

ANNUAL REPORT 2013

OUR
VALUES,
OUR
STAKEHOLDERS.

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.

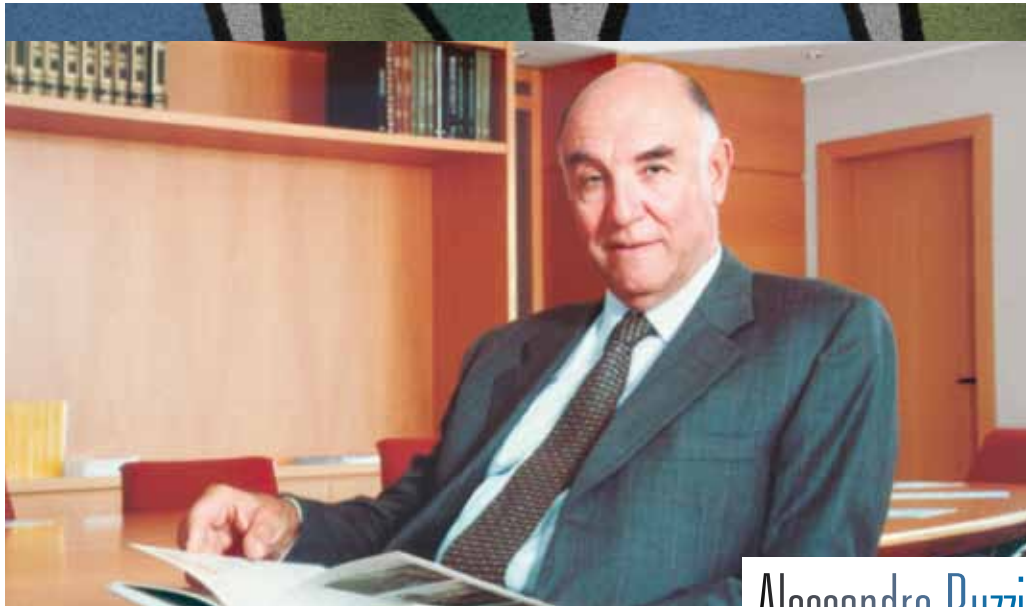
VISION



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Dear Shareholders,



Alessandro Buzzi
Chairman

The annual general meeting in 2014 also marks the end of my tenure as Chairman of Buzzi Unicem. When the shareholders vote on the next three-year term of the Board of Directors, which I have presided over since 2003, they will surely consider my age and will accept my resignation. I hope they will choose my brother, Enrico Buzzi, as the next Chairman due to his deep knowledge of both our cement and concrete business and also our international operations. If this is the case, my father's Luigi statement on the company's 75th anniversary in 1982 will be proven true once again: "this company was created by and will always be run by Brothers, whose common spirit will provide the strength and the vision for the future".

Financial year 2013, whose results we are presenting today, has been a particularly difficult one in Italy, where in the ready-mix concrete business we have achieved a likely trough for sales, prices and investments and a peak in non-performing trade receivables.

Nonetheless, since our firm has production and sales operations in several countries, the strong results and support from our foreign operations in the United States, especially in Texas, Mexico and Russia, have allowed our consolidated figures to remain favorable, albeit far from the "pre-crisis" earnings, which you had become used to in a certain sense.

In effect the share of our turnover realized abroad, which for years had been around 70%, reached and exceeded 85% this year, thus confirming the drastic reduction of the Italian weight on Buzzi Unicem's revenues. Indeed the production capacity of the cement industry in Italy needs to be greatly reviewed and almost all the firms have realized that cement consumption, which for years was around or above 750 kg per capita, has now dropped to around 300 kg, and, once we have overcome the downturn, will fall in line with other countries in Europe at around 350 kg.

I personally feel that given Italy's special orography and infrastructure needs to safeguard the territory, the demand for cement will once again rise to a little over or around 400-450 kg/capita, meaning that the entire Italian cement industry will have to reorganize itself around these targets, keeping only those "full cycle" cement plants that are competitive today and which justify future investments for improvement due to their geographic location and availability of raw materials. This necessary path will need years, not months.

Your company is very carefully following this streamlining process which is currently concerning the Italian cement industry, and while it is ceasing or temporarily suspending operations in some cement works, limiting them in some cases to only "cement grinding" activities, it is trying to sustain the "full cycle" plants (in other words, with kilns in operation) by reaching agreements to supply material quantities of semi-finished product (clinker) to competitors that in turn are reducing their operations (only grinding and shipping).

Our Human Resources department is particularly mindful to directly follow the personal situations of those employees who have been involved in the downsizing of the plants.

In direct association with the cement operations, in turn the ready-mix concrete business in Italy is in most need of attention and innovative ideas at the moment. Last year we recorded a significant drop in the Italian market for the sixth consecutive year, from 75 million cubic meters in 2007 to 29 million in 2013. Within this framework, we have identified the priorities for next year, which will start first and foremost with credit management, followed by the implementation of a new and more efficient sales organization. We are also assessing if and where it would make sense to expand the operating scope of our company.

In the United States, and in West Texas in particular, we have gone back to significant capital projects. It has been decided to completely renovate the Maryneal plant - which specializes in oil well and shale-gas cements, product category where your company is a world leader - with an investment of about \$250 million to increase cement production capacity from 0.5 to 1.3 million tons/year. This decision is due both to the strong market demand in Texas and Oklahoma and the opportunity to drastically reduce the cash cost of production, together with a much higher ecological footprint. In Germany, 2013 was marked mainly by the squeeze-out and delisting procedure of Dyckerhoff AG, with the withdrawal from the Frankfurt stock exchange, resulting in lower administrative and institutional burdens, accompanied by a program of simplification to achieve meaningful synergies. In Russia - at our Suchoi Log cement plant which has a production capacity of 3.5 million tons/year, the biggest of the group - our attention was focused on optimizing the new dry process line 5. The technical commitment devoted to this facility, central for our company, has been intense; after updating the cooler and modifying the raw mill, we are already enjoying very good, solid results.

Through this letter I would also like to sincerely thank all the executives and employees at all levels of the group, whom I ask to give their utmost commitment to their work, both direct and when involved in the assignment and control of tasks to the colleagues under supervision.

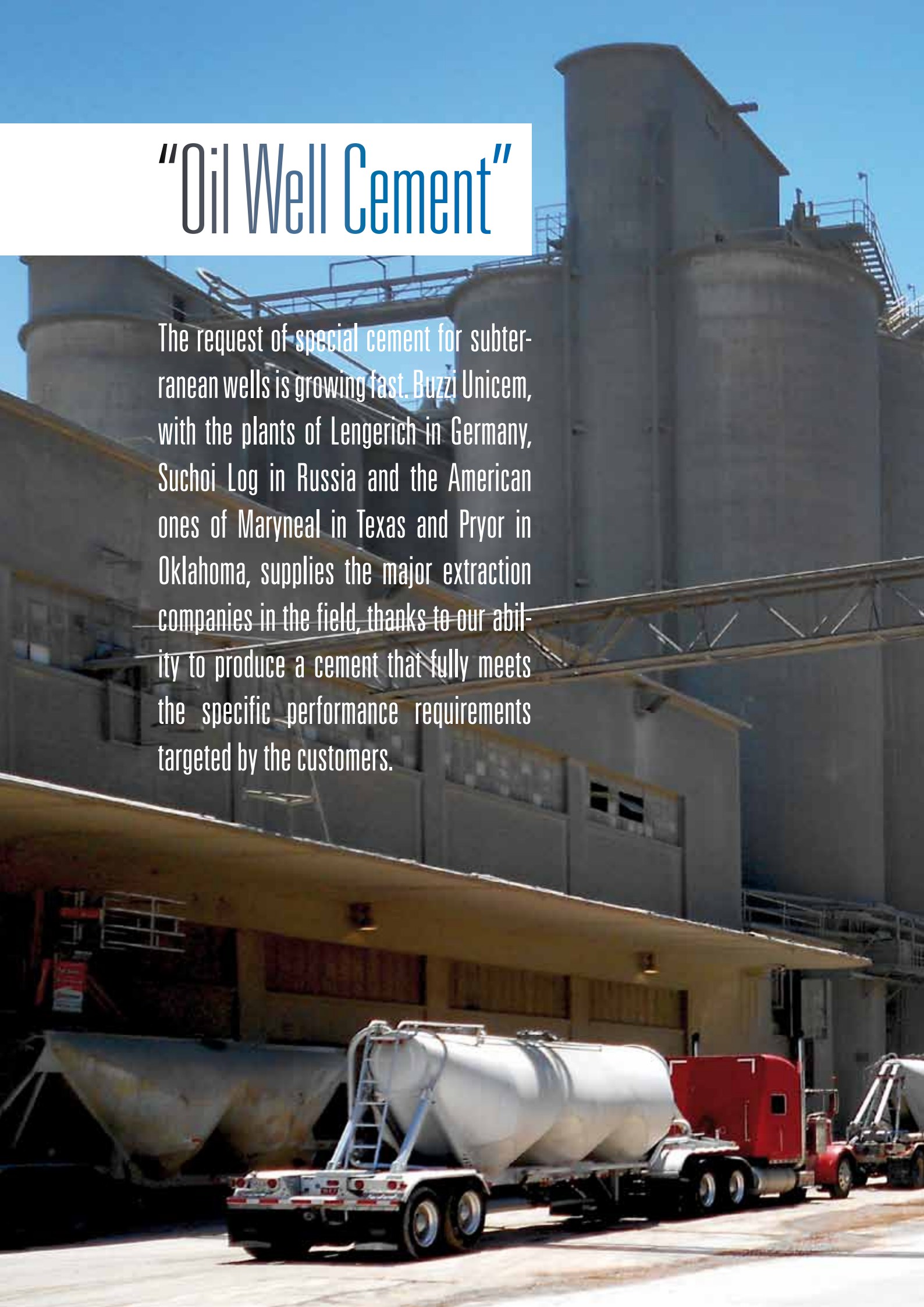
And, since the 2014 Assembly will be my last - at least as Chairman - I would like to offer a special greeting and heartfelt thanks to everyone who has attended the AGM of our company be they in good years and bad years, demonstrating their interest, expertise and fairness, allowing us to raise the tone and making our annual assembly a more efficient and enjoyable experience.



Alessandro Buzzi

“Oil Well Cement”

The request of special cement for subterranean wells is growing fast. Buzzi Unicem, with the plants of Lengerich in Germany, Suchoi Log in Russia and the American ones of Maryneal in Texas and Pryor in Oklahoma, supplies the major extraction companies in the field, thanks to our ability to produce a cement that fully meets the specific performance requirements targeted by the customers.





Buzzi Unicem Leader in Oil Well Cement

Buzzi Unicem, through its subsidiary Lone Star Industries, has made history in the field of oil well cements.

In 1927, INCOR (later Lone Star Cement, lastly in 1971 Lone Star Industries) was the first in the world to develop and bring to market a special cement dedicated to oil well applications, with the features and performance desired by the extractive industry.

The history of oil well cements begins actually much earlier, around 1850, before the introduction of API standards (American Petroleum Institute). After a few drilling attempts in Poland, Germany and Canada, in 1858 the first oil well was opened at Titusville in Pennsylvania, 21.2 meter deep. Devised by Edwin Drake, the method of oil extraction through a simple pipe thanks to its own pressure was copied and improved, eventually allowing very sophisticated drilling that can go beyond 8,000 meters ground depth.

The use of cement to seal wells and prevent water migrations dates back to 1903; but it was only in 1927 that the first INCOR special cement for oil wells is devised. Ten years later, in 1937, API as the main US professional organization in the field of oil and chemical engineering establishes the first standard for oil production and trade.

In the 1950s, Dyckerhoff specializes in the production of oil well cements also with the help of a joint venture with Halliburton of Dallas, Texas. In 1947 Halliburton spuds in the Gulf of Mexico the first oil well to draw underwater at depth of less than 5 meters.

Demand for special oil well cements soon becomes very strong. In 1950 the Lengerich cement plant in Westphalia

(Germany) begins production of special hydraulic binders for the extractive industry; 1955 marks the birthday of the dedicated Dyckerhoff-Halliburton Retarded Oil Well Cement. This cement becomes widely adopted and is exported in large quantities to Venezuela, Libya, Saudi Arabia, Nigeria and many other countries investing in oil exploration.

In the year 1994, also our Russian facility of Suchoi Log extends its product line by entering production of oil well cement in accordance with API standards.

With the passing of the years the production capacity keeps growing, as well as the quality standards. to become today a market leader in North Africa, West Africa and Europe, supplied by the Lengerich plant, and in the countries of the Russian Federation, thanks to manufacturing at Suchoi Log.

Our plant in Russia enjoys the largest production among the European plants of the group and outside the United States it represents the largest industrial unit for oil well cement.

The oil well cement produced in Germany at Lengerich is exported all over the world, regardless of the long distances. This cement is the best available when the context of the wells requires consistency and specific performances.

The overseas cement works of Maryneal in Texas and Pryor in Oklahoma have been supplying the most important players on the market for more than two decades, going beyond the boundaries of the oil fields located in their home state.

Cementing a subterranean well

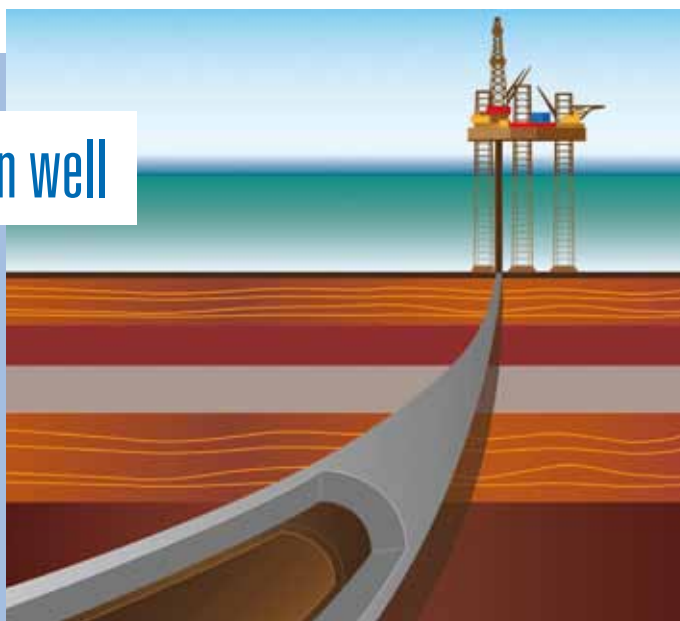
The purpose of cementing a deep well is to convey the cement slurry into the drilling hole for kilometers in depth, in a safe and targeted manner, until the point planned for hardening, outside the casing of the well itself.

The deeper the well, the greater the temperature and pressure, with serious consequences to the drilling materials, equipment and processes. At 4,000 meters, for example, the temperature may reach 130°C and the static pressure 450 bars.

In the wells for oil and natural gas extraction, temperatures can reach 350°C or more at the deepest point, which may attain 8,000 meters, due to geothermal activity. The steel pipes used to carry the oil or gas are secured and made leakproof by pumping a layer of special cement between the wall of the drilled hole and the well casing, to ensure that the resource flows through the interior of the well and does not escape into the environment.

As the well is being drilled it constantly fills up with drilling mud. The borehole is cemented by pumping cement inside the space between the annulus base between the rock formation (wall of the borehole) and the well casing all the way from the bottom to the top of the hole, a process that causes the cement slurry to displace the drilling mud.

Rubber cementing plugs are used to prevent the two suspensions from mixing together. The cement suspension may have to travel a distance of several kilometers downwards inside the drilling pipe and upwards in the annulus between the rock wall and the well casing before it reaches the point at which it shall harden. The properties of the cement slurries must be capable of completely withstanding the actual conditions of the borehole, i.e. high temperatures and hydrostatic pressures. These requirements are met by adding special admixtures to ensure excellent efficacy. Important admixtures include retarders (thickening time), dispersants (rheology), fluid loss additives (control of mix water loss to the surrounding rock).



Maryneal

In 2013 Buzzi Unicem approved a capital plan to modernize and expand its cement production facility located at Maryneal, Texas. The project will reduce the plant's environmental footprint while more than doubling capacity to serve the increasing demand for cement for the construction and oil and gas industries.

With the expansion, cement production capacity at the Maryneal plant will be increased from 600,000 tons per year to 1.2 million tons per year. Buzzi Unicem also will install state-of-the-art emission control equipment that will significantly reduce the level of nitrogen oxide and allow for compliance with other stringent environmental limits.

Buzzi Unicem, as an industry leader in quality and service, is committed to sustainable, environmentally responsible manufacturing at all of its plants. The Maryneal plant expansion will result in a world-class facility that has the latest pyroprocessing, environmental and safety equipment.

The factory currently employs approximately 100 full-time employees, 80 percent of whom live right in Nolan County, Texas.

This expansion will solidify the jobs for the plant's workforce and create more than 200 full-time construction jobs during the estimated two to three year time period to erect and commission the facility.

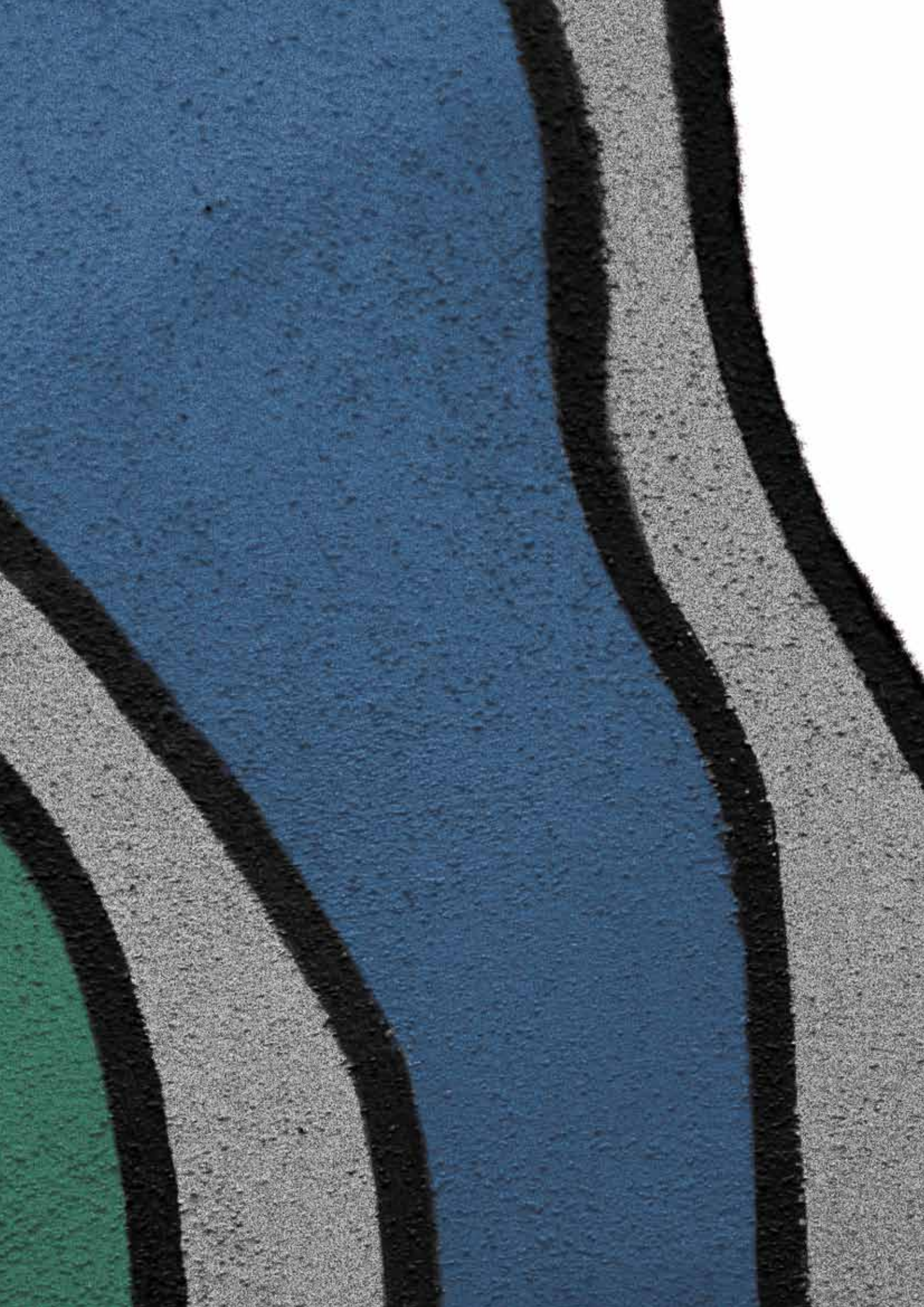
Maryneal: a major expansion project in the United States





A few figures:

- To be completed by H1 2016
- Brownfield project, new 1.2 million tons/year line (0.6 million is the current plant capacity)
- Total cost of the project: \$250 million
- Doubled production capacity to meet the growing demand from the construction market and oil and natural gas industry
- Production cost savings thanks to increased efficiency and highly environmentally friendly management



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Group Profile

Board of Directors

Before Shareholders' meeting of May 9, 2014

Alessandro Buzzi Executive Chairman

Born in 1933. Director since 1999.

He has built up years of outstanding experience in the industry, developing special knowledge of cement technology and its applications. For many years, he was President of the Italian Cement Association (Aitec), Deputy Vice Chairman of UNI (the Italian Standards Organization) and President of Cembureau (the European Cement Association). From October 2001 to July 2013 he was a member of Dyckerhoff AG's Supervisory Board in the position of Vice Chairman. He is a member of the Governing Council of Assonime (the Association of Italian joint-stock companies).

Enrico Buzzi Executive 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 development of new industrial projects in Italy and Mexico. From October 2001 to March 2014 he was a member of Dyckerhoff AG's Supervisory Board. He is present Chairman of the associate Corporación Moctezuma SAB.

Veronica Buzzi Non-executive Vice-Chairman

Born in 1971. Director since 2011.

Degree in Business Administration from University of Turin. From 1996 to 1997 she was an auditor with Arthur Andersen & Co. From 1998 to 2001 she worked with 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. From July 2013 she has been a member of Dyckerhoff AG's Supervisory Board. From 2013 member of the Governing Council of AldAF (the Italian Association of Family Businesses).

Pietro Buzzi Chief Executive Finance

Born in 1961. Director since 2000.

After some external experiences, he joined Buzzi Cementi in 1989 first as a Controller and then with growing operating 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's Supervisory Board since May 2007, currently holding the position of Vice-Chairman. Director of Banco Popolare Scrl from 2011 to 2014.

Michele Buzzi Chief Executive Operations

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 and sales for the cement division. In 2002 he became Chief Operating Officer of Cement Italy. For several years he was Vice President of the Italian Cement Association (Aitec). From 2004 to March 2014 he was a member of Dyckerhoff AG's Board of Management. He was appointed Chief Executive Operations in 2006.

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 in 2004 he was appointed Chairman, position he held until March 2014. As such, he has been responsible for the Central and Eastern Europe divisions.

Paolo Burlando Non-executive Director

Born in 1962. Director since 2008.

Since 1997 he has worked as a chartered accountant, specializing in extraordinary corporate finance. He is a statutory auditor of Gruppo Mutui Online SpA, listed on the Italian Stock Exchange, as well as a member of the boards and supervisory bodies of several minor companies. From 1987 to 1997, he had various experiences as a private equity analyst and business consultant. From January 2013 to March 2014 he was a member of Dyckerhoff AG's Supervisory Board.

Aldo Fumagalli Romario Independent non-executive Director

Born in 1958. Director since 2011.

Chairman and Chief Executive Officer of Sol Group, Vice-President of Assolombarda, Vice-Chairman 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 Chairman of IOMA, Vice-President of Federchimica, President of Asogastecnici and President of Confindustria Young Entrepreneurs from 1990 to 1994.

York Dyckerhoff**Independent non-executive Director**

Born in 1963. Director since 2008.

He manages his own companies, Dyckerhoff International in Hamburg and Green Aqua Farming in Wismar. 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 to 2011 Director of United Food Technologies AG.

Ester Faia**Independent non-executive Director**

Born in 1973. Director since 2012.

Degree in Economics from Bocconi University and Ph. D. from New York University. Ordinary professor at Goethe University, Frankfurt, senior fellow at the Center for Financial Studies, programme director at the SAFE Excellence Center. Her papers are published in many international academic journals. She has done jobs for central banks, research centers and foreign universities. She is a Supervisory Board Member of UBI Banca.

Maurizio Sella**Independent non-executive Director**

Born in 1942. Director since 1999.

Chairman of Banca Sella Holding (Banca Sella Group), Banca Sella SpA and Banca Patrimoni Sella & C. He was Chairman of ABI (1998 – 2006) where he sits on the Executive Committee. He has been Director of Assonime (the Association of Italian joint-stock companies) since 2003, Vice-Chairman since 2011 and Chairman since 2013. He was Chairman of S.I.A. (Società Interbancaria per l'Automazione) from 1988 to 1999 and President of the Banking Federation of the European Union from 1998 to 2004.

Gianfelice Rocca**Independent non-executive Director**

Born in 1948. Director since 2003.

Chairman of the Techint Group and of Humanitas Medical Institute in Milan. Since June 2013 President of Assolombarda. From 2004 to 2012 Vice-President for Education of Confindustria. Member of the Governing Board of EIT (European Institute of Innovation and Technology). Director of Allianz SpA, Brembo SpA and a member of Allianz Group's Advisory Board, Aspen Institute Executive Committee, Harvard Business School Advisory Board and the Trilateral Commission.

Marco Weigmann**Non-executive Director**

Born in 1940. Director since 1999.

