ANNUAL REPORT 2010

64th Financial Year

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Maddaloni plant (Italy)

GENERAL INFORMATION

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LETTER FROM THE CHAIRMAN

Dear Shareholders,

our sixty-fourth fiscal year once marks a further decline on the previous year, in an environment of considerable uncertainty and strains in international markets. One of the most severe contractions ever experienced by the real estate industry had continued to heavily affect cement and ready-mixed sales in several countries, while everywhere profit margins are under pressure due to a generalised increase in the prices of oil and the other main fossil fuels.

We are dealing with this challenging climate from a much sounder financial position compared with the rest of the sector, with net financial debt equal to 29% of shareholders' equity and about three times EBITDA. Therefore, despite the sharp drop in profitability, in 2010 the Company was still able to generate cash flows and achieve important goals, such as further reducing our debt and completing a three-year, EUR 200 million plant investment programme, marking the conclusion of an important corporate reorganisation and cost reduction project begun in 2008.

However, we must continue to improve efficiency and build momentum to rebound stronger and more competitive than before. Undoubtedly, the current crisis has focused the attention of all of us on the need to further strengthen our organisation so that it can handle discontinuity and uncertainty.

The Cementir 3.0 project, a programme for change and reorganisation launched in 2009, is our response to the challenge posed by the market. We at Cementir are convinced that, to achieve our objectives, we must generate synergies within our Group, seek excellence and pay more attention to the environment, hand-in-hand with the communities in which we operate.

We have undertaken a series of steps towards this goal, including founding a municipal and industrial waste recycling and treatment plant in Turkey. We seek not just to achieve cost savings through the use of alternative fuels, but also to couple our desire for growth with the need to protect the environment, becoming more efficient and less dependent on fossil fuels in the cement manufacturing process.

Our strategy continues to focus on shareholders' value creation by pursuing balanced growth, marked by the daily quest for efficiency, by maximizing cash flows and profits, and by investing in technology and human resources.

As I am confident that each of you is ready to face this difficult phase together for the growth and prosperity of our company, I believe that Cementir Holding will come through this period stronger and more competitive than ever.

Francesco Caltagirone Jr.
Chairman of the Board of Directors

Head office Rome (Italy)

NOTICE OF SHAREHOLDERS' MEETING

The shareholders are hereby called to the Ordinary Shareholders' Meeting to be held at the Company's registered office in Rome at Corso di Francia, 200, on 18 April 2011 at 12:00 p.m.at first calling, and, if necessary, on 5 May 2011 at the same place at 16:00 p.m. at second calling, to vote upon the following:

Agenda

1. Presentation of the statutory financial statements at 31 December 2010, accompanied by the reports of the Board of Directors, the Board of Auditors and the independent auditors, with approval of the related and consequent resolutions; presentation of the Group's consolidated financial statements at 31 December 2010 and accompanying reports, with approval of the related and consequent resolutions;
2. Appointment of the Board of Auditors for the period 2011/2012/2013 and determination of the related remuneration, with approval of the related and consequent resolutions;

Share capital and voting right

The share capital of the Company is represented by 159,120,000 ordinary shares with a par value of 1.00 euro each. Each share grants the shareholder one vote. As of today the Company does not hold any shares belonging to its own share capital.

Attendance at Shareholders' Meeting

Pursuant to Article 12 of the Bylaws, the eligibility to attend the Shareholders' Meeting and exercise the right to vote shall be certified by means of a communication sent to the issuer by the intermediary, in accordance with the data in its accounting records related to the end of the accounting day of the seventh business day (Record Date) before the date set for the first calling of the Shareholders' Meeting. Debit or credit entries posted to the accounting records after the Record Date are irrelevant for purpose of determining the eligibility to exercise the right to vote at the Shareholders' Meeting.
Shareholders with voting rights may be represented by means of a written proxy, except as limited by the bylaws or applicable law. A written proxy may be granted using the proxy available on the website www.cementirholding.it. The proxy may be notified to the Company either in a registered letter sent to the Company's registered office or with an electronic communication sent to the certified mail address: legale@pec.cementirholding.it.
Proxies may be granted, with voting instructions, to the delegate Mr. Giovanni Battista Bisogni, who was designated by the Company for this purpose pursuant to Article 135-undecies of the Legislative Decree No. 58/1998. Proxy granted to the abovementioned representative designated by the Company must be given in the manner specified in the proxy statement provided for this purpose which will be available on the Company website, where interested parties may also find information about the proper method to communicate the proxies to the Company by the close of two business days before the date set for the first calling of the Shareholders' Meeting. The proxy will be effective only for those motions for which voting instructions are provided. The proxy and the voting instructions are revocable within the same period of the below. Shareholders are hereby reminded that votes may not be cast by mail or electronically.

Filing of Slates of Candidates

As regards the second item on the agenda, pursuant to Article 15 of the Bylaws, Statutory Auditors are elected through voting on slates of candidates presented by the shareholders, which shall be filed and published in accordance with the applicable regulations, the slates must be deposited at the Company's registered office by 6:00 PM twenty-five days before the date of the Shareholders' Meeting (March 24, 2011). The slates of candidates shall be made available to the public at Company's registered office and on its website and at the offices of Borsa Italiana SpA at least twenty-one days before the date of the Shareholders' Meeting (March 28, 2011), The filing of the slates may also be accomplished by faxing them to +39 06 32493324, as allowed under Article 144-sexies, Section 4-ter, of the Issuers' Regulations.
Only shareholders who, alone or together with other shareholders, hold a number of shares equal in the aggregate to at least 2% of the Company's shares that convey the right to vote at the Ordinary Shareholders' Meeting are entitled to file slates of candidates. Shareholders must file at the Company's registered office, together with the slates of candidates, or subsequent to this filing but within the deadline for publishing the slates of candidates (March 28, 2011), the appropriate certification proving their ownership of the shares, detailed information about the personal and professional skills of the candidates together with a statement by the candidates certifying the requirements of laws and their acceptance is approved. In case slates are presented to the Company by fax, shareholders shall send also a copy of a valid identity document of the subjects who present the abovementioned slates.
If only one slate of candidates or only slates submitted by shareholders who are linked with each other are deposited by the filing deadline the shareholders who, alone or together with other shareholders, hold a number of shares equal in the aggregate to at least 1% of the Company's shares that convey the right to vote at the Ordinary Shareholders' Meeting may file slates of candidates until 12:00 AM on the fourth day after the original deadline (March 28, 2011).

Questions about the items on the Agenda

Shareholders may submit questions about the items on the Agenda before the Shareholders' Meeting in a registered letter sent to the Company's registered office or with an electronic communication sent to the certified mail address: legale@pec.cementirholding.it. before 5:00 PM on two business day before the date set for the first calling of the Shareholders' Meeting. Question received before the Shareholders' Meeting will be answered during the Shareholders' Meeting, with the Company reserving the right to provide a single answer for questions with the same content.

To be added to the agenda at the request of the shareholders

Pursuant to Art. 126-bis of Legislative Decree 58/98, shareholders who represent at least 2.5% of the share capital with voting rights may send a request, within 10 days of publication of this notice, indicating items they would like added to the Meeting agenda. This request must be submitted in writing, in a registered letter sent to the Company's registered office. By the same deadline and in the same manner, the requesting shareholders shall provide a report on the items they are submitting for discussion. Additions cannot be made for items that the Shareholder's Meeting is called upon to decide pursuant to the law or that are proposed by the Directors based on a project or a report they have prepared. Items added to the agenda will be announced in the same manner required for publication of the notice of shareholders' meeting at least 15 days prior to the date set for the Meeting.

Documentation
The documentation related to the items on the agenda will be available at the Company's registered office and at the offices of Borsa Italiana SpA as specified by the provisions of applicable law and regulations. The shareholders are entitled to request a copy. The documentation will also be available on the website www.cementirholding.it

In view of the composition of the Company's shareholders, the Shareholders' Meeting may meet and resolve the agenda on 18 April 2011 at first calling.

Rome, 8 March 2011

Francesco Caltagirone Jr.
Chairman of the Board of Directors

DIRECTORS, OFFICERS AND AUDITORS

BOARD OF DIRECTORS

Chairman
Francesco Caltagirone Jr.[1]

Vice Chairman
Carlo Carlevaris

Directors
Alessandro Caltagirone
Azzurra Caltagirone
Edoardo Caltagirone
Saverio Caltagirone
Flavio Cattaneo[2]
Mario Ciliberto[1]
Massimo Confortini[2-3-4]
Fabio Corsico
Mario Delfini[3]
Alfio Marchini
Walter Montevecchi
Riccardo Nicolini[1]
Enrico Vitali[2-3]

BOARD OF AUDITORS

Chairman
Claudio Bianchi

Standing members
Giampiero Tasco (acting)
Federico Malorni (acting)
Vincenzo Sportelli (alternate)
Maria Assunta Coluccia (alternate)

MANAGER RESPONSIBLE FOR FINANCIAL REPORTS
Oprandino Arrivabene

INDEPENDENT AUDITORS
PriceWaterhouseCoopers SpA

[1] Member of the Executive Committee
[2] Member of the Internal Control Committee
[3] Member of the Remuneration Committee
[4] Lead Independent Director

GROUP PROFILE

Cementir Holding, with plants in 15 countries, is one of the leading international building materials manufacturers.
With a capacity of about 15 million tons of cement per annum, of which 3 million in white cement, Cementir Group is the leading producer of grey cement in Denmark, the second in Scandinavia, the number three producer in Turkey and number four in Italy, where it operates along the whole value chain, from aggregates to readymix concrete. It is the first producer in the world of white cement, with leading positions in Egypt, Malaysia and China, besides the USA.
In the Readymix business Cementir Holding is the leading player in Scandinavia, with over 1.7 million cubic meters and 3.6 million tons of aggregates sold in 2010.
In 2010 Cementir Holding reached operating revenues of around EUR 865 million, EBITDA of EUR 109 million and EBIT of EUR 22.5 million; at fiscal year end the Group employed 3,289 people.
The company is controlled by the Caltagirone Group and is listed on the STAR segment of the Italian Stock Exchange.

14

Cement plants

3,6

Aggregate sales (m/tons)

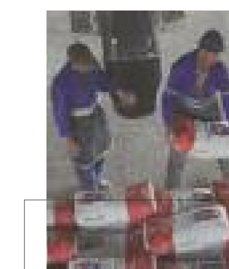
117

Ready-mixed concrete plants

2

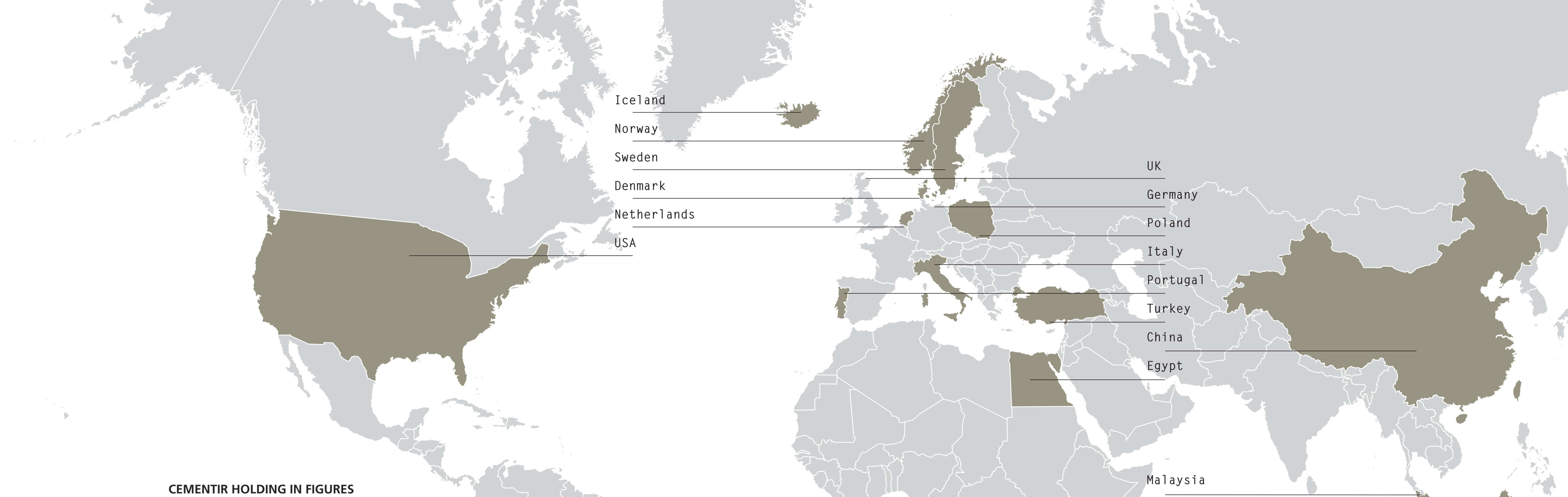
Research centres

3,289



Workforce

El Hosna plant (Egypt)



CEMENTIR HOLDING IN FIGURES

Grey cement production capacity: 11.8 million tons
White cement production capacity: 3.0 million tons
Sales of ready-mixed concrete: 3.2 million m³
Sales of aggregates: 3.6 million tons
Cement plants: 14
Ready-mixed concrete plants: 117
Distribution centres: 18
Cement product plants: 6

INTERNATIONAL PRESENCE

DENMARK
Grey cement production capacity: 2.1 million t
White cement production capacity: 0.85 million t
Cement plants: 1 (7 kilns)
Sales of grey cement: 1.06 million t
Sales of white cement: 0.48 million t
Sales of ready-mixed concrete: 0.81 million m³
Sales of aggregates: 0.63 million t
Ready-mixed concrete plants: 42
Distribution centres: 9

NORWAY
Sales of ready-mixed concrete: 0.71 million m³
Ready-mixed concrete plants: 31

SWEDEN
Sales of ready-mixed concrete: 0.2 million m³
Ready-mixed concrete plants: 10
Quarries: 7
Sales of aggregates: 2.97 million t

TURKEY
Grey cement production capacity: 5.4 million t
Cement plants: 4
Sales of grey cement: 4.7 million t
Sales of ready-mixed concrete: 1.36 million m³
Ready-mixed concrete plants: 15

ITALY
Grey cement production capacity: 4.3 million t
Cement plants: 4
Sales of grey cement: 2.4 million t
Sales of ready-mixed concrete: 0.11 million m³
Ready-mixed plants: 19
Distribution centres: 3

EGYPT
White cement production capacity: 1.1 million t
Cement plants: 1
Sales of white cement: 0.95 million t

USA
White cement production capacity: 0.26 million t
Cement plants: 2
(In JV at 24.50% with Heidelberg and Cemex)
Cement product plants: 1
Distribution centres: 1

MALAYSIA
White cement production capacity: 0.2 million t
Cement plants: 1
Sales of white cement: 0.23 million t

CHINA
White cement production capacity: 0.6 million t
Cement plants: 1
Sales of white cement: 0.29 million t

PORTUGAL
Cement product plants: 5
(In JV at 50% with Secil)

UK
Distribution centres: 1

GERMANY
Distribution centres: 1

ICELAND
Distribution centres: 1

POLAND
Distribution centres: 1

NETHERLANDS
Distribution centres: 1

MAIN PERFORMANCE AND FINANCIAL DATA

Consolidated results

[EUR '000]	2010	2009	Change %
REVENUES FROM SALES AND SERVICES	**842,260**	**822,473**	**2.4%**
Change in inventories	2,595	520	
Other revenues*	20,731	14,150	
TOTAL OPERATING REVENUES	**865,586**	**837,143**	**3.4%**
Raw material costs	(400,071)	(355,999)	
Personnel costs	(145,267)	(147,918)	
Other operating costs	(211,318)	(197,735)	
TOTAL OPERATING COSTS	**(756,656)**	**(701,652)**	**7.8%**
EBITDA	**108,930**	**135,491**	**-19.6%**
EBITDA Margin %	12.93%	16.47%	
EBIT	**22,521**	**52,137**	**-56.8%**
Depreciation, amortisation, impairment losses and provisions	(86,409)	(83,354)	
EBIT Margin %	2.67%	6.34%	
FINANCIAL INCOME (EXPENSE)	**3,384**	**(4,106)**	
PROFIT BEFORE TAX	**25,905**	**48,031**	**-46.1%**
Profit Before Tax Margin %	3.08%	5.84%	
Income taxes	(8,306)	(13,688)	
NET PROFIT (LOSS) FOR THE PERIOD	**17,599**	**34,343**	**-48.7%**
NET PROFIT ATTRIBUTABLE TO MINORITY INTERESTS	**8,255**	**4,501**	**83.4%**
GROUP NET PROFIT	**9,344**	**29,842**	**-68.7%**

* Other revenues includes the items of the income statements "Increases for internal work" and "Other operating revenues".

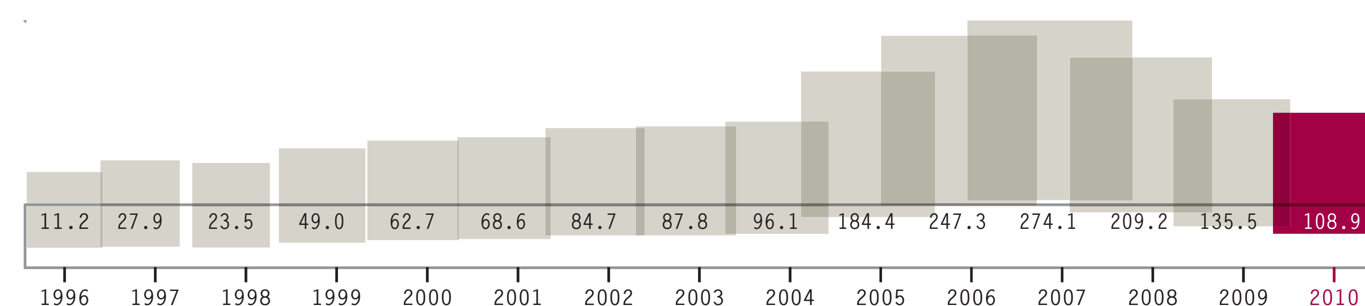
Summary 2003-2010

[EUR '000]	2003	2004	2005	2006	2007	2008	2009	2010
Net Sales	292,031	391,264	857,780	1,049,661	1,147,085	1,092,186	822,473	842,260
EBITDA	87,774	96,145	184,431	247,330	274,111	209,227	135,491	108,930
Ebitda Margin	30.06%	24.57%	21.50%	23.56%	23.90%	19.16%	16.47%	12.93%
EBIT	52,859	59,676	119,249	180,844	197,314	128,142	52,137	22,521
EBIT Margin	18.10%	15.25%	13.90%	17.23%	17.20%	11.73%	6.34%	2.67%
Profit before tax	39,885	92,269	114,951	168,430	199,427	92,208	48,031	25,905
Group net profit	60,243	67,615	109,397	114,074	140,399	65,273	29,842	9,340
Acquisitions	-	600,024	152,246	112,467	4,010	22,200	10,750	8,500
Net financial position	112,730	(298,649)	(403,539)	(437,540)	(364,848)	(416,432)	(381,293)	(336,132)
Employees number as of Dec. 31	1,233	3,071	3,126	3,745	3,882	3,847	3,439	3,289

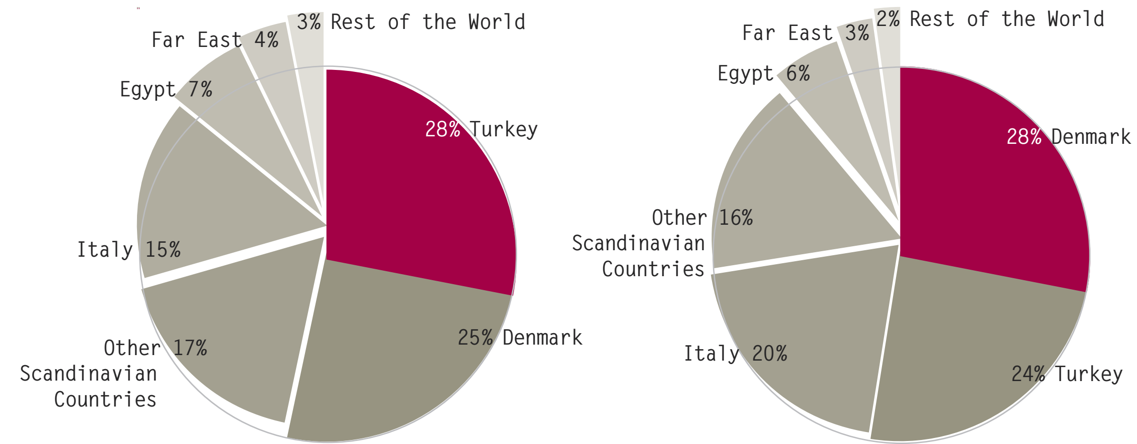
Sales volumes

In thousands	2003	2004	2005	2006	2007	2008	2009	2010
Grey and white cement (t)	5,444	6,198	8,979	10,235	10,882	10,461	9,641	10,013
Ready-mix concrete (m³)	951	1,538	3,902	4,326	4,533	4,056	3,074	3,185
Aggregates (t)	-	518	3,105	2,931	3,567	4,539	4,079	3,605

EBITDA performance 1996/2010



REVENUES BY GEOGRAPHIC AREA

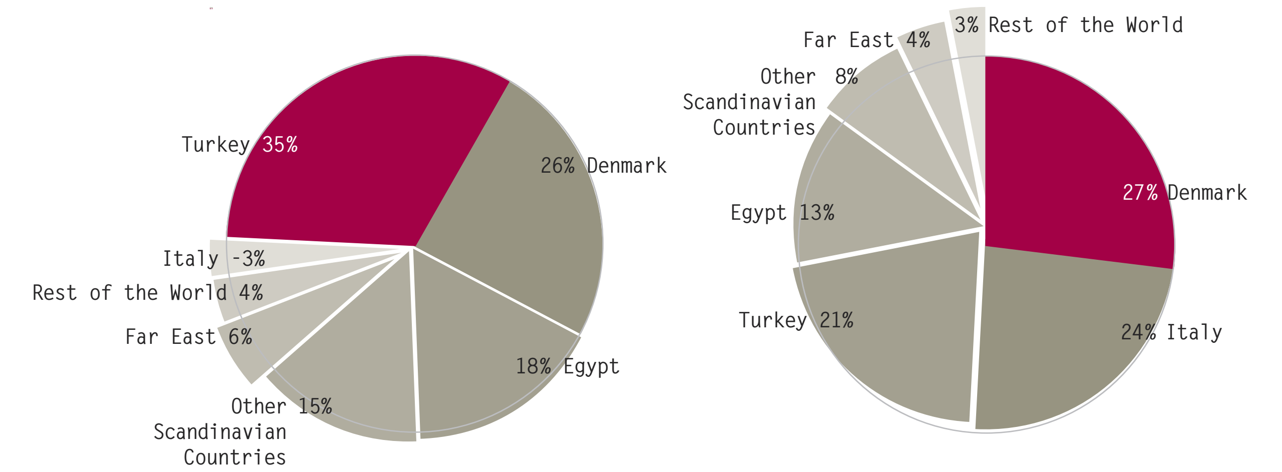


% Revenues by geographic area (2010)

% Revenues by geographic area (2009)

[EUR '000]	2010	2009	Change%
Denmark	213,651	233,910	-9%
Turkey	245,698	203,961	20%
Italy	131,554	170,800	-23%
Other Scandinavian Countries	148,919	131,950	13%
Egypt	62,648	51,519	22%
Far East	38,152	24,986	53%
Rest of the World	24,964	20,017	25%
Total	865,586	837,143	3%

