460**

The financial debt with related parties includes credit positions of EUR 193.2 million (31 December 2013: EUR 116.2 million) and debit positions of EUR 68.8 million (31 December 2013: EUR 9.4 million).

17) Trade payables

The carrying amount of trade payables approximates their fair value. The balance of EUR 2,270 thousand (31 December 2013: EUR 1,495 thousand) may be analysed as follows:

(EUR'000)		31.12.2014	31.12.2013
Trade payables		1,804	1,276
Trade payables - related parties	(note 30)	466	219
Trade payables		**2,270**	**1,495**

Note 30 Related party transactions gives a breakdown of trade payables to subsidiaries, associates and parents.

18) Other current liabilities

(EUR'000)		31.12.2014	31.12.2013
Personnel		1,641	1,422
Social security institutions		406	395
Other liabilities		2,226	1,608
Subsidiaries (IRES and VAT tax consolidation scheme)	(note 30)	33,014	28,629
Deferred income		33	33
Other current liabilities		**37,320**	**32,087**

Deferred income solely comprises 2015 lease income on the Torrespaccata property.

19) Deferred tax assets and liabilities

(EUR'000)	31.12.2013	Accruals, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2014
Tax losses	36,459	6,009	-	42,468
Other	3,001	(146)	5	2,860
Deferred tax assets	**39,460**	**5,863**	**5**	**45,328**
Difference between fair value of property, plant and equipment and their tax base	4,752	-	-	4,752
Employee benefits	2	-	(2)	-
Deferred tax liabilities	**4,754**	**-**	**(2)**	**4,752**

At 31 December 2014, deferred tax assets, totalling EUR 45,328 thousand, consisted 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, totalling EUR 4,752 thousand at the reporting date, consisted of EUR 4,030 thousand in IRES liabilities and EUR 722 thousand in IRAP liabilities.

20) Revenue

(EUR'000)	2014	2013
Services	17,767	14,582
Revenue	**17,767**	**14,582**

Revenue from services includes EUR 10,600 thousand in income from consultancy services provided to subsidiaries and EUR 7,167 thousand from royalties on the use of the trademark by those same subsidiaries. The higher figure compared to 2013 was driven by the increase in consultancy services provided to subsidiaries by parent employees.

Note 30 Related-party transactions provides more information about revenue from subsidiaries, associates and other Group companies.

21) Other operating revenue

(EUR'000)	2014	2013
Building lease payments	660	638
Other operating revenue	**660**	**638**

Building lease payments refer to leases on the property in Torrespaccata, Rome.

22) Personnel costs

(EUR'000)	2014	2013
Wages and salaries	5,676	5,502
Social security charges	1,623	1,451
Other costs	1,732	891
Personnel costs	**9,031**	**7,844**

Other costs, amounting to EUR 1,732 thousand (2013: EUR 891 thousand), included additional allowances, business trips and insurance. The increase compared to 2013 was mainly due to positive, non-recurring items in the previous year. At 31 December 2013, the company's workforce breaks down as follows:

	31.12.2014	31.12.2013	2014 average	2013 average
Executives	22	21	21	20
Middle management, white collars and intermediates	39	37	39	35
Total	**61**	**58**	**60**	**54**

23) Other operating costs

(EUR'000)	2014	2013
Consultancy	1,167	888
Directors' fees	3,383	3,047
Independent auditors' fees	117	98
Other services	2,251	1,814
Other operating costs	3,042	2,426
Other operating costs	**9,960**	**8,273**

Other operating costs included, inter alia, lease payments for the Corso Francia property (EUR 1,370 thousand), statutory auditors' fees (EUR 140 thousand) and management costs for the Torrespaccata property (EUR 17 thousand).

The total includes transactions with related parties (see note 30).