Lawyer specialized in civil and business law, 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 of Piedmont region. Member of the Company Law Committee of the Comité Consultif des Barreaux Européens. Director of Reale Mutua di Assicurazioni, Italiana Assicurazioni SpA, Reale Immobili SpA, Banca Reale SpA, Auchan Italia SpA and ASTM SpA.

Board of Statutory Auditors

Before Shareholders' meeting of May 9, 2014

Chairman

Mario Pia

Statutory Auditors

Gianfranco Barzaghini

Giorgio Giorgi

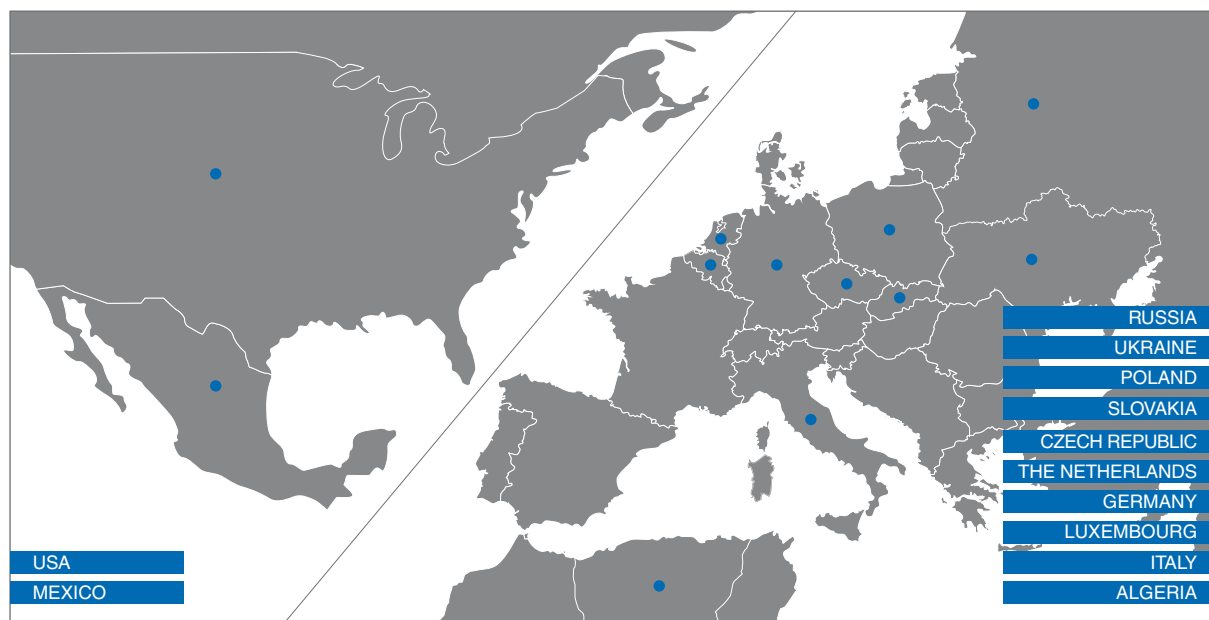
Alternate Auditors

Roberto D'Amico

Paola Lucia Giordano

The group at a glance

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 Nederland
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	0	1	1	2	1	8	3	39
of which grinding	no.	5	2	1	0	0	0	0	0	0	0	8
Cement capacity	m tons/year	10.8	7.2	1.4	n.a.	1.6	1.1	3	3.6	9.8	6.3	44.8
Ready-mix batch plants	no.	139	133	3	15	29	80	6	0	69	56	530
Aggregate quarries	no.	10	3	0	1	0	10	0	0	5	3	32
Terminals and deposits	no.	2	3	0	0	1	0	3	1	32	0	42

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%

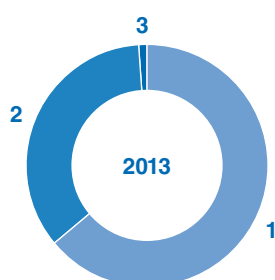
Key Figures

		2007	2008	2009	2010	2011	2012	2013
Cement sales	t /000	34,067	32,093	25,548	26,570	28,218	27,263	27,358
Concrete sales	m ³ /000	17,096	16,996	13,893	14,379	15,066	13,641	12,944
Aggregates sales	t /000	14,050	12,280	10,031	10,651	9,708	8,642	8,114
Sales revenue	€ m	3,496.1	3,520.2	2,671.8	2,648.4	2,787.4	2,813.4	2,753.1
Capital expenditure	€ m	527.4	853.3	389.9	268.2	156.6	234.1	231.5
Headcount at year end ¹	no.	11,520	11,845	11,269	11,316	10,956	10,837	10,529

¹ Mexico at 50%

Sales Revenue by Line of Business

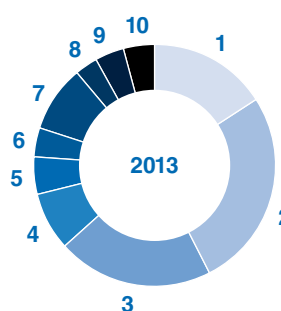
(in %)



1	Cement and clinker	64
2	Ready-mix concrete and aggregates	35
3	Related activities	1

Sales Revenue by Region

(in %)



1	Italy	16
2	USA	26
3	Germany	21
4	Mexico	8
5	Czech Republic and Slovakia	5
6	Poland	4
7	Russia	9
8	The Netherlands	3
9	Luxembourg	4
10	Ukraine	4

Sales Revenue

(millions of euro)

2007	3,496.1
2008	3,520.2
2009	2,671.8
2010	2,648.4
2011	2,787.4
2012	2,813.4
2013	2,753.1

Capital Expenditures

(millions of euro)

2007	527.4
2008	853.3
2009	389.9
2010	268.2
2011	156.6
2012	234.1
2013	231.5

Italy



Cement production capacity
10.8 million tons
14 plants
2 terminals/deposits
139 ready-mix concrete plants
10 aggregate quarries

		2013	2012	13/12 % ch
Cement sales	t /000	4,502	4,645	-3.1%
Concrete sales	m ³ /000	2,521	3,094	-18.5%
Aggregate sales	t /000	1,153	1,542	-25.3%
Sales revenue	€ m	434.8	478.9	-9.2%
Capital expenditures	€ m	94.6	103.6	-8.7%
Headcount at year end*	no.	1,690	1,788	-5.5%

* Addiment at 50%



Germany

		2013	2012	13/12 % ch
Cement sales	t /000	4,923	4,963	-0.8%
Concrete sales	m ³ /000	3,947	3,985	-0.9%
Aggregate sales	t /000	1,040	1,035	0.5%
Sales revenue	€ m	599.7	604.0	-0.7%
Capital expenditures	€ m	33.4	33.5	-0.2%
Headcount at year end	no.	1,851	1,888	-2.0%

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

Luxembourg



Cement production capacity
1.4 million tons
2 plants
3 ready-mix concrete plants

		2013	2012	13/12 % ch
Cement sales	t /000	1,172	1,217	-3.7%
Concrete sales	m ³ /000	121.7	-	-
Sales revenue	€ m	109.1	104.1	4.9%
Capital expenditures	€ m	6.1	2.1	189.4%
Headcount at year end	no.	185	158	17.1%



Netherlands

		2013	2012	13/12 % ch
Concrete sales	m ³ /000	668	789	-15.3%
Aggregate sales	t /000	2,170	2,718	-20.2%
Sales revenue	€ m	73.2	87.5	-16.4%
Capital expenditures	€ m	1.8	6.0	-70.8%
Headcount at year end	no.	253	280	-9.6%

15 ready-mix concrete plants
1 aggregate quarry

Poland



Cement production capacity

1.6 million tons

1 plant

1 terminal

29 ready-mix concrete plants

		2013	2012	13/12
				% ch
Cement sales	t /000	1,368	1,334	2.5%
Concrete sales	m ³ /000	626	758	-17.4%
Sales revenue	€ m	101.0	109.0	-7.3%
Capital expenditures	€ m	5.4	3.0	80.9%
Headcount at year end	no.	374	387	-3.4%



Czech Republic and Slovakia

		2013	2012	13/12
				% ch
Cement sales	t /000	714	845	-15.5%
Concrete sales	m ³ /000	1,544	1,614	-4.4%
Aggregate sales	t /000	1,243	1,271	-2.2%
Sales revenue	€ m	131.8	149.6	-11.9%
Capital expenditures	€ m	5.4	3.9	39.6%
Headcount at year end	no.	803	855	-6.1%

Cement production capacity

1.1 million tons

1 plant

80 ready-mix concrete plants

10 aggregate quarries

Ukraine



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

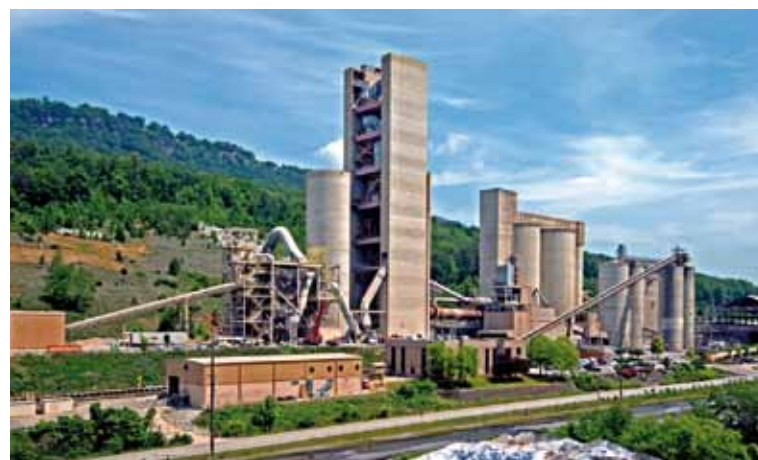
		2013	2012	13/12 % ch
Cement sales	t /000	1,657	1,787	-7.3%
Concrete sales	m ³ /000	206	171	20.7%
Sales revenue	€ m	123.8	134.3	-7.8%
Capital expenditures	€ m	7.8	9.0	-13.6%
Headcount at year end	no.	1,506	1,566	-3.8%



		2013	2012	13/12 % ch
Cement sales	t /000	3,010	2,806	7.3%
Sales revenue	€ m	248.6	234.6	6.0%
Capital expenditures	€ m	15.3	20.0	-23.4%
Headcount at year end	no.	1,015	1,028	-1.3%

Cement production capacity
3.6 million tons
1 plant
1 terminal/deposit

USA



Cement production capacity
9.8 million tons
8 plants
32 terminals/deposits
69 ready-mix concrete plants
5 aggregate quarries

		2013	2012	13/12 % ch
Cement sales	t /000	7,417	6,825	8.7%
Concrete sales	m ³ /000	2,366	2,252	5.0%
Aggregate sales	t /000	2,263	1,911	18.4%
Sales revenue	\$ m	969.3	874.3	10.9%
Capital expenditures	\$ m	68.6	58.0	18.3%
Headcount at year end	no.	2,274	2,282	-0.4%



Mexico¹

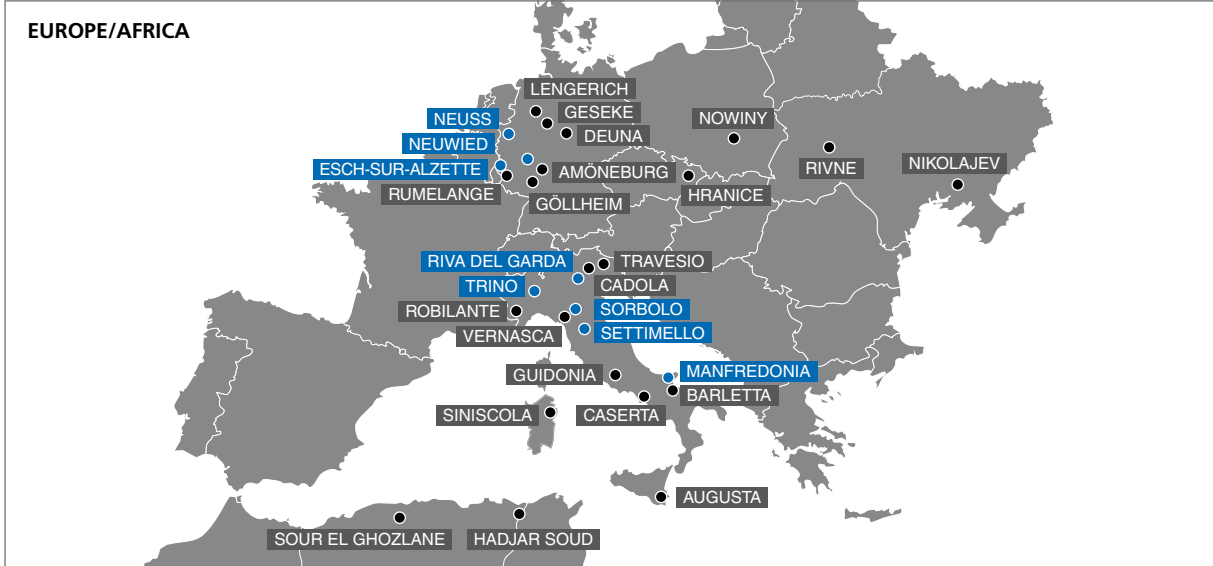
¹ Figures at 100%

		2013	2012	13/12 % ch
Cement sales	t /000	5,388	5,923	-9.0%
Concrete sales	m ³ /000	1,889	1,957	-3.4%
Aggregate sales	t /000	490	329	49.2%
Sales revenue	\$ m	620.9	691.6	-10.2%
Capital expenditures	\$ m	26.5	20.1	31.9%
Headcount at year end	no.	1,156	1,209	-4.4%

Cement production capacity
6.3 million tons
3 plants
56 ready-mix concrete plants
3 aggregate quarries

Cement Plants Location

as at December 31, 2013



○ CEMENT PLANTS

○ GRINDING PLANTS



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Review of Operations

Shares and Shareholders

The ordinary and savings shares of Buzzi Unicem SpA have been listed on the Borsa Italiana (Milan Stock Exchange) since September 1999. As at 31 December 2013 the market capitalization amounted to €2,448 million. At the same date, the share capital consisted of 165,349,149

ordinary shares and 40,711,949 savings shares, both with a nominal value of €0.60. Each ordinary share is entitled to one vote. Savings share, which do not have voting rights, can either be registered or bearer, 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
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
2013	169,691,396	18,222,273	1,996.0	111.9

Price trend of Buzzi Unicem shares

(Base January 2007 = 100)



Main Shareholders

as at 31 December 2013

	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
Marketfield Asset Management LLC	8,774,694	4.26	5.31

A total of 55,334,175 ordinary shares, corresponding to 33.47% of voting capital, are held by foreign investors.

Distribution of shareholdings

as at 31 December 2013 (ordinary shares)

	No. shareholders	in %	No. shares	in %
1-1,000	7,042	78.24	2,513,983	1.52
1,001-10,000	1,562	17.35	4,437,670	2.68
10,001-100,000	279	3.10	8,899,329	5.38
100,001-	118	1.31	149,498,167	90.42

Market capitalization

as at 31 December (millions of euro)

2007	3,636
2008	2,182
2009	2,160
2010	1,644
2011	1,254
2012	1,954
2013	2,448

Capital structure

as at 31 December 2013 (in%)

		3
	1	2
1	No. of ordinary shares 165,349,149	80.2
2	No. of savings shares 40,711,949	19.8
3	Total no. of shares 206,061,098	100

Key per-share data

(euro)

	2007	2008	2009	2010	2011	2012	2013
Basic eps (ordinary)	2.23	1.92	0.67	(0.31)	0.13	(0.18)	(0.31)
Cash flow per share	3.64	3.39	1.90	1.68	1.45	1.26	1.47
Shareholders' equity per share	10.95	12.14	12.16	12.48	12.44	11.79	10.98
Price/earnings ratio	8.5x	6.0x	16.8x	n/a	51.9x	n/a	n/a
Price at year-end							
ordinary shares	18.93	11.58	11.28	8.62	6.75	10.55	13.07
savings shares	12.51	6.57	7.24	5.36	3.37	5.16	7.04
Dividend per share ¹							
ordinary shares	0.42	0.36	0.18	-	0.05	0.05	0.05
savings shares	0.44	0.38	0.20	0.03	0.05	0.10	0.05
Yield							
ordinary shares	2.2%	3.1%	1.6%	-	0.7%	0.5%	0.4%
savings shares	3.5%	5.8%	2.8%	0.6%	1.5%	2.0%	0.7%

¹ 2013: proposed to shareholders at the Annual General Meeting**Performance Indicators**

(in %)

	2013	2012	2011
EBITDA margin ¹	17.5	16.2	15.6
Return on Sales (ROS)	5.4	7.0	6.8
Return on Equity (ROE) ²	-1.2	0.1	2.0
Return on Capital Employed (ROCE) ³	3.2	3.9	3.9
Net debt/Equity	45	43	41

¹ Ratio between EBITDA and sales; it expresses the result of a company's typical business operations² Ratio between Net Profit and Shareholders' Equity; it expresses the latter's profitability³ 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 2013 world economy and international trade progressively improved. In most advanced economies a constant strengthening was reported, driven by the accommodative stance of monetary policy, the stronger domestic demand and positive business confidence effects, while the emerging countries showed a slight loss of vigor, although activity remained overall robust.

In the United States of America GDP accelerated in the third quarter and remained high in the fourth one. Growth was sustained by consumer spending, replenishment and accumulation of inventories and improvement of employment dynamics. The agreement reached on the budget for the fiscal year 2014-15 helped reduce uncertainty over public finance decisions.

In Europe, starting from the second quarter, a slow resilience began which continued, although at a moderate pace, also in the last quarter of the year. Such recovery was backed by the stronger consumer spending, the slight improvement of lending terms and the progress realized in the balancing of public accounts and in structural reforms. Slackness of business activity was reflected however in very modest dynamics of consumer prices.


In Italy, in the third quarter of 2013 the GDP decline under way since the summer of 2011, came to a halt and during the fourth quarter a slight growth appeared, driven mainly by foreign demand. Despite the improvement in business confidence, the recovery continued to be adversely affected by the fragility of the labor market, which held back growth in available income, and credit conditions.

In the emerging countries, the overall robust growth lost some of the vigor previously showed and the outlook, burdened by higher risks of less expansionary global financial conditions, remained especially weak in Brazil, India and Russia. Inflationary pressure in the advanced countries continued to be very modest, affected by the large margins of unused capacity and the relative stability of raw materials prices, especially energy factors. The Federal Reserve began tapering but in parallel confirmed the expansionary stance of the monetary policy also in the long-term. Financial markets conditions in Europe and in Italy further improved and the governing council of the ECB firmly reiterated that official rates would remain at their current levels or lower for an extended period of time. The recent turbulences on some emerging countries' financial markets intensified the uncertainties, although the tensions remain geographically localized, with repercussions on an international scale so far limited.

Construction investment, from which cement and ready-mix concrete demand stems in our countries of operations, showed a remarkable pace of growth in the United States, driven by the residential segment and by the good performance of non-residential and commercial building, and in Russia, where cement consumption was higher than the peak realized in 2012. The main Central Europe markets reported a good recovery in the second half. The trend in Italy, Mexico and some countries of the Eastern Europe division continued to be penalizing.








Net sales

(millions of euro)

2007		3,496
2008		3,520
2009		2,672
2010		2,648
2011		2,787
2012		2,813
2013		2,753

EBITDA

(millions of euro)

2007		1,046
2008		923
2009		542
2010		387
2011		434
2012		455
2013		481

In the year just ended, the group sold 27.4 million tons of cement (+0.3% compared with 2012) and 12.9 million cubic meters of ready-mix concrete (-5.1%). Consolidated net sales decreased by 2.1% to €2,753.1 million from €2,813.4 million in 2012. Changes in scope of consolidation led to an increase in net sales of €5.7 million, while the exchange rate effect had a negative impact of €49.7 million. Like for like, net sales in 2013 would have decreased by 0.6% compared with 2012. EBITDA rose by 5.7%, from €455.1 million to €481.2 million. The 2013 figures benefited from €25.3 million of non-recurring income (compared with €7.8 million in 2012). After depreciation, amortization and impairment charges of €331.4 million, EBIT amounted to €149.8 million vs. €197.0 million in 2012. Net finance costs fell from €126.1 million to €110.5 million and therefore profit before tax stood at €50.3 million compared with €77.8 million in 2012. After current and deferred income taxes of €79.2 million (€75.9 million in the previous year) the income statement closed with a net loss of €29.0 million, of which a loss of €50.7 million attributable to owners of the company. Net debt at the end of 2013 amounted to €1,065.6 million, down from €1,124.9 million at December 31, 2012, after having made industrial and equity investments for €231.5 million and distributed dividends of €33.3 million. The net debt/equity ratio amounted to 0.45 (0.43 at the end of 2012).

In the various markets of presence, the year 2013 featured very different operating conditions. In Italy, the protracted contraction of GDP, albeit to an halt since the third quarter, domestic demand further declining and fall in investment brought to a level of excess capacity in the cement sector not sustainable in the medium run, which forced the main players to speed up decisions aimed at

downsizing production capacity to a level more consistent with demand requirements. In Central Europe countries, after a first half penalized by adverse weather and weak production activity, signs of resilience appeared, driven by stronger domestic demand, export growth and investment in construction mainly in Germany. In Eastern Europe, Russia set a new record in cement consumption, Poland showed a slight recovery while in the Czech Republic and in Ukraine building activities remained sluggish. In the United States, improved labor market and consumer spending accelerated the growth of GDP together with that of the construction sector, especially the residential and commercial building segment. In Mexico, the contraction in public investment and the unexpected deceleration of the economy led to a protracted slowdown in construction activities; the comparison with the record cement consumption realized in the country in 2012 amplified the decline.

Operating and financial performance

In 2013, cement sales on a consolidated basis amounted to 27.4 million tons, +0.3% compared with 2012. The improvement trend in volumes was quite favorable in the United States, Russia and moderately positive in Poland. Levels below those of 2012 were recorded in Germany, Italy and Luxembourg, while the most severe drops in demand occurred in the Czech Republic (-15.5%), Mexico (-9.0%) and Ukraine (-7.3%). Sales of ready-mix concrete amounted to 12.9 million cubic meters (-5.1%). The markets that suffered most were Italy, the Netherlands and Poland; a slight decrease was observed in the Czech Republic, while volumes grew at double-digit percentages in Ukraine and improved in the United States, Germany and Luxembourg.

EBITDA margin¹ (in %)

2007	29.9
2008	26.2
2009	20.3
2010	14.6
2011	15.6
2012	16.2
2013	17.5

¹ EBITDA/Net sales

Cash Flow¹ (millions of euro)

2007	747
2008	696
2009	390
2010	345
2011	298
2012	260
2013	302

¹ Profit for year + depreciation, amortization and impairment charges

Consolidated net sales fell by 2.1%, from €2,813.4 million to 2,753.1 million; changes in scope had a positive effect of €5.7 million, and foreign exchange rates favorably impacted for €49.7 million; like-for-like, net sales would have decreased by 0.6%.

Italy, despite experiencing a certain stabilization of GDP in the third quarter, saw its economic downturn continue. From 2008 to 2013, the gross domestic product decreased by 8.6% due to the double-dip recession that struck the country: the first one in 2008-2009, followed by a weak recovery in the following two years, and the second since 2012. Construction investment fell by 30% between 2008 and 2013; excluding the redevelopment of housing stock, the only sector that recorded increases in production levels, the loss exceeded 43%. In 2013, investment in construction underwent a further decline by 6.9% in real terms. The decline in sales volumes, despite help from exports, was significant in the domestic market. Faced with substantial price stability, including a variation due to the mix and very weak deliveries in the ready-mix concrete segment, net sales went from €478.9 million to €434.8 million, a decrease of 9.2%.

Central European countries suffered a first half disadvantaged by difficult weather conditions and the economic downturn affecting even the major economies of the region. The recovery felt in the construction industry in the second half of the year led to substantial stabilization. In a situation with volumes weaker than in the previous year and modest price strengthening, net sales went from €768.7 million to €760.1 million, a decrease of 1.1%. Germany recorded a net sales drop of 0.7% (from €604.0 million to €599.7 million), while Luxembourg's sales increased by 4.9% (from €104.1 million to €109.1 million). In the Netherlands, our business in ready-mix concrete and aggregates generated net sales of €73.2 million (€87.5 million in 2012), notably down from the previous year mainly due to a net contraction in volumes.

In the Eastern Europe markets, net sales in Russia were further strengthened (+6.0%), thanks to good volumes and favorable price trends. The ruble devaluation (-6.0%) had a negative impact on net sales; at constant exchange rates, the increase would have been of 12.4%. In Ukraine, despite the recovery recorded in the second half of the year, demand remained weak, while prices developed favorably. The local currency depreciation (-4.2%) further

depressed net sales, which were down 7.8%; at constant exchange rates, however, the reduction would have been of 3.9%. Activity in Poland still suffered in comparison with the periods when it was at its highest level. Thanks to the good momentum of cement deliveries in the second half, an increase in volumes over the previous year was achieved in a context of gradual stabilization of prices in local currency; however, ready-mix concrete output was very weak, with prices falling. Net sales closed with a decrease of 7.3% over the previous year; at constant exchange rates the reduction would have been of 7.0%. In the Czech Republic and Slovakia the continuing phase of economic weakness kept sales volumes in decline and net sales were reduced by 11.9%. At constant exchange rates, taking account of local currency depreciation, the decline would have been of 9.4%. Overall, net sales in Eastern Europe went from €622.5 million to €601.9 million; the exchange rate effect in the area impacted negatively for €24.3 million.

In the United States, the growth in demand that characterized mainly the South-West of the country was accompanied also by a recovery in the Midwestern states. Deliveries of hydraulic binders showed a fairly steady rate of growth during the year and selling price levels underwent 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 €680.5 million to €729.9 million, +7.3%) was attributable to a negative foreign exchange effect. Like-for-like, net sales would have increased by 10.9%.

Mexico showed visibly slackened economic development, affected by delays in the launch of the 2013-2018 development plan presented by the new Presidency, which limited public spending on infrastructure. The residential construction sector was affected by the financial difficulties of the major players. In this context, the demand for cement was unexpectedly weak, as was the development of prices, which was also hampered by a newly arrived competitor on the market. Net sales in local currency closed 12.8% down, while a minimal devaluation of the peso caused net sales in euro to drop 13.2% from 2012, going from €269.2 million to €233.8 million.

EBITDA increased by 5.7% from €455.1 million to €481.2 million. Consolidation changes had a positive effect of €0.5 million and foreign exchange was unfavorable for

€12.8 million. The figure reported in 2013 is inclusive of non-recurring net income of €25.3 million, of which of positive sign €31.6 million release of provisions for anti-trust risks and €11.8 million release of the allowance for spare parts obsolescence; of negative sign €15.6 million restructuring expenses and €2.5 million referring to tax litigations. In 2012 non-recurring income amounted to €7.8 million referring to capital gains on real estate properties. Excluding non-recurring items, EBITDA went up 1.9%, from €447.3 million to €455.8 million, with EBITDA to sales margin at 16.6% (15.9% in 2012). In the United States a remarkable progress was posted thanks to the positive volume and price effect which combined with slightly declining operating costs, favored by a higher utilization of production capacity. In Central Europe, recurring EBITDA/sales ratio improved both in Germany and in Luxembourg thanks to a careful cost management. In Eastern Europe profitability weakened mainly as a consequence of difficult trading conditions in the Czech Republic and the high inflation rate of energy factors in Russia. Italian market situation showed no signs of revival and profitability worsened especially in the ready-mix concrete sector where the difficulty in collecting payments from customers greatly intensified. In Mexico the plunge of net sales from the 2012 peak brought to a more than proportional reduction of operating cash flow.

Depreciation and impairment charges amounted to €331.4 million vs. €258.0 million in the previous year. The figure includes write-downs of fixed assets for €114.2 million (€35.5 million in 2012) mainly due to write-off of plants and goodwill in Italy for €57.7 million and in Ukraine for €39.9 million. EBIT stood at €149.8 million vs. €197.0 million in 2012. Net finance costs decreased to €110.5 million from €126.1 million in 2012 thanks to the repayment of very onerous loans at the end of 2012. Gains on disposal of investments accounted for €4.6 million attributable to the sale of the associated companies quick mix and Normensand, while equity in earnings of associates confirmed the previous year's contribution (€6.4 million vs. €6.1 million in 2012). As a consequence of the above, profit before taxes stood at €50.3 million vs. €77.8 million in 2012. The tax rate for the year, at a nominal over 150%, was impacted, as in 2012, by the review and/or the non-recognition of deferred tax assets on fiscal losses accrued in some jurisdictions, due to a rigorous judgment on the future utilization in the next five years. Consequently, after income taxes for €79.2 million (€75.9 million in 2012), in-

come statement for the year 2013 reported a loss of €29.0 million vs. a profit of €2.0 million in the previous year. The result attributable to owners of the company remained in negative territory and amounted to a loss of €50.7 million (loss of €28.5 million in 2012).

Cash flow, gross of negative and/or positive non-recurring items, stood at €302.4 million vs. €260.0 million in 2012. As at December 31, 2013, net debt amounted to €1,065.6 million, down €59.3 million from €1,124.9 million at 2012 year-end. In 2013 the group paid out dividends for €33.3 million, €12.5 million thereof distributed by the parent Buzzi Unicem SpA, and carried out investments of €231.5 million overall, €67.1 million thereof referred to the purchase of all outstanding Dyckerhoff shares still held by minority shareholders (squeeze-out) and €20.5 million for capacity expansion 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

(millions of euro)

	Dec 31, 2013	Dec 31, 2012
Cash and Short term financial assets:		
Cash and cash equivalents	554.7	556.2
Short-term monetary investments	0.1	85.0
Derivative financial instruments	-	2.3
Other current financial receivables	14.3	16.1
Short-term financial liabilities:		
Current portion of long-term debt	(196.6)	(288.1)
Short-term debt	-	(70.7)
Derivative financial instruments	(0.7)	(5.0)
Other current financial liabilities	(18.5)	(20.5)
Net short-term cash	353.3	275.2
Long term financial assets:		
Other non-current financial receivables	17.6	10.7
Long-term financial liabilities:		
Long-term debt	(1,356.3)	(1,385.2)
Derivative financial instruments	(77.1)	(22.3)
Other non-current financial liabilities	(3.1)	(3.4)
Net debt	(1,065.6)	(1,124.9)

Shareholders' equity at December 31, 2013, including non-controlling interests, amounted to €2,374.2 million against €2,602.6 at the end of 2012; the debt/equity ratio therefore increased to 0.45 against 0.43 in the previous year.

Italy


**TRADING CONDITIONS
CEMENT BUSINESS**

Volumes	-3.1%
Prices	-2.1%
Market share	16.0%

- CEMENT PLANTS
- GRINDING PLANTS
- READY-MIX CONCRETE PLANTS

Cement

(millions of euro)

	2013	2012	13/12
Net sales	299.2	315.9	-5.3%
EBITDA reported	12.8	17.4	-26.5%
EBITDA recurring	13.2	17.4	-24.2%
% on net sales	4.4	5.5	
Capital expenditures	84.3	100.1	-15.8%
Headcount end of period	no. 1,213	1,269	-4.4%

Before intersegment eliminations

Ready-mix concrete

(millions of euro)

	2013	2012	13/12
Net sales	195.3	236.7	-17.5%
EBITDA reported	-31.3	-23.8	-31.2%
EBITDA recurring	-29.4	-23.8	-23.5%
% on net sales	-15.1	-10.1	
Capital expenditures	10.3	3.5	195.4%
Headcount end of period	no. 477	519	-8.1%

Before intersegment eliminations

Italy

The gross domestic product of the country, in decline since the summer of 2011, stopped its fall during the third quarter of 2013 with support from exports and changes in inventories and showed a minimally positive variation in the fourth quarter. The ongoing weakness of domestic demand, affected by high unemployment and weak disposable income, contrasted with a more positive scenario for industrial activity. Business confidence improved but investment is still weak; the profitability of firms increased slightly, but remained at low levels. The decline in household consumption eased off in the third quarter. Consumer price inflation fell further in the last months of the year, reflecting weak demand and reduced originating pressure. In this economic environment, gross domestic product in

2013 fell by 1.8%, industrial production was down 3.0%, and unemployment increased to 12.7%. The public debt/GDP ratio worsened further, reaching 133%. In 2013, construction investment recorded a decline in real terms valued at 6.9% from the previous year; all sectors were affected, including: the construction of new housing, which fell 18.4% during the year; non-residential private construction, which suffered a decrease of 9.1%; and public works, with an estimated fall of 9.3%. Only the residential property redevelopment segment showed an increase of 2.6% compared with 2012. Public infrastructure continued to be penalized by a reduction in capital spending, particularly in connection with the creation of new works. At local level the Stability Pact slowed down territorial investment in areas such as land protection, school buildings

and municipal functions. Credit rationing, uncertainties related to the economic climate, declining disposable incomes and increasing difficulties in the labor market have strongly affected the investment decisions of households, leading to a sharp decline in new residential construction. Private non-residential construction was held back by the ongoing unfavorable economic cycle. The number of businesses going bankrupt increased significantly.

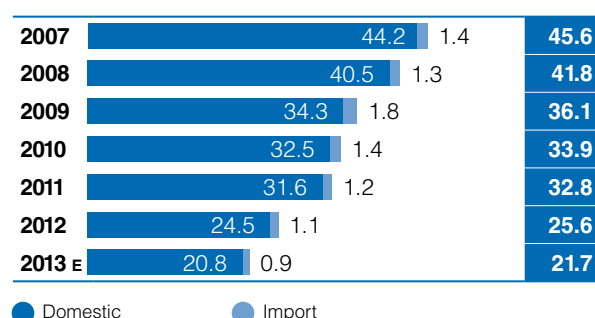
The industry association (AITEC) estimated that domestic deliveries of cement fell by 15% over the previous year. 2013 turned out to be the seventh consecutive year of crisis in the cement market, with consumption down to less than half the peak levels of 2006. The negative effects of the decline in domestic demand for our production capacity were partially offset by increases in export volumes and the sale of semi finished clinker to industry customers that had ceased kiln activity. Our sales of hydraulic binders and clinker, including exports, recorded a 3.1% decrease. Selling prices were quite stable in the domestic market but reported an overall average decrease of 2.1%, reflecting a change in sales mix. This trend in volumes and prices produced net sales of €299.2 million, a decrease of 5.3% (€315.9 million in 2012). Unit production costs were down slightly (-1.8%) due to the favorable trend in energy costs – fuel and especially electricity – thanks to a discount on system charges granted to energy-intensive firms which was booked during the last quarter of the year, but relating to consumption made on or after July 1, 2013. These benefits more than offset the higher unit impact of fixed costs of production resulting from the reduced utilization of production capacity. EBITDA went from €17.4 million to €12.8 million, equal to only 4.3% of net sales. However, it should be remembered that staff costs include non-recurring restructuring expenses equal to €0.4 million and that in the year other operating revenues amounting to €4.5 million were realized from the sale of CO₂ emission rights, estimated in excess with regard to production volumes (nil in 2012).

Investment activities aimed at improving technological and environmental efficiency and safety in the production plants continued throughout the year; in particular, they included: the installation of systems for storage and injection of ammonia solutions for reduced NO_x in cement at Barletta, Augusta and Robilante, for a total of €1.3 million; the installation of a new facility for the reuse of secondary materials (fly ash) at the cement plants of Vernasca and Trino for a total of €1.4 million; the work of uncovering and

securing the quarry faces at Robilante and Augusta for a total of €0.5 million; the modernization of quarry feeding and grinding plants at Robilante and Guidonia for a total of €0.8 million; the modernization of the precalciner at Barletta for €1.3 million; structural restoration of the jetty at Augusta and other deteriorated structures for a total of €2.0 million; the strengthening of the Horomill system at Trino for €0.4 million.

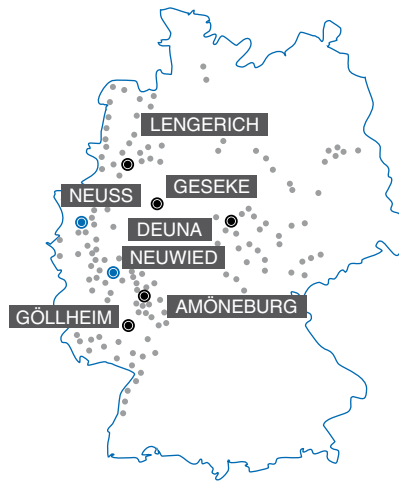
Cement consumption

(millions of tons)



In the field of ready-mix concrete, volume trends showed a reduction of 18.5%, with prices rising by 0.5%. Net sales of the sector therefore stopped at €195.3 million (-17.5%), down from €236.7 million in 2012. Despite constant and full attention on the recovery of profitability through actions to improve efficiency and reduce costs, the weakness in sales volumes and losses on trade receivables impacted very negatively on the results for the year. The implementation of the restructuring plan for cost containment and rationalization of operations in the area resulted in a reduction in the number of active ready-mix batch plants, from 188 in 2008 to 139 in 2013. Although the restructuring effort improved efficiency, it did not affect the excellence of our technology, laboratory and technical support services, which allow the implementation of an integrated system to control the consistency of the concrete up to commissioning and ensure that the product has a consistency suitable to its use when it is delivered to the site. The decline in output resulted in a greater proportion of fixed costs and losses on customer receivables continued to be significant (€13.1 million compared with €13.0 million in 2012). EBITDA unfortunately remained in the negative at -€31.3 million compared with -€23.8 million in 2012. However, it should be noted that personnel costs include non-recurring restructuring expenses amounting to €1.9 million.

Germany



TRADING CONDITIONS CEMENT BUSINESS

Volumes	-0.8%
Prices	1.2%
Market share	13.0%

- CEMENT PLANTS
- GRINDING PLANTS
- READY-MIX CONCRETE PLANTS

(millions of euro)

	2013	2012	13/12
Net sales	599.7	604.0	-0.7%
EBITDA reported	108.1	72.2	49.8%
EBITDA recurring	81.0	72.2	49.7%
% on net sales	13.5	11.9	
Capital expenditures	33.4	33.5	-0.2%
Headcount end of period	no. 1,851	1,888	-2.0%

Germany

The difficulties of the European economic crisis and its repercussions on the German economy since the second half of 2012 continued also in the first quarter of 2013, while the following two quarters were marked by decisive and promising upward trends.

The modest overall growth in GDP for 2013, estimated at 0.4%, however reflects the uncertainty of the recovery even in what is considered Europe's strongest economy. Domestic demand, aided by employment levels and disposable incomes, supported the growth, which since summer has been driven by a significant recovery in housing investment. The construction sector, after a first half of the year affected by difficult weather conditions, resumed momentum especially in the residential sector. Estimates of investment in the construction industry indi-

cate a decrease of 0.3% for the year, with some increase in the residential sector (+0.3%), a slight decrease in the commercial sector (-1.7%) and the public sector remaining stable. Cement consumption in the country closed at a similar level to that of the previous year (-1%).

Our cement deliveries closed the year down 0.8% from 2012 with slightly higher prices (+1.2%). On the rise were exports and sales of oil well binders while those of white cement slowed down. Ready-mix concrete volumes also were stable (-0.9%) with prices similarly improving (+1.7%).

To be pointed out however that since the beginning of the year, following an organization restructuring, some ready-mix concrete production and sale activities had been transferred from Germany to Luxembourg.

Cement consumption

(millions of tons)

Year	Domestic	Import	Total
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	25.8	1.2	27.0
2013 E	25.6	1.3	26.8

● Domestic

● Import

At constant scope, ready-mix output would have increase by 2.1%. Thus overall net sales decreased from €604.0 million in 2012 to €599.7 million in 2013, down 0.7% and EBITDA increased from €72.2 million to €108.1 million. The 2013 figure is inclusive of: €29.1 million non-recurring income represented by the release of provisions for antitrust risks linked to the lawsuit for damages to customers arising from an alleged cartel agreement that the Court of Dusseldorf rejected; €8.0 million non-recurring income represented by the partial release of the allowance for spare parts obsolescence, following the adoption of a consistent valuation within the group; moreover staff costs include non-recurring restructuring expenses equal to €10.0 million, €5.2 million thereof referring to an addition in the provision for pension funds, following Dyckerhoff AG's delisting from Frankfurt Stock Exchange and the start of the transformation into GmbH (limited liability company). Net of non-recurring items and changes in scope, EBITDA increased by €8.4 million (+11.6%) During the year, other operating costs were accrued equal to €1.9 million for inter-group purchases of CO₂ emission rights, while in 2012 the company had realized other operating revenues for €1.8 million deriving from the sale of the rights. Among operating costs, fuel slightly increased (+2.3%) while electric power trend was favorable (-3.2%).

Total investments in 2013 amounted to €33.4 million. The most significant included: the alternative fuel storage and metering systems at the Lengerich and Göllheim plants for €7.6 million; the conversion of the white clinker cooler to petcoke and the conversion of the slag dryer to lignite at Amöneburg for a total of €1.8 million; the equipment for storage, transport and metering of limestone and electro-filter dust in the cement mills at Deuna for €1.0 million; modifications to the slag mill at Lengerich for €0.6 million.

Luxembourg



TRADING CONDITIONS CEMENT BUSINESS

Volumes	-3.7%
Prices	0.0%
Market share	n.a.

● CEMENT PLANTS

● GRINDING PLANTS

(millions of euro)

	2013	2012	13/12
Net sales	109.1	104.1	4.9%
EBITDA reported	19.7	13.8	42.5%
EBITDA recurring	17.2	13.8	24.4%
% on net sales	15.8	13.3	
Capital expenditures	6.1	2.1	189.4%
Headcount end of period	no. 185	158	17.1%

Luxembourg

After recording modest growth in 2012, the country achieved one of the best recoveries in Europe in 2013. Growing employment and disposable incomes supported the dynamism of domestic demand, while the stabilization of financial markets in Europe supported the growth of services offered and exported. Luxembourg continues to attract investment on account of its structural solidity and accommodating tax and credit policies. In 2013 its estimated GDP growth was 2%. Investment in the construction sector was still in decline, although less so than in 2012, but showed a tendency towards improvement in the last months of the year. That trend was reflected in domestic cement consumption, which was lower than in the previous year.

The adverse weather conditions had an unfavorable effect on the start of the year. Subsequently, the recovery of shipments reached a pace more consistent with 2012, albeit with a slowdown in exports. Our cement and clinker

volumes sold, intercompany transfers and exports included, declined by 3.7% with average unit revenues in line with the previous year's ones. Net sales totaled €109.1 million vs. €104.1 million in 2012 (+4.9%) and EBITDA increased to €19.7 million from €13.8 million in the previous year. To be remarked however that since the beginning of the year, following an organization restructuring, some ready-mix concrete production and sale activities had been transferred from Germany to Luxembourg, whose contribution to EBITDA was equal to €1.4 million.

Moreover the 2013 figure includes non-recurring income for €2.5 million represented by the partial release of the allowance for spare parts obsolescence following the adoption of a consistent valuation within the group. Net of non-recurring items EBITDA increased by €3.4 million (+24.7%). During the period, the company realized other operating revenues equal to €0.6 million deriving from the internal sale of CO₂ emission rights (nil in 2012). On the production costs front, the trend was favorable for fuels (-10%) while electric power price was virtually stable.

Total investment in 2013 amounted to €6.1 million, of which €2.8 million related to the Rumelange plant bypass and €0.6 million to a new on-line slag analyzer.

The Netherlands



- READY-MIX CONCRETE PLANTS

(millions of euro)

	2013	2012	13/12
Net sales	73.2	87.5	-16.4%
EBITDA reported	-8.2	-5.5	-48.7%
EBITDA recurring	-4.9	-5.5	-10.9%
% on net sales	-6.7	-6.3	
Capital expenditures	1.8	6.0	-70.8%
Headcount end of period	no. 253	280	-9.6%

The Netherlands

The prolonged weakness in domestic demand, high debt in the construction industry, decline in real estate values and difficulties in the financial sector, strongly exposed to the construction sector, all had depressing effects on economic activity, which was reflected in the recession ongoing since January 2012.

The country, which also maintains the highest sovereign credit in Europe thanks to strong fundamentals and the good state of its public finances, also closed 2013 with a negative GDP (-1.3%). Investment in the construction industry remained at a low level, posting a 5.0% decline.

Our ready-mix concrete volumes at 0.67 million cubic meters were remarkably lower than in the previous year (0.79 million cubic meters) and prices fell by 3.7%. Net sales amounted to €73.2 million vs. €87.5 million in 2012. EBITDA remained negative, dropping from -€5.5 million to -€8.2 million.

To be reminded however that the 2013 figure includes among staff costs non-recurring restructuring expenses of €3.4 million. Net of non-recurring items, EBITDA posted a €0.7 million increase.

Total investments in 2013 amounted to €1.8 million.

Cement consumption

(millions of tons)

2007	5.9
2008	6.2
2009	5.4
2010	4.8
2011	5.2
2012	4.4
2013 E	4.2

● Domestic

Poland



TRADING CONDITIONS CEMENT BUSINESS

Volumes	2.5%
Prices*	-1.8%
Market share	9.0%

* in local currency

- CEMENT PLANTS
- TERMINALS
- READY-MIX CONCRETE PLANTS

(millions of euro)

	2013	2012	13/12
Net sales	101.0	109.0	-7.3%
EBITDA reported	27.1	21.8	24.6%
EBITDA recurring	23.6	21.8	8.5%
% on net sales	23.4	20.0	
Capital expenditures	5.4	3.0	80.9%
Headcount end of period	no. 374	387	-3.4%

Poland

In the second half of 2013 the country's economy showed signs of recovery after the 2012 downturn, whose roots lay in lower exports to the euro area and a fall in investment after a period of significant infrastructure projects. The 1.2% growth in GDP was supported by the recovery in exports, particularly to Germany, the country's main trading partner. From the second half growth was sustained also by domestic demand, driven by a more favorable climate of confidence, rising disposable incomes and low inflation. Investment in the construction industry was of course impacted by the comparison with the periods when activities peaked; the decrease amounted to 8.9%, while the contraction in cement consumption totaled 8.5%.

After a start of the year penalized by the comparison with a brilliant 2012, our production unit's cement deliveries, whose customers are traditionally less involved in big public works, showed a good pace, closing the year on the rise by 2.5% vs. 2012. Ready-mix concrete output instead declined by 17.4%. Average prices in local currency showed a downward trend both for cement (-1.8%) and more markedly for ready-mix concrete (-7.6%).

Such market dynamics led to a 7.3% decrease of net sales which came in at €101.0 million from €109.0 million in 2012. EBITDA stood at €27.1 million vs. €21.8 million in 2012 (+24.6%). To be reminded however that the 2013 figure includes €2.5 million non-recurring income represented by the partial release of the provision for antitrust risks referring to the penalty inflicted by the local authority in 2009, following the reduction of the fine ruled by the Regional Court of Warsaw, as well as €0.9 million non-recurring income represented by the partial release of the allowance for spare parts obsolescence, following the adoption of a consistent valuation within the group. Net of non-recurring items, EBITDA increased by €1.9 million (+8.5% over 2012), with EBITDA to sales margin improving from 20.0% to 23.4%.

Cement consumption

(millions of tons)

Year	Domestic	Import	Total
2007	16.2	0.4	16.6
2008	16.6	0.3	16.9
2009	14.9	0.2	15.1
2010	15.2	0.2	15.4
2011	18.3	0.4	18.7
2012	15.3	0.3	15.6
2013 E	14.0	0.2	14.2

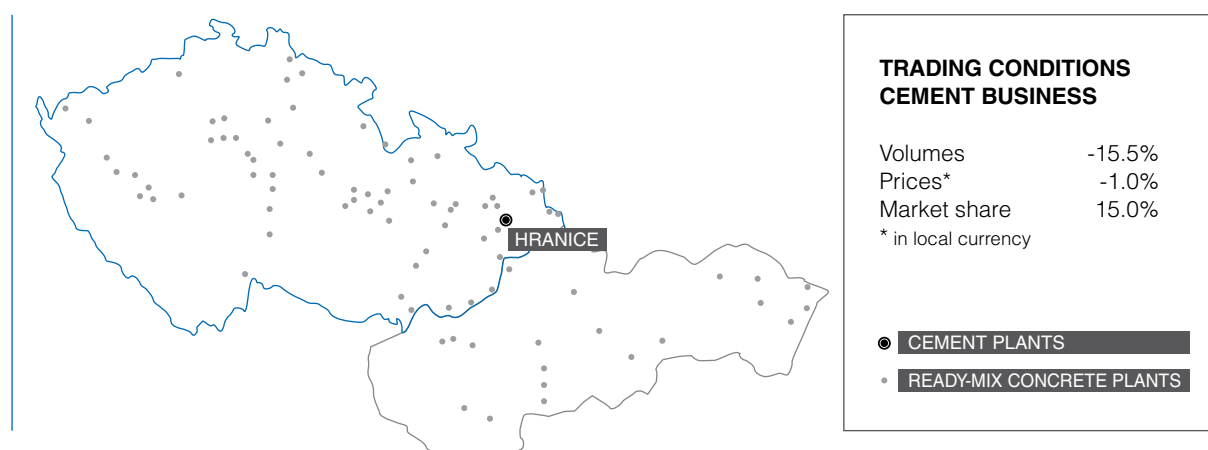
● Domestic ● Import

The slight devaluation of the zloty negatively impacted net sales and EBITDA. At constant exchange rate, they would have decreased by 7.0% and increased by 25.0% respec-

tively. During the period, other operating revenues were realized, equal to €0.4 million deriving from internal sale of CO₂ emission rights (nil in 2012). Among operating costs, fuels price increased by 2.4% while the trend of electric power cost was favorable (-10.3%). Total investment in

2013 amounted to €5.4 million, of which €0.8 million was related to the strengthening of alternative fuel feeds and by-passes, €0.5 million for a new water supply system for the plant and €0.4 million for the installation of SNCR systems to reduce emissions.

Czech Republic and Slovakia



(millions of euro)

	2013	2012	13/12
Net sales	131.8	149.6	-11.9%
EBITDA reported	19.2	25.4	-24.3%
EBITDA recurring	18.9	25.4	-25.5%
% on net sales	14.4	17.0	
Capital expenditures	5.4	3.9	39.6%
Headcount			
end of period	no. 803	855	-6.1%

Czech Republic and Slovakia

The country is going through the deepest recession since the introduction of the market economy over twenty years ago, a situation exacerbated by the austerity measures imposed by the executive. Despite strong fundamentals, economic development since 2011 has been much less lively than that of its trading partners, mainly due to weak domestic demand and lower investment. GDP recorded a further decline ending the period -1.5% down on 2012. For the third consecutive year, investment in construction

was in decline, falling by 8.2% in 2013, and building-related activities faced difficulties. The Slovak economy grew by 0.6% in 2013, slower than its +2.6% rate of 2012.

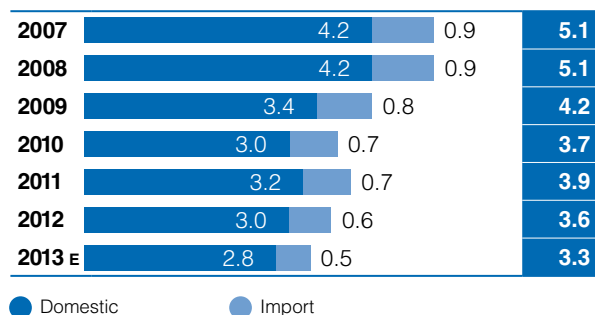
Cement consumption in the Czech Republic was down to about 3.3 million tons, more than one-third less than the 2008 peak. Our cement sales volumes declined by 15.5% from 2012 and average prices in local currency remained virtually stable (-1.0%). In the ready-mix concrete sector, which includes also Slovakia operations, the trend was less unfavorable but always negative with volumes down 4.5% but prices higher by 1.7%. Overall net sales, which were also penalized by a slight devaluation of the koruna, amounted to €131.8 million, down 11.9% from €149.6 million in the previous year. EBITDA stood at €19.2 million vs. €25.4 million in 2012 (-24.3%). The 2013 figure includes non-recurring income for €0.3 million represented by the partial release of the allowance for spare parts obsolescence, following the adoption of a consistent valuation within the group. EBITDA to sales margin lost strength and declined to 14.4% from 17.0%. During

the period, other operating revenues were realized, equal to €0.9 million deriving from internal sale of CO₂ emission rights (nil in 2012). Among operating costs, the trend of fuels was favorable (-14.4%) while electric power increased (+2.8%). The Czech koruna weakness negatively impacted the translation of the results into euro; net of foreign exchange effect, net sales and EBITDA would have decreased by 9.4% and 21.1% respectively.

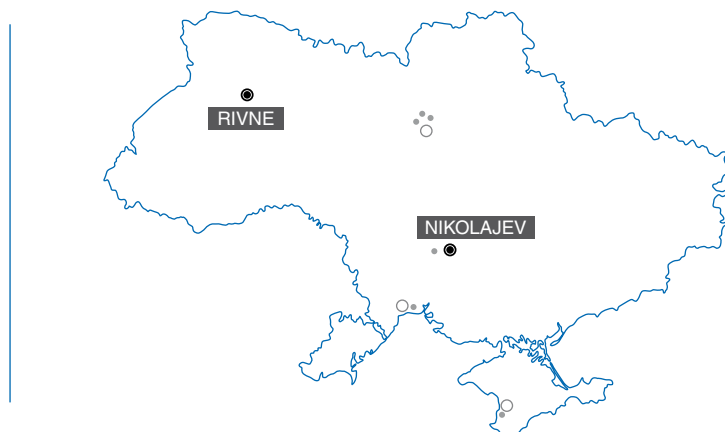
Total investment in 2013 was €5.4 million, of which €1.8 million referred to the modernization of the precalciner and €0.4 million to the installation of the SNCR for reduced emissions.

Cement consumption

(millions of tons)



Ukraine



TRADING CONDITIONS CEMENT BUSINESS

Volumes	-7.3%
Prices*	2.4%
Market share	18.0%

* in local currency

- CEMENT PLANTS
- TERMINALS
- READY-MIX CONCRETE PLANTS

(millions of euro)

	2013	2012	13/12
Net sales	123.8	134.3	-7.8%
EBITDA reported	12.3	15.8	-22.1%
EBITDA recurring	14.8	15.8	-6.3%
% on net sales	11.9	11.8	
Capital expenditures	7.8	9.0	-13.6%
Headcount end of period	no. 1,506	1,565	-3.8%

Ukraine

The low level of economic growth persisted also in 2013 and only showed slight signs of recovery in the second quarter of 2013, leading to a GDP growth rate of 0.3% for the full year. Problems

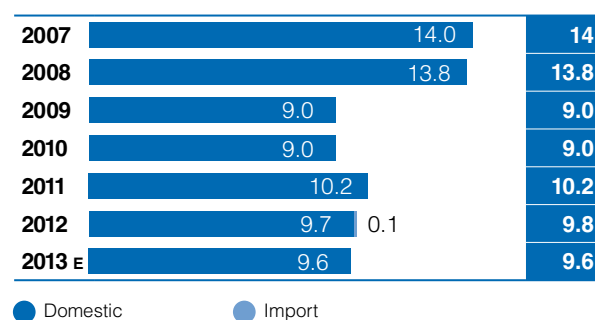
in the transition to democracy have prevented so far the implementation of essential plans for infrastructure modernization. So, from the structural point of view, the country remains technologically backward; the dominant sectors are marked by low added value and high consumption of resources, which results in increased imports of energy commodities. Growth remained restrained and affected by the imbalance of the cost of gas imports and the consequent increased public spending on gas price subsidies, financial uncertainties, progressively restrictive monetary policies and inflationary pressures.

The construction market remained weak and showed a decrease of 14.5% over the previous year, resulting in a negative trend also for building materials consumption. Cement volumes sold, thanks to some recovery in the last quarter of the year, which fea-

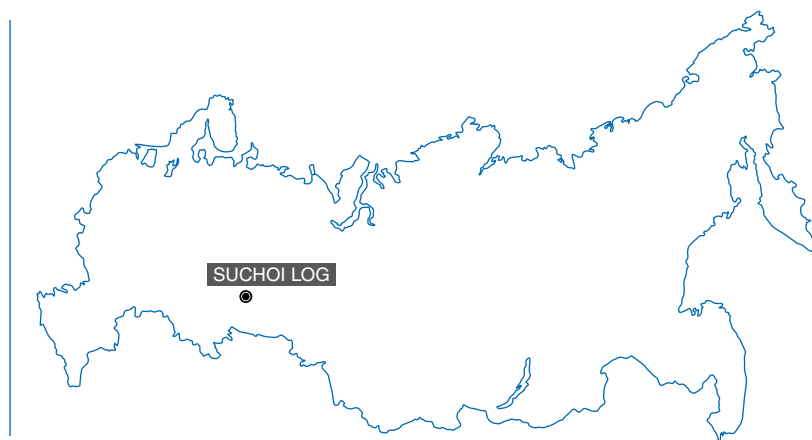
tured rather mild climate for the period, contracted by 7.3% while average selling prices had a favorable development (+2.4% in local currency). The ready-mix concrete sector, of little significance in absolute value, confirmed a positive trend with volumes up 20.7% and average prices in local currency lower by 3.2%. Net sales at €123.8 million, were down 7.8% from €134.3 million in 2012 and EBITDA decreased from €15.8 million to €12.3 million (-22.1%). To be reminded, however, that the 2013 figure includes non-recurring costs for €2.5 million relating to a litigation with the public administration about VAT on gas supplies. Net of non-recurring items, EBITDA decreased by €1.0 million (-6.5% over 2012) with a very similar EBITDA to sales margin (11.9% vs. 11.8% in 2012). The local currency depreciation penalized the translation of the results into euro: at constant exchange rate, net sales and EBITDA would have decreased by 3.9% and 17.8% respectively. As for the main operating costs, the trend was favorable for fuels (-17.8%) while electric power increased by 4.1%.

Total investment in 2013 amounted to €7.8 million, of whom €1.8 million was related to the palletizer, the cement transport system to the silos and raw materials mill at the Yug plant; €0.3 million for the modernization of the kiln control system at the Volyn plant.

Cement consumption (millions of tons)



Russia



TRADING CONDITIONS CEMENT BUSINESS

Volumes	7.3%
Prices*	5.8%
Market share	4.0%
* in local currency	

● CEMENT PLANTS

(millions of euro)

	2013	2012	13/12
Net sales	248.6	234.6	6.0%
EBITDA reported	92.6	96.1	-3.7%
EBITDA recurring	92.4	96.1	-3.9%
% on net sales	37.2	41.0	
Capital expenditures	15.3	20.0	-23.4%
Headcount end of period	no. 1,015	1,028	-1.3%

Russia

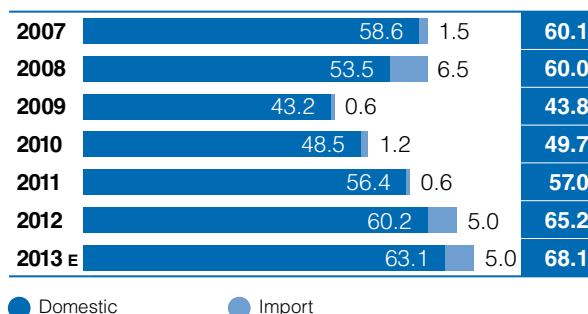
The pace of growth of the country's economy has fallen off compared with the recent past. Domestic demand, driven by a high employment rate, rising disposable income, easy access to credit and public spending fueled by revenues from crude oil and gas exports, supported the growth. However, there were increasing difficulties in replicating the model of development based heavily on oil prices and maximized use of only the existing production capacity, in a context of reduced investment and high inflation (7%). GDP showed a +1.5% increase, lower than the 3.4% reached in 2012. During the year there was some stabilization of oil prices, though at high levels, which ensured an adequate flow from exports. The construction sector ended the year slightly down (-1.5%), while cement consumption continued to grow and for the second consecutive year reached a new record of 68.1 million tons (65.2 million tons in 2012).

Our cement sales developed at a sustained pace; deliveries progressively improved in the second part of the year, closing on the rise by 7.3% from 2012. The category of

oil well cements used in the extractive industry posted a higher than the average positive variance. The good trend in demand favored a progress of average selling prices which in local currency were 5.8% higher than in 2012. Net sales at €248.6 million were up 6.0% from €234.6 million in the previous year. Ruble devaluation (-6.0%) negatively impacted the translation of results into euro. Net of foreign exchange effect, net sales increase would have been of 12.4%. EBITDA decreased from €96.1 million to €92.6 million (-3.7%). Expressed in local currency EBITDA would have posted a 2.4% increase. In May, a fire in the raw meal grinding department stopped production in the dry-process kiln for about three months. Normal running was resumed in the month of August.

Cement consumption

(millions of tons)



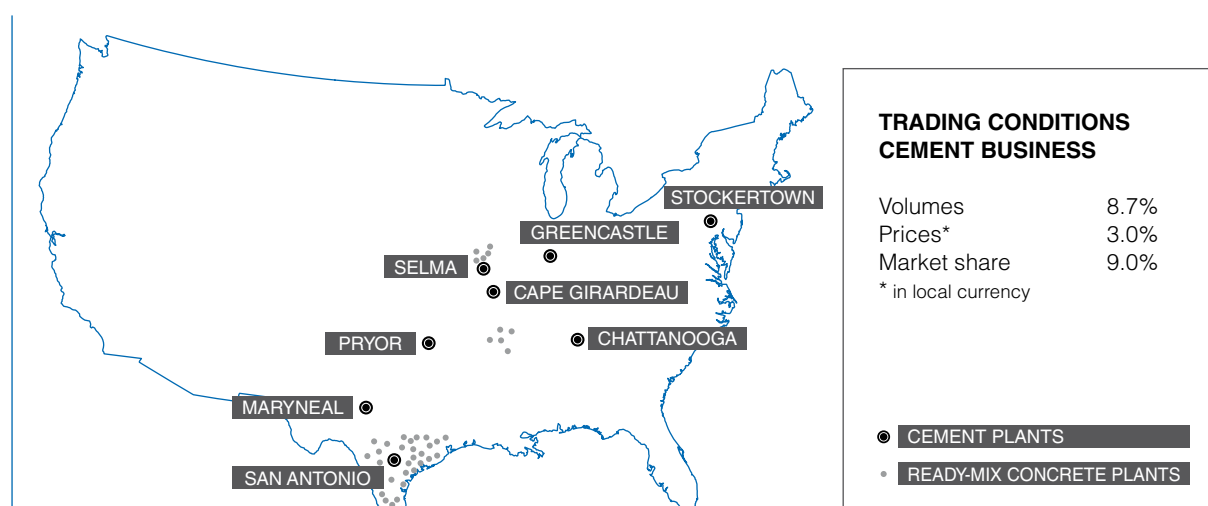
● Domestic ● Import

During the year the new mixing terminal in Omsk went on stream. The start-up phase which had been more complicated than expected did not allow to obtain a significant volumes contribution. The 2013 figure includes non-recurring income for €0.2 million represented by the partial

release of the allowance for spare parts obsolescence, following the adoption of a consistent valuation within the group. Russian operations, unfortunately penalized by a negative foreign exchange effect, confirmed an EBITDA to sales margin at the top level within the group (37.2%), although lower than in the previous year (41.0%). Among the main operating costs, energy factors trend was negative both for fuels (+7.7%) and electric power (+ 5.6%).

Total investment in 2013 was €15.3 million, of which €3.1 million for the new palletizing and bag storage facility, €2.9 million for improving and adapting line 5 to climatic conditions, €1.4 million for the purchase of railway wagons, €0.8 million for new controls for the wet mix pumps, €0.6 million for quarry mobile machinery, €0.4 million for the completion of the mixing terminal and center in Omsk.

United States of America



(millions of euro)

	2013	2012	13/12
Net sales	729.9	680.5	7.3%
EBITDA reported	151.0	123.9	21.8%
EBITDA recurring	151.0	116.1	30.1%
% on net sales	20.7	17.1	
Capital expenditures	51.7	45.2	14.3%
Headcount end of period	no. 2,274	2,282	-0.4%

United States of America

GDP growth remained high again in the last months of 2013, after the acceleration achieved in the third quarter. The positive trend was supported by the strengthening of

consumer spending, by investment and by exports, while the accumulation of inventories made a positive contribution for the fourth consecutive quarter. Unemployment continued to fall, reaching 6.7% in December, compared with 7.9% recorded at the beginning of the year. The strengthened economy has been helped by less uncertainty regarding budget policy, thanks to the suspension of the public debt threshold until March 2015.

The Federal Reserve on one hand began tapering, and on the other hand confirmed the expansionary stance of the monetary policy also in the long-term. The development of GDP reached 2.4% in 2013, a slight but steady increase over the 2.2% of the previous year. Inflation remained at a very low level. Investment in construction was up +1.3%,

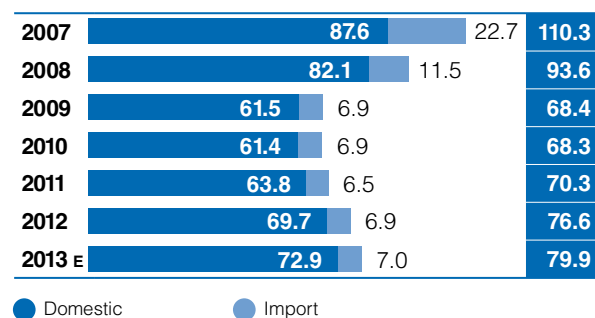
driven by the residential (+9.3%) and non-residential (1.9%) sectors, while the public infrastructure segment showed a drop of 5.2% due to reduced spending at federal, state and local levels.

In the scenario described above, the country's cement consumption was in positive figures for the third consecutive year, reaching 79.9 million tons (+4.5%). Our hydraulic binders sales, thanks to the improved pace of deliveries in the Midwestern regions and to the ongoing robust demand in the South-West of the country, where shale gas exploration and extraction industry is very lively, closed the year on the rise by 8.7%. Cement selling prices in local currency increased by 2.8%, driven by a higher capacity utilization. Ready-mix concrete output, mainly located in the Southwestern regions, showed a less dynamic volume trend (+5.0%) but more favorable prices in local currency (+6.4%). Overall net sales came in at €729.9 million from €680.5 million in 2012 (+7.3%). EBITDA improvement was very satisfactory, from €123.9 million to €151.0 million (+21.8%), Dollar depreciation (-3.4% during the year) negatively impacted net sales for €24.6 million and EBITDA for €5.1 million. The 2012 figure included however non-recurring income of €7.8 million consisting of a gain on disposal of real estate properties. Net of non-recurring items, EBITDA showed a progress of €40.0 million. Volumes increase, the favorable selling price environment, the positive trend of fuel costs which more than offset electric power hikes, and especially the lower incidence of unit fixed costs due to a higher utiliza-

tion of production capacity enhanced profitability which improved from 17.1% to 20.7%.

Cement consumption

(millions of tons)



The main investments made during the period concerned the progress of the project to upgrade production facilities to new environmental standards (National Emission Standards for Hazardous Air Pollutants) for €14.0 million, the renewal of the grinding plant at Maryneal (€4.0 million) and the purchase of new concrete mixers for €3.0 million. In December, approval was given for the modernization and expansion of the production plant at Maryneal, Texas which will increase the plant's production capacity from 0.6 million to 1.2 million tons per year and make it a world-class facility with the latest production, environmental, and safety equipment. The new line is expected to go on stream in mid-2016, aimed at meeting the increasing demand for cement for the construction and oil and natural gas industries.

Mexico



TRADING CONDITIONS CEMENT BUSINESS

Volumes	-9.0%
Prices*	-7.2%
Market share	13.0%

* in local currency

- CEMENT PLANTS
- READY-MIX CONCRETE PLANTS

(millions of euro)

	2013	2012	13/12
Net sales	467.5	538.3	-13.2%
EBITDA reported	155.0	195.0	-20.5%
% on net sales	33.2	36.2	
Capital expenditures	20.0	15.6	27.9%
Headcount end of period	no. 1,156	1,209	-4.4%

Figures at 100 %

Mexico

The unexpected deceleration was a negative surprise for the country's economy. The contraction of public spending was caused by delays in the 2013-2018 development plan, launched by the new Presidency and intended to significantly impact the oil industry, telecommunications and infrastructure.

In 2013, GDP increased by 1.2%, well below the 3.6% recorded the year before; the slowdown of the first half was followed by a recovery in the second half of the year. The factors that have contributed to the dynamism of the country's economy in recent years, such as domestic demand shored up by a growth in population and employment, positive spin-off effects on exports from the economic recovery in the United States, inflation under control (less than 4% in 2013), the country's financial system sheltered from global tensions, remain valid and give reason to believe that the slowdown of 2013 was merely transitory. Building-related activity, which in 2012 were driven by major public projects in conjunction with federal and state elections, in 2013 suffered a marked slowdown, not only in relation to public works but also in the residential sector, which was penalized by the financial distress of the major local players. Cement consumption in the country recorded a sizeable drop (-6.6%) from the record levels of 2012.

Corporación Moctezuma's cement sales volumes were down 9.0% and prices in local currency fell by 7.2%, due to poor demand and keener competition. Ready-mix concrete output showed a 3.4% decline with selling prices higher by 1.0%. Net sales and EBITDA in local currency posted a decrease of 12.8% and 20.2% respectively. The weakness of the Mexican peso negatively affected the translation of the results into euro: net sales decreased by 13.2% over 2012, from €269.2 million to €233.8 million and EBITDA was down 20.5% to €77.5 million (€97.5 million in 2012). EBITDA/sales ratio was equal to 33.2% vs. 36.2% in 2012. As for the main operating costs, the trend was favorable for fuels (-3.8%) while electric power increased by 5.6%.

During the year under review, for our 50% proportionate share, capital expenditures included the purchase of raw material reserves and other industrial land for €1.3 million, the replacement of a kiln ferrule in Cerritos for €1.1 million, a new petcoke storage facility in Veracruz for €1.1 million and the purchase of concrete mixers for €0.7 million.

Cement consumption

(millions of tons)

2007	36.8
2008	35.1
2009	34.4
2010	33.9
2011	34.4
2012	37.8
2013 E	35.3

● Domestic

Algeria

In 2013, the Algerian cement market continued to grow, thanks mainly to the major infrastructure works commissioned and financed by the Government. The local production of cement was unable to meet market demand, so the country turned to imports. In 2013, cement consumption was estimated at around 22 million tons, a 5% increase over the previous year. Cement imports in 2013 amounted to about 4.3 million tons, compared with 2.8 million in 2012 (an increase of 55%). The “cement shortage” is currently estimated at around 5 million tons.

Development plans for the sector, announced on several occasions by government sources, envisage the construction of 8 new lines for a total of about 8 million tons of capacity; these plans also provide that the construction contract will be entrusted to the public sector holding GICA, along with Algerian private entrepreneurs, with foreign players, if any, as minority shareholders.

In 2013 the two associated companies in which Buzzi Unicem has a 35% equity interest achieved positive results,

despite production being down from the previous year – particularly in Sour El Ghozlane – because of equipment reliability problems. The Hadjar Soud cement plant produced 1,025,000 tons of cement against 1,120,000 tons in the previous year; clinker production stood at 782,000 tons, 6% down from the previous year. The Sour El Ghozlane cement plant again reported a contraction in production results, due to a major maintenance shutdown. Cement production stood at 856,000 tons, down 5% from 2012, while clinker output was 673,000 tons, a reduction of 10% over the previous year. Based on this production trend, with reference to 100% of both the associates and the separate financial statements thereof, the year 2013 closed with net sales of €95.9 million (-2.4% compared with 2012) and EBITDA of €36.9 million (-25.3% compared with 2012).

Forecasts for 2014 indicate an improvement in production compared with the year ending, despite the fact that the Sour El Ghozlane plant will suffer significant shutdowns in 2014 due to the completion of investment projects aimed at improving production and environmental efficiency.

Human Resources

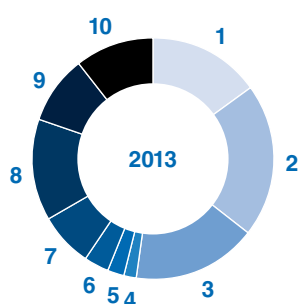
Human Resources management and development in 2013 were consistent with the trends of the group companies. In each country where Buzzi Unicem has operations, the deepening crisis, the management of turnarounds - whether positive or negative - the consolidation of good performance and more or less marked growth signals from business and results have consistently influenced the programs, relations and organizational actions regarding employees.

Italy in 2013 was, unfortunately once again, the country afflicted with the greatest difficulties; recourse to temporary and extended layoff funds intensified and new procedures for collective redundancies were initiated, with a real decrease in the total workforce of 5.4% compared with 2012 (-17.3% compared with 2009, the first year of sharp decreases in production volumes). On March 30, 2013 the national collective bargaining agreement was renewed in the cement industry. Negotiations were carried out and completed without particular instances of conflict. The economic downturn led to the cancellation of negotiations for the renewal of the performance bonus (expired on December 31, 2008), but a settlement was reached for

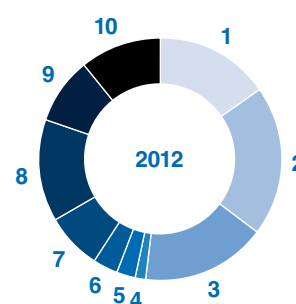
the extension of the current agreement to December 31, 2013. Intensive personnel training programs have continued, especially in relation to the issues of job safety.

In the United States the economic recovery continued, a trend that had positive effects also on the construction industry. Buzzi Unicem, while still far from its maximum in terms of workforce employed, limited its recourse to temporary layoff funds to 3 periods of about one month each, for about 45% of the workforce at the plant in Chattanooga, TN. Two collective agreements were signed for employees at Cape Girardeau, MO and for the ready-mixed concrete business in Memphis, TN. 2013 proved to be a watershed year for personnel management activities: the priority has indeed become the research and selection of people with the necessary competences to develop professional skills, so as to be able to take on key positions in the future, including senior posts. During the year 52 substitutions were made, with external recruitment or promotion of internal staff; work is going ahead with plant managers on a detailed program of employee development, in view of the difficulty to find outside professional figures with skills and experience suitable for our sector.

Headcount by region at year end



1	Italy	1,677
2	United States of America	2,274
3	Germany	1,851
4	Luxembourg	185
5	Netherlands	253
6	Poland	374
7	Czech Republic and Slovakia	803
8	Ukraine	1,506
9	Russia	1,015
10	Mexico (100 %)	1,156



1	Italy	1,774
2	United States of America	2,282
3	Germany	1,888
4	Luxembourg	158
5	Netherlands	280
6	Poland	387
7	Czech Republic and Slovakia	855
8	Ukraine	1,565
9	Russia	1,028
10	Mexico (100 %)	1,209

In Dyckerhoff the final stage of 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. 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. Eighty directors were evaluated by 736 employees; participation stood at 77%. In April 2014 the first stage of the new session will begin. 2013 saw the launch of the planned professional development program for 16 people, selected from among directors and specialists in key positions in the plants at Dyckerhoff, Ukraine.

The total workforce of the group at the end of 2013 was 333 units less than that of the previous year; along with the reduction already underlined in Italy, there was a slight

decrease in Germany (-2%) and more pronounced ones in Slovakia (-12%) and the Czech Republic (-5%) due to a freeze on hiring turnover as a result of the downturn in the ready mix concrete industry. Employee numbers in other countries have not undergone significant changes.

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

	2013	2012
Turnover ¹	12.8%	11.6%
Days of absence ²	83,956	79,843
Training days ³	47,458	43,787

¹ Ratio of outgoing employees to workforce at 31 Dec. 2013

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.

In July 2013 Buzzi Unicem obtained the CE marking for the Next product line, a highly innovative sulfoaluminate-based binder, characterized by reduced CO₂ emission and specific performance. The certification was issued after a process of experimentation and tests conducted in the laboratory at Trino (VC) over 3 years. Buzzi Unicem is the first company in Europe to have obtained the CE marking for these structural use sulfoaluminate binders, demonstrating the feasibility of their industrial production in compliance with the strict limits of composition, performance and durability characteristics of concrete.

The obtainment of the CE marking paves the way for the possible uses of these cements in concrete structural works, especially in those applications where the rapid development of resistance is an essential requirement. R&D in 2013 was also strongly oriented towards deeper study of the behavior of these Next cements in terms both of structure and durability, through significant cooperation with the Polytechnic of Turin and Milan.

The company continues to monitor the feasibility of the use of supplementary cementitious materials derived from natural raw materials or industrial processes, aimed at further reducing the clinker/cement factor but without compromising performance and durability.

In 2013 new cements were put on the market, characterized by reduced clinker content through the use of pozzolanic materials based on selected fly ash. These cements have particular properties such as low heat hydration, high resistance to chemical attacks and prolonged workability time, in addition to higher environmental sustainability properties by virtue of a lower clinker content compared with Portland cement.

The finalization of the so-called "Cem X" proceeds; this is a 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.

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 area, some very innovative projects are currently underway, co-financed by the Piedmont Region and coordinated by Buzzi Unicem. They include the ambitious "Dualcem" project, which is concerned with the prototyping of a concrete with self-healing properties. Self-healing materials are in fact becoming increasingly widespread, from biological fields (e.g. the bones of animal skeletons) to the industrial sphere, where numerous polymers possess these properties. Self-healing concrete will be a material capable of preventing the appearance of cracks and the penetration of aggressive chemicals, thanks to the presence of special additions or technical adaptations that trigger when needed. This will allow a "second life" in the event of mechanical shock and will ensure prolonged durability and greater safety for users. The preliminary results of the project are interesting, having shown the research consortium that it is possible to introduce self-repair properties into concrete and quantify the extent of these properties.

Buzzi Unicem is represented in all major national and international bodies dealing with legislation and certification. The Research, Development and Technology administration has responsibility for all projects in the R&D area as well as the coordination of the central laboratories of Guidonia and Trino (Buzzi Unicem) and Wiesbaden (Dyckerhoff).

In the course of 2013, new developments arose with respect to ready-mix concrete: alongside new software that allows the latest technological knowledge to be applied to the design of the thousands of products used in all the Italian plants, the new process experimentation model (recipe check-up) became operational, aimed at the pre-

diction of performance results - and the immediate review of recipes - based on the properties of the components, rather than just the retrospective checking of the product supplied.

During the year, a new and original system of concrete performance classification was developed, going under the name of "SMART System." It allows the user to define unequivocally for each product, in addition to the list of basic performance requirements, the properties explicitly required or implicitly associated with each application and the different conditions of use. Our researchers have conducted numerous targeted experiments for most of the requirements identified in this way (performance "smarties"), in order to establish basic relationships with the properties of the components and the mix design choices. The resulting design guidelines, which facilitate the fulfillment of requirements, have been the subject of in-depth training

initiatives aimed at all technologies of the operating areas. In addition, we have developed and standardized a number of new concretes for specific applications specially for flooring and foundation structures, and these have been added to the company's product range.

Applied research projects have continued, aimed at achieving equivalent performance at lower cost by using the adaptive mixing of several cements and additives and the revision of times of addition to the mix. In addition to this a system has been developed for the automatic analysis of possible recipes with alternative components, capable of calculating the cumulative annual economic advantage for a given guaranteed performance (smarties). While scientific and technical collaboration continues and develops with design firms responsible for significant contracts, various research collaborations also continue with the Universities of Florence, Pisa, Milan, Turin, Rome.



Ecology, Environment and Safety

Since 1997 Buzzi Unicem has been committed to responsible management regarding the sustainable development of its products and its production and organization processes. In fact, the economic, environmental and social pillars have always formed the founding principles of the group and represent an indispensable prerequisite for the “legitimate right to operate” linked to business excellence and the ongoing suitability and effectiveness of the company’s standards.

In 2013, pursuant to the goals and commitments of the “Environment and Safety Policy”, the environmental management systems - especially safety - were further optimized and developed, in accordance with the requirements of ISO 14001 and OHSAS 18001 international standards, with the ongoing commitment and cooperation of the various business functions and staff of external companies, duly instructed through specific training modules. Undoubtedly, these operational synergies and shared responsibilities, essential for the achievement of coherent human resource management and the integration of technical and manufacturing needs with regulatory requirements, ensure the future maintenance and improvement of existing performance indicators, which are already high and broadly in line with the best classes of the industry; this, together with the knowledge that the issue of workers’ health and safety now forms an unquestionable set of values as well as an essential and unavoidable prerequisite of the proper culture of “doing business”.

In view of this, the cement plant in San Antonio (Texas) was awarded the “Safety Performance Award”, thanks to the widespread implementation of accident prevention programs and the excellence of safety levels achieved, compared with those of the 101 other factories in the United States and Canada.

Despite the difficult economic environment, in 2013 significant resources were used to reconcile technical and manufacturing needs with those of ecosystem protection, in order to ensure the control and restriction of the most significant environmental impacts and for the gradual technological upgrading of plants to industry “Best Available Techniques”. Particular attention is focused on reducing the consumption of natural resources, minimiz-

ing waste production and emissions and increasing the use of alternative energy sources in place of fossil fuels.

The main technical and managerial operations carried out by group companies involve: the modification of the precalciner kiln at Barletta; the use of ammonia solution in Italian SNCR systems as the most efficient agent for reducing nitrogen oxide emissions; the new filter for kiln 4 at Deuna (Germany); the introduction of alternative fuels (50,000 tons of ‘fluff’ per year and the new cement separator at Volyn (Ukraine); the Omsk (Russia) terminal, designed to receive approximately 500,000 tons per year of cement transported by rail for 900 km from the cement plant at Suchoi Log.

Additionally, in the United States, a new system was completed for the recovery and transport of clinker at the plant in Selma (Missouri). Especially important are the series of projects being developed to ensure compliance with stringent regulations (National Emission Standards for Hazardous Air Pollutants - NESHAP), introduced in February 2013 for emissions of mercury, organic compounds, hydrochloric acid and airborne solid particulates from clinker burning; this involves the installation of modern pulse-jet bag filters, continuous emissions monitoring systems and the implementation of appropriate operational procedures for the systematic physico-chemical characterization of raw materials and fuels.

In line with the primary requirements of the green economy, enhancements have also been applied to the eco-efficiency and eco-friendliness of the environmental characteristics of the core business, i.e. cement and concrete products and natural aggregates. In fact, in addition to the EPD (Environmental Product Declaration) certification of cements produced in Italy and Germany, based on objective and verifiable data throughout the entire life cycle (see the Life Cycle Assessment study), the environmental performance of products in the Next line carry a guarantee of excellence. The release of the CE marking will demonstrate the feasibility of sulfoaluminate cement production, in full compliance with strict quality and performance standards, with durability characteristics similar to those obtained with Portland cements.

Finally, the group participated in “The Role of Cement in the 2050 Low Carbon Economy”, a project aimed at

making the European cement industry more sustainable by using current and future technologies to reduce CO₂ emissions arising from the cement production process. A further aim is the construction of concrete structures with lower energy consumption.

Structured initiatives were also developed for the “sustainable” design of products, with assessments of possible interrelations with the “environmental factor”. One such project was “HelioClean”, aimed at acquiring new knowledge on the abatement of nitrogen oxides on the walls of buildings, thanks to the use of concrete surfaces treated with small amounts of titanium dioxide-based photocatalysts.

In this context, mention can be made of major awards confirming the company's ongoing commitment in this regard, such as the “Climate Disclosure Leadership Index”, which saw Buzzi Unicem ranking for the second year among the top 10 companies (of the 4000+ analyzed by the “Carbon Disclosure Project) for the proactive management of issues related to climate change. The “Energy Star” certification was assigned by the U.S. Environmental Protection Agency - EPA together with the U.S. Department of Energy - DOE to the cement plants in Chattanooga, Selma, Maryneal and Pryor, for their compliance with environmental standards for over three years and their distinction as leaders in the strategic management of energy for the protection of future generations.

Excellent results were also achieved in the safeguarding of biodiversity, with the re-naturalization of the sites used for the supply of raw materials, now made available and usable by the community.

In Italy, the Administration of the Municipality of Sant'Albano Stura (CN) rewarded Buzzi Unicem for the creation of the “La Madonnina” natural oasis, which, thanks to the installation of bird-watching infrastructure, has made this area one of the most important wetlands in Piedmont and a haven for ornithologists, experts, families and children, who can enjoy a pleasant environment for recreation and rest.

Consistent attention to the environment was recognized also in the United States, through the awarding of the “Wildlife at Work” certification to the cement plant in Cape Girardeau for its efforts to conserve and restore wildlife habitat on company land, through the reintroduction of the Alligator Gar in eastern Missouri; and the awarding of the “Corporate Lands for Learning” certification to the Stockertown plant for the promotion of innovative education and learning techniques through the creation of an outdoor laboratory for high school students, focusing on the interaction between heavy industry and environment.

Finally, consistent with this model of sustainability, Buzzi Unicem wished to enhance the excellence and quality of its certified processes and products, with the publication of the 10th edition of the Sustainability Report; in fact, through the reporting of economic, environmental and social issue indicators, this paper gives a cross-section of performance levels in detail and with total transparency. It also represents a strong means of communication with stakeholders, in the conviction that the group is doing well but can do even better, by setting as a main objective the continuous improvement of its performance and the effectiveness of the prevention and protection measures it has adopted.

Internal Control and Risk Management System

The internal control and risk management system of Buzzi Unicem is the set of rules, procedures and organizational structures designed to ensure sound and proper business conduct through a proper process of identification, measurement, management and monitoring of the main risks, in a manner consistent with set objectives, so as to ensure the safeguarding of assets, the efficiency and effectiveness of business operations, reliability of financial reporting and compliance with laws and regulations.

The Board of Directors has ultimate responsibility for the system of internal control and risk management, and performs the duties provided by the new Code of Conduct, availing itself of the support of its internal bodies, such as the control and risk committee, the director responsible for the internal control and risk management system, and the internal audit function.

Buzzi Unicem is a group active not only in Italy but also in several foreign countries through subsidiaries and associated companies. Given the complexity of the group, the structure of the internal audit function has been adapted to local requirements. It is organic and balanced, is not subject to restrictions, and is entitled to unlimited access to information. The methods and audit techniques used are aligned with international standards.

To reduce the risk of a breach of regulations, laws or contractual agreements, Buzzi Unicem and its subsidiaries apply compliance tools, including the code of conduct, code of ethics, antitrust code, training courses, controls on procedures and in certain subsidiaries, the use of databases for the recording of any contacts with the competition. These instruments are used in the different local businesses based on the assessment of the specific risks.

In accordance with the principles of modern corporate governance, governing bodies, such as the Board of Directors of Buzzi Unicem, as well as those of its main subsidiaries, regularly inform the supervisory bodies on the functionality and the need for updates to the system of internal control and management risks.

As part of the internal control system, our corporate risk management takes the concrete form of a 6-monthly procedure of risk inventory taking, control and reporting, all based on a strategy for overall, known and accepted risk.

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 group divisions identified as significant 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 financial statements 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 financial statements 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 financial statements. 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 2013 there was a decreasing 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 diminishing in 10 of the 16 categories used.

The risk on capital expenditure is decreasing, thanks to the reduction of the net book value in Germany, attributed to the parts of the plant that are not used. It refers to canceled or suspended expansion projects.

In Italy there has been an increased risk of loss of capital invested in banks, mainly due to the increase in the average liquidity of the banking system. A new risk has been foreseen, though with a low probability of occurrence, regarding the repayment of the convertible bond; it concerns the eventuality in which the Buzzi Unicem share price exceeds a certain threshold and the company decides to repay in cash.

There has been a decline in the risk of a possible breach of covenants on USPP loans. On the currency front there is an increased risk of negative impacts of the exchange rate, resulting from the conversion into euro of financial statements expressed in foreign currencies; in parallel there has been a decrease in the risk of higher costs to be incurred for the payment of invoices in foreign currencies.

In Italy there is a growing risk of reduced cement consumption as a result of adverse developments in the national economy and the construction sector in particular. Operational risks (price and volume) relating to our operations in the Czech Republic have decreased. In the United States there is a diminishing risk of reduced public spending in infrastructure. The monitoring system no longer covers risks related to the extraordinary costs of company reorganization, following the “delisting” of the subsidiary Dyckerhoff AG. Estimates of the antitrust procedure managed by the European Commission are stable, while in the Netherlands there are increasing risks for possible antitrust penalties relating to investigations conducted by local authorities. In the parent company, there is a risk of having to pay Dyckerhoff minority shareholders an adjustment of the price of shares acquired through the squeeze-out procedure.

In Russia, there is a reduction in risk due to insufficient availability of railway wagons for cement transportation. In the United States there are increasing risks due to increases in the prices of raw materials, and also because of possible loss of production due to lack of spare parts and other supplies. In Germany there is a growing risk of electricity cost increases, while in Russia the risk is rising for possible increases in the price of gas. Finally, there has been a general reduction in tax risks in Italy, the United States and Ukraine.

Following the containment measures already implemented or envisaged by the managements and divisions of the group, through insurance policies and balance sheet provisions, 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 parties are given in note 48 of these consolidated financial statements.

Outlook

In this first part of 2014, cement and ready-mix volumes sold increased by some percentage points. However a more detailed analysis of this trend highlights a quite different situation in the various markets where the group operates: volumes growth in Central Europe, Poland and the Czech Republic thanks to an unusually mild climate; decline in the United States where, on the opposite, temperatures and winter precipitation have been the worst in twenty-five years; progress in Italy, thanks to both weather conditions and comparison with the 2013 extremely low levels; sales close to the previous year's levels in Ukraine and Russia, where the effects of the serious political crisis are expected in the forthcoming months; good signs of recovery in Mexico. To be remarked that, in addition to the weather factor, in the current year Easter holidays fall in April vs. March in 2013, which will have a favorable impact on a QoQ comparison. An easier understanding of demand trend signs will thus be possible only at the end of the first six months, when seasonality effect mitigates.

In Italy the problems facing the building sector continue to be very serious, deep and of no easy solution. The market is forecast to still show a negative trend, although the decline will probably be less steep and poised for a gradual stabilization. The rationalization and efficiency measures already implemented or under study will allow to partly mitigate a very challenging scenario of volumes and prices. We aim also at remarkably reducing the amount of losses on trade receivables which in 2013 reached high levels. Operating cash flow, although still very unsatisfactory, should show some improvement.

In Central Europe markets, based on our estimates, volumes and average prices will be not lower than in the previous year, which should translate into a favorable variance of operating results as compared with those of the year just closed.

In Eastern Europe, we envisage in both Poland and the Czech Republic a level of activities in gradual improvement, as expected in most EU countries, with the former showing more dynamism, which could favor a resilience of prices, at present among the lowest compared with the European average. The Czech Republic should finally show signs of stabilization, but no sizeable progress in results can be foreseen, also due to a foreign exchange projected to be more penalizing than for Poland.

In Ukraine the political situation precipitated in the last weeks. Despite such turbulences, for the time being production activities and deliveries in our plants continue quite smoothly, apart from the shipping terminal located in Crimea. Such events have intensified the uncertainties and the outlook remains subject to almost unpredictable developments and abrupt changes. Should the devaluation of the local currency, which already lost more than 30% vs. 2013, continue in the next months, operating results translated into euro will very likely be lower than in the previous year.

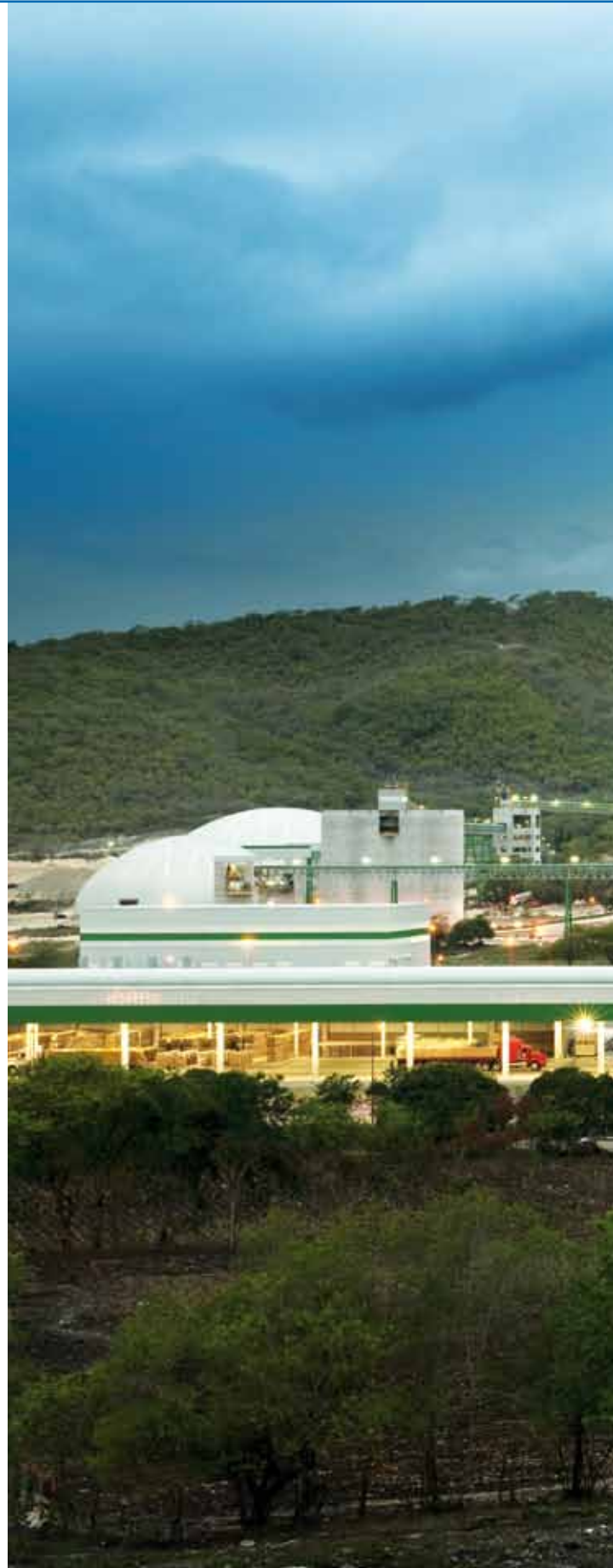
Russia, especially the Sverdlovsk region where we operate, should keep a positive trend and thus confirm, in local currency, an excellent operating profitability also in 2014. However the recent turbulences and disagreements with the West will entail downside risks for the country's economic growth. Moreover, the drastic depreciation of the ruble (devaluation of about 20%), if confirmed in the forthcoming months, will make it very difficult to maintain results translated into euro at a level similar to that of 2013.

In the United States of America, economic indicators point quite clearly to a recovery of the residential sector which should be followed by a rebound also of commercial building. Moreover, at the end of February, President Obama proposed to increase infrastructure spending. Most of our sales are addressed to markets with moderate development rates; only the Texas share is bound to grow more remarkably. In the current year results in dollar should continue improving, but unfortunately the risk of an unfavorable foreign exchange effect remains high.

In Mexico, prospects are for the economy to resume growing at a rate more sustained and consistent with the Country's potential. The construction sector should show a progressive improvement, remaining however below the 2012 level. Thanks to higher volumes, and considering the penalizing prices 2013 exit prices, we aim at confirming the previous year's operating profitability in local currency.

Based on the above considerations, which outline a favorable market in the United States, the start of a gradual recovery in the European Union with Italy near the trough, worrisome uncertainties in Eastern Europe, es-

pecially Ukraine, and finally heavy penalizations due to unfavorable foreign exchange trend, we deem that the next financial year could report recurring operating results similar to or slightly better than those posted in 2013.







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Financial Information

Consolidated Balance Sheet

	Note	Dec 31, 2013	Dec 31, 2012
thousands of euro			
Assets			
Non-current assets			
Goodwill	7	532,752	584,199
Other intangible assets	7	14,129	12,425
Property, plant and equipment	8	2,973,736	3,208,706
Investment property	9	29,249	19,299
Investments in associates	10	174,449	202,944
Available-for-sale financial assets	11	2,557	3,513
Deferred income tax assets	27	44,604	66,244
Other non-current assets	13	54,941	55,284
		3,826,417	4,152,614
Current assets			
Inventories	14	408,378	437,565
Trade receivables	15	410,419	439,383
Other receivables	16	107,106	116,085
Available-for-sale financial assets	11	730	86,989
Derivative financial instruments	12	-	2,307
Cash and cash equivalents	17	554,745	556,193
		1,481,378	1,638,522
Assets held for sale	18	2,113	11,546
Total Assets		5,309,908	5,802,682

	Note	Dec 31, 2013	Dec 31, 2012
thousands of euro			
Equity			
Equity attributable to owners of the company			
Share capital	19	123,637	123,637
Share premium	20	458,696	458,696
Other reserves	21	41,219	156,324
Retained earnings	22	1,642,079	1,694,273
Treasury shares		(4,768)	(4,768)
		2,260,863	2,428,162
Non-controlling interests	23	113,332	174,461
Total Equity		2,374,195	2,602,623
Liabilities			
Non-current liabilities			
Long-term debt	24	1,356,335	1,385,154
Derivative financial instruments	12	77,118	22,310
Employee benefits	25	382,214	437,640
Provisions for liabilities and charges	26	89,018	126,239
Deferred income tax liabilities	27	390,152	403,282
Other non-current liabilities	28	13,917	16,655
		2,308,754	2,391,280
Current liabilities			
Current portion of long-term debt	24	196,617	288,146
Short-term debt	24	-	70,685
Derivative financial instruments	12	677	4,994
Trade payables	29	230,333	244,713
Income tax payables	30	8,045	11,223
Provisions for liabilities and charges	26	45,840	40,342
Other payables	31	145,447	148,676
		626,959	808,779
Total Liabilities		2,935,713	3,200,059
Total Equity and Liabilities		5,309,908	5,802,682

Consolidated Income Statement

	Note	2013	2012
thousands of euro			
Net sales	32	2,753,050	2,813,446
Changes in inventories of finished goods and work in progress		(4,905)	24,472
Other operating income	33	107,405	76,165
Raw materials, supplies and consumables	34	(1,137,536)	(1,214,395)
Services	35	(678,904)	(706,712)
Staff costs	36	(466,695)	(446,454)
Other operating expenses	37	(91,255)	(91,451)
Operating cash flow (EBITDA)		481,160	455,071
Depreciation, amortization and impairment charges	38	(331,401)	(258,027)
Operating profit (EBIT)		149,759	197,044
Gains on disposal of investments	39	4,563	761
Finance revenues	40	51,571	56,382
Finance costs	40	(162,022)	(182,463)
Equity in earnings of associates	41	6,385	6,124
Profit before tax		50,256	77,848
Income tax expense	42	(79,233)	(75,883)
Profit (loss) for the year		(28,977)	1,965
Attributable to:			
Owners of the company		(50,678)	(28,475)
Non-controlling interests		21,701	30,440
euro			
Earnings per share	43		
basic			
ordinary		(0.31)	(0.18)
savings		0.03	0.03

Consolidated Statement of Comprehensive Income

	2013	2012
thousands of euro		
Profit (loss) for the year	(28,977)	1,965
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	50,674	(83,491)
Income tax relating to items that will not be reclassified	(19,355)	26,648
Total items that will not be reclassified to profit or loss	31,319	(56,843)
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(127,909)	4,949
Income tax relating to items that may be reclassified	1,316	427
Total items that may be reclassified subsequently to profit or loss	(126,593)	5,376
Other comprehensive income for the year, net of tax	(95,274)	(51,467)
Total comprehensive income for the year	(124,251)	(49,502)
Attributable to:		
Owners of the company	(138,730)	(84,635)
Non-controlling interests	14,479	35,133

Consolidated Statement of Cash Flows

	Note	2013	2012
thousands of euro			
Cash flows from operating activities			
Cash generated from operations	44	430,637	418,103
Interest paid		(97,595)	(98,102)
Income tax paid		(76,400)	(67,012)
Net cash generated from operating activities		256,642	252,989
Cash flows from investing activities			
Purchase of intangible assets	7	(5,542)	(2,366)
Purchase of property, plant and equipment	8	(158,848)	(144,868)
Acquisition of subsidiaries, net of cash acquired		(58)	850
Purchase of other equity investments	10	(396)	(1,281)
Proceeds from sale of property, plant and equipment		11,399	27,803
Proceeds from sale of equity investments		27,795	1,335
Capital grants received		502	31
Changes in available-for-sale financial assets	11	87,898	(86,978)
Changes in financial receivables		2,039	(4,824)
Dividends received from associates	10. 40	6,470	5,871
Interest received		19,778	15,981
Net cash used in investing activities		(8,963)	(188,446)
Cash flows from financing activities			
Proceeds from long-term debt	24	219,951	432,827
Repayments of long-term debt	24	(285,014)	(407,821)
Net change in short-term debt	24	(70,666)	(7,942)
Changes in financial payables		7,568	15,093
Changes in ownership interests without loss of control		(66,650)	(86,344)
Dividends paid to owners of the company	45	(12,473)	(10,271)
Dividends paid to non-controlling interests		(20,780)	(36,264)
Net cash used in financing activities		(228,064)	(100,721)
Increase (decrease) in cash and cash equivalents		19,615	(36,178)
Cash and cash equivalents at beginning of year		556,193	592,028
Translation differences		(21,060)	343
Change in scope of consolidation		(3)	-
Cash and cash equivalents at end of year	17	554,745	556,193

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, 2012	123,637	458,696	161,708	1,824,264	(6,180)	2,562,125	224,742	2,786,867
Profit (loss) 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)
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
Profit (loss) for the year	-	-	-	(50,678)	-	(50,678)	21,701	(28,977)
Other comprehensive income for the year, net of tax	-	-	(119,469)	31,416	-	(88,053)	(7,221)	(95,274)
Total comprehensive income for the year	-	-	(119,469)	(19,262)	-	(138,731)	14,480	(124,251)
Dividends paid	-	-	-	(12,474)	-	(12,474)	(20,780)	(33,254)
Withholding tax on foreign dividends	-	-	-	(3,474)	-	(3,474)	-	(3,474)
Acquisition of non-controlling interests	-	-	-	(12,748)	-	(12,748)	(54,835)	(67,583)
Other changes	-	-	4,364	(4,236)	-	128	6	134
Balance as at December 31, 2013	123,637	458,696	41,219	1,642,079	(4,768)	2,260,863	113,332	2,374,195

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 27 March 2014.

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 and the presentation of two separate schemes, i.e. a traditional income statement and a statement of comprehensive income; 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, to give a better representation of the financial position and economic performance of the group.

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 2013

- IFRS 13 Fair value measurement (effective prospectively from 1 January 2013). It improves consistency and reduces 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. Its adoption had no material effect on the measurement of these financial statements items, but only an impact on the disclosures.
- 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. The adoption of this interpretation has had no material impact on the consolidated financial statements presented herein.
- 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. In particular: clarifications about comparative information based on IAS 1 Presentation of financial statements and clarifications on spare parts stand-by equipment and servicing equipment treatment that shall be capitalized when they meet the definition of IAS 16 Property, plant and equipment or otherwise classified as inventory. The adoption of these amendments as well as the other improvements hasn't had a material effect on these financial statements and has been treated as change in estimates according to IAS 8.32.

The following standards, amendments and interpretations are mandatory for the first time effective from 1 January 2013, but they are not relevant for the group and/or have had no impact on the consolidated financial statements presented herein.

- IAS 12 (amendment) Income taxes, deferred tax: recovery of underlying assets.
- IFRS 7 (amendment) Financial instruments: disclosures, offsetting financial assets and financial liabilities.

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

- IFRS 9 Financial instruments and subsequent amendments. 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. In October 2010 the IASB issued requirements on the accounting for financial liabilities; the main change relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss, which shall be presented directly in other comprehensive income, without affecting the income statement. In November 2013 the IASB published amendments to IFRS 9 Financial instruments (hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39). This version includes the new hedge accounting requirements and removes the 1 January 2015 mandatory effective date. Early adoption is still permitted; entities can choose to apply only the accounting for gains and losses from own credit risk without applying other requirements of IFRS 9 at the same time. IFRS 9 is likely to affect accounting of financial assets and the group is yet to assess its full impact. At the date of this report the European Union has not yet endorsed the amendment.

- IAS 27 (revised) Separate financial statements (effective from 1 January 2014). 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 2014). 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 2014) 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 2014), 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. Considering the interests in joint ventures held during 2013, had the group applied IFRS 11 for the current year, net sales would have decreased by €242,960 thousand, operating profit by €63,305 thousand and total assets and liabilities by €134,421 thousand and €58,964 thousand respectively. However, the adoption of IFRS 11 will have no impact on equity and profit attributable to owners of the company.
- IFRS 12 Disclosure of interests in other entities (effective from 1 January 2014). 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 2014). 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.

- 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.
- 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'.
- IAS 36 (amendment) Impairment of assets, recoverable amount disclosures for non-financial assets (effective from 1 January 2014). The amendment address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal (as required by IFRS 13 Fair value measurement).
- IAS 39 (amendment) Financial Instruments: recognition and measurement, Novation of derivatives and continuation of hedge accounting (effective from 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

At the date of this report the European Union has not yet endorsed the following amendments and interpretations.

- IFRIC 21 Levies (effective from 1 January 2014), an interpretation on the accounting for levies imposed by governments. It clarifies what the obligating event is that gives rise to pay a levy and when should a liability be recognized.
- IAS 19 (amendment) Employee Benefits, defined benefit plans: employee contributions (effective from 1 January 2015). The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary.
- Annual Improvements 2010–2012 Cycle (effective from 1 January 2015); a collection of amendments to IFRSs, in response to eight issues addressed during the 2010–2012 cycle. They relate largely to clarifications, therefore their adoption will not material impact the group's financial statements.
- Annual Improvements 2011–2013 Cycle (effective from 1 January 2015); a collection of amendments to IFRSs, in response to four issues addressed during the 2011–2012 cycle. They relate largely to clarifications, therefore their adoption will not have a material impact on the group.

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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

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 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; income statement and cash flows figures are translated 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 in-

come. 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 results and financial position of all the group entities that have a functional currency different from the presentation currency have been translated using the following exchange rates:

	Year-end		Average	
	2013	2012	2013	2012
euro 1 = Currency				
US Dollar	1.3791	1.3194	1.3281	1.2848
Mexican Peso	18.0731	17.1845	16.9641	16.9029
Czech Koruna	27.4270	25.1510	25.9797	25.1491
Ukrainian Hryvnia	11.3292	10.5836	10.7877	10.3520
Russian Ruble	45.3246	40.3295	42.3370	39.9262
Polish Zloty	4.1543	4.0740	4.1975	4.1847
Hungarian Forint	297.0400	292.3000	296.8730	289.2494
Algerian Dinar	107.7870	103.3840	105.6136	99.8086

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; the most relevant strategic spare parts are capitalized when acquired and their depreciation starts when being brought into service.

Land is not depreciated. Raw material reserves (quarries) are depleted in the ratio of the quarried material during the period to extractable minerals.

Costs incurred to gain access to raw materials deposits (stripping costs) are capitalized and depreciated using the units of production method over the expected useful life of the identified component of the ore body that becomes accessible as a result of the stripping activity.

Depreciation on other property, plant and equipment 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 statement. 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.

The conversion features of the equity-linked bond issued by the company during 2013 fail equity classification because they contain contractual terms where both the number of shares and the amount of cash converted into shares vary. Upon exercise of a conversion right the company is entitled to deliver shares, or pay an amount of money or deliver a combination of shares and cash. Therefore, the option is accounted for as an embedded derivative liability, measured at fair value through profit or loss, while the debt host loan is carried at amortized cost as above stated.

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. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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

Until 2012 the company maintained an incentive and loyalty plan based on equity compensation, which rewarded the Italian executive employees according to the goals reached (MBO system). The scheme provided the allocation to management via dedicated capital issues or treasury shares. A charge was made to staff costs in connection with these share grants, equal to the fair value of the instruments on the date of allocation. 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:

	2013	2012
thousands of euro		
Euro	1,696	(3,406)
US Dollar	21,154	(4,786)
Czech Koruna	(1,095)	(1,186)
Russian Ruble	22,447	9
Polish Zloty	425	274

At 31 December 2013, 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 €3,415 thousand lower/higher (2012: €593 thousand lower/higher). The previous year's figures have been adjusted for comparative reasons since the criteria for assessing exposure to exchange rate risk within the group, especially in relation to intra-group exposures, have been updated. Profit is especially sensitive to movement in euro/US dollar and in euro/Russian Ruble 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 2013 and 2012, 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 €1,351 thousand (2012: increase of €2,981 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 €2,005 thousand (2012: increase of €835 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 2013, 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 €690 thousand lower (2012: €1,158 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 €2,315 thousand higher (2012: €1,118 thousand higher). 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 2013, 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 €1,093 thousand higher (2012: €1,041 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 €474 thousand higher (2012: €397 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 sizeably 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.

The capital expenditure program for the group is aligned with the long term objectives and the operating necessities of different geographical units. The executive directors and key managers prioritize the expenditure requirements that are determined by the divisions. Measures aimed at improving efficiency, capacity expansion or new market entries are subject to in-depth profitability analysis to derive their future contribution to operating income.

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 2013, the group's long term strategy, which was unchanged from the previous year, 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 2013 and 31 December 2012 were as follows:

	2013	2012
thousands of euro		
Net debt	1,065,633	1,124,928
Equity	2,374,195	2,602,623
Total Capital	3,439,828	3,727,551
Gearing	31%	30%
Net debt	1,065,633	1,124,928
Operating cash flow (EBITDA)	481,160	455,071
Net debt/EBITDA	2.21	2.47

The change in the two ratios during 2013 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 to the buyout of minority interests in Dyckerhoff besides the recurring maintenance and compliance projects.

3.3 Fair value estimation

Hereunder an analysis of financial instruments carried in the balance sheet at fair value. The different levels have been defined as follows:

- 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 2013:

	Level 1	Level 2	Level 3	Total
thousands of euro				
Assets				
Derivative financial instruments (non-current)	-	-	-	-
Derivative financial instruments (current)	-	-	-	-
Available-for-sale financial assets (current) ¹	576	24	-	600
Total Assets	576	24	-	600
Liabilities				
Derivative financial instruments (non-current)	-	(77,118)	-	(77,118)
Derivative financial instruments (current)	-	(327)	(350)	(677)
Total Liabilities	-	(77,445)	(350)	(77,795)

¹ Temporary cash investments equal to €130 thousand are not included

The fair value, which amounts to €77,795 thousand, considers the adjustment for credit risk and/or counterparty risk, even taking into account the presence of guarantees granted.

During 2013, €435 thousand relating to bonds purchased in 2012 were transferred from level 2 to level 1, based on the nature of the bonds (quoted price in an active market)

At the balance sheet date, the group holds a derivative financial instrument included in level 3, arising from fair value losses recognized on the purchase obligation on the remaining 50% of the associate Zentramont Baustoffmischanlage GmbH, following the negative trend of the local market.

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)

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

During 2012 there were no transfers among different levels of fair value measurement.

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.

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 2013 include the company and 105 consolidated subsidiaries. The total number of consolidated subsidiaries decreased by 14 compared with that at the end of the previous year. Excluded from consolidation are 21 subsidiaries that are either dormant or immaterial. Some mergers occurred during the year, within the group, to continue streamlining and simplifying the organizational structure and without any material effect on the consolidated financial statements.

During 2013 no acquisition of new subsidiaries was made, while ZAO Akmel, a 100% subsidiary, formerly consolidated line-by-line was disposed of. Furthermore during the year the subsidiaries sibobeton Epe/Burgsteinfurt Vermögensverwaltungsgesellschaft GbR and the associates ARGE Betonsteinwerk Riegelsberg GbR, Iserlohner-Beton-Zentrale GmbH & Co. KG e Iserlohner-Beton-Zentrale GmbH 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							
2013							
Segment revenue	431,677	760,133	601,923	723,982	234,578	757	2,753,050
Intersegment revenue	(1,500)	-	-	-	-	1,500	-
Revenue from external customers	430,177	760,133	601,923	723,982	234,578	2,257	2,753,050
Operating cash flow	(18,282)	119,560	151,219	150,995	77,748	(81)	481,160
Depreciation	(39,025)	(46,172)	(47,230)	(71,939)	(14,573)	1,694	(217,246)
Impairment charges	(91,956)	(2,426)	(19,197)	(463)	-	(113)	(114,155)
Write-ups	-	-	-	-	-	-	-
Operating profit	(149,263)	70,962	84,792	78,593	63,175	1,500	149,759
Equity earnings	3,696	2,269	368	349	(297)	-	6,385
Purchase of intangible and tangibles assets	27,342	40,302	34,648	51,804	9,367	1,654	165,117
Purchase of equity investments	65,922	943	52	725	-	(538)	67,104

	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

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							
2013							
Cement	236,800	383,858	457,997	512,690	175,623	771	1,767,739
Concrete and aggregates	194,877	376,275	143,926	211,292	58,951	(10)	985,311
							2,753,050

	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

The group is domiciled in Italy. The result of its revenue from external customers in Italy is €404,280 thousand (2012: €456,834 thousand) and the total of revenue from external customers from other countries is €2,348,770 thousand (2012: €2,356,612 thousand).

The total of non-current assets other than financial instruments and deferred tax assets located in Italy is €555,222 thousand (2012: €631,139 thousand), while the total of such non-current assets located in other countries is €3,221,017 thousand (2012: €3,451,718 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 2012	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
Year ended 31 December 2013					
Translation differences	(1,324)	(198)	(11)	(99)	(308)
Amortization and impairment charges	(50,059)	(3,876)	-	(600)	(4,476)
Additions	-	4,430	-	69	4,499
Change in scope of consolidation	(64)	-	-	-	-
Reclassifications	-	1,833	184	17	2,034
Disposals and other	-	-	(35)	(10)	(45)
Net book amount at 31 December 2013	532,752	8,775	312	5,042	14,129

At 31 December 2013, the item industrial patents, licenses and similar rights is made up of application software for plant and office automation (€4,886 thousand), mining rights (€1,236 thousand), trademarks (€479 thousand), industrial patents (€598 thousand) industrial licenses (€1,576 thousand).

Amortization and impairment charges include impairment losses on goodwill of €50,059 thousand related to the ready-mix concrete and aggregates sector in Italy for €15,664 thousand and to the Ukrainian CGU for €34,395 thousand.

Goodwill and impairment test

Goodwill at 31 December 2013 amounts to €532,752 thousand and is broken-down as follows:

- €450,732 thousand refer to Dyckerhoff, thereof €285,568 thousand allocated to the segment Eastern Europe and the remaining €165,164 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;
- €33,217 thousand refer to the cement sector of Alamo Cement Company, thereof €26,209 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 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									
2013	0.88	1.38	1.34	1.84	4.08	5.08	1.80	5.50	2.50
2012	0.58	1.26	0.94	2.22	3.08	3.08	1.60	3.94	2.30

- **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									
2013	8.65	6.26	6.43	7.52	7.72	20.35	6.26	12.50	7.08
2012	8.03	5.81	5.97	7.26	7.45	17.78	5.81	11.62	6.21

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.

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, except for Ukraine, that reports a value in use lower than its carrying amount. Therefore its carrying amount has been aligned with the value in use, through a partial impairment of goodwill for an amount of €34,395 thousand. In addition, following the impairment test results, the on-going crisis and the future uncertainties, the goodwill related to the CGU ready-mix concrete Italy, amounting to €15,664 thousand has been written off.

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 2012						
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
Year ended 31 December 2013						
Opening net book amount	1,597,024	1,268,333	164,475	155,947	22,927	3,208,706
Translation differences	(61,059)	(40,153)	(8,107)	(4,573)	(891)	(114,783)
Additions	14,737	39,756	23,034	69,084	2,502	149,113
Change in scope of consolidation	815	46	131	66	21	1,079
Disposals and other	(2,881)	(2,079)	(1,442)	(107)	(618)	(7,127)
Depreciation and impairment charges	(46,820)	(175,992)	(31,403)	(16,923)	(5,411)	(276,549)
Reclassifications	23,499	78,045	12,968	(95,655)	(5,560)	13,297
Closing net book amount	1,525,315	1,167,956	159,656	107,839	12,970	2,973,736
At 31 December 2013						
Cost/deemed cost	2,446,146	4,116,972	491,751	107,839	94,968	7,257,676
Accumulated depreciation	(920,831)	(2,949,016)	(332,095)	-	(81,998)	(4,283,940)
Net book amount	1,525,315	1,167,956	159,656	107,839	12,970	2,973,736

Additions of €149,113 thousand in 2013 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. The change in scope is mainly driven by adjustments made to the assets of business combinations occurred in 2012. The change in scope in the year 2012 was mainly attributable to the first-time consolidation of Westerwald-Beton GmbH & Co.KG. and of WWB – Service + Logistik GmbH & Co.KG.

Negative translation differences of €114,783 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 2012, the trend in the exchange rates of the dollar and other currencies had given rise to negative translation differences of €1,007 thousand.

During the year the group has capitalized borrowing costs amounting to €1,264 thousand on qualifying assets (2012: €1,056 thousand). Borrowing costs were capitalized at the rate of 6.0% (2012: 6.0% too).

Real guarantees on assets of consolidated companies are represented by liens on industrial and commercial equipment for the amount of €162 thousand at 31 December 2013 (2012: €244 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:

	2013	2012
thousands of euro		
Cost - capitalized finance leases	6,355	14,054
Accumulated depreciation	(2,990)	(10,645)
	3,365	3,409

Rent expenses amounting to €38,844 thousand (2012: €37,127 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 €67,290 thousand at 31 December 2013. 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 €50,568 thousand.

9. Investment property

The line item amounts to €29,249 thousand and shows an increase of €9,950 thousand versus last year. It is accounted for using the cost model; the corresponding fair value, on the basis of internal appraisals, amounts to €41,572 at 31 December 2013 and is classifiable as level 2, because based on observable data.

	2013	2012
thousands of euro		
At 1 January	19,299	21,209
Translation differences	(188)	164
Additions	9,742	20
Reclassifications	973	95
Disposals and other	(577)	(2,189)
At 31 December	29,249	19,299

The increase refers to the real estate project in Piacenza (see also note 13) so as to ensure the completion of the erection underway and compensate for the contractor's default in the realization of works on the original lots.

10. Investments in associates

	2013	2012
thousands of euro		
Accounted for using the equity method	174,358	202,795
Valued at cost	91	149
	174,449	202,944

The net decrease of €28,495 thousand was affected to the extent of €22,770 thousand by the disposals of quick-mix Holding GmbH & Co. KG. and Normensand GmbH.

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 €4,324 thousand (2012: negative for €6,254 thousand).

	2013	2012
thousands of euro		
At 1 January	202,944	207,893
Translation differences	(5,643)	(6,999)
Additions	21	1,634
Equity earnings	6,385	6,124
Dividends received	(5,838)	(4,626)
Disposals and other	(23,420)	(1,082)
At 31 December	174,449	202,944

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. 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.

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 Hadjar Soud EPE SpA	Azzaba DZ	51,171	35.0	
Société des Ciments de Sour El Ghozlane EPE SpA	Sour El Ghozlane DZ	48,698	35.0	
Kosmos Cement Company	Louisville US	30,398		25.0
Laterlite S.p.A.	Solignano IT	15,083	33.3	
Bétons Feidt S.A.	Luxembourg LU	8,357		30.0
Houston Cement Company LP	Houston US	8,052		20.0
S. Paolo S.c.r.l.	Calenzano IT	1,862		50.0
Premix S.p.A.	Melilli IT	1,658	40.0	
Transass S.A.	Schifflange LU	1,048		41.0
Ciments de Balears, S.A.	Palma de Mallorca ES	1,029	35.0	
S.A. des Bétons Frais	Schifflange LU	959		41.0
E.L.M.A. S.r.l.	Sinalunga IT	915		50.0
ZAPA UNISTAV s.r.o.	Brno CZ	721		50.0
Cave di Carpenosa S.r.l.	Molini di Triora IT	650		33.5
TRAMIRA - Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	533		50.0
Van Zanten Holding B.V.	Zuidbroek NL	455		25.0
Eljo Holding B.V.	Groningen NL	396		50.0
EKO ZAPA beton, a.s.	Praha CZ	330		50.0
Zentramont Baustoffmischanlage GmbH	Völklingen DE	312		50.0
Niemeier Beton GmbH & Co. KG	Diepholz DE	256		33.3
Other < 250.000 euro		1,566		
		174,449		

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				
2013				
Société des Ciments de Hadjar Soud EPE SpA	160,983	14,780	52,281	9,582
Société des Ciments de Sour El Ghozlane EPE SpA	153,377	14,240	43,585	1,203
Kosmos Cement Company	130,733	9,024	71,598	1,330
quick-mix Holding GmbH & Co. KG ¹	-	-	172,000	4,798
Houston Cement Company LP	59,904	5,982	59,954	3
Laterlite SpA	74,239	29,432	57,004	2,107
Bétons Feidt SA	37,852	9,996	61,569	1,430
SA des Bétons Frais	12,804	10,464	17,352	(1,159)
Cementi Moccia SpA	34,660	28,367	14,341	(4,093)

¹ Company sold in September 2013

	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)

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.

	Subsidiaries	Other	Total
thousands of euro			
At 1 January 2013	1,478	2,035	3,513
Additions	11	774	785
Write-ups (write-downs)	(862)	(438)	(1,300)
Disposals and other	(154)	(297)	(451)
At 31 December 2013	473	2,084	2,557

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 sale negotiations.

Following the liquidation procedure, the equity investment in the unconsolidated subsidiary LLC 'Magistralbud' has been written down for an amount of €862 thousand. Based on the impairment test results, the equity investment of 12% in Cava degli Olmi Srl has been written down for an amount of €369 thousand.

The current portion refers to temporary liquidity placements in time deposits with over three-month maturity for €130 thousand and in short-term or marketable securities for €600 thousand.

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.

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
thousands of euro				
Non-current				
Not designated as hedges	-	77,118	-	22,310
	-	77,118	-	22,310
Current				
Not designated as hedges	-	677	2,307	4,994
	-	677	2,307	4,994

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 €33,214 thousand at 31 December 2013 (at 2012 closing: €18,621 thousand included in liabilities). Liabilities include for the first time the value of the cash settlement option related to the equity-linked convertible bond issued by the company in 2013, for a total amount of €44,231 thousand.

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

	2013		2012	
	Notional	Fair value	Notional	Fair value
thousands of euro				
Interest rate swaps	125,000	(4,411)	495,000	(5,558)
Currency swaps	900	(11)	2,830	(192)
Cross currency swaps	174,027	(26,508)	181,901	(15,185)
Forward foreign exchange	25,379	(2,284)	90,117	(3,436)
Commodity swaps	-	-	4,621	(627)
Takeover commitments (put writer)	3,509	(350)	3,631	-
Sale commitments (call writer)	-	-	3,920	-
Takeover options (call)	3,231	-	3,311	-
Cash settlement option on convertible bond	220,000	(44,231)	-	-

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 on equity investments, land and leased transportation equipment for a total of €1,672 thousand. 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 €1,394 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 2013, the changes in the fair value of derivative financial instruments recognized in the income statement are negative for €11,898 thousand (2012: €16,924 thousand negative).

13. Other non-current assets

	2013	2012
thousands of euro		
Receivables from associates	610	4,099
Tax receivables	1,011	6,325
Advances to suppliers	7,863	10,255
Receivables from personnel	942	1,205
Loans to customers	7,468	4,607
Guarantee deposits	17,845	18,469
Other	19,202	10,324
	54,941	55,284

The decrease in receivables from associates is due to the disposal of the associate quick-mix Holding GmbH & Co. KG to which interest-bearing loans had been granted (2012: €3,314 thousand).

The decrease in tax receivables stems mainly from the reclassification to current of VAT credit in Ukraine (€2,800 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 €724 thousand (2012: €919 thousand).

Loans to customers are made up for €5,692 thousand by loans granted to some major accounts in the United States; 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 €14,017 thousand (2012: €2,162 thousand), mostly interest-bearing and adequately secured; the increase is mainly due to a reclassification from current receivables of €8,963 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

	2013	2012
thousands of euro		
Raw materials, supplies and consumables	249,636	263,731
Work in progress	89,096	90,877
Job-orders in process	-	3,094
Finished goods and merchandise	67,168	76,550
Advances	2,478	3,313
	408,378	437,565

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 €22,213 thousand (2012: €37,523 thousand).

The change in raw materials also includes the reclassification of the most relevant strategic spare parts to tangible assets (€16,105 thousand).

15. Trade receivables

	2013	2012
thousands of euro		
Trade receivables	445,017	475,858
Less: Provision for receivables impairment	(49,425)	(45,892)
Trade receivables, net	395,592	429,966
Other trade receivables:		
From associates	14,806	9,396
From parent companies	21	21
	410,419	439,383

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 collection period in the regional operations, which on average has shown an improvement.

At the balance sheet date, trade receivables that are past due but not impaired amount to €153,413 thousand (2012: €181,087 thousand). The ageing analysis of these trade receivables is as follows:

	2013	2012
thousands of euro		
Past due up to 2 months	107,958	128,354
Past due between 2 and 6 months	26,796	30,651
Past due over 6 months	18,659	22,082
	153,413	181,087

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

	2013	2012
thousands of euro		
Euro	234,957	240,324
US Dollar	80,556	78,938
Russian Ruble	9,295	11,365
Mexican Peso	38,900	48,435
Other currencies	31,885	50,904
	395,592	429,966

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

	2013	2012
thousands of euro		
At 1 January	45,892	37,226
Translation differences	(1,367)	437
Provision for impairment	28,351	25,358
Receivables written off as uncollectible	(17,908)	(13,941)
Unused amounts reversed and other	(5,543)	(3,188)
At 31 December	49,425	45,892

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

	2013	2012
thousands of euro		
Tax receivables	58,479	66,540
Receivables from social security institutions	625	621
Receivables from unconsolidated subsidiaries and associates	6,820	3,295
Loans to customers	1,464	335
Receivables from suppliers	7,579	11,489
Receivables from personnel	798	715
Receivables from sale of equity investments	177	335
Accrued income and prepaid expenses	10,905	14,048
Other	20,259	18,707
	107,106	116,085

Tax receivables include income tax payments in advance and the debit balance of periodic value added tax liquidation. The decrease is mainly due to the offset of income tax and VAT credits.

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

Loans to customers represent the current portion of the interest bearing lending granted in USA (note 13).

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

Accrued income totals €1,831 thousand (2012: €2,787 thousand) and is made up primarily of interest income on marketable securities and time deposits. Prepaid expenses amount to €9,074 thousand (2012: €11,261 thousand) relating to operating expenses pertaining to the following period.

Other receivables include the discount on electric power costs recognized in Italy to the energy-intensive enterprises, so-called system charges bonus, for an amount of €6,643 thousand.

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

	2013	2012
thousands of euro		
Cash at banks and in hand	436,248	435,533
Short-term deposits	118,497	120,660
	554,745	556,193

Foreign operating companies hold about 69% of the balance of €554,745 thousand (62% in 2012). At the closing date, short-term deposits and securities earn interest at about 1.0% on average (1.0% also in 2012): yield in euro is around 0.19%, in dollar 0.11%, in Mexican peso 3.1% and in other currencies 5.16%. 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:

	2013	2012
thousands of euro		
Euro	230,421	296,518
US Dollar	221,555	186,179
Mexican Peso	21,027	19,220
Russian Ruble	47,019	9,302
Other currencies	34,723	44,975
	554,745	556,193

18. Assets held for sale

The amount relates for €428 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 and machinery from the inactive plant of Santarcangelo di Romagna (€1,150 thousand), and some lots of land in the United States, for an amount of €535 thousand.

At year-end 2012 the amount related above all to the residual fair value of equipment and machinery that originally had been allocated to Russia and Ukraine, for €8,746 thousand.

19. Share capital

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

	2013	2012
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 number of shares outstanding did not change during 2013 and at the balance sheet date is the following:

	Ordinary	Savings	Total
number of shares			
At 31 December 2013			
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

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 2013 and it is unchanged versus last year.