EBITDA BY GEOGRAPHIC AREA

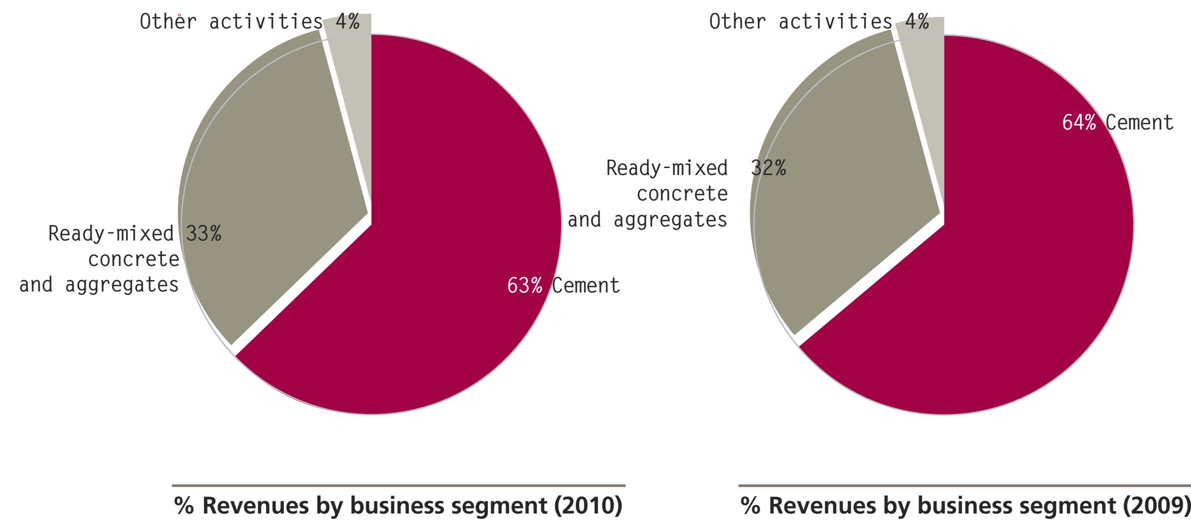


% EBITDA by geographic area (2010)

% EBITDA by geographic area (2009)

[EUR '000]	2010	2009	Change%
Denmark	28,855	36,897	-22%
Turkey	37,594	28,769	31%
Italy	(3,498)	32,832	n.a
Other Scandinavian Countries	15,828	10,579	50%
Egypt	19,815	17,076	16%
Far East	6,374	4,955	29%
Rest of the World	3,962	4,383	-10%
Total	108,930	135,491	-20%

REVENUES BY BUSINESS SEGMENT

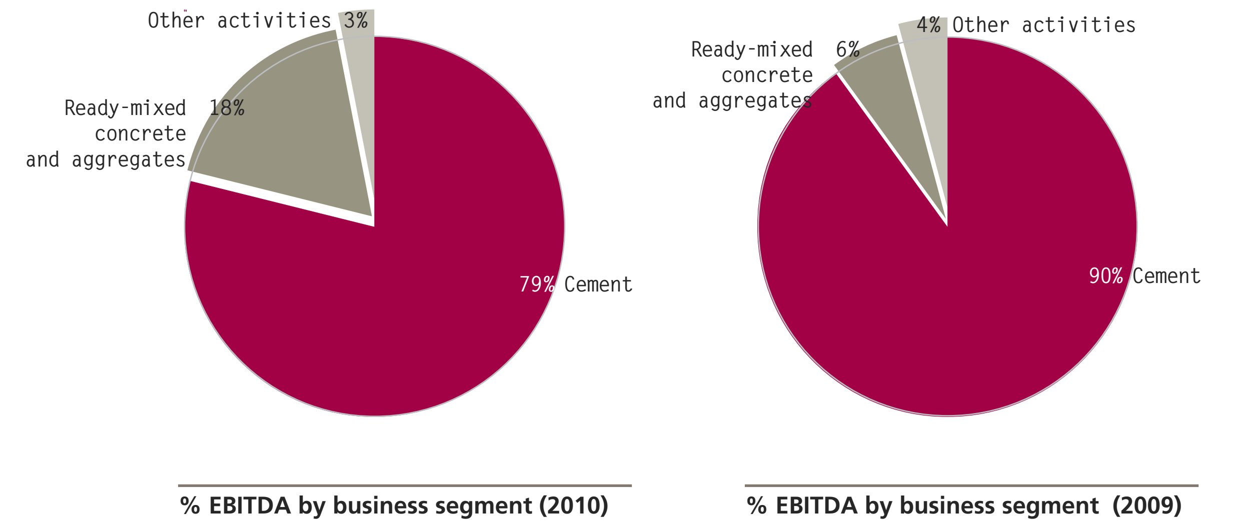


% Revenues by business segment (2010)

% Revenues by business segment (2009)

[EUR '000]	2010	2009	Change%
Cement	541,540	537,747	1%
Ready-mixed concrete and aggregate	287,814	269,076	7%
Other activities	36,232	30,320	19%
Total	865,586	837,143	3%

EBITDA BY BUSINESS SEGMENT



% EBITDA by business segment (2010)

% EBITDA by business segment (2009)

[EUR '000]	2010	2009	Change%
Cement	85,898	122,375	-30%
Ready-mixed concrete and aggregate	20,102	7,685	162%
Other activities	2,930	5,431	-46%
Total	108,930	135,491	-20%

CEMENTIR HOLDING ON THE STOCK MARKET

SHARE CAPITAL

On December 31st 2010, Cementir Holding SpA had share capital of EUR 159.120.000 represented by 159.120.000 ordinary shares with a par value of EUR 1 each.

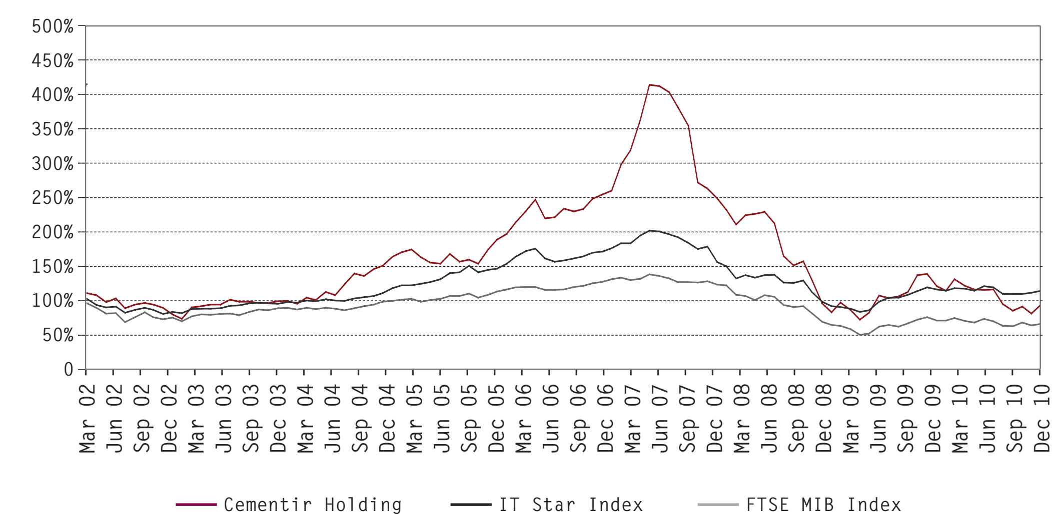
DIVIDEND

[Nominal in EUR/Cents]

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Dividend per share	6	6	7	8,5	10	12	8	6	6

Developments in Cementir Holding stock price and the IT Star Index and FTSE MIB Index

[basis March 2002=100]



El Hosna plant (Egypt)

REPORT ON OPERATIONS FOR THE CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS

23 Directors' report on operations
34 Reconciliation of shareholders' equity and net income of the group parent

DIRECTORS' REPORT ON OPERATIONS

GROUP PERFORMANCE

The consolidated financial statements of the Cementir group at 31 December 2010 have been prepared in accordance with CONSOB Regulation no. 11971/1999 as amended.

RESULTS

[EUR '000]	Jan-Dec 2010	Jan-Dec 2009	Change %
REVENUES FROM SALES AND SERVICES	842,260	822,473	2.4%
Change in inventories	2,595	520	399.0%
Other revenues*	20,731	14,150	46.5%
TOTAL OPERATING REVENUES	865,586	837,143	3.4%
Raw material costs	(400,071)	(355,999)	12.4%
Personnel costs	(145,267)	(147,918)	-1.8%
Other operating costs	(211,318)	(197,735)	6.9%
TOTAL OPERATING COSTS	(756,656)	(701,652)	7.8%
EBITDA	108,930	135,491	-19.6%
EBITDA Margin %	12.93%	16.47%	
Depreciation, amortisation, impairment losses and provisions	(86,409)	(83,354)	3.7%
EBIT	22,521	52,137	-56.8%
EBIT Margin %	2.67%	6.34%	
FINANCIAL INCOME (EXPENSE)	3,384	(4,106)	
PROFIT BEFORE TAX	25,905	48,031	-46.1%
PROFIT BEFORE TAX Margin %	3.08%	5.84%	
Income taxes	(8,306)	(13,688)	-39.3%
NET PROFIT (LOSS) FOR THE PERIOD	17,599	34,343	-48.7%
NET PROFIT ATTRIBUTABLE TO MINORITY INTERESTS	8,255	4,501	83.4%
GROUP NET PROFIT	9,344	29,842	-68.7%

* "Other revenues" includes the items of the income statements "Increases for internal work" and "Other operating revenues".

In 2010, revenues from sales and services amounted to EUR 842.3 million (+2.4% compared with EUR 822.5 million in 2009), EBITDA came to EUR 108.9 million (-19.6% compared with EUR 135.5 million in 2009), while EBIT amounted to EUR 22.5 million (-56.8% compared with EUR 52.1 million the previous year) and Group net profit was EUR 9.3 million (-68.7% compared with EUR 29.8 million in 2009).

Revenues from sales and services rose (+2.4% over 2009) due to the increase in the amount of cement and ready-mixed concrete sold (+3.9% and +3.6%, respectively, over the previous year) with prices holding stable or dropping. Over the year, the pattern of market demand varied. During the first quarter, revenues fell by 16.4% compared with 31 March 2009, due to lower volumes across all the Group's primary geographical markets, except for Egypt. By contrast, over the three subsequent quarters, there was a gradual recovery in demand in the Scandinavian countries and Turkey, which in addition to good performance in Egypt and the Far East, partially offset the continuing weakness in the Italian market.

Edirne plant (Turkey)

Operating costs, amounting to EUR 756.6 million, grew by 7.8% compared with 31 December 2009, mainly due to rising fuel prices.
Specifically, the cost of raw materials increased from EUR 356.0 million in 2009 to EUR 400.1 million in 2010 (+12.4%) due to the greater quantities of product manufactured in response to recovering market demand, and as a result of higher unit prices for raw materials, especially fuels.
Personnel costs fell (-1.8% compared with 2009) as a result of continual adjustment to the workforce in response to changing production needs through targeted corporate reorganisations that cut the number of Group employees from 3,439 at the end of 2009 to the current 3,289.
EBITDA came to EUR 108.9 million, down 19.6% from 2009 (EUR 135.5 million), with the EBIDTA margin on sales standing at 12.9% (16.5% for the previous year). While the quantities of cement and ready-mixed concrete sold rose, this figure reflects the poor performance of the Italian subsidiary, which ended the year with a decrease in EBITDA of about EUR 37 million compared with 2009.
Financial management yielded a positive EUR 3.4 million (EUR -4.1 million at 31 December 2009) leaving debt of EUR 336.1 million at the end of the period. This figure benefited from the effectiveness of existing foreign exchange and commodity hedges, low interest rates and the narrow spreads paid to banks thanks to the Group's high credit rating, the reward for its ability to maintain a sound capital and financial structure.
Profit before tax came to EUR 25.9 million, down 46.1% from 2009, while net profit amounted to EUR 17.6 million (EUR 34.3 million at 31 December 2009).

NET FINANCIAL POSITION

[EUR '000]	31-12-2010	31-12-2009
Cash and cash equivalents*	101,529	63,477
Non-current financial liabilities	(223,898)	(265,719)
Current financial liabilities	(213,763)	(179,051)
NET FINANCIAL POSITION	(336,132)	(381,293)

* "Cash and cash equivalents" includes the consolidated statement of financial position items "Cash and cash equivalents" and "Current financial assets".

The net financial position at 31 December 2010 came to a negative EUR 336.1 million, an improvement of EUR 45.1 million on 2009. This figure confirms that the Group is able to generate cash flows, keeping on track with planned investments, despite a depressed economy. This figure is even more impressive considering that, during the year, the Group paid dividends of EUR 9.5 million and made a tax payment related to past years (2004 and after) following a settlement with tax authorities for EUR 7.7 million.

DIRECTORS' REPORT

Significant events

The increase in revenues in 2010 should not be taken as an indication of a significant recovery in demand, but it is, however, a reversal of a trend after two straight years of decline and signals that conditions are improving in all the Group's primary geographical markets, except for Italy, which continues to suffer from the considerable difficulties facing the construction industry.
In terms of operational profitability, the results did not meet management's expectations due to the aforementioned negative performance of the Italian subsidiary and rising energy costs. In a market characterised by volatile and disjointed demand, making it impossible to raise the prices of products, the average cost of oil went from USD 62/barrel in 2009 to USD 80/barrel in 2010, which obviously squeezed profitability. These oil prices, last reported towards the end of 2007 when the economic cycle had reached its peak, do not appear to be driven by the present state of health of the industrialised countries or by growing demand from the emerging economies, but rather seem to be due to speculation.
With regard to its business plan, in November, Betontir SpA, a subsidiary of Cementir Italia, completed the purchase of 14 factories for the manufacture and sale of ready-mixed concrete Calcestruzzi SpA. These plants, located mainly in central and southern Italy, will expand the Group's presence in the Italian ready-mixed concrete market, allowing it to achieve greater vertical integration.
In Italy, work also continues on studying the project to completely overhaul the Taranto factory, which would require an investment of around EUR 150 million over 3 years. The project aims to improve the factory's industrial efficiency and reduce its environmental impact both in terms of energy consumption and lower emissions. In August, the regional council of Puglia approved a grant of up to EUR 20 million and, in December, the European Investment Bank (EIB), after carefully considering the project in terms of its environmental protection aspects and the economic support it would provide to a geographical area the EU deems disadvantaged, granted Cementir Italia a loan of up to EUR 90 million.
With regard to the waste management business, first begun in Turkey with the 2009 acquisition of Sureko AS (the Turkish leader in the treatment of industrial waste and the production of alternative fuels), by the subsidiary Cimentas, in July the first integrated waste management, recycling and disposal centre in the country was inaugurated in Kula, in the province of Manisa, in the Aegean region.

Outlook

The macroeconomic scenario in 2010 was marked by signs of recovery in demand, dropping or stable prices and rising production costs, a situation that will continue into 2011.
In fact, with the exception of Italy, where the construction industry is likely to face another year of crisis, we expect to see a slow, yet gradual recovery in the other geographic areas. However, energy costs are expected to rise given the socio-political upheaval occurring in some of the major oil producing nations.

Therefore, we expect the results for 2011 to be similar to those for 2010, unless the already difficult economic situation continues to deteriorate in response to a sudden deterioration in the public accounts in certain of the developed nations or an escalation in the social and political crises facing North African countries, such as Tunisia, Egypt and Libya. In particular in Egypt the Group is active with its subsidiary Sinai White Cement in cement production towards national and foreign market. At the beginning of 2011 such situation has caused a temporary stoppage in operations but it has gradually turned normal in the last weeks. However the crisis' uncertainty makes difficult to give an adequate outlook about how the Egyptian subsidiary's situation will evolve over 2011.

INDICATORS OF FINANCIAL RESULTS

The following table reports the most significant indicators used to provide a snapshot of the Cementir Holding group's performance.

Performance Indicators	2010	2009	Composition
Return on equity	1.52%	3.22%	Net profit(loss)/shareholders' equity
Return on capital employed	1.51%	3.60%	EBIT/(shareholders' equity + Net financial position)

Financial Position Indicators	2010	2009	Composition
Equity ratio	59.29%	58.63%	Shareholders' equity/total assets
Net gearing ratio	29.06%	35.76%	Net financial position/shareholders' equity

The performance indicators at 31 December 2010 reflect the decline in profitability. The financial position indicators underscore the Group's financial soundness. Specifically, the net gearing ratio went from 35.76% in 2009 to 29.06% in 2010, thanks to the roughly EUR 45.1 million improvement in the net financial position, underscoring the ability of the Group to generate cash flows even in the midst of extremely critical market conditions.

RISK MANAGEMENT

The Cementir Holding group is exposed to a variety of financial risks in its operations, specifically credit risk, liquidity risk and market risk. At 31 December 2010, the Group's maximum exposure to credit risk of EUR 150.9 million is represented by the carrying value of receivables from customers. While theoretically significant, this credit risk is mitigated by the careful assessment procedures used in granting credit to individual customers and by the fact that it is not excessively exposed to concentration risk. The *liquidity risk* to which the Group is exposed regards the availability of financial resources and access to the credit market and markets for financial instruments in general. The Group manages this risk by continually monitoring expected cash flows and the consequent timing of debt reduction, liquidity and any funding requirements of the subsidiaries with a view to identifying the most appropriate structures for more efficient management of financial resources.

Market risk mainly regards the risk of changes in exchange rates and interest rates. As they operate at the international level, the Group companies are structurally exposed to *exchange rate risk* associated with the cash flows generated by operating activities and financing denominated in foreign currencies. Specifically, the cement sector is exposed to exchange rate risk on both the revenue (for exports) and cost (for the purchase of solid fuels in U.S. dollars) sides, while the ready-mixed concrete sector is less exposed since revenues and costs are denominated in local currencies. 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.
In addition, the Group, having a net debtor position of EUR 336.1 million at 31 December 2010, is exposed to *interest rate risk.* Based on an overall assessment of the level of expected interest rates and the timing of debt reduction in relation to forecast cash flows, interest rate swaps are used to partially hedge the risk.

RESEARCH AND DEVELOPMENT

The Group primarily engages in research and development at Aalborg Portland facilities in Aalborg (Denmark) and Cementir Italia facilities in Spoleto (Perugia).
Group's research centres cements' and study and testing the products, raw materials and fuels used in the manufacturing process.
The Group's research centres carry out research aimed at optimising process efficiency, cement quality in manufacturing plants and the solving relative environmental issues, focusing on studying and researching cement and ready-mixed concretes, the control of products, raw materials and fuels used in the production.
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. The Group, by its facility in Aalborg Portland, engages in the acquisition of non-hazardous industrial waste that is used to replace coal and petcoke as fuel for clinker kilns.
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.

INFORMATION ON THE ENVIRONMENT AND HUMAN RESOURCES

The Cementir Holding group seeks sustainable development through its commitment to continual improvement of its financial, environmental and corporate performance. The investment decisions it made in 2010 were geared towards using the best technologies for combining financial growth with long-term goals, such as controlling electricity consumption, increasing the use of alternative fuels in manufacturing, reducing greenhouse gas emissions and protecting the health and safety of workers.

As to greenhouse gas emissions, in 2010 carbon dioxide (CO_2) emissions by Cementir Holding group facilities, resulting from manufacturing activities, came to 6.8 million metric tons, substantially in line with 2009 (6.6 million metric tons). The average for 2010 of 0.70 grams per metric ton of cement equivalent (g/TCE), is in line with 2009 (0.68g/TCE). Emissions of sulphur dioxide (SO_2), which are associated with the presence of sulphur in the fuels employed, amounted to 171 grams per metric ton of cement equivalent (g/TCE), down about 30% from the level registered in 2009 (243 g/TCE).
The Group has also adopted environmental management systems that have been certified as meeting the ISO 14001 standard. This voluntary standard sets out the requirements for an effective environmental management system. In 2010, six of the Group's facilities were certified under the standard (unchanged on 2009). Protecting the health and safety of its workers is one of the Group's primary objectives. The methods adopted to improve their performance include continuing training on health and safety issues, as well as in the technical skills needed to use machinery properly and steady investment in safety devices and machinery in order to maintain a high technical standard. Investment in health, safety and the environment came to EUR 12.6 million in 2010. Between 2008 and 2010, EUR 28 million was invested. As a result of these measures, the frequency rate for workplace accidents fell from 22.3 in 2008 to 17.1 in 2010.
In the pursuit of the highest standards possible, the Cementir Holding group has adopted occupational health and safety management systems that comply with OHSAS 18001. In 2010, four facilities received this certification. The Group's commitment to sustainable development is described in more detail in its Environmental Report, the fourth edition of which was published in 2010.

GROUP PARENT PERFORMANCE

The following table sets out the highlights of Cementir Holding SpA's performance at 31 December 2009:

RESULTS

[EUR '000]	Jan-Dec 2010	Jan-Dec 2009	Change %
Revenues from sales and services	11,494	11,099	3.6%
Other revenues	1,255	1,152	8.9%
Personnel costs	(5,903)	(4,979)	18.6%
Other operating costs	(7,532)	(5,543)	35.9%
EBITDA	(686)	1,729	-139.7%
Depreciation, amortisation, impairment losses and provisions	(315)	(346)	-8.9%
EBIT	(1,001)	1,383	-172.4%
Financial Income (Expense)	(2,582)	(3,237)	20.2%
Profit Before Tax	(3,583)	(1,854)	-93.2%
Income taxes	(9,135)	248	n.a
Net Profit (Loss) for the period	(12,718)	(1,606)	-691.9%

Revenues from sales and services, substantially in line with the previous year, relate to consulting services provided to subsidiaries and royalties received for the use of the trademark by the subsidiaries.
Other revenues consist mainly of rental fees relating to the lease of investment property, located in Rome, owned by Cementir Holding SpA.
Income taxes amounting to EUR 9.1 million reflect a one-time tax payment of EUR 9 million relating to past years (2004 and after) following the reaching of a settlement with tax authorities.
Since 2004 Cementir Holding Spa and almost all of its Italian subsidiaries joined, the national tax consolidation according to art.117/129 of Italia Income Tax Code (T.U.I.R.). During the year this option was renewed for the years 2010 - 2012. As a consolidating company, Cementir Holding SpA determines a single tax basis for the group of companies participating in consolidated national tax and benefits thereby the ability to offset taxable income with tax losses in a single statement.
For a more detailed analysis of the income statement and balance sheet figures, please refer to the notes to the financial statements of Cementir Holding SpA.

PERFORMANCE OF THE MAIN SUBSIDIARIES

Aalborg Portland group

The Aalborg Portland group, which manufactures and sells white and grey cement in Denmark, Egypt and the Far East, reported revenues from sales of EUR 240.4 million in 2010 (EUR 216.4 million in 2009), EBITDA of EUR 50.4 million (EUR 61.5 million in 2009) and EBIT of EUR 20.5 million (EUR 34.0 million in 2009). Revenues rose by EUR 24 million over 2009 due to the increase in volumes sold, particularly in Egypt and the Far East, with prices remaining stable or rising slightly. However, EBITDA fell by 18.0% as a result of the increased cost of raw materials, particularly fuel costs.

Unicon Group

The Unicon group, which mainly manufactures and sells ready-mixed concrete in Scandinavia, reported revenues of EUR 236.5 million in 2010 (EUR 228.3 million in 2009), EBITDA of EUR 22.5 million (EUR 10.3 million in 2009) and EBIT of EUR 8.1 million (a negative EUR 6.4 million in 2009). Revenues rose by 3.6% over the previous year, the result of varied performance in the Scandinavian markets: the 9% decline in ready-mixed concrete in Denmark from 2009 was fully offset by the increase in sales in Norway (+5.4%) and Sweden (+6.3%), which was related to a gradual increase in prices. EBITDA rose by EUR 12.2 million over 2009, benefiting from management's efforts to carefully control operating costs, which, in the ready-mixed concrete sector, are structurally less affected by movements in fuel costs.

Cimentas Group
The Cimentas group, which manufactures and sells cement and ready-mixed concrete in Turkey, reported revenues of EUR 239.7 million in 2010 (EUR 205.8 million in 2009), EBITDA of EUR 37.6 million (EUR 28.7 million in 2009) and EBIT of EUR 15.6 million (EUR 8.7 million in 2009).
These results reflect the recovery in demand that occurred in 2010 thanks to the increase in the quantities of cement (+4%) and ready-mixed concrete (+13%) sold. This led to a rise in revenues of about EUR 34 million, with an immediate positive impact on profitability.

