



**Buzzi Unicem**

**INVESTING FOR THE FUTURE**

**ANNUAL REPORT 2010**

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

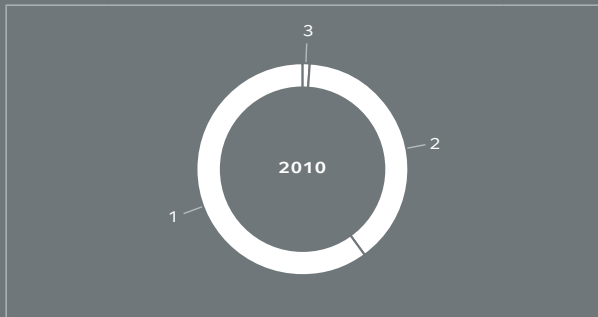
VISION

## Key Figures

		2004	2005	2006	2007	2008	2009	2010
Cement sales	t/000	31,936	32,245	33,320	34,067	32,093	25,548	26,570
Concrete sales	cm/000	15,241	15,649	16,542	17,096	16,996	13,893	14,379
Aggregate sales	t/000	7,873	7,794	9,442	14,050	12,280	10,031	10,651
Sales revenue	€ m	2,771.6	2,951.4	3,205.0	3,496.1	3,520.2	2,671.8	2,648.4
Capital expenditures	€ m	203.9	243.1	254.0	527.4	853.3	389.9	268.2
Headcount at year end	no.	11,836	11,805	11,054	11,520	11,845	11,269	11,316

## Sales Revenue by Line of Business

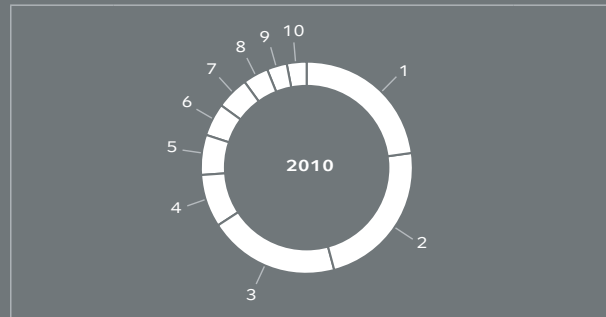
(in %)



1	Cement and clinker	60
2	Ready-mix concrete and aggregates	39
3	Related activities	1

## Sales Revenue by Region

(in %)



1	Italy	23
2	USA	23
3	Germany	20
4	Mexico	8
5	Czech Republic and Slovakia	6
6	Poland	5
7	Russia	5
8	Netherlands	4
9	Luxembourg	3
10	Ukraine	3

## Sales Revenue

(in million of EUR)

2004	2,771.6
2005	2,951.4
2006	3,205.0
2007	3,496.1
2008	3,520.2
2009	2,671.8
2010	2,648.4

## Capital expenditures

(in million of EUR)

2004	203.9
2005	243.1
2006	254.0
2007	527.4
2008	853.3
2009	389.9
2010	268.2

## International presence



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

## Operating structure

		<b>ITA</b>	<b>GER</b>	<b>LUX</b>	<b>NLD</b>	<b>POL</b>	<b>CZE/SVK</b>	<b>UKR</b>	<b>RUS</b>	<b>USA</b>	<b>MEX</b> <sup>1</sup>	<b>Totale</b>
Cement plants	no.	14	7	2	–	1	1	2	1	8	3	39
of which grinding	no.	3	2	1	–	–	–	–	–	–	–	6
Cement capacity	Mio t/yr	10.8	7.2	1.4	–	1.6	1.1	3.0	2.4	9.5	6.3	43.3
Ready-mix batch plants	no.	164	132	–	17	33	82	6	–	73	56	563
Aggregate quarries	no.	13	2	–	2	–	10	–	–	5	1	33
Terminals and deposits	no.	6	–	–	–	1	–	3	–	31	–	41

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

<sup>1</sup> figures at 100 %

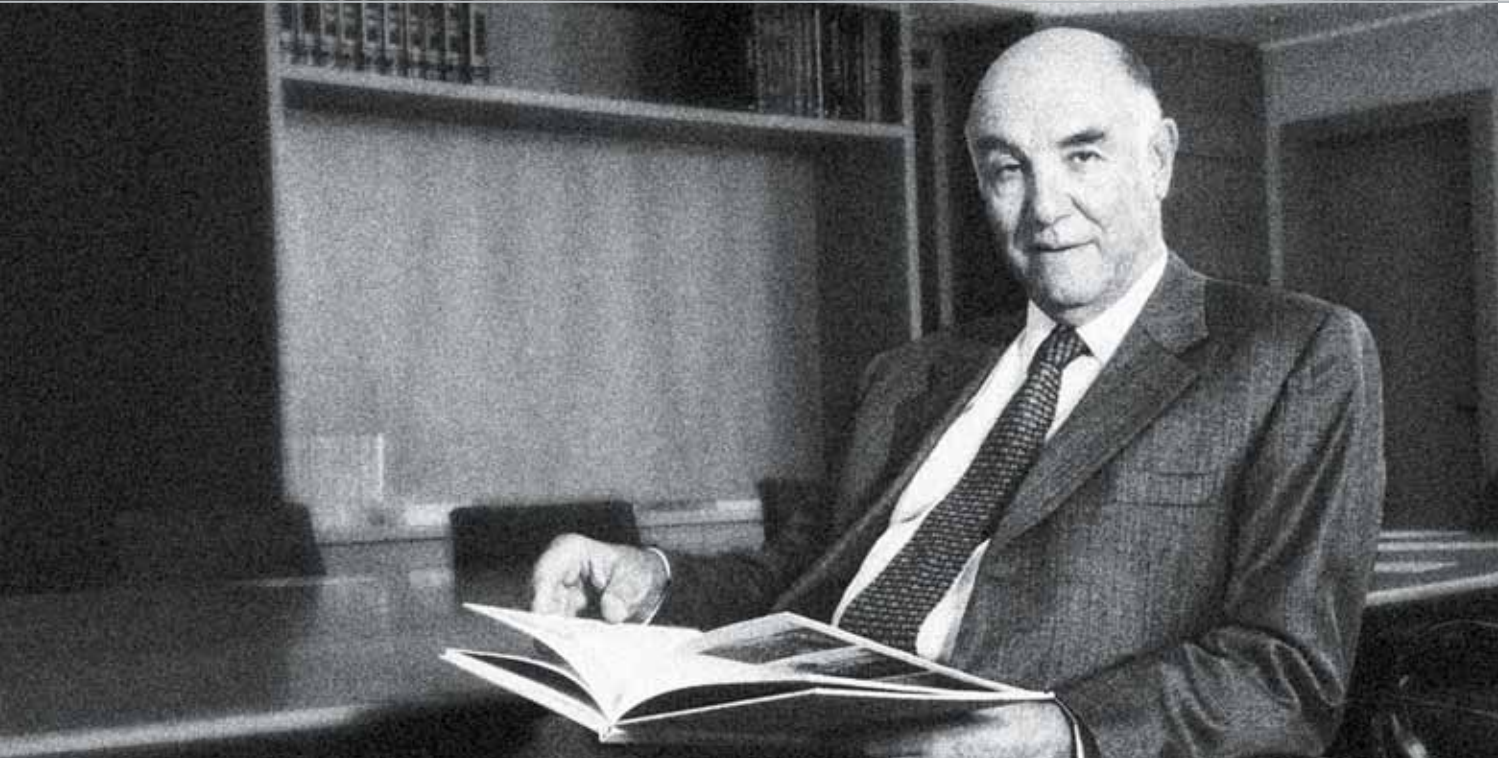
## Dear Shareholders,

On occasion of this 2011 Annual General meeting, before writing to you as is customary, I have carefully reread what I wrote one year and two years ago.

In commenting now on 2010 and on the outlook for the near future, I am unfortunately forced to confirm the difficulties already highlighted to you in those two previous letters:

- We are still in the midst of the crisis and are feeling its effects more than ever in a very weak market, with selling prices set at the same level of our manufacturing costs leading to insufficient profitability. This situation blocks investments and initiatives limiting our ability to grow and create new employment.
- We are convinced that severe self-limitation of capital expenditure is an essential and key factor for corporate stability in this particular phase. In reality, the year 2011 now underway is the first year when we will really be able to benefit substantially from this approach, as we have now completed the major capital projects started in 2007 and already announced to you at the 2010 AGM.
- We have concluded them well, completing and successfully commissioning three new cement factories and two major expansions:
  - \_ Selma, Missouri – USA, with a new line of 2.3 million (mn) tons/year
  - \_ Suchoi Log, Russia, with a new line of 1.2 mn tons/year
  - \_ Apazapan, Veracruz – Mexico, with a new line of 1.3 mn tons/year
  - \_ Esch-Sur-Alzette, Luxembourg, with the increase of cement output capacity from 800 thousand to 1.4 mn tons/year
  - \_ Rivne e Nikolajev, Ukraine, with the conversion from gas to coal for a total manufacturing capacity of some 3 mn tons/year and coal grinding capacity of approximately 110 tons/hour
- Facing limited resources, more scarce than in previous years, we were able to complete these projects while managing to contain the increase in net debt to € 60 mn only during the last 12 months.

Our consolidated financial statements show a negative net result due to the write-down of the cement plant in Oglesby, Illinois, that unfortunately will not resume production indefinitely in time. Anyway, from an operating and marketing standpoint, this area is now protected and supported by the new large terminal of Joliet, Illinois, for the storage and distribution of cement in the Chicago region, which is being supplied via the Mississippi river from the extremely modern and efficient plant in Selma, Missouri.

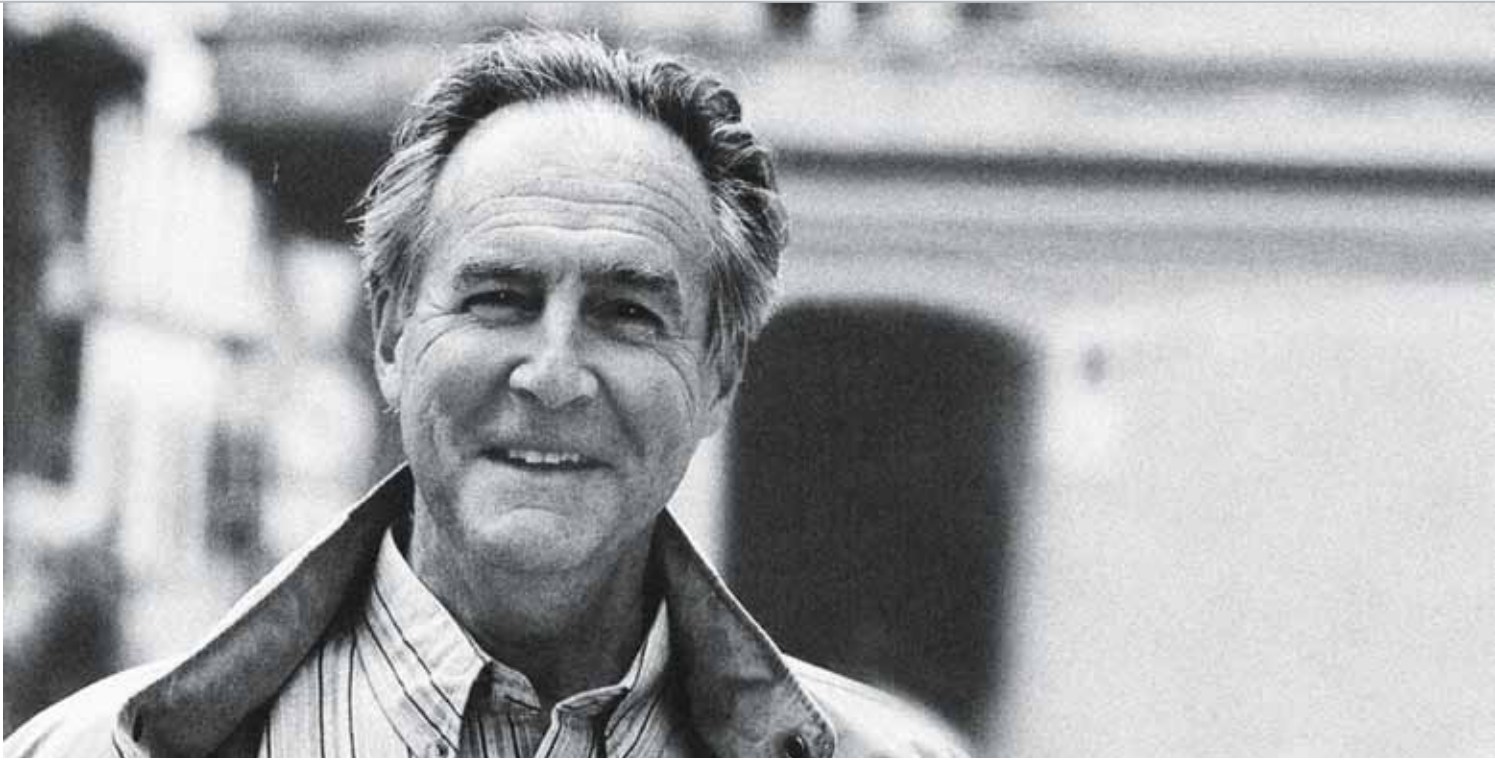


Our impression is that, by virtue of efficiency-improvement efforts and dedicated operating attention at all levels, a better company is emerging from these years of crisis in all markets where we operate – more efficient, leaner and more competitive – that will provide satisfaction and benefits to shareholders and employees, as soon as an adequate degree of economic recovery appears.

My thanks go to everyone who shares our hard work and the difficulties of these “crisis years”. Without them we could not successfully defend ourselves, day after day, from this extraordinary situation.

A handwritten signature in black ink, reading "Alessandro Buzzi".

ALESSANDRO BUZZI  
CHAIRMAN



### **FRANCO BUZZI, VICE CHAIRMAN**

With deep sadness and sorrow we announce that Franco Buzzi, our Vice Chairman, family member and friend passed away on February 15, 2011. Born in 1935, he has been director of Buzzi Unicem SpA since its beginning in 1999. Previously, starting from the '70s, he has held the Chief Executive role of Buzzi Cementi SpA.

Franco Buzzi excelled at business administration and finance, but in reality he had a much vaster and deeper knowledge of the industry in which he was born and raised. Together with the other representatives of the third family generation, he was a main architect of the stunning development our company experienced in the last 15 years, guiding it through the evolution from closely held to listed status and the further international expansion, always with a very clear strategic view. Franco's human qualities were even more marked than the professional ones: sensibility, humor, courage, morality, just to name a few. We are going to miss him dearly.



# Group Profile

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## Board of Directors

Before the Shareholders' meeting on May 13, 2011

### ALESSANDRO BUZZI

#### CHAIRMAN

Born in 1933. Director since 1999. He has built up years of outstanding experience in the industry, developing special knowledge of cement technology applications. For many years he was President of the Italian Cement Association (AITEC), Senior Vice President of UNI (the Italian standards organization). President of Cembureau (the European Cement Association) in 2005 – 2006. Since October 2001 he has been Vice Chairman of Dyckerhoff AG's Supervisory Board.

### MICHELE BUZZI

#### CHIEF EXECUTIVE OPERATIONS

Born in 1963. Director since 2005. After joining Buzzi Cementi in 1990, he played various management roles, first in the ready-mix concrete segment and then in the marketing & sales function of the cement segment. In 2002 he became Chief Operating Officer of Cement Italy operations. For several years he was Vice President of AITEC (the Italian Cement Association). Since 2004 he has been a member of Dyckerhoff AG's Board of Management. In 2006 he was appointed Chief Executive Operations.

### FRANCO BUZZI †

#### VICE CHAIRMAN

Born in 1935. Director since 1999. Since the 1970s he has been Chief Executive Officer of Buzzi Cementi, also performing functions of coordination and representation in the group's major foreign initiatives (USA, Mexico). He is a director of Banca del Piemonte SpA and Banca Passadore SpA and Chairman of Fimedi SpA, the holding company of the Buzzi family.

### WOLFGANG BAUER

#### EXECUTIVE DIRECTOR

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

### ENRICO BUZZI

#### VICE CHAIRMAN

Born in 1938. Director since 1999. He has held various senior management positions in Buzzi Cementi, mainly relating to production management, strategic procurement, development of new industrial projects in Italy and Mexico and including the Chief Operating Officer role of the Italian ready-mix concrete operations. He has been a member of Dyckerhoff AG's Supervisory Board since October 2001 and Chairman of Corporación Moctezuma SAB from 2006 to 2010.

### PAOLO BURLANDO

#### NON-EXECUTIVE DIRECTOR

Born in 1962. Director since 2008. Since 1997 he has practiced in a partnership as a chartered professional accountant, specializing in extraordinary corporate finance operations. He is also a statutory auditor of Prysmian SpA, Gruppo Mutui Online SpA, YARPA Investimenti SGR SpA, Laterlite SpA and other smaller companies. From 1987 to 1997 he had various professional experiences as a private equity analyst and management consultant.

### PIETRO BUZZI

#### CHIEF EXECUTIVE FINANCE

Born in 1961. Director since 2000. After a short experience outside the company, he joined Buzzi Cementi in 1989 first as Controller and then with growing operating responsibilities within the finance, administration and information system functions. He became CFO of Buzzi Unicem in 1999, then being appointed Chief Executive Finance in 2006. He has been a member of Dyckerhoff AG's Supervisory Board since May 2007. He is a member of the Supervisory Board of Banco Popolare.

### ALVARO DI STEFANO

#### NON-EXECUTIVE DIRECTOR

Born in 1930. Director since 2002. Entrepreneur since 1955, he runs business in transportation, logistics, mechanics and industrial services. In 1986 he became a shareholder of Cementeria di Augusta SpA, of which he was then appointed Director. Formerly Chairman of Marconi Leasing SpA and Director of Banca di Credito Popolare di Siracusa Scrl. From 2005 to 2009 he was Chairman of Confindustria Siracusa (the Industrial Employers' Association of Syracuse, Sicily).

**YORK DYCKERHOFF****INDEPENDENT NON-EXECUTIVE DIRECTOR**

Born in 1963. Director since 2008. Currently managing his own company Dyckerhoff International. 2006 – 2009: Managing Partner of Komrowski Maritime GmbH of Hamburg. A significant international career in MAN Ferrostaal: 1990 – 1994 as Project Manager in Germany, 1994 – 2000 as General Manager of Ferrostaal Bolivia, 2000 – 2004 as General Manager of Ferrostaal Argentina 2004 – 2006: as Area Manager for South America. From 2010 Director of United Food Technologies AG.

**ELSA FORNERO****INDEPENDENT NON-EXECUTIVE DIRECTOR**

Born in 1948. Director since 2008. Full Professor of Economics at the University of Turin and Scientific Coordinator of CeRP (Centre for Research on Pensions and Welfare Policies). She is a member of the Italian Welfare Ministry's commission for the evaluation of pension expenditure and of the editorial committee of the Rivista Italiana degli Economisti. Columnist of the business newspaper Il Sole 24 ORE. She is currently Deputy Chairwoman of the Supervisory Board of Intesa Sanpaolo SpA.

**GIANFELICE ROCCA****INDEPENDENT NON-EXECUTIVE DIRECTOR**

Born in 1948. Director since 2003. Chairman of the Techint Group. Chairman of Humanitas medical institute in Milan. Director of Tenaris SA, Ternium SA, Allianz SpA and Istituto Italiano di Tecnologia. Vice Chairman of Confindustria with responsibility for Education. Member of the Trilateral Commission, of the European Advisory Board of Harvard Business School, of the Advisory Board of the Allianz Group and of the Executive Committee of the Aspen Institute.

**MAURIZIO SELLA****INDEPENDENT NON-EXECUTIVE DIRECTOR**

Born in 1942. Director since 1999. Chairman of Banca Sella Holding SpA (Banca Sella group) and of Banca Patrimoni Sella & C. Past Chairman (1998 – 2006) of ABI (the Italian Banking Association) of which he is an Executive Committee member. Director of Assonime (the association of Italian joint-stock companies) since 2003 and director of Alleanza Toro since 2009. He was formerly chairman of SIA (Società Interbancaria per l'Automazione, 1988 – 1999) and of the European Banking Federation (1998 – 2004).

**MARCO WEIGMANN****NON-EXECUTIVE DIRECTOR**

Born in 1940. Director since 1999. He is a senior partner of the law firm Tosetto, Weigmann & Associates. Formerly a member of the National and International Arbitration Chamber of Milan, he is now a member of the Piedmont Arbitration Chamber. He holds directorships in: Reale Mutua di Assicurazioni, Italiana Assicurazioni SpA, Reale Immobili SpA, Banca Reale SpA, Sara Assicurazioni SpA, Sara Vita SpA, EurizonVita SpA, Sella Holding Banca SpA, Auchan Italia SpA and Pernigotti SpA.

**Board of Statutory Auditors**

Before the Shareholders' meeting on May 13, 2011

**MARIO PIA****CHAIRMAN****GIANFRANCO BARZAGHINI****MEMBER****GIORGIO GIORGI****MEMBER****ROBERTO D'AMICO****ALTERNATE****PAOLA GIORDANO****ALTERNATE**

Cement Plants Location  
as of December 31, 2010



## Italy

		2010	2009	10/09
		var %		
Cement sales	t/000	6,480	6,143	5.5
Concrete sales	cm/000	4,638	4,860	-4.6
Aggregate sales	t/000	2,884	2,579	11.8
Sales revenue	€ m	614.2	706.6	-13.1
Capital expenditures	€ m	30.8	51.9	-38.6
Headcount at year end	no.	1,963	2,041	-3.8

**NUMBERS & FACTS**

Cement production capacity 10.8 million tons, 14 plants, 6 terminals/deposits, 164 ready-mix concrete plants, 13 aggregate quarries.



## Germany

		2010	2009	10/09
		var %		
Cement sales	t/000	4,797	4,777	0.4
Concrete sales	cm/000	3,170	2,631	20.5
Aggregate sales	t/000	467	320	45.9
Sales revenue	€ m	548.5	528.0	3.9
Capital expenditures	€ m	26.6	43.0	-38.1
Headcount at year end	no.	1,756	1,647	6.6

**NUMBERS & FACTS**

Cement production capacity 7.2 million tons, 7 plants, 132 ready-mix concrete plants, 2 aggregate quarry.



## Luxembourg

		2010	2009	10/09
		var %		
Cement sales	t/000	1,079	1,000	7.8
Sales revenue	€ m	92.3	83.0	11.3
Capital expenditures	€ m	8.0	31.5	-74.6
Headcount at year end	no.	156	152	2.6

**NUMBERS & FACTS**

Cement production capacity 1.4 million tons, 2 plants.



### Netherlands

		2010	2009	10/09
				var %
Concrete sales	cm/000	914	901	1.4
Aggregate sales	t/000	3,737	3,468	7.7
Sales revenue	€ m	113.2	112.7	0.5
Capital expenditures	€ m	2.2	4.0	-45.0
Headcount at year end	no.	287	296	-3.0

#### NUMBERS & FACTS

17 ready-mix concrete plants, 2 aggregate quarries.



### Poland

		2010	2009	10/09
				var %
Cement sales	t/000	1,497	1,396	7.3
Concrete sales	cm/000	871	827	5.3
Sales revenue	€ m	129.3	121.1	6.8
Capital expenditures	€ m	2.3	15.9	-85.5
Headcount at year end	no.	411	423	-2.8

#### NUMBERS & FACTS

Cement production capacity 1.6 million tons, 1 plant, 1 terminal, 33 ready-mix concrete plants.



### Czech Republic and Slovakia

		2010	2009	10/09
				var %
Cement sales	t/000	760	809	-6.1
Concrete sales	cm/000	1,529	1,663	-8.0
Aggregate sales	t/000	1,530	1,554	-1.5
Sales revenue	€ m	159.4	175.7	-9.3
Capital expenditures	€ m	5.2	6.1	-14.8
Headcount at year end	no.	908	914	-0.7

#### NUMBERS & FACTS

Cement production capacity 1.1 million tons, 1 plant, 82 ready-mix concrete plants, 10 aggregate quarries.



## Ukraine

		2010	2009	10/09
		var %		
Cement sales	t/000	1,534	1,381	11.1
Concrete sales	cm/000	135	114	18.9
Sales revenue	€ m	81.5	75.3	8.3
Capital expenditures	€ m	46.2	58.1	-20.5
Headcount at year end	no.	1,653	1,672	-1.1

**NUMBERS & FACTS**

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

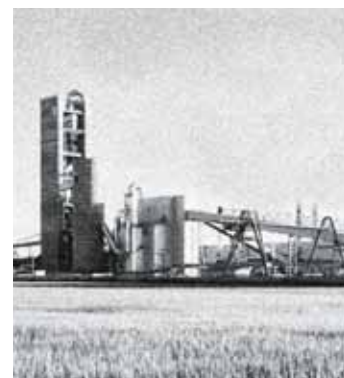


## Russia

		2010	2009	10/09
		var %		
Cement sales	t/000	1,820	1,347	35.1
Sales revenue	€ m	124.1	98.8	25.6
Capital expenditures	€ m	76.2	76.7	-0.7
Headcount at year end	no.	1,190	1,279	-7.0

**NUMBERS & FACTS**

Cement production capacity 2.4 million tons, 1 plant.



## USA

		2010	2009	10/09
		var %		
Cement sales	t/000	6,275	6,356	-1.3
Concrete sales	cm/000	2,222	2,087	6.5
Aggregate sales	t/000	1,758	2,000	-12.1
Sales revenue	\$ m	796.6	854.8	-6.8
Capital expenditures	\$ m	46.9	119.1	-60.7
Headcount at year end	no.	2,410	2,317	4.0

**NUMBERS & FACTS**

Cement production capacity 9.5 million tons, 8 plants, 31 terminals, 73 ready-mix concrete plants, 5 aggregate quarries.



## Mexico

		2010	2009	10/09
				<b>var %</b>
Cement sales	t/000	4,904	4,803	2.1
Concrete sales	cm/000	1,800	1,621	11.0
Aggregate sales	t/000	550	220	-100.0
Sales revenue	\$m	565.8	503.3	12.4
Capital expenditures	\$m	102.0	104.2	-2.2
Headcount at year end	no.	1,164	1,055	10.3

**NUMBERS & FACTS**

Cement production capacity 6.3 million tons, 3 plants, 56 ready-mix concrete plants, 1 aggregate quarry.





# INVESTING FOR THE FUTURE

## ① CLINKER SUBSTITUTES

### - ENERGY COSTS

Due to the use of clinker substitutes in cement, we cut our fuel consumption and energy costs.

### - CO<sub>2</sub> EMISSIONS

Usage of alternate materials together with clinker in cement contributes to the reduction of CO<sub>2</sub> emissions.

## ② VALUE-ADDED TRANSFORMATION IN UKRAINE

### + PROFITABILITY

We have switched from gas to coal.

### + CLINKER QUALITY

With the use of state-of-art burners, we can better control the clinker burning process and increase our product quality.

## ③ ENERGY EFFICIENCY CREDITS – WHITE CERTIFICATES

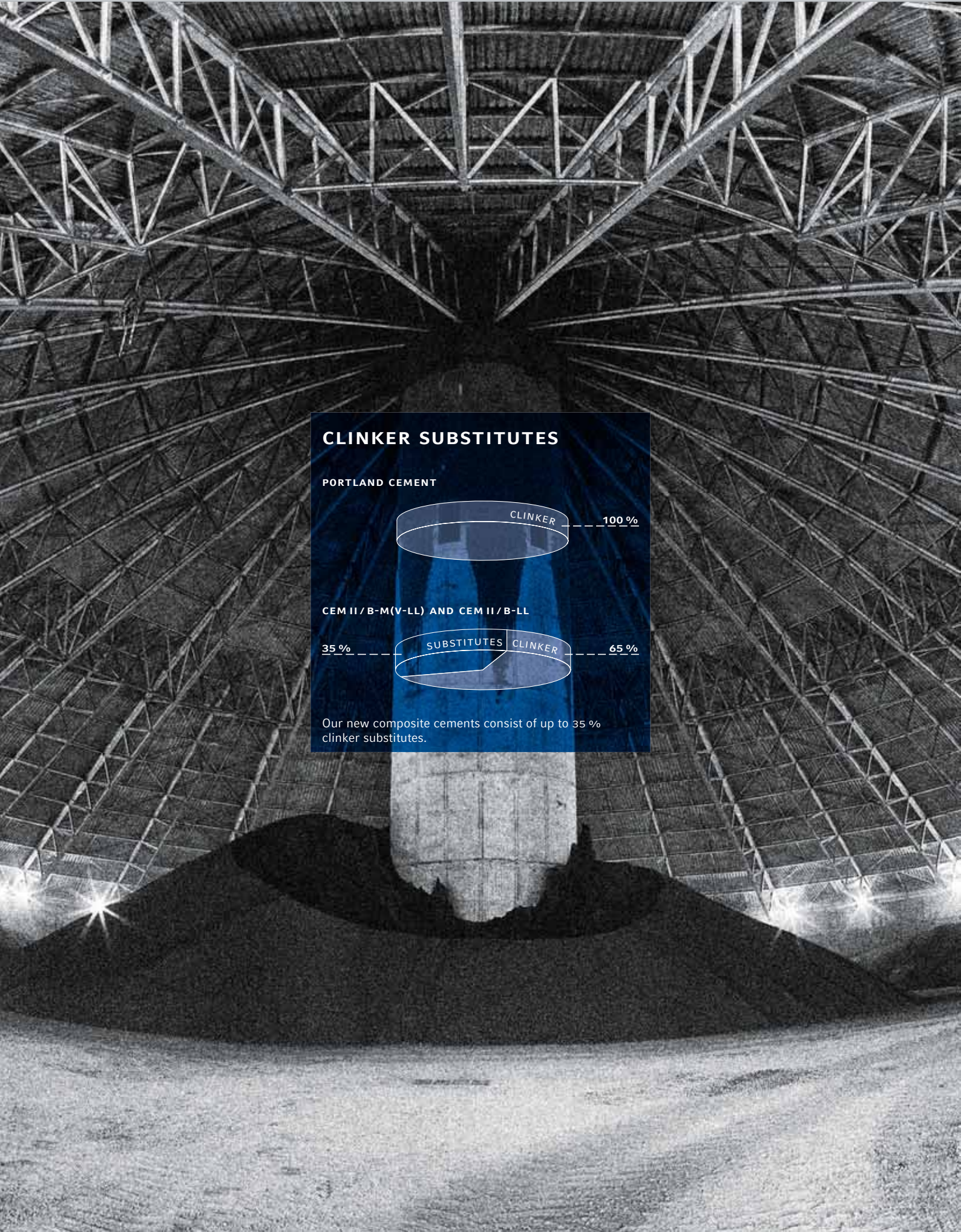
### + ENERGY EFFICIENCY

Horomills enable an important energy saving thanks to the high efficiency values.

### + TECHNOLOGICAL INNOVATION

A long experimental work led to a great technological innovation for the improvement of industrial processes.





### CLINKER SUBSTITUTES

PORTLAND CEMENT



CEM II/B-M(V-LL) AND CEM II/B-LL



Our new composite cements consist of up to 35 % clinker substitutes.

## ① CLINKER SUBSTITUTES

**Research and development for new and innovative cements** are an important part of our company. Due to composite cements, we can reduce our production costs substantially.

Thinking and acting sustainably is a given for us.

Even when developing new products and selecting our product range, the reduction of CO<sub>2</sub> emissions related to cement production, is key. Composite cements that contain other major components (clinker substitutes) are becoming increasingly important in this, and are an essential topic for our research and development work today.

Our know-how and experience from decades of research and development are helpful in this. Product innovation and permanent improvements are objectives that we rigorously pursue. By using materials such as slag sand, limestone, fly ash and trass as clinker substitutes in our products, we reduce fuel consumption, save resources, and reduce emissions.

However, increasing the share of clinker substitutes is only possible in small steps, and requires intensive research work. In the Wilhelm Dyckerhoff Institut we are constantly working on the development of innovative and sustainable construction materials in cooperation with leading

research facilities. In Germany, we are the only cement producer represented on several projects of the Federal Ministry of Education and Research (BMBWF). We have used the results from these projects in developing our optimized composite cements. The most important challenge when developing composite cements is to maintain the recognized performance of Portland cement even when there is a high proportion of clinker substitutes, or to improve the performance of the cements for specific applications by combining the positive qualities of the different components. Our clients, with whom we jointly develop new cement types, also help us with research and testing.

Our research work is successful: in the German market, we have the highest share of cements consisting of several major components in addition to clinker.

One example of our product portfolio is our composite cement, CEM II / B-M(V-LL) 32,5 R. This cement was developed in 2009 and successfully introduced to the market in 2010. In this mix, fly ash from the energy industry and limestone from own quarries are included as addi-

tional major components. These are added during the cement grinding process and can together replace up to 35 % of the clinker. Using a special, modified production process involving the optimal combination of grinding and mixing of the individual cement components, the fly ash is directly included in the cement production process. Use of our special production process means that this composite cement provides an optimal combination of the positive qualities of limestone with the advantages of fly ash. Finally, the spherical shape of the fly ash and the accordingly lower water demand contributes to improved workability and better fluidity of the concrete.

Our new composite cement CEM II/B-LL 32,5 R is so far the only one in Germany with approval for extended application. In 2009, we began a project to create a cement with limestone content of initially up to 35 %, which can be utilized for all demanding concrete exposure categories. This type of cement is made by adding limestone to clinker as an additional major component during the cement grinding.

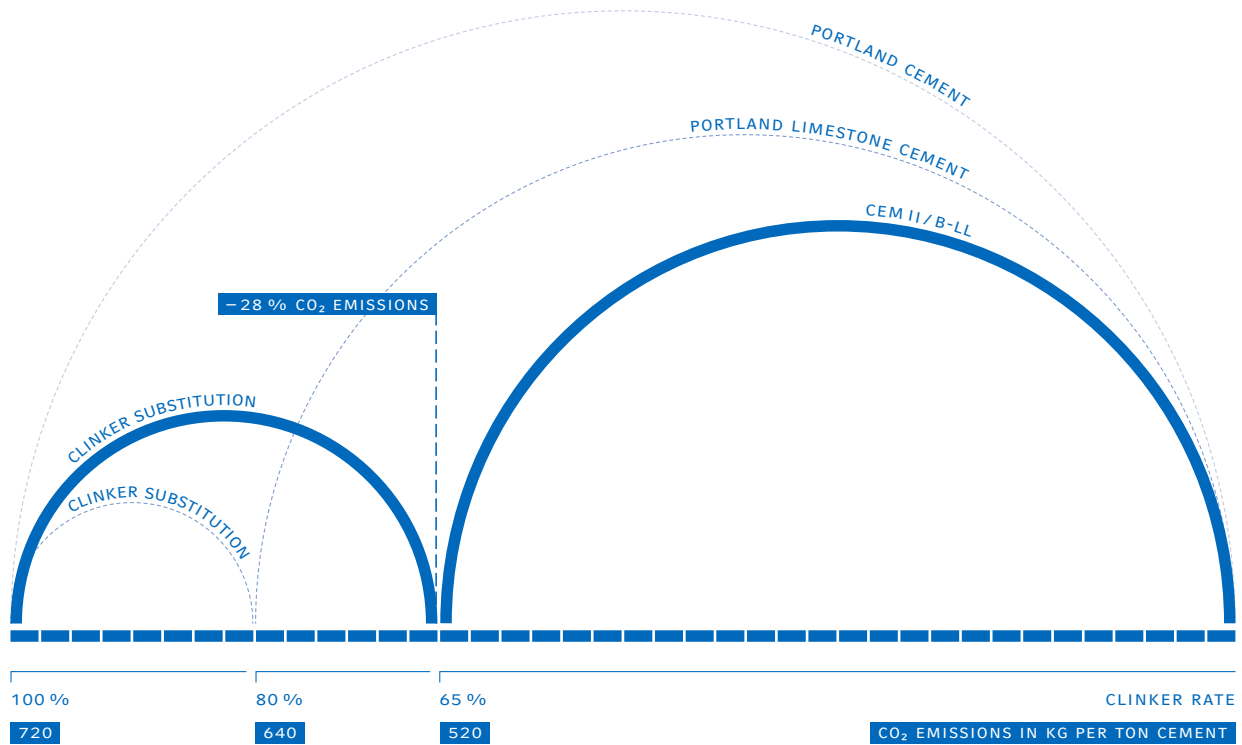
Limestone from own quarries can thus replace up to 35 % of the clinker content. In 2010, after extensive durability testing, the German approval authority (Deutsches Institut für Bautechnik) granted permission to produce



Clinker remains the most important constituent in the cement formula.

