

Continuity

CONTENTS	
Letter to the Shareholders	4
GROUP PROFILE	7
Directors and Statutory Auditors	8
Highlights by Country	10
REVIEW OF OPERATIONS	25
Shares and Shareholders	26
Business Review	29
Human Resources	46
Research and Development	47
Ecology, Environment and Safety	49
Risk Management and Description of Main Risks	50
Outlook	52
FINANCIAL INFORMATION	55
Consolidated Financial Statements	56
Notes to Consolidated Financial Statements	61
Appendixes	140
Certification of Consolidated Financial Statements	149
Auditors' Report	150

Buzzi Unicem is an international multiregional, “heavy-side” group, focused on cement, ready-mix concrete and aggregates. The company’s dedicated management has a long-term view of the business and commitment towards a sustainable development, supported by high quality and environmentally friendly assets. Buzzi Unicem pursues value creation through lasting, experienced know-how and operating efficiency.

VISION

Key Figures

		2006	2007	2008	2009	2010	2011	2012
Cement sales	t / 000	33,320	34,067	32,093	25,548	26,570	28,218	27,263
Concrete sales	mc / 000	16,542	17,096	16,996	13,893	14,379	15,066	13,641
Aggregates sales	t / 000	9,442	14,050	12,280	10,031	10,651	9,708	8,642
Sales revenue	€m	3,205.0	3,496.1	3,520.2	2,671.8	2,648.4	2,787.4	2,813.4
Capital expenditure	€m	254.0	527.4	853.3	389.9	268.2	156.6	234.0
Headcount at year end ¹	no.	11,054	11,520	11,845	11,269	11,316	10,956	10,837

¹ Mexico at 50 %

Sales Revenue by Line of Business

(in %)



Sales Revenue by Region

(in %)



Sales Revenue

(in million of EUR)

2006	3,205.0
2007	3,496.1
2008	3,520.2
2009	2,671.8
2010	2,648.4
2011	2,787.4
2012	2,813.4

Capital expenditures

(in million of EUR)

2006	254.0
2007	527.4
2008	853.3
2009	389.9
2010	268.2
2011	156.6
2012	234.0

International presence



ITALY	Buzzi Unicem, Unical, Cementi Moccia (50 %), Laterlite (33 %), Addiment Italia (50 %)
GERMANY	Dyckerhoff, Deuna Zement, Dyckerhoff Beton
LUXEMBOURG	Cimalux
THE NETHERLANDS	Dyckerhoff Basal Netherlands
POLAND	Dyckerhoff Polska
CZECH REPUBLIC AND SLOVAKIA	Cement Hranice, ZAPA beton
UKRAINE	Volyn-Cement, YUGcement, Dyckerhoff Ukraina
RUSSIA	Sukholozhskcement
USA	Buzzi Unicem USA, Alamo Cement, Kosmos Cement (25 %)
MEXICO	Corporación Moctezuma (50 %)
ALGERIA	Société des Ciments de Hadjar Soud (35 %), Société des Ciments de Sour El Ghozlane (35 %)

Operating structure

		ITA	GER	LUX	NLD	POL	CZE / SVK	UKR	RUS	USA	MEX ¹	Total
Cement plants	no.	14	7	2	–	1	1	2	1	8	3	39
of which grinding	no.	4	2	1	–	–	–	–	–	–	–	7
Cement capacity	m tons/year	10.8	7.2	1.4	–	1.6	1.1	3.0	3.6	9.8	6.3	44.7
Ready-mix batch plants	no.	146	135	–	15	29	79	6	–	70	57	537
Aggregate quarries	no.	10	3	–	2	–	10	–	–	6	3	34
Terminals and deposits	no.	4	3	–	–	1	–	3	–	30	–	41

ITA/Italy, GER/Germany, LUX/Luxembourg, NLD/The Netherlands, POL/Poland, CZE/Czech Republic, SVK/Slovakia, UKR/Ukraine, RUS/Russia, USA/United States of America, MEX/Mexico

¹ figures at 100 %

Dear Shareholders,

I concluded my letter a year ago by expressing my hope that we would have seen a turnaround, especially in Italy, and new prospects for Buzzi Unicem to better respond to our basic goal of “creating jobs” through a continuous flow of investments similar to the way we have been able to manage our business for decades.

Unfortunately, the difficulties we experienced in the European markets in 2011 have continued into 2012, while the other parts of the world where we work have shown good signs of recovery.

The most heavily penalized country is Italy, where many of the cement plants – which, as you know, are continuously fired with temperatures of 1,500°C – are running at only 50% capacity, making it difficult to reach the break-even point in spite of continuous, almost obsessive attention to cutting costs wherever possible, including costs for essential regular maintenance. Italy’s importance in the group has fallen from its historical 27–28 % to under 20 %.

Things are definitely going better in other places where we do business: the United States has seen an upswing; Mexico is in good health; Germany and central Europe are on a downward trend, but still economically acceptable; Russia and the Ukraine display favorable operating conditions with stable currencies.

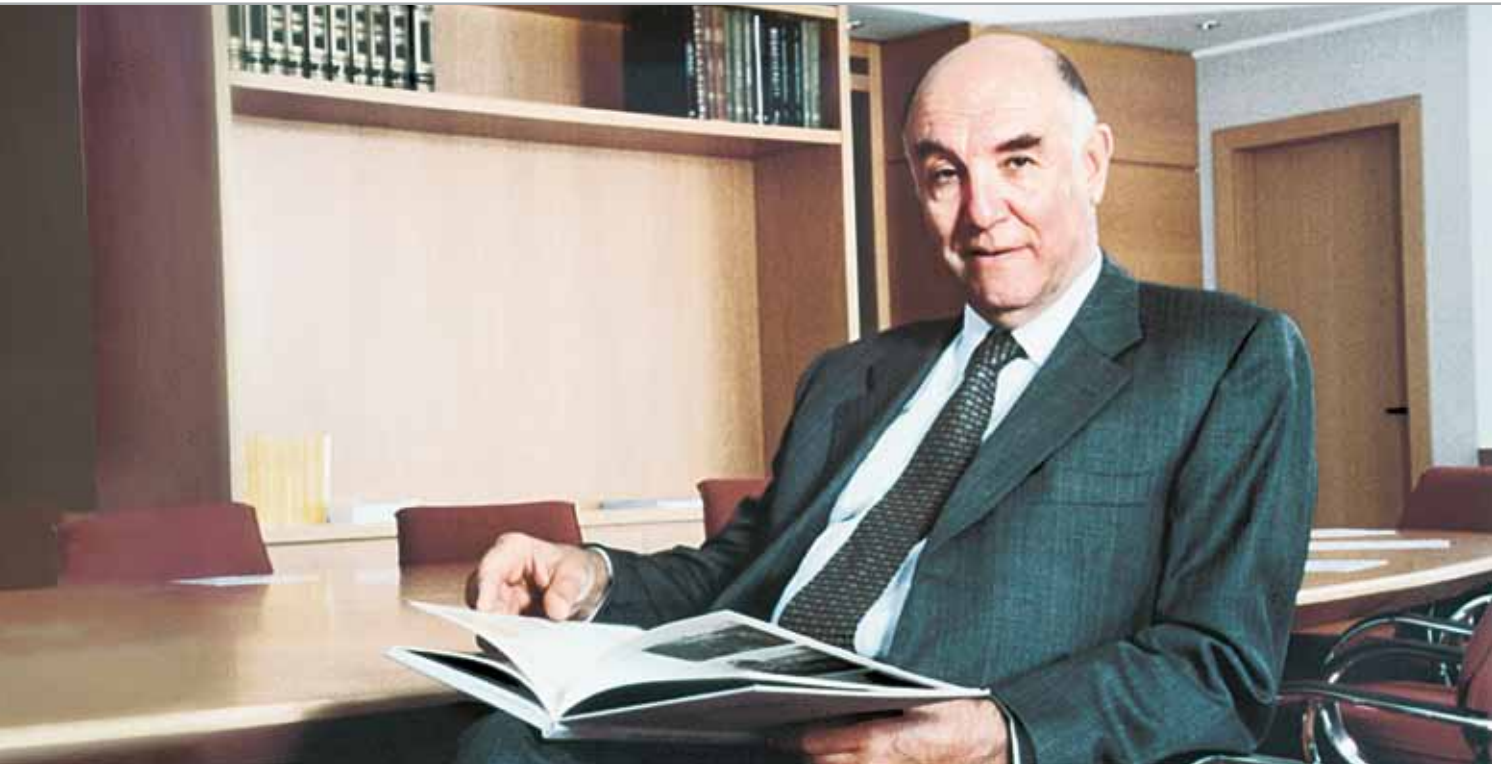
More detailed, complete information may be found in the documents accompanying the financial statements and in the presentation to the shareholders’ meeting, both fully available for your review.

The news is generally good for our basic product, cement. Its value has been confirmed throughout the civilized world as a modern material of great interest which cannot be easily replaced in many facets of construction essential to social development. As I have previously mentioned, cement is the most widely-used material in the world after water and, by far, the most widely-used, industrially-produced material. After all, in order to use water, we need cement dams to collect it and cement canals and pipes to distribute it.

To follow a course of action and deal with these developments in the best way we can – within our limits, since our group does extend to different parts of the world – we need to invest huge sums of capital. This will only be possible if we see a sharp improvement in our financial results compared to those we are currently reporting at this time of crisis throughout the world, and especially in Italy – a distress now into its sixth consecutive year.

We certainly have the will and the ability to do our job well: our group skills and our progressive vision are acknowledged throughout the industry. The new generations now managing the company have many years of experience and can feel the pulse of the company’s international divisions over which they exercise effective control.

In this regard, allow me to remind everyone of the importance of buying the residual shares in Dyckerhoff AG – our principal subsidiary – which has allowed us to reach the so-called “squeeze out” threshold. Reaching this threshold ensures that the remaining shares in circulation, both



ordinary and preferred, must be sold to Buzzi Unicem. The most important practical consequence of this will be the “delisting” of Dyckerhoff AG from the Frankfurt stock exchange and the opportunity for greater integration within the group, resulting in a more simplified and efficient structure.

I wish to take this opportunity to thank all of the group’s managers and employees at all levels and ask everyone to work efficiently and effectively, both in their own tasks and in managing the people working for them.

ALESSANDRO BUZZI
CHAIRMAN

Group Profile

CONTENTS	
Directors and Statutory Auditors	8
Highlights by Country	10

Board of Directors

ALESSANDRO BUZZI

CHAIRMAN

Born in 1933. Director since 1999. He has built up years of outstanding experience in the industry, developing special knowledge of cement technology applications. For many years, he was President of AITEC (the Italian cement association), Senior Vice President of UNI (the Italian standards organization) and President of CEMBUREAU (the European cement association). He has been a member of the Supervisory Board at Dyckerhoff AG since October 2001 with the title of Vice President.

MICHELE BUZZI

CHIEF EXECUTIVE

Born in 1963. Director since 2005. After joining Buzzi Cementi in 1990, he has held various management positions, at first in the ready-mix concrete division and then in marketing & sales for the cement division. In 2002 he became Chief Operating Officer for Cemento Italia. For several years he was Vice President of AITEC. Since 2004 he has been a member of Dyckerhoff AG's Board of Management. In 2006, he became Chief Executive Operations.

ENRICO BUZZI

VICE CHAIRMAN

Born in 1938. Director since 1999. He has held various senior management positions in Buzzi Cementi, mainly related to plant management, strategic procurement, ready-mix concrete business, and the start-up of new industrial ventures in Italy and Mexico. He has been a member of Dyckerhoff AG's Supervisory Board since October 2001. President of Corporación Moctezuma SAB.

WOLFGANG BAUER

EXECUTIVE DIRECTOR

Born in 1959. Director since 2008. He started his professional career in the KPMG auditing company, where he spent 15 years, rising to the rank of partner. In 2000 he joined Dyckerhoff AG as a member of the Board of Management, and he was appointed President in 2004. As such, he is responsible for the Central and Eastern Europe divisions.

VERONICA BUZZI

VICE CHAIRMAN

Born in 1971. Director since 2011. Graduated in Business and Finance at the University of Turin. From 1996 to 1997 she was an auditor at Arthur Andersen & Co. From 1998 to 2001 she worked at McKinsey & Co., in the area of Financial Institutions and Corporate Finance. She also gained experience in Buzzi Unicem from 2001 to 2002, in the Investor Relations and Financial Planning department. She has four children and since 2011 she has worked with the non-profit organization Dynamo Camp.

PAOLO BURLANDO

NON-EXECUTIVE DIRECTOR

Born in 1962. Director since 2008. Since 1997 he has practiced as a chartered accountant, specializing in extraordinary corporate finance. He is also a statutory auditor of Prismyan SpA and Gruppo Mutui Online SpA, companies listed on the Italian Stock Exchange, as well as a member of the administrative and supervisory bodies of other smaller companies. From 1987 to 1997, he worked as a private equity analyst and business consultant.

PIETRO BUZZI

CHIEF EXECUTIVE

Born in 1961. Director since 2000. After holding different positions outside Buzzi Cementi, he joined the company in 1989 as a Controller. He then took on growing managerial responsibilities within the finance, administration and information system divisions. In 1999, he became Chief Financial Officer and in 2006 he was appointed Chief Executive Finance. He has been a member of Dyckerhoff AG Supervisory Board since May 2007. Director of Banco Popolare.

ALDO FUMAGALLI ROMARIO

INDEPENDENT NON-EXECUTIVE DIRECTOR

Born in 1958. Director since 2011. President and Chief Executive Officer of SOL Group, Vice-President of Credito Valtellinese, with a permanent seat on the Executive Committee and Board of Governors of Confindustria, and a member of the General Council of the Aspen Institute. He was President of IOMA, Vice-President of Federchimica, President of Assogastecnici and President of Confindustria Young Entrepreneurs from 1990 to 1994.

YORK DYCKERHOFF**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Born in 1963. Director since 2008. Currently managing his own companies, Dyckerhoff International and Green Aqua Farming GmbH & Co.KG. From 2006 to 2009 Managing Partner of Komrowski Maritime GmbH. International work experience in MAN Ferrostaal: 1990–1994 Project Manager in Germany, 1994–2000 General Manager of Ferrostaal Bolivia, 2000–2004 General Manager of Ferrostaal Argentina, 2004–2006 Area Manager for South America. From 2010 Director of United Food Technologies AG.

ESTER FAIA**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Born in 1973. Director since 2012. Graduated in Economics from Bocconi University and Ph. D. from New York University. Ordinary professor at Goethe University, Frankfurt, senior fellow of the Center for Financial Studies, scientific coordinator of the Systemic Risk Lab at the SAFE Excellence Center. Publications in many international academic journals. She has held positions abroad in central banks, universities, and research centers such as CEPREMAP, in Paris, and the Globalization and Monetary Policy Institute at the Federal Reserve Bank of Dallas.

MAURIZIO SELLA**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Born in 1942. Director since 1999. President of Banca Sella Holding (Banca Sella Group), of Banca Sella SpA and of Banca Patrimoni Sella & C. President of ABI (1998 – 2006) where he sits on the Executive Committee. Director of Assonime (the association of Italian joint-stock companies) since 2003, and a Vice President since 2011. He was President of SIA (Società Interbancaria per l'Automazione) from 1988 to 1999 and of the European Banking Federation from 1998 to 2004.

GIANFELICE ROCCA**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Born in 1948. Director since 2003. President of the Techint Group and of Humanitas Medical Institute in Milan. From 2004 to 2012 Vice-President for Education of Confindustria. President of the Board of IIT (the Italian Institute of Technology) and member of the Governing Board of EIT (European Institute of Innovation and Technology). Director of Allianz SpA and Brembo SpA. Member of the Allianz Group Advisory Board, of the Aspen Institute Executive Committee, of the Harvard Business School Advisory Board and of the Trilateral Commission.

MARCO WEIGMANN**NON-EXECUTIVE DIRECTOR**

Born in 1940. Director since 1999. Senior partner of the law firm Tosetto, Weigmann & Associates. Formerly a member of the National and International Arbitration Chamber of Milan, he is now a member of the Arbitration Chamber for the Piedmont region. Member of the Company Law Committee of ccBE (Comité Consultatif des Barreaux Européens). Director of Reale Mutua di Assicurazioni, Italiana Assicurazioni SpA, Reale Immobili SpA, Banca Reale SpA, Sella Holding Banca SpA, Auchan Italia SpA and Pernigotti SpA.

Board of Statutory Auditors**MARIO PIA****PRESIDENT****GIANFRANCO BARZAGHINI****STATUTORY AUDITOR****GIORGIO GIORGI****STATUTORY AUDITOR****ROBERTO D'AMICO****ALTERNATE AUDITOR****PAOLA LUCIA GIORDANO****ALTERNATE AUDITOR**

Cement Plants Location as at December 31, 2012



Italy

		2012	2011	12/11
% ch				
Cement sales	t/000	4,645	5,799	-19.9
Concrete sales	c m/000	3,094	4,106	-24.7
Aggregate sales	t/000	1,542	2,267	-32.0
Sales revenue	€ m	478.9	568.1	-15.7
Capital expenditures	€ m	103.6	22.4	n.s.
Headcount at year end	no.	1,788	1,887	-5.2

NUMBERS & FACTS

Cement production capacity 10.8 million tons, 14 plants, 4 terminals/deposits, 146 ready-mix concrete plants, 10 aggregate quarries.



Germany

		2012	2011	12/11
% ch				
Cement sales	t/000	4,963	5,409	-8.2
Concrete sales	c m/000	3,985	4,043	-1.5
Aggregate sales	t/000	1,035	649	59.5
Sales revenue	€ m	604.0	636.6	-5.1
Capital expenditures	€ m	33.5	29.0	15.4
Headcount at year end	no.	1,888	1,822	3.6

NUMBERS & FACTS

Cement production capacity 7.2 million tons, 7 plants, 3 terminals/deposits, 135 ready-mix concrete plants, 3 aggregate quarries.



Luxembourg

		2012	2011	12/11
% ch				
Cement sales	t/000	1,217	1,319	-7.7
Sales revenue	€ m	104.1	112.8	-7.8
Capital expenditures	€ m	2.1	2.2	-3
Headcount at year end	no.	158	157	0.6

NUMBERS & FACTS

Cement production capacity 1.4 million tons, 2 plants.



Netherlands

		2012	2011	12/11
				% ch
Concrete sales	mc/000	789	947	-16.7
Aggregate sales	t/000	2,718	3,290	-17.4
Sales revenue	€ m	87.5	109.7	-20.2
Capital expenditures	€ m	6.0	2.3	160.3
Headcount at year end	no.	280	287	-2.4

NUMBERS & FACTS

15 ready-mix concrete plants, 2 aggregate quarries.



Poland

		2012	2011	12/11
				% ch
Cement sales	t/000	1,334	1,614	-17.4
Concrete sales	mc/000	758	1,020	-25.7
Sales revenue	€ m	109.0	144.0	-24.3
Capital expenditures	€ m	3.0	2.2	
Headcount at year end	no.	387	389	-0.5

NUMBERS & FACTS

Cement production capacity 1.6 million tons, 1 plant, 1 terminal, 29 ready-mix concrete plants.



Czech Republic and Slovakia

		2012	2011	12/11
				% ch
Cement sales	t/000	845	959	-11.9
Concrete sales	cm/000	1,614	1,715	-5.7
Aggregate sales	t/000	1,271	1,575	-19.3
Sales revenue	€ m	149.6	172.0	-13.0
Capital expenditures	€ m	3.9	3.0	29.6
Headcount at year end	no.	855	871	-1.8

NUMBERS & FACTS

Cement production capacity 1.1 million tons, 1 plant, 79 ready-mix concrete plants, 10 natural aggregate quarries.



Ukraine

		2012	2011	12/11
		% ch		
Cement sales	t/000	1,787	1,902	-6.1
Concrete sales	mc/000	171	166	3.1
Sales revenue	€ m	134.3	112.5	19.5
Capital expenditures	€ m	9.0	14.4	-37.6
Headcount at year end	no.	1,566	1,617	-3.2

NUMBERS & FACTS

Cement production capacity 3.0 million tons, 2 plants, 3 terminals, 6 ready-mix concrete plants.



Russia

		2012	2011	12/11
		% ch		
Cement sales	t/000	2,806	2,434	15.3
Sales revenue	€ m	234.6	175.5	33.7
Capital expenditures	€ m	20.0	36.8	-45.7
Headcount at year end	no.	1,028	1,049	-2.0

NUMBERS & FACTS

Cement production capacity 3.6 million tons, 1 plant.



USA

		2012	2011	12/11
		% ch		
Cement sales	t/000	6,825	6,177	10.5
Concrete sales	mc/000	2,252	2,192	2.7
Aggregate sales	t/000	1,911	1,812	5.5
Sales revenue	\$ m	874.3	776.6	12.6
Capital expenditures	\$ m	58.0	33.6	87.4
Headcount at year end	no.	2,282	2,290	-0.3

NUMBERS & FACTS

Cement production capacity 9.8 million tons, 8 plants, 30 terminals, 70 ready-mix concrete plants, 6 aggregate quarries.



Mexico¹

		2012	2011	12/11
				var %
Cement sales	t/000	5,923	5,575	6.2
Concrete sales	mc/000	1,957	1,752	11.7
Aggregate sales	t/000	329	230	42.8
Sales revenue	\$m	691.6	662.4	4.4
Capital expenditures	\$m	20.1	56.3	-64.3
Headcount at year end	no.	1,209	1,174	3.0

NUMBERS & FACTS

Cement production capacity 6.3 million tons, 3 plants, 57 ready-mix concrete production plants, 3 natural aggregates quarries.

¹ figures at 100 %



Continuity

- ① Our biggest challenge is to create lasting values.
- ② Innovative technologies: a new quality fuel to replace pet coke.



PHOTO: LUCIA MONDEL, BAUHAUS-ARCHIV BERLIN © VG BILDKUNST, BONN 2013

Client satisfaction is essential
for our company's sustainable
growth.



"GROPIUS HOUSE",
EAST SIDE VIEW, 1926

“Product quality must always be consistently high.” This principle, in the words of Wilhelm Gustav Dyckerhoff (1805 – 1894), has inspired our concrete work at Buzzi Unicem for generations. A pursuit of excellence in the solutions we present to our clients every day.

Our know-how and experience allow us to meet market needs with innovative solutions, anticipating and satisfying our clients’ requirements. By offering innovative, high-quality materials, we show our respect for the past and create added value for future generations. It is no accident that many of our best products have been used to rescue buildings of historical importance, part of the national artistic heritage.

As in 1925, when the Mainz Cathedral threatened to collapse. The wooden foundations were rotting and needed stabilizing with concrete. A difficult undertaking as, at that time, concrete had to harden for four weeks before being able to bear loads. Our engineers developed a brand new cement, “Doppel,” from which it was possible to obtain concrete that would harden in only three days. Results were excellent and still visible today.

A significant progress in the timing and effectiveness of materials was made in relation to the reconstruction of a building emblematic of the modern residential style of the Bauhaus: the Gropius House. Designed in 1926 by Walter Gropius and destroyed by bombs in 1945, it was not until 2009 that a decision was made to commission a reconstruction of the original building to the architectural

firm of Bruno Fioretti Marquez. It was essential to use a building material that would not overburden the fragile basement level, which had landmark status. We found the solution: a lightweight concrete, weighing only 1,200 kg/m³, with a reduced volume with respect to the traditional material. The lower bulk density of the aggregates used has been obtained by completely replacing gravel and sand with lighter expanded clay beads and lightweight sand. This innovative and effective product not only complies with the common standards for reinforced concrete structures, but meets all requirements for load-bearing, safety, heat insulation, and fire proofing. An optimal solution for an architectural and structural challenge.

These examples show our commitment, beyond the presentation of effective proposals, to upgrading and preserving our history.

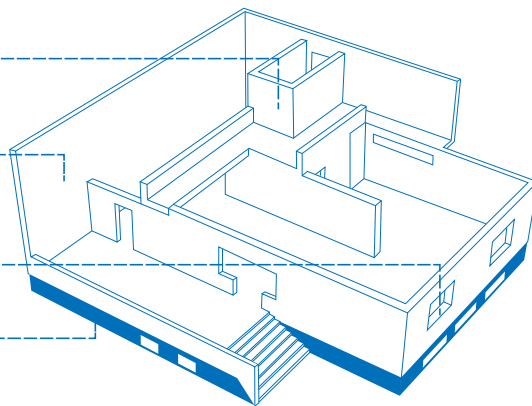
MODEL OF THE GROPIUS HOUSE

**INNER WALL WITH WOODEN STUD
FRAME CONSTRUCTION**

**OUTER WALL MADE OF PALE
LIGHTWEIGHT CONCRETE**

**WINDOWS MADE OF
SYNTHETIC RESIN**

BASEMENT LEVEL FROM 1926



Architectural firm Bruno Fioretti Marquez



Gropius House, south side view, 2012

Photo: Bruno Fioretti Marquez architectural firm



We turn municipal solid waste
(MSW) into energy.

TWO-ROTOR
"ROCKET" MILL

The hope of eliminating landfills is becoming a reality, thanks to a project of ours. The Rocket mill allows pretreated Municipal Solid Waste (MSW) to be ground up and turned into CarbonNext, an innovative natural fuel providing thermal and electrical energy.

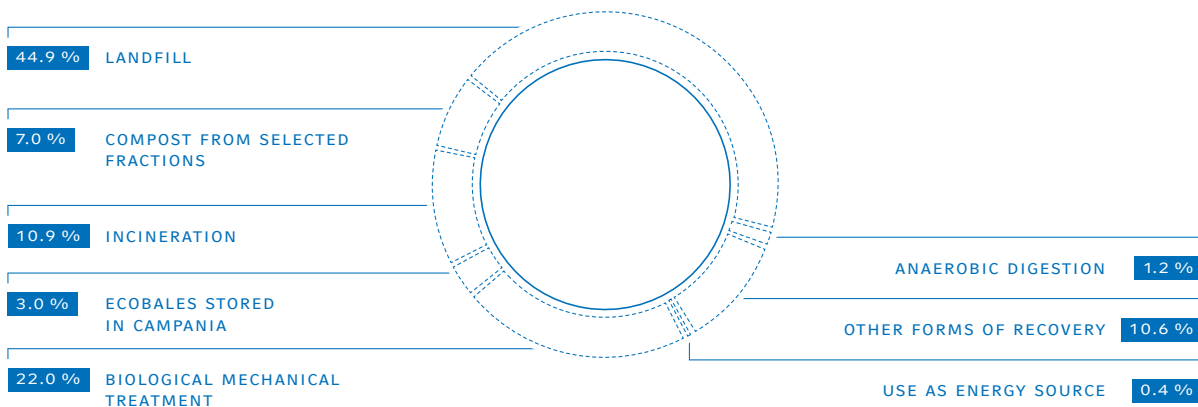
More than 50% of CarbonNext is biomass that can be burned in its entirety, thus cutting CO₂ emissions and providing a viable alternative to pet coke for cement plants, with a growth of heat substitution rate up to 90 %.

A renewable resource of great importance, environment- and employment-friendly, independent from oil and coal prices, CarbonNext will become a valuable energy source for our country. CarbonNext plays a key role at the local level where the waste issue is more and more serious. Today, over 32,000,000 tons of solid waste are generated each year and the problem has become more pressing due to the imminent closing of landfills that today take in 17,000,000 tons of that waste. But, if these figures signal a problem, other figures suggest a possible solution. It is just a question of looking at our resources in a different way. MSW contains in fact a material amount of energy: 100 million Gcal or 40,000 Gwhe, equivalent to all the hydroelectricity produced in Italy.

The real equation is then waste = energy, rather than waste = landfill.

In the province of Cuneo, in the area between Alba and Bra, the Waste Treatment Consortium, which includes 55 municipalities, is now moving forward to the operational stage. After two years of field testing by Buzzi Unicem, the Consortium is now ready to start turning waste into CarbonNext. This is proof of our commitment to work together with those local authorities most sensitive to the issue and determined to take action. Treating all the waste of the area covered by the Consortium requires an investment of around €9 million. The project will be carried out in two stages: in the first (current) stage, approximately 12,000 tons/year will be treated, raising in the second stage, in a couple of years, to the full amount of 25.000 tons/year. These are big figures that raise hopes of financial and organizational benefits, both for the treatment of waste and for energy recovery. Not surprisingly, the first stage of the experiment, now completed, has already seen a growing interest in the whole country and abroad. There is a growing awareness that CarbonNext is the best answer to our expectations for the environment and that Buzzi Unicem has the qualities necessary to fulfill them.

MUNICIPAL WASTE MANAGEMENT IN ITALY



CarbonNext production plant with biostabilization

Review of operations

Signs of recovery in the United States of America and progress in Russia and Mexico have more than offset the profitability decline in Central Europe and the major slowdown of construction activity in Italy. Favorable price effect, lower inflation from energy costs and continuous improvement in the industrial and administrative cost structure as a further support to a growing operating cash flow.

CONTENTS

Shares and Shareholders	26
Business Review	29
Human Resources	46
Research and Development	47
Ecology, Environment and Safety	49
Risk Management and Description of Main Risks	50
Outlook	52

Shares and Shareholders

The ordinary and savings shares of Buzzi Unicem SpA have been listed on the Borsa Italiana (the Milan Stock Exchange) since September 1999. As at 31 December

2012 the market capitalization amounted to € 1.954 million. At the same date, the share capital consisted of 165,349,149 ordinary shares and 40,711,949 savings shares, both with a par value of €0.60. Each ordinary share is entitled to one vote. Savings shares, which do not have voting rights, can either be registered or bearer shares, whichever the shareholder prefers.

Trading in Buzzi Unicem shares

Annual period of reference	Ordinary shares	Savings shares	Ordinary shares	Savings shares
	number	number	€m	€m
2006	100,899,098	32,479,343	1,850.5	398.8
2007	168,024,567	21,128,085	3,635.8	319.3
2008	217,560,057	31,688,570	3,194.2	321.5
2009	278,784,704	53,467,061	2,960.0	308.9
2010	365,608,536	31,748,299	3,277.7	171.9
2011	303,044,199	20,525,035	2,546.1	96.4
2012	254,566,236	16,188,731	2,115.5	65.5

Price trend of Buzzi Unicem shares

(Base January 2006 = 100)



Main Shareholders

As at 31 December 2012

	Ordinary shares	% of total share capital	% of ordinary share capital
Presa SpA (Buzzi Family)	79,200,000	38.44	47.90
Fimedi SpA (Buzzi Family)	17,750,000	8.61	10.73

A total of 42,786,518 ordinary shares, corresponding to 25.88 % of voting capital, are held by foreign investors.

Distribution of shareholdings

as at 31 December 2012 (ordinary shares)

	No. shareholders	in %	No. shares	in %
1-1,000	10,694	78.67	4,000,646	2.42
1,001-10,000	2,454	18.05	6,902,969	4.17
10,001-100,000	335	2.47	10,693,775	6.47
100,001-	110	0.81	143,751,759	86.94

Market capitalization

as at 31 December (millions of euro)

2006	4,125
2007	3,636
2008	2,182
2009	2,160
2010	1,644
2011	1,254
2012	1,954

Capital structure

as at 31 December 2012 (in numbers/in %)

1	ordinary shares (165,349,149)	80.2
2	savings shares (40,711,949)	19.8
3	Total shares (206,061,098)	100

Key per-share data

	2006	2007	2008	2009	2010	2011	2012
euro							
Basic eps (ordinary)	1.77	2.23	1.92	0.67	(0.31)	0.13	(0.14)
Diluted eps (ordinary)	1.71	2.23	1.92	0.67	(0.31)	0.13	(0.14)
Cash flow per share	3.14	3.64	3.39	1.90	1.68	1.45	1.26
Shareholders' equity per share	10.63	10.95	12.14	12.16	12.48	12.44	11.79
Price/earnings ratio	12.1x	8.5x	6.0x	16.8x	n.a.	51.9x	n.a.
Price at year-end							
ordinary shares	21.45	18.93	11.58	11.28	8.62	6.75	10.55
savings shares	14.56	12.51	6.57	7.24	5.36	3.37	5.16
Dividend per share ¹							
ordinary shares	0.40	0.42	0.36	0.18	–	0.05	0.05
savings shares	0.42	0.44	0.38	0.20	0.03	0.05	0.10
Yield							
ordinary shares	1.9 %	2.2 %	3.1 %	1.6 %	–	0.7 %	0.5 %
savings shares	2.9 %	3.5 %	5.8 %	2.8 %	0.6 %	1.5 %	2.0 %

¹ 2012: proposed to shareholders at the Annual General Meeting

Performance indicators

	2012	2011	2010
in %			
EBITDA margin ¹	16.2	15.6	14.6
Return on Sales (ROS)	7.0	6.8	0.0
Return on Equity (ROE) ²	0.1	2.0	(1.5)
Return on Capital Employed (ROCE) ³	3.9	3.9	0.0
Net debt/Equity	43	41	45

¹ Ratio between EBITDA and sales; it expresses the result of a company's typical business operations;

² Ratio between Net Profit and Shareholders' Equity; it expresses the latter's profitability;

³ Ratio between Operating Profit (EBIT) and the difference between Total Assets and Current Liabilities. It indicates the efficiency and the profitability of a company's invested capital.

Business Review

In 2012, international trade flows stagnated and the dynamics of the global economy remained weak. The risks to the world economy lessened after the agreement reached in the United States to avoid the “fiscal cliff”, thanks to the easing of financial tensions in the euro area and improved prospects for growth in emerging countries, but they nevertheless remain latent. In Europe, financial market conditions on the one hand have continued to improve with the help of monetary transactions, defined by the ECB and launched over the summer; on the other hand, real economic activity has continued to lose momentum, particularly in the last quarter, with consolidation effects on public budgets which have spread also to situations considered more solid. In Italy the recessions continued, with a further contraction in domestic demand as a result of continued weakness in household consumption and gross fixed investments. Economic activity in the major emerging economies suffered a slow-down, reflecting the negative impact of the international economic situation, offset only in some cases by the strength of domestic demand. In the United States the recovery continued, fueled by expansionary monetary policy, with labor market conditions in gradual and slow improvement. Inflationary pressures in advanced economies, particularly those referring to energy factors, remained at moderate levels, reflecting the weakness of the cycle. Investment in construction, the source of demand for cement and concrete in areas where the group operates, showed some recovery in the United States, driven by the residential sector and “shale gas” extraction. It produced a new record in cement consumption in Russia and confirmed a favorable pitch in Mexico; on the other hand, the trend was penalized by the further sharp contraction in consumption in Italy, by the slowdown in construction activity in Central Europe and by a stronger than expected break in demand in Ukraine and Poland in particular.

Net sales
(millions of euro)

2006		3,205
2007		3,496
2008		3,520
2009		2,672
2010		2,648
2011		2,787
2012		2,813

The following illustration of the financial and economic results uses the 2011 financial year as comparative data, restated after early and retrospective application of the revised IAS 19 principle, on which plentiful information is provided in the notes to the consolidated financial statements. In the year just ended, the group sold 27.3 million tons of cement (-3.4 % compared with 2011) and 13.6 million cubic meters of ready-mix concrete (-9.5 %). Consolidated net sales increased by 0.9 % to €2,813.4 million versus €2,787.4 million in 2011. Changes in consolidation scope led to an increase in net sales of €8.3 million, while the exchange rate effect had a positive impact of €68.3 million. On a like-for-like basis, net sales in 2012 would have decreased by 1.8 % compared with 2011. EBITDA rose by 4.8 %, from €434.3 to €455.1 million. The 2012 figure benefited from €7.8 million of non-recurring income (compared with €7.1 million in 2011). After amortization, depreciation and impairment charges for €258.0 million, EBIT stood at €197.0 million, compared with €190.8 million in 2011. Net financial costs increased from €103.6 to €126.1 million and thus profit before taxes was €77.8 million compared with €85.4 million realized in 2011. After current income taxes and especially deferred taxes for €75.9 million (€30.5 million in the previous year), the income statement closed with a net profit of €2.0 million, of which a loss of €28.5 million attributable to owners of the company.

Net debt at the end of 2012 amounted to €1,124.9 million, down from €1,143.1 million at 31 December 2011, after having made industrial and equity investments for €234.0 million and distributed dividends of €46.5 million. Compared with 2011 year-end, debt/equity ratio stood at 0.43.

In the various markets of presence, the year 2012 was characterized by very different operating conditions. In Italy, in the wake of domestic demand in continuous decline, industrial production continued to drop, causing large and growing margins of unused capacity in the cement sector. In the countries of Central Europe, after a

EBITDA
(millions of euro)

2006		931
2007		1,046
2008		923
2009		542
2010		387
2011		434
2012		455

first quarter affected by a somewhat harsh climate, the structurally more solid economy nevertheless suffered a degree of contagion from Southern Europe. In Eastern Europe, we saw a new record in cement consumption in Russia, while in the other countries of the division, following the completion of the infrastructure works related to the European Football Championship, cement consumption was relatively weak. In the United States, the rebound in demand, after several years of stagnation, was favored by the strengthening of the residential construction sector and the recovery of commercial and industrial building. Finally in Mexico there was a good pitch for construction, especially during the first half of the year, supported by the country's economic growth and public spending associated with the recent federal and state elections.

Operating and financial performance

In 2012, cement sales on a consolidated basis amounted to 27.3 million tons, -3.4% compared with 2011. Levels above those of 2011 were recorded, in order, in Russia, the United States and Mexico, but there was a marked worsening of volumes in Ukraine, Luxembourg, Germany and the Czech Republic, with the largest decreases in demand occurring in Italy (-19.9%) and Poland (-17.4%). Sales of ready-mix concrete amounted to 13.6 million cubic meters (-9.5%). The markets that suffered most were Italy, Poland and the Netherlands, while volume grew to double-digits in Mexico and improved in the United States and Ukraine; in the other countries production was similar to that of 2011.

Consolidated net sales increased by 0.9%, from €2,787.4 to €2,813.4 million. Changes in consolidation scope had a positive effect of €8.3 million, and foreign exchange rates favorably impacted for €68.3 million; like-for-like, sales would have decreased by 1.8%.

In Italy the recession continued and the economic downturn was linked with reduced output in all sectors of economic activity: industry, services and agriculture. In 2012, investment in construction declined by 7.6% in real terms. In the five years from 2008-2012, the construction sector lost more than 27% of the value of investments. The decrease in sales of cement and clinker, although taking into consideration some recovery in exports, was notable. Despite a good rise in selling prices, net sales went from €568.1 to €478.9 million, a decrease of 15.7%.

Central European countries suffered from severe winter weather and the economic downturn gripping Southern Europe and impacting on exports. In a situation of weak volumes and substantial price stability, net sales went from €826.7 to €768.7 million, a decrease of 7.0%. Germany recorded a net sales drop of 5.1% (from €636.6 million to €604.0 million), and Luxembourg of 7.8% (from €112.8 million to €104.1 million). In the Netherlands, our business in ready-mix concrete and aggregates generated net sales of €87.5 million (€109.7 million in 2011), down from the previous year, mainly due to a net contraction in volumes.

In the markets of Eastern Europe, net sales in Russia showed strong growth (+33.7%), thanks to good sales trends together with the favorable pitch of prices and the strengthening of the ruble. At a constant exchange rate, the increase would have been 30.6%. In Ukraine there was a shrinkage of volumes sold, while prices confirmed a favorable trend; thanks also to the strengthening of the local currency, net sales rose by 19.5%. At a constant exchange rate, the increase would nevertheless have been 11.3%. Operations in Poland showed a rapid trend reversal concomitant with the performance of the UEFA Championships, leading to a consequent reduction in the quantity of cement and ready-mix con-

EBITDA margin¹

(in %)

2006		29.1
2007		29.9
2008		26.2
2009		20.3
2010		14.6
2011		15.6
2012		16.2

¹ EBITDA/Net sales

Cash Flow¹

(millions of euro)

2006		621
2007		747
2008		696
2009		390
2010		345
2011		298
2012		260

¹ Profit for year + depreciation, amortization and impairment charges

crete sold and a drop in prices. Net sales ended with a decrease of 24.3 % over the previous year; at constant exchange rate the reduction would have been 23.2 %. In the Czech Republic and Slovakia, austerity measures and weak intra-group exports to Poland, against a decrease in volumes combined with steady prices, led to net sales falling by 13.0 %. At a constant exchange rate, in view of the depreciation of the local currency, the decline would have been 7.8 %. Overall, net sales in Eastern Europe went from €598.3 to €622.5; the exchange rate effect in the area impacted positively for €9.9 million.

In the United States, after a very promising first quarter helped by weather conditions, demand maintained a good pitch. After a few years of persistent weakness, the level of sales prices showed a favorable change. Sales of ready-mix concrete were less dynamic in volume terms, but were more positive with regard to prices. The increase in net sales in euro (from €557.9 to €680.5 million, +22.0 %) was for €52.4 million attributable to positive exchange rate effect. Like-for-like, net sales would have increased by 12.6 %.

Mexico highlighted development of investment in construction, typical of young and emerging countries; this was slowed down in the last part of the year by a quite long transition phase that hallmarked the establishment of a new political framework. The turnover in local currency was up 10.6 %, while in euro, thanks to a revaluation of the peso, it scored an improvement of 13.1 % compared with 2011, rising from €237.9 million to 269.2 million.

EBITDA increased from €434.3 to €455.1 million, 4.8 % up from the previous year. Changes in the consolidation scope had a positive effect for €0.2 million and foreign exchange effect was favorable for €14.3 million. The figure reported in 2012 includes non-recurring income for €7.8 million, related to capital gains on real estate properties in the United States; also in 2011 non-recurring income of a similar amount was made (€7.1 million related to gains on sale of an investment property in Luxembourg). Excluding non-recurring items, EBITDA increased from €427.2 million to €447.3 million (+4.7 %), with an EBITDA to sales margin of 15.9 % (15.3 % in 2011). In Eastern Europe, the improvement in profitability was attributable to the development of net sales in Ukraine and especially in Russia, which fully offset weak margins in the Czech Republic and even more so in Poland, where the volume-price-cost mix was significantly altered compared to the peak demand in 2011. In Central Europe recurring profitability weakened mainly due to lower vol-

umes, without changes in selling prices, and the lack of revenues from the sale of CO₂ emission rights. Visible progress was seen in the United States, where the favorable effect of volumes and prices was complemented by a situation of slightly decreased operating costs, helped by higher utilization of production capacity. The volume trend continued to be very poor in Italy, where the achievement of good results in the form of improved prices and containment of fixed costs was thwarted by a production drop of more than 20 % and the impossibility to make adequate use of excess CO₂ emission rights. Mexico benefited from very favorable operating conditions with regard to volumes, sales prices and cost of fuel used, which brought profitability back to over 36 %.

Depreciation and amortization totaled €258.0 million, compared with €243.5 million in the previous year. The figure includes impairment of fixed assets for €35.5 million (€11.4 million in the previous year). EBIT stood at €197.0 million compared with €190.8 million in 2011. Net financial costs increased to €126.1 million, compared with €103.6 million in the previous year, due to a temporary increase in gross debt and an even more rigorous approach in the valuation of derivative instruments. Gains on the disposal of investments offered a contribution of €0.8 million, while the results of equity investments, showing a profit of €6.1 million, were positively influenced by the improved performance of our associates in Germany. As a result of the foregoing, profits before tax amounted to €77.8 million versus €85.4 million in 2011. The tax rate for the year, nominally 97 %, was affected by the review and/or non-recognition of deferred tax assets on tax losses accrued in certain jurisdictions, due to a change in judgment on future utilization. Therefore, after income taxes of €75.9 million, the income statement for the year 2012 reported a net profit of €2.0 million compared with €54.8 million in 2011. Results attributable to owners of the company went from a profit of €27.1 million in 2011 to a loss of €28.5 million in 2012.

Cash flow for 2012, before non-recurring positive and/or negative items, was equal to €260.0 million, compared with €298.3 million in 2011. Net debt of the group as at 31 December 2012 stood at €1,124.9 million, a decrease of €18.1 million compared with €1,143.1 million at the end of 2011. In the year just elapsed, the group paid out dividends for €46.5 million, of which €10.3 million from the parent company Buzzi Unicem SpA, and carried out capital expenditures totaling €234.0 million, of which €88.5 million in equity and €31.4 million for increased production capacity or special projects.

The assets and liabilities of the net financial position, broken down by degree of liquidity, are described in the following table:

Net financial position

	Dec. 31, 2012	Dec. 31, 2011
millions of euro		
Cash and short term financial assets:		
Cash and cash equivalents	556.2	592.0
Short-term monetary investments	85.0	–
Derivative financial instruments	2.3	4.2
Other current financial receivables	16.1	7.8
Short-term financial liabilities:		
Current portion of long-term debt	(288.1)	(402.4)
Short-term debt	(70.7)	(78.6)
Derivative financial instruments	(5.0)	(0.2)
Other current financial liabilities	(20.5)	(14.6)
Net short-term cash	275.2	108.2
Long-term financial assets:		
Derivative financial instruments	–	1.7
Other non-current financial receivables	10.7	12.6
Long-term financial liabilities:		
Long-term debt	(1,385.2)	(1,247.9)
Derivative financial instruments	(22.3)	(13.8)
Other non-current financial liabilities	(3.4)	(3.9)
Net debt	(1,124.9)	(1,143.1)

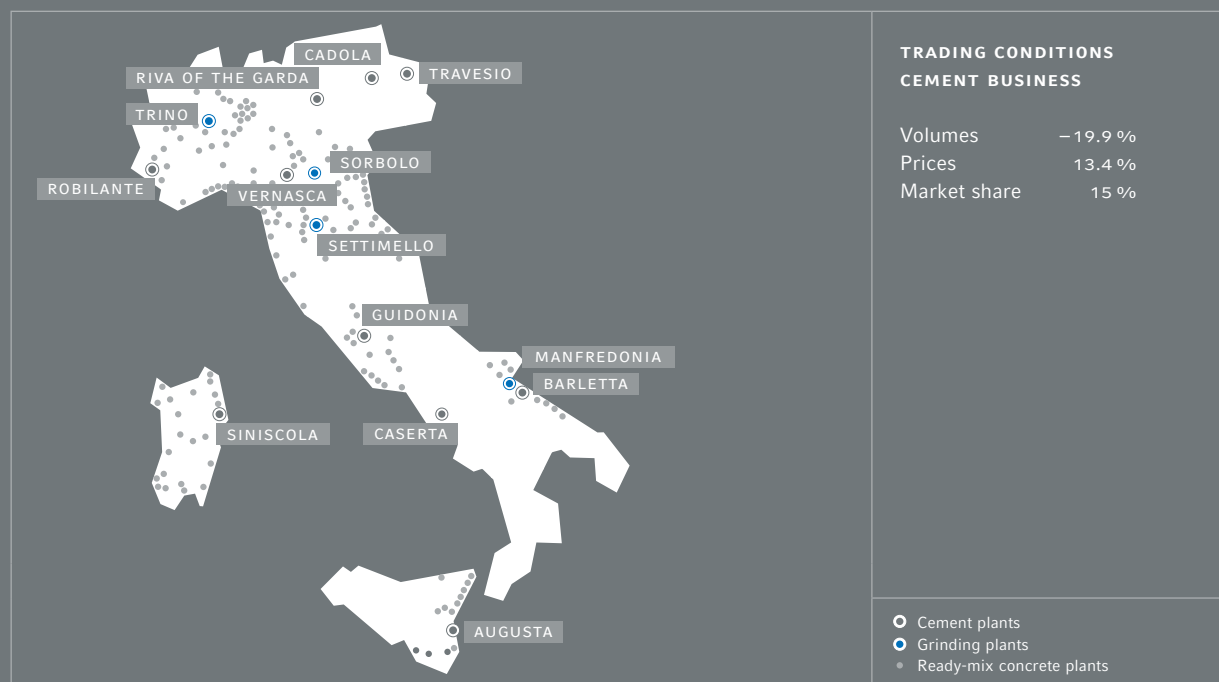
Shareholders' equity at 31 December 2012, including non-controlling interests, amounted to €2,602.6 million versus €2,786.9 at the end of 2011; the debt/equity ratio therefore increased to 0.43 versus 0.41 in the previous year.

Italy

The Italian economic recession that began in the middle of last year continued throughout 2012, posting six consecutive quarters of negative trend in gross domestic product. The economy continues to draw support from foreign trade, recently especially with countries outside the EU, but was heavily impacted by the weakness in household and business consumption. Consumer confidence settled at historically low levels, revealing the pessimism towards trends of the general economic and personal scenario. The weakness of industrial activity in all the main industrial sectors was particularly intense with regard to durable consumer goods. The effects of the recession led to a greater use of the lay-off fund and to increased unemployment, particularly among the young. The gradual decline in consumer inflation reflects the weakness of demand and the exhaustion of the impact of maneuvers on indirect taxes, launched in the fall of 2011. Credit conditions benefited from new methods of intervention implemented by the ECB, but the supply of finance was slowed down by the high risk perceived by bank intermediaries regarding the effects of the recession on companies' financial statements and a significant increase in non-performing loans. In this economic environment, gross domestic product in 2012 fell by 2.4%, industrial production was down 6.7%, and unemployment increased to 11.2%. The public debt/GDP ratio further worsened, reaching 128.1%.

In 2012, investments in construction posted a decline in real terms measured at 7.6% over the previous year; in the five years from 2008–2012 the ongoing crisis caused investment to fall by more than 27%. Negative effects were felt by all segments: new homes dropped by 17%, non-residential private construction was down by 9.1% and the public sector one fell by 10.6%. Only the residential property redevelopment segment showed modestly steady production levels. The state budget recorded a sharp reduction in capital expenditures, particularly those intended for the realization of new public works, and also the financial scale of late payments of the Public Administration in the public works sector is constantly growing. The investment decisions of households are discouraged and postponed; the uncertainty of the economic climate, the difficult outlook for the labor market, the decline in disposable income and rigidities in obtaining mortgages have contributed to the sharp decline in construction permits and the continuation of the negative phase of the real estate cycle. The severe crisis, which has affected the construction sector for the past five

Italy



Cement

	2012	2011	12/11
millions of euro			
Net sales	315.9	351.4	-10.1 %
EBITDA reported	17.4	20.8	-16.5 %
% of net sales	5.5	5.9	
Capital expenditures	100.1	17.9	n. s.
Headcount end of period	no. 1,269	1,335	-4.9 %

Before intersegment eliminations

Ready-mix concrete

	2012	2011	12/11
millions of euro			
Net sales	236.7	299.9	-21.1 %
EBITDA reported	-23.8	-12.0	-98.3 %
% of net sales	-10.1	-4.0	
Capital expenditures	3.5	4.5	-22.0 %
Headcount end of period	no. 519	552	-6.0 %

Before intersegment eliminations

years, continues to manifest its effects on the strength of the entrepreneurial fabric, and the growing number of businesses in bankruptcy proceedings is an explicit indicator of difficulties in the sector.

The industry association (AITEC) estimated that domestic deliveries of cement fell by 22.6 % over the previous year. The current year has been confirmed as the sixth consecutive year of market crisis, with the highest annual percentage decreases since the war and with consumption at a market dimension of more than 40 % less than its maximum value recorded in 2006. Our sales of hydraulic binders and clinkers, including volumes for export, re-

corded a decrease of 19.9 %. Sales prices have strengthened thanks to the price list increase applied early in the year and have resulted in a positive variation of 13.4 % in the attempt to balance the diseconomies of scale associated with frequent production stoppages. This trend in volumes and prices produced net sales of €315.9 million, a decrease of 10.1 % (€351.4 million in 2011). Production costs per-unit increased by about 8 %, mainly due to the reduced level of utilization of production capacity. The cost of energy factors followed a trend that was progressively favorable as regards fuel, while the cost of electricity rose sharply. EBITDA went from €20.8 million to €17.4 million, equal to only 5.5 % of net sales. How-

ever it should be noted that in 2011 the company sold CO₂ emission rights estimated in excess, realizing other operating income of € 13.5 million.

Investment operations aimed at improving the technological, environmental, and safety efficiency of production facilities continued throughout the year; in particular, steps were taken to: expand the reserves of raw materials at cement plants in Guidonia (RM), Robilante (CN) and Cadola (BL), for a total of € 1.0 million; purchase special quarry vehicles at Robilante (CN) for € 1.1 million; repair the jetty at Augusta (SR) and other deteriorated structures in Guidonia (RM) and Barletta (BT) for a total of € 2.6 million; replace important mechanical parts in the kilns at Barletta (BT), Robilante (CN) and Travesio (PN); improve the emissions-efficiency of the precalciner at Siniscola (NU) for an overall sum of € 1.7 million.

In the field of ready-mix concrete, volumes trends showed a reduction of 24.7 %, with prices rising by 4.6 %. Net sales of the sector therefore stopped at € 236.7 million (-21.1 %), down from € 299.9 million in 2011. Despite the implementation of a restructuring plan for cost containment and a rigorous commercial policy for the assessment of credit to customers, the weakness of sales volumes and difficulties in collection of trade receivables had a negative impact on profitability. The decline in production resulted in a greater incidence of fixed costs, and operating results were negatively impacted by losses on loans to customers, totaling € 13.1 million (7.9 million in 2011). EBITDA unfortunately remained in the negative at -€ 23.8 million compared with -€ 12.0 million in 2011.

Italy – Cement consumption

(millions of tons)

2006	45.1	1.7	46.8
2007	44.2	1.4	45.6
2008	40.5	1.3	41.8
2009	34.3	1.8	36.1
2010	32.5	1.4	33.9
2011	31.6	1.2	32.8
2012 E	24.5	1.1	25.6

■ Domestic ■ Imports

Germany



	2012	2011	12/11	
millions of euro				
Net sales	604.0	636.6	-5.1 %	
EBITDA reported	72.2	90.3	-20.1 %	
% of net sales	11.9	14.2		
Capital expenditures	33.5	29.0	15.4 %	
Headcount end of period	no.	1,888	1,822	3.6 %

Cement Consumption
(million tons)

	Domestic	Import	Total
2006	27.4	1.5	28.9
2007	26.1	1.3	27.4
2008	26.3	1.3	27.6
2009	24.1	1.2	25.3
2010	23.4	1.2	24.6
2011	27.1	1.4	28.5
2012 E	25.8	1.2	27.0

Germany

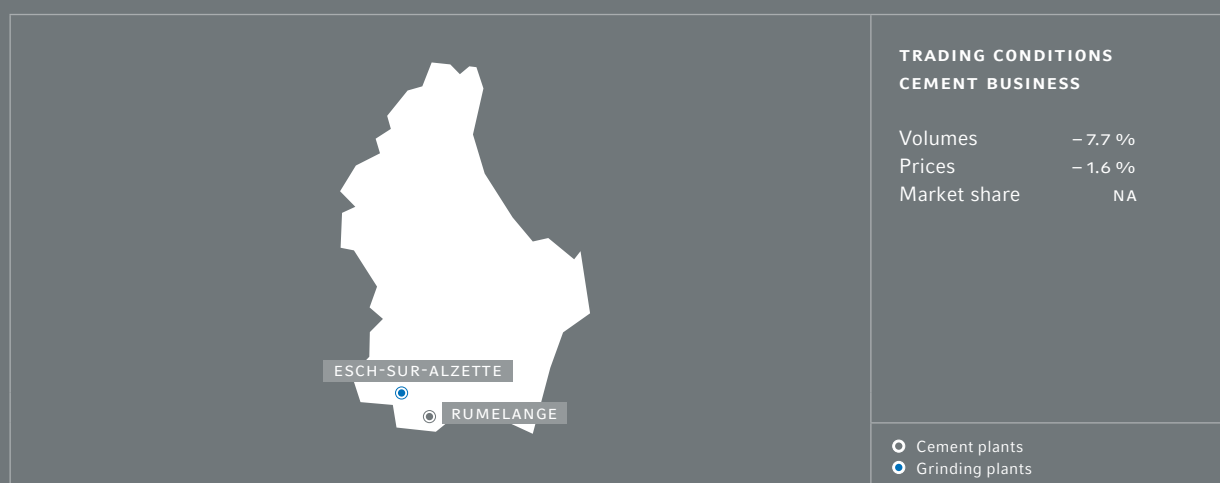
Germany, so far largely shielded from the difficulties, in the second half of 2012 began to suffer the effects of the European economic crisis. Exports, despite the wide range of outlet markets, were affected by the slowdown in demand from the Eurozone. The domestic market, favored by the reduction of unemployment and rising disposable incomes of consumers, was still growing and the country has maintained an unwavering austerity policy in public accounts, with inflation below the 2 % threshold and unemployment at its lowest among developed countries. The slowdown of exports resulted in the reduced growth of GDP, estimated at 0.7 %, a significant reduction compared to the previous year, confirming the gradual decline begun at the beginning of the year current year.

In the construction sector, after a rather weak start in the first quarter, affected by reduced investment in commercial and public construction, a strong recovery in

the residential sector helped foster acceleration in the second quarter, which however, lost momentum thereafter. Estimates of investment in the construction industry indicate a decrease of 1.1 % for the year, with a slight increase in the residential sector (+1.5 %), a slight decrease in the commercial sector (-2.2 %) and the public sector in strong contraction (-10.0 %). The consumption of cement in the country dropped about 5 % from the previous year.

Our cement deliveries fell 8.2 % compared with last year, with prices up slightly (+1.6 %). After a start to the year adversely affected by particularly unbending weather conditions but with some recovery during the second quarter, the sharp decline in exports to neighboring countries and the progressively less favorable economic environment had unfavorable effects on the results of the year. The ready-mix concrete industry recorded a slight decline in production (-1.5 %), with marginally weak prices. Overall net sales thus fell from €636.6 million to €604.0 million (-5.1 %) and EBITDA from €90.3 million to €72.2

Luxembourg



	2012	2011	12/11
millions of euro			
Net sales	104.1	112.8	-7.8 %
EBITDA reported	13.8	33.4	-58.6 %
EBITDA recurring	13.8	26.4	-47.6 %
% of net sales	13.3	23.4	
Capital expenditures	2.1	2.2	-3.0 %
Headcount end of period	no. 158	157	0.6 %

million. During the year other operating revenues of € 1.8 million were realized from the sales of CO₂ emission rights (€ 2.6 million in 2011). Notable items among operating costs included increases in electricity (+5.7 %) and the substantial stability of fuel.

Investments in fixed assets totaled € 33.5 million; the most significant of these included the construction of a cement distribution terminal in Hamburg for € 3.4 million, the Lengerich chlorine plant by-pass for € 1.7 million, alternative storage and fuel metering systems in the plants of Göllheim and Lengerich for € 2.4 million.

Luxembourg

The country, among the least affected by the crisis of sovereign debt and structurally more solid than most, nevertheless ended the year with a gross domestic product at only modest levels of growth (+0.5 %), a clear sign of the impact due to the difficult economic situation in the Eurozone. Investments in the construction industry have weakened, and the consumption of cement therefore showed a decrease compared with the previous year.

After a start to the year adversely affected by weather conditions, a phase of improvement was more in line with the results achieved in the same period last year, but overall the Greater Region, which includes the neighboring territories of France, Germany and Belgium closed with demand in decline. Our sales of cement and clinker, gross of intercompany transfers and including volumes for export, were down 7.7 %, with average unit revenues similar to the previous year (-1.6 %). Net sales were € 104.1 million, down 7.8 % from the previous year (€ 112.8 million). EBITDA rose from € 33.4 million to € 13.8 million.

Netherlands



	2012	2011	12/11
millions of euro			
Net sales	87.5	109.7	-20.2 %
EBITDA reported	-5.5	1.6	n.s.
% of net sales	-6.3	1.4	
Capital expenditures	6.0	2.3	n.s.
Headcount end of period	no. 280	287	-2.4 %

Cement Consumption
(million tons)

2006	5.8
2007	5.9
2008	6.2
2009	5.4
2010	4.8
2011	5.2
2012 E	4.4

In addition, the figure for 2011 included other operating revenues resulting from the sale of CO₂ emission rights for €5.7 million and non-recurring income of €7.1 million, consisting of gains on the disposal of an investment property. Notable among production costs were increases in the prices of electricity (+3.0 %) and fuel (+5.7 %).

The total capital expenditure in 2012 was €2.1 million, of which €0.6 million was allocated to the nitrogen oxide reduction system at the Rumelange plant.

Netherlands

The Netherlands economy has been in recession since January 2012. This is the second downturn in recent years, the last being in mid-2009. The country's economy is largely tied to exports and re-exports, i.e. the introduction into the European market of products previously imported from other countries; domestic spending made a limited contribution to growth. The ongoing crisis in the Eurozone and lower demand from Germany, the country's prime trading partner, led to gradually increasing weakness. Gross domestic product for 2012 closed with negative growth at -0.5 %.

Investment in the construction industry suffered a gradually decreasing profile throughout the year, closing with a sharp decline of 6.9 %.

Our sales of ready-mix concrete amounted to 0.79 million cubic meters, visibly down from the previous year (0.95 million cubic meters), with prices also falling by more than 2 %.

Poland



	2012	2011	12/11
millions of euro			
Net sales	109.0	144.0	–24.3 %
EBITDA reported	21.8	36.9	–41.0 %
% of net sales	20.0	25.6	
Capital expenditures	3.0	2.2	34.4 %
Headcount end of period	no. 387	389	–0.5 %

Cement Consumption
(million tons)

	Domestic	Import
2006	14.4	0.2
2007	16.2	0.4
2008	16.6	0.3
2009	14.9	0.2
2010	15.2	0.2
2011	18.3	0.4
2012 E	15.3	0.3

Net sales were €87.5 million (€109.7 million in 2011). EBITDA dropped from €1.6 million positive to a loss of €5.5 million.

Total capital expenditures in 2012 were €6.0 million, of which €2.5 million for the acquisition of land for the construction of an aggregate processing plant, €1.1 million for the installation of a gantry crane for unloading barges at the Franeker concrete batching plant and €0.9 million for the purchase of two floating dredges.

Poland

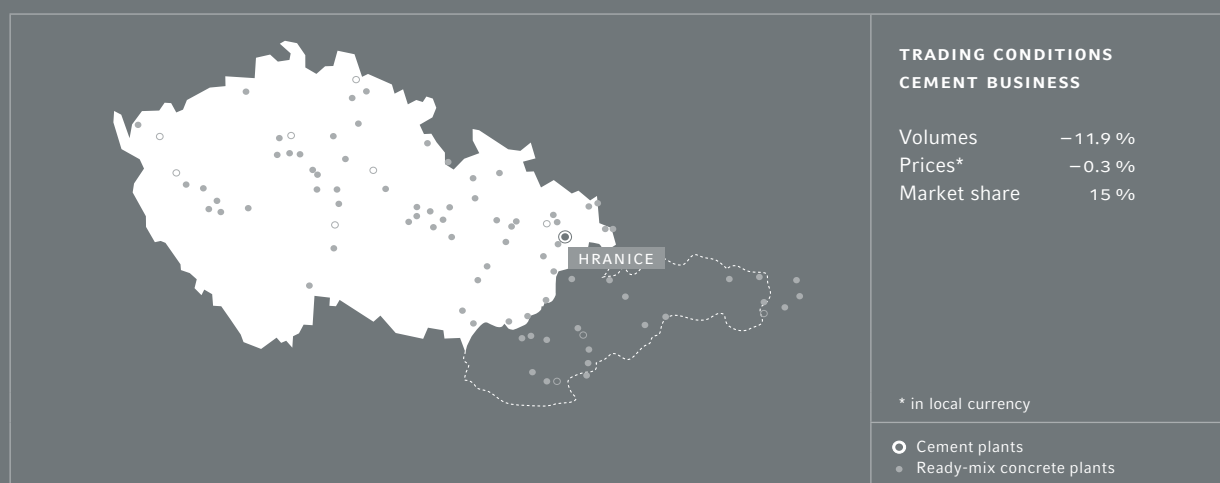
After significant growth in 2011, the country's gross domestic product suffered from weaker internal and external demand, influenced by the marked slowdown in public investment, the reduction of available European funds and by the fiscal measures launched during the year to contain the public deficit. Uncertainties resulting from the crisis in the Euro area naturally led to negative effects on exports. After a good accelerated start to the year, GDP growth in 2012 subsequently slowed to a nevertheless satisfactory +2.1 %. In the years from 2009–2012, EU funding significantly accelerated the country's economic development. The completion of the infrastructure works for the European football championship resulted in a sharp reversal of trend; although current year investment in the construction industry showed a slight increase (+1.6 %), the final result was a strong reduction compared with the 11.8 % achieved in 2011. As a result, cement consumption in the country, already in decline since the second quarter, fell by over 16 %.

The quantities of cement sold by our production units decreased by 17.4 % compared with 2011, and an even more pronounced reduction occurred in the production of ready-mix concrete (-25.7 %). After a very positive start to the year, following the completion of works for the UEFA Championship, an abrupt trend reversal occurred in the last part of the first half as the event took place. The average level of prices in local currency showed a downward tendency both for cement (-4.5 %) and ready-mix concrete (-2.3 %). These market dynamics led to net sales of € 109.0 million, compared with € 144.0 million in 2011 (-24.3 %). EBITDA dropped from € 36.9 million to € 21.8 million (-41.0 %) with a reduction in EBITDA to sales margin from 25.6 % to 20.0 %.

The devaluation of the zloty had a negative effect on net sales and EBITDA: at a constant exchange rate the decrease compared with 2011 would have been 23.2 % and 39.9 % respectively. In 2011, other operating revenues nevertheless included € 1.5 million arising from the sale of CO₂ emission rights. Notable among operating costs was the favorable trend of fuel and electricity increases (+5.2 %).

Total capital expenditures in 2012 were € 3.0 million, of which € 0.5 million for the purchase of mobile equipment for the pumping of ready-mix concrete.

Czech Republic and Slovakia



	2012	2011	12/11
millions of euro			
Net sales	149.6	172.0	-13.0 %
EBITDA reported	25.4	35.2	-27.9 %
% of net sales	17.0	20.5	
Capital expenditures	3.9	3.0	29.6 %
Headcount end of period	no. 855	871	-1.8 %

Cement Consumption
(million tons)

	Domestic	Import	Total
2006	3.8	1.0	4.8
2007	4.2	0.9	5.1
2008	4.2	0.9	5.1
2009	3.4	0.8	4.2
2010	3.0	0.7	3.7
2011	3.2	0.7	3.9
2012 E	2.9	0.6	3.5

Czech Republic and Slovakia

This strongly export-oriented country naturally felt the effects of the slowdown that occurred in several EU economies, mainly Germany, which is its closest trading partner. After a period of stagnation at the beginning of the year, the gross domestic product of the Czech Republic subsequently further weakened, closing the period with a reduction of 1.1 % on the previous year. Investment in the construction industry maintained a weak profile; the 5.4 % drop from the previous year confirmed that building activities are not yet free of the difficulties of the last two years. The Czech koruna fell by 2.3 %. The Slovak economy grew by 2.6 % in 2012, slower than its 3.3 % rate of 2011.

Cement consumption in the Czech Republic fell to 3.5 million tons, about a third lower than the peak of 2008. The shrinkage of demand in Poland practically canceled the synergy lever between the two nations, which in the previous year consisted of exports to Poland. Cement sales decreased by 11.9 % compared with the same

period of 2011 and average sales prices, expressed in local currency, remained virtually stable (-0.3 %). The ready-mix concrete segment, which also includes operations in Slovakia, followed a rather weak trend, with volumes falling (-5.7 %) and prices down by 2.3 %. Total net sales, which were also affected by a slight devaluation of the koruna, went from €172.0 million to €149.6 million (-13.0 %) and EBITDA reached €25.4 million compared with €35.2 million in 2011 (-27.9 %). Profitability lost its shine, dropping from 20.5 % to 17.0 %. The 2011 results however included other operating income of €0.5 million from the sale of CO₂ emission rights. Notable among operating costs were increases in electricity (+13.6 %) and fuel (+3.3 %). The weakness of the Czech koruna had a negative impact on the conversion of results into euro; net of the foreign exchange effect, the change in net sales and EBITDA would have been -13.0 % and -26.0 % respectively.

Investments in 2012 totaled €3.9 million, of which €0.8 million for the expansion of raw material reserves.

Ukraine



	2012	2011	12/11
millions of euro			
Net sales	134.3	112.5	19.5 %
EBITDA reported	15.8	6.9	n. s.
% of net sales	11.8	6.2	
Capital expenditures	9.0	14.4	-37.6 %
Headcount end of period	no. 1,566	1,617	-3.2 %

Cement Consumption
(million tons)

2006	12.3
2007	14.0
2008	13.8
2009	9.0
2010	9.0
2011	10.2
2012 E	9.7

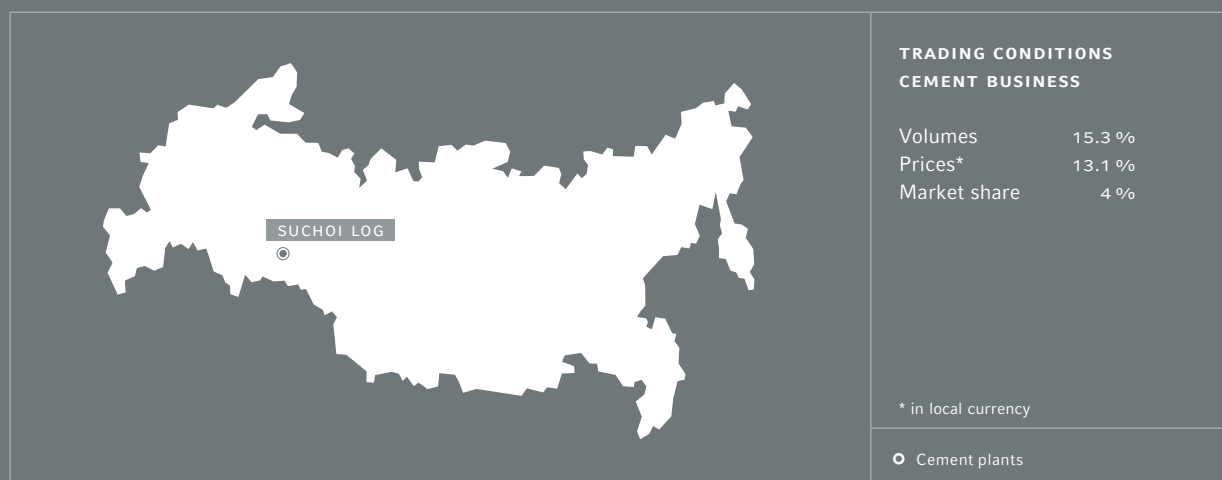
Ukraine

Economic growth, in recovery since 2010, continued with less intensity than in the previous year. Gross domestic product, after a promising start, maintained a positive pitch in the second quarter but slowed down dramatically in the second half, before rallying to make a modest growth rate of 0.4 % for the full year 2012. The causes were attributable mainly to increased public spending on subsidies for the administered price of gas, lower external demand and the growing financial uncertainties that led to a more restrictive monetary policy. Inflation was expected to rise to 7.4 %, reflecting salary pressures, pension increases and the rising cost of living; the stock of public debt went well above forecasts. The balance of trade remained negative mainly because of the higher cost of gas imports. Major plans for the modernization of infrastructure, now inadequate to meet the scope of important resources in the field of steel and agriculture, may be launched at a later stage after the completion of new improvement milestones in the process of democratic transition.

The construction market showed a decrease of 13.8 % over the previous year. This resulted in a reduction in the quantity of cement sold (-6.1 %), in a scenario of substantial improvement in average prices (+18.1 % in local currency). The ready-mix concrete segment made generally favorable progress, with volumes and average prices in local currency increasing by 3.1 % and 20.8 % respectively. Net sales and EBITDA increased, respectively rising from € 112.5 million to € 134.3 million (+19.5 %) and from € 6.9 million to € 15.8 million. The strengthening of the local currency further encouraged the development of net sales and EBITDA: at a constant exchange rate the increase compared with 2011 would have amounted to +11.3 % and +109.6 %. Notable among main operating costs is an unfavorable trend in energy prices, with fuel increasing by 5.5 % and electricity by 25.4 %.

The main capital expenditures made during the year concerned the grinding and alternative fuel dosage plant at Rivne (€ 3.4 million) and, in the same plant, a new cement mill separator (€ 1.1 million) and filter cooler (€ 0.7 million).

Russia



	2012	2011	12/11
millions of euro			
Net sales	234.6	175.5	33.7 %
EBITDA reported	96.1	65.7	46.3 %
% of net sales	41.0	37.4	
Capital expenditures	20.0	36.8	-45.7 %
Headcount end of period	no.	1,028	1,049
			-2.0 %

Cement Consumption
 (million tons)

	Domestic	Import
2006	53.9	0.7
2007	58.6	1.5
2008	53.5	6.5
2009	43.2	0.6
2010	48.5	1.2
2011	56.4	0.6
2012 E	60.2	5.0

Russia

The country's economic growth suffered slowdowns in the second half of the year, but nevertheless remains promising and solid. The gross domestic product showed a 3.4 % increase, lower than the 4.2 % reached in 2011. The favorable trend in the prices of energy commodities, the main wealth of the country, is reflected in the acceleration of fixed investments and the growth of trade with foreign countries. One outcome has been the stabilization of oil prices, but at rather high absolute levels. In addition to public spending, fueled by revenue from crude oil and gas exports, internal consumption also helped sustain demand, thanks to an all-time high employment rate. Inflation was particularly low in the first half and showed a full year rate of 6.5 %. The construction sector grew by 2.4 %; cement consumption increased steeply and set a new record for the country, reaching 65.2 million tons (about 57 million tons in 2011).

With regard to Buzzi Unicem, cement sales in the year showed a satisfactory trend, +15.3 % compared with 2011.

The strong pitch of demand led to an equally convincing trend in average sales prices, which in local currency were 13.1 % higher compared with the average of the previous year. Net sales rose from €175.5 million to €234.6 million (+33.7 %). Net of foreign exchange effects, which brought a 2.3 % revaluation, the increase would have been 30.6 %. EBITDA increased to €96.1 million against €65.7 million in 2011, an increase of 46.3 %; expressed in local currency, the increase would have been 42.7 %. Russian operations confirmed an excellent EBITDA to sales margin within the group (41.0 %), in further improvement on the previous year (37.4 %). The full operation of the new dry-process production line helped contain increases at source of energy factors (fuel +9.2 %, electricity +7.3 %).

With regard to capital expenditures, the construction of a terminal and mixing center in Omsk absorbed €7.8 million, while works were carried out on the new line 5 at Suchoi Log to adapt to the particular weather conditions. This involved the modernization of the cooler and the optimization of the raw materials grinding process, for a total of €5.5 million.

United States of America



	2012	2011	12/11
millions of euro			
Net sales	680.5	557.9	22.0 %
EBITDA reported	123.9	71.4	73.7 %
EBITDA recurring	116.1	71.4	62.7 %
% of net sales	17.1	12.8	
Capital expenditures	45.2	24.1	87.4 %
Headcount end of period	no. 2,282	2,290	-0.3 %

Cement Consumption
(million tons)

	Domestic	Import	Total
2006	85.8	35.9	121.7
2007	87.6	22.7	110.3
2008	82.1	11.5	93.6
2009	61.5	6.9	68.4
2010	61.4	6.9	68.3
2011	63.8	6.5	70.3
2012 E	69.7	6.9	76.6

United States of America

In 2012 the gross domestic product of the United States, benefiting from a positive trend in domestic consumption and net exports, grew by 2.2 %. The labor market showed gradual improvement, although unemployment remained quite high (7.8 % in December) and was characterized by a large share of long-term unemployed. However, during the year applications for unemployment benefits decreased, reaching their lowest level in four years. Concerns about drastic budget cut-backs, the so-called "fiscal cliff", which was to take place in early 2013, were temporarily allayed thanks to the compromise reached at the end of December, which extended tax relief. However, there remained not negligible risks for the issue of automatic cuts to spending programs (so-called "sequesters").

Real estate market conditions remain uncertain, but we saw a gradual strengthening of the residential construction segment and house prices showed initial signs of recovery. Investment in the construction industry main-

tained good growth momentum, reporting an increase of 6.2 %, more marked in the residential sector (+11.9 %) and non-residential sector (+9.5 %). Public spending on infrastructure however fell by 5.4 %.

In the context described above, cement consumption in the country rose again compared with the previous three years, reaching 76.6 million tonnes (+9.0 %). Our sales of hydraulic binders, given a strong start by weather conditions in the first quarter, maintained significant growth momentum and ended the year with a 10.5 % increase. The rebound in demand, after several years of stagnation, was converted into improved sales prices (+2.9 % in local currency). The production of ready-mix concrete fared slightly less well in terms of volumes (+2.7 %) but did better with regard to price (+6.3 %). Overall net sales rose from €557.9 million to €680.5 million euro (+22.0 %). The appreciation of the dollar (+7.7 % over the year) had a favorable impact, boosting net sales by €52.4 million. EBITDA developed very satisfactorily, from €71.4 million to €123.9 million (+73.7 %), of which €9.5 million resulted from the positive foreign exchange effect. Net of non-

Mexico



	2012	2011	12/11	
millions of euro				
Net sales	538.3	475.9	13.1 %	
EBITDA reported	195.0	165.3	18.0 %	
% of net sales	36.2	34.7		
Capital expenditures	15.6	40.4	-61.3 %	
Headcount end of period	no.	1,209	1,174	3.0 %

figures at 100 %

Cement Consumption (million tons)

2006	35.9
2007	36.8
2008	35.1
2009	34.4
2010	33.9
2011	34.4
2012 E	35.1

recurring items, represented by a gain of € 7.8 million on the disposal of properties, EBITDA showed an improvement of € 44.8 million. The growth of volumes, favorable sales prices, the substantial stability of energy factors and especially the lower incidence of fixed unit costs resulting from best capacity utilization, boosted profitability, which rose from 12.8 % to 18.2 %.

The main investments made during the period concerned the advancement of the renovation project for the grinding plant at Maryneal, Tx (€ 13.8 million) and the new clinker transport system at Festus (€ 6.0 million). A € 1.6 million investment plan was launched for the upgrade of production facilities, bringing them into line with new environmental standards (National Emission Standards for Hazardous Air Pollutants) set by the EPA, compliance with which must be ensured by September 2015 deadline.

Mexico

In 2012 the country's economy confirmed a solid pace of development, with an estimated gross domestic product increase of 3.8 %, similar to the previous year. Domestic demand (supported by employment growth), and the positive spin-off effects on exports (caused by economic recovery in the United States, particularly in the manufacturing and automotive sectors), supported the growth. Factors that contributed to the dynamism of the economy include: controlled inflation, confirmation of the robustness of the main macroeconomic indicators, legislation that is open and welcoming to foreign capital, a national financial system safe from global tensions and a constant flow of emigrant remittances in hard currency (dollars). Activities related to construction materials were favored by important public projects for construction and renovation of infrastructure, particularly in view of the presidential elections in early July, and the good performance of residential construction.

Cement sales of the associated company Corporación Moctezuma rose by 6.2 %, with an improvement of prices in local currency of 4.3 %. The production of ready-mix concrete recorded a more robust increase (+11.7 %), with prices rising by 2.6 %. Net sales and EBITDA, expressed in local currency, recorded respective increases of 10.6 % and 15.4 %. The relative strength of the Mexican peso favored the translation of results into euro; net sales rose from €237.9 million to €269.2 million (+13.1 %) and EBITDA rose from €82.6 million to €97.5 million (+18.0 %). The ratio between the two variables was therefore 36.2 % (up from 34.7 % in 2011), achieved thanks to a clear decrease in fuel costs and the further improvement of operating leverage (high utilization of production capacity).

In the period just ended, capital expenditures, for our 50 % proportionate share, focused on the new rail link for the Apazapan plant (€3.3 million); in the ready-mix concrete sector, several upgrades were made to the concrete batching plants (€1.7 million).

Algeria

In 2012 the Algerian market confirmed the vitality demonstrated in previous years. Cement consumption in the country increased by 11 % over the previous year and is now approximately 21 million tons. Cement imports, estimated at about 2 million tons, fell short of market needs. The so-called “cement shortage” caused some delay in the implementation of infrastructural and residential works envisaged in the government investment plan for 2010 to 2014. Sector development programs, announced on several occasions by government sources, provide for the construction of 8 new production lines, corresponding to about 8 million tons of capacity. These plans also provide that implementation be entrusted to the public sector holding GICA as well as to private Algerian entrepreneurs in “partenariat” with foreign operators.

The “contrat de management” for the management of the two companies expired at the end of January 2012 and Buzzi Unicem has not exercised the option for renewal on existing terms and conditions. However, negotiations are underway with the Algerian Ministry of Industry and with GICA for the possible development of a new “contrat de management”, regulated by conditions more balanced for Buzzi Unicem and, alternatively, the definition of a possible technical assistance contract related both to the management and the implementation of the investments.

Also for the year 2012, the results of the two companies associated with Buzzi Unicem were positive, despite a slight reduction in total production compared with the previous year, the last under Buzzi Unicem management. The Hadjar Soud cement plant produced 1.1 million tons of cement (+5.6 % compared with 2011), while Sour El Ghozlane failed to achieve the results of previous years and annual output reached only 0.9 million tons, a decrease of 21 % compared with 2011.

Despite the fall in production, with reference to 100 % of the business and to the separate financial statements of the the two companies, the year 2012 showed satisfactory results, with net sales of €98.2 million euro (+2 %) and EBITDA of €49.3 million (+23 %).

Human Resources

In 2012 Human Resources management and development reflected, country by country, the company's performance, as described elsewhere in this document.

In each country where Buzzi Unicem has operations, the deepening crisis, the management of turnarounds – whether positive or negative – the consolidation of good performance and more or less marked growth signals from business and results have consistently influenced the programs, relations and organizational actions regarding employees.

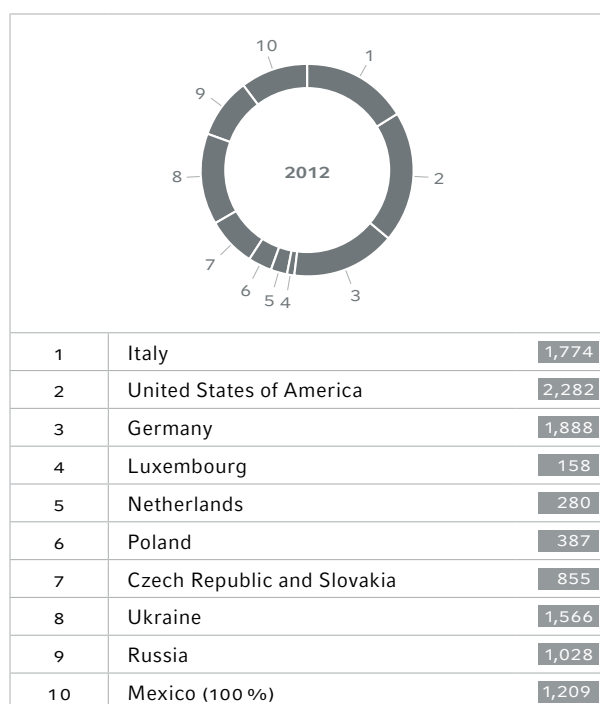
In 2012, Italy was unfortunately the country afflicted by the greatest difficulties, with intensified recourse to temporary and extended layoff funds, while layoff procedures initiated in previous years finally finished with collective redundancies. The real decline in the overall workforce was 8 % compared with 2011 and 16.5 % compared with 2007, the Centenary year.

In the United States, in view of a general trend of slight improvement – and that includes the unemployment

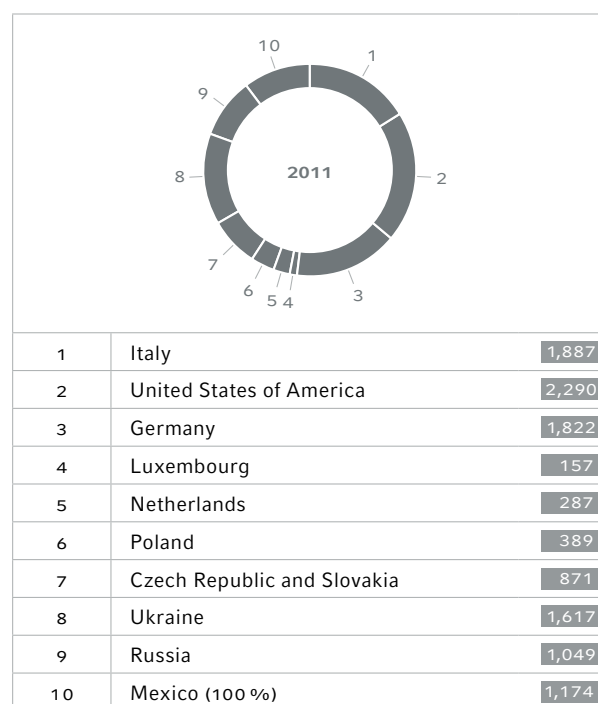
rate – the cement sector is beginning to rise from the low point of the cycle, therefore Buzzi Unicem USA also had to use procedures similar to layoff in 4 plants. In addition to these operations, three new collective agreements (at Maryneal, Festus and Cape Girardeau), were initiated and concluded with labor union representatives, aimed at limiting the company's structural costs in relation to the onerous U.S. pension fund system. In relation to this issue, an important plan was launched to reduce the financial burden of pension benefits to 900 former employees, of which 600 accepted the company proposal, with an outlay of \$ 16.7 million and ongoing savings of around \$ 20.0 million. To be remarked that in the United States, despite the unusually high level of unemployment (7.8 %), there are still difficulties in hiring factory technical staff with satisfactory training and skills.

In Germany the "Leadership Feedback" project was successfully implemented; this is a tool used by directors and managers of plants and central offices, to get an evaluation of their own behavior, "as a boss", from their colleagues. It involves a questionnaire, to be filled in anonymously, but based on the priority managerial values defined and communicated by management.

Headcount by region at year end



Temporary layoffs included



In addition to improving dialog between heads and staff, the initiative helps to identify areas of possible development or necessary action to increase managerial capacity. The feedback activities for each manager/head take place every three years.

2012 also saw the launch of an extensive program of professional development for the staff of companies located in Eastern Europe. It entails periods of job-shadowing at plants in Germany, initially involving technical specialists from plants in Ukraine.

The total workforce of the group at 2012 year-end was 101 units less than that of the previous year; along with the decrease already underlined in Italy, a rise is reported in Germany (+3.6%), due to the consolidation of four companies in the ready-mix concrete sector, and in Mexico (3.0%), due mainly to the extra labor force needed to cope with the increased production of ready-mix concrete.

The numbers of employees in the other countries have not undergone significant variation.

Some significant indicators concerning staff are given in the following table:

	2012	2011
Turnover ¹	11.6 %	12.5 %
Days of absence ²	79,843	84,947
Training days ³	43,787	46,850

¹ Ratio of outgoing employees to workforce at 31 Dec. 2012;

² Total days of illness;

³ Total days of internal and external training

Research and Development

Buzzi Unicem devotes particular attention to applied research and thanks to continuous and intense research activity, it pursues innovation both in the production process and in products. For this purpose the company participates as an industrial partner in national and international research projects, contributing to the development of new materials and technologies and the creation of knowledge networks with structures of excellence in the field of scientific research.

This vision, strongly oriented to seeking out new frontiers of science and technology, arises from the consideration that the characteristics of cement and the mechanical properties of concrete depend largely on the chemical and physical phenomena that occur on micrometric and nanometric scales. The acquisition of increased knowledge in this area, and the achievement of a level of control and mastery of the properties of cement at micro and nanometric levels, allow an optimization of the physico-mechanical characteristics and the durability and sustainability properties of cement and concrete.

For some years now the company has carried on an intensive research program on the development of new types of clinker and innovative binders: the goals are not only the best physico-mechanical performance; through the use also of LCA (Life Cycle Assessment) analysis tools, the aspects of long-term durability and environmental sustainability are carefully evaluated and optimized, with consideration given to every opportunity to use to use materials recovered from industrial waste.

As an example we can mention the development of the so-called "Cem X"-cement with reduced Portland clinker content, which will be incorporated into the next review of European Standard EN 197/1. We were involved in the development of this standard, in laboratory trials and regulatory developments, together with the main European technical and scientific institutions.

Buzzi Unicem this year launched technical and scientific collaborations with several academic institutions, including the Polytechnic of Milan, the Polytechnic of Turin and the University of Eastern Piedmont, where it has also funded a PhD scholarship in Chemical Sciences.

Since 2010 Buzzi Unicem has joined the Research and Development Network of the Piedmont Region, consisting

of the so-called “Poles of Innovation”, i.e. groups of companies, research organizations and a management body that works in synergy with the aim of providing infrastructure and services of high added value. In this context, a number of extremely innovative projects are currently underway, co-financed by the Piedmont Region and coordinated by Buzzi Unicem. They include the Ma2Re project (<http://www.ma2re.it>), which aims to evaluate the impact of a sulfoaluminate clinker-based hydraulic binder on the construction industry, and Dualcem, a project on the feasibility and design of concrete with multifunctional properties.

Buzzi Unicem is represented in all major national and international bodies dealing with legislation and certification. The Research and Development administration has as the coordination of the central laboratories of Guidonia and Trino (Buzzi Unicem) and Wiesbaden (Dyckerhoff).

With regard to ready-mix concrete, the company in recent years has devoted much R & D effort to the study of physical and electrochemical mechanisms that affect the rheology of concretes, and that therefore significantly determine the physicomaterial properties of structures built with them. In parallel, research efforts have been oriented toward the creation of a new methodology for formulating recipes – and a new software program – that enable this new technological knowledge to be applied to the design of the thousands of products effectively present in all Italian plants.

This important advancement of know-how has also supplied the necessary technological support for the operational success of the H2NO Project, focused on the development of new technological properties of the varieties of concrete sold. In 2012 the concrete division confirmed the essential role of R & D in the company structure, making it a strong point also for activities more directly oriented toward the customer. Much of the research in fact addressed the increase in predictive capabilities regarding the actual performance expected by the customer on site (thermomechanical and deformation parameters, permeability and cracking risk, industrial workability, level of finish guaranteed), allowing the company to present itself not only as a reliable supplier of concrete but as a privileged partner from the planning stage. Also in 2012, R & D applied a new testing model aimed at forecasting performance results – and the immediate review of recipes – depending on the properties of the components, rather than the simple ex-post control of the supplied product.

Also worthy of mention is the continuation of experimental research, geared toward the use of alternative and recycled components, and the launch of applied research projects aimed at obtaining equivalent performance at lower cost by using the adaptive mixing of several cements and additives, and the review of times of addition to the mix.

Ecology, Environment and Safety

Buzzi Unicem, aware that the success of a company depends on being able to understand, if not anticipate, the legitimate expectations of the context in which it operates and with which it interacts, has for years taken the path towards the lasting and effective governance of sustainability, essential for the integration of technical and production needs, with consistent conformity to legislative requirements and the progressive implementation of technological innovation, environmental quality and safety, supported by an increasingly rooted culture of prevention.

In order to lighten the so-called "ecological footprint", despite the difficult economic situation of 2012, the main technical operations of the group companies pursued the application of "Best Available Techniques", aimed especially at curbing emissions of nitrogen oxides and widespread dust.

Other examples included the reduction of indirect environmental impacts with the new terminals at Joliet (Illinois), the use of transport barges along the Mississippi; and in Hamburg (Germany), which is equipped with a rail link.

Again, mention must be made of the search for alternative fuels with sufficient calorific values and biogenic fraction; this with a view to replacing traditional fossil fuels and thus reducing carbon dioxide emissions, in accordance with European Community commitments to the Kyoto Protocol, as well as fostering environmental recovery, an example of which is the former sand quarry at Ravenswaarden, in the floodplains of the river IJssel (Netherlands). In this context, in November 2012, "Carbon Disclosure Project", a no-profit organization working for the reduction of greenhouse gases and the conscious use of water resources by production activities and citizens, awarded Buzzi Unicem the "CDP Carbon Disclosure Score of 90", recognizing it as the best Italian company (from more than 4,000 analyzed) for the proactive management and clear reporting of these impacts.

Also in 2012, we report the attainment of environmental certification for the Trino (VC) production unit, in accordance with the requirements of the EN ISO 14001 standard and the EPD (Environmental Product Declaration) for all 54 cements produced in Italy. The environmental declaration is an innovative management tool suitable for measuring the sustainability of a product with objective and

verifiable data throughout the entire product life cycle (see the Life Cycle Assessment study), as well as ensuring excellent environmental performance, which is essential for the "sustainable" design of products, manufactured and certified in accordance with the LEED method (Leadership in Energy and Environmental Design).

Consistent with this model of sustainability, the group aims to valorize the excellence and eco-compatibility of its processes and products, to widely distribute the achievement of high performance and the effectiveness of the prevention and protection measures adopted, using diversified communication initiatives so as to ensure a significant "image effect" and the consolidation of corporate credibility and relationships with all reference stakeholders, such as workers, suppliers, customers, citizens, institutions, supervisory bodies and associations environmental organizations. This is the context for the annual publication of the "Sustainability Report", with reporting of social, environmental and economic indicators broken down by country and other important events designed to recall and confirm the company's ongoing commitment in this area. It suffices to mention the 100th anniversary celebrations of the cement plant at Barletta (Italy), authorized for the energy recovery of 65,000 t/y of alternative fuels; the collaborations with research institutes and schools of all levels to promote continuous school-work integration; the supply of concrete for the CityLife buildings in Milan and the Fuksas-designed Piedmont Region building in Turin, whose 209 m height will make it the tallest skyscraper in Italy; concrete also for "Main Point Karlin" building in Prague and the railroad tunnel in Delft (Netherlands), as well as the new "Planta Central" concrete mixing plant in Mexico City, designed and constructed on the basis of high qualitative and quantitative standards combined with ecological and social principles.

Finally, we note that, in March 2012, Buzzi Unicem was included in the Axia Sustainable Index (ASI) basket, launched by Axia Financial Research, the innovative ethics-based merchant bank. The index, consisting of 40 stocks of companies listed on the Italian market, assesses the great efforts made by individual companies to promote sustainability in their management of environmental policies and in their social and corporate governance.

It is desirable that the traceability, reliability and credibility of our business decisions are widely recognized and enable effective dialog and comparison, so as to send out an unequivocal signal to all stakeholders in order to increase their involvement and foster clear and widespread awareness.

Risk Management and Description of Main Risks

Within the scope of the risk assessment, the following companies come under consideration:

- _ Buzzi Unicem SpA (parent company)
- _ Unical SpA
- _ Dyckerhoff AG and its subsidiaries
- _ Buzzi Unicem USA Inc. and its subsidiaries
- _ Alamo Cement Company and its subsidiaries

The risk management system involves the Board of Directors, management and staff, in order to identify potential events that may affect the company, manage the risk within certain limitations, and thereafter provide reasonable assurance regarding the achievement of company goals. As part of the internal control & audit system, our corporate risk management takes the concrete form of a 6-monthly procedure of risk inventory taking, control and reporting, all based on an overall risk strategy, known and accepted.

The approach to risk in Buzzi Unicem is not directed at the absolute elimination of all potential risks, but instead takes into account corporate objectives, and seeks to provide a systematic methodology that enables the informed evaluation of risks on the basis of ready information about the risks and their correlations. The risks themselves can then be avoided, reduced, transferred or assumed as part of the overall management process of risk control.

The operational responsibility for risk limitation is attributed to the heads of central offices and divisions of the group identified as important for risk management.

The respective directors are responsible for all material risks foreseeable in their areas, regardless of the fact that the risks may have been identified in the risk management system. Risks are assessed in consideration of their probability of occurrence and impact on company assets, in accordance with standard criteria, taking into account their relative importance and significance. Risk assessments carried out by managements and divisions of the group are recorded in a central database. Analyses are performed on the categories relating to the risks that underlie all the activities of our operating companies in terms of production, financial, legal and tax matters.

For the sake of completeness, it should be noted that the risk highlighted by the enterprise risk management

(ERM) system and the budget provisions are not necessarily mutually consistent, because of the differing purposes of the two instruments (the first concerns prevention and management, the second correct accounting practice). In fact, the ERM necessarily takes account of risks not included in the budget and also those whose estimate (from the point of view of probability of occurrence and impact) is not sufficient to determine its recognition in the budget. In any case, the ERM, despite being a management tool available to senior management for the evaluation and control of risks, also has an important use for the determination of funds, allowing more direct and comprehensive knowledge of management operations and more accurate assessments during the allocation process.

In 2012 there was an increasing trend of operational risks downstream of actual containment measures, without regard for the impact of any accounting and/or forecasting mitigation. The residual risk is indeed growing in 9 of the 16 categories used.

The risk on capital expenditures is increasing, mainly for the indefinite suspension of some projects in Eastern Europe.

In Italy there has been an increased risk of loss of capital invested in financial institutions, as a result of greater available funds invested on average. Reduction in risk due to the negative fair value of interest rate swap contracts, to reduce the notional capital principal amount and to shorten the remaining term of the bank loan. In the USA risks are down in pension funds. In Eastern Europe the financial conditions of associated companies have improved. A reduction is observed in the risk of access to credit and changes in exchange rates on intercompany loans and fuel purchases in other currencies. However new risks are detected in the exchange rate of the Ukrainian currency.

Risks are increasing in sales prices and volumes, in particular those relating to the Polish cement and ready-mix concrete market. On the other hand analogous risks are declining in Russia. Following the introduction in Germany of the new European Directive on emissions, a risk is foreseen for the possible costs of abatement of pollutants.

Regarding the start of the squeeze-out procedure on the subsidiary Dyckerhoff AG, new risks arose associated with the business reorganization of the company. Still in Germany, there is an increased risk of possible disputes over contracts for the sale of certain plants and machinery.

In the USA risk of lawsuits against our subsidiaries by customers or employees decreased. Estimates of antitrust proceedings in Europe are instead stable.

New risks have arisen in Italy on transport costs of finished products and raw materials, and in Russia there is an increased risk for insufficient availability of railroad wagons for the transport of cement. There remain risks related to political developments and adverse changes of local legislation in Ukraine, while in the USA the risks are lower for possible antitrust investigations and/or sanctions. Again in Ukraine, there is a reduction in the risk of a possible negative evolution of tax disputes.

In Germany, we note risks of electricity prices increases following the introduction by the Environment Ministry of a new law on renewable energy. In the USA there are tax risks for possible changes in legislation and possible non-recovery of past tax losses and withholding tax.

Following the containment measures already implemented or envisaged by the managements and divisions of the group, through insurance policies and budget allocations, the residual risk amount is a very limited fraction of equity.

Related-party Transactions

Transactions with related parties, including intercompany transactions, are considered neither atypical nor unusual. These transactions are regulated in accordance with market conditions, taking into account the characteristics of the goods and services supplied.

Information on transactions with related party is given in note 48 of these consolidated financial statements.

Outlook

In the first two months of the year, the quantities of cement and concrete sold by the group decreased by a few percentage points. Furthermore, a more detailed analysis of this trend shows very different situations in the various markets where we operate: growth of volumes in Russia, the Czech Republic and the United States; one-digit percentage decrease in Ukraine and Mexico; significant fall in Italy, Luxembourg, Poland and the Netherlands. It should be noted that in the countries of Central and Eastern Europe weather conditions have been difficult and have slowed down investment in construction. This effect will manifest itself even more evidently at the end of the first quarter, considering that in the current month of March in Europe and in Ukraine the cold weather has continued, there has been rain and the Easter week has reduced the number of working days available. Signs of demand trends will be easier to interpret at the end of the first half, when the seasonal effect mitigates.

In Italy, the market forecast is weak with further worsening compared with initial estimates. In addition to sector statistics, the economic and political context also makes this scenario more likely. For this reason, operating results will continue to be very unsatisfactory, despite a possible strengthening of sales prices and the implementation of rationalization measures aimed at improving the efficiency of production plants.

For the countries of Central Europe, we estimate fairly stable volumes and average prices not lower than in the previous year, with the exception of the Netherlands, where the construction industry remains in difficulty. In terms of operating profitability, we envisage a level similar to that of the year just closed.

In Eastern Europe, there should be continued growth of volumes in Russia and we are therefore confident that the profitability of the country can reach levels of excellence also in 2013. In Ukraine we expect activities at a similar level to the previous year, with a favorable change in average prices and operating results slightly improved. The Czech Republic should have reached the low point of the cycle in 2012, but no imminent recovery is forecast. In Poland, the drop from the peak level was steeper than expected; we believe the market can stabilize around 2012 levels, but profitability could be adversely affected by a trend of weak prices, due to surplus production capacity in the country.

With regard to the United States, several important economic indicators confirm the sustainability of the recovery underway, and the industry association (PCA) has revised its expectations favorably. Consequently the conditions do exist for progress in volumes and prices, more evident from the second quarter. We are therefore confident that this geographical area, so important for the group, will continue to improve even in the current year.

In Mexico, the construction sector should confirm the good level of activity achieved in the previous year, but it is possible that full potential of the development will be realized in a few months, after the new government has actually started the next six-year program. We therefore expect a transition year, with results substantially similar to those, in any case very satisfactory, of 2012.

On the basis of these considerations, which outline good opportunities for recovery in the United States, a favorable trend in Russia, continuing difficulties in Italy and the substantial stability of the other countries as a whole, we can conclude that the next consolidated financial statements should close with operating results showing slight improvement compared with those posted in 2012.

Financial information year 2012

CONTENTS

Consolidated Financial Statements	56
Notes to Consolidated Financial Statements	61
Appendixes	140
Certification of Consolidated Financial Statements	149
Auditors' Report	150

	Note	Dec 31, 2012	Dec 31, 2011 restated	Dec 31, 2010 restated
thousands of euro				
Equity				
Equity attributable to owners of the company				
Share capital	19	123,637	123,637	123,637
Share premium	20	458,696	458,696	458,696
Other reserves	21	156,324	161,708	155,787
Retained earnings	22	1,694,273	1,824,264	1,782,407
Treasury shares		(4,768)	(6,180)	(6,986)
		2,428,162	2,562,125	2,513,541
Non-controlling interests	23	174,461	224,742	239,469
Total Equity		2,602,623	2,786,867	2,753,010
Liabilities				
Non-current liabilities				
Long-term debt	24	1,385,154	1,247,855	1,458,850
Derivative financial instruments	12	22,310	13,837	28,991
Employee benefits	25	437,640	364,333	355,705
Provisions for liabilities and charges	26	126,239	121,123	119,531
Deferred income tax liabilities	27	403,282	398,485	415,411
Other non-current liabilities	28	16,655	15,412	18,300
		2,391,280	2,161,045	2,396,788
Current liabilities				
Current portion of long-term debt	24	288,146	402,413	175,718
Short-term debt	24	70,685	78,560	2,198
Derivative financial instruments	12	4,994	151	1,317
Trade payables	29	244,713	263,597	278,576
Income tax payables	30	11,223	19,723	15,857
Provisions for liabilities and charges	26	40,342	42,365	52,352
Other payables	31	148,676	136,102	139,624
		808,779	942,911	665,642
Total Liabilities		3,200,059	3,103,956	3,062,430
Total Equity and Liabilities		5,802,682	5,890,823	5,815,440

Consolidated Income Statement

	Note	2012	2011 restated
thousands of euro			
Net sales	32	2,813,446	2,787,385
Changes in inventories of finished goods and work in progress		24,472	3,645
Other operating income	33	76,165	100,305
Raw materials, supplies and consumables	34	(1,214,395)	(1,246,303)
Services	35	(706,712)	(704,356)
Staff costs	36	(446,454)	(427,313)
Other operating expenses	37	(91,451)	(79,085)
Operating cash flow (EBITDA)		455,071	434,278
Depreciation, amortization and impairment charges	38	(258,027)	(243,498)
Operating profit (EBIT)		197,044	190,780
Gains on disposal of investments	39	761	1,172
Finance revenues	40	56,382	69,895
Finance costs	40	(182,463)	(173,487)
Equity in earnings of associates	41	6,124	(2,999)
Profit before tax		77,848	85,361
Income tax expense	42	(75,883)	(30,532)
Profit for the year		1,965	54,829
Attributable to:			
Owners of the company		(28,475)	27,065
Non-controlling interests		30,440	27,764
euro			
Earnings per share	43		
basic			
ordinary		(0.14)	0.13
savings		(0.12)	0.16

Consolidated Statement of Comprehensive Income

	2012	2011 restated
thousands of euro		
Profit for the year	1,965	54,829
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains (losses) on post employment benefit obligations	(83,491)	(9,629)
Income taxes relating to actuarial gains (losses)	26,648	3,039
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	4,949	(36)
Income taxes relating to components of other comprehensive income	427	(1,178)
Other comprehensive income for the year, net of tax	(51,467)	(7,804)
Total comprehensive income for the year	(49,502)	47,025
Attributable to:		
Owners of the company	(84,635)	27,749
Non-controlling interests	35,133	19,276

Consolidated Statement of Cash Flows

	Note	2012	2011 restated
thousands of euro			
Cash flows from operating activities			
Cash generated from operations	44	418,103	384,883
Interest paid		(96,734)	(91,847)
Income tax paid		(67,012)	(41,903)
Net cash generated from operating activities		254,357	251,133
Cash flows from investing activities			
Purchase of intangible assets	7	(2,366)	(1,214)
Purchase of property, plant and equipment	8	(144,868)	(147,797)
Acquisition of subsidiaries, net of cash acquired		850	(2,213)
Purchase of other equity investments	10	(1,281)	(55)
Proceeds from sale of property, plant and equipment		27,803	49,797
Proceeds from sale of equity investments		1,335	3,946
Capital grants received		31	38
Changes in available-for-sale financial assets	11	(86,978)	-
Changes in financial receivables		(4,824)	(16,520)
Dividends received from associates	10, 40	5,871	8,054
Interest received		21,206	15,446
Net cash used in investing activities		(183,221)	(90,518)
Cash flows from financing activities			
Proceeds from long-term debt	24	432,827	172,521
Repayments of long-term debt	24	(407,821)	(182,197)
Net change in short-term debt	24	(7,942)	76,320
Changes in financial payables		8,501	(12,610)
Changes in ownership interests without loss of control		(86,344)	(5,301)
Dividends paid to owners of the company	45	(10,271)	(1,215)
Dividends paid to non-controlling interests		(36,264)	(14,569)
Net cash generated (used) in financing activities		(107,314)	32,949
Increase (decrease) in cash and cash equivalents		(36,178)	193,564
Cash and cash equivalents at beginning of year		592,028	396,459
Translation differences		343	2,348
Change in scope of consolidation		-	(343)
Cash and cash equivalents at end of year	17	556,193	592,028

Consolidated Statement of Changes in Equity

	Attributable to owners of the company						Non-controlling interests	Total Equity
	Share capital	Share premium	Other reserves	Retained earnings	Treasury shares	Total		
thousands of euro								
Balance as at January 1, 2011 restated	123,637	458,696	155,787	1,782,407	(6,986)	2,513,541	239,469	2,753,010
Profit for the year	–	–	–	27,065	–	27,065	27,764	54,829
Other comprehensive income for the year, net of tax	–	–	6,739	(6,055)	–	684	(8,489)	(7,805)
Total comprehensive income for the year	–	–	6,739	21,010	–	27,749	19,275	47,024
Shares granted to employees	–	–	–	–	806	806	–	806
Dividends paid	–	–	–	(1,215)	–	(1,215)	(14,569)	(15,784)
Acquisition of non-controlling interests	–	–	–	21,592	–	21,592	(24,145)	(2,553)
Non-controlling interests arising on business combinations	–	–	–	–	–	–	2,031	2,031
Other changes	–	–	(818)	470	–	(348)	2,681	2,333
Balance as at December 31, 2011 restated	123,637	458,696	161,708	1,824,264	(6,180)	2,562,125	224,742	2,786,867
Profit for the year	–	–	–	(28,475)	–	(28,475)	30,440	1,965
Other comprehensive income for the year, net of tax	–	–	(939)	(55,221)	–	(56,160)	4,693	(51,467)
Total comprehensive income for the year	–	–	(939)	(83,696)	–	(84,635)	35,133	(49,502)
Shares granted to employees	–	–	–	–	1,412	1,412	–	1,412
Dividends paid	–	–	–	(10,271)	–	(10,271)	(36,264)	(46,535)
Withholding tax on foreign dividends	–	–	–	(4,873)	–	(4,873)	(63)	(4,936)
Acquisition of non-controlling interests	–	–	–	(35,563)	–	(35,563)	(49,650)	(85,213)
Non-controlling interests arising on business combinations	–	–	–	–	–	–	–	–
Other changes	–	–	(4,445)	4,412	–	(33)	563	530
Balance as at December 31, 2012	123,637	458,696	156,324	1,694,273	(4,768)	2,428,162	174,461	2,602,623

Notes to the Consolidated Financial Statements

1. General information

Buzzi Unicem SpA ('the company') and its subsidiaries (together 'the group' or 'Buzzi Unicem') manufactures, distributes and sells cement, ready-mix concrete and aggregates. The group has manufacturing plants in several countries, which also represent the natural outlet for its goods and services. The operations are located mainly in Italy, the United States of America, Germany, Luxembourg, the Netherlands, Poland, the Czech Republic and Slovakia, Ukraine, Russia and Mexico.

Buzzi Unicem SpA is a stock corporation organized under the laws of Italy. The address of its registered office is via Luigi Buzzi 6, Casale Monferrato (AL). The company has its primary listing on the Borsa Italiana stock exchange.

These consolidated financial statements were authorized for issue by the board of directors on 28 March 2013.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Buzzi Unicem SpA have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission and with the provisions implementing article 9 of Legislative Decree no. 38/2005. The definition of IFRS also encompasses all valid International Accounting Standards (IAS) as well as all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those formerly issued by the Standing Interpretations Committee (SIC).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets/liabilities (including derivative instruments) at fair value through profit or loss, as well as on the going concern basis. In this respect, despite operating in a difficult economic and financial environment, it is the group's assessment that no material uncertainties exist about its ability to continue as a going concern. The format of the financial statements selected by Buzzi Unicem is the following: for the balance sheet implementation of the current/non-current classification, which is generally applied by industrial and commercial firms; for the income statement application of the nature of expense method; for the statement of cash flows adoption of the indirect method. Where necessary, comparability of content entails a restatement of the prior year amounts. The items presented in these consolidated financial statements, have been slightly adjusted and integrated compared with those previously published, following the early adoption of IAS 19 revised and IAS 1 amendment, as better described hereafter.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The IASB withdrew IFRIC 3 Emission Rights in its June 2005 session. Awaiting new interpretations, the accounting method followed provides not to value as assets the free emissions allowances allocated and to recognize only the effects of emission rights purchasing and/or selling transactions. Moreover a liability is recognized only when emissions exceed the allowances allocated and the deficit will have to be remedied through the purchase of the rights at fair value. Considering the operating conditions expected for the near future, under the third phase of the Emissions Trading Scheme (2013–2020), we expect the allowances initially allocated to Buzzi Unicem's manufacturing units in some EU countries (Germany, Luxembourg, Poland, Czech Republic) to be sufficient to cover the foreseen emissions. The emissions produced by the Italian cement plants are expected to fall behind the allocated rights.

Standards, amendments and interpretations effective in 2012 or that have been early adopted.

- IAS 19 (revised) Employee benefits. The group has early adopted IAS 19 (revised) retrospectively and in accordance with its transitional provisions, which do not have an effect on future periods. The retrospective application of this accounting policy requires restatement of some items in the financial statements and the presentation of a third balance sheet as at the beginning of the earliest comparative period (1 January 2011).

The amendment eliminates an option to defer the recognition of actuarial gains and losses, known as the 'corridor method', improving comparability and faithfulness of presentation. The amendment streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, mandating all remeasurement impacts to be recognized in other comprehensive income (OCI), thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations. All actuarial gains and losses are recognized immediately through other comprehensive income in order for net pension assets or liability in the balance sheet to reflect the full value of the plan deficit or surplus. Furthermore interest cost and expected return on plan assets is now replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability or assets.

The new standard enhances the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

Following the early application of IAS 19 (revised), obligations that give rise to post-employment benefits at our Russian cement plant were determined for the first time using actuarial valuation methods, to give a better representation of the financial position and economic performance of the group. This change in the accounting method was applied retrospectively in conformity with IAS 8.19 and IAS 8.22. Since the effects from the change in the accounting method applied for Russia were of subordinate significance in comparison with the impact of the first-time adoption of IAS 19 (revised), both items have been combined in the notes (pension obligations hereby rose by approximately €2,800 thousand at 31 December 2011 and at 31 December 2010).

The above mentioned adjustments, considering the retrospective application required by IAS 8, have generated the following effects:

Consolidated Balance Sheet

	Note	Dec 31, 2011 reported	IAS 19 adjustm.	Dec 31, 2011 restated	Dec 31, 2010 reported	IAS 19 adjustm.	Dec 31, 2010 restated
thousands of euro							
Assets							
Non-current assets							
Goodwill	7	588,607	–	588,607	586,180	–	586,180
Other intangible assets	7	10,245	–	10,245	11,282	–	11,282
Property, plant and equipment	8	3,334,646	–	3,334,646	3,477,712	–	3,477,712
Investment property	9	21,209	–	21,209	19,093	–	19,093
Investments in associates	10	207,893	–	207,893	216,505	–	216,505
Available-for-sale financial assets	11	5,243	–	5,243	5,524	–	5,524
Deferred income tax assets	27	44,469	3,845	48,314	40,082	2,058	42,140
Defined benefit plan assets	25	41,894	(41,894)	–	41,882	(41,882)	–
Derivative financial instruments	12	1,698	–	1,698	2,630	–	2,630
Other non-current assets	13	60,350	–	60,350	69,000	–	69,000
		4,316,254	(38,049)	4,278,205	4,469,890	(39,824)	4,430,066
Current assets		1,595,197	–	1,595,197	1,382,124	–	1,382,124
Assets held for sale	18	17,421	–	17,421	3,250	–	3,250
Total Assets		5,928,872	(38,049)	5,890,823	5,855,264	(39,824)	5,815,440
Equity							
Equity attributable to owners of the company							
Share capital	19	123,637	–	123,637	123,637	–	123,637
Share premium	20	458,696	–	458,696	458,696	–	458,696
Other reserves	21	164,945	(3,237)	161,708	157,499	(1,712)	155,787
Retained earnings	22	1,875,981	(51,717)	1,824,264	1,828,581	(46,174)	1,782,407
Treasury shares		(6,180)	–	(6,180)	(6,986)	–	(6,986)
		2,617,079	(54,954)	2,562,125	2,561,427	(47,886)	2,513,541
Non-controlling interests	23	227,724	(2,982)	224,742	242,252	(2,783)	239,469
Total Equity		2,844,803	(57,936)	2,786,867	2,803,679	(50,669)	2,753,010
Liabilities							
Non-current liabilities							
Long-term debt	24	1,247,855	–	1,247,855	1,458,850	–	1,458,850
Derivative financial instruments	12	13,837	–	13,837	28,991	–	28,991
Employee benefits	25	315,791	48,542	364,333	318,002	37,704	355,706
Provisions for liabilities and charges	26	121,123	–	121,123	119,531	–	119,531
Deferred income tax liabilities	27	427,152	(28,667)	398,485	442,291	(26,881)	415,410
Other non-current liabilities	28	15,400	12	15,412	18,278	22	18,300
		2,141,158	19,887	2,161,045	2,385,943	10,845	2,396,788
Current liabilities		942,911	–	942,911	665,642	–	665,642
Total Liabilities		3,084,069	19,887	3,103,956	3,051,585	10,845	3,062,430
Total Equity and Liabilities		5,928,872	(38,049)	5,890,823	5,855,264	(39,824)	5,815,440

Consolidated Income Statement

	Note	2011 reported	IAS 19 adjustments	2011 restated
thousands of euro				
Net sales	32	2,787,385	-	2,787,385
Changes in inventories of finished goods and work in progress		3,645	-	3,645
Other operating income	33	100,305	-	100,305
Raw materials, supplies and consumables	34	(1,246,303)	-	(1,246,303)
Services	35	(704,356)	-	(704,356)
Staff costs	36	(432,187)	4,874	(427,313)
Other operating expenses	37	(79,085)	-	(79,085)
Operating cash flow (EBITDA)		429,404	4,874	434,278
Depreciation, amortization and impairment charges	38	(243,498)	-	(243,498)
Operating profit (EBIT)		185,906	4,874	190,780
Gains on disposal of investments	39	1,172	-	1,172
Finance revenues	40	73,600	(3,705)	69,895
Finance costs	40	(173,394)	(93)	(173,487)
Equity in earnings of associates	41	(2,999)	-	(2,999)
Profit before tax		84,285	1,076	85,361
Income tax expense	42	(30,178)	(354)	(30,532)
Profit for the year		54,107	722	54,829
Attributable to:				
Owners of the company		26,408	657	27,065
Non-controlling interests		27,699	65	27,764
euro				
Earnings per share	43			
basic				
ordinary		0.12	0.01	0.13
savings		0.15	0.01	0.16

Consolidated Statement of Comprehensive Income

	2011 reported	IAS 19 adjustments	2011 restated
thousands of euro			
Profit for the year	54,107	722	54,829
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains (losses) on post employment benefit obligations	–	(9,629)	(9,629)
Income taxes relating to actuarial gains (losses)	–	3,039	3,039
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	1,365	(1,401)	(36)
Income taxes relating to components of other comprehensive income	(1,178)	–	(1,178)
Other comprehensive income for the year, net of tax	187	(7,991)	(7,804)
Total comprehensive income for the year	54,294	(7,269)	47,025
Attributable to:			
Owners of the company	34,513	(6,764)	27,749
Non-controlling interests	19,781	(506)	19,275

- IAS 1 (amendment) Presentation of financial statements. It requires to group together items within other comprehensive income (OCI) that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The early adoption of the amendment has only resulted in a revised layout for the statement of comprehensive income; there has been no impact on earnings per share.
- IFRS 7 (amendment) Financial instruments: disclosures, transfers of financial assets. The topic was described extensively in the notes of last year. The principle is not relevant for the group and has had no impact on the consolidated financial statements presented herein.

Standards, amendments and interpretations that are not yet effective and have not been early adopted

- IFRS 9 Financial instruments (effective from 1 January 2015). This standard is part of the IASB's wider project to replace IAS 39 Financial instruments: recognition and measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables, and eliminates the exception in IAS 39 that allows investments in unquoted equity instruments, and related derivatives, for which a fair value cannot be determined reliably, to be measured at cost. These instruments are now measured at fair value although the standard notes that in some limited circumstances cost may be an appropriate estimate of fair value. In October 2010 the IASB issued requirements on the accounting for financial liabilities that complete the classification and measurement phase of the IASB's project to replace IAS 39. In December 2011 the IASB published amendments to IFRS 9 and IFRS 7 Mandatory effective date and transition disclosures, which defer the mandatory effective date from 1 January 2013 to 1 January 2015; early adoption is still permitted. IFRS 9 is likely to affect accounting of financial assets and the group is yet to assess its full impact.

- IAS 12 (amendment) Income taxes, deferred tax: recovery of underlying assets (effective from 1 January 2012, but endorsed for application in the European Union in December 2012 and thus effective for the group from 1 January 2013). The amendments provide a practical approach for measuring deferred tax when the asset is measured using the fair value model in IAS 40 Investment property, by introducing a presumption that recovery of the carrying amount will normally be through sale.
- IAS 27 (revised) Separate financial statements (effective from 1 January 2013)¹. The revised standard contains only accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity presents separate financial statements.
- IAS 28 (revised) Investments in associates and joint ventures (effective from 1 January 2013)¹. The revised standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
- IFRS 10 Consolidated financial statements (effective from 1 January 2013)¹ replaces parts of IAS 27 Consolidated and separate financial statements and SIC 12 Consolidation – special purpose entities. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11 Joint arrangements (effective from 1 January 2013)¹, supersedes IAS 31 Interests in joint ventures and SIC 13 Jointly controlled entities – non monetary contributions by venturers. The standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities: the equity method, removing the option to account for jointly controlled entities using proportionate consolidation.
- IFRS 12 Disclosure of interests in other entities (effective from 1 January 2013)¹. It is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12) (effective from 1 January 2013). The amendments clarify the transition guidance in IFRS 10 and also provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. At the date of this report the amendments have not yet been endorsed for application in the European Union.
- The Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27) (effective from 1 January 2014). The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. At the date of this report the European Union has not yet endorsed the amendment.
- IFRS 13 Fair value measurement (effective from 1 January 2013). It will improve consistency and reduce complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS.

¹ The EU endorsement allows application from 1 January 2014

- IFRIC 20 Stripping costs in the production phase of a surface mine (effective from 1 January 2013). The Interpretation defines stripping costs (the process of removing waste materials to gain access to mineral ore deposits) and the relevant accounting treatment. The interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.
- IAS 32 (amendment) Financial instruments: presentation, offsetting financial assets and financial liabilities (effective from 1 January 2014). The amendment addresses inconsistencies in current practice when applying the offsetting criteria provided by the standard. It clarifies the criterion that an entity 'currently has a legally enforceable right to set-off' and 'that intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously'.
- IFRS 7 (amendment) Financial instruments: disclosures, offsetting financial assets and financial liabilities (effective from 1 January 2013). It amends the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognized financial liabilities, on the entity's financial position.

On 17 May 2012 the IASB issued Annual Improvements 2009–2011 Cycle, a collection of amendments to IFRSS, in response to six issues addressed during the 2009–2011 cycle, as its latest set of annual improvements (effective from 1 January 2013). The main amendment relates to IAS 1 Presentation of financial statements. It clarifies the difference between voluntary additional comparative information and the minimum required comparative information (the previous period). An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. An entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification that have a material effect on the information in the balance sheet at the beginning of the preceding period would present the balance sheet at the end of the current period and the beginning and end of the preceding period. However, unlike voluntary comparative information, related notes are not required to accompany the third balance sheet. At the date of this report the amendments have not yet been endorsed for application in the European Union.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The group also assesses existence of control where it does not have more than 50 % of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders gives the group the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Intercompany receivables and payables, costs and revenues are eliminated. Significant profits and losses resulting from transactions between consolidated companies and not yet realized with third parties are also eliminated. Dividends distributed within the group are eliminated from the consolidated income statement. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with those adopted by the group.

Subsidiaries either dormant or immaterial, both from an investment point of view and in terms of their net equity and results, are not consolidated and are valued at cost less any provision for impairment.

Changes in ownership interests in subsidiaries

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity as long as control continues to exist.

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the income statement.

Non-controlling interests in fully consolidated partnerships are included with the line item Other non-current liabilities.

Joint ventures

Material jointly controlled entities are accounted for using the proportionate consolidation method. In its financial statements, the group combines the joint ventures' assets,

liabilities, income and expenses with similar items, on a line-by-line basis according to its share of economic ownership or ownership of the controlling interest.

Associates

Associates are entities over which the group has significant influence but not control or joint control. Generally a holding of between 20 % and 50 % of the voting rights indicates significant influence. Investments in associates are usually valued by the equity method, i. e. the initial carrying amount of the investment is increased or decreased at each reporting date to reflect the investor's share of the associate's net profit or loss, less any dividends received. The investment in associates includes goodwill identified on acquisition.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the entire carrying amount of the investment is tested for impairment as a single asset, that is goodwill is not tested separately. Accounting policies of associates have been adjusted where necessary to ensure consistency with those adopted by the group.

Associates either dormant or immaterial, both from an investment point of view and in terms of their net equity and results, are valued at cost less any provision for impairment.

Investments in other companies

Other corporations or partnerships, normally not listed companies below 20 % ownership, are carried at fair value (available-for-sale financial assets), when this can be reliably determined. Gains or losses arising from changes in fair value are recognized directly in other comprehensive income until the assets are sold or impaired, when the accumulated fair value adjustments previously recognized in other comprehensive income are included in the income statement of the period. Impairment losses recognized in the income statement on available-for-sale equity instruments are not reversed through the income statement.

Those unquoted equity instruments for which fair value is not available and it cannot be measured reliably are carried at cost less any provision for impairment.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors. Buzzi Unicem's segments are organized based on the geographical areas of operations, featuring similar types of products and services from which revenues are earned.

2.4 Foreign currency translation

Items included in the financial statements of each consolidated entity are measured using the functional currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in euro, which is the company's functional and presentation currency.

Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement. Monetary assets, monetary liabilities, derivative contracts denominated in for-

foreign currencies are translated at the exchange rate ruling at the end of the year. Positive and/or negative differences between the amounts translated at the year-end exchange rate and those recorded at the date of the transactions are also booked to the income statement.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss, are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

The translation of financial statements denominated in foreign currencies is done at the current rate method. Such method entails translating assets and liabilities at the rates of exchange ruling at the balance sheet date and income statement figures at the average exchange rates for the year. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. The difference that arises from converting the balance sheet and the income statement at different exchange rates is also booked to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

The exchange rates used for translation of the financial statements in foreign currencies are the following:

	Year-end		Average	
	2012	2011	2012	2011
euro 1 = Currency				
us Dollar	1.3194	1.2939	1.2848	1.3920
Mexican Peso	17.1845	18.0512	16.9029	17.2877
Czech Koruna	25.1510	25.7870	25.1491	24.5898
Ukrainian Hryvnia	10.5836	10.3692	10.3520	11.1067
Russian Ruble	40.3295	41.7650	39.9262	40.8846
Polish Zloty	4.0740	4.4580	4.1847	4.1206
Hungarian Forint	292.3000	314.5800	289.2494	279.3726
Algerian Dinar	103.3840	97.4660	99.8086	101.5190

2.5 Intangible assets

Intangible assets, acquired externally or internally generated, are recognized only if they are identifiable, controlled by the company and able to produce future economic benefit. Intangible assets with definite useful life are booked at the purchase or production cost and amortized on a straight-line basis over their useful lives. Intangible assets with indefinite useful life are not amortized but tested for impairment at least annually and whenever there is an indication of a potential impairment loss.

Goodwill represents the excess of the consideration transferred over the group's interest in the fair value of the net identifiable assets acquired and the fair value of the non-controlling interest in the acquiree. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortized and its recoverable amount is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, goodwill is allocated to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Separately acquired trademarks and licenses are capitalized on the basis of the costs incurred and amortized over their estimated useful lives. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are amortized using the straight-line method over their estimated useful lives.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of five years. Costs associated with developing or maintaining computer software are recognized as an expense as incurred.

Development costs are capitalized only if and when demonstration of the ability to generate future economic benefits is established.

Mining rights are amortized in the ratio of quarried volumes to available mineral reserves under concession.

2.6 Property, plant and equipment

They are booked at purchase or production cost, including overheads, less accumulated depreciation and any accumulated impairment losses. Production cost includes the reasonably attributable portion of the direct and indirect costs incurred to bring the asset into service. Subsequent costs are capitalized or recognized as a separate asset, as appropriate, only when future economic benefits will flow to the group. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Land is not depreciated. Raw material reserves (quarries) are depleted in the ratio of the quarried material during the period to extractable minerals. Depreciation on other assets is calculated under the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives, as follows:

Buildings	10 – 40 years
Plant and machinery	5 – 20 years
Transportation equipment	3 – 14 years
Furniture, fittings and others	3 – 20 years

An asset's carrying amount is written down to its recoverable amount if the book value is greater than its estimated recoverable amount.

2.7 Investment property

Investment property, comprising land and buildings non-strictly pertinent to the business held to earn rental income and/or for capital appreciation, is carried at cost less accumulated depreciation and impairment losses.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

When it is not possible to determine the recoverable amount of a single item, the group tests the recoverable value of the cash-generating unit to which the asset belongs.

Where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount and the impairment loss is charged to income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows expected to be derived through the continued use of an asset or cash-generating unit including its eventual disposal. Cash flows are based on budgets and reasonable and documented assumptions on the future company's results and macro-economic conditions. The discount rate takes into account the specific risks of industry and countries.

If there is an indication that an impairment loss recognized in prior years on an asset other than goodwill may have decreased, the impairment write-down is reversed. After reversal, the carrying amount of the asset shall not exceed the carrying amount that would have been determined (net of depreciation and amortization) had the impairment loss not been recognized.

2.9 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.10 Financial assets

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

A financial asset at fair value through profit or loss is a financial asset that is classified as held for trading or upon initial recognition it is designated as such by the entity. Assets held for trading are included within current assets. Other assets at fair value through profit or loss, like a derivative that is not held for trading purposes or is a designated hedging instrument, are presented as current or non-current on the basis of their settlement date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Financial assets at fair value through profit or loss and financial assets available-for-sale are initially recognized and subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains and losses arising from changes in the fair value of financial assets at fair value through profit and loss are included in the income statement in the period in which they arise. Fair value changes of securities classified as available-for-sale are recognized in other comprehensive income, except for impairment losses, interest calculated using the effective interest method and foreign exchange gains or losses. The cumulative fair value adjustments are included in the income statement when an available-for-sale financial asset is derecognized.

The group assesses at each balance sheet date whether there is objective evidence of impairment relating to financial assets carried at amortized cost or as available-for-sale. If any such evidence exists, a detailed calculation is carried out to determine whether an impairment loss should be recognized in the income statement. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

2.11 Derivative financial instruments

The group makes use of derivative contracts only for hedging purposes, to reduce currency, interest rate and market price risks.

Derivative financial instruments are initially recognized and subsequently measured in the balance sheet at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as hedging instrument and, if so, the nature of the item being hedged.

Certain derivative instruments, while providing effective economic hedges, do not qualify for hedge accounting. Changes in the fair value of any these derivative instruments are recognized immediately in the income statement.

Hedge accounting is allowed only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective both at inception and on an ongoing basis. The full fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months, and as a current asset or liability if the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as a current asset or liability. Derivatives not held for trading purposes (such as a derivative that is not a designated hedging instruments) are presented as current or non-current on the basis of their settlement date.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income state-

ment. Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction ultimately affects the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost includes all expenditures incurred in acquiring the inventories and bringing them to their present location and condition. In the case of finished goods and work in progress, cost comprises direct materials, direct labor, other direct costs and attributable production overhead based on normal operating capacity; it excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Inventories include the emission rights acquired against payment, stated at the lower of cost and net realizable value, which matches the market price at the balance sheet date.

2.13 Trade receivables and payables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are recognized at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The allowance covers collection risks, calculated on individual doubtful accounts, as well as on the basis of past experience and the level of solvency of debtors or classes of debtors.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized at fair value.

2.14 Cash and cash equivalents

They include cash on hand, deposits held at call with banks, money market securities and other highly liquid investments with original maturities of three months or less, which are readily convertible to a known amount of cash and are subject to a very low risk of change in value.

2.15 Treasury shares

When the parent or its subsidiaries purchase the company's share capital, the consideration paid is deducted from equity attributable to owners of the company until the shares are cancelled or disposed of. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Where such shares are subsequently reissued, the consideration received, net of the related income tax effects, is recognized in equity attributable to owners of the company.

2.16 Debt and borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Convertible bonds are accounted for as a compound financial instrument made of two components, which are treated separately only if relevant: a liability and a conversion option. The liability is the present value of the future cash flows, based on the market interest rate at the time of issue for an equivalent non-convertible bond. The amount of the option is defined as the difference between the net proceeds and the amount of the liability component and included in equity. The value of the conversion option is not changed in subsequent periods.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement for at least twelve months after the balance sheet date.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement except to the extent that it relates to items of other comprehensive income or directly in equity. In this case the related income tax effect is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generate taxable income. The tax rates applied vary according to the jurisdiction and fiscal situation of each consolidated company. Income tax payables for the period are credited to current liabilities. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Some Italian companies are members of a controlled group of corporations for domestic income tax purposes, with Fimedi SpA (majority shareholder of the group) acting as the parent.

Deferred income tax is provided in full using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill and deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit (loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax assets and current tax liabilities are offset only if the enterprise has the legal right and the intention to settle on a net basis. Deferred income tax assets and deferred income tax liabilities are offset only if the enterprise has the legal right to settle on a net basis and they are levied by the same taxation authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time.

2.18 Employee benefits

Pension plans

The companies of the group operate several defined benefit and/or defined contribution pension schemes.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually as a function of one or more factors such as age, years of service and compensation. The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. Independent actuaries calculate the defined benefit obligation and the service cost annually, using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. If the calculation of the balance sheet amount results in an asset, the amount recognized is limited to the present value of economic benefits available in the form of refunds or reductions in future contributions to the plan. The expense related to the discounting of pension liabilities for defined benefit plans are reported separately within finance costs. All other expenses associated with pension plans are allocated to staff costs. A defined contribution plan is a pension plan under which a company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis, and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all accrued benefits. The contributions are recognized as employees render their services and are included in staff costs.

Other post-employment benefits

Post-retirement life insurance and health coverage plans are considered defined benefit programs. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as for defined benefit pension plans.

The scheme underlying the Italian employee severance indemnities (TFR) was classified as a defined benefit program, until 31 December 2006. The legislation regarding this scheme was amended by the "Financial Law 2007" and subsequent regulations issued in the first part of 2007. Following these changes, for legal entities with at least 50 employees, the TFR only continues to be classified as a defined benefit plan for those benefits accrued up to 31 December 2006, while after that date the scheme is classified as a defined contribution plan.

2.19 Share-based payment

During 2012 the company maintained an incentive and loyalty plan, based on equity compensation, which rewards the Italian executive employees according to the goals reached (MBO system). The scheme involves a grant of shaving shares to management via a dedicated capital issue or treasury shares. A charge is made to staff costs in connection with these share grants, equal to the fair value of the instruments on the date of granting. The stock grant plan has expired during 2012 and it has been replaced by a plan which provides for cash compensation.

2.20 Provisions for liabilities and charges

They are liabilities of uncertain timing or amount. A provision is recognized when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, the amount can be estimated reliably.

Restructuring provisions are recognized in the period in which the company formally defines the plan and creates a valid expectation in the interested parties that the restructuring will occur.

The amount is on a present value basis where the effect of discounting is material. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.21 Revenue recognition

The group recognizes revenue when it is probable that future economic benefits will flow to the entity and the amount of revenue can be reliably measured. Revenue from the sale of goods and services is reported net of value-added tax, returns, rebates and discounts.

Sales of goods are recognized when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured. Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2.22 Finance revenues

Interest income is recognized on a time-proportion basis, using the effective interest method. Dividend income from equity investments that are not consolidated is recognized when the right to receive payment is established.

2.23 Finance costs

They include interest and other costs, such as amortization of premiums or discounts, amortization of ancillary costs incurred in the arrangement of borrowings, finance charges on leases. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets and, therefore, are capitalized until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

2.24 Leases

Leases of property, plant and equipment where the group retains substantially all the risks and rewards of ownership are classified as finance leases. Leased assets are capitalized at the lease's commencement at the lower of the fair value and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in financial debt. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate on the financial balance outstanding. Property, plant and equipment acquired under finance leases are depreciated over their useful life.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term.

2.25 Dividend distribution

Dividend distribution is recorded as a liability in the financial statements of the period in which the dividends are approved by the company's shareholders. Disclosure of dividends proposed but not formally approved for payment is made in the notes.

3. Financial risk management

3.1 Financial risk factors

The group's activities are exposed to a variety of financial risks such as market risk (including currency and price), credit risk and liquidity risk. The group uses derivative financial instruments to hedge certain risk exposures. A central treasury department carries out risk management and identifies, evaluates and possibly hedges financial risks in close co-operation with the group's operating units.

Market risk

Buzzi Unicem operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the currencies of Russia, Ukraine and Mexico. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The foreign subsidiaries or joint ventures enjoy a natural hedging on market risk, since all major commercial transactions are made in their functional currency and are not suffering from the foreign exchange fluctuations. Management has set up a policy to require entities in the group to manage their residual exposure to currency risk, by using mainly forward contracts, transacted locally. The policy is to hedge between 40 % and 90 % of anticipated cash flows in each major foreign currency for the subsequent twelve months.

The net investments in foreign operations are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed partially through borrowings denominated in the relevant foreign currencies. In addition, it is sometimes deemed convenient for foreign companies to convert into euro a portion of their liquid assets.

The recognition of exchange rate risks concerning the financial instruments to which IFRS 7 is applicable, shows the following net exposure to foreign currencies:

	2012	2011
thousands of euro		
Euro	(104,924)	(128,532)
us Dollar	(26,900)	(124,965)
Czech Koruna	13,684	1,851
Russian Ruble	9	2,095
Polish Zloty	274	1,204

At 31 December 2012, with reference to the same data reported above, if the euro had strengthened/weakened by 10 % against the major foreign currencies to which Buzzi Unicem is exposed, profit before tax for the year would have been € 3,552 thousand lower/higher (2011: € 2,247 thousand higher/lower), while equity would have been € 9,693 thousand lower/higher (2011: € 12,783 thousand lower/higher).

Profit is especially sensitive to movement in euro/us dollar, in euro/Hryvnia and in euro/Czech Koruna exchange rates, where the associated exposures have changed considerably versus last year.

Buzzi Unicem has a very limited exposure to equity securities price risks because of investments classified on the balance sheet as available for sale representing less than 0.1 % of total assets. The group is exposed to commodity price risk, mainly because of the repercussions that the trend of the oil price can have on the cost of fuels, power and logistics. To cope with this risk the group diversifies its sources of supply and stipulates fixed price contracts over a sufficiently long time frame, sometimes greater than one year, at a level that management thinks it convenient.

As the group has no significant interest-bearing assets, income and operating cash flows are substantially independent of changes in market interest rates. Changes in market interest rates can affect the cost of the various forms of financing or the return on investments in monetary instruments, causing an impact at the level of net finance costs incurred. The interest rate risk arises mainly from long-term debt. Borrowings issued at variable rates expose the group to cash flow interest rate risk, which is partially offset by cash invested at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk. Buzzi Unicem's policy is to maintain approximately 60 % of its long-term borrowings in fixed rate instruments. During 2012 and 2011, the group's borrowings at variable rate were denominated in euro and the us dollar.

The group analyses its interest rate exposure on a dynamic basis, taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit before tax of a 1 % interest rate rise would be an increase of € 2,981 thousand (2011: increase of € 2,969 thousand), while the impact of an interest rate reduction of 1 % or equal to the amount of the actual rate in case of values between 0 and 1 %, would cause an increase of € 835 thousand (2011: decrease of € 1,448 thousand). For each simulation, the same interest rate shift is used for all currencies. The sensitivity scenarios are run only for liabilities that represent the major interest-bearing positions and for the fair value of interest rate derivatives.

Generally, the group raises long-term borrowings at fixed rates; sometimes, the group also enters into fixed-to-floating interest rate swaps to hedge the fair value interest rate risk arising where it has borrowed at fixed rates in excess of the target mix.

At 31 December 2012, if interest rates on euro-denominated financial assets and financial liabilities had been 1 % higher with all other variables held constant, profit before tax for the year would have been € 1,158 thousand higher (2011: € 1,561 thousand higher); if instead interest rates had been lower by 1 % or by an amount equal to the actual rate in case of values between 0 and 1 %, profit before tax for the year would have been € 1,118 thousand higher (2011: € 1,376 thousand lower). These fluctuations are mainly a result of financial debt that is denominated in euro at the parent company level, more than offset by cash and equivalents euro denominated across the group. At 31 December 2012, if interest rates on cash and equivalents denominated in US dollars at that date had been 1 % higher with all other variables held constant, profit before tax for the year would have been € 1,041 thousand higher (2011: € 780 thousand higher), mainly as a result of higher interest income on such liquid assets; if instead interest rates had been lower by 1 % or by an amount equal to the actual rate in case of values between 0 and 1 %, profit before tax for the year would have been € 397 thousand higher (2011: € 431 thousand higher).

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only primary national and international entities with high credit quality are accepted as counterparts. Policies are in place that limit the amount of credit exposure to any financial institution. The credit management functions assess the quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored. Customer credit risk in Italy has sizably increased during the year. Due to its widespread customer base, typical of the industry, and to active credit management, in Buzzi Unicem has no significant concentration of credit risk in trade receivables.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed and uncommitted credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the central treasury department aims to maintain flexibility in funding by keeping availability under committed credit lines.

Cash flow forecasting is performed in the operating subsidiaries and aggregated by the group treasury department. Group finance monitors rolling forecasts to ensure there is sufficient cash to meet operational needs while maintaining sufficient headroom on the undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its facilities.

Estimates and projections, considering the changes that may occur in the profitability trend, show that the group is in a position to operate at the present level of financing. Buzzi Unicem will start negotiations with the banks for loans renewal in due time and for the time being it has not required a written commitment that the loans will be renewed. A regular relationship exists with the usual and prospective financing institutions about

the future needs, from which it appears that renewal may take place under acceptable terms. The maturity analysis for financial liabilities showing the remaining contractual maturities is included within note 24.

3.2 Capital management

Buzzi Unicem's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or modify the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, make purchases of treasury shares or sell assets to reduce debt.

Consistent with other players in the industry, which is highly capital intensive, the group monitors capital on the basis of the Gearing ratio and the Net debt to EBITDA ratio. The first ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt. The second ratio uses the same numerator as gearing and the EBITDA figure as shown in the income statement as the divisor.

During 2012, the group's long term strategy, which was unchanged from 2012, was to maintain a gearing ratio below 40 %, to aim at a Net debt/EBITDA ratio of about 2 times and to regain as soon as possible its investment grade credit rating (currently BB+).

The ratios at 31 December 2012, 2011 and 2010 were as follows:

	2012	2011 restated	2010 restated
thousands of euro			
Net debt	1,124,928	1,143,069	1,266,934
Equity	2,602,623	2,786,867	2,753,010
Total Capital	3,727,551	3,929,936	4,019,944
Gearing	30 %	29 %	32 %
Net debt	1,124,928	1,143,069	1,266,934
Operating cash flow (EBITDA)	455,071	434,278	387,024
Net debt/EBITDA	2.47	2.63	3.27

The change in the two ratios during 2012 resulted primarily from an improvement in the generation of operating cash flow, which, however, continued to suffer from the difficult trading conditions faced in some of our major markets, and the close monitoring of capital expenditures, which in the period were directed almost exclusively to maintenance and compliance projects.

3.3 Fair value estimation

Hereunder an analysis of financial instruments that are measured in the balance sheet at fair value, by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the assets and liabilities that are measured at fair value at 31 December 2012:

	Level 1	Level 2	Level 3	Total
thousands of euro				
Assets				
Derivative financial instruments (non-current)	-	-	-	-
Derivative financial instruments (current)	-	2,307	-	2,307
Available-for-sale financial assets (current) ¹	-	1,989	-	1,989
Total Assets	-	4,296	-	4,296
Liabilities				
Derivative financial instruments (non-current)	-	(22,310)	-	(22,310)
Derivative financial instruments (current)	-	(4,994)	-	(4,994)
Total Liabilities	-	(27,304)	-	(27,304)

¹temporary cash investments equal to € 85,000 thousand are not included

The following table presents the assets and liabilities that are measured at fair value at 31 December 2011:

	Level 1	Level 2	Level 3	Total
thousands of euro				
Assets				
Derivative financial instruments (non-current)	-	1,698	-	1,698
Derivative financial instruments (current)	-	4,216	-	4,216
Available-for-sale financial assets (current)	-	11	-	11
Total Assets	-	5,925	-	5,925
Liabilities				
Derivative financial instruments (non-current)	-	(13,837)	-	(13,837)
Derivative financial instruments (current)	-	(151)	-	(151)
Total Liabilities	-	(13,988)	-	(13,988)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price. These instruments, when they exist, are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These

methods maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. Other techniques, such as discounted cash flows analysis, are used to determine fair value for the remaining financial instruments.

The carrying amounts of trade receivables, less provision for impairment, and of trade payables are used to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

In 2012 the so called "basis adjustment" was applied for the first time to the fair value measurement of derivative contracts. This is a market parameter that indicates the difference in liquidity between euro and dollar and has an impact on the fair value in case of derivatives providing swaps between the two currencies. At the date of these consolidated financial statements the introduction of the new parameter had a negative impact on the measurement of €2,085 thousand.

During 2012 and 2011 there were no transfers among different levels of fair value measurement. At the balance sheet date the group doesn't own any financial instruments included in level 3.

4. Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. By definition the actual results seldom equal the estimated results, above all in the situation caused by the present economic and financial crisis. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates can have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, relate primarily to impairment of assets, current and deferred income tax, employee benefits, provision for receivables impairment, other provisions and contingencies and are documented in the relevant accounting policies above. Estimates are continually evaluated according to management's best knowledge of the business and other factors reasonably assumed under the circumstances.

5. Scope of consolidation

The consolidated financial statements as at and for the year ended 31 December 2012 include the company and 119 consolidated subsidiaries. The total number of consolidated subsidiaries decreased by 2 compared with that at the end of the previous year. Excluded from consolidation are 24 subsidiaries that are either dormant or immaterial. Some

mergers occurred during the year, within the group, to continue streamline and simplify the organizational structure and without any material effect on the consolidated financial statements.

The following main acquisitions were made in 2012:

- purchase of an additional 15.6 % interest (from 49.1 % to 64.7 %) in MKB Mörtel-dienst Köln-Bonn GmbH & Co. KG and line-by-line consolidation of the former associate effective from 1 January 2012;
- upon Cartel Office authorization, line-by-line consolidation from 10 January 2012 of Westerwald-Beton GmbH & Co. KG (previously under proportional consolidation);
- purchase of the residual 53.8 % interest in Transportbeton Kall GmbH & Co. KG and line-by-line consolidation of the former associate effective from 1 January 2012;
- purchase of the residual 50 % interest in WWB – Service + Logistik GmbH & Co. KG and line-by-line consolidation of the former associate effective from 1 January 2012;

During 2012 the subsidiaries San Martino Scarl and Glens Falls Cement Company, Inc. Lone Star Hawaii, Inc., Lone Star Hawaii Cement Corporation, KCOR Corporation and the associate ARGE Betonversorgung Osterbergtunnel GbR were dissolved.

The above mentioned scope changes are not, overall, material for comparative purposes. However, the disclosures provided in the course of these notes point out the relevant impacts following the changes in the consolidation area.

6. Segment information

The chief operating decision-maker identifies with the executive directors, who review the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors consider the business by geographical area of operations and from a product perspective they assess in a combined way the performance of "cement" and "ready-mix concrete and aggregates", since the two businesses, vertically integrated, are strictly interdependent. In particular, ready-mix concrete represents essentially a distribution channel for cement and does not require, for the chief operating decision-maker, evidence of separate results.

The executive directors assess the performance of the reportable operating segments based, as main reference, on a measure of operating profit. Net finance costs and income tax expense are not included in the result of each operating segment reviewed by the executive directors.

The measurement of segment profit or loss and of capital expenditures by segment is consistent with that of the financial statements.

The segment named Central Europe consists of Germany, Luxembourg and the Netherlands; Eastern Europe covers Poland, Czech Republic, Slovakia, Ukraine and Russia.

	Italy	Central Europe	Eastern Europe	USA	Mexico	Unallocated items and adjustments	Total
thousands of euro							
2012							
Segment revenue	474,979	769,236	622,502	675,341	269,167	2,221	2,813,446
Intersegment revenue	(1,227)	(521)	–	–	–	1,748	–
Revenue from external customers	473,752	768,715	622,502	675,341	269,167	3,969	2,813,446
Operating cash flow	(6,421)	80,443	159,061	123,936	97,428	624	455,071
Depreciation	(38,982)	(49,686)	(49,106)	(72,430)	(13,890)	1,612	(222,482)
Impairment charges	(2,115)	(5,021)	(27,152)	(1,531)	–	218	(35,601)
Write-ups	–	–	–	56	–	–	56
Operating profit	(47,518)	25,736	82,803	50,031	83,538	2,454	197,044
Equity earnings	1,686	5,532	169	(1,263)	–	–	6,124
Purchase of intangible and tangibles assets	16,559	36,131	35,703	43,843	7,691	2,249	142,176
Purchase of equity investments	79,947	7,169	119	–	1	1,225	88,461

	Italy	Central Europe	Eastern Europe	USA	Mexico	Unallocated items and adjustments	Total
thousands of euro							
2011 restated							
Segment revenue	562,365	828,567	598,322	557,926	237,928	2,277	2,787,385
Intersegment revenue	(1,284)	(1,919)	–	–	–	3,203	–
Revenue from external customers	561,081	826,648	598,322	557,926	237,928	5,480	2,787,385
Operating cash flow	8,915	125,292	144,679	71,371	82,381	1,640	434,278
Depreciation	(44,705)	(53,751)	(43,903)	(74,074)	(16,296)	675	(232,054)
Impairment charges	(684)	(1,441)	(9,034)	(67)	(59)	(193)	(11,478)
Write-ups	–	–	–	34	–	–	34
Operating profit	(36,474)	70,100	91,742	(2,736)	66,026	2,122	190,780
Equity earnings	(2,760)	633	310	(1,182)	–	–	(2,999)
Purchase of intangible and tangibles assets	23,718	25,747	44,322	25,633	19,358	218	138,996
Purchase of equity investments	618	7,685	87	–	–	333	8,723

Revenues from external customers are derived from the sale of cement or concrete and aggregates and are detailed as follows:

	Italy	Central Europe	Eastern Europe	USA	Mexico	Unallocated items and adjustments	Total
thousands of euro							
2012							
Cement	238,431	390,612	458,790	473,059	208,374	2,742	1,772,008
Concrete and aggregates	236,548	378,103	163,712	202,282	60,935	(142)	1,041,438
							2,813,446

	Italy	Central Europe	Eastern Europe	USA	Mexico	Unallocated items and adjustments	Total
thousands of euro							
2011							
Cement	262,399	421,546	409,004	386,753	185,186	4,225	1,669,113
Concrete and aggregates	299,344	405,102	189,318	171,173	52,742	593	1,118,272
							2,787,385

The group is domiciled in Italy. The result of its revenue from external customers in Italy is € 456,834 thousand (2011: € 550,702 thousand) and the total of revenue from external customers from other countries is € 2,356,612 thousand (2011: € 2,236,683 thousand).

The total of non-current assets other than financial instruments and deferred tax assets located in Italy is € 631,139 thousand (2011: € 660,102 thousand), while the total of such non-current assets located in other countries is € 3,451,718 thousand (2011: € 3,520,955 thousand).

As for the dependence degree from major customers, no customers exist generating revenues equal or greater than 10 % of Buzzi Unicem consolidated net sales.

7. Goodwill and Other intangible assets

	Other intangible assets				Total
	Goodwill	Industrial patents, licenses and similar rights	Assets in progress and advances	Others	
thousands of euro					
Net book amount at 1 January 2011	586,180	6,137	5	5,140	11,282
Year ended 31 December 2011					
Translation differences	32	(35)	–	(116)	(151)
Amortization and impairment charges	–	(3,046)	–	(457)	(3,503)
Additions	–	885	–	287	1,172
Change in scope of consolidation	1,898	203	–	151	354
Reclassifications	497	1,252	4	–	1,256
Disposals and other	–	–	–	(165)	(165)
Net book amount at 31 December 2011	588,607	5,396	9	4,840	10,245
Year ended 31 December 2012					
Translation differences	120	33	–	71	104
Amortization and impairment charges	(5,203)	(1,795)	–	(582)	(2,377)
Additions	–	1,737	–	453	2,190
Change in scope of consolidation	675	107	–	138	245
Reclassifications	–	1,211	165	877	2,253
Disposals and other	–	(103)	–	(132)	(235)
Net book amount at 31 December 2012	584,199	6,586	174	5,665	12,425

At 31 December 2012, the item industrial patents, licenses and similar rights is made up of application software for plant and office automation (€ 4,466 thousand), mining rights (€ 1,284 thousand), trademarks (€ 600 thousand), industrial patents (€ 8 thousand), industrial licenses (€ 228 thousand).

Amortization and impairment charges include an impairment losses on goodwill of € 5,203 thousand, related to the postponement indefinitely in time of the project for the construction of a new plant in Akbulak (Russia).

Goodwill and impairment test

Goodwill at 31 December 2012 amounts to € 584,199 thousand and is broken-down as follows:

- € 485,338 thousand refer to Dyckerhoff, thereof € 320,111 thousand allocated to the segment Eastern Europe and the remaining € 165,227 thousand to Central Europe;
- € 48,803 thousand resulting mostly from the merger with Unicem SpA in 1999 and consequently attributable to the sector cement Italy;
- € 15,664 thousand refer to the ready-mix concrete and aggregates sector in Italy;

- €34,394 thousand refer to the cement sector of Alamo Cement Company, thereof €27,394 thousand emerging from the acquisition of Dorsett Brothers in 2008 and South-Tex Concrete in 2007.

For the purpose of impairment testing, the cash generating units (“CGUs”) to which goodwill has been allocated are consistent with management’s strategic vision and have been identified by country of operations, considering in a combined way the performance of cement and ready-mix concrete, since the two businesses, vertically integrated, are strictly interdependent. An exception is made for the United States of America and Italy. In particular:

- in Italy, considering both the corporate structure (two separate legal entities) and the business organization, two CGUs (cement and ready-mix concrete) have been identified;
- the group operates in the US market through two subsidiaries: Alamo Cement and Buzzi Unicem USA, which can be considered independent CGUs, as they serve different geographical markets in the country, with a distinct distribution network and a separate management of operations. Moreover, within Alamo Cement, not only the company as a whole but also two additional CGUs were tested: Dorsett Brothers (ready-mix concrete) and Alamo Cement Company (cement and concrete).

Inside Dyckerhoff, the CGUs correspond to Germany, Luxembourg, Netherlands, Czech Republic/Slovakia, Poland, Ukraine and Russia.

The recoverable amount of the CGUs, to which goodwill and intangible assets with indefinite useful lives have been allocated, is primarily determined on the basis of their value in use, defined as the discounted value of the expected future cash flows at a rate that incorporates the risks associated with the particular cash-generating units as at the valuation date. The key assumptions used for the calculation primarily concern:

- **cash flows estimation:**
The cash flows estimate for each single CGU is based on 5-year plans approved by the board of directors. The management approach in determining the plans is based on sustainable and reasonable assumptions, which ensure consistency among prospective and historical flows and external information. Specifically, due to the lasting global financial crisis and the changed economic and market conditions, the management has adapted the risk of the countries of Buzzi Unicem’s operations on the basis of the recent sector studies, adjusting similarly the average discount rates. The cash flow used is net of theoretical income tax, changes in working capital and capital expenditures.
- **terminal value:**
The terminal value is calculated assuming that, at the end of the projection period, the CGU generates a constant cash flow (perpetual). The annual rate of perpetual growth (g) to deduce the terminal value is based on the long-term growth expected for the industry in the country of operation. The development of the cement and ready-mix concrete business, especially, is strictly linked to average per capita consumption, population growth and GDP of the respective country (or where the asset is used). Such parameters are reflected on the (g) factor, which has been determined for each market as follows:

	ITA	GER	NLD	CZE	POL	UKR	LUX	RUS	USA
in %									
g									
2012	0.58	1.26	0.94	2.22	3.08	3.08	1.60	3.94	2.30
2011	0.90	1.60	1.70	3.20	3.50	4.40	0.80	4.10	1.93

□ **discount rate:**

The discount rate represents the return expected by the company's lenders and shareholders to invest their capitals in the business; it is calculated as the weighted average between the equity cost and the cost of debt increased by the country-specific risk (WACC). The discount rates, after tax, applied to the main CGUs are as follows:

	ITA	GER	NLD	CZE	POL	UKR	LUX	RUS	USA
in %									
WACC									
2012	8.03	5.81	5.97	7.26	7.45	17.78	5.81	11.62	6.21
2011	8.09	6.29	6.47	7.81	8.01	18.84	6.29	13.01	6.12

As an additional methodology, to check the market consistency of the value deriving from the approach based on the discounted cash flows estimate, for some CGUs the relevant fair value has been determined using market multiples of production capacity (€v/ton; €v/cm) based on most recent transactions.

In some cases the value has encompassed also the fair value of the owned raw material reserves, of some investment properties and of banked emission allowances.

Based on the recent macro-economic developments, the uncertainties about the future growth prospects and the 2012 unfavorable trend, more detailed analysis were carried out; specifically the firm KPMG Advisory has been entrusted with the task of assisting the company in ascertaining the value referring to the tangible and intangible assets of Italy cement and concrete CGUs. In this role, the consultant KPMG Advisory has provided estimates of the recoverable amounts of these assets, indicating value ranges that take into account the results of different methods. The recoverable amount calculated by the company based on its impairment test procedure falls within the range identified by KPMG and is therefore appropriate in relation to estimates provided by the consultant.

Looking at the different CGUs, the comparison between the recoverable amount resulting from the calculation and the carrying amount did not indicate the need to recognize an impairment loss on goodwill. Ukraine reports a value in use lower than its carrying amount, but the fair value determined using market multiples is greater than the latter.

Finally, a sensitivity analysis was performed on the recoverable amount of the different CGUs, in order to verify the effects of reasonably possible changes, if any, in the key assumptions. Specifically we reasoned upon changes in the cost of money (and consequently WACC discount rate) and net operating cash flow. In general we can assert that only in the event of a significant cash flow decrease or an increase of discount rate by some percentage points, the recoverable amount would come out lower than the carrying amount at the balance sheet date, despite the presence of some CGUs more sensitive to changes in the above assumptions.

We can conclude that the sensitivity analysis performed has confirmed that no material impairments exist and consequently we have deemed it not necessary to proceed with an additional increase of the above mentioned impairment charges on goodwill.

8. Property, plant and equipment

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Assets in progress and advances	Other	Total
thousands of euro						
At 1 January 2011						
Cost/deemed cost	2,416,345	4,005,894	460,947	321,551	111,739	7,316,476
Accumulated depreciation	(825,072)	(2,648,836)	(282,575)	–	(82,281)	(3,838,764)
Net book amount	1,591,273	1,357,058	178,372	321,551	29,458	3,477,712
Year ended 31 December 2011						
Opening net book amount	1,591,273	1,357,058	178,372	321,551	29,458	3,477,712
Translation differences	21,965	(3,127)	(6,544)	(475)	279	12,098
Additions	12,996	42,467	13,079	66,331	2,868	137,741
Change in scope of consolidation	4,746	4,291	624	(1,030)	(17)	8,614
Disposals and other	(3,164)	(2,910)	(1,302)	(46,737)	(1,514)	(55,627)
Depreciation and impairment charges	(40,869)	(151,859)	(32,499)	(8,327)	(5,997)	(239,551)
Reclassifications	46,570	110,071	17,449	(182,419)	1,988	(6,341)
Closing net book amount	1,633,517	1,355,991	169,179	148,894	27,065	3,334,646
Year ended 31 December 2011						
Cost/deemed cost	2,514,771	4,135,097	477,342	148,894	111,900	7,388,004
Accumulated depreciation	(881,254)	(2,779,106)	(308,163)	–	(84,835)	(4,053,358)
Net book amount	1,633,517	1,355,991	169,179	148,894	27,065	3,334,646
Year ended 31 December 2012						
Opening net book amount	1,633,517	1,355,991	169,179	148,894	27,065	3,334,646
Translation differences	(10,961)	4,851	4,295	909	(101)	(1,007)
Additions	11,962	25,296	15,771	91,372	2,394	146,795
Change in scope of consolidation	567	500	2,223	1,077	200	4,567
Disposals and other	(3,311)	(3,240)	(1,272)	(1,652)	(1,679)	(11,154)
Depreciation and impairment charges	(39,313)	(150,944)	(32,983)	(20,512)	(6,284)	(250,036)
Reclassifications	4,563	35,879	7,262	(64,141)	1,332	(15,105)
Closing net book amount	1,597,024	1,268,333	164,475	155,947	22,927	3,208,706
At 31 December 2012						
Cost/deemed cost	2,502,998	4,147,942	491,517	155,947	106,731	7,405,135
Accumulated depreciation	(905,974)	(2,879,609)	(327,042)	–	(83,804)	(4,196,429)
Net book amount	1,597,024	1,268,333	164,475	155,947	22,927	3,208,706

Additions of € 146,795 thousand in 2012 are shortly described in the review of operations to which reference is made. In the cash flow statement and in the review of operations, capital expenditures are reported according to the actual outflows (€ 144,868 thousand). The change in scope is mainly driven by the first-time consolidation of Westerwald-Beton GmbH & Co. KG. and of WWB – Service + Logistik GmbH & Co. KG. The change in scope in the year 2011 was mainly attributable to the first-time consolidation of Gravières et Sablières Karl EPPLE Snc.

Negative translation differences of € 1,007 thousand principally reflect weakness in the exchange rate of the US dollar and of the other currencies used for translation of the foreign financial statements versus the euro. In 2011, the trend in the exchange rates of the dollar and other currencies had given rise to positive translation differences of € 12,098 thousand.

During the year the group has capitalized borrowing costs amounting to € 1,056 thousand on qualifying assets (2011: € 193 thousand). Borrowing costs were capitalized at the rate of 6.0 % (2011: 5.3 %).

Real guarantees on assets of consolidated companies are represented by liens on industrial and commercial equipment for the amount of € 244 thousand at 31 December 2012 (2011: € 1,481 thousand).

The line item includes the following amounts where the group is a lessee under a finance lease. The average lease term is five years. Purchase options exists, but there are no renewal options. Purchase options are exercised if the strike price is more favorable than or equivalent to the market price at the time the contract expires:

	2012	2011
thousands of euro		
Cost – capitalized finance leases	14,054	13,572
Accumulated depreciation	(10,645)	(9,816)
	3,409	3,756

Rent expenses amounting to € 37,127 thousand (2010: € 37,878 thousand) relating to the operating lease of property and machinery are included in the income statement among services (note 35).

During 2009, Buzzi Unicem USA entered into a series of agreements with Jefferson County, Missouri, related to the new Selma, MO plant. Legal title to the property was transferred to the County and the County then leased the same property back to the company, for a period of 15 years. Correspondingly Buzzi Unicem USA has subscribed bonds issued by the County, with the same maturity for an amount of € 70,438 thousand at 31 December 2012. Our subsidiary is responsible for all operation and maintenance of the leased assets and has the option to purchase the personal property at the conclusion of the lease term for \$ 1. Should Buzzi Unicem USA not exercise the option, it shall be obliged to pay 125 % of the personal property taxes that would normally apply. The plan provides for 50 % abatement of personal property taxes for approximately 15 years. Based upon the substance of the agreements, the company has not recorded the bond or capital lease in its consolidated financial statements. The company recorded the original cost of the personal property within property, plant, and equipment and is depreciating

the property over the appropriate useful lives. The carrying amount at the balance sheet date is €60,521 thousand.

9. Investment property

The line item amounts to €19,299 thousand and shows a decrease of €1,910 thousand versus last year. It is accounted for using the cost model, with its fair value being well above the carrying amount at the balance sheet date.

	2012	2011
thousands of euro		
At 1 January	21,209	19,093
Translation differences	164	(68)
Additions	20	687
Reclassifications	95	3,050
Change in scope of consolidation	-	-
Disposals and other	(2,189)	(1,553)
At 31 December	19,299	21,209

10. Investments in associates

	2012	2011
thousands of euro		
Accounted for using the equity method	202,795	207,148
Valued at cost	149	745
	202,944	207,893

The net decrease of €4,949 thousand was affected to the extent of €1,621 thousand by the changes in scope of consolidation, that have involved the line-by-line consolidation of МКВ Mörteldienst Köln-Bonn GmbH & Co. KG, Transportbeton Kall GmbH & Co. KG and wwb – Service + Logistik GmbH & Co. KG (all entities previously accounted for using the equity method).

The translation differences related to the investments in the Algerian companies Société des Ciments de Hadjar Soud EPE SpA and Société des Ciments de Sour El Ghozlane EPE SpA were negative for €6,254 thousand (2011: positive for €1,901 thousand).

	2012	2011
thousands of euro		
At 1 January	207,893	216,505
Translation differences	(6,999)	3,168
Additions	1,634	2,265
Equity earnings	6,124	(2,999)
Dividends received	(4,626)	(5,485)
Disposals and other	(1,082)	(5,561)
At 31 December	202,944	207,893

The full book value of the main investments in associates has been tested for impairment. Management measured the value in use as the group's share in the present value of estimated future cash flows, while used the market multiples approach for assessing the fair value. In some cases, the assessment has encompassed the fair value of property owned by the associates. The comparison between the recoverable amount resulting from the calculation and the carrying amount did not indicate the need to recognize an impairment loss on these assets. The investment in Cementi Moccia SpA is accounted for by the equity method; the resulting value is in line with the recoverable amount obtained by the expected cash flows method, that reflects the specific management condition of the associate, i. e. the limited life of quarry exploitation.

Based on the recent macro-economic developments and the uncertainties about the future growth prospects, a sensitivity analysis was performed on the recoverable amount of the investments, in order to verify the effects of reasonably possible changes, if any, in the key assumptions. Specifically we reasoned upon changes in the cost of money (and consequently WACC discount rate) and net operating cash flow. In general we can assert that only in the event of a significant cash flow decrease or an increase of discount rate by some percentage points, the recoverable amount would come out lower than the carrying amount at the balance sheet date, despite the presence of some investments more sensitive to changes in the above assumptions.

We can conclude that the sensitivity analysis performed has confirmed that no material impairments exist and consequently we have deemed it not necessary to proceed with impairment charges.

The main investments in associates valued by the equity method or at cost are detailed as follows:

	Registered office	Book value	% of ownership direct	% of ownership indirect
thousands of euro				
Société des Ciments de Sour El Ghozlane EPE SpA	Sour El Ghozlane DZ	51,864	35.0	
Société des Ciments de Hadjar Soud EPE SpA	Azzaba DZ	51,564	35.0	
Kosmos Cement Company	Louisville US	31,439		25.0
quick-mix Holding GmbH & Co. KG	Osnabrück DE	20,542		40.0
Laterlite S.p.A.	Solignano IT	14,135	33.3	
Houston Cement Company LP	Houston US	8,400		20.0
Bétons Feidt S.A.	Luxembourg LU	7,962		30.0
S. Paolo S.c.r.l.	Calenzano IT	1,756		50.0
Premix S.p.A.	Melilli IT	1,629	40.0	
Cementi Moccia S.p.A.	Napoli IT	1,606	50.0	
s.a. des Bétons Frais	Schifflange LU	1,530		41.0
Cave di Carpenosa S.r.l.	Molini di Triora IT	1,272		33.5
Ciments de Balears, s. a.	Palma de Mallorca ES	1,042	35.0	
Transass S.A.	Schifflange LU	980		41.0
E.L.M.A. S.r.l.	Sinalunga IT	914		50.0
ZAPA UNISTAV s.r.o.	Brno CZ	801		50.0
Normensand GmbH	Beckum DE	705		38.0
Zentramont Baustoffmischanlage GmbH	Völklingen DE	700		50.0
Van Zanten Holding B.V.	Zuidbroek NL	635		25.0
TRAMIRA – Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	533		50.0
Eljo Holding B.V.	Groningen NL	517		50.0
Betoncentrale Haringman B.V.	Goes NL	328		50.0
EKO ZAPA beton, a.s.	Praha CZ	327		50.0
Niemeier Beton GmbH & Co. KG	Diepholz DE	256		33.3
Other < 250,000 euro		1,507		
		202,944		

In spite of the majority voting interest (63.1 %), Buzzi Unicem does not have control of NCD Nederlandse Cement Deelnemingsmaatschappij BV (in liquidation), rather it only has a significant influence. In accordance with Dutch corporate law, the legal form of NCD does not grant the majority shareholder a controlling influence in the company per se and the right to appoint the majority of the supervisory board members. The corresponding balance is included in other < 250,000 euro.

The total balance sheet and income statement items of the main operative associates, all of which are unlisted, are as follows:

	Assets	Liabilities	Net sales	Net result
thousands of euro				
2012				
Société des Ciments de Hadjar Soud EPE SpA	163,939	16,614	54,390	7,324
Société des Ciments de Sour El Ghozlane EPE SpA	164,556	16,373	43,962	5,989
Kosmos Cement Company	135,964	10,210	76,550	(5,034)
quick-mix Holding GmbH & Co. KG	116,700	70,900	213,600	3,500
Houston Cement Company LP	62,325	5,967	49,549	8
Laterlite SpA	77,604	35,577	57,981	34
Bétons Feidt SA	38,145	11,600	63,500	1,500
SA des Bétons Frais	15,031	11,300	19,400	(300)
Cementi Moccia SpA	41,407	30,950	21,495	(7,086)

	Assets	Liabilities	Net sales	Net result
thousands of euro				
2011				
Société des Ciments de Hadjar Soud EPE SpA	170,886	19,457	46,312	(9,764)
Société des Ciments de Sour El Ghozlane EPE SpA	172,817	18,987	49,988	5,536
Kosmos Cement Company	144,910	12,802	63,612	(4,737)
quick-mix Holding GmbH & Co. KG	121,000	75,200	211,700	5,300
Houston Cement Company LP	58,828	1,367	35,412	4
Laterlite SpA	80,289	38,152	65,592	4,114
SA des Bétons Frais	12,811	8,500	26,300	(1,600)
Cementi Moccia SpA	44,900	27,464	19,738	(6,341)

11. Available-for-sale financial assets

The non-current portion refers to the investments in unconsolidated subsidiaries and other companies, all of which are unlisted. The current portion refers to temporary liquidity placements in time deposits with over three-month maturity for € 85,000 thousand and in short-term or marketable securities for € 1,989 thousand.

	Subsidiaries	Other	Total
thousands of euro			
At 1 January 2012	1,380	3,863	5,243
Additions	502	275	777
Write-ups (write-downs)	(289)	(1,909)	(2,198)
Disposals and other	(115)	(199)	(314)
At 31 December 2012	1,478	2,035	3,513

The equity investments included in this line item are all carried at cost less any provision for impairment. In fact, these are immaterial companies both from an investment point of view and in terms of their net equity and results, for which a reliable determination of the fair value would only be possible as part of specific sales negotiations.

Following the impairment test results, the equity investment of 16.7 % in Romana Calcestruzzi SpA has been written down for an amount of € 1,640 thousand (2011: € 1,200 thousand). The impairment charge reflects the crisis situation the company is currently facing.

12. Derivative financial instruments

The derivative contracts, entered into to mitigate currency, interest rate and market price risks, are all “plain vanilla” type. They do not qualify for hedge accounting under IFRS.

	2012		2011	
	Assets	Liabilities	Assets	Liabilities
thousands of euro				
Non-current				
Not designated as hedges	–	22,310	1,698	13,837
	–	22,310	1,698	13,837
Current				
Not designated as hedges	2,307	4,994	4,216	151
	2,307	4,994	4,216	151

The liabilities include a negative value of the contracts set up by the company to reduce the foreign exchange and interest rate risk on the dollar denominated long-term debt (forward foreign exchange, cross currency swaps, interest rate swaps), for a total of € 18,621 thousand at 31 December 2012 (at 2011 closing: € 7,423 thousand included in liabilities and € 4,647 thousand included in assets).

The notional principal amount and the fair value of the outstanding derivative instruments is summarized as follows:

	2012		2011	
	Notional	Fair value	Notional	Fair value
thousands of euro				
Interest rate swaps	495,000	(5,558)	495,000	(5,413)
Currency swaps	2,830	(192)	2,434	266
Cross currency swaps	181,901	(15,185)	185,486	(6,981)
Forward foreign exchange	90,117	(3,436)	146,843	4,205
Commodity swaps	4,621	(627)	4,561	(151)
Takeover commitments (put writer)	3,631	–	2,659	–
Sale commitments (call writer)	3,920	–	1,394	–
Takeover options (call)	3,311	–	5,757	–

The fair value of the takeover or sale commitments and options is equal to zero, hence without effect on the financial position.

At end of year, takeover commitments include a put option on 25 % of the subsidiary Dyckerhoff Transportbeton Hamburg GmbH, exercisable by 31 October 2014, at a strike price of € 1,837 thousand, as well as different put options to business units, land and transportation equipment for € 1,794 thousand. Sale commitments include a call on the remaining 49 % share of Gravières et Sablières Karl EPPLÉ Snc, with a strike price of € 3,920 thousand; the option is exercisable in 2014. Takeover options include a call agreement (corresponding to the above mentioned put agreement) on 25% of the subsidiary Dyckerhoff Transportbeton Hamburg GmbH, exercisable by 31 October 2014, always at a strike price of € 1,837 thousand. This option has been recognized within other payables (non-current). Additional takeover options for a total amount of € 1,474 thousand mainly refer to land.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

During 2012, the changes in the fair value of derivative financial instruments recognized in the income statement are negative for € 16,924 thousand (2011: € 19,566 thousand positive).

13. Other non-current assets

	2012	2011
thousands of euro		
Receivables from associates	4,099	4,364
Tax receivables	6,325	12,481
Advances to suppliers	10,255	8,249
Receivables from personnel	1,205	1,485
Loans to customers	4,607	4,556
Guarantee deposits	18,469	19,051
Other	10,324	10,164
	55,284	60,350

The receivables from associates are made up mainly of interest-bearing loans granted to quick-mix Holding GmbH & Co. KG (€ 3,314 thousand).

The decrease in tax receivables stems from the reclassification from non-current to current of tax refunds in the United States (€ 8,944 thousand).

The item advances to suppliers is a down payment for construction of buildings on the former industrial site of Piacenza (Italy), in part already sold to developers.

Receivables from personnel include loans to employees equal to € 919 thousand (2011: € 1,229 thousand).

Loans to customers are granted by Buzzi Unicem USA to some major accounts; they bear interests at market rates, are adequately secured and are performing regularly.

The guarantee deposits mainly represent assets held in trust to secure the payment of benefits under certain executive pension plans and insurance deposits.

The item other includes loans to third parties for an amount of € 2,162 thousand.

All non-current receivables are due within five years from the balance sheet date. The maximum exposure to credit risk is the carrying value of each class of receivable mentioned above.

14. Inventories

	2012	2011
thousands of euro		
Raw materials, supplies and consumables	263,731	257,689
Work in progress	90,877	73,512
Job-orders in process	3,094	1,277
Finished goods and merchandise	76,550	67,679
Advances	3,313	2,258
Emission rights	–	2,065
	437,565	404,480

Increases and decreases of the various categories depend on the trend in production and sales, on the price of the factors employed, as well as changes in exchange rates used for the translation of foreign financial statements. The amount shown is net of an allowance for obsolescence of €37,310 thousand (2011: €36,577 thousand).

15. Trade receivables

	2012	2011
thousands of euro		
Trade receivables	475,858	509,818
Less: Provision for receivables impairment	(45,892)	(37,226)
Trade receivables, net	429,966	472,592
Other trade receivables:		
From unconsolidated subsidiaries	–	341
From associates	9,396	14,458
From parent companies	21	21
	439,383	487,412

The year-end balances from associates arise from normal and regular business transactions entered into mostly with firms operating in the ready-mix concrete segment. The decrease in the line item is mainly attributable to the US dollar weakening and to a quite differing trend of average collection period in the group markets, which on average has shown a reduction.

At the balance sheet date, trade receivables that are past due but not impaired amount to €181,087 thousand (€217,429 thousand in 2011).

The ageing analysis of these trade receivables is as follows:

	2012	2011
thousands of euro		
Past due up to 2 months	128,354	168,385
Past due between 2 and 6 months	30,651	31,190
Past due over 6 months	22,082	17,854
	181,087	217,429

The carrying amounts of net trade receivables are denominated in the following currencies:

	2012	2011
thousands of euro		
Euro	240,324	298,497
us Dollar	78,938	75,637
Russian Ruble	11,365	6,487
Mexican Peso	48,435	46,088
Other currencies	50,904	45,883
	429,966	472,592

Changes in the provision for receivables impairment during the year are as follows:

	2012	2011
thousands of euro		
At 1 January	37,226	37,754
Translation differences	437	(568)
Provision for impairment	25,358	17,622
Receivables written off as uncollectible	(13,941)	(12,974)
Unused amounts reversed and other	(3,188)	(4,608)
At 31 December	45,892	37,226

The creation of provision for impaired receivables has been included in Other operating expenses (note 37); the release of the same provision has been included in Other operating income (note 33).

The carrying amount of trade receivables is considered in line with their fair value at the date. The maximum exposure to credit risk at the reporting date is the carrying value of the line item.

16. Other receivables

	2012	2011
thousands of euro		
Tax receivables	66,540	62,473
Receivables from social security institutions	621	518
Receivables from unconsolidated subsidiaries and associates	3,295	3,295
Loans to customers	335	3,151
Receivables from suppliers	11,489	9,081
Receivables from personnel	715	1,627
Receivables from sale of equity investments	335	319
Accrued income and prepaid expenses	14,048	12,457
Other	18,707	14,129
	116,085	107,050

Tax receivables include income tax payments in advance and the debit balance of periodic value added tax liquidation. The increase is mainly due to the reclassification from non-current to current of some withholdings and tax refunds in the United States (note 13).

