

CARICHE SOCIALI **DIRECTORS AND STATUTORY AUDITORS**

Consiglio di Amministrazione *Board of Directors*

Carlo Camerana	Presidente <i>Chairman</i>
Enrico Buzzi	Vice Presidente <i>Deputy Chairman</i>
Franco Buzzi	Vice Presidente <i>Deputy Chairman</i>
Alessandro Buzzi	Amministratore Delegato <i>Chief Executive Officer</i>
Gianfranco Barzaghini	Consigliere e Direttore Generale <i>Director and General Manager</i>
Pietro Buzzi	Consigliere <i>Director</i>
Onorato Castellino	Consigliere <i>Director</i>
Virgilio Marrone	Consigliere <i>Director</i>
Marco Weigmann	Consigliere <i>Director</i>

Collegio Sindacale *Statutory Auditors Committee*

Mario Pia	Presidente <i>Chairman</i>
Paolo Burlando	Sindaco Effettivo <i>Member</i>
Giorgio Giorgi	Sindaco Effettivo <i>Member</i>
Franco Barolo	Sindaco Supplente <i>Alternate</i>
Pierluigi Bernasconi	Sindaco Supplente <i>Alternate</i>

PROFILO DEL GRUPPO GROUP PROFILE

Società operative Operating companies

CEMENTO E ARGILLA ESPANSA *Cement and Expanded Clay*

BUZZI UNICEM

**CEMENTERIA
DI AUGUSTA
69%**

**CEMENTERIA
DI BARLETTA
80%**

**CEMENTI RIVA
90%**

**CEMENTI
MOCCIA
30%**

CALCESTRUZZO E AGGREGATI *Ready-mix Concrete and Aggregates*

**UNICALCESTRUZZI
100%**

**BETONVAL
70%**

**LA RINASCITA
CALCESTRUZZI
80%**

**SAN MARTINO
75%**

**TECHNOBETON
45%**

**N. 14
PARTECIPATE
< 50%**

ATTIVITÀ ESTERE *Affiliates Abroad*

**RC CEMENT
100%**

**ALAMO CEMENT
100%**

**CORPORACION
MOCTEZUMA*
50%**

ATTIVITÀ CORRELATE *Related activities*

**BAZZI IMPIANTI
100%**

**ADDIMENT
ITALIA
50%**

**PREMIX
40%**

**BAUMIT ITALIA
30%**

* percentuale riferita alla quota di controllo
* percent ownership of majority interest

Struttura operativa Operating structure

		ITALIA	ESTERO	GRUPPO
Stabilimenti <i>Cement plants</i>	nr	13	7	20
Capacità produttiva cemento <i>Cement capacity</i>	mio t/anno	9.4	5.4**	14.8
Impianti di produzione argilla espansa <i>Expanded clay plants</i>	nr	3	-	3
Capacità produttiva argilla espansa <i>Expanded clay capacity</i>	mio mc/anno	1	-	1
Impianti di produzione calcestruzzo <i>Ready-mix concrete plants</i>	nr	180	66	246
Cave di estrazione aggregati naturali <i>Aggregate quarries</i>	nr	31	4	35

**Corporación Moctezuma assunta al/assumed at 50%

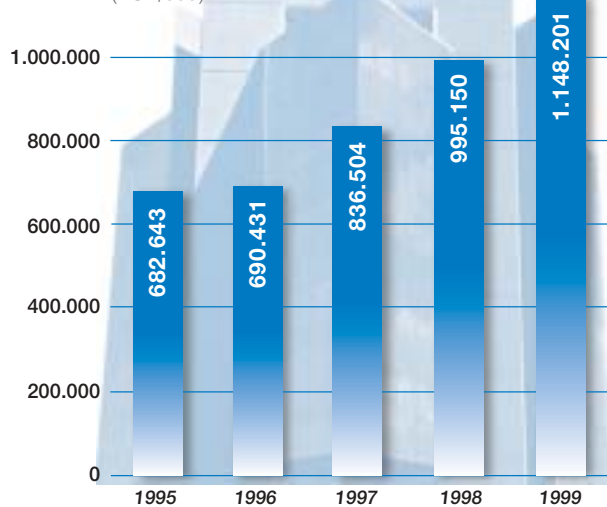
Principali dati economico finanziari Key figures

(EUR/000)		1995*	1996*	1997*	1998*	1999
Vendite di cemento <i>Cement sales</i>	t	10.216.080	10.461.100	11.285.420	11.725.180	12.036.495
Vendite di argilla espansa <i>Expanded clay sales</i>	mc	352.000	346.500	305.840	462.100	441.720
Vendite di calcestruzzo <i>Concrete sales</i>	mc	3.367.840	3.474.130	3.787.960	7.052.100	7.743.120
Vendite di aggregati <i>Aggregate sales</i>	t	3.890.810	3.794.020	4.000.040	5.099.090	5.811.450
Fatturato <i>Sales revenue</i>	€	682.643	690.431	836.504	995.150	1.148.201
Investimenti industriali <i>Capital expenditures</i>	€	127.687	85.110	151.671	58.037	131.986
Addetti a fine esercizio <i>Payroll at year end</i>	nr	3.882	3.844	4.163	4.092	3.936

* dati aggregati pro forma
* combined pro forma figures

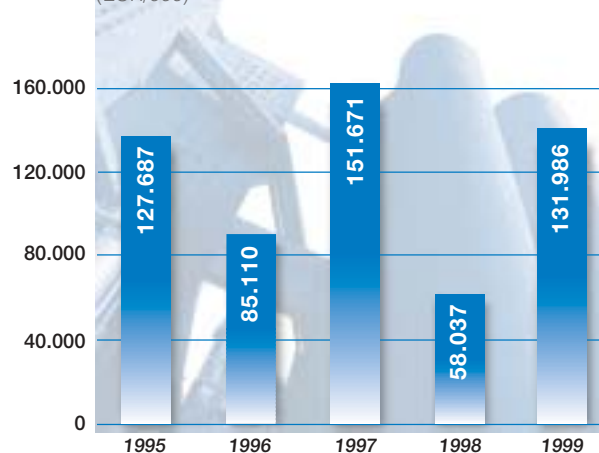
Fatturato *Sales revenue*

(EUR/000)

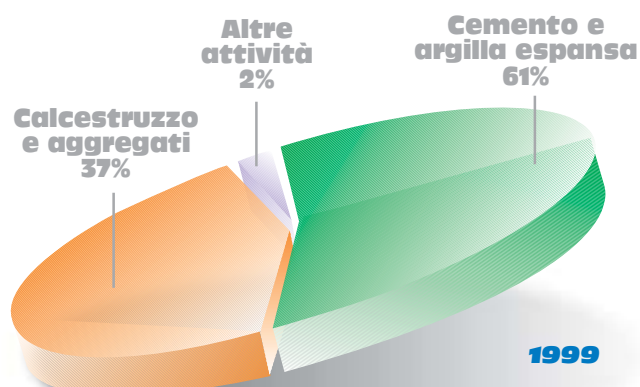


Investimenti industriali *Capital expenditures*

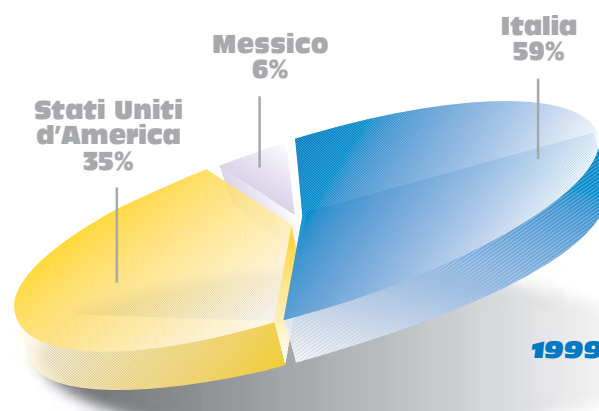
(EUR/000)



Fatturato per settore di attività* *Sales revenue by line of business**



Fatturato per area geografica *Sales revenue by region*



* prima delle elisioni tra settori di attività
* before eliminations among lines of business

RELAZIONE SULLA GESTIONE REPORT ON OPERATIONS

Signori Azionisti,

in data 20 settembre 1999 è stato stipulato l'atto di fusione per incorporazione di Unicem SpA in Buzzi Cementi SpA, con effetti civilistici a far data dal 27 settembre 1999 e con effetti contabili e fiscali dal 1 gennaio 1999. Con decorrenza dalla data di effetto della fusione l'incorporante ha assunto la denominazione Buzzi Unicem SpA e le azioni ordinarie e di risparmio della stessa sono state ammesse alla quotazione presso il Mercato Telematico della Borsa Italiana.

Nonostante l'incorporata fosse già inclusa nel consolidato dello scorso esercizio con il metodo dell'integrazione globale, l'operazione di fusione ha comunque profondamente modificato la struttura patrimoniale della società. Il bilancio consolidato al 31 dicembre 1999 si caratterizza per la crescita del patrimonio netto di pertinenza del gruppo dai 341 miliardi dello scorso anno ai 1.414 miliardi di fine 1999, con la contemporanea riduzione della quota di competenza dei terzi da 857 a 180 miliardi.

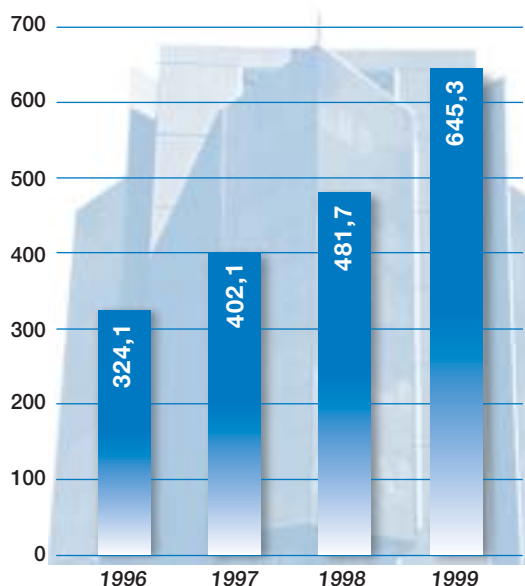
Stockholders,

The merger deed for the absorption of Unicem SpA by Buzzi Cementi SpA was stipulated on September 20, 1999 taking effect for legal purposes from September 27, 1999 and for accounting and tax purposes from January 1, 1999. As from the date of the merger, the merging company took a new name, Buzzi Unicem SpA, and its ordinary and savings shares were admitted for listing on the Electronic Market of the Italian Stock Exchange.

Even though the merged company was already consolidated on a line-by-line basis last year, the merger has had a profound impact on the Company's capital structure. The main feature of the consolidated financial statements as of December 31, 1999 is the growth in stockholders' equity pertaining to the Group from Lire 341 billion last year to Lire 1,414 billion at the end of 1999, with a simultaneous reduction in minority interests from 857 to 180 billion.

Margine operativo lordo Gross operating income

(miliardi di lire / billions of lire)



I volumi di vendita di cemento e clinker hanno avuto andamento positivo in tutti i mercati in cui Buzzi Unicem opera, con un incremento inferiore all'1% in Italia, del 2,5% negli Stati Uniti e del 20,2% in Messico; le vendite di calcestruzzo preconfezionato sono cresciute nelle diverse aree geografiche mediamente del 10% circa.

I margini operativi lordi del settore cemento sono migliorati ovunque, con un più forte ricupero in Italia ove la redditività si è avvicinata a quella delle controllate statunitensi. Anche il settore del calcestruzzo e aggregati ha dato il suo contributo alla crescita dei risultati reddituali, in Italia come all'estero. A livello consolidato il margine operativo lordo è passato dai 482 miliardi del 1998 ai 645 miliardi del 1999, con un incremento del 34% circa.

La posizione finanziaria netta è scesa da un indebitamento netto di 711 miliardi di fine 1998 ad un indebitamento netto di 486 miliardi al 31 dicembre 1999, con un miglioramento di oltre 224 miliardi.

Tutto l'esercizio 1999 è stato caratterizzato da un forte impegno delle nostre risorse operative nell'opera di integrazione organizzativa e gestionale delle due realtà industriali fuse, senza trascurare una continua azione di contenimento e miglioramento dei costi e di attenzione alle possibilità di ulteriore crescita.

Sales volumes of cement and clinker went well on all markets where Buzzi Unicem operates, with an increase less than 1% in Italy, 2.5% in the United States and 20.2% in Mexico. Sales of ready-mix concrete grew in the various geographical areas by an average of 10%.

Gross margins in the cement sector have improved everywhere, with a particularly strong recovery in Italy where profitability has come close to that of the US subsidiaries. The concrete and aggregates sector has also contributed towards the group's results, both in Italy and abroad. At a consolidated level, the gross operating income has gone from Lire 482 billion in 1998 to 645 billion in 1999, an increase of 34%.

The net financial position has improved considerably, with net debt falling by more than 224 billion from 711 billion at the end of 1998 to 486 billion at the end of 1999.

For the whole of 1999, considerable efforts were made to integrate the two companies that have been merged from an organizational and operating point of view, but without overlooking the ongoing efforts to contain and improve cost levels, while also paying attention to the possibility of further growth.



Andamento economico e finanziario Operating and financial results

I ricavi netti consolidati hanno raggiunto i 2.224 miliardi contro i 1.927 miliardi del 1998 (+15%). Tale aumento è così ripartito tra le aree geografiche in cui il gruppo è attivo: Italia +12%, Stati Uniti d'America +14%, Messico +67%.

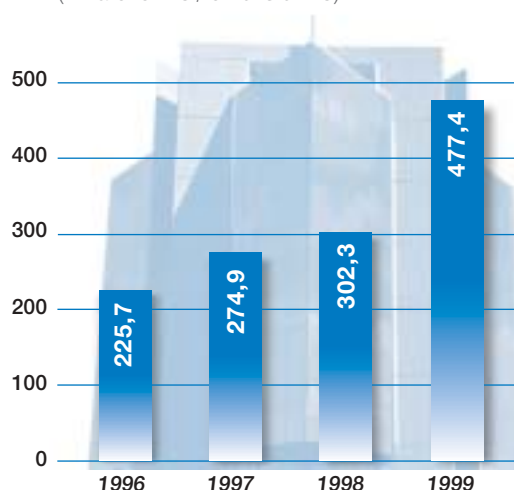
Il risultato operativo raggiunge i 447 miliardi (275 miliardi nel 1998) e dopo ammortamenti per 198 miliardi, rettifiche di valore per 1 miliardo, proventi straordinari per 14 miliardi ed imposte sul reddito per 161 miliardi, l'esercizio chiude con un risultato attivo di 230 miliardi (13 miliardi nel 1998). L'utile netto dell'esercizio ante quota terzi è stato di 279 miliardi (96 miliardi nello scorso esercizio), con un incremento di circa 183 miliardi principalmente dovuto al miglioramento dei risultati operativi nonché, in misura minore, al calo degli oneri finanziari netti ed all'assenza di costi straordinari. Si ricorda infine che l'utile netto di competenza del gruppo è influenzato dalla fusione con Unicem SpA, che ha avuto, tra gli altri, come effetto la forte contrazione della quota spettante agli azionisti terzi. L'autofinanziamento di 477 miliardi si è incrementato di circa il 60% sul 1998.

Consolidated net sales amount to Lire 2,224 billion compared with 1,927 billion in 1998 (+15%). The breakdown of this increase between the geographical areas where the Group operates is as follows: Italy +12%, USA +14%, Mexico +67%.

Operating income comes to 447 billion (275 billion in 1998) and after depreciation of 198 billion, adjustments of 1 billion, extraordinary income of 14 billion and income taxes of 161 billion, the year closes with a net profit of 230 billion (13 billion in 1998). Combined net income for the year (before minority interests) amounts to 279 billion (96 billion in 1998), with an increase of 183 billion mainly due to the improvement in operating results and, to a lesser extent, the decline in net financial charges and the lack of any extraordinary expenses. Lastly, we would remind you that consolidated net income (pertaining to the Group) has been affected by the merger with Unicem SpA, which among other outcomes brought about a sharp reduction in minority interests. Cash flow of 477 billion is up 60% over 1998.