Limestone from own quarries replaces clinker in cement.

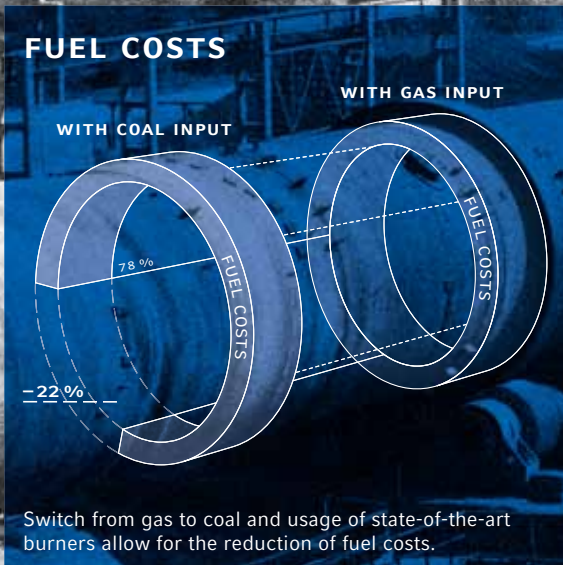




**Our CEM II/B-LL cement** makes an important contribution toward reducing CO<sub>2</sub> emissions.

these types of cement with up to 35 % limestone content, and to use them without restriction in all concrete exposure categories.

With both of these composite cements, we are making a sustainable and important contribution to clinker substitution. Fly ash, which is a residue of combustion at thermal power plants is completely utilized, and therefore no longer needs to be placed in landfills. We make substantial savings on fuel energy and CO<sub>2</sub> emissions, and make a material contribution to resource conservation.



## ② VALUE-ADDED TRANSFORMATION IN UKRAINE

**In order to secure sustainability** and to achieve competitiveness, we have switched the fuel from gas to coal in Ukraine.

In our operating environment, fuel and electricity utilization is undoubtedly one of the biggest items of cost – and also a factor capable of tangibly affecting the equilibrium between business and sustainability.

Because of this, in Buzzi Unicem we employ major resources to design and construct manufacturing plants and approaches able to maximize capital and optimize the duration of the energy sources used.

For example, at the group's Ukrainian factories in Yug (near the city of Mykolayiv) and Volyn (near the city of Rivne), the gas normally used for clinker burning has been replaced by coal – a material that is definitely cheaper.

This change has made it possible to reduce costs significantly but it also caused another need to arise, i. e. modification of the plants involved. It was in fact necessary to add specific mills able to pulverize coal, which

is available on the market only in raw form and is not suitable for the machinery already used.

The two mills – both equipped with the most modern dust-removal, safety and monitoring devices – also shared a series of technologies and features, so as to halve the costs of design and of procurement of the various components.

In order to further limit costs, a particularly interesting technological effort was made. This permitted reutilization both of some surplus items of equipment coming from the Lengerich factory (the coal milling systems are a case in point) and of various parts of the disused Neubeckum factory (such as mills, filters, blowers, pipes and even sections of the actual building), both located in Germany.

All these components were renovated and prepared for their new destination.

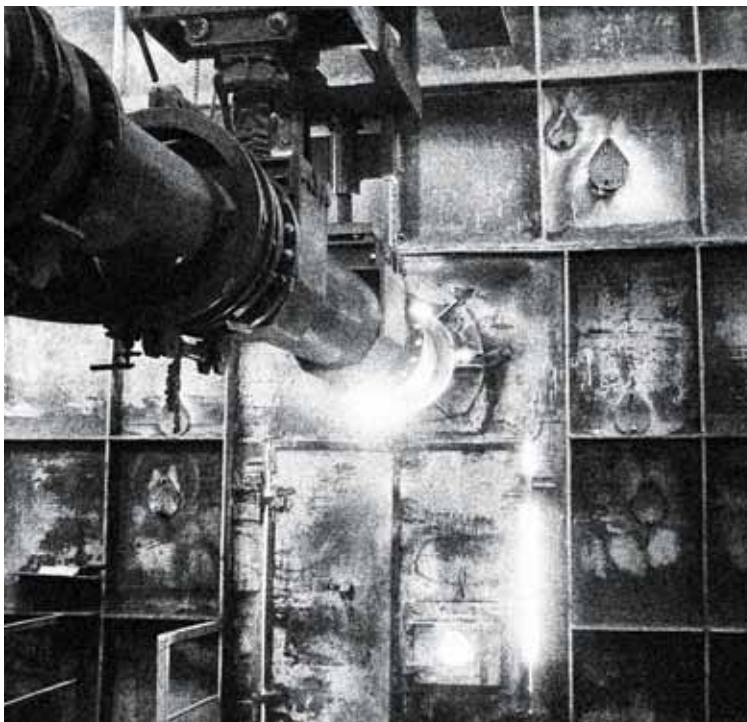
In addition, in view of the fact that, in Ukraine, deliveries take place mainly by freight train, the best possible use was made of the rail infrastructures already existing, utilizing them also to transport the coal. To do this we acquired the necessary equipment, i. e. tippers, wagons, conveyor belts, silos and specific steel structures.

The switch to coal also involved replacement of the burners inside kilns with models selected for their special characteristics. These models are able to adapt, in future, also to different types of fuel besides coal powder – such as, for example, fluff, consisting of selected waste residues containing above all paper, cardboard, fabrics and plastic – and to use more than one of them simultaneously.

The new type of burners also feature more advanced configuration of air intake and outlet channels, in contrast with the old burners which instead had just one channel. The presence of several discharge nozzles in fact assures an optimal ratio of combustion air and coal powder, thus optimizing the use of fuel and reducing operating costs.

And that is not all: they also permit more complete and faster combustion of coal powder.

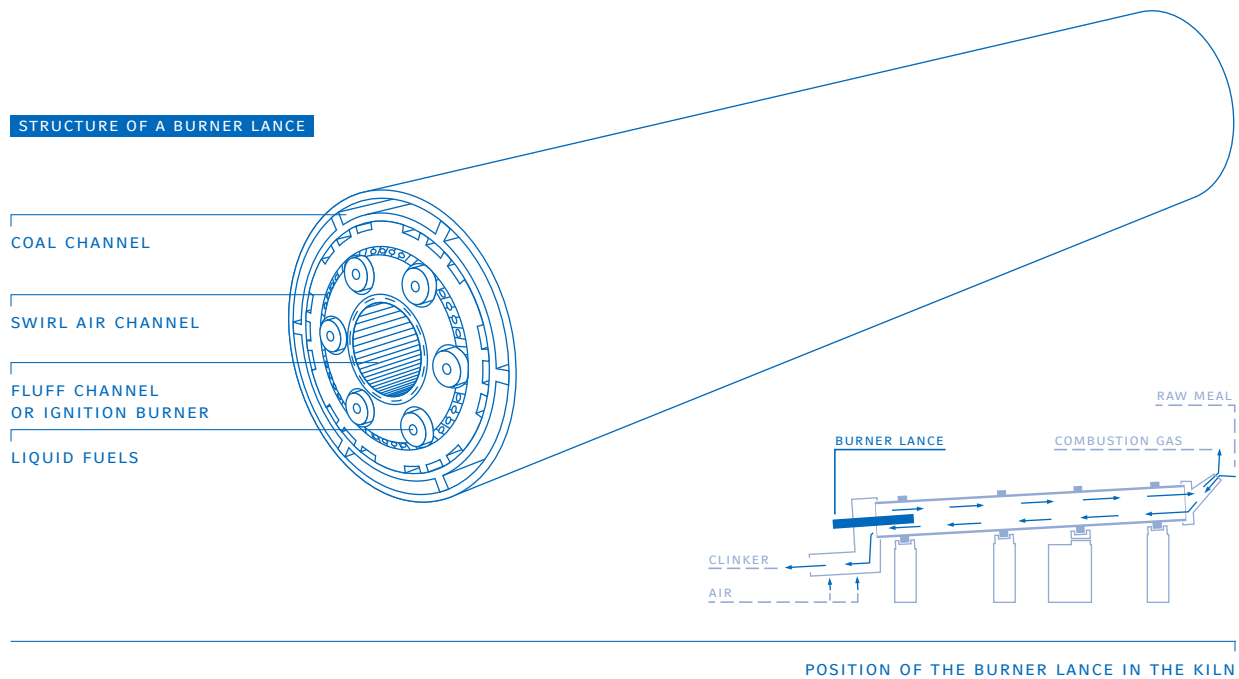
In addition, the shape of the flame can be more easily modeled according to the changes in clinker, thus permitting constant achievement of a quality cement.



Fluff – a perfect secondary fuel.

Multiple channels in the burner enable several different fuels to be used at the same time.





**State-of-the-art burners** not only guarantee optimal burning of the coal dust but enable several different fuels to be used at the same time.

Lastly, the new burners installed maximize exploitation of the heat potential of the various types of residues created in other processes or industrial applications, thus avoiding their dispatch to landfills or incinerators.

Overall, the switch from gas to coal has achieved decidedly rewarding eco-sustainability objectives, while at the same time making the two Ukrainian sites more competitive, also and above all in a future perspective.

## HOROMILLS ALLOW ENERGY SAVING

TOTAL ENERGY SAVING  
36 %

Innovative features, new internal architecture and the Horomill particular geometry assure energy efficiency improvement.



## ③ ENERGY EFFICIENCY CREDITS – WHITE CERTIFICATES

**Innovation and meticulous experimental work** assure energy efficiency improvement. The Horomills allow high energy savings recognized by Authorities.

Two of the main technological challenges of our times relating to industries featuring high energy intensity are:

- \_ The search for, or optimization of, new energy sources making it possible to overcome the limitations and problems of fossil sources – price volatility, heavy subjection to the political contingencies of producer countries, and the role of such fuels in greenhouse gas emissions
- \_ Achievement of the highest possible levels of energy efficiency in user plants.

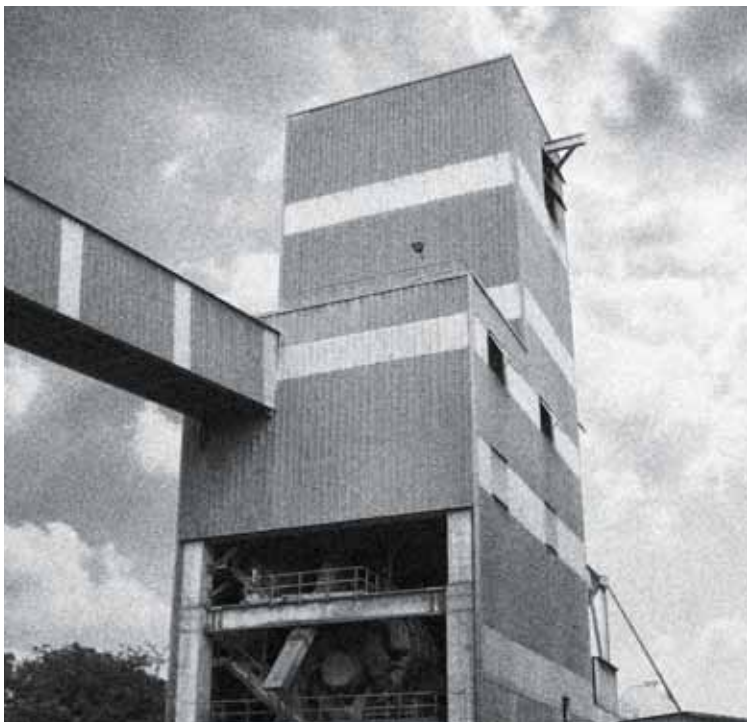
Some years ago, Italian legislation introduced a mechanism for the recognition and incentivization of energy efficiency improvement efforts. The mechanism is based on the establishment of primary-energy saving objectives, identification of the parties compelled to take part in the mechanism, and approaches for possible actions to achieve the objectives in question. This forms the basic scheme underlying “Energy Efficiency Credits”, now better known as “White Certificates”, introduced by Decrees of the Industry Ministry in concert with the Environment & Territorial Protection Minister.

By means of this system the relevant authority (a) sets objectives, increased year after year, for the saving of primary energy for major electricity and gas distributors, (b) indicates the types and means for their achievement at end-user level, and (c) recognizes the savings achieved via the issue of White Certificates. The latter have a value of a TON (ton of oil equivalent) and are of three types (Type 1, Type 2 and Type 3) certifying the achievement of primary-energy savings through different degrees of reduction of consumption. If the parties officially obliged to do so fail to achieve the objectives assigned to them, they can buy the necessary certificates on a special market, purchasing them from the “virtuous” parties who have acquired the certificates voluntarily and by means of their own investments. These transactions can be executed by means of bilateral seller/buyer contracts or by using a regulated market, where trading is managed and organized by Gestore dei Mercati Energetici SpA.

This is the regulatory framework forming the backdrop of the moves made by Buzzi Unicem, which has won recognition for its decision to install, in recent years, grinding plants featuring high energy efficiency. We refer in particular to the new clinker grinding mills of the Horomill type installed at our cement factories in Augusta (Syracuse, Sicily) and Trino (province of Vercelli) and indicated by the World Business Council for Sustainable Development as a major example of technological innovation designed to improve the energy efficiency of industrial processes. Thanks to their innovative features, new internal architecture and their particular geometry, which is the result of meticulous experimental work, the Horomill mills assure energy efficiency improvement that otherwise would not be achievable.

As regards this, it is important to underline that, in the cement production process, the largest part of the electricity consumed is indeed required in the milling phase. Significant action to improve the energy efficiency of this production steps makes a big contribution to optimizing the overall energy balance. The investments made to construct these mills amounted to € 16.9 mn for Trino and € 17.2 mn for Augusta.

Assessment of the energy savings achieved and consequent issue of White Certificates can take place via different mechanisms (standard, analytical and final actual). The last method mentioned is undoubtedly the one of most interest for the industrial sector. Based on the proposed project and measurement program submitted,



Detail of the Horomill.

Trino cement plant. Grinding plant: overall sight of the Horomill building.

#### OPERATING SCHEME OF A HOROMILL

MATERIAL INLET

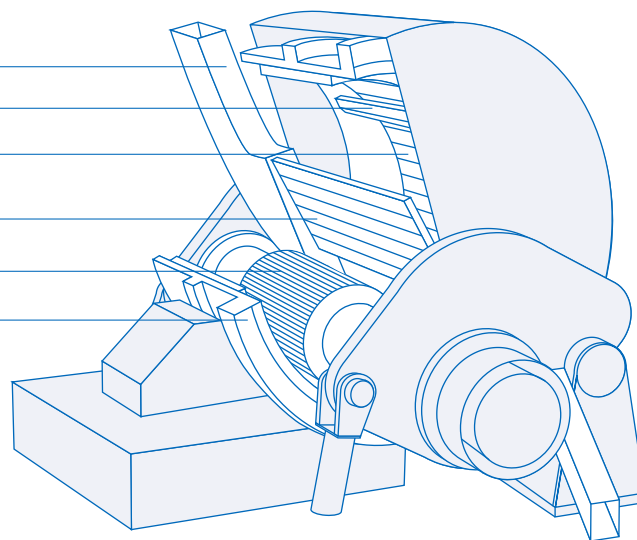
SCRAPERS

SHELL GRINDING TRACK

MATERIAL SPEED CONTROL SYSTEM

ROLLER GRINDING SLEEVE

FORGED SHELL



**As a result of a long experimental work,** our Horomills are a major example of technological innovation designed to improve the energy efficiency of industrial processes.

savings are calculated following a complete monitoring plan that takes into due consideration all the external factors that may have a significant impact. In practice, receipt of the certificates depends on rigorous demonstration of the energy savings effectively achieved by means of measurements performed on the plants before and after execution of efficiency improvement action.

During 2010 Buzzi Unicem submitted the projects undertaken to the relevant authority, supplying all the necessary details and measurements. For these assessments, reference is made to better performance compared

with established technology, as it is also necessary to demonstrate that the solution chosen constitutes, from the energy standpoint, a BAT (Best Available Technology) in the sector concerned.

The two projects presented were thoroughly audited by the relevant authority, both as regards BAT recognition and the validity and effectiveness of the reporting approach. The outcome was positive and the authority has assigned an appropriate number of credits, of significant economic value, to the company's White Certificate (Energy Efficiency Credits) account.



## Review of operations

Profit margins weakened by price effect, with volumes on the rise from the second semester. Execution of special capex project to boost competitiveness. Slow pace of recovery in our markets involves a major commitment to cost savings, improvement of operating efficiency and capacity optimization.

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## Shares and Shareholders

The ordinary and savings shares of Buzzi Unicem SpA have been listed on the Borsa Italiana (the Milan Stock Exchange) since September 1999. As at 31 December 2010 market capitalization amounted to € 1,644 million. On the same date share capital consisted of 165,349,149

ordinary shares and 40,711,949 savings shares, both with a par value of € 0.60 each. Each ordinary share gives the right to one vote. Savings shares, which do not have voting rights, can either be registered or bearer shares, whichever the shareholder prefers.

### Trading in Buzzi Unicem shares

Annual period of reference	Ordinary shares	Savings shares	Ordinary shares	Savings shares
	Number	Number	€ m	€ m
2004	74,527,636	39,594,779	766.0	261.6
2005	85,769,049	28,311,046	1,045.5	252.9
2006	100,899,098	32,479,343	1,850.5	398.8
2007	168,024,567	21,128,085	3,635.8	319.3
2008	217,560,057	31,688,570	3,194.2	321.5
2009	278,784,704	53,467,061	2,960.0	308.9
2010	365,608,536	31,748,299	3,277.7	171.9

### Price trend of Buzzi Unicem shares

(Base: January 2004 = 100)





**Main shareholders**

at 31 December 2010

	Ordinary shares	% of total share capital	% of ordinary share capital
Presa SpA (Buzzi family)	79,200,000	38.44	47.90
Fimedi SpA (Buzzi family)	17,350,000	8.42	10.49
UBS AG <sup>1</sup>	3,330,442	1.62	2.01

<sup>1</sup> In the capacity of lender without the right to vote.

A total of 41,218,622 ordinary shares, accounting for 24.93 % of voting capital, are owned by non-Italian investors.

**Distribution of shareholdings**

at 31 December 2010 (ordinary shares)

	No. of shareholders	in %	No. of shares	in %
1-1,000	13,521	81.06	4,317,643	2.61
1,001-10,000	2,637	15.81	7,601,056	4.60
10,001-100,000	413	2.48	14,090,236	8.52
100,001-	109	0.65	139,340,214	84.27

**Market capitalization**

at 31 December (€ mn)

2004		1,979
2005		2,432
2006		4,125
2007		3,636
2008		2,182
2009		2,160
2010		1,644

**Capital structure**

at 31 December 2010 (in numbers/in %)

1	No. of ordinary shares (165,349,149)	80.2
2	No. of savings shares (40,711,949)	19.8

## Key per-share data

	2004	2005	2006	2007	2008	2009	2010
<b>euro</b>							
Basic EPS (ordinary)	0.97	1.31	1.77	2.23	1.92	0.67	(0.31)
Diluted EPS (ordinary)	0.93	1.26	1.71	2.23	1.92	0.67	(0.31)
Cash flow per share	2.37	2.67	3.14	3.64	3.39	1.90	1.68
Shareholders' equity per share	8.16	9.67	10.63	10.95	12.14	12.16	12.48
Price/earnings ratio	11.1x	10.1x	12.1x	8.5x	6.0x	16.8x	n/a
Price at year-end							
ordinary shares	10.78	13.16	21.45	18.93	11.58	11.28	8.62
savings shares	7.51	9.17	14.56	12.51	6.57	7.24	5.36
Dividend per share <sup>1</sup>							
ordinary shares	0.29	0.32	0.40	0.42	0.36	0.18	
savings shares	0.31	0.34	0.42	0.44	0.38	0.20	0.03
Yield							
ordinary shares	2.7 %	2.4 %	1.9 %	2.2 %	3.1 %	1.6 %	
savings shares	4.2 %	3.8 %	2.9 %	3.5 %	5.8 %	2.8 %	0.6 %

<sup>1</sup> 2010: proposed to shareholders at the Annual General Meeting

## Performance indicators

(in %)

	2008	2009	2010
EBITDA margin <sup>1</sup>	26.2	20.3	14.6
Return on Sales (ROS)	19.8	12.1	0.0
Return on Equity (ROE) <sup>2</sup>	18.0	6.3	-1.5
Return on Capital Employed (ROCE) <sup>3</sup>	13.3	6.3	0.0
Debt/equity ratio	0.39	0.45	0.45

<sup>1</sup> Ratio between EBITDA and sales; it expresses the result of a company's typical business operations.

<sup>2</sup> Ratio between net profit and shareholders' equity; it expresses the latter's profitability.

<sup>3</sup> Ratio between operating profit (EBIT) and the difference between total assets and current liabilities. It indicates the efficiency and profitability of a company's invested capital.

## Business review

In 2010 developing countries, with China in the forefront, significantly contributed to turnaround of the global economy, whereas both the USA and other countries with more mature economies featured somewhat slow recovery. Unfortunately, in the “wealthy” OECD countries employment prospects are much less encouraging than those of growth and without a virtuous job-creation mechanism the real exit from global recession will still take some time. The sovereign debt crisis, triggered by some Eurozone countries, and increased constraints on the availability of public spending for infrastructures adversely affected the construction sector and consequent demand for cement and concrete in the areas where the group operates. Starting in the second half of the year, however, stronger signs appeared of growing confidence in brighter scenarios and growth cycles now not too far off.

In FY2010 the group sold 26.6 million tons of cement (+4.0 % vs. 2009) and 14.4 million cubic meters of ready-mix concrete (+3.5 %). Consolidated net sales slipped by 0.9 % to €2,648.4 million (mn) vs. €2,671.8 mn in 2009. Changes in consolidation scope increased net sales by €36.3 mn, while there was a positive forex effect of €84.4 mn. On a like-for-like basis 2010 net sales

would have decreased by 5.4 % vs. 2009. EBITDA decreased by 28.6 %, going down from €541.7 mn to €387.0 mn. This figure was dampened by €11.2 mn of non-recurring charges. After depreciation, amortization and impairment of €386.7 mn – decisively impacted by €163.9 mn of impairment on fixed assets – EBIT amounted to just €0.3 mn, as opposed to €323.0 mn in 2009. Net finance costs rose from €99.9 mn to €103.6 mn leading to a consequent pre-tax loss of €102.1 mn vs. a profit of €235.2 mn in 2009. Thanks to reversal of deferred tax liabilities relating to impaired assets and to other favorable non-recurring items, the group’s taxation in the year was positive by €60.6 mn compared with income taxes of €63.8 mn in FY2009. The year-end income statement thus showed a net loss of €41.4 mn, of which €63.5 mn attributable to owners of the parent company, while the result attributable to non-controlling interests was a net profit of €22.0 mn (-31.0 % vs. €31.9 mn in 2009).

After industrial investments of €268.2 mn and distribution of dividends totaling €46.3 mn, 2010 year-end net financial debt amounted to €1,266.9 mn, up vs. €1,209.3 mn as at 31 December 2009. Compared with 2009 year-end, the debt/equity ratio remained unchanged at 0.45.

The negative cycle that in 2009 had simultaneously hit the construction sector both in many emerging countries

### Turnover (millions of euro)

2004		2,772
2005		2,951
2006		3,205
2007		3,496
2008		3,520
2009		2,672
2010		2,648

### EBITDA (millions of euro)

2004		699
2005		801
2006		931
2007		1,046
2008		923
2009		542
2010		387

and in more advanced economies – thus wiping out the benefits normally provided by geographical diversification – continued to be pervasive and latent. Nevertheless, above all in the second half of the year, differing rates of growth emerged in the various markets, with evidence of significant acceleration of unit sales volume. In Italy, all types of demand continued to suffer and the potential anti-cyclical effect of public works was hampered by scarce spending capacity. Conversely, Central European economies, whose public accounts are structurally sounder, were able to benefit from the revival of foreign trade, particularly towards countries featuring recent and rapid industrialization, starting to show encouraging signs of growth. The USA benefited from the public investments in infrastructures envisaged by the stimulus plans. Non-residential building, however, remained in severe crisis due to widespread investment cuts in the private sector, while the residential segment has not yet shaken off the consequences of the real estate bubble triggered a few years ago. After a period of drastic reduction of activities, which continued until the first half of 2010, the emerging East European economies brilliantly inverted the trend in terms of unit sales, but price dynamics were somewhat unfavorable. Lastly, the results achieved by Mexico continued to be satisfactory, showing steady improvement as from the second half, by virtue of good sales volume performance and stable prices, and thanks to appreciation of the local currency against the euro.

#### Operating and financial performance

In 2010, consolidated unit sales of cement amounted to 26.6 mn tons, +4.0 % YoY. Improvement of unit sales volume was driven, in the following order, by Russia, Ukraine, Poland and Luxembourg. The increase reported in Italy was due to higher unit sales of clinker and to spot orders for foreign sale. Mexico, Germany and the USA maintained a level of activity similar to that of 2009. The most marked decrease of demand occurred in

the Czech Republic (–8.3 %). Unit sales of ready-mix concrete totaled 14.4 mn cubic meters (+3.5 %). The markets that continued to suffer were the Czech Republic and Italy. The big increase in production output in Germany was mainly caused by acquisition of the SIBO group and the consequent change in consolidation scope.

Consolidated net sales decreased by 0.9 % from €2,671.8 mn to €2,648.4 mn. Changes in consolidation scope had a positive effect of €36.3 mn and forex too had a positive effect of €84.4 mn. On a like-for-like basis, net sales would have decreased by 5.4 %.

In Italy, the market scenario continued to worsen as regards demand and, above all, as regards prices, with application of harmful and extreme methods of competition. Because of this, notwithstanding substantial firmness of overall cement and clinker volume, net sales decreased by 13.1 % from €706.6 mn to €614.2 mn.

Central European countries, aided by improvement of the economic climate, by the firmness of average selling prices and, above all, by expansion of consolidation scope in Germany, increase their net sales from €703.4 mn to €729.6 mn (on a like-for-like basis they would have decreased by 1.4 %). Germany increased its net sales by 3.9 % (from €528.0 mn to €548.5 mn, of which €33.8 mn referring to the consolidation change) and Luxembourg by 11.3 % (from €83.0 mn to €92.3 mn). In the Netherlands, our ready-mix concrete and aggregates business achieved net sales very similar to those of the previous FY, i.e. €113.2 mn (vs. €112.7 mn in 2009).

In East European markets, net sales improvement was very marked in Russia (+25.6 %) thanks to the vigorous upturn in shipments – unfortunately still accompanied by a severe decline of average selling prices. In addition, the strengthening of the economy translated into clear

revaluation of the ruble. In Ukraine the favorable volume trend was almost completely offset by price softness, but thanks to strengthening of the local currency reported business turnover rose by 8.3 %. Activity in Poland continued with full utilization of our factory during the summer months – but the price situation remained tense because of new production capacity inaugurated in the country. Net sales ended with an increase of 6.8 % YoY – but based on constant currency they would have decreased by 1.4 %. The difficulties still being experienced by the economies of the Czech Republic and Slovakia, with the former working towards entry of the Eurozone, affected construction investments and penalized development of net sales (–9.3 %), with this decrease attenuated by appreciation of the local currency. As indicated above, exit from the acute phase of the crisis aided the progress of East European currencies (koruna +4.4 %, zloty +7.7 %, hryvnia +5.3 % and ruble +8.8 %). Overall, East European net sales rose from €470.3 mn to €492.7 mn; there was a positive forex effect in the area of €31.2 mn.

In the USA we saw stabilization of demand in the second half of the year, but underutilization of production capacity translated into constant downward pressure on prices. All things considered, the decrease in euro of net sales was modest (–1.9 % from €612.8 mn to €600.9 mn), including a positive forex effect of €29.8 mn. Based

on like-for-like conditions, net sales would have decreased by 6.8 %.

Mexico, even though not yet fully recovered from the recession of the 2-year period 2008–2009, showed admirable firmness as regards demand for building materials. Net sales in local currency grew by 5.3 % while in euro, thanks to significant revaluation of the peso, they grew by 18.3 % vs. 2009, rising from €180.4 mn to €213.4 mn.

EBITDA decreased by 28.6 % YoY from €541.7 mn to €387.0 mn. Consolidation changes had a positive effect of €1.0 mn and forex too had a positive effect, i. e. €20.7 mn. The figure reported for FY2010 includes, however, non-recurring costs of €11.2 mn, mainly referring to write-down of the factory in Oglesby (Illinois). Excluding non-recurring items, EBITDA decreased by 23.3 % from €519.1 mn to €398.3 mn with a 15.0 % margin on net sales (vs. 19.4 % in 2009). Pressure on profitability was mainly caused by the increased softness of prices, evident in nearly all markets where we are present.

A further factor was sharp inflation of fuel costs in the second half year and prolonged operation of factories at very low levels of capacity utilization. As it is virtually impossible to reduce fixed costs below a certain level, this latter factor led to a higher unit production cost. Ukraine was the only country that unfortunately once

#### EBITDA margin<sup>1</sup>

(in %)

2004	25.2
2005	27.1
2006	29.1
2007	29.9
2008	26.2
2009	20.3
2010	14.6

<sup>1</sup> EBITDA/Net sales

#### Cash Flow<sup>1</sup>

(millions of euro)

2004	426
2005	521
2006	621
2007	747
2008	696
2009	390
2010	345

<sup>1</sup> Profit for year + depreciation, amortization and impairment charges

again reported negative EBITDA (–€ 10.5 mn in 2010 vs. –€ 4.5 mn in 2009). Besides weak selling prices, the long commissioning process required for the new plants to use coal instead of natural gas made it impossible to benefit in full from the cost savings expected. In the Czech Republic there was significant downsizing of EBITDA, but EBITDA margin remained above average (20.6 %), as it did in Poland (25.8 %) and Russia (32.0 %), markets aided by the trend of unit sales. Recurring EBITDA also shrank slightly in Central European countries, both in absolute and percent terms, bearing in mind that the Netherlands reflected some company restructuring charges. In Italy, the average price level in the second half was aligned with that of cash manufacturing costs. The mediocre EBITDA margin of 5.3 % was almost entirely generated by the sale of CO<sub>2</sub> emission rights surplus to production output. In the USA, the adverse price effect and a sales mix featuring lower value-added products were the main reasons reducing EBITDA margin to 16.6 % (vs. 22.3 % in 2009). Mexico ended the year with operating results only slightly lower in local currency and 36.2 % EBITDA margin, down by a few points compared with the 2009 margin. It was above all electricity and fuel inflation that dampened sales profitability.

Depreciation and amortization totaled € 386.7 mn vs. € 218.7 mn in 2009. The contributor to this amount was the € 150.9 mn impairment of property, plant and equipment located at the Oglesby (Illinois) factory plus impairment totaling € 13.0 mn of other intangible and tangible assets. These impairments virtually wiped out the year's EBIT, which dropped to € 0.3 mn (vs. € 323.0 mn in 2009). Net finance costs amounted to € 103.6 mn vs. € 99.9 mn in FY2009. The increase was due to the lengthening of loans' average duration and to the increase of net debt in absolute value. There were no significant capital gains from the disposal of equity investments (€ 6.2 mn in 2009) and equity in earnings of associates under-

went marked downsizing, dropping from € 5.9 mn in 2009 to € 0.6 mn in 2010. Due to the effects of the factors outlined above, there was a loss before tax of € 102.1 mn vs. a profit before tax of € 235.2 mn in 2009. After positive taxation of € 60.6 mn, stemming both from the effect of deferred taxes and from tax income relating to prior years, the income statement for FY2010 ended with a net loss of € 41.4 mn vs. a profit of € 171.4 mn in 2009. The result attributable to owners of the company went from a profit of € 139.5 mn in 2009 to a loss of € 63.5 mn in FY2010.

Gross of non-recurring positive and/or negative items, FY2010 cash flow totaled € 345.3 mn vs. € 390.1 mn in 2009. As at 31 December 2010 the group's net financial debt amounted to € 1,266.9 mn, up by € 57.7 mn vs. € 1,209.3 mn at 2009 year-end. In FY2010 the group distributed dividends of € 46.3 mn, of which € 37.9 mn by the parent company Buzzi Unicem SpA, and paid industrial investments totaling € 268.2 mn, of which € 162.8 mn relating to capacity-increase or special products.

The main industrial investments made in Italy related to the purchase of new quarry sites adjacent to the cement factory in Guidonia (province of Rome), adjustments to the plant for the production of sulfur-aluminate cement at the factory in Trino (province of Vercelli) and construction of a new smokestack at the factory in Robilante (province of Cuneo). In Germany, further work was done to aid use of alternative fuels and significant improvement was made to the energy efficiency of the kiln for white-cement production at the Amöneburg factory. In Russia the project continued and was almost completed for expansion of production capacity at the Suchoi Log factory, with investments of € 49.5 mn. Similarly, in Ukraine work was completed for the substitution of fuel, with the switch from natural gas to coal, with investment of a further € 30.2 mn in 2010. The new

cement factory of Apazapan (Veracruz) in Mexico was officially inaugurated at the end of November and the investments relating to it totaled €33.5 mn.

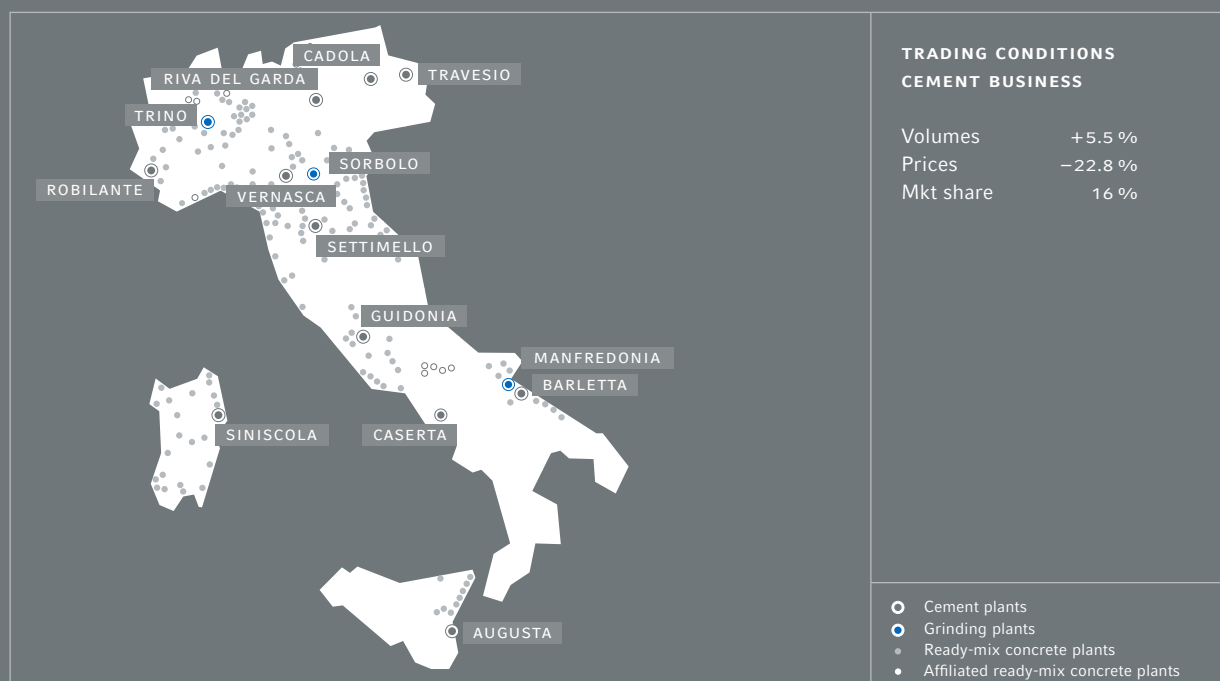
The following table shows the assets and liabilities forming our net financial position, split according to their degree of liquidity:

#### Net financial position

	Dec. 31, 2010	Dec. 31, 2009
<b>millions of euro</b>		
Cash and short-term financial assets:		
Cash & cash equivalents	396.5	697.0
Derivative financial instruments	1.9	0.8
Other current financial receivables	8.1	8.6
Short-term financial liabilities:		
Current portion of long-term debt	(175.7)	(354.7)
Short-term debt	(2.2)	(7.8)
Derivative financial instruments	(1.3)	(14.6)
Other current financial liabilities	(15.5)	(42.8)
<b>Net short-term cash</b>	<b>211.8</b>	<b>286.5</b>
Long-term financial assets:		
Derivative financial instruments	2.6	0.2
Other non-current financial receivables	10.2	15.9
Long-term financial liabilities:		
Long-term debt	(1,458.8)	(1,448.7)
Derivative financial instruments	(29.0)	(58.6)
Other non-current financial liabilities	(3.7)	(4.6)
<b>Net debt</b>	<b>(1,266.9)</b>	<b>(1,209.3)</b>

As at 31 December 2010, shareholders' equity, including non-controlling interests, amounted to €2,803.7 mn vs. €2,712.4 mn at 2009 year-end. The debt/equity ratio therefore remained at 0.45 as in FY2009.

