ANNUAL REPORT

31 DECEMBER 2011

cementir holding

GRUPPO CALTAGIRONE

Contents

Directors, officers and auditors 2

Report on operations for the consolidated and statutory financial statements 5

Consolidated financial statements of Cementir Holding SpA

- Consolidated financial statements 21
- Annexes to the consolidated financial statements 73
- Certification of the consolidated financial statements pursuant to Article 81-ter of Consob Regulation no. 11971/99 as amended

Statutory financial statements of Cementir Holding SpA

- Financial statements 79
- Notes to the financial statements 84
- Annex to the financial statements 118
- Certification of the financial statements pursuant to Article 81-ter of Consob Regulation no. 11971/99 as amended
- Report of the independent auditors on the statutory financial statements

Report of the Board of Auditors

Report of the Independent Auditors on the Annual Report

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Directors, officers and auditors

Board of Directors

Chairman

Francesco Caltagirone Jr.[1]

Vice Chairman

Carlo Carlevaris

Directors

Alessandro Caltagirone
Azzurra Caltagirone
Edoardo Caltagirone
Saverio Caltagirone
Flavio Cattaneo[2]
Mario Ciliberto[1]
Massimo Confortini[2-3-4]
Fabio Corsico
Mario Delfini[3]
Alfio Marchini
Walter Montevecchi
Riccardo Nicolini[1]
Enrico Vitali[2-3]

Board of Auditors

Chairman

Claudio Bianchi

Standing members

Giampiero Tasco

Federico Malorni

Manager responsible for financial reports

Oprandino Arrivabene

Independent auditors

PriceWaterhouseCoopers SpA

[1] Member of the Executive Committee
[2] Member of the Internal Control Committee
[3] Member of the Remuneration Committee
[4] Lead Indipendent Director

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REPORT ON OPERATIONS FOR THE CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS

GROUP PERFORMANCE

The consolidated financial statements of the Cementir group at 31 December 2011 have been prepared in accordance with CONSOB Regulation no. 11971/1999 as amended.

Results

(EUR '000)	Jan-Dec 2011	Jan-Dec 2010	Δ %
REVENUES FROM SALES AND SERVICES	**933,014**	**842,260**	**10.8%**
Change in inventories	4,289	2,595	65.3%
Other revenues*	16,390	20,731	-20.9%
TOTAL OPERATING REVENUES	**953,693**	**865,586**	**10.2%**
Raw material costs	(448,968)	(400,071)	12.2%
Personnel costs	(154,459)	(145,267)	6.3%
Other operating costs	(226,075)	(211,318)	7.0%
TOTAL OPERATING COSTS	**(829,502)**	**(756,656)**	**9.6%**
EBITDA	**124,191**	**108,930**	**14.0%**
EBITDA Margin %	*13.31%*	*12.93%*	
Depreciation, amortisation, impairment losses and provisions	(87,985)	(86,409)	1.8%
EBIT	**36,206**	**22,521**	**60.8%**
EBIT Margin %	*3.88%*	*2.67%*	
FINANCIAL INCOME (EXPENSE)	**(20,602)**	**3,384**	
PROFIT BEFORE TAX	**15,604**	**25,905**	**-39.8%**
PROFIT BEFORE TAX Margin %	*1.67%*	*3.08%*	
Income taxes	(5,766)	(8,306)	-30.6%
NET PROFIT (LOSS) FOR THE PERIOD	**9,838**	**17,599**	**-44.1%**
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**6,813**	**8,255**	**-17.5%**
GROUP NET PROFIT	**3,025**	**9,344**	**-67.6%**

* “Other revenues” includes the items of the income statements “Increases for internal work” and “Other operating revenues”.

In 2011, revenues from sales and services amounted to EUR 933.0 million (+10.8% compared with EUR 842.3 million in 2010), EBITDA came to EUR 124.2 million (+14.0% compared with EUR 108.9 million in 2010), while EBIT amounted to EUR 36.2 million (+60.8% compared with EUR 22.5 million the previous year) and Group net profit was EUR 3.0 million (-67.6% compared with EUR 9.3 million in 2010).

The increase in revenues from sales (+10.8% over 2010) is the result of an overall growth in volumes across all business sectors: cement (4.5%), ready-mixed concrete (20.1%) and aggregates (6.3%), with prices remaining stable or rising slightly. However, market demand varied by geographical area. Robust growth in quantities sold in Scandinavia in both cement and ready-mixed concrete, along with a moderate increase in prices, generated a EUR 67 million increase in revenues. In Turkey, the ready-mixed concrete sector posted strong growth in volumes sold, accompanied by slightly higher prices in real terms, while the cement market experienced a small upturn with essentially stable prices. These factors produced a 16.8% increase in revenues as expressed in local currency. In Italy, a modest increase in volumes and prices and the change in the scope of the ready-mixed concrete sector with the acquisition of 14 plants by Betontir SpA in late 2010 led to a 15.3% rise in revenues. In the Far East, revenues amounted to EUR 50 million, an increase of 31% thanks mainly to the expansion in manufacturing capacity in China, completed at the end of 2009 and fully up and running in the second half of 2010. Finally, in Egypt, there was a decline in revenues (19%), due to the economic slowdown caused by the social and political unrest that marked 2011.

The increase in operating costs, from EUR 756.7 million in 2010 to EUR 829.5 million in 2011 (+9.6%), is mainly attributable to higher fuel and energy costs driven by rising oil prices, which increased by an average of 40% compared with 2010.

Specifically, the cost of raw materials increased by about EUR 49.0 million in 2010 (+12.2% compared with 2010) due to the greater quantities of product manufactured in response to recovering market demand, and as a result of higher unit prices for raw materials. The increase in other operating costs (+7.0% compared with 2010) is mainly due to higher transport and logistics costs as a result of rising fuel prices.

EBITDA came to EUR 124.2 million, a 14.0% increase on 2010 (EUR 108.9 million), and the EBITDA margin on sales amounted to 13.3% (12.9% in 2010). This result marks the reversal of a three-year decline: between 2008 and 2010, EBITDA and operating efficiency continued to fall from the highs reached in 2007. In 2011, revenues generated by growing market demand offset the general increase in operating costs. Italy was the only market that made a negative contribution to the Group’s EBITDA, owing to the persistence of weak, fluctuating market demand.

Financial management yielded a negative EUR 20.6 million (a positive EUR 3.4 million at 31 December 2010), reflecting steep falls in the values of derivative financial instruments used to hedge commodity, exchange rate and interest rate risks in response to the extreme volatility in the financial markets, which were buffeted by concerns over the public debt of a number of Western countries. However, around EUR 11 million was attributable to unrealised financial expense that was recognised in respect of foreign exchange losses (mainly against the Turkish lira) and to the mark-to-market measurement of financial instruments used for hedging purposes.

Profit before tax came to EUR 15.6 million, down 39.8% from 2010, while net profit amounted to EUR 9.8 million (EUR 17.6 million at 31 December 2010).

Net financial position

(Euro '000)	31-12-2011	31-12-2010
Cash and cash equivalents[♦]	93,539	101,529
Non-current financial liabilities	(153,164)	(223,898)
Current financial liabilities	(297,909)	(213,763)
NET FINANCIAL POSITION	**(357,534)**	**(336,132)**

The net financial position at 31 December 2011 showed net debt of EUR 357.5 million, an increase of EUR 21.4 million compared with 31 December 2010. The deterioration in the net financial position reflects the investments in Turkey's waste management sector (around EUR 20 million), the distribution of dividends of EUR 9.5 million and a one-off tax payment related to prior years of EUR 5.5 million.

However, the net financial position improved by EUR 16.2 million in the fourth quarter of 2011, falling from EUR 373.7 million at 30 September 2011 to EUR 357.5 million at 31 December 2011, indicating a gradual decline in financing needs associated with developments in working capital as a result of higher turnover compared with the previous year.

Directors' report

Significant events

Management's expectations for 2011, based on recovering market demand with stable prices and rising production costs, were essentially confirmed by the results achieved. In Scandinavia and Turkey, the positive signs seen in 2010 were borne out, driven by public investment in infrastructure and a more lively private housing market, respectively. Despite the difficulties related to the socio-political events, Egypt has continued to contribute positively to the Group's results, although to a lesser extent than in 2010. The Far East has continued its growth by taking full advantage of the recent expansion in manufacturing capacity in China. In Italy, however, the economic climate has remained essentially depressed, with the on-going crisis in the private construction sector and insufficient public investment in infrastructure projects.

Significant events during the period include the signing by Cementir Holding SpA, acting through its Turkish subsidiary Recydia, which operates in the waste management and renewable energy sector, of a 25-year contract to handle and treat around 700,000 metric tons of Istanbul's municipal solid waste per year, equal to 14% of that city's total solid municipal waste.

[♦] "Cash and cash equivalents" includes the consolidated statement of financial position items "Cash and cash equivalents" and "Current financial assets".

In Italy, the study of a project to completely refurbish the Taranto factory was completed in 2011. The project aims to improve the factory's industrial efficiency and reduce its environmental impact both in terms of energy consumption and lower emissions. Work began between late 2011 and early 2012.

Outlook

The financial crisis of the last few years seems to be slowly but steadily dissipating. While the public debt problem in a number of Western countries has not yet been resolved, it now seems to be under control, thanks to measures taken by those European countries in greatest difficulty. The international banking system also appears to be more stable, and the turbulence in the financial markets has begun to diminish. Therefore, we expect the economy to gradually improve in all the Group's geographical markets in 2012, with growth in revenues and profitability compared with 2011. Problems could be encountered in Italy due to a further contraction in the construction industry as a result of recently implemented cuts in government spending, and in Egypt, where the socio-political climate is still uncertain.

Indicators of financial results

The following table reports the most significant indicators used to provide a snapshot of the Cementir Holding group's performance.

PERFORMANCE INDICATORS	2011	2010	COMPOSITION
Return on equity	0.91%	1.52%	Net profit(loss)/shareholders' equity
Return on capital employed	2.51%	1.51%	EBIT/(shareholders' equity + Net financial position)

FINANCIAL POSITION INDICATORS	2011	2010	COMPOSITION
Equity ratio	56.74%	59.29%	Shareholders' equity/total assets
Net gearing ratio	33.02%	29.06%	Net financial position/shareholders' equity

The performance indicators diverge since the improvement in return on capital employed reflects the better profitability achieved in 2011, while the decline in return on equity emphasizes the greater impact of financial management on the Group's net profit.

The financial position indicators continue to underscore the Group's financial soundness.

Risk management

The Cementir Holding group is exposed to a variety of financial risks in its operations, specifically credit risk, liquidity risk and market risk.

At 31 December 2011, the Group's maximum exposure to credit risk of EUR 150.9 million is represented by the carrying value of receivables from customers. While theoretically significant, this credit risk is mitigated by the careful assessment procedures used in granting credit to individual customers and by the fact that it is not excessively exposed to concentration risk.

The *liquidity risk* to which the Group is exposed regards the availability of financial resources and access to the credit market and markets for financial instruments in general. The Group manages this risk by continually monitoring expected cash flows and the consequent timing of debt reduction, liquidity and any funding requirements of the subsidiaries with a view to identifying the most appropriate structures for more efficient management of financial resources.

Market risk mainly regards the risk of changes in exchange rates and interest rates. It should be noted that in 2011 market risks did not differ from those found the previous year, although the financial and commodity markets were highly volatile. It is felt that these fluctuations were driven by the fears created by the high public debt of a number of countries rather than by changes in the macroeconomic situation and, therefore, the market risk management strategy has remained essentially the same. As they operate at the international level, the Group companies are structurally exposed to the *exchange rate risk* associated with the cash flows generated by operating activities and financing denominated in foreign currencies. Specifically, the cement sector is exposed to exchange rate risk on both the revenue (for exports) and cost (for the purchase of solid fuels in U.S. dollars) sides, while the ready-mixed concrete sector is less exposed since revenues and costs are denominated in local currencies. To cover its exposures, the Group calculates the natural hedging effect of cash flows and financing, and hedges the remaining exposure by means of forward foreign exchange transactions, as well as foreign exchange call and put options.

In addition, the Group, having a net debtor position of EUR 357.5 million at 31 December 2011, is exposed to *interest rate risk.* Based on an overall assessment of the level of expected interest rates and the timing of debt reduction in relation to forecast cash flows, interest rate swaps are used to partially hedge the risk.

Research and development

The Group primarily engages in research and development at Aalborg Portland facilities in Aalborg (Denmark) and Cementir Italia facilities in Spoleto (Perugia).

The Group's research centres focus on studying and researching cements and ready-mixed concretes and testing the products, raw materials and fuels used in the manufacturing process in order to improve the quality of cement products, make manufacturing processes more efficient and address related environmental issues.

The Group is currently focusing its attention on developing innovative processes and products that reduce CO_2 emissions in the cement manufacturing cycle. As part of this effort, for some years now fossil fuels have increasingly been replaced by a biological fuel to reduce CO_2 emissions. The Group engages in the acquisition of non-hazardous industrial waste that is used to replace coal and petcoke as fuel for clinker kilns at the Aalborg Portland facility.

In cooperation with university science departments, the Aalborg centre has been working on documenting the positive environmental properties of cement, such as its ability to absorb CO_2 and to conserve heat for energy saving purposes.

The studies into colouring cement conducted by the research centre have also made it possible to use white cement in the construction of major infrastructure projects, as the research has demonstrated that the original exterior appearance of the cement does not deteriorate over time.

Finally, starting in 2009, the Group began to invest in Turkey's waste management sector with the goal of creating value by contributing to the Group's cement industry activities, by making better use of alternative fuels, and by protecting the environment through lower CO_2 emissions and by properly disposing of waste in order to prevent pollution and contamination.

Information on the environment and human resources

The Cementir Holding group seeks sustainable development through its commitment to continual improvement of its financial, environmental and corporate performance. The investment decisions it made in 2011 were geared towards using the best technologies for combining financial growth with long-term goals, such as controlling electricity consumption, increasing the use of alternative fuels in manufacturing, reducing greenhouse gas emissions and protecting the health and safety of workers.

As to greenhouse gas emissions, in 2011 carbon dioxide (CO_2) emissions by Cementir Holding group facilities, resulting from manufacturing activities, came to 7.7 million metric tons, slightly up from 2010 (6.8 million metric tons) as a result of an increase in cement production. However, the average for 2011 of 0.74 grams per metric ton of cement equivalent (g/TCE), is slightly higher than 2010 (0.70g/TCE). Emissions of sulphur dioxide (SO_2), which are associated with the presence of sulphur in the fuels employed, amounted to 121 grams per metric ton of cement equivalent (g/TCE), down about 29% from the level registered in 2010 (171 g/TCE).

The Group has also adopted environmental management systems that have been certified as meeting the ISO 14001 standard. This voluntary standard sets out the requirements for an effective environmental management system. In 2011, eight of the Group's facilities were certified under the standard (two more than in 2010).

Protecting the health and safety of its workers is one of the Group's primary objectives. The methods adopted to improve their performance include continuing training on health and safety issues, as well as in the technical skills needed to use machinery properly and steady investment in safety devices and machinery in order to maintain a high technical standard. Investment in health, safety and the environment came to EUR 12.3 million in 2011. Between 2009 and 2011, EUR 33.1 million was invested. As a result of these measures, the frequency rate for workplace accidents fell from 19.8 in 2009 to 14.4 in 2011.

In the pursuit of the highest standards possible, the Cementir Holding group has adopted occupational health and safety management systems that comply with OHSAS 18001. In 2011, five facilities received this certification (four facilities in 2010).

The Group's commitment to sustainable development is described in more detail in its Environmental Report, the fifth edition of which was published in 2011.

GROUP PARENT PERFORMANCE

The following table sets out the highlights of Cementir Holding SpA's performance at 31 December 2011:

Results

(EUR '000)	Jan-Dec 2011	Jan-Dec 2010	Δ %
REVENUES FROM SALES AND SERVICES	**12,181**	**11,494**	**6.0%**
Other revenues	1,233	1,255	-1.7%
Personnel costs	(9,135)	(5,903)	54.8%
Other operating costs	(6,009)	(7,532)	-20.2%
EBITDA	**(1,729)**	**(686)**	**-152.0%**
Depreciation, amortisation, impairment losses and provisions	(354)	(315)	12.4%
EBIT	**(2,083)**	**(1,001)**	**-108.1%**
FINANCIAL INCOME (EXPENSE)	**(25,147)**	**(2,582)**	
PROFIT BEFORE TAX	**(27,230)**	**(3,583)**	
Income taxes	7,055	(9,135)	
NET PROFIT (LOSS) FOR THE PERIOD	**(20,175)**	**(12,718)**	**-58.6%**

Revenues from sales and services, up 6% from the previous year, relate to consulting services provided to subsidiaries and royalties received for the use of the trademark by the subsidiaries.

Other revenues consist mainly of rental fees relating to the lease of investment property, located in Rome, owned by Cementir Holding SpA.

EBITDA came to negative EUR 1.7 million. This deterioration is attributable to the 12.7% increase in total costs, mainly due to the corporate reorganisation programme begun in 2010 to create and develop centres of excellence to serve the Group companies.

Financial management yielded a negative EUR 25.1 million, reflecting borrowing costs and losses on a number of derivative financial instruments used for hedging purposes. Of this total, however, EUR 9.2 million are attributable to unrealised, but recognised, losses from the mark-to-market measurement of those financial instruments.

Income taxes, amounting to positive EUR 7.1 million, represent the tax credit accrued on losses for the year. Cementir Holding SpA and almost all of its Italian subsidiaries elected, starting from 2004, to participate in the national tax consolidation mechanism pursuant to Arts. 117/129 of the Italian Uniform Tax Code (T.U.I.R.). This option, which has been renewed several times, is in effect for the 2010 – 2012 period. Therefore, as the consolidating entity, Cementir Holding SpA calculates a single taxable income for the entire group of companies participating in the tax consolidation mechanism and thereby benefits from being able to offset taxable income with tax losses in the same tax return.

For a more detailed analysis of the income statement and statement of financial position, please refer to the notes to the financial statements of Cementir Holding SpA.

Performance of the main subsidiaries

Aalborg Portland group

The Aalborg Portland group, which manufactures and sells white and grey cement in Denmark, Egypt and the Far East, reported revenues from sales of EUR 262.3 million in 2011 (EUR 240.4 million in 2010), EBITDA of EUR 67.1 million (EUR 50.4 million in 2010) and EBIT of EUR 37.0 million (EUR 20.5 million in 2010).

The improvement in all the performance indicators is mainly attributable to the excellent results achieved in Denmark, where there was a significant increase in volumes of cement sold at slightly higher prices. This growth was driven by the Danish government's decision to launch major infrastructure programmes to counter the slowdown in private construction. Performance was also good in the Far East, with revenues and EBITDA up EUR 11.8 million and EUR 2.7 million, respectively, over 2010, mainly the result of making full use of the expanded manufacturing capacity in China. Finally, while Egypt continued to make a positive contribution to EBITDA, its revenues fell by around 19%, bearing in mind that the economic situation is slowly returning to normal following the political and social upheaval that occurred at the start of the year.

Unicon group

The Unicon group, which mainly manufactures and sells ready-mixed concrete in Scandinavia, reported revenues of EUR 287.6 million in 2011 (EUR 236.5 million in 2010), EBITDA of EUR 23.9 million (EUR 22.5 million in 2010) and EBIT of EUR 9.0 million (a negative EUR 8.1 million in 2010).

The ready-mixed concrete market, as well as the cement market, benefited from the expansionary policy adopted by the major Scandinavian countries, particularly Denmark, to counter the decline in the private sector. This led to a 20% increase in volumes sold over 2010, with differing price increases in Sweden, Norway and Denmark. The rise in revenues from sales did not have a proportional impact on EBITDA and EBIT due to higher production costs, especially distribution costs, which are heavily affected by rising fuel prices.

Cimentas group

The Cimentas group, which manufactures and sells cement and ready-mixed concrete in Turkey, reported revenues of EUR 240.1 million in 2011 (EUR 239.7 million in 2010), EBITDA of EUR 41.2 million (EUR 37.6 million in 2010) and EBIT of EUR 20.1 million (EUR 15.6 million in 2010).

Revenues expressed in euros were essentially in line with 2010 due to the depreciation of the Turkish lira against the euro in 2011. Revenues expressed in Turkish lira actually rose by 16.8% compared with the previous year thanks to the increase in the quantities of cement and ready-mixed concrete sold, with prices remaining stable or rising slightly. Growing domestic demand made it possible to offset the increase in production costs and to improve EBITDA and EBIT.

Cementir Italia group

The Cementir Italia group, which manufactures and sells cement and ready-mixed concrete in Italy, reported revenues of EUR 143.4 million in 2011 (EUR 124.4 million in 2010), EBITDA of negative EUR 4.7 million (negative EUR 5.5 million in 2010) and EBIT of negative EUR 26.2 million (negative EUR 25.3 million in 2010).

Revenues rose by 15.3% as a result of a moderate increase in volumes sold and prices, in addition to an expansion in the ready-mixed concrete sector, where subsidiary Betontir SpA acquired 14 plants in late 2010. However, performance in Italy was quite uneven: there was a steep drop in volumes sold the first quarter, followed by a gradual recovery that, while it cannot be taken as a sign that the market is finally rebounding, does at least mark the reversal of the trend after several quarters of falling revenues. EBITDA is still negative, although to a slightly lesser extent than in 2010, mainly as a result of higher unit prices for raw materials, especially fuel.

Indicators of financial results

Cementir Holding SpA does not engage in operational activities, therefore income statement indicators are of little value in summarising the Company's performance.

With regard to financial position indicators, the equity ratio reported in the following table demonstrates the Company's financial soundness. The improvement over 2010 is mainly due to the recognition of the equity reserve arising from the merger of the subsidiaries Intercem SpA and Cementir Delta SpA into Cementir Holding SpA on 20 December 2011.

FINANCIAL POSITION INDICATORS	2011	2010	COMPOSITION
Equity ratio	73.82%	65.15%	Shareholders' equity/total assets

Risk management

Cementir Holding SpA is exposed to a variety of financial risks in its operations, specifically credit risk, liquidity risk and market risk.

At 31 December 2011, Cementir Holding SpA's exposure to *credit risk* was not significant since the Company's receivables are for limited amounts and are mainly due from its subsidiaries for services provided.

The *liquidity risk* to which Cementir Holding SpA is exposed regards the availability of financial resources and access to the credit market and markets for financial instruments in general. Given its financial soundness, this risk is not deemed significant. However, Cementir Holding SpA, manages liquidity risk by carefully controlling cash flows and funding requirements and it has sufficient lines of credit to meet any unplanned needs.

Market risk mainly regards the risk of changes in exchange rates and interest rates.

Cementir Holding SpA has a small direct exposure to exchange rate risk since it may have foreign currency borrowings and/or deposits. The Company constantly monitors these risks in order to assess their potential impact in advance and to take appropriate steps to mitigate them.

Finally, since the Cementir Holding SpA has borrowed funds from banks bearing floating interest rates, it is exposed to interest rate risk. However, this risk is deemed to be small since its borrowings at present are denominated exclusively in euros, whose medium/long-term yield curve is not steep. Based on an overall assessment of the level of expected interest rates and the timing of debt reduction in relation to forecast cash flows, interest rate swaps are used to partially hedge the risk.

Transactions with related parties

As regards related parties, as defined by IAS 24, no atypical or unusual transactions were conducted. All financial and commercial transactions were carried out under market terms and conditions.

For a detailed analysis of transactions with all related parties, as required by CONSOB Resolution no. 15519 of 27 July 2006, please see Note 32 to the consolidated financial statements and Note 33 to the statutory financial statements.

Treasury shares

At 31 December 2011, the group parent and its subsidiaries did not hold, either directly or indirectly, shares or other equity interests in the parent company, nor did they purchase or sell such shares or equity interests during the year.

Corporate governance

Introduction

On 18 April 2011, the Shareholders' Meeting appointed the Board of Auditors for the 2011-2013 period drawing from the single slate of candidates submitted by the majority shareholder Calt 2004. The Auditors are: Claudio Bianchi (Chairman); Giampiero Tasco and Federico Malorni (standing auditors); Vincenzo Sportelli, Maria Assunta Coluccia and Patrizia Amoretti (alternate auditors).

On 9 May 2011, the Board of Directors also reappointed Oprandino Arrivabene, the Company's Chief Financial Officer, as the manager responsible for preparing the Company's financial reports for 2011.

At that meeting, in accordance with Borsa Italiana SpA's Corporate Governance Code, which the Company formally adopted in 2009, the Board determined that the directors identified as "independent" pursuant to said Code (Flavio Cattaneo, Massimo Confortini, Alfio Marchini and Enrico Vitali) continue to meet the applicable requirements for independence.

Finally, at its 28 September 2011 meeting, the Board of Directors approved the merger of Cementir Delta SpA and Intercem SpA (a wholly-owned subsidiaries of Cementir Holding SpA) into the Company.

For a more detailed description of Cementir Holding SpA's corporate governance system and its ownership structure, as required by Art. 123-bis of Legislative Decree 58 of 24 February 1998 (Consolidated Law on Financial Intermediation), please refer to the "Corporate Governance Report", available on the Company's website www.cementirholding.it, in the Corporate Governance sub-section of the Investor Relations section, prepared in accordance with the instructions and recommendations issued by Borsa Italiana SpA.