Autofinanziamento Cash flow

(miliardi di lire / billions of lire)



Conto economico consolidato sintetico
Summary consolidated income statement

(miliardi di lire / billions of lire)

	1999	% sui ricavi % of sales	1998	% sui ricavi % of sales
Ricavi netti Net sales	2.223,7	100,0	1.926,9	100,0
Consumi, costi operativi e servizi <i>Materials, operating costs and services</i>	(1.262,2)	(56,8)	(1.142,8)	(59,3)
Valore aggiunto Value added	961,5	43,2	784,1	40,7
Costo del lavoro <i>Labor cost</i>	(316,2)	(14,2)	(302,4)	(15,7)
Margine operativo lordo Gross operating income	645,3	29,0	481,7	25,0
Ammortamenti <i>Depreciation</i>	(198,4)	(8,9)	(206,6)	(10,7)
Risultato operativo Operating income	446,9	20,1	275,1	14,3
Proventi (oneri) finanziari <i>Financial income (expenses)</i>	(19,9)	(0,9)	(51,4)	(2,7)
Altri proventi (oneri) <i>Other income (charges)</i>	13,2	0,5	(26,8)	(1,4)
Risultato ante imposte Income before taxes	440,2	19,7	196,9	10,2
Imposte sul reddito <i>Income taxes</i>	(161,1)	(7,2)	(101,2)	(5,3)
Utile netto dell'esercizio Combined net income	279,1	12,5	95,7	4,9
Quota terzi <i>Minority interests</i>	(49,0)	(2,2)	(82,9)	(4,3)
Utile netto del gruppo Consolidated net income	230,1	10,3	12,8	0,6
Autofinanziamento (utile + ammortamenti) Cash flow (combined net income + depreciation)	477,5	21,5	302,3	15,6

Gli investimenti industriali sono stati di 255 miliardi circa, contro i 112 miliardi del precedente esercizio; sono compresi in tale importo gli investimenti in partecipazioni nelle quali si ottiene l'incarico di gestione o, comunque, un peso significativo.

In Italia gli investimenti sono stati prevalentemente indirizzati al mantenimento ed all'adeguamento tecnologico/ambientale delle unità produttive cemento e calcestruzzo. All'estero ha comportato rilevanti impegni finanziari l'avanzamento delle nuove linee di produzione cemento a Chattanooga (USA) ed a Tepetzingo (México).

Nel corso del 1999 la capogruppo Buzzi Unicem SpA

Capital expenditures amounted to Lire 255 billion compared with 112 billion the previous year. This figure includes acquisitions of equity investments where Buzzi Unicem is in charge of running the company or at least has a significant influence over management.

Investments in Italy were mainly geared to maintain and upgrade the cement and concrete production units from a technology and environmental point of view. Abroad, progress on the new cement production lines at Chattanooga (USA) and Tepetzingo (Mexico) has involved significant financial commitments.

During the course of 1999, Buzzi Unicem SpA, the parent company, bought a stake in Cementi

ha acquistato una quota di Cementi Moccia SpA per 6 miliardi, allo scopo di reintegrare al 30% la partecipazione, ed ha acquisito, con un esborso di lire 800 milioni, il 30% di Alpine Srl, società finanziaria cui fanno capo attività di macinazione cemento, produzione malte premiscelate e calcestruzzo preconfezionato nel Nord Est italiano.

La Cementeria di Augusta SpA nel mese di luglio 1999 ha sottoscritto, in sede di costituzione, una quota pari a lire 70 milioni della Iniziative Siciliane Srl, con sede in Ragusa ed avente un capitale di lire 100 milioni. Nel mese di dicembre 1999 ha rilevato la totalità delle quote Alfacementi Srl (proprietaria di due silii installati nel porto di Siracusa) con un esborso di 1,1 miliardi.

La Cementeria di Barletta SpA ha acquisito, con un esborso di lire 500 milioni, una quota pari al 35% della Ciments de Balears SA, società di diritto spagnolo operante sul mercato del cemento delle isole Baleari.

Unicalcestruzzi SpA, con un esborso di lire 300 milioni, ha incrementato la quota di partecipazione al capitale di Frantoio Taro Srl, società operante nel settore degli aggregati naturali, passando dal 50% al 68,3%.

A fine esercizio Alamo Cement Company ha effettuato dal socio svizzero di minoranza Vigier un acquisto di azioni proprie pari al 33,3% del totale, per un corrispettivo di circa 75 milioni di dollari pagabile in due rate uguali, di cui una già corrisposta a dicembre 1999 e la seconda scadente entro il gennaio 2001. Attraverso questa operazione la quota posseduta da Buzzi Unicem, tramite la holding estera Finpresa SA, è passata dal 66,7% al 100% del capitale.

Moccia SpA for Lire 6 billion, to supplement its existing 30% interest. It also paid Lire 800 million for 30% of Alpine Srl, a financial holding company with interests in cement grinding, production of premixed mortars and ready-mix concrete in the north-east of Italy.

In July 1999, Cementeria di Augusta SpA invested Lire 70 million in the newly-incorporated Iniziative Siciliane Srl, based in Ragusa with a capital stock of Lire 100 million.

In December 1999, it bought all of the quotas in Alfacementi Srl (owner of two silos at the port of Siracusa) with an outlay of Lire 1.1 billion.

Cementeria di Barletta SpA paid Lire 500 million to buy 35% of Ciments de Balears SA, a Spanish sales company operating in the cement market on the Balearic Islands.

Unicalcestruzzi SpA paid Lire 300 million to increase its stake in Frantoio Taro Srl, a company operating in the field of natural aggregates, raising it from 50% to 68.3%.

At year end, Alamo Cement Company bought 33.3% of its own shares from Vigier, its Swiss minority stockholder, for around 75 million dollars payable in two equal tranches, one of which has already been paid in December 1999, while the second will be due by the end of January 2001. Thanks to this transaction, Buzzi Unicem's stake, held through the foreign holding company Finpresa SA, has increased from 66.7% to 100% of the capital stock.

Stato patrimoniale consolidato sintetico
Summary consolidated balance sheet

	(miliardi di lire / billions of lire)	
	31.12.1999	31.12.1998
Immobilizzazioni materiali ed immateriali nette <i>Property, plant, equipment and intangible fixed assets, net</i>	1.915,4	1.723,7
Immobilizzazioni finanziarie <i>Financial fixed assets</i>	113,3	62,5
Capitale d'esercizio <i>Working capital</i>	310,5	359,0
Capitale investito netto <i>Net invested capital</i>	2.339,2	2.145,2
Patrimonio netto <i>Stockholders' equity</i>	1.593,9	1.198,6
di cui, Quota terzi <i>of which, Minority interests</i>	180,2	857,1
Fondi <i>Reserves for risks and charges</i>	258,9	236,0
Posizione finanziaria netta <i>Net financial position</i>	486,4	710,6
Totale copertura <i>Total financing</i>	2.339,2	2.145,2

La posizione finanziaria netta è così costituita:
The net financial position is made up as follows:

	(miliardi di lire / billions of lire)	
	31.12.1999	31.12.1998
Disponibilità ed attività finanziarie a breve <i>Cash, banks and marketable securities</i>	779,5	721,6
Debiti finanziari a breve <i>Short-term debt</i>	(612,1)	(157,6)
Disponibilità (indebitamento) netta a breve <i>Net short-term cash (debt)</i>	167,4	564,0
Debiti finanziari a medio e lungo termine <i>Long-term debt</i>	(653,8)	(1.274,6)
Posizione finanziaria netta <i>Net financial position (net debt)</i>	(486,4)	(710,6)

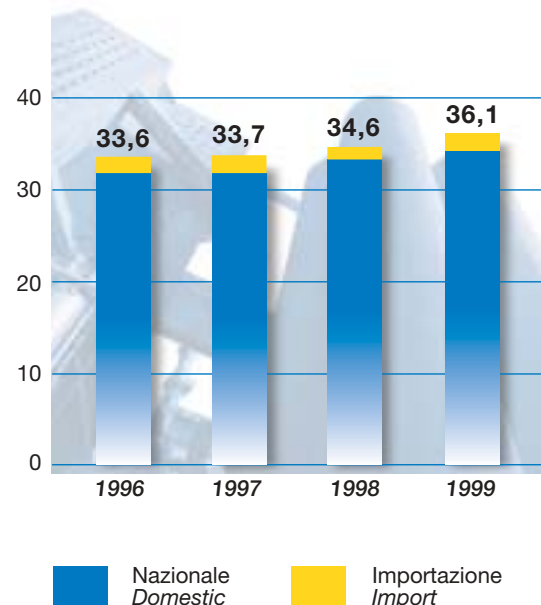
Nel 1999 l'economia italiana è stata caratterizzata da un incremento del prodotto interno lordo pari all'1,4%. Pur in presenza di una ripresa economica complessiva non eccezionale il 1999 è stato un anno positivo per il settore edilizio, con un aumento di oltre il 5% degli investimenti in costruzioni. Tutti i comparti sono migliorati, sia pure con tassi di crescita differenziati, comprese le nuove costruzioni residenziali, uscite da un lungo periodo di recessione. Il consumo interno di cemento nel paese risulta dell'ordine di 36,1 milioni di tonnellate, in ricupero del 4% rispetto a 34,6 milioni di tonnellate del 1998.

In 1999, the Italian economy saw GDP go up by 1.4%. Even though the overall economic recovery was not exceptional, 1999 was still a good year for the building industry, with an increase of more than 3% in construction investments. All sectors improved, albeit at different rates of growth, including new residential buildings, now emerging from a long period of recession.

Domestic consumption of cement in Italy amounted to some 36.1 million short tons, 4% up on the 1998 figure of 34.6 million short tons.

Consumo di cemento in Italia **Cement consumption in Italy**

(million tons)



Cemento Italia
Cement operations in Italy

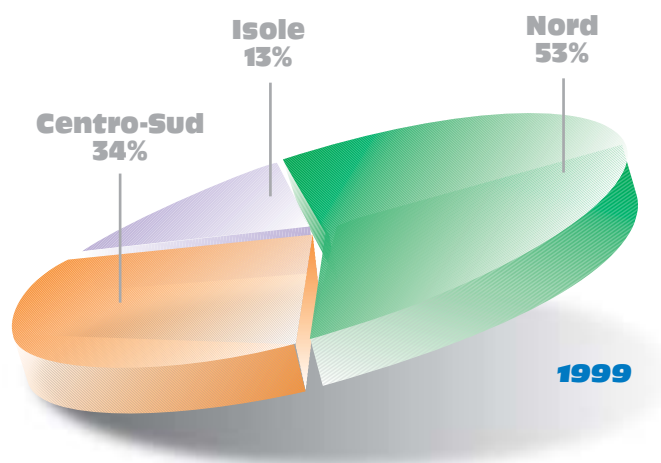


Si riportano di seguito i dati di sintesi delle società del settore cemento operanti in Italia, prima delle eliminazioni tra settori di attività:

The following are key figures for the cement sector in Italy, prior to eliminations among lines of business:

		(miliardi di lire / billions of lire)	
		1999	1998
Ricavi netti <i>Net sales</i>		760,9	701,4
Margine operativo lordo <i>Gross operating income</i>		229,9	150,6
% sui ricavi netti <i>% of sales</i>		30,2	21,5
Immobilizzazioni materiali nette <i>Property, plant and equipment, net</i>		572,3	611,4
Investimenti industriali <i>Capital expenditures</i>		64,3	45,9
Addetti a fine esercizio <i>Payroll at year end</i>	(numero/number)	1.675	1.723

Vendite di cemento per Area Cement Sales by Area



Calcestruzzo Italia

Ready-mix concrete operations in Italy

Nel settore del calcestruzzo preconfezionato e degli aggregati naturali, dopo due anni di repentini e continui cambiamenti, il 1999 è stato dedicato al consolidamento della nuova dimensione industriale ed organizzativa, creatasi attraverso l'integrazione dei poli ex Buzzi Cementi, ex Unicem ed ex Calcestruzzi (parte).

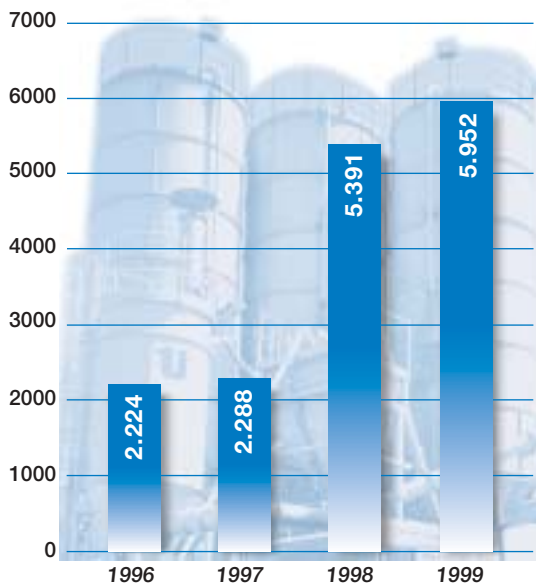
I risultati ottenuti sono incoraggianti e confermano la bontà della strada intrapresa, che prevede uno spiccato decentramento delle decisioni operative unito ad un forte presidio centrale delle funzioni tecnologia di produzione, tecnologia di prodotto, acquisti e sistema qualità.

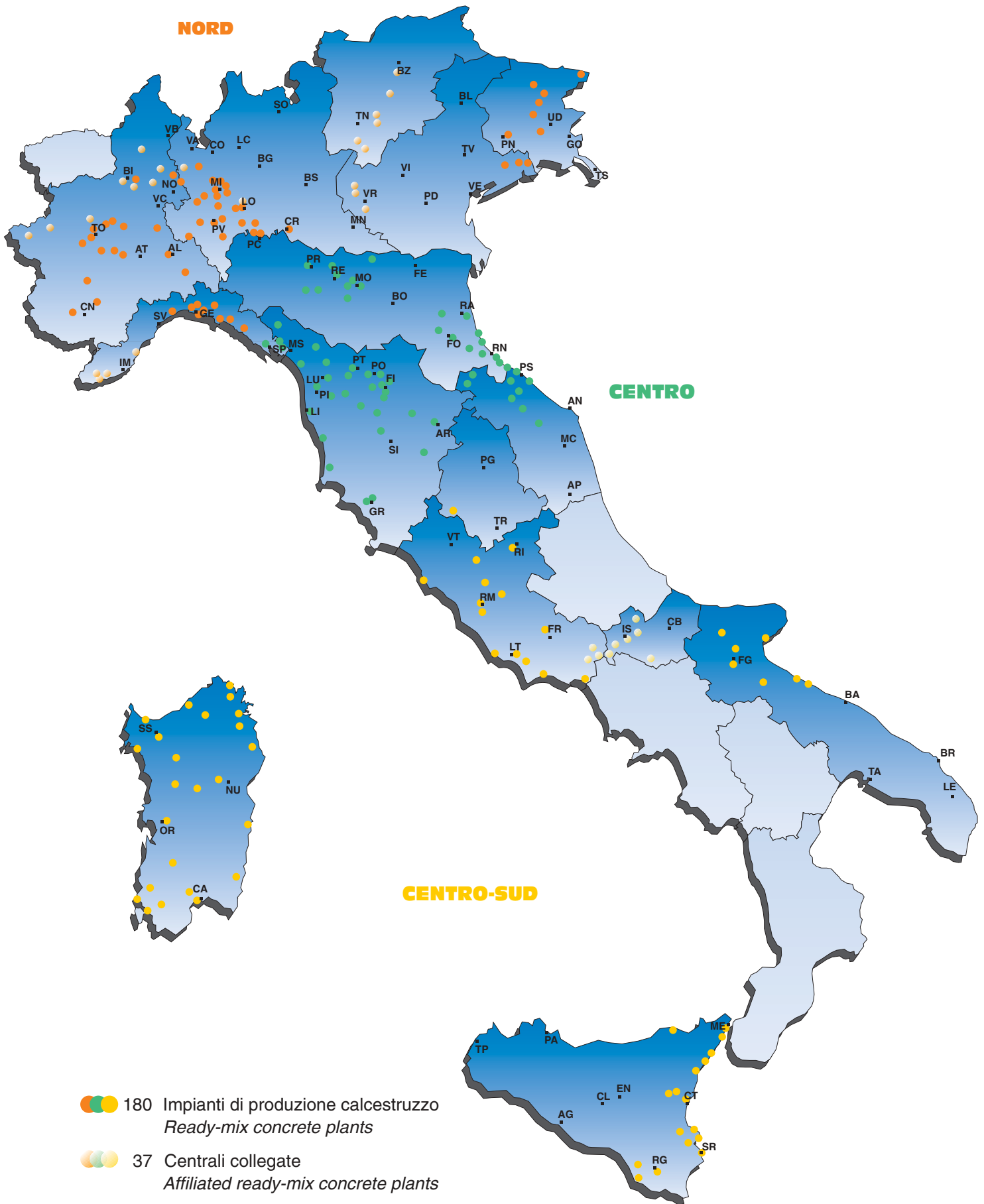
In the business area of ready-mix concrete and natural aggregates, after two years of sudden and continuous changes, 1999 was dedicated to consolidating the new industrial and organizational dimension created by integrating three operating units: Buzzi Cementi, Unicem and a part of Calcestruzzi.

The results are encouraging and confirm that we have taken the right approach, which envisages wholesale decentralization of operating decisions, together with strong central control over production technology, product technology, procurement and quality system.

Vendite di calcestruzzo Concrete sales

(mc/000)





Si riportano di seguito i dati di sintesi delle società del settore calcestruzzo preconfezionato ed aggregati naturali operanti in Italia, prima delle eliminazioni tra settori di attività:

The following are key figures for the ready-mix concrete and natural aggregates sector in Italy, prior to eliminations among lines of business:

	(miliardi di lire / billions of lire)	
	1999	1998
Ricavi netti <i>Net sales</i>	643,7	545,8
Margine operativo lordo <i>Gross operating income</i>	54,1	49,9
% sui ricavi netti <i>% of sales</i>	8,4	9,1
Immobilizzazioni materiali nette <i>Property, plant and equipment, net</i>	255,8	272,9
Investimenti industriali <i>Capital expenditures</i>	14,3	9,9
Addetti a fine esercizio <i>Payroll at year end</i>	733	821
	(numero/number)	



Stati Uniti d'America United States of America

L'economia statunitense sta attraversando un periodo di espansione che dura ormai da nove anni ininterrottamente e del quale ha fortemente beneficiato anche il settore delle costruzioni.

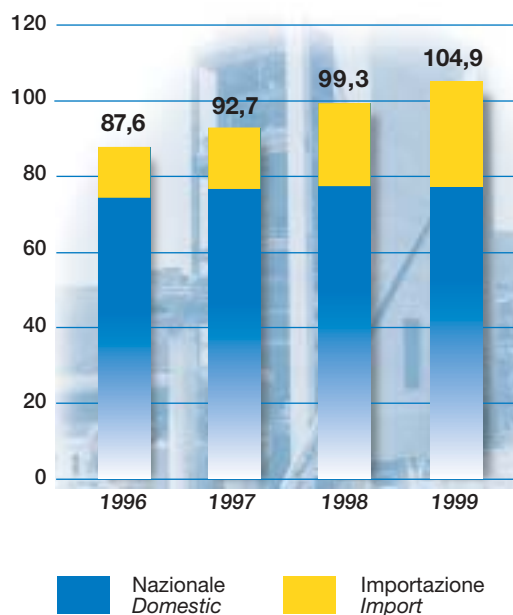
Nel 1999 i consumi di cemento sono cresciuti mediamente del 5,7%, con tassi di crescita superiori in alcune aree servite da RC Cement ed Alamo Cement. Le quantità vendute dal gruppo hanno raggiunto i 4,7 milioni di short tons, +4% rispetto al precedente esercizio, mentre i prezzi di vendita si sono mossi ulteriormente al rialzo. Parallelamente le vendite di calcestruzzo preconfezionato hanno superato i 2 milioni di cubic yards (erano 1,9 milioni nel 1998).

The US economy is going through a prolonged period of expansion that has already seen nine years of uninterrupted growth, to the considerable benefit of the construction industry.

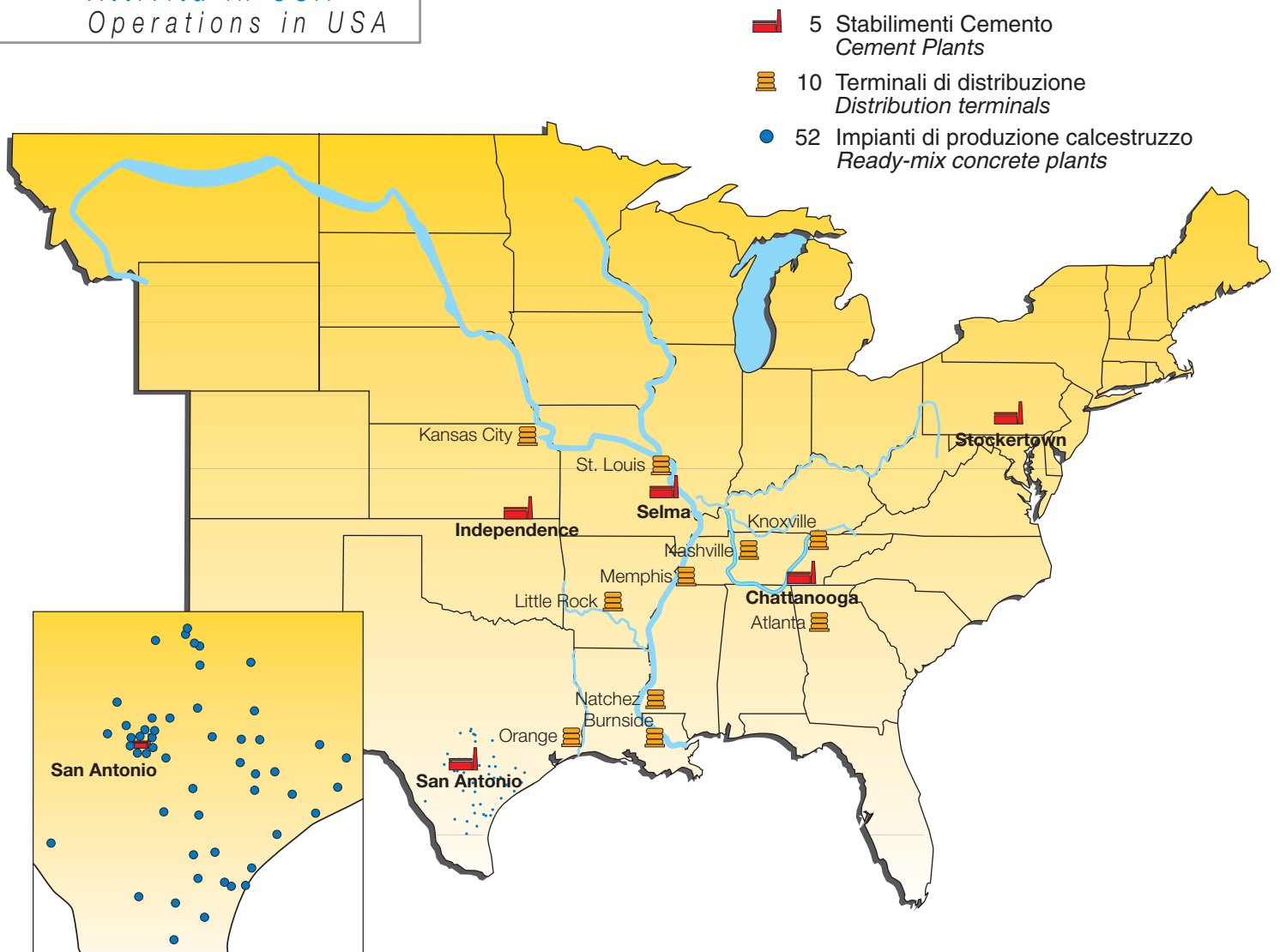
In 1999, cement consumption rose on average by 5.7%, with even higher rates of growth in certain areas served by RC Cement and Alamo Cement. The quantities sold by the Group reached 4.7 million short tons, +4% on the previous year, while selling prices have risen yet again. At the same time, sales of ready-mix concrete exceeded 2 million cubic yards (1.9 million in 1998).

Consumo di cemento in USA Cement consumption in the USA

(million tons)



Attività in USA
Operations in USA



La favorevole situazione si riflette sui risultati delle società operanti negli Stati Uniti d'America, di cui si riportano di seguito i dati di sintesi:

The favorable situation reflects on the results of the companies operating in the United States, as can be seen from the following key figures:

	(miliardi di lire / billions of lire)	
	1999	1998
Ricavi netti Net sales	808,0	710,5
Margine operativo lordo Gross operating income	281,2	239,0
% sui ricavi netti % of sales	34,8	33,6
Immobilizzazioni materiali nette Property, plant and equipment, net	466,9	320,6
Investimenti industriali Capital expenditures	139,9	28,4
Addetti a fine esercizio Payroll at year end	1.265	1.302

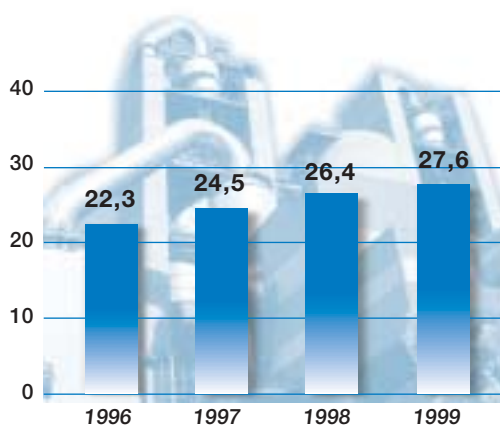
Messico Mexico

Buzzi Unicem è presente su questo mercato attraverso la collegata Corporación Moctezuma, società produttrice di cemento e di calcestruzzo preconfezionato. Il Messico sta attraversando un periodo di espansione economica, con tassi di crescita del consumo di cemento intorno al 5% annuo. In tale contesto, grazie anche all'avviamento della nuova linea di produzione presso lo stabilimento di Tepetzingo, le vendite di cemento sono cresciute del 20,2% e del 5% quelle di calcestruzzo.

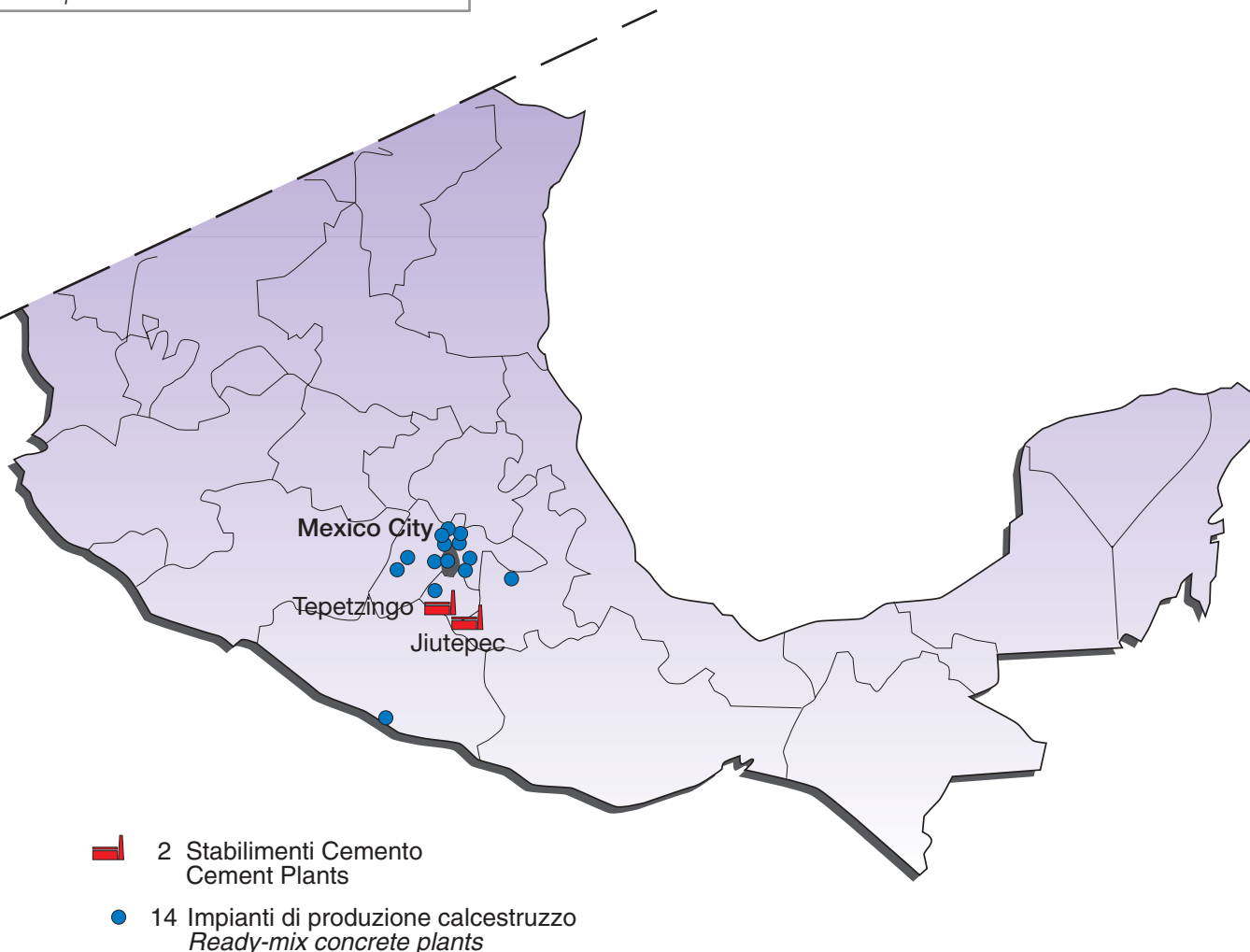
Buzzi Unicem has a presence in this market through its associated company Corporación Moctezuma, which produces cement and ready-mix concrete. Mexico is going through a period of economic expansion, with rates of growth in cement consumption of around 5% per year. Given this situation, and thanks to the start-up of the new production line at the Tepetzingo plant, cement sales have grown by 20.2%, while those of concrete are up 5%.

Consumo di cemento in Messico Cement consumption in Mexico

(million tons)



Attività in Messico
Operations in Mexico



Si riportano di seguito i dati di sintesi delle società operanti in Messico; essi si riferiscono al bilancio consolidato di Corporación Moctezuma e pertanto al nostro gruppo spetta una quota pari al 50% degli stessi:

The following are key figures for the companies operating in Mexico. They refer to the consolidated financial statements of Corporación Moctezuma, of which 50% pertains to our Group:

	(miliardi di lire / billions of lire)	
	1999	1998
Ricavi netti <i>Net sales</i>	280,0	167,4
Margine operativo lordo <i>Gross operating income</i>	152,8	92,7
% sui ricavi netti <i>% of sales</i>	54,6	55,4
Immobilizzazioni materiali nette <i>Property, plant and equipment, net</i>	444,8	299,8
Investimenti industriali <i>Capital expenditures</i>	73,6	56,0
Addetti a fine esercizio <i>Payroll at year end</i>	488	449

Risorse umane *Human Resources*

Importanti attività di sviluppo delle risorse umane si sono svolte nell'ambito del gruppo, con la collaborazione di consulenti esterni e formatori interni. E' stato coinvolto il personale di tutte le unità produttive e dei servizi di staff centrali, sia amministrativi che tecnici.

Nel settore cemento Italia il lavoro formativo ha riguardato l'informatica, la tecnologia di produzione, la qualità e la sicurezza. Un programma di addestramento molto dettagliato ha accompagnato l'introduzione di un nuovo schema organizzativo del personale di cementeria.

Nel settore calcestruzzo Italia gli interventi di formazione hanno interessato, in particolare, i servizi amministrativi e di controllo nonché la funzione produttiva sui temi della sicurezza, del controllo qualità e della tecnologia.

Il personale tecnico delle consociate estere, fortemente impegnato nella realizzazione di nuove linee di produzione, ha approfondito la conoscenza degli impianti che riceverà in affidamento ed ha ricevuto il necessario addestramento in merito all'esercizio degli stessi.

All'interno del gruppo la formazione è andata oltre i momenti ufficiali laddove con frequenti scambi di know-how e con trasferimenti temporanei di personale si è voluto favorire l'integrazione delle culture tra le varie componenti aziendali.

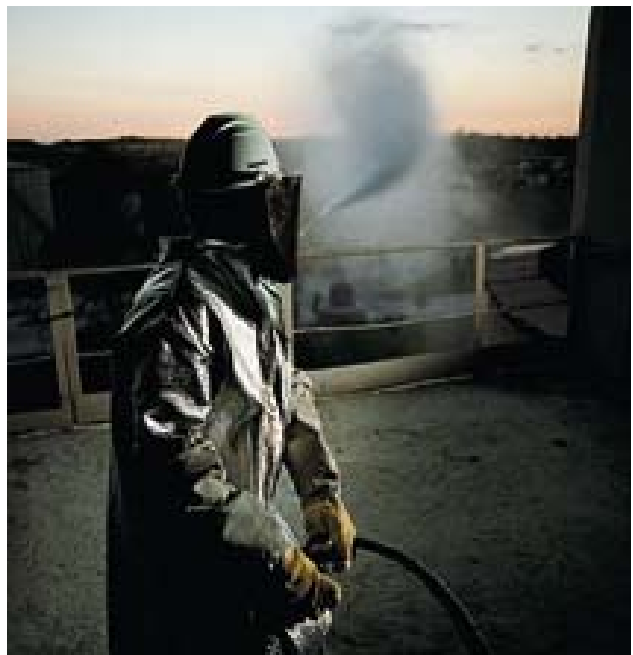
Personnel development has made important progress throughout the Group with the help of external consultants and in-house trainers. Training programs involved personnel at all production units, as well as central staff functions, both administrative and technical.

In the Cement Sector – Italy, training courses were held on information technology, production technology, quality and safety in the workplace. A detailed training plan has accompanied the introduction of a new organizational chart for cement plants.

In the Concrete Sector – Italy, training courses involved the administration and accounting departments, as well as the production function on topics of safety, quality control and technology.

The foreign subsidiaries technical staff, who have been heavily involved in building the new production lines, have improved their knowledge of the plants that they will soon have to look after, receiving the necessary training in how they work.

Training within the Group went beyond the official courses, as there were frequent exchanges of know-how and temporary staff transfers to encourage integration of the various corporate cultures now making up the Group.



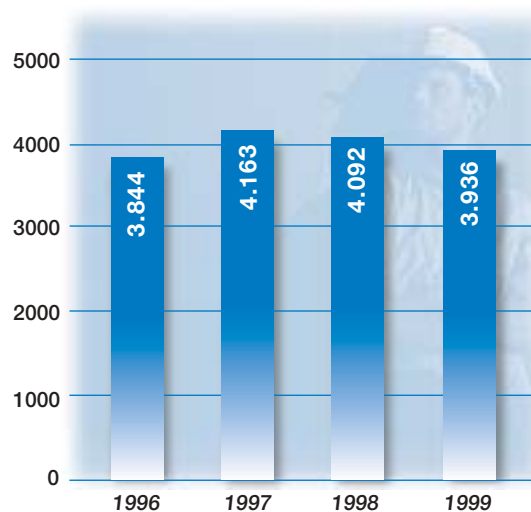
Al 31 dicembre 1999 l'organico del Gruppo Buzzi Unicem è costituito da 3.936 unità, con una diminuzione di 156 unità rispetto all'esercizio precedente. La ripartizione del personale per area geografica è la seguente:

On December 31, 1999, Buzzi Unicem had 3,936 payroll, 156 fewer than at the end of the previous year. The personnel breakdown by geographical area is as follows:

	(numero addetti / no. of payroll)			
	1999	%	1998	%
Italia <i>Italy</i>	2.427	61,7	2.565	62,7
Stati Uniti d'America <i>United States of America</i>	1.265	32,1	1.302	31,8
Messico (50%) <i>Mexico (50%)</i>	244	6,2	225	5,5
Totale Total	3.936	100,0	4.092	100,0

Addetti a fine esercizio **Payroll at year end**

(numero/number)



Attività di ricerca e sviluppo **Research and development**

Da sempre Buzzi Unicem dedica particolare attenzione ai controlli di qualità nonché alla ricerca applicata alle specifiche produzioni. In associazione con altri operatori, sovente stranieri, conduce ricerca e sperimentazione su ingegneria di processo e su nuovi prodotti. Siamo presenti in tutti i principali organismi, nazionali e sovranazionali, che si occupano di normativa e certificazione. Inoltre siamo particolarmente attivi nella produzione, non solo sperimentale, di prodotti speciali, a base di leganti e non, utilizzabili nell'industria della costruzione, ad integrazione e sostegno delle nostre produzioni principali.

Nel 1999 a seguito della fusione, particolare impegno è stato dedicato alla riorganizzazione dell'attività di ricerca e sviluppo e di controllo qualità. In conseguenza della scelta di mantenere attivi entrambi i centri di ricerca ex Unicem SpA in Guidonia (RM) ed ex Buzzi Cementi SpA in Trino (VC), si è lavorato all'ottimizzazione delle rispettive risorse a disposizione, utilizzando al meglio conoscenze e dotazioni specifiche. E' proseguita l'attività di ricerca applicativa, rivolta allo sviluppo di nuovi prodotti e/o tecniche di impiego, per soddisfare specifiche esigenze di clienti e committenti. Si è inoltre intensificata la collaborazione tecnico/scientifica con Unicalcestruzzi SpA, attraverso la creazione di gruppi di lavoro comuni per affrontare problemi relativi ad applicazioni particolari ed alla sperimentazione su larga scala di nuovi prodotti.

Nel mese di settembre lo stabilimento di Vernasca (PC) ha ottenuto la certificazione del Sistema di Qualità Ambientale secondo le norme ISO 14001. Tale riconoscimento è il primo rilasciato in Italia ad una cementeria e tra i primi 10 in Europa nel nostro settore industriale. Questo importante successo consentirà di estendere il Sistema di Gestione Ambientale anche negli altri siti produttivi, migliorando l'immagine ecologica dell'azienda e favorendo l'interrelazione con le parti sociali del territorio circostante.

Buzzi Unicem has always devoted a great deal of attention to quality control and to applied research into specific products. Together with other producers, often foreign, we carry out research and testing on process engineering and on new products. We have a presence in all of the main national and supranational organizations that look after regulations and certification. We are also particularly active in the production – not only on an experimental basis – of special products, some based on binders, others not – for use in the construction industry, to integrate and support our main products.

In 1999, following the merger, a lot of effort went into reorganizing our R&D and quality control activities. Having decided that we would keep both R&D facilities Unicem's at Guidonia (RM) and Buzzi's at Trino (VC), we worked at optimizing the respective resources that they had available, using their specific know-how and equipment in the best way possible. Applied research continued to develop new products and applications, to satisfy the specific needs of customers and contractors. Technical and scientific cooperation has also been intensified with Unicalcestruzzi SpA, with the creation of joint taskforces to handle problems involving particular applications and large scale testing of new products.

In September, the Vernasca plant (PC) was awarded ISO 14001 certification for its Environmental Quality System. This award is the first to be granted to a cement plant in Italy and it is one of the first 10 to be issued in Europe in our particular field of activity. This important recognition will enable us to extend the Environmental Management System to other production facilities as well, improving the firm's ecological reputation and fostering relations with social representatives in the surrounding area.



CONSOLIDATED BALANCE SHEET

ASSETS

	Dec. 31,1999 (in millions of lire)	Dec. 31,1998 (in millions of lire)	Dec. 31,1999 (in thousands of euro)
A) RECEIVABLES FROM STOCKHOLDERS FOR SUBSCRIBED CAPITAL UNPAID	–	–	–
B) FIXED ASSETS			
I Intangible fixed assets:			
1) Formation and expansion costs	8,111	8,360	4,189
2) Research, development and advertising expenses	–	76	–
3) Industrial patents and intellectual property rights	1,485	2,013	767
4) Concessions, licenses, trademarks and similar rights	1,626	1,732	840
5) Goodwill	241,996	30,454	124,981
6) Assets in progress and advances	900	372	464
7) Differential arising from consolidation	104,628	300,529	54,036
8) Others	1,038	1,035	536
Total	359,784	344,571	185,813
II Property, plant and equipment:			
1) Land and buildings	491,688	460,713	253,936
2) Plant and machinery	806,484	794,933	416,514
3) Industrial and commercial equipment	37,077	44,410	19,149
4) Other assets	27,394	17,388	14,148
5) Assets in progress and advances	193,024	61,687	99,689
Total	1,555,667	1,379,131	803,436
III Financial fixed assets:			
1) Equity investments in:	43,203	37,182	22,312
a) unconsolidated subsidiaries	1,169	–	604
b) associated companies	31,415	25,855	16,224
c) parent companies	–	–	–
d) other companies	10,619	11,327	5,484
2) Receivables	70,036	19,680	36,170
a) from unconsolidated subsidiaries	442	392	228
- due beyond 12 months	442	392	228
b) from associated companies	3,970	4,281	2,050
- due within 12 months	1,239	2,139	640
- due beyond 12 months	2,731	2,142	1,410
c) from parent companies	–	–	–
d) from others	65,624	15,007	33,892
- due within 12 months	2,977	58	1,538
- due beyond 12 months	62,647	14,949	32,354
3) Other securities	44	5,625	23
4) Treasury stock	–	–	–
Total	113,283	62,487	58,505
Total fixed assets (B)	2,028,734	1,786,189	1,047,754

	Dec. 31,1999 (in millions of lire)	Dec. 31,1998 (in millions of lire)	Dec. 31,1999 (in thousands of euro)
C) CURRENT ASSETS			
I Inventories:			
1) Raw materials, supplies and consumables	132,252	118,064	68,302
2) Work in progress and semi-finished products	35,158	29,563	18,158
3) Contract work in progress	250	894	129
4) Finished products and goods for resale	39,679	28,095	20,492
5) Advances to suppliers	1,988	627	1,027
Total	209,327	177,243	108,108
II Receivables:			
1) Trade receivables	520,665	483,227	268,901
- due within 12 months	517,998	476,857	267,524
- due beyond 12 months	2,667	6,370	1,377
2) From unconsolidated subsidiaries	—	—	—
3) From associated companies	19,554	11,750	10,099
- due within 12 months	18,566	476,857	9,589
- due beyond 12 months	988	6,370	510
4) From parent companies	8	—	4
5) From others	45,328	128,355	23,410
- due within 12 months	25,130	62,143	12,979
- due beyond 12 months	20,198	66,212	10,431
Total	585,555	623,332	302,414
III Financial assets not held as fixed assets:			
1) Equity investments in unconsolidated subsidiaries	—	—	—
2) Equity investments in associated companies	—	—	—
3) Equity investments in parent companies	—	—	—
4) Other equity investments	—	—	—
5) Treasury stock	—	398	—
6) Other securities	389,173	296,740	200,991
Total	389,173	297,138	200,991
IV Cash and cash equivalents:			
1) Bank and post office deposits	378,164	424,008	195,305
2) Checks	905	239	467
3) Cash on hand	177	232	91
Total	379,246	424,479	195,863
Total current assets (C)	1,563,301	1,522,192	807,378
D) ACCRUED REVENUES AND PREPAID EXPENSES	8,848	8,814	4,570
TOTAL ASSETS	3,600,883	3,317,195	1,859,702

LIABILITIES AND STOCKHOLDERS' EQUITY

	Dec. 31,1999 (in millions of lire)	Dec. 31,1998 (in millions of lire)	Dec. 31,1999 (in thousands of euro)
A) STOCKHOLDERS' EQUITY			
I Capital stock	152,820	50,588	78,925
II Paid-in capital	65,113	–	33,628
III Revaluation reserves	84,902	24,531	43,848
IV Legal reserve	10,118	10,118	5,226
V Reserve for treasury stock	–	–	–
VI Statutory reserves	–	–	–
VII Other reserves:	540,936	15,006	279,371
1) Consolidation reserve	4,232	4,232	2,186
2) Translation differences	57,046	(50,095)	29,462
3) Reserve for gains on contributions ex law 904/77	43,116	10,748	22,268
4) Reserve for the purchase of treasury stock	30,000	–	15,494
5) Reserve for capital grants	15,822	7,782	8,171
6) Reserve for gains ex law 169/83	19,200	–	9,916
7) Merger surplus	371,520	42,339	191,874
VIII Retained earnings (losses)	329,778	228,431	170,316
IX Consolidated net income (loss)	230,057	12,798	118,814
Total stockholders' equity of the Group	1,413,724	341,472	730,128
X Minority interests	180,210	857,093	93,071
Total stockholders' equity (A)	1,593,934	1,198,565	823,199
B) RESERVES FOR RISKS AND CHARGES			
1) Pensions and similar obligations	33,444	80	17,272
2) Taxation	101,107	119,617	52,217
3) Others	49,068	42,080	25,342
Total reserves for risks and charges (B)	183,619	161,777	94,831
C) RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES	75,361	74,226	38,921

	Dec. 31,1999 (in millions of lire)	Dec. 31,1998 (in millions of lire)	Dec. 31,1999 (in thousands of euro)
D) PAYABLES			
1) Bonds	480,000	500,000	247,899
- due within 12 months	230,000		118,785
- due beyond 12 months	250,000	500,000	129,114
2) Convertible bonds	—	—	—
3) Borrowings from banks	684,316	902,270	353,419
- due within 12 months	356,193	131,323	183,958
- due beyond 12 months	328,123	770,947	169,461
4) Other providers of finance	93,314	22,084	48,193
- due within 12 months	17,579	18,339	9,079
- due beyond 12 months	75,735	3,745	39,114
5) Advances	4,057	2,113	2,095
6) Trade payables	334,141	274,921	172,570
7) Notes payable	—	2,280	—
8) Payables to unconsolidated subsidiaries	—	—	—
9) Payables to associated companies	284	2,116	147
10) Payables to parent companies	198	253	102
11) Taxes payable	84,345	51,686	43,561
- due within 12 months	77,009	39,674	39,772
- due beyond 12 months	7,336	12,012	3,789
12) Payables to social security institutions	12,712	14,547	6,565
- due within 12 months	11,037	11,330	5,700
- due beyond 12 months	1,675	3,217	865
13) Other payables	26,242	67,156	13,553
- due within 12 months	24,404	38,026	12,604
- due beyond 12 months	1,838	29,130	949
Total Payables (D)	1,719,609	1,839,426	888,104
E) ACCRUED EXPENSES AND DEFERRED REVENUES			
	28,360	43,201	14,647
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,600,883	3,317,195	1,859,702
MEMORANDUM ACCOUNTS			
Guarantees given	79,532	37,279	41,075
Guarantees received	307,781	78,871	158,956
Other memorandum accounts	25,420	14,231	13,128
Total memorandum accounts	412,733	485,881	213,159

CONSOLIDATED INCOME STATEMENT

	1999 (in millions of lire)	1998 (in millions of lire)	1999 (in thousands of euro)
A) VALUE OF PRODUCTION			
1) Revenues from sales and services	2,223,693	1,926,880	1,148,442
2) Change in inventories of work in progress, semi-finished and finished products	6,604	(15,712)	3,411
3) Change in contract work in progress	(644)	638	(333)
4) Additions to internally produced fixed assets	8,452	5,580	4,365
5) Other revenues and income	19,193	13,431	9,912
Total value of production (A)	2,257,298	1,930,817	1,165,797
B) COSTS OF PRODUCTION			
6) Raw materials, supplies, consumables and goods for resale	755,813	691,089	390,345
7) Services	451,097	372,105	232,972
8) Use of third party assets	18,735	21,402	9,676
9) Labor costs:	316,243	302,435	163,326
a) salaries and wages	227,617	212,310	117,554
b) social security contributions	75,808	76,920	39,152
c) employee severance indemnities	10,062	10,090	5,197
d) pensions and similar obligations	1,203	1,120	621
e) other costs	1,553	1,995	802
10) Amortization, depreciation and writedowns:	214,070	219,319	110,559
a) amortization of intangible fixed assets	49,088	53,248	25,352
b) depreciation of property, plant and equipment	149,210	153,368	77,061
c) other adjustments to fixed assets	4,621	–	2,387
d) writedowns of receivables under current assets and liquid funds	11,151	12,703	5,759
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	(3,008)	(5,771)	(1,554)
12) Provisions for risks	1,764	–	911
13) Other provisions	–	–	–
14) Other expenses	55,601	55,108	28,716
Total costs of production (B)	1,810,315	1,655,687	934,951
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	446,983	275,130	230,846
C) FINANCIAL INCOME AND EXPENSES			
15) Income from equity investments:	328	207	169
a) dividends from unconsolidated subsidiaries	–	–	–
b) dividends from associated companies	56	54	29
c) dividends from other companies	146	145	75
d) other income from equity investments	126	8	65

	1999 (in millions of lire)	1998 (in millions of lire)	1999 (in thousands of euro)
16) Other financial income:	47,379	46,834	24,470
a) from receivables under fixed assets:	560	592	289
- from unconsolidated subsidiaries	-	-	-
- from associated companies	31	124	16
- from parent companies	-	-	-
- from others	529	468	273
b) from securities under fixed assets other than equity investments	19	2,405	10
c) from securities under current assets other than equity investments	9,109	11,188	4,705
d) other income:	37,691	32,649	19,466
- from unconsolidated subsidiaries	-	-	-
- from associated companies	335	134	173
- from parent companies	45	-	23
- from others	37,311	32,515	19,270
17) Interest and other financial expenses:	67,646	98,430	34,936
a) unconsolidated subsidiaries	-	-	-
b) associated companies	-	-	-
c) parent companies	476	570	246
d) others	67,170	97,860	34,690
Total financial income and expenses (15+16-17)	(19,939)	(51,389)	(10,297)
D) ADJUSTMENTS TO FINANCIAL ASSETS			
18) Revaluations:	3,873	100	2,000
a) of equity investments	3,815	75	1,970
b) of financial fixed assets other than equity investments	58	-	30
c) of securities under current assets other than equity investments	-	25	-
19) Writedowns:	4,904	8,509	2,532
a) of equity investments	4,888	6,233	2,524
b) of financial fixed assets other than equity investments	16	2,270	8
c) of securities under current assets other than equity investments	-	6	-
Total adjustments (18-19)	(1,031)	(8,409)	(532)
E) EXTRAORDINARY INCOME AND EXPENSES			
20) Income:	25,179	14,930	13,004
a) gains on disposals	2,161	526	1,116
c) other extraordinary income	23,018	14,404	11,888
21) Expenses:	10,989	33,367	5,675
a) losses on disposals	35	577	18
b) prior year taxes	105	23,670	54
c) other extraordinary expenses	10,849	9,120	5,603
Total extraordinary income and expenses (20-21)	14,190	(18,437)	7,329
INCOME BEFORE TAXES (A-B+C+D+E)	440,203	196,895	227,346
22) Income taxes	(161,136)	(101,214)	(83,220)
23) COMBINED NET INCOME (LOSS)	279,067	95,681	144,126
24) Minority interests	(49,010)	(82,883)	(25,312)
CONSOLIDATED NET INCOME (LOSS)	230,057	12,798	118,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form and content of the consolidated financial statements

The consolidated financial statements have been prepared in conformity with Legislative Decree 127/91. They include the financial statements as of December 31, 1999 of Buzzi Unicem SpA and subsidiaries in which Buzzi Unicem SpA directly or indirectly holds more than 50% of the capital stock or in which it exercises a dominant influence, despite having a minority interest, directly or indirectly. The scope of consolidation does not include those subsidiaries in which the parent company rights are seriously and permanently restricted, nor those whose shares or quotas are held exclusively with a view to selling them in the future. Subsidiaries in liquidation and those companies with insignificant assets, both from an investment point of view and in terms of their net equity and results, have also been excluded from the scope of consolidation. Companies in which the group, directly or indirectly, exercises joint control with other stockholders have been consolidated under the proportional method. Unconsolidated subsidiaries and associated companies in which the direct or indirect holding is between 20% and 50% are carried at equity.

The financial statements used in the consolidation are those prepared or approved as of December 31, 1999 by the boards of the individual companies. These financial statements have been adjusted, where necessary, to bring them into line with Group accounting principles, which comply with those laid down by current Italian law and those issued by the Italian Accounting Profession. The adjustments to the individual financial statements made to eliminate items of a purely fiscal nature or to align them with Group accounting principles, as well as other consolidation adjustments, take into account the related deferred tax effect, where appropriate. The Mexican companies prepare their financial statements in accordance with the principles of inflation accounting. The closing date and the reference period for the consolidated financial statements coincide with those of the statutory financial statements of the parent company and its subsidiaries.

The 1999 balance sheet and income statement are comparable with those of the prior year, except for changes in the scope of consolidation. In certain cases, comparability of content entailed some adjustments to the prior year figures.

The main changes to the Group structure during 1999 are summarized below:

- Buzzi Unicem SpA (formerly Buzzi Cementi SpA) carried out the following operations: merger of Unicem SpA, and listing on the Italian Stock Exchange; purchase of 30% of Alpine Srl, a company with majority and minority interests in the cement, aggregates and ready-mixed concrete sector.
- RC Cement Co., Inc. carried out the following operations: contribution to RC Cement Management Co., Inc., a newly-founded, wholly-owned company, of the technical, administrative and management services division of the RC Cement Group; subsequently RC Cement Co., Inc. was merged with the newly-founded, wholly-owned Danish company, RC Cement International ApS.
- Alamo Cement Company carried out the following operations: purchase of 100,000 treasury shares, equal to 33.3% of its capital stock; as a result of this purchase, Finpresa SA's investment passed from 66.7% to 100% of the capital stock. As this operation was finalized just before year-end, the consolidated net income is shown net of minority interests, while no minority interests are shown in the balance sheet.
- Unicalcestruzzi SpA carried out the following operations: purchase of 18.3% of Frantoio Taro Srl, which has been consolidated on a line-by-line basis for the first time.
- Cementeria di Barletta SpA carried out the following operations: purchase of 35% of Ciments de Balears, SA.

- Betonval SpA carried out the following operations: merger of Ready Beton Srl, La Puntarella Srl and Cave Acquasanta Srl.
- Cementos Portland Moctezuma, SA de CV carried out the following operations: partial proportional spin-off, transferring to the newly formed beneficiary Cementos Moctezuma, SA de CV the business involving ownership of the raw material quarries and the sale of Moctezuma cement.
- Latinoamericana de Agregados y Concretos, SA de CV carried out the following operations: merger of Agregados de Morelos, SA de CV.

Consolidation principles

Subsidiaries have been consolidated under the line-by-line method, fully consolidating all assets, liabilities, costs and revenues, regardless of the percentage of ownership. The portions of stockholders' equity and of the result for the year pertaining to minority interests are shown separately both in the consolidated balance sheet and the consolidated income statement. The main consolidation principles are:

- the carrying value of consolidated equity investments is eliminated against the related portion of stockholders' equity. Credit differentials arising from this elimination are booked to the *Consolidation reserve*. Debit differentials are allocated, where possible, to the assets or liabilities to which the higher value refers; any residual portion represents goodwill, which is booked to *Differential arising from consolidation* or deducted to the extent possible from the *Consolidation reserve*.
- Intercompany receivables and payables, costs and revenues are eliminated. Significant unrealized profits and losses deriving from transactions between consolidated companies and not yet realized with third parties are also eliminated.
- InfraGroup dividends are eliminated from the consolidated income statement.

The proportional consolidation method, used for subsidiaries that are jointly controlled together with other stockholders, entails the inclusion of assets, liabilities and income statement results in proportion to the percentage of ownership held.

The valuation at equity, used for unconsolidated subsidiaries and associated companies in which the Group has a significant influence, entails booking the company in the financial statements at an amount representing the portion of equity, after dividends and adjustments required by the accounting principles for the preparation of consolidated financial statements

The translation of financial statements in foreign currencies is done using the current rate method. Such method entails translating assets and liabilities at the exchange rate ruling at the end of the year, and converting income statement figures at the average exchange rate for the year. Stockholders' equity is translated at the historical exchange rate ruling at the date of acquisition. The exchange differences arising using a different exchange rate than the one used the previous year is attributed to *Translation differences* under stockholders' equity. The difference that arises on converting the balance sheet and the income statement at different exchange rates is also booked to *Translation differences*. As for the financial statements of the Mexican companies, in which balance sheet and income statement figures are expressed at their current purchasing power at the end of the period, both accounting schedules are translated at the exchange rate ruling at the year end.

The exchange rates used for translation are the following:

(lire)

Currency	Exchange rate as of Dec. 31, 1999	Average exchange rate for 1999	Exchange rate as of Dec. 31, 1998	Average exchange rate for 1998
US Dollar	1,927.40	1,819.27	1,653.10	1,736.24
Mexican Peso	203.33	–	166.27	–
Dutch Guilder	878.64	878.64	878.64	875.66
Luxembourg Franc	47.99	47.99	47.99	47.85
Danish Kroner	260.14	260.41	–	–
Euro	1,936.27	–	1,936.27	–

Accounting policies

For a true and fair representation of the Group's economic and financial situation, the consolidated financial statements have been prepared applying different accounting policies from those used for the statutory financial statements of Buzzi Unicem SpA, without any changes from the previous year. Assets and liabilities are valued on a substantially consistent basis. Certain items in the financial statements of foreign operating companies have deliberately not been aligned to Group accounting policies, as this better achieves a true and fair view.

Intangible fixed assets

Intangible fixed assets are booked at purchase or production cost, including ancillary charges, and amortized on a straight line basis over their estimated useful life. The capitalization of individual costs is economically justified by the future benefit they will bring. Their book value is shown net of accumulated amortization, which is generally calculated over five years. The useful life of *Goodwill* and *Differential arising from consolidation* has been set at 5 or 10 years, depending on the distinctive features of the sector in which the companies operate and the estimated payback period of the investments concerned. Mining licenses for the quarrying of natural aggregates are amortized in proportion to the volume extracted.

Assets whose value at the balance sheet date is permanently lower than their book value are shown at this lower value. If the reasons for a permanent writedown no longer apply, the original value is reinstated within the limits of prior writedowns and, in any case, only to the extent that it has effectively recovered economic value.

Property, plant and equipment

Property, plant and equipment are booked at purchase or production cost, including overheads, restated in certain cases according to the law on monetary revaluations or as part of consolidation or merger operations, attributing indirect acquisition costs to the related assets. Production cost includes a reasonably attributable portion of the direct and indirect costs incurred prior to the time that the asset entered into service. The cost of certain tangible fixed assets, especially new production lines, may include the interest expense on specific loans obtained during their construction.

Leased assets are booked to the assets side of the balance sheet at the lower of market and the net present value of future contractual lease payments. This accounting treatment is in line with IAS 17.

Ordinary maintenance and repairs are expensed in the year they are incurred. Maintenance costs entailing a genuine improvement in terms of productivity, useful life or value are capitalized and added to the value of the assets concerned.

Property, plant and equipment are depreciated systematically each year over their estimated residual useful life. Land on which natural aggregates are quarried, is depreciated in proportion to the volume of material extracted during the year. The value shown in the financial statements is net of accumulated depreciation and adjustments.

Assets whose value at the balance sheet date is permanently lower than their book value are shown at this lower value. If the reasons for a permanent writedown no longer apply, the original value is reinstated within the limits of prior writedowns and, in any case, only to the extent that it has effectively recovered economic value.

Financial fixed assets

Equity investments in unconsolidated subsidiaries and associated companies are generally valued by the equity method. Other equity investments are carried at purchase or subscription cost. In the event that the stockholders' equity of investments appearing in the financial statements suffers a decrease which is considered permanent, or the stock prices of listed companies are permanently lower than the carrying value, the cost is written down accordingly. The original value is reinstated in subsequent years, if the reasons for such writedowns no longer apply.

Receivables are recorded at their estimated realizable value.

Other securities are valued at acquisition cost, which includes overheads. This value is written down in the event of permanent losses. If the reasons for a permanent writedown no longer apply, the original value is reinstated within the limits of prior writedowns and, in any case, only to the extent that it has effectively recovered economic value.

Inventories

Inventories are valued at the lower of purchase or production cost and market. Cost is generally determined at average cost for the period. Contract work in progress is valued at the costs that have been incurred up to the balance sheet date.

Receivables and payables

Receivables are booked at their estimated realizable value, being the difference between their nominal value and the allowance for doubtful accounts. The reserve covers generic collection risks, calculated on all receivables and on the basis of past experience and the level of solvency of debtors or classes of debtors, as well as individual doubtful accounts.

Payables are recorded at their nominal value.

Receivables and payables denominated in foreign currency are translated into lire 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 time of the transaction are booked to the income statement, together with exchange differences realized during the year.

Financial assets not held as fixed assets

Equity investments and *Other securities* not held as fixed assets are carried at the lower of cost and realizable value, based on market trends at the end of the year. Their original value is reinstated in subsequent years, if the reasons for writedowns no longer apply. *Other securities* are valued taking into account issue discounts accrued during the period in which they were held.

Reserves for risks and charges

The reserves for risks and charges are recorded to cover specific losses or liabilities whose existence is certain or likely, but whose timing or amount is not yet known at the balance sheet date. The provision reflects the best possible estimate based on available information.

Reserve for employee severance indemnities

The amount of this reserve is adjusted each year in compliance with current laws and labor contracts. It represents a certain liability, which has accrued up to the end of the year to the benefit of the employees of the Italian companies, net of advances paid.

Accruals and deferrals

Accruals and deferrals are made up of expenses and revenues common to two or more years, the amount of which varies exclusively over time.

Capital grants

Capital grants are booked to *Other reserves*, net of taxes, once the amounts accrued become certain.

Revenues and costs

Revenues and costs are recorded in the financial statements on an accruals basis, notwithstanding their collection or payment date. Dividends from equity investments in unconsolidated companies are accounted for upon receipt.

Income taxes

The estimated amount of taxes for the year, calculated in accordance with current law, is credited to *Taxes payable*, net of advances, withholdings and tax credits. The tax rates applied vary according to the nationality and fiscal situation of consolidated companies concerned. The *reserve for taxation* includes deferred taxes on the timing differences between the book and the taxable income of the individual companies included in the consolidation, the deferred taxes caused by consolidation adjustments, and an estimate of the tax charges likely to arise on open years or matters in dispute. The tax effects of timing differences that give rise to credits because of taxes paid in advance (deferred tax assets) are only recorded if there is a reasonable chance that they will be recovered.

CNDN Accounting Principle no. 25 on income taxes was applied in full during the year. Part of the adjustments required on application of this accounting principle refer to previous years, and this has been booked to extraordinary items, while the current year portion has been booked to income taxes for the year.

Comments on items in the consolidated balance sheet

(in millions of lire)

Intangible fixed assets

Formation and expansion costs comprise Lire 7,374 million of notary fees, taxes and duties, and other expenses relating to corporate deeds concerning the legal and corporate expansion of the Group, such as capital stock increases, mergers, bond issues, admission to listing. The balance also includes Lire 737 million for the start-up of new production sites.

Industrial patents and intellectual property rights mainly include expenses incurred for the purchase of software for plant and office automation.

The caption *Concessions, licenses, trademarks and similar rights* comprises Lire 1,458 million of mining concessions, Lire 100 million of industrial licenses and Lire 68 million of trademarks mainly owned by the parent company.

Goodwill, which refers to the merged company Unicem SpA, amounts to Lire 217,273 million and arises from a partial reclassification of the differential that arose in 1998, when Unicem SpA was consolidated for the first time. The merger of the parent company and its main subsidiary means that this caption now substantially agrees with the equivalent figure in the statutory financial statements. The balance also includes an amount of Lire 24,724 million which is the cost incurred for the acquisition of companies operating in the concrete and aggregates sector.

Differential arising from consolidation of Lire 104,628 million consists of the positive differences arising on first-time consolidation of the main subsidiaries. The most significant surpluses refer to Alamo Cement Company (Lire 69,725 million), which arose at the end of 1999 after the increase in our holding from 67% to 100%, Betonval SpA (Lire 23,575 million) and Cementi Riva Srl (Lire 9,913 million).

The caption *Others* is made up of leasehold improvements and other deferred charges.

The following table shows details of changes during the year:

	Net value as of Dec. 31, 1998	Additions	Amortization	Transfers and reclassifications	Translation differences	Disposals and others	Net value as of Dec. 31, 1999
Formation and expansion costs	8,360	3,433	(3,775)	41	160	(108)	8,111
Research, development and advertising expenses	76	—	(76)	—	—	—	0
Industrial patents and intellectual property rights	2,013	435	(774)	(189)	—	—	1,485
Concessions, licenses, trademarks and similar rights	1,732	56	(288)	126	—	—	1,626
Goodwill	30,454	5,191	(33,484)	239,835	—	—	241,996
Assets in progress and advances	372	800	(341)	288	—	(219)	900
Differential arising from consolidation	300,529	71,315	(9,942)	(257,274)	—	—	104,628
Others	1,035	676	(407)	(266)	—	—	1,038
Total	344,571	81,906	(49,087)	(17,439)	160	(327)	359,784

The effect of changes in the scope of consolidation amounts to Lire 11 million, due to the inclusion of Frantoio Taro Srl.

Property, plant and equipment

The amount shown in the financial statements comes from the gross value of Lire 3,642,966 million less accumulated depreciation of Lire 2,087,299 million (Lire 3,256,560 million and Lire 1,877,428 million respectively as of December 31, 1998). Increases and decreases in the gross value refer to normal business additions and disposals of fixed assets during the year. The net book value of Lire 1,555,667 million decreases by Lire 176,536 million in comparison with the prior year.

The following table shows details of changes during the year:

	<i>Net value as of Dec. 31, 1998</i>	<i>Additions and revaluations</i>	<i>Depreciation</i>	<i>Transfers and reclassifications</i>	<i>Translation differences</i>	<i>Disposals and others</i>	<i>Net value as of Dec. 31, 1999</i>	<i>Accumulated depreciation as Dec. 31, 1999</i>
Land and buildings	460,713	16,427	(33,014)	22,586	31,793	(6,817)	491,688	(443,782)
Plant and machinery	794,933	65,280	(97,451)	10,767	40,151	(7,196)	806,484	(1,474,572)
Industrial and commercial equipment	44,410	9,223	(10,747)	(8,633)	4,142	(1,318)	37,077	(106,185)
Other assets	17,388	5,286	(7,998)	12,179	2,415	(1,876)	27,394	(62,760)
Assets in progress and advances	61,687	169,682	–	(41,652)	3,307	–	193,024	–
Total	1,379,131	265,898	(149,210)	(4,753)	81,808	(17,207)	1,555,667	(2,087,299)

Amounts shown in column *Transfers and reclassifications* refer to orders outstanding at the end of the prior year and to a general review of the various categories of tangible fixed assets, so as to classify Group assets in a consistent and homogeneous way. The effect of changes in the scope of consolidation amounts to Lire 1 million, due to the inclusion of Frantoio Taro Srl.

Financial fixed assets

In detail, *Equity investments* are the following:

	Book Value	% of stockholding	
		direct	indirect
Unconsolidated subsidiaries:			
Alfacementi Srl	1,099		100.0
Iniziative Siciliane Srl	70		70.0
Total unconsolidated subsidiaries:	1,169		
Associated companies:			
Cementi Moccia SpA	19,174	30.0	
Technobeton Srl	2,383	45.0	
Baumit Italia Srl	1,881		30.0
Premix SpA	1,842		40.0
Fratelli Napoli SpA	1,080		33.3
Alpine Srl	800		30.0
Monterosa Calcestruzzi Srl	484		20.0
E.L.M.A. Srl	479		50.0
Betonfer Srl	427		33.3
Ciments de Balears, SA	425		35.0
Cave Alto Santerno Srl	393		49.0
Betonsud Srl (in liquidation)	270		49.9
Nova Beton Srl	256		30.0
Calcestruzzi Faure Srl	241		27.2
Vielle Calcestruzzi Srl	209		40.0
Edilcave Srl	168		30.0
A.P.I.C.E. Srl (in liquidation)	166		46.0
S.A.F.I. Srl	164		33.3
Immobiliare C.B.C. Srl	151		33.3
Beton Biella Srl	112		20.0
Cementi e Calci di Santa Marinella Srl	94		33.3
Consorzio CO.ES. Srl	73		44.0
Albenga Calcestruzzi Srl	58		30.0
Brizzi Calcestruzzi Srl	45		50.0
Iblea Calcestruzzi Srl	25		50.0
Calcestruzzi Bell'Italia Srl	15		25.0
Total associated companies	31,415		
Other companies:			
Romana Calcestruzzi SpA	5,640		16.7
Partecipazioni Porto Antico di Genova SpA	2,283	14.0	
Cava degli Olmi Srl	656		12.0
Terminal Rinfuse Genova SpA	470	6.7	
Tassullo SpA	336		1.9
Ipse Srl	330	11.0	
F.lli Bianchi fu Michele & C. SpA	220		16.7
Sipac SpA (in liquidation)	220		11.0
Navicelli di Pisa SpA	83		10.4
Other minor investments	381		
Total other companies	10,619		
Total	43,203		

The breakdown by consolidation method is the following:

	Dec. 31, 1999	Dec. 31, 1998
Equity investments valued at equity	28,190	25,855
Equity investments valued at cost	15,013	11,327
Total	43,203	37,182

Baumit Italia Srl is carried at cost because of clauses in the contract stipulated with the majority stockholder, which guarantee reimbursement of the price paid. The other subsidiary and associated companies carried at cost are not very significant in investment terms, nor in terms of their net worth and results. The following table shows details of changes during the year:

	Book value as of Dec. 31, 1998	Valuation at equity	Change in scope of consolidation	Purchases and subscriptions	Writedowns	Disposals and others	Book value as of Dec. 31, 1999
Unconsolidated subsidiaries	—	—	—	1,169	—	—	1,169
Associated companies	25,855	(1,007)	(1,937)	8,656	(152)	—	31,415
Other companies	11,327	—	—	3	—	(711)	10,619
Total	37,182	(1,007)	(1,937)	9,828	(152)	(711)	43,203

Receivables from unconsolidated subsidiaries pass from Lire 392 million to Lire 442 million. They are made up of non-interest bearing loans granted to Betongenova Srl in liquidation (Lire 57 million), Sofinvest Srl in liquidation (Lire 235 million), and Inerti e Calcestruzzi Srl in liquidation (Lire 150 million).

Receivables from associated companies are made up of non-interest bearing loans granted to S.A.F.I. Srl (Lire 97 million), Albenga Calcestruzzi Srl (Lire 45 million), Vielle Calcestruzzi Srl (Lire 80 million), PRO.CAL.MI. Srl in liquidation (Lire 36 million), A.P.I.C.E. Srl in liquidation (Lire 18 million), as well as interest-bearing loans granted to Nova Beton Srl (Lire 300 million), Albenga Calcestruzzi Srl (Lire 187 million), Immobiliare C.B.C. Srl (Lire 1,384 million), Premix SpA (Lire 234 million), Betonsud Srl in liquidation (Lire 1,239 million) and Iblea Calcestruzzi Srl (Lire 350 million).

Receivables from others total Lire 65,624 million, compared with Lire 15,007 million at the end of last year. The caption includes Lire 55,304 million of receivables from tax authorities, including accrued interest; Lire 5,131 million of interest-bearing loans granted to third parties; Lire 1,526 million of guarantee deposits receivable; other receivables for Lire 3,663 million. The increase of Lire 50,617 million is mainly due to the reclassification from current assets to fixed assets of receivables from the tax authorities previously requested by Unicem SpA, together with accrued interest. This amount has been allocated to long-term receivables because the rebate is not forthcoming and it is unlikely to be paid in the near future. In practice this has created a "long-term" investment even if it is neither desirable nor welcome.

Other securities decrease by Lire 5,581 million. The CCTs '94/99 that Cementeria di Augusta SpA received as reimbursement for the VAT credit resulting from the 1992 annual VAT return expired during 1999.

Inventories

The amount of Lire 209,327 million shows a growth of Lire 32,084 million against the prior year. Increases and decreases in the various categories involve normal movements in materials and finished goods, in line with the trend in production and sales, as well as changes in exchange rates used for the translation of foreign financial statements. The item *Inventories* is recorded net of allowance for obsolescence of Lire 4,376 million.

Receivables

Trade receivables amount to Lire 520,665 million, net of allowance for doubtful accounts of Lire 32,185 million, and increase by Lire 37,438 million versus the previous year. This change is attributable, on the one hand, to the normal trend in operating flows; on the other, to differences on translation of foreign financial statements.

Receivables from associated companies are made up of Lire 10,630 million of interest-bearing loans granted to Premix SpA (Lire 2,937 million), Alpine Srl (Lire 4,263 million), Baumit Italia Srl (Lire 1,900 million), Cave Alto Santerno Srl (Lire 988 million) and by Lire 542 million of non-interest bearing loans granted to Ciments de Balears, SA. The balance also includes Lire 8,924 million deriving from normal and regular commercial relationships with associated companies, mainly in the concrete and aggregates sector. As of December 31, 1998, financial receivables from associated companies amounted to Lire 3,115 million, trade receivables to Lire 8,635 million.

Receivables from others total Lire 45,328 million. They include receivables from tax authorities for Lire 21,058 million, from personnel for Lire 590 million, from social security institutions for Lire 457 million, from suppliers for Lire 1,570 million, receivables for deferred tax assets for Lire 6,947 million, loans to third parties for Lire 11,066 million and other receivables for Lire 3,640 million. The main changes refer to receivables from the tax authorities, which decreased by Lire 63,287 million, after the reclassification mentioned previously and the utilization for income taxes paid during the year.

Financial assets not held as fixed assets

Other securities are made up of cash invested in marketable securities, bonds and shares in mutual funds. The increase of Lire 92,433 million is due to two main reasons of opposite sign: additional investments in securities made by the subsidiary RC Cement and the associated company Corporación Moctezuma; partial utilization of the liquidity generated by the "Presinvest SA FRN Due 2000" bond loan to repurchase on the market Lire 20,000 million nominal value of the same securities. Bonds for a total of Lire 22,936 million have been given to San Paolo Imi SpA as collateral for a long-term loan granted to the parent company.

Cash and cash equivalents

These total Lire 379,246 million, with a decrease of Lire 45,233 million compared to December 31, 1998. They include checking accounts and time deposits.

Accrued revenues and prepaid expenses

Accrued revenues amount to Lire 1,942 million and are made up of Lire 1,229 million of interest income on fixed interest securities and time deposits. As of December 31, 1998 accrued revenues totaled Lire 3,761 million.

Prepaid expenses amount to Lire 6,905 million, of which Lire 5,214 million relating to operating expenses and Lire 1,692 million to financial expenses pertaining to the following year, including expenses for medium-term financial operations. As of December 31, 1998 prepaid expenses totaled Lire 5,053 million.

Stockholders' equity

The table below summarizes changes in stockholders' equity of the Group during the year ended on December 31, 1999:

	Capital stock	Paid-in capital	Revaluation reserves	Legal reserve	Other reserves	Retained earnings	Consolidated net income (loss)	Total
Balance as of December 31, 1998	50,588	-	24,531	10,118	15,006	228,431	12,798	341,472
Allocation of 1998 net income:								
- to reserves	-	-	-	-	200	12,598	(12,798)	0
Bonus issue	10,200	-	(10,000)	-	(200)	-	-	0
Conversion of bonds	7,534	65,113	-	-	-	-	-	72,647
Changes in the scope of consolidation	-	-	-	-	-	180	-	180
Differences on translation of foreign financial statements	-	-	-	-	107,141	-	-	107,141
Application of inflation accounting	-	-	-	-	-	8,664	-	8,664
Dividend distribution	-	-	-	-	-	(29,048)	-	(29,048)
Capital grants	-	-	-	-	-	6,962	-	6,962
Merger effects	84,498	-	70,371	-	388,789	125,132	-	668,790
Other movements	-	-	-	-	30,000	(23,141)	-	6,859
Net income for 1999	-	-	-	-	-	-	230,057	230,057
Balance as of December 31, 1999	152,820	65,113	84,902	10,118	540,936	329,778	230,057	1,413,724

Capital stock

The capital stock, wholly paid-in, is made up of 103,566,094 ordinary shares and 49,253,764 savings shares, both with par value of Lire 1,000 each. The increase of Lire 102,232 million is due to:

- bonus issue by utilizing *Revaluation reserves* (resolution of June 4, 1999) 10,000
- bonus issue by issuing shares to the former stockholders of Unicem SpA 84,498
- conversion of "Mediobanca 4.5% 1994-2000 special series Buzzi Unicem ordinary stock" bonds 4,753
- conversion of "Mediobanca 5.5% 1994-2000 special series Buzzi Unicem savings stock" bonds 2,781
- bonus issue utilizing the *Reserve for stock issuance ex art. 2349 of the Civil Code* 200

Paid-in capital

This amounts to Lire 65,113 million, with an increase of the same amount compared with December 31, 1998. This caption includes the differences that arose on conversion into shares of the above mentioned "Mediobanca 4.5% 1994-2000 special series Buzzi Unicem ordinary stock" and "Mediobanca 5.5% 1994-2000 special series Buzzi Unicem savings stock" bonds compared with their nominal value.

Revaluation reserves

These are special reserves originated by specific laws, as follows:

• Reserve ex law 1952 and previous years	1,382
• Reserve ex law 72/83	47,196
• Reserve ex law 413/91	36,324

Movements are summarized as follows: an increase of Lire 70,371 million due to the reconstitution of reserves previously recorded in the financial statements of Unicem SpA, now merged, and a decrease of Lire 10,000 million due to the bonus issue in application of the stockholders' resolution dated June 4, 1999.

Legal reserve

This amounts to Lire 10,118 million and remain unchanged with respect to December 31, 1998. Current law and the by-laws foresee a maximum limit of 20% of capital stock.

Other reserves

The *Consolidation reserve* remains unchanged with respect to last year (Lire 4,232 million). This reserve comprises negative and positive differences that arose on elimination of consolidated equity investments against the corresponding portion of stockholders' equity and on adjustment of the value of investments accounted for by the equity method.

The *Translation differences* are detailed as follows:

	Value as of Dec. 31, 1999	Value as of Dec. 31, 1998
Alamo Cement Company (USD)	26,929	(595)
RC Cement Holding Company (USD)	63,116	2,449
Corporación Moctezuma, SA de CV (MXN)	(35,631)	(54,581)
Presinvest SA (EUR)	2,135	2,135
Fresit BV (NLG)	505	505
Finpresa SA (EUR)	(8)	(8)
Total	57,046	(50,095)

The *Reserve for gains on contributions ex law 904/77* increases by Lire 32,368 million for the reconstitution of reserves previously recorded in the financial statements of Unicem SpA, now merged.

The *Reserve for the purchase of treasury stock*, newly set up, originates from the resolution of June 4, 1999, by utilizing Lire 23,141 million from *Retained earnings* and Lire 6,859 million from *Merger surplus*.

The *Reserve for capital grants* show a balance of Lire 15,822 million; the change for the year is due to the reconstitution of reserves previously recorded in the financial statements of Unicem SpA, now merged.

The *Reserve for gains ex law 169/83* amounts to Lire 19,200 million, with an increase of the same amount due to the reconstitution of the corresponding caption in the financial statements of Unicem SpA, now merged.

The merger of Unicem SpA, net of the reconstitutions (Lire 129,979 million) and the transfer (Lire 6,859 million), resulted in a *Merger surplus* of Lire 329,181 million. This amount, added to the opening balance of Lire 42,339 million, gives the figure shown in the balance sheet of Lire 371,520 million.