## Italy



## Cement

	2010	2009	10/09
millions of euro			
Net sales	367.7	443.2	-17.0 %
EBITDA reported	32.2	89.3	-63.8 %
% on net sales	8.8	20.2	
Capital expenditures	24.0	39.9	-39.8 %
Headcount end of period	no. 1,343	1,421	-5.4 %

Before intersegment eliminations.

## Ready-mix concrete

	2010	2009	10/09
millions of euro			
Net sales	338.6	369.7	-8.4 %
EBITDA reported	-1.6	1.4	NA
% on net sales	-0.5	0.4	
Capital expenditures	6.1	12.0	-49.2 %
Headcount end of period	no. 569	605	-6.0 %

Before intersegment eliminations.

## Italy

During the year the Italian economy showed some signs of improvement, with GDP increasing by 1.2 %. The inversion of trend vs. 2009 (GDP down by about 5 %) is a positive sign – but Italy's growth continued to lag behind that both of Eurozone countries (+1.5 %) and of the Euro 27 group (+1.7 %). The difference in growth reflected Italy's lower share of trade with emerging economies compared with other European countries, which

were more successful in exploiting the revival of global demand. Looking at the other macroeconomic indicators, we note that manufacturing output grew by 5.5 %, the unemployment rate in the third quarter stopped at 8.3 % and the consumer price index rose by 1.9 %. The public debt/GDP ratio rose to 119 %; this led to new restrictions for the public budget with an increase of current spending to support social policies and a reduction of investments.



The construction industry has not yet exited from the severe crisis that started in 2007 and continued in 2010 with building investments down by over 6 % in real terms. New residential buildings further decreased by about 12 %, confirming the imbalance between demand and supply. Investments in non-residential buildings suffered the postponement of companies' investment activity due to the uncertainty of the country's economic environment and ended the year down by over 5 %. Lastly, the trend in public works was, unfortunately, consistent with the overall trend (about - 11 %). The much awaited infrastructures – of the utmost importance for Italy's economic development – suffered further delays and, in addition, programs for medium-small works featured lengthening of the time taken to allocate funds.

The estimates of the Italian cement industry association (AITEC) show that domestic cement deliveries decreased by 5.4 % YoY. The continuing crisis of the building market thus caused decline of consumption for the fourth consecutive year. Our unit sales of hydraulic binders and clinker increased by 5.5 %, mainly thanks to increases of exports and of clinker unit sales. Because of the slack demand and extremely fierce competition, selling prices dropped considerably until the end of the summer, leading to a cumulative decrease of over 22 % YoY. The extent of the reduction of selling prices caused cement net sales to decrease by 17.0 % from € 443.2 mn to € 367.7 mn. During FY2010 the company sold CO<sub>2</sub> emission rights assigned to it and surplus to requirements because of limited production performance, thus earning € 31.0 mn of other operating revenues. Thanks to particularly tight and effective management, manufacturing costs did not increase during FY2010, benefiting, above all in the first part of the year, from a still favorable level of energy factors – which in the second half instead featured rapid and ongoing increases. Equally

close attention also made it possible to curb the costs of services and logistics. Notwithstanding this, profitability was inevitably jeopardized by the excessive deterioration of average selling prices. EBITDA ended at € 32.3 mn, -63.8 % vs. the 2009 result (€ 89.3 mn).

Investment activity continued with the aim of improving production plants' technological and environmental efficiency and their safety. More specifically, at the factory of Trino (province of Vercelli), environmental adjustments were made for operation of the kiln producing sulfur-aluminate cement (€ 1.2 mn in total). At the cement factory of Robilante (province of Cuneo) a new smokestack was built and the medium and low-voltage primary distribution network was upgraded (€ 1.2 mn in total). The reserves of raw materials for the cement factory in Guidonia (province of Rome) were expanded with an investment of € 1.5 mn.

The ready-mix concrete segment featured a 4.6 % decrease in production output. Thanks to particularly incisive commercial action, centering round product and service quality, the decrease of selling prices was limited to 3.9 %. Net sales thus decreased by 8.4 % from € 369.7 mn to € 338.6 mn. The benefit coming from the cost reduction of the raw material cement was not sufficient to improve EBITDA margin. The absolute value of EBITDA went from a positive figure of € 1.4 mn to a negative figure of € 1.6 mn. The ability of the ready-mix concrete segment to contribute to Italian results was further dampened by total impairment of € 2.5 mn of segment plants and goodwill.

During the year we rolled out the H<sub>2</sub>NO project – a coordinated set of initiatives devised to ensure that concrete is delivered to sites with the right thickness for its use, without any need for harmful additions of water,

which jeopardize its characteristics. This a new way of designing and developing our concretes, supplemented by a company organization that permits implementation of an integrated system of control of thickness also during transport in the mobile concrete mixer until pouring, together with a new service of specialized technical assistance at the various sites.

#### Italy – Cement Consumption

(million tons)

2004	44.1	2.3	46.4
2005	43.9	2.2	46.1
2006	45.1	1.7	46.9
2007	44.2	1.4	45.6
2008	40.5	1.3	41.8
2009	34.2	1.7	35.9
2010 E	32.3	1.4	33.7

■ Domestic ■ Import

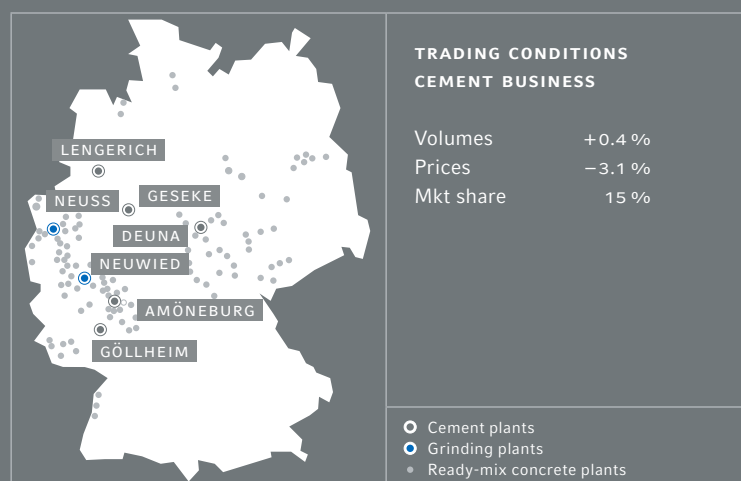
#### Germany

Germany's GDP grew at a rate that had not been seen for several years, increasing by 3.6 % YoY in 2010. The country's economy gained the full advantage of the benefits of revival of international trade, in particular vis-à-vis newly and fast industrialized countries. Compared with the previous year, positive boosts came both from internal and from foreign demand. Private consumer expenditure increased by 0.4 % and public expenditure by 2.3 %. Foreign trade has underpinned economic recovery: the export of goods and services improved by 14.1 %, exceeding the growth of imports (+ 12.6 %). The labor market reforms led to greater competitiveness and the unemployment rate was less than 8 %. In 2010 public debt was equivalent to 3.3 % of GDP. The economic environment thus showed clear improvement, with sound, positive macroeconomic indicators.

The construction industry – even though companies' investment plans are still reduced and dampen industrial and commercial building – started to show signs of optimism, particularly as from the second half. The residential market, driven by investments to renovate and refurbish existing buildings, regained vigor and grew by 4.4 % YoY. Investments in public works, notwithstanding the careful turnaround policy applied, grew by 2.8 % vs. 2009. For the reasons outlined above, the non-residential segment continued to stagnate – but could have some positive surprises in store in the near future.

Our cement deliveries maintained the previous year's level (+ 0.4 %), accompanied by a 3.1 % decrease of average selling prices. The ready-mix concrete segment's unit sales grew by 20.5 %, of which about 15 % due to the change in consolidation scope (acquisition of the SIBO group), set against a 4.9 % decrease of prices. Total net sales thus increased by 3.9 % from € 528.0 mn to € 548.5 mn (on a like-for-like basis they would have

## Germany



	2010	2009	10/09
<b>millions of euro</b>			
Net sales	548.5	528.0	3.9 %
EBITDA reported	76.3	116.3	-34.3 %
EBITDA recurring	76.3	81.4	-6.2 %
% on net sales	13.9	15.4	
Capital expenditures	26.6	43.0	-38.1 %
Headcount end of period	no. 1,756	1,647	6.6 %

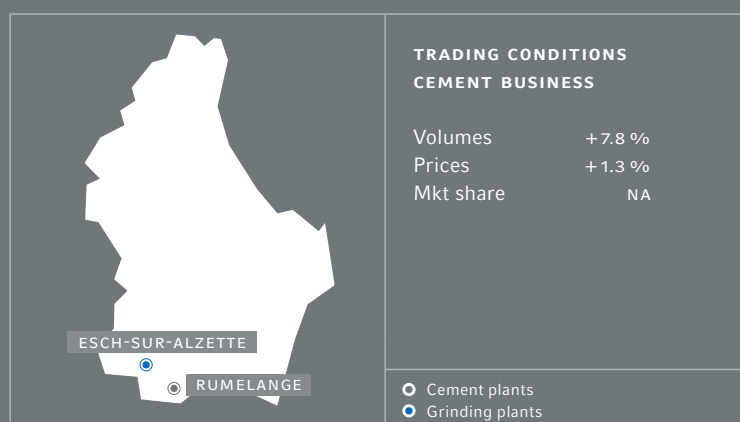
Germany – Cement Consumption  
(million tons)

	Domestic	Import
2004	27.5	1.6
2005	25.6	1.4
2006	27.4	1.5
2007	26.1	1.3
2008	26.3	1.3
2009	24.1	1.2
2010 E	23.4	1.2

decreased by 2.5 %). Net of non-recurring income and costs, present in 2009 accounts, EBITDA ended the year down by 6.2 % (to €76.3 mn vs. €81.4 mn in 2009), penalized by fuel cost increases (+6 %).

Investments in property, plant and equipment totaled €26.6 mn. The most significant ones included (a) revamping of the white-cement kiln at the Amöneburg factory (€1.6 mn), (b) the chlorine bypass and a grinder of fluff (waste-derived fuel) at the Geeseke factory (€3.1 mn), and (c) the new concrete batching plant at Haisenbach (€0.9 mn). Reinforcement in the ready-mix concrete segment continued, via reorganization of the Sievert group and the swap of the associate interest owned in it with 100 % of the "SIBO" assets linked to the latter, consisting of 30 batching units located in Lower Saxony, North Rhine-Westphalia and Saxony-Anhalt.

## Luxembourg



	2010	2009	10/09
<b>millions of euro</b>			
Net sales	92.3	83.0	11.3 %
EBITDA reported	16.4	14.1	16.0 %
% on net sales	17.8	17.0	
Capital expenditures	8.0	31.5	-74.6 %
Headcount end of period	no. 156	152	2.6 %

## Luxembourg

2010 ended with GDP up by 3.2 %. The pace of public spending was decelerated in order to reduce the deficit. Exports, which in 2009 had declined significantly, returned to growth with an increase of over 2 %. Thanks to its strategic position, Luxembourg showed constant vitality, aided by developments of the Great Region, i. e. the bordering area consisting also of the nearby regions of Germany, France and Belgium.

In 2010 the local building market featured stable or slightly better conditions. Unit sales of hydraulic binders and clinkers, including quantities for export, showed a positive trend (+7.8 %), with prices favorably set (+1.3 %). Net sales amounted to €92.3 mn vs. €83.0 mn in FY2009 (+11.3 %) and EBITDA improved by 16.0 %, rising to €16.4 mn (vs. €14.1 mn in 2009). EBITDA margin

rose to 17.8 % (vs. 17.0 % in 2009), aided by the deflationary scenario of fuel and electricity-related costs. The gradual improvement of profitability includes the benefits of expansion of clinker finish milling capacity at the Esch-Sur-Alzette factory, which permitted substitution of part of clinker sales with cement sales, thus favorably changing the mix of average per-unit revenues.

Investments made in 2010 totaled €8.0 mn, of which €2.0 mn for completion of the project for expansion of clinker finish milling capacity.

## Netherlands



	2010	2009	10/09
<b>millions of euro</b>			
Net sales	113.2	112.7	0.5 %
EBITDA reported	0.6	4.5	-87.1 %
% on net sales	0.5	4.0	
Capital expenditures	2.2	4.0	-45.0 %
Headcount end of period	no. 287	296	-3.0 %

Netherlands – Cement Consumption  
(million tons)

2004	5.2
2005	5.4
2006	5.8
2007	5.9
2008	6.2
2009	5.3
2010 E	4.8

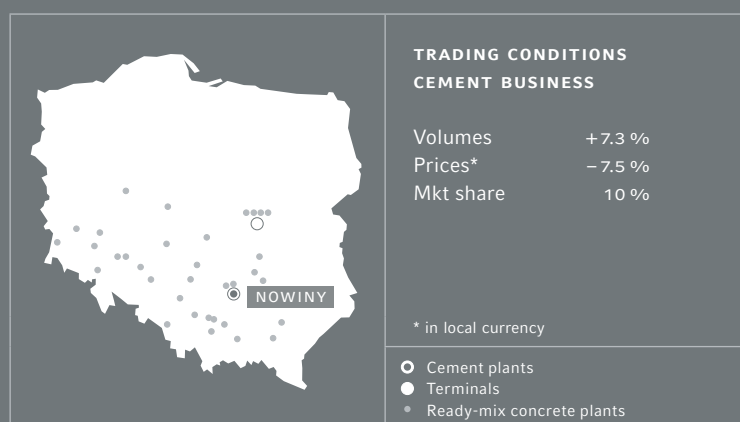
## The Netherlands

The Netherlands' economy recovered slightly, with GDP progressing by 1.8 %, which permits cautious optimism in economic forecasts after the bleak 2-year period 2008–2009, when the Dutch economy hit all-time lows. Encouraging signs have come from the increases of exports and international trade. The stimulus policies implemented by the government continued, in relation both to current expenditure and to investments.

With intensification of pressure on employment, private individuals' investment propensity decreased considerably. The unemployment rate has been increasing steadily since 2008 and now exceeds 4 %. Construction investments decreased by over 9 %, with the non-residential segment penalized by companies' slower investment decisions and infrastructural works affected by the tight control of public spending.

Ready-mix concrete unit sales remained substantially stable at 0.9 mn cubic meters (+1.4 % vs. 2009). Net sales amounted to € 113.2 mn, with growth of 0.5 % (vs. € 112.7 mn in 2009). € 2.5 mn of the difference was due to the change of consolidation scope. EBITDA dropped to € 0.6 mn, as opposed to € 4.5 mn in 2009, bearing in mind that the income statement was burdened by restructuring charges of € 1.5 mn.

## Poland



	2010	2009	10/09
<b>millions of euro</b>			
Net sales	129.3	121.1	6.8 %
EBITDA reported	33.4	31.2	7.0 %
EBITDA recurring	33.4	37.9	-11.9 %
% on net sales	25.8	31.3	
Capital expenditures	2.3	15.9	-85.5 %
Headcount end of period	no. 411	423	-2.8 %

## Poland – Cement Consumption

	Domestic		Import
2004	11.0	0.5	11.5
2005	11.5	0.4	11.9
2006	14.4	0.2	14.6
2007	16.3	0.4	16.6
2008	16.5	0.3	16.9
2009	14.9	0.2	15.1
2010 E	15.1	0.3	15.4

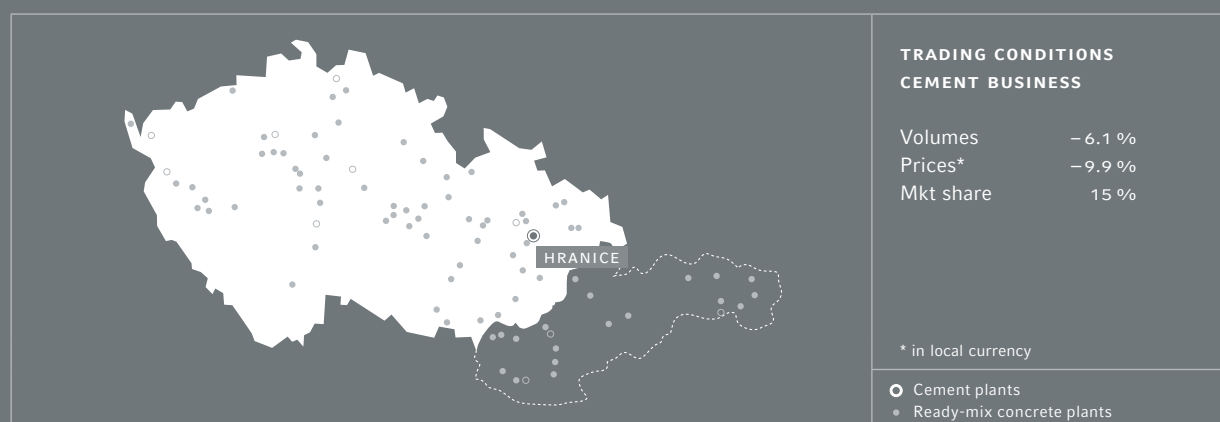
## Poland

In relation to the recovery of the global economy and consequently of foreign demand – including demand from Germany which is Poland's main partner in terms of overall trade – Polish GDP featured renewed acceleration, achieving growth of 3.8 %. Growth of internal consumption and of investments indicates the gradual recovery of Poles' confidence in their country's economic prospects. Appreciation of the zloty (+7.7 %) confirms the Polish economy's better results than those of other European countries and the heightened interest of foreign investors. The central authorities continue to maintain expansionary monetary and fiscal policies to stimulate demand and permit growth. In order to absorb some imbalances emerging in public accounts, plans to curb public debt have been launched with a view to future entry of the Eurozone.

The construction industry – which in the first part of the year had shown some signs of slowdown, above all in the residential segment, not fully counterbalanced by the better trend of infrastructural building – then regained momentum, ending the year with a 4 % YoY increase. EU support is still a strong driver of infrastructure development, such as refurbishment of the main national roads and of the railway network; construction of motorways, new metropolitan railways and waterways; and modernization of airports in preparation for the 2012 European Football Championship.

Cement consumption in the country increased slightly (+2 %), rising to 15.4 mn tons. Total quantities of cement sold by the group in Poland grew by 7.3 %, with high utilization of manufacturing capacity, while those of ready-mix concrete grew by 5.3 %. The average level of prices in local currency decreased by 7.5 %,

## Czech Republic and Slovakia



	2010	2009	10/09
<b>millions of euro</b>			
Net sales	159.4	175.7	-9.3 %
EBITDA reported	32.8	44.2	-25.9 %
% on net sales	20.6	25.2	
Capital expenditures	5.2	6.1	-14.8 %
Headcount end of period	no. 908	914	-0.7 %

## Czech Republic – Cement Consumption

(million tons)

■ Domestic ■ Import

Year	Domestic	Import	Total
2004	3.1	1.4	4.5
2005	3.4	1.0	4.4
2006	3.8	1.0	4.8
2007	4.2	0.9	5.1
2008	4.2	0.9	5.1
2009	3.4	0.8	4.2
2010 E	3.0	0.7	3.7

driven downwards by slack demand in the first half and by new manufacturing capacity inaugurated in the country. The price decrease was more pronounced in the case of ready-mix concrete (-10.1 %). These market dynamics led to a net sales increase of 6.8 % to € 129.3 mn (vs. € 121.1 mn in 2009). Appreciation of the zloty had a major impact on revenues, net of which the change vs. 2009 would have been -1.4 %. EBITDA rose to € 33.4 mn vs. € 31.2 mn in 2009 (+7.0 %). The deflationary scenario of the costs of fuel (-3 %) and electricity (-9 %) contributed to the year's result. Net of the non-recurring items present in the comparative 2009 figure, EBITDA was down by 11.9 % YoY.

## Czech Republic and Slovakia

In 2010 the Czech Republic's economy demonstrated its ability to face up to the crisis and the main macro-economic indicators show that, compared with the previous year, the country has exited from the crisis. As the country is heavily export-oriented, with the revival of exports – mainly to Germany – manufacturing output grew, particularly in the metalworking and automotive sectors, and GDP grew by 2.2 %. Thanks to improvement of the economic environment and to a sound banking industry, the Czech koruna appreciated by 4.4 % against the euro. The planned adoption of the euro has been further procrastinated due to continuation of an excessively high public deficit. This situation will obviously affect the public sector's next construction initiatives. Slovakia experienced similar economic growth and thus seems to be on the way out from the severe contraction suffered in 2009.

After having maintained very high rates of growth in the period 2000–2007, as from 2008 the construction industry started to slow down steadily in its various segments and in 2010 in fact declined (–10 % YoY). The residential and non-residential segments featured similar rates of shrinkage, whereas investments continued in the development of transport (roads and railways), telecommunications, and the energy sector, targeted by the support plans of the EU's Structural Funds and Cohesion Fund.

In this setting, cement consumption in the area decreased by 11.9 % to 3.7 mn tons. For our group, unit sales decreased by 6.1 % in cement and by 8.1 % in ready-mix concrete, also including Slovakia. Local-currency prices were down by 9.9 % and 3.5 % respectively. Total net sales amounted to € 159.4 mn, –9.3 % vs. 2009 (€ 175.7 mn). EBITDA decreased to € 32.8 mn vs. € 44.2 mn in 2009. EBITDA margin thus decreased from 25.2 % to 20.6 %. Among operating costs, we note the deflationary trend of fuel costs and the increase of electricity (+ 7 %). Appreciation of the Czech koruna had a positive impact on translation of results into euro. Net of the forex effect, net sales and EBITDA would have decreased by 12.7 % and 29.5 % respectively.

Investments made in 2010 amounted to € 5.2 mn, relating to enhancement maintenance and, in the ready-mix concrete segment, to the Pohorelice plant and the Votice natural aggregates plant.

## Ukraine

After the deep recession that started in 2008, during 2010 the Ukrainian economy experienced GDP growth of 4.4 %. Industrial output increased by over 11 % (vs. –21 % in 2009) in nearly all sectors except construction. Upward general price pressure continued, fuelled by the increase of social expenditure and by electricity trends. Inflation, although declining, remained at 9.1 %. After having suspended payment of a fourth installment of USD 4 billion (bn), in July 2010 the International Monetary Fund (IMF) approved provision of a new loan of USD 15 bn, of which the first installment of USD 1.9 bn has already been paid. IMF action thus continues – after leading to disbursement between the end of 2008 and 2009 of USD 11 bn, in the form of loans to the country's central authorities – and is vitally important in terms of addressing the repercussions of the international market crisis and the fragility of Ukrainian economic fundamentals. The exchange rate of local currency appreciated by 5.3 %. 2010 featured growth of exports, but also, and to a greater extent, of imports, thus leading to a trade deficit. Notwithstanding the results achieved and revisions of the level of country risk by the main rating agencies after the February 2010 general elections, uncertainty persists on several fronts (political, social and economic), thus still preventing clear visibility for the steadiness of the economic recovery underway.

The construction market's activity decreased by 8.2 % YoY. Cement consumption in Ukraine remained stationary at 9.0 mn tons. After a weak start in the first quarter, our unit sales of cement and ready-mix concrete grew, gathering momentum and ending the year up by 11.0 % and 19.0 % respectively. Abundant availability of production capacity in the country affected average selling prices in local currency, which decreased by 9.9 % for cement and by 4.6 % for ready-mix concrete. Net sales amounted to € 81.5 mn, up by 8.3 % vs. 2009



## Ukraine

Ukraine – Cement Consumption  
(million tons)

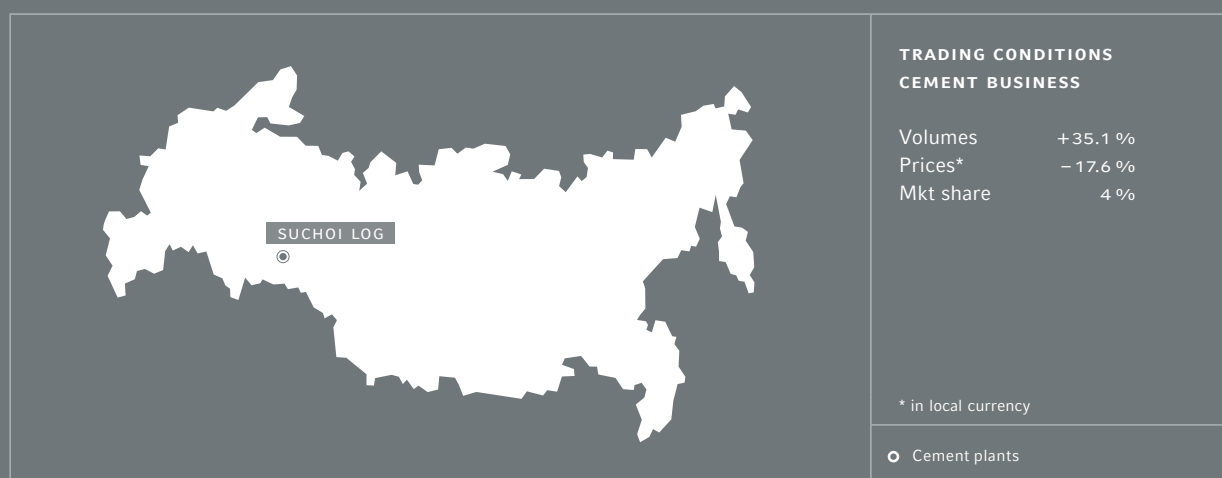
	2010	2009	10/09
<b>millions of euro</b>			
Net sales	81.5	75.3	8.3 %
EBITDA reported	-10.5	-4.5	-133.2 %
% on net sales	-	-	
Capital expenditures	46.2	58.1	-20.5 %
Headcount end of period	no. 1,653	1,672	-1.1 %

2004	9.3
2005	10.8
2006	12.3
2007	14.1
2008	13.9
2009	9.0
2010 E	9.0

(€75.3 mn), also as a consequence of appreciation of local currency (+5.3 %). EBITDA, negative by €4.5 mn in 2009, was once again negative, ending at €10.5 mn. The start of the new plants to use coal instead of natural gas at both production sites involved a more difficult and burdensome commissioning process than had been expected. In the meantime, even though the differential benefit vs. gas remains intact, the cost of coal at origin has continued to grow. In addition, FY2009 EBITDA had benefited from year-end release of €4.5 mn of provisions for legal risks.

Among industrial investments, the most important ones were those relating to plants to replace natural gas with coal, which in 2010 required the allocation of €30.2 mn. The project for revamping the Volyn factory, which had been put off indefinitely, in any case required an outlay of €10.7 mn in 2010, based on commitments previously made.

## Russia



	2010	2009	10/09
<b>millions of euro</b>			
Net sales	124.1	98.8	25.6 %
EBITDA reported	39.7	42.1	-5.7 %
% on net sales	32.0	42.6	
Capital expenditures	76.2	76.7	-0.7 %
Headcount end of period	no.	1,190	1,279
			-7.0 %

## Russia – Cement Consumption

(million tons)

■ Domestic ■ Import

2004	43.2	0.2	43.4
2005	48.1	0.4	48.5
2006	53.9	0.7	54.6
2007	58.6	1.5	60.1
2008	53.5	6.5	60.0
2009	43.2	0.6	43.8
2010 E	48.5	1.2	49.7

## Russia

After the most acute phase of the crisis, which occurred in 2009, economic indicators have returned to positive ground, with some showing a remarkable degree of recovery. GDP grew by 4 %, with industrial output recovering together with private expenditure. The construction industry was still in recessionary mode as regards large projects, whereas medium-sized and small projects were quite lively. The climate perceived in the country has improved considerably and the revival of consumer spending positively validates this. Public expenditure, fuelled by major tax income from crude-oil and gas exports, triggered robust additional aggregate demand, particularly in the second half. The growth of hydrocarbon prices was obviously decisive for recovery, as the Russian economy is still heavily dependent on the oil & gas segment. Foreign currency reserves strengthened considerably and the ruble appreciated by 8.8 %.

In contrast with the growth shown by all industries, the construction industry as a whole has not yet shown any acceleration and its progress was limited to a modest 0.4 %. This trend is due to the industrial segment and to an imbalance between demand and supply in residential building. Cement consumption in the country nevertheless featured a tangible increase, rising to 49.7 mn tons (vs. 43.9 mn tons in 2009).

FY2010 ended with cement unit sales up by 35.1 %, with acceleration above all during the second half of the year, and local-currency prices 17.6 % lower than the 2009 average. Net sales rose from €98.8 mn to €124.1 mn (+25.6 %). Net of the forex effect, the increase would have been 14.6 %. The adverse price trend and a cost trend featuring the increase of fuel costs (+21 %) reduced EBITDA by 5.7 % from €42.1 mn to €39.7 mn. In local currency, EBITDA was down by 14.7 %. EBITDA margin inevitably descended by several percent points,

## United States of America



	2010	2009	10/09
<b>millions of euro</b>			
Net sales	600.9	612.8	-1.9 %
EBITDA reported	88.7	131.3	-32.4 %
EBITDA recurring	100.0	136.9	-27.0 %
% on net sales	16.6	22.3	
Capital expenditures	35.3	82.7	-57.1 %
Headcount end of period	no. 2,225	2,317	-4.0 %

USA – Cement Consumption  
(million tons)

	Domestic	Import	Total
2004	87.6	27.3	114.9
2005	88.9	33.7	122.6
2006	85.8	35.9	121.7
2007	87.6	22.7	110.3
2008	82.1	11.5	93.6
2009	61.5	6.9	68.4
2010 E	61.7	6.8	68.5

going down to 32 %, which in any case is an excellent level within the group.

As regards industrial investments, work was completed for installation at the Suchoi Log site of a new dry-process production line. A 5-stage kiln with precalciner now flanks the existing 4 wet-process kilns, with expected production capacity of 1.2 mn tons in addition to the present 2.4 mn tons of the original factory (+ 50 %). Start-up of the new production line took longer than had been expected. With the new plant fully on-stream, given its greater efficiency, the company will in fact give preference to utilization of the new line as opposed to the existing wet-process line. In 2010 industrial investments relating to the expansion project totaled € 49.5 mn. The project for a new cement factory in Akbulak, close to the border with Kazakhstan, which has been postponed indefinitely, in any case required provision of € 17.7 mn in 2010, based on the commitments previously made.

## United States of America

In 2010 US GDP increased by 2.5 %. At the start of the year recovery was activated by the Federal Government's stimulus actions, whereas later on spending reductions by State and local administrations and the negative contribution of the trade balance acted as brakes. The manufacturing market improved slightly, driven by an inventory investment cycle, although businesses are reluctant to expand their production capacity as the level of utilization still remains low. The us economy continues to feel the effects of a prolonged recession, and even though numerous indicators point to recovery, this must still be considered fragile. The return of consumer confidence and spending will be essential to achieve tangible improvement of the rate of employment. Tax credits for first-home buyers and other subsidies granted to face up to the recession helped to shield the economy from more

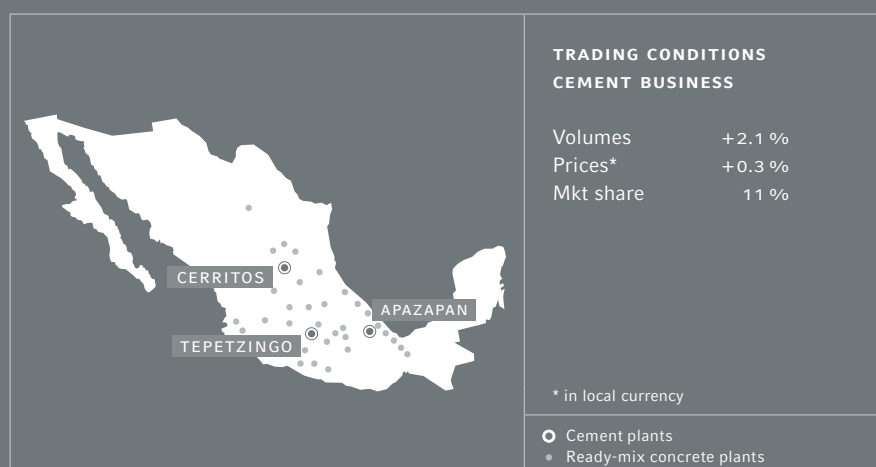
severe effects. What is now awaited is self-driven market recovery.

The construction market ended 2010 with further contraction, the fourth in a row since 2007. After the dramatic decreases of previous years, the residential segment improved by 2.9 %. The non-residential segment, after the big drop experienced in 2009, remained in serious crisis (-32.5 % YoY). New constructions related to public works remained stationary – a sign of the gradual ending of the stimulus plan launched by the Government to support businesses, consumer spending and employment. The Federal Reserve continued its expansionary monetary policy to generate the liquidity necessary to assure proper operation of financial markets and access to credit by businesses and consumers.

In the scenario described above, total cement consumption in the USA remained substantially stable at 68.5 mn tons (vs. 68.4 mn tons in 2009). The group's unit sales (-1.3 %) reflected the general market trend. Ready-mix concrete output instead grew by 6.5 %. The trend of cement selling prices was negative in the period (-8.8 %) as was that of ready-mix concrete selling prices (-7.6 %). Total net sales thus ended at € 600.9 mn (-1.9 %). Thanks to USD appreciation during the year, the forex effect remained favorable, with a positive impact of € 29.8 mn on net sales. Fuel prices featured a favorable trend, whereas electricity costs increased significantly. In addition, prolonged limited capacity utilization made it impossible to improve per-unit manufacturing costs. EBITDA thus decreased by 32.4 % from € 131.3 mn to € 88.7 mn, with an EBITDA margin of 14.8 % (vs. 21.4 % in 2009). Net of non-recurring costs (€ 11.2 mn in 2010 relating to impairment of the Oglesby plant), the decrease would have been 27.0 % and EBITDA margin would have reached 16.6 %.

The main investments made in the period concerned the purchase of a new cement distribution terminal in Joliet (Illinois) (€ 7.3 mn), the finish mills at Maryneal (Texas) (€ 3.3 mn) and Stockertown (Pennsylvania) (€ 3.1 mn) and the coal mill in San Antonio (Texas) (€ 0.5 mn).

## Mexico



figures at 100 %

	2010	2009	10/09
<b>millions of euro</b>			
Net sales	426.8	360.8	18.3 %
EBITDA reported	154.4	139.7	10.4 %
% on net sales	36.2	38.7	
Capital expenditures	76.3	72.4	5.4 %
Headcount end of period	no. 1,164	1,055	10.3 %

Mexico – Cement Consumption  
(million tons)

2004	32.0
2005	34.5
2006	36.2
2007	36.6
2008	37.6
2009	34.4
2010 E	33.9

## Mexico

In 2010 the Mexican economy grew at rates of over 4 %. The country features a rate of inflation under control (around 4 %), positive macroeconomic and structural indicators and a young population with good consumer spending propensity. Growth was driven by trade with the USA, Mexico's main trading partner and the recipient of most of its exports, and by the oil sector, the top national industry. Mexico has become the world's tenth largest car maker and exporter and No. 1 in Latin America. The budget deficit is kept under tight control and remittances from expatriate Mexicans have once again started to flow, following the slump suffered in 2009. The righting of public accounts has fuelled further growth ambitions and the infrastructural investment plan to upgrade the networks of roads, motorways and railways,

together with ports and airports, continues. Mexican currency appreciated by 11.0 % vs. the euro and by 6.3 % vs. the USD.

After a somewhat weak first half, the construction industry then started recovering and ended the year at the same levels as in the previous year. Allocation continued of public investments in infrastructures and housing implemented by the Government to aid the country's development. Grey cement consumption decreased by 1.3 % from 34.4 mn tons to 33.9 mn tons.

The associate company Corporación Moctezuma ended FY2010 with unit sales up by 2.1 % and virtually stable prices (+0.3 %). Net sales and EBITDA in local currency respectively featured an increase of 5.3 % and a decrease of 1.7 % caused by growing electricity costs.

The peso's appreciation aided translation of results into euro. Net sales increased by 18.3 % YoY, rising (as regards the group's 50 % share) from €180.4 mn to €213.4 mn with EBITDA improving by 10.4 % to €77.2 mn (vs. €69.9 mn in 2009). EBITDA margin remained fairly stable (36.2 % in 2010 vs. 38.7 % in 2010), thus confirming the excellent profitability of the Mexican business.

The new factory in the State of Veracruz, in the municipality of Apazapan, started operation in December. When fully on-stream, the new line will have annual production capacity of 1.3 mn tons and we expect it to make a positive contribution to results already in FY2011. In FY2010 investments booked for the project amounted to €33.5 mn, for our 50 % proportionate share.

## Algeria

In 2010 Algerian cement consumption once again grew, rising by 6.0 % YoY to 19.3 mn tons. In order to meet the demand for cement required to execute the infrastructural and residential public works envisaged by the government investment plan, some 2.0 mn tons of cement were imported, both via the State, using its own distribution companies, and directly by private players. In forthcoming years, implementation of the new 2010–2014 plan, financed a little behind schedule, will probably once again lead to use of imports, as national production, both public and private, is unlikely to be able to cover requirements.

The operating and economic results achieved in 2010 by the two companies associated with Buzzi Unicem and managed by virtue of a "contrat de management" were positive and rewarded the efforts and determination of our technical staff to optimize production plant and train personnel. The most difficult aspect of our local activity is Algeria's autarkical mindset and the bureaucratic red tape hindering state-owned companies, which have to comply with extremely rigid and complicated operating processes, diametrically opposed to the normal criteria of operating efficiency to which we are used.

The Hadjar Soud cement factory increased output both of clinker and of cement by 10.6 % YoY and 5.2 % YoY respectively, thanks to tighter operating management and to improvements made to some critical points of the plant. The Sour El Ghozlane factory consolidated the good results already achieved in 2009.

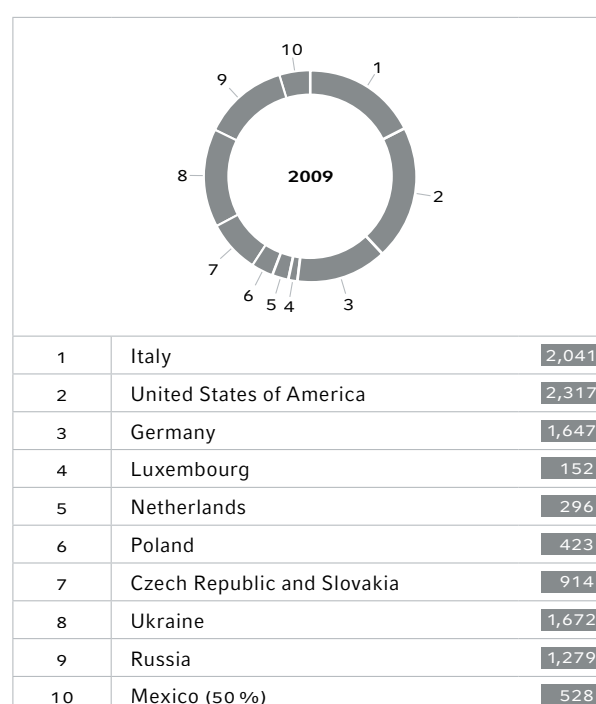
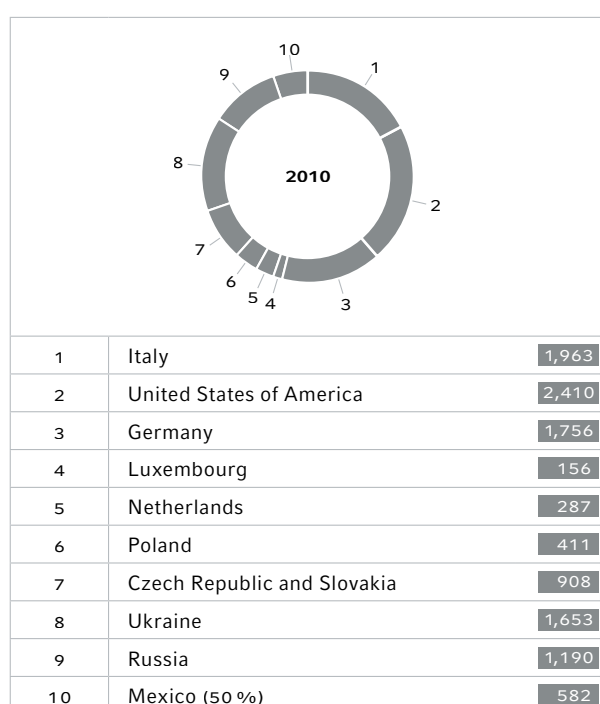
As regards 100 % of the business in which we have an equity interest, FY2010 had a satisfactory outcome with net sales of €74.8 mn (+1.0 %) and EBITDA of €25 mn (–12.8 %).

## Human resources

In a global economic scenario dominated by uncertainty and influenced by the effects of a recession from which many countries – and in particular those of the European Union – are still finding it difficult to recover, the most worrying negative fact is the absence of investment dynamics. The huge resources employed to prevent the collapse of countries and financial institutions have made it impossible to execute long-announced projects and plan the further necessary initiatives to upgrade infrastructures. Such investments would be one of the essential drivers to relaunch economies. This is particularly true of Western countries, where it seems illusory to imagine economic growth driven by the manufacturing sectors, now stably dominated by Asian manufacturers.

In 2010 Human Resources management and development in Buzzi Unicem were heavily affected by the accentuated negative economic situation. In Italy and in the USA, in particular, procedures were initiated to reduce working hours with use, in Italy, of the subsidized ordinary and extraordinary temporary lay-off system and, in the USA of support funds that are similar but managed by each of the States. 2010 also featured the expiry of numerous collective labor agreements. Notwithstanding the difficulties, thanks to the company's efforts and to the sense of responsibility shown by trade unions and by employees' representatives, both in the USA and in Italy the company-level contracts due to expire were renewed or extended without any strikes or similar action.

### Headcount by region at year end



Enclosed temporary layoffs

The training programs initiated in 2009 were completed and new projects launched. The biggest effort related to improvement of technical know-how and conduct regarding on-the-job safety. The “2010 Objective = Safety” program involved over 1,500 employees in Italy and the launch of the “2011 Objective = Safety” plan marks the start of a training initiative of similar magnitude, also as regards recent official requirements concerning the need to assess work-related stress.

In Dyckerhoff, once again with the aim of improving the levels of on-the-job safety the “Safety First” initiative was launched. The objective is to ensure that safety is the focal point of attention of all employees – blue collars, white collars and managers – in daily work activities. With “Safety First”, actual training is accompanied by discussions and exchanges of ideas with employees. In addition, a check has been envisaged, in the form of a questionnaire, to identify areas for improvement. The official agenda of every Board of Directors’ meeting features a section dedicated to safety.

Activities for human resources development did not come to a halt. New young potential high-fliers were hired and some of our employees, after the necessary period of preparation and training, were able to take on jobs of greater responsibility. This process continues to enable the group to look ahead with confidence and to provide motivation and opportunities for the most talented and willing members of staff.

Renewal of the organizational set-up of Corporación Moctezuma (Mexico) – made necessary also by the increase in production capacity following start-up of the new factory in Apazapan (Veracruz), inaugurated in November 2010 – will offer further growth opportunities for local personnel and also the possibility of interesting experiences for colleagues of other nationalities, based on a now well established tradition.

On 6 August 2010 the new production line of Suchoi Log, in Russia, was inaugurated. Execution of the project and its success demonstrated the value added by the collaboration between Italian, German and Russian staff – and in particular the effectiveness of the major training program carried out for the employees of the factory, modernized from the technical standpoint and innovated also in organizational terms.

Ukraine featured successful execution of a training program, by Polish and Czech colleagues, for the staff of the Volyn and Yug cement factories, on occasion of the extremely important start-up of the coal mills.

During 2010 the overall rate of the headcount reduction slowed slightly. It had a considerable effect the first consolidation of the ready-mix concrete business of SIBO in Germany (129 employees) and the start-up of the new Apazapan cement factory in Mexico (55 employees). The most significant reductions occurred in Russia and Italy.

Buzzi Unicem reported labor costs down by circa 2 % YoY, while the companies headed by Dyckerhoff reported an increase of about 6 %, substantially due to the acquisition, previously mentioned, of SIBO.

The following table shows some significant human-resource indicators:

	2010	2009
Turnover <sup>1</sup>	10.6 %	14.4 %
Days of absence <sup>2</sup>	81,416	85,009
Training days <sup>3</sup>	44,345	40,783

<sup>1</sup> Ratio between employees who have left during the year and year-end in-force employees.

<sup>2</sup> Total days of absence for sickness, injuries, etc.

<sup>3</sup> Total days of internal and external training.



## Research and development

Buzzi Unicem dedicates special attention to applied research. Thanks to continuous and intensive experimental work it pursues possible innovations both of production processes and of products.

To do this, the company participates, as an industrial partner, in national and international research projects, contributing to the development of new materials and technologies and to the creation of a network of contacts with outstanding organizations in the field of scientific research. The most recent “partnerships” have been particularly dedicated to nanosciences and nanotechnologies, in which the construction industry too is showing great interest.

Sustainable Development continues to be one of the main guidelines for our R&D activities. New materials and new processes with lower environmental impact – capable of reducing greenhouse gas emissions and/or of curbing consumption of natural resources and fossil fuels – are the challenges facing us in the immediate future. The main objective of our research work becomes the study of binders with performance comparable to those typical of a Portland cement, but featuring lower intrinsic energy.

In order to achieve this ambitious goal, it is necessary to extend analysis to the entire manufacturing chain. This therefore means involving our experts in the field of clinker firing, milling, development of specific additives and lastly development of concretes and study of final applications – with involvement not only of the group’s laboratories and researchers, but also of university centers and select industrial partners. During the course of 2010 we achieved the first promising results, early news of which will be published in the industry’s premier

scientific journals and presented on occasion of the International Congress of the Chemistry of Cement in Madrid (ICCC 2011).

A first important example on an industrial scale of a binder with these characteristics consists of sulfur-aluminate cements, already produced by Buzzi Unicem for several years now in Italy and the USA. This binder is the main component of a series of Buzzi Unicem special products with particularly appreciated characteristics – such as extraordinary strength gain combined with the possibility of calibrating setting time as desired. In particular, in 2010 we initiated a major research program concerning the durability of these binders, with the aim of obtaining ETA (European Technical Approval), i.e. technical approval equivalent to a CE mark, which is necessary in the absence of a specific standard, to extend use of these binders to some structural applications.

In 2010 the project for the development of photocatalytic systems applied to cement surfaces continued, with significant steps forward, i.e. pre-industrial technological testing of some innovative solutions and preparation of a pilot production plant for the production of new-generation photocatalytic materials. A significant role was played in this area by our researchers at Dyckerhoff’s central laboratory in Wiesbaden, thanks to the “HelioClean” project, co-financed by the German Federal Ministry of Education & Research (BMBWF). The same ministry is also co-financing another four projects of considerable interest, currently underway and the progress of which will be seen in the near future.

Significant development work has also been done by Unical with the aim of achieving, with exceptional precisions, the right consistency of concrete delivered to building sites. This important objective, which as part of the “H<sub>2</sub>NO Project” aims to combat the scourge of ad-

dition of water at building sites, has involved total revision of production procedures, requiring the development of new software for production, with new sensors installed on board the concrete mixers, and for control of concrete. Tangible proof of the level of excellence achieved came from the supply of self-compacting concrete to the building site of the Intesa Sanpaolo Tower in Turin (12,500 m<sup>3</sup> [about 16,350 yd<sup>3</sup>] laid in 84 hours), where, out of some 1,200 mixer loads checked, only 3 were off-specification. To support the "H<sub>2</sub>NO Project", Buzzi Unicem has also made some changes to cements' characteristics to aid maintenance of their workability, combined with the use of new-generation concrete additives, thanks to the experience and know-how of the Addiment Italia affiliate.

Buzzi Unicem is represented in all the main national and international bodies concerned with standards, regulations, and certification. The Research & Development Division has the responsibility for all R&D projects and for co-ordination of the three central laboratories of Guidonia and Trino (Buzzi Unicem) and Wiesbaden (Dyckerhoff).

## Ecology, environment and safety

Buzzi Unicem, consistently with the founding principles of its "Environment & Safety Policy", intends to confirm – notwithstanding the tough economic environment – the key objectives of the approach applied since 1997, with continuous improvement of responsible management aiming for sustainable development. To govern and reconcile technical and manufacturing needs with the championing of the individual as core and environmental friendliness, the company has dedicated significant investments (> 60 %) to ensuring systematic monitoring and minimization of the most significant factors affecting the environment, with constant observance of legislative constraints and ongoing technological adaptation of plants – indispensable to lighten our so-called "ecological footprint".

More specifically, 2010 featured reduction of emissions of dust (channeled and loose), sulfur oxides (SO<sub>x</sub>) and CO<sub>2</sub> and improvement of energy efficiency. This was related to technical actions aiming for systematic application of Best Available Techniques – for example with stoppage and revamping of the old clinker burning lines (long kilns and Lepol kilns) replaced by modern kilns, equipped with cyclone preheaters and precalciners (as in the case of Festus [USA] and Suchoi Log [Russia]) with the installation of effective LowNO<sub>x</sub> burners and reliable technical filtration systems.

Against this background, pursuing the Kyoto Protocol objectives and the severe targets set by the European Community for 2020, the group has also developed technologies and know-how for the use of mineral components, instead of clinker, to produce blended cements

and, above all, for energy recovery of alternative fuels endowed with sufficient caloric content and biogenic fraction, indispensable to help reduce greenhouse-gas emissions – as well as being a sure means of disposal, with great assurance of environmental protection. For example, some kilns in Germany and the USA typically achieve heat substitution in excess of 50 %.

Significant efforts also concerned the increase of spaces earmarked as green areas and upgrading of systems to recycle cooling water, with closed circuit plants, together with rainwater harvesting, in order to preserve water resources. In addition, excellent results have been achieved as regards respect of biodiversity, with re-naturalization of sites previously used to procure raw materials, making them newly available to and usable by the community.

As regards on-the-job safety, Buzzi Unicem has been working for many years on minimization of the potential causes of accidents and/or injuries through structural, plant, and organizational action, aiming for better and more balanced man/machine/environment interaction and validating the application of effective operating synergies.

By means of the internal communication campaign “Objective = Safety”, the protection of health and safety is recognized as a need shared by all personnel, including that of outside contractors, as it can no longer be delegated solely to some hyper-specialized professional functions. This thus goes beyond the prevailing technical and regulatory approach to risk prevention.

The results of this commitment were once again demonstrated in 2010 by reduction of the injury rate, with performance indicators setting us at an excellent level among companies in the cement industry as a whole. In

addition, the integrated environment & safety management system was further developed, with receipt of environmental certification for the Rumelange (Luxembourg) cement factory, consistently with the requirements of the EN ISO 14001 standard.

Through voluntary application of innovative management tools and certification systems, together with annual publication of its Sustainability Report, the group intends to (a) enhance the value of the excellence and quality of its certified processes and products and (b) give strong visibility to the achievement of high performance and to the effectiveness of the prevention and protection measures applied, with this also reflecting positively on capital and financial aspects and on commercial results.

## Risk management and description of main risks

The following companies are included in the scope of risk assessment:

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

The risk management system involves the Board of Directors, management, and staff with the aim of (a) identifying contingencies that might hit the companies, (b) managing risk within certain limits, and therefore of (c) providing reasonable assurance of achieving corporate objectives. As part of the internal control & audit system, our enterprise risk management (ERM) approach takes the concrete form of a 6-monthly procedure of risk inventory-taking, control and reporting. All this is based on a comprehensive, known and acceptable risk strategy.

Buzzi Unicem's approach to risk does not aim for outright elimination of all potential risks but – taking corporate objectives into account – for provision of a systematic methodology permitting knowledgeable risk assessment, based on prompt information on risks and on their implications. As part of the overall risk management and control process, risks may therefore be avoided, mitigated, transferred or taken.

Operating responsibility for limiting risks is attributed to the heads of central divisions and of group divisions

identified as relevant for risk management. The respective senior managers are responsible for all material risks foreseeable in their areas, regardless of whether or not such risks have been identified in the risk management system.

Risks are assessed considering their likelihood of occurrence and their impact in euros on group income, in accordance with certain standards, and considering their respective relevance and importance. The risk assessments performed by group central units and divisions are recorded in a single central database. The categories of risk analyzed are those concerning production, financial, legal, and tax risks underlying all the operations of our companies. For the sake of completeness, we point out that the risks highlighted by the ERM system and accounting provisions do not necessarily match. This is because of the different purposes of these two instruments (prevention and management in the case of the former and proper accounting representation in the case of the latter). ERM necessarily takes into account unbudgeted risks and also those whose estimate (in terms both of likelihood of occurrence and of impact) is not such as to cause their recognition in financial statements. In any case, ERM, although it is indeed a management tool at the disposal of top management to assess and control risks, is also very useful indeed for the calculation of provisions, permitting more direct and thorough knowledge of operational processes and more accurate calculations when making provisions.

In 2010 there was a downward trend in operating risks after real mitigation measures, without considering the impact of any mitigations relating to accounting and/or provisions. The amount expected in fact decreased in 8 of the 16 categories considered.

Risks on technical investments were on the decrease, due to the lower probability of occurrence of critical events. Conversely, because of higher loans than in 2009, there was an increase in the risks – with low probability of occurrence – concerning intercompany receivables existing between Dyckerhoff (the creditor) and its subsidiaries. In addition, possible downgrading of credit rating could increase the rate of interest on refinancing for the group. There was also an increase in the risks of possible foreign exchange losses following higher intercompany loans to the East European companies. The increased USD exchange rate may also generate higher costs for the payment of USD invoices for purchases of fuel and raw materials, as well as for payments of interest on loans denominated in the same currency. Risk in the distribution area was generally down because in Italy the adverse effects of the previous risk analysis have been partly reflected (decline of consumption/reduction of market share and consequent price tensions). In the insurance area, there was a reduction, partly ascribable to strengthening of the EUR on the USD, due to curbing of the risk of property & casualty damage caused by catastrophic events in Buzzi Unicem USA. The previous estimates were confirmed concerning the EU Antitrust proceedings, whereas a new risk was included in Ukraine concerning Supreme Court litigation with the tax authorities relating to VAT on gas purchases. The risk of customer insolvency, which increased in Italy both in the cement and in the concrete segment, was more than offset by a decrease of risk on trade receivables in Germany, Luxembourg, Czech Republic and Ukraine, with a consequent reduction of overall risk. In the second half of the year a risk emerged for the Logistics area, due to the increase of risk in Russia caused by insufficient means of transport for cement and, in Germany, of risks caused by the less than good financial conditions of the companies used to distribute concrete. There was a

sharp decrease of procurement risks, as in Germany, Russia and Poland the increase of raw material and fuel prices is expected to be more moderate, with less probability of occurrence than estimated in the previous forecast. There was instead an increase of tax risks in Germany, following conclusion of the audit of utilization of prior losses of a company merged in 1997. In Buzzi Unicem USA, due to expiry of the statute of limitation, the risk of tax clawbacks on the utilization of prior losses instead ceased to exist. No risks were recorded relating to the investment in Algeria.

Following the mitigation actions implemented or planned by the group's central units and divisions, with insurance policies taken out and provisioning in accounts, the residual risk amount is equivalent to a very small portion of the equity attributable to owners of the parent company.

## Outlook

The sales volume recovery featured in the second half of 2010 is probably indicative of an inversion in the trend of our industry's economic activity – but risks associated with price trends and with electricity cost inflation are still very real in most countries where the group operates.

In general, the first few months of the current FY have confirmed a favorable unit sales trend, which can only be partly explained by the milder and drier weather conditions compared with the same period in 2010. It will be possible to gauge the expected upturn of the cycle and its intensity better only after at least six months of business – and above all based on the outcome of attempts currently underway to restore prices.

In Italy cement demand should remain at the same levels as in FY2010, due to the prolonged weakness of the residential segment and the difficulties of tangible relaunch of infrastructural works. Operating results will probably remain disappointing. In effect, while we do not exclude that prices may start to rise above 2010 exit levels, on the other hand severe electricity-cost inflation and its related impact on manufacturing costs give cause for concern.

For Central European countries, which are benefiting from a good economic phase, we project stable or slightly growing volume and prices, i. e. quite a favorable operating situation that should translate into improvement of profitability.

In Eastern Europe, we expect cement consumption in Poland to continue growing, aided by a sound economy and by the opportunities created by the major European funds provided. In the Czech Republic, we instead believe that the cycle of the construction industry will remain negative or stagnate for a further year. For Russia and Ukraine, which showed strong ability to rally as from the second half of 2010, expectations as regards the level of activity are encouraging. Definitive fine-tuning of the new dry-process production line in Russia and of the plants for the switch from natural gas to coal in Ukraine will be decisive for improvement of manufacturing efficiency, counterbalancing of higher energy costs and further fostering of the expected improvement of results.

In the USA we see recovery of the construction cycle as postponed. Investments in residential building and infrastructures are expected not to be lower than in FY2010, while the non-residential segment will continue to suffer. There are some opportunities for price improvement but it remains to be seen whether the market is ready to accept manufacturers' announcements. In view of low capacity utilization and inflationary tension surrounding fuel and, consequently, logistics, we expect the US market to make a lower contribution than in FY2010.

The Mexican economy is recovering in sparkling fashion and the construction sector should benefit from a boost given to public works by the government, in view of the July 2012 presidential elections. Start-up of the new Apazapan cement factory has made the manufacturing set-up more extensive and logistically efficient. In this scenario, we are confident of being able to improve unit sales, maintain remunerative prices and

combat the increase of production costs caused by the adverse trend of energy costs.

Notwithstanding widespread consolidation of signs of recovery from recession, the crisis of the public sector risks jeopardizing 2011 prospects, forcing many countries to cut their spending and investments, with inevitable repercussions and backlashes. As far as our group is concerned, in the emerging countries and in Central Europe the conditions exist to improve results, whereas in Italy and USA a quite substantial price increase would be needed to counterbalance the higher costs of some production factors and still weak demand. In conclusion, we believe that, at consolidated level, the next set of accounts will show results not lower than those of 2010. Thanks to the projects recently completed, our operating efficiency has further improved and net debt is set to decrease thanks to very careful selection of capital expenditure approved or to be approved.





# Financial information year 2010

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## Consolidated Balance Sheet

	Note	Dec. 31, 2010	Dec. 31, 2009
<b>thousands of euro</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	7	586,180	565,655
Other intangible assets	7	11,282	14,113
Property, plant and equipment	8	3,477,712	3,411,174
Investment property	9	19,093	14,834
Investments in associates	10	216,505	227,167
Available-for-sale financial assets	11	5,524	6,108
Deferred income tax assets	27	40,082	44,997
Defined benefit plan assets	25	41,882	46,782
Derivative financial instruments	12	2,630	250
Other non-current assets	13	69,000	81,793
		<b>4,469,890</b>	<b>4,412,873</b>
<b>Current assets</b>			
Inventories	14	394,760	387,061
Trade receivables	15	451,025	436,245
Other receivables	16	138,010	124,513
Available-for-sale financial assets	11	11	1,024
Derivative financial instruments	12	1,859	782
Cash and cash equivalents	17	396,459	696,965
		<b>1,382,124</b>	<b>1,646,590</b>
Assets held for sale	18	3,250	–
<b>Total Assets</b>		<b>5,855,264</b>	<b>6,059,463</b>

	Note	Dec. 31, 2010	Dec. 31, 2009
<b>thousands of euro</b>			
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the company</b>			
Share capital	19	123,637	123,637
Share premium	20	458,696	458,696
Other reserves	21	157,499	10,604
Retained earnings	22	1,828,581	1,910,690
Treasury shares		(6,986)	(7,671)
		<b>2,561,427</b>	<b>2,495,956</b>
Non-controlling interest	23	242,252	216,418
<b>Total Equity</b>		<b>2,803,679</b>	<b>2,712,374</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term debt	24	1,458,850	1,448,713
Derivative financial instruments	12	28,991	58,552
Employee benefits	25	318,002	314,754
Provisions for liabilities and charges	26	119,531	137,014
Deferred income tax liabilities	27	442,291	462,285
Other non-current liabilities	28	18,278	15,350
		<b>2,385,943</b>	<b>2,436,668</b>
<b>Current liabilities</b>			
Current portion of long-term debt	24	175,718	354,655
Short-term debt	24	2,198	7,789
Derivative financial instruments	12	1,317	14,604
Trade payables	29	278,576	265,667
Income tax payables	30	15,857	40,681
Provisions for liabilities and charges	26	52,352	49,460
Other payables	31	139,624	177,565
		<b>665,642</b>	<b>910,421</b>
<b>Total Liabilities</b>		<b>3,051,585</b>	<b>3,347,089</b>
<b>Total Equity and Liabilities</b>		<b>5,855,264</b>	<b>6,059,463</b>

## Consolidated Income Statement

	Note	2010	2009
<b>thousands of euro</b>			
<b>Net sales</b>	32	<b>2,648,442</b>	<b>2,671,809</b>
Changes in inventories of finished goods and work in progress		(9,496)	779
Other operating income	33	108,091	137,841
Raw materials, supplies and consumables	34	(1,175,320)	(1,105,156)
Services	35	(669,596)	(653,506)
Staff costs	36	(437,811)	(420,828)
Other operating expenses	37	(77,286)	(89,208)
<b>Operating cash flow (EBITDA)</b>		<b>387,024</b>	<b>541,731</b>
Depreciation, amortization and impairment charges	38	(386,706)	(218,718)
<b>Operating profit (EBIT)</b>		<b>318</b>	<b>323,013</b>
Gains on disposal of investments	39	597	6,191
Finance revenues	40	106,508	106,828
Finance costs	40	(210,123)	(206,750)
Equity in earnings of associates	41	641	5,895
<b>Profit before tax</b>		<b>(102,059)</b>	<b>235,177</b>
Income tax expense	42	60,646	(63,750)
<b>Profit for the year</b>		<b>(41,413)</b>	<b>171,427</b>
<b>Attributable to:</b>			
Owners of the company		(63,463)	139,519
Non-controlling interest		22,050	31,908
<b>euro</b>			
<b>Earnings per share</b>	43		
ordinary		(0.31)	0.67
savings		(0.29)	0.70

## Consolidated Statement of Comprehensive Income

	2010	2009
<b>thousands of euro</b>		
<b>Profit for the year</b>	<b>(41,413)</b>	<b>171,427</b>
Currency translation differences	180,495	(65,081)
<b>Other comprehensive income for the year, net of tax</b>	<b>180,495</b>	<b>(65,081)</b>
<b>Total comprehensive income for the year</b>	<b>139,082</b>	<b>106,346</b>
<b>Attributable to:</b>		
Owners of the company	97,900	77,215
Non-controlling interest	41,182	29,131

## Consolidated Statement of Cash Flows

	Note	2010	2009
<b>thousands of euro</b>			
<b>Cash flows from operating activities</b>			
Cash generated from operations	44	376,525	378,203
Interest paid		(106,366)	(83,314)
Income tax paid		(44,971)	(46,918)
<b>Net cash generated from operating activities</b>		<b>225,188</b>	<b>247,971</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	7	(1,416)	(2,866)
Purchase of property, plant and equipment	8	(269,346)	(380,991)
Acquisition of subsidiaries, net of cash acquired		3,395	(353)
Purchase of other equity investments	10	(857)	(1,361)
Proceeds from sale of property, plant and equipment		15,055	10,579
Proceeds from sale of equity investments		2,783	7,511
Capital grants received		296	994
Changes in available-for-sale financial assets	11	1,013	(1,022)
Changes in financial receivables		3,839	6,642
Dividends received from associates	10, 40	12,235	10,837
Interest received		15,807	22,595
<b>Net cash used in investing activities</b>		<b>(217,196)</b>	<b>(327,435)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long-term debt	24	146,109	704,300
Repayments of long-term debt	24	(384,183)	(419,376)
Net change in short-term debt		(15,540)	(3,142)
Changes in financial payables		(37,502)	29,013
Changes in ownership interests with no loss of control		(3,660)	(3,565)
Dividends paid to owners of the company	45	(37,926)	(74,862)
Dividends paid to non-controlling interest		(8,333)	(21,320)
<b>Net cash generated (used) in financing activities</b>		<b>(341,035)</b>	<b>211,048</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(333,043)</b>	<b>131,584</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>696,965</b>	<b>578,694</b>
Translation differences		32,537	(14,629)
Change in scope of consolidation		–	1,316
<b>Cash and cash equivalents at end of year</b>	17	<b>396,459</b>	<b>696,965</b>

## Consolidated Statement of Changes in Equity

	Attributable to the owners of the company						Non-con- trolling interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Treasury shares	Total		
<b>thousands of euro</b>								
<b>Balance as of January 1, 2009</b>	<b>123,637</b>	<b>458,696</b>	<b>71,568</b>	<b>1,847,756</b>	<b>(8,286)</b>	<b>2,493,371</b>	<b>212,085</b>	<b>2,705,456</b>
<b>Profit for the year</b>	-	-	-	<b>139,519</b>	-	<b>139,519</b>	<b>31,908</b>	<b>171,427</b>
Other comprehensive income for the year, net of tax	-	-	(62,304)	-	-	(62,304)	(2,777)	(65,081)
<b>Total comprehensive income for the year</b>	-	-	<b>(62,304)</b>	<b>139,519</b>	-	<b>77,215</b>	<b>29,131</b>	<b>106,346</b>
Shares granted to employees	-	-	-	-	615	615	-	615
Dividends paid	-	-	-	(74,862)	-	(74,862)	(21,320)	(96,182)
Buyout of minorities	-	-	-	(286)	-	(286)	(1,283)	(1,569)
Other changes	-	-	1,340	(1,437)	-	(97)	(2,195)	(2,292)
<b>Balance as of December 31, 2009</b>	<b>123,637</b>	<b>458,696</b>	<b>10,604</b>	<b>1,910,690</b>	<b>(7,671)</b>	<b>2,495,956</b>	<b>216,418</b>	<b>2,712,374</b>
<b>Profit of the year</b>	-	-	-	<b>(63,463)</b>	-	<b>(63,463)</b>	<b>22,050</b>	<b>(41,413)</b>
Other comprehensive income for the year, net of tax	-	-	161,363	-	-	161,363	19,132	180,495
<b>Total comprehensive income for the year</b>	-	-	<b>161,363</b>	<b>(63,463)</b>	-	<b>97,900</b>	<b>41,182</b>	<b>139,082</b>
Shares granted to employees	-	-	-	-	685	685	-	685
Dividends paid	-	-	-	(37,926)	-	(37,926)	(8,333)	(46,259)
Buyout of minorities	-	-	-	4,915	-	4,915	(7,131)	(2,216)
Other changes	-	-	(14,468)	14,365	-	(103)	116	13
<b>Balance as of December 31, 2010</b>	<b>123,637</b>	<b>458,696</b>	<b>157,499</b>	<b>1,828,581</b>	<b>(6,986)</b>	<b>2,561,427</b>	<b>242,252</b>	<b>2,803,679</b>

# Notes to the consolidated financial statements

## 1. General information

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

Buzzi Unicem SpA is a stock corporation organized under the laws of Italy. The address of its registered office is via Luigi Buzzi 6, Casale Monferrato (AL).

The company has its primary listing on the Borsa Italiana stock exchange.

These consolidated financial statements were authorized for issue by the board of directors on 1 April 2011.

## 2. Summary of significant accounting policies

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

### 2.1 Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets/liabilities (including derivative instruments) at fair value through profit or loss, as well as on the going concern assumption. In this respect, despite operating in a difficult economic and financial environment, it is the group's assessment that no material uncertainties exist about its ability to continue as a going concern. The format of the financial statements selected by Buzzi Unicem is the following: for the balance sheet implementation of the current/non-current classification, which is generally applied

by industrial and commercial firms; for the income statement application of the nature of expense method; for the statement of cash flows adoption of the indirect method. Where necessary, comparability of content entails a restatement of the prior year amounts. The items presented in these consolidated financial statements have been slightly adjusted and integrated compared with those previously published, to give a better representation of the financial position and economic performance of the group. The main amendment concerns a revised layout of the cash flow statements, which now uses the profit before tax as starting point and it conforms better with the relevant standard (IAS 7).

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

The IASB withdrew IFRIC 3 Emission Rights in its June 2005 session. Awaiting new interpretations, the accounting method followed provides not to value as assets the free emissions allowances allocated and to recognize only the effects of emission rights purchasing and/or selling transactions. Moreover a liability is recognized only when emissions exceed the allowances allocated and the deficit will have to be remedied through the purchase of the rights at fair value. Considering the trading conditions expected for the near future, under the second phase of the Emissions Trading Scheme (2008–2012), the allowances allocated to Buzzi Unicem's manufacturing units in some EU countries (Germany, Poland, Czech Republic) by the respective national plans will likely be sufficient to cover the emissions foreseen in the same period. The emissions produced by the Italian cement plants are expected to fall behind the allocated rights.

#### **Standards, amendments and interpretations effective in 2010**

- IFRS 3 (revised), Business combinations. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The revised standard was applied to the acquisition of the controlling interest in SIBO group on 2 July 2010, in Carbonverde Srl on 30 December 2010 and of Kieswerk Leubingen GmbH on 1 January 2010; the associated impact was not material.
- IAS 27 (revised) Consolidated and separate financial statements, and consequential amendments to IAS 28 Investments in associates, to IAS 31 Interests in joint ventures and to IAS 21 The effects of changes in foreign exchange rates. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result



in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit and loss. There have been no transactions whereby an interest in an entity is retained after the loss of control of that entity. Transactions with non-controlling interests were already treated by the group under the criteria introduced by the revised standard. However, beginning in 2010, cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control are classified under financing activities, instead of under investing activities; the prior year has been restated accordingly. There was no other impact of the revised standard on the current period.

- IFRS 8 (amendment) Operating segments, as part of the 2009 annual improvements program. The amendment requires an entity to report a measure of total assets for each reportable segment if such amount is regularly provided to the chief operating decision-maker. Previously, the disclosure of total assets for each segment was required even if that condition was not met. The adoption of the amendment only has resulted in different disclosures; there has been no impact on earnings per share.

The following amendments and interpretations, whose topic was described extensively in the notes of last year, are mandatory for the first time effective from 1 January 2010, but they are not relevant for the group and/or have had no impact on the consolidated financial statements presented herein.

- IFRS 5 (amendment) Non-current assets held-for-sale and discontinued operations.
- Amendments to IFRS as part of the annual improvements program to standards called Improvements to IFRS 2009.
- IFRIC 17 Distribution of non-cash assets to owners.
- IFRIC 18 Transfer of assets from customers.
- IFRS 2 (amendment) Share-based payment, group cash-settled share-based payment transactions.
- IAS 39 (amendment) Financial instruments: recognition and measurement, eligible hedged items.

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

- IAS 32 (amendment) Financial instruments: presentation (effective from 1 January 2011). The amendment clarifies the accounting for rights issues offered for a fixed amount of foreign currency. Current practice requires such issues to be accounted for as derivative liabilities. However, the amendment states that, under certain conditions, such rights issues should be classified as equity regardless of the currency in which the exercise price is denominated.
- IFRIC 14 (amendment) Prepayments of a minimum funding requirements (effective from 1 January 2011). The amendments correct an unintended consequence of IFRIC 14, IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this.

- IFRIC 19 Extinguishing financial liabilities with equity instruments (effective from 1 January 2011). The interpretation addresses the accounting by an entity that renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. Application of this interpretation is not expected to have any impact on the consolidated financial statements.
- IFRS 9 Financial instruments (effective from 1 January 2013). This standard is part of the IASB's wider project to replace IAS 39 Financial instruments: recognition and measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables, and eliminates the exception in IAS 39 that allows investments in unquoted equity instruments, and related derivatives, for which a fair value cannot be determined reliably, to be measured at cost. These instruments are now measured at fair value although the standard notes that in some limited circumstances cost may be an appropriate estimate of fair value. In October 2010 the IASB issued requirements on the accounting for financial liabilities that complete the classification and measurement phase of the IASB's project to replace IAS 39. IFRS 9 is likely to affect the group's accounting for its financial assets, however at the date of this report the European Union has not yet endorsed the new standard.
- IAS 24 (revised) Related party disclosures (effective from 1 January 2011). The revised standard simplifies the disclosure requirements for government-related entities; it also simplifies the definition of a related party, clarifies its intended meaning and eliminates a number of inconsistencies. When the revised standard is applied, the group and the parent will need to improve the disclosures of related-party transactions to include subsidiaries of associates and of joint ventures.

On 6 May 2010, the IASB issued Improvements to IFRSs – a collection of amendments to seven IFRS – as its latest set of annual improvements to its standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2011. Set out below are those that result in accounting changes in presentation, recognition or measurement, excluding those that only regard terminology or editorial changes that have no or minimal effect on accounting.

- IFRS 3 Business combinations. This amendment clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interests are measured at fair value or as required by the applicable accounting standards. In addition, the amendment goes into further detail on the question of share-based payment plans that are replaced as part of a business combination by adding specific guidance to clarify the accounting treatment.

- IFRS 7 Financial instruments: disclosures. This amendment emphasizes the interaction between the qualitative and quantitative disclosures required by the standard concerning the nature and extent of risks arising from financial instruments.
- IAS 1 Presentation of financial statements. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity either in the statement of changes in equity or in the notes.
- Transition requirements for amendments arising as a result of IAS 27 Consolidated and separate financial statements. This amendment clarifies the application of the consequential amendments to IAS 21 The effect of changes in foreign exchange rates, IAS 28 Investments in associates and IAS 31 Interests in joint ventures.
- IAS 34 Interim financial reporting. By using a series of examples certain clarifications are provided concerning the additional disclosures that must be presented in interim financial reports.

The above mentioned improvements have not yet been endorsed by the European Union at the date of this financial report.

- IFRS 7 (amendment) Financial instruments: disclosures (effective from 1 January 2012). The amendments will allow users of financial statements to improve their understanding on transfer of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transaction are undertaken at the end of a reporting period. At the date of this report the European Union has not yet endorsed the amendment.
- IAS 12 (amendment) Income taxes, deferred tax: recovery of underlying assets (effective from 1 January 2012). The amendments provide a practical approach for measuring deferred tax when the asset is measured using the fair value model in IAS 40 Investment property, by introducing a presumption that recovery of the carrying amount will normally be through sale. At the date of this report the European Union has not yet endorsed the amendment.

## 2.2 Consolidation

### Subsidiaries

Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-

controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. A negative goodwill, in the case of a bargain purchase, is recognized directly in the income statement.

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

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

#### **Transactions and non-controlling interests**

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity as long as control continues to exist.

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

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

#### **Joint ventures**

Material jointly controlled entities are accounted for using the proportionate consolidation method. In its financial statements, the group combines the joint ventures' assets, liabilities, income and expenses with similar items, on a line-by-line basis according to its share of economic ownership or ownership of the controlling interest.

### Associates

Associates are entities over which the group has significant influence but not control or joint control. Generally a holding of between 20 % and 50 % of the voting rights indicates significant influence. Investments in associates are usually valued by the equity method, i.e. the initial carrying amount of the investment is adjusted at each reporting date to reflect the corresponding interest of the associate's net profit or loss less any dividends received. The investment in associates includes goodwill identified on acquisition, in accordance with IFRS 3. The impairment indicators in IAS 39 apply to investment in associates. The entire carrying amount of the investment is tested for impairment as a single asset, that is goodwill is not tested separately. Accounting policies of associates have been adjusted where necessary to ensure consistency with those adopted by the group.

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

### Investments in other companies

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

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

## 2.3 Segment reporting

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

## 2.4 Foreign currency translation

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

Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income

statement. Monetary assets, monetary liabilities, derivative contracts denominated in foreign currencies are translated at the exchange rate ruling at the end of the year. Positive and/or negative differences between the amounts translated at the year-end exchange rate and those recorded at the date of the transactions are also booked to the income statement.

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

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

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

	Year-end		Average	
	2010	2009	2010	2009
<b>euro 1 =</b>				
<b>Currency</b>				
us Dollar	1.3362	1.4406	1.3257	1.3948
Mexican Peso	16.5475	18.9223	16.7373	18.7989
Czech Koruna	25.0610	26.4730	25.2840	26.4349
Ukrainian Hryvnia	10.6254	11.5642	10.5386	11.1306
Russian Ruble	40.8200	43.1540	40.2629	44.1376
Polish Zloty	3.9750	4.1045	3.9947	4.3276
Hungarian Forint	277.9500	270.4200	275.4805	280.3270
Algerian Dinar	99.2612	104.1720	98.0911	101.2125

## 2.5 Intangible assets

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

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortized and its recoverable amount is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The gain or loss on disposal of an entity includes the carrying amount of the related goodwill, in proportion to the disposed share. For the purpose of impairment testing, goodwill is allocated to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

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

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

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

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

## 2.6 Property, plant and equipment

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

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

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

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

#### 2.7 Investment property

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

#### 2.8 Impairment of non-financial assets

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

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

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

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

#### 2.9 Non-current assets held for sale

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

#### 2.10 Financial assets

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



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

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

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

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

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

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

#### 2.11 Derivative financial instruments

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

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

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

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss.

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

#### 2.12 Inventories

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

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

#### 2.13 Trade receivables and payables

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

Trade payables are recognized at fair value.

#### 2.14 Cash and cash equivalents

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

#### 2.15 Treasury shares

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

#### 2.16 Debt and borrowings

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

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

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

#### 2.17 Current and deferred income tax

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

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

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

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

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

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

#### 2.18 Employee benefits

##### **Pension plans**

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

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually as a function of one or more factors such as age, years of service and compensation. The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service cost. Independent actuaries calculate the defined benefit obligation and the service cost annually, using the projected unit credit method. If the calculation of the balance sheet amount results in an asset, the amount recognized is limited to the total of any cumulative unrecognized actuarial losses and past service cost, and the present value of available refunds and reductions in future contributions to the plan. The portion of the cumulative actuarial gains and losses, resulting from experience adjustments and changes in actuarial assumptions, which exceeds 10 % of the greater between the defined benefit obligation and the fair value of plan assets at the end of the previous year, is amortized over the average remaining service period of the employees (corridor approach). The expense related to the reversal of discounting pension liabilities for defined benefit plans are reported separately within finance costs. All other expenses associated with pension plans are allocated to staff costs.

A defined contribution plan is a pension plan under which a company pays fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis, and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all accrued benefits. The contributions are recognized as employees render their services and are included in staff costs.

#### **Other post-employment benefits**

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

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

#### **2.19 Share-based payment**

The company has an incentive and loyalty plan in place, based on equity compensation, which rewards the Italian executive employees according to the goals reached (MBO system). Savings shares are granted to management via a dedicated capital issue or treasury shares. A charge is made to staff costs in connection with these share grants, equal to the fair value of those instruments on the date of granting.

#### 2.20 Provisions for liabilities and charges

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

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

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

#### 2.21 Revenue recognition

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

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

#### 2.22 Finance revenues

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

#### 2.23 Borrowing costs

They include interest and other costs, such as amortization of premiums or discounts, amortization of ancillary costs incurred in the arrangement of borrowings, finance charges on leases. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, are capitalized. Other borrowing costs are expensed in the period in which they are incurred.

#### 2.24 Leases

Leases of property, plant and equipment where the group retains substantially all the risks and rewards of ownership are classified as finance leases. Leased assets are capitalized at the lease's commencement at the lower of the fair value and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges,

are included in financial debt. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Property, plant and equipment acquired under finance leases are depreciated over their useful life.

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

#### 2.25 Dividend distribution

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

### 3. Financial risk management

#### 3.1 Financial risk factors

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

##### **Market risk**

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

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

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

	2010	2009
<b>thousands of euro</b>		
Euro	(146,626)	(87,504)
us Dollar	(42,437)	(13,231)
Czech Koruna	5,623	(16)
Russian Ruble	1,200	(7,851)
Polish Zloty	65	54

At 31 December 2010, with reference to the same data reported above, if the euro had strengthened/weakened by 10% against the major foreign currencies to which Buzzi Unicem is exposed, profit before tax for the year would have been €6,419 thousand lower/higher (2009: €2,036 thousand higher/lower), while equity would have been €12,178 thousand lower/higher (2009: €6,679 thousand lower/higher). Profit is especially sensitive to movement in euro/us dollar and in euro/Russian Ruble exchange rates, where the associated exposures have changed considerably versus last year.

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

As the group has no significant interest-bearing assets, income and operating cash flows are substantially independent of changes in market interest rates. Changes in market interest rates can affect the cost of the various forms of financing or the return on investments in monetary instruments, causing an impact at the level of net finance costs incurred. The interest rate risk arises mainly from long-term debt. Borrowings issued at variable rates expose the group to cash flow interest rate risk, which is partially offset by cash invested at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk. Buzzi Unicem's policy is to maintain approximately 60% of its long-term borrowings in fixed rate instruments. During 2010 and 2009, the group's borrowings at variable rate were denominated in euro and the us dollar.

The group analyses its interest rate exposure on a dynamic basis, taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit before tax of a 1% interest rate rise would be a decrease of €124 thousand (2009: increase of €6,258 thousand), while the impact of an interest rate reduction of 1% or equal to the amount of the actual rate in case of values between 0 and 1%, would cause an increase of €2,012 thousand (2009: decrease of €3,385 thousand). For each simulation, the same interest rate shift is used for all currencies. The sensitivity scenarios are run only for liabilities that represent the major interest-bearing positions and for the fair value of interest rate derivatives.



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

At 31 December 2010, if interest rates on euro-denominated borrowings had been 1 % higher with all other variables held constant, profit before tax for the year would have been € 1,406 thousand lower (2009: € 4,123 thousand higher); if instead interest rates had been lower by 1 % or by an amount equal to the actual rate in case of values between 0 and 1 %, profit before tax for the year would have been € 2,067 thousand higher (2009: € 2,192 thousand lower). These fluctuations are mainly a result of cash and equivalents that are denominated in euro across the group; other components of equity would have been basically unchanged. At 31 December 2010, if interest rates on variable rate positions denominated in US dollars at that date had been 1 % higher with all other variables held constant, profit before tax for the year would have been € 850 thousand higher (2009: € 1,691 thousand higher), mainly as a result of higher interest income on liquid assets; if instead interest rates had been lower by 1 % or by an amount equal to the actual rate in case of values between 0 and 1 %, profit before tax for the year would have been € 239 thousand higher (2009: € 847 thousand lower).

#### **Credit risk**

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

#### **Liquidity risk**

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

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

Estimates and projections, considering the changes that may occur in the profitability trend, show that the group is in a position to operate at the present level of financing. Buzzi Unicem will start negotiations with the banks for loans renewal in due time and for the time being it has not required a written commitment that the loans will be renewed. A regular relationship exists with the usual and prospective financing institutions about the future needs, from which it appears that renewal may take place under acceptable terms. The maturity analysis for financial liabilities showing the remaining contractual maturities is included within note 24.

### 3.2 Capital management

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

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

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

During 2010, the group's long term strategy, which was unchanged from 2009, was to maintain a gearing ratio below 40 %, to aim at a Net debt/EBITDA ratio of about 2 times and to preserve its investment grade credit rating (currently BBB-). The ratios at 31 December 2010 and 2009 were as follows:

	2010	2009
<b>thousands of euro</b>		
Net debt	1,266,934	1,209,261
Equity	2,803,679	2,712,374
Total Capital	4,070,613	3,921,635
<b>Gearing</b>	<b>31 %</b>	<b>31 %</b>
Net debt	1,266,934	1,209,261
Operating cash flow (EBITDA)	387,024	541,731
<b>Net debt/EBITDA</b>	<b>3.27</b>	<b>2.23</b>

The change in the two ratios during 2010 resulted primarily from the still reduced generation of operating cash flow, which continued to suffer from the difficult trading conditions faced in some of our major markets, and the capital expenditures referred to capacity expansion projects, which came to an end in the period.

### 3.3 Fair value estimation

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

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

The following table presents the assets and liabilities that are measured at fair value at 31 December 2010:

	Level 1	Level 2	Level 3	Total
<b>thousands of euro</b>				
<b>Assets</b>				
Derivative financial instruments (non-current)	–	2,630	–	2,630
Derivative financial instruments (current)	–	1,859	–	1,859
Available-for-sale financial assets (current)	–	11	–	11
<b>Total Assets</b>	<b>–</b>	<b>4,500</b>	<b>–</b>	<b>4,500</b>
<b>Liabilities</b>				
Derivative financial instruments (non-current)	–	(28,991)	–	(28,991)
Derivative financial instruments (current)	–	(1,317)	–	(1,317)
<b>Total Liabilities</b>	<b>–</b>	<b>(30,308)</b>	<b>–</b>	<b>(30,308)</b>

The following table presents the assets and liabilities that are measured at fair value at 31 December 2009:

	Level 1	Level 2	Level 3	Total
<b>thousands of euro</b>				
<b>Assets</b>				
Derivative financial instruments (non-current)	–	250	–	250
Derivative financial instruments (current)	–	782	–	782
Available-for-sale financial assets (current) <sup>1</sup>	–	10	–	10
<b>Total Assets</b>	<b>–</b>	<b>1,042</b>	<b>–</b>	<b>1,042</b>
<b>Liabilities</b>				
Derivative financial instruments (non-current)	–	(58,552)	–	(58,552)
Derivative financial instruments (current)	–	(7,704)	(6,900)	(14,604)
<b>Total Liabilities</b>	<b>–</b>	<b>(66,256)</b>	<b>(6,900)</b>	<b>(73,156)</b>

<sup>1</sup> Assets equal to € 1,014 thousand valued at cost are not included.

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These methods maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

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

In 2010 there were no transfers among different levels of fair value measurement. The following table presents the changes in level 3 for the year ended 31 December 2010:

	Derivative financial instruments (current)
<b>thousands of euro</b>	
At 1 January	(6,900)
Settlement	6,900
<b>At 31 December</b>	-

In 2009 there were no transfers among different levels of fair value measurement. The following table presents the changes in level 3 for the year ended 31 December 2009:

	Derivative financial instruments (current)
<b>thousands of euro</b>	
At 1 January	(7,700)
Gains and losses recognized in profit or loss	800
<b>At 31 December</b>	(6,900)

#### 4. Critical accounting estimates and assumptions

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

#### 5. Scope of consolidation

The consolidated financial statements as of 31 December 2010 include the company and 133 consolidated subsidiaries. The total number of consolidated subsidiaries increased by 18 compared with that at the end of the previous year. Excluded from consolidation are 24 subsidiaries that are either dormant or immaterial. Some mergers occurred during the year, particularly within Buzzi Unicem and Dyckerhoff, to continue streamline and simplify the organizational structure and without any material effect on the consolidated financial statements.

The following main acquisitions were made in 2010:

- through the swap of the equity interest in the associate Sievert AG & Co. KG, purchase of "SIBO" ready-mix concrete operations belonging to the same entity, consisting of 30 batching plants located in Lower Saxony, North Rhine-Westphalia and in Saxony-Anhalt and line-by-line consolidation of the newly acquired entities effective from July 2010; the concern SIBO consists of 13 subsidiaries;
- always within the reorganization of Sievert group, purchase of a 100 % ownership interest in Kieswerk Leubingen GmbH, a company operating in the business of natural aggregates in Germany, and line-by-line consolidation of the newly acquired subsidiary effective from January 2010;
- purchase of the residual 50 % interest, not yet owned by Buzzi Unicem, in Carbonverde Srl (former Thorcem Srl), and line-by-line consolidation of the newly acquired subsidiary effective from December 2010 (only balance-sheet).

The following main disposals of investments were made during 2010:

- within the reorganization of Sievert group, disposal of the 34.75 % interest in Sievert AG & Co. KG.

Except for the purchase of the SIBO concrete operations, the other scope changes are not, overall, material for comparative purposes. The relevant impacts following the line-by-line consolidation and deconsolidation of the subsidiaries which were newly acquired or disposed of, are anyway discussed in the course of these notes.

## 6. Segment information

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

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

The executive directors assess the performance of the reportable operating segments based, as main reference, on a measure of operating profit. Net finance costs and income tax expense are not included in the result of each operating segment reviewed by the executive directors. The measurement of segment profit or loss and of capital expenditures by segment is consistent with that of the financial statements.

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

	Italy	Central Europe	Eastern Europe	USA	Mexico	Unallocated items and adjustments	Total
<b>thousands of euro</b>							
<b>2010</b>							
Segment revenue	608,040	729,645	492,686	600,940	213,403	3,728	2,648,442
Intersegment revenue	(1,205)	(1,183)	–	–	–	2,388	–
Revenue from external customers	606,835	728,462	492,686	600,940	213,403	6,116	2,648,442
Depreciation	(49,655)	(53,647)	(31,711)	(78,077)	(12,644)	2,930	(222,804)
Impairment charges	(3,161)	(1,130)	(1,106)	(157,373)	–	(2,367)	(165,137)
Write-ups	1,235	–	–	–	–	–	1,235
Operating profit	(19,464)	38,512	62,489	(146,727)	65,438	70	318
Equity in earnings	(1,415)	1,833	–	223	–	–	641
Purchase of intangible and tangible assets	25,541	33,616	129,519	29,785	38,380	1,230	258,071
Purchase of equity investments	1,063	4,839	378	–	–	–	6,280

	Italy	Central Europe	Eastern Europe	USA	Mexico	Unallocated items and adjustments	Total
<b>thousands of euro</b>							
<b>2009</b>							
Segment revenue	695,051	703,375	470,253	612,834	180,421	9,875	2,671,809
Intersegment revenue	(430)	(1,207)	–	–	–	1,637	–
Revenue from external customers	694,621	702,168	470,253	612,834	180,421	11,512	2,671,809
Depreciation	(47,991)	(51,210)	(30,042)	(70,335)	(11,026)	(2,254)	(212,858)
Impairment charges	(8,018)	(90)	(1,256)	(974)	–	(2,847)	(13,185)
Write-ups	–	–	–	–	7,325	–	7,325
Operating profit	33,236	83,614	81,649	59,996	59,271	5,247	323,013
Equity in earnings	3,961	380	–	1,554	–	–	5,895
Purchase of intangible and tangible assets	46,886	73,088	156,014	82,671	36,184	3,165	398,008
Purchase of equity investments	2,693	4,522	815	–	–	–	8,030

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

	Italy	Central Europe	Eastern Europe	USA	Mexico	Unallocated items and adjustments	Total
<b>thousands of euro</b>							
<b>2010</b>							
Cement	269,495	383,846	327,711	420,858	160,307	4,886	1,567,103
Concrete and aggregates	337,340	344,616	164,975	180,082	53,095	1,231	1,081,339
							2,648,442

	Italy	Central Europe	Eastern Europe	USA	Mexico	Unallocated items and adjustments	Total
<b>thousands of euro</b>							
<b>2009</b>							
Cement	329,547	389,963	295,416	431,766	139,112	7,712	1,593,516
Concrete and aggregates	365,074	312,205	174,837	181,068	41,309	3,800	1,078,293
							2,671,809

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

## 7. Goodwill and Other intangible assets

	Other intangible assets				Total
	Goodwill	Industrial patents, licenses and similar rights	Assets in progress and advances	Others	
<b>thousands of euro</b>					
Net book amount at 1 January 2009	576,104	9,854	16	5,260	15,130
<b>Year ended 31 December 2009</b>					
Translation differences	(901)	(91)	–	(81)	(172)
Amortization and impairment charges	(9,805)	(2,471)	–	(660)	(3,131)
Additions	1,741	965	–	160	1,125
Change in scope of consolidation	(1,922)	(1)	–	(1)	(2)
Reclassifications	438	1,168	(16)	12	1,164
Disposals and other	–	(1)	–	–	(1)
<b>Net book amount at 31 December 2009</b>	<b>565,655</b>	<b>9,423</b>	<b>–</b>	<b>4,690</b>	<b>14,113</b>
<b>Year ended 31 December 2010</b>					
Translation differences	2,336	262	–	394	656
Amortization and impairment charges	(4,184)	(4,767)	–	(3,488)	(8,255)
Additions	–	1,119	–	291	1,410
Change in scope of consolidation	22,684	(623)	–	3,253	2,630
Reclassifications	(28)	724	5	–	729
Disposals and other	(283)	(1)	–	–	(1)
<b>Net book amount at 31 December 2010</b>	<b>586,180</b>	<b>6,137</b>	<b>5</b>	<b>5,140</b>	<b>11,282</b>

At 31 December 2010, the item industrial patents, licenses and similar rights is made up of mining rights (€ 1,960 thousand), industrial patents (€ 589 thousand), application software for plant and office automation (€ 2,917 thousand), industrial licenses (€ 70 thousand).

Amortization and impairment charges include impairment losses related to licenses and permits, trade name, customer list and goodwill recorded as part of the 2008 business combination with Dorsett Brothers, for a total of € 6,523 thousand. The increase in goodwill stems from the acquisition of SIBO group, for an amount of € 22,684 thousand.

### Goodwill and impairment test

Goodwill at 31 December 2010 amounts to € 586,180 thousand and is broken-down as follows:

- € 488,157 thousand refer to Dyckerhoff, thereof € 325,503 thousand allocated to the segment Eastern Europe and the remaining € 162,654 thousand to Central Europe;



- €48,803 thousand resulting mostly from the merger with Unicem SpA in 1999 and consequently attributable to the sector cement Italy;
- €15,167 thousand refer to the ready-mix concrete and aggregates sector in Italy
- €34,053 thousand refer to the cement sector of Alamo Cement Company, thereof €27,050 thousand emerging from the acquisition of Dorsett Brothers in 2008 and South-Tex Concrete in 2007;

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

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

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

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

The key assumptions used for the calculation primarily concern:

- **cash flows estimation:**  
the cash flows estimate for each single CGU is based on 5-year plans approved by the board of directors. The management approach in determining the plans is based on sustainable and reasonable assumptions, which ensure consistency among prospective and historical flows and external information. Specifically, due to the lasting global financial crisis and the changed economic and market conditions, the management has adapted the risk of the countries of Buzzi Unicem’s operations on the basis of the recent sector studies, adjusting similarly the average discount rates. The cash flow used is net of theoretical income tax, changes in working capital and capital expenditures.

□ **terminal value:**

the terminal value is calculated assuming that, at the end of the projection period, the CGU generates a constant cash flow (perpetual). The annual rate of perpetual growth (g) to deduce the terminal value is based on the long-term growth expected for the industry in the country of operation. The development of the cement and ready-mix concrete business, especially, is strictly linked to average per capita consumption, population growth and GDP of the respective country (or where the asset is used), and therefore reflected also on the (g) factor, which has been determined for each market as follows:

	ITA	GER	NED	CZE / SVK	POL	UKR	LUX	RUS	USA
in %									
g	1.10	1.50	1.50	2.80	3.30	4.00	1.50	4.20	1.50

□ **discount rate:**

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

	ITA	GER	NED	CZE / SVK	POL	UKR	LUX	RUS	USA
in %									
WACC	8.05	7.13	7.29	8.77	8.99	22.07	7.11	14.93	7.45

As an additional methodology, to check the market consistency of the value deriving from the approach based on the discounted cash flows estimate, for some CGUs the relevant fair value has been determined using market multiples of production capacity (EV/ton; EV/m<sup>3</sup>) and profitability (EV/EBITDA). Different multiples have been applied depending on the CGU being valued, identifying each time the basket deemed more comparable for geographical area and type/size of transaction. In some cases, the value has encompassed also the fair value of the owned raw material reserves.

Ukraine reports a value in use lower than its carrying amount, but the fair value determined using market multiples is greater than the latter. Consequently only goodwill allocated to Dorsett Brothers was impaired for € 1,961 thousand, since the CGU's recoverable amount is lower than its carrying amount at the balance sheet date. As for the CGUs ready-mix concrete and cement Italy, although the headroom was sufficient, in the light of the difficult trading conditions we decided all the same to maintain the impairment charges booked in the half-year interim report equal to € 1,358 thousand and € 880 thousands respectively.

Finally, based on the recent macro-economic developments and the uncertainties about the future growth prospects, a sensitivity analysis was performed on the recoverable amount of the different CGUs, in order to verify the effects of reasonably possible changes, if any, in the key assumptions. Specifically we reasoned upon changes in the cost of money (and consequently WACC discount rate) and net operating cash flow.

The analysis highlights that, in some combinations of WACC increase and operating cash flows decrease, for some CGUs a negative difference arises between the value in use and the carrying amount at the balance sheet date. The most critical CGUs have come out to be the following:

- Russia, for which at constant cash flows, a 0,5 % increase in WACC would remove the remaining headroom in the impairment calculation;
- cement Italy sector, for which a 3 % cash flow decrease (at constant WACC) or a 0.5 % WACC increase (at constant cash flows) would remove the remaining headroom in the impairment calculation.

However, also for such CGUs, the fair value estimated by applying the market multiples is greater than their carrying amount.

In all other cases, no particular problems arose: only in the event of a significant cash flow decrease and a concurrent increase of WACC by some percentage points, the recoverable amount would come out lower than the carrying amount at the balance sheet date.

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

## 8. Property, plant and equipment

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Assets in progress and advances	Other	Total
<b>thousands of euro</b>						
<b>At 1 January 2009</b>						
Cost/deemed cost	2,166,920	3,470,841	383,054	513,159	116,258	6,650,232
Accumulated depreciation	(711,467)	(2,403,792)	(236,717)	–	(76,063)	(3,428,039)
<b>Net book amount</b>	<b>1,455,453</b>	<b>1,067,049</b>	<b>146,337</b>	<b>513,159</b>	<b>40,195</b>	<b>3,222,193</b>
<b>Year ended 31 December 2009</b>						
Opening net book amount	1,455,453	1,067,049	146,337	513,159	40,195	3,222,193
Translation differences	(33,141)	(9,451)	(2,098)	(14,661)	(994)	(60,345)
Additions	24,925	121,186	11,169	234,769	2,784	394,833
Change in scope of consolidation	16,895	38,028	4,061	5,468	1,536	65,988
Disposals and other	(1,302)	(999)	(321)	(2,834)	(459)	(5,915)
Depreciation and impairment charges	(35,351)	(134,935)	(29,559)	(108)	(5,721)	(205,674)
Reclassifications	122,135	185,932	9,700	(315,282)	(2,391)	94
<b>Closing net book amount</b>	<b>1,549,614</b>	<b>1,266,810</b>	<b>139,289</b>	<b>420,511</b>	<b>34,950</b>	<b>3,411,174</b>
<b>Year ended 31 December 2009</b>						
Cost/deemed cost	2,319,340	3,714,580	390,897	420,511	111,395	6,956,723
Accumulated depreciation	(769,726)	(2,447,770)	(251,608)	–	(76,445)	(3,545,549)
<b>Net book amount</b>	<b>1,549,614</b>	<b>1,266,810</b>	<b>139,289</b>	<b>420,511</b>	<b>34,950</b>	<b>3,411,174</b>
<b>Year ended 31 December 2010</b>						
Opening net book amount	1,549,614	1,266,810	139,289	420,511	34,950	3,411,174
Translation differences	92,784	50,320	11,070	24,246	2,308	180,728
Additions	34,513	70,648	9,267	139,974	2,024	256,426
Change in scope of consolidation	6,602	13,279	2,634	143	91	22,749
Disposals and other	(4,990)	(3,391)	(3,599)	(778)	(5,508)	(18,266)
Depreciation and impairment charges	(171,094)	(163,690)	(31,396)	(1,749)	(6,206)	(374,135)
Reclassifications	83,844	123,082	51,107	(260,796)	1,799	(964)
<b>Closing net book amount</b>	<b>1,591,273</b>	<b>1,357,058</b>	<b>178,372</b>	<b>321,551</b>	<b>29,458</b>	<b>3,477,712</b>
<b>At 31 December 2010</b>						
Cost/deemed cost	2,416,345	4,005,894	460,947	321,551	111,739	7,316,476
Accumulated depreciation	(825,072)	(2,648,836)	(282,575)	–	(82,281)	(3,838,764)
<b>Net book amount</b>	<b>1,591,273</b>	<b>1,357,058</b>	<b>178,372</b>	<b>321,551</b>	<b>29,458</b>	<b>3,477,712</b>

Additions of €256,426 thousand in 2010 are shortly described in the review of operations, to which reference is made. In the cash flow statement, capital expenditures are reported according to the actual outflows (€269,346 thousand). The change in scope is mainly driven by the first-time consolidation of SIBO group. The change in scope in the year 2009 was mainly attributable to the first-time consolidation of Parmaceuti SpA and Escalcementi Srl.

Positive translation differences of € 180,728 thousand, principally reflect strength in the exchange rate of the US dollar and of the other currencies used for translation of the foreign financial statements versus the euro. In 2009, the trend in the exchange rates of the dollar and other currencies had given rise to negative translation differences of € 60,345 thousand.

Real guarantees on assets of consolidated companies are represented by liens on industrial and commercial equipment for the amount of € 3,152 thousand at 31 December 2010 (2009: € 4,303 thousand).

Rent expenses amounting to € 40,711 thousand (2009: € 41,341 thousand) relating to the operating lease of property and machinery are included in the income statement among services (note 35).

In the USA we resolved to write down the book value of property, plant and equipment located at the Oglesby, IL cement plant and consisting of the facility's production related assets (clinker and cement). Manufacturing activity at the plant, which used to have a production capacity of 0.7 million tons of cement, had been temporarily ceased effective 1 December 2008, under the assumption that production would resume within the near term. Based upon the lack of improvement in the economic conditions of the Midwest market area since this date, the company does not expect to resume production at Oglesby for several years, which means indefinitely in time. These circumstances indicate that the carrying amount of the production related assets is impaired. However, the facility will continue to operate as a distribution terminal and the market will be served by optimizing the utilization of the company's Indiana (Greencastle) and Missouri (Selma, Cape Girardeau) plants, with no impact on the ability to attend to customers and on revenues from operating activities. The impairment charge amounts to € 150,850 thousand, gross of the related deferred income tax effect (€ 61,165 thousand).

During 2009, Buzzi Unicem USA entered into a series of agreements with Jefferson County, Missouri, related to the new Selma, MO plant. Legal title to the property was transferred to the County and the County then leased the same property back to the company, for a period of 15 years. Correspondingly Buzzi Unicem USA has subscribed bonds issued by the County, with the same 15 years maturity for an amount of € 69,552 thousand at 31 December 2010. Our subsidiary is responsible for all operation and maintenance of the leased assets and has the option to purchase the personal property at the conclusion of the lease term for \$1. Should Buzzi Unicem USA not exercise the option, it shall be obliged to pay 125 % of the personal property taxes that would normally apply. The plan provides for 50% abatement of personal property taxes for approximately 15 years. Based upon the substance of the agreements, the company has not recorded the bond or capital lease in its consolidated financial statements. The company recorded the original cost of the personal property within property, plant, and equipment and is depreciating the property over the appropriate useful lives.

## 9. Investment property

The line item amounts to €19,093 thousand and shows an increase of €4,259 thousand versus last year. It is accounted for using the cost model, with its fair value being well above the carrying amount at the balance sheet date.

	2010	2009
<b>thousands of euro</b>		
At 1 January	14,834	15,394
Translation differences	253	(31)
Additions	235	309
Reclassifications	1,042	169
Change in scope of consolidation	3,434	–
Disposals and other	(705)	(1,007)
<b>At 31 December</b>	<b>19,093</b>	<b>14,834</b>

## 10. Investments in associates

	2010	2009
<b>thousands of euro</b>		
Accounted for using the equity method	211,128	222,189
Valued at cost	5,377	4,978
	<b>216,505</b>	<b>227,167</b>

The net decrease of €10,662 thousand was affected to the extent of €12,400 thousand by the disposal of the associate Sievert AG & Co. KG and other minor associates.

The translation differences related to the investments in the Algerian companies Société des Ciments de Hadjar Soud EPE SpA and Société des Ciments de Sour El Ghozlane EPE SpA were positive for €5,159 thousand.

	2010	2009
<b>thousands of euro</b>		
At 1 January	227,167	232,701
Translation differences	8,522	(7,711)
Additions	838	3,506
Equity in earnings	641	5,895
Dividends received	(7,041)	(6,441)
Disposals and other	(13,622)	(783)
<b>At 31 December</b>	<b>216,505</b>	<b>227,167</b>

The full book value of the main investments in associates has been tested for impairment. The company measured the value in use as the group's share in the present value of estimated future cash flows, while used the market multiples approach for assessing the fair value. In some cases, the assessment has encompassed the fair value of property owned by the associates. The comparison between the recoverable amount resulting from the calculation and the carrying amount did not indicate the need to recognize an impairment loss on these assets.

Based on the recent macro-economic developments and the uncertainties about the future growth prospects, a sensitivity analysis was performed on the recoverable amount of the investments, in order to verify the effects of reasonably possible changes, if any, in the key assumptions. Specifically we reasoned upon changes in the cost of money (and consequently WACC discount rate) and net operating cash flow. The outcome of the analysis highlights that some investments are sensitive to changes in the above assumptions. However, also for such investments, the fair value estimated by applying the market multiples is greater than their carrying amount.