Compliance Model pursuant to Legislative Decree 231/2001

After a careful analysis of the potential risks of criminal conduct attached to the Company's business activities, on 8 May 2008, the Board of Directors of Cementir Holding SpA approved the Compliance Model in line with the principles set out in Legislative Decree 231/2001, national best practices and the instructions of Confindustria.

In particular, Cementir Holding SpA has adopted a Code of Ethics containing a series of "corporate ethical" standards to be observed by its corporate bodies, employees and external associates in carrying out the Company's activities.

The Supervisory Body appointed pursuant to Legislative Decree 231/2001 for the 2009-2011 period continued to perform its supervisory function and kept up-to-date the Corporate Governance Model adopted by the Company.

Direction and coordination

Cementir Holding SpA is not subject to the direction and coordination of other companies since it acts entirely autonomously in setting its own general policies and operational guidelines. Specifically, only the Board of Directors of Cementir Holding SpA has the power to examine and approve strategic, business and financial plans as well as the suitability of its organisational, administrative and accounting structure.

Therefore, the conditions stated in Art. 37 of CONSOB Regulation no. 16191/2007 on markets do not hold.

Protection of personal information pursuant to Legislative Decree 196/2003

Pursuant to paragraph 26 of the Technical Specifications concerning minimum security measures, Annex B of Legislative Decree 196/2003, the security policy document prepared pursuant to Art. 34(g) and paragraph 19 of Annex B of that decree will be updated by 31 March 2012.

Shareholdings held by Directors, the Chief Operating Officer and Members of the Board of Auditors

(Disclosure pursuant to Art. 84-quater of CONSOB Regulation no. 11971/1999)

First and last name	Company held	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
Francesco Caltagirone Jr.	Cementir Holding SpA	6,587,945	411,854	-	6,999,799
Alessandro Caltagirone	Cementir Holding SpA	3,151,404	-	-	3,151,404
Azzurra Caltagirone	Cementir Holding SpA	2,291,796	-	-	2,291,796
Edoardo Caltagirone	Cementir Holding SpA	286,000	-	-	286,000
Mario Ciliberto	Cementir Holding SpA	95,000	63,000	-	158,000
Fabio Corsico	Cementir Holding SpA	9,600	-	-	9,600
Riccardo Nicolini	Cementir Holding SpA	46,390	13,610	-	60,000

Subsequent events

No events of particular note have occurred since the close of the year.

Proposed allocation of net loss

The Board of Directors recommends that the Shareholders' Meeting:

- approve the Board's report on operations for 2011, the statement of financial position, the income statement and the notes to the financial statements for the year ended 31 December 2011;

- cover the loss for the period of EUR 20,175,215 by drawing upon retained earnings;
- distribute a dividend to shareholders in the total amount of EUR 6,364,800 equal to EUR 0.04 per ordinary share, drawing on the corresponding portion of retained earnings for this purpose.

Rome, 8 March 2012

The Chairman of the Board of Directors

/s/ Francesco Caltagirone Jr.

Reconciliation of shareholder’s equity and net profit of the group parent and the corresponding consolidated financial statements at 31 December 2011

(Euro ‘000)	**Profit (loss) for 2011**	**Shareholders' equity at 31 December 2011**
Cementir Holding SpA	**(20,175)**	**636,838**
Higher gains on sales and transfers	-	(1,170)
Amortisation of the Cimentas goodwill at 31 December 2003	-	(13,842)
IAS/IFRS effects on subsidiaries at 31 December 2004	-	(9,893)
Elimination of the effects arising from the merger	-	(97,075)
Change in reserves	-	(87,335)
Effect of the consolidation of subsidiaries	21,200	555,283
Associates measured using the equity method	2,000	22,694
Other changes	-	62
Total Group	**3,025**	**1,004,562**
Total Non-controlling interests	**6,813**	**78,319**
Cementir Holding group	**9,838**	**1,082,881**

2011 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position *

(EUR ‘000)	Notes	31 December 2011	31 December 2010
ASSETS			
Intangible assets	**1**	477,617	494,678
Property, plant and equipment	**2**	815,310	876,176
Investment property	**3**	93,740	98,577
Equity investments measured using equity method	**4**	15,956	16,868
Equity investments available for sale	**5**	8,148	6,519
Non-current financial assets		1,620	527
Deferred tax assets	**18**	48,015	34,130
Other non-current assets		3,070	1,886
TOTAL NON–CURRENT ASSETS		**1,463,476**	**1,529,361**
Inventories	**6**	144,287	143,837
Trade receivables	**7**	188,771	150,974
Current financial assets	**8**	1,888	1,510
Current tax assets		3,681	6,078
Other current assets	**9**	14,691	18,939
Cash and cash equivalents	**10**	91,651	100,019
TOTAL CURRENT ASSETS		**444,969**	**421,357**
TOTAL ASSETS		**1,908,445**	**1,950,718**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,710	35,710
Other reserves		806,707	872,967
Group net profit		3,025	9,344
Group shareholders' equity	**11**	**1,004,562**	**1,077,141**
Net profit of non-controlling interests		6,813	8,255
Non-controlling interests reserves		71,506	71,216
Non-controlling interests shareholders' equity	**11**	**78,319**	**79,471**
TOTAL SHAREHOLDERS’ EQUITY		**1,082,881**	**1,156,612**
Employee benefit provisions	**12**	17,344	18,695
Non-current provisions	**13**	15,552	15,234
Non-current financial liabilities	**15**	153,164	223,898
Deferred tax liabilities	**18**	96,599	98,944
Other non-current liabilities		1,469	4,188
TOTAL NON-CURRENT LIABILITIES		**284,128**	**360,959**
Current provisions	**13**	2,862	1,648
Trade payables	**14**	182,935	167,419
Current financial liabilities	**15**	297,909	213,763
Current tax liabilities	**16**	6,009	6,043
Other current liabilities	**17**	51,721	44,274
TOTAL CURRENT LIABILITIES		**541,436**	**433,147**
TOTAL LIABILITIES		**825,564**	**794,106**
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		**1,908,445**	**1,950,718**

* Information on transactions with related parties is provided in the notes to the consolidated financial statements pursuant to CONSOB Resolution no. 15519 of 27 July 2006.

Consolidated income statement *

(EUR '000)	Notes	2011	2010
REVENUES	**19**	**933,014**	**842,260**
Change in inventories		4,289	2,595
Increases for internal work		4,036	4,862
Other operating revenues	**20**	12,354	15,869
TOTAL OPERATING REVENUES		**953,693**	**865,586**
Raw material costs	**21**	(448,968)	(400,071)
Personnel costs	**22**	(154,459)	(145,267)
Other operating costs	**23**	(226,075)	(211,318)
TOTAL OPERATING COSTS		**(829,502)**	**(756,656)**
EBITDA		**124,191**	**108,930**
Depreciation, amortisation, impairment losses and provisions	**24**	(87,985)	(86,409)
EBIT		**36,206**	**22,521**
Net result on equity investments measured using equity method		2,000	2,112
Net financial result		(22,602)	1,272
NET RESULT ON FINANCIAL ITEMS AND EQUITY INVESTMENTS MEASURED USING EQUITY METHOD	**25**	**(20,602)**	**3,384**
PROFIT BEFORE TAX		**15,604**	**25,905**
Income taxes	**26**	(5,766)	(8,306)
NET PROFIT (LOSS) FOR THE PERIOD		**9,838**	**17,599**
Attributable to:			
NON-CONTROLLING INTERESTS		6,813	8,255
GROUP		**3,025**	**9,344**

(EUR)			
BASIC EARNINGS PER ORDINARY SHARE	**27**	**0.019**	**0.059**
DILUTED EARNINGS PER ORDINARY SHARE	**27**	**0.019**	**0.059**

* Information on transactions with related parties is provided in the notes to the consolidated financial statements pursuant to CONSOB Resolution no. 15519 of 27 July 2006.

Statement of comprehensive income

(EUR ‘000)	2011	2010
NET PROFIT (LOSS) FOR THE PERIOD	**9,838**	**17,599**
Other components of comprehensive income*:		
Exchange rate differences arising from the translation of foreign undertakings	(76,195)	32,123
Change in use of property, plant and equipment	-	49,027
Financial instruments	(1,583)	(1,356)
Actuarial gains (losses) on severance benefits (TFR)	(381)	(205)
Total other components of comprehensive income	**(78,159)**	**79,589**
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**(68,321)**	**97,188**
Attributable to:		
Group	(71,643)	83,747
Non-controlling interests	3,322	13,441

* Other components of comprehensive income are reported net of tax effects.

Statement of changes in consolidated shareholders’ equity

(EUR ‘000)	Share capital	Share premium reserve	Other reserves			Group net profit (loss)	Group shareholders’ equity	Non-controlling interests net profit (loss)	Non-controlling interests reserves	Non-controlling interests shareholders' equity	Total shareholders’ equity
			Legal reserve	Translation reserve	Other reserves						
Shareholders' equity at 1 January 2010	**159,120**	**35,710**	**31,825**	**(133,797)**	**879,781**	**29,842**	**1,002,481**	**4,501**	**59,269**	**63,770**	**1,066,251**
Allocation of 2009 net profit					29,842	(29,842)	-	(4,501)	4,501	-	-
2009 dividend distribution					(9,547)		**(9,547)**		(2,083)	**(2,083)**	**(11,630)**
Other changes							-		3,820	**3,820**	**3,820**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**20,295**	**(29,842)**	**(9,547)**	**(4,501)**	**6,238**	**1,737**	**(7,810)**
Change in translation reserve				28,788			**28,788**		3,335	**3,335**	**32,123**
Actuarial gains (losses)					(116)		**(116)**		(89)	**(89)**	**(205)**
Change in fair value of financial instruments					(1,356)		**(1,356)**			**-**	**(1,356)**
Change in fair value of investment property					47,087		**47,087**		1,940	**1,940**	**49,027**
Total other components of comprehensive income	**-**	**-**	**-**	**28,788**	**45,615**	**-**	**74,403**	**-**	**5,186**	**5,186**	**79,589**
Change in other reserves					460		**460**		523	**523**	**983**
Total other changes	**-**	**-**	**-**	**-**	**460**	**-**	**460**	**-**	**523**	**523**	**983**
Net profit (loss) for the period						9,344	**9,344**	8,255		**8,255**	**17,599**
Shareholders' equity at 31 December 2010	**159,120**	**35,710**	**31,825**	**(105,009)**	**946,151**	**9,344**	**1,077,141**	**8,255**	**71,216**	**79,471**	**1,156,612**
Shareholders' equity at 1 January 2011	**159,120**	**35,710**	**31,825**	**(105,009)**	**946,151**	**9,344**	**1,077,141**	**8,255**	**71,216**	**79,471**	**1,156,612**
Allocation of 2010 net profit					9,344	(9,344)	-	(8,255)	8,255	-	-
2010 dividend distribution					(9,547)		**(9,547)**		(6,491)	**(6,491)**	**(16,038)**
Other changes							**-**			**-**	**-**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**(203)**	**(9,344)**	**(9,547)**	**(8,255)**	**1,764**	**(6,491)**	**(16,038)**
Change in translation reserve				(72,905)			**(72,905)**		(3,290)	**(3,290)**	**(76,195)**
Actuarial gains (losses)					(180)		**(180)**		(201)	**(201)**	**(381)**
Change in fair value of financial instruments					(1,583)		**(1,583)**			**-**	**(1,583)**
Total other components comprehensive income	**-**	**-**	**-**	**(72,905)**	**(1,763)**	**-**	**(74,668)**	**-**	**(3,491)**	**(3,491)**	**(78,159)**
Change in other reserves					8,611	-	**8,611**		2,017	2,017	**10,628**
Total other changes	**-**	**-**	**-**	**-**	**8,611**		**8,611**	**-**	**2,017**	**2,017**	**10,628**
Net profit (loss) for the period						3,025	**3,025**	6,813		**6,813**	**9,838**
Shareholders' equity at 31 December 2011	**159,120**	**35,710**	**31,825**	**(177,914)**	**952,796**	**3,025**	**1,004,562**	**6,813**	**71,506**	**78,319**	**1,082,881**

Consolidated statement of cash flows

(EUR '000)	31 December 2011	31 December 2010
Net profit (loss) for the period	**9,838**	**17,599**
Depreciation and amortisation	84,040	85,728
(Revaluations) and writedowns	(13,133)	(7,099)
Net result on equity investments measured using equity method	(2,000)	(2,112)
Net financial result	31,157	2,306
(Gains) Losses on disposals	(139)	(4,882)
Income taxes	5,765	8,306
Change in employee benefit provisions	(1,588)	1,435
Change in current and non-current provisions	1,533	(5,213)
Operating cash flow before change in working capital	**115,473**	**96,068**
(Increase) Decrease in inventories	(450)	(9,670)
(Increase) Decrease in trade receivables	(38,704)	(5,631)
Increase (Decrease) in trade payables	16,274	29,600
Change in other current and non-current assets and liabilities	6.841	4,057
Change in deferred and current income taxes	(2,297)	4,519
Operating cash flow	**97.137**	**118,943**
Dividends received	3,050	3,894
Interest received	5,267	3,363
Interest paid	(11,412)	(7,224)
Other income (expense) received (paid)	(3,442)	3,959
Income taxes paid	(20,527)	(15,940)
Cash flow from operating activities (A)	**70.073**	**106,995**
Investments in intangible assets	(7,649)	(16,140)
Investments in property, plant and equipment	(57,641)	(35,461)
Investments in equity investments and non-current securities	(3,544)	(4,005)
Divestments of intangible assets	-	-
Divestments of property, plant and equipment	6,229	2,895
Divestments of equity investments and non-current securities	11,666	12,184
Change in non-current financial assets	(1,093)	(72)
Change in current financial assets	620	236
Other changes in investing activities	-	(1,868)
Cash flow from investing activities (B)	**(51,412)**	**(42,395)**
Change in non-current financial liabilities	(80.308)	(42,270)
Change in current financial liabilities	71,578	32,217
Dividends distributed	(11,467)	(11,630)
Other changes in shareholders' equity	2,287	(7,093)
Cash flow from financing activities (C)	**(17.910)**	**(28,776)**
Effect of exchange rate differences on cash and cash equivalents (D)	**(9,119)**	**2,464**
Net change in cash and cash equivalents (A+B+C+D)	**(8,368)**	**38,288**
Cash and cash equivalents at the beginning of the period	**100,019**	**61,731**
Cash and cash equivalents at the end of the period	**91,651**	**100,019**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Cementir Holding SpA[1] (group parent), a company limited by shares with registered offices in Italy – Corso di Francia 200, Rome – and its subsidiaries constitute the "Cementir Holding group" (hereinafter "the Group"), which operates internationally principally in the ready-mixed concrete and cement sectors.

Shareholders with holdings of more than 2% of the share capital at 31 December 2011, as indicated in the shareholder register, based on notices received pursuant to Article 120 of Legislative Decree 58 of 24 February 1998 and other available information are:

1) Calt 2004 Srl - 47,860,813 shares (30.078%)
2) Lav 2004 Srl - 40,543,880 shares (25.480%)
3) Pantheon 2000 SpA - 4,466,928 shares (2.807%)
4) Gamma Srl – 5,575,220 shares (3.504%)
5) Chupas 2007 Srl – 4,400,000 shares (2.514%)

The consolidated financial statements at 31 December 2011 of the Cementir Holding group were approved on 8 March 2012 by the Board of Directors, which authorized the disclosure of the main information reported therein.

Compliance with the international accounting standards (IFRS/IAS)

The consolidated financial statements have been drawn up in compliance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission through 31 December 2011.

As used here, the IAS/IFRS comprise the International Financial Reporting Standards (IFRSs), the International Accounting Standards (IASs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

Basis of presentation

The consolidated financial statements at 31 December 2011 are presented in euros and the amounts are reported in thousands, unless otherwise indicated. The consolidated financial statements consist of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and these notes. The basis of presentation of the Group financial statements is as follows:

- current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position;
- income statement items are classified by the nature of the expense;

[1] Cementir Holding (formerly Cementir - Cementir del Tirreno Spa) changed its name at the Extraordinary Shareholders' Meeting of 15 January 2008.

- the statement of comprehensive income shows the effect of gains and losses recognised directly in equity starting with the net profit (loss) for the period;
- the statement of changes in shareholders' equity has been drawn up based on changes in equity;
- the cash flow statement is presented using the indirect method.

Accounting standards and amendments adopted by the Group

(a) Accounting standards and interpretations applicable as from 1 January 2011.

The standards, interpretations and amendments listed below are applicable starting as from 1 January 2011, but their adoption has had no effect in terms of the presentation and measurement of the items in the Group's financial statements:

- amendment to IAS 32 – *Financial Instruments: Presentation*, adopted with Regulation (EU) no. 1293 of 23 December 2009;
- amendments to IFRS 1 – *Limited exemption from comparative IFRS 7 disclosures for first-time adopters* and to IFRS 7 – *Financial instruments: Disclosures*, adopted with Regulation (EU) no. 574 of 30 June 2010;
- amendments to IAS 24 – *Related Party Disclosures* and to IFRS 8 – *Operating segments*, adopted with Regulation (EU) no. 632 of 19 July 2010;
- amendments to IFRIC 14 – *Prepayments of a Minimum Funding Requirement,* adopted with Regulation (EU) no. 633 of 9 July 2010;
- IFRIC 19 -*Extinguishing financial liabilities with equity instruments* and the Amendments to IFRS 1 – *First-time adoption of Financial Reporting Standard,* adopted with Regulation (EU) no. 662 of 23 July 2010.
- Moreover, on 18 February 2011, Regulation (EU) no. 149/2011 was published, adopting various improvements to the following IAS/IFRS applicable starting from 1 January 2011.
    - *IFRS 1 First-time adoption of International Financial Reporting Standard*
    - *IFRS 3 Business combinations*
    - *IFRS 7 Financial instruments: disclosures*
    - *Amendments to IFRS 7 Financial instruments: disclosures*
    - *IAS 1 Presentation of financial statements IAS 27 Consolidated and separate financial statements*
    - *IAS 32 Financial instruments: presentation*
    - *IAS 39 Financial instruments: recognition and measurement*
    - *IAS 34 Interim financial reporting*
    - *IFRIC 13 Customer loyalty programmes*

(b) Standards, amendments and new interpretations effective for financial periods after 2011 and not adopted early by the Group.

- Amendments to IFRS 7 Financial instruments: disclosures – Transfers of financial assets, adopted with Regulation (EU) no. 1205/2011 issued on 22 November 2011.

(c) New accounting standards and interpretations soon to be applied.

As of the date of approval of these consolidated financial statements, the IASB had issued, but the EU had not yet endorsed, a number of accountings standards, interpretations and amendments, some still at the consultation stage, including:

- a number of Exposure Drafts (ED), also released as part of the project to revise the current IAS 39, on the issues of *Amortised Cost and Impairment, the Fair Value Option for Financial Liabilities* and *Hedge Accounting;*
- ED *"Measuring Non-Financial Liabilities"* as part of the project to revise the current IAS 37 concerning the recognition and measurement of provisions, contingent liabilities and contingent assets;
- ED "*Revenues from Contracts with Customers"* as part of the project to revise the current IAS 11 and IAS 18, concerning revenue recognition;
- ED "*Insurance Contracts*" as part of the project to revise the current IFRS 4, concerning accounting for insurance contracts;
- ED "*Leases*" as part of the project to revise the current IAS 17, concerning accounting for leases;
- ED *"Improvements to IFRSs"*, as part of the annual improvement and general revision of the international accounting standards;
- Amendment to *IAS 1 - "Presentation of financial statements: Statement of Comprehensive Income* concerning the presentation of financial statements, specifically, the statement of comprehensive income;
- *IAS 12 – "Income Tax – Deferred tax: recovery of the asset";*
- *IAS 19 – "Employee Benefits",* in the course of the revision of the current international accounting standards pertaining to employee benefits;
- *IAS 28 – "Investments in associated companies and joint ventures"* released as part of the project to revise the current international accounting standards pertaining to associated joint ventures;
- IFRS 9 -*Financial instruments,* as part of the project to revise the current IAS 39;
- *IFRS 10 – "Consolidated financial statements",* concerning the consolidation of the financial statements of subsidiaries in the course of revising IAS 27 and SIC 12 - *Consolidation – Special Purpose Entities*;
- *IFRS 11 – "Joint Arrangements",* as part of the project to revise IAS 31 – *Interests in Joint Ventures*;
- *IFRS 12 – "Disclosure of interests in other entities;*
- *IFRS 13 – "Fair value measurement"* .

The Group is currently studying the potential impact that the accounting standards, amendments and interpretations soon to be applied may have on its disclosures.

Consolidation policies

Scope of consolidation

A list of the subsidiaries included within the scope of consolidation and associated companies is provided in Annex 1 to these notes, while a list of significant equity investments, in application of Article 126 of CONSOB Resolution no. 11971 dated 14 May 1999 is provided in Annex 2.

Subsidiaries

The scope of consolidation includes the group parent Cementir Holding SpA and the companies in which it exercises direct or indirect control. Control is exercised either by directly or indirectly holding a majority of voting rights, or through the exercise of a dominant influence, expressed as the power to determine, including indirectly on the basis of contractual or legal agreements, the financial and operating policies of the company and thus obtaining the related benefits, regardless of the actual holding in the company. The existence of potential exercisable voting rights at the balance sheet date is considered in determining control.

Subsidiaries are consolidated from the date on which control is acquired until the moment this control ceases. The financial statements used for consolidation purposes have been prepared at 31 December, i.e. the balance sheet date for the consolidated accounts, and are normally those prepared and approved by the board of directors of the individual companies, adjusted where necessary in order to harmonise them with accounting policies of the group parent.

Consolidation procedures

Subsidiaries are consolidated on a line-by-line basis. The consolidation criteria adopted are as follows:

- assets and liabilities, and income and expenses, of fully consolidated entities are included on a line-by-line basis. The shares of equity and of the result for the year pertaining to minority interests are reported in specific accounts in the balance sheet and income statement;
- business combinations in which the control of an entity is acquired are recognised using the purchase method. The acquisition cost is represented by the fair value at the purchase date of assets acquired, liabilities assumed and capital instruments issued, plus any other directly attributable incidental expenses. The assets, liabilities and contingent liabilities acquired and assumed are measured at their fair value at the acquisition date. Any positive difference between the acquisition cost and the fair value of the assets and liabilities acquired and assumed is recognised under intangible assets as goodwill, while any negative difference is recognised in the income statement as income;
- all intercompany balances and transactions, including any unrealised gains with third parties from transactions between Group companies, are eliminated net of the related tax effects, where the latter are significant. Unrealised losses are not eliminated where the transaction shows evidence of an impairment loss on the transferred asset;

- gains and losses on the disposal of investments in consolidated companies are taken to Group equity as transactions with shareholders in the amount corresponding to the difference between the sale price and the corresponding fraction of consolidated shareholders' equity sold. If the disposal results in the loss of control and the consequent deconsolidation of the investment, the difference between the sale price and the corresponding fraction of consolidated shareholders' equity sold is taken as a gain or loss in the income statement.

Associates

Associated companies are companies over which the Group exercises a significant influence, which is assumed to exist when the equity investment represents between 20% and 50% of voting rights.

Entities under joint control are governed by a contractual agreement between the shareholders that establishes the control of the company's economic activity.

Equity investments in associates and joint ventures are accounted for using the equity method and initially recognised at cost. The equity method is applied as follows:

- the carrying amount of the equity investments is aligned with shareholders' equity and includes the excess value allocated to the assets and liabilities and any goodwill identified at the time of the acquisition;
- profits and losses pertaining to the Group are recognised in the consolidated income statement as from the date when the significant influence begins and until the date when it ceases; where as a result of losses the company accounted for using the equity method has negative shareholders' equity, the carrying amount of the investment is written down to zero and, where the Group has undertaken to perform the legal or constructive obligations of the company or cover its losses, the excess is recognised in a specific provision; changes in the assets and liabilities of companies accounted for using the equity method that are not taken to the income statement are recognised directly through adjustments to equity reserves;
- material unrealised gains and losses on transactions between the group parent/subsidiaries and the company accounted for using the equity method are eliminated on the basis of the value of the Group's share in the investee; unrealised losses are eliminated, except where they represent impairment losses.

Accounting policies

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance, under the control of the company and capable of generating future economic benefits. They are recognised at cost, including any direct incidental expenses necessary to render the asset available for use.

The useful life is determined for each intangible asset upon initial recognition. Intangible assets for which, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which they will generate cash flows for the Group are considered to have indefinite useful lives. Estimates of the useful lives are reviewed on an annual basis and any changes, where necessary, are applied prospectively.

Intangible assets are derecognised when the assets are sold or when no expected future benefits are expected from their use. Any loss or gain (calculated as the difference between the sale price and the carrying amount) is recognised in the income statement in the year in which they are derecognised..