Cementir Italia Group
The Cementir Italia group, which manufactures and sells cement and ready-mixed concrete in Italy, reported revenues of EUR 124.4 million in 2010 (EUR 169.9 million in 2009), EBITDA of negative EUR 5.5 million (positive EUR 31.3 million in 2009) and EBIT of negative EUR 25.3 million (positive EUR 12.5 million in 2009).
Unlike the other geographical areas, in 2010 the Italian construction market experienced the peak of the crisis because the residential building industry entered recession about six months behind the other European markets and because this decline was not quickly offset by the start of significant public works projects. The continuing weakness in market demand, with sales of cement and ready-mixed concrete falling about 5.4% nationally[1], sparked strong price competition that, combined with rising energy costs, resulted in a significant decline in operational efficiency.

INDICATORS OF FINANCIAL RESULTS

Cementir Holding SpA does not engage in operational activities, therefore income statement indicators are of little value in summarising the Company's performance.
With regard to financial position indicators, the equity ratio reported in the following table, which declined mainly as a result of the distribution of dividends in 2010, underscores the strength of the Company's capital structure.

Financial Position Indicators	2010	2009	Composition
Equity Ratio	65.15%	68.41%	Shareholders' equity/total assets

RISK MANAGEMENT

Cementir Holding SpA is exposed to a variety of financial risks in its operations, specifically credit risk, liquidity risk and market risk.
At 31 December 2010, Cementir Holding SpA's exposure to *credit risk* was not significant since the Company's receivables are for limited amounts and are mainly due from its subsidiaries for services provided.

[1] Source: AITEC.

Cementir Holding SpA's exposure to *liquidity risk* is also not significant given its positive net financial position of EUR 97.5 million at 31 December 2010. It manages this risk by carefully controlling cash flows and funding requirements and it has sufficient lines of credit to meet any unplanned needs.
Market risk mainly regards the risk of changes in exchange rates and interest rates.
Cementir Holding SpA has a small direct exposure to exchange rate risk since it may have foreign currency borrowings and/or deposits. The Company constantly monitors these risks in order to assess their potential impact in advance and to take appropriate steps to mitigate them.
Finally, since the Cementir Holding SpA has borrowed funds from banks bearing floating interest rates, it is exposed to interest rate risk. However, this risk is deemed to be small since its borrowings at present are exclusively in euros, which have a gentle short-term yield curve, and because it benefits from interest rate subsidies on a number of these borrowings. Based on an overall assessment of the level of expected interest rates and the timing of debt reduction in relation to forecast cash flows, interest rate swaps are used to partially hedge the risk.

TRANSACTIONS WITH RELATED PARTIES

As regards related parties, as defined by IAS 24, no atypical or unusual transactions were conducted. All financial and commercial transactions were carried out under market terms and conditions.
For a detailed analysis of transactions with all related parties, as required by CONSOB Resolution no. 15519 of 27 July 2006, please see Note 31 to the consolidated financial statements and Note 28 to the statutory financial statements.

TREASURY SHARES

At 31 December 2010, 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.

CORPORATE GOVERNANCE

Introduction
In 2010, at the suggestion of the Internal Control Committee, the Board of Directors updated the internal control system guidelines and redefined the duties of the Internal Control Committee to be delegated to the Board of Auditors following the entry into force of Legislative Decree 39 of 27 January 2010 (Consolidated Statutory Audit Code).
The Extraordinary Shareholders' Meeting of 19 April 2010 amended Article 10 of the Bylaws covering the powers of the Board of Directors, adding the authority to adapt the bylaws to regulatory requirements (pursuant to Art. 2365(2) of the Italian Civil Code) in order to make such process more flexible and streamlined.

On 10 May 2010, the Board of Directors also reappointed Oprandino Arrivabene, the Company's CFO, as the manager responsible for preparing the Company's financial reports for 2010.
At that meeting, in accordance with Borsa Italiana SpA's Corporate Governance Code, which the Company formally adopted in 2009, the Board determined that the directors identified as "independent" pursuant to said Code (Flavio Cattaneo, Massimo Confortini, Alfio Marchini and Enrico Vitali) continue to meet the applicable requirements for independence.
Finally, Standing Auditor Carlo Schiavone resigned on 24 May 2010. In accordance with the law and the Bylaws, he was replaced on that date by Alternate Auditor Federico Malorni, whose term of office will expire, along with that of the rest of the current Board of Auditors, with the approval of the financial statements for 2010 by the Shareholders' Meeting.
For a more detailed description of Cementir Holding SpA's corporate governance system and its ownership structure, as required by Art. 123-bis of Legislative Decree 58 of 24 February 1998 (Consolidated Law on Financial Intermediation), please refer to the "Corporate Governance Report", available on the Company's website www.cementirholding.it, in the Corporate Governance sub-section of the Investor Relations section, prepared in accordance with the instructions and recommendations issued by Borsa Italiana SpA.

Compliance Model pursuant to Legislative Decree 231/2001

After a careful analysis of the potential risks of criminal conduct attached to the Company's business activities, on 8 May 2009, the Board of Directors of Cementir Holding SpA approved the Compliance Model in line with the principles set out in Legislative Decree 231/2001, national best practices and the instructions of Confindustria.
In particular, Cementir Holding SpA has adopted a Code of Ethics containing a series of "corporate ethical" standards to be observed by its corporate bodies, employees and external associates in carrying out the Company's activities.
The Supervisory Body appointed pursuant to Legislative Decree 231/2001 for the 2009-2011 period continued to perform its supervisory function and kept up-to-date the Corporate Governance Model adopted by the Company.

Direction and coordination

Cementir Holding SpA is not subject to the direction and coordination of other companies since it acts entirely autonomously in setting its own general policies and operational guidelines. Specifically, only the Board of Directors of Cementir Holding SpA has the power to examine and approve strategic, business and financial plans as well as the suitability of its organisational, administrative and accounting structure.
Therefore, the conditions stated in Art. 37 of CONSOB Regulation no. 16191/2007 on markets do not hold.

PROTECTION OF PERSONAL INFORMATION PURSUANT TO LEGISLATIVE DECREE 196/2003

Pursuant to paragraph 26 of the Technical Specifications concerning minimum security measures, Annex B of Legislative Decree 196/2003, the security policy document prepared pursuant to Art. 34(g) and paragraph 19 of Annex B of the decree that will be updated by 31 March 2011.

SHAREHOLDINGS HELD BY DIRECTORS, THE CHIEF OPERATING OFFICER AND MEMBERS OF THE BOARD OF AUDITORS

(Disclosure pursuant to Art. 79 of CONSOB Regulation no. 11971/1999)

First and last name	Company held	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
Francesco Caltagirone Jr.	Cementir Holding SpA	6,527,278	60,667	-	6,587,945
Edoardo Caltagirone	Cementir Holding SpA	286,000	-	-	286,000
Alessandro Caltagirone	Cementir Holding SpA	3,151,404	-	-	3,151,404
Azzurra Caltagirone	Cementir Holding SpA	2,291,796	-	-	2,291,796
Mario Ciliberto	Cementir Holding SpA	77,000	18,000	-	95,000
Riccardo Nicolini	Cementir Holding SpA	32,500	14,581	691	46,390
Carlo Schiavone	Cementir Holding SpA	5,000	-	-	5,000

SUBSEQUENT EVENTS

No events of particular note have occurred since the close of the year.

PROPOSED ALLOCATION OF NET LOSS

The Board of Directors recommends that the Shareholders' Meeting:

- approve the Board's report on operations for 2010, the statement of financial position, the income statement and the notes to the financial statements for the year ended 31 December 2010;
- cover the loss for the period of EUR 12,718,123 by drawing upon retained earnings;
- distribute a dividend to shareholders in the total amount of EUR 9,547,200 equal to EUR 0.06 per ordinary share, drawing on the corresponding portion of retained earnings for this purpose.

RECONCILIATION OF SHAREHOLDER'S EQUITY AND NET PROFIT OF THE GROUP PARENT AND THE CORRESPONDING CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

[EUR '000]	Profit (loss) for 2010	Shareholders' equity at 31 December 2010
Cementir Holding SpA	(12,718)	570,070
Higher gains on sales and transfers		(1,170)
Amortisation of the Cimentas goodwill at 31 December 2003		(13,842)
IAS/IFRS effects on subsidiaries at 31 December 2004		(9,893)
Change in reserves		(14,330)
Effect of the consolidation of subsidiaries	19,950	525,339
Associates measured using the equity method	2,112	20,694
Other changes		273
Total Group	9,344	1,077,141
Total Minority interests	8,255	79,471
Cementir Holding group	17,599	1,156,612

Ipoh plant (Malaysia)

CONSOLIDATED FINANCIAL STATEMENTS
CEMENTIR HOLDING SPA

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position*

[EUR '000]	Notes	31 December 2010	31 December 2009
ASSETS			
Intangible assets	1	494,678	469,876
Property, plant and equipment	2	876,176	906,542
Investment property	3	98,577	27,950
Equity investments measured using equity method	4	16,868	18,939
Equity investments available for sale	5	6,519	6,467
Non-current financial assets		527	455
Deferred tax assets	18	34,130	20,630
Other non-current assets		1,886	1,671
TOTAL NON–CURRENT ASSETS		**1,529,361**	**1,452,530**
Inventories	6	143,837	134,167
Trade receivables	7	150,974	145,672
Current financial assets	8	1,510	1,745
Current tax assets		6,078	6,360
Other current assets	9	18,939	16,327
Cash and cash equivalents	10	100,019	61,732
TOTAL CURRENT ASSETS		**421,357**	**366,003**
TOTAL ASSETS		**1,950,718**	**1,818,533**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,710	35,710
Other reserves		872,967	777,809
Group net profit		9,344	29,842
Group shareholders' equity	11	1,077,141	1,002,481
Net profit of minority interest		8,255	4,501
Minority interest reserves		71,216	59,269
Minority interest shareholders' equity	11	79,471	63,770
TOTAL SHAREHOLDERS' EQUITY		**1,156,612**	**1,066,251**
Employee benefit provisions	12	18,695	17,055
Non-current provisions	13	15,234	17,409
Non-current financial liabilities	15	223,898	265,719
Deferred tax liabilities	18	98,944	89,370
Other non-current liabilities		4,188	3,360
TOTAL NON-CURRENT LIABILITIES		**360,959**	**392,913**
Current provisions	13	1,648	3,799
Trade payables	14	167,419	133,976
Current financial liabilities	15	213,763	179,051
Current tax liabilities	16	6,043	4,100
Other current liabilities	17	44,274	38,443
TOTAL CURRENT LIABILITIES		**433,147**	**359,369**
TOTAL LIABILITIES		**794,106**	**752,282**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,950,718**	**1,818,533**

* Information on transactions with related parties is provided in the notes to the consolidated financial statements pursuant to CONSOB Resolution no. 15519 of 27 July 2006.

Consolidated income statement*

[EUR '000]	Notes	2010	2009
REVENUES	19	842,260	822,473
Change in inventories		2,595	520
Increases for internal work		4,862	5,681
Other operating revenues	20	15,869	8,469
TOTAL OPERATING REVENUES		865,586	837,143
Raw material costs	21	(400,071)	(355,999)
Personnel costs	22	(145,267)	(147,918)
Other operating costs	23	(211,318)	(197,735)
TOTAL OPERATING COSTS		(756,656)	(701,652)
EBITDA		108,930	135,491
Depreciation, amortisation, impairment losses and provisions	24	(86,409)	(83,354)
EBIT		22,521	52,137
Net result on equity investments measured using equity method		2,112	1,245
Net financial result		1,272	(5,351)
NET RESULT ON FINANCIAL ITEMS AND EQUITY INVESTMENTS MEASURED USING EQUITY METHOD	25	3,384	(4,106)
PROFIT BEFORE TAX		25,905	48,031
Income taxes	26	(8,306)	(13,688)
NET PROFIT (LOSS) FOR THE PERIOD		17,599	34,343
Attributable to:			
MINORITY INTERESTS		8,255	4,501
GROUP		9,344	29,842
[EUR]			
BASIC EARNINGS PER ORDINARY SHARE	27	0.059	0.19
DILUTED EARNINGS PER ORDINARY SHARE	27	0.059	0.19

* Information on transactions with related parties is provided in the notes to the consolidated financial statements pursuant to CONSOB Resolution no. 15519 of 27 July 2006.

Statement of comprehensive income

[EUR '000]	2010	2009
NET PROFIT (LOSS) FOR THE PERIOD	17,599	34,343
Other components of comprehensive income*:		
Exchange rate differences arising from the translation of foreign undertakings	32,123	7,244
Change in use of property, plant and equipment	49,027	-
Financial instruments	(1,356)	150
Actuarial gains (losses) on severance benefits (TFR)	(205)	(515)
Total other components of comprehensive income	79,589	6,879
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	97,188	41,222
Attributable to:		
Group	83,747	35,904
Minority interests	13,441	5,318

* The other components of comprehensive income are shown net of taxes.

Aalborg plant (Denmark)

Statement of changes in consolidated shareholders' equity

[EUR '000]

		Other reserve									
	Share capital	**Share premium reserve**	**Legal reserve**	**Translation reserve**	**Other reserves**	**Group net profit (loss)**	**Group shareholders' equity**	**Minority interest net profit (loss)**	**Minority interest reserves**	**Minority interests shareholders' equity**	**Total shareholders' equity**
Shareholders' equity at 1 January 2009	159,120	35,710	31,825	(140,183)	828,251	65,273	979,996	8,205	50,922	59,127	1,039,123
Allocation of 2008 net profit					65,273	(65,273)	-	(8,205)	8,205	-	-
2008 dividend distribution					(12,730)		(12,730)		(1,457)	(1,457)	(14,187)
Total transactions with shareholders	-	-	-	-	52,543	(65,273)	(12,730)	(8,205)	6,748	(1,457)	(14,187)
Change in translation reserve				6,386			6,386		858	858	7,244
Actuarial gains (losses)					(474)		(474)		(41)	(41)	(515)
Financial instruments					150		150				150
Total other components of comprehensive income	-	-	-	6,386	(324)	-	6,062	-	817	817	6,879
Change in other reserves					(689)		(689)		782	782	93
Total other changes	-	-	-	-	(689)	-	(689)		782	782	93
Net profit (loss) for the period						29,842	29,842	4,501		4,501	34,343
Shareholders' equity at 31 December 2009	**159,120**	**35,710**	**31,825**	**(133,797)**	**879,781**	**29,842**	**1,002,481**	**4,501**	**59,269**	**63,770**	**1,066,251**
Shareholders' equity at 1 January 2010	159,120	35,710	31,825	(133,797)	879,781	29,842	1,002,481	4,501	59,269	63,770	1,066,251
Allocation of 2009 net profit					29,842	(29,842)	-	(4,501)	4,501	-	-
2009 dividend distribution					(9,547)		(9,547)		(2,083)	(2,083)	(11,630)
Other changes									3,820	3,820	3,820
Total transactions with shareholders	-	-	-	-	20,295	(29,842)	(9,547)	(4,501)	6,238	(1,737)	(7,810)
Change in translation reserve				28,788			28,788		3,335	3,335	32,123
Actuarial gains (losses)					(116)		(116)		(89)	(89)	(205)
Financial instruments					(1,356)		(1,356)			-	(1,356)
Change in fair value of investment property					47,087		47,087		1,940	1,940	49,027
Total other components of comprehensive income	-	-	-	28,788	45,615	-	74,403	-	5,186	5,186	79,589
Change in other reserves					460		460		523	523	983
Total other changes	-	-	-	-	460	-	460	-	523	523	983
Net profit (loss) for the period						9,344	9,344	8,255		8,255	17,599
Shareholders' equity al 31 December 2010	**159,120**	**35,710**	**31,825**	**(105,009)**	**946,151**	**9,344**	**1,077,141**	**8,255**	**71,216**	**79,471**	**1,156,612**

Consolidated statement of cash flows [EUR '000]	31 December 2010	31 December 2009
Net profit (loss) for the period	17,599	34,343
Depreciation and amortisation	85,728	81,169
(Revaluations) and writedowns	(7,099)	739
Net result on equity investment measured using equity method	(2,112)	(1,245)
Net financial result	2,306	5,459
(Gains) Losses on disposals	(4,882)	(577)
Income taxes	8,306	13,688
Change in employee benefit provisions	1,435	1,056
Change in current and non-current provisions	(5,213)	2,905
Operating cash flow before change in working capital	96,068	137,537
(Increase) Decrease in inventories	(9,670)	13,326
(Increase) Decrease in trade receivables	(5,631)	23,243
Increase (Decrease) in trade payables	29,600	(8,630)
Change in current and non-current assets and liabilities	4,057	6,079
Change in deferred and current income taxes	4,519	1,259
Operating cash flow	118,943	172,814
Dividends received	3,894	2,834
Interest received	3,363	4,756
Interest paid	(7,224)	(12,900)
Other income (expense) received (paid)	3,959	1,482
Income taxes paid	(15,940)	(13,950)
CASH FLOW FROM OPERATING ACTIVITIES (A)	106,995	155,036
Investments in intangible assets	(16,140)	(14,404)
Investments in property, plant and equipment	(35,461)	(82,615)
Investments in equity investments and non-current securities	(4,005)	(16,986)
Divestments of intangible assets	-	296
Divestments of property, plant and equipment	2,895	1,687
Divestments of equity investments and non-current securities	12,184	13,415
Other changes in investing activities	(1,868)	(9,162)
CASH FLOW FROM INVESTING ACTIVITIES (B)	(42,395)	(107,769)
Change in non-current financial assets and liabilities	(42,270)	58,509
Change in current financial assets and liabilities	32,217	(69,589)
Dividends distributed	(11,630)	(14,187)
Other changes in shareholders' equity	(7,093)	726
CASH FLOW FROM FINANCING ACTIVITIES (C)	(28,776)	(24,541)
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS (D)	2,464	628
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	38,288	23,354
Cash and cash equivalents at the beginning of the period	61,731	38,377
Cash and cash equivalents at the end of the period	100,019	61,731

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 the share capital at 31 December 2010, as indicated in the shareholder register, based on notices received pursuant to Article 120 of Legislative Decree 58 of 24 February 1998 and other available information are:

1. Calt 2004 Srl - 47,860,813 shares (30.078%);
2. Lav 2004 Srl - 40,543,880 shares (25.480%);
3. Pantheon 2000 SpA - 4,466,928 shares (2.807%);
4. Gamma Srl - 3,635,000 shares (2.284%);
5. Chupas 2007 Srl - 3,842,646 shares (2.415%);

The consolidated financial statements at 31 December 2010 of the Cementir Holding group were approved on 8 March 2011 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) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission through 31 December 2010.
As used here, the IAS/IFRS comprise the International Financial Reporting Standards (IFRSs), the International Accounting Standards (IASs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

BASIS OF PRESENTATION

The consolidated financial statements at 31 December 2010 are presented in euros and the amounts are reported in thousands, unless otherwise indicated. The consolidated financial statements consist of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes 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 statement of financial position;

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

- income statement items are classified by the nature of the expense;
- the statement of comprehensive income shows the effect of gains and losses recognised directly in equity starting with the net profit (loss) for the period;
- 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.

Accounting standards and amendments adopted by the Group

(a) New accounting standards and amendments adopted by the Group Herein below are brief descriptions of the impact of the new accounting standards or amendments to existing accounting standards that are applicable as from the financial period starting after 1 January 2010.

- IFRS 3 (revised) "Business Combinations" and the resulting changes to IAS 27 "Consolidated and Separate Financial Statements", IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" are applicable on a prospective basis to business combinations whose acquisition date coincides with or follows periods that began after 1 July 2009. Under the revised standard, the acquisition method will continue to apply, but with certain significant changes particularly as relating to how the purchase cost is measured and presented, minority interests, contingent consideration, etc. All costs associated with the acquisition are recognised in the income statements, and pursuant to IAS 27 (revised), transactions with minority interests that do not give rise to a change in control are recognised in equity.

(b) Standards, amendments and new interpretations of existing standards effective as from 2010, but of no relevance to the Group:

- IFRIC 12 - "Service Concession Arrangements". This interpretation does not currently apply to the Group since the Group is not party to any service concession arrangements.
- IFRIC 15 - "Agreements for the Construction of Real Estate". This interpretation does not currently apply to the Group since the Group is not party to any such agreements.
- IFRIC 16 - "Hedges of a Net Investment in a Foreign Operation". The interpretation applies in cases in which the company plans to hedge exchange rate risk arising from an investment in a foreign entity and wants to treat it as a hedge pursuant to IAS 39. The Group has no such hedges.
- IFRIC 17 - "Distribution of Non-Cash Assets to Owners", in effect for reporting periods starting after 1 July 2009. This interpretation does not currently apply to the Group since the Group has not made such distributions to shareholders.
- IFRIC 18 - "Transfers of Assets from Customers", applicable to commercial transactions occurring after 1 July 2009. his interpretation does not currently apply to the Group since the Group has not received any assets from customers.
- IFRS 1 - on further exemptions for first-time adopters and changes to IFRS 2 on share-based payments for Group employees. Neither is applicable to the Group.

(c) Standards, amendments and new interpretations effective for financial periods after 2010 and not adopted early by the Group.

- IFRS 9 - "Financial instruments" issued in December 2009 and not yet endorsed. It relates to the classification and measurement of financial assets. This standard, which will not enter into force prior to periods starting in 2013, could have an impact on how the Group's measures financial assets. The Group is assessing the potential impact.
- IAS 24 - (revised) "Related Party Disclosures", issued in November 2009 and published in the EU's Official Journal. It will be in effect for financial years starting from 1 January 2011, and can be adopted in advance. It is not expected to have a significant impact on the Group.
- "Prepayments on a minimum funding requirement" issued in November 2009 and published in the EU's Official Journal, which corrects some distortions in an interpretation (IFRIC 14) with the contents of IAS 19 regarding the option, now permitted, to recognising voluntary prepayments made to these funds among assets. It will come into effect starting from 2011, with retrospective application and comparative disclosures that will have to be modified.
- IFRIC 19 - "Extinguishing financial liabilities with equity instruments". This interpretation seeks to better define the characteristics that need to be met to classify in equity those equity instruments issued to a creditor to extinguish the liability. The interpretation is in effect for periods starting after 1 July 2010 and may be adopted early. It is not expected to have a significant impact on the Group.
- Changes to the IAS 32 classifications of rights issues". Published in the EU's Official Journal, it covers the classification among liabilities or equity of rights issues for a fixed amount of a foreign currency. It is expected to come into effect in 2011. It is not expected to have a significant impact on the Group.
- Improvements made to the international accounting standards issued in May 2010 and published in the EU's Official Journal. These are a variety of changes and improvements, mostly applicable starting from periods beginning 1 January 2011. It is not expected to have a significant impact on the Group.

CONSOLIDATION POLICIES

Scope of consolidation

A list of the subsidiaries included within 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 dated 14 May 1999 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;
- gains and losses on the disposal of investments in consolidated companies are taken to Group equity as transactions with shareholders in the amount corresponding to the difference between the sale price and the corresponding fraction of consolidated shareholders' equity sold. If the disposal results in the loss of control and the consequent deconsolidation of the investment, the difference between the sale price and the corresponding fraction of consolidated shareholders' equity sold is taken as a gain or loss in the income statement.

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 recognised 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 recognised directly through adjustments to equity reserves;
- material unrealised 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; unrealised 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 capitalised as part of the asset's cost until the asset is ready for its intended use or for sale. Costs incurred for 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. Quarries are depreciated on the basis of the ratio of quantities extracted in the period to quantities that can be excavated over the period in which the quarry is worked (excavated/to be excavated criterion). In the presence of a specific obligation, a provision for the environmental restoration of sites is recognised under liabilities.