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

	Registered office	Book value	% of ownership direct	% of ownership indirect
<b>thousands of euro</b>				
Société des Ciments de Hadjar Soud EPE S.p.A.	Azzaba DZ	55,748	35.0	
Société des Ciments de Sour El Ghozlane EPE S.p.A.	Sour El Ghozlane DZ	51,273	35.0	
Kosmos Cement Company	Louisville US	33,487		25.0
quick-mix Holding GmbH & Co. KG	Osnabrück DE	16,567		34.0
Laterlite S.p.A.	Solignano IT	13,599	33.3	
Houston Cement Company LP	Houston US	9,344		20.0
Cementi Moccia S.p.A.	Napoli IT	7,816	50.0	
Bétons Feidt S.A.	Luxembourg LU	7,538		30.0
S.A. des Bétons Frais	Schifflange LU	2,779		41.0
Gravières et Sablières Karl EPPLE S.n.c.	Seltz FR	2,081		25.0
Premix S.p.A.	Melilli IT	1,656	40.0	
E.L.M.A. S.r.l.	Sinalunga IT	1,398		50.0
San Paolo S.c.r.l.	Calenzano IT	1,172		50.0
Ciments de Balears, S.A.	Palma de Mallorca ES	1,014	35.0	
Eljo Holding B.V.	Zuidbroek NL	998		50.0
Transass S.A.	Schifflange LU	928		41.0
Serenergy S.r.l.	Milano IT	646		50.0
Normensand GmbH	Beckum DE	626		38.0
Van Zanten Holding B.V.	Zuidbroek NL	598		25.0
TRAMIRA – Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	533		50.0
Albenga Calcestruzzi S.r.l.	Albenga IT	532		50.0
sibobeton Kurthessen/Leinetal GmbH & Co KG für Betonherstellung	Baunatal DE	442		14.7
Betoncentrale Haringman B.V.	Goes NL	366		50.0
EURO BETON, S.R.O.	Bratislava SK	338		33.3
EKO ZAPA beton, A.S.	Praha CZ	322		50.0
Transbeton GmbH & Co. KG	Löhne DE	286		34.5
B.V. Betonmortel Centrale Leeuwarden (B.C.L.)	Leeuwarden NL	276		50.0
Niemeier Beton GmbH & Co. KG	Diepholz DE	256		33.3
wwb – Service+Logistik GmbH & Co. KG	Westerburg DE	255		100.0
Other < 250,000 euro		3,631		
		<b>216,505</b>		

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



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

	Assets	Liabilities	Net sales	Net profit
<b>thousands of euro</b>				
<b>2009</b>				
Société des Ciments de Hadjar Soud EPE S.p.A.	178,093	23,820	34,303	(733)
Société des Ciments de Sour El Ghozlane EPE S.p.A.	162,715	20,795	39,818	4,089
Kosmos Cement Company	143,358	9,892	59,577	5,548
Sievert AG & Co. KG <sup>1</sup>	168,642	97,652	321,923	3,971
Houston Cement Company LP	62,038	2,101	51,563	(689)
Laterlite S.p.A.	76,056	36,529	65,742	7,291
Bétons Feidt s.A.	43,263	19,700	67,000	2,000
Cementi Moccia S.p.A.	43,341	13,311	29,366	479

<sup>1</sup> included quick-mix group.

	Assets	Liabilities	Net sales	Net profit
<b>thousands of euro</b>				
<b>2010</b>				
Société des Ciments de Hadjar Soud EPE S.p.A.	182,478	23,197	37,314	(1,902)
Société des Ciments de Sour El Ghozlane EPE S.p.A.	166,729	20,234	37,503	(1,150)
Kosmos Cement Company	145,364	11,416	74,113	737
quick mix Holding GmbH & Co. KG	116,500	78,200	102,500	3,000
Houston Cement Company LP	62,866	1,990	36,073	1,549
Laterlite S.p.A.	81,318	40,797	67,991	4,350
Bétons Feidt s.A.	41,519	16,392	65,912	1,650
Cementi Moccia S.p.A.	36,433	12,657	16,194	(6,254)

## 11. Available-for-sale financial assets

The non-current portion refers to the investments in unconsolidated subsidiaries and other companies, all of which are unlisted.

	Subsidiaries	Other	Total
<b>thousands of euro</b>			
At 1 January 2010	1,773	4,335	6,108
Additions	–	655	655
Change in scope of consolidation	244	38	282
Write-ups (write-downs)	17	(40)	(23)
Disposals and other	(635)	(863)	(1,498)
<b>At 31 December 2010</b>	<b>1,399</b>	<b>4,125</b>	<b>5,524</b>

There were no impairment provisions on available-for-sale financial assets (non-current portion) in 2010 or 2009.

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

The current portion includes temporary placements in short-term or marketable securities.

## 12. Derivative financial instruments

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

	2010		2009	
	Assets	Liabilities	Assets	Liabilities
<b>thousands of euro</b>				
<b>Non-current</b>				
Not designated as hedges	2,630	28,991	250	58,552
	<b>2,630</b>	<b>28,991</b>	<b>250</b>	<b>58,552</b>
<b>Current</b>				
Not designated as hedges	1,859	1,317	782	7,704
Commitments and options	-	-	-	6,900
	<b>1,859</b>	<b>1,317</b>	<b>782</b>	<b>14,604</b>

The liabilities include the negative value of the contracts set up by the company to reduce the foreign exchange and interest rate risk on the dollar denominated long-term debt (forward foreign exchange, cross currency swaps, interest rate swaps), for a total of €21,911 thousand at 31 December 2010 (€63,683 thousand at closing 2009) and the assets a positive value of €4,364 thousand (€832 thousand at closing 2009).

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

	2010		2009	
	Notional	Fair value	Notional	Fair value
<b>thousands of euro</b>				
Interest rate swaps	490,000	(8,397)	230,492	(1,806)
Currency swaps	5,608	125	6,016	169
Cross currency swaps	275,408	(19,033)	255,449	(43,110)
Forward foreign exchange	180,362	1,486	208,106	(20,303)
Interest rate options	5,000	–	5,000	3
Commodity swaps	–	–	3,163	(177)
Takeover commitments (put writer)	2,611	–	–	–
Sale commitments (call writer)	1,390	–	16,582	(6,900)
Takeover options (call)	9,742	–	14,058	–

The put/call options on Sievert AG & Co. KG described in the financial statements of the previous year were settled within the framework of that group's reorganization, as previously explained. The fair value of the remaining takeover or sale commitments and options is equal to zero, hence without effect on the financial position.

At end of year, takeover commitments include a put option on 25 % of the subsidiary Dyckerhoff Transportbeton Hamburg GmbH, exercisable by 31 December 2014, at a strike price of € 1,837 thousand; a put option with Anacon Beteiligungs GmbH to purchase land for € 350 thousand; a put option to purchase transportation equipment for € 424 thousand. Sale commitments include three call options to sell land for a total of € 1,390 thousand. Takeover options include a call on the remaining 75 % share of Gravières et Sablières Karl EPPLE Snc, with a strike price of € 6,000 thousands; the option is exercisable up to 1 January 2014. They also include a call agreement (corresponding to the above mentioned put agreement) on 25 % of the subsidiary Dyckerhoff Transportbeton Hamburg GmbH, exercisable by 31 December 2014, always at a strike price of € 1,837 thousand. This option has been recognized within other payables (non-current). Other call options exist referring mainly to property.

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

During 2010, the changes in the fair value of derivative financial instruments recognized in the income statement are positive for € 41,684 thousand (2009: € 19,045 thousand negative).

### 13. Other non-current assets

	2010	2009
<b>thousands of euro</b>		
Receivables from associates	3,447	7,421
Tax receivables	20,357	24,319
Advances to suppliers	7,173	7,173
Receivables from personnel	1,724	1,843
Loans to customers	7,727	2,476
Guarantee deposits	20,223	18,616
Other	8,349	19,945
	<b>69,000</b>	<b>81,793</b>

The receivables from associates are made up mainly of interest-bearing loans granted to sibobeton Hannover GmbH & Co. KG (€ 1,200 thousand). The decrease is due to the repayment of the loan granted to quick-mix Holding GmbH & Co. KG (€ 5,361 thousand in 2009).

Tax receivables include the booking at present value of a corporate tax credit in Germany, which became collectable first in 2006 and then in 2010, to be cashed-in over a 10-year period, starting from 2008. The change stems from two different effects: a sale without recourse of the tax assets for € 30,358 thousand and assignment of additional tax assets of the same nature for € 29,466 thousand.

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

Receivables from personnel include loans to employees equal to € 1,502 thousand (2009: € 1,612 thousand).

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

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

The item other includes for the most part loans to third parties, which are adequately secured. The balance has decreased thanks to repayments made during the year for € 10,616 thousand.

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

## 14. Inventories

	2010	2009
<b>thousands of euro</b>		
Raw materials, supplies and consumables	254,389	243,249
Work in progress	71,205	72,974
Finished goods and merchandise	67,028	67,579
Advances	2,138	3,259
	<b>394,760</b>	<b>387,061</b>

Increases and decreases of the various categories depend on the trend in production and sales, on the price of the factors employed, as well as changes in exchange rates used for the translation of foreign financial statements. The amount shown is net of an allowance for obsolescence of € 27,920 thousand (2009: € 22,935 thousand). The write-down of inventories recognized as an expense during the year includes € 4,099 thousand referred to the mothballing of the Oglesby, IL cement plant and € 1,200 thousands referred to some machinery and equipment in Italy.

## 15. Trade receivables

	2010	2009
<b>thousands of euro</b>		
Trade receivables	466,864	458,027
Less: Provision for receivables impairment	(37,754)	(37,261)
<b>Trade receivables, net</b>	<b>429,110</b>	<b>420,766</b>
Other trade receivables:		
From unconsolidated subsidiaries	392	377
From associates	21,503	15,081
From parent companies	20	21
	<b>451,025</b>	<b>436,245</b>

The year-end balances from associates arise from normal and regular business transactions entered into mostly with firms operating in the ready-mix concrete segment. The increase in such item is mainly attributable to the change in consolidation scope.

At the balance sheet date, trade receivables that are past due but not impaired amount to € 163,670 thousand (€ 121,427 thousand in 2009).

The ageing analysis of these trade receivables is as follows:

	2010	2009
<b>thousands of euro</b>		
Past due up to 2 months	119,277	88,197
Past due between 2 and 6 months	28,489	22,878
Past due over 6 months	15,904	10,352
	<b>163,670</b>	<b>121,427</b>

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

	2010	2009
<b>thousands of euro</b>		
Euro	266,162	287,145
us Dollar	71,194	57,001
Russian Ruble	6,102	6,907
Mexican Peso	42,392	30,034
Other currencies	43,260	39,679
	<b>429,110</b>	<b>420,766</b>

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

	2010	2009
<b>thousands of euro</b>		
At 1 January	37,261	34,412
Translation differences	1,254	(128)
Provision for impairment	17,898	18,827
Receivables written off as uncollectible	(13,885)	(10,237)
Unused amounts reversed and other	(4,774)	(5,613)
<b>At 31 December</b>	<b>37,754</b>	<b>37,261</b>

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

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

## 16. Other receivables

	2010	2009
<b>thousands of euro</b>		
Tax receivables	90,292	84,285
Receivables from social security institutions	577	509
Receivables from unconsolidated subsidiaries and associates	5,218	4,015
Receivables from suppliers	9,950	8,047
Receivables from personnel	1,609	1,078
Receivables from sale of equity investments	–	1,062
Accrued income and prepaid expenses	9,401	9,649
Other	20,963	15,868
	<b>138,010</b>	<b>124,513</b>

Tax receivables include income tax payments in advance and the debit balance of periodic value added tax when money is to be returned.

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

The decrease in receivables from sale of equity investments refers to the disposal of an 81 % interest in i4 Transportation GmbH & Co. KG.

Accrued income totals € 1,166 thousand (2009: € 1,140 thousand) and is made up primarily of interest income on marketable securities and time deposits. Prepaid expenses amount to € 8,235 thousand (2009: € 8,509 thousand) relating to operating expenses pertaining to the following period.

At the balance sheet date the carrying amount of other receivables is considered to be in line with their fair value. The captions within this line item do not contain impaired assets.

## 17. Cash and cash equivalents

	2010	2009
<b>thousands of euro</b>		
Cash at banks and in hand	252,183	519,394
Short-term deposits	144,276	177,571
	<b>396,459</b>	<b>696,965</b>

Foreign operating companies hold about 70 % of the balance (55 % in 2009). At the closing date, short-term deposits and securities earn interest at about 1.0 % on average (0.8 % in 2009): yield in euro is around 0.9 %, in dollar 0.2 %, in Mexican peso 4.0 % and in other currencies 2.6 %. The average maturity of such deposits and securities is lower than 60 days.

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

Cash and equivalents are denominated in the following currencies:

	2010	2009
<b>thousands of euro</b>		
Euro	169,838	423,093
us Dollar	164,619	225,344
Mexican Peso	33,268	25,931
Russian Ruble	6,597	7,102
Other currencies	22,137	15,495
	<b>396,459</b>	<b>696,965</b>

## 18. Assets held for sale

The amount relates for € 1,750 thousand to the fair value of the associate Siefic Calcestruzzi Srl, a company operating in the ready-mix concrete business, classified as assets held for sale following the disposal which took place on 31 January 2011. The balance also includes the fair value of some equipment sold in January 2011.

## 19. Share capital

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

	2010	2009
<b>number of shares</b>		
<b>Shares issued and fully paid</b>		
Ordinary shares	165,349,149	165,349,149
Savings shares	40,711,949	40,711,949
	<b>206,061,098</b>	<b>206,061,098</b>
Share capital (thousands of euro)	123,637	123,637

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

Savings shares are entitled to a preferential dividend equal to 5 % of par value and a total dividend equal to ordinary shares' dividend plus 4 % of par value. In case of no dividend distribution, the right to the preference dividend is carried forward over the two following years.



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

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

The reconciliation of the number of shares outstanding during 2010 is the following:

	Ordinary	Savings	Total
<b>number of shares</b>			
<b>At 1 January 2010</b>			
Shares issued	165,349,149	40,711,949	206,061,098
Less: Treasury shares	(500,000)	(257,180)	(757,180)
<b>Shares outstanding</b>	<b>164,849,149</b>	<b>40,454,769</b>	<b>205,303,918</b>
<b>Year ended 31 December 2010</b>			
Employee share grant scheme	–	53,780	53,780
<b>Closing shares outstanding</b>	<b>164,849,149</b>	<b>40,508,549</b>	<b>205,357,698</b>
<b>At 31 December 2010</b>			
Shares issued	165,349,149	40,711,949	206,061,098
Less: Treasury shares	(500,000)	(203,400)	(703,400)
<b>Shares outstanding</b>	<b>164,849,149</b>	<b>40,508,549</b>	<b>205,357,698</b>

In June 2010, no. 53,780 savings shares out of treasury, with a fair value of €289 thousand, were granted to the managers of the company and of its Italian subsidiaries, according to the goals reached under the existing incentive and loyalty plan (MBO system).

## 20. Share premium

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

## 21. Other reserves

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

	2010	2009
<b>thousands of euro</b>		
Translation differences	(299,149)	(460,512)
Revaluation reserves	88,286	88,286
Merger surplus	247,530	247,530
Other	120,832	135,300
	<b>157,499</b>	<b>10,604</b>

The translation differences reflect the exchange rate variations that were generated starting from the first time consolidation of financial statements denominated in foreign currencies. The favorable variance of € 161,363 thousand is the result of four separate effects: an increase of € 21,221 thousand due to the strengthening of the Mexican peso, an increase of € 105,057 thousand due to the strengthening of the US dollar, an increase of € 29,925 thousand due to the strengthening of the Eastern European currencies and an increase of € 5,160 due to the strengthening of the Algerian dinar.

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

## 22. Retained earnings

The line item contains both retained earnings and profit for the financial year attributable to owners of the company. It also includes the legal reserve from the statutory financial statements of Buzzi Unicem SpA, changes in shareholders' equity of consolidated companies pertaining to the parent company that took place after the first consolidation and the revaluation reserves accrued by the Mexican companies that used inflation accounting up to the year 2001. During the year, transactions with non-controlling interest were carried out after acquisition of control. The main one was the purchase of a 3.27 % interest in OAO Sukholozhskcement, which brought to an increase in retained earnings equal to € 6,167 thousand.

## 23. Non-controlling interest

The balance as of 31 December 2010 refers to Dyckerhoff AG and subsidiaries (€ 110,282 thousand), RC Lonestar Inc. (€ 39,273 thousand), Corporación Moctezuma, SAB de CV (€ 92,360 thousand) and La Rinascita Calcestruzzi SpA (€ 337 thousand). Buzzi Unicem jointly controls Corporación Moctezuma together with Cementos Molins (Spain); the company is consolidated under the proportionate method at 50 %, but the actual economic interest attributable to owners of the company is about 33 %.

## 24. Debt and borrowings

	2010	2009
<b>thousands of euro</b>		
<b>Long-term debt</b>		
Senior notes and bonds	848,391	745,753
Mezzanine loan	230,145	223,361
Finance lease obligations	2,505	1,085
Secured term loans	1,234	1,849
Unsecured term loans	376,575	476,665
	<b>1,458,850</b>	<b>1,448,713</b>
<b>Current portion of long-term debt</b>		
Senior notes and bonds	73,274	272,015
Mezzanine loan	150	6,117
Finance lease obligations	1,080	485
Secured term loans	728	778
Unsecured term loans	100,486	75,260
	<b>175,718</b>	<b>354,655</b>
<b>Short-term debt</b>		
Bank overdrafts and borrowings	2,198	7,789
	<b>2,198</b>	<b>7,789</b>

The exposure of the group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2010	2009
<b>thousands of euro</b>		
6 months or less	116,046	326,177
6–12 months	61,869	36,267
1–5 years	952,705	955,368
Over 5 years	506,146	493,345
	<b>1,636,766</b>	<b>1,811,157</b>

### Senior Notes and Bonds

The change is mainly due to issuance of new bonds for € 145,964 thousand, to principal repayments for € 293,458 thousand and to foreign exchange effect for € 50,124 thousand.

At the beginning of April 2010, the subsidiary RC Lonestar Inc. completed a new issue of \$ 200 million of Senior Unsecured Notes.

The Notes are structured in two tranches:

- a first tranche of \$ 170 million, with 5-year average life and final maturity on April 1, 2016 at a fixed annual rate of 4.90 % payable semi-annually;
- a second tranche of \$ 30 million with bullet repayment on April 1, 2016, at a floating annual rate equal to 3-month Libor plus 245 basis points payable quarterly.

The bond is carried at amortized cost, for an amount equal to € 146,276 thousand. As stated below, also this new issue is guaranteed by Buzzi Unicem SpA and requires compliance with financial covenants.

Senior notes and bonds include the so-called Eurobond "Buzzi Unicem € 350,000,000 5.125 % Notes due 2016". The notes, listed on the Luxembourg Stock Exchange, have a minimum denomination of € 50,000, pay a fixed annual coupon of 5.125 % and their due date is 9 December 2016. This bond is carried at amortized cost, corresponding to an effective yield rate of 5.32 %. During the year five interest rate swap contracts were entered into for nominal € 300 million, aimed at partially swapping the interest rate from fixed to floating in the period 2010–2013.

The other senior notes and bonds relate primarily to Senior Unsecured Notes placed privately in the US market (USPP). The issuers are our subsidiaries RC Lonestar, Inc and Alamo Cement Company. Buzzi Unicem SpA guarantees the obligations of the issuers. These fund-raising operations are partially backed by interest rate swaps, cross currency swaps and forward foreign exchange contracts entered into by Buzzi Unicem SpA. The income statement 2010 benefits from net finance revenues associated with interest rate swap contracts to the extent of € 5,274 (in 2009, net finance revenues of € 5,855 thousand).

The Senior Unsecured Notes privately placed in the US market (USPP) include covenants by the issuer and by the company as the guarantor, which require compliance with certain financial ratios. Such commitments are common in the international practice for bond issues of this type. In particular the most significant financial conditions consist of a minimum consolidated net worth and a ratio of consolidated net debt to EBITDA not exceeding 3 times. In November 2010 the company entered into an agreement with the USPP investors, by which the ratio of consolidated net debt to EBITDA was changed as follows: 3.4 times from September 2010 to September 2011, 3.25 times from September 2011 to June 2012 and again 3 times from September 2012 onward. The agreement also provides for an increase in the interest rate, which can fluctuate from 15 up to a maximum of 150 basis points, thereof 125 basis points applicable only in case the corporate rating should be lower than "investment grade" category. At the balance sheet date, such contractual covenants are all complied with.

The following table summarizes the main terms of bond issues outstanding at 31 December 2010:

Issue	Outstanding amount	Maturity	Coupon	Notes
<b>Buzzi Unicem SpA</b> Eurobond December 2009	€ m 346.6	2016	5.125 %	Interest rate swap on € m 300 from fix 1.62 % to floating Euribor 6M, until 2013
<b>RC Lonestar, Inc.</b> Senior Notes May 2002 Series B	\$ m 240.0	2011–2013	6.92 %	FX forward on principal
<b>RC Lonestar, Inc.</b> Senior Notes May 2002 Series C	\$ m 35.0	2017	7.12 %	FX forward on principal
<b>RC Lonestar, Inc.</b> Senior Notes September 2003 Series A	\$ m 170.0	2014–2016	5.08 %	Cross currency swap on principal and coupons Interest rate swap from fix to floating Euribor 6M +1.025 %
<b>RC Lonestar, Inc.</b> Senior Notes September 2003 Series A	\$ m 70.0	2014–2016	5.08 %	Cross currency swap on principal and coupons
<b>RC Lonestar, Inc.</b> Senior Notes September 2003 Series B	€ m 30.0	2013	5.05 %	
<b>Alamo Cement Company</b> Senior Notes October 2004 Series C	\$ m 18.2	2005–2011	4.90 %	Cross currency swap on principal and coupons Interest rate swap from fix to floating Euribor 6M +0.55 %
<b>RC Lonestar, Inc.</b> Senior Notes April 2010 Series A	\$ m 170.0	2014–2016	4.90 %	
<b>RC Lonestar, Inc.</b> Senior Notes April 2010 Series B	\$ m 30.0	2016		Floating rate Libor 3M +2.45 %

#### Mezzanine loan

It is the subordinated loan granted by the Dyckerhoff family to Dyckerhoff AG. The loan matures in 2012 and carries a fixed coupon of 4.5 % per annum plus an additional 2.5 % per annum simple interest payable in a lump sum at maturity. The lenders have the option to call the loan from 2008 onward. The company does not expect material repayments till the final maturity of the loan. The liability increases as a whole due to the 2.5 % interest accrual, calculated according to the effective interest method.

#### Term loans and other borrowings

During 2010 new borrowings were obtained for € 145 thousand (financial leasing) and principal payments on long-term debt amounted to € 90,725 thousand.

At 31 December 2010 the group had undrawn committed facilities expiring after 2010 of € 736,028 thousand (2009: € 736,664 thousand), thereof € 424,578 thousand at floating

rate available to the company and the remaining € 311,450 thousand to Dyckerhoff AG, always at floating rate. The committed and unsecured line of credit of € 150,000 thousand (residual amount) with Intesa Sanpaolo, from 2010 onwards does no longer require compliance with a leverage covenant, as it did in 2009.

In respect of interest rate and currency the gross indebtedness at 31 December 2010 is roughly split as follows (after hedging): 29 % floating and 71 % fix; 9 % denominated in dollar and 91 % in euro and euro-zone currencies.

At the balance sheet date, the fair value of the fix rate borrowings exceeds the carrying amount by about € 155,000 thousand (2009: fair value greater than carrying amount by about € 136,000 thousand). The carrying amount of short-term and floating rate borrowings approximate their fair value, as the impact of discounting is not significant.

## 25. Employee benefits

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

### Post-employment benefits

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

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

The defined benefit pension schemes that the group operates in Germany and, to a lesser extent, in Luxembourg are mainly unfunded. Besides, during 2007 in Germany a portion of the pension plan liability was transferred to an independently administered fund through a cash contribution of € 25,000 thousand. In USA pension plans are mainly funded, while healthcare obligations are unfunded in nature. The defined benefit plan of the companies operating in Mexico is funded to a large extent.

The obligation for employee severance indemnities (TFR) is considered a defined benefit plan and is unfunded. It consists of the residual amount that was required until 31 December 2006 under Italian legislation to be paid by companies with more than 50 employees, and accrued over the employee's working life for other companies.

The provision is settled upon retirement or resignation and may be partially paid in advance if certain conditions are met.

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

#### Other long-term benefits

The group grants also other long-term benefits to its employees, which include those generally paid when the employee attains a specific seniority. In this case the valuation reflects the probability that payment is required and the length of time for which payment is likely to be made. These schemes are unfunded and the amount of the obligation is calculated on an actuarial basis, in accordance with the projected unit credit method. The corridor approach is not used for actuarial gains and losses arising from this obligation.

In the United States of America the group sponsors a deferred compensation plan for certain employees. Amounts deferred are funded into a trust and the earnings in the trust accrue to the benefit of the participants. The asset and liability are reported at fair value (the net asset value of each investment fund).

The obligations for employee benefits are analyzed as follows:

	2010	2009
<b>thousands of euro</b>		
<b>By category</b>		
Post-employment benefits:		
Pension plans	173,405	171,697
Healthcare plans	107,133	101,310
Employee severance indemnities	27,671	30,473
Other	123	92
Other long-term benefits	9,670	11,182
	<b>318,002</b>	<b>314,754</b>
<b>By geographical area</b>		
Italy	28,584	31,384
Germany, Luxembourg, Netherlands	179,906	181,379
USA, Mexico	109,512	101,991
	<b>318,002</b>	<b>314,754</b>

The defined benefit plan assets separately recognized in the balance sheet pertain to the USA geographical area (€ 41,882 thousand).

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

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>thousands of euro</b>								
Present value of funded obligations	413,074	372,323	–	–	–	–	–	–
Less: Fair value of plan assets	(216,494)	(196,041)	–	–	–	–	–	–
	<b>196,580</b>	<b>176,282</b>	–	–	–	–	–	–
Present value of unfunded obligations	18,912	16,151	100,918	91,915	26,142	30,239	123	92
Unrecognized actuarial gains (losses)	(42,087)	(20,736)	6,215	9,395	1,529	234	–	–
Unrecognized past service cost	–	–	–	–	–	–	–	–
<b>Liability in the balance sheet</b>	<b>173,405</b>	<b>171,697</b>	<b>107,133</b>	<b>101,310</b>	<b>27,671</b>	<b>30,473</b>	<b>123</b>	<b>92</b>

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

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>thousands of euro</b>								
At 1 January	388,474	409,833	91,915	92,203	30,239	32,028	92	102
Interest cost	22,771	24,427	5,342	5,756	1,193	1,463	–	–
Past service cost	–	309	–	–	–	–	–	–
Current service cost	7,926	6,761	1,619	1,621	57	70	107	238
Actuarial losses (gains)	24,717	8,295	2,967	1,610	(377)	1,083	–	–
Employee contributions	72	73	582	510	–	–	–	–
Benefits paid	(29,785)	(33,001)	(8,088)	(6,787)	(4,046)	(3,460)	(89)	(250)
Translation differences	14,500	(6,549)	6,663	(2,998)	–	–	13	2
Change in scope of consolidation	2,976	5	–	–	–	135	–	–
Other changes	335	(21,679)	(82)	–	(924)	(1,080)	–	–
<b>At 31 December</b>	<b>431,986</b>	<b>388,474</b>	<b>100,918</b>	<b>91,915</b>	<b>26,142</b>	<b>30,239</b>	<b>123</b>	<b>92</b>



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

	Pension plans	
	2010	2009
<b>thousands of euro</b>		
At 1 January	196,041	206,756
Expected return on plan assets	15,221	14,524
Actuarial gains (losses)	7,394	11,166
Translation differences	12,441	(5,836)
Employer contributions	2,466	9,673
Employee contributions	72	73
Benefits paid	(15,965)	(15,576)
Other changes	(1,176)	(24,739)
<b>At 31 December</b>	<b>216,494</b>	<b>196,041</b>

The amounts recognized in the income statement for post-employment benefits are as follows:

	Pension plans		Healthcare plans		Employee severance indemnities		Other	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>thousands of euro</b>								
Current service cost	7,926	6,761	1,619	1,621	57	70	107	238
Interest cost	22,771	24,427	5,342	5,756	1,193	1,463	-	-
Expected return on plan assets	(15,221)	(14,524)	-	-	-	-	-	-
Net actuarial losses recognized	5,946	4,413	(942)	(1,700)	-	-	-	-
Past service cost	1,868	410	-	-	-	-	-	-
Gains on curtailments	133	-	-	-	-	-	-	-
Other	1,290	2,733	-	-	-	(1)	-	-
	<b>24,713</b>	<b>24,220</b>	<b>6,019</b>	<b>5,677</b>	<b>1,250</b>	<b>1,532</b>	<b>107</b>	<b>238</b>

Of the total charge, € 17,974 thousand are included in staff costs (2009: € 14,519 thousand) and € 14,115 thousand in net finance costs (2009: € 17,148 thousand).

The actual return on plan assets was € 22,615 thousand negative (2009: negative for € 25,690 thousand).

Post-employment benefits and other long-term benefits are computed according to the following main actuarial assumptions, identified on the basis of independent sources that are constant over time:

	2010				2009			
	Italy	UE	USA	Mexico	Italy	UE	USA	Mexico
<b>in %</b>								
Discount rate	4.8	5.3	5.3	7.9	4.1	5.5	6.5	8.7
Expected return on plan assets	-	4.5	7.5	7.9	-	3.5	8.0	9.0
Future compensation increase	3.3	2.5	4.0	5.5	3.3	2.5	5.0	5.5
Future pension increase	2.0	2.0	3.0	-	2.0	1.7	3.0	-
Healthcare cost trend	-	2.0	8.0	-	-	0.7	7.5	-

The assumptions listed above reflect the actual economic period and/or realistic expectations in each territory.

Plan assets are comprised as follows:

	Germany		USA	
	2010	2009	2010	2009
<b>in %</b>				
Equity instruments issued by third parties	17.4	16.6	51.2	46.0
Debt instruments issued by third parties	79.4	81.7	46.2	51.0
Other	3.2	1.7	2.6	3.0

The effects of a 1 % movement in the assumed healthcare cost trend rate of the USA plans would be as follows:

	Increase	Decrease
<b>thousands of euro</b>		
Effect on the aggregate of the current service cost and interest cost	524	(449)
Effect on the defined benefit obligation	5,164	(4,640)

The present value of the defined benefit obligations, the fair value of plan assets, the surplus or deficit of the plans and the experience adjustments on plan liabilities and plan assets for 2010 and at the end of the four previous years is as follows:

	2010	2009	2008	2007	2006
<b>thousands of euro</b>					
Present value of funded obligations:					
Pension plans	431,986	388,474	409,833	403,894	420,759
Healthcare plans	100,918	91,915	92,203	94,299	113,489
Employee severance indemnities	26,142	30,239	32,028	34,995	40,833
Other	123	92	102	104	104
Fair value of plan assets:					
Pension plans	216,494	196,041	206,756	242,300	206,317
Surplus (deficit) of the plan:					
Pension plans	(215,492)	(192,433)	(203,077)	(161,594)	(214,442)
Healthcare plans	(100,918)	(91,915)	(92,203)	(94,299)	(113,489)
Employee severance indemnities	(26,142)	(30,239)	(32,028)	(34,995)	(40,833)
Other	(123)	(92)	(102)	(104)	(104)
Experience adjustments on plan assets	10,855	11,166	(57,736)	(8,216)	–
Experience adjustments on plan liabilities	(1,008)	4,443	6,771	2,848	(379)

## 26. Provisions for liabilities and charges

	Environmental risks and restoration	Antitrust	Legal claims Tax risks	Other risks	Total
<b>thousands of euro</b>					
At 1 January 2010	48,111	50,057	71,835	16,471	186,474
Additional provisions	8,891	–	2,926	2,597	14,414
Discount unwinding	(3,501)	1,439	5,194	368	3,500
Unused amounts released	(1,249)	–	(26,665)	(1,804)	(29,718)
Used during the year	(2,375)	–	(6,822)	(2,056)	(11,253)
Translation differences	1,286	442	2,387	234	4,349
Reclassifications	385	–	–	(138)	247
Change in scope of consolidation	3,796	–	3	75	3,874
Other changes	(4)	–	–	–	(4)
<b>At 31 December 2010</b>	<b>55,340</b>	<b>51,938</b>	<b>48,858</b>	<b>15,747</b>	<b>171,883</b>

Analysis of total provisions:

	2010	2009
<b>thousands of euro</b>		
Non current	119,531	137,014
Current	52,352	49,460
	<b>171,883</b>	<b>186,474</b>

The environmental restoration provision mainly includes the obligations for site remediation, which are applicable to the locations where the extraction of raw materials takes place and for the fulfillment of related requirements concerning quarries, safety, health and environment.

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

The provision for tax risks amounts to € 45,084 thousand and reflects liabilities that are considered probable as a result of tax audits and adjustments to tax returns. Releases include an amount of € 22,777 thousand for matters for which the ultimate tax determination was uncertain; they result from the statute of limitation for assessment closing during 2010.

The provision for other risks represents the amounts set aside by the individual companies in connection with miscellaneous contractual and commercial risks and disputes, among which are included € 4,691 thousand for restructuring costs.

## 27. Deferred income tax

Net deferred tax liability at 31 December 2010 consists of deferred tax liabilities, net of deferred tax assets, which have been offset, where possible, by the individual consolidated companies. The net balance may be analyzed as follows:

	2010	2009
<b>thousands of euro</b>		
Deferred income tax assets:		
To be recovered after more than 12 months	(143,433)	(148,143)
To be recovered within 12 months	(33,276)	(14,243)
	<b>(176,709)</b>	<b>(162,386)</b>
Deferred income tax liabilities:		
To be recovered after more than 12 months	573,996	561,123
To be recovered within 12 months	4,922	18,551
	<b>578,918</b>	<b>579,674</b>
<b>Net deferred income tax liabilities</b>	<b>402,209</b>	<b>417,288</b>

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

	2010	2009
<b>thousands of euro</b>		
Deferred income tax assets related to:		
Provisions for liabilities and charges	(18,493)	(10,045)
Trade receivables	(5,653)	(4,859)
Employee benefits	(32,264)	(29,974)
Long-term debt	(10,204)	(3,323)
Derivative financial instruments	(11,318)	(11,280)
Property, plant and equipment	(16,846)	(25,826)
Inventories	(7,747)	–
Tax loss carryforwards (theoretical benefit)	(298,931)	(298,018)
Other	(8,997)	(4,479)
<b>Total deferred income tax assets</b>	<b>(410,453)</b>	<b>(387,804)</b>
Valuation allowances	233,744	225,418
<b>Net deferred income tax assets</b>	<b>(176,709)</b>	<b>(162,386)</b>
Deferred income tax liabilities related to:		
Accelerated depreciation	138,735	136,007
Employee benefits	345	300
Property, plant and equipment	418,840	407,869
Inventories	6,073	6,540
Gains on disposal of fixed assets	289	785
Financial assets	1,708	3,548
Other	12,928	24,625
<b>Total deferred income tax liabilities</b>	<b>578,918</b>	<b>579,674</b>
<b>Net deferred income tax liabilities</b>	<b>402,209</b>	<b>417,288</b>

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

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

	2010	2009
<b>thousands of euro</b>		
At 1 January	417,288	431,005
Income statement charge (credit)	(51,307)	(7,349)
Translation differences	33,177	(12,883)
Change in scope of consolidation	3,051	6,515
<b>At 31 December</b>	<b>402,209</b>	<b>417,288</b>

**28. Other non-current liabilities**

	2010	2009
<b>thousands of euro</b>		
Purchase of equity investments	3,687	4,575
Non-controlling interest in partnerships	6,287	2,080
Payables to personnel	2,763	2,757
Other	5,541	5,938
	<b>18,278</b>	<b>15,350</b>

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

The increase of the item non-controlling interest in partnerships is due for € 4,254 thousand to the change in the scope of consolidation (SIBO's subsidiaries).

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

**29. Trade payables**

	2010	2009
<b>thousands of euro</b>		
Trade payables	275,157	261,764
Other trade payables:		
To unconsolidated subsidiaries	13	37
To associates	3,406	3,865
To parent companies	–	1
	<b>278,576</b>	<b>265,667</b>

**30. Income tax payables**

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

### 31. Other payables

	2010	2009
<b>thousands of euro</b>		
Advances	8,130	5,243
Purchase of equity investments	3,086	30,400
Payables to social security institutions	18,303	15,938
Payables to personnel	47,528	41,882
Payables to customers	8,327	6,875
Accrued expenses and deferred income	21,474	21,667
Other	32,776	55,560
	<b>139,624</b>	<b>177,565</b>

The decrease in purchase of equity investments stems from the payment of the deferred consideration to acquire 100 % of Dorsett Brothers Concrete Supply, which came due on 30 November 2010.