Intangible assets with finite useful lives are recognised net of the relative accumulated amortisation and any impairment determined in accordance with the procedures described below. Amortisation begins when the asset is available for use and is recognised on a systematic basis in relation to the residual possibility of use and thus over the useful life of the asset. Amortisation is calculated from the moment the asset becomes available for use and is recognised on a systematic basis in relation to the residual possibility of use and thus over the useful life of the asset. Amortisation is calculated from the moment the asset becomes available for use and for the period of its use in the year.

Intangible assets with indefinite useful lives are intangible assets for which, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which they will generate cash flows for the Group. Intangible assets with indefinite useful lives are initially recognised at purchase cost, determined in the same manner as for intangible assets with finite useful lives, and are not amortised. They are subject to testing for impairment annually, or more frequently if specific events indicate they may have incurred an impairment loss, as well as to determine if past losses may be recovered in accordance with the procedures described for goodwill below. Impairment losses are reversed if the reasons for the writedown no longer obtain.

In the case of the acquisition of subsidiaries or associates, the identifiable assets, liabilities and contingent liabilities acquired and assumed are recognised at fair value at the date of acquisition. Any positive difference between the acquisition cost and the Group's share of the fair value of these assets and liabilities are classified as goodwill and recognised as an intangible asset. Any negative difference (negative goodwill) is taken to the income statement at the date of acquisition.

After initial recognition goodwill is not amortised but is subject to testing for impairment annually, or more frequently if specific events indicate the possibility it may have incurred an impairment loss. Writedowns may not be reversed in a subsequent period.

Property, plant and equipment

Property, plant and equipment is recognised at purchase or production cost, including any directly allocable incidental expenses necessary to prepare the asset for the use for which it was acquired, increased by the fair value of the estimated cost for the disposal of the asset where the company has an obligation to do so.

Financial expenses that are directly attributable to the purchase, construction or manufacture of an asset are capitalised as part of the asset's cost until the asset is ready for its intended use or for sale.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are charged directly to the income statement in the year in which they are incurred. Costs relating to the expansion, modernisation or improvement of owned or leased property, plant and equipment are only capitalised when they satisfy the requirements for separate classification as an asset or part of an asset in accordance with the component approach.

Property, plant and equipment is recognised net of accumulated depreciation and any impairment. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, reviewed on an annual basis and any changes, where necessary, are applied prospectively. Quarries are depreciated on the basis of the ratio of quantities extracted in the period to quantities that can be excavated over the period in which the quarry is worked (excavated/excavatable). In the presence of a specific obligation, a provision for the environmental restoration of sites is recognised under liabilities.

The estimated useful lives of property, plant and equipment are as follows:

	Useful lives of property, plant and equipment
Quarries	Excavated/excavatable
Production plant	10-20 years
Other plant (non-production):	
- Industrial buildings	18-20 years
- Light construction	10 years
- Generic or other specific plants	8 years
- Other equipment	4 years
- Transport vehicles	5 years
- Office machinery and equipment	5 years

It should be noted that the above intervals, which indicate the minimum and maximum depreciation periods, reflect the presence of components with different useful lives in the same category of assets.

Land, both unbuilt and that appurtenant to civil and industrial buildings, is not depreciated as it has an unlimited useful life.

When the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, depreciation is recognised separately for each part of the asset, applying the component approach.

At the moment of sale or when no future economic benefits are expected from use, the asset is derecognised and any loss or gain (calculated as the difference between the disposal value and the net carrying amount) is recognised in the income statement in the year of derecognition.

Investment property

Investment property, held to earn rental income or capital gains, is measured at fair value and is not depreciated. Changes in value are recognised in the income statement.

Impairment

At each period end, the carrying amount of property, plant and equipment and intangible assets is reviewed in the light of events or changes which indicate that the carrying amount may not be recoverable. If such evidence is found, the recoverable value must be determined and, where the carrying amount exceeds the recoverable value, the assets are written down to reflect their recoverable value. The recoverable value of goodwill and other intangible assets with indefinite lives, however, is estimated at each balance sheet date or when there is a change in circumstances or specific events occur that would require an impairment test.

The recoverable value of property, plant and equipment and intangible assets is the higher between the fair value less costs to sell and its value in use, where the value in use refers to the present value of estimated future cash flows from the asset or, for assets that do not generate clearly independent cash flows, of the group of assets that comprise the cash-generating unit to which the asset belongs.

In determining value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset.

An impairment loss is recognised in the income statement when the carrying amount of the asset, or of the cash-generating unit to which it is allocated, is greater than the recoverable amount. Where the reasons for a writedown of property, plant and equipment and intangible assets other than goodwill no longer obtain, the carrying amount of the asset is restored through the income statement, up to the value at which the asset would have been carried if no writedown had taken place and depreciation or amortisation had been recognised.

Where the impairment loss determined by the test is greater than the value of the asset allocated to the cash-generating unit to which belongs, the residual amount is allocated to the assets included in the cash-generating unit in proportion to their carrying amount. The minimum limit of such allocation is the greater of:

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

Impairment losses are recognised in the income statement under depreciation, amortisation and impairment losses.

Inventories

Raw materials and semi-finished and finished products are measured at the lower of cost and market value. Purchase cost is calculated using the FIFO method.

Financial assets

At initial recognition, financial assets are classified under one of the following categories and measured as follows:

- *financial assets available for sale:* financial assets available for sale are non-derivative financial instruments explicitly designated in this category and are carried under non-current assets unless management intends to sell them within 12 months of the reporting date. Such assets are measured at fair value and any measurement gains or losses are recognised in equity through the statement of comprehensive income; they are taken to profit or loss only when the financial asset is actually sold or, in the case of cumulative negative changes, when it is determined that the loss already recognised in equity cannot be recovered in the future. In view of the objective uncertainty concerning the predictability of future economic conditions as well as developments in financial markets affected by a substantial volume of speculative activity, in particular the Italian financial market, the Group felt it appropriate to modify the values of the parameters, considered separately, used to determine whether a reduction in the carrying amount of an AFS security qualifies as "significant" and "prolonged" pursuant to IAS 39. A significant reduction is now one of 50% in the carrying amount (30% at 31 December 2010), while a prolonged reduction is now one of 60 months (30 months at 31 December 2010).

  Financial assets are derecognised when the right to receive the cash flows from the instrument expires and the Company has transferred substantially all the risks and rewards relating to the instrument and the related control. Where the fair value cannot be determined reliably, the cost value is maintained, adjusted for any impairment losses. Such impairment losses may not be reversed.
- *financial assets at fair value through profit or loss:* this category (equity investments in other companies) includes financial assets acquired principally for sale in the short term, those designated at fair value through profit or loss at the acquisition date, and derivative instruments. The fair value of financial instruments listed on active markets is determined as the related market price at the balance sheet date. In the absence of an active market, the fair value is determined on the basis of prices provided by external operators and utilising valuation models principally based on objective financial variables, as well as taking into account prices in recent transactions and the prices of similar financial instruments. Changes in the fair value of instruments in this category are recognised in the income statement. Where the fair value cannot be determined reliably, the cost value is maintained, adjusted for any impairment losses. Such impairment losses may not be reversed. Financial instruments in this category are

classified as current assets or liabilities if they are “held for trading” or if it is expected that they will be sold within 12 months from the balance sheet date. Derivatives are treated as assets if the fair value is positive and as liabilities if the fair value is negative. The Group nets the positive and negative fair values of transactions with the same counterparty where such netting is permitted contractually;

- *loans and receivables*: this category, which mainly regards trade receivables, includes non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are classified as current assets (when the due date falls within normal commercial terms) except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current assets. These assets are measured at amortised cost using the effective interest rate method (identified as their nominal value). Where there is evidence of impairment, the asset is written down to the present value of the expected future cash flows. The impairment losses are recognised in the income statement. Where, in subsequent periods, the reasons for the writedown no longer obtain, the value of the assets is restored up to the value they would have had under the application of amortised cost where no writedown had been recognised.
- Financial assets are derecognised when the right to receive the cash flows from the instrument expires and the Group has transferred substantially all the risks and rewards relating to the instrument and the related control..

Financial liabilities

Financial liabilities include loans, trade payables and other payment obligations and are initially recognised at fair value, net of directly attributable incidental expenses, and subsequently measured at amortised cost using the effective interest rate method. When there is a change in the expected cash flows and it is possible to estimate them reliably, the value of the loans is recalculated to reflect this change based on the new present value of the expected cash flows and the initial internal rate of return.

Financial liabilities are classified under current liabilities, except where the Group has an unconditional right to defer their payment for at least 12 months from the balance sheet date.

Financial liabilities are derecognised when they are extinguished and the Group has transferred all the risks and rewards relating to the instrument.

Financial derivatives

The Group uses financial derivatives to hedge exchange rate risk, interest rate risk and price risk.

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

Transactions that satisfy the requirements for hedge accounting are classified as hedging operations, while all other operations, including those used to manage risk, are designated as trading operations. Accordingly, owing to the absence (at the subscription date) of some of the formal requirements established by the IFRS, the changes in the fair value relating to these derivative transactions are recognised in the income statement.

For derivatives that qualify for hedge accounting, subsequent changes in fair value are accounted for as follows.

For each financial derivative qualifying for hedge accounting, the relationship between the hedging instrument and the hedged item is documented, including the risk management objectives, the hedging strategy and the methods used to verify the effectiveness of the hedge. The effectiveness of each hedge is verified at the inception of each derivative and over the life of the position. Generally, a hedge is considered highly effective if at both inception and over the life of the derivative the changes in fair value (fair value hedges) or expected cash flows (cash flow hedge) of the hedged item are substantially offset by changes in the fair value of the hedging instrument.

In the case of fair value hedges of assets and liabilities, both changes in the fair value of the hedging instrument and that of the hedged item are recognised in profit or loss.

In the case of cash flow hedges (hedging the risk of potential changes in cash flows originated by the future performance of contractual obligations at the balance sheet date), the effective portion of changes in the fair value of the derivative instrument registered subsequent to initial recognition is recognised under equity reserves. When the economic effects of the hedged item materialize, the reserve is reversed to the operating components of the income statement. If the hedge is not entirely effective, the ineffective portion of the change in the fair value of the hedging instrument is immediately recognised in profit or loss.

If, during the life of a derivative instrument, the expected cash flows hedged by the instrument are no longer considered highly likely to materialize, the portion of reserves associated with that instrument is immediately reversed to the income statement. Conversely, where the derivative is sold or no longer qualifies as an effective hedge, the portion of reserves representing the changes in the fair value of the instrument recognised up to that time is maintained as a component of equity and reversed to the income statement as described above, in concomitance with the materialization of the economic effects of the original hedged transaction.

Cash and cash equivalents

Cash and cash equivalents are recognised at fair value and include bank deposits and cash on hand, i.e. assets that are available on demand or at short notice, certain in nature and have no collection costs.

Employee benefits

The liability in respect of employee benefits paid at or subsequent to termination of the employment relationships under defined-benefit plans, net of any plan assets, is determined on the basis of actuarial assumptions estimating the amount of future benefits that employees have accrued at the balance sheet date. The liability is recognised on an accruals basis over the period in which the entitlement matures.

Defined-benefit plans also include the portion of severance benefits due to employees pursuant to Article 2120 of the Italian Civil Code (*Trattamento di Fine Rapporto - TFR*) accrued as of 31 December 2006. Following the reform of the supplementary pension system, as from 1 January 2007 new TFR accruals must be paid into a supplementary pension fund or into a specific treasury fund established by the National Social Security Institute (INPS) if employees elect this option. Accordingly, the Group's[2] liability for defined benefits in respect of employees regards accruals to 31 December 2006 only.

The accounting treatment adopted by the Group[2] as from 1 January 2007 – discussed below – reflects the prevailing interpretation of the new legislation and is consistent with the accounting treatment recommended by the competent professional bodies. More specifically:

TFR contributions accruing as from 1 January 2007 are considered elements of a defined-contribution plan, even when employees have elected to pay them into the INPS treasury fund. These contributions, which are calculated on the basis of Civil Code rules and are not subject to actuarial measurement, therefore represent expenses recognised under personnel costs.

Conversely, the employee benefit entitlement accrued at 31 December 2006 continues to represent the liability accumulated by the company in respect of defined-benefit plans. This liability will not be increased by further accruals. Accordingly, unlike previous periods, the actuarial calculation performed to determine the balance at 31 December 2011 did not include the component reflecting future wage growth. The difference with respect to the previous value produced by the new calculation represents a curtailment governed by paragraph 109 of IAS 19 and, consequently, is recognised as a negative component of income under personnel costs.

The present value of the Group's liability is determined by independent actuaries using the projected unit credit method. Under this method, the liability is projected into the future to determine the probable amount to be paid when the employment relationship is terminated and then discounted to take account of the passage of time prior to actual payment. The calculation takes account of severance benefits accrued for past service and is based on actuarial assumptions concerning, primarily, interest rates, which reflect the market yield of securities issued by leading companies with maturities consistent with the expected maturity of the obligation[3] and employee turnover.

[2] For its Italian companies.

[3] Discounting was performed on the basis of the IRS yield curve corresponding to the observation period (50 years).

As the Group is not liable for TFR accruing after 31 December 2006, the actuarial calculation does not take account of future wage growth.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the Group's commitments at the end of the period, generated by changes in the actuarial assumptions used previous (described above) are recognised directly in equity.

Stock incentive plan

The Group approved a stock incentive plan (stock options) targeted at directors with specific duties and managers holding strategic positions within the group parent and/or its subsidiaries. Under IFRS 2 – Share-based payment, this plan represents a component of the beneficiaries' compensation. Therefore, the cost is represented by the fair value of the stock options at the grant date, calculated using financial measurement techniques, taking market conditions into account, and recognised in the income statement on a pro-rata basis over the period during which the incentive accrues, with a balancing entry in shareholders' equity.

Provisions

Provisions are recognised in respect of certain or probable costs or liabilities whose amount or timing could not be determined at period-end.

Provisions are recognised when, at the balance sheet date, the Group has a legal or constructive obligation deriving from a past event and it is probable that an outflow of resources will be required to meet the obligation and this outflow can be estimated. When the financial effect of the passage of time is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted. Increases in the provision caused by the passage of time are recognised as financial expenses.

In the presence of an obligation to dismantle plant and restore sites (e.g. quarries), a specific provision is established, with accruals determined on the basis of the asset involved. As regards greenhouse gas (CO_2) emissions allowances, a specific provision is recognised where emissions exceed the allowances assigned.

Grants

Grants from public or private-sector entities are recognised at fair value where it is reasonably certain that the conditions for their receipt will be met.

Grants for the acquisition or production of non-current assets (capital grants) are recognised either directly as reductions in the value of the asset or under other liabilities and taken to the income statement over the useful life of the asset.

Operating grants are recognised in full in the income statement at the time the conditions for their recognition are met.

Revenues

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Group and that their amount can be determined reliably. Revenues are measured at the fair value of the amount received net of value added tax, discounts, allowances and returns.

In particular, revenues from the sale of goods are recognised when the significant risks and rewards of ownership are transferred to the purchaser. Revenues for services are recognised at the time the services are delivered, in proportion to the amount of services completed with respect to total services still to be delivered.

Financial income and expense

Financial income and expense are recognised on an accruals basis and calculated with reference to the interest accrued on the net value of the underlying asset or liability using the effective interest rate. The effective interest rate is the rate at which all inward and outward flows in respect of a given transaction are financially equivalent. As regards capitalized financial expense, please see the discussion under the policies adopted for property, plant and equipment..

Dividends

Revenues from dividends are recognised on the date on which shareholders obtain title to payment, which normally corresponds to date of the shareholders' meeting approving their payment. Dividend distributions are carried as a liability in the period in which the shareholders' meeting approves them.

Income taxes

Current income taxes for the period are determined on the basis of estimated taxable income in compliance with current legislation.

Deferred tax assets and liabilities are recognised on the basis of temporary differences between the amounts reported in the consolidated balance sheet and the amounts reported for tax purposes, with the exception of goodwill, using the tax rates that are expected to be in force in the financial period in which the deferred assets or liabilities will be reversed.

Deferred tax assets are recognised when it is probable that they will be recovered, i.e. when future taxable income is expected to be sufficient for the asset to be recovered. The probability of recovery is reviewed at the end of each period.

Current and deferred tax items are recognised in the income statement except for those relating to items recognised directly in equity, in which case the tax effect is also recognised in equity. Current and deferred tax items are offset where the income tax is levied by the same tax authority, the Group is legally entitled to offset and the net balance is expected to be settled.

Other taxes not relating to income, such as property taxes, are recognised as operating costs.

Earnings per share

(i) Basic: the value of basic earnings per share is obtained by dividing the Group's net profit by the weighted average number of ordinary shares in circulation during the year, excluding treasury stock.

(ii) Diluted: the value of diluted earnings per share is obtained by dividing the Group's net profit by the weighted average number of ordinary shares in circulation during the financial year, excluding treasury stock. In order to calculate the diluted value, the weighted average number of shares in circulation is increased by assuming that all potential shares with a dilutive effect are converted. Diluted earnings per share are not calculated in the event of a loss, because this would improve the per-share result.

Foreign currency transactions

All transactions in non-euro currencies are recognised at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities denominated in currencies other than the functional currency are subsequently adjusted at the exchange rate prevailing at the close of the period. Any negative or positive differences between the amounts translated at the exchange rate for the period and the original value amounts are taken to the income statement.

Non-monetary items denominated in currencies other than the euro and carried at historical cost are translated using the exchange rate prevailing on the date the transaction was originally recognised.

Non-monetary items carried at fair value are translated at the rate prevailing on the date the fair value was originally determined.

Translation of financial statements of foreign companies

The financial statements of subsidiaries and associates are prepared in the functional currency of the economy in which they operate.

The financial statements of companies operating outside the euro area are translated into euros by applying the end-period exchange rate for balance sheet items and the average exchange rate for the period for income statement items. Differences arising from the adjustment of initial shareholders’ equity to current end-period exchange rates and differences arising from the use of different methods for translating the net result for the period are recognised in equity by the comprehensive income under a specific reserve.

Upon disposal of a foreign operation, the cumulative translation differences deferred in the relevant reserve are recognised in the income statement.

Pursuant to the requirements of IFRS 1, the cumulative translation differences at the date of first-time adoption of IFRS are reclassified as “retained earnings” in equity and do not, therefore, give rise to recognition in the income statement if the foreign operation is later divested.

Use of estimates

The preparation of the consolidated financial statements requires management to use accounting methods and principles that, in certain cases, are based on difficult and subjective assessments and estimates that are derived from historical experience and reasonable and realistic assumptions made in the light of the related circumstances. The use of such estimates and assumptions influences the values reported in the financial statements as well as in the accompanying disclosures. The final values of items for which estimates and assumptions have been made may differ from those stated in the financial statements owing to the uncertainty that accompanies the assumptions and circumstances underpinning the estimates.

Significant accounting policies

The following accounting policies and items require more extensive use of subjective judgements on the part of management, with the result that changes in the circumstances underlying the assumptions can have a material impact on the consolidated financial statements of the Group:

- *intangible assets with indefinite useful lives:* goodwill undergoes annual testing for impairment, to be recognised through profit or loss. In particular, the impairment test involves allocating the goodwill to the cash generating units and subsequently determining their fair value. If the fair value of the net capital employed is lower than the carrying amount of the cash generating units, the goodwill allocated is written down. The allocation of the goodwill of the cash generating units and the determination of the fair value of the latter involves the use of estimates based on factors that can change over time, with potentially significant effects on the assessments made by management.
- *writedowns of non-current assets*: in accordance with the accounting policies adopted by the Group, property, plant and equipment and intangible assets with finite useful lives undergo impairment testing, which is recognised by means of a writedown where there is evidence that suggests it will be difficult to recover the net carrying amount through use of the asset. The verification of such evidence requires management to make subjective judgements based on information available within the Group and from the market, as well as experience. In addition, where a potential impairment loss is found, the Group calculates the loss using appropriate valuation techniques. The correct identification of the factors indicating a potential impairment loss and the estimates made to calculate the size of the impairment depend on factors that can change over time, affecting the assessments and estimates made by management.
- *depreciation and amortisation:* depreciation and amortisation is a significant expense for the Group. Property, plant and equipment is depreciated on a systematic basis over the useful life of the asset. The useful life of Group assets is determined by management at the time the assets are acquired. This assessment is based on historical experience with similar assets, market conditions and expectations for future developments, such as technological progress, that might affect the useful life of the asset. For this reason, the effective economic life of an asset may differ from its estimated useful life. The Group periodically reviews technological progress and changes in the industry as well as costs associated with reclamation and the resale value of assets to update the residual useful life of the asset. This periodic review can lead to changes in the depreciation period and, consequently, in depreciation charges in future periods. The estimates and assumptions are reviewed periodically and the effects of changes are recognised in the income statement.

Risk management

The Group is exposed to a variety of financial risks in its operations. More specifically, these include:

Credit risk

The credit risk faced by the Group is not particularly significant, because although the Group operates in a variety of geographical markets credit risk is mitigated by the fact that the Group is not excessively exposed to concentration risk. In addition, operating procedures provide for the control of credit risk by restricting the sale of products and/or services only to customers with sufficient standing and guarantees.

Receivables are recognised net of any writedowns in respect of the risk of default by the counterparty, which is determined on the basis of available information on the solvency of the customer.

As regards bank deposits and derivatives operations, the Group operates on an on-going basis with leading counterparties of high standing, thereby limiting the associated credit risk.

Liquidity risk

Liquidity risk regards the availability of financial resources and access to the credit market and financial instruments in general.

More specifically, cash flows, funding requirements and the liquidity of the Group companies are monitored and managed with a view to ensuring effective and efficient management of financial resources.

The Group meets its needs for investment activities, management of working capital and debt repayment through the cash flow generated on an on-going basis by operations as well as the use of credit lines available to the Group.

Given the current state of the financial markets, the Group has taken steps to maintain an adequate ability to generate cash flow through operations. In light of the Group's financial soundness, any unplanned financial requirements will be handled using the Group's credit.

Market risks

Market risks mainly regard the risk of changes in exchange rates and interest rates, as the Group operates at the international level in different currency areas and uses financial instruments to hedge the related risks.

The Group constantly monitors the financial risks to which it is exposed so as to assess their potential impact in advance and takes appropriate action to mitigate that impact. Financial derivatives are one of the tools used to do this.

Exchange rate risk

As they operate at the international level, the Group companies are structurally exposed to the exchange rate risk inherent in the cash flows generated by operating activities and financing denominated in foreign currencies.

The Group’s operating activities are exposed to exchange rate risk to differing extents: the cement sector is exposed on both the revenue side, for exports, and the cost side, for purchases of solid fuels in U.S. dollars, while the ready-mixed concrete sector is less exposed, as revenues and costs are denominated in local currency. To cover its exposures, the Group calculates the natural hedging effect of cash flows and financing, and hedges the remaining exposure by means of forward foreign exchange transactions, as well as foreign exchange call and put options. The Group's derivatives transactions are conducted for hedging purposes.

The Group’s presentation currency is the euro. This generates exchange rate risk in respect of the translation of the financial statements of the consolidated subsidiaries located in countries outside the euro area (with the exception of Denmark, whose currency is stable against the euro). The income statements of those companies are translated into euros at the average exchange rate for the period, meaning that changes in exchange rates can have an impact on the resulting euro amount. As envisaged in the accounting standards adopted by the Group, the effects of exchange rate fluctuations on the value of assets and liabilities are recognised directly in equity, under the “translation reserve” (Note 11).

Interest rate risk

As the Group has a net debtor position, it is exposed to the risk of fluctuations in interest rates. Based on an overall assessment of the level of expected interest rates and the timing of debt reduction in relation to forecast cash flows, interest rate swaps are used to partially hedge the risk.

The operational and financial policies of the Group are also designed to minimize the impact of these risks on the Group’s financial performance.

Disclosure by operating segment

In accordance with IFRS 8, the Group has identified its operating segments by referring to the internal reporting system that the group parent periodically adopts with regard to the management and organisational structure of the Group.

Specifically, the operating segments organised and managed by geographical area are: Italy, Denmark, other Scandinavian countries (Norway, Sweden and Iceland), Turkey, Egypt, the Far East (Malaysia and China) and the rest of the world (Luxembourg, Spain, Portugal, Poland, Russia and the United States).

The geographical segments comprise the fixed assets of the individual companies operating in the zones listed above. Transactions between the segments involving the exchange of goods and services are conducted on normal market terms and conditions.