24) Amortisation, depreciation, impairment losses and provisions

(EUR'000)	2014	2013
Amortisation	398	390
Depreciation	89	44
Amortisation, depreciation, impairment losses and provisions	**487**	**434**

25) Net financial expense

Net financial expense totalled EUR 75,809 thousand and breaks down as follows:

(EUR'000)	2014	2013
Dividends from other companies	-	114
Interest income	1,451	868
Grants related to interest - Simest	521	1,093
Other financial income	2,519	7,969
Total financial income	**4,491**	**10,044**
Interest expense	(5,447)	(7,362)
Other financial expense	(74,853)	(1,641)
Total financial expense	**(80,300)**	**(9,003)**
Net financial expense	**(75,809)**	**1,041**

Other financial income totalled EUR 2,519 thousand and mainly consisted of gains on derivative financial instruments purchased to hedge currency, interest rate and commodities risks. Other financial expense amounted to EUR 74,853 thousand and consisted primarily of the impairment loss on the investment in the subsidiary Cementir Italia S.p.A., for a total of EUR 69,700 thousand, and losses on derivative financial instruments purchased to hedge currency, interest rate and commodity price risks.

Net financial expense also includes income and expense from related party transactions (see note 30).

26) Income taxes

The caption shows a net tax income of EUR 1,407 thousand (2013: expense of EUR 1,318 thousand) and breaks down as follows:

(EUR'000)	**2014**	**2013**
Current taxes	(4,456)	(5,950)
- *IRES*	*(3,869)*	*(5,728)*
- *IRAP*	*(587)*	*(222)*
Deferred tax assets	5,863	4,771
- *IRES*	*5,863*	*4,949*
- *IRAP*	*-*	*(178)*
Deferred tax liabilities	-	(139)
- *IRAP*	*-*	*(139)*
Income taxes	**1,407**	**(1,318)**

Current tax expense totalled EUR 4,456 thousand and consisted of tax due under the national tax consolidation scheme, less EUR 5,863 thousand in deferred tax income on consolidated IRES tax losses.

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

(EUR'000)	**2014**	**2013**
Theoretical tax expense	**21,136**	**80**
Taxable permanent differences	(24,784)	(1,366)
Deductible permanent differences	5,283	116
Prior year taxes	359	391
Effective IRAP tax expense	(587)	(539)
Income taxes	**1,407**	**(1,318)**

27) Other comprehensive income (expense)

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

(EUR'000)	2014			2013		
	Pre-tax amount	Tax effect	Post-tax amount	Pre-tax amount	Tax effect	Post-tax amount
Financial instruments	-	-	**-**	3,567	(78)	**3,489**
Actuarial gains (losses) on post-employment benefits	(26)	7	**(19)**	(15)	4	**(11)**
Total other comprehensive income (expense)	**(26)**	**(7)**	**(19)**	**3,552**	**(74)**	**3,478**

28) Financial risk management and disclosures

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

Credit risk

The company's exposure to credit risk is not considered particularly significant as it chiefly does business with subsidiaries and related parties whose risk of insolvency is substantially inexistent.

Note 6 provides details about trade receivables due 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 concerns the availability of financial resources and access to the credit market and financial instruments.

The company monitors its cash flows, funding 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 16 provides a breakdown of financial liabilities by due date.

Market risk

Market risk mainly concerns exchange and interest rate risks.

Currency risk

Cementir Holding SpA is directly exposed to currency risk to a limited degree in relation to loans and deposits held 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 is exposed to the risk of fluctuations in interest rates. 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. The company purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.

At 31 December 2014, the Company's net financial position amounted to EUR 64.9 million (including EUR 196.4 million in current loan assets and cash and cash equivalents, EUR 54.8 million in current loan liabilities and EUR 76.7 million in non-current loan liabilities). All its exposures are subject to floating interest rates.

At 31 December 2013, the Company's net financial position amounted to EUR 47.5 million (including EUR 119.6 million in current loan assets and cash and cash equivalents, EUR 35.7 million in current loan liabilities and EUR 36.5 million in non-current loan liabilities). All its exposures were subject to floating interest rates.