The item other consists of sundry elements, among which the credit balance of periodic valued added tax for €5,117 thousand (2009: €4,635 thousand). The decrease mainly relates to the payment of the antitrust fine inflicted by the German antitrust authority (€28,865 thousand, second and last installment paid in 2010).

### 32. Net sales

Net sales breakdown is as follows:

	2010	2009
<b>thousands of euro</b>		
Cement and clinker	1,599,964	1,634,222
Ready-mix concrete and aggregates	1,027,150	1,013,706
Related activities	21,328	23,881
	<b>2,648,442</b>	<b>2,671,809</b>

The 0.9 % decrease compared to year 2009 is due to favorable currency effects for 3.1 %, to unfavorable market trends for 5.4 % and to additions in the scope of consolidation for 1.4 %. Reference is made to the operating segment information for additional disclosure (note 6).

### 33. Other operating income

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

	2010	2009
<b>thousands of euro</b>		
Recovery of expenses	7,901	8,601
Indemnity for damages	5,221	3,361
Revenue from leased properties	9,721	9,122
Gains on disposals of property, plant and equipment	4,303	4,037
Capital grants	727	709
Release of provisions	2,675	46,371
Internal work capitalized	8,167	11,609
Sale of emission rights	38,124	23,432
Other	31,252	30,599
	<b>108,091</b>	<b>137,841</b>

The caption release of provisions includes €37,371 thousand non-recurring income, represented by a partial release of the antitrust provision recorded by the subsidiary Dyckerhoff, following the final reduction of the fine decided by the Higher Regional Court of Düsseldorf.

### 34. Raw materials, supplies and consumables

	2010	2009
<b>thousands of euro</b>		
Raw materials, supplies and consumables	599,378	592,787
Semifinished goods	18,783	19,543
Finished goods and merchandise	92,376	70,012
Electricity	202,147	191,980
Fuels	229,570	198,678
Other goods	33,066	32,156
	<b>1,175,320</b>	<b>1,105,156</b>



### 35. Services

	2010	2009
<b>thousands of euro</b>		
Transportation	352,254	327,974
Maintenance and contractual services	113,156	108,173
Insurance	14,685	15,192
Legal and professional consultancy	23,392	23,699
Operating leases of property and machinery	40,711	41,341
Travel	6,593	6,739
Sales commissions	3,146	2,830
Other	115,659	127,558
	<b>669,596</b>	<b>653,506</b>

### 36. Staff costs

	2010	2009
<b>thousands of euro</b>		
Salaries and wages	319,604	309,076
Social security contributions and defined contribution plans	91,587	89,649
Employee severance indemnities and defined benefit plans	16,970	14,777
Other long-term benefits	3,296	2,796
Shares granted to employees	289	282
Other	6,065	4,248
	<b>437,811</b>	<b>420,828</b>

The increase in salaries and wages and in social security contributions is due to the change in scope of consolidation.

Other costs include restructuring expenses of €3,953 thousand (2009: €1,675 thousand) related primarily to the cement sector in Italy and to the Netherlands.

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

	2010	2009
<b>number</b>		
White collar and executives	4,256	4,321
Blue collar and supervisors	6,982	7,304
	<b>11,238</b>	<b>11,625</b>

### 37. Other operating expenses

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

	2010	2009
<b>thousands of euro</b>		
Write-down of receivables	18,970	20,506
Provisions for liabilities and charges	11,446	20,210
Association dues	8,824	9,279
Indirect taxes and duties	21,554	20,560
Losses on disposal of property, plant and equipment	2,147	4,236
Other	14,345	14,417
	<b>77,286</b>	<b>89,208</b>

The provision for environmental restoration (quarries) accrued during the year is € 6,838 thousand (2009: € 2,852 thousand).

### 38. Depreciation, amortization and impairment charges

	2010	2009
<b>thousands of euro</b>		
Amortization of intangible assets	3,727	3,131
Depreciation of property, plant and equipment	219,077	202,402
Impairment losses of non-current assets	163,902	13,185
	<b>386,706</b>	<b>218,718</b>

The impairment losses of property, plant and equipment for the most part refer to the mothballing of Oglesby, IL cement plant (€ 150,850 thousand), to goodwill and other intangible assets related to the acquisition of Dorsett Brothers in 2008 (€ 6,523 thousand), to equipment and goodwill of the ready-mix concrete business in Italy (€ 2,539 thousand), to equipment and goodwill of the cement business in Italy (€ 1,581 thousand). In the previous year, impairment losses basically related to the goodwill of the ready-mix concrete business (€ 1,236 thousand) and cement business (€ 7,113 thousand) in Italy.

### 39. Gains on disposal of investments

This line item consists of non-recurring income arising principally from the sale of the ownership interest in Total Management Systems BV.

### 40. Finance revenues and Finance costs

	2010	2009
<b>thousands of euro</b>		
<b>Finance revenues</b>		
Interest income on liquid assets	5,364	9,880
Interest income on interest rate swap contracts	5,274	6,168
Expected return on plan assets of employee benefits	15,221	14,524
Changes in the fair value of derivative instruments	48,469	21,440
Foreign exchange gains	15,773	41,910
Dividend income	5,194	4,396
Other	11,213	8,510
	<b>106,508</b>	<b>106,828</b>
<b>Finance costs</b>		
Interest expense on bank borrowings	(25,262)	(21,404)
Interest expense on senior notes and bonds	(61,237)	(52,273)
Interest expense on mezzanine loan	(15,626)	(14,511)
Interest expense on employee benefits	(29,336)	(31,672)
Interest expense on interest rate swap contracts	(73)	(313)
Changes in the fair value of derivative instruments	(6,785)	(40,485)
Discount unwinding on liabilities	1,694	(3,724)
Foreign exchange losses	(57,670)	(34,030)
Other	(15,828)	(8,338)
	<b>(210,123)</b>	<b>(206,750)</b>
<b>Net finance costs</b>	<b>(103,615)</b>	<b>(99,922)</b>

Net finance costs increase versus the previous year due to a longer average life of the loans and to the increase of net debt in absolute value.

### 41. Equity in earnings of associates

The line item includes the share of profit (loss) of associates accounted for under the equity method, net of dividends received, and possible write-downs.

The net results of the major companies contribute as follows:

	2010	2009
<b>thousands of euro</b>		
Laterlite SpA	925	2,559
Serenergy Srl	745	–
Premix SpA	208	245
Bétons Feidt SA	889	718
S. Paolo Scrl	371	415
Eljo Holding bv	245	489
Kosmos Cement Company	184	1,591
Normensand GmbH	197	334
Cementi Moccia SpA	(2,640)	474
Société des Ciments de Hadjar Soud EPE SpA	(666)	(347)
Société des Ciments de Sour El Ghozlane EPE SpA	(403)	1,325
ncd Nederlandse Cement Deelnemingsmaatschappij bv (i.L.)	–	(1,326)
Other minor investments	586	(582)
	<b>641</b>	<b>5,895</b>

## 42. Income tax expense

	2010	2009
<b>thousands of euro</b>		
Current tax	35,488	64,496
Deferred tax	(51,307)	(7,349)
Tax relating to prior years	(44,827)	6,603
	<b>(60,646)</b>	<b>63,750</b>

The decrease in current tax is ascribable essentially to a lower taxable income.

Deferred tax is influenced by two major non-recurring items of opposite sign: positive is the tax effect relating to the write-down of Oglesby, IL, equal to €61,165 thousand; negative is the review of the assets associated with tax loss carryforwards in Germany, equal to €21,718 thousand.

Tax relating to prior years includes income or charges resulting from the settlement, or probable settlement, with tax authorities of the claims that arose during tax audits. In the financial year it is influenced by two major non-recurring items, both of positive sign: the release of provisions for matters for which the ultimate tax determination was uncertain, thanks to the statute of limitation for assessment closing during 2010 (€22,777 thousand); the recognition of an additional income tax receivable in Germany, which became finally collectable during the year (€29,466 thousand).

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

	2010	2009
<b>thousands of euro</b>		
Profit before tax	(102,059)	235,177
Italian income tax rate (IRES)	27.5 %	27.5 %
<b>Theoretical income tax expense</b>	<b>(28,066)</b>	<b>64,674</b>
Tax effect of permanent differences	7,866	(6,668)
Tax relating to prior years	(44,827)	6,603
Effect of difference between Italian and foreign tax rates	(23,833)	(6,344)
Effect of a rate change on deferred income tax	4,492	(3,743)
Use of tax losses for which no deferred income tax assets was recognized	(133)	(66)
Adjustments to deferred income tax	19,677	2,365
Withholding tax on foreign dividends	156	545
Italian regional income tax on production activities (IRAP)	2,890	5,249
Other differences	1,132	1,135
<b>Income tax expense</b>	<b>(60,646)</b>	<b>63,750</b>

In 2010 the company enjoys a positive tax rate, while in the previous year the average tax rate was around 27 %. Such income tax revenue derives from both deferred tax assets recognized against the negative taxable income and by tax income relating to prior years, as above described.

### 43. Earnings per share

#### Basic

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

		2010	2009
Net profit attributable to owners of the company	euro thousand	(63,463)	139,519
attributable to savings shares	euro thousand	(11,733)	28,260
attributable to ordinary shares	euro thousand	(51,730)	111,259
Average number of ordinary shares outstanding	no.	164,849,149	164,849,149
Average number of savings shares outstanding	no.	40,486,141	40,434,646
Basic earnings per ordinary share	euro	(0.31)	0.67
Basic earnings per savings share	euro	(0.29)	0.70

**Diluted**

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

**44. Cash generated from operations**

	2010	2009
<b>thousands of euro</b>		
Profit before tax	(102,059)	235,177
Adjustments for:		
Depreciation, amortization and impairment charges	386,706	218,718
Equity in earnings of associates	(641)	(5,895)
Gains on disposal of fixed assets	(3,532)	(7,377)
Employee share grants expense	289	282
Net change in provisions and employee benefits	1,375	(106,533)
Net finance costs	70,458	68,052
Other non-cash movements	12,219	5,313
Changes in operating assets and liabilities	11,710	(29,534)
<b>Cash generated from operations</b>	<b>376,525</b>	<b>378,203</b>

The reconciliation of the 2009 cash flow statement on the basis of the new layout adopted in 2010 is the following.

	2009 restated	2009
<b>thousands of euro</b>		
<b>Cash flows from operating activities</b>		
Profit before tax	235,177	–
Profit for the year	–	171,427
Depreciation, amortization and impairment charges	218,718	218,718
Equity in earnings of associates	(5,895)	(5,895)
Gains on disposal of fixed assets	(7,377)	(7,377)
Employee share grants expense	282	282
Deferred income taxes	–	(8,090)
Other non-cash movements	5,313	2,079
Net finance costs	68,052	–
Net change in provisions and employee benefits	(106,533)	(108,261)
Changes in operating assets and liabilities	(29,534)	(4,411)
<b>Cash generated from operations</b>	<b>378,203</b>	–
Interest paid	(83,314)	–
Income tax paid	(46,918)	–
<b>Net cash generated from operating activities</b>	<b>247,971</b>	<b>258,472</b>

continued	2009 restated	2009
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(2,866)	(2,866)
Purchase of property, plant and equipment	(380,991)	(380,991)
Acquisition of subsidiaries, net of cash acquired	(353)	–
Purchase of other equity investments	(1,361)	(6,070)
Proceeds from sale of property, plant and equipment	10,579	10,579
Proceeds from sale of equity investments	7,511	8,534
Capital grants received	994	994
Changes in financial receivables	6,642	–
Dividends received from associates	10,837	–
Dividends received from associates	–	6,441
Changes in available-for-sale financial assets	(1,022)	(1,022)
Changes in financial receivables	–	7,231
Interest received	22,595	–
<b>Net cash used in investing activities</b>	<b>(327,435)</b>	<b>(357,170)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	704,300	704,300
Repayments of long-term debt	(419,376)	(419,376)
Net change in short-term debt	(3,142)	(3,142)
Changes in financial payables	29,013	43,438
Changes in ownership interests with no loss of control	(3,565)	–
Dividends paid to owners of the company	(74,862)	(74,862)
Dividends paid to non-controlling interest	(21,320)	(21,320)
<b>Net cash generated (used) in financing activities</b>	<b>211,048</b>	<b>229,038</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>131,584</b>	<b>130,340</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>578,694</b>	<b>578,694</b>
Translation differences	(14,629)	(13,153)
Change in scope of consolidation	1,316	1,084
<b>Cash and cash equivalents at end of year</b>	<b>696,965</b>	<b>696,965</b>
<b>Supplemental cash flow information</b>		
Interest paid	–	83,314
Interest received	–	22,595
Income tax paid	–	46,918

Net cash used in investment activities in the new layout includes dividends received from associates previously classified in net cash generated from operating activities. (€ 4,396 thousand).

Net cash from operating activities in the new layout includes interest paid (€ 83,314 thousand), while net cash from investing activities includes interest received (€ 22,595 thousand); in the previous layout these items were separately reported as supplemental information.

Net cash from operating activities in the new layout is adjusted for the amount of changes in the fair value of derivative financial instruments and for the amount of the unrealized translation gains (losses) on debt denominated in foreign currency; in the previous layout these items were included in the cash flows from financing activities (€ 15,212 thousand).

#### 45. Dividends

The dividends paid in 2010 and 2009 were € 37,926 thousand (€ 0.180 per ordinary share and € 0.204 per savings share) and € 74,862 thousand (€ 0.360 euro per ordinary share and € 0.384 per savings share). As for the year ended 31 December 2010, the board of directors, in order to strengthen the financial structure and liquidity, will propose at the annual general meeting of 13 May 2011 a dividend of € 0.03 per savings shares only. Therefore expected dividend distribution amounts to a total of € 1,215 thousand. These financial statements do not reflect this dividend payable.

#### 46. Commitments

	2010	2009
<b>thousands of euro</b>		
Guarantees granted	12,702	18,889
Guarantees received	22,639	13,234
Other commitments and guarantees	60,358	145,682

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

Capital expenditure contracted for at the balance sheet date to acquire property, plant and equipment, but not yet incurred, amount to € 43,061 thousand (2009: € 133,742 thousand). It can essentially be traced back to the expansion of production capacity in Russia (€ 6,559 thousand), to the project aimed at substitution of natural gas with coal in Ukraine (€ 2,546 thousand), to the modernization of the finished grinding department at Stockertown, PA and Maryneal, TX in the United States (€ 2,889 thousand), to various project in Germany (€ 5,961 thousand) and to the erection of a new cement plant in the state of Veracruz (Mexico), municipality of Apazapan (€ 5,880 thousand).



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

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

	2010	2009
<b>thousands of euro</b>		
No later than 1 year	18,115	17,172
Later than 1 year and no later than 5 years	46,291	44,369
Later than 5 years	13,253	15,444
	<b>77,659</b>	<b>76,985</b>

#### 47. Legal claims and contingencies

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

As reported in the previous years, the company underwent tax audits by the Italian authorities which resulted, in August 2005, in two notices of assessment on the year 2000 related to the deductibility of the antitrust fines inflicted to the group by the European authority. On 18 July 2006 the Tax Court of Alessandria filed the verdict partially upholding the appeals made by the company. By this judgment the Court ruled as non applicable the penalties imposed with respect to corporate income tax and value added tax (for a total amount of € 3.8 million), since it recognized certain indeterminacy on the extent and the scope of the rule application. Conversely it deemed the antitrust fine expense non-deductible and pronounced that the additional taxes assessed (about € 3.7 million) and related interests were due for a total of € 4.3 million. This amount was fully provided for in the financial statements 2006 and, in the financial statements for the year ended 31 December 2010, the relevant provision was used up, following the total payment of the tax-assessment bills received, for which splitting into installments was granted. The Regional Tax Court of Turin, by judgment of January 2009, confirmed the ruling of the Tax Court of Alessandria; the company filed an appeal with the Supreme Court against the verdict of the Regional Tax Court of Turin on 1 March 2010. To date the appeal has not been discussed yet.

Moreover, on 2 March 2011 Buzzi Unicem received from the Italian Revenue Service a notice of assessment requesting the payment of a higher registration fee and related sanctions and interests, for a total amount of € 1.7 million, referring to the purchase in February 2008 of the 100 % ownership interest in Cementi Cairo Srl. This tax claim stems from the fact that the financial administration has requalified the transaction from purchase of an equity interest in purchase of a line of business. The company is going to file appeal within the law prescribed time.

Following the Decision-Making Conferences promoted by the Ministry for the Environment and Land and Sea Conservation, measures have been adopted for the cleanup of the depth of the Augusta (SR) roadstead, which proved to be heavily polluted. Pursuant to the said measures, which also identify a large area facing the shore of the roadstead as a Site of National Interest (SIN), liability for pollution damage, and accordingly for reclamation costs, lies with the companies whose industrial sites are situated around the Augusta roadstead, which sites, as everybody knows, essentially belong to the petrochemical industry. For the sole reason that it operates in the area with its cement factory, Buzzi Unicem has been involved in the above liability and had to institute a number of proceedings before the Regional Administrative Court (TAR) of Sicily – Catania division – against the Ministry and various public and private entities. Within such proceedings, the technical investigation of the experts appointed by the TAR of Sicily in order to identify the roadstead's possible sources of contamination, showed a favorable outcome for the company and thus, by provision of the same Court, brought to the abeyance of some of the major proceedings impugned by the company, among which those resulting from the Conferenza dei Servizi (Conference of Services) which set the final version of the preliminary project for the roadstead clean-up. By memorandum of the Directorate General for Quality of Life of the Ministry for the Environment and Land and Sea Conservation, on 8 May 2009, Buzzi Unicem was informed of the stipulation of the Plan Agreement named "Actions of environmental reclamation aimed at the reindustrialization of the areas included in the Priolo Site of National Interest". This agreement, which the company deemed illegitimate, has been appealed, together with the applicative decrees, before the competent Courts. The Regional Administrative Court (TAR) of Lazio, by judgment issued on 19 January 2011 upheld the company's appeal aimed at gaining access to the deeds and documents concerning the procedure for the stipulation of the Plan Agreement. Being the proceedings before the TAR of Sicily and the Council of Administrative Justice of Sicily still pending, the European Court of Justice, by judgments dated 9 March 2010 regarding proceedings started by other entities based on the area, has answered the interpretative questions raised by the TAR of Sicily, ruling on the principles of attribution of pollution costs, which principles can be applied also to the company. The final discussion on the merits of the appeals still pending before the TAR of Sicily will come up for hearing on 21 July 2011. Awaiting the development of the above proceedings, we deem that for the time being, the reasons remain valid which brought the company to prudentially set aside a provision in the amount of € 2.0 million for possible environmental works required by the public authorities.

As regards the € 11,0 million fine inflicted by the Italian antitrust authority to the subsidiary Unical SpA for alleged anti-competitive practices in the Milan market, together

with other ready-mix concrete producers, on 7 July 2009 before the Council of State the appeal filed by the company was partially upheld by ruling on the same date. In this respect we remind that (i) Unical claim filed with the Regional Administrative Court (TAR) of Lazio had been partially upheld insofar as the fine inflicted had not been proportionate to the limited effects produced by the agreement; and that (ii) against such judgment, Unical had made an appeal to the Council of State with regard to the reasons not admitted by the TAR of Lazio judgment and secondarily against the evaluation of the harshness of the infraction. The Council of State, with ruling issued on 7 July 2009 and published on 29 September 2009, upheld Unical's reason of appeal insofar as there was no evidence that the agreements had lasted till 2002. For the remaining part the Council of State confirmed the TAR judgment, which had assessed that the infraction at the time contested was only "harsh" and not "very harsh". As a consequence of what above, due to the ruling issued by the Council of State, the Authority shall have to reassess the fine taking into account the outcome of the judgment and specifically (i) the shorter duration of the agreements and (ii) the evaluation of the infringement as "harsh" and not "very harsh". Should the company judge that the new assessment is not consistent with the precepts of the above ruling, a new claim can be filed with the TAR of Lazio. As of today the new amount of the fine has not been notified by the Authority. The original fine has been fully provided for in the financial statements.

At the end of 2009 and on January 2010 the European Commission – DG Competition (the "Commission"), sent a request for information to Buzzi Unicem and other major European cement producers, about the markets of cement, cement related products (clinker, ready-mix concrete), cement-based products and other raw materials used in the respective production cycles (fly ash, slag, sand, gravel). Specifically, the request for information refers mostly to France, Great Britain, Germany, Belgium, the Netherlands, Luxembourg, Spain, the Czech Republic, Greece, Denmark and only partially to the Italian market. Buzzi Unicem, with the help of Dyckerhoff, which is the main addressee of the requests given the countries under investigation, provided the required data to the best of its knowledge and available information. Subsequently, in December 2010, the European Commission sent Buzzi Unicem a letter informing about its decision to initiate proceedings aimed to ascertain the existence of anticompetitive practices in the European Economic Area (EEA), and also possibly through restrictions to imports toward EEA, in the market for cement and other related products. As specifically stated in the letter, the opening of the proceedings does not mean that the Commission has any conclusive proof on the alleged violations but only that it intends to address the issue as a priority. At the current stage of the survey we deem that no evidence exists that could constitute an infringement of the antitrust laws and consequently no provision has been recognized.

Still pending before the Düsseldorf Court is the lawsuit filed by a Belgian company against Dyckerhoff AG and five other cement producers for damages to customers arising from the alleged cartel agreements. The claim for damages was declared admissible by the Court of last resort in Karlsruhe and will now proceed on the merits before the Düsseldorf Court by May 2011. The risk for possible claims for damages arising from such proceedings has been adequately provided for in the financial statements.

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

In the United States of America, Lone Star Industries, Inc. (LSI) is presently subject to numerous lawsuits and claims regarding silica-containing materials (primarily products used for sandblasting), which were sold or distributed by our subsidiary until 1985. Moreover at present a few lawsuits and claims also exist regarding asbestos-containing materials. The plaintiffs allege that the use of such materials caused work-related injuries, including silicosis, lung cancer and other conditions. Estimating the costs associated with silica-related and asbestos-related claims involves many uncertainties that affect the amount and timing of any losses; mere exposure to claims does not necessarily indicate that liabilities have been incurred by LSI. Currently, LSI cannot estimate the likely range of losses associated with such claims, due to uncertainties involving, among other things, demographic data, LSI's past sale or distribution of these materials within certain geographic areas or to certain industry groups, the products that may be identified or theories that may be asserted against LSI in future litigation, the number of claims that may be filed in the future, settlement costs associated with those claims (which vary widely depending upon claimants' exposure histories and alleged injuries as well as by the jurisdictions in which claims are filed), trends in jury verdicts and many other risk factors. Furthermore, specifically with respect to silica-related claims, there have been a number of federal and state tort reform efforts, and certain courts have been scrutinizing the medical bases of silica related claims more carefully (resulting in the dismissal of many more claims), making predictions about future liability extremely difficult. LSI maintained product liability and comprehensive general liability insurance coverage for most of the time that it sold or distributed silica-containing and asbestos-containing materials and believes that it has significant insurance coverage for these liabilities. In 2004 Liberty Mutual, LSI's main insurer, had filed a lawsuit against LSI seeking to avoid indemnifying claims covered by the insurance. Between 2009 and 2010, LSI concluded a settlement with the various insurance carriers and, as a result of the settlement, the participating insurance carriers are providing a substantial portion of the costs of indemnity and defense for silica-related and asbestos-related claims filed against LSI and/or its subsidiaries and, based on the agreement reached, they will continue to do so till 2019. Due to the nature and number of claims asserted in the silica and asbestos actions, it is actually difficult to predict the timing and ultimate outcome of the pending legal proceedings. However, a contingency reserve has been accrued in the consolidated balance sheet.

#### 48. Related-party transactions

Buzzi Unicem SpA is controlled by Fimedi SpA, which directly and indirectly, through its subsidiary Presa SpA, owns 58.4 % of the voting rights.

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

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

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

	2010	2009
<b>thousands of euro</b>		
<b>Sales of goods and services:</b>		
Associates and unconsolidated subsidiaries	65,756	76,231
Joint ventures	1,843	2,028
Parent companies	17	17
Other related parties	495	464
<b>Purchases of goods and services:</b>		
Associates and unconsolidated subsidiaries	17,849	22,021
Joint ventures	6,476	6,499
Other related parties	14,008	11,929
<b>Internal works capitalized:</b>		
Associates and unconsolidated subsidiaries	978	20
Other related parties	1,209	2,486
<b>Finance revenues:</b>		
Associates and unconsolidated subsidiaries	374	365
Joint ventures	40	-
Other related parties	28	12
<b>Finance costs:</b>		
Associates and unconsolidated subsidiaries	5	4
Parent companies	7	53
Other related parties	5	155
<b>Trade receivables:</b>		
Associates and unconsolidated subsidiaries	24,059	16,868
Joint ventures	975	685
Parent companies	20	20
Other related parties	146	171
<b>Loans receivable:</b>		
Associates and unconsolidated subsidiaries	7,944	10,106
Joint ventures	166	280
<b>Other receivables:</b>		
Associates and unconsolidated subsidiaries	316	-
Parent companies	20,944	22,493
<b>Cash and cash equivalents</b>		
Other related parties	14,047	3,586
<b>Trade payables:</b>		
Associates and unconsolidated subsidiaries	2,218	2,586
Joint ventures	2,138	2,213
Other related parties	3,847	4,048
<b>Loans payables:</b>		
Associates and unconsolidated subsidiaries	-	1
Parent companies	-	5
<b>Other payables:</b>		
Associates and unconsolidated subsidiaries	927	3,425

Key management includes directors of the company (executive and non-executive), statutory auditors and 7 other senior executives. The compensation paid or payable to key management for employee services is shown below:

	2010	2009
<b>thousands of euro</b>		
Salaries and other short-term employee benefits	4,353	4,367
Post-employment benefits	591	572
Other long-term benefits	–	–
Termination benefits	–	–
Share-based payments	63	55
	<b>5,007</b>	<b>4,994</b>

#### 49. Business combinations

Within the Sievert group's reorganization, on 2 July 2010 Buzzi Unicem acquired SIBO operations, a concern consisting of 13 subsidiaries operating in the ready-mix concrete sector. Through this business combination the group has significantly strengthened the vertical integration of its cement business in Germany, achieving a strategic market position in the north of the country.

Based on a purchase price allocation, the identifiable net assets amounted to € 10,650 thousand. There was no cash consideration; the compensation comprising the interests already held in Sievert AG & Co. KG and other minor company of SIBO group, as well as the call and put agreements on the same investments, was measured at fair value and amounted to € 11,906 thousand. Goodwill of € 22,684 thousand represents the contribution margin expected from the sale of additional cement volumes. None of the goodwill recognized is expected to be deductible for income tax purposes. Non-controlling interests in SIBO totaled € 5,798 thousand at the date of initial consolidation. Most of the amount was posted as a long-term liability, since referred to partnerships that are considered "puttable instruments" in accordance with IAS 32.

The considerations paid, the amount of the assets acquired and liabilities assumed as of the acquisition date, as well as the fair value of the non-controlling interest, are as follows:

thousands of euro	Amount
Cash	–
Equity instruments	–
<b>Total consideration transferred</b>	<b>–</b>
Fair value of equity interest held before the business combination	11,906
<b>Total consideration</b>	<b>11,906</b>
Acquisition-related costs	–
<b>Recognized amounts of identifiable assets acquired and liabilities assumed</b>	
Other intangible assets	4,007
Property, plant and equipment	15,633
Equity investments	3,140
Deferred income tax assets	(1,339)
Inventories	1,504
Trade and other receivables	29,539
Cash and cash equivalents	3,277
Long-term debt	(6,638)
Provisions and employee benefits	(4,653)
Deferred income tax liabilities	194
Other non-current liabilities	(22,931)
Trade and other payables	(32,383)
<b>Total identifiable net assets</b>	<b>(10,650)</b>
<b>Non-controlling interest</b>	<b>(128)</b>
<b>Goodwill</b>	<b>22,684</b>
	<b>11,906</b>



On 1 January 2010 the 100 % of the share capital of **Kieswerk Leubingen GmbH** was acquired. The company operates in the natural aggregates business in Germany. The purchase cost amounted to € 1,115 thousand, with a minimum cash consideration. The identifiable net assets amounted to € 1,768 thousand and the positive difference between net assets and purchase consideration was recognized in profit or loss under other operating income.

The consideration paid, the amount of the assets acquired and liabilities assumed as of the acquisition date are as follows.

	Amount
<b>thousands of euro</b>	
Cash	101
Equity instruments	–
<b>Total consideration transferred</b>	<b>101</b>
Indemnification assets	1,014
<b>Total consideration</b>	<b>1,115</b>
Acquisition-related costs	–
<b>Recognized amounts of identifiable assets acquired and liabilities assumed</b>	
Other intangible assets	43
Property, plant and equipment	4,367
Equity investments	27
Other non-current assets	107
Inventories	387
Trade and other receivables	437
Cash and cash equivalents	38
Long-term debt	(592)
Provisions and employee benefits	(876)
Trade and other payables	(2,170)
<b>Total identifiable net assets</b>	<b>1,768</b>
<b>Negative goodwill</b> (through profit and loss)	<b>(653)</b>
	<b>1,115</b>

At year-end the company acquired 50 % of the share capital not yet held in **Carbonverde Srl** (former Thorcem Srl), a firm operating in the field of alternative energy resources. The cash consideration was nominally agreed upon between the parties at € 1. The identifiable net assets were measured at € 609 thousand, corresponding to the fair value of the equity interest already held in the acquiree; consequently the business combination did not give rise to any goodwill.

The consideration paid, the amount of the assets purchased and the liabilities assumed as of the acquisition date are as follows:

	Amount
<b>thousands of euro</b>	
Cash	-
Equity instruments	-
<b>Total consideration transferred</b>	-
Fair value of equity interest held before the business combination	609
<b>Total consideration</b>	<b>609</b>
Acquisition-related costs	-
<b>Recognized amounts of identifiable assets acquired and liabilities assumed</b>	
Property, plant and equipment	1,030
Deferred income tax assets	21
Trade and other receivables	566
Cash and cash equivalents	80
Trade and other payables	(1,088)
<b>Total identifiable net assets</b>	<b>609</b>
<b>Goodwill</b>	-
	<b>609</b>

## 50. Events after the balance sheet date

No significant event has occurred after the balance sheet date. As far as the trading outlook is concerned, reference is made to the appropriate chapter of the review of operations.

Casale Monferrato, 1 April 2011

On behalf of the Board of Directors  
The Chairman  
ALESSANDRO BUZZI

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

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
<b>Companies consolidated on a line-by-line basis</b>					
Buzzi Unicem S.p.A.	Casale Monferrato (AL)	EUR 123,636,659			
Unical S.p.A.	Casale Monferrato (AL)	EUR 200,000,000	Buzzi Unicem S.p.A.	100.00	
Buzzi Unicem Investimenti S.r.l.	Casale Monferrato (AL)	EUR 300,000,000	Buzzi Unicem S.p.A.	100.00	
Carbonverde S.r.l.	Casale Monferrato (AL)	EUR 100,000	Buzzi Unicem S.p.A.	100.00	
Dyckerhoff AG	Wiesbaden DE	EUR 105,639,816	Buzzi Unicem S.p.A. Buzzi Unicem Investimenti S.r.l.	81.16 12.12	73,79 24,19
Buzzi Unicem Algérie E.u.r.l.	Annaba DZ	DZD 3,000,000	Buzzi Unicem S.p.A.	100.00	
La Rinascita Calcestruzzi S.p.A.	Casale Monferrato (AL)	EUR 2,476,800	Unical S.p.A.	80.00	
Buzzi Unicem International S.à r.l.	Luxembourg LU	EUR 37,529,900	Buzzi Unicem Investimenti S.r.l.	100.00	
Béton du Ried s.a.	Krautergersheim FR	EUR 500,000	Dyckerhoff AG	100.00	
Deuna Zement GmbH	Deuna DE	EUR 5,113,000	Dyckerhoff AG	100.00	
Dycura Versicherungs-Vermittlungs-GmbH	Wiesbaden DE	EUR 25,600	Dyckerhoff AG	100.00	
Dyckerhoff Beteiligungsverwaltung GmbH	Wiesbaden DE	EUR 26,000	Dyckerhoff AG	100.00	
Tubag GmbH	Krufft DE	EUR 3,835,000	Dyckerhoff AG	100.00	
Dyckerhoff Beton GmbH & Co. KG	Wiesbaden DE	EUR 17,800,000	Dyckerhoff AG	100.00	
GfBB Gesellschaft für Beton- und Baustoffüberwachung mbH & Co. KG	Flörsheim DE	EUR 40,000	Dyckerhoff AG	100.00	
Dyckerhoff Luxembourg S.A.	Esch-sur-Alzette LU	EUR 10,000,000	Dyckerhoff AG	100.00	
Dyckerhoff Basal Nederland B.V.	Nieuwegein NL	EUR 18,002	Dyckerhoff AG	100.00	
Dyckerhoff Polska Sp. z o.o.	Sitkówka-Nowiny PL	PLN 70,000,000	Dyckerhoff AG	100.00	
Cement Hranice a.s.	Hranice CZ	CZK 510,219,300	Dyckerhoff AG	100.00	
ZAPA beton a.s.	Praha CZ	CZK 300,200,000	Dyckerhoff AG	100.00	
ТОВ Dyckerhoff Ukraina	Kyiv UA	UAH 230,943,447	Dyckerhoff AG	100.00	
PAT YUGCement	Olshanske UA	UAH 6,237,414	Dyckerhoff AG ТОВ Dyckerhoff Ukraina	99.15 0.11	
PAT Volyn – Cement	Zdolbuniv UA	UAH 1,402,422	Dyckerhoff AG	98.45	
ООО Russkiy Cement	Ekaterinburg RU	RUB 350,000	Dyckerhoff AG	100.00	
ООО Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow	Suchoi Log RU	RUB 4,100,000	Dyckerhoff AG	95.00	
ОАО Sukholozhskcement	Suchoi Log RU	RUB 30,625,900	Dyckerhoff AG ООО Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow	76.32 0.41	
Presa International B.V.	Amsterdam NL	EUR 4,000,000	Buzzi Unicem International S.à r.l.	100.00	
Alamo Cement Company	San Antonio US	USD 200,000	Buzzi Unicem International S.à r.l.	100.00	
RC Lonestar Inc.	Wilmington US	USD 10	Buzzi Unicem International S.à r.l. Dyckerhoff AG	51.50 48.50	
Kieswerk Leubingen GmbH	Erfurt DE	EUR 100,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
Mörtelwerk Colonia GmbH	Köln DE	EUR 153,388	Dyckerhoff Beton GmbH & Co. KG	100.00	
prüftechnik ptg Gesellschaft zur Beton- und Baustellenüberwachung mbH	Osnabrück DE	EUR 25,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
sibo Beteiligungsgesellschaft mbH & Co. KG	Osnabrück DE	EUR 1,789,522	Dyckerhoff Beton GmbH & Co. KG	100.00	
sibobeton Hannover GmbH & Co. KG	Osnabrück DE	EUR 1,000,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	Nordhausen DE	EUR 100,000	Dyckerhoff Beton GmbH & Co. KG	95.00	