The table below reports the results by operating segment for the period ended 31 December 2011:

(EUR '000)	**Denmark**	**Turkey**	**Italy**	**Other Scandinavian countries**	**Egypt**	**Far East**	**Rest of world**	Items not allocated and adjustments	**CEMENTIR HOLDING GROUP**
Operating revenues	277,879	254,356	157,443	181,120	51,058	49,966	21,565	(39,694)	**953,693**
Inter-segment revenues	(27,983)	-	(9,600)	(1,423)	(272)	-	(416)	39,694	**-**
Operating revenues contribution	249,896	254,356	147,843	179,697	50,786	49,966	21,149	-	**953,693**
Segment result (EBITDA)	**50,923**	**41,244**	**(7,995)**	**16,066**	**12,811**	**9,080**	**2,062**	**-**	**124,191**
Depreciation and amortisation, impairment losses and provisions	(27,341)	(21,128)	(21,860)	(7,408)	(4,346)	(4,542)	(1,360)	-	**(87,985)**
EBIT	**23,582**	**20,116**	**(29,855)**	**8,658**	**8,465**	**4,538**	**702**	**-**	**36,206**
Net result on equity investments measured using equity method	-	-	-	122	-	-	1,878	-	**2,000**
Net financial result	-	-	-	-	-	-	-	(22,602)	**(22,602)**
Profit before tax	-	-	-	-	-	-	-	-	**15,604**
Income taxes	-	-	-	-	-	-	-	(5,766)	**(5,766)**
Net profit (loss) for the period	-	-	-	-	-	-	-	-	**9,838**

The table below reports the results by operating segment for the period ended 31 December 2010:

(EUR '000)	**Denmark**	**Turkey**	**Italy**	**Other Scandinavian countries**	**Egypt**	**Far East**	**Rest of world**	Items not allocated and	**CEMENTIR HOLDING GROUP**
Operating revenues	235,239	245,698	140,625	149,983	65,417	38,249	25,508	(35,133)	**865,586**
Inter-segment revenues	(21,588)	-	(9,071)	(1,064)	(2,769)	(97)	(544)	35,133	**-**
Operating revenues contribution	213,651	245,698	131,554	148,919	62,648	38,152	24,964	-	**865,586**
Segment result (EBITDA)	**28,855**	**37,594**	**(3,498)**	**15,828**	**19,815**	**6,374**	3,962	**-**	**108,930**
Depreciation and amortisation, impairment losses and provisions	(27,031)	(22,033)	(20,092)	(7,297)	(4,764)	(3,722)	(1,470)	-	**(86,409)**
EBIT	**1,824**	**15,561**	**(23,590)**	**8,531**	**15,051**	**2,652**	**2,492**	**-**	**22,521**
Net result on equity investments measured using equity method	-	-	(31)	179	-	-	1,964	-	**2,112**
Net financial result	-	-	-	-	-	-	-	1,272	**1,272**
Profit before tax	-	-	-	-	-	-	-	-	**25,905**
Income taxes	-	-	-	-	-	-	-	(8,306)	**(8,306)**
Net profit (loss) for the period	-	-	-	-	-	-	-	-	**17,599**

The table below reports other data by geographical segment at 31 December 2011:

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

[4] Investments carried out during the year.

The table below reports other data by geographical segment at 31 December 2010:

(EUR '000)	Segment assets	Segment liabilities	[5] Investments in property, plant and equipment and intangible assets
Denmark	512,316	104,227	13,977
Turkey	642,861	146,417	11,867
Italy	397,261	412,621	21,918
Other Scandinavian countries	117,711	53,016	3,973
Egypt	119,770	27,251	1,805
Far East	110,434	45,760	8,946
Rest of world	50,365	4,814	105
Total	**1,950,718**	**794,106**	**62,591**

The table below reports revenues from sales to external customers for each geographical segment at 31 December 2011:

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

The table below reports revenues from sales to external customers for each geographical segment at 31 December 2010:

(EUR '000)	Denmark	Italy	Other Scandinavian countries	Turkey	Egypt	Far East	Rest of world	Total
Revenues by geographical location of customer	153,204	134,055	157,546	194,952	38,097	42,336	122,070	**842,260**

[5] Investments carried out during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Intangible assets

Intangible assets amounted to EUR 477,617 thousand (EUR 494,678 thousand at 31 December 2010) and include assets with finite useful lives totalling EUR 46,392 thousand (EUR 35,341 thousand at 31 December 2010) and assets with indefinite useful lives totalling EUR 431,225 thousand (EUR 459,337 thousand at 31 December 2010).

Intangible assets with finite useful lives

At 31 December 2011 intangible assets with finite useful lives amounted to EUR 46,392 thousand (EUR 35,341 thousand at 31 December 2010). Concession rights and licenses mainly regard quarry concessions and software licenses related to the implementation of the SAP R/3 information system. Amortisation is calculated in the account on the basis of the estimated useful life of the assets.

(EUR '000)	Development costs	Concession rights, licenses and brands	Other assets	Assets under development and advances	Total
Gross value at 1 January 2011	**984**	**30,560**	**10,300**	**11,765**	**53,609**
Increases	252	1,643	785	864	3,544
Decreases	-	(136)	-	-	(136)
Changes in scope of consolidation	-	-	12,054	-	12,054
Other changes	-	-	-	-	-
Translation differences	1	(103)	(798)	(211)	(1,111)
Reclassifications	(2)	418	11,559	(11,442)	533
Gross value at 31 December 2011	**1,235**	**32,382**	**33,900**	**976**	**68,493**
Amortisation at 1 January 2011	**544**	**10,349**	**7,375**	**-**	**18,268**
Amortisation	219	1,666	2,320	-	4,205
Decreases	-	(135)	-	-	(135)
Changes in scope of consolidation	-	-	-	-	-
Other changes	-	-	-	-	-
Translation differences	2	79	(318)	-	(237)
Reclassifications	-	-	-	-	-
Amortisation at 31 December 2011	**765**	**11,959**	**9,377**	**-**	**22,101**
Net value at 31 December 2011	**470**	**20,423**	**24,523**	**976**	**46,392**

(EUR ‘000)	Development costs	Concession rights, licenses and brands	Other assets	Assets under development and advances	Total
Gross value at 1 January 2010	**874**	**24,813**	**8,984**	**6,239**	**40,910**
Increases	99	9	405	5,531	6,044
Decreases	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
Other changes	-	-	-	-	-
Translation differences	8	540	555	(14)	1,089
Reclassifications	3	5,198	356	9	5,566
Gross value at 31 December 2010	**984**	**30,560**	**10,300**	**11,765**	**53,609**
Amortisation at 1 January 2010	**365**	**8,520**	**6,089**	**-**	**14,974**
Amortisation	169	1,804	869	-	2,842
Decreases	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
Other changes	-	-	-	-	-
Translation differences	8	25	417	-	450
Reclassifications	2	-	-	-	2
Amortisation at 31 December 2010	**544**	**10,349**	**7,375**	**-**	**18,268**
Net value at 31 December 2010	**440**	**20,211**	**2,925**	**11,765**	**35,341**

Intangible assets with indefinite useful lives

Intangible assets with an indefinite useful life are regularly tested for impairment.

At 31 December 2011, the item amounted to EUR 431,225 thousand (EUR 459,337 thousand at 31 December 2010) and included goodwill arising on consolidation following the acquisition of the Cimentas and Aalborg Portland groups as well as goodwill recognised last year following the acquisition made by the subsidiary Betontir (Note 28).

				31.12.2011				**31.12.2010**
(EUR ‘000)	**Turkey** (Cimentas group)	**Denmark** (Aalborg Portland group)	**Italy**	**Total**	**Turkey** (Cimentas group)	**Denmark** (Aalborg Portland group)	**Italy**	**Total**
Carrying amount at start of period	**182,456**	**271,703**	**5,178**	**459,337**	**174,800**	**269,140**	**-**	**443,940**
Increases	-	-	-	**-**	-	-	5,178	**5,178**
Decreases	-	-	-	**-**	-	(110)	-	**(110)**
Writedowns	-	-	-	**-**	-	-	-	**-**
Changes in scope of consolidation	-	-	-	**-**	-	-	-	**-**
Translation differences	(28,347)	235	-	**(28,112)**	7,656	2,673	-	**10,329**
Reclassifications	-	-	-	**-**	-	-	-	**-**
Carrying amount at end of period	**154,109**	**271,938**	**5,178**	**431,225**	**182,456**	**271,703**	**5,178**	**459,337**

As it had done in previous periods, the Group tested assets for impairment at the two cash-generating units (CGU) to which goodwill had been allocated.

The impairment test on goodwill was performed by comparing the carrying value with the value-in-use of the CGU, calculated by applying the discounted cash flow (DCF) method to cash flows projected over the next three years (2012-2014) for each CGU. Projected cash flows were estimated based on projections for the 2012 budget and for the subsequent two years (2013-2014) , while final values were arrived at by applying a constant growth rate.

The discount rate used to calculate the present value of the expected cash flows was determined for each CGU on the basis of the weighted average cost of capital (WACC). The key assumptions used in determining value-in-use were as follows:

			31.12.2011		**31.12.2010**
Values in %	***Turkey** **(Cimentas group)**	**Denmark** **(Aalborg Portland group)**	**Italy**	**Turkey** **(Cimentas group)**	**Denmark** **(Aalborg Portland group)**
Growth rate for terminal values	1%	1.5%	0.5%	2%	2%
Discount rate	9.9%	5.5%	6.2%	7.6%	6.7%

*Value expressed in real terms

Moreover, the application of the perpetual growth rate of 0% would not cause any impairment of the goodwill attributed to each CGU.

The impairment tests found no reduction of shareholders' equity at 31 December 2011 or of net profit for 2011.

The above parameters were applied to estimates and projections calculated based on past experience and expectations concerning development of the markets in which the Group operates. The Group regularly monitors facts and events connected with changes in the current economic environment that could give rise to impairment losses.

2) Property, plant and equipment

At 31 December 2011 property, plant and equipment amounted to EUR 815,310 thousand (EUR 876,176 thousand at 31 December 2010). The table below provides the required supplementary information on the components of the item:

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

(EUR '000)	Land and buildings	Quarries	Plant and equipment	Other assets	Assets under construction and advances	Total
Gross value at 1 January 2010	**415,729**	**27,596**	**1,202,330**	**79,171**	**74,092**	**1,798,918**
Increases	872	1,389	11,318	1,092	32,312	46,983
Decreases	(42)	-	(12,153)	(4,403)	(456)	(17,054)
Changes in scope of consolidation	2,453	-	1,833	100	-	4,386
Translation differences	11,897	565	31,220	2,668	4,650	51,000
Reclassifications	11,148	345	39,724	5,174	(83,546)	(27,155)
Gross value at 31 December 2010	**442,057**	**29,895**	**1,274,272**	**83,802**	**27,052**	**1,857,078**
Depreciation at 1 January 2010	**177,918**	**5,727**	**659,789**	**48,942**	**-**	**892,376**
Depreciation	11,889	741	63,615	6,638	-	82,886
Decreases	(42)	-	(11,488)	(3,934)	-	(15,464)
Changes in scope of consolidation	-	-	-	-	-	-
Translation differences	3,575	190	16,288	1,669	-	21,722
Reclassifications	(1,036)	-	(2,369)	2,787	-	(618)
Depreciation at 31 December 2010	**192,307**	**6,658**	**725,835**	**56,102**	**-**	**980,902**
Net value at 31 December 2010	**249,750**	**23,237**	**548,437**	**27,700**	**27,052**	**876,176**

The useful lives of assets adopted by the Group are reported in the related section of the accounting policies.

The net carrying amount of property, plant and equipment pledged as collateral for bank loans came to EUR 32.2 million (EUR 144.4 million at 31 December 2010), with EUR 0.2 million outstanding at 31 December 2011 (EUR 1.5 million at 31 December 2010).

The value of contractual commitments to purchase property, plant and equipment at 31 December 2011 amounted to EUR 0.7 million (EUR 2.9 million at 31 December 2010). In 2011 no financial expense was capitalised (about EUR 0.3 million in 2010).

3) Investment property

Investment property amounted to EUR 93,740 thousand and is reported at fair value, as determined by independent appraisers.

(EUR '000)	31.12.2011			31.12.2010		
	Land	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
Value at 1 January	**66,818**	**31,759**	**98,577**	**1,251**	**26,699**	**27,950**
Increases	-	-	**-**	-	-	**-**
Decreases	-	-	**-**	-	-	**-**
Change in fair value	6,044	204	**6,248**	55,967	3,155	**59,122**
Translation differences	(10,289)	(796)	**(11,085)**	(2,176)	(170)	**(2,346)**
Reclassifications	1,109	(1,109)	**-**	11,776	2,075	**13,851**
Value at 31 December	**63,682**	**30,058**	**93,740**	**66,818**	**31,759**	**98,577**

Of the total value, EUR 20.8 million is pledged as collateral for a bank loan with an outstanding amount at 31 December 2011of EUR 11.9 million, gross of discounting.

4) Equity investments measured using the equity method

The item consists of the share of equity investments in associated companies, which are accounted for using the equity method. The following table reports the carrying amount of the equity investments and Cementir Holdings SpA's pro-rata share of the net result:

(EUR '000)	Carrying amount		Pro-rata share of net result	
	31.12.2011	**31.12.2010**	**2011**	**2010**
Speedybeton SpA	-	-	-	(31)
Leigh White Cement Company Joint Venture	10,981	11,163	1,775	1,964
Secil Unicon SGPS Lda	-	255	(255)	(722)
Sola Betong AS	1,456	1,576	122	168
Storsand Sandtak AS	-	293	-	11
ECOL Unicon Spzoo	3,519	3,581	576	722
EPI UK R&D	-	-	(218)	-
Equity investments measured using the equity method	**15,956**	**16,868**	**2,000**	**2,112**

The table below provides an overview of the financial highlights of associated companies:

(EUR'000)

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

(EUR '000)

Company	Currency	Registered office	**Assets**	**Liabilities**	**Revenues**	**Net profit (loss) for period**	% holding
31.12.2010							
Speedybeton SpA	EUR	Pomezia–RM (Italy)	-	-	-	-	-
Leigh White Cement Company Joint Venture	USD	Allentown (USA)	49,787	11,446	67,570	8,008	24.5%
Secil Unicon SGPS Lda	EUR	Lisbon (Portugal)	16,288	12,008	11,230	(1,446)	50%
Sola Betong AS	NOK	Risvika (Norway)	7,663	4,873	10,638	502	33.3%
Storsand Sandtak AS	NOK	Saette (Norway)	609	104	291	20	50%
ECOL Unicon Spzoo	PLN	Gdansk (Poland)	12,798	5,490	25,824	1,472	49%
Total			**87,145**	**33,921**	**115,553**	**8,556**	

No evidence of impairment was found with regard to the aforementioned equity investments.

5) Equity investments available for sale

(EUR '000)	**31.12.2011**	**31.12.2010**
Equity investments start of period	**6,519**	**6,467**
Increases	3,544	4,005
Decreases	-	(2,492)
Change in fair value	(1,906)	(1,462)
Translation differences	(9)	1
Equity investments	**8,148**	**6,519**

Equity investments available for sale break down as follows:

(EUR '000)	Number of shares	% holding of capital employed	31.12.2011
Equity investments in listed companies			
Italcementi Spa	1,747,000	0.986%	7,963
Equity investments in unlisted companies			
Cemencal SpA			-
Consorzio Valle Caudina			140
Sipac SpA (in liquidation)			-
Consorzio Toscocem (in liquidation)			-
Other			45
Equity investments in other companies			**8,148**

No evidence of impairment was found with regard to the aforementioned investments.

In addition, even if the parameters for a "significant" and "prolonged" reduction in carrying amount used until 2010 had been applied (30% of the carrying amount and 40 months), no evidence of impairment would have emerged.

The fair value of listed companies is calculated by referring to the official stock market price on the last day of the accounting period.

6) Inventories

The table below provides a breakdown of inventories, whose carrying amount approximates their fair value:

(EUR '000)	31.12.2011	31.12.2010
Raw materials, ancillary materials and consumables	86,083	88,215
Semi-finished products	29,981	26,869
Finished products	27,332	27,567
Advances	891	1,186
Inventories	**144,287**	**143,837**

7) Trade receivables

Trade receivables totalled EUR 188,771 thousand (EUR 150,974 thousand at 31 December 2010), and are composed of the following elements:

(EUR '000)	31.12.2011	31.12.2010
Customer receivables	190,013	151,366
Impairment	(6,504)	(5,835)
Net customer receivables	183,509	145,531
Advances to suppliers	380	330
Receivables due from related parties	4,882	5,113
Trade receivables	**188,771**	**150,974**

The carrying amount of the trade receivables approximates their fair value. Trade receivables originate in commercial transactions for the sale of goods and services and do not entail a significant concentration of credit risk. Customer receivables fall due as follows:

(EUR '000)	31.12.2011	31.12.2010
Customer receivables not past due	143,042	113,519
Customer receivables past due:	46,971	37,847
0-30 days	*16,949*	*12,705*
30-60 days	*6,954*	*6,495*
60-90 days	*3,794*	*2,461*
More than 90 days	*19,274*	*16,186*
Total customer receivables	190,013	151,366
Impairment	(6,504)	(5,835)
Net customer receivables	**183,509**	**145,531**

8) Current financial assets

(EUR '000)	31.12.2011	31.12.2010
Fair value of derivatives	293	182
Accrued income	1,104	821
Prepaid expenses	109	145
Financial receivables due from related parties	382	362
Current financial assets	**1,888**	**1,510**

9) Other current assets

Other current assets, totalling EUR 14,691 thousand (EUR 18,939 thousand at 31 December 2010) comprise non-commercial items, and break down as follows:

(EUR '000)	31.12.2011	31.12.2010
VAT receivables	3,202	6,728
Receivables from employees	372	414
Accrued income	890	587
Prepaid expenses	3,372	3,960
Other receivables	6,855	7,250
Other current assets	**14,691**	**18,939**

10) Cash and cash equivalents

The item amounts to a EUR 91,651 thousand (EUR 100,019 thousand at 31 December 2010), and consists of the Group's liquidity, which is generally invested in short-term financial transactions. It breaks down as follows:

(EUR '000)	31.12.2011	31.12.2010
Bank and postal deposits	88,643	94,467
Bank deposits – related parties	2,344	5,160
Cash and cash equivalents on hand	664	392
Cash and cash equivalents	**91,651**	**100,019**

11) Shareholders’ equity

Group shareholders' equity

A schedule reconciling the group parent’s shareholders' equity and net profit at 31 December 2011 and the corresponding consolidated figures is provided in the report on operations.

Share capital

Share capital is fully paid in and consists of 159,120,000 ordinary shares with a nominal value of EUR 1.00 each. The item shows no change with respect to the previous financial year.

Translation reserve

At 31 December 2011 the translation reserve showed a negative balance of EUR 177,914 thousand and breaks down as follows:

(EUR ‘000)	**31.12.2011**	**31.12.2010**	**Change**
Turkey (Turkish lira – TRY)	(184,539)	(107,834)	(76,705)
United States (U.S. dollar – USD)	(2,546)	(3,146)	600
Egypt (Egyptian pound – EGP)	(895)	(614)	(281)
Iceland (Icelandic krona – ISK)	(3,050)	(2,940)	(110)
Norway (Norwegian krone – NOK)	3,355	3,138	217
Sweden (Swedish krona – SEK)	257	239	18
Other countries	9,504	6,148	3,356
Total translation reserve	**(177,914)**	**(105,009)**	**(72,905)**

Non-controlling interests in shareholders' equity

At 31 December 2011, non-controlling interests in shareholders' equity came to EUR 78,319 thousand (EUR 79,471 thousand at 31 December 2010). In 2011 net income totalled EUR 6,813 thousand (EUR 8,255 thousand in 2010).

Stock incentive plans (stock options)

Cementir Holding approved a stock incentive plan (stock options) involving 3 key managers (beneficiaries) of Group companies at 31 December 2011. Specifically, on 11 February 2008, the Board of Directors granted the first instalment, originally equal to 1,225,000 options, currently 820,000 options, and set the exercise price as follows:

Position held	Date of shareholders resolution	Date of granting by the Board of Directors	Description of instrument	No. of financial instruments underlying the options granted	Exercise price	Expiration of option
Members of Board of Directors (3)	15.1.2008	11.2.2008	Options on Cementir Holding SpA	820,000	EUR 7	11.2.2013
Total				**820,000**		

With regard to the terms and methods for subscribing and exercising options, it should be noted that:

(i) options were subscribed through delivery of the letter granting the options, along with the approved Rules, both duly signed to indicate acceptance, by each Beneficiary by 31 March 2008;

(ii) the options may be exercised by the Beneficiaries in one or more instalments, but in any case in an amount for each instalment of not less than 2,500 options granted to each. The options must be exercised within the time period indicated in the letter granting the options, but not before 11 February 2011 nor after 11 February 2013. The options must be exercised in the manner provided for in paragraph 6 of the Rules.

Finally, under the Rules, in order to exercise the options, the Beneficiaries: (i) must, at the time of exercise, continue to be managers or directors, provided they are employees, of the Company and/or its subsidiaries; and (ii) must meet certain targets within their respective sub-groups.

The exercise price of the options was set at EUR 7.00, higher than EUR 5.50, the arithmetic mean of the official prices for the Company's stock reported on the Electronic Share Market organized and run by Borsa Italiana SpA in the month preceding the grant date (the "reference price"). The exercise price is set in this manner to increase of the value of the company, a primary goal of the incentive plan.

Considering that the exercise price is higher than the reference price indicating the market value of the shares on the grant date, and given the conditions to be met to exercise the options, we believe that the options, measured by applying appropriate financial methodologies, express non-significant values.

12) Employee benefit provisions

The Group accrues provisions for employees and employee severance benefits. Employee severance benefits (TFR) are an unfunded, fully provisioned liability in respect of benefits paid to employees at the time of or subsequent to the termination of the employment relationship. The liability is considered a defined-benefit plan and is therefore calculated using actuarial methods.

The assumptions used in determining the plan are summarised in the following table:

	31.12.2011	31.12.2010
Discount rate	4.6%-3%-4.5%	2.4%-4%-4.7%
Expected return on plan assets	4%-5%	4%
Annual wage increase	2.2%-3%-4%	2%-4%
Annual accretion of TFR	3.1%	2.8%

The amounts reported in the statement of financial position were calculated as follows:

(EUR ‘000)	31.12.2011	31.12.2010
Nominal value of the provision	26.161	26,733
Discounting adjustment	(8.817)	(8,078)
Total provision for employees	**17.344**	**18,695**

Changes were as follows:

(EUR ‘000)	31.12.2011	31.12.2010
Net liability at start of period	**18.695**	**17,055**
Current service cost	1.164	2,107
Interest cost	747	810
Net actuarial (gain)/loss	328	179
Changes in scope of consolidation	-	442
Translation differences	(728)	980
Other changes	(43)	(446)
(Benefits paid)	(2.819)	(2,432)
Net liability at end of period	**17.344**	**18,695**

13) Provisions

Non-current and current provisions amounted to EUR 15,552 thousand (EUR 15,234 thousand at 31 December 2010) and EUR 2,862 thousand (EUR 1,648 thousand at 31 December 2010) , respectively, and break down as follows:

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

(EUR '000)	Quarry restructuring provision	Litigation provision	Other provisions	Total provisions
Value at 1 January 2010	**13,060**	**1,455**	**6,693**	**21,208**
Accruals	79	206	-	285
Utilisations	(134)	(296)	(5,464)	(5,894)
Decreases	(1,060)	-	(10)	(1,070)
Translation differences	421	6	126	553
Reclassifications	242	-	(242)	-
Other changes	1,200	-	600	1,800
Value at 31 December 2010	**13,808**	**1,371**	**1,703**	**16,882**
Of which:				
Non-current provisions	13,808	855	571	15,234
Current provisions	-	516	1,132	1,648

The quarry restructuring provision is recognised to cover the costs of the cleaning and maintenance of quarries used for the excavation of raw materials to be completed before the expiry of the concessions.

14) Trade payables

The value of trade payables approximates their fair value. They break down as follows:

(EUR '000)	**31.12.2011**	**31.12.2010**
Payables to suppliers	179,668	163,644
Payables to related parties	588	672
Advances	2,679	3,103
Trade payables	**182,935**	**167,419**

15) Financial liabilities

Non-current and current financial liabilities are summarised below:

(EUR '000)	**31.12.2011**	**31.12.2010**
Bank borrowings	108,375	179,151
Non-current payables to related parties	44,789	44,747
Non-current financial liabilities	**153,164**	**223,898**
Bank borrowings	113,182	71,490
Short-term portion of non-current financial liabilities	100,784	79,030
Current payables to related parties	72,564	61,003
Other financial payables	1,263	1,159
Fair value of derivatives	10,116	1,081
Current financial liabilities	**297,909**	**213,763**
Total financial liabilities	**451,073**	**437,661**

As to current and non-current financial liabilities, the carrying amount is a reasonable approximation of their fair value. With regard to the aforementioned financial liabilities, about 40% are subject to financial parameter thresholds that were not exceeded at 31 December 2011.

The Group's exposure, broken down by maturity, is as follows:

(EUR '000)	**31.12.2011**	**31.12.2010**
Within 3 months	82,354	56,526
3 months to 1 year	215,555	157,237
1 to 2 years	26,571	17,319
2 to 5 years	78,947	180,047
More than 5 years	47,646	26,532
Total financial liabilities	**451,073**	**437,661**

(EUR '000)	**31.12.2011**	**31.12.2010**
Floating-rate liabilities	449,930	436,248
Fixed-rate liabilities	1,143	1,413
Financial liabilities	**451,073**	**437,661**

The following is a breakdown of the Group's net financial position pursuant to CONSOB Communication no. 6064293 of 28 July 2006:

(EUR '000)	**31.12.2011**	**31.12.2010**
Cash	664	392
Other liquid assets	90,987	99,627
Cash and cash equivalents	*91,651*	*100,019*
Current financial assets	*1,888*	*1,510*
Current bank borrowings	(228,530)	(163,520)
Other current financial payables	(69,379)	(50,243)
Current financial liabilities	*(297,909)*	*(213,763)*
Net current financial liabilities	**(204,370)**	**(112,234)**
Non-current financial liabilities	**(153,164)**	**(223,898)**
Net financial position	**(357,534)**	**(336,132)**

Financial liabilities to related parties comprise creditor positions amounting to EUR 2.7 million (EUR 5.5 million at 31 December 2010) and debtor positions of EUR 117.4 million (EUR 105.7 million at 31 December 2010).