21. Other reserves

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

	2013	2012
thousands of euro		
Translation differences	(412,508)	(293,040)
Revaluation reserves	88,286	88,286
Merger surplus	247,530	247,530
Other	117,911	113,548
	41,219	156,324

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 €119,468 thousand is the result of four separate effects: a decrease of €57,837 thousand due to the weakening of the US dollar, a decrease of €7,385 thousand due to the weakening of the Mexican peso, a decrease of €49,921 thousand due to the weakening of the Eastern European currencies and a decrease of €4,325 thousand 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, some transactions with non-controlling interests were carried out after acquisition of control. Specifically, the purchase of the residual 3.4% interest in Dyckerhoff AG following the squeeze-out procedure, which brought to a decrease in retained earnings equal to €19,313 thousand. The ownership in Dyckerhoff AG's share capital has been taken from 96.6% to 100%. To be remarked also the 2.7% rise of the interest in OAO Sukholozhskcement, which brought to an increase in retained earnings equal to €7,793 thousand.

The changes in gains and losses generated by the actuarial valuations of liabilities for employee benefits, net of related deferred tax, in 2013 brought to an increase in retained earnings equal to €31,416 thousand.

23. Non-controlling interests

The balance as at 31 December 2013 refers principally to OAO Sukholozhskcement for €29,581 thousand, Cimalux SA for €3,192 thousand, Betonmortel Centrale Groningen (B.C.G.) for €2,057 thousand, OOO Omsk Cement for €2,555 thousand, Corporación Moctezuma, SAB de CV for €75,457 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

	2013	2012
thousands of euro		
Long-term debt		
Senior notes and bonds	940,849	1,053,849
Convertible bonds	180,180	-
Finance lease obligations	2,624	1,589
Secured term loans	-	59
Unsecured term loans	232,682	329,657
	1,356,335	1,385,154
Current portion of long-term debt		
Senior notes and bonds	99,014	90,519
Finance lease obligations	507	883
Secured term loans	-	15
Unsecured term loans	97,096	196,729
	196,617	288,146
Short-term debt		
Bank overdrafts and borrowings	-	70,685
	-	70,685

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:

	2013	2012
thousands of euro		
6 months or less	76,352	166,478
6-12 months	120,265	192,354
1-5 years	1,172,379	1,031,049
Over 5 years	183,956	354,104
	1,552,952	1,743,985

Senior Notes and Bonds

The change in the year is mainly due to an increase of €218,300 thousand for new issuances, a decrease of €86,710 thousand for principal repayments and of €19,466 thousand for foreign exchange effect.

In July 2013 the issue of the convertible bond “Buzzi Unicem €220,000,000 1.375% Equity-Linked Bonds due 2019” with a 6-year maturity, placed with institutional investors only, was completed. The notes, listed on the “Third Market” – non-regulated market of Vienna Stock Exchange, have a minimum denomination of €100,000 and pay a fixed semi-annual coupon of 1.375%. The conversion option combined with the loan is American style; the issuer has the right to elect to settle any exercise of conversion rights in Buzzi Unicem SpA ordinary shares, cash or a combination of ordinary shares and cash. At the final maturity on 17 July 2019 the notes will be redeemed in one lump sum at their principal amount unless previously redeemed or converted. This bond is carried at amortized cost, corresponding to an effective interest rate of 1.522% and an amount of €180,180 thousand in the balance sheet. The conversion option represents an embedded derivative instrument and has been booked in the corresponding balance sheet item under liabilities. The fair value changes of this instrument are immediately charged to income statement; at the balance sheet date, the fair value of the option amounts to €44,231 thousand (note 12).

Senior Notes and Bonds include also:

- The so-called Eurobond “Buzzi Unicem €350,000,000 6.250% Notes due 2018”. 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 €348,062 thousand in the balance sheet.
- 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 €348,186 thousand in the balance sheet. The bond, till 9 December 2013, was backed by interest rate swap contracts for nominal €200 million, aimed at partially swapping the interest rate from fixed to floating. The income statement 2013 benefits from net finance revenues associated with those swap contracts to the extent of €2,462 thousand (in 2012, net finance revenues of €726 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 2013 benefits from net finance revenues associated with interest rate swap contracts to the extent of €3,906 thousand (in 2012, net finance revenues of €3,783 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+. 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 2013:

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	6.250%	
Buzzi Unicem SpA Equity-linked July 2013	€m 220.0	2019	1.375%	
RC Lonestar, Inc. Senior Notes May 2002 Series C	\$m 35.0	2017	7.12% ¹	FX forward on principal Cross currency swap on principal and coupons
RC Lonestar, Inc. Senior Notes September 2003 Series A	\$m 170.0	2014-2016	5.08% ¹	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 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

Term loans and other borrowings

During 2013 new financial leases were obtained for €1,650 thousand and principal payments on long-term debt amounted to €268,970 thousand.

During 2013 no contracts for new committed credit facilities were entered into.

As at 31 December 2013 the group had undrawn committed facilities of €726,898 thousand (2012: €718,893 thousand), thereof €473,840 thousand available to the company, at floating rate with maturity beyond the year 2014 and the remaining €253,058 thousand to Dyckerhoff AG, always at floating rate, with maturity in 2014.

In respect of interest rate and currency, the gross indebtedness at 31 December 2013 is roughly split as follows (after hedging): 18% floating and 82% 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 is equal to €1,396,467 thousand (2012: €1,314,151 thousand), exceeding the carrying amount by about €80,000 thousand (2012: fair value greater than carrying amount by about €67,000 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:

	2013	2012
thousands of euro		
Gross finance lease liabilities-minimum lease payments:		
No later than 1 year	575	964
Later than 1 year and no later than 5 years	2,836	1,753
	3,411	2,717
Future finance charges on finance lease liabilities	(280)	(245)
Present value of finance lease liabilities	3,131	2,472

Il valore attuale delle passività per leasing finanziario è suddiviso come segue:

	2013	2012
thousands of euro		
No later than 1 year	507	883
Later than 1 year and no later than 5 years	2,624	1,589
	3,131	2,472

25. Employee benefits

The line item includes post-employment benefits and other long-term benefits.

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, 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, or 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 €23,438 thousand (2012: €25,214 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 €242,814 thousand (2012: €242,870 thousand) are partly funded through a contractual trust agreement. The value of trust assets is €25,728 thousand (2012: €25,121 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 was closed in 1993 and has a remaining weighted average duration of approximately 7 years.

NETHERLANDS

In the Netherlands, commitments for retirement or early-retirement benefits, totaling €13,676 thousand (2012: €13,945 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 €12,585 thousand (2012: €12,660 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 (€211,239 thousand; 2012: €247,814 thousand) is covered by an external pension fund; its fair value of €189,573 thousand (2012: €196,475 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 12 years. There are also unfunded obligations for a small group of individuals, whose weighted average duration is 12 years.

Healthcare plans cover the portion of medical costs that is not covered by state plans or 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 9 years.

MEXICO

The defined benefit plan of the companies operating in Mexico, funded to a large extent, was liquidated at the end of 2013, generating gains in the income statement of €2,403 thousand. The plan provided for a severance indemnity to retired or disabled employees or to the surviving dependents. Benefit paid in a lump sum was linked to the salary and to the length of service at the moment of retirement.

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:

	2013	2012
thousands of euro		
By category		
Post-employment benefits:		
Pension plans	263,827	298,380
Healthcare plans	85,808	104,228
Employee severance indemnities	23,438	25,214
Other	235	221
Other long-term benefits	8,906	9,597
	382,214	437,640
By geographical area		
Italy	24,490	26,302
Germany, Luxembourg, Netherlands	242,020	246,400
United States of America	112,335	160,272
Other Countries	3,369	4,666
	382,214	437,640

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

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2013	2012	2013	2012	2013	2012	2013	2012
thousands of euro								
Present value of funded obligations	459,171	499,936	-	-	-	-	-	-
Less: Fair value of plan assets	(227,886)	(236,077)	-	-	-	-	-	-
	231,285	263,859	-	-	-	-	-	-
Present value of unfunded obligations	32,542	34,521	85,808	104,228	23,438	25,214	235	221
Liability in the balance sheet	263,827	298,380	85,808	104,228	23,438	25,214	235	221

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

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2013	2012	2013	2012	2013	2012	2013	2012
thousands of euro								
At 1 January	534,457	459,925	104,228	102,825	25,214	22,229	221	174
Current service cost	10,105	7,432	2,326	2,094	18	14	26	22
Past service cost	6,211	-	-	355	-	-	-	-
(Gain) losses on settlements	-	(2,680)	-	-	(86)	-	-	-
Other costs	1,292	2,976	-	-	-	-	-	-
	17,608	7,728	2,326	2,449	(68)	14	26	22
Interest expense	18,055	21,992	3,511	4,215	768	1,202	14	13
(Gains) losses from changes in demographic assumptions	(24)	3,229	(4,567)	1,250	-	(832)	-	-
(Gains) losses from changes in financial assumptions	(34,379)	86,759	(5,511)	7,703	-	4,622	-	19
Experience (gains) losses	351	3,289	(3,806)	(5,700)	(62)	256	22	(3)
	(34,052)	93,277	(13,884)	3,253	(62)	4,046	22	16
Employee contributions	76	77	621	624	-	-	-	-
Benefits paid	(31,623)	(28,240)	(7,242)	(7,173)	(2,414)	(2,263)	(37)	(12)
Settlements	(2,403)	(15,158)	-	-	-	-	-	-
Translation differences	(10,572)	(5,171)	(3,752)	(1,965)	-	-	(11)	8
Other changes	167	27	-	-	-	(14)	-	-
At 31 December	491,713	534,457	85,808	104,228	23,438	25,214	235	221

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

	Pension plans		Healthcare plans	
	2013	2012	2013	2012
thousands of euro				
Active members	157,336	169,072	32,223	38,652
Deferred members	30,401	51,490	-	-
Pensioners	303,976	313,895	53,585	65,576
At 31 December	491,713	534,457	85,808	104,228

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

	Pension plans	
	2013	2012
thousands of euro		
At 1 January	236,077	229,780
Interest income	8,415	10,836
Employer contributions	6,022	9,899
Employee contributions	76	77
Benefits paid	(14,588)	(14,740)
Settlements	(1,288)	(12,549)
Actuarial gains (losses)	2,032	17,101
Translation differences	(8,860)	(4,327)
At 31 December	227,886	236,077

Plan assets are comprised as follows:

	Germany		USA		Mexico	
	2013	2012	2013	2012	2013	2012
thousands of euro						
Cash and cash equivalents		1,289	2,851	2,660	-	-
Equity instruments	5,361	3,414	-	-	-	-
Euro investment grade	1,094	965	-	-	-	-
Euro non-investment grade	735	514	-	-	-	-
Euro non-rated	978	137	-	-	-	-
Other investment grade	839	640	-	-	-	-
Other non-investment grade	1,592	862	-	-	-	-
Other non-rated	123	296	-	-	-	-
Debt instruments	9,691	9,714	4,970	9,363	-	-
Euro corporate investment grade	483	933	-	-	-	-
Euro corporate non-rated	107	-	-	-	-	-
Euro corporate non-investment grade	350	578	-	-	-	-
Euro sovereign investment grade	8,094	8,203	-	-	-	-
Euro sovereign non-investment grade	657	-	-	-	-	-
Dollar sovereign investment grade	-	-	4,970	9,363	-	-
Derivatives financial instruments	-162	37	-	-	-	-
Interest rate swap	-6	-	-	-	-	-
Equity swap	-156	37	-	-	-	-
Investment funds	8,118	10,667	181,752	184,452	-	1,821
Euro corporate bonds	1,245	2,558	-	-	-	-
Dollar corporate bonds	-	-	66,942	69,021	-	-
Dollar sovereign bonds	-	-	22,917	19,528	-	-
Other corporate bonds	-	-	-	-	-	566
Other sovereign bonds	754	1,389	-	-	-	771
Euro indexed equities	-	1,296	-	-	-	-
Dollar indexed equities	-	-	42,895	42,267	-	-
Other indexed equities	1,820	-	45,956	50,523	-	-
Other equities	4,299	3,651	-	-	-	-
Euro sundries	-	251	-	-	-	-
Dollar sundries	-	237	3,042	3,113	-	-
Other sundries	-	1,285	-	-	-	484
	25,728	25,121	189,573	196,475	-	1,821

The fair values stated above exclusively relate to quoted market prices in active markets (level 1). 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 allocation of fixed and current 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 were liquidated together with the related fund at the end of 2013.

Expected contributions to post-employment benefits plans (including reimbursement rights on the part of the German entity) for 2014 amount to €6,271 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 2014	30,295	6,825	1,570	-
Year 2015	33,844	6,727	1,780	-
Year 2016	29,939	6,604	1,096	-
Year 2017	29,728	6,400	1,305	-
Year 2018	29,648	6,101	1,767	-
Years 2019-2023	172,111	32,154	10,257	-
	325,566	64,812	17,774	-

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:

	2013					2012					
	ITA	GER	LUX	NLD	USA	ITA	GER	LUX	NLD	USA	MEX
in %											
Pension plans discount rate	3.2	3.3	3.3	3.6	4.8	3.2	3.1	3.1	3.2	3.8	6.5
Salary growth rate	3.3	2.8	2.5	4.3	4.0	3.3	2.5	2.5	2.6	4.0	5.5
Pension growth rate	-	2.0	-	-	-	-	2.0	-	0.1	-	-
Healthcare discount rate	-	-	-	-	4.5	-	-	-	-	3.5	-
Medical cost growth rate	-	2.0	-	-	8.0	-	2.0	-	-	7.0	-

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%	4,955	-	-	-
Decrease 1%	(5,639)	-	-	-
Discount rate				
Increase 1%	(55,045)	(7,378)	(1,881)	-
Decrease 1%	65,852	8,127	2,068	-
Pension growth rate				
Increase 1%	26,292	-	-	-
Decrease 1%	(20,244)	-	-	-
Medical cost growth rate				
Increase 1%	-	5,260	-	-
Decrease 1%	-	(4,635)	-	-
Mortality				
Increase 1%	14,731	682	-	-
Decrease 1%	(15,100)	(694)	-	-

26. Provisions for liabilities and charges

	Environmental risks and restoration	Antitrust	Legal claims Tax risks	Other risks	Total
thousands of euro					
At 1 January 2013	60,978	54,967	35,033	15,603	166,581
Additional provisions	2,825	-	1,188	13,214	17,227
Discount unwinding	858	(737)	762	210	1,093
Unused amounts released	(1,545)	(31,626)	(673)	(2,868)	(36,712)
Used during the year	(3,578)	-	(1,791)	(7,176)	(12,545)
Translation differences	(1,176)	(345)	(151)	(364)	(2,036)
Reclassifications	398	-	752	162	1,312
Change in scope of consolidation	(36)	-	-	(26)	(62)
At 31 December 2013	58,724	22,259	35,120	18,755	134,858

Total provisions can be analyzed as follows:

	2013	2012
thousands of euro		
Non-current	89,018	126,239
Current	45,840	40,342
	134,858	166,581

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 €2,803 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. At the end of 2013 the provision related to the lawsuit for damages to customers arising from the alleged cartel agreements in Germany was completely released (€29,079 thousand), because the first instance judgment declared as non-prosecutable the claim filed by the plaintiff. The antitrust provision set aside for the litigation in Poland has been reduced by €2,547 thousand euro following the mitigation of the initial fine ruled by the court authority.

The provision for tax risks amounts to €31,814 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 €8,070 thousand for restructuring costs and workers compensation claims not covered by insurance for €1,872 thousand. Additional provisions include €9,811 thousand for restructuring costs, €1,287 thousand for workers compensation claims and €994 thousand for other risks. Uses during the year include payment of workers compensation for €1,350 thousand, restructuring costs referred to the cement and ready-mix concrete business in Italy, Germany and the Netherland for €2,600 thousand.

27. Deferred income tax

Net deferred tax liability as at 31 December 2013 consists of deferred tax liabilities, net of deferred tax assets, which have been offset, where possible, by the individual consolidated companies.

The net balance may be analyzed as follows:

	2013	2012
thousands of euro		
Deferred income tax assets:		
To be recovered after more than 12 months	(187,117)	(225,851)
To be recovered within 12 months	(24,060)	(22,117)
	(211,177)	(247,968)
Deferred income tax liabilities:		
To be recovered after more than 12 months	541,607	568,662
To be recovered within 12 months	15,118	16,344
	556,725	585,006
Net deferred income tax liabilities	345,548	337,038

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

	2013	2012
thousands of euro		
Deferred income tax assets related to:		
Provisions for liabilities and charges	(14,924)	(23,130)
Trade receivables	(8,153)	(7,362)
Employee benefits	(70,053)	(89,740)
Long-term debt	(6,290)	(10,417)
Derivative financial instruments	(6,116)	(7,538)
Property, plant and equipment	(12,289)	(6,257)
Inventories	(8,831)	(11,051)
Tax loss carryforwards (theoretical benefit)	(169,522)	(324,803)
Other	(11,002)	(11,845)
Total deferred income tax assets	(307,180)	(492,143)
Valuation allowances	96,003	244,175
Net deferred income tax assets	(211,177)	(247,968)
Deferred income tax liabilities related to:		
Accelerated depreciation	135,263	147,548
Employee benefits	(36)	(276)
Property, plant and equipment	385,682	404,038
Inventories	4,901	5,377
Financial assets	10,193	10,846
Other	20,722	17,473
Total deferred income tax liabilities	556,725	585,006
Net deferred income tax liabilities	345,548	337,038

Following the settlement reached with the German tax authority on the amount of tax loss carryforwards usable for future income, the items tax loss carryforwards (theoretical benefit) and valuation allowances, have sizeably decreased.

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.

Deferred tax assets on tax loss carryforwards were maintained within the limits of an updated judgment on their future utilization in the next five years.

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:

	2013	2012
thousands of euro		
At 1 January	337,038	350,171
Income statement charge (credit)	4,378	17,566
Statement of comprehensive income charge (credit)	19,355	(26,639)
Translation differences	(15,268)	(4,611)
Change in scope of consolidation	45	551
At 31 December	345,548	337,038

28. Other non-current liabilities

	2013	2012
thousands of euro		
Purchase of equity investments	3,075	3,365
Non-controlling interests in partnerships	5,686	5,263
Payables to personnel	866	1,256
Other	4,290	6,771
	13,917	16,655

A former manager has an obligation to sell his minority interest in the subsidiary OAO Sukholozhskcement. The liability for purchase of equity investments recognizes the present value of this obligation, which is due in 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

	2013	2012
thousands of euro		
Trade payables	226,873	242,358
Other trade payables:		
To unconsolidated subsidiaries	189	63
To associates	3,271	2,292
	230,333	244,713

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

	2013	2012
thousands of euro		
Advances	6,890	8,244
Purchase of equity investments	1,796	781
Payables to social security institutions	15,744	15,333
Payables to personnel	49,815	50,532
Payables to customers	6,539	7,415
Accrued expenses and deferred income	25,475	28,081
Other	39,188	38,290
	145,447	148,676

Accrued expenses total €19,635 thousand (2012: €22,151 thousand) and include interest expense on bank loans, finance lease and bonds. Deferred income amounts to €5,840 thousand (2012: €5,930 thousand) relating to operating income pertaining to the following period.

The item other consists of sundry elements, among which the credit balance of periodic valued added tax for €12,880 thousand (2012: €12,776 thousand).

32. Net sales

Net sales breakdown is as follows:

	2013	2012
thousands of euro		
Cement and clinker	1,763,909	1,795,373
Ready-mix concrete and aggregates	964,901	996,839
Related activities	24,240	21,234
	2,753,050	2,813,446

The 2.1% decrease compared with the year 2012 is due to unfavorable currency effects for 1.8%, to additions in the scope of consolidation for 0.2% and to unfavorable market trends for 0.5%. 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.

	2013	2012
thousands of euro		
Recovery of expenses	8,737	9,475
Indemnity for damages	2,820	3,985
Revenue from leased properties	8,071	9,229
Gains on disposals of property, plant and equipment	6,656	15,044
Capital grants	666	743
Release of provisions	36,594	3,335
Internal work capitalized	5,788	2,176
Sale of emission rights	4,507	3,292
Other	33,566	28,886
	107,405	76,165

The caption release of provisions includes a non-recurring amount of €31,626 related to the antitrust risk in Germany and Poland, already described in note 26.

In 2012 the caption gains on disposals of property, plant and equipment included €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

	2013	2012
thousands of euro		
Raw materials, supplies and consumables	574,041	608,533
Semifinished goods	22,123	22,439
Finished goods and merchandise	52,386	57,686
Electricity	221,141	225,428
Fuels	236,693	263,848
Other goods	31,152	36,461
	1,137,536	1,214,395

35. Services

	2013	2012
thousands of euro		
Transportation	388,163	400,100
Maintenance and contractual services	116,892	126,530
Insurance	12,794	12,862
Legal and professional consultancy	21,791	22,029
Operating leases of property and machinery	38,844	37,127
Travel	6,976	7,051
Sales commissions	3,217	3,298
Other	90,227	97,715
	678,904	706,712

36. Staff costs

	2013	2012
thousands of euro		
Salaries and wages	340,715	339,422
Social security contributions and defined contribution plans	95,503	93,534
Employee severance indemnities and defined benefit plans	17,919	8,872
Other long-term benefits	637	2,326
Shares granted to employees	-	339
Other	11,921	1,961
	466,695	446,454

The increase due to the change in scope of consolidation amounts to €1,100 thousand, while the decrease due to currency effect amounts to €6,895 thousand.

In 2013 other costs include restructuring expenses of €10,165 thousand (2012: €517 thousand) related primarily to Italy, Germany and the Netherlands.

The increase in the costs for defined benefit plans is mainly due to an integration of pension plans allowances in Germany for €5,211 thousand.

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

	2013	2012
number		
White collar and executives	4,035	4,162
Blue collar and supervisors	6,594	6,732
	10,629	10,894

37. Other operating expenses

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

	2013	2012
thousands of euro		
Write-down of receivables	31,097	28,868
Provisions for liabilities and charges	5,779	9,071
Association dues	5,344	5,306
Indirect taxes and duties	33,060	31,518
Losses on disposal of property, plant and equipment	1,437	1,496
Other	14,538	15,192
	91,255	91,451

The provision for environmental restoration (quarries) accrued during the year is €2,803 thousand (2012: €4,682 thousand).

38. Depreciation, amortization and impairment charges

	2013	2012
thousands of euro		
Amortization of intangible assets	4,469	2,378
Depreciation of property, plant and equipment	212,777	220,105
Impairment losses of non-current assets	114,155	35,544
	331,401	258,027

The impairment losses of property, plant and equipment include €10,993 thousand related to residual assets originally purchased to build a new plant in Volyn, Ukraine, which has been postponed indefinitely in time. Always in Ukraine the value of the heating systems for coal wagons has been reduced by €5,501 thousand because of their modest utilization.

At year end, in Italy, the plant facilities of Riva del Garda and Manfredonia were impaired for the amount of €1,844 thousand and €11,752 thousand respectively, due to changes or cessation of industrial operations. The value of Travesio plant has been aligned with the sale price contractually agreed upon, with an impairment loss of €11,683 thousand (note 50). Furthermore, the residual value of Cairo Montenotte plant, still inactive, has been adjusted to its appraisal value, with a write-down of €15,795 thousand.

The caption also includes impairment losses recognized on goodwill of the Ukraine CGU for an amount of €34,395 thousand and the write-off of the goodwill referred to the ready-mix concrete sector in Italy (€15,664 thousand).

In 2012 the impairment losses referred to goodwill and assets allocated to construction works of a new plant in Akbulak, Russia, for an amount of €25,918 thousand. The caption included also the impairment losses on a natural aggregate quarry in the Netherlands for €3,816, and losses on assets related to the ready-mix concrete business in Italy for €1,896 thousand and to Stockertown, PA plant for €1,531 thousand.

39. Gains on disposal of investments

This line item consists of non-recurring income arising mainly from the sale of the ownership interest in the associates quick-mix Holding GmbH & Co. KG (€2,055 thousand) and Normensand GmbH (€2,160 thousand).

40. Finance revenues and Finance costs

	2013	2012
thousands of euro		
Finance revenues		
Interest income on liquid assets	11,496	10,674
Interest income on interest rate swap contracts	6,368	4,509
Interest income on plan assets of employee benefits	8,288	10,729
Changes in the fair value of derivative instruments	6,377	2,208
Foreign exchange gains	14,213	21,605
Dividend income	632	1,245
Other	4,197	5,412
	51,571	56,382
Finance costs		
Interest expense on bank borrowings	(29,802)	(34,867)
Interest expense on senior notes and bonds	(71,373)	(57,527)
Interest expense on mezzanine loan	-	(13,386)
Interest expense on employee benefits	(22,253)	(27,364)
Interest expense on interest rate swap contracts	(1,145)	(1,492)
Changes in the fair value of derivative instruments	(18,275)	(19,132)
Discount unwinding on liabilities	(647)	(6,018)
Foreign exchange losses	(11,806)	(15,153)
Other	(6,721)	(7,524)
	(162,022)	(182,463)
Net finance costs	(110,451)	(126,081)

Net finance costs decrease from the previous year is due to a slight improvement of the net balance resulting from fluctuation of exchange gains/losses and derivative instruments, and, to a greater extent, to the redemption of very onerous borrowings (mezzanine loan).