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 construction	10 years
- Generic or other specific plants	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 fair 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 available for sale:** financial assets available for sale are non-derivative financial instruments explicitly designated in this category and are carried under non-current assets unless management intends to sell them within 12 months of the reporting date. Such assets are measured at fair value and any measurement gains or losses are recognised in equity through the statement of comprehensive income; they are taken to profit or loss only when the financial asset is actually sold or, in the case of cumulative negative changes, when it is determined that the loss already recognised in equity cannot be recovered in the future, i.e. when there is an impairment loss; in this case, the loss is taken to profit or loss if it extends beyond 30 months or exceeds 30% of the carrying value. Financial assets are derecognised when the right to receive the cash flows from the instrument expires and the Company has transferred substantially all the risks and rewards relating to the instrument and the related control. 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 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 mainly regards 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 and are initially recognised 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 to hedge exchange rate risk, interest rate risk and price risk.

All financial derivatives are measured and recognised at fair value, as established by IAS 39.

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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 relationships 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.

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 2010 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.

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

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.

Stock incentive plan

The Group approved a stock incentive plan (stock options) targeted at directors with specific duties and managers holding strategic positions within the group parent and/or its subsidiaries. Under IFRS 2 – Share-based payment, this plan represents a component of the beneficiaries' compensation. Therefore, the cost is represented by the fair value of the stock options at the grant date, calculated using financial measurement techniques, taking market conditions into account, and recognised in the income statement on a pro-rata basis over the period during which the incentive accrues, with a balancing entry in shareholders' 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 expenses.

In the presence of an obligation to dismantle plant and restore sites (e.g. quarries), a specific provision is established, with accruals determined on the basis of the asset involved. As regards greenhouse gas (CO_2) emissions allowances, a specific provision is recognised where emissions exceed the allowances assigned.

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 currencies transactions
All transactions in non-euro currencies are recognised at the exchange rate prevailing on the transaction date.
Monetary assets and liabilities denominated in currencies other than the functional currency are subsequently adjusted 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 recognised 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 recognised 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.

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. 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 recognised 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 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.
Given the current state of the financial markets, the Group has taken steps to maintain an adequate ability to generate cash flow through operations. In light of the Group's financial soundness, any unplanned financial requirements will be handled using the Group's credit.

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 financial instruments to hedge the related risks.
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, for purchases of solid fuels in U.S. dollars, while the ready-mixed concrete sector is less exposed, as revenues and costs are denominated in local currency. 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 recognised directly in equity, under the "translation reserve" (Note 11).

Interest rate risk

As the Group has a net debtor position, it is exposed to the risk of fluctuations in interest rates. Based on an overall assessment of the level of expected interest rates and the timing of debt reduction in relation to forecast cash flows, interest rate swaps are used to partially hedge the risk.

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

DISCLOSURE BY OPERATING SEGMENT

In accordance with IFRS 8, the Group has identified its operating segments by referring to the internal reporting system that the group parent periodically adopts with regard to the management and organisational structure of the Group.

Specifically, the operating segments organised and managed by geographical area 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 geographical segments comprise the fixed assets of the individual companies operating in the zones listed above. Transactions between the segments involving the exchange of goods and services are conducted on normal market terms and conditions.

The table below reports the results by operating segment for the period ended 31 December 2010:

[EUR '000]	Denmark	Turkey	Italy	Other Scandinavian countries	Egypt	Far East	Rest world	Items not allocated and adjustments	Cementir Holding Group
Operating revenues	235,239	245,698	140,625	149,983	65,417	38,249	25,508	(35,133)	865,586
Inter-segment revenues	(21,588)	-	(9,071)	(1,064)	(2,769)	(97)	(544)	35,133	-
Operating revenues contribution	213,651	245,698	131,554	148,919	62,648	38,152	24,964	-	865,586
Segment result (EBITDA)	28,855	37,594	(3,498)	15,828	19,815	6,374	3,962	-	108,930
Depreciation and amortisation, impairment losses and provisions	(27,031)	(22,033)	(20,092)	(7,297)	(4,764)	(3,722)	(1,470)	-	(86,409)
EBIT	1,824	15,561	(23,590)	8,531	15,051	2,652	2,492	-	22,521
Net result on equity investments measured using equity method	-	-	(31)	179	-	-	1,964	-	2,112
Net financial result	-	-	-	-	-	-	-	1,272	1,272
Profit before tax	-	-	-	-	-	-	-	-	25,905
Income taxes	-	-	-	-	-	-	-	(8,306)	(8,306)
Net profit (loss) for the period	-	-	-	-	-	-	-	-	17,599

The table below reports the results by operating segment for the period ended 31 December 2009:

[EUR '000]	Denmark	Turkey	Italy	Other Scandinavian countries	Egypt	Far East	Rest world	Items not allocated and adjustments	Cementir Holding Group
Operating revenues	249,526	203,961	179,388	132,912	53,585	24,986	20,499	(27,714)	837,143
Inter-segment revenues	(15,616)	-	(8,588)	(962)	(2,066)	-	(482)	27,714	-
Operating revenues contribution	233,910	203,961	170,800	131,950	51,519	24,986	20,017	-	837,143
Segment result (EBITDA)	36,897	28,769	32,832	10,579	17,076	4,955	4,383	-	135,491
Depreciation and amortisation, impairment losses and provisions	(28,656)	(20,070)	(19,163)	(8,043)	(4,319)	(1,883)	(1,220)	-	(83,354)
EBIT	8,241	8,699	13,669	2,536	12,757	3,072	3,163	-	52,137
Net result on equity investments measured using equity method	-	-	(169)	72	-	-	1,342	-	1,245
Net financial result	-	-	-	-	-	-	-	(5,351)	(5,351)
Profit before tax	-	-	-	-	-	-	-	-	48,031
Income taxes	-	-	-	-	-	-	-	(13,688)	(13,688)
Net profit (loss) for the period	-	-	-	-	-	-	-	-	34,343

The table below reports other data by geographical segment at 31 December 2010:

[EUR '000]	Segment assets	Segment liabilities	Investments in property, plant and equipment and intangible assets*
Denmark	512,316	104,227	13,977
Turkey	642,861	146,417	11,867
Italy	397,261	412,621	21,918
Other Scandinavian countries	117,711	53,016	3,973
Egypt	119,770	27,251	1,805
Far East	110,434	45,760	8,946
Rest of world	50,365	4,814	105
Total	1,950,718	794,106	62,591

* Investments carried out during the year.

The table below reports other data by geographical segment at 31 December 2009:

[EUR '000]	Segment assets	Segment liabilities	Investments in property, plant and equipment and intangible assets*
Denmark	524,300	118,928	16,494
Turkey	525,073	112,100	24,075
Italy	404,657	385,815	17,444
Other Scandinavian countries	107,184	50,574	5,824
Egypt	121,232	42,136	5,244
Far East	87,700	37,151	25,454
Rest of world	46,715	5,578	3,849
Total	**1,816,861**	**752,282**	**98,384**

*Investments carried out during the year.

The table below reports revenues from sales to external customers for each geographical segment at 31 December 2010:

[EUR '000]	Denmark	Italy	Other Scandinavian countries	Turkey	Egypt	Far East	Rest of world	Total
Revenues by geographical location of customer	153,204	134,055	157,546	194,952	38,097	42,336	122,070	842,260

The table below reports revenues from sales to external customers for each geographical segment at 31 December 2009:

[EUR '000]	Denmark	Italy	Other Scandinavian countries	Turkey	Egypt	Far East	Rest of world	Total
Revenues by geographical location of customer	180,198	187,550	133,980	139,435	21,603	38,013	121,694	822,473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Intangible assets

Intangible assets amounted to EUR 494,678 thousand (EUR 469,876 thousand at 31 December 2009) and include assets with finite useful lives totalling EUR 35,341 thousand (EUR 25,936 thousand at 31 December 2009) and assets with indefinite useful lives totalling EUR 459,337 (EUR 443,940 thousand at 31 December 2009).

Intangible assets with finite useful lives

At 31 December 2010 intangible assets with finite useful lives amounted to EUR 35,341 thousand (EUR 25,936 thousand at 31 December 2009). Concession rights and licenses mainly regard quarry concessions 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 ent costs	Concession rights, licenses and brands	Other assets	Assets under development and advances	Total
Gross value at 1 January 2010	874	24,813	8,984	6,239	40,910
Increases	99	9	405	5,531	6,044
Decreases	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
Other changes	-	-	-	-	-
Translation differences	8	540	555	(14)	1,089
Reclassifications	3	5,198	356	9	5,566
Gross value at 31 December 2010	984	30,560	10,300	11,765	53,609
Amortisation at 1 January 2010	365	8,520	6,089	-	14,974
Amortisation	169	1,804	869	-	2,842
Decreases	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	- -
Other changes	-	-	-	-	-
Translation differences	8	25	417	-	450
Reclassifications	2	-	-	-	2
Amortisation at 31 December 2010	544	10,349	7,375	-	18,268
Net value at 1 January 2010	440	20,211	2,925	11,765	35,341

[EUR '000]	Development ent costs	Concession rights, licenses and brands	Other assets	Assets under development and advances	Total
Gross value at 1 January 2009	548	17,298	8,073	397	26,316
Increases	306	3,463	1,021	5,742	10,532
Decreases	-	(54)	(378)	-	(432)
Changes in scope of consolidation	-	-	-	-	-
Other changes	-	-	-	-	-
Translation differences	20	(42)	103	6	87
Reclassifications	-	4,148	165	94	4,407
Gross value at 31 December 2009	874	24,813	8,984	6,239	40,910
Amortisation at 1 January 2009	196	6,834	5,445	-	12,475
Amortisation	149	1,741	663	-	2,553
Decreases	-	(54)	(82)	-	(136)
Changes in scope of consolidation	-	-	-	-	-
Other changes	-	-	-	-	-
Translation differences	20	(1)	63	-	82
Reclassifications	-	-	-	-	-
Amortisation at 31 December 2009	365	8,520	6,089	-	14,974
Net value at 31 December 2009	509	16,293	2,895	6,239	25,936

Intangible assets with indefinite useful lives

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

At 31 December 2010, the item amounted to EUR 459,337 thousand (EUR 443,940 thousand at 31 December 2009) and included goodwill arising on consolidation following the acquisition of the Cimentas and Aalborg Portland groups together with the goodwill noticed in the year following the acquisition made by the subsidiary Betontir (Note 28).

[EUR '000]	31.12.2010				31.12.2009		
	Turkey (Cimentas Group)	Denmark (Aalborg Portland Group)	Italy	Total	Turkey (Cimentas Group)	Denmark (Aalborg Portland Group)	Total
Carrying amount at start of period	174,800	269,140	-	443,940	164,227	264,521	428,748
Increases	-	-	5,178	5,178	-	-	-
Decreases	-	(110)	-	(110)	-	-	-
Writedowns	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	10,202	-	10,202
Translation differences	7,656	2,673	-	10,329	371	4,619	4,990
Reclassifications	-	-	-	-	-	-	-
Carrying amount at end of period	182,456	271,703	5,178	459,337	174,800	269,140	443,940

As it had done in previous periods, the Group tested assets for impairment at the two cash-generating units (CGU) to which goodwill had been allocated.

The impairment test on goodwill was performed by comparing the carrying value with the value-in-use of the CGU, calculated by applying the discounted cash flow (DCF) method to cash flows projected over the next three years (2011-2013) for each CGU. Projected cash flows were estimated based on projections for the 2011 budget and for the subsequent two years (2012-2013), while final values were arrived at by applying a constant growth rate.

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

	31.12.2010		31.12.2009	
	Turkey (Cimentas Group)	Denmark (Aalborg Portland Group)	Turkey (Cimentas Group)	Denmark (Aalborg Portland Group)
Growth rate for terminal values	2%	2%	2%	2%
Discount rate	7.6%	6.7%	6.6%	6.3%

Moreover, the application of the perpetual growth rate of 0% would not cause any impairment of the goodwill attributed to each CGU.

The impairment tests found no reduction of shareholders' equity at 31 December 2010 or of net profit for 2010.

The above parameters were applied to estimates and projections calculated based on past experience and expectations concerning development of the markets in which the Group operates. The demand trend during all of 2010, along with the pessimistic outlook for 2011, led management to reconsider the expected growth rate of revenues and margins included in forecasts made in past years as a precaution.

The Group regularly monitors facts and events connected with changes in the current economic environment that could give rise to impairment losses.

2) Property, plant and equipment

At 31 December 2010 property, plant and equipment amounted to EUR 876,176 thousand (EUR 906,542 thousand at 31 December 2009). The table below provides the required supplementary information on the components of the item:

[EUR '000]	Land and building	Quarries	Plant and equipment	Other assets	Assets under construction and advances	Total
Gross value at 1 January 2010	415,729	27,596	1,202,330	79,171	74,092	1,798,918
Increases	872	1,389	11,318	1,092	32,312	46,983
Decreases	(42)	-	(12,153)	(4,403)	(456)	(17,054)
Changes in scope of consolidation	2,453	-	1,833	100	-	4,386
Translation differences	11,897	565	31,220	2,668	4,650	51,000
Reclassifications	11,148	345	39,724	5,174	(83,546)	(27,155)
Gross value at 31 December 2010	442,057	29,895	1,274,272	83,802	27,052	1,857,078
Depreciation at 1 January 2010	177,918	5,727	659,789	48,942	-	892,376
Depreciation	11,889	741	63,615	6,638	-	82,886
Decreases	(42)	-	(11,488)	(3,934)	-	(15,464)
Changes in scope of consolidation	-	-	-	-	-	-
Translation differences	3,575	190	16,288	1,669	-	21,722
Reclassifications	(1,036)	-	(2,369)	2,787	-	(618)
Depreciation at 31 December 2010	192,307	6,658	725,835	56,102	-	980,902
Net value at 31 December 2010	249,750	23,237	548,437	27,700	27,052	876,176
Gross value at 1 January 2009	389,776	25,533	1,107,905	79,945	117,561	1,720,720
Increases	2,739	1,790	14,477	1,680	55,834	76,520
Decreases	(26)	(82)	(1,560)	(4,382)	(7)	(6,057)
Changes in scope of consolidation	203	-	220	200	687	1,310
Translation differences	1,195	152	9,161	1,315	(667)	11,156
Reclassifications	21,842	203	72,127	413	(99,316)	(4,731)
Gross value at 31 December 2009	415,729	27,596	1,202,330	79,171	74,092	1,798,918
Depreciation at 1 January 2009	166,331	5,126	594,781	44,949	-	811,187
Depreciation	11,073	536	59,604	7,412	-	78,625
Decreases	(12)	-	(1,174)	(3,939)	-	(5,125)
Changes in scope of consolidation	-	-	23	15	-	38
Translation differences	526	65	6,551	534	-	7,676
Reclassifications	-	-	5	(30)	-	(25)
Depreciation at 31 December 2009	177,918	5,727	659,790	48,941	-	892,376
Net value at 31 December 2009	237,811	21,869	542,540	30,230	74,092	906,542

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

The net carrying amount of property, plant and equipment pledged as collateral for bank loans came to EUR 144.4 million (EUR 142.8 million at 31 December 2009), with EUR 1.5 million outstanding at 31 December 2010 (EUR 2.3 million at 31 December 2009). The value of contractual commitments to purchase property, plant and equipment at 31 December 2010 amounted to EUR 2.9 million (EUR 7 million at 31 December 2009). In 2010 financial expense of EUR 0.3 million was capitalised (about EUR 0.5 million in 2009).

3) Investment property

Investment property amounted to EUR 98,577 thousand and is reported at fair value, as determined by independent appraisers. During the year, the designated use of certain property, plant and equipment was changed, leading to a change of EUR 51.6 million in equity through the statement of comprehensive income. The remaining EUR 7.5 million is attributable to the fair value recognised during the period, of which EUR 1.2 million related to the value of property located in Livorno and Spoleto, for which the Group has entered into 20-year building lease contracts with the related company Energia SpA. The value of this investment property was arrived at using the discounted cash flow method.

[EUR '000]	31.12.2010			31.12.2009		
	Land	Buildings	Total	Land	Buildings	Total
Value at 1 January	1,251	26,699	27,950	1,251	26,699	27,950
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Change in fair value	55,967	3,155	59,122	-	-	-
Translation differences	(2,176)	(170)	(2,346)	-	-	-
Reclassifications	11,776	2,075	13,851	-	-	-
Value at 31 December	66,818	31,759	98,577	1,251	26,699	27,950

Of the total value, EUR 20.8 million is pledged as collateral for a bank loan with an outstanding amount at 31 December 2010 of EUR 12.7 million, including discounting.

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	
	31.12.2010	31.12.2009	2010	2009
Speedybeton SpA	-	1,544	(31)	(169)
Leigh White Cement Company Joint Venture	11,163	11,696	1,964	1,030
Secil Unicon SGPS Lda	255	980	(722)	(151)
Sola Betong AS	1,576	1,471	168	113
Storsand Sandtak AS	293	268	11	(41)
ECOL Unicon Spzoo	3,581	2,980	722	463
Equity investments measured using the equity method	16,868	18,939	2,112	1,245

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
31.12.2010							
Speedybeton SpA	EUR	Pomezia–RM (Italy)					
Leigh White Cement Company Joint Venture	USD	Allentown (USA)	49,787	11,446	67,570	8,008	24.50%
Secil Unicon SGPS Lda	EUR	Lisbon (Portugal)	16,288	12,008	11,230	(1,446)	50%
Sola Betong AS	NOK	Risvika (Norway)	7,663	4,873	10,638	502	33.3%
Storsand Sandtak AS	NOK	Saette (Norway)	609	104	291	20	50%
ECOL Unicon Spzoo	PLN	Gdansk (Poland)	12,798	5,490	25,824	1,472	49%
Total			87,145	33,921	115,553	8,557	
31.12.2009							
Speedybeton SpA	EUR	Pomezia–RM (Italy)	13,545	8,367	17,861	(534)	29.97%
Leigh White Cement Company Joint Venture	USD	Allentown (USA)	52,418	11,673	65,340	4,202	24.50%
Secil Unicon SGPS Lda	EUR	Lisbon (Portugal)	5,420	774	-	(304)	50%
Sola Betong AS	NOK	Risvika (Norway)	6,954	4,302	9,959	343	33.3%
Storsand Sandtak AS	NOK	Saette (Norway)	616	160	409	(78)	50%
ECOL Unicon Spzoo	PLN	Gdansk (Poland)	8,843	2,763	17,492	905	49%
Total			87,796	28,039	111,062	4,534	

5) Equity investments available for sale

[EUR '000]	31.12.2010	31.12.2009
Equity investments start of period	6,467	2,580
Increases	4,005	16,986
Decreases	(2,492)	(13,306)
Change in fair value	(1,462)	207
Translation differences	1	-
Equity investments	6,519	6,467

Equity investments available for sale break down as follows:

[EUR '000]	Number of shares	% holding of capital employed	31.12.2010
Equity investments in listed companies			
Italcementi Spa	1,000,000	0.5646%	6,325
Equity investments in unlisted companies			
Cemencal SpA			-
Consorzio Valle Caudina			140
Sipac SpA (in liquidation)			-
Consorzio Toscocem (in liquidation)			-
Other			54
Equity investments in other companies			6,519

No signs of impairment were found with regard to the aforementioned investments.

The fair value of listed companies is calculated by referring to the official stock market price on the last day of the accounting period.

6) Inventories

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

[EUR '000]	31.12.2010	31.12.2009
Raw materials, ancillary materials and consumables	88,215	82,571
Semi-finished products	26,869	26,933
Finished products	27,567	23,343
Advances	1,186	1,320
Inventories	143,837	134,167

7) Trade receivables

Trade receivables totalled EUR 150,974 thousand (EUR 145,672 thousand at 31 December 2009), and are composed of the following elements:

[EUR '000]	31.12.2010	31.12.2009
Customer receivables	151,366	148,800
Impairment	(5,835)	(5,830)
Net customer receivables	145,531	142,970
Advances to suppliers	330	214
Receivables due from related parties	5,113	2,488
Trade receivables	150,974	145,672

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]	31.12.2010	31.12.2009
Customer receivables not past due	113,519	108,811
Customer receivables past due:	37,847	39,989
0-30 days	12,705	11,576
30-60 days	6,495	6,318
60-90 days	2,461	2,241
More than 90 days	16,186	19,854
Total customer receivables	151,366	148,800
Impairment	(5,835)	(5,830)
Net customer receivables	**145,531**	**142,970**

8) Current financial assets

[EUR '000]	31.12.2010	31.12.2009
Derivatives	182	142
Accrued income	821	1,060
Prepaid expenses	145	181
Financial receivables due from related parties	362	362
Current financial assets	**1,510**	**1,745**

9) Other current assets

Other current assets, totalling EUR 18,939 thousand (EUR 16,327 thousand at 31 December 2009), comprise non-commercial items, and break down as follows:

[EUR '000]	31.12.2010	31.12.2009
VAT receivables	6,728	2,145
Receivables from employees	414	354
Accrued income	587	2,720
Prepaid expenses	3,960	2,985
Other receivables	7,250	8,123
Other current assets	**18,939**	**16,327**

10) Cash and cash equivalents

The item amounts to a EUR 100,019 thousand (EUR 61,732 thousand at 31 December 2009), and consists of the Group's liquidity, which is generally invested in short-term financial transactions. It breaks down as follows:

[EUR '000]	31.12.2010	31.12.2009
Bank and postal deposits	94,467	54,930
Bank and postal deposits – related parties	5,160	6,603
Cash and cash equivalents on hand	392	199
Cash and cash equivalents	**100,019**	**61,732**

11) Shareholders' equity

Group shareholders' equity

A schedule reconciling the group parent's shareholders' equity and net profit at 31 December 2010 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 2010, the translation reserve showed a negative balance of EUR 105,009 thousand and breaks down as follows:

[EUR '000]	31.12.2010	31.12.2009	Change
Turkey (Turkish lira – TRY)	(106,540)	(123,705)	17,165
United States (U.S. dollar – USD)	(3,146)	(4,846)	1,700
Egypt (Egyptian pound – EGP)	(720)	(1,428)	708
Iceland (Icelandic krona – ISK)	(2,940)	(3,415)	475
Norway (Norwegian krone – NOK)	2,486	394	2,093
Sweden (Swedish krona – SEK)	239	(1,011)	1,250
Other countries	5,612	215	5,397
Total translation reserve	**(105,009)**	**(133,797)**	**28,788**

Minority interests shareholders' equity

At 31 December 2010, minority interests in shareholders' equity came to EUR 79,471 thousand (EUR 63,770 thousand at 31 December 2009). In 2010, net income totalled EUR 8,255 thousand (EUR 4,501 thousand in 2009).

Stock incentive plans (stock options)

Cementir Holding approved a stock incentive plan (stock options) involving 23 strategic managers (beneficiaries) of Group companies at 31 December 2010. Specifically, on 11 February 2008, the Board of Directors granted the first instalment, originally equal to 1,225,000 options and currently for 1,157,500 options, and set the exercise price as follows:

Position held	Date of shareholders resolution	Date of granting by the Board of Directors	Description of instrument	No. of financial instruments underlying the options granted	Exercise price	Expiration of option
Members of Board of Directors (4)	15-01-2008	11-02-2008	Options on Cementir Holding SpA shares	910,000	EUR 7	11-02-2013
Managers with strategic responsibilities (19)	15-01-2008	11-02-2008	Options on Cementir Holding SpA shares	247,500	EUR 7	11-02-2013
Total				1,157,500		

With regard to the terms and methods for subscribing and exercising options, it should be noted that:

(i) options were subscribed through delivery of the letter granting the options, along with the approved Rules, both duly signed to indicate acceptance, by each Beneficiary by 31 March 2008;

(ii) the options may be exercised by the Beneficiaries in one or more instalments, but in any case in an amount for each instalment of not less than 2,500 options granted to each. The options must be exercised within the time period indicated in the letter granting the options, but not before 11 February 2011 nor after 11 February 2013. The options must be exercised in the manner provided in paragraph 6 of the Rules.

Finally, under the Rules, in order to exercise the options, the Beneficiaries: (i) must, at the time of exercise, continue to be managers or directors, provided they are employees, of the Company and/or its subsidiaries; and (ii) must meet certain targets within their respective sub-groups.