16) Current tax liabilities

Current tax liabilities total EUR 6,009 thousand (EUR 6,043 thousand at 31 December 2010) and regard instalments due by the end of the subsequent year in settlement of a tax assessment and the tax liability for the period net of payments on account.

17) Other current liabilities

(EUR ‘000)	**31.12.2011**	**31.12.2010**
Payables to employees	17,344	14,531
Payables to social security institutions	3,770	3,998
Payables to related parties	-	-
Deferred income	418	489
Accrued expenses	6,208	9,090
Other payables	23,981	16,166
Other current liabilities	**51,721**	**44,274**

18) Deferred tax assets and liabilities

Deferred tax items are calculated on temporary differences between taxable income and the income reported in the financial statements.

Deferred tax liabilities amounted to EUR 96,599 thousand (EUR 98,944 thousand at 31 December 2010), and deferred tax assets to EUR 48,015 thousand (EUR 34,130 thousand at 31 December 2010). They break down as follows:

(EUR ‘000)	**01.01.2011**	Accrual net of utilisation recognised in income statement	Increases net of decreases recognised in equity	**31.12.2011**
Differences in depreciation	52,747	462	(2,315)	50,894
Differences in amortisation	13,377	2,411	(2,192)	13,596
Plant revaluation	15,189	(494)	(450)	14,245
Other	17,631	207	26	17,864
Deferred tax liabilities	**98,944**	2,586	(4,931)	**96,599**
Tax losses carried forward	26,142	14,204	(2,630)	37,716
Provisions	4,120	1,443	(395)	5,168
Other	3,868	1,141	122	5,131
Deferred tax assets	**34,130**	16,788	(2,903)	**48,015**

Accrual net of utilisation recognised in the income statement includes also the differed tax effect coming from the acquisition equal to EUR 2.1 million.

(EUR '000)	01.01.2010	Accrual net of utilisation recognised in income statement	Increases net of decreases recognised in equity	31.12.2010
Differences in depreciation	43,587	(1,385)	10,545	52,747
Differences in amortisation	12,810	-	567	13,377
Plant revaluation	12,428	633	2,128	15,189
Other	20,545	2,858	(5,772)	17,631
Deferred tax liabilities	**89,370**	2,106	7,468	**98,944**
Tax losses carried forward	17,733	8,400	9	26,142
Provisions	2,897	731	492	4,120
Other	-	1,334	2,534	3,868
Deferred tax assets	**20,630**	10,465	3,035	**34,130**

19) Revenues

(EUR '000)	2011	2010
Product sales	891,074	801,543
Product sales – related parties	7,692	8,563
Services	34,248	32,154
Revenues	**933,014**	**842,260**

20) Other operating revenues

(EUR '000)	2011	2010
Rental and similar income	1,569	1,596
Rental and similar income – related parties	770	821
Capital gains	1,308	1,332
Release of provisions	163	1,070
Insurance payments	-	-
Revaluation of investment property	6,248	7,495
Other income and revenues	2,296	3,480
Other income and revenues – related parties	-	75
Other operating revenues	**12,354**	**15,869**

21) Raw material costs

(EUR '000)	2011	2010
Raw materials and semi-finished products	183,932	162,773
Fuel	136,332	113,039
Electricity	87,721	84,380
Finished products	1,016	3,650
Other materials	42,064	39,819
Change in inventories of raw materials, consumable and products	(2,097)	(3,590)
Raw material costs	**448,968**	**400,071**

22) Personnel costs

(EUR '000)	2011	2010
Salaries and wages	124,285	116,546
Social security contributions	19,549	17,452
Other costs	10,625	11,269
Personnel costs	**154,459**	**145,267**

Group employees break down as follows:

	2011	2010	Average 2011	Average 2010
Executives	68	67	69	65
Middle management and office staff	1,507	1,525	1,536	1,551
Workers	1,625	1,697	1,669	1,725
Total	**3,200**	**3,289**	**3,274**	**3,341**

At 31 December 2011 the group parent Cementir Holding and the Italian subsidiaries employed 621 people (604 at 31 December 2010), while the Cimentas group employed 1,070 people (1,110 at 31 December 2010), the Aalborg Portland group employed 835 people (885 at 31 December 2010) and the Unicon group employed 674 people (690 at 31 December 2010).

23) Other operating costs

(EUR '000)	2011	2010
Transport	102,725	88,306
Services and maintenance	57,256	56,404
Consulting	6,433	7,225
Insurance	4,532	5,376
Other services from related parties	541	288
Rental and similar costs	13,177	14,932
Rental and similar costs – related parties	1,419	1,393
Other operating charges	39,992	37,394
Other operating costs	**226,075**	**211,318**

24) Depreciation, amortisation, impairment losses and provisions

(EUR '000)	2011	2010
Amortisation	4,205	2,842
Depreciation	79,834	82,886
Provisions	2,449	285
Impairment losses	1,497	396
Depreciation, amortisation, impairment losses and provisions	**87,985**	**86,409**

25) Net result on financial items and equity investments measured using equity method

The result for 2011, which was a negative EUR 20,602 thousand (a positive EUR 3,384 thousand in 2010) regards the result of companies measured using the equity method and the net result of financial operations. It breaks down as follows:

(EUR '000)		2011	2010
Profits from equity investments measured using equity method		2,473	2,867
Losses from equity investments measured using equity method		(473)	(755)
Net result from equity investments measured using equity method		**2,000**	**2,112**
Interest and financial income		4,062	6,131
Interest and financial income – related parties		51	43
Interest subsidies		3,227	2,468
Financial income from derivative financial instruments		848	4,039
Bargain purchase gain	(note 29)	8,378	-
Total financial income		*16,566*	*12,681*
Interest expense		(9,946)	(6,525)
Other financial expense		(2,586)	(3,274)
Interest expense and financial expense – related parties		(2,732)	(1,787)
Financial expense from derivative financial instruments		(21,059)	(2,150)
Total financial expense		*(36,323)*	*(13,736)*
Gains on foreign exchange differences		23,509	26,041
Losses on foreign exchange differences		(26,354)	(23,714)
Net gains (losses) on foreign exchange differences		*(2,845)*	*2,327*
Net financial result		**(22,602)**	**1,272**
Net result on financial items and equity investments measured using equity method		**(20,602)**	**3,384**

Financial expense from derivative financial instruments, amounted to EUR 21 million, includes mainly the losses on financial derivatives used to hedge currencies, interest rates and commodities. The performance is attributable to the extraordinary reduction in the value of those derivatives in 2011 as a result of the extreme volatility in financial markets. Of this total, however, EUR 11 million are attributable to unrealised, but recognised, losses from the mark-to-market measurement of those financial instruments.

26) Income taxes

(EUR '000)	2011	2010
Current taxes	22,063	16,648
Deferred taxes	(16,297)	(8,342)
Tax liability for the period	**5,766**	**8,306**

The difference between the theoretical tax liability and the effective tax liability is analysed below:

(EUR '000)	2011	2010
Theoretical tax liability	**8,232**	**4,392**
Increased permanent differences	1,898	947
Decreased permanent differences	(237)	(973)
Consolidated tax mechanism	(1,604)	(2,257)
Other changes	(2,646)	6,088
Effective IRAP liability	123	109
Tax liability for the period	**5,766**	**8,306**

27) Earnings per share

Earnings per share are calculated by dividing the Group net result for the period by the weighted average number of ordinary shares outstanding in the period.

(EUR)	2011	2010
Group net profit (EUR '000)	3,025	9,344
Weighted average number of ordinary shares outstanding ('000)	159,120	159,120
Basic earnings per share	**0.019**	**0.059**

Diluted earnings per share are the same as basic earnings per share as Cementir Holding SpA has only issued ordinary shares.

Capital management

Dividends are distributed in the light of existing capital resources and the financial resources necessary for the continuing expansion of the Group.

28) Other components of comprehensive income

The following table provides a breakdown of other components of comprehensive income before taxes:

(EUR '000)	2011			2010		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Change in use of property, plant and equipment	-	-	**-**	51,608	(2,581)	**49,027**
Actuarial gains (losses) on severance benefits (TFR)	(328)	(53)	**(381)**	(179)	(26)	**(205)**
Exchange rate differences arising from the translation of foreign undertakings	(76,195)	-	**(76,195)**	32,123	-	**32,123**
Financial instruments	(1,906)	323	**(1,583)**	(1,462)	106	**(1,356)**
Total other components of comprehensive income	**(78,429)**	**270**	**(78,159)**	**82,090**	**(2,501)**	**79,589**

29) Acquisitions and divestments

Acquisitions in 2011

On 11 March 2011, acting through the subsidiary Recydia, which operates in the waste treatment and renewable energy sector, a waste collection plant and a waste management contract with the municipality company of Istanbul was acquired for a total amount of EUR 5,2 million (TL 12,1 million). The 25-year contract was signed for the management and treatment of some 700,000 tons per year of solid municipal waste. The entirety of assets purchased is a business since the integrated set is capable of being conducted and the Group intends to manage this entirety of asset as a business. This acquisition was recognised pursuant to IFRS 3 – Business Combinations applying the Purchase Price Allocation (PPA) also engaging independent experts; the assessment showed a higher value of the business acquired, mainly due to valuation of the contract. The bargain purchase gain arising from the acquisition amounting to EUR 8,4 million (TL 19,5 million) has been recognised under financial income in the consolidated income statement.

The fair value of the acquired assets and liabilities is expressed below together with the bargain purchase gain and the relative cash flow:

(EUR '000)		Fair value 11.03.2011
Net assets acquired:		
Intangible assets with finite useful lives		12,054
Property, plant and equipment		3,617
Deferred liabilities		(2,411)
Deferred assets		316
Total fair value of net assets acquired		**13,576**
Bargain purchase gain	**(note 25)**	**(8,378)**
Price paid for acquisition		**5,198**

Acquisitions in 2010

On 30 November 2010, the Group, through the subsidiary Betontir SpA, acquired 14 factories for manufacturing ready-mixed concrete located largely in Central Italy. The transaction was valued at EUR 8.5 million. The acquisition was recognised pursuant to IFRS 3 – Business Combinations, with recognition of around EUR 5 million in goodwill. The fair value of the assets acquired and liabilities assumed, the calculation of goodwill and the cash flow generated by the investment are reported below:

(EUR '000)		Fair value at 30.11.2010
Net assets acquired		
Property, plant and equipment		3,816
Other assets		72
Employee benefits		(442)
Other liabilities		(124)
Total fair value of net assets acquired		**3,322**
Goodwill	**(note 1)**	**5,178**
Price paid for acquisition		**8,500**

30) Disclosures on financial risks

Credit risk

The maximum credit risk exposure for the Group at 31 December 2011 is represented by the carrying amount of receivables.

In view of the collection times in the industry and the assessment procedures used in granting credit to individual customers, the percentage of receivables in litigation is very small. Where collection difficulties arise with individual positions, supply is halted and credit recovery actions are initiated.

Assessment of the recoverability of outstanding receivables takes account of any enforceable guarantees and the opinions of the legal counsel charged with credit recovery. All receivables on which a loss is probable as at the balance sheet date are written down to reflect partial or total default.

For more information on trade and other receivables, please see Notes 7 and 9.

Liquidity risk

The Group has sufficient credit lines to meet any unplanned requirements.

A breakdown of financial liabilities by maturity is given in Note 15 on financial liabilities.

Market risks

The following information is provided to enable an assessment of the nature and extent of financial risks at the balance sheet date.

Exchange rate risk

The Group is exposed to risks associated with changes in exchange rates, which can impact performance and the value of shareholders' equity.

As regards the main impact of the consolidation of the foreign companies, if the exchange rates of TRY, NOK, SEK, USD, CNY, MYR and EGP had been an average of 10% lower than the actual exchange rate, the translation of shareholders' equity would have resulted in a reduction of EUR 60.7 million, or about 5.6% of consolidated shareholders' equity at 31 December 2011 (a reduction of EUR 63.8 million at 31 December 2010, or about 5.5%). The exchange rate risk in respect of the consolidation of the other foreign companies is negligible.

The Group's primary exposure to exchange rate risk regards the operating result generated by sales and purchases in TRY, DKK, USD, GBP, NOK and SEK. A 10% depreciation in all of these currencies (with the exception of DKK) would have reduced EBITDA by EUR 7.9 million (EUR 8.7 million in 2010).

At 31 December 2011 the risks associated with the Group's main foreign currency receivables and payables regarded TRY, DKK, NOK, SEK and USD. The potential impact of an average 10% depreciation in those currencies, with the exception of DKK, would have been positive in the amount of about EUR 2 million (about EUR 3 million in 2010). The impact in the event of an analogous appreciation would have been negative in a corresponding amount.

Interest rate risk

The Group is exposed to changes in interest rates. The net consolidated financial position at 31 December 2011 showed a net debtor position of EUR 357.5 million (a negative EUR 336.1 million at 31 December 2010); 100% of the exposure is floating rate (in 2010, 99% of the exposure was floating rate and 1% was fixed rate).

As regards the floating rate on loans and cash and cash equivalents, an annual increase of 1% in interest rates in all currencies in which the debt is denominated, all other variables being equal, would reduce profit before taxes by EUR 3.5 million (EUR 3.6 million in 2010) and shareholders' equity by EUR 2.5 million (EUR 2.6 million at 31 December 2010). An analogous decrease in interest rates would have a corresponding positive impact.

30) Hierarchy of fair value inputs under IFRS 7

With regard to financial instruments measured at fair value, IFRS 7 requires that such instruments be classified on the basis of a hierarchy of inputs used to determine that fair value. The following levels are used:

- Level 1: determination of fair value on the basis of quoted prices on active markets for the class of assets or liabilities being measured;
- Level 2: determination of fair value on the basis of inputs other than quoted prices in Level 1 that can be observed directly (prices) or indirectly (derivatives on prices) in the market; this category includes instruments that are not sufficiently liquid or that do not have a binding market price on a continuous basis;
- Level 3: determination of fair value on the basis of valuation models whose inputs are not based on observable market data.

The following table sets out the hierarchy for assets and liabilities measured at fair value:

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

31 December 2010 (Euro ‘000)	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity investments available for sale	5	6,325	-	-	**6,325**
Current financial assets	8	-	182	-	**182**
Total assets		**6,325**	**182**	**-**	**6,507**
Current financial liabilities	15	-	(1,081)	-	**(1,081)**
Total liabilities		**-**	**(1,081)**	**-**	**(1,081)**

In 2011 there were no transfers among the various levels and there was no change in Level 3.

32) Transactions with related parties

On 5 November 2010, the Board of Directors of Cementir Holding SpA, in response to the new CONSOB regulation on related party transactions issued pursuant to CONSOB Resolution no. 17221 of 12 March 2010, as amended, designed to make the substantive and procedural aspects of the Group’s transactions with related parties clearer and fairer, approved the procedures for related party transactions, effective as from 1 January 2011. Transactions entered into by Group companies with related parties form part of normal operations and are settled on market terms and conditions. No unusual or atypical transactions were carried out beyond those constituting part of normal operations. The following tables show the figures:

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

31 December 2010 (EUR '000)	**Parent company**	**Associates**	**Companies under common control**	**Other related parties**	**Total related parties**	**Total item in financial statement**	%impact on item in financial statements
Balance sheet transactions							
Current financial assets		362			**362**	**1,510**	24.0%
Trade receivables		2,892	2,221		**5,113**	**150,974**	3.4%
Cash and cash equivalents				5,160	**5,160**	**100,019**	5.2%
Trade payables	180		492		**672**	**167,419**	0.4%
Non-current financial liabilities				44,747	**44,747**	**223,898**	20.0%
Current financial liabilities	40,000		3	21,000	**61,003**	**213,763**	28.5%
Income statement transactions							
Revenues		7,609	954		**8,563**	**842,260**	1.0%
Other operating revenues			896		**896**	**15,869**	5.6%
Other operating costs	150		1,531		**1,681**	**211,318**	0.8%
Financial income		7	36		**43**	**12,681**	0.3%
Financial expense	(475)		(1,312)		**(1,787)**	**13,736**	13.0%

The main transactions with related parties are briefly described below.

Revenues from associated companies regard the sale of finished and semi-finished products (cement and clinker) carried out on normal market terms and conditions. As regards commercial transactions with companies under common control, the Cementir Group has long sold cement to the companies of the Caltagirone Group. In particular, in 2011, it sold a total of 10,273 metric tons of cement to Vianini Industria (in 2010, sales came to 10.967 metric tons) on market terms and conditions. Revenues and costs in respect of commercial transactions with the parent company and companies under common control comprise sundry services, including rental income and expense.

Concerning financial transactions, the Group has received an interest-bearing loan of EUR 50 million from FGC SpA, an company under common control, and a demand loan of EUR 21 million and a floating-rate loan of EUR 45 million (due 2017) from Banca Monte dei Paschi di Siena.

Transactions with directors, members of the Board of Auditors and managers of Group companies

During the year, no loans were granted to directors, members of the Board of Auditors or managers with strategic responsibilities, and at 31 December 2011 the Group had no receivables in respect of loans granted to them.

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ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Annex 1

List of companies included in the scope of consolidation at 31 December 2011:

Company name	Registered office	Closing date for financial year
Cementir Holding SpA – *Group parent*	Rome (Italy)	31/12/2011
Aalborg Cement Company Inc.	Dover (USA)	31/12/2011
Aalborg Portland A/S	Aalborg (Denmark)	31/12/2011
Aalborg Portland International Srl	Rome (Italy)	31/12/2011
Aalborg Portland Islandì EHF	Kopavogur (Iceland)	31/12/2011
Aalborg Portland Polska Spzoo	Warszawa (Poland)	31/12/2011
Aalborg Portland US Inc	Dover (USA)	31/12/2011
Aalborg Resources Sdn Bhd	Perak (Malaysia)	31/12/2011
Aalborg Portland (Anqing) Co Ltd	Anqing (China)	31/12/2011
Aalborg Portland Malaysia Sdn Bhd	Perak (Malaysia)	31/12/2011
Aalborg Portland (Australia) Pty Ltd	Sydney (Australia)	31/12/2011
Aalborg White Italia Srl [A]	Rome (Italy)	31/12/2011
Aalborg Portland OOO	St. Petersburg (Russia)	31/12/2011
AB Sydsten	Malmö (Sweden)	31/12/2011
AGAB Syd Aktiebolag	Malmö (Sweden)	31/12/2011
Alfacem Srl	Rome (Italy)	31/12/2011
Bakircay AS	Izmir (Turkey)	31/12/2011
Betontir SpA	Rome (Italy)	31/12/2011
Cementir Delta SpA [B]	Rome (Italy)	31/12/2011
Cementir Espana SL	Madrid (Spagna)	31/12/2011
Cementir Italia Srl	Rome (Italy)	31/12/2011
Cimbeton AS	Izmir (Turkey)	31/12/2011
Cimentas AS	Izmir (Turkey)	31/12/2011
Destek AS	Izmir (Turkey)	31/12/2011
Elazig Cimento AS	Elazig (Turkey)	31/12/2011
Environmental Power International (UK R&D) Ltd	Trowbridge (UK)	31/12/2011
Everts Betongpump & Entreprenad AB	Halmstad (Sweden)	31/12/2011
Gaetano Cacciatore LLC	Somerville N.J.(USA)	31/12/2011
Globocem SL	Madrid (Spagna)	31/12/2011
Hereko Instabul 1 A.Ş.	Izmir (Turkey)	31/12/2011
Ilion Cimento Ltd	Soma (Turkey)	31/12/2011

[A] In liquidation
[B] Merged on 20 December 2011

Annex 1 (*cont.*)

Company name	Registered office	Closing date for financial year
Intercem SpA [B]	Roma (Italy)	30/11/2011
Italian Cement Company LLC (Cemit)	Krasnodar (Russia)	31/12/2011
Kars Cimento AS	Kars (Turkey)	31/12/2011
Kudsk & Dahl A/S	Vojens (Denmark)	31/12/2011
Recydia AS	Izmir (Turkey)	31/12/2011
Sinai White Portland Cement Co. SAE	Cairo (Egypt)	31/12/2011
Skane Grus AB	Malmö (Sweden)	31/12/2011
Sureko AS	Izmir (Turkey)	31/12/2011
Unicon A/S	Copenhagen (Denmark)	31/12/2011
Unicon AS	Sandvika (Norway)	31/12/2011
Vianini Pipe Inc.	Somerville (USA)	31/12/2011
Yapitek AS	Izmir (Turkey)	31/12/2011

List of associated companies measured using the equity method at 31 December 2011:

Company name	Registered office	Closing date for financial year
ECOL Unicon Spzoo	Gdansk (Poland)	31/12/2011
Environmental Power International (UK R&D) Limited	Trowbridge (UK)	31/12/2011
Lehigh White Cement Company - *J.V.*	Allentown (USA)	31/12/2011
Secil Prebetão SA	Montijo (Portugal)	31/12/2011
Secil Unicon SGPS Lda	Lisbona (Portugal)	31/12/2011
Sola Betong AS	Risvika (Norway)	31/12/2011

Annex 2

List of significant equity investments at 31 December 2011 pursuant to Art. 120 of Legislative Decree 58 of 24 February 1998:

Company name	Registered office	Share capital	Currency	Type of holding			
				% Direct	% Indirect	% holding	Held through
Cementir Holding SpA	Rome (I)	159,120,000	EURO				Group parent
Aalborg Cement Company Inc.	Dover (USA)	1,000	USD		100	100	Aalborg Portland US Inc.
Aalborg Portland A/S	Aalborg (DK)	300,000,000	DKK		75	75	Cementir Espana SL
					25	25	Globocem SL
Aalborg Portland International Srl	Rome (I)	10,000	EURO		100	100	Aalborg Portland A/S
Aalborg Portland Islandì EHF	Kopavogur (IS)	303,000,000	ISK		100	100	Aalborg Portland A/S
Aalborg Portland Polska Spzoo	Warszawa (PL)	100,000	PLN		100	100	Aalborg Portland A/S
Aalborg Portland US Inc	Dover (USA)	1,000	USD		100	100	Aalborg Portland A/S
Aalborg Resources Sdn Bhd	Perak (MAL)	2,543,972	MYR		100	100	Aalborg Portland Malaysia Sdn Bhd
Aalborg Portland (Anqing) Co Ltd	Anqing (VR)	265,200,000	CNY		100	100	Aalborg Portland A/S
Aalborg Portland Malaysia Sdn Bhd	Perak (MAL)	95,400,000	MYR		70	70	Aalborg Portland A/S
Aalborg Portland (Australia) Pty Ltd	Sydney (AUS)	1,000	AUD		100	100	Aalborg Portland Malaysia Sdn Bhd
Aalborg White Italia Srl [A]	Rome (I)	10,000	EURO		82	82	Aalborg Portland A/S
Aalborg Portland OOO	St. Petersburg (RUS)	14,700,000	RUB		100	100	Aalborg Portland A/S
AB Sydsten	Malmö (S)	15,000,000	SEK		50	50	Unicon A/S
AGAB Syd Aktiebolag	Malmö (S)	500,000	SEK		40	40	AB Sydsten
Alfacem Srl	Rome (I)	1,010,000	EURO	99.99		99.99	Cementir Holding SpA
Bakircay AS	Izmir (TR)	420,000	TRY		97.86	97.86	Kars Cimento AS
					2.14	2.14	Yapitek AS
Betontir SpA	Rome (I)	104,000	EURO		99.89	99.89	Cementir Italia Srl
Cementir Espana SL	Madrid (E)	3,007	EURO	100		100	Cementir Holding SpA
Cementir Italia Srl	Rome (I)	40,000,000	EURO	100		100	Cementir Holding SpA
Cimbeton AS	Izmir (TR)	1,770,000	TRY		50.28	50.28	Cimentas AS
					0.06	0.06	Yapitek AS
Cimentas AS	Izmir (TR)	87,112,463	TRY	96.43		96.43	Cementir Holding SpA
					0.12	0.12	Cimbeton AS
					0.48	0.48	Kars Cimento AS
Destek AS	Izmir (TR)	50,000	TRY		99.93	99.93	Cimentas AS
					0.02	0.02	Cimbeton AS
					0.02	0.02	Yapitek AS
					0.02	0.02	Bakircay AS
					0.01	0.01	Cimentas Foundation

[A] In liquidation

Annex 2 *(cont.)*

Company name	Registered office	Share capital	Currency	Type of holding		% holding	Held through
				% Direct	% Indirect		
ECOL Unicon Spzoo	Gdansk (PL)	1,000,000	PLN		49	49	Unicon A/S
Elazig Cimento AS	Elazig (TR)	46,000,000	TRY		93.55	93.55	Kars Cimento AS
					6.17	6.17	Cimentas AS
					0.27	0.27	Bakircay AS
Environmental Power International (UK R&D) Limited	Trowbridge (UK)	100	GBP		50	50	Recydia
Everts Betongpump & Entreprenad AB	Halmstad (S)	100,000	SEK		73.5	73.5	AB Sydsten
Gaetano Cacciatore LLC	Somerville N.J. (USA)	-	USD		100	100	Aalborg Cement Company Inc
Globocem S.L.	Madrid (E)	3,007	EURO		100	100	Alfacem Srl
Hereko Istanbul 1 A.Ş.	Izmir (TR)	9,000,000	TRY		99.99	99.99	Recydia AS
Ilion Cimento Ltd.	Soma (TR)	300,000	TRY		99.99	99.99	Cimbeton AS
					0.01	0.01	Bakircay AS
Italian Cement Company LLC (Cemit)	Krasnodar (RUS)	3,000,000	RUB		100	100	Cimentas AS
Kars Cimento AS	Kars (TR)	3,000,000	TRY		58.38	58.38	Cimentas AS
					39.81	39.81	Alfacem Srl
Kudsk & Dahl A/S	Vojens (DK)	10,000,000	DKK		100	100	Unicon A/S
Lehigh White Cement Company - *J.V.*	Allentown (USA)	-	USD		24.5	24.5	Aalborg Cement Company Inc
Recydia AS	Izmir (TR)	32,500,000	TRY		99.64	99.64	Cimentas AS
					0.18	0.18	Yapitek AS
					0.18	0.18	Bakircay
Secil Unicon SGPS Lda	Lisbon (P)	4,987,980	EURO		50	50	Unicon A/S
Secil Prebetão SA	Montijo (P)	3,454,775	EURO		79.60	79.60	Secil Unicon SGPS Lda
Sinai White Portland Cement Co. SAE	Cairo (ET)	350,000,000	EGP		57.14	57.14	Aalborg Portland A/S
Skane Grus AB	Malmö (S)	1,000,000	SEK		60	60	AB Sydsten
Sola Betong AS	Risvika (N)	9,000,000	NOK		33.33	33.33	Unicon AS
Sureko AS	Izmir (TR)	7,000,000	TRY		69.90	69.90	Recydia AS
					0.10	0.10	Bakircay AS
Unicon A/S	Copenhagen (DK)	150,000,000	DKK		100	100	Aalborg Portland A/S
Unicon AS	Sandvika (N)	13,289,100	NOK		100	100	Unicon A/S
Vianini Pipe Inc.	Somerville N.J. (USA)	4,483,396	USD		99.99	99.99	Aalborg Portland US Inc.
Yapitek AS	Izmir (TR)	50,000	TRY		98.75	98.75	Cimentas AS
					1.25	1.25	Cimbeton AS

Rome, 8 March 2012

Chairman of the Board of Directors

/s/Francesco Caltagirone Jr.

Certification of the consolidated financial statements pursuant to Article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended

1. The undersigned Francesco Caltagirone Jr., Chairman of the Board of Directors, and Oprandino Arrivabene, manager responsible for preparing Cementir Holding SpA's financial reports, hereby certify, having also taken into consideration the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the appropriateness of the financial reports with respect to the Company structure; and
- the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statements for the period ended 31 December 2011.

2. No material issues emerged in this regard.

3. In addition, we certify that:

3.1 the consolidated financial statements:

a) have been prepared in compliance with the international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as the measures issued in implementation of Legislative Decree 38/2005;

b) correspond to the information in the books and other accounting records;

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

3.2 the report on operations contains a discussion of the major events that occurred during the year and their impact on the consolidated financial statements, together with a description of the main risks and uncertainties to be faced.

Rome, 8 March 2012

The Chairman	Manager responsible for preparing the financial reports
/s/Francesco Caltagirone Jr.	/s/Oprandino Arrivabene

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2011 STATUTORY FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Statement of financial position

(EUR)	Notes	31 December 2011	31 December 2010
ASSETS			
Intangible assets	**1**	658,564	565,938
Property, plant and equipment	**2**	83,101	66,776
Investment property	**3**	23,000,000	23,000,000
Equity investments in subsidiaries	**4**	779,439,058	438,917,296
Equity investments available for sale	**5**	7,962,826	6,325,000
Non-current financial assets	**6**	105,968	106,035
Deferred tax assets	**22**	23,887,864	9,538,197
TOTAL NON-CURRENT ASSETS		**835,137,381**	**478,519,242**
Trade receivables	**7**	5,153,612	13,285,372
- Trade receivables from third parties		*117,002*	*356,955*
- Trade receivables from related parties	**33**	*5,036,610*	*12,928,417*
Current financial assets	**8**	6,215,764	370,590,576
- Current financial assets from third parties		*803,336*	*559,518*
- Current financial assets from related parties	**33**	*5,412,428*	*370,031,058*
Current tax assets	**9**	2,091,773	2,233,110
Other current assets	**10**	1,957,549	2,112,202
- Other current assets from third parties		*691,644*	*2,111,986*
- Other current assets from related parties	**33**	*1,265,905*	*216*
Cash and cash equivalents	**11**	5,376,605	8,363,715
- Cash and cash equivalents with third parties		*3,036,732*	*3,219,532*
- Cash and cash equivalents with related parties	**33**	*2,339,873*	*5,144,183*
TOTAL CURRENT ASSETS		**20,795,303**	**396,584,975**
TOTAL ASSETS		**855,932,684**	**875,104,217**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	**12**	159,120,000	159,120,000
Share premium reserve	**13**	35,710,275	35,710,275
Other reserves	**14**	462,182,534	387,957,718
Net profit (loss)		(20,175,215)	(12,718,123)
TOTAL SHAREHOLDERS’ EQUITY		**636,837,594**	**570,069,870**
Employee benefit provisions	**15**	325,154	482,036
Non-current provisions	**16**	600,000	600,000
Non-current financial liabilities	**17**	71,715,245	123,449,300
- Non-current financial liabilities to third parties		*26,926,182*	*78,702,425*
- Non-current financial liabilities to related parties	**33**	*44,789,063*	*44,746,875*
Deferred tax liabilities	**22**	4,640,513	4,657,976
Other non-current liabilities	**18**	1,128,053	2,654,206
TOTAL NON-CURRENT LIABILITIES		**78,408,965**	**131,843,518**
Trade payables	**19**	2,097,407	2,500,964
- Trade payables to third parties		*1,257,392*	*1,445,027*
- Trade payables to related parties	**33**	*840,015*	*1,055,937*
Current financial liabilities	**17**	118,350,064	158,041,779
- Current financial liabilities to third parties		*105,652,136*	*45,423,637*
- Current financial liabilities to related parties	**33**	*12,697,928*	*112,618,142*
Current tax liabilities	**20**	1,516,689	1,516,689
Other current liabilities	**21**	18,721,965	11,131,397
- Other current liabilities to third parties		*2,628,931*	*1,144,952*
- Other current liabilities to related parties	**33**	*16,093,034*	*9,986,445*
TOTAL CURRENT LIABILITIES		**140,686,125**	**173,190,829**
TOTAL LIABILITIES		**219,095,090**	**305,034,347**
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		**855,932,684**	**875,104,217**

Income statement

(EUR)	Notes	2011	2010
REVENUES	**23**	**12,181,242**	**11,494,029**
- *Revenues - related parties*	**33**	*12,181,242*	*11,494,029*
Other operating revenues	**24**	1,232,913	1,254,643
- Other revenues - third parties		*462,542*	*433,542*
- Other revenues - related parties	**33**	*770,371*	*821,101*
TOTAL OPERATING REVENUES		**13,414,155**	**12,748,672**
Personnel costs	**25**	(9,134,729)	(5,902,708)
- Personnel costs - third parties		*(8,826,927)*	-
- Personnel costs - related parties		*(307,802)*	-
Other operating costs	**26**	(6,008,924)	(7,531,794)
- Other operating costs - third parties		*(5,386,195)*	*(6,751,828)*
- Other operating costs - related parties	**33**	*(622,729)*	*(779,966)*
TOTAL OPERATING COSTS		**(15,143,653)**	**(13,434,502)**
EBITDA		**(1,729,498)**	**(685,830)**
Depreciation, amortisation, impairment losses and provisions	**27**	(353,745)	(315,038)
EBIT		**(2,083,243)**	**(1,000,868)**
Financial income	***28***	3,017,366	5,606,398
- Financial income - third parties		*2,985,587*	*5,533,832*
- Financial income - related parties	**33**	*31,779*	*72,566*
Financial expense	**28**	(28,164,621)	(8,188,611)
- Financial expense - third parties		*(26,181,572)*	*(5,426,361)*
- Financial expense - related parties	**33**	*(1,983,049)*	*(2,762,250)*
NET RESULT ON FINANCIAL ITEMS		**(25,147,255)**	**(2,582,213)**
PROFIT BEFORE TAX		**(27,230,499)**	**(3,583,081)**
Income taxes	**29**	7,055,284	(9,135,042)
NET PROFIT (LOSS) FOR THE YEAR		**(20,175,215)**	**(12,718,123)**

Statement of comprehensive income

(EUR ‘000)	**2011**	**2010**
NET PROFIT (LOSS) FOR THE PERIOD	**(20,175)**	**(12,718)**
Other components of comprehensive income:*		
Financial instruments	(1,583)	(1,356)
Actuarial gains (losses) on severance benefits (TFR)	(3)	(199)
Income (expense) recognised directly in shareholders’ equity	**(1,586)**	**(1,555)**
TOTAL COMPREHENSIVE INCOME	**(21,716)**	**(14,273)**

* The other components of comprehensive income are shown net of taxes.

(EUR ‘000)	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Other reserves						Retained earnings	Net profit (loss) for the year	Total shareholders’ equity
					Grant reserve	Reserve Art. 15 Law 67/88	Reserve Law 349/95	Negative goodwill from merger	Other IAS reserves	Severance benefit reserve IAS19			
Shareholders' equity at 1 January 2010	**159,120**	**35,710**	**97,733**	**31,824**	**29,435**	**138**	**41**	**-**	**98,992**	**703**	**141,800**	**(1,606)**	**593,890**
Allocation of 2009 net profit											(1,606)	1,606	**-**
Dividend distribution 2009											(9,547)		**(9,547)**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,153)**	**1,606**	**(9,547)**
Actuarial gains/(losses)										(199)			**(199)**
Financial instruments									(1,356)				**(1,356)**
Total other components of comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,356)**	**(199)**	**-**	**-**	**(1,555)**
Reclassifications													**-**
Change in other reserves													**-**
Total other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(12,718)**	**(12,718)**
Shareholders' equity at 31 December 2010	**159,120**	**35,710**	**97,733**	**31,824**	**29,435**	**138**	**41**	**-**	**97,636**	**504**	**130,647**	**(12,718)**	**570,070**
Shareholders' equity at 1 January 2011	**159,120**	**35,710**	**97,733**	**31,824**	**29,435**	**138**	**41**	**-**	**97,636**	**504**	**130,647**	**(12,718)**	**570,070**
Allocation of 2010 net profit											(12,718)	12,718	**-**
Dividend distribution 2010											(9,547)		**(9,547)**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(22,265)**	**12,718**	**(9,547)**
Actuarial gains/(losses)										(3)			**(3)**
Financial instruments									(1,583)				**(1,583)**
Total other components of comprehensive	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,583)**	**(3)**	**-**	**-**	**(1,586)**
Reclassifications													**-**
Change in other reserves								98,076					**98,076**
Total other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**98,076**	**-**	**-**	**-**	**-**	**98,076**
Net profit (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,175)**	**(20,175)**
Shareholders' equity at 31 December 2011	**159,120**	**35,710**	**97,733**	**31,824**	**29,435**	**138**	**41**	**98,076**	**96,053**	**501**	**108,382**	**(20,175)**	**636,838**

Cash flow statement

(EUR ‘000)	31 December 2011	31 December 2010
Net profit (loss) for the period	**(20,175)**	**(12,718)**
Depreciation and amortisation	354	315
Net financial result:	25,147	2,582
- third parties	*(23,196)*	*107*
- related parties	*(1,951)*	*(2,690)*
Income taxes	(7,055)	9,135
Change in employee benefit provisions	(161)	9
Change in current and non-current provisions	-	(3,362)
Operating cash flow before change in working capital	**(1,890)**	**(4,039)**
(Increase) Decrease trade receivables – third parties	240	(302)
(Increase) Decrease trade receivables – related parties	7,892	820
Increase (Decrease) trade payables – third parties	(377)	535
Increase (Decrease) trade payables – related parties	(216)	1,031
Change in other current and non-current assets and liabilities – third parties	2,904	200
Change in other current and non-current assets and liabilities – related parties	(1,694)	10,764
Change in deferred and current income taxes	-	(8,588)
Operating cash flow	**6,859**	**421**
Dividends received	120	51
Interest received	1,241	1,001
Interest paid	(5,292)	(2,606)
Collections (payments) other financial income/expense	(11,583)	1,833
Income taxes paid	(1,838)	(7,861)
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(10,493)**	**(7,161)**
Investments in intangible assets	(240)	(99)
Investments in property, plant and equipment	(33)	(32)
Equity investments	(3,544)	(5,524)
CASH FLOW FROM INVESTING ACTIVITIES (B)	**(3,817)**	**(5,655)**
Change in non-current financial assets and liabilities – third parties	(51,776)	(8,535)
Change in non-current financial assets and liabilities – related parties	42	(16)
Change in current financial assets and liabilities – third parties	50,964	20,637
Change in current financial assets and liabilities – related parties	21,640	8,745
Dividends distributed	(9,547)	(9,547)
CASH FLOW FROM FINANCING ACTIVITIES (C)	**11,323**	**11,285**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(2,987)**	**(1,531)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**8,364**	**9,895**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5,377**	**8,364**

NOTES TO THE FINANCIAL STATEMENTS

General information

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

Shareholders with holdings of more than 2% of share capital at 31 December 2011, as indicated in the shareholder register and notices received pursuant to Article 120 of Legislative Decree 58 of 24 February 1998 and other available information are:

1) Calt 2004 Srl - 47,860,813 shares (30.078%)
2) Lav 2004 Srl - 40,543,880 shares (25.480%)
3) Pantheon 2000 SpA - 4,466,928 shares (2.807%)
4) Gamma Srl 5,575,220 shares (3.504%)
5) Chupas 2007 Srl 4,000,000 shares (2.514%)

The financial statements at 31 December 2011 of Cementir Holding SpA were approved on 8 March 2012 by the Board of Directors, which authorized the disclosure of the main information reported therein.

Regulatory framework

Following the enactment of Regulation (EC) no. 1606 of July 2002 and in relation to the provisions of Legislative Decree 38/2005 and the Issuers Regulation no. 11971/1999, as amended by CONSOB Resolution no. 14990 of 14 April 2005, as from 2006 companies issuing financial instruments on regulated markets must draw up the parent company's financial statements in compliance with international financial reporting standards. Therefore, as from 1 January 2006 Cementir Holding SpA has adopted international accounting standards (International Accounting Standards - IAS or International Financial Reporting Standards - IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) endorsed by the European Commission, hereafter "IFRSs", with the transition date to the IFRSs of 1 January 2005.

National legislation implementing the Fourth Council Directive is applied, where compatible, with companies that prepare financial statements in accordance with the IFRSs. Accordingly, the financial statements are prepared in accordance with the provisions of the Italian Civil Code and the corresponding provisions of the Consolidated Law on Financial Intermediation for listed companies with regard to the directors' report on operations (Article 2428 of the Civil Code), auditing (Article 2409-bis of the Civil Code) and publication of the financial statements (Article 2435 of the Civil Code).

The financial statements and the related notes also include the details and additional disclosures required by Articles 2424, 2425 and 2427 of the Civil Code as they are not in conflict with the requirements of the IFRSs.

Compliance with the international accounting standards (IFRS/IAS)

The financial statements of Cementir Holding SpA have been drawn up in compliance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission through 31 December 2011.

As used here, the IFRSs comprise all International Financial Reporting Standards (IFRSs), all International Accounting Standards (IASs) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

Accounting standards and amendments adopted by the Company

(a) Accounting standards and interpretations applicable as from 1 January 2011.

The standards, interpretations and amendments listed below are applicable starting as from 1 January 2011, but their adoption has had no effect in terms of the presentation and measurement of the items in the Company's financial statements:

- amendment to IAS 32 – *Financial Instruments: Presentation*, adopted with Regulation (EU) no. 1293 of 23 December 2009;
- amendments to IFRS 1 – *Limited exemption from comparative IFRS 7 disclosures for first-time adopters* and to IFRS 7 – *Financial instruments: Disclosures*, adopted with Regulation (EU) no. 574 of 30 June 2010;
- amendments to IAS 24 – *Related Party Disclosures* and to IFRS 8 – *Operating segments*, adopted with Regulation (EU) no. 632 of 19 July 2010;
- amendments to IFRIC 14 – *Prepayments of a Minimum Funding Requirement,* adopted with Regulation (EU) no. 633 of 9 July 2010;
- IFRIC 19 -*Extinguishing financial liabilities with equity instruments* and the Amendments to IFRS 1 – *First-time adoption of Financial Reporting Standard,* adopted with Regulation (EU) no. 662 of 23 July 2010.
- Moreover, on 18 February 2011, Regulation (EU) no. 149/2011 was published, adopting various improvements to the following IAS/IFRS applicable starting from 1 January 2011.
    - *IFRS 1 First-time adoption of International Financial Reporting Standard*
    - *IFRS 3 Business combinations*
    - *IFRS 7 Financial instruments: disclosures*
    - *Amendments to IFRS 7 Financial instruments: disclosures*
    - *IAS 1 Presentation of financial statements IAS 27 Consolidated and separate financial statements*
    - *IAS 32 Financial instruments: presentation*
    - *IAS 39 Financial instruments: recognition and measurement*
    - *IAS 34 Interim financial reporting*
    - *IFRIC 13 Customer loyalty programmes*

(b) Standards, amendments and new interpretations effective for financial periods after 2011 and not adopted early by the Company.

- Amendments to IFRS 7 Financial instruments: disclosures – Transfers of financial assets, adopted with Regulation (EU) no. 1205/2011 issued on 22 November 2011.

(c) New accounting standards and interpretations soon to be applied:

As of the date of approval of these consolidated financial statements, the IASB had issued, but the EU had not yet endorsed, a number of accountings standards, interpretations and amendments, some still at the consultation stage, including:

- a number of Exposure Drafts (ED), also released as part of the project to revise the current IAS 39, on the issues of *Amortised Cost and Impairment, the Fair Value Option for Financial Liabilities* and *Hedge Accounting;*
- ED *"Measuring Non-Financial Liabilities"* as part of the project to revise the current IAS 37 concerning the recognition and measurement of provisions, contingent liabilities and contingent assets;
- ED "*Revenues from Contracts with Customers"* as part of the project to revise the current IAS 11 and IAS 18, concerning revenue recognition;
- ED "*Insurance Contracts*" as part of the project to revise the current IFRS 4, concerning accounting for insurance contracts;
- ED "*Leases*" as part of the project to revise the current IAS 17, concerning accounting for leases;
- ED *"Improvements to IFRSs"*, as part of the annual improvement and general revision of the international accounting standards;
- Amendment to *IAS 1 - "Presentation of financial statements: Statement of Comprehensive Income* concerning the presentation of financial statements, specifically, the statement of comprehensive income;
- *IAS 12 –* "*Income Tax – Deferred tax: recovery of the asset";*
- *IAS 19 – "Employee Benefits",* in the course of the revision of the current international accounting standards pertaining to employee benefits;
- IFRS 9 -*Financial instruments,* as part of the project to revise the current IAS 39;
- *IFRS 11 – "Joint Arrangements",* as part of the project to revise IAS 31 – *Interests in Joint Ventures*;
- *IFRS 12 – "Disclosure of interests in other entities;*
- *IFRS 13 – "Fair value measurement"* .

The Company is currently studying the potential impact that the accounting standards, amendments and interpretations soon to be applied may have on its disclosures.

Basis of presentation

The financial statements at 31 December 2011 are presented in euros. The financial statements consist of the statement of financial position, the income statement, the statement of changes in shareholders' equity, the statement of comprehensive income, the cash flow statement and these notes.

The financial statements were prepared on a going-concern basis since the directors, having assessed the risks and uncertainties to which the Company is exposed, reasonably expect the Company to continue operations for the foreseeable future.

The statement of changes in shareholders' equity, the statement of comprehensive income, the cash flow statement and these notes are expressed in thousands of euros.

As regards presentation of the financial statements, the balance sheet adopts a current/non-current structure, while income statement items are classified by the nature of the expense and the cash flow statement is presented using the indirect method.

Accounting policies

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance, under the control of the company and capable of generating future economic benefits. They are recognised at cost, including any direct incidental expenses necessary to render the asset available for use.

The useful life is determined for each intangible asset upon initial recognition. Intangible assets for which, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which they will generate cash flows for the Company are considered to have indefinite useful lives. Estimates of the useful lives are reviewed on an annual basis and any changes, where necessary, are applied prospectively. Intangible assets are derecognised when the assets are sold or when no expected future benefits are expected from their use. Any loss or gain (calculated as the difference between the sale price and the carrying amount) is recognised in the income statement in the year in which they are derecognised.

Intangible assets with finite useful lives are recognised net of the relative accumulated amortisation and any impairment determined in accordance with the procedures described below. Amortisation begins when the asset is available for use and is recognised on a systematic basis in relation to the residual possibility of use and thus over the useful life of the asset.

Property, plant and equipment

Property, plant and equipment is recognised at purchase or production cost, including any directly allocable incidental expenses necessary to prepare the asset for the use for which it was acquired, increased by the fair value of the estimated cost for the disposal of the asset where the Company has an obligation to do so. Financial expenses that are directly attributable to the purchase, construction or manufacture of an asset are capitalized as part of the asset's cost until the asset is ready for its intended use or for sale.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are charged directly to the income statement in the year in which they are incurred. Costs relating to the expansion, modernisation or improvement of owned or leased property, plant and equipment are only capitalised when they satisfy the requirements for separate classification as an asset or part of an asset in accordance with the component approach.

Property, plant and equipment is recognised net of accumulated depreciation and any impairment. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, reviewed on an annual basis and any changes, where necessary, are applied prospectively.

The estimated useful lives of property, plant and equipment are as follows:

	Useful lives of property, plant and equipment
- Sundry equipment	5 years
- Office machinery and equipment	5 years

When the asset to be depreciated is composed of separately identifiable elements whose useful lives differ significantly from the other parts of the asset, depreciation is recognised separately for each part of the asset, applying the component approach.

At the moment of sale or when no future economic benefits are expected from use, the asset is derecognised and any loss or gain (calculated as the difference between the disposal value and the net carrying amount) is recognised in the income statement in the year of derecognition.

Investment property

Investment property, held to earn rental income or capital gains, is measured at fair value and is not depreciated. Changes in value are recognised in the income statement.

Investments in subsidiaries and associates

Subsidiaries are companies in which Cementir Holding SpA has the power to determine, directly or indirectly, the financial and operating policies of the entity so as to obtain the benefits of its activities. Associated companies are companies in which Cementir Holding SpA exercises a significant influence but does not exercise control or joint control of financial and operating policies. Such equity investments are recognised at cost adjusted for any impairment losses.

Impairment

At each period end, the carrying amount of property, plant and equipment and intangible assets is reviewed in the light of events or changes which indicate that the carrying amount may not be recoverable. If such evidence is found, the recoverable value is determined and, where the carrying amount exceeds the recoverable value, the assets are written down to reflect their recoverable value. The recoverable value of goodwill and other intangible assets with indefinite lives, however, is estimated at each balance sheet date or when there is a change in circumstances or specific events occur that would require an impairment test.

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

In determining value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. For assets that do not generate clearly independent cash flows, realizable value is determined in relation to the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement under depreciation, amortisation and impairment losses.