Receivables from unconsolidated subsidiaries and associates are in the nature of short-term loans.

Loans to customers represent the current portion of loans granted by Buzzi Unicem USA to some major accounts (note 13).

Receivables from suppliers include mainly advances on procurement of gas, electricity and other services.

Accrued income totals €2,787 thousand (2011: €1,319 thousand) and is made up primarily of interest income on marketable securities and time deposits. Prepaid expenses amount to €11,261 thousand (2011: €11,138 thousand) relating to operating expenses pertaining to the following period.

At the balance sheet date the carrying amount of other receivables is considered to be in line with their fair value.

17. Cash and cash equivalents

	2012	2011
thousands of euro		
Cash at banks and in hand	435,533	463,008
Short-term deposits	120,660	129,020
	556,193	592,028

Foreign operating companies hold about 62 % of the balance of €556,193 thousand (89 % in 2011). At the closing date, short-term deposits and securities earn interest at about 1.0 % on average (1.0 % also in 2011): yield in euro is around 0.3 %, in dollar 0.2 %, in Mexican peso 3.9 % and in other currencies 6.3 %. The average maturity of such deposits and securities is lower than 60 days.

The cash flows, the working capital and the available liquidity of the subsidiaries are handled locally but under a central finance function, to ensure an efficient and effective management of the resources generated and/or of the financial needs.

Cash and equivalents are denominated in the following currencies:

	2012	2011
thousands of euro		
Euro	296,518	359,928
us Dollar	186,179	152,028
Mexican Peso	19,220	35,136
Russian Ruble	9,302	5,708
Other currencies	44,975	39,228
	556,193	592,028

18. Assets held for sale

The amount relates for €8,746 thousand to the residual fair value of equipment and machinery that originally had been purchased to expand production capacity in Russia and in Ukraine. Since these capital projects have been postponed indefinitely in time, management decided to put up the equipment for sale. The balance also includes equipment parts from the inactive plant of Santarcangelo di Romagna (€1,150 thousand), whose disposal has been finalized, and some plant components which are being sold in the United States, for an amount of €1,650 thousand.

At year-end 2011 the amount related as well to the fair value of equipment and machinery that originally were intended for Russia and Ukraine for €16,513 thousand and to a piece of land on sale in the United States for €908 thousand.

19. Share capital

At the balance sheet date the share capital of the company is as follows:

	2012	2011
number of shares		
Shares issued and fully paid		
Ordinary shares	165,349,149	165,349,149
Savings shares	40,711,949	40,711,949
	206,061,098	206,061,098
Share capital (thousands of euro)	123,637	123,637

All categories of shares have a par value of €0.60 each. Each ordinary share gives right to one vote, without any restrictions whatsoever. Savings shares are not entitled to vote and they can be either registered or bearer, at the shareholder's preference.

Savings shares are entitled to a preferential dividend equal to 5% of par value and a total dividend equal to ordinary shares' dividend plus 4% of par value. In case of no

dividend distribution, the right to the preference dividend is carried forward over the two following years.

If the savings shares are delisted, they shall be converted into preference shares, without changing their dividend and asset distribution rights, with features and in ways to be resolved upon by an extraordinary meeting of shareholders that will convene within three months from the date of delisting.

If the ordinary shares are delisted, the greater dividend payable to savings shares versus the dividend payable to ordinary shares shall be automatically increased to 4.5 % of par value.

The reconciliation of the number of shares outstanding during 2012 is the following:

	Ordinary	Savings	Total
number of shares			
At 1 January 2012			
Shares issued	165,349,149	40,711,949	206,061,098
Less: Treasury shares	(500,000)	(140,155)	(640,155)
Shares outstanding	164,849,149	40,571,794	205,420,943
Year ended 31 December 2012			
Employee share grant scheme	–	110,865	110,865
Closing shares outstanding	164,849,149	40,682,659	205,531,808
At 31 December 2012			
Shares issued	165,349,149	40,711,949	206,061,098
Less: Treasury shares	(500,000)	(29,290)	(529,290)
Shares outstanding	164,849,149	40,682,659	205,531,808

In May 2012, no. 110,865 savings shares out of treasury, with a fair value of € 399 thousand, were granted to the managers of the company and of its Italian subsidiaries, according to the goals reached under the incentive and loyalty plan (MBO system, note 2.19).

20. Share premium

It consists of the overall premium on shares issued over time. The line item amounts to € 458,696 thousand as at 31 December 2012 and it is unchanged versus last year.

21. Other reserves

The line item encompasses several captions, which are listed and described here below:

	2012	2011 restated	2010 restated
thousands of euro			
Translation differences	(293,040)	(292,101)	(298,840)
Revaluation reserves	88,286	88,286	88,287
Merger surplus	247,530	247,530	247,530
Other	113,548	117,993	118,810
	156,324	161,708	155,787

The translation differences reflect the exchange rate variations that were generated starting from the first time consolidation of financial statements denominated in foreign currencies. The unfavorable variance of € 939 thousand is the result of four separate effects: a decrease of € 24,286 thousand due to the weakening of the US dollar, an increase of € 9,610 thousand due to the strengthening of the Mexican peso, an increase of € 19,993 thousand due to the strengthening of the Eastern European currencies and a decrease of € 6,256 due to the weakening of the Algerian dinar.

Other reserves also reflect the fair value adjustments to available-for-sale financial assets and to associates classified as puttable instruments until 2008.

22. Retained earnings

The line item contains both retained earnings and profit for the financial year attributable to owners of the company. It also includes the legal reserve from the statutory financial statements of Buzzi Unicem SpA, changes in shareholders' equity of consolidated companies pertaining to the parent company that took place after the first consolidation and the revaluation reserves accrued by the Mexican companies that used inflation accounting up to the year 2001. During the year, transactions with non-controlling interests were carried out after acquisition of control. Specifically, the purchase of an additional 3.3 % interest in Dyckerhoff AG, which brought to a decrease in retained earnings equal to € 32,747 thousand. The holding in Dyckerhoff AG's share capital has been taken from 93.3 % to 96.6 % (98.1 % of voting capital).

Following the early adoption of IAS 19 revised, the retained earnings now include also the gains and losses changes generated following the actuarial valuation of liabilities for employee benefits. The negative adjustment resulting from the early adoption, recognized within this line item at 31 December 2010 amounted to € 46,174 thousand; such negative amount further increased in 2011 by € 6,055 thousand. The losses generated as a result of actuarial valuations of liabilities for employee benefits, net of related deferred tax, in 2012 brought to a decrease in retained earnings equal to € 55,221 thousand.

23. Non-controlling interests

The balance as at 31 December 2012 refers to Dyckerhoff AG and subsidiaries (€ 73,845 thousand), RC Lonestar Inc. (€ 18,052 thousand), Corporación Moctezuma, SAB de CV (€ 82,564 thousand). Buzzi Unicem jointly controls Corporación Moctezuma together with

Cementos Molins (Spain); the company is consolidated under the proportionate method at 50%, but the actual economic interest attributable to owners of the company is about 33 %.

24. Debt and borrowings

	2012	2011
thousands of euro		
Long-term debt		
Senior notes and bonds	1,053,849	803,567
Finance lease obligations	1,589	2,165
Secured term loans	59	699
Unsecured term loans	329,657	441,424
	1,385,154	1,247,855
Current portion of long-term debt		
Senior notes and bonds	90,519	61,730
Mezzanine loan	–	235,820
Finance lease obligations	883	1,062
Secured term loans	15	595
Unsecured term loans	196,729	103,206
	288,146	402,413
Short-term debt		
Bank overdrafts and borrowings	70,685	78,560
	70,685	78,560

The exposure of the group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	2012	2011
thousands of euro		
6 months or less	166,478	211,634
6 – 12 months	192,354	269,339
1 – 5 years	1,031,049	1,190,066
Over 5 years	354,104	57,789
	1,743,985	1,728,828

Senior Notes and Bonds

The change in the year is mainly due to an increase of € 347,734 thousand for new issuances, a decrease of € 60,634 thousand for principal repayments and of € 9,459 thousand for foreign exchange effect.

At the end of September 2012 the issue of the bond "Buzzi Unicem € 350,000,000 6.250 % Notes due 2018" with a 6-year maturity was completed. The notes, placed with institutional investors only, are listed on the Luxembourg Stock Exchange, have a minimum denomination of € 100,000, pay a fixed annual coupon of 6.250 % and their due date is 28 September 2018. This bond is carried at amortized cost, corresponding to

an effective interest rate of 6.38 % and an amount of € 347,734 thousand in the balance sheet.

Senior notes and bonds include the so-called Eurobond “Buzzi Unicem € 350,000,000 5.125 % Notes due 2016”. The notes, listed on the Luxembourg Stock Exchange, have a minimum denomination of € 50,000, pay a fixed annual coupon of 5.125 % and their due date is 9 December 2016. This bond is carried at amortized cost, corresponding to an effective interest rate of 5.32 % and an amount of € 347,647 thousand in the balance sheet. This fund-raising operation is backed by interest rate swap contracts for nominal € 200 million, aimed at partially swapping the interest rate from fixed to floating in the period 2010–2013. The income statement 2012 benefits from net finance revenues associated with those interest rate swap contracts to the extent of € 726 thousand (in 2011, net finance costs of € 380 thousand).

The other senior notes and bonds relate primarily to Senior Unsecured Notes placed privately in the US market (USPP). The issuer is our subsidiary RC Lonestar, Inc. and the company guarantees the obligations of the issuer. These fund-raising operations are partially backed by interest rate swaps, cross currency swaps and forward foreign exchange contracts entered into by Buzzi Unicem SpA. The income statement 2012 benefits from net finance revenues associated with interest rate swap contracts to the extent of € 3,783 (in 2011, net finance revenues of € 2,118 thousand).

The Senior Unsecured Notes privately placed in the US market (USPP) include covenants by the issuer and by the company as the guarantor, which require compliance with certain financial ratios. Such commitments are common in the international practice for bond issues of this type. In particular the most significant financial conditions consist of a minimum consolidated net worth and a ratio of consolidated net debt to EBITDA not exceeding 3 times. In November 2010 the company entered into an agreement with the USPP investors, which provides, among other things, for an increase in the interest rate, which can fluctuate from 15 up to a maximum of 150 basis points, thereof 125 basis points applicable only in case the corporate rating should be lower than “investment grade” category. This occurrence happened in September 2011 when Buzzi Unicem’s rating was revised downward from investment grade to BB+ (stable outlook). At the balance sheet date, such contractual covenants are all complied with.

The following table summarizes the main terms of bond issues outstanding at 31 December 2012:

Issue	Outstanding nominal amount	Maturity	Coupon	Notes
Buzzi Unicem SpA Eurobond December 2009	€m 350.0	2016	5.125 %	Interest rate swap on €m 200 from fixed 1.62 % to floating Euribor 6M till 2013
Buzzi Unicem SpA Eurobond September 2012	€m 350.0	2018	6.25 %	
RC Lonestar, Inc. Senior Notes May 2012 Series B	\$m 80.0	2013	6.92 % ¹	FX forward on principal
RC Lonestar, Inc. Senior Notes May 202 Series C	\$m 35.0	2017	7.12 % ¹	FX forward on principal
RC Lonestar, Inc. Senior Notes September 2003 Series A	\$m 170.0	2014–2016	5.08 % ¹	Cross currency swap on principal and coupons Interest rate swap from fix to floating Euribor 6M+1.025 %
RC Lonestar, Inc. Senior Notes September 2003 Series A	\$m 70.0	2014–2016	5.08 % ¹	Cross currency swap on principal and coupons
RC Lonestar, Inc. Senior Notes September 2003 Series B	€m 30.0	2013	5.05 % ¹	
RC Lonestar, Inc. Senior Notes April 2010 Series A	\$m 170.0	2014–2016	4.90 % ¹	
RC Lonestar, Inc. Senior Notes April 2010 Series B	\$m 30.0	2016		Floating rate Libor 3M+2.45 % ¹

¹ a 125 basis points step-up to the coupon is currently being applied

Mezzanine loan

It was the subordinated loan granted by the Dyckerhoff family to Dyckerhoff AG. The loan, which carried a fixed coupon of 4.5 % per annum plus an additional 2.5 % per annum simple interest payable in a lump sum at maturity, was fully repaid on 15 December 2012.

Term loans and other borrowings

During 2012 new borrowings were obtained for €85,698 thousand and principal payments on long-term debt amounted to €114,583 thousand.

In February 2012 a new credit facility was entered into with Banco Popolare for an amount of €50,000 thousand, with final maturity on 30 June 2017. In April 2012 a new credit facility was entered into with Mediobanca SpA for an amount of €35,000 thousand, with final maturity on 30 September 2013 extendable up to March 2015. Both borrowings are at floating rate and do not require compliance with covenants.

During 2012 the following new committed facility was issued:

- bilateral facility of €50,000 thousand entered into by the subsidiary Dyckerhoff AG, with final maturity on 15 December 2013, in replacement of the former one of identical amount entered into with the same bank in December 2011.

As at 31 December 2012 the group had undrawn committed facilities expiring after 2012 of €718,893 thousand (2011: €711,373 thousand), thereof €414,640 thousand at floating rate available to the company and the remaining €304,253 thousand to Dyckerhoff AG, always at floating rate.

In respect of interest rate and currency, the gross indebtedness at 31 December 2012 is roughly split as follows (after hedging): 38 % floating and 62 % fix; 9 % denominated in dollar and 91 % in euro and euro-zone currencies.

At the balance sheet date, the fair value of the fix rate borrowings exceeds the carrying amount by about €67,000 thousand (2011: fair value greater than carrying amount by about €150,000 thousand). The carrying amount of short-term and floating rate borrowings approximate their fair value, as the impact of discounting is not significant.

Finance lease obligations

The following table shows the reconciliation of future minimum lease payments with their present value and the residual contractual maturities:

	2012	2011
thousands of euro		
Gross finance lease liabilities-minimum lease payments:		
No later than 1 year	964	1,182
Later than 1 year and no later than 5 years	1,753	2,370
	2,717	3,552
Future finance charges on finance lease liabilities	(245)	(379)
Present value of finance lease liabilities	2,472	3,173

The present value of finance lease liabilities is as follows:

	2012	2011
thousands of euro		
No later than 1 year	883	1,047
Later than 1 year and no later than 5 years	1,589	2,126
	2,472	3,173

25. Employee benefits

The line item includes post-employment benefits and other long-term benefits. Please refer to note 2.1 for a detailed analysis about early adoption of IAS 19 (revised).

Post-employment benefits

They consist of pension plans, life insurance and healthcare plans, employee severance indemnities and other. Group companies provide post-employment benefits for their employees either directly or indirectly, by paying contributions to independently administered funds. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which Buzzi Unicem operates. The obligations relate both to active employees and to retirees. Liabilities for contributions accrued but not yet paid are included within other payables.

Defined contribution plans

They primarily relate to public plans and/or supplemental private plans in Germany, the Netherlands, France, Luxembourg, Poland, Czech Republic, Slovakia, Russia, Ukraine and the United States of America. Defined contribution plans for post-employment benefits exist also in Italy (employee severance indemnities or TFR for companies with at least 50 employees, after 31 December 2006). Charges associated with defined contribution plans are charged to the income statement together with social security contributions under staff costs. No further commitments on the part of the employer exist over and above the payment of contributions to public plans or private insurance policies.

Defined benefit plans

Defined benefit plans may be unfunded, or they may be wholly or partly funded by the contributions paid by the company and, sometimes, by its employees to an entity or fund legally separate from the employer by which the benefits are paid.

Italy

The obligation for employee severance indemnities (TFR) is considered a defined benefit plan and is unfunded. It consists of the residual obligation that was required until 31 December 2006 under Italian legislation to be paid by companies with more than 50 employees, and accrued over the employee's working life for other companies. The obligation is remeasured every year, according to national employment laws. The provision is settled upon retirement or resignation and may be partially paid in advance if certain conditions are met. The level of benefits provided depends on the date of hire, length of service and salary. The commitments that amount to €25,214 thousand (2011: €22,229 thousand) have a weighted average duration of approximately 9 years.

Germany and Luxembourg

These pension arrangements provide for retirement benefits, early-retirement benefits, widows/widowers' benefits, orphans' allowances and generally also include long-term disability benefits. The level of benefits provided depends on the date of hire, salary and length of service. The commitments have a weighted average duration of approximately 13 years.

The pension obligations in Germany totaling €234,975 thousand (2011: €186,682 thousand) are partly funded through a contractual trust agreement. The value of trust assets is €25,121 thousand (2011: €24,785 thousand) and reduces the amount to be recognized as a liability. All other commitments in Germany and Luxembourg are exclusively funded by accounting provisions.

Obligations for post-employment medical costs in Germany are unfunded and contain a commitment on the part of Buzzi Unicem to reimburse 50 % of private healthcare insurance premiums to former employees and co-insured spouses or to widows as well widowers of former employees. This healthcare plan has been closed since 1993 and has a remaining weighted average duration of approximately 7 years.

Netherlands

In the Netherlands, commitments for retirement or early-retirement benefits, totaling €19,945 thousand (2011: €11,206 thousand) are dependent on salaries and length of service and generally also encompass surviving dependents' benefits. They are funded by contributions to an insurance policy, however the company retains certain payment obligations. The value of plan assets by the insurance policy amounts to €12,660 thousand (2011: €9,010 thousand) and reduces the amount to be recognized as a liability. The commitments have a weighted average duration of approximately 18 years.

United States of America

Pension plans are mainly funded, while healthcare obligations are unfunded in nature. Pension arrangements provide for retirement and early-retirement benefits, surviving dependents' benefits (for the surviving spouse or, alternatively, children) as well as long-term disability benefits. Benefits to white-collar employees or their dependents are linked to salary and length of service. For blue-collar workers, pension benefits are determined on the basis of length of service as well as a fixed, periodically re-negotiated multiple. The major part of pension obligations (€247,814 thousand, 2011: €230,198 thousand) is covered by an external pension fund; its fair value of €196,475 thousand (2011: €194,651 thousand) reduces the amount to be recognized as a liability. These pension plans have been closed since 1 January 2011 and the weighted average duration is approximately 13 years. In 2012 the group decreased its pension risk exposure by making a one-time offer to the term-vested population in the defined benefit plan. Approximately 60 % of this term-vested population accepted the offer and received payments out of the pension plan assets. The settlement of this one-time offer reduced the defined benefit obligation by €15,158 thousand. There are also unfunded obligations for a small group of individuals, whose weighted average duration is 12 years.

Retirees are entitled to benefits from Buzzi Unicem to cover that portion of medical costs that is not covered by state plans, or to cover the costs of a private supplementary health insurance policy. The allowances paid to employees and, if relevant, their spouses depend on the length of service and do not include surviving dependents' benefits. These commitments have a weighted average duration of approximately 10 years.

Mexico

The defined benefit plan of the companies operating in Mexico is funded to a large extent. The plan provides for a severance indemnity to retired or disabled employees or to the surviving dependents. Benefit paid in a lump sum is linked to the salary and to the length of service at the moment of retirement. This commitment has a weighted average duration of approximately 20 years.

Other

The item other includes loyalty bonuses, which are due to employees who reach a specified seniority and are generally settled when an employee terminates its employment. In particular, a plan similar to the Italian TFR exists in Mexico and is called prima de antigüedad. The payment of such benefits is certain (subject to any vesting or minimum service requirements) but the timing of their payment is uncertain. These schemes are unfunded.

Other long-term benefits

The group grants also other long-term benefits to its employees, which include those generally paid when the employee attains a specific seniority. In this case the valuation reflects the probability that payment is required and the length of time for which payment is likely to be made. These schemes are unfunded and the amount of the obligation is calculated on an actuarial basis, in accordance with the projected unit credit method. Actuarial gains and losses arising from this obligation are recognized in income statement. In the United States of America the group sponsors a deferred compensation plan for certain employees. Amounts deferred are funded into a trust and the earnings in the trust accrue to the benefit of the participants. The asset and liability are reported at fair value (the net asset value of each investment fund).

The obligations for employee benefits are analyzed as follows:

	2012	2011 restated	2010 restated
thousands of euro			
By category			
Post-employment benefits:			
Pension plans	298,380	230,145	218,796
Healthcare plans	104,228	102,825	100,918
Employee severance indemnities	25,214	22,229	26,156
Other	221	174	166
Other long-term benefits	9,597	8,960	9,670
	437,640	364,333	355,706
By geographical area			
Italy	26,302	23,145	27,069
Germany, Luxembourg, Netherlands	246,400	194,786	190,808
United States of America	160,272	142,235	133,699
Other Countries	4,666	4,167	4,130
	437,640	364,333	355,706

The amounts recognized in the balance sheet for post-employment benefits are determined as follows:

	Pension plans			Healthcare plans		
	2012	2011 restated	2010 restated	2012	2011 restated	2010 restated
thousands of euro						
Present value of funded obligations	499,936	430,587	407,925	-	-	-
Less: Fair value of plan assets	(236,077)	(229,780)	(217,637)	-	-	-
	263,859	200,807	190,288	-	-	-
Present value of unfunded obligations	34,521	29,338	28,508	104,228	102,825	100,918
Liability in the balance sheet	298,380	230,145	218,796	104,228	102,825	100,918

	Employee severance indemnities			Other		
	2012	2011 restated	2010 restated	2012	2011 restated	2010 restated
thousands of euro						
Present value of funded obligations	-	-	-	-	-	-
Less: Fair value of plan assets	-	-	-	-	-	-
	-	-	-	-	-	-
Present value of unfunded obligations	25,214	22,229	26,156	221	174	166
Liability in the balance sheet	25,214	22,229	26,156	221	174	166

The movement in the defined benefit obligation for post-employment benefits is illustrated below:

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2012	2011 restated	2012	2011 restated	2012	2011 restated	2012	2011 restated
thousands of euro								
At 1 January	459,925	436,433	102,825	100,918	22,229	26,156	174	166
Current service cost	7,432	6,523	2,094	1,639	14	15	22	12
Past service cost	–	–	355	–	–	–	–	24
(Gain) losses on settlements	(2,680)	–	–	–	–	50	–	–
Other cost	2,976	1,188	–	–	–	–	–	–
	7,728	7,711	2,449	1,639	14	65	22	36
Interest expense	21,992	21,786	4,215	4,656	1,202	1,186	13	7
(Gains) losses from changes in demographic assumptions	3,229	–	1,250	–	(832)	(366)	–	–
(Gains) losses from changes in financial assumptions	86,759	15,576	7,703	2,691	4,622	(1,557)	19	5
Experience (gains) losses	3,289	(42)	(5,700)	(3,939)	256	137	(3)	(25)
	93,277	15,534	3,253	(1,248)	4,046	(1,786)	16	(20)
Employee contributions	77	71	624	759	–	–	–	–
Benefits paid	(28,240)	(29,449)	(7,173)	(6,949)	(2,263)	(3,392)	(12)	–
Settlements	(15,158)	–	–	–	–	–	–	–
Translation differences	(5,171)	7,791	(1,965)	3,050	–	–	8	(15)
Change in scope of consolidation	–	33	–	–	–	–	–	–
Other changes	27	15	–	–	(14)	–	–	–
At 31 December	534,457	459,925	104,228	102,825	25,214	22,229	221	174

The present value of the defined benefit obligations is composed of the following at the end of each reporting period:

	Pension plans			Healthcare plans		
	2012	2011	2010	2012	2011	2010
thousands of euro						
Active members	169,072	140,441	131,379	38,652	33,406	32,369
Deferred members	51,490	43,220	37,609	–	–	–
Pensioners	313,895	276,264	267,444	65,576	69,419	68,549
At 31 December	534,457	459,925	436,432	104,228	102,825	100,918

Changes in the fair value of plan assets are as follows:

	Pension plans	
	2012	2011 restated
thousands of euro		
At 1 January	229,780	217,637
Interest income	10,836	10,784
Employer contributions	9,899	7,964
Employee contributions	77	71
Benefits paid	(14,740)	(16,358)
Settlements	(12,549)	–
Actuarial gains (losses)	17,101	2,757
Translation differences	(4,327)	6,925
At 31 December	236,077	229,780

Plan assets are comprised as follows:

	Germany			USA			Mexico		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
thousands of euro									
Cash and cash equivalents	1,289	5,088	717	2,660	1,713	5,352	-	-	-
Equity instruments by third parties	3,414	-	-	-	-	51,021	-	-	-
Euro investment grade	965	-	-	-	-	143	-	-	-
Euro non-investment grade	514	-	-	-	-	-	-	-	-
Euro non-rated	137	-	-	-	-	-	-	-	-
Dollar investment grade	-	-	-	-	-	48,658	-	-	-
Other investment grade	640	-	-	-	-	2,220	-	-	-
Other non-investment grade	862	-	-	-	-	-	-	-	-
Other non-rated	296	-	-	-	-	-	-	-	-
Debt instruments by third parties	9,714	10,410	19,636	9,363	9,180	77,669	-	-	-
Euro corporate investment grade	933	-	-	-	-	4,283	-	-	-
Euro corporate non-investment grade	578	-	-	-	-	-	-	-	-
Euro sovereign investment grade	8,203	10,410	19,636	-	-	-	-	-	-
Dollar corporate investment grade	-	-	-	-	-	36,763	-	-	-
Dollar sovereign investment grade	-	-	-	9,363	9,180	29,917	-	-	-
Other corporate investment grade	-	-	-	-	-	5,642	-	-	-
Other sovereign investment grade	-	-	-	-	-	1,064	-	-	-
Derivatives financial instruments	37	70	89	-	-	-	-	-	-
Interest rate swap	-	-	(10)	-	-	-	-	-	-
Equity swap	37	70	99	-	-	-	-	-	-
Investment funds	10,667	9,217	4,296	184,452	183,758	42,776	1,867	1,334	1,051
Euro corporate bonds	2,558	1,217	-	-	-	-	-	-	-
Dollar corporate bonds	-	-	-	69,021	70,040	-	-	-	-
Dollar sovereign bonds	-	-	-	19,528	20,291	-	-	-	-
Other corporate bonds	-	-	-	-	-	-	575	563	616
Other sovereign bonds	1,389	1,251	396	-	-	-	784	429	102
Euro indexed equities	1,296	-	-	-	-	-	-	-	-
Dollar indexed equities	-	721	-	42,267	41,756	6,022	-	-	-
Other indexed equities	-	1,781	-	52,523	48,600	-	-	-	-
Other equities	3,651	3,205	3,900	-	-	-	-	-	-
Euro sundries	251	-	-	-	-	-	-	-	-
Dollar sundries	237	-	-	3,113	3,071	2,873	-	-	-
Other sundries	1,285	1,042	-	-	-	33,881	508	342	333
Asset-backed securities	-	-	-	-	-	5,906	-	-	-
	25,121	24,785	24,738	196,475	194,651	182,724	1,867	1,334	1,051

The fair values stated above exclusively relate to quoted market prices in an active market. For pension assets in the Netherlands no breakdown is available due to the local insurance policy model.

Plan assets of Germany are administered by a trustee. The asset allocation strategy is aimed at optimizing returns on fund assets and is subject to an annual limit of losses. One member of the board of management, the head of finance department and a representative from a bank form the "investment committee" that oversees the administration of these separate assets. In regular meetings, the committee determines the long- and short-term allocation of assets on the basis of a long-term asset liability study.

Independent of its payment obligations to beneficiaries, Buzzi Unicem has a reimbursement right versus the trustee to the annual earnings arising on the plan assets. With a view to the medium term, the group intends to return the annual reimbursements to plan assets in order to underpin them in the current financial market situation or to increase these assets should the financial markets recover. Apart from the reimbursement rights, the local company currently does not intend to make further contributions to plan assets. Buzzi Unicem will adhere to a strategy of funding benefit obligations in Germany and in Luxembourg out of the company's current cash flow. The conditions linked to commitments have been continually adapted over the past years; benefits paid to beneficiaries will therefore decline further. Reimbursement rights versus the trustee for unpaid benefits that are returned to plan assets are shown in their gross amounts in the development of the fair value of plan assets, i.e. they are included within benefits paid for the period and in employers' contributions.

In the United States of America, plan assets are administered by a trustee. The asset allocation strategy is aimed at optimizing returns on fund assets and is subject to an annual limit of losses. Three members of local management form the "benefit committee" that determines the long- and short-term investment strategy and oversees the work of the trustee. Regular meetings of the "benefit committee" with the trustee are also attended by a representative from a consultancy firm who advises the company on risk-adequate investments of its assets while taking the obligation structure into account. All pension payments to beneficiaries are made from those plan assets. For funded pension obligations, full coverage through plan assets is to be achieved in the long-term; for the short to medium-term, coverage must not fall short of 80% in order to avoid legally prescribed benefit curtailments. Healthcare plan benefits are exclusively funded by provisions. Annual payments to beneficiaries are made out of the company's operating cash flow.

In Mexico plan assets are administered by a trustee. Three members of local management form the "investment committee" that determines the investment strategy, which is aimed at maintaining a conservative profile in the mid-long term through the balance between government bonds and floating returns, with the minimum target to cover domestic inflation. The benefits paid are directly taken out from the plan assets and do not impact on the company's operating cash flows.

Expected contributions to post-employment benefits plans (including reimbursement rights on the part of the German entity) for 2013 are € 13,487 thousand. The maturity analysis for the same type of benefits is as follows:

	Pension Plans	Healthcare plans	Employee severance indemnities	Other
thousands of euro				
Year 2013	28,537	7,794	2,422	–
Year 2014	33,905	7,928	1,190	–
Year 2015	29,001	8,073	1,172	–
Year 2016	29,385	8,057	1,173	–
Year 2017	29,350	8,078	1,452	–
Year 2018–2022	163,869	45,064	11,208	–
	314,047	84,995	18,618	–

In addition to mortality assumptions and employee turnover based on current statistical insight, post-employment benefits and other long-term benefits are computed according to the following main actuarial assumptions, identified on the basis of independent sources that are constant over time:

	2012						2011					
	ITA	GER	LUX	NLD	USA	MEX	ITA	GER	LUX	NLD	USA	MEX
in %												
Pension plans discount rate	3.2	3.1	3.1	3.2	3.8	6.5	5.8	5.1	5.5	4.8	4.8	7.5
Salary growth rate	3.3	2.5	2.5	2.6	4.0	5.5	3.3	2.5	2.5	2.6	4.0	5.5
Pension growth rate	–	2.0	–	0.1	0.0	–	–	2.0	–	1.0	3.0	–
Healthcare discount rate	–	–	–	–	3.5	–	–	–	–	–	4.3	–
Medical cost growth rate	–	2.0	–	–	7.0	–	–	2.0	–	–	7.5	–

The assumptions listed above reflect the actual economic period and/or realistic expectations in each territory. The discount rate adopted is the rate applicable at the end of the reporting period for high quality fixed-interest securities or for corporate bonds with a term corresponding to the respective obligations for employee benefits.

The sensitivity of the defined benefit obligation to changes in the main assumptions is presented here below:

	Pension Plans	Healthcare plans	Employee severance indemnities	Other
thousands of euro				
Salary growth rate				
Increase 1 %	12,348	–	6	–
Decrease 1 %	(10,770)	–	(6)	–
Discount rate				
Increase 1 %	(61,501)	(8,790)	(2,019)	–
Decrease 1 %	73,578	9,660	2,217	–
Pension growth rate				
Increase 1 %	26,111	–	–	–
Decrease 1 %	(20,292)	–	–	–
Medical cost growth rate				
Increase 1 %	–	6,498	–	–
Decrease 1 %	–	(5,728)	–	–
Mortality				
Increase 1 %	15,714	776	–	–
Decrease 1 %	(16,033)	(788)	–	–

26. Provisions for liabilities and charges

	Environmental risks and restoration	Antitrust	Legal claims Tax risks	Other risks	Total
thousands of euro					
At 1 January 2012	56,900	51,104	35,382	20,102	163,488
Additional provisions	4,984	–	2,182	5,282	12,448
Discount unwinding	2,886	2,555	814	270	6,525
Unused amounts released	(888)	–	(994)	(1,394)	(3,276)
Used during the year	(4,158)	–	(2,457)	(11,090)	(17,705)
Translation differences	(196)	1,308	(94)	(95)	923
Reclassifications	359	–	200	(221)	338
Change in scope of consolidation	182	–	–	437	619
At 31 December 2012	60,978	54,967	35,033	15,603	166,581

Total provisions can be analyzed as follows:

	2012	2011
thousands of euro		
Non-current	126,239	121,123
Current	40,342	42,365
	166,581	163,488

The environmental restoration provision includes the obligations for site remediation, which are applicable to the locations where the extraction of raw materials takes place and for the fulfillment of related requirements concerning quarries, safety, health and environment. Additional provisions for environmental risks refer for € 4,682 thousand to the future quarry remediation costs.

The antitrust provision is associated with the cartel fines inflicted in Italy (ready-mix concrete) and Poland (cement), which are currently under litigation, and with the risks linked to the lawsuit for damages to customers arising from the alleged cartel agreements in Germany.

The provision for tax risks amounts to € 32,345 thousand and reflects liabilities that are considered probable as a result of tax audits and adjustments to tax returns.

The provision for other risks represents the amounts set aside by the individual companies in connection with miscellaneous contractual and commercial risks and disputes, among which are included € 1,357 thousand for restructuring costs and workers' compensation claims not covered by insurance for € 2,023 thousand. Additional provisions include € 1,000 for changes to the road network serving the production facilities, € 893 thousand for restructuring costs, € 1,459 thousand for workers compensation claims and € 1,823 thousand for other risks. Uses during the year include payment of workers compensation for € 1,711 thousand, restructuring costs referred to the cement and ready-mix concrete business in Italy and Germany for € 4,483 thousand and the utilization of the provision for emission right purchase for € 2,065 thousand.

27. Deferred income tax

Net deferred tax liability as at 31 December 2012 consists of deferred tax liabilities, net of deferred tax assets, which have been offset, where possible, by the individual consolidated companies.

The figures of the comparative balance sheets have been restated following the early adoption of IAS 19 revised, which resulted in the determination of deferred tax related to actuarial gains and losses on employee benefits recognized in comprehensive income (Notes 2 and 25).

The net balance may be analyzed as follows:

	2012	2011 restated	2010 restated
thousands of euro			
Deferred income tax assets:			
To be recovered after more than 12 months	(225,851)	(219,464)	(170,366)
To be recovered within 12 months	(22,117)	(22,571)	(34,036)
	(247,968)	(242,035)	(204,402)
Deferred income tax liabilities:			
To be recovered after more than 12 months	568,662	581,820	571,635
To be recovered within 12 months	16,344	10,386	6,038
	585,006	592,206	577,673
Net deferred income tax liabilities	337,038	350,171	373,271

Temporary differences and carryforwards that give rise to deferred tax assets and liabilities are analyzed as follows:

	2012	2011 restated	2010 restated
thousands of euro			
Deferred income tax assets related to:			
Provisions for liabilities and charges	(23,130)	(20,154)	(18,493)
Trade receivables	(7,362)	(5,295)	(5,653)
Employee benefits	(89,740)	(67,209)	(61,620)
Long-term debt	(10,417)	(15,993)	(10,204)
Derivative financial instruments	(7,538)	(8,897)	(11,318)
Property, plant and equipment	(6,257)	(12,393)	(16,846)
Inventories	(11,051)	(6,329)	(7,747)
Tax loss carryforwards (theoretical benefit)	(324,803)	(327,331)	(298,931)
Other	(11,845)	(12,753)	(7,334)
Total deferred income tax assets	(492,143)	(476,354)	(438,146)
Valuation allowances	244,175	234,319	233,744
Net deferred income tax assets	(247,968)	(242,035)	(204,402)
Deferred income tax liabilities related to:			
Accelerated depreciation	147,548	154,524	138,735
Employee benefits	(276)	539	763
Property, plant and equipment	404,038	406,670	418,840
Inventories	5,377	6,958	6,073
Gains on disposal of fixed assets	–	106	289
Financial assets	10,846	10,680	8,244
Other	17,473	12,729	4,729
Total deferred income tax liabilities	585,006	592,206	577,673
Net deferred income tax liabilities	337,038	350,171	373,271

The deferred tax liability related to property, plant and equipment refers mainly to the positive differential that in 1999, year of the acquisition, Dyckerhoff AG allocated to the raw material reserves of Lone Star Industries.