Assuming all the other variables remain stable, an annual 1% increase in interest rates would have had a positive effect on profit before taxes of EUR 0.3 million (2013: negative effect of EUR 0.5 million) and a positive effect on equity of EUR 0.2 million (31 December 2013: negative effect of EUR 0.4 million) with respect to the floating rates applicable to net financial debt. A similar decrease in interest rates would have an identical negative impact.

29) 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 measure their fair value. The hierarchy consists of 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 (such as prices) or indirectly observable (i.e., derived from prices) on the market.
- Level 3: determination of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

31 December 2014

(EUR'000)	Note	Level 1	Level 2	Level 3	Total
Investment property	3			23,000	**23,000**
Total assets		**-**	**-**	**23,000**	**23,000**
Current financial liabilities (derivative instruments)	16	-	(16,001)	-	**(16,001)**
Total liabilities		**-**	**(16,001)**	**-**	**(16,001)**

31 December 2013

(EUR'000)	Note	Level 1	Level 2	Level 3	Total
Investment property	3			23,000	**23,000**
Total assets		**-**	**-**	**23,000**	**23,000**
Current financial liabilities (derivative instruments)	16	-	(11,982)	-	**(11,982)**
Total liabilities		**-**	**(11,982)**	**-**	**(11,982)**

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

30) Related party transactions

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

On 5 November 2010, the Board of Directors of Cementir Holding SpA approved a new procedure for related party transactions complying with CONSOB guidelines, issued pursuant to CONSOB Resolution No. 17221 of 12 March 2010 and subsequent amendments and additions thereto, designed to ensure the transparency and the substantial and procedural fairness of related party transactions within the Group. The procedure is applicable starting from 1 January 2011 and is published on the corporate website www.cementirholding.it.

As required by CONSOB Communication No. 6064293 of 28 July 2006, related party transactions and their effects are reported in the table below:

Trade and financial transactions

2014

(EUR'000)	Trade receivables	Current financial assets	Other current assets	Cash and cash equivalents	Trade payables	Current and non-current loan liabilities	Other current liabilities	Balance
Betontir SpA	4	-	-	-	-	-	(3,972)	**(3,968)**
Cimentas AS	4,214	-	-	-	-	-	(6)	**4,209**
Alfacem Srl	-	31,965	269	-	-	-	(153)	**32,081**
Aalborg Portland A/S	5,833	-	-	-	-	-	-	**5,834**
Cementir Espana SL	-	40	-	-	-	-	-	**40**
Cementir Italia SpA	5,172	160,867	453	-	(433)	-	(28,883)	**137,176**
Vianini Lavori SpA	-	-	-	-	(26)	-	-	**(26)**
Vianini Ingegneria SpA	-	-	-	-	-	-	-	**-**
Piemme SpA	-	-	-	-	(7)	-	-	**(7)**
E-Care SpA	588	-	-	-	-	-	-	**588**
Unicredit SpA	-	-	-	18	-	(68,851)	-	**(68,833)**
Finnat Euramerica SpA	-	-	-	331	-	-	-	**331**
Total	**15,811**	**192,872**	**722**	**349**	**(466)**	**(68,851)**	**(33,014)**	**107,425**
Total financial statements caption	**15,935**	**193,132**	**1,092**	**3,267**	**(2,270)**	**(131,527)**	**(37,320)**	
% of financial statements	**99.22%**	**99.87%**	**66.12%**	**10.68%**	**20.53%**	**52.35%**	**88.46%**	

2013

(EUR'000)	Trade receivables	Current financial assets	Other current assets	Cash and cash equivalents	Trade payables	Current and non-current loan liabilities	Other current liabilities	Total Company
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%**	

