

CEMENTIR HOLDING S.p.A.

**Rome, Corso di Francia 200
Tax ID no. 00725950638 – VAT no. 02158501003**

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REPORT OF THE BOARD OF AUDITORS TO THE SHAREHOLDERS' MEETING PURSUANT TO ART. 153 OF LEGISLATIVE DECREE 58/98 AND ART. 2429(3) OF THE CIVIL CODE

Dear Shareholders,

During 2011 we continued to perform the supervisory functions required by the law, and in particular Legislative Decree 58 of 24 February 1998, as independent auditing activities continued to be performed by PriceWaterhouseCoopers S.p.A., with whom we maintained constant contacts, as discussed more specifically below.

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

- we monitored compliance with the law and the bylaws;
- we received from the directors information on operations and on the most financially significant transactions carried out by Cementir and its subsidiaries during the year. Based on the information provided to us, we can reasonably conclude that these operations comply with the law and the bylaws and that they were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or otherwise prejudicial to the integrity of the Company's assets. Based on information reported to the Board of Directors, no director engaged in a transaction that posed a potential conflict of interest;
- we acquired information and monitored, within the scope of our duties, the adequacy of the Company's organizational structure, compliance with the principles of sound administration and the appropriateness of the instructions issued by Cementir Holding to its subsidiaries pursuant to Article 114(2) of

Legislative Decree 58/98, gathering information from the relevant department heads;

- we examined and monitored the appropriateness of the internal control system, as well as the administrative and accounting system and its reliability in representing operational events accurately. For this purpose, we regularly met with the manager responsible for preparing the financial reports, provided for by Art. 16 of the bylaws, and with the head of the Internal Auditing unit and the manager responsible for corporate legal affairs. No significant concerns arose during the course of these meetings;
- we examined and obtained information on organizational and procedural activities relating to Legislative Decree 231/2001. The Chairman of the Board of Auditors attended the meetings of the Supervisory Body to the extent possible, reporting on its proceedings to the other members of the Board of Auditors. The Supervisory Body was also invited to participate in the meetings of the Board of Auditors, with the presence of all control managers;
- we monitored the updating work of the Internal Control Committee, whose meeting was attended by the Chairman of the Board of Auditors;
- pursuant to Art. 150 (2) of Legislative Decree 58/98, we met regularly with the independent auditors, PriceWaterhouseCoopers S.p.A., to exchange information and opinions. No significant information or circumstances were found that would require mention in this report;
- we did not find any atypical or unusual transactions with Group companies, third parties or related parties. For transactions with such parties, the Company has adopted a specific procedure approved by the Board of Directors. In the notes to the financial statements, the directors provide information on those transactions, reporting that all transactions with subsidiaries, associates, the controlling shareholder (Caltagirone S.p.A.), whether of a financial or commercial nature, took place in the ordinary course of business under normal market terms and conditions;
- we verified that no complaints pursuant to Article 2408 of the Civil Code or reports of any kind were filed, nor did we encounter any omissions, irregularities

or other censurable facts needing to be reported either to control bodies or in this report during the course of our supervisory activity;

- as regards the results reported in the financial statements for the year ended 31 December 2011, we held specific meetings with representatives of PricewaterhouseCoopers S.p.A. to review, within the scope of our respective duties, the most important items contained in the document. There is nothing significant to report;
- we also verified, through meetings with the head of Administration, Finance and Control, Mr. Arrivabene, the completeness of the information contained in the Report on Operations. We reached the conclusion that the Report on Operations complies with the law and the relevant accounting standards. PricewaterhouseCoopers was also obviously involved in the discussion, particularly concerning the consistency of the Report on Operations with the related financial statements;
- in 2011 the accounting firm was engaged to perform the following:
 - the separate financial statements (EUR 20,236.32);
 - the consolidated financial statements and coordination activities (EUR 40,354.47).

As part of our supervisory activities, the Board of Auditors met five times, including via tele-conferencing. We attended five meetings of the Board of Directors and attended the Ordinary Shareholders' Meeting to approve the financial statements for the year ended 31 December 2010.

Based on the activity carried out during the year, we find no grounds to oppose approval of the financial statements of Cementir Holding SpA for the period ended 31 December 2011 and the accompanying Report on Operations. We also concur with the directors' proposal to cover the loss of EUR 20,175,215 using retained earnings, as done the previous year, and to distribute a dividend of EUR 0.04 per share, for a total of EUR 6,364,200, again drawing on retained earnings.

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

To conclude, we remind you that the term of the latter's engagement has ended, and given that it lasted nine years, it cannot be renewed again. You must therefore engage a new auditing firm and, as is our duty, we have formulated the proposal attached to this report.

With the approval of the financial statements for the year ended 31 December 2011, the Board of Directors has finished its three-year term. Accordingly you are called upon to appoint a new Board.

Rome, 21 March 2012

THE BOARD OF AUDITORS

CLAUDIO BIANCHI
CHAIRMAN

FEDERICO MALORNI
STANDING AUDITOR

GIAMPIERO TASCO
STANDING AUDITOR

**Proposal of the Board of Auditors for
the engagement of the auditing firm**

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Shareholders,

The Board of Auditors formulated this proposal on the basis of the following process:

- we first noted that with the end of the 2011 financial year your Company's independent auditors have completed their term of nine years;
- accordingly, we contacted the CFO of Cementir Holding S.p.A. to ask that he invite auditing firms of sufficient size and experience to submit an offer for the engagement;
- in addition, we recommended that the CFO contact the group parent and take account of the foreign subsidiaries in order to obtain the best terms and conditions.

The Board of Auditors subsequently received offers from KPMG S.p.A., Deloitte & Touche S.p.A., Reconta Ernst & Young S.p.A. and Mazars.

The offers were examined with the CFO of Cementir Holding S.p.A. and then assessed by the Board of Auditors, taking due account of the comprehensiveness of the offers with respect to the number of hours expected, the qualifications of the audit team and, obviously, the overall price.

The structure of the bids considered with regard to the overall commitment for

Cementir Holding S.p.A., Cementir Italia S.r.l. and other Italian subsidiaries is set out below.

Company/Group	KPMG S.p.A.		Deloitte & Touche S.p.A.		R. E. & Young S.p.A.		Mazars	
	hours in €	fees	hours in €	fees	hours fees in €		hours fees in €	
Cementir Holding S.p.A.	1030	67,000	2100	153,800	1022	64,250	500	40,000
Total A	1030	67,000	2100	153,800	1022	64,250	500	40,000
Cementir Italia S.r.l.	1610	82,000					750	60,000
Alfacem S.r.l.	76	5,000					120	10,000
<u>Other companies:</u> Betontir S.p.A.			600	42,000	1632	102,450	60	5,000
Total B	1686	87,000	600	42,000	1632	102,450	930	75,000
Total A + B	2716	154,000	2700	195,800	2654	166,700	1430	115,000

The Board of Auditors feels that the best comparative offer is that submitted by KPMG S.p.A., with particular regard to the distribution of the number of hours and the price, which is also consistent with the offer for the other Group companies outside the scope of the Group's Italian operations.

THE BOARD OF AUDITORS

CLAUDIO BIANCHI
CHAIRMAN

FEDERICO MALORNI
STANDING AUDITOR

GIAMPIERO TASCIO
STANDING AUDITOR