The exercise price of the options was set at EUR 7.00, higher than EUR 5.50, the arithmetic mean of the official prices for the Company's stock reported on the Electronic Share Market organized and run by Borsa Italiana SpA in the month preceding the grant date (the "reference price"). The exercise price is set in this manner to increase of the value of the company, a primary goal of the incentive plan. Considering that the exercise price is higher than the reference price indicating the market value of the shares on the grant date, and given the conditions to be met to exercise the options, we believe that the options, measured by applying appropriate financial methodologies, express non-significant values.

12) 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:

Value in %	31.12.2010	31.12.2009
Discount rate	2.4%-4%-4.7%	2.9%-4%-6%
Expected yield of plan assets	4%	6%
Annual wage increase	2%-4%	2%-4%
Annual accretion of TFR	2.8%	3.4%

The amounts reported in the statement of financial position were calculated as follows:

[EUR '000]	31.12.2010	31.12.2009
Nominal value of the provision	26,733	24,840
Discounting adjustment	(8,078)	(7,785)
Total provision for employees	18,695	17,055

Changes were as follows:

[EUR '000]	31.12.2010	31.12.2009
Net liability at start of period	17,055	16,090
Current service cost	2,107	1,446
Interest cost	810	727
(Net actuarial (gain)/loss	179	647
Changes in scope of consolidation	442	2
Translation differences	980	579
Other changes	(429)	(268)
(Benefits paid)	(2,432)	(2,168)
Net liability at end of period	18,695	17,055

13) Provisions

Non-current and current provisions amounted to EUR 15,234 thousand (EUR 17,409 thousand at 31 December 2009) and EUR 1,648 thousand (EUR 3,799 thousand at 31 December 2009), respectively, and break down as follows:

[EUR '000]	Quarry restructuring provision	Litigation provision	Other provisions	Total provisions
Value at 1 January 2010	13,060	1,455	6,693	21,208
Accruals	79	206	-	285
Utilisations	(134)	(296)	(5,464)	(5,894)
Decreases	(1,060)	-	(10)	(1,070)
Translation differences	421	6	126	553
Reclassifications	242	-	(242)	-
Other changes	1,200	-	600	1,800
Value at 31 December 2010	13,808	1,371	1,703	16,882
of which:				
Non-current provisions	13,808	855	571	15,234
Current provisions	-	516	1,132	1,648
Value at 1 January 2009	11,226	1,860	1,854	14,940
Accruals	119	-	1,326	1,445
Utilisations	(58)	(405)	(999)	(1,462)
Decreases	-	-	-	-
Translation differences	120	-	135	255
Other changes	1,653	-	4,377	6,030
Value at 31 December 2009	13,060	1,455	6,693	21,208
of which:				
Non-current provisions	13,060	1,030	3,319	17,409
Current provisions	-	425	3,374	3,799

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.

14) Trade payables

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

[EUR '000]	31.12.2010	31.12.2009
Payables to suppliers	163,644	131,995
Payables to related parties	672	168
Advances	3,103	1,813
Trade payables	167,419	133,976

15) Financial liabilities

Non-current and current financial liabilities are summarised below:

[EUR '000]	31.12.2010	31.12.2009
Bank borrowings	179,151	221,014
Non current borrowings - related parties	44,747	44,705
Non-current financial liabilities	223,898	265,719
Bank borrowings	71,490	82,975
Short-term portion of non-current financial liabilities	79,030	71,210
Current borrowings - related parties	61,003	23,023
Other financial payables	1,159	1,361
Fair value of hedging derivatives	1,081	482
Current financial liabilities	213,763	179,051
Total financial liabilities	437,661	444,770

As to current and non-current financial liabilities, the carrying amount is a reasonable approximation of their fair value. With regard to the aforementioned financial liabilities, about 40% are subject to financial thresholds that were not exceeded at 31 December 2010.

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

[EUR '000]	31.12.2010	31.12.2009
Within 3 months	56,526	43,612
3 months to 1 year	157,237	135,439
1 to 2 years	17,319	79,581
2 to 5 years	180,047	145,348
More than 5 years	26,532	40,790
Total financial liabilities	437,661	444,770

[EUR '000]	31.12.2010	31.12.2009
Floating-rate liabilities	436,248	442,619
Fixed-rate liabilities	1,413	2,151
Financial liabilities	437,661	444,770

The following is a breakdown of the Group's net financial position pursuant to CONSOB Communication no. 6064293 of 28 July 2006:

[EUR '000]	31.12.2010	31.12.2009
Cash	392	199
Other liquid assets	99,627	61,533
Cash and cash equivalents	100,019	61,732
Current financial assets	1,510	1,745
Current bank borrowings	(163,520)	(161,404)
Other current financial payables	(50,243)	(17,647)
Current financial liabilities	(213,763)	(179,051)
Net current financial liabilities	(112,234)	(115,574)
Non-current financial liabilities	(223,898)	(265,719)
Net financial position	(336,132)	(381,293)

Financial payables to related parties includes creditor positions amounting to EUR 5.5 million (EUR 6.9 million at 31 December 2009) and debtor positions of EUR 105.7 million (EUR 67.7 million at 31 December 2009).

16) Current tax liabilities

Current tax liabilities amounted to EUR 6,043 thousand (EUR 4,100 thousand at 31 December 2009) and regard the instalments amounting to EUR 1.5 million due by the end of 2011 in settlement of a tax assessment and the tax liability for the period net of payments on account.

17) Other current liabilities

[EUR '000]	31.12.2010	31.12.2009
Payables to employees	14,531	15,702
Payables to social security institutions	3,998	4,066
Payables to related parties	-	-
Deferred income	489	98
Accrued expenses	9,090	3,875
Other payables	16,166	14,702
Other current liabilities	44,274	38,443

18) 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 98,944 thousand (EUR 89,370 thousand at 31 December 2009), and deferred tax assets to EUR 34,130 thousand (EUR 20,630 thousand at 31 December 2009). They break down as follows:

[EUR '000]	01.01.2010	Accrual net of utilisation recognised in income statement	Increases net of decreases recognised in equity	31.12.2010
Differences in depreciation	43,587	(1,385)	10,545	52,747
Differences in amortisation	12,810	-	567	13,377
Plant revaluation	12,428	633	2,128	15,189
Capital gains	-	-	-	-
Other	20,545	2,858	(5,772)	17,631
Deferred tax liabilities	89,370	2,106	7,468	98,944
Tax losses carried forward	17,733	8,400	9	26,142
Provisions	2,897	731	492	4,120
Other	-	1,334	2,534	-
Deferred tax assets	20,630	10,465	3,035	34,130

[EUR '000]	01.01.2009	Accrual net of utilisation recognised in income statement	Increases net of decreases recognised in equity	31.12.2009
Differences in depreciation	41,884	1,046	657	43,587
Differences in amortisation	10,168	2,552	90	12,810
Plant revaluation	11,406	679	343	12,428
Capital gains	-	-	-	-
Other	17,821	2,724	-	20,545
Deferred tax liabilities	81,279	7,001	1,090	89,370
Tax losses carried forward	11,287	6,160	286	17,733
Provisions	2,520	356	21	2,897
Other	3,442	(3,442)	-	-
Deferred tax assets	17,249	3,074	307	20,630

19) Revenues

[EUR '000]	2010	2009
Product sales	801,543	777,019
Product sales – related parties	8,563	7,541
Services	32,154	37,913
Revenues	842,260	822,473

20) Other operating revenues

[EUR '000]	2010	2009
Rental and similar income	1,596	1,565
Rental and similar income – related parties	821	842
Capital gains	1,332	1,117
Release of provisions	1,070	32
Insurance payments	-	490
Revaluation of investment property	7,495	-
Other income and revenues	3,480	4,423
Other income and revenues–related parties	75	-
Other operating revenues	15,869	8,469

21) Raw material costs

[EUR '000]	2010	2009
Raw materials and semi-finished products	162,773	114,359
Fuel	113,039	82,838
Electricity	84,380	72,731
Finished products	3,650	25,936
Other materials	39,819	45,622
Change in inventories of raw materials, consumable and products	(3,590)	14,513
Raw material costs	400,071	355,999

22) Personnel costs

[EUR '000]	2010	2009
Salaries and wages	116,546	120,454
Social security contributions	17,452	20,417
Other costs	11,269	7,047
Personnel costs	145,267	147,918

Group employees break down as follows:

	2010	2009	Average 2010	Average 2009
Executives	67	65	65	60
Middle management and office staff	1,525	1,583	1,551	1,622
Workers	1,697	1,791	1,725	1,889
Total	3,289	3,439	3,341	3,571

At 31 December 2010 the group parent Cementir Holding and the Italian subsidiaries employed 604 people (570 at 31 December 2009), while the Cimentas group employed 1,110 people (1,220 at 31 December 2009), the Aalborg Portland group employed 807 people (814 at 31 December 2009) and the Unicon group employed 768 people (835 at 31 December 2009).

23) Other operating costs

[EUR '000]	2010	2009
Transport	88,306	84,803
Services and maintenance	56,404	54,525
Consulting	7,225	6,098
Insurance	5,376	5,582
Other services from related parties	288	116
Rental and similar costs	14,932	13,328
Rental and similar costs – related parties	1,393	1,397
Other operating charges	37,394	31,886
Other operating costs	211,318	197,735

Other operating costs include research costs of around EUR 2.5 million and are in line with 2009.

24) Depreciation, amortisation, impairment losses and provisions

[EUR '000]	2010	2009
Amortisation	2,842	2,553
Depreciation	82,886	78,617
Provisions	285	1,445
Impairment losses	396	739
Depreciation, amortisation, impairment losses and provisions	86,409	83,354

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

The result for 2010, which was a positive EUR 3,384 thousand (a negative EUR 4,106 thousand in 2009), regards the result of companies measured using the equity method and the net result of financial operations. It breaks down as follows:

[EUR '000]	2010	2009
Profits from equity investments measured using equity method	2,867	1,607
Losses from equity investments measured using equity method	(755)	(362)
Net result from equity investments measured using equity method	2,112	1,245
Interest and financial income	6,131	3,586
Interest and financial income related parties	43	57
Interest subsidies	2,468	2,305
Financial income from derivatives financial instruments	4,039	4,918
Total financial income	12,681	10,866
Interest expense	(6,525)	(10,850)
Other financial expense	(3,274)	(2,831)
Interest expense and financial expense related parties	(1,787)	(484)
Financial expense from derivatives financial instruments	(2,150)	(3,289)
Total financial expense	(13,736)	(17,454)
Gains on foreign exchange differences	26,041	20,371
Losses on foreign exchange differences	(23,714)	(19,494)
Gains (losses) on foreign exchange differences	2,327	1,237
Net financial result	1,272	(5,351)
Net result on financial items and equity investments measured using equity method	3,384	(4,106)

26) Income taxes

[EUR '000]	2010	2009
Current taxes	16,648	9,961
Deferred taxes	(8,342)	3,727
Tax liability for the period	8,306	13,688

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

[EUR '000]	2010	2009
Theoretical tax liability	4,392	16,160
Increased permanent differences	947	2,334
Decreased permanent differences	(973)	(5,640)
Consolidated tax mechanisms	(2,257)	(1,647)
Other changes	6,088	466
Effective IRAP liability	109	2,016
Tax liability for the period	8,306	13,688

27) Earnings per share

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

[EUR]	2010	2009
Group net profit (EUR '000)	9,344	29,842
Weighted average number of ordinary shares outstanding ('000)	159,120	159,120
Basic earnings per share	0.059	0.19

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.

28) Other components of comprehensive income

Below is a breakdown of the other components of comprehensive income, before taxes:

[EUR '000]	2010			2009		
	Gross value amount	Fiscal effect	Net value amount	Gross value amount	Fiscal effect	Net value amount
Change in net profit allocation of assets	51,608	(2,581)	49,027	-	-	-
Actuarial gains (losses) on severance benefits (TFR)	(179)	(26)	(205)	(647)	132	(515)
Exchange rate differences arising from the translation of foreign undertakings	32,123	-	32,123	7,244	-	7,244
Financial instruments	(1,462)	106	(1,356)	207	(57)	150
Total other components of comprehensive income	82,090	(2,501)	79,589	6,804	75	6,879

29) Acquisitions and divestments

Acquisitions in 2010

On 30 November 2010, the Group, through the subsidiary Betontir SpA, acquired 14 braches of business for manufacturing ready-mixed concrete located largely in Central Italy. The transaction was valued at EUR 8.5 million. The acquisition was recognised pursuant to IFRS 3 – Business Combinations, with recognition of around EUR 5 million in goodwill.

The fair value of the assets acquired and liabilities assumed, the calculation of goodwill and the cash flow generated by the investment are reported below:

[EUR '000]		Fair value at 30.11.2010
Net assets acquired		
Property, plant and equipment		3,816
Other activities		72
Employee benefit		(442)
Other liabilities		(124)
Fair value of net assets acquired		3,322
Goodwill	(note 1)	5,178
Price paid for acquisitions		8,500

Acquisitions in 2009

On 1 September 2009, acting through the Cimentas group, 70% of the Turkish company Sureko was acquired. The company operates in the waste management sector. The acquisition was accounted for in accordance with IFRS 3 – Business combinations, with the recognition of goodwill in the amount of EUR 10 million.

The fair value of the assets acquired and liabilities assumed, the calculation of goodwill and the cash flow generated by the investment are reported below:

[EUR '000]		Fair value at 01.09.2009
Price paid for acquisition		4,400
Other liabilities		6,350
Net cash flow from acquisition		10,750
Net assets acquired		
Cash and cash equivalents		23
Trade receivables		125
Property, plant and equipment		905
Other assets		85
Financial liabilities		(35)
Trade payables		(257)
Payables to related parties		(240)
Other liabilities		(58)
Total fair value of net assets acquired		548
Goodwill	(note 1)	10,202
Price paid for acquisition		10,750

30) Disclosures on financial risks

Credit risk

The maximum credit risk exposure for the Group at 31 December 2010 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 7 and 9.

Liquidity risk

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

A breakdown of financial liabilities by maturity is given in Note 15 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 exchange rates of 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 63.8 million or about 5.5% of consolidated shareholders' equity at 31 December 2010 (a reduction of EUR 52.4 million at 31 December 2009 or about 4.9%). 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 and SEK. A 10% depreciation in all of these currencies (with the exception of DKK) would have reduced EBITDA by EUR 8.7 million (EUR 7.5 million in 2009).

At 31 December 2010, the risks associated with the Group's main foreign currency receivables and payables regarded TRY, DKK, NOK, SEK and USD. The potential impact of an average 10% depreciation in those currencies, with the exception of DKK, would have been positive in the amount of about EUR 3 million (EUR 2 million at 31 December 2009). The impact in the event of an analogous appreciation would have been negative in a corresponding amount.

INTEREST RATE RISK

The Group is exposed to changes in interest rates. The net consolidated financial position at 31 December 2010 showed a net debtor position of EUR 336.1 million (a negative EUR 381.3 million at 31 December 2009); 99% of the exposure is floating rate and 1% is fixed rate, in line with the previous year.

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 3.6 million (EUR 4 million in 2009) and shareholders' equity by EUR 2.6 million (EUR 3 million at 31 December 2009). An analogous decrease in interest rates would have a corresponding positive impact.

31) Hierarchy of fair value inputs under IFRS 7

With regard to financial instruments measured at fair value, IFRS 7 requires that such instruments be classified on the basis of a hierarchy of inputs used to determine that fair value. The following levels are used:

- Level 1: determination of fair value on the basis of quoted prices on active markets for the class of assets or liabilities being measured;
- Level 2: determination of fair value on the basis of inputs other than quoted prices in Level 1 that can be observed directly (prices) or indirectly (derivatives on prices) in the market; this category includes instruments that are not sufficiently liquid or that do not have a binding market price on a continuous basis;
- Level 3: determination of fair value on the basis of valuation models whose inputs are not based on observable market data.

The following table sets out the hierarchy for assets and liabilities measured at fair value:

[EUR '000]	Note	Level 1	Level 2	Level 3	Total
31 December 2010					
Equity investments available for sell	5	6,325		-	6,325
Current financial assets	8		182	-	182
Total assets		**6,325**	**182**	**-**	**6,507**
Current financial liabilities	15		(1,081)		(1,081)
Total liabilities			**(1,081)**		**(1,081)**
31 December 2009					
Equity investments available for sell	5	3,782		-	3,782
Current financial assets	8		142	-	142
Total assets		**3,782**	**142**	**-**	**3,924**
Current financial liabilities	15		(482)		(482)
Total liabilities			**(482)**		**(482)**

In 2010 there were no transfers among the various levels and there was no change in Level 3.

32) Transactions with related parties

On 5 November 2010, the Board of Directors of Cementir Holding SpA, in response to the new CONSOB regulation on related party transactions issued pursuant to CONSOB Resolution no. 17221 of 12 March 2010, as amended, designed to make the substantive and procedural aspects of the Group's transactions with related parties clearer and fairer, approved the procedures for related party transactions, effective as from 1 January 2011. Transactions entered into by Group companies with related parties form part of normal operations and are settled on market terms and conditions. No unusual or atypical transactions were carried out beyond those constituting part of normal operations. The following tables show the figures:

[EUR '000]	Parent company	Associates	Companies under common control	Other related parties	Total related parties	Total item in financial	% impact of item in financial
31 december 2010							
Balance sheet transactions							
Trade receivables		2,892	2,221		5,113	150,974	3.4%
Current financial assets		362			362	1,510	24.0%
Cash				5,160	5,160	100,019	5.2%
Trade payables	180		492		672	167,419	0.4%
Non Current financial liabilities				44,747	44,747	223,898	20.0%
Current financial liabilities	40,000		3	21,000	61,003	213,763	28.5%
Income statement transactions							
Revenues		7,609	954		8,563	842,260	1.0%
Other operating revenues			896		896	15,869	5.6%
Other operating costs	150		1,531		1,681	211,318	0.8%
Financial income		7	36		43	12,681	0.3%
Financial expense	(475)		(1,312)		(1,787)	13,736	13.0%

[EUR '000]	Parent company	Associates	Companies under common control	Other related parties	Total related parties	Total item in financial	% impact of item in financial
31 december 2009							
Balance sheet transactions							
Trade receivables		243	2,245		2,488	145,672	1.7%
Current financial assets		362			362	1,745	20.7%
Cash				6,603	6,603	61,732	
Trade payables			168		168	133,976	0.1%
Non Current financial liabilities				44,705	44,705	265,719	16.8%
Current financial liabilities			3	23,020	23,023	179,051	12.9%
Income statement transactions							
Revenues		5,705	1,836		7,541	822,473	0.9%
Other operating revenues			842		842	8,469	9.9%
Other operating costs	43		1,470		1,513	197,735	0.8%
Financial income		10		47	57	10,866	0.5%
Financial expense				484	484	17,454	2.08%

Main transaction with related parties are briefly describes below.
Revenues from commercial transactions with 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.
In particular, in 2010, it sold a total of 10,967 metric tons of cement to Vianini Industria (in 2009, sales came to 20,806 metric tons) 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.
Concerning the financial transactions, the Group has received an interest-bearing loan of EUR 40 million from FGC SpA, an indirect parent company, and a demand loan of EUR 21 million and a floating-rate loan of EUR 45 million (due 2017) from Banca Monte dei Paschi di Siena.

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 2010 the Group had no receivables in respect of loans granted to them.

Rome RCS plant (Italy)

ANNEXES

ANNEX 1

List of companies included in the scope of consolidation at 31 December 2010:

Company name	Registered office	Closing date for financial year
Cementir Holding SpA – Group parent	Rome (Italy)	31/12/2010
Aalborg Cement Company Inc.	Dover (USA)	31/12/2010
Aalborg Portland A/S	Aalborg (Denmark)	31/12/2010
Aalborg Portland International Srl	Rome (Italy)	31/12/2010
Aalborg Portland Islandi EHF	Kopavogur (Island)	31/12/2010
Aalborg Portland Polska Spzoo	Warszawa (Poland)	31/12/2010
Aalborg Portland US Inc	Dover (USA)	31/12/2010
Aalborg Resources Sdn Bhd	Perak (Malaysia)	31/12/2010
Aalborg Portland (Anqing) Co Ltd	Anqing (China)	31/12/2010
Aalborg Portland Malaysia Sdn Bhd	Perak (Malaysia)	31/12/2010
Aalborg Portland (Australia) Pty Ltd	Sydney (Australia)	31/12/2010
Aalborg White Italia Srl[A]	Rome (Italy)	31/12/2010
Aalborg Portland OOO	S. Petersburg (Russia)	31/12/2010
AB Sydsten	Malmö (Sweden)	31/12/2010
AGAB Syd Aktiebolag	Malmö (Sweden)	31/12/2010
Alfacem Srl	Rome (Italy)	31/12/2010
Bakircay AS	Izmir (Turkey)	31/12/2010
Betontir SpA	Rome (Italy)	31/12/2010
Cementir Delta SpA	Rome (Italy)	31/12/2010
Cementir Espana SL	Madrid (Spain)	31/12/2010
Cementir Italia Srl	Rome (Italy)	31/12/2010
CemMiljo A/S	Aalborg (Denmark)	31/12/2010
Cimbeton AS	Izmir (Turkey)	31/12/2010
Cimentas AS	Izmir (Turkey)	31/12/2010
Destek AS	Izmir (Turkey)	31/12/2010
Elazig Cimento AS	Elazig (Turkey)	31/12/2010
Everts Betongpump & Entreprenad AB	Halmstad (Sweden)	31/12/2010
4K Beton A/S[B]	Copenaghen (Denmark)	31/12/2010
Gaetano Cacciatore LLC	Somerville N.J.(USA)	31/12/2010
Globocem SL	Madrid (Spain)	31/12/2010
Ilion Cimento Ltd	Soma (Turkey)	31/12/2010
Intercem SpA	Rome (Italy)	30/11/2010
Italian Cement Company LLC (Cemit)	Krasnodar (Russia)	31/12/2010
Kars Cimento AS	Kars (Turkey)	31/12/2010
Kudsk & Dahl A/S	Vojens (Denmark)	31/12/2010
Recydia AS	Izmir (Turkey)	31/12/2010
Sinai White Portland Cement Co. SAE	Cairo (Egypt)	31/12/2010
Skane Grus AB	Malmö (Sweden)	31/12/2010
Sureko AS	Izmir (Turkey)	31/12/2010
Unicon A/S	Copenhagen (Denmark)	31/12/2010
Unicon AS	Sandvika (Norway)	31/12/2010
Vianini Pipe Inc.	Somerville (USA)	31/12/2010
Yapitek AS	Izmir (Turkey)	31/12/2010

[A] In liquidation [B] Liquidated

List of associated measured using the equity method at 31 December 2010:

Company name	Registered office	Closing date for financial year
ECOL Unicon Spzoo	Gdansk (Poland)	31/12/2010
Lehigh White Cement Company - J.V.	Allentown (USA)	31/12/2010
Secil Prebetão SA	Montijo (Portugal)	31/12/2010
Secil Unicon SGPS Lda	Lisbona (Portugal)	31/12/2010
Sola Betong AS	Risvika (Norway)	31/12/2010
Storsand Sandtak AS	Saetre (Norway)	31/12/2010

ANNEX 2

List of significant equity investments at 31 December 2010 pursuant to Art.120 of Legislative Decree 58 of 24 February 1998

Company name	Registered office	Share Capital	Currency	Type of holding			Held through
				% Direct	% Indirect	% Holding	
Cementir Holding SpA	Rome (I)	159,120,000	EURO				Capogruppo
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 International Srl	Rome (I)	10,0000	EURO		100	100	Aalborg Portland A/S
Aalborg Portland Islandì EHF	Kopavogur (IS)	303,000,000	ISK		100	100	Aalborg Portland A/S
Aalborg Portland Polska Spzoo	Warszawa (PL)	100,000	PLN		100	100	Aalborg Portland A/S
Aalborg Portland US Inc	Dover (USA)	1,000	USD		100	100	Aalborg Portland A/S
Aalborg Resources Sdn Bhd	Perak (MAL)	2,543,972	MYR		100	100	Aalborg Portland Malaysia Sdn Bhd
Aalborg Portland (Anqing) Co Ltd	Anqing (VR)	265,200,000	CNY		100	100	Aalborg Portland A/S
Aalborg Portland Malaysia Sdn Bhd	Perak (MAL)	95,400,000	MYR		70	70	Aalborg Portland A/S
Aalborg Portland (Australia) Pty Ltd	Sydney (AUS)	1,000	AUD		100	100	Aalborg Portland Malaysia Sdn Bhd
Aalborg White Italia Srl[A]	Rome (I)	10,000	EURO		82	82	Aalborg Portland A/S
Aalborg Portland OOO	St. Petersburg (RUS)	14,700,000	RUB		100	100	Aalborg Portland A/S
AB Sydsten	Malmö (S)	15,000,000	SEK		50	50	Unicon A/S
AGAB Syd Aktiebolag	Malmö (S)	500,000	SEK		50	50	AB Sydsten
Alfacem Srl	Rome (I)	1,010,000	EURO		99.01	99.01	Cementir Delta SpA
				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	Rome (I)	104,000	EURO	99.89		99.89	Cementir Italia Srl
Cementir Delta SpA	Rome (I)	38,218,040	EURO	99.99		99.99	Cementir Holding SpA
Cementir Espana SL	Madrid (E)	3,007	EURO		100	100	Cementir Delta SpA
Cementir Italia Srl	Rome (I)	40,000,000	EURO	99.99		99.99	Cementir Holding SpA
					0.01	0.01	Cementir Delta SpA
Cimbeton AS	Izmir (TR)	1,770,000	TRY		76.22%	76.22%	Cimentas AS
					0.06	0.06	Yapitek AS

[A] In liquidation

continue

Company name	Registered office	Share Capital	Currency	Type of holding			Held through
				% Direct	% Indirect	% Holding	
Cimentas AS	Izmir (TR)	87,112,463	TRY		58.46	58.46	Intercem SA
				37.97		37.97	Cementir Holding SpA
					0.12	0.12	Cimbeton AS
					0.48	0.48	Kars Cimento 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
ECOL 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 Betongpump & Entreprenad AB	Halmstad (S)	100,000	SEK		73.5	73.5	AB Sydsten
Gaetano Cacciatore LLC	Somerville N.J. (USA)	1	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 SpA	Rome (I)	120,000	EURO	99.17		99.17	Cementir Holding SpA
					0.83	0.83	Betontir SpA
Italian Cement Company LLC (Cemit)	Krasnodar (RUS)	3,000,000	RUB		100	100	Cimentas AS
Kars Cimento AS	Kars (TR)	3,000,000	TRY		58.38	58.38	Cimentas AS
					39.81	39.81	Alfacem Srl
Kudsk & Dahl A/S	Vojens (DK)	10,000,000	DKK		100	100	Unicon A/S
Lehigh White Cement Company -Joint Venture	Allentown (USA)	-	USD		24.5	24.5	Aalborg Cement Company Inc
Recydia AS	Izmir (TR)	23,500,000	TRY		99.64	99.64	Cimentas AS
					0.18	0.18	Yapitek AS
					0.18	0.18	Bakircay
Secil Unicon SGPS Lda	Lisbona (P)	4,987,980	EURO		50	50	Unicon A/S
Secil Prebetão SA	Montijo (P)	3,454,775	EURO		79.60	79.60	Secil Unicon SGPS Lda
Sinai White Portland Cement Co. SAE	Cairo (ET)	350,000,000	EGP		57.14	57.14	Aalborg Portland A/S
Skane Grus AB	Malmö (S)	1,000,000	SEK		60	60	AB Sydsten
Sola Betong AS	Risvika (N)	9,000,000	NOK		33.33	33.33	Unicon AS
Storsand Sandtak AS	Saetre (N)	105,000	NOK		50	50	Unicon A/S
Sureko AS	Izmir (TR)	7,000,0000	TRY		69.90	69.90	Recydia AS
					0.10	0.10	Bakircay AS
Unicon A/S	Copenaghen (DK)	150,000,000	DKK		100	100	Aalborg Portland A/S
Unicon AS	Sandvika (N)	13,289,100	NOK		100	100	Unicon A/S
Vianini Pipe Inc.	Somerville N.J. (USA)	4,483,396	USD		99.99	99.99	Aalborg Portland US Inc.
Yapitek AS	Izmir (TR)	50,000	TRY		98.75	98.75	Cimentas AS
					1.25	1.25	Cimbeton AS

Rome, 8 March 2011

Francesco Caltagirone Jr.
Chairman of the Board of Directors

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, 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:
   - the appropriateness of the financial reports with respect to the Company structure; and
   - the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statements for the period ended 31 December 2010.

2. No material issues emerged in this regard.

3. In addition, we certify that:
   3.1 the consolidated financial statements:
   a) have been prepared in compliance with the international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as the measures issued in implementation of Legislative Decree 38/2005;
   b) correspond to the information in the books and other accounting records;
   c) provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation;

   3.2 the report on operations contains a discussion of the major events that occurred during the year and their impact on the consolidated financial statements, together with a description of the main risks and uncertainties to be faced.

Rome, 8 March 2011

Francesco Caltagirone Jr.	**Oprandino Arrivabene**
Chairman of the Board of Directors	Manager responsible for preparing Cementir Holding SpA's financial reports

Spoleto plant (Italy)

REPORT OF THE BOARD OF AUDITORS TO THE SHAREHOLDERS' MEETING

pursuant to art. 153 of Legislative Decree 58/98 and art. 2429(3) of the Civil Code

Dear Shareholders,

During 2010 we continued to perform the supervisory functions required by the law, particularly Legislative Decree 58 of 24 February 1998, being the independent auditing function to be performed by PriceWaterhouseCoopers SpA, with whom we maintained constant contacts, as discussed more specifically below.

As regards our activities during the year, we report the following:

- we monitored compliance with the law and the bylaws;
- we received from the directors information on operations and on the most financially significant transactions carried out by Cementir and its subsidiaries during the year. Based on the information provided to us, we can reasonably conclude that these operations comply with the law and the bylaws and that they were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or otherwise prejudicial to the integrity of the Company's assets. Based on information reported to the Board of Directors, no director engaged in a transaction that posed a potential conflict of interest;
- we acquired information and monitored, within the scope of our duties, the adequacy of the Company's organizational structure, compliance with the principles of sound administration and the appropriateness of the instructions issued by Cementir Holding to its subsidiaries pursuant to Article 114(2) of Legislative Decree 58/98, gathering information from the relevant department heads;
- we examined and monitored the appropriateness of the internal control system, as well as the administrative and accounting system and its reliability in representing operational events accurately. For this purpose, we regularly met with the manager responsible for preparing the company's financial reports, provided for by Art. 16 of the bylaws, with the head of the Internal Auditing unit and with the manager responsible for Corporate Legal unit. No significant concerns arose during the course of these meetings;
- we examined and obtained information on organizational and procedural activities relating to Legislative Decree 231/2001. The Chairman of the Board of Auditors attended the six meetings of the Supervisory Board held in 2010, reporting on their proceedings to the other members of the Board of Auditors. The Supervisory Body was, however, invited to attend the meetings of the Board, which has verified the attendance of all the managers responsible for the controls;
- we monitored the updating of the Governance model of the company which must be approved by the Board of Directors. We report that the Internal Control Committee, which met four times, examined in detail issues of its responsibility revised after the Legislative Decree 39 of 27 January 2010. The Committee invited the Chairman of the Board of Auditors to attend all of the meetings and took account of the suggestions offered by the latter in a fruitful exchange of views.
- pursuant to Art. 150 (2) of Legislative Decree 58/98, we met regularly with the independent auditors, PriceWaterhouseCoopers SpA, to exchange information and opinions. No significant information or circumstances were found that would require mention in this report;
- we did not discover any atypical or unusual transactions with Group companies, third parties or related parties; for the transactions with them, the Company has an appropriate procedure approved by the Board of Directors in its meeting of 5 November 2010. In the notes to the financial statements, the directors provide information on those transactions, reporting that all transactions with subsidiaries, associates, the controlling shareholder (Caltagirone SpA), whether of a financial or commercial nature, took place in the ordinary course of business under normal market terms and conditions;
- we verified that no complaints pursuant to Article 2408 of the Civil Code or reports of any kind were filed, nor did we encounter any omissions, irregularities or other censurable facts needing to be reported either to control bodies or in this report during the course of our supervisory activity;
- as regards the results reported in the financial statements for the year ended 31 December 2010, we held specific meetings with representatives of PricewaterhouseCoopers SpA to review, within the scope of our respective duties, the accounting policies and the most important items contained in the document. There is nothing significant to report;
- we also verified, through meetings with the head of Administration, Finance and Control, Mr. Arrivabene, the completeness of the information contained in the Report on Operations. We reached the conclusion that the Report on Operations complies with the law and the relevant accounting standards. PricewaterhouseCoopers was also obviously involved in the discussion, particularly concerning the consistency of the Report on Operations with the related financial statements;
- in 2010 the accounting firm was engaged to perform the following:
  – auditing of the separate financial statements (EUR 19,694.72);
  – auditing of the consolidated financial statements (EUR 29,542.06).

As part of our supervisory activities, the Board of Auditors met five times, including via tele-conferencing. We attended five meetings of the Board of Directors and attended the Ordinary Shareholders' Meeting to approve the financial statements for the year ended 31 December 2009.

Based on the activity carried out during the year, we find no grounds to oppose approval of the financial statements of Cementir Holding SpA for the period ended 31 December 2010 and the accompanying Report on Operations. We also concur with the directors' proposal to cover the EUR 12,718,123 loss using retained earnings and to distribute a dividend of EUR 0.06 per share, for a total of EUR 9,547,200, again drawing on retained earnings.

We attach the list of positions held by each member of the Board of Auditors in accordance with CONSOB Resolution no. 15915 of 3 May 2007.

The Board of Auditors also examined the consolidated financial statements and acknowledges the unqualified opinion issued by PriceWaterhouseCoopers SpA.

We remind you, finally, that the Board of Auditors has concluded its mandate, accordingly it's needed to nominate the members for this body.

Rome, 28 March 2011

THE BOARD OF AUDITORS

Prof. Claudio Bianchi
Chairman

Dott. Federico Malorni
Standing Auditor

Avv. Giampiero Tasco
Standing Auditor

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholders of
Cementir Holding SpA

1 We have audited the consolidated financial statements of Cementir Holding SpA and its subsidiaries ("Cementir Holding Group") as of 31 December 2010, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and related explanatory notes. The directors of Cementir Holding SpA are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the national stock exchange commission. 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 test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our audit opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 2 April 2010.

3 In our opinion, the consolidated financial statements of the Cementir Holding Group as of 31 December 2010 comply with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the Cementir Holding Group for the year then ended.

4 The directors of Cementir Holding SpA are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure, published in section "Investor Relations" of the website of Cementir Holding SpA, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of article 123-bis of Legislative Decree 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian

Auditing Standard no. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by CONSOB. In our opinion the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of article 123-bis of Legislative Decree 58/98 presented in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of Cementir Holding SpA as of 31 December 2010.

Rome, 28 March 2011

PricewaterhouseCoopers SpA

Signed by

Luciano Festa
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

STATUTORY FINANCIAL STATEMENTS OF CEMENTIR HOLDING SPA

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FINANCIAL STATEMENTS

Statement of financial position

[EUR]	Notes	31 December 2010	31 December 2009
ASSETS			
Intangible assets	1	565,938	747,926
Property, plant and equipment	2	66,776	52,529
Investment property	3	23,000,000	23,000,000
Equity investments in subsidiaries	4	438,917,296	437,397,347
Equity investments available for sale	5	6,325,000	3,781,895
Non-current financial assets	6	106,035	90,385
Deferred tax assets	22	9,538,197	1,314,904
TOTAL NON-CURRENT ASSETS		**478,519,242**	**466,384,986**
Trade receivables	7	13,285,372	13,803,615
Trade receivables from third parties		*356,955*	*55,281*
Trade receivables from related parties	*32*	*12,928,417*	*13,748,334*
Current financial assets	8	370,590,576	374,128,705
Current financial assets from third parties		*559,518*	*627,647*
Current financial assets from related parties	*32*	*370,031,058*	*373,501,058*
Current tax assets	9	2,233,110	2,454,366
Other current assets	10	2,112,202	1,494,674
Other current assets from third parties		*2,111,986*	*548,918*
Other current assets from related parties	*32*	*216*	*945,756*
Cash and cash equivalents	11	8,363,715	9,894,545
Cash and cash equivalents third parties		*3,219,532*	*3,291,420*
Cash and cash equivalents related parties	*32*	*5,144,183*	*6,603,125*
TOTAL CURRENT ASSETS		**396,584,975**	**401,775,905**
TOTAL ASSETS		**875,104,217**	**868,160,891**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	12	159,120,000	159,120,000
Share premium reserve	13	35,710,275	35,710,275
Other reserves	14	387,957,718	400,666,301
Net profit (loss)		(12,718,123)	(1,606,438)
TOTAL SHAREHOLDERS' EQUITY		**570,069,870**	**593,890,138**
Employee benefit provisions	15	482,036	472,950
Non-current provisions	16	600,000	3,362,155
Non-current financial liabilities	17	123,449,300	131,983,858
Non-current financial liabilities third parties		*78,702,425*	*87,279,206*
Non-current financial liabilities related parties	*32*	*44,746,875*	*44,704,652*
Deferred tax liabilities	22	4,657,976	4,807,058
Other non-current liabilities	18	2,654,206	-
TOTAL NON-CURRENT LIABILITIES		**131,843,518**	**140,626,021**
Trade payables	19	2,500,964	918,669
Trade payables to third parties		*1,445,027*	*893,388*
Trade payables to related parties	*32*	*1,055,937*	*25,281*
Current financial liabilities	17	158,041,779	129,335,923
Current financial liabilities to third parties		*45,423,637*	*23,709,672*
Current financial liabilities to related parties	*32*	*112,618,142*	*105,626,251*
Current tax liabilities	20	1,516,689	1,860,832
Other current liabilities	21	11,131,397	1,529,308
Other current liabilities to third parties		*1,144,952*	*1,183,519*
Other current liabilities to related parties	*32*	*9,986,445*	*345,789*
TOTAL CURRENT LIABILITIES		**173,190,829**	**133,644,732**
TOTAL LIABILITIES		**305,034,347**	**274,270,753**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**875,104,217**	**868,160,891**

Anqing plant (China)

Income statement

[EUR]	Notes	2010	2009
REVENUES	23	11,494,029	11,099,217
Revenues related parties	*32*	*11,494,029*	*11,099,217*
Other operating revenues	24	1,254,643	1,151,966
Other revenues third parties		*433,542*	*310,120*
Other revenues related parties	*32*	*821,101*	*841,846*
TOTAL OPERATING REVENUES		12,748,672	12,251,183
Personnel costs	25	(5,902,708)	(4,979,482)
Other operating costs	26	(7,531,794)	(5,542,767)
Other operating costs third parties		*(6,751,828)*	*(4,962,775)*
Other operating costs related parties	*32*	*(779,966)*	*(579,992)*
TOTAL OPERATING COSTS		(13,434,502)	(10,522,249)
EBITDA		(685,830)	1,728,934
Depreciation, amortisation, impairment losses and provisions	27	(315,038)	(345,956)
EBIT		(1,000,868)	1,382,978
Financial income	28	5,606,398	4,925,122
Financial income third parties		*5,533,832*	*4,859,382*
Financial income related parties	*32*	*72,566*	*65,740*
Financial expense	28	(8,188,611)	(8,162,039)
Financial expense third parties		*(5,426,361)*	*(5,340,051)*
Financial expense related parties	*32*	*(2,762,250)*	*(2,821,988)*
NET RESULT ON FINANCIAL ITEMS		(2,582,213)	(3,236,917)
PROFIT BEFORE TAX		(3,583,081)	(1,853,939)
Income taxes	29	(9,135,042)	247,501
NET PROFIT (LOSS) FOR THE YEAR		(12,718,123)	(1,606,438)

Statement of comprehensive income

[EUR]	2010	2009
NET PROFIT (LOSS) FOR THE PERIOD	(12,718)	(1,606)
Other components of comprehensive income*:		
Financial instruments	(1,356)	150
Actuarial gains (losses) on severance benefits (TFR)	(199)	66
Income (expense) recognised directly in shareholders' equity	(1,555)	216
TOTAL COMPREHENSIVE INCOME	(14,273)	(1,390)

*The other components of comprehensive income are shown net of taxes.

Kula plant (Turkey)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

[EUR '000]					Other reserve							
	Share capital	Share premium reserve	Revalutation reserve	Legal reserve	Grant reserve	Reserve art. 15 law L. 67/88	Reserve law L. 349/95	Other reserve IAS	Severance benefit reserve IAS19	Retained earnings	Net profit (loss) for the year	Total shareholders' equity
Shareholders' equity at 1 January 2009	159,120	35,710	97,733	31,824	13,207	138	41	98,842	754	176,125	(5,484)	608,010
Allocation of 2008 net profit	-	-	-	-	-	-	-	-	-	(5,484)	5,484	-
Dividend distribution	-	-	-	-	-	-	-	-	-	(12,730)	-	(12,730)
Total transactions with shareholders	-	-	-	-	-	-	-	-	-	(18,214)	5,484	(12,730)
Actuarial gains /losses	-	-	-	-	-	-	-	-	66	-	-	66
Financial instruments	-	-	-	-	-	-	-	150	-	-	-	150
Total other components of comprehensive income	-	-	-	-	-	-	-	150	66	-	-	216
Reclassifications	-	-	-	-	16,228	-	-	-	(117)	(16,111)	-	-
Change in other reserves	-	-	-	-	-	-	-	-	-	-	-	-
Total other changes	-	-	-	-	16,228	-	-	-	(117)	(16,111)	-	-
Net profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	(1,606)	(1,606)
Shareholders' equity at 31 December 2009	**159,120**	**35,710**	**97,733**	**31,824**	**29,435**	**138**	**41**	**98,992**	**703**	**141,800**	**(1,606)**	**593,890**
Shareholders' equity at 1 January 2010	159,120	35,710	97,733	31,824	29,435	138	41	98,992	703	141,800	(1,606)	593,890
Allocation of 2009 net profit	-	-	-	-	-	-	-	-	-	(1,606)	1,606	-
Dividend distribution	-	-	-	-	-	-	-	-	-	(9,547)	-	(9,547)
Total transactions with shareholders	-	-	-	-	-	-	-	-	-	(11,153)	1,606	(9,547)
Actuarial gains /losses	-	-	-	-	-	-	-	-	(199)	-	-	(199)
Financial instruments	-	-	-	-	-	-	-	(1,356)	-	-	-	(1,356)
Total other components of comprehensive income	-	-	-	-	-	-	-	(1,356)	(199)	-	-	(1,555)
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Change in other reserves	-	-	-	-	-	-	-	-	-	-	-	-
Total other changes	-	-	-	-	-	-	-	-	-	-	-	-
Net profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	(12,718)	(12,718)
Shareholders' equity at 31 December 2010	**159,120**	**35,710**	**97,733**	**31,824**	**29,435**	**138**	**41**	**97,636**	**504**	**130,647**	**(12,718)**	**570,070**

CASH FLOW STATEMENT

[EUR '000]	31 December 2010	31 December 2009
Net profit (loss) for the period	(12,718)	(1,606)
Depreciation and amortisation	315	346
Net financial result:	2,582	3,238
third parties	107	(519)
related parties	(2,690)	(2,719)
Income taxes	9,135	(249)
Change in employee benefit provisions	9	207
Change in current and non-current provisions	(3,362)	-
Operating cash flow before change in working capital	(4,039)	1,936
(Increase) Decrease trade receivables – third parties	(302)	(32)
(Increase) Decrease trade receivables – related parties	820	(3,344)
Increase (Decrease) trade payables – third parties	535	(116)
Increase (Decrease) trade payables – related parties	1,031	(480)
Change in other current and non-current assets and liabilities	10,964	5,664
Change in deferred and current income taxes	(8,588)	5,475
Operating cash flow	421	9,103
Dividends received	51	71
Interest received	1,001	981
Interest paid	(2,606)	(2,823)
Collections (payments) other financial income/expense	1,833	27
Income taxes paid	(7,861)	(1,876)
CASH FLOW FROM OPERATING ACTIVITIES (A)	(7,161)	5,483
Investments in intangible assets	(99)	-
Investments in property, plant and equipment	(32)	(3)
Equity investments	(5,524)	(61,912)
Divestments of equity investments and non-current securities	-	13,401
CASH FLOW FROM INVESTING ACTIVITIES (B)	(5,655)	(48,514)
Change in non-current financial assets and liabilities	(8,550)	71,093
Change in current financial assets and liabilities – third parties	20,637	1,574
Change in current financial assets and liabilities – related parties	8,745	(16,325)
Dividends distributed	(9,547)	(12,730)
CASH FLOW FROM FINANCING ACTIVITIES (C)	11,285	43,612
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,531)	581
Cash and cash equivalents at the beginning of the period	9,895	9,314
Cash and cash equivalents at the end of the period	8,364	9,895

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Cementir Holding SpA is a company limited by shares with registered offices in Corso di Francia 200, Rome.
Shareholders with holdings of more than 2% of share capital at 31 December 2010, as indicated in the shareholder register and notices received pursuant to Article 120 of Legislative Decree 58 of 24 February 1998 and other available information are:
1. Calt 2004 Srl - 47,860,813 shares (30.078%);
2. Lav 2004 Srl - 40,543,880 shares (25.480%);
3. Pantheon 2000 SpA - 4,466,928 shares (2.807%);
4. Chupas 2007 Srl - 3,842,646 shares (2.415%);
5. Gamma Srl 3,635,000 shares (2.284%).

The financial statements at 31 December 2010 of Cementir Holding SpA were approved on 8 March 2010 by the Board of Directors, which authorized the disclosure of the main information reported therein.

REGULATORY FRAMEWORK

Following the enactment of Regulation (EC) no. 1606 of July 2002 and in relation to the provisions of Legislative Decree 38/2005 and the Issuers Regulation no. 11971/1999, as amended by CONSOB Resolution no. 14990 of 14 April 2005, as from 2006 companies issuing financial instruments on regulated markets must draw up the parent company's financial statements in compliance with international financial reporting standards. Therefore, as from 1 January 2006 Cementir Holding SpA has adopted international accounting standards (International Accounting Standards - IAS or International Financial Reporting Standards - IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) endorsed by the European Commission, hereafter "IFRSs", with the transition date to the IFRSs of 1 January 2005. National legislation implementing the Fourth Council Directive is applied, where compatible, with companies that prepare financial statements in accordance with the IFRSs. Accordingly, the financial statements are prepared in accordance with the provisions of the Italian Civil Code and the corresponding provisions of the Consolidated Law on Financial Intermediation for listed companies with regard to the directors' report on operations (Article 2428 of the Civil Code), auditing (Article 2409-bis of the Civil Code) and publication of the financial statements (Article 2435 of the Civil Code). The financial statements and the related notes also include the details and additional disclosures required by Articles 2424, 2425 and 2427 of the Civil Code as they are not in conflict with the requirements of the IFRSs.

COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS (IFRS/IAS)

The financial statements of Cementir Holding SpA have been drawn up in compliance with the international accounting standards (IAS/IFRS) endorsed by the European Commission through 31 December 2010.

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).

Accounting standards and amendments adopted by the Company

(a) New accounting standards and amendments adopted by the Company: Herein below are brief descriptions of the impact of the new accounting standards or amendments to existing accounting standards that are applicable as from the financial period starting after 1 January 2010.

- **IFRS 3 -** (revised) "Business Combinations" and the resulting changes to IAS 27 "Consolidated and Separate Financial Statements", IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" are applicable on a prospective basis to business combinations whose acquisition date coincides with or follows reporting periods that began after 1 July 2009. Under the revised standard, the acquisition method will continue to apply, but with certain significant changes, particularly as relating to how the purchase cost is measured and presented, minority interests, contingent consideration, etc. All costs associated with the acquisition are recognised in the income statement, and pursuant to IAS 27 (revised), transactions with minority interests that do not give rise to a change in control are recognised in equity.

(b) Standards, amendments and new interpretations of existing standards effective as from 2010, but of no relevance to the Company:

- **IFRIC 12 -** "Service Concession Arrangements". This interpretation does not currently apply to the Company since the Company is not party to any service concession arrangements.
- **IFRIC 15 -** "Agreements for the Construction of Real Estate". This interpretation does not currently apply to the Company since the Company is not party to any such agreements.
- **IFRIC 16 -** "Hedges of a Net Investment in a Foreign Operation". The interpretation applies in cases in which the company plans to hedge exchange rate risk arising from an investment in a foreign entity and wants to treat it as a hedge pursuant to IAS 39. The Company has no such hedges.
- **IFRIC 17 -** "Distribution of Non-Cash Assets to Owners", in effect for reporting periods starting after 1 July 2009. This interpretation does not currently apply to the Company since the Company has not made such distributions to shareholders.
- **IFRIC 18 -** "Transfers of Assets from Customers", applicable to commercial transactions occurring after 1 July 2009. This interpretation does not currently apply to the Company since the Company has not received any assets from customers.
- **IFRS 1 -** on further exemptions for first-time adopters and changes to IFRS 2 on share-based payments for Company employees. Neither is applicable to the Company.

(c) Standards, amendments and new interpretations effective for financial periods after 2010 and not adopted early by the Company.

- **IFRS 9 -** "Financial instruments" issued in December 2009 and not yet endorsed. It relates to the classification and measurement of financial assets. This standard, which will not enter into force prior to the financial periods starting in 2013, could have an impact on how the Company's measures financial assets. The Company is assessing the potential impact.

- **IAS 24 -** (revised) "Related Party Disclosures", issued in November 2009 and published in the EU's Official Journal. It will be in effect for financial years starting from 1 January 2011, and can be adopted in advance. It is not expected to have a significant impact on the Group.
- "Prepayments on a minimum funding requirement" issued in November 2009 and published in the EU's Official Journal, which corrects some distortions in an interpretation (IFRIC 14) to bring it in line with the content of IAS 19 regarding the option, now permitted, of recognising voluntary prepayments made to these funds among assets. It will come into effect starting from 2011, with retrospective application and comparative disclosures that will have to be modified. It is not expected to have a significant impact on the Group.
- **IFRIC 19 -** "Extinguishing financial liabilities with equity instruments". This interpretation seeks to better define the characteristics that need to be met to classify in equity those equity instruments issued to a creditor to extinguish the liability. The interpretation is in effect for financial years starting after 1 July 2010 and may be adopted early. It is not expected to have a significant impact on the Group.
- Changes to the **IAS 32** classifications of rights issues. Published in the EU's Official Journal October 2009 and not yet endorsed, it covers the classification among liabilities or equity of rights issues for a fixed amount of a foreign currency. It is expected to come into effect in 2011. It is not expected to have a significant impact on the Group.
- Improvements made to the international accounting standards issued in May 2010 and published in the EU's Official Journal. These are a variety of changes and improvements, mostly applicable starting from periods beginning 1 January 2011. It is not expected to have a significant impact on the Group.

BASIS OF PRESENTATION

The financial statements at 31 December 2010 are presented in euros. The financial statements consist of the statement of financial position, the income statement, the statement of changes in shareholders' equity, the statement of comprehensive income, the cash flow statement and these notes.
The financial statements were prepared on a going-concern basis since the directors, having assessed the risks and uncertainties to which the Company is exposed, reasonably expect the Company to continue operations for the foreseeable future.
The statement of changes in shareholders' equity, the statement of comprehensive income, the cash flow statement and these notes are expressed in thousands of euros.
As regards presentation of the financial statements, the balance sheet adopts a current/non-current structure, while income statement items are classified by the nature of the expense and the cash flow statement is presented using the indirect method.

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 Company 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.

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 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
Sundry equipment	5 years
Office machinery and equipment	5 years

When the asset to be depreciated is composed of separately identifiable elements whose useful lives differ 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 fair value and is not depreciated. Changes in value are recognised in the income statement.

Investments in subsidiaries and associates
Subsidiaries are companies in which Cementir Holding SpA has the power to determine, directly or indirectly, the financial and operating policies of the entity so as to obtain the benefits of its activities. Associated companies are companies in which Cementir Holding SpA exercises a significant influence but does not exercise control or joint control of financial and operating policies. Such equity investments are recognised at cost adjusted for any impairment losses.

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 is 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 greater of the fair value less costs to sell and its value in use.
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. For assets that do not generate clearly independent cash flows, realizable value is determined in relation to the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement under depreciation, amortisation and impairment losses.

Financial assets
At initial recognition, financial assets are classified under one of the following categories and measured as follows:
- **financial assets available for sale:** financial assets available for sale are non-derivative financial instruments explicitly designated in this category and are carried under non-current assets unless management intends to sell them within 12 months of the reporting date. Such assets are measured at fair value and any measurement gains or losses are recognised in equity and shown in the statement of comprehensive income; they are taken to profit or loss only when the financial asset is actually sold or, in the case of cumulative negative changes, when it is determined that the loss already recognised in equity cannot be recovered in the future, and therefore there is an impairment loss, i.e. the loss extends beyond 30 months or exceeds 30% of the carrying value. Financial assets are derecognised when the right to receive the cash flows from the instrument expires and the Company has transferred substantially all the risks and rewards relating to the instrument and the related control. 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 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 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 mainly regards 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 Company 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 Company 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 Company has transferred all the risks and rewards relating to the instrument.

Financial derivatives

The Company uses financial derivatives to hedge exchange rate risk, interest rate risk and price risk. All financial derivatives are measured and recognised at fair value, as established by IAS 39.

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 recognised 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 recognised 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 recognised 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 recognised 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 Company's liability for defined benefits in respect of employees regards accruals to 31 December 2006 only.

The accounting treatment adopted by the Company as from 1 January 2007 – discussed below – reflects 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 2010 did not include the component reflecting future wage growth.

The present value of the Company'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,[1] and employee turnover.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the Company's commitments at the end of the period, generated by changes in the actuarial assumptions used previous (described above) are recognised directly in equity, excluding the related tax effect, and no longer through profit or loss.

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 Company 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 expenses.

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

Revenues

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Company and that their amount can be determined reliably. Revenues are measured net of discounts, allowances and returns.

Revenues for services are recognised at the time the services are delivered on a state of completion basis.

Transactions in non-euro currencies

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 subsequently adjusted 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. Any net gain resulting from the translation of receivables and payables at the end of the period is recognised in a specific undistributable reserve until the gain is realised.

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. 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.

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 financial statements and the amounts reported for tax purposes, using the tax rates likely to be in force at the date the differences reverse. 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.

USE OF ESTIMATES

The preparation of the 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.
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 could have a material impact on the financial statements of the Company:
• measurement of non-current assets;
• deferred tax assets and liabilities.
The estimates and assumptions are reviewed periodically and the effects of changes are recognised in the income statement, if they involve that period only. In the event they involve both the current and future periods, the change is recognised in the period in which the revision occurs and in the relative future periods.

RISK MANAGEMENT

The Company is exposed to a financial risks in its operations. Further information is provided in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

1) Intangible assets

Intangible assets amounted to EUR 566 thousand (EUR 748 thousand at 31 December 2009) and are entirely accounted for by the costs incurred for the acquisition and implementation of the SAP/R3 and Hyperion 9 information systems. Amortisation is calculated in the account on the basis of the estimated useful life of the asset.

[EUR '000]	Other assets	Total
Gross value at 1 January 2010	2,968	2,968
Increases	99	99
Gross value at 31 December 2010	3,067	3,067
Amortisation at 1 January 2010	2,220	2,220
Increases	281	281
Amortisation at 31 December 2010	2,501	2,501
Net value at 31 December 2010	566	566
Gross value at 1 January 2009	2,576	2,576
Increases	392	392
Gross value at 31 December 2009	2,968	2,968
Amortisation at 1 January 2009	1,913	1,913
Increases	307	307
Amortisation at 31 December 2009	2,220	2,220
Net value at 31 December 2009	748	748

2) Property, plant and equipment

At 31 December 2010 property, plant and equipment amounted to EUR 67 thousand (EUR 53 thousand at 31 December 2009) and consists of furniture, electronic equipment and the computer server used in business.

[EUR '000]	Other assets	Total
Gross value at 1 January 2010	460	460
Increases	48	48
Gross value at 31 December 2010	508	508
Depreciation at 1 January 2010	407	407
Increases	34	-
Depreciation at 31 December 2010	441	441
Net value at 31 December 2010	67	67
Gross value at 1 January 2009	457	457
Increases	3	3
Gross value at 31 December 2009	460	460
Depreciation at 1 January 2009	368	368
Increases	39	39
Depreciation at 31 December 2009	407	407
Net value at 31 December 2009	53	53

3) Investment property

Investment property amounted to EUR 23,000 thousand and reflects the fair value, as determined by independent appraisers, of the property in Torrespaccata (Rome). It is unchanged with respect to the previous year. The entire value of the property is pledged as collateral for medium and long-term bank debt with an outstanding amount at 31 December 2010, including discounting, of EUR 12,678 thousand.

4) Equity investments in subsidiaries

Equity investments in subsidiaries came to EUR 438,917 thousand (EUR 437,396 thousand at 31 December 2009) and break down as follows:

[EUR '000]	Registered office	% holding	Carrying amount at 31.12.2010	% holding	Carrying amount at 31.12.2009
Cimentas AS	Izmir (Turkey)	37.59%	136,919	37.59%	135,398
Intercem SpA	Rome (Italy)	99.17%	120,354	99.17%	120,354
Alfacem Srl	Rome (Italy)	0.99%	220	0.99%	220
Cementir Delta SpA	Rome (Italy)	99.99%	38,217	99.99%	38,217
Cementir Italia Srl	Rome (Italy)	99.99%	143,207	99.99%	143,207
Equity investments			438,917		437,396

The increase of 1,521 thousand on 2009 is attributable to the repurchase of 32,650,800 shares of Cimentas AS from Simest SpA, representing 0.37% of the share capital of Cimentas AS. All the equity investments are in unlisted companies, with the exception of Cimentas AS, which is listed on the Istanbul Stock Exchange There is no evidence of impairment for the above investments.

5) Equity investments available for sale

Equity investments available for sale amounted to EUR 6,325 thousand, represented by 1,000,000 shares of Italcementi SpA. Changes in the year were as follows:

[EUR '000]	31.12.2010	31.12.2009
Other equity investments start of period	3,782	-
Increases	4,005	16,881
Decreases	-	(13,306)
Change in fair value	(1,462)	207
Other equity investments	6,325	3,782

There is no evidence of impairment for the above investments.

6) Non-current financial assets

The item amounted to EUR 106 thousand, an increase of EUR 16 thousand over 31 December 2009, and is made up of receivables in respect of security deposits falling due in less than five years.

7) Trade receivables

Trade receivables totalled EUR 13,285 thousand (EUR 13,804 thousand at 31 December 2009), and are composed of the following elements

[EUR '000]	31.12.2010	31.12.2009
Customer receivables	357	55
Impairment	-	-
Receivables due from subsidiaries	11,911	12,804
Receivables due from other Group companies	1,017	945
Trade receivables	13,285	13,804

The carrying amount of trade receivables approximates their fair value.

The deadlines for payment of receivables from customers are as follows:

[EUR '000]	31.12.2010	31.12.2009
Customer receivables not past due	357	55
Customer receivables past due	-	-
Total customer receivables	357	55
Fair value	-	-
Trade receivables	357	55

Receivables from subsidiaries refer to consulting services provided by employees of Cementir Holding SpA to its subsidiaries and royalties for the use of the Cementir Holding SpA trademark by its subsidiaries.

For an analysis of receivables due from subsidiaries, associates and other Group companies, please see Note 32 concerning transactions with related parties.

8) Current financial assets

Current financial assets came to EUR 370,591 thousand (EUR 374,129 thousand at 31 December 2009) and comprise non interest-bearing loans to subsidiaries, in the amount of EUR 370,031 thousand (see note 32 for details), and EUR 433 thousand in respect of accrued income for the state interest rate subsidy from Simest SpA on loans from various banks and from the fair value of derivative instruments, amounting to EUR 125 thousand.

9) Current tax assets

Current tax assets amounted to EUR 2,233 thousand (EUR 2,454 thousand at 31 December 2009) and are mainly composed of credits for IRES and IRAP advance payments.

10) Other current assets

Other current assets came to EUR 2,112 thousand (EUR 1,495 thousand at 31 December 2009) and break down as follows:

[EUR '000]	31.12.2010	31.12.2009
VAT (tax consolidation mechanism)	1,706	252
Receivables from subsidiaries (IRES tax consolidation mechanism)	-	694
Receivables from employees	-	1
Other receivables	379	531
Prepaid general expenses	27	17
Other current assets	2,112	1,495

11) Cash and cash equivalents

The item amounted to EUR 8,364 thousand (EUR 9,895 thousand at 31 December 2009) and consists of the Company's liquidity. It breaks down as follows

[EUR '000]	31.12.2010	31.12.2009
Bank deposits	3,217	3,288
Bank and postal deposits related parties	5,144	6,603
Cash and cash equivalents on hand	3	4
Cash and cash equivalents	8,364	9,895

12) Share capital

At 31 December 2010, share capital amounted to EUR 159,120,000 represented by 159,120,000 fully paid-in ordinary shares with a par value of EUR 1.00 each.

13) Share premium reserve

At 31 December 2010 the item came to EUR 35,710 thousand, unchanged with respect to 31 December 2009.

14) Other reserves

Other reserves totalled EUR 387,958 thousand (EUR 400,666 thousand at 31 December 2009) and include:

[EUR '000]	31.12.2010	31.12.2009
Revaluation reserve	188,367	188,367
Legal reserve	31,824	31,824
Other reserves	29,614	29,614
Other IAS reserves	3,879	5,433
Retained earnings	134,274	145,428
Other reserves	387,958	400,666

Other IAS reserves break down as follows:

[EUR '000]	31.12.2010	31.12.2009
Fair value reserves - property, plant and equipment	5,109	5,109
Fair value reserves - equity investments	(1,205)	150
Financial debt discounting reserves	61	61
Severance benefit actuarial measurement reserves	(86)	113
Total other IAS reserves	3,879	5,433

Analysis of shareholders' equity

The nature and possibilities for use and distribution of the components of shareholders' equity are shown in the following table:

[EUR '000]				Summary of uses in the three previous years	
	Amount	Possible uses	Amount available	coverage of losses	other
Share capital	159,120				
Share premium reserve	35,710	A,B,C	35,710		
Revaluation reserve - Law 342/2000 - 2000 and 2003	97,733	A,B,C	97,733		
Revaluation reserve - Law 266/05	90,635	A,B,C	90,635		
Legal reserve	31,824	B	31,824		
Reserve for carrying amount adjustments - Law 266/05	16,228	A,B,C	16,228		
Capital grants reserve	13,207	A,B	13,207		
Reserve - Art.15 Law 67 of 11/3/88	138	A,B	138		
Reserve - Law 349/95	41	A,B	41		
Other IAS reserves	3,879				
Retained earnings	134,027	A,B,C	134,027	7,090	22,277
Retained earnings/losses carried forward IFRS	247				
Total	**423,669**		**419,543**	**7,090**	**22,277**
Not distributable			45,210		
Distributable			374,333		

Key: A: capital increase B: coverage of losses C: distribution to shareholders

Reserves that would form part of taxable income in the event of their distribution totalled EUR 323,132 thousand.

The non-distributable portion is composed of the legal reserve, the capital grants reserve, the Reserve - Art.15 Law 67 of 11/3/88 and the Reserve - Law 349/95.

Dividends

On 8 March 2011, the Board of Directors proposed the distribution of a dividend to shareholders in the total amount of EUR 0.06 per ordinary share, equal to EUR 9,547 thousand.

During the year, the 2009 dividend was distributed in the amount of EUR 0.06 per ordinary share, for a total amount of EUR 9,547 thousand.

Stock incentive plans (stock options)

Cementir Holding approved a stock incentive plan (stock options) affecting 23 strategic managers (beneficiaries) of Group companies at 31 December 2010.

Specifically, on 11 February 2008, the Board of Directors granted the first instalment of 1,225,000 options - today equal to 1,157,500 - and set the exercise price as follows:

Position held	Date of shareholders resolution	Date of granting of Board of Directors	Description of instrument	No of financial instruments underlying the options granted	Exercise price	Expiration of option
Members of Board of Directors (4)	15-01-2008	11-02-2008	Options on Cementir Holding SpA shares	910,000	EUR 7	11-02-2013
Managers with strategic responsibilities (19)	15-01-2008	11-02-2008	Options on Cementir Holding SpA shares	247,500	EUR 7	11-02-2013
Total				1,157,500		

With regard to the terms and methods for subscribing and exercising options, it should be noted that:

(i) options were subscribed through delivery of the letter granting the options, along with the approved Rules, both duly signed to indicate acceptance, by each Beneficiary by 31 March 2008;

(ii) the options must be exercised by the Beneficiaries in one or more instalments, but in any case in an amount for each instalment of not less than 2,500 options granted to each. The options must be exercised within the time period indicated in the letter granting the options, but not before 11 February 2011 nor after 11 February 2013. The options must be exercised in the manner provided in paragraph 6 of the Rules.

Finally, under the Rules, in order to exercise the options, the Beneficiaries: (i) must, at the time of exercise, continue to be managers or directors, provided they are employees, of the Company and/or its subsidiaries; and (ii) must meet certain targets within their respective sub-groups.

The exercise price of the options was set at EUR 7.00, higher than EUR 5.50, the arithmetic mean of the official prices for the Company's stock reported on the Electronic Share Market organized and run by Borsa Italiana SpA in the month preceding the grant date (the "reference price").

The exercise price is set in this manner to increase of the value of the company, a primary goal of the incentive plan. Considering that the exercise price is higher than the reference price indicating the market value of the shares on the grant date, and given the conditions to be met to exercise the options, we believe that the options, measured by applying appropriate financial methodologies, express non-significant values.

15) Employee benefit provisions

The provision for employee benefits, equal to EUR 482 thousand (EUR 473 thousand at 31 December 2009) represents an estimate of the liability, calculated using actuarial techniques, in respect of the amount due to employees at the time the employment relationship terminates. As from 1 January 2007, the Finance Act and related implementing legislation introduced significant changes in the rules governing severance benefits (*Trattamento di Fine Rapporto - TFR*), one of which allows employees to choose how to invest the accruing benefit. In particular, new accruals can be paid into a supplementary pension scheme or left with the company (in this case, the latter must pay TFR contributions to a treasury fund established by the National Social Security Institute (INPS)).

The change in the law effectively transformed the TFR system from a defined-benefit plan into a defined-contribution plan.

The actuarial assumptions used are summarised in the following table:

	31.12.2010	31.12.2009
Discount rate	3.28%	3.77%
Annual accretion of TFR	2.80%	3.07%

Changes were as follows:

[EUR '000]	31.12.2010	31.12.2009
Net liability at start of period	473	357
Current service cost	-	332
Interest cost	26	13
Net actuarial (gain)/loss recognised during the period	45	(91)
(Benefits paid)	(62)	(138)
Net liability at end of period	482	473

16) Provisions

The item came to EUR 600 thousand. It represents the provisions accrued in the year in consideration of the Supreme Court's decision in the tax dispute pertaining to 1988, permitting the recovery of the local income tax (ILOR) on 1988 income in the amount of ITL 3,738,546,000. This amount was converted into EUR, with fines and related charges added, and allocated to the provision.

The decrease as compared with 2009 is the result of the release of EUR 3,362 thousand of the provisions to profit or loss following the settlement in 2010 of an assessment with the tax authorities concerning direct taxes and VAT for 2004 and thereafter. This provision was established in response to the notices of assessment received during the year.

17) Financial liabilities

Non-current and current financial liabilities are summarised below:

[EUR '000]	31.12.2010	31.12.2009
Bank borrowings	78,702	87,279
Related parties' banks borrowings	44,747	44,705
Non-current financial liabilities	123,449	131,984
Bank borrowings	35,000	5,993
Short-term portion of non-current financial liabilities – banks	8,721	16,499
Financial payables to related parties	112,618	105,626
Fair value of hedging derivatives	1,021	382
Other financial payables	682	836
Current financial liabilities	**158,042**	**129,336**
Total financial liabilities	**281,491**	**261,320**

Non-current bank borrowings, equal to EUR 123,449 thousand, regard the floating-rate mortgage loan (6-month Euribor + 0.75%) from Banca Intesa SpA for the acquisition of the property at Torrespaccata maturing in 2024, the floating-rate loan (1-month Euribor + 1.25%) from Unicredit SpA maturing in 2012 and the floating-rate loan (6-month Euribor 6 + 1.25%) from Monte dei Paschi di Siena SpA maturing in 2017 and the floating-rate loan (6-month Euribor + 0.50%) from MCC SpA and Banca Intesa SpA, maturing in 2014. The Monte dei Paschi di Siena SpA and MCC SpA loans benefit from a fixed interest subsidy granted by Simest to companies that invest in non-EU countries.

Financial payables to related parties (EUR 112,618 thousand) relate to interest-bearing loans, entered into under normal market terms and conditions, received by Cementir Espana SL for EUR 106,558 thousand and by Cementir Italia Srl for EUR 6,056 thousand. The item also comprises payables in respect of interest accrued on loans granted by Alfacem Srl to Cementir Holding SpA in the amount of EUR 4 thousand and closed in 2010.

Other financial payables, amounting to EUR 682 thousand, relate primarily to the portion of interest accrued on non-current loans.

With regard to the aforementioned financial liabilities, about 43% are subject to financial thresholds that were not exceeded at 31 December 2010.

As at 31 December 2010, the Torrespaccata property in Rome is encumbered by a mortgage of EUR 20.8 million as collateral for the loan granted by Banca Intesa SpA. Guarantees given to third parties at 31 December 2010 amounted to EUR 115,539 thousand and mainly consist of a guarantee for EUR 44 million in favour of Banca Intesa for a loan granted to the subsidiary Alfacem Srl, and the guarantees for EUR 19,458 thousand (USD 26 million) in favour of Banca Intesa for a loan granted to the Turkish subsidiary Cimentas AS, of CentroBanca SpA for EUR 14,661 thousand (USD 19,590 thousand) and of Unicredit SpA for EUR 37,420 thousand (USD 50 million). Loans expressed in US dollars were translated into euros at the prevailing exchange rate on 31 December 2010 of EUR/USD 1.3362.

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

[EUR '000]	31.12.2010	31.12.2009
Within 3 months	4,280	15,374
To third parties	*4,276*	*14,497*
To related parties	*4*	*877*
3 months to 1 year	153,762	113,961
To third parties	*41,147*	*9,212*
To related parties	*112,615*	*104,749*
1 to 2 years	8,517	8,349
2 to 5 years	88,399	87,278
More than 5 years	26,533	36,358
Total financial liabilities	281,491	261,320

The carrying amount of both current and non-current financial liabilities is equal to their fair value.

Net financial position

The following provides a breakdown of the net financial position as recommended in CONSOB Communication no. 6064293 of 28 July 2006.

[EUR '000]	31.12.2010
A. Cash	3
B. Other liquid assets	8,361
C. Securities held for trading	-
D. Cash and cash equivalents (A+B+C)	8,364
E. Current financial receivables	370,591
F. Current bank borrowings	35,721
G. Current portion of non-current liabilities	8,000
H. Other current financial payables	114,321
I. Current financial liabilities (F+G+H)	158,042
J. Net current financial liabilities (I-E-D)	(220,913)
K. Non-current bank borrowings	123,449
L. Bonds in issue	-
M. Other non-current liabilities	-
N. Non-current financial liabilities (K+L+M)	123,449
O. Net financial position (J+N)	(97,464)

Financial payables to related parties includes creditor positions amounting to EUR 375.1 million (EUR 380.1 million at 31 December 2009) and debtor positions of EUR 157.3 million (EUR 150.3 million at 31 December 2009).