Revenue and costs

2014

(EUR'000)	Operating revenue	Financial income	Personnel costs	Operating costs	Financial expense	Total Company
Caltagirone SpA	-	-	-	(450)	-	**(450)**
Cimentas AS	5,983	-	-	-	-	**5,983**
Alfacem Srl	-	-	-	-	-	**-**
Aalborg Portland A/S	9,591	-	-	-	-	**9,591**
Cementir Italia SpA	2,193	1,415	-	(1,370)	-	**2,238**
Vianini Lavori SpA	-	-	-	(42)	-	**(42)**
Vianini Ingegneria SpA	-	-	-	(4)	-	**(4)**
Piemme SpA	-	-	-	(26)	-	**(26)**
E-Care SpA	440	34	-	-	-	**474**
Unicredit SpA	-	-	-	-	(726)	**(726)**
Finnat Euramerica SpA	-	1	-	-	(43)	**(42)**
Total	**18,207**	**1,450**	**-**	**(1,892)**	**(769)**	**16,996**
Total financial statements caption	**18,427**	**4,491**	**(9,031)**	**(9,960)**	**(80,300)**	
% of financial statements caption	**98.81%**	**32.29%**	**-**	**19.00%**	**0.96%**	

2013

(EUR'000)	Operating revenue	Financial income	Personnel costs	Operating costs	Financial expense	Total Company
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%**	

Revenue from transactions with the subsidiaries Cimentas AS, Aalborg Portland A/S and Cementir Italia SpA refers to brand royalty fees and management fees. Revenue from transactions with E-Care SpA refers to the lease of the civil property (in Torrespaccata). Operating costs with the subsidiary Cementir Italia, totalling EUR 1,370 thousand, refer to rent payments for the Corso di Francia building, where the company's registered office is located.

Trade receivables primarily relate to invoicing for management and branding fees to the companies Società Cimentas, Aalborg Portland and Cementir Italia, in addition to the receivable from E-Care for the rental of the premises in the Torrespaccata building.

Financial assets refer to the interest-bearing loan to Cementir Italia (EUR 168,867 thousand) and interest-free loans to Alfacem (EUR 31,965 thousand) and Cementir España (EUR 40 thousand).

Trade payables mainly consist of amounts due to Cementir Italia for rental payments for the offices in Corso di Francia (EUR 433 thousand).

Other current liabilities mainly include the effects of participation in the tax consolidation by the companies Alfacem for the three-year period 2012-2014, Cementir Italia for the three-year period 2012-2014 and Betontir for the three-year period 2014-2016.

31) Independent auditors' fees

Fees paid to the independent auditors in 2014 totalled approximately EUR 104 thousand (2013: EUR 98 thousand).

Rome, 10 March 2015

Chairman of the Board of Directors

/s/ Francesco Caltagirone Jr.

Certification of the separate financial statements as per article 81-ter of CONSOB Regulation 11971 of 14 May 1999 as amended

1. The undersigned Francesco Caltagirone Jr., Chairman of the Board of Directors, and Massimo Sala, as Manager responsible for financial reporting, of Cementir Holding SpA, hereby certify, having also taken into consideration the provisions of Article 154-*bis,* paragraphs 3 and 4 of Italian Legislative Decree 58 of 24 February 1998:

- the adequacy, in relation to the characteristics of the Company, and
- the effective implementation of the administrative and accounting procedures for the preparation of the separate financial statements for the year ended 31 December 2014.

2. No significant aspects emerged in this regard.

3. It is also certified that:

3.1 the separate financial statements:

a) have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union as per Regulation (EC) No 1606/2002/EC of the European Parliament and of the Council of 19 July 2002;

b) are consistent with the entries in the accounting books and records;

c) provide a true and fair representation of the financial position, earnings performance and cash flows of the issuer.

3.2 the directors' report, prepared using a standard format for both the separate and consolidated financial statements, includes a reliable analysis of operations and operating results, in addition to the financial position of the issuer together with a description of the main risks and uncertainties to which the company is exposed.

Rome, 10 March 2015

Chairman of the Board of Directors	Manager responsible for financial reporting
/s/ Francesco Caltagirone Jr.	/s/ Massimo Sala

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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 2014, 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 26 March 2014 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 2014 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 2014, 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

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Trieste Varese Verona

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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 2014.

Rome, 30 March 2015

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit