CONSOLIDATED ANNUAL REPORT
31 DECEMBER 2007

cementir holding

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Directors, officers and auditors at 31 December 2007

Board of Directors

Chairman	[1]	Francesco Caltagirone Jr.
Vice Chairman	[2]	Carlo Carlevaris
Chief Executive Officer and General Manager	[1-3]	Riccardo Nicolini
Directors		Pasquale Alcini
		Edoardo Caltagirone
		Saverio Caltagirone
		Azzurra Caltagirone
		Alessandro Caltagirone
		Mario Ciliberto
	[2-4]	Massimo Confortini
	[1-2]	Mario Delfini
		Alfio Marchini
		Walter Montevecchi

Board of Auditors

Chairman	Claudio Bianchi
Standing members	Giampiero Tasco
	Carlo Schiavone

Manager responsible for financial reports	Oprandino Arrivabene
Independent Auditors	**PriceWaterhouseCoopers SpA**

[1] Member of the Executive Committee
[2] Member of the Internal Control Committee and the Remuneration Committee
[3] On 21 December 2007 Mr. Nicolini resigned as Chief Executive Officer and General Manager, effective as of 1 January 2008.
[4] Appointed to the Board on 3 December 2007 in replacement of Luciano Leone, who resigned on 9 November 2007

CONSOLIDATED ANNUAL REPORT

Directors' report on operations

The consolidated financial statements of Cementir group as of 31 December 2007 have been prepared in accordance with CONSOB Regulation no. 11971/1999 as amended.

Results

(EUR '000)	2007	2006	Δ %
NET REVENUES FROM SALES AND SERVICES	**1,152,138**	**1,053,343**	**9.38%**
Other revenues	14,875	14,049	5.88%
Raw material costs	(462,116)	(411,834)	12.21%
Costs of services	(251,077)	(243,424)	3.14%
Personnel costs	(161,961)	(148,255)	9.24%
Other operating costs	(17,748)	(16,549)	7.25%
EBITDA	**274,111**	**247,330**	**10.83%**
EBITDA / NET REVENUES %	*23.79%*	*23.48%*	
Depreciation, amortisation and provisions	(76,797)	(66,486)	15.51%
EBIT	**197,314**	**180,844**	**9.11%**
EBIT / NET REVENUES %	*17.13%*	*17.17%*	
FINANCIAL INCOME (EXPENSE)	**2,113**	**(12,414)**	
PROFIT BEFORE TAX	**199,427**	**168,430**	**18.40%**
Income taxes	(47,655)	(45,621)	
NET PROFIT FOR THE PERIOD	**151,772**	**122,809**	**23.58%**
PROFIT BEFORE TAX / NET REVENUES %	*17.31%*	*15.99%*	
MINORITY INTEREST	**11,373**	**8,735**	
GROUP NET PROFIT	**140,399**	**114,074**	**23.08%**

Net revenues from sales and services comprises the items of the income statement "Revenues" and "Change in inventories".
Other revenues comprises the items of the income statement: "Increases for internal work" and "Other operating revenues".

In 2007, net revenues from sales and services reached EUR 1,152.1 million (+9.4% compared with EUR 1,053.3 million in 2006). EBITDA reached EUR 274.1 million (+10.8% compared with EUR 247.4 million in 2006), while EBIT was equal to EUR 197.3 million (+9.1% compared with EUR 180.8 million in 2006). Net profit reached EUR 140.4 million (+23.1% compared with EUR 114.1 million in 2006).

The increase in net revenues reflects the solid performance of all the main markets in which the Group operates, with the sole exception of Italy, which posted a decline with respect to 2006.

The performance of EBITDA reflects the efficiency gains achieved during the year, despite the continuing increase in energy and transport costs. While revenues increased by about 9.4%, EBITDA rose by 10.8% from the previous year. The main reasons for the greater efficiency include: the entry into service of the Arquata Scrivia kiln in Italy, the revamping of which was completed in June, thus making the company entirely self-sufficient in clinker procurement; the 50% increase in clinker production capacity at the Elazig (Turkey) plant due to the expansion completed in the first half of the year; and finally, the elimination of the export tax on white cement from Egypt (about USD 12 per metric ton).

Profit before tax rose sharply (+18.4%) thanks in part to the good performance of financial operations. Despite higher average debt and higher interest rates in the euro area compared with the previous year, the financial result improved by more than EUR 14 million. It should be noted that this result is attributable to the optimisation of sources and uses of funds, not to extraordinary operations.

Net profit rose even further compared with 2006, increasing by more than 23% thanks to lower taxes due a reduction in tax rates in Denmark between 2006 and 2007.

Directors' comments and significant events

Developments in the year confirmed the trends seen in recent years, with Group net profit meeting forecasts and 2007 ending as another year of growth and development.

The year just ended is the ninth in a row in which the Group has improved its performance, with all income statement items rising with respect to 2006. Despite the persistent increase in energy and transport costs, the Group achieved efficiency gains thanks to the constant commitment to improving margins both in absolute terms and as a proportion of revenues.

During the year, the Group's management focused its attention on consolidating operations, rationalizing plants and boosting efficiency, an essential task in view of the challenging outlook for the international economy.

A significant contribution in this regard came from the completion of the revamping work on the Arquata Scrivia kiln in Italy and the expansion of clinker production capacity at the Elazig facility in Turkey. In particular, the entry into service of the kiln at the Arquata Scrivia facilities had a major impact on reducing operating costs in Italy.

In addition to the activities just completed, the Group is continuing to implement its investment plan. In particular, production capacity at the white cement plant in Egypt is being expanded and is expected to be completed by the end of 2008, production capacity is going to double at the grey cement plant in Edirne (Turkey), where the project is expected to be completed by the first half of 2008. The work is proceeding as scheduled.

In September, an agreement was reached to acquire a controlling stake (70%) in a cement milling facility near Ho Chi Minh City in Vietnam with an initial investment of USD 2.6 million.

As to ordinary operations, the following developments were of note: the consolidation of existing operations, the integration of the Turkish company Elazig, acquired at the end of 2006, for which, as previously mentioned, work on upgrading the plant was carried out, as well as the completion of the process of implementing the SAP platform for Aalborg Portland in Denmark.

In the final part of 2007 the Group also undertook a series of reorganization measures to implement a management model that better reflects the multinational dimension acquired in recent years. In particular, in November the Board of Directors approved the transfer of the Group's Italian operations to a wholly-owned subsidiary, thereby separating guidance and control functions from purely operational activities. On 20 December 2007, in implementation of the Board resolution, the operations were transferred to Cementir Italia, with effect from 1 January 2008. Finally, on 21 December 2007, the Board of Directors approved the general structure of a stock incentive plan for directors with specific duties and managers with strategic responsibilities within the Company and/or its subsidiaries, to be submitted for approval by the upcoming Shareholders' Meeting.

Research and development

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

Cementir Italia's research centre focuses on researching and studying cements and ready-mix concretes and testing the products, raw materials and fuels used in the manufacturing process.

Aalborg Portland also pursues research as an essential factor in achieving its objectives. Strategic and applied innovations are developed at its research and development centre, in cooperation with internationally renowned scientists and architects. The main goals are to optimize process efficiency and cement quality in manufacturing plants, address environmental issues and develop the market for its products.

The Group is currently focusing its attention on developing innovative processes and products that reduce CO_2 emissions in the cement manufacturing cycle. As part of this effort, for some years now fossil fuels have increasingly been replaced by a neutral biological fuel to reduce CO_2 emissions. In addition, in cooperation with university science departments, the Aalborg centre has been working on documenting the positive environmental properties of cement, such as its ability to absorb CO_2 and to conserve heat for energy saving purposes.

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

The Aalborg research and development centre also cooperates closely with the subsidiary CemMiljo, which produces alternative fuels using industrial and residential waste as its raw material. The fuel that CemMiljo produces is used in place of coal and pet coke to feed the clinker kilns at the Aalborg facility.

Treasury shares

At 31 December 2007, the Group did not hold any treasury shares.

At 31 December 2007, the group parent and its subsidiaries did not hold, either directly or indirectly, shares or quotas in parent companies, nor did they purchase or sell such shares or quotas during the year.

Transactions with related parties

Transactions with related parties concerned:

- the parent company Caltagirone SpA and its subsidiaries;
- associated companies;
- other related parties.

The most significant transactions with related parties are reported in the notes to the consolidated financial statements.

Financial risk management

For more information on the management of financial risks by the Group, please see the notes to the consolidated financial statements.

Corporate governance

For a more complete discussion of (i) the corporate governance system of Cementir Holding SpA and (ii) the ownership structure, as required by Art.123-*bis* of Legislative Decree 58 of 24 February 1998 (the Consolidated Law on Financial Intermediation), please see the "Corporate Governance Report", which can be accessed on the Company's website www.cementirholding.it, in the section *Investor relations>Corporate Governance*. The report has been drafted on the basis of the recommendations of Borsa Italiana SpA.

Subsequent events

On 1 January 2008 the transfer of the Group's Italian operations to the wholly-owned subsidiary Cementir Italia Srl took effect. As noted, the operation was part of a reorganization project to implement a management model that better reflects the multinational dimension acquired in recent years.

On 15 January 2008 the Extraordinary Shareholders' Meeting approved the change in the name of the company from "Cementir – Cementerie del Tirreno SpA" to "**Cementir Holding SpA**" and approved a capital increase of up to EUR 162,302,400 by way of the issue of a maximum of 3,182,400 ordinary shares, equal to

2% of share capital, to back one or more stock option plans for employees of the company and its subsidiaries. As part of its ordinary business, the Meeting approved a stock incentive plan for directors with specific duties and managers with strategic responsibilities within the Company and/or its subsidiaries. The plan has a term of five years. A five-year period was deemed the most suitable in consideration of the plans and development prospects of the Company. In other ordinary business, the Meeting also granted the Board of Directors all necessary powers to implement the plan.

On 11 February 2008 the Board, exercising the authorisation granted by the Shareholders' Meeting, voted to:

(i) increase the share capital of the Company, including in divisible form, by up to EUR 1,225,000 through the issue of a maximum of 1,225,000 shares with a par value of EUR 1.00 each, pursuant to Article 2441, paragraph 8, of the Italian Civil Code, thereby excluding pre-emption rights;

(ii) approve the rules of the Plan; and

(iii) grant the options envisaged by the Plan to some of the Beneficiaries.

Pursuant to Article 84-bis (5a) of the Issuers' Regulation and in accordance with the instructions contained in Schedule 7 of Annex 3A of that Regulation, the required disclosures concerning these transactions were made. The strike price of the options was set by the Board at EUR 7.00. The strike price is greater than EUR 5.50 (the arithmetic mean of the official prices recorded by the shares of the Company on the Mercato Telematico Azionario organized and operated by Borsa Italiana SpA in the month preceding today's grant date)**.** The higher strike price with respect to the price registered over the previous thirty days was justified on the basis of the fact that between the end of 2007 and early 2008 international financial markets have lost considerable ground, a decline that has become even steeper in the last month. The strike price so determined is also intended to encourage pursuit of the growth of the Company, the primary goal of the Plan.

Finally, on 3 March 2008, the Group, acting through its subsidiary Unicon, acquired 100% of the Danish company Kudsk & Dahl. The overall value of the transaction was EUR 21 million. Kudsk & Dahl is located in southern Denmark and operates in the aggregates sector. It sells about 1.2 million metric tons of aggregates and 100 thousand cubic metres of ready-mix concrete per year. The company has revenues of EUR 16 million, EBITDA of EUR 3 million and 100 employees.

With this operation, Cementir Holding will generate greater synergies and by consolidating its presence in Scandinavia takes another step in its expansion in Northern Europe.

No other events of particular note have occurred since the end of the year.