18) Other non-current liabilities

Other non-current liabilities, amounting to EUR 2,654 thousand, is comprised of the instalments due beyond 2011 in payment of the settlement of the assessment agreed with the tax authorities in 2010 concerning direct taxes and VAT owed for 2004 and thereafter.

19) Trade payables

The value of trade payables, which approximates their fair value, amounted to EUR 2,501 thousand (EUR 919 thousand in 2009), they break down as follows:

[EUR '000]	31.12.2010	31.12.2009
Payables to suppliers	1,445	894
Payables to related parties	1,056	25
Trade payables	2,501	919

For an analysis of payables due to subsidiaries, associates and parent companies, see Note 33 on transactions with related parties.

20) Current tax liabilities

At 31 December 2010 the item had a balance of EUR 1,517 thousand and is comprised entirely of the instalments due by the end of 2011 in settlement of the assessment described in Note 18.

21) Other current liabilities

The item "accrued expenses" is comprised solely of the portion of the leasing fee owed on the Torrespaccata premises attributable to the subsequent year.

[EUR '000]	31.12.2010	31.12.2009
Payables to employees	408	320
Payables to social security institutions	305	229
Other payables	401	604
Other payables to subsidiaries (VAT - tax consolidation mechanism)	9,986	346
Deferred income	31	30
Other current liabilities	11,131	1,529

22) Deferred tax assets and liabilities

Deferred tax items are calculated by applying the current tax rate to temporary differences between taxable income and the income reported in the financial statements.

The balance at 31 December 2010 of deferred tax assets (EUR 9,538 thousand) is composed of IRES credits in the amount of EUR 9,360 thousand and IRAP credits of EUR 178 thousand. The assets are expected to be recovered in subsequent years within the statutory time limits.

The balance at 31 December 2010 of deferred tax liabilities (EUR 4,658 thousand) is composed of IRES liabilities in the amount of EUR 4,049 thousand and IRAP liabilities of EUR 609 thousand.

[EUR '000]	31.12.2009	Accrual net of utilisation recognised in income statement	Increases net of decreases recognised in equity	31.12.2010
Other	1,315	8,174	49	9,538
Deferred tax assets	1,315	8,174	49	9,538
Diff. FV/tax value property, plant and equipment	4,663	(17)		4,646
Employee benefit provision	88		(76)	12
Other	57		(57)	-
Deferred tax liabilities	4,807	(17)	(133)	4,658

23) Revenues

[EUR '000]	2010	2009
Services	11,494	11,099
Revenues	11,494	11,099

Revenues from services include EUR 4,583 thousand in respect of management services performed for subsidiaries and EUR 6,911 thousand in respect of royalties for the use of the Cementir Holding brand by the subsidiaries. For an analysis of receivables due from subsidiaries, associates and other Group companies, please see Note 33 concerning transactions with related parties.

24) Other operating revenues

[EUR '000]	2010	2009
Building rental	1,255	1,152
Other operating revenues	1,255	1,152

Rental income mainly regards payments under the lease contract for the property at Torrespaccata, Rome.

25) Personnel costs

[EUR '000]	2010	2009
Salaries and wages	4,552	3,799
Social security contributions	1,080	858
Other costs	271	322
Personnel costs	5,903	4,979

Other costs regard expenses for employees such as additional indemnities and insurance. The workforce at 31 December 2010 came to:

	2010	2009
Executives	17	14
Middle management and office staff	21	12
Total	38	26

26) Other operating costs

[EUR '000]	2010	2009
Consulting	26607	572
Remuneration of Board of Directors	2,611	3,187
Fees paid to independent auditor	60	57
Other services	474	328
Other operating charges	1,780	1,399
Other operating costs	7,532	5,543

Other operating costs include, among other things, the rental fee for the Corso Francia premises (EUR 551 thousand), property management costs for the Torrespaccata premises (EUR 190 thousand) and compensation paid to the statutory auditors (EUR 167 thousand).
Total operating costs also include transactions with related parties. See Note 33 for further details.

27) Depreciation, amortisation, impairment losses and provisions

[EUR '000]	2010	2009
Amortisation	281	307
Depreciation	34	39
Depreciation, amortisation, impairment losses and provisions	315	346

28) Financial income and expense

Net financial expense came to EUR 2,582 thousand. The item breaks down as follows:

[EUR '000]	2010	2009
Gain on divestment of equity investments	-	96
Dividends from associates	51	71
Interest income	79	66
Interest subsidies - Simest	1,356	1,345
Other financial income	4,120	3,347
Total financial income	5,606	4,925
Interest expense	(4,661)	(5,432)
Other financial expense	(3,527)	(2,730)
Total financial expense	(8,188)	(8,162)
Net financial result	**(2,582)**	**(3,237)**

Dividends from other companies amounted to EUR 51 thousand and were received on the shares of Italcementi SpA held at 31 December 2010.
"Other financial income" came to EUR 4,120 thousand and is comprised mainly of gains realised on derivative financial instruments, largely currency options and forward currency transactions and forward contracts for CO_2 emissions rights.
Financial operations also include transactions with related parties. See Note 32 for further details.

29) Income taxes

The income tax liability for the year amounted to EUR 9,135 thousand (income tax asset of EUR 248 thousand in 2009) and breaks down as follows:

[EUR '000]	2010	2009
Current taxes	(17,326)	444
Deferred tax assets	8,174	(212)
Deferred tax liabilities	17	16
Total	(9,135)	248

Current taxes, amounting to negative EUR 17,326 thousand, are mainly the result of the settlement of the assessment agreed with the tax authorities in 2010 concerning taxes owed for 2004 and thereafter, equal to EUR 9 milion and due to the impact of the domestic tax consolidation mechanism.

The reconciliation between the theoretical tax liability and the effective tax liability reported in the income statement is analysed below:

[EUR '000]	2010	2009
Theoretical tax liability	985	510
Increased permanent differences	(201)	(1,316)
Decreased permanent differences	80	250
Consolidated tax mechanisms	-	1,074
Tax for previous years	(9,852)	(37)
Effective IRAP liability	(147)	(233)
Tax for the period	(9,135)	248

30) Other components of comprehensive income

Below is a breakdown of the other components of comprehensive income, before taxes:

[EUR '000]	2010			2009		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Financial instruments	(1,462)	106	(1,356)	207	(57)	150
Actuarial gains (losses) on severance benefits (TFR)	(275)	76	(199)	91	(25)	66
	(1,737)	182	(1,555)	298	(82)	216

31) Risk management and disclosures on financial risks

The Company is exposed to a variety of financial risks in its operations, specifically:

Credit risk

Cementir Holding SpA's exposure to credit risk is not significant since the Company does not engage in operating activities and its commercial transactions are largely carried out with subsidiaries and associates for which the risk of insolvency is virtually nil.

Refer to Note 7 for information on trade receivables from third parties, including details on portions past due, the relative impairments and those not yet due.

As regards bank deposits and derivatives operations, the Company 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 financial instruments in general.

The Company manages this risk by continually monitoring cash flows, funding requirements and liquidity with a view to ensuring effective and efficient management of financial resources.

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

A breakdown of financial liabilities by maturity is given in Note 17.

Market risks

Market risk mainly regards the risk of changes in exchange rates and interest rates.

Exchange rate risk

Cementir Holding SpA has a limited direct exposure to exchange rate risk since it may have foreign currency borrowings and/or deposits. The Company constantly monitors these risks in order to assess their potential impact in advance and to take appropriate steps to mitigate them.

Interest rate risk

Since Cementir Holding SpA has borrowed funds from banks bearing floating interest rates, it is exposed to interest rate risk. However, this risk is deemed to be small since its borrowings at present are exclusively in euros, which have a gentle short-term yield curve, and because it benefits from interest subsidies on a number of these borrowings. Based on an overall assessment of the level of expected interest rates and the timing of debt reduction in relation to forecast cash flows, interest rate swaps are used to partially hedge the risk.

The net financial position at 31 December 2010 showed a net creditor position of EUR 97.5 million (EUR 379 million in current financial receivables and other liquidity, EUR 158 million in short-term financial liabilities and EUR 123.5 million in medium/long-term financial liabilities); the entire exposure was floating rate.

The net financial position at 31 December 2009 showed a net creditor position of EUR 122.7 million (EUR 384 million in current financial receivables and other liquidity, EUR 129.3 million in short-term financial liabilities and EUR 132 million in medium/long-term financial liabilities); the entire exposure was floating rate.

As regards the floating rate on the short and medium/long-term exposure, an annual increase of 1% in interest rates, all other variables being equal, would reduce income before taxes by EUR 2.1 million (EUR 1.7 million in 2009) and shareholders' equity by EUR 1.4 million (EUR 1.1 million at 31 December 2009). An analogous decrease in interest rates would have a corresponding positive impact.

32) Hierarchy of fair value inputs under IFRS 7

With regard to financial instruments measured at fair value, IFRS 7 requires that such instruments be classified on the basis of a hierarchy of inputs used to determine that fair value. The following levels are used:

- Level 1: determination of fair value on the basis of quoted prices on active markets for the class of assets or liabilities being measured;
- Level 2: determination of fair value on the basis of inputs other than quoted prices in Level 1 that can be observed directly (prices) or indirectly (derivatives on prices) in the market; this category includes instruments that are not sufficiently liquid or that do not have a binding market price on a continuous basis;
- Level 3: determination of fair value on the basis of valuation models whose inputs are not based on observable market data.

The following table sets out the hierarchy for assets and liabilities measured at fair value:

[EUR '000]	Note	Level 1	Level 2	Level 3	Total
31 December 2010					
Equity investments available for sell	5	6,325			6,325
Current financial assets	8		125		125
Total assets		6,325	125		6,550
Current financial liabilities	18		(1,021)		(1,021)
Total liabilities			(1,021)		(1,021)

During 2010 there were no transfers among the various levels and there was no change in Level 3.

33) Transactions with related parties

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

On 5 November 2010, the Board of Directors of Cementir Holding SpA, in response to the new CONSOB regulation on related party transactions issued pursuant to CONSOB Resolution no. 17221 of 12 March 2010, as amended, designed to make the substantive and procedural aspects of the Group's transactions with related parties clearer and fairer, approved the procedures for related party transactions, effective as from 1 January 2011.

As required by CONSOB Communication no. 6064293 of 28 July 2006, below is a summary of the commercial and financial transactions and the relative impact:

Commercial and financial transactions

Year 2010

[EUR '000]	Trade receivables	Financial receivables	Other receivables	Cash and cash equivalent	Trade payables	Financial payables	Other payables	Balance
Caltagirone SpA	-	-	-	-	(180)	-	-	(180)
Betontir SpA	-	-	-	-	-	-	(439)	(439)
Cementir Delta SpA	-	301,365	-	-	-	-	(18)	301,347
Intercem SpA	1	68,644	-	-	-	-	-	68,645
Cimentas AS	3,232	-	-	-	(19)	-	-	3,213
Alfacem Srl	-	22	-	-	-	(4)	-	18
Cementir Espana SL	-	-	-	-	-	(106,558)	-	(106,558)
Aalborg Portland A/S	5,711	-	-	-	(109)	-	-	5,603
Cementir Italia Srl	2,967	-	-	-	(683)	(6,056)	(9,529)	(13,301)
Vianini Lavori SpA	-	-	-	-	(38)	-	-	(38)
Piemme SpA	-	-	-	-	(28)	-	-	(28)
B2Win SpA	1,017	-	-	-	-	-	-	1,017
Mps Spa	-	-	-	51	-	(44,747)	-	(44,696)
Finnat Euramerica SpA	-	-	-	5,093	-	-	-	5,093
TOTAL	**12,928**	**370,031**	**-**	**5,144**	**(1,057)**	**(157,365)**	**(9,986)**	**219,696**
Total for item in the financial statements	**13,285**	**370,591**	**-**	**8,364**	**(2,501)**	**(281,491)**	**(11,131)**	
% impact on the item in the financial statements	**97.31%**	**99.85%**	**-**	**61.50%**	**42.26%**	**55.90%**	**89.71%**	

Year 2009

[EUR '000]	Trade receivables	Financial receivables	Other receivables	Cash and cash equivalent	Trade payables	Financial payables	Other payables	Balance
Betontir SpA	-	-	-	-	-	-	(186)	(186)
Cementir Delta SpA	-	298.335	-	-	-	-	(18)	298,317
Intercem SpA	-	68,644	-	-	-	-	-	68,644
Cimentas AS	2,922	-	-	-	(8)	-	-	2,914
Alfacem Srl	-	22	-	-	-	(241)	(118)	(337)
Cementir Espana SL	-	-	-	-	-	(104,749)	-	(104,749)
Aalborg Portland A/S	7,852	-	-	-	-	-	-	7,852
Aalborg White Italia Srl	-	-	-	-	-	-	(24)	(24)
Cementir Italia Srl	2,030	6,500	946	-	-	(636)	-	(8,840)
Vianini Lavori SpA	-	-	-	-	(13)	-	-	(13)
Piemme SpA	-	-	-	-	(4)	-	-	(4)
B2Win SpA	944	-	-	-	-	-	-	944
Mps Spa	-	-	-	168	-	(44,705)	-	(44,537)
Finnat Euramerica SpA	-	-	-	6,435	-	-	-	6,435
TOTAL	**13,748**	**373,501**	**946**	**6,603**	**(25)**	**(105,626)**	**(346)**	**244,096**
Total for item in the financial statements	**13,804**	**374,129**	**1,495**	**9,985**	**(919)**	**(129,336)**	**(1.529)**	
% impact on the item in the financial statements	**99.59%**	**99.83%**	**63.28%**	**66.73%**	**2.72%**	**81.67%**	**22,63%**	

Revenues and costs

Year 2010 [EUR '000]	Operating revenues	Financial income	Operating cost	Financial expenses	Balance
Caltagirone SpA	-	-	(150)	-	(150)
Cimentas AS	3,405	-	-	-	3,405
Alfacem Srl	-	-	-	(2)	(2)
Aalborg Portland A/S	5,665	-	-	-	5,665
Cementir Italia Srl	2,423	47	(569)	(65)	1,836
Cementir España SL	-	-	-	(1,659)	(1,659)
Vianini Lavori SpA	-	-	(42)	-	(42)
Piemme SpA	-	-	(19)	-	(19)
B2Win SpA	821	-	-	-	821
MpS SpA	-	1	-	(1.035)	(1,034)
Finnat Euramerica SpA	-	25	-	-	25
TOTAL	**12,314**	**73**	**(780)**	**(2,761)**	**8,846**
Total for item in the financial statements	**12,749**	**5,606**	**(7,532)**	**(8,189)**	
% impact on the item in the financial statements	**96.59%**	**0.84%**	**10.36%**	**21.08%**	

Year 2009 [EUR '000]	Operating revenues	Financial income	Operating cost	Financial expenses	Balance
Caltagirone SpA	-	-	(43)	-	(43)
Cimentas AS	3,136	-	-	-	3,136
Alfacem Srl	-	22	-	(1)	21
Aalborg Portland A/S	5,452	-	-	-	5,452
Cementir Italia Srl	2,511	-	(466)	(636)	1,410
Cementir Espana SL	-	-	-	(2,103)	(2,103)
Vianini Lavori SpA	-	-	(52)	-	(52)
Piemme SpA	-	-	(19)	-	(19)
B2Win SpA	842	-	-	-	842
Mps SpA	-	1	-	(79)	(78)
Finnat Euramerica SpA	-	43	-	(4)	39
TOTAL	**11,941**	**66**	**(580)**	**(2,823)**	**8,604**
Total for item in the financial statements	**12,251**	**4,925**	**(5,543)**	**(8,162)**	
% impact on the item in the financial statements	**97.47%**	**1.34%**	**10.46%**	**34.59%**	

Revenues from Cimentas AS, Aalborg Portland A/S, and Cementir Italia Srl relate to "brand royalty fees" and "management fees". Revenues from B2Win SpA regard building rentals (Torrespaccata office building). Costs attributable to Vianini Lavori SpA relate to re-charges for services. Costs attributable to parent companies and companies subject to common control relate to sundry services. During the year, the Company incurred expenses for the rental of the premises on Corso di Francia, the Company's headquarters, paid to the subsidiary Cementir Italia Srl.
Compensation paid to the directors and members of the board of auditors of Cementir Holding SpA for performing their duties, including for the other companies included within the scope of consolidation, is as follows:

[EUR '000]	2010	2009
Directors	4,872	5,318
Auditors	229	203
Total compensation	5,101	5,521

Maddaloni plant (Italy)

Remuneration of Directors, the Chief Operating Officer and members of the Board of Auditors (EUR '000)
(Pursuant to Art. 78 of CONSOB Regulation no. 11971/1999)

			Remuneration for position held in the reporting company						Other remuneration	
First and last name	Position	Expiry of term	G.d.P.	P.C.	D.A.	D.C.d.A.	Non-monetary benefits	Bonuses and other incentives	For positions held in subsidiaries	For salary as an employee
Francesco CALTAGIRONE Jr.	Chairman of the Board of Directors	2011				2,440*	2			61
Carlo CARLEVARIS	Deputy Chairman	2011	4							
Alessandro CALTAGIRONE	Director	2011	3							
Azzurra CALTAGIRONE	Director	2011	4							
Edoardo CALTAGIRONE	Director	2011	-							
Saverio CALTAGIRONE	Director	2011	5							60
Flavio CATTANEO	Director	2011	3	10						
Mario CILIBERTO	Director	2011	4				3			1,300
Massimo CONFORTINI	Director	2011	4	45						
Fabio CORSICO	Director	2011	4							
Mario DELFINI	Director	2011	5	10						
Alfio MARCHINI	Director	2011	3							
Walter MONTEVECCHI	Director	2011	1							151
Riccardo NICOLINI	Director	2011	3							726
Enrico VITALI	Director	2011	1	20						
Claudio BIANCHI	Chairman Board of Auditors	2010			62				15	
Gianpiero TASCO	Standing auditor	2010			41				10	
Federico MALORNI	Standing auditor (starting from 25 May 2010)	2010			25				18	
Carlo SCHIAVONE	Standing auditor (until 25 May 2010)				16				42	
Managers with strategic responsibilities							56	75		2,006

Key
G.d.P: indicates per-meeting fee approved by the Shareholders' Meeting.
P.C.: indicates remuneration for sitting on a committee.
D.A.: indicates honorarium approved by the Shareholders' Meeting.
D.C.d.A.: indicates honorarium approved by the Board of Directors.
REMUNERATION PAID IN 2010:
*Compensation is determined at a variable amount in its entirety and is commensurate with the cash flows generated by the Group during the year.

Fees of independent auditors

In 2010 fees paid by the Company and the Group to the independent auditors, including related entities, amounted to about EUR 439 thousand, of which EUR 401 thousand for auditing services and EUR 38 thousand for other services.

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, 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:
   - the appropriateness of the financial reports with respect to the Company structure; and
   - the effective adoption of the administrative and accounting procedures for the preparation of the financial statements for the period ended 31 December 2010.

2. No material issues emerged in this regard.

3. In addition, we certify that:
   3.1 the financial statements:
   a) have been prepared in compliance with the international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as the measures issued in implementation of Legislative Decree 38/2005;
   b) correspond to the information in the books and other accounting records;
   c) provide a true and fair representation of the performance and financial position of the issuer;

   3.2 the report on operations contains a discussion of the major events that occurred during the year and their impact on the financial statements, together with a description of the main risks and uncertainties to be faced.

Rome, 8 March 2011

Francesco Caltagirone Jr.
Chairman of the Board of Directors

Oprandino Arrivabene
Manager responsible for preparing Cementir Holding SpA's financial reports

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholders of
Cementir Holding SpA

1 We have audited the separate financial statements of Cementir Holding SpA as of 31 December 2010, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and related explanatory notes. The directors of Cementir Holding SpA are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. 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, the national stock exchange commission. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate 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 audit opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 2 April 2010.

3 In our opinion, the separate financial statements of Cementir Holding SpA as of 31 December 2010 comply with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Cementir Holding SpA for the year then ended.

4 The directors of Cementir Holding SpA are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure, published in section "Investor Relations" of the website of Cementir Holding SpA, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of article 123-bis of Legislative Decree 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard no. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by CONSOB. In our opinion the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of article 123-bis of Legislative Decree 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of Cementir Holding SpA as of 31 December 2010.

Rome, 28 March 2011

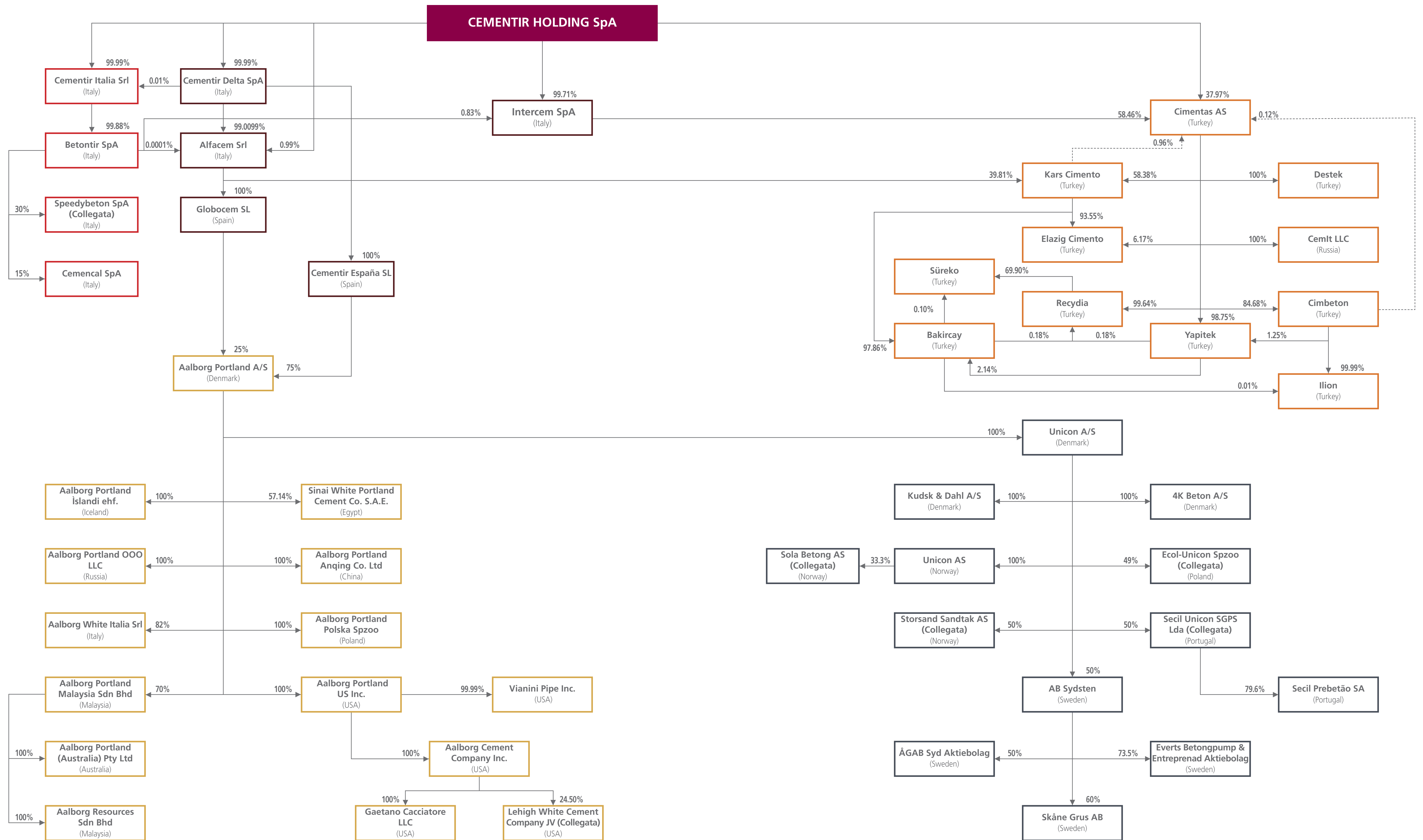
PricewaterhouseCoopers SpA

Signed by

Luciano Festa
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

GROUP STRUCTURE



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