Retained earnings (losses)

The amount of Lire 329,778 million increases by Lire 101,347 million compared with the prior year. It includes the corresponding caption of the statutory financial statements of Buzzi Unicem SpA, changes in stockholders' equity of consolidated companies pertaining to the parent company that took place after the first consolidation and the revaluation reserves of Mexican companies that use inflation accounting. The minority interests' portion of the dividends distributed by Alamo Cement Company prior to the acquisition of the minorities and by Unicem SpA prior to the merger, led to a decrease of Lire 29,048 million. Furthermore, the merger has made it possible to transfer to this caption the stockholders' equity pertaining to minority interests created in 1998 after the first full consolidation of Unicem SpA.

The following table shows the reconciliation between the statutory financial statements of Buzzi Unicem SpA and the consolidated financial statements:

	<i>Stockholders' equity</i>	<i>Net income for the year</i>
Buzzi Unicem SpA financial statements	857,506	64,890
Income (losses) of consolidated companies	277,879	277,879
Adjustments to bring the statutory financial statements into line with the accounting principles used in the consolidated financial statements	(109,209)	(42,666)
Elimination of items of a fiscal nature from the statutory financial statements	104,178	(4,241)
Differences resulting from the translation of foreign currency financial statements	57,046	-
Adjustment to the value of investments carried on an equity basis	(10,266)	(687)
Surplus of stockholders' equity of consolidated companies compared with their carrying value	416,800	35,138
Elimination of dividends distributed by consolidated companies	-	(51,246)
Minority interests	(180,210)	(49,010)
Consolidated financial statements	1,413,724	230,057

Minority interests

This reflects the portion of stockholders' equity pertaining to minority interests in consolidated companies. The significant decline in this caption is substantially attributable to the merger of Unicem SpA and to the acquisition of minority interests in Alamo Cement Company. The balance as of December 31, 1999 is due for Lire 61,100 million to Cementeria di Augusta SpA, Lire 31,313 million to Cementeria di Barletta SpA, Lire 9,758 million to Betonval SpA, Lire 1,431 million to Cementi Riva Srl and Lire 75,012 million to Corporación Moctezuma, SA de CV. The latter corresponds to 16.7% of the stockholders' equity of Corporación Moctezuma, 50% consolidated under the proportional method, of which Buzzi Unicem SpA holds the 66.7% majority interest jointly with the Spanish partner.

Reserves for risks and charges

Pensions and similar obligations

These are funds existing in the financial statements of foreign companies which cover the liability to personnel for long-service bonuses to be paid on termination of employment. The amount shows considerable growth over the previous year due to the transfer from *Other payables* of Lire 32,868 million provided for by the RC Cement Group.

Taxation

This reserve includes Lire 98,952 million of deferred taxes, net of deferred tax assets, which have been offset where possible with reference to the individual companies being consolidated. The estimated liability for taxes on open years or matters under dispute totals Lire 2,155 million.

Others

The reserve for the EEC Antitrust dispute amounts to Lire 16,654 million. This reserve was set up to cover the fine inflicted on the parent company, Buzzi Unicem SpA, by the European Commission for alleged violation of art. 85 of the Treaty of Rome. On March 15, 2000, the European Court of Justice of first degree deposited its sentence relating to the judgment that involves the company. The appeal filed by Buzzi Cementi SpA has been accepted in full, while the one filed by Unicem SpA has been accepted in part. Considering the new amount of the fine (euro 6,399,000 instead of euro 15,304,000) and the interest accruing on the extended payment terms, an amount of Lire 3,600 million has been released from the reserve.

The consolidation reserve for future risks and charges amounts to Lire 6,500 million. This reserve was set up by Unicem SpA in 1996, following the outcome of the takeover bid for the shares of Cementeria di Barletta SpA and the possibility of losses in subsequent years.

The residual amount is made up of the reserve for environmental risks (Lire 4,092 million), the Morando lawsuit reserve (Lire 5,300 million), quarry restoration reserves (Lire 4,257 million) and other reserves for miscellaneous contractual and commercial risks (Lire 12,265 million).

Reserve for employee severance indemnities

The net increase of Lire 1,135 million is determined by the following movements:

	<i>Value as of Dec. 31, 1998</i>	<i>Indemnities accrued</i>	<i>Indemnities paid</i>	<i>Other movements</i>	<i>Value as of Dec. 31, 1999</i>
Reserve for employee severance indemnities	74,226	10,062	(10,726)	1,799	75,361

Payables

Bonds

The amount refers to two bond loans outstanding at the year end of Lire 230,000 million and Lire 250,000 million respectively. The first loan, issued on May 9, 1997 and denominated "Presinvest SA FRN Due 2000", bears interest at a floating rate (Euribor plus 0.50%) and is to be repaid in a single installment. This funding is partially backed by an interest *collar* designed to limit interest rate fluctuations. The 1999 statement of income includes Lire 5,085 million of financial expenses due to the *collar* contract.

The second loan issued on October 1, 1998 and denominated "Buzzi Unicem SpA 1998-2003 floating rate". also bears interest at a floating rate (Euribor plus 0.35%), to be repaid in a single installment. This funding is backed by *interest rate swaps* designed to transform the coupons maturing in the period 1999-2002 from floating rate to fixed rate. The statement of income for 1999 comprises Lire 1,779 million of financial expense due to this *interest rate swap* contract.

Borrowings from banks

This caption is made up of secured loans, Lire 350,545 million, unsecured loans, Lire 324,128 million, bank overdrafts, other short-term loans and items to be settled, Lire 9,643 million. In the absence of new, significant financing operations, the decline in net debt is attributable to principal repayments made during the year. Real guarantees on assets of consolidated companies are represented by: mortgages and liens on production facilities and industrial buildings; pledge on shares representing 35% of Unicalcestruzzi SpA's capital and 100% of Presinvest SA's capital.

The table below summarizes the information about interest rates on long-term debt, including the current portion:

	Value as of Dec. 31, 1999	Value as of Dec. 31, 1998
Lower than 4%	365,037	123,499
From 4% to 7%	283,165	621,797
From 7% to 10%	12,392	40,242
Higher than 10%	14,079	22,430
Total	674,673	807,968

Other providers of finance

These consist of financial payables to third parties, Lire 88,949 million, and by net present value of future lease installments for the purchase of fixed assets, Lire 4,365 million. The increase with respect to 1998 of Lire 71,230 million is due to new payables for Lire 87,752 million, reimbursements for Lire 16,964 million and translation losses for Lire 442 million.

New payables contracted during the year refer to the extended payment terms foreseen in the agreement for the purchase of treasury stock (33% of capital) signed by Alamo Cement Company and the former minority stockholder Vigier, Lire 73,649 million.

Trade payables

They amount to Lire 334,141 million, with an increase of Lire 59,220 million, and reflect liabilities to suppliers of goods and services at the end of the year. The increase is substantially due to the growth in the Group's operations.

Taxes payable

The caption comprises value added tax payable (Lire 4,577 million), withholding tax payable (Lire 4,734 million), income and other taxes (Lire 75,034 million). The increase versus the prior year is due to the general improvement in profitability. At the end of the year, the subsidiary Cementeria di Augusta SpA owes to the tax authorities Lire 11,042 million, partially still in suspense because of the earthquake which struck the factory in 1990.

Payables to social security institutions

This caption does not require further explanation. The balance is substantially in line with 1998. Payments of social contributions by Cementeria di Augusta SpA are still partially in suspense, to the extent of Lire 2,571 million, because of the earthquake which struck the factory in 1990.

Other payables

These amount to Lire 26,242 million and include, among others, payables to personnel (Lire 11,588 million), to customers (Lire 1,926 million), to corporate bodies (Lire 928 million) and guarantee deposits (Lire 1,927 million). We would like to remind you of the reclassification of Lire 32,868 million from this caption to *Pensions and similar obligations*, as already discussed.

Accrued expenses and deferred revenues

Accrued expenses total Lire 14,220 million; they refer to interest expense on loans and bond loans for Lire 11,480 million and other costs pertaining to the year of Lire 2,739 million, the most important of which are the deferred portions of labor costs. As of December 31, 1998 accrued expenses totaled Lire 20,531 million.

Deferred revenues, amounting to Lire 14,140 million, relates to financial and operating income pertaining to 2000 and/or subsequent years. It also includes a deferred capital gain of Lire 11,686 million booked by Alamo Cement Company. As of December 31, 1998 deferred revenues totaled Lire 22,669 million.

Memorandum accounts

Guarantees given include commitments toward banks in favor of investee companies and registration of an attachment encumbrance for the parent company on 35% of the shares of Unicalcestruzzi SpA for Lire 21,854 million. The *Guarantees received* include a surety granted by the indirect parent company, Fimedi SpA, for Lire 244,400 million to guarantee the loan of Lire 475,000 million granted by San Paolo IMI together with the direct parent company, Presa SpA; a surety granted by Credito Italiano to guarantee the fines inflicted by the European Commission; bank and insurance guarantees in favor of various entities and public administrations. *Other memorandum accounts* consist of commitments to buy further shares in Cementi Moccia SpA and Cementi Riva Srl, our assets in the hands of third parties, third party assets in our hands, risk of recourse on discounted bills, etc.

The commitments of foreign Group companies not shown in the balance sheet are not such as to prejudice the valuation of the net assets and financial position of the company taken as a whole.

Comments on items in the consolidated income statement

(in millions of lire)

Value of production

Revenues from sales and services

They amount to Lire 2,223,693 million, net of premiums and discounts granted to customers. The increase of 15.4% is due to: favorable market situation, 12.1%, change in exchange rates, 3.2% and change in the scope of consolidation, 0.1%. The breakdown by sector and geographical area is the following:

	<i>Italy</i>	<i>United States of America</i>	<i>Mexico</i>	<i>Total</i>
Cement and clinker	625,662	588,384	108,074	1,322,120
Concrete and aggregates	643,692	198,748	31,962	874,402
Others	6,258	20,913	-	27,171
Total	1,275,612	808,045	140,036	2,223,693

Other revenues and income

This caption includes: revenues from rented properties (Lire 1,791 million), gains on disposal of fixed assets (Lire 6,092 million), insurance claims (Lire 1,793 million), out-of-period revenues and other expense recoveries and/or income for the residual amount.

Costs of production

Raw materials, supplies, consumables and goods for resale

The amount of Lire 755,813 million is made up of the purchase of raw materials and finished products (Lire 420,718 million), supplies and consumables (Lire 69,405 million), power (Lire 129,119 million), fuel (Lire 90,757 million), other goods used in production, selling and administration (Lire 45,814 million).

Services

The amount of Lire 451,097 million includes: maintenance on tangible fixed assets, transport, general factory services, consultancy, professional fees, emoluments of corporate bodies, personnel services, commercial services, bank and insurance services, general and administrative services.

Use of third party assets

Total costs incurred amount to Lire 18,735 million. The main categories of expenses listed in this caption are: rent payable for land and buildings, quarry concessions, operating leases of vehicles and office equipment.

Labor costs

The format of the income statement gives full disclosure of labor costs. The average number of employees working in fully consolidated companies split by category is the following:

	1999	1998
White collar workers and executives	1,418	1,462
Blue collar workers and supervisors	2,315	2,440
Total	3,733	3,902

The average number of employees working in companies consolidated under the proportional method, split by category and in proportion to the percentage of ownership is the following:

	1999	1998
White collar workers and executives	111	110
Blue collar workers and supervisors	135	124
Total	246	234

Amortization, depreciation and writedowns

The income statement format foresees four sub-caption sufficiently detailed.

Other adjustments to fixed assets refer to mining land belonging to consolidated companies in the concrete and aggregates sector.

The *writedowns of receivables under current assets and liquid funds* consist of additions to the allowance for doubtful accounts and direct writedowns.

Other expenses

This caption includes indirect taxes and duties (Lire 13,238 million), memberships (Lire 3,108 million), losses on disposal of fixed assets (Lire 3,875 million), as well as out-of-period expenses, costs relating to residential buildings and other costs for the balance.

Financial income and expenses

Other financial income

Income *from receivables under fixed assets* refers to interest revenue on loans to third parties, to associated companies and on amounts due from tax authorities.

Income *from securities under current assets other than equity investments* relates to the short-term investment of cash in fixed interest securities and other financial instruments.

Other income refers to interest revenue on amounts receivable from banks, Lire 10,554 million, on trade and other receivables, Lire 3,799 million, as well as other interest income and revenues for the residual amount, including foreign exchange gains of Lire 11,551 million.

Interest and other financial expenses

Financial expenses - *others* represent interest expense on bonds (Lire 24,912 million), on borrowings from banks (Lire 31,038 million) and other bank and financial charges for the residual amount of Lire 11,221 million, including foreign exchange losses of Lire 3,092 million and the loss due to inflation accounting (booked by the Mexican companies) for Lire 1,959 million.

Adjustments to financial assets

Revaluations

The revaluations of *equity investments* represent the subsidiary earnings of investments carried on an equity basis.

Writedowns

Writedowns of *equity investments* reflect subsidiary losses of investments carried on an equity basis, Lire 4,736 million, and writedowns of investments carried at cost, Lire 152 million.

Extraordinary income and expenses

Income

Gains on disposals derive mainly from the sale of non-industrial fixed assets.

Other extraordinary income is represented by Lire 11,031 million as partial recognition of the deferred gain accounted for by Alamo Cement Company and Lire 3,205 million as recognition by the Mexican authorities of accumulated tax credits receivable by Corporación Moctezuma, SA de CV. The complete adoption of the new Accounting Principle no. 25 on income taxes entailed the recognition of a prior-year amount of Lire 2,860 million by the parent company.

Finally this item includes the release of Lire 3,600 million from the EEC Antitrust dispute reserve, out-of-period income and others for Lire 2,322 million.

Expenses

Losses on disposals mainly derive from the sale of tangible fixed assets.

Other extraordinary expenses includes extraordinary writedowns of inventories ex Druetta, Lire 1,270 million, writedowns of non-industrial tangible fixed assets, Lire 4,390 million, provision for the Morando Impianti lawsuit, Lire 2,500 million, other out-of-period expenses, Lire 2,199 million, and restructuring costs, Lire 490 million.

Income taxes

Income taxes amount to Lire 161,136 million, net of deferred taxes (credit) of Lire 13,444 million.

Maturity of receivables and payables

(in millions of lire)

The expected maturities of receivables outstanding at the financial statements date are the following:

	<i>Within 1 year</i>	<i>Beyond 1 year and within 5 years</i>	<i>Beyond 5 years</i>	<i>Total as of Dec. 31, 1999</i>
B) Fixed assets				
2) Receivables:				
a) from unconsolidated subsidiaries	–	442	–	442
b) from associated companies	1,239	2,731	–	3,970
d) from others	2,977	62,647	–	65,624
C) Current assets				
II Receivables				
1) Trade receivables	517,998	2,667	–	520,665
3) From associated companies	18,566	988	–	19,554
5) From others	25,130	20,198	–	45,328
Total	565,910	89,673	–	655,583

The expected maturities of payables at the closing date are listed below:

	<i>Within 1 year</i>	<i>Beyond 1 year and within 5 years</i>	<i>Beyond 5 years</i>	<i>Total as of Dec. 31, 1999</i>
D) Payables				
1) Bonds	230,000	250,000	–	480,000
3) Borrowings from banks	356,193	324,598	3,525	684,316
4) Other providers of finance	17,579	75,735	–	93,314
5) Advances	4,057	–	–	4,057
6) Trade payables	334,141	–	–	334,141
9) Payables to associated companies	284	–	–	284
10) Payables to parent companies	198	–	–	198
11) Taxes payable	77,009	7,336	–	84,345
12) Payables to social security institutions	11,037	1,675	–	12,712
13) Other payables	24,404	1,838	–	26,242
Total	1,054,902	661,182	3,525	1,719,609

Financial expenses allocated to assets

During the year, no financial expenses have been allocated to items recorded in the assets side of the consolidated balance sheet.

Emoluments to corporate bodies

Fees to Directors and Statutory Auditors for carrying out their duties also in other consolidated companies are illustrated in the notes to Buzzi Unicem SpA's statutory financial statements in accordance with Consob's resolution 11971 of May 14, 1999.