Outlook

The difficulties in the current macroeconomic situation make it especially difficult to forecast the extent and duration of the uncertainty that world markets are experiencing. The marginal exposure of the Group to the geographical areas that have been worst hit by recessionary pressures is not sufficient to justify any general optimism. Energy and transport costs, key factors in this industry, are continuing to set new highs. Management will continue focus on increasing efficiency and leveraging synergies from the transfer of expertise and technologies among the Group companies. In 2008, the Company, as planned, will expand its cement production capacity by 10% solely in the emerging countries (Egypt and Turkey).

Reconciliation of shareholder's equity and net profit of the group parent and the corresponding consolidated financial statements at 31 December 2007

(EUR '000)	Net profit 2007	Shareholders' equity 31 December 2007
Cementir Holding SpA	**19,361**	**632,611**
Higher gains on sales and contributions	-	(1,170)
Amortisation of the Cimentas goodwill at 31 December 2003	-	(13,842)
IAS/IFRS effects on subsidiaries at 31 December 2004	-	(9,893)
Changes in reserves	-	3,497
Effect of the consolidation of subsidiaries	116,369	409,810
Net result of equity investments measured using equity method	4,669	14,702
Other changes	-	(2,345)
Total Group	**140,399**	**1,033,370**
Total Minority interests	**11,373**	**52,559**
Cementir Holding Group	**151,772**	**1,085,929**

Rome, 13 March 2008

The Chairman

Francesco Caltagirone Jr.

Consolidated financial statements

Consolidated balance sheet

(EUR '000)	Notes	31 December 2007	31 December 2006
ASSETS			
Intangible assets	**1**	479,804	457,547
Property, plant and equipment	**2**	871,791	804,933
Investment property	**3**	27,950	23,000
Equity investments measured using equity method	**4**	21,693	22,747
Other equity investments	**5**	2,558	2,778
Non-current financial assets	**6**	445	431
Deferred tax assets	**19**	12,583	26,399
Other non-current assets		258	288
TOTAL NON-CURRENT ASSETS		**1,417,082**	**1,338,123**
Inventories	**7**	117,114	103,937
Trade receivables	**8**	208,110	195,233
Current financial assets	**9**	5,742	858
Current tax assets		3,571	2,458
Other current assets	**10**	16,970	14,353
Cash and cash equivalents	**11**	59,511	31,226
TOTAL CURRENT ASSETS		**411,018**	**348,065**
TOTAL ASSETS		**1,828,100**	**1,686,188**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,710	35,710
Other reserves		698,141	570,800
Group net profit		140,399	114,074
GROUP SHAREHOLDERS' EQUITY	**12**	**1,033,370**	**879,704**
Minority interests net profit		11,373	8,735
Minority interests reserves		41,186	33,028
MINORITY INTERESTS SHAREHOLDERS' EQUITY	**12**	**52,559**	**41,763**
TOTAL SHAREHOLDERS' EQUITY	**12**	**1,085,929**	**921,467**
Employee benefit provisions	**13**	18,498	17,143
Non-current provisions	**14**	9,300	12,330
Non-current financial liabilities	**16**	197,553	272,917
Deferred tax liabilities	**19**	78,275	67,664
TOTAL NON-CURRENT LIABILITIES		**303,626**	**370,054**
Current provisions	**14**	2,901	54
Trade payables	**15**	155,462	152,116
Current financial liabilities	**16**	232,548	196,707
Current taxes liabilities	**17**	6,787	7,725
Other current liabilities	**18**	40,847	38,065
TOTAL CURRENT LIABILITIES		**438,545**	**394,667**
TOTAL LIABILITIES		**742,171**	**764,721**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,828,100**	**1,686,188**

Consolidated income statement

(EUR '000)	Notes	2007	2006
REVENUES	**20**	**1,147,085**	**1,049,661**
Change in inventories		5,053	3,682
Increases for internal work		4,688	2,434
Other operating revenues	**21**	10,187	11,615
TOTAL OPERATING REVENUES		**1,167,013**	**1,067,392**
Raw material costs	**22**	(462,116)	(411,834)
Personnel costs	**23**	(161,961)	(148,255)
Other operating costs	**24**	(268,825)	(259,973)
TOTAL OPERATING COSTS		**(892,902)**	**(820,062)**
EBITDA		**274,111**	**247,330**
Depreciation, amortisation, impairment losses and provisions	**25**	(76,797)	(66,486)
EBIT		**197,314**	**180,844**
Net result on equity investments measured using equity method	**26**	4,669	5,654
Net financial result	**26**	(2,556)	(18,068)
NET RESULT ON FINANCIAL ITEMS AND EQUITY INVESTMENTS MEASURED USING EQUITY METHOD		**2,113**	**(12,414)**
PROFIT BEFORE TAX		**199,427**	**168,430**
Income taxes	**27**	(47,655)	(45,621)
NET PROFIT FOR THE PERIOD		**151,772**	**122,809**
Minority interests net profit		11,373	8,735
GROUP NET PROFIT	**28**	**140,399**	**114,074**

Statement of changes in consolidated shareholders' equity

(EUR '000)	Share capital	Share premium reserve	Legal reserve	**Other reserves**			Group net profit (loss)	Group shareholders' equity	Minority interests net profit (loss)	Minority interests reserves	Minority interests shareholders' equity	Total shareholders' equity
				Treasury shares reserve	Translation reserve	Other reserves						
Shareholder's equity at January 1, 2006	**159,120**	**22,710**	**31,825**	**13,000**	**(13,754)**	**511,756**	**109,397**	**834,054**	**6,347**	**29,406**	**35,753**	**869,807**
New accounting treatment of actuarial gains /losses on severance benefits (TFR)						132	(132)	-			-	-
Shareholder's equity at January 1, 2006 restated	**159,120**	**22,710**	**31,825**	**13,000**	**(13,754)**	**511,888**	**109,265**	**834,054**	**6,347**	**29,406**	**35,753**	**869,807**
Allocation of 2005 net profit						109,265	(109,265)	-	(6,347)	6,347	-	-
Dividend distribution 2005						(13,525)		(13,525)			-	(13,525)
Changes in share premium reserve		13,000		(13,000)				-			-	-
Intangible assets					(31,591)			(31,591)			-	(31,591)
New accounting treatment of actuarial gains /losses on severance benefits (TFR)						292		292			-	292
Change in translation reserve					(22,481)			(22,481)		(2,470)	(2,470)	(24,951)
Change in other reserves						(1,119)		(1,119)		(255)	(255)	(1,374)
Net profit for the period							114,074	114,074	8,735		8,735	122,809
Shareholder's equity at December 31, 2006 restated	**159,120**	**35,710**	**31,825**	**-**	**(67,826)**	**606,801**	**114,074**	**879,704**	**8,735**	**33,028**	**41,763**	**921,467**
Allocation of 2006 net profit						114,074	(114,074)	-	(8,735)	8,735	-	-
Dividend distribution 2006						(15,912)		(15,912)		(2,100)	(2,100)	(18,012)
Property, plant and equipment						3,123		3,123			-	3,123
Intangible assets					16,660			16,660			-	16,660
Financial instruments						(366)		(366)		(1)	(1)	(367)
New accounting treatment of actuarial gains /losses on severance benefits (TFR)						(457)		(457)		(92)	(92)	(549)
Change in translation reserve					11,071			11,071			-	11,071
Change in other reserves						(852)		(852)		1,616	1,616	764
Net profit for the period							140,399	140,399	11,373		11,373	151,772
Shareholder's equity at December 31, 2007	**159,120**	**35,710**	**31,825**	**-**	**(40,095)**	**706,411**	**140,399**	**1,033,370**	**11,373**	**41,186**	**52,559**	**1,085,929**

Statement of income and expense recognised in shareholders' equity

(EUR '000)	2007	2006
Change in classification of property, plant and equipment	4,660	-
Actuarial gains (loss) from TFR	(778)	478
Financial instruments	(492)	-
Tax recognised in shareholders' equity	(1,183)	(186)
Income (expense) recognised directly in shareholders' equity	**2,207**	**292**
Net profit (loss) for the period	**151,772**	**122,809**
TOTAL INCOME (EXPENSE) RECOGNISED FOR THE PERIOD	**153,979**	**123,101**
Attributable to:		
Group	142,699	114,366
Minority interests	11,280	8,735

Consolidated cash flow statement

(EUR '000)	31 December 2007	31 December 2006
Net profit for the period	**151,772**	**123,101**
Depreciation and amortisation	72,548	63,462
(Revaluations) and writedowns	1,190	390
Net result on equity investment measured using equity method	(4,669)	(5,654)
Net financial result	3,083	18,536
(Gains) Losses on disposal	(2,841)	(3,332)
Income taxes	47,654	45,807
Change in employee benefit provisions	1,356	846
Change in current and non-current provisions	(183)	(459)
Operating cash flow before change in working capital	**269,910**	**242,697**
(Increase) Decrease inventories	(13,177)	(8,526)
(Increase) Decrease trade receivables	(14,132)	(27,233)
Increase (Decrease) trade payables	2,269	17,889
Change in current and non-current assets and liabilities	196	1,017
Change in deferred and current income taxes	5,071	11,346
Operating cash flow	**250,137**	**237,190**
Dividends received	4,381	-
Interest received	6,755	4,358
Interest paid	(22,684)	(21,643)
Other income (expense) received (paid)	(3,027)	(2,497)
Income taxes paid	(30,349)	(36,707)
Cash flow from operating activities (A)	**205,213**	**180,701**
Investments in intangible assets	(5,778)	(16,073)
Investments in property, plant and equipment	(125,317)	(216,496)
Investments in equity investments and non-current securities	(2,955)	-
Divestments of intangible assets	-	18
Divestments of property, plant and equipment	5,357	15,461
Divestments of equity investments and non-current securities	527	14,449
Other changes in investing activities	(4,794)	4,384
Cash flow from investing activities (B)	**(132,960)**	**(198,257)**
Change in non-current financial assets and liabilities	21,760	17,224
Change in current financial assets and liabilities	(47,288)	7,155
Dividends distributed	(18,454)	(13,525)
Other changes in shareholder's equity	(827)	(2,187)
Cash flow from financing activities (C)	**(44,809)**	**8,667**
Effect of exchange rate differences on cash and cash equivalents (D)	**841**	**(1,635)**
Net change in cash and cash equivalents (A+B+C+D)	**28,285**	**(10,524)**
Cash and cash equivalents at the beginning of the period	**31,226**	**41,750**
Cash and cash equivalents at the end of the period	**59,511**	**31,226**

Notes to the consolidated financial statements

General information

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

Shareholders with holdings of more than 2% of share capital at 31 December 2007, as indicated in the shareholder register, notices received pursuant to Article 120 of Legislative Decree 58 of 24 February 1998 and other available information are:

1) Calt 2004 Srl no. 47,860,813 shares (30.079%);
2) Lav 2004 Srl no. 40,543,880 shares (25.480%);
3) Pantheon 2000 SpA no. 4,466,928 shares (2.807%);

The consolidated financial statements at 31 December 2007 of the Cementir Holding Group were approved on 13 March 2008 by the Board of Directors, which authorized the disclosure of the main information reported therein.

Compliance with the international accounting standards (IFRS/IAS)

The consolidated financial statements have been drawn up in compliance with the international accounting standards (IAS/IFRS) endorsed by the European Commission through 31 December 2007.

As used here, the IFRSs comprise all International Financial Reporting Standards (IFRSs), all International Accounting Standards (IASs) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). Please note that the Group has not opted for early adoption of standards, interpretations and amendments already endorsed that take effect after the balance sheet date, namely:

IFRIC 11 *Group and treasury share transactions*	provides a number of interpretations concerning issues with IFRS 2 (Share-based payments), applicable since 1 March 2007
IFRS 8 *Operating segments*	will replace IAS 14 (Segment reporting), applicable as from 1 January 2009.

The Group is assessing the potential impact of the application of the new standards/amendments of existing standards. On the basis of a preliminary assessment, the changes are not expected to have a material impact on the Group's financial statements.

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

The application of IFRS 7 “Financial instruments: disclosure” and the amendments made to IAS 1 “Presentation of financial statements: disclosures about capital” introduced additional disclosure requirements concerning financial instruments without affecting the classification and measurement of the Group’s financial instruments.

Basis of presentation

The consolidated financial statements at 31 December 2007 are presented in euros and the amounts are reported in thousands, unless otherwise indicated. The consolidated financial statements consist of the balance sheet, the income statement, the statement of changes in shareholders’ equity, the statement of income and expense recognised in shareholders’ equity, the cash flow statement and these notes. The basis of presentation of the Group financial statements is as follows:

- current and non-current assets and current and non-current liabilities are presented separately in the balance sheet;
- the income statement items are classified by the nature of the expense;
- the statement of changes in shareholders’ equity has been drawn up based on changes in equity;
- the cash flow statement is presented using the indirect method.

The accounting principles and criteria applied in these financial statements are in line with those adopted for the consolidated financial statements for the year ended 31 December 2006 except for the treatment of actuarial gains and losses in respect of employee benefit provisions, which is described in the accounting policies and in the section “New treatment of actuarial gains and losses in respect of employee benefit provisions (TFR)”. In addition, the presentation of a number of items of the cash flow statements and current/non-current liabilities has been modified for greater clarity.

Consolidation policies

Scope of consolidation

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

Subsidiaries

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

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

Consolidation procedures

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

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

Associates

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

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

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

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

Accounting policies

Intangible assets

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

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

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

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

Intangible assets with indefinite useful lives are intangible assets for which, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which they will generate cash flows for the Group. Intangible assets with indefinite useful lives are initially recognised at purchase cost, determined in the

same manner as for intangible assets with finite useful lives, and are not amortised. They are subject to testing for impairment annually, or more frequently if specific events indicate they may have incurred an impairment loss, as well as to determine if past losses may be recovered in accordance with the procedures described for goodwill below. Impairment losses are reversed if the reasons for the writedown no longer obtain.
In the case of the acquisition of subsidiaries or associates, the identifiable assets, liabilities and contingent liabilities acquired and assumed are recognised at fair value at the date of acquisition. Any positive difference between the acquisition cost and the Group's share of the fair value of these assets and liabilities are classified as goodwill and recognised as an intangible asset. Any negative difference (negative goodwill) is taken to the income statement at the date of acquisition.
After initial recognition goodwill is not amortised but is subject to testing for impairment annually, or more frequently if specific events indicate the possibility it may have incurred an impairment loss. Writedowns may not be reversed in a subsequent period.

Property, plant and equipment

Property, plant and equipment is recognised at purchase or production cost, including any directly allocable incidental expenses necessary to prepare the asset for the use for which it was acquired, increased by the fair value of the estimated cost for the disposal of the asset where the company has an obligation to do so.
Financial expenses that are directly attributable to the purchase, construction or manufacture of an asset are capitalized as part of the asset's cost until the asset is ready for its intended use or for sale.
Costs incurred for the maintenance and repairs of an ordinary and/or cyclical nature are charged directly to the income statement in the year in which they are incurred. Costs relating to the expansion, modernisation or improvement of owned or leased property, plant and equipment are only capitalised when they satisfy the requirements for separate classification as an asset or part of an asset in accordance with the component approach.
Property, plant and equipment is recognised net of accumulated depreciation and any impairment. Depreciation is calculated on a straight line basis over the estimated useful life of the asset, reviewed on an annual basis and any changes, where necessary, are applied prospectively.
The estimated useful lives of property, plant and equipment are as follows:

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

It should be noted that the above intervals, which indicate the minimum and maximum depreciation periods, reflect the presence of components with different useful lives in the same category of assets.
Land, both unbuilt and that appurtenant to civil and industrial buildings, is not depreciated as it has an unlimited useful life.
When the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, depreciation is recognised separately for each part of the asset, applying the component approach.
At the moment of sale or when no future economic benefits are expected from use, the asset is derecognised and any loss or gain (calculated as the difference between the disposal value and the net carrying amount) is recognised in the income statement in the year of derecognition.

Investment property

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

Impairment

At each period end, the carrying amount of property, plant and equipment and intangible assets is reviewed in the light of events or changes which indicate that the carrying amount may not be recoverable. If such evidence is found, the recoverable value must be determined and, where the carrying amount exceeds the recoverable value, the assets are written down to reflect their recoverable value. The recoverable value of goodwill and other intangible assets with indefinite lives, however, is estimated at each balance sheet date or when there is a change in circumstances or specific events occur that would require an impairment test.
The recoverable value of property, plant and equipment and intangible assets is the higher between the fair value less costs to sell and its value in use, where the value in use refers to the present value of estimated future cash flows from the asset or, for assets that do not generate clearly independent cash flows, of the group of assets that comprise the cash-generating unit to which the asset belongs.
In determining value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset.
An impairment loss is recognised in the income statement when the carrying amount of the asset, or of the cash-generating unit to which it is allocated, is greater than the recoverable amount. Where the reasons for a writedown of property, plant and equipment and intangible assets other than goodwill no longer obtain, the carrying amount of the asset is restored through the income statement, up to the value at which the asset would have been carried if no writedown had taken place and depreciation or amortisation had been recognised.

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

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

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

Inventories

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

Financial assets

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

- *financial assets at fair value through profit or loss:* this category (equity investments in other companies) includes financial assets acquired principally for sale in the short term, those designated at fair value through profit or loss at the acquisition date, and derivative instruments. The fair value of financial instruments listed on active markets is determined as the related market price at the balance sheet date. In the absence of an active market, the fair value is determined on the basis of prices provided by external operators and utilising valuation models principally based on objective financial variables, as well as taking into account prices in recent transactions and the prices of similar financial instruments. Changes in the fair value of instruments in this category are recognised in the income statement. Where the fair value cannot be determined reliably, the cost value is maintained, adjusted for any impairment losses. Such impairment losses may not be reversed. Financial instruments in this category are classified as current assets or liabilities if they are "held for trading" or if it is expected that they will be sold within 12 months from the balance sheet date. Derivatives are treated as assets if the fair value is positive and as liabilities if the fair value is negative. The Group nets the positive and negative fair values of transactions with the same counterparty where such netting is permitted contractually;
- *Loans and receivables:* this category, which main regard trade receivables, includes non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are classified as current assets (when the due date falls within normal commercial terms) except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current assets. These assets are measured at amortised cost using the effective interest rate method (identified as their nominal

value). Where there is evidence of impairment, the asset is written down to the present value of the expected future cash flows. The impairment losses are recognised in the income statement. Where, in subsequent periods, the reasons for the writedown no longer obtain, the value of the assets is restored up to the value they would have had under the application of amortised cost where no writedown had been recognised.
Financial assets are derecognised when the right to receive the cash flows from the instrument expires and the Group has transferred substantially all the risks and rewards relating to the instrument and the related control.

Financial liabilities

Financial liabilities include loans, trade payables and other payment obligations are initially recognized at fair value, net of directly attributable incidental expenses, and subsequently measured at amortised cost using the effective interest rate method. When there is a change in the expected cash flows and it is possible to estimate them reliably, the value of the loans is recalculated to reflect this change based on the new present value of the expected cash flows and the initial internal rate of return.
Financial liabilities are classified under current liabilities, except where the Group has an unconditional right to defer their payment for at least 12 months from the balance sheet date.
Financial liabilities are derecognised when they are extinguished and the Group has transferred all the risks and rewards relating to the instrument.

Financial derivatives

The Group uses financial derivatives, such as forward foreign exchange contracts and foreign exchange options, to hedge the risks of exchange rate fluctuations.
These derivatives are measured and recognised at fair value. Transactions that satisfy the requirements for hedge accounting are classified as hedging operations, while all other operations, including those used to manage risk, are designated as trading operations. Accordingly, owing to the absence (at the subscription date) of some of the formal requirements established by the IFRS, the changes in the fair value relating to these derivative transactions are recognised in the income statement.

For derivatives that qualify for hedge accounting, subsequent changes in fair value are accounted for as follows.
For each financial derivative qualifying for hedge accounting, the relationship between the hedging instrument and the hedged item is documented, including the risk management objectives, the hedging strategy and the methods used to verify the effectiveness of the hedge. The effectiveness of each hedge is verified at the inception of each derivative and over the life of the position. Generally, a hedge is considered highly effective if at both inception and over the life of the derivative the changes in fair value (fair value

hedges) or expected cash flows (cash flow hedge) of the hedged item are substantially offset by changes in the fair value of the hedging instrument.

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

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

Cash and cash equivalents

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

Employee benefits

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

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

[2] For its Italian companies.

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

- TFR contributions accruing as from 1 January 2007 are considered elements of a defined contribution plan, even when employees have elected to pay them into the *INPS* treasury fund. These contributions, which are calculated on the basis of Civil Code rules and are not subject to actuarial measurement, therefore represent expenses recognised under personnel costs;
- conversely, the employee benefit entitlement accrued at 31 December 2006 continues to represent the liability accumulated by the company in respect of defined benefit plans. This liability will not be increased by further accruals. Accordingly, unlike previous periods, the actuarial calculation performed to determine the balance at 31 December 2007 did not include the component reflecting future wage growth. The difference with respect to the previous value produced by the new calculation represents a curtailment governed by paragraph 109 of IAS 19 and, consequently, is recognised as a negative component of income under personnel costs.

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

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

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

Provisions

Provisions are recognised in respect of certain or probable costs or liabilities whose amount or timing could not be determined at period-end. Provisions are recognised when, at the balance sheet date, the Group has a legal or constructive obligation deriving from a past event and it is probable that an outflow of resources will be required to meet the obligation and this outflow can be estimated. When the financial effect of the passage of time is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted. Increases in the provision caused by the passage of time are recognised as financial

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

expenses. If the liability refers to property, plant and equipment (such as dismantling and site reclamation), it is posted against the asset to which it refers. The charge is taken to the income statement through the depreciation of the underlying asset.

Grants

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

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

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

Revenues

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

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

Financial income and expense

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

Dividends

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

Income taxes

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

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

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

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

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

Earnings per share

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

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

Foreign currency transactions

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

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

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

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

Translation of financial statements of foreign companies

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

The financial statements of companies operating outside the euro area are translated into euros by applying the end-period exchange rate for balance sheet items and the average exchange rate for the period for income statement items.

Differences arising from the adjustment of initial shareholders' equity to current end-period exchange rates and differences arising from the use of different methods for translating the net result for the period are recognised in equity under a specific reserve.

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

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

Use of estimates

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

Significant accounting policies

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

- *intangible assets with indefinite useful lives:* goodwill undergoes annual testing for impairment, to be recognized through profit or loss. In particular, the impairment test involves allocating the goodwill to the cash generating units and subsequently determining their fair value. If the fair value of the net capital employed is lower than the carrying amount of the cash generating units, the goodwill allocated is written down. The allocation of the goodwill of the cash generating units and the determination of the fair value of the latter involves the use of estimates based on factors that can change over time, with potentially significant effects on the assessments made by management;

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

New treatment of actuarial gains and losses in respect of employee benefit provisions (TFR)

On 8 November 2005, Regulation (EC) 1910/2005 endorsed the amendments to IAS 19, the accounting standard governing employee benefits. With the changes, as from the 2006 financial year, the IASB introduced the option of directly recognising actuarial gains and losses from the calculation of liabilities for post-employment benefits in shareholders' equity.

Until 31 December 2006 the Group recognised all actuarial gains and losses emerging from the calculation of the liability in respect of TFR in the income statement. It now feels that the adoption of the option envisaged in the amendment to IAS 19 provides a more reliable view of the Group's performance and financial position, as it reduces the risk of fluctuations in Group results as a result of changes in factors external to operating activities.

The effects of the adoption of the amendment have therefore been determined retrospectively, as envisaged under IAS 8 - Accounting policies, changes in accounting estimates and errors, and the comparative figures in the consolidated financial statements at 31 December 2006 have been restated.

The impact of this change on the Group's retained earnings is reflected in the statement of changes in shareholders' equity, as well as the statement of income and expense recognised in shareholders' equity.

Risk management

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

Credit risk

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

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

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

Liquidity risk

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

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

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

Market risks

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

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

Exchange rate risk

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

The Group’s operating activities are exposed to exchange rate risk to differing extents: the cement sector is exposed on both the revenue side, for exports, and the cost side, while the ready-mixed concrete sector is less exposed, as revenues and costs are denominated in local currency.

The principal cash flow exposure regard the purchase of solid fuel and clinker in US dollars and exports of cement and clinker in US dollars. The Group also has exposures in British pounds, Polish zlotys and Icelandic kronas in respect of exports to those countries. The chief exposures from financing denominated in currencies other than the functional currency are in Turkey and are denominated in US dollars. To cover its exposures, the Group calculates the natural hedging effect of cash flows and financing, and hedges the remaining exposure by means of forward foreign exchange transactions, as well as foreign exchange call and put options. The Group's derivatives transactions are conducted for hedging purposes.

The Group’s presentation currency is the euro. This generates exchange rate risk in respect of the translation of the financial statements of the consolidated subsidiaries located in countries outside the euro area (with the exception of Denmark, whose currency is stable against the euro). The income statements of those companies are translated into euros at the average exchange rate for the period, meaning that changes in exchange rates can have an impact on the resulting euro amount. As envisaged in the accounting standards adopted by the Group, the effects of exchange rate fluctuations on the value of assets and liabilities are recognized directly in equity, under the “translation reserve” (note 12).

Interest rate risk

As the Group has a net debtor position, it is exposed to the risk of fluctuations in interest rates. Most of financing will be repaid in the next three years and bears floating rates, in view of the projected cash flows of the companies. The risk of interest rate fluctuations is held to be small thanks both the short-term maturity of the Group's debts and to the fact that the Group's borrowing is almost exclusively in euros, Danish krone and US dollars, all of which have very flat short-term yield curves. The risk associated with structured transactions, the value of which is marginal, is managed by setting targets for dividing such operations into fixed and floating rate transactions.

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

Segment information

The primary basis of the Group's reporting is by geographical segment, while the secondary basis is by business segment.

The countries in which the Group operates and which represent the primary basis of reporting are: Italy, Denmark, other Scandinavian countries (Norway, Sweden and Iceland), Turkey, Egypt, the Far East (Malaysia and China) and the rest of the world (Luxembourg, Spain, Portugal, Poland, Russia and the United States). The Group's management and organisational structures essentially reflect these geographical segments.

The secondary basis of reporting are the following business segments:

- activities connected with the production and sale of cement/clinker;
- activities connected with construction materials: ready-mixed concrete and aggregates;
- other activities: transport, cement pipes, alternative fuel and fuel distribution.

Operations are organized and run by country and by type of activity. The geographical segments comprises the fixed assets of the individual companies operating in the zones listed above. The cement/clinker business segment provides some of its manufacturing capacity to the ready-mixed concrete segment.

Transactions between the segments involving the exchange of goods and services are conducted on normal market terms and conditions.

Primary basis: geographical segment

The table below reports revenues and results by geographical segment for the period ended 31 December 2007:

(EUR '000)	**Revenues**	*Inter-segment revenues*	*Net revenue contribution*	**Segment result (EBITDA)**	**Result of equity investment measured using equity method**
Denmark	409,971	20,135	389,836	92,432	-
Turkey	260,129	-	260,129	83,484	-
Italy	238,626	2,369	236,257	51,199	52
Other Scandinavian countries	203,083	-	203,083	28,221	610
Egypt	31,998	1,386	30,612	11,731	-
Far East	21,693	-	21,693	4,428	-
Rest of world	25,841	438	25,403	2,616	4,007
(adjustments to exclude trade between countries)	(24,328)	(24,328)	-	-	-
Total	**1,167,013**	**-**	**1,167,013**	**274,111**	**4,669**

The table below reports revenues and income by geographical segment for the period ended 31 December 2006:

(EUR '000)	**Revenues**	*Inter-segment revenues*	*Net revenue contribution*	**Segment result (EBITDA)**	**Result of equity investment measured using equity method**
Denmark	373,820	15,234	358,586	80,613	(374)
Turkey	219,043	1,884	217,159	63,929	-
Italy	242,004	2,865	239,139	60,068	24
Other Scandinavian countries	174,937	-	174,937	23,847	604
Egypt	31,774	350	31,424	12,778	-
Far East	20,669	-	20,669	4,259	(37)
Rest of world	25,500	22	25,478	1,836	5,437
(adjustments to exclude trade between countries)	(20,355)	(20,355)	-	-	-
Total	**1,067,392**	-	**1,067,392**	**247,330**	**5,654**

The table below reports other data by geographical segment at 31 December 2007:

(EUR '000)	**Segment assets**	**Segment liabilities**	**[4] Investments in property, plant and equipment and intangible assets**	**Depreciation, amortisation, impairment losses and provisions**
Denmark	540,986	180,417	29,841	26,738
Turkey	601,105	148,509	34,769	20,371
Italy	406,855	330,021	30,371	17,001
Other Scandinavian countries	124,624	47,761	11,212	7,819
Egypt	72,003	25,055	22,786	1,875
Far East	39,539	7,507	1,345	1,881
Rest of world	42,988	2,901	4,270	1,112
Total	**1,828,100**	**742,171**	**134,594**	**76,797**

[4] Investments carried out during the year.

The table below reports other data by geographical segment at 31 December 2006:

(EUR '000)	Segment assets	Segment liabilities	[4]Investments in property, plant and equipment and intangible assets	Depreciation, amortisation, impairment losses and provisions
Denmark	539,875	214,270	68,655	25,890
Turkey	522,550	150,400	109,664	16,194
Italy	367,706	316,675	26,172	12,386
Other Scandinavian countries	118,901	46,463	8,322	7,017
Egypt	54,345	24,427	4,890	1,996
Far East	42,013	8,761	1,082	2,343
Rest of world	40,798	3,725	13,784	660
Total	**1,686,188**	**764,721**	**232,569**	**66,486**

Secondary basis: business segment

The table below reports data by business segment at 31 December 2007:

(EUR '000)	Segment assets	Operating revenues	[4]Investments in property, plant and equipment and intangible assets
Cement	1,542,551	716,677	111,242
Ready-mixed concrete and aggregates	243,800	419,986	20,232
Other activities	41,749	30,350	3,120
Total	**1,828,100**	**1,167,013**	**134,594**

The table below reports data by business segment at 31 December 2006:

(EUR '000)	Segment assets	Operating revenues	[4]Investments in property, plant and equipment and intangible assets
Cement	1,414,313	655,560	185,246
Ready-mixed concrete and aggregates	239,025	377,990	46,180
Other activities	32,850	33,842	1,143
Total	**1,686,188**	**1,067,392**	**232,569**

The table below reports revenues from sales to external customers for each geographical segment at 31 December 2007:

(EUR '000)	Denmark	Italy	Other Scandinavian countries	Turkey	Egypt	Far East	Rest of world	Total
Revenues by geographical location of customer	350,102	239,935	155,381	220,937	21,430	31,134	128,166	**1,147,085**

Notes to the financial statements

1) Intangible assets

Intangible assets amounted to EUR 479,804 thousand (EUR 457,547 thousand at 31 December 2006) and include assets with finite useful lives totalling EUR 13,905 thousand (EUR 9,465 thousand at 31 December 2006) and assets with indefinite useful lives totalling EUR 465,899 thousand (EUR 448,082 thousand at 31 December 2006).

Intangible assets with finite useful lives

At 31 December 2007 intangible assets with finite useful lives amounted to EUR 13,905 thousand (EUR 9,465 thousand at 31 December 2006). Concession rights and licenses mainly regard quarry concessions held by the Danish companies and software licenses related to the implementation of the SAP R/3 information system. Amortisation is calculated in the account on the basis of the estimated useful life of the assets.

(EUR '000)	Development costs	Concession rights and licenses	Other assets	Assets under development and advances	Total
Gross value at 1 January 2006	**131**	**5,836**	**7,800**	**807**	**14,574**
Increases	-	1,300	537	2,703	4,540
Decreases	-	-	-	-	-
Changes in scope of consolidation	9	1,772	(2,770)	(182)	(1,171)
Translation differences	(2)	(331)	(326)	1	(658)
Reclassifications	-	-	46	(18)	28
Gross value at 31 December 2006	**138**	**8,577**	**5,287**	**3,311**	**17,313**
Amortisation at 1 January 2006	**96**	**3,835**	**4,514**	**-**	**8,445**
Amortisation	22	511	388	-	921
Changes in scope of consolidation	5	324	(1,610)	-	(1,281)
Translation differences	(1)	(66)	(170)	-	(237)
Amortisation at 31 December 2006	**122**	**4,604**	**3,122**	**-**	**7,848**
Net value at 31 December 2006	**16**	**3,973**	**2,165**	**3,311**	**9,465**

(EUR '000)	Development costs	Concession rights and licenses	Other assets	Assets under development and advances	Total
Gross value at 1 January 2007	**138**	**8,577**	**5,287**	**3,311**	**17,313**
Increases	-	5,480	252	46	5,778
Decreases	-	-	-	-	-
Changes in scope of consolidation	-	-	755	-	755
Translation differences	-	(196)	26	3	(167)
Reclassifications	-	2,564	1,760	(3,314)	1,010
Gross value at 31 December 2007	**138**	**16,425**	**8,080**	**46**	**24,689**
Amortisation at 1 January 2007	**122**	**4,604**	**3,122**	**-**	**7,848**
Amortisation	16	1,300	605	-	1,921
Changes in scope of consolidation	-	-	(21)	-	(21)
Translation differences	-	(36)	10	-	(26)
Reclassifications	-	(397)	1,459	-	1,062
Amortisation at 31 December 2007	**138**	**5,471**	**5,175**	**-**	**10,784**
Net value at 31 December 2007	**-**	**10,954**	**2,905**	**46**	**13,905**

Intangible assets with indefinite useful lives

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

At 31 December 2007, the item amounted to EUR 465,899 thousand (EUR 448,082 thousand at 31 December 2006) and included goodwill arising on consolidation following the acquisition of the Cimentas and Aalborg Portland groups. The increase mainly reflects translation differences on the goodwill in respect of Cimentas caused by the appreciation of the Turkish lira against the euro.

	31 December 2007			31 December 2006		
(EUR '000)	Turkey (Cimentas group)	Denmark (AalborgUnicon group)	Total	Turkey (Cimentas group)	Denmark (AalborgUnicon group)	Total
Carrying amount at start of period	**189,616**	**258,466**	**448,082**	**213,473**	**255,245**	**468,718**
Increases	-	-	**-**	-	4,736	**4,736**
Decreases	-	-	**-**	-	-	**-**
Writedowns	-	-	**-**	-	(849)	**(849)**
Changes in scope of consolidation	777	223	**1,000**	7,068	-	**7,068**
Translation differences	16,218	444	**16,662**	(30,925)	(666)	**(31,591)**
Reclassifications	-	155	**155**	-	-	**-**
Carrying amount at end of period	**206,611**	**259,288**	**465,899**	**189,616**	**258,466**	**448,082**

The Group tested assets for impairment at all cash generating units (CGU) to which goodwill had been allocated.

The tests involved discounting the expected cash flows over the next three years for each CGU and, where available, using the market value of recent market transactions involving similar assets. The discount rate used to calculate the present value of the expected cash flows was determined for each CGU on the basis of the weighted average cost of capital (WACC). The impairment tests found no reduction of shareholders' equity at 31 December 2007 or of net profit for the year 2007.

The key assumptions used in determining value in use were as follows:

(EUR '000)	Turkey (Cimentas group)	Denmark (AalborgUnicon group)
EBITDA 2007	83,435	138,903
Growth rate	0%	2%
Discount rate	9.3%	8%

The growth and discount rates for Turkey are stated in real terms, while those for Denmark are nominal.

2) Property, plant and equipment

At 31 December 2007 property, plant and equipment amounted to EUR 871,791 thousand (EUR 804,933 thousand at 31 December 2006). The table below provides the required supplementary information on the components of the item:

(EUR '000)	Land and buildings	Quarries	Plant and equipment	Other assets	Assets under construction and advances	Total
Gross value at 1° January 2006	**359,102**	**12,543**	**1,005,031**	**66,091**	**13,587**	**1,456,354**
Increases	7,073	12	26,487	9,769	55,748	99,089
Decreases	(3,663)	(1)	(6,673)	(4,479)	(39)	(14,855)
Changes in scope of consolidation	42,474	(2,015)	42,441	10,137	5,806	98,843
Translation differences	(22,950)	26	(55,508)	(5,335)	(1,222)	(84,989)
Reclassifications	3,498	4,686	9,568	662	(18,442)	(28)
Gross value at 31 December 2006	**385,534**	**15,251**	**1,021,346**	**76,845**	**55,438**	**1,554,414**
Depreciation at 1° January 2006	**177,624**	**2,525**	**533,001**	**47,222**	**-**	**760,372**
Depreciation	9,280	106	46,909	6,245	-	62,540
Decreases	(2,911)	(1)	(5,503)	(3,830)	-	(12,245)
Changes in scope of consolidation	(7,543)	1,126	(3,438)	(5,389)	-	(15,244)
Translation differences	(9,197)	2	(32,503)	(4,244)	-	(45,942)
Depreciation at 31 December 2006	**167,253**	**3,758**	**538,466**	**40,004**	**-**	**749,481**
Net value at 31 December 2006	**218,281**	**11,493**	**482,880**	**36,841**	**55,438**	**804,933**

(EUR '000)	Land and buildings	Quarries	Plant and equipment	Other assets	Assets under construction and advances	Total
Gross value at 1° January 2007	**385,534**	**15,251**	**1,021,346**	**76,845**	**55,438**	**1,554,414**
Increases	7,509	-	20,855	8,146	89,819	126,329
Decreases	(11,357)	-	(21,081)	(3,317)	(452)	(36,207)
Changes in scope of consolidation	(144)	476	(1,989)	(22)	116	(1,563)
Translation differences	9,380	(57)	23,134	2,331	(784)	34,004
Reclassifications	11,952	3,205	72,660	(1,147)	(81,087)	5,583
Gross value at 31 December 2007	**402,874**	**18,875**	**1,114,925**	**82,836**	**63,050**	**1,682,560**
Depreciation at 1° January 2007	**167,253**	**3,758**	**538,466**	**40,004**	**-**	**749,481**
Depreciation	9,747	180	52,685	8,016	-	70,628
Decreases	(10,669)	-	(19,405)	(2,801)	-	(32,875)
Changes in scope of consolidation	(174)	-	(1,113)	(20)	-	(1,307)
Translation differences	3,544	(22)	14,285	1,842	-	19,649
Reclassifications	(1,056)	968	6,875	(1,594)	-	5,193
Depreciation at 31 December 2007	**168,645**	**4,884**	**591,793**	**45,447**	**-**	**810,769**
Net value at 31 December 2007	**234,229**	**13,991**	**523,132**	**37,389**	**63,050**	**871,791**

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

The net carrying amount of property, plant and equipment pledged as collateral for bank loans amounted to EUR 156.1 million at 31 December 2007 (EUR 154.9 million at 31 December 2006); the outstanding value of those loans amounted to EUR 7.3 million at 31 December 2007 (EUR 13.6 million at 31 December 2006).

The value of contractual commitments to purchase property, plant and equipment at 31 December 2007 amounted to EUR 52.4 million (EUR 46.3 million at 31 December 2006).

In 2007 financial expense of EUR 1 million was capitalized (about EUR 2 million in 2006). The interest rates on the capitalized financial expense were between 6%-10% in 2007 (about 6% in 2006).

3) Investment property

Investment property amounted to EUR 27,950 thousand (EUR 23,000 thousand at 31 December 2006) and is reported at fair value, as determined by independent appraisers. The increase of EUR 4,950 thousand is attributable to the change in classification of a former industrial area previously carried under land and buildings.

Of the total value, EUR 23 million is pledged as collateral for a bank loan with an outstanding value at 31 December 2007 of EUR 14.7 million.

4) *Equity investments measured using the equity method*

The item consists of the share of equity investments in associated companies, which are accounted for using the equity method.

The following table reports the carrying amount of the equity investments and Cementir Holdings SpA's pro-rata share of the net result:

(EUR '000)	Carrying amount		Pro-rata share of net result	
	31 December 2007	31 December 2006	2007	2006
Speedybeton SpA	2,012	1,998	52	24
Leigh White Cement Company *Joint Venture*	13,082	13,998	4,144	5,691
Aalborg Siam White Cement Pte Ltd	-	-	-	(37)
Secil Unicon SGPS Lda	1,589	2,198	(609)	(909)
Sola Betong AS	1,784	1,775	565	538
Storsand Sandtak AS	475	417	45	66
EKOL Unicon Spzoo	2,751	2,361	472	655
Skancon A/S	-	-	-	(374)
Equity investments measured using the equity method	**21,693**	**22,747**	**4,669**	**5,654**

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

(EUR '000)

Company	Currency	Registered office	Assets	Liabilities	Revenues	Net profit (loss) for period	% holding
31 December 2006							
Speedybeton SpA	EUR	Pomezia–RM (Italy)	14,364	7,831	19,380	80	30
Leigh White Cement Company *Joint Venture*	USD	Allentown (USA)	59,869	10,189	129,853	23,227	24.5
Aalborg Siam White Cement Pte Ltd	SGD	Singapore (Singapore)	-	-	-	(74)	50
Secil Unicon SGPS Lda	EUR	Lisbon (Portugal)	7,090	13	-	(1,817)	50
Sola Betong AS	NOK	Risavika (Norway)	6,172	2,637	12,762	1,616	33.3
Storsand Sandtak AS	NOK	Saette (Norway)	950	430	896	132	50
EKOL Unicon Spzoo	PLN	Gdansk (Poland)	7,657	2,837	12,579	1,335	49
Skancon A/S*)	DKK	Hinnerup (Denmark)	-	-	4,864	(748)	50
			96,102	**23,937**	**180,334**	**23,751**	

*) The results for Skancon refer to the first quarter of 2006, before the acquisition of the remaining 50% of share capital.

(EUR '000)

Company	Currency	Registered office	**Assets**	**Liabilities**	**Revenues**	**Net profit (loss) for period**	% holding
31 December 2007							
Speedybeton SpA	EUR	Pomezia–RM (Italy)	13,427	6,723	18,035	172	29.97
Leigh White Cement Company *Joint Venture*	USD	Allentown (USA)	54,722	8,153	113,648	16,914	24.5
Aalborg Siam White Cement Pte Ltd	SGD	Singapore (Singapore)	-	-	-	-	-
Secil Unicon SGPS Lda	EUR	Lisbon (Portugal)	5,883	24	-	(1,218)	50
Sola Betong AS	NOK	Risavika (Norway)	8,127	4,654	16,869	1,718	33
Storsand Sandtak AS	NOK	Saette (Norway)	1,171	545	766	90	50
EKOL Unicon Spzoo	PLN	Gdansk (Poland)	8,957	3,343	14,303	963	49
			92,287	**23,442**	**163,621**	**18,639**	

5) Other equity investments

Other equity investments totalled EUR 2,558 thousand (EUR 2,778 thousand at 31 December 2006) and comprise the Group's equity stake in the Toscocem Consortium (in liquidation) in the amount of EUR 15 thousand, which remain unchanged with respect to the previous year, and equity investments in unlisted companies in the amount of EUR 2,543 thousand (EUR 2,763 thousand at 31 December 2006) as shown below:

(EUR '000)	Cemencal SpA	Sipac SpA (in liquidation)	Cimentas Egitim (foundation)	Ataer AS	Others	**Total**
Value at 1° January 2006	**2,400**	**77**	**62**	**9**	**-**	**2,548**
Increases						-
Decreases						-
Changes in scope of consolidation					225	225
Translation differences			(9)	(1)		(10)
Value at 31 December 2006	**2,400**	**77**	**53**	**8**	**225**	**2,763**
Value at 1° January 2007	**2,400**	**77**	**53**	**8**	**225**	**2,763**
Increases						-
Decreases						-
Changes in scope of consolidation					(225)	(225)
Translation differences			4	1		5
Value at 31 December 2007	**2,400**	**77**	**57**	**9**	**-**	**2,543**

6) Non-current financial assets

The item amounted to EUR 445 thousand (EUR 431 thousand at 31 December 2006), and is mainly made up of receivables in respect of security deposits falling due in less than five years.

7) Inventories

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

(EUR '000)	31 December 2007	31 December 2006
Raw materials, ancillary materials and consumables	71,847	64,109
Semi-finished products	22,642	17,523
Finished products	20,957	20,613
Advances	1,668	1,692
Total inventories	**117,114**	**103,937**

8) Trade receivables

Trade receivables totalled EUR 208,110 thousand (EUR 195,233 thousand at 31 December 2006), and are composed of the following elements:

(EUR '000)	31 December 2007	31 December 2006
Customer receivables	212,227	195,826
Impairment	(6,196)	(5,382)
Net customer receivables	206,031	190,444
Advances to suppliers	291	275
Receivables due from related parties	1,788	4,514
Total trade receivables	**208,110**	**195,233**

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

(EUR '000)	31 December 2007	31 December 2006
Customer receivables not past due	146,460	126,679
Customer receivables past due:	65,767	69,147
0-30 days	*36,409*	*36,455*
30-60 days	*15,753*	*20,392*
60-90 days	*6,241*	*5,498*
More than 90 days	*7,364*	*6,802*
Total customer receivables	212,227	195,826
Impairment	(6,196)	(5,382)
Net customer receivables	**206,031**	**190,444**

9) Current financial assets

Current financial assets amounted to EUR 5,742 thousand (EUR 858 thousand at 31 December 2006) and break down as follows:

(EUR '000)	31 December 2007	31 December 2006
Derivatives	3,037	-
Accrued income	1,190	858
Prepaid expenses	252	-
Financial receivables due from third parties	1,263	-
Total current financial assets	**5,742**	**858**

10) Other current assets

Other current assets, totalling EUR 16,970 thousand (EUR 14,353 thousand at 31 December 2006), comprise non-commercial items, and break down as follows:

(EUR '000)	31 December 2007	31 December 2006
VAT receivables	2,466	3,396
Receivables from employees	561	630
Accrued income	2,278	1,524
Prepaid expenses	2,709	1,168
Other receivables	8,956	7,635
Total other current assets	**16,970**	**14,353**

Other receivables mainly regard taxes paid in Denmark to be refunded. The receivables had not yet fallen due at the end of each period.

11) Cash and cash equivalents

The item amounts to a EUR 59,511 thousand (EUR 31,226 thousand at 31 December 2006), and consists of the Group's liquidity, which is generally invested in short-term financial transactions. It breaks down as follows:

(EUR '000)	31 December 2007	31 December 2006
Bank and postal deposits	56,783	30,920
Cash and cash equivalents on hand	2,728	306
Total cash and cash equivalents	**59,511**	**31,226**

12) Shareholders' equity

Group shareholders' equity

A schedule reconciling the group parent's shareholders' equity and net profit at 31 December 2007 and the corresponding consolidated figures is provided in the report on operations.

Share capital

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

Translation reserve

At 31 December 2007, the translation reserve showed a negative balance of EUR 40,095 thousand and broke down as follows:

(EUR '000)	31 December 2007	31 December 2006	Change
Turkey (Turkish lira – TRY)	(32,808)	(65,553)	32,745
United States (US dollar – USD)	(5,312)	(1,799)	(3,513)
Egypt (Egyptian pound – EGP)	(2,262)	(490)	(1,772)
Poland (Polish zloty - PLN)	188	99	89
Other countries	99	(83)	182
Total translation reserve	**(40,095)**	**(67,826)**	**27,731**

Minority interests shareholders' equity

At 31 December 2007, minority interests in shareholders' equity was EUR 52,559 thousand (EUR 41,763 thousand at 31 December 2006). In 2007, net income totalled EUR 11,373 thousand (EUR 8,735 thousand in 2006).

13) Employee benefit provisions

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

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

	31 December 2007	31 December 2006
Discount rate	4.5%-4%-5.7%	3.8%-4%-5.7%
Expected yield of plan assets	5%	
Annual wage increase	2%-5%	1.9%-3%-4%
Annual accretion of TFR	3.45%	2.8%

The amounts reported in the balance sheet were calculated as follows:

(EUR '000)	**31 December 2007**	**31 December 2006**
Nominal value of the provision	25,894	22,925
Discounting adjustment	(7,396)	(5,782)
Total provision for employees	**18,498**	**17,143**

Changes were as follows:

(EUR '000)	**31 December 2007**	**31 December 2006**
Net liability at start of period	**17,143**	**16,296**
Curtailment	359	-
Current service cost	1,385	2,048
Interest cost	846	565
Net actuarial (gain)/loss	778	(221)
Change in scope of consolidation	-	1,210
Translation differences	193	(363)
Other changes	97	(108)
(Benefits paid)	(2,303)	(2,284)
Net liability at end of period	**18,498**	**17,143**

14) Provisions

Non-current and current provisions amounted to EUR 9,300 thousand (EUR 12,330 thousand at 31 December 2006) and EUR 2,901 thousand (EUR 54 thousand at 31 December 2006) respectively and broke down as follows:

(EUR '000)	Quarry restructuring provision	Litigation provision	Other provisions	Total provisions	Non-current provisions	Current provisions
Value at 1° January 2006	**2,080**	**1,516**	**9,247**	**12,843**	**11,608**	**1,235**
Accruals			2,634	2,634		
Utilisations			(1,484)	(1,484)		
Decreases			(265)	(265)		
Translation differences			(279)	(279)		
Other changes			(1,065)	(1,065)		
Value at 31 December 2006	**2,080**	**1,516**	**8,788**	**12,384**	**12,330**	**54**

(EUR '000)	Quarry restructuring provision	Litigation provision	Other provisions	Total provisions	Non-current provisions	Current provisions
Value at 1° January 2007	**2,080**	**1,516**	**8,788**	**12,384**	**12,330**	**54**
Accruals	67	2,000	991	3,058		
Utilisations	(26)	(1,482)	(1,949)	(3,457)		
Decreases	-	(14)	(297)	(311)		
Change in scope of consolidation	5,011	1,839	(6,488)	362		
Translation differences	(37)	106	96	165		
Other changes	-	-	-	-		
Value at 31 December 2007	**7,095**	**3,965**	**1,141**	**12,201**	**9,300**	**2,901**

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

15) Trade payables

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

(EUR '000)	31 December 2007	31 December 2006
Payables to suppliers	154,122	149,551
Payables to related parties	340	1,037
Advances	1,000	1,528
Total trade payables	**155,462**	**152,116**

16) Financial liabilities

Non-current and current financial liabilities are summarised below:

(EUR '000)	31 December 2007	31 December 2006
Bank payables	142,684	210,251
Other lenders	54,869	62,666
Non-current financial liabilities	**197,553**	**272,917**
Bank payables	213,415	171,427
Short-term portion of non-current financial liabilities	11,641	16,607
Financial payables to related parties	3,000	6,000
Other financial payables	2,864	2,461
Fair value of hedging derivatives	1,628	212
Current financial liabilities	**232,548**	**196,707**
Total financial liabilities	**430,101**	**469,624**

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

(EUR '000)	31 December 2007	31 December 2006
Within 3 months	40,341	41,422
3 months to 1 year	192,207	155,285
1 to 2 years	83,570	90,371
2 to 5 years	65,077	146,953
More than 5 years	48,906	35,593
Total financial liabilities	**430,101**	**469,624**

The carrying amount and fair value of non-current financial liabilities are as follows:

	Carrying amount		**Fair value**	
(EUR '000)	**31 December 2007**	**31 December 2006**	**31 December 2007**	**31 December 2006**
Floating-rate liabilities	194,119	266,297	192,728	267,581
Fixed-rate liabilities	3,434	6,620	3,434	6,620
Non-current financial liabilities	**197,553**	**272,917**	**196,162**	**274,201**

The carrying amount of current financial liabilities is a reasonable approximation of their fair value.

Net financial position

(EUR '000)	31 December 2007	31 December 2006
Cash	2,728	306
Other liquid assets	56,783	30,920
Cash and cash equivalents	*59,511*	*31,226*
Current financial assets	*5,742*	*858*
Current bank borrowings	(217,254)	(180,232)
Other current financial payables	(15,294)	(16,475)
Current financial liabilities	*(232,548)*	*(196,707)*
Net current financial liabilities	**(167,295)**	**(164,623)**
Non-current financial liabilities	**(197,553)**	**(272,917)**
Net financial position	**(364,848)**	**(437,540)**

Financial liabilities in respect of related parties amount to 0.8% of the net financial liabilities of the Group, and refers to the residual debt due to Vianini Industria SpA for the acquisition of Vianini Pipe Inc., a US company.

17) Current tax liabilities

Current tax liabilities total EUR 6,787 thousand (EUR 7,725 thousand at 31 December 2006) and regard the tax liability for the period net of prepayments.

18) Other current liabilities

(EUR '000)	31 December 2007	31 December 2006
Payables to employees	18,019	16,494
Payables to social security institutions	3,683	2,937
Payables to related parties	3	113
Deferred income	424	1,613
Accrued expenses	4,194	2,402
Other payables	14,524	14,506
Total other current liabilities	**40,847**	**38,065**

19) Deferred tax assets and liabilities

Deferred tax items are calculated on temporary differences between taxable income and the income reported in the financial statements. Deferred tax liabilities amounted to EUR 78,275 thousand (EUR 67,664 thousand at 31 December 2006), and deferred tax assets to EUR 12,583 thousand (EUR 26,399 thousand at 31 December 2006).

They break down as follows:

(EUR '000)	1 January 2007	Accrual net of utilisation recognised in income statement	Increases net of decreases recognised in equity	31 December 2007
Differences in depreciation	37,594	6,043	(1,458)	42,179
Differences in amortisation	5,862	3,092	621	9,575
Plant revaluation	12,931	(755)	(760)	11,416
Capital gains	1,734	(992)	-	742
Other	9,543	(3,786)	8,606	14,363
Total deferred tax liabilities	**67,664**	**3,602**	**7,009**	**78,275**
Tax losses carried forward	12,204	(10,005)	5,214	7,413
Provisions	3,544	(216)	31	3,359
Writedowns of equity investments	3,868	(3,868)	-	-
Other	6,783	(3,617)	(1,355)	1,811
Total deferred tax assets	**26,399**	**(17,706)**	**3,890**	**12,583**

(EUR '000)	**1 January 2006**	Accrual net of utilisation recognised in income statement	Increases net of decreases recognised in equity	**31 December 2006**
Differences in depreciation	37,430	898	(734)	37,594
Differences in amortisation	-	1,539	4,323	5,862
Plant revaluation	19,300	(3,267)	(3,102)	12,931
Capital gains	-	(1,009)	2,743	1,734
Other	11,285	147	(1,889)	9,543
Total deferred tax liabilities	**68,015**	**(1,692)**	**1,341**	**67,664**
Tax losses carried forward	22,287	(13,886)	3,803	12,204
Provisions	1,895	823	826	3,544
Writedowns of equity investments	13,800	(9,932)	-	3,868
Other	2,514	(3,623)	7,892	6,783
Total deferred tax assets	**40,496**	**(26,618)**	**12,521**	**26,399**

20) Revenues

(EUR '000)	**2007**	**2006**
Product sales	1,087,187	994,385
Product sales – related parties	15,916	26,125
Services	43,982	29,151
Total revenues from sales and services	**1,147,085**	**1,049,661**

21) Other operating revenues

(EUR '000)	**2007**	**2006**
Rental and similar income	1,096	775
Rental and similar income – related parties	632	491
Capital gains	4,668	3,748
Release of provisions	311	265
Insurance payments	579	2,306
Other income and revenues	2,901	4,030
Total other operating revenues	**10,187**	**11,615**

22) Raw material costs

(EUR '000)	2007	2006
Raw materials and semi-finished products	171,977	198,622
Fuel	111,477	84,595
Electricity	85,131	70,780
Finished products	42,675	8,632
Other materials	57,474	54,538
Change in inventories of raw materials, consumable and products	(6,618)	(5,333)
Total raw materials costs	**462,116**	**411,834**

23) Personnel costs

(EUR '000)	2007	2006
Salaries and wages	131,677	120,739
Social security contributions	21,990	16,129
Curtailment	359	-
Other costs	7,935	11,387
Total personnel costs	**161,961**	**148,255**

Personnel costs include contributions to defined-contribution plans of about EUR 7 million (EUR 4.8 million in 2006).

Group employees break down as follows:

	2007	2006	Average 2007	Average 2006
Executives	51	60	61	67
Middle management and office staff	1,902	1,666	1,776	1,542
Workers	1,929	2,019	2,016	1,872
Total	**3,882**	**3,745**	**3,853**	**3,481**

At 31 December 2007 the group parent Cementir Holding and the Italian subsidiaries employed 587 people at the end of the period (581 at 31 December 2006), while the Cimentas Group employed 1,209 people (1,153 at 31 December 2006), the Aalborg Portland Group employed 1,057 people (1,048 at 31 December 2006) and the Unicon employed 1,029 people (963 at 31 December 2006).

24) Other operating costs

(EUR '000)	**2007**	**2006**
Transport	119,797	118,778
Services and maintenance	72,612	68,226
Consulting	7,244	6,265
Insurance	6,172	4,651
Other services	37,672	37,994
Rental and similar costs	7,581	7,511
Indirect taxes	6,686	9,120
Other operating charges	11,061	7,428
Total other operating costs	**268,825**	**259,973**

25) Depreciation, amortisation, impairment losses and provisions

(EUR '000)	**2007**	**2006**
Amortisation	1,921	922
Depreciation	70,628	62,540
Provisions	3,058	2,634
Impairment losses	1,190	390
Total depreciation, amortisation, impairment losses and provisions	**76,797**	**66,486**

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

The result for 2007, which was a positive EUR 2,113 thousand (a negative EUR 12,414 thousand in 2006), regards the result of companies measured using the equity method and the net result of financial operations. It breaks down as follows

(EUR '000)	**2007**	**2006**
Profits from equity investments measured using equity method	5,278	6,974
Losses from equity investments measured using equity method	(609)	(1,320)
Net result from equity investments measured using equity method	**4,669**	**5,654**
Interest and financial income	3,639	2,918
Interest subsidies	2,638	1,440
Interest expense	(22,847)	(22,084)
Other financial expense	(1,247)	(858)
Total financial income and expense	*(17,817)*	*(18,584)*
Net exchange rate differences	*14,733*	*(393)*
Net result of divestment of equity investments	528	909
Writedowns of equity investments	-	-
Total income (expense) on equity investments	*528*	*909*
Net financial result	**(2,556)**	**(18,068)**
Net result on financial items and equity investments measured using equity method	**2,113**	**(12,414)**

As regards net exchange rate differences, they are mainly related to the appreciation of the Turkish lira against the US dollar.

27) Income taxes

(EUR '000)	2007	2006
Current taxes	26,347	20,881
Deferred taxes	21,308	24,740
Income taxes for the year	**47,655**	**45,621**

Of the total reduction in deferred taxes, EUR 2,711 thousand is attributable to the net reversal of deferred taxes following the change in tax rates.

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

(EUR '000)	2007	2006
Theoretical tax liability	**50,291**	**55,740**
Increased permanent differences	2,316	1,798
Decreased permanent differences	(2,270)	(3,276)
Consolidated tax mechanisms	(2,254)	-
Other changes	(3,645)	(12,501)
Effective IRAP liability	3,217	3,860
Tax liability for the period	**47,665**	**45,621**

28) Earnings per share

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

	2007	2006
Group net profit (EUR '000)	140,399	114,074
Weighted average number of ordinary shares outstanding ('000)	159,120	159,120
Basic earnings per share	**0.88**	**0.72**

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

Capital management

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

29) Acquisition and divestment

Acquisition in 2007

The Turkish group acquired 99.99% of Ilion, which operates in the production of fly ash in Turkey, for USD 1.15 million. The acquisition was accounted for in accordance with IFRS 3 – Business combinations, with the recognition of goodwill in the amount of EUR 777 thousand.

The Danish group acquired the Swedish company Varberg Bjørkholm Grus AB in order to strengthen the Group's position within supply of aggregates own production of ready-mixed concrete. The assets acquired, which were measured at fair value, regard land for gravel pit in the amount of about EUR 0.5 million and quarry rights in the amount of about EUR 0.3 million. In addition, it acquired minority shares in minor Swedish companies operating in the ready-mixed concrete and aggregates sector, as well as the remainder of Aalborg Portland White China A/S, owner of the Group's white cement activities in China. The goodwill generated in the acquisitions came to EUR 223 thousand.

Company	**Main business**	**Acquisition date**	**Percentage acquired**	**Cost** (EUR millions)
Varberg Bjørkholm Grus AB (Sweden)	Aggregates	01.10.2007	100%	0.4
Ekblads Betong AB (Sweden)	Ready-mixed concrete	01.07.2007	25%	0.5
Sydsten Helsingborg AB (Sweden)	Ready-mixed concrete	01.07.2007	25%	0.3
Aalborg Portland White China A/S (Denmark)	Parent of white cement operations in China	02.04.2007	30%	1.9
Ilion Cimento Ltd (Turkey)	Fly ash	03.05.2007	99.99%	0.9
Total				**4.0**

Divestment in 2007

On 1 August 2007, the Danish group sold the Swedish company HB Forserum Sten, which operates in the aggregates sector, for EUR 0.6 million.

30) Disclosures on financial risks

Credit risk

The maximum credit risk exposure for the Group at 31 December 2007 is represented by the carrying amount of receivables.

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

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

For more information on trade and other receivables, please see notes 8 and 10.

Liquidity risk

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

A breakdown of financial liabilities by maturity is given in note 16 on financial liabilities.

Market risks

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

Exchange rate risk

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

As regards the main impact of the consolidation of the foreign companies, if the exchanges rates of the TRY, NOK, SEK, USD, CNY, MYR and EGP had been an average of 10% lower than the actual exchange rate, the translation of shareholders equity would have resulted in a reduction of EUR 38.9 million or about 3.6% of consolidated shareholders' equity at 31 December 2007 (a reduction of EUR 28.5 million or about 3.1% at 31 December 2006). The exchange rate risk in respect of the consolidation of the other foreign companies is negligible.

The Group's primary exposure to exchange rate risk regards the operating result generated by sales and purchases in TRY, DKK, USD, GBP, NOK, SEK and ISK. A 10% depreciation in all of these currencies (with the exception of the DKK) would have reduced EBITDA by EUR 14.1 million (EUR 14.4 million in 2006).

At 31 December 2007, the risks associated with the Group's main foreign currency receivables and payables regarded the TRY, DKK, NOK, SEK and USD. The potential impact of an average 10% depreciation of those currencies, with the exception of the DKK, would have been positive in the amount of about EUR 2.2 million (about EUR 1.9 million at 31 December 2006). The impact in the event of an analogous appreciation would have been negative in a corresponding amount.

At 31 December 2007, the notional value and market value of outstanding derivatives positions was as follows:

(EUR millions)	USD	YTL	NOK	Total
Notional – forwards	70.9	15.1	9.8	95.9
Market value –forwards	(1.9)	3.1	(0.1)	1.1

Interest rate risk

The Group is exposed to changes in interest rates. The net consolidated financial position at 31 December 2007 showed a net debtor position of EUR 364.8 million; 98% of the exposure is floating rate and 2% is fixed rate. The net consolidated financial position at 31 December 2006 showed a net debtor position of EUR 437.5 million, of which 97% was floating rate and 3% was fixed rate.

As regards the floating rate on loans and cash and cash equivalents, an annual increase of 1% in interest rates in all currencies in which the debt is denominated would reduce income before taxes by EUR 3.9 million (EUR 4.1 million in 2006) and shareholders' equity by EUR 2.9 million (EUR 3.1 million at 31 December 2006). A analogous decrease in interest rates would have a corresponding positive impact.

31) Transactions with related parties

Transactions with related arties involved:

- the parent company Caltagirone SpA and its subsidiaries;
- associated companies;
- other related parties.

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

The companies of the Cementir Group also enter into transactions with companies belonging to the Caltagirone Group and with companies under common control. All transactions with related parties are carried out on normal market terms and conditions.

At 31 December 2007, Unicon had a financial liability of EUR 3,000 thousand (EUR 6,000 thousand at 31 December 2006) in respect of the residual amount due to Vianini Industria (under common control) for the acquisition of 99.9% of Vianini Pipe Inc., a US company. The contract for the acquisition provides for payment in instalments until July 2008, with interest charged at normal market rates.

The main financial relationships are reported in the following table:

(EUR '000)	31 December 2007		2007		31 December 2006		2006	
	Receivables	Payables	Revenues	Costs	Receivables	Payables	Revenues	Costs
Parent company	-	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-	-
Companies under common control	-	3,000	-	245	-	6,000	37	277
Total	**-**	**3,000**	**-**	**245**	**-**	**6,000**	**37**	**277**

The main commercial and other relationships are reported below:

(EUR '000)	31 December 2007		2007		31 December 2006		2006	
	Receivables	Payables	Revenues	Costs	Receivables	Payables	Revenues	Costs
Parent company	-	64	-	652	-	918	-	918
Subsidiaries	-	-	-	-	-	-	-	-
Associates	514	160	14,865	-	2,983	4	24,994	-
Companies under common control	1,274	119	1,683	1,766	1,531	228	1,622	1,683
Total	**1,788**	**343**	**16,548**	**2,418**	**4,514**	**1,150**	**26,616**	**2,601**

Revenues from associated companies regard the sale of finished and semi-finished products (cement and clinker) carried out on normal market terms and conditions. As regards commercial transactions with companies under common control, the Cementir Group has long sold cement to the companies of the Caltagirone Group.

More specifically, in 2007, it sold a total of 14,850 metric tons of cement (17,315 in 2006), of which 11,992 (11,954 in 2006) to Vianini Lavori and 2,858 (5,361 in 2006) to Vianini Industria, on market terms and conditions. Revenues and costs in respect of commercial transactions with the parent company and companies under common control comprise sundry services, including rental income and expense.

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

During the year, no loans were granted to directors, members of the Board of Auditors or managers with strategic responsibilities and at 31 December 2007 the Group had no receivables in respect of loans granted to them.

Remuneration and shares held in the Company are reported below:

REMUNERATION OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND MEMBERS OF THE BOARD OF AUDITORS

(disclosure required by Consob in resolution of 1 July 1998)

(EUR '000)

(A) Name	(B) Position	(C) Period for which position was held	(D) Expiry of term	(1) Remuneration for position held in the reporting company	(2) Non-monetary benefits	(3) Bonuses and other incentives	(4) Other remuneration
Francesco Caltagirone Jr.	Chairman of the Board of Directors	Full year	2008			5,155	
Alessandro Caltagirone	Director	Full year	2008	5			
Azzurra Caltagirone	Director	Full year	2008	5			
Luciano Leone	Director	Full year	2008	5			
Mario Ciliberto	Director	Full year	2008	3			1,504
Mario Delfini	Director	Full year	2008	67			
Pasquale Alcini	Director	Full year	2008	6			
Carlo Carlevaris	Director	Full year	2008	5			
Riccardo Nicolini	CEO, General Manager	Full year	2008	156		114	452
Walter Montevecchi	Director	Full year	2008	2			151
Saverio Caltagirone	Director	Full year	2008	7			66
Massimo Confortini	Director	Full year	2008	1			
Alfio Marchini	Director	Full year	2008	2			
Claudio Bianchi	Chairman Board of Auditors	Full year	2007	41			
Gianpiero Tasco	Standing auditor	Full year	2007	41			
Carlo Schiavone	Standing auditor	Full year	2007	41			24

(1-2-3-4) – Remuneration is reported net of VAT and social security contributions (autonomous pension funds and INPS general pension fund)

SHAREHOLDINGS OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND MEMBERS OF THE BOARD OF AUDITORS

(disclosure required by Consob in resolution of 1 July 1998)

Name	Company held	Number of shares held at end of previous year	Number of shares acquired	Number of shares sold	Number of shares held at end of current year
Francesco Caltagirone Jr.	Cementir Holding SpA	4,889,244	765,392	-	5,654,636
Edoardo Caltagirone	Cementir Holding SpA	286,000	-	-	286,000
Alessandro Caltagirone	Cementir Holding SpA	3,121,404	-	-	3,121,404
Azzurra Caltagirone	Cementir Holding SpA	2,291,796	-	-	2,291,796
Mario Ciliberto	Cementir Holding SpA	90,000	4,000	35,000	59,000
Riccardo Nicolini	Cementir Holding SpA	57,500	10,000	52,500	15,000
Carlo Schiavone	Cementir Holding SpA	5,000	-	-	5,000

ANNEXES

Annex 1

List of companies included in the scope of consolidation:

Company	Registered office	Year end
Cementir Holding SpA[A] - *Group parent*	Rome (Italy)	31/12/2007
Aalborg Cement Company Inc.	Dover (USA)	31/12/2007
Aalborg Portland A/S	Aalborg (Denmark)	31/12/2007
Aalborg Portland Islandì EHF	Kopavogur (Iceland)	31/12/2007
Aalborg Portland Polska Spzoo	Warszawa (Poland)	31/12/2007
Aalborg Portland US Inc	Dover (USA)	31/12/2007
Aalborg Portland White A/S	Aalborg (Denmark)	31/12/2007
Aalborg Portland White China A/S	Aalborg (Denmark)	31/12/2007
Aalborg Resources Sdn Bhd	Perak (Malaysia)	31/12/2007
Aalborg White Anqing Co Ltd	Anqing (China)	31/12/2007
Aalborg White Asia Sdn Bhd	Perak (Malaysia)	31/12/2007
Aalborg White Cement Pty Ltd	Sydney (Australia)	31/12/2007
Aalborg White Italia Srl	Rome (Italy)	31/12/2007
Aalborg White OOO	S. Petersburg (Russia)	31/12/2007
AB Sydsten	Malmö (Sweden)	31/12/2007
AGAB Syd AB	Malmö (Sweden)	31/12/2007
Alfacem Srl	Rome (Italy)	31/12/2007
Bakircay AS	Izmir (Turkey)	31/12/2007
Betontir SpA (formerly Calcestruzzi Picciolioni SpA)	Rome (Italy)	31/10/2007
Cementir Delta SpA	Rome (Italy)	31/12/2007
Cementir Espana SL	Madrid (Spain)	31/12/2007
Cementir Italia Srl (formerly Cem 2004 Srl)	Rome (Italy)	31/12/2007
CemMiljo A/S	Aalborg (Denmark)	31/12/2007
Cimbeton AS	Izmir (Turkey)	31/12/2007
Cimentas AS	Izmir (Turkey)	31/12/2007
Destek AS	Izmir (Turkey)	31/12/2007
Ekblads Betong AB	Jönköping (Sweden)	31/12/2007