Financial assets

At initial recognition, financial assets are classified under one of the following categories and measured as follows:

- financial assets available for sale: financial assets available for sale are non-derivative financial instruments explicitly designated in this category and are carried under non-current assets unless management intends to sell them within 12 months of the reporting date. Such assets are measured at fair value and any measurement gains or losses are recognised in equity and shown in the statement of comprehensive income; they are taken to profit or loss only when the financial asset is actually sold or, in the case of cumulative negative changes, when it is determined that the loss already recognised in equity cannot be recovered in the future. In view of the objective uncertainty concerning the predictability of future economic conditions as well as developments in financial markets affected by a substantial volume of speculative activity, in particular the Italian financial market, the Group felt it appropriate to modify the values of the parameters, considered separately, used to determine whether a reduction in the carrying amount of an AFS security qualifies as "significant" and "prolonged" pursuant to IAS 39. A significant reduction is now one of 50% in the carrying amount (30% at 31 December 2010), while a prolonged reduction is now one of 60 months (30 months at 31 December 2010). Financial assets are derecognised when the right to receive the cash flows from the instrument expires and the Company has transferred substantially all the risks and rewards relating to the instrument and the related control. Where the fair value cannot be determined reliably, the cost value is maintained, adjusted for any impairment losses. Such impairment losses may not be reversed;
- financial assets at fair value through profit or loss: this category (equity investments in other companies) includes financial assets acquired principally for sale in the short term, those designated at fair value through profit or loss at the acquisition date, and derivative instruments. The fair value of financial instruments listed on active markets is determined as the related market price at the balance sheet date. In the absence of an active market, the fair value is determined on the basis of prices provided by external operators and utilising valuation models principally based on objective financial variables, as well as taking into account prices in recent transactions and the prices of similar financial instruments. Changes in the fair value of instruments in this category are recognised in the income statement. Where the fair value cannot be determined reliably, the cost value is maintained, adjusted for any impairment losses. Financial instruments in this category are classified as current assets or liabilities if they are "held for trading" or if it is expected that they will be sold within 12 months from the balance sheet date. Derivatives are treated as assets if the fair value is positive and as liabilities if the fair value is negative. The Company nets the positive and negative fair values of transactions with the same counterparty where such netting is permitted contractually;
- loans and receivables: this category, which mainly regards trade receivables (from subsidiaries and associates), includes non-derivative financial assets with fixed or determinable payments that are not listed

on an active market. They are classified as current assets (when the due date falls within normal commercial terms) except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current assets. These assets are measured at amortised cost using the effective interest rate method. Where there is evidence of impairment, the asset is written down to the present value of the expected future cash flows. The impairment losses are recognised in the income statement. Where, in subsequent periods, the reasons for the writedown no longer obtain, the value of the assets is restored up to the value they would have had under the application of amortised cost where no writedown had been recognised.

Financial assets are derecognised when the right to receive the cash flows from the instrument expires and the Company has transferred substantially all the risks and rewards relating to the instrument and the related control.

Financial liabilities

Financial liabilities include loans, trade payables and other payment obligations are initially recognized at fair value, net of directly attributable incidental expenses, and subsequently measured at amortised cost using the effective interest rate method. When there is a change in the expected cash flows and it is possible to estimate them reliably, the value of the loans is recalculated to reflect this change based on the new present value of the expected cash flows and the initial internal rate of return.

Financial liabilities are classified under current liabilities, except where the Company has an unconditional right to defer their payment for at least 12 months from the balance sheet date.

Financial liabilities are derecognised when they are extinguished and the Company has transferred all the risks and rewards relating to the instrument.

Financial derivatives

The Company uses financial derivatives to hedge exchange rate risk, interest rate risk and price risk.

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

Transactions that satisfy the requirements for hedge accounting are classified as hedging operations, while all other operations, including those used to manage risk, are designated as trading operations. Accordingly, owing to the absence (at the subscription date) of some of the formal requirements established by the IFRS, the changes in the fair value relating to these derivative transactions are recognised in the income statement.

For derivatives that qualify for hedge accounting, subsequent changes in fair value are accounted for as follows.

For each financial derivative qualifying for hedge accounting, the relationship between the hedging instrument and the hedged item is documented, including the risk management objectives, the hedging strategy and the methods used to verify the effectiveness of the hedge. The effectiveness of each hedge is verified at the inception of each derivative and over the life of the position. Generally, a hedge is considered highly effective if at both inception and over the life of the derivative the changes in fair value (fair value hedges) or expected cash flows (cash flow hedge) of the hedged item are substantially offset by changes in the fair value of the hedging instrument.

In the case of fair value hedges of assets and liabilities, both changes in the fair value of the hedging instrument and that of the hedged item are recognised in profit or loss.

In the case of cash flow hedges (hedging the risk of potential changes in cash flows originated by the future performance of contractual obligations at the balance sheet date), the effective portion of changes in the fair value of the derivative instrument registered subsequent to initial recognition is recognised under equity reserves. When the economic effects of the hedged item materialize, the reserve is reversed to the operating components of the income statement. If the hedge is not entirely effective, the ineffective portion of the change in the fair value of the hedging instrument is immediately recognised in profit or loss. If, during the life of a derivative instrument, the expected cash flows hedged by the instrument are no longer considered highly likely to materialize, the portion of reserves associated with that instrument is immediately reversed to the income statement. Conversely, where the derivative is sold or no longer qualifies as an effective hedge, the portion of reserves representing the changes in the fair value of the instrument recognised up to that time is maintained as a component of equity and reversed to the income statement as described above, in concomitance with the materialization of the economic effects of the original hedged transaction.

Cash and cash equivalents

Cash and cash equivalents are recognized at fair value and include bank deposits and cash on hand, i.e. assets that are available on demand or at short notice, certain in nature and have no collection costs.

Employee benefits

The liability in respect of employee benefits paid at or subsequent to termination of the employment relations under defined-benefit plans, net of any plan assets, is determined on the basis of actuarial assumptions estimating the amount of future benefits that employees have accrued at the balance sheet date. The liability is recognised on an accruals basis over the period in which the entitlement matures.

- Defined-benefit plans also include the portion of severance benefits due to employees pursuant to Article 2120 of the Italian Civil Code (*Trattamento di Fine Rapporto - TFR*) accrued as of 31 December 2006. Following the reform of the supplementary pension system, as from 1 January 2007 new TFR accruals must be paid into a supplementary pension fund or into a specific treasury fund established by the National Social Security Institute (INPS) if employees elect this option. Accordingly, the Company's liability for defined benefits in respect of employees regards accruals to 31 December 2006 only.
- The accounting treatment adopted by the Company as from 1 January 2007 – discussed below – reflects the new legislation and is consistent with the accounting treatment recommended by the competent professional bodies. More specifically,
    - TFR contributions accruing as from 1 January 2007 are considered elements of a defined-contribution plan, even when employees have elected to pay them into the INPS treasury fund. These contributions, which are calculated on the basis of Civil Code rules and are not subject to actuarial measurement, therefore represent expenses recognised under personnel costs;
- conversely, the employee benefit entitlement accrued at 31 December 2006 continues to represent the liability accumulated by the company in respect of defined-benefit plans. This liability will not be

increased by further accruals. Accordingly, unlike previous periods, the actuarial calculation performed to determine the balance at 31 December 2011 did not include the component reflecting future wage growth.

The present value of the Company's liability is determined by independent actuaries using the projected unit credit method. Under this method, the liability is projected into the future to determine the probable amount to be paid when the employment relationship is terminated and then discounted to take account of the passage of time prior to actual payment. The calculation takes account of severance benefits accrued for past service and is based on actuarial assumptions concerning, primarily, interest rates, which reflect the market yield of securities issued by leading companies with maturities consistent with the expected maturity of the obligation,[1] and employee turnover.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the Company's commitments at the end of the period, generated by changes in the actuarial assumptions used previous (described above) are recognised directly in equity, excluding the related tax effect, and no longer through profit or loss.

Stock incentive plan

The Company approved a stock incentive plan (stock options) targeted at directors with specific duties and managers holding strategic positions within the group parent and/or its subsidiaries. Under IFRS 2 – Share-based payment, this plan represents a component of the beneficiaries' compensation. Therefore, the cost is represented by the fair value of the stock options at the grant date, calculated using financial measurement techniques, taking market conditions into account, and recognised in the income statement on a pro-rata basis over the period during which the incentive accrues, with a balancing entry in shareholders' equity.

Provisions

Provisions are recognised in respect of certain or probable costs or liabilities whose amount or timing could not be determined at period-end.

Provisions are recognised when, at the balance sheet date, the Company has a legal or constructive obligation deriving from a past event and it is probable that an outflow of resources will be required to meet the obligation and this outflow can be estimated. When the financial effect of the passage of time is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted. Increases in the provision caused by the passage of time are recognised as financial expenses.

[1] Discounting was performed on the basis of the IRS yield curve corresponding to the observation period (50 years).

Revenues

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Company and that their amount can be determined reliably. Revenues are measured net of discounts, allowances and returns.

Revenues for services are recognised at the time the services are delivered on a state of completion basis.

Transactions in non-euro currencies

All transactions in non-euro currencies are recognised at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities in denominated in currencies other than the functional currency are subsequently adjusted at the exchange rate prevailing at the close of the period. Any negative or positive differences between the amounts translated at the exchange rate for the period and the original value amounts are taken to the income statement. Any net gain resulting from the translation of receivables and payables at the end of the period is recognised in a specific undistributable reserve until the gain is realised.

Financial income and expense

Financial income and expense are recognised on an accruals basis and calculated with reference to the interest accrued on the net value of the underlying asset or liability using the effective interest rate. As regards capitalized financial expense, please see the discussion under the policies adopted for property, plant and equipment.

Dividends

Dividends are recognised on the date on which shareholders obtain title to payment.

Income taxes

Current income taxes for the period are determined on the basis of estimated taxable income in compliance with current legislation.

Deferred tax assets and liabilities are recognised on the basis of temporary differences between the amounts reported in the financial statements and the amounts reported for tax purposes, using the tax rates likely to be in force at the date the differences reverse.

Deferred tax assets are recognised when it is probable that they will be recovered, i.e. when future taxable income is expected to be sufficient for the asset to be recovered.

The probability of recovery is reviewed at the end of each period.

Use of estimates

The preparation of the financial statements requires management to use accounting methods and principles that, in certain cases, are based on difficult and subjective assessments and estimates that are derived from historical experience and reasonable and realistic assumptions made in the light of the related circumstances. The use of such estimates and assumptions influences the values reported in the financial statements as well as in the accompanying disclosures. The final values of items for which estimates and assumptions have been made may differ from those stated in the financial statements owing to the uncertainty that accompanies the assumptions and circumstances underpinning the estimates.

The following accounting policies and items require more extensive use of subjective judgements on the part of management, with the result that changes in the circumstances underlying the assumptions could have a material impact on the financial statements of the Company:

- Measurement of non-current assets
- Deferred tax assets and liabilities

The estimates and assumptions are reviewed periodically and the effects of changes are recognised in the income statement, if they involve that period only. In the event they involve both the current and future periods, the change is recognised in the period in which the revision occurs and in the relative future periods.

Risk management

The Company is exposed to a variety of financial risks in its operations, specifically:

Credit risk

The credit risk faced by the Cementir Holding SpA is not particularly significant, since the company presents not relevant credit amounts, especially towards controlled companies for services given.

As regards bank deposits and derivatives operations, the company operates on an on-going basis with leading counterparties of high standing, thereby limiting the associated credit risk.

Liquidity risk

Liquidity risk regards the availability of financial resources and access to the credit market and financial instruments in general: given Company’s financial soundness this risk is not deemed significant.However Cementir Holding SpA manages liquidity risk by a careful control of both the cash flow and financing needs, having sufficient credit lines to face any unplanned event.

Market risk

The Company is exposed to risks associated with changes in exchange rates and in interest rates.

Cementir Holding SpA has a limited direct exposure to exchange rate risk since it may have foreign currency borrowings and/or deposits. The Company constantly monitors these risks in order to assess their potential impact in advance and to take appropriate steps to mitigate them.

Finally, since the Cementir Holding SpA has borrowed funds from banks bearing floating interest rates, it is exposed to interest rate risk. However, this risk is deemed to be small since its borrowings at present are denominated exclusively in euros, whose medium/long-term yield curve is not steep. Based on an overall assessment of the level of expected interest rates and the timing of debt reduction in relation to forecast cash flows, interest rate swaps are used to partially hedge the risk.

Merger by incorporation

On 28 September 2011, the Board of Directors of Cementir Holding SpA approved the merger of Cementir Delta SpA and Intercem SpA, a wholly-owned subsidiaries of Cementir Holding SpA, into the Company.

We have not prepared a comparative pro-forma statement of financial position and income statement for 2010 as Cementir Delta S.p.A. and Intercem S.p.A were non-trading holding companies and so the effects of the mergers on the 2011 statement of financial position and income statement are representative of those produced if the mergers were backdated to 2010.

The notes discuss separately the impact of the mergers on the individual items of the financial statements.

1) Intangible assets

Intangible assets amounted to EUR 659 thousand (EUR 566 thousand at 31 December 2010) and are entirely accounted for by the costs incurred for the acquisition and implementation of the SAP/R3 and Hyperion 9 information systems. Amortisation is calculated in the account on the basis of the estimated useful life of the asset.

(EUR '000)	Other assets	Total
Gross value at 1 January 2011	**3,067**	**3,067**
Increases	418	418
Gross value at 31 December 2011	**3,485**	**3,485**
Amortisation at 1 January 2011	**2,501**	**2,501**
Increases	325	325
Amortisation at 31 December 2011	**2,826**	**2,826**
Net value at 31 December 2011	**659**	**659**
Gross value at 1 January 2010	**2,968**	**2,968**
Increases	99	99
Gross value at 31 December 2010	**3,067**	**3,067**
Amortisation at 1 January 2010	**2,220**	**2,220**
Increases	281	281
Amortisation at 31 December 2010	**2,501**	**2,501**
Net value at 31 December 2010	**566**	**566**

2) Property, plant and equipment

At 31 December 2011 property, plant and equipment amounted to EUR 83 thousand (EUR 67 thousand at 31 December 2010) and consists of furniture, electronic equipment and the computer server used in business.

(EUR '000)	Other assets	Total
Gross value at 1 January 2011	**508**	**508**
Increases	45	45
Gross value at 31 December 2011	**553**	**553**
Depreciation at 1 January 2011	**441**	**441**
Increases	29	29
Depreciation at 31 December 2011	**470**	**470**
Net value at 31 December 2011	**83**	**83**
Gross value at 1 January 2010	**460**	**460**
Increases	48	48
Gross value at 31 December 2010	**508**	**508**
Depreciation at 1 January 2010	**407**	**407**
Increases	34	34
Depreciation at 31 December 2010	**441**	**441**
Net value at 31 December 2010	**67**	**67**

3) Investment property

Investment property amounted to EUR 23,000 thousand and reflects the fair value, as determined by independent appraisers, of the property in Torrespaccata (Rome). It is unchanged with respect to the previous year. The entire value of the property is pledged as collateral for medium and long-term bank debt with an outstanding amount at 31 December 2011, gross of discounting, of EUR 11,957 thousand.

4) Equity investments in subsidiaries

Equity investments in subsidiaries came to EUR 779,439 thousand (EUR 438,917 thousand at 31 December 2010) and break down as follows:

(EUR ‘000)	Registered office	% holding	Carrying amount at 31 December 2011	Merger impact	% holding	Carrying amount at 31 December 2010
Cimentas AS	Izmir (TR)	96.43%	344,277	207,358	37.59%	136,919
Cementir Espana	Madrid (ES)	100.00%	206,735	206,735	-	-
Intercem SpA	Roma (I)	-	-	(120,354)	99.17%	120,354
Alfacem Srl	Roma (I)	99.99%	85,220	85,000	0.99%	220
Cementir Delta SpA	Roma (I)	-	-	(38,217)	99.99%	38,217
Cementir Italia Srl	Roma (I)	99.99%	143,207	-	99.99%	143,207
Equity investments			**779,439**	**340,522**		**438,917**

The increase of EUR 340,522 thousand on 2010 is attributable to the impact of the merger with Cementir Delta S.p.A. and Intercem S.p.A. on 20 December 2011.

All the equity investments are in unlisted companies, with the exception of Cimentas AS, which is listed on the Istanbul Stock Exchange.

No evidence of impairment was found.

5) Equity investments available for sale

Equity investments available for sale amounted to EUR 7,963 thousand, represented by 1,747,000 shares of Italcementi SpA. Changes in the year were as follows:

(EUR ‘000)	31.12.2011	31.12.2010
Equity investments available for sale start of period	**6,325**	**3,782**
Increases	3,544	4,005
Decreases	-	-
Change in fair value	(1,906)	(1,462)
Equity investments available for sale	**7,963**	**6,325**

No evidence of impairment was found. In addition, even if the parameters for a "significant" and "prolonged" reduction in carrying amount used until 2010 had been applied (30% of the carrying amount and 40 months), no evidence of impairment would have emerged.

6) Non-current financial assets

The item amounted to EUR 106 thousand, unchanged over 31 December 2010, and is made up of receivables in respect of security deposits falling due in less than five years.

7) Trade receivables

Trade receivables totalled EUR 5,154 thousand (EUR 13,285 thousand at 31 December 2010), and are composed of the following elements:

(EUR '000)	31.12.2011	Merger impact	31.12.2010
Customer receivables	117	-	357
Impairment	-	-	-
Receivables due from subsidiaries	3,541	3	11,911
Receivables due from other Group companies	1,496	-	1,017
Trade receivables	**5,154**	**3**	**13,285**

The carrying amount of trade receivables approximates their fair value.

The column headed "Merger impact" reports the receivable in respect of Alfacem S.r.l., which was originally held by Cementir Delta S.p.A., now merged into the Company.

The deadlines for payment of receivables from customers are as follows:

(EUR '000)	31.12.2011	31.12.2010
Customer receivables not past due	117	357
Customer receivables past due	-	-
Total customer receivables	**117**	**357**
Fair value	-	-
Trade receivables	**117**	**357**

Receivables from subsidiaries refer to consulting services provided by employees of Cementir Holding SpA to its subsidiaries and royalties for the use of the Cementir Holding SpA trademark by its subsidiaries.

For an analysis of receivables due from subsidiaries, associates and other Group companies, please see Note 33 concerning transactions with related parties..

8) Current financial assets

Current financial assets came to EUR 6,216 thousand (EUR 370,591 thousand at 31 December 2010) and comprise non-interest-bearing loans to the subsidiary Alfacem S.r.l. in the amount of EUR 5,413 thousand, which Cementir Holding S.p.A. has taken over as a result of the merger of Cementir Delta S.p.A., and EUR 803 thousand in respect of accrued income for the interest rate subsidy from Simest SpA on loans from various banks.

The substantial reduction compared with 2010 is due to the offsetting of the receivables that Cementir Holding S.p.A. held in respect of Intercem S.p.A. and Cementir Delta S.p.A., equal to EUR 68,684 thousand and 185,785 thousand, respectively, following their merger into the Company.

9) Current tax assets

Current tax assets amounted to EUR 2,092 thousand (EUR 2,233 thousand at 31 December 2010) and are mainly composed of credits for IRES and IRAP advance payments.

10) Other current assets

Other current assets came to EUR 1,958 thousand (EUR 2,112 thousand at 31 December 2010) and break down as follows:

(EUR '000)	**31.12.2011**	**31.12.2010**
VAT (tax consolidation mechanism)	997	1.706
Receivables from subsidiaries (IRES tax consolidation mechanism)	269	-
Other receivables	609	379
Prepaid general expenses	83	27
Other current assets	**1,958**	**2,112**

11) Cash and cash equivalents

The item amounted to EUR 5,377 thousand (EUR 8,364 thousand at 31 December 2010) and consists of the Company's liquidity. It breaks down as follows:

(EUR '000)	**31.12.2011**	**Merger impact**	**31.12.2010**
Bank deposits	3,032	23	3,217
Bank deposits with related parties	2,341	-	5,144
Cash and cash equivalents on hand	4	1	3
Cash and cash equivalents	**5,377**	**24**	**8,364**

12) Share capital

At 31 December 2011, share capital amounted to EUR 159,120,000 represented by 159,120,000 fully paid-in ordinary shares with a par value of EUR 1.00 each.

13) Share premium reserve

At 31 December 2011 the item came to EUR 35,710 thousand, unchanged with respect to 31 December 2010.

14) Other reserves

Other reserves totalled EUR 462,183 thousand (EUR 387,958 thousand at 31 December 2010), with the increase attributable to the *negative goodwill* generated following the merger of Cementir Delta S.p.A. (EUR 79,856 thousand) and Intercem S.p.A. (EUR 18,220 thousand) into the Company:

(EUR '000)	31.12.2011	Merger impact	31.12.2010
Revaluation reserve	97,733	-	97,733
Legal reserve	31,824	-	31,824
Other reserves	127,690	98,076	29,614
Other IAS reserves	96,554	-	98,140
Retained earnings	108,382	-	130,647
Other reserves	**462,183**	**98,076**	**387,958**

Other IAS reserves break down as follows:

(EUR '000)	31.12.2011	31.12.2010
Fair value reserves - property, plant and equipment	99,371	99,371
Fair value reserves - equity investments	(2,789)	(1,206)
Financial debt accretion reserves	61	61
Severance benefit accretion reserves	(89)	(86)
Total other IAS reserves	**96,554**	**98,141**

Analysis of shareholders' equity

The nature and possibilities for use and distribution of the components of shareholders' equity are shown in the following table:

(EUR '000)				**Summary of uses in the three previous years**	
	Amount	**Possible uses**	**Amount available**	**coverage of losses**	**other**
Share capital	159,120				
Share premium reserve	35,710	A,B,C	35,710		
Revaluation reserve - Law 342/2000 -2000 and 2003	97,733	A,B,C	97,733		
Legal reserve	31,824	B	31,824		
Reserve for carrying amount adjustments - Law 266/05	16,228	A,B,C	16,228		
Capital grants reserve	13,207	A,B	13,207		
Reserve - Art.15 Law 67 of 11/3/88	138	A,B	138		
Reserve - Law 349/95	41	A,B	41		
Negative goodwill	98,076	A,B,C	98,076		
Other IAS reserves – Revaluation reserve Law 266/05	90,635	A,B,C	90,635		
Other IAS reserves	5,919				
Retained earnings	108,382	A,B,C	108,382	19,809	31,824
Total	**497,893**		**491,974**	**19,808**	**31,824**
Not distributable			**45,210**		
Distributable			**446,764**		

Key: A: capital increase B: coverage of losses C: distribution to shareholders

Reserves that would form part of taxable income in the event of their distribution totalled EUR 323,120 thousand.

The non-distributable portion is composed of the legal reserve, the capital grants reserve, the Reserve - Art.15 Law 67 of 11/3/88 and the Reserve - Law 349/95.

Dividends

On 8 March 2012, the Board of Directors proposed the distribution of a dividend to shareholders in the total amount of EUR 0.04 per ordinary share, equal to EUR 6,365 thousand.

During the year, the 2010 dividend was distributed in the amount of EUR 0.06 per ordinary share, for a total of EUR 9,547 thousand.

Stock incentive plans (stock options)

Cementir Holding approved a stock incentive plan (stock options) affecting 3 key managers (beneficiaries) of Group companies at 30 June 2011. Specifically, on 11 February 2008, the Board of Directors granted the first instalment of options, originally equal to 1,225,000 options, currently 820,000 options, and set the exercise price as follows:

Position held	Date of shareholders resolution	Date of granting by the Board of Directors	Description of instrument	No. of financial instruments underlying the options granted	Exercise price	Expiration of option
Members of Board of Directors (3)	.5 Jan. 2008	11 Feb. 2008	Options on Cementir Holding SpA shares	820,000	EUR 7	11Feb. 2013
Total				**820,000**		

With regard to the terms and methods for subscribing and exercising options, it should be noted that:

(i) options were subscribed through delivery of the letter granting the options, along with the approved Rules, both duly signed to indicate acceptance, by each Beneficiary by 31 March 2008;

(ii) the options must be exercised by the Beneficiaries in one or more instalments, but in any case in an amount for each instalment of not less than 2,500 options granted to each. The options must be exercised within the time period indicated in the letter granting the options, but not before 11 February 2011 nor after 11 February 2013. The options must be exercised in the manner provided in paragraph 6 of the Rules.

Finally, under the Rules, in order to exercise the options, the Beneficiaries: (i) must, at the time of exercise, continue to be managers or directors, provided they are employees, of the Company and/or its subsidiaries; and (ii) must meet certain targets within their respective sub-groups.

The exercise price of the options was set at EUR 7.00, higher than EUR 5.50, the arithmetic mean of the official prices for the Company's stock reported on the Electronic Share Market organized and run by Borsa Italiana SpA in the month preceding the grant date (the "reference price"). The exercise price is set in this manner to increase of the value of the company, a primary goal of the incentive plan.

Considering that the exercise price is higher than the reference price indicating the market value of the shares on the grant date, and given the conditions to be met to exercise the options, we believe that the options, measured by applying appropriate financial methodologies, express non-significant values.

15) Employee benefit provisions

The provision for employee benefits, equal to EUR 325 thousand (EUR 482 thousand at 31 December 2010) represents an estimate of the liability, calculated using actuarial techniques, in respect of the amount due to employees at the time the employment relationship terminates. As from 1 January 2007, the Finance Act and related implementing legislation introduced significant changes in the rules governing severance benefits (*Trattamento di Fine Rapporto - TFR*), one of which allows employees to choose how to invest the accruing benefit. In particular, new accruals can be paid into a supplementary pension scheme or left with the company (in this case, the latter must pay TFR contributions to a treasury fund established by the National Social Security Institute (INPS)).

The change in the law effectively transformed the TFR system from a defined-benefit plan into a defined-contribution plan.