The movement in deferred tax assets and liabilities during the year, taking into consideration the offsetting of balances within the same tax jurisdiction, is summarized in the following table:

	2012	2011 restated	2010 restated
thousands of euro			
At 1 January	350,171	373,271	417,288
Income statement charge (credit)	17,566	(29,069)	(51,307)
Statement of comprehensive income charge (credit)	(26,639)	(3,039)	(29,150)
Translation differences	(4,611)	6,998	33,389
Change in scope of consolidation	551	2,010	3,051
At 31 December	337,038	350,171	373,271

28. Other non-current liabilities

	2012	2011 restated	2010 restated
thousands of euro			
Purchase of equity investments	3,365	3,906	3,687
Non-controlling interests in partnerships	5,263	5,445	6,309
Payables to personnel	1,256	471	2,763
Other	6,771	5,590	5,541
	16,655	15,412	18,300

Some third parties and managers have an obligation to sell their minority interest in the subsidiary OAO Sukholozhskcement. The liability for purchase of equity investments recognizes the present value of this obligation, spread over the years 2013–2017.

All non-current liabilities are due within five years from the balance sheet date, except for the item non-controlling interests in partnerships whose maturity is indefinite. The carrying amount of the line item is deemed to approximate its fair value.

29. Trade payables

	2012	2011
thousands of euro		
Trade payables	242,358	259,341
Other trade payables:		
To unconsolidated subsidiaries	63	45
To associates	2,292	4,211
	244,713	263,597

30. Income tax payables

It reflects current income tax liabilities, net of advances, withholdings and tax credits and including amounts owed to the ultimate parent Fimedi SpA by certain Italian companies that are members of the controlled group of corporations for domestic income tax purposes.

31. Other payables

	2012	2011
thousands of euro		
Advances	8,244	7,751
Purchase of equity investments	781	–
Payables to social security institutions	15,333	17,462
Payables to personnel	50,532	47,824
Payables to customers	7,415	9,368
Accrued expenses and deferred income	28,081	23,118
Other	38,290	30,579
	148,676	136,102

The item other consists of sundry elements, among which the credit balance of periodic valued added tax for €12,776 thousand (2011: €7,368 thousand).

32. Net sales

Net sales breakdown is as follows:

	2012	2011
thousands of euro		
Cement and clinker	1,795,373	1,698,333
Ready-mix concrete and aggregates	996,839	1,069,225
Related activities	21,234	19,827
	2,813,446	2,787,385

The 0.9 % increase compared with year 2011 is due to favorable currency effects for 2.4 %, to additions in the scope of consolidation for 0.3 % and to unfavorable market trends for 1.8 %. Reference is made to the operating segment information for additional disclosure (note 6).

33. Other operating income

This line item consists of income arising both from the ordinary and the non-recurring course of business that is not attributable to sales of goods and rendering of services.

	2012	2011
thousands of euro		
Recovery of expenses	9,475	8,280
Indemnity for damages	3,985	2,449
Revenue from leased properties	9,229	9,583
Gains on disposals of property, plant and equipment	15,044	9,727
Capital grants	743	737
Release of provisions	3,335	2,293
Internal work capitalized	2,176	4,927
Sale of emission rights	3,292	29,328
Other	28,886	32,981
	76,165	100,305

The caption gains on disposals of property, plant and equipment includes € 7,811 thousand non-recurring income, related to the sale of a real estate property previously used as distribution terminal in Memphis, TN.

34. Raw materials, supplies and consumables

	2012	2011
thousands of euro		
Raw materials, supplies and consumables	608,533	616,250
Semifinished goods	22,439	19,171
Finished goods and merchandise	57,686	75,648
Electricity	225,428	219,440
Fuels	263,848	275,756
Emission rights	-	5,486
Other goods	36,461	34,552
	1,214,395	1,246,303

35. Services

	2012	2011
thousands of euro		
Transportation	400,100	407,301
Maintenance and contractual services	126,530	119,441
Insurance	12,862	13,825
Legal and professional consultancy	22,029	20,116
Operating leases of property and machinery	37,127	37,878
Travel	7,051	6,718
Sales commissions	3,298	3,206
Other	97,715	95,871
	706,712	704,356

36. Staff costs

	2012	2011 restated
thousands of euro		
Salaries and wages	339,422	323,850
Social security contributions and defined contribution plans	93,534	88,239
Employee severance indemnities and defined benefit plans	8,872	9,549
Other long-term benefits	2,326	1,555
Shares granted to employees	339	319
Other	1,961	3,801
	446,454	427,313

The increase due to the change in scope of consolidation amounts to € 1,700 thousand, while the one due to currency effect amounts to € 11,000 thousand.

In 2012 other costs include restructuring expenses of € 517 thousand (2011: € 2,099 thousand) related primarily to Italy and Germany.

The average number of people employed, including Buzzi Unicem's proportionate share of workforce in joint venture, is the following:

	2012	2011
number		
White collar and executives	4,162	4,253
Blue collar and supervisors	6,732	6,836
	10,894	11,089

37. Other operating expenses

Other operating expenses, related to both the ordinary and the non-recurring course of business, are composed as follows:

	2012	2011
thousands of euro		
Write-down of receivables	28,868	18,403
Provisions for liabilities and charges	9,071	10,998
Association dues	5,306	5,759
Indirect taxes and duties	31,518	25,458
Losses on disposal of property, plant and equipment	4,146	4,968
Other	12,542	13,499
	91,451	79,085

The provision for environmental restoration (quarries) accrued during the year is € 4,682 thousand (2011: € 3,222 thousand).

38. Depreciation, amortization and impairment charges

	2012	2011
thousands of euro		
Amortization of intangible assets	2,378	3,504
Depreciation of property, plant and equipment	220,105	228,551
Impairment losses of non-current assets	35,544	11,443
	258,027	243,498

The impairment losses of property, plant and equipment include €25,918 related to goodwill and assets allocated to construction works of a new plant in Akbulak, Russia, that has been postponed indefinitely in time. Furthermore, at the end of year a natural aggregates quarry in the Netherlands was impaired for an amount of €3,816. The caption includes also the impairment losses on assets related to the ready-mix concrete business in Italy for €1,896 thousand and the impairment of €1,531 related to the postponement of the new finish mill project at Stockertown, PA.

In 2011 the impairment losses for the most part referred to property, plant and equipment transferred to held for sale, for an amount of €8,241 thousand. The caption included also the impairment losses on assets related to the ready-mix concrete business (Italy and Germany) for €1,905 thousand and losses on assets damaged by fire for €800 thousand (Poland and Russia).

39. Gains on disposal of investments

This line item consists of non-recurring income arising principally from the sale of the ownership interest in Hausgesellschaft des Vereins deutscher Zementwerke mbH and Dammer Betonwerk GmbH & Co. KG.

40. Finance revenues and Finance costs

	2012	2011 restated
thousands of euro		
Finance revenues		
Interest income on liquid assets	10,674	6,487
Interest income on interest rate swap contracts	4,509	2,118
Interest income on plan assets of employee benefits	10,729	10,698
Changes in the fair value of derivative instruments	2,208	25,943
Foreign exchange gains	21,605	18,919
Dividend income	1,245	2,569
Other	5,412	3,161
	56,382	69,895
Finance costs		
Interest expense on bank borrowings	(34,867)	(28,525)
Interest expense on senior notes and bonds	(57,527)	(50,918)
Interest expense on mezzanine loan	(13,386)	(14,362)
Interest expense on employee benefits	(27,364)	(27,614)
Interest expense on interest rate swap contracts	(1,492)	(2,101)
Changes in the fair value of derivative instruments	(19,132)	(6,377)
Discount unwinding on liabilities	(6,018)	26
Foreign exchange losses	(15,153)	(34,124)
Other	(7,524)	(9,492)
	(182,463)	(173,487)
Net finance costs	(126,081)	(103,592)

Net finance costs increase from the previous year is due to the negative balance resulting from fluctuation of exchange gains/losses and derivative instruments, in addition to an increase in interest rates following the corporate rating downgrade and a higher gross debt due to early refinancing of next maturities.

41. Equity in earnings of associates

The line item includes the share of profit (loss) of associates accounted for under the equity method and possible write-downs. The net results of the major companies contribute as follows:

	2012	2011
thousands of euro		
Laterlite SpA	(149)	1,369
quick-mix Holding GmbH & Co. KG	4,549	–
Serenergy Srl	61	119
Premix SpA	133	229
Bétons Feidt SA	551	23
S. Paolo Scrl	688	(104)
Kosmos Cement Company	(1,259)	(1,184)
Cementi Moccia SpA	(3,176)	(3,034)
Société des Ciments de Hadjar Soud EPE SpA	2,563	(3,417)
Société des Ciments de Sour El Ghozlane EPE SpA	2,096	1,937
ZAPA UNISTAV sro	(99)	720
Normensand GmbH	(289)	246
Eljo Holding BV	97	216
Other minor investments	358	(119)
	6,124	(2,999)

42. Income tax expense

	2012	2011 restated
thousands of euro		
Current tax	64,331	61,685
Deferred tax	17,566	(29,069)
Tax relating to prior years	(6,014)	(2,084)
	75,883	30,532

The increase in current tax is ascribable essentially to a higher taxable income produced in some geographical areas of activity where trading conditions were favorable. Moreover, only a small part of the impairment losses on fixed assets described at note 38 has reduced the profit also from a tax standpoint.

Deferred taxes in 2012 are negatively affected by the non-recognition and impairment losses of deferred tax assets on tax losses accrued in some jurisdictions, due to an updated assessment on the future utilization in the next five years. Specifically: a not recognized benefit equal to approximately € 30,000 thousand in Italy, a write-down of deferred tax assets of approximately € 13,000 thousand in Germany. Deferred tax in 2011 referred basically to the fiscal losses of companies operating in Italy and the United States.

Tax relating to prior years includes income or charges resulting from the settlement, or probable settlement, with tax authorities of the claims that arose during tax audits and by the review or supplement of income tax returns referring to prior periods.

The reconciliation of income tax computed at the theoretical tax rate applicable in Italy to income tax expense recorded in the income statement, is the following:

	2012	2011 restated
thousands of euro		
Profit before tax	77,848	85,362
Italian income tax rate (IRES)	27.50 %	27.50 %
Theoretical income tax expense	21,408	23,475
Tax effect of permanent differences	16,947	3,866
Tax relating to prior years	(6,014)	(2,084)
Effect of difference between Italian and foreign tax rates	(5,806)	(7,684)
Effect of a rate change on deferred income tax	(4,773)	1,034
Use of tax losses for which no deferred income tax assets was recognized	(1,267)	(13)
Adjustments to deferred income tax	50,299	6,076
Italian regional income tax on production activities (IRAP)	2,131	1,973
Other differences	2,958	3,889
Income tax expense	75,883	30,532

The tax rate for the year is particularly high, not comparable to the previous year's one and nominally at 97%, having been heavily impacted, as above illustrated, by the non-recognition and the impairment of deferred tax assets on tax losses for the period and on loss carryforwards.

43. Earnings per share

Basic

Basic earnings per share is calculated, per each class of shares, by dividing net profit attributable to equity owners of the company by the weighted average number of shares outstanding during the period, excluding treasury shares. To calculate basic earnings per share attributable to ordinary shares, net profit is adjusted for the amount of the preferential dividend to which the savings shares are entitled.

		2012	2011 restated
Net profit attributable to owners of the company	thousands of euro	(28,475)	27,065
attributable to ordinary shares	thousands of euro	(23,473)	20,746
attributable to savings shares	thousands of euro	(4,812)	6,319
Average number of ordinary shares outstanding	no.	164,849,149	164,849,149
Average number of savings shares outstanding	no.	40,645,704	40,545,442
Basic earnings per ordinary share	euro	(0.14)	0.13
Basic earnings per savings share	euro	(0.12)	0.16

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares to assume conversion of all dilutive potential shares. Since no outstanding financial instruments with such features exist, basic and diluted earnings per share are equivalent in both periods.

44. Cash generated from operations

	2012	2011 restated
thousands of euro		
Profit before tax	77,848	85,362
Adjustments for:		
Depreciation, amortization and impairment charges	258,027	243,498
Equity in earnings of associates	(6,124)	2,999
Gains on disposal of fixed assets	(14,310)	(9,395)
Employee share grants expense	399	319
Net change in provisions and employee benefits	(32,605)	(18,670)
Net finance costs	126,081	103,592
Other non-cash movements	7,781	504
Changes in operating assets and liabilities:		
Inventories	(28,494)	(9,438)
Trade and other receivables	72,752	(32,251)
Trade and other payables	(43,252)	18,363
Cash generated from operations	418,103	384,883

45. Dividends

The dividends paid in 2012 and 2011 were €10,271 thousand (€0.05 per ordinary share and per savings share) and €1,215 thousand (€0.03 per savings share only) respectively. As for the year ended 31 December 2012, the board of directors will propose to the Annual General Meeting of 10 May 2013 to distribute a dividend of €0.05 per ordinary share and of €0.104 per savings share (of which €0.03 as total allocation to savings shares of the preferential dividend relating to the year 2011). Therefore expected dividend distribution amounts to a total of €12,473 thousand. These financial statements do not reflect this dividend payable.

46. Commitments

	2012	2011
thousands of euro		
Guarantees granted	17,750	16,002
Guarantees received	29,700	21,838
Other commitments and guarantees	54,298	55,192

Guarantees granted include commitments toward banks in favor of investee companies. Guarantees received include bank and insurance guarantees in favor of various entities, public administration, etc.

Capital expenditure contracted for at the balance sheet date to acquire property, plant and equipment, but not yet incurred, amount to €42,803 thousand (2011: €38,318 thousand). It can essentially be traced back to the projects required to comply with the new environmental regulations in the United States (€13,958 thousand), to the modernization of the finished grinding department at Maryneal (TX), always in the United States (€1,696 thousand) and to other projects in Germany mainly aimed at increasing the use of alternative fuels (€5,037 thousand).

Buzzi Unicem entered into operating lease contracts for the right to use land, industrial buildings, offices, vehicles and computer equipment. The leases have various terms, duration, escalation clauses and renewal rights. In the cancellable agreements, normally the group is required to give a six-month notice for the termination. The lease expenditure charged to the income statement during the year is disclosed in note 35.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2012	2011
thousands of euro		
No later than 1 year	18,265	18,564
Later than 1 year and no later than 5 years	44,493	44,648
Later than 5 years	22,719	20,938
	85,477	84,150

47. Legal claims and contingencies

Buzzi Unicem is exposed to legal risks, stemming from the variety and complexity of the norms and regulations that apply to the industrial operations of the group, particularly in the areas of environment, safety, product liability, taxation and competition. There are claims arising in the normal course of business that are pending against the group. While it is not feasible to predict the outcome of any case, it is the opinion of management that the ultimate dispositions will not have a material adverse effect on the group's financial condition. Instead, when it is likely that an outflow of resources is required to settle obligations and the amount can be reliably estimated, the group recognized specific provisions for this purpose.

As reported in the previous years, the company underwent tax audits by the Italian authorities which resulted, in August 2005, in two notices of assessment on the year 2000 related to the deductibility of the antitrust fines inflicted to the group by the European authority. On 18 July 2006 the Provincial Tax Court of Alessandria filed the verdict partially upholding the appeals made by the company. By this judgment the Court ruled as non applicable the penalties imposed with respect to corporate income tax and value added tax (for a total amount of €3.8 million), since it recognized certain indeterminacy on the extent and the scope of the rule application. Conversely it deemed the antitrust fine expense non-deductible and pronounced that the additional taxes assessed (about €3.7 million) and related interests were due for a total of €4.3 million. This amount was fully provided for in the financial statements 2006 and, in the financial statements for the year ended 31 December 2010, the relevant provision was used up, following the total payment of the tax-assessment bills received. The Regional Tax Court of Turin, by judgment of January 2009, confirmed the ruling of the Tax Court of Alessandria; the

company filed an appeal with the Supreme Court against the verdict of the Regional Tax Court of Turin on 1 March 2010. To date the appeal has not been discussed yet.

Moreover, on 2 March 2011 Buzzi Unicem received from the Italian Revenue Service a notice of assessment which was followed by the relevant tax-assessment bills for an additional registration duty and related sanctions and interests, for a total amount of €2.2 million, referring to the purchase in February 2008 of the 100 % ownership interest in Cementi Cairo Srl. This tax claim stems from the fact that the financial administration has requalified the transaction from purchase of an equity interest in purchase of a line of business. The Provincial Tax Court of Turin rejected the appeal. The company filed an appeal to the Regional Tax Court that, by judgment of 8 October 2012, rejected the appeal.

The company, deeming that the defense elements are well-grounded, will appeal to the Supreme Court. The additional taxes with interests and sanctions not yet due are fully provided for in the financial statements.

On 13 June 2011 the subsidiary Unical received from the Italian Revenue Service a notice of assessment requesting the payment of an additional registration duty and related interests, for a total amount of €0.4 million, of which €0.2 million pertaining to Unical, referring to the purchase in October 2008 of the 100 % ownership interest in Calcestruzzi Nord Ovest Srl. This tax claim stems from the fact that the financial administration has requalified the transaction from purchase of an equity interest in purchase of a line of business. The whole amount of the notice of assessment has been paid, with an outlay of €0.2 million at the expense of Unical. However the company filed an appeal with the Provincial Tax Court, that on 7 December 2012 ruled in our favor. Against that judgment the Italian Revenue Service, on 11 February 2013, filed an appeal with the Regional Tax Court. To date the appeal has not been discussed yet.

At the end of 2011 Buzzi Unicem underwent a tax audit by the Revenue Service; the audit concerned income tax and value added tax of the year 2008 and was subsequently extended to the years 2006, 2007 and 2009. The minutes of the assessment notified on 1 December 2011 contain a single remark on the fair market value of the intra-group interest expense in each of the fiscal years from 2006 through 2009. The higher taxable income notified for all the years from 2006 to 2009 amounts to €14.5 million approx. On 30 January 2012, the company sent to the Revenue Service the defense memorial as provided by the taxpayers' bill of rights. On 10 December 2012, the company and the parent Fimedi SpA received two notices of assessment for the years 2006 and 2007 that reproduce in full, for the assessed years, the remarks of the above minutes of assessment, ignoring the reasons expressed in the defense memorial. The higher taxes assessed, the sanctions inflicted and the legal interests accrued amount to approximately €5.2 million. The above notices of assessment have been impugned before the Provincial Tax Court of Turin, with appeals notified on 7 February 2013. As of today, the date of discussion has not been fixed yet. In June 2012 the tax audit was extended to the years 2010 and 2011 only insofar as intra-group interest expense is concerned. The higher taxable income notified for the years 2010 and 2011 amounts to €5.0 million approx. Also for this audit, on 10 August 2012 the company sent to the Revenue Service the defense memorial as provided by the taxpayers' bill of rights and to date the company has not received any notice of assessment yet. The company's advisors deem that the defense elements are well-grounded and sound and the losing risk is remote; consequently the company has not set aside any provision in the financial statements.

Following the Decision-Making Conferences promoted by the Ministry for the Environment and Land and Sea Conservation, measures have been adopted for the cleanup of the depth of the Augusta (SR) roadstead, which proved to be heavily polluted. Pursuant to the said measures, which also identify a large area facing the shore of the roadstead as a Site of National Interest (SIN), liability for pollution damage, and accordingly for reclamation costs, lies with the companies whose industrial sites are situated around the Augusta roadstead, which sites, as everybody knows, essentially belong to the petrochemical industry. For the sole reason that it operates in the area with its cement factory, Buzzi Unicem has been involved in the above liability and had to institute a number of proceedings before the Regional Administrative Court (TAR) of Sicily – Catania division – against the Ministry and various public and private entities. The proceedings have subsequently continued with additional Decision-Making Conferences of Services promoted by the Ministry for the Environment and Land and Sea Conservation that have confirmed the previous unfavorable decisions, extending the obligations of reclamation to the land areas of the companies and to the relevant underneath aquifer. These additional Decision-Making Conferences and the related approbative decrees have been impugned before the TAR of Sicily, Catania division that by judgment of 11 September 2012, acknowledged that the company was not involved at all in the pollution of the Augusta roadstead. Conversely, no jurisprudential pronouncements and major developments in the proceedings have been recorded as regards the final project for the remediation and safety of the land areas and underneath aquifer, against which the company has appealed before the competent jurisdiction authorities, together with some subsequent implementation acts. Said project provides for the realization of a hydraulic barrier system, which would be based also on Buzzi Unicem estate, intended to embank the alleged downflow to the sea of the polluting substances which, according to the project, would be going from the company's land areas towards the roadstead. Finally the company has maintained a technical confrontation with the Ministry for Environment in order to evaluate the feasibility, fairness and sustainability of an out-of-court settlement, which however would imply the acceptance of the Plan Agreement, which to date the company has not chosen to do, and against which indeed it is still appealing. Awaiting the development of the above proceedings, the company prudentially maintains in the books the relevant provision of € 3.0 million.

As regards the € 11,0 million fine inflicted by the Italian antitrust authority to the subsidiary Unical SpA for alleged anti-competitive practices in the Milan market, the Authority has not yet notified the new amount taking into account the outcome of the Council of State's judgment. The original fine has been fully provided for in the financial statements.

At the end of 2009 and in January 2010 the European Commission – DG Competition (the "Commission"), sent a request for information to Buzzi Unicem and other major European cement producers, about the markets of cement, cement related products (clinker, ready-mix concrete), cement-based products and other raw materials used in the respective production cycles (fly ash, slag, sand, gravel). Buzzi Unicem and the group's concerned companies provided the required data to the best of their knowledge and available information. Subsequently, in December 2010, the European Commission sent Buzzi Unicem a letter informing about its decision to initiate proceedings aimed to ascertain the existence of anticompetitive practices in the European Economic Area (EEA), and also, possibly through restrictions to imports toward EEA, in the market for cement and other related products. As specifically stated in the letter, the opening of the proceedings does not mean that the Commission has any conclusive proof on the alleged violations but only that it intends to address the issue as a priority. The requests by the Commission lasted till April 2011. Buzzi Unicem answered all the requests and impugned

the last one notified on 1 April 2011 deeming it groundless and in any case disproportionate; the issue is currently pending before the European Court. At the present stage of the survey we deem that no evidence exists that could constitute an infringement of the antitrust laws and consequently no provision has been recognized.

Still pending before the Düsseldorf Court is the lawsuit filed by a Belgian company against Dyckerhoff AG and five other cement producers for damages to customers arising from alleged cartel agreements. The claim for damages was declared admissible by the Court of last resort in Karlsruhe and proceeded before the Düsseldorf Court which by provision of October 2012, subsequent to the hearing of March 2012, examined the petition on the merits. The next hearing is scheduled for June 2013. The risk for possible claims for damages arising from such proceedings has been fully provided for in the financial statements.

Furthermore we confirm that the final decision of the Polish Cartel Office, which inflicted a monetary penalty to six cement producers, including the subsidiary Dyckerhoff Polska that has been fined € 15 million, has been appealed. The hearing date has not been decided yet. The fine has been fully provided for in the financial statements.

In February 2012, the antitrust authority in the Netherlands opened a preliminary investigation on the domestic ready-mix concrete market in which the company operates through a subsidiary. The findings are not available yet since the investigation is still in progress. However, from our point of view, its outcome will have no material impact on the group's earnings and financial position.

In Ukraine there is pending litigation concerning claims filed by the Ukrainian Revenue Office that relate to value added tax and the deductibility of operating expenses for production plants. The total amount of the claim is approximately € 12 million. The Revenue Office claims seem to be not supported by applicable local laws. Provisions were not made.

In the United States of America, numerous lawsuits and claims exist that have been filed against Lone Star Industries, Inc. (LSI) regarding silica-containing materials or asbestos containing materials sold or distributed by the company or its subsidiaries which were used primarily in construction and other industries. The plaintiffs allege that the use of such materials caused work-related injuries. LSI maintained product liability and comprehensive general liability insurance coverage, to the extent available, for most of the time that it sold or distributed silica-containing and asbestos-containing materials. Further, between 2009 and 2010, LSI and its major insurance carriers entered into settlement agreements that define the parties' responsibilities and cost shares for these liabilities until 2019. Estimating the costs associated with silica-related and asbestos-related claims involves many uncertainties that may affect the amount and timing of the losses. The Company however maintains a provision for amounts not expected to be covered by insurance.

48. Related-party transactions

Buzzi Unicem SpA is controlled by Fimedi SpA, which directly and indirectly, through its subsidiary Presa SpA, owns 58.6 % of the voting rights.

The company assembles the professional skills, the human resources and the equipment that allow it to provide assistance to other subsidiaries and associates.

Buzzi Unicem SpA regularly carries out trading transactions with a number of associates and/or joint ventures, which mainly consist of sales of goods to entities operating in the business of cement, ready-mix concrete and admixtures. Furthermore the company provides upon request to the same entities technical and engineering services. Goods are sold on the basis of the price lists in force with non-related parties. Services are usually negotiated with related parties on a cost-plus basis. There are also some transactions of financial nature with the same entities; equally, they have normal terms and interest rate conditions. The main relationship with the parent company Fimedi SpA and its subsidiaries or other entities that are significantly influenced by individuals with significant voting power in Fimedi SpA, consists of sales of services in the area of administration, taxation, legal affairs, payroll and information systems, for limited amounts. The company and its Italian subsidiaries are members of a controlled group of corporations for domestic income tax purposes, with Fimedi SpA acting as the parent.

The following are the main transactions carried out with related parties and associated year-end balances:

	2012	in % of reported balance	2011	in % of reported balance
thousands of euro				
Sales of goods and services:	41,618	1.4	46,675	1.6
Associates and unconsolidated subsidiaries	38,403		42,518	
Joint ventures	3,060		3,865	
Parent companies	17		17	
Other related parties	138		275	
Purchases of goods and services:	24,479	1.2	26,496	1.3
Associates and unconsolidated subsidiaries	18,511		14,010	
Joint ventures	4,794		6,208	
Other related parties	1,174		6,278	
Internal works capitalized:	31	1.4	343	7.0
Joint ventures	31		123	
Other related parties	–		220	
Finance revenues:	645	1.1	296	0.4
Associates and unconsolidated subsidiaries	604		279	
Joint ventures	–		2	
Other related parties	41		15	
Finance costs:	9	0.0	12	0.0
Associates and unconsolidated subsidiaries	2		5	
Other related parties	7		7	
Trade receivables:	10,902	2.5	17,370	3.6
Associates and unconsolidated subsidiaries	10,535		16,935	
Joint ventures	263		352	
Parent companies	21		21	
Other related parties	83		62	
Loans receivable:	5,824	23.6	7,070	34.4
Associates and unconsolidated subsidiaries	5,794		6,770	
Joint ventures	30		300	
Other receivables:	20,470	11.9	21,128	12.6
Associates and unconsolidated subsidiaries	60		251	
Parent companies	20,410		20,877	
Cash and cash equivalents:	2,013	0.4	473	0.1
Other related parties	2,013		473	
Trade payables:	3,696	1.5	4,750	1.8
Associates and unconsolidated subsidiaries	2,198		2,235	
Joint ventures	1,497		2,485	
Other related parties	1		30	
Other payables:	788	0.5	1,138	0.8
Associates and unconsolidated subsidiaries	736		1,119	
Joint ventures	7		–	
Other related parties	45		19	
Guarantees granted:	13,937	19.3	13,937	19.6
Associates and unconsolidated subsidiaries	13,937		13,937	

Key management includes directors of the company (executive and non-executive), statutory auditors and 7 other senior executives. The compensation paid or payable to key management for employee services, not included in the previous table, is shown below:

	2012	2011
thousands of euro		
Salaries and other short-term employee benefits	4,167	4,159
Post-employment benefits	1,035	1,001
Other long-term benefits	-	-
Termination benefits	-	55
Share-based payments	83	70
	5,285	5,285

49. Business combinations

On 1 January 2012 the group acquired control of **МКВ Мортелдiенст К6ln-Bonn GmbH & Co. KG**. The company, which operates in the natural aggregates business in Germany, was formerly classified as associate. The 15.6 % increase in ownership interest was realized through the payment by the company of the stake owned by a partner. The negative goodwill generated was recognized in profit and loss under other operating income.

The consideration paid, the fair value of the assets acquired and liabilities assumed as at the acquisition date are as follows:

	Amount
thousands of euro	
Cash	-
Equity instruments	-
Total consideration transferred	-
Fair value of equity interest held before the business combination	95
Total consideration	95
Recognized amounts of identifiable assets acquired and liabilities assumed	
Other intangible assets	39
Property, plant and equipment	6
Receivables and other non-current assets	25
Trade and other receivables	65
Cash and cash equivalents	363
Provisions and employee benefits	(102)
Deferred income tax liabilities	(12)
Trade and other payables	(186)
Total identifiable net assets	198
Non-controlling interests	(70)
Negative goodwill (through profit and loss)	(34)
	95
Acquisition-related costs	-

In December 2011, the group acquired 2 % of the share capital of **Westerwald-Beton GmbH & Co. KG**, which operates in the natural aggregates business in Germany, thus achieving control (52 %). The company, in the financial statements of 2011 was still consolidated by the proportionate method, pending the authorization by the German Federal Cartel. In January 2012 the company was for the first time consolidated line by line. The non-controlling interests were classified as other non-current liabilities, since they are partnerships.

The fair value of the assets acquired and liabilities assumed as at the acquisition date following the transition from proportionate method to line by line consolidation are as follows:

	Amount
thousands of euro	
Cash	–
Equity instruments	–
Total consideration transferred	–
Fair value of equity interest held before the business combination	941
Total consideration	941
Recognized amounts of identifiable assets acquired and liabilities assumed	
Other intangible assets	30
Property, plant and equipment	1,285
Equity investments	411
Inventories	176
Trade and other receivables	858
Cash and cash equivalents	1,538
Provisions and employee benefits	(702)
Deferred income tax liabilities	(202)
Trade and other payables	(1,585)
Total identifiable net assets	1,809
Non-controlling interests	(868)
	941
Acquisition-related costs	19

On 28 December 2012, the group acquired the residual 50 % of **wwb – Service + Logistik GmbH & Co. KG**, formerly classified as joint venture and proportionally consolidated. The company operates in the logistics sector. The initial accounting of the business combination could be determined only provisionally by the end of the financial year. Hence, the fair values assigned to the acquiree's assets, liabilities or contingent liabilities represent management's best estimates of likely values.

The fair value of the assets acquired and liabilities assumed as at the acquisition date following the transition from proportionate method to line by line consolidation are as follows:

	Amount
thousands of euro	
Cash	–
Equity instruments	–
Total consideration transferred	–
Barter transaction	355
Fair value of equity interest held before the business combination	355
Total consideration	710
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	485
Deferred tax assets	–
Trade and other receivables	94
Cash and cash equivalents	573
Provisions and employee benefits	(1)
Trade and other payables	(441)
Total identifiable net assets	710
Goodwill	–
	710
Acquisition-related costs	16

On 21 December 2012 the group acquired the residual 53.8 % interest in **Transportbeton Kall GmbH & Co KG**, formerly classified as joint venture and proportionally consolidated. The initial accounting of the business combination could be determined only provisionally by the end of the financial year. Hence, the fair values assigned to the acquiree's assets, liabilities or contingent liabilities represent management's best estimates of likely values. The acquisition aims at obtaining the operating control of the ready-mix concrete plants in the Eifel region in Germany and the provisional goodwill, non-tax deductible, represents the expected contribution margin that is achievable on cement deliveries in that area.

The consideration paid, the fair value of the assets acquired and liabilities assumed as at the acquisition date are as follows:

	Amount
thousands of euro	
Cash	360
Equity instruments	–
Total consideration transferred	360
Fair value of equity interest held before the business combination	360
Total consideration	720
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	258
Deferred tax assets	5
Receivables and other non-current assets	5
Cash and cash equivalents	90
Trade receivables and other receivables	424
Cash and cash equivalents	44
Provisions and employee benefits	(68)
Payables and other non-current liabilities	(71)
Trade and other payables	(642)
Total identifiable net assets	45
Goodwill	675
	720
Acquisition-related costs	15

Should all the above business combinations have occurred on 1 January 2012, the consolidated net sales would have amounted to €2,829,435 thousand and net profit to €2,131 thousand.

50. Events after the balance sheet date

On 8 February 2013, the board of directors resolved to initiate the squeeze-out procedure with regard to all outstanding ordinary and preferred shares of the German subsidiary Dyckerhoff AG. In compliance with German law obligations, the company shall offer an adequate cash compensation per each ordinary and preferred share, based on the opinion prepared by an accounting expert. The fairness of the determined cash compensation shall be examined by a chartered accountant chosen and appointed by the court. We think that the whole procedure can be completed in 2013, with the delisting of Dyckerhoff AG from stock exchange.

As far as the trading outlook is concerned, reference is made to the appropriate chapter of the review of operations.