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

Annex 1 (*continued*)

Company	Registered office	Year end
Elazig Cimento	Elazig (Turkey)	31/12/2007
Everts Betongpumpning AB	Halmstad (Sweden)	31/12/2007
4K Beton A/S	Copenhagen (Denmark)	31/12/2007
Gaetano Cacciatore Inc.	Somerville N.J.(USA)	31/12/2007
Globocem SL	Madrid (Spain)	31/12/2007
Illion Cimento Ltd	Soma (Turkey)	31/12/2007
Intercem SA	Luxembourg (Luxembourg)	30/11/2007
Italian Cement Company (Cemit) LLC	Krasnodar (Russia)	31/12/2007
JEPA Grus & Container	Malmö (Sweden)	31/12/2007
Kars Cimento AS	Kars (Turkey)	31/12/2007
SCI Marketing & Services Sdn Bhd.[B]	Perak (Malaysia)	31/12/2007
Sinai White Portland Cement Co. SAE	Cairo (Egypt)	31/12/2007
Skane Grus AB	Malmö (Sweden)	31/12/2007
Skim Coat Industries Sdn Bhd [B]	Perak (Malaysia)	31/12/2007
Sydsten Helsingborg AB	Helsingborg (Sweden)	31/12/2007
Unicon A/S	Roskilde (Denmark)	31/12/2007
Unicon AS	Sandvika (Norway)	31/12/2007
Vianini Pipe Inc.	Somerville (USA)	31/12/2007
Yapitek AS	Izmir (Turkey)	31/12/2007

List of associated companies measured using the equity method:

Company	Registered office	Year end
EKOL Unicon Spzoo	Gdansk (Poland)	31/12/2007
Leigh White Cement Company - *J.V.*	Allentown (USA)	31/12/2007
Secil Unicon SGPS Lda	Lisbon (Portugal)	31/12/2007
Sola Betong AS	Risavika (Norway)	31/12/2007
Speedybeton SpA	Pomezia - RM (Italy)	31/12/2007
Storsand Sandtak AS	Saetre (Norway)	31/12/2007

[B] In liquidation.

Annex 2

List of significant equity investments at 31 December 2007 pursuant to Art. 120 of Legislative Decree 58 of 24 February 1998
(published pursuant to Art. 126 of Consob Resolution 11971 of 14 May 1999)

Company	Registered office	Share capital	Currency	Type of holding % Direct	Type of holding % Indirect	% holding	Held through
Cementir Holding SpA [A]	Rome (I)	159,120,000	EUR				Group parent
Aalborg Cement Company Inc.	Dover (USA)	1,000	USD		100	100	Aalborg Portland US Inc.
Aalborg Portland A/S	Aalborg (DK)	300,000,000	DKK		75	75	Cementir Espana SL
					25	25	Globocem SL
Aalborg Portland Islandì EHF	Kopavogur (IS)	303,000,000	ISK		100	100	Aalborg Portland A/S
Aalborg Portland Polska Spzoo	Warsaw (PL)	100,000	PLN		100	100	Aalborg Portland White A/S
Aalborg Portland US Inc	Dover (USA)	1,000	USD		100	100	Aalborg Portland White A/S
Aalborg Portland White A/S	Aalborg (DK)	50,000,000	DKK		100	100	Aalborg Portland A/S
Aalborg Portland White China A/S	Aalborg (DK)	9,500,000	DKK		100	100	Aalborg Portland White A/S
Aalborg Resources Sdn Bhd	Perak (MAL)	2,543,972	MYR		100	100	Aalborg White Asia Sdn Bhd
Aalborg White Anqing Co Ltd	Anqing (VR)	51,336,543	CNY		100	100	Aalborg Portland White China A/S
Aalborg White Asia Sdn Bhd	Perak (MAL)	95,400,000	MYR		70	70	Aalborg Portland White A/S
Aalborg White Cement Pty Ltd	Sydney (AUS)	1,000	AUD		100	100	Aalborg White Asia Sdn Bhd
Aalborg White Italia Srl	Rome (I)	10,000	EUR		82	82	Aalborg Portland White A/S
Aalborg White OOO	St. Petersburg (RUS)	21,000,000	RUB		100	100	Aalborg Portland White A/S
AB Sydsten	Malmö (S)	15,000,000	SEK		50	50	Unicon A/S
AGAB Syd AB	Malmö (S)	120,000	SEK		50	50	AB Sysden
Alfacem Srl	Rome (I)	1,010,000	EUR		99.01	99.01	Cimentas AS
				0.99		0.99	Cementir Holding SpA
Bakircay AS	Izmir (TR)	420,000	TRY		97.86	97.86	Kars Cimento AS
					2.14	2.14	Yapitek AS
Betontir SpA (formerly Calcestruzzi Picciolioni SpA)	Rome (I)	104,000	EUR	99.88		99.88	Cementir Holding SpA
Calcestruzzi Inerti Srl [B]	Civita Castellana (I)	10,000	EUR		50	50	Betontir SpA
Cemencal SpA	Bergamo (I)	12,660,000	EUR		15	15	Betontir SpA
Cementir Delta SpA	Rome (I)	38,218,040	EUR	99.99		99.99	Cementir Holding SpA
Cementir Espana SL	Madrid (E)	3,007	EUR		100	100	Cementir Delta SpA

Annex 2 (*continued*)

Company	Registered office	Share capital	Currency	Type of holding		% holding	Held through
				% Direct	% Indirect		
Cementir Italia Srl (formerly Cem 2004 Srl)	Rome (I)	10,000	EURO	99.99		99.99	Cementir Holding SpA
					0.01	0.01	Cementir Delta SpA
CemMiljo A/S	Aalborg (DK)	1,090,950	DKK		100	100	Aalborg Portland A/S
Cimbeton AS	Izmir (TR)	1,770,000	TRY		84.68	84.68	Cimentas AS
					0.06	0.06	Yapitek AS
Cimentas AS	Izmir (TR)	36,540,000	TRY		67.23	67.23	Intercem SA
				29.38		29.38	Cementir Holding SpA
					0.12	0.12	Cimbeton AS
Destek AS	Izmir (TR)	50,000	TRY		99.93	99.93	Cimentas AS
					0.02	0.02	Cimbeton AS
					0.02	0.02	Yapitek AS
					0.02	0.02	Bakircay AS
					0.01	0.01	Cimentas Foundation
Ekblads Betong AB	Jönköping (S)	500,000	SEK		100	100	AB Sysden
EKOL Unicon Spzoo	Gdansk (PL)	1,000,000	PLN		49	49	Unicon A/S
Elazig Cimento AS	Elazig (TR)	46,000,000	TRY		93.55	93.55	Kars Cimento AS
					6.17	6.17	Cimentas AS
					0.27	0.27	Bakircay AS
Everts Betongpumpning AB	Halmstad (S)	100,000	SEK		51	51	AB Sysden
4K Beton A/S	Copenhagen (DK)	1,000,000	DKK		100	100	Unicon A/S
Gaetano Cacciatore Inc.	Somerville N.J.(USA)	4,000,000	USD		100	100	Aalborg Cement Company Inc
Globocem S.L.	Madrid (E)	3,007	EURO		100	100	Alfacem Srl
Ilion Cimento Ltd.	Soma (TR)	300,000	TRY		99.99	99.99	Cimbeton AS
					0.01	0.01	Bakircay AS
Intercem SA	Luxembourg (L)	100,000	EURO	99		99	Cementir Holding SpA
					1	1	Betontir SpA
Italian Cement Company (Cemit) LLC	Krasnodar (RUS)	3,000,000	RUB		100	100	Cimentas AS
JEPA Grus & Container AB	Malmö (S)	100,000	SEK		100	100	Skane Grus AB
Kars Cimento AS	Kars (TR)	3,000,000	TRY		58.38	58.38	Cimentas AS
					39.81	39.81	Alfacem Srl
Leigh White Cement Company - J.V.	Allentown (USA)	-	USD		24,5	24.5	Aalborg Cement Company Inc
SCI Marketing & Services Sdn Bhd. [B]	Perak (MAL)	40,002	MYR		100	100	Aalborg White Asia Sdn Bhd
Secil Unicon SGPS Lda	Lisbon (P)	4,987,980	EURO		50	50	Unicon A/S
Secil Prebetão SA	Montijo (P)	2,750,000	EURO		85	85	Secil Unicon SGPS Lda
Sinai White Portland Cement Co. SAE	Cairo (ET)	260,000,000	EGP		57.14	57.14	Aalborg Portland White A/S

Annex 2 (*continued*)

Company	Registered office	Share capital	Currency	Type of holding % Direct	% Indirect	% holding	Held through
Skane Grus AB	Malmö (S)	1,000,000	SEK		60	60	AB Sysden
Skim Coat Industries Sdn Bhd [B]	Perak (MAL)	480,002	MYR		100	100	Aalborg White Asia Sdn Bhd
Sola Betong AS	Risavika (N)	9,000,000	NOK		33.3	33.3	Unicon AS
Speedybeton SpA	Pomezia - RM (I)	300,000	EURO		30	30	Betontir SpA
Storsand Sandtak AS	Saetre (N)	105,000	NOK		50	50	Unicon A/S
Sydsten Helsingborg AB	Helsingborg (S)	100,000	SEK		100	100	AB Sysden
Unicon A/S	Copenhagen (DK)	150,000,000	DKK		100	100	Aalborg Portland A/S
Unicon AS	Sandvika (N)	13,289,100	NOK		100	100	Unicon A/S
Varberg Bjorkholm Grus AB	Torup (S)	150,000	SEK		100	100	AB Sysden
Vianini Pipe Inc.	Somerville N.J. (USA)	4,483,396	USD		99.99	99.99	Unicon A/S
Yapitek AS	Izmir (TR)	50,000	TRY		98.75	98.75	Cimentas AS
					1.25	1.25	Cimbeton AS

Rome, 13 March 2008

The Chairman

Francesco Caltagirone Jr.

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

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

a) the appropriateness of the financial reports with respect to the Company structure (taking due account of any changes in 2007) and;

b) the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statements in the period ended 31 December 2007.

2. The activity was performed by assessing the organisational structure and the processes for the execution, control and monitoring of operations necessary for the preparation of the consolidated financial statements. No material issues emerged in this regard.

3. In addition, we certify that the consolidated financial statements at 31 December 2007:

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

b) have been prepared in compliance with international accounting standards (IAS/IFRS) and, based on their knowledge, provide a true and fair representation of the performance and financial position of the issuer and of the group companies included in the scope of consolidation.

Rome, 13 March 2008

The Chairman	Manager responsible for preparing Cementir Holding SpA's financial reports
Francesco Caltagirone Jr.	Oprandino Arrivabene

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

To the Shareholders of
Cementir Holding SpA

1 We have audited the consolidated financial statements of Cementir Holding SpA and its subsidiaries ("Cementir Group") as of 31 December 2007, which comprise the balance sheet, the income statement, statement of changes in shareholders' equity, cash flow statement, statement of recognized income and expense and the related notes. These financial statements are the responsibility of Cementir Holding SpA's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a sample basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 2 April 2007.

3 In our opinion, the consolidated financial statements of Cementir Holding SpA as of 31 December 2007 comply with the International Financial Reporting Standards as adopted by the European Union, as well as the regulations issued to implement article 9 of Legislative Decree No. 38/2005;

accordingly, they have been drawn up clearly and give a true and fair view of the financial position, results of operations, changes in equity and cash flows of the Cementir Group for the year then ended.

Rome, 1 April 2008

PricewaterhouseCoopers SpA

Signed by

Massimo Grifantini
(Partner)

"This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the Financial Statements referred to in this report. References in this report to the Financial Statements refer to the Financial Statements in original Italian and not to their translation"