The actuarial assumptions used are summarised in the following table:

Values in %	**31.12.2011**	**31.12.2010**
Discount rate	4.60%	3.28%
Annual accretion of TFR	3.15%	2.80%

Changes were as follows:

(EUR '000)	**31.12.2011**	**31.12.2010**
Net liability at start of period	**482**	**473**
Current service cost	-	-
Interest cost	16	26
Net actuarial (gain)/loss recognised during the period	4	45
(Benefits paid)	122	-
Net liability at end of period	(299)	(62)
Net liability at start of period	**325**	**482**

16) Provisions

The item came to EUR 600 thousand. It represents the provisions accrued in the year in consideration of the Supreme Court's decision in the tax dispute pertaining to 1988, permitting the recovery of the local income tax (ILOR) on 1988 income in the amount of ITL 3,738,546,000. This amount was converted into EUR, with fines and related charges added, and allocated to the provision. The Company received no notice of the timing and procedures for payment during 2011 and as a result the provision was unchanged.

17) Financial liabilities

Non-current and current financial liabilities are summarised below:

(EUR ‘000)	31.12.2011	Merger impact	31.12.2010
Bank borrowings	26,926	-	78,702
Bank borrowings – related parties	44,789	-	44,747
Non-current financial liabilities	**71,715**	**-**	**123,449**
Bank borrowings	42,850	-	35,000
Bank borrowings – related parties	541		-
Short-term portion of non-current financial liabilities – banks	51,920	-	8,721
Financial payables to related parties	12,157	889	112,618
Fair value of derivatives	10,116	-	1,021
Other financial payables	766	-	682
Current financial liabilities	**118,350**	**889**	**158,042**
Total financial liabilities	**190,065**	**889**	**281,491**

Non-current bank borrowings, equal to EUR 71,715 thousand, regard the floating-rate mortgage loan (6-month Euribor + 0.75%) from Banca Intesa SpA for the acquisition of the property at Torrespaccata maturing in 2024, the floating-rate loan (6-month Euribor + 0.50%) from MCC SpA and Banca Intesa SpA, maturing in 2014, and the floating-rate loan (6-month Euribor + 1.25%) from Monte dei Paschi di Siena SpA maturing in 2017. The Monte dei Paschi di Siena SpA and MCC SpA loans benefit from a fixed interest subsidy granted by Simest to companies that invest in non-EU countries.

The short-term portion of non-current liabilities regards the floating-rate loan (1-month Euribor + 1.25%) from Unicredit SpA maturing in 2012 (EUR 43,175 thousand), the instalments falling due in 2012 of the floating-rate loan (6-month Euribor + 0.75%) from Banca Intesa SpA for the property owned in Torrespaccata (EUR 745 thousand) and the instalments falling due during the year on the floating-rate loan (6-month Euribor + 0.50%) from MCC SpA and Banca Intesa SpA (EUR 8,000 thousand).

Financial payables to related parties (EUR 12,698 thousand) relate to interest-bearing loans, entered into under normal market terms and conditions, received by Cementir Italia Srl for EUR 11,192 thousand and by Alfacem S.r.l. for EUR 76 thousand, and the non-interest-bearing loan originally granted by Betontir S.p.A. to Intercem S.p.A. in the amount of EUR 889 thousand, which was recognised following the merger of Intercem S.p.A. into Cementir Holding S.p.A.

Other financial payables, amounting to EUR 766 thousand, relate primarily to the portion of interest accrued on non-current loans.

With regard to financial liabilities, about 59% are subject to financial parameter thresholds that were not exceeded at 31 December 2011.

As of 31 December 2011 the Torrespaccata property in Rome is encumbered by a mortgage of EUR 20.8 million as collateral for the loan granted by Banca Intesa SpA. Guarantees given to third parties at 31 December 2011 amounted to EUR 110,692 thousand and mainly consist of a guarantee for EUR 44 million in favour of Banca Intesa for a loan granted to the subsidiary Alfacem Srl, and the guarantees for loans granted to the Turkish subsidiary Cimentas AS, in favour of Banca Intesa for EUR 20,480 thousand (USD 26 million), of CentroBanca SpA for EUR 7,570 thousand (USD 9,795 thousand) and of Unicredit SpA for EUR 38,642 thousand (USD 50 million). Loans expressed in US dollars were translated into euros at the prevailing exchange rate on 31 December 2011 of EUR/USD 1.2939.

The Company's exposure, broken down by maturity, is as follows:

(EUR 000)	31.12.2011	31.12.2010
Within 3 months	47,680	4,280
- *-To third parties*	*47,139*	*4,276*
- *-To related parties*	*541*	*4*
3 months to 1 year	70,670	153,762
- *-To third parties*	*58,513*	*41,147*
- *-To related parties*	*12,157*	*112,615*
1 to 2 years	17,771	8,517
2 to 5 years	37,223	88,399
More than 5 years	16,721	26,533
Total financial liabilities	**190,065**	**281,491**

The carrying amount of both current and non-current financial liabilities is equal to their fair value..

Net financial position

The following provides a breakdown of the net financial position as required in CONSOB Communication no. 6064293 of 28 July 2006.

(EUR '000)	31.12.2011	31.12.2010
A. Cash	4	3
B. Other liquid assets	5,373	8,361
C. Securities held for trading	-	-
D. Cash and cash equivalents (A+B+C)	**5,377**	**8,364**
E. Current financial receivables	**6,216**	**370,591**
F. Current bank borrowings	42,850	35,721
G. Current portion of non-current liabilities	51,920	8,000
H. Other current financial payables	23,580	114,321
I. Current financial liabilities (F+G+H)	**118,350**	**158,042**
J. Net current financial liabilities (I-E-D)	**106,757**	**(220,913)**
K. Non-current bank borrowings	71,715	123,449
L. Bonds in issue	-	-
M. Other non-current liabilities	-	-
N. Non-current financial liabilities (K+L+M)	**71,715**	**123,449**
O. Net financial position (J+N)	**178,472**	**(97,464)**

Financial payables to related parties comprises creditor positions amounting to EUR 7.7 million (EUR 375.1 million at 31 December 2010) and debtor positions of EUR 57.5 million (EUR 157.3 million at 31 December 2010).

18) Other non-current liabilities

Other non-current liabilities, amounting to EUR 1,128 thousand, is comprised of the instalments due beyond 2012 in payment of the settlement of the assessment agreed with the tax authorities in 2011 concerning direct taxes and VAT owed for 2004 and thereafter.

19) Trade payables

The value of trade payables, which approximates their fair value, amounted to EUR 2,097 thousand (EUR 2,501 thousand in 2010). They break down as follows:

(EUR '000)	31.12.2011	Merger impact	31.12.2010
Payables to suppliers	1,257	10	1,445
Payables to related parties	840	155	1,056
Trade payables	**2,097**	**165**	**2,501**

The impact of the merger on intercompany items regarded the recognition of the payables of Cementir Delta SpA (EUR 102 thousand) and Intercem SpA (EUR 53 thousand) due to the Turkish subsidiary Cimentas AS. For an analysis of payables due to subsidiaries, associates and parent companies, see Note 33 on transactions with related parties.

20) Current tax liabilities

At 31 December 2011 the item had a balance of EUR 1,517 thousand and is comprised entirely of the instalments due by the end of 2012 in settlement of the assessment described in Note 18.

21) Other current liabilities

(EUR '000)	31.12.2011	Merger impact	31.12.2010
Payables to employees	1,202	-	408
Payables to social security institutions	296	-	305
Other payables	554	36	401
Other payables to subsidiaries (IRES, VAT - tax consolidation mechanism)	16,638	-	9,986
Deferred income	32	-	31
Other current liabilities	**18,722**	**36**	**11,131**

The item “accrued expenses” is comprised solely of the portion of the leasing fee owed on the Torrespaccata premises attributable to the subsequent year.

The merger impact is attributable to the liability for the fees due from Cementir Delta SpA to the Board of Auditors in the amount of EUR 32 thousand and for liabilities in respect of withholding tax on fees paid to self-employed persons by Intercem SpA in the amount of EUR 4 thousand.

22) Deferred tax assets and liabilities

(EUR '000)	**31.12.2010**	Accrual net of utilisation recognised in income statement	Increases net of decreases recognised in equity	**Merger impact**	**31.12.2011**
Other	9,538	14,006	323	21	23,888
Deferred tax assets	**9,538**	**14,006**	**323**	**21**	**23,888**
Diff. FV/tax value of property, plant and	4,646	(16)	-	-	4,630
Employee benefit provision	12	-	(1)	-	11
Deferred tax liabilities	**4,658**	**(16)**	**(1)**	**-**	**4,641**

Deferred tax items are calculated by applying the current tax rate to temporary differences between taxable income and the income reported in the financial statements.

The balance at 31 December 2011 of deferred tax assets (EUR 23,888 thousand) is composed of IRES credits in the amount of EUR 23,710 thousand and IRAP credits of EUR 178 thousand. The assets are expected to be recovered in subsequent years within the statutory time limits.

The balance at 31 December 2011 of deferred tax liabilities (EUR 4,641 thousand) is composed of IRES liabilities in the amount of EUR 4,045 thousand and IRAP liabilities of EUR 596 thousand.

23) Revenues

(EUR '000)	**2011**	**2010**
Services	12,181	11,494
Revenues	**12,181**	**11,494**

Revenues from services include EUR 4,599 thousand in respect of management services performed for subsidiaries and EUR 7,582 thousand in respect of royalties for the use of the Cementir Holding brand by the subsidiaries. For details of receivables due from subsidiaries, associates and other Group companies, please see Note 33 concerning transactions with related parties.

24) Other operating revenues

(EUR '000)	**2011**	**2010**
Building rental	1,233	1,255
Other operating revenues	**1,233**	**1,255**

Rental income mainly regards payments under the lease contract for the Torrespaccata property in Rome.

25) Personnel costs

(EUR '000)	2011	2010
Salaries and wages	6,531	4,552
Social security contributions	1,448	1,080
Other costs	1,156	271
Personnel costs	**9,135**	**5,903**

Other costs regard expenses for employees such as additional indemnities and insurance. The workforce at 31 December 2011 came to:

	2011	2010
Executives	21	17
Middle management and office staff	34	21
Total	**55**	**38**

26) Other operating costs

(EUR '000)	2011	2010
Consulting	1,283	2,607
Remuneration of Board of Directors	2,005	2,611
Fees paid to independent auditor	63	60
Other services	1,113	474
Other operating charges	1,545	1,780
Other operating costs	**6,009**	**7,532**

Other operating costs include, among other things, the rental fee for the Corso Francia premises (EUR 559 thousand), property management costs for the Torrespaccata premises (EUR 130 thousand) and fees paid to the members of the Board of Auditors (EUR 150 thousand).

Total operating costs also include transactions with related parties. See Note 33 for further details.

27) Depreciation, amortisation, impairment losses and provisions

(EUR '000)	2011	2010
Amortisation	325	281
Depreciation	29	34
Depreciation, amortisation, impairment losses and provisions	**354**	**315**

28) Financial income and expense

Net financial expense came to EUR 25,147 thousand. The item breaks down as follows:

(EUR '000)	2011	2010
Dividends from other companies	120	51
Interest income	32	79
Interest subsidies – Simest	2,012	1,356
Other financial income	853	4,120
Total financial income	**3,017**	**5,606**
Interest expense	(4,294)	(4,661)
Other financial expense	(23,870)	(3,527)
Total financial expense	**(28,164)**	**(8,188)**
Net financial result	**(25,147)**	**(2,582)**

Dividends from other companies amounted to EUR 120 thousand and were received on the shares of Italcementi SpA held at 31 December 2011.

"Other financial expense" amounted to EUR 23,870 thousand and is comprised mainly of losses on financial derivatives used to hedge interest rates and commodities. The performance is attributable to the extraordinary reduction in the value of those derivatives in 2011 as a result of the extreme volatility in financial markets. Of this total, however, EUR 9.2 million are attributable to unrealised, but recognised, losses from the mark-to-market measurement of those financial instruments.

Financial operations also include transactions with related parties. See Note 33 for further details.

29) Income taxes

Income tax for the year showed a net asset of EUR 7,055 thousand (income tax liability of EUR 9,135 thousand in 2010), and breaks down as follows:

(EUR '000)	2011	2010
Current taxes	(6,967)	(17,326)
Deferred tax assets	14,006	8,174
Deferred tax liabilities	16	17
Total	**7,055**	**(9,135)**

Current taxes, amounting to EUR 6,967 thousand, are mainly the result of the impact of the tax consolidation mechanism.

The reconciliation between the theoretical tax liability and the effective tax liability reported in the income statement is analysed below:

(EUR ‘000)	2011	2010
Theoretical tax liability	**7,488**	**985**
Increased permanent differences	(200)	(201)
Decreased permanent differences	62	80
Taxes pertaining to previous years	(44)	(9,852)
Effective IRAP liability	(251)	(147)
Tax for the period	**7,055**	**(9,135)**

30) Other components of comprehensive income

The following table provides a breakdown of other components of comprehensive income before taxes:

(Euro ‘000)	2011			2010		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Financial instruments	(1,906)	323	**(1,583)**	(1,462)	106	**(1,356)**
Actuarial gains (losses) on severance benefits (TFR)	(4)	1	**(3)**	(275)	76	**(199)**
Total other components of comprehensive income	**(1,910)**	**324**	**(1,586)**	**(1,737)**	**182**	**(1,555)**

31) Risk management and disclosures on financial risks

The Company is exposed to a variety of financial risks in its operations, specifically:

Credit risk

Cementir Holding SpA’s exposure to credit risk is not significant since the Company does not engage in operating activities and its commercial transactions are largely carried out with subsidiaries and associates for which the risk of insolvency is virtually nil.

Refer to Note 7 for information on trade receivables from third parties, including details on portions past due, the relative impairments and those not yet due.

As regards bank deposits and derivatives operations, the Company operates on an on-going basis with leading counterparties of high standing, thereby limiting the associated credit risk.

Liquidity risk

Liquidity risk regards the availability of financial resources and access to the credit market and financial instruments in general.

The Company manages this risk by continually monitoring cash flows, funding requirements and liquidity with a view to ensuring effective and efficient management of financial resources.

The Company has sufficient credit lines to meet any unplanned requirements.

A breakdown of financial liabilities by maturity is given in Note 17.

Market risks

Market risk mainly regards the risk of changes in exchange rates and interest rates.

Exchange rate risk

Cementir Holding SpA has a limited direct exposure to exchange rate risk since it may have foreign currency borrowings and/or deposits. The Company constantly monitors these risks in order to assess their potential impact in advance and to take appropriate steps to mitigate them.

Interest rate risk

Since Cementir Holding SpA has borrowed funds from banks bearing floating interest rates, it is exposed to interest rate risk. However, this risk is deemed to be small since its borrowings at present are exclusively in euros, which have a gentle medium/long-term yield curve. Based on an overall assessment of the level of expected interest rates and the timing of debt reduction in relation to forecast cash flows, interest rate swaps are used to partially hedge the risk.

The net financial position at 31 December 2011 showed a net debtor position of EUR 178.5 million (EUR 11.6 million in current financial receivables and other liquidity, EUR 118.4 million in short-term financial liabilities and EUR 71.7 million in medium/long-term financial liabilities); the entire exposure was floating rate.

The net financial position at 31 December 2010 showed a net creditor position of EUR 97.5 million (EUR 379 million in current financial receivables and other liquidity, EUR 158 million in short-term financial liabilities and EUR 123.5 in medium/long-term financial liabilities); the entire exposure was floating rate.

As regards the floating rate on the short and medium/long-term exposure, an annual increase of 1% in interest rates, all other variables being equal, would reduce profit before taxes by EUR 2.3 million (EUR 2.1 million in 2010) and shareholders' equity by EUR 1.7 million (EUR 1.4 million at 31 December 2010). An analogous decrease in interest rates would have a corresponding positive impact.

32) Hierarchy of fair value inputs under IFRS 7

With regard to financial instruments measured at fair value, IFRS 7 requires that such instruments be classified on the basis of a hierarchy of inputs used to determine that fair value. The following levels are used:

- Level 1: determination of fair value on the basis of quoted prices on active markets for the class of assets or liabilities being measured;
- Level 2: determination of fair value on the basis of inputs other than quoted prices in Level 1 that can be observed directly (prices) or indirectly (derivatives on prices) in the market; this category includes instruments that are not sufficiently liquid or that do not have a binding market price on a continuous basis;
- Level 3: determination of fair value on the basis of valuation models whose inputs are not based on observable market data.

The following table sets out the hierarchy for assets and liabilities measured at fair value:

31 December 2011 (EUR '000)	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity investments available for sale	5	(1,906)	-	-	**(1,906)**
Total assets		**(1,906)**	**-**	**-**	**(1,906)**
Current financial liabilities	18	-	10,116	-	**10,116**
Total liabilities		**-**	**10,116**	**-**	**10,116**

In 2011 there were no transfers among the various levels and there was no change in Level 3.

33) Transactions with related parties

Transactions entered into by the Company with related parties generally form part of normal operations and are settled on market terms and conditions; no unusual or atypical transactions were carried out.

On 5 November 2010, the Board of Directors of Cementir Holding SpA, in response to the new CONSOB regulation on related party transactions issued pursuant to CONSOB Resolution no. 17221 of 12 March 2010, as amended, designed to make the substantive and procedural aspects of the Group's transactions with related parties clearer and fairer, approved the procedures for related party transactions, effective as from 1 January 2011.

As required by CONSOB Communication no. 6064293 of 28 July 2006, below is a summary of the commercial and financial transactions and the relative impact:

Commercial and financial transactions

Year 2011

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

Year 2010

(EUR '000)				CASH AND				
	TRADE	FINANCIAL	OTHER	CASH	TRADE	FINANCIAL	OTHER	
	RECEIVABLES	RECEIVABLES	RECEIVABLES	EQUIVALENTS	PAYABLES	PAYABLES	PAYABLES	BALANCE
Caltagirone SpA	-	-	-	-	(180)	-	-	**(180)**
Betontir SpA	-	-	-	-	-	-	(439)	**(439)**
Cementir Delta SpA	-	301,365	-	-	-	-	(18)	**301,347**
Intercem SpA	1	68,644	-	-	-	-	-	**68,645**
Cimentas AS	3,232	-	-	-	(19)	-	-	**3,213**
Alfacem Srl	-	22	-	-	-	(4)	-	**18**
Cementir Espana SL	-	-	-	-	-	(106,558)	-	**(106,558)**
Aalborg Portland A/S	5,711	-	-	-	(109)	-	-	**5,603**
Cementir Italia Srl	2,967	-	-	-	(683)	(6,056)	(9,529)	**(13,301)**
Vianini Lavori SpA	-	-	-	-	(38)	-	-	**(38)**
Piemme SpA	-	-	-	-	(28)	-	-	**(28)**
E-Care SpA	1,017	-	-	-	-	-	-	**1,017**
MpS SpA	-	-	-	51	-	(44,747)	-	**(44,696)**
Finnat Euramerica SpA	-	-	-	5,093	-	-	-	**5,092**
TOTAL	**12,928**	**370,031**	**-**	**5,144**	**(1,057)**	**(157,365)**	**(9,986)**	**219,695**
Total for item in the financial statements	**13,285**	**370,591**	**-**	**8,364**	**(2,501)**	**(281,491)**	**(11,131)**	
% impact on the item in the financial statements	**97.31%**	**99.85%**	**-**	**61.50%**	**42.26%**	**55.90%**	**89.71%**	

Revenues and costs

Year 2011

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

Year 2010

(EUR '000)	OPERATING REVENUES	FINANCIAL INCOME	PERSONNEL COSTS	OPERATING COSTS	FINANCIAL EXPENSE	BALANCE
Caltagirone SpA	-	-	-	(150)	-	(150)
Cimentas AS	3,405	-	-	-	-	3,405
Alfacem Srl	-	-	-	-	(2)	(2)
Aalborg Portland A/S	5,665	-	-	-	-	5,665
Cementir Italia Srl	2,423	47	-	(569)	(65)	1,836
Cementir Espana SL	-	-	-	-	(1,659)	(1,659)
Vianini Lavori SpA	-	-	-	(42)	-	(42)
Piemme SpA	-	-	-	(19)	-	(19)
E-Care SpA	821	-	-	-	-	821
MpS SpA	-	1	-	-	(1,035)	(1,034)
Finnat Euramerica SpA	-	25	-	-	-	25
TOTAL	**12,314**	**73**	**-**	**(780)**	**(2,761)**	**8,846**
Total for item in the financial statements	**12,749**	**5,606**	**-**	**(7,532)**	**(8,189)**	
% impact on the item in the financial statements	**96.59%**	**0.84%**	**-**	**10.36%**	**21.08%**	

Revenues from Cimentas AS, Aalborg Portland A/S, and Cementir Italia Srl relate to "brand royalty fees" and "management fees".

Revenues from E-Care SpA regard building rentals (Torrespaccata office building).

Costs attributable to Vianini Lavori SpA relate to re-charges for services. Costs attributable to parent companies and companies subject to common control relate to sundry services.

During the year, the Company incurred expenses for the rental of the premises on Corso di Francia, the Company's headquarters, paid to the subsidiary Cementir Italia Srl.

Remuneration of Directors, the Chief Operating Officer and members of the Board of Auditors

As regards the remuneration paid to directors, the Chief Operating Officer and members of the Board of Auditors, please see Annex 1.

For a complete information about the remuneration policy of Cementir Holding S.p.A., please make reference to 2011 Remuneration Policy Report drafted by the Company in line with the recommendations in Article 6 of the Corporate Governance Code for listed companies which is available at the website www.cementirholding.it.

Fees of independent auditors

In 2011 fees paid by the Company and the Group to the independent auditors, including related entities, amounted to about 405 thousand, of which EUR 374 thousand for auditing services and EUR 31 thousand for other services.

Rome, 8 March 2012

Chairman of the Board of Directors

/s/ Francesco Caltagirone Jr.

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Annex 1

Compensation paid to the members of the governing and supervisory boards, to the general managers and to the other key executives.

(EUR ‘000)

First name Surname	Office Held	Period during which the office was held	Expiry of the office	Fixed compensation			Compensation for participation in committees	Non equity variable compensation		Non monetary benefits	Other Compensation	Total	Fair Value of equity compensation	End of office or employment termination indemnity
				Attendance allowances	Compensation resolved by the General Shareholders’	Employment compensation		Bonuses and other incentiv	Profit sharing					
BOARD OF DIRECTORS														
Francesco *CALTAGIRONE*	Chairman	Entire year	2011			61		1,878		2		1,941		
Carlo *CARLEVARIS*	Deputy Chairman	Entire year	2011	3								3		
Alessandro *CALTAGIRONE*	Director	Entire year	2011	4								4		
Azzurra *CALTAGIRONE*	Director	Entire year	2011	4								4		
Edoardo *CALTAGIRONE*	Director	Entire year	2011	/								/		
Saverio *CALTAGIRONE*	Director	Entire year	2011	5		60						65		
Flavio *CATTANEO*	Director	Entire year	2011	1			10					11		
Mario *CILIBERTO*	Director	Entire year	2011	4		821						825		
Massimo *CONFORTINI*	Director	Entire year	2011	5			45					50		
Fabio *CORSICO*	Director	Entire year	2011	1								1		
Mario *DELFINI*	Director	Entire year	2011	5			10					15		
Alfio *MARCHINI*	Director	Entire year	2011	1								1		
Walter *MONTEVECCHI*	Director	Entire year	2011	/		151				2		153		
Riccardo *NICOLINI*	Director	Entire year	2011	5		771				16		792		
Enrico *VITALI*	Director	Entire year	2011	4			20					24		
BOARD OF STATUTORY AUDITORS														
Claudio *BIANCHI*	Chairman of the Board of Statutory Auditors		2013		77							77		
Gianpiero *TASCO*	Standing auditor		2013		51							51		
Federico *MALORNI*	Standing auditor		2013		64							64		
TOTAL				**42**	**192**	**1,864**	**85**	**1,878**	**/**	**20**	**/**	**4,081**	**/**	**/**
Key executives	**2**					***1,146**				****21**		**1,167**		
Compensation in the company that drafts the financial statements				42	144	2.028	85	1,878	/	25	/	4,202	/	/
Compensation from subsidiaries and affiliates				/	48	211	/	/	/	/	/	259	/	/

* It also includes the remuneration of Riccardo Nicolini, already showed in the column “Employment Compensation” which is referred to the members of the Board of Directors.

** It also includes non monetary benefits of Riccardo Nicolini already exposed as member of the Board of Directors.

Certification of the financial statements pursuant to Article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended

1. The undersigned Francesco Caltagirone Jr., Chairman of the Board of Directors, and Oprandino Arrivabene, manager responsible for preparing Cementir Holding SpA's financial reports, hereby certify, having also taken into consideration the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the appropriateness of the financial reports with respect to the Company structure; and
- the effective adoption of the administrative and accounting procedures for the preparation of the financial statements for the period ended 31 December 2011.

2. No material issues emerged in this regard.

3. In addition, we certify that:
3.1 the financial statements:
a) have been prepared in compliance with the international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as the measures issued in implementation of Legislative Decree 38/2005;
b) correspond to the information in the books and other accounting records;
c) provide a true and fair representation of the performance and financial position of the issuer;

3.2 the report on operations contains a discussion of the major events that occurred during the year and their impact on the financial statements, together with a description of the main risks and uncertainties to be faced.

Rome, 8 March 2012

The Chairman	Manager responsible for preparing the financial reports
/s/Francesco Caltagirone Jr.	/s/Oprandino Arrivabene