Casale Monferrato, 28 March 2013

On behalf of the Board of Directors
The Chairman
ALESSANDRO BUZZI

List of companies included in the consolidated financial statements and of equity investments

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated on a line-by-line basis					
Buzzi Unicem S.p.A.	Casale Monferrato (AL)	EUR 123,636,659			
Unical S.p.A.	Casale Monferrato (AL)	EUR 200,000,000	Buzzi Unicem S.p.A.	100.00	
Buzzi Unicem Investimenti S.r.l.	Casale Monferrato (AL)	EUR 300,000,000	Buzzi Unicem S.p.A.	100.00	
Dyckerhoff AG	Wiesbaden DE	EUR 105,639,816	Buzzi Unicem S.p.A. Buzzi Unicem Investimenti S.r.l.	84.52 12.12	73.89 24.19
Buzzi Unicem Algérie E.u.r.l.	Draria-Alger DZ	DZD 3,000,000	Buzzi Unicem S.p.A.	100.00	
Buzzi Unicem International S.à r.l.	Luxembourg LU	EUR 37,529,900	Buzzi Unicem Investimenti S.r.l.	100.00	
Béton du Ried s.a.s.	Krautergersheim FR	EUR 500,000	Dyckerhoff AG	100.00	
Deuna Zement GmbH	Deuna DE	EUR 5,113,000	Dyckerhoff AG	100.00	
Dycura Versicherungs-Vermittlungs-GmbH	Wiesbaden DE	EUR 25,600	Dyckerhoff AG	100.00	
Dyckerhoff Beteiligungsverwaltung GmbH	Wiesbaden DE	EUR 26,000	Dyckerhoff AG	100.00	
Tubag GmbH	Krufft DE	EUR 3,836,000	Dyckerhoff AG	100.00	
Dyckerhoff Beton GmbH & Co. KG	Wiesbaden DE	EUR 17,950,000	Dyckerhoff AG	100.00	
GfBB prüftechnik GmbH & Co. KG	Flörsheim DE	EUR 50,000	Dyckerhoff AG	100.00	
Dyckerhoff Luxembourg s.A.	Esch-sur-Alzette LU	EUR 10,000,000	Dyckerhoff AG	100.00	
Dyckerhoff Basal Nederland B.V.	Nieuwegein NL	EUR 18,002	Dyckerhoff AG	100.00	
Dyckerhoff Polska Sp. z o.o.	Nowiny PL	PLN 70,000,000	Dyckerhoff AG	100.00	
Cement Hranice a.s.	Hranice CZ	CZK 510,219,300	Dyckerhoff AG	100.00	
ZAPA beton a.s.	Praha CZ	CZK 300,200,000	Dyckerhoff AG	100.00	
ТОВ Dyckerhoff Ukraina	Kyiv UA	UAH 230,943,447	Dyckerhoff AG	100.00	
PAT YUGcement	Olshanske UA	UAH 6,237,414	Dyckerhoff AG ТОВ Dyckerhoff Ukraina	99.15 0.15	
PAT Volyn-Cement	Zdolbuniv UA	UAH 1,402,422	Dyckerhoff AG ТОВ Dyckerhoff Ukraina	98.44 0.22	
ООО Russkiy Cement	Ekaterinburg RU	RUB 350,000	Dyckerhoff AG	100.00	
ООО Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow	Suchoi Log RU	RUB 4,100,000	Dyckerhoff AG	95.00	
ОАО Sukholozhskcement	Suchoi Log RU	RUB 30,625,900	Dyckerhoff AG	87.67	
Presa International B.V.	Amsterdam NL	EUR 4,000,000	Buzzi Unicem International S.à r.l.	100.00	
Alamo Cement Company	San Antonio US	USD 200,000	Buzzi Unicem International S.à r.l.	100.00	
RC Lonestar Inc.	Wilmington US	USD 10	Buzzi Unicem International S.à r.l. Dyckerhoff AG	51.50 48.50	
sibobeton Osnabrück GmbH & Co. KG	Osnabrück DE	EUR 5,368,565	Dyckerhoff Beton GmbH & Co. KG Dyckerhoff AG	63.52 24.49	
Gravières et Sablières Karl EPPLE S.n.c.	Seltz FR	EUR 180,000	Dyckerhoff Beton GmbH & Co. KG	99.00	
Dyckerhoff Kieswerk Trebur GmbH	Trebur-Geinsheim DE	EUR 125,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
Mörtelwerk Colonia GmbH	Köln DE	EUR 153,388	Dyckerhoff Beton GmbH & Co. KG	100.00	
Kieswerk Leubingen GmbH	Erfurt DE	EUR 101,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	Erfurt DE	EUR 100,000	Dyckerhoff Beton GmbH & Co. KG	95.00	
sibobeton Wilhelmshaven GmbH & Co. KG	Osnabrück DE	EUR 920,325	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	85.44 14.56	

List of companies included in the consolidated financial statements and of equity investments

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated on a line-by-line basis (follows)					
Dyckerhoff Transportbeton Hamburg GmbH	Wiesbaden DE	EUR 25,000	Dyckerhoff Beton GmbH & Co. KG	75.00	
sibobeton Epe/Burgsteinfurt Vermögensverwaltungsgesellschaft GbR	Osnabrück DE	EUR n/a	Dyckerhoff Beton GmbH & Co. KG	69.40	
TBG Lieferbeton GmbH & Co. KG Odenwald	Reichelsheim DE	EUR 306,900	Dyckerhoff Beton GmbH & Co. KG	66.67	
MKB Mörteldienst Köln-Bonn GmbH & Co. KG	Köln DE	EUR 145,900	Dyckerhoff Beton GmbH & Co. KG	64.77	
			Dyckerhoff Beton GmbH & Co. KG	64.19	
			sibobeton Osnabrück GmbH & Co. KG	19.51	
sibobeton Epe/Burgsteinfurt Vermögensverwaltungsgesellschaft GbR				5.80	
sibobeton Ems GmbH & Co. KG	Osnabrück DE	EUR 2,300,813			
TB Rheinland GmbH & Co. KG	Remagen- Kripp DE	EUR 795,356	Dyckerhoff Beton GmbH & Co. KG	55.00	
Nordenhamer Transportbeton GmbH & Co. KG	Nordenham DE	EUR 322,114	Dyckerhoff Beton GmbH & Co. KG	51.59	
			Dyckerhoff Beton GmbH & Co. KG	50.00	
sibobeton Osnabrück GmbH & Co. KG	Osnabrück DE	EUR 306,775	sibobeton Osnabrück GmbH & Co. KG	50.00	
			Dyckerhoff Beton GmbH & Co. KG	50.00	
Transportbeton Kall GmbH & Co. KG	Kall DE	EUR 122,769	TB Rheinland GmbH & Co. KG	50.00	
Lichtner-Dyckerhoff Beton Niedersachsen GmbH & Co. KG	Berlin DE	EUR 200,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
			Dyckerhoff Beton GmbH & Co. KG	45.13	
			sibobeton Ems GmbH & Co. KG	24.20	
Ostfriesische Transport-Beton GmbH & Co. KG	Emden DE	EUR 1,300,000	sibobeton Wilhelmshaven GmbH & Co. KG	10.67	
Cimalux s. A.	Esch-sur-Alzette LU	EUR 29,900,000	Dyckerhoff Luxembourg s. A.	98.45	
Dyckerhoff Basal Toeslagstoffen b. v.	Nieuwegein NL	EUR 20,050	Dyckerhoff Basal Nederland b. v.	100.00	
Dyckerhoff Basal Betonmortel b. v.	Nieuwegein NL	EUR 18,004	Dyckerhoff Basal Nederland b. v.	100.00	
ZAPA beton SK s. r. o.	Bratislava SK	EUR 11,859,396	ZAPA beton a. s.	99.97	
			Cement Hranice a. s.	0.03	
Piskovny Hradek a. s.	Hradek nad Nisou CZ	CZK 12,000,000	ZAPA beton a. s.	100.00	
Beton Union Plzen s. r. o.	Plzen CZ	CZK 31,600,000	ZAPA beton a. s.	71.20	
ТОВ Dyckerhoff Transport Ukraina	Kyiv UA	UAH 51,721,476	ТОВ Dyckerhoff Ukraina	100.00	
			ooo Russkiy Cement Dyckerhoff AG	51.00	
ZAO Akmel	Akbulak RU	RUB 1,600,000		49.00	
ooo CemTrans	Suchoi Log RU	RUB 20,000,000	оАО Sukholozhskcement	100.00	
ooo Omsk Cement	Omsk RU	RUB 779,617,530	оАО Sukholozhskcement	83.27	
Alamo Concrete Products Company	San Antonio US	USD 1	Alamo Cement Company	100.00	
Alamo Transit Company	San Antonio US	USD 1	Alamo Cement Company	100.00	
Dorsett Brothers Concrete Supply Inc.	Pasadena US	USD 500	Alamo Cement Company	100.00	
Buzzi Unicem USA Inc.	Wilmington US	USD 10	RC Lonestar Inc.	100.00	
Buzzi Unicem USA (Midwest) Inc.	Wilmington US	USD 1	RC Lonestar Inc.	100.00	
Lone Star Industries, Inc.	Wilmington US	USD 28	RC Lonestar Inc.	100.00	

List of companies included in the consolidated financial statements and of equity investments

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated on a line-by-line basis (follows)					
River Cement Company	Wilmington US	USD 100	RC Lonestar Inc.	100.00	
River Cement Sales Company	Wilmington US	USD 100	RC Lonestar Inc.	100.00	
Signal Mountain Cement Company	Wilmington US	USD 100	RC Lonestar Inc.	100.00	
Heartland Cement Company	Wilmington US	USD 100	RC Lonestar Inc.	100.00	
Heartland Cement Sales Company	Wilmington US	USD 10	RC Lonestar Inc.	100.00	
Hercules Cement Holding Company	Wilmington US	USD 10	RC Lonestar Inc.	100.00	
Hercules Cement Company LP	Bethlehem US	USD n/a	RC Lonestar Inc. Hercules Cement Holding Company	99.00 1.00	
Dyckerhoff Transportbeton Schmalkalden GmbH & Co. KG	Erfurt DE	EUR 512,000	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	67.55	
BTG Beton-Transport-Gesellschaft mbH	Osnabrück DE	EUR 500,000	sibobeton Osnabrück GmbH & Co. KG	100.00	
SIBO-Gruppe GmbH & Co. KG	Osnabrück DE	EUR 1,148,341	sibobeton Osnabrück GmbH & Co. KG	50.24	
			sibobeton Ems GmbH & Co. KG	21.53	
			Dyckerhoff Beton GmbH & Co. KG	16.75	
			sibobeton Wilhelmshaven GmbH & Co. KG	8.61	
			sibobeton Enger GmbH & Co. KG	2.87	
Westerwald-Beton GmbH & Co. KG	Westerburg DE	EUR 300,000	TB Rheinland GmbH & Co. KG	100.00	
WWB – Service+Logistik GmbH & Co. KG	Westerburg DE	EUR 100,000	TB Rheinland GmbH & Co. KG	100.00	
sibobeton Papenburg GmbH & Co. KG	Osnabrück DE	EUR 300,000	sibobeton Ems GmbH & Co. KG	52.00	
Cimalux Société Immobilière S.à r.l.	Esch-sur-Alzette LU	EUR 24,789	Cimalux s.a.	100.00	
Bouwmaterialenhandel Jonker B.V.	Nieuwegein NL	EUR 22,689	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
Basal Toeslagstoffen Maastricht B.V.	Nieuwegein NL	EUR 27,000	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
BSN Beton Service Nederland B.V.	Franeke NL	EUR 113,445	Dyckerhoff Basal Betonmortel B.V.	100.00	
Megamix Basal B.V.	Nieuwegein NL	EUR 27,226	Dyckerhoff Basal Betonmortel B.V.	100.00	
Wolst Transport B.V.	Dordrecht NL	EUR 45,378	Dyckerhoff Basal Betonmortel B.V.	100.00	
Friesland Beton Heerenveen B.V.	Heerenveen NL	EUR 34,487	Dyckerhoff Basal Betonmortel B.V.	80.26	
Betonmortel Centrale Groningen (B.C.G.) B.V.	Groningen NL	EUR 42,474	Dyckerhoff Basal Betonmortel B.V.	66.03	
SONDA s.r.o.	Most pri Bratislave SK	EUR 6,639	ZAPA beton SK s.r.o.	100.00	
ZAPA beton HUNGÁRIA k.f.t.	Zsujta HU	HUF 88,000,000	ZAPA beton SK s.r.o.	100.00	
PAT Kyivcement	Kyiv UA	UAH 277,536	TOB Dyckerhoff Transport Ukraina	79.73	
			TOB Dyckerhoff Ukraina	14.54	
			PAT Volyn-Cement	0.01	
			PAT YUGcement	0.01	
Buzzi Unicem Ready Mix, L.L.C.	Knoxville US	USD n/a	Buzzi Unicem USA (Midwest) Inc.	100.00	
RED-E-MIX, L.L.C.	Troy US	USD n/a	Buzzi Unicem USA (Midwest) Inc.	100.00	

List of companies included in the consolidated financial statements and of equity investments

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated on a line-by-line basis (follows)					
RED-E-MIX Transportation, L. L. C.	Highland us	USD n/a	Buzzi Unicem USA (Midwest) Inc.	100.00	
Lone Star Properties, Inc.	Wilmington us	USD 100	Lone Star Industries, Inc.	100.00	
Utah Portland Quarries, Inc.	Salt Lake City us	USD 378,900	Lone Star Industries, Inc.	100.00	
Rosebud Holdings, Inc.	Wilmington us	USD 100	Lone Star Industries, Inc.	100.00	
Compañía Cubana de Cemento Portland, S. A.	Havana cu	CUP 100	Lone Star Industries, Inc.	100.00	
Transports Mariel, S. A.	Havana cu	CUP 100	Lone Star Industries, Inc.	100.00	
Harex Nederland B.V.	Nieuwegein nl	EUR 18,151	Bouwmateriahandel Jonker B.V.	100.00	
Rosebud Real Properties, Inc.	Wilmington us	USD 100	Rosebud Holdings, Inc.	100.00	
Proyectos Industrias de Jaruco, S.A.	Havana cu	CUP 186,700	Compañía Cubana de Cemento Portland, S.A.	100.00	
Companies consolidated by the proportionate method					
Addimit Italia S.r.l.	Casale Monferrato (AL)	EUR 10,400	Buzzi Unicem S.p.A.	50.00	
Fresit B.V.	Amsterdam nl	EUR 6,795,000	Buzzi Unicem International S.à r.l.	50.00	
Lichtner-Dyckerhoff Beton GmbH & Co. KG	Berlin de	EUR 200,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
Corporación Moctezuma, S.A.B. de C.V.	Mexico mx	MXN 171,376,652	Presa International B.V. Fresit B.V.	7.58 51.51	
Cementos Moctezuma, S.A. de C.V.	Mexico mx	MXN 1,127,267,866	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Cementos Portland Moctezuma, S.A. de C.V.	Emiliano Zapata mx	MXN 50,000	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Latinoamericana de Agregados y Concretos, S.A. de C.V.	Mexico mx	MXN 10,929,252	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Latinoamericana de Comercio, S.A. de C.V.	Emiliano Zapata mx	MXN 10,775,000	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Lacosa Concretos, S.A. de C.V.	Emiliano Zapata mx	MXN 11,040,000	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Proyectos Terra Moctezuma, S.A. de C.V.	Jiutepec mx	MXN 3,237,739	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Latinoamericana de Concretos, S.A. de C.V.	Mexico mx	MXN 12,670,821	Corporación Moctezuma, S.A.B. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98.01 1.99	
Inmobiliaria Lacosa, S.A. de C.V.	Mexico mx	MXN 50,068,500	Corporación Moctezuma, S.A.B. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98.00 2.00	
Nuevo Horizonte Agropecuario, S.A. de C.V.	Mexico mx	MXN 50,000	Corporación Moctezuma, S.A.B. de C.V. Inmobiliaria Lacosa, S.A. de C.V.	98.00 2.00	
Concretos Moctezuma de Durango, S.A. de C.V.	Mexico mx	MXN 100,000	Latinoamericana de Concretos, S.A. de C.V. Cementos Moctezuma, S.A. de C.V.	99.00 1.00	
Concretos Moctezuma del Pacifico S.A. de C.V.	Mexico mx	MXN 29,472,972	Latinoamericana de Concretos, S.A. de C.V.	85.00	
Latinoamericana de Concretos de San Luis, S.A. de C.V.	Mexico mx	MXN 15,676,550	Latinoamericana de Concretos, S.A. de C.V.	60.00	

List of companies included in the consolidated financial statements and of equity investments

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies consolidated by the proportionate method (follows)					
Concretos Moctezuma de Xalapa, S.A. de c.v.	Xalapa MX	MXN 10,000,000	Latinoamericana de Concretos, s.a. de c.v.	60.00	
Concretos Moctezuma de Torreón, S.A. de c.v.	Mexico MX	MXN 14,612,489	Latinoamericana de Concretos, s.a. de c.v.	55.00	
Maquinaria y Canteras del Centro, S.A. de c.v.	Mexico MX	MXN 5,225,000	Latinoamericana de Concretos, s.a. de c.v.	51.00	
Concretos Moctezuma de Jalisco S.A. de c.v.	Mexico MX	MXN 100,000	Latinoamericana de Concretos, s.a. de c.v.	51.00	
Companies valued by the equity method					
Cementi Moccia S.p.A.	Napoli	EUR 7,398,300	Buzzi Unicem S.p.A.	50.00	
Serenergy S.r.l.	Milano	EUR 25,500	Buzzi Unicem S.p.A.	50.00	
Premix S.p.A.	Melilli (SR)	EUR 3,483,000	Buzzi Unicem S.p.A.	40.00	
Ciments de Balears, s.a.	Palma de Mallorca ES	EUR 306,510	Buzzi Unicem S.p.A.	35.00	
Laterlite S.p.A.	Solignano (PR)	EUR 22,500,000	Buzzi Unicem S.p.A.	33.33	
Société des Ciments de Sour El Ghozlane EPE S.p.A.	Sour El Ghozlane DZ	DZD 1,900,000,000	Buzzi Unicem S.p.A.	35.00	
Société des Ciments de Hadjar Soud EPE S.p.A.	Azzaba DZ	DZD 1,550,000,000	Buzzi Unicem S.p.A.	35.00	
Albenga Calcestruzzi S.r.l.	Albenga (SV)	EUR 100,700	Unical S.p.A.	50.00	
E.L.M.A. S.r.l.	Sinalunga (SI)	EUR 15,000	Unical S.p.A.	50.00	
S. Paolo S.c.r.l.	Calenzano (FI)	EUR 50,000	Unical S.p.A.	50.00	
S.A.F.I. S.r.l.	Mezzana Bigli (PV)	EUR 332,010	Unical S.p.A.	33.33	
Edilcave S.r.l.	Villarfocchiaro (TO)	EUR 72,800	Unical S.p.A.	30.00	
Calcestruzzi Faure S.r.l.	Salbertrand (TO)	EUR 53,560	Unical S.p.A.	24.00	
NCD Nederlandse Cement Deelnemingsmaatschappij B.v. i.L.	Nieuwegein NL	EUR 82,750	Dyckerhoff AG	63.12	
Zentramont Baustoffmischanlage GmbH	Völklingen DE	EUR 460,200	Dyckerhoff AG	50.00	
Warsteiner Kalksteinmehl GmbH & Co. KG	Warstein DE	EUR 51,129	Dyckerhoff Beteiligungsverwaltung GmbH	50.00	
Normensand GmbH	Beckum DE	EUR 1,000,000	Dyckerhoff Beteiligungsverwaltung GmbH	38.02	
quick-mix Holding GmbH & Co. KG	Osnabrück DE	EUR 3,000,000	Tubag GmbH	40.00	
TRAMIRA Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	EUR 1,000,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
DBW Recycling GmbH & Co. KG	Wiesbaden DE	EUR 100,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
Houston Cement Company LP	Houston US	USD n/a	Alamo Cement Company	20.00	
Niemeier Beton GmbH & Co. KG	Diepholz DE	EUR 766,938	Dyckerhoff Beton GmbH & Co. KG	33.33	
ZAPA UNISTAV s.r.o.	Brno CZ	CZK 20,000,000	ZAPA beton a.s.	50.00	
EKO ZAPA beton a.s.	Praha CZ	CZK 1,008,000	ZAPA beton a.s.	50.00	
ooo Sukholozhskcemremont	Suchoi Log RU	RUB 10,000	oao Sukholozhskcement	49.00	
Hotfilter Pumpendienst GmbH & Co. KG	Nordhorn DE	EUR 100,000	sibobeton Osnabrück GmbH & Co. KG sibobeton Ems GmbH & Co. KG	25.00 25.00	
Transass S.A.	Schiffange LU	EUR 50,000	Cimalux S.A.	41.00	
S.A. des Bétons Frais	Schiffange LU	EUR 1,250,000	Cimalux S.A.	41.00	
Cobéton S.A.	Differdange LU	EUR 100,000	Cimalux S.A.	33.32	
Bétons Feidt S.A.	Luxembourg LU	EUR 2,500,000	Cimalux S.A.	30.00	

List of companies included in the consolidated financial statements and of equity investments

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Companies valued by the equity method (follows)					
Ravenswaarden B.V.	Lochem NL	EUR 18,000	Dyckerhoff Basal Toeslagstoffen B.V.	50.00	
De Cup N.V.	Lanaken BE	EUR 757,000	Dyckerhoff Basal Toeslagstoffen B.V.	49.98	
Betoncentrale Haringman B.V.	Goes NL	EUR 45,378	Dyckerhoff Basal Betonmortel B.V.	50.00	
B.V. Betonmortel Centrale Leeuwarden (B.C.L.)	Leeuwarden NL	EUR 10,891	Dyckerhoff Basal Betonmortel B.V.	50.00	
Eljo Holding B.V.	Groningen NL	EUR 45,378	Dyckerhoff Basal Betonmortel B.V.	50.00	
Megamix-Amsterdam B.V.	Gouda NL	EUR 81,680	Dyckerhoff Basal Betonmortel B.V.	50.00	
Megamix-Randstad B.V.	Gouda NL	EUR 90,756	Dyckerhoff Basal Betonmortel B.V.	50.00	
Van Zanten Holding B.V.	Zuidbroek NL	EUR 18,151	Dyckerhoff Basal Betonmortel B.V.	25.00	
V.O.F. "Bouwdok Barendrecht"	Barendrecht NL	EUR n/a	Dyckerhoff Basal Betonmortel B.V.	22.65	
EURO BETON, S.R.O.	Bratislava SK	EUR 6,972	ZAPA beton SK S.R.O.	33.33	
Kosmos Cement Company	Louisville US	USD n/a	Lone Star Industries, Inc.	25.00	
Aranykavics k.f.t.	Budapest HU	HUF 11,500,000	Basal Toeslagstoffen Maastricht B.V.	50.00	
Roprivest N.V.	Grimbergen BE	EUR 105,522	Basal Toeslagstoffen Maastricht B.V.	50.00	
Cooperatie Megamix B.A.	Almere NL	EUR 80,000	Megamix Basal B.V.	43.75	
CVM Infraestructura, S.A. P. I. de C. V.	Mexico MX	MXN 100,000	Latinoamericana de Concretos, S.A. de C. V.	50.00	
Other investments in subsidiaries and associates					
Siefic Calcestruzzi S.r.l.	Isernia	EUR 5,080,000	Unical S.p.A.		50.00
Cave di Carpenosa S.r.l.	Molini di Triora (IM)	EUR 100,000	Unical S.p.A.	33.50	
GfBB prüftechnik Verwaltungs GmbH	Flörsheim DE	EUR 25,600	Dyckerhoff AG	100.00	
Dyckerhoff Beton Verwaltungs GmbH	Wiesbaden DE	EUR 46,100	Dyckerhoff AG	100.00	
Lieferbeton Odenwald Verwaltungs GmbH	Griesheim DE	EUR 25,000	Dyckerhoff AG	100.00	
Basal Belgie BVBA	Antwerp BE	EUR 5,262,975	Dyckerhoff AG Dyckerhoff Basal Toeslagstoffen B.V.	99.95 0.05	
Projektgesellschaft Warstein-Kallenhardt Kalkstein mbH	Warstein DE	EUR 25,200	Dyckerhoff AG	25.00	
Köster/Dyckerhoff Vermögensverwaltungs GmbH	Warstein DE	EUR 25,000	Dyckerhoff AG	24.90	
Köster/Dyckerhoff Grundstücksverwaltungs GmbH & Co. KG	Warstein DE	EUR 10,000	Dyckerhoff AG	24.90	
Warsteiner Kalksteinmehl Verwaltungsgesellschaft mbH	Warstein DE	EUR 25,600	Dyckerhoff Beteiligungsverwaltung GmbH	50.00	
Bildungs-Zentrum-Deuna Gemeinnützige GmbH	Deuna DE	EUR 25,565	Dyckerhoff Beteiligungsverwaltung GmbH	50.00	
quick-mix Holding Beteiligungsgesellschaft mbH	Osnabrück DE	EUR 25,000	Tubag GmbH	40.00	
sibobeton Hannover Beteiligungsgesellschaft mbH	Osnabrück DE	EUR 25,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
sibobeton Ems Beteiligungsgesellschaft mbH	Osnabrück DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	

List of companies included in the consolidated financial statements and of equity investments

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Other investments in subsidiaries and associates (follows)					
sibobeton Osnabrück Beteiligungsgesellschaft mbH	Osnabrück DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
sibobeton Wilhelmshaven GmbH	Osnabrück DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
Transportbeton Kall GmbH	Kall DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
sIBO-Gruppe Verwaltungsgesellschaft mbH	Osnabrück DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	64.80	
			sibobeton Osnabrück GmbH & Co. KG	22.00	
			sibobeton Ems GmbH & Co. KG	9.40	
			sibobeton Wilhelmshaven GmbH & Co. KG	3.80	
Nordenhamer Transportbeton GmbH	Nordenham DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	56.60	
Beton Union Rhein-Ahr GmbH	Remagen-Kripp DE	EUR 26,000	Dyckerhoff Beton GmbH & Co. KG	55.00	
sibobeton Enger GmbH	Osnabrück DE	EUR 30,678	Dyckerhoff Beton GmbH & Co. KG	50.00	
			sibobeton Osnabrück GmbH & Co. KG	50.00	
DBW Recycling Verwaltungs GmbH	Wiesbaden DE	EUR 26,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
Lichtner-Dyckerhoff Beton Niedersachsen Verwaltungs-GmbH	Berlin DE	EUR 26,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
Lichtner-Dyckerhoff Beton Verwaltungs GmbH	Berlin DE	EUR 25,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
ARGE Betonsteinwerk Riegelsberg GbR	Riegelsberg DE	EUR n/a	Dyckerhoff Beton GmbH & Co. KG	50.00	
Liefergemeinschaft Transportbeton Rollwege West GbR	Wiesbaden DE	EUR n/a	Dyckerhoff Beton GmbH & Co. KG	50.00	
Niemeier Beton GmbH	Sulingen DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	33.20	
LLC "MAGISTRALBUD"	Odessa UA	UAH 250,000	ТОВ Dyckerhoff Ukraina	100.00	
Hotfilter Pumpendienst Beteiligungsgesellschaft mbH	Nordhorn DE	EUR 25,000	sibobeton Osnabrück GmbH & Co. KG	25.00	
			sibobeton Ems GmbH & Co. KG	25.00	
sibobeton Papenburg Beteiligungsgesellschaft mbH	Papenburg DE	EUR 25,000	sibobeton Ems GmbH & Co. KG	52.00	
Ostfriesische Transport-Beton GmbH	Osnabrück DE	EUR 25,565	sibobeton Ems GmbH & Co. KG	45.20	
			sibobeton Wilhelmshaven GmbH & Co. KG	30.00	
			Dyckerhoff Beton GmbH & Co. KG	24.80	
Westerwald-Beton Verwaltungs GmbH	Westerburg DE	EUR 25,565	ТВ Rheinland GmbH & Co. KG	100.00	
wwb – Service+Logistik Verwaltungs GmbH	Westerburg DE	EUR 25,565	ТВ Rheinland GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Thüringen Verwaltungs GmbH	Nordhausen DE	EUR 25,565	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Schmalkalden Verwaltungs GmbH	Erfurt DE	EUR 25,600	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	67.58	
ARGE Dyckerhoff-BAC-Systemsteine Erfurt GbR	Erfurt DE	EUR n/a	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	50.00	

List of companies included in the consolidated financial statements and of equity investments

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Other investments in subsidiaries and associates (follows)					
ARGE Betonversorgung ICE Feste Fahrbahn Erfurt-Halle GbR	Erfurt DE	EUR	n/a	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	37.00
Dyckerhoff Basal Deutschland GmbH i.L.	Bad Bentheim DE	EUR	25,565	Dyckerhoff Basal Toeslagstoffen b.v.	100.00
МКВ Mörteldienst Köln-Bonn Verwaltungsgesellschaft mbH	Köln DE	EUR	25,000	МКВ Mörteldienst Köln-Bonn GmbH & Co. KG	100.00
Frisch-Beton Aegidienberg GmbH	Bad Honnef-Aegidienberg DE	EUR	25,565	Westerwald-Beton GmbH & Co. KG	100.00
Iserlohner-Beton-Zentrale GmbH i.L.	Iserlohn DE	EUR	25,565	SIBO-Gruppe GmbH & Co. KG	25.00
Iserlohner-Beton-Zentrale GmbH & Co. KG i.L.	Iserlohn DE	EUR	325,182	SIBO-Gruppe GmbH & Co. KG	24.69
Liefergemeinschaft Transportbeton JadeWeserPort GbR	Wilhelmshaven DE	EUR	n/a	sibobeton Papenburg GmbH & Co. KG	50.00

List of equity investments in unlisted companies between 10 % and 20 %

(Consob resolution no. 11971 article 125 and 126)

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights	
Insieme per lo Sport S.c. a r.l.	Casale Monferrato (AL)	EUR	134,250	Buzzi Unicem S.p.A.	12.10	
Associazione Sportiva Junior Libertas Pallacanestro S.r.l.	Casale Monferrato (AL)	EUR	182,780	Buzzi Unicem S.p.A.	10.40	
Romana Calcestruzzi S.p.A.	Roma	EUR	6,097,314	Unical S.p.A.	16.66	
Fratelli Bianchi fu Michele & C. S.p.A.	Roma	EUR	486,606	Unical S.p.A.	16.66	
Cava degli Olmi S.r.l.	Carignano (TO)	EUR	1,000,000	Unical S.p.A.	12.00	
SCANDO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Osnabrück KG	Düsseldorf DE	EUR	10,256	Dyckerhoff AG	100.00	15.00
Forschungs- und Entwicklungs- und Marketinggesellschaft der Leichtbetonindustrie mbH i.L.	Neuwied DE	EUR	30,000	Dyckerhoff AG	19.40	
i4 Transportation GmbH & Co. KG	Mannheim DE	EUR	1,000,000	Dyckerhoff AG	19.00	
i4 Transportation Verwaltungs GmbH	Mannheim DE	EUR	25,000	Dyckerhoff AG	19.00	
sibobeton Kurhessen/Leinetal GmbH & Co. KG für Betonherstellung	Baunatal DE	EUR	4,601,627	Dyckerhoff AG	14.66	
SAFA GmbH & Co. KG i.L.	Baden-Baden DE	EUR	1,100,000	Dyckerhoff AG	13.50	
SAFA Verwaltungsgesellschaft mbH i.L.	Baden-Baden DE	EUR	56,000	Dyckerhoff AG	13.50	
Beton Marketing West GmbH	Beckum DE	EUR	90,000	Dyckerhoff AG	11.11	
Kompetenzzentrum Leichtbeton GmbH	Neuwied DE	EUR	38,700	Dyckerhoff AG	11.11	
Beton Marketing Ost Gesellschaft für Bauberatung und Marktförderung mbH	Berlin-Zehlendorf DE	EUR	72,000	Deuna Zement GmbH	16.67	
SILEX Grundstücksvermietungs-gesellschaft mbH Objekt Eduard Dyckerhoff OHG	Düsseldorf DE	EUR	10,226	Dyckerhoff Beteiligungsverwaltung GmbH	94.00	15.00
BLR Betonlogistik Rhein-Ruhr GmbH & Co. KG	Köln DE	EUR	10,000	Dyckerhoff Beton GmbH & Co. KG	19.00	
BLR Betonlogistik Rhein-Ruhr Verwaltungs GmbH	Köln DE	EUR	30,000	Dyckerhoff Beton GmbH & Co. KG	19.00	
Eemshaven Betoncentrale v.o.f.	Groningen NL	EUR	n/a	Betonmortel Centrale Groningen (B.C.G.) B.V.	16.17	

Information required under article 149-duodecies of the CONSOB Regulation for listed companies

The following table, prepared in accordance with article 149-duodecies of the CONSOB Regulation no. 11971/99, reports the amount of fees charged in 2012 for audit and audit related services provided by the same audit firm and by entities that are part of its network.

	Service provider	Service recipient	Fees charged in 2012
thousands of euro			
Audit	Deloitte & Touche S.p.A.	Parent – Buzzi Unicem S.p.A.	238
	Deloitte & Touche S.p.A.	Subsidiaries	108
	Deloitte network	Subsidiaries	1,467
Attestation	Deloitte & Touche S.p.A.	Parent – Buzzi Unicem S.p.A. ¹	94
	Deloitte & Touche S.p.A.	Subsidiaries ²	2
	Deloitte network	Parent – Buzzi Unicem S.p.A. ³	35
	Deloitte network	Subsidiaries ⁴	151
Other	Deloitte network	Subsidiaries ⁵	12
Total			2,107

¹ Audit procedures agreed on the annual financial information the company must provide to the subscribers of the secured senior notes (in compliance with covenants) and professional services rendered for comfort letters in context of the bond issue and for statements for income tax purpose;

² Statements for income tax purposes;

³ Agreed upon procedures on the annual financial information of the Algerian associates Société des Ciments de Sour El Ghozlane and Société des Ciments de Hadjar Soud;

⁴ Certifications required under German law, Ukraine law, Luxembourg law and the Czech Republic law.

⁵ Other services.

Certification of the consolidated financial statements pursuant to article 154-bis of legislative decree 58/98

- The undersigned Pietro Buzzi, as Chief Executive Finance, and Silvio Picca, as Manager responsible for preparing Buzzi Unicem's financial reports, hereby certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, that the administrative and accounting procedures for the preparation of consolidated financial statements during the year 2012:
 - _ are adequate with respect to the company structure and
 - _ have been effectively applied.

- The undersigned also certify that:
 - a) the consolidated financial statements
 - _ have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
 - _ correspond to the results documented in the books and the accounting records;
 - _ provide a true and correct representation of the financial conditions, results of operations and cash flows of the issuer and of the entities included in the scope of consolidation.
 - b) the management report includes a reliable operating and financial review as well as the situation of the issuer and of the entities included in the scope of consolidation, together with a description of the major risks and uncertainties to which they are exposed.

Casale Monferrato, 28 March 2013

Chief Executive Finance

PIETRO BUZZI

Manager responsible for preparing
financial reports

SILVIO PICCA



Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
Fax: +39 011 544756
www.deloitte.it

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010**

**To the Shareholders of
BUZZI UNICEM S.p.A.**

1. We have audited the consolidated financial statements of Buzzi Unicem S.p.A. and its subsidiaries (the "Buzzi Unicem Group") as of and for the year ended December 31, 2012, which comprise the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow and the related notes to the consolidated financial statements. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present for comparative purposes prior year data and the statement of financial position as of January 1st, 2011. As explained in the notes to the consolidated financial statements, the Directors – to take account of the early application of the new amendment of IAS 19 (revised) Employee benefits - have adjusted certain comparative data related to the prior year's consolidated financial statements and to the statement of financial position as of January 1st, 2011, derived from the consolidated financial statements as of December 31, 2010 with respect to the data previously reported and audited by us, on which we issued auditors' reports dated April 3, 2012 and April 8, 2011, respectively.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Buzzi Unicem Group as of December 31, 2012, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.
4. The Directors of Buzzi Unicem S.p.A. are responsible for the preparation of the review of operations and the report on corporate governance and ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the review of operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letter c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and ownership structure, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the review of operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letter c), d), f), l), m) and paragraph 2, letter b) included in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of the Buzzi Unicem Group as of December 31, 2012.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
April 5, 2013

This Annual Report appears in Italian (original version) and English (non-binding version)

Designed and produced by:
Heisters & Partner, Büro für Kommunikationsdesign, Mainz

Buzzi Unicem S.p.A.
Registered office in Casale Monferrato (AL) – Via Luigi Buzzi 6
Share capital € 123,636,658.80
Company Register of Alessandria no. 00930290044

BUZZI UNICEM S.P.A.
VIA LUIGI BUZZI, 6
CASALE MONFERRATO (AL)
ITALY

TELEPHONE +39 0142 410111

WWW.BUZZIUNICEM.IT