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

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
<b>Companies consolidated on a line-by-line basis (follows)</b>					
sibobeton Wilhelmshaven GmbH & Co. KG	Wilhelmshaven DE	EUR 920,325	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	78.16 14.56	
Dyckerhoff Transportbeton Hamburg GmbH	Wiesbaden DE	EUR 25,000	Dyckerhoff Beton GmbH & Co. KG	75.00	
sibobeton Epe/Burgsteinfurt Vermögensverwaltungsgesellschaft GbR	Osnabrück DE	EUR n/a	Dyckerhoff Beton GmbH & Co. KG	69.40	
TBG Lieferbeton GmbH & Co. KG Odenwald	Reichelsheim DE	EUR 306,900	Dyckerhoff Beton GmbH & Co. KG	66.67	
Beton Union Rhein-Ahr GmbH & Co. KG	Remagen-Kripp DE	EUR 511,300	Dyckerhoff Beton GmbH & Co. KG	65.00	
sibobeton Osnabrück GmbH & Co. KG	Osnabrück DE	EUR 5,368,565	Dyckerhoff Beton GmbH & Co. KG Dyckerhoff AG	63.53 23.25	
Frisch-Beton Aegidienberg GmbH & Co. KG	Bad Honnef-Aegidienberg DE	EUR 385,000	Dyckerhoff Beton GmbH & Co. KG	62.50	
SMT SIBO-Milde-Transportbeton GmbH & Co. KG	Kalbe DE	EUR 100,000	Dyckerhoff Beton GmbH & Co. KG	55.00	
Nordenhamer Transportbeton GmbH & Co. KG	Nordenham DE	EUR 322,114	Dyckerhoff Beton GmbH & Co. KG	51.59	
Dyckerhoff Kieswerk Trebur GmbH	Trebur-Geinsheim DE	EUR 125,000	Dyckerhoff Beton GmbH & Co. KG	51.00	
sibobeton Enger GmbH & Co. KG	Enger DE	EUR 306,775	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	50.00 50.00	
sibobeton Ems GmbH & Co. KG	Lingen DE	EUR 2,300,813	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG sibobeton Epe/Burgsteinfurt Vermögensverwaltungsgesellschaft GbR	47.92 19.51 5.80	
CIMALUX S.A.	Esch-sur-Alzette LU	EUR 29,900,000	Dyckerhoff Luxembourg s.a.	98.44	
Dyckerhoff Basal Toeslagstoffen B.V.	Nieuwegein NL	EUR 20,050	Dyckerhoff Basal Nederland B.V.	100.00	
Dyckerhoff Basal Betonmortel B.V.	Nieuwegein NL	EUR 18,004	Dyckerhoff Basal Nederland B.V.	100.00	
ZAPA beton SK s.r.o.	Bratislava SK	EUR 8,597,225	ZAPA beton a.s. Cement Hranice a.s.	99.96 0.04	
Piskovny Hradek a.s.	Hradek nad Nisou CZ	CZK 12,000,000	ZAPA beton a.s.	100.00	
Beton Union Plzen s.r.o.	Plzen CZ	CZK 31,600,000	ZAPA beton a.s.	71.20	
ТОВ Dyckerhoff Transport Ukraina	Kyiv UA	UAH 51,721,476	ТОВ Dyckerhoff Ukraina	100.00	
ЗАО Акмел	Akbulak RU	RUB 1,600,000	ООО Russkiy Cement Dyckerhoff AG	51.00 49.00	
ООО CemTrans	Suchoi Log RU	RUB 10,000	ОАО Sukholozhskcement	100.00	
ООО Sukholozhskcemremont	Suchoi Log RU	RUB 10,000	ОАО Sukholozhskcement	100.00	
ООО Omsk Cement	Omsk RU	RUB 10,000,000	ОАО Sukholozhskcement	74.90	
Alamo Cement Company II, Ltd.	San Antonio US	USD n/a	Alamo Cement Company	100.00	
Alamo Concrete Products, Ltd.	San Antonio US	USD n/a	Alamo Cement Company	100.00	
Alamo Transit Company II, Ltd.	San Antonio US	USD n/a	Alamo Cement Company	100.00	
Buzzi Unicem USA (Midwest) Inc.	Wilmington US	USD 1	RC Lonestar Inc.	100.00	
Lone Star Industries, Inc.	Wilmington US	USD 28	RC Lonestar Inc.	100.00	

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

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
<b>Companies consolidated on a line-by-line basis (follows)</b>					
River Cement Company	Wilmington US	USD 100	RC Lonestar Inc.	100.00	
River Cement Sales Company	Wilmington US	USD 100	RC Lonestar Inc.	100.00	
Signal Mountain Cement Company	Wilmington US	USD 100	RC Lonestar Inc.	100.00	
Heartland Cement Company	Wilmington US	USD 100	RC Lonestar Inc.	100.00	
Heartland Cement Sales Company	Wilmington US	USD 10	RC Lonestar Inc.	100.00	
Hercules Cement Holding Company	Wilmington US	USD 10	RC Lonestar Inc.	100.00	
Hercules Cement Company LP	Bethlehem US	USD n/a	RC Lonestar Inc. Hercules Cement Holding Company	99.00 1.00	
Buzzi Unicem USA Inc.	Wilmington US	USD 10	RC Lonestar Inc.	100.00	
Glens Falls Cement Company, Inc.	New York US	USD 500	RC Lonestar Inc.	100.00	
BTG Beton-Transport-Gesellschaft mbH	Osnabrück DE	EUR 500,000	sibobeton Osnabrück GmbH & Co. KG	100.00	
			sibobeton Osnabrück GmbH & Co. KG	28.85	
			sibobeton Ems GmbH & Co. KG	12.36	
			sibo Beteiligungsgesellschaft mbH & Co. KG	9.62	
			sibobeton Wilhelmshaven GmbH & Co. KG	4.95	
			sibobeton Enger GmbH & Co. KG	1.65	
sibo-Gruppe GmbH & Co. KG	Osnabrück DE	EUR 2,000,000			
Dyckerhoff Transportbeton Schmalkalden GmbH & Co. KG	Erfurt DE	EUR 512,000	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	67.55	
sibobeton Papenburg GmbH & Co. KG	Papenburg DE	EUR 300,000	sibobeton Ems GmbH & Co. KG	52.00	
			sibobeton Ems GmbH & Co. KG	24.20	
			Dyckerhoff AG	19.13	
Ostfriesische Transport-Beton GmbH & Co. KG	Emden DE	EUR 1,300,000	sibobeton Wilhelmshaven GmbH & Co. KG	10.67	
Cimalux Société Immobilière S.à r.l.	Esch-sur-Alzette LU	EUR 24,789	Cimalux S.A.	100.00	
Bouwmaterialenhandel Jonker B.V.	Nieuwegein NL	EUR 22,689	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
Basal Toeslagstoffen Maastricht B.V.	Nieuwegein NL	EUR 27,000	Dyckerhoff Basal Toeslagstoffen B.V.	100.00	
BSN Beton Service Nederland B.V.	Franeke NL	EUR 113,445	Dyckerhoff Basal Betonmortel B.V.	100.00	
Eemland Beton B.V.	Eemnes NL	EUR 226,890	Dyckerhoff Basal Betonmortel B.V.	100.00	
Megamix Friesland B.V.	Heerenveen NL	EUR 27,226	Dyckerhoff Basal Betonmortel B.V.	100.00	
Megamix Maastricht B.V.	Maastricht NL	EUR 91,000	Dyckerhoff Basal Betonmortel B.V.	100.00	
Megamix Midden Nederland B.V.	Almere NL	EUR 45,378	Dyckerhoff Basal Betonmortel B.V.	100.00	
Megamix Noord-Holland B.V.	Delft NL	EUR 158,823	Dyckerhoff Basal Betonmortel B.V.	100.00	
Friesland Beton Heerenveen B.V.	Heerenveen NL	EUR 34,487	Dyckerhoff Basal Betonmortel B.V.	80.26	
Betonmortel Centrale Groningen (B.C.G.) B.V.	Groningen NL	EUR 42,474	Dyckerhoff Basal Betonmortel B.V.	66.03	
Wolst Beheer B.V.	Dordrecht NL	EUR 45,378	Dyckerhoff Basal Betonmortel B.V.	60.00	
SONDA s.r.o.	Most pri Bratislave SK	EUR 6,639	ZAPA beton SK s.r.o.	100.00	

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

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
<b>Companies consolidated on a line-by-line basis (follows)</b>					
ZAPA beton HUNGÁRIA k.f.t.	Zsujta HU	HUF 88,000,000	ZAPA beton SK s.r.o.	100.00	
PAT Kyivcement	Kyiv UA	UAH 277,536	TOB Dyckerhoff Transport Ukraina	79.73	
			TOB Dyckerhoff Ukraina	13.42	
			PAT Volyn – Cement	0.01	
			PAT YUGcement	0.01	
Dorsett Brothers Concrete Supply Inc.	Pasadena US	USD 500	Alamo Cement Company II, Ltd.	100.00	
Buzzi Unicem Ready Mix, L.L.C.	Knoxville US	USD n/a	Buzzi Unicem USA (Midwest) Inc.	100.00	
RED-E-MIX, L.L.C.	Troy US	USD n/a	Buzzi Unicem USA (Midwest) Inc.	100.00	
RED-E-MIX Transportation, L.L.C.	Highland US	USD n/a	Buzzi Unicem USA (Midwest) Inc.	100.00	
Lone Star Hawaii, Inc.	Wilmington US	USD 100	Lone Star Industries, Inc.	100.00	
Lone Star Properties, Inc.	Wilmington US	USD 100	Lone Star Industries, Inc.	100.00	
Utah Portland Quarries, Inc.	Salt Lake City US	USD 378,900	Lone Star Industries, Inc.	100.00	
Rosebud Holdings, Inc.	Wilmington US	USD 100	Lone Star Industries, Inc.	100.00	
Compañía Cubana de Cemento Portland, S.A.	Havana CU	CUP 100	Lone Star Industries, Inc.	100.00	
Transports Mariel, S.A.	Havana CU	CUP 100	Lone Star Industries, Inc.	100.00	
Harex Nederland B.V.	Nieuwegein NL	EUR 18,151	Bouwmaterialenhandel Jonker B.V.	100.00	
Wolst Megamix B.V.	Dordrecht NL	EUR 18,151	Wolst Beheer B.V.	100.00	
Wolst Mortel B.V.	Dordrecht NL	EUR 204,201	Wolst Beheer B.V.	100.00	
Wolst Transport B.V.	Dordrecht NL	EUR 45,378	Wolst Beheer B.V.	100.00	
Lone Star Hawaii Cement Corporation	Honolulu US	USD 100	Lone Star Hawaii, Inc.	100.00	
KCOR Corporation	Wilmington US	USD 1,956	Rosebud Holdings, Inc.	100.00	
Rosebud Real Properties, Inc.	Wilmington US	USD 100	Rosebud Holdings, Inc.	100.00	
Proyectos Industrias de Jaruco, S.A.	Havana CU	CUP 186,700	Compañía Cubana de Cemento Portland, S.A.	100.00	
<b>Companies consolidated by the proportionate method</b>					
Addiment Italia S.r.l.	Casale Monferrato (AL)	EUR 10,400	Buzzi Unicem S.p.A.	50.00	
Fresit B.V.	Amsterdam NL	EUR 6,795,000	Buzzi Unicem International S.à r.l.	50.00	
Lichtner-Dyckerhoff Beton GmbH & Co. KG	Berlin DE	EUR 200,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
Westerwald-Beton GmbH & Co. KG	Westerburg DE	EUR 282,233	Dyckerhoff Beton GmbH & Co. KG	50.00	
ARGE Betonversorgung Osterbergtunnel GbR	Nordhausen DE	EUR n/a	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	50.00	
Corporación Moctezuma, S.A.B. de C.V.	Mexico MX	MXN 171,376,652	Presa Internacional B.V.	7.58	
			Fresit B.V.	51.51	
Cementos Moctezuma, S.A. de C.V.	Mexico MX	MXN 3,146,003	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Cementos Portland Moctezuma, S.A. de C.V.	Emiliano Zapata MX	MXN 3,287,739	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Latinoamericana de Agregados y Concretos, S.A. de C.V.	Mexico MX	MXN 10,929,252	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Latinoamericana de Comercio, S.A. de C.V.	Emiliano Zapata MX	MXN 10,775,000	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Moctezuma Industrial, S.A. de C.V.	Emiliano Zapata MX	MXN 1,029,589,650	Corporación Moctezuma, S.A.B. de C.V.	100.00	
Servicios Corporativos Moctezuma, S.A. de C.V.	Emiliano Zapata MX	MXN 11,040,000	Corporación Moctezuma, S.A.B. de C.V.	100.00	

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

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
<b>Companies consolidated by the proportionate method (follows)</b>					
Latinoamericana de Concretos, S.A. de C.V.	Mexico MX	MXN 7,321,821	Corporación Moctezuma, S.A.B. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98.00 2.00	
Arrendadora de Equipos de Transporte, S.A. de C.V.	Emiliano Zapata MX	MXN 5,300,000	Corporación Moctezuma, S.A.B. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98.00 2.00	
Inmobiliaria Lacosa, S.A. de C.V.	Mexico MX	MXN 50,068,500	Corporación Moctezuma, S.A.B. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98.00 2.00	
Grupo Impulsor Industrial, S.A. de C.V.	Emiliano Zapata MX	MXN 50,000	Corporación Moctezuma, S.A.B. de C.V. Cementos Moctezuma, S.A. de C.V.	98.00 2.00	
Materiales Pétreos Moctezuma, S.A. de C.V.	Mexico MX	MXN 50,000	Corporación Moctezuma, S.A.B. de C.V. Latinoamericana de Concretos, S.A. de C.V.	98.00 2.00	
Cementos Moctezuma de San Luis, S.A. de C.V.	Mexico MX	MXN 660,780	Corporación Moctezuma, S.A.B. de C.V. Inmobiliaria Lacosa, S.A. de C.V.	99.85 0.15	
Cementos Moctezuma de Veracruz, S.A. de C.V.	Mexico MX	MXN 50,000	Corporación Moctezuma, S.A.B. de C.V. Inmobiliaria Lacosa, S.A. de C.V.	98.00 2.00	
Latinoamericana de Concretos de San Luis, S.A. de C.V.	Mexico MX	MXN 15,676,550	Latinoamericana de Concretos, S.A. de C.V.	60.00	
Concretos Moctezuma de Xalapa, S.A. de C.V.	Xalapa MX	MXN 10,000,000	Latinoamericana de Concretos, S.A. de C.V.	60.00	
Concretos Moctezuma del Pacífico, S.A. de C.V.	Mexico MX	MXN 100,00	Latinoamericana de Concretos, S.A. de C.V.	60.00	
Concretos Moctezuma de Torreón, S.A. de C.V.	Mexico MX	MXN 14,612,489	Latinoamericana de Concretos, S.A. de C.V.	55.00	
Maquinaria y Canteras del Centro, S.A. de C.V.	Mexico MX	MXN 5,225,000	Latinoamericana de Concretos, S.A. de C.V.	51.00	
Concretos Moctezuma de Durango, S.A. de C.V.	Mexico MX	MXN 100,000	Latinoamericana de Concretos, S.A. de C.V.	51.00	
Concretos Moctezuma de Jalisco, S.A. de C.V.	Mexico MX	MXN 100,000	Latinoamericana de Concretos, S.A. de C.V.	51.00	
<b>Companies valued by the equity method</b>					
Cementi Moccia S.p.A.	Napoli	EUR 7,398,300	Buzzi Unicem S.p.A.	50.00	
Serenergy S.r.l.	Milano	EUR 25,500	Buzzi Unicem S.p.A.	50.00	
Premix S.p.A.	Melilli (SR)	EUR 3,483,000	Buzzi Unicem S.p.A.	40.00	
Ciments de Balears, S.A.	Palma de Mallorca ES	EUR 306,510	Buzzi Unicem S.p.A.	35.00	
Laterlite S.p.A.	Solignano (PR)	EUR 25,000,000	Buzzi Unicem S.p.A.	33.33	
Société des Ciments de Sour El Ghozlane EPE S.p.A.	Sour El Ghozlane DZ	DZD 1,900,000,000	Buzzi Unicem S.p.A.	35.00	
Société des Ciments de Hadjar Soud EPE S.p.A.	Azzaba DZ	DZD 1,550,000,000	Buzzi Unicem S.p.A.	35.00	



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

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
<b>Companies valued by the equity method (follows)</b>					
Albenga Calcestruzzi S.r.l.	Albenga (SV)	EUR 100,700	Unical S.p.A.	50.00	
E.L.M.A. S.r.l.	Sinalunga (SI)	EUR 15,000	Unical S.p.A.	50.00	
S. Paolo S.c.r.l.	Calenzano (FI)	EUR 50,000	Unical S.p.A.	50.00	
S.A.F.I. S.r.l.	Mezzana Bigli (PV)	EUR 332,010	Unical S.p.A.	33.33	
Edilcave S.r.l.	Villarfocchiardo (TO)	EUR 72,800	Unical S.p.A.	30.00	
Calcestruzzi Faure S.r.l.	Salbertrand (TO)	EUR 53,560	Unical S.p.A.	24.00	
NCD Nederlandse Cement Deelnemingsmaatschappij B.V. i.L.	Nieuwegein NL	EUR 82,750	Dyckerhoff AG	63.12	
Normensand GmbH	Beckum DE	EUR 1,000,000	Dyckerhoff Beteiligungs- verwaltung GmbH	38.02	
quick-mix Holding GmbH & Co. KG	Osnabrück DE	EUR 3,000,000	Tubag GmbH Dyckerhoff AG	34.00 6.00	
TRAMIRA – Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden- Dankersen DE	EUR 1,000,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
Transass S.A.	Schiffange LU	EUR 50,000	CIMALUX S.A.	41.00	
S.A. des Bétons Frais	Schiffange LU	EUR 1,250,000	CIMALUX S.A.	41.00	
Cobéton S.A.	Differdange LU	EUR 100,000	CIMALUX S.A.	33.32	
Bétons Feidt S.A.	Luxembourg LU	EUR 2,500,000	CIMALUX S.A.	30.00	
De Cup N.V.	Lanaken BE	EUR 757,000	Dyckerhoff Basal Toeslagstoffen B.V.	49.98	
Betoncentrale Haringman B.V.	Goes NL	EUR 45,378	Dyckerhoff Basal Betonmortel B.V.	50.00	
B.V. Betonmortel Centrale Leeuwarden (B.C.L.)	Leeuwarden NL	EUR 10,891	Dyckerhoff Basal Betonmortel B.V.	50.00	
Eljo Holding B.V.	Zuidbroek NL	EUR 45,378	Dyckerhoff Basal Betonmortel B.V.	50.00	
Megamix-Amsterdam B.V.	Gouda NL	EUR 81,680	Dyckerhoff Basal Betonmortel B.V.	50.00	
Megamix-Randstad B.V.	Gouda NL	EUR 90,756	Dyckerhoff Basal Betonmortel B.V.	33.30	
Van Zanten Holding B.V.	Zuidbroek NL	EUR 18,151	Dyckerhoff Basal Betonmortel B.V.	25.00	
v.o.f. "Bouwdok Barendrecht"	Barendrecht NL	EUR n/a	Dyckerhoff Basal Betonmortel B.V.	22.65	
Houston Cement Company LP	Houston US	USD n/a	Alamo Cement Company II, Ltd.	20.00	
Kosmos Cement Company	Louisville US	USD n/a	Lone Star Industries, Inc.	25.00	
Baggerbedrijf De Bonkelaar B.V.	Nijmegen NL	EUR 20,000	Basal Toeslagstoffen Maastricht B.V.	50.00	
Roprivest N.V.	Grimbergen BE	EUR 105,522	Basal Toeslagstoffen Maastricht B.V.	50.00	
Société Anonyme Belge de Graviers et Sables	Zellik BE	EUR 247,894	Basal Toeslagstoffen Maastricht B.V.	49.80	
Grondmaatschappij De Maasoever B.V.	Wessem NL	EUR 47,647	Basal Toeslagstoffen Maastricht B.V.	33.33	
Cooperatie Megamix B.A.	Almere NL	EUR 80,000	Megamix Midden Nederland B.V. Wolst Megamix B.V. Megamix Friesland B.V. Megamix Maastricht B.V. Megamix Noord-Holland B.V.	12.50 12.50 6.25 6.25 6.25	

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

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
<b>Other investments in subsidiaries and associates</b>					
Cementi e Calci di Santa Marinella S.r.l.	Bergamo	EUR 10,000	Buzzi Unicem S.p.A.	33.33	
San Martino S.c.r.l. i.L.	Casale Monferrato (AL)	EUR 10,000	Unical S.p.A.	75.00	
Siefic Calcestruzzi S.r.l.	Isernia	EUR 5,080,000	Unical S.p.A.	50.00	
Cave di Carpenosa S.r.l.	Molini di Triora (IM)	EUR 100,000	Unical S.p.A.	33.50	
Calcestruzzi Bell'Italia S.r.l. i.L.	Montanaso Lombardo (LO)	EUR 12,000	Unical S.p.A.	25.00	
GfBB Gesellschaft für Beton- und Baustoffüberwachung Verwaltungs mbH	Flörsheim DE	EUR 25,600	Dyckerhoff AG	100.00	
Dyckerhoff Beton Verwaltungs-GmbH	Wiesbaden DE	EUR 46,100	Dyckerhoff AG	100.00	
Lieferbeton Odenwald Verwaltungs-GmbH	Griesheim DE	EUR 25,000	Dyckerhoff AG	100.00	
Basal Belgie BVBA	Antwerp BE	EUR 5,262,975	Dyckerhoff AG Dyckerhoff Basal Toeslagstoffen B.V.	99.95 0.05	
Sievert Holding AG	Osnabrück DE	EUR 255,646	Dyckerhoff AG	34.76	
Hausgesellschaft des Vereins deutscher Zementwerke mbH	Düsseldorf DE	EUR 51,129	Dyckerhoff AG	32.20	
Projektgesellschaft Warstein-Kallenhardt-Kalkstein mbH	Warstein DE	EUR 25,200	Dyckerhoff AG	25.00	
Köster/Dyckerhoff Vermögensverwaltungs GmbH	Warstein DE	EUR 25,000	Dyckerhoff AG	24.90	
Köster/Dyckerhoff Grundstücksverwaltungs GmbH & Co. KG	Warstein DE	EUR 10,000	Dyckerhoff AG	24.90	
Warsteiner Kalksteinmehl GmbH & Co. KG	Warstein DE	EUR 51,129	Dyckerhoff Beteiligungs- verwaltung GmbH	50.00	
Warsteiner Kalksteinmehl Verwaltungsgesellschaft mbH	Warstein DE	EUR 25,600	Dyckerhoff Beteiligungs- verwaltung GmbH	50.00	
Bildungs-Zentrum-Deuna Gemeinnützige GmbH	Deuna DE	EUR 25,565	Dyckerhoff Beteiligungs- verwaltung GmbH	50.00	
quick-mix Holding Beteiligungsgesellschaft mbH	Osnabrück DE	EUR 25,000	Tubag GmbH Dyckerhoff AG	34.00 6.00	
sibobeton Hannover Beteiligungsgesellschaft mbH	Osnabrück DE	EUR 25,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
OMT Beton Verwaltungs GmbH	Erfurt DE	EUR 26,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
sibo Beteiligungs-Verwaltungsgesellschaft mbH	Osnabrück DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
sibobeton Ems Beteiligungsgesellschaft mbH	Lingen DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
sibobeton Osnabrück Beteiligungsgesellschaft mbH	Osnabrück DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
sibobeton Wilhelmshaven GmbH	Wilhelmshaven DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	100.00	
Beton Union Rhein-Ahr GmbH	Remagen-Kripp DE	EUR 26,000	Dyckerhoff Beton GmbH & Co. KG	65.00	
Frisch-Beton Aegidienberg GmbH	Bad Honnef- Aegidienberg DE	EUR 25,565	Dyckerhoff Beton GmbH & Co. KG	62.50	

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

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
<b>Other investments in subsidiaries and associates (follows)</b>					
SIBO-Gruppe Verwaltungsgesellschaft mbH	Osnabrück DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	57.40
				sibobeton Osnabrück GmbH & Co. KG	22.00
				sibobeton Ems GmbH & Co. KG	9.40
				sibo Beteiligungsgesellschaft mbH & Co. KG	7.40
				sibobeton Wilhelmshaven GmbH & Co. KG	3.80
Nordenhamer Transportbeton GmbH	Nordenham DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	56.60
SMT SIBO-Milde-Transportbeton Beteiligungsgesellschaft mbH	Kalbe DE	EUR	25,000	Dyckerhoff Beton GmbH & Co. KG	55.00
sibobeton Enger GmbH	Enger DE	EUR	30,678	Dyckerhoff Beton GmbH & Co. KG	50.00
				sibobeton Osnabrück GmbH & Co. KG	50.00
Westerwald-Beton Verwaltungs GmbH	Westerburg DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	50.00
Lichtner-Dyckerhoff Beton Verwaltungs-GmbH	Berlin DE	EUR	25,000	Dyckerhoff Beton GmbH & Co. KG	50.00
Transportbeton Kall GmbH	Kall DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	50.00
Beton Union Ruhr-Lenne GmbH & Co. KG	Iserlohn DE	EUR	664,679	Dyckerhoff Beton GmbH & Co. KG	50.00
Beton Union Ruhr-Lenne Verwaltungs-GmbH	Iserlohn DE	EUR	26,000	Dyckerhoff Beton GmbH & Co. KG	50.00
ARGE Betonsteinwerk Riegelsberg GbR	Riegelsberg DE	EUR	n/a	Dyckerhoff Beton GmbH & Co. KG	50.00
MKB Mörteldienst Köln-Bonn GmbH & Co. KG	Köln DE	EUR	192,400	Dyckerhoff Beton GmbH & Co. KG	49.12
Transportbeton Kall GmbH & Co. KG	Kall DE	EUR	133,000	Dyckerhoff Beton GmbH & Co. KG	46.15
Transbeton GmbH & Co. KG	Löhne DE	EUR	591,565	Dyckerhoff Beton GmbH & Co. KG	34.49
Niemeier Beton GmbH & Co. KG	Diepholz DE	EUR	766,938	Dyckerhoff Beton GmbH & Co. KG	33.33
Niemeier Beton GmbH	Sulingen DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	33.20
Gravières et Sablières Karl EPPLE S.n.c.	Seltz FR	EUR	180,000	Dyckerhoff Beton GmbH & Co. KG	25.00
Hotfilter Pumpendienst Beteiligungsgesellschaft mbH	Nordhorn DE	EUR	25,000	sibobeton Osnabrück GmbH & Co. KG	25.00
				sibobeton Ems GmbH & Co. KG	25.00
Hotfilter Pumpendienst GmbH & Co. KG	Nordhorn DE	EUR	100,000	sibobeton Osnabrück GmbH & Co. KG	25.00
				sibobeton Ems GmbH & Co. KG	25.00
Dammer Betonwerk GmbH	Damme DE	EUR	25,850	sibobeton Osnabrück GmbH & Co. KG	20.12
sibobeton Papenburg Beteiligungsgesellschaft mbH	Papenburg DE	EUR	25,000	sibobeton Ems GmbH & Co. KG	52.00

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

continued

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
<b>Other investments in subsidiaries and associates (follows)</b>					
Ostfriesische Transport-Beton GmbH	Emden DE	EUR	25,565	sibobeton Ems GmbH & Co. KG	45.20
				sibobeton Wilhelmshaven GmbH & Co. KG	30.00
				Dyckerhoff AG	24.80
Iserlohner-Beton-Zentrale GmbH	Iserlohn DE	EUR	25,565	SIBO-Gruppe GmbH & Co. KG	25.00
Iserlohner-Beton-Zentrale GmbH & Co. KG	Iserlohn DE	EUR	325,182	SIBO-Gruppe GmbH & Co. KG	24.69
Liefergemeinschaft Transportbeton JadeWeserPort GbR	Wilhelmshaven DE	EUR	n/a	sibobeton Papenburg GmbH & Co. KG	50.00
ZAPA UNISTAV s.r.o.	Brno CZ	CZK	20,000,000	ZAPA beton a.s.	50.00
EKO ZAPA beton a.s.	Praha CZ	CZK	1,008,000	ZAPA beton a.s.	50.00
LLC "MAGISTRALBUD"	Odessa UA	UAH	250,000	ТОВ Dyckerhoff Ukraina	100.00
Dyckerhoff Transportbeton Thüringen Verwaltungs-GmbH	Nordhausen DE	EUR	25,565	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	100.00
Dyckerhoff Transportbeton Schmalkalden Verwaltungsgesellschaft mbH	Erfurt DE	EUR	25,600	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	67.58
Fertigbeton Kumm GmbH	Neuwied DE	EUR	153,388	Beton Union Rhein-Ahr GmbH & Co. KG	40.00
Basal Toeslagstoffen Noord b.v.	Nieuwegein NL	EUR	18,000	Dyckerhoff Basal Toeslagstoffen b.v.	100.00
Dyckerhoff Basal Deutschland GmbH	Bad Bentheim DE	EUR	25,565	Dyckerhoff Basal Toeslagstoffen b.v.	100.00
EURO BETON, s.r.o.	Bratislava SK	EUR	6,972	ZAPA beton SK s.r.o.	33.33
wwb – Service+Logistik Verwaltungs-GmbH	Westerburg DE	EUR	25,565	Westerwald-Beton GmbH & Co. KG	100.00
wwb – Service+Logistik GmbH & Co. KG	Westerburg DE	EUR	100,000	Westerwald-Beton GmbH & Co. KG	100.00

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

(CONSOB resolution no. 11971 article 125 and 126)

Name	Registered office	Share capital	Ownership interest held by	% of ownership	% of voting rights
Associazione Sportiva Junior Libertas Pallacanestro S.p.A.	Casale Monferrato (AL)	EUR 650,000	Buzzi Unicem S.p.A.	10.00	
Romana Calcestruzzi S.p.A.	Roma	EUR 2,597,312	Unical S.p.A.	16.66	
Fratelli Bianchi fu Michele & C. S.p.A.	Roma	EUR 486,606	Unical S.p.A.	16.66	
Cava degli Olmi S.r.l.	Carignano (TO)	EUR 1,000,000	Unical S.p.A.	12.00	
SCANDO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Osnabrück KG	Düsseldorf DE	EUR 10,256	Dyckerhoff AG	100.00	15.00
Forschungs- und Entwicklungs- und Marketinggesellschaft der Leichtbetonindustrie mbH	Neuwied DE	EUR 30,000	Dyckerhoff AG	19.40	
i4 Transportation GmbH & Co. KG	Mannheim DE	EUR 1,000,000	Dyckerhoff AG	19.00	
i4 Transportation Verwaltungs GmbH	Mannheim DE	EUR 25,000	Dyckerhoff AG	19.00	
Sibobeton Kurhessen/Leinetal GmbH & Co. KG für Betonherstellung	Baunatal DE	EUR 4,601,627	Dyckerhoff AG	14.66	
Beton Marketing West GmbH	Beckum DE	EUR 90,000	Dyckerhoff AG	11.11	
Kompetenzzentrum Leichtbeton GmbH	Neuwied DE	EUR 38,700	Dyckerhoff AG	11.11	
SAFA Saarfiterasche-Vertriebs-GmbH & Co. KG	Baden-Baden DE	EUR 1,100,000	Dyckerhoff AG	10.00	
Saarfiterasche-Vertriebs-GmbH	Baden-Baden DE	EUR 55,000	Dyckerhoff AG	10.00	
Beton Marketing Ost Gesellschaft für Bauberatung und Marktförderung mbH	Berlin-Zehlendorf DE	EUR 72,000	Deuna Zement GmbH	16.67	
SILEX Grundstücksvermietungsgesellschaft mbH Objekt Eduard Dyckerhoff OHG	Düsseldorf DE	EUR 10,226	Dyckerhoff Beteiligungsverwaltung GmbH	94.00	15.00
Betonlogistik Rhein-Ruhr GmbH & Co. KG	Köln DE	EUR 10,000	Dyckerhoff Beton GmbH & Co. KG	19.00	
Beton Union Rhein-Ruhr Verwaltungs-GmbH	Essen DE	EUR 30,000	Dyckerhoff Beton GmbH & Co. KG	19.00	
Jade-Beton GmbH	Wilhelmshaven DE	EUR 26,000	SIBO Beteiligungsgesellschaft mbH & Co. KG	20.00	
Dammer Betonwerk GmbH & Co. KG	Damme DE	EUR 165,350	sibobeton Osnabrück GmbH & Co. KG	19.99	
Eemshaven Betoncentrale v.o.f.	Groningen NL	EUR n/a	Betonmortel Centrale Groningen (B.C.G.) B.V.	16.17	
HSL Noord-Brabant 5-A v.o.f. i.L.	Alphen aan den Rijn NL	EUR n/a	Wolst Mortel B.V.	20.00	
HSL Noord-Brabant 5-B v.o.f. i.L.	Oosterhout NL	EUR n/a	Wolst Mortel B.V.	20.00	

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

The following table, prepared in accordance with article 149-duodecies of the CONSOB Regulation no. 11971/99, reports the amount of fees charged in 2010 for audit and audit related services provided by the same audit firm and by entities that are part of its network.

	Service provider	Service recipient	Fees charged in 2010
<b>thousands of euro</b>			
Audit	Deloitte & Touche S.p.A.	Parent – Buzzi Unicem S.p.A.	224
	Deloitte & Touche S.p.A.	Subsidiaries	94
	Deloitte network	Subsidiaries	1,453
Attestation	Deloitte & Touche S.p.A.	Parent – Buzzi Unicem S.p.A. <sup>1</sup>	32
	Deloitte & Touche S.p.A.	Subsidiaries <sup>2</sup>	2
	Deloitte network	Parent – Buzzi Unicem S.p.A. <sup>3</sup>	35
	Deloitte network	Subsidiaries <sup>4</sup>	108
Other services	Deloitte network	Parent – Buzzi Unicem S.p.A. <sup>5</sup>	1
	Deloitte network	Subsidiaries <sup>6</sup>	2
<b>Total</b>			<b>1,951</b>

<sup>1</sup> Auditing procedures agreed on the annual financial information the company must provide to the subscribers of the secured senior notes (in compliance with covenants) and professional services rendered in relation to an assumption, not implemented, of bond offering to investors and for statements for income tax purposes;

<sup>2</sup> Statements for income tax purposes;

<sup>3</sup> Agreed upon procedures on the annual financial information of the Algerian associates Société des Ciments de Sour El Ghzlane and Société des Ciments de Hadjar Soud;

<sup>4</sup> Certifications required under German law and the Czech Republic law;

<sup>5</sup> Services rendered to the associate Ciments de Balears S.A.;

<sup>6</sup> Other services.

## Certification of the consolidated financial statements pursuant to article 154-bis of Legislative Decree D.LGS. 58/98

- The undersigned Pietro Buzzi, as Chief Executive Finance, and Silvio Picca, as Manager responsible for preparing Buzzi Unicem's financial reports, hereby certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, that the administrative and accounting procedures for the preparation of consolidated financial statements during the year 2010:
  - \_ are adequate with respect to the company structure and
  - \_ have been effectively applied.
  
- The undersigned also certify that:
  - a) the consolidated financial statements
    - \_ have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
    - \_ correspond to the results documented in the books and the accounting records;
    - \_ provide a true and correct representation of the financial conditions, results of operations and cash flows of the issuer and of the entities included in the scope of consolidation.
  - b) the management report includes a reliable operating and financial review as well as the situation of the issuer and of the entities included in the scope of consolidation, together with a description of the major risks and uncertainties to which they are exposed.

Casale Monferrato, 1 April 2011

Chief Executive Finance

PIETRO BUZZI

Manager responsible for preparing  
financial reports

SILVIO PICCA



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

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

1. We have audited the consolidated financial statements of Buzzi Unicem S.p.A. and its subsidiaries (the "Buzzi Unicem Group") as of and for the year ended December 31, 2010, which comprise the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow and the related notes to the consolidated financial statements. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on April 2, 2010.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Buzzi Unicem Group as of December 31, 2010, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.



4. The Directors of Buzzi Unicem S.p.A. are responsible for the preparation of the review of operations and the report on corporate governance and ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the review of operations and of the information reported in compliance with art. 123- bis of Italian Legislative Decree n.58/1998, paragraph 1, letter c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and ownership structure, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the review of operations and the information reported in compliance with art. 123- bis of Italian Legislative Decree n.58/1998, paragraph 1, letter c), d), f), l), m) and paragraph 2, letter b) included in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of the Buzzi Unicem Group as of December 31, 2010.

DELOITTE & TOUCHE S.p.A.

Signed by  
Santo Rizzo  
Partner

Turin, Italy  
April 8, 2011

*This report has been translated into the English language solely for the convenience of international readers.*

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Buzzi Unicem S.p.A.

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Share Capital: € 123,636,658.80

Company Register of Alessandria no. 00930290044





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