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:

	2013	2012
thousands of euro		
Cementi Moccia SpA	(1,768)	(3,176)
Laterlite SpA	950	(149)
Serenergy Srl	114	61
Premix SpA	136	133
S. Paolo Scrl	105	688
quick-mix Holding GmbH & Co. KG ¹	2,144	4,549
Bétons Feidt SA	395	551
Normensand GmbH ²	138	(289)
Eljo Holding BV	(121)	97
Société des Ciments de Hadjar Soud EPE SpA	3,737	2,563
Société des Ciments de Sour El Ghozlane EPE SpA	422	2,096
Kosmos Cement Company	333	(1,259)
Other minor investments	(200)	259
	6,385	6,124

¹ Until 30 September 2013

² Until 31 December 2013

42. Income tax expense

	2013	2012
thousands of euro		
Current tax	69,197	64,331
Deferred tax	4,378	17,566
Tax relating to prior years	5,658	(6,014)
	79,233	75,883

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 part of the impairment losses on fixed assets described at note 38 has reduced the profit also from a tax standpoint.

Deferred taxes in 2013, similar to those of 2012, are negatively affected by the non-recognition and impairment losses of deferred tax assets on tax losses accrued in some jurisdictions, due to a rigorous judgment on their future utilization in the next five years. Specifically: a not recognized benefit and a write-down of deferred tax assets of approximately €42,000 thousand, of which €41,000 thousand in Italy.

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:

	2013	2012
thousands of euro		
Profit before tax	50,256	77,848
Italian income tax rate (IRES)	27.50%	27.50%
Theoretical income tax expense	13,820	21,408
Tax effect of permanent differences	21,606	16,947
Tax relating to prior years	5,658	(6,014)
Effect of difference between Italian and foreign tax rates	(1,722)	(5,806)
Effect of a rate change on deferred income tax	501	(4,773)
Use of tax losses for which no deferred income tax assets was recognized	(19)	(1,267)
Adjustments to deferred income tax	36,316	50,299
Italian regional income tax on production activities (IRAP)	1,685	2,131
Other differences	1,388	2,958
Income tax expense	79,233	75,883

The tax rate for the year is particularly high, at a nominal 158% of profit before tax (97% in 2012), having been impacted, as above illustrated, by the non-recognition and the write-down of deferred tax assets on tax losses for the period and on loss carryforwards, in addition to the inability to deduct some sizeable impairment losses.

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.

		2013	2012
thousands of euro			
Net profit attributable to owners of the company	thousands of euro	(50,678)	(28,475)
attributable to ordinary shares	thousands of euro	(51,898)	(29,694)
attributable to savings shares	thousands of euro	1,220	1,219
Average number of ordinary shares outstanding		164,849,149	164,849,149
Average number of savings shares outstanding		40,682,659	40,645,704
Basic earnings per ordinary share	euro	(0.31)	(0.18)
Basic earnings per savings share	euro	0.03	0.03

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares to assume conversion of all dilutive potential shares. As for the convertible bond "Buzzi Unicem €220,000,000 1.375% Equity-Linked Bonds due 2019", being the conversion option effective from 1 January 2014, basic and diluted earnings per share are equivalent in both periods.

44. Cash generated from operations

	2013	2012
thousands of euro		
Profit before tax	50,256	77,848
Adjustments for:		
Depreciation, amortization and impairment charges	331,401	258,027
Equity in earnings of associates	(6,385)	(6,124)
Gains on disposal of fixed assets	(9,782)	(14,310)
Employee share grants expense	-	399
Net change in provisions and employee benefits	(16,138)	(32,605)
Net finance costs	110,451	126,080
Other non-cash movements	(29,486)	7,781
Changes in operating assets and liabilities:		
Inventories	12,173	(28,494)
Trade and other receivables	13,650	72,752
Trade and other payables	(25,503)	(43,251)
Cash generated from operations	430,637	418,103

45. Dividends

The dividends paid in 2013 and 2012 were €12,473 thousand (€0.05 per ordinary share and 0.104 per savings share) and €10,271 thousand (€0.05 per ordinary share and per savings share) respectively. As for the year ended 31 December 2013, the board of directors will propose to the Annual General Meeting of 9 May 2014 to distribute out of reserves available a dividend of €0.05 per ordinary share and per savings share. Therefore expected dividend distribution amounts to a total of €10,277 thousand. These financial statements do not reflect this dividend payable.

46. Commitments

	2013	2012
thousands of euro		
Guarantees granted	16,505	17,750
Guarantees received	9,881	29,700
Other commitments and guarantees	45,319	54,298

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 €30,139 thousand (2012: €42,803 thousand). It can essentially be traced back to the projects required to comply with the new environmental regulations in the United States (€13,263 thousand), to refurbishing and regulatory compliance in Europe (€6,545 thousand) and Russia (€1,056 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:

	2013	2012
thousands of euro		
No later than 1 year	17,808	18,265
Later than 1 year and no later than 5 years	40,186	44,493
Later than 5 years	20,028	22,719
	78,022	85,477

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 regards the two notices of assessment on the year 2000 related to the deductibility of the antitrust fines inflicted to the group by the European authority, the company has fully paid the tax-assessment bills received. To date the appeal with the Supreme Court has not been discussed yet.

As regards the litigation with the Italian Revenue Service (€2.2 million), referring to the purchase in 2008 of the 100% ownership interest in Cementi Cairo Srl and requalified by the financial administration as purchase of a line of business, the Tax Courts rejected the appeal. The company, deeming that the defense elements are well-grounded, has appealed to the Supreme Court. The additional taxes with interests and sanctions due have been fully paid.

About the litigation with the Italian Revenue Service (for a total amount of €0.4 million, of which €0.2 million pertaining to the subsidiary Unical), referring to the purchase in October 2008 of the 100% ownership interest in Calcestruzzi Nord Ovest Srl and requalified by the financial administration as purchase of a line of business, the Provincial Tax Court ruled in our favor. Against that judgment the Italian Revenue Service filed an appeal with the Regional Tax Court. To date the appeal has not been discussed yet.

At the end of 2011 the company 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 in 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. 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 all the years from 2006 to 2011 amounts to €19.6 million approx. In December 2012 the company received two notices of assessment for the years 2006 and 2007, while in September 2013 the company received a third notice of assessment for the year 2008. The higher taxes assessed, the sanctions inflicted and the legal interests accrued amount to approximately €7.8 million for all the three notices of assessment. The above notices of assessment have been impugned before the Provincial Tax Court of Turin which to date has not set a date for the discussion 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, against which the Ministry has not appealed, 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. However this option was not pursued, because of both uncertainties on the ensuing economic charges and the questionable compliance with the EC regulations in force about environmental damages. As an alternative to the acceptance of the Plan Agreement, the company has instead brought forward on its own the procedural fulfillments aimed at the characterization, risk analysis and remediation and/or permanent safety of its land areas and portions of the underneath aquifer affected. These requirements are currently being evaluated by the Ministry for Environment which in the Decision-Making Conference of 3 June 2013 has already ruled on certain aspects that the company has not opposed. 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 Antitrust Authority, by judgment of 10 December 2013, reassessed the fine reducing it to about €7.0 million and required to settle the amount within 30 days from the date the order was notified (occurred on 8 January 2014). The Authority moreover ordered Unical to pay within the same deadline the additional charges due ex art. 27, paragraph 6, of law no 689/81 for a total of about €6.3 mil-

lion. The subsidiary Unical, deeming that the new assessment of the fine was excessive and not consistent with the precepts of the ruling of the Council of State and the additional charges were not due, appealed the assessment judgment before the TAR of Lazio, by claim filed on 28 January 2014. On 13 February 2014 a court order was obtained suspending the payment till the first-instance judgment is pronounced. The hearing for the discussion on the merits is scheduled for 19 November 2014. 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 was discussed on 26 April 2013 before the European Court that on 14 March 2014 rejected the appeal of the company; we are now considering whether to impugn the judgment. 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.

The Düsseldorf Court rejected in December 2013 the lawsuit filed by a Belgian company against Dyckerhoff AG and five other cement producers for damages to customers arising from alleged cartel agreements. In January 2014 the claimants appealed against the first instance judgment. At the present stage we deem that the Court of Appeal will most likely uphold the first instance judgment and therefore we do not expect a negative impact from these proceedings.

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 before the Warsaw Regional Court which made the pronouncement in December 2013 reducing the penalty to an amount of approximately €11.3 million. Our subsidiary Dyckerhoff Polska will appeal against the reassessment of the fine. The reassessed 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 still 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. After termination of some of the proceedings and judgments in favor of the tax authority, the total amount of the claims is now amounting to approximately €5 million. The claims by the Revenue Office seem not to be covered by the applicable Ukrainian legislation and the judgments have been appealed.

In relation to the procedure for the purchase of all outstanding common and preferred shares of the subsidiary Dyckerhoff held by minority shareholders (squeeze-out), a total of 94 requests for price revision have been notified to Buzzi Unicem. The price of the shares was determined based on the evaluation of two different external auditors (one of them appointed by the Court of Frankfurt), pursuant to the current German law. Consequently, the company deems that the minority shareholders claims are groundless and it will institute a civil action within the deadline of end of March 2014, disputing all claims notified.

In the United States of America, numerous lawsuits and claims exists 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:

thousands of euro	2013	in % of reported balance	2012	in % of reported balance
Sales of goods and services:	42,913	1.5	41,618	1.4
Associates and unconsolidated subsidiaries	39,884		38,403	
Joint ventures	2,918		3,060	
Parent companies	17		17	
Other related parties	94		138	
Purchases of goods and services:	22,269	1.2	24,479	1.2
Associates and unconsolidated subsidiaries	17,614		18,511	
Joint ventures	4,210		4,794	
Parent companies	1		-	
Other related parties	444		1,174	
Internal works capitalized:	965	16.7	31	1.4
Associates and unconsolidated subsidiaries	939		-	
Joint ventures	26		31	
Finance revenues:	456	0.9	645	1.1
Associates and unconsolidated subsidiaries	95		604	
Other related parties	361		41	
Finance costs:	3	-	9	-
Associates and unconsolidated subsidiaries	1		2	
Other related parties	2		7	
Trade receivables:	15,637	3.8	10,902	2.5
Associates and unconsolidated subsidiaries	15,313		10,535	
Joint ventures	219		263	
Parent companies	21		21	
Other related parties	84		83	
Loans receivable:	1,732	5.6	5,824	23.6
Associates and unconsolidated subsidiaries	1,701		5,794	
Joint ventures	31		30	
Other receivables:	20,748	12.8	20,470	11.9
Associates and unconsolidated subsidiaries	78		60	
Parent companies	20,670		20,410	
Cash and cash equivalents:	360	0.1	2,013	0.4
Other related parties	360		2,013	
Trade payables:	5,685	2.5	3,696	1.5
Associates and unconsolidated subsidiaries	4,404		2,198	
Joint ventures	1,281		1,497	
Other related parties	-		1	
Other payables:	719	0.5	788	0.5
Associates and unconsolidated subsidiaries	719		736	
Joint ventures	-		7	
Other related parties	-		45	
Guarantees granted:	1,937		13,937	
Associates and unconsolidated subsidiaries	1,937		13,937	

Key management includes directors of the company (executive and non-executive), statutory auditors and 8 other senior executives. The compensation paid or payable to key management for employee services, not included in the previous table, is shown below:

	2013	2012
thousands of euro		
Salaries and other short-term employee benefits	4,653	4,167
Post-employment benefits	713	627
Other long-term benefits	-	-
Termination benefits	96	-
Share-based payments	-	83
	5,462	4,877

49. Business combinations

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 2012. Hence, the fair values assigned to the acquiree's assets, liabilities or contingent liabilities have been adjusted during 2013, generating a negative goodwill recognized in the income statement for €158 thousand.

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	711
Trade and other receivables	93
Cash and cash equivalents	573
Provisions and employee benefits	(1)
Deferred income tax liabilities	(68)
Trade and other payables	(441)
Total identifiable net assets	868
Negative goodwill (through profit and loss)	(158)
	710
Acquisition-related costs	-

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 2102. Hence, the fair values assigned to the acquiree's assets, liabilities or contingent liabilities have been adjusted during 2013, generating a goodwill recognized in income statement for €611 thousand. The acquisition aims at obtaining the operating control of some ready-mix concrete plants in the Eifel region in Germany and the 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	346
Equity investments	15
Deferred tax assets	5
Inventories	90
Trade receivables and other receivables	417
Cash and cash equivalents	44
Provisions and employee benefits	(68)
Deferred income tax liabilities	(27)
Trade and other payables	(713)
Total identifiable net assets	109
Goodwill	611
	720
Acquisition-related costs	-

50. Events after the balance sheet date

On 18 February Buzzi Unicem SpA entered into an important strategic agreement with Wietersdorfer, a major Austrian group operating in the cement and building materials industry. By virtue of this agreement Buzzi Unicem shall transfer to a subsidiary of Wietersdorfer (w&p Cementi SpA) its cement plant located in Cadola, with an annual production capacity of 0.3 million tons, and Wietersdorfer shall also have the right, to be exercised within five years, to acquire, without additional payment, the Travesio cement plant with an annual production capacity of about 0.4 million tons, for a total consideration of about 22 million euro.

At the same time, Buzzi Unicem concluded an agreement to purchase from Wietersdorfer a 25% interest in the share capital of both w&p Cementi SpA and Saloniit Anhovo Gradbeni Materiali d.d. (Slovenia), belonging to the same group, for a total consideration of about 22 million euro. Execution of the agreement is scheduled for 30 June 2014.

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

Casale Monferrato, 27 March 2014

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	
Dyckerhoff AG	Wiesbaden DE	EUR	105,639,816	Buzzi Unicem S.p.A.	100.00	100.00
Buzzi Unicem International S.à r.l.	Luxembourg LU	EUR	37,529,900	Buzzi Unicem S.p.A.	100.00	
Buzzi Unicem Algérie S.à r.l.	Draria - Alger DZ	DZD	3,000,000	Buzzi Unicem S.p.A.	70.00	
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 Basal Nederland B.V.	Nieuwegein NL	EUR	18,002	Dyckerhoff AG	100.00	
Cimalux S.A.	Esch-sur-Alzette LU	EUR	29,900,000	Dyckerhoff AG	98.17	
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	
TOB Dyckerhoff Ukraina	Kyiv UA	UAH	230,943,447	Dyckerhoff AG	100.00	
				Dyckerhoff AG	99.14	
PAT YUGcement	Olshanske UA	UAH	6,237,414	TOB Dyckerhoff Ukraina	0.15	
				Dyckerhoff AG	98.44	
PAT Volyn-Cement	Zdolbuniv UA	UAH	1,402,422	TOB Dyckerhoff Ukraina	0.26	
OOO Russkiy Cement	Ekaterinburg RU	RUB	350,000	Dyckerhoff AG	100.00	
OAO Sukholozhskcement	Suchoi Log RU	RUB	30,625,900	Dyckerhoff AG	90.38	
				Buzzi Unicem International S.à r.l.	100.00	
Presa International B.V.	Amsterdam NL	EUR	4,000,000	Buzzi Unicem International S.à r.l.	100.00	
				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	
				Buzzi Unicem International S.à r.l.	51.50	
RC Lonestar Inc.	Wilmington US	USD	10	Dyckerhoff AG	48.50	
				Dyckerhoff Beton GmbH & Co. KG	63.52	
sibobeton Osnabrück GmbH & Co. KG	Osnabrück DE	EUR	5,368,565	Dyckerhoff AG	24.49	
				Dyckerhoff Beton GmbH & Co. KG	99.00	
Gravières et Sablières Karl EPPLE S.A.S.	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	
				Dyckerhoff Beton GmbH & Co. KG	100.00	
Kieswerk Leubingen GmbH	Erfurt DE	EUR	101,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
SIBO-Gruppe GmbH & Co. KG	Osnabrück DE	EUR	1,148,341	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	
				Dyckerhoff Beton GmbH & Co. KG	85.44	
sibobeton Wilhelmshaven GmbH & Co. KG	Osnabrück DE	EUR	920,325	sibobeton Osnabrück GmbH & Co. KG	14.56	
				Dyckerhoff Beton GmbH & Co. KG	75.30	
MKB Mörteldienst Köln-Bonn GmbH & Co. KG	Hückelhoven DE	EUR	125,500	Dyckerhoff Beton GmbH & Co. KG	75.30	

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	
TBG Lieferbeton GmbH & Co. KG Odenwald	Reichelsheim DE	EUR	306,900	Dyckerhoff Beton GmbH & Co. KG	66.67	
sibobeton Ems GmbH & Co. KG	Osnabrück DE	EUR	2,300,813	Dyckerhoff Beton GmbH & Co. KG	68.21	
				sibobeton Osnabrück GmbH & Co. KG	19.51	
TB Rheinland GmbH & Co. KG	Remagen 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	
sibobeton Enger GmbH & Co. KG	Osnabrück DE	EUR	306,775	Dyckerhoff Beton GmbH & Co. KG	50.00	
				sibobeton Osnabrück GmbH & Co. KG	50.00	
Lichtner-Dyckerhoff Beton Niedersachsen GmbH & Co. KG	Berlin DE	EUR	200,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
Ostfriesische Transport-Beton GmbH & Co. KG	Osnabrück DE	EUR	1,300,000	Dyckerhoff Beton GmbH & Co. KG	45.13	
				sibobeton Ems GmbH & Co. KG	24.20	
				sibobeton Wilhelmshaven GmbH & Co. KG	10.67	
Béton du Ried S.A.S.	Krautergersheim FR	EUR	500,000	Cimalux S.A.	100.00	
Cimalux Société Immobilière S.à r.l.	Esch-sur-Alzette LU	EUR	24,789	Cimalux S.A.	100.00	
Dyckerhoff Basal Toeslagstoffen B.V.	Nieuwegein NL	EUR	27,000	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	
TOB Dyckerhoff Transport Ukraina	Kyiv UA	UAH	51,721,476	TOB Dyckerhoff Ukraina	100.00	
OOO CemTrans	Suchoi Log RU	RUB	20,000,000	OAO Sukholozhskcement	100.00	
OOO Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow	Suchoi Log RU	RUB	4,100,000	OAO Sukholozhskcement	100.00	
OOO Omsk Cement	Omsk RU	RUB	779,617,530	OAO 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	
Midwest Material Industries Inc.	Wilmington US	USD	1	RC Lonestar Inc.	100.00	
Lone Star Industries. Inc.	Wilmington US	USD	28	RC Lonestar Inc.	100.00	
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	

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)						
				RC Lonestar Inc.	99.00	
Hercules Cement Company LP	Harrisburg US	USD	n/a	Hercules Cement Holding Company	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	
sibobeton Papenburg GmbH & Co. KG	Osnabrück DE	EUR	300,000	sibobeton Ems GmbH & Co. KG	52.00	
Harex Nederland B.V.	Nieuwegein NL	EUR	18,151	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
BSN Beton Service Nederland B.V.	Franeker NL	EUR	113,445	Dyckerhoff Basal Betonmortel B.V.	100.00	
Megamix Basal B.V.	Nieuwegein NL	EUR	27,227	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	
				TOB Dyckerhoff Transport Ukraina	79.73	
PAT Kyivcement	Kyiv UA	UAH	277,536	TOB Dyckerhoff Transport Ukraina	14.63	
Buzzi Unicem Ready Mix, L.L.C.	Nashville US	USD	n/a	Midwest Material Industries Inc.	100.00	
RED-E-MIX, L.L.C.	Springfield US	USD	n/a	Midwest Material Industries Inc.	100.00	
RED-E-MIX Transportation, L.L.C.	Springfield US	USD	n/a	Midwest Material Industries 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	
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	
Rosebud Real Properties, Inc.	Wilmington US	USD	100	Lone Star Industries, Inc.	100.00	
Proyectos Industrias de Jaruco, S.A.	Havana CU	CUP	186,700	Compañía Cubana de Cemento Portland, S.A.	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 by the proportionate method						
Addimont 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.	7.58	
				Fresit B.V.	51.51	
Cementos Moctezuma, S.A. de C.V.	Mexico MX	MXN	1,127,317,866	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	
Cemoc Servicios Especializados S.A. de C.V.	Mexico MX	MXN	50,000	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Comercializadora Tezuma S.A. de C.V.	Mexico 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	
				Corporación Moctezuma, S.A.B. de C.V.	98.01	
Latinoamericana de Concretos, S.A. de C.V.	Mexico MX	MXN	12,670,821	Cementos Portland Moctezuma, S.A. de C.V.	1.99	
				Corporación Moctezuma, S.A.B. de C.V.	98.00	
Inmobiliaria Lacosa, S.A. de C.V.	Mexico MX	MXN	50,068,500	Cementos Portland Moctezuma, S.A. de C.V.	2.00	
				Latinoamericana de Concretos, S.A. de C.V.	99.00	
Concretos Moctezuma de Durango, S.A. de C.V.	Mexico MX	MXN	100,000	Cementos Moctezuma, S.A. de C.V.	1.00	
				Latinoamericana de Concretos, S.A. de C.V.	85.00	
Concretos Moctezuma del Pacifico S.A. de C.V.	Mexico MX	MXN	29,472,972	Latinoamericana de Concretos, S.A. de C.V.	60.00	
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	
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	

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						
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	10,000	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.	Villarfochiardo (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	
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	
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	
Transass S.A.	Schifflange LU	EUR	50,000	Cimalux S.A.	41.00	
S.A. des Bétons Frais	Schifflange LU	EUR	2,500,000	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	
OOO Sukholozhskcemremont	Suchoi Log RU	RUB	10,000	OAD Sukholozhskcement sibobeton Osnabrück GmbH & Co. KG	49.00 25.00	
Hotfilter Pumpendienst GmbH & Co. KG	Nordhorn DE	EUR	100,000	sibobeton Ems GmbH & Co. KG	25.00	
Houston Cement Company LP	Houston US	USD	n/a	Alamo Cement Company	20.00	
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.	50.00	
Roprivest N.V.	Grimbergen BE	EUR	105,522	Dyckerhoff Basal Toeslagstoffen B.V.	50.00	
Aranykavics k.f.t.	Budapest HU	HUF	11,500,000	Dyckerhoff Basal Toeslagstoffen B.V.	50.00	
Betoncentrale Haringman B.V.	Goes NL	EUR	45,378	Dyckerhoff Basal Betonmortel B.V.	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
Companies valued by the equity method (follows)						
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	
Kosmos Cement Company	Louisville US	USD	n/a	Lone Star Industries, Inc.	25.00	
Cooperatie Megamix B.A.	Almere NL	EUR	80,000	Megamix Basal B.V.	43.75	
CYM 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	Flörsheim DE	EUR	25,000	Dyckerhoff AG	100.00	
Basal Belgie BVBA	Antwerp BE	EUR	5,262,975	Dyckerhoff AG 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	
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	
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	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)						
Nordenhamer Transportbeton GmbH	Nordenham DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	56.60	
TB Rheinland Verwaltungs GmbH	Remagen DE	EUR	26,000	Dyckerhoff Beton GmbH & Co. KG	55.00	
sibobeton Enger GmbH	Osnabrück DE	EUR	30,678	Dyckerhoff Beton GmbH & Co. KG 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	
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" i.L.	Odessa UA	UAH	n/a	TOB Dyckerhoff Ukraina	100.00	
Hotfilter Pumpendienst Beteiligungsgesellschaft mbH	Nordhorn DE	EUR	25,000	sibobeton Osnabrück GmbH & Co. KG sibobeton Ems GmbH & Co. KG	25.00	
sibobeton Papenburg Beteiligungsgesellschaft mbH	Osnabrück DE	EUR	25,000	sibobeton Ems GmbH & Co. KG sibobeton Ems GmbH & Co. KG sibobeton Wilhelmshaven GmbH & Co. KG	52.00	
Ostfriesische Transport-Beton GmbH	Osnabrück DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	24.80	
Westerwald-Beton Verwaltungs GmbH	Westerburg DE	EUR	25,565	TB Rheinland GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Thüringen Verwaltungs GmbH	Erfurt 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 Betonüberwachung Nesserlander Schleuse GbR	Haren DE	EUR	n/a	GfBB prüftechnik GmbH & Co. KG	50.00	
ARGE Dyckerhoff-BAC-Systemsteine Erfurt GbR	Erfurt DE	EUR	n/a	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	50.00	
ARGE Betonversorgung ICE Feste Fahrbahn Erfurt-Halle GbR	Erfurt DE	EUR	n/a	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	37.00	
MKB Mörteldienst Köln-Bonn Verwaltungsgesellschaft mbH	Hürth DE	EUR	25,000	MKB Mörteldienst Köln-Bonn GmbH & Co. KG	100.00	
Liefergemeinschaft Transportbeton JadeWeserPort GbR	Wilhelmshaven DE	EUR	n/a	sibobeton Papenburg GmbH & Co. KG	50.00	

For the German partnerships in the legal form of a GmbH & Co. KG consolidated on a line-by-line basis, the exemption according to Article 264b German Commercial Code is applicable.

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 2013 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 2013
thousands of euro			
Audit	Deloitte & Touche S.p.A.	Parent – Buzzi Unicem S.p.A.	245
	Deloitte & Touche S.p.A.	Subsidiaries	109
	Deloitte network	Subsidiaries	1,502
Attestation	Deloitte & Touche S.p.A.	Parent – Buzzi Unicem S.p.A. ¹	17
	Deloitte & Touche S.p.A.	Subsidiaries ²	2
	Deloitte network	Parent – Buzzi Unicem S.p.A. ³	41
	Deloitte network	Subsidiaries ⁴	128
Total			2,044

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 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 Ghoulane and Société des Ciments de Hadjar Soud;

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

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 2013:
 - 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 Counsel 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, 27 March 2014

Chief Executive Finance

PIETRO BUZZI

Manager responsible for preparing
financial reports

SILVIO PICCA



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**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, 2013, 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.

For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on April 5, 2013.

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, 2013, 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, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
April 4, 2014

A series of horizontal dotted lines for writing, consisting of 21 evenly spaced rows.

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

Editorial Coordination

Accordo, Torino


BUZZI UNICEM S.P.A.

Via Luigi Buzzi, 6

Casale Monferrato (AL)

Share capital €123,636,658.80

Company Register of Alessandria no. 00930290044



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