The consolidated statement of cash flows, the list of companies included in the consolidated financial statements (article 38 and 39 of Legislative Decree 127/91), the list of unquoted equity investments in which the Group ownership is between 10% and 20% (article 125 and 126 of Consob' resolution 11971) are attached to these notes.

These consolidated financial statements agree with the accounting records as adjusted for consolidation entries.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of lire)

1999

A) Cash and cash equivalents at the beginning of year

424,479

B) Cash provided (used) by operating activities

Consolidated net income		230,057
Minority interests		49,010
Amortization and depreciation		198,298
Writedowns of fixed assets		5,652
Gains on disposals of fixed assets		(4,012)
Net change in reserves for risks and charges		(11,026)
Net change in reserve for employee severance indemnities		1,135
Changes in working capital:		52,901
• Inventories	(32,084)	
• Trade receivables	(37,438)	
• Other current assets	40,050	
• Trade payables	59,220	
• Other current liabilities	(26,945)	
• Taxes payable	50,098	

Total B)

522,015

C) Cash provided (used) by investing activities

Investments in fixed assets:		
• intangibles		(75,313)
• property, plant and equipment		(250,096)
• equity investments		(9,828)
Proceeds from the sale of fixed assets		21,035
Proceeds from the sale of equity investments		1,293
Changes in financial receivables and payables		56,005
Changes in other securities		(86,852)

Total C)

(343,756)

D) Cash provided (used) by financing activities

New long-term loans		2,000
Principal payments of bonds		(20,000)
Principal payments on long-term debt		(72,428)
Net change in short-term bank borrowings		(74,879)
Capital grants		6,962
Dividends paid		(29,048)

Total D)

(187,393)

E) Change in the scope of consolidation and translation differences

(36,099)

F) (Decrease) increase in cash and cash equivalents (B+C+D+E)

(45,233)

G) Cash and cash equivalents at the end of year (A+F)

379,246

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

Companies consolidated on a line by-line basis

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	
				direct	indirect
Buzzi Unicem SpA	Casale Monferrato (AL)	ITL 152,819,858,000			
Bazzi Impianti Srl	Casale Monferrato (AL)	ITL 20,000,000	Buzzi Unicem SpA	100.00	
Presinvest SA	Luxembourg L	EUR 20,000,000	Buzzi Unicem SpA	100.00	
Finpresa SA	Luxembourg L	EUR 5,000,000	Buzzi Unicem SpA	100.00	
RC Cement International ApS	Copenhagen DK	DKK 125,000	Buzzi Unicem SpA	100.00	
Cementi Riva Srl	Riva del Garda (TN)	ITL 1,500,594,000	Buzzi Unicem SpA	90.00	
Cementeria di Barletta SpA	Torino	ITL 13,778,390,000	Buzzi Unicem SpA	79.85	
Cementeria di Augusta SpA	Torino	ITL 45,549,213,000	Buzzi Unicem SpA	68.81	
Unicalcestruzzi SpA	Torino	ITL 400,000,000,000	Buzzi Unicem SpA	80.50	
			Cementeria di Barletta SpA		9.75
			Cementeria di Augusta SpA		9.75
Uniserv Srl	Casale Monferrato (AL)	ITL 180,000,000	Buzzi Unicem SpA	70.00	
			Cementeria di Barletta SpA		15.00
			Cementeria di Augusta SpA		15.00
Presa International BV	Utrecht NL	NLG 20,000,000	Presinvest SA	100.00	
Alamo Cement Company	San Antonio USA	USD 300,000	Finpresa SA	100.00	
La Rinascita Calcestruzzi SpA	Torino	ITL 4,800,000,000	Unicalcestruzzi SpA	80.00	
Betonval Calcestruzzi di Cemento SpA	Sesto Fiorentino (FI)	ITL 25,000,000,000	Unicalcestruzzi SpA	70.00	
Frantoio Taro Srl	Parma	ITL 1,200,000,000	Unicalcestruzzi SpA	68.33	
Simco Srl	Torino	ITL 200,000,000	Unicalcestruzzi SpA	44.10	
San Martino Scrl	Torino	ITL 200,000,000	Unicalcestruzzi SpA	51.00	
			Betonval Calcestruzzi di Cemento SpA		24.00
RC Cement Holding Company	Wilmington USA	USD 100	RC Cement International ApS	100.00	
Alamo Cement Holding Company	Wilmington USA	USD 1	Alamo Cement Company	100.00	
Alamo Cement Management Company	San Antonio USA	USD 1	Alamo Cement Company	100.00	
Maddaleni Pietro Srl	Sesto di Moriano (LU)	ITL 99,000,000	Betonval Calcestruzzi di Cemento SpA	90.00	
River Cement Company	Clayton USA	USD 100	RC Cement Holding Company	100.00	
Hercules Cement Company	Philadelphia USA	USD 1000	RC Cement Holding Company	100.00	
Signal Mountain Cement Company	Knoxville USA	USD 100	RC Cement Holding Company	100.00	
Signal Holding of Tennessee, Inc.	Knoxville USA	USD 100	RC Cement Holding Company	100.00	
Heartland Cement Company	Wilmington USA	USD 100	RC Cement Holding Company	100.00	
RC Cement Management Co., Inc.	Wilmington USA	USD 100	RC Cement Holding Company	100.00	
Longhorn Cement Company	San Antonio USA	USD 101,000	Alamo Cement Holding Company	100.00	
Alamo Cement Trucking Company	San Antonio USA	USD 10	Alamo Cement Holding Company	100.00	
Alamo Cement Company II, Ltd.	San Antonio USA	USD n/a	Alamo Cement Holding Company	99.00	
			Alamo Cement Management Company		1.00
Alamo Concrete Products, Ltd.	San Antonio USA	USD n/a	Alamo Cement Holding Company	99.00	
			Alamo Cement Management Company		1.00
Alamo Transit Company II, Ltd.	San Antonio USA	USD n/a	Alamo Cement Holding Company	99.00	
			Alamo Cement Management Company		1.00
River Cement Sales Company	Wilmington USA	USD 100	River Cement Company	100.00	
HCC Holding, Inc.	Wilmington USA	USD 1	Hercules Cement Company	100.00	
Signal Holding of Delaware, Inc.	Wilmington USA	USD 100	Signal Mountain Cement Company	100.00	
Signal Mountain Cement Company, LP	Knoxville USA	USD n/a	Signal Holding of Tennessee, Inc.	1.00	
			Signal Holding of Delaware, Inc.		99.00

Companies consolidated by the proportional method

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	
				direct	indirect
Addiment Italia Srl	Casale Monferrato (AL)	ITL 20,000,000	Buzzi Unicem SpA	50.00	
Fresit BV	Utrecht NL	NLG 15,000,000	Presinvest SA		50.00
Corporación Moctezuma, SA de CV	Miguel Hidalgo MEX	MXN 682,281,454	Presinvest SA		7.59
			Fresit BV		51.51
Cementos Portland Moctezuma, SA de CV	Jiutepec MEX	MXN 402,443,245	Corporación Moctezuma, SA de CV	100.00	
Cementos Moctezuma, SA de CV	Miguel Hidalgo MEX	MXN 30,420,553	Corporación Moctezuma, SA de CV	100.00	
Latinoamericana de Agregados y Concretos, SA de CV	Miguel Hidalgo MEX	MXN 36,533,216	Corporación Moctezuma, SA de CV	100.00	
Latinoamericana de Concretos, SA de CV	Alvaro Obregón MEX	MXN 9,177,589	Corporación Moctezuma, SA de CV	98.00	
			Cementos Portland Moctezuma, SA de CV		2.00

Companies consolidated by the proportional method (continued)

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	
				direct	indirect
Arrendadora de Equipos de Transporte, SA de CV	Emiliano Zapata MEX	MXN 43,158,112	Corporación Moctezuma, SA de CV Cementos Portland Moctezuma, SA de CV	98.00	2.00
Inmobiliaria Lacosa, SA de CV	Miguel Hidalgo MEX	MXN 72,003,463	Corporación Moctezuma, SA de CV Cementos Portland Moctezuma, SA de CV	98.00	2.00
Latinoamericana de Comercio, SA de CV	Miguel Hidalgo MEX	MXN 12,046,042	Corporación Moctezuma, SA de CV Cementos Portland Moctezuma, SA de CV Inmobiliaria Lacosa, SA de CV La. de Agregados y Concretos, SA de CV	99.90	0.05 0.03 0.03
Servicios Corporativos Moctezuma, SA de CV	Emiliano Zapata MEX	MXN 107,249	Corporación Moctezuma, SA de CV Cementos Portland Moctezuma, SA de CV Inmobiliaria Lacosa, SA de CV La. de Agregados y Concretos, SA de CV	98.00	1.00 0.50 0.50

Companies valued by the equity method

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	
				direct	indirect
Technobeton Srl	Riva del Garda (TN)	ITL 985,000,000	Buzzi Unicem SpA	45.00	
Cementi Moccia SpA	Napoli	ITL 14,227,500,000	Buzzi Unicem SpA	30.00	
Premix SpA	Mellini (SR)	ITL 5,000,000,000	Cementeria di Augusta SpA		40.00
Inerti e Calcestruzzi Srl (in liquidation)	Torino	ITL 190,000,000	Unicalcestruzzi SpA		100.00
Sofinvest Srl (in liquidation)	Milano	ITL 50,000,000	Unicalcestruzzi SpA		100.00
Betongenova Srl (in liquidation)	Genova	ITL 20,000,000	Unicalcestruzzi SpA		54.88
Betonsud Srl (in liquidation)	Foggia	ITL 2,122,000,000	Unicalcestruzzi SpA		49.99
A.P.I.C.E. Srl (in liquidation)	Trino (VC)	ITL 196,000,000	Unicalcestruzzi SpA		46.00
Vielle Calcestruzzi Srl	Gallarate (VA)	ITL 300,000,000	Unicalcestruzzi SpA		40.00
Fratelli Napoli SpA	Fossano (CN)	ITL 1,500,000,000	Unicalcestruzzi SpA		33.40
S.A.F.I. Srl	Pieve del Cairo (PV)	ITL 651,000,000	Unicalcestruzzi SpA		33.33
Betonfer Srl	Torino	ITL 90,000,000	Unicalcestruzzi SpA		33.33
Nova Beton Srl	S. Maurizio Canavese (TO)	ITL 90,000,000	Unicalcestruzzi SpA		30.00
Albenga Calcestruzzi Srl	Albenga (SV)	ITL 195,000,000	Unicalcestruzzi SpA		30.00
Edilcave Srl	Villarfocchiaro (TO)	ITL 140,000,000	Unicalcestruzzi SpA		30.00
Calcestruzzi Faure Srl	Salbertrand (TO)	ITL 103,000,000	Unicalcestruzzi SpA		27.18
Calcestruzzi Bell'Italia Srl	Montanaso Lombardo (LO)	ITL 60,000,000	Unicalcestruzzi SpA		25.00
PRO.CAL.MI. Srl (in liquidation)	Milano	ITL 100,000,000	Unicalcestruzzi SpA		23.77
Beton Biella Srl	Biella	ITL 100,000,000	Unicalcestruzzi SpA		20.00
Monterosa Calcestruzzi Srl	Biella	ITL 25,000,000	Unicalcestruzzi SpA		20.00
Brizzi Calcestruzzi Srl	Grosseto	ITL 90,000,000	Betonval Calcestruzzi di Cemento SpA		50.00
E.L.M.A. Srl	Sinalunga (SI)	ITL 30,000,000	Betonval Calcestruzzi di Cemento SpA		50.00
Cave Alto Santerno Srl	Sesto Fiorentino (FI)	ITL 500,000,000	Betonval Calcestruzzi di Cemento SpA		49.00
Consorzio CO.ES. Srl	Vezzano Ligure (SP)	ITL 90,000,000	Betonval Calcestruzzi di Cemento SpA		44.05
Immobiliare C.B.C. Srl	Campi Bisenzio (FI)	ITL 99,000,000	Betonval Calcestruzzi di Cemento SpA		33.33

Other investments in subsidiaries and associated companies

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	
				direct	indirect
Cementi e Calci di Santa Marinella Srl	Bergamo	ITL 20,000,000	Buzzi Unicem SpA	33.33	
Baumit Italia Srl	Bosco Marengo (AL)	ITL 6,270,000,000	Buzzi Unicem SpA	30.00	
Alpine Srl	Padova	ITL 2,000,000,000	Buzzi Unicem SpA	30.00	
Ciments de Balears, SA	Palma de Mallorca E	EUR 306,510	Cementeria di Barletta SpA		35.00
Alfacementi Srl	Siracusa	ITL 20,000,000	Cementeria di Augusta SpA		100.00
Iniziativa Siciliane Srl	Ragusa	ITL 100,000,000	Cementeria di Augusta SpA		70.00
Iblea Calcestruzzi Srl	Ragusa	ITL 20,000,000	Unicalcestruzzi SpA		50.00

N.B. The Company does not hold equity investments through trustees or other persons nor investments in which the voting right is held by such trustees or persons.

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

(article 125 and 126 Consob resolution 11971)

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	
				direct	indirect
Partecipazioni Porto Antico di Genova SpA	Genova	ITL 7,370,000,000	Buzzi Unicem SpA	14.00	
Ipse Srl	Settimo Torinese (TO)	ITL 99,000,000	Buzzi Unicem SpA	11.00	
Romana Calcestruzzi SpA	Roma	ITL 5,033,550,000	Unicalcestruzzi SpA		16.66
Cava degli Olmi Srl	Carignano (TO)	ITL 2,000,000,000	Unicalcestruzzi SpA		12.00
Fratelli Bianchi fu Michele & C. SpA	Roma	ITL 935,780,000	Unicalcestruzzi SpA		16.66
Sipac SpA (in liquidation)	Milano	ITL 2,000,000,000	Unicalcestruzzi SpA		11.00
Navicelli di Pisa SpA	Pisa	ITL 800,000,000	Bentonval Calcestruzzi di Cemento SpA		10.37

N.B. The Company does not hold equity investments through trustees or other persons nor investments in which the voting right is held by such trustees or persons.

**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW
DECREE NO. 58 DATED 24 FEBRUARY 1998**

To the shareholders of
BUZZI UNICEM S.p.A.
Casale Monferrato

- 1 We have audited the consolidated financial statements of BUZZI UNICEM S.p.A. as of December 31, 1999. These consolidated financial statements are the responsibility of BUZZI UNICEM S.p.A.. 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 and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion. The financial statements of some subsidiaries and associated companies, representing around 31% of consolidated assets and around 36% of consolidated revenues, have been examined by other auditors who provided us with their reports. Our opinion, expressed in this report, as to the values of those companies included in the consolidation, is based also on the audit performed by other auditors.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to the report issued by Coopers & Lybrand S.p.A. dated June 21, 1999.

3. In our opinion, the consolidated financial statements of BUZZI UNICEM S.p.A. as of December 31, 1999 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the consolidated financial position and of the consolidated results of operations of the Company.

4. We wish to emphasise the following issues, which are disclosed in the notes to the consolidated financial statements:
- In execution of the resolution taken by the Shareholders at the Extraordinary General Meeting of 4 June 1999, a deed dated 20 September 1999 put into effect the planned merger by incorporation of Unicem S.p.A. into Buzzi Cementi S.p.A., currently Buzzi Unicem S.p.A.; the effects of the merger are disclosed in the notes to the consolidated financial statements.
 - Pursuant to the provisions of Accounting Principle No. 25 – The accounting treatment of income taxes – issued by *Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri* (the Italian professional accountants' bodies) in March 1999, the Company recorded in the consolidated financial statements deferred tax assets on the temporary differences between the carrying amounts of assets and liabilities and their tax bases. The impact of the adoption of the new accounting principle on the result for the year and on shareholders' equity is illustrated in the notes to the consolidated financial statements.

Milan, May 15, 2000

PricewaterhouseCoopers S.p.A.

Roberto Pirola
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. The financial statements referred to in the above report have been translated by the company and the translation has